



HENKEL FY 2022

CARSTEN KNOBEL, MARCO SWOBODA, 7 MARCH 2023



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KEY TOPICS TODAY



RESULTS FY 2022 & OUTLOOK FY 2023

- Significant top-line growth, earnings impacted by unprecedented input cost headwinds
- Outlook FY 2023: poised for further growth

UPDATE ON STRATEGY PROGRESS & HENKEL CONSUMER BRANDS

- Consistent progress across all strategic pillars of Purposeful Growth Agenda
- Implementation of Henkel Consumer Brands well on track – with next milestones defined

AGENDA

- 01 Key Developments FY 2022**
- 02 Progress Strategic Framework & Update on Henkel Consumer Brands
- 03 Results FY 2022 & Outlook FY 2023
- 04 Key Take-Aways & Closing



HIGHLIGHT ACHIEVEMENTS IN FY 2022

OVERALL ROBUST
**BUSINESS
PERFORMANCE**
IN CHALLENGING
ENVIRONMENT



**STRONG
PRICING**
MITIGATING
SUBSTANTIAL INPUT
COST PRESSURES

CREATION OF
**HENKEL
CONSUMER
BRANDS**

AHEAD OF PLAN –
WITH FIRST SAVINGS
REALIZED



FURTHER
SHAPED OUR
PORTFOLIO



**ADHESIVE
TECHNOLOGIES**
SHAPING E-MOBILITY,
CONNECTIVITY &
SUSTAINABILITY

ADVANCING WITH
**2030+
SUSTAINABILITY
AMBITION
FRAMEWORK**



**DRIVING
INNOVATIONS**
WITH NEW TECHNOLOGIES



STRINGENT
CAPITAL ALLOCATION WITH
ATTRACTIVE **DIVIDENDS**
AND **SHARE BUYBACK**

HIGHLY CHALLENGING MARKET ENVIRONMENT

Unprecedented rise in raw material and logistic costs, with dynamics peaking in H2/22 – total headwinds of more than € 2 bn



Strained supply chains with ~900 disruptions globally



Broad implications from **war in Ukraine** – including sharp rise in energy costs



Slowdown of industrial production throughout the year

Consumer behavior increasingly reflecting **inflationary environment** – global inflation rate of ~7.5%



SIGNIFICANT TOPLINE AND ROBUST EARNINGS PERFORMANCE

FY 2022

ORGANIC
SALES GROWTH¹

8.8%

Organic growth
backed by
double-digit pricing

ADJUSTED
EBIT MARGIN

10.4%

Strong pricing and
savings not fully
compensating for
substantial input cost
headwinds

ADJUSTED
EPS²

€3.90

-17.8% at constant
currencies

FREE
CASH FLOW

€0.7 bn

Net financial position
at €-1.3 bn

DIVIDEND³

€1.85

Strong financial
position allowing for
stable dividend

NEW EXECUTIVE VICE PRESIDENT ADHESIVE TECHNOLOGIES

Mark Dorn new Management Board member since February 1, 2023

- Broad and long-term experience in international industrial businesses, deep knowledge of Adhesive Technologies business unit
- Started career at Henkel in 1992 – followed by various management positions at Cognis and BASF
- Back at Henkel since 2019: responsible for entire Adhesive Technologies business in APAC, and globally for Craftsmen, Construction and Professional business area; President for Henkel in APAC
- Succeeded Jan-Dirk Auris, who left Henkel end of January 2023 after ~35 years of successful service



MARK DORN

OUTLOOK 2023

ORGANIC SALES GROWTH

1.0 to 3.0%

ADJUSTED EBIT MARGIN

10.0 to 12.0%

ADJUSTED EPS¹

-10 to +10%



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DRIVING OUR STRATEGIC AGENDA

Shaping our company along a clear framework

- **Continued progress** along all pillars of Purposeful Growth Agenda
- **Next level of implementation** well on track
- **Driving Consumer Brands merger** with full force – one of the biggest transformations of Henkel in recent decades

WIN THE 20s THROUGH PURPOSEFUL GROWTH



LAUNCHING IMPACTFUL INNOVATIONS IN ADHESIVE TECHNOLOGIES

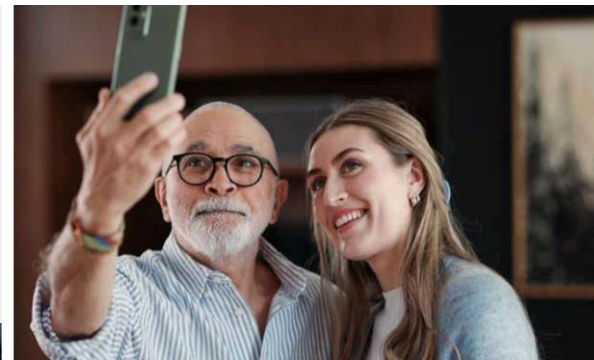


Technomelt Supra ECO enabling more sustainable packaging

- Packaging hotmelt adhesive **composed of up to 98% bio-based materials**
- Enables manufacturers to **reduce carbon footprint** of packaging while **ensuring highest performance**

