

# Unilever US Deep Dive Webcast

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President, Unilever North America

22 March 2021



# Safe harbor statement

This presentation may contain forward-looking statements, including 'forward-looking statements' within the meaning of the United States Private Securities Litigation Reform Act of 1995. Words such as 'will', 'aim', 'expects', 'anticipates', 'intends', 'looks', 'believes', 'vision', or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Unilever Group (the 'Group'). They are not historical facts, nor are they guarantees of future performance.

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.

**1. Unilever USA:  
At a glance**

**2. Growth Pillars**

**3. Outlook**

- **The US is Unilever's biggest market, and winning here is a strategic priority**

# Key messages

- **The US is Unilever's biggest market, and winning here is a strategic priority**
- **After a period of modest growth, in early 2020 growth strengthened pre-Covid**
- **The subsequent demand surge contributed to delivering a record 2020**

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  - **Reshape the portfolio towards high growth spaces**
  - **Innovate with purposeful brands in close partnership with our customers**
  - **Drive exponential, profitable growth in eCommerce**
  - **Create a digital-first, lean, diverse and engaged organization**

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  - **Create a digital-first, lean, diverse and engaged organization**
- **Our portfolio is well-positioned to benefit from the emerging post-Covid consumer trends**

# The US Commercial Leadership Team : Experienced and Diverse



**Fabian Garcia**  
President



**Joey Bergstein**  
CEO, Seventh Gen



**Esi Eggleston Bracey**  
EVP B&PC



**Alexandre Eboli**  
VP SC



**Kristi Reinholz**  
EVP HR, NA



**Jostein Solheim**  
EVP F&R



**Terry Thomas**  
EVP CD US



**Eric Tiziani**  
CFO



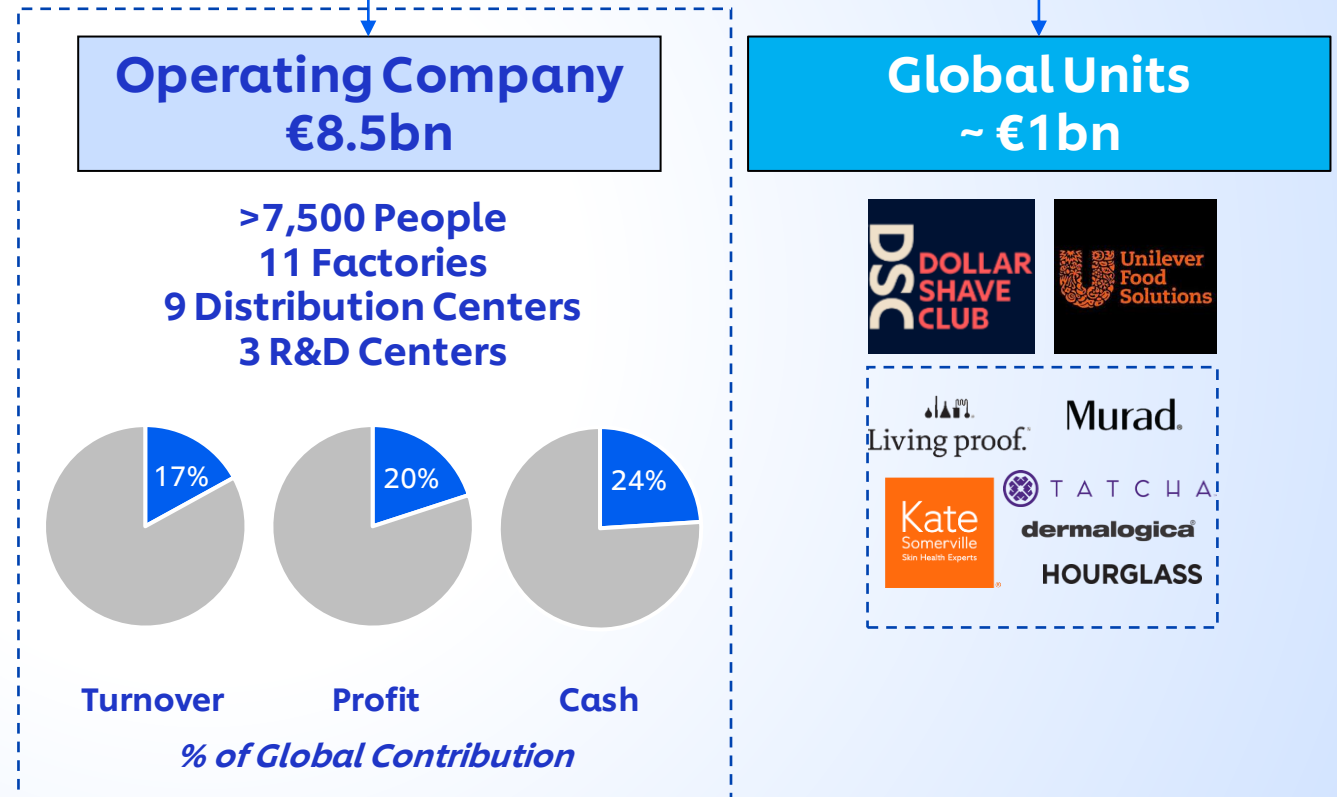


# Unilever USA: At a glance

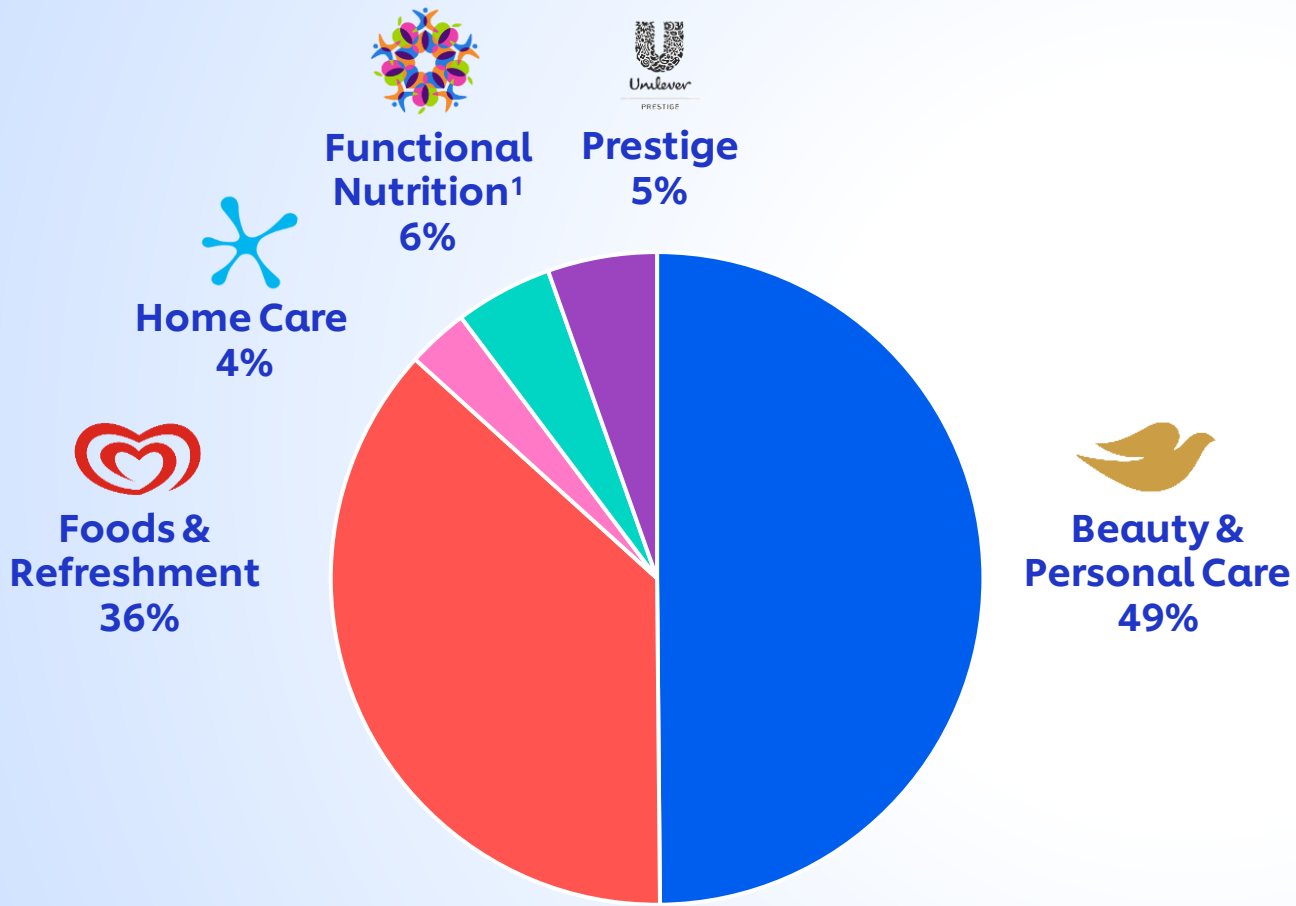
## Largest Unilever Countries by Turnover



