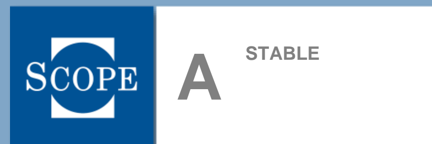
Henkel AG & Co. KGaA
Germany, Specialty Chemicals and Consumer Products



Key metrics

			Scope estimates	
Scope credit ratios	2021	2022	2023 E	2024 E
Scope-adjusted EBITDA/interest cover	82x	42x	38x	42x
Scope-adjusted debt/EBITDA	0.4x	1.0x	0.7x	0.6x
Scope-adjusted funds from operations/debt	186%	76%	102%	115%
Scope-adjusted free operating cash flow/debt	102%	24%	58%	74%

Rating rationale

The rating affirmation reflects a still very strong financial risk profile (rated AA-), with leverage of 1.0x as of December 2022, and a strong business risk profile (rated A), benefitting from Henkel's leading market position, particularly in adhesive technologies, strong brands and business diversification. The business risk profile is constrained by some medium-term deterioration in profitability amid the record-high input cost inflation in 2022 and by the moderate geographical concentration of operating profits in Europe.

Outlook and rating-change drivers

The Outlook is Stable and reflects the expectation that Henkel will keep Scope-adjusted debt/EBITDA ratio at around or below 1.0x. This will be despite continued pressure on profitability from unfavourable economic conditions (weaker demand and high input costs) and the effects of the portfolio optimisation and reorganisation costs within the new Consumer Brands division. The rating base scenario assumes no large multi-billion-euro acquisitions in the medium term, but rather bolt-on deals.

A positive rating action could be evaluated if the business risk profile improved, including through a persistently higher EBITDA margin, or if financial targets became more creditor-friendly with a net cash position on a sustained basis.

A negative rating action is possible if more shareholder-friendly policies were adopted while Scope-adjusted debt/EBITDA persisted at close to or above 2.0x. A break with the conservative financial policy is an example that could leading to a negative rating action.

Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
30 May 2023	Affirmation	A/Stable
25 May 2022	New	A/Stable

Ratings & Outlook

Issuer	A/Stable
Short-term debt	S-1
Senior unsecured debt	A

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Related Methodologies

Corporate Rating Methodology; July 2022

Rating Methodology: Consumer Goods; November 2022

Rating Methodology: Chemical Corporates; April 2023

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Rating and rating-change drivers

Positive rating drivers	Negative rating drivers
• Leadership in global adhesive industry helped by strong innovative power (ESG factor), and top global positions in selected consumer products' categories (laundry, home and hair care) • Very strong financial risk profile (assessed at AA-) amid low leverage • Conglomerate structure, with an equal balance between specialty chemicals and non-durable consumer products, resulting in a relatively low volatility of earnings • Broad product (and brand) portfolio addressing different end-markets and demand drivers; proportionate mix between B2B and B2C • Sufficient free operating cash flow generation and sound discretionary cash flow generation • Strong profitability of Adhesive Technologies division, with EBITDA margin generally around 20% • History of conservative financial policy reflected in financial risk profile assessment	• Significant increases in raw materials, logistics and energy costs over the past years putting pressure on profitability • Weaker position of Consumer Brands division compared to key global peers, especially within beauty care in North America, despite being strong in Europe • Some geographical concentration on Europe (about 45% of sales and 60% of EBIT), estimated to be higher for consumer products • Moderate profitability of Consumer Brands division, with divisional EBITDA margin currently below 15%

Positive rating-change drivers	Negative rating-change drivers
• Generally improved business risk profile, including a higher EBITDA margin and/or net cash position on a sustained basis	• Scope-adjusted debt/EBITDA sustained at above or close to 2.0x

Corporate profile

Henkel AG & Co. KGaA, founded in 1876 and based in Düsseldorf (Germany), manufactures adhesives and non-durable consumer products. Its business segments are Adhesive Technologies and Consumer Brands, with the latter created in 2023 from the merger of the two previously independent divisions, Beauty Care and Laundry and Home Care. The Adhesive Technologies portfolio includes top brands Loctite, Technomelt and Bonderite and its products are used across numerous industries, among them automotive, metals, packaging and consumer goods. Consumer Brands products include hair care products, soaps, shower gels, laundry detergents and dishwashing products and the portfolio has numerous brands, the key ones being Persil (laundry), All (laundry), Bref (home care), Schwarzkopf (hair care), Syoss (hair care), Dial (soaps).

