



# HENKEL CONSUMER BRANDS

WOLFGANG KÖNIG, EVP BEAUTY CARE (FUTURE: HENKEL CONSUMER BRANDS)



## WINNING WITH RENEWED FOCUS AND TECHNOLOGY



# DISCLAIMER

This presentation contains forward-looking statements which are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Statements with respect to the future are characterized by the use of words such as “expect”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, and similar terms. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and results actually achieved by Henkel AG & Co. KGaA and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Henkel’s control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Henkel neither plans nor undertakes to update any forward-looking statements.

This document includes – in the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Henkel’s net assets and financial positions or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.

This document has been issued for information purposes only and is not intended to constitute an investment advice or an offer to sell, or a solicitation of an offer to buy, any securities.

# AGENDA

- 01 **Who we are**
- 02 Becoming better
- 03 Becoming bigger

# RICH HISTORY OF PIONEERING



First self-acting laundry detergent in the world



First non-alkaline liquid shampoo in the world

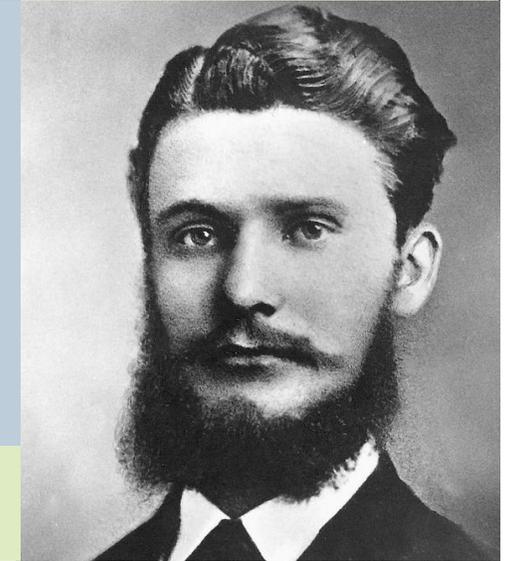
**PIONEERS AT HEART  
FOR THE GOOD OF  
GENERATIONS**



First German TV commercial:  
"With Persil, you know what you get"

