



# 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 GROWTH<sup>1</sup>

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  
EPS<sup>2</sup>

€3.90

-17.8% at constant  
currencies

FREE  
CASH FLOW

€0.7 bn

Net financial position  
at €-1.3 bn

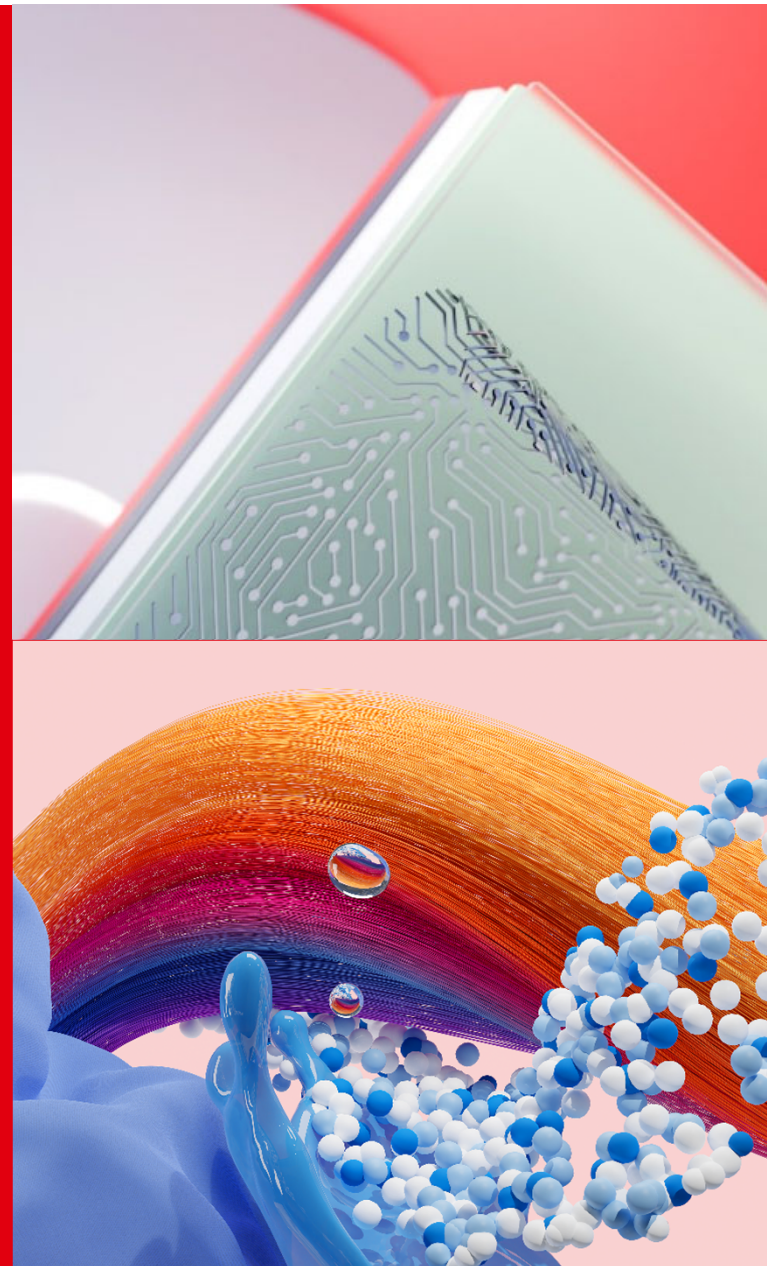
DIVIDEND<sup>3</sup>

€1.85

Strong financial  
position allowing for  
stable dividend

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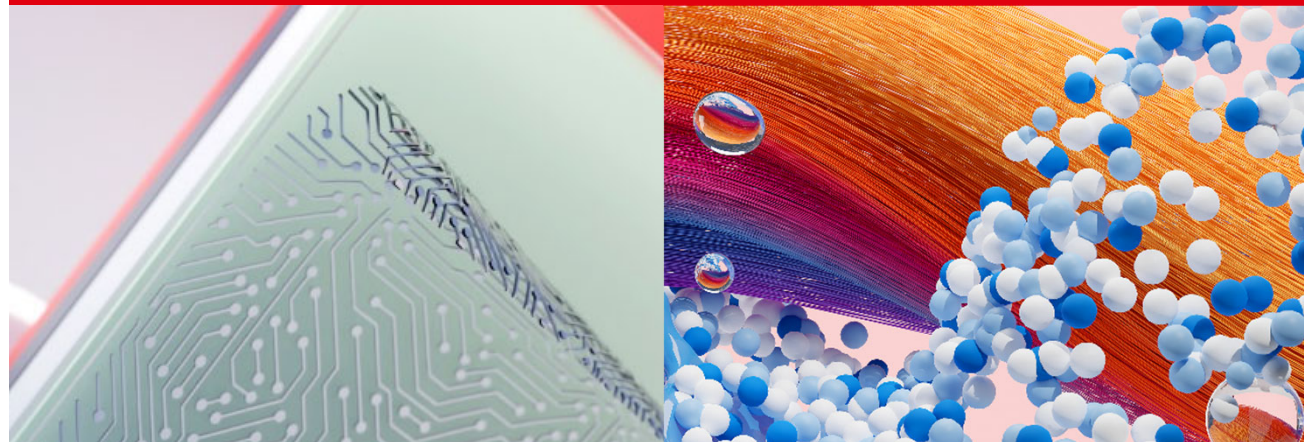


