

Henkel AG & Co. KGaA

Germany, Specialty Chemicals and Consumer Products

Rating composition

Business risk profile		
Industry risk profile	A	A-
Competitive position	A-	
Financial risk profile		
Credit metrics	A+	A+
Liquidity	+/-0 notches	
Standalone credit assessment		
A		
Supplementary rating drivers		
Financial policy	+/-0 notches	+/-0 notches
Governance & structure	+/-0 notches	
Parent/government support	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		
A		

Key metrics

Scope credit ratios*	Scope estimates			
	2024	2025	2026E	2027E
Scope-adjusted EBITDA interest cover	110x	96x	29x	17x
Scope-adjusted debt/EBITDA	0.3x	0.3x	1.5x	1.5x
Scope-adjusted funds from operations/debt	268%	317%	50%	51%
Scope-adjusted free operating cash flow/debt	203%	204%	32%	33%
Liquidity	>200%	>200%	>200%	>200%

Rating sensitivities

The upside scenarios for the rating and Outlook (collectively):

- Debt/EBITDA less than 1.0x on a sustained basis, accompanied by a more creditor-friendly financial policy. For example, by setting a low leverage target and/or a positively revised rating commitment.
- Sustained improvement in operating profitability with EBITDA margins of around 20%

The downside scenario for the rating and Outlook:

- Debt/EBITDA rising close to or above 2.0x, e.g. due to sustained sizeable outflows towards acquisitions, an increase in shareholder remuneration or a sustained deterioration in profitability.

*All credit metrics refer to Scope-adjusted figures.

Issuer

A

Outlook

Stable

Short-term debt

S-1

Senior unsecured debt

A

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Related methodologies

[General Corporate Rating Methodology, Apr 2026](#)

[Consumer Products Rating Methodology, Apr 2026](#)

[Chemicals Rating Methodology, Apr 2026](#)

Note: The rating was prepared with the application of Scope's General Corporate Rating Methodology dated 14 February 2025, Chemicals Rating Methodology dated 30 June 2025, and Consumer Products Rating Methodology dated 31 October 2025. The application of the updated version of all three methodologies, dated 24 April 2026, has no impact on the rating.

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1. Key rating drivers

Positive rating drivers

- Leadership in global adhesives industry helped by strong innovation focus (ESG factor) and top global positions in selected consumer product categories (laundry care, home care and hair products)
- Strong financial risk profile (assessed at A+), with healthy interest and cash flow coverage ratios
- Conglomerate structure, with a balance between industrial and consumer businesses, 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
- Strong free operating cash flow generation and liquidity
- Strong profitability of Adhesive Technologies segment, with EBITDA margin generally close to 20%
- History of prudent dividend policy and sound credit metrics

Negative rating drivers

- M&A as an integral part of Henkel's strategy; opportunistic approach on acquisitions to continue despite material increase in leverage estimated with the announced acquisitions (debt/EBITDA expected to rise to 1.5x in 2026 vs 0.3x in 2025)
- Some geographical concentration on Europe (about 40% of sales and 50% of EBIT), estimated to be higher for Consumer Brands segment
- Weaker market position in Consumer Brands segment compared to key global peers, especially in North America, despite being strong in Europe
- Moderate profitability of Consumer Brands segment compared to peers

2. Rating Outlook

The Stable Outlook reflects our expectation that Henkel's credit metrics will remain strong in the medium term despite sizeable debt-funded acquisitions. We expect a debt/EBITDA ratio of around 1.5x over the medium term, supported by strong FOCF and the expectation of a gradual yet steady improvement in operating profitability, despite our assumption of continued moderate spending on acquisitions in 2026 and 2027.

3. Corporate profile

Henkel AG & Co. KGaA, founded in 1876 and based in Düsseldorf (Germany), manufactures adhesives and non-discretionary 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 & Home Care. The Adhesive Technologies portfolio includes top brands Loctite, Technomelt and Bonderite and its products are used across numerous industries including automotive, metals, packaging and consumer goods. Consumer Brands products include hair products for consumer and professional use (hair care, colouring and styling), soaps, shower gels, laundry detergents and dishwashing products. The portfolio has numerous brands, the key ones being Persil (laundry), All (laundry), Bref (home care), Schwarzkopf (hair care), Syoss (hair care), and Dial (soaps).

Henkel has 165 production sites in 53 countries, with the largest in Bowling Green, USA, and Düsseldorf, Germany. The company employs around 47,000 people.

