



# HENKEL H1 2022

CARSTEN KNOBEL, MARCO SWOBODA, 15 AUGUST 2022



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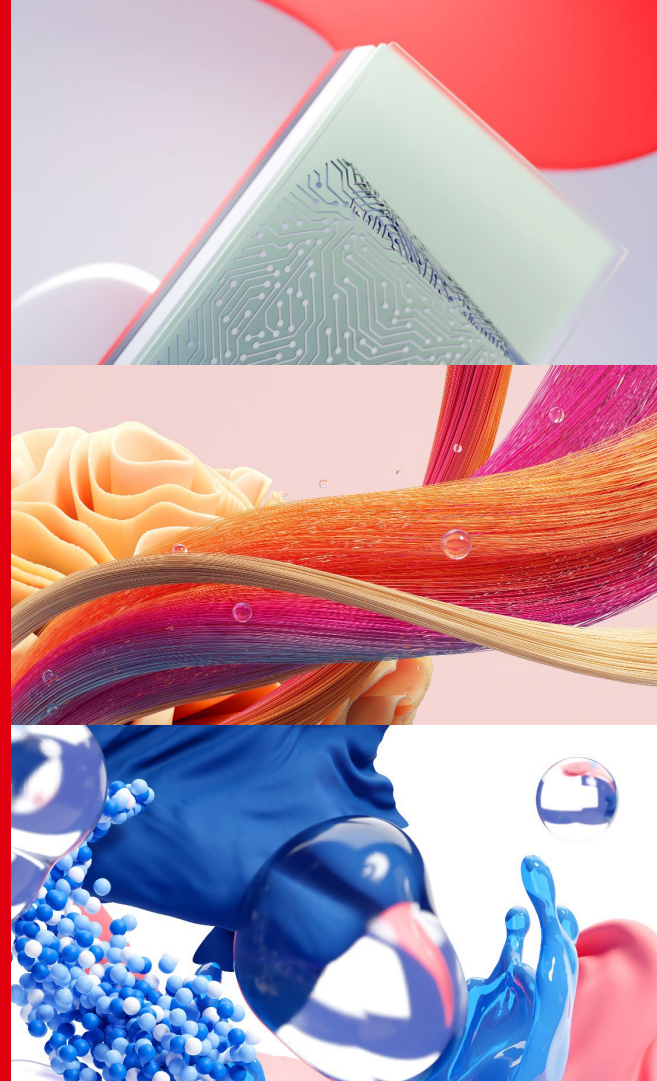
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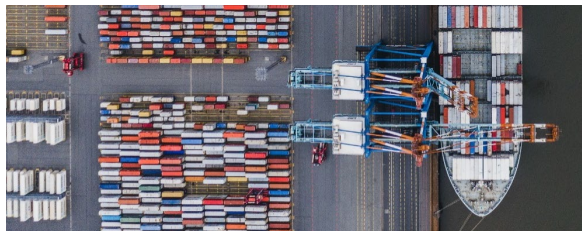
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# AGENDA

- 01 **Key Developments H1 2022**
- 02 Results H1 2022 & Outlook
- 03 Progress Strategic Framework
- 04 Key Take-Aways & Closing



# KEY TOPICS TODAY



## BUSINESS ENVIRONMENT

- Inflationary environment with substantial input cost pressures
- Continued high volatility and uncertainty



## RESULTS H1 2022 & OUTLOOK

- Significant organic sales growth, while earnings affected by drastic input cost headwinds
- Outlook updated: stronger top-line growth, bottom-line confirmed

**WIN THE 20S THROUGH  
PURPOSEFUL GROWTH**

## PROGRESS STRATEGIC FRAMEWORK

- Creation of Consumer Brands unit well on track
- Driving further implementation of Purposeful Growth Agenda

# ROBUST PERFORMANCE IN H1 2022 IN HIGHLY CHALLENGING ENVIRONMENT

ORGANIC  
SALES GROWTH<sup>1</sup>

8.9%

Significant organic growth driven by strong pricing and supported by all business units

ADJUSTED  
EBIT MARGIN

10.7%

Strong pricing and savings could not fully compensate for substantial direct material headwinds yet

ADJUSTED  
EPS<sup>2</sup>

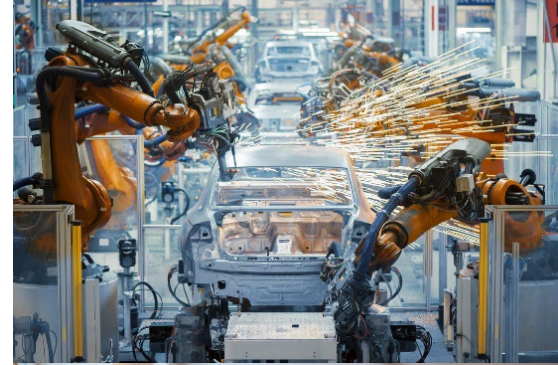
€1.95

-20.8% at constant currencies



# CHALLENGING BUSINESS ENVIRONMENT

- **Broad-based inflationary environment** with continued high volatility and uncertainty
- **Input cost prices at elevated levels** while month-over-month dynamics slowing down recently
- **Robust industrial production** with differentiated developments across industries, partially held back by supply chain challenges
- **Consumer demand continues to normalize** with varying dynamics in different categories