# DRIVING OUR STRATEGIC AGENDA

## 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

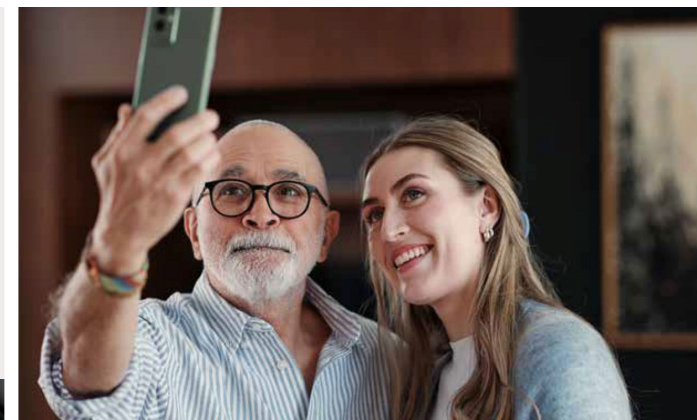


## Technomelt Supra ECO enabling more sustainable packaging

- 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**



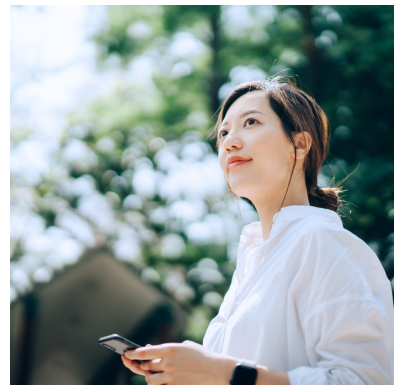
## Sustainable packaging portfolio

- 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 CO<sub>2</sub> emissions** per ton of product in own operations by **-55%** (vs. base year 2010)
- Enabled **>78m tons CO<sub>2</sub> 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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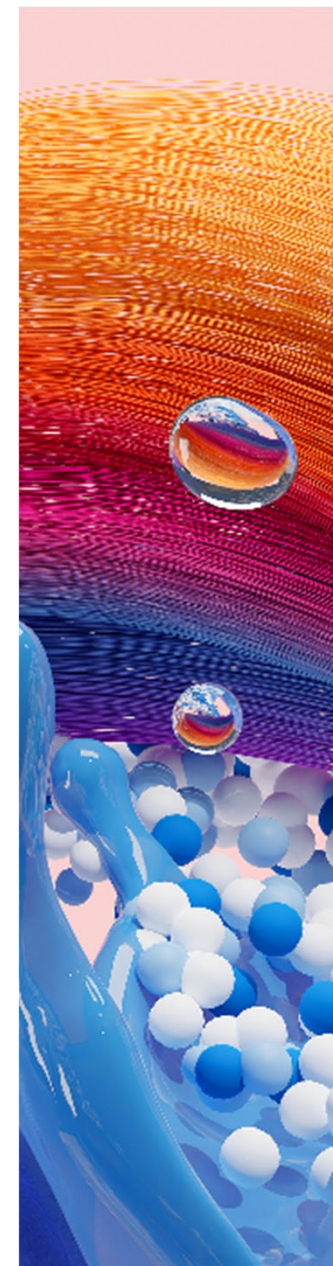
