



HENKEL FY 2020

Carsten Knobel, Marco Swoboda | March 4, 2021



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Henkel

TRANSPARENCY
& TRUST

FULL OWNERSHIP
OF RESULTS

DRIVING
CHANGE

WHAT TO EXPECT FROM TODAY

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▶ KEY DEVELOPMENTS FY 2020

DELIVERING ROBUST BUSINESS PERFORMANCE

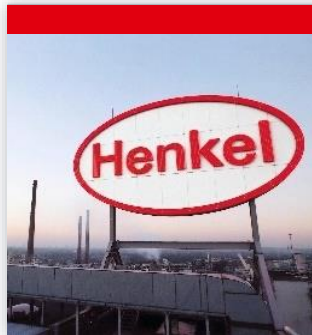
Effective COVID-19 response

- Mastering highly challenging environment
- Ensuring employee safety, supplying customers and supporting communities



Robust performance

- Nominal sales of € 19.3 bn, organically -0.7%
- Profitable business with adj. EBIT margin of 13.4%



Strong financial foundation

- Very strong free cash flow and low debt levels
- Sustaining track record of stable or growing dividend¹



Purposeful Growth

- Implementation of strategic framework well on track
- Entering 2021 with confidence and in full execution mode

WIN THE 20s
THROUGH
**PURPOSEFUL
GROWTH**

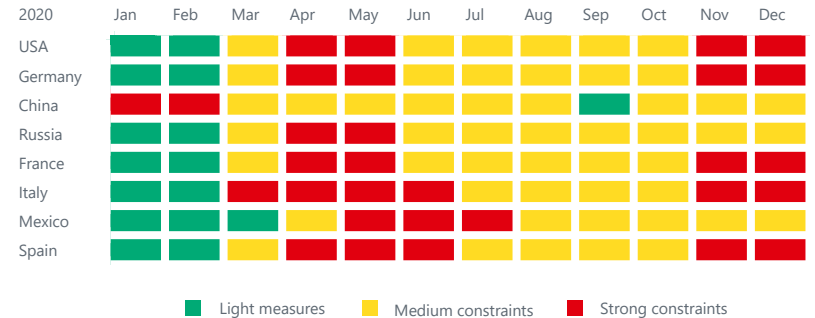
¹ Proposal to shareholders at AGM on April 16, 2021

▶ UNPRECEDENTED BUSINESS ENVIRONMENT SUBSTANTIALLY IMPACTED BY COVID-19 PANDEMIC

- **Significant economic downturn** due to global pandemic and reduced private consumption
- **Shifts in consumer behavior** due to COVID-19 pandemic and related constraints to public life
- **Industrial Production Index down -5%** with pronounced weakness in key customer industries
- **Key currencies devaluating** versus Euro, especially in the second half year




GOVERNMENTAL LOCKDOWN HEATMAP



▶ DECISIVE RESPONSE TO COVID-19 PANDEMIC

- **Fast and targeted execution of pandemic plan**, decisively acting with all local teams
- **High agility in supply chain**, vast majority of production sites remained open during entire crisis
- **Acting fast to address new consumer needs** in hygiene, disinfecting and cleaning products
- **Acting as one global team** during pandemic with high level of collaboration and transparency
- Taking action to live up to our responsibility with our comprehensive **global solidarity program**



**"WE CARE.
AND WE ACT!"**

> 500	> 5m	> 110k
projects in 45 countries	products donated	liters of disinfectants

➤ **Ensuring employee safety, supplying customers and supporting communities at any time**

▶ DIFFERENTIATED IMPACTS FROM PANDEMIC ON RELEVANT MARKETS

ADHESIVE TECHNOLOGIES



AUTOMOTIVE



LIFESTYLE



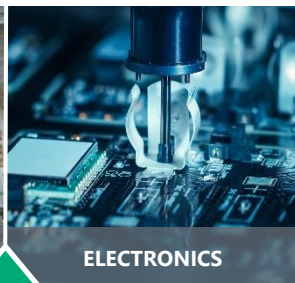
AEROSPACE



PACKAGING

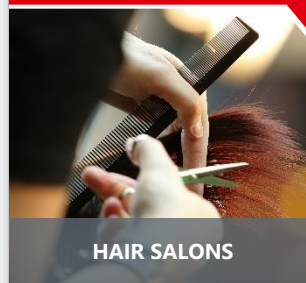


CRAFTSMEN & CONSTRUCTION



ELECTRONICS

CONSUMER BUSINESSES



HAIR SALONS



SPECIAL DETERGENTS



STYLING



BODY CARE



SURFACE CLEANERS



HOME COLORATIONS

▶ ROBUST RESULTS THANKS TO DIVERSIFIED PORTFOLIO, STRONG INNOVATIONS, FINANCIAL STRENGTH & DEDICATED TEAM



¹ Per preferred share ² Proposal per preferred share to shareholders at AGM on April 16, 2021

▶ DELIVERING ON 2020 GUIDANCE

	GUIDANCE (March 2020, pre COVID ¹)	GUIDANCE (October 2020 ²)	ACTUAL	
OSG	0 to 2%	-2 to -1%	-0.7%	✓
Adj. EBIT Margin	~15%	13 to 13.5%	13.4%	✓
Adj. EPS Growth ³	Mid to high single-digit % below PY	-22 to -18%	-17.9%	✓

¹ Issued on March 5, 2020, withdrawn on April 7, 2020

² Issued on October 9, 2020

³ Per preferred share, at constant exchange rates

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WIN THE 20s THROUGH
PURPOSEFUL GROWTH

WIN THE 20s THROUGH

PURPOSEFUL GROWTH

Create superior
Customer & Consumer value
to outgrow the markets

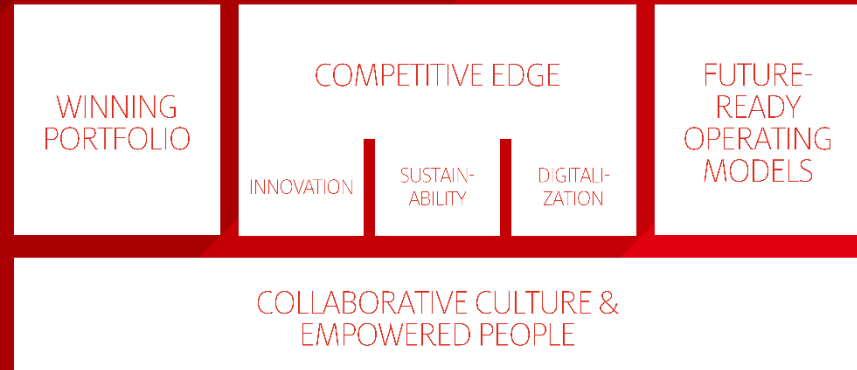
Reinforce our leadership in
Sustainability to shape Henkel's future,
contribute to society and benefit the planet