Henkel has 166 production sites (124 are for adhesives) in 56 countries, with the largest in Bowling Green, the USA, and in Düsseldorf, Germany. The company employs around 51,000 people.

Financial overview

			Scope estimates		
Scope credit ratios	**2021**	**2022**	**2023E**	**2024E**	**2025E**
Scope-adjusted EBITDA/interest cover	82x	42x	38x	42x	44x
Scope-adjusted debt/EBITDA	0.4x	1.0x	0.7x	0.6x	0.6x
Scope-adjusted funds from operations/debt	186%	76%	102%	115%	126%
Scope-adjusted free operating cash flow/debt	102%	24%	58%	74%	74%
Scope-adjusted EBITDA in EUR m					
EBITDA	3,191	2,684	2,678	2,885	3,129
Losses (gains) from fixed assets disposal	(46)	(46)	0	0	0
Scope-adjusted EBITDA	**3,145**	**2,638**	**2,678**	**2,885**	**3,129**
Funds from operations in EUR m					
Scope-adjusted EBITDA	3,145	2,638	2,678	2,885	3,129
less: (net) cash interest paid	(31)	(56)	(63)	(62)	(63)
less: cash tax paid per cash flow statement	(651)	(711)	(606)	(672)	(750)
add: dividends from associates	0	0	0	0	0
Other items (change in provisions)	152	53	0	0	0
Funds from operations	**2,615**	**1,924**	**2,009**	**2,151**	**2,316**
Free operating cash flow in EUR m					
Funds from operations	2,615	1,924	2,009	2,151	2,316
Change in working capital	(414)	(601)	92	120	(57)
Non-operating cash flow	0	0	(104)	0	0
less: capital expenditure (net)	(624)	(566)	(700)	(730)	(750)
less: lease payments	(138)	(149)	(150)	(150)	(150)
Free operating cash flow	**1,439**	**608**	**1,147**	**1,391**	**1,359**
Net cash interest paid in EUR m					
Net cash interest per cash flow statement	(31)	(56)	(63)	(62)	(63)
Interests on pension liabilities	(7)	(7)	(7)	(7)	(7)
Other interests (contingencies)	(1)	(1)	(1)	(1)	(1)
Net cash interest paid	**(39)**	**(64)**	**(70)**	**(69)**	**(71)**
Scope-adjusted debt in EUR m					
Gross financial debt	3,441	3,586	3,243	3,243	3,156
less: cash and cash equivalents	(2,379)	(1,292)	(1,519)	(1,609)	(1,561)
add: non-accessible cash	200	200	200	200	200
add: pension adjustment	0	0	0	0	0
Other (contingencies, sundry financial liabilities)	145	41	41	41	41
Scope-adjusted debt	**1,407**	**2,535**	**1,966**	**1,875**	**1,836**

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Environmental, social and governance (ESG) profile[1]

Environment		Social		Governance	
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Grey leaf	Labour management		Management and supervision (supervisory boards and key person risk)	Grey leaf
Efficiencies (e.g. in production)		Health and safety (e.g. staff and customers)	Grey leaf	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)	Grey leaf
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Green leaf	Clients and supply chain (geographical/product diversification)		Corporate structure (complexity)	Grey leaf
Physical risks (e.g. business/asset vulnerability, diversification)		Regulatory and reputational risks		Stakeholder management (shareholder payouts and respect for creditor interests)	Grey leaf

Legend

Green leaf (ESG factor: credit positive)

Red leaf (ESG factor: credit negative)

Grey leaf (ESG factor: credit neutral)

Material ESG factors within chemicals and consumer products

The key material ESG factors affecting both chemical and consumer products companies relate to environmental risks, mainly for resource management (both industries are energy and water-intensive), the circular economy and pollutant emissions. Product safety (implying control over the raw materials used) is also a risk common to both industries, while safety in production plants is a more pronounced risk for chemical companies.

Key environmental targets

Henkel's ESG strategy addresses the relevant environmental risks. Targets include a reduction of carbon emissions from production by 65% until 2025 (base year 2010) and the ambition to be climate positive by 2030, 100% use of renewable electricity by 2030, a reduction of water consumption by 35% by 2025, and circular water use at key manufacturing sites by 2030. In terms of waste, key targets include a 50% reduction in production waste by 2025 and 100% of packaging designed for recycling or reusability by 2025.

