

Conference Call
9M Results 2024
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Speech

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- Please check against delivery -

[Vincent Warnery]

Thank you, Christopher, and good morning! Welcome to today's conference call. Astrid and I will now guide you through our financial figures at Group and brand level regarding our 9M and Q3 performance, before we then share an outlook for the coming months. At the end, we will open the floor for your questions.

In the first nine months of 2024, Beiersdorf continued to deliver strong growth and achieved an organic sales increase of +6.5% at Group level. Given the current market dynamics, this steady performance is in line with our expectations and reaffirms our confidence in our guidance for the full year. Our Consumer sales grew by 7.3%, while tesa delivered 3.1% of growth. Our icon NIVEA continued its outstanding performance around the globe throughout the year and grew by 9.4%. Our key categories performed well, and this broad-based success was further driven by growth in all key regions. Our Derma brands Eucerin and Aquaphor achieved very strong organic sales growth of 8.8% in the first three quarters, despite a very high comparison base in 2023 and the unfavorable impact of Argentina. In the third quarter, this was powered by double-digit growth on a global level, an outstanding resurgent performance in North America and the successful launch of our breakthrough anti-aging innovation Epicelline. The Healthcare business, which comprises the Hansaplast and Elastoplast plaster brands, reported substantial sales growth of 5.1%. Sales of La Prairie declined by 7.3% in organic terms in the first three quarters. This decrease was mainly driven by the continued weakness of the Greater China ecosystem and its negative impact on the Travel Retail market. In this demanding environment, La Prairie again managed to outperform the market and gain significant market shares.

Now let us zoom in on the third quarter performance of our Consumer business.

I will share an update on our reinvigorated North America business, the double-digit sales growth of Eucerin and Aquaphor and the on-going strong performance of our global icon NIVEA.

These positive results are even more noteworthy, given the very high comparison base from last year: In the third quarter of 2023, we achieved outstanding sales growth with our NIVEA and our Derma businesses and recorded one of the strongest quarters ever for NIVEA in Europe.

Our focus on Skin Care continues to pay off.

All this – guided by our Win with Care strategy and paired with a strong outlook and exciting innovation pipeline – fuels our confidence in our full-year guidance.

In North America, – like many of our peers – we experienced a challenging first half of the year. I am delighted to now report that our North America business regained its strength and achieved fantastic double-digit growth of 11.1% between July and September. Both our US and Canadian businesses delivered a double-digit performance. Especially our Derma brands contributed to this result with an impressive growth rate of 19.6% in the US in the third quarter. NIVEA also further increased its growth momentum throughout the year.

In North America – a key market in our Win with Care strategy –, we continue to expand our brand presence, which is visible both in sales growth and market share.

In the third quarter, Aquaphor continued its stellar performance and grew by 16% in organic terms. Eucerin contributed strongly as well with the recently launched Face Care range further gaining momentum. It has already been successfully rolled out at major retailers such as Amazon, Walgreens, CVS, Target, and Kroger.

As we look ahead to the next year, we are excited about the upcoming launch of our Eucerin Thiamidol product range in North America, which has tremendous economic potential for this key region.

Now to our icon.

NIVEA delivered impressive growth of +9.4% year-to-date, outperforming key competitors in the market. This confirms that we are fully on track to reach our target for the full year. Sales in both the Skin Care and Personal Care categories increased significantly. In addition to

the Face Care and Sun businesses, the categories Body Care and Deo performed particularly well. This broad-based success was driven by continued double-digit sales growth in Emerging Markets, with all other key regions growing as well.

NIVEA continued its strong organic growth in Q3 with 5.9% compared to an exceptional Q3 in 2023. Last year's Q3 saw record growth in Western Europe on the back of double-digit price increases in a high inflationary environment and a catch-up effect following customer sanctions.

Looking ahead, we are very excited about our strong innovation pipeline for NIVEA.

In addition to the ongoing sustainable product transformation, 2025 will be the year with the strongest launch and relaunch pipeline in the history of NIVEA. We will further leverage the success of our Luminous630 franchise, introduce our Epigenetics innovation to NIVEA and enter the market with several other products. Over 45% of our NIVEA sales in 2025 will be impacted by these innovations and renovations.

This pipeline and well-balanced growth via price and volume makes us confident that we will be able to continue our strong growth on NIVEA for the remainder of this year and beyond.

Following the consistent strategic globalization and digitalization of our iconic brand in the recent years, NIVEA's power, its global presence, trusted brand name and continued development form an extremely robust, crisis-resistant and dependable pillar of our business.

Moving on to our Derma business.

