

# STATEMENT

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*CHAIRMAN OF THE HENKEL MANAGEMENT BOARD*

ANNUAL GENERAL MEETING ON APRIL 22, 2024

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. As well as from our employees. I would also like to welcome all shareholders who are following our Annual General Meeting virtually.

Of course, I will be talking about all the topics that you as shareholders can expect today:

- On the key developments and our business results in the past fiscal year.
- About the progress of our growth agenda.
- About the business environment and the outlook for the current fiscal year.

But much more important than single facts and figures are three key messages today.

Firstly, we are delivering what we promised.

I took over as CEO at the beginning of 2020. I knew then that we had a challenging and long road ahead of us. But I couldn't have imagined that it would be this difficult. First the pandemic and global supply shortages. Then the Russian war against Ukraine as well as dramatic cost increases and global inflation.

But despite all these challenges: We deliver what we set out to do. And what we promised you. Tangible progress. In our business. In sales. In profit and in the area of sustainability.

Secondly: We are changing Henkel.

We want our results to improve substantially. To achieve this, we must constantly change and develop. And that is what we are doing. In all areas.

We are changing our structures, our processes and also our teams. So that we are even better positioned in the future.

Thirdly: Henkel is on the right track with a clear strategy.

Even if the past few years have not been easy.

Even if our progress and improved results are not yet fully reflected in our share price.

Even if we still have a lot of work ahead of us.

But I am convinced that we have the right strategy. We are a strong, global team. Guided by a common culture. And we are all fully committed to constantly improving Henkel. Day after day. For a successful future.

These are my three key messages today:

- We deliver.
- We are changing.
- We have the right strategy.

I am convinced of that. We are convinced of that. And I would now like to explain to you in detail why this is the case.

Let me start with our business performance in 2023. You are familiar with our business results. We published them at the beginning of March. I would therefore like to focus on the most important key figures here.

We are growing. In the consumer goods business as well as in the industrial business. And in almost all regions worldwide. Even in an environment that remains very challenging.

Our sales in the 2023 financial year amounted to around 21.5 billion euros.

In absolute terms, this was below the previous year's figure. In addition to exchange rate effects, this is primarily due to the sale of our business in Russia.

You will remember: Almost exactly a year ago, we completed the exit of our business in Russia. This reduced Henkel's sales by around one billion euros.

In addition, single brands or businesses were discontinued and sold. Especially in our consumer goods business unit. In order to focus the portfolio on high-margin and high-growth businesses.

Adjusted for acquisitions, divestments and currency effects, sales increased organically by 4.2 percent. This is a very positive development. Both of Henkel's business units contributed to this. Adhesive Technologies and Consumer Brands.

However, the continued high prices for materials, logistics and energy were a heavy burden on our business.

In 2023, the strong inflation did decrease somewhat. But we still had to deal with higher costs than in the previous year. And we are also well above the cost level before the pandemic and the war in Ukraine.

We therefore had to take countermeasures at all levels. Through price adjustments and efficiency measures in production and supply chain.

With success. We were able to significantly increase our profitability in 2023.

Adjusted operating profit amounted to around 2.6 billion euros. This is an increase of more than 10 percent compared to the previous year.

At around 12 percent, the adjusted EBIT margin was also significantly higher than in the previous year.

Adjusted earnings per preferred share also increased significantly to 4.35 euros. That is an increase of 20 percent at constant exchange rates.

Free cash flow even reached a new high of around 2.6 billion euros. And by the end of 2023, we were practically debt-free.

This gives us flexibility to invest in the future. For example, in acquisitions that support our growth agenda.

In the past six months, we have made acquisitions with a total value of more than 1.5 billion euros. I will go into this in more detail in a moment.

In summary: We achieved our key financial targets for sales and earnings in the 2023 financial year. And we significantly exceeded the forecast we made at the beginning of the year.

As you can see: We deliver what we promise.

This is above all thanks to our global team. I would therefore like to sincerely thank all our employees worldwide. For their great commitment. And for their strong results in the past year.

Based on this development, we are today proposing a stable dividend of 1.85 euros per preferred share and 1.83 euros per ordinary share.

The proposed payout-ratio is slightly above the target range of 30 to 40 percent of the adjusted net profit for the year. This is in line with our established dividend policy.

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

When reinvesting the dividend, the total return on the preferred share amounted to 14.8 percent last year. For ordinary shares it was 10.7 percent. This translates into a development below the DAX performance. However, the Henkel shares performed significantly better than the average of our competitors.

But we still cannot be satisfied with this share performance. We know that. And of course we have different expectations.

That is why we are continuing to work day by day to lead the company successfully into the future. This will also be reflected in the share price. I am firmly convinced of this.

