



# HENKEL H1 2023

CARSTEN KNOBEL, MARCO SWOBODA – 10 AUGUST 2023



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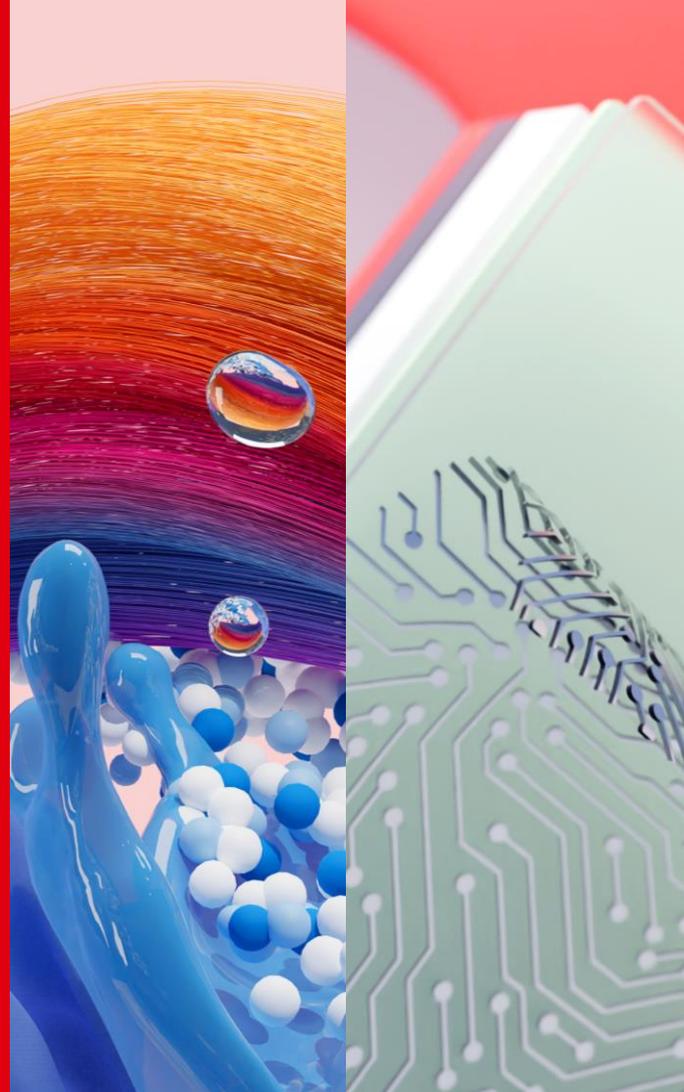
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# AGENDA

- 01 **Key Developments**
- 02 Business Performance H1 2023 & Outlook
- 03 Key Take-Aways & Closing



# SUSTAINED GROWTH MOMENTUM WITH MARGIN EXPANSION

## H1 2023

- **Very strong organic sales growth** driven by double-digit price increases in both Adhesive Technologies and Consumer Brands
- **Strong margin increase** supported by pricing, accelerated savings & continued portfolio optimization measures – while advancing level of investments to **thrive growth**
- Significant improvement in **free cash flow**
- **Guidance for 2023 increased** – stronger organic sales growth and adj. EBIT margin expectations driving adj. EPS growth of +5 to +20%



### HENKEL GROUP

OSG  
4.9%

ADJ. EBIT MARGIN  
11.5%

ADJ. EPS GROWTH  
14.4%

AT CONSTANT FX



### ADHESIVE TECHNOLOGIES

OSG  
4.7%

ADJ. EBIT MARGIN  
14.0%



### CONSUMER BRANDS

OSG  
5.7%

ADJ. EBIT MARGIN  
10.4%

# ECONOMIC ENVIRONMENT

**Overall heterogenous macroeconomic environment** – global GDP with stable growth throughout the year, IPX expected to slightly improve after muted development in H1



**Diverse dynamics in Adhesive Technologies end markets** – muted demand in Electronics, Construction and Packaging; growth in Automotive and Aerospace



**Input costs partly easing, but still on higher levels vs. PY** – impacts from **wage inflation** and still elevated **energy costs**



**Consumer behavior continues to reflect inflationary environment** – downtrading still observed in key categories

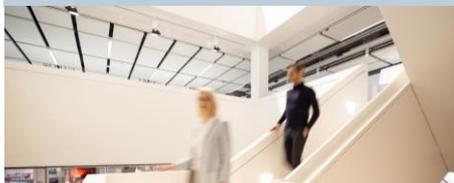


# HIGHLIGHT ACHIEVEMENTS IN H1 2023



**Consistent investment in innovations**, supported by step up in marketing spend to further **strengthen brand equity**

Ahead of plan with **integration of Consumer Brands** and established **new organizational set-up in Adhesive Technologies**



**Expanding market shares** in Hair Styling by 40 bps globally and 50 bps in Fabric Cleaning in North America



**Strong double-digit growth with e-mobility solutions** in Adhesive Technologies



**Further shaped Consumer Brands portfolio** with focus on two global categories Laundry & Home Care and Hair



Successfully **completed exit from business in Russia** with proceeds of >€600m

# FURTHER SHAPING OUR CONSUMER BRANDS BUSINESS

## Implementation well on track

- Ramping up **net savings** faster than anticipated
- Total of ~1,500 **positions reduced** by June 2023
- Further progress in **shaping the portfolio**:
  - Total of ~€0.5bn divested/discontinued
  - Portfolio enhanced through value-creating acquisitions
- **Accelerated focused marketing** activities to drive brand equity
- **Supply chain and operational excellence measures** initiated:
  - First countries implemented **1-1-1 approach** – one order, one shipment, one invoice
  - Consolidation of production footprint for Hair & Other Consumer Businesses in Europe



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 2023

- ~€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 2025

- At least ~€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

# TOP BRAND PERSIL WITH DYNAMIC GROWTH MOMENTUM



Relaunch with unique enzyme technology rolled out across **30** countries in H1 2023 – strong marketing campaign with increased media invest

