AGENDA

01 M&A @ Henkel
02 Initial Assessment
03 Due Diligence
04 Business Plan and Valuation
05 Negotiation Phase
06 From Signing to Closing
07 Post Merger Integration
08 Summary

July 1, 2020
WHO WE ARE
LEADING POSITIONS IN INDUSTRIAL & CONSUMER BUSINESSES

Adhesive Technologies
~€9.5bn sales

Beauty Care
~€3.9bn sales

Laundry & Home Care
~€6.7bn sales

July 1, 2020
WHO WE ARE
A GLOBAL PLAYER

STAMFORD, CONNECTICUT, USA
REGIONAL HUB

ROCKY HILL, CONNECTICUT, USA
REGIONAL HUB

DUSSELDORF, GERMANY
HEADQUARTERS

VIENNA, AUSTRIA
REGIONAL HUB

SHANGHAI, CHINA
REGIONAL HUB

DUBAI, UNITED ARAB EMIRATES
REGIONAL HUB

MEXICO CITY, MEXICO
REGIONAL HUB

SÃO PAULO, BRAZIL
REGIONAL HUB

July 1, 2020
M&A INTEGRAL PART OF OUR STRATEGY

▪ Key criteria: Availability of target, strategic fit & financial attractiveness

▪ Expand technology leadership in Adhesive Technologies

▪ Focus on leading country/category positions, new business models and white spots in Consumer businesses

12.5 bn € invested in M&A since 2008

100 percent of investment was cash/or debt financed

20 bn € in free cash flow generated in 2008-19
M&A EXECUTION @HENKEL
VOLUME OF ACQUISITIONS 2001-2020YTD

EV (MEUR)
- >100
- >25<100
- <25

![Graph showing the volume of acquisitions from 2001 to 2020YTD with bars representing EV (MEUR) for each year. The bars are labeled with EV values and the years they correspond to. The graph includes logos of acquisitions completed by Henkel.]

July 1, 2020
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M&A STAGE GATE PROCESS
CONSISTENT AND ROBUST M&A APPROVAL PROCESS

Start Talks
- Initial Contact
  - Teaser/First Idea
  - NDA
- Initial Assessment
  - Info Memo
  - Preliminary Business Plan and Valuation
- Due Diligence
  - Data Room
  - Expert Meetings
  - Final Business Plan and Valuation
- Final Negotiations
  - Contract Negotiations
  - Confirmatory DD
- Signing
  - Merger Control
  - Finalization of Carve Out
  - Payment of Purchase Price
- Closing
  - Day 1/Onboarding
  - System Integration
  - Realization of Synergies
- Post Merger Integration (PMI)

Kick-Off Gate
GO 1
Transaction Gate
GO 2
Approval Gate
GO3/4
Sign-Off Gate
GO5
Any M&A related contact with a selected target or the relevant owners needs to be approved by Henkel’s Investment Committee.

Decision to start a project is based on the following criteria:
- Strategic fit
- Financial Attractiveness
- Feasibility

Investment Committee decides also who approaches target.

Centralized M&A approval process to ensure one Henkel deal book.
First Contact

Real Life Examples

**Inbound**
- Direct approach by owner or M&A advisor
- Henkel learns about the planned divestment process situation from its network to M&A advisors / Investment banks.
- Seller provides normally a one pager (teaser) with high level description of the business for sale
- Corporate M&A as single point of contact

**Often auction process**

**Outbound (Examples)**
- Head of M&A gave a call to Private Equity owner, regular follow-ups on situation of target business
- E-mail to CEO of company who owns the target business asking for an exchange on business related topics
- Local GM of Henkel met his neighbour who is the JV partner to the US subsidiary of the target company

**Often pre-emptive/bilateral process**
Information Memorandum (IM) forms main information basis for indicative offer.

Contains selective (confidential) information on the target

- Market/Industry overview
- Business overview
- Sales & Distribution
- Production setup
- Technology
- Organizational setup
- Legal structure
- Financial overview (historic and projected business plan)
Business Unit prepares a preliminary business plan which is based on the Information Memorandum and other publicly available information.

