

Unilever

Major changes, but no upside to FY24E forecasts

Reiterate Rating: UNDERPERFORM | PO: 3,600 GBp | Price: 4,025 GBp

In-line results on good volume/mix in Beauty & wellbeing

Unilever headline 4Q23 results came in below consensus on organic growth (4.7% vs 5%) but its composition was reassuring with better volume/mix (1.8% vs 1.1%) offset by lower pricing (2.8% vs 3.8%). Clear bright spot was volume/mix performance in Beauty & Wellbeing (6.3% vs 2%), while biggest disappointment (Exhibit 1) was on Home Care (volume & price), followed by Ice Cream (pricing). Europe and APAC worse on volume/mix, while North America and LatAm better on volume/mix. On profitability, EBIT margin slightly better for FY23 (16.7% vs 16.5%), but EPS miss by 0.4%

FY24E: neither EPS growth, nor upside to forecasts

Management FY24E guidance is multi-year range of 3-5% ("more balance between volume and price"), modest improvement in EBIT margin through gross margin expansion (up 200 bps in FY23, further improvements from productivity + normalization of COGS inflation to 2.5-3%). Management expects a step up in brand and marketing investment (130 bps up in FY23). Our model revisions (69 bps increase on OG, 7 bps higher EBIT margin) result in 0.8% increase in FY24E EPS (mostly due to 5% negative currency impact), 2.7% below current consensus.

Management strategy make sense...

The magnitude of management changes is impressive and action plan with focus on investment in 30 core brands growth makes sense to us. SKU reduction plan has bottomed-out, portfolio changes (Elida, DSC, K18) should be growth and margin accretive.

...but tough quarters ahead

To turn more positive, we need to see 1) sustainability of Beauty& wellbeing volume outperformance (6.3% in 4Q23 vs. 3.7% in 9M23) in FY24E; 2) first signs of improvement in Home Care (BofAE: 1H24E still challenged); 3) aggressive price investments in Ice Cream translating in superior volumes. We are c50 bps < cons. on 1H24 OG and c3.3% < on EBIT. Consequently, we reiterate our Underperform rating.

Estimates (Dec) (EUR)	2022A	2023A	2024E	2025E	2026E
EPS (Adjusted Diluted)	2.57	2.60	2.68	2.94	3.11
EPS Change (YoY)	-2.3%	1.3%	2.8%	9.7%	6.0%
Dividend / Share	1.71	1.71	1.71	1.88	1.99
ADR EPS (Adjusted Diluted - US\$)	2.70	2.82	2.88	3.16	3.35
ADR Dividend / Share (US\$)	1.80	1.85	1.84	2.02	2.14
Valuation (Dec)					
P/E	17.6x	17.8x	17.7x	16.1x	15.2x
Dividend Yield	3.62%	3.62%	3.62%	3.97%	4.21%
EV / EBITDA*	13.0x	13.2x	12.5x	11.8x	11.3x
Free Cash Flow Yield*	4.32%	5.96%	5.54%	6.25%	6.78%

* For full definitions of *IQmethod*SM measures, see page 7.

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Refer to important disclosures on page 8 to 11. Analyst Certification on page 6. Price Objective Basis/Risk on page 6.

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Equity

Key Changes

(EUR)	Previous	Current
2024E EPS	2.65	2.68
2025E EPS	2.85	2.94
2026E EPS	3.03	3.11
2024E DPS	1.75	1.71

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Stock Data

Price (UK Ord, ENA Ord, ADR)	4,025 GBp / 48.90 USD / 47.15 EUR
Price Objective	3,600 GBp / 46.00 USD / 42.00 EUR
Date Established	11-Oct-2023 / 11-Jan-2024 / 11-Jan-2024
Investment Opinion	A-3-7 / A-3-7 / A-3-7
Volatility Risk	LOW / LOW / LOW
52-Week Range	3,681 GBp-4,483 GBp
Market Value (mn)	100,598 GBP
Shares Outstanding (mn)	2,500 / 2,500 / 2,500
Average Daily Value (mn)	108.19 USD
BofA Ticker / Exchange	UNLYF / LSE
BofA Ticker / Exchange	UL / NYS
BofA Ticker / Exchange	UNLVF / ENA
Bloomberg / Reuters	ULVR LN / ULVRL
ROE (2024E)	36.5%
Net Dbt to Eqty (Dec-2023A)	118.9%
Free Float	98.1%
ESGMeter TM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