New conductive coating for electrodes for fast-growing EV battery market

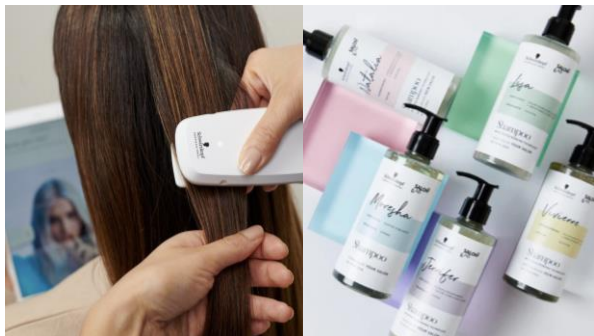
- Enhances **battery performance** through up to **30% increase in conductivity**
- Enables **>20% reduction of energy consumption** in manufacturing process



Enhanced product range for consumer electronics

- Further development of **bio-based PUR hotmelt adhesives platform**
- **Increased share of renewable, plant-based feedstock** – excellent adhesion and processing properties

LAUNCHING IMPACTFUL INNOVATIONS IN OUR CONSUMER BUSINESSES



SalonLab&Me: Hyper-personalized hair care

- New **B2B2C business model** combining in-salon hair consultation with convenient online shopping experience
- **>200,000 consultations** since launch with **~10 million data points** generated

Persil "Deep Clean" with Dispersin

- Introduction of **highly innovative and exclusive enzyme technology**
- Enabling **removal of biofilm** for deep clean laundry and hygienically clean machine – **10x better malodor removal**



Sustainable packaging portfolio

- Schauma offering **recyclable and refillable big size bottles** made out of 50% recycled plastic
- **New Pril Strong & Natural** range with dispenser bottles and **recyclable refill packs using 70% less plastic** (vs. bottle)

DRIVING PROGRESS IN SUSTAINABILITY

Climate protection

- **Reduced CO₂ emissions** per ton of product in own operations by **-55%** (vs. base year 2010)
- Enabled **>78m tons CO₂ reduction** with customers, consumers and suppliers (2016 – 2022)
- **Partnership with BASF** to **substitute up to 110,000 tons fossil-based ingredients** with renewable carbon sources under mass balance approach



Sustainable Finance

- Placement of **€650m bond** under “Sustainable Finance Framework”
- 2/3 of outstanding **bond volume sustainability-linked**

External assessment

- **Excellent results** in ratings and rankings
- Including **EcoVadis Platinum Recognition Level**, **ISS ESG Prime status (B+)**



FOSTERING DIGITAL TRANSFORMATION



Digital sales share

- Digital sales with double-digit organic growth
- **Digital sales share at 20%** (+140bp vs. 2021)

Data-driven R&D platform

- **Digital end-to-end lab data platform** in Adhesive Technologies scaled across >40 countries
- **Faster innovation processes** through automation and advanced analytics: data from >130,000 tests in 2022



Fully leveraging digital potentials

- Driving **Industry 4.0** initiatives across the supply chain
- Leveraging **digital business platform RAQN**: live in 44 countries, used for >2,500 campaigns
- **Venture Fund II** of €150m with focus on **digital commerce**, innovation and sustainability

STRENGTHENING OUR COMPANY CULTURE

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



Unifying and stable anchors during challenging times

- Cultural transformation guided by **purpose** and **leadership commitments** as the north star
- Embedding cultural change with **clear set of training and engagement opportunities**

Working towards gender parity

- Share of **women in management** further increased to **~39%**



Smart Work

- **Global** implementation of **hybrid** strategy across **all countries**
- **Health and wellbeing** as important pillars to strengthen employee resilience

Further initiatives

- Launched new regular Employee Listening **Pulse Check**
- Second global learning festival to drive **learning culture**: total of **~690,000** digital learning hours



SHAPING OUR PORTFOLIO AND OPERATING MODELS

Acquisitions

- Acquisition of **Shiseido's Hair Professional business in APAC**
- **Two technology acquisitions in Adhesive Technologies:** strengthened expertise in innovative surface and thermal management solutions



Creation of Henkel Consumer Brands

- Merger of consumer businesses **well on track**
- Organizational set-up live and **integration in full swing**



Divestments/Discontinuations

- **Divested global soldering agents business** in Adhesive Technologies
- **Sharpened consumer portfolio** around global categories Laundry & Home Care and Hair: total sales volume of **€ ~0.4 bn discontinued or divested**



Shared Service Centers: further extension of service scope

- **Insourcing of creative content development**
- **>26,000 artworks and digital assets** created

