



# CREATING ONE MULTI-CATEGORY HENKEL CONSUMER PLATFORM

Carsten Knobel, Marco Swoboda | January 28, 2022



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# ▶ KEY TOPICS FOR TODAY



## Strong results 2021<sup>1</sup>

- Organic growth of 7.8%, supported by all businesses
- Adj. EBIT margin of 13.4% at prior year level
- Adj. EPS up by 9.2%<sup>2</sup>



## Outlook 2022

- Organic sales growth of 2 to 4% expected
- Bottom-line affected by accelerated pressure from input cost inflation



## Creating Henkel Consumer Brands

- Merging Laundry & Home Care and Beauty Care into one multi-category consumer goods platform



## Launch of share buyback

- Up to €1 bn until end of Q1 2023
- Strong confidence in financial strength and future prospects of Henkel Group



## Mid- to long-term ambition

- New financial ambition for Group
- Introducing new ambitions for Adhesive Technologies and Consumer Brands

<sup>1</sup> Preliminary, final results to be released on 23 February 2022    <sup>2</sup> Per preferred share, at constant exchange rates

# AGENDA

**01** **Preliminary results 2021**

**02** Outlook 2022

**03** Henkel Consumer Brands

**04** Capital Allocation

**05** Financial ambition

**06** What's next & summary

# ▶ STRONG PRELIMINARY RESULTS 2021

Organic Sales  
Growth

**7.8%**

Nominal sales up  
by 4.2% to €20.1 bn

Significant organic growth  
supported by  
all business units

2-year CAGR at 3.5%

Adjusted  
EBIT Margin

**13.4%**

Adjusted EBIT improved  
to € 2.7 bn

Margin stable y-o-y supported  
by strong volume growth  
and pricing

Accelerated headwinds from  
direct material prices  
not yet fully compensated  
by pricing / savings

Adjusted  
EPS<sup>1</sup>

**€4.56**

+9.2%  
at constant currencies

<sup>1</sup> Per preferred share

▶ **STRONG TOP-LINE SUPPORTED BY ALL BUSINESS UNITS**  
MARGINS STRONGLY AFFECTED BY INPUT COST INFLATION

**Adhesive  
Technologies**



**Organic  
Sales Growth**

**+13.4%**

**Adj. EBIT  
margin**

**16.2%**

+100 bps

**Beauty  
Care**



**+1.4%**

**9.5%**

-50 bps

**Laundry &  
Home Care**






**+3.9%**

**13.7%**

-130 bps

# ▶ DELIVERING ON OUTLOOK

## PRELIMINARY RESULTS FY 2021

	INITIAL OUTLOOK (March 2021)	UPDATED OUTLOOK (November 2021)	PRELIMINARY RESULTS	
OSG	<b>2 to 5%</b>	<b>6 to 8%</b>	<b>7.8%</b>	
Adj. EBIT Margin	<b>13.5 to 14.5%</b>	<b>~13.5%</b>	<b>13.4%</b>	
Adj. EPS Growth <sup>3</sup>	<b>+5 to 15%</b>	<b>High single-digit % increase</b>	<b>+9.2%</b>	

<sup>1</sup> Issued on March 4, 2021

<sup>2</sup> Issued on November 8, 2021

<sup>3</sup> Per preferred share, at constant exchange rates

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# ▶ OUTLOOK 2022

## BUSINESS ENVIRONMENT

### Industrial expansion



- Industrial demand expected to continue growth trajectory
- Key industries likely remain affected by supply shortages

### Consumer demand



- Demand for many consumer categories expected to further normalize as pandemic situation eases
- Continued change of channel environment and digitalization

### Input cost inflation



- Tight supply chains / limited capacities / high level of volatility and uncertainty
- Unprecedented headwinds from increased direct material & logistics cost

