



Unilever PLC Equity Valuation

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Abstract

This thesis examines the application of fundamental equity valuation principles to Unilever PLC, a major global Fast Moving Consumer Goods company that operates across a diversified portfolio, spanning across Beauty & Wellbeing, Personal Care, Home Care and Foods. The ongoing demerger of the Ice Cream unit, along with the company's new structure and focus strategy, allows for some discrepancies between intrinsic value and the price reflected in the market.

The primary valuation methodology applied is a Discounted Cash Flow-based Sum-of-the-Parts (SOTP) analysis. This method allows for a more comprehensive and clear assessment of each operating segment within the company, considering their growth expectations, profitability, and risk levels. This approach results in a target price of £59.42 per share as of December 31st, 2025, implying a 16.5% upside relative to the share price observed on October 31st, 2025, and supporting a BUY recommendation.

To assess the robustness of the model, the valuation includes sensitivity analyses regarding key valuation inputs, as well as a Monte Carlo simulation that captures the uncertainty of the joint overall assumptions. Additionally, a market-oriented relative valuation is conducted, benchmarking each Unilever's segment against a set of comparable firms.

Finally, this thesis compares its valuation results with an equity research report issued by Jefferies, highlighting key differences in methodology and assumptions.

Keywords: Equity Valuation, Unilever, Demerger, Beauty & Wellbeing, Personal Care, Home Care, Foods, SOTP, Target Price

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Resumo

Esta tese analisa a aplicação de princípios fundamentais de avaliação de empresas à Unilever PLC, uma empresa global de bens de consumo que opera através de um portfólio diversificado, abrangendo os segmentos de beleza e bem-estar, cuidados pessoais, cuidados domésticos e alimentos. A atual cisão da unidade de gelados, seguindo a nova estrutura da empresa e a correspondente estratégia, permite uma discrepância entre o valor intrínseco e o preço refletido no mercado.

O principal método de avaliação aplicado é uma análise da Soma das Partes (SOTP) com base nos Fluxos de Caixa Descontados. Este método permite uma avaliação mais detalhada de cada segmento da empresa baseada nas respetivas perspetivas de crescimento, rentabilidade e perfis de risco. Esta avaliação resulta num preço-alvo de £59,42 por ação em 31 de dezembro de 2025, implicando uma valorização de 16,5% em relação ao preço da ação observado em 31 de outubro de 2025, sustentando uma recomendação de COMPRA.

Tendo em consideração a robustez do modelo, esta avaliação é complementada por análises de sensibilidade bem como uma simulação Monte Carlo, apurando incerteza face aos pressupostos definidos. Para além disso, é também realizada uma avaliação relativa, comparando cada segmento da Unilever com um conjunto de empresas semelhantes.

Por fim, esta tese compara os seus resultados com um relatório de avaliação de ações emitido pela Jefferies, destacando as principais diferenças na metodologia e suposições.

Palavras-chave: Avaliação de ações, Unilever, Cisão, Beleza e Bem-Estar, Cuidados Pessoais, Cuidados Domésticos, Alimentos, SOTP, Preço-Alvo

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List of Abbreviations

AI – Artificial Intelligence

ARPU – Average Revenue per User

bn – billion

bps – basis points

CAGR – Compound Annual Growth Rate

CAPEX – Capital Expenditures

CAPM – Capital Asset Pricing Model

CPI – Consumer Price Index

DCF – Discounted Cash Flow

DIO – Days Inventory Outstanding

DPO – Days Payables Outstanding

DPS – Dividends per Share

DSO – Days Sales Outstanding

D&A – Depreciations and Amortizations

EBIT – Earnings Before Interest and Taxes

EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization

EMM – Exit Multiple Approach

EUR – Euro

FCF – Free Cash Flow

FIFA – Fédération Internationale de Football Association

FMCG – Fast Moving Consumer Goods

FY – Fiscal Year

GAP – Growth Action Plan

GBP – Great British Pound

IB – Investment Bank

LSE – London Stock Exchange

LTM – Last Twelve Months

M&A – Mergers and Acquisitions

MRP – Market Risk Premium

PGM – Perpetuity Growth Model

PPE – Property, Plant and Equipment

P&G – Procter & Gamble

S&P 500 – Standard & Poor's 500

SEAC – Safety & Environmental Assurance Centre

TMICC – The Magnum Ice Cream Company

TV – Terminal Value

US – United States

USG – Underlying Sales Growth

UPG – Underlying Price Growth

USD – United States Dollar

UVG – Underlying Volume Growth

YoY – Year-over-year

YTM – Yield-to-Maturity

1. Introduction

Equity valuation stands on the premise that the price of a given stock reflects, at least to some extent, its fundamental value. Under a setting of strong-form market efficiency (Fama, 1970) all information, both public and private, would be instantaneously reflected into market prices. Under such condition, there would be no value added from valuation practitioners through their analysis. Valuation models, target prices, and recommendations would have no incremental value.

While the strong-form hypothesis acts as an upper theoretical bound for market efficiency, there are some persistent asymmetries, such as the ability of insider traders to consistently earn abnormal returns (Seyhun, 1986), that challenge its validity.

This thesis seeks to investigate potential discrepancies between the market valuation of Unilever PLC and the intrinsic value estimated through a comprehensive fundamental analysis. It explicitly considers the short-term volatility that might surround the recent demerger plans regarding the Ice Cream division, acknowledging that market sentiment and event-driven noise may temporarily deviate the stock price away from its underlying value. Besides the target price, this analysis also contrasts its findings with a report from Jefferies, culminating in an investment recommendation that integrates both academic and industry-based principles.

2. Literature Review

Valuation is not an exact science, and no single approach can be considered universally better. Analysts often rely on more than a single valuation method for the same company. This decision is based on their professional judgement as well as the firm's characteristics. This section provides an overview of the main valuation models, outlining their advantages and limitations, in order to determine which approach is more relevant for valuing Unilever.

2.1. Income-based approaches

Valuation methods classified as income-based determine the value of a business or an asset based on its future expected economic benefits. Due to their forward-looking methodology, these approaches are often based on a set of assumptions regarding the evolution of cash flows, earnings or dividends that companies are expected to attain over an explicit projection period. The foundation of these methods can be traced back to Irving Fisher (1907), who formalized the idea that an asset's value should be linked to the present value of its future income.

2.1.1. Discounted Cash Flow Model

The Discounted Cash Flow (DCF) model is widely regarded in academic literature as a rigorous approach for valuing companies. Extensively used by leading practitioners from major investment banks involved in M&A deals (Brotherson et al. 2014), it estimates the value of an investment based on the expected future free cash flows, which are discounted to their present value.

$$(1) \quad EV = \sum_{t=1}^{\infty} \frac{FCFF_t}{(1 + WACC)^t}$$

Where:

EV = Enterprise Value

$FCFF_t$ = Free Cash Flow to the Firm at time t

$WACC$ = Weighted Average Cost of Capital

Free Cash Flow to the Firm

The company's Free Cash Flows to the Firm (FCFFs) are a representation of the cash that is created by the company's operating activities. The FCFFs will then represent the cash that is generated and available to be distributed to all finance sources, both debt and equity holders.

$$(2) \quad FCFF = EBIT \times (1 - \tau_c) + D\&A - \Delta NWC - CAPEX$$

Where:

$EBIT$ = Earnings Before Interest and Taxes

τ_c = Corporate tax rate

$D\&A$ = Depreciation and Amortization

ΔNWC = Change in Operating Working Capital

$CAPEX$ = Capital Expenditures

Terminal Value

Given the challenges that arise from projecting FCFFs indefinitely, the Terminal Value (TV) approach is used to quantify the remaining value after the last projected FCFF. The TV usually

accounts for a substantial proportion of the value obtained in the DCF model. This way, it is important that the data used in the last projected fiscal year represents a steady state.

$$(3) \quad EV = \sum_{t=1}^N \frac{FCFF_t}{(1 + WACC)^t} + \frac{TV_T}{(1 + WACC)^T}$$

There are two widely accepted methods used to compute the TV. On one hand, the Perpetuity Growth Method (PGM) treats the last projected FCFF as a perpetuity, an infinite sequence, which will grow at a constant rate.

$$(4) \quad TV_T = \frac{FCFF_T \times (1 + g)}{WACC - g}$$

Where:

$FCFF_T$ = Last projected FCFF

g = Perpetual growth rate

To avoid valuation extrapolation, the terminal growth rate needs to be assessed in a careful way. The following approach can help us understand how both factors influence the perpetual growth of the company's FCFFs, instead of relying on a single assumption.

$$(5) \quad g = RR \times ROIC$$

Where:

RR = Reinvestment Rate

$ROIC$ = Return on Invested Capital

On the other hand, the Exit Multiple Method (EMM) applies an industry exit multiple to one of the company's terminal year key operating figures, usually EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) or EBIT.

$$(6) \quad TV_T = EBITDA_T \times Multiple$$

$$(7) \quad TV_T = EBIT_T \times Multiple$$

Weighted Average Cost of Capital

The Weighted Average Cost of Capital (WACC) represents the blended cost of capital across both capital sources – debt and equity. It can be computed as the weighted average between the

firm's cost of debt r_D , cost of equity r_E , and cost of preferred stock r_P , weighted by their respective market values. The WACC is dependent on the company's target capital structure, which must be chosen according to its long-term strategy. In the absence of a target capital structure, analysts tend to look at the current and historical capital structure of both the company as its peers (Damodaran, 2012).

$$(8) \quad WACC = \frac{D}{D + E + P} r_D (1 - \tau_c) + \frac{E}{D + E + P} r_E + \frac{P}{D + E + P} r_P$$

Where:

D = Market value of net debt

E = Market value of equity

P = Market value of preferred stock

r_D = Cost of debt

r_E = Cost of equity

r_P = Cost of preferred stock

τ_c = Effective corporate tax rate

For Unilever, no preferred stock was accounted for in the 2024 Annual Report, leading to a simplification in its WACC as follows:

$$(9) \quad WACC = \frac{D}{D + E} r_D (1 - \tau_c) + \frac{E}{D + E} r_E$$

Assessing the company's capital structure accurately is essential. The WACC incorporates the after-tax cost of debt weighted by the company's debt proportion, reflecting the value creation through interest tax shields. Although higher levels of financial debt generate higher interest payments, and consequently an increase in the interest tax shields, excess cash and short-term financial investments also generate interest income, offsetting part of this benefit. This way, since tax shields are applied to the net interest expense of the firm, it is crucial to adjust the way the capital structure of the company is measured.

Cost of Equity

The Cost of Equity represents the required rate of return that a company's equity investors aim to receive from their investment. It is usually computed through the Capital Asset Pricing Model

(CAPM). Originally developed by Sharpe (1964), Lintner (1965) and Mossin (1966), it establishes a linear relationship based on the premise that investors should be compensated with a premium on top of the risk-free regarding their exposure to systematic risk.

$$(10) \quad r_E = r_f + \beta_L \times MRP$$

Where:

r_f = Risk free rate

β_L = Levered beta

MRP = Market Risk Premium

Risk-Free Rate

Damodaran (2008) argues that there is a range for choices regarding the maturities for the chosen treasury bonds as proxies for the risk-free rate, from 10 to 30 years, emphasizing the principle that it is generally easier and more consistent to estimate equity risk premiums and default spreads based on the 10-year bond. This way, using this maturity is often considered good practise in valuation.

Beta

The beta (β) analyses the specific company's returns in comparison with the overall market returns. In other words, it is a measure of systematic or non-diversifiable risk, translating risk that affects all firms, although not in the same way. Beta can be interpreted as the expected percentage change in the company's returns when the market's returns change by 1%, assuming other factors remain constant. This way, companies with $\beta > 1$ tend to generate more fluctuating returns, amplifying both gains and losses, while companies with $\beta < 1$ tend to be less volatile.

The beta for a specific stock can be estimated by performing a regression of the stock's excess returns on the excess returns of the market. Fama and French (1992) test the empirical validity of the CAPM model by employing five years of monthly returns to estimate betas. In practice, valuation experts such as Damodaran (2012) also recommend the use of return history that spans from two to five years, an alternative that balances a large sample and avoids short-term structural changes in the firm that could distort the estimated beta.

Some financial data providers such as Bloomberg, as well as academic authors, tend to adjust the beta they obtain from the simple regression. This smoothing process was first introduced by Blume (1979). His research showed that betas for most companies tend to revert towards 1 in the long-term. This way, valuation experts and data providers usually follow the adjusted beta approach detailed below:

$$(11) \quad \bar{\beta} = \frac{2}{3}\hat{\beta} + \frac{1}{3}$$

Where:

$\bar{\beta}$ = Adjusted beta

$\hat{\beta}$ = Raw beta

In addition to the traditional regression model, betas can also be estimated by following an industry-segment approach. This method is extremely useful for companies that operate across different segments, each one with different systematic exposure. Some public databases provide the average unlevered beta for a diversified number of industries, such as Damodaran's website. This way, a weighted average approach of these betas can be used to achieve the overall firm's unlevered beta, as follows:

$$(12) \quad \beta_{U,firm} = \sum_{i=1}^n \omega_i \beta_{U,i}$$

Where:

$\beta_{U,firm}$ = Unlevered beta of the firm

n = Number of segments

ω_i = Weight allocated to segment i ¹

$\beta_{U,i}$ = Unlevered beta of segment i

As previously mentioned, the beta used in the CAPM model should be the levered one, accounting for both business and leverage risk. This way, firstly introduced by Hamada (1972), there is a link between the levered and unlevered betas that can be summarized as follows:

¹ The sum of the chosen weights must be equal to 1.

$$(13) \quad \beta_L = \beta_U \times \left(1 + (1 - \tau_c) \times \frac{D}{E} \right)$$

In the previous derivation, debt is treated as risk-free ($\beta_D = 0$). If debt has market risk, meaning its beta is different than zero, the original formula can be modified (Damodaran, 2012) to take this into account:

$$(14) \quad \beta_L = \beta_U \times \left(1 + (1 - \tau_c) \times \frac{D}{E} \right) - \beta_D \times (1 - \tau_c) \times \frac{D}{E}$$

Berk and DeMarzo (2017) present a table that links the average debt betas (β_D) by rating and maturity.

Market Risk Premium

The Market Risk Premium (MRP) represents the expected excess return over a risk-free investment. The expected returns on the S&P 500 are typically used as proxy for the return on the market, but some adjustments can be made according to the company's activity.

In addition, there is some discussion related to the need of adding a country risk premium. Damodaran (2012) notes that the only risk that is relevant for estimating the cost of equity is market risk or some other risk that cannot be diversified away. This way, as long as investors hold an internationally diversified portfolio, most of the risks associated with exposure to emerging market become diversifiable and, therefore, should not be accounted for.

Cost of Debt

The cost of debt is a measure of the cost associated with borrowing funds to finance new projects or investments. When companies have a large part of their debt outstanding as long-term bonds, the weighted average yield on the outstanding bonds can be used as a proxy for the cost of debt (Damodaran, 2012).

$$(15) \quad r_D = \sum_{i=1}^n \omega_i YTM_i$$

Where:

r_D = Cost of debt

ω_i = Weight allocated to bond i

YTM_i = Yield-to-Maturity of the outstanding bond

It is important to note that some companies have outstanding bonds that are not traded regularly, or they have just a small part of their debt allocated into such instruments. For rated firms, the cost of debt can be estimated by associating a default spread to their rating. That spread would then be added to the considered risk-free rate, representing the cost of debt for the company.

$$(16) \quad r_D = r_f + r_s$$

Where:

r_s = Credit spread applied according to the rating

For the cases of smaller companies that do not have a rating or for private companies, a synthetic rating can be estimated based on the firm's financial ratios. Damodaran provides a table in his website with the relationship between the interest coverage ratio of a firm and the corresponding synthetic rating associated with a default spread.

