March 11, 2025

Henkel presents the annual results for 2024

Very good annual results 2024 demonstrate successful implementation of Purposeful Growth Agenda

* **Strong business performance in fiscal 2024**
	+ **Sales: 21.6 billion euros, good organic growth of 2.6 percent**
	+ **Operating profit (EBIT)\*: 3.1 billion euros, very significant increase of 20.9 percent**
	+ **EBIT margin\*: 14.3 percent, outstanding improvement by 240 basis points**
	+ **Earnings per preferred share (EPS)\* significantly higher: 5.36 euros,
	+25.1 percent at constant exchange rates**
	+ **Strong free cash flow of 2.4 billion euros**
* **Dividend increase in the double-digit percentage range proposed:
2.04 euros per preferred share (+10.3 percent)**
* **New share buyback of up to 1 billion euros decided**
* **Implementation of Purposeful Growth Agenda further progressed**
	+ **Consumer Brands: Integration faster than planned, portfolio measures finalized, full savings to be realized already by end of 2025**
	+ **Adhesive Technologies: New set-up implemented in 2023 is paying off**
	+ **Ambitious climate protection targets: net-zero roadmap defined**
* **Outlook for fiscal 2025: Poised for further top- and bottom line growth – with slow start into the year and acceleration in the course of the year**
	+ **Organic sales growth: 1.5 to 3.5 percent**
	+ **EBIT margin\*: 14.0 to 15.5 percent**
	+ **Earnings per preferred share (EPS)\*: Increase** **in the low to high single-digit percentage range (at constant exchange rates)**

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

**Düsseldorf – “Fiscal 2024 was once again marked by major challenges and many economic uncertainties. Nevertheless, we have consistently advanced Henkel over the past year and reached or even exceeded important milestones. Above all, the very good business results for 2024 demonstrate the successful implementation of our purposeful growth agenda,” said Henkel CEO Carsten Knobel. “In 2024, we achieved good organic sales growth and very significantly improved our profitability – with an outstanding margin increase of 2.4 percentage points, supported by an excellent gross margin development, and with an extraordinary increase in earnings per preferred share of 25 percent. The targeted enhancement of our products' value for customers and consumers was a key driver of our earnings improvement. Additionally, savings from the Consumer Brands integration, as well as the announced portfolio optimization measures contributed to these strong results.”**

**“At the same time, it was very important that we continue to maintain a strong focus on investing in our businesses and future growth – for example, through increased marketing activities in the consumer business and successful innovations in both business units. We want our shareholders to participate in the Company’s successful development. Therefore, we will propose a double-digit percentage increase in the dividend at the Annual General Meeting. We have also decided on a new share buyback program with a volume of up to 1 billion euros,” Carsten Knobel continued.**

**“The results of the past year are a clear evidence that Henkel’s transformation is progressing successfully and that, with our strategic agenda for purposeful growth, we are on the right path to best position the Company for the future,” summarized Carsten Knobel. “This is also reflected in the outlook for fiscal 2025, in which we expect further sales and earnings growth despite a business environment that remains challenging. I would like to thank all Henkel employees for their outstanding performance. Through their teamwork and extraordinary commitment, we have once again successfully navigated our company through a challenging year.”**

**Outlook 2025**

Following moderate growth momentum in 2024, the global economic output is again anticipated to be moderate in 2025. This assumes a moderate increase in both industrial demand and consumer demand in key areas of the consumer goods business for Henkel. Furthermore, based on current estimates, global inflation is expected to continue to abate in fiscal 2025 compared to previous years, with interest rates also expected to fall.

With regard to the prices for direct materials, Henkel expects an increase in the low to mid-single-digit percentage range compared to the annual average of 2024. The translation of sales in foreign currencies is expected to have a neutral to negative effect in the low single-digit percentage range.

Furthermore, the volatility and uncertainty in regards to the overall macroeconomic and geopolitical environment is expected to remain high throughout the year.

Considering these assumptions, Henkel expects to generate **organic sales growth** of between 1.5 and 3.5 percent in fiscal 2025. Organic growth of between 2.0 and 4.0 percent is expected for the Adhesive Technologies business unit and between 1.0 and 3.0 percent for Consumer Brands. **Adjusted return on sales (adjusted EBIT margin)** is expected in the range of 14.0 to 15.5 percent. For Adhesive Technologies adjusted return on sales is expected to be between 16.0 and 17.5 percent and for Consumer Brands between 13.5 and 15.0 percent. For **adjusted earnings per preferred share (EPS)** at constant exchange rates, an increase in the low to high single-digit percentage range is expected.

