

# HENKEL Q3 2020

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# AGENDA

- 01** **Key Developments Q3 2020**
- 02** Sales Q3 2020 & Outlook
- 03** Business Priorities & Closing Remarks



# KEY DEVELOPMENTS Q3 2020

STRONG TOPLINE PERFORMANCE SUPPORTED BY ALL BUSINESS UNITS

## Nominal Sales

€ 5.0 bn

-1.5%

## Organic Sales Growth

+3.9%

## Guidance 2020

Organic Sales Growth	-2.0 to -1.0%
Adjusted EBIT Margin	13.0 to 13.5%
Development in adjusted EPS (at constant exchange rates) <sup>1</sup>	-22.0 to -18.0%

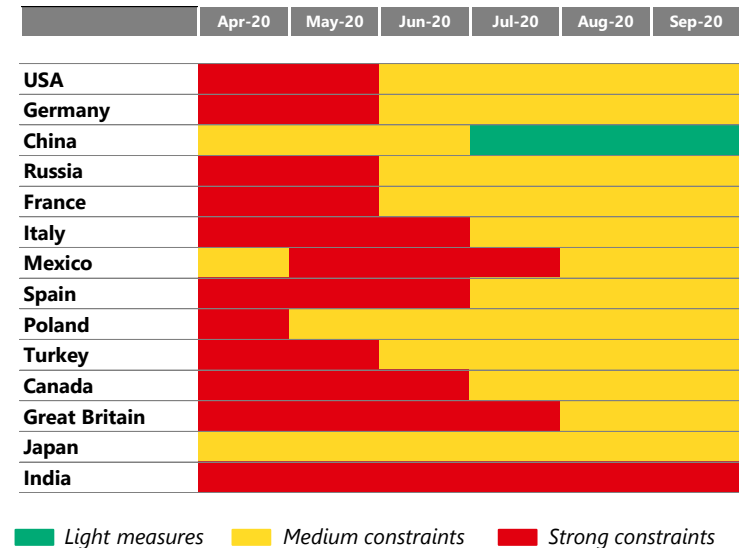
<sup>1</sup> Per preferred share

- Positive organic growth in Adhesive Technologies with all business areas recovering
- Beauty Care Retail with very strong topline performance, strong recovery in Hair Professional
- Significant growth in Laundry & Home Care with all regions contributing
- Outlook for fiscal 2020 provided on October 9
- Executing purposeful growth agenda while mastering challenging environment

# ▶ CONTINUED IMPACTS FROM COVID-19 PANDEMIC ON OUR BUSINESS ENVIRONMENT IN Q3

- All regions with few country exceptions experiencing declines in GDP and private consumption despite step-up from Q2
- Key currencies devaluating vs. €, partially significantly
- IPX low to mid single-digit percentage negative in Q3, recovering from very negative Q2
- Consumer behavior continues to be impacted by COVID-19 pandemic and constraints to public life

## GOVERNMENTAL LOCKDOWN HEATMAP



➤ **Sequential recovery in key markets in Q3 but uncertainty remains high**

# ▶ BUSINESS DEVELOPMENTS Q3 2020

## DIFFERENTIATED IMPACTS FROM PANDEMIC ACROSS PORTFOLIO

- **Automotive** still negative, however improving in the course of the quarter
- **Aerospace** severely affected, accounting for low single-digit share in sales
- **Salon business** recovering but traffic in salons lower due to hygiene rules and new lockdowns
- **Retail Styling** declining due to home office and social distancing
- Decline in **special detergent** market due to weaker consumer demand

- **“Staycation” effects** driving Consumer & Craftsmen and Construction businesses
- **China** business mostly back to normal and growing
- Gaining share in **Body and personal hygiene** in a growing market
- Double-digit growth and share gains in **at-home colorants**, markets slowing after peak in Q2
- Hygiene-consciousness leading to increased demand for **surface cleaners & toilet care**
- Double-digit growth and share gains in **dish-washing** boosted by continued strong demand