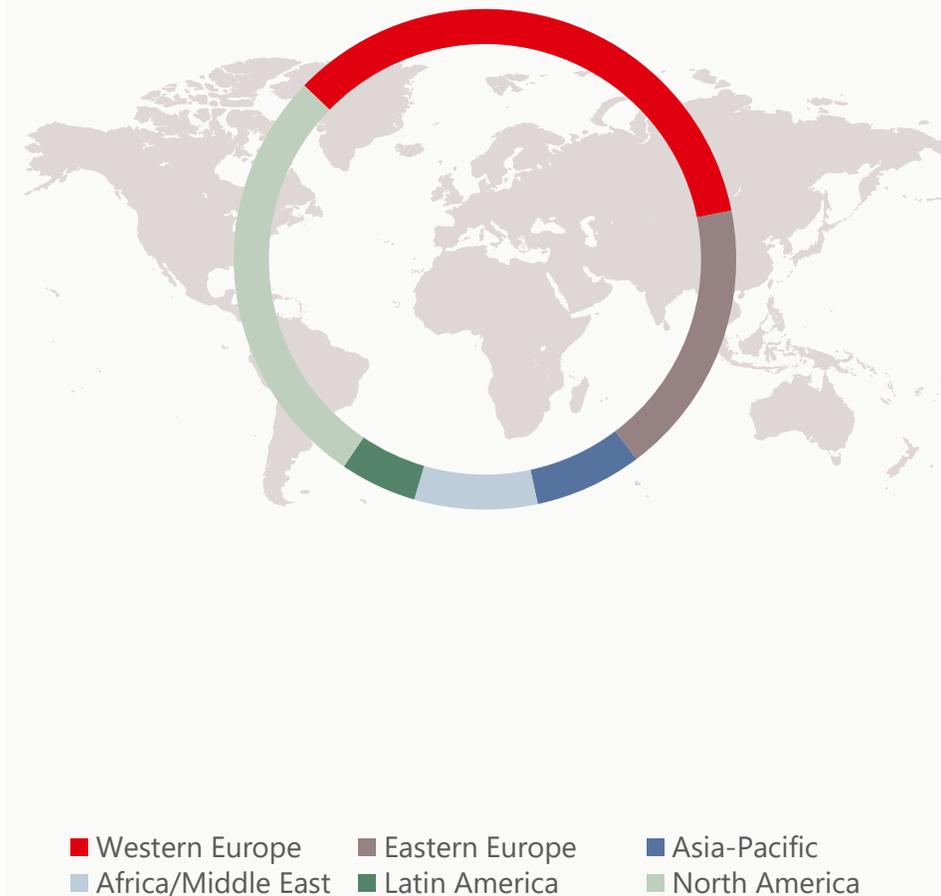
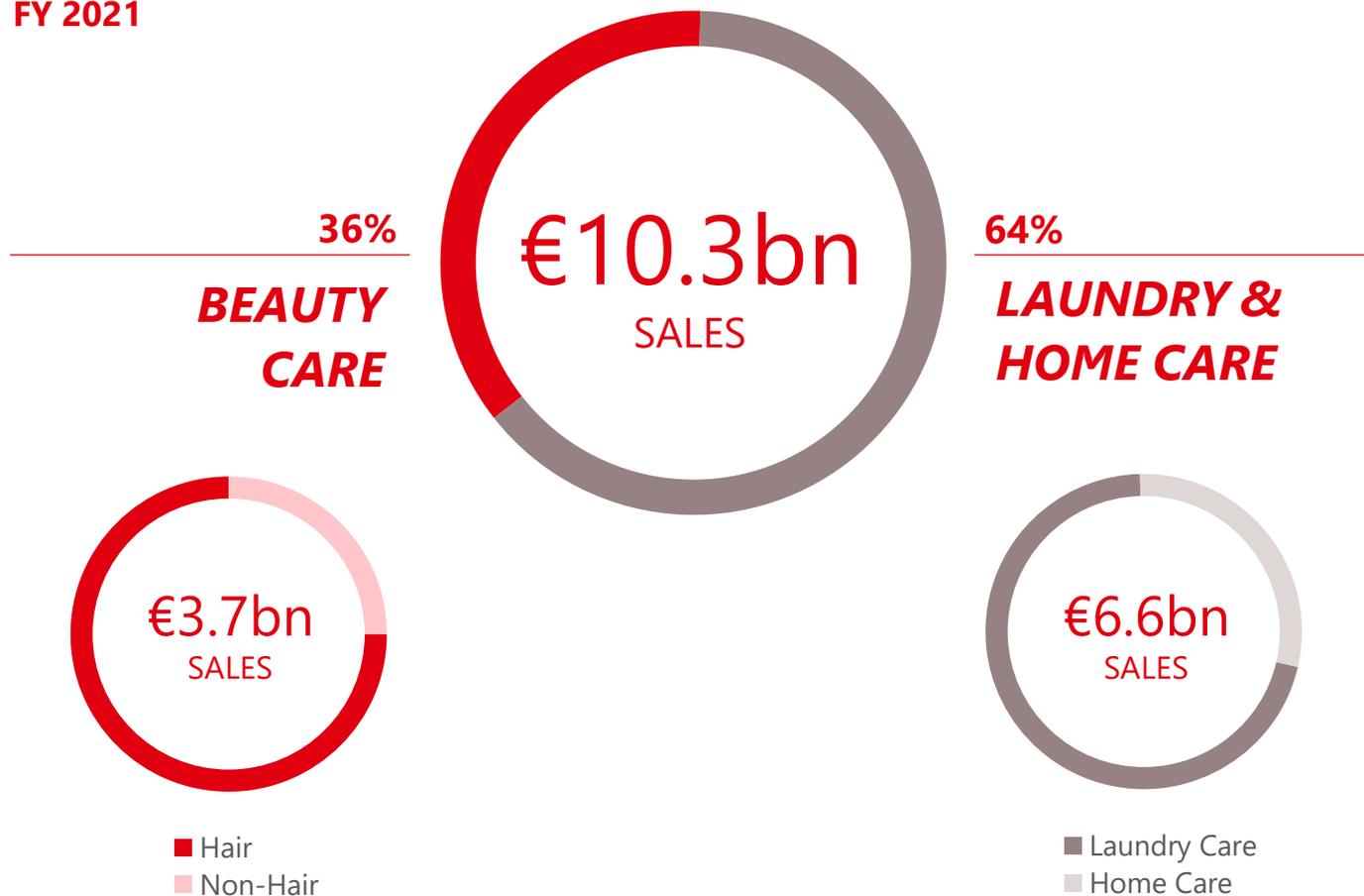