Product innovation is a positive ESG factor

We consider product innovation is a positive ESG factor for Henkel, as the company is at the forefront of sustainable product applications, especially within adhesive technologies. This should ensure it can sustain competitive position and future revenue streams, helped by Henkel producing applications serving key megatrends (e.g. within Mobility, more than double the adhesive is used in electric vehicles than those with internal combustion engines).

[1] These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

Business risk profile: A-

Blended industry risk profile: A

The blended industry risk profile rating of A is based on Henkel's two industries of specialty chemicals and non-durable consumer products, both of which have an industry rating of A. The split between the two industries in terms of both revenues and EBITDA has been rather balanced over the past years. We have applied our specialty chemicals and the consumer product rating methodologies to the rating analysis.

Specialty chemicals

The specialty chemicals industry contains a wide range of different-sized companies and is characterised by factors such as production expertise and relationships with customers in aftermarkets. All these factors serve as de-facto high entry barriers. Substitution risk is low, based on high technical production requirements and a lack of alternative production methods. We believe specialty chemicals companies face, in general, medium sensitivity to changes in GDP because aftermarkets require lower quantities of specialty chemicals in their product processes and prices tend to be negotiated individually.

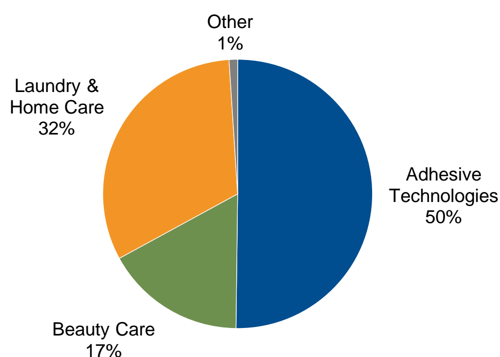
Consumer products

The non-durable consumer products industry has low cyclicality. Despite the generally moderate capital investment needed, barriers to entry are medium in view of the efforts necessary to attain the required economies of scale and establish customer bases. At the same time, substitution risk is low, reflecting the generally non-discretionary nature of these products.

Beauty Care and Laundry & Home care merged into 'Consumer Brands' in 2023

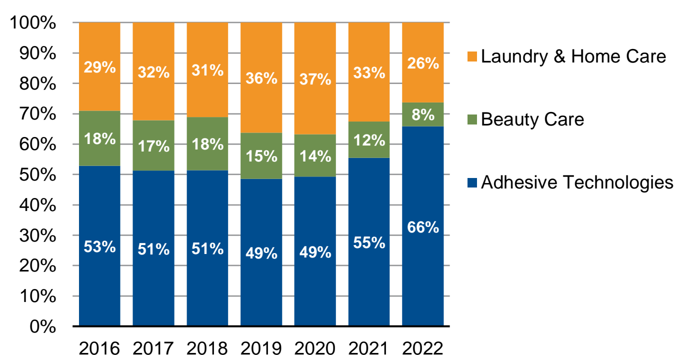
Since January 2023, the Beauty Care and Laundry & Home Care divisions have been merged into a new division called Consumer Brands. The restructuring of the consumer products divisions started in 2022 and involved portfolio pruning (executed 40% of the targeted EUR 1.0bn of revenues under review) that saw the group exit oral care and skin care and selected businesses within body care.

Figure 1: Revenues split by segment (2022)