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
24 APR 2026	Affirmation	A/Stable
22 MAY 2025	Rating unchanged	A/Stable
28 MAY 2024	Affirmation	A/Stable

5. Financial overview (financial data in EUR m)

Scope credit ratios	Scope estimates					
	2023	2024	2025	2026E	2027E	2028E
EBITDA interest cover	57.5x	109.9x	95.9x	28.7x	17.2x	16.9x
Debt/EBITDA	0.3x	0.3x	0.3x	1.5x	1.5x	1.4x
Funds from operations/debt	302%	268%	317%	50%	51%	53%
FOCF/debt	248%	203%	204%	32%	33%	35%
Liquidity	>200%	>200%	>200%	>200%	>200%	>200%
EBITDA						
Reported EBITDA	2,929	3,657	3,494	3,557	3,819	3,960
Gains/losses on disposal	205	6	(46)	-	-	-
Other items (incl. one-offs)	-	-	28	-	-	-
EBITDA	3,134	3,663	3,476	3,557	3,819	3,960
Funds from operations (FFO)						
EBITDA	3,134	3,663	3,476	3,557	3,819	3,960
less: interest	(55)	(33)	(36)	(124)	(222)	(235)
less: cash tax paid	(505)	(574)	(651)	(666)	(705)	(735)
Other non-operating charges before FFO	524	(17)	17	-	-	-
Funds from operations	3,098	3,039	2,806	2,767	2,893	2,991
Free operating cash flow (FOCF)						
Funds from operations	3,098	3,039	2,806	2,767	2,893	2,991
Change in working capital and non-operating cash flow	184	15	(193)	(106)	(192)	(136)
less: capital expenditures (net)	(591)	(610)	(675)	(756)	(732)	(751)
less: lease amortisation	(146)	(146)	(133)	(133)	(133)	(133)
Other items	-	-	-	-	-	-
FOCF	2,545	2,298	1,805	1,771	1,835	1,970
Interest						
Net cash interest per cash flow statement	44	17	18	106	204	216
add: interest expenses pensions	10	16	17	17	17	17
add: other items (contingent liabilities)	1	0	1	1	1	1
Interest	55	33	36	124	222	235
Debt						
Reported financial (senior) debt	2,892	4,292	3,711	6,730	6,575	6,975
add: subordinated (hybrid) debt (net of equity credit)	-	-	-	-	-	-
add: shareholder loans (net of equity credit)	-	-	-	-	-	-
less: cash and cash equivalents	(2,155)	(3,420)	(3,097)	(1,489)	(1,201)	(1,589)
add: non-accessible cash	200	200	200	200	200	200
add: pension adjustment	-	5	15	15	15	15
add: contingent liabilities	10	6	25	25	25	31
add: other debt-like items*	78	49	31	31	31	31
Debt	1,025	1,133	884	5,512	5,645	5,663

* Includes sundry financial liabilities

6. Environmental, social and governance (ESG) profile¹

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

ESG factors: credit-positive credit-negative credit-neutral

The key material ESG factors affecting both chemical and consumer product 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.

Material ESG factors within chemicals and consumer products

Henkel's ESG strategy addresses the relevant environmental risks. Some targets set by the company include a reduction of absolute Scope 1 and Scope 2 greenhouse gas emissions by 42%, and Scope 3 emissions by 30%, aiming for net zero emissions by 2045 (base year 2021, 29% reduction achieved by 2025); 100% use of renewable electricity by 2030 (share of renewable electricity increased to 97% globally); increase recycled plastic share in consumer packaging to at least 35% by 2030, with 100% of packaging being designed for recycling (28% achieved by 2025; previous target of 30% by 2025 missed); achieve at least 45% male and female representation across management levels and ensure global pay equity; and ensure 85% of suppliers meet specific sustainability standards.

Key environmental targets

We consider product innovation to be a positive ESG factor for Henkel, as the company is at the forefront of sustainable product applications, especially within Adhesive Technologies. This should ensure a sustained competitive position and future revenue streams, as Henkel's portfolio of applications benefits from several megatrends, such as sustainability (in particular, circularity and recyclability), mobility, connectivity, digitalisation and urbanisation. As an example, in the automotive sector, consumption of Adhesive Technologies' products in electric vehicles is more than double that in vehicles with internal combustion engines. Henkel's launch of its own battery engineering centre in 2023 in Düsseldorf – the first amongst peers – solidified its role as a premier design and innovation partner for automotive original equipment manufacturers and battery manufacturers globally.

Product innovation is a positive ESG factor

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.

7. Business risk profile: A-

Henkel's business risk profile benefits from its leading market position, particularly in Adhesive Technologies, some strong global brands (Persil, Schwarzkopf, Loctite and Technomelt) and business diversification. Nevertheless, it is constrained by the moderate geographical concentration of operating profits (EBIT) in Europe and by the moderate profitability compared to peers in the Consumer Brands segment.

