Leslie Iltgen, Head of IR:

Good morning everyone and a warm welcome to Henkel's conference call on the first quarter of 2023.

Here with me today are our CEO Carsten Knobel and our CFO Marco Swoboda.

Following the presentation, as always, Carsten and Marco are happy to take your questions.

Before handing over, please let me remind you that this call will be recorded and a replay will be made available on the investor relations website shortly after this call.

By asking a question during the Q&A session you agree to both the live broadcasting as well as the recording of your question including salutation to be published on our website.

DISCLAIMER

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 Note: Each figure commercially rounded. Addition may result in deviations from the totals indicated.

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The presentation and discussion are conducted subject to this disclaimer.

With this, it is my pleasure to hand over to our CEO Carsten Knobel.
Carsten, please go ahead.

Carsten Knobel, CEO:

Thanks, Leslie. And a warm welcome also from my side to everyone joining today's call.

After walking you through the key developments of the first quarter, we will take a closer look at our business performance. Afterwards, we are looking forward to taking your questions.

So, let's kick it off with the highlights and major achievements in Q1.

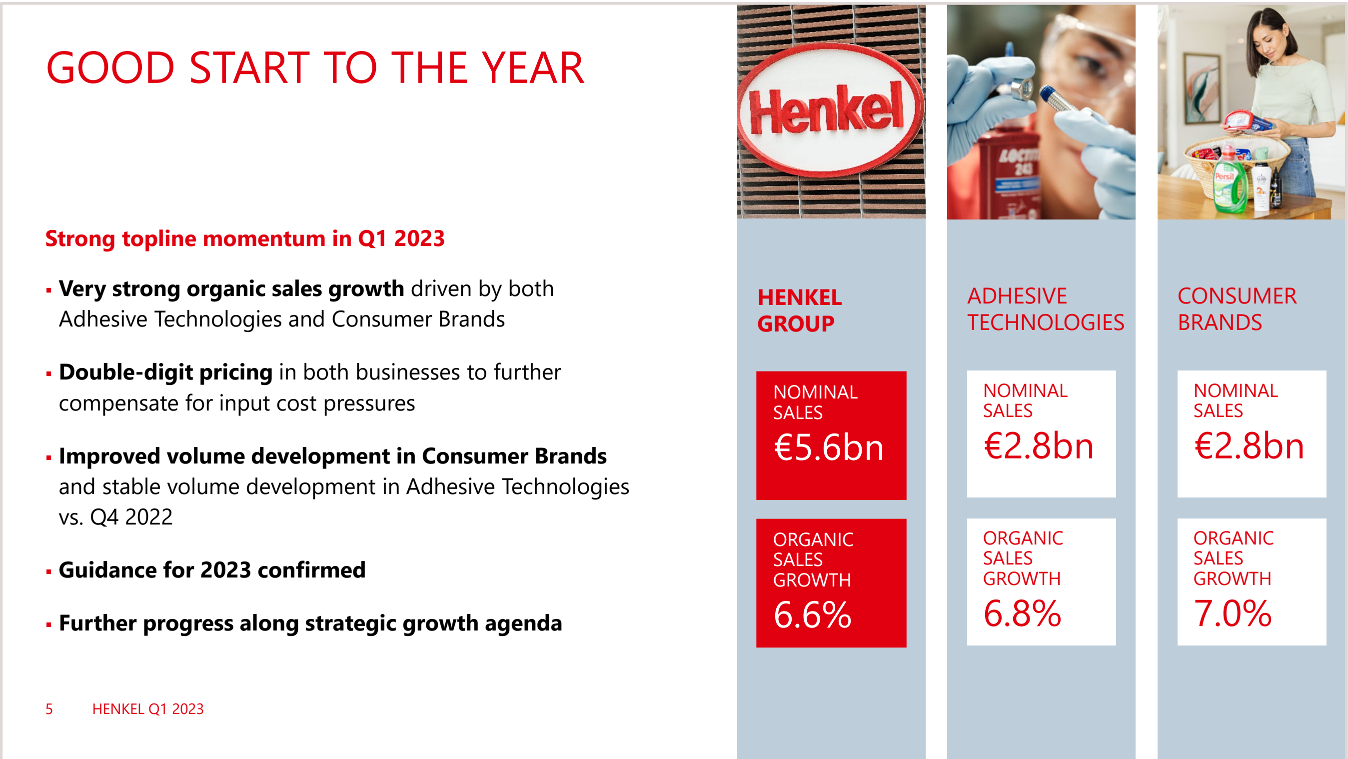
Our reporting for the first quarter already illustrates it: Henkel is stronger aligned to our customers and markets.

We are operating with two strong pillars covering attractive industrial and consumer markets.

Our Adhesive Technologies business is globally leading in adhesives, sealants and functional coatings. And we are just in the process of further optimizing the underlying set up to further leverage our expertise and shape relevant megatrends in the areas of Mobility & Electronics, Packaging & Consumer Goods and in Craftsmen, Construction & Professional.

In our newly established Consumer Brands business, we focus on the global categories Laundry & Home Care and Hair. Also here, we hold leading positions in the markets in which we play. And we have laid out a clear plan to further drive the integration of our consumer businesses to exploit their full potential.

With these two pillars, we have a strong portfolio with successful brands and innovative technologies.



Based on the strength of our businesses, we achieved a really good start to the year – in an environment which continues to be highly challenging. Both Adhesive Technologies and Consumer Brands – particularly with its two global categories Laundry & Home Care and Hair – delivered a very strong organic sales growth. This results in a plus of 6.6% on Group level.

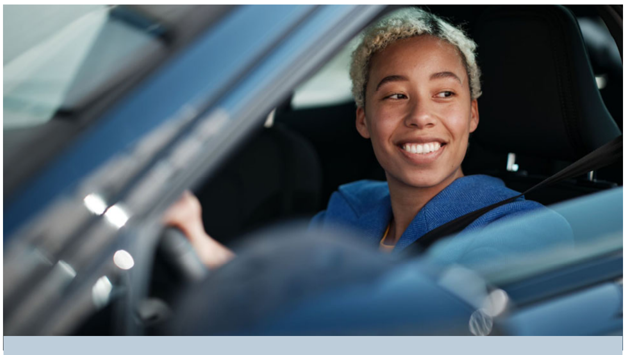
This growth was driven by double-digit pricing in both business units. Here, let me point out that we see first signs of a stabilization in input costs versus Q4 levels, yet still on high levels compared to Q1 last year. Still, it is clear that especially in our consumer businesses additional pricing is needed to further compensate for the pressures from the input cost side – not least also in light of wage inflation. However, we also see that the pricing measures taken, also in Q1, are having a positive impact on our gross margins.

As indicated in our full-year earnings call in March, the volume development in Consumer Brands improved significantly versus the level witnessed in Q4 last year. In Adhesive Technologies, volumes overall showed a stable development compared to the fourth quarter. So, all in all, a very strong performance of our Adhesive Technologies business, which is also at the top end of what competitors reported – clearly reflecting the strength of our portfolio.

Today, we confirmed our full-year guidance – but of course, given the strong topline momentum in the first quarter, we also have higher confidence today to reach the upper half of our organic sales growth guidance range. At the same time, we pushed ahead with the implementation of our strategic growth agenda – which also includes the successful launch of relevant innovations.

So all in all, for Adhesive Technologies, a very strong performance in the quarter, which is also at the top end of what competitors reported, clearly reflecting the strength of our portfolio.