iQprofileSM Unilever

Key Income Statement Data (Dec)	2022A	2023A	2024E	2025E	2026E
(EUR Millions)					
Sales	60,073	59,604	60,088	61,960	64,077
EBITDA Adjusted	11,629	11,510	12,116	12,789	13,390
Depreciation & Amortization	(1,946)	(1,579)	(1,863)	(1,921)	(1,986)
EBIT Adjusted	9,683	9,931	10,253	10,868	11,403
Net Interest & Other Income	(418)	(419)	(500)	(269)	(175)
Tax Expense / Benefit	(2,068)	(2,199)	(2,213)	(2,416)	(2,564)
Net Income (Adjusted)	6,582	6,594	6,690	7,293	7,732
Average Fully Diluted Shares Outstanding	2,560	2,532	2,500	2,484	2,484

Key Cash Flow Statement Data	2022A	2023A	2024E	2025E	2026E
Net Income (Reported)	7,642	6,487	6,194	6,781	7,203
Depreciation & Amortization	1,946	1,579	1,863	1,921	1,986
Change in Working Capital	(422)	814	(138)	42.9	215
Deferred Taxation Charge	0	0	0	0	0
Other CFO	(1,884)	546	972	976	917
Cash Flow from Operations	7,282	9,426	8,891	9,721	10,322
Capital Expenditure	(1,627)	(1,703)	(1,863)	(1,921)	(1,986)
(Acquisition) / Disposal of Investments	3,643	(268)	150	0	0
Other CFI	437	(323)	685	672	659
Cash Flow from Investing	2,453	(2,294)	(1,028)	(1,249)	(1,327)
Share Issue / (Repurchase)	(1,509)	(1,507)	(1,500)	0	0
Cost of Dividends Paid	(4,329)	(4,363)	(4,246)	(4,219)	(4,628)
Increase (decrease) debt	(1,080)	(177)	(460)	(2,605)	(2,790)
Other CFF	(1,972)	(1,146)	(1,656)	(1,647)	(1,576)
Cash Flow from Financing	(8,890)	(7,193)	(7,863)	(8,471)	(8,995)
Total Cash Flow (CFO + CFI + CFF)	845	(61.0)	0	0	0
FX and other changes to cash	929	279	0	0	0
Change in Cash	1,774	218	0	0	0
Change in Net Debt	(2,854)	(395)	(460)	(2,605)	(2,790)
Net Debt	25,080	24,685	24,225	21,620	18,830

Key Balance Sheet Data	2022A	2023A	2024E	2025E	2026E
Property, Plant & Equipment	10,770	10,707	10,557	10,557	10,557
Goodwill	21,609	21,109	21,109	21,109	21,109
Other Intangibles	18,880	18,357	18,357	18,357	18,357
Other Non-Current Assets	7,405	7,191	7,191	7,191	7,191
Trade Receivables	7,056	5,775	5,822	5,918	6,033
Cash & Equivalents	6,099	6,317	6,317	6,317	6,317
Other Current Assets	6,002	5,810	5,852	5,927	6,019
Total Assets	77,821	75,266	75,204	75,377	75,583
Long-Term Debt	25,404	25,915	25,455	22,850	20,060
Other Non-Current Liabilities	5,289	5,080	5,080	5,080	5,080
Short-Term Debt	5,775	5,087	5,087	5,087	5,087
Other Current Liabilities	19,652	18,420	18,370	18,586	19,006
Total Liabilities	56,120	54,502	53,992	51,602	49,233
Total Equity	21,701	20,764	21,212	23,774	26,350
Total Equity & Liabilities	77,821	75,266	75,204	75,377	75,583

Business Performance*	2022A	2023A	2024E	2025E	2026E
Return On Capital Employed	13.4%	13.2%	13.6%	14.5%	15.2%
Return On Equity	36.4%	35.5%	36.5%	36.8%	34.5%
Operating Margin	17.9%	16.4%	16.0%	16.4%	16.7%
Free Cash Flow (MM)	5,198	7,091	6,499	7,290	7,907

Quality of Earnings*	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.11x	1.43x	1.33x	1.33x	1.33x
Asset Replacement Ratio	0.84x	1.08x	1.00x	1.00x	1.00x
Tax Rate	20.0%	23.5%	24.3%	24.4%	24.4%
Net Debt/Equity	116%	119%	114%	90.9%	71.5%
Interest Cover	19.6x	20.4x	18.9x	20.7x	25.8x

* For full definitions of iQmethodSM measures, see page 7.

