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Henkel delivers significant organic sales growth in the first quarter of 2022 and updates the outlook for fiscal 2022

Based on the business development in the first three months of 2022 and the current assumptions regarding the business performance in the remainder of the year, particularly the significant increase in raw material costs and logistics services as well as effects in connection with the decision to exit business activities in Russia, the Management Board of Henkel AG & Co. KGaA today decided to update its outlook for fiscal 2022.

Sales development in the first quarter of 2022

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.

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.

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 area. By contrast, the home care business area recorded a slight decline in organic sales in the first quarter.

Updated outlook for fiscal 2022

The extraordinarily tense situation on the raw material markets and in global supply chains has been worsened by the war in Ukraine. As a result, prices for direct materials and logistics have once again increased significantly and stronger than previously anticipated. In addition, Henkel announced in mid-April that it would be exiting its business activities in Russia. In addition, Henkel has now decided to exit its business activities in Belarus as well. This affects total annual sales of around one billion euros.

With regard to **material prices**, Henkel now anticipates an increase in the mid-twenties' percentage range for the full year compared to the average for 2021. Previously, an increase in the low teen percentage range had been anticipated.

Henkel now expects **organic sales growth** at **Group level** in fiscal 2022 of +3.5 to +5.5 percent (previously: +2.0 to +4.0 percent).

The overall 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 business activities in Russia and Belarus, significantly rising prices for direct materials and logistics, which cannot fully be offset in this fiscal year, are having a greater impact on earnings than previously expected.

A lower **adjusted* return on sales** (EBIT margin) in the range of 9.0 to 11.0 percent (previously: 11.5 to 13.5 percent) is now assumed for the **Henkel Group**. For the **Adhesive Technologies** business sector, 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 expects a decline in the range of -35 to -15 percent (previously: -15 to +5 percent).

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

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.

In addition, the exit of business activities in Russia and Belarus may result in adjustable special charges, most of which are non-cash. These are mainly dependent on the type, timing, and duration of implementation.

Henkel will publish its statement for the first quarter 2022 on **May 5, 2022**.

Henkel AG & Co. KGaA

Further information regarding financial instruments issued by Henkel

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Address:	40191 Düsseldorf, Deutschland
Henkel Preferred Share:	ISIN DE0006048432 // WKN 604843
Henkel Ordinary Share:	ISIN DE0006048408 // WKN 604840
Listing:	Regulated market (Prime Standard), all eight German Stock Exchanges

For further financial instruments see www.henkel.com/ir

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