Industry Risk Profile Assessment

The blended industry risk profile assessment of A is based on Henkel's two segments operating in specialty chemicals (Adhesive Technologies) and non-discretionary consumer products (Consumer Brands), both of which have an industry risk assessment of A. The split between the two industries in terms of both revenues and EBITDA has been well balanced over the past few years. We have therefore used the specialty chemicals and the consumer product corporate rating methodologies for our analysis.

Blended industry risk profile: A

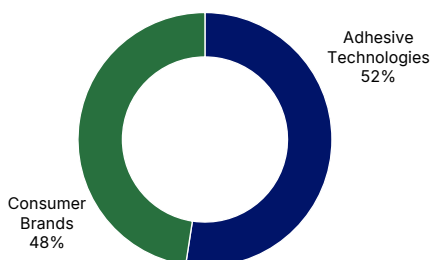
The specialty chemicals industry encompasses a wide range of different-sized companies and is characterised by factors such as product innovation, production expertise and long-standing relationships with customers in aftermarkets. All these elements serve as high de facto entry barriers. Substitution risk is low, based on high technical production requirements and a lack of alternative production methods. Also, we believe specialty chemicals companies generally have 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.

Specialty chemicals: medium cyclical, high entry barriers and low substitution risk

The non-discretionary consumer products industry has low cyclical. Despite the generally moderate capital investment needed, barriers to entry are medium in view of the efforts needed 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.

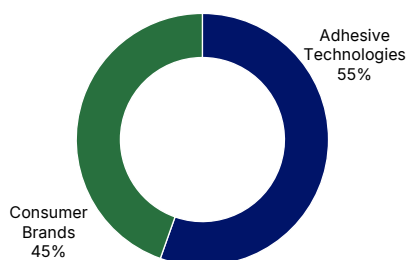
Non-discretionary consumer products: low cyclical, medium entry barriers and low substitution risk

Figure 1: Revenues split by segment (2025)



Sources: Henkel, Scope

Figure 2: EBITDA split by segment (2025)



Sources: Henkel, Scope

Market Position

Adhesive Technologies: 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 has an innovation rate (i.e. proportion of sales from products launched in the last five years) of around 25%. As per Scope estimates, Henkel holds a market share in low-to-mid teens in the global adhesives market for bonding, sealing and coating, with the main competitors including H.B. Fuller, 3M, Sika and RPM.

Global number one in adhesives

Henkel has a global footprint, offers a broad range of technologies and serves various industries. Adhesive Technologies markets its products under multiple globally well-known brands such as Loctite, Technomelt, Bonderite, Pritt and Pattex. In terms of Henkel's global market shares within Adhesive Technologies, the company ranks first in the end-markets of mobility and electronics, and packaging and consumer goods and third in craftsmen, construction and professional.

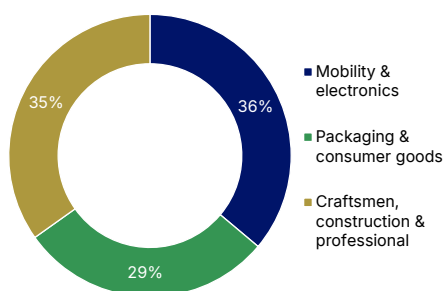
Following mostly smaller bolt-on acquisitions in the recent years (including Critica Infrastructure in 2023 and Seal for Life Industries LLC in 2024), Henkel has announced two prominent acquisitions for Adhesive Technologies in 2026 so far, including the EUR 2.1bn acquisition of the Dutch specialty chemicals player Stahl Group and the acquisition of Swiss ATP Adhesive Systems (ATP). These acquisitions are expected to strengthen the Adhesive Technologies portfolio by accelerating the expansion into specialty coatings and water-based specialty tapes respectively, thereby enabling entry into higher-value, complementary end-markets. In addition, there was a smaller acquisition of a UK-based manufacturer of construction and façade building systems, Wetherby Laroc.

Large acquisitions announced this year would strengthen Henkel's Adhesive Technologies portfolio

We view positively Henkel's positioning in innovative products, especially in its Adhesive Technologies portfolio, as it benefits from the participation in main megatrends, including mobility, connectivity and the circular economy. Henkel has expanded its network of innovation centres in Adhesive Technologies in Shanghai (2024) and Brazil (2025), in addition to those already in Germany, India and the USA. These centres further expand Henkel's global footprint and strengthen its role as a 'co-innovator' with customers and industrial partners worldwide.