WIN THE 20s THROUGH  
**PURPOSEFUL GROWTH**

**Winning  
Portfolio**

**Competitive Edge**

**Future-ready  
Operating  
Model**

Innovation

Sustainability

Digitalization

**Collaborative Culture & Empowered People**

# Expanding our competitive edge in **Beauty Care**,...



- **Dial** with continued **double-digit growth** catering to increased hygiene awareness
- Outperforming growing **Hair Coloration** market with **~50 bps market share gains**, supported by successful launches
- Continued **double-digit growth** of **Nature Brands**
- **Impactful Hair Care relaunches** under key brands Gliss Kur, Syoss and Nature Box



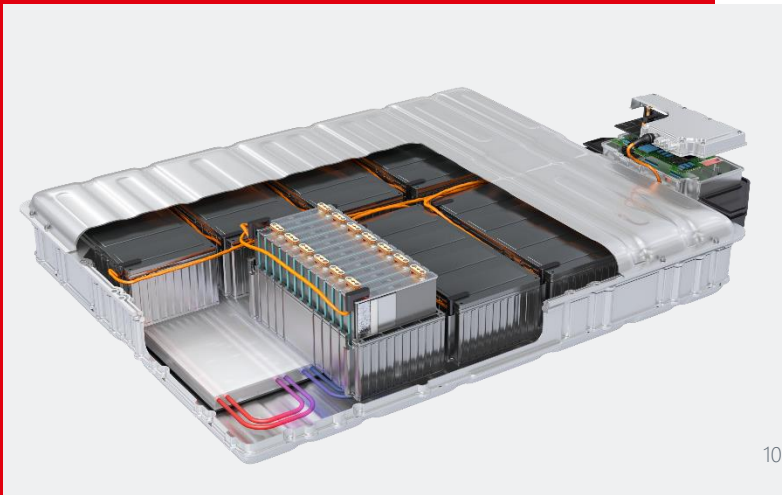
## ...Laundry & Home Care...

- **Hand Dishwashing gaining global market share of ~150 bps** thanks to Pril 5+ innovation with self-degreasing action
- **Double-digit growth in detergent caps**, boosted by innovative **Persil 4in1 DISCS**
- New cross-category brand **Love Nature** launched with refill concept, making sustainable choices easy and enjoyable



# ...and Adhesive Technologies.

- **High-end adhesives for compact camera modules** enabling design for Augmented Reality cameras in 5G enabled smartphones
- **Double-digit growth with thermal interface management material portfolio** addressing new e-mobility design requirements
- Process innovation allowing for >4x line speed in **paper straw** production enabling **circular economy**



- **Digital share in Group sales surpassed 15%** with increases in all business units
- **Digital sales growth of >65%** in Beauty Care and Laundry & Home Care combined
- **Adhesive Technologies e-shop** now live in 55 countries, with significant increase in traffic in 2020

Continued over-proportional growth in **digital sales** in Q3



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# ▶ SALES OF € 5 BILLION IN Q3 2020