ADVANCING MEGATRENDS IN ADHESIVE TECHNOLOGIES

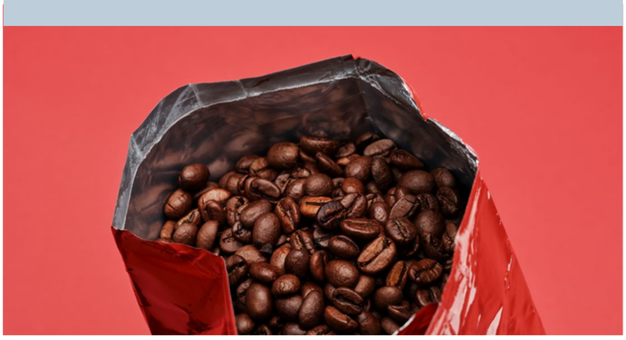


SHAPING THE FUTURE OF **MOBILITY**

*New **solution for camera lens bonding** in automotive advanced driver assistance systems (ADAS) combines manufacturing efficiency and performance, enabling driver safety for next-generation autonomous vehicles*

ENABLING **SUSTAINABLE** PACKAGING

*Improved **solvent-free adhesive** for food packaging solutions allows superior appearance – making it possible for brand owners to switch to more sustainable alternatives without compromising quality, while ensuring high food safety standards*



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Henkel

Let me highlight just a few examples in the first quarter.

In Adhesive Technologies, our innovative technologies provide added value to customers and consumers while shaping relevant megatrends.

For example, we launched a new solution, which helps to further shape the future of mobility.

Our new adhesive used for camera module assembly in advanced driver assistance systems enables superior camera focus and high-resolution image production. Precision and reliability are key for autonomous driving systems and hence for driving safety. In addition, our solution allows fast and robust camera production, which is becoming increasingly important for manufacturers.

We also further developed our adhesives used for food packaging solutions. The enhanced product allows manufacturers to switch from solvent-based to solvent-free adhesives, while maintaining proven quality with superior appearance. Yet another step to enable more sustainable packaging.

LEVERAGING STRONG INNOVATIONS IN CONSUMER BRANDS

NEW "**J-BEAUTY INNOVATION HUB**" IN TOKYO

Leveraging Hair Professional expertise *of Schwarzkopf and Shiseido Professional in innovation and trends for highly dynamic Asian market*

SOMAT "SWITCH AND SAVE"

New formula with improved bio-based content for ***excellent cleaning in low-temperature ECO cycles*** *to save up to 20% energy*

GOT2B STYLING NEXT-LEVEL CO-CREATION

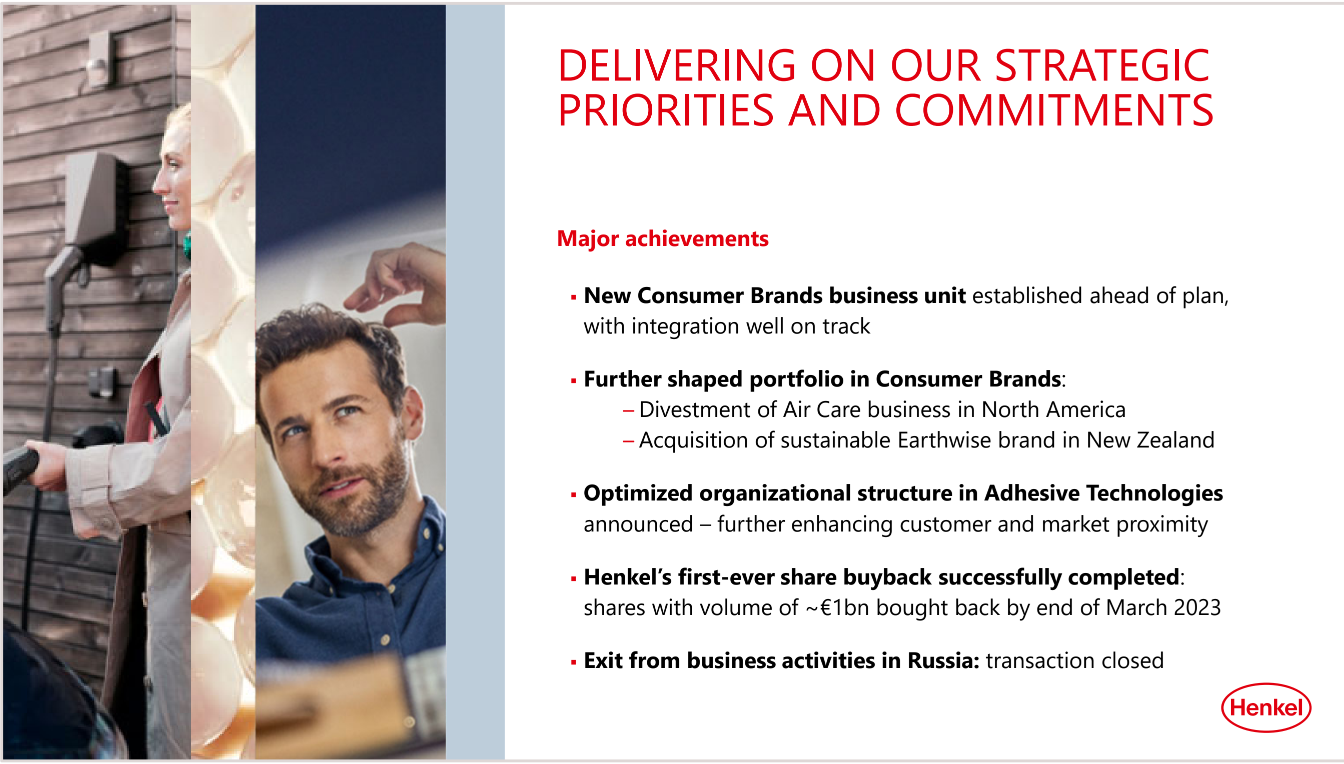
Relaunched styling portfolio *– bold design, more sustainable packaging and up to 98% naturally-derived ingredients*

In Consumer Brands, we are leveraging our innovation capabilities in the Hair Professional business in the highly dynamic region of Asia. At our new "J-beauty innovation hub" based in Tokyo, we are combining the long-standing expertise of Schwarzkopf with the unique patent and technology base of Shiseido Professional, which we acquired last year. Together, we will be taking hair innovation and trends for Asian salon partners and consumers to the next level. We built this hub in Japan, as it is the world's second largest Hair Professional market. Together with our existing Schwarzkopf Professional hubs, we now have a global ecosystem across North America, Europe, and Asia for our Hair Professional business.

And also in the Consumer space, we launched strong innovations.

Our dishwashing brand Somat comes with a new formula with improved bio-based content. By offering excellent cleaning in low-temperature ECO cycles, consumers can save up to 20% energy.

And we relaunched our Got2b styling portfolio. Our products come with a new packaging design and further sustainability advancements. They are also result of close collaboration with our Got2b co-creation community, which comprises of a diverse group of Gen Z consumers from across Europe.



Beyond innovations, we delivered on our strategic priorities and our commitments. Let me highlight some further achievements.

Our new Consumer Brands business unit was established ahead of the original schedule. And in March, we provided further details on the measures and expected synergies. In addition to 250 million euros net savings in phase 1, we want to realize at least 150 million euros of net savings in the second integration phase – with full impact on earnings in 2026. And the teams are doing a tremendous job; the integration is well on track.

We also further sharpened our Consumer Brands portfolio. The divestment of our North American Air Care business marked the final step to exit this category globally. At the same time, we strengthened our core business also via M&A: We acquired the leading sustainable Laundry & Home Care brand Earthwise in New Zealand with further roll-out potential in the region.

We are also shaping our operating model in Adhesive Technologies. As mentioned, we announced to further optimize the business unit's organizational structure. With the new set up with three business areas, we will use scale and competence benefits even more efficiently, while at the same time ensuring close customer and market proximity.

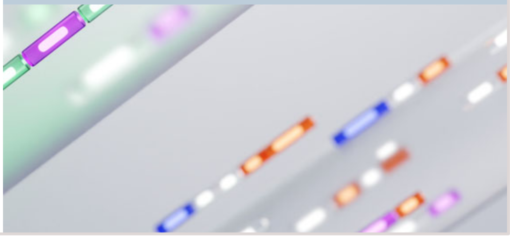
When it comes to capital allocation, we successfully completed Henkel's first share buyback program. By the end of March, we bought back shares amounting in total to around 1 billion euros.