2.1.2. Adjusted Present Value

Similar to the DCF model, the Adjusted Present Value (APV) discounts a series of expected cash flows to value a company. While in the first one the value of the leverage benefits was captured through an adjusted discount rate, the APV model presents a series of present values to capture it instead. This way, it not only allows the use of distinct discount rates for each component but also does not assume that the capital structure stays constant forever.

Introduced by Stewart Myers (1974), the APV model starts by estimating the value of the company as if was unlevered, meaning a scenario where the company is all-equity financed. The expected tax benefits would then be added, and the expected bankruptcy costs would be deducted as follows:

$$(17) \quad V^L = V^U + PV(ITS) - PV(CFD)$$

Where:

V^L = Value of the levered firm

V^U = Value of the unlevered firm

$PV(ITS)$ = Present Value of Interest Tax Shields

$PV(CFD)$ = Present Value of the Costs of Financial Distress

Value of the Unlevered Firm

The value of the unlevered firm can be found by discounting the expected FCFFs at the unlevered cost of capital as follows:

$$(18) \quad V^U = \sum_{t=1}^{\infty} \frac{FCFF_t}{(1 + r_U)^t}$$

Where:

r_U = Unlevered cost of capital

The unlevered cost of capital (r_U) represents the required return on a firm's assets reflecting only the business risk of the company's operations. This way, it doesn't account for any additional risk introduced by financial leverage.

Interest Tax Shields

The tax benefit for a certain level of debt is a function of the tax rate and the net interest expenses.

$$(19) \quad ITS_t = r_D \times D_{t-1} \times \tau_C$$

Where:

D_{t-1} = Debt outstanding at period $t - 1$

This benefit needs to be discounted to the present following a discount rate that represents its risk. When firms maintain a target capital structure, the future interest tax shields will have a similar risk to the firm's cash flows, meaning that the ITS must be discounted at the firm's unlevered cost of capital (Berk and DeMarzo, 2017).

$$(20) \quad PV(ITS) = \sum_{t=1}^{\infty} \frac{ITS_t}{(1 + r_U)^t}$$

On the other hand, firms can adjust their debt levels to a fixed schedule known in advance. In this case, the firm will not adjust their debt based on fluctuations regarding their overall value. This way, the ITS must be discounted using the cost of debt, r_D (Berk and DeMarzo, 2017).

$$(21) \quad PV(ITS) = \sum_{t=1}^{\infty} \frac{ITS_t}{(1 + r_D)^t}$$

Costs of Financial Distress

While the tax benefits of debt add value to the company, there is some value destruction linked to the potential bankruptcy costs. This way, direct and indirect costs related to financial distress capture the risks of leverage.

On one hand, direct costs are easier to identify and may be related to legal, administrative or advisory fees. On the other hand, indirect costs are much harder to estimate. These may consist of loss of customers, employees, receivables and fire sale of assets.

$$(22) \quad \begin{aligned} PV(CFD) &= \frac{p \times CFD}{1 + r_D} + \frac{(1 - p) \times p \times CFD}{(1 + r_D)^2} + \frac{(1 - p)^2 \times p \times CFD}{(1 + r_D)^3} + \dots \\ &= \sum_{t=1}^{\infty} \frac{(1 - p)^{t-1} \times p \times CFD}{(1 + r_D)^t} = \frac{p \times CFD}{r_D + p} \end{aligned}$$

Where:

p = Probability of default

Previous literature by Warner (1977) and Weiss (1990) estimates direct costs of financial distress on the order of 3% to 5% of firm value at distress. In addition, the indirect costs, although more difficult to quantify, are generally believed to be substantially larger. Damodaran (2012) notes that authors such as Shapiro (1989) and Titman (1984) argue that these could amount to 25% to 30% of firm value. However, these contributions remain largely conceptual, as there is no direct global empirical evidence measurement linked to their theoretical reasoning.

2.1.3. Dividend Discount Model

The Dividend Discount Model (DDM) states that the value of the stock can be computed by the present value of its expected dividends. When investors buy a stock, they can expect two types of cash flows generated by that investment: dividends received through the stock holding period and the stock price at which they will sell their security at the end of that same period. The expected price at which investors will sell their stock is already determined by the dividends

that the company will pay from the holding period onwards, meaning that the value of a stock can be computed as the perpetuity of dividends.

The Gordon Growth Model (Gordon and Saphiro, 1956) values a stock based on the future dividends per share, assuming a perpetual and constant growth of those payments.

$$(23) \quad P_{t-1} = \frac{DPS_t}{r_E - g}$$

Where:

DPS_t = Expected Dividends per Share (DPS) at time t

r_E = Cost of Equity

g = Perpetual Growth Rate regarding DPS

For dividends based on earnings, the expected growth rate can be estimated in one of three ways (Damodaran, 2012): the historical growth in earnings, estimates from analysts, and fundamental growth. The latest can be written as a function of the retention ratio and the return on equity as follows:

$$(24) \quad g_{DPS,t} = RR_t \times ROE_t$$

Where:

RR = Retention Rate

ROE = Return on Equity

Another limitation that may arise from the model is the fact that dividends payments are not the only way that cash is returned to shareholders. This way, Damodaran (2012) incorporates in this model the augmented dividend payout ratio to incorporate stock buybacks into the original DDM model.

$$(25) \quad \text{Augmented dividend payout ratio}_t = \frac{\text{Dividends}_t + \text{Stock buybacks}_t}{\text{Net income}_t}$$

By replacing the previous Dividend Payout Ratio by the new adjustment, the new Total Payout Model can be used as a more reliable tool for valuation.

2.2. Market-based approaches

Besides the traditional income-based approaches, analysts and academic authors also look at market-based approaches, valuing assets based on how other similar securities are priced in the market.

2.2.1. Relative Valuation

Relative Valuation, also known as the Multiples Approach or the Comparable Companies Analysis, is a model where the value of a company is estimated by a method of comparison to similar companies. This comparison is made based on standardised multiples related to earnings, book values, or sales.

Empirical evidence presented by Pinto et al. (2015) showed that, in a sample of nearly 2,000 CFA Institute analysts, around 93% employed the “market multiples approach” in valuation practises, while roughly 79% relied on a “present discounted value approach”. Among the chosen multiples, the most frequently used was the price-to-earnings (P/E) ratio (reported by 88% of the respondents), followed by multiples based on Enterprise Value (EV), used by 77%. Within the latter category, the preferred EV multiples were based on EBITDA (88.33%), FCFF (21.2%) and EBIT (19.3%).

$$(26) \quad P/E \text{ Multiple}_t = \frac{\text{Price per Share}_t}{\text{Earnings per Share}_t}$$

$$(27) \quad EV/EBITDA \text{ Multiple}_t = \frac{EV_t}{EBITDA_t}$$

$$(28) \quad EV/FCFF \text{ Multiple}_t = \frac{EV_t}{FCFF_t}$$

$$(29) \quad EV/EBIT \text{ Multiple}_t = \frac{EV_t}{EBIT_t}$$

Although it seems simple to use, it is crucial to carefully define the peers of the chosen company. There are no twin companies, and firms within the same business segment may deviate from each other in terms of risk and expected growth.

When performing a relative valuation, empirical evidence from Liu et al. (2002) suggests that forward-looking multiples are more accurate predictors of value than historical multiples by being consistent with the principles of valuation, looking at future cash flows instead of the past.

2.3. Other relevant approaches

2.3.1. Sum-of-the-Parts

The Sum-of-the-Parts (SOTP) valuation approach is especially suitable for companies that operate across multiple business segments. According to Damodaran (2018), valuing individual units is especially useful when these have distinct cash flows, risk and growth profiles. By allowing a higher degree of heterogeneity of valuation inputs across business lines rather than imposing a uniform set of assumptions to the firm as a whole, the SOTP model assesses each segment independently, using intrinsic approaches such as the DCF or market-based approaches such as Relative Valuation. The individual estimates are then aggregated to derive the firm's overall Enterprise Value.

3. Industry Overview

3.1. Fast-Moving Consumer Goods

The Fast-Moving Consumer Goods (FMCG) industry is characterized by products that sell quickly and are frequently used. These consist of everyday items that consumers regularly purchase, often with minimal planning. Primarily distributed through supermarkets, grocery stores and other larger retail channels, the overall industry typically operates with low profit margins per unit, but achieves profitability through a high sales volume, supported by mass production and distribution networks. In addition, these products generally have a short product shelf life due to perishability or consumer purchasing habits.

Encompassing a wide range of product categories, this thesis will be focused on the industry segments within FMCGs that are more relevant to Unilever's analysis.

3.1.1. Beauty and Personal Care

The beauty and personal care industry includes a broad range of products designed to enhance or clean the appearance of the body, skin and hair. Estimated to grow at a 3.46% CAGR from USD 651.53 billion in 2024 to USD 799.07 billion in 2030, the industry is shifting towards natural and environmentally friendly products. Additionally, there is an increase in demand for personalization, resulting in heavy investments in R&D that enable companies to adapt their current product portfolio to individual conditions and preferences. Growth is mainly driven by partnerships with celebrities or digital influencers through marketing campaigns, fostering a culture of diversity into beauty standards.

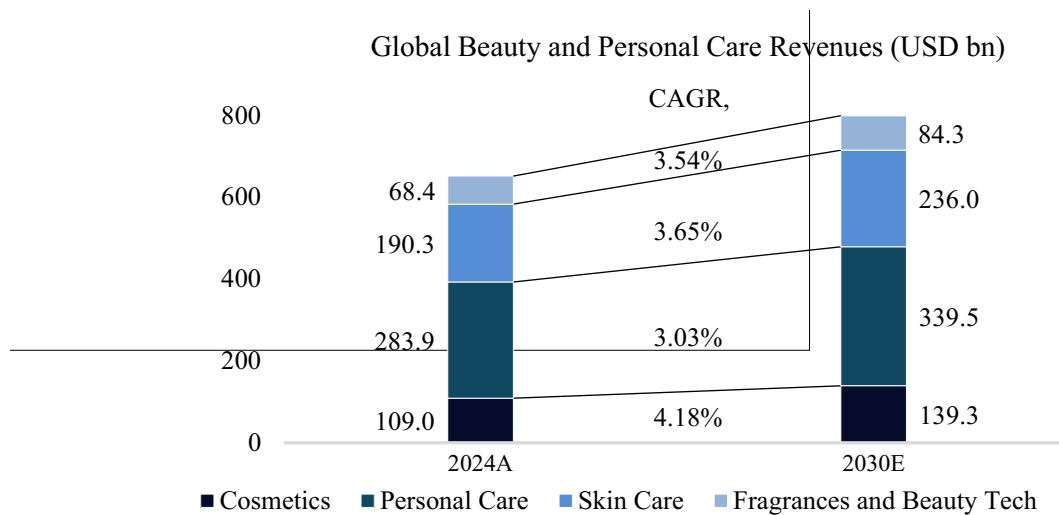


Figure 1 – Global Beauty and Personal Care Market Outlook (2024-2030)

3.1.2. Home Care

The home care industry comprises products related to cleaning and hygiene within households, including laundry care, household cleaners, dishwashing detergents, and polishes, room scents and insecticides. Estimated to grow at a 3.19% CAGR from USD 199.70 billion in 2024 to USD 241.06 billion in 2030, it benefits from the increasing hygiene awareness, particularly following the COVID-19 pandemic. Both individual and institutional consumers became more conscious of the importance of a good maintenance regarding their households and common spaces, increasing demand for surface cleaners and sanitizers.

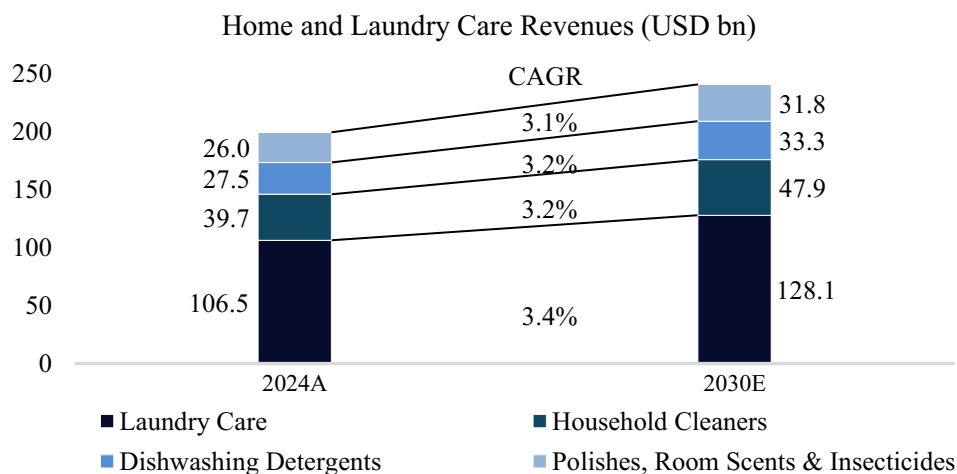


Figure 2 – Global Home Care Market Outlook (2024-2030)

3.1.3. Foods

The food industry covers fresh, processed, pet and baby food. Estimated to grow at a 6.45% CAGR from USD 8,753.91 billion in 2024 to USD 12,738.41 billion in 2030, it is undergoing a structural change as consumers increasingly prioritize health regarding their diet choices. The increasing dietary information regarding labelled food as well as nutrition services is shaping consumer's behaviour into less impulsive decisions. Despite intense price competition, established brands benefit from consumer loyalty and perceived product quality. The easier access to online food delivery services is also shaping the way consumers buy their groceries, with tendency among younger individuals to rely on those.

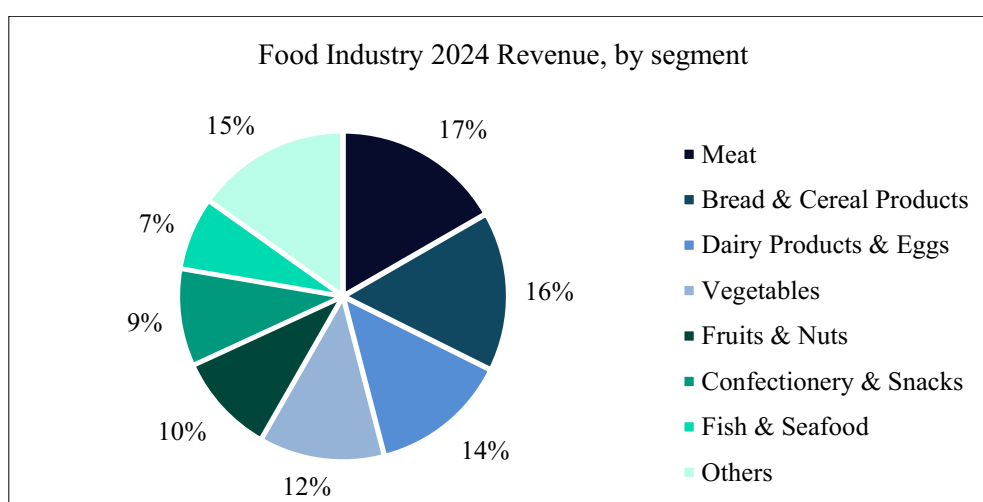


Figure 3 – Segmentation of the Food Industry by Key Sub-Markets (2024)²

3.1.4. Ice Cream

The ice cream industry represents a more distinct segment within the FMCG, with high seasonality levels and brand differentiation. Estimated to grow at a 5.56% CAGR from USD 103.39 billion in 2024 to USD 143.02 billion in 2030, the industry has seen a rise in demand for healthier and more natural options, particularly low-sugar and low-fat variants. The growing interest for new and unique flavours and the increasing popularity of artisanal brand led companies to invest in R&D and product innovation.