Sources: Henkel, Scope

Figure 2: EBITDA split by segment



Sources: Henkel, Scope

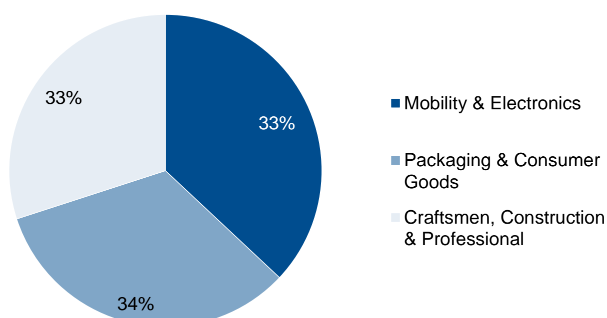
Global number one in adhesives

Henkel's market position is supported by its top position in the global adhesives industry, benefiting from its strong focus on innovation and product sustainability. Adhesive Technologies invests around 3% of sales in R&D, a higher rate than adhesive peers, and had an innovation rate of 25% in 2022. Henkel is estimated to hold roughly 15% of the global adhesives market, with main competitors including H.B. Fuller, 3M, Sika, Arkema (Bostik) and Dow. Henkel has a global footprint, offers a broad range of adhesives and serves various industries. Adhesive Technologies sells multiple well-known brands such as Loctite, Technomelt, Bonderite, Pritt and Pattex. On the negative side, Henkel's position in sealants and adhesives used in construction is weaker. In terms of global market shares of Henkel's business areas within Adhesive Technologies, the company ranks number one in Mobility & Electronics and Packaging & Consumer Goods end-use markets, whilst number two in Craftsmen, Construction & Professional end-markets.

Consumer Brands: strong in Europe but weaker globally

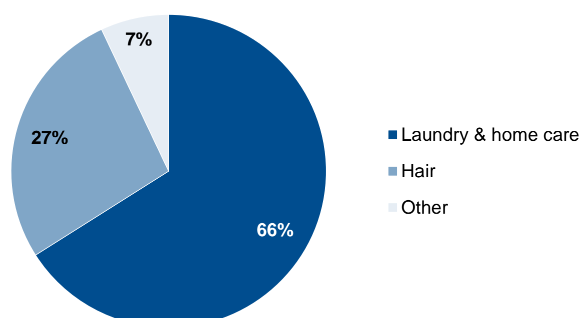
Consumer Brands is strong in Europe thanks to Henkel's German roots and the popularity of its brands, some of which are deeply embedded in the local culture. However, despite a sufficient ability to set prices, Henkel's position in other geographies is slightly less strong as some of its peers, especially in North America where competitors include Procter & Gamble, Unilever and L'Oreal. By product category, Henkel is strong in laundry and home care (second globally; first in laundry in Europe) and hair care (first globally in hair styling; second in hair coloration and hair professional). Conversely, Henkel's position in the other consumer categories is weaker and we view the strategic decision to exit oral care, skin care and selected body care businesses as a choice to focus resources where Henkel is stronger. The main acquisition in 2022 was the Shiseido Hair salon business in the Asia-Pacific for around EUR 80m (around EUR 100m in incremental yearly sales), which added geographical diversity to the professional hare care business and helped Henkel reach joint second in the category globally.

Figure 3: Sales split, Adhesive Technologies (FY 2022 data based on new reporting structure as of Q1 2023)



Sources: Henkel, Scope

Figure 4: Sales split, Consumer Brands (FY 2022 data based on new reporting structure as of Q1 2023)



Sources: Henkel, Scope

High brand awareness and loyalty, especially in Europe

The flagship products of Consumer Brands are Persil (EUR 1.4bn sales in 2022) and Schwarzkopf (EUR 1.8bn sales), while Loctite (EUR 3.1bn sales) is the key one in Adhesive Technologies. All three are internationally well-known with high-quality attributes and a focus on sustainability. Whilst advertising spending is not disclosed, we infer a trend of increasing investments in marketing based on the development of 'marketing, selling and distribution expenses', which amounted to 27% of sales in 2022, up from 23%-24% in the pre-Covid years.

Conglomerate structure enhances diversification

Diversification remains a supporting factor for the rating, positively impacted by Henkel's conglomerate structure with an equal balance between specialty chemicals and non-durable consumer products as well as a proportionate mix between B2B and B2C.

Adhesive Technologies: widely diversified applications despite portion of cyclical end-use markets

The diversification of Adhesive Technologies benefits from a wide product portfolio and a varied end-market mix, though weakened by the estimated 40% that derives from cyclical industries including automotive and construction. That said, this negative rating factor has a limited effect as the division had less-cyclical figures in the past.

Consumer Brands: broad product portfolio but focus on few categories and key brands

Henkel's non-durable consumer products portfolio is diversified but focuses more on a few consumer goods categories (oral care and skin care were exited last year) than those of large peers. There is also a moderate concentration on key brands: in 2022, the top 10 for each category accounted for 85% of beauty care sales and 70% of laundry and home care sales (80% in Adhesive Technologies).