Corporate M&A challenges business plan and performs a DCF valuation.

Management Board is asked to approve submission of Indicative Offer Letter with a certain maximum purchase price.
Typical content of an Indicative Offer Letter

- Attractiveness of Henkel as purchaser
- Indicative offer value
- Valuation methodology and assumptions
- Conditions
- Acquiring entity
- Due Diligence requirements and indicative timeline
- Key contacts from Henkel
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July 1, 2020
During an M&A process the business plan needs to be adjusted to findings from the due diligence.
**DUE DILIGENCE**

**ILLUSTRATIVE TIMELINE**

<table>
<thead>
<tr>
<th>Event</th>
<th>01.06.</th>
<th>08.06.</th>
<th>15.06.</th>
<th>22.06.</th>
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<tr>
<td>DD Kick Off</td>
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<td>Opening Data Room</td>
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<tr>
<td>Management Presentation</td>
<td>▲</td>
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<td>▲</td>
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<tr>
<td>Expert Meetings / Site Visit</td>
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<td>▲</td>
<td>▲</td>
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<tr>
<td>Q&amp;A Process</td>
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<td>▲</td>
<td>▲</td>
<td>▲</td>
</tr>
<tr>
<td>Submission of DD reports</td>
<td>▲</td>
<td>▲</td>
<td>▲</td>
<td>▲</td>
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<tr>
<td>Preparation of Business Plan</td>
<td>▲</td>
<td></td>
<td>▲</td>
<td>▲</td>
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<tr>
<td>Valuation</td>
<td>▲</td>
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<td>▲</td>
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<tr>
<td>Final Board Decision</td>
<td>▲</td>
<td>▲</td>
<td>▲</td>
<td>▲</td>
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<tr>
<td>Submission of Final Offer Letter</td>
<td>▲</td>
<td>▲</td>
<td>▲</td>
<td>▲</td>
</tr>
</tbody>
</table>

*Final Offer Deadline*

**Offer deadline is set by seller and determines timeline of DD process**
## DUE DILIGENCE
### DD TEAM

### DD Teams

<table>
<thead>
<tr>
<th>Category</th>
<th>Team</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
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<td>[Name]</td>
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<tr>
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<td>[Name]</td>
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<tr>
<td>Legal</td>
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<td>[Name]</td>
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<td>Intellectual Property</td>
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<td>[Name]</td>
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<td>Sales</td>
<td></td>
<td>[Name]</td>
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<td>Marketing</td>
<td></td>
<td>[Name]</td>
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<tr>
<td>R&amp;D</td>
<td></td>
<td>[Name]</td>
</tr>
<tr>
<td>IT/Shared Services</td>
<td></td>
<td>[Name]</td>
</tr>
<tr>
<td>Purchasing</td>
<td></td>
<td>[Name]</td>
</tr>
<tr>
<td>Supply Chain</td>
<td></td>
<td>[Name]</td>
</tr>
<tr>
<td>Prod. Safety</td>
<td></td>
<td>[Name]</td>
</tr>
<tr>
<td>Safety, Health, Environment</td>
<td></td>
<td>[Name]</td>
</tr>
<tr>
<td>Security</td>
<td></td>
<td>[Name]</td>
</tr>
<tr>
<td>HR</td>
<td></td>
<td>[Name]</td>
</tr>
<tr>
<td>Real Estate</td>
<td></td>
<td>[Name]</td>
</tr>
</tbody>
</table>

### External Advisors

- M&A Advisor
- Legal Advisor
- Finance Advisor
- Tax Advisor
- Commercial Advisor
- Environmental Advisor
- ...

