



HENKEL H1 2021

Carsten Knobel, Marco Swoboda | August 12, 2021



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AGENDA

01 **Key Developments H1 2021**

02 Purposeful Growth Agenda

03 Financials H1 2021

04 Outlook & Closing

▶ VERY STRONG PERFORMANCE IN H1 2021

Double-digit organic sales growth
of +11.3% in first half 2021 with
growth across all business units
and regions



Double-digit earnings increase
with adjusted EBIT margin of 14.4%,
EPS at €2.40¹ (+30% at constant FX)

Full year 2021 guidance updated
with stronger top-line growth and
adjusted EBIT margin reflecting H2
input cost headwinds – outlook for
EPS growth¹ confirmed



**PIONEERS AT HEART
FOR THE GOOD
OF GENERATIONS**

Purposeful Growth Agenda
with continued strong progress,
expanding competitive edge and
enhancing company culture,
fueled by new purpose

▶ BUSINESS ENVIRONMENT

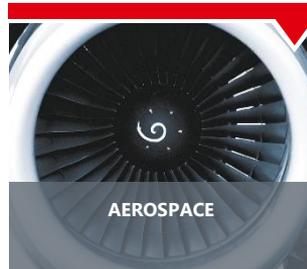
- **Strong economic recovery in H1 2021** after significant pandemic-related downturn in 2020
- **Industrial production significantly improved** with broad-based recovery across industries
- **Consumer demand with varying dynamics** in different categories and partially high volatility
- Scarcity in raw material supply and logistics with **drastic and broad-based cost inflation** in volatile markets, further **accelerating in Q2**



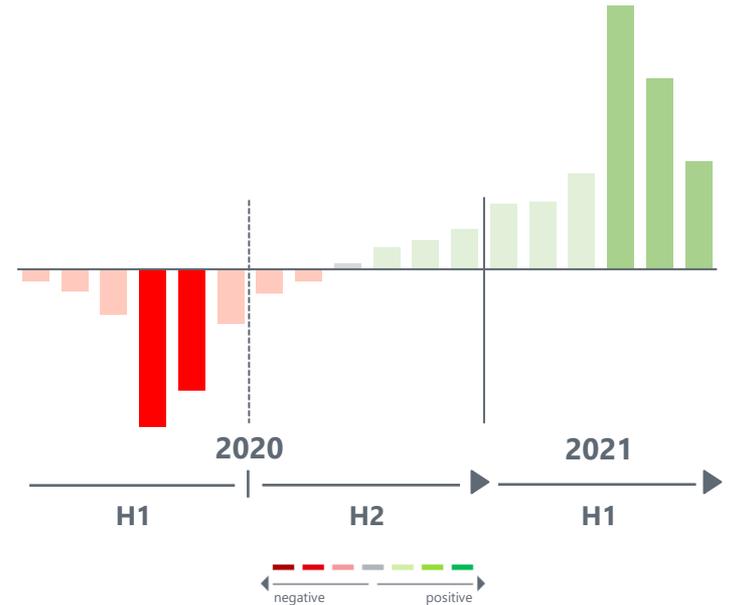
BROAD-BASED RECOVERY OF INDUSTRIAL DEMAND

