

Conference Call Half-Year Results 2024
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Speech

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- Please check against delivery -

[Vincent Warnery]

Good morning, everyone, and thank you for joining us today. I am pleased to welcome you to our conference call. In the next 30 minutes, I will provide you with an overview of our financial results and key developments of the first six months of 2024. I will then focus on the strategic initiatives that will continue to drive our performance in the future and enable us to be the best skin care company in the world.

Following my remarks, Astrid will provide a detailed analysis of our financial statements. We will then open the floor for your questions. Thank you for being with us this morning, let's get started.

First of all, I would like to take this opportunity to express my gratitude to my Beiersdorf colleagues around the globe. Over the past six months, our team has again demonstrated remarkable dedication and resilience in the face of challenging market conditions.

And the result speaks for itself: We delivered a strong performance in the first half of the year, achieved significant sales growth and outperformed the market. And we gained substantial market shares across brands and categories.

As we look ahead to the second half of the year, we balance this outstanding performance and our full innovation pipeline against the ongoing macroeconomic volatility around the world. Based on this, we confirm our sales and EBIT guidance.

Now we come to the top-line figures for the first six months of the year.

We grew our Consumer business organically by 8%. This was in particular driven by broad-based double-digit growth at NIVEA across key categories and regions. NIVEA also again delivered balanced growth in terms of price and volume. A strong performance of our Derma brands fuels this Consumer success as well.

As predicted and promised in the first quarter, the tesa business picked up significantly in the second quarter with double-digit organic sales

growth. This results in overall growth of 2.9% for the first six months for tesa.

At Group level, we kept our successful course and delivered strong growth of 7.1% in the first half of 2024.

At the Capital Markets Day in June, we shared with you our vision to be the best skin care company in the world and introduced you to our corporate strategy “Win with Care”, which will guide us towards this vision.

Therefore, let’s zoom in on some top-line key performance indicators of the Consumer Business overall, before I take you through the performance at brand level.

Looking at the overall market growth and our peers’ performance in terms of organic sales growth in the first half of the year, I am particularly pleased to see us at the top of the list. We have clearly outperformed the market. This proves that we have a winning formula with our strong brands and our strategic direction, and it gives us confidence as we look to the future.

The ongoing global success of NIVEA was the main driver for our strong performance in the Consumer segment. Our icon delivered excellent double-digit organic sales growth of 11.1% in the first half of the year. Significant growth across all regions fueled this positive development. All key categories posted impressive, double-digit growth rates with a healthy balance between price and volume.

The Derma business delivered strong growth of 8.3%, on top of the high comparison base from last year. Excluding Argentina, the performance continued on a double-digit level with strong growth across most regions. We also gained significant market shares with our Derma brands, in every region and every category.

The Healthcare business, which comprises the plasters business of Hansaplast and Elastoplast, contributed with solid sales growth of 4.0%.

The economic situation in China remains highly volatile and challenging, which was the main reason for the 7.0% decline in organic sales at La Prairie for the first six months of 2024. Noteworthy nonetheless: We outperformed the Chinese market with La Prairie in this declining environment.

Our business is strong, resilient and based on a broad, successful global portfolio of brands, allowing us to compensate the headwinds in the luxury market with only limited impact to our overall result. This leads to substantial sales growth at Group level and confirms that we are well on track to deliver our sales guidance of 6-8% organic growth for the full year.

We are particularly pleased with the performance of our two biggest regions, Europe and Emerging Markets.

These regions are the two main drivers for our growth. They account for roughly three quarters of our sales. And they keep on growing, with continued strong performances across brands and categories.

And this growth trajectory is far from over. In the Emerging Markets, we are also fueling this development via a strategic focus on conquering several white spot opportunities. I will share more on that in a moment.

In Europe, we see a lot of further growth potential in the years to come based on the anticipated impact of our strong innovation pipeline.

Our e-commerce business continues to expand at a double-digit rate with an increase of 16% in the first six months of 2024.