Enable our **People** to grow
with a sense of belonging

▶ STRONG PROGRESS WITH STRATEGIC AGENDA IN 2020

- Purposeful Growth agenda launched and implementation started
- Clear and tangible progress while our journey continues
- No compromises despite strong focus on crisis management

PURPOSEFUL GROWTH



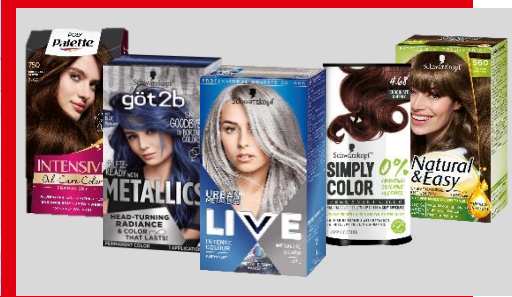
Portfolio measures started with first tangible results

- **Active portfolio management** kicked-off, processes set up for further execution
- **>€ 100 m in annual sales** signed for divestment, divested or discontinued in 2020
- **~60% of revenues in turnaround** cluster delivering **improved topline momentum**
- **2 compelling acquisitions closed for ~€ 500 m** utilizing our strong balance sheet



Accelerating with impactful innovations in Beauty Care

- Relaunches of **Gliss Kur, Syoss and Nature Box** support good organic sales growth in Retail
- Largest North American brand **Dial** with **>20% organic sales growth**
- **Double-digit growth in Coloration** with global market share gains of 40 bps
- **New incubator “Fritz Beauty Lab”** launched **M:ID D2C brand within only 6 months**



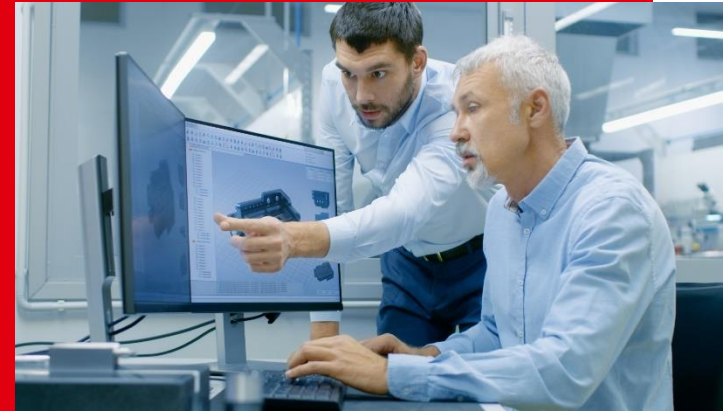
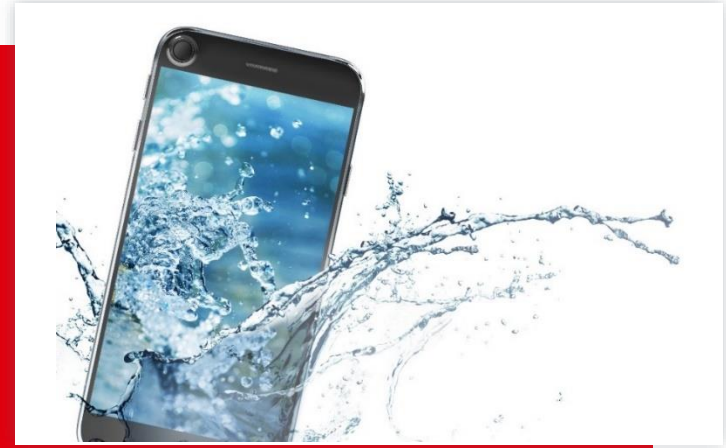
Innovations support very strong growth in Laundry & Home Care

- **Dishwashing gaining global share of 120 bps** driven by strong innovations and purposeful brand communication
- **Double-digit growth in detergent caps**, bolstered by cutting-edge **Persil 4in1 DISCS**
- Successful launch of **sustainable** brand **Love Nature** via internal incubator team
- **Average time-to-market 2020** significantly improved by **5 weeks** versus previous year



Leveraging global **innovation** strength in Adhesive Technologies

- High-impact innovations incl. adhesives for compact camera modules and waterproofing solutions drive **almost double-digit growth in consumer electronics**
- **Market share gains with eMobility solutions:** # customer-centric innovation projects doubled, advancing portfolio for electrification of powertrain
- New R&D platform “Albert” **strongly accelerating product development** – successful pilot with first prototype within 3 days instead of usually several weeks



- **Important milestones achieved in 2020**
in implementation of holistic sustainability strategy
- **Leading role in sustainability recognized**
by numerous international ratings and rankings

Strong track record
and progress on our
sustainability targets



- **Becoming climate-positive by 2040:**

Virtual power purchase agreement for renewable energy covering 100% of our U.S. power demand

- **Fostering a circular economy:**

Share of recycled plastics increased by 50%¹ and >400 million bottles made of 100% recycled plastics used in 2020

- **Contributing to social progress:**

Share of certified sustainable palm oil increased from 81 to 90%¹, continued support of smallholder farmers

Fostering **sustainability**
addressing global challenges



Leveraging **sustainability** across consumer portfolios

- Sustainable packaging using **recycled plastic**, e. g. **Nature Box** with **98% Social Plastic** across complete bottle portfolio
- Pioneering **refill stations** with brands such as **Love Nature** and **Authentic Beauty Concept**
- Sustainable **eCommerce solutions**: **Persil Eco Power Bars** with 91% recyclable packaging and 95% less plastic¹

