Conference Call
H1 Results 2026

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Speech

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[Vincent Warnery]

Welcome to today’s conference call. Astrid and I will now present an overview of our financial performance in the first half of 2026 and our full year and mid-term outlook.

We will also update you on the NIVEA rebalancing strategy and explain the next action steps to return the brand to sustainable growth.

The performance of our business in the first half year was impacted by a continued volatile market environment. Consumer sentiment and consumption were affected by geopolitical disruptions, particularly the crisis in the Middle East, as well as ongoing economic uncertainty.

Despite these challenges, our Derma business continued its outperformance, delivering high single-digit growth in the first half of the year.

The retail disruptions that affected La Prairie in the first months of the year have mostly faded, resulting in improved performance supported by solid underlying fundamentals.

NIVEA, on the other hand, is still affecting our performance negatively. Our rebalancing strategy has delivered some initial positive effects as we have shifted our marketing budget and focus from premium face care across other major categories.

However, these green shoots remain too isolated to drive NIVEA’s growth on a global scale.

We have therefore initiated the next phase of the rebalancing: A decisive 18-month turnaround plan to restore NIVEA’s growth trajectory.

Supported by the continued strength of our Derma business, the improving trajectory of La Prairie and our turnaround plan to restore NIVEA's growth, we are laying the foundations for a return to profitable growth from 2028.

The challenging dynamics around NIVEA continued to weigh on the second quarter performance, with NIVEA's sales declining by 6.7% organically.

Our Derma business with Eucerin and Aquaphor continued its multi-year outperformance with 7.4% net sales growth driven by innovation and white space expansion.

The Healthcare business with our brands Hansaplast and Elastoplast grew by 6.2% organically, again driven by a strong innovation pipeline.

La Prairie returned to net sales growth of 2.2% in the second quarter as the temporary disruptions in the U.S. and travel retail in China in the first quarter faded as expected.

In total, our Consumer business declined by 3.3% organically in the second quarter.

Tesa returned to growth in the second quarter, up 2.5% after a phasing-driven organic net sales decline of 4.3% in the first quarter.

This translates into a net sales decline of 2.3% at Group level.

Let's now review the performance of our brands in more detail, starting with Derma and our brands Eucerin and Aquaphor.

Over the last 5 years our Derma business has doubled in size and grew by 7.8% in the first half of 2026. Derma once again significantly outperformed the market in the second quarter, delivering net sales growth of 7.4% despite a demanding comparable base of 13.3% organic growth in the second quarter of 2025.

Our success is driven by two pillars: breakthrough innovations and white-space expansion.

Looking ahead, we will continue to build on these strengths by advancing science-based innovation and capturing additional growth opportunities across categories and markets.

The success of our strategy is clearly reflected in our performance across regions.

In Brazil, our Derma business delivered an impressive growth rate of 71% in the second quarter. Eucerin has assumed the number 3 position, and the Epigenetic Serum has become the number 1 Anti-Age product in the dermocosmetics market.

In China, we continued to deliver outstanding double-digit growth of 62% in the second quarter. This performance was driven by our focused expansion strategy, strong medical endorsement and continued innovation momentum. Eucerin has become the Number 1 anti-pigment brand and our hero product, the Thiamidol Spotless Brightening Serum, maintained its Number 1 position in China's Derma anti-pigment serum market.

In North America, our biggest Derma market, our Face Care business in the US was the clear growth driver with net sales increasing by 40% organically. Eucerin has become the most recommended brand against Hyperpigmentation by American dermatologists.

North America and Europe also continued to perform strongly across categories despite a high prior-year comparable base.

Now, let's turn to Aquaphor.

Over the past years, Aquaphor has consistently delivered double-digit growth in North America, driven by the strong performance of its Healing Ointment, Baby and Lip care franchises.

We are now taking the brand to the next level and unlocking a significant white space opportunity: With the launch into Body Lotions and Creams, the brand is entering a category that represents more than 80% of the US body care market, substantially expanding its growth potential beyond ointments.

This is the largest US launch to date and marks an important step in unlocking additional growth opportunities for the brand beyond its traditional categories.