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DELIVERING ON OUR STRATEGY

Executing stringent framework for shaping our integrated multi-category Consumer Brands platform

- **New Consumer Brands business unit** live as of January 2023
- Optimization of **portfolio** with **clear focus on attractive global categories Hair and Laundry & Home Care** and overall **reduction of complexity**
- Realizing significant **synergies and savings**, enhancing profitability, strengthening competitiveness and fostering **growth dynamics**
- Implementation of **Phase 1 well underway, Phase 2 initiated**

BECOMING BETTER IN 2 PHASE APPROACH

Reaching ~€500m¹ gross savings with re-investments in the business

driven by multiple levers:
Portfolio – SG&A – Supply Chain

Phase 1

Mostly implemented until end of '23

- ~€250m¹ net savings
- Impacting ~2,000 mainly white-collar employees
- One-time cost of ~€350m
- Portfolio of up to €1bn sales under review

Phase 2

Mostly implemented until end of '25

- **Net savings** will be defined
- Focusing on **Supply Chain** footprint measures
- **One-time costs and CAPEX** to be specified

¹ on an annualized basis

as shown on May 5, 2022



REALIZING SIGNIFICANT **SYNERGIES** AND **SAVINGS**

PHASE 1

Progress 2022

Way Forward

ORGANIZATIONAL SET-UP	Organizational set-up live in all regions and across all Consumer Brands functions ~1,000 positions reduced by year-end	Further optimization of organizational set-up and teams Overall ~2,000 affected positions confirmed
NET SAVINGS	First net savings of ~€60m already realized	On track to reach ~€250m net savings in full swing in 2024
ONE TIME COSTS / RESTRUCTURING	~€290m	Total of ~€350m confirmed
FOCUS AREAS OF REINVESTMENTS	Along global categories / media investments for brand building / focus on brands and categories with attractive margin profiles	



SHAPING OUR CONSUMER **PORTFOLIO**: PHASE 1

Progress 2022

PORTFOLIO OPTIMIZATION MEASURES

Successfully **executed ~€0.4 bn** out of up to €1bn sales under review – thereof **~€0.2bn portfolio optimization measures and the remainder divestments**

Fundamental portfolio transformation with **exit from categories Oral, Skin and selective Body Care markets**

Vademecum TheraMed ERBOMESTERIA LICOR POLO Denivit DIADERMINE

Way Forward

Up to ~€0.6 bn remain under review

Further **reduction of portfolio complexity** incl. longtail simplification

Strengthen “hero” SKUs and support innovation pipeline

ACQUISITIONS

Acquisition of Shiseido’s Professional business in APAC to strengthen regional footprint in attractive market

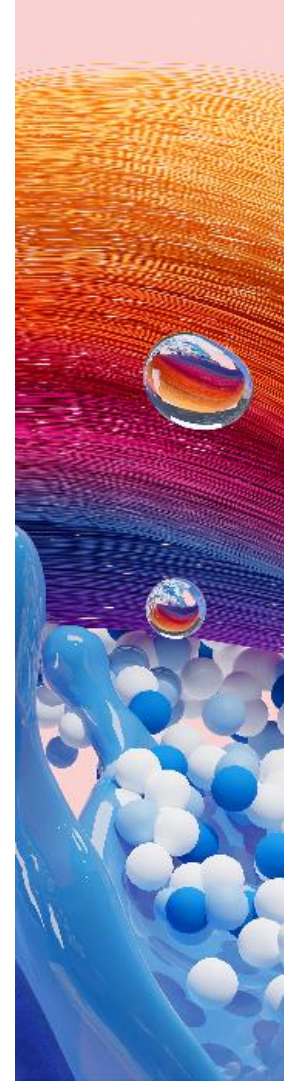
Short-term focus on integration, while M&A remains integral part of strategy



REALIZING SIGNIFICANT **SYNERGIES** AND **SAVINGS**

PHASE 2

TIMING	Implementation starting in 2023
SCOPE	Focus on supply chain excellence <ul style="list-style-type: none">▪ Improve efficiency of own production set up▪ Optimize contract manufacturers network▪ Drive commercial integration with optimized logistics capabilities▪ Leverage procurement opportunities
NET SAVINGS	€~150m, in full swing in 2026
ONE TIME COSTS / RESTRUCTURING	~€250m ¹