Even more significant in this context is the strong growth of our e-commerce share. With the impressive growth trajectory this year and in the last three years, we are outperforming the competition and narrowing the gap to the industry leader.

Now to a part of our business, that continues to deliver extraordinary results: The sun business. We delivered strong double-digit growth in the first half driven by Nivea and Eucerin.

While our brands Nivea and Eucerin performed strongly in the Sun category, the predominantly bad weather in North America led to a sun market decline and an unfavorable impact on Coppertone and sales results in our North America. However, it is important to point out that Coppertone accounts for less than 20% of our overall sun business. Additionally, we are seeing some positive momentum there since June.

I also would like to give a bit of color on our home country, on "Deutschland".

In terms of absolute net sales, Germany represents our largest market. We are currently on track to reach one billion in annual sales, which is a fantastic development. It is even more impressive that we achieved 9% organic growth for NIVEA and 8% for Eucerin in the first half of the year, given our long-standing strong position in Germany.

Our pioneering spirit has its roots in Germany, we power our global success from here. This is the place, where most of our innovations are created, enter the market and start to develop into global success stories. We will have our new Epicelline™ product under the Eucerin brand on the shelves in Germany in a couple of weeks from now.

We are also particularly proud of our gross margin expansion in the first half of the year.

We managed to grow by +110bps in comparison to the first half year of 2023. This excellent overall figure is attributable to significant gross margin gains across key regions all over the world. For instance, we managed to increase our gross margin significantly in our largest region, Europe, as well as in North America and in the dynamic Chinese market environment.

This amount of growth is extraordinary, especially given the fact that La Prairie sales declined in the first six months of 2024.

Let us look at our icon in more detail. NIVEA led our brand portfolio in the first half of the year with outstanding double-digit organic sales growth of 11.7%. We are excluding Argentina here, where

macroeconomic factors such as extremely high foreign exchange devaluation and inflation distort the performance. We've also managed to keep an excellent balance between price and volume growth.

Despite market volatility, our efforts to modernize, digitalize and globalize NIVEA continue to pay off. We look to the future with confidence and have further ambitious plans for our global icon.

This double-digit growth for Nivea is driven by growth in all regions of the world. In particular, the regions LATAM, Eastern Europe and Africa, Asia and Australia posted outstanding double-digit sales growth. Furthermore, the 9% organic sales increase in the North East Asia region highlights our robust and successful market presence in that area with NIVEA, despite the well-known volatility of the Chinese ecosystem.

Now, we come to the NIVEA categories. First of all, we grew significantly across all major categories of NIVEA in the first six months of the year.

Our strategic focus on Face Care continues to pay off, led by the success of our Luminous630 product range. In the first half of 2024, we grew by 49% organically with our NIVEA products containing the most effective anti-spot ingredient in the world. The body category also grew by double-digit in the first half of the year. Personal Care complements this strong overall performance of NIVEA, with Deo increasing by 19% in organic sales. The Lip category also posted strong sales growth of 17%.

Japan is also of great importance for us - and Japan delivers fantastic results. Having worked there myself for several years, I know how difficult it is to grow and deliver against the skincare expectations of the most demanding consumers in the world. In this context, I am even more delighted to report this strong sales growth of 10% in the first half of the year.

Let me move to an outlook for the next months and quarters for NIVEA.

We stated at the Capital Markets Day that our NIVEA Face products are only present in 40% of the global market. We see one of the largest

potentials in the Face category in India - a key geographical white spot for us in our Win with Care strategy.

We have already established a strong bond with Indian consumers, who voted NIVEA the most trusted skin care brand for several consecutive years. We aim to leverage this trust and are now preparing the launch of NIVEA Face in the first quarter of 2025.

In order to become the best skin care company in the world, we also continue to lead in climate care. As a certified Triple-A-company, we established our ambitious net zero target for 2045 this year, which received SBTi validation and with which we continue to lead the industry.