STRONG OSG OVERCOMPENSATED BY CURRENCY HEADWINDS

OSG

**+3.9%**

Price      Volume  
+0.4%    +3.5%

M&A

**+0.1%**

FX

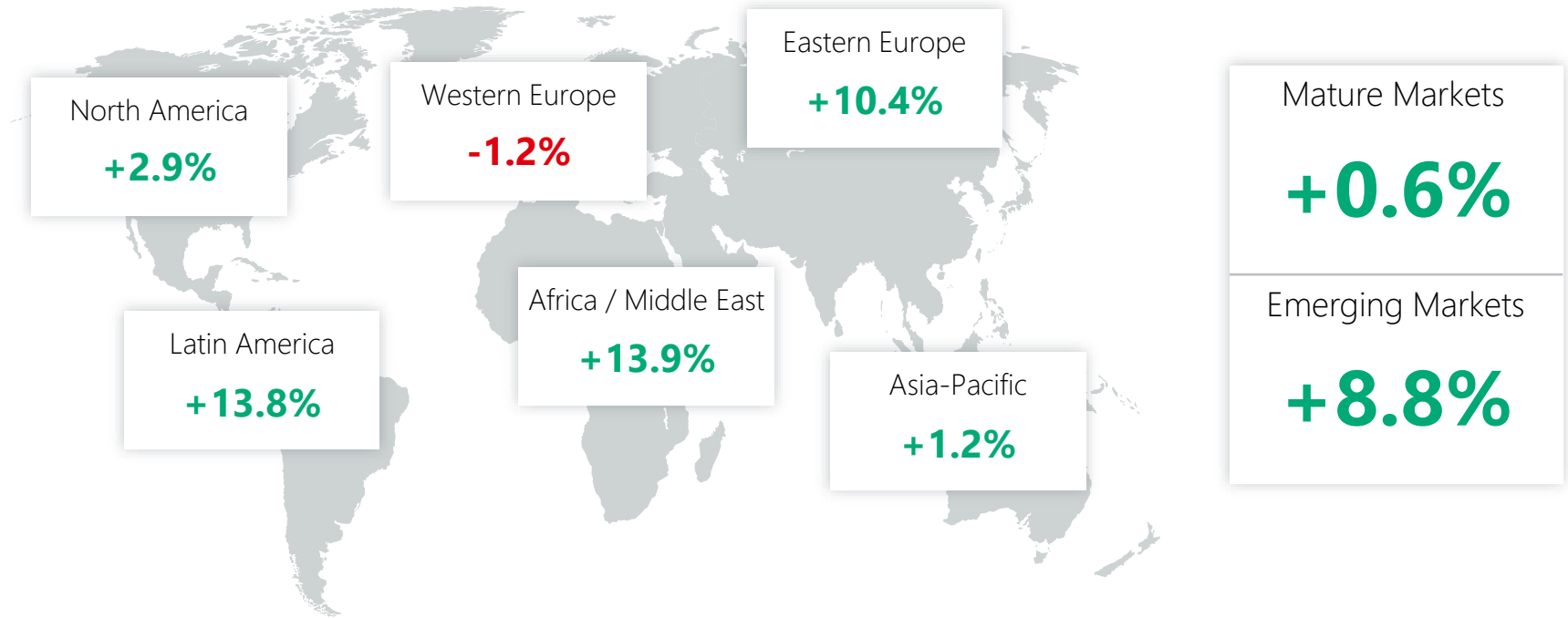
**-5.5%**

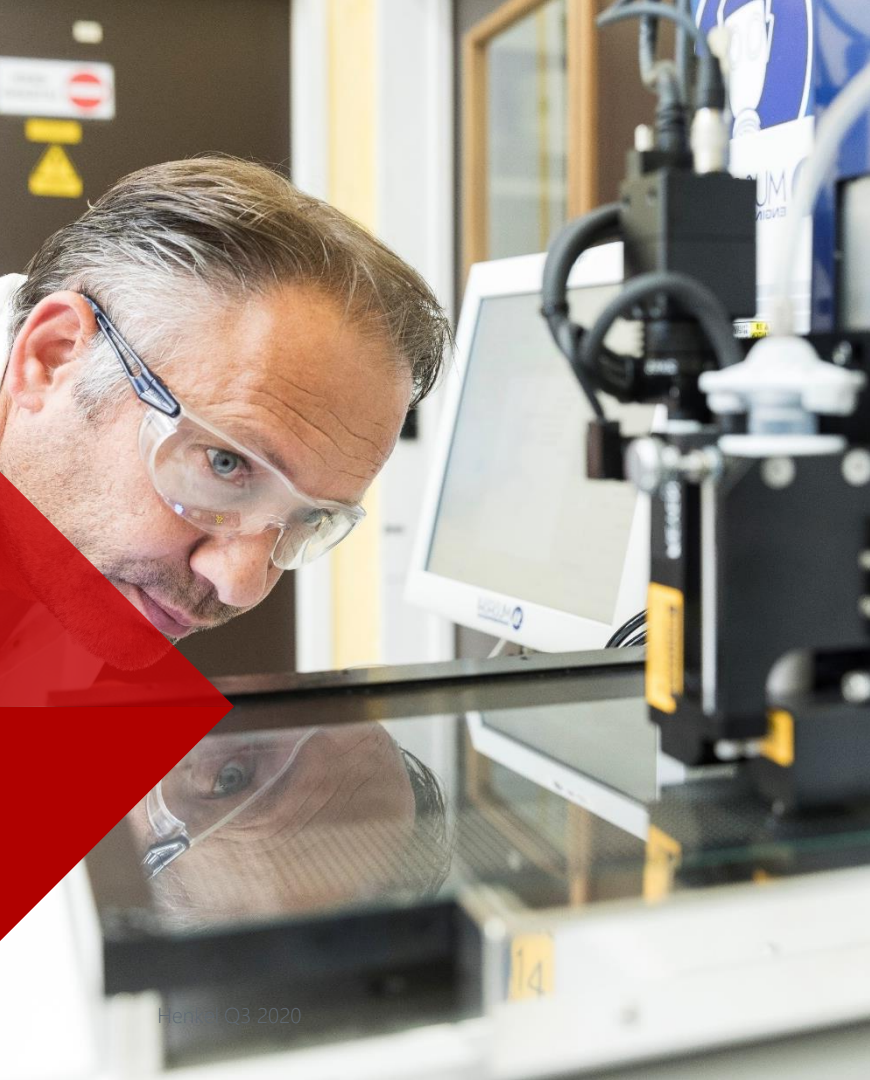
Nominal

**-1.5%**

# ▶ ALL REGIONS GROWING EXCEPT WESTERN EUROPE

## ORGANIC SALES DEVELOPMENT Q3 2020





# ADHESIVE TECHNOLOGIES

ORGANIC SALES GROWTH: +1.3%

- Sequential market recovery and catch-up effects in selected businesses supporting positive Q3
- Automotive & Metals business area still negative, however improving in the course of the quarter
- Packaging & Consumer Goods business area returning to good organic sales growth
- Electronics & Industrials business area negative due to Industrials; Electronics positive
- Very strong quarter in Craftsmen, Construction & Professional, driven by Consumers & Craftsmen business



