



## News Release

August 13, 2024

Strong half-year results reinforce successful implementation of growth strategy

### **Henkel delivers good organic sales growth and very strong earnings improvement in first half of 2024**

- **Group sales grow organically by 2.9 percent in the first half of the year to around 10.8 billion euros (nominal -1.0 percent) – growth in both business units**
- **Operating profit (EBIT)\*: very strong increase to 1,610 million euros (+28.4 percent)**
- **EBIT margin\* also improves very strongly to 14.9 percent (+340 basis points)**
- **Earnings per preferred share (EPS)\* increase by around a third to 2.78 euros, +32.9 percent at constant exchange rates**
- **Very good free cash flow of around 800 million euros**
- **Further progress in implementing strategic growth agenda**
- **Earnings outlook for fiscal 2024 already raised in mid-July:**
  - Organic sales growth: 2.5 to 4.5 percent (unchanged)
  - Adjusted return on sales: 13.5 to 14.5 percent (previously: 13.0 to 14.0 percent)
  - Adjusted earnings per preferred share (EPS): increase in the range of +20.0 to +30.0 percent at constant exchange rates (previously: +15.0 to +25.0 percent)
- **Mid- to long-term financial ambition already to be reached mid-term**

Düsseldorf – In the first half of 2024, Henkel recorded good organic sales growth and a very strong increase in earnings in a persistently challenging economic environment. The company thus successfully continued its profitable growth path. “Overall, we achieved a very good business performance in the first half of the year. This demonstrates that we are on the right track with our strategy and that our focus on purposeful growth is delivering tangible success,” said Henkel CEO Carsten Knobel.

**LOCTITE** **TECHNOMELT** **BONDERITE** **Persil**



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

"In the first half of the year, organic sales growth and the improvement in earnings were driven by both business units. The merger of our consumer businesses is successful and the implementation of our strategic measures and initiatives has a very positive impact on sales, gross margin and earnings development. Also in our adhesives business where we have aligned the organizational structure even more closely to our customers, the changes we have initiated are significantly contributing to Henkel's positive development. Our free cash flow was also strong, exceeding the already high level from the first half of 2023. All of this allows us to further make targeted investments in our business and our future: in brands, technologies and innovations. In addition, we are driving important initiatives in the areas of sustainability and digitalization to further enhance our competitive position," Carsten Knobel added.

"Following the strong business performance in the first half of the year, we are confident about the remainder of the year and therefore raised our earnings outlook for fiscal 2024 in mid-July. We are delivering what we have committed to, and we are on the right track for further profitable growth. This is also reflected in the adjustment of our mid- to long-term financial ambition: we are confident that we will achieve the sales and earnings targets now already mid-term."

### **Outlook for fiscal 2024**

The outlook for the current financial year, which was updated on May 3, 2024, was raised on July 17 regarding the earnings expectation. This is mainly due to higher profit expectations in the Consumer Brands business unit, while at the same time, the company is increasing investments in marketing to support innovations. The outlook continues to consider the expectation of higher prices for direct materials in the second half of the year. Henkel now expects the following sales and earnings development for fiscal 2024:

At Group level, Henkel continues to expect **organic sales growth** of 2.5 to 4.5 percent in fiscal 2024. For the Adhesive Technologies business unit, organic sales growth is still expected to be in the range of 2.0 to 4.0 percent, and for the Consumer Brands business unit between 3.0 to 5.0 percent. **Adjusted return on sales** (EBIT margin) at Group level is now expected to be in the range of 13.5 to 14.5 percent (previously: 13.0 to 14.0 percent). For the Adhesive Technologies business unit, adjusted return on sales is still expected in the range of 16.0 and 17.0 percent. For the Consumer Brands business unit, adjusted return on sales is now expected between of 13.0 and 14.0 percent (previously: 12.0 to 13.0 percent). For the development of **adjusted earnings per preferred share** (EPS) at constant exchange rates, Henkel now expects an increase in the range of +20.0 to +30.0 percent (previously: +15.0 to +25.0 percent).

