



News Release

November 14, 2017

Henkel confirms full year sales guidance and raises EPS guidance

Henkel reports strong performance in third quarter

- Very strong nominal sales growth: +4.9% to 4,981 million euros, strong organic sales growth (OSG) +3.0%
- EBIT margin* improvement to new high: +40 basis points to 18.0%
- Significant growth in earnings per preferred share (EPS)*: +8.5% to 1.54 euros
- Full year guidance: OSG of 2 to 4% and EBIT margin* increase to more than 17.0% confirmed, EPS* guidance raised to an increase of around 9%

Düsseldorf – “Henkel reports a strong performance in the third quarter. In an increasingly challenging environment, we further improved sales and earnings. All three business units contributed to this positive development. We delivered strong organic sales growth of 3 percent, while nominal sales grew around 5 percent,” said Henkel CEO Hans Van Bylen. “We achieved a significant increase in adjusted EBIT, and our adjusted EBIT margin reached a new high of 18 percent. We delivered significant growth in adjusted earnings per preferred share. In addition, we successfully closed three acquisition projects which will substantially strengthen our business portfolio.”

“We expect the overall volatile and uncertain market environment to continue. Currency effects will have an increasingly negative impact. The difficult conditions in the consumer goods markets are likely to persist. We are fully committed to continue our successful development and implement our

* Adjusted for one-time charges/gains and restructuring charges.



strategic priorities,” said Hans Van Bylen.

For the full fiscal year 2017, Henkel confirmed its sales guidance. Despite the increasingly negative currency impact, Henkel raised its EPS guidance. “We continue to expect organic sales growth of 2 to 4 percent on group level and an increase of our adjusted EBIT margin to more than 17.0 percent. For adjusted earnings per preferred share we now expect an increase of around 9 percent,” said Hans Van Bylen.

Sales and earnings performance in the third quarter 2017

In the third quarter 2017 **sales** grew nominally by 4.9 percent to 4,981 million euros. Foreign exchange movements had an overall negative effect of 4.2 percent on sales. Acquisitions and divestments accounted for 6.1 percent of sales growth. **Organic** sales, which exclude the impact of foreign exchange effects and acquisitions/divestments, showed a strong increase of 3.0 percent.

The **Adhesive Technologies** business unit posted very strong organic sales growth of 4.9 percent. The **Beauty Care** business unit generated positive organic sales growth of 0.5 percent. The **Laundry & Home Care** business unit reported a positive increase in organic sales of 1.8 percent.

The **emerging markets** again made an above-average contribution to the organic growth of the group, showing a very strong increase in organic sales of 5.0 percent. The **mature markets** registered positive organic sales growth of 1.5 percent.

In the **Western Europe** region sales remained organically on the level of the prior-year quarter. In all other regions sales increased organically: In **Eastern Europe**, sales grew by 4.8 percent. **Africa/Middle East** posted sales growth of 3.2 percent. Sales in **North America** increased by 3.2 percent. **Latin America** achieved sales growth of 2.8 percent, and in the **Asia-Pacific** region, sales grew by 6.4 percent.

Adjusted operating profit (EBIT) improved by 7.1 percent to 897 million euros. All three business units contributed to this increase.

Adjusted return on sales (EBIT) rose by 0.4 percentage points to 18.0 percent.

Adjusted earnings per preferred share (EPS) grew by 8.5 percent from 1.42 euros to 1.54 euros.

Net working capital as a percentage of sales was 0.4 percentage points above the prior-year period, reaching 5.6 percent.

Business unit performance

The **Adhesive Technologies** business unit generated very strong **organic sales growth** of 4.9 percent in the third quarter. In nominal terms, sales grew by 4.5 percent to 2,373 million euros. **Adjusted operating profit** increased by 5.5 percent and reached 454 million euros. Adjusted return on sales recorded a good increase, reaching 19.1 percent.

The **Beauty Care** business unit registered positive organic **sales growth** of 0.5 percent in the third quarter. Nominally, sales were below the prior-year quarter and reached 941 million euros. **Adjusted operating profit** showed a positive increase of 0.5 percent and reached 171 million euros. Adjusted return on sales recorded a very strong growth to 18.1 percent.

The **Laundry & Home Care** business unit generated positive **organic sales growth** of 1.8 percent in the third quarter. Nominally, sales increased by 10.6 percent to 1,636 million euros compared to the prior-year quarter. **Adjusted operating profit** grew by 10.9 percent to 294 million euros. Adjusted return on sales was at the level of the prior-year quarter, reaching 17.9 percent.

Compelling acquisitions further strengthening portfolio

With the successful closing of the acquisitions of the global Darex Packaging Technologies business, the Sonderhoff Group and Nattura Laboratorios, Henkel further strengthened its business portfolio.

Strong business performance in the first nine months of 2017

For the first time, nine-month **sales** exceeded 15 billion euros and increased by 9.3 percent to 15,143 million euros. **Organic** sales, which exclude the impact of foreign exchange effects and acquisitions/divestments, showed a strong increase of 3.1 percent. All three business units contributed to this performance.

Adjusted operating profit (EBIT) rose by 10.5 percent from 2,407 million euros to 2,660 million euros. **Adjusted return on sales** improved from 17.4 percent to 17.6 percent. **Adjusted earnings per preferred share** grew by 10.0 percent from 4.09 euros to 4.50 euros.

In the first nine months of 2017, the **Adhesive Technologies** business unit generated very strong organic sales growth of 4.6 percent. Adjusted return on sales recorded a strong increase, reaching 18.8 percent. The **Beauty Care** business unit showed a positive organic sales growth of 0.9 percent. Adjusted return on sales recorded a strong growth to 17.6 percent. The **Laundry & Home Care** business unit generated good organic sales growth of 2.2 percent. Adjusted return on sales was at 17.6 percent.

Effective September 30, 2017, Henkel's **net financial position** showed a balance of -3,336 million euros (December 31, 2016: -2,301 million euros). The change compared to the end of 2016 was mainly due to payments for acquisitions.

Improved outlook for 2017

Henkel updates the outlook for the fiscal year 2017. Henkel confirms its expectation for organic sales growth of 2 to 4 percent for the Henkel Group. Henkel's expectations for organic growth are now 4 to 5 percent for the Adhesive Technologies business unit, 0 to 1 percent for the Beauty Care business unit, and around 2 percent for the Laundry & Home Care business unit. For adjusted return on sales (EBIT), Henkel continues to anticipate an increase versus the prior year to more than 17.0 percent. Given the strong business performance, Henkel updates its guidance for adjusted earnings per preferred share and now forecasts an increase of around 9 percent.

This document contains forward-looking statements which are based on the current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate, forecast and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the 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.

Contact

Investors & Analysts

Dr. Eva Sewing

Phone: +49 211 797 - 5277

Email: eva.sewing@henkel.com

Christopher Huesgen

Phone: +49 211 797 - 4314

Email: christopher.huesgen@henkel.com

Ewa Wachonin

Phone: +49 211 797 - 7151

Email: ewa.wachonin@henkel.com

Press & Media

Lars Witteck

Phone: +49 211 797 - 2606

Email: lars.witteck@henkel.com

Wulf Klüppelholz

Phone: +49 211 797 - 1875

Email: wulf.klueppelholz@henkel.com

Jennifer Ott

Phone: +49 211 797 - 2756

Email: jennifer.ott@henkel.com

The statement for the third quarter of 2017 and other information with download material and the link to the teleconference broadcast can be found on the internet at:

www.henkel.com/ir

www.henkel.com/press