Commented Slides

Conference Call H1 2020, August 6, 2020

Henkel representatives
Carsten Knobel, CEO
Marco Swoboda, CFO
& Investor Relations Team

Carsten Knobel, CEO:

Dear Investors and Analysts, good morning from Düsseldorf and welcome to our conference call on the first half year of 2020.

Thank you for joining us. And I hope that you and your loved ones are really doing well no matter where you are in the world. I'm joined today by Marco, our Chief Financial Officer.

Marco Swoboda, CFO:

Good morning.

DISCLAIMER

This presentation contains forward-looking statements which are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Statements with respect to the future are characterized by the use of words such as “expect”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, and similar terms. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and results actually achieved by Henkel AG & Co. KGaA and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Henkel’s control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Henkel neither plans nor undertakes to update any forward-looking statements.

This document includes – in the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Henkel’s net assets and financial positions or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.

This document has been issued for information purposes only and is not intended to constitute an investment advice or an offer to sell, or a solicitation of an offer to buy, any securities.

2 Henkel

Carsten Knobel, CEO:

Before we start, let me begin this call reminding everyone that this presentation which contains the usual formal disclaimer to forward-looking statements within the meaning of relevant US legislations can be accessed via our website at henkel.com/ir.

The presentation and discussion are conducted subject to this disclaimer. I will not read the disclaimer, but we take it as read into the record for the purpose of this conference call.

What's on our agenda today?

First, I'm going to lead you through the key developments in the first half of this eventful year and the progress update on where we stand in executing our purposeful growth agenda.

Then, Marco will comment the detailed financials for the first half of the year. And after the presentation, we're looking forward to answering your questions.

KEY DEVELOPMENTS H1 2020

SALES AND EARNINGS PERFORMANCE IMPACTED BY COVID-19 PANDEMIC

Nominal Sales	Organic Sales Growth	Adjusted EBIT Margin	Adjusted EPS[1]
€ 9.5 bn -6.0%	-5.2%	12.6% -370bps	€ 1.96 -28.2%[2]

- Adhesive Technologies impacted by headwinds from significantly reduced industrial demand
- Beauty Care Retail almost stable in topline, Hair Professional strongly affected
- Laundry & Home Care delivering very strong broad-based sales growth, but North America below expectations

[1] Per preferred share [2] At constant exchange rates

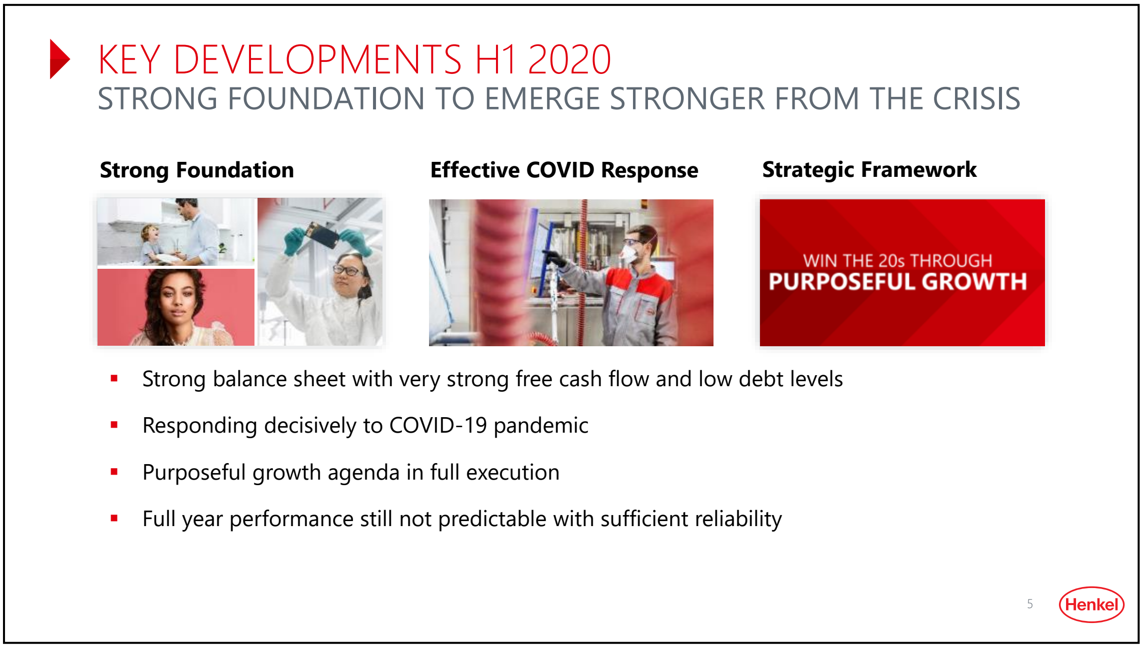
4 Henkel

The global COVID-19 pandemic and its implication on economies and societies across the globe have affected our businesses with full force. While we delivered an almost flat top line development in the first quarter of 2020, the impact of lockdown measures in key markets and, at times, sharp declines in industrial demand impacted our sales and earnings performance, especially in the second quarter.

From the very beginning, the health, safety and the well-being of our employees was our highest priority. Thanks to our effective crisis management approach, the strong commitment of our teams, and the breadth of our portfolio, we could balance the overall effects on the group. All countries, business units and functions quickly adapted to new market realities and arrived at new levels of speed and efficiency.

As one team, we realized group sales in the first six months that amounted to €9.5 billion despite the disruptive environmental, nominally, 6% below the prior year period, organically, minus 5.2%, with a differentiated development by business unit.

Adhesive Technologies experienced strong headwinds from significant drops in industrial and automotive production and shutdowns of many customers' production sites globally especially in the second quarter.
For Beauty Care, the Hair Professional business was hit by Salon closures in key markets. The Retail business experienced both positive and negative effects depending on the categories, overall coming in almost stable in terms of topline.
And Laundry & Home Care sustained very strong, broad-based sales growth in the first half. Nevertheless, we are not blind of our weak market share development in North America.



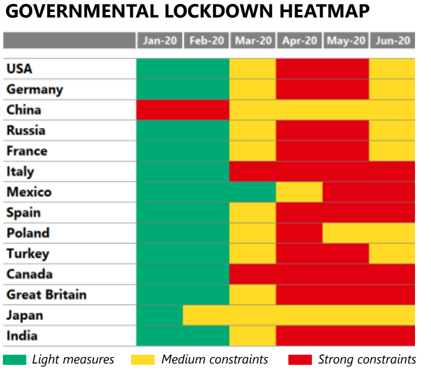
These are extremely challenging times – for our employees, our customers and consumers and our business partners. They require solidarity, team spirit, resilience and courage – and not least entrepreneurial thinking. I am convinced that the actions we have taken to respond to today's challenges will help us to emerge stronger from the crisis.

We have a rock-solid foundation to rely on including low debt levels and have shown resilience when it comes to cash flow performance. We did not ask for state support, neither did we send our employees on short-time work. We paid out a dividend on prior-year level. And we can build on our purposeful growth agenda, which is confirmed by the current environment. The execution of our targeted initiatives is in full swing. And I will give you a detailed run through that a little bit later.

Looking into the remainder of the year, our business environment remains volatile and uncertain regarding the further development of the COVID-19 pandemic and its impact on global economy. In many parts of the world that already experienced the first wave of infections, we see numbers rising again. As per today, we cannot predict our full-year performance with sufficient reliability. Thus, we continue to not provide a forecast for the full-year 2020 at this point of time.

GLOBAL REACH OF COVID-19 PANDEMIC
IMPACTING OUR BUSINESS ENVIRONMENT GLOBALLY

- COVID-19 substantially affecting economies and societies globally
- All regions with few country exceptions strongly affected in terms of GDP reduction and private consumption in Q2
- IPX mid teens down in Q2 after already negative Q1; more pronounced for automotive build-rates
- Changing consumer behavior amid COVID-19 outbreak and lockdowns



COVID headwinds for Henkel peaked in April/May

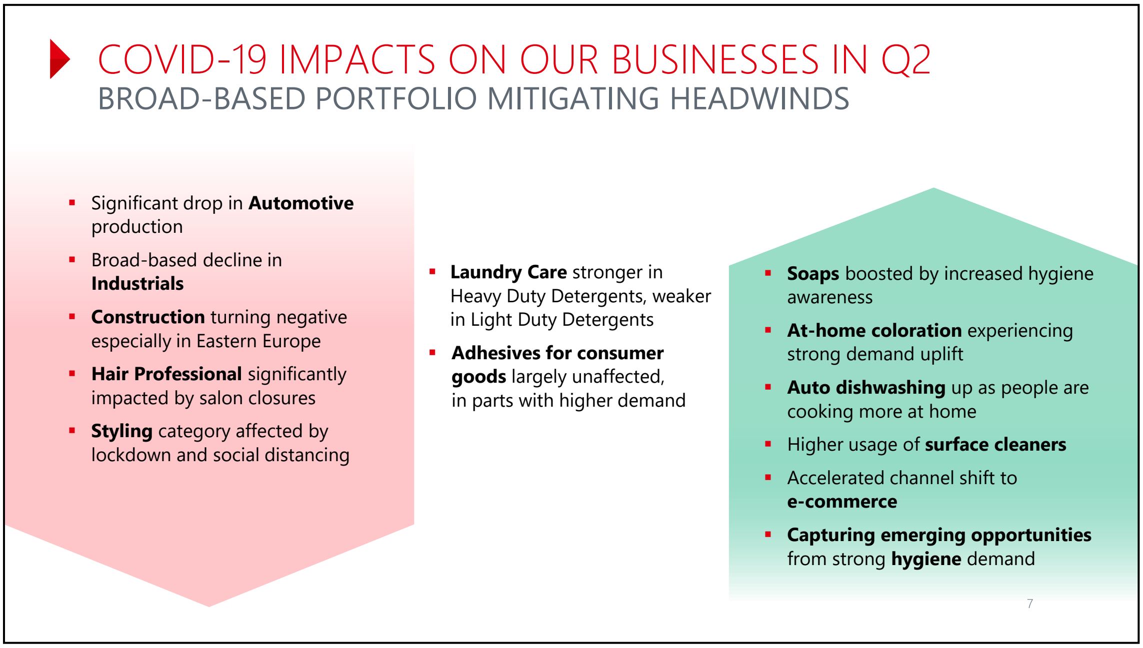
6

Let me elaborate a little bit more on our business environment in light of the COVID-19. In the first quarter, governmental lockdown decisions in China caused production in many industries to stop and shops to close for some time. Demand dropped significantly in the region. Since March, the global spread of the pandemic affected us in most of our key markets, with a more pronounced picture in the second quarter.

The second quarter was, thus, clearly more demanding from a business environment perspective as evidenced by the development of the global industrial production index and the changes in consumer behavior triggered by the COVID-19 outbreak and governmental restrictions implemented in response.

COVID impacts on each country's economy and society differed in timing and intensity, as you can see on the governmental lockdown heatmap on the right side of this chart. However, all regions with a few country exceptions were strongly affected by the pandemic experiencing substantial declines in GDP and consumer demand. In addition, we observe sometimes significant changes in consumer behavior with different impacts from category to category.

For us at Henkel, headwinds from COVID-19 on our businesses and sales peaked in April and May. Hygiene restrictions and lockdown measures are being lifted in many countries and we are seeing gradual recovery trends in June and also in July. Nevertheless, the overall situation remains uncertain and volatile.



