

Unilever's ice cream business goes solo as group eyes margin gains and balanced growth

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Unilever has officially separated its ~4.5 billion ice cream business, setting the stage for a mid-November demerger and the public listing of The Magnum Ice Cream Company (TMICC), as it reported solid first-half results driven by continued momentum in developed markets and improving trends in key emerging markets.

TMICC, which began operating as a standalone company on 1 July, will be led by CEO Peter ter Kulve and CFO Abhijit Bhattacharya, with a dedicated board expected to be finalised in Q3. A Capital Markets Day will be held in London on 9 September, ahead of the demerger, to present TMICC's business strategy and investment case. Unilever will retain a stake of less than 20 per cent in the business for up to five years, to fund separation costs and preserve balance sheet flexibility.

The demerger is a central element of Unilever's transformation agenda, as it looks to sharpen its focus on premium segments, digital commerce, and high-growth categories like Beauty & Wellbeing and Personal Care.

Despite currency headwinds and some softness in emerging markets, Unilever posted a 3.4 per cent rise in underlying sales for the first half of 2025, with balanced contributions from volume (+1.5 per cent) and price (+1.9 per cent). Second-quarter

growth accelerated to 3.8 per cent, with all business groups returning to volume growth.

Fernando Fernandez, CEO, said: “Our continued outperformance in developed markets and the positive impact of our decisive interventions in emerging markets accelerated our growth with positive volume growth across all business groups. We are building a marketing and sales machine that drives desire at scale in our power brands.”

Unilever’s gross margin held steady at 45.7 per cent, bolstered by higher-than-expected productivity and procurement savings. Brand and marketing investment rose 40 basis points to 15.5 per cent of turnover as the group stepped up innovation and premiumisation efforts.

By business group, Beauty & Wellbeing grew 3.7 per cent and Personal Care 4.8 per cent, led by strong performances from Dove and premium wellness brands like Liquid I.V. and Nutrafol. Home Care rose 1.3 per cent, with growth in Europe offsetting declines in Latin America. Food grew 2.2 per cent, supported by Hellmann’s and a return to volume growth in Knorr. Ice Cream, now reported separately, delivered 5.9 per cent underlying growth, driven by strong performances from Magnum and Cornetto.

Developed markets continued to outperform, growing 4.3 per cent in the first half, while emerging markets improved to 2.8 per cent, with momentum building in India and signs of recovery in China and Indonesia. Latin America remained a drag due to currency-driven pricing and economic pressure.

Unilever reiterated its full-year 2025 guidance for underlying sales growth of 3 per cent to 5 per cent, with second-half margins expected to reach at least 18.5 per cent, a significant step up from the second half of 2024. It also remains on track to deliver ~650 million in cost savings this year as part of its ~800 million productivity programme.

With the Ice Cream business spun out and the core portfolio increasingly tilted towards premium and higher-growth segments, Unilever’s strategic shift is beginning to show tangible results.