March 2025

Unilever pre-close aide-mémoire, Q1 2025

This document sets out public information previously provided by Unilever PLC, or else widely available in the market, which may prove helpful in estimating the financial performance of Unilever ahead of its Q1 2025 trading statement on 24 April 2025. Unless otherwise specified, the outlook comments below come from the Q4 and FY 2024 results on 13 February 2025. No new information is given, and there will be no comment on current trading or further guidance provided.

Guidance

Topline

- In the full year 2025, underlying sales growth (USG) is expected to be within our multi-year range of 3 to 5%, with a more balanced split between volume and price.
- We anticipate Q1 will be a slower start to the year, with subdued market growth in the near term.
- Expect market growth and our growth to improve during the year as price increases, reflecting higher commodity costs in 2025.

Underlying operating margin (UOM)

- We anticipate a modest improvement in underlying operating margin (UOM) for the full year.
- We expect this improvement to be realised in the second half given the very strong first half comparator which benefited strongly from carry-over pricing and input cost deflation.

Currency

- Expect minimal currency impact on full year turnover and full year UOM, based on spot rates at FY 2024 results.

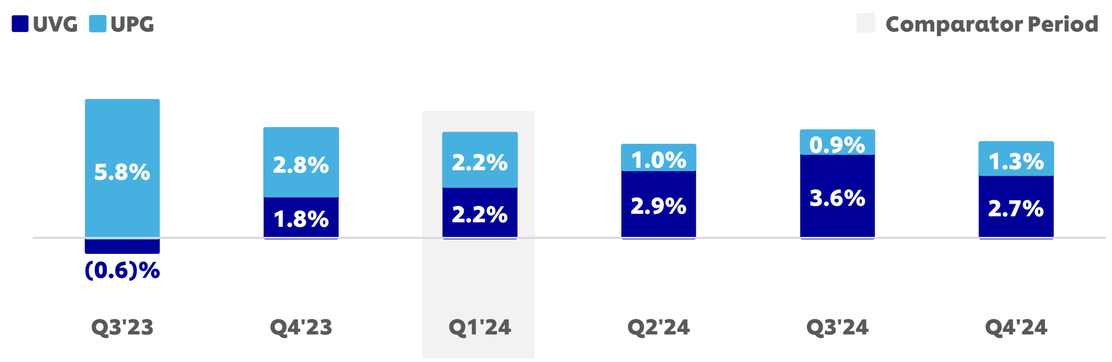
Other financial guidance for 2025

- Capex above 3% of turnover
- Restructuring around 1.4% of turnover
- Net finance costs around 3% on average net debt
- Underlying effective tax rate around 26% for 2025
- Leverage of around 2x net debt / underlying EBITDA

Noteworthy commentary on previous results

Group

- Against a backdrop of slowing markets, **Q4 2024** USG was 4.0%, UVG of 2.7% and UPG of 1.3%.
- In the comparator period, **Q1 2024**, USG was 4.4%, with UVG of 2.2% and UPG of 2.2%.
- *UVG vs UPG trendlines in previous quarters:*



Beauty & Wellbeing

- **Q4 2024** USG was 5.2%, with 3.9% from volume and 1.2% from price growth. Strong and broad-based volume growth, led by Power Brands. Continued strength of our Prestige Beauty and Wellbeing portfolio, although Prestige's performance reflects a slowdown in the US and China beauty market.
- **Q1 2024** USG was 7.4%, with 5.6% from volume and 1.7% from price.

Personal Care

- **Q4 2024** USG was 5.3%, with 3.6% from volume and 1.6% from price. Volume-led growth driven by continued strength in deodorants, partially offset by challenges in Skin Cleansing in India, Indonesia and China.
- **Q1 2024** USG was 4.8%, with 1.4% from volume and 3.4% from price.

Home Care

- **Q4 2024** USG was 3.0%, with volumes up 3.3% and (0.3)% price, premium innovations drove volume growth. Price remained negative, linked to deflation in key commodities, particularly impacting powders markets such as Brazil where economic conditions have also put pressure on some customer stock holdings.
- **Q1 2024** USG was 3.1%, with 4.3% from volume and (1.1)% from price.