> DD is steered by Corporate M&A and Business Development of BU
Electronic data room is main basis for due diligence

Data room is normally organized by seller

Buyer can submit questions on provided information, answers will be provided in writing or in expert meetings/calls

Uploaded information needs to be anti-trust compliant, e.g. no sharing of current price information
Exchange between DD work streams is key
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### Business Plan

- Responsible: **Business Unit**
- **Base business, offensive and defensive synergies** separated
- Needs to reflect all **DD findings** which are not contractually covered or reflected in purchase price
- Corporate M&A challenges assumptions and **prepares Risk Case** (scenario analysis)
- Also basis for **acquisition tracking**

### Valuation

- Responsible: **Corporate M&A**
- **DCF based** valuation of Business Plan (normal and risk cases)
- **Standardized assumptions** used (WACC, FX/Tax, Terminal Value)
- Key KPIs: **Internal Rate of Return** (+ Enterprise Value) and Payback
- **Multiples analysis** (trading and transaction multiples)
- Calculation of **composition of value**

July 1, 2020
## BUSINESS PLAN

### PLANNING ASSUMPTIONS (NORMAL / RISK)

<table>
<thead>
<tr>
<th></th>
<th>Normal Version</th>
<th>Risk Version</th>
<th>Values Target (2020e)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NES growth rate base business (CAGR 2019 - 2029)</td>
<td>7.6%</td>
<td>5.8%</td>
<td>22.3% (FY18-20e)</td>
</tr>
<tr>
<td>NES growth rate incl. offensive synergies</td>
<td>10.6%</td>
<td>7.6%</td>
<td>-</td>
</tr>
<tr>
<td>Growth rate beyond 2029</td>
<td>2.0%</td>
<td>2.0%</td>
<td>-</td>
</tr>
<tr>
<td>COGS in % of NES (2029)</td>
<td>47.0%</td>
<td>47.9%</td>
<td>45.9%</td>
</tr>
<tr>
<td>L17 in % of NES (2029)</td>
<td>11.2%</td>
<td>10.6%</td>
<td>10.3%</td>
</tr>
<tr>
<td>SG&amp;A expenses in % of NES (2029)</td>
<td>6.3%</td>
<td>8.0%</td>
<td>13.3%</td>
</tr>
<tr>
<td><strong>Synergies / Restructuring</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offensive synergies (NES/EBIT 2029)</td>
<td>236 / 55 MEUR</td>
<td>118 / 28 MEUR</td>
<td>-</td>
</tr>
<tr>
<td>Defensive synergies (EBIT impact in 2029)</td>
<td>34 MEUR</td>
<td>26 MEUR</td>
<td>-</td>
</tr>
<tr>
<td>Restructuring cost (2020/2021)</td>
<td>9 MEUR</td>
<td>11 MEUR</td>
<td>-</td>
</tr>
<tr>
<td>“Tax Shield” included</td>
<td>100%</td>
<td>75%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Capital requirements</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments (CAPEX 2020/2021)</td>
<td>31 MEUR</td>
<td>35 MEUR</td>
<td>-</td>
</tr>
<tr>
<td>Net working capital in % of NES (2029)</td>
<td>6.5%</td>
<td>8.5%</td>
<td>11.0%</td>
</tr>
</tbody>
</table>
BUSINESS PLAN
RISK VERSION

<table>
<thead>
<tr>
<th>Year</th>
<th>NES [MEUR]</th>
<th>EBIT adj. [MEUR]</th>
<th>ROS adj.* [%]</th>
<th>ROS [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>232</td>
<td>48</td>
<td>20.5</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>310</td>
<td>72</td>
<td>22.8</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>332</td>
<td>92</td>
<td>25.7</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>332</td>
<td>92</td>
<td>332</td>
<td>14.6</td>
</tr>
<tr>
<td>2021</td>
<td>364</td>
<td>74</td>
<td>364</td>
<td>22.7</td>
</tr>
<tr>
<td>2022</td>
<td>405</td>
<td>92</td>
<td>405</td>
<td>23.5</td>
</tr>
<tr>
<td>2023</td>
<td>453</td>
<td>111</td>
<td>453</td>
<td>25.6</td>
</tr>
<tr>
<td>2024</td>
<td>505</td>
<td>129</td>
<td>505</td>
<td>26.0</td>
</tr>
<tr>
<td>2025</td>
<td>562</td>
<td>146</td>
<td>562</td>
<td>26.6</td>
</tr>
<tr>
<td>2026</td>
<td>607</td>
<td>162</td>
<td>607</td>
<td>27.1</td>
</tr>
<tr>
<td>2027</td>
<td>654</td>
<td>177</td>
<td>654</td>
<td>27.5</td>
</tr>
<tr>
<td>2028</td>
<td>698</td>
<td>192</td>
<td>698</td>
<td>28.0</td>
</tr>
<tr>
<td>2029</td>
<td>744</td>
<td>206</td>
<td>744</td>
<td>27.7</td>
</tr>
</tbody>
</table>