¹ vs. standard Persil liquid detergents



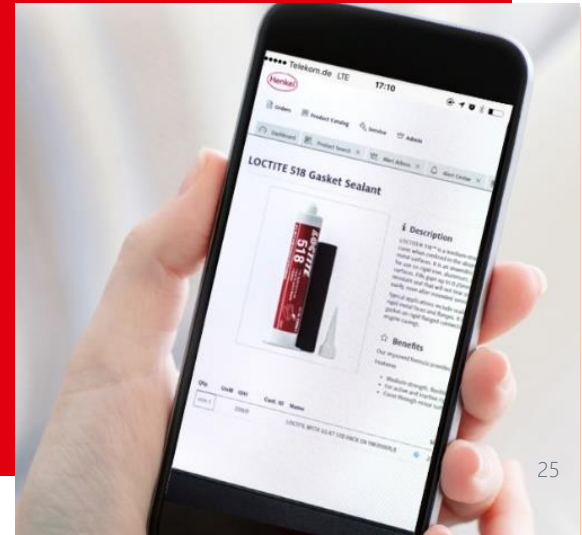
Driving **sustainability** across our entire industrial portfolio

- Reduced use of plastics and increased recyclability in **packaging industry** – up to 90% savings in plastic packaging films along supply chain of retail businesses
- Sustainable bonding solutions for **sports & fashion industry** reducing CO₂ footprint in footwear bonding process by up to 30%
- Solutions for sealed parts increase productivity by 20% and reduce CO₂ footprint in the **metals industry**



- **Digital share in Group sales advanced to ~15%** with increases in all business units
- **Growth of >60% in digital sales** in Beauty Care and Laundry & Home Care combined
- **Adhesive Technologies e-shop** now live in >60 countries, digital sales increase to >€ 2 billion

Accelerated growth
in **digital** sales



- **eSalon with strong double-digit growth** transforming into a multi-brand D2C personalization platform
- Boosting direct-to-consumer sales, adding **strong digital capabilities** via acquisitions
- Leading **Laundry & Home Care** platform **'Ask Team Clean'** live in **9 markets** with **omnichannel** presence

Boosting direct interaction
with our consumers via
digital channels



- All three business units with **enhanced organizational set-up**:
 - 4 divisions with customer-centric SBUs in Adhesive Technologies
 - Innovation and decision making of consumer businesses closer to markets
- **Purchasing** function with improved business-oriented setup
- New digital unit **Henkel dx** live, opening of first innovation hub in Berlin

Operating model changes implemented for faster decisions and market proximity



Strengthened **collaborative culture**, strong momentum for future success

- **Cultural transformation** accelerated across Henkel to step up business transformation
- **Leadership Commitments** as cultural “north star” in full implementation for our 53,000 people
- **Opportunities for change** defined based on broad internal Organizational Health survey among 10,000 employees
- **Individual and team programs** in place to train people in becoming future-ready, more than doubling digital learnings hours



PROGRESS 2020

Progress in divestments and business turnarounds; 2 acquisitions closed

Impactful innovations launched, supported by increased growth investments

Important sustainability milestones achieved, strong initiatives across businesses

Digital sales increased by >60% in consumer businesses

Operating model changes implemented, new “Digital Business” set-up live

Leadership Commitments in full implementation, cultural transformation accelerated

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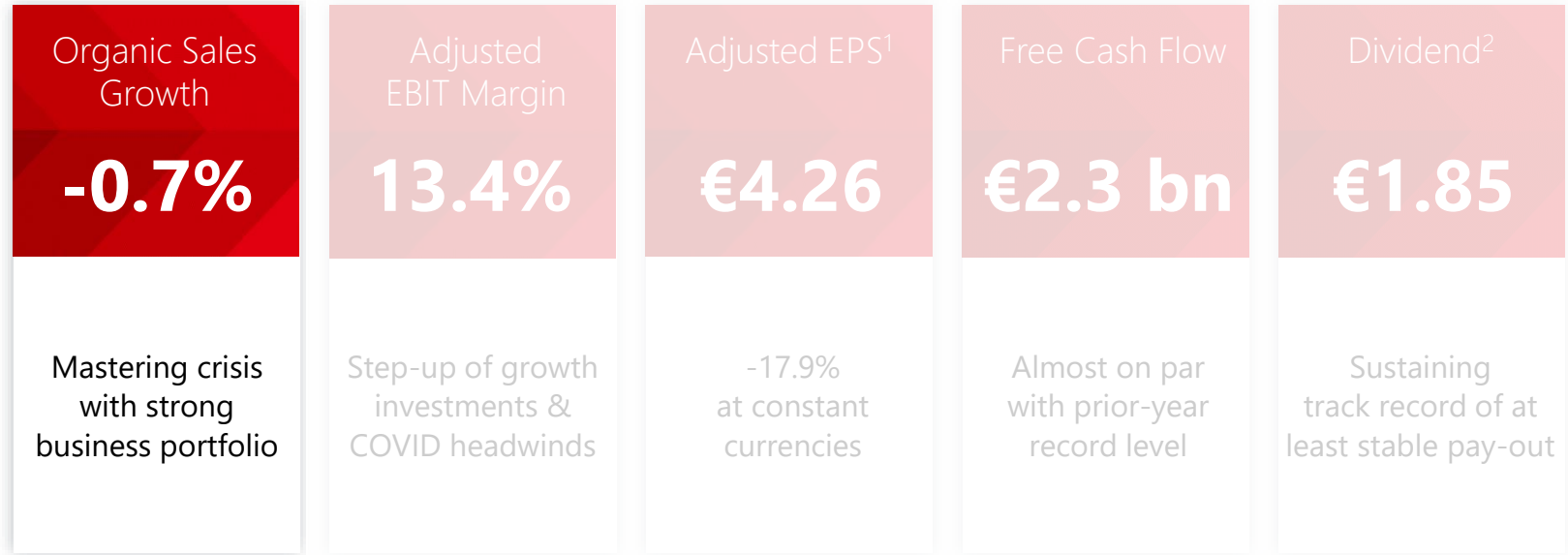
Closing

▶ ROBUST BUSINESS PERFORMANCE IN 2020



¹ Per preferred share ² Proposal per preferred share to shareholders at AGM on April 16, 2021