An integral factor in achieving this objective is a sustainable product transformation. The NIVEA Body relaunch follows exactly this pathway. It is the biggest relaunch of our Body portfolio to date and perfectly combines improved performance of the product with an increased sustainability profile.

The sustainable aspect first: The revamped, yet recognizable, packaging will help Beiersdorf reach its total target for fossil-based virgin plastic reduction and reduce its CO₂e impact by approximately 5,000 tonnes by 2025.

And the performance improved as well: The NIVEA Body Milk formula is now newly enhanced with 100 percent pure hyaluron and deep nourish serum, which ensures healthy-looking skin and deep, long-lasting moisturization. By incorporating the powerful moisturizer hyaluronic acid, we reached the next level of superiority in NIVEA Body Care.

An integral part of the global success of NIVEA is our Luminous630 product range. We plan to further seize its potential and extend its influence across important markets and categories. Adding innovations and enhancing the success of our hero ingredient Thiamidol under the NIVEA Luminous range is a focal point of our innovation strategy at NIVEA, as well as outside of NIVEA.

In China, we continue to work with patience on regulatory approval to introduce Luminous to the domestic market. This has been a long-standing topic, which we prioritize constantly due to the tremendous upside potential of launching Luminous in this market.

Earlier on, I mentioned the launch of NIVEA Face in India in Q1 of 2025. On the back of this launch, we also plan to introduce an affordable Luminous product range to the Indian market throughout 2025, thereby widening the appeal of our Luminous franchise across Emerging Markets.

We are also cascading the Luminous success into additional categories on a global scale, most recently, for example into the Body category. In the USA, we will add Luminous to the skin care portfolio under NIVEA Men.

Now, leaving the world of NIVEA and moving on to our Derma brands Eucerin and Aquaphor.

Excluding Argentina, the Derma business continued to grow double-digit in the first half of 2024. We are very delighted with these results, especially given the high comparison base from last year and the well-known overall slowdown of the U.S. market.

Exploiting the potential of the global Face Care market is an integral part of Beiersdorf's strategic plans, not only with NIVEA but also with our Derma brands. And these efforts are starting to pay off, as we grew by 11% in sales organically with Derma Face Care in the first six months. Our strong innovation pipeline for Eucerin further increases our confidence in the future success of our Derma business.

The regional perspective on Derma truly delights us with so many success stories around the globe. Germany keeps growing at 8% in sales as I mentioned earlier, and China is growing at 15%, which is extraordinary given the economic circumstances there.

Another key growth driver for this success of Derma is our Emerging Markets business, which increased its organic sales by 18% in the first

six months. In addition to the markets of Mexico, Brazil and Thailand shown here, the list goes on, for example with Chile at 13% organic growth and Peru with an increase of 26%.

The wait is over!

More than 15 years of research in the field of epigenetics.

We invested a significant double-digit million amount in this research. We discovered our now patented ingredient Epicelline™. We developed a game-changing innovation unlike anything the market has seen before. This breakthrough innovation allows us to turn back the skin's age clock. The test results were exceptional to a level I have never seen before in my life.

Our first product containing Epicelline™, the Eucerin Hyaluron-Filler Epigenetic Youth Serum, is now hitting the shelves first in the UK, then Germany and from there to the rest of Europe and eventually the world. Our other brands will follow in 2025 and 2026. This is a proud moment for us as the company that invented modern skin care and now is leading the industry again with this significant milestone.

We aim to make this our biggest ever launch, with a clear focus on digital excellence, a tremendous point-of-sale impact and in close collaboration with dermatologists and the further medical world. With the world population aging, the anti-aging skin care market is huge and has enormous potential.

And the business impact will be strong as well. To provide a comparison, you can see the level of net sales we achieved with Thiamidol in its first year on the market. Right next to it, you see our anticipated forecast for the first year of Epicelline™ on the market. This gives us a lot of confidence for the future of this amazing innovation.

Staying with the innovation power under Eucerin, let me highlight the next steps for Eucerin Thiamidol, for which the journey is far from over by any means.

