

Quarterly statement Q1 2021

January–March

Guidance for fiscal 2021 raised: higher sales and earnings growth expected

Henkel reports strong start to fiscal 2021

- **Group sales show significant organic growth of +7.7 percent to around 5 billion euros, nominal growth of +0.8 percent adversely affected by currency headwinds**
- **All business units report organic sales growth:**
 - **Adhesive Technologies with double-digit organic sales growth of +13.0 percent, nominal +6.7 percent**
 - **Beauty Care reports good organic sales growth of +2.3 percent, nominal -1.1 percent**
 - **Laundry & Home Care records very strong organic sales growth of +4.1 percent, nominal -5.6 percent**
- **Emerging markets with double-digit organic sales growth of +18.5 percent, mature markets grow +0.5 percent**
- **Henkel raises guidance for fiscal 2021:**
 - **Organic sales growth: +4.0 to +6.0 percent**
 - **EBIT margin^{*}: 14.0 to 15.0 percent**
 - **Earnings per preferred share (EPS)^{*}: Increase in the high single-digit to mid-teens percentage range at constant exchange rates**

Düsseldorf, May 6, 2021 – Henkel reports a very good start to fiscal 2021 overall, achieving significant organic sales growth of +7.7 percent in the **first quarter** – despite the impacts of the global coronavirus crisis that continue to adversely affect the social and economic environment in numerous markets around the world. **Group sales** reached around 5 billion euros, an increase of +0.8 percent in nominal terms, significantly impacted by currency headwinds.

“We achieved a very good business performance in the first quarter, to which all our business units contributed. With industrial demand recovering at a stronger rate than originally expected, we are optimistic about business development over the rest of the year, despite the continued uncertainty in our markets. Following the strong start to the year, we have today raised our sales and earnings guidance,” said Henkel CEO Carsten Knobel.

“The significant increase in sales in the first quarter was in particular driven by our Adhesive Technologies business unit, which saw a strong recovery across all business areas and regions, generating double-digit organic sales growth. Our Beauty Care and Laundry & Home

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

Care consumer businesses also generated organic sales growth. From a regional perspective, the very good sales performance in the first quarter was driven primarily by the emerging markets, with all regions posting double-digit organic growth rates,” Knobel added. “Henkel’s performance in the first quarter is testament to our robust and balanced portfolio with successful brands and innovative technologies for our customers in the industrial and consumer businesses. At the same time, the very good development overall in the first quarter is also the result of our strong global team, which – in this unprecedented and challenging time for all of us – is showing enormous commitment as it continues to contribute to the long-term success of Henkel.”

The **Adhesive Technologies** business unit registered significant recovery across all business areas and regions, achieving double-digit organic sales growth overall of +13.0 percent.

The **Beauty Care** business unit, which was affected by pandemic-related market headwinds in the first quarter, generated good organic sales growth of +2.3 percent. The Consumer business area posted a positive performance compared to the same quarter last year. Our Professional business area was also able to achieve organic sales growth, despite the ongoing impact of official closures of hair salons in numerous countries. This was due particularly to the relatively low basis for comparison, with the prior-year quarter having already been heavily impacted by the COVID-19 pandemic.

Despite core mature markets of **Laundry & Home Care** starting to slow down in the first quarter, the business unit was able to achieve very strong organic sales growth of +4.1 percent, thus continuing its successful development. Both the Home Care business area and the emerging markets posted double-digit growth.

Looking ahead to the rest of fiscal 2021, Knobel said: “After the strong start to the year, we have raised our **guidance** and now expect higher growth in both sales and earnings for the full year. At Group level, Henkel now anticipates organic sales growth of +4.0 to +6.0 percent and an adjusted return on sales (EBIT margin) in the range of 14.0 to 15.0 percent. For adjusted earnings per preferred share (EPS) at constant exchange rates, Henkel now expects an increase in the high single-digit to mid-teens percentage range.”

“Nevertheless, there is still great uncertainty as to how the pandemic will develop and how consumption and industrial output will be impacted. We will continue to respond flexibly and quickly to changes in our markets. At the same time, we are vigorously driving the implementation of our growth agenda. Our focus is on two areas: Firstly, we want to expand our competitive edge by further strengthening innovation, sustainability and digitalization. Secondly, we want to further enhance our company culture. With our strategic framework for purposeful growth and our strong global team, we are well prepared to emerge stronger from the crisis and to shape our future.”