DEVELOPMENT OF SELECTED MARKETS H1 2021

ADHESIVE TECHNOLOGIES MARKETS

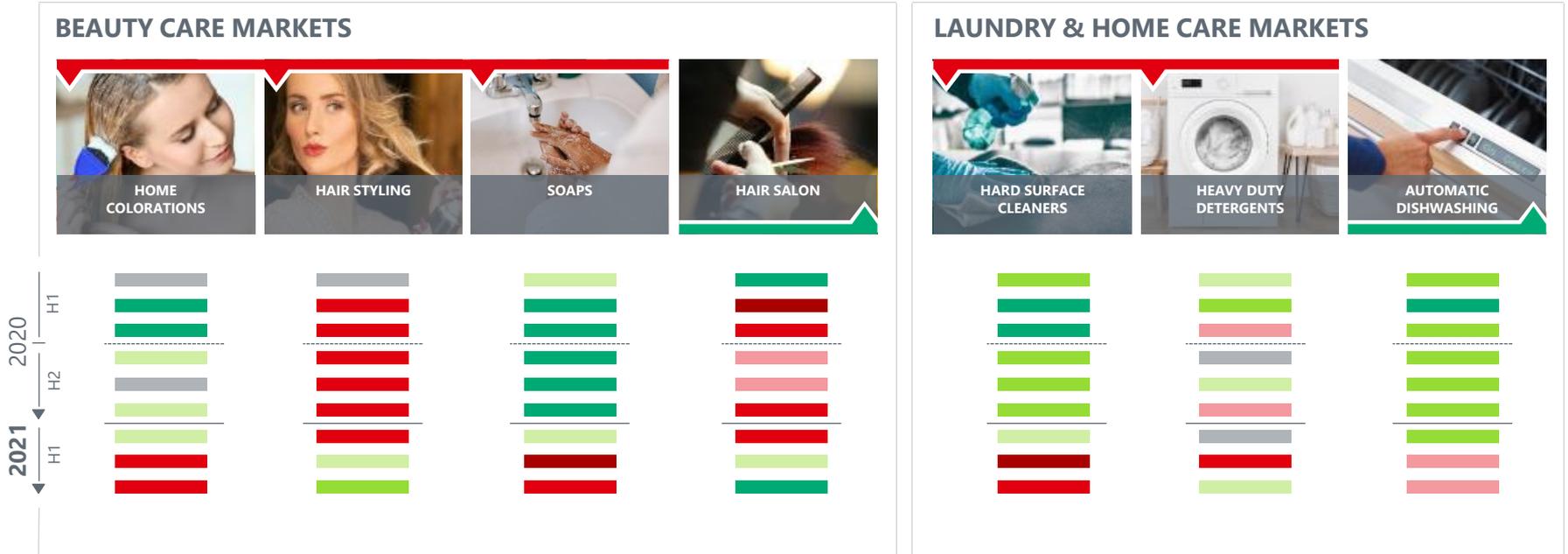


INDUSTRIAL PRODUCTION INDEX¹



▶ VARYING DYNAMICS IN CONSUMER CATEGORIES

DEVELOPMENT OF SELECTED MARKETS H1 2021¹



¹ Illustrative presentation of bi-monthly market development (year-over-year)

▶ DRASTIC AND BROAD-BASED INPUT COST INFLATION SCARCITY IN RAW MATERIAL SUPPLY AND LOGISTICS

Four fold

increase in average
number of force majeure

H1 2021 vs. H1 2020

Global supply chains facing
supply-demand imbalances
with all-time high force
majeure disruptions

+93% vs. year-end

increase of
container freight rates

Strong pick-up in global
demand and capacity
constraints leading to
substantial increase
in logistic costs

+47% vs. year-end

increase of
Brent Crude Oil price

Drastic and broad-based
price increases in raw
materials, due to recovering
volumes meeting tight
supply chains

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01

Key Developments H1 2021

02

Purposeful Growth Agenda

03

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04

Outlook & Closing

PURPOSEFUL GROWTH

WINNING
PORTFOLIO

COMPETITIVE EDGE

FUTURE-READY
OPERATING
MODELS

INNOVATION

SUSTAIN-
ABILITY

DIGITALI-
ZATION

COLLABORATIVE CULTURE & EMPOWERED PEOPLE

PROGRESS IN STRATEGIC FOCUS FIELDS

Advancing with active portfolio management:

~€ 350 m sales divested or discontinued

Attractive acquisition strengthening sustainability position

Expanding competitive edge:

Impactful innovations and sustainable solutions driving double-digit growth

Group digital sales up by 40%

Doubling down on cultural transformation:

New purpose and smart work concept launched

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Doubling down on cultural transformation:

New purpose and smart work concept launched

- **Acquisition of Swania** in France, expanding position with ecological laundry and home care products
- **Highly complementary, leading portfolio** in very attractive and profitable market segments
- M&A remains **integral part of strategy**

Attractive acquisition
strengthening sustainability
position



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Accelerate growth in attractive markets in Adhesive Technologies

- Mid double-digit growth and market share gains in **thermal interface materials for 5G applications** driven by co-developments with major customers
- Share gains in **fast-growing metal pack beverage market** thanks to major project wins at key customers
- **Strengthening leading silicone & sealant position** in North American home improvement market