3.2. Competitive Landscape

As one of the largest players in the FMCG industry, Unilever stands amongst other well positioned players with strong brand portfolios across overlapping product categories.

² The category "Others" includes Convenience Food, Spreads & Sweeteners, Oils & Fats, Sauces & Spices, Pet Food and Baby Food.

Procter & Gamble (P&G) surges as the main competitor due to its vast brand portfolio across hair and body care with brands like *Pantene*, *Head & Shoulders*, *Herbal Essences* and *Old Spice*. In addition, its product portfolio also covers personal hygiene items under the *Braun* and *Gillette* brands for shaving products and *Clearblue* for fertility and pregnancy solutions. Within home care, it also works under the brands *Ariel* and *Swiffer* as laundry solutions and surface cleaners respectively.

L'Oréal competes essentially in the skincare and hair care categories. Brands such as *CeraVe* and *Vichy* focus on product development for sensitive skin and anti-aging solutions, respectively, while *L'Oréal Paris*, *Garnier* and *Kérastase* strengthen its presence across mass and premium hair care. In contrast to Unilever's portfolio, L'Oréal concentrates its operations across the beauty segment, supported by intense M&A activity and R&D intensity.

Colgate-Palmolive holds a dominant position in oral care, with its strong global leadership in toothpastes and manual toothbrushes under the *Colgate* brand. It also competes in personal care, through the *Palmolive* product line, offering soaps, moisturizers and deodorants, and in home care through *Fabuloso* and *Ajax*. While not as diversified as Unilever, it benefits from strong brand loyalty and oral hygiene expertise.

Beiersdorf, headquartered in Germany, focuses on skincare through the globally recognized brands *Nivea* and *Eucerin*. It is focused on moisturizers, sunscreens and dermatological solutions, positioning closely to Unilever's *Dove* and *Vaseline*. More focused in skin care, it benefits from the expertise and more focused solutions than a diversified portfolio.

Reckitt operates across both personal and home care segments with brands like *Veet* and *Durex*, for hair removal and sexual health, respectively, and *Air Wick* and *Finish*, directly competing with Unilever's offerings in air fresheners and dishwashing solutions, respectively.

In the food segment, key Unilever brands such as *Knorr* and *Hellmann's* directly compete with *Maggi* from Nestlé regarding soups and bouillons, and with *Heinz* from Kraft Heinz regarding condiments and sauces.

Lastly, in the ice cream segment, Unilever's portfolio, including *Magnum*, *Cornetto*, *Wall's* and *Ben & Jerry's*, competes with *Häagen-Dazs* from General Mills and other ice cream brands from Nestlé.

4. Company Overview

Unilever PLC, listed on the London Stock Exchange with approximately 96% of free float, is a global FMCG company that operates across five segments: Beauty & Wellbeing, Personal Care, Home Care, Foods (previously known as Nutrition) and Ice Cream. Founded in 1930 through the merger between the British soap manufacturer Lever Brothers and the Dutch margarine company Margarine Unie, Unilever has grown into a global enterprise with a vast diversified portfolio of well-known brands such as *Dove*, *TRESemmé*, *Rexona*, *Vaseline*, *Comfort*, *Surf*, *Knorr*, *Hellmann's*, *Ben & Jerry's*, *Magnum* and *Wall's*.

Historically, Unilever operated under a dual-headed legal structure, with Unilever N.V. in the Netherlands and Unilever PLC in the United Kingdom. This way, the two entities were operating as nearly as practicable as a single economic entity, with a shared board of directors. In 2020, Unilever announced a proposal with the purpose of unifying the Group's corporate structure under a single parent company, Unilever PLC. The purpose was to increase the company's strategic flexibility for portfolio evolution and to remove the complexity of its corporate governance.

Unilever's business model is based on large-scale manufacturing, marketing and distribution of daily consumer products. It owns numerous production facilities around the world, enabling vertical integration from production to packaging and distribution. Additionally, it relies on a global network of suppliers to meet the market needs efficiently. Through the *Partner to Win* programme, Unilever aims to develop strategic partnerships that align with its strategic goals. Final products are mostly distributed through wholesale partners, supermarkets, smaller convenience stores and, more recently, e-commerce platforms.

4.1. R&D branches

Unilever operates through six main R&D centres that enable a quick adaptation to changing trends and consumer preferences: one in the Netherlands, two in the UK, one in the US, one in India and one in China.³

In the Netherlands, the Foods Innovation Centre employs a workforce dedicated to food issues such as climate change, food waste and the balance between shortages and excess. The change to plant-based alternatives, for example vegan and dairy-free ice creams and mayo, is also one of the main activities developed, to ensure that this transition is not followed by a reduction in

³ Retrieved from the company's website in October 2025.

overall consumer experience. In addition, sustainability is on this unit's core purpose, with a solar panel covered roof and water and heat reuse systems.

In the UK, most research is related to cell and molecular biology and process and measurement, with a strong emphasis on safety and environment through the Safety & Environmental Assurance Centre (SEAC).

In the US, besides collaborating with the previously mentioned cell and molecular biology, there is a focus on packaging and process design and engineering, as well as information management and technology. It also benefits from a pilot factory, a smaller scale production facility that enables faster testing to new products or systems.

In India, the centre is specialized on microbiology, virology and microstructure formation, with a focus on advanced formulations for lotions and creams and minimizing water solutions regarding laundry and home care.

In China, strategically located near Shanghai's top universities and research institutions, expertise is provided in synthetic and mechanical chemistry and traditional Chinese medicine by focusing on global hair and skin care products. It also includes an AI Hub where live data and local insights are transforming the speed at which products are brought to Chinese consumers.

4.2. Company Strategy and Financial Analysis

The Group developed a 2030 Growth Action Plan (GAP), centered on prioritizing the areas that generate the highest returns: 30 power brands and 24 top markets that account for the majority of Unilever's revenues. Under this strategy, individual brands will be prioritized based on their ability to accelerate growth and capture market share. By concentrating the company's limited resources on fewer, bigger, and more scalable products, the Group aims to increase demand drivers such as brand superiority, innovation scale, and premiumization, with a target of delivering at least 2% volume growth per year.

Unilever's revenues increased by 1.9% to €60.8 billion in FY2024, following an increase in both volume and prices. This performance is consistent with the guidance from the GAP strategy, with a bigger focus on premiumization and stronger presence in the Beauty & Wellbeing and Personal Care segments. The company's strong emphasis on these two segments is strongly aligned with its leadership priorities. Fernando Fernández, the former President of Unilever's Beauty & Wellbeing segment, one of the fastest growing business segments within

the company, was appointed Chief Executive Officer (CEO) in March 2025. Consequently, Priya Nair, the previous Chief Marketing Officer of the division, was appointed as his successor. Her deep familiarity with the Indian market has supported the development of strategies that are focused on accelerating local growth and an increasing market penetration across the Beauty & Wellbeing and Personal Care segments.

The EBIT margins by segment (Figure 5) confirm the higher margin levels that belong to these segments, explaining the disproportionate share of investment and marketing spending towards these segments. By simplifying the portfolio and leveraging the premiumization trend across hair care and skin care products, Unilever is positioning itself for higher margins over the medium term.

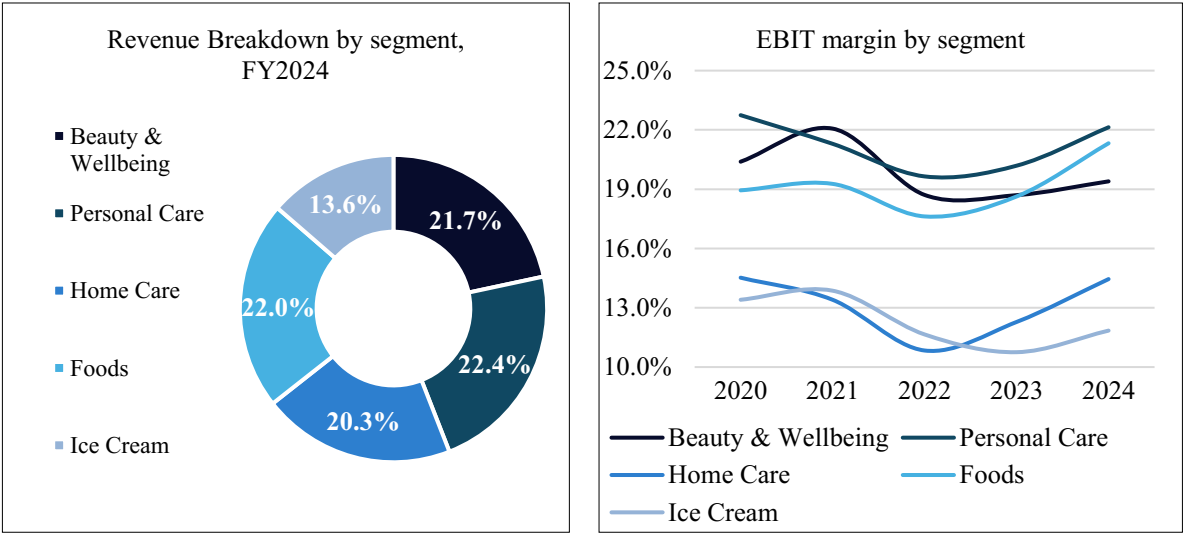


Figure 4 – Revenue Breakdown by segment

Figure 5 – Historical evolution of EBIT margins by segment

In recent years, Unilever increased its efforts to expand its digital commerce capabilities and social media presence, responding to a growing consumer base that shows a preference for convenience and digital product recommendations. The rising influence of social media is shaping consumer perceptions, particularly in the Beauty & Wellbeing, Personal Care, and Home Care segments through online product reviews and self-care and cleaning advice. Marketing expenses as a percentage of revenues have increased sharply in the last two years (Figure 6), reflecting the company’s focus on increasing brand awareness and strategic partnerships, such as the collaboration with the Fédération Internationale de Football Association (FIFA), allowing improved visibility through the sponsorship of major international tournaments.

The Group has also increased its capital expenditures (Figure 7), supporting the decision to simplify the overall portfolio and to improve operational efficiency. Investments have been directed into towards increasing the number of factories that run on 100% renewable energy and supply chain efficiency and automation, with the ultimate goal of reducing the number of product lines, enabling cost savings throughout the production process. This improvement has already contributed to the restoration of operating margins to pre-pandemic levels.

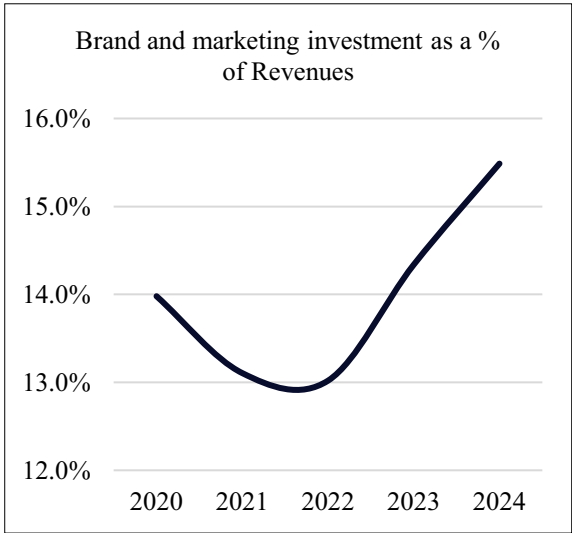


Figure 6 – Brand and marketing investment historical evolution

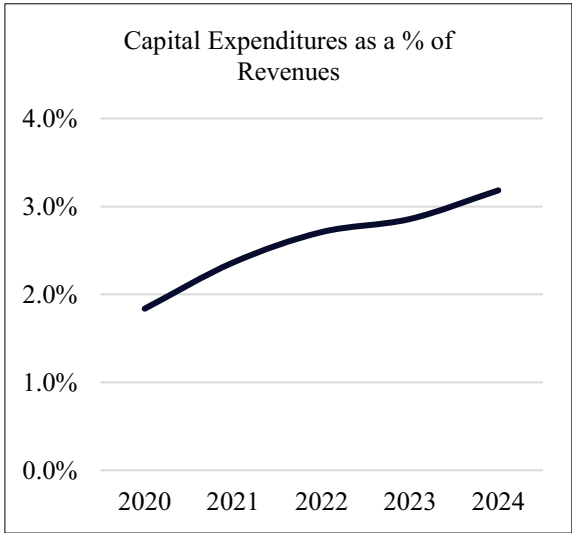


Figure 7 – Capital historical evolution

The company has historically prioritised consistent capital returns to the shareholders, maintaining a stable dividend policy complemented by the implementation of share buyback programmes (Figure 8). This approach reflects management’s confidence in the Group’s recurring cash-generation capacity and its commitment to provide predictable returns while following a portfolio simplification strategy. The €1.5 billion share buyback completed in H1 2025 aligns with this pattern and with the company’s objective of delivering a top third total shareholder return on its considered peer group⁴.

⁴ The Total Shareholder Return peer group disclosed by the company for FY2025 will remain unchanged from FY2024 and consists of Beiersdorf, Church & Dwight, Coca-Cola, Colgate-Palmolive, Danone, Estée Lauder, General Mills, Haleon, Henkel, Kenvue, Kimberly-Clark, Kraft Heinz, L’Oréal, Mondelēz, Nestlé, PepsiCo, Procter & Gamble and Reckitt Benckiser.

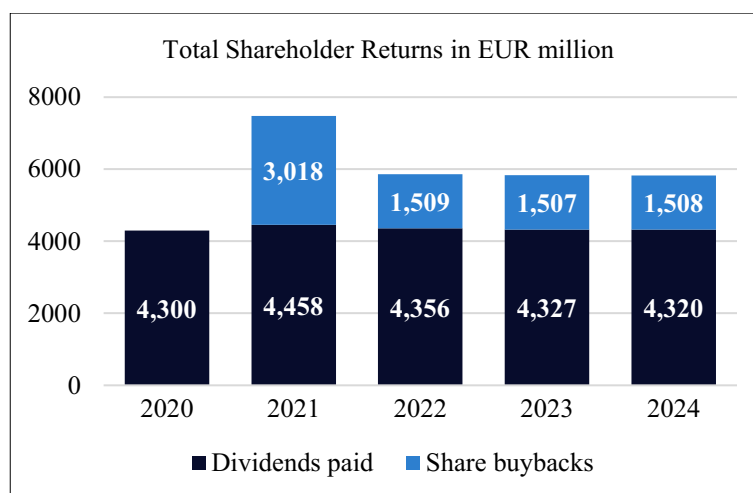


Figure 8 – Total Shareholder Returns historical evolution

5. The Ice Cream Demerger

This section highlights the key changes and characteristics of the demerger of The Magnum Ice Cream Company (TMICC) for Unilever as of 31st of October 2025.

The separation of the Ice Cream business aims to make Unilever a simpler and more concise company. The seasonality of the Ice Cream business added to the cold chain logistics regarding supply chain make it a segment that shows a lack of complementarity with the other business units. This way, it is the Board's beliefs that the core company would commit more effort towards the main segments across where it operates.