And, last but not least, we exited our business activities in Russia. In April 2022, we had announced this step in light of the war in Ukraine.

EXIT OF BUSINESS ACTIVITIES IN RUSSIA

Key aspects of the transaction

- Exit from business activities in Russia: transaction closed, following agreement from April 20, 2023
- Sale to consortium of local financial investors
- Agreed purchase price of 54bn rubles (corresponding to ~€ 600m)
- Highly complex process also in light of regulatory environment



Two weeks ago, we announced that we signed an agreement on the sale of our business activities in Russia.

Meanwhile, we completed the sale to a consortium of local financial investors.

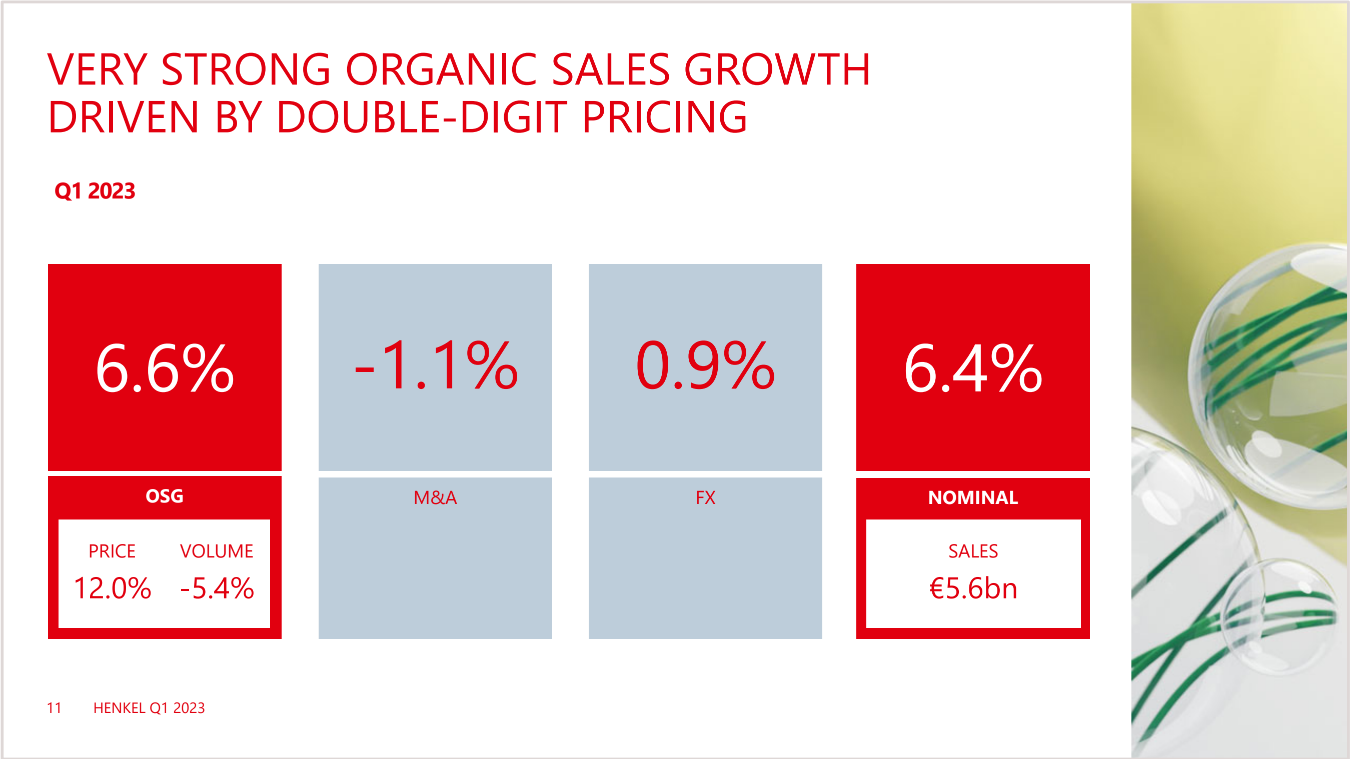
The purchase price amounts to 54 billion rubles, which corresponds to around 600 million euros.

With that, we concluded our exit from Russia. It was a highly complex process – also due to the frequently changing regulatory environment. In light of the ongoing war and its far-reaching effects we are convinced that we have taken the right decision, which we executed on stringently.

Before handing over to Marco, let me briefly summarize:

I believe it is fair to say: We had a good start to the year. And we are continuously delivering on our priorities and commitments.

With that, on to Marco.



Marco Swoboda, CFO:

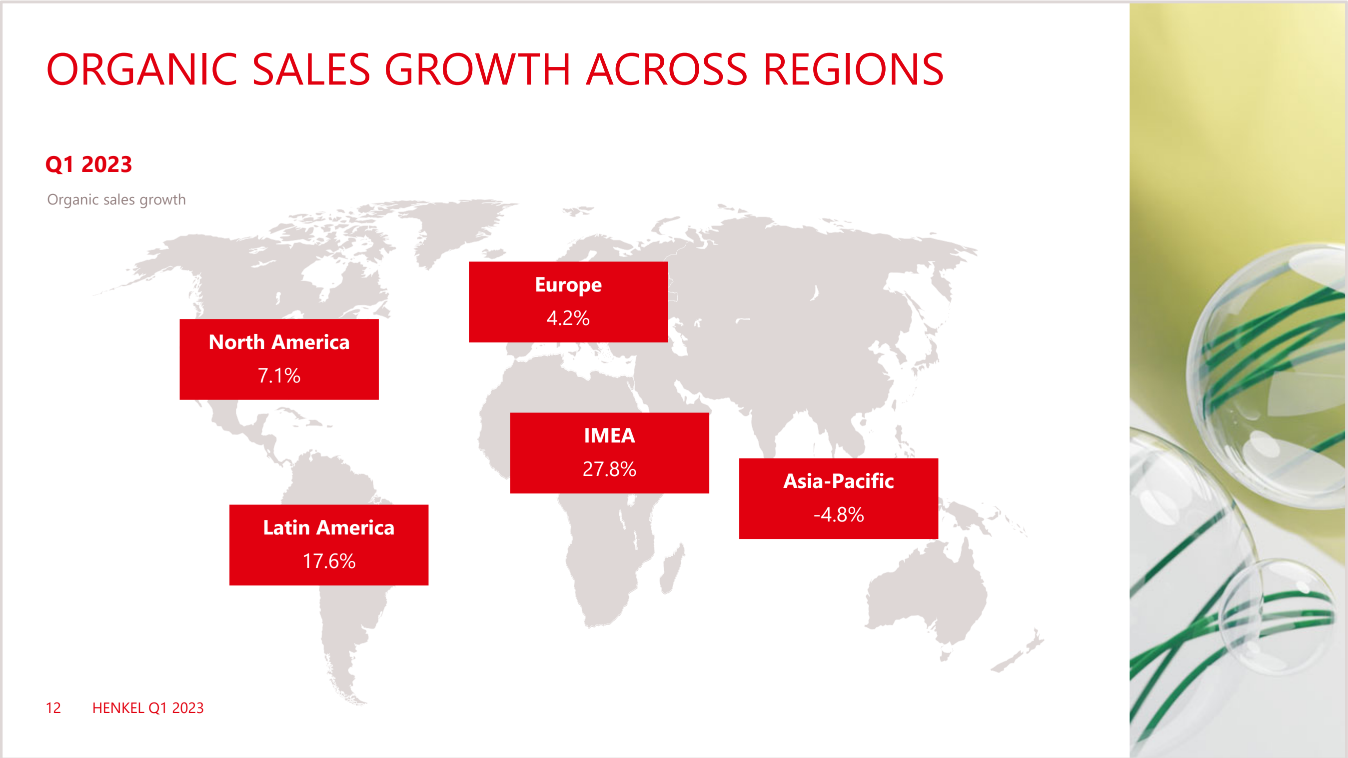
Thanks and good morning to everyone in the call also from my side.