**DOUBLE-DIGIT**  
organic sales growth of Persil in H1 2023

**#2** fabric cleaning brand in Europe



# STYLING RELAUNCH IS BOOSTING GOT2B GROWTH



Co-created relaunch  
rolled out in

**> 30** countries in H1 2023 –  
supported by dedicated  
digital campaign

## DOUBLE-DIGIT

organic sales growth of got2be  
in H1 2023

**#3** styling brand in Europe –

**#1** position in gels, creams,  
waxes with market share gains  
of 260 bps



# ADVANCING OUR ADHESIVE TECHNOLOGIES BUSINESS

## Enhanced business and organizational set-up

- **New leadership team** in place
- Established new **optimized organizational structure** – further enhancing customer and market proximity along three business areas
- Continuously advancing **manufacturing footprint** – consolidation of manufacturing sites in Europe
- **Regional centralization of customer service activities** to drive customer excitement
- Further **evolving R&D capabilities** through a new global service hub in India



## Sales split by business area H1 2023



# SHAPING THE FUTURE OF E-MOBILITY



*Attractive market:  
EV share of total produced  
vehicles increased in H1 23 to*

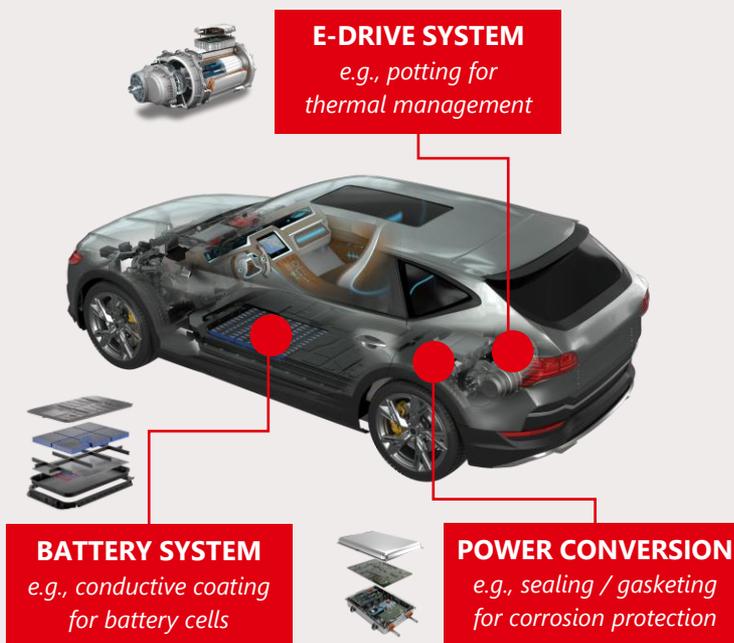
**17%** vs. 12% in H1 22

**~70%**

*organic sales growth with  
Henkel EV solutions in H1 23*

*EV sales potential  
for Henkel solutions*

**>2x** compared to a  
combustion engine car



# ACCELERATING GROWTH IN AEROSPACE



*On average more than*

**2,000**

*aircrafts per year expected to be built in next 20 years*

**High double-digit**

*organic sales growth of our aerospace business in H1 23*

**Highly attractive**

*segment within Adhesive Technologies*

**PROPULSION**

*e.g., structural bonding for engine nacelle*

**INTERIORS**

*e.g., fire retardant bonding for floor panels*



**AVIONICS**

*e.g., conductive bonding for electronic components*

**SURFACE**

*e.g., corrosion protection for wings structure*

# PROGRESSING TOWARDS CARBON-NEUTRAL OPERATIONS

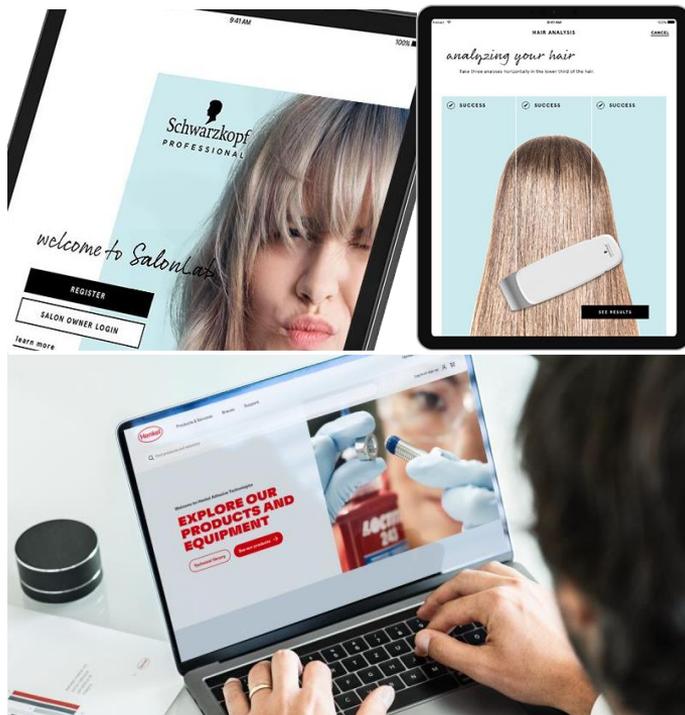


**10** sites converted  
to carbon-neutral production  
in H1 2023

**-56% CO<sub>2</sub>**  
emissions from our operations  
per ton of product (vs. 2010)



# LEVERAGING DIGITAL TOOLS AND ARTIFICIAL INTELLIGENCE



## STRATEGIC PARTNERSHIPS

*with leading tech companies to further drive digital co-innovation*

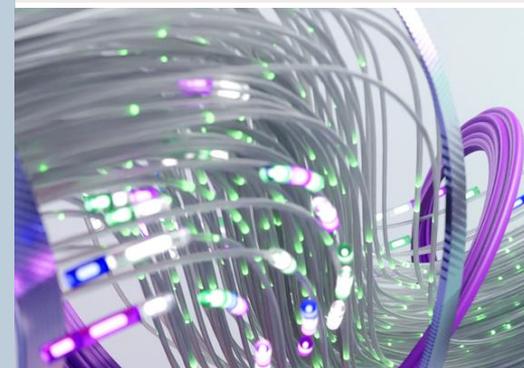
*Megaplatfrom RAQN enabling hyper-personalized content and omni-channel experiences:*