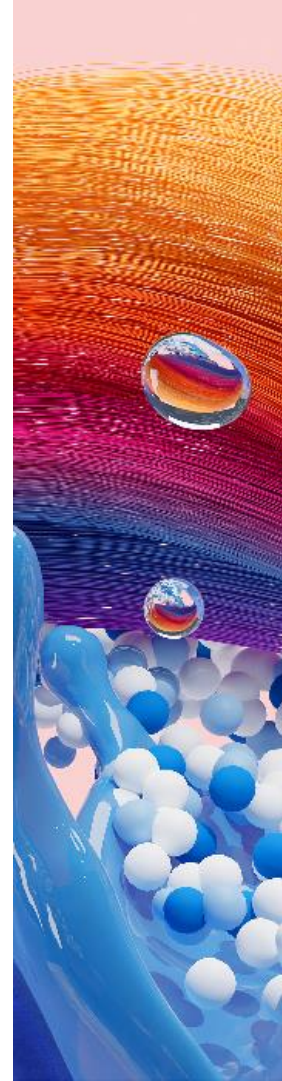


ACCELERATING PROFITABLE **GROWTH**

- Total **Consumer Brands** with **strong organic growth of 3.9% in 2022** despite difficult market environment and continued portfolio streamlining
- Our global categories **Hair and Laundry & Home Care** **gaining market shares**



- **Measures implemented in phases 1 + 2 as catalyst for accelerated profitable growth**
- **Continued focus on strengthening foundation** for sustainable profitable growth platform in Consumer Brands
 - Drive brand equities and equity-based pricing
 - Focused marketing spend optimization
 - Step up innovation power through superior technologies
 - Strengthen portfolio in attractive category / country combinations in global categories Hair and Laundry & Home Care
- **M&A remains integral part of our strategy** – continuously **reviewing opportunities in global core and adjacent categories** with customer and consumer overlap, similarity in supply chain, profitability and growth perspective



DELIVERING ON OUR STRATEGY

Wrap-up

- **Organizational set-up** live
- **Portfolio optimization** well on track
- **First savings/synergies** realized
- **Phase 2 initiated** with further net savings of ~€150m
- **Total savings for Phase 1 & 2 combined:** gross savings of ~€500m, net savings of ~€400m
- **Strong fundament** for sustainable and profitable growth going forward

BECOMING BETTER IN 2 PHASE APPROACH

Reaching ~€500m¹ gross savings with re-investments in the business

driven by multiple levers:
Portfolio – SG&A – Supply Chain

Phase 1

Mostly implemented until end of '23

- ~€250m¹ net savings
- Impacting ~2,000 mainly white-collar employees
- **One-time** costs of ~€350m
- Portfolio of **up to €1bn** sales under review

Phase 2

Mostly implemented until end of '25

- ~€150m¹ net savings
- Focusing on **Supply Chain** excellence
- **One-time** costs of ~€250m², related CAPEX for 2023 reflected in guidance

¹ on an annualized basis

² Corresponding part of restructuring expenses included in guidance for 2023



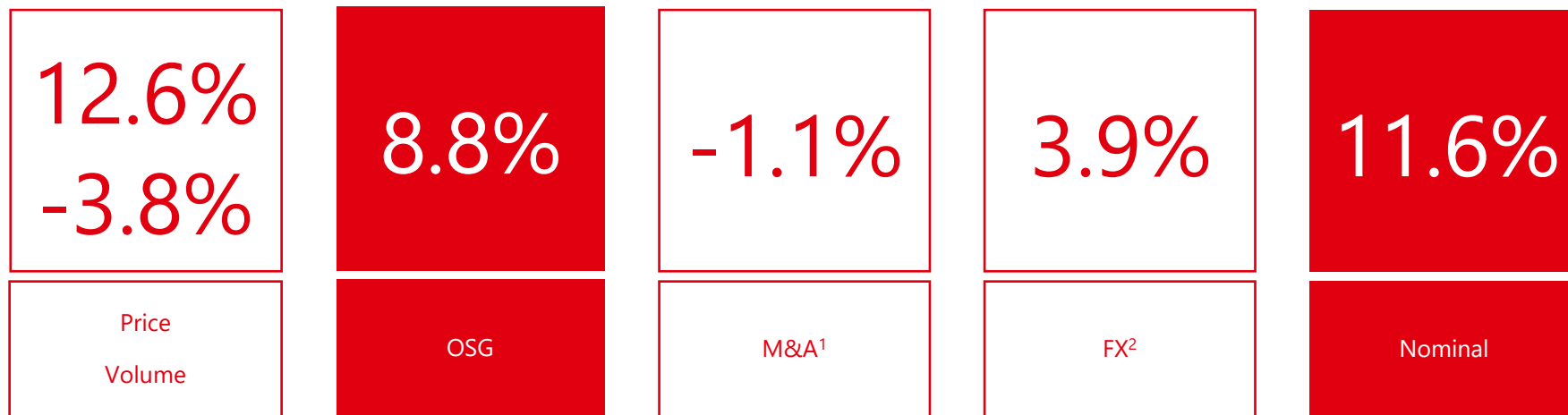
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ORGANIC SALES GROWTH DRIVEN BY STRONG PRICING