# ▶ OUTLOOK 2022

## Organic Sales Growth

**+2.0 to 4.0%**

Adhesive Technologies +5.0 to 7.0%

Beauty Care -5.0 to -3.0%

Laundry & Home Care +2.0 to 4.0%

## Adjusted EBIT Margin

**11.5 to 13.5%**

Adhesive Technologies 15.0 to 17.0%

Beauty Care 7.5 to 10.0%

Laundry & Home Care 10.5 to 13.0%

## Adjusted EPS<sup>1</sup>

**-15 to +5%**

at constant exchange rates

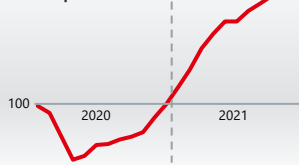
reflecting high level of market uncertainty and volatility

<sup>1</sup> Per preferred share

# ▶ OUTLOOK 2022

## KEY ASSUMPTIONS AND FACTORS

Henkel  
Feedstock Index  
Development



### INPUT COST INFLATION

- Significant headwind from average **direct materials price increases** of low double-digit %, high uncertainty and volatility reflected in outlook ranges:
  - High end assumes a high single-digit % increase
  - Low end assumes a mid-teens % increase
- **Comprehensive countermeasures** including additional pricing / savings initiatives to be implemented throughout 2022 with full P&L effect from 2023
- Final results also depending on **feasibility** and respective **timing of pricing initiatives** to be implemented

### STRATEGIC MEASURES

- **Beauty Care** OSG outlook includes **discontinuation of non-core activities** already planned as part of merger, representing around 5pp of 2021 business unit sales
- Benefits and other one-time effects from **merger** of Laundry & Home Care and Beauty Care not yet included in outlook



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# PURPOSEFUL GROWTH

WINNING  
PORTFOLIO

COMPETITIVE EDGE

FUTURE-READY  
OPERATING  
MODELS

INNOVATION

SUSTAIN-  
ABILITY

DIGITALI-  
ZATION

COLLABORATIVE CULTURE & EMPOWERED PEOPLE

# ACHIEVEMENTS 2020/21

## Winning portfolio

~**€0.5 bn** sales divested / discontinued

**3 acquisitions** closed

## Innovation

**Impactful innovations** launched - **increased investments** with **positive impact** on market shares

## Sustainability

**Well on track** to achieve **2025 targets**

**Strong initiatives** across businesses

## Digitalization

Digital **sales share increased** by 50% to >18%

Digital **transformation accelerated**

## Operating Models

First phase of **operating model changes implemented**

**Henkel dx set-up** executed

## Culture & People

Substantially **strengthened culture & Henkel spirit**

**New Henkel purpose** launched

# ▶ GLOBAL PLAYER WITH LEADING POSITIONS IN BRANDS AND TECHNOLOGIES

## Industrial Business

### Adhesive Technologies



**LOCTITE** **TECHNOMELT** **BONDERITE**

€9.6 bn

## Consumer Businesses

### Laundry & Home Care



**Persil** **all** **Bref**

€6.6 bn

### Beauty Care



Schwarzkopf **Dial** syoss

€3.7 bn

# ▶ ADHESIVE TECHNOLOGIES

## GLOBALY LEADING SOLUTION PROVIDER IN ATTRACTIVE MARKETS

**Excellent growth opportunities along megatrends**  
mobility,  
connectivity and  
sustainability

Robust, **highly competitive portfolio** serving  
wide range of  
industries and  
regions

Successful long-term  
track record in  
**active portfolio management**

**Technology leadership** and  
**unique application know-how**

**Lasting partnerships** with  
industry-leading  
companies based on  
**customer-centric organization**

Convincing long-term financial  
performance with  
**attractive growth and margin prospects**



### **ASPIRATION:**

Fully leverage strengths  
of business and growth  
opportunities from  
megatrends, complemented  
by value-accretive  
acquisitions



# ▶ CONSUMER BUSINESSES

## CLEAR NEED FOR CHANGE

### BUILDING ON CORE STRENGTHS

Laundry & Home Care  
**#1 or #2 in 90% of country/category positions** with excellent performance