I am pleased to share that our Derma brands returned to double-digit growth of 10% in the third quarter, significantly ahead of competition. This increase was primarily driven by the success of the North America business, where our Derma sales grew by 19.6%. From a global category perspective, particularly Eucerin Face Care and Body Care performed strongly.

Looking at the first three quarters in total, we are very pleased with the organic sales growth of 8.8%, especially given the very high comparison

base in 2023 and the unfavorable effect of Argentina. Our highly successful Thiamidol range remains a key driver here and is still showing fantastic growth rates five years after its launch. Face Care as well as double-digit growth in Sun Care and Aquaphor contributed to this outstanding 9-month performance.

Given our strong Derma innovation pipeline and expansion plans, we remain confident for the full year and 2025:

- We launched Eucerin in India just last week.
- We will further expand the Thiamidol product range around the globe.
- We will continue our Eucerin Face Care roll-out in the US.
- And we will further accelerate the roll-out of our breakthrough anti-aging innovation Epicelline.

Now let's take a closer look at the launch Epicelline which we presented to you at the Capital Markets Day. In our H1 call I stated that we aimed to make this our biggest launch ever and already predicted that it would have a strong business impact. And I would like to say - I did not exaggerate.

Since the launch of Epicelline in September we are now present across Europe and some Emerging Market countries, a total of 32 countries. We have already reached over 80% of our anticipated global sales forecast for 2024. These fantastic first results are above our ambitious plan. For instance, in our key market Germany, the Eucerin Epigenetics Serum is already the number 1 bestseller in the entire dermo-cosmetics market. It also holds number 1 anti-aging positions in countries such as the UK, Belgium, Spain, Austria and Chile.

I cannot wait to talk to you again about the further launch of this groundbreaking innovation in our full-year-results call in February.

Now to the sales of our luxury brand La Prairie.

La Prairie's sales declined by 8.0% in the third quarter. Throughout 2024, this decrease was mainly driven by the continued weakness of the Greater China ecosystem, both in Mainland China and in Hainan, and its subsequent negative impact on the travel retail market. This strongly

impacts consumption and hence also affects the luxury skin care market and our La Prairie sales.

With the Chinese luxury and travel retail market down in the third quarter, La Prairie managed to outperform in this challenging environment and gain market shares in most geographies, namely China brick & mortar and online, the US, travel retail or Japan.

We remain cautious in the short-term outlook but continue to see China as a key opportunity for La Prairie to generate growth in the medium- and long-term.

Having said this, I would also like to point out that Beiersdorf's exposure to luxury in China today is rather limited. Different to our competitors who we believe to generate between 10 and 30% of their sales with luxury in China, we are well below 5%.

Our focus with La Prairie continues to be on gaining market shares as proven in previous quarters.

The key for La Prairie's success is the focus on breakthrough innovations such as the premium priced "La Prairie's new Life Matrix Haute Rejuvenation Cream". This cream encapsulates the alliance with Clinique La Prairie, the legendary Swiss longevity clinic. It was launched in September and shows encouraging first sales results in China and other markets.

At the same time, we bring entry-level products such as the "Skin Caviar Mist" to the market, which we successfully introduced in the first half of 2024.

These two products are only two examples of our expanding product range, thereby recruiting new and younger consumers with entry-level propositions into the brand whilst also offering high-end innovations at a premium price level to existing consumers.

We are also changing the look and feel of our point of sales, the way we communicate online and offline and we are modernizing our brand image.

Now to the performance of Chantecaille.

I am pleased to share that we have been able to continue the brand's growth trajectory and retain our momentum throughout the year. Following organic sales growth of 4.4% in the first half of 2024, we increased our sales by 4.9% in the third quarter.

Key contributors were Chantecaille's expansion in travel retail and the launch in mainland China.

Our strategy for Chantecaille in China to focus on digital channels first paid off. The partnership with China's leading e-commerce platform Tmall and our collaboration with the Chinese celebrity Bai Lu created a perfect environment for the domestic launch. This was followed by a commercial pop-up experience in Shanghai, involving the famous actress, singer and model. As a result, Chantecaille was ranked the number 6 most influential international beauty brand in China in September. The financial results of this orchestrated launch fill us with great confidence.

After this summary across our brands portfolio, now over to you, dear Astrid.

[Astrid Hermann]

Thank you, Vincent and welcome to everyone. I am delighted to present our financial performance for January to September 2024.

