

# Quarterly statement Q3 2022

July–September

Outlook for fiscal 2022 raised

## Henkel successfully maintains growth momentum with double-digit sales increase in the third quarter

- **Group reports organic sales growth of +11.3% to new all-time high of around 6 billion euros, nominal +17.3%, with all three business units contributing:**
  - **Adhesive Technologies achieves double-digit organic sales growth of +16.8%, nominal +22.6%**
  - **Beauty Care reports positive organic sales growth of +0.9%, nominal +8.4%**
  - **Laundry & Home Care generates significant organic sales growth of +7.3%, nominal +13.2%**
- **Double-digit sales growth in emerging markets, very strong growth in mature markets**
- **Merger of Laundry & Home Care and Beauty Care into Consumer Brands ahead of plan**
- **Outlook for fiscal 2022: Raised guidance for sales and earnings based on continued strong business performance**

Düsseldorf, November 8, 2022 – Henkel successfully maintained its growth momentum in the **third quarter of fiscal 2022** and achieved **Group sales** of around 6 billion euros. This represents a new all-time high for quarterly sales and equates to double-digit organic growth of +11.3 percent, driven by double-digit price developments in all business units and across all regions. Volumes were down overall year on year due to the consumer businesses. In nominal terms, sales grew by +17.3 percent.

“In a market environment that remains extraordinarily challenging, we continued to drive our strategy execution and achieved clear double-digit sales growth. It is particularly gratifying that all business units and regions contributed to this strong business performance, which was driven, in particular, by the clear double-digit increase in sales achieved by the Adhesive Technologies business unit in the third quarter,” said Henkel CEO Carsten Knobel.

“The double-digit sales growth in the third quarter is further proof of the strength of our robust and balanced portfolio of successful brands and innovative technologies. In addition, we have consistently driven forward the implementation of our portfolio optimization measures, continued our strict cost management and worked on further efficiency improvements. Moreover, as we merge our two consumer businesses, we are ahead of our planned schedule in implementing the new structures. This strong performance is the achievement of our global team whose outstanding commitment is critical to the long-term success of Henkel in these challenging times.”

Henkel’s double-digit sales growth in the third quarter was driven predominantly by the **Adhesive Technologies** business unit. All business areas recorded significant or double-digit organic sales increases.

The **Beauty Care** business unit achieved positive organic sales growth in the third quarter, despite implementing the announced portfolio measures. Both the Professional and Consumer business areas contributed to this performance.

The **Laundry & Home Care** business unit generated significant organic sales growth, driven mainly by the Laundry Care business area.

In regional terms, sales increased organically in all regions in the third quarter. The Group’s strong sales performance was mainly driven by the emerging markets, where all regions showed double-digit organic growth rates.

Looking ahead to the rest of fiscal 2022, Knobel commented: “We are operating in a business environment which is characterized by a high degree of volatility and uncertainty. In this overall inflationary environment with increased raw material and energy costs, we delivered a strong business performance in the first nine months. Against this background, we are raising our full year 2022 **guidance** for sales and earnings.”

At Group level, Henkel now expects organic sales growth of +7.0 to +8.0 percent (previously: +5.5 to +7.5 percent) and adjusted return on sales (EBIT margin) in the range of 10.0 and 11.0 percent (previously: 9.0 and 11.0 percent). For adjusted earnings per preferred share (EPS) at constant exchange rates, Henkel now expects a decline in the range of -25 to -15 percent (previously: -35 and -15 percent).

## Group sales performance

In the **third quarter of 2022**, **Group sales** increased **nominally** by +17.3 percent to 5,976 million euros. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by +11.3 percent. At Group level, the increase was driven by price, while volume developments differed among the business units. Acquisitions and divestments reduced sales by -0.6 percent. By contrast, foreign exchange effects had a positive impact of +6.6 percent on sales.

In the **first nine months of 2022**, sales increased **nominally** by +12.5 percent to 16,889 million euros. In **organic** terms, Henkel generated a significant sales growth of +9.7 percent, which was driven by price, while volumes declined.