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▶ SALES DEVELOPMENT

FY 2020

OSG

-0.7%

Price Volume
+0.1% **-0.8%**

M&A

+0.3%

FX

-3.9%

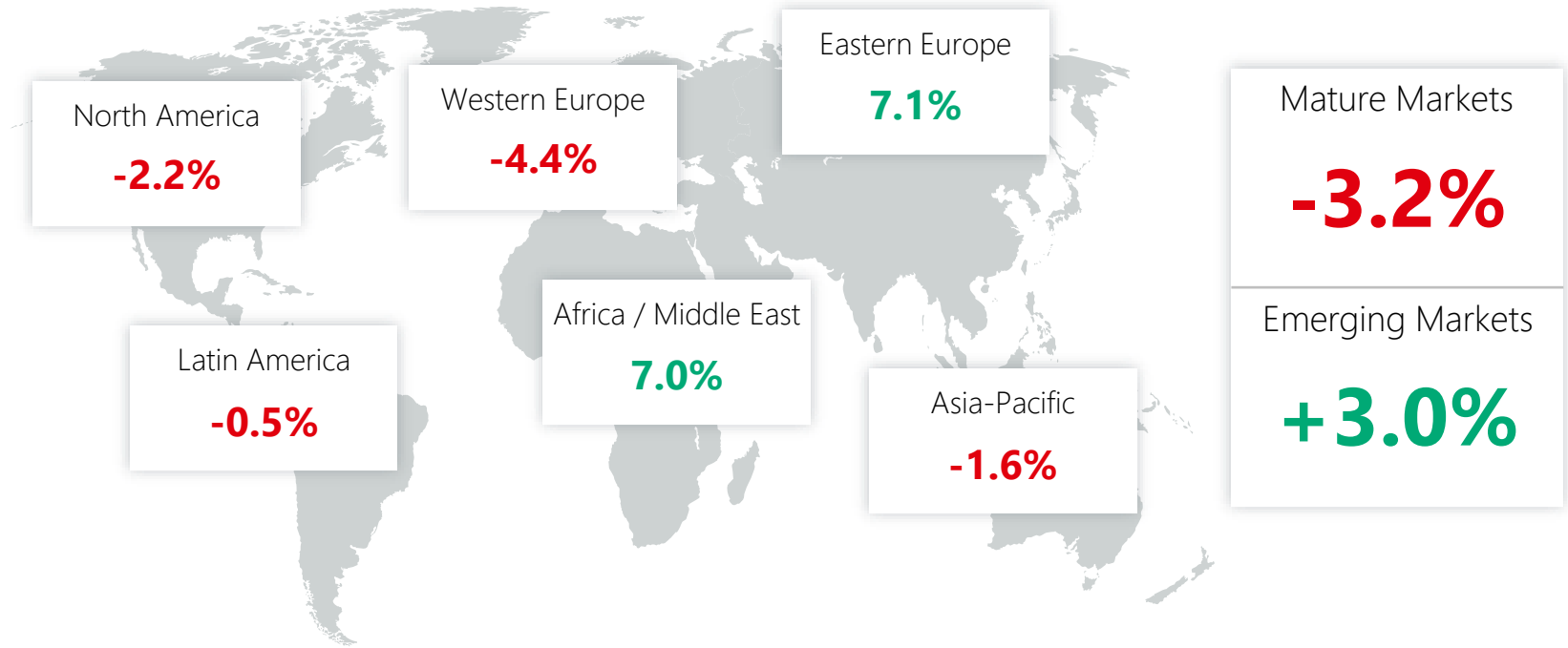
Nominal

-4.3%

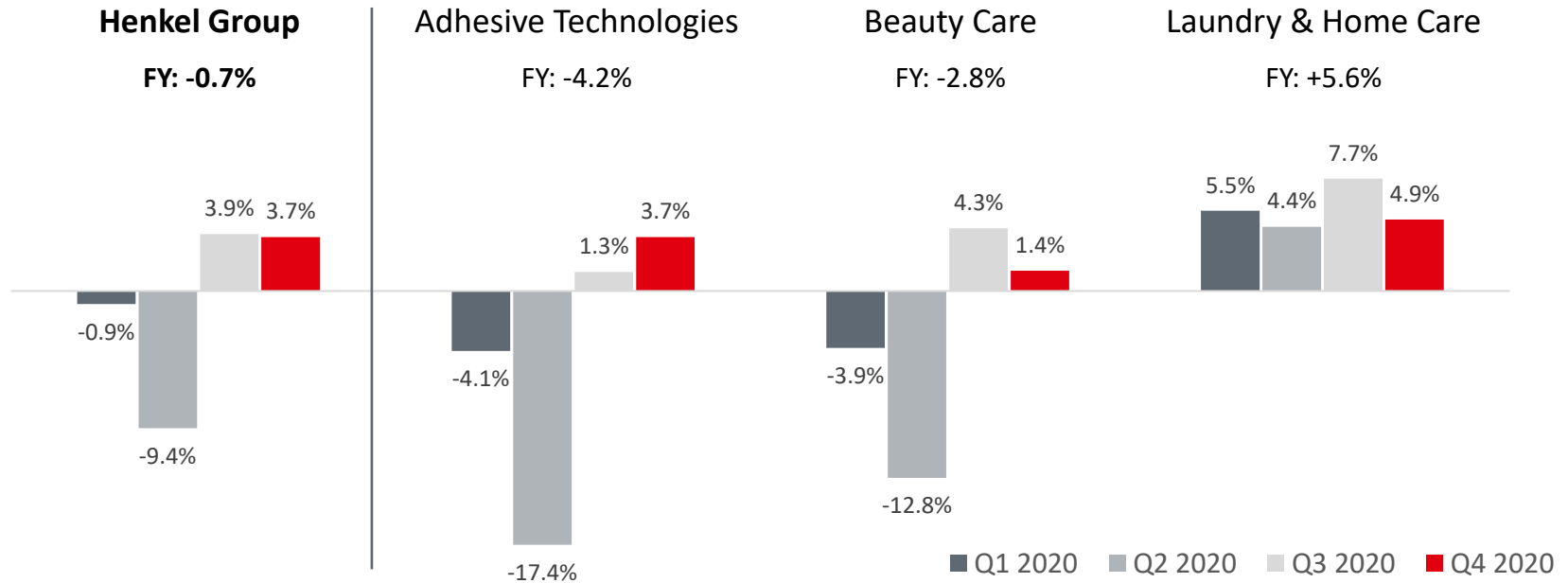
- Robust organic sales performance of business portfolio in highly challenging environment
- Currency headwinds affecting nominal sales development, especially in second half year