# CONTINUED INPUT COST PRESSURES

- **Raw material and logistic prices still impacted** by war in Ukraine, COVID lockdowns in China as well as strained supply chains
- **Further price increases** throughout H1 **while dynamics slowing down recently**, partially differentiated developments across feedstocks
- **~€1 bn headwinds from direct material price increases in H1** – with expectation of ~€2 bn for FY 2022
- **Continued high volatility and uncertainty**, in particular driven by potential gas shortages in Europe

## Development of key feedstock prices<sup>1</sup>



Brent  
Crude Oil **+70%**



Paper **+41%**



Palm  
Kernel Oil **+45%**

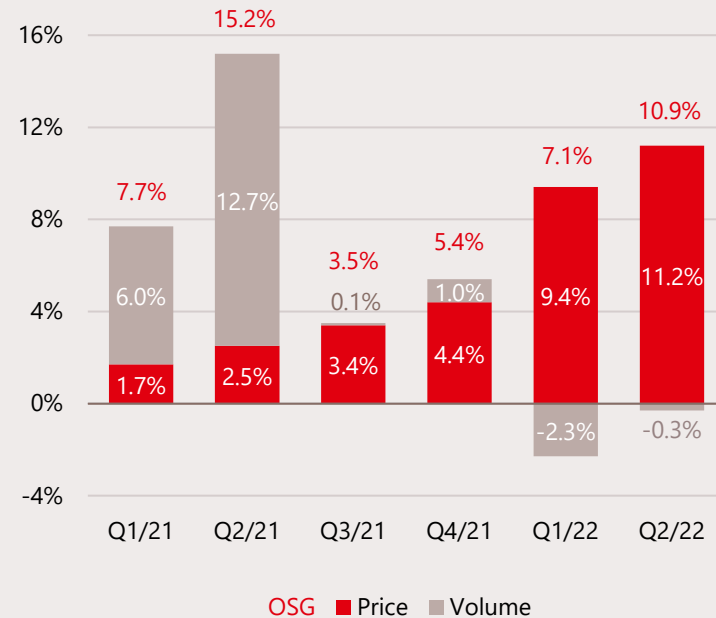


Ethylene **+49%**

# MANAGING BUSINESS IN INFLATIONARY ENVIRONMENT

- Step up of pricing initiatives across all business units and regions to compensate for unprecedented input cost pressures
- Solid volume development in light of high baseline and implementation of portfolio measures in Beauty Care
- Close monitoring and analysis of market developments, price elasticities as well as customer and consumer behavior
- Cost discipline and realization of efficiency gains in supply chain and procurement

## Price and volume development Henkel Group





# MAJOR DEVELOPMENTS H1 2022

## MANAGING DRASTIC INPUT COST PRESSURES

- Unprecedented price increases from raw materials and logistics
- Significant step-up of pricing and savings initiatives



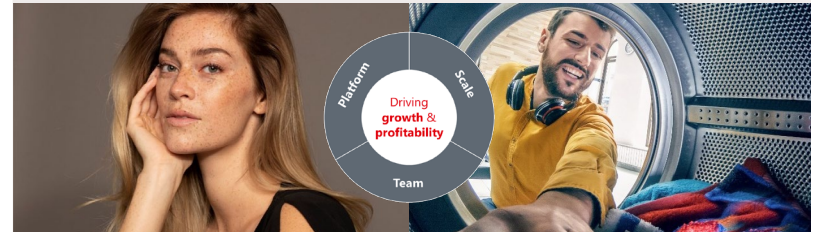
## CONFRONTED WITH WAR IN UKRAINE

- Decision to exit business activities in Russia and Belarus in April
- Currently implementing exit considering different options



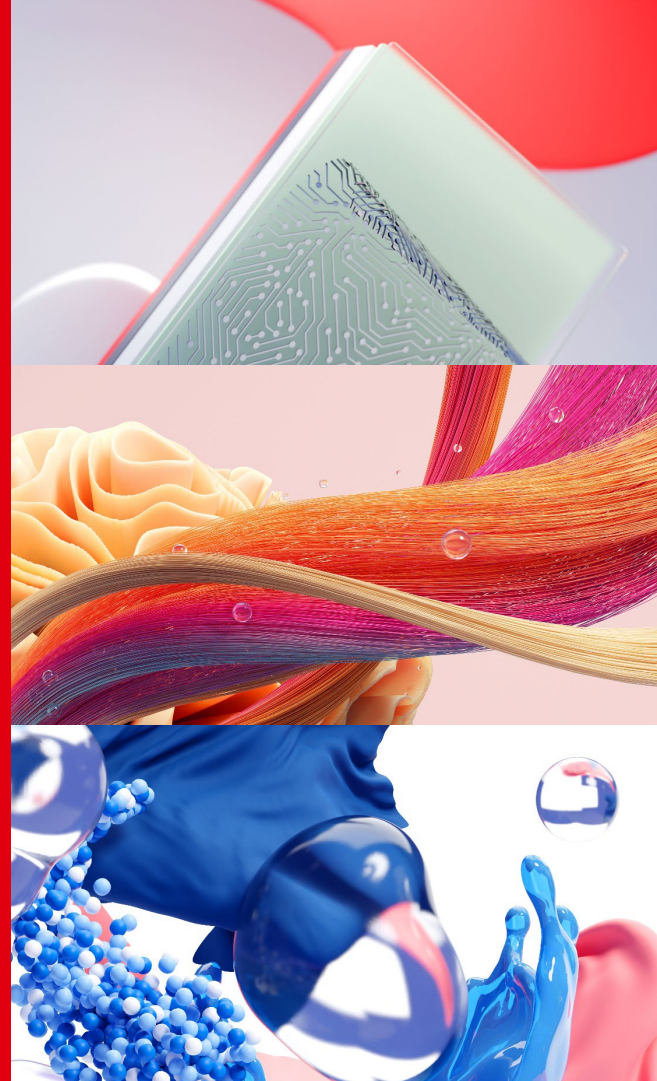
## CREATING HENKEL CONSUMER BRANDS

- Merging Beauty Care and Laundry & Home Care into multi-category platform Consumer Brands
- Driving growth and profitability – with significant synergies of € ~500 m gross savings mid-term
- Integration of consumer businesses well on track to have new organization fully in place by 2023



