

HENKEL Q1 2020

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AGENDA

- 01** **Key Developments Q1 2020**
- 02** Sales Q1 2020 & Outlook
- 03** Business Priorities & Closing Remarks



KEY DEVELOPMENTS Q1 2020

ROBUST TOPLINE PERFORMANCE DESPITE COVID-19 PANDEMIC

Nominal Sales

€ 4.9 bn

-0.8%

Organic Sales Growth

-0.9%

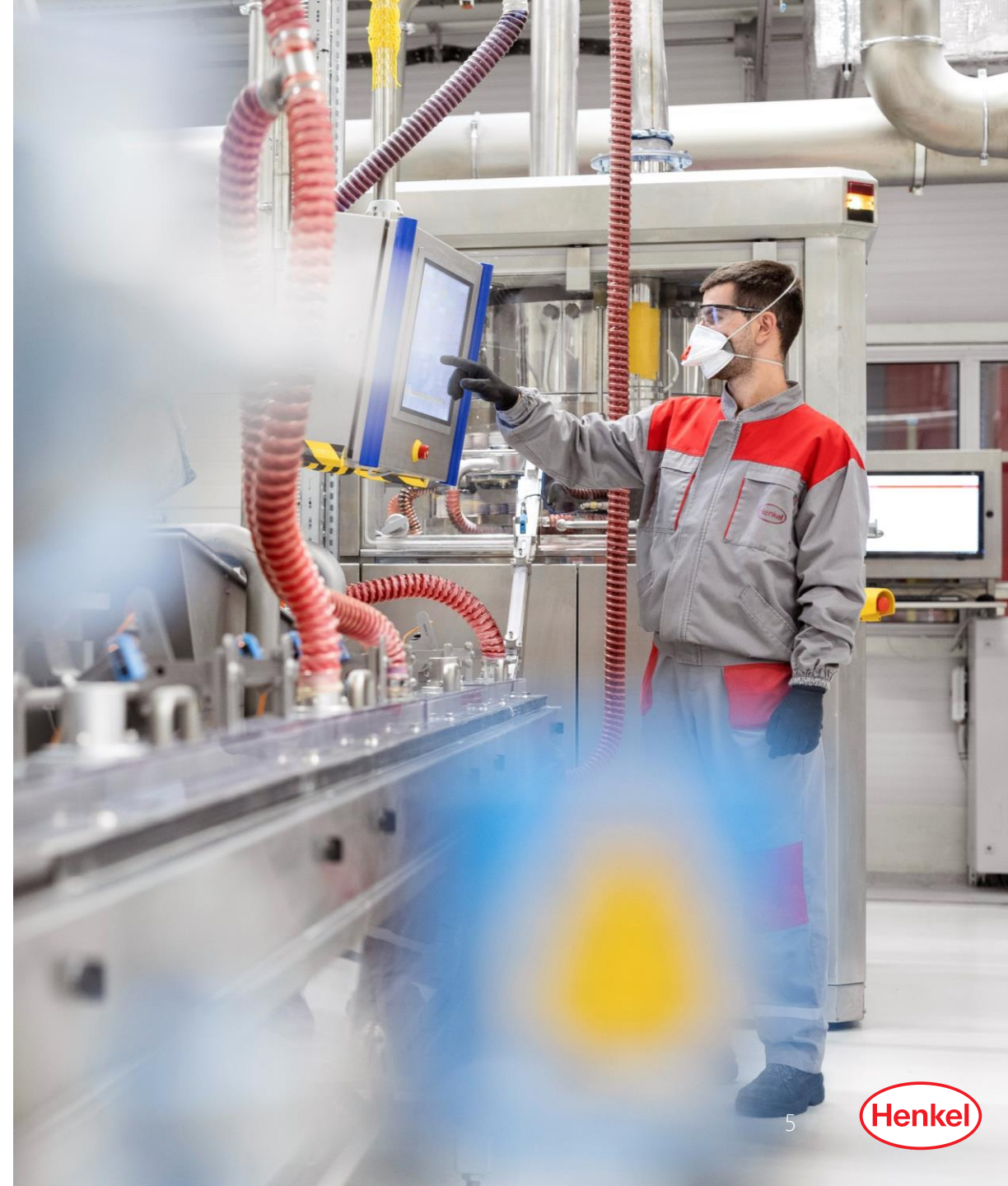
Strategic Framework

WIN THE 20s THROUGH
PURPOSEFUL GROWTH

- Adhesive Technologies impacted by headwinds from lower industrial demand
- Beauty Care Retail stable, Hair Professional affected by hair salon closures in major countries
- Very strong development in Laundry & Home Care
- Strong balance sheet with low debt levels and continued flexible access to refinancing
- Full commitment to new growth agenda, implementation of announced initiatives started