REGIONAL DEVELOPMENTS

ORGANIC SALES DEVELOPMENT FY 2020



▶ ORGANIC SALES DEVELOPMENT BY BUSINESS UNIT



➤ **Continued recovery in Adhesive Technologies, Beauty Care held back by salon closures in Q4, sustained strong performance in Laundry & Home Care**



ADHESIVE TECHNOLOGIES

ORGANIC SALES GROWTH: -4.2%

- Overall robust performance in 2020 thanks to continued recovery across business divisions in H2
- Automotive & Metals low double-digit % below prior year due to significant decline in global car production
- Packaging & Consumer Goods achieved positive growth supported by strong packaging business
- Electronics & Industrials negative due to weak Industrial demand, significant growth in Electronics
- Craftsmen, Construction & Professional lower year-on-year, but strong pick-up in H2 2020

▶ ADHESIVE TECHNOLOGIES

FY 2020

Organic Sales Growth

-4.2%

Price	Volume
+0.6%	-4.8%

Adjusted EBIT Margin

15.2%

Change y-o-y
-290 bps

Net Working Capital

9.2%

Change y-o-y
-230 bps

- Adjusted EBIT margin impacted by lower sales volume and related operational leverage effects
- Net working capital improved strongly



BEAUTY CARE

ORGANIC SALES GROWTH: -2.8%

- Retail business back to good growth thanks to very strong second half year
- Hair Retail stable despite pandemic due to double-digit increase of Coloration business
- Significant growth of Body Care, in particular fueled by Dial in North America
- Professional with significant pandemic-driven decline, recovery in H2 but increased pressure from COVID restrictions towards year-end
- Broad-based growth of digital sales by high double-digit percentage, boosted by D2C



BEAUTY CARE

FY 2020

Organic Sales Growth

-2.8%

Price	Volume
+0.1%	-2.9%

Adjusted EBIT Margin

10.0%

Change y-o-y
-340bps

Net Working Capital

-0.5%

Change y-o-y
-240bps

- Adjusted EBIT margin lower due to weakness in salon business and higher growth investments
- Strong Net working capital improvement



LAUNDRY & HOME CARE

ORGANIC SALES GROWTH: +5.6%

- Growth in all regions, double-digit growth in Asia-Pacific, Middle East / Africa and Eastern Europe; record market shares in Europe
- Core brands Pril, Somat & Bref driving double-digit growth in Home Care with strong innovations
- Good growth in Laundry Care supported by innovative Persil 4in1 DISCS
- North America with good organic sales growth in the full year but market shares decline
- Mid double-digit percentage eCommerce growth, further accelerated by COVID-19

▶ LAUNDRY & HOME CARE

FY 2020

Organic Sales Growth

5.6%

Price	Volume
-0.7%	+6.4%

Adjusted EBIT Margin

15.0%

Change y-o-y
-150bps

Net Working Capital

-9.3%

Change y-o-y
-400bps

- Step-up of marketing, advertising and digital investments affecting adjusted EBIT margin
- Net working capital significantly better year-over-year

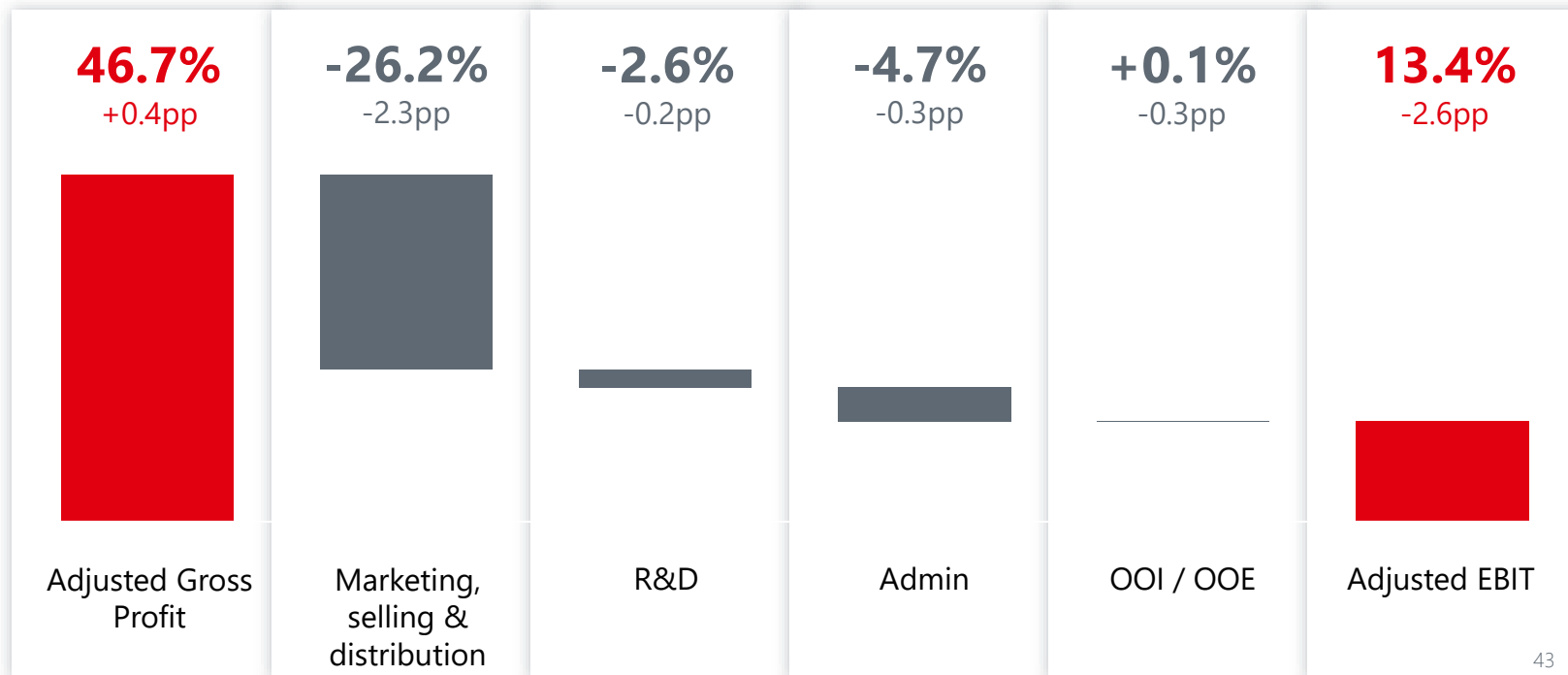
▶ ROBUST BUSINESS PERFORMANCE IN 2020



¹ Per preferred share ² Proposal per preferred share to shareholders at AGM on April 16, 2021