Thereby, a slower start to the year is expected. However, it is also expected that organic sales growth will accelerate in the course of the year, leading to a stronger second half of fiscal 2025 versus the first half. This holds true for both business units. The reasons are a currently challenging industrial environment and subdued market growth and consumer sentiment in some of our markets, especially in North America.

In **Consumer Brands**, high prior-year organic sales growth comparables particularly due to strong innovation product launches in the first half of 2024 need to be considered. In 2025, innovation launches will be more skewed towards the second half of 2025. In addition, non-recurring operational topics in our supply chain in connection with the finalization of the 1-1-1 approach as well as promotional phasing will also contribute to Q1 organic sales growth and volumes coming in below prior year. For Q1 organic sales growth is expected to be between
-2 and -4 percent, while pricing is expected to be positive. For full year 2025, overall positive organic sales growth is expected, driven by both volume and price.

For the full year 2025, a further margin and thus profitability improvement versus the prior year is expected for both business units and thus the Group. The development in the first two months of fiscal 2025 shows that Henkel and both business units are well underway.

**Group sales and earnings performance in fiscal 2024**

Henkel Group **sales** reached 21,586 million euros in fiscal 2024, a nominal increase of 0.3 percent compared to the prior year. Foreign exchange effects had a negative impact of -1.8 percent on sales. Adjusted for these foreign exchange effects, sales growth was 2.1 percent. Acquisitions/divestments had a slightly negative impact of -0.4 percent on sales, which was mainly due to the disposal of our business activities in Russia in 2023. **Organic sales growth**, i.e. adjusted for foreign exchange effects and acquisitions/divestments, showed a good development at 2.6 percent. This was driven by both good price and positive volume development.

The **Adhesive Technologies** business unit generated good organic sales growth of 2.4 percent, driven in particular by the Mobility & Electronics business area. The **Consumer Brands** business unit achieved strong organic sales growth of 3.0 percent, mainly driven by the Hair business area.

**Adjusted operating profit** **(adjusted EBIT)** increased significantly by 20.9 percent to 3,089 million euros (previous year: 2,556 million euros).

**Adjusted return on sales** **(adjusted EBIT margin)** in fiscal 2024 was also significantly higher year on year at 14.3 percent (2023: 11.9 percent).

**Adjusted earnings per preferred share** increased significantly by 23.2 percent to 5.36 euros (previous year: 4.35 euros). At constant exchange rates, adjusted earnings per preferred share increased by 25.1 percent.

**Net working capital** as a percentage of sales amounted to 3.0 percent, which was slightly up year on year (2023: 2.6 percent).

**Free cash flow** totaled 2,362 million euros, representing a decrease compared to the prior-year figure (2023: 2,603 million euros), the latter having been positively impacted by a normalization of the net working capital.

At -93 million euros, **the net financial position** was slightly below the prior-year level, due in particular to payments made for acquisitions (December 31, 2023: 12 million euros).

The Management Board, Supervisory Board and Shareholders’ Committee will propose to the Annual General Meeting on April 28, 2025, a **dividend** increase of 10.3 percent compared to the previous year, amounting to 2,04 euros per preferred share and 2.02 euros per ordinary share (+10.4 percent). This equates to a payout ratio of 37.9 percent, which is within the target bandwidth of 30 to 40 percent. The increase in dividend is possible thanks to the very good financial performance in the past fiscal year and the strong financial base of the Henkel Group.

**Business unit performance in fiscal 2024**

**Sales** in the **Adhesive Technologies** business unit totaled 10,970 million euros in fiscal 2024, and thus increased by 1.7 percent year on year in nominal terms. While foreign exchange rate effects had a negative impact of -1.8 percent, acquisitions/divestments increased sales by 1.1 percent. **Organically**, sales increased by 2.4 percent. This sales growth was particularly driven by a strong volume development in the second half of the year compared to the prior year, mainly due to increased demand in some key end markets. Prices remained flat compared to the previous year. At 1,817 million euros, the **adjusted operating profit** recorded a double-digit percentage increase year on year, representing a new high for the business unit. The **Adjusted return on sales** increased significantly year on year by 190 basis points to 16.6 percent.

**Sales** in the **Consumer Brands** business unit totaled 10,467 million euros in the year under review, -0.9 percent below the prior year in nominal terms. Foreign exchange effects reduced sales by -1.8 percent. Acquisitions/divestments also had a negative impact of -2.0 percent on sales, with the disposal of our business activities in Russia in April 2023 remaining the primary cause. **Organically**, sales increased by 3.0 percent. This sales growth was driven by very strong price development, while volumes declined due primarily to ongoing portfolio optimization measures. The **adjusted operating profit** amounted to 1,419 million euros, significantly above the previous year (1,115 million euros). The **Adjusted return on sales** reached 13.6 percent and thus increased significantly by 300 basis points compared to the previous year.