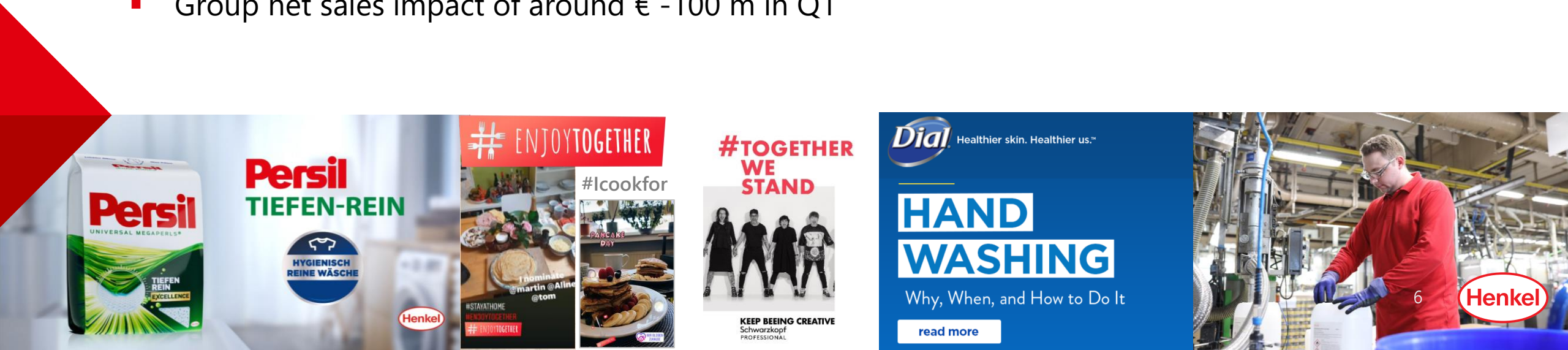
► BUSINESS ENVIRONMENT

- COVID-19 pandemic substantially affecting global economies and societies
- Notable drop in industrial production, automotive build-rates significantly down
- Consumer behavior changing in many categories amid COVID-19 outbreak
- China coming back but uncertainty regarding further development in other countries
- Turbulences on raw material markets
- Emerging market currencies under pressure



IMPLICATIONS FROM COVID-19 PANDEMIC

- Timely action taken to protect employees, customers and business partners, while ensuring business continuity
- High agility in operations & supply chain, swiftly reacting to local developments and needs
- Comprehensive global solidarity program, strong commitment of global teams
- Most sites operational throughout Q1, yet constraints in logistics, supply chain and demand
- Group net sales impact of around € -100 m in Q1



► BUSINESS DEVELOPMENTS Q1 2020

- Significant pressure from lower industrial demand
- Supporting customers in mobility transformation, winning business with solutions for EV powertrains
- Dial with strong market share expansion in US, progress on Hair Care turnaround in Europe
- Substantial impact from hair salon closures
- Core brands Persil, Somat, Bref & Pril each with double-digit growth due to strong innovations and more media
- High demand for hygiene products



