

Conference Call
Quarterly Statement January - March 2024
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Speech

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- Please check against delivery -

[Vincent Warnery]

Good morning to you all,

Welcome to today's conference call regarding our business performance in the first quarter of 2024. Astrid and I have the pleasure of presenting our strong financial figures for the first three months of the year.

Beiersdorf is off to a truly great start in 2024: We were able to keep up the positive momentum from our record year in 2023 and achieved sales growth across the brand portfolio in the Consumer Business Segment in the first quarter of 2024. This performance led to impressive double-digit growth of 10.0% for the Consumer business.

NIVEA and our Derma brands were the main driving forces here, both with double-digit growth figures in the first three months. As indicated earlier, our luxury business has returned to growth and is gaining speed toward the expected full turnaround after a tough year in 2023.

At tesa, we saw a decline in sales in the first quarter, mainly due to a slow start in the Electronics and Electrical Systems divisions.

Together, these results translate to strong growth of 7.3% at Group level.

Based on this promising start to the year, we are upgrading our full-year guidance for the Group and the Consumer business today. More details on that will follow later.

So let us take a closer look at our NIVEA business. Our iconic brand is a global powerhouse and continued its remarkable growth trajectory in the first quarter of 2024.

Once again, we grew in all regions, leading to an overall organic sales increase of 12.6%. This outstanding figure is also the result of our strong pricing and volume growth with NIVEA.

The figures in Europe and in the Emerging Markets regions were impressive as both key regions delivered stellar double-digit growth. A particular highlight is our sales in Germany which increased by 20% in the first quarter.

I am truly proud of the fact that we achieved this both in an already established market environment in Europe and in the expanding Emerging Markets. This underlines the global appeal of our icon and showcases once more the immense potential of NIVEA.

In this first quarter, we were particularly successful in the Sun and Face Care categories. In Sun, we grew by 23% in Q1 and in Face Care by 12%.

One of the reasons for our continued success in the Face Care category is our patented ingredient Luminous630, the most effective Anti-Spot ingredient in the world. Fueled by the ongoing expansion into new categories with products containing this ingredient, we doubled the business in the first quarter. The potential for this product range remains very high, and we are planning several additional launches throughout 2024.

Based on these results - and with a full innovation and launch pipeline for 2024 in mind - we are confident that NIVEA will continue its strong performance in the coming quarters.

Now, coming to our Derma brands.

We grew our Derma brands Eucerin and Aquaphor 10.2% in the first quarter of 2024. This growth rate was significantly impacted by the high comparison base of the very strong first quarter in 2023, a weakening US market and extreme inflation in Argentina.

Nevertheless, this is still a strong result with double-digit growth that makes us confident in the successful future of our Derma brands. Let me explain why.

In the first quarter, one of the key drivers for Eucerin continued to excel: The Eucerin Sun business reported remarkable global growth of 36%. Especially in European countries, the "summer pre-season" was well

underway and led to strong sales numbers. We are also currently rolling out the Face Care Category in the US market.

As the year progresses, we are getting closer to the launch of our first product containing our breakthrough innovation in the field of epigenetics. It will be introduced to the market in late summer 2024. As a first mover in epigenetic skin care, we are ready to turn back the skin's "age clock" - and we will share more with you on our Capital Markets Day in June.

Regarding our luxury business, I mentioned in the full-year results call in February that we "expect a return to growth" for La Prairie in 2024. This expected turnaround is now taking shape and gaining momentum.

Following the -15% decrease year-on-year for La Prairie in 2023, we have now achieved slight growth for the first quarter of 2024. And if you look at the key market of domestic China in this context, we achieved strong growth of 14%. We also fully completed the clean-up of our stock to normalize inventory levels for La Prairie in Travel Retail at the end of the first quarter. The brand also saw the first promising results for its new line extensions.

All of this - combined with our stronger strategic e-commerce set-up for the luxury brand - is fueling our optimism about the further acceleration of this positive momentum for La Prairie in the second half of 2024.

Astrid will now take you through our detailed financials.

[Astrid Hermann]

Good morning, everyone,

I'm pleased to present our performance for the first quarter. Let's begin with an overview of our sales figures.

During the first three months, our Consumer business reported double-digit organic sales growth of +10.0%, as Vincent mentioned earlier. Due to unfavorable foreign exchange effects, our nominal growth was lower at 7.3%.

Conversely, our tesa division declined by -5.4% organically, with nominal sales slightly lower than that.

Overall, the Group achieved around €2.6 billion in revenue for the first quarter, growing +7.3% organically and +5.0% nominally.

Our Consumer business continued its positive development, building upon the strong performance of the previous year. This was driven by the very impressive start to the year of our mass market brand NIVEA, the robust first results of Derma and the recovery of our luxury business. The first quarter showcased well-balanced growth in both volume and pricing.

Now, shifting focus to the regional breakdown within our Consumer business. In the first three months of the year, all but one sub-region achieved double-digit growth.

Europe reported like-for-like growth of +10.7%, driven notably by a successful start to the Sun season, which benefited our NIVEA and Derma brands. Within this region, Western and Eastern Europe both achieved double-digit organic sales growth, with +10.3% in the West and +12.4% in the East.

In the Africa/Asia/Australia region, we delivered strong growth of +12.4%, achieving a double digit increase for both NIVEA and Derma. On top of that, our luxury business in China is finally recovering with double-digit growth for La Prairie in the first quarter.

In the Americas Region, Latin America maintained its successful trajectory with organic sales growth of +10.6%, mainly driven by Brazil and Mexico, while Argentina's high inflation and unfavorable foreign exchange dampened the growth.

In North America, we saw a slowdown in our sales in a challenging first quarter. The growth in the region was impacted by a tough comparison versus prior year with a strongly growing market. This year, we are growing market shares in a declining market. That said, we are set up for success in this region, with our strong brands, impactful innovation and new category entries, such as our Eucerin Face Care launch in the US this year.

Our tesa business had a challenging first quarter with organic sales growth of -5.4%. The decline in sales was particularly evident in Asia and North America. However, a softer start had been expected, so we are confident to reach our full year guidance.

Our Automotive business continues its positive trend and records slight growth. We enable reliable and efficient production processes for next generation Human Machine Interfaces. This includes a variety of adhesive tape solutions for large, curved displays, head-up displays and smart surfaces.

As expected, sales in the Electronics segment in Asia declined after a strong Q4 2023, but tesa expects to expand its business with innovative adhesive solutions for the electronics sector going forward. Our tesa Consumer segment is slightly declining - however, in a tough environment, we are outperforming the market and winning market share.

I now hand back to Vincent for an update on our guidance.

[Vincent Warnery]

For the Group and for the Consumer business, we are upgrading our sales guidance for the full year and expect organic sales growth between 6 and 8 %.

That said, we need to see,

- NIVEA's momentum continuing,
- Luxury accelerating in the second half of the year, and
- North America returning to stronger growth.

At the same time, we confirm our ambition to exceed the EBIT margin of the Consumer business by +50bps in comparison to the previous year, whilst the EBIT margin at Group level is expected to be slightly above previous year's level.

At tesa, we anticipate sales growth between 2 and 5% in fiscal year 2024. The EBIT margin is expected to be at previous year's level.

And with that: Thank you very much for your attention and interest in our financial results in the first quarter of 2024.