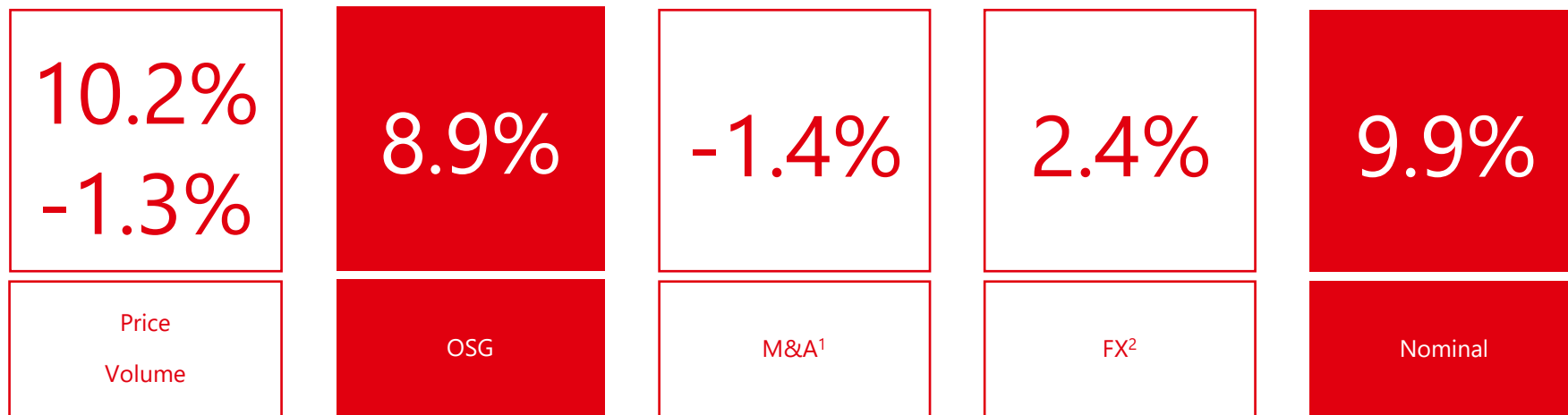
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# ORGANIC SALES GROWTH DRIVEN BY STRONG PRICING

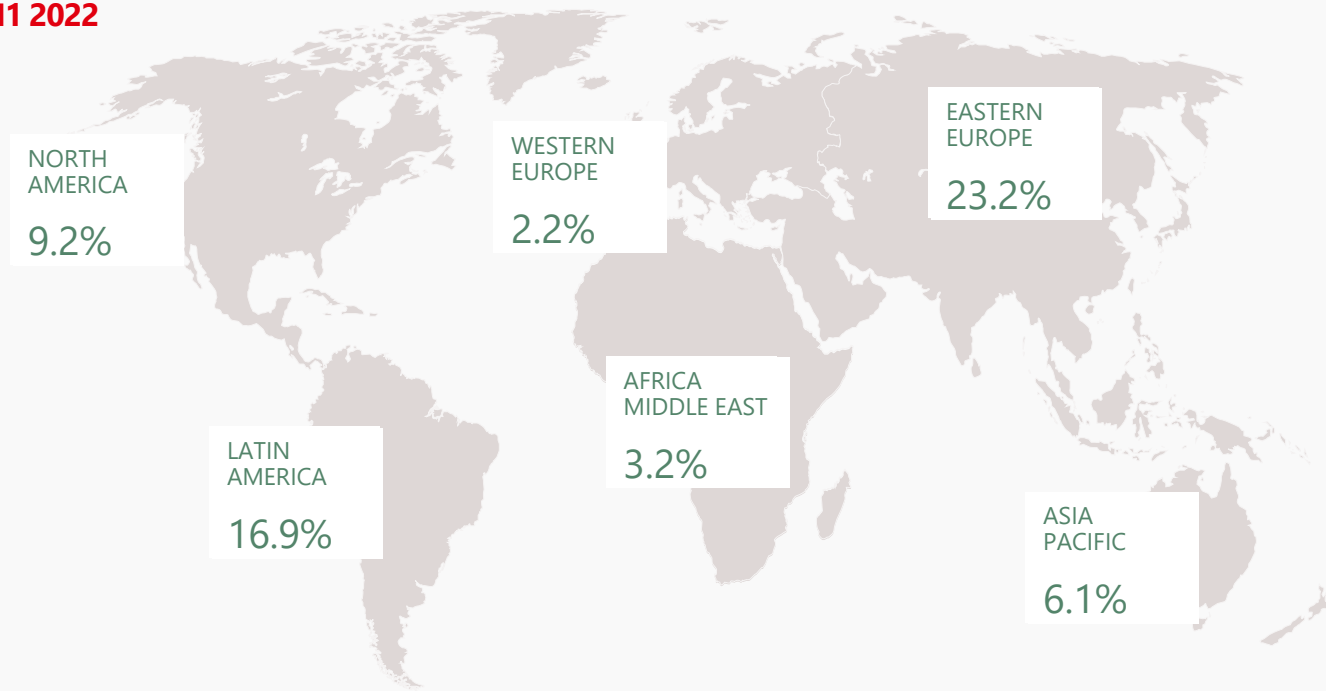
H1 2022



- Significant organic sales growth driven by strong pricing across all business units
- Nominal sales increased to €10.9 billion