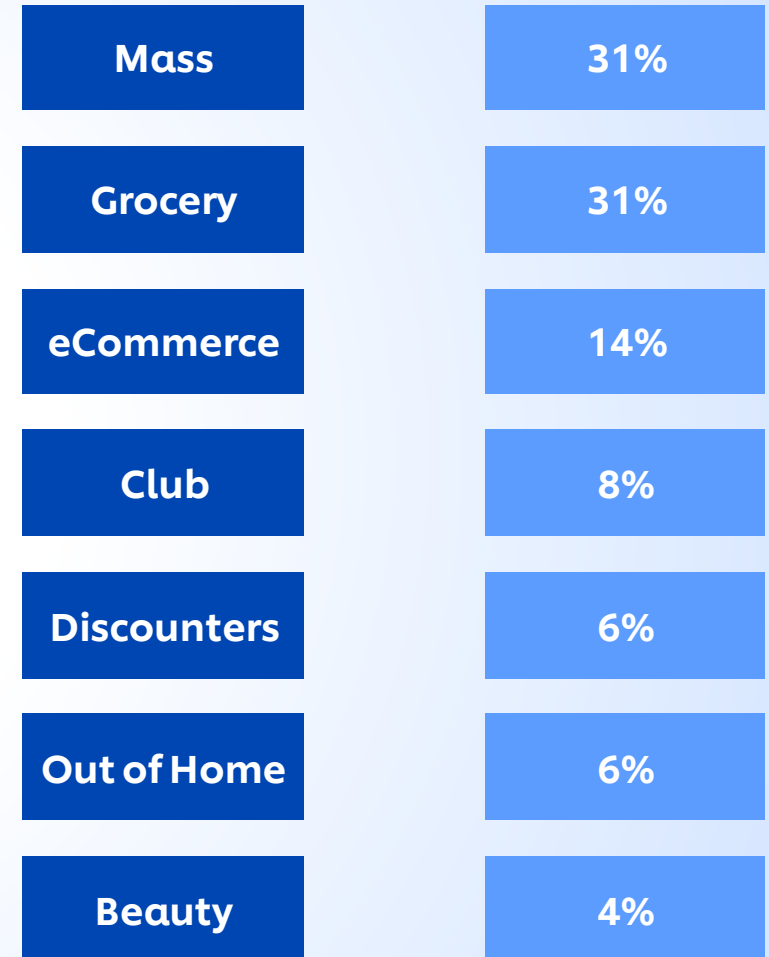
## Unilever USA



## Category Footprint



## Channel Contribution to Turnover



## Top 10 Brands • 66% of Turnover



## Brands: €100m To €250m • 23% of Turnover

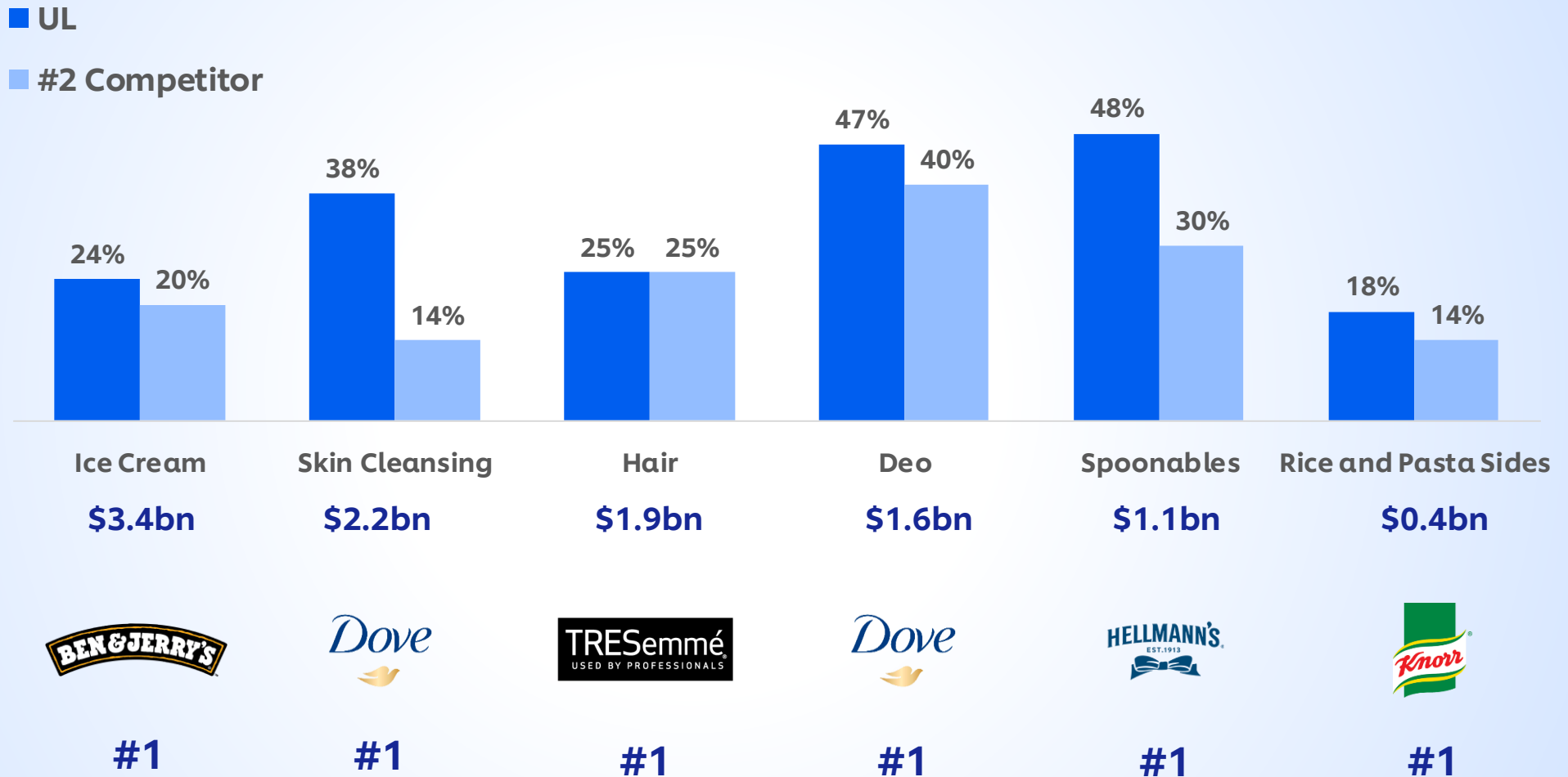


## Remaining Brands: < €100m • 11% of Turnover



# We lead in all the large retail categories we compete in

## L12W Value Share - Unilever vs Nearest branded manufacturer<sup>1</sup>



UL L52W Retail Sales<sup>1</sup>

Leading UL Brand (Rank)

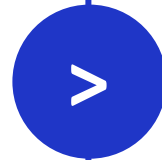
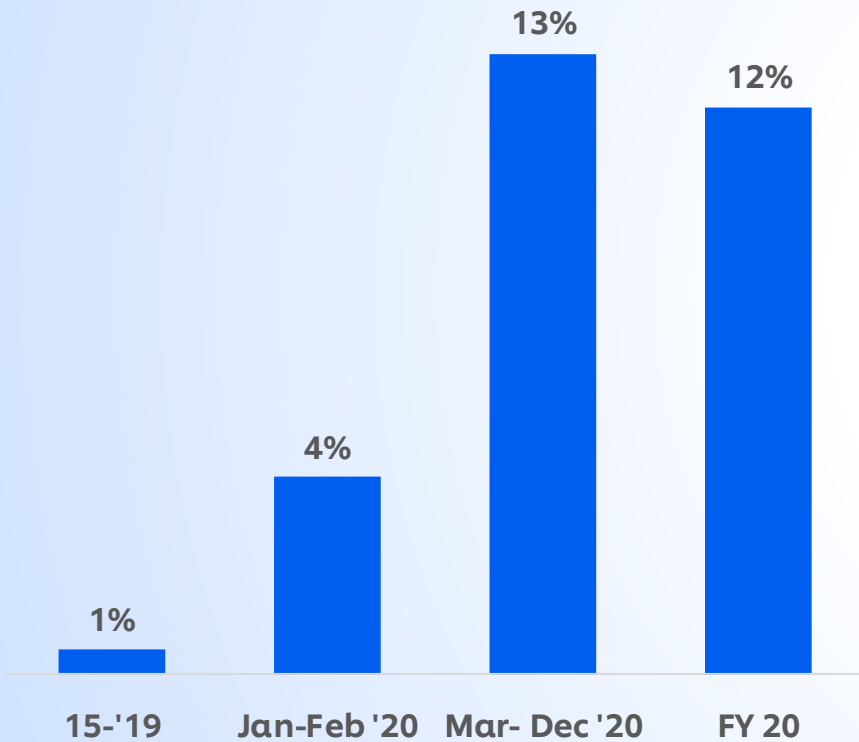
1. Source IRI MULO + C + Costco; ending 21 Feb 2021, excludes UFS