▶ ADJUSTED GROSS PROFIT TO ADJUSTED EBIT FY 2020

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



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

▶ RECONCILIATION REPORTED TO ADJUSTED EBIT

FY 2020

in € m

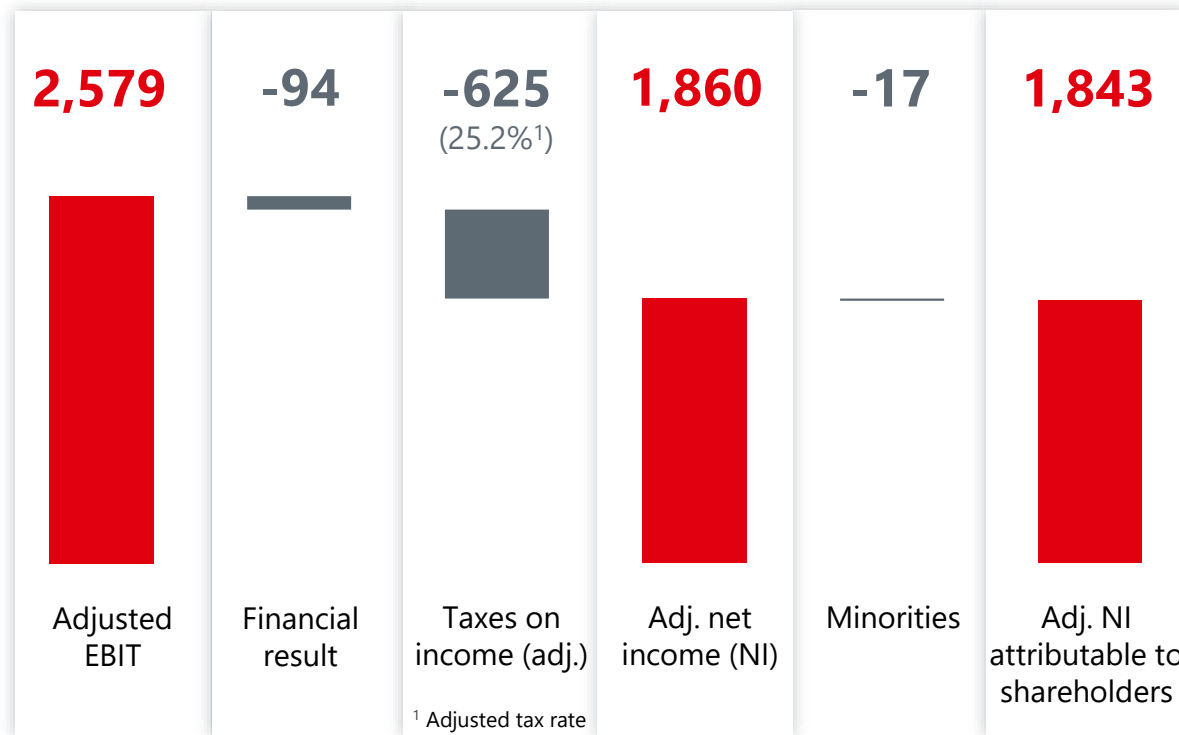
Reported EBIT	One-time income	One-time expenses	Restructuring	Adjusted EBIT
2,019	-5	+328	+237	2,579

- Non-cash impairments of €303 m in context of executing our active portfolio management
- Restructuring expenses predominantly driven by optimization of production and sales structures

▶ ADJUSTED EPS BELOW PRIOR YEAR

FY 2020

in € m

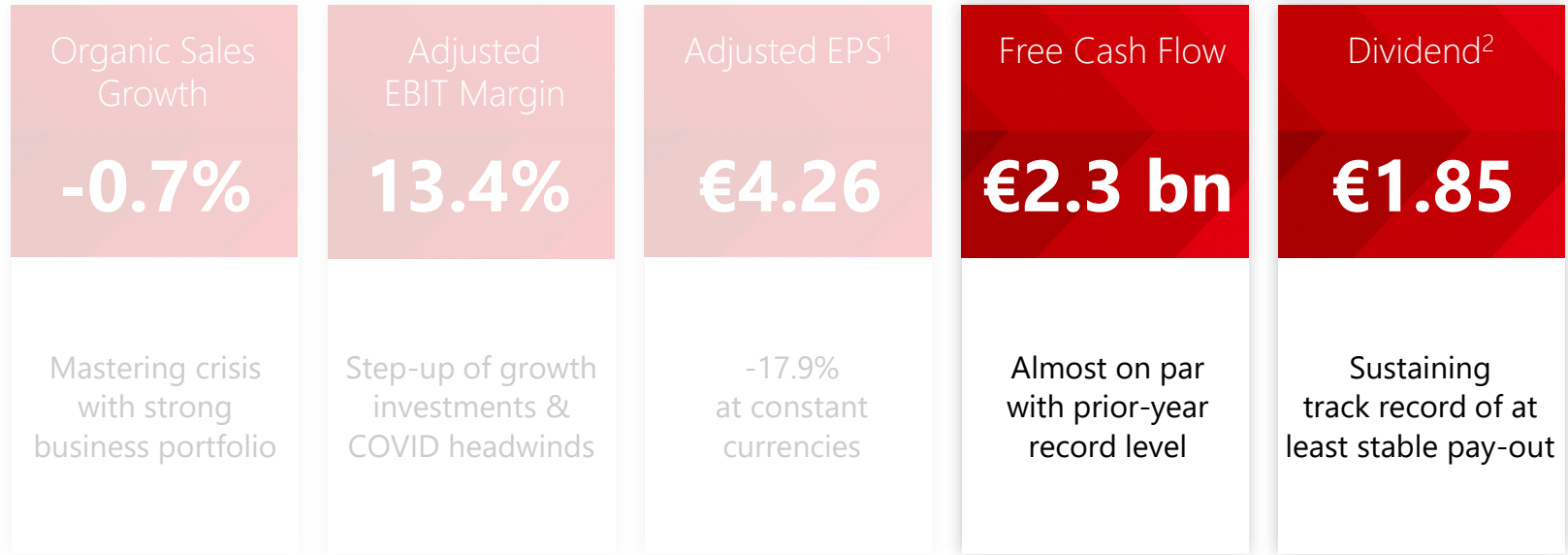


Adj. EPS per
pref. share

€ 4.26

-21.5% y-o-y
-17.9% at constant currencies

▶ ROBUST BUSINESS PERFORMANCE IN 2020



¹ Per preferred share ² Proposal per preferred share to shareholders at AGM on April 16, 2021