First European hairspray



# **SIZEABLE** GLOBAL BUSINESS WITH OVER **€10BN** SALES

FY 2021



WE ARE HENKEL  
CONSUMER BRANDS



WE ARE ACTIVE IN  
**73** COUNTRIES

**85%**

OF OUR EMPLOYEES  
WORK OUTSIDE OF  
GERMANY

ONE NEW  
BUSINESS



**49%**

SHARE OF  
WOMEN IN  
MANAGEMENT  
POSITIONS

**TECHNOLOGY**

LEADER

WE EMPLOY MORE THAN

**18,000**  
**PEOPLE**

WORLDWIDE FROM 124  
NATIONALITIES



INCREASED

**SCALE**

MULTICATEGORY  
PLATFORM WITH

**2 CORE**

CATEGORIES

**# PROUD AT HENKEL**

# WE ARE PLAYING IN **ATTRACTIVE MARKETS**

- **Hair** market and **Laundry & Home Care** market with
  - Significant **size** of around €220bn globally
  - Expected long-term **growth** of around 3%
- Business with main anchor in **Europe** and **NA**
- More than **230 leading country / category positions**



# WE START FROM A STRONG **TECHNOLOGY BASE**

- **Continuous substantial investments in R&D** over generations has created a wealth of knowledge and patents
- Iconic brands strengthened **through leading technologies**
- **Building on strong consumer insights** our technology leadership allows us to grow with changing consumer trends
- With our products:
  - every second the hair of 20 consumers is colored
  - every year 25 billion laundry wash loads are cleaned



# WE BUILD OUR FOUNDATION ON **STRONG BRANDS**

- **Pricing power** showcased in recent months combatting unprecedented input cost inflation
- Portfolio well positioned thanks to **broad price point coverage**
- Building brands with **high share in digital spending**, utilizing strong digital capabilities
- Strong brands with **high penetration** and **awareness** poised for growth

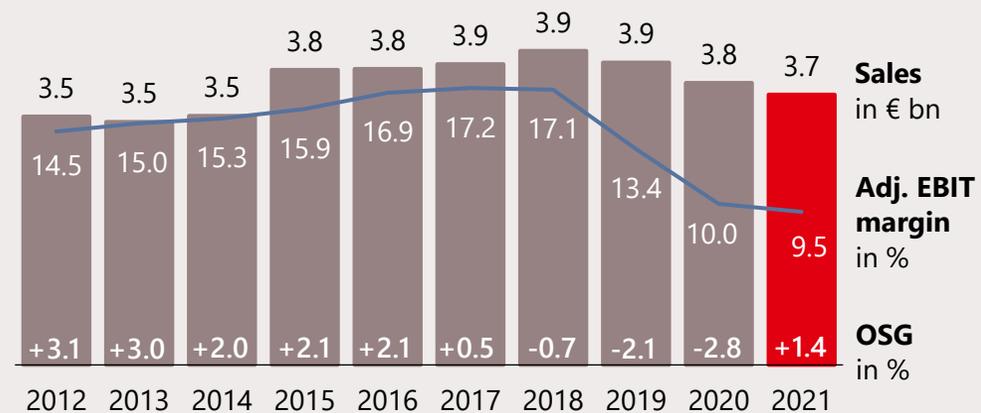


# CONSUMER BUSINESSES – OPPORTUNITIES

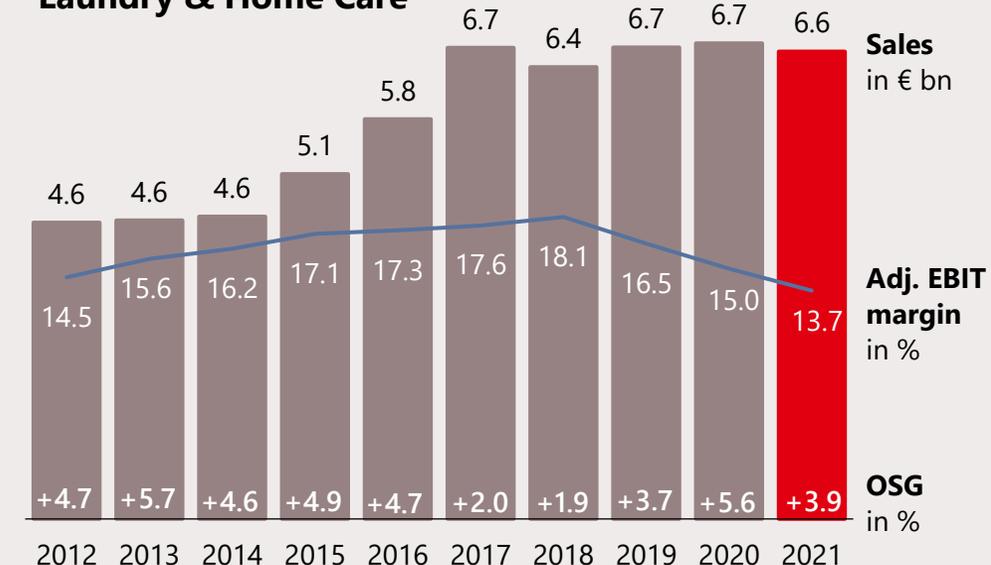
- **Increased focus** behind core portfolio and breakthrough innovation
- **Concentrated investment choices** behind accretive gross margin cells (country / category / brand)
- Further improvement in **NA Laundry**
- Supply Chain operating at **optimal cost to value**
- Agile organization with **SG&A at competitive benchmark**