**>3,000** *campaigns for 40 brands*

## AI-ENABLED

*Schwarzkopf SalonLab for individual hair consultation further scaled &*

*Launch of new marketing & eCommerce platform for Loctite*



# UPDATED OUTLOOK 2023

ORGANIC SALES GROWTH

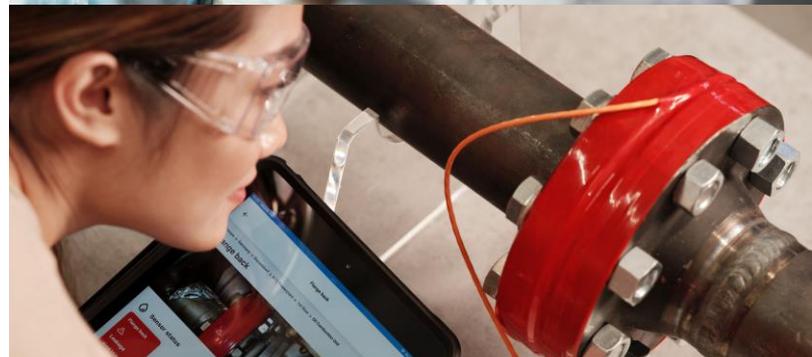
2.5 to 4.5%

ADJUSTED EBIT MARGIN

11.0 to 12.5%

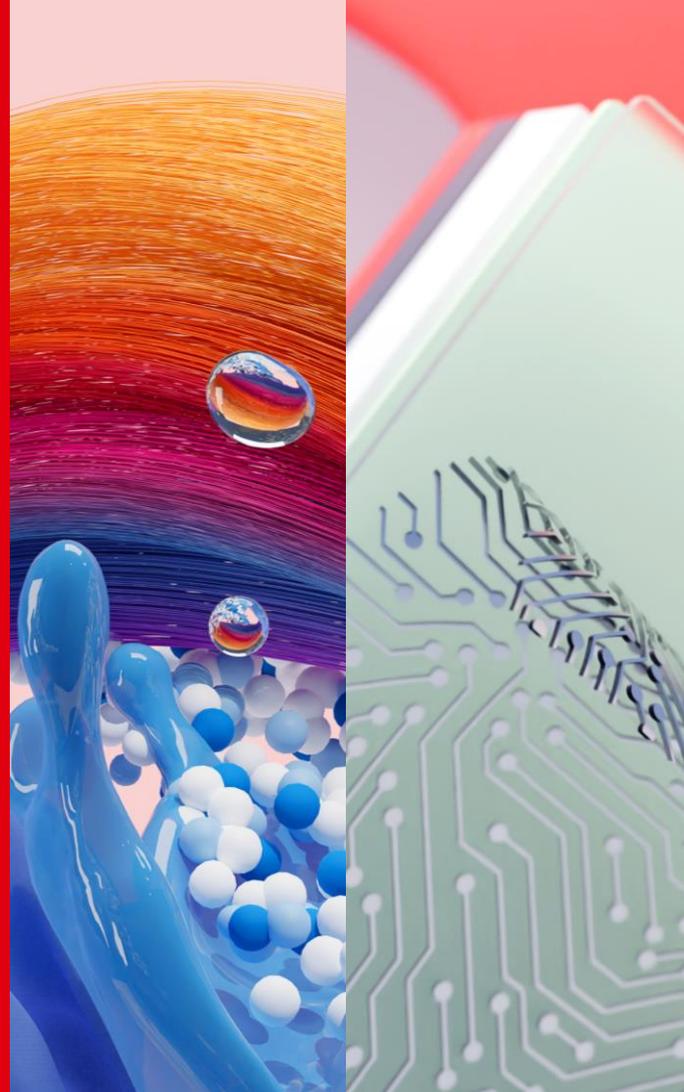
ADJUSTED EPS<sup>1</sup>

+5 to +20%



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# VERY STRONG ORGANIC SALES GROWTH DRIVEN BY DOUBLE-DIGIT PRICING

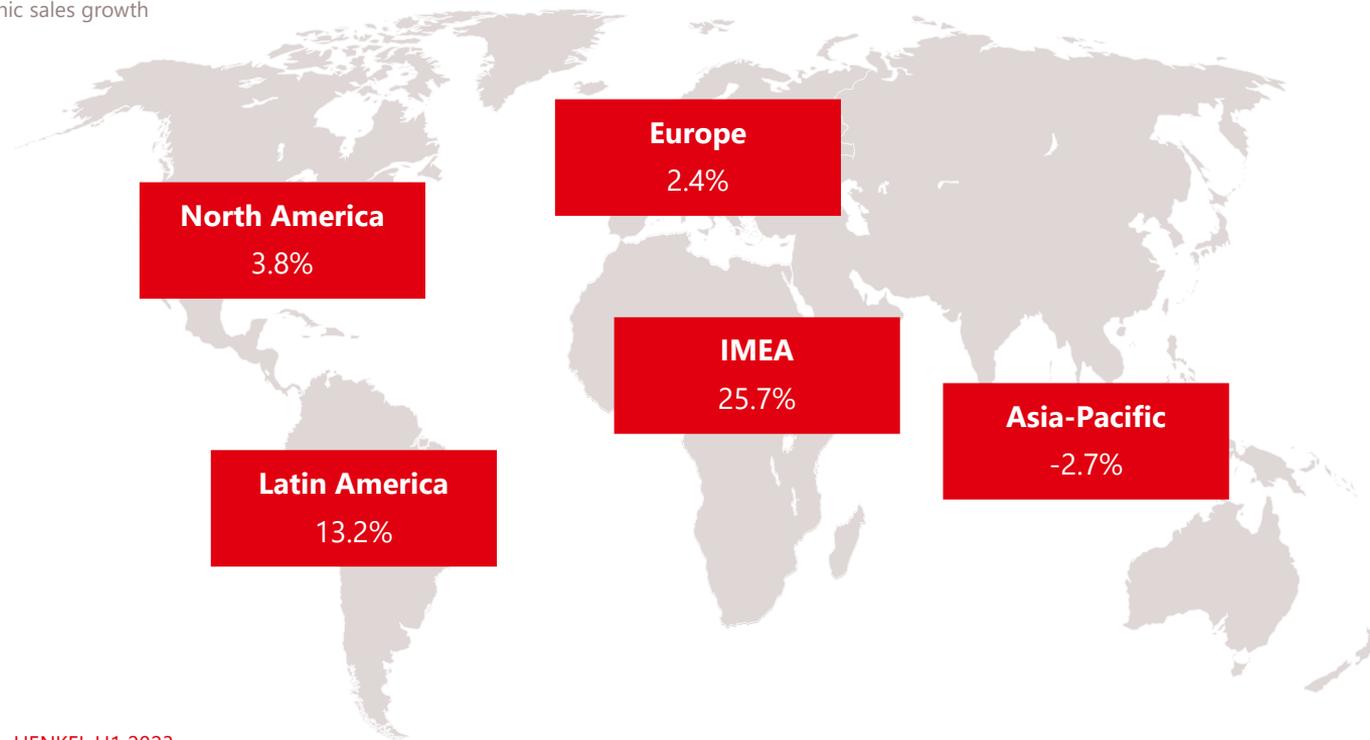
H1 2023



# ORGANIC SALES DEVELOPMENT BY REGION

**H1 2023**

Organic sales growth





# ADHESIVE TECHNOLOGIES

H1 2023

ORGANIC  
SALES GROWTH

4.7%

SALES

€5.5BN

ADJ.  
EBIT MARGIN

14.0%

ADJ. EBIT

€766M

PRICE VOLUME

10.2% -5.5%

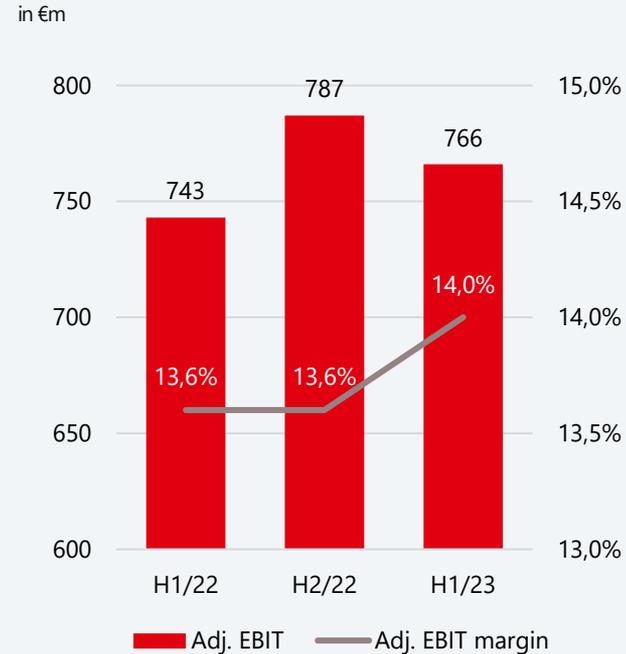


# ADHESIVE TECHNOLOGIES

## H1 2023 – Business Unit Performance

- **Very strong organic sales growth** with **double-digit pricing**
- **Volumes below prior year** – comparably resilient development given muted demand in relevant end markets and stock adjustments along the value chain
- **Margin improvement** by continued strong pricing to further compensate for still elevated input costs