Two important big steps for the remainder of 2024 are the launch of Eucerin Thiamidol in the U.S. market and the brand launch of Eucerin in India. Again, these decisions follow our strategic goal of conquering highly relevant geographical white spaces. Eucerin has the power to achieve high exposure in these markets, as does NIVEA and our further brand portfolio.

Let me now talk about luxury, starting with La Prairie. The weakened Chinese economy and the headwinds in Travel Retail are the main cause for the decline in sales for La Prairie.

In the past, the success of luxury brands in China was largely driven by the high consumer confidence pre-Covid. As the economy has continued to falter since then, large sections of the population have cut back on luxury spending. As a consequence, the Chinese luxury skin care market faces a continued slowdown. But despite these developments, we continue to see China as a key opportunity to generate growth in the mid- and long-term.

Looking at the results for La Prairie in the first half of the year, we see positive signs. In China, the luxury skin care market was down 12% in the first six months, but La Prairie strongly outperformed this market in terms of sell-out and only fell by 6%. In Hainan, the performance was similar. The market declined by 34% and La Prairie delivered a significant market outperformance here by 20%. Looking at e-commerce in China, the power of La Prairie becomes even more evident: Fueled by an excellent launch on TikTok, we achieved double-digit growth of 17%, in a market that declined by 13%. To further put this into perspective, our retail sales excluding Greater China grew by over 20% in the second quarter.

Looking ahead, we are modernizing the brand image. We are increasing our on- and offline presence and communication, where we are focusing even stronger on topics of innovation, technology, and science. And we are expanding our product range with attractive innovations, targeting new and younger consumers with entry-level propositions.

We successfully introduced the “Skin Caviar Mist” in the first half of 2024 and have already beaten our sales target since launch by the factor 1.5. At €170, it is the perfect product to recruit more new clients while also enhancing the skin care routine: around 70% of new customers bought Skin Caviar Mist with at least one additional product. And Skin Caviar Mist has already gained a very high penetration amongst the existing customers.

Another innovation with a strong link to La Prairie’s birthplace, the Clinique La Prairie, will follow in the second half of the year. Moreover, our sales figures for July to December will benefit from the extensive destocking in Travel Retail in the second half of 2023.

Staying in the luxury and premium part of our brand portfolio, I am pleased to share an update on the performance of Chantecaille.

Following organic sales growth of 4% in the first quarter of the year, we were able to strengthen this growth to a 4.8% increase in the second quarter. This growth accelerated at the end of the quarter as we relaunched our hero product “Just Skin” in May 2024. The all-in-one complexion icon now comes with a more sustainable formula and an enhanced performance, providing even more hydration and skin care benefits.

And we will be expanding Chantecaille to mainland China in the coming days, after already being present cross-border.

This marks a significant milestone for Chantecaille and the expansion follows a clear strategy with the objective of bringing this beautiful brand to a broader audience, while solidifying its presence in the Chinese market.

The focus here lies first on the digital presence, which is powered via a comprehensive partnership with Tmall, China's leading e-commerce platform. Over the course of the year, Chantecaille will - amongst several other activation measures - also host a commercial pop-up experience in Shanghai to immerse consumers in the brand’s luxurious experience.

Before I hand over to Astrid for a detailed look at the financial figures for the first half of the year, let me summarize: Beiersdorf is performing strongly - and the future is even brighter. And of course, we will win with skin care. We are a skin care company, skin comes first at Beiersdorf and is our heritage, our present and our future.

And we plan to continue bringing strong innovations to the market in the coming years. Beiersdorf is focusing on three key areas of innovation, which are also our global growth drivers:

First: Hyperpigmentation, with products based on our highly effective active ingredient Thiamidol

Second: Epigenetics, now entering the anti-aging market for the first time with a Eucerin product

Third: Skin Microbiome Research, where Beiersdorf is currently working on a very effective treatment for acne based on living skin bacteria

To ensure our continued growth, we are also focusing on conquering additional white spaces and gaps in our global product presence. Not only in 2024, but also in 2025 and beyond, we will be expanding our activities in countries and large skin care markets such as India, China, and the United States. We look confidently into the future.