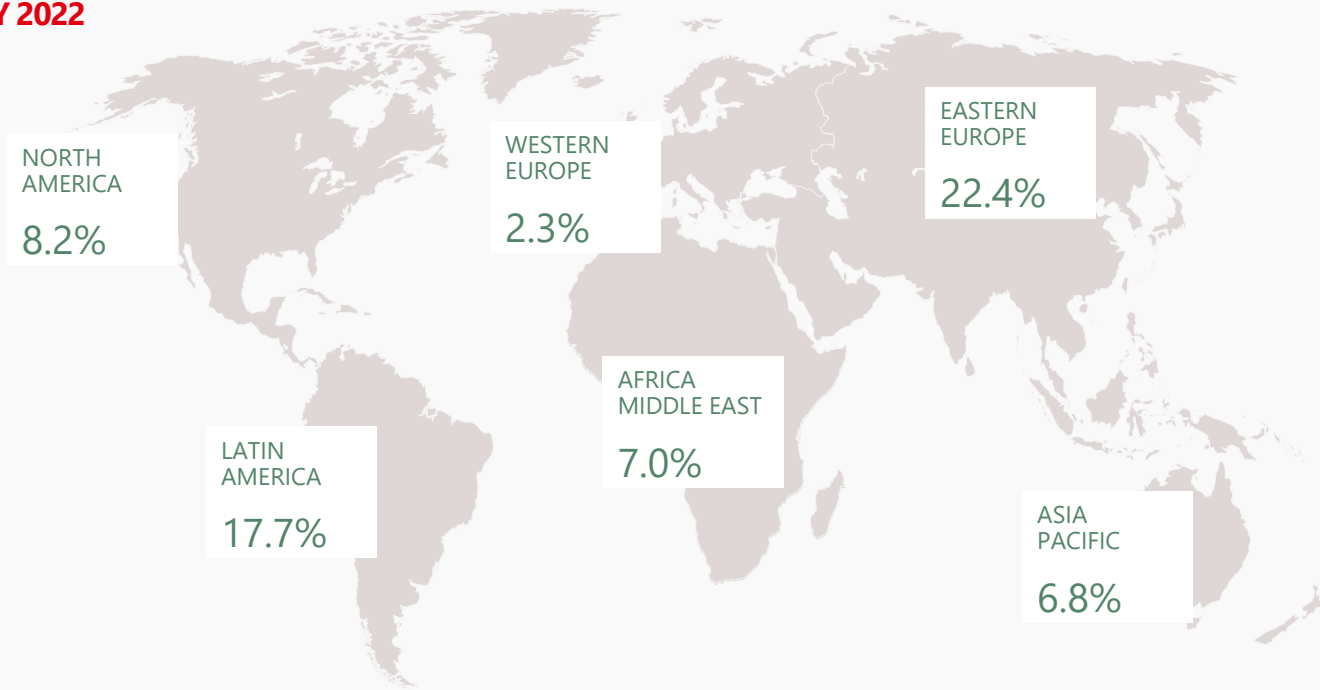
FY 2022



- Significant organic growth driven by strong pricing across business units
- Nominal sales reaching all-time high of €22.4 billion

ORGANIC GROWTH ACROSS ALL REGIONS

FY 2022



MATURE
MARKETS

5.2%

EMERGING
MARKETS

13.3%

ADHESIVE TECHNOLOGIES

FY 2022

ORGANIC
SALES GROWTH

13.2%

Price:
13.8%

Volume:
-0.6%

ADJUSTED
EBIT MARGIN

13.6%

Change y-o-y:
-260 bps

- Double-digit organic sales growth driven by strong acceleration of pricing
- All business areas and regions contributing to continued organic sales growth:
 - Double-digit growth in **Automotive & Metals** and **Packaging & Consumer Goods**
 - **Electronics & Industrials** with very strong growth
 - **Craftsmen, Construction & Professional** with significant growth
- Adj. EBIT margin affected by substantial raw material price headwinds



BEAUTY CARE

FY 2022



- Slightly negative organic sales development – strong pricing, volume below prior year
 - **Consumer** below previous year mainly due to portfolio measures and with mixed developments across categories and regions
 - **Professional** continues track record with very strong organic growth driven by emerging markets
- Adj. EBIT margin impacted by substantial input cost increases



