



News Release

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Henkel reports sales development in the third quarter based on preliminary figures

Henkel delivers strong organic sales growth in the third quarter and provides new guidance for fiscal 2020

- **Strong organic sales growth of +3.9 percent in the third quarter**
- **All business units report organic sales growth**
- **Guidance for fiscal 2020:**
 - **Organic sales growth: between -1.0 and -2.0 percent**
 - **Adjusted EBIT margin*: between 13.0 and 13.5 percent**
 - **Adjusted earnings per preferred share (EPS)* at constant exchange rates: decrease in the range between -18 and -22 percent**

Düsseldorf – “Despite the continued challenging economic environment as a result of the corona crisis, based on preliminary sales figures, Henkel delivered a strong organic sales growth of plus 3.9 percent in the third quarter. Sales reached around 5 billion euros and all business units contributed to the good performance,” said Henkel CEO Carsten Knobel.

“In Adhesive Technologies, all business areas showed a recovery compared to the second quarter. In the Beauty Care business unit, the Hair Salon business also showed a recovery compared to the second quarter, whereas the retail business achieved significant organic sales growth compared to the prior-year quarter. Laundry & Home Care also recorded significant growth and thus continued its successful development,” Knobel continued.



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

Based on the preliminary business performance in the first nine months of 2020, Henkel has provided a new guidance for fiscal 2020, following the withdrawal of its full-year guidance in April 2020 due to the high level of uncertainty caused by the COVID-19 pandemic.

For the Group, Henkel now expects organic sales growth of between -1.0 and -2.0 percent in fiscal 2020. Despite strict cost control, the earnings development in the full year will be relatively more affected than the sales side, due to the significant decline in demand in the industrial business and the Hair Salon business, as well as higher growth investments in marketing, advertising, digitalization and IT. On Group level, Henkel thus expects an adjusted EBIT margin in the range between 13.0 and 13.5 percent. Adjusted earnings per preferred share (EPS) are expected to decrease in the range between -18 and -22 percent at constant exchange rates.

"The organic sales development in the third quarter reflects our robust, diversified portfolio with successful brands and innovative technologies for our customers in the industrial and consumer goods business. We are particularly pleased that all our business units showed a positive development. This was partly due to catch-up effects from the second quarter, which was heavily burdened by the corona pandemic. We expect to feel the negative effects of the pandemic in the fourth quarter as well, but in our forecast for the year we are not assuming a further extensive lockdown, as we saw in many countries especially in the second quarter. All in all, we are convinced to be on the right track with our strategic focus on purposeful growth and to emerge stronger from the crisis. Our special thanks go to our employees around the world, whose great commitment is making a decisive contribution to this," summarized Carsten Knobel.

Preliminary sales development in the third quarter

Based on preliminary figures, Henkel delivered **organic sales growth**, which excludes the impact of currency effects and acquisitions/divestments, of +3.9 percent.

Based on preliminary figures, the **Adhesive Technologies** business unit achieved positive organic sales growth of +1.3 percent in the third quarter. Compared to the second quarter, a recovery in demand was recorded across all business areas.

According to the preliminary figures, **Beauty Care** delivered very strong organic sales growth of +4.3 percent. While the development of the Hair Salon business was below the level of the prior-year quarter despite a recovery, the retail business achieved significant organic sales growth in the third quarter.

Thanks to continued strong demand for **Laundry & Home Care** products as well as catch-up effects from the second quarter, preliminary figures for this business unit also indicate significant organic sales growth in the third quarter of +7.7 percent.

Henkel will publish its statement for the third quarter 2020 on November 10, 2020.

Preliminary sales development in the first nine months of 2020

Based on the preliminary figures, Henkel recorded total sales of about 14.5 billion euros in the first nine months of 2020. This translates into an overall decline in organic sales of -2.1 percent.

In the first nine months of 2020, the Adhesive Technologies business unit recorded a decline in organic sales of -6.8 percent. Sales in the Beauty Care business unit decreased organically by -4.2 percent. The Laundry & Home Care business unit achieved very strong organic sales growth of +5.8 percent.

Outlook for the Henkel Group in 2020

Based on the business development in the first nine months of 2020 and the current assumptions regarding the business performance in the fourth quarter, Henkel has issued a new outlook for fiscal 2020. As a result of the dynamic spread of the COVID-19 pandemic and the high level of uncertainty about the impact and development of the global economy in the course of the year, the Management Board of Henkel AG & Co. KGaA had decided on April 7, 2020, to no longer maintain the forecast for fiscal 2020 that was given in the Annual Report 2019.

Due to the effects of the COVID-19 pandemic, current forecasts anticipate a strongly negative development of the global economy in 2020. The new outlook is based on the assumption that the industrial demand and business activity in areas of importance to Henkel in the fourth quarter will be below prior year but will not deteriorate significantly. The decisive factor in this context will be the future development of global infection rates and the development of pandemic-related restrictions. In this context, Henkel assumes that there will be no far-reaching lockdowns in the core regions essential for the company in the fourth quarter of 2020.

Taking these developments into account, Henkel expects **organic sales growth** of between -1.0 and -2.0 percent at **Group** level in fiscal 2020.

For the **Adhesive Technologies** business unit, which is likely to be significantly impacted by a sharp decline in general industrial demand and, in particular, in the automotive industry, Henkel anticipates organic sales growth in the range between -5.5 and -6.5 percent. For the **Beauty Care** business unit, Henkel currently anticipates organic sales growth in the range between -2.0 and -3.0 percent. A significant decline in the Hair Salon business due to the pandemic, particularly in the first half, will have an impact on this business unit in the full fiscal year. For **Laundry & Home Care**, Henkel expects organic sales growth in the range between +4.5 and +5.5 percent.

At **Group** level, Henkel expects to achieve an **adjusted return on sales** (EBIT margin) in the range between 13.0 and 13.5 percent. For the **Adhesive Technologies** business unit, Henkel expects an EBIT margin in the range between 14.5 and 15.0 percent, for **Beauty Care** in the range between 10.0 and 10.5 percent and for **Laundry & Home Care** in the range between 15.0 and 15.5 percent.

The decline in sales in the industrial and Hair Salon businesses due to the pandemic will have a negative impact on the adjusted EBIT margin. As announced at the beginning of the year, Henkel is also increasing investments in marketing and advertising, as well as in digitalization and IT.

Adjusted earnings per preferred share (EPS) at constant exchange rates are expected to decline in the range between -18 and -22 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 2019, Henkel reported sales of more than 20 billion euros and adjusted operating profit of more than 3.2 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 information contains forward-looking statements which are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. 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 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 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 any forward-looking statements.

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Contacts

Investors & Analysts

Lars Korinth

Phone: +49 211 797 - 1631

Email: lars.korinth@henkel.com

Mona Niermann

Phone: +49 211 797 - 7151

Email: mona.niermann@henkel.com

Dorothee Brinkmann

Phone: +49 211 797 - 5299

Email: dorothee.brinkmann@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

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