# Strong early momentum, coupled with Covid demand surge enabled a record 2020

## Growth returned to the business pre COVID

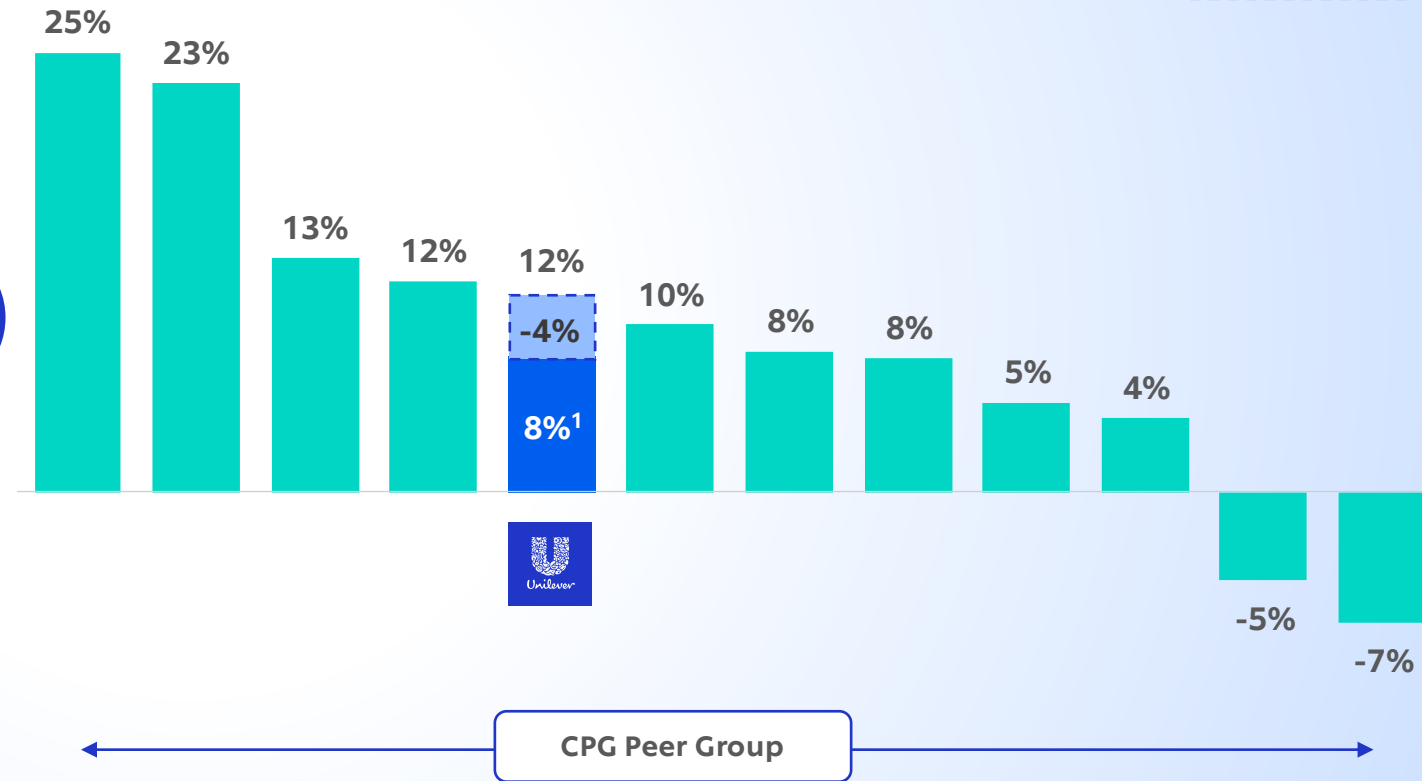
Unilever USA OpCo USG



## Many peer CPG companies benefited from Covid-related demand spikes

2020 Reported USG

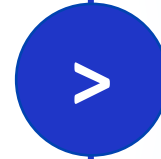
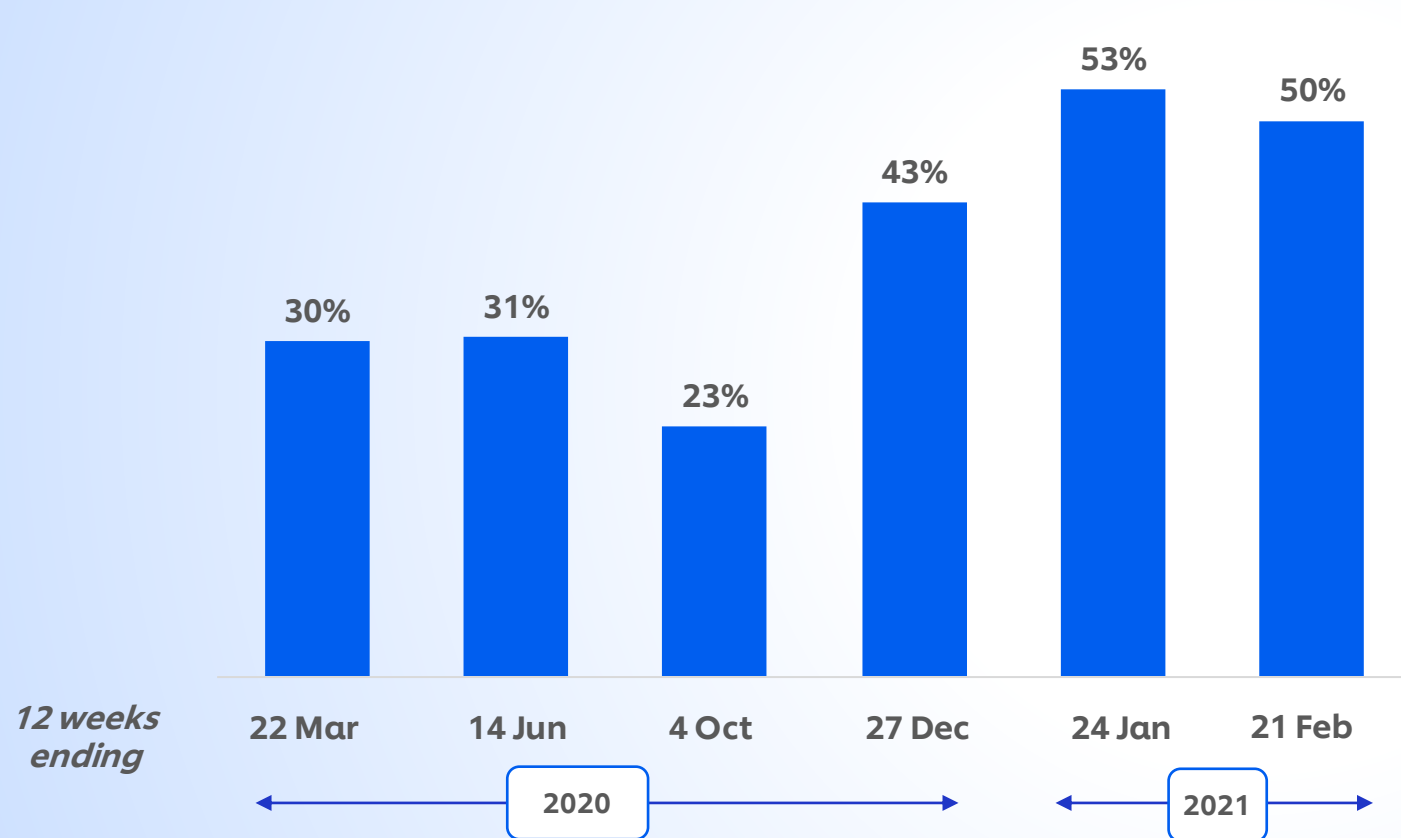
USG impact  
Global Units



