



AL MILLER

Financial Communication Specialist

Unilever plc

Q3 2025 Trading Update Analysis



*Issuer-Level Market Commentary
February 2026*

EVALUATION COPY

Issuer-level market commentary. This document is not investment research, a financial promotion, or a personal recommendation. It is written for professional investors and FCA-authorized financial services firms. All data is drawn from Unilever's published disclosures, regulatory announcements and verified third party sources.

Introduction

Unilever plc published its Q3 2025 trading statement on 23rd October 2025. The numbers confirmed a sequential acceleration in underlying sales growth, with volume playing a more prominent role in the mix than at any point in the prior two years. Underlying sales growth of 3.9 per cent, comprising 1.5 per cent from volume and 2.4 per cent from price, came in modestly ahead of the LSEG-compiled consensus of approximately 3.7 per cent.

The results mattered less for what they revealed about any single quarter and more for what they confirmed about a longer trajectory. Under CEO Fernando Fernandez, who succeeded Hein Schumacher earlier in 2025, Unilever has been executing a multi-year operational reset built around three pillars: portfolio simplification, premiumisation of the brand mix, and a return to volume-led growth. The Q3 numbers suggest that reset is translating into reported performance.

This analysis examines the Q3 data across business groups and geographies, considers the completed Ice Cream demerger, and sets out what UK equity investors should be watching when Unilever reports its Q4 and full-year 2025 results on 12th February 2026.

Headline Numbers: What the Trading Update Showed

Group turnover was €14.7 billion, down 3.5 per cent on a reported basis. That decline reflected currency headwinds of 6.1 per cent and a 1.0 per cent drag from net disposals, both of which masked the underlying picture. On a constant-currency, organic basis, every business group delivered underlying sales growth above 3 per cent.

Excluding Ice Cream, which was already in the process of separation, underlying sales growth was 4.0 per cent with 1.7 per cent from volume and 2.2 per cent from price. That's a meaningful step up from 3.1 per cent in Q2 and signals that the volume recovery isn't stalling.

Power Brands, which contributed 78 per cent of group turnover, grew underlying sales by 4.4 per cent with 1.7 per cent from volume and 2.6 per cent from price. The fact that the strongest growth came from the brands Unilever is concentrating its resources behind is exactly the pattern management wants to show investors ahead of the full-year results.

Business Group Performance

Beauty and Wellbeing: 5.1 Per Cent USG

Beauty and Wellbeing was the standout, delivering underlying sales growth of 5.1 per cent on turnover of €3.2 billion, with a balanced split of 2.3 per cent from volume and 2.7 per cent from price. Growth accelerated from the first half, led by double-digit performances from Dove hair care, Vaseline, Liquid I.V., Nutrafol, Hourglass, and K18.

Hair Care performance was mixed. Dove grew double digit, supported by the rollout of its fibre repair technology range, but Sunsilk and Clear declined on market softness in Brazil and China. Core Skin Care grew mid single digit, with Vaseline's premium innovations driving volume gains. In Prestige Beauty, Hourglass and K18 continued to deliver double-digit growth while Paula's Choice and Dermalogica returned to low single-digit growth after declining in the first half. Wellbeing delivered strong double-digit growth, with Liquid I.V.'s sugar-free range now accounting for nearly 30 per cent of total brand sales.

Personal Care: 4.1 Per Cent USG

Personal Care grew 4.1 per cent on turnover of €3.3 billion, with 1.0 per cent from volume and 3.1 per cent from price. The price-led mix reflected premium innovation rollouts in deodorants and skin cleansing, particularly Dove's whole-body deodorant range in North America.

Deodorants grew low single digit, led by Dove in North America but partially offset by a decline in Latin America. Skin Cleansing grew low single digit on price, with Dove's premium limited-edition seasonal body wash ranges performing well. Oral Care was the bright spot within the segment, delivering high single-digit growth led by Pepsodent and CloseUp.

Home Care: 3.1 Per Cent USG

Home Care grew 3.1 per cent on turnover of €2.8 billion, with the strongest volume contribution of any segment at 2.5 per cent and just 0.6 per cent from price. That volume-led profile is exactly what the market wants to see from a category that had been heavily reliant on pricing through 2022 to 2024.

