

**Full Year Results 2022**  
**Beiersdorf AG, Hamburg**  
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**Speech**

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**- Please check against delivery -**

**[Vincent Warnery]**

Good morning,

I would like to welcome you to today's presentation of our full-year 2022 results. I am sure that no-one needs to be reminded just how challenging and eventful 2022 was. It was a year marked by the war in Ukraine, geopolitical turbulence, high inflation, dramatic cost increases, and numerous bottlenecks in the supply chain.

And yet, despite all these challenges, we emerged from 2022 stronger, having managed to achieve remarkable financial results.

For the first time in at least two decades, we delivered double-digit organic sales growth. We also fulfilled our promise of profitable growth, with an increase in EBIT margin of 20bps for the Consumer Business Segment and for the Group.

Both the double-digit sales growth of 10.5% in our Consumer Business Segment, and the 8.8% growth in our tesa Business Segment, exceeded the expectations we had set at the beginning of the year.

This outstanding performance and profitable growth are a testament to the strong execution of our C.A.R.E.+ strategy. We have been focusing on C.A.R.E.+ for several years now, taking our Skin Care business, which has been our core expertise for more than a hundred years, to new levels.

Thanks to our consistent pursuit of our strategic goals, we are now seeing growth that it is both broad-based and balanced. In order to deliver our net sales and EBIT targets, we used to be highly dependent on the German NIVEA business and La Prairie's performance. Yet in 2022, our major growth and profitability drivers were well balanced between the NIVEA business in Europe, the NIVEA business in Emerging Markets, our Derma brands, and La Prairie.

Each of these business areas makes a meaningful contribution to net sales and EBIT - strong enough to compensate difficult market conditions and to achieve the double-digit growth we have recently

experienced. The consistent pursuit of our strategy means that our business now stands on four solid pillars, allowing us to press ahead into the future with more security and confidence.

As I previously mentioned, we outperformed the market in 2022, with all brands contributing to our strong growth. This includes both our Consumer brands and tesa.

In the Consumer business segment, all major brands contributed to the strong double-digit growth. NIVEA with +9.6%, our Derma brands with +23.9% and the Healthcare business with +13.1% sales growth have offset softer sales growth of +1.9% in the La Prairie business.

The tesa business segment completed the overall strong results with organic sales growth of +8.8% for the year.

I will now go through the development of our brands in more detail, beginning with our NIVEA business.

NIVEA delivered strong, broad-based growth of 9.6% in 2022. Both parts of the business, Skin Care and Personal Care, grew substantially.

We focused our marketing budget on our Skin Care categories, but we are happy to see that our strategic categories in Personal Care, including deodorants, are also performing well. All regions supported the balanced growth, with a healthy mix provided by our core business and our superior innovations such as the NIVEA LUMINOUS630® range.

We also achieved an excellent balance between pricing and volume-driven growth. Growth from price increases was up quarter on quarter throughout the year, and we can also report positive volume contribution.

Even if we are experiencing NIVEA growth across all regions including China, I would like to focus here on our business development with NIVEA in Japan.

In line with our strategy and with a strong refocus on what we do best at Beiersdorf - Skin Care - our business in Japan is very successful.

I would first like to acknowledge the success of our 50-year-old Joint Venture with Kao – a partnership that has allowed us to make NIVEA an iconic local brand, while still respecting its global brand equity. This collaboration is a big success story, with the joint venture NIVEA-Kao holding a leading position in many of the key skin care categories in Japan, including body care, all-purpose creams and hand creams.

It is also important to note that Japan is dominated by domestic brands, which makes NIVEA's exceptional status as the only successful international and best-known Skin Care brand in the mass channel all the more impressive. Our success with the younger consumers has been noteworthy, and we saw a turnaround in sales in the second half of the year due to our strategic refocus on what NIVEA does best: Skin Care.

We focused on a shift back to our core values and NIVEA equity with fresh TV and digital commercials, concentrating on family, limited designs, and digital rejuvenation. The outcome was exceptional, as we delivered strong results with both NIVEA and NIVEA Men leading to 6.7% sales growth in the second half 2022.

We are also thrilled to announce that with Eucerin and Aquaphor, our Derma business has reached a major milestone by exceeding over 1 billion euro of sales. This accomplishment is not only impressive in itself, but it has also happened much earlier than planned. As a former board member for Derma, I am especially proud of this success: It was my ambition to reach the 1 billion euro target by 2025 – and we have achieved this goal in 2022, three years earlier than planned.