Group sales performance

Group sales increased **nominally** by +0.8 percent in the **first quarter of 2021**, from 4,927 million euros in the first quarter of 2020 to 4,968 million euros. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by +7.7 percent. At Group level, the increase was driven primarily by volume. The contribution from acquisitions and divestments amounted to +0.6 percent. Foreign exchange effects had a strongly negative impact of -7.5 percent on sales.

Group sales performance¹

in million euros	Q1/2021
Sales	4,968
Change versus previous year	0.8%
Foreign exchange	-7.5%
Adjusted for foreign exchange	8.3%
Acquisitions/divestments	0.6%
Organic	7.7%
Of which price	1.7%
Of which volume	6.0%

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

The **emerging markets** posted organic sales growth of +18.5 percent in the **first quarter**. Organic sales development in the **mature markets** was positive at +0.5 percent. Year on year, organic sales in the Western Europe region were up +0.9 percent. We posted sales growth of +11.7 percent in the Eastern Europe region. Organic sales growth was +21.7 percent in the Africa/Middle East region in the first quarter of 2021. Organic sales performance was flat in the North America region, whereas we achieved organic sales growth of +10.7 percent in the Latin America region. Organic sales growth in the Asia-Pacific region was in the double digits at +24.4 percent.

Sales performance by region¹

in million euros	Western Europe	Eastern Europe	Africa/Middle East	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
Sales² January–March 2021	1,528	742	319	1,234	280	837	30	4,968
Sales ² January–March 2020	1,500	758	349	1,302	292	697	29	4,927
Change versus prior-year quarter	1.9%	-2.1%	-8.7%	-5.3%	-4.4%	20.1%	–	0.8%
Organic	0.9%	11.7%	21.7%	0.0%	10.7%	24.4%	–	7.7%
Proportion of Group sales 2021	31%	15%	6%	25%	6%	17%	1%	100%
Proportion of Group sales 2020	30%	15%	7%	26%	6%	14%	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 2021**, sales in the Adhesive Technologies business unit increased **nominally** by +6.7 percent from 2,209 million euros in the prior-year quarter to 2,358 million euros. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by +13.0 percent. Performance in the first quarter was driven by significant ongoing recovery in industrial production. Volume growth was in the double-digit range, with price trends on a slightly positive upward curve. Foreign exchange effects reduced sales by -6.7 percent, while acquisitions/divestments increased sales by +0.5 percent.

Sales performance Adhesive Technologies¹

in million euros	Q1/2021
Sales	2,358
Proportion of Group sales	47%
Change versus previous year	6.7%
Foreign exchange	-6.7%
Adjusted for foreign exchange	13.5%
Acquisitions/divestments	0.5%
Organic	13.0%
Of which price	0.8%
Of which volume	12.2%

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

All Adhesive Technologies business areas continued their significant recovery in the **first quarter** compared to the same quarter last year, the latter having already been impacted by the COVID-19 pandemic. **Automotive & Metals** posted double-digit organic sales growth, due primarily to the strong increase in global automobile production. **Electronics & Industrials** also generated double-digit organic sales growth, mainly thanks to the performance of our Electronics business, although the Industrials business area also posted a very strong increase. **Packaging & Consumer Goods** reported significant organic sales growth in the first quarter, supported by double-digit percentage increases in our Packaging and Lifestyle businesses. Organic sales growth was also in the double-digit range in **Craftsmen, Construction & Professional**, primarily driven by the consumer and craftsmen businesses together with our activities in the mechanical engineering and maintenance segments.

The regional breakdown shows the Adhesive Technologies business unit generating double-digit organic sales growth in the **emerging markets**. All emerging market regions contributed to this performance across all business areas.

Organic sales development in the **mature markets** was very strong overall. The North America region posted very strong growth, driven by double-digit organic sales growth in Craftsmen, Construction & Professional and very strong sales growth in Electronics & Industrials. Organic sales growth in the Western Europe region was strong thanks to a double-digit improvement in Craftsmen, Construction & Professional and a very strong increase in Automotive & Metals.

