



News Release

November 15, 2018

Guidance for fiscal year 2018 confirmed

Henkel reports good development in third quarter

- Sales increase to 5,037 million euros, organic growth +2.7%
- EBIT* improvement: +3.3% to 926 million euros
- EBIT margin* further improved: +40 basis points to 18.4%
- Growth in earnings per preferred share (EPS)*: +2.6% to 1.58 euros

Düsseldorf – “Henkel delivered a good development in the third quarter. In a continuously challenging market environment with currency headwinds and higher material prices, we further increased sales, earnings and profitability. All three business units contributed to the positive development,” said Henkel CEO Hans Van Bylen. “The overall good organic sales growth was mainly driven by our Adhesive Technologies business unit. Also, in our consumer goods businesses we increased sales organically.”

“In the first nine months of fiscal 2018 we faced an overall difficult economic environment. Negative currency effects reduced group sales by more than 900 million euros in this period. Nevertheless, we continued to deliver profitable growth. We are committed to further drive the implementation of our strategic priorities,” said Hans Van Bylen.

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



Guidance for fiscal year 2018 confirmed

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

For adjusted return on sales (EBIT), Henkel continues to anticipate an increase year on year to around 18 percent. All three business units are expected to contribute to this positive performance. Henkel confirms its expectation of an increase of between 3 and 6 percent in adjusted earnings per preferred share.

Sales and earnings performance in the third quarter 2018

At 5,037 million euros, **sales** in the third quarter 2018 grew nominally by 1.1 percent compared to the prior-year quarter. **Organic** sales, which exclude the impact of currency effects and acquisitions/divestments, showed a good increase of 2.7 percent. The contribution from acquisitions and divestments amounted to 1.6 percent. Currency effects had a negative impact of -3.2 percent on sales.

Adhesive Technologies reported a strong organic increase in sales of 3.8 percent. **Beauty Care** registered positive organic sales growth of 0.5 percent. **Laundry & Home Care** reported a good increase in organic sales of 2.5 percent.

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 6.8 percent. With an organic sales development of -0.1 percent, the **mature markets** were almost at the level of the prior-year quarter.

In **Western Europe**, sales showed a positive development with an organic growth of 0.6 percent. **Eastern Europe** achieved significant organic sales growth of 7.1 percent. In **Africa/Middle East**, sales grew double-digit with an organic increase of 13.1 percent. In **North America** organic sales were slightly negative, decreasing by -0.8 percent. **Latin America** achieved double-digit organic growth of 11.5 percent, and in the **Asia-Pacific** region, sales showed a positive development and grew organically by 1.2 percent.

Adjusted operating profit (EBIT) improved by 3.3 percent from 897 million euros in the prior-year quarter to 926 million euros.

Adjusted return on sales (EBIT) showed a strong increase and rose by 0.4 percentage points to 18.4 percent.

Adjusted earnings per preferred share grew by 2.6 percent from 1.54 euros in the third quarter 2017 to 1.58 euros in the third quarter 2018.

With 6.6 percent, **net working capital** as a percentage of sales was above the level of the third quarter 2017 (5.6 percent).

Business unit performance

The **Adhesive Technologies** business unit generated strong **organic sales growth** of 3.8 percent in the third quarter. Nominally, sales were at prior-year level, reaching 2,373 million euros. **Adjusted operating profit** increased by 2.7 percent and reached 466 million euros. **Adjusted return on sales** showed a very strong increase of 0.5 percentage points, reaching 19.6 percent.

The **Beauty Care** business unit registered positive **organic sales growth** of 0.5 percent. Nominally, sales increased by 5.5 percent to 993 million euros. **Adjusted operating profit** grew by 6.7 percent and reached 182 million euros. With 18.3 percent, **adjusted return on sales** showed a good increase of 0.2 percentage points.

The **Laundry & Home Care** business unit generated good **organic sales growth** of 2.5 percent in the third quarter. Nominally, sales grew by 0.3 percent and reached 1,641 million euros. At 294 million euros, **adjusted operating profit** was at the level of the third quarter 2017. With 17.9 percent, **adjusted return on sales** showed a flat development, reaching the prior-year level.

Good business performance in the first nine months of 2018

In the first nine months of 2018, Henkel generated **sales** of 15,015 million euros. **Organic** sales, which exclude the impact of currency effects and acquisitions/divestments, showed a good increase of 2.4 percent. Foreign exchange effects reduced sales by -6.0 percent.

Adjusted operating profit rose by 1.3 percent from 2,660 million euros to 2,694 million euros.

Adjusted return on sales showed a good development and increased from 17.6 percent to 17.9 percent.

Adjusted earnings per preferred share grew by 2.0 percent from 4.50 euros to 4.59 euros.

In the first nine months of 2018, the **Adhesive Technologies** business unit generated very strong organic sales growth of 4.6 percent. Adjusted return on sales showed a positive development and reached 18.9 percent.

Sales in the consumer goods businesses were adversely affected by the delivery difficulties in North America. The **Beauty Care** business unit showed a slightly negative organic sales development of -1.2 percent below the prior-year period. Adjusted return on sales developed positively and reached 17.7 percent. The **Laundry & Home Care** business unit generated good organic sales growth of 1.6 percent. Adjusted return on sales showed a very strong increase and reached 18.1 percent.

Effective September 30, 2018, Henkel's **net financial position** showed a balance of -3,248 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 third 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 Q3/2018 and 1-9/2018

in million euros	Sales		EBIT		EBIT margin	
	Q3	1-9	Q3	1-9	Q3	1-9
Adhesive Technologies						
2018	2,373	7,075	444	1,271	18.7%	18.0%
2017	2,373	7,039	427	1,304	18.0%	18.5%
organic growth	3.8%	4.6%	-	-	-	-
2018 adjusted ¹⁾	-	-	466	1,338	19.6%	18.9%
2017 adjusted ¹⁾	-	-	454	1,323	19.1%	18.8%
Beauty Care						
2018	993	2,993	158	461	15.9%	15.4%
2017	941	2,948	121	425	12.9%	14.4%
organic growth	0.5%	-1.2%	-	-	-	-
2018 adjusted ¹⁾	-	-	182	531	18.3%	17.7%
2017 adjusted ¹⁾	-	-	171	519	18.1%	17.6%
Laundry & Home Care						
2018	1,641	4,854	248	713	15.1%	14.7%
2017	1,636	5,065	227	766	13.9%	15.1%
organic growth	2.5%	1.6%	-	-	-	-
2018 adjusted ¹⁾	-	-	294	879	17.9%	18.1%
2017 adjusted ¹⁾	-	-	294	890	17.9%	17.6%
Henkel						
2018	5,037	15,015	833	2,386	16.5%	15.9%
2017	4,981	15,143	750	2,412	15.1%	15.9%
organic growth	2.7%	2.4%	-	-	-	-
2018 adjusted ¹⁾	-	-	926	2,694	18.4%	17.9%
2017 adjusted ¹⁾	-	-	897	2,660	18.0%	17.6%

Henkel	Q3/2017	Q3/2018	Change	1-9 2017	1-9 2018	Change
Earnings per preferred share in euros	1.30	1.42	9.2%	4.12	4.05	-1.7%
Adjusted earnings per preferred share in euros ¹⁾	1.54	1.58	2.6%	4.50	4.59	2.0%

Changes on the basis of figures in thousand euros

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