Our Derma business generated exceptional double-digit growth in all regions, with remarkable 23.9% organic sales growth in 2022.

Our strategy of capitalizing on the potential of the Asian market and our “digital-only” approach in China has paid off. We delivered superior growth of 44% in China compared to the previous year.

Similar to NIVEA, Derma recorded very balanced growth. Remarkable innovations, such as Thiamidol, remained one of the primary performance drivers in 2022. That said, our core products, including

SUN, also performed exceptionally well, and our strong e-commerce business grew by 29%.

Although we faced dynamic challenges in the Luxury segment, with Covid-related restrictions and lockdowns in China heavily impacting both Q2 and Q4, we nevertheless managed to grow our La Prairie business slightly in 2022.

We used 2022 to strengthen our distribution network:

We have opened a number of new doors at strategic locations in China. In Hainan, for example, we now have a total of ten doors, and in the fourth quarter we opened our newest one in Haikou. We will further extend our distribution in 2023 with the core aim of enlarging our city coverage in China from 35 to 42 cities.

We also diversified our channels in 2022, with a stronger focus on e-commerce. Our Tmall platform saw continued dynamic development, growing by 45%. The new online JD flagship store also performed very strongly in Q4, following its launch in Q3.

Fueled by China's partial reopening to the world, we see encouraging signs in the global travel retail business and the first signs of recovery in mainland China.

After a very volatile January with traffic still heavily impacted by release of Covid restrictions in December, we see a clear turnaround in Retail Sales starting in February: China is back to growth not only online but also in Brick & Mortar. Extraordinary achievement considering that traffic is still at -40% versus pre-Covid times.

Based on this development and given the fact that Shanghai lockdowns started in March last year, we expect a strong exit rate towards the end of this challenging first quarter. Looking further ahead we are very confident to see clear rebound starting Q2 and an even stronger momentum in 2nd half of the year where we believe the biggest impact from China outbound tourism will land.

An important milestone in the execution of our C.A.R.E.+ strategy was last year's acquisition of Chantecaille. This premium skin care brand has been an exceptional addition to our Beiersdorf family, perfectly complementing our premium skin care business.

In 2022, we made significant progress in integrating Chantecaille's operations. We formed a global management team and laid the groundwork for substantial growth in the years to come.

Moving into 2023, we are focusing on the USA and China as core markets to drive growth, as Chantecaille is perfectly positioned in these two regions. The brand's strong e-commerce position is also very attractive, as it generates a quarter of total sales in e-commerce.

We are actively pursuing our digital transformation, and our efforts in recent years have been paying off, particularly in our e-commerce business. Since 2019, we have more than doubled the size of our e-commerce share of the Consumer Business Segment. In 2022, however, we faced several challenges. These included consumers returning to brick-and-mortar stores, capacity and inventory constraints for key e-commerce customers, and volatility in China due to lockdowns and re-openings. Nevertheless, our e-commerce share reached an all-time high of 11.6%.

In the past fiscal year, we saw significant growth of 17% in e-commerce, positioning us as one of the top performers in our industry. Our Emerging Markets online business is a particularly strong growth engine, with a remarkable 42% growth rate. We note that this development continues to outpace growth in offline sales, with e-commerce growing almost twice as fast. This trend underscores the increasing importance of e-commerce for Beiersdorf and our continued success in the digital marketplace.

Our successful approach to precision marketing has helped us grow efficiently in e-commerce. With this marketing model, we are focusing on delivering the right message to the right people at the right time and

at the right cost. Putting this concept to work in various campaigns has made our efforts more efficient, and we have achieved better sell-out.

By adopting a more targeted approach, we have eliminated ineffective advertisements and thereby increased their relevance. This has significantly increased the effectiveness of our marketing spend.

In 2022, we spent more than half of our advertising budget on digital media, which represents a 25% year-on-year increase.

Turning now to our Emerging Markets region, in 2022 we continued our success in Latin America. There we saw a strong growth rate of 29% compared to 2021, and an exceptional growth rate of 60% compared to pre-Covid levels.

Our success story in LATAM is based on three drivers: focusing on skin care, building on our strong brand value, and taking full advantage of the fast-developing e-commerce and digital environment in the region. And we have used insights gained from the LATAM market to further exploit market potential in white spots such as India, Africa and Indonesia.

