

## **Unilever Q2 & H1 2025 Results**

London, 8am UKT / 9am CET Thursday 31<sup>st</sup> July 2025

### **Speakers:**

Fernando Fernandez	Chief Executive Officer
Srinivas Phatak	Acting Chief Financial Officer
Jemma Spalton	Head of Investor Relations

Chart 1 - Unilever H1 2025 ResultsChart 2: Safe Harbour statement**Fernando Fernandez**

Good morning and welcome to Unilever's second quarter trading statement for 2025. Thank you for joining us.

I am joined today by Srini Phatak, our acting Chief Financial Officer.

In a moment, Srini will take you through the detail of the second quarter and first half results.

I will then come back to talk more broadly about the continuing transformation of the business, and how we see the remainder of this year and beyond.

First, though, let me set out what I see to be the key elements of our solid performance in the first half - and, importantly, why these give us real confidence when it comes to delivering the full-year.

Chart 3: H1 performance supports full-year confidence

There are five elements in particular that I would like to highlight.

First, the balance of our growth.

We delivered underlying sales growth for the half, of 3.4%, and we did it with a good balance of volume and price. Volumes improved sequentially over the course of the half despite subdued markets, with H1 market volume growth at around 1.3%. Importantly, volume growth was broad based, and positive across all Business Groups.

Second, the continued structural strengthening of our gross margin allowed further increase in the support of our brands, with BMI highly competitive in the first half at 15.5% of turnover.

Third, we continued to outperform markets in the developed economies. In North America we delivered underlying sales growth for the half of 5.4%, with volumes up 3.7%, while Europe remains strong. Up 3.4% for the half.

Fourth, at the same time as outperforming in developed markets, we are also seeing a steadily improving picture when it comes to performance in emerging markets. This is being driven by our largest region, Asia Pacific Africa, which was up 3.5% in the first half, and accelerated to over 5% growth in the second quarter.

India, our second largest market, improved sequentially during the half. And, as a direct consequence of the operational interventions made, we see improvements in both China and Indonesia and confidently expect both markets to accelerate further in the second half of the year.

Volume performance in Latin America was poor in the second quarter, with slowing markets and the need to increase prices to cover currency depreciation. But we are confident in the strengths of our portfolio and operations in the region, and we expect recovery later in the year.

And fifth, it was a good half for Ice Cream - both in terms of a strong competitive performance, but also in terms of getting the business ready

for demerger later in year. Srini will cover the final stages towards demerger a little later.

Our H1 results, with the sustained, strong developed market performance, and emerging markets starting to improve, give us real grounds for confidence for the second half of the year and beyond.

With that, let me hand over to Srini to take you through the detail of the results.

Srini....

### **Srinivas Phatak**

#### **Chart 4: Sequential improvement despite subdued markets**

Thank you, Fernando.

Underlying sales growth in the second quarter was 3.8%, a sequential improvement versus the first quarter. USG was balanced across volume and price, with volume growth contributing 1.8%, a 50bps step-up vs Q1, and price growth of 2.0%.

As a result, underlying sales growth for the first half was 3.4%, with volume of 1.5% and price 1.9%. Price growth continued to step up, as we responded to ongoing input cost inflation and currency movements.

All Business Groups delivered positive volume growth, and on a two-year CAGR basis, we delivered our multi-year objective of volumes of at least 2%.

Chart 5: Power Brands growth improved in Q2 with volume growth above 2%

Our Power Brands - which contribute over 75% of Group turnover - grew 3.8% in the first half, including 1.6% from volume. Growth improved in the second quarter, up to 4.4% with volume growth above 2%. Strong performances included double digit growth from Vaseline, Liquid IV, Nutrafol and Magnum, and high-single digit growth from Dove and Comfort.

Before turning to the Business Groups, let me first provide some colour on our performance across different geographies.

Developed markets, which represented 44% of Group turnover, continued to perform strongly with first half underlying sales growth of 4.3%, driven by 3.4% volume and 0.9% price. We have now delivered four consecutive quarters of growth above 4% in developed markets.

Chart 6: Premium innovations driving outperformance in developed markets

North America grew underlying sales 5.4%, with 3.7% from volume. This reflects the ongoing impact of our multi-year portfolio transformation, with standout performances from our Wellbeing brands and Personal Care back to competitive growth. Share gains across key categories were supported by premium innovations, such as the ongoing success of sugar-free Liquid IV, Whole Body Deos and Hellmann's flavoured mayonnaise, and underpinned by a continued step-up in brand investment.

Europe grew underlying sales by 3.4%, with 2.8% from volume. Growth was broad-based across markets, and we are winning share across the geography, including share gains in all of our top 5 markets.

Performance was driven by Home Care, where the rollout of Wonder Wash and Cif Infinite Clean showcased the strength of our multi-year

premium innovation strategy, and by Ice Cream, which saw standout results from the new Magnum Utopia range, while Personal Care delivered solid results with the successful launch of Whole-Body deodorants.

### Chart 7: APA performance accelerating; subdued growth in Latin America

Asia Pacific Africa, which represented 43% of Group turnover, delivered underlying H1 sales growth of 3.5% for the first half, with 1.9% from volume and 1.6% from price. Growth strengthened in the second quarter, reflecting a step-up in performance across key markets.

India performed well, with 5% USG in the second quarter, largely driven by volume, and continued share gains in a gradually improving market. Growth was led by our premium portfolio in Beauty & Wellbeing and Personal Care, while Home Care continued to deliver strong volume growth.

In Indonesia, which declined by around 5%, and China, which saw a low-single digit decline, we are seeing sequential improvements in run rates, as a result of significant interventions in our key brands' innovation plans, in channel distribution and in pricing execution.

We expect further acceleration in Asia Pacific Africa in the second half.

Latin America, which represented 13% of Group turnover, grew 0.5% with a 4.6% decline in volume offset by 5.3% price growth.

Three key points to note:

- Pricing actions to offset currency movements weighed on volumes. While Argentina delivered growth, this was offset by low single-digit declines in Brazil and Mexico.

- Market growth across the region remains subdued, significantly below prior-year levels, reflecting a challenging macroeconomic environment.

- We are also lapping a high base, as Latin America delivered high single-digit growth in the same period last year.

It is important to highlight that our growth in Latin America remains competitive, with continued share gains across the region.

Let me now turn to our Business Groups.

#### Chart 8: Beauty & Wellbeing

Beauty & Wellbeing underlying sales growth was 3.7% in the first half, driven by 1.7% volume and 2.0% price growth. Volume growth remains resilient, with a 2-year CAGR of 3.2%. Sustained strong momentum in our Wellbeing business led the growth, core skin care delivered low-single digit growth and hair care, and Prestige Beauty were flat. Beauty & Wellbeing volumes were also impacted by our ongoing corrective actions in Indonesia and China. We remain confident in delivering sequential volume improvements in the second half.

Wellbeing has now delivered strong double-digit growth for 21 consecutive quarters. Power Brands Liquid I.V., and Nutrafol continued to deliver exceptional performances, fuelled by a strong pipeline of innovations, high levels of brand investment and the expansion of their global presence.

Hair Care was flat. Dove grew mid-single digit, supported by a significant relaunch featuring cutting-edge fibre repair technology and a complete packaging redesign. This was partially offset by a decline in Clear, which was impacted by market conditions in China, and by a volume decline in TRESemmé where pricing actions are being implemented to restore desired price relativity.

Core Skin Care delivered low single digit growth. Dove and Vaseline grew double-digit, led by premium innovations and strong modern reach and persuasion programmes, such as Vaseline's social-first "Verified" campaign where our scientists test and verify viral Vaseline "hacks."