The standout innovations were Cif Infinite Clean, a probiotics-powered multi-purpose cleaner rolling out across major European markets, and Wonder Wash, a fabric cleaning product expected to reach 30 markets by year-end. Both Cif and Domestos delivered double-digit growth. The drag came from Brazil, where slow market conditions and corrective pricing actions weighed on Fabric Cleaning.

Foods: 3.4 Per Cent USG

Foods grew 3.4 per cent on turnover of €3.1 billion, with 1.3 per cent from volume and 2.1 per cent from price. Hellmann's continued to perform well, delivering mid single-digit growth led by volume. The flavoured mayonnaise range grew strong double digit, with particularly strong results in Brazil.

Knorr grew low single digit, supported by momentum in the US and recovery in Indonesia. Unilever Food Solutions also delivered low single-digit growth, with positive contributions from North America and China.

Ice Cream: 3.7 Per Cent USG

Ice Cream grew 3.7 per cent on turnover of €2.3 billion, entirely from price, with flat volume as the segment lapped a mid single-digit volume comparator from the prior year. Cornetto led with high single-digit growth, Ben and Jerry's grew mid single digit, and Magnum grew low single digit. This was the last quarter in which Ice Cream would be reported as part of Unilever's continuing operations.

Geographic Breakdown

North America: The Growth Engine

North America delivered the standout regional performance: underlying sales growth of 5.5 per cent, with an extraordinary 5.4 per cent from volume and just 0.1 per cent from price. This was the fifth consecutive quarter of volume-led growth in the region, driven by Personal Care and Beauty and Wellbeing. North America accounted for approximately 22 per cent of group turnover.

Asia Pacific Africa: Sequential Recovery

Asia Pacific Africa, at 42 per cent of group turnover, grew underlying sales by 6.8 per cent with 3.5 per cent from volume and 3.1 per cent from price. The headline disguises a varied picture. Indonesia returned to growth with underlying sales up 12.7 per cent following an extensive business reset. India grew 2 per cent, with volumes held back by a transitory impact from Goods and Services Tax reforms affecting approximately 40 per cent of Unilever's Indian portfolio. China delivered low single-digit growth, reflecting early success from a more focused go-to-market approach. Africa saw mid single-digit growth.

Europe: Grinding Against Comparators

Europe, at 23 per cent of group turnover, delivered underlying sales growth of just 1.1 per cent, with negative volume of 0.6 per cent offset by 1.7 per cent from price. That's a softer print, but context matters: the prior-year comparator was over 6 per cent growth. The UK and France grew well. Germany declined, having delivered double-digit growth in the prior year.

Latin America: The Problem Area

Latin America was the clear weak spot, declining 2.5 per cent on underlying sales with volumes down 7.3 per cent. Brazil declined mid single digit and Mexico declined high single digit, both with significant negative volumes. Argentina saw price-driven growth against an unstable macroeconomic backdrop. Management acknowledged the challenges but emphasised that market share had grown in six of the last seven quarters across the region, suggesting the volume declines aren't Unilever-specific but market-wide. The company has taken corrective pricing actions in Brazilian laundry and expects improvement through 2026.

The Ice Cream Demerger: Completed

The single most significant structural event of Unilever's 2025 was the completion of the Ice Cream demerger. The Magnum Ice Cream Company completed its separation from Unilever on 6th December 2025 and began trading as an independent listed company in Amsterdam, London, and New York on 8th December. TMICC shares debuted at approximately €12.81, implying a market capitalisation of around €7.8 billion.

The separation creates the world's largest standalone ice cream business, with approximately €7.9 billion in revenue and a 21 per cent global market share. The portfolio includes Magnum, Ben and Jerry's, Cornetto, Wall's, Breyers, and Klondike. Unilever retained a stake of approximately 19.9 per cent, which it plans to sell down within five years to cover separation costs and maintain capital flexibility.

For Unilever, the demerger removes a business with a fundamentally different operating model, one that's highly seasonal, capital intensive, and reliant on cold-chain logistics that offered limited synergies with the group's other categories. From Q4 2025 onwards, Unilever reports Ice Cream as a discontinued operation. The share consolidation completed on 9th December 2025 maintains comparability of share price, earnings per share, and dividends per share before and after the separation.

