

# STATEMENT

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*CHAIRMAN OF THE HENKEL MANAGEMENT BOARD*

ANNUAL GENERAL MEETING ON APRIL 28, 2025

Ladies and Gentlemen.

Dear shareholders.

Dear friends of our company.

Welcome to our Annual General Meeting. I am very pleased to welcome you today. Also, on behalf of the Board of Management and our employees. I would also like to welcome all shareholders who are following our Annual General Meeting virtually.

Today is a special Annual General Meeting. We are celebrating an anniversary. Today marks the 40th Annual General Meeting of Henkel since our IPO in 1985. I am therefore particularly pleased that you are here today.

Last year, I assured you: We keep our promises. We deliver what we announce.

And, once again, we have demonstrated this impressively in the past financial year. We consistently developed Henkel further in all areas, based on our purposeful growth agenda.

We have reached or even exceeded all important targets we had set ourselves. We delivered strong sales growth in both business units.

We achieved an exceptionally strong increase in profit. We raised our guidance twice in the course of 2024, and we achieved all targets by the end of the year.

And this in a difficult environment that presents new surprises and challenges every day. In a world that is increasingly impacted by geopolitical tensions. Today, I would like to explain in more detail how we successfully navigated Henkel through this challenging environment And what key role Henkel employees play, with their pioneering spirit and their innovative strength. I will illustrate this using the example of three innovation stories.

They show in an impressive way how we bring our corporate purpose to life every day: 'Pioneers at heart for the good of generations.' More on this in a moment.

Let's take a look at the 2024 financial year first, the economic environment and our expectations for fiscal 2025. We published our business results at the beginning of March. I will therefore focus only on the key figures.

The past year was once again characterized by major challenges: geopolitical tensions, military conflicts in various regions of the world, economic uncertainties, and continued strained supply chains. To name just a few of the most important factors.

We generated sales of 21.6 billion euros in 2024. This corresponds to good organic sales growth of 2.6 percent – adjusted for acquisitions, divestments, and currency effects.

Adjusted operating profit rose by around 21 percent to 3.1 billion euros. Our profitability has thus improved exceptionally strongly.

The gross margin – in simple terms, the percentage of sales retained after the cost of sales of our products – reached its highest level in more than 30 years. This enables us to invest more in our businesses and brands, in innovations, and in advertising.

Adjusted return on sales rose to 14.3 percent. That is an increase of 2.4 percentage points. We also achieved a very strong increase in adjusted earnings per preferred share. By 25 percent at constant exchange rates to 5.36 euros.

Free cash flow amounted to around 2.4 billion euros. That is an excellent result. Our net financial position, in other words our net debt, stood at minus 93 million euros at the end of the year.

This means Henkel is practically debt-free. This reflects the company's very solid financial position. Especially in these challenging times, a healthy balance sheet is a major advantage. It gives us room to maneuver and drive further development. Also for acquisitions to strengthen our portfolio in both units.

In summary: 2024 was a very successful year. The excellent results show that our strategy is working and delivering tangible progress.

None of this would have been possible without our 47,000 colleagues worldwide. I would therefore like to thank all Henkel employees for their outstanding achievements. Thanks to their teamwork and exceptional commitment, we were once again able to successfully navigate our company through a difficult year. Thank you very much for that!

Dear shareholders,

We have delivered a very successful business and earnings performance and have a very strong financial foundation. Based on this, we are today proposing a dividend of 2.04 euros per preferred share and 2.02 euros per ordinary share. This is an increase of more than 10 percent compared to the previous year.

It corresponds to a payout ratio of around 38 percent. The dividend is therefore at the upper end of our target range of 30 to 40 percent of the adjusted net profit for the year.

In addition to the dividend, the share price is of course also an important aspect to consider.

Including the reinvestment of the dividend, the total return on the preferred share amounted to 19.2 percent last year. For ordinary shares, the return was 17.7 percent.

This means that Henkel preferred shares outperformed the DAX and the STOXX® Europe 600 in 2024 – as well as the average of our competitors in the industrial and consumer goods sectors.

However, it is also clear that the performance of Henkel shares so far this year has not been satisfactory.

Last year, we demonstrated that we can deliver more. That's why we continue to work every day to lead the company successfully into the future. And this will also be reflected in the share price. I remain firmly convinced of that.

Our confidence in our financial strength and the future potential of our business is also reflected in our new share buyback program. It has a volume of up to one billion euros.

I have already referred to the outlook for 2025. So, what exactly do we expect?

First, let's take a look at the economic environment. In recent weeks and months, we have all followed how the announcement of massive tariff increases by the US government and the countermeasures taken by important trading partners have disturbed the capital markets.