The planned demerger for December 2025 will entitle each shareholder to receive one TMICC share for every five Unilever shares they hold at the Demerger Record Time. In addition, the Group will maintain an ownership of approximately 19.9% on TMICC.

Following the demerger, the company is aiming to reduce the total number of outstanding shares in order to maintain comparability between its share price and per share metrics before and after the demerger. The share consolidation plan has been approved but no details were disclosed regarding the number of outstanding shares post-demerger as of the valuation date.

6. Share Price Performance

Unilever's stock price has underperformed the FTSE 100 Index in the last twelve months (LTM). This index measures the performance of the 100 biggest companies by market

capitalisation in the London Stock Exchange (LSE)⁵. Over the past year, a £100 investment in Unilever would yield a -2.97% return, in comparison with the 19.97% return from the FTSE 100⁶. To further analyse the effects of the company's demerger and the expectations for this stock, a more detailed analysis is provided in the following chapters, culminating in a final investment recommendation.

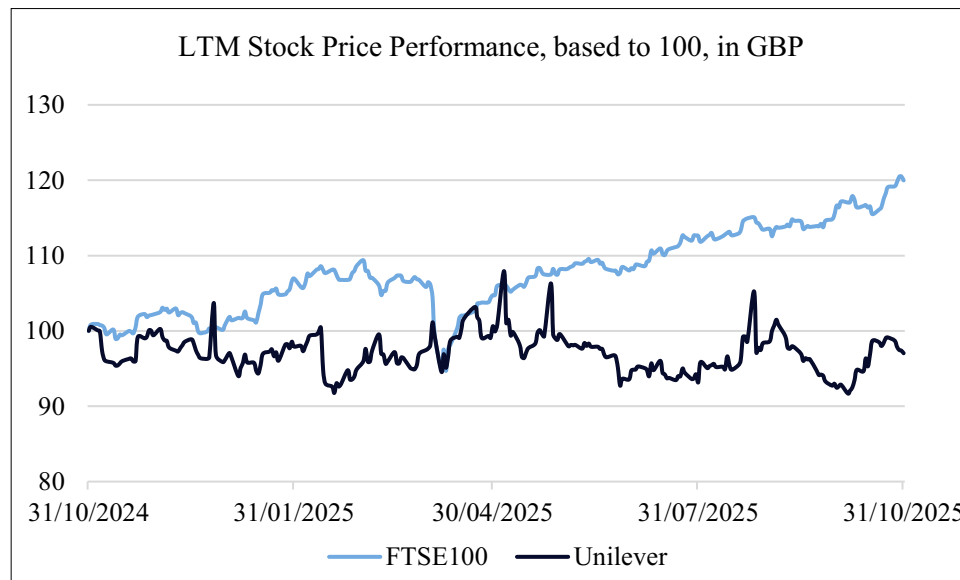


Figure 9 – LTM Unilever Share Price Performance vs FTSE 100 Index in GBP

7. Chosen Valuation Models

In this thesis, the SOTP model is used as the primary valuation method for Unilever. The company provides segment-level financial information in its Annual Report regarding Revenues, EBIT, and D&A, allowing for a more detailed forecasting and valuation of each business unit by assessing each individual strategy, performance and growth potential. The ongoing demerger of the Ice Cream segment further highlights the relevance of this method, by providing an opportunity to estimate the company's worth under its revised business portfolio. Both a DCF-based SOTP and a multiple-based SOTP will be used to provide complementary perspectives into the company's valuation. The data collection process was finalized on 31 October 2025. Consequently, any material events occurring after this date are not reflected in the valuation under precise, post-event data. However, where relevant, such events may be incorporated in the valuation process through reasonable assumptions, ensuring a more

⁵ The FTSE 100 Index is used as a short-term benchmark due to its GBP denomination and broad representation of the United Kingdom's equities.

⁶ These returns are based on share price performance only, excluding dividends.

comprehensive and forward-looking valuation. All values are reported in euro millions unless stated otherwise.

8. DCF-based SOTP Valuation

In order to model a valuation regarding the segments that are expected to belong to Unilever's business portfolio from FY2025 onwards, the first step was to forecast the company's financials for the end of this fiscal year.

7.1. FY2025 Forecasts

Data for the purpose of forecasting the results for FY2025 was based on historical data provided until the third quarter of this fiscal year, to which forecasts about the fourth quarter were added.

Revenue Forecast

Unilever provides quarterly trading statements highlighting revenue growth details. These consist of the impact of changes in price, volume, acquisitions, disposals and currency-related items. Since details are provided at a business segment level, forecasts were done at the individual level.

Guidance through FY2025 prospects throughout the year stated that Unilever was not expecting a major shift in their performance for their last quarter. This way, the average of the disclosed growth rates of the previous three quarters in comparison to the same quarters from the previous year was computed to estimate every input needed for Q42025. Once these impacts were accounted for, the results for the four quarterly periods were added in order to achieve total revenues (Figure 10).

Revenue Projections	2023A	2024A	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2025E
Total Revenues	59,604.0	60,761.0	14,828.0	15,359.0	14,718.0	13,733.8	58,638.8
UPG	6.8%	1.3%	1.7%	2.1%	2.4%	2.0%	2.1%
UVG	0.2%	2.9%	1.3%	1.8%	1.5%	1.4%	1.5%
USG	7.0%	4.2%	3.1%	3.8%	3.9%	3.5%	3.6%
Others	-7.2%	-2.1%	-3.7%	-8.0%	-7.1%	-6.3%	-6.3%
Change (%)	-0.8%	2.0%	-0.8%	-4.5%	-3.5%	-3.0%	-2.9%
Beauty & Wellbeing	12,466.0	13,157.0	3,280.0	3,219.0	3,175.0	3,267.4	12,941.4
UPG	3.8%	1.3%	1.5%	2.4%	2.7%	2.2%	2.2%
UVG	4.4%	5.1%	2.5%	1.0%	2.3%	1.9%	1.9%
USG	8.4%	6.5%	4.0%	3.4%	5.1%	4.2%	4.2%
Others	-5.9%	-0.9%	-1.1%	-6.8%	-7.9%	-5.2%	-5.2%
Personal Care	13,829.0	13,618.0	3,260.0	3,296.0	3,316.0	3,097.2	12,969.2
UPG	5.5%	2.1%	2.4%	4.3%	3.1%	3.3%	3.3%
UVG	3.2%	3.1%	2.7%	0.2%	1.0%	1.3%	1.3%
USG	8.9%	5.3%	5.2%	4.5%	4.1%	4.6%	4.6%
Others	-6.9%	-6.4%	-9.0%	-10.6%	-6.0%	-8.5%	-8.5%
Home Care	12,181.0	12,352.0	3,057.0	2,865.0	2,835.0	2,788.7	11,545.7
UPG	6.8%	-1.1%	0.0%	0.4%	0.6%	0.3%	0.3%
UVG	-0.9%	4.0%	1.0%	1.3%	2.5%	1.6%	1.6%
USG	5.8%	2.9%	0.9%	1.7%	3.1%	1.9%	1.9%
Others	-7.3%	-1.4%	-5.1%	-9.5%	-8.2%	-7.6%	-7.5%
Foods	13,204.0	13,352.0	3,393.0	3,187.0	3,109.0	3,366.6	13,055.6
UPG	10.1%	2.4%	2.7%	1.0%	2.1%	1.9%	1.9%
UVG	-2.2%	0.2%	-1.1%	1.7%	1.3%	0.6%	0.6%
USG	7.7%	2.6%	1.6%	2.7%	3.4%	2.6%	2.6%
Others	-11.8%	-1.4%	-1.4%	-5.7%	-6.2%	-4.4%	-4.4%
Ice Cream	7,924.0	8,282.0	1,838.0	2,792.0	2,283.0	1,213.8	8,126.8
UPG	8.8%	2.1%	2.2%	1.9%	3.7%	2.6%	2.6%
UVG	-6.0%	1.6%	1.8%	5.0%	0.0%	2.3%	2.5%
USG	2.3%	3.7%	4.0%	7.0%	3.7%	4.9%	5.1%
Others	-1.9%	0.8%	-1.1%	-7.4%	-7.6%	-5.4%	-5.8%

Figure 10 – Revenue Projection for FY2025

Costs Forecast

The half-year report (H1 2025) disclosed a gross margin of 45.7%, which was assumed to remain stable for the second half of the fiscal year.

Cost of Sales was broken down into distribution costs, production costs, raw and packaging materials and goods purchased for sale, and other costs.

Distribution costs decreased by 2.25% year-over-year (YoY) in FY2024 due to portfolio optimization, reducing the number of active product lines and streamlining ingredient

specifications. This reduction was carried forward into the forecasted period, offset by the expected increase in logistic costs (Table 3).

Production costs were allocated to each segment proportionally to revenues due to the absence of a more detailed allocation approach by the company. These were then considered to move in line with volume growth.

Costs classified under “others” did not present further disaggregation by the company. Their historical relationship with revenues has been stable over the past five years. This way, it was assumed that relationship would move on into FY2025.

Finally, the cost of raw and packaging materials and goods purchased for sale was derived through a reverse-engineering process to ensure consistency with the projected gross margin.

Selling, General and Administrative (SG&A) costs were separated into brand and marketing investment⁷, overheads⁸, and research and development (R&D).

Overhead costs were projected to remain at the same level as in FY2024, adjusted downwards to reflect the expected cost savings associated with the company’s ongoing productivity programme⁹. R&D expenses have historically represented approximately 1.6% of revenues, which was maintained for FY2025.

Brand and marketing investment was computed from a reverse-engineering process based on the target EBIT margin for the fiscal year. During the Barclays Consumer Staples Conference 2025¹⁰, Unilever announced a bottom-line EBIT margin of 18.9%, which was used as the target for FY2025.

Costs associated with D&A and CAPEX were projected based on the disclosed results from H1 2025. For the three preceding years, a comparison was made between the company’s half-year disclosed amounts and the full-year amounts. The average proportion of half-year depreciation relative to the full-year amount was then applied to estimate the expected D&A and CAPEX expenses for FY2025.

⁷ Brand and marketing investment includes costs that are related to the creation and maintenance of brand awareness such as media, advertising production, promotional materials and engagement to customers.

⁸ Overheads include depreciation of property, plant and equipment and staff costs associated with sales activities and central functions such as finance and human resources.

⁹ The productivity programme is expected to deliver €800 million in cost savings over a three-year period starting in 2025. These savings were equally allocated throughout this time horizon.

¹⁰ The Barclays Global Consumer Staples Conference is an annual event hosted by Barclays for companies in the consumer staples sector to connect with investors. Companies usually hold presentations and more informal talks with executives. Unilever’s CEO presented at the conference on September 3rd, 2025.

CAPEX	2022A	2023A	2024A	2025E
Half-Year results	593	548	710	633
Fiscal Year results	1,627	1,703	1,934	1,802.8
Half-year % of total CAPEX	36.4%	32.2%	36.7%	35.1%

D&A	2022A	2023A	2024A	2025E
Half-Year results	838	753	794	795
Fiscal Year results	1,725	1,578	1,624	1,642.7
Half-year % of total D&A	48.6%	47.7%	48.9%	48.4%

Figure 11 – CAPEX and D&A FY2025 projections

EBIT Allocation

Using Unilever’s disclosure of segment-level of Revenues and EBIT, the EBIT margin for the second half of FY2025 (H2 2025) was obtained through a reverse-engineering process¹¹. This allocation was derived from the target EBIT margin of 18.9% for the full-year results.

7.2. FY2026 – FY2030 Forecasts

Since the demerger of the Ice Cream segment is expected to be completed by the end of FY2025, this segment will not be included in the forward-looking projections.

Data regarding the estimation of revenues, industry growth, and volume transactions were retrieved, when available, from Statista Market Insights to support the forecasting process, enhancing data comparability across Unilever’s different business segments.

Beauty and Personal Care Revenues

Underlying Sales Growth (USG)¹² was modelled as a function of the forecasted growth in industry Average Revenue per User (ARPU) and world population (Table 4), as follows.

$$(30) \quad (1 + USG_t) = (1 + ARPU_{g,t}) \times (1 + POP_{g,t})$$

¹¹ The reverse-engineering process assumes that the relative distribution of EBIT across segments remains stable over time. For instance, company disclosures for H1 2025 indicate that the EBIT generated by the Personal Care segment was approximately 15% higher than the one from the Beauty & Wellbeing. The derived proportional relationships were maintained in the projections to allocate total EBIT to the individual segments. Values from FY2025 were used to incorporate the company’s Growth Action Plan.

¹² USG refers to the increase in revenues for the period, excluding any change resulting from acquisitions, disposals, changes in currency and price growth in excess of 26% in hyperinflationary economies.

Where:

USG = Underlying Sales Growth

$ARPU_g$ = Growth in Average Revenue per User

POP_g = Growth in world population

Underlying Price Growth (UPG) was estimated using a moving average of the UPG recorded over the previous four periods¹³, adjusted for the expected Consumer Price Index (CPI) effect (Table 5). To compute the baseline Underlying Volume Growth (UVG), the approach presented by the company in its Annual Report was applied:

$$(31) \quad (1 + USG_t) = (1 + UPG_t) \times (1 + \overline{UVG}_t)$$

Where:

UPG = Underlying Price Growth

$\overline{UVG}$ = Baseline Underlying Volume Growth

Given the company's strategy, a premium was added to the baseline UVG. This premium is based on two main factors: the strategic expansion in India and the historical overperforming tendency of these two segments in comparison with the baseline UVG implied by the model.

According to the Barclays Consumer Staples Conference presentation, the combined share of revenues from the US and India amounted to 32% in FY2024, expected to increase to 45% in the medium-term. Additionally, Unilever's CEO stated that "the GDP real growth in India should be a good proxy of our volume growth in the future"¹⁴, which supports an upward adjustment to the baseline UVG for both of these segments as follows:

$$(32) \quad (1 + U\hat{V}G_t) = \omega_{I,t} \times (1 + GDP_{I,t}) \times (1 - \omega_{I,t}) \times (1 + \overline{UVG}_t)$$

Where:

$U\hat{V}G$ = Adjusted UVG

ω_I = Share of revenues allocated to India

GDP_I = India's real GDP growth (Table 6)

¹³ Unilever only disclosed their activity across five segments from 2022 onwards. The choice of 2022 as the starting period increases comparability across the forecasted segments.

¹⁴ Barclays Global Staples Conference 2025 webcast transcript.

In addition, the historical overperformance was quantified by comparing the implied $U\hat{V}G$ derived from *Equation (32)* with the actual reported UVG. On average, Unilever exceeded $U\hat{V}G$ by 2.08% in the Beauty & Wellbeing segment and 2.20% in the Personal Care segment. These premiums were added to $U\hat{V}G$ to reflect this outperformance tendency.

Home Care Revenues

For the Home Care segment, USG and $\overline{UVG}$ were computed according to *Equation (30)* and *Equation (31)*, respectively. No further adjustments were made, as the baseline model showed consistency with the actual results.

Foods Revenues

For the Foods segment, the key sub-markets considered from the industry overview were Convenience Food and Sauces & Spices. UPG and $\overline{UVG}$ were derived from the forecasted price-per-unit growth and forecasted volume growth on those categories, respectively.

Given the company's historical volume underperformance in this segment, the same adjusted approach applied to the Beauty & Wellbeing and Personal Care segments was also considered here, however, instead of a premium, a -2.08% adjustment was applied.