Foods

- **Q4 2024** USG was 2.6%, with 0.5% from volume and 2.1% from price. Muted volume growth amidst an overall deceleration in the market.
- **Q1 2024** USG was 3.7%, with (0.4)% from volume and 4.1% from price.

Ice Cream

- **Q4 2024** USG was 4.3%, with 2.2% from volume and 2.0% from price, as operational improvements and innovations supported a step-up in performance.
- **Q1 2024** USG was 2.3%, with (0.9)% from volume and 3.2% from price.

Subsidiary guidance and commentary on geographical areas from Q4 & FY 2024 results

- **India:** In 2024, India grew 1.8% with 2.4% underlying volume growth. Tonnage volume grew mid-single digit, which was partially offset by adverse mix due to strong growth in Home Care. The business continued to increase market share during a period of modest market growth. Moderation in consumption trends to continue in the near term with low-single digit price growth expected. We believe that the prospects of the economic environment in India will get better from the second half of 2025.
- **Indonesia:** Indonesia declined by 8.7% in 2024. In the second half, we took decisive action by correcting misaligned pricing across channels and resetting stock levels in retail, while also addressing our long-standing issues of portfolio, brand, and competitiveness. This will take several quarters. We expect to see the benefits of the changes in Indonesia from the second half of 2025.
- **China:** In 2024, China declined mid-single digit with market weakness across all categories apart from Foods. In the context of softer markets, we are accelerating our portfolio premiumisation and transforming our go-to-market approach to better serve fast-growing e-commerce channels and smaller format stores in lower tier cities. We expect to see the benefits in China from the second half of 2025.
- **Latin America:** In 2024, Latin America grew 6.0% with positive volume growth across Brazil, Mexico and Argentina. Growth slowed in the second half, reflecting a deterioration of economic conditions in the region. In Brazil, there is a short-term issue as the nominal interest rates are significantly higher than inflation, incentivising financial profit over operational profit and fundamentally putting pressure on stock holding.
- **Developed markets:** Underlying volume growth of 3.3% reflected a strong performance in North America, led by Beauty & Wellbeing, and a big improvement in Europe, driven by Home Care and Personal Care. As expected, price growth moderated from 3.3% in Q1 to 0.3% in Q4 2024, netting out at 1.1% for the full year.

Appendix

Quarterly topline evolution

%	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2023 FY	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2024 FY
Unilever, USG	**10.5**	**7.9**	**5.2**	**4.7**	**7.0**	**4.4**	**3.9**	**4.5**	**4.0**	**4.2**
UVG	*(0.2)*	*(0.3)*	*(0.6)*	*1.8*	*0.2*	*2.2*	*2.9*	*3.6*	*2.7*	*2.9*
UPG	*10.7*	*8.2*	*5.8*	*2.8*	*6.8*	*2.2*	*1.0*	*0.9*	*1.3*	*1.3*
Beauty & Wellbeing, USG	**9.3**	**8.8**	**7.4**	**7.9**	**8.3**	**7.4**	**6.8**	**6.7**	**5.2**	**6.5**
UVG	*2.6*	*4.9*	*3.6*	*6.3*	*4.4*	*5.6*	*5.4*	*5.7*	*3.9*	*5.1*
UPG	*6.5*	*3.7*	*3.6*	*1.5*	*3.8*	*1.7*	*1.3*	*0.9*	*1.2*	*1.3*
Personal Care, USG	**12.7**	**9.0**	**8.0**	**6.4**	**8.9**	**4.8**	**6.4**	**4.4**	**5.3**	**5.2**
UVG	*3.0*	*3.4*	*3.9*	*2.5*	*3.2*	*1.4*	*4.4*	*3.1*	*3.6*	*3.1*
UPG	*9.4*	*5.4*	*4.0*	*3.8*	*5.5*	*3.4*	*1.9*	*1.3*	*1.6*	*2.1*
Home Care, USG	**10.2**	**6.7**	**5.3**	**1.7**	**5.9**	**3.1**	**3.4**	**1.9**	**3.0**	**2.9**
UVG	*(2.8)*	*(2.1)*	*0.4*	*0.8*	*(0.9)*	*4.3*	*4.9*	*3.3*	*3.3*	*4.0*
UPG	*13.4*	*9.0*	*4.8*	*0.9*	*6.8*	*(1.1)*	*(1.4)*	*(1.4)*	*(0.3)*	*(1.1)*
Foods, USG	**11.9**	**8.9**	**5.6**	**4.7**	**7.7**	**3.7**	**2.7**	**1.5**	**2.6**	**2.6**
UVG	*(1.3)*	*(2.6)*	*(3.8)*	*(1.1)*	*(2.2)*	*(0.4)*	*0.4*	*0.4*	*0.5*	*0.2*
UPG	*13.4*	*11.8*	*9.8*	*5.9*	*10.1*	*4.1*	*2.2*	*1.1*	*2.1*	*2.4*
Ice Cream, USG	**6.0**	**5.6**	**(2.8)**	**(0.4)**	**2.3**	**2.3**	**(0.5)**	**9.8**	**4.3**	**3.7**
UVG	*(4.1)*	*(5.8)*	*(10.1)*	*(0.8)*	*(6.0)*	*(0.9)*	*(1.1)*	*6.7*	*2.2*	*1.6*
UPG	*10.5*	*12.1*	*8.2*	*0.4*	*8.8*	*3.2*	*0.6*	*2.9*	*2.0*	*2.1*