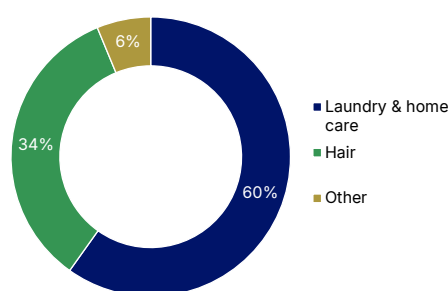
Focus on sustainable product innovation

Figure 3: Sales split, Adhesive Technologies (2025)



Sources: Henkel, Scope

Figure 4: Sales split, Consumer Brands (2025)



Sources: Henkel, Scope

Consumer Brands: The Consumer Brands segment 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 standing in other regions trails that of some competitors, especially in North America where competitors include Procter & Gamble, Unilever and L'Oreal. Within its two core global categories, Henkel ranks second both in laundry and home care (number one in Europe) and in the professional and consumer hair care (hair care, colouration and styling) within its active geographical markets. Henkel is also present in selected but attractive body care markets in Europe and North America, namely bath and shower, deodorants and soaps with the brands Fa and Dial (among the leading soap brands in the USA).

Consumer Brands: strong in Europe but weaker globally

Henkel completed the divestment of its Retailer Brands segment in North America (annual sales of around EUR 500m) in April 2025. Following this, the company successfully concluded the portfolio optimisation process of the Consumer Brands segment initiated in 2022, reaching the target to discontinue or divest brands and categories with sales of slightly more than EUR 1.0bn. This was part of the integration plan to merge the Beauty Care and Laundry & Home Care businesses, aimed at achieving total annual run-rate savings of around EUR 525m, including savings from supply chain optimisation. The integration was completed in 2025, a year ahead of plan, and delivered higher cumulative net savings of around EUR 540m over the 2022–2025 period, supporting margin improvements in recent years. These savings have now been embedded in the cost base and are expected to be sustained on an annual basis going forward.

Consumer Brands segment integration concluded in 2025

Henkel announced in 2026 its plans for two major acquisitions for the Professional & Consumer Hair portfolio. These include the USD 1.4bn purchase of premium hair care brand Olaplex and the acquisition of Not Your Mother's (via DeMert Brands) in the US retail hair care segment. These acquisitions would bolster the company's brand portfolio in the segment, presence in non-European markets, and reach in the premium and retail segments. While Olaplex has good scale already (revenues of around EUR 370m in 2025), Not Your Mother's is a smaller but fast-growing

Incremental acquisitions in Professional & Consumer Hair reflect high focus on the segment

brand (with revenues of around EUR 190m in 2025). The acquisitions announced this year follow acquisition of trademarks for the Vidal Sassoon brands in China and some other regions in 2024 and the acquisition of the Shiseido Hair salon business in 2022, reflecting the company's continued focus on the Hair segment.

Brand Strength

Henkel owns numerous brands that are generally internationally well-known and positioned in the mid- to upper-price level. The top ones are Schwarzkopf (EUR 1.4bn in sales) and Persil (EUR 1.3bn in sales in 2025) in Consumer Brands; and Loctite (EUR 3.3bn in sales) and Technomelt (EUR 1.6bn in sales) in Adhesive Technologies. These flagship brands are globally recognised and tend to be positioned in the premium segment given their focus on innovation. Although Henkel does not disclose its advertising spending separately, we infer a trend of increasing investments in marketing based on the development of 'marketing, selling and distribution expenses'. These amounted to 30% of sales in 2025, up from 28% in 2024 and 23%-24% in the pre-Covid years. Given its focus on innovative products, Henkel generally spends around 2.0%-2.5% of its sales on R&D in the Consumer Brands segment, which is above the industry average. Henkel also operates 15 innovation centres for consumer products worldwide. This has helped the company record a strong innovation rate of around 50% in the Consumer Brands segment, reflecting the share of sales from innovations launched in the last three years.

High brand awareness and loyalty, especially in Europe

Diversification

Diversification continues to support the business risk profile assessment. It is positively impacted by Henkel's conglomerate structure with an equal balance between Adhesive Technologies (assessed as specialty chemicals) and Consumer Brands (assessed as non-discretionary consumer products) as well as a proportionate mix between business-to-business and business-to-consumer segments.

Conglomerate structure enhances diversification

Diversification in Adhesive Technologies benefits from a wide product portfolio and a varied end-market mix. It is, however, weakened by the estimated 35% of the portfolio focused on cyclical industries, including automotive and construction. That said, this negative rating factor is largely mitigated by the exposure to several end-markets with different degrees of correlation between each other, limiting the variability of results.

Adhesive Technologies: widely diversified applications despite some exposure to cyclical end-use markets

Henkel's non-discretionary consumer products portfolio is diversified but more focused on a few consumer goods categories than the portfolios of large peers (oral care and skin care were divested as part of portfolio optimisation initiated in 2022). There is also a moderate concentration on key brands with the top 10 brands in Henkel's Consumer Brands segment accounting for a share of around 60% in segment sales in 2025.