Sales performance Beauty Care

The **first quarter of 2021** saw sales in the Beauty Care business unit decrease slightly in **nominal** terms with a decline of -1.1 percent to 925 million euros (Q1 2020: 935 million euros). **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by +2.3 percent. This performance was driven by both volume and price. Foreign exchange effects reduced sales by -5.4 percent. Acquisitions/divestments contributed +2.0 percent to sales growth.

Sales performance Beauty Care¹

in million euros	Q1/2021
Sales	925
Proportion of Group sales	19%
Change versus previous year	-1.1%
Foreign exchange	-5.4%
Adjusted for foreign exchange	4.3%
Acquisitions/divestments	2.0%
Organic	2.3%
Of which price	1.0%
Of which volume	1.3%

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

Organic sales development in the **Consumer** business area was positive compared to the prior-year quarter. The Hair Cosmetics category was able to continue the positive trend from the final quarter of 2020 with a very strong performance in the **first quarter** of 2021. Hair Colorants posted double-digit growth, while Hair Care sales were also very strong. Hair Styling sales were down on the prior-year figures due to weaker consumer demand related to the pandemic. In terms of organic sales development, Body Care also fell short of the very strong growth generated in the first quarter of 2020, due mainly to declining demand in key markets.

Despite the ongoing burden of official closures of hair salons in numerous countries, our **Professional** business area posted very strong organic sales growth in the first quarter of 2021. This was driven primarily by a significant increase in our core market of North America, but was also due to a relatively low basis for comparison from the prior-year quarter after the heavily negative impact of the COVID-19 pandemic. Growth was in the double-digit percentage range in the Latin America and Asia (excluding Japan) regions, and significant in the Africa/

Middle East region. By contrast, performance in the Western and Eastern Europe regions fell short of the prior-year quarter mainly as a result of the continued closure of hair salons due to the pandemic.

In regional terms, organic sales growth in the Beauty Care business unit was in the double-digit percentage range in the **emerging markets**, driven by very strong performance in both the Consumer and the Professional business areas. The Asia (excluding Japan) region, and particularly China, contributed to this performance with growth in the double-digit percentage range. The Latin America region also generated a double-digit increase in sales, while sales growth was very strong in the Eastern Europe region. By contrast, the Africa/Middle East region posted negative sales development.

Organic sales development was negative overall in the **mature markets**. Organic sales growth was good in the North America region – due to the increase in the Professional business area – and very strong in the mature markets of the Asia-Pacific region. By contrast,

performance in Western Europe fell short of the prior-year quarter in a market environment that remained challenging and was characterized, among other things, by ongoing restrictions due to the COVID-19 pandemic.

Sales performance Laundry & Home Care

The Laundry & Home Care business unit generated sales of 1,656 million euros in the **first quarter of 2021**, a **nominal** decrease of -5.6 percent from the 1,755 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 +4.1 percent. Growth was largely driven by price, with volumes also showing a positive increase. Foreign exchange effects reduced sales by a significant -9.6 percent. Acquisitions/divestments had no material impact on sales performance.

Sales performance Laundry & Home Care¹

in million euros	Q1/2021
Sales	1,656
Proportion of Group sales	33%
Change versus previous year	-5.6%
Foreign exchange	-9.6%
Adjusted for foreign exchange	4.0%
Acquisitions/divestments	0.0%
Organic	4.1%
Of which price	3.1%
Of which volume	0.9%

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

The **Laundry Care** business area generated positive organic sales growth in the **first quarter**, to which specialty detergents contributed with a good performance and laundry additives with a very strong improvement. Our core brand **Persil** again posted double-digit organic sales growth, not least as a result of our continued innovation initiatives.

Organic sales growth in the **Home Care** business area was in the double-digit percentage range. The strong growth of this business area was substantially due to the performance of our brand families **Pril**, **Bref** and **Somat**, all of which posted double-digit increases in their respective categories of dishwashing products, toilet cleaners and hard surface cleaners. The trend was helped both by increased demand for household cleaners as a result of the pandemic, and by our successful product innovations.

The **emerging markets** were the main driver of the very strong sales performance of this business unit, contributing double-digit organic sales growth. Henkel achieved double-digit percentage increases in sales in both the Africa/Middle East and the Asia (excluding Japan) regions. Organic sales growth was significant in Eastern Europe, while Latin America posted negative sales development.