Prestige Beauty was flat in the first half. Our most premium brands Hourglass, in colour cosmetics; Tatcha, a luxury Japanese skincare brand; and K18 a biotech hair care brand, continue to grow double digit, while continued softness in the US market weighed on the performance of brands like Dermalogica and Paula's Choice.

Underlying operating margin was 19.4%, down (60) bps vs prior year as we increased our brand and marketing investment behind key innovations and market development.

### Chart 9: Personal Care

Personal Care delivered a good first half, with 4.8% underlying sales growth, driven by 1.4% volume growth and 3.3% price. Our 2-year volume CAGR was 2.3%, despite a softening of volumes in the second quarter which reflected subdued macro conditions in Latin America and recent pricing to offset currency movements.

Dove, our largest brand, grew high single-digit as premium innovations continued to perform strongly, driving both growth and consumer engagement.

Deodorants grew low-single digit. Dove and Dove Men+Care grew double-digit, supported by the continued success of Whole-Body deodorants, while Rexona was impacted by a weaker Latin America market, despite significant share gains in the region.

Skin Cleansing grew low-single digit, with strong contributions from North America and India offsetting declines in Indonesia and China. Dove led our growth, with the further roll out of its Premium Body Wash

including new variants and new markets. The relaunch of Lifebuoy in India has slowed its decline, though further work is needed to return the brand to growth.

Oral Care delivered mid-single digit growth, with growth in both Close-Up and Pepsodent, our two Power Brands in the category.

Underlying operating margin was 22.1%, down (90) bps as gross margin improvement was offset by a step-up in brand investment, focused on the US and in premium segments.

In the first half of the year, we announced a further strengthening of our Personal Care portfolio through bolt-on acquisitions. We acquired Wild, the refillable deodorant brand, and we signed an agreement to acquire Dr. Squatch, a high-performing male grooming brand with a loyal following and standout digital engagement, particularly in North America. Both brands are highly complementary to our existing portfolio, filling gaps in the natural space and super premium segments.

#### Chart 10: Home Care

Home Care underlying sales grew 1.3%, with 1.1% from volume and 0.2% from price. Underlying sales growth stepped up to 1.8% in Q2, driven by a sequential improvement in Asia and continued momentum of our premium innovations in Europe. This was partially offset by a decline in Latin America.

Fabric Cleaning declined low-single digit, with modest decreases in both volume and price. Performance was impacted by a high-single digit decline in Brazil - Home Care's second-largest market - where we suffered some competitive pressure in laundry powders following pricing actions. Despite these headwinds, innovation continues to drive momentum: our short-cycle Wonder Wash laundry liquid continues to perform strongly and has now been rolled out to 22 markets and recently launched 2 new variants: Sensitive and Dazzling White.

Home & Hygiene performed well, with Cif and Domestos both delivering strong growth, driven by continued innovation in formats such as sprays and power foams.

Fabric Enhancers grew high-single digit, supported by the success of Comfort CrystalFresh technology which contributed to the brand's high-single digit volume growth.

Underlying operating margin was 15.5%, a decline of 80bps due to a lower gross margin as we lapped a particularly strong prior year comparator which benefitted from carryover pricing and easing commodity costs.

### Chart 11: Foods

Foods delivered competitive underlying sales of 2.2%, with 0.3% from volume and 1.9% from price. Growth improved in the second quarter, led by continued momentum in Hellmann's, where flavoured mayonnaise ranges remain a key growth driver.

Cooking aids grew low-single digit, driven by price. Volume turned positive in the second quarter, led by the largest brand Knorr which continues to lead in bouillon and seasonings.

Unilever Food Solutions was flat, with positive volume offset by negative price. Growth in North America was partially offset by a decline in China. China out of home eating showed some improvement in the second quarter, but the market remains soft.

Underlying operating margin improved by 100 basis points to 23.3%, reflecting disciplined execution on pricing, mix management and productivity.

### Chart 12: Ice Cream

Ice Cream underlying sales grew 5.9%, driven by a 3.8% increase in volume and 2.0% price growth, supported by the actions we have taken over the last 18 months to enhance our innovations, our pricing and promotions, and our operations.

Both In-home and Out-of-home Ice Cream segments grew mid-single digits, with positive contributions from both volume and price. Double-digit growth in Magnum led the performance, supported by the successful launch of its Utopia range and the continued momentum of snacking-format Bon Bons. Cornetto also performed well, growing high-single digits.

Underlying operating margin declined by 40 basis points, due to a gross margin decline. However, operational improvements and pricing have offset most of the continued cost inflation of key commodities, particularly cocoa.

Over the past 18 months, we have been laying the foundations for Ice Cream's future success as an independent company.

### Chart 13: Creating a global, pure-play ice cream company

The complex process of separation has progressed well and today we are pleased to confirm that:

- as of the 1st of July, Ice Cream began operating as a standalone business
- the demerger of Ice Cream will take place in mid-November.

Ahead of the demerger:

- On the 9th of September, in London, the Magnum Ice Cream Company will be holding a Capital Markets Day, presenting the strategy and value creation plan for the business.
- In October, shareholders can expect to receive Unilever's circular, which will set out further information on the demerger.
- And Prospectuses will then be available around a week before demerger.

We continue to believe that this business has an exciting future as a pure-play, global Ice Cream business...

...which brings me to next steps for Unilever....

Chart 14: Unilever will retain a stake in TMICC & consolidate Unilever shares

We are announcing today our intention to retain a stake, of just below 20%, in the Magnum Ice Cream Company, for a period up to 5 years, subject to the necessary regulatory approval.

Over time, the retained stake will be sold down in an orderly and considered manner to pay separation costs and maintain capital flexibility through a reduction in net debt. The retained stake demonstrates our support and belief in the future of The Magnum Ice Cream Company.

As part of the demerger process, we will be allocating debt between Unilever and The Magnum Ice Cream Company. This is expected to result in a net debt-to-EBITDA ratio of approximately 2x for Unilever, and

a solid investment-grade profile of around 2.4x for The Magnum Ice Cream Company.

Subject to shareholder approval, Unilever intends to consolidate its share capital post the demerger of Ice Cream.

This would be a technical adjustment, and in line with market practice following similar situations, to preserve comparability of our share price, EPS and DPS before and after the demerger. We will share further details in early October.

Let me now return to Unilever's performance at the Group level.

#### Chart 15: USG offset by net disposals and adverse currency

Turnover for the first half was €30.1 billion, down 3.2% year-on-year. Underlying sales growth of 3.4% was more than offset by a negative currency impact of (4.0) %.

If currencies remain where they were on 28th July, the adverse currency impact on full year turnover would be between (5%) and (6)% and around (20)bps on underlying operating margin. While several currencies contribute to this outlook, it is worth noting that in Q2, the currency impact increased due primarily to the depreciation of the US dollar against the Euro. We expect this Euro-US Dollar dynamic to remain the largest contributor in the second half. We will continue to update you as the year unfolds.

Portfolio changes also reduced reported turnover, with an impact of (2.5)% from net disposals. Acquisitions contributed 0.2%, led by strong double-digit growth from K18 and the addition of Wild. This was more than offset by a (2.7)% impact from disposals including the sale of Elida Beauty, completed in June 2024, and the exits from Unilever Russia and our water purification business, both completed in October 2024.

In the first half of 2025, we faced inflationary pressures from both commodities and currency, most notably in Ice Cream, Personal Care, and Latin America. This stands in sharp contrast to the same period in 2024, when we experienced deflation and benefited from carry-over pricing. As previously indicated, we have implemented calibrated price increases across our portfolio in response.