# ADHESIVE TECHNOLOGIES

VERY STRONG ORGANIC SALES GROWTH IN EMERGING MARKETS,  
MATURE MARKETS BELOW PRIOR YEAR

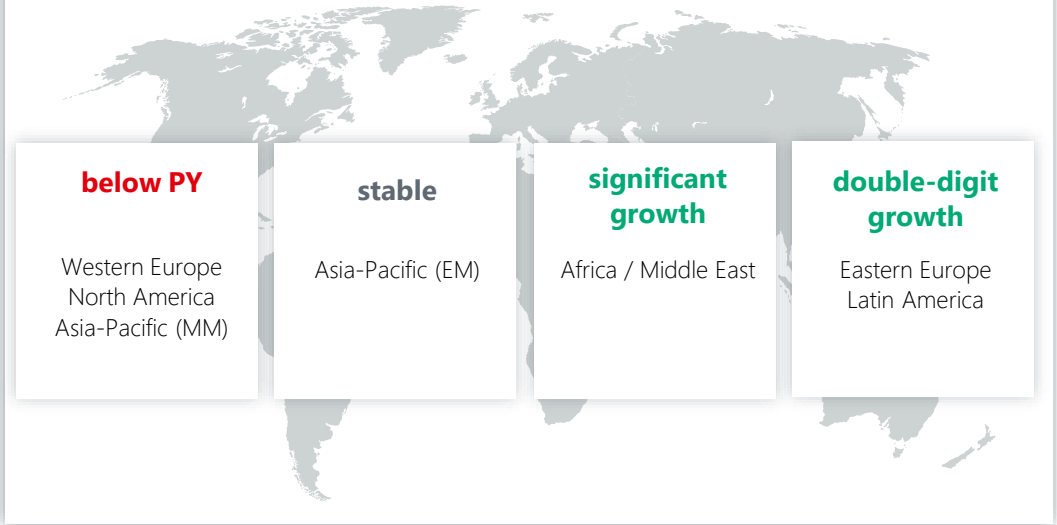
Organic Sales Growth

**+1.3%**

Price  
**+1.0%**

Volume  
**+0.3%**

Organic Sales Growth by Region







# BEAUTY CARE

ORGANIC SALES GROWTH: +4.3%

- Retail business with very strong performance across Emerging and Mature Markets
- Very strong development in Hair Retail driven by double-digit growth in coloration
- Double-digit growth in Body and personal hygiene, especially in North America with Dial
- Professional business still impacted by COVID-19 restrictions, but recovered strongly



# BEAUTY CARE

## VERY STRONG GROWTH IN MATURE MARKETS DRIVEN BY NORTH AMERICA

Organic Sales Growth

**+4.3%**

Price  
**+1.6%**

Volume  
**+2.7%**

Organic Sales Growth by Region





# LAUNDRY & HOME CARE

## ORGANIC SALES GROWTH: +7.7%

- Strong Laundry Care performance due to significant growth of megabrand Persil with 4in1 DISCS
- Double-digit growth in Home Care with core brands Pril, Bref & Somat growing double-digit
- Growth in all regions, North America with very strong organic sales growth, also due to catch-up effects
- Market share gains across Europe, Middle East / Africa and Asia Pacific – North America below prior year



