



News Release

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Henkel delivers good Q2 performance despite significant negative currency effects

Henkel reports strong organic sales growth, further improved margin and higher earnings in second quarter

- Sales increase to new high: 5,143 million euros, organic growth +3.5%
- EBIT* reaches new high: 926 million euros (+1.8%)
- EBIT margin* further improved: +20 basis points to 18.0%
- Earnings per preferred share (EPS)*: 1.58 euros (+1.9%), excluding currency effects: +7.7%
- North American consumer goods businesses back to normal service levels
- Henkel updates full year outlook, reflecting stronger headwinds from currencies and material prices, and expects organic group sales growth of 2 - 4% (unchanged), an EBIT* margin of around 18% (previously: more than 17.5%) and an EPS* growth of 3 - 6% (previously: 5 - 8%)

Düsseldorf – “Driven by strong organic growth, Henkel delivered a good development in the second quarter despite significant negative currency effects and higher material prices. We increased quarterly sales to an all-time high, further improved our adjusted EBIT margin and achieved the highest quarterly adjusted earnings to date,” said Henkel CEO Hans Van Bylen. “Our Adhesive Technologies business unit delivered very strong organic growth, Laundry & Home Care reported good growth and the development of Beauty Care was also positive.”

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



“We achieved organic sales growth across all regions, with a very strong performance in emerging markets and a good development in mature markets. Our North American consumer businesses returned to growth with service levels back to normal.”

“As in the first quarter, we were confronted with significant currency headwinds and increasing material prices in the second quarter. Currencies negatively impacted our reported sales with 6.1 percent or about 310 million euros. Our operating profit and earnings per share were also affected by currencies. Excluding the impact of currency effects, we delivered a strong operational EPS increase of 7.7 percent,” explained Hans Van Bylen.

Updated outlook for fiscal year 2018

Henkel has updated its guidance for fiscal 2018. The company confirms its expectation for organic sales growth of 2 to 4 percent for the Henkel Group. Henkel now expects organic sales growth in the Adhesive Technologies business unit of 4 to 5 percent from previously 2 to 4 percent. In the Laundry & Home Care business unit Henkel continues to expect growth in the range of 2 to 4 percent. In the Beauty Care business unit Henkel confirms its expectation of positive organic sales growth of 0 to 2 percent.

For adjusted return on sales (EBIT), Henkel now anticipates an increase year on year to around 18 percent from previously more than 17.5 percent. All three business units are expected to contribute to this positive performance. Reflecting the development of currencies and material prices, Henkel now expects an increase of between 3 and 6 percent in adjusted earnings per preferred share from previously between 5 and 8 percent.

“The outlook underlines our continued focus on sustainable profitable growth and we are committed to further drive the implementation of our strategic priorities,” said Hans Van Bylen.

Sales and earnings performance in the second quarter 2018

At 5,143 million euros, **sales** in the second quarter 2018 reached a new all-time high and grew nominally by 0.9 percent compared to the prior-year quarter. **Organic sales**, which exclude the impact of currency effects and acquisitions/divestments, showed a strong increase of 3.5 percent. The contribution from acquisitions and divestments amounted to 3.5 percent. This results in a growth of 7 percent. Currency effects had a negative impact of -6.1 percent on sales.

The **Adhesive Technologies** business unit reported a very strong organic increase in sales of 5.2 percent. In the **Beauty Care** business unit, organic sales were 0.4 percent above the level of the prior-year quarter. The **Laundry & Home Care** business unit reported a good increase in organic sales of 2.9 percent.

Sales growth was also supported by a double-digit increase in **digital sales** on group level, driven by particularly strong performance in the consumer business units.

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 5.4 percent. The **mature markets** achieved good organic sales growth of 2.2 percent.

With an organic sales growth of 0.1 percent, sales in **Western Europe** showed a stable development. **Eastern Europe** achieved organic growth of 8.2 percent. In **Africa/Middle East**, sales grew organically by 4.7 percent. **North America** delivered organic sales growth of 4.9 percent. **Latin America** achieved organic growth of 6.3 percent, and in the **Asia-Pacific** region, sales grew organically by 1.9 percent.

Adjusted operating profit (EBIT) improved by 1.8 percent from 909 million euros in the prior-year quarter to a new high of 926 million euros.

Adjusted return on sales (EBIT) rose by 0.2 percentage points to 18.0 percent.

Adjusted earnings per preferred share grew by 1.9 percent from 1.55 euros to 1.58 euros. EPS growth was negatively impacted by currency effects of -5.8 percent. Excluding the impact of currency effects, adjusted earnings per preferred share increased by 7.7 percent.