FULL COMMITMENT TO NEW GROWTH AGENDA

WIN THE 20s THROUGH **PURPOSEFUL GROWTH**

**Winning
Portfolio**

Competitive Edge

**Future-ready
Operating
Model**

Innovation

Sustainability

Digital

Collaborative Culture & Empowered People

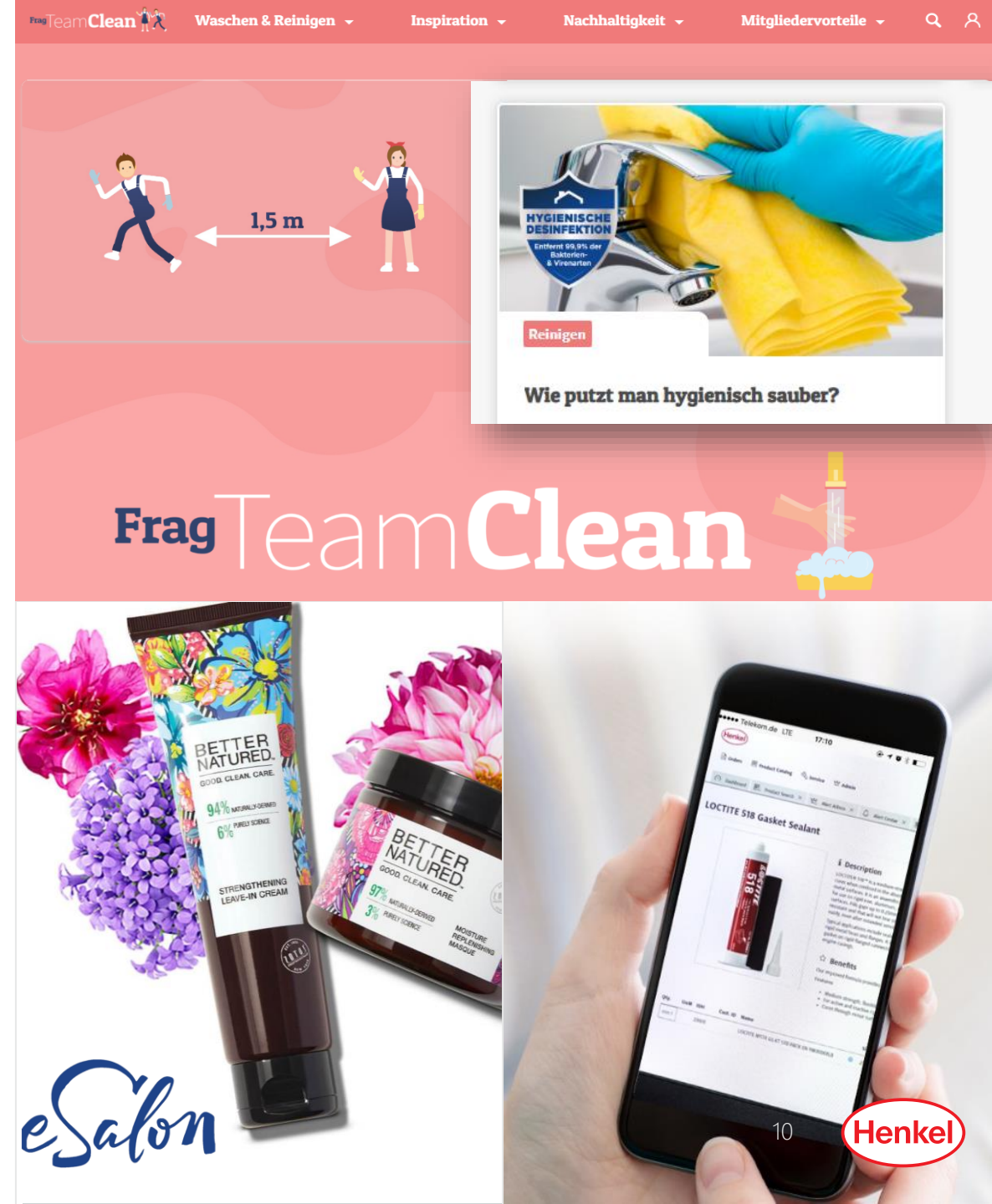
► EMERGING STRONGER FROM THE CRISIS INNOVATION

- Consumer businesses providing products that meet hygiene needs
 - Launch of highly relevant SKUs
 - Ramp-up in supply output
 - Purposeful brand communication
- Adhesive Technologies well positioned in the areas of mobility, connectivity and sustainability



► EMERGING STRONGER FROM THE CRISIS DIGITAL

- Holistic and accelerated eCommerce approach & D2C across all businesses
- Brand communication increasingly via digital channels, also educating on correct use of hygiene products
- Strengthened digital execution capabilities and accelerated digital upskilling
- Digital customer interaction across businesses such as securing supply and process stability through virtual customer services



► EMERGING STRONGER FROM THE CRISIS

COLLABORATIVE CULTURE

- Agile, empowered collaboration based on unique Henkel spirit
- Outstanding team commitment around the world
- Support of local communities including donations and production of disinfectants
- Holistic customer support such as improved payment terms for hairdressers and re-start support measures

Together against Corona

Henkel's
solidarity
program



We
#SupportFrontliners

نساعد في حماية أبطالنا في الحياة اليومية.
Helping shield our everyday heroes.