#### Chart 16: Strong gross margin supported by structural improvements

Our continued margin progression reflects the impact of several levers:

- Volume leverage, as we scale efficiently across categories.
- Superior mix, driven by brand, portfolio, and channel optimisation.
- Significant buying efficiencies, unlocked through our advanced net productivity model and targeted value chain interventions across the supply chain.
- Cost-to-serve optimisation, underpinned by disciplined cost control and consistent execution across our supply chain, portfolio, and commercial operations.

We have maintained a sharp focus on allocating at least 55% of capital expenditure towards margin-accretive initiatives, and we're seeing the benefits in both production and logistics efficiency. This positions us well for continued margin resilience and supports our ambition to deliver quality growth over the medium term.

Chart 17: Gross margin delivery fuelled increased brand investment

Underlying operating margin was 19.3%, down (30)bps, reflecting a step-up in brand and marketing investment.

We have leveraged our strong gross margins and productivity gains to reinvest behind our brands. Brand and marketing investment increased by 40bps to 15.5% of turnover, reflecting our continued commitment to competitive brand and innovation support. Notably, 100% of incremental BMI as a percentage of Turnover was directed towards our Power Brands, with over 80% of the increase focused on Beauty and Personal Care.

Overheads improved by 10bps, as productivity gains and tighter cost control more than offset inflationary pressures and the costs associated with setting up and running Ice Cream as a standalone business. Our productivity programme is significantly ahead of expectations, and we now expect to realise approximately €650 million in cumulative savings by year-end - €100 million above the guidance shared with our Q1 results.

Underlying operating profit was €5.8 billion, a decline of (4.8)% versus the prior year.

Chart 18: UEPS impacted by adverse currency

Underlying earnings per share was €1.59, a decline of (2.1)%.

Lower year on-year net finance costs were driven by a reduced cost of debt and increased pension income. Net finance costs as a percentage of average net debt were 2.5%, and we continue to expect this to be around 3% for the full year 2025.

Tax contributed 1.4%. The underlying effective tax rate for the first half decreased to 25.2%, from 26.0% in the prior year, primarily due to lower unrecognised losses and other one-off items. Our full-year guidance remains unchanged at around 26%.

We completed our latest round of share buyback of €1.5 billion, at the end of May. Share buyback contributed 1.5% to earnings in the first half.

Lower tax and finance costs, and the benefit of share buyback was more than off-set by a (5.1%) adverse impact from currency movement.

#### Chart 19: Cash generation and disciplined capital allocation

Free cash flow for the first half of 2025 was €1.1 billion, compared to €2.2 billion in the prior year, due to lower operating profit, Ice Cream separation costs and higher working capital to support supply chain resilience during the period of tariffs uncertainty.

Capital expenditure and income tax remained broadly flat.

We are confident in our full year free cash flow delivery and continue to expect free cash flow conversion of around 100%. With more certainty about tariffs, the increases in stockholding in the first half will be reversed during the second half.

As part of our capital allocation priorities, we continued to pursue targeted acquisitions to sharpen our portfolio focus and capture growth opportunities in attractive segments. In April, we completed the acquisition of Minimalist, a premium actives-led beauty brand that supports the evolution of our Beauty & Wellbeing portfolio in India. As mentioned earlier, we also acquired Wild in April and signed an agreement in June to acquire Dr. Squatch - both aligned with our strategy to strengthen our presence in high-growth, premium segments and channels.

In March, we also announced the sale of non-strategic asset The Vegetarian Butcher, reflecting our focus on businesses with potential to be scaled.

And finally, we continue to deliver capital returns to our shareholders through both dividends and share buybacks.

The quarterly dividend for the second quarter is up 3.0% versus Q2 2024 and in line with the Q1 2025 dividend.

And as I mentioned earlier, we completed our €1.5 billion share buyback programme, announced in February, at the end of May.

With that, over to you, Fernando.

### **Fernando Fernandez**

Thank you, Srinivas.

As I said at the outset, these results put us on track to deliver our full year outlook for 2025, on both the top and bottom line.

### **Chart 20: On track to deliver full year 2025 outlook**

On growth, we expect underlying sales growth to be within the range of 3-5%. Our growth in the second half will outpace the first, despite subdued market conditions, supported by continued outperformance in developed markets and already stronger momentum in emerging markets, particularly Asia.

On the bottom line, we anticipate an improvement in underlying operating margin for the full year, with second half margins of at least 18.5%, a significant improvement versus the second half of 2024, which can be explained by volume growth leverage, higher productivity and interventions in the value chain of key materials.

Of course, we remain agile as we expect that the macro and currency environment will remain uncertain.

However, we are confident in the outlook we are sharing today.

First, because our performance in the Developed Markets is built on increasingly strong foundations and is being sustained. We have just delivered our fourth consecutive quarter of underlying sales growth in excess of 4%.

This outperformance is not happening by chance. It is a direct consequence of the focus in our power brands and the investments we have made.

#### Chart 21: H2 growth supported by continued strength in DMs & improving EMs

In North America, for example, outperformance is driven by the continuing transformation of the portfolio with Beauty & Wellbeing and Personal Care, representing more than 75% of our US business after the demerger of Ice Cream. The pruning of non-strategic brands or brands in the value segment of our portfolio has supported our growing presence in premium, high-growth spaces with a strong digital commerce footprint.

And in Europe, we are seeing the benefits of our increased focus, with outperformance led by premium innovations, from Persil Wonder Wash to Cif Infinite Clean to Whole-Body deodorants.

Second, at the same time as we have momentum in the Developed markets, we see clear signs of pick-up in the Emerging Markets.

This is being led by our biggest region, Asia Pacific Africa.

The actions we have taken in both China and Indonesia are yielding improvements, which we expect to accelerate further in the second half. And momentum is building in India, where we have appointed a new head of the business, Priya Nair, who takes over on 1st August, after having successfully led our global Beauty & Wellbeing business. Priya combines a deep understanding of our HPC business in India, that she successfully ran for years, with the knowledge of international markets that is necessary to keep our portfolio in tune with the significant consumer needs and channel shifts already visible in the market.

Weakening economic conditions are impacting our business in Latin America and in particular, in our two biggest markets, Brazil and Mexico. We expect conditions to remain challenging, but we expect to see some improvement during the second half.

Taken overall, however, the momentum in the Developed markets and the improvements we are seeing in the Emerging markets give us confidence that growth will accelerate in the second half of the year.

This acceleration is part of the work we are doing for 2025, but also to set the foundations as we look further ahead. And as we do that, we are very clear on the two overriding objectives....

Chart 22: Laser focused on volume growth and gross margin expansion

.... namely that we run the company for multi-year volume growth of at least 2%, and to consistently expand our gross margin.

The delivery of these two objectives translates into expected mid-single-digit underlying sales growth and modest margin improvement that we believe will provide top third returns to our shareholders.

Chart 23: Unilever financial profile post Ice Cream

And as we pursue these metrics, we will do so as a simpler, more focused company—one with stronger fundamentals and a clearer strategic direction.

Post demerger with Ice Cream, Unilever will be a €52 billion business with a structurally higher margin profile, improved returns, and strong cash generation.

On 2025 financials; our gross margin will be 46.7%, up 160bps; underlying operating margins of 19.4%, up 100bps; and return on invested capital 19.1%, up 100bps, with cash conversion of around 100%. In H1 2025, Unilever excluding ice cream sustained its growth momentum with a 2-year CAGR of over 2%, 3% in the case of Power brands. This strategic shift positions us very well to deliver consistent high-quality growth with greater agility and sharper execution.

Chart 24: Transforming Unilever into a consistent, higher performer

Let me now share a bit on the transformation journey I am leading to turn Unilever into a consistently high performing business.