## Adj. EBIT and adj. EBIT margin development



# ADHESIVE TECHNOLOGIES

## H1 2023 – Business Area Performance

### MOBILITY & ELECTRONICS



SALES      OSG  
**€1,899m    10.9%**

Growth driven by Automotive and Industrials – Electronics in continued challenging market environment below prior year

### PACKAGING & CONSUMER GOODS



SALES      OSG  
**€1,733m    -1.5%**

Stable development of Consumer Goods business, Packaging negative mainly due to high prior-year comparables

### CRAFTSMEN, CONSTRUCTION & PROF.



SALES      OSG  
**€1,843m    4.9%**

Growth driven by all businesses with particular contribution from General Manufacturing; Construction with good growth despite weak demand



# CONSUMER BRANDS

H1 2023

ORGANIC  
SALES GROWTH

5.7%

SALES

€5.4BN

ADJ.  
EBIT MARGIN

10.4%

ADJ. EBIT

€559M

PRICE      VOLUME

14.1%    -8.4%

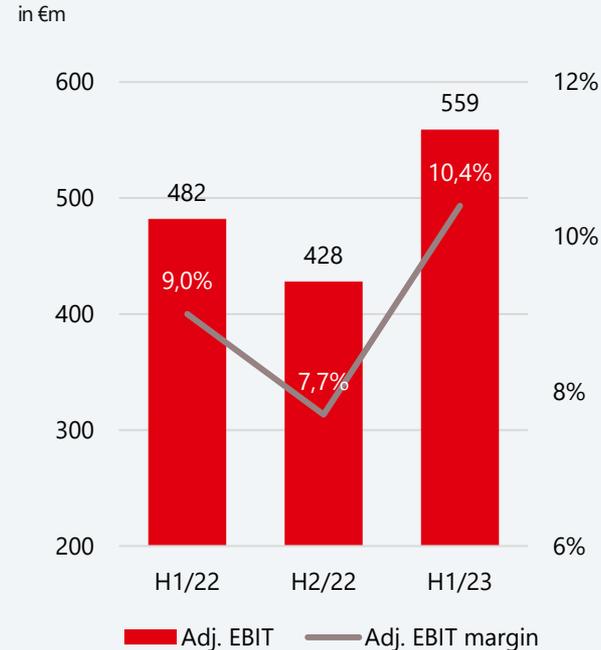


# CONSUMER BRANDS

## H1 2023 – Business Unit Performance

- **Very strong growth** driven by **double-digit pricing**
- **Volumes** also reflecting impact from portfolio measures and trade negotiations – recent progress to materialize in H2
- **Strong margin recovery** driven by incremental pricing to compensate for still elevated input costs, net savings from merger, and portfolio effects
- **Step up investments in brand equity** to drive growth in price-sensitive consumer environment