## Group sales performance<sup>1</sup>

in million euros	Q3/2022	1–9/2022
<b>Sales</b>	<b>5,976</b>	<b>16,889</b>
<b>Change versus previous year</b>	<b>17.3%</b>	<b>12.5%</b>
Foreign exchange <sup>2</sup>	6.6%	3.9%
<b>Adjusted for foreign exchange</b>	<b>10.7%</b>	<b>8.6%</b>
Acquisitions/divestments <sup>3</sup>	-0.6%	-1.1%
<b>Organic</b>	<b>11.3%</b>	<b>9.7%</b>
Of which price	14.7%	11.6%
Of which volume	-3.4%	-1.9%

<sup>1</sup> All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

<sup>2</sup> Including the effects of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) for Turkey.

<sup>3</sup> Including the effects of the announced exit from business activities in Russia and Belarus.

The **emerging markets** posted double-digit organic sales growth of +18.6 percent in the **third quarter**. The **mature markets** recorded organic sales growth of +5.6 percent. Sales in the Eastern Europe region increased by +25.2 percent. In the third quarter of 2022, we achieved organic sales growth of +13.2 percent in the Africa/Middle East region and +22.5 percent in the Latin America region. Organic sales development in the Asia-Pacific region amounted to +13.0 percent. In the Western Europe region, we achieved strong organic sales growth of +3.9 percent. The North America region generated a significant organic sales increase of +7.1 percent.

## Sales performance by region<sup>1</sup>

in million euros	Western Europe	Eastern Europe	Africa/Middle East	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
<b>Sales<sup>2</sup> July–September 2022</b>	<b>1,533</b>	<b>1,001</b>	<b>344</b>	<b>1,548</b>	<b>413</b>	<b>1,071</b>	<b>65</b>	<b>5,976</b>
Sales <sup>2</sup> July–September 2021	1,491	842	299	1,264	306	856	35	<b>5,092</b>
Change versus previous year	2.9%	18.9%	15.2%	22.5%	34.9%	25.2%	–	<b>17.3%</b>
Organic	3.9%	25.2%	13.2%	7.1%	22.5%	13.0%	–	<b>11.3%</b>
<b>Proportion of Group sales 2022</b>	<b>26%</b>	<b>17%</b>	<b>6%</b>	<b>26%</b>	<b>7%</b>	<b>18%</b>	<b>1%</b>	<b>100%</b>
Proportion of Group sales 2021	29%	17%	6%	25%	6%	17%	1%	<b>100%</b>

<sup>1</sup> All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

<sup>2</sup> By location of company.

In the **first nine months of 2022**, organic sales growth in the **emerging markets** amounted to +14.8 percent, while the **mature markets** recorded an increase of +5.5 percent.

## Sales performance by region<sup>1</sup>

	Western Europe	Eastern Europe	Africa/Middle East	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
<b>in million euros</b>								
<b>Sales<sup>2</sup> January–September 2022</b>	<b>4,593</b>	<b>2,668</b>	<b>976</b>	<b>4,421</b>	<b>1,146</b>	<b>2,910</b>	<b>175</b>	<b>16,889</b>
Sales <sup>2</sup> January–September 2021	4,520	2,362	919	3,737	888	2,498	96	<b>15,019</b>
Change versus previous year	1.6%	12.9%	6.3%	18.3%	29.0%	16.5%	–	<b>12.5%</b>
Organic	2.7%	23.8%	6.5%	8.5%	18.8%	8.5%	–	<b>9.7%</b>
<b>Proportion of Group sales 2022</b>	<b>27%</b>	<b>16%</b>	<b>6%</b>	<b>26%</b>	<b>7%</b>	<b>17%</b>	<b>1%</b>	<b>100%</b>
Proportion of Group sales 2021	30%	16%	6%	25%	6%	17%	1%	<b>100%</b>

<sup>1</sup> All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

<sup>2</sup> By location of company.

## Sales performance Adhesive Technologies

**Sales** in the Adhesive Technologies business unit increased **nominally** by +22.6 percent to 2,995 million euros in the **third quarter of 2022**. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales grew by +16.8 percent. We achieved double-digit increases in prices, while volume performance was slightly positive. Acquisitions/divestments reduced sales by -1.9 percent, whereas foreign exchange effects had a positive effect of +7.7 percent.