With the new Daily Hydrating range, we are bringing Aquaphor's trusted dermatological credentials to the daily hydration category and creating a new platform for future growth.

The new Body Care range was launched in July with three leading retail partners, and will be rolled out nationwide in retail stores across the U.S. until the end of the year.

Let's continue with La Prairie.

The disruptions that negatively affected La Prairie in the U.S. and travel retail in China in the first quarter have mostly faded. As a result, La Prairie returned to growth in the second quarter. Net sales increased by 2.2% organically, following a decline of 14.9% in the first quarter.

The domestic China business remained a key growth driver for La Prairie. For the fifth consecutive quarter, China delivered high single-digit to double-digit sell-out growth.

Net sales grew by 12% organically in the second quarter, with sell-in broadly in line with sell-out, demonstrating a healthy inventory level in the trade.

And we have exciting plans for La Prairie in the second half of the year:

With the launch of Swiss Pristine in September, we are introducing a more accessible entry level price point to the brand. This will help us recruit new consumers while creating a pathway into the broader La Prairie portfolio over time.

In parallel, this will allow us to selectively expand our distribution, particularly in North America, into specialty beauty retail.

At a price point of between 180 to 300 Euros, this launch will broaden access to La Prairie while preserving the luxury brand experience that defines La Prairie.

Our Health Care business continued to perform strongly, delivering organic sales growth of 6.2% in the second quarter and 4.0% in the first half of the year.

With market share gains across all regions and categories, our Health Care brands have now delivered 3 consecutive years of market share growth, further strengthening their leadership position in wound care.

Growth was primarily driven by innovation:

Building on the success of our Second Skin Protection range, we recently expanded the franchise with a Spray Plaster and a Liquid Plaster Concentrate. Both innovations performed ahead of expectations and contributed strongly to net sales growth.

Now, let's turn to NIVEA.

NIVEA's net sales dynamics continued to be challenging in the second quarter, with net sales declining by 6.7% organically. For the first half of the year, net sales declined by 6.8%.

Let me put this performance into perspective. The decline reflects both sell-in headwinds and underlying challenges with the brand itself.

The sell-in headwinds include ongoing customer conflicts in Europe, sun season phasing, some trade destocking as well as phasing effects related to our Q4 2025 innovation calendar. While these factors had a much greater impact on shipments into the trade than on consumer demand, we view these as largely temporary, even if some may remain a headwind into the next quarters.

NIVEA's sell-out performance year-to-date has been more resilient and remains positive, albeit below our expectations. This reflects the ongoing impact of the crisis in the Middle East as well as the weaker-than-expected performance of our core portfolio.

To address the challenges related to our core portfolio, we initiated our rebalancing strategy in the second half of last year, which has delivered some positive results. But as these results to date are too isolated to improve NIVEA's growth trajectory on a global scale, we have initiated a next phase of our turnaround plan.

Before we dive deeper into our actions for the next phase, let me give you an update on the first phase of the rebalancing.

In the second half of 2025, we initiated the NIVEA rebalancing to restore the brand's competitiveness and create a broader foundation for growth. The strategy is built on three pillars:

First, portfolio rebalancing. We expanded our focus beyond premium face care and strengthened investments in body care and deodorants. This included shifting marketing resources, optimizing assortments, and improving in-store execution.

Second, accessible face care. We increased our focus on more accessible face care offerings, such as NIVEA FACIAL, helping us recruit new consumers and expand our reach. Building on its success, we are now rolling out the concept in Europe as FACE+.

Third, localization within a frame. We gave key markets greater flexibility to adapt products and activations to local consumer needs while maintaining the integrity of the NIVEA brand. The adaptation of NIVEA Luminous for Emerging Markets is one example, combining localized formats and activation to improve consumer relevance and market performance.

This strategy has delivered some initial positive results.

Our sell-out performance has been improving on a global level and across key regions.

It demonstrates our ability to return to growth as a result of rebalancing marketing investments and optimizing our assortment focus.