## Adj. EBIT and adj. EBIT margin development



# CONSUMER BRANDS

## H1 2023 – Business Area Performance

### LAUNDRY & HOME CARE



SALES      OSG  
**€3,453m**    **5.3%**

Laundry Care with very strong growth driven by Fabric Care and Fabric Cleaning, good growth in Home Care driven by Dishwashing

### HAIR



SALES      OSG  
**€1,568m**    **7.9%**

Double-digit increase in Consumer mainly driven by Styling, Professional with good growth

### OTHER CONSUMER BUSINESSES



SALES      OSG  
**€344m**      **0.0%**

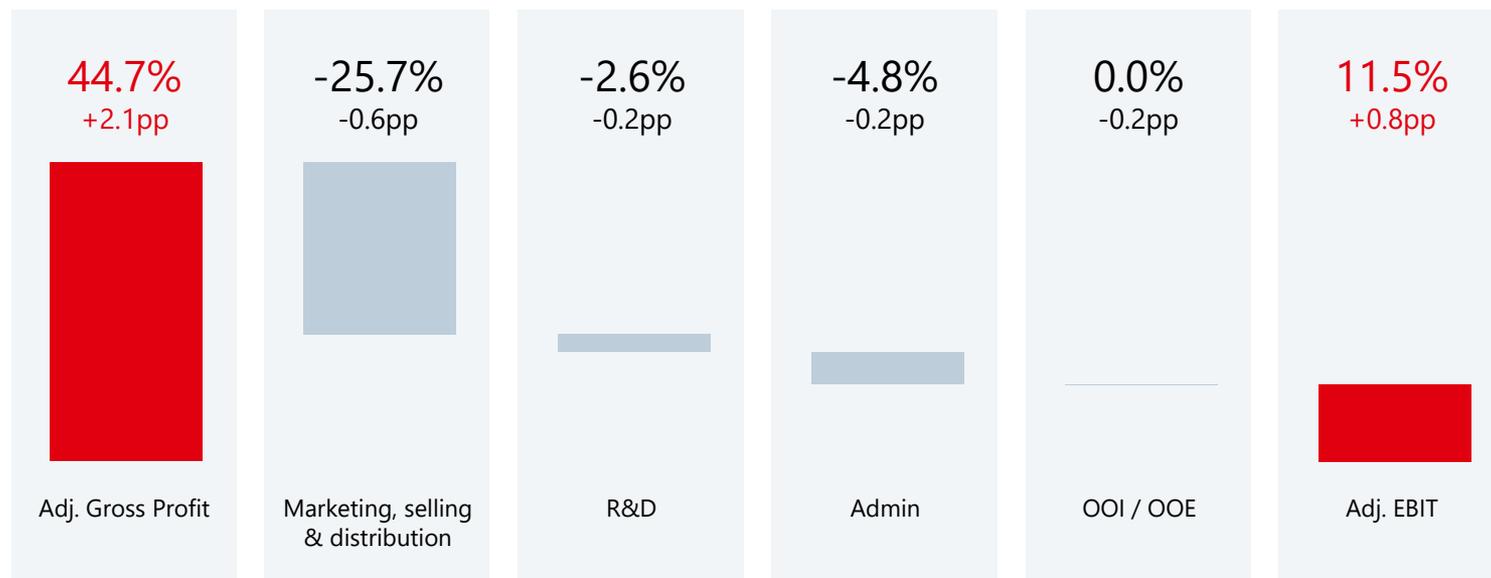
Double-digit growth in North America offset by weaker development in Europe due to portfolio measures



# BRIDGE FROM ADJUSTED GROSS PROFIT TO ADJUSTED EBIT

## H1 2023

Impact on adjusted EBIT margin in pp vs. PY, in % of sales



# BRIDGE FROM REPORTED TO ADJUSTED EBIT

H1 2023

in €m

864	-3	+238	+155	1,254
REPORTED EBIT	ONE-TIME INCOME	ONE-TIME EXPENSES	RESTRUCTURING	ADJUSTED EBIT

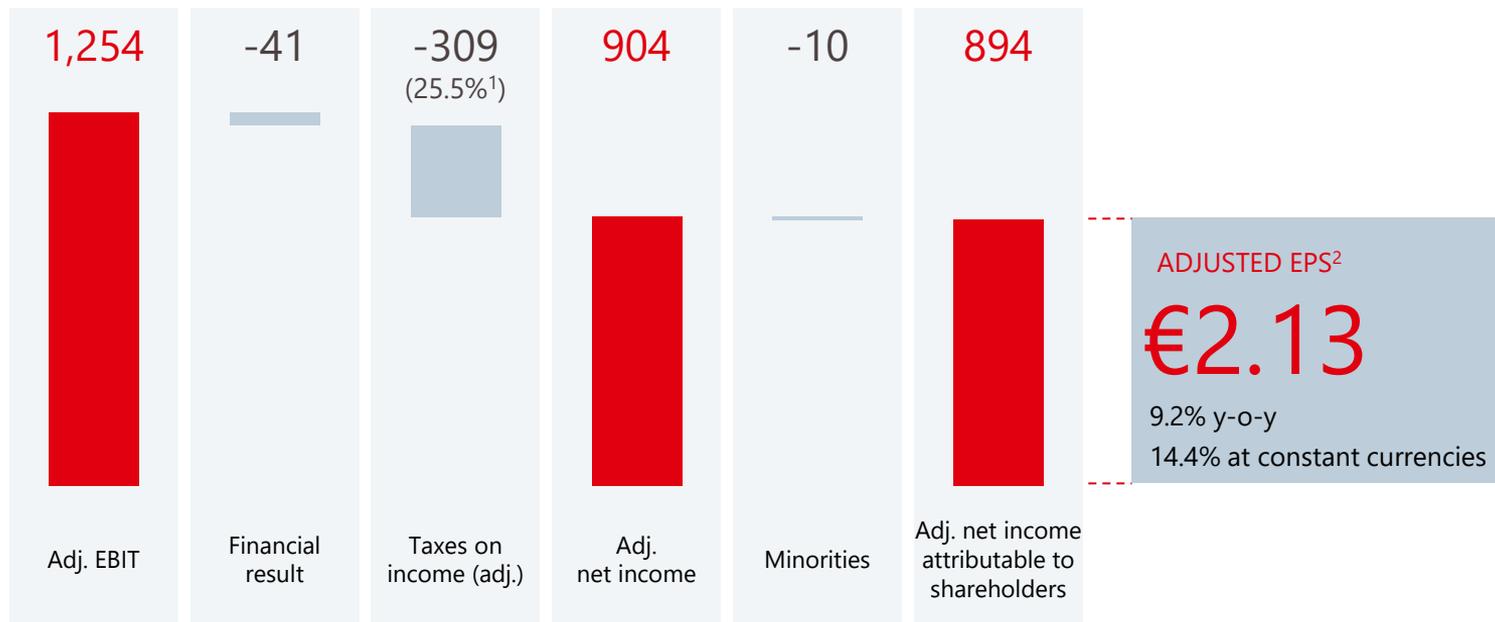
- One-time expenses reflecting divestment of business in Russia
- Restructuring mainly related to further shaping Consumer Brands business