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

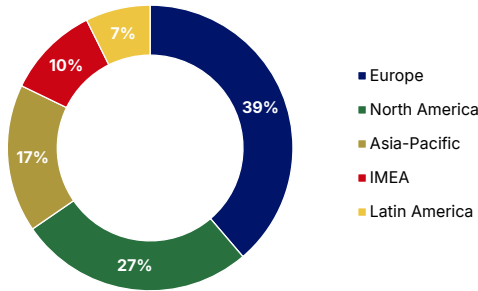
Suppliers and customers are broadly diversified, and Henkel has a well-established distribution network. Henkel's consumer products are sold by various sales channels, including numerous retailers, online shops and drug stores.

No material dependency on clients or suppliers

Henkel's diversification is constrained by geographical concentration. Despite a global reach, around 40% of sales and an even higher share of reported operating profits (EBIT) of around 50% are from Europe. North America is the second largest region for the company with 27% and 21% share in revenues and EBIT, respectively, in 2025. This is followed by Asia-Pacific with 17% and 20% shares in revenue and EBIT, respectively. IMEA (India, Middle East, and Africa) and Latin America are smaller markets with 10% and 7% shares in revenues respectively in 2025. The exposure to Europe is even more pronounced in Consumer Brands.

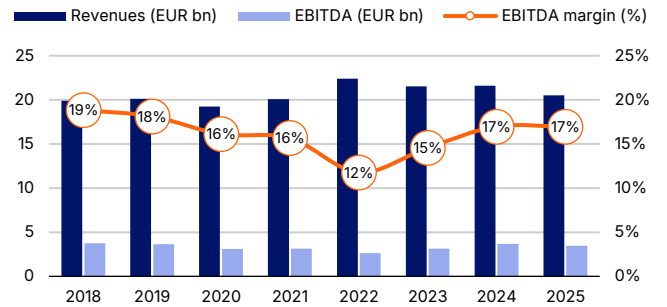
Operating profits fairly concentrated in Europe

Figure 5: Geographical split of operating profits (2025)



Sources: Henkel, Scope

Figure 6: Revenues, EBITDA and EBITDA margin trend



Sources: Henkel, Scope

Profitability

Profitability is currently a constraining factor for the business risk profile assessment. In the past, EBITDA margins were strong at 18%-19%. Between 2020 and 2023, the negative impacts of the Covid crisis on industrial demand and inflation thereafter led to a progressive deterioration in Henkel's profitability. Nevertheless, the focus on supply chain efficiencies, innovations and the positive product mix in Adhesive Technologies, combined with the portfolio valorisation and optimisation, cost savings and efficiency gains in Consumer Brands, supported an improvement in margins in the past two years. EBITDA recovered to EUR 3.7bn (17% EBITDA margin) in 2024 from EUR 3.1bn (14.6%) in 2023, thanks to continued margin improvement in both segments, leading to the highest gross margin (54%) in over 30 years for the company. While revenues declined by around 5% in 2025, primarily owing to the forex impact, the gross and EBITDA margins remained stable at 54% and 17% respectively. During 2025, Henkel also completed the integration of its two consumer-facing divisions (Laundry & Home Care and Beauty Care) into a single business unit, Consumer Brands. The integration delivered cumulative net savings of around EUR 540m over the period 2022–2025, including benefits from supply chain optimisation, thereby contributing to the margin improvements in recent years.

Stable margins in 2025 following a recovery in 2024

Potential cost pressures from the geopolitical tensions in the Middle East are expected to be partly mitigated by the low share of energy costs in the overall cost structure (less than 2% of cost of goods sold) as well as the partial hedging of energy costs (around 70%). Henkel, however, has a sizeable reliance on crude oil derivatives, with around one-third of its raw material and packaging basket directly or indirectly linked. There is typically a lag of three to four months before higher input costs feed through to the raw material basket. In addition, changes in feedstock prices do not translate on a one-to-one basis into direct material costs, as other dynamics across the value chain also play a role. Accordingly, we do not expect an immediate material impact on margins; however, a modest adverse effect cannot be ruled out should elevated cost conditions persist.

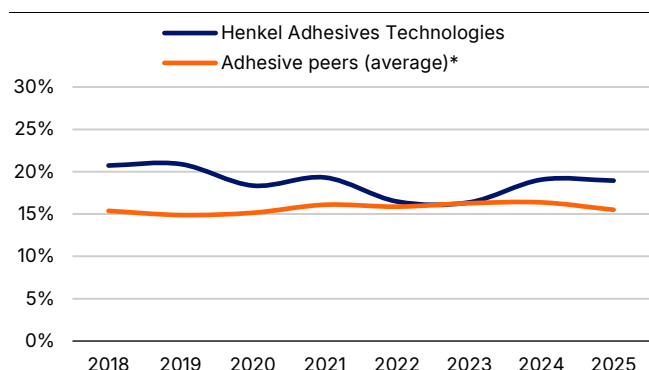
No immediate margin impact of ongoing geopolitical tensions in the Middle East

The acquisitions announced this year will be margin-accretive. However, the full impact is only likely from 2027 as some deals are yet to be closed. Further, considering that the acquisitions are estimated to add 7%-8% to the company's sales, we do not expect a material upside in overall margins.