Company Sector

Cosmetics/Personal Care

Company Description

With €60bn+ revenue and fourteen €1 bn brands, Unilever is one of the largest and most diversified company in our coverage. It covers Home & Personal Care (ca. 65% of sales) with leading brands such as Dove, Dirt is Good, Surf, Rexona and Axe, while the Food part (ca. 35% of sales) is focused on Ice Cream (Magnum, Ben & Jerry's) and Nutrition (Hellman's, Knorr). Unilever boasts global reach with emerging markets making up c60% of sales.

Investment Rationale

While we see as positive the new management team focus on reigniting topline growth through portfolio rotation, SKU reduction plans, R&D and Brands investments, it is early days and we need to see more detail as to how the company will manage 2024 as price deflation in Personal and Home Care in 2024 could partially offset volume/mix rebound, while in Food continued cost pressure could impact volume recovery.

Stock Data

Shares / ADR	1.00
Price to Book Value	6.3x

Half-yearly Earnings Estimates

	2023	2024
H1	1.39A	1.43E
H2	1.21A	1.24E

Key Changes

(US\$)	Previous	Current
2024E EPS	2.86	2.88
2025E EPS	3.07	3.16
2026E EPS	3.26	3.35
2024E DPS	1.88	1.84

Results Snapshot

While 4Q23 results came in line below Consensus on organic growth, its composition was reassuring with better volume/mix being offset by lower pricing. Clear bright spot was strong performance in Beauty & wellbeing, with a 430 bps beat on volume/mix expectation, mostly driven by Prestige beauty and Health & wellbeing both growing mid-teens and now accounting for 27% of the Beauty and Wellness division. Results were more disappointing in Personal Care (100bps volume/mix miss) and especially in Home Care with a miss on both volume (20 bps) and pricing (210 bps below Cons.) as COGS deflation forces Unilever to adjust down pricing especially in Emerging Markets (Brazil, South Asia). Following an important rebasing of its pricing architecture in the US Ice Cream business, volume/mix came in 250bps above but at the cost of 460 below Cons pricing. Highlighting the important elasticity of that category, and as a result, Adj. EBIT margins in 2H23 came in at 5.3% (vs Cons. at 7.7%).

Exhibit 1: Unilever Group 4Q23 results came below Cons on Organic growth but volume/mix was better by 70 bps.

Unilever 4Q23 results vs BofA estimates and Consensus (group Cons. based on company compiled consensus / Divisions based on Visible Alpha Cons.)