Strong comeback in Beauty Care Professional

- Professional with **double-digit growth** in all regions driven by innovations and strong customer support for fast comeback of salons
- Superior innovations fueling re-opening with **IGORA Royal relaunch** and **Joico COLORFUL line extension**
- **New European & North American e-shop live**, boosting digital sales share



Driving strategic initiatives in Beauty **Consumer** in challenging markets

- **Continued growth in Hair Care** driven by consumer-focused innovations under Gliss, Extra Care and Nature Box brands
- **Outgrowing markets in Hair Color** with strong innovations under Natural & Easy and Palette brands, gaining 110 bps global share vs. pre-COVID
- Expanding millennial consumer brand **got2b** into **Color Cosmetics** category



Expanding innovation leadership in Laundry & Home Care

- **Significant growth in detergent caps** with share gains of ~75 bps, supported by **extensive innovation plan** across categories & price tiers
- **Further strengthening market leadership in Toilet Care** supported by new launch Bref Brilliant Gel – the 1st premium gel rim block in the market
- **Dishwashing gaining global share of ~60 bps** boosted by impactful innovations like Somat Excellence 4in1 Caps and Pril Antibacterial



Progress update Laundry North America



- **Innovations** across key brands 'all, Persil and Snuggle
- **Meaningful improvement in service levels** and customer in-stock levels
- **New structures** and **stronger team** with enhanced customer engagement
- **Market shares still below expectation – starting to bottom out**, trend to be confirmed in coming months

Expand leading position of Adhesive Technologies through **sustainability**

- **Unique water-based bonding technology for sports shoes** enabling CO₂ reduction of up to 30% in adhesive bonding process
- **Innovative building insulation system** driving energy savings of up to 50% and expanding leading position in active markets
- Comprehensive approach to **map and track sustainability contribution** of Adhesive Technologies portfolio



Stepping-up **sustainability** in Beauty Care and Laundry & Home Care

- Advancing **partnership with Plastic Bank**: Henkel's Social Plastic ecosystem recognized with PCD¹ Innovation Award
- Promoting sustainable packaging solutions, e.g. with **recyclable refill packaging for Nature Box**, using 74% less plastic compared to bottles
- **Further scaling up green platforms**, for example with Love Nature, already #3 brand in strongly growing green segment in Germany



- **Digital share in Group sales advanced to ~18%** with increases in all business units
- **Growth of >30% in e-commerce** in Beauty Care and Laundry & Home Care combined
- **Adhesive Technologies e-shop** with mid double-digit growth in H1, boosting sales share to >25%
- **Strategic partnership with Adobe** to jointly accelerate digital innovations

Continued **expansion of digital** sales by 40%



PROGRESS IN STRATEGIC FOCUS FIELDS

Advancing with active portfolio management:

~€ 350 m sales divested or discontinued

Attractive acquisition strengthening sustainability position

Expanding competitive edge:

Impactful Innovations and sustainable solutions driving double-digit organic growth

Group digital sales up by 40%

Doubling down on cultural transformation:

New purpose and smart work concept launched

“PIONEERS AT HEART FOR THE GOOD OF GENERATIONS”

New purpose introduced as north star of Henkel team and Purposeful Growth Strategy capturing:

- **Entrepreneurial spirit** anchored in Henkel’s DNA
- Strong sense of **responsibility, sustainability, trust and integrity**
- **Commitment to next generations**



Driving our cultural transformation

- **Cultural transformation program** in full execution to strengthen creativity, entrepreneurship and customer focus
- **100% of top executives** engaged in individual transformation journey to increase personal leadership effectiveness incl. new leadership trainings and 360° feedback
- **“Smart Work” launched** as future holistic framework, covering mobile work, role of office, workforce digitalization & employee health



MAKING OUR **CULTURAL CHANGE** TANGIBLE



work
≠
office

office
≠
desk

presence
≠
output

meeting
≠
traveling

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SALES DEVELOPMENT IN H1 2021