What remains is a four-business-group company: Beauty and Wellbeing, Personal Care, Home Care, and Foods. Management has guided to a structurally higher margin profile for the post-demerger group, with H2 2025 underlying operating margins of at least 19.5 per cent excluding Ice Cream.

Portfolio Reshaping

The demerger wasn't the only portfolio action in 2025. Unilever executed a series of acquisitions that reveal where management sees growth potential: Minimalist, a premium actives-led beauty brand acquired through Hindustan Unilever in April; Wild, a personal care brand acquired in April; and Dr. Squatch, a personal care brand acquired in September. All three strengthen Unilever's presence in premium, direct-to-consumer personal care, particularly in the US market.

Disposals continued the theme of simplification. Unilever completed the sale of The Vegetarian Butcher in September and announced the sale of Graze to Katjes International in December, with completion expected in H1 2026. These exits reflect a clear strategic direction: away from non-core food businesses, towards beauty, wellbeing, and personal care.

The €1.5 billion share buyback programme announced in February 2025 was completed by May. The productivity programme, launched in 2024, remains ahead of plan on its target of €800 million in cumulative savings, with approximately €650 million expected by the end of 2025 and the remaining €150 million to be delivered in 2026. Restructuring costs are now guided at approximately 1.2 per cent of turnover, lower than originally anticipated.

What This Tells UK Equity Investors

The investment case for post-demerger Unilever rests on a specific thesis: that a simpler, more focused company, concentrated in premium beauty, personal care, and home care, can deliver sustained volume-led growth with expanding margins. The Q3 numbers support that thesis without being conclusive.

On the positive side, underlying sales growth excluding Ice Cream improved sequentially from 3.1 per cent in Q2 to 4.0 per cent in Q3, with volume contributing 1.7 per cent. North America's fifth consecutive quarter of volume-led growth at 5.5 per cent is the single most impressive data point in the release. Power Brands grew faster than the group, which is exactly the right direction. The productivity programme is ahead of schedule. The demerger is done.

The concerns are equally real. Latin America's volume decline of 7.3 per cent can't be dismissed as purely market-driven indefinitely. Europe's negative volumes and low single-digit growth raise questions about pricing power in a market where consumers are trading down. The currency headwind of 6.1 per cent reminds investors that Unilever's emerging-market exposure, a long-term structural advantage, creates short-term earnings translation risk.

The quarterly dividend of €0.4528 per share, up 3.0 per cent versus Q3 2024 and equivalent to approximately £0.39 per share at the applicable exchange rate, confirms the income dimension of the equity case. Full-year guidance of 3 to 5 per cent underlying sales growth remains unchanged. Management has guided to H2 underlying operating margins of at least 18.5 per cent, or at least 19.5 per cent excluding Ice Cream.

Unilever reports its Q4 and full-year 2025 results on 12th February 2026. Those results will be the first to present the continuing business without Ice Cream and the first under the post-consolidation share structure. They'll also provide the first full picture of whether the 3 to 5 per cent growth range is being delivered at the right point in that range and with the right quality of growth behind it. For UK equity investors holding Unilever as a defensive compounder within their allocations, the Q3 data gives reason to stay patient. The operational reset is working. Whether it's working fast enough to justify the current valuation is the question the full-year numbers need to answer.

Produced by:

AL Miller

Financial Communication Specialist

Gibraltar

This document constitutes market commentary and issuer-level analysis. It is not investment research as defined under FCA rules. It is not a financial promotion to retail clients and does not constitute a personal recommendation under COBS 9 or MiFID II. No assessment of suitability or appropriateness has been undertaken. Nothing in this document is intended to induce investment activity. All data is sourced from Shell plc's published regulatory announcements, quarterly results presentations, and verified financial reporting services. This document should be read alongside Shell's official disclosures and current market data.

© 2026 AL Miller. All rights reserved.



AL MILLER
Financial Communication Specialist

**CLEAR THINKING FOR COMPLEX FINANCIAL
DECISIONS**

TELEPHONE: 00-350-5600-4546

EMAIL: INFO@ALMILLERFCS.COM

WEBSITE: WWW.ALMILLERFCS.COM