Thanks to our broad-based portfolio and our immediate global crisis management we mitigated overall impacts on our performance. Individual developments of our businesses however, varied considerably driven by disruptive industrial and consumer demand changes amid the pandemic. This is why I would like to give you some additional insights, focusing on developments in the second quarter, which provide a clearer picture on the COVID-19 impacts.

Our industrial business was facing strong headwinds. The Automotive business area was hit hardest as a consequence of production shutdowns in many countries. Also the other Adhesives businesses faced significant headwinds from pandemic related production shutdowns. A comparably smaller part of our overall Adhesive Technologies portfolio was largely unaffected, such as our adhesives for consumer goods business, that in parts even experienced higher demand, such as for tissues. Our Hair Professional business has been confronted with very significant pressures from enforced hair salon closures in key regions and countries. In turn, we could capture increased demand for at home coloration.

Laundry Care overall was influenced to a comparably lesser extent by the pandemic. Besides some pantry-loading and de-loading effects in certain weeks, we saw a strong performance in Heavy Duty detergents while some other laundry care segments like special detergents or laundry sheets have been negatively impacted by COVID-19 due to a shift in consumer focus.

Our more hygiene related categories, on the other hand, experienced some tailwind from higher demand due to increased consumer awareness for health and hygiene. Particularly in the soaps segment and for example surface cleaners. Furthermore, with people staying and cooking more at home, categories such as automated dishwashing saw strong results. In contrast, social distancing negatively affected the styling category.

From a channel perspective, COVID-19 for sure accelerated the shift to eCommerce. And it is offering emerging opportunities from stronger hygiene demand, which we are capturing with targeted offerings and a step-up in communication. And I will get to that into more detail later.

RESPONDING DECISIVELY TO COVID-19 PANDEMIC
STRONG COMMITMENT TO OUR COMPANY VALUES

Ensuring **employee** safety, supplying **customers** and supporting **communities**

- Thorough precautionary measures at our >200 office locations and >180 production sites globally
- Seamless and effective switch to home office leveraging digital workplace – gradual return onsite
- Supporting 470 COVID-19 related projects in 43 countries as part of comprehensive global solidarity program
- From 90% production sites running end of March back to 100% by mid-June, safeguarding supply chain stability
- ~€ 40m special cost incurred, e.g. for protective equipment





I would like to use this opportunity to thank all our 52,000 Henkelaners for their dedication and commitment. And I would like to thank my board colleagues and the global and regional crisis teams for their tireless efforts to protect the health, the safety and the well-being of every single employee. Thanks to their strong commitment, we managed to safeguard jobs and compensation, launched an extensive global solidarity program and navigated our businesses successfully through this crisis. I am proud to see how we master the challenges together and respond quickly and decisively.

Wherever possible and needed, our people are in home office, which is working extraordinary well, supported by a strong digital workplace concept. Depending on the situation in individual countries, they are gradually returning onsite. Under the highest hygiene and safety measures, operations continued worldwide to supply our customers and consumers. As already outlined in our Q1 call, most of our sites remained operational throughout the first quarter. By the end of March, 90% of our production sites were running. Since, the teams managed to re-open the remaining production sites, with the last ones resuming production by mid-June.

As a company with a longstanding tradition as a family business, it is our responsibility to make a contribution to fighting this global crisis. With the launch of our global solidarity program, we engaged in financial aid, product donations, and the production of disinfectants at our sites. So far, we supported 470 COVID-19 related projects in 43 countries benefiting almost 5 million affected people. This did not come for free, we incurred about €40 million additional costs to manage the situation, for example, for protective equipment or donations.

AGENDA

01 Key Developments H1 2020

02 **Purposeful Growth Agenda**

03 Financials H1 2020

04 Closing

9 Henkel

While we are managing short term challenges exceptionally well, we have kept sight of the medium and the long term, shaping the company to build on our purposeful growth framework.

The last 5 months have shown that we set the right priorities with our new strategic framework. And we started to successfully drive future oriented initiatives along the six pillars.

With a winning portfolio, competitive edge, future-ready operating models and a collaborative culture with empowered people at the heart, we want to build on our strong foundation and

- Outgrow our markets through superior customer and consumer value,
- Differentiate ourselves as a leader in sustainability,
- And develop our people to grow with a sense of belonging.

So our commitments stay unchanged, including our first set of actions we defined as a starting point of our journey.

Overall, we are well on track in executing the targeted measures. In some regards, we have to adapt to the current situation.
But at the same time, we are also able to leverage emerging opportunities to drive the envisioned changes.

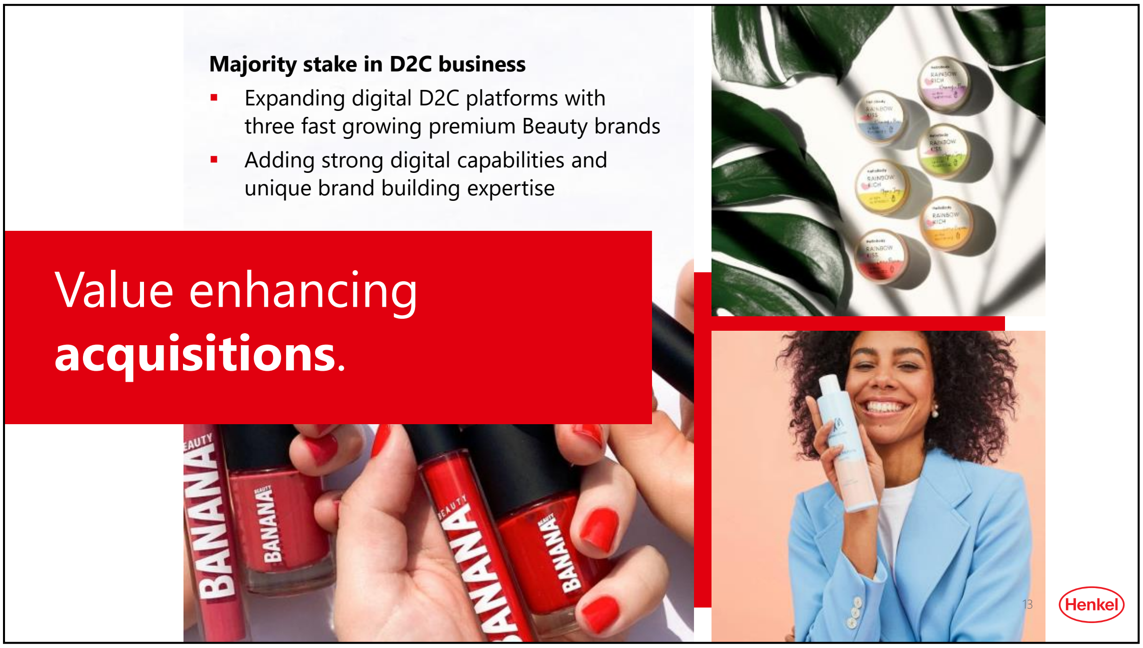
Let me give you a bit more color on our key milestones and the achievements:

To rigorously shape a winning portfolio, we identified brands and categories with a total sales volume of more than €1 billion, predominantly in our consumer businesses, and marked half of this amount for divestment or discontinuation by the end of 2021.

We are fully committed to execute the announced portfolio measures in the defined timeframe and already divested or exited businesses with a sales volume of around €80 million in the first half of the year. The majority of these sales were coming from Adhesive Technologies with business that were not part of the core of the industrial portfolio anymore.

For both Beauty and Laundry & Home Care, there are small discontinuations up to now. In the current environment, we have mostly focused on setting up divestment processes to be ready when markets come back.

M&A is an integral part of our portfolio strategy. In the past days, we signed two compelling acquisitions. In total, we invest about €0.5 billion utilizing our strong balance sheet.



We signed an agreement to acquire a 75 percent stake in a Beauty Care business comprising three fast-growing premium direct-to-consumer brands:

HelloBody, well known for premium skin, body and hair care products.
Mermaid+Me, strongly positioned with its premium hair care products.
And Banana Beauty, a front runner for decorative cosmetics such as lipsticks and eyeliners.

All three brands excite more than 1.5 million active consumers. And in the last twelve months, the businesses generated sales of around 100 million euros.

Adding strong digital capabilities and unique brand building expertise, the acquisition is a clear strategic fit: We increase the scale of our D2C activities and advance our 1on1 consumer interactions. Hence, we strengthen our competitive edge in the beauty care market.

Value enhancing **acquisitions**.

Strengthening Adhesive Technologies in NA

- Acquiring highly complementary consumer sealants business marketed under the GE brand[1]
- Excellent distribution via home-improvement centers, major retailers and hardware stores and professional outlets

[1] Business to be acquired from Momentive Performance Materials. GE is a trademark of General Electric Company, used under license.

14 Henkel

We signed a second agreement to acquire a portfolio of attractive consumer sealant products, highly complementary to our existing portfolio, to strategically strengthen our Adhesive Technologies business.

The business is marketed under the iconic GE brand with focus on the North American market. It has an excellent and diversified distribution network via home improvement centers, major retailers, hardware stores as well as professional outlets. In 2019, the business generated sales of around €100 million.

With this acquisition, Adhesive Technologies will broaden its position in the region expanding into silicone sealants.

Today, as relevant as ever, it is critical to accelerate with impactful innovations to gain competitive edge. Let me deep dive into all three business units.

In Adhesive Technologies we have a broad industry portfolio for sealing and impregnation technology solutions. In a joint collaboration with one of the major smartphone brands, we launched a new product line to increase the water resistance of high-end smartphones. This is supporting a consumer trend where Henkel is best positioned to leverage innovative materials and processes across end markets and develop new market solutions for true wireless headphones, tablets and laptops.

In Beauty Care, we continuously strive to leverage the key trends such as nature and sustainability. The recent launch of Simply Color is a perfect example. The teams developed an innovation based on the natural trends in the more technological category of hair coloration for the US market. Simply Color does not contain ammonia, silicones or alcohol and comes with 100% recyclable packaging and was awarded Brand of the Year 2020, helping accelerate market share gains in the US.

In Laundry & Home Care, I have highlighted in March how we intend to leverage the strategic Caps segment with targeted innovation. Under our iconic mega brand Persil, we have introduced our breakthrough 4in1 DISCS in 2019. To build on their impact, we extended the successful range with targeted variants, for example, Persil DISCS against bad odors or our OXI DISCS variants in the US.

Our strategy is proving successful. Persil DISCS are by now making up almost 10% of our overall Persil sales and have been winning global market share of roughly 500 basis points year-over-year, especially in our active markets in Europe. Despite our second follower disadvantage at the beginning, we have been outgrowing the Caps market since, and we are confident that we will continue our growth story winning with consumer relevant innovations.

To cater the needs of our consumers during the pandemic, we put increased focus on hygiene-related products across our consumer portfolios. Here, we were able to step up speed and agility to offer fast-track innovations and convince with targeted communication campaigns.

Let me stress two impressive Beauty Care examples.

First, building on a strong brand equity promoting hand hygiene, our Beauty Care brand, Dial, generated more than 25% organic sales growth in the first half year and increasing penetration, reaching around 10 million new household buyers. For sure, we had a tailwind from increased consumer awareness for hand washing and hygiene while we could also grow distribution and gain market shares.

The new hand sanitizers from our brand Fa were born within 8 weeks from idea to launch. They are also sold via new channels such as vending machines at the Dubai Airport and public places in the Middle East / Africa region.