DOUBLE-DIGIT ORGANIC SALES GROWTH DRIVEN BY VOLUME

OSG

+11.3%

Price	Volume
+2.1%	+9.2%

M&A

+0.4%

FX

-7.0%

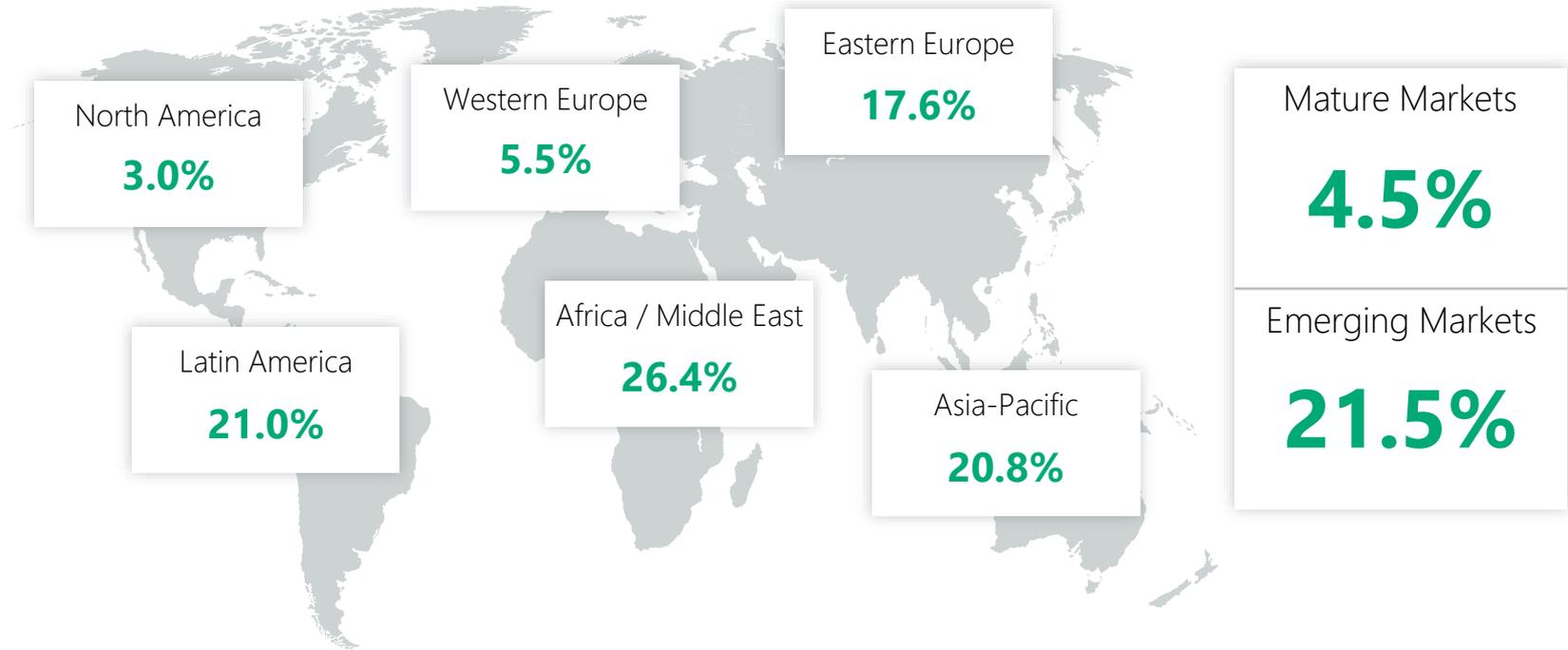


Nominal

+4.7%

▶ REGIONAL DEVELOPMENTS IN H1 2021

ALL REGIONS CONTRIBUTING TO GROWTH





ADHESIVE TECHNOLOGIES

ORGANIC SALES GROWTH H1: 20.2%

- Double-digit growth in each business area and region supported by market recovery against low prior-year basis
- **Automotive & Metals** driven by exceptionally strong Automotive business, outgrowing markets
- **Electronics & Industrials** business area with broad based recovery in Industrials and continued strong Electronics performance
- Growth in **Packaging & Consumer Goods** particularly strong in Packaging and Lifestyle
- **Craftsmen, Construction & Professional** supported by increased demand in General Manufacturing & Maintenance