## Development of Sales, OSG and adj. EBIT margin

### Beauty Care



### Laundry & Home Care



# HENKEL CONSUMER BRANDS MERGER STRENGTHENS OUR ASSETS:

- Leading positions in attractive markets
- Strong Technology across our core categories
- Leading brands

## TODAY'S SET-UP

---

- Two separate business units
- Two leadership teams
- Two separate supply chains / sales teams



## FUTURE AMBITION

---

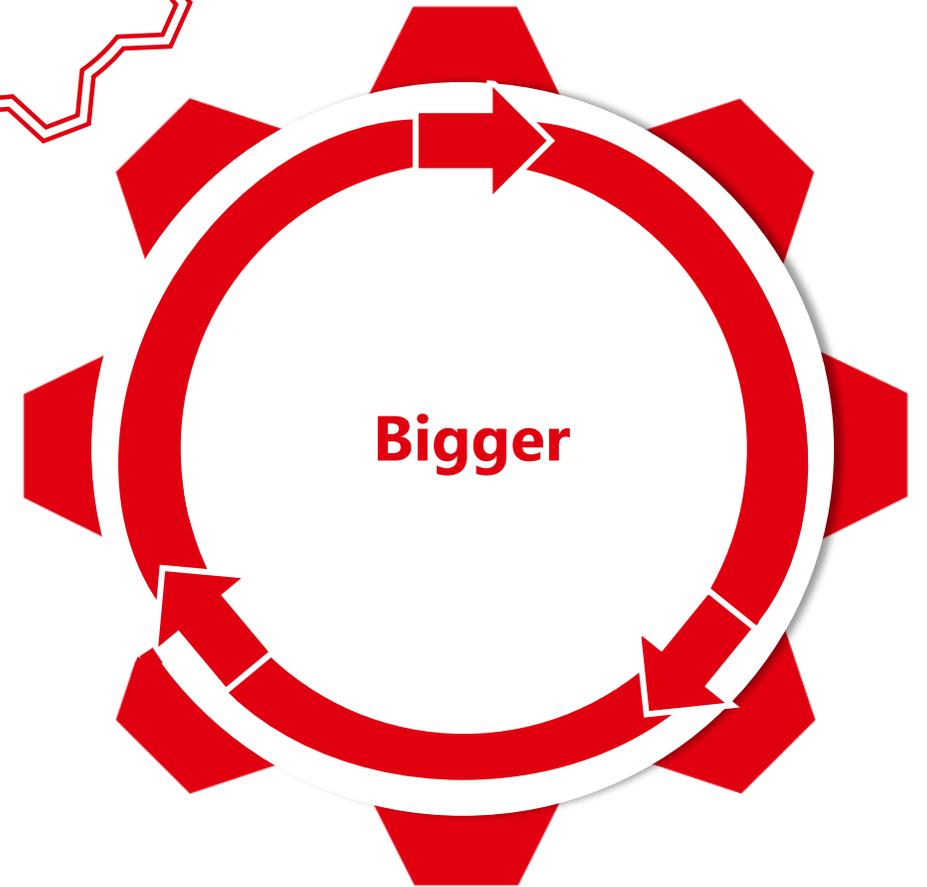
- Operating in a **technology lead growth model**
- Continuous focus on **gross margin** development
- Effective and lean **organizational model**

