

HENKEL Q1 2020

Carsten Knobel, Marco Swoboda | May 11, 2020



DISCLAIMER

This presentation contains forward-looking statements which are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Statements with respect to the future are characterized by the use of words such as “expect”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, and similar terms. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and results actually achieved by Henkel AG & Co. KGaA and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Henkel’s control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Henkel neither plans nor undertakes to update any forward-looking statements.

This document includes – in the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Henkel’s net assets and financial positions or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.

This document has been issued for information purposes only and is not intended to constitute an investment advice or an offer to sell, or a solicitation of an offer to buy, any securities.

AGENDA

- 01** Key Developments Q1 2020
- 02** Sales Q1 2020 & Outlook
- 03** Business Priorities & Closing Remarks

▶ KEY DEVELOPMENTS Q1 2020

ROBUST TOPLINE PERFORMANCE DESPITE COVID-19 PANDEMIC

Nominal Sales

€ 4.9 bn

-0.8%

Organic Sales Growth

-0.9%

Strategic Framework

WIN THE 20s THROUGH
PURPOSEFUL GROWTH

- Adhesive Technologies impacted by headwinds from lower industrial demand
- Beauty Care Retail stable, Hair Professional affected by hair salon closures in major countries
- Very strong development in Laundry & Home Care
- Strong balance sheet with low debt levels and continued flexible access to refinancing
- Full commitment to new growth agenda, implementation of announced initiatives started

► BUSINESS ENVIRONMENT

- COVID-19 pandemic substantially affecting global economies and societies
- Notable drop in industrial production, automotive build-rates significantly down
- Consumer behavior changing in many categories amid COVID-19 outbreak
- China coming back but uncertainty regarding further development in other countries
- Turbulences on raw material markets
- Emerging market currencies under pressure



IMPLICATIONS FROM COVID-19 PANDEMIC

- Timely action taken to protect employees, customers and business partners, while ensuring business continuity
- High agility in operations & supply chain, swiftly reacting to local developments and needs
- Comprehensive global solidarity program, strong commitment of global teams
- Most sites operational throughout Q1, yet constraints in logistics, supply chain and demand
- Group net sales impact of around € -100 m in Q1



Persil
TIEFEN-REIN



► BUSINESS DEVELOPMENTS Q1 2020

- Significant pressure from lower industrial demand
- Supporting customers in mobility transformation, winning business with solutions for EV powertrains
- Dial with strong market share expansion in US, progress on Hair Care turnaround in Europe
- Substantial impact from hair salon closures
- Core brands Persil, Somat, Bref & Pril each with double-digit growth due to strong innovations and more media
- High demand for hygiene products



FULL COMMITMENT TO NEW GROWTH AGENDA

WIN THE 20s THROUGH **PURPOSEFUL GROWTH**

**Winning
Portfolio**

Competitive Edge

**Future-ready
Operating
Model**

Innovation

Sustainability

Digital

Collaborative Culture & Empowered People

EMERGING STRONGER FROM THE CRISIS INNOVATION

- Consumer businesses providing products that meet hygiene needs
 - Launch of highly relevant SKUs
 - Ramp-up in supply output
 - Purposeful brand communication
- Adhesive Technologies well positioned in the areas of mobility, connectivity and sustainability



EMERGING STRONGER FROM THE CRISIS

DIGITAL

- Holistic and accelerated eCommerce approach & D2C across all businesses
- Brand communication increasingly via digital channels, also educating on correct use of hygiene products
- Strengthened digital execution capabilities and accelerated digital upskilling
- Digital customer interaction across businesses such as securing supply and process stability through virtual customer services

Frag Team Clean

Waschen & Reinigen Inspiration Nachhaltigkeit Mitgliedervorteile

1,5 m

HYGIENISCHE DESINFEKTION
Entfernt 99,9% der Bakterien- & Virenarten

Reinigen

Wie putzt man hygienisch sauber?

Frag Team Clean

BETTER NATURED. GOOD CLEAN CARE. STRENGTHENING LEAVE-IN CREAM
94% NATURALLY DERIVED
6% PURELY SCIENCE

BETTER NATURED. GOOD CLEAN CARE. MOISTURE REPLENISHING MASQUE
97% NATURALLY DERIVED
3% PURELY SCIENCE

eSalon

LOCTITE 518 Gasket Sealant

Henkel

10

EMERGING STRONGER FROM THE CRISIS

COLLABORATIVE CULTURE

- Agile, empowered collaboration based on unique Henkel spirit
- Outstanding team commitment around the world
- Support of local communities including donations and production of disinfectants
- Holistic customer support such as improved payment terms for hairdressers and re-start support measures

Together against Corona

Henkel's
solidarity
program



We
#SupportFrontliners

نساعد في حماية أبطالنا في الحياة اليومية.
Helping shield our everyday heroes.