No material dependency on clients or suppliers

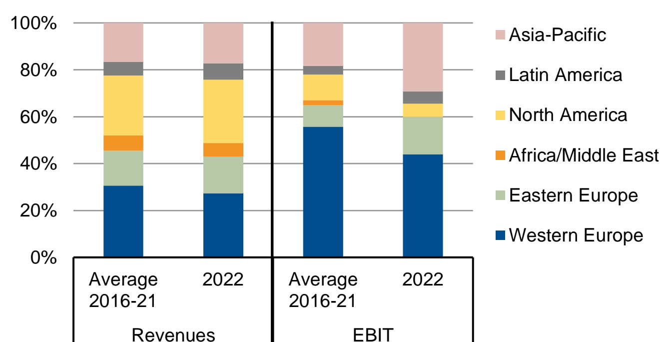
Supplier and customers are broadly diversified and Henkel has a well-established distribution network. The five largest suppliers represent 14% of purchasing volume in direct materials as of 2022. Henkel's consumer products are sold by various sales

channels, among them, numerous retailers, online shops and drug stores. In 2022, private consumers accounted for 67% of beauty care sales and professional providers such as hairdressers and stylists accounted for 33%.

Operating profits rather concentrated in Europe

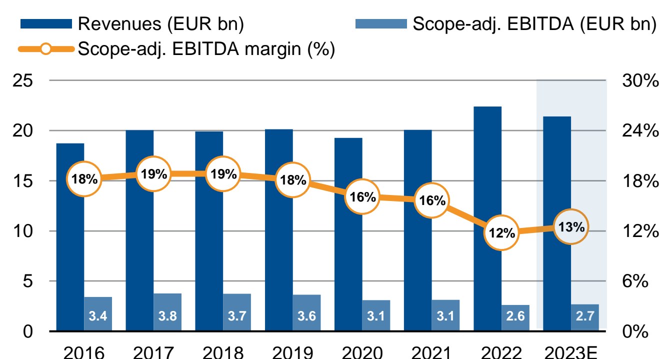
The diversification score is weakened by the geographical concentration. Despite the global reach, around 45% of sales and an even higher share of reported operating profits (EBIT) of around 60% are from Europe, yet these are expected to decline moderately after the disposal of the Russian business (which represented around 5% of Group sales in 2021). Geographical distribution of sales has been rather stable over time, while operating profits have been more volatile, but the share from North America has reduced markedly since 2020. The exposure towards Europe is even more pronounced within Consumer Brands.

Figure 5: Geographical split of revenues and operating profits



Sources: Henkel, Scope

Figure 6: Revenues, Scope-adjusted EBITDA



Sources: Henkel, Scope estimates

Profitability a rating constraint due to pressure in past two years from inflation and restructuring

Profitability is currently a constraining factor for the rating. In the past, EBITDA margins were strong at 18%-19%. However, from 2020, the negative impact of the Covid-19 crisis on industrial demand and the inflationary pressures that followed led to a progressive deterioration in profitability. In 2022, the massive input cost increase coupled with higher restructuring expenses and portfolio optimisation within Consumer Brands caused Scope-adjusted EBITDA to drop to EUR 2.6bn from EUR 3.1bn a year earlier, despite a 11.6% top-line growth (organic growth was +8.8%, of which +12.6% pricing, -3.8% volumes). Although Henkel was able to pass-through most of the higher input costs on an absolute basis, the Scope-adjusted EBITDA margin went down to 12% from 16% a year before. The exceptional surge in oil and gas prices directly impacted the cost for petrochemical feedstock, but other raw materials also saw significant cost increases, including inorganic substances, synthetic resins, surfactants and packaging. Overall, reported cost of sales increased by 17% in 2022, with prices for direct materials having risen in the mid-twenties' percentage range on average during the year.

Profitability to moderately recover over time but costs to remain elevated

We expect further selling price increases to support low-to-mid single-digit organic growth in 2023, as evidenced in the 6.6% revenue increase in Q1. Even so, we expect full-year revenues to slightly decline amid softening consumer and industrial demand, the sale of Russian business in April 2023 (which we estimate generating around EUR 1.0bn revenues a year) and further portfolio pruning within Consumer Brands. Whilst raw materials inflation eased in early 2023, we expect only a slight EBITDA margin recovery in 2023 and a Scope-adjusted EBITDA broadly stable around EUR 2.7bn. This is because input costs remain high compared to pre-war levels, particularly energy prices in Europe, combined with salary inflation assumed in the mid-to-high single-digits. Restructuring costs in 2023 will remain elevated as Henkel enters the second phase of the consumer products merger (focused on supply optimisation) while completing the first

phase (EUR 290m spent in 2022 for the first phase out of the envisioned total of EUR 350m). From 2024, we assume a gradual margin improvement, on the back of normalising trading conditions, a recovery in demand, and realised cost savings from the Consumer Brands merger, expected at EUR 250m a year from the first phase and EUR 150m in the long term from the second.

