



News Release

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Annual General Meeting 2021

Henkel reports good progress in implementing strategic agenda for purposeful growth

- **Robust performance in 2020 despite substantial impact from COVID-19 pandemic**
- **Proposed dividend on prior-year level: 1.85 euros per preferred share**
- **Implementation of purposeful growth agenda well on track**
- **Focus in 2021 on innovation, digitalization, and corporate culture**
- **Good start into 2021: Q1 development above market expectations**

Düsseldorf – At today's Annual General Meeting of Henkel, which is taking place as a purely virtual event for the second time due to COVID-19 regulations, CEO Carsten Knobel summarized the key developments of fiscal year 2020. He explained the effects of the Corona crisis and addressed the progress made in implementing the strategic agenda. He also highlighted the priorities for 2021 and reaffirmed the company's long-term strategic focus on purposeful growth.

Robust performance despite substantial impact from COVID-19 pandemic

"In a challenging year and despite the sharp decline of the global economy, we delivered an overall robust performance across all business units," Henkel CEO Carsten Knobel summarized fiscal 2020. "We achieved sales of 19.3 billion euros. Our adjusted operating profit reached 2.6 billion euros, and the margin was at 13.4 percent. Although this is a significant decrease compared to 2019, we are still very profitable. Free cash flow reached 2.3 billion euros, only slightly below the record level of the previous year. Overall, we invested 200 million euros more in brands, innovations, and digitalization than in the prior year, and we further strengthened our businesses through acquisitions. We significantly reduced our debt and we always had costs under control," Knobel said. "This means that Henkel is and will remain financially strong and well positioned."



The Chairwoman of the Shareholders' Committee and the Supervisory Board, Dr. Simone Bagel-Trah thanked the Management Board, all employees and the corporate bodies for their great commitment in the past fiscal year: "On behalf of the Supervisory Board and the Shareholders' Committee, I would like to thank all our employees, the Management Board and our leadership team for their dedication and great commitment in the past fiscal year. They all made a decisive contribution to our business success in a challenging environment."

At the Annual General Meeting, Prof. Dr. Ulrich Lehner, a long-standing member of the Shareholders' Committee resigned from the corporate body. He shall be succeeded by James Rowan, who worked for many years in various industrial companies, including as CEO of Dyson. "I would like to thank Ulrich Lehner for the intensive exchange and inspiring discussions in our Shareholders' Committee over the past 13 years. We will miss his advice and wish him all the best for the future," Bagel-Trah further explained.

She also thanked Jens-Martin Schwärzler, who will be leaving Henkel as member of the Management Board responsible for the Beauty Care business unit after more than 28 years with the company, and introduced Wolfgang König, who will succeed him as of June 1.

Carsten Knobel also thanked the more than 53,000 employees worldwide for their outstanding achievements. "Overall, we have been able to successfully steer Henkel through this global crisis. Thanks to our crisis management, our balanced portfolio, and our financial strength. But above all thanks to our outstanding employees. This was a great performance by our employees in extraordinary times," emphasized the CEO.

Dividend on prior-year level

A dividend on prior-year level of 1.85 euros per preferred share and 1.83 euros per ordinary share was proposed to the Annual General Meeting. "Over the past 35 years, since going public, we have always paid out a dividend above or at the prior-year level. We want to stick to this, despite the exceptional developments in the past year," said Carsten Knobel. The strong financial position allows the proposal of a stable dividend, he said. "This also takes into account the exceptional situation in fiscal 2020," Knobel added. The payout ratio equals 43.7 percent, which is slightly above the target range of 30 to 40 percent. Going forward Henkel intends to maintain its current dividend policy.

Progress in implementing agenda for purposeful growth

Following the report on the 2020 business results, Carsten Knobel addressed the progress made in implementing the company's growth agenda. At the beginning of March 2020, Henkel

presented its strategic agenda for the coming years which focuses on shaping a winning portfolio, strengthening competitive edge, particularly in the areas of innovation, sustainability and digitalization, establishing future-ready operating models as well as creating a strong and collaborative corporate culture. "Today, around one year after the launch, I am sure: We are well on track. We have a clear roadmap. We are pursuing the right priorities for the success of Henkel in this decade. This was particularly evident in the past year," said Knobel. "We have achieved a lot despite the crisis. By divesting selected businesses and through targeted acquisitions, we have further strengthened our business and brand portfolio. We have further improved our competitiveness through accelerated innovation processes, our focus on sustainability and progress in digital transformation. We have adapted business processes and made them future-ready, and we have started to strengthen our culture and the 'Henkel Spirit'. That is particularly important to me," said Carsten Knobel.

Good start into 2021

Commenting on expectations for the economic environment in the current fiscal year, Carsten Knobel said: "We expect industrial demand to recover, in some areas significantly. This also applies for consumer segments which are relevant for our company, in particular the Hair Salon business. At the same time, we believe consumer demand will return to normal levels in some categories, especially in those which saw higher demand due to the pandemic in 2020. We also assume that there will be no widespread shutdowns or production closures in our core regions." However, the CEO also pointed out the uncertainties that still exist with regard to future developments, for example how infection rates will develop and what impact this will have on restrictions in everyday life and on demand in individual markets.

At the same time, Knobel explained: "Despite these uncertainties, we are aiming to return to sales and earnings growth in 2021. And we have already had a good start to the year. Based on preliminary figures, we expect organic sales growth of around 7 percent in the first quarter." Henkel will provide further details and background on the sales development in the first quarter on May 6, 2021.

Clear priorities for 2021

Carsten Knobel concluded his speech by outlining the business priorities for 2021: "In implementing our growth agenda, we want to focus on two major areas. First, we want to create competitive advantages by further strengthening innovation, sustainability, and digitalization. And second, continue to further develop our corporate culture – encouraging more collaboration and empowering our employees."

"Overall, we feel a stronger connection and cohesion emerging again throughout the company. With more transparency, more trust, more individual responsibility, and entrepreneurial spirit. That's what we will build on. Aside from having the right team and the right strategy, it is above all the right culture that is crucial to successfully manage crises like the current pandemic, and to be successful in the long term. We are well positioned. With our agenda for purposeful growth we want to win the 20's for Henkel," said Knobel.

For more information on the Annual General Meeting, please visit our website:

Investors & Analysts:

www.henkel.com/investors-and-analysts/annual-general-meeting/annual-general-meeting2021

Press & Media:

www.henkel.com/press-and-media/press-releases-and-kits/2021-04-16-annual-general-meeting-2021-1167600

- Statement by Carsten Knobel
- AGM webcast (starting at 10.00 am CEST)
- Press photos of the AGM (as of noon)
- Press release to the results of the Annual General Meeting (in the afternoon)

About Henkel

Henkel operates globally with a well-balanced and diversified portfolio. The company holds leading positions with its three business units in both industrial and consumer businesses thanks to strong brands, innovations and technologies. Henkel Adhesive Technologies is the global leader in the adhesives market – across all industry segments worldwide. In its Laundry & Home Care and Beauty Care businesses, Henkel holds leading positions in many markets and categories around the world. Founded in 1876, Henkel looks back on more than 140 years of success. In 2020, Henkel reported sales of more than 19 billion euros and adjusted operating profit of about 2.6 billion euros. Henkel employs about 53,000 people globally – a passionate and highly diverse team, united by a strong company culture, a common purpose to create sustainable value, and shared values. As a recognized leader in sustainability, Henkel holds top positions in many international indices and rankings. Henkel's preferred shares are listed in the German stock index DAX. For more information, please visit www.henkel.com.

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