

Quarterly statement Q1 2022

January–March

Exceptionally challenging business environment

Henkel delivers significant organic sales growth in the first quarter

- **Group sales increase organically by +7.1 percent to around 5.3 billion euros; nominal +6.1 percent:**
 - Adhesive Technologies generates double-digit organic sales growth of +10.7 percent; nominal +11.6 percent
 - Beauty Care with slightly negative organic sales development of -1.2 percent; nominal -3.5 percent, due to implementation of planned portfolio measures
 - Laundry & Home Care records very strong organic sales growth of +4.9 percent; nominal +2.2 percent
- **Emerging markets with double-digit sales growth, mature markets with strong growth**
- **Merger of Laundry & Home Care and Beauty Care business units into integrated multi-category platform Henkel Consumer Brands:**
 - Strengthening growth momentum and margin profile in the consumer business
 - Significant synergies: around 500 million euros gross savings targeted in the mid term
 - First phase of measures to be implemented by the end of 2023: around 250 million euros annualized net savings expected, around 2,000 jobs affected worldwide
 - Portfolio measures for businesses with total annual sales of up to 1 billion euros under review
- **Outlook for fiscal 2022 updated on April 29**
- **Clear commitment to mid- to long-term financial ambition**

Düsseldorf, May 5, 2022 – In the first quarter of 2022, Henkel increased Group sales to around 5.3 billion euros in a very challenging market environment. Organic sales grew significantly by +7.1 percent, driven primarily by a very strong pricing performance, with a slight decline in volume simultaneously occurring. In nominal terms, sales increased by +6.1 percent.

"This very good sales performance is a testament to our growth agenda as well as the huge dedication of our employees worldwide – and we want to express our gratitude for their great commitment," said Henkel CEO Carsten Knobel. "However, the macroeconomic environment has continued to deteriorate dramatically since the beginning of the year. The impact of the global coronavirus crisis, accompanied by an extraordinarily tense situation in the raw material markets and global supply chains, has been drastically exacerbated by the war in Ukraine."

"Despite of these exceptionally difficult circumstances, we are pushing ahead with our clear strategy for purposeful growth. Our Adhesive Technologies business is a global leader in the market, offering innovative solutions in numerous key industries – with a clear focus on future trends such as mobility, connectivity and sustainability. And by merging our consumer businesses Laundry & Home Care and Beauty Care to create Henkel Consumer Brands we are establishing a multi-category platform with around 10 billion euros in sales. We aim to have our future Consumer Brands business in place by early 2023 at the latest. It will offer a broader base to drive the optimization of our portfolio more consistently and advance the business to a higher growth and margin profile," Carsten Knobel explained.

Sales growth in the first quarter was particularly driven by the **Adhesive Technologies** business unit, which generated a double-digit organic increase amounting to +10.7 percent, with all its business areas contributing.

Organic sales development in the **Beauty Care** business unit was slightly negative at -1.2 percent in the first quarter. The Professional business posted a double-digit rise. As expected, results at the Consumer business came in below the level of the previous year, due in particular to the implementation of the portfolio measures announced for 2022.

The **Laundry & Home Care** business unit generated very strong organic sales growth of +4.9 percent, driven by significant growth in Laundry Care. By contrast, organic sales development in our Home Care business was slightly negative in the first quarter.

From a regional perspective, Henkel's significant sales performance was driven primarily by the emerging markets. However, the mature markets also posted strong organic sales growth.

Looking ahead to the rest of fiscal 2022, Carsten Knobel commented: "The uncertainty and volatility in our business environment have increased further in the wake of the war in Ukraine. Prices for raw materials and logistics services have once again increased significantly. Against the backdrop of developments of the war in Ukraine, we also decided in mid-April to exit our business operations in Russia. Furthermore, we have also announced to end our activities in Belarus. This affects total annual sales of around 1 billion euros and more than 2,500 employees. Given these developments, we now expect a significantly higher pressure on our earnings for the rest of the year than at the beginning of the year. Therefore we updated our **guidance** for the year accordingly at the end of April."

Henkel now expects organic sales growth at Group level of +3.5 to +5.5 percent in fiscal 2022. Adjusted return on sales (EBIT margin) is expected to be in the range of 9.0 to 11.0 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.

Group sales performance

Group sales increased **nominally** by +6.1 percent in the **first quarter of 2022**, from 4,968 million euros in the prior-year quarter to 5,271 million euros. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by +7.1 percent. This significant growth in sales at Group level was driven by price. Acquisitions and divestments reduced sales by -1.1 percent. Foreign exchange effects had a slightly positive impact of +0.2 percent on sales.

