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Henkel announces strategic measures to strengthen competitiveness and growth dynamics:

- **Merger of Laundry & Home Care and Beauty Care into one business unit "Henkel Consumer Brands" planned**
- **New mid- to long-term financial ambition announced:**
 - **Organic sales growth of 3 to 4 percent, EBIT margin* of around 16 percent, Earnings growth per preferred share (EPS)* in the mid to high single-digit percentage range (at constant exchange rates, incl. M&A)**
- **Share buyback program with a total volume of up to 1 billion euros**
- **Preliminary results for fiscal 2021 disclosed:**
 - **Organic sales growth +7.8 percent, EBIT margin* 13.4 percent, Earnings per preferred share (EPS)* +9.2 percent at constant exchange rates**
- **Outlook for fiscal 2022 published:**
 - **Organic sales growth 2 to 4 percent, EBIT margin* 11.5 to 13.5 percent, Earnings per preferred share (EPS)* development in the range between -15 and +5 percent (at constant exchange rates), reflecting high level of market uncertainty and volatility**

At its meeting today, the Management Board of Henkel AG & Co. KGaA decided, with the necessary approval of the Shareholders' Committee, several strategic measures to further strengthen the competitiveness and future business development of the company within the framework of its long-term agenda for purposeful growth:

Henkel intends to merge Laundry & Home Care and Beauty Care into one single business unit "Henkel Consumer Brands", to sustainably strengthen the growth and margin profile of the consumer goods businesses. With sales of around 10 billion euros, the new, integrated business unit will provide a strong multi-category platform for future growth. Therefore, the portfolio will be consistently focused on strategic core businesses and products with attractive growth and margin potential – beyond the active portfolio management measures completed by the end of 2021. First measures relating to the Beauty Care portfolio will be already implemented in the course of 2022. Significant synergies are also expected in the course of the integration. These, as well as the expenses for restructuring measures will be specified at a later date.

Based on the planned merger, Henkel has defined a **new mid- to long-term financial ambition**: Henkel is now pursuing organic sales growth of 3 to 4 percent and an adjusted EBIT margin of around 16 percent. In addition, Henkel is targeting growth in adjusted earnings per preferred share (EPS) in the mid to high single-digit percentage range (at constant exchange rates and including M&A) and is placing a continued focus on expanding free cash flow.

For its Adhesive Technologies business unit, Henkel's financial ambition is to achieve organic sales growth in the range of 3 to 5 percent and an adjusted EBIT margin in the high-teens percentage. For the new

Consumer Brands business unit, Henkel is pursuing organic sales growth of 3 to 4 percent and a mid-teens percentage adjusted EBIT margin.

The Management Board also resolved to launch a share buyback program with a total value of up to 1 billion euros. Henkel preferred shares (ISIN DE0006048432 // WKN 604843) with a total value of up to 800 million euros and ordinary shares (ISIN DE0006048408 // WKN 604840) with a total value of up to 200 million euros are to be repurchased (for each excluding additional costs). Based on current stock market prices, this corresponds to a share of about 3 percent of the company's capital stock.

The program is expected to start during the month of February 2022 and to be carried out until March 31, 2023 at the latest, with the involvement of a bank via the stock market. The Management Board is thus making use of the authorization granted by the Annual General Meeting on April 8, 2019 to purchase treasury shares of up to 10 percent of the capital stock. Henkel intends to hold the repurchased shares initially as treasury shares, reserving the right to cancel them and reduce the capital stock accordingly. Henkel will provide information on the start and progress of the share buyback program by appropriate publications and on its website and reserves the right to interrupt and resume or discontinue the share buyback program at any time. In this context, Henkel reconfirms that **acquisitions** in both future business units remain an integral part of its strategy.

Henkel also announced the key points of its **sales and earnings development in fiscal 2021 on a preliminary basis: Henkel Group sales in fiscal 2021** were 20,066 million euros. **Organic sales growth** was 7.8 percent. On a preliminary basis, the **Adhesive Technologies** business unit achieved double-digit organic growth of 13.4 percent in 2021. Sales in the business unit amounted to 9,641 million euros. Organic growth in the **Beauty Care** business unit was 1.4 percent. Here, sales amounted to 3,678 million euros. Organic growth of **Laundry & Home Care** was 3.9 percent. Sales of this business unit amounted to 6,605 million euros.

In fiscal 2021, **adjusted return on sales (EBIT margin)** for Henkel on a preliminary basis was 13.4 percent. The Adhesive Technologies business unit achieved an adjusted return on sales of 16.2 percent. The Beauty Care business unit closed fiscal 2021 with an adjusted return on sales of 9.5 percent, while the adjusted return on sales of the Laundry & Home Care business unit was 13.7 percent (in each case on a preliminary basis).

Preliminary adjusted **earnings per preferred share (EPS)** in fiscal 2021 were 4.56 euros (+9.2 percent at constant exchange rates).

At its meeting today, the Management Board also approved the planning and the **outlook for fiscal 2022** – in its current structure with three business units. In the context of the current assessment of the market environment, in particular the continuing tense situation in the markets for raw materials as well as in the supply chains and the related significant price increases were taken into account.

- **Henkel** expects organic sales growth for the Group in the range of 2 to 4 percent in 2022.
 - For the **Adhesive Technologies** business unit, Henkel expects organic sales growth in the range between 5 and 7 percent.
 - For the **Beauty Care** business unit, negative organic sales growth in the range between -5 and -3 percent is expected. The decrease is mainly due to measures already decided and in implementation to improve the portfolio, including the discontinuation of activities that will not be part of the future core business, amounting to around 5 percent of the business unit's sales in 2021.
 - For **Laundry & Home Care**, Henkel expects organic growth between 2 and 4 percent.
- Henkel expects prices for direct materials to increase in the low double-digit percentage range in 2022 compared to the annual average for 2021.
- **Adjusted return on sales (EBIT margin)** for the Group is expected to be between 11.5 and 13.5 percent.

- For **Adhesive Technologies** Henkel expects adjusted return on sales between 15 and 17 percent, for **Beauty Care** between 7.5 and 10 percent, and for **Laundry & Home Care** in the range of 10.5 to 13 percent.
- **Adjusted earnings per preferred share (EPS)** are expected to develop in the range between -15 and +5 percent at constant exchange rates, reflecting high level of market uncertainty and volatility

In this respect, the outlook for fiscal 2022 differs from the current **consensus for 2022** for the Group (Vara Research, January 19, 2022): Organic sales growth 4.0 percent; adjusted return on sales 13.6 percent; adjusted earnings per preferred share at 4.79 euros, corresponding to a nominal increase of +5.0 percent compared with the preliminary result 2021.

Further details on the business development in the past year, the implementation and future design of the company's growth agenda, and the outlook for fiscal 2022 will be presented at the **analysts' and press conference on February 23, 2022**.

Further information on the integration process of the two business units as well as the planned portfolio measures, including expected synergies and restructuring expenses, will – from today's perspective – be published together with the figures for the first quarter on May 5, 2022.

* Adjusted for one-time expenses and income, and for restructuring

Henkel AG & Co. KGaA

Information regarding financial instruments issued by Henkel

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Contact:	Heinz Nicolas Department: CLC / Telephone: +49 211 797 4516 Email: heinz.nicolas@henkel.com
Address:	40191 Düsseldorf, Deutschland
Henkel Preferred Share:	ISIN DE0006048432 // WKN 604843
Henkel Ordinary Share:	ISIN DE0006048408 // WKN 604840
Listing:	Regulated market (Prime Standard), all eight German Stock Exchanges

For further financial instruments see www.henkel.com/ir

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