It is a transformation founded on six principles:

First, continuing to shift the portfolio towards Beauty & Wellbeing and Personal Care. And in that context, you heard Srinu talk about the recent acquisitions of Minimalist, Wild and Dr Squatch.

Second, we are increasingly set up for success in our two biggest markets - the United States and India. We will invest disproportionately to ensure we get the full benefits of Unilever's scale and advantaged portfolio footprint in these markets, delivering above group average volume growth.

Third, we are shifting resource decisively in the direction of premium, science-based innovation, responding to the consumer's increasingly insatiable desire for brands that are premium, whether in the experience they provide, the indulgence they grant, or the convenience they offer.

Fourth, the concept of desire at scale is so core now to the way we think about elevating our brands and innovations that we intend to make it central to every brand in every geography. All part of putting our brands to the service of making new markets, new segments, new benefits, new formats.

Fifth, we are bringing operational excellence back to the heart of the business in our determination to make Unilever a marketing and sales machine, both online and offline.

And sixth, under this transformation we will play to win, because winning is habit-forming. We will invest in the development of our people to help make this happen, while at the same time being uncompromising when it comes to appointing the best talent and ensuring accountability for performance.

These are the principles that are guiding our transformation, and the benefits are already evident in our first half performance.

We look forward to sharing further details with you in the months ahead. In the meantime, let me just set out briefly today how many of these principles come together in the features and performance of one particular brand - Vaseline - as it really does encapsulate how we see the future.

### Chart 25: Vaseline: Transforming a 155-year-old brand

No brand is more emblematic of our core than Vaseline. After all, it's been around for 155 years.

Yet in recent years it has been on a remarkable journey, pioneering the kind of Desire at Scale thinking we want now to replicate across all brands.

### Chart 26: Vaseline: performance

And you see the results of its journey on the screen here.

11% compounded annual growth rate over the last 4 years.

Growing volumes over 10% both in 2024 and the first half of this year.

Its biggest market? The US. Its biggest expansion plan? India.

From a tired and dated looking brand just 10 years ago, it is becoming a true global power brand.

Its journey has been highly instructive when we talk about desire at scale.

Chart 27: Vaseline: Science, Aesthetics, Sensorials.

First, it has put breakthrough science at the heart of its proposition, as for example with the use of cutting-edge serum technologies and invisible sun protection factor in products like Gluya-Hya.

Second, the aesthetics of the brand have been significantly stepped up. From the packaging to the product formats to the advertising, everything screams premium.

And it scores equally high on another dimension that today's increasingly discerning consumers regard as key - sensorials, which are evident in the brand's light, instantly absorbable lotions.

From a tired and fragmented design platform a few years back, the brand now has a cohesive and distinct health and beauty look across all platforms.

Chart 28: Vaseline: Others Say

And we are also using a modern approach to scale the brand, with more focus on content at scale, "what others say", and influencers.

Whether it is the Vaseline Verified social-first hacks campaign - which won nine awards recently at Cannes - or culturally relevant tie-ups such as with the hit series, The White Lotus, Vaseline is leading the way when it comes to new models of reach and persuasion.

More on this to come as we steadily bring desire at scale to every brand in every geography, but from what I have shared today I hope you can see that:

- The principles guiding our transformation are clear, and so too are our objectives: to deliver multi-year volume growth of at least 2% and consistent gross margin expansion.
- And that our financial profile post-demergers is well placed to support this ambition, with improvements anticipated in profitability and returns.

### Chart 29: Closing summary

With that, let me briefly recap before taking questions:

- We delivered a resilient performance in the first half of this year.
- Moreover, we are confident that growth will accelerate in the second half. The building blocks are in place to ensure this happens.
- As a result, we are on track for our full year outlook for 2025.
- We are confirming today that the demerger of Ice Cream will take place in the middle of November; as well as our intention to retain a stake of just below 20% in the business.
- And finally, the transformation of Unilever is not just on track, it is accelerating. We are very clear on the desire at scale principles that underpin this journey, and we are equally clear on what we must deliver: sustained volume growth and consistent gross margin expansion. The next phase is about execution in the frontline - sharpening our focus on becoming a true marketing and sales machine.

And with that, we look forward to taking your questions.....

Thank you.

**Operator**

Good morning. Many thanks for joining the call. If you would like to ask a question, please press star followed by 1 on your telephone keypad. If you no longer wish to ask a question, press \*2 to exit the queue. Your name will be called out, and please keep your questions to a maximum of two.

**Fernando Fernandez**

Good morning, everyone. Thank you for being with us today. I'm here with Srini. We have delivered a set of solid results in the first half and would like to reinforce our confidence in our 3 to 5% top line growth outlook for 2025 with a good balance between volume and price, and an operating margin for the second half of least 18.5%, more than 100 basis points up versus the operating margin of the second half last year. Just a reminder, our full-year outlook includes Ice Cream; however, I would like to highlight that the top-line outlook holds also for the remaining company, excluding Ice Cream, and that both our gross margin and operating margin will be higher and will increase more in the remaining company when excluding Ice Cream. With that, Jemma, we can take questions.

**Jemma Spalton**

The first comes from Celine at JP Morgan.

**Celine Pannuti**

Good morning. Thank you for taking my question. Well, you mentioned the ex-Ice Cream performance, so, ex-Ice Cream H1 was growing at 3% with 1% volume. Do you expect to see the ex-Ice Cream acceleration you mentioned in volume going into the ex-Ice Cream portfolio in the

second half of the year, i.e. could we be in a four to six, and if we could talk about the H2 volume acceleration that you flagged in the presentation on both Personal Care and Health & Wellness? That would be my first question.

### **Fernando Fernandez**

Yes. We run the business with intention of offering volume growth of 2%. We are confident we will achieve that in the second half. Our intention is to do that. There are several factors that give us confidence to acceleration of growth in the second half. The market volume growth has slightly improved from Q1 to Q2. It was a 1.2% in Q1 went to 1.4. We don't expect a reversal of trend. All the regions with the exception of China and Latin America show higher market volume growth in Q2 versus Q1. In the US, our brands are improving. We have close to 60% of our portfolio strengthening brand power. We are outperforming developed markets, seeing an acceleration of markets in India. We are also winning shares and growing extremely fast in the fast-growing channels like quick commerce. We have increasing investment in our brands and will sustain highly competitive EMI levels of 15% to 16% of our revenue, at the time in which we have seen some of our competitors slashing investment down, as you could see in the Q2 of many competitors. We have a strong project in gross margin that allows us to increase the delivery to — to increase fuel for increasing the BMI. Suddenly, we have a strong innovation plan — one of the best in many years — hitting markets between April and September in most of the regions, whole-body deodorants, the expansion of Wonder Wash, Dove Hair relaunch among many, others. I would like to say that our sales brand rates will deliver us the acceleration of growth in the second half.

We expect significant growth from Indonesia, China, that have been significant drags in the past. We are confident in this higher volume growth in the second half, particularly in the remaining company. We are not complacent about it. We will remain agile and adjust our plans, if necessary, but we believe really that we have the right tools in place to perform.

### **Celine Pannuti**

My second question. So, I wanted to go on M&A. You did a few deals, including Dr Squatch. Would you explain to us what you saw in that brand, and what do you think is the resilience of that brand in the long run, and then whether or not that you feel that you have enough on your plate with the acquisition you made, or do you think with the disposal of Ice Cream you are willing to step up the M&A agenda?