# LAUNDRY & HOME CARE

GROWTH IN ALL REGIONS, DOUBLE-DIGIT IN ASIA PACIFIC, MIDDLE EAST / AFRICA AND LATIN AMERICA

Organic Sales Growth

**+7.7%**

Price

-1.1%

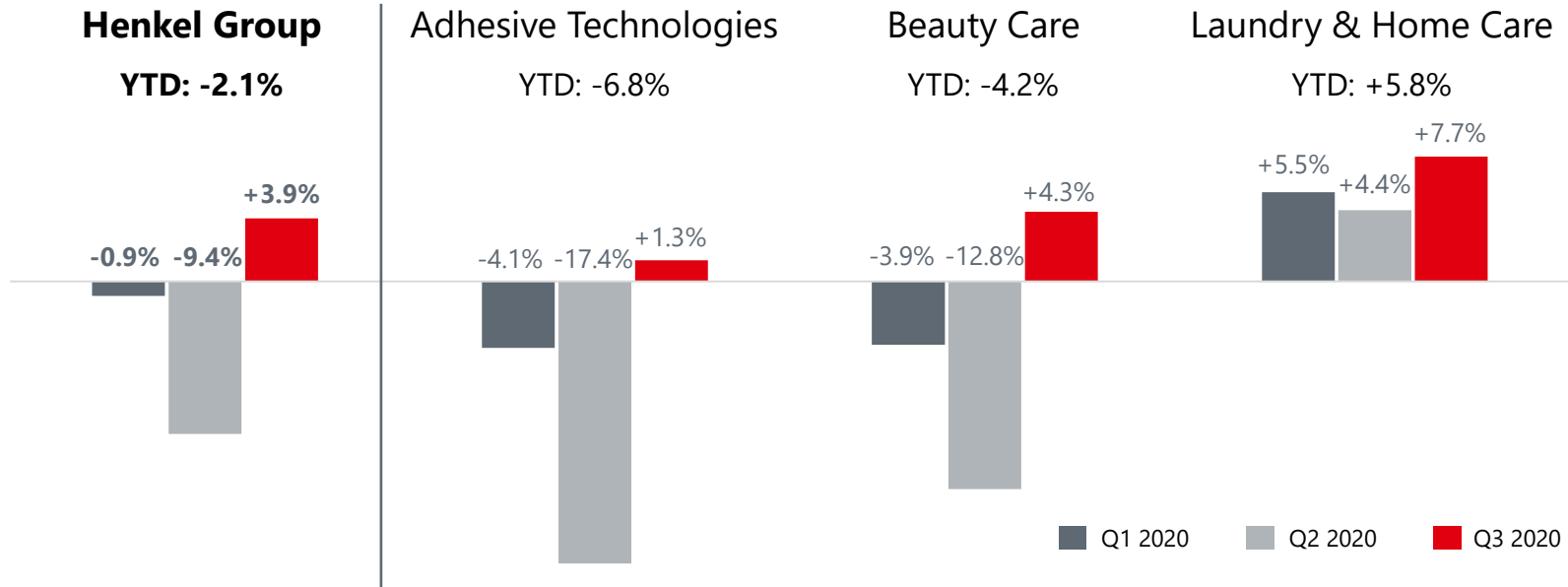
Volume

+8.8%

Organic Sales Growth by Region



# ▶ ORGANIC SALES DEVELOPMENT 1-9 2020



➤ **Strong recovery in industrial businesses and Beauty Care, sustained strong performance in Laundry & Home Care**

# ▶ BUSINESS ENVIRONMENT IN THE REMAINDER OF 2020

## KEY ASSUMPTIONS

- Uncertainty remains high amid rising infection rates in many countries, but no far-reaching lockdowns assumed in core regions as experienced in the second quarter
- GDP and private consumption expected to remain below prior year's level despite recovery quarter-over-quarter
- Further improvement of industrial production index expected versus Q3, yet remaining low single-digit negative in Q4
- Consumer behavior continues to be impacted by the development of COVID-19 infection rates and pandemic-related restrictions



# GUIDANCE 2020

## NEW FORECAST AS PER STATEMENT ON OCTOBER 9

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### Organic Sales Growth

#### Henkel Group

**-2.0 to -1.0%**

Adhesive Technologies

-6.5 to -5.5%

Beauty Care

-3.0 to -2.0%

Laundry & Home Care

4.5 to 5.5%

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### Adjusted EBIT Margin

#### Henkel Group

**13.0 to 13.5%**

Adhesive Technologies

14.5 to 15.0%

Beauty Care

10.0 to 10.5%

Laundry & Home Care

15.0 to 15.5%

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### Development in adjusted EPS (at constant exchange rates)<sup>1</sup>

**-22.0 to -18.0%**

# AGENDA

**01**

Key Developments Q3 2020

**02**

Sales Q3 2020 & Outlook

**03**

**Business Priorities & Closing Remarks**



# ► BUSINESS PRIORITIES

- Protect and support employees, customers and business partners
- Drive execution of purposeful growth agenda
- Continue capturing emerging opportunities through impactful innovation and digital
- Adequately manage cost and keep cash focus
- Sustain strong Henkel spirit and continue to drive change



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# Q & A

# ► CLOSING REMARKS

- Safety and health of employees and business partners key priority in uncertain environment
- Strong topline performance in Q3 with all business units growing
- Outlook for fiscal 2020 provided on October 9
- Strong balance sheet and financial flexibility
- Executing purposeful growth agenda while mastering challenging environment



## ▶ UPCOMING EVENTS

March 4, 2021

Q4 & FY 2020 Release

April 16, 2021

Annual General Meeting



THANK YOU

# ▶ GUIDANCE 2020

## ADDITIONAL INPUT FOR SELECTED KPIS

Currency Impact on Sales	Low to mid single-digit negative <sup>1</sup>
Prices for Direct Materials	Stable <sup>1</sup>
Restructuring Charges	€ 250 - 300 m
CapEx	€ 650 - 700 m