Group sales performance¹

in million euros	Q1/2022
Sales	5,271
Change versus previous year	6.1%
Foreign exchange	0.2%
Adjusted for foreign exchange	5.9%
Acquisitions/divestments	-1.1%
Organic	7.1%
Of which price	9.4%
Of which volume	-2.3%

¹ All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

The **emerging markets** achieved double-digit organic sales growth of +11.4 percent in the **first quarter**. Organic sales growth in the **mature markets** was strong at +3.1 percent. While the Western Europe region was slightly down year on year with organic sales development coming in at -0.4 percent, sales increased by +21.0 percent in Eastern Europe. Organic sales growth was at +1.4 percent in the Africa/Middle East region in the first quarter of 2022 and we were able to increase sales in the North America region by +6.6 percent. Organic sales growth reached +15.2 percent in Latin America and +5.3 percent in the Asia-Pacific region.

Sales performance by region¹

	Western Europe	Eastern Europe	Africa/Middle East	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
in million euros								
Sales² January–March 2022	1,502	778	316	1,358	338	923	56	5,271
Sales ² January–March 2021	1,528	742	319	1,234	280	837	30	4,968
Change versus prior-year quarter	-1.7%	4.9%	-0.8%	10.1%	20.8%	10.2%	–	6.1%
Organic	-0.4%	21.0%	1.4%	6.6%	15.2%	5.3%	–	7.1%
Proportion of Group sales 2022								
Proportion of Group sales 2022	28%	15%	6%	26%	6%	18%	1%	100%
Proportion of Group sales 2021								
Proportion of Group sales 2021	31%	15%	6%	25%	6%	17%	1%	100%

¹ All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

² By location of company.

Sales performance Adhesive Technologies

In the **first quarter of 2022**, sales in the Adhesive Technologies business unit increased **nominally** by +11.6 percent, from 2,358 million euros in the prior-year quarter to 2,631 million euros. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), we increased sales by +10.7 percent compared to the first quarter of 2021. Volumes remained stable while prices rose in the double-digit percentage range. Foreign exchange effects increased sales by +1.6 percent, whereas acquisitions/divestments had a slightly negative effect of -0.7 percent.

Sales performance Adhesive Technologies¹

in million euros	Q1/2022
Sales	2,631
Proportion of Group sales	50%
Change versus previous year	11.6%
Foreign exchange	1.6%
Adjusted for foreign exchange	10.0%
Acquisitions/divestments	-0.7%
Organic	10.7%
Of which price	10.6%
Of which volume	0.1%

¹ All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

All Adhesive Technologies' business areas contributed to the sales growth achieved in the **first quarter**. The **Automotive & Metals** business area generated good sales growth. The negative impact on our business of the decline in automotive production, due – particularly – to the ongoing global shortage of semiconductors, was more than offset by double-digit growth in the Metals business. The **Packaging & Consumer Goods** business area benefited from ongoing high customer demand and generated double-digit sales growth – driven particularly by the Packaging and Lifestyle businesses. The **Electronics & Industrials** business area generated significant organic sales growth, due in particular to double-digit growth in Industrials complementing positive sales growth in Electronics. The **Craftsmen, Construction & Professional** business area posted significant organic sales growth compared to the prior-year quarter, driven mainly by double-digit increases both in Construction and in Mechanical Engineering & Maintenance.

Looking at the regional breakdown, the Adhesive Technologies business unit achieved double-digit organic sales growth in the **emerging markets**. Sales growth was in the double-digit range in Eastern Europe and Latin America, driven mainly by the Packaging & Consumer Goods business area. The Africa/Middle East region generated a significant and the Asia (excluding Japan) region a very strong increase in sales.

Organic sales growth in the **mature markets** was significant overall, with the North America region posting a double-digit rise in sales. We achieved a very strong sales increase in Western Europe, with the adverse effects on our business arising from declining automotive production being more than offset by the growth generated in all other business areas. The mature markets in the Asia-Pacific region registered significant growth, with all business areas contributing.

Sales performance Beauty Care

In the **first quarter** of 2022, **sales** in the Beauty Care business unit decreased **nominally** by -3.5 percent to 892 million euros (Q1 2021: 925 million euros). **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales were -1.2 percent below the prior-year level. While volumes declined, the business unit posted a strong price development. Exchange rate effects slightly increased sales by +0.1 percent, while acquisitions/divestments reduced sales by -2.4 percent.

Sales performance Beauty Care¹

in million euros	Q1/2022
Sales	892
Proportion of Group sales	17%
Change versus previous year	-3.5%
Foreign exchange	0.1%
Adjusted for foreign exchange	-3.6%
Acquisitions/divestments	-2.4%
Organic	-1.2%
Of which price	5.1%
Of which volume	-6.3%

¹ All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

In the **first quarter** of 2022, organic sales performance in the **Consumer** business area was below the prior-year quarter, mainly due to the announced portfolio measures, which include the discontinuation of activities that will not be part of the future core business. Within this portfolio optimization process in implementation, business activities accounting for around 5 percent of Beauty Care sales in 2021 will be discontinued over the course of this year. In the first quarter, the Hair Cosmetics category was down overall versus the prior-year period, although the performance of the individual categories differed. The Hair Styling business generated double-digit organic sales growth, thus continuing the recovery that started last year. Sales of the Hair Colorants and Hair Care businesses were below the level of the previous year. In the Hair Colorants category, this was due to ongoing normalization of demand, which had been significantly higher in the prior-year quarter as a result of the pandemic. The declining development in the Body Care business was mainly due to the portfolio measures mentioned above.