### **Fernando Fernandez**

We are convinced of our strategy of M&A. We continue piling assets in the Beauty & Wellbeing and Personal Care space, and the Wellbeing space, particularly in the US, with the intention of really building a portfolio of American brands with great potential to travel internationally. We have very clear criteria of what type of brands we look for. We look at digitally native brands, alternative brands with functionality, with strong clinicals, with, you know, strong presence in digital commerce, and Dr Squatch fits all this kind of criteria. It is a brand that is growing fast. It will fill a gap that we had in our portfolio in skin cleansing in US despite the fact we've made significant progress and back to share gain in the US, and also in the premium segment, but we've this brand really provides us with the significant weapon in the mail-grooming space, and we are very happy in the announcement of our decision that, as you

know, is subject to regulatory approval. We have also acquired Wild in the natural space, and our deodorant, Dove brand in the UK making a strong entry in the US also, and it's another way of really protecting our portfolio in categories in which we have global leadership and leadership in the US also.

### **Jemma Spalton**

Our next question comes from Warren at Barclays. Go ahead, Warren.

### **Warren Ackerman**

Good morning, Fernando, Srinivas, Jemma. So, yes, two from me. Fernando, can you dive a bit more into emerging markets? Clearly, what we've got here today, Latin America a bit worse, Asia a bit better. On Latin America, volumes down 6%. What is happening in Mexico and Brazil? Looks like you're taking pricing ahead of competition, previously talked about destocking in Brazil. How should we think about the outlook for Latin America in the second half of the year? What is happening on the whole powders, liquids transition? Just to understand a bit on the ground what you're seeing. And then the second one is really on the Asia recovery. It is good to see India picking up in the second quarter versus the third quarter. Can you maybe do a little tour of India, Indonesia, and China? Would you expect, for example, India to continue to step up growth in the second half compared to the second quarter which is already a step up compared to the third quarter? So, a little bit on the EMP, LATAM versus Asia, and then the second one I guess is just on the performance of the US. There is obviously a lot of moving pieces in the US with channel shift, consumers, some destocking. I mean, I'm quite interested to know what you're seeing particularly in

Personal Care. We are clearly seeing a slowdown in Prestige in the US. Do you continue expect to see that continue in the second half in what is happening to the market share competitiveness? In the US? Thank you.

**Fernando Fernandez**

Good. Let me start, Warren, with LATAM, and then I will give the word to Srinivas who will cover Asia in detail. It is a weak quarter for us in LATAM for us. We've been strong comparators, and markets are under pressure. At a time in which we had to increase prices to cope with the sizeable devaluation of currencies. Brazil and Mexico economies are experiencing a significant slowdown, extremely high interest rates in Brazil ... in Mexico down after 11 years of growth. Tariff uncertainty in both countries — that all these have not been helping. As a result of all this, the market volume growth to which Unilever is exposed in the region, no weight in market volume growth moved from 7% growth in H1 20243% to H1 in 2024, to flat in H1 2025 and negative in Q2. I feel an important point to highlight is our shares are strong in the region. We have gains in shares in LATAM in the last six quarters at an aggregated level. There is only one significant exception in the short term, is laundry Brazil. I had to recognise that we have scored some own goals there. We went too far with our pricing in the power format. We lost competitiveness. This has led to some loss and excess ... we have already corrected our pricing in powders, and in the market where there is a fast transition from powders to liquids. We are rolling out our very successful European Wonder Wash mix in Q3, so we expect competitive return to laundry in Brazil and South America. The two largest businesses in the regions — deodorants and foods. Our share has been extremely strong, but deos ... in foods, particularly in condiments, Brazil, where Hellmann's is going from strength to strength, but we've seen a

sharp deceleration of deos market growth. We've also seen some slowdown of the cooking aids market in Mexico where, as you know, Knorr has close to 75% share. In aggregate, this is not something we've seen in LATAM before. Markets in LATAM, given the volatility of the economy there tend to operate outside the long-term potential growth range; sometimes higher, sometimes low. We will do what we need done always, which is focusing on protecting our leadership positions. We will restore our traditional pricing where necessary like in the case of laundry power, and we will keep innovating our brands, you know? The markets will — our expectation is that markets will get better by the end of the year, but let's see. Srinivas, India? And China?

### **Srinivas Phatak**

Thanks, Warren. We've been calling about our emerging markets being a strength for us, notably the Asia PAC. We will see positive growths coming up in half two. Q2 is a good proof point where our growth rates are in excess of 5% in the Asia PAC region, and that starts to give us a good flavour in terms of the trajectory we are on. In India, in our last call, we don't see any more additional headwinds. There are tailwinds coming through given the macros disposable income, various measures taken by the government. That is where it started to play. On a MAT basis, we see volume stability, and if you see market growth in the last 12 weeks, we see an improvement. There has also been a big work in terms of the portfolio transformation where we are actually investing behind the market-makers beyond the core portfolio. We have started to see a step-up in volume, and we are also investing behind both core and in the future formats and now start to see that India has got into volumes of upwards of four. It is broad-based, the important element is that it is a good performance in Home Care, there is a high single-digit volume.

We've seen the headline growth rates become both in beauty and Personal Care, and some of the foods sequentially getting better. From a channel perspective, strong plans, not just on the general trade, but on quick commerce and eCommerce - in eCommerce, our sales are double, and ... larger contribution. There again starts to become a tailwind for us as we look at this growth opportunity. So, in aggregate, we feel quite confident and comfortable with the India growth trajectory, and we will expect this to do well, so we will gain shares, we are gaining shares for a lot of confidence in India. If I come to Indonesia, seen that they've published their results. Again, this is where we said we are making good progress on fundamentals as well as on the brand measures. On the fundamentals, we really see amid all the stock corrections, our service levels are up by about 26%. We have price stability, which is enabling us to increase actually direct coverage in general trade and improving assortment. We also reset our costs base from multiple programmes, which is actually giving us the fuel to start to invest behind these businesses. You start to see that the sequential trajectory of volumes is getting better. Our volumes are slightly negative in Q2, better than Q1, and we are confident that in H2 we will come into positive trajectory just by holding our run rates. More importantly, there is reason first to be excited. When you look at the future formats such as Beauty & Wellbeing, there is 11% of that business which is all about future formats, skin serums, and business is actually going to 6%. This is not just a fundamental reset of the operational metrics, but we've started to see green shoots in terms of real brand measures coming through and brand growths coming through. A quick one on China: we've always said in the sequence we will start to see Indonesia grow faster and better than China. We are comfortable with how China is progressing. We are close to flat volumes in Q2. A lot of fundamental work in go-to-market

has already been done and getting good confidence in run rates and therefore growth in China. We have to admit that the market in China is challenging, and there are two places where the market growths are a little under pressure, it is Latin America and China, notwithstanding that, given the fundamentals and given the run rates, we are confident of China also returning to growth in H2.

### **Fernando Fernandez**

I feel the performance we've been having in North America; we have already four consecutive quarters of volume growth of 4% at a time when the markets are tough. I believe it is a reflection of the profound transformation we have done in our portfolio. The set-up of what we call a US for US innovation model and a huge strengthening of relations with retailers showing our ability to control markets, after the separation of Ice Cream, and ... we represent more than 75% of our revenue in the US, it's an advantage we also print, as I mentioned to Srinivas before, we will invest organically and go deeper in that direction. In the first half of the year, you know, Beauty & Wellbeing, we have had some exceptional performance in Wellbeing. Double-digit growth in Liquid IV and Nutrafol, both brands are approaching the \$1 billion revenue mark for the year. In Personal Care, as I mentioned before, we have regained market share. We are gaining share again in the skin-cleansing deals, and, very importantly, we have had a significant improvement in our position in the super premium segment that, as you know, has been a long-standing issue. There are issues also in the US. We have a weak quarter in Hair Care. We made an unsuccessful attempt to reposition pricing in TRESemmé shampoos in the US. This has already been corrected. We also took a conscious decision to focus our portfolio within our Power Brands, and this has basically cleared the delisting, the initiation of the

listing of some unprofitable Hair Care brands in the US like Axe Hair, and.... I would like also to highlight the impact of our focus in partnership with customers. We have just received the results of the most popular annual retailer survey called Advantage Survey. We are number-one supplier in personal care, number one in foods, number three in beauty. We have never achieved that before. This is a very different US business to the one we used to have years ago, and we are confident in our profile there.