Speaking of Indonesia, NIVEA has been present in this country since 1920. Our products were initially imported and distributed in cooperation with a number of local distributors. In 1979, however, we established a Joint Venture with a local player and started a local production in 1980.

I am happy to announce that in January this year we acquired the remaining 20% of shares in our Indonesian affiliate P.T. Beiersdorf Indonesia from our former JV partner. Now, with full ownership of the company, we are in an excellent position to tap into the potential offered by the Indonesian market: A strong growing population, one of the fastest growing and largest skin care markets in the world and a true white spot for NIVEA.

Last year, we also expanded and modernized our production center in Malang. We expect all this to lead to even stronger growth across all categories.

Not only have we expanded our position in regional markets, but we have also increased our innovative strength. In 2022, after years of successful collaboration, we acquired a majority stake in s-biomedic. This is a life science company and a leader in the field of skin microbiome research. Having recognized the potential of the skin microbiome in skin care early on, in 2018 we invested in s-biomedic within the scope of our corporate venture capital activities.

Now, with this acquisition, we are strengthening our expertise in the field of acne treatment and increasing our innovative strength in line with our C.A.R.E.+ strategy. We are very excited to be joining forces in the dynamic and promising field of skin microbiome.

Sustainability is of course extremely important for us, and we are investing heavily in emission reduction along the entire value chain. We aim to reach a 30% reduction in absolute terms by 2025, and this is one of the most ambitious targets in our industry. Today, I am proud to announce that - despite delivering our best growth performance - we achieved a reduction of 17% by the end of 2022, compared to our base year 2018.

An important aspect in this context are our products. By reworking our packaging and formulas, we have managed to decrease our carbon footprint and make our climate engagement tangible to consumers on a product level. Here are two examples:

From a packaging point of view, in our NIVEA Shower Range we have implemented lightweight packaging that needs 25% less material. Of course, the material we use is recycled plastic. With this smart new solution, we have lowered packaging-based CO<sub>2</sub> emissions by 32%.

From a formula perspective, we have reworked one of our most iconic products, NIVEA Soft, which is loved by millions of consumers across the globe. How exactly do you make a formula more climate-friendly, while



retaining its excellent skin care benefits and the sensory experience that consumers expect? It was definitely no easy task, but we persevered and succeeded in bringing a new, more sustainable version to the market with an overall CO<sub>2</sub> emission reduction of around 40%.

As you can see, in 2022 we put a great deal of effort into realizing our sustainability goals as part of our CARE BEYOND SKIN sustainability agenda. We are proud and delighted to have received a triple-A rating from the renowned non-for-profit organization CDP. From over 15,000 companies, we are one of only 13 worldwide to have achieved triple-A scores for target setting, performance, and transparency in climate change, deforestation, and water security.

Over recent years, we have made significant efforts globally to drive the transformation of our business. CDP's triple-A rating is a tribute to our efforts to become a leader in our industry for environmental sustainability by setting ambitious targets, taking action, and being transparent.

To conclude the first part of this presentation:

We had a very successful fiscal year in which we not only achieved excellent results, but also made significant progress on our strategic priorities.

With our four main business pillars NIVEA Europe, NIVEA Emerging markets, our Derma brands, and La Prairie, we have clearly demonstrated that we are strong enough to master dynamic market conditions and to achieve double-digit growth even in uncertain times.

### **[Astrid Hermann]**

A warm welcome also from my side. I am looking forward to guiding you through our strong 2022 financial results.

At a group level, we increased our sales organically by 10.2%. In nominal terms, this represents an increase of 15.4% thanks to favorable exchange rate effects and structural effects, mainly from our Chantecaille acquisition.

At the same time, we significantly improved our absolute EBIT and profit after tax results. Accordingly, the Group EBIT margin (excluding special factors) increased by 20bps to 13.2% and the profit after tax margin to 9.4%.

Our earnings per share excluding special factors therefore rose from 3.00 euros to 3 euros and 56 cents.

Looking at the individual segments, we are pleased to report significant profitable growth in our Consumer Business segment. Outstanding organic sales growth of 10.5% boosted our profitability here in 2022. Thanks to consistent pricing initiatives and strict cost management, we were able to offset a large part of the additional input costs and thus, as guided, we achieved a slight margin expansion of +20bps in 2022. At the same time, we continued to invest in our strategy and laid the foundation for future profitable growth.