Building on what Carsten shared already, let me provide some more color on the drivers of the Group sales performance in the first quarter.

We achieved a very strong organic sales increase of 6.6%, which was driven by double-digit pricing in both business units. This results in 12% pricing on Group level. Volumes in contrast were below prior year. More on that in a minute.

While M&A slightly decreased sales, FX effects were a tailwind.

In nominal terms, sales increased by more than 6% to around 5.6 billion euros – which marks a new high in first-quarter sales for Henkel.

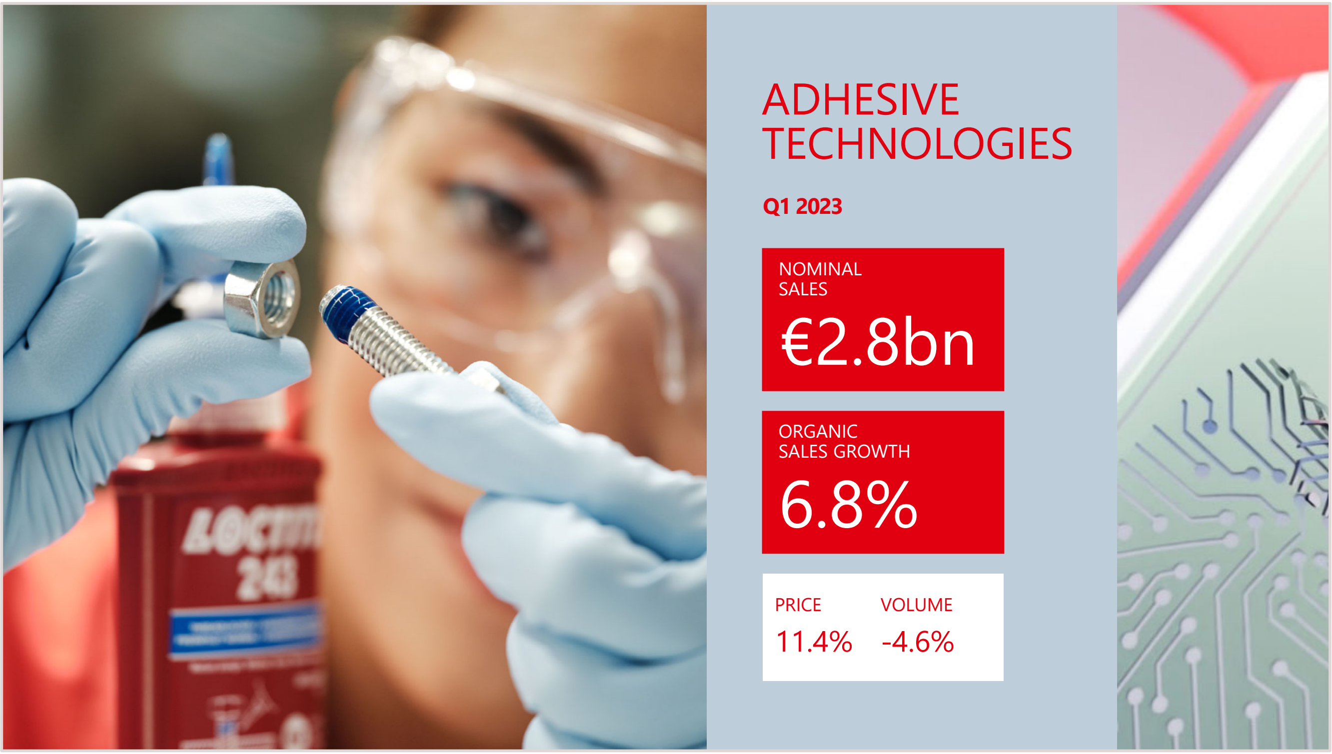


Turning to the regional perspective. As announced before, we slightly amended our regional reporting in order to better reflect management responsibilities. In particular, we now report on the IMEA region, which also includes India and Turkey, which were previously part of APAC and Europe, respectively.

We delivered very strong organic growth of more than 4% in Europe and a plus of more than 7% in North America.

The Latin America and IMEA regions each recorded clear double-digit growth rates.

In contrast, sales in Asia-Pacific were organically below the prior-year-level.
This development is mainly due to the situation in China, where demand did not pick up significantly after the COVID resurgence. I will discuss shortly in more detail.



Let us move on to the performance of our two business units, starting with Adhesive Technologies.

The business generated sales of close to 3 billion euros in the first quarter. In organic terms, we delivered very strong growth of 6.8%, which was driven by pricing of more than 11%. While there is a strong pricing carry-over effect, we have also implemented some incremental pricing in selective cases. Volumes were below the prior year. But the decline of -4.6% was comparable to what we have seen in Q4 last year, which already was impacted by the rather weak market in China – which also affected us in the first quarter.

ADHESIVE TECHNOLOGIES

Q1 2023 – Business Area Performance

MOBILITY & ELECTRONICS

SALES **€959m**

OSG **12.6%**

Growth driven by Automotive and Industrials, Electronics in challenging market environment below prior year

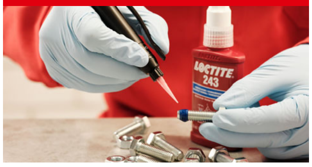
PACKAGING & CONSUMER GOODS

SALES **€884m**

OSG **1.0%**

Very strong growth of Consumer Goods business, Packaging negative due to high prior-year comparables

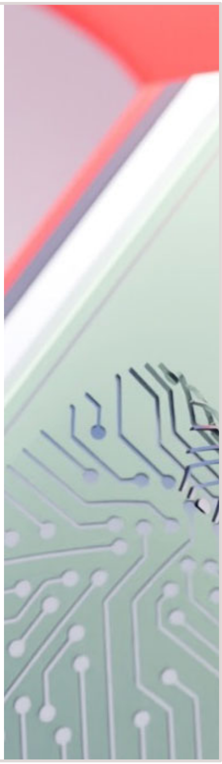
CRAFTSMEN, CONSTRUCTION & PROF.



SALES **€948m**

OSG **7.0%**

Growth particularly driven by Consumers & Craftsmen and General Manufacturing & Maintenance; good growth in Construction despite weak markets



Turning now to the performance in the individual business areas, on which we now also provide more transparency.

All three **business areas** contributed to the very strong organic sales growth posted in the first quarter. Mobility & Electronics was the main growth driver with a plus of 12.6%. This increase was driven by the Automotive and Industrial businesses. Looking at the automotive market, we are also benefitting from low comparables. This becomes also visible in the Light Vehicle Production index, which recorded an increase of around 6% in the first quarter – versus a decline of more than 3% in Q1 2022.
In contrast, the development of our Electronics business reflects the difficult market environment, especially in China.

The Packaging & Consumer Goods business area grew by 1%. Also here, we saw a mixed development in the businesses. While Consumer Goods showed very strong growth, Packaging declined versus high prior-year comparables.

Craftsmen, Construction and Professional delivered growth of 7%, supported by all businesses. Despite the ongoing weak markets, our Construction business recorded good growth. But also here, we have to take into account the prior-year performance, which was negatively impacted by the war in Ukraine.

From a **regional perspective**, Europe and North America showed significant growth; the IMEA and Latin America regions posted a double-digit plus. In contrast, and as outlined before, sales in Asia-Pacific were down year-on-year due to the negative development in China.