# REALIZING SIGNIFICANT **SYNERGIES** AND **SAVINGS**

## PHASE 1

### Progress 2022

### Way Forward

ORGANIZATIONAL SET-UP	Organizational <b>set-up live</b> in all regions and across all Consumer Brands functions  ~ <b>1,000 positions</b> reduced by year-end	<b>Further optimization</b> of organizational set-up and teams  Overall ~ <b>2,000 affected positions</b> confirmed
NET SAVINGS	First net savings of ~ <b>€60m</b> already realized	On track to reach ~ <b>€250m</b> net savings in full swing in 2024
ONE TIME COSTS / RESTRUCTURING	~ <b>€290m</b>	Total of ~ <b>€350m</b> 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  LicorPolo Denivit 

## Way Forward

**Up to ~€0.6 bn** remain under review

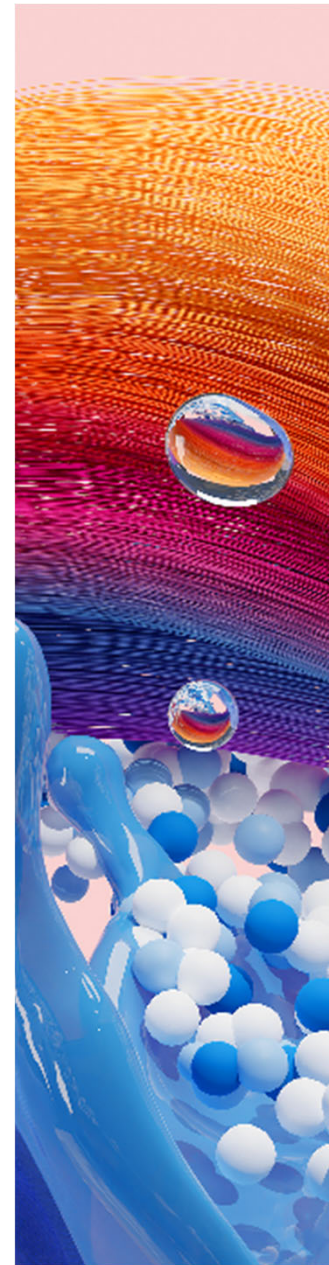
Further **reduction of portfolio complexity** incl. longtail simplification