Let's begin with the sales development at the segment and group levels:

- In the first three quarters, Beiersdorf's Consumer division recorded organic sales growth of +7.3%. Due to negative foreign exchange effects, nominal sales growth amounted to +4.4%.
- Our tesa division concluded the same period with organic sales growth of +3.1% or 2.2% in nominal terms.
- Together, this results in 6.5% organic sales growth for the group or +4.0% nominal growth.

Following an excellent first half in 2024, our Consumer division has continued to deliver strong growth in the third quarter, further enhancing last year's remarkable achievements, even amidst the

ongoing challenges in the luxury markets. While our third quarter experienced a slight moderation due to significant price increases in the third quarter last year, we are fully on track and confident to deliver our full-year guidance.

Let's review the performance of our brands within the Consumer segment. Vincent has already provided details on the year-to-date development, so I will focus on the performance for the third quarter.

NIVEA continued to achieve strong growth of +5.9%, even on the back of an exceptional performance in the third quarter last year – as Vincent alluded to earlier, it was a record quarter for NIVEA in Europe. The 5.9% growth this quarter is fully in line with our expectations for the full year. The growth was widespread across all key regions, with a well-balanced contribution from both price and volume. Both our Skin Care and Personal Care categories contributed to this success.

We are excited to announce that Derma returned to impressive double-digit growth of +10% in Q3, an outstanding achievement, especially in light of last year's exceptional performance. This strong rebound can be attributed to the remarkable progress of our Derma business in the US, as well as the successful introduction of our Epigenetics line. Both Eucerin and Aquaphor have surpassed market performance in terms of revenue and market share.

Our Healthcare division achieved remarkable growth of +7.7%, significantly outpacing the market and strengthening our leading position. Key growth drivers included our top markets: Germany, Australia, Indonesia, and particularly the UK, which delivered an exceptional quarter.

Even though the situation for La Prairie and the luxury market in China continues to be difficult, the strong performance of our other brands helped to more than offset these temporary setbacks. As a result, our Consumer business achieved growth of +5.7%, reinforcing our confidence in delivering our full-year guidance.

Similarly, our tesa business reported solid growth of +3.5% in the third quarter, despite the increasing headwinds across its key sectors. At the Group level, we are pleased to report sales growth of +5.3%.

I will now move on to the Consumer sales performance by region.

At the regional level, all regions and subregions were on a growth trajectory in the first nine months.

Europe experienced a growth of +5.2% in the first nine months, aligning well with our expectations. Following an exceptional performance and notable price increases in Western Europe during the third quarter of the previous year, we are very pleased with these results. It's important to note that these figures also account for the ongoing slower performance in China's travel retail sector, which is reflected in Western Europe's results. Meanwhile, Eastern Europe continues to demonstrate ongoing double-digit growth.

After a brief slowdown in our North American business, we returned to double-digit growth in the third quarter, turning our year-to-date performance positive once again. Latin America remains robust, despite the well-known challenges in Argentina, with NIVEA gaining momentum and Derma achieving outstanding results in Brazil, consistently accelerating quarter after quarter from a strong base.

The Africa/Asia/Australia region also achieved impressive double-digit growth in the first nine months, despite the ongoing challenges in the Asian luxury market. NIVEA was a key driver of this growth in Africa and the Middle East.

I am pleased to share that tesa has achieved an organic revenue growth of 3.1% in the first nine months and 3.5% in Q3. This growth was primarily driven by Asia and positive developments in our Electronics and Printing and Packaging Solutions sectors.

Tesa is facing a challenging environment in both the Industry and Consumer segments. The automotive industry has been suffering lately, especially in Europe and in the area of e-mobility. As already announced at our H1 results in August, the Electronics business saw exceptional growth in Q2 which was mainly driven by a positive phasing effect of sales shifted from Q3 and Q4 to Q2. Tesa's Consumer business is experiencing lower traffic in DIY stores driven by cautious consumer sentiment across Europe.

Nevertheless, tesa has been able to demonstrate solid growth figures despite these headwinds and continues to gain market shares.

As a result, we remain cautiously optimistic for tesa's growth in a challenging market environment for Q4 and confirm our guidance.

[Vincent Warnery]

Thank you, Astrid.

Given the dynamic market environment, Beiersdorf's performance and sales results in the first nine months of the year are fully in line with our expectations. Therefore, we once again confirm our sales and EBIT guidance for the full year 2024.

We expect 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 is expected to be 50 basis points above the previous year's level.

We expect sales growth above the market in the tesa Business Segment, which translates into anticipated organic sales growth in the range of 2-5%. The EBIT margin (excluding special factors) is expected to 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 interest in Beiersdorf's financial performance from January to September 2024!

Astrid and I are now looking forward to your questions. To start the Q&A session, I will now hand over to Christopher.