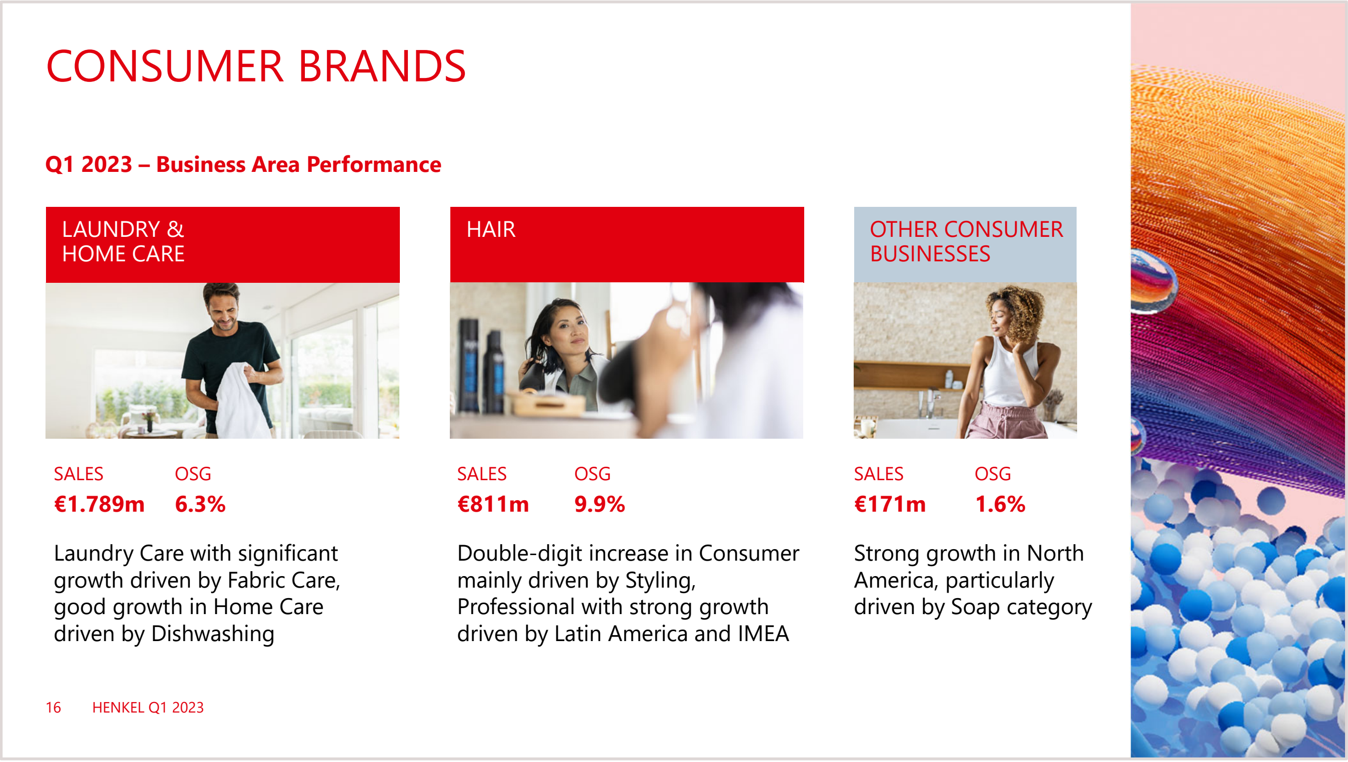
So, all in all, a very strong performance of our Adhesive Technologies business, which is also at the top end of what competitors reported – clearly reflecting the strength of our portfolio.

On to our multi-category platform Consumer Brands.

Nominal sales came in at 2.8 billion euros and the business achieved very strong organic sales growth of 7%.

We delivered clear double-digit pricing of close to 13%. Also here, a mix of carry-over and incremental pricing to further compensate for the input cost headwinds.

As Carsten mentioned before, the volume development in our consumer business clearly improved compared to Q4 last year. In the first quarter, volumes were down by -5.7%. To put this figure into perspective: Roughly one third of this is attributable to the impact from portfolio optimization measures.



Looking at the performance by **business area** – and as you know, we are focusing on the two global categories Laundry & Home Care and Hair.

Laundry & Home Care delivered a very strong organic sales growth of more than 6% - backed by a significant increase in Laundry Care, which was driven by Fabric Care. Home Care recorded good growth. Here, the development was in particular driven by a double-digit plus in the dishwashing category.

The Hair business area, which also comprises the Professional business, grew by almost 10%. Here, let me point out the double-digit increase in Consumer, which was mainly backed by the Styling category. Also the Hair Professional business delivered strong growth, which was driven by the Latin America and IMEA regions.

From a **regional perspective**, all regions achieved organic sales growth – Europe posted positive growth in the first quarter. North America grew very strongly, supported by all business areas. It is the fifth consecutive quarter with organic sales growth in North America – with an above-average contribution from brands such as ‘all and Purex – and a further stabilization of market shares in our categories. We achieved double-digit growth in both IMEA and Latin America, and very strong growth in the Asia-Pacific region.

Wrapping it up – Henkel delivered a very strong topline performance in both Adhesive Technologies and Consumer Brands in the first quarter.

OUTLOOK 2023 CONFIRMED

ORGANIC SALES GROWTH
1.0 to 3.0%

ADJUSTED EBIT MARGIN
10.0 to 12.0%

ADJUSTED EPS[1]
-10 to +10%

[1] Per preferred share, at constant exchange rates

Closing this chapter with our guidance for 2023, which we confirmed this morning.

We continue to expect organic sales growth of 1 to 3%. But of course – and Carsten mentioned it already – backed by the strong performance in the first quarter, today, we have higher confidence to reach the upper half of our OSG guidance range. And that applies to both Adhesive Technologies and Consumer Brands.

For the adjusted EBIT margin, we continue to anticipate a level of 10 to 12% on Group level.

And for adjusted earnings per preferred share, we continue to expect a development of -10 to 10% at constant exchange rates.

Looking at the remainder of the year, it is clear that our market environment remains challenging and uncertainties persist.

With that, back to you, Carsten.

Carsten Knobel, CEO:

Thank you, Marco.

KEY TAKE-AWAYS

- Henkel with **good start to the year**
- **Very strong organic sales growth** driven by **double-digit pricing** in Adhesive Technologies and Consumer Brands
- **Delivering on our strategic priorities and commitments** – pushing further ahead with our growth agenda
- **Exit from business activities in Russia**
- **Guidance for 2023 confirmed**

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Let me summarize today's key take-aways.

We had a good start to the year – despite an ongoing challenging market environment. We are still facing headwinds from the input cost side and the macroeconomic development bears uncertainties.

But we have an attractive portfolio with two strong pillars through which we want to generate purposeful growth.

And both business units – Adhesive Technologies and Consumer Brands – delivered very strong organic sales growth in the first quarter, driven by double-digit pricing.

Beyond achieving a very strong topline momentum in the first quarter, we are pushing ahead with our strategic priorities and commitments. We foster the integration of our Consumer Brands business unit. We are optimizing the organizational set-up of Adhesive Technologies to further align to our customers and markets. And we are driving innovations across our businesses, providing added value for our customers and consumers while shaping relevant trends in our markets.

We also delivered on our commitment to exit our business activities in Russia.

Now, we are looking further ahead. We are poised for further growth and affirmed our guidance for 2023 today.

With that, let us move on to the Q&A.
Marco and I are looking forward to taking your questions.

Question: Carsten and Marco, one very quick housekeeping question and then two questions. Housekeeping is on your organic sales growth in LatAm and India, Middle East, Africa, which was very strong in the quarter. Wondering if there was a significant contribution from the two hyperinflationary countries of Turkey and Argentina that you would like to flag here.

And then my two questions. So the first one is on competitiveness in Consumer Brands because your pricing has been now for three consecutive quarters in the low to mid-teen territory. You seem to signal this morning, there is more pricing to be implemented over the coming months.

But when I look at your volumes, you are among the weakest among your peer group, even adjusting for the portfolio measures. And if I look at Europe in particular, small positive organic sales growth in Q1 suggests a double-digit volume decline.