**Strengthen “hero” SKUs** and support innovation pipeline

### ACQUISITIONS

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

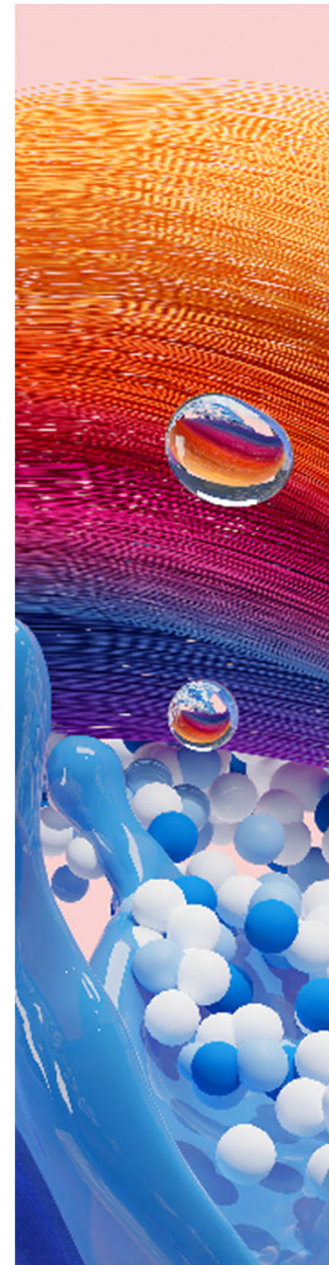
Short-term focus on integration, while M&A remains integral part of strategy



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

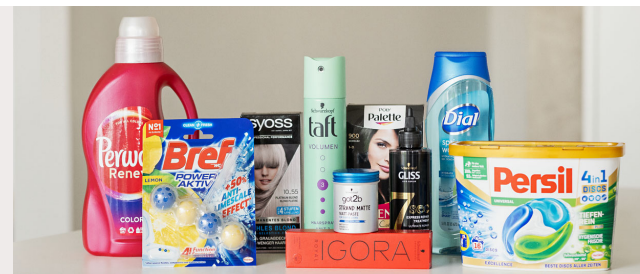
## PHASE 2

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

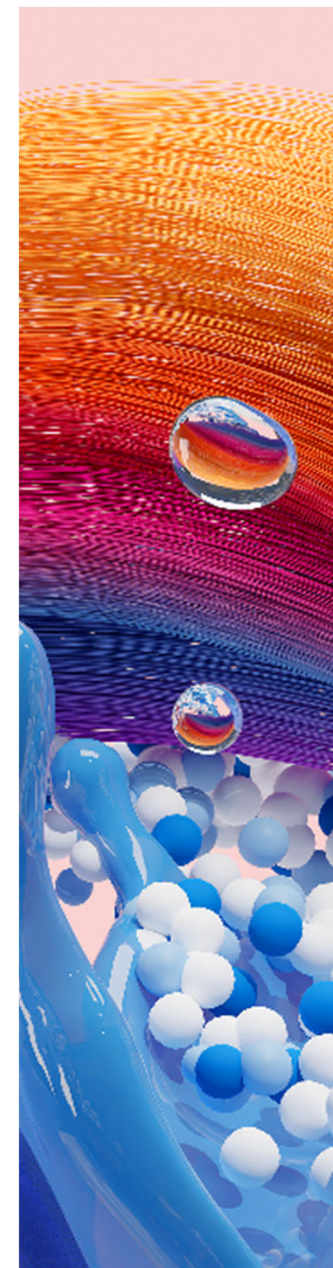


# ACCELERATING PROFITABLE GROWTH

- 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 ~€500m<sup>1</sup> 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