لأن أبطالنا بحاجة إلى الحماية أيضًا.
Because our heroes need protection too.



Persil



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Q1 2020 SALES DEVELOPMENT

NOMINAL SALES AT € 4.9 BN, ORGANICALLY SLIGHTLY BELOW PY

OSG

-0.9%

Price

-1.0%

Volume

+0.1%

M&A

+0.4%

FX

-0.4%

Nominal

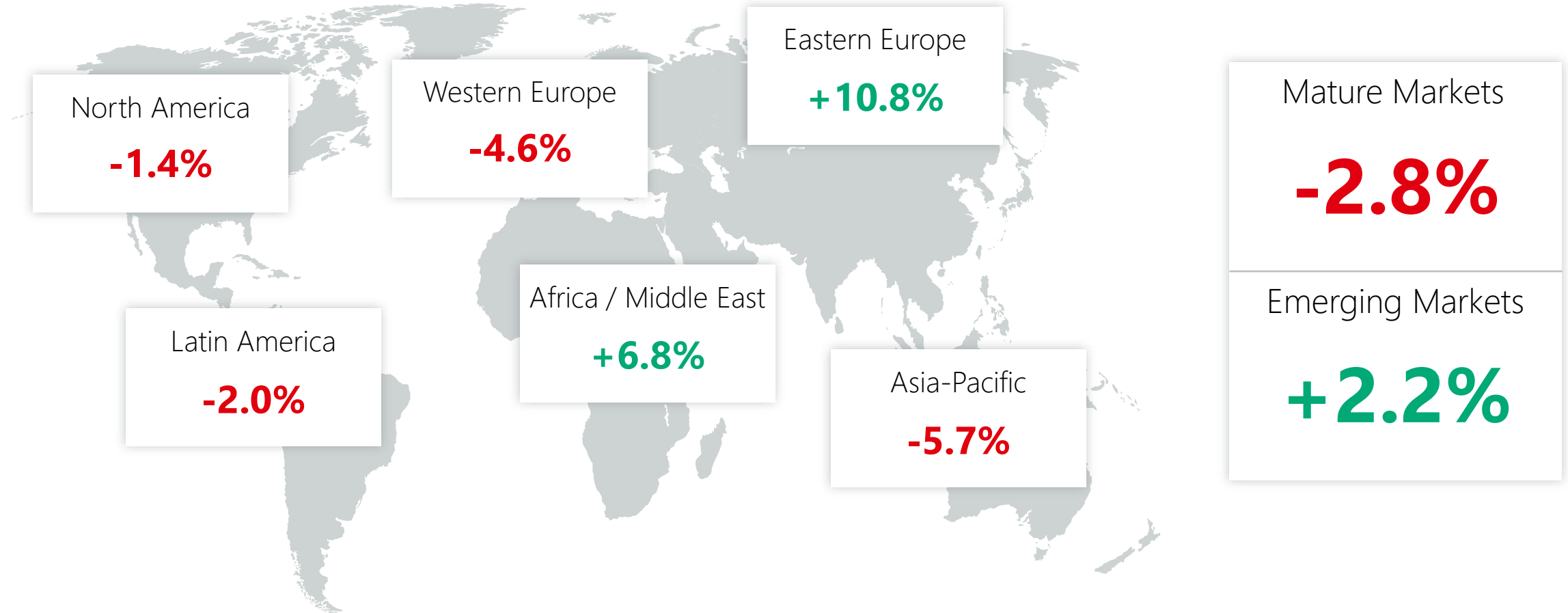
-0.8%



Note: Each figure commercially rounded. Addition may result in deviations from the totals indicated.