Performance in the **mature markets** was negative overall. Sales performance in Western Europe was good, and the mature markets in the Asia-Pacific region generated positive organic growth, whereas the North America region fell short of the prior-year quarter. Here our business was adversely affected by supply shortages as well as by slowing market dynamics compared to the previous year.

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 December 31, 2020.

Outlook for the Henkel Group

Based on business development in the first three months of 2021 and the assumptions regarding business performance in the remaining three quarters, the Management Board of Henkel AG & Co. KGaA has decided to raise its guidance for fiscal 2021.

Following the sharp decline in global economic growth in 2020 resulting from the COVID-19 pandemic, it is assumed based on current estimates that industrial demand will recover significantly in 2021 and that demand for numerous categories of consumer goods will return to normal as the year progresses. At the same time, uncertainty prevails about the further development of infection rates and vaccination progress, and thus of the restrictions imposed to contain the pandemic.

Given these circumstances, our guidance is based on the assumption that industrial demand and areas of the consumer goods business of relevance to Henkel – the hair salon business in particular – will recover, in some cases significantly. We expect those categories in our consumer goods businesses that witnessed increased demand in 2020 in the wake of the pandemic to return to normal as the year progresses. We further assume that there will be no widespread closures of retail and industrial businesses or production facilities in our core regions – unlike the second quarter of 2020 in particular – as the year progresses.

Taking these factors into account, we expect the **Henkel Group** to generate **organic sales growth** of between +4.0 and +6.0 percent in fiscal 2021 (previous guidance: +2.0 to +5.0 percent).

For the **Adhesive Technologies** business unit, the performance of which is, to a large extent, dependent on the recovery in industrial demand, we expect organic sales growth to range between +7.0 and +9.0 percent (previous guidance: +2.0 to +6.0 percent). For the **Beauty Care** business unit, we currently anticipate organic sales growth in the range between +2.0 and +6.0 percent (unchanged). On a full-year basis, a significant increase in demand in the Professional business should have a positive effect, while continued growth is expected in our Consumer business. We expect the **Laundry & Home Care** business unit to achieve organic sales growth of between +1.0 and +3.0 percent (unchanged). Here, the higher demand witnessed in some categories in the previous year as a result of the pandemic is expected to return to normal levels over the course of the year, with an effect on organic growth.

We expect the contribution to nominal sales growth of the Henkel Group from our acquisitions in 2020 to be in the low single-digit percentage range. Our guidance does not reflect any effects from the intended divestment or discontinuation of business activities, brands and categories as part of our active portfolio management over the rest of the year, since it is not possible to reliably predict if and when such activities will actually occur. The translation of sales in foreign currencies is expected to have a negative effect in the mid-single-digit percentage range.

The anticipated recovery in demand, particularly in our industrial and Professional businesses, is expected to have a positive effect on Henkel's earnings performance in 2021. This is likely to be offset to some degree by countervailing effects arising from prices for direct materials, which we assume will rise significantly with increases in the upper mid-single-digit percentage range (previous guidance: low to mid-single-digit percentage range), and from adverse changes in foreign currency exchange rates.

We expect the **Henkel Group** to generate an **adjusted return on sales (EBIT margin)** of between 14.0 and 15.0 percent (previous guidance: 13.5 to 14.5 percent). We expect adjusted return on sales for the **Adhesive Technologies** business unit of between 16.0 and 17.0 percent (previous guidance: 15.5 to 16.5 percent), for **Beauty Care** of between 10.5 and 12.0 percent (unchanged) and for **Laundry & Home Care** of between 14.5 and 15.5 percent (previous guidance: 15.0 to 16.0 percent).

For **adjusted earnings per preferred share (EPS)** at constant exchange rates, we expect an increase in the high single-digit to mid-teens percentage range (previous guidance: +5 to +15 percent).

Furthermore, we have the following unchanged expectations for 2021:

- Restructuring expenses of 250 to 300 million euros
- Cash outflows from investments in property, plant and equipment and intangible assets of between 600 and 700 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 2020, Henkel reported sales of more than 19 billion euros and adjusted operating profit of around 2.6 billion euros. Henkel employs about 53,000 people globally – a passionate and highly diverse team, united by a strong corporate 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. This information contains forward-looking statements which are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. 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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Financial calendar

Publication of the Half-Year Report 2021:

Thursday, August 12, 2021

Publication of Quarterly Statement Q3 2021:

Monday, November 8, 2021

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