# AGENDA

- 01 Who we are
- 02 **Becoming better**
- 03 Becoming bigger

# OUR PLAN FOR THE FUTURE

**Better**  
before  
**bigger.**



# OUR PLAN FOR THE FUTURE

**Better**  
before  
**bigger.**

...TO ACHIEVE OUR MID-TO  
LONG TERM AMBITION

## Henkel Consumer Brands

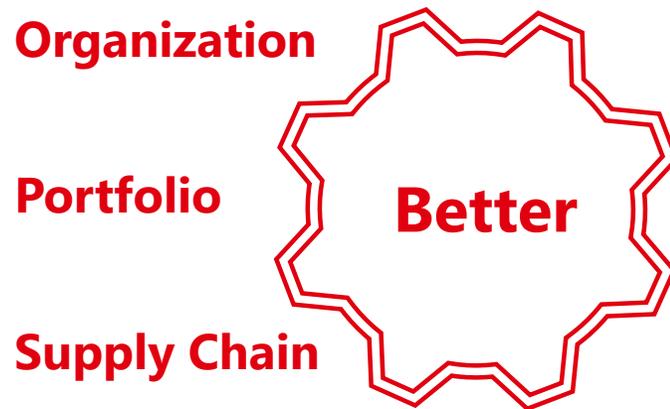
Accelerated  
Growth

OSG  
**3 to 4%**

Increased  
Profitability

Adj. EBIT margin  
**mid teens %**

# ENABLED THROUGH MERGER – CREATION OF BETTER BUSINESS WITH HEALTHIER MARGIN



- Leaner structures allowing us to **focus and become faster**
- Combined country portfolios resulting into **more possibilities to adjust portfolio** without losing critical mass
- Global re-vamp of supply chain network **significantly improving cost structures, agility and resilience**



# CREATING ONE **COMPETITIVE ORGANIZATION**

- Designed future **organization to benchmarks** utilizing combined scale, with clear P&L accountability
- Annual net **savings of ~€250m** full swing by 2024, majority realized end 2023
- Using **re-set of organization** to foster entrepreneurial **spirit**
- **Execution ahead of plan** with all regions live, Europe under execution





# DEFINING OUR FOCUSED *WINNING PORTFOLIO*

- **Key** criteria for target portfolio:
  - **Healthy gross margin**
  - **Growth** opportunities
  - **Ability to win** with strong in-market positions
  - **Technology enabled** categories (higher entry hurdles)
- Streamlined portfolio **reducing complexity** to increase gross margin
- Businesses with sales **up to €1bn** under **review** for divestment/discontinuation
  - **First projects** already in implementation
  - **Further projects** identified





# OPTIMIZING OUR ***SUPPLY CHAIN NETWORK***

- Network **consolidation** of around 470 **contract manufacturers** and co-packers
- **Footprint optimization** and increased asset utilization of/within our 45 manufacturing **plants**
- **Streamlining** our set-up of 139 **warehouse & logistic locations**
- Leverage merger with **one face to the customer**, creating **1-1-1**:
  - one order
  - one shipment
  - one invoice

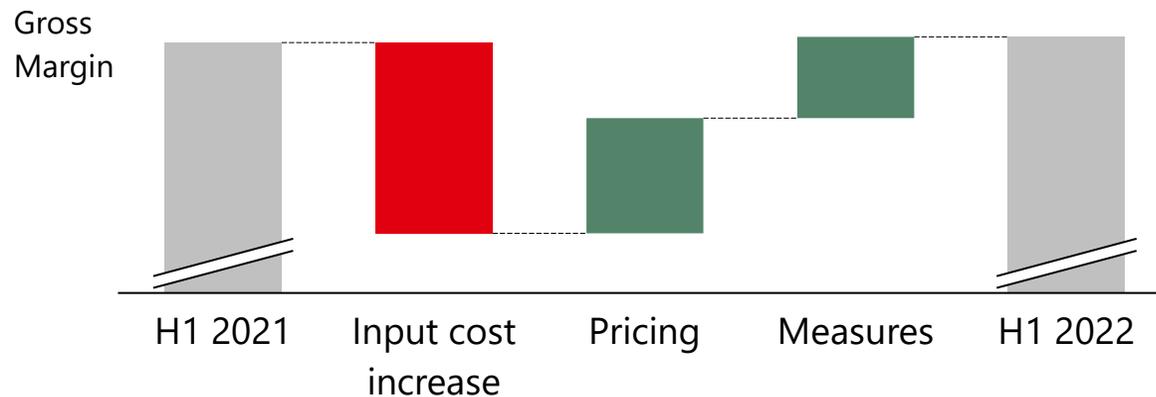


# **PROOF POINTS** FOR SUCCESSFUL EXECUTION OF '**BETTER**'

*EXAMPLE BEAUTY CARE*

## **First financial impact on Gross Margin already in H1 2022**

- Positive gross margin development vs. PY
- Pricing in combination with other measures (50/50) able to offset cost inflation