**Major progress in the transformation**

Over the past few years, Henkel has profoundly changed in many areas and consistently implemented its strategic agenda for purposeful growth. Key drivers of the long-term and sustainable success are the willingness and determination for continuous transformation. The aim is to achieve a sustainable improvement in results. To achieve this, the Company must constantly change and further develop. And this is happening in all areas.

**Consumer Brands: Merger progressing faster than planned**

The likely most significant change in Henkel’s recent history is the merger of our consumer goods businesses into the **Consumer Brands** business unit, which was announced at the beginning of 2022. Since then, a lot has happened. The business unit has been operational in its new setup since early 2023, and the positive developments already became evident in that year. In the past fiscal year 2024, it became obvious that our decision to merge the formerly separate consumer goods businesses into a single platform was the right one.

The integration of the Consumer Brands unit has progressed much faster than initially planned: in terms of team integration, portfolio restructuring as well as the achievement of synergies. The first phase of the integration, which primarily involved merging the sales and marketing teams was completed in 2024. In the second phase, which has been ongoing since 2023, the full cost savings from improving the supply chain, i.e. the production networks and supply chains, are expected to be achieved by the end of 2025.

At the same time, the Consumer Brands business unit is consistently focusing on strong brands and businesses with high gross margins, as well as leading positions in markets and categories. The positive effects of focusing on strong growth and high-margin brands and businesses are paying off: The top ten brands within Consumer Brands, which accounted for more than half of the revenue in 2024, achieved very strong organic growth, along with positive volume growth.

**Further development of the Adhesive Technologies business unit**

The **Adhesive Technologies** business unit also made significant progress over the year under review with an overall good business performance. This business unit offers approximately 20,000 products and solutions to more than 100,000 customers worldwide across more than 800 industry segments. This breadth and depth of the portfolio, combined with a global presence and the expertise in developing customer-centric solutions, make Henkel unique in the market and allow the company to further expand its globally leading market position. With its three business areas – Mobility & Electronics, Packaging & Consumer Goods, and Craftsman, Construction and Professional – Adhesive Technologies is focusing on key future trends. These include e-mobility and connectivity, meaning the increasing interconnectivity of systems, as well as sustainability.

The streamlined structure of the business areas, partly with new leadership teams, and the consistent focus on tomorrow’s trends once again contributed to the successful development of the business unit in the challenging year of 2024.

**Further progress across all strategic priorities**

In a challenging macroeconomic and geopolitical environment, Henkel continued to consistently implement its growth strategy in the past fiscal year and made important progress in all areas. The company further developed its business and brand portfolio, strengthened its competitive edge in the areas of innovation, sustainability, and digitalization, optimized its operating models and strengthened its corporate culture.

As part of its **active portfolio management**, Henkel has further developed its portfolio through discontinuing or divesting activities, as well as through acquisitions. With the sale of the retailer brands business in North America earlier this year, Henkel has finalized its portfolio measures. These were announced with the start of the merger of the formerly separate consumer businesses. The Retailer Brands business has been identified as a non-core activity within the Consumer Brands business unit, as the potential to leverage synergies and the future strategic fit with the integrated Consumer Brands platform are limited. Including this transaction, Henkel divested or discontinued brands and activities representing total sales of slightly more than 1 billion euros since the beginning of 2022.

Active portfolio management also includes strengthening and expanding the portfolio through **acquisitions**: In early 2024, Henkel acquired the well-known hair care brand Vidal Sassoon in China. This acquisition perfectly complements Consumer Brands’ local portfolio in China by covering the premium segment in the retail business. The Vidal Sassoon brand portfolio primarily serves the premium hair care segment with shampoos and conditioners, but also includes products related to styling and hair care treatments.

Henkel also invested in acquisitions to expand its portfolio within the Adhesive Technologies business unit, acquiring the U.S.-based company Seal for Life Industries. This company provides protective coatings and sealing solutions for infrastructure in industries such as renewable energy, gas and water. This acquisition complements the 2023 purchase of Critica Infrastructure, a company also specializing in infrastructure maintenance and repair. With these acquisitions, we have expanded our existing portfolio in the attractive and promising maintenance, repair and overhaul business, creating a platform for further growth.

In 2024, Henkel launched numerous **innovations** onto the market, addressing important trends and creating value for customers and consumers. For the Adhesive Technologies business unit, a state-of-the-art battery testing center was opened last year at the headquarters, directly connected to the largest global innovation center of the business unit, the Inspiration Center Düsseldorf.

With this new testing center, Henkel significantly expands its capabilities in the e-mobility segment and strengthens its position as a leading development and innovation partner for automotive manufacturers and battery producers.