However, while encouraging, sell-out growth remains below the market level and is not yet broad enough to restore growth sustainably across the entire brand on a global scale.

To restore growth globally, we are doubling down on our actions and initiated the next phase of rebalancing: a decisive turnaround plan for the next 18 months.

Our objective is clear: broaden NIVEA's growth drivers and strengthen the brand's competitiveness across markets, categories, and consumer segments.

So far, we have distributed investments more evenly across Face Care, Body Care and Deodorants. The next phase is about unlocking the growth opportunities created by NIVEA's full portfolio across all categories.

We are putting more focus on NIVEA’s accessibility and value-for-money proposition as the key drivers of penetration and volume.

We will also fully leverage NIVEA’s local relevance. This is already reflected in our innovation pipeline that will respect local specifics and existing stronger franchises.

Restoring sustainable growth requires not only the right portfolio, but also strong consumer activation. We will therefore increase and sharpen our focus on consumer-facing investments even further to achieve the greatest impact on our business.

Let’s now look at our actions for this next phase in more detail.

NIVEA's strength lies in being a multi-category, multi-generation and multi-country brand. This breadth has always been one of NIVEA’s greatest competitive advantages.

As part of our turnaround efforts to date, we broadened our focus beyond premium Face Care and strengthened investments across Face Care, Body Care and Deodorants. We are now taking the next step by unlocking the growth opportunities of our full portfolio. We are identifying opportunities beyond category boundaries by applying the right marketing spend and broad-based innovation.

We will not be dogmatic about which categories to endorse but also leverage strong existing franchises across regions. In Germany, for example, we cannot ignore our strong footprint in Shower. And in Southern Europe, Lip is an essential part of the portfolio.

At the same time, we are responding faster to changing consumer needs and market trends through an accelerated innovation pipeline.

Reinforcing NIVEA’s accessibility remains a strategic priority.

Consumers have long trusted NIVEA to deliver effective skin care that combines quality, affordability, and broad availability.

We will continue to support our existing scale platforms across multiple price tiers AND step up our efforts in the mid to lower price ranges, where we see significant opportunities to grow.

This approach will help us recruit new consumers, drive volume, increase household penetration, and strengthen NIVEA's relevance across income groups, life stages, and markets.

We are strengthening our ability to win locally while preserving the consistency and scale advantages of a global brand.

First, we are investing behind NIVEA's strongest local franchises through locally relevant innovation. A good example are the line extensions of NIVEA Facial in Brazil or the launch of the NIVEA Soft Gel in India, developed specifically to address local consumer preferences and market needs.

Second, we are leveraging successful local concepts across markets. Following the success of NIVEA Facial in Brazil, we are expanding the platform into Europe as the accessible Face Care line NIVEA Face+, allowing us to benefit from proven consumer propositions across regions.

Third, we are accelerating our ability to respond to local trends and specific consumer demands. This includes ingredient-led propositions such as cocoa-based innovations in Africa.

Taken together, these initiatives allow us to combine the strength of a global brand with the relevance of local execution, helping us sharpen consumer relevance, broaden our growth drivers and strengthen NIVEA's competitiveness across markets.

Restoring sustainable growth requires not only the right portfolio and innovation pipeline but also highly effective consumer-facing investments.

We are therefore stepping up our marketing activities that drive the greatest business impact, concentrating resources on the touchpoints that most directly influence consumers where they are.

In this context, we will boost our investments by 100 million Euros in the second half of this year compared to the same period in the previous year.

Before handing over to Astrid, let me highlight that bringing NIVEA back to growth will require disciplined execution and time.

Over the next 18 months, we will rigorously monitor progress and continuously sharpen our focus to maximize impact.

Astrid will now give an overview on tesa and our financial performance.

Over to you, Astrid.

[Astrid Hermann]

Thank you, Vincent. Now let us review tesa's performance for the quarter.

tesa recorded organic sales growth of +2.5% in the second quarter and -0.9% in the first half year. While the Electronics business declined against an exceptionally strong first half last year, the broader Industry portfolio remained resilient. Excluding Electronics, Industry delivered solid growth and accelerated in the second quarter.