## **MEASURES**

- Portfolio measures
- Moving investment behind strategic choices at higher Gross Margins
- First supply chain optimizations

# 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** cost of ~€350m
- Portfolio of **up to €1bn** sales under review

## Phase 2

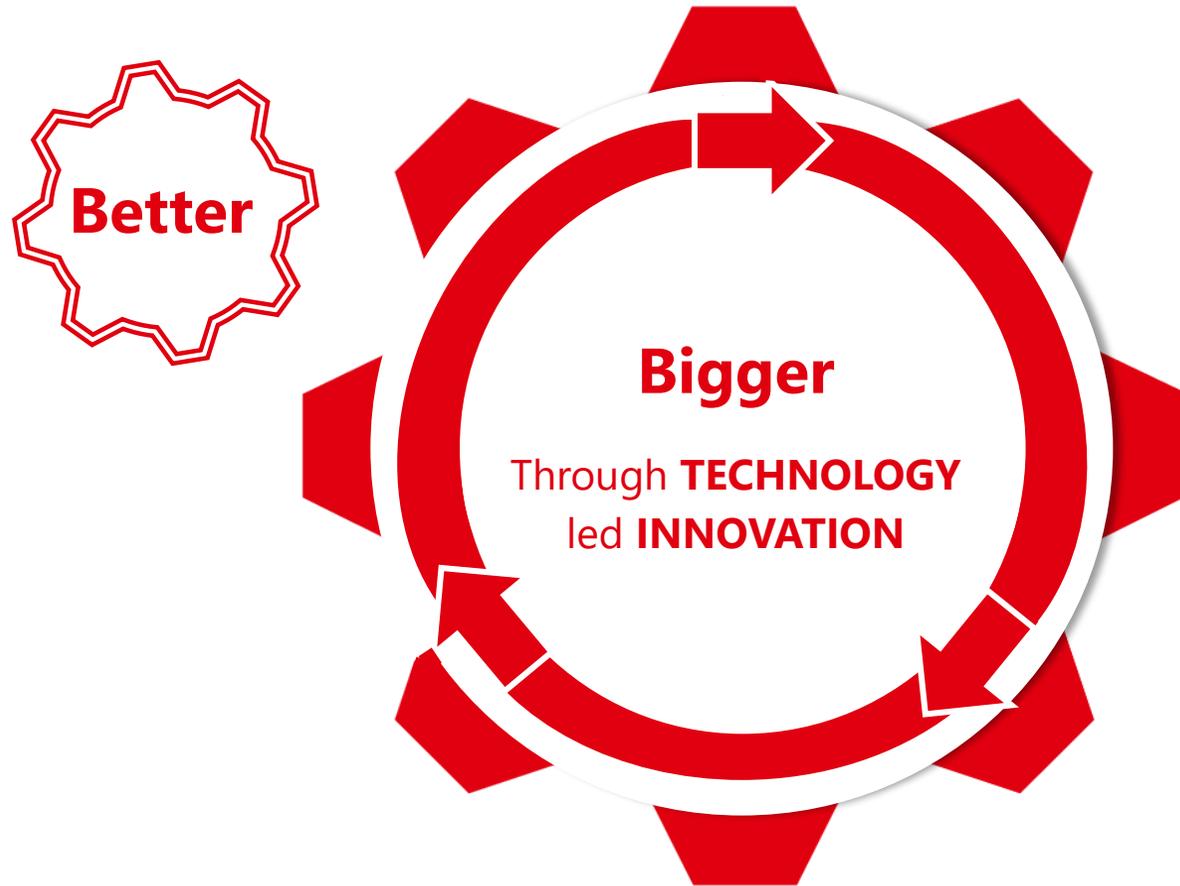
Mostly implemented until end of '25

- **Net savings** will be defined
- Focusing on **Supply Chain** footprint measures
- **One-time** costs and **CAPEX** to be specified

# AGENDA

- 01 Who we are
- 02 Becoming better
- 03 **Becoming bigger**

# **TECHNOLOGY LEADERSHIP** DRIVING **GROWTH** IN INNOVATIONS & BEYOND



**Technology leadership as basis  
for future innovation and growth:**

Technology leadership...