Projected Growth	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Beauty & Wellbeing									
UPG	7.5%	3.8%	1.3%	2.10%	3.84%	2.88%	2.64%	2.98%	3.18%
UVG	-1.19%	5.32%	2.99%	1.80%	3.45%	4.03%	4.01%	3.54%	3.25%
USG	6.22%	9.32%	4.33%	3.94%	7.42%	7.02%	6.76%	6.62%	6.53%
Personal Care									
UPG	12.10%	5.50%	2.10%	3.30%	5.95%	4.35%	4.05%	4.55%	4.88%
UVG	-9.62%	0.52%	1.47%	-0.59%	1.04%	2.27%	2.47%	2.05%	1.77%
USG	1.32%	6.05%	3.60%	2.69%	7.06%	6.71%	6.62%	6.69%	6.73%
Home Care									
UPG	15.90%	6.80%	-1.10%	0.30%	5.68%	3.03%	1.20%	2.64%	3.24%
UVG	-15.54%	-0.22%	4.87%	2.54%	-2.23%	0.24%	2.01%	0.48%	-0.14%
USG	-2.11%	6.56%	3.72%	2.85%	3.32%	3.28%	3.24%	3.13%	3.10%
Foods									
UPG	5.97%	4.18%	3.05%	3.05%	3.04%	3.19%	2.78%	3.31%	3.56%
UVG	0.55%	3.92%	3.34%	3.39%	1.10%	0.56%	0.68%	0.24%	0.12%
USG	6.56%	8.26%	6.50%	6.54%	4.17%	3.77%	3.48%	3.56%	3.69%

Figure 12 – Forecasted Volume and Price Growth per Segment¹⁵

¹⁵ Forecasted values presented in Figure 12 are already adjusted for the volume premiums.

Other Revenues

For all business segments, the impact of acquisitions and disposals, as well as currency-related impacts, were forecasted using the historical four-year moving average.

Costs

Expenses classified under distribution costs, production Costs and others were forecasted using the same methodology for FY2025. Raw and packaging materials and good purchased for sale were assumed to grow in line with the final forecasted UVGs for each segment. The company does not disclose any pure seasonality in production costs, as quarterly and half-year reports only provide a broader financial overview, with detailed revenues and EBIT per segment. The existing price fluctuation and volatility in inputs such as commodity and raw material prices is more likely tied to market pricing dynamics than strict seasonal patterns¹⁶.

Brand and marketing investment was estimated to grow at 40 basis points (bps) YoY, following performance disclosed on H1 2025 as well as Unilever's ongoing investments in social media marketing and its sponsorship agreement with FIFA. Overheads costs were divided into D&A (highlighted in the following paragraph) and staff-related costs, which were projected to grow in line with the expected inflation rate, preserving staff's real purchasing power. In addition, the productivity programme savings were incorporated into the projections for FY2026 and FY2027. Finally, R&D expenses were maintained at their historical proportional allocation relative to revenues. A more visual look into the cost allocation is presented in Table 1 and Table 2, enabling a better comparison between historical and forecasted values.

D&A and CAPEX

Forecasted CAPEX and D&A were estimated using a four-year¹⁷ moving average of their revenue-based ratios. These ratios were relatively stable over the historical period, suggesting a stable relationship between revenue generation and capital intensity. Although these items are often linked to Property, Plant and Equipment (PPE), their historical relationship with revenues is less volatile than with PPE (Figure 13). By using a revenue-based approach, the projected values rely on a more stable sample, which is further justified by the company's post-demerger

¹⁶ This seasonality discussion does not take into consideration the Ice Cream business unit. As mentioned in the demerger section, Ice Cream is a segment that is much more affected by seasonality trends. The remaining business segments seem to have a very limited impact from pure seasonality effects from the recent historical sample.

¹⁷ Differences in the time horizon used for historical or moving averages in the valuation process arise from Unilever's reporting. Not all line items have been consistently disclosed across the current five segments over the same historical period. For each item, the longest available historical period was used.

uncertainty. In addition, as a manufacturing company, CAPEX and D&A scale with production and sales volume, further supporting this approach.

% Revenues	2020	2021	2022	2023	2024
D&A	4.0%	3.3%	2.9%	2.6%	2.7%
CAPEX	1.8%	2.4%	2.7%	2.9%	3.2%

% PPE	2020	2021	2022	2023	2024
D&A	19.1%	16.9%	16.0%	14.7%	13.9%
CAPEX	8.8%	12.0%	19.9%	14.1%	22.2%

Figure 13 – D&A and CAPEX historical relationship with Revenues and PPE

These costs were then allocated to each business group based on each segment's share of PPE. This approach reflects the link between the asset base and both capital expenditure and depreciations. The weights allocated for FY2025 were based on the average segmental PPE distribution over the preceding four years.

From FY2026 onwards, these allocation rates were adjusted to reflect the demerger of the Ice Cream division, as follows:

$$(33) \quad \hat{\omega}_i = \frac{\omega_i}{\omega_{cont}}$$

Where:

$\hat{\omega}_i$ = Adjusted weight for segment i

ω_i = Weight assigned to segment i in 2025

ω_{cont} = Sum of the 2025 weights for the remaining segments (Beauty & Wellbeing, Personal Care, Home Care, and Foods)

This adjustment ensured that both D&A and CAPEX were reallocated proportionally across the continuing segments of Unilever.

Operating Working Capital

Items related to the operating working capital were projected based on the forecasts for revenue and costs. The following standard metrics were used:

$$(34) \quad DSO_t = \frac{Accounts\ Receivable_t}{Revenues_t} \times 365$$

$$(35) \quad DIO_t = \frac{Inventories_t}{COGS_t} \times 365$$

$$(36) \quad DPO_t = \frac{Accounts\ Payable_t}{COGS_t} \times 365$$

Where:

DSO = Days Sales Outstanding

DIO = Days Inventory Outstanding

DPO = Days Payables Outstanding

$COGS$ = Cost of Goods Sold

This way, NWC was then projected by applying the five-year historical average of DSO, DIO and DPO to the corresponding revenue and COGS for each year, as follows:

$$(37) \quad NWC_t = \frac{DSO_t \times Revenues_t}{365} + \frac{DIO_t \times COGS_t}{365} + \frac{DPO_t \times COGS_t}{365}$$

Operating Working Capital was allocated to each segment following the company's disclosed historical information. For the previous four years, segment allocation rates were gathered and averaged to obtain a representative baseline. From FY2026 onwards, the same allocation adjustment from *Equation (33)* was applied.

In addition to the traditional NWC items, the item line *Others* in the DCF models includes other operating components such as current tax assets, tax liabilities, and provisions. These items were forecasted using a five-year historical moving average and allocated to each segment based on their EBIT contribution.

Effective Tax Rate

For the purpose of this thesis, the effective rate was assumed to remain at a constant level of 25%. This rate represents the internally computed tax rate disclosed by the company in its annual report, representing the weighted average applicable tax rate in countries in which Unilever operates, based on the profit amount before taxation generated in those countries. Although some deviations may occur from this baseline from incentive tax credits or non-deductible tax expenses, these effects were considered null for the forecasting period due to their lack of predictability. The assumed tax rate therefore reflects both company disclosure and remains consistent with the company's historical effective tax rates (Figure 14).

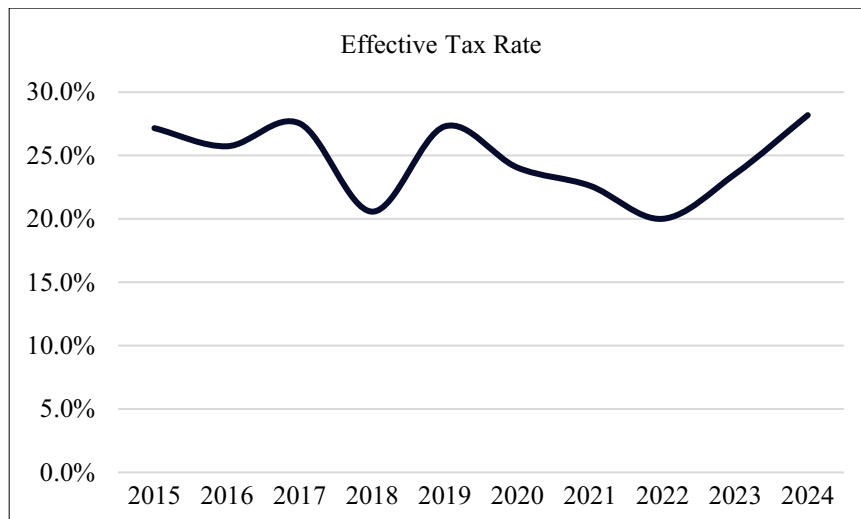


Figure 14 – Unilever’s Historical Effective Tax Rate

FCFF	2022A	2023A	2024A
Beauty & Wellbeing	1,571.85	1,755.25	2,011.63
Personal Care	2,016.76	2,291.81	1,961.38
Home Care	1,233.94	1,130.33	1,244.19
Foods	1,622.07	1,818.13	1,952.73

FCFF	2025E	2026E	2027E	2028E	2029E	2030E
Beauty & Wellbeing	1,732.32	1,974.03	2,084.76	2,195.67	2,326.75	2,423.08
Personal Care	2,019.46	2,137.64	2,251.51	2,237.16	2,250.48	2,280.52
Home Care	1,071.72	1,229.47	1,273.94	1,249.33	1,217.81	1,199.44
Foods	2,314.46	2,185.13	2,240.84	2,204.43	2,166.64	2,136.27

Figure 15 – Free Cash Flows to the Firm by Segment¹⁸

7.3. Peer Group selection

As previously discussed, it is of major relevance to select a comparable peer group that fits the target’s specific criteria. This way, the peer selection follows Damodaran’s (2012) principle that comparable companies must share similar cash flows, growth potential, and risk profiles similar to the company that is being valued. Cash flow generation was assessed by looking at FCFF estimates, while growth potential was evaluated based on both projected revenues and EBIT until year-end 2027. Lastly, risk comparability was examined through two main

¹⁸ More detailed information is presented in Table 11, Table 12, Table 13 and Table 14.

measures: the historical five-year EBIT margin volatility, capturing operational risk, and the net leverage ratio reported at year-end 2024, reflecting financial risk.

The Beauty & Wellbeing and Personal Care segments were analysed as a whole due to the strong overlapping presence of the considered players across both divisions.

Company	Revenues 2025E	EBIT margin 2025E	EBIT CAGR (2025- 2027)	FCFF 2025E	FCFF CAGR (2025- 2027)	EBIT margin volatility	Net Leverage 2024
Unilever - Beauty & Wellbeing	12,941.41	19.2%	7.9%	1,732.32	9.7%	1.42%	1.82
Unilever - Personal Care	12,969.25	22.0%	3.8%	2,019.46	5.6%	1.29%	1.82
Procter & Gamble	73,631.18	24.2%	5.2%	13,560.67	4.5%	0.79%	1.04
Colgate-Palmolive	17,654.86	21.3%	4.5%	2,870.30	1.7%	1.36%	1.35
Kimberly-Clark	14,511.90	16.8%	7.0%	1,709.81	3.4%	2.74%	1.62
L'Oréal	44,202.35	20.0%	6.6%	7,189.49	6.1%	0.58%	0.42
Unilever - Home Care	11,545.71	14.7%	1.4%	1,071.72	9.0%	1.56%	1.82
Reckitt	16,108.37	24.9%	3.2%	2,342.50	12.5%	1.03%	2.04
Henkel	20,720.67	14.8%	5.4%	1,651.57	9.2%	1.33%	0.19
Church & Dwight	5,362.20	18.8%	6.1%	807.06	8.5%	1.98%	0.89
Unilever - Foods	13,055.61	23.3%	0.3%	2,314.46	-1.6%	1.36%	1.82
Nestle	97,199.05	15.8%	4.6%	9,901.22	5.8%	0.26%	2.90
Danone	27,429.60	13.3%	6.3%	2,528.81	6.1%	0.96%	1.71
Kraft Heinz	21,562.24	19.1%	-0.1%	2,997.21	-3.5%	0.98%	2.90

Figure 16 – Peer Selection by Industry Segment¹⁹

7.4. Model Inputs

Cost of Debt

The cost of debt was computed as the weighted average yield of Unilever's outstanding bonds. Since the company had issued bonds in EUR, GBP, and USD, a yield conversion procedure was applied to obtain a consistent EUR-based cost of debt.

For each outstanding bond, its yield was compared with the yield of the government bond of the same currency and with the closest maturity. This comparison allowed for the separation of the portion of the yield that reflects Unilever's credit spread. These credit spreads were then

¹⁹ All peer estimates were retrieved from Refinitiv Workspace. Reported figures are expressed in Euros using the currency conversion applied by the platform on the retrieval date. For companies with non-December fiscal year-ends, Refinitiv internal adjustments were used to align reporting periods with the purpose of maintaining data comparability across the different companies.

added to the EUR government yield curve at matching maturities, leading to a full set of EUR denominated yields.

Finally, a weighted average approach was employed between each bond's outstanding amount and the corresponding EUR-based yield, resulting in the company's effective cost of debt.

Cost of Debt	Weighted Average Bond Maturity	Market Value of debt
2.70	5.75	26,053.96

Figure 17 – Cost of Debt and Weighted Bond Maturity

Cost of Equity

The CAPM model was used in order to estimate the cost of equity for Unilever. The risk-free rate was retrieved from Refinitiv as the yield on the 10-year German government bond as of 31st of October 2025.

Since this valuation method follows a SOTP model, different betas were allocated into each business segment according to their respective peers and market exposures. To ensure consistency across all segments and comparable companies, the MSCI World Index was used as the benchmark for the beta regressions. Both Unilever and its peers generate revenues across multiple geographies, meaning that their systematic risk is influenced by global rather than local economic conditions. This way, a global index provides a common reference point across all firms analysed, reducing local biases and offering a diversified and international proxy for systematic risk.

For each peer within each segment, the levered beta was estimated by regressing 60 monthly stock's returns on the MSCI World Index's returns. The resulting betas were then adjusted following the approach presented in *Equation (11)*, and subsequently unlevered using *Equation (14)* to isolate the pure business-risk component applied to each segment. Both the capital structure and effective tax rate for all peer companies were collected from the most recent annual reports available as of 31st of October 2025.

To estimate the beta of debt, reference values from the table presented in Berk and DeMarzo (2017) were used to link each individual credit rating to a corresponding debt beta (Figure 18). A more detailed analysis on this process can be found in Table 10.

Company Rating	A and Above	BBB	BB	B	CCC
Average Debt Beta	< 0.05	0.10	0.17	0.26	0.31

Figure 18 – Average Debt Betas by Rating

As a proxy for the expected return in the market for the CAPM, the ten-year annualized return on the MSCI World Index was used. The five-year return exhibits an abnormally elevated value, mainly driven by the sharp rebound following the COVID-19 pandemic, which would inflate the long-term equity risk premium. By extending the horizon to ten years, this effect is mitigated, yielding a more robust estimate of the expected market return.

Cost of Debt Inputs	Beauty & Wellbeing	Personal Care	Home Care	Foods
Risk-Free Rate ²⁰	2.71%	2.71%	2.71%	2.71%
Levered Beta	0.74	0.74	0.70	0.65
MRP	6.92%	6.92%	6.92%	6.92%
Ke	7.85%	7.85%	7.57%	7.21%

Figure 19 – Cost of Equity by Segment

Unilever's capital structure was estimated as of 31st of October 2025. The market value of equity was taken as the company's market capitalization on the valuation date. The market value of debt was calculated as the sum of the market values of outstanding bonds and the book values of leases and loans, which were used as proxies for their respective market values, based on figures reported in H1 2025.