Our Laundry & Home Care teams quickly replied to the increased demand for hygiene, health and safety as well with the development, launch and the rollout of a strong product pipeline covering disinfection, antibacterial and hygiene products. For example, the All-Purpose-Cleaner 'General Disinfection' in Egypt and Lebanon. Or Pril Anti Bacterial, that we will roll out in the Middle East / Africa region in the third quarter.

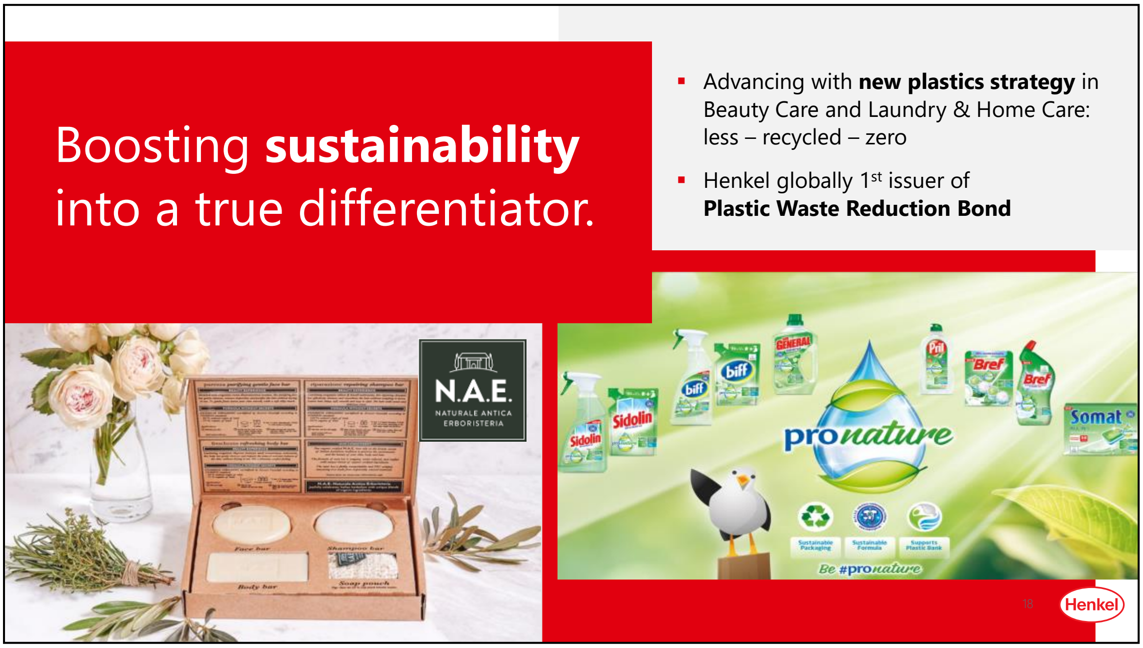
We are underlining our product performance stepping up our hygienic cleanliness communication across the portfolio and relevant channels, including consumer education and support.

An important element of our innovation strategy is to consistently support our innovations and brands with targeted investments in core categories and regions. For the year 2020, we aim to further step up our growth investments by 200 million euros compared to 2019, or 350 million euros compared to 2018. In the first six months, despite the macroeconomic challenges, we kept this commitment and stepped up our growth investment in marketing, digital and IT, according to plan, by a high double-digit million euro amount, especially in Laundry & Home Care.

We decided to invest in impactful innovations such as the Persil 4in1 DISCS as well as our Bref DeLuxe series with targeted campaigns. This translated into market share gains and an overall significant organic sales growth.

In Beauty Care, we increased, for example, media support for our iconic brand Dial, which I mentioned already before. As part of the new campaign, we strengthened the core brand equity of caring for hands for over 70 years.

In digital, we allocated additional investments, amongst others, to further enhance our digital infrastructure and for cybersecurity, also in light of requirements from the COVID-19 pandemic.



Moving to sustainability. To reinforce our leadership in sustainability, we aspire to boost sustainability as a true differentiator. And we are making good progress. For example, in anchoring our new plastic strategy. All Pril bottles in Europe are made of 100% recycled plastic, and our new Pril 5+ actively contributes to less water and energy consumption with its innovative self-degreasing action formula developed to replace the presoaking phase of dishwashing.

We further build on our Pro Nature range by launching Somat and Bref Pro Nature. Available in 30 countries, all Pro Nature products include up to 99.9% natural ingredients and up to 100% recycled plastic packaging. The hand dish wash and trigger bottles are even made of 50% Social Plastic.

Also in our Beauty Care business, sustainability is a key part of the innovation strategy. The teams launched solid shampoo, body and face bars under both brands, Nature Box and N.A.E. with zero plastic. One shampoo bar, for example, equals the washing performance of two bottles of liquid at 250 milliliter each. A strong potential to have a lasting impact in the fight against plastic, which is highly valued by our customers. In the first half year of 2020, our Nature brands were achieving mid-double-digit sales growth.

Going forward, we will accelerate our activities to promote a circular economy with clear initiatives. We test, iterate and scale future shaping projects such as refill stations for selective product categories to reduce packaging waste.

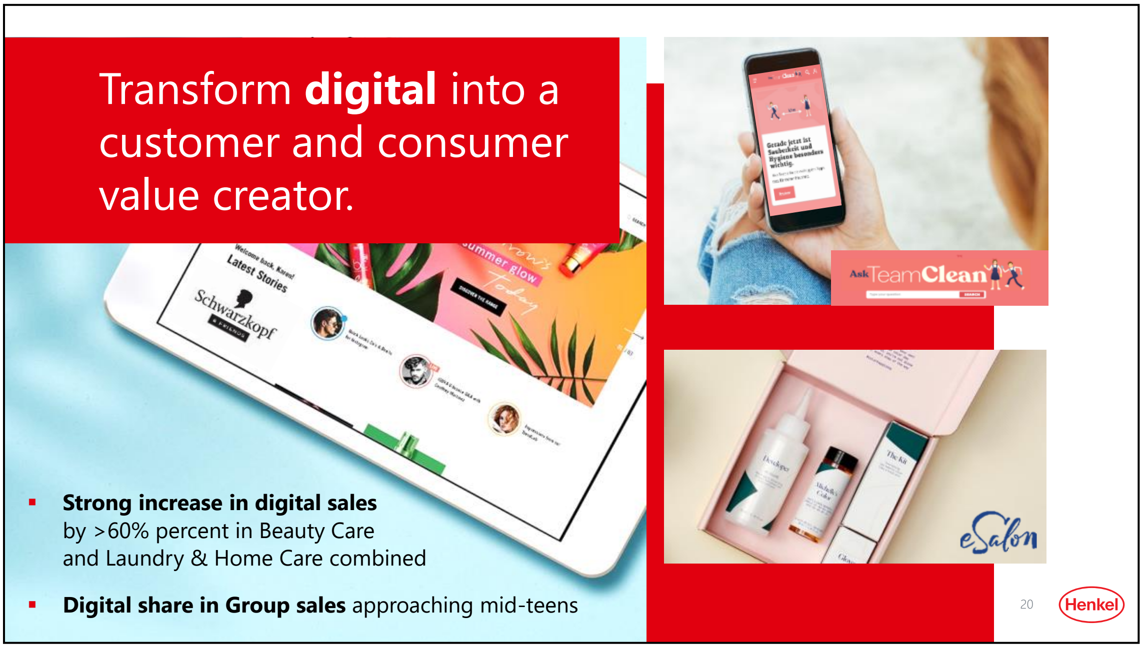
We are not only doubling down on sustainability in operations and innovations, we are setting a benchmark also in financing. I am proud to say that as the first company globally, Henkel concluded a plastic waste reduction bond. The proceeds will be allocated specifically to projects and expenditures related to our activities to reduce plastic waste. Following the syndicated Green Loan, another proof of our ability to combine attractive corporate financing instruments with progress in sustainability.

For Adhesive Technologies, sustainability is developing into a key differentiator in global competition. As a leader in adhesives, sealants and functional coatings we are setting benchmarks and enable our industrial customers to achieve their sustainability targets with high-impact solutions.

Being a partner of choice for the packaging industry, we are actively supporting a circular economy by working closely with partners to develop sustainable, yet functional solutions. With LOCTITE LIOFOL, we introduced a certified recyclable heat and cold seal coating into the market, which enables the replacement of polyethylene with paper, suitable for a wide range of food and non-food packaging. Here, we are setting new standards in terms of recyclability, food safety, and flexibility. And actively contribute to a circular economy by enabling new packaging designs with our solutions.

With our customer-centric co-development approach, we successfully combine material expertise and engineering support and help to shape the world's transition to a low carbon economy. The mass production of electrical vehicles is one of the biggest transformations for the automotive industry in this regard. As a strategic supplier and partner, we developed a silicone-free liquid gap filler for battery packs. Our solution is facilitating larger battery pack designs, improving reach, battery pack recycling and waste reduction.

Finally, we launched our high impact Bonderite hot sealing additive, a cost effective anodizing solution, which enables doubling of the standard life span of sealed parts, an increase in the productivity of single step hot sealing by more than 20% and a reduction of the makeup of the bath by 50% or more, reducing the CO2 footprint.



Moving on now to digital, where we are shifting up gears in the current environment. In the first half year, we recorded a strong increase in digital sales of more than 60% in Beauty Care and Laundry & Home Care combined. For the group, the digital share in overall sales is approaching now the mid-teens, a strong progress.

What are some of the driving forces? In Beauty Care, we are further leveraging eSalon. With consumers, often unable to go to their hairdressers, orders of personalized hair coloration for home use significantly increased. First orders grew more than 3 times year-over-year. First plus repeated orders led to high double-digit growth. In June, the team extended eSalon to male coloration, addressing a promising complementary target group.

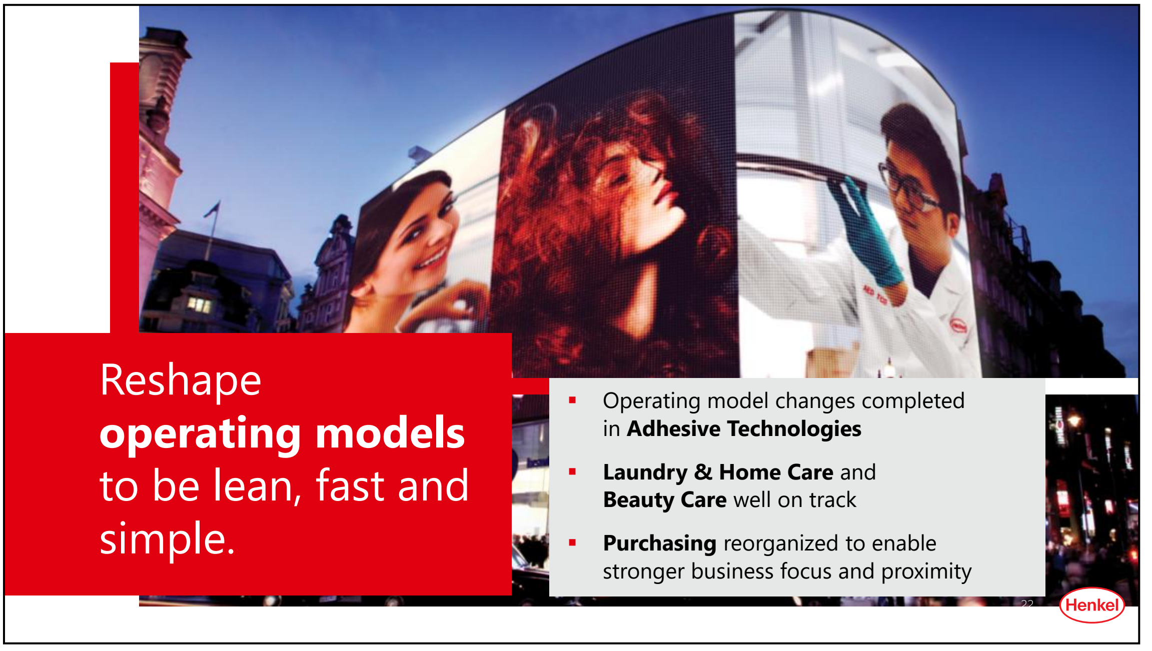
In a test and learn approach, we have also launched our first in-house developed D2C retail platform, Schwarzkopf & Friends in only a few weeks from idea to launch.