The **Professional** business area continued its strong performance from last year in the first quarter, posting a double-digit organic sales growth. While contributions came from both the mature and emerging markets, this sales expansion was driven in particular by the double-digit growth generated in North America and in Western and Eastern Europe.

Sales growth was good overall in the **emerging markets** in the first quarter, with Asia (excluding Japan) and Latin America generating significant increases. The Eastern Europe region posted very strong sales growth, whereas our sales performance in the Africa/Middle East region was negative, mainly due to the portfolio measures mentioned above.

Overall, organic sales performance was below the prior-year level in the **mature markets**. The mature markets in the Asia-Pacific region generated strong sales growth, driven by the Consumer business area. The North America region recorded a good sales performance, driven by the Professional business area. By contrast, our sales performance was negative in Western Europe, mainly due to demand for hair colorants returning to normal and to portfolio optimization measures.

Sales performance Laundry & Home Care

The Laundry & Home Care business unit generated **sales** of 1,692 million euros in the **first quarter of 2022**, representing a **nominal** increase of +2.2 percent compared to the 1,656 million euros achieved in the prior-year quarter. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), the business unit posted a very strong increase in sales of +4.9 percent. This performance was mainly due to a double-digit percentage increase in prices, while volume decreased. Acquisitions/divestments had a negative effect on sales of -1.0 percent. Currency effects had a negative impact of -1.8 percent on sales.

Sales performance Laundry & Home Care¹

in million euros	Q1/2022
Sales	1,692
Proportion of Group sales	32%
Change versus previous year	2.2%
Foreign exchange	-1.8%
Adjusted for foreign exchange	4.0%
Acquisitions/divestments	-1.0%
Organic	4.9%
Of which price	10.1%
Of which volume	-5.2%

¹ All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

The **Laundry Care** business area generated significant organic sales growth in the **first quarter**, mainly driven by the significant development of the heavy duty detergents and fabric finisher categories. Our core brand Persil contributed to this performance thanks to our continued innovation offensive, as did our North American brand 'all'. Our specialty detergents achieved growth in the double-digit percentage range, mainly driven by our Perwoll brand.

In our **Home Care** business area, organic sales performance was slightly negative in the first quarter, primarily as a result of lower sales in the hard surface cleaners category. This was due to further demand normalization following the significant increase in the prior-year period in response to the COVID-19 pandemic. By contrast, sales performance in the dishwashing products and WC cleaners categories was positive and good respectively, driven by our Pril and Bref brand families.

In the **emerging markets**, we achieved double-digit organic sales growth in the first quarter, thanks mainly to contributions from the Eastern Europe and Latin America regions, which both recorded increases in the double-digit percentage range. Organic sales growth was very strong in the Africa/Middle East region and positive in the Asia (excluding Japan) region.

Our organic sales development was positive overall in the **mature markets**, driven by a good performance in North America and double-digit growth in the mature markets of the Asia-Pacific region. By contrast, sales in Western Europe were lower compared to the prior-year quarter.

Net assets and financial position of the Group

No substantial changes to the net assets and financial position of the Group occurred in the period under review compared to the situation as at December 31, 2021.

Merger of consumer businesses to create new, integrated business unit Henkel Consumer Brands

On January 28, 2022, Henkel announced its plans to combine the Laundry & Home Care and Beauty Care business units into a new, integrated business unit, Henkel Consumer Brands – with a focus on two global categories, Laundry & Home Care and Hair Care. The further categories will be steered regionally.

“The creation of Henkel Consumer Brands is an important strategic step for us to shape a successful future for our company. We have attractive portfolios in both business units – Laundry & Home Care and Beauty Care – with strong brands and leading market and category positions worldwide. Shaping this new business unit as a multi-category platform, it is our clear ambition to raise the growth and margin profile of our consumer businesses,” said Henkel CEO Carsten Knobel.

“By combining our consumer businesses, we will achieve significant synergies in many areas, and we intend to leverage these to also strengthen our profitability. This is reflected in our mid- to long-term financial ambition: for Henkel Consumer Brands, we are aiming for organic sales growth of 3 to 4 percent and an adjusted EBIT margin in the mid-teens percent range. We will also reinvest part of the savings to increase the competitiveness of our businesses. In doing so, we will drive further progress in important areas such as innovation, sustainability and digitalization. This will enable us to create positive growth momentum and take the implementation of our purposeful growth agenda to the next level.”