Full impact of acquisitions on revenues and margins to be seen in 2027

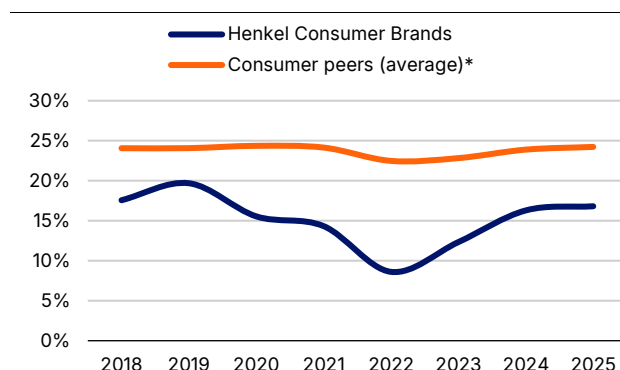
Assuming the integration of the acquired businesses over 2026 and 2027, we anticipate a low- to mid-single-digit percentage growth in the company's revenues over the next two to three years. Amid the prevailing geopolitical scenario, we expect organic growth to remain muted at nil or low-single digits. The downside is protected by the limited exposure to IMEA region, which accounted for around 10% of Henkel's revenues and around 6% of its EBIT in 2025. We estimate EBITDA to range between EUR 3.6bn and EUR 4.0bn over the medium term, with the EBITDA margin remaining within 17%-18%, with slight positive bias over the medium term amid the improving mix.

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



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

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



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

Adhesive Technologies: Adhesive Technologies contributes around 55% of group profitability, with margins markedly higher than in Consumer Brands, especially over the past few years. Adhesive Technologies had an EBITDA margin of slightly above 20% before the Covid crisis, falling to around 16% in 2022 and 2023, but recovering to around 19% in 2024 and 2025. A comparison with some key peers – despite business mix differences – shows generally higher margins for Henkel, which partly reflects its stronger market position and product innovation capabilities. We considered the relative underperformance in 2022-2023 to be temporary, partly explained by Henkel's higher input costs compared to peers, particularly in Europe (high energy content in purchased products from suppliers).

Adhesive Technologies supports group profitability...

Consumer Brands: The EBITDA margin of Consumer Brands declined from around 18%-20% in the few years before the Covid crisis to below 10%-12% in 2022 and 2023 but recovered noticeably to around 16%-17% in 2024 and 2025. 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 significant underperformance in 2022-2023 was the consequence of higher input costs compared to peers producing more outside of Europe. Henkel also increased its marketing spend to promote its valorisation strategy with tech-driven innovations. Savings and efficiencies from the restructuring programme positively contributed from 2024 onwards.

...while the margin profile for Consumer Brands is weaker

8. Financial risk profile: A+

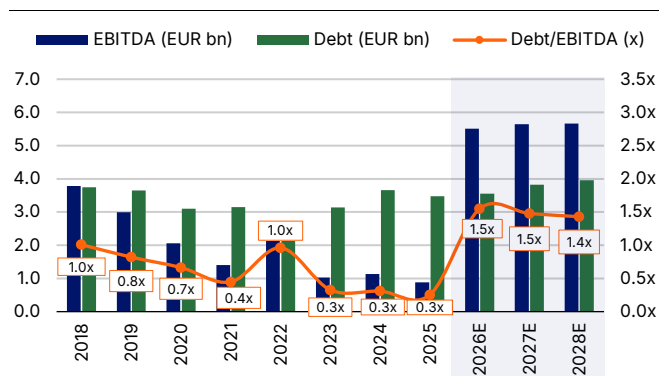
Henkel's A+ financial risk profile is supported by strong credit ratios, healthy FOCF and robust internal and external liquidity coverage.

Our key rating case adjustments include:

Key adjustments

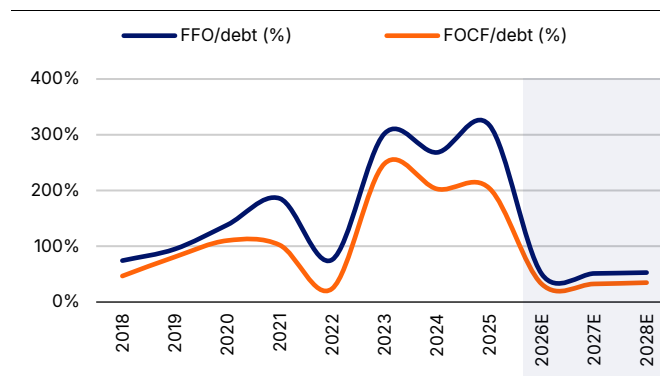
- Debt: 80% of contingent liabilities included in debt and 5% of contingent liabilities included in interest expense to reflect the interest on these liabilities
- Debt: consideration of the 50% of unfunded pension provisions
- FOCF: adjusted for lease payments
- Interest: adjusted for the estimated interest component of pension provisions
- Netting of cash on the balance sheet, except for restricted cash which we estimate at EUR 200m