Overall, the direct impact of higher tariffs is manageable for our company. This is because we generally produce most of the goods in the country or region where we sell them. We call this approach "in the region, for the region".

Nevertheless, significantly higher tariffs and restrictions in global trade will also lead to higher costs for us. It is also clear that a dispute on global tariffs and trade conflicts will certainly have a negative impact on global economic growth. We will therefore monitor further developments very closely and assess the impact this will have on our company.

We continue to expect moderate growth in global economic output in 2025. This applies to both industrial demand and consumer demand in key areas of Henkel's consumer goods business.

Based on these assumptions, we reiterate our outlook for the year, which we published at the beginning of March:

We are aiming for organic sales growth of between 1.5 and 3.5 percent for Henkel. When we announced our outlook for the year, we already mentioned that we expect a stronger development in the second half of the year compared to the first half.

We anticipate a further increase in the adjusted return on sales, expecting a figure in the range of 14.0 percent to 15.5 percent.

For adjusted earnings per preferred share at constant exchange rates, we expect an increase in the low to high single-digit percentage range.

That brings me to the end of my comments on the 2024 financial figures and the outlook for 2025.

But what were the drivers behind the positive developments in the past year? And how are we preparing for the future?

The successful transformation of the company plays a key role. We are striving for profitable, purposeful growth. To achieve this, we must continuously change and develop. And that's exactly what we are doing, across all areas.

Probably the biggest change in Henkel's recent history is the merger of our consumer goods businesses to establish the Henkel Consumer Brands business unit. I've spoken about this in detail in previous years.

The Consumer Brands business unit has been operating since the beginning of 2023 – and with success. This positive development continued in the 2024 financial year.

Consumer Brands achieved sales of 10.5 billion euros. With strong organic sales growth of 3 percent.

The adjusted return on sales reached 13.6 percent. This is an increase of 3 percentage points compared to the previous year.

We have also made significantly faster and better progress with the integration than initially planned. With the merger of the teams, the restructuring of the portfolio, and with the savings.

We completed the first phase of the integration in 2024. This mainly involved merging the sales and marketing teams. In the second phase, which has been running since 2023, the focus is on optimizing our production networks and supply chains. We now want to achieve the targeted savings by the end of 2025. One year ahead of plan.

But of course, it is not just about cutting costs. The merger is aimed at creating a platform for future profitable growth. We are therefore consistently focusing the business unit on strong brands and businesses with a high gross margin.

We have executed comprehensive portfolio measures. Since the start of the integration, we have sold or discontinued brands and businesses with a total sales volume of slightly more than one billion euros. With this, the announced portfolio optimization program has been completed.

The focus on high-growth and profitable brands and businesses is also reflected in the results. The top 10 brands in the Consumer Brands segment achieved very strong organic growth, combined with a positive volume development. These brands already account for more than half of Consumer Brands' sales. At the same time, we can see that the change in our portfolio is having a very positive effect on the gross margin of the business unit. This enables us to invest more in our brands and businesses. In innovations and new products, in sustainability, and in digitalization.

This is how we create momentum for future growth.

Innovation is the perfect keyword. After all, innovative products are a key success factor in the highly competitive consumer goods market. This is the only way we can differentiate ourselves from competition.

Around 1,000 research and development experts in the Consumer Brands business unit work intensively on innovations that offer consumers real added value for large and well-known brands such as Persil, Pril, Schwarzkopf, Syoss, and many more.

We also successfully launched numerous new products and innovations on the market in 2024. One example is Perwoll. I'm sure you all know this iconic brand in the detergent segment. And hopefully, you use it regularly.

We have developed a completely new formula for this product. What makes this formula so special, and why it also contributes to greater sustainability, is best explained by one of our colleagues.

## [VIDEO]

Of course, innovations are also crucial to our success in the hair business within the business unit. This includes, for example, the new Creme Supreme colorant from Schwarzkopf. Concerns about possible hair damage are the most common reason many people are reluctant to color their hair at home. This is why we have developed a new technology. It strengthens the hair structure through micro-connections that hold the hair fibers together more firmly. A protective layer is also formed. It coats the hair and leads to significantly less hair breakage.

We recently pooled our expertise in hair cosmetics in Hamburg, in the new so-called "House of Hair". On six floors and around 9,400 square meters, everything here revolves around hair coloration, styling and care brands. More than 300 experts from various fields work together on new innovations for hairdressers and consumers.

Acquisitions are another way of strengthening our portfolio. At the beginning of 2024, for example, we acquired the well-known hair care brand Vidal Sassoon in China. The acquired brand perfectly complements our local retail portfolio in China. Vidal Sassoon's range includes shampoos, conditioners, as well as styling and hair care products in the premium segment.