Unilever Dec YE, EURm	4Q23E					FY23E				
	BofA	Cons.	Actual	Delta vs. BofA	Delta vs. Cons	BofA	Cons.	Actual	Delta vs. BofA	Delta vs. Cons
Group										
Sales	14,145	14,279	14,177	0.2%	-0.7%	59,876	60,042	59,604	-0.5%	-0.7%
volume/mix	0.5%	1.1%	1.8%	130	70	-0.2%	0.0%	0.2%	37	20
Price	3.3%	3.8%	2.8%	-52	-100	7.1%	7.1%	6.8%	-26	-30
Organic Growth	3.8%	5.0%	4.7%	92	-30	6.8%	7.1%	7.0%	20	-10
Adj EBIT						9,885	9,881	9,931	0.5%	0.5%
Margin (%)						16.5%	16.5%	16.7%	15	20
Underlying EPS						2.58	2.61	2.60	0.8%	-0.4%
Beauty & Wellness										
Sales	3,053	3,176	3,181	4.2%	0.2%	12,391	12,515	12,466	0.6%	-0.4%
volume/mix	1.5%	2.0%	6.3%	480	430	3.1%	3.3%	4.4%	126	113
Price	2.0%	2.7%	1.5%	-50	-124	3.8%	4.0%	3.8%	-4	-23
Organic Growth	3.5%	4.7%	7.9%	437	316	7.1%	7.3%	8.3%	120	100
Adj EBIT						2,354	2,355	2,331	-1.0%	-1.0%
margin %						19.0%	18.8%	18.7%	-30	-12
Personal Care										
Sales	3,471	3,404	3,522	1.5%	3.5%	13,984	13,917	13,829	-1.1%	-0.6%
volume/mix	4.0%	3.5%	2.5%	-150	-100	3.6%	3.5%	3.2%	-40	-28
Price	2.0%	2.6%	3.8%	180	122	5.0%	5.3%	5.5%	47	23
Organic Growth	6.1%	6.1%	6.4%	32	32	8.8%	8.7%	8.9%	9	16
Adj EBIT						2,797	2,777	2,792	-0.2%	0.5%
margin %						20.0%	20.0%	20.2%	19	23
Home Care										
Sales	3,048	3,029	2,974	-2.4%	-1.8%	12,362	12,332	12,181	-1.5%	-1.2%
volume/mix	1.5%	1.0%	0.8%	-70	-20	-0.7%	-0.9%	-0.9%	-20	-3
Price	2.0%	3.0%	0.9%	-110	-210	7.2%	7.3%	6.8%	-36	-48
Organic Growth	3.5%	4.0%	1.7%	-183	-230	6.4%	6.4%	5.9%	-51	-51
Adj EBIT						1,422	1,439	1,496	5.2%	4.0%
margin %						11.5%	11.7%	12.3%	78	61
Nutrition										
Sales	3,378	3,449	3,416	1.1%	-0.9%	13,237	13,307	13,204	-0.2%	-0.8%
volume/mix	-3.0%	-1.0%	-1.1%	190	-10	-2.7%	-2.2%	-2.2%	46	-3
Price	6.0%	6.0%	5.9%	-10	-10	10.3%	10.1%	10.1%	-18	0
Organic Growth	2.8%	5.0%	4.7%	188	-30	7.3%	7.9%	7.7%	36	-23
Adj EBIT						2,396	2,414	2,460	2.7%	1.9%
margin %						18.1%	18.1%	18.6%	53	49
Ice Cream										
Sales	1,196	1,213	1,202	0.5%	-0.9%	7,903	7,918	7,924	0.3%	0.1%
volume/mix	-5.0%	-3.3%	-0.8%	420	254	-6.6%	-6.4%	-6.0%	61	41
Price	6.5%	5.0%	0.4%	-610	-459	9.7%	9.1%	8.8%	-94	-26
Organic Growth	1.2%	1.7%	-0.4%	-157	-205	2.5%	2.7%	2.3%	-19	-35
Adj EBIT						917	931	852	-7.1%	-8.5%
margin %						11.6%	11.8%	10.8%	-85	-101

Source: Company data, BofA Global Research estimates, Visible Alpha

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Model revisions

We slightly increase our volume/mix growth forecast for FY24 by 20bps as we factor in better Ice Cream volume trajectory post 4Q23 results post rebasing of US business. We increase pricing by 50 bps for FY24 as we are more positive on Beauty & Wellbeing, Personal Care and Nutrition pricing, albeit remain cautious on home care and ice cream as we expect COGS deflation in the first one and increased promotional activity in the later. We slightly increase margin on better COGS outlook but offset it by increased Brand and Marketing investments. We now incorporate the EUR 1.5bn share buyback for 2024. We refresh for FX and on M&A front, we incorporate K18 acquisition from February 2024 and include Elida Disposal from start of 3Q24,

Exhibit 2: We increase FY24 volume/mix by 20bps and pricing by 50bps.

New vs Old BofA estimates, Dec YE, EURm.

Decembre Year end, EUR m	2023			2024			2025		
	Old	New	% Change	Old	New	% Change	Old	New	% Change
Group Sales	59,876	59,604	-0.5%	59,602	60,088	0.8%	61,763	61,960	0.3%
Volume/mix (%)	-0.2%	0.2%	38	2.8%	3.0%	19	2.5%	2.5%	0
Pricing (%)	7.1%	6.8%	-26	-0.2%	0.3%	48	1.1%	1.1%	0
Organic Growth (%)	6.8%	7.0%	22	2.6%	3.3%	69	3.6%	3.6%	0
Group Adjusted Operating Profit	9,885	9,931	0.5%	10,126	10,253	1.3%	10,752	10,868	1.1%
Margin %	16.5%	16.7%	15	17.0%	17.1%	7	17.4%	17.5%	13
Adj. Net Income	6,506	6,594	1.4%	6,653	6,690	0.6%	7,145	7,293	2.1%
Margin %	10.9%	11.1%	20	11.2%	11.1%	-3	11.6%	11.8%	20
Group Adjusted EPS - diluted	2.58	2.60	1.0%	2.65	2.68	0.8%	2.85	2.94	3.0%