Also in Laundry & Home Care, we achieved very strong double-digit e-commerce growth, accelerated by COVID, but also driven by increased investments. Our expanding e-commerce-ready product portfolio paired with our agile management and targeted channel investments were the right formula at the right time.

Finally, we stepped up our activities in eCRM consumer relationship management, boosting our one-to-one consumer relationships and realizing notable cross- and upselling potential. ‘Ask Team Clean’ is the first community on all laundry care and home care-related topics in Germany and now also present in seven additional markets in Eastern Europe via social media.

Let me also highlight that our new digital business setup is live, a real step change for us and a strategic game changer in the future.

It is comprising our IT organization, business process experts and our former CDO organization. With these joint forces and unity of effort approach, combining our businesses, functions and digital, we strive for a new level of digital expertise and exceptional impact in the future.



I spent some time on our central three pillars of our strategic framework. Because in order to win the 20s through purposeful growth, we have to establish a unique position in our target markets and develop a competitive edge. Nevertheless, future-ready operating models across the company are of equal importance because they will determine our ability to execute what we intend to do.

We successfully completed the operational model changes for the Adhesive Technologies business. In Laundry & Home Care and Beauty Care, we are well on track with a focus to empower the frontline and enhance regional focus to drive customer and consumer proximity and to benefit from leaner structures. And we completed the reorganization of our purchasing organization in order to enable an even stronger focus on operations and proximity of business.

Every successful transformation begins with a cultural transformation. And since the beginning of this year, we really accelerated our cultural journey with our leadership commitments at the core. They were designed from employees for employees. This year, we took action, finalized the rollout and started to live up to them in a challenging environment.

The crisis created a moment of truth for a company culture. From the very beginning, me, my board colleagues and our top leaders took actions. We stepped up our communication to our employees, for example, via video messages and virtual town halls and encouraged grass root initiatives across the entire company. We took important steps to support our community and affected business partners. We reconnected with our values and looked with pride at how every single employee responded. I was impressed to see that across all countries, levels, business units and functions, we revived our entrepreneurial spirit, collaborated as strong teams with passion and owned our results.

We aspire to shape a new and better normal and will leverage our learnings. This means to discover new ways to connect, understand the value of our ecosystem and reach new levels of speed and efficiency. Culture always mattered, but now it matters more than ever. We will continue our cultural journey with passion and commitment.

Wrapping up. We have the right strategic framework in place and successfully started our purposeful growth journey.

We started shaping our portfolio with divestments accounting for €80 million sales and two value enhancing acquisitions for €0.5 billion.

We stepped up innovation with new approaches and impactful launches supported by increased investments.
We understood the importance of catering the increased hygiene and cleaning needs of consumers, and we'll closely monitor and respond to market dynamics.

We started to reinforce our leadership in sustainability, which is deeply rooted in our DNA and must become a strategic differentiator in the future.

We achieved a strong increase in digital sales of more than 60% in our consumer businesses, and on group level digital sales approach a share in the mid-teens.

Our new digital business setup is live, and the execution of our operating model changes is completed or well on track.

We finalized the rollout of our successful leadership commitments, equipped to tackle rising challenges and realize cultural opportunities.

Today, we are only five months in execution, and we have already made strong progress. While I'm proud to see a powerful start to our journey, relentless execution of our defined measures, incorporating our market realities remain key.

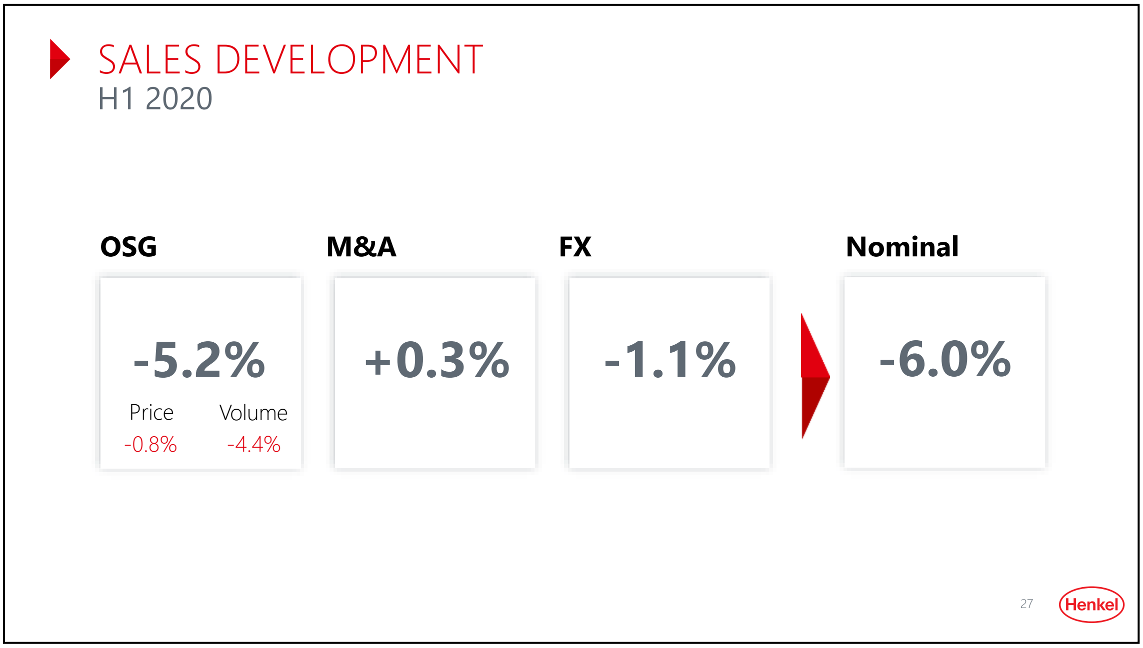
This is our aspiration.

I'd now like to hand over to Marco, who will lead you through our financial performance in the first six months of the year in more detail.

Marco Swoboda, CFO:

Thank you very much, Carsten, and good morning, everyone, also from my side.

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



Organic sales development was negative at minus 5.2% over the first six months.

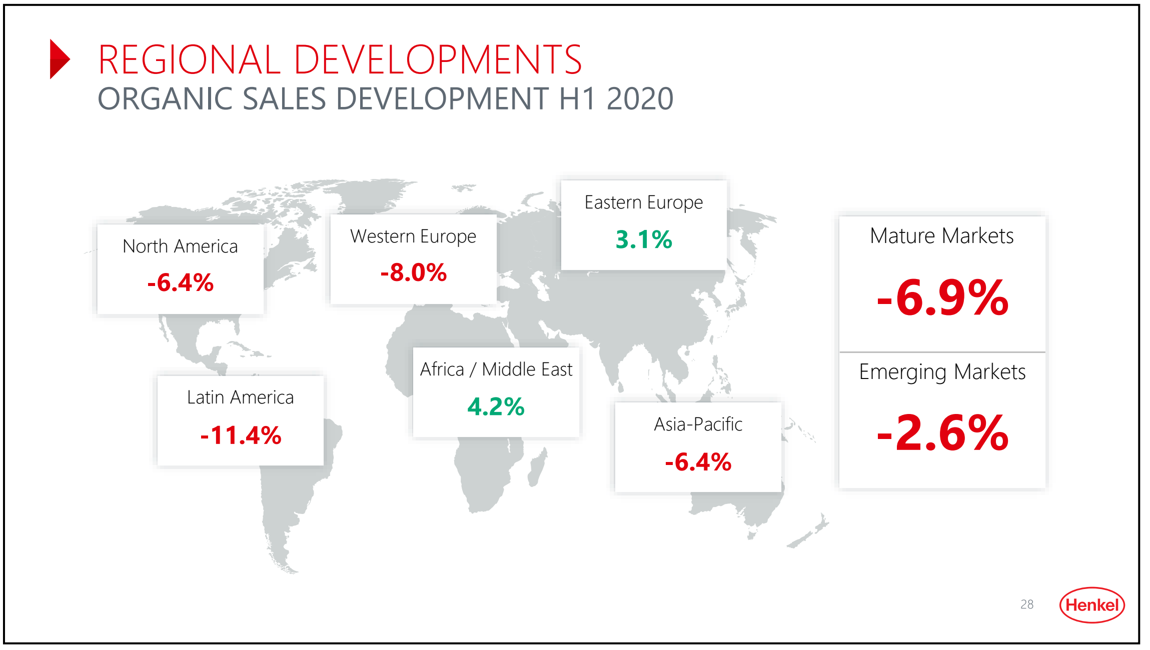
This was, in particular, due to declining volumes at minus 4.4%. Both Adhesive Technologies and Beauty Care were heavily affected by the COVID-19 pandemic and recorded volume reductions in the low double-digit and high single-digit percentage, respectively.
Laundry & Home Care in contrast achieved a significant increase in volumes.

Pricing was slightly negative at minus 0.8% on group level. This was driven by lower average pricing in our consumer goods business units. Adhesive Technologies showed a very resilient pricing performance and kept prices stable in a highly demanding market environment.

The net effect of our acquisitions / divestments had a positive impact on sales of plus 0.3%.

Currencies had a negative effect of minus 1.1%.

And in total, Henkel recorded a decrease of 6% in nominal sales to €9.5 billion in the first half of 2020.



Moving on now to the organic sales development by region.

Overall, mature markets were negative with an organic sales development of minus 6.9%. Our businesses in the emerging markets at minus 2.6% were also lower than the prior year period. Both North America and Western Europe were lower year-on-year by a mid to high single-digit percentage. This was due to a substantial decline in industrial demand and widespread shop closures caused by the governmental lockdown decisions in almost all countries of the regions, in particular, in the second quarter.

Performance in Asia Pacific overall was negative at minus 6.4% due to significant and broad-based decline in the region's emerging markets. In most countries outside China, the situation materially worsened in the second quarter. In China, though, we recorded good organic sales growth in Q2 after a very weak Q1, triggered by the COVID-19 outbreak early in the year. The mature markets of Asia Pacific overall achieved positive organic sales growth in the first half of the year, Q2, however, was negative.

At minus 11.4%, Latin America recorded the strongest regional decline in half year one, given the significant headwinds from COVID-19 and a relatively high share of Adhesives and Professional Hair. In the Africa / Middle East and Eastern Europe regions, we achieved overall strong sales growth, but also here, the development in the second quarter was much weaker compared to the first quarter.