Driven by a strong second half of the year, tesa also achieved impressive organic sales growth of 8.8% in a challenging market environment. Favorable currency effects were the main reason for the nominal growth of 11.3%. At tesa, we also continued to invest in our strategic pillars of innovation, sustainability and digital in order to prepare our business for future growth. This resulted in a slight slowdown in the EBIT margin by 20bps.

Let's take a closer look at the results of our Consumer Business per quarter. For the full year, we achieved organic sales growth of 10.5%, versus an already strong basis the year before.

For the first three quarters of 2022, we report steady and strong double-digit growth. The fourth quarter delivered growth ahead of our expectations despite a slowdown in China for our La Prairie business. Total organic sales growth excluding La Prairie in the fourth quarter amounted to upper high single-digit.

Let's take a closer look at the fourth quarter performance of our main brands in the Consumer segment.

In Q4, NIVEA sales grew organically by +6.1% despite recessionary fears, customer conflicts in central Europe and the negative Covid impact from China. By category, Sun and Lip once again outperformed within the Skin Care business, whereas Deodorants drove the performance of the Personal Care portfolio. Emerging markets stood out and made the biggest contribution to total NIVEA growth in Q4.

With 19.7% sales growth, our Derma brands continued to grow strongly in the fourth quarter. Once again, business in the US around our Eucerin and Aquaphor brands posted stellar results. We saw positive momentum from our recent launches, the Thiamidol pipeline and our Sun category, which accelerated considerably, especially in Latin America. These results are underpinned by ongoing market share gains in key categories across the globe.

Our Health Care business finished 2022 with strong growth of 14% in the last quarter. Our top three countries in Health Care, Germany, Australia and Indonesia, again led the growth developments in Q4, although Latin America also posted impressive growth rates.

As previously mentioned, La Prairie had a challenging fourth quarter, impacted by numerous Covid-related restrictions in mainland China, as well as in the travel retail business around Hainan and Korea. That said, we saw positive momentum in the rest of our global travel retail business. Moreover, sales in European countries continued to recover. Our most recent launch of Skin Caviar Harmony showed excellent results across all markets.

Next, let's look at performance by region. First, all of our regions recorded positive growth and contributed to our strong overall increase in revenue.

In Europe, organic sales increased by 5.0%, leading to sales of 3.1 billion euros.

In Western Europe, organic sales rose by 5.3%. Good growth rates were achieved in Great Britain, Spain, and Italy in particular. Sales in NIVEA Deo, Sun, and Universal Creams as well as in the wound care categories

in the Health Care business, developed especially well. The Eucerin Face, Body, and Sun categories also contributed significantly to sales growth.

Organic sales in Eastern Europe were up 3.7% on the previous year. This trend was driven by strong growth in Poland and Romania. NIVEA and Eucerin developed well in the region, while the conflict in Ukraine had a negative impact on growth in Eastern Europe.

In the Americas region, the Consumer Business Segment achieved strong organic sales growth of 23.2% and 1.8 billion euros of sales. Both North and Latin America are on track to soon become one-billion-euro regions.

In North America, positive organic sales growth of 17.6% was driven by all of our brands, with double digit growth for Eucerin, Aquaphor, NIVEA and Coppertone.

With 28.6% organic sales growth, Latin America was once more the region with the highest growth rate. An increase in sales was seen in all countries with Brazil and Mexico continuing to stand out. Both NIVEA and Eucerin were strong growth drivers in this region.

Sales in the Africa/Asia/Australia region grew by 10.2% in organic terms, leading to 2.2 billion euros of sales. Sales trends were particularly positive in Indonesia, India, Nigeria, and South Africa. The sales development of NIVEA and Eucerin in China was also very encouraging.

A glance at our income statement clearly shows that the cost of goods sold has risen significantly due to input cost inflation - both in absolute terms and as a percentage of sales. Despite our significant investments in marketing and research and development, our strong sales growth and efficiency gains helped to improve the ratios. General and administrative expenses increased due to significant investments in the new business model, and in our key strategic pillars of sustainability and digitalization.

Overall, we managed to grow our EBIT in both absolute and relative terms, and our profit after tax further accelerated this growth on the back of a better financial result in 2022.

Let us now turn to the development of the Consumer gross margin in 2022. Unsurprisingly, the gross margin decreased by 100 basis points year-on-year due to last year's significant input cost inflation. However, thanks to our consistent global pricing policy, mix contribution from NIVEA's Skin Care business and the excellent Derma performance, we could offset nearly three quarters of the inflationary effect on input cost.