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

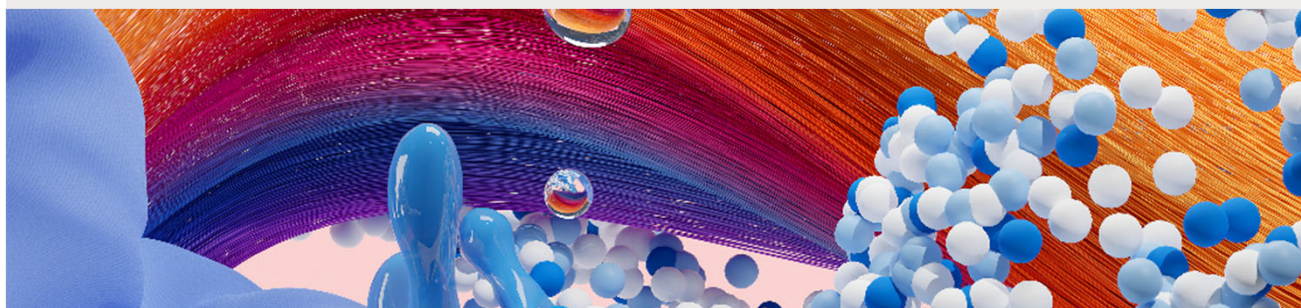
## Phase 2

Mostly implemented until end of '25

- ~€150m<sup>1</sup> net savings
- Focusing on **Supply Chain** excellence
- **One-time** costs of ~€250m<sup>2</sup>, related CAPEX for 2023 reflected in guidance

<sup>1</sup> on an annualized basis

<sup>2</sup> Corresponding part of restructuring expenses included in guidance for 2023



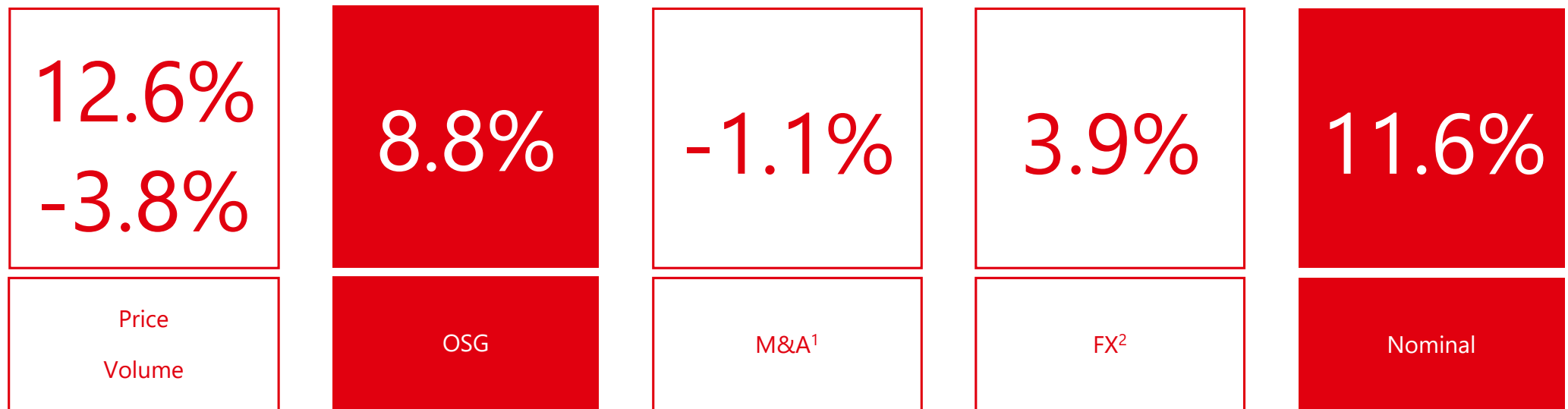
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# ORGANIC SALES GROWTH DRIVEN BY STRONG PRICING