Net Debt was computed as the difference between gross financial debt and excess cash. A historical analysis was conducted to assess the relationship between operational cash and excess cash. Over the past five years, regardless of fluctuations in the year-end reported cash balance, the company consistently maintained approximately €3 billion as operational cash. Based on this pattern, the historical average of excess cash was used to estimate the corresponding amount for FY2025.

For the purpose of this valuation, the capital structure of Unilever was assumed to remain stable over the forecast horizon. This assumption is supported by the historical low variation in the company's capital structure in recent years (Figure 21). Furthermore, the expected retention of a minority stake of around 20% on The Magnum Ice Cream Company (TMICC) is intended to

²⁰ The risk-free rate was retrieved from the 10-year German government bond yield outstanding as of the Valuation Date. The cost of debt computed for the company is slightly below this rate, which can be justified by the shorter weighted average maturity of Unilever's outstanding bonds (approximately 5.75 years), resulting in a lower required return relative to the considered government bond benchmark.

support separation-related costs and to preserve financial flexibility, reinforcing the assumption of a stable capital structure moving forward.

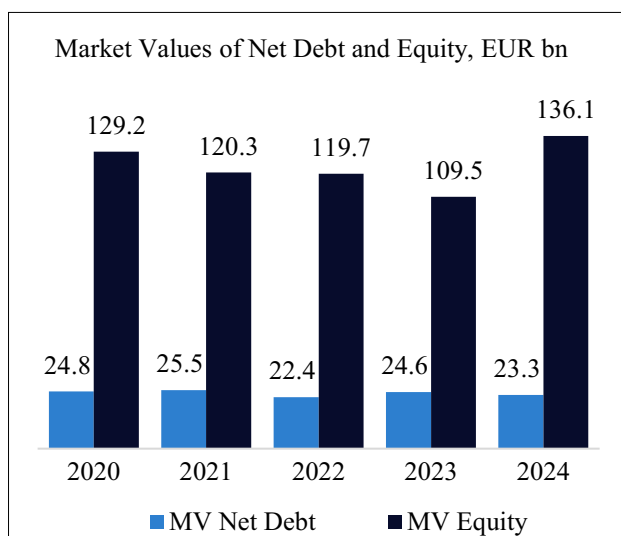


Figure 20 – Historical Market Values of Net Debt and Equity

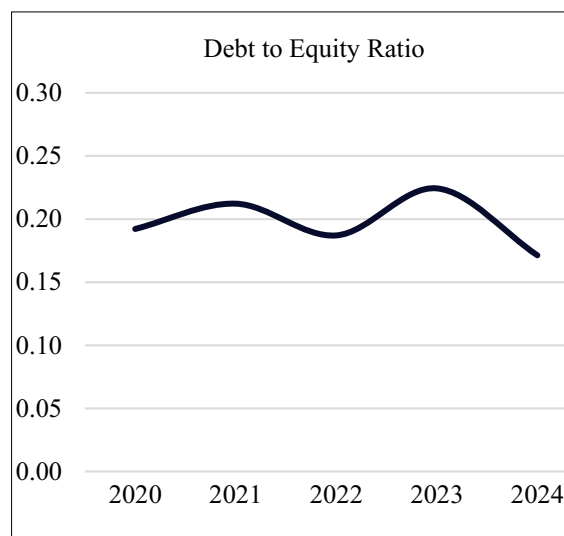


Figure 21 – Historical Debt to Equity Ratio

Terminal Growth Rate

To apply the perpetuity growth method, a terminal growth rate needs to be assumed for FCFF beyond the forecasted period. Unilever discloses in its Annual Report a section relative to the key assumptions used in goodwill impairment tests. For both 2023 and 2024, long-term sustainable growth rates were reported between 2% and 3%, which aligns with principles used in valuation theory. Damodaran (2012) argues that the terminal growth rate of a mature firm cannot exceed the long-term growth rate of the economy.

This way, the terminal growth rate applied for Unilever was estimated from two components: a 2% baseline for long-term inflation targets, in line with European Central Banks's policies, and the forecasted world population growth, projected to expand at a CAGR of approximately 0.6% until 2050. Compounding these two components, the terminal growth rate assumed for this valuation was approximately 2.62%, falling between Unilever's disclosed assumptions and the bound recommended by academic authors.

Enterprise Value	
Beauty & Wellbeing	51,256.65
Personal Care	48,942.77
Home Care	27,458.14
Foods	52,720.00
Total	180,377.56

Figure 22 – SOTP Total Enterprise Value

Share Consolidation Plan

The 2025 share consolidation meeting was held on 21 October 2025, where the company disclosed 2,210.4 million shares outstanding. To estimate Unilever’s consolidation strategy following the Ice Cream demerger, a comparison was made between the FY2025 EBIT²¹ including the Ice Cream segment and the EBIT projected for the company once it reports only the four remaining segments from FY2025 onwards (Table 9).

Based on the difference between the two presented scenarios, an implied post-demerger outstanding share amount was calculated to maintain consistency across EBIT/share (Figure 23). The estimate obtained suggested that the new number of shares would correspond to approximately 90% of the pre-demerger amount. This way, it was assumed for valuation purposes that Unilever will implement a 9-for-10 share consolidation plan.

	2025	2025 Ex-Ice Cream
EBIT	11,078.1	10,070.8
Common Shares Outstanding	2,453.63	2,230.53
EBIT/Share	4.51	4.51

Figure 23 – Share Consolidation Plan Projections

In addition to the baseline DCF-based SOTP valuation, sensitivity analyses were conducted to assess the model’s robustness to changes in key assumptions. Given the high contribution of the Terminal Value for the overall EV, a particular focus was given to variations in the discount rate and the terminal growth rate.

²¹ A comparison with EBIT was employed instead of Net Income due to the lack of disclosure regarding the allocation of non-recurring items between segments. Relying on EBIT allowed for a justified and more transparent analysis rather than speculating about the distribution of non-disclosed items.

		Cost of Debt					
		2.50%	2.70%	2.90%	3.10%	3.30%	3.50%
MRP	6.32%	198,912.54	197,515.86	196,138.79	194,780.94	193,441.90	192,121.28
	6.52%	192,762.42	191,450.82	190,157.08	188,880.85	187,621.76	186,379.47
	6.72%	186,982.65	185,748.59	184,530.84	183,329.08	182,142.98	180,972.25
	6.92%	181,540.75	180,377.56	179,229.29	178,095.65	176,976.38	175,871.20
	7.12%	176,407.94	175,309.66	174,225.09	173,153.95	172,096.01	171,051.02

		Terminal Growth Rate				
		2.02%	2.22%	2.42%	2.62%	2.82%
WACC	-0.40%	175,563.45	182,951.61	191,115.25	200,183.81	210,317.37
	-0.20%	167,657.76	174,325.88	181,658.66	189,761.11	198,761.70
	Base ²²	160,436.81	166,481.39	173,099.63	180,377.56	188,419.40
	+0.20%	153,815.12	159,316.32	165,315.77	171,884.59	179,108.17
	+0.40%	147,720.87	152,745.82	158,206.03	164,160.76	170,680.62

Figure 24 – Sensitivity Analyses

Lastly, to assess the joint uncertainty of key valuation assumptions, a Monte Carlo simulation was performed. This simulation included variation in a selected set of valuation parameters, including segmental-level discount rates, terminal growth rate, revenue growth (capturing price, volume and currency effects) and operating margins based on the company’s historical performance. In addition, some company-level assumptions such as the capital structure and the effective tax rate were allowed to vary within the historical observed range, reflecting long-term uncertainty. This model was run over 10,000 iterations, resulting in the Enterprise Value distribution presented below (Figure 25).

²² The different WACCs used for each segment in the DCF-based SOTP model were considered as baseline. The sensitivity adjustments were implemented by applying uniform shifts to each segment’s WACC, rather than computing an overall company discount rate. The resulting individual Enterprise Values were then aggregated to derive the total firm’s EV.

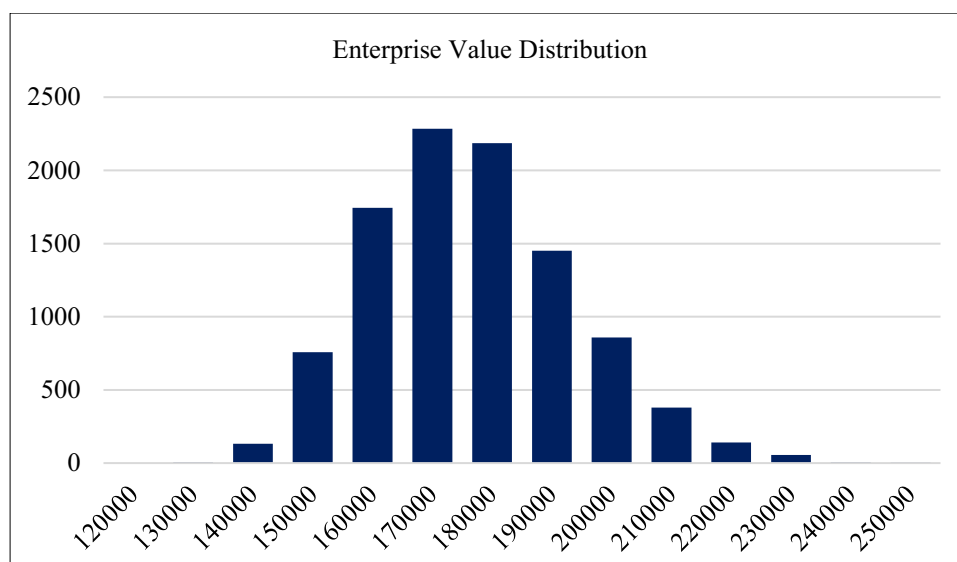


Figure 25 – Monte Carlo Simulation

9. Multiple-based SOTP Valuation

The following chapter introduces the relative valuation approach adopted in this thesis. To capture the differences in operations and economic characteristics across Unilever’s different business units, a segment-level approach was followed.

The chosen multiples for this valuation were EV/EBIT, EV/EBITDA, and the P/E ratio. While the EV-based multiples offer a direct measure of how the market is pricing operating profitability for the different peers independently of their capital structure, the P/E ratio focuses on the earnings to equity holders, capturing differences from leverage and corporate taxes. Including all three measures reduces the reliance on a single metric and provides a more comprehensive view on Unilever’s valuation.

FY 2025 Debt and Net Income forecast

For FY2025, short-term bank overdrafts, leases, and other financial assets were assumed to remain at the same levels reported in FY2024²³. The outstanding amount relative to bonds was projected based on the company’s bond payment schedule.

²³ Unilever manages its liquidity through access to global debt markets with committed credit facilities for general corporate use. The facilities reported in FY2024 had an intention to be renewed for FY2025, sustaining the FY2024’s reported values assumption.

Interest expenses were forecasted by linking the interest paid in each period to the average outstanding debt between the previous and the current year²⁴. The implied interest rate for each period was computed as follows:

$$(38) \quad r_t^{paid} = \frac{Interest\ expenses_t}{\frac{Debt_{t-1} + Debt_t}{2}}$$

Where:

r_t^{paid} = implied interest rate paid on debt at time t

An average of the implied historical rates was then used to project interest expenses for FY2025.

For interest income, the same approach was applied to financial assets held by the company, as follows:

$$(39) \quad r_t^{received} = \frac{Interest\ income_t}{\frac{Financial\ applications_{t-1} + Financial\ applications_t}{2}}$$

Where:

$r_t^{received}$ = implied rate of return on financial applications at time t

Given the unlikelihood that a company would earn a higher interest rate on its financial applications than the rate it pays on its debt, the interest income for FY2025 was projected by doubling the interest received disclosed in H1 2025.

Implied EVs were computed regarding current trading multiples, reflecting a higher degree of accuracy regarding current valuations (Figure 26), and one-year forward multiples, reflecting valuation forward-looking principles (Figure 27).

²⁴ Average balance sheet values used provide a more accurate approximation of the capital employed during the period than relying solely on a single year-end balance.

P25	EV/EBIT		EV/EBITDA	
	Multiple	Implied EV	Multiple	Implied EV
Beauty & Wellbeing and Personal Care	16.36	87,271.41	13.98	83,483.09
Home Care	11.66	19,777.91	10.05	20,125.95
Foods	13.40	40,722.60	10.59	35,713.79
Total		147,771.92		139,322.82

P75	EV/EBIT		EV/EBITDA	
	Multiple	Implied EV	Multiple	Implied EV
Beauty & Wellbeing and Personal Care	18.83	100,460.81	16.20	96,722.76
Home Care	16.23	27,521.15	13.96	27,969.96
Foods	17.71	53,840.77	13.85	46,707.83
Total		181,822.73		171,400.56

Figure 26 – EV-based Multiples Relative Valuation with Current Multiples

P25	EV/EBIT		EV/EBITDA	
	Multiple	Implied EV	Multiple	Implied EV
Beauty & Wellbeing and Personal Care	15.67	87,375.26	13.49	84,788.93
Home Care	11.25	19,048.89	9.76	19,879.92
Foods	12.90	38,636.05	10.30	34,666.97
Total		145,060.20		139,335.82

P75	EV/EBIT		EV/EBITDA	
	Multiple	Implied EV	Multiple	Implied EV
Beauty & Wellbeing and Personal Care	17.86	99,602.50	15.42	96,953.27
Home Care	15.38	26,045.05	13.35	27,192.31
Foods	16.80	50,316.71	13.28	44,680.00
Total		175,964.27		168,825.58

Figure 27 – EV-based Multiples Relative Valuation with One-Year Forward Multiples

Regarding the P/E ratio, Net Income for FY2025 was projected excluding the Ice Cream segment under the assumption that non-operating items would remain mostly stable, with a small adjustment in restructuring costs computed as a proportion of revenues (Table 9). No allocation of Net Income across the different segment was attempted as such process would be highly speculative given the absence of detailed disclosed information. This way, the analysis was performed at the overall company level. The final multiple used was computed through a weighted average from the individual multiples for each segment, where weights were derived

from each segment's relative EBIT margin. This valuation was only performed for FY2025 given the higher reliability of the data available for that period.

	P/E	
	Multiple	Implied Stock Price
P25	14.28	44.92
P75	19.36	57.29

Figure 28 – P/E Multiple Implied Stock Price with Current Multiples

10. Stock Price Recommendation

Given the presented models, the equity value was obtained by deducting the estimate net debt and minority interests, assumed to remain in line with the disclosed value in H1 2025.

The implied stock price was then derived by dividing the resulting equity value by the projected number of common outstanding shares. To express the stock price in the target currency, a two-month forward rate was used, reflecting the period between the Valuation Date and the Price Target Date.