- ... solving consumer issues
- ... driving competitive edge
- ... driving pricing and with that higher margins
- ... creating entry barriers for others
- ... building our leading brands

# LEVERAGING OUR **TECHNOLOGY EXPERTISE** ACROSS OUR GLOBAL CATEGORIES

**Strong R&D synergies due to technological similarities of global Hair and Laundry categories**

- **Common issues**

- Damage of structure (rough, stiff, no shine)
- Loss of appearance (color fading, haptics)

- **Similar technology challenges**

- Mild cleansing (low fiber swelling)
- Surface smoothing, sealing and protection

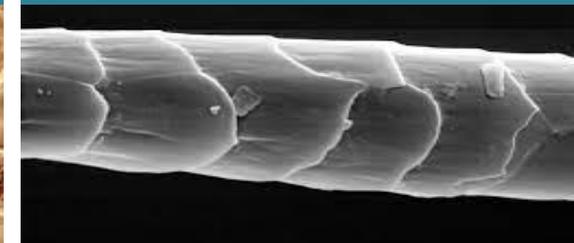
- **Joint strategic innovation partners**



**HUMAN HAIR**



**COTTON FIBER**



# TECHNOLOGY LEADERSHIP UNDERPINNED BY **GLOBAL R&D NETWORK**

**~1,000**  
Researchers

**~€170m**  
R&D spend

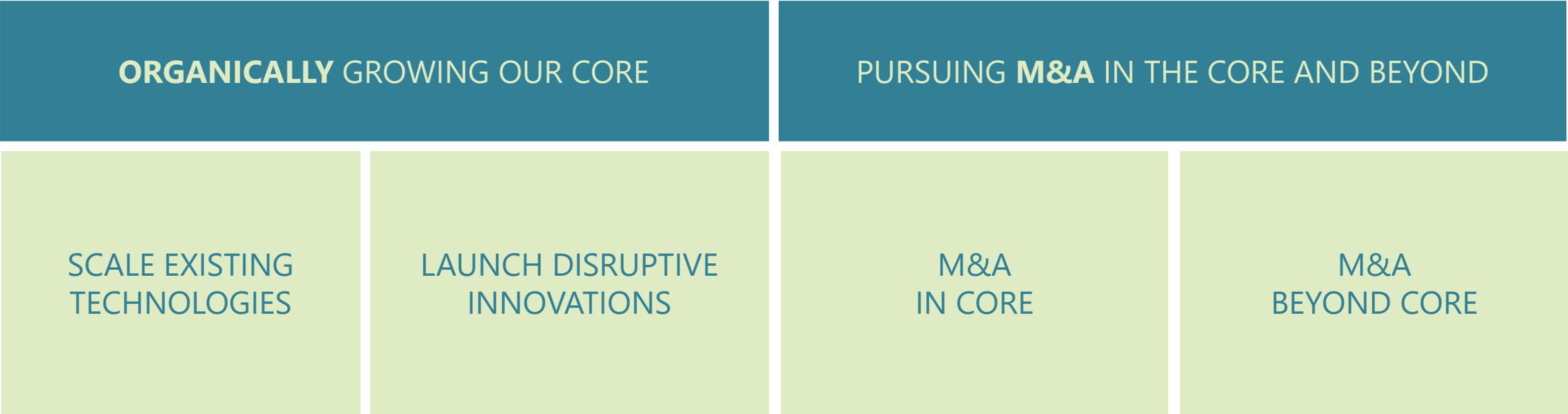
**~200**  
Open Inno.  
Projects

**Global R&D network with 16 innovation centers**



- >300 patents per year
- Average of 50% of NES from innovation
- Our product formulas have >90% bio-degradable ingredients