# ORGANIC GROWTH ACROSS ALL REGIONS

H1 2022



MATURE  
MARKETS

5.5%

EMERGING  
MARKETS

12.9%

# ADHESIVE TECHNOLOGIES

## H1 2022

ORGANIC  
SALES GROWTH

12.2%

Price:  
12.1%

Volume:  
0.1%

ADJUSTED  
EBIT MARGIN

13.6%

Change y-o-y:  
-370 bps

- Double-digit organic sales increase driven by further accelerating pricing at stable volumes
- All business areas and regions contributing to continued growth:
  - Automotive & Metals with very strong growth despite impact from semicon shortage
  - Packaging & Consumer Goods and Electronics & Industrials up double-digit
  - Consumer, Craftsmen & Professional with significant organic sales growth
- Adj. EBIT margin affected by substantial raw material and logistic cost headwinds

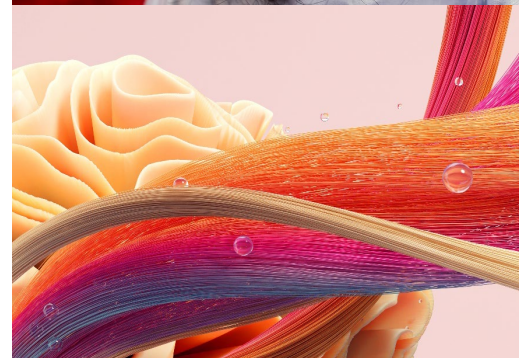


# BEAUTY CARE

## H1 2022



- Positive organic sales development driven by strong pricing while volumes down, mainly impacted by portfolio measures in Consumer
- Professional with double-digit growth driven by key markets North America and Europe
- Consumer below previous year particularly due to portfolio measures – mixed developments across categories and regions
- Adj. EBIT margin impacted by substantial input cost and logistics increases



# LAUNDRY & HOME CARE

## H1 2022

ORGANIC  
SALES GROWTH

7.4%

Price:  
9.6%

Volume:  
-2.2%

ADJUSTED  
EBIT MARGIN

9.0%

Change y-o-y:  
-600 bps

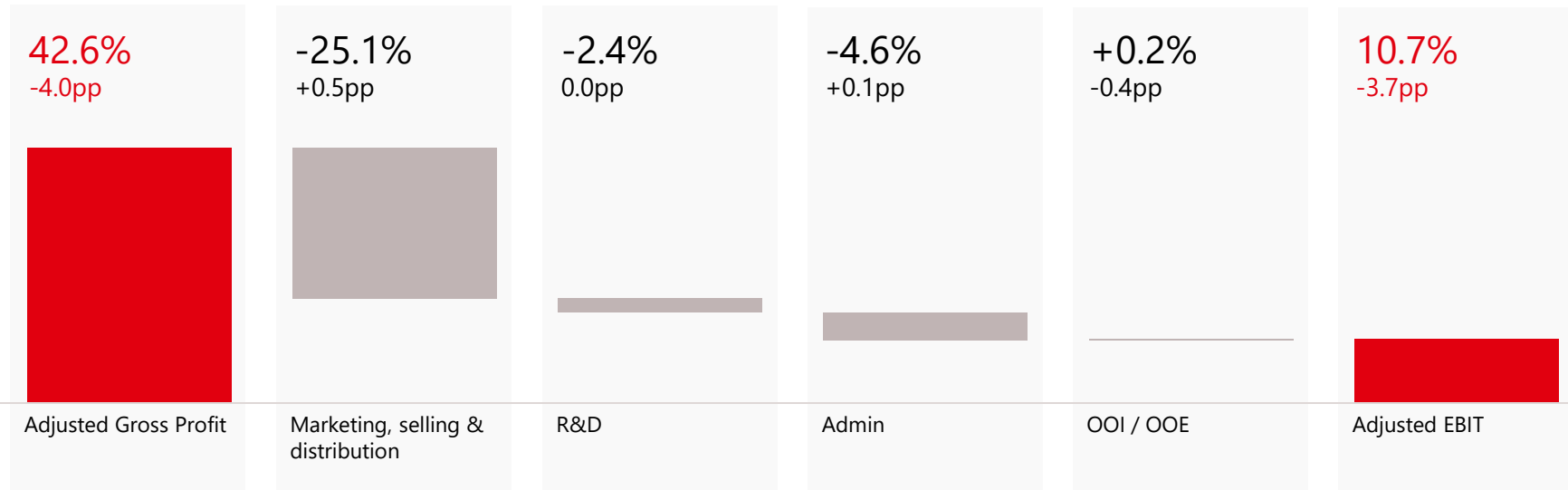
- Significant growth driven by pricing with double-digit organic growth in Laundry Care and positive development in Home Care
- All regions contributing to growth – with overall good market share development
- Adj. EBIT margin lower due to substantial raw material and logistic price increases