	SOTP DCF
Implied EV	180,377.56
Net Debt	26,804.48
Minority Interest	2,136.00
Implied Equity Value	151,437.07
Shares Outstanding	2,230.53
EUR Stock Price	67.89
FX Forward Rate	0.88
GBP Stock Price	59.42

Figure 29 – SOTP DCF: Implied Stock Price

	EV/EBIT		EV/EBITDA	
	P25	P75	P25	P75
Implied EV	147,771.92	181,822.73	139,322.82	171,400.56
Net Debt	26,804.48	26,804.48	26,804.48	26,804.48
Minority Interest	2,136.00	2,136.00	2,136.00	2,136.00
Implied Equity Value	118,831.43	152,882.25	110,382.34	142,460.07
Shares Outstanding	2,230.53	2,230.53	2,230.53	2,230.53
EUR Stock Price	53.28	68.54	49.49	63.87
FX Forward Rate	0.88	0.88	0.88	0.88
GBP Stock Price	46.63	59.99	43.31	55.90

Figure 30 – Relative Valuation with Current Multiples: Implied Stock Price

	EV/EBIT		EV/EBITDA	
	P25	P75	P25	P75
Implied EV	145,060.20	175,964.27	139,335.82	168,825.58
Net Debt	26,804.48	26,804.48	26,804.48	26,804.48
Minority Interest	2,136.00	2,136.00	2,136.00	2,136.00
Implied Equity Value	116,119.71	147,023.78	110,395.33	139,885.10
Shares Outstanding	2,230.53	2,230.53	2,230.53	2,230.53
EUR Stock Price	52.06	65.91	49.49	62.71
FX Forward Rate	0.88	0.88	0.88	0.88
GBP Stock Price	45.56	57.69	43.32	54.89

Figure 31 – Relative Valuation with One-Year Forward Multiples: Implied Stock Price

Using the DCF-based SOTP model as the primary valuation approach, the final target price for Unilever PLC as of 31 December 2025 is estimated at GBP 59.42, reflecting an upside of 29.5% on the GBP 45.90 observed on the Valuation Date. Since the estimated 9-for-10 share consolidation plan is expected to occur between the Valuation Date and the Target Price Date, an adjustment was made in order to express the valuation as if the consolidation plan had already taken place. This way, by applying the consolidation ratio, the implied Valuation Date share price increased to GBP 50.99. Based on the adjusted comparison, this valuation supports a Buy recommendation with an upside of 16.5%.

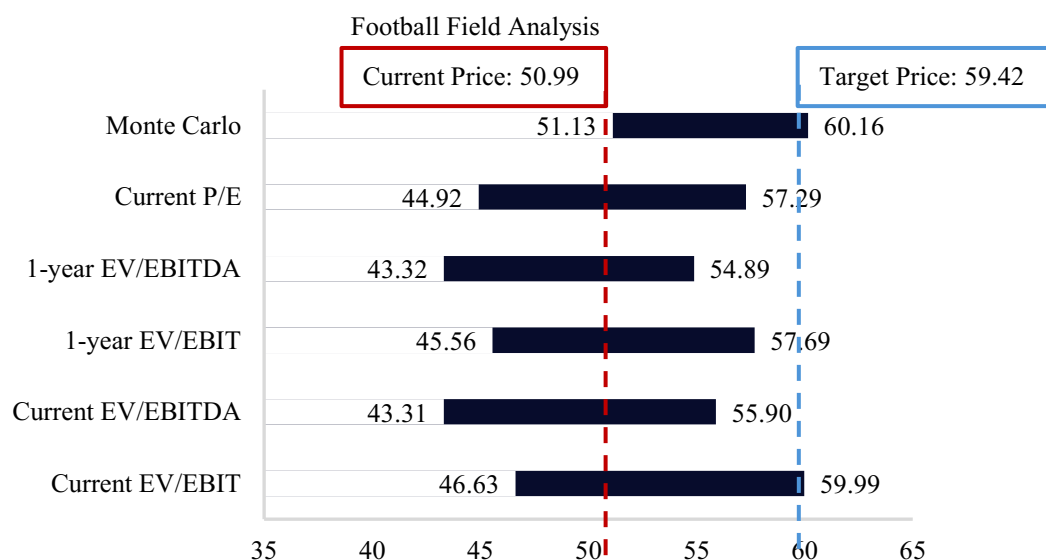


Figure 32 – Football Field Share Price Analysis in GBP²⁵

²⁵ The Football Field Chart represents the range of implied stock prices for each model, defined by the 25th and 75th percentiles of the estimated value distributions.

11. Investment Risks

The main risks associated with Unilever's current situation can be summarized as business transformation risk, geopolitical risk, and legal and regulatory risk.

Business transformation risk is connected to the execution overlap between the demerger of the Ice Cream division and the productivity programme, which is allowing the company to accelerate its GAP. Managing these changes in parallel increases the risk of operational disruption, which could decrease Unilever's ability to meet its planned goals. Furthermore, the company's active portfolio reshaping strategy through acquisitions and disposals introduces an additional execution risk, especially regarding the integration of the new acquired businesses in the original portfolio. Mitigation factors include the allocation of external experts in legal, tax and finance matters, to ensure smooth operations regarding the demerger. Additionally, a senior management team is set to oversee the productivity programme, ensuring that the company can achieve its goals with a simpler structure, without compromising operational performance.

Unilever's global presence exposes it to a broad spectrum of geopolitical risks, including trade policies, supply-chain instability and volatility in both currencies and commodities. These can materially impact both input and production costs, the ability to deliver different orders to customers and selling prices, affecting overall performance. The company has several contingency plans designed to, not only secure alternative key input supplies in short notice, but also to be able to transfer production between different manufacturing sites and to use alternative materials on its product formulations and recipes. Commodity prices are mostly hedged through forward contracts, and it is expected that the impact of tariffs will be limited and manageable.

Legal and regulatory risk arises from the compliance with national and regional laws and regulations that affect Unilever's global operations, from environmental compliance to data privacy, human rights and health and safety, among others²⁶. Failure to comply with the changes to these laws, as well as the new ones introduced, may expose the company to litigation processes from which fines or other types of damage may arise. The local teams are responsible

²⁶ The "others" category includes laws and regulations regarding product and ingredient safety, product claims, chemicals management, copyrights, patents, trademarks, competition, corporate governance, employment, taxes, and anti-bribery and anti-corruption.

for setting detailed standards, ensuring that all stakeholders are aware and comply with the specific and relevant regulations for their roles.

Lastly, it is important to refer to what is named as “Viability statement” as part of Unilever’s Annual Report 2024. In order to analyse the long-term view on future prospects, the Directors modelled and reviewed a series of multi-risk scenarios. This assessment contained both scenarios where the separation of Ice Cream is completed in 2025 and also the possibility that the segment would continue to be part of the existing businesses for the assessment period.

This analysis considered three main elements: the definition of the explicit period during which the company is expected to continue to operate and meet its liabilities, following the current strategy; the assumption that any debt that matured until that date could be refinanced at acceptable terms; and the consideration of the potential downside impact of severe, but plausible scenarios on the company’s financial position.

Based on this, the Directors selected a three-year period, aligned with the horizon of the current strategic plan. The internal review concluded that Unilever had well established financial resources, supported by strong cash flow generation and a healthy balance between short-term and long-term debt programmes. Across the main 14 risk evaluated, including worst case stress conditions, although it is highly unlikely that all the individual risks would occur simultaneously, none of the modelled scenarios were found to be a threat to the Group’s ability to remain viable.

12. Comparison with Investment Banking Report

To validate the assumptions and projected values used in this valuation, a comparison was made with an equity research report published by Jefferies on the 4th of August 2025.

The financial forecasts in this thesis follow a more growth-oriented outlook for Unilever, particularly in the Beauty & Wellbeing and Personal Care segments, consistent with the strategy developed under the GAP 2030. On the other hand, Jefferies follows a more conservative approach on the company’s operational performance (Figure 33).

In addition, the Investment Bank (IB) report does not incorporate the separation of the Ice Cream division or the share consolidation plan, as its Valuation Date precedes the company’s segment demerger. Under this framework, a lower EBIT margin was projected relative to the four-segment analysis in this thesis.

Jefferies Report				Thesis Valuation			
	2025E	2026E	2027E		2025E	2026E ²⁷	2027E
Revenues	58,953	59,430	61,070	Revenues	58,638.76	51,785.50	52,889.61
UPG	1.8%	1.6%	1.8%	UPG	2.1%	5.1%	3.8%
UVG	1.8%	1.8%	1.7%	UVG	1.5%	1.4%	2.4%
USG	3.7%	3.5%	3.5%	USG	3.6%	6.5%	6.3%
Others	-6.7%	-2.7%	-0.8%	Others	-6.3%	-2.9%	-3.0%
Growth	-3.0%	0.8%	2.8%	Growth	-2.9%	3.4%	3.0%
EBIT	11,201	11,079	11,071	EBIT	11,078.11	10,265.88	10,772.57
EBIT margin	19.0%	18.6%	18.1%	EBIT margin	18.9%	19.8%	20.4%

Figure 33 – Financial Comparison with Jefferies Equity Research Report

Other differences can also be found in discount-rate assumptions (Table 16). Jefferies employs the yield on the US government bonds as the considered risk-free rate (4.3%) while this valuation uses the euro-denominated German 10-year government bond (2.71%), resulting in a lower cost of capital. In addition, while the IB relies on a single DCF approach, this thesis follows a more granular SOTP approach, valuing each segment individually, allowing for a more comprehensive analysis.

Terminal value assumptions are also a distinguishing factor in both valuations. By converting the exit multiple used in the equity research report into an implied perpetual growth rate that would yield the same results, a value of 3.55% is observed, nearly one percentage point above the rate adopted in this thesis and above the company's disclosed estimates in the 2024 Annual Report. Despite the higher long-term growth rate used by Jefferies, the lower discount rate applied in this thesis offsets this effect, justifying a higher implied target stock price.

²⁷ Percentual changes for FY2026 were computed excluding the Ice Cream segment in FY2025.

13. Appendix

	<u>2020A</u>	<u>2021A</u>	<u>2022A</u>	<u>2023A</u>	<u>2024A</u>
Revenues	50,724.0	52,444.0	60,073.0	59,604.0	60,761.0
Cost of Sales	(28,684.0)	(30,259.0)	(35,906.0)	(34,429.0)	(33,391.0)
<i>% of Sales</i>	56.5%	57.7%	59.8%	57.8%	55.0%
Distribution costs	(3,104.0)	(3,313.0)	(3,787.0)	(3,549.0)	(3,469.0)
<i>% of Sales</i>	6.1%	6.3%	6.3%	6.0%	5.7%
Production costs	(3,696.0)	(3,678.0)	(3,995.0)	(3,969.0)	(4,074.0)
<i>% of Sales</i>	7.3%	7.0%	6.7%	6.7%	6.7%
Raw and packaging materials and goods purchased for resale	(20,400.0)	(21,799.0)	(26,360.0)	(25,084.0)	(24,069.0)
<i>% of Sales</i>	40.2%	41.6%	43.9%	42.1%	39.6%
Others	(1,484.0)	(1,469.0)	(1,764.0)	(1,827.0)	(1,779.0)
<i>% of Sales</i>	2.9%	2.8%	2.9%	3.1%	2.9%
Gross Profit	22,040.0	22,185.0	24,167.0	25,175.0	27,370.0
Gross Margin	43.5%	42.3%	40.2%	42.2%	45.0%
SG&A	(12,673.0)	(12,549.0)	(14,484.0)	(15,244.0)	(16,191.0)
<i>% of Sales</i>	25.0%	23.9%	24.1%	25.6%	26.6%
Brand and marketing investment	(7,091.0)	(6,873.0)	(7,821.0)	(8,546.0)	(9,410.0)
<i>% of Sales</i>	14.0%	13.1%	13.0%	14.3%	15.5%
Overheads	(4,782.0)	(4,829.0)	(5,755.0)	(5,749.0)	(5,794.0)
<i>% of Sales</i>	9.4%	9.2%	9.6%	9.6%	9.5%
Research and Development	(800.0)	(847.0)	(908.0)	(949.0)	(987.0)
<i>% of Sales</i>	1.6%	1.6%	1.5%	1.6%	1.6%
EBIT	9,367.0	9,636.0	9,683.0	9,931.0	11,179.0
EBIT margin	18.5%	18.4%	16.1%	16.7%	18.4%

Table 1 – Historical Income Statement Items: FY2020 – FY 2024

	<u>2025E</u>	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>
Revenues	58,638.8	51,785.5	52,889.6	53,896.2	54,852.8	55,995.9
Cost of Sales	(31,840.8)	(27,694.5)	(28,154.9)	(28,730.3)	(29,147.3)	(29,500.3)
<i>% of Sales</i>	54.3%	53.5%	53.2%	53.3%	53.1%	52.7%
Distribution costs	(3,470.0)	(3,003.1)	(3,005.1)	(3,001.3)	(2,989.8)	(2,975.3)
<i>% of Sales</i>	5.9%	5.8%	5.7%	5.6%	5.5%	5.3%
Production costs	(4,135.1)	(3,597.9)	(3,663.7)	(3,749.0)	(3,811.0)	(3,862.5)
<i>% of Sales</i>	7.1%	6.9%	6.9%	7.0%	6.9%	6.9%
Raw and packaging materials and goods purchased for resale	(22,518.8)	(19,577.3)	(19,937.6)	(20,402.0)	(20,740.5)	(21,023.0)
<i>% of Sales</i>	38.4%	37.8%	37.7%	37.9%	37.8%	37.5%
Others	(1,716.9)	(1,516.2)	(1,548.5)	(1,578.0)	(1,606.0)	(1,639.5)
<i>% of Sales</i>	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Gross Profit	26,797.9	24,091.0	24,734.7	25,165.9	25,705.6	26,495.6
Gross Margin	45.7%	46.5%	46.8%	46.7%	46.9%	47.3%
SG&A	(15,719.8)	(13,825.2)	(13,962.1)	(14,493.5)	(15,021.5)	(15,586.0)
<i>% of Sales</i>	26.8%	26.7%	26.4%	26.9%	27.4%	27.8%
Brand and marketing investment	(9,263.6)	(8,388.1)	(8,778.5)	(9,161.1)	(9,543.2)	(9,966.0)
<i>% of Sales</i>	15.8%	16.2%	16.6%	17.0%	17.4%	17.8%
Overheads	(5,527.3)	(4,616.8)	(4,345.8)	(4,478.6)	(4,609.5)	(4,733.0)
<i>% of Sales</i>	9.4%	8.9%	8.2%	8.3%	8.4%	8.5%
Research and Development	(928.9)	(820.3)	(837.8)	(853.7)	(868.9)	(887.0)
<i>% of Sales</i>	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
EBIT	11,078.1	10,265.9	10,772.6	10,672.4	10,684.1	10,909.6
EBIT margin	18.9%	19.8%	20.4%	19.8%	19.5%	19.5%

Table 2 – Forecasted Income Statement Items: FY 2025 – FY 2030

Global Logistics Costs	<u>2025E</u>	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>
Expected YoY Growth	2.34%	2.51%	2.38%	2.18%	1.92%	1.81%

Table 3 – Expected Growth in Global Logistics Costs

ARPU Expected Growth	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>
Beauty & Wellbeing	3.48%	3.13%	2.82%	2.54%	2.31%
Personal Care	2.45%	2.29%	2.19%	2.09%	1.98%
Home Care	2.46%	2.40%	2.38%	2.29%	2.24%
Foods	5.69%	5.25%	5.10%	5.16%	5.14%

	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>
World Population Expected Growth	0.84%	0.86%	0.84%	0.82%	0.84%

Table 4 – ARPU and World Population Expected Growth, Statista Market Insights

	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>
World Expected Inflation	3.7%	3.4%	3.3%	3.2%	3.2%

Table 5 – Expected Inflation Rate, Average Consumer Prices, IMF October 2025

	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>
India's Real GDP Expected Growth	6.2%	6.4%	6.5%	6.5%	6.5%