This brings me to my second message to you:

We are changing Henkel. Our structures. Our portfolio. And the teams.

With a clear goal:

We want to - and will - continuously improve Henkel.

We have already made significant progress in the past year. With far-reaching changes in both business units. And tangible progress.

I would first like to talk about our consumer goods business: Henkel Consumer Brands.

We have brought our consumer brands together under one roof.

With iconic brands such as Persil, Schwarzkopf and Pril. And also our very successful professional hair business.

At the beginning of 2022, we announced the merger of our previously separate Beauty Care and Laundry & Home Care units.

This is one of the biggest changes at Henkel since 2000.

We have now been operating with this new, integrated business unit since January 2023. And I can say today: We have made very good progress with the integration.

In the first step, we primarily merged the sales and marketing teams worldwide. And we have made much faster progress than planned. We therefore also expect higher savings from the first phase: around 275 million euros - instead of 250 million euros.

The second phase of integration has already started. This involves optimizing the production and supply chain network and the associated work processes.

In the first countries, the so-called "1-1-1 principle" has already been introduced. This means: one order, one delivery, one invoice.

We are now also expecting higher savings for the second phase. Around 250 million instead of 150 million euros.

This means that the expected total savings for both phases are significantly higher than originally planned. They have risen from 400 million to 525 million euros. And they are to be achieved by the end of 2026.

Another important change is our systematic portfolio optimization. In the consumer business, we have discontinued or sold brands and activities with total sales of around 650 million euros since the merger was announced.

In the future, we want to focus primarily on businesses with a strong margin and high growth potential.

However, it is also clear that the reason for merging our consumer goods

businesses was not to reduce the size of the portfolio. Or, above all, to save costs.

It rather is about dynamic growth and higher profitability. But we must get better before we can grow any further. That's why the current motto for Consumer Brands is "better before bigger".

Because we want to create a dynamic growth cycle.

The first step is to concentrate on brands and businesses with a higher (gross) margin. This creates more financial headroom for investments. In our brands. In innovations. In marketing and advertising.

So that our businesses can perform better. And generate more sales and higher profits.

These can then be reinvested. This is how we develop and strengthen our consumer goods business. Sustainably. For healthy and profitable growth.

We have already invested significantly more in our business in the past year. For example, to strengthen our technology leadership in our global categories. In detergents and home care products or in the hair category. We have achieved tangible results. Here are two specific examples.

With Persil Deep Clean, we use a new enzyme technology. It not only offers outstanding cleaning performance, but also prevents microbial deposits and unpleasant odors in the washing machine. We have now launched this innovation in more than 30 countries. With great success. In the past financial year, we achieved double-digit organic sales growth with this innovative product.



We have also recently launched a completely new care product in the hair category. Gliss Night Elixir. This product is unique because it regenerates hair overnight. Comparable to a skin care product that you apply in the evening. This innovation contributed to significant organic sales growth for the Gliss brand last year.

Following the successful launch in Germany, we will introduce this innovation in other countries in 2024.

These are just a few examples. Numerous other innovations - from both business units - can be found at the booths in the foyer.

In order to develop new products and technologies as close to our customers as possible, we also invest in innovation centers at Consumer Brands. Around the world.

Last year, for example, we further expanded our innovation capacities. In Tokyo, we opened a new innovation center for the professional hair business. This is where we consolidate the expertise of Schwarzkopf and the Shiseido Professional Hair business, which we acquired in 2022. The focus is on the development of hair care products and hair colorants for the Asian market.

We have also established a new R&D center in Shanghai. It is Henkel Consumer Brands' largest research and development facility in Asia. This will strengthen our local research activities in the hair and laundry and home care categories.

But we are also investing in acquisitions. This is an important pillar of our growth strategy in Consumer Brands.

For example, the acquisition of the sustainable laundry & home care brand Earthwise in New Zealand. Or the Vidal Sassoon hair care brand in China at the beginning of 2024.

The progress in our consumer business is also reflected in the financial figures.

Sales in the Consumer Brands business unit amounted to around 10.6 billion euros in 2023. This represents organic sales growth of more than 6 percent.

This growth was largely driven by higher sales prices. In contrast, volumes declined. This was partly due to the portfolio measures described above.

If these are factored out, however, we recorded a slightly positive development in sales volumes again at the end of the year.

The adjusted operating profit in the Consumer Brands segment amounted to around 1.1 billion euros. Significantly above the previous year's figure.

The adjusted EBIT margin reached 10.6 percent. It increased by more than two percentage points compared to the previous year. And this was despite the fact that earnings from the Russian business no longer contributed to this.

We achieved or exceeded all key targets for the Consumer Brands business in 2023.

This shows that the establishment of Consumer Brands was the right step.