ORGANIC SALES DEVELOPMENT

H1 & Q2 2020

	H1	Q2
Group	**-5.2%**	**-9.4%**
Adhesive Technologies	-10.9%	-17.4%
Beauty Care	-8.5%	-12.8%
Laundry & Home Care	+4.9%	+4.4%

29 Henkel

Let's have a closer look at the quarterly sales trend, and that also gives you more color on the development over the two quarters.

On Henkel Group level, sales declined organically by minus 9.4% in the second quarter compared to an almost stable development of minus 0.9% in the first quarter.

Both Adhesive Technologies and Beauty Care Professional experienced unprecedented pressures on volumes as most countries were mandating public lockdowns as well as shop and production closures triggered by the COVID pandemic. In many cases, the restrictions were kept during or were only gradually lifted over the course of the second quarter. As a result, Adhesive Technologies and Beauty Care posted a substantially more pronounced decline of minus 17.4% and minus 12.8%, respectively, in Q2 compared to Q1.

Nevertheless, it is worth noting that those businesses affected most by the pandemic. We've recorded gradual recovery trends towards the end of the second quarter. Adhesive Technologies ended the quarter with a decline of around minus 10% in June. And Professional Hair closed the quarter down in the mid-teens percent, strongly improved compared to high and mid double-digit declines in April and May. This gradual recovery continued in July.

Laundry & Home Care, on the other hand, sustained a very strong organic sales growth in the first half of 2020.

STRONG CRISIS MANAGEMENT & FINANCIAL FLEXIBILITY

Concise Operational Measures	▪ Strong targeted management of local crisis situations ▪ High agility in supply chain and production, most plants back in operation ▪ Realizing market opportunities in hygiene addressing consumer needs
Focus on Cost and Cash Management	▪ Short-term savings realized ▪ Strong focus on net working capital management and targeted capex
Strong Balance Sheet	▪ Continued low net debt level of € -2.0 bn with sufficient room to maneuver ▪ Strong single A-rating reconfirmed
High Financial Flexibility	▪ Successful bond placements at attractive conditions including innovative sustainable financing via plastic waste reduction bond ▪ Cash position of € 2 bn, undrawn credit lines / CP facilities of ~€ 2 bn, further headroom in Debt Issuance Program and balanced bond maturity profile

30 Henkel

As long as this health crisis persists, we will continue to constantly readjust and respond flexibly and swiftly to developments in our markets. We have been implementing concise operational measures and adapted to the local needs with high agility in supply chain and production. At the same time, and Carsten elaborated on this, we're also focused on capturing opportunities triggered by changing market dynamics as well as demand and usage patterns.

We also put strong focus on costs and net working capital management.
In the first half, we realized short-term savings of about €70 million while not compromising on our future growth.

We can build on a strong financial foundation. With continued low debt levels and our strong A rating, which was just reconfirmed, we have sufficient financial flexibility and fast access to capital markets at attractive conditions. This is evidenced by our most recent bond placements including our innovative plastic waste reduction bond as mentioned by Carsten earlier.

In addition, we have substantial short-term flexibility in our financing in case we need it, with cash and cash equivalents of €2 billion, undrawn credit lines and commercial paper facilities of about another €2 billion, and further headroom in our debt issuance program. Also, our bond maturity profile is very balanced.

ADHESIVE TECHNOLOGIES

ORGANIC SALES GROWTH H1: -10.9%

- Overall decline, with negative Q1 followed by substantially lower Q2
- Automotive & Metals business area with double-digit decline due to shut-down of many customers' production sites globally
- Packaging & Consumer Goods business area moderately affected; Consumer Goods positive
- Electronics & Industrials business area double-digit negative due to Industrials; Electronics above prior year
- Craftsmen, Construction & Professional business area below prior year; Construction in Q2 negative after strong Q1

31 Henkel

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

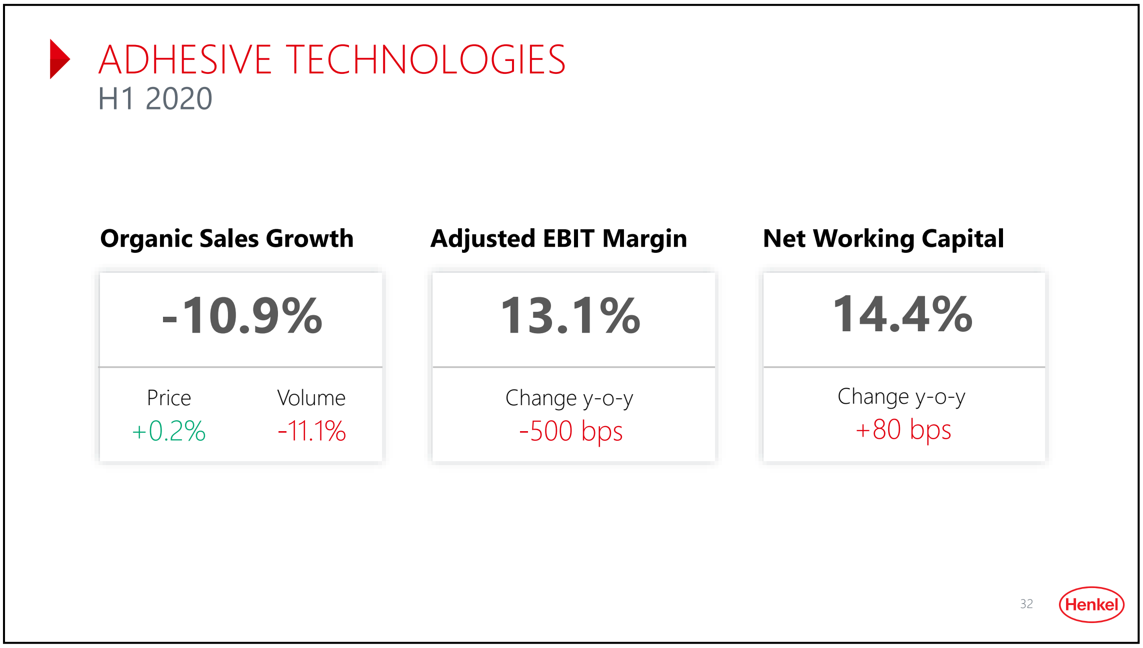
Adhesive Technologies was strongly impacted by the COVID-19 pandemic. Driven by significant declines in industrial and automotive production in the first half, the business unit recorded a negative organic sales growth of minus 10.9%. We faced an overall negative development of demand with sequential declines from the first to the second quarter.

Within Adhesive Technologies, business areas were affected in different ways. Automotive & Metals showed the strongest impact resulting from global production closures in the automotive industry. The crisis peaked at the end of March until end of April while a slow recovery started thereafter. In China, however, our automotive and metals business stabilized during the second quarter.

Our business area Packaging & Consumer Goods recorded an only modest impact from COVID-19. Within the business area, the consumer goods business developed positively, driven by organic growth in the second quarter.

Within our Electronics & Industrials business area, the industrials business was particularly impacted by pandemic-related production stops. Our electronics business, in contrast, recorded a positive development as a result of strong sales initiatives and pandemic-related inventory buildup.

Craftsmen, Construction & Professional had an overall negative development in the first half year. In particular, our construction business could not continue its strong growth from the first quarter.

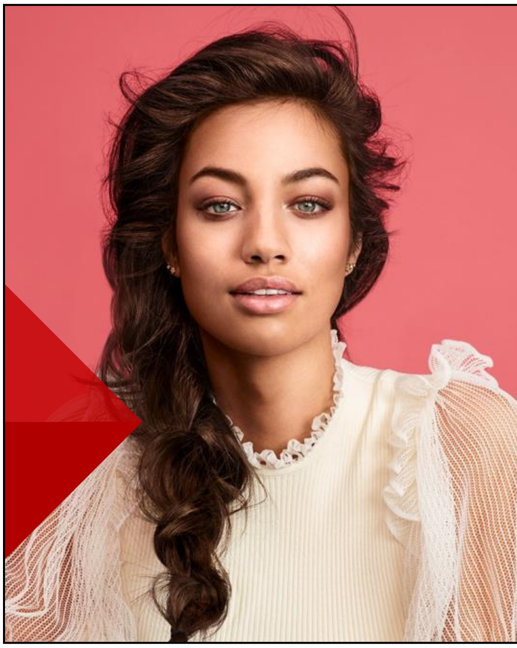


As a consequence of these trends, the business unit's organic sales development was driven by significantly lower volumes at minus 11.1%.

Pricing was flat in the period under review with similar developments in the individual quarters. Given the current market environment, this is a very strong achievement. Thanks to the robust pricing and cost efficiency measures, combined with the roughly neutral direct materials impact in the first half, we were able to almost maintain our gross margin despite transactional currency headwinds.

The adjusted EBIT margin of Adhesive Technologies nevertheless came in 500 basis points lower, closing the first half 2020 at 13.1%. This was due to lower sales volume and a negative fixed cost absorption related to this.

Net working capital increased slightly by 80 basis points to 14.4%, a very competitive level given the current market dynamics. The increase was to a large extent driven by lower demand and subsequently high inventories in percent of sales.



BEAUTY CARE

ORGANIC SALES GROWTH H1: -8.5%

- Hair Professional significantly declining due to salon closures, on a recovery trend since May
- Retail almost flat despite headwinds from COVID-19, taking opportunity in Body and Color
- Retail winning market shares in North America, Eastern Europe and Middle East / Africa
- Nature brands contributing with mid double-digit growth
- Strong boost in online and D2C sales with new initiatives across Retail and Professional

33

Beauty Care recorded an organic sales development of minus 8.5% in the first half, in particular, driven by declining volumes. Average prices were slightly negative. This development was driven by the Hair Professional business, which was significantly affected by governmentally enforced salon closures, especially from March onwards. After the trough in April, we have seen the business recovering since May as more and more salons reopened, and businesses and consumers got accustomed to the new hygiene restrictions.

In Retail, we recorded mixed developments. More than half of our relevant retail markets were negatively affected by the spread of the COVID pandemic, especially styling, deodorants as well as skin and hair care. Despite these headwinds, organic sales development in our Retail business was almost flat, thanks to a strong performance in hair coloration and body care. This was, in particular, due to an increased demand for at-home coloration and hygiene related products as well as strong product launches and communication, which resulted in global market share gains in both categories. Our US brand, Dial, with its antibacterial positioning, recorded an exceptionally strong performance, with organic sales growth of more than 25% in the first half year.

Our Retail business was able to gain market shares in North America, Middle East / Africa and Eastern Europe. Nevertheless, organic sales development in Retail was negative in Middle East/ Africa, Eastern Europe and Western Europe in the first half. In contrast, we recorded double-digit percent growth in North America and positive organic sales growth in Asia Pacific, mainly driven by China.

Driven by online and direct-to-consumer businesses, Beauty Care achieved a strong boost in digital sales by more than 70% with initiatives across both Retail and Professional.

BEAUTY CARE
H1 2020

Organic Sales Growth	Adjusted EBIT Margin	Net Working Capital
-8.5%	9.4%	3.9%
Price -0.7%, Volume -7.8%	Change y-o-y -410bps	Change y-o-y -210bps

34 Henkel

The adjusted EBIT margin came in at 9.4%, 410 basis points below the prior year period. The key driver of this development was the lower sales volume in Professional Hair. With both gross margin and the share of fixed costs in this business structurally higher than in the Retail business, the effect from lower sales volumes on profitability has been disproportionate.

Some headwinds in direct material prices, unfavorable transactional currency effects and negative sales mix resulted in a declining gross margin.