1. USG is 8% when including USA OpCo and Global Units; USA OpCo only USG is 12%

# Competitiveness stronger since late Q3

% Business Winning Value Share (L12W)<sup>1</sup>



- **Competitiveness challenged after Covid due to portfolio mix and service challenges**
- **Service improvements, portfolio pivots, increased distribution and targeted investments in H2 drove turnaround**
- **Also gaining share in pureplay eCommerce and Functional Nutrition**

1. Excludes pureplay eCommerce and Functional Nutrition, ending 21 Feb 2021

# Growth Pillars



# 4 Pillars of the Unilever USA Growth Strategy

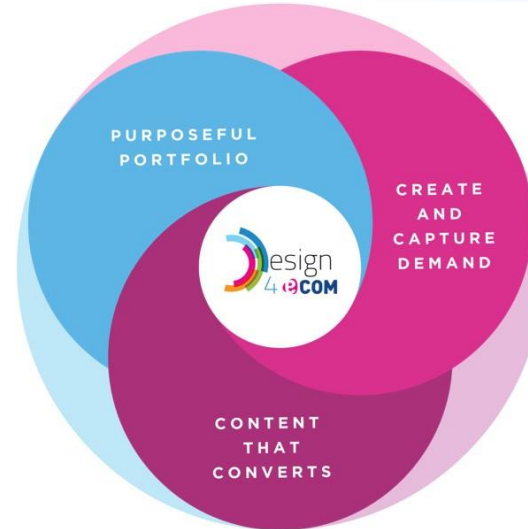
## Accelerate Portfolio Reshape



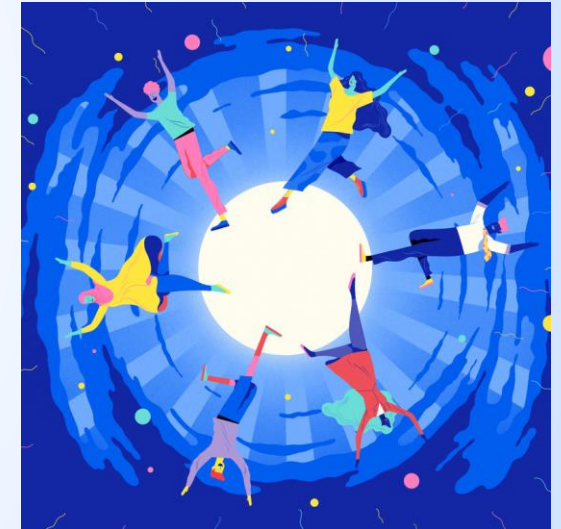
## Innovate with Big, Purposeful Brands



## Explode eCommerce



## Step-change Culture and Capability



# 4 Pillars of the Unilever USA Growth Strategy

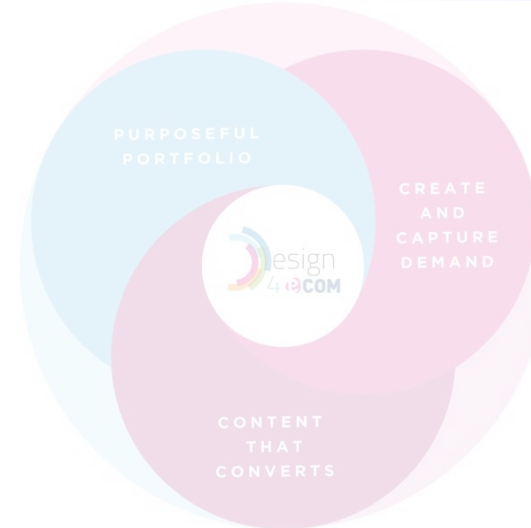
## Accelerate Portfolio Reshape



## Innovate with Big, Purposeful Brands



## Explode eCommerce



## Step-change Culture and Capability



# Clear criteria for Investment Choices



Scale



High growth



Potential in growth countries



Route to leadership



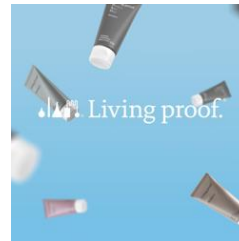
Branding & technology sensitive



Hygiene



Multi-cultural beauty



Prestige beauty



Functional nutrition



Healthy eating

# Portfolio reshape in action

2016

2017

2018

2019

2020

In progress 2021<sup>1</sup>

## Divestments



Tea



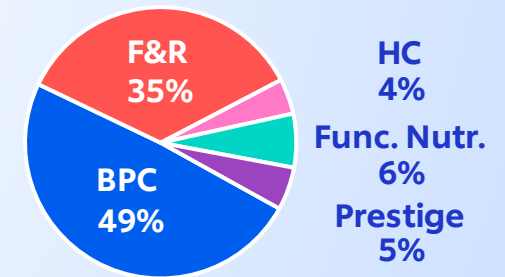
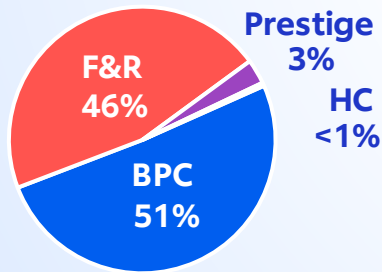
Tail BPC brands

## Acquisitions



Proforma 2021

## Portfolio Shape



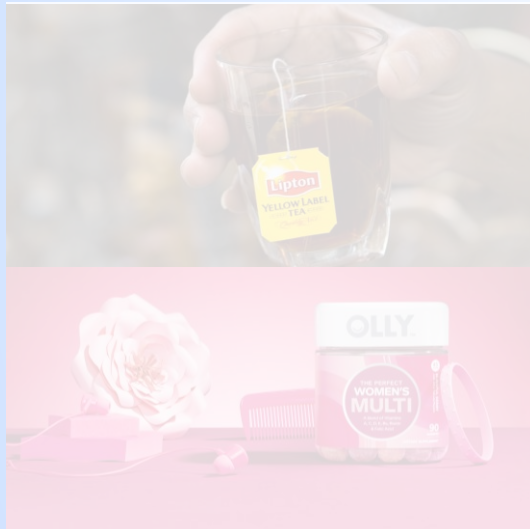
1. Portfolio shape in 2021 based on 2020 (annualized) TO after removing Tea and Tail BPC brands

# Acquisitions grew 17% in 2020

		2020 Turnover	2019 USG	2020 USG
BPC		€0.5bn	-5%	+5%
Prestige		€0.5bn	9%	-4%
Func. Nutr.		€0.5bn <sup>1</sup>		>50%
HC		€0.4bn	10%	>50%
F&R		€0.3bn <sup>1</sup>	13%	>20%