The first successes have been achieved. But there is still a lot of work ahead of us. We will now tackle this together.

This brings me to the changes in our second business unit.  
Adhesive Technologies.

We are the global market leader with our innovative adhesives, sealants and coatings.

- Our top brands are Loctite, Technomelt and Bonderite.
- We have a global presence.
- We offer around 20,000 customized products and solutions.
- For more than 100,000 customers worldwide.
- In more than 800 industry segments.

We have also systematically developed this business unit over the past year. In order to further expand our leading global market position.

Mark Dorn took over responsibility for this business on the Management Board at the beginning of 2023.

Since then, we have made a number of personnel and organizational changes. For example, the management level of the unit has become even more diverse and international.

At the same time, we have streamlined the organizational structure in order to further improve the focus on our customers and markets.

The new structure is based on three central questions:

- How can we align ourselves even better with the individual sectors we serve?
- How can we make even better use of our unique technological expertise?
- And how can we use our economies of scale to become even more efficient?

The new structure of Adhesive Technologies now has three business areas:

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

We are thus aligning the structure of the business unit with important future trends. These include e-mobility, connectivity, i.e. the increasing

networking of systems. And, of course, sustainability.

This can also be seen in the innovations that we successfully introduced last year. Here are a few examples.

We have developed a new solution for bonding camera lenses in cars. This enables our customers in the automotive industry to achieve faster and more reliable production. At the same time, it ensures greater safety in the next generation of self-driving vehicles.

Another innovation was developed for the packaging industry. Here we have further enhanced our adhesives. This allows manufacturers to switch to more sustainable alternatives. For example, without solvents.

On the one hand, the sophisticated appearance of the packaging must be retained. On the other hand, high standards and quality requirements must be met, especially in the food industry. Packaging for coffee, for example, is particularly challenging. Protecting the aroma and freshness plays a very special role here. And this is achieved thanks to our innovative packaging solutions.

In order to expand our technological leadership, we are also making targeted investments in innovation centers around the world.

- In the USA, we opened a new technology center in Bridgewater last year, which is primarily focused on the packaging industry.
- Our world's largest innovation center for adhesive technologies here in Düsseldorf has been expanded with two new laboratories. The focus here is on the development of new applications in batteries for the next generation of electric vehicles. We focus on safety, sustainability, thermal management, integrated design and improved battery performance.
- And we have also opened a new research and development center in India.

However, we were also able to further strengthen the business unit through targeted acquisitions.

Last year, we acquired Critica Infrastructure. This company is a specialist supplier of repair solutions for a wide range of industrial applications. This was an important step towards strengthening our business in the area of maintenance, repair and overhaul.

And just recently, we completed the acquisition of the US company Seal for Life Industries. The company offers protective coatings and sealing solutions in a broad variety of infrastructure markets such as renewable energy, gas, and water.

With these two acquisitions, we have created a platform for further growth in a highly attractive and promising business area.

The successful development of Adhesive Technologies is also reflected in the numbers.

In 2023, the business unit generated sales of around 10.8 billion euros. This represents organic growth of more than 3 percent.

I would particularly like to highlight the significant organic growth of 8.5 percent in the Mobility & Electronics business unit. Here, for example, we supply customers from the automotive industry or the computer and mobile phone industry.

Adjusted operating profit in the Adhesive Technologies business unit reached 1.6 billion euros. This was slightly above the previous year.

We were also able to increase the adjusted EBIT margin by more than a full percentage point compared to the previous year to 14.7 percent.

The results of the past fiscal year are showing: The changes in the company are paying off.

In Henkel Adhesive Technologies as well as in Henkel Consumer Brands.

With higher investments, impactful innovations and targeted acquisitions.  
For a stronger growth momentum and better results.

This brings me to my third message:  
We have the right strategy for the future.

We have consistently developed Henkel further in the past fiscal year. We have successfully implemented - and accelerated - our strategic agenda for purposeful growth.

An important element of our growth agenda is active portfolio management. This includes streamlining the portfolio. But also targeted acquisitions. I have already gone into this in detail.

We will continue to streamline our portfolio in the course of this year. But our main focus for the future is on growth and strengthening our business. Through targeted and value-enhancing acquisitions.

In addition to innovations in the consumer goods and adhesives businesses, sustainability and digitalization also play a crucial role for our competitiveness.

Sustainability in particular is becoming increasingly important for our future success.

Our customers - both end consumers and in the industry - expect us to set ambitious targets, take concrete measures and make tangible progress.

We delivered all of this again in 2023.

One focus was on the expansion of renewable energies. With the aim of enabling climate-positive production by 2030.

We are working consistently on this, and we are delivering noticeable results. By the end of 2023, CO<sub>2</sub> emissions per ton of product have been reduced by 61 percent. Compared to the base year 2010.

