



News Release

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Henkel reports positive development in Q1 despite delivery difficulties in North American consumer businesses – negative currency developments impact quarter

Henkel delivers positive organic sales growth and further improves margin and EPS

- Sales at 4,835 million euros: organic growth +1.1%, nominal -4.5%, impacted by negative currency effects of 8.6%
- Further EBIT margin* improvement: +50 basis points to 17.4%
- Growth in earnings per preferred share*: +1.4% to 1.43 euros, impacted by negative currency effects of 6.4%
- On track to return to normal service levels in North America in the course of the second quarter
- Outlook for fiscal year 2018 confirmed

Düsseldorf – “Henkel delivered a positive development in the first quarter despite delivery difficulties in the consumer goods businesses in North America. We grew sales organically and further increased the adjusted EBIT margin. We improved adjusted earnings per preferred share in spite of very negative currency developments. Based on this performance, we confirm our outlook for the fiscal year 2018. We are committed to continue our profitable growth,” said Henkel CEO Hans Van Bylen.

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



“In the first quarter, we were confronted with exceptionally negative currency effects, which impacted our reported sales with 8.6 percent or about 440 million euros. Our operating profit and earnings per share were also affected by the adverse currency developments,” Hans Van Bylen explained.

“In our adhesives business, we delivered very strong organic sales growth. On the other hand, sales in the Laundry & Home Care and Beauty Care business units were below prior-year level, mainly due to the delivery difficulties in the consumer goods businesses in North America we reported in March,” said Hans Van Bylen. “We are on track to return to normal service levels in the course of the second quarter.”

Sales and earnings performance in the first quarter 2018

Sales in the first quarter 2018 reached 4,835 million euros. **Organic** sales, which exclude the impact of currency effects and acquisitions/divestments, showed an increase of 1.1 percent. Negative currency effects had an impact of 8.6 percent on sales. The contribution from acquisitions and divestments amounted to 3.0 percent. Nominally, sales were 4.5 percent below the prior-year quarter’s level.

The **Adhesive Technologies** business unit reported a very strong organic increase in sales of 4.7 percent. Due to the delivery difficulties in the consumer goods businesses in North America, sales of the **Beauty Care** business unit were organically 4.3 percent below the prior-year quarter. The **Laundry & Home Care** business unit posted a slightly negative organic sales development of 0.7 percent.

The **emerging markets** again made an above-average contribution to the organic growth of the Group, with a very strong increase in organic sales of 6.9 percent. Due to the delivery difficulties in the consumer goods businesses in North America, the **mature markets** registered a negative organic sales development of 2.8 percent.

Sales in **Western Europe** grew organically by 0.2 percent. **Eastern Europe** achieved organic growth of 7.6 percent. In **Africa/Middle East**, sales grew organically by 8.6 percent. Due to the delivery difficulties in the consumer goods businesses, sales in the **North America** region decreased organically by 6.5 percent. **Latin America** achieved organic growth of 7.3 percent, and in the **Asia-Pacific** region, sales grew organically by 4.2 percent.

Adjusted operating profit (EBIT) was at 842 million euros, 1.4 percent below the level of the first quarter 2017 (854 million euros). Currencies had a negative effect of 6.2 percent.

Adjusted return on sales (EBIT) rose by 0.5 percentage points to 17.4 percent.

Adjusted earnings per preferred share grew by 1.4 percent from 1.41 euros to 1.43 euros. EPS growth was negatively impacted by currency effects of 6.4 percent.

With 6.2 percent, **net working capital** as a percentage of sales was above the level of the first quarter 2017 (4.9 percent).

Effective March 31, 2018, Henkel's **net financial position** showed a balance of -3,247 million euros (December 31, 2017: -3,225 million euros).

Business unit performance

The **Adhesive Technologies** business unit generated very strong organic **sales growth** of 4.7 percent in the first quarter. Nominally, sales amounted to 2,270 million euros after 2,295 million euros in the prior-year quarter. **Adjusted operating profit** reached 410 million euros and was slightly below the level of the first quarter 2017. With 18.1 percent, **adjusted return on sales** was at the level of the prior-year quarter.

