

Unilever to strategically review global tea business

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Shows underlying sales growth of 2.9% in 2019 report



Unilever has announced the results for the full-year 2019, which show underlying sales growth of 2.9%, led by emerging market business which grew 5.3% and Home Care division which grew 6.1%.

"We are continuing to evaluate our portfolio and have initiated a strategic review of our global tea business. "In 2020, our underlying sales growth is expected to be in the lower half of the multi-year 3-5% range and will be second-half weighted. While we expect an improvement from the fourth quarter of 2019 into the first half of 2020, first half underlying sales growth will be below 3%. The impact of the coronavirus outbreak is unknown at this time. As we near the completion of our three-year strategic plan, we expect continued improvement in underlying operating margin and another year of strong free cash flow, remaining on track for our 2020 goals", says CEO Alan Jope.

Ice cream grew, however volumes declined due to a strong comparator from a particularly good European summer in the prior year. Growth was supported by plant based and 'better for you' offerings, including Magnum vegan and Ben & Jerry's lighter Moophoria variants.

Tea saw price-led growth, however volumes declined due to subdued consumer demand for black tea in developed markets. "We continued to focus on the growing segments of premium black tea, black tea in emerging markets and fruit and herbal variants, with our premium herbal brand Pukka performing well", said Jope.

Unilever has a long-established position as the biggest tea business in the world with brands such as Lipton, Brooke Bond and PG Tips; and has expanded into the premium, fruit and herbal market in recent years. However, sales of traditional black tea, the largest segment of the category, have been in decline in developed markets for several years due to changing consumer preferences.

The strategic review will consider all options for Unilever's tea business and is expected to conclude by mid-year.