Beauty Care portfolio with **strong hair competence** and **top positions** in Professional, Coloration & Styling

**Iconic brands** and strong **innovation** track record based on profound **consumer insights, technology expertise and sustainability focus**

**Challenges** in selective markets / segments, in particular in North America

**Portfolios** still **not focused enough** on core brands with ability to win, categories and markets

Two separate business units **do not leverage their full potential** and **lack scale** on individual basis



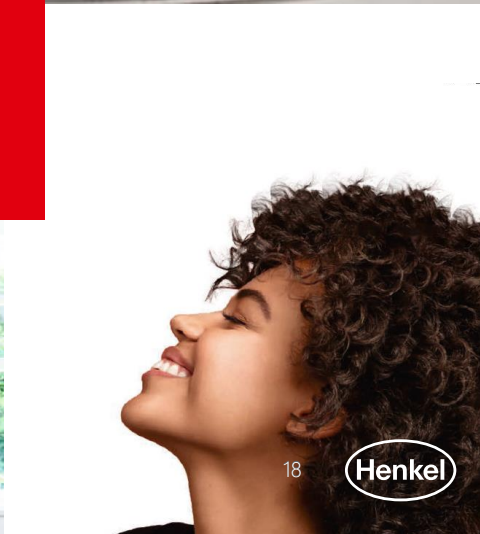
## ASPIRATION:

Unlock full potential in attractive markets with customer- and channel-centric approach leveraging synergy potential with optimized portfolio



# HENKEL CONSUMER BRANDS

STRONG PLATFORM FOR GROWTH WITH  
ONE MULTI-CATEGORY CONSUMER GOODS UNIT BY  
MERGING LAUNDRY & HOME CARE AND BEAUTY CARE



# HENKEL CONSUMER BRANDS



# One multi-category **platform**

All consumer brands and categories under one roof,  
organized towards customer & channel centricity

Raising the bar on what it takes to be part of portfolio

Create stronger basis for M&A across consumer space







# Unleash combined **scale**

Joint forces in innovation, sustainability, and digital

Substantial synergies with more efficient, leaner structures to support top- and bottom-line profile

Freeing up resources for higher and more targeted investments in strategic priorities



# One **team** to win

One leadership team with full ownership & responsibility

Faster and more agile decision-making – accelerating cultural transformation

Attractive employer offering more exciting roles and opportunities for current and future teams





## WOLFGANG KÖNIG

Executive Vice President  
Beauty Care  
(since 06/2021)

to become Executive Vice President  
Henkel Consumer Brands  
and to lead the integration process



## BRUNO PIACENZA

Executive Vice President  
Laundry & Home Care  
(since 03/2011)

to continue leading Laundry & Home Care  
during transition and to stay with  
Henkel latest until year-end 2022

# ▶ HENKEL CONSUMER BRANDS

MULTI-  
CATEGORY

CONSUMER  
PLATFORM



SALES OF

~10 bn €<sup>1</sup>



One strong platform  
to accelerate  
Purposeful Growth  
Agenda in Consumer



ONE AGILE TEAM  
WITH ENHANCED

CUSTOMER  
& CHANNEL  
CENTRICITY



LEVERAGING  
SCALE,  
SYNERGIES  
AND RESOURCE  
ALLOCATION



DRIVING  
GROWTH &  
PROFITABILITY



OPTIMIZED  
PORTFOLIO

WITH  
ICONIC BRANDS



OPPORTUNITIES  
FOR

TEAMS,  
TALENTS,  
LEADERS

<sup>1</sup> Based on preliminary full year 2021 sales of the Laundry & Home Care and Beauty Care business units



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# ▶ CAPITAL ALLOCATION

## SHARE BUYBACK ANNOUNCED

### Investments

- Continuously strengthening operations with investments
- Focus on growth and capacity investments
- Overall asset-light business model; relatively low CapEx requirement