Sales of the **Beauty Care** business unit decreased organically by 4.3 percent in the first quarter. Excluding the impact from the delivery difficulties in North America, sales would have been around prior-year level. In nominal terms, sales amounted to 965 million euros after 1,011 million euros in the prior-year quarter. **Adjusted operating profit** reached 161 million euros, a decrease of 4.6 percent compared to the prior-year quarter. **Adjusted return on sales** showed a stable development and reached 16.7 percent.

Organically, the **Laundry & Home Care** business unit registered a slight decrease in **sales** of 0.7 percent in the first quarter. Excluding the delivery difficulties in North America, Laundry & Home Care would have reported a good sales growth. Nominally, sales amounted to 1,569 million euros after 1,726 million euros in the prior-year quarter. At 291 million euros, **adjusted operating profit** was 2.5 percent below the level of the first quarter 2017. **Adjusted return on sales** grew by 1.2 percentage points to 18.5 percent.

Outlook for fiscal year 2018 confirmed

In the further course of the year Henkel expects the volatile and uncertain market environment to continue. The significant currency fluctuations will remain. Henkel continues to expect the US dollar to weaken against the euro compared to full year 2017, and some currencies of importance in the emerging markets are also likely to devalue. In addition, Henkel expects prices for raw materials and packaging to continue to rise compared to the previous year.

For the fiscal year 2018 Henkel confirmed the latest outlook from March 2018. Henkel expects to generate organic sales growth of 2 to 4 percent, with Adhesive Technologies and Laundry & Home Care delivering growth within this range and Beauty Care between 0 and 2 percent. For adjusted return on sales (EBIT), Henkel anticipates an increase to more than 17.5 percent with all three business units contributing. Reflecting the uncertainty in the currency markets, especially the US

dollar trend, Henkel expects an increase in adjusted earnings per preferred share in euro of between 5 and 8 percent.

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 2017, Henkel reported sales of 20 billion euros and adjusted operating profit of around 3.5 billion euros. Combined sales of the respective top brands of the three business units – Loctite, Schwarzkopf and Persil – amounted to 6.4 billion euros. Henkel employs more than 53,000 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.

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.

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The statement for the first quarter of 2018 and other information with download material as well as the link to the teleconference broadcast can be found on the internet at:

www.henkel.com/press

www.henkel.com/ir

Key figures Q1/2018

| in million euros | Sales | EBIT | EBIT margin |
|--------------------------------|-------|------|-------------|
| | Q1 | Q1 | Q1 |
| Adhesive Technologies | | | |
| 2018 | 2,270 | 389 | 17.1% |
| 2017 | 2,295 | 431 | 18.8% |
| organic growth | 4.7% | - | - |
| 2018 adjusted ¹⁾ | - | 410 | 18.1% |
| 2017 adjusted ¹⁾ | - | 415 | 18.1% |
| Beauty Care | | | |
| 2018 | 965 | 152 | 15.8% |
| 2017 | 1,011 | 149 | 14.7% |
| organic growth | -4.3% | - | - |
| 2018 adjusted ¹⁾ | - | 161 | 16.7% |
| 2017 adjusted ¹⁾ | - | 169 | 16.7% |
| Laundry & Home Care | | | |
| 2018 | 1,569 | 219 | 14.0% |
| 2017 | 1,726 | 274 | 15.9% |
| organic growth | -0.7% | - | - |
| 2018 adjusted ¹⁾ | - | 291 | 18.5% |
| 2017 adjusted ¹⁾ | - | 298 | 17.3% |
| Henkel | | | |
| 2018 | 4,835 | 739 | 15.3% |
| 2017 | 5,064 | 823 | 16.3% |
| organic growth | 1.1% | - | - |
| 2018 adjusted ¹⁾ | - | 842 | 17.4% |
| 2017 adjusted ¹⁾ | - | 854 | 16.9% |

| Henkel | Q1/2017 | Q1/2018 | Change |
|---|---------|---------|--------|
| Earnings per preferred share in euros | 1.38 | 1.25 | -9.4% |
| Adjusted earnings per preferred share in euros ¹⁾ | 1.41 | 1.43 | 1.4% |

Changes on the basis of figures in thousand euros

¹⁾ Adjusted for one-time charges/gains and restructuring charges