**Jemma Spalton**

Next from Callum at Bernstein. Go ahead, Callum?

**Callum Elliott**

Thank you very much for the questions. Firstly, I wanted to talk to you about the organisational redesign that you announced last November with the segmentation of the business into top 24 markets and One Unilever markets. I don't think you talked about that at all today on the presentation. My question is how is that progress progressing? Is the new structure now fully in place or are you still implementing that? And have you started to see any of the benefits yet, just hoping you can give us a little bit of an update there. My second question is building on the question about M&A. I guess more broadly, my question rather than being specific to Dr Squatch or Wild, et cetera, there is obviously a huge amount going on in the business today from new leadership, organisational redesign, the Ice Cream spin, through divestitures, and now these new acquisitions as well. My question here is what would you say, Fernando, to investors who are concerned there is a risk of too many plates spinning, I guess, in the business today? Thank you.

**Fernando Fernandez**

Thank you. Let me start by the organisation. It is true we have organised ourselves in top 24 markets, and from market 25 onwards, we are running a One Unilever basis. We believe the biggest markets we serve the focus and specialisation of a category-led organisation, and for Market 25 onwards we will have enough critical mass to make that happen. We have landed the divisionalisation of our sales force. In the top 24 markets, we have 63 different sales forces now. This is a key, key priority in the business. We initiated that on January 1st. It is completed. I cannot say that I'm absolutely happy with that. There is significant progress that has to be made. I believe that in the last three years, we have made significant, significant improvement in our pro development, in the management of our categories and brands. Innovation plan but execution has to improve in the markets, and this is the reason we've decided on this the individualisation. In the one-year markets, it's going very, very well. We have grown both in Q2 and in H1 in this market close to 5%, more precisely 4.9% with 1.6% underline volume growth and 2% pricing. We are running these markets now with an organisation that is 35% smaller, so this business has become accretive in profit to Unilever also, and it is a taker of innovation from the category-led organisation that runs our top 24 markets. Regarding M&A, and our responsibilities to keep doing a rotation in our portfolio, that fundamentally exposes us to higher growth. I believe the most important metric of any business is a turnover weighted market volume growth. The market volume growth at which a business is exposed. We want to consolidate our market volume growth exposure in the US. Also, I believe one of the fundamental strategic issues of Unilever is the fact that we are ... brands and building a strong portfolio in the US gives us the possibility of building a portfolio

that is more cohesive and more consistent globally with American brands that travel internationally into the premium segment, into the eCommerce channel. So, in consumer goods, you have to do many things, and you have to do all of them fast, so, we are taking on that challenge, and we are confident that we can manage that. Thank you.

### **Jemma Spalton**

Our next question comes from Olivier at Goldman Sachs. Go ahead, Olivier.

### **Olivier Nicolai**

Good morning, Fernando, Srinivas, and Jemma. The first question going back to the Martin guidance, and the implied a strong progression you're going to have in H2, is there any particular divisions or regions where it's going to be more pronounced? And then, secondly, on just going back on Ice Cream and on the demerger, the fact that you will retain a 20% stake which will ... over time, will the proceeds be helping essentially to reduce Unilever debt, or is there any tax liabilities arising from this that you will have to pay?

### **Srinivas Phatak**

Olivier, I think first it is important to highlight the quality of margins and quality of profitability. I mean, that is the more important element for me. This is coming through from the right levers that we exercise which is really volume, superior mix, world-class savings coming through from our procurement organisation and costs end to end and costs to serve. Really, our repositions of the capital expenditure which is happening towards savings. Along with that, there has been an enhanced focus on

around productivity. We're now cumulatively talking about a productivity savings of 650 million which is 100 million over and above what away achieved, or what we told you earlier. This is actually given us a most important element for us is that we are investing competitively behind our businesses, between 15 and 16%, and we will keep this going in H2. What give us confidence into H2 from at least the reason for us calling out an 18.5%, the levers and drivers that I spoke about remain intact. A commodity outlook is relatively stable, notwithstanding some variations to Forex, we have good covers, physical, as well as financial instruments. Having said that, there is a bit of an uptick when it comes to cost in H2 versus H1. When we take in and invest behind our business, we will improve margins. We should also say our H2 guidance also includes Ice Cream and therefore there is a mixed effect which has played out slightly adverse. Coming back to your question, so therefore is ammunition for us to do the right things for the business, invest behind the business, invest behind our growth and enhance margins. How will this play out differently across Business Groups? Nothing differently, we want to call because the profile is different across the Business Groups. There are some dynamics that are slightly different. Investment levels which are different, and we will do that with agility. At this stage, I don't believe we need to make the distinction between Business Groups, but it is appropriate to say we are adequately invested behind each of them and delivering the expansion. On the second part, there is a strategic element to the stake which Fernando can touch upon. As far as we are concerned on the stake, this will be a little below 20%. We will have to hold this for a maximum period of five years as per the US IRS guidelines and we will stick to that. We've said we will look to reducing the stake in an orderly fashion. The purpose for the reduction of the stake is here. The oncosts which are coming from the demerger, that will

be the first element, there will be oncosts which are separation, some tax costs but the second element will be to pay down that debt. These are the two objectives and that is what we intend to do with the proceeds.

### **Fernando Fernandez**

Just to say the retention of a stake below 20% shows the confidence we have in the potential of the Ice Cream company selling the business. That's exactly what we said in March last year when we decided a demerger of the company, that the Ice Cream could thrive as an independent company with a tailor-made business model to develop and believe that that will happen and the results that we are having in the first half of the year show that we are increasing competitiveness, and that the business has made significant progress in terms of innovation and execution. Coming back to the margin, I would just like to highlight something: the times of Unilever trading off lower uncompetitive investment in our brands to deliver some more profit are gone, you know? We will consider gross margin, consistent gross margin expansion the backbone of our financial plan to provide us with the fuel to allow us for that competitive investment. We will keep investing competitively, we believe that the levels we have achieved now of around 15% to 16% are the right one, but we will not compromise on that.

### **Jemma Spalton**

Next question comes from Guillaume at UBS. Go ahead.

**Guillaume Delmas**

Thank you very much, and good morning, all. I mean, for my first question, maybe to follow up on what you've just said, Fernando, your BMI levels, because they increased again in the first half, 15.5%. You know, more than 200 basis points above the levels of 2022. So, do you think you currently have the right share of voice, and that the current level of BMI gives you a material competitive advantage? Or maybe given how competitive the environment is, and also your ambition to drive desire at scale, should BMI continue to grow ahead of sales and continuing in the second half of 2025 in particular? And maybe related to that, I mean, we hear a lot of competitors talk about an increase in the number of new products launches this year, particularly in the second half. Is it something that you will also do, or are you still more focused on fewer but bigger and better innovations? And then my second question is foods division, because the five business units in the first half, Foods was the only one to have improvement in the underlying operating margin, quite significant, around 100 basis points. Can you maybe touch on the main drivers behind this strong uptick, and maybe whether going forward we should view Foods as a key margin improvement engine for Unilever, because you've got strong productivity programmes there trying to simplify the portfolio and maybe less of a need of a step up in BMI in that business?