In the **first nine months of 2022**, the Adhesive Technologies business unit increased **sales nominally** by +17.6 percent to 8,462 million euros. **Organically**, we achieved sales growth of +13.7 percent. Price development was consistently strong in all regions and business areas.

## Sales performance Adhesive Technologies<sup>1</sup>

in million euros	Q3/2022	1–9/2022
<b>Sales</b>	<b>2,995</b>	<b>8,462</b>
Proportion of Group sales	50%	50%
<b>Change versus previous year</b>	<b>22.6%</b>	<b>17.6%</b>
Foreign exchange <sup>2</sup>	7.7%	5.0%
<b>Adjusted for foreign exchange</b>	<b>14.9%</b>	<b>12.6%</b>
Acquisitions/divestments <sup>3</sup>	-1.9%	-1.1%
<b>Organic</b>	<b>16.8%</b>	<b>13.7%</b>
Of which price	15.8%	13.2%
Of which volume	1.0%	0.5%

<sup>1</sup> All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

<sup>2</sup> Including the effects of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) for Turkey.

<sup>3</sup> Including the effects of the announced exit from business activities in Russia and Belarus.

The Adhesive Technologies business unit achieved double-digit organic sales growth in the **third quarter**, which was driven by all business areas. Year on year, organic sales growth in **Automotive & Metals** was in the double digits. The global shortage of semiconductors in the automotive sector had less of an impact on business performance than in the previous quarters. The **Packaging & Consumer Goods** business area continued its strong growth momentum and also achieved double-digit sales growth in all businesses, with the Consumer Goods business recording the strongest increase. The **Electronics & Industrials** business area generated significant organic sales growth, driven in particular by double-digit growth in Industrials. Organic sales growth in the **Craftsmen, Construction & Professional** business area was significant compared to the third quarter of the prior year. The General Manufacturing & Maintenance and Consumer & Craftsmen businesses achieved double-digit and significant growth respectively, while the Construction business recorded positive organic sales growth.

From a regional perspective, the sales growth generated by Adhesive Technologies in the **emerging markets** compared to the third quarter of the prior year was in the double digits. This performance was driven by double-digit increases in all regions, with particular contributions from the Packaging & Consumer Goods and Automotive & Metal business areas.

The **mature markets** also achieved double-digit organic sales growth in all regions. Within the regions of North America and Western Europe, the Automotive & Metals business area recorded the strongest growth. In the mature markets of the Asia-Pacific region, double-digit growth was driven in particular by the Electronics & Industrial and Packaging & Consumer Goods business areas.

## Sales performance Beauty Care

In the **third quarter of 2022**, sales in the Beauty Care business unit increased **nominally** by +8.4 percent to 1,013 million euros. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales were up +0.9 percent compared to the prior-year level. Volumes declined, whereas the business unit recorded double-digit price increases. Foreign exchange effects increased sales by +5.9 percent, and acquisitions/divestments by a further +1.6 percent.

In the **first nine months of 2022**, sales in the Beauty Care business unit were **nominally** up +2.9 percent year on year, at 2,855 million euros. **Organically**, sales grew by +0.6 percent, driven by prices.

## Sales performance Beauty Care<sup>1</sup>

in million euros	<b>Q3/2022</b>	<b>1–9/2022</b>
<b>Sales</b>	<b>1,013</b>	<b>2,855</b>
Proportion of Group sales	17%	17%
<b>Change versus previous year</b>	<b>8.4%</b>	<b>2.9%</b>
Foreign exchange <sup>2</sup>	5.9%	3.6%
<b>Adjusted for foreign exchange</b>	<b>2.5%</b>	<b>-0.7%</b>
Acquisitions/divestments <sup>3</sup>	1.6%	-1.3%
<b>Organic</b>	<b>0.9%</b>	<b>0.6%</b>
Of which price	11.7%	8.0%
Of which volume	-10.8%	-7.5%

<sup>1</sup> All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

<sup>2</sup> Including the effects of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) for Turkey.

<sup>3</sup> Including the effects of the announced exit from business activities in Russia and Belarus.