We are proud to report a further decrease in our working capital, despite a very challenging year in terms of logistics and raw material availability. While we have increased inventories to secure material supply and optimize our service levels, our efficiency improvements, particularly on payables, have ensured the year-on-year improvement in working capital.

Let's continue with our tesa business. I have already mentioned the strong organic sales growth of 8.8% in 2022. The industry business grew by 10%, which was mainly driven by robust demand in our Automotive businesses in the second half of the year and continued high sales in our Electronics business throughout the year. Key growth driver was the Asian region and China in particular, where demand rose sharply after the lockdowns in April and May last year. But also the consumer business grew by 5.1% in a declining market.

The tesa gross margin was roughly at 2021 levels, as we were able to pass on a significant part of our input cost increases. Due to strategic investments in the Automotive business, digitalization, and sustainability leading to 13% higher R&D spending, tesa's EBIT margin came in slightly below the prior-year's level.

Looking ahead, these strategic investments will help tesa to continue to develop superior solutions in both its Consumer and Industry businesses.

One new key topic in tesa's Consumer business, which accounts for approximately one fifth of the total tesa business - is sustainable packaging. The mail order business is booming. Accordingly, adhesive tapes or tear strips for packaging needs to become more sustainable in order to be processed in the recycling process. tesa is the leader in this area with innovative product applications, that are both bio-based and recyclable. The successful packing range of tesa is sold both - direct to Consumers and to Industrial customers.

In the Industry business, one focus is on display solutions. tesa specializes in the bonding of displays for a wide range of applications in the automotive and electronics industries.

For the bonding of large displays and digital applications in modern vehicles, tesa meets the requirements of the latest generations of displays, by integrating multiple functions such as light and heat management as well as sustainability aspects.

tesa develops adhesive solutions that can be easily detached if necessary and can therefore be repaired or recycled. With debonding-on-demand solutions, tesa helps its customers to produce more sustainable products.

### **[Vincent Warnery]**

We have taken you through our numbers and achievements for 2022, so now let's take a look at the current year 2023, from both a strategic and a financial perspective.

Looking ahead, we expect volatility to remain high throughout the year. Global supply chain constraints, recession fears and geopolitical turbulences will continue for some time. However, on a positive note, we expect the reopening of China to have material impact on our business in 2023.

While we cannot control macroeconomic trends, we can prepare for them and be ready for opportunities when they arise. This is why we will fully implement our new operating model in 2023 in order to streamline

our processes and lift efficiency opportunities. One aspect for the Hamburg organization is our new headquarters where we will bring all our teams and expertise together under one roof. At the same time, we are investing in our three biggest production centers, extending capacities in order to fulfil rising consumer demand.

Following good progress in investing in M&A opportunities and innovation, such as with Coppertone, Chantecaille and most recently S-Biomedic, we are keen to pursue more opportunities in the coming year, while accelerating growth and commercialization of the recent investments.

As you are certainly aware, we have been having intense discussions with our boards about alternative uses of our capital. For the first time in many years, these topics are on the table, and even though we have no short-term announcement to make, we look forward to updating you on these discussions going forward.

Let's now turn to guidance for this year. As mentioned earlier, we have broadened the basis of our Consumer Business portfolio. Overall performance has become less dependent on individual brands, channels or regions than in previous years. This makes us confident about 2023, despite persistently high volatility in the markets.

We expect sales growth above market in 2023 - and we are very pleased to have seen a strong start in our Consumer Business Segment with double digit growth year-to-date.

For the full year 2023, we expect organic sales growth in our Consumer business being in the mid-single-digit range. The EBIT margin excluding special factors is expected to be 50bps above the previous year's level, which is in line with our mid-term goal for profitable growth. The main drivers of profitability will be continued pricing, albeit at lower levels than last year, and a positive mix impact from more Skin Care across our portfolio.

For the tesa business, we expect sales growth to be in the mid-single-digit range. The EBIT margin excluding special factors will continue to

be impacted by ongoing investments in tesa's main strategic pillars: innovation, digital and sustainability. Consequently, the EBIT margin will be slightly below previous year's level.

Based on these forecasts for our business segments, organic Group sales growth is expected to be in the mid-single-digit range and the consolidated EBIT margin excluding special factors will be slightly above the previous year's level.