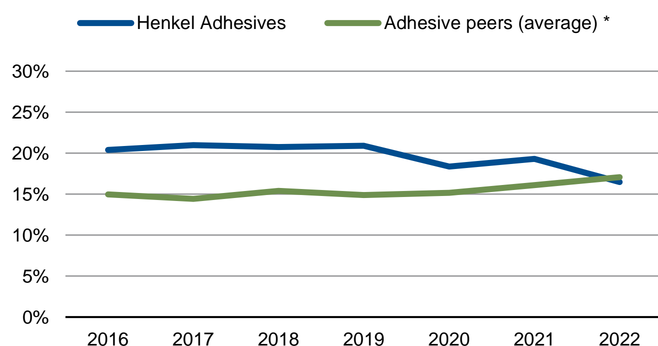
Adhesive Technologies supports group profitability…

Adhesive Technologies has been the highest contributor to group profitability. This was especially the case in the past few years of high inflation, which negatively affected Consumer Brands more. Adhesive Technologies showed an EBITDA margin of slightly above 20% before the Covid crisis before reducing to 16% by 2022. A comparison to some key peers – despite differences in business mix – shows generally higher margins for Henkel, which partly reflects its stronger market position. We consider the relative underperformance in 2022 as temporary, partly explained by Henkel's relatively higher than peers' raw materials and energy costs, impacted by the increase in oil and gas prices in Europe, particularly in Germany.

...while the margin profile of the consumer products is weaker

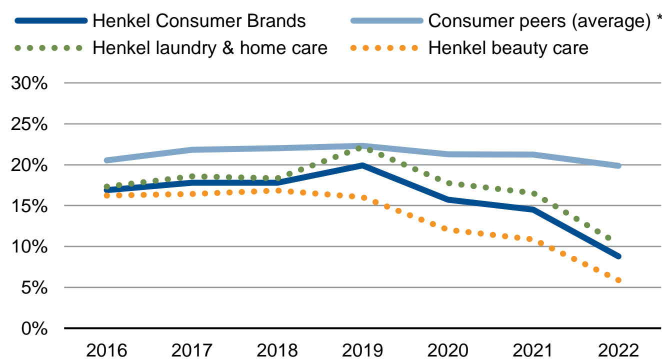
The profitability of Consumer Brands declined from around 18%-20% in the few years before Covid to 15% in 2021 and further below 10% in the last year. Henkel's profitability is somewhat lower than its larger peers, due in part to differences in scale and product mix but also weaker pricing power in some geographies. The clear underperformance in 2022 is, in our view, the consequence of the divisional restructuring as well as higher input costs compared to peers producing more outside of Europe. We expect the current restructuring to positively impact profitability in the medium term.

Figure 7: EBITDA margin (%) peer comparison – Adhesive Technologies



* Peers: H.B. Fuller, Arkema, Sika
Sources: Henkel, S&P IQ, Scope

Figure 8: EBITDA margin (%) peer comparison – Consumer Brands



*Peers: Unilever, Procter & Gamble, Colgate Palmolive, L'Oreal, Shiseido
Sources: Henkel, S&P IQ, Scope

Financial risk profile: AA-

We assess Henkel's financial risk profile at AA-, strongly supported by favourable key credit ratios and sufficient free operating cash flow generation in the context of robust internal and external liquidity coverage.

Key adjustments

Key adjustments of the rating case include:

- Debt: 80% of provisions for asset retirement obligations (contingent liabilities) included in Scope-adjusted debt and 5% of contingent liabilities included in Scope-adjusted interest expense to reflect the interest proportion of these liabilities
- Debt: no consideration of the unfunded pension provisions from 2020 given the high coverage of annual pension payments through dedicated pension assets
- Funds from operations: adjusted for changes in pension obligations net of allocations to funds

- Free operating cash flow: adjusted for lease payments
- Interest: adjusted for the estimated interest component of pension provisions
- Netting of cash on the balance sheet, except for restricted cash which we estimate at EUR 200m