As you can see: After two years, our new Consumer Brands business unit is successfully established. With a clear positioning, a focus on fast-growing and profitable brands, innovations, and a highly motivated team. Of course, we still have more work to do here. But after the significant progress we have made over the past two years, I am firmly convinced that we are on the right track.

This brings me to our second business unit: Adhesive Technologies. Here, we also recorded very good development in the past financial year.

As our shareholders, you know that we are by far the global leader in adhesives, coatings, and sealants. We offer around 20,000 different products and solutions to more than 100,000 customers worldwide, across more than 800 industry segments.



We are unique in the market. With the breadth and depth of our portfolio. With our global presence, and the expertise of our teams. In the three business areas Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional, we are focusing on key future trends. These include e-mobility and connectivity. And, of course, sustainability. This clear focus on the trends of tomorrow once again contributed to the successful development of Adhesive Technologies in 2024.

Sales in the past year reached 11 billion euros, representing a good organic sales growth of 2.4 percent.

Adjusted return on sales rose by around 2 percentage points compared to the previous year, reaching 16.6 percent. This significant increase was achieved through strong volume growth on the one hand and ongoing measures to reduce costs and increase efficiency on the other hand.

In the past financial year, we also invested in acquisitions in Adhesive Technologies, further strengthening our portfolio. One example is the acquisition of Seal for Life Industries. The company offers protective coating and sealant solutions for critical infrastructure. For example, they are used for oil and gas pipelines and with the increasing energy transition, also for hydrogen infrastructure.

This acquisition complements the acquisition of Critica Infrastructure in 2023, a company also specializing in the maintenance and repair of infrastructure.

With these acquisitions, we have perfectly complemented our existing portfolio. And thus created a platform for further growth in an attractive and promising business area.

Another important area for us is the automotive industry. Of the approximately 11 billion euros in sales in Adhesive Technologies, we generate around 20 percent with manufacturers from the automotive sector. Of this, 20 percent is attributable to solutions for electric vehicles.

Overall, the developments in the global automotive industry were not easy in 2024, especially in Germany. Nevertheless, we were able to significantly outperform market growth. Firstly, because we are internationally positioned, and our customers include almost all manufacturers around the globe. Secondly, our innovative solutions, which enabled us to win more new orders, contributed to this performance.

Innovations are also a key success driver in this business area, which is why we are investing very consistently here. Last year, for example, we opened our state-of-the-art battery test center at our headquarters. It is directly connected to our largest innovation center worldwide, the Inspiration Center Düsseldorf, which I have already presented to you in detail in the past.

With the opening of the battery test center, we are significantly expanding our expertise in the field of e-mobility, reinforcing our position as a leading design and innovation partner for automotive OEMs and battery manufacturers.

Batteries are the heart of every electric car. Anyone who has ever thought about buying an electric vehicle knows the discussion about range and charging times. With our solutions, we are making an important contribution to the future development of batteries. We are making them more powerful, safer – and also more sustainable. But again, I would like to let one of our colleagues speak about this.

## **[VIDEO]**

So much for the developments in our two business units, Consumer Brands and Adhesive Technologies.

I will stay with the topics of future technologies and innovations. After all, digitalization also plays a major role in our agenda for purposeful growth.

The focus here is currently on the significant progress in the field of artificial intelligence (AI). At Henkel, AI has been an integral part of our digital strategy for several years. We use these technologies in many areas of our operations.

For example, AI is used in process automation, within our adhesive research laboratories, in the virtual connection of our global production sites, in autonomous robots in our manufacturing facilities, and for chatbots on Henkel's brand websites, where virtual assistants answer customer inquiries.

With the rapidly growing potential of AI applications, the responsible use of this technology is also becoming increasingly important. We therefore promote the skills of our employees to use these technologies optimally and consciously, for example, through e-learning, training, and workshops.

In our digital unit "Henkel dx", we further optimized the internal structures, strengthened its digital expertise, and fostered a culture of open innovation.

Additionally, we benefit from our strategic partnerships with leading global digital companies such as SAP, Microsoft, and Adobe. These collaborations enable Henkel to integrate cutting-edge technologies into our digital platforms and projects.

Another very important pillar of our growth agenda is sustainability. A commitment to sustainable action has long been part of our company values.

Even in challenging times, we remain true to our fundamental values.

With our pioneering spirit and innovations, as well as our contribution to society, we are committed to a more sustainable world – today and for generations to come.