Now, over to you, dear Astrid.

[Astrid Hermann]

Thank you, Vincent and welcome to everyone. I am delighted to present our performance for the first half of 2024.

Let's begin with the figures at Group level. We are very happy to report strong organic sales growth of +7.1%, or +4.8% in nominal terms. Our EBIT margin excluding special factors is 16.2%, which reflects a more balanced approach in our investment phasing. This results in a more harmonized EBIT for the first and second half of the year. The profit after

tax margin is 11.4% and was impacted by a higher first half tax rate which will benefit our tax rate in the mid-term. Our earnings per share increased from €2.56 to €2.57.

Let's continue with the development at segment level:

During the first six months, our Consumer business reported strong organic sales growth of +8.0%, thereby outperforming key competitors. Due to unfavorable foreign exchange effects, our nominal growth was lower at +5.4%. Our consumer business has continued its impressive growth trajectory, on top of the outstanding performance of the first half of the previous year. This is largely driven by the exceptional performance of our core brands and regions. The first half of this year also demonstrated the continuation of well-balanced growth in volume and pricing.

Our tesa division achieved +2.9% organic sales growth, with nominal sales slightly lower. This was primarily driven by the outstanding performance of our electronics division in the second quarter. Our first half-year sales growth is in line with the full year guidance for the tesa business segment.

We are pleased to report that our Consumer business division has delivered strong organic sales growth of +8.0% for the first half of the year, with Q1 growth at +10.0% and Q2 growth at +6.1%. This is in line with our Guidance.

Let's take a closer look at the regional breakdown within our Consumer business. In the first half of the year, almost all regions showed strong growth.

Europe grew by +6.8% like-for-like, accelerated by the successful performance of our Derma and NIVEA business. Within Europe, Western Europe grew by +5.1%, driven by strong performances in Germany, Italy, the UK and Spain, significantly offsetting the unfavourable performance of the La Prairie Travel Retail Business which is accounted for in Western Europe. Eastern Europe achieved an impressive double-digit organic sales growth of +13.8%. Sales across all

countries of Eastern Europe showed a remarkable increase. The brands and categories contributing the most were NIVEA Face Care, Body Care and Deo, along with Eucerin Sun and Face.

In the Africa/Asia/Australia region, we delivered a remarkable double-digit growth of +13.9%, driven by the outstanding performance of our core brands NIVEA and Eucerin, and exceptional results in Indonesia, Japan and Saudi Arabia.

The Americas Region continued its positive growth trajectory, with Latin America achieving organic sales growth of +9.3%. This growth has been mainly driven by double digit growth in the dynamic countries of Brazil and Mexico, which offset the challenges in Argentina. Without Argentina the growth in Latin America would be double-digit. In North America, we faced a challenging market environment in the overall skin care market, resulting in a -1.8% organic sales growth for the first half of this year. A key driver was the softness of the Sun Care Market due to bad weather conditions which affected our Sun Care brand Coppertone in particular. We are however winning market shares for our largest brands NIVEA, Eucerin, and Aquaphor. We remain confident for the full year and are already seeing signs of recovery in July. In addition, our Derma Face Launch in the US is starting off well with Eucerin outperforming key competitors and significant distribution gains, namely Target, are still to come in the second half of 2024.

Overall, we are happy with the strong and balanced performance across our regions.

Let's turn our attention to gross margin in our Consumer business. On the back of significant pricing measures over the past 12 months, we managed to more than offset the increase of input cost in the first half this year, which also demonstrates the pricing power of our brands. The cost increase is driven by unfavorable foreign exchange, while true underlying cost of sales are declining year-on-year. Together with a positive mix effect, this led to an impressive gross margin improvement of +110 basis points despite the challenges we faced in the Luxury segment.