# 4 Pillars of the Unilever USA Growth Strategy

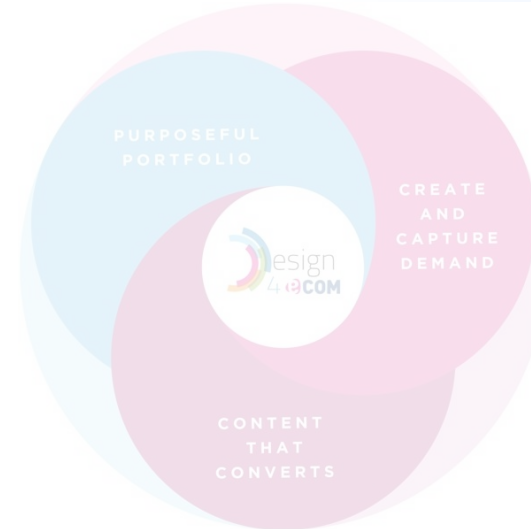
**Accelerate Portfolio Reshape**



**Innovate with Big, Purposeful Brands**



**Explode eCommerce**



**Step-change Culture and Capability**



## Innovation Strategy Cornerstones

- **Dedicated R&D resources, co-located with brand and insights teams**
  - > 550 FTEs
  - 3 R&D Centers
- **Leading edge data-driven shopper and strategic customer-partnership**
- **Streamlined innovation process to identify 'big bets' early, shorter time to market**



### Dove Deo Refill



**First refillable, reusable deodorant**

### Seventh Gen EasyDose



**First 8x laundry; high value density**

### Ben & Jerry's Dough Bites



**Extends #1 IC brand into frozen snacking**

## Dialed-up Customer Centricity Approach

- Holistic long-range Planning to unlock:
  - Innovation co-creation
  - Data / insights collaboration
  - Incremental distribution (e.g. 700k+ at largest Mass retailer)
  - Joint investment to drive discontinuous growth
- Supported by frequent senior leadership meetings



### Bath in Retail



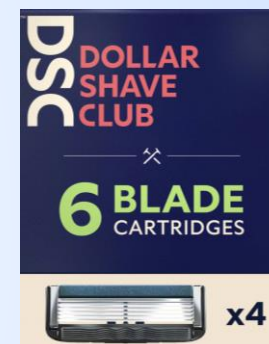
\$ 12.9bn

### Functional Nutrition



\$ 13.6bn

### Men's Grooming in Retail<sup>2</sup>



\$ 6.4bn

Market Size<sup>1</sup>



# Activating brand purpose to drive consistent, competitive growth

## Ben and Jerry's a consistent voice for social justice



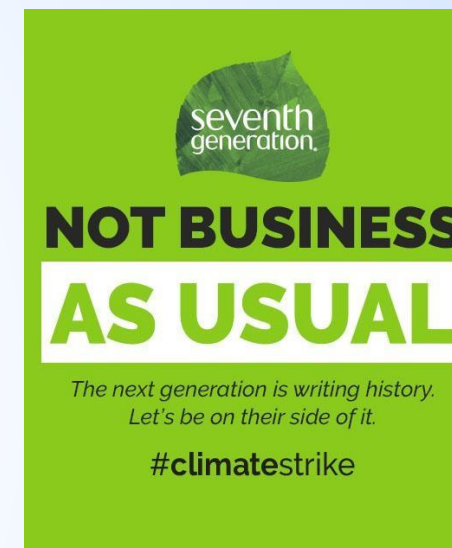
12%

## Dove leads the fight to end Hair Discrimination



8%

## Seventh Gen raising awareness about climate change

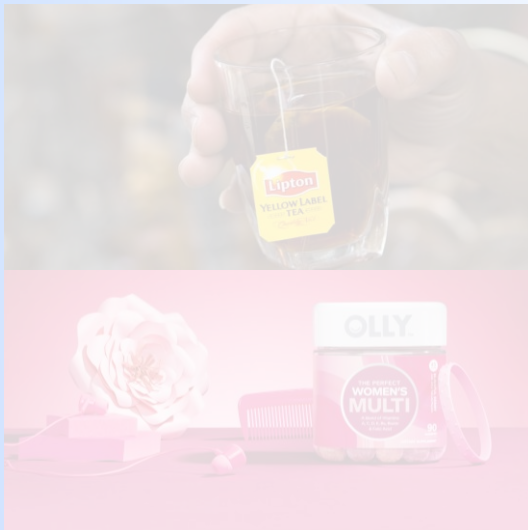


22%

3 Year USG

# 4 Pillars of the Unilever USA Growth Strategy

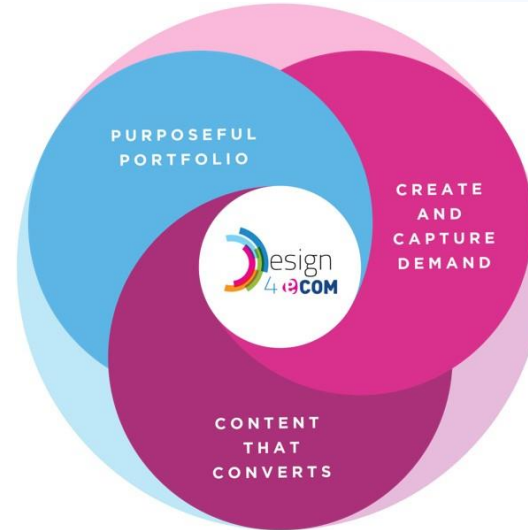
Accelerate Portfolio Reshape



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Explode eCommerce



Step-change Culture and Capability



## Actions taken to explode eComm growth

- Partnership with Amazon:
  - Co-investment in data, media
  - Amplifying Climate Pledge program
  - Strategic partnership with Fresh
- Ramping up 'Design for eCommerce'; contribution of eComm SKUs ~2x in 2 years
- Driving Omni via joint business planning with key brick and mortar customers
- Step-changing execution capabilities through incremental expert resources, use of advanced analytics