### **Sales and earnings development in the first half of 2024**

In a persistently challenging market environment, Henkel achieved **Group sales** of 10,813 million euros in the first half of 2024, equivalent to a nominal development of -1.0 percent. After nominal sales development in the previous quarters was negatively impacted by the divestment of the business activities in Russia, Henkel was now able to achieve nominal sales growth again in the second quarter of 2024 (Q2: 5,496 million euros, +3.4 percent). Foreign exchange effects reduced sales by -1.9 percent (Q2: +0.2 percent). Acquisitions and divestments reduced sales by -2.1 percent (Q2: +0.3 percent). While the divestment of our business activities in Russia in April 2023 had a negative impact, the recently closed acquisitions in both business units – Seal for Life and Vidal Sassoon – contributed positively. In **organic** terms – i.e. adjusted for foreign exchange and acquisitions/divestments – Henkel achieved good sales growth of 2.9 percent (Q2: +2.8 percent).

The **Adhesive Technologies** business unit generated good organic sales growth of 2.0 percent in the first half year of 2024, driven by the Mobility & Electronics, and the Craftsmen, Construction & Professional business areas. (Q2: +2.6 percent). The **Consumer Brands** business unit achieved very strong organic sales growth of 4.3 percent, to which all business areas contributed (Q2: +3.3 percent). Sales growth in both business units was driven by a positive price development. At Group level, volume development, which continues to be impacted by the portfolio measures in Consumer Brands showed a slightly positive trend – both compared to the first half of 2023 and a sequential improvement compared to the first quarter of 2024.

In the first half of the year, organic sales growth in the **Europe** region amounted to 1.8 percent (Q2: +1.2 percent). In the **IMEA** region, Henkel achieved significant double-digit organic sales growth of 21.0 percent (Q2: +13.7 percent). The **North America** region recorded organic sales growth of -1.6 percent (Q2: -0.2 percent). The **Latin America** region recorded a flat organic sales development of 0.0 percent (Q2: +2.7 percent). The **Asia/Pacific** region achieved organic sales growth of 5.5 percent (Q2: +7.5 percent).

**Adjusted operating profit (adjusted EBIT)** increased significantly from 1,254 million euros in the first half of 2023 by 28.4 percent to 1,610 million euros, in particular as a result of the strong increase in gross margin.

**Adjusted return on sales (adjusted EBIT margin)** of the Henkel Group consequently recorded a very strong increase by 340 basis points from 11.5 percent to 14.9 percent.

**Earnings per preferred share** increased significantly to 2.46 euros (previous year: 1.35 euros). Adjusted earnings per preferred share grew by 30.5 percent to 2.78 euros compared to 2.13

euros in the prior-year period. This substantial increase was predominantly driven by the increase in adjusted operating profit. At constant exchange rates, adjusted earnings per preferred share increased by a clear double-digit 32.9 percent.

**Net working capital** decreased by 0.9 percentage points compared to the prior-year period, from 6.1 percent to 5.2 percent.

**Free cash flow** reached 772 million euros and thus was higher than in the first half of 2023 (749 million euros). This is mainly due to the higher cash flow from operating activities.

At June 30, 2024, the **net financial position** amounted to -1,440 million euros (December 31, 2023: 12 million euros).

#### **Development of the business units in the first half of 2024**

The **Adhesive Technologies** business unit generated **sales** of 5,475 million euros in the first half of 2024, which is nominally on par with the prior-year period (Q2: 2,798 million euros). **Organically**, sales increased by 2.0 percent (Q2: 2.6 percent). This development was driven by a price component of +0.2 percent and volume growth of 1.8 percent. Thus, the business unit showed a sequential improvement in volume development in the second quarter compared to the first quarter of 2024.