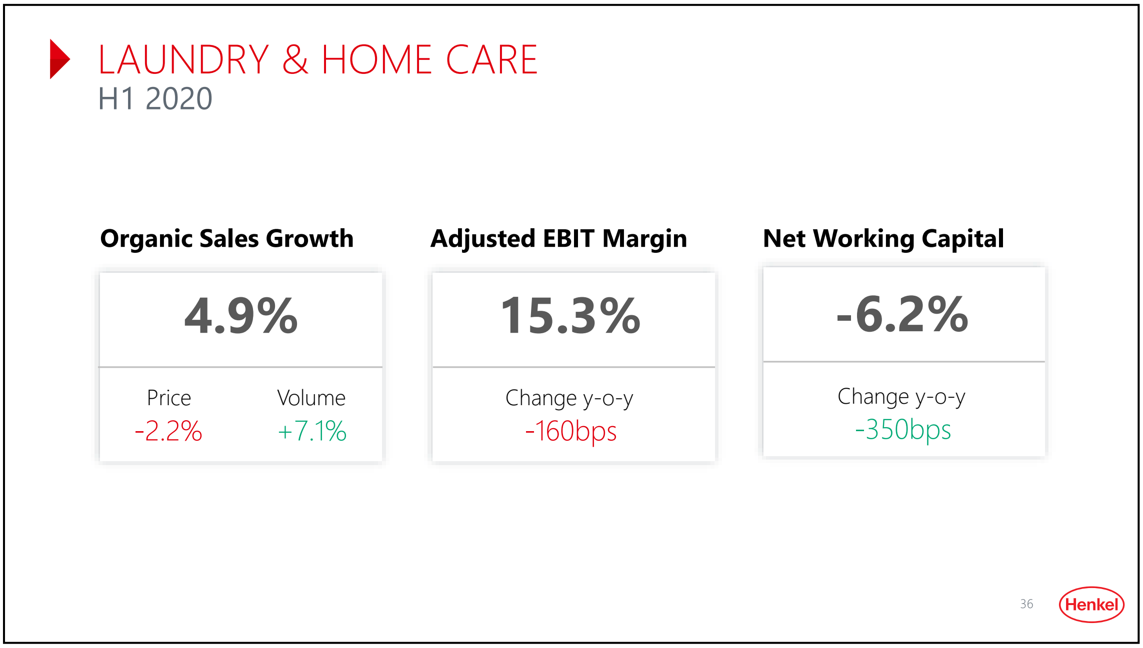
Net working capital improved to a level of 3.9%, 210 basis points lower compared to the end of Q2 2019, a good development driven largely by improved accounts receivables, for example, in the Chinese retail business. The significant decline in Hair Professional sales volumes had a counteracting effect resulting in higher inventories in percent of lower sales.

Let's move to Laundry & Home Care now. The business unit achieved an overall very strong organic sales growth of 4.9% in the first half 2020, predominantly driven by higher volumes while pricing was negative.

From a category point of view, Home Care was the key driver of this performance, showing a double-digit organic sales growth. This was thanks to strong product launches, but for sure also benefiting from the increased demand for hygiene products. Worth noting that our core brands, Pril, Bref, Somat, each recorded double-digit growth. Laundry Care recorded good organic sales growth, in particular, driven by a strong performance in heavy-duty detergents. This was, to a large extent, due to the continued success of our mega brand Persil, which achieved a double-digit organic sales growth, also thanks to strong demand for our new 4in1 DISCS.

Laundry & Home Care has been growing organically in each region. In Middle East / Africa, Eastern Europe and Asia Pacific, we even recorded double-digit organic sales growth. Importantly, we were able to grow our market shares in high growth regions as well as in Western Europe, with an especially strong performance in Eastern Europe.
In North America, we recorded a positive organic sales growth in the first half. However, we continued to underperform and lose market shares. While demand for our products was strong throughout the period, our regional product offering in Home Care and especially in bleaches, which is a key driver of market growth, is low.
In addition, we faced significant challenges in our US production network and missed out growth opportunities. We experienced extraordinary production downtime due to an earthquake at our production site in Salt Lake City as well as an extraordinary outage of our St. Louis plant. Availability of production capacity was also impacted by effects related to the intensified spread of the COVID-19 pandemic in the region, in particular at our largest US production facility, Bowling Green. Meanwhile, production is almost back to normal levels.

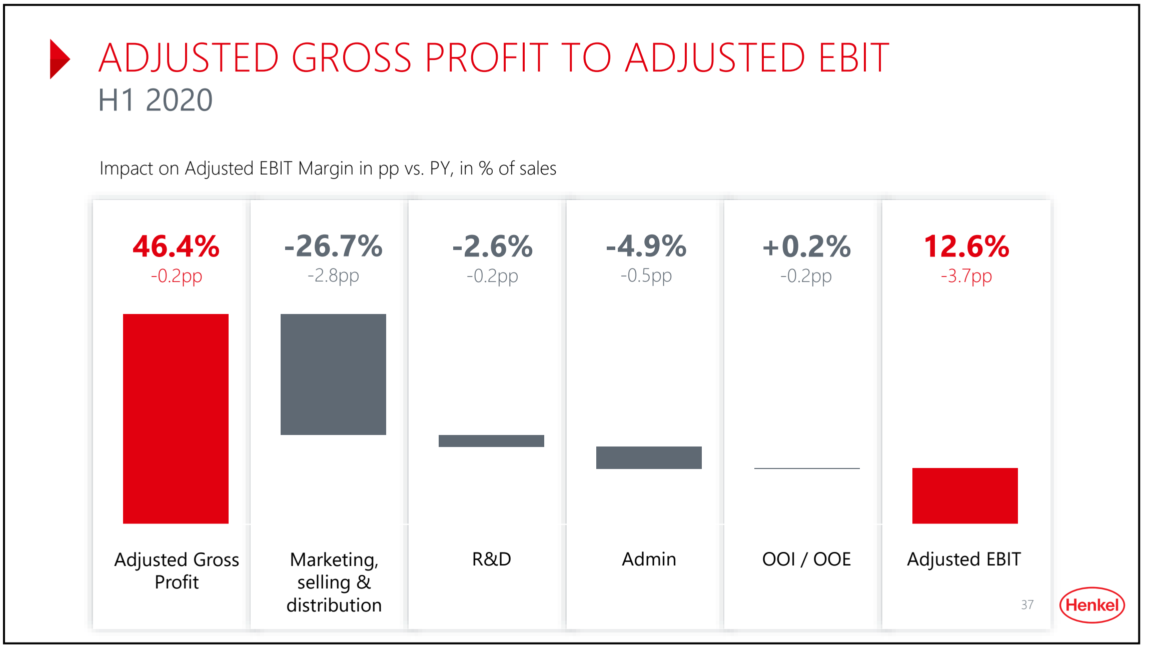
On a more positive note, Laundry & Home Care delivered a very strong performance in the strategically important e-commerce channel with digital sales up in the mid-double-digit percent range.



The business unit’s adjusted EBIT margin came in at 15.3%, 160 basis points below the prior year period. Our gross margin improved slightly year-over-year. Here, our continued focus on cost management compensated for still persisting headwinds from high direct material prices, transactional currency effects and negative pricing.

The main driver behind the decline in the margin were the higher investments in marketing, supporting the continued launch of our impactful innovations.

Net working capital in percent of sales improved significantly by 350 basis points to a level of minus 6.2%, a very strong performance, mainly driven by improvements in accounts receivables and accounts payables.



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

Henkel recorded an adjusted EBIT margin of 12.6% in the first half of 2020, minus 370 basis points year-over-year.

Group adjusted gross margin at 46.4% was almost flat compared to prior year.

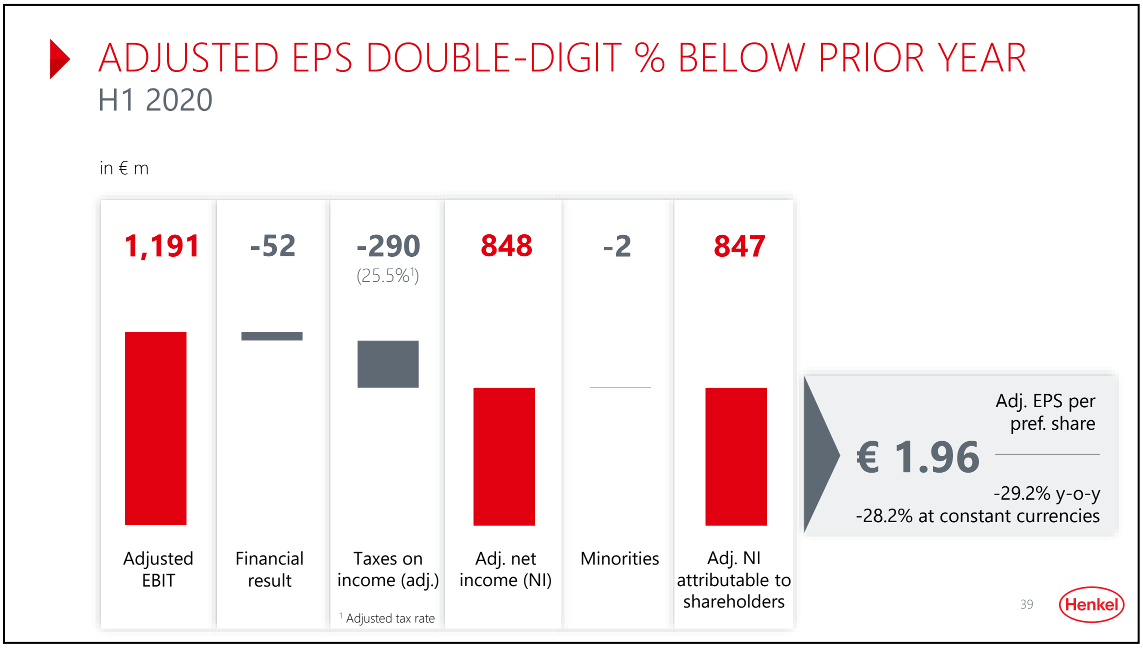
Most significant driver of the decline in the adjusted EBIT margin was an increase in marketing, selling and distribution expenses, both in absolute and relative terms. In percent of sales, they increased by 280 basis points to a level of 26.7%. About half of the relative increase is due to the lower sales level. The absolute increase is, amongst others, a result of the step-up of growth investments in marketing, digital and IT by a high double-digit million euro amount in the first half as well as higher transportation costs.

R&D and administrative expenses in percent of sales also increased in the first half year by 20 and 50 basis points, respectively. The expenses in absolute terms did not materially change.

Looking at the detailed bridge from reported to adjusted EBIT now.

Our reported EBIT came in at €1.094 billion, 27% below the previous year.
We recorded one-time gains of €3 million in the first half. One-time charges of €21 million mainly related to the termination of a long-term IT service contract.

Restructuring charges amounted to €78 million, €66 million below the prior year period. The main focus areas were on optimizing our structures in administration and operations as well as our go-to-market models.



Let's move further down the P&L.

Adjusted EBIT totaled €1.2 billion, 27.5% below the prior year figure.

The financial result amounted to minus €52 million in the period under review compared to minus €41 million in H1 2019.

Adjusted taxes on income amounted to minus €290 million. This corresponds to an adjusted tax rate of 25.5%, 1.2 percentage points higher year-on-year.