▶ STRONG WORKING CAPITAL AND CASH FLOW

FY 2020

Net Working Capital

0.7%

Change y-o-y
-320bps

Free Cash Flow

€ 2,338 m

Change y-o-y
€ -133 m

Pay-out to shareholders

~€ 800 m

Dividend per pref. share¹
€ 1.85

- Strong free cash flow generation thanks to favorable Net Working Capital development
- Dividend pay-out stable on record level in 2020

¹ Proposal for dividend per preferred share to shareholders at AGM April 16, 2021

▶ SUSTAINED INVESTMENTS INTO BUSINESSES

€ 715 m CapEx investments, equivalent to 3.7% of sales
Focus on growth and capacity expansion

€ 470 m Consistent execution of M&A strategy
Acquisitions of Beauty D2C brands as well as consumer sealants business in NA



▶ STRONG BALANCE SHEET & FINANCIAL FLEXIBILITY

FY 2020

Net Financial Position

€ -888 m

Change vs. year-end

€ +1,159 m

- Improved net debt level, undrawn credit lines and headroom in Debt Issuance Program offering sufficient room to maneuver
- Strong single A rating
- Successful bond placements at attractive conditions including innovative sustainable financing via plastic waste reduction bond

▶ STABLE DIVIDEND PROPOSED DESPITE COVID-HEADWINDS

€ 1.85¹

Stable dividend supported
by strong financial situation

Considering special nature
of COVID effects on earnings

43.7%

Dividend above higher end
of pay-out target ratio

Dividend policy unchanged
going forward at 30-40%

¹ Proposal for dividend per preferred share to shareholders at AGM April 16, 2021



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▶ BUSINESS ENVIRONMENT IN 2021

KEY ASSUMPTIONS

- Following sharp decline in 2020, industrial demand is expected to revive in 2021, however, demand in some of the areas and regions of importance to Henkel is not expected to regain pre-crisis levels in 2021
- Demand for consumer goods is expected to return to normal as year progresses, but uncertainty about further course of infection rates and related restrictions remains high

Henkel's 2021 guidance is based on the following assumptions

- Industrial demand and consumer goods business areas of relevance for Henkel, in particular the Hair Salon business, expected to recover, partially significantly
- Consumer goods areas which recorded increased demand as a result of the pandemic are expected to return to normal levels
- Current restrictions to be lifted during Q1, no widespread closures of retail and industrial businesses assumed as year progresses

▶ GUIDANCE 2021

Organic Sales Growth

+2.0 to 5.0%

Adhesive Technologies +2.0 to 6.0%

Beauty Care +2.0 to 6.0%

Laundry & Home Care +1.0 to 3.0%

Adjusted EBIT Margin

13.5 to 14.5%

Adhesive Technologies 15.5 to 16.5%

Beauty Care 10.5 to 12.0%

Laundry & Home Care 15.0 to 16.0%

Adjusted EPS¹

+5 to 15%

at constant exchange rates

¹ Per preferred share

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COMMITTED TO DELIVERING PURPOSEFUL GROWTH IN 2021

Winning
Portfolio

Competitive Edge

Future-ready
Operating
Model

Innovation

Sustainability

Digitalization

Collaborative Culture & Empowered People

STRATEGIC FOCUS FIELDS 2021

Complete planned divestments/discontinuations and further improve turnaround cluster; acquisitions integral part of strategy

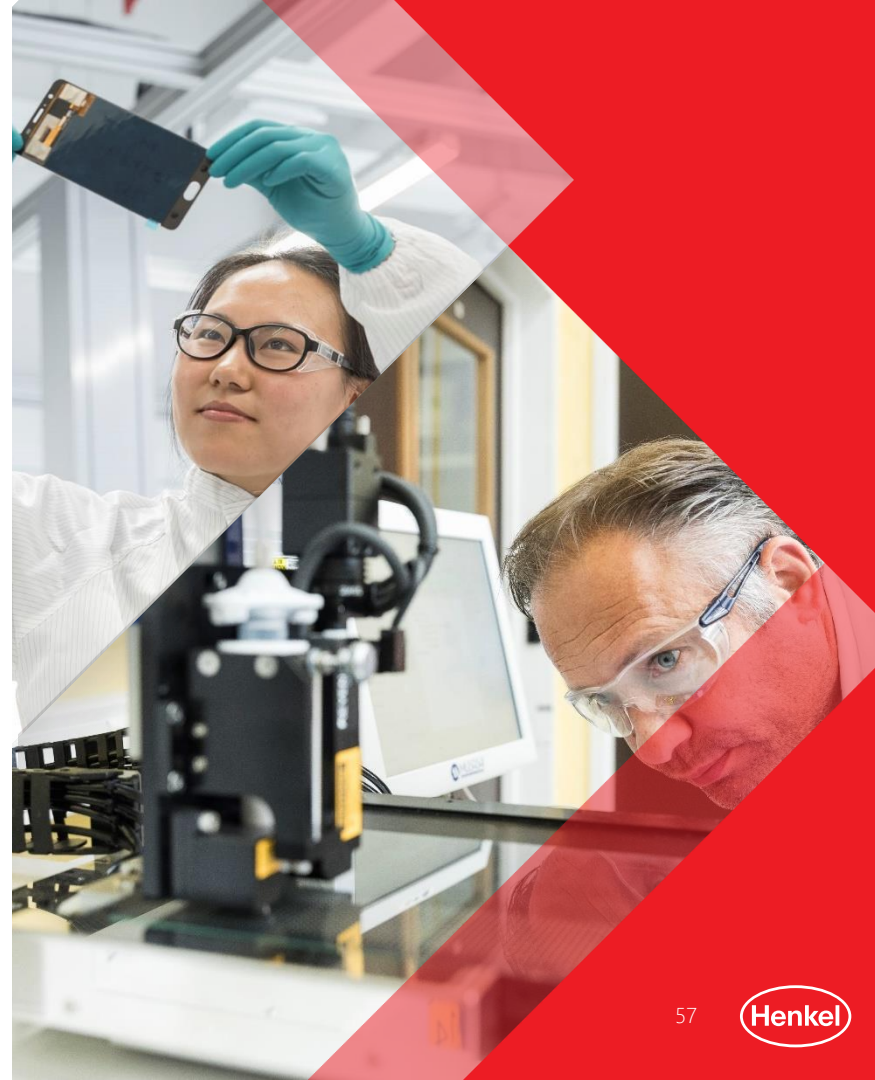
Drive competitive edge via impactful innovation, sustainability and digitalization across the entire company