# BRIDGE FROM ADJUSTED EBIT TO ADJUSTED EPS

H1 2023

in €m



# DEVELOPMENT OF KEY CASH KPIs

**H1 2023**

in €m

**NET WORKING CAPITAL**

6.1%

Change  
y-o-y  
**+80 bps**

**FREE CASH FLOW**

€749 m

Change  
y-o-y  
**+€703 m**

**NET FINANCIAL POSITION**

€-1,311 m

Change  
vs. year-end  
**-€44 m**

- Net working capital increase driven by volume and price effects, mainly in Adhesive Technologies
- Significantly improved free cash flow driven by increased operating cash flow
- Stable net financial position mainly resulting from stronger operating cash flow offsetting payouts for dividend and share buyback

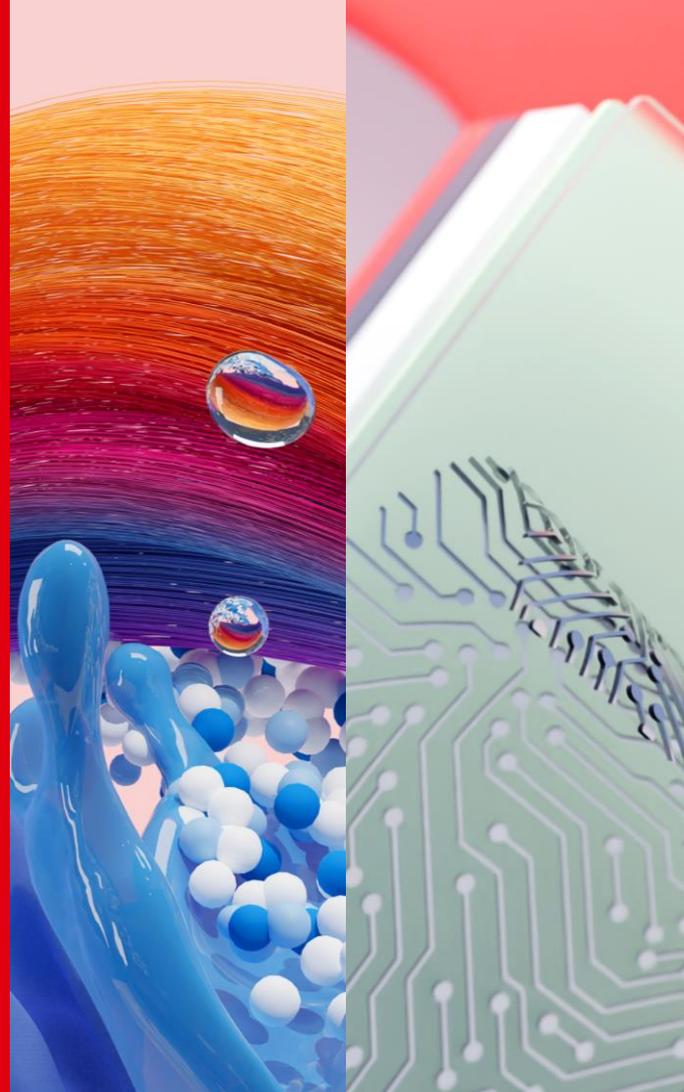


# UPDATED OUTLOOK 2023

		<b>ORGANIC SALES GROWTH</b>	<b>ADJUSTED EBIT MARGIN</b>	<b>ADJUSTED EPS<sup>1</sup></b>
	<b>GROUP</b>	<b>2.5 to 4.5%</b> <i>previously: 1.0 to 3.0%</i>	<b>11.0 to 12.5%</b> <i>previously: 10.0 to 12.0%</i>	<b>+5 to +20%</b> <i>previously: -10 to +10%</i>
	<b>ADHESIVE TECHNOLOGIES</b>	<b>2.0 to 4.0%</b> <i>previously: 1.0 to 3.0%</i>	<b>13.5 to 15.0%</b> <i>previously: 13.0 to 15.0%</i>	
	<b>CONSUMER BRANDS</b>	<b>3.0 to 5.0%</b> <i>previously: 1.0 to 3.0%</i>	<b>9.5 to 11.0%</b> <i>previously: 7.5 to 9.5%</i>	