The improvement in Q2 was driven by broad-based momentum across several business units. Industrial Trade & Converting delivered double-digit growth, Print & Packaging Solutions accelerated significantly, and Electrical Systems continued its strong development despite declining global car production. The Automotive business also gained momentum in Q2, supported by increasing penetration in Asia and continued growth in the electric vehicle segment.

Within the Electronics segment, market conditions became more challenging during the second quarter, particularly in Greater China. Ongoing distributor and converter destocking as well as weaker demand in key customer applications weighed on performance. As a result, Electronics remained below the strong prior-year level and offset the positive momentum in other parts of the portfolio.

Looking ahead, potential shortages in the availability of semiconductors may impact the second half of the year negatively, both on sales growth of the Electronics business and the corresponding mix effect on tesa’s profitability.

The Consumer business also showed a better trend in Q2, delivering low single digit growth.

Overall, the second quarter demonstrated improving momentum across most of tesa's portfolio, helping to offset the headwinds in Electronics.

Now let’s continue with the detailed financial results.

The Consumer business’ net sales declined to 4.113 billion Euros in the first half of 2026 at an organic growth rate of -4.0%. Adverse foreign exchange effects resulted in lower nominal growth of -5.0%. EBIT declined to 632 million Euros with an EBIT margin of 15.4%. The 60 basis point decline was mainly driven by gross margin pressure partly offset by cost discipline in overhead costs.

Our tesa business recorded an organic net sales decline of -0.9% in the same period, closing the first half with net sales of 839 million Euros. Due to unfavorable foreign exchange effects, nominal sales declined by -2.1%. Tesa’s EBIT at 136 million Euros remained below the 2025 level, mainly reflecting the weaker contribution from the Electronics business, elevated input costs, and continued investments to support future growth.

Looking at our Consumer business across regions:

While the first half year performance across regions was negatively impacted by NIVEA's softer net sales development, the underlying demand remained more resilient.

In addition, the performance in North America, Western Europe, and Africa, Asia & Australia was affected by several specific factors beyond NIVEA's overall net sales development.

North America was negatively impacted by retail disruptions affecting La Prairie in the first quarter, as well as Coppertone’s performance. Excluding these factors, organic net sales growth in North America would have been +2.5%, supported primarily by the strong performance of our Derma business. La Prairie in North America also returned to growth in the second quarter.

Western Europe was adversely affected by the disruption of Travel Retail in China. As you know, we record La Prairie's Travel Retail business in Western Europe, which represented a 70-basis point headwind to growth in the first half. Beyond this, ongoing customer conflicts affecting NIVEA also weighed materially on the performance in Europe.

Latin America benefited from an improving NIVEA performance in Brazil in the second quarter, supported by key innovations alongside a strong Sun and Body performance. Derma also continued to accelerate and delivered strong double-digit growth across the region.

Lastly, the crisis in the Middle East continues to weigh on the Africa, Asia & Australia region with a 160-basis point headwind on growth. Beyond the impact from the Middle East, the performance was affected by strategic channel shifts in Malaysia and the Philippines, softer consumption and lower net sales in Indonesia and parts of Africa.

Now, let’s take a look at the development of our Consumer gross margin.

- Our Consumer gross margin decreased by 100 basis points from 62.0 percent in H1 2025 to 61.0 percent in H1 2026.
- Pricing contributed moderately, adding 10 basis points.
- Increased costs driven by higher raw material prices and limited volume growth weighed on our gross margin. The lower volume development resulted in reduced factory utilization, leading to higher unit costs and creating a headwind for gross margin.
- Mix-effects were flat due to a dilutive effect from the NIVEA rebalancing, offset by the continued outperformance of our Derma business.
- Lastly, unfavorable foreign exchange effects contributed -60 basis points.

Let me conclude our financial overview by highlighting the key elements of our Group income statement.

Our Group’s net sales amounted to 4.952 billion Euros in the first half of 2026, representing an organic decline of -3.5%.