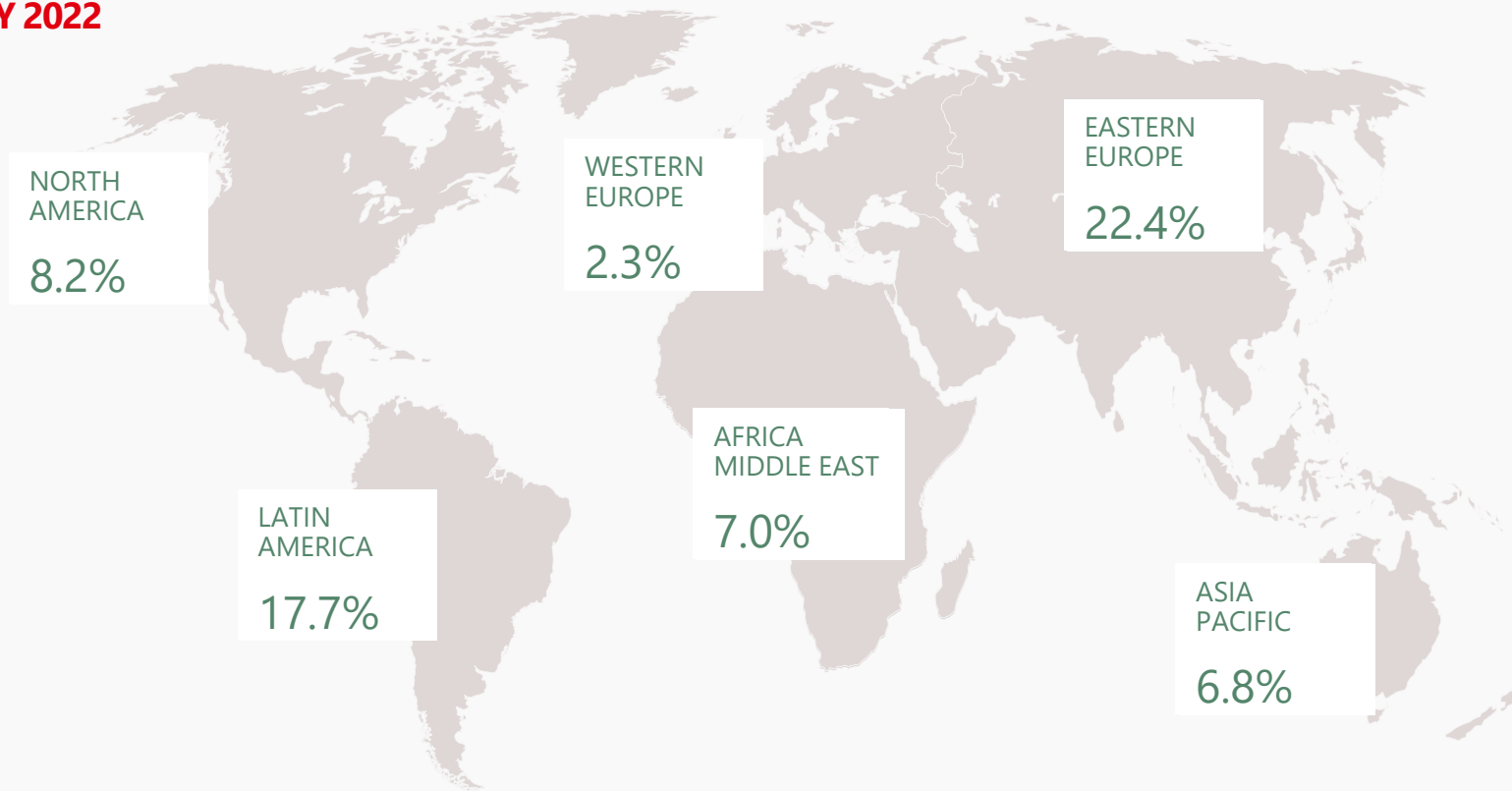
FY 2022



- 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

ORGANIC  
SALES GROWTH

-0.5%

Price:  
8.9%

Volume:  
-9.4%

ADJUSTED  
EBIT MARGIN

7.8%

Change y-o-y:  
-170 bps

- 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%

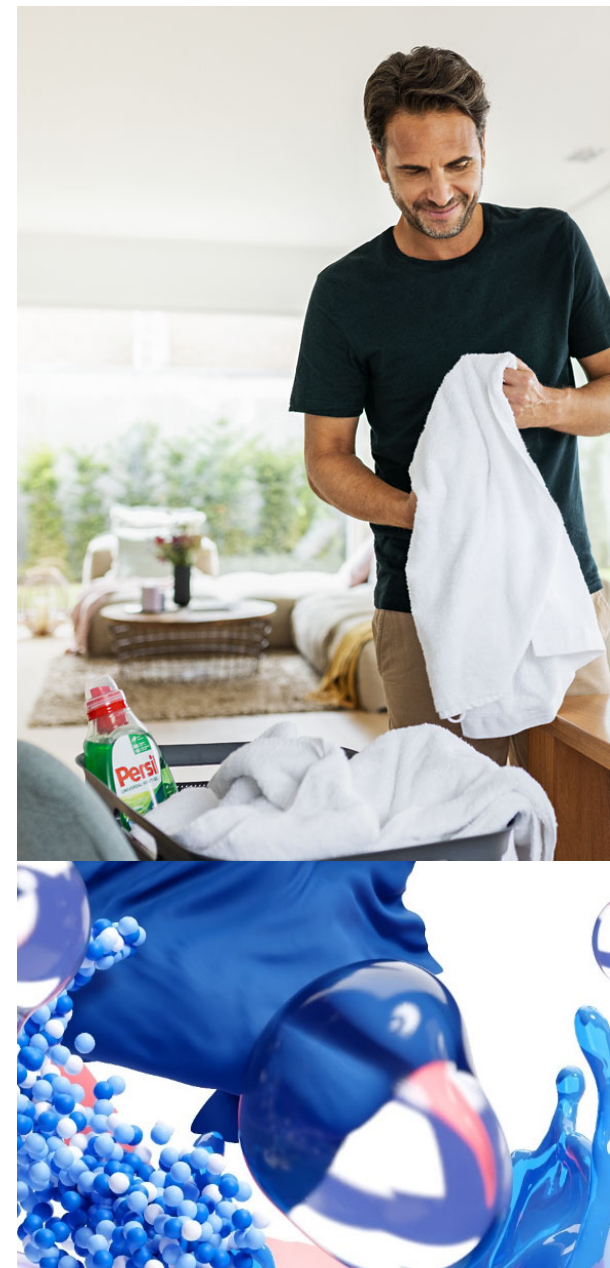
Volume:  
-6.6%

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

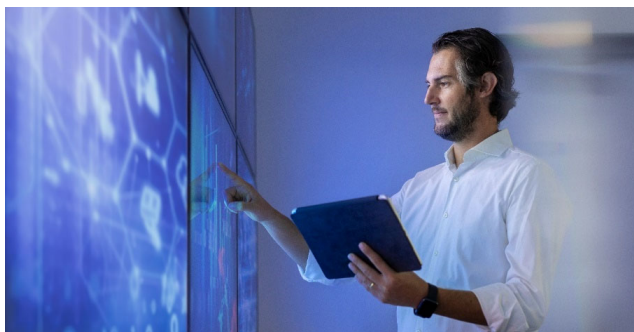
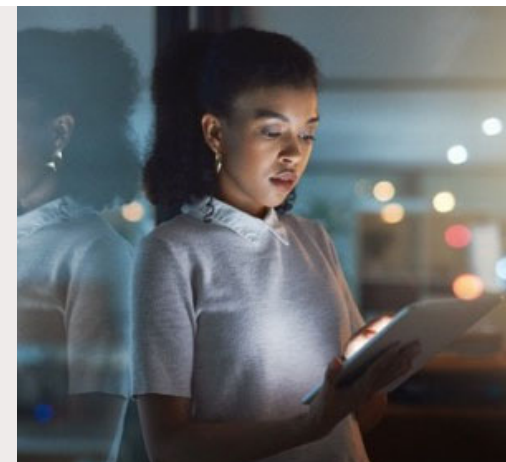
<ul style="list-style-type: none"><li>Investing in growth, maintenance/rationalization and sustainability/digital</li><li>Total CapEx equivalent to 2.6% of Group sales in 2022</li></ul>	INVESTMENTS 2022 <b>€600 m</b>	NO. OF ACQUISITIONS 2022 <b>3</b>	<ul style="list-style-type: none"><li>Two technology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

# 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 GROWTH<sup>1</sup>

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 EPS<sup>2</sup>

-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