▶ ADHESIVE TECHNOLOGIES

H1 2021

Organic Sales Growth

20.2%

Price	Volume
+1.2%	+19.0%

Adjusted EBIT Margin

17.3%

Change y-o-y
+420bps

Net Working Capital

10.5%

Change y-o-y
-390bps



BEAUTY CARE

ORGANIC SALES GROWTH H1: +5.2%

- Strong comeback of **Professional** with clear double-digit growth across all regions
- **Consumer** overall below previous year with mixed developments in business areas and regions
- Consumer Hair with very strong growth driven by all categories and strong share gains in Color
- Body Care double-digit % below previous year, affected by Soap – especially in North America –, lapping prior-year demand peaks



BEAUTY CARE

H1 2021

Organic Sales Growth

5.2%

Price	Volume
+1.8%	+3.3%

Adjusted EBIT Margin

10.0%

Change y-o-y
+50bps

Net Working Capital

2.9%

Change y-o-y
-100bps



LAUNDRY & HOME CARE

ORGANIC SALES GROWTH H1: +3.9%

- **Laundry Care** with good organic sales growth driven by significant growth in our #1 brand Persil
- **Home Care** with significant organic sales growth due to double-digit growth in Pril and Bref and significant growth in Somat
- Substantial **market share** gains in almost all regions, double-digit growth in emerging markets
- **North America** below prior year, affected by supply/logistics challenges; market shares starting to bottom out