### Acquisitions

- M&A integral part of strategy
- Complemented by select VC investments
- Disciplined approach; committed to single-A rating

### Dividends

- Target payout ratio 30 to 40% of adjusted net income
- Dividend growing or at least stable in every year since IPO
- Dividend proposal for 2021 to be announced on February 23, 2022



### Share Buyback

- First share buyback in Henkel's history
- Up to €1 billion or ~3% of share capital
- Reflecting strength of balance sheet and confidence in the company's future prospects

# ▶ SHARE BUYBACK ENHANCING SHAREHOLDER RETURNS

First-time execution of share buyback, reflecting strength of Henkel's balance sheet and confidence in the company's future prospects, while maintaining flexibility to pursue M&A:

- **Volume:** up to €1 billion, equal to ca. 3% of share capital
- **Share classes:** up to €800 m in preference and up to €200 m in ordinary shares will be acquired reflecting current trading volumes of both share classes
- **Timing:** to be completed by end of Q1 2023



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# ► MID- TO LONG-TERM AMBITION

	<b>HENKEL GROUP</b>	<b>ADHESIVE TECHNOLOGIES</b>	<b>CONSUMER BRANDS</b>
OSG	3 to 4%	3 to 5%	3 to 4%
Adj. EBIT Margin	~16%	high teens %	mid teens %
Adj. EPS Growth	mid- to high single-digit % at constant exchange rates, including M&A		
Free Cash Flow	continued focus on Free Cash Flow expansion		



**New financial ambition for the Henkel Group**  
(OSG upgraded from previously 2 to 4%, adjusted EBIT margin specified)

**New financial ambitions for Adhesive Technologies and Consumer Brands**  
(previously not specified)

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# ▶ WHAT'S NEXT IN 2022

Jan 28

## Today

- Preliminary 2021 results and 2022 outlook
- Creation of Henkel Consumer Brands
- Launch share buyback
- Mid- to long-term financial ambition

Feb 23

## FY21 Release

- Final FY21 results
- Progress along strategic framework
- Sustainability Framework 2030

May 5

## Q1/22 Release

- Quarterly Statement Q1/22
- Progress Henkel Consumer Brands

To be announced

## Capital Market Day

- Henkel Consumer Brands
- Henkel Adhesive Technologies



Q&A



## ▶ KEY TAKEAWAYS

- Henkel to **merge Laundry & Home Care and Beauty Care** into one multi-category consumer platform, **creating Henkel Consumer Brands**
- First-time **execution of share buyback** with volume of up to € 1 billion
- **Strong preliminary FY 2021 results** delivering on outlook
- **Outlook for 2022** anticipating strong top-line momentum and impacted by **unprecedented headwinds from input cost inflation** as well as including **further portfolio measures in Beauty Care**
- Taking decisive action to **deliver on** our **new mid- to long term financial ambition**

THANK YOU





## WOLFGANG KÖNIG

to become  
Executive Vice President  
Henkel Consumer Brands

# HENKEL CONSUMER BRANDS CLEAR LEADERSHIP STRUCTURES

- Integration process and new business unit to be led by Wolfgang König
- Executive Vice President Henkel Beauty Care since June 1, 2021
- 25 years international management and leadership experience in the consumer goods, home and personal care industry (Kellogg Company, Colgate Palmolive, Beiersdorf)
- Extensive marketing and sales experience
- Worked on three different continents in Europe, Latin America and North America



# OUTLOOK 2022

## ADDITIONAL INPUT FOR SELECTED KPIS

Currency Impact on Sales	Low single-digit % positive <sup>1</sup>
M&A Impact on Sales	Slightly negative
Prices for Direct Materials	Increase by low double-digit % <sup>1</sup>
Restructuring Charges	€ 200 - 250m <sup>2</sup>
CapEx	€ 700 - 800m

<sup>1</sup> versus the prior year average

<sup>2</sup> not including cost related to the merger of the Laundry & Home Care and Beauty Care business units

