

Statement

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Chairman of the Henkel
Management Board

Annual General Meeting on April 4, 2022

Check against delivery.



Dear shareholders
and friends of the Henkel Group,

Welcome! To our Annual General Meeting!

On behalf of the Management Board. And our employees around the world.

We were hoping to welcome you personally again here in Düsseldorf. However, the current Corona situation does not yet allow this. Therefore, our Annual General Meeting will again be held virtually.

Traditionally, the Annual General Meeting focuses on the report on the previous fiscal year. Combined with a view into the future. And the outlook for the current year. That's what I'm going to talk about today as well.

But, of course, **Russia's attack on Ukraine** is the issue on everyone's mind.

So please allow me to start with that.

Russia's invasion of Ukraine began on the morning of February 24. Since then, we have seen horrific images and have followed the news with growing horror. Around the world, people have demonstrated against the war. And expressed their solidarity with Ukraine. We hope that after all the senseless suffering, a way can still be found that will bring peace and security back to Ukraine. So that more people do not lose their lives, their families, their homes and their future.

The war also affected me personally. I think of the people in Ukraine with great concern and compassion. And, of course, especially of our 600 Ukrainian colleagues. In these hard times, our priority lies in ensuring the safety and security of our colleagues and their families. When the fighting began, we immediately closed our four sites in Ukraine.

And we launched an emergency aid package on the second day of the war. In the amount of more than 1 million euros.

With financial emergency aid for our colleagues.

With a donation to the International Red Cross.

And with paid time off for all volunteers, who support refugees or aid organizations at the borders.

We have been overwhelmed with offers from many Henkel colleagues who wish to help.

Teams from neighboring countries are supporting the refugees from Ukraine. In Slovakia, in Poland, Hungary, Austria and also in Germany.

They are collecting financial and in-kind donations. And they are providing shelter and accommodation for the colleagues and their families.

These are just some examples of the involvement of our employees in this crisis. I am deeply touched by their solidarity and willingness to help.

This is true Henkel spirit! We stand together. Also in difficult times.

Since the start of the war, we have received many questions regarding our business activities in Russia. Our position is clear: We fully comply with all international sanctions against Russia! And we are doing even more. We immediately stopped all advertising and cancelled all sponsorship activities. And we decided to freeze all future investment plans in Russia.

We are currently continuing local production and sales in the country. These are mainly products for everyday use, for example cleaning and hygiene products.

And, of course, we bear a responsibility for our 2,500 employees in Russia. A complete withdrawal from Russian business can have far-reaching consequences, also for our local employees.

In Russia, there is a risk that foreign companies could be expropriated by the government in the future and that their local managers will be held liable if they stop doing business.

We will continue to carefully monitor the situation and we are not ruling out further steps.

Above all, we will continue to do everything we can to support our Ukrainian colleagues and their families as best as we can

Ladies and Gentlemen,

It is not easy for me to change the subject. From the human tragedies and the great suffering caused by this war to the development of Henkel in the past year.

As you know, we already published the preliminary figures for **fiscal 2021** at the end of January. Together with our **outlook for 2022**. As our shareholders, you have been following this closely.

Therefore, I would like to summarize only the **most important key points** today. So that there is more time to look ahead.

We recorded a good overall business performance in 2021. With **very strong organic growth**. Thanks to the support of all our business units. We were able to keep our **margin stable**. And achieved a significant **increase in earnings per preferred share**.

Despite a very difficult **business environment**.

With, in part, massive disruptions to our global **supply chains**.

With shortages of key **raw materials**.

And also exceptionally sharply **rising prices** overall.

What does that mean in concrete terms?

- We increased **sales** to around 20.1 billion euros. This is a very strong organic sales growth of 7.8 percent.

- Our **operating profit** rose by 4.2 percent. To around 2.7 billion euros.
- At 13.4 percent, adjusted **return on sales** was at the level of the previous year. Although we had to absorb price increases for raw materials which we have never seen before.
- Adjusted **earnings per preferred share** rose by 9.2 percent. Based on constant foreign exchange rates.
- **Free cash flow** reached a good level of 1.5 billion euros.
- We paid out the full **dividend** in April. Around 800 million euros.
- And have strengthened our businesses through targeted **acquisitions**.
- We have also significantly **reduced debt**. To the point where we are nearly debt-free.

To summarize: Henkel is and remains in **good financial health**.

Developments in the businesses varied:

I would like to start with **Adhesive Technologies**. Our biggest business unit. We offer not only adhesives. But also, innovative sealants and coatings. Our top brands are **Loctite, Technomelt and Bonderite**.

We are the **global market leader** with Adhesive Technologies. With extensive **technological expertise**. We have a global presence. And we offer tailored solutions. For our customers across a broad range of industries.

Sales of Adhesive Technologies increased to around 9.6 billion euros in fiscal 2021.

Representing organic growth of 13.4 percent. Business has thereby exceeded the pre-crisis level. The main reason was the significant recovery in industrial demand after the slump in 2020.

We achieved double-digit growth in all **business sectors**. And we made gains in all regions.

Adjusted operating **profit** was significantly higher year on year at 1.6 million euros. Adjusted **return on sales** improved to 16.2 percent.

We now come to the **consumer goods business**. In which we are represented by two business units. As you know, we are currently working intensively on merging those. I will come back to this topic later.

The **Beauty Care** business unit comprises two major business areas. The Consumer business. And the Professional business area serving our hair salon customers. Our biggest brands are **Schwarzkopf, Dial and Syoss**.

Beauty Care sales amounted to around 3.7 billion euros. Representing an organic sales increase of 1.4 percent.

The development varied. The Professional business recorded a significant recovery in 2021 compared to 2020.

By contrast, the Consumer business was impacted in particular by a normalization of demand in the body care category. This category had sustained major increases in 2020. Mainly due to the high demand for soaps and hand sanitizer products. By contrast, the Hair Care business showed good overall sales growth last year.

Adjusted **operating profit** came in at around 350 million euros. Adjusted **return on sales** decreased to 9.5 percent. Among other things, due to higher investments in marketing and advertising, as well as to significantly higher raw material prices.

We now come to the **Laundry & Home Care** business unit. Number 3 in the world. With many well-known, innovative and successful brands. From Persil and Pril to Somat. To name just a few examples.

The **Laundry & Home Care business unit's sales** in 2021 amounted to around 6.6 billion euros. Organically, sales grew by 3.9 percent. After the business already recorded strong growth in fiscal 2020. Both areas, Laundry Care and Home Care, were able to grow.

At 900 million euros, adjusted **operating profit** was below the figure for the previous year. Adjusted **return on sales** decreased to 13.7 percent. Mainly due to exceptionally strong increases in raw materials and logistics prices.

Those are the numbers relating to our business units.

Now just a brief look at our **regional performance**:

The **emerging markets** saw sales grow organically by 15.4 percent. With a clearly double-digit growth in all regions. Be it Latin America, Africa/Middle East, Eastern Europe or Asia-Pacific. Sales in these regions amounted to 8.3 billion euros. This corresponds to around 40 percent of our consolidated revenues.

In the **mature markets**, sales came in at around 11.6 billion euros. An organic increase of 2.5 percent compared to the previous year. With Western Europe showing above-average growth. By contrast, developments in North America remained below our expectations. Particularly because of our consumer goods businesses.

This is an area in which we need to improve. We have taken targeted steps to achieve this. And this year, we continue to work hard on this.

As I have said: All in all, we achieved a lot in 2021, in a very difficult environment. This was only possible thanks to the dedication and continuous efforts of our global team. I would therefore like to thank all **employees** for their fantastic commitment. Especially those who keep production running at our sites.

Ladies and Gentlemen,

You will of course be particularly interested in how our **share prices** have developed. At year-end 2021, Henkel preferred shares closed at 71.14 euros. Twelve months earlier, they were at 92.30 euros. Taking into account the reinvestment of the dividend, the total return amounted to minus 21.5 percent.

We know that this is more than just a disappointment. There is nothing to “sugarcoat”. This does not correspond to our possibilities at all. And certainly not to our ambitions for the future!

Aside from the share prices, the **dividend** payout will also be of great importance to you. Since our IPO 37 years ago, we have always paid a dividend. Regularly above or at least equal to that of the previous year.

And we do not deviate from this, even in the Corona crisis. We are therefore proposing to you today a stable dividend payout of 1 euro and 85 cents per preferred share. And 1 euro and 83 cents per ordinary share.

This proposal represents a **payout ratio** of 40.5 percent. Slightly above the targeted range of 30 to 40 percent of adjusted net profit.

With a dividend yield of around 3 percent, we are above the average for the DAX.

At the end of January, we announced the **first share buyback program** in the history of the company. This is a clear signal. We thus underline our confidence in our financial strength and the potential of our businesses.

The program provides for the repurchase of shares with a total amount of up to one billion euros. We started the buyback in mid-February already. The program is expected to be completed by the end of March 2023.

With that, I will now come to our **outlook for 2022**.

We already provided specific guidance at the end of January. As one of the first companies in the DAX. And among our competitors.

A lot has happened since then. The war in Ukraine, the sanctions and further price increases for energy and logistics services were not foreseeable on this scale at the time.

It is still not possible to assess the extent to which the dramatic developments of the past weeks will affect the global economy. But without doubt: It will probably be even more difficult than already expected.

This also relates to our outlook for 2022 from the beginning of this year. This does not yet take into account the possible far-reaching effects of the war in Ukraine.

I would now like to move on to the progress we have made in **implementing our agenda for purposeful growth**. And what we plan to do in the future.

We first presented the key elements of our strategy in March 2020. Since then, we have consistently driven forward our strategic priorities. Despite a difficult environment.

- We have further developed our **business and brand portfolio**.
- We have expanded our **competitive edge**. By accelerating our **innovation processes**. By integrating **sustainability** more deeply within our business activities. And by increasing value through **digitalization**.
- We have continually adapted our **business processes** and made them future-ready.
- And we have significantly further developed and strengthened our **corporate culture**.

Let me briefly describe this in detail:

Active portfolio management is an important element of our strategic framework. At the beginning of 2020, we had set ourselves a clear target by the end of 2021. We intended to sell or discontinue brands and businesses with a sales volume of around half a billion euros. And we did it. As planned, the majority of the measures relate to Beauty Care and Laundry & Home Care.

But we also strengthened our portfolio with **acquisitions** in 2020 and 2021. M&A activities are and will remain an integral part of our corporate strategy. We have invested more than half a billion euros in M&A activities. In all three business units

In Adhesive Technologies, we expanded our position in North America in 2020. In the field of adhesives and sealants for consumers and craftsmen.

In the Laundry & Home Care business unit, we further strengthened our position in France last year. With the takeover of Swania. A company with strong brands in the sustainable laundry and home care segment.

And just recently, in early February, we agreed to acquire Shiseido's Professional business in Asia. The transaction encompasses premium products for hairdressers.

This will make us one of the leading partners for the salon business in Asia. A very attractive growth market. With a lot of future potential.

With that, I will now come to a key element of our agenda. Strengthening our **competitiveness**.

For this, **innovations** are crucial. In all our business units. We also made further progress in this area in fiscal 2021.

Our new global **innovation center** serving for the **Adhesive Technologies** business unit was opened in Düsseldorf. We have invested around 130 million euros in the center. Work has already started on building a further innovation center in Shanghai.

We successfully launched many innovations. Effectively supported by targeted investments. The **Adhesive Technologies** business unit introduced a number of specialty solutions for electric vehicles. For example, in the field of heat dissipation. Furthermore, our innovative adhesives are facilitating the development of sustainable packaging solutions.

In the **Beauty Care** business unit, the Taft hairstyling brand and the hair colorant brand Igora Royal were extensively relaunched. We also expanded the range of our sustainable Nature Box brand for example, by launching further products in solid form and refillable packaging solutions.

In **Laundry & Home Care**, we strengthened our detergent capsule lines through new innovations. These cover all price segments. And are available under well-known brands such as Persil, Spee and Perwoll. In addition, we launched our sustainable Persil Eco Power Bars in the first countries in Europe.

Targeted investments in young companies with growth potential are also part of our strategy. That's why we launched a first venture fund a few years ago, with a volume of 150 million euros.

And we are continuing this path. With our new **Venture Fund II**, we will again be investing around 150 million euros in innovative technologies and new business models.

Another important pillar of our growth agenda is **sustainability**. Our commitment in this area is **integral to our corporate culture**. And here, we also made good progress last year.

Let me give you some examples.

- Compared to the base year of 2010, we halved CO₂ emissions from our production activities in fiscal 2021.
- We increased the proportion of recyclable or reusable packaging to 86 percent.
- And last year, we issued sustainability bonds with a volume of more than 700 million euros.

It is not only in retrospect that we have achieved a lot. We are also pursuing **ambitious sustainability goals** for the future. We have summarized them in a new strategic framework. Beyond our existing targets, we have set new, long-term ambitions. Thereby, we take into account the growing importance of sustainable action.

In the **“Regenerative Planet”** dimension, we will focus on topics such as climate protection, circular economy and natural resources. Our ambition is to become climate-positive in our productions already by 2030, ten years earlier than initially planned.

Together with our supplier BASF, we will replace fossil raw materials with renewable raw materials. In many of our consumer goods products. This will save us more than 200,000 metric tons of CO₂ emissions over the next four years in Europe alone.

To promote the circular economy, all our packaging should be reusable or recyclable by 2025.

We are also aiming to achieve closed-loop water and waste cycles within our production sites by 2030.

In the **“Thriving Communities”** dimension, we focus on topics such as equity, education and wellbeing.

To promote diversity and equity, we aim to achieve gender parity across all management levels by 2025. Today, we have reached around 38 percent.

We are also pursuing ambitious targets in the third dimension, “**Trusted Partner**”. One is to achieve 100-percent transparency in the procurement of palm kernel oil by 2025.

For further information, please have a look at our **Sustainability Report**. It is full of data, facts and illustrative examples. You will find it on our website.

Alongside innovation and sustainability, **digital transformation** is one of our strategic priorities. Also here, we have made concrete progress.

Last year, for example, **digital sales** again showed double-digit percentage growth. Across all our business units. The share at Group level rose to more than 18 percent. Two years ago, at the end of 2019, the figure was still around 12 percent.

With our new digital unit Henkel dx, we have further accelerated digital transformation within the company. For example, our first “Digital Innovation Hubs” opened in Berlin and Shanghai.

We are also committed to strong partnerships in the area of digitalization. We have developed an integrated platform for digital business and e-commerce together with Adobe. We call it RAQN. With this, we will accelerate innovation and create new growth opportunities.

Another cornerstone of our strategy is to establish lean, fast and future-ready **operating models**. We continued to drive forward the changes initiated in 2020. In all our business units and in our corporate functions. For example, in Purchasing. This also enabled us to respond quickly and flexibly to the significant dislocations in our supply chains.

The foundation of our growth agenda is a strong **corporate culture**. With shared values and a clear framework for collaborating as one team.

In 2021, we have further strengthened our corporate culture. With a new company **purpose: Pioneers at heart for the good of generations**. Serving as a guiding principle, it connects all our employees around the world. It describes what drives us. Hence it is important that we have a common understanding of our purpose and consciously align our actions accordingly.

We also implemented many measures in 2021 to promote our corporate culture. For example, we introduced a comprehensive **360-degree feedback program** for senior executives. In addition, we have developed a holistic **“Smart Work” concept**.

Thereby, we have established a global framework for mobile working, digital workplaces and employee health.

Ladies and Gentlemen,

As you can see, we have made great progress in many important aspects of our strategic agenda.

In other areas, however, we still need to improve. That’s why we are now setting out a new course for Henkel’s future: We will merge our consumer goods businesses Laundry & Home Care and Beauty Care into one new business unit. **Henkel Consumer Brands**.

The new, integrated business unit will be operational by the beginning of 2023. We will then have two business units at Henkel of roughly equal strength: Adhesive Technologies and Consumer Brands.

This is a major step. Therefore, I would like to explain the reasons and the advantages of this change.

The world around us is changing faster than ever before: Sustainability and digitalization are becoming increasingly important. Distribution channels are shifting towards online and are increasingly overlapping. Supply chains are being significantly disrupted. And raw material prices are rising to new highs.

At the same time, our market and competitive environments are rapidly changing. This may result in options for future growth and acquisitions.

We want to take on the challenges and make even better use of the opportunities. That is why we are joining forces. With Henkel Consumer Brands, we will create a strong joint platform. For our consumer brands from Persil to Schwarzkopf. And for our Professional business.

For more growth and higher margins. In our consumer goods businesses. And for Henkel.

We are convinced that the merger is the best way to create more added value. For the company, for our shareholders, for our customers and for our employees.

What will the merger bring? I would like to outline three advantages. We summarize them under the keywords **platform, size and team**.

What advantages does a 10-billion-euro platform have over two separate businesses? First of all, better portfolio management.

In the future, we will be setting even higher standards for what it means to be a Henkel business or brand.

With clear criteria: Strong growth opportunities. Attractive gross margins. And leading positions.

Most of our consumer brands and businesses meet these criteria. But not all. In a joint portfolio, we have the necessary scale to apply such criteria even more consistently. Without losing relevance for trade in the overall market.

We will therefore divest or discontinue further parts of the portfolio that are not among our future strategic core businesses. This means we will be going beyond the portfolio measures that we completed at the end of 2021.

We already know that we will be discontinuing brands and businesses in the Beauty Care portfolio. Representing sales revenues of around 200 million euros. Over the course of this year. And we are also considering more far-reaching adjustments to the future Consumer Brands portfolio.

The integration also creates opportunities for more growth. The merger will allow us to expand into new product categories that today would not fit either to Laundry & Home Care or Beauty Care alone.

Aside from these platform advantages, the merger will bring more efficiency. With our forces combined, we will be able to better develop and launch innovations. For example, we can work together on recyclable packaging for hair care products and detergents. Or on new e-commerce platforms.

The new business unit will also enable synergies. For example, in administration. In sales and marketing. Or in other areas that are still managed in two separate units today.

We will invest parts of the resulting savings in strengthening our businesses. For more innovation, sustainability and digitalization. And we will use the other part to sustainably increase our margins.

Ultimately, we will become more attractive as an employer in the consumer goods industry and offer more development opportunities.

In the integrated unit, there are positions with more responsibility, for larger teams and for bigger sales numbers. Our importance for our trading partners will likewise increase. There will be exciting new tasks arising.

We are convinced: With this merger, Henkel is much better positioned for the future.

We deliberately announced our plan early at the end of January. Since then, we have been working intensively on the preparation to merge both units.

My colleague Wolfgang König will be responsible for the new unit Henkel Consumer Brands. I am sure that he will successfully lead the business with his team in the future.

My colleague on the Management Board, Bruno Piacenza, is responsible for the Laundry & Home Care business unit since 2011. He will remain with the company until the end of 2022 at the latest and will be working closely with Wolfgang König in the transition.

I would like to take this opportunity to express my sincere thanks to my colleague of many years, Bruno, for his services to Henkel and his active support during the upcoming integration.

The preparations for the merger are already well advanced. We had first constructive discussions with the employee representatives. And we have already laid the cornerstones of the future organizational structure.

It will comprise four regions and two global categories, "Laundry & Home Care" and "Hair". Supported by central functions.

The team has also been appointed to the first management level below the Management Board. And the project organization for the merger has already begun its work. We have a clear objective: To launch Henkel Consumer Brands by the beginning of 2023. Until then, there is still much to do.

We will be providing further information on May 5. When we will be announcing our financial performance for the first quarter.

Ladies and Gentlemen,

The last two years have been very difficult. Now we are witnessing how a terrible war right at the heart of Europe poses completely new challenges for us all. Therefore, it is even more important to pursue a clear long-term strategy and ambitions. We are convinced that we are on the right path for the company.

This is also reflected in our **mid- to long-term financial ambition**. We want to achieve organic sales growth for Henkel of 3 to 4 percent. An adjusted EBIT margin of around 16 percent. And for adjusted earnings per preferred share, growth in the mid- to high single-digit percentage range. Based on constant foreign exchange rates. At the same time, we intend to maintain our focus on free cash flow expansion.

This is also the first time that we have mentioned concrete ambitions for the two future business units. In this way, we want to offer more transparency. We want to be measured against this.

We have set ourselves ambitious targets. Yet, we are confident that we can achieve them. Even though we are once again facing major challenges. We have the right strategy, an outstanding team and a strong culture.

We are well positioned. To generate strong, **purposeful growth** with higher margins. This is at the core of our strategic agenda. Which has been proven worth even in the crisis. And we have already made a lot of progress. Now we are raising the bar to the next level. And I am convinced: We will make this decade a success for Henkel.

Finally, I would like to say **thank you**:

- First and once again to all our **employees** around the world. You have achieved a lot in the last two years. And now, in the face of war, you have again shown what it means to embody the Henkel spirit.
- To the entire **Management Board**. For your dedication. For your team spirit and for your support.
- To our **bodies**, the Supervisory Board and the Shareholders' Committee. And in particular to you personally, Dr. Bagel-Trah, as Chairwoman of the two bodies. For our close and trust-based collaboration. For your counsel. And for our consistently constructive discussions about Henkel's future.

And finally, of course, to you. Our **shareholders**. For continuing to accompany us. Thank you for your confidence in and your loyalty to our company.

Many thanks for your kind attention.

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