لأن أبطالنا بحاجة إلى الحماية أيضًا.
Because our heroes need protection too.



Persil



AGENDA

- 01** Key Developments Q1 2020
- 02** **Sales Q1 2020 & Outlook**
- 03** Business Priorities & Closing Remarks

▶ Q1 2020 SALES DEVELOPMENT

NOMINAL SALES AT € 4.9 BN, ORGANICALLY SLIGHTLY BELOW PY

OSG

-0.9%

Price

-1.0%

Volume

+0.1%

M&A

+0.4%

FX

-0.4%

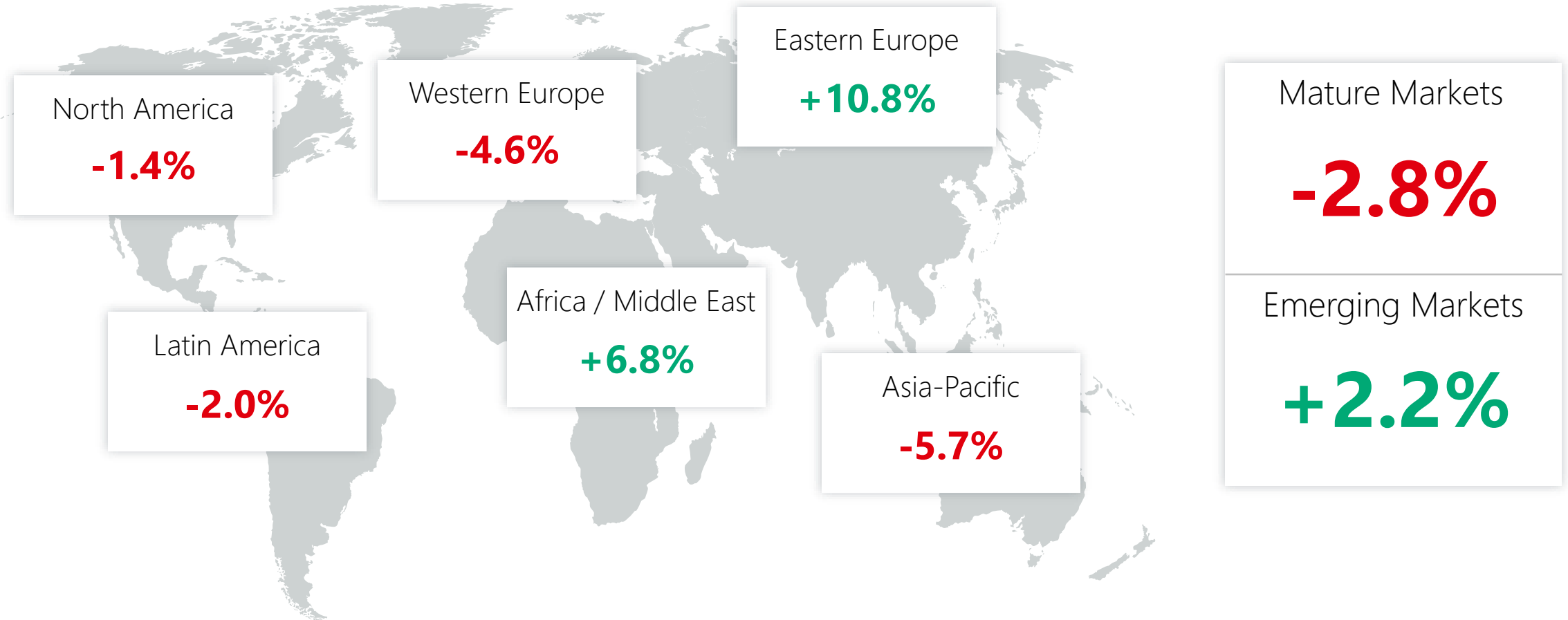
Nominal

-0.8%

Note: Each figure commercially rounded. Addition may result in deviations from the totals indicated.