BASE BUSINESS

Offensive Synergies

July 1, 2020
# VALUATION CALCULATION OF PROJECT ADJUSTED WACC

1. **Calculation of WACC on group level**
   - Weighted average cost of capital (WACC)
     - Henkel Group: 5.25% (after tax)

2. **BU-specific cost of capital**
   - Adjustment for individual risk profile of BU
     - Adhesive Technologies: 6.75%
     - Laundry & Home Care: 5.25%
     - Beauty Care: 5.25%

3. **Country Risk Premium (CRP)**
   - Derived from external credit ratings
     - e.g. USA: 0.0%; France: +0.5%; Mexico: +1.5%; Nigeria: +5.3%

= **Project adjusted WACC (after taxes)**
   - BU-specific CoC + Weighted CRP
     - e.g. Adhesive Project in Mexico: 8.25%

July 1, 2020
VALUATION
COMPOSITION OF VALUE

Requested max. offer of 1,500 MUSD (1,434 MEUR)

Present Value of Cashflows first 10 years

<table>
<thead>
<tr>
<th>Component</th>
<th>Value</th>
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<tbody>
<tr>
<td>Base Value</td>
<td>1,260</td>
</tr>
<tr>
<td>Tax Shield</td>
<td>44</td>
</tr>
<tr>
<td>Defensive Synergies</td>
<td>237</td>
</tr>
<tr>
<td>Offensive Synergies</td>
<td>245</td>
</tr>
<tr>
<td>Total Value</td>
<td>1,761</td>
</tr>
<tr>
<td>Requested max.</td>
<td>1,500</td>
</tr>
<tr>
<td>(40%)</td>
<td>682</td>
</tr>
<tr>
<td>Present Value</td>
<td>1,079</td>
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</tbody>
</table>

July 1, 2020
# Valuation

## Transaction Multiples in the Hair Care Sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Main geography</th>
<th>Buyer</th>
<th>Enterprise value</th>
<th>EV/Sales</th>
<th>EV/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>Drybar</td>
<td>USA</td>
<td>Helen of Troy</td>
<td>$255</td>
<td>3,9x</td>
<td>13,0x</td>
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<tr>
<td>2020</td>
<td>PZ Cussons’ &quot;Luksja&quot; business</td>
<td>Poland</td>
<td>Sarantis</td>
<td>€10</td>
<td>0,6x</td>
<td>n.a.</td>
</tr>
<tr>
<td>2019</td>
<td>Kylie Cosmetics</td>
<td>USA</td>
<td>Coty</td>
<td>$1,200</td>
<td>6,6x</td>
<td>n.a.</td>
</tr>
<tr>
<td>2019</td>
<td>Have &amp; Be / Dr. Jart+</td>
<td>Korea</td>
<td>Estée Lauder</td>
<td>$1,700</td>
<td>3,3x</td>
<td>n.a.</td>
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<tr>
<td>2019</td>
<td>Drunk Elephant</td>
<td>USA</td>
<td>Shiseido</td>
<td>$845</td>
<td>8,5x</td>
<td>n.a.</td>
</tr>
<tr>
<td>2019</td>
<td>Avon Products</td>
<td>USA</td>
<td>Natura</td>
<td>$3,200</td>
<td>0,6x</td>
<td>6,3x</td>
</tr>
<tr>
<td>2019</td>
<td>Coppertone</td>
<td>USA</td>
<td>Beiersdorf</td>
<td>$550</td>
<td>2,6x</td>
<td>14,0x</td>
</tr>
<tr>
<td>2019</td>
<td>Elemis</td>
<td>UK</td>
<td>L'Occitane</td>
<td>$900</td>
<td>6,4x</td>
<td>22,6x</td>
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<tr>
<td>2019</td>
<td>Filorga</td>
<td>France</td>
<td>Colgate-Palmolive</td>
<td>€1,496</td>
<td>7,1x</td>
<td>34,0x</td>
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<tr>
<td>2019</td>
<td>Nuxe (45% stake)</td>
<td>France</td>
<td>Sofina</td>
<td>€547</td>
<td>1,8x</td>
<td>n.a.</td>
</tr>
<tr>
<td>2019</td>
<td>Christophe Robin</td>
<td>France</td>
<td>The Hut Group</td>
<td>€58</td>
<td>4,0x</td>
<td>n.a.</td>
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<tr>
<td>2019</td>
<td>Garancia</td>
<td>France</td>
<td>Unilever</td>
<td>$141</td>
<td>4,5x</td>
<td>n.a.</td>
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<tr>
<td>2019</td>
<td>Harry’s</td>
<td>USA</td>
<td>Edgewell</td>
<td>$1,400</td>
<td>4,2x</td>
<td>n.a.</td>
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<tr>
<td>2019</td>
<td>Kagayaku Cosmetics</td>
<td>Japan</td>
<td>New Horizon Capital</td>
<td>n.a.</td>
<td>n.a.</td>
<td>10,0x</td>
</tr>
<tr>
<td>2019</td>
<td>Morphe</td>
<td>USA</td>
<td>General Atlantic</td>
<td>$2,200</td>
<td>7,3x</td>
<td>22,0x</td>
</tr>
<tr>
<td>2019</td>
<td>Nestlé Skin Health (Galderma)</td>
<td>Switzerland</td>
<td>Consortium (EQT/Adia)</td>
<td>$10,200</td>
<td>3,7x</td>
<td>18,4x</td>
</tr>
<tr>
<td>2019</td>
<td>Oriflame</td>
<td>Sweden / Switzerland</td>
<td>alNut Bidco (af Jochnick Famil</td>
<td>$1,294</td>
<td>0,9x</td>
<td>6,8x</td>
</tr>
<tr>
<td>2019</td>
<td>Tatcha</td>
<td>Japan</td>
<td>Unilever</td>
<td>$500</td>
<td>5,0x</td>
<td>n.a.</td>
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<tr>
<td>2019</td>
<td>Walker and Company</td>
<td>USA</td>
<td>P&amp;G</td>
<td>$40</td>
<td>1,0x</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Mean: 4,0x 16,2x
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NEGOTIATION PHASE
SETUP OF DEAL TEAM

- Corporate M&A [+ M&A Advisor]
- Legal [+external law firm]
- Business Representative
- [Henkel Senior Management as escalation mechanism]

Small deal team with decision making power
### KEY NEGOTIATION TOPICS
**ITEMS TO BE DEDUCTED FROM ENTERPRISE VALUE**

<table>
<thead>
<tr>
<th>Net Financial Debt</th>
<th>Provisions for Pensions</th>
<th>Other Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Bank loans</td>
<td>- Unfunded liability</td>
<td>+/- NWC adjustment</td>
</tr>
<tr>
<td>- Other interest bearing liabilities</td>
<td></td>
<td>- Transaction bonuses and costs</td>
</tr>
<tr>
<td>- Finance lease liabilities</td>
<td></td>
<td>- Provision for litigation</td>
</tr>
<tr>
<td>- [Tax liabilities]</td>
<td></td>
<td>+/- CAPEX adjustment</td>
</tr>
<tr>
<td>+ Cash &amp; cash equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(except for trapped cash)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Clear definition of NFD and NWC in SPA is key**
## ENTERPRISE VALUE TO EQUITY BRIDGE
### EXAMPLE: ACQUISITION OF SUN PRODUCTS CORP.

<table>
<thead>
<tr>
<th>Enterprise Value</th>
<th>3.600 in MUSD</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Cash at closing</td>
<td>+2</td>
</tr>
<tr>
<td>- Long term debt</td>
<td>-1.684</td>
</tr>
<tr>
<td>- Finance leases and deferred rent</td>
<td>-52</td>
</tr>
<tr>
<td>- Liability for deferred medical plan</td>
<td>-2</td>
</tr>
<tr>
<td>- Net financial debt per closing</td>
<td>-1.736</td>
</tr>
<tr>
<td>+ Net working capital at closing</td>
<td>129</td>
</tr>
<tr>
<td>- Normalized net working capital</td>
<td>-155</td>
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<tr>
<td>+/- Net working capital adjustment</td>
<td>-26</td>
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<tr>
<td>- Seller’s transaction expenses</td>
<td>-14</td>
</tr>
<tr>
<td>= Purchase price at closing (Equity Value)</td>
<td>1.824</td>
</tr>
</tbody>
</table>
### KEY NEGOTIATION TOPICS
### REPRESENTATION & WARRANTIES OF SELLER

<table>
<thead>
<tr>
<th>Typical Position Seller</th>
<th>Typical Position Buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Only fundamental reps &amp; warranties offered</td>
<td>▪ Broader scope of reps &amp; warranties</td>
</tr>
<tr>
<td>▪ Very low cap on seller’s liability</td>
<td>▪ Seller should be liable in case of significant claims after closing</td>
</tr>
<tr>
<td>▪ Short duration for liability</td>
<td>▪ Cap and duration for liability should be appropriate</td>
</tr>
</tbody>
</table>
KEY NEGOTIATION TOPICS
MERGER CONTROL RISK

Typical Position Seller

▪ “We want transaction certainty!”
▪ Buyer should accept any remedy that will be imposed by merger control authorities.

Typical Position Buyer

▪ “We can not commit to take over a risk on which we have only very limited control!”

Potential deal breaker character for both sides
AGENDA

01 M&A @ Henkel
02 Initial Assessment
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06 From Signing to Closing
07 Post Merger Integration
08 Summary
Structured and consistent communication of transaction to internal and external stakeholder is key.
### From Signing to Closing

#### Communication Agenda at Signing

<table>
<thead>
<tr>
<th>Time</th>
<th>Content</th>
<th>To Whom?</th>
<th>Send/Done by?</th>
<th>Prepared by?</th>
<th>Language?</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 a.m.</td>
<td>Ad-hoc Release</td>
<td>Media/ Analysts &amp; Investors</td>
<td>Legal</td>
<td>Legal</td>
<td>English/German</td>
</tr>
<tr>
<td>7.30 a.m.</td>
<td>Press Release Q&amp;As</td>
<td>Media/ Analysts &amp; Investors</td>
<td>Corp. Com./ Investor Relations</td>
<td>Corp. Com./ Investor Relations</td>
<td>English/German</td>
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<td>7.30 a.m.</td>
<td>IR &amp; Press-Kit Presentation/ Images (Update on Website)</td>
<td>Media/ Analysts &amp; Investors</td>
<td>Corp. Com./ Investor Relations</td>
<td>Corp. Com./ Investor Relations</td>
<td>English/German</td>
</tr>
<tr>
<td>7.30 a.m.</td>
<td>Global InfoMail</td>
<td>All employees</td>
<td>CEO/ BU Head</td>
<td>Corporate Communications</td>
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<td>10 a.m.</td>
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<td>BU-Leadership Team</td>
<td>BU Head</td>
<td>Corp Com/ Business</td>
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</table>

- **What? Format and Material**
  - Ad-hoc Release
  - Press Release Q&As
  - IR & Press-Kit Presentation/ Images (Update on Website)
  - Global InfoMail
  - Call Presentation/ Q&As

- **Content?**
  - Facts
  - Strategic fit
  - Facts
  - Strategic fit
  - Facts
  - Facts
  - Big picture
  - Strategic fit
  - Facts
  - Implications

- **To Whom? Target Group**
  - Media/ Analysts & Investors
  - Media/ Analysts & Investors
  - Media/ Analysts & Investors
  - All employees
  - BU-Leadership Team

- **Send/Done by? Communicator**
  - Legal
  - Corp. Com./ Investor Relations
  - Corp. Com./ Investor Relations
  - CEO/ BU Head
  - BU Head

- **Prepared by?**
  - Legal
  - Corp. Com./ Investor Relations
  - Corp. Com./ Investor Relations
  - Corporate Communications
  - Corp Com/ Business

- **Language?**
  - English/German
  - English/German
  - English/German
  - English/German
  - English
FROM SIGNING TO CLOSING
EXAMPLE FOR COMMUNICATION AT SIGNING DAY

[Image: Henkel Logo]

News Release
March 6, 2019

Henkel submits binding offer to acquire Darex Packaging Technologies for 1,950 million US dollars

- Acquisition would strengthen Henkel's packaging market position
- Combined business would have strong position in the attractive market segment with high margins
- Opportunity to further expand business globally

Darex Packaging Technologies is a leading global manufacturer of pre-filled syringes. The company is headquartered in Italy with 9,000 employees across 30 manufacturing sites worldwide. Darex has about 1,000 customers in 40 countries.

Darex Packaging Products: High-impact solutions to protect packaging and preserve content

- Can sealants
- Closure sealants
- Can coatings

- Preform sealers for plastic bottles and jars
- Screw-on and pull out sealers for metal packaging and closures

Darex Packaging Products: Attractive portfolio with strong positions in global market

- Strong position in the metal packaging market
- Can & closure sealants (40%)
- Lids & closures

[Image: Henkel Products]
FROM SIGNING TO CLOSING
PREPARATION OF CLOSING

- Merger control filing
- Finalization of carve out
- Handover from deal team to integration team
- Preparation of Day 1
- Preparation of payment of purchase price

Exchange between buyer and target still restricted by anti-trust regulations
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Ambition for Post Merger Integration

- Seamless onboarding of new acquisitions from day 1: enabling the target to operate smoothly as part of Henkel
- Realization of full synergy potential according to business plan

PMI is key for successful acquisitions and realization of synergies
**ACQUISITION TRACKING**

**REGULAR REPORTING ON ACQUISITIONS ESTABLISHED**

<table>
<thead>
<tr>
<th>Closing</th>
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<tbody>
<tr>
<td>Investment Committee (CFO, Heads of Strategy/Legal/Finance/M&amp;A)</td>
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<table>
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<tr>
<th>Timing</th>
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<td>Project Review</td>
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<td>Success Analysis</td>
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<table>
<thead>
<tr>
<th>Scope</th>
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<th>Project Review</th>
<th>Success Analysis</th>
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<tr>
<td>ACT vs. Plan (NES, EBIT, ROS)</td>
<td>ACT vs. Plan (NES, EBIT, ROS)</td>
<td>ACT vs. Plan (NES, EBIT, ROS)</td>
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<tr>
<td>Comments &amp; Measures</td>
<td>Comments &amp; Measures</td>
<td>Comments &amp; Measures</td>
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<tr>
<td>Status of integration streams</td>
<td>Status of integration streams</td>
<td>Status of integration streams</td>
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<tr>
<td></td>
<td></td>
<td>Yield calculation (IRR, etc.)</td>
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</table>

**Closing Date:** July 1, 2020
AGENDA

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SUMMARY

M&A PROCESS

Integration Success

Integration

Pre-Transaction

Target to Project Conversion Rate

Transaction Execution

Inte-gration planning/ mgmt.

Success Analysis

Strategy

Screening, Selection, Approach

Negotiations, Signing, Closing

Due Diligence, Valuation

Project to Deal Conversion Rate

July 1, 2020
THANK YOU