Let me provide you with some insights on the development of our Marketing Budget. As we outlined during the Capital Markets Day, our priority is to increase the working media budget with a strong emphasis on digital channels. As you can see from this graph, we continue to make significant progress in this area. We have increased our marketing spend as a percentage of sales by 200 basis points, 190 of which are due to increased working media spend – a clear proof of our commitment to accelerate the investments behind our brands. We have also placed a greater focus on digital media and have increased our share in this area.

I would like to give you some more color around our EBIT development. Although we reported a lower EBIT margin compared to the first half of the previous year, we are still on track to deliver our plan and guidance. As already mentioned earlier, we have shifted our investment phasing to achieve a more balanced profitability in the first and second half of the year. We remain committed to our full-year guidance of +50 basis points EBIT margin expansion. Overall, we are confident in our medium-term EBIT guidance of at least +50 basis points and remain focused on delivering profitable growth.

On working capital, we are pleased to report a significant improvement in the first half of the year. With a working capital ratio to net sales of 5.6%, we are fully on track to get closer to the 5% target. This achievement is largely due to our constant focus on optimizing our payment terms and overall payment process. We continue to see further potential as there was a slight increase in trade receivables driven by mix. We also had a temporary inventory build-up to maintain an optimal service level, to secure the supply of materials with limited availability and to avoid bottlenecks in uncertain times.

Let us now move to the tesa business in more detail: We are delighted to report that our tesa business achieved remarkable organic sales growth of +11.4% in the second quarter, resulting in a solid first half of 2024 with organic sales growth of +2.9%. This was largely driven by the exceptional performance of our electronics business and a positive development of our Print and Packaging

Solutions and our Automotive business. However, it is important to note that the outstanding performance of our electronics business is supported by phasing effects, as key smartphone manufacturers have moved parts of their production capacities from China to India. Despite this extraordinary effect, we are thrilled with the result and remain fully in line with our expectations for the full year.

With tesa we invest a significant part of our annual sales in the development of new products and technologies. Collaboration with customers is key to a future-proof business. Listening to customers' needs, influencing their solutions and performing tests are essential in the collaboration to gain projects and drive our sales.

Current innovative technologies are for example: Debonding on demand, which is a new generation of intelligent and innovative adhesive tapes that can be removed as required. They have the potential to reduce the amount of waste, facilitate recycling, and enable product repairs. Other examples include human-machine interfaces, EV-battery solutions or structural bonding.

Let me conclude the financial overview with our group income statement. We are particularly proud that we reached the 5 billion threshold in the first half this year. As already explained, we shifted our investments across the semesters to balance our profitability. Therefore, our EBIT margin excluding special factors decreased compared to the first half of 2023. However, we are very pleased with our strong gross margin progression. Additionally, in relative terms our expenses are still below the full year 2023 and we are fully in line with our forecast and guidance. As pointed out on our Capital Markets Day, we are committed to delivering profitable growth and to staying disciplined in our costs. This is an essential part of our Win With care strategy. The income statement for the first half 2024 clearly confirms this.

[Vincent Warnery]

Thank you, Astrid.

If we look at our above-market growth in the first half of the year in contrast to the ongoing macroeconomic volatility around the globe, we confirm our sales guidance for full-year 2024 as well as our ambition for profitable growth.

Beiersdorf expects organic sales growth in the range of 6-8% in the Consumer Business Segment. The EBIT margin (excluding special factors) in the Consumer Business Segment will be 50 basis points above the previous year's level.

Beiersdorf also expects sales growth above the market in the tesa Business Segment, which translates to expected organic sales growth in the range of 2-5%. The EBIT margin from ongoing operations (excluding special factors) will be at the level of the previous year.

Based on the forecasts of the two business segments, Group organic sales growth is expected to be in the range of 6-8%. Beiersdorf anticipates the consolidated EBIT margin (excluding special factors) to be slightly above the previous year's level.

Thank you very much for your attention and interest!