The integration into one business unit is expected to generate significant gross **savings** (before reinvestments) totaling around 500 million euros in the mid term. These synergies will result primarily from the optimization of sales and administration structures, in the supply chain (production and logistics), and in advertising and marketing. Implementation will take place in two phases. In the first phase, measures to be introduced by the end of 2023 are expected to lead to net savings of around 250 million euros on an annualized basis. From today's perspective, around 2,000 jobs will be affected worldwide, mainly in sales and administration. In the first phase, Henkel expects **one-time expenses** amounting to around 350 million euros. In a second phase, the focus will be on optimizing the supply chain of the new, integrated business unit.

As a multi-category platform for the entire consumer goods business with total sales of around 10 billion euros, Henkel Consumer Brands will also offer even better opportunities for **active portfolio management**. This includes the divestment or discontinuation of businesses, which do not meet our criteria in terms of growth and profitability. Businesses and brands accounting for total sales of up to 1 billion euros are currently under review. Targeted **acquisitions** – in existing core categories as well as in other, new consumer goods categories – are

also intended to further expand the portfolio and accelerate the growth momentum of Henkel Consumer Brands.

“By consistently focusing on businesses and brands with high gross margins, we are creating the conditions for increasing our earnings performance, as well as for additional funds for further investments in growth – and thereby generating a self-sustaining and reinforcing growth dynamic,” summarized Wolfgang König, future Head of the Consumer Brands business unit on the Henkel Management Board.

Outlook for the Henkel Group

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 costs for raw materials 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 updated its outlook for fiscal 2022 on April 29, 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 services have once again increased significantly and stronger than previously anticipated. In addition to the announcement in mid-April to exit the business activities in Russia, Henkel has decided to discontinue its operations 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 sales growth anticipated 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 the 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 Henkel’s organic sales growth figures from the second quarter onwards.

We expect the acquisitions and divestments made in 2021 and the effects of the exit from business activities in Russia and Belarus to have a negative impact in the low to mid single-digit percentage range on the nominal sales growth of the Henkel Group. Our guidance does not take into account the effects of additional divestments and discontinuations of business

activities, brands and categories within the scope of our active portfolio management beyond those relating to the Beauty Care business unit which are already in implementation. The translation of sales in foreign currencies is expected to have a positive effect in the low single-digit percentage range (unchanged).

In addition to the effects of exiting 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.

Adjusted return on sales (EBIT margin) is now expected for the **Henkel Group** in the range of 9.0 to 11.0 percent (previously: 11.5 to 13.5 percent). For the **Adhesive Technologies** business unit, 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).

Furthermore, we have the following expectations for 2022:

- Restructuring expenses of 450 to 500 million euros (previously: 200 to 250 million euros). This now also includes expenses relating to the merger of the Laundry & Home Care and Beauty Care business units.
- Cash outflows for investments in property, plant and equipment and intangible assets of between 700 and 800 million euros (unchanged).

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 from business activities in Russia and Belarus may result in adjustable one-time expenses, most of which are non-cash. These are mainly dependent on the type, timing, and duration of implementation.

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. 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 fiscal 2021, Henkel reported sales of more than 20 billion euros and adjusted operating profit of around 2.7 billion euros. Henkel employs more than 52,000 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 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.

This document includes supplemental financial indicators that are not clearly defined in the applicable financial reporting framework and that are or may be alternative performance measures. These supplemental financial indicators should not be viewed in isolation or as alternatives to measures of Henkel's net assets and financial position or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.

This document has been issued for information purposes only and is not intended to constitute an investment advice or an offer to sell, or a solicitation of an offer to buy, any securities.

Financial calendar

Publication of the Half-Year Report 2022:

Monday, August 15, 2022

Publication of Statement for Q3 2022:

Tuesday, November 8, 2022

Contact

Investors & Analysts

Manuel Bösing

Phone: +49 (0) 211 797-6459

Email: manuel.boesing@henkel.com

Jennifer Ott

Phone: +49 (0) 211 797-2756

Email: jennifer.ott@henkel.com

Dr. Dennis Starke

Phone: +49 (0) 211 797-5601

Email: dennis.starke@henkel.com

Press & Media

Lars Witteck

Phone: +49 (0) 211 797-2606

Email: lars.witteck@henkel.com

Wulf Klüppelholz

Phone: +49 (0) 211 797-1875

Email: wulf.klueppelholz@henkel.com

Hanna Philipps

Phone: +49 (0) 211 797-3626

Email: hanna.philipps@henkel.com

Further information containing download material, and the link to listen in on the telephone conference, are available at:

www.henkel.com/press

www.henkel.com/ir