LAUNDRY & HOME CARE

FY 2022

ORGANIC
SALES GROWTH

6.3%

Price:
12.9%

Volume:
-6.6%

ADJUSTED
EBIT MARGIN

8.6%

Change y-o-y:
-510 bps

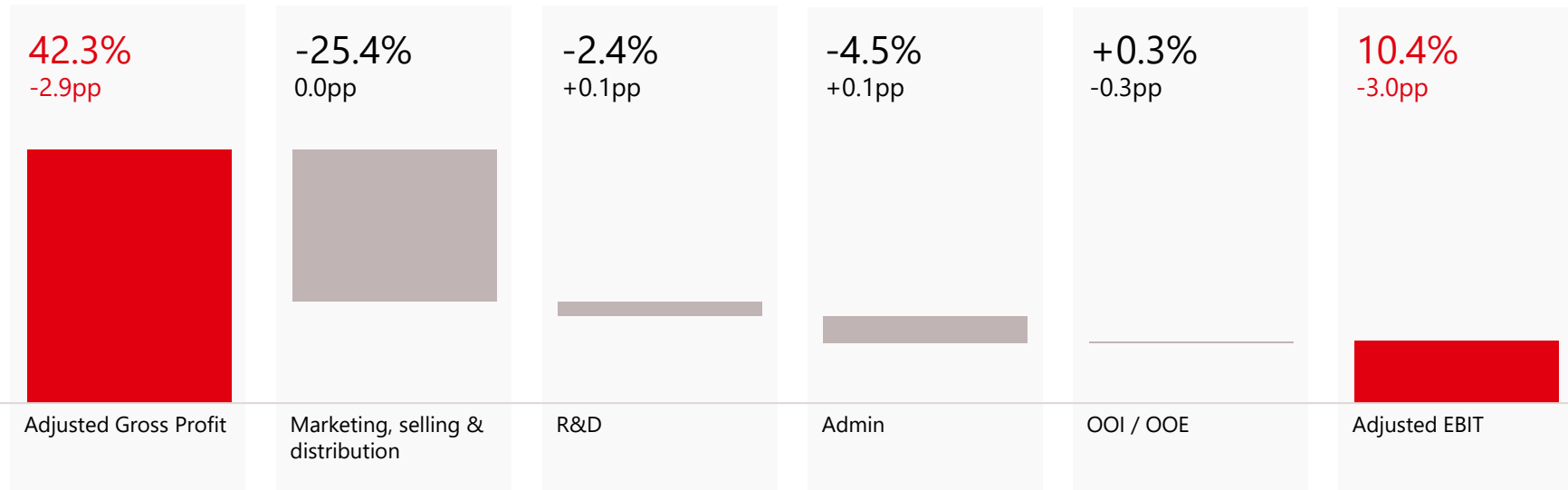
- Very strong organic growth driven by double-digit pricing while volumes declined
 - **Laundry Care** with significant growth driven by double-digit growth of our brands Persil and Perwoll
 - **Home Care** with positive growth despite normalization of elevated demand levels for hygiene-related categories
- North America with organic growth and stabilization of market shares
- Adj. EBIT margin below prior year due to drastic input cost increases



BRIDGE FROM ADJUSTED GROSS PROFIT TO ADJUSTED EBIT

FY 2022

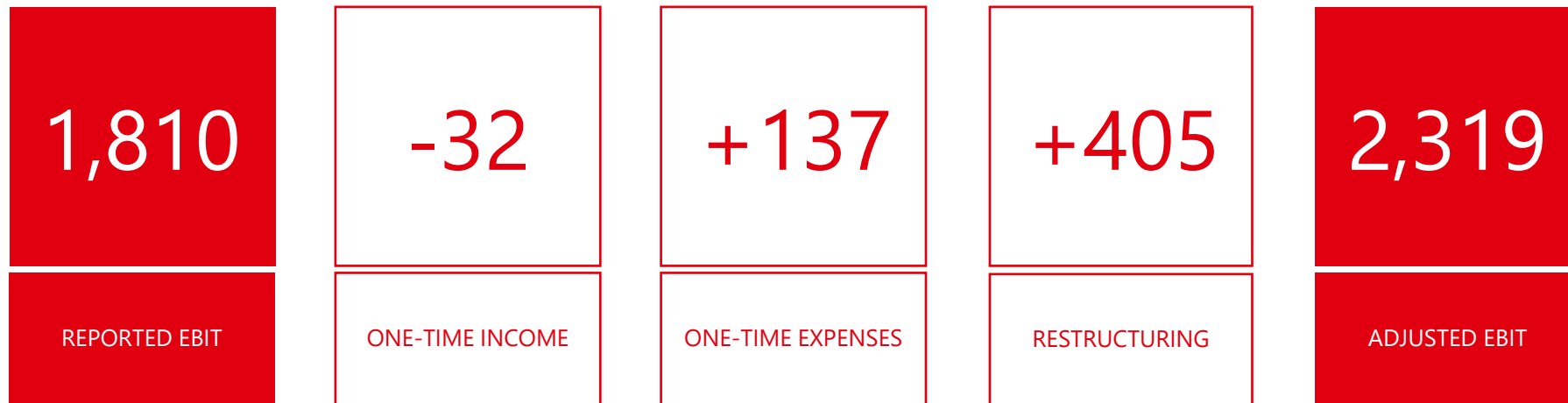
IMPACT ON ADJUSTED EBIT MARGIN IN PP VS. PY, IN % OF SALES