▶ DIFFERENTIATED REGIONAL DEVELOPMENTS

Q1 2020 ORGANIC SALES GROWTH BY REGION





ADHESIVE TECHNOLOGIES

ORGANIC SALES GROWTH: -4.1%

- Significant headwinds especially in Automotive & Metals business area due to shut-down of many customers' production sites globally
- Packaging & Consumer Goods business area with stable development
- Negative development in Electronics & Industrials: decline in industrial demand, Electronics above prior year
- Craftsmen, Construction & Professional business area below prior year, however construction with strong growth

▶ ADHESIVE TECHNOLOGIES

BUSINESSES GLOBALLY IMPACTED BY COVID-19 PANDEMIC WITH STRONGEST EFFECTS IN CHINA

Organic Sales Growth

-4.1%

Price
+0.0%

Volume
-4.1%

Organic Sales Growth by Region

below PY

North America
Latin America
Western Europe
Africa / Middle East
Asia Pacific (EM)

positive

Asia Pacific (MM)

significant growth

Eastern Europe



BEAUTY CARE

ORGANIC SALES GROWTH: -3.9%

- Professional with significant decline due to salon closure in major countries
- Retail business stable despite most regions progressively affected by COVID-19
- Good organic growth in Asia Pacific Retail as China market entered recovery phase
- Strong performance in Body / personal hygiene, especially in North America with Dial
- Good development in Retail Coloration with signs of market acceleration end of March



BEAUTY CARE

HAIR PROFESSIONAL WITH DECLINES ACROSS ALL REGIONS,
RETAIL VERY STRONG IN NORTH AMERICA, APAC¹ & EASTERN EUROPE

Organic Sales Growth

-3.9%

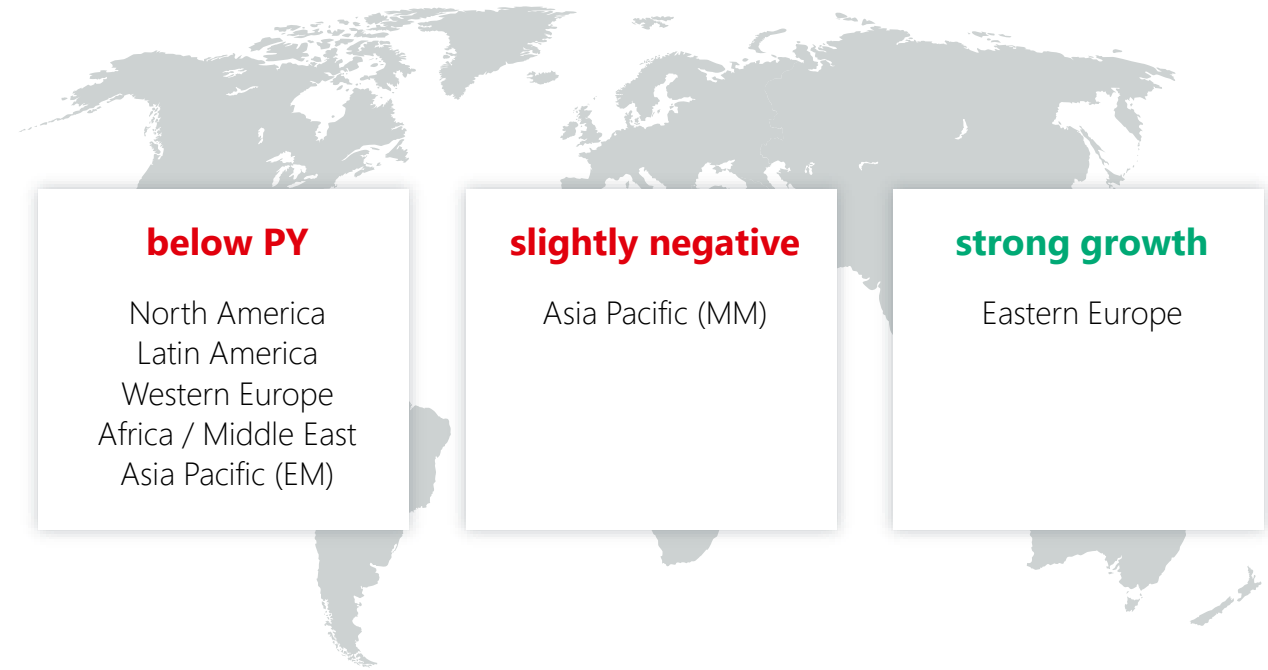
Price

-1.0%

Volume

-2.9%

Organic Sales Growth by Region





LAUNDRY & HOME CARE

ORGANIC SALES GROWTH: +5.5%

- Double-digit growth in Home Care with core brands Pril, Bref & Somat growing double-digit
- Strong growth in Laundry Care driven by very strong performance of Heavy-Duty Detergents
- #1 brand Persil growing double-digit supported by exceptional performance in single-unit dose
- North America with positive growth thanks to strong performance of core brand 'all and Persil
- eCommerce growth accelerating across all regions

▶ LAUNDRY & HOME CARE

BROAD-BASED DOUBLE-DIGIT GROWTH IN EMERGING MARKETS,
ONLY WESTERN EUROPE SLIGHTLY BELOW PRIOR YEAR DUE TO ITALY

Organic Sales Growth

+5.5%

Price
-2.3%

Volume
+7.8%

Organic Sales Growth by Region

slightly negative

Western Europe

positive

North America

**very strong
growth**

Latin America

**double-digit
growth**

Eastern Europe
Africa / Middle East
Asia-Pacific (EM)
Asia-Pacific (MM)

► GUIDANCE 2020

FORECAST WITHDRAWN AS PER STATEMENT ON 7 APRIL

- Forecast for fiscal 2020 published in Annual Report 2019 no longer upheld
- Reliable and realistic evaluation of future business performance not possible due to dynamic development of COVID-19 pandemic
- Henkel is responding to the crisis with specific measures, but cannot predict with sufficient reliability over what period and to what extent it will face further impacts
- New forecast to be published once sufficiently reliable evaluation of future business performance in 2020 is possible

▶ STRONG FINANCIAL FOUNDATION

KEY TO MASTER CHALLENGES AND EMERGE STRONGER FROM CRISIS

- **Strong balance sheet and financial flexibility**
 - Low net debt level of € -2.0 bn¹, strong A rating and availability of refinancing
 - Continued access to capital markets: successful placement of CHF 330 m bond
- **Dividend proposal unchanged at € 1.85 per preferred share to AGM on June 17**
- **Targeted cost management**
 - Realizing short-term savings without compromising on future growth
 - Strong focus on net working capital management while supporting customers

AGENDA

- 01** Key Developments Q1 2020
- 02** Sales Q1 2020 & Outlook
- 03** **Business Priorities & Closing Remarks**

► BUSINESS PRIORITIES

- Protection of employees, customers and business partners first priority
- Ensuring business continuity by mastering supply chain, logistics and operations
- Continue close collaboration with customers and trade partners in these challenging times
- Leverage and further expand digital business
- Adequately manage cost and keep strong cash focus
- Implement first set of actions within purposeful growth framework



WIN THE 20s THROUGH
**PURPOSEFUL
GROWTH**



Q & A

► CLOSING REMARKS

- Henkel with robust topline performance in Q1 in a challenging business environment
- Strong commitment to growth agenda and strategic initiatives
- Supporting employees and business partners during pandemic, ensuring business continuity and capturing emerging opportunities
- Strong balance sheet and financial flexibility
- New forecast to be published once sufficiently reliable evaluation of future business performance in 2020 is possible



WIN THE 20s THROUGH
**PURPOSEFUL
GROWTH**

▶ UPCOMING EVENTS

June 17, 2020

Annual General Meeting

August 6, 2020

Q2 & H1 2020 Release

November 10, 2020

Q3 2020 Release





March 4, 2021

Q4 & FY 2020 Release

THANK YOU

▶ ADHESIVE TECHNOLOGIES

FOUR NEW DIVISIONS ALIGNED ALONG MEGATRENDS

Old structure	New structure	Megatrend	Solutions for
Transport & Metals (23%)	Automotive & Metals (24%)	 e.g. e-Mobility	Automotive OEMs & Components, Metals
Packaging & Consumer Goods (32%)	Packaging & Consumer Goods (32%)	 e.g. Sustainability	Packaging, Consumer Goods & Lifestyle products
Electronics (10%)	Electronics & Industrials (15%)	 e.g. Connectivity	Semiconductor Packaging & Electronics Assembly, Aerospace, Industrial Assembly
General Industry (15%)	Craftsmen, Construction & Professional (29%)	 e.g. Urbanization	DIY, Craftsmen, Construction, Manufacturing & Maintenance for Professional Users

Note: Share of total sales based on fiscal 2019