Adjusted net income after minorities amounted to €847 million, and this translates into adjusted earnings per preferred share of €1.96, down 29.2% compared to the first half 2019 or, at constant exchange rates, minus 28.2%.

CASH FLOW PERFORMANCE & FINANCIAL POSITION
H1 2020

Net Working Capital	Free Cash Flow	Net Financial Position
4.4%	€ 938 m	€ -1,951 m
Change y-o-y -230bps	Change y-o-y € -52 m	Change vs. year-end € +96 m

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

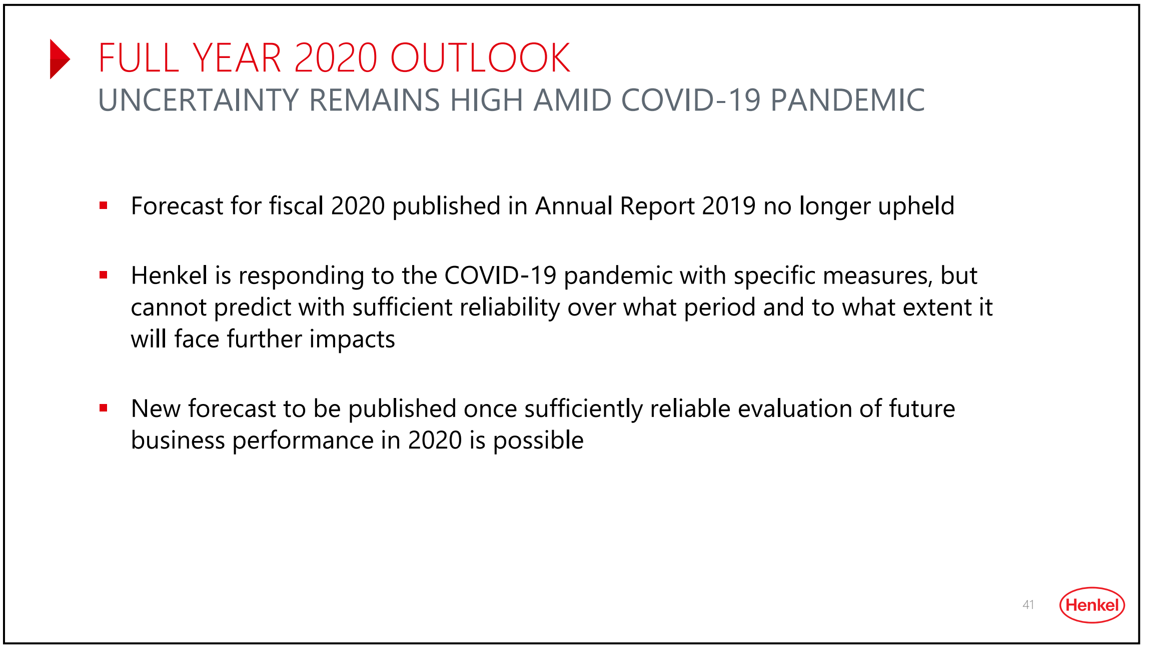
40 Henkel

Cash flow performance and financial position for the first half.

On group level, the ratio of net working capital to sales reached 4.4%, a strong improvement of 230 basis points year-over-year, driven by our consumer businesses.

We recorded a free cash flow of €0.9 billion, only €52 million below the prior year, which was the highest half year free cash flow in Henkel's history.
Here, the impact from lower operating results was largely compensated by a better working capital cash flow compared to H1 2019. In addition, we recorded positive effects from changes in pension obligations, which were about €130 million higher than in the prior year period.

As a result of our strong free cash flow, our net financial position improved by about €100 million, ending the half year at minus €2 billion. This includes the cash impact resulting from the dividend payout to our shareholders of in total €800 million in the second quarter.



Moving on now to the full year outlook.

The further development of the COVID-19 pandemic and its implications on economies and societies remain highly uncertain and are impossible to predict. Operations in China have been normalizing, and the situation in Western Europe is improving. Many customer production sites have been coming back to operations. Hair salons are adapting to the hygiene regulations, approaching more normal business levels. And also consumer demand started to normalize in many categories, while high unemployment rates are weighing on spend levels. However, globally infection rates continue to rise. In many key regions, public lockdowns continue or are further tightened. In other regions, they are being reintroduced to counter a second wave of infections.

Against this uncertain macro environment, we continue to not provide a forecast for the full year 2020 at this point in time.

Nevertheless, based on current market dynamics and assuming the continued recovery of industrial production and customer demand, from today's perspective, we expect that Henkel's sales will continue to gradually recover in the third quarter.

And of course, as soon as it is possible to make a sufficiently reliable evaluation of Henkel’s financial development in 2020, we will publish an outlook.

With this, let me hand back to Carsten.

Carsten Knobel, CEO:

Thank you, Marco.

Before we move on to the Q&A, I'd like to outline our key business priorities for the second half of 2020 and beyond.

BUSINESS PRIORITIES

- Protection and support of employees, customers and business partners first priority
- Foster close collaboration with customers and business partners in these challenging times
- Capture emerging opportunities
- Leverage and further expand digital business
- Adequately manage cost and keep strong cash focus
- Continue execution of purposeful growth agenda

43

In this unprecedented crisis, we as a management board care and we act. Protecting the health, safety and well-being of our employees, their families, our customers and strategic partners remains our highest strategic priority. With a broad set of support measures and a clear transparent communication, we collaborate closely with our customers and our business partners to master the challenges together.

We are capturing emerging opportunities with agility and with a strong entrepreneurial spirit.

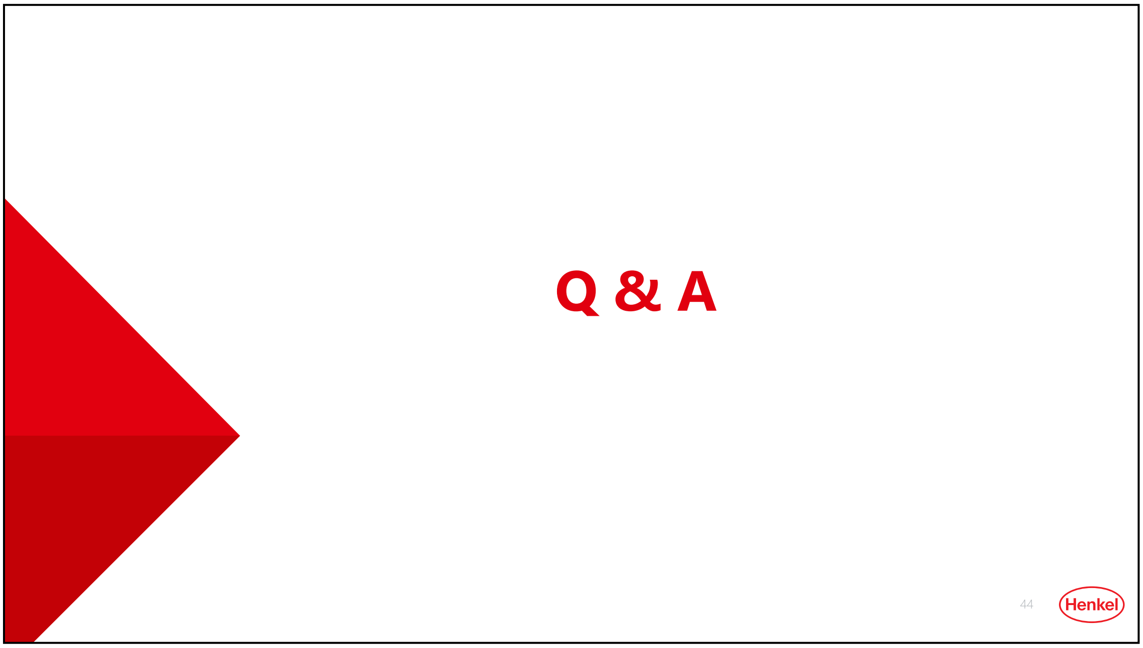
We are accelerating our digital transformation, further enhancing our digital capabilities and expanding digital sales across all our business units.

Last but not least, we retain our strong focus on liquidity while we continue to monitor and adequately manage cost, working capital and CapEx.

And finally, we continue to execute our strategic framework and constantly evolve it to shape our purposeful growth agenda.

Let us now move to the Q&A. We can extend this call a bit to make sure your questions are covered. But I wanted, together with Marco, take the time to lead you through the results and the framework where we are standing.

So with that, ladies and gentlemen, the floor is yours.



Question: A couple of questions for me, please. Firstly, could you explain a bit what's going on with your China beauty business? You're talking about a very strong performance there. So the destocking issues are clearly now well behind you. It would be great if you could talk a bit about the drivers of your acceleration in that market?

And then secondly, can we dig into US laundry manufacturing a little bit? So you had a period where your on-shelf availability was very poor, I'm guessing. Has this now been resolved? Any de-listings or similar retailer issues as a result? Just trying to gauge the likely pace of recovery in that business. Thank you very much.

Carsten Knobel, CEO: Thank you for your questions, and good morning. To your first question, to your China Beauty one. The positive performance in China is fueled by continued growth in key accounts, and in the e-commerce channel. The challenging development in the offline distributor channel continued in the light of relatively slow consumer traffic. I also mentioned that in the consumer businesses, also in Beauty Care, we have grown our digital sales by more than 60% combined. And for sure, also here, the situation what I described just before is, for sure, positively impacted by that.

So Henkel's China business is operating on a healthy P&L structure. The trade inventory has mostly normalized with some further improvement expected by the end of the year or to the end of the year. And I think that's also in line what we told you last year, where we said we have cleared up most of the things in the year 2019 and only a few topics were remaining in 2020. And here, we are well on track and working accordingly. That's to your China question.

And then for sure, the US laundry, definitely is on your attention. But maybe to give you some more glance on that, Marco already alluded a little bit to that.

We recorded a positive organic sales growth in the first half year of laundry in North America. However, we continued to underperform, and we lost market shares for two main reasons. The first one in terms of portfolio: While the demand of our product was strong throughout the period, our regional product offering in Home Care and especially in bleaches, which is the key driver of the overall market growth in the current environment, is low.

And in addition, we faced significant challenges in our US production network, as Marco alluded, but I can, for sure, also go again into that. We experienced extraordinary production downtime due to an earthquake at our production site in Salt Lake City as well as an extraordinary production downtime at our St. Louis plant. And in addition, the intensified spread of the COVID pandemic in the region aggravated the situation and, in particular, at our largest US production facility in Bowling Green.

All these incidents impacted service levels and the availability of products, particularly in April, where the service levels in May and especially in June recovered, thanks to the fast implementation of countermeasures. So today, production is back more or less to normal. And it is worth highlighting that despite these effects, we have seen that we could grow our market shares in the strategic growth segment of the single unit dose products, which I also alluded. I said around 500 points of market share gains in that category.

And with this, we are confident that we will be able to return to a more competitive development, now that these extraordinary production issues are behind us. And in June and July, we have seen also first recoveries also on that. Hope that clarifies.

Question: Two questions, please, from my side. First of all, in Adhesives, how has demand trended sequentially through the quarter? I know that Marco alluded to that, but also how has it trended into Q3? And can you also maybe highlight that per customer segment, i.e., automotive, construction, et cetera? And then in Beauty, is the hair salon business back on track? Or are people still hesitant to see a haircutter due to hygiene reasons?