# BRIDGE FROM ADJUSTED GROSS PROFIT TO ADJUSTED EBIT

## H1 2022

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

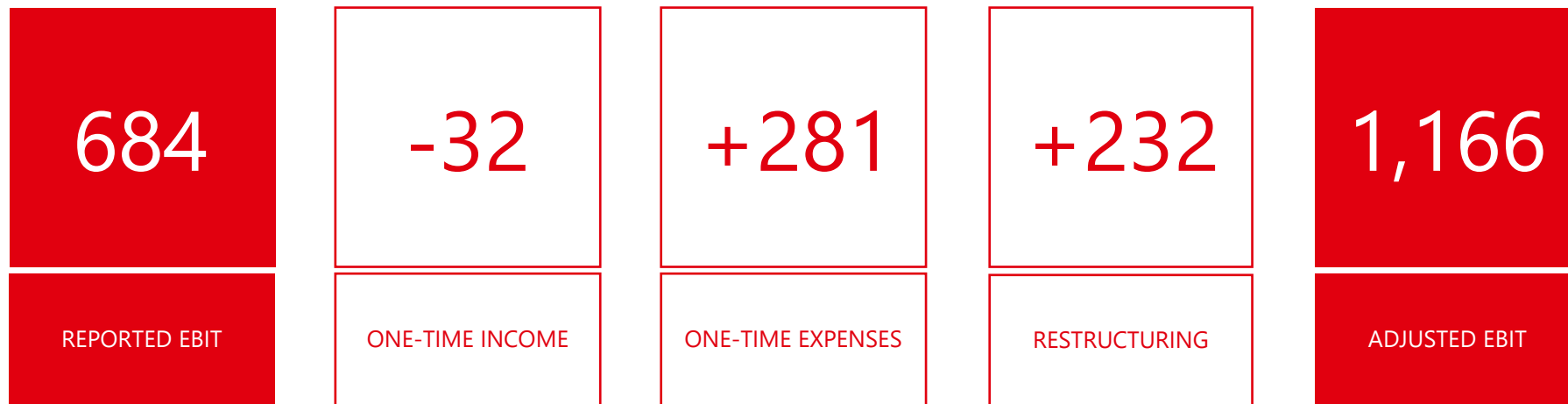




# BRIDGE FROM REPORTED TO ADJUSTED EBIT

**H1 2022**

in € m

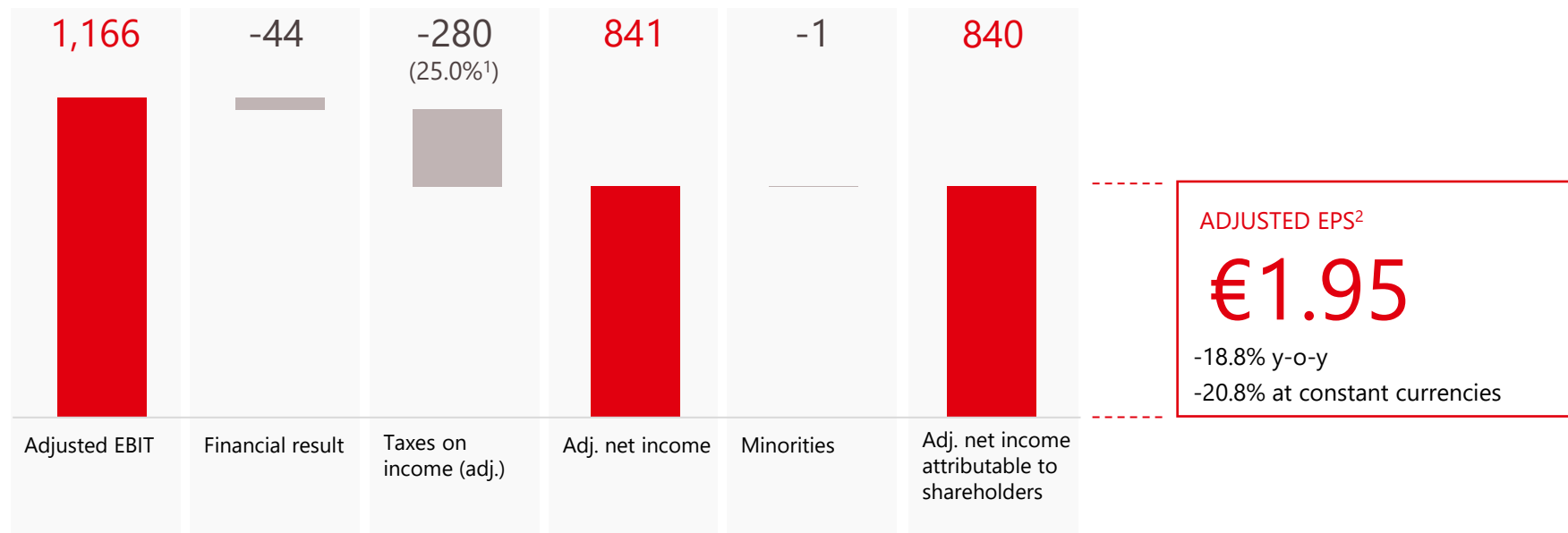


- One-time expenses mainly attributable to non-cash charges related to assets held-for-sale, especially concerning the Russian business activities
- Restructuring including expenses for merger of consumer businesses into Henkel Consumer Brands

# BRIDGE FROM ADJUSTED EBIT TO ADJUSTED EPS

H1 2022

in € m



# WORKING CAPITAL, CASH FLOW AND FINANCIAL POSITION

## H1 2022

NET WORKING CAPITAL	FREE CASH FLOW	NET FINANCIAL POSITION
5.2%	€46 m	€-1,441 m
Change y-o-y +160 bps	Change y-o-y -€425 m	Change vs. year-end -€1,149 m