Source: BofA Global Research estimates

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Exhibit 3: We are 60 bps below consensus on organic growth and 3% below on adj. EPS for 2024

BofA Vs Visible alpha consensus

December Year end, EUR m	FY24			FY25			FY26		
	BofA	Cons.	delta vs Cons	BofA	Cons.	delta vs Cons	BofA	Cons.	delta vs Cons
Unilever Group									
Sales	60,088	61,875	-2.9%	61,960	64,188	-3.5%	64,077	65,495	-2.2%
Volume/mix	3.0%	2.3%	73	2.5%	2.3%	18	2.1%	2.1%	-4
Price	0.3%	1.6%	-138	1.1%	2.0%	-86	1.4%	1.7%	-28
LFL	3.3%	3.9%	-64	3.6%	4.3%	-65	3.6%	3.8%	-29
Adj. EBITDA	12,116	12,238	-1.0%	12,789	12,961	-1.3%	13,390	13,489	-0.7%
Margin (%)	20.2%	19.8%	39	20.6%	20.2%	45	20.9%	20.6%	30
Adj. EBIT	10,253	10,446	-1.8%	10,868	11,063	-1.8%	11,403	11,489	-0.7%
Margin (%)	17.1%	16.9%	18	17.5%	17.2%	30	17.8%	17.5%	25
Adj. EBT	9,754	9,978	-2.3%	10,598	10,634	-0.3%	11,228	11,201	0.2%
Margin (%)	16.2%	16.1%	11	17.1%	16.6%	54	17.5%	17.1%	42
Adj. Net Income - Group share	6,690	6,842	-2.2%	7,293	7,306	-0.2%	7,732	7,632	1.3%
Adj. EPS (Diluted)	2.68	2.75	-2.7%	2.94	2.93	0.1%	3.11	3.09	0.8%
DPS	1.71	1.80	-5.1%	1.88	1.90	-1.3%	1.99	1.99	0.1%
Weighted average Shares outstanding (in millions)	2,500	2,495	0.2%	2,484	2,495	-0.4%	2,484	2,495	-0.4%
Capex	1,863	1,902	-2.1%	1,921	1,972	-2.6%	1,986	2,067	-3.9%
FCF	6,499	6,571	-1.1%	7,290	7,202	1.2%	7,907	7,672	3.1%

Source: Visible Alpha, BofA Global Research estimates

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Exhibit 4: Our APV-driven model returns a price objective of EUR 42.6 / GBp3,600 for Unilever

