



HENKEL FY 2022



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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

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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



Shared Service Centers: further extension of service scope

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



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**

Creation of Henkel Consumer Brands

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



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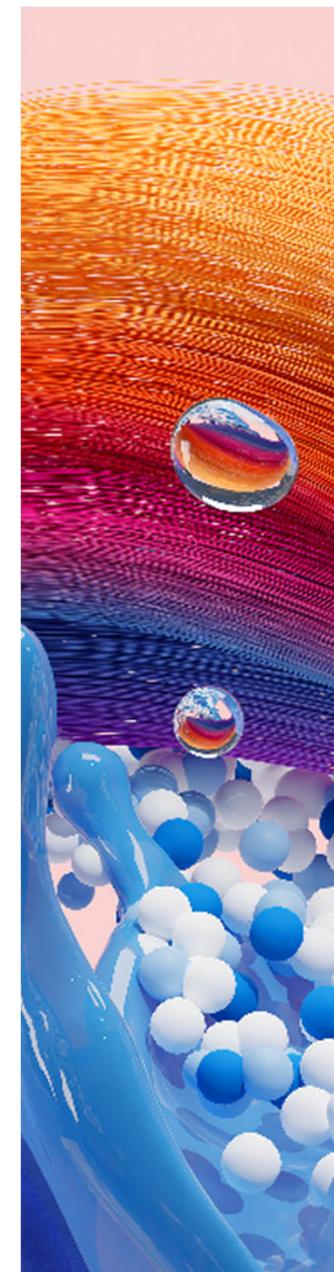


REALIZING SIGNIFICANT **SYNERGIES** AND **SAVINGS** PHASE 1

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

Way Forward

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



Up to ~€0.6 bn remain under review

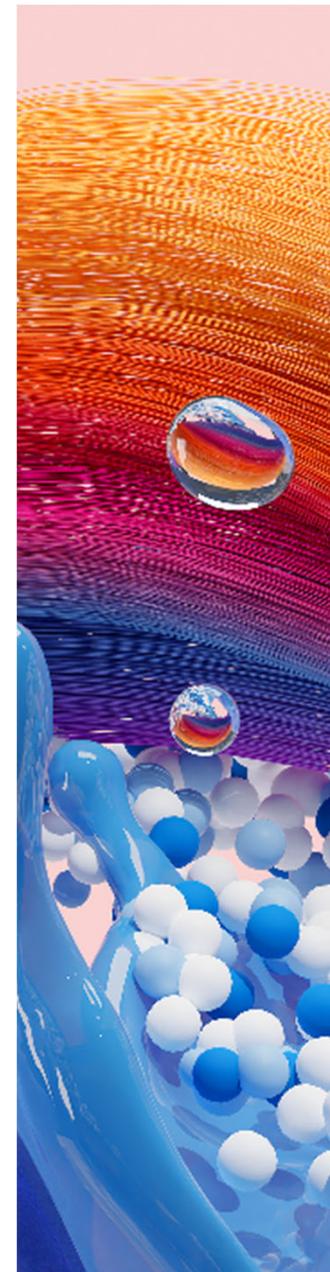
Further **reduction of portfolio complexity** incl. longtail simplification

Strengthen “hero” SKUs and support innovation pipeline

ACQUISITIONS

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

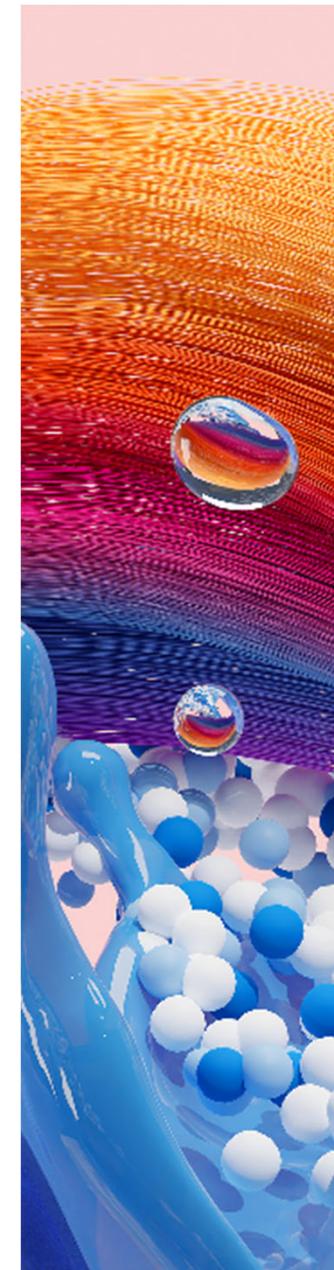
Short-term focus on integration, while M&A remains integral part of strategy