BRIDGE FROM REPORTED TO ADJUSTED EBIT

FY 2022

in € m

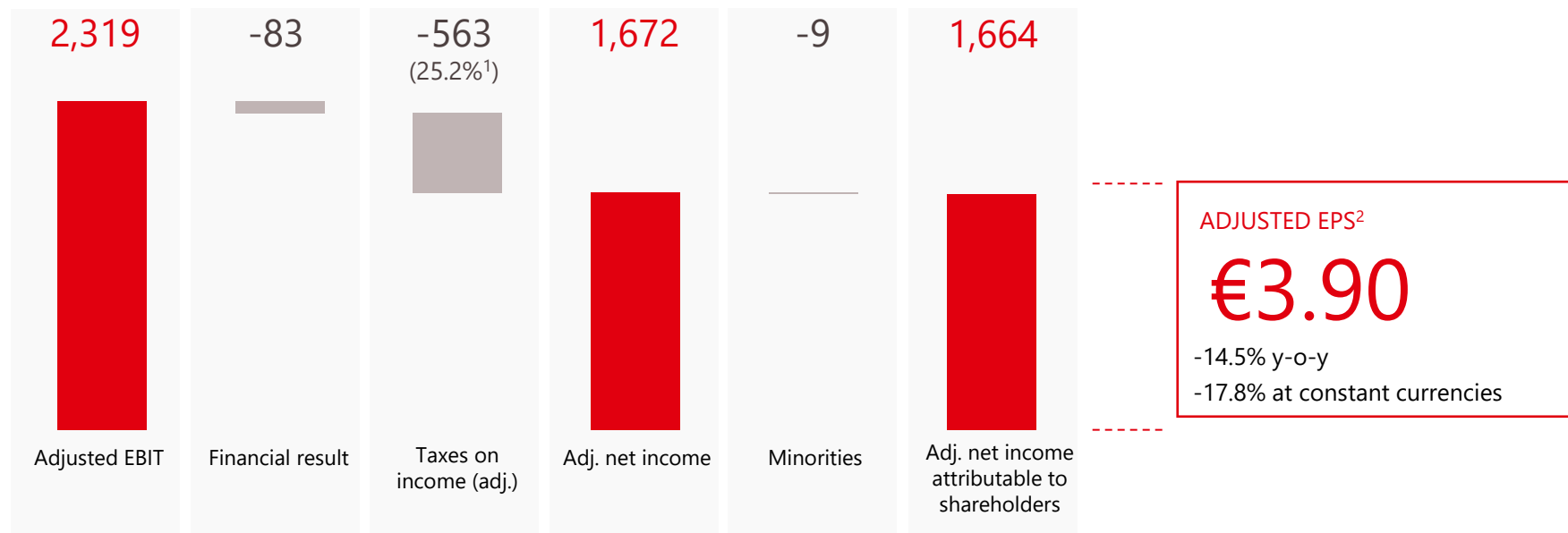


- Restructuring/one-time expenses mainly related to merger of consumer businesses into Consumer Brands

BRIDGE FROM ADJUSTED EBIT TO ADJUSTED EPS

FY 2022

in € m



WORKING CAPITAL, CASH FLOW AND FINANCIAL POSITION

FY 2022

NET WORKING CAPITAL	FREE CASH FLOW	NET FINANCIAL POSITION
4.5%	€653 m	€-1,267 m
Change y-o-y +230 bps	Change y-o-y -€825 m	Change y-o-y -€975 m

- Increased net working capital mainly due to substantial input price increases and selective safety stocks
- Free cash flow impacted by weaker operating cash flow resulting from higher working capital requirements and lower EBIT
- Net financial position reflecting payout of ~€1.6 bn for dividends and share buyback program

STRINGENT EXECUTION OF CAPITAL ALLOCATION STRATEGY

FY 2022

<ul style="list-style-type: none">Investing in growth, maintenance/rationalization and sustainability/digitalTotal CapEx equivalent to 2.6% of Group sales in 2022	<p>INVESTMENTS 2022</p> <p>€600 m</p>	<p>NO. OF ACQUISITIONS 2022</p> <p>3</p>	<ul style="list-style-type: none">Two technology acquisitions in Adhesive TechnologiesAcquisition of Shiseido's Hair Professional business in APAC
<ul style="list-style-type: none">Stable dividend proposedStrong financial position allowing for payout ratio above target range	<p>DIVIDEND¹ FOR 2022</p> <p>€1.85</p>	<p>SHARE BUYBACK 2022</p> <p>€812 m</p>	<ul style="list-style-type: none">Buyback started in Feb 2022Up to €1 bn to be purchased until end of Q1 2023

OUTLOOK 2023

KEY ASSUMPTIONS AND FACTORS

Business environment

- **Inflation** remains elevated – wage increases and continued high energy prices expected
- **Macroeconomic headwinds** resulting in anticipated slowdown of industrial production and consumer spending
- Average **direct materials** price expected to increase by a low to mid single-digit percent rate, with tight supply chains
- Slightly negative **FX** impact on sales