Our Group gross margin decreased by 110 basis points to 58.3%. In addition to the factors outlined for the Consumer business, tesa’s gross margin was affected by material cost inflation, currency fluctuations as well as a negative mix effect due to the lower share of the Electronics business.

Marketing and selling expenses increased to 34.8% of sales from 34.2% in the prior year. We continued to prioritize consumer-facing investments and maintained working media spending at a stable level.

As in previous years, we continued to invest in innovation, with R&D expenses increasing to 3.8% of sales, underlining our commitment to building the foundation for future growth.

At the same time, we maintained a disciplined approach to our general and administrative costs, leading to a reduction of these expenses in the first half of 2026. This development reflects our ongoing focus on cost discipline and efficiency, although part of the improvement was driven by phasing effects that are expected to normalize throughout the year.

As a result, EBIT excluding special factors amounted to 768 million Euros, corresponding to a margin of 15.5%.

Special factors amounted to 8 million Euros, significantly below the prior-year level of 20 million Euros. In addition, a substantially improved financial result and a lower effective tax rate supported profitability. Consequently, profit after tax remained broadly stable at 558 million Euros, while earnings per share increased to 2 Euros and 52 Cents, supported by our share buyback program.

Back to you, Vincent.

[Vincent Warnery]

Thank you, Astrid.

Now, let us turn to our full-year and mid-term outlook.

Looking ahead to the second half of 2026, we continue to expect a challenging and volatile market environment, with geopolitical tensions, particularly in the Middle East, continuing to weigh on consumer sentiment and consumption.

And while we have initiated the next phase of our NIVEA rebalancing strategy with a decisive turnaround plan, the measures will take some time to become fully visible.

In addition to the factors affecting our top-line performance, several headwinds will further impact our EBIT margin in the full year.

First, the crisis in the Middle East continues to put pressure on input costs, resulting in higher input costs across our portfolio.

Second, the NIVEA rebalancing creates a negative mix effect as we strengthen the accessible core of the brand's portfolio. This effect will fade over time, and we expect the higher margin businesses Derma and La Prairie to outgrow NIVEA, supporting a more positive mix effect in the mid-term.

Third, we are deliberately stepping up our consumer facing investments, especially at a time when NIVEA's growth needs to be reignited. Supporting our brands and executing the NIVEA turnaround plan remain clear priorities. We are increasing investments behind the initiatives that drive long-term growth and value creation.

Of course, we are working on various efficiency measures across the organization to mitigate these cost headwinds. This includes efficiencies in supply chain, streamlining overhead costs and reviewing unprofitable parts of our portfolio. We have realized savings in recent years already and will accelerate our efforts going forward.

Overall, we expect Consumer EBIT margin to be around 250bps below the 2025 level.

As a result, our adjusted guidance for the full year 2026 is as follows:

For the Consumer business, we expect a low-single-digit organic sales decline from previously flat to slightly growing organic sales. We expect an EBIT margin excluding special factors in the Consumer segment of at least 11.0% for 2026, down from 13.6% in 2025.

For tesa, we confirm our guidance of flat to slightly growing organic sales and expect an EBIT margin excluding special factors slightly below the prior year's level.

Overall, for the Group, we expect a low-single-digit organic sales decline and an EBIT margin excluding special factors of at least 11.8%, down from 14.0% in 2025.

Now, let us turn to our mid-term outlook.

Our immediate priority is the disciplined execution of our turnaround plan for NIVEA.

Based on the initiatives already underway, we expect to return to net sales growth in 2027, with a stabilization of our EBIT margin.

Our ambition to outperform the market in the mid-term remains intact: Starting from 2028, we expect to return to profitable growth with net sales growth above market and steady EBIT margin improvement.

At the same time, we are committed to improving our cash conversion rate in line with the industry, which translates into a free cash flow of at least 50% of EBITDA in the mid-term.

The use of cash for inorganic growth remains a core element of our capital allocation strategy as we continue to pursue M&A opportunities to enhance our portfolio.

At the same time, we have strengthened our commitment to deliver improved returns to shareholders via share buybacks and dividends.

With that, we are happy to answer your questions.

Over to you, Christopher, for the Q&A.