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

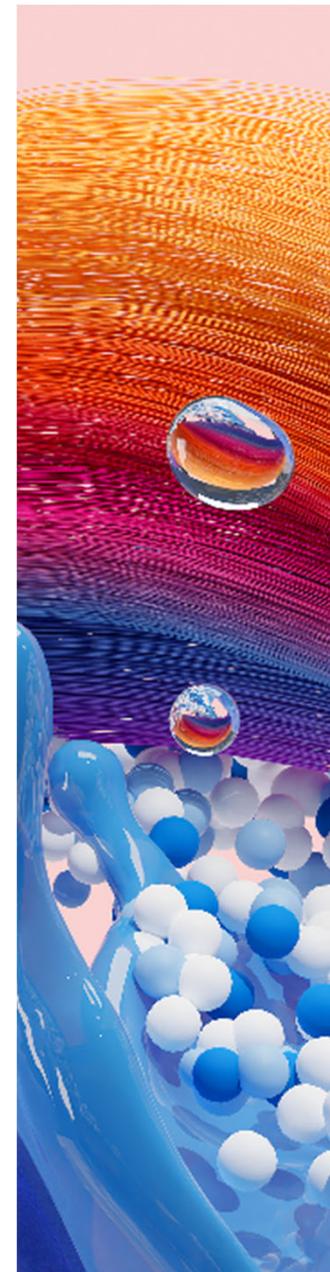


ACCELERATING PROFITABLE GROWTH

- 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

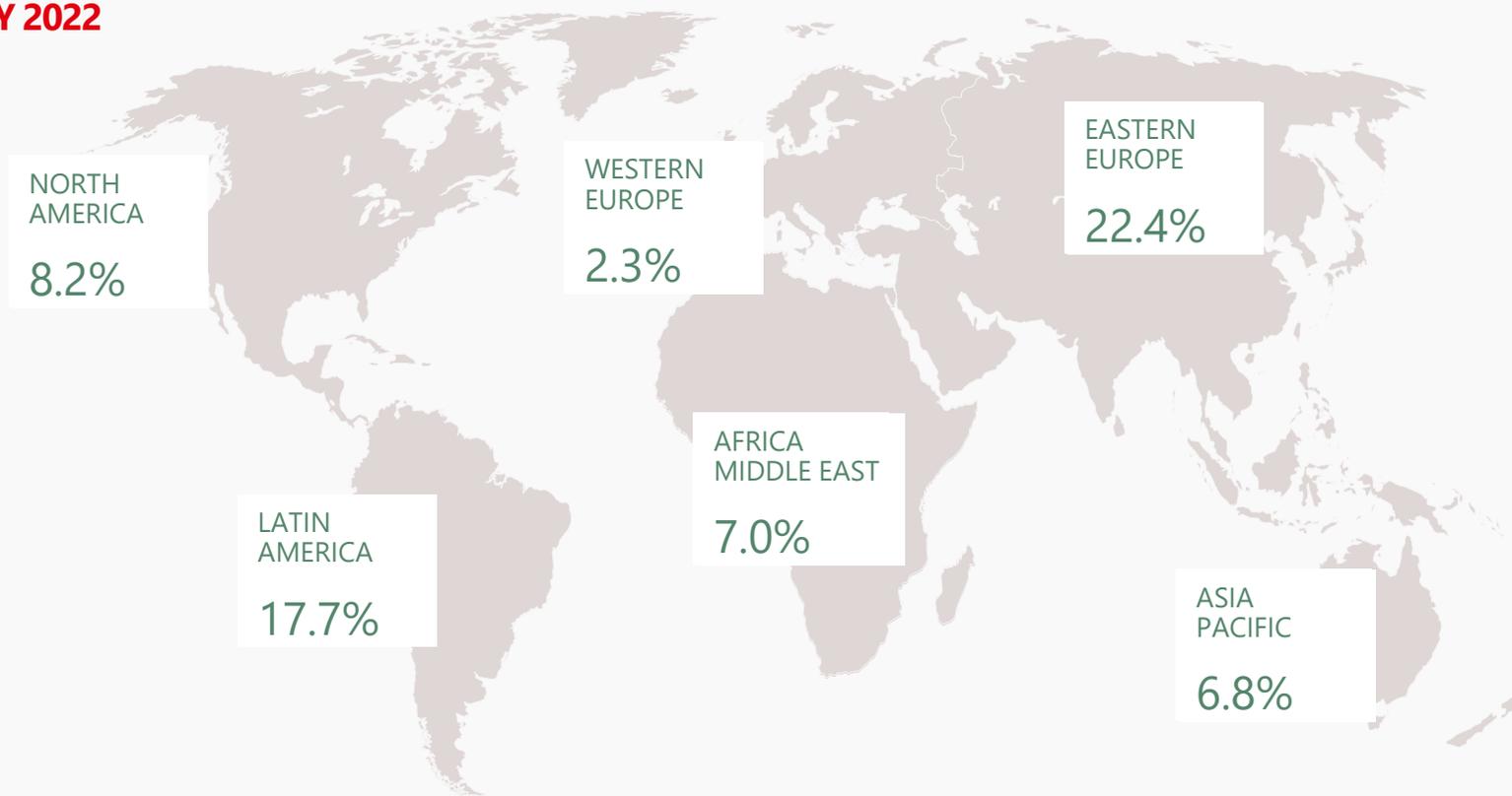