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# KEY TAKE-AWAYS

VERY STRONG AND  
**BROAD-BASED**  
**ORGANIC SALES GROWTH**

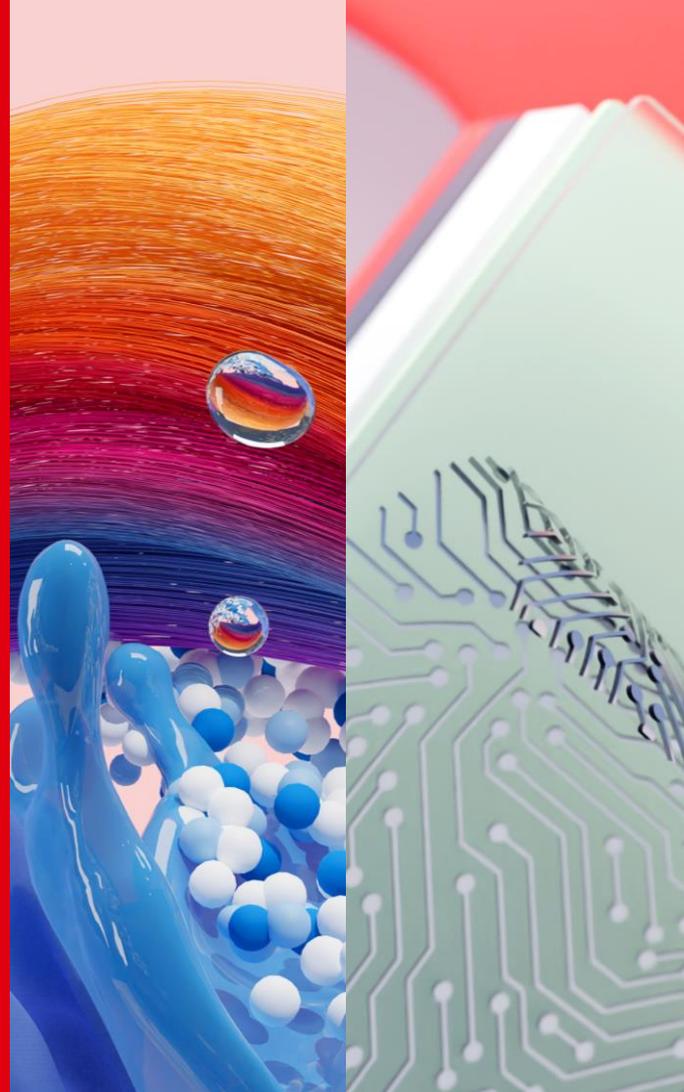
**STRONG BOTTOM LINE**  
**DEVELOPMENT** REFLECTING  
SUCCESSFUL EXECUTION  
OF STRATEGIC PRIORITIES AND  
OPERATIONAL INITIATIVES

ADVANCING LEVEL OF  
INVESTMENTS TO  
**THRIVE GROWTH** IN  
QUICKLY EVOLVING  
MACRO ENVIRONMENT

LOOKING AHEAD WITH  
CONFIDENCE –  
**FY 2023 GUIDANCE RAISED**  
FOR TOP- AND BOTTOM-LINE



# QUESTIONS & ANSWERS



# UPCOMING EVENTS

## What's next

2023

AUG 10 | **H1 2023** RELEASE

Financial Report HY/Q2

NOV 9 | **Q3 2023** RELEASE

Quarterly Statement

2024

MAR 4 | **FY 2023** RELEASE

Annual Report + Sustainability Report

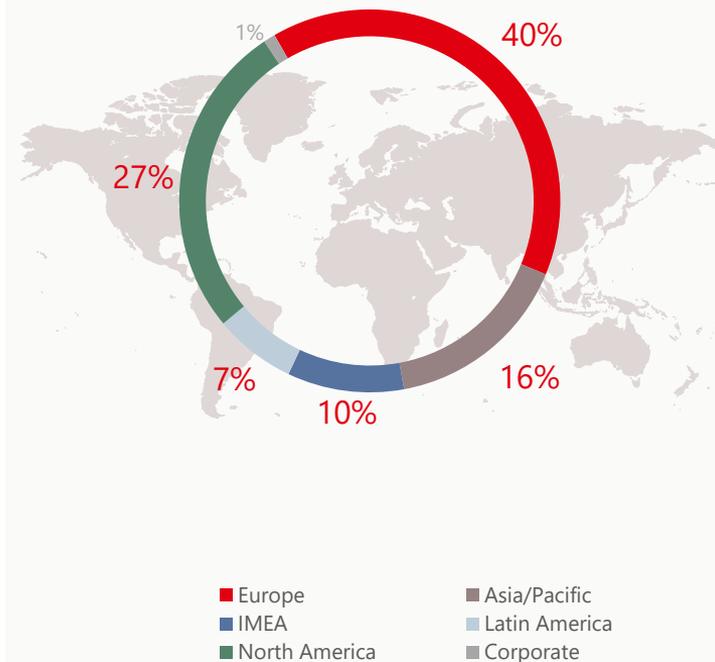
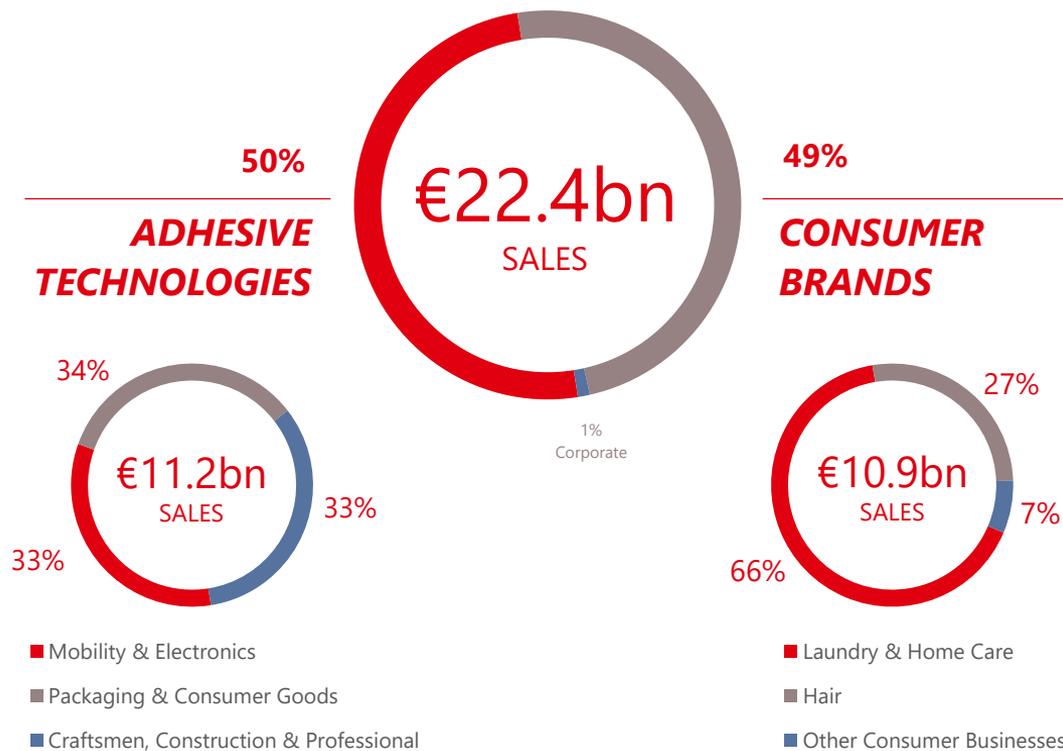