An example of innovation in the Consumer Brands business is the newly developed enzyme technology for Perwoll, which not only cares for textiles, but also helps preserve the colors of clothing. The renewal effect on the fibers is already visible after ten washes and thus promotes the longevity of textiles.

In addition, Henkel further anchored **sustainability** in the business and intensified its commitment to this area. For this, Henkel has developed a net-zero roadmap, which includes extended targets for reducing emissions across the entire value chain. The Company aims to make a binding contribution to limiting global warming to 1.5 °C, as agreed in the Paris Climate Agreement. Henkel's roadmap, which has also been validated by the Science Based Targets initiative, outlines what the Company is doing to achieve net-zero greenhouse gas emissions by 2045. This includes a wide range of measures along the entire value chain. Furthermore, Henkel became the first company listed in the DAX index to introduce gender-neutral parental leave worldwide – with full salary compensation. This step was met with highly positive reactions from both employees and the public.

Henkel has also made further progress in the area of **digitalization**. In 2024, the rapid advancements in Artificial Intelligence (AI) were a key topic. At Henkel, AI has been an integral part of our digital strategy for several years. For example, AI is used in process automation, in the adhesive development laboratory, in the virtually connected global production sites, in autonomous robots in manufacturing facilities, and in the use of chatbots on Henkel’s brand websites. In 2024, the digital unit, Henkel dx, further optimized its internal structures, strengthened its digital expertise, and fostered a culture of open innovation. Additionally, Henkel benefits from its strategic partnerships with leading global digital companies such as SAP, Microsoft, and Adobe. These collaborations enable Henkel to integrate cutting-edge technologies into its digital platforms and projects. By accelerating digital innovations, refining its platform strategy, and enhancing cross-functional collaboration across all business units and functions, Henkel significantly improved its IT efficiency.

As part of its long-term growth strategy, Henkel is constantly aligning its business units with the requirements of dynamic markets and changing customer expectations in order to achieve long-term success with **future-ready operating models**. This also includes continuously improving business processes throughout the Company.

One example is the establishment of a global technology center in Bangalore, India, where more than 500 IT experts are already working to create a fully integrated internal digital hub. With that, Henkel is increasing its cost efficiency and enhancing its internal expertise. Further expansion of the technology center is planned for the coming years. Henkel has also consolidated its venture activities under one roof. On the occasion of the migration to S/4Hana in the years 2025 to 2028, Henkel will also evaluate how to make its structures and processes more agile and flexible. In this context, for example it is being considered to establish separate legal entities for the two existing business units, starting in Germany, followed step by step – where applicable – in selected large countries. The strategic and operational management of the Group and its business units will remain unchanged. This is intended to support both the future needs of the businesses as well as the growth agenda of Henkel.

Henkel also further strengthened its **company culture** in the past year. The Accelerate Cultural Transformation (ACT) initiative, which was launched in 2023, was successfully continued throughout the global organization. This initiative promotes deeper dialog and a stronger connection within the teams. Last year, the ACT initiative focused on giving and dealing openly with constructive feedback. A culture of collaboration is closely linked to promoting diversity, equity, and inclusion. To further enhance diversity, Henkel follows a strategy based on three pillars: First, raising awareness through various formats, such as campaigns and events. Second, strengthening inclusive behavior through training programs for leaders and employees. And third, continuously improving structural conditions, such as offering programs that support work-life balance, and eliminate structural barriers.

One of Henkel’s ambitions is to achieve gender parity across all management levels by the end of 2025. Today, around 42 percent of management positions at Henkel worldwide are held by women.

“Fiscal 2024 was a very successful and important year for Henkel. We achieved our financial targets, which we raised twice during the year. We consistently implemented our purposeful growth agenda across all strategic dimensions and advanced our transformation with determination and success. We are on the right path, and the transformation of our company is showing tangible results. With a clear strategy, a strong team, and a unique company culture, we are well-prepared for the future,” Carsten Knobel summarized.

About Henkel

With its brands, innovations and technologies, Henkel holds leading market positions worldwide in the industrial and consumer businesses. The business unit Adhesive Technologies is the global leader in the market for adhesives, sealants and functional coatings. With Consumer Brands, the company holds leading positions especially in laundry & home care and hair in many markets and categories around the world. The company's three strongest brands are Loctite, Persil and Schwarzkopf. In fiscal 2024, Henkel reported sales of more than 21.6 billion euros and adjusted operating profit of around 3.1 billion euros. Henkel’s preferred shares are listed in the German stock index DAX. Sustainability has a long tradition at Henkel, and the company has a clear sustainability strategy with specific targets. Henkel was founded in 1876 and today employs a diverse team of about 47,000 people worldwide – united by a strong corporate culture, shared values and a common purpose: "Pioneers at heart for the good of generations.” More information at [www.henkel.com](http://www.henkel.com)

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