Figure 9: Debt/EBITDA



Sources: Henkel, Scope estimates

Figure 10: Funds from operations/debt, FOCF/debt



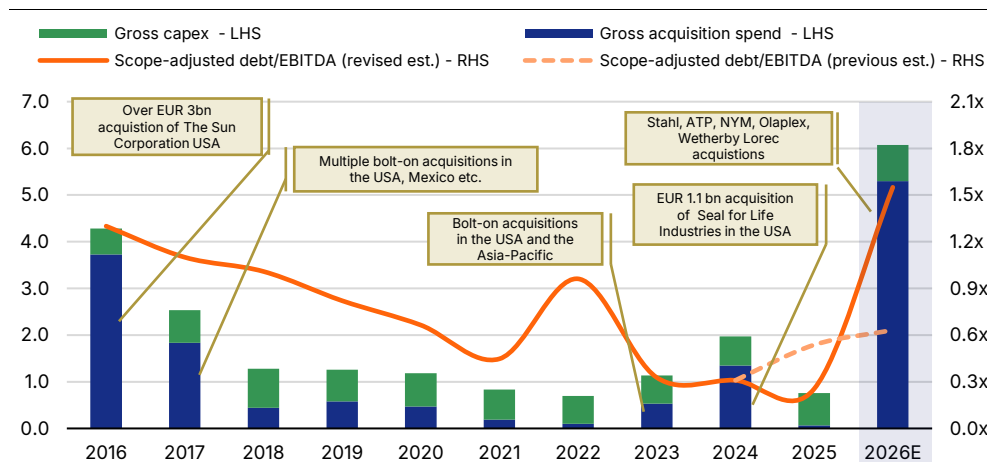
Sources: Henkel, Scope estimates

Henkel's leverage (as measured by debt/EBITDA) remained stable at 0.3x in the past three years, supported by improving margins, moderate capex and limited outflows towards acquisitions in the recent years.

After a comparatively subdued M&A year in 2025, Henkel has accelerated M&A activity sharply in 2026, announcing a notable cluster of acquisitions within the first quarter alone. With an aggregate estimated outflow of more than EUR 5bn towards the planned acquisitions in 2026, we estimate Henkel's gross debt to increase by around EUR 3bn (with EUR 1.5bn in bonds already placed in 2026 for acquisition financing). In addition, the company intends to rely on its cash balances to fund the remainder. Consequently, we estimate Henkel's leverage ratio (debt/EBITDA) to rise to around 1.5x in 2026 from 0.3x in 2024 and 2025. Based on our assumption of sustained annual outflows of around EUR 1.0bn towards acquisitions in 2027 and 2028, leverage is expected to stabilise at around 1.5x over the forecast period. For comparison, Henkel's debt/EBITDA ratio averaged around 0.5x between 2020 and 2025. Our other assumptions include dividends of around EUR 900m per year and capital expenditure of around EUR 750m per year.

Leverage set to increase to around 1.5x owing to the planned debt-funded acquisitions

Figure 11: Trend in Henkel's acquisition, capex and leverage (amounts in EUR bn)

