



DIGITALIZATION

Key lever to scale business model

Henkel Investor & Analyst Day 2019

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Strong and proven business model...

Adhesive Technologies Business Model



High customer proximity



Customized solutions



Broad portfolio with global footprint

> Know-how and expertise at the core of our business model

...with upsides

Adhesive Technologies Business Model



High customer proximity



Customized solutions



Broad portfolio with global footprint

CHALLENGES

- Reach beyond top accounts
- Know-how availability at all times
- B2B expect consumer-like experiences

CHALLENGES

- Time to market
- Degree of customization
- Speed of specification

CHALLENGES

- Complex network of operations
- Limited differentiation of service levels
- Net working capital management

...digitalization creates new opportunities

Adhesive Technologies Business Model



High customer proximity



Customized solutions



Broad portfolio with global footprint

Drive competitive advantage across the value chain

So, what is our plan?

Further scale our business model through digitalization

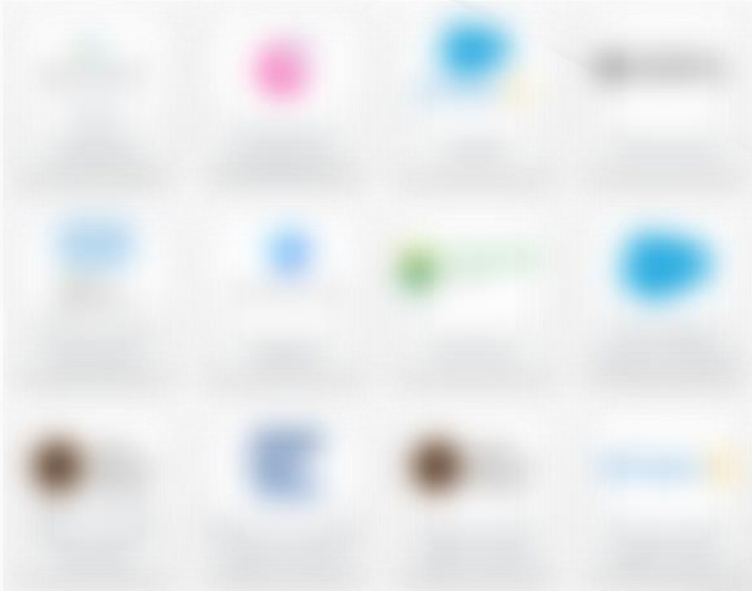


➤ From engagement to purchase to best-in-class digital services and delivery

Established enablers



Basic digital ecosystem



Upskilling our organization

Digital *UP*skilling
「BASE *FIT*」

Digital *UP*skilling
「EXPERT *FIT*」

High customer proximity

Reaching customers at scale through digital activation



Direct engagement with potential new users

Multiplies reach and **shortens purchase journey** for new users

Customized solutions

e-Formulation through artificial intelligence



Understand desired performance
and gather material records



Materials design
using AI



Output → Optimal
formulations for material goals

65% Fewer experiments
to develop custom formulation

Broad portfolio with global footprint

Industry 4.0 - driving effectiveness, efficiency and quality

Smart Supply Chain



Faster reaction to customer requirements
through an integrated digital supply chain

Smart Manufacturing



High efficiency through digital connected
production processes



- 1 Digitalization enables us to further scale our business model
- 2 Implemented solid base of digital technology, upskilling the organization
- 3 Next phase focused on accelerating our transformation