# BIGGER – DRIVING COMPETITIVE EDGE VIA *TECHNOLOGY LEADERSHIP*



# BIGGER – SCALE *EXISTING TECHNOLOGIES*

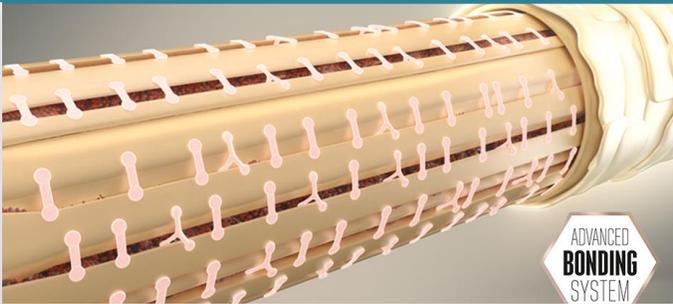


## Fiber Renew Technology

Reviving colors, renewing fibers & prevention of pilling for optimal fabric care

## Hair-bonding Technology

Restoring and repairing hair structure for healthier and stronger hair



BECAUSE AN ICONIC BLONDE IS DIVERSE



# BIGGER – LAUNCH *DISRUPTIVE INNOVATIONS*



## The Unseen

Hair cosmetics – ability to color dark hair without damage



## SalonLab

Digital hair analyzer – truly personalized hair consultation

## Persil with Dispersin

Removal of biofilm – for deep clean laundry & a hygienically clean machine

# BIGGER – GROW VIA *M&A* IN THE CURRENT *CORE AND BEYOND*



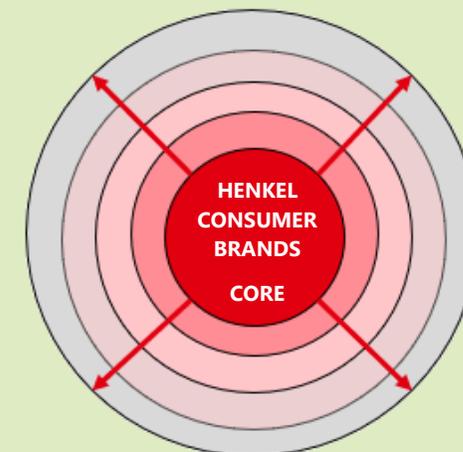
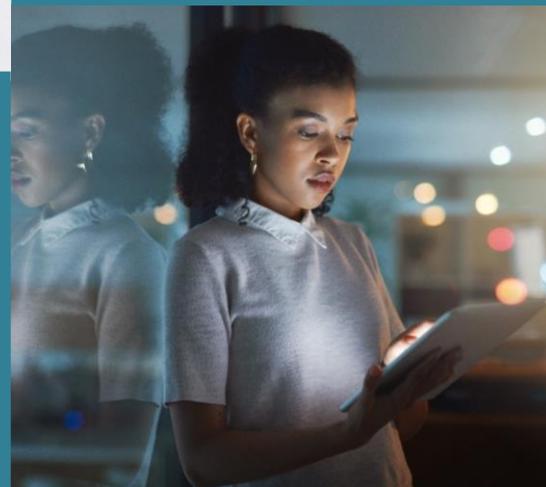
## M&A beyond Core

New set-up enables addition of new categories

- Customer / Consumer overlap
- Similarity in Supply Chain
- Profitability and growth perspective

## M&A in Core

Maison Verte strengthening sustainability offering  
Shiseido Professional access to growing ASIAN market

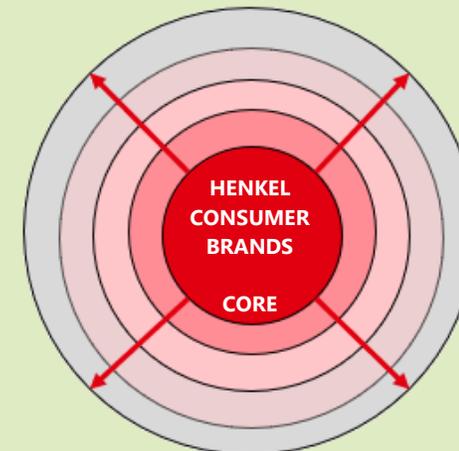


# BIGGER – EXPANDING THE CORE VIA M&A

## New Consumer Brands platform enables M&A opportunities beyond current core

- One sales / country organization managing multiple categories
- One supply chain making and shipping multiple categories (1-1-1)
- One functional support system behind multiple categories

Enables easy integration of new FMCG categories



# WE HAVE A **PLAN**, AND WE ARE GOING TO **DELIVER** ON IT

## Our mid-to long term ambition

Accelerated  
Growth

OSG  
**3 to 4%**

Increased  
Profitability

Adj. EBIT margin  
**mid teens %**

- Driving purposeful growth via **technology led innovation**
- Strengthening our **core** categories / brands via **investment choices at scale**
- Stringent execution of **margin improving measures**
- Driving **synergies** from **SG&A** at competitive level
- Running our supply chain at **optimal cost to value**

WIN THE 20s  
THROUGH

# PURPOSEFUL GROWTH

Capital Markets Day 2022

# THANK YOU