► DIFFERENTIATED REGIONAL DEVELOPMENTS

Q1 2020 ORGANIC SALES GROWTH BY REGION





ADHESIVE TECHNOLOGIES

ORGANIC SALES GROWTH: -4.1%

- Significant headwinds especially in Automotive & Metals business area due to shut-down of many customers' production sites globally
- Packaging & Consumer Goods business area with stable development
- Negative development in Electronics & Industrials: decline in industrial demand, Electronics above prior year
- Craftsmen, Construction & Professional business area below prior year, however construction with strong growth



ADHESIVE TECHNOLOGIES

BUSINESSES GLOBALLY IMPACTED BY COVID-19 PANDEMIC WITH STRONGEST EFFECTS IN CHINA

Organic Sales Growth

-4.1%

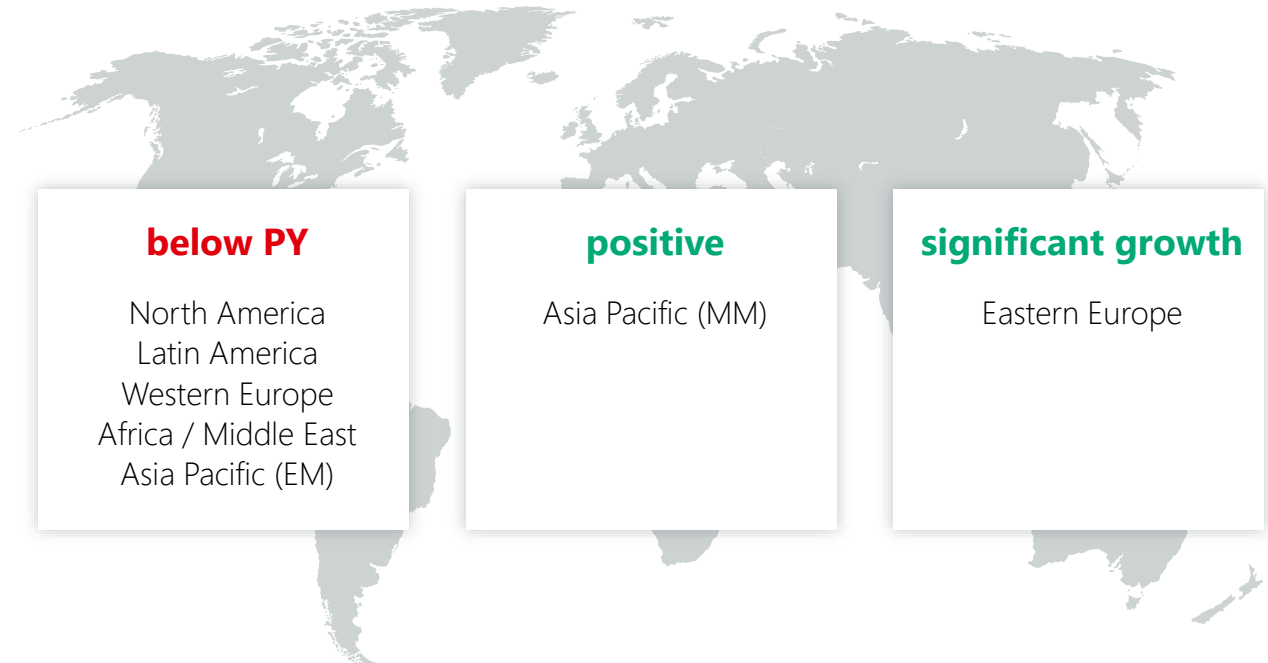
Price

+0.0%

Volume

-4.1%

Organic Sales Growth by Region





BEAUTY CARE

ORGANIC SALES GROWTH: -3.9%

- Professional with significant decline due to salon closure in major countries
- Retail business stable despite most regions progressively affected by COVID-19
- Good organic growth in Asia Pacific Retail as China market entered recovery phase
- Strong performance in Body / personal hygiene, especially in North America with Dial
- Good development in Retail Coloration with signs of market acceleration end of March