The **Mobility & Electronics** business area achieved a very strong organic sales increase of 5.3 percent (Q2: +6.8 percent). This growth was supported by all businesses and in particular by the Electronics business, which delivered a double-digit organic sales increase against a weak prior-year period. The **Packaging & Consumer Goods** business area recorded an organic sales development of -0.6 percent (Q2: -1.0 percent). In the Packaging business, an increase in volume offset the negative price development. Overall, the Consumer Goods business recorded a slight decline compared to a strong prior-year period. The **Craftsmen, Construction & Professional** business area generated organic sales growth of 1.0 percent (Q2: +1.7 percent), with the Construction and Consumers & Craftsmen businesses contributing. The General Manufacturing & Maintenance business, on the other hand, recorded a slight decline as a result of softer demand.

**Adjusted operating profit** rose by 21.8 percent to 933 million euros in the first half of 2024, compared to 766 million euros in the same period of the previous year. **Adjusted return on sales** increased significantly by 310 basis points to 17.0 percent. Lower raw material costs, positive mix effects and supply chain efficiencies had a particularly positive impact on gross margin.

The **Consumer Brands** business unit generated **sales** of 5,266 million euros in the first six months of 2024 (Q2: 2,662 million euros). This corresponds to a nominal development of -1.8 percent. **Organically**, sales increased by 4.3 percent (Q2: +3.3 percent). This development was driven by a price component of +5.1 percent. Primarily due to the ongoing portfolio optimization measures, volumes decreased slightly by -0.9 percent. However, volume development showed a sequential improvement in the second quarter compared to the first quarter of 2024.

The **Laundry & Home Care** business area generated strong organic sales growth of 3.1 percent (Q2: +1.5 percent). The Laundry Care business achieved a positive organic sales increase, predominantly driven by a double-digit increase in the Fabric Care category and good sales growth in the Fabric Cleaning category. Significant growth in the Home Care business was primarily driven by double-digit sales increases in the Dishwashing and Toilet Care categories. The **Hair** business area achieved significant organic sales growth of 7.3 percent in the first six months of the year (Q2: +7.7 percent). The Consumer business posted double-digit growth, mainly driven by the Hair Styling category, which also recorded double-digit organic sales increases in the same period of the previous years. The Professional business achieved strong organic sales growth. The **Other Consumer Businesses** business area recorded good organic sales growth of 2.3 percent (Q2: +0.7 percent).

**Adjusted operating profit** amounted to 753 million euros and therefore rose by 34.8 percent compared to the prior-year period. This increase was driven by selling price developments and savings generated from the creation of the integrated Consumer Brands business unit, as well as portfolio optimization and valorization measures. **Adjusted return on sales** increased significantly by 390 basis points to 14.3 percent.

### **Growth agenda implementation consistently driven forward**

In the first half of 2024, Henkel continued to consistently drive forward the strategic priorities of its purposeful growth agenda and achieved good progress in all areas.

The **merger** of the former Laundry & Home Care and Beauty Care businesses into the **Consumer Brands** business unit, which is executed in two phases, was successfully driven forward in the first half of 2024. Henkel achieved further savings in the process. Overall, the company is targeting savings of 525 million euros from both phases of the integration. These are to be realized in full swing by the end of 2026.

As part of the second phase of the integration, which focuses on supply chain excellence in the Consumer Brands business unit, the so-called 1-1-1 principle has been introduced already in close to 30 countries. This relates to driving forward commercial integration with optimized logistics processes in line with the "one face to the customer" principle. This means: one order, one delivery, one invoice. In addition, the production and logistics network was further optimized and consolidated, for example in the USA and Eastern European countries in the Laundry & Home Care business. Overall, these measures have already resulted in an overall reduction in complexity of around 16 percent.

Henkel has also further focused its Consumer Brands portfolio. Recently, the focus was on the Laundry & Home Care business in North America.