BofA Unilever Price objective

Unilever Adjusted Present Value										
	08/02/2024	31/12/2024	31/12/2025	31/12/2026	31/12/2027	31/12/2028	31/12/2029	31/12/2030	31/12/2031	31/12/2032
Year count		0.40	1.40	2.40	3.40	4.40	5.40	6.40	7.40	8.40
EURm		FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	TV
Net Revenue		60,088	61,960	64,077	66,206	68,338	70,471	72,600	74,721	
EBIT (after restructuring)		9,592	10,186	10,698	11,190	11,687	12,193	12,706	13,227	
Depreciation and Amortisation		1,863	1,921	1,986	2,052	2,118	2,185	2,251	2,316	
Decrease/(Increase) in working capital		-138	43	215	218	-10	-10	-11	-11	
Other		-214	-14	-14	-14	-14	-14	-14	-14	
Cash From operating		11,103	12,136	12,886	13,446	13,782	14,353	14,933	15,519	
Net CapEx		-1,863	-1,921	-1,986	-2,052	-2,118	-2,185	-2,251	-2,316	
Tax		-2,398	-2,547	-2,675	-2,797	-2,922	-3,048	-3,177	-3,307	
Free Cash Flow		6,842	7,669	8,225	8,596	8,741	9,120	9,505	9,895	
Discount factor		0.97	0.89	0.82	0.75	0.69	0.63	0.58	0.54	0.49
Discounted Free Cash Flow		6,618	6,819	6,723	6,459	6,037	5,790	5,548	5,309	84,521
Revenue Growth		0.8%	3.1%	3.4%	3.3%	3.2%	3.1%	3.0%	2.9%	
EBIT margin (after restructuring)		16.0%	16.4%	16.7%	16.9%	17.1%	17.3%	17.5%	17.7%	
CapEx/DD&A		100.0%	100.0%	100.0%	100.0%	100%	100%	100%	100%	
DD&A/Sales		3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	
Net Capex/Sales		3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	
Underlying Tax Rate		25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Tax Shield										
Cost of Debt (pre tax)		2.2%	2.3%	2.2%	2.1%	2.1%	2.1%	2.1%	2.1%	
Net Debt		24,225	21,620	18,830	15,912	27,611	28,755	29,914	31,087	
Interest		-537	-496	-414	-335	-581	-606	-630	-655	
Tax shield		134	124	103	84	145	151	157	164	
Discounted Tax Shield		133	121	100	79	136	139	142	146	8,565
Net Debt/EBITDA		2.0	1.7	1.4	1.1	2.0	2.0	2.0	2.0	
FCF growth %		-7.0%	12.1%	7.3%	4.5%	1.7%	4.3%	4.2%	4.1%	
		EUR m	EUR/share	GBp/share						
Free Cash Flow NPV		133,824				Rf				3.5%
Net Debt		-24,225				Beta				0.9
Non-controlling interest		-22,085				Equity Risk Premium				6.0%
Associates		4,851				Cost of Equity (Ke)				8.8%
Equity Value		92,366				Cost of Debt (pre tax)				2.2%
Tax shield		9,561				Tax rate				25.0%
Implied share price		101,928	40.8			Cost of Debt (Kd)				1.7%
Price Objective (12 months)			42.6	3600		Terminal Growth Rate (g)				2.5%
						Shares outstanding (m) - diluted				2,500

Source: Company data, BofA Global Research estimates

BofA GLOBAL RESEARCH

Price objective basis & risk

Unilever (UNLYF / UL)

Our price objective (PO) for Unilever plc shares is GBP 3,600 / EUR 42 / \$46 and is based on the Adjusted Present Value methodology (a variation of the DCF) whereby we discount the business' operating cash flows at the cost of equity (for Unilever we use 8.9%) and the tax shield at the cost of debt (2.4%). We assume a terminal growth rate of 2.5%

Downside risks to PO: slowdown of organic growth, increased competition from emerging challengers/global peers/private label players, change of consumer trends, insufficient investment on digitalisation, raw materials inflation, changing macro trends, unfavourable currency swings, and deterioration of brand image.

Upside risks to PO: stronger-than-expected macroeconomic recovery, increase of consumer confidence, higher-than-expected margins/organic growth, raw materials deflation, favourable currency swings, and increase of dividend.

Unilever (UNLVF)

Our price objective (PO) for Unilever plc shares is GBP 3,600 / EUR 42 / \$46 and is based on the Adjusted Present Value methodology (a variation of the DCF) whereby we discount the business' operating cash flows at the cost of equity (for Unilever we use 8.9%) and the tax shield at the cost of debt (2.4%). We assume a terminal growth rate of 2.5%

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Upside risks to PO: stronger-than-expected macroeconomic recovery, increase of consumer confidence, higher-than-expected margins/organic growth, raw materials deflation, favourable currency swings, and increase of dividend.

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I, Victoria Petrova, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

EMEA - HPC, Food & Tobacco Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Beiersdorf	BDRFF	BEI GY	Victoria Petrova
	Beiersdorf	BDRFY	BDRFY US	Victoria Petrova
	British American Tobacco	BTAFF	BATS LN	Joffrey Bellicha Meller
	British American Tobacco	BTI	BTI US	Joffrey Bellicha Meller
	British American Tobacco	XTALF	BTI SJ	Joffrey Bellicha Meller
	Haleon	HLNCF	HLN LN	Victoria Petrova
	Haleon	HLN	HLN US	Victoria Petrova
	Henkel	HENOF	HENOF US	Victoria Petrova
	Henkel	HENOF	HEN3 GY	Victoria Petrova
	Nestle	NSRGF	NESN SW	Victoria Petrova
	Nestle	NSRGY	NSRGY US	Victoria Petrova
NEUTRAL				
	Imperial Brands	IMBBF	IMB LN	Joffrey Bellicha Meller
	Imperial Brands	IMBBY	IMBBY US	Joffrey Bellicha Meller