BEAUTY CARE

HAIR PROFESSIONAL WITH DECLINES ACROSS ALL REGIONS,
RETAIL VERY STRONG IN NORTH AMERICA, APAC¹ & EASTERN EUROPE

Organic Sales Growth

-3.9%

Price
-1.0%

Volume
-2.9%

Organic Sales Growth by Region

below PY

North America
Latin America
Western Europe
Africa / Middle East
Asia Pacific (EM)

slightly negative

Asia Pacific (MM)

strong growth

Eastern Europe



LAUNDRY & HOME CARE

ORGANIC SALES GROWTH: +5.5%

- Double-digit growth in Home Care with core brands Pril, Bref & Somat growing double-digit
- Strong growth in Laundry Care driven by very strong performance of Heavy-Duty Detergents
- #1 brand Persil growing double-digit supported by exceptional performance in single-unit dose
- North America with positive growth thanks to strong performance of core brand 'all and Persil
- eCommerce growth accelerating across all regions



LAUNDRY & HOME CARE

BROAD-BASED DOUBLE-DIGIT GROWTH IN EMERGING MARKETS,
ONLY WESTERN EUROPE SLIGHTLY BELOW PRIOR YEAR DUE TO ITALY

Organic Sales Growth

+5.5%

Price
-2.3%

Volume
+7.8%

Organic Sales Growth by Region

slightly negative

Western Europe

positive

North America

**very strong
growth**

Latin America

**double-digit
growth**

Eastern Europe
Africa / Middle East
Asia-Pacific (EM)
Asia-Pacific (MM)



GUIDANCE 2020

FORECAST WITHDRAWN AS PER STATEMENT ON 7 APRIL

- Forecast for fiscal 2020 published in Annual Report 2019 no longer upheld
- Reliable and realistic evaluation of future business performance not possible due to dynamic development of COVID-19 pandemic
- Henkel is responding to the crisis with specific measures, but cannot predict with sufficient reliability over what period and to what extent it will face further impacts
- New forecast to be published once sufficiently reliable evaluation of future business performance in 2020 is possible

► STRONG FINANCIAL FOUNDATION

KEY TO MASTER CHALLENGES AND EMERGE STRONGER FROM CRISIS

- **Strong balance sheet and financial flexibility**
 - Low net debt level of € -2.0 bn¹, strong A rating and availability of refinancing
 - Continued access to capital markets: successful placement of CHF 330 m bond
- **Dividend proposal unchanged at € 1.85 per preferred share to AGM on June 17**
- **Targeted cost management**
 - Realizing short-term savings without compromising on future growth
 - Strong focus on net working capital management while supporting customers

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► BUSINESS PRIORITIES

- Protection of employees, customers and business partners first priority
- Ensuring business continuity by mastering supply chain, logistics and operations
- Continue close collaboration with customers and trade partners in these challenging times
- Leverage and further expand digital business
- Adequately manage cost and keep strong cash focus
- Implement first set of actions within purposeful growth framework



Q & A

► CLOSING REMARKS

- Henkel with robust topline performance in Q1 in a challenging business environment
- Strong commitment to growth agenda and strategic initiatives
- Supporting employees and business partners during pandemic, ensuring business continuity and capturing emerging opportunities
- Strong balance sheet and financial flexibility
- New forecast to be published once sufficiently reliable evaluation of future business performance in 2020 is possible



WIN THE 20s THROUGH
**PURPOSEFUL
GROWTH**





UPCOMING EVENTS

June 17, 2020	Annual General Meeting
August 6, 2020	Q2 & H1 2020 Release
November 10, 2020	Q3 2020 Release
March 4, 2021	Q4 & FY 2020 Release

THANK YOU

► ADHESIVE TECHNOLOGIES

FOUR NEW DIVISIONS ALIGNED ALONG MEGATRENDS

Old structure	New structure	Megatrend	Solutions for
Transport & Metals (23%)	Automotive & Metals (24%)	 e.g. e-Mobility	Automotive OEMs & Components, Metals
Packaging & Consumer Goods (32%)	Packaging & Consumer Goods (32%)	 e.g. Sustainability	Packaging, Consumer Goods & Lifestyle products
Electronics (10%)	Electronics & Industrials (15%)	 e.g. Connectivity	Semiconductor Packaging & Electronics Assembly, Aerospace, Industrial Assembly
General Industry (15%)	Craftsmen, Construction & Professional (29%)	 e.g. Urbanization	DIY, Craftsmen, Construction, Manufacturing & Maintenance for Professional Users

Note: Share of total sales based on fiscal 2019