With 6.3 percent, **net working capital** as a percentage of sales was above the level of the second quarter 2017 (5.2 percent).

Business unit performance

The **Adhesive Technologies** business unit generated very strong **organic sales growth** of 5.2 percent in the second quarter. Nominally, sales grew by 2.6 percent to 2,432 million euros. **Adjusted operating profit** increased by 1.5 percent and reached 462 million euros. With 19.0 percent, **adjusted return on sales** was slightly below the level of the prior-year quarter.

In the **Beauty Care** business unit, **sales** grew **organically** by 0.4 percent. Nominally, sales increased by 3.8 percent to 1,035 million euros. **Adjusted operating profit** grew by 4.4 percent and reached 187 million euros. **Adjusted return on sales** improved by 0.1 percentage points to 18.1 percent.

The **Laundry & Home Care** business unit generated good **organic sales growth** of 2.9 percent in the second quarter. Nominally, sales amounted to 1,644 million euros after 1,703 million euros in the prior-year quarter. At 295 million euros, **adjusted operating profit** was 1.0 percent below the level of the second quarter 2017. **Adjusted return on sales** grew by 0.4 percentage points to 17.9 percent.

Good business performance in the first half of 2018

In the first half of 2018, Henkel generated **sales** of 9,978 million euros. **Organic sales growth**, which excludes the impact of currency effects and acquisitions/divestments, was at 2.3 percent. Foreign exchange effects reduced sales by -7.4 percent.

Adjusted operating profit rose by 0.3 percent from 1,763 million euros to 1,768 million euros.

Adjusted return on sales improved from 17.4 percent to 17.7 percent.

Adjusted earnings per preferred share grew by 1.7 percent from 2.96 euros to 3.01 euros. EPS growth was negatively impacted by currency effects of -6.1 percent. Excluding the impact of currency effects, adjusted earnings per preferred share increased by 7.8 percent.

In the first half of 2018, the **Adhesive Technologies** business unit generated very strong organic sales growth of 5.0 percent. Adjusted return on sales was at 18.5 percent.

Sales in our consumer goods businesses were adversely affected by delivery difficulties in North America. The **Beauty Care** business unit showed an organic sales development of -2.0 percent below the prior-year period. With 17.4 percent, adjusted return on sales was at the level of the first half of 2017. The **Laundry & Home Care** business unit generated organic sales growth of 1.1 percent. Adjusted return on sales showed a very strong increase from 17.4 percent to 18.2 percent.

Effective June 30, 2018, Henkel's **net financial position** showed a balance of -3,597 million euros (December 31, 2017: -3,225 million euros).

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 second 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 Q2/2018 and 1-6/2018

in million euros	Sales		EBIT		EBIT margin	
	Q2	1-6	Q2	1-6	Q2	1-6
Adhesive Technologies						
2018	2,432	4,702	438	827	18.0%	17.6%
2017	2,370	4,665	446	877	18.8%	18.8%
organic growth	5.2%	5.0%	-	-	-	-
2018 adjusted ¹⁾	-	-	462	871	19.0%	18.5%
2017 adjusted ¹⁾	-	-	455	870	19.2%	18.6%
Beauty Care						
2018	1,035	2,000	151	303	14.6%	15.2%
2017	997	2,007	155	304	15.5%	15.1%
organic growth	0.4%	-2.0%	-	-	-	-
2018 adjusted ¹⁾	-	-	187	349	18.1%	17.4%
2017 adjusted ¹⁾	-	-	180	348	18.0%	17.4%
Laundry & Home Care						
2018	1,644	3,213	246	465	14.9%	14.5%
2017	1,703	3,429	265	539	15.6%	15.7%
organic growth	2.9%	1.1%	-	-	-	-
2018 adjusted ¹⁾	-	-	295	586	17.9%	18.2%
2017 adjusted ¹⁾	-	-	298	596	17.5%	17.4%
Henkel						
2018	5,143	9,978	814	1,553	15.8%	15.6%
2017	5,098	10,162	839	1,662	16.4%	16.4%
organic growth	3.5%	2.3%	-	-	-	-
2018 adjusted ¹⁾	-	-	926	1,768	18.0%	17.7%
2017 adjusted ¹⁾	-	-	909	1,763	17.8%	17.4%

Henkel	Q2/2017	Q2/2018	Change	1-6/ 2017	1-6/ 2018	Change
Earnings per preferred share in euros	1.44	1.38	-4.2%	2.82	2.63	-6.7%
Adjusted earnings per preferred share in euros ¹⁾	1.55	1.58	1.9%	2.96	3.01	1.7%

Changes on the basis of figures in thousand euros

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