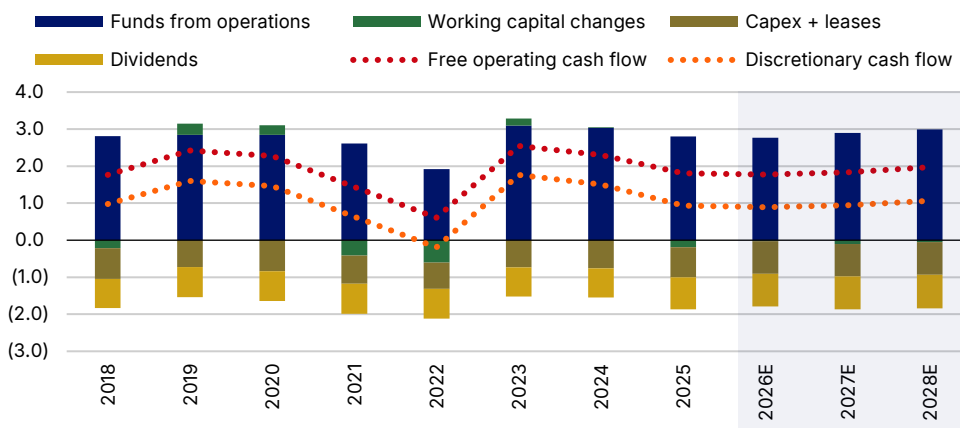


Sources: Henkel, Scope estimates

With the increase in leverage, we estimate Henkel's interest coverage ratio to decrease from around 96x in 2025 but to remain strong at around 30x in 2026 and 15x-20x in 2027-2028. Furthermore, an increase in debt, together with sustained outflows of 3%-3.5% of revenues towards capital expenditure, is estimated to result in a decline in the company's cash flow coverage (as reflected by FOCF/debt) to 30%-35% over the next three years. FOCF/debt remained very strong at above 200% over the past three years after the large net working capital needs in 2022.

Coverage metrics to remain strong despite decline from earlier levels

Figure 12: Cash flow sources and uses (EUR bn)



Sources: Henkel, Scope estimates

Henkel's internal and external liquidity coverage ratios are consistently strong at above 200%. Besides ample recurring FOCF, liquidity is mainly supported by EUR 3.1bn of cash and cash equivalents as of December 2025 and an undrawn long-term revolving credit facility of EUR 2.0bn maturing in July 2030 (with a one-year extension option). In terms of the maturity schedule for outstanding bonds, annual repayments of around EUR 600m-650m are scheduled for 2026-2028. Total repayments of bank loans and commercial paper stand at around EUR 1.0bn in 2026 (based on outstanding as of 31 December 2025). Including bonds, total repayments stand at around EUR 1.7bn in 2026 (based on outstanding as of 31 December 2025).

Adequate liquidity

Table 1: Liquidity sources and uses (in EUR m)

	2026E	2027E	2028E
Unrestricted cash (t-1)	2,897	1,289	1,001
Open committed credit lines (t-1)	2,100*	2,100*	2,100*
FOCF (t)	1,771	1,835	1,970
Short-term debt (t-1)	1,663	1,655	600
Liquidity	>200%	>200%	>200%

Source: Henkel, Scope estimates

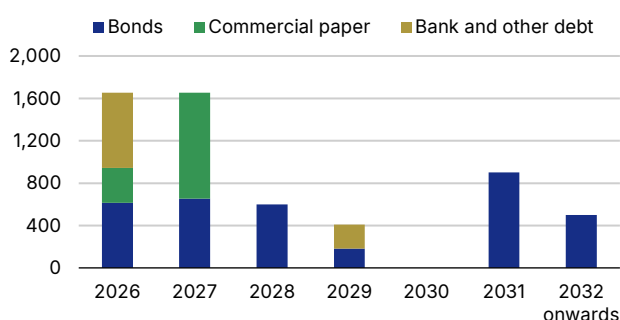
* Including bilateral loans of EUR 0.1 bn with a revolving term of up to one year

Senior unsecured bonds make up the largest share of Henkel's debt, accounting for around 45% of total debt outstanding in December 2025. As of 31 December 2025, 77% of the bonds outstanding were sustainability-linked. With incremental issuances of around EUR 1.9bn so far in the current year (including EUR 380m of panda bonds), the proportion of sustainability-linked bonds stands reduced to around 40% of the total bond volume.

Borrowings dominated by bonds

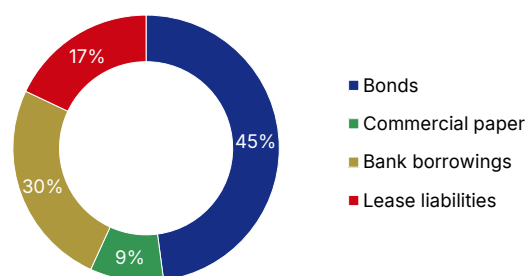
The maturity profile of the bonds outstanding is fairly spread over the years as shown in Figure 13.

Figure 13: Maturity profile (excluding leases) as of 10 April 2026 (EUR m)



Sources: Henkel, Scope

Figure 14: Debt split as of end-December 2025



Sources: Henkel, Scope

9. Supplementary rating drivers: +/- 0 notches

The most relevant supplementary rating drivers for Henkel remain its financial policy and ownership structure. The Henkel family is the main shareholder, holding roughly 62% of ordinary shares in a share-pooling agreement. Henkel's financial policy has remained conservative over the years. It is based on consistently sound credit metrics and a commitment to the A rating category, which mitigates the risks associated with high leverage. It also features a prudent dividend policy, with payouts targeted at 30%-40% of adjusted net income after minority interests.

Conservative financial policy and family ownership with long-term ambitions

10. Debt ratings

Senior unsecured debt is rated at A, the same level as the issuer rating. All outstanding bonds are issued by Henkel AG & Co. KGaA.

Senior unsecured debt rating: A

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

Short-term debt rating: S-1

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