**Fernando Fernandez**

It is true, we have had a significant elevation of margin of volume growth and margin in Foods. When you look at food companies, I believe this is a very, very competitive performance. I believe that our food business has an advantage. It is a very concentrated business. Hellmann's and Knorr represent 60% of our business in Foods, two very big brands. And

food service is a very strong business, even if they see we are having a more flattish performance in food service, particularly because it is a business that has close to 30% disposal to China, and the market there has been a bit softer. So, it is a good performance in Foods. We are happy with that. Hellmann's is going from strength to strength. We mentioned, very significant ... in Brazil and in the US. We have very, very strong leading positions there. These are the two biggest markets of Hellmann's, and in Knorr, we have more work to do in Knorr. I believe the brand doesn't have the level of coherence and consistency that we need, but we are making significant improvements there also. It is a business that provides margin to Unilever, significant cash has very, very high return on invest the capital, so as a business we are very happy and we believe it is one of the best food businesses in the world, even if it is not one of the largest. In the case of your further question in the BMI levels, the levels of investment, we have really increased our investment level significantly from 2022 onwards. There is an implicit recognition that the levels which we were investing three years ago were absolutely uncompetitive. We feel much more comfortable now with the level of investment between 15 and 16%. Of course, part of that increase is mix related. Our Beauty & Wellbeing and our Personal Care business has been growing faster than the rest of the portfolio, and they are more demanding in terms of the level of investment behind the brands that you need. Measuring share of voice now is very difficult particularly in the explosion of digital media, but I believe that the most important metric for us is the strengthening of our UBS, our superior brands. We have 60% of our revenue improving UBS. In terms of product launches, we continue focusing doing stuff with impact, so we prefer to really focus in on our Power Brands that you have seen grow with the group in Q2. We are doing big initiatives, and fundamentally, we

are rolling it out faster. The best example probably is Wonder Wash in Home Care which will be in close to 50 countries by the end of the year, after initiating the products in Europe with a lot of success. That's what I can via about BMI levels. Good levels of support. We feel comfortable with that. Somewhere between 15 and 16%. As a result of that kind of increased investment, and more quality in innovation and the brand management that we are having, we see our brands strengthening, and our shares improving.

### **Jemma Spalton**

The next question from Jeremy at HSBC. Go ahead, Jeremy.

### **Jeremy Fialko**

Good morning. Thank you for taking the question. Two from me. Can you give us a bit more of a wrap-up of your market shares across the business, and where you think you are relative to your end markets, something on the per cent gaining and where you are relative to end markets? The second one, can you go into a bit more detail on the volume performance in Personal Care. Obviously, it was quite robust growth, the division in the quarter, but pretty much all of that gain came from fighting. What was it that led to the volume slowdown in DC, or LATAM, or was there slowdown in other elements of the business and what you would expect from the second half there? Thanks.

### **Fernando Fernandez**

Thank you, Jeremy. Market share, you know, the picture I can give you is that we are gaining — I feel if you — you look at the same numbers I look at. I feel many of you publish Nielsen data, and it is very clear on our performance in the US and Europe is significant throughout the market, so we are gaining shares in US, we are gaining shares in

Europe, and we are gaining shares in India, so these are three of our most important markets, and we have a positive trajectory in shares there. I would highlight again the fact that we came back to share gain in deals in the US. This is a long-standing issue. We have put a lot of focus there in developing our presence in the premium segment and pleased with our business there. In Latin America, we have in the short-term some decline in laundry powders, but in the rest of the categories, we are in a positive momentum. In aggregated shares has been positive in Latin America for six quarters now. Of course, we have been losing share in Indonesia. We have been losing some share in China, and Southeast Asia is relatively flat, slightly down in a category like Hair Care, but nothing significant. Regarding the volume performance in Personal Care, again, our shares in Personal Care are very, very strong. We have significant ... across most markets. That performance that you know is close to 40% of our personal core business is very, very robust. 8% growth. I feel we have now close to seven or eight quarters with more than 8% growth in Dove. However, you know, I believe Personal Care is very exposed to Latin America, and there was a sharp deceleration of the deos markets in the last few quarters. The last few quarters were like -5% in volume. That is completely an outlier. We expect that to recover. Also, I would say that the price increases that we put both in Latin America and in skin cleansing in India, in the case of Latin America to deal with significant variation of currency, and in the case of skin cleansing in India, considering palm oil inflation, puts a brake on our volumes, and we believe this is a short-term thing. We are confident in the power of our portfolio of Personal Care, and we expect the markets to come back if not in Q3, in Q4. That is the picture we have in performance in personal care.

**Jemma Spalton**

Next question from Jeff at BNP. Go ahead.

**Jeff Stent**

On maintaining the 20% stake, I'm a little bit confused as to why you're doing this. You talk about costs, et cetera, but, you know, I can't see the ... with any great issue shouldering any costs, so could you just kind of flesh out a little bit why exactly you're going to retain this 20% stake?

Thank you.

**Fernando Fernandez**

Geoff, we are very, very confident in the trajectory of the Ice Cream business as an independent company. We wanted to provide some stability also for the business in the beginning. We have decided the levels for both Ice Cream and the remaining company, and this will be communicated in the capital markets later in the year. And the retention of the stake is fundamental with that. As Srinivas said before, we will dispose that before five years, that is regulatory strength we have, and we will do it in an orderly manner to fundamentally pay for some of this separation cost, some of the tax leakage, and, of course, to realise that also. That is everything I can say. We are confident in the Ice Cream company. Significant growth opportunities, and significant also an expansion of the business. I would definitely ... shares.

**Jemma Spalton**

Thank you. Our next question from Sarah at Morgan Stanley.

**Sarah Simon**

Thank you for my question. I've got two. The first is on tariffs. You highlighted some inventory for supply chain management, and how it is done at the ... stage. Can you just give us an update how you think you're going to be affected by tariffs, and whether, you know, what impact that is having on your second-half margin. The second one, struck by your comments about wanting to shift more into Beauty & Wellbeing and Personal Care, and so on, and obviously you've been doing M&A to further that, and [inaudible], but I guess the question would be to what extent are you considering more disposals to kind of further accelerate that switch?

### **Srinivas Phatak**

On the tariffs spot, it's good to clarify that most of our supply chain is actually localised, but we did have items of packaging material and some critical raw material coming out of various markets which are subject to tariffs. While at an overall aggregate level, tariffs was a manageable number for us — and still is so we don't have to specifically call it out — it is in the realms of what we manage in inflation. The important element for us was having in supply resilience. When we had a lot of macro-economic uncertainty coming from tariffs, where we wanted to protect ourselves was supply security so we could have enough stocks to sell and distribute. So, our stocking-up was predominantly led by having the stock flexibility and not so much from a cost angle. That's the reason we took up our inventory. Having experienced volatile few months, we are reasonably confident to bring down and optimise the inventory, and we will do that. On the tariffs question, it's not something which is really material for us as an aggregate, and well within our margin guidance for H2.

**Fernando Fernandez**

Regarding M&A and disposals, I've been very clear about our priorities. I call it More Beauty, with more Personal Care, More India, more eCommerce. That's the way we want to shift our portfolio, and disposal plays a role in accelerating that shift. We have a plan of around 1.5 to 2 billion of this process, it's a combination of fundamentally local brands in Europe, Foods, and around half a billion of laundry unsustainable competitive positions in One Unilever markets, in markets where we don't have leading positions in laundry. We have already announced several disposals in the last year or so, you know, Swan ... the Vegetarian Butcher, and we have, you know, many, many processes in play now. But, you know, we will dispose this business, protected value for our shareholders, and they're not in a fire sale, and we will ensure that we get enough value for that.

**Jemma Spalton**

Thank you. Our next question comes from David at Jefferies. Go ahead, David.