- Increased net working capital mainly due to substantial input cost increases as well as investments into safety stocks
- Free cash flow impacted by weaker operating cashflow due to lower EBIT and higher working capital requirements
- Net financial position reflecting dividend payout of ~€800 m and investment in share buyback program of ~€430 m in H1

# UPDATED OUTLOOK 2022

ORGANIC SALES GROWTH<sup>1</sup>

**+4.5 to 6.5%**

ADHESIVE TECHNOLOGIES	+8.0 to 10.0%
BEAUTY CARE	-3.0 to -1.0%
LAUNDRY & HOME CARE	+4.0 to 6.0%

ADJUSTED EBIT MARGIN

**9.0 to 11.0%**

ADHESIVE TECHNOLOGIES	13.0 to 15.0%
BEAUTY CARE	5.0 to 7.0%
LAUNDRY & HOME CARE	7.0 to 9.0%

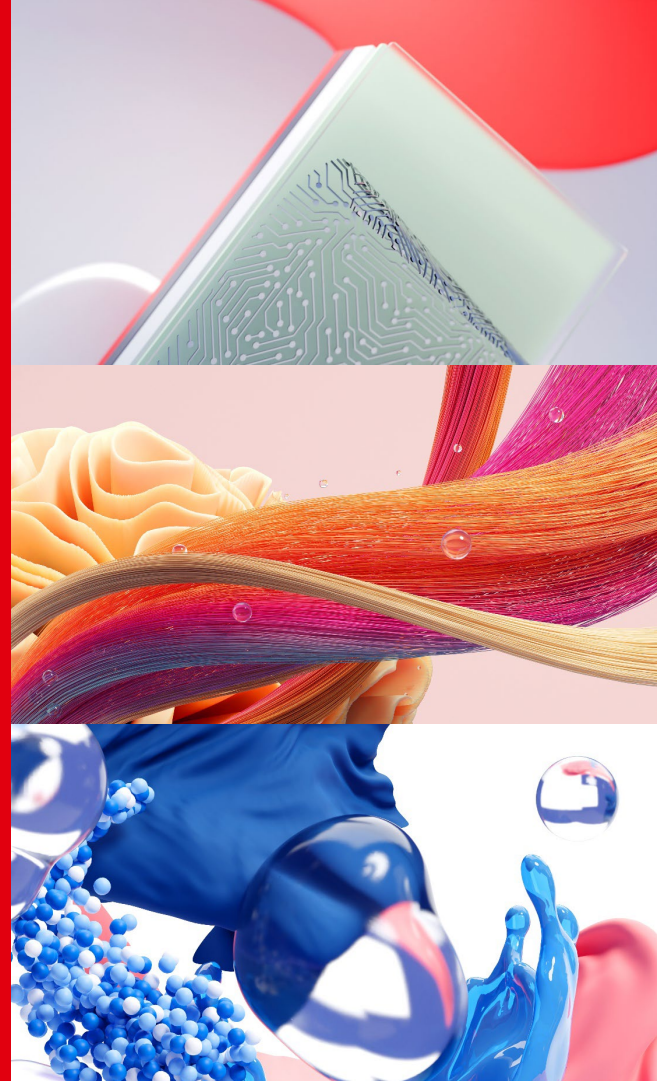
ADJUSTED EPS<sup>2</sup>

**-35 to -15%**

Reflecting high level of market uncertainty and volatility

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# WIN THE 20s THROUGH **PURPOSEFUL GROWTH**

WINNING  
**PORTFOLIO**

COMPETITIVE **EDGE**

INNOVATION

SUSTAINABILITY

DIGITALIZATION

FUTURE-READY  
**OPERATING  
MODELS**

COLLABORATIVE **CULTURE**  
& EMPOWERED **PEOPLE**

# WINNING PORTFOLIO



**Shaping portfolio with € 1 bn sales under review** – progressing with discontinuations and divestments of non-core businesses in Consumer

**Closed compelling transaction in Beauty Care** with clear strategic fit – acquiring Shiseido's Hair Professional business in APAC



# INNOVATIONS IN ADHESIVE TECHNOLOGIES



**Innovative hotmelt technology** transforming garment production – **increasing manufacturing efficiency in the fashion industry** by up to 7 times

**New fire protection coatings for EV batteries** significantly increasing passenger safety and enabling cost-effective production



**Enhanced and certified solvent-free solutions for flexible packaging** improving recyclability and allowing for use of up to 35% recycled material



# INNOVATIONS IN BEAUTY CARE



Double-digit growth in Professional supported by **superior innovations** such as **Bonacure Clean Performance** and **IGORA Royal Highlifts** providing advanced technologies and 100% recyclable packaging concept

**Relaunch of Schauma with redesigned sustainable packaging concept** using 50-100% recycled plastic and new big sizes offering sustainable refill solution



# INNOVATIONS IN LAUNDRY & HOME CARE



**Impactful relaunches of core brands like Perwoll, Vernel, Snuggle and Pril with strong performance upgrades and further sustainability improvements**

**Double-digit growth of Persil with further market share gains, supported by improved hygienic cleanliness as well as expansion of sustainable and ecommerce-ready product ranges using less resources**



# SUSTAINABILITY



**Transforming raw materials** through **new partnerships**: together with BASF aiming at replacing 110,000 tons p.a. fossil-based materials with renewable carbon sources