Carsten Knobel, CEO: First, to the Adhesive situation. As you said, I think Marco already gave some detailed explanations, what we have seen is a gradual improvement. So as I said, in general, the negative peaks were in April and in May, and we recovered in June and also in July, we have seen a broad-based recovery. That means in all the segments in which we are working. And I think that is more in terms of trading we can't give you due to the fact that we are not still able to make an outlook. Therefore, we said something also to July in order to give you more insights in terms of that July is, regarding all three businesses, improving.

And that leads me to your second question, where you wanted to have some more insights in the Professional business. Also here, Marco told it that that we had a minus 30% overall in Professional in the first half. And after the tough situation in April, we have seen that the business was recovering since May and closing the quarter with the organic sales development down in the mid-teens. However, the reopened salons often don't work at full capacity due to the hygiene restrictions. We support their come back with decisive measures such as hygiene articles, products for speed services and targeted salon communication. But also here, in July, we have seen a continuous improving situation in comparison to the situation in the quarter and, therefore, an improving trend.

Question: It sounds like you're making some good progress. I was particularly interested to hear your comments on cultural change. I'd like to press you to be a little bit more specific on that. I know you've admitted some mistakes in the past. But what specifically needed to change culturally as an organization? Is this about getting away from a cost savings mindset to a growth mindset? That's my first question.

I've got a really quick one, a housekeeping one. You often call out the IPX index for Adhesives. If you could give us your current reading on that, that would be great.

And then finally, I'd like to hear a little bit more about what you're doing differently in digital. We've heard quite a lot over the last five years about investments in digital, but any details you could give us that you're doing differently, not so much on e-commerce, but sort of digital end-to-end would be really helpful.

Carsten Knobel, CEO: Let me start with your last question, with the digital part. The digital part has different areas which we are touching. The first thing, I think, you see that from an innovation point of view and tackling consumer changes and consumer behavior, I think at the end, the numbers speak for themselves. Yes, we know that we need to accelerate in the area of digital in all our areas. In Adhesives, we have built a great e-commerce platform in order to distribute our products. And in Laundry and Beauty, we are accelerating. And I think this you can see if you look at the first half year results with more than 60% increasing sales growth in both dimensions, therefore, I tried also to be a little bit more specific in examples during the presentation which we have given. And this also leads then in total that for the Henkel group, we're approaching in relation to total sales, the mid-teens area, which I think is a clear sign of further improving, but also that our measures are getting into execution.
And the other part is related with the launch of our digital business set up, dx, creating the next – combining the different areas in business, in IT, in business process owner organization. These are the things which will definitely help us to further improve. I would say that's for the digital part.

I will now let Marco explain a little bit the IPX part before I then come back to your first question on the culture. Marco?

Marco Swoboda, CFO: Sure. To your question on IPX. IPX is, obviously, the industrial production index that we also use as a macro indicator that is particularly relevant for our adhesives business. And what has been recorded on the IPX in the first quarter, more at the beginning of the year, was a decline of 3.4%. And in Q2, that decline has substantially intensified with minus 13% for the full quarter. Now what we also have seen over the course of the second quarter is that all the forecasts on the quarter and also the full year have periodically been taken down. So also here, the trend in the overall market, we have also seen in the IPX development, each update came in lower. However, we have seen now since the last updates that also here on the IPX that downturn trend has stopped actually, and we saw even a slight upward revision of full year outlook on the indicator.

So now what the latest version actually says is that the Q3 is forecasted with a minus 6.9% and the Q4 with minus 3.8%, so that on the full year, the industrial production is declining by 7.7%. Now that's the latest version.

Within the industrial production, in particular importance, our automotive segment and here, the light vehicle production index is of importance. The index recorded a decline of 47% in the second quarter. And also here, like overall, improvements are forecasted, so Q3, minus 12%, Q4, minus 9.8%. So you see all the forecasts assume recovery over the quarters through the year.

Carsten Knobel, CEO: Thank you, Marco. To your first one, the cultural, that is for sure something which could take now some minutes, but I tried to be condensed on that. The cultural part is, for sure, highly linked also with our purposeful growth agenda. So putting growth into the focus means that we are striving really to have an innovation focus versus a pure cost focus. I think that's something – the efficiency part has been driven over the last couple of years quite positively in our organization and in our company, but to find the balance and putting now the innovation focus more, that is something which we would like also to incorporate in our culture.

And that means also empowering more the front line, which also reflected in changes in our business models, which we have described also last time when it comes to in the region, for the region and empower that, but also more entrepreneurial thinking, really that trial and error is something which we need because, for sure, not every project which you will do will be a success, but we need also to have a cultural approach, which is also, I would say, fostering that instead of the safe bets, which you can always do.

And transparency in communication internally, but also to you externally, to the capital markets, therefore, I think it also took a little bit longer today because we want to share openly what is going well and what is not going in the right direction. And this is something which definitely will impact our culture. This will not change from today to tomorrow. That will take time. We take, and we have this time to develop that and especially also within that COVID crisis, and I was alluding to that, that has also tremendously helped in terms of bonding the organization, bonding our people together and creating really a new spirit, which is helping us to maneuver through this crisis, but even to get stronger out of this crisis.

Question: Good morning, everyone. So my first question is on Adhesive Technologies. You said that gross margin was roughly flat and all of the margin pressure came from lower fixed cost absorption, yet I see that your performance is much worse than some of your peers. So could you try to explain why that is? And should we expect some of those negative hedge to continue to weigh on the second half margin performance for you?
The second one is on gross margin and raw material outlook. If you could give us a bit of a scale of what happened in terms of raw material inflation in H1 and what you expect in H2?

Carsten Knobel, CEO: Before Marco gives you some glance on your question, detailed question in terms of fixed costs and the gross margin and raw material, I'm not sharing your view that our Adhesives performance is worse than competition because I think it's related to the point, we are across all categories in adhesives existing and if we compare our performance on a category basis to individual peers who are working on that, I think we are well positioned, and we are also performing, from a top line perspective, definitely okay. But maybe, Marco, you give some more details.

Marco Swoboda, CFO: So on the margin, very clearly, we have seen mainly effects from lower fixed cost absorption and, for sure, also the business mix plays a certain role, and that at the end was driving then also the margin reduction. We had some slight investments, for sure, also in IT that we had outlined in our strategy beginning of the year. So part of that also was anticipated, also in our prior guidance beginning of the year, if you go back to what we published basically in March. But on top, it's really mainly, in fact, coming from the lower volume and also mix that we have seen.

On the raw materials, for the full year, we do expect raw materials market volatility to remain extremely high due to the significant uncertainty also related to COVID-19. However, overall, we anticipate a tailwind in the second half of the year resulting finally in stable direct material prices for the full year 2020. We do not yet provide further guidance by business unit, but that's the overall trend that we see in the raw material markets and especially for the second half of the year.

Question: Thank you. Just to follow up, you mentioned that you made I think €70 million of savings. Were those helping at all the adhesive margin?

Marco Swoboda, CFO: For some part for sure. That also benefited the adhesive margin because we have seen that across the board.

Question: A couple of questions for me. The first one on adhesives and particularly mobility, because mobility was one of the three megatrends you listed last year in Düsseldorf as providing a natural tailwind to your adhesive business. Now with COVID-19, there's clearly a structural challenge to this megatrend for at least the next 12, maybe 24 months. So wondering how do you adapt to this from a cost standpoint, also trying to mitigate the negative mix effect you may see at the gross margin level. And maybe also, if you could remind us how much of your adhesive business is affected by this constrained mobility? I mean I would assume 20% to 25% of your adhesive business.

And then my second question, going back to US laundry, I mean, I understand you had some supply issues in the quarter. But what we are also hearing from your competitors this year is that particularly in the US, leading brands seem to be disproportionately gaining shares, driven by consumer preference, driven by retailers simplifying their assortment. So is it something you would agree with? And if so, are you already seeing some signs of normalization?

Carsten Knobel, CEO: To your first question, regarding the mobility topic. So overall, our automotive business faced impact, for sure, of a slightly lower magnitude since our business with auto suppliers in Europe and North America was continuing in Q1 slightly longer than the OEM business as suppliers partially shut down at a later point in time. On the other side, on a positive note, we have won business in the field of electrification of the powertrain of electrical vehicles.

So therefore, I think, for sure, we will also adapt our structures, which is your other part of the question, for sure, going forward, if the things are not coming back or if the trends of change will accelerate. So overall, the part is what is the impact? The impact is 20% of the adhesives business is related to automotive in this sector.

And the second part of the question maybe you need to repeat it because I'm not 100% clear how to understand it.

Question: The second question was on US laundry because we're hearing that leading brands are gaining more shares than before, and that's down to consumer preference, but also retailers trying to simplify their assortments, the number of SKUs they've got on shelves. So that would mean quite an uphill battle for you being a challenging brand in North America. So are you seeing this? And do you think we might see some changes going forward with more SKUs putting back on the shelves?

Carsten Knobel, CEO: I think you pointed it out before, and we were also clear on that that especially the supply situation impacted our market share situation in the US in the first half year. On the other side, we are seeing that we need to have the right innovations. And as I explained it, for example, the 4in1 DISCS, so this segment is overproportionally growing. And we are gaining in this segment of Caps significantly. We see that as a strategic segment, which is in Europe the case, but also in the US. So for sure, leading brands are, I would say, always important and also gaining in that setup. We have overcome our situation from a supply perspective, and that's for me a point where we now need to really also be in the market with convincing initiatives, having the products there and then by that convincing the consumers that they should buy also with us. You see – therefore, I was also pointing on that situation, our investments which we are doing, the extra investments, are paying off. We are gaining overall market shares across every region in Laundry & Home Care. So the initiatives are right and to the point. We need to also bring that in terms of execution now to the US, where we definitely are not good enough.

CLOSING REMARKS

- Henkel with robust performance in H1 in unprecedented market environment
- Supporting employees and business partners during pandemic, ensuring business continuity and capturing emerging opportunities
- Strong commitment to purposeful growth agenda, good progress executing first set of actions
- Strong balance sheet and financial flexibility
- New outlook will be published once sufficiently reliable evaluation of future performance is possible

50

Carsten Knobel, CEO

Dear investors and analysts, thanks very much for your questions. Let me close today's presentation with a summary of our key takeaways.

Henkel posted a robust first half year performance despite significant headwinds in an unprecedented, highly demanding business environment. And with this, confirming the breadth and the robustness of our balanced business portfolio, our financial strength, and not at least, the resilience of our organization.

We are supporting our employees, customers and consumers, and business partners during the pandemic, ensuring business continuity while having a strong focus on capturing emerging opportunities.

We are firmly committed to our purposeful growth agenda and we will continue to drive our strategic initiatives constantly adapting to evolving market dynamics and reality.

Due to our solid financial foundation, our strong company culture and our dedicated employees at the heart and our new momentum, we are confident to emerge even stronger from the crisis. Our low debt levels and the significant financial flexibility will give us room to maneuver.

We cannot provide the full year 2020 outlook at this point in time given the high uncertainty triggered by the COVID pandemic but we will publish a new forecast once a sufficiently reliable and realistic evaluation of Henkel's financial performance in 2020 is possible.

UPCOMING EVENTS

November 10, 2020	Q3 2020 Release
March 4, 2021	Q4 & FY 2020 Release
April 16, 2021	Annual General Meeting

51 Henkel

As always, please be reminded of our upcoming events. Our next event will be the release of our Q3 sales performance on November 10.

With this, I would like to thank you for joining our call today. Take care, stay safe and also stay healthy. Thank you. Bye-bye.

THANK YOU