Table 6 – Expected Real GDP Growth in India, IMF October 2025

	<u>2020A</u>	<u>2021A</u>	<u>2022A</u>	<u>2023A</u>	<u>2024A</u>
Revenues	50,724.0	52,444.0	60,073.0	59,604.0	60,761.0
Beauty & Wellbeing	9,082.0	10,138.0	12,250.0	12,466.0	13,157.0
% of Sales	17.9%	19.3%	20.4%	20.9%	21.7%
Personal Care	12,042.0	11,763.0	13,636.0	13,829.0	13,618.0
% of Sales	23.7%	22.4%	22.7%	23.2%	22.4%
Home Care	10,460.0	10,572.0	12,401.0	12,181.0	12,352.0
% of Sales	20.6%	20.2%	20.6%	20.4%	20.3%
Foods	12,486.0	13,104.0	13,898.0	13,204.0	13,352.0
% of Sales	24.6%	25.0%	23.1%	22.2%	22.0%
Ice Cream	6,654.0	6,867.0	7,888.0	7,924.0	8,282.0
% of Sales	13.1%	13.1%	13.1%	13.3%	13.6%
EBIT	9,367.0	9,636.0	9,683.0	9,931.0	11,179.0
EBIT margin	18.5%	18.4%	16.1%	16.7%	18.4%
Beauty & Wellbeing	1,852.0	2,237.0	2,292.0	2,331.0	2,552.0
EBIT margin	20.4%	22.1%	18.7%	18.7%	19.4%
Personal Care	2,739.0	2,505.0	2,679.0	2,792.0	3,014.0
EBIT margin	22.7%	21.3%	19.6%	20.2%	22.1%
Home Care	1,519.0	1,417.0	1,344.0	1,496.0	1,785.0
EBIT margin	14.5%	13.4%	10.8%	12.3%	14.5%
Foods	2,365.0	2,525.0	2,449.0	2,460.0	2,847.0
EBIT margin	18.9%	19.3%	17.6%	18.6%	21.3%
Ice Cream	892.0	952.0	919.0	852.0	981.0
EBIT margin	13.4%	13.9%	11.7%	10.8%	11.8%

Table 7 – Historical Revenues and EBIT by segment

	<u>2025E</u>	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>
Revenues	58,638.8	51,785.5	52,889.6	53,896.2	54,852.8	55,995.9
Beauty & Wellbeing	12,941.4	13,886.5	14,737.6	15,576.8	16,426.4	17,366.5
% of Sales	22.1%	26.8%	27.9%	28.9%	29.9%	31.0%
Personal Care	12,969.2	13,379.2	13,680.0	13,874.0	14,118.3	14,416.0
% of Sales	22.1%	25.8%	25.9%	25.7%	25.7%	25.7%
Home Care	11,545.7	11,590.7	11,611.4	11,569.9	11,477.1	11,443.9
% of Sales	19.7%	22.4%	22.0%	21.5%	20.9%	20.4%
Foods	13,055.6	12,929.1	12,860.6	12,875.5	12,831.1	12,769.5
% of Sales	22.3%	25.0%	24.3%	23.9%	23.4%	22.8%
Ice Cream	8,126.8					
% of Sales	13.9%					
EBIT	11,078.1	10,265.9	10,772.6	10,672.4	10,684.1	10,909.6
EBIT margin	18.9%	19.8%	20.4%	19.8%	19.5%	19.5%
Beauty & Wellbeing	2,484.5	2,652.1	2,892.8	2,972.4	3,082.6	3,260.2
EBIT margin	19.2%	19.1%	19.6%	19.1%	18.8%	18.8%
Personal Care	2,850.0	2,924.8	3,073.6	3,030.4	3,032.7	3,097.7
EBIT margin	22.0%	21.9%	22.5%	21.8%	21.5%	21.5%
Home Care	1,696.2	1,694.0	1,744.2	1,689.5	1,648.2	1,644.0
EBIT margin	14.7%	14.6%	15.0%	14.6%	14.4%	14.4%
Foods	3,040.1	2,995.0	3,062.0	2,980.1	2,920.6	2,907.7
EBIT margin	23.3%	23.2%	23.8%	23.1%	22.8%	22.8%
Ice Cream	1,007.3					
EBIT margin	12.4%					

Table 8 – Forecasted Revenues and EBIT by segment

	2025E with Ice Cream	2025E without Ice Cream
Revenues	58,638.8	50,512.0
Cost of Sales	(31,840.8)	(26,973.4)
<i>% of Sales</i>	<i>54.3%</i>	<i>53.4%</i>
Distribution costs	(3,470.0)	(2,989.1)
<i>% of Sales</i>	<i>5.9%</i>	<i>5.9%</i>
Production costs	(4,135.1)	(3,566.1)
<i>% of Sales</i>	<i>7.1%</i>	<i>7.1%</i>
Raw and packaging materials and goods purchased for resale	(22,518.8)	(18,939.2)
<i>% of Sales</i>	<i>38.4%</i>	<i>37.5%</i>
Others	(1,716.9)	(1,478.9)
<i>% of Sales</i>	<i>2.9%</i>	<i>2.9%</i>
Gross Profit	26,797.9	23,538.6
Gross Margin	45.7%	46.6%
SG&A	(15,719.8)	(13,467.8)
<i>% of Sales</i>	<i>26.8%</i>	<i>26.7%</i>
Brand and marketing investment	(9,263.6)	(7,943.3)
<i>% of Sales</i>	<i>15.8%</i>	<i>15.7%</i>
Overheads	(5,527.3)	(4,724.3)
<i>% of Sales</i>	<i>9.4%</i>	<i>9.4%</i>
Research and Development	(928.9)	(800.1)
<i>% of Sales</i>	<i>1.6%</i>	<i>1.6%</i>
EBIT	11,078.1	10,070.8
EBIT margin	18.9%	19.9%
Interest Income	358.0	358.0
Interest Expenses	(1,056.3)	(1,056.3)
Other Non-Operating Income	339.0	339.0
Non-Recurring Income/(Expense)	(1,939.9)	(1,826.2)
Profit before taxation	8,778.8	7,885.3
Income Taxes	2,273.7	2,042.3
<i>Tax Rate</i>	<i>25.9%</i>	<i>25.9%</i>
Net Income	6,505.1	5,843.0
Minority Interest	(638.4)	(573.4)
<i>% Net income</i>	<i>9.8%</i>	<i>9.8%</i>
Income available to common shares	5,866.8	5,269.6

Table 9 – FY2025 Projected Income Statement with and without the Ice Cream segment

Beauty & Wellbeing and Personal Care	Levered Beta	Adjusted Beta	D/E	Effective tax rate	Assigned Rating	Beta of Debt	Unlevered Beta
Procter & Gamble	0.40	0.60	0.10	20.34%	AA+	0.05	0.56
Colgate-Palmolive	0.45	0.63	0.14	22.93%	A+	0.05	0.58
Kimberly-Clark	0.41	0.61	0.16	19.30%	A	0.05	0.54
L'Oréal	0.93	0.95	0.05	24.34%	AA	0.05	0.92
Average							0.65

Home Care	Levered Beta	Adjusted Beta	D/E	Effective tax rate	Assigned Rating	Beta of Debt	Unlevered Beta
Reckitt	0.44	0.63	0.27	31.94%	A-	0.05	0.54
Henkel	0.66	0.77	0.06	25.38%	A	0.05	0.74
Church & Dwight	0.40	0.60	0.10	22.61%	BBB+	0.10	0.57
Average							0.61

Foods	Levered Beta	Adjusted Beta	D/E	Effective tax rate	Assigned Rating	Beta of Debt	Unlevered Beta
Nestle	0.76	0.84	0.32	25.03%	AA-	0.05	0.69
Danone	0.44	0.63	0.28	30.98%	BBB+	0.10	0.54
Kraft Heinz	0.52	0.68	0.70	21.66%	BBB	0.10	0.48
Average							0.57

Unilever	Unlevered Betas	Target D/E	Effective tax rate	Assigned Rating	Beta of Debt	Levered Beta
Beauty & Wellbeing and Personal Care	0.65	0.21	25.0%	A+	0.05	0.74
Home Care	0.61	0.21	25.0%	A+	0.05	0.70
Foods	0.57	0.21	25.0%	A+	0.05	0.65

Table 10 – Unilever's Beta per Segment

Beauty & Wellbeing	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>
EBIT	2,652.07	2,892.82	2,972.38	3,082.57	3,260.16
Effective Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%
EBIT(1-t)	1,989.05	2,169.61	2,229.28	2,311.93	2,445.12
D&A	295.73	298.65	306.29	313.50	318.56
Change in operating working capital	45.01	-5.94	-16.50	-6.43	2.65
Others	-52.31	57.82	13.98	-39.82	-12.79
CAPEX	318.05	331.63	342.43	344.94	350.73
FCFF	1,974.03	2,084.76	2,195.67	2,326.75	2,423.08
Year count	1	2	3	4	5
Discount Factor	0.94	0.88	0.82	0.77	0.72
Discounted FCFF	1,847.62	1,826.31	1,800.30	1,785.60	1,740.45
Terminal Value	58,829.91				
PV (Terminal Value)	42,256.38				
Enterprise Value	51,256.65				

Table 11 – Beauty & Wellbeing DCF Model

Personal Care	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>
EBIT	2,924.78	3,073.64	3,030.38	3,032.67	3,097.73
Effective Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%
EBIT(1-t)	2,193.58	2,305.23	2,272.79	2,274.50	2,323.29
D&A	413.90	417.99	428.69	438.78	445.85
Change in operating working capital	41.86	-8.42	-20.53	-8.79	1.49
Others	-17.16	15.98	5.58	-11.19	-3.75
CAPEX	445.15	464.15	479.27	482.78	490.88
FCFF	2,137.64	2,251.51	2,237.16	2,250.48	2,280.52
Year count	1	2	3	4	5
Discount Factor	0.94	0.88	0.82	0.77	0.72
Discounted FCFF	2,000.75	1,972.38	1,834.31	1,727.07	1,638.05
Terminal Value	55,368.61				
PV (Terminal Value)	39,770.19				
Enterprise Value	48,942.77				

Table 12 – Personal Care DCF Model

Home Care	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>
EBIT	1,693.99	1,744.17	1,689.51	1,648.20	1,644.03
Effective Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%
EBIT(1-t)	1,270.49	1,308.13	1,267.14	1,236.15	1,233.03
D&A	342.89	346.28	355.14	363.50	369.36
Change in operating working capital	19.73	-17.24	-30.54	-16.65	-6.07
Others	-4.60	13.18	6.44	-1.46	2.36
CAPEX	368.77	384.52	397.04	399.95	406.66
FCFF	1,229.47	1,273.94	1,249.33	1,217.81	1,199.44
Year count	1	2	3	4	5
Discount Factor	0.94	0.88	0.83	0.77	0.73
Discounted FCFF	1,153.19	1,120.76	1,030.92	942.56	870.74
Terminal Value	30,773.15				
PV (Terminal Value)	22,339.97				
Enterprise Value	27,458.14				

Table 13 – Home Care DCF Model

Foods	<u>2026E</u>	<u>2027E</u>	<u>2028E</u>	<u>2029E</u>	<u>2030E</u>
EBIT	2,995.04	3,061.95	2,980.11	2,920.63	2,907.65
Effective Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%
EBIT(1-t)	2,246.28	2,296.46	2,235.08	2,190.47	2,180.74
D&A	370.68	374.34	383.92	392.96	399.29
Change in operating working capital	36.48	-11.40	-24.42	-11.50	-0.66
Others	-3.31	25.69	9.77	-4.07	4.80
CAPEX	398.66	415.68	429.22	432.36	439.62
FCFF	2,185.13	2,240.84	2,204.43	2,166.64	2,136.27
Year count	1	2	3	4	5
Discount Factor	0.94	0.88	0.83	0.78	0.74
Discounted FCFF	2,055.27	1,982.42	1,834.31	1,695.73	1,572.60
Terminal Value	59,200.10				
PV (Terminal Value)	43,579.67				
Enterprise Value	52,720.00				

Table 14 – Foods DCF Model

	EV/ EBIT			EV/ EBITDA			P/E		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
Beauty & Wellbeing and Personal Care									
Procter & Gamble	17.49	16.62	15.78	15.23	14.51	13.76	21.16	19.99	18.87
Colgate-Palmolive	16.69	16.06	15.27	14.64	14.14	13.49	21.99	20.93	19.66
Kimberly-Clark	15.37	14.49	13.44	12.01	11.53	10.84	14.62	14.19	13.70
L'Oréal	23.03	21.74	20.31	19.25	18.30	17.23	29.34	27.57	25.65
Mean	18.15	17.23	16.20	15.28	14.62	13.83	21.78	20.67	19.47
Median	17.09	16.34	15.53	14.94	14.33	13.63	21.58	20.46	19.27
P25	16.36	15.67	14.81	13.98	13.49	12.83	19.53	18.54	17.58
P75	18.88	17.90	16.91	16.24	15.46	14.63	23.83	22.59	21.16
Home Care									
Reckitt	13.52	13.01	12.47	12.17	11.82	11.11	16.72	15.84	14.92
Henkel	9.80	9.48	9.04	7.92	7.70	7.42	12.90	12.27	11.62
Church & Dwight	18.93	17.74	16.81	15.75	14.88	14.24	23.99	22.35	21.26
Mean	14.08	13.41	12.77	11.95	11.47	10.92	17.87	16.82	15.93
Median	13.52	13.01	12.47	12.17	11.82	11.11	16.72	15.84	14.92
P25	11.66	11.25	10.76	10.05	9.76	9.27	14.81	14.06	13.27
P75	16.23	15.38	14.64	13.96	13.35	12.68	20.36	19.10	18.09
Foods									
Nestle	18.74	18.03	17.14	14.94	14.42	13.66	18.48	17.66	16.53
Danone	16.68	15.57	14.75	12.76	12.13	11.49	20.23	18.94	17.49
Kraft Heinz	10.11	10.23	10.09	8.42	8.47	8.44	10.08	10.12	9.81
Mean	15.18	14.61	13.99	12.04	11.67	11.20	16.26	15.57	14.61
Median	16.68	15.57	14.75	12.76	12.13	11.49	18.48	17.66	16.53
P25	13.40	12.90	12.42	10.59	10.30	9.97	14.28	13.89	13.17
P75	17.71	16.80	15.95	13.85	13.28	12.58	19.36	18.30	17.01

Table 15 – Refinitiv Forecast Multiples

Jefferies Report		Thesis Valuation				
		Beauty & Wellbeing	Personal Care	Home Care	Foods	
Risk-free	4.30%	Risk-free	2.71%	2.71%	2.71%	2.71%
Beta	0.70	Beta	0.74	0.74	0.70	0.65
ERP	6.00%	ERP	6.92%	6.92%	6.92%	6.92%
Ke	8.50%	Ke	7.85%	7.85%	7.57%	7.21%
Kd	4.60%	Kd	2.70%	2.70%	2.70%	2.70%
Target D/E	0.25	Target D/E	0.21	0.21	0.21	0.21
Effective Tax Rate	25.70%	Effective Tax Rate	25.0%	25.0%	25.0%	25.0%
WACC	9.00%	WACC	6.84%	6.84%	6.61%	6.32%
Exit Multiple	11x	Terminal Growth Rate	2.62%	2.62%	2.62%	2.62%
Current Price	GBP 45.31	Current Price	GBP 50.99			
Target Price	GBP 39.00	Target Price	GBP 59.42			
Upside/ (Downside)	(14.9%)	Upside/ (Downside)	16.5%			

Table 16 – Investment Baking Report Comparison

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²⁸ Artificial Intelligence tools were used to support tasks related to text summarisation and language refinement.

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