Launch of **2030+ Sustainability Ambition Framework** based on tangible targets and ambitions in three dimensions: „Regenerative Planet – Thriving Communities – Trusted Partner“



**Advancing decarbonization in our operations** by converting three additional production sites in Europe into **100% CO<sub>2</sub>-neutral energy**

# DIGITALIZATION

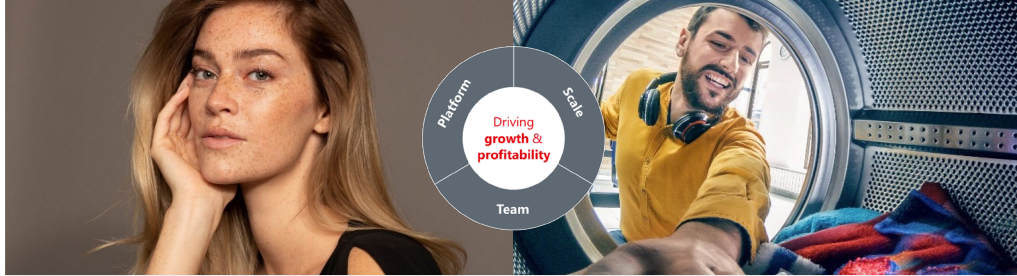
**Digital sales share** growing double-digit and **advancing to >20% on Group level** – increases across business units supported by integrated RAQN platform



**Further driving digital initiatives across all businesses:**

- **Adhesive Technologies** eShop continuously onboarding customers and achieving double-digit growth
- **Beauty Care** Professional eShop Salonory growing double-digit with expanded range of brands and products
- **Laundry & Home Care** advancing ecommerce-ready offering

# FUTURE-READY OPERATING MODELS



Leverage re-organized **digital unit dx** – highly efficient structures enabling **higher IT project investments** at **stable costs**

## Creation of Henkel Consumer Brands unit well on track:

- **New organization designed** – clear focus on efficient structures with customers and channels at the center
- **Reduction of layers** across new organization with increased spans and therewith higher levels of responsibilities
- **Go live of teams** in first countries **starting in Sep 2022**



# COLLABORATIVE CULTURE & EMPOWERED PEOPLE



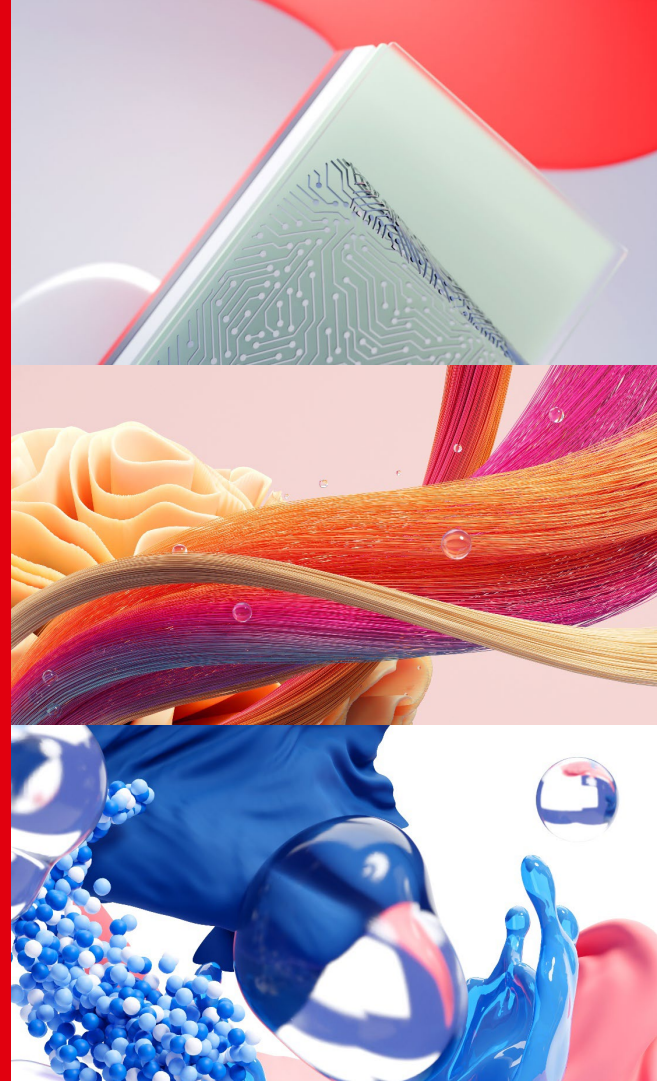
Launch of ambition to reach **gender parity** across all management levels by **2025** – **tangible first steps** with clear communication, targeted measures and continued monitoring of progress



Comprehensive **change management program** launched in context of Consumer Brands merger – focus on employees' change capabilities with trainings and team workshops

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# KEY TAKE-AWAYS

- **Henkel's performance in H1** with significant organic growth driven by strong pricing across business units – earnings affected by drastic input cost pressures
- **Outlook for FY 2022 updated** – with higher expectations for top-line
- Creation of multi-category platform **Henkel Consumer Brands** well on track
- **Good progress** along all pillars of **Purposeful Growth Agenda**