EMEA - HPC, Food & Tobacco Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Reckitt Benckiser	RBGPF	RKT LN	Victoria Petrova
	Reckitt Benckiser	RBGLY	RBGLY US	Victoria Petrova
UNDERPERFORM				
	Danone	DANOY	DANOY US	Victoria Petrova
	Danone	GPDNF	BN FP	Victoria Petrova
	Unilever	UL	UL US	Victoria Petrova
	Unilever	UNLYF	ULVR LN	Victoria Petrova
	Unilever	UNLVF	UNA NA	Victoria Petrova
RSTR				
	Essity	ETTYF	ESSITYB SS	Othmane Bricha
RVW				
	BIC	BICEF	BB FP	Othmane Bricha
	Ontex	ONXXF	ONTEX BB	Othmane Bricha

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income
Operating Profit
Expected 5 Year CAGR From Latest Actual
Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

Numerator

Current Share Price
Current Share Price
Annualised Declared Cash Dividend
Cash Flow From Operations – Total Capex
EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities
Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)
Shareholders' Equity / Current Basic Shares
Current Share Price
Market Cap = Current Share Price × Current Basic Shares
Sales

Basic EBIT + Depreciation + Amortization

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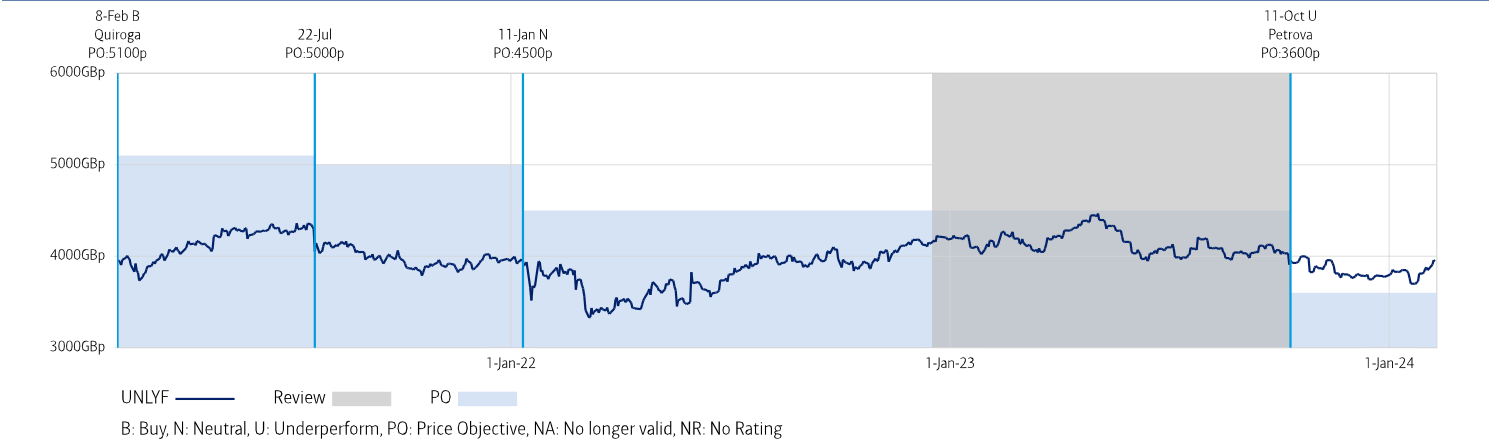
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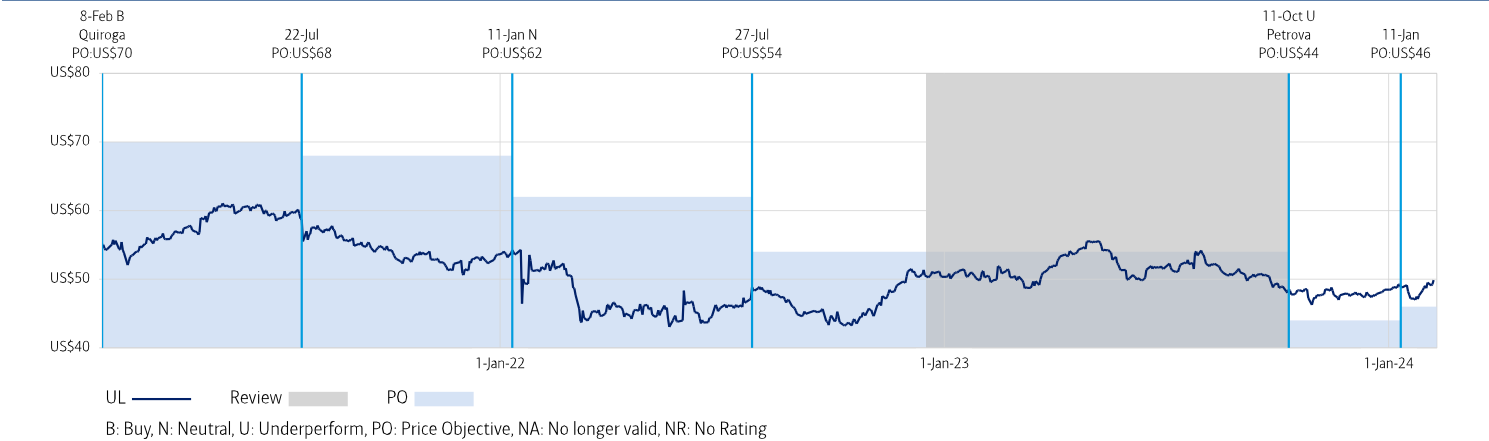
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Unilever (UNLYF) Price Chart