I am therefore pleased to report on tangible progress in this area as well. For example, by the end of last year, we had significantly reduced CO<sub>2</sub> emissions in our production. Almost by two-thirds compared to the base year 2017.

And 47 percent of the energy purchased already comes from renewable sources. We are also confirming our commitment to drive tangible change through our plan to significantly reduce greenhouse gas emissions. We want to achieve net-zero across our entire value chain by 2045. This ambitious plan and the associated targets are even more far-reaching than before. They include all operational processes at our locations worldwide and cover a large part of our upstream and downstream value chain.

The Science Based Targets initiative has thoroughly examined and validated our new targets. Not many companies in our competitive environment can claim this. It is our contribution to limiting global warming to 1.5 degrees Celsius, as agreed in the Paris Climate Agreement.

But, of course, our products also make an important contribution to sustainability. We want to foster sustainable consumption and continue promoting the circular economy. Our consumer goods products are naturally at the forefront of this. Here, we have continuously increased the share of recycled plastic in the packaging for various products. For example, well-known brands such as Persil, Weißer Riese, Schauma, and Gliss in Europe. The proportion of recycled material in these products now reaches at least 50 percent. And the bottle bodies are, of course, also excellently recyclable. In North America, the bottle bodies of our Dial brand liquid hand soap are already made from 100 percent recycled plastic.

Also in the Adhesive Technologies business unit, innovations and solutions enable greater sustainability, especially in the production processes of our industrial customers.

Let me give you a concrete example: a newly developed hot-melt adhesive for the packaging industry under the Technomelt brand can reduce the processing temperature by up to 40 degrees. This innovation enables our customers to reduce their CO<sub>2</sub> emissions by up to a third while significantly reducing energy consumption in production. Furthermore, half of the adhesive consists of bio-based raw materials. This offers the opportunity to fully recycle the product packaging.

However, sustainable and responsible action is not just about reducing greenhouse gases, using less energy and raw materials, or avoiding plastic waste.

It is also about topics such as working conditions and the promotion of equal opportunities in the workplace.

We launched a special innovation in this area last year: Henkel became the first company listed in the DAX index to introduce gender-neutral parental leave worldwide – with full salary compensation.

This underlines our commitment to a more inclusive culture. We are particularly meeting the expectations of younger generations. For them, equal childcare is an increasingly important factor in family and career planning.

I highlighted this initiative already at last year's Annual General Meeting. At that time, it was still being prepared. We also asked a colleague to give you a first-hand insight of how we have implemented it in practice and what it means for our employees.

## **[VIDEO]**

Our various measures and initiatives to improve the work-life balance are also reflected in concrete figures. By the end of 2024, around 42 percent of our management positions worldwide were held by women. We are very proud of our teams around the world. A company is only successful if the people enjoy working for it and remain motivated to give their best.

This is why it is so important for us to promote a culture of collaboration. With the freedom to contribute new ideas, to constantly develop and learn, and characterized by respect and appreciation for each and every individual –just as they are and regardless of where they come from. We believe in that. And it is what we stick to.

Ladies and gentlemen,

This brings me to the end of my speech.

Let me summarize my most important messages:

- We had a very good year in 2024.
- We have the right strategy. Our excellent results are proof of this.
- We have a strong portfolio.
- With successful and innovative brands for consumers.
- And we offer solutions with cutting-edge technologies for our industrial customers around the world.
- We want to and will continue to develop Henkel.
- With a clear focus on purposeful growth.

- Driven by innovation, sustainability, and digitalization.
- With a great team and a strong culture.
- For a successful future.
- And, of course, for you, our shareholders.
- On this basis, we look to the future with confidence –even in these turbulent times.
- And today, we are confirming our outlook for 2025 – with further sales and earnings increases.

Finally, I would like to say thank you:

First, once again, to all our employees worldwide. I am very proud to be part of this great team.

To the entire Management Board: Dear Sylvie, dear Mark, Wolfgang, and Marco, for your commitment, your experience, and your team spirit.

We achieved a lot for Henkel in 2024.

That was not always easy. And this year also brings new challenges. But we were successful as a team. And we will make this year a successful year for Henkel as well.

I would also like to thank our company bodies: our Supervisory Board and the Shareholders' Committee, for your experience, your expertise, and your advice. Without you, we would not have made so much progress in our transformation.

And I would like to thank you in particular, dear Dr. Bagel, for the excellent cooperation with you as Chairwoman of our corporate bodies. For your guidance, your questions, your advice and, above all, your trust. I am looking forward to the common path that lies ahead of us.

And finally, of course, to you – our shareholders. Your confidence in the future of Henkel is what drives us.

Thank you for your attention.

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