## Design for eCommerce Examples



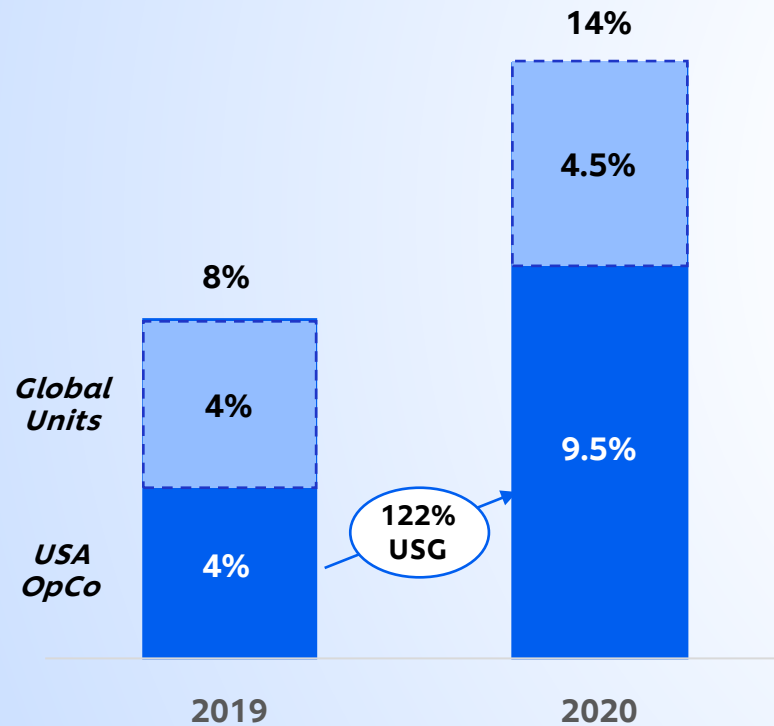
Compact laundry format increases value density



Profitable bundle packs meet unit profit thresholds; increase baskets

## Record growth in 2020, and increasing contribution

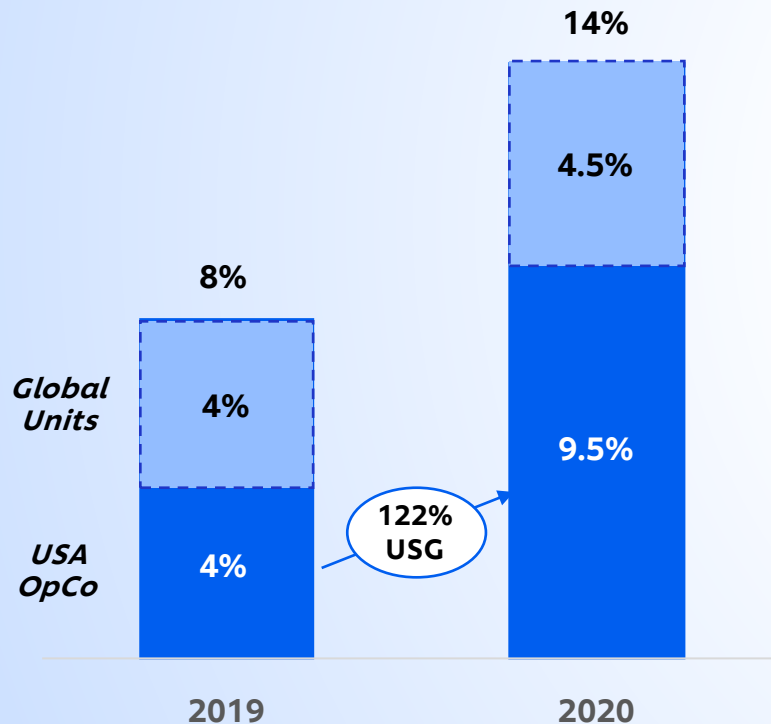
eComm Turnover as % of Total Business



# Resulting in strong, competitive and profitable growth

## Record growth in 2020, and increasing contribution

eComm Turnover as % of Total Business



## Competitiveness in key customers is strong

% Omni Business above brick & mortar

Largest Grocer

>80%<sup>1</sup>

Largest Mass Retailer<sup>2</sup>

>80%<sup>1</sup>

Second largest Mass Retailer<sup>2</sup>

>40%<sup>1</sup>

% Business Winning Share in Pureplay

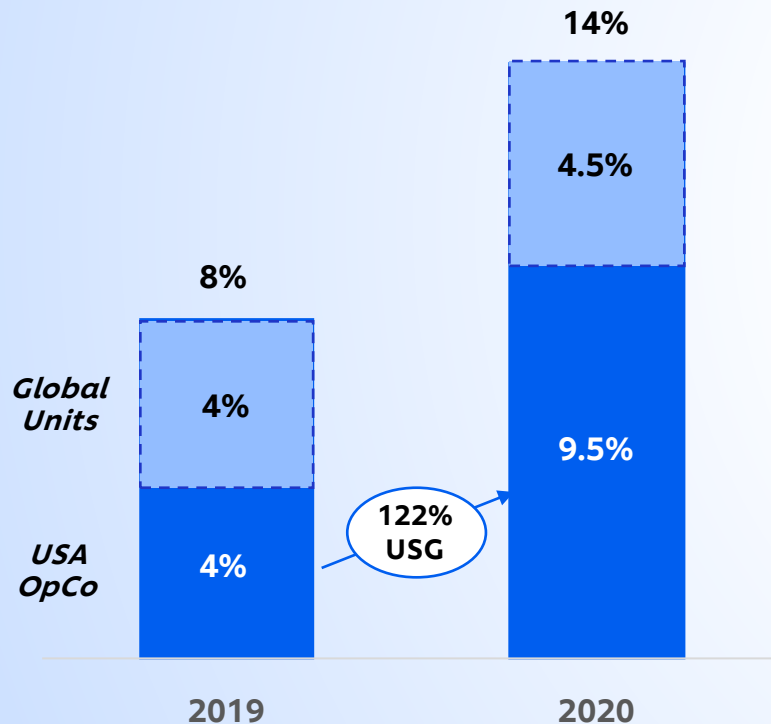
Largest Pureplay retailer

>70%<sup>1</sup>

# Resulting in strong, competitive and profitable growth

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eComm Turnover as % of Total Business



