



## News Release

April 29, 2022

Henkel publishes sales performance in the first quarter based on preliminary figures

### **Henkel achieves significant organic sales growth in the first quarter and updates full-year guidance for 2022**

- **Group sales increase organically by +7.1 percent to around 5.3 billion euros**
  - **Adhesive Technologies: double-digit organic growth of +10.7 percent**
  - **Beauty Care: slight organic decline of -1.2 percent**
  - **Laundry & Home Care: very strong organic growth of +4.9 percent**
- **Updated outlook for fiscal 2022 – extraordinarily strong rising costs for direct materials & logistics and significant effects from the exit of business activities in Russia and Belarus expected**
  - **Organic sales growth: +3.5 to +5.5 percent**
  - **Adjusted return on sales (EBIT margin)\*: between 9.0 and 11.0 percent**
  - **Adjusted earnings per preferred share (EPS) \* at constant exchange rates: decline in the range from -35 to -15 percent**

**Düsseldorf** – Based on preliminary figures, Henkel generated total sales of around 5.3 billion euros in the first quarter. This corresponds to significant organic sales growth of 7.1 percent compared with the average market expectation of 4.3 percent. The increase was mainly driven by a very strong price development combined with a slight decline in volumes.

Sales growth in the first quarter was driven primarily by **Adhesive Technologies**, which achieved double-digit organic sales growth of +10.7 percent in the first quarter based on preliminary figures. Growth was achieved across all business areas.



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

Based on preliminary figures, the **Beauty Care** business unit recorded a slight decline in organic sales of -1.2 percent. The Hair Salon business achieved double-digit organic sales growth. The consumer business was, as expected, below the level of the previous year, in particular due to the implementation of the portfolio measures announced for 2022.

According to preliminary figures, the **Laundry & Home Care** business unit achieved a very strong organic sales increase of +4.9 percent, driven by significant growth in the laundry business. By contrast, the home care business recorded a slight decline in organic sales in the first quarter.

"Despite Henkel's overall very good sales performance in the first quarter, the overall economic environment has continued to deteriorate dramatically since the beginning of the year. The effects of the global COVID crisis, with an exceptionally tense situation on the raw material markets and in global supply chains, have been clearly intensified by the war in Ukraine. Prices for materials and logistics have therefore once again increased significantly. In addition, against the background of developments in the war in Ukraine, we decided in mid-April to exit our business activities in Russia. Furthermore, we have decided to exit our business activities in Belarus. This affects total annual sales of around 1 billion euros and more than 2,500 employees," said Carsten Knobel, CEO of Henkel.

"Due to these developments, we now expect significantly higher pressure on our earnings for the rest of the year than at the beginning of the year. Therefore, we have updated our full-year outlook accordingly," Carsten Knobel explained further. In terms of **material prices**, Henkel now anticipates an increase in the mid-twenty percentage range for the full year compared to the average for 2021. Previously, an increase in the low ten percentage range had been anticipated. "These are additional costs for the full year of around two billion euros. Twice as much as we had assumed at the end of January. We have not yet witnessed increases of this magnitude. We are countering these developments with targeted countermeasures, in particular further price increases and efficiency improvements."

Henkel now expects **organic sales growth at Group level** of +3.5 to +5.5 percent **in fiscal 2022** (previously: +2.0 to +4.0 percent). The stronger organic sales growth will be primarily driven by the **Adhesive Technologies** business unit, for which Henkel now expects organic sales growth in the range of +8.0 to +10.0 percent (previously: +5.0 to +7.0 percent), mainly due to passing on of higher raw material and logistics costs in form of higher prices. Expectations for organic sales growth in the Beauty Care and Laundry & Home Care business units remain unchanged.

For **Beauty Care**, organic sales are expected to develop by -5.0 to -3.0 percent. As announced, the decline is mainly due to measures already decided and being implemented to improve the portfolio, including the discontinuation of activities that will not be part of the future core business. For **Laundry & Home Care**, Henkel continues to expect organic sales growth in the range of +2.0 to +4.0 percent. In light of the decision to discontinue Henkel's businesses in Russia and Belarus, those countries will be excluded from organic sales growth of Henkel from the second quarter onwards."

In addition to the effects of exiting the business activities in Russia and Belarus, significantly rising prices for direct materials and logistics, which cannot be fully offset in this fiscal year, are having a greater impact on earnings than previously expected.

For the **Henkel Group, adjusted return on sales (EBIT margin)** is now expected in a lower range of 9.0 to 11.0 percent (previously: 11.5 to 13.5 percent). For **Adhesive Technologies**, Henkel expects an adjusted return on sales in the range of 13.0 to 15.0 percent (previously: 15.0 to 17.0 percent), for **Beauty Care** in the range of 5.0 to 7.0 percent (previously: 7.5 to 10.0 percent) and for **Laundry & Home Care** in the range of 7.0 to 9.0 percent (previously: 10.5 to 13.0 percent).

For **adjusted earnings per preferred share (EPS)** at constant exchange rates, Henkel now expects a decline in the range of -35 to -15 percent (previously: -15 to +5 percent).

This new outlook is based on the assumption that the effects of the war in Ukraine will not worsen significantly and that there will be no new widespread business and production closures in industry and retail due to the COVID 19 pandemic.

"Despite the exceptionally difficult environment, we pursue a strategy for purposeful growth. With our Adhesive Technologies business, we are global leader and offer innovative solutions in many important industries, with a clear focus on future trends such as mobility, connectivity and sustainability. And by combining our consumer businesses Laundry & Home Care and Beauty Care to Henkel Consumer Brands, we are creating a multi-category platform with sales of around 10 billion euros. Our future Consumer Brands business is expected to be established by the beginning of 2023 at the latest, providing a broader foundation to optimize our portfolio even more consistently and develop it to a higher growth and margin profile," said Carsten Knobel.

Henkel will publish its statement on the first quarter of 2022 on May 5 and as announced, disclose further information on the integration process of the two business units and the planned portfolio measures including expected synergies and restructuring expenses.

## 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 – across all industry segments worldwide. 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 2021, Henkel reported sales of more than 20 billion euros and an adjusted operating profit of about 2.7 billion euros. The company employs more than 52,000 people globally – a passionate and highly diverse team, united by a strong company culture, a common purpose, 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 information contains forward-looking statements which are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Statements with respect to the future are characterized by the use of words such as “expect”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, and similar terms. 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 any forward-looking statements.

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## Contacts

### Investors & Analysts

#### Manuel Bösing

Phone: +49 211 797 - 6459

Email: [manuel.boesing@henkel.com](mailto:manuel.boesing@henkel.com)

#### Jennifer Ott

Phone: +49 211 797 - 2756

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

#### Dr. Dennis Starke

Phone: +49 211 797 - 5601

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

### Press & Media

#### Lars Witteck

Phone: +49 211 797 - 2606

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

#### Wulf Klüppelholz

Phone: +49 211 797 - 1875

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

#### Hanna Philipps

Phone: +49 211 797 - 3626

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

[www.henkel.com/press](http://www.henkel.com/press)

[www.henkel.com/ir](http://www.henkel.com/ir)