# THANK YOU.



# BALANCED AND DIVERSIFIED PORTFOLIO

FY 2022<sup>1</sup>



# SALES BY BUSINESS UNIT AND BUSINESS AREA

## Q1 2022 – Q2 2023

€m	Q1 2022		Q2 2022		Q3 2022		Q4 2022		Q1 2023			Q2 2023		
	Sales	OSG	Sales	OSG	Sales	OSG	Sales	OSG	Sales	YoY	OSG	Sales	YoY	OSG
<b>HENKEL GROUP</b>	<b>5,271</b>	<b>7.1%</b>	<b>5,642</b>	<b>10.9%</b>	<b>5,976</b>	<b>11.3%</b>	<b>5,509</b>	<b>6.0%</b>	<b>5,609</b>	<b>6.4%</b>	<b>6.6%</b>	<b>5,316</b>	<b>-5.8%</b>	<b>3.2%</b>
<b>ADHESIVE TECHNOLOGIES</b>	<b>2,631</b>	<b>10.7%</b>	<b>2,836</b>	<b>13.7%</b>	<b>2,995</b>	<b>16.8%</b>	<b>2,780</b>	<b>11.5%</b>	<b>2,791</b>	<b>6.1%</b>	<b>6.8%</b>	<b>2,683</b>	<b>-5.4%</b>	<b>2.7%</b>
Mobility & Electronics	851	3.0%	907	12.4%	1,009	21.3%	961	14.6%	959	12.6%	12.6%	940	3.7%	9.2%
Packaging & Consumer Goods	893	19.6%	962	20.6%	993	21.8%	923	11.1%	884	-1.0%	1.0%	848	-11.8%	-3.7%
Craftsmen, Construction & Professional	887	10.2%	968	8.3%	994	7.5%	896	8.6%	948	6.9%	7.0%	895	-7.5%	2.9%
<b>CONSUMER BRANDS</b>	<b>2,584</b>	<b>2.7%</b>	<b>2,752</b>	<b>7.2%</b>	<b>2,916</b>	<b>5.0%</b>	<b>2,676</b>	<b>0.5%</b>	<b>2,772</b>	<b>7.3%</b>	<b>7.0%</b>	<b>2,593</b>	<b>-5.7%</b>	<b>4.5%</b>
Laundry & Home Care	1,692	4.9%	1,802	10.1%	1,902	7.3%	1,756	2.9%	1,789	5.8%	6.3%	1,664	-7.7%	4.4%
Hair	711	6.4%	744	7.4%	799	5.9%	727	-3.1%	811	14.7%	9.9%	757	1.7%	6.1%
Other Consumer Businesses	181	-21.7%	206	-12.9%	214	-13.5%	193	-6.3%	171	-7.4%	1.6%	173	-15.8%	-1.4%

# SALES, ADJ. EBIT AND ADJ. EBIT MARGIN BY BUSINESS UNIT H1 2023

€m	Sales				Adj. EBIT		Adj. EBIT margin	
	H1 2022	H1 2023	YoY	OSG	H1 2022	H1 2023	H1 2022	H1 2023
<b>HENKEL GROUP</b>	10,913	<b>10,926</b>	0,1%	<b>4,9%</b>	1,166	<b>1,254</b>	10.7%	<b>11.5%</b>
<b>ADHESIVE TECHNOLOGIES</b>	5,467	<b>5,475</b>	0,1%	<b>4,7%</b>	743	<b>766</b>	13.6%	<b>14.0%</b>
Mobility & Electronics	1,758	1,899	8,0%	10,9%				
Packaging & Consumer Goods	1,855	1,733	-6,6%	-1,5%				
Craftsmen, Construction & Professional	1,854	1,843	-0,6%	4,9%				
<b>CONSUMER BRANDS</b>	5,336	<b>5,365</b>	<b>0.6%</b>	<b>5.7%</b>	482	<b>559</b>	9,0%	<b>10.4%</b>
Laundry & Home Care	3,494	3,453	-1.2%	5.3%				
Hair	1,455	1,568	7.8%	7.9%				
Other Consumer Businesses	387	344	-11.0%	0.0%				

# UPDATED OUTLOOK 2023

## ADDITIONAL INPUT FOR SELECTED KPIS

<i>CURRENCY IMPACT ON SALES</i>	Mid single-digit % negative <sup>1</sup> <i>Previously: low single-digit % negative<sup>1</sup></i>
<i>M&amp;A IMPACT ON SALES</i>	Mid single-digit % negative <sup>2</sup>
<i>PRICES FOR DIRECT MATERIALS</i>	Low single-digit % increase <sup>1</sup> <i>Previously: low-to-mid single-digit % increase</i>
<i>RESTRUCTURING CHARGES</i>	€ 300 – 350m
<i>CAPEX</i>	€ 650 – 750m



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