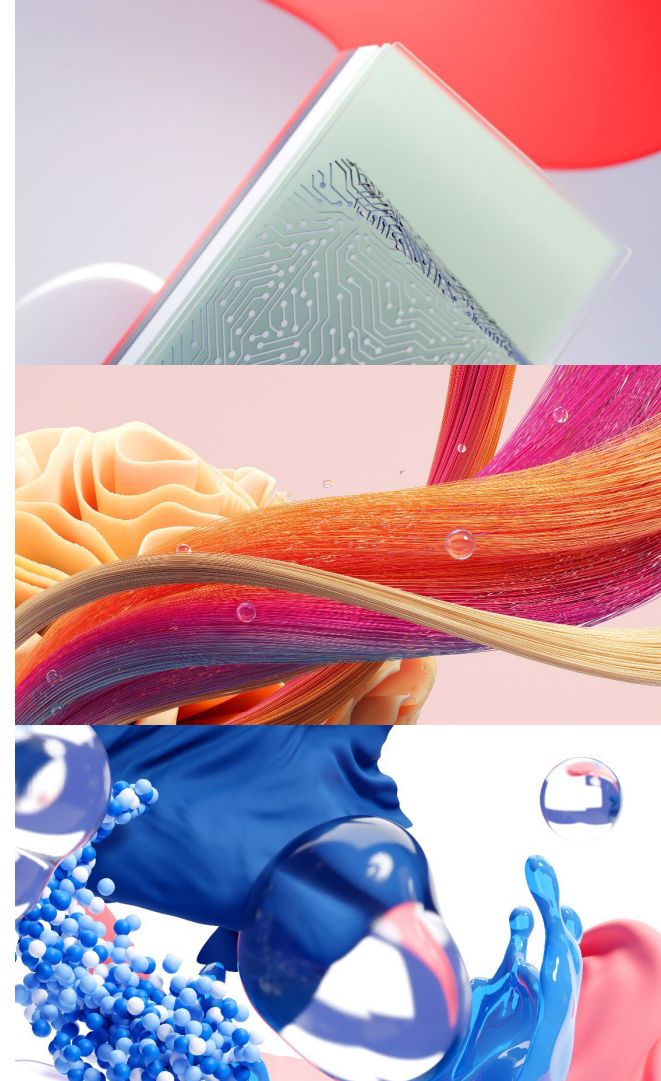




# Q&A

# CLOSING REMARKS

- Managing business in **highly volatile and uncertain environment**
- **Henkel's performance in H1** with significant organic growth driven by accelerating pricing, earnings as expected affected by drastic input cost headwinds
- **Outlook for FY 2022 updated** – with higher expectations for top-line
- Creation of multi-category consumer platform **Henkel Consumer Brands** well on track and further **progress on Purposeful Growth Agenda**



# UPCOMING EVENTS

## What's next

2022

2023

AUG 15

SEP 20

NOV 8

MAR 7

### H1/22 RELEASE

- HY Financial Report 2022
- Interim update on strategic progress

### ***CAPITAL MARKETS DAY 2022, DÜSSELDORF***

- Henkel Adhesive Technologies
- Henkel Consumer Brands

### Q3/22 RELEASE

- Quarterly Statement

### FY 22 RELEASE

- Annual Report
- Sustainability Report



# THANK YOU.



# ORGANIC SALES GROWTH DEVELOPMENT H1 & Q2 2022

	H1	Q2
Adhesive Technologies	+12.2%	+13.7%
Beauty Care	+0.4%	+2.1%
Laundry & Home Care	+7.4%	+10.1%
<b>Henkel Group</b>	<b>+8.9%</b>	<b>+10.9%</b>

# OUTLOOK 2022

		FY 2022 – previously	FY 2022 – updated
ORGANIC SALES GROWTH <sup>1</sup>	ADHESIVE TECHNOLOGIES	+8.0 to 10.0%	+8.0 to 10.0%
	BEAUTY CARE	-5.0 to -3.0%	-3.0 to -1.0%
	LAUNDRY & HOME CARE	+2.0 to 4.0%	+4.0 to 6.0%
	<b>HENKEL GROUP</b>	<b>+3.5 to 5.5%</b>	<b>+4.5 to 6.5%</b>
ADJUSTED EBIT MARGIN	ADHESIVE TECHNOLOGIES	13.0 to 15.0%	13.0 to 15.0%
	BEAUTY CARE	5.0 to 7.0%	5.0 to 7.0%
	LAUNDRY & HOME CARE	7.0 to 9.0%	7.0 to 9.0%
	<b>HENKEL GROUP</b>	<b>9.0 to 11.0%</b>	<b>9.0 to 11.0%</b>
ADJUSTED EPS <sup>2</sup>	Reflecting high level of market uncertainty and volatility	-35 to -15%	-35 to -15%

# OUTLOOK 2022

## ADDITIONAL INPUT FOR SELECTED KPIS

Currency Impact on Sales	Low- to mid-single-digit % positive <sup>1</sup>
M&A Impact on Sales	Low to mid-single-digit % negative <sup>2</sup>
Prices for Direct Materials	Increase by mid twenties % <sup>1</sup>
Restructuring Charges	€ 450 – 500m <sup>3</sup>
CapEx	Around € 700m

# MID- TO LONG-TERM AMBITION

	HENKEL GROUP	ADHESIVE TECHNOLOGIES	CONSUMER BRANDS
ORGANIC SALES GROWTH	3 to 4%	3 to 5%	3 to 4%
ADJUSTED EBIT MARGIN	~16%	high teens %	mid teens %
ADJUSTED EPS GROWTH	mid- to high single-digit % at constant exchange rates, including M&A		
FREE CASH FLOW	continued focus on Free Cash Flow expansion		



Compelling financial ambition for the **Henkel Group**

and the **Adhesive Technologies** and **Consumer Brands** business units





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