**David Hayes**

Thanks, Jemma. [Inaudible]. A broad one. From pricing levels, are there any categories in markets where you feel prices are too high? I'm thinking a lot of competitors in the US are talking about consumer revolt on pricing levels given the rises of the last couple of years. India, you seem to be taking pricing down a little bit to stimulate volumes. Indonesia, resetting as well. With margin looking like over 20% ex-Ice Cream, that's pretty high level, versus the par, is there anywhere you feel like there is a risk that that margin needs to come down and/or

pricing needs to come down to be more competitive and restimulate volumes? The more detailed question, the tax leakage, you talked as well there is a tax leakage even with a spin set-up, can you quantify today what the tax payment will be? Thank you.

### **Fernando Fernandez**

David, thank you. Good morning. On pricing, you know, I have mentioned before that there are a couple of, I would say category country sales in which we have probably gone too far. In the case of laundry in Brazil, we increased prices. We have close to 65% share there in laundry powders, you know. When there is significant cost and significant currency devaluation, we usually leave with — it usually takes eight to 12 weeks for competition to follow, that's an historic norm. It has not been the case, when competition is — following the transition price into a higher level because we will never allow people to take volume from pricing from us. In the case of the US, we have two different situations. One we have tried to reposition pricing in Dove and TRESemmé with significant relaunches. In the case of Dove Hair has been very, very successful, significant uplift in our pricing, elevation of the quality of our brand. In the case of TRESemmé, where we've done that with success in styling, in the case of shampoo and conditioner, we've not been so successful, and we have rolled back our pricing to ensure competitiveness and protect our volume. This places us in a place which is correction in pricing down. In the case by India ... by competitor, there was an increase of liquids of around 17% that we already commented in the Q1, volume reaction to that has been very, very significant. We landed that pricing even before our competition, and we have seen a significant increase in our volumes in Home Care in

India. Regarding the tax leakage, we will not give the details at this stage. I feel we've given all the information that is necessary, and of course there will be more information coming along the year, particularly in the capital markets from September.

**Jemma Spalton**

Next question is from Vika at Bank of America.

**Victoria Petrova**

Thank you very much. I will be quick. First of all, are you still targeting hard currency deals gross in 2025? And could you help us think about your return on investment capital improvement, talking about 100 basis points coming from Ice Cream. At the same time, in Ice Cream presentation, management was talking about 23% return on invested capital for Ice Cream itself. How should we end up with those two numbers, please? Thank you so much.

**Srinivas Phatak**

Thank you for that. Listen, the commitment to hard currency earnings for us is a multi-year priority, is a strategic priority, and we are committed to that. There should be no debate on that. From a 2025 perspective, look, we said in Q2, 60% of the impact of currencies coming from a translation effect, it's really how euros and dollars are paying out. If it was a dollar-reporting company, it would not be there, but it means we will get higher into H2. Having said that, you've heard us talk about our margins; you've talked about the gross margins, the investments, the overheads. Also spoken about growth, and growth is actually a big leverage to drive the right financial shape. When we look at all of these elements, if we don't see an if you were the deterioration in the translation of the effects of your raw-dollar, our intention is to aim and deliver positive hard currency

earnings even in 2025, but we will not do anything that will jeopardise our business model. We will not underinvest just to hit a number, but we will do the right things, but our intention and aim will be really to look at hard currency earnings. On the return on invested capital, this is what I will call it is either an accountant's delight or a nightmare. It really comes down to how we are really looking at some of the intangibles treatment of when it comes to Unilever, and when it comes to the Ice Cream company. The accounting standards dictate for us to have goodwill or intangibles looked at between ice-creams and foods, because that was a combined segment for us. So, when we did that, the ROIC, you see what you see. When we carve Ice Cream, our ROIC improves. Ice Cream has the flexibility to go back historically and actually start to look at those only those acquisitions which are ... they have taken the flexibility, and, as a consequence that have, they are reporting a higher number. If you see a net addition, and this is the accounting work where both views are right, but from an economic perspective, if you look forward, I don't think it really materially makes a difference. Unilever ROIC goes up by 100 basis points. Ice Creams will start their story with a revised asset base and therefore 21, 22. We are happy to do a follow-up because it is likely technical, but economically, it's absolutely fine.

### **Jemma Spalton**

Next question from Tom at Deutsche. Go ahead, Tom.

### **Tom Sykes**

Thanks, good morning, and everybody. Fernando, I hope the knee is feeling better! Just on the channel shift in the US, I mean, Amazon are by far and away the fastest growing channel for you and most people.

How are you allocating A&P differently to grow on Amazon versus growing on Wal-Mart? What is the sort of lineage, or linkage between your ANP to growing on Amazon? And then just on the productivity side, sorry if I missed it earlier, but are you in a position now that you are actually getting the 100 basis points, productivity benefit over COGS this year, and going forward? Is that something to rely on now, please?

Thank you.

### **Fernando Fernandez**

Thank you, Tom. Regarding channel shifts, you know, there is a big revolution in how to reach consumers, and I developed all the new models of reach and persuasion, and retained media plays an important role. Amazon today is not only an important channel of sale for us but is an important channel of discovery for our brands. The same with Wal-Mart, and the same with our retailers in the US. We are having a good run in Amazon, in Wal-Mart. We are investing heavily in key retailers in the US, and our performance in the US is showing that also the model of deploying our investment is really working well. Our exposure to eCommerce in the US is very high, because, close to 50% of our Prestige Wellbeing business in the US is eCommerce, like Nutrafol, a significant presence in Amazon, or in walmart.com, or in the other sites of the retailer. We see the platforms of the retailer a significant source of awareness, a significant source of recommendation in which your exposure and ratings and reviews has to be strong, and that requires a good exposure of your brands. When we talk of the perfect execution with our perfect execution online and offline. Regarding productivity, Srinivas, do you want to cover that?

**Srinivas Phatak**

There are two elements, Tom, if I understood the question correctly. In one way, we always said from a procurement perspective our intention and our teams are really trying to beat the market by at least 100 basis points when it comes to buying efficiencies. That is something which is absolutely going on track, and we are delivering to that, and it is also therefore becoming a good source of cross-margin expansion for us. When you look at it from an angle of some of our fixed cost in the supply chain, there we have a mindset of really having an absolute cost budget, volume leverage, and we aim and intend really to drive 2% to 3% reduction in absolute cost that gives us leverage. When you talked about overheads, because productivity is an end-to-end phenomena, then we've already spoken to you about how we are increasing our savings from 550 to 650. Suffice to say between all the three levers progressing very well, and that is giving us the right margin structures, and therefore our financial ship.

**Fernando Fernandez**

I would like to add on this that I believe the improvement we are having, structural improvement in gross margin with the significant focus in our what we call supply chain costs, manufacturing and logistics, and the progress we have done in delivering our productivity savings at overheads level, after announcing the separation of Ice Cream is fundamentally showing a different culture in the company. So, it is just this is a new Unilever when it comes to cost discipline. We have real, real discipline in place, and we are very pleased with the element of our cost control, both at product level, and overheads level. I can wrap up with a few messages. We delivered a solid first half, good levels of growth, balanced between volume and price, always in positive volume

growth. Our gross margin is structurally improving giving us fuel to keep increasing investment in our brands, and as a result of that our Power Brands are strengthening, and we are outperforming markets in regions like US and Europe with the most demanding retailers, and the most demanding consumers. We see an acceleration of growth in the second half with sustained performance in the developed markets and improvements in emerging markets, particularly in India, Indonesia, and China. I want to highlight what Srinivas mentioned: we will not take operational decisions in a rush based on big currency swings, but if your row-dollar exchange rate remains at current levels, our intention is to earnings growth in hard currency for the year. I'm looking forward to seeing you soon. Thank you.

END