

Quarterly statement Q1 2023

January–March

Good start to fiscal 2023

Henkel delivers very strong organic sales growth in the first quarter

- **Group sales increase organically by 6.6 percent to around 5.6 billion euros; nominal 6.4 percent**
- **Growth driven by very strong sales increases in both business units:**
 - Adhesive Technologies with organic growth of 6.8 percent, nominal 6.1 percent
 - Consumer Brands achieves organic sales growth of 7.0 percent, nominal 7.3 percent
- **Exit from business activities in Russia completed**
- **Further progress in implementing strategic growth agenda**
- **Outlook for fiscal 2023 confirmed**

Düsseldorf, May 4, 2023 – In the first quarter of 2023, Henkel increased Group sales to around 5.6 billion euros. The very strong organic sales growth of 6.6 percent was driven by double-digit pricing, while volumes were below the prior-year level. In nominal terms, sales increased by 6.4 percent.

“We had a good start to the year – despite a continuously challenging market environment. The **very strong sales increase** in both business units underlines the strength of our portfolio of successful brands and innovative technologies. In the first quarter, we continued our pricing measures to further compensate for the headwinds from raw material and logistics costs,” said Henkel CEO Carsten Knobel. “Today we affirmed our **guidance** for 2023 and, based on the very strong organic sales development in the first quarter, we are looking at the current fiscal year with confidence.”

The very strong organic sales increase of the **Adhesive Technologies** business unit in the first quarter was driven by all business areas. The new business unit **Consumer Brands** likewise achieved very strong organic sales growth, with all business areas contributing.

Sales performance by business unit

in million euros	Sales		+/-	Organic
	Q1/2022	Q1/2023		
Henkel Group	5,271	5,609	6.4%	6.6%
Adhesive Technologies	2,631	2,791	6.1%	6.8%
Consumer Brands ¹	2,584	2,772	7.3%	7.0%

¹ Pro forma values for prior-year figures, based on the aggregated results of the Beauty Care and Laundry & Home Care business units.

“We also pushed ahead with our strategic priorities and have made important progress. For example, we are rigorously driving integration and portfolio focus in our Consumer Brands business unit, we are aligning the organizational structure of our Adhesive Technologies business unit even more closely to our customer base, and we have successfully launched relevant innovations in both businesses,” explained Carsten Knobel.

As part of its capital allocation strategy, Henkel had launched a share buyback program for the first time ever in 2022. The program was successfully completed in the first quarter of 2023: By the end of March, the company had repurchased shares with a total value of around 1 billion euros.

On April 20, 2023, Henkel announced the signing of an agreement on the **sale of its business activities in Russia** to a consortium of local financial investors. Henkel had announced its decision to exit its business activities in Russia last year, following the country’s attack on Ukraine. The transaction has meanwhile been completed; the sale price amounts to 54 billion rubles (around 600 million euros).

Group sales performance

Group sales increased **nominally** by 6.4 percent in the **first quarter of 2023**, from 5,271 million euros in the prior-year quarter to 5,609 million euros. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by 6.6 percent. This very strong growth in sales at Group level was driven by price increases. Acquisitions/divestments reduced sales by -1.1 percent. Foreign exchange effects had a slightly positive impact of 0.9 percent on sales.

Group sales performance

in million euros	Q1/2022	Q1/2023
Sales	5,271	5,609
Change versus previous year	6.1%	6.4%
Foreign exchange ¹	0.2%	0.9%
Adjusted for foreign exchange	5.9%	5.5%
Acquisitions/divestments ²	-1.1%	-1.1%
Organic	7.1%	6.6%
Of which price	9.4%	12.0%
Of which volume	-2.3%	-5.4%

¹ Including the effects of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) for Türkiye.

² Including organic sales development in Russia since the beginning of the second quarter 2022 against the background of the announced exit of the business activities there.

Organic sales growth in the **Europe** region was 4.2 percent in the first quarter. In the **IMEA** region, sales increased organically by 27.8 percent. We increased sales in the **North America** region organically by 7.1 percent. The **Latin America** region posted organic sales growth of 17.6 percent. Organic sales development in the **Asia-Pacific** region was -4.8 percent.

Sales performance by region¹

in million euros	Europe	IMEA	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
Sales² January–March 2023	2,201	563	1,584	411	805	46	5,609
Sales ² January–March 2022	2,152	529	1,358	338	838	56	5,271
Change versus prior-year quarter	2.3%	6.5%	16.6%	21.5%	-4.0%	–	6.4%
Organic	4.2%	27.8%	7.1%	17.6%	-4.8%	–	6.6%
Proportion of Group sales 2023	39%	10%	28%	7%	14%	1%	100%
Proportion of Group sales 2022	41%	10%	26%	6%	16%	1%	100%

¹ Prior-year figures for the Europe, IMEA and Asia-Pacific regions on pro forma basis due to amended regional reporting structure.

² By location of company.

Sales performance Adhesive Technologies

In the **first quarter of 2023**, sales in the Adhesive Technologies business unit increased **nominally** by 6.1 percent, from 2,631 million euros in the prior-year quarter to 2,791 million euros. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), we increased sales by 6.8 percent compared to the first quarter of 2022. We achieved price increases in the double-digit percentage range, while volumes were below the prior-year quarter. Foreign exchange effects increased sales by 1.1 percent; acquisitions/divestments had a negative effect of -1.8 percent.

Sales performance Adhesive Technologies

in million euros	Q1/2022	Q1/2023
Sales	2,631	2,791
Proