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Conference Call HY 2021, August 12, 2021

Henkel Representatives
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Investor Relations Team

Dear Investors and Analysts,

good morning from Düsseldorf.

Warm welcome to our conference call on the results for the first half of 2021. Thank you for joining us today.

I am here with our CFO Marco Swoboda.

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Let me begin this call reminding everyone that this presentation containing the usual formal disclaimer of forward-looking statements within the meaning of relevant US legislations can be accessed via our website henkel.com/ir.

The presentation and discussion are conducted subject to this disclaimer.

I will not read this disclaimer - we take it as read into the record of this conference call.

Today, I am going to lead you through the key developments in the first half year and provide an update on where we stand with the execution of our Purposeful Growth Agenda.

Then, Marco will comment the financials in more detail and I will continue with the full year outlook, before closing with Henkel's priorities for the remainder of this year.

We are looking forward to answering your questions in the end.

Starting with the key developments in the first half of 2021.

We delivered a very strong performance in a truly demanding and volatile market environment with significant improvements on both top- and bottom-line.

With double-digit organic sales growth of 11.3 percent. Supported by all our business units and with growth in all regions, adjusted for currency effect, Henkel is back to 2019 pre-COVID levels.

And with particular strength in Adhesive Technologies, which achieved an organic sales growth of 20% in the first half.

Beauty Care recorded organic sales growth of 5.2%, driven by a very strong recovery of the Hair Professional business. Sales in the Consumer business declined.

Laundry & Home Care sustained its strong performance with share gains in most regions and very strong organic sales growth of 3.9%.

Thanks to our strong sales growth and corresponding operational leverage with structural cost well under control, we were able to improve the adjusted EBIT margin by 190 bps to a level of 14.4 percent – despite first headwinds from input cost inflation.
At constant exchange rates, adjusted EPS increased by about 30 percent.

We also made strong progress in the execution of our strategic framework – with a key focus on expanding our competitive edge and enhancing our company culture.

Our new Henkel purpose was launched in the second quarter and sits at the heart of our strategy.

We achieved all this in a highly demanding and volatile business environment, which continues to be impacted by the implications of the global COVID-19 pandemic.
I will allude to that in a second.

We are reflecting this in our financial outlook for the full year, which we are updating today based on our strong performance year-to-date:
We are raising our expectation for organic sales growth by 200 basis points to now 6 to 8 percent.
At the same time, our new margin guidance of 13.5 to 14.5% is incorporating significant input cost inflation, to a large extent compensated by the better top-line and countermeasures.
On the bottom-line, we are confirming our outlook for adjusted EPS growth by
a high single-digit to mid-teens percentage.

Let us have a closer look at the business environment we were operating in.

BUSINESS ENVIRONMENT

- **Strong economic recovery in H1 2021** after significant pandemic-related downturn in 2020
- **Industrial production significantly improved** with broad-based recovery across industries
- **Consumer demand with varying dynamics** in different categories and partially high volatility
- Scarcity in raw material supply and logistics with **drastic and broad-based cost inflation** in volatile markets, further **accelerating in Q2**

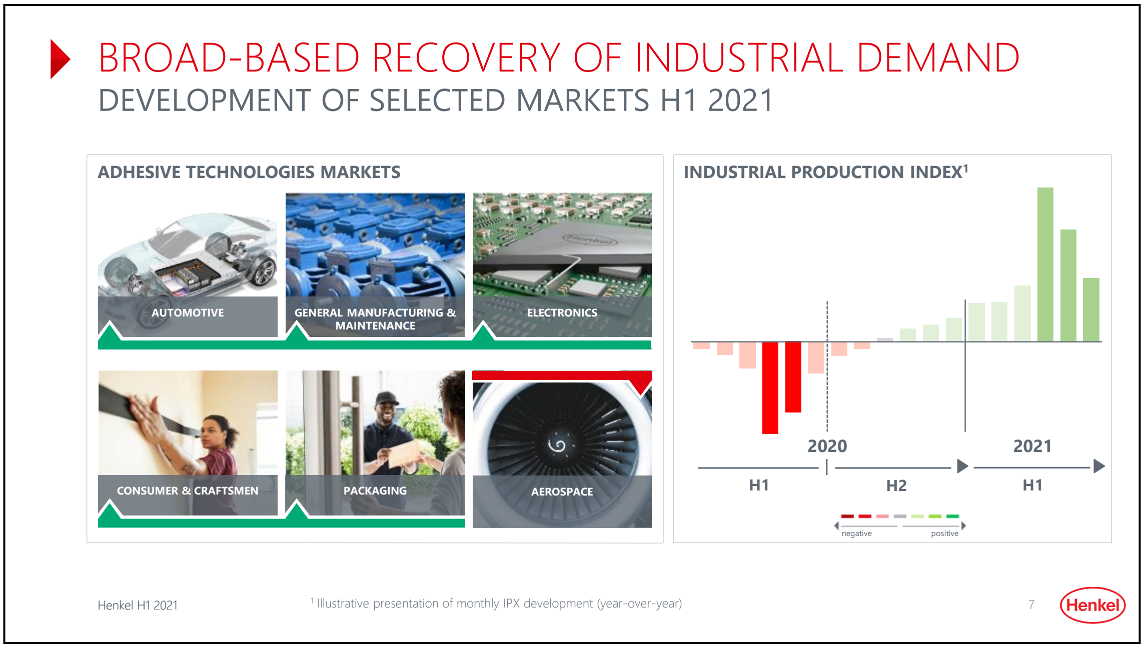
In the first half, we experienced a strong economic recovery, further accelerating in the second quarter.

Industrial demand improved significantly with a broad-based recovery across regions and sectors.

Consumer behavior continued to be impacted by the pandemic.
And we witnessed varying dynamics and partly high volatility in demand in different categories.

The scarcity in raw material supply and logistics with drastic and broad-based cost inflation in volatile markets accelerated in the course of the first half year.

Let me provide you a bit more detail.



While the pandemic situation continued to affect most countries, we experienced
a very strong economic recovery in the first half.

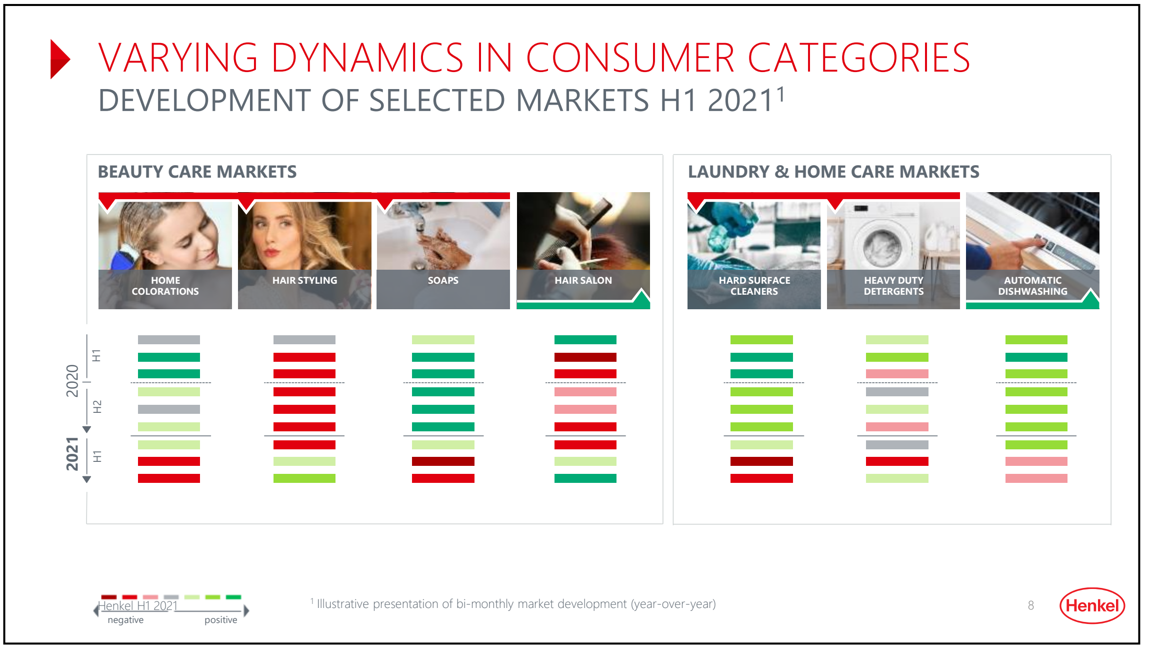
This is evidenced by the development of the Industrial Production Index, which advanced by about 11 percent year-over-year in H1 and by 16.5 percent in Q2.

Whereas the development in the first quarter has been driven by a strong recovery in the Asia-Pacific region and above all China, growth in Q2 was much more
broad-based across regions.

Most markets relevant for our Adhesive Technologies business recorded a sustained significant recovery.
These include General Manufacturing & Maintenance and especially the Automotive sector, despite headwinds from the semiconductor shortage.
However, this important sector is still strongly behind 2019 volumes.

The electronics, packaging and consumers & craftsmen markets on the other hand continued to benefit from an ongoing strong demand.

As a result of the very strong recovery, industrial production volumes exceeded their respective pre-COVID levels.

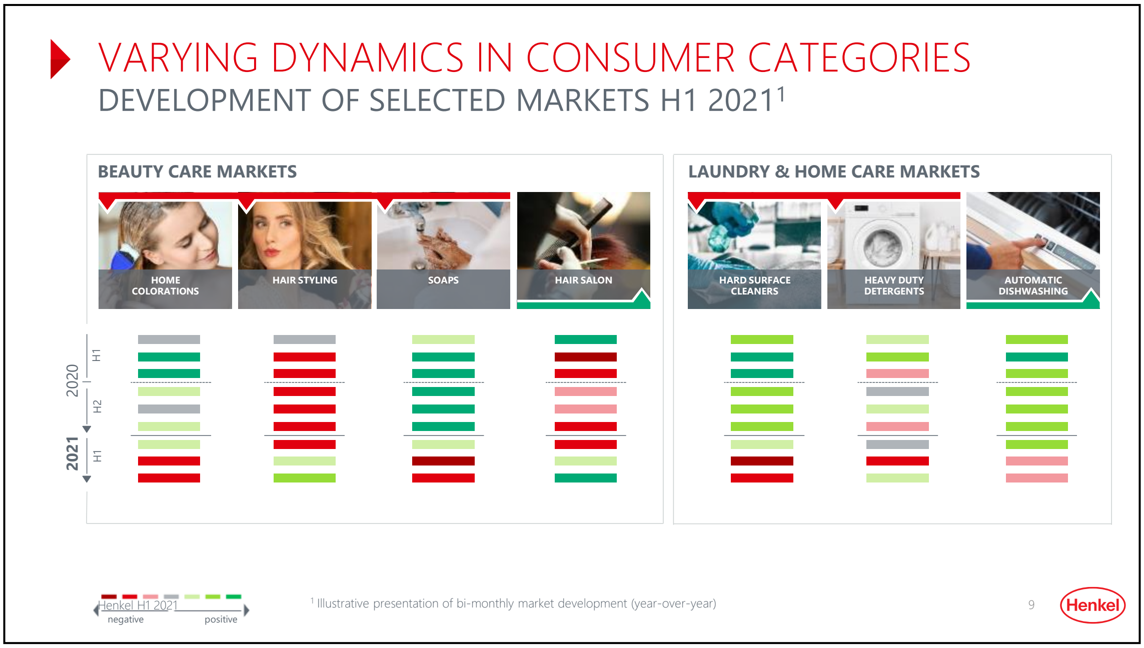


On the other side, we see varying dynamics in consumer categories.

Despite a rising number of vaccinations, COVID infection rates remained high and consumer behavior continued to be impacted.

We can see consumer demand starting to normalize with varying dynamics in our different categories. But volatility remains high as quite some categories are lapping high peaks and lows in demand in the prior-year period.

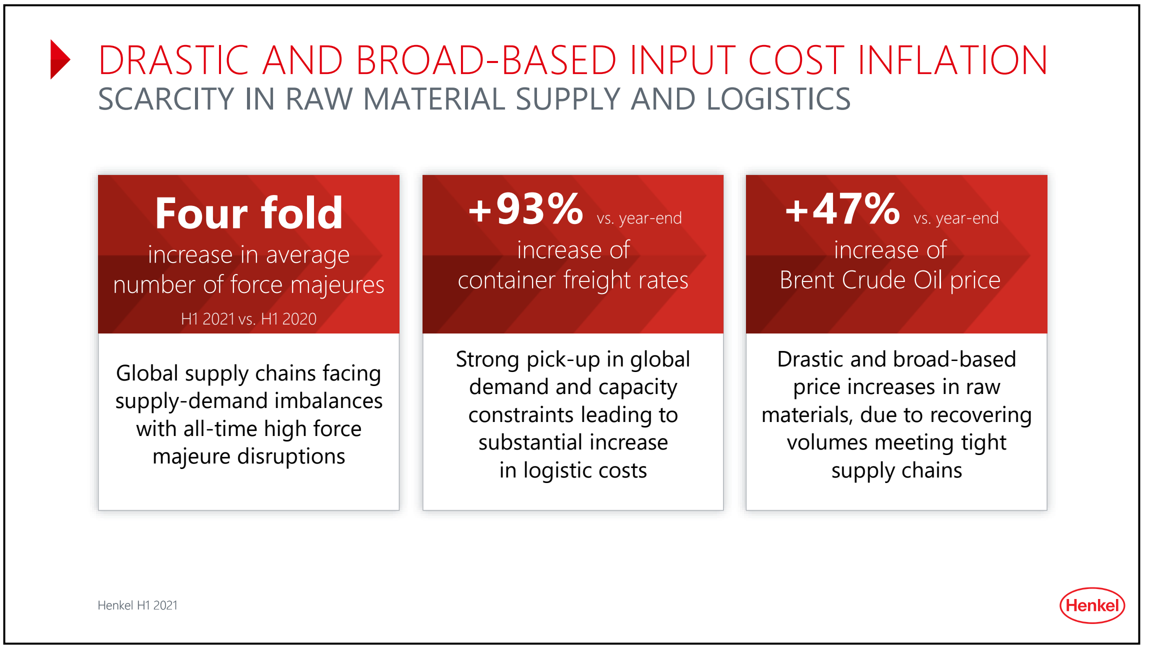
Demand for hygiene-related categories and those categories that benefitted from stay-at-home effects continued to be above pre-COVID levels but turned negative in the course of the first half 2021.
That includes hard surface cleaners and at-home colorations for example.
Also demand for heavy duty detergents is softer year-to-date.
Automatic dishwashing on the other hand is still positive.



We face the strongest market pressures in body care and here particularly in soaps.
The category is hit by a substantial unwind of demand against extreme peak levels, especially in the second quarter and in our key markets North America and Western Europe. Year-to-date global markets declined by a clear double-digit percentage.

In contrast, the Hair Salon market showed a strong rebound as the first half year progressed, benefitting from continued lifting of restrictions and re-opening of salons.

Also demand for Styling products started to turn positive in the course of Q2. However, this comes with some time delay and still far from pre-crisis levels.



Finally, the booming industrial demand and continued high demand in many consumer categories are meeting tight production capacities.

In addition, weather- and pandemic-related disruptions and container and labor shortages are putting pressure on already tight markets.

In the first six months:

- We recorded so far more than 1,000 force majeure situations.
- Container freight rates almost doubled.
- And prices for many raw materials experienced drastic increases.

Since May, these trends accelerated.

Back then we had increased our expectation for direct material prices to increase
by an upper mid-single digit percentage.

Today, we are updating this assessment and expect prices to rise by a low-teens percentage in the full year. This implies further cost pressures in H2.

In this highly challenging environment, our focus is clear: All hands are on deck to secure raw materials, production and supply to our customers. So far, we have been very resilient and could avoid significant disruptions.

We work hard to limit the impact on Henkel's profitability with pricing where possible, albeit with a certain time lag.
As well as additional savings in the supply chain.

AGENDA

01 Key Developments H1 2021

02 **Purposeful Growth Agenda**

03 Financials H1 2021

04 Outlook & Closing

Henkel H1 2021

Henkel

And we maintain our focus on the medium and long term, which brings me to our Purposeful Growth Agenda.

We continuously evolve our Purposeful Growth Agenda and implement our strategic framework with full force with two clear priorities for 2021:

- First, gaining competitive edge and accelerating performance through innovation, sustainability and digitalization.
- And second, making our cultural change tangible for every employee at Henkel.

We achieved strong progress across all defined focus fields, and I'd like to give you some color on our key milestones and achievements.

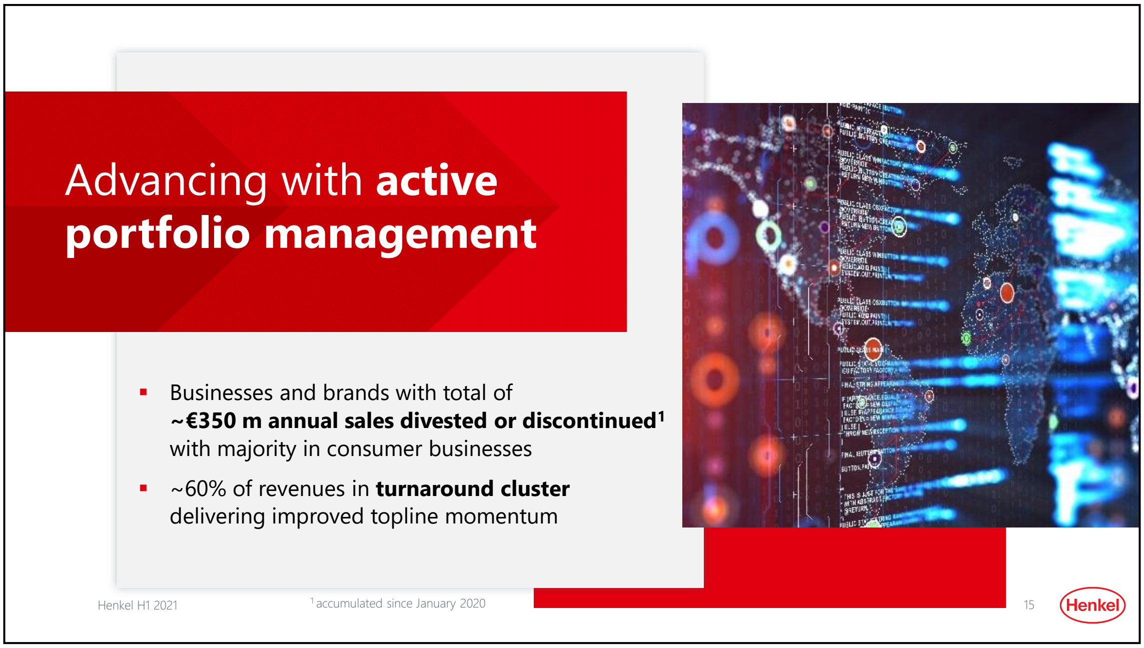
PROGRESS IN STRATEGIC FOCUS FIELDS

Advancing with active portfolio management:
~€ 350 m sales divested or discontinued
Attractive acquisition strengthening sustainability position

Expanding competitive edge:
Impactful innovations and sustainable solutions driving double-digit growth
Group digital sales up by 40%

Doubling down on cultural transformation:
New purpose and smart work concept launched

Let me start first how we advanced with our active portfolio management.



We had identified brands and categories with a total sales volume of more than one billion euros. And we had marked half of this amount for divestment or discontinuation by end of 2021.

Up to now, we divested or discontinued a total of roughly 45 brands and businesses with an annual sales volume of around 350 million euros – predominantly in our consumer businesses.

Divestments account for about two thirds and discontinuations for around one third.

And we sustained the positive trend with brands and businesses that we had marked for turnaround measures: Around 60% of the revenues in the turnaround cluster delivered improved topline momentum.

- **Acquisition of Swania** in France, expanding position with ecological laundry and home care products
- **Highly complementary, leading portfolio** in very attractive and profitable market segments
- M&A remains **integral part of strategy**

Attractive acquisition strengthening sustainability position

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In addition, an attractive acquisition strengthened also our sustainability position.

Just a few days ago, we successfully completed the acquisition of Swania, the fastest-growing French independent player in the ecological home care market.

The acquired portfolio comprises

- Maison Verte, one of the most established French sustainable home care brands offering a wide variety of products certified with Ecolabel.
- And YOU, targeting young, technology-oriented consumers.

The acquired businesses are highly complementary to our portfolio, providing compelling growth opportunities in very attractive and profitable market segments.

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Second, we successfully gained competitive edge through innovation, sustainability and digitalization.

In Adhesive Technologies, we are delivering against our ambition to accelerate growth in attractive markets.

In the rapidly growing market for thermal interface materials, our teams addressed the increased challenges from high power density and voltage in 5G devices. They co-developed high-performance solutions with key customers, which resulted in mid double-digit growth and market share gains.

We further extended our very strong market position in the beverage can market with high-performance solutions in lubricants, cleaners and can sealants – thanks to major project wins for new capacities and line extensions.

And we strengthened our leading position in the silicone and sealant market, successfully integrating our latest acquisition in the North American home improvement market.

Strong comeback in Beauty Care **Professional**

- Professional with **double-digit growth** in all regions driven by innovations and strong customer support for fast comeback of salons
- Superior innovations fueling re-opening with **IGORA Royal relaunch** and **Joico COLORFUL line extension**
- **New European & North American e-shop live**, boosting digital sales share

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Looking to beauty care and starting with our Professional business. In Beauty Care Professional, we see a strong comeback.

We recorded a very strong performance in Q2 with mid-double-digit growth across all regions.

- Our strong customer relationships,
- the close support for our salons with numerous digital events,
- and superior innovations that are fueling the re-opening of salons

were all key for our success.

We relaunched IGORA Royal with a re-designed sustainable packaging concept and introduced the Joico COLORFUL line extension with a new formula and digital coloration tools.

The digitalization of our business model is at full speed.
Our new e-shop which is already live in 19 countries and the introduction of the “Salon Finder” helps us to connect consumers with more than 6,000 salons globally to highlight a few examples.

Driving strategic initiatives in Beauty **Consumer** in challenging markets

- **Continued growth in Hair Care** driven by consumer-focused innovations under Gliss, Extra Care and Nature Box brands
- **Outgrowing markets in Hair Color** with strong innovations under Natural & Easy and Palette brands, gaining 110 bps global share vs. pre-COVID
- Expanding millennial consumer brand **got2b into Color Cosmetics category**

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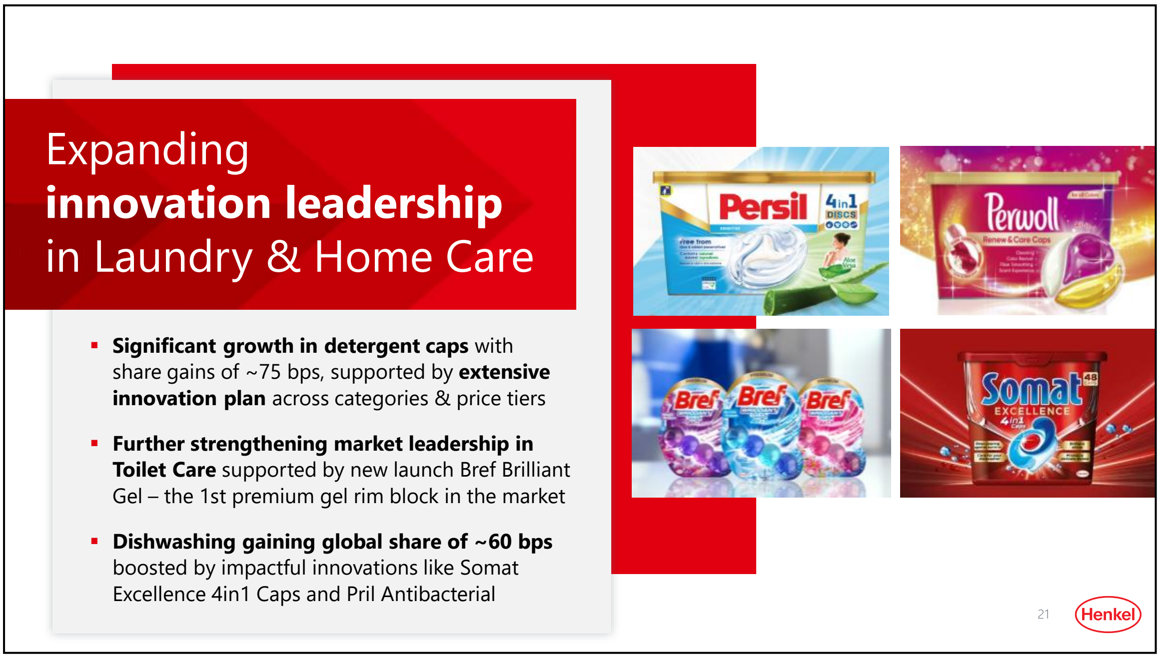
Turning to our Beauty Care Consumer business, which is not meeting our expectations and recorded a decline in organic sales –

for sure in challenging markets and driven by a weak performance in the body care category.

Nevertheless, we made progress in our strategic initiatives:

- In Hair Care we introduced consumer-focused innovations leading to continued growth throughout H1 such as Gliss Kur 7 Sec Express and line extensions under our Extra Care brand.
- In Hair Color we are outgrowing competition with share gains of 110 bps versus the pre-crisis level. A great achievement in a challenging market environment with demand starting to normalize. Here the teams successfully relaunched Natural & Easy with a natural formula and a more sustainable packaging.
- We are finally expanding our millennial brand got2b into the color cosmetics category with consumers as co-creators.



Moving to Laundry and Home Care. In Laundry & Home Care, we expand our innovation leadership:

- in the strategically important Caps segment we continue to outgrow our markets and gained 75 basis points in global market shares.

  This was supported by strong innovations, such as our brand-new Perwoll caps and an expansion of our Persil 4in1 DISCS portfolio.

- In Toilet Care we further strengthened our position as global market leader hitting an all-time-high share with the launch of Bref Brilliant Gel, the first of its kind.

- We also achieved strong market share gains of around 60 basis points in Dishwashing, driven by successful launches; be it the new Somat Excellence 4 in 1 Caps or Pril Antibacterial.

And of course I also want to update you on our progress in Laundry North America: mastering the turn around is a top priority for us.

Here we are taking decisive actions along our strategic framework.

- We stepped up our innovation initiatives with launches across our key brands. The launch of Persil ProClean "Active Scent Boost" or relaunches under our all' and Snuggle brands are important examples.

- Service levels and customer in-stock levels have improved meaningfully year-to-date, despite ongoing supply chain challenges.

- Our new management team is in place with an enhanced organizational structure and cooperating closely with our key accounts.

We have not yet achieved a turnaround, but we are making progress.

There are early signs that our initiatives start to pay off:
The team has almost stopped the erosion of market shares of our core brands. A positive trend we need to confirm in the coming months.

Besides innovations, sustainability is key to gain competitive edge.

In Adhesive Technologies, the teams expand our leading position through sustainability initiatives:

- We are supporting the leading sports shoe brands with “Loctite Aquence”, a **unique water-based bonding technology**, and help our customers to reduce CO_2 emissions in the bonding process by up to 30 percent.
- We developed an **innovative building insulation system**, which enables our construction business customers energy savings of up to 50 percent.
- And we developed and are now executing a comprehensive approach to **map and track the sustainability contribution of our entire Adhesive Technologies portfolio.**

Stepping-up **sustainability** in Beauty Care and Laundry & Home Care

- Advancing **partnership with Plastic Bank**: Henkel's Social Plastic ecosystem recognized with PCD[1] Innovation Award
- Promoting sustainable packaging solutions, e.g. with **recyclable refill packaging for Nature Box**, using 74% less plastic compared to bottles
- **Further scaling up green platforms**, for example with Love Nature, already #3 brand in strongly growing green segment in Germany

[1] Packaging of Perfume Cosmetics & Design, Paris

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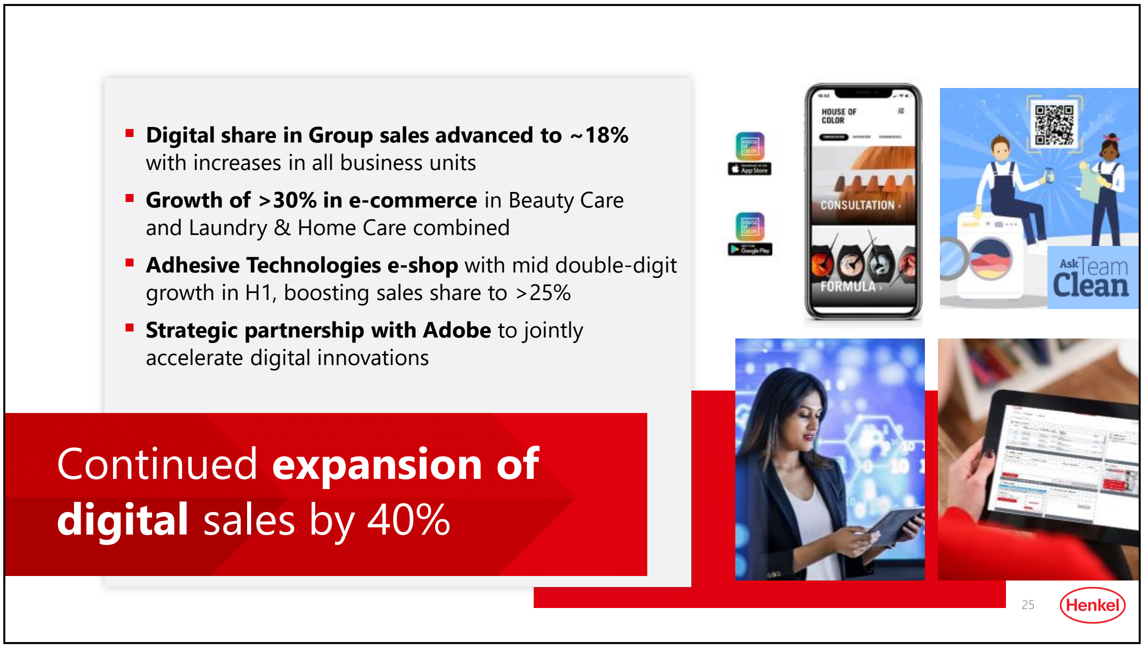
In Beauty Care and Laundry & Home Care, the teams continue to step-up and put strong emphasis on sustainable packaging.

- They launched among others **recyclable refill packs for our Beauty Care brand Nature Box** containing 74% less plastic compared to bottles.
- Or continue to expand our **green platforms with** our new sustainable Laundry & Home Care brand **Love Nature which** has become the number 3 in the fast-growing green segment in Germany.

And our progress is recognized:

We received the PCD Innovation Award for our Social Plastic® ecosystem, which we build and expand through our cooperation with Plastic Bank since 2017.



Finally, the third competitive edge pillar, our digital transformation is also key to gain competitive edge.

In the first half year, our digital sales share advanced to a new record level of around 18 percent, supported by each business unit.

- Beauty Care and Laundry & Home Care combined grew e-commerce sales by more than 30 percent year-to-date.
- And Adhesive Technologies boosted digital sales in our e-shop by a mid double-digit percentage and increased the share of digital sales to more than 25 percent.

To further gain leading-edge digital experience capabilities, we entered into a **strategic partnership with Adobe**.

Leveraging Adobe's innovation power and ecosystem, we intend to bring our new digital cross-BU business platform to the next level focusing on consumer and customer intelligence and experience.

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Group digital sales up by 40%

Doubling down on cultural transformation:
New purpose and smart work concept launched

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Third, we doubled down on our cultural transformation.

And our new Purpose, **"Pioneers at heart for the good of generations"** will be our north star and guides us on our journey towards a collaborative culture with empowered people.

Let me give more color what we mean by that:

"Pioneers at heart" captures the entrepreneurial spirit deeply rooted in our DNA, and which has always been anchored in the heart of all Henkelaners.

"for the good" describes that doing business was never an end in itself. For us, it was always combined with a strong sense of responsibility – for the
well-being of employees, our communities and society.
It was also combined with acting in a sustainable way.

"generations" means our commitment for the next generation of people, company, and products.

We also implement clear initiatives to make cultural change tangible for every single employee:

- We promote consistent leadership behavior to empower our employees and give them more room for creativity. We simplify internal processes to enable faster decision-making and focus on strengthening customer focus and innovation.

- We support the individual transformation of our employees.
  And introduced new leadership development formats such as a new 360° feedback tool to increase leadership quality and effectiveness.

  With ambitious goals:
  Until the end of 2021, we will have engaged all top executives.

- And we adapted the way we work together. We have launched “Smart Work”, our new holistic framework, in 85 countries.

  It covers not only mobile work but also the role of offices, employee health and workforce digitalization.

  This includes, for example, the option for employees to work up to 40 percent from home.

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So wrapping it up, we made strong progress across all defined focus fields. Despite a highly demanding and volatile business environment.

So with this, let me now hand over to Marco, who will lead you through the financials in more detail.

Marco Swoboda, CFO:

Thank you, Carsten, and good morning to everyone on the call.

Let's dive straight into the financials for the first half year.

SALES DEVELOPMENT IN H1 2021

DOUBLE-DIGIT ORGANIC SALES GROWTH DRIVEN BY VOLUME

OSG	M&A	FX	Nominal
+11.3% (Price +2.1%, Volume +9.2%)	+0.4%	-7.0%	+4.7%

Henkel H1 2021

Henkel

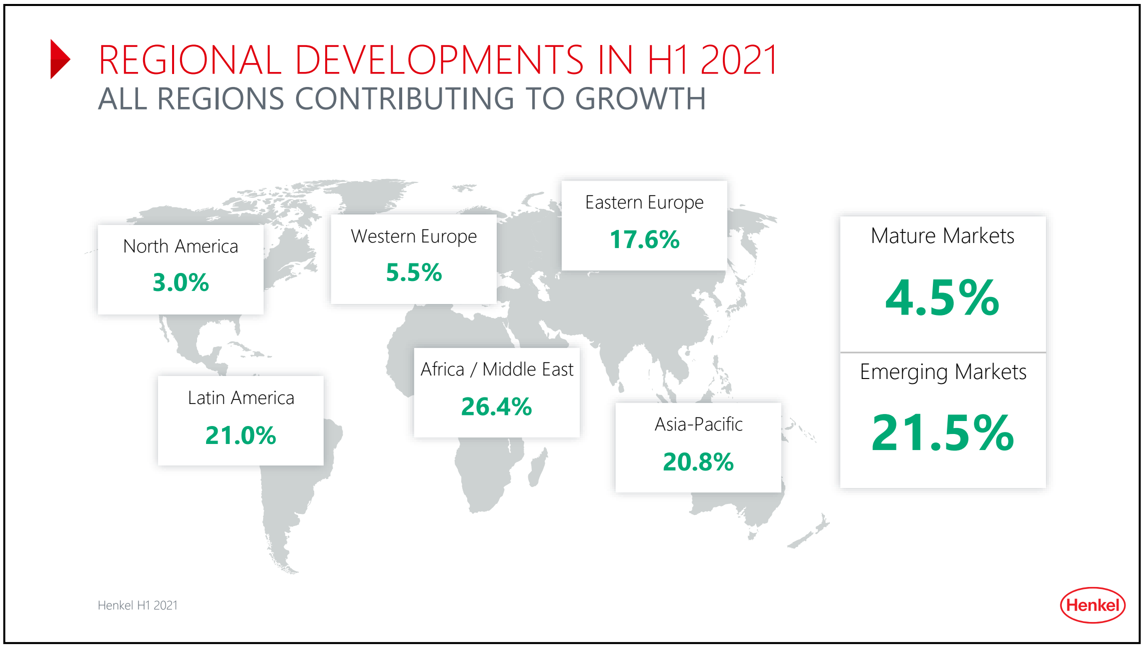
We recorded a double-digit organic sales growth of 11.3% in the first six months.

This was due to strongly increasing volumes at plus 9.2%.
Pricing was up by 2.1% compared to the prior-year period with increases in each business unit.

The net effect of our acquisitions / divestments had a positive impact on sales of plus 0.4%.

Currencies overall were a significant headwind at minus 7%.

In total, Henkel recorded a strong increase of 4.7% in nominal sales to €9.9 billion.



In the first half of 2021, we recorded organic sales growth in all regions. Our strong performance in the emerging markets has been a key driver with double-digit increases in every region:
Middle East / Africa, Asia, Latin America and Eastern Europe.

North America recorded an organic sales growth of 3.0%, mainly driven by double-digit growth in Adhesive Technologies, while Laundry & Home Care was below previous year's level. Beauty Care recorded positive organic sales growth due to the strong comeback in Professional, while Consumer was clearly below previous year.

Western Europe was up by 5.5%, largely a result of a double-digit growth in Adhesive Technologies.

ADHESIVE TECHNOLOGIES
ORGANIC SALES GROWTH H1: 20.2%

- Double-digit growth in each business area and region supported by market recovery against low prior-year basis
- **Automotive & Metals** driven by exceptionally strong Automotive business, outgrowing markets
- **Electronics & Industrials** business area with broad based recovery in Industrials and continued strong Electronics performance
- Growth in **Packaging & Consumer Goods** particularly strong in Packaging and Lifestyle
- **Craftsmen, Construction & Professional** supported by increased demand in General Manufacturing & Maintenance

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Let me provide more color on the half-year performance of our business units, starting with Adhesive Technologies.

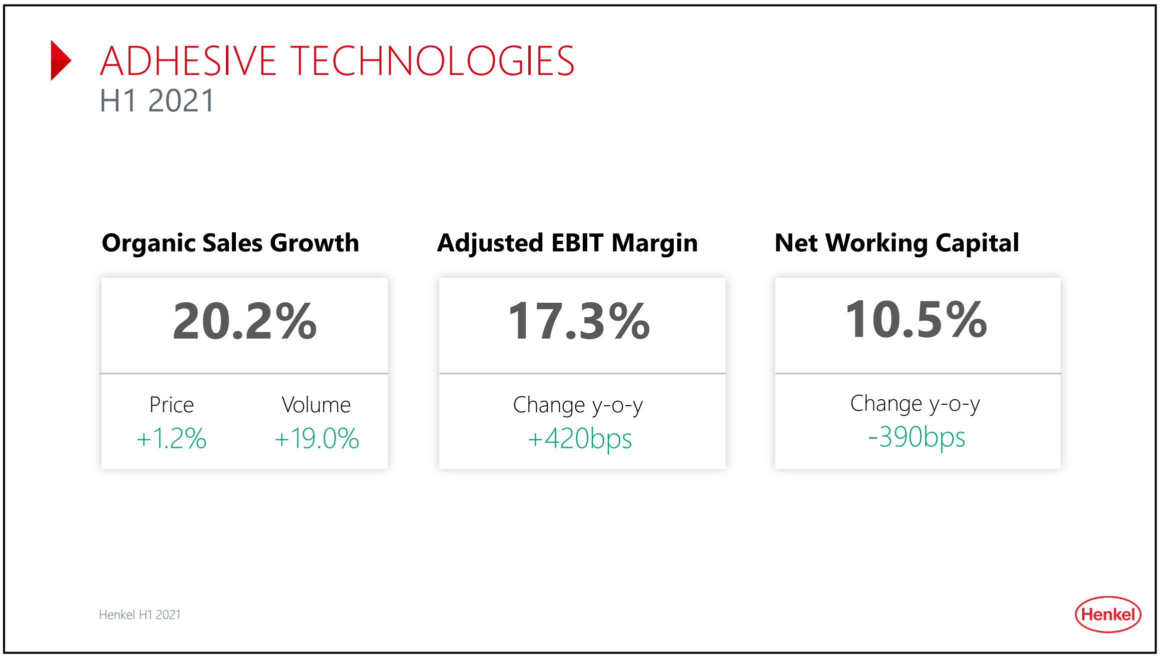
Adhesive Technologies achieved organic sales growth of 20.2% in the first half 2021 with double-digit growth across all business areas and regions. Growth was supported by an ongoing strong recovery of industrial demand.
And compared to H1 2019, Adhesive Technologies organic sales were up by more than 7%.

By business area, **Automotive & Metals** delivered the strongest growth thanks to an exceptional performance in the Automotive business outperforming its markets. While the Metals business is back above its pre-COVID levels, Automotive is still below.

Electronics & Industrials also grew double-digit compared to the prior-year period, and significantly compared to H1 2019. We benefitted from strong customer demand especially in the Electronics business. The Industrials business accelerated its recovery and achieved double-digit growth, though still slightly behind pre-pandemic levels.

Packaging & Consumer Goods continued its strong performance in H1**,** particularly driven by a recovery of demand in the Lifestyle business and a sustained strong development in the Packaging business.

We were also able to grow back above pre-crisis levels in **Craftsmen, Construction & Professional**. Here, [the double-digit organic] growth was strongly supported by high demand in the General Manufacturing & Maintenance business, partially benefitting from some inventory build-up.



Backed by the broad-based recovery of industrial demand, Adhesive Technologies' organic sales development was predominantly driven by double-digit volume growth of 19%.
Pricing was positive at 1.2% and accelerated in Q2.

Thanks in particular to the strong expansion of volumes and price increases, we were able to compensate the headwinds from significantly increased direct materials prices.
Overall, Adhesive Technologies was able to improve its gross margin.

The adjusted EBIT margin came in at 17.3%, corresponding to an increase of 420 basis points.
This was due to the strong recovery of volumes and better fixed cost absorption – and despite the headwinds from increased raw materials and logistics costs.

Net Working Capital at 10.5% improved by 390 basis points year-over-year.

BEAUTY CARE

ORGANIC SALES GROWTH H1: +5.2%

- Strong comeback of **Professional** with clear double-digit growth across all regions
- **Consumer** overall below previous year with mixed developments in business areas and regions
- Consumer Hair with very strong growth driven by all categories and strong share gains in Color
- Body Care double-digit % below previous year, affected by Soap – especially in North America –, lapping prior-year demand peaks

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Now coming to Beauty Care. Beauty Care recorded a very strong organic sales growth of 5.2% in the first six months, driven by both increasing volumes and prices.
This development was supported by a very strong recovery of the **Hair Professional** business, which achieved clear double-digit growth in the first half. Our performance was particularly strong in the second quarter with mid-double digit organic sales growth.

The **Consumer** business closed the first half organically below the prior-year period, with mixed developments in the business areas and regions.
Our **Body Care** business remained clearly below the first half of 2020 with a double-digit organic sales decline, in particular in Soaps and in North America. This was mainly due to strong market headwinds triggered by a fast normalization of demand against extreme peak levels in the previous year, especially in key mature markets.
In addition, the business is facing an unbalanced supply / demand situation including excess inventories affecting the whole market.
Organic sales performance in **Consumer Hair**, in contrast, was very strong.
Hair Colorants achieved good organic growth in the first half but turned negative in Q2 due to a normalization of demand. Nevertheless, we were able to significantly expand market shares.
Also **Styling** recorded good organic growth in H1 and an especially strong rebound in the second quarter. However, demand in the category is still far below pre-COVID levels.
The same holds true for **Hair Care**, which achieved significant organic growth in recovering markets.

BEAUTY CARE
H1 2021

Organic Sales Growth		Adjusted EBIT Margin	Net Working Capital
5.2%		10.0%	2.9%
Price	Volume	Change y-o-y	Change y-o-y
+1.8%	+3.3%	+50bps	-100bps

Henkel H1 2021

Henkel

The adjusted EBIT Margin came in at 10%, 50 basis points above the level of H1 2020.

Here, the strong comeback of our Hair Professional business and related fixed cost absorption as well as mix effects positively affected the margin.

In contrast, challenges in our Consumer business, especially in North America, as well as strong increases of direct material prices had a counteracting effect.

The gross margin overall was flat year-over-year.

Net Working Capital improved by 100 basis points year-over-year to a level of 2.9%, largely driven by improved accounts receivables.

LAUNDRY & HOME CARE
ORGANIC SALES GROWTH H1: +3.9%

- **Laundry Care** with good organic sales growth driven by significant growth in our #1 brand Persil
- **Home Care** with significant organic sales growth due to double-digit growth in Pril and Bref and significant growth in Somat
- Substantial **market share** gains in almost all regions, double-digit growth in emerging markets
- **North America** below prior year, affected by supply/logistics challenges; market shares starting to bottom out

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Finally, on to Laundry & Home Care, which continued its very strong organic sales performance with 3.9% growth.

Laundry Care recorded good organic sales growth.
Special Detergents, Laundry Additives and Fabric Finishers supported this performance with very strong growth each. While Heavy Duty Detergents overall were flat in the first half, our megabrand Persil continued its excellent performance with significant organic sales growth.

Home Care continued to be a key driver of the business unit performance delivering a significant organic sales growth, despite a high prior-year basis especially in Q2.
This development was in particular driven by double-digit growth in the dish-washing and toilet care categories.

In overall declining markets, Laundry & Home Care continued to grow market share in almost each region with particular strength in Western and Eastern Europe as well as in Asia-Pacific.

The North America region remained behind the prior-year level both in terms of organic sales development as well as market shares.
Here our business was affected by supply and logistics bottlenecks.
Nevertheless, we are seeing first signs of improvement with market shares starting to bottom out.

LAUNDRY & HOME CARE
H1 2021

Organic Sales Growth

3.9%

Price +3.3% | Volume +0.6%

Adjusted EBIT Margin

15.0%

Change y-o-y -40bps

Net Working Capital

-5.7%

Change y-o-y +50bps

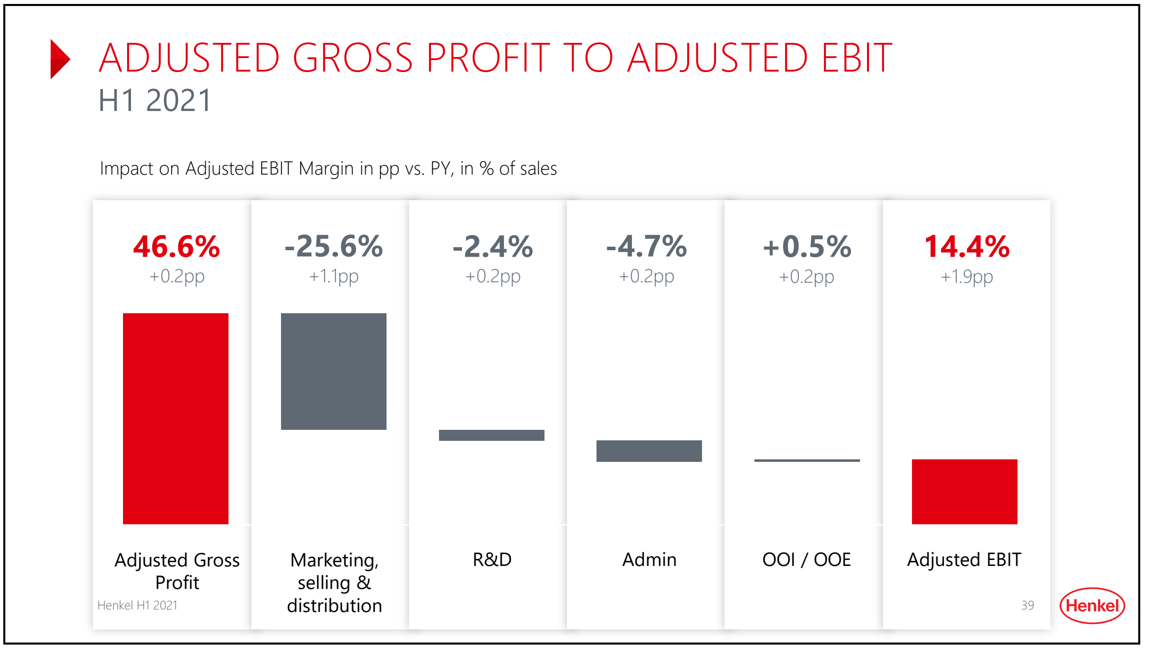
Henkel

The business unit’s adjusted EBIT margin came in at 15%, 40 basis points below the prior-year period.

This was mainly the result of a lower gross margin.

Here, headwinds from higher direct material prices and adverse transactional currency effects could not be offset by a strongly positive pricing and savings.

Net Working Capital as a percentage of sales increased slightly by 50 basis points year-over-year to an overall low level of minus 5.7%.



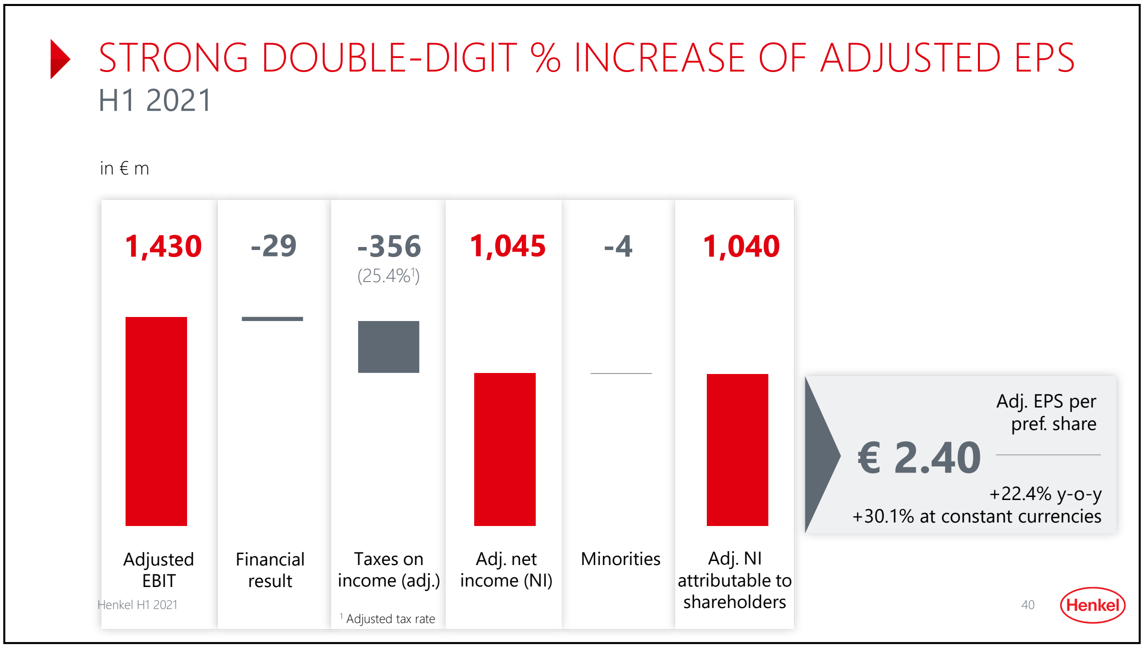
Back to the Henkel Group, taking a closer look at our adjusted income statement:

Henkel recorded an adjusted EBIT margin of 14.4% in the first six months, up by 190 basis points year-over-year.

Group adjusted gross margin improved slightly to a level of 46.6%.

With structural costs well under control, the increase in the adjusted EBIT margin was mainly a result of the strong top-line performance as well as positive mix and the related operating leverage.

Marketing, selling and distribution expenses increased by 0.6% in absolute terms, but decreased by 110 basis points to a level of 25.6% as a percentage of sales.
So let me emphasize, while we slightly increased investments also in marketing and advertising in absolute terms, the decline in percent of sales is due to the higher sales level in the period under review.



Let me move further down the P&L.

Adjusted EBIT totaled 1.4 billion euros, roughly 19% above the prior-year figure.

The financial result came in at minus 29 million euros, compared to minus 52 million euros in the first half of 2020.

The adjusted tax rate amounted to 25.4%, 10 basis points lower year-on-year.

As a result, we ended the first half with an adjusted net income after minorities of about 1 billion euros.

This translates into adjusted earnings per preferred share of 2.40 euros, representing an increase of 22.4% compared to the first half 2020 or, at constant exchange rates, a plus of 30.1%.

CASH FLOW PERFORMANCE & FINANCIAL POSITION
H1 2021

Net Working Capital	Free Cash Flow	Net Financial Position
3.6%	**€ 471 m**	**€ -1,035 m**
Change y-o-y -80bps	Change y-o-y € -468 m	Change vs. year-end € -147 m

Dividend of € 1.85 per preferred share, ~€ 800 m paid out to shareholders

Henkel H1 2021

Henkel

Moving on to our key cash KPIs.

For the Henkel Group, the ratio of net working capital to sales reached 3.6%, representing an improvement of 80 basis points year-over-year.

As said during our full year call, we had expected a normalization of net working capital this year. This has now occurred, and our net working capital position increased in the first half year mainly driven by the strong sales growth and compared to a prior-year period which had recorded a sales decline.

As a result of the increase in Net Working Capital versus year-end, and partially offset by the improved operating profit, we recorded a free cash flow of 471 million euros, almost 50% lower compared to H1 2020.

Despite the dividend payout of about 800 million euros to our shareholders, we were able to sustain a strong net financial position at minus 1 billion euros.

This was mainly thanks to our free cash flow generation as well as proceeds from divestments in the context of our active portfolio management of slightly more than 200 million euros.

With this let me hand back to Carsten.

Thank you, Marco.

Before we move to the Q&A, let me provide the full year outlook and outline our key business priorities for the remainder of 2021.

GUIDANCE 2021

	FY 2021 – previously	FY 2021 – updated
Organic Sales Growth	**4.0 to 6.0%**	**6.0 to 8.0%**
Adjusted EBIT Margin	**14.0 to 15.0%**	**13.5 to 14.5%**
Adjusted EPS[1] (at constant currencies)	**High single-digit to mid-teens %**	**High single-digit to mid-teens %**

Henkel H1 2021

[1] Increase of adjusted earnings per preferred share at constant currencies

As said before, we are operating in a business environment that continues to be impacted by the COVID-pandemic.

Consumer demand is expected to return to more normal levels in many categories as the year progresses – with varying dynamics and partially high volatility.
Industrial demand is recovering sharply, even stronger than anticipated and already beyond pre-crisis levels in many sectors. After a significant increase in the first half, however, growth is expected to slow down from Q3, given a high prior-year basis.

Based on our very strong performance in the first six months, we are today raising our expectation for Group organic sales growth in the full year by 200 basis points to a range of 6 to 8 percent.
This is in particular driven by exceptional growth of our Adhesive Technologies business, which we now expect at 10 to 12 percent this year.
Beauty Care and Laundry & Home Care are expected to deliver organic sales growth of 2 to 4 percent, each.

At the same time, we are facing extremely scarce supply and logistics markets.
We saw drastic and broad-based increases of raw material prices and distribution costs.
These headwinds will affect our businesses to a stronger extent than originally anticipated, especially in the second half year:

We are now assuming that direct material prices will increase this year by a low-teens percentage, up from our previous expectation of an upper mid-single-digit increase.

GUIDANCE 2021

	FY 2021 – previously	FY 2021 – updated
Organic Sales Growth	**4.0 to 6.0%**	**6.0 to 8.0%**
Adjusted EBIT Margin	**14.0 to 15.0%**	**13.5 to 14.5%**
Adjusted EPS[1] (at constant currencies)	**High single-digit to mid-teens %**	**High single-digit to mid-teens %**

[1] Increase of adjusted earnings per preferred share at constant currencies

Henkel

The teams at Henkel are working hard to limit the impact on our businesses and profitability. We expect that the implementation of all countermeasures will compensate input cost inflation in the current fiscal year to a large extent.

Our updated guidance for the adjusted EBIT margin is reflecting these additional headwinds and we are now expecting to increase profitability this year to a level of 13.5 to 14.5 percent, compared to the prior-year level of 13.4 percent.

Bottom-line, our outlook for adjusted EPS growth at constant currencies remains unchanged and we expect it to improve by a high single-digit to mid-teens percentage.

We continue to live in unprecedented times.

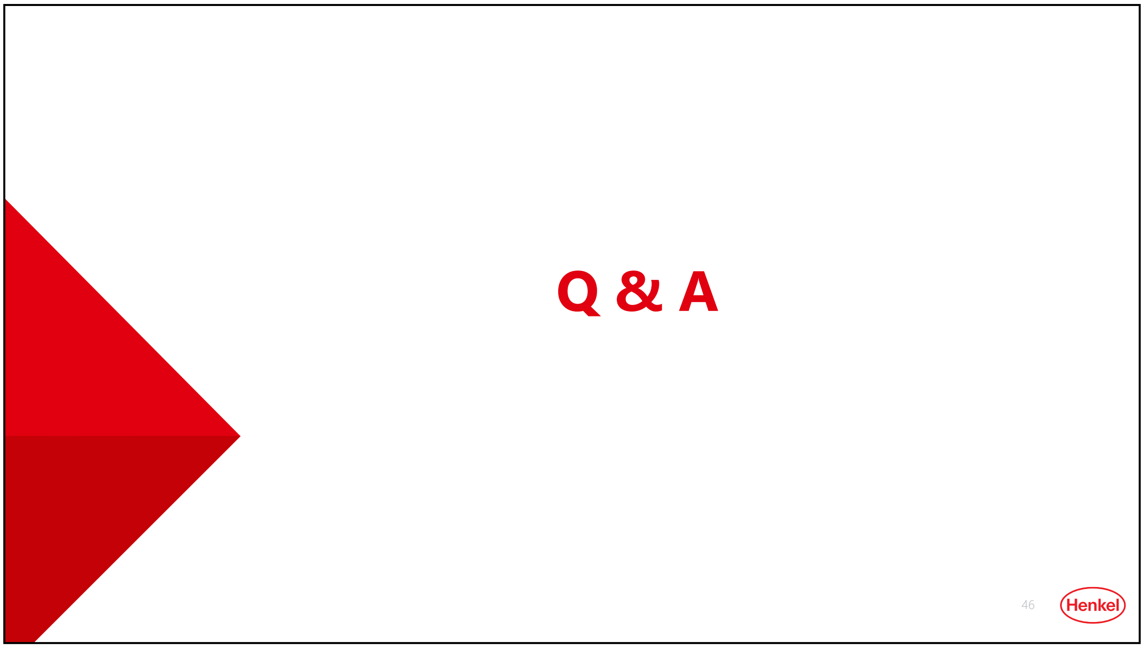
As the management board, it is our commitment to care – and we act. Protecting and supporting our employees, their families, our customers and strategic partners continues to be our number one priority.

We remain laser-focused on successfully managing the performance across our businesses in highly volatile times, mastering the current exceptional raw materials and supply chain environment.

With our broad set of measures and clear, transparent communication, we collaborate closely with our customers and business partners to master all these challenges together.

At the same time we continue shaping our company and drive the execution
of our Purposeful Growth Agenda.

With that, Ladies and Gentlemen, we look forward to your questions.



Question: Hi. Good morning, Carsten and team. My first question is on the sales growth. On the one hand, you raised growth expectation, which is sort of great. But if I look at the two-year compounded growth, so going back to 2019 taking out the impact of COVID, every single division – Adhesive Technologies, Beauty Care, and Laundry & Home Care – have slowed down quite materially from quarter one to quarter two. So despite a world that's normalizing a little bit and things getting slightly better to normal, that sort of quarter-on-quarter slowdown seems quite concerning and the question, therefore, is what am I missing? And so, should we expect that to continue?
The second question is, you referred to the culture change in your slides and in the press release quite at a few times and as I can see well, it's a critical part of the transformation. But can you give any evidence of sort of ways in which you track culture change? What's really changing? Is there any evidence of it getting better? So any more color you could give and make us understand how material the progress there is or what's more to do would be very helpful. Thank you.

Carsten Knobel, CEO: Sorry, I was on mute. So, good morning. So, maybe I start first with the cultural transformation question and the question what you have in terms of evidence, because maybe for the first one, I don't 100% get your question.

But let me start first with the cultural transformation. So, as I pointed it out before, it is really one of our top priorities because in terms of getting a collaborative culture and empower our people, I think that's for me of utmost importance in further driving entrepreneurial leadership on that. So, in terms of concrete measures, which also, especially in the first half year have been recognized, we focused really on measures to promote consistent leadership behavior, so really to empower our people and give them more room for creativity. For example, by simplifying internal processes to enable a faster decision making, as well as further strengthening really the customer focus and also the innovation. And when you ask for evidence, I think the evidence is when you see how our organic sales growth is developing in the first half year and how we are raising that for the full year now to the level of 6% to 8%. I think that's definitely for me evidence in that part.

But also successful transformation is definitely also about the individual transformation because I think it's clear that, for sure, you'll have to move as a team, but this team is based on individual behavior. And we have introduced our new leadership development format to increase personal leadership quality and also effectiveness of top executive.

And as I pointed it out, our new 360° feedback tool is up and running and as I mentioned before, until end of the year, we will have all top executives being on that path. And I think it's clear that it takes them a little bit time to adapt or to take the feedback and change the way how you are leading.

And I think it's also important, which, in these days, also in a cultural transformation plays an important part is our Smart Work concept, which we have introduced in the first half year in countries really as a holistic framework which gives our people the possibility to work up to 40% from home. And what will be an ongoing part is – and I know, and you're absolutely right, it is difficult to measure – we conducted a leadership survey last year and we will continue to do that into the future. And by that, tracking progress and, here, we will clearly see how progress will be also seen by our whole community. Maybe that's to the first question. Marco, will you take the first one?

Marco Swoboda, CFO: Good. So the first question, I understand, goes to the comparison to the pre-COVID levels, so 2019 in essence. And we actually commented on the first half where, overall, we see that we strongly advanced already in Adhesive Technologies above the pre-COVID levels in the first half and to a significant degree, and that was true for all four business divisions. And also on the level below for all SBUs, except for Automotive and Industrials, and Industrials is related to our aerospace business.

So, overall, Adhesive's pretty strongly above the first half of 2019. Beauty Care being behind in Consumer still, and that is largely also a result of declining markets in the first half this year and Professional is almost back to pre-COVID safe levels. Laundry & Home Care compared to the first half 2019, significantly above the level in both business areas, Laundry and Home Care.

And I would not go now down quarter-by-quarter. We have to see how the quarter phasing continues. But overall, we see that the business came back very much stronger than what we anticipated even beginning of that year, also driven by the overall recovery of industrial demand and the economy. So, overall, we see that business came back much stronger.

And to the quarter question, we have to see how that develops further. It's too early now to comment on that.

Carsten Knobel, CEO: Yeah., maybe to add in terms of – because part of your question I did not understand at the beginning. I think if you think back maybe six months ago when we were talking about when can we reach pre-COVID levels, I think especially for our Professional business in Beauty Care and our Adhesive business, we were more on the level to come back in 2022 to these levels. So we have already reached that in these specific parts where we have been impacted by COVID already mid of 2021 and I think that is a point which makes us quite optimistic.

Questioner adds: Thank you, Carsten. Clearly, my challenge was more around the quarterly change. If I look at your, you know, – compared to 2019, you've sort of slowed down by about 100 basis points quarter-on-quarter. And that's what my key concern is, whether we sort of have the best in quarter one and we should expect an ongoing sort of slowdown or not. So it's really looking at the exit rate in quarter two, which looks quite weak compared to quarter one. Quarter one seemed to be very strong, but not followed up in quarter two.

Carsten Knobel, CEO: Okay. Maybe we'll come back to that afterwards.

Questioner adds: Okay. Thank you.

Carsten Knobel, CEO: Good.

Question: Thank you. Good morning, Carsten and Marco. Two questions for me, please. The first one is going back to your margin development in Beauty Care, because if I look at more than three years ago, you were achieving 17% plus EBIT margin in this business. And now, based on your updated margin guidance for the year, it seems that for second consecutive year, we will be barely in double-digit territory. So, my question here is, do you think Beauty Care is now structurally almost at best a low-teen margin business or do you think it's realistic to expect a quick return to a good mid-teen margin level in Beauty?
And then, my second question is on direct material cost, so anticipating now a low-teen percentage range for inflation this year. Yet you have maintained your margin guidance for Adhesive Technologies and in sharp contrast to both your Consumer Goods businesses where you've downgraded the margin guidance.

So, maybe could you walk us through the commodity cost headwind you are anticipating in the second half by division? So in other words, what I'm trying to get through is are you expecting less of, say, input cost headwind in Adhesive that in Consumer Goods in the second half or is it simply because you're more confident about your pricing power in Adhesive than in Consumer Goods? Thank you.

Carsten Knobel, CEO: So, good morning. Starting with your first question of the margin in Beauty Care. You're referring to some years ago, yes, where the level was what you explained. You know that in the meantime, we had made the point of investing more, especially in the consumer businesses in both, which had an impact on the margin level and where we are today. There is definitely a no that this is the future expected level, which we or which you would expect going forward for Beauty Care.

There are a lot of influencing factors on that, for sure the COVID situation. You know that the COVID situation especially impacted the Professional business, which had a margin impact. You also have heard today that we are coming back not only from a top line, but also from a bottom line perspective in the Professional business. So, the clear answer is this is not the level what we expect going forward.

You have to take into account for the first half year, we have talked about it, but maybe to make it even more explicit. If I look back at the last 10 years in terms of now market development in our consumer retail business, where we have been always seen a positive market development in the last 10 years, it's the first time in the first half year of 2021 that we have seen a negative market development, all these factors which we are playing then also in terms of leverage, in terms of this part, which has also impacted the first half year in that part. But, as I mentioned it before, clear goal is to – that this is not the level what we expect going forward. To your second question – hope that helps. And the second part, the direct material cost question, maybe, Marco, you can give, based on the divisional, a question from Guillaume, a little bit more light on that.

Marco Swoboda, CFO: Let me frame that overall first. So, as you said, direct material prices, we guide now with a low-teens percentage increase versus 2020. And that is a sharp increase, of course, versus prior year. It is our ambition to compensate a clear majority of the additional headwind, and that headwind now also going into the divisional question is in particular strong in Adhesives and also in Laundry and somewhat a bit less in Beauty Care.
But we try to compensate a clear majority of the additional headwind by the higher group sales level, and therefore, also related profit contribution and benefits in the operational leverage. And that is in particular the case for Adhesive Technologies where also we have upgraded again the guidance from the prior number. So here in Adhesives also, the operational leverage does help us to compensate the higher material cost.

Plus, as you said also from a pricing perspective, we are very confident in Adhesive Technologies as we demonstrated in the past and to also pass on high input prices to the customers in particular over time. As we said before, there's a time lag, of course, so not everything can be compensated this year also in Adhesives, but a large chunk of what is coming, and then we will further catch up then, of course, into next year, so that overall, we can also compensate over time.

In the Consumer businesses, Beauty Care, and Laundry & Home Care, it's more difficult to pass on. So here, we are a bit more cautious and that is also reflected now in the outlook.

Questioner adds: Very clear. Thank you.

Question: Thank you. Good morning, everyone. So my first question is coming back on Adhesive Technologies, some of your competitors have been talking about implementation of pricing in the high single-digit range. Can you confirm whether this is as well the level of pricing that you are seeking to implement or potentially have announced already to your customers in the second half? And maybe on a more midterm question in Adhesive pricing – or in Adhesive margin, excuse me, are you seeing as well like some of your peers some of the benefits of more growing in technology with better mix from a margin standpoint? That's my first question.

And my second question is coming back into Beauty. You talked about the unwind of demand of soap in Q2. Can you tell us whether you also benefited strongly in Q3, Q4 last year and whether that unwind will last for H2?

And just to come back to the previous question on margin midterm, well, it seems that 10% may not be the midterm margin you are looking at. Neither was 17%. But where do we stand really on what profitability this category can deliver? Thank you.

Carsten Knobel, CEO: Good morning. So, let me start with Adhesive Technologies part. I think it's difficult to compare with the individual competitors in our sector because you know that the adhesives part is more or less – our adhesives business is more or less the only company who's really covering all sectors in the adhesives field where you could see adhesives. And one thing is for sure, the implementation of the pricing initiatives is really progressing according to plan. You can see that if you look at quarter one and quarter two, half-year now is at 1.2% pricing.

And Marco mentioned it already, we do assume that the pricing will be definitely significant higher in half-year two compared to half-year one. That's the first statement. And the other statement is also very clear. We will bring this pricing 100% through. That means that there will be also an effect to 2022 because we have always talked about that there is a certain time lag between addressing the pricing to our customers and when we will see it in our P&L. So, therefore, the pricing will be also seen – or the higher pricing will be also seen in 2022, without giving now a guidance on that.

And the second part of your first question was on the margin of Adhesives. I think what should I say in terms of I think what you see in terms of top line and bottom line is really a very good development. And in that part, we will continue to see further parts going also into the future.

Second part was to the Beauty Care. Also here, two parts of your question. First of all, the soap topic, the soap topic is very clear. You asked, do we see that also in Q3, on Q4 of last year, clear answer is yes because the whole peak of soap and antibacterial situation in terms of within the COVID situation was definitely also will be seen in the whole year of 2022 with a – sorry, 2020, with extreme peaks in Q2 of last with peaks but also, for sure, seeing that in Q3 and Q4 of last year.

And to your margin question, the topic between where we are today and the 17%, I hope to understand that I will not give a guidance on that, where we are. I clearly said that the level what we are is not the level which we see going forward. You know that we also have new management on board and we are also here developing our plans and our strategies going forward. And therefore, I can't explicitly mention anything on that year. Hope for your understanding on that part.

Questioner adds: Thank you for that. Yeah. Thank you.

Carsten Knobel,CEO: You're welcome**.**

Question: Yes. Thank you and good morning, Carsten, Marco, Lars and team. Two questions, please. Again, coming back to the raw materials, can you please give us a rough idea of your contract duration with key raw materials via such as plastic or isocyanate producers? If it's one month, three months, six months would be helpful to know.

Second, can you please elucidate a bit more the headwinds in procurement and logistics you are still facing in Laundry & Home Care in the US? Thank you.

Carsten Knobel, CEO: So, good morning. I think both questions should be taken by Marco, the raw material part and also the headwinds in logistics and…

Marco Swoboda, CFO: Good. Maybe I'll start with the headwinds in procurement and logistics in North America and Laundry. So, we talked about it already in the last call. North America, we see a particular difficult situation when it comes to raw material supplies but also in logistics. One driver coming still from Q1 was related to the polar vortex weather topic, which had a huge impact on the whole chemical industry in the first quarter. And we basically said already back then that that will fully impact in the second quarter. And the impact is both in certain shortages of certain raw materials and, of course, in the overall price situation, and the shortages hit us in particular in our Laundry Care business when it comes to certain raw materials like liquid sheets and boosters, nonwovens impacting some of our products.

Also, the logistics market is exceptionally tight. And in this order, in particular North America, we see high-double-digit percent increases in freight rates in the market also affecting. On-time performance is deteriorating since the first quarter. We also see that retailer supply chains are stressed, so also the supply chain that has organized our customers, to be clear. Also, full warehouses, labor shortages, and that also means customer pickups are constrained.

Overall, let me give you a number on the market. Overall in the US, overall market occupancy of warehouses in the US is in the high 90s and in some regions even up to 99, and so very, very unusual and exceptional situation in North America. And the whole team is concentrating to work through that. We have task forces in place dealing with that situation, of course, trying also to prioritize certain products and customers where possible, but that is actually the market situation we are in and we are working through that.

So, to the first question on raw material contract durations, et cetera, of course, that differs a bit by business unit. But now, looking at the weighted average duration of our price agreements for all direct materials that is circa on average two months, most spend around 75% is in time intervals up to three months and 20% of spend is with price agreements between three to nine months. And beyond that, beyond the nine months, there's not much of significance. But that is why we also have a time lag that we talked about earlier. And also as a result of that, as we said in another context, the raw material price increases will hit us P&L-wise in particular in the second half although, of course, we had impacts in the first half.

Questioner adds: Okay, great.. Thanks. Very helpful. And thanks, Marco.

Thank you very much for your questions.
Let me close today's presentation with a summary of our key takeaways.

In a highly challenging business environment, we delivered an overall very strong performance in the first half of 2021.

That goes for both the top-line and the bottom-line. With growth across all business units and regions. And particular strength in our Adhesive Technologies business.

While we are successfully capturing the opportunities emerging from the strong economic recovery, we are managing the volatile business environment and the unprecedented situation in the supply markets with agility, entrepreneurial spirit and resilience.

We sustained our strong financial foundation. And our low debt levels give us significant flexibility also in terms of working towards the future.

And we are updating our 2021 outlook expecting a stronger top-line while incorporating strong input cost pressure in the margin guidance. Bottom-line, our outlook for adjusted EPS growth remains unchanged.

Finally, we gained momentum by executing our Purposeful Growth Agenda with full force and committed to win the 20s together with you through Purposeful Growth.

UPCOMING EVENTS

November 8, 2021	Q3 2021 Release
February 23, 2022	Q4 & FY 2021 Release
April 4, 2022	Annual General Meeting

As always, please be reminded of our upcoming events.

Our next event will be the release of our Q3 sales performance on 10 November.

With this I would like to thank you for joining our call today.

Take care, stay safe, stay healthy.

THANK YOU

Henkel

GUIDANCE 2021

Organic Sales Growth		Adjusted EBIT Margin		Adjusted EPS[1]
+6.0 to 8.0%		**13.5 to 14.5%**		**High single-digit to mid-teens %**
Adhesive Technologies	+10.0 to 12.0%	Adhesive Technologies	16.0 to 17.0%	increase at constant exchange rates
Beauty Care	+2.0 to 4.0%	Beauty Care	9.5 to 10.5%	
Laundry & Home Care	+2.0 to 4.0%	Laundry & Home Care	14.0 to 15.0%	

[1] Per preferred share

FY 2021: ADDITIONAL INPUT FOR SELECTED KPIS

Currency Impact on Sales	Mid-single-digit % negative[1]
Prices for Direct Materials	Increase by low teens %[1]
Restructuring Charges	€ 250 - 300m
CapEx	€ 600 - 700m

[1] versus the prior year

RECONCILIATION REPORTED TO ADJUSTED EBIT

H1 2021

in € m

Reported EBIT	One-time gains	One-time charges	Restructuring	Adjusted EBIT
1,296	-12	+51	+94	1,430