So my question here is, are you not pushing pricing too far? And as a result, could we see a scenario whereby pricing will have to be adjusted downwards later this year?

And then my second question is on Adhesive Technologies in China. So you had a soft start to the year. Just wondering here if it was weaker than you initially anticipated. And what is the outlook for your business in China? Do you expect a rapid improvement? Or could growth remain relatively muted for the time being?

Carsten Knobel, CEO: I will take your two questions and Marco the housekeeping question at the beginning. Let's start with the situation when you talked about the competitiveness in our HCB business. I think we have been discussing quite a while how strong the business is in terms of brands and portfolio, also in the context of being able to bring price increases through.

I think we have been showing that, I would say, very clearly in 2022, that we have been able to bring prices to a respective amount through. We see it in Q1 of this year that in HCB we have double-digit pricing in that context.

And yes, as you are saying, we are also seeing additional pricing activities which are foreseen to be implemented in the next couple of weeks/months.

And by that, I think it's absolutely the right strategy because, for sure, we are not commenting today on gross margins, but you know that the material price increases which we had to absorb in 2021 and 2022 led to significant impact on our gross margins. And I think with the measures we are taking, we are definitely seeing that this is going into the absolute right direction when it comes to our gross margin development.

Are we overdoing that? No, because you're commenting on the 5.7% in terms of volume and in the context of competition. I think if we see that and take the portfolio measures into account, which are amounting for around 1/3 of that development, that means our volume, excluding these portfolio measures is below 4% negative.

And I think that number, if you go into the details with our competition, we are in line with most of the markets in which we are in especially, but also related to competition.

And in detail, your question on Europe. Yes, the volume impact in Europe has been bigger than the average 5.7% due to two effects. One is, again, related to the portfolio because the over proportionately part of the portfolio measures have been taking place in Europe and, by that, over proportionately impacting also the volume in Europe.

And the other one, I think I also commented on that during the full year call, is trade negotiations. And that is again something which we see over proportionately happening in Europe. And with these two effects, the volume in Europe is higher impacted.

And your final question on that was, do we assume any concessions in the course of the year on that? My clear answer on that is, today, no. That's to your HCB question.

To the Henkel adhesive situation and your point of softening of China. I think here I'm very clear on that. And I think it's also what we disclosed when we initiated the guidance during our full year's call, where we had also discussions why is your guidance only at 1% to 3% in that sense.

So the development in China is absolutely in line with our expectations and had been baked into our guidance, what I just mentioned. So there is no surprise on that.

We have been expecting a muted start to the year and the pickup in H2, and nothing on that has changed. And within China, I think it is also clear that the predominant effect is related to our Electronics business. And that, I think Marco commented on that when he was talking about the sales development in that segment or in the new segment of Mobility & Electronics.

I hope, that answers your two questions. And with that, giving, related to the LatAm and Middle East growth, to Marco.

Marco Swoboda, CFO: Yes. So your question was on the organic sales growth in IMEA and LatAm. And indeed, of course, high inflation in certain countries had an impact. So in IMEA, for sure, also the high inflation in Turkey had an impact on the numbers, over proportionately impacting pricing in that country.

But we also had good growth in other countries of the region. We had strong growth in countries like India as well. But of course, on the total number, also, Turkey had an impact, so fully right.

On Latin America, and here, Argentina is a more high-inflation country, also correct. But for us, Argentina is a very small business. It's low double-digit million in turnover for the quarter. So that does not have that big of an impact compared to Turkey.

So we had good growth also in other countries in Latin America that has actually driven that performance.

Question: Two questions and also one housekeeping question, please. First of all, obviously, electronics market suffered a bit of a setback hangover after the significant demand momentum out of the lockdown situations of the previous years.

Would you believe the segment within adhesives to come back at some point during this year after the skid marks in the market we have witnessed for a good 18 months or so now?

Second question would be, I'm fully aware that you have reduced reporting at the Q1 level and obviously, yes, Q3. Yes, can you please provide an indication or, let's say, a confirmation of my observation that the cost situation sequentially should have eased during the quarter for both segments?

And then the housekeeping question is, can you please elucidate your slightly changed regional reporting structure? I noticed that Asia Pacific, for example, has different sales in 2022 than you actually reported last year in the Q1 2022 report.

Carsten Knobel, CEO: Good. So the regional question, Marco, I think you will take the housekeeping one. I start with the Electronics one. And I'm coming back to what I already said when I was asked about the situation of China.

And in that context, I think, yes, we are expecting, in that way, a comeback in a way that as I mentioned it before. We have been expecting a slower start into the year in China or in Asia specifically on this Electronics business.

And the clear expectation, also in terms of what we see in terms of how our discussions with our customers are, that this is coming back in a way as we have been expected it.

And maybe, Marco, you take the first, the housekeeping one?

Marco Swoboda, CFO: Then to your question was on Asia Pacific, why now the turnover is different to what we reported last year, and that is related to our new regional reporting and how we, in that case, assigned India. India was part of Asia Pacific last year. And from this year onwards, we do assign that to IMEA, and that's basically the difference.

Carsten Knobel, CEO: And to your question regarding the input costs. So first of all, overall, the price declines in commodities which we have been seeing, observing, have been partly offset by elevated gas and energy prices. And I think specifically in 2023, we see also the wage inflation which is impacting these costs.

And during Q1 2023, the direct material prices continued the downward trend that started during the last quarter of year 2022, driven mostly by the weak economic activity, low demand expectations, oversupply to specific markets, uncertainties through the political landscape and the high inflation.

And compared to Q1 2022, so pre-war, material prices are still on elevated levels, that have been accumulated over the course of 2022. So that is maybe as a start. In addition, I think the extremely high energy prices which we experienced in Q2 and Q3 of last year dropped back to pre-war levels and by that remained stable during the second half of the quarter one of this year.

And to put the development into perspective, natural gas prices are still 2.5x higher than what they were during 2021 and still impact the high energy intense industry such as paper, plastics or aluminum. And the outlook for the upcoming quarters is still, for sure, a little bit uncertain as much of the expectations around the China recovery in that sense.

But overall now, input cost, I think we can clearly state that we see that the stabilization continues and that we expect to end up at the lower end of the full year guidance for the input cost burden.

You know that we have the guidance out with low to mid-single digits. And in that context, you should see my statement now that for the full year guidance, we have not changed the guidance, but it is heading into the low single digit in that context. I hope that helps and clarifies your questions.

Question: I'm going to sneak three questions as well, with one follow-up and then two questions, if I can. So just a follow-up just in terms of European laundry.

Can you just talk us through a little bit the delisting phasing that we were expecting delisting in the fourth quarter to maybe benefit the first, but you seem to allude to more delisting impacts in the first quarter. So is that the case? And the second quarter maybe see some of the delisting negotiation situations recovering?

And then my two questions. The first one is on the other consumer. Is most of that, I think about EUR 50 million looking at the numbers you mentioned earlier of the portfolio optimization, so is most of that EUR 50 million volume impact in other consumer and not really impacting Hair and Laundry? Is that the way we should think about it? And is that EUR 50 million pretty consistent through the year?

And then the last question is on the U.S. HBC affects U.S. consumer, it seems to have turned the corner now, high single-digit growth. Can you just talk us through where the share gains are coming from specifically? And is the U.S. now where you want it to be? Or is there other actions that you're making through this year that will even improve it further?

Carsten Knobel, CEO: So, first of all, maybe I start with your last question related to the U.S. So first of all, yes, the combined business is, first of all, of strategic importance and turning around the performance of the Laundry & Home Care business is for sure a top priority for us now for a while.

And there are signs that the initiatives are paying off. And it starts with the situation that we had five consecutive quarters with organic sales growth. Four quarters in 2022 and we continued to see that also with a strong momentum in Q1 of 2023.

When you go into the details, the North American brands here, ‘all, Dial and Purex contributed with significant or even double-digit organic net sales growth to that respective performance. And by that, we also see a further stabilization of the market shares. And we saw, and I think that's also important, a clear improvement related to our supply chain situation.