Portfolio

- **Russia exit** assumed to be finalized by end of Q1/2023 – disposal reflected in top and bottom line guidance
- **Portfolio optimization measures in Consumer Brands** reflected in OSG guidance

OUTLOOK 2023

ORGANIC SALES GROWTH¹

1.0 to 3.0%

ADHESIVE
TECHNOLOGIES 1.0 to 3.0%

CONSUMER
BRANDS 1.0 to 3.0%

ADJUSTED EBIT MARGIN

10.0 to 12.0%

ADHESIVE
TECHNOLOGIES 13.0 to 15.0%

CONSUMER
BRANDS 7.5 to 9.5%

ADJUSTED EPS²

-10 to +10%

Reflecting high level of
market uncertainty
and volatility

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KEY TAKE-AWAYS

- **Henkel's performance in FY 2022** with significant organic growth driven by strong pricing across business units – earnings reflecting drastic input cost pressures
- **Outlook for FY 2023:** poised for further growth
- **Consumer Brands** business unit live – implementation well on track: first savings realized, next milestones defined
- **Good progress** along all strategic pillars

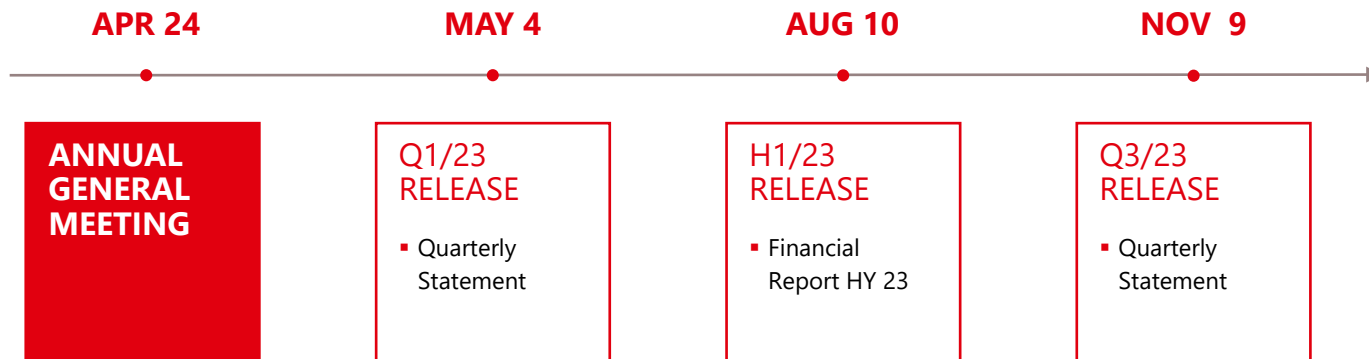


Q&A

UPCOMING EVENTS

What's next

2023



THANK YOU.



ORGANIC SALES GROWTH FY & Q4 2022

	FY	Q4
HENKEL GROUP	8.8%	6.0%
ADHESIVE TECHNOLOGIES	13.2%	11.5%
BEAUTY CARE	-0.5%	-3.9%
LAUNDRY & HOME CARE	6.3%	2.9%

RESULTS 2022 & OUTLOOK 2023

		RESULTS 2022	OUTLOOK 2023
ORGANIC SALES GROWTH ¹	ADHESIVE TECHNOLOGIES	13.2%	+1.0 to +3.0%
	CONSUMER BRANDS	3.9% (pro forma ³)	+1.0 to +3.0%
	HENKEL GROUP	8.8%	+1.0 to +3.0%
ADJUSTED EBIT MARGIN	ADHESIVE TECHNOLOGIES	13.6%	13.0 to 15.0%
	CONSUMER BRANDS	8.3% (pro forma ³)	7.5 to 9.5%
	HENKEL GROUP	10.4%	10.0 to 12.0%
ADJUSTED EPS ²	Reflecting high level of market uncertainty and volatility	-17.8%	Development in the range of -10.0 to +10.0%

OUTLOOK 2023

ADDITIONAL INPUT FOR SELECTED KPIS

Currency Impact on Sales	Low single-digit % negative ¹
M&A Impact on Sales	Mid single-digit % negative ²
Prices for Direct Materials	Low-to-mid single-digit % increase ¹
Restructuring Charges	€ 300 – 350m
CapEx	€ 650 – 750m

FINANCIAL REPORTING FROM 2023 ONWARDS¹

Group

Top & bottom line

HENKEL

Business unit

Top & bottom line

ADHESIVE TECHNOLOGIES

CONSUMER BRANDS

Business area

Topline

Automotive
& Metals

Packaging
& Consumer
Goods

Electronics
& Industrials

Craftsmen,
Construction
& Professional

Laundry &
Home Care

Hair

Other



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