In the **Consumer** business area, we recorded positive organic sales growth in the **third quarter of 2022** – driven by double-digit price increases which more than offset the declining volumes resulting from the implementation of the announced portfolio measures and demand elasticity. Overall, the Hair Cosmetics category recorded very strong organic sales growth, to which all businesses contributed. The Hair Styling business generated double-digit organic sales growth, thus continuing the recovery of recent quarters following the pandemic-related decline. Organic sales performance was strong in both the Hair Colorants and Hair Care businesses, driven in particular by the emerging markets. Sales performance in the Body Care category was down year on year, mainly due to the announced portfolio optimization measures.

In the third quarter, the **Professional** business area was able to build on its strong performance in the first half of the year and showed good organic sales growth, driven in particular by a double-digit increase in the emerging markets.

Sales growth in the **emerging markets** was significant in the third quarter. All regions contributed to this performance – with the exception of the Africa/Middle East region. The regions Asia (excluding Japan), Latin America and Eastern Europe each recorded double-digit organic sales growth.

Organic sales performance in the **mature markets** was down overall year on year, due in particular to a decline in Western Europe and North America. By contrast, the mature markets of the Asia-Pacific region recorded significant sales growth.

## Sales performance Laundry & Home Care

The Laundry & Home Care business unit generated **sales** of 1,902 million euros in the **third quarter of 2022**, equivalent to a **nominal** increase of +13.2 percent compared to the prior-year quarter. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), the business unit posted a significant increase in sales of +7.3 percent. This performance was driven mainly by a double-digit percentage increase in prices, while volumes decreased. Foreign exchange effects increased sales by +5.5 percent. Acquisitions/divestments had a positive effect of +0.4 percent on sales.

In the **first nine months of 2022**, the Laundry & Home Care business unit recorded a **nominal** increase in **sales** of +8.9 percent to 5,396 million euros. **Organically**, we achieved a significant increase in sales of +7.4 percent, driven by prices.

### Sales performance Laundry & Home Care<sup>1</sup>

in million euros	Q3/2022	1-9/2022
<b>Sales</b>	<b>1,902</b>	<b>5,396</b>
Proportion of Group sales	32%	32%
<b>Change versus previous year</b>	<b>13.2%</b>	<b>8.9%</b>
Foreign exchange <sup>2</sup>	5.5%	2.4%
<b>Adjusted for foreign exchange</b>	<b>7.7%</b>	<b>6.5%</b>
Acquisitions/divestments <sup>3</sup>	0.4%	-0.9%
<b>Organic</b>	<b>7.3%</b>	<b>7.4%</b>
Of which price	14.8%	11.4%
Of which volume	-7.5%	-4.0%

<sup>1</sup> All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

<sup>2</sup> Including the effects of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) for Turkey.

<sup>3</sup> Including the effects of the announced exit from business activities in Russia and Belarus.

The **Laundry Care** business area recorded double-digit organic sales growth in the **third quarter of 2022** that was driven in particular by the double-digit increase in the heavy-duty detergents and specialty detergents categories. Our core brands Persil, 'all and Perwoll each achieved double-digit growth.

Organic sales performance in the **Home Care** business area was flat overall in the third quarter, attributable in particular to the continued strong performance of our dishwashing products with our brand families Pril and Somat. In contrast, sales performance in the hard surface cleaners and toilet cleaners categories was negative due to demand for hygiene products returning to normal following the increase in the prior-year period in response to the COVID-19 pandemic.

In the **emerging markets**, we achieved double-digit organic sales growth in the third quarter. The Eastern Europe, Africa/Middle East and Latin America regions each contributed double-digit organic growth to this performance.

The **mature markets** showed good organic sales growth overall in the third quarter. Organic sales growth was good in the North America region and flat in Western Europe. Sales growth was significant in the mature markets of the Asia-Pacific region.

## Net assets and financial position of the Group

No substantial changes to the net assets and financial position of the Group occurred in the period under review compared to the situation as at June 30, 2022.

## Outlook for the Henkel Group

Based on the business development in the first nine months of 2022 and assumptions regarding progress to the end of the fiscal year, the Management Board of Henkel AG & Co. KGaA has decided to update its guidance for fiscal 2022.

