Unilever Half Year 2021 Results

Alan Jope & Graeme Pitkethly

22nd July 2021
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Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: Unilever’s global brands not meeting consumer preferences; Unilever’s ability to innovate and remain competitive; Unilever’s investment choices in its portfolio management; the effect of climate change on Unilever’s business; Unilever’s ability to find sustainable solutions to its plastic packaging; significant changes or deterioration in customer relationships; the recruitment and retention of talented employees; disruptions in our supply chain and distribution; increases or volatility in the cost of raw materials and commodities; the production of safe and high quality products; secure and reliable IT infrastructure; execution of acquisitions, divestitures and business transformation projects; economic, social and political risks and natural disasters; financial risks; failure to meet high and ethical standards; and managing regulatory, tax and legal matters. A number of these risks have increased as a result of the current Covid-19 pandemic.

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Further details of potential risks and uncertainties affecting the Group are described in the Group’s filings with the London Stock Exchange, Euronext Amsterdam and the US Securities and Exchange Commission, including in the Unilever Annual Report and Accounts 2020.
Strong delivery despite headwinds

<table>
<thead>
<tr>
<th>Growth</th>
<th>Profit</th>
<th>Earnings &amp; Cash</th>
<th>Competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Underlying Sales</td>
<td>Underlying Operating Margin</td>
<td>Current Underlying EPS</td>
<td>% Business Winning MAT</td>
</tr>
<tr>
<td>Growth 5.4%</td>
<td>18.8%</td>
<td>(2.0)%</td>
<td>52%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+4.3% constant</td>
<td></td>
</tr>
<tr>
<td>H1 Underlying Volume</td>
<td>(100)bps</td>
<td>€2.4bn</td>
<td></td>
</tr>
<tr>
<td>Growth 4.0%</td>
<td>Underlying Operating Margin vs H1 2020</td>
<td>Free Cash Flow</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

MAT: Moving Annual Total
Guided by our strategic choices

1. Develop our portfolio into high growth spaces

2. Win with our brands as a force for good, powered by purpose & innovation

3. Accelerate in USA, India, China and leverage EM strength

4. Lead in the channels of the future

5. Build a purpose-led, future-fit organisation and growth culture

Operational Excellence
Strategic change agenda

- Announced the acquisition of digital-led, cruelty free skin care brand Paula’s Choice
- Operational separation of Tea business substantially complete

- Prestige 27% H1 USG
- Functional Nutrition 18% H1 USG

- Share buy back of up to €3bn underway
- Reflects strong free cash flow delivery and balance sheet position
<table>
<thead>
<tr>
<th>Category</th>
<th>Q1'20</th>
<th>Q2'20</th>
<th>Q3'20</th>
<th>Q4'20</th>
<th>Q1'21</th>
<th>Q2'21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hygiene</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prestige</td>
<td>(2)%</td>
<td>(10)%</td>
<td>(5)%</td>
<td>(0)%</td>
<td>(0)%</td>
<td>(0)%</td>
</tr>
<tr>
<td>In Home</td>
<td>(2)%</td>
<td>(10)%</td>
<td>(5)%</td>
<td>(0)%</td>
<td>(0)%</td>
<td>(0)%</td>
</tr>
<tr>
<td><strong>Functional Nutrition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1'20</td>
<td>39%</td>
<td>45%</td>
<td>33%</td>
<td>54%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Q2'20</td>
<td>4%</td>
<td>17%</td>
<td>12%</td>
<td>13%</td>
<td>11%</td>
<td>(2)%</td>
</tr>
<tr>
<td>Q3'20</td>
<td>8%</td>
<td>12%</td>
<td>13%</td>
<td>11%</td>
<td>(2)%</td>
<td>(2)%</td>
</tr>
<tr>
<td>Q4'20</td>
<td>21%</td>
<td>34%</td>
<td>(1)%</td>
<td>(1)%</td>
<td>(1)%</td>
<td>(1)%</td>
</tr>
<tr>
<td>Q1'21</td>
<td>(1)%</td>
<td>(1)%</td>
<td>(1)%</td>
<td>(1)%</td>
<td>(1)%</td>
<td>(1)%</td>
</tr>
<tr>
<td>Q2'21</td>
<td>7%</td>
<td>26%</td>
<td>19%</td>
<td>11%</td>
<td>5%</td>
<td>(10)%</td>
</tr>
<tr>
<td>Laundry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Care</td>
<td>(2)%</td>
<td>(3)%</td>
<td>(2)%</td>
<td>(0)%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Out of Home</td>
<td>(18)%</td>
<td>(16)%</td>
<td>(20)%</td>
<td>4%</td>
<td>48%</td>
<td></td>
</tr>
</tbody>
</table>

Hygiene: Skin Cleansing + Home & Hygiene
Out of Home: Food Service + Out of Home Ice Cream
Personal Care: Personal Care excl. Skin Cleansing and Prestige
Functional Nutrition: Health Foods Drinks + Vitamins, Minerals & Supplements; Horlicks reflected in USG from Q2

All figures USG%
Skin Cleansing H1 (4)