In the past financial year, we also converted 14 plants to CO<sub>2</sub>-neutral production processes.

And in August, we celebrated the ground-breaking ceremony for a new district heating energy center together with the city of Düsseldorf. We will feed the industrial waste heat from our production into the city's heating network. This will save around 6,500 tons of CO<sub>2</sub> emissions every year. To absorb the same amount of CO<sub>2</sub> emissions, we would have to plant more than half a million trees.

We are also working on making our product portfolio more sustainable. For example, by increasing the use of renewable and recycled raw materials.

For example, our Got2b hair styling brand has been relaunched with vegan formulas, natural ingredients, and more sustainable packaging.

We have taken a big step forward in the area of digitalization since 2020. We first created a new, integrated digital unit: Henkel dx.

With new leadership and a new structure. With its own digital hubs, for example in Berlin. To be closer to talents and current trends. With a clear strategic focus on digital platforms for our business units. And significantly improved cost efficiency.

Based on this, we were also able to significantly increase our digital sales.

Last year, the topic of "artificial intelligence" was the focus of public attention when it came to digitalization. We believe we are well positioned in this area thanks to our strategic partnerships with leading global digital companies.

These include SAP, Microsoft and Adobe, enabling us to integrate the latest technologies into our digital platforms and projects.

The foundation for the successful implementation of our strategic agenda is our corporate culture.

It is characterized by our pioneering spirit. And the responsibility to use our knowledge and skills to shape a future worth living for generations to come.

We also express this in our corporate purpose: "Pioneers at heart for the good of generations".

We support our employees in the ongoing cultural change. We specifically promote open exchange and a culture of appreciative, constructive feedback.

Last year, we also focused on implementing our "Smart Work" concept. This forms the global framework for topics such as mobile working, the digital workplace and employee health.

We have also made tangible progress in the area of diversity. Last year, we further increased the share of women in management positions. We are now at around 40 percent.

In addition, we created a framework for gender-neutral parental leave last year. This has been in place at Henkel since the beginning of the year. With full pay compensation. For all employees worldwide. We are the first DAX-listed company to introduce such a far-reaching model. We are proud of this. And of course, we hope that many other companies will follow.



After looking at the past fiscal year, the changes in the company and the progress we have made in implementing our growth agenda, I would like to talk briefly about our outlook for 2024.

First, let's take a look at the macroeconomic environment. It will not get any easier. We still see a high level of uncertainty and challenges.

Economically, geopolitically, but also due to the effects of climate change.

Moderate growth in global economic output is expected for 2024. This assumes a moderate increase in both industrial demand and consumer demand in key areas of the consumer goods business for Henkel.

Inflation is expected to fall slightly in 2024 compared to the previous year. However, it will remain at a high level overall.

Interest rates will remain high and above the average of previous years. Currency effects are expected to have a negative impact on sales in the mid-single-digit percentage range.

Prices for direct materials are expected to remain flat versus the annual average for 2023.

Considering these assumptions, we expect Henkel to achieve organic sales growth of between 2 and 4 percent in fiscal 2024.

Adjusted return on sales is expected in the range of 12.0 to 13.5 percent.

For adjusted earnings per preferred share (EPS), we expect an increase in the range of +5.0 to +20.0 percent at constant exchange rates.

One thing is clear to me: we want to and will deliver again in 2024.

I can confirm today what I already said at the beginning of March when presenting the annual financial results: we have made a good start to the year 2024.

We will publish more information on this in our quarterly statement at the beginning of May.

Ladies and gentlemen,

This brings me to the end of my speech.

Over the past year, we have consistently executed our growth strategy and further accelerated it in many areas.

I am therefore very confident that we will make the next few years a success for Henkel.

With two strong pillars: Adhesive Technologies and Consumer Brands.

Together as a highly motivated team and with a strong corporate culture.

Or in short:

We deliver. We are changing Henkel. And we are on the right track with a clear strategy.

Finally, I would like to say thank you:

- First of all, 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, Marco, Wolfgang and Mark. For your commitment. Your experience. And your team spirit. We achieved a lot for Henkel in 2023. It wasn't always easy. But we were successful as a team. Now I'm looking forward to the road ahead.
- Our Supervisory Board and the Shareholders' Committee. For your

experience, your expertise, and your advice.

- And especially, Simone Bagel, to you personally – as Chairwoman of our corporate bodies. For the close and trusting cooperation. For your clear leadership. And for the always constructive discussions about the future of Henkel.
  
- And finally, of course, to you. Our shareholders. For your continued trust in our company, in your company!

Your confidence in the future of Henkel is what drives us.

Thank you for your attention.

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