We now expect **organic sales growth** at **Group** level of +7.0 to +8.0 percent in fiscal 2022 (previously: +5.5 to +7.5 percent).

For the **Adhesive Technologies** business unit, we now anticipate organic sales growth in the range of +11.0 to +12.0 percent (previously: +10.0 to +12.0 percent). For the **Beauty Care** business unit, we now expect organic sales development of -1.0 to 0.0 percent (previously: -3.0 to -1.0 percent), with performance mainly being impacted by the implementation of the already announced portfolio measures. For the **Laundry & Home Care** business unit, we now expect organic sales growth in the range of +5.5 to +6.5 percent (previously: +4.0 to +6.0 percent).

We now expect the **Henkel Group** to generate **adjusted return on sales (EBIT margin)** in the range of 10.0 to 11.0 percent (previously: 9.0 to 11.0 percent). We now anticipate adjusted return on sales for the **Adhesive Technologies** business unit in the range of 13.5 to 14.5 percent (previously: 13.0 to 15.0 percent), for **Beauty Care** in the range of 7.5 to 8.5 percent (previously: 5.0 to 7.0 percent), and for **Laundry & Home Care** in the range of 8.0 to 9.0 percent (previously: 7.0 to 9.0 percent)

For **adjusted earnings per preferred share (EPS)** at constant exchange rates, we now expect a decline in the range of -25 to -15 percent (previously: -35 to -15 percent).

In addition, we have the following expectations for 2022:

- Restructuring expenses in the range of 450 to 500 million euros (unchanged)
- Cash outflows for investments in property, plant and equipment and intangible assets of around 650 million euros (previously: around 700 million euros)

The guidance continues to be based on the assumptions that there will be no new wide-spread pandemic-related business and production closures in industry and retail and that the effects of the war in Ukraine will not worsen significantly. In addition, our guidance is based on the assumption that there will be no production shutdowns in industry due to a gas shortage in Europe.



## **About Henkel**

Henkel operates globally with a well-balanced and diversified portfolio. The company holds leading positions with its three business units in both industrial and consumer businesses thanks to strong brands, innovations, and technologies. Henkel Adhesive Technologies is the global leader in the adhesives market. In its Laundry & Home Care and Beauty Care businesses, Henkel holds leading positions in many markets and categories around the world. Founded in 1876, Henkel looks back on more than 140 years of success. In fiscal 2021, Henkel reported sales of more than 20 billion euros and adjusted operating profit of around 2.7 billion euros. Henkel employs more than 52,000 people globally – a passionate and highly diverse team, united by a strong company culture, a common purpose to create sustainable value, and shared values. As a recognized leader in sustainability, Henkel holds top positions in many international indices and rankings. Henkel's preferred shares are listed in the German stock index DAX. For more information, please visit [www.henkel.com](http://www.henkel.com).

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

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

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# Financial calendar

## **Publication of Report for Fiscal 2022:**

Tuesday, March 7, 2023

## **Annual General Meeting Henkel AG & Co. KGaA 2023:**

Monday, April 24, 2023

## **Publication of Statement for Q1 2023:**

Thursday, May 4, 2023

## Contact

### **Investors & Analysts**

#### **Leslie Iltgen**

Phone: +49 (0) 211 797-1631

Email: [leslie.iltgen@henkel.com](mailto:leslie.iltgen@henkel.com)

#### **Jennifer Ott**

Phone: +49 (0) 211 797-2756

Email: [jennifer.ott@henkel.com](mailto:jennifer.ott@henkel.com)

#### **Dr. Dennis Starke**

Phone: +49 (0) 211 797-5601

Email: [dennis.starke@henkel.com](mailto:dennis.starke@henkel.com)

### **Press & Media**

#### **Lars Witteck**

Phone: +49 (0) 211 797-2606

Email: [lars.witteck@henkel.com](mailto:lars.witteck@henkel.com)

#### **Wulf Klüppelholz**

Phone: +49 (0) 211 797-1875

Email: [wulf.klueppelholz@henkel.com](mailto:wulf.klueppelholz@henkel.com)

#### **Hanna Philipps**

Phone: +49 (0) 211 797-3626

Email: [hanna.philipps@henkel.com](mailto:hanna.philipps@henkel.com)

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