Skin cleansing lapping household stocking in 2020, remains above 2019 levels

Skin Care, Hair, Oral and Deodorants all grew as social occasions partially returned

Step up in pricing in Q2

Rest of BPC H1 +5%

Rest of BPC: Hair care, Deodorants, Skin Care, Oral Care, excl. Prestige
In-home H1 +4%

- In-home growth driven by power brands Knorr, Hellmann’s, Magnum

Out of home H1 +26%

- Food Service growth driven by China. Global demand remains below pre-COVID levels
- Ice Cream grew across in-home and out of home

Food Service remains impacted vs 2019 base

2019 base

(71)% April

+37% H1 2021

UFS included in other categories
Home Care

Home & Hygiene H1 (1)%

- Home & Hygiene lapping surge demand
- Laundry growth driven by China and strong innovation programme rooted in Clean Future agenda
- Price accelerated through the half
Prestige & Functional Nutrition

Prestige H1 +27%

- Strong Prestige performance across on and off line channels

- Functional Nutrition growing strongly (Horlicks and Boost brands in USG from Q2)

Functional Nutrition H1 +18%

- Functional Nutrition LFL growth +31% during the first half

Functional Nutrition: Health Foods Drinks + Vitamins, Minerals & Supplements
Ecommerce

- China: +34%
- USA: +16%
- India: >100%
- Omnichannel: +44%
- Pure play: +29%
- eB2B: +105%

H1 USG: +50%
11% of group turnover
- Focus on operational excellence and our five strategic choices continues to drive competitive growth.

- Pricing stepping up to offset commodity inflation headwinds. UPG of 2.2% in June.

- Operating environment remains volatile.
China: continued strong consumer demand driven by online

India: strong growth with lockdown impact less severe than last year

Turkey: volume-led double digit growth across all divisions

SEA: markets severely impacted
• Strong pricing action in response to high commodity inflation and currency devaluation

• **Brazil:** resilient growth during crisis

• **Mexico:** strong growth across all divisions

• **Colombia:** operations disrupted by civil unrest
• Growth across all divisions despite lapping peak of surge demand

• Accelerating price growth with competitiveness improving

• In-home foods demand remains high. Growth impacted by prior year household stocking

• Strong contribution from Prestige and Food Solutions as channels recover
- Volume growth led by out of home ice cream in Q2
- Price declined whilst lapping lower promotional intensity
- **UK & Germany:** lapping spike in household stocking in Q2 2020
- **France:** deflationary retail environment
- **Italy & Netherlands:** strong growth
Turnover +0.3%

- USG 5.4%
  - H1 2020: €25.7 bn
  - H1 2021: €25.8 bn
- A & D 1.4%
  - H1 2020: €25.7 bn
  - H1 2021: €25.8 bn
- (0.1)%
  - H1 2020: €25.7 bn
  - H1 2021: €25.8 bn

- 4.0%
  - H1 2020: €25.7 bn
  - H1 2021: €25.8 bn
- 1.3%
  - H1 2020: €25.7 bn
  - H1 2021: €25.8 bn
- 1.5%
  - H1 2020: €25.7 bn
  - H1 2021: €25.8 bn
- (6.1)%
  - H1 2020: €25.7 bn
  - H1 2021: €25.8 bn
Underlying operating margin (100)bps

<table>
<thead>
<tr>
<th>Year</th>
<th>COVID-19 impact</th>
<th>Bps impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>vs H1 2020</td>
<td>Mix</td>
<td>(10)</td>
</tr>
<tr>
<td></td>
<td>On cost</td>
<td>0</td>
</tr>
<tr>
<td>vs H1 2019</td>
<td>Mix</td>
<td>(50)</td>
</tr>
<tr>
<td></td>
<td>On cost</td>
<td>(40)</td>
</tr>
</tbody>
</table>

- H1 2020: 19.8%
- Gross Margin: (60)bps
- Brand & Marketing Investment: (80)bps
- Overheads: 40bps
- H1 2021: 18.8%
Even higher commodity inflation

H2 inflation high-teens expected
Underlying earnings per share

Current Underlying EPS (2.0)%

Constant Underlying EPS +4.3%

H1 2020 | Turnover & operational performance | Finance cost | Tax | Minorities | Other | Currency | H1 2021

€1.35 | 2.9% | 1.5% | 0.8% | (1.4)% | 0.4% | (6.3)% | €1.33
Cash flow & balance sheet

Cash

Free Cash Flow

€2.4bn

€(0.4)bn

vs H1 2020

Net Debt

Net debt / EBITDA

2.0x

€22.4bn

Net debt

Pension Surplus

€1.9bn

€0.3bn

FY 2020

H1 2021
Alan Jope

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Summary & outlook

Summary

- Strong first half underpinned by operational excellence
- Continued progress on portfolio evolution
- Pricing stepping up
- Cost inflation accelerating in second half

Outlook

- Full year USG well within our 3-5% multi-year framework
- Full year UOM around flat
Our vision

is to be the global leader in sustainable business. We will demonstrate how our purpose-led, future-fit business model drives superior performance, consistently delivering financial results in the top third of our industry.
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