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Largest Grocer



Largest Mass Retailer<sup>2</sup>

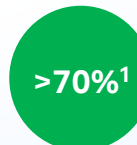


Second largest Mass Retailer<sup>2</sup>



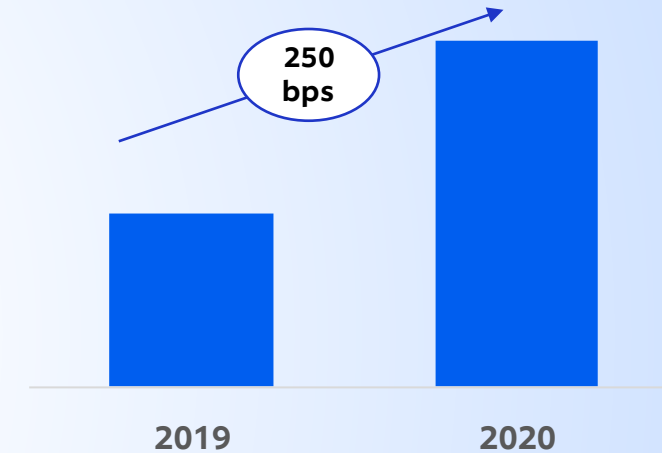
% Business Winning Share in Pureplay

Largest Pureplay retailer



## Healthy margin expansion

USA eComm Gross Margin

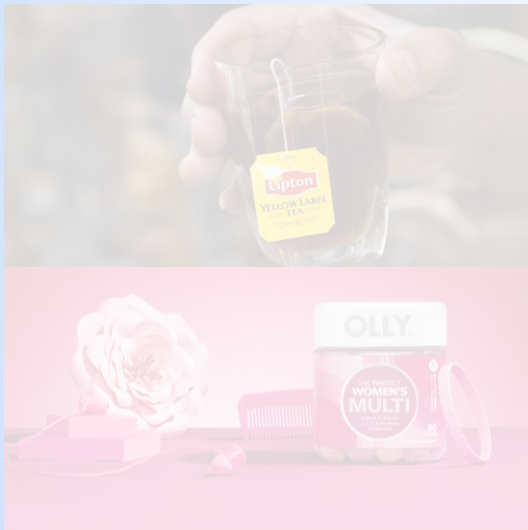


Drivers:

- Channel mix optimization
- Tailored portfolio
- ROI optimization

# 4 Pillars of the Unilever USA Growth Strategy

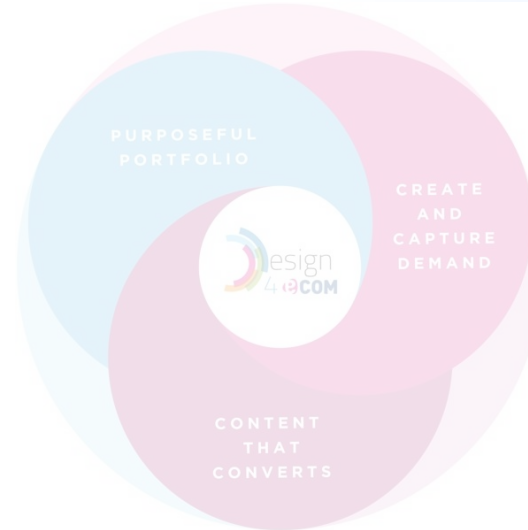
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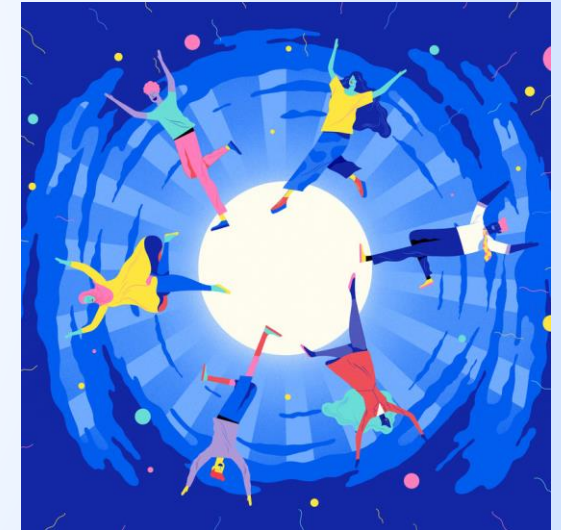
Innovate with Big, Purposeful Brands



Explode eCommerce



Step-change Culture and Capability



## E2E Digital Enablement



- Process automation, digitization, machine learning unlocked +€50M in annual savings
- Partnering 9 retailers to deploy proprietary analytical tools to drive engagement and conversion

## Diverse and Engaged Teams



- At corporate level, 50% female, 30% identify as Person of Color
- Engagement up +900 bps in 2020

## Generating elevated levels of 'Fuel for Growth'



- 25% increase in annual savings planned for '21-'24 (vs '18-'20)



# Our growth pillars are fully aligned with global Strategic Choices

1. Develop our portfolio into high growth spaces

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

3. Accelerate in USA, India, China and leverage emerging markets strength

4. Lead in the channels of the future

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

A large, teal-colored double-headed arrow pointing left and right, with the text 'Operational Excellence' centered inside it.

Operational Excellence

# Outlook

# Portfolio well positioned for post-Covid new normal

Developed market  
Consumer Mega-trends



**Holistic Health**



**Pleasure Starved**



**Home Experiences**

USA Context



**Stimulus 'Bump'**



**Mass Vaccination**



**Hybrid Work**

Hair	Deo	Skin Cleanse	Hand Hygiene	Ice Cream	Mayo	Sides	Home Care	Func. Nutr.	Prestige	UFS
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Holistic Health	Green	Grey	Green	Green	Red	Red	Red	Green	Green	Grey	Grey
Pleasure Starved	Green	Grey	Green	Grey	Green	Green	Grey	Grey	Grey	Green	Green
Home Experiences	Grey	Grey	Green	Grey	Green	Green	Green	Green	Green	Grey	Red

USA Context



**Stimulus 'Bump'**



**Mass Vaccination**



**Hybrid Work**

Stimulus 'Bump'	Green	Green	Green	Grey	Green	Red	Red	Green	Green	Green	Green
Mass Vaccination	Green	Green	Red	Red	Green	Red	Red	Green	Green	Green	Green
Hybrid Work	Green	Green	Green	Green	Grey	Grey	Grey	Grey	Green	Green	Red

- We have confidence in the resilience of the consumer and expect an economic recovery in the next 12-18 months
- We foresee three challenges in the US
  - A bifurcated economy
  - Managing impact of eComm acceleration on traditional retail
  - Inflationary headwinds
- 2021 will be impacted by lapping of the 2020 demand surge. We continue to be focused on competitive growth



# Recap of Key messages

- **The US is Unilever's biggest market, and winning here is a strategic priority**
- **We expect to continue to grow competitively post normalization of the Covid-spike as we:**
  - **Continue to reshape the portfolio towards high growth spaces**
  - **Innovate with big, purposeful brands in close partnership with our customers**
  - **Drive disproportionate, profitable growth in eCommerce**
  - **Accelerate the implementation of a digital-first, lean, diverse and engaged organization**

**Q&A**

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**22 March 2021**



**Unilever**