I think these are definitely positive signs. As I said, I'm not saying that we have achieved the turnaround because we have still topics where we would like to get better on. That's the first part.

I think I was also talking about that last time, we are in the finalization to have a new leader for our North American business. Wolfgang König had been taking care about that business. You know that he has a very intense North American experience in all the three companies he worked before.

And I think here, we are also finalizing on that. And that's for sure where we want to be. For sure, we're expecting with the new leadership on that also a significant further improvement of the business. I think that's to that part.

I think, Marco, you take the question with the Other Consumer, then I come back to the delisting and the phasing.

Marco Swoboda, CFO: So your question was on where does the portfolio optimization sit in the business areas? And indeed, most of that is what we report under Other Consumer, but not only. And for sure, that is a part of the portfolio optimization where we do discontinue certain businesses, and that indeed is mostly in that Other Consumer segment.

And apart from that, when you look at the total sales perspective, so not the organic sales growth, and of course we divested the Global Oral Care and Skin Care business which was reported under Beauty in the past, that is, of course, also an impact from the portfolio measures. But I assume your question was more related to the organic sales growth, so where your assumption is correct.

Then the phasing throughout the year, that will not be a straight line, of course. Because we did work on portfolio optimization during last year and intensified the measures during the year. So we would expect from that perspective that the impact is rather decreasing year-over-year when we move forward.

Carsten Knobel, CFO: Good. Thank you, Marco. And I think your first question was related to delisting or phasing on that, and maybe let me elaborate on that question. I think we have mentioned that the trade negotiations having an impact already in Q3 of last year and, for sure, in a consequence also for Q4.

And trade negotiations are still having an impact also in the first quarter, and I would say also in the next quarter as we want to keep up pricing to address the increased input cost situation, and by that, restore the margins.

As I mentioned it before, when it comes to our gross margins, which we had been significantly under pressure while absorbing the EUR 1 billion of increased costs in 2021 and the EUR 2 billion in 2022. And I think there is no room for major price concessions currently.

And all of that, what I just mentioned is, and I think I mentioned it before when talking about the volume impact in Europe, this has happened predominantly in Western Europe. I hope that helps.

Question: So just two questions for me. First one, you quite helpfully talked about your sequential volume development across the two divisions in Q1. Can you talk about what you expect in those divisions in Q2 and what some of the main kind of puts and takes are?

And then the second question is on the guidance. So you've said you expect it to be or you've got more confidence of being in the upper part of the sales range. You've also said that you expect the cost inflation to be at the low end of the guidance.

So if you put both of those two things together, what is it that stops you from saying that you should be in the upper part of the margin and the EPS range for full year? Or do you indeed expect to be there?

Carsten Knobel, CEO: So, first of all, I think on your volume question in terms of Q1, better to say what you expect for Q2, I think I fully understand your question. But I hope for your understanding, that you also accept my answer, we don't give a guidance for Q2.

On the other side, I think what is clear and I think that is nothing to hide or that's very clear. We have continuously portfolio measures because we still have an impact from the portfolio measures which are related to the ones we executed last year because not everything was executed at the beginning of the year.

Second, you know that with the EUR 400 million which we have been executing in 2022, that's not the full amount what we have in our mind because the portfolio measures in total are up to EUR 1 billion. And then I also mentioned that the trade negotiations are also something to be expected, especially in the consumer business to be ongoing.

That's I would say on your question when it comes to volume development.

Question: And on the adhesives side, anything there?

Carsten Knobel, CEO: Now you have been seeing that the volume development in Q1 is as it has been on the level of Q4 of last year. I think nothing specific on that. But I would say, if you see the latest IPX release, the market growth is expected to remain muted, especially during the first half of the year. Growth will be more picking up in the second half.

If you relate also to the comments I made earlier, when your colleagues asked the questions on China/Electronics, I made a clear statement that our expectation is that the business on that part is picking up more in the second half, which for sure will have a positive impact on the volume situation. Maybe that's on adhesives. And you're welcome.

And to your second question regarding guidance, when you were elaborating on our comments of today. I'll give it to Marco. Marco, guidance?

Marco Swoboda, CFO: Yes. On the guidance, so why not upper part of margin and EPS, your question. Maybe let's start on the EPS front. I think it's fair to say and I think that goes without saying, if at the end of the day we say that we have a high confidence to reach the upper half of our sales growth, then that will filter through to the bottom line as well without saying that. But I think from a mathematical point of view, that's obviously the consequence.

Margin, I think what we have to see that still we have high uncertainties in the commodity markets and Carsten alluded that we see certain improvements, in particular, of commodity costs. But usually, it also takes a while with the time lag by when that is really reaching our P&L. So the time lag, we have to take into account.

And given the uncertainties around how wage inflation, for example, or energy price, how that will actually impact then on the material costs going forward, that is what we have to still see.

So on the back of these uncertainties, we decided not yet to change anything in the margin guidance because we need to see how the next couple of months play out. And in particular, how the reaction will be in the material markets and on the other cost factors. So that gives a bit of color to that.

Question: Just a follow-up, firstly, on hyperinflation. Just in the FX component, how much of the 0.9% is from IAS 29 impact, please? And how much is just due to regular FX? And can you at all make any comments on FX impacts for the full year, either translational or transactional?

And then just on autos, which has obviously been quite strong for you. What is the outlook for autos for you? Where may the level of backlog be? And how quickly would the pricing shift relative to raw materials there, please?

Carsten Knobel, CEO: I believe that Marco will take the first question, and I'm more on the second one.

So regarding auto, I think we have seen a good start into the year. And I think if you look, first of all, according to IHS, the global light vehicle production index increased by around 6% in quarter 1.

And we currently don't see significant impacts from the semiconductor crisis anymore. Yet the industry is, for sure, not back to pre-COVID production levels. So our auto business clearly surpassed this LVP index. And I would say that's the main part on that.

On the other side, the order backlog, which you are relating also your question in automotive, is not as pronounced anymore. So, strong results in the quarter and due to the fact that we don't see any big issues anymore, I would say, for sure, we're expecting a good continuation of the business. And I think also what is important to mention, we know that, especially in the electrical business, we're having a 2x, 2.5x higher potential than in the combustion engines.

And by that, for sure, looking into that trend or this megatrend, we have, in general, a very positive outlook not only for the quarter now or whatever but for the future in general. And yes, I think that's enough to that question and handing over now to Marco for the question of hyperinflation and FX.

Marco Swoboda, CFO: So we reported in the first quarter an FX component of plus 0.9% and that was also impacted by the hyperinflation in Turkey. Basically, we do exclude the positive impact from applying hyperinflation accounting in Turkey from our OSG calculation. So we don't want to inflate OSG. That is the background, and that is what we do adjust in the FX component. And that indeed was one impact there.

So without the Turkey hyperinflation impact, we would have seen a lower FX component. And if you look at all the extraordinary impacts on that in the first quarter, then our FX component would have been slightly lower [sic! negative].

Question: My first question is on the Adhesive Technologies. So if I look at the growth for the start of the year and you think that you are hopeful for meeting the upper end of the range in each division, so including in Adhesive Technologies, that would still imply quite a sharp slowdown in the second half to, to say, low single digit, yet you are saying that you expect the volume to bounce back in the second half.

So are you expecting pricing to decline? Or are you just being conservative in Adhesive Technologies?

And then my second question is, I think, a question about pricing pressure and overall competitive dynamic in developed markets. You said that you are not expecting to roll over prices.

At the same time, we are seeing some retailers doing quite well with private label and some governments as well asking for a rollback of pricing. So how are you looking at that problematic, especially with private label shares improving in Europe?

Carsten Knobel, CEO: So your first question on Adhesives, yes, on the one side, as you're pointing out, we believe that the upper end of the guidance is valid for both businesses.