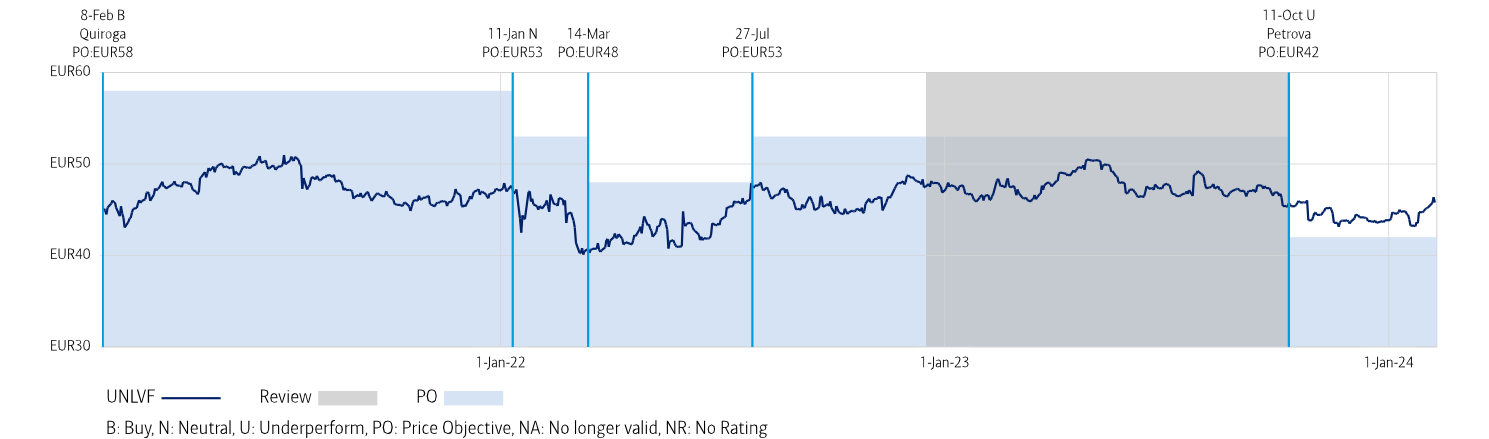
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Unilever (UL) Price Chart



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Unilever (UNLVF) Price Chart



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Equity Investment Rating Distribution: Consumer Products Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	32	50.00%	Buy	16	50.00%
Hold	19	29.69%	Hold	8	42.11%
Sell	13	20.31%	Sell	7	53.85%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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