Build on future-ready operating models

Double down on cultural transformation - tangible for everybody at Henkel

▶ ADHESIVE TECHNOLOGIES ENHANCE COMPETITIVE EDGE 2021

- **Accelerate growth in attractive markets**
 - Leverage globally leading position and unique portfolio across all markets and industries
 - Capture high growth opportunities through customer proximity, application know-how & technology leadership
- **Expand leading position through sustainability**
 - Systematically develop portfolio and operations towards sustainability contribution
 - Enable customers to meet and exceed their sustainability targets through Henkel's innovative solutions
- **Create new opportunities through digitalization**
 - Digitize customer experience across all touchpoints
 - Further expand data integration & digital platforms





BEAUTY CARE

ENHANCE COMPETITIVE EDGE 2021

- **Win in Professional**
 - Fully supporting our salon partners
 - Strong, sustainable premium innovations
 - Build digital ecosystem incl. further roll-out SalonLab
- **Build on growth trajectory in Retail with focus on core brands**
 - Accelerating Color expansion and momentum in Care
 - Re-igniting Styling as category leader
 - Continuing successful development in North America
- Drive **sustainable portfolio transformation**
- **Scale up in D2C** leveraging end-to-end eco system and **further expand e-commerce**



▶ LAUNDRY & HOME CARE ENHANCE COMPETITIVE EDGE 2021

- **Expand innovation leadership**
 - Win with Caps across portfolio
 - Launch new hygiene products
 - Strengthen regional excellence with 'glocal' innovations
- **Further step-up digitalization & sustainability**
 - Expand e-com & strengthen pioneer role in Industry 4.0
 - Drive circular economy with focus on plastic
 - Targeted roll-out of brands with purpose
- **Rebound North America**
 - Cultural transformation with new structures and team
 - Comprehensive portfolio management
 - Impactful innovations for core brands with strong media





▶ DRIVING OUR CULTURAL TRANSFORMATION

- Anchor cultural transformation in day to day, **empowering people to drive accelerated business performance**
- Implement **holistic future of work concept** to match changing employee expectations and shape employer value proposition
- Strengthen **diversity and inclusion as top priority** to strengthen Henkel's identity
- **Accelerate upskilling initiatives** to shape the most competitive workforce for today and for tomorrow

► MID- TO LONG-TERM FINANCIAL AMBITION

Organic Sales Growth

Achieve organic sales
growth of 2-4%

EPS Growth

Deliver mid- to high
single-digit % adjusted
EPS growth at constant
exchange rates

Free Cash Flow

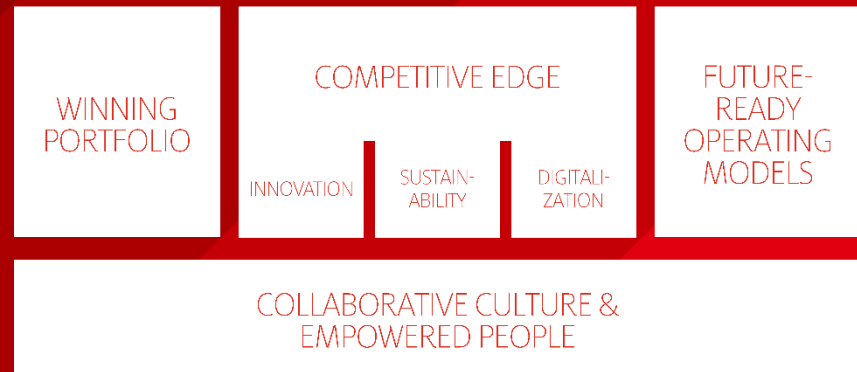
Continued focus on
Free Cash Flow
expansion

- Pursue compelling growth opportunities with superior execution
- Maintain cost discipline and focus on margin

▶ ENTERING 2021 WITH CONFIDENCE

- Strong progress achieved in 2020 – despite focus on crisis management
- Purposeful Growth Agenda in full execution, enhancing competitive edge in 2021
- Tangible cultural change for every employee at Henkel

PURPOSEFUL GROWTH



Q&A

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▶ CLOSING REMARKS

- Henkel with overall **robust performance in 2020** in highly challenging business environment, growth across all business units in H2
- **Ensuring employee safety, supplying customers and supporting communities** at any time during the pandemic
- **Strong financial foundation** with Free Cash Flow almost on par with prior-year record level and improved Net Financial Position
- **Sustaining track record of increasing or stable dividend**¹ despite COVID headwinds
- Implementation of **Purposeful Growth Agenda** started with **clear and tangible progress in 2020** while our journey continues
- **Positive 2021 outlook** with expected recovery of industrial demand and Hair Salon business, while uncertainty in environment remains high

¹ Proposal to shareholders at AGM on April 16, 2021

THANK YOU



▶ UPCOMING EVENTS

April 16, 2021	Annual General Meeting
May 6, 2021	Q1 2021 Release
August 12, 2021	Q2 & H1 2021 Release
November 8, 2021	Q3 2021 Release
February 23, 2022	Q4 & FY 2021 Release

► FY 2021: ADDITIONAL INPUT FOR SELECTED KPIS

Currency Impact on Sales	Mid-single-digit % negative ¹
Prices for Direct Materials	Low to mid-single-digit % increase ¹
Restructuring Charges	€ 250 - 300m
CapEx	€ 600 - 700m

¹ versus the prior year