Key assumptions of rating scenario

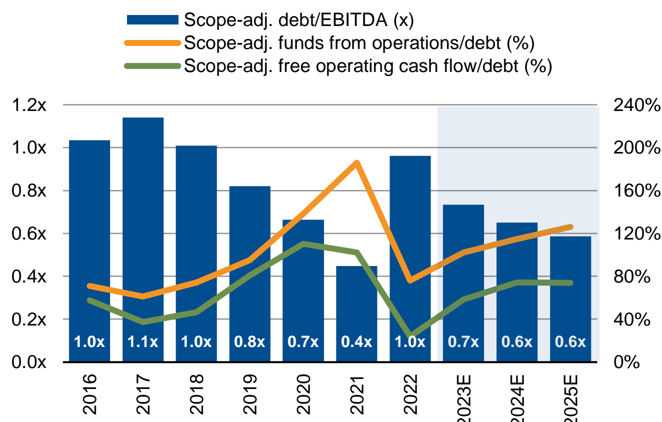
The rating scenario is based on the following key assumptions:

- Organic revenue growth 1%-3% a year; negative 4% in 2023 due to M&A including the sale of Russian business
- Net interest expense of around EUR 60m a year
- Net working capital/sales of around 9% a year
- Net capex of EUR 700m-750m a year
- Bolt-on acquisitions of up to EUR 500m a year during 2024-2025
- No further share buybacks after Q1 2023
- Dividends of around 800m per year

History of strong deleveraging, helped by satisfactory free operating cash flow generation

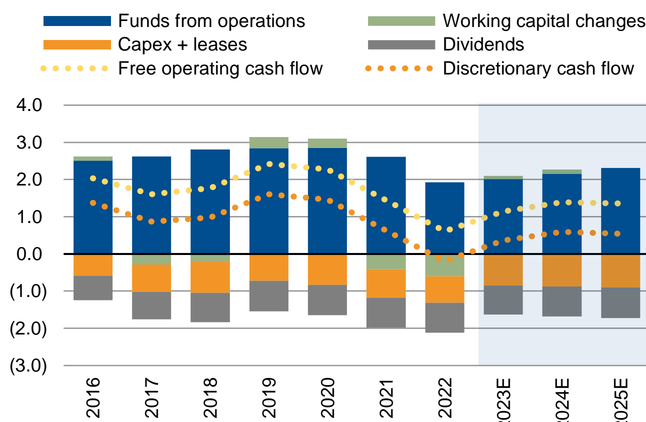
Key credit ratios improved significantly until 2021, helped by the acquisition of Sun Products (around EUR 3.2bn) in 2016 and Darex Packaging Technologies (around EUR 1.0bn) in 2017 amid only several small to medium-sized acquisitions, moderate dividend increases and free operating cash flow generation of well above EUR 1.0bn yearly.

Figure 9: Leverage and cash flow metrics



Sources: Scope estimates

Figure 10: Cash flow sources and uses (EUR bn)



Sources: Scope estimates

Leverage to return below 1.0x in medium term

Scope-adjusted debt/EBITDA leverage deteriorated to 1.0x as of December 2022 compared to 0.4x a year earlier due to lower profitability and higher working capital costs, yet it remains strong. We expect the gradual improvement in profitability and working capital to benefit the leverage metric over time and keep it below 1.0x. We assume net inflows of around EUR 400m from M&A in 2023. This is based on the disposal of the Russian business for EUR 600m and the further sale of non-core brands that will more than compensate for any bolt-on acquisitions. Going forward, the rating base scenario assumes only bolt-on acquisitions (up to EUR 500m) and the absence of transformational deals.

Very strong cash flow cover to return above 35%

Scope-adjusted free operating cash flow/debt reached a temporary low of 24% in 2022, but we see a quick recovery to well above 35% already from 2023. This will be thanks to some relief from working capital due to safety stock built in the previous year as well as easing raw material costs, which will compensate for the increase in net capex to around

EUR 700m (or around 3.0%-3.5% of sales) from EUR 566m in 2022 (or 2.5% of sales). Last year Henkel launched its first share-buyback programme, acquiring around EUR 800m of treasury shares in 2022 and EUR 200m in Q1 2023.

interest cover at around 40x

Interest cover will remain very comfortable at around 40x in 2023 despite the increasing interest rates, with an assumed net average cash interest rate of 2.3% in 2023 from 2.0% in 2022. For high investment-grade-rated issuers like Henkel, interest cover is weighted lower in the financial risk profile assessment compared to the other credit metrics.