To further strengthen its **competitiveness**, Henkel focuses on strong innovations in attractive business areas. These again contributed to growth in both business units in the first half of 2024. In **Adhesive Technologies**, Henkel serves the trend to more integrated automotive components, which drives demand for innovative adhesive solutions. One example is the integration of electronic components which come with high benefit for cars irrespective of the power train. At the same time, it is a highly complex field with very specific requirements with regard to thermal management of adhesive solutions applied. Henkel is one of the few players who recognized the trend early on and collaborated with leading OEMs and key tier suppliers in developing innovative solutions. Market growth potential of more than 20 percent is expected for such integrated components over the next few years. In the **Consumer Brands** business unit, the very strong organic sales growth of more than 7 percent in Hair was driven in particular by the Schwarzkopf umbrella brand – both in the Consumer as well as in the Professional business. This business area has now recorded four consecutive quarters of positive volume development. At the same time, market share increased by 40 basis points in both Hair Styling and Coloration. In addition, the relaunch of Gliss with new formulas for 100% stronger hair resulted in double-digit organic sales growth for the brand in the first half of the year.

"Overall, we are very pleased with Henkel's successful business performance in the first half of the year and proud of the good progress we have made in implementing our strategic growth agenda," said Carsten Knobel. "We are delivering what we have committed to and what we have announced. And we are making tangible progress: in our businesses, in sales and in earnings. We are changing Henkel with bold decisions for a successful future. And with a clear strategy, we are on the right track for further profitable growth."

## About Henkel

With its brands, innovations and technologies, Henkel holds leading market positions worldwide in the industrial and consumer businesses. The business unit Adhesive Technologies is the global leader in the market for adhesives, sealants and functional coatings. With Consumer Brands, the company holds leading positions especially in laundry & home care and hair in many markets and categories around the world. The company's three strongest brands are Loctite, Persil and Schwarzkopf. In fiscal 2023, Henkel reported sales of more than 21.5 billion euros and adjusted operating profit of around 2.6 billion euros. Henkel's preferred shares are listed in the German stock index DAX. Sustainability has a long tradition at Henkel, and the company has a clear sustainability strategy with specific targets. Henkel was founded in 1876 and today employs a diverse team of about 48,000 people worldwide – united by a strong corporate culture, shared values and a common purpose: "Pioneers at heart for the good of generations." More information at [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. Such statements are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. These 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 (both positively and negatively) 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.

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# Key figures Q2 2024 and 1-6 2024



in million euros	Sales		EBIT	EBIT margin
	Q2	1-6	1-6	1-6
<b>Adhesive Technologies</b>				
2024	2,798	5,475	874	16.0%
2023	2,683	5,475	642	11.7%
organic growth	2.6%	2.0%	-	-
2024 adjusted <sup>1)</sup>	-	-	933	17.0%
2023 adjusted <sup>1)</sup>	-	-	766	14.0%
<b>Consumer Brands</b>				
2024	2,662	5,266	674	12.8%
2023	2,593	5,365	299	5.6%
organic growth	3.3%	4.3%	-	-
2024 adjusted <sup>1)</sup>	-	-	753	14.3%
2023 adjusted <sup>1)</sup>	-	-	559	10.4%
<b>Henkel</b>				
2024	5,496	10,813	1,470	13.6%
2023	5,316	10,926	864	7.9%
organic growth	2.8%	2.9%	-	-
2024 adjusted <sup>1)</sup>	-	-	1,610	14.9%
2023 adjusted <sup>1)</sup>	-	-	1,254	11.5%
	<b>1-6</b>	<b>1-6</b>	<b>Change</b>	
	<b>2023</b>	<b>2024</b>		
Earnings per preferred share in euros	1.35	2.46	82.2%	
Adjusted <sup>1)</sup> earnings per preferred share in euros	2.13	2.78	30.5%	
at constant exchange rates			32.9%	

All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

<sup>1)</sup> Adjusted for one-time expenses and income, and for restructuring expenses.