Reminder of transactions

- Unilever announced that it has received a binding offer from Vivera to acquire **The Vegetarian Butcher** in March 2025. Turnover for the brand was less than €0.1bn in 2024.
- Hindustan Unilever Limited announced it has signed a definitive agreement to acquire the premium actives-led beauty brand **Minimalist** in January 2025.
- Unilever announced that is has received binding offers from Zwanenberg Food Group to acquire the **Unox** and **Zwan** brands and from Paulig Group to acquire the **Conimex** brand in December 2024. The three brands combined represented around €250m of turnover.
- Unilever completed the sale of our **Russian subsidiary** to Arnest Group in October 2024. The sale includes all of Unilever's business in Russia and its four factories, as well as our business in Belarus. The business represented around 1% of the Group's turnover.
- Unilever completed the sale of its stake in **Qinyuan Group**, to Yong Chao Venture Capital Co., Ltd. in August 2024. Unilever completed the sale of its water purification businesses **Pureit**, to A.O. Smith in November 2024. The combined turnover was less than €0.3bn in 2023.
- Unilever completed the disposal of **Elida Beauty** in June 2024. The business generated turnover of c.€0.8bn in 2023.
- Unilever completed the acquisition of the **K18** brand in February 2024. Turnover for the brand was more than €0.1bn in 2024.

Hyperinflationary economies

The Unilever business in Turkey accounted for under 3% of Group turnover and Argentina accounted for around 2.5% of Group turnover in 2024.

The Argentinian economy was designated as hyperinflationary from 1 July 2018 and the Turkish economy was designated as hyperinflationary from 1 July 2022. As a result, application of IAS 29 'Financial Reporting in Hyperinflationary Economies' has been applied to all Unilever entities whose

- assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the balance sheet date.
- Adjustment of the income statement for inflation during the reporting period.
- Translation of income statement at the period-end foreign exchange rate instead of an average rate.
- Adjustment of the income statement to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.

From Q2 2022 reporting, Unilever has capped the growth metrics UPG and USG in Turkey, using the same methodology applied for other hyperinflationary countries.

As part of the Unilever practice, a normalised level of price growth is included in USG, which is capped at an annual rate that is equivalent to approximately 2% per month compounded. This cap is derived from one of the indicators of hyperinflation cited in IAS 29 and ensures that any price growth above this level will be excluded from USG. This definition allows the full volume impact and limited price growth to be included in USG but avoids the distortion of hyperinflationary pricing beyond the capped level. We believe this definition reflects our normal pricing actions, distinct from those taken to respond to hyperinflationary conditions.