And in Adhesive specifically, when you see what I all said, to make it short, yes, you could say it's more conservative and we're not seeing that any pricing or anything like that will go down.

If you go into the balanced growth of price/volume for Adhesives, our expectation is that we have both pricing and volume for 2023. And we expect the strong pricing throughout the first half of the year due to the also pronounced carryover out of 2022.

And throughout the year, the impact, for sure, will phase out in a certain way as a result of higher comparables also which we had in the second half of last year.

And I think in line with the development of the IPX, we expect, as I mentioned it before, stronger volumes in the second half of the year in comparison to the first one.

Second question regarding pricing specifically in developed market and the question of private labels. I think here, I see something what I would say is a pattern since a decade.

Whenever we come into, I would say, difficult macroeconomic territory, and now I'm speaking specifically on Laundry and Home Care segments, what you have been always seeing that private labels take advantage during these periods. And if there is a certain part of normalization of that, you see bouncing back of the branded businesses in that context.

I think if I look back, there is not a significant difference of the private label share if you see that on a very long period of time. So therefore, I think, first of all, I assume also that this will happen also in this time, yes.

What we have been seeing, we have been seeing growing market shares for private label, especially as I said, in Laundry and Home Care sectors. And what I also have seen and what we're seeing that all branded manufacturers have been seeing a negative impact on their shares or at least slightly in that context.

On the other side, I think partly with our portfolio, where we're also covering the whole range of price points from entry brands or value-for-money brands, mid-priced is up to premium, I think we are, in general, good positioned in that portfolio setup. And I would say that's what I would like to point out to your question on that. Hope that helps.

Question: My first one is on stock inventory movements by retailers, which have been called out by some of your competitors. So I was just wondering whether this had made any material contribution, either positive or negative, from the restocking or destocking events that some of your customers may have done during the period.

And then my second question is on the proceeds from the Russia disposals. I was just wondering whether you foresee any sort of complications on getting the EUR 600 million. And if you can repatriate it, what will you use the proceeds for? I mean do you intend to do another buyback? Or would you recycle it in M&A? How should we think about that?

Carsten Knobel, CEO: Good. I propose, Marco, you start and you take the Russia question.

Marco Swoboda, CFO: Yes. Sure. So on Russia, indeed, EUR 600 million proceeds. Your question is, do we get that out of the country? And happy to say already done. So that was all prepared very much in advance, and we arranged all the banking channels to get that done. So practically a day after signing, we had also collected the money here in Germany. So that's all done.

How will we use the proceeds is a good question. And at the end of the day, it's clear we have a clear ambition to continue investing into our businesses, that is our priority. And by investing and being more active, for example, on the M&A front, we also, of course, want to limit the negative impact on EPS.

But of course, from time to time, as a good practice, we also assess that financial situation on an ongoing basis and look at the business prospects. We, of course, want to see what is the best value adding use of cash and looking at the specific situation of the share price and valuation.

And then, of course, we'll also then consider what then the best way for capital allocation is. For the time being, as I said, it's a clear priority of investing into the business.

And maybe one side remark. As you will remember, for last year, we had a dividend pay-out ratio of close to 47%. That is above our strategic range of 30% to 40%. And that excess of our upper end of the range was also a bit, of course, considering that we will collect quite significant proceeds from Russia.

Carsten Knobel, CEO: Thank you, Marco. So, I take your first question which was related to destocking and things like that. So in line with prior statements, I think the negative volume development which we have seen in our consumer business partially leveled out versus the, I would say, really weak Q4 levels.

And I think we explained that at that point, which had been driven by extraordinary impacts like the pronounced portfolio measures, some prebuying in Q3 and the destocking of larger retailers towards the end of the year. And what we did experience were minor prebuy effects or restocking in our Consumer Brands, particularly in regions where we announced further pricing measures.

And therefore, we also benefited from certain restocking in Q1. And in addition, we continue to progress also with our portfolio measures which will also impact the volume going forward, as I mentioned, the carryover of the EUR 400 million which we executed in 2022.

And as I said, also the upcoming portfolio measures, still to be defined or not disclosed at this point. Hope that helps, for both questions.

Thank you for your questions.

Let me close with an overview of the upcoming financial reporting dates.

We are looking forward to connecting with you again in August, when we will publish our half-year financial report.

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

Have a good day and take care.

Goodbye.

THANK YOU.

BALANCED AND DIVERSIFIED PORTFOLIO

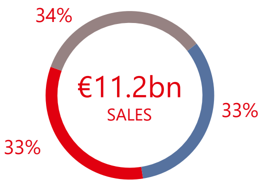
FY 2022 data based on new reporting structure as of Q1 2023

50%

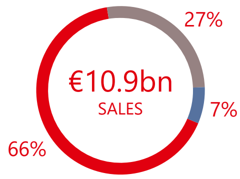
ADHESIVE TECHNOLOGIES

49%

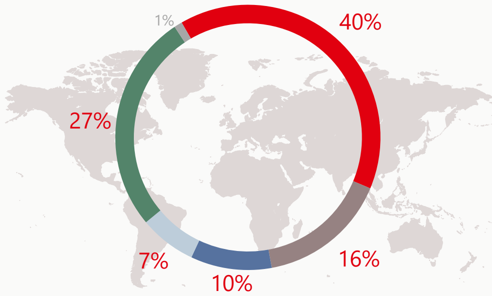
CONSUMER BRANDS



- Mobility & Electronics
- Packaging & Consumer Goods
- Craftsmen, Construction & Professional



- Laundry & Home Care
- Hair
- Other Consumer Businesses



- Europe
- IMEA
- North America
- Asia/Pacific
- Latin America
- Corporate

ORGANIC SALES GROWTH AND NOMINAL SALES Q1 2023

	Sales			Organic sales growth
	Q1 2022	Q1 2023	+/-	
HENKEL GROUP	5.271	**5.609**	6.4%	**6.6%**
ADHESIVE TECHNOLOGIES	2.631	**2.791**	6.1%	**6.8%**
MOBILITY & ELECTRONICS	851	**959**	12.6%	**12.6%**
PACKAGING & CONSUMER GOODS	893	**884**	-1.0%	**1.0%**
CRAFTSMEN, CONSTRUCTION & PROFESSIONAL	887	**948**	6.9%	**7.0%**
CONSUMER BRANDS	2.584	**2.772**	7.3%	**7.0%**
LAUNDRY & HOME CARE	1.692	**1.789**	5.8%	**6.3%**
HAIR	711	**811**	14.7%	**9.9%**
OTHER CONSUMER BUSINESSES	181	**171**	-7.4%	**1.6%**

Note: Pro forma values for Adhesive Technologies business areas against the background of the announced optimization of the organizational structure, and for prior-year figures for Consumer Brands incl. breakdown by business area

OUTLOOK 2023

ORGANIC SALES GROWTH[1]	ADJUSTED EBIT MARGIN	ADJUSTED EPS[2]
1.0 to 3.0%	10.0 to 12.0%	-10 to +10%

Organic sales growth[1]

ADHESIVE TECHNOLOGIES	1.0 to 3.0%
CONSUMER BRANDS	1.0 to 3.0%

Adjusted EBIT margin

ADHESIVE TECHNOLOGIES	13.0 to 15.0%
CONSUMER BRANDS	7.5 to 9.5%

Adjusted EPS[2]

Reflecting high level of market uncertainty and volatility

[1] Excluding Russia since Q2 2022 [2] Per preferred share, at constant exchange rates

Henkel

OUTLOOK 2023
ADDITIONAL INPUT FOR SELECTED KPIS

Currency Impact on Sales	Low single-digit % negative[1]
M&A Impact on Sales	Mid single-digit % negative[2]
Prices for Direct Materials	Low-to-mid single-digit % increase[1]
Restructuring Charges	€ 300 – 350m
CapEx	€ 650 – 750m

[1] Versus the prior year average [2] Including effect from exiting Russia

Henkel

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