FY 2022



- 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%

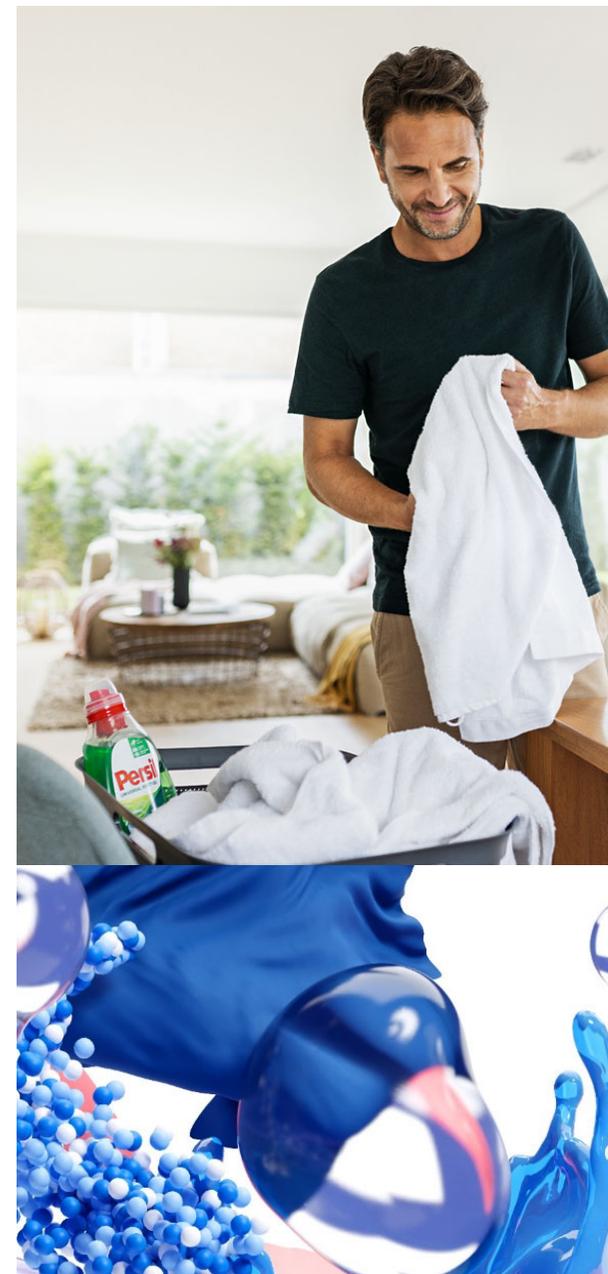
Volume:
-6.6%

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



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