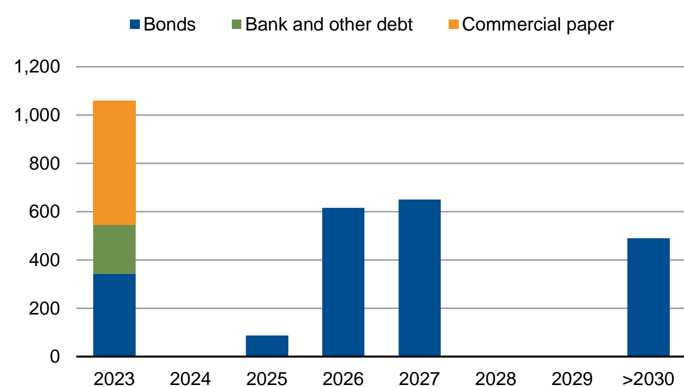
M&A strategy is mitigated by conservative financial policy

We understand that Henkel initiates large acquisitions opportunistically. The company also assesses whether large external growth opportunities could compromise its credit profile. The associated risk is mitigated by Henkel's commitment to the single A rating category and ability to deleverage through sound discretionary cash flow generation. The company's dividend policy also supports its financial risk profile.

Adequate liquidity

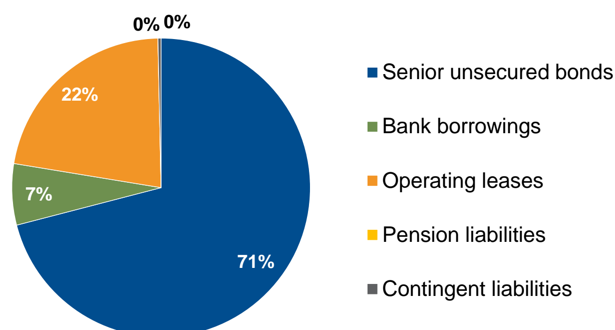
Henkel shows consistently strong ratios on internal and external liquidity coverage. Besides ample recurring free operating cash flow, liquidity is supported by EUR 1.3bn of cash and equivalents as of December 2022 – down from EUR 2.4bn in December 2021 – and an undrawn revolving credit facility of EUR 1.5bn (extendable until 2025). Liquidity is therefore well above the amount of short-term maturities, namely the CHF 330m bond that matured in April 2023. We do not see the need for bond issuances in the short term.

Figure 11: Debt maturities (excluding leases) as of December 2022 (EUR m)



Sources: Henkel, Scope

Figure 12: Debt split as of December 2022



Sources: Henkel, Scope

Comfortable debt maturity profile

In addition, Henkel has a comfortable debt maturity profile, with no large maturities in any one year. Senior unsecured bonds make up the largest share of Henkel's debt, with an increasing portion of ESG-related bonds, now covering over 80% of the outstanding bond volume. Following the 2020 issuance of a green bond earmarked for reducing plastic waste, Henkel issued two sustainability-linked bonds in 2021 (USD 250m maturing in 2026 and EUR 500m maturing in 2032) and one in 2022 (EUR 650m maturing in 2027).

Balance in EUR m	2023E	2024E	2025E
Unrestricted cash (t-1)	1,092	1,319	1,409
Open committed credit lines (t-1)	1,500	1,500	1,500
Free operating cash flow	1,297	1,541	1,509
Short-term debt (t-1)	1,061	718	805
Coverage	**>200%**	**>200%**	**>200%**

Supplementary rating drivers: +/- 0 notches

Conservative financial policy and family ownership with long-term ambitions

The most relevant supplementary rating drivers for Henkel remains financial policy and ownership structure. The Henkel family is the main shareholder, holding roughly 62% of ordinary shares. Henkel's financial policy is conservative, based on consistently sound credit metrics in past year, the commitment to a single A rating category and a prudent dividend policy with pay-outs targeted at 30%-40% of adjusted net income after minority interests.

Long-term and short-term debt ratings

Senior unsecured debt rating: A

All senior unsecured debt has been rated A, the level of the issuer rating. All outstanding bonds are issued by Henkel AG & Co. KGaA.

Short-term debt rating: S-1

The S-1 short-term rating is based on Henkel's issuer rating of A and better-than-adequate internally and externally provided liquidity cover, banking relationships and standing in capital markets.

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