▶ LAUNDRY & HOME CARE

H1 2021

Organic Sales Growth

3.9%

Price	Volume
+3.3%	+0.6%

Adjusted EBIT Margin

15.0%

Change y-o-y
-40bps

Net Working Capital

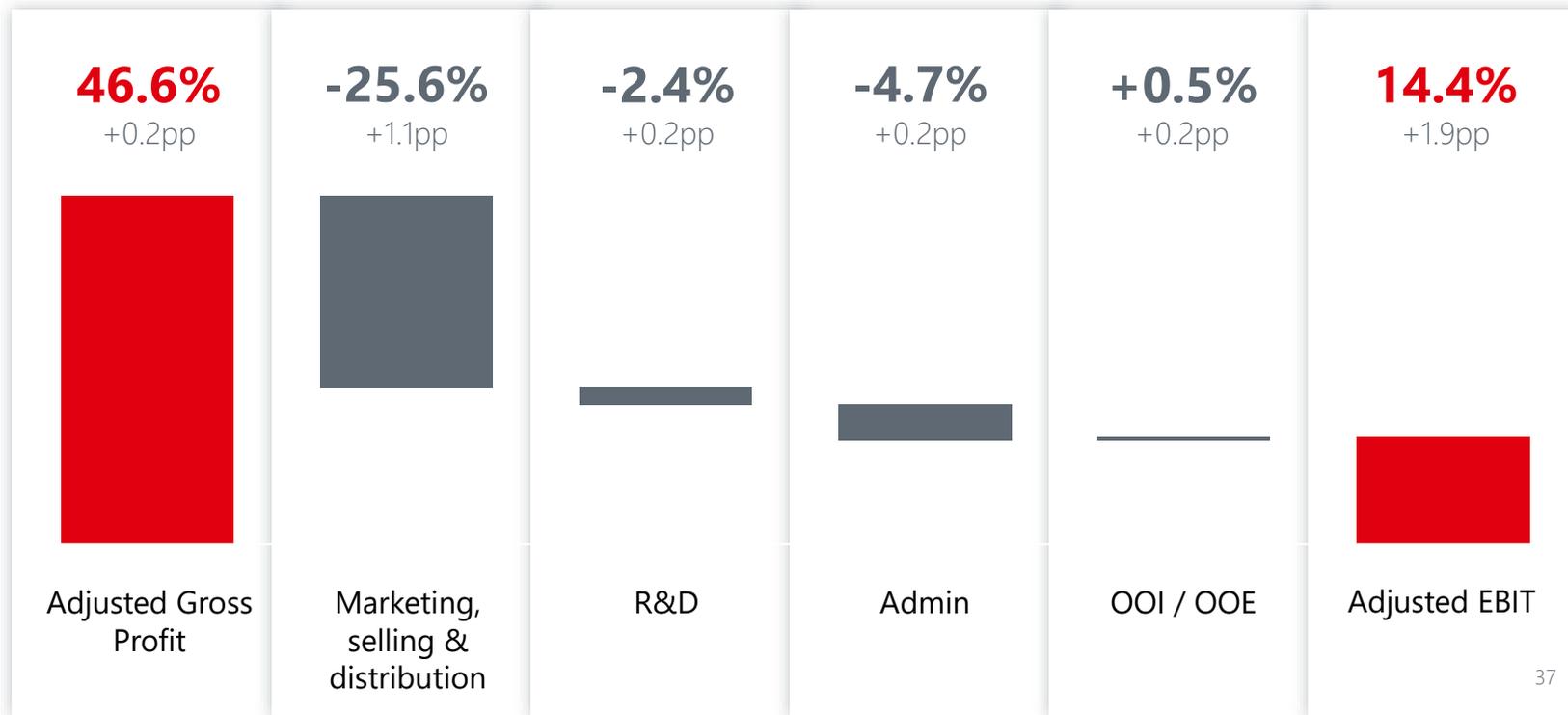
-5.7%

Change y-o-y
+50bps

▶ ADJUSTED GROSS PROFIT TO ADJUSTED EBIT

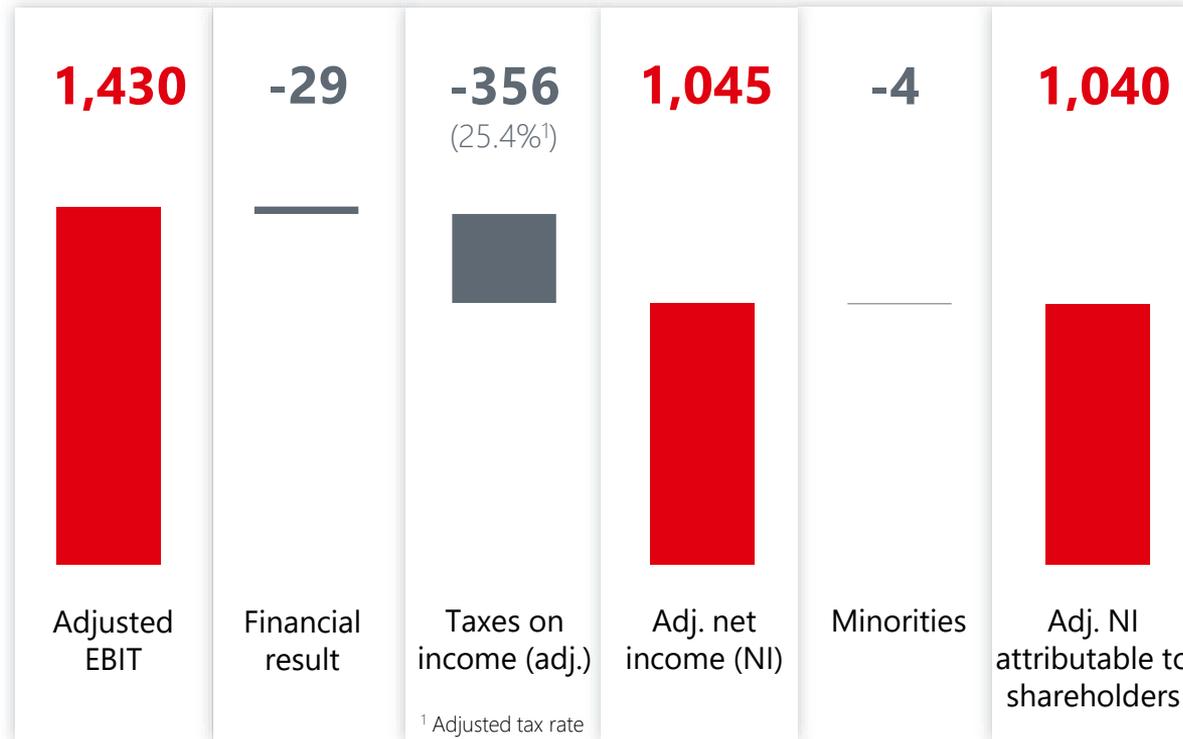
H1 2021

Impact on Adjusted EBIT Margin in pp vs. PY, in % of sales



▶ STRONG DOUBLE-DIGIT % INCREASE OF ADJUSTED EPS H1 2021

in € m



Adj. EPS per
pref. share
€ 2.40
+22.4% y-o-y
+30.1% at constant currencies

▶ CASH FLOW PERFORMANCE & FINANCIAL POSITION

H1 2021

Net Working Capital

3.6%

Change y-o-y
-80bps

Free Cash Flow

€ 471 m

Change y-o-y
€ -468 m

Net Financial Position

€ -1,035 m

Change vs. year-end
€ -147 m

➤ **Dividend of € 1.85 per preferred share, ~€ 800 m paid out to shareholders**

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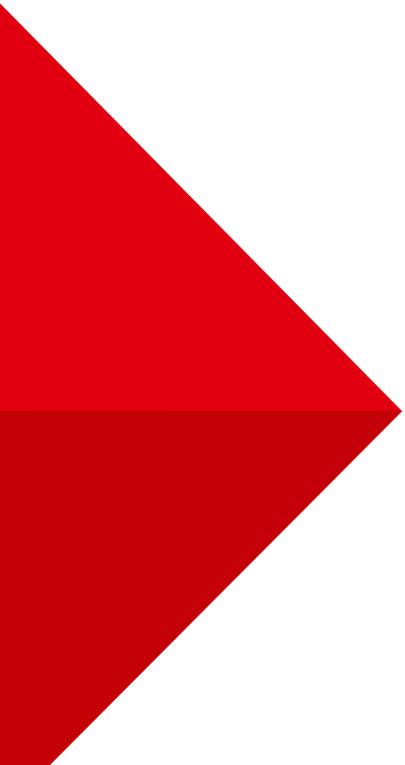
▶ GUIDANCE 2021

	FY 2021 – previously	FY 2021 – updated
Organic Sales Growth	4.0 to 6.0%	6.0 to 8.0%
Adjusted EBIT Margin	14.0 to 15.0%	13.5 to 14.5%
Adjusted EPS ¹ (at constant currencies)	High single-digit to mid-teens %	High single-digit to mid-teens %

▶ BUSINESS PRIORITIES

- Protect and support employees, customers and business partners
- Successfully manage performance across all business units in volatile markets and unprecedented raw material and supply chain environment
- Drive execution of Purposeful Growth Agenda with focus on expanding our competitive edge and enhancing our company culture
- Continued focus on executing active portfolio management



A large red triangle graphic on the left side of the slide, pointing to the right.

Q & A

▶ CLOSING REMARKS

- Henkel with overall **very strong top- and bottom-line performance in first half 2021** with growth across all business units and regions
- **Agile management of volatile business environment** and **challenging supply markets**
- **Strong financial foundation** sustained with almost stable Net Financial Position
- Implementation of **Purposeful Growth Agenda** with **clear and tangible progress** while our journey continues
- **2021 outlook updated:** Stronger top-line growth expected and margin reflecting input cost pressures – EPS growth outlook confirmed

▶ UPCOMING EVENTS

November 8, 2021

Q3 2021 Release

February 23, 2022

Q4 & FY 2021 Release

April 4, 2022

Annual General Meeting

THANK YOU



▶ GUIDANCE 2021

Organic Sales Growth

+6.0 to 8.0%

Adhesive Technologies +10.0 to 12.0%

Beauty Care +2.0 to 4.0%

Laundry & Home Care +2.0 to 4.0%

Adjusted EBIT Margin

13.5 to 14.5%

Adhesive Technologies 16.0 to 17.0%

Beauty Care 9.5 to 10.5%

Laundry & Home Care 14.0 to 15.0%

Adjusted EPS¹

High single-digit to mid-teens %

increase at constant exchange rates

► FY 2021: ADDITIONAL INPUT FOR SELECTED KPIS

Currency Impact on Sales	Mid-single-digit % negative ¹
Prices for Direct Materials	Increase by low teens % ¹
Restructuring Charges	€ 250 - 300m
CapEx	€ 600 - 700m

▶ RECONCILIATION REPORTED TO ADJUSTED EBIT

H1 2021

in € m

Reported EBIT	One-time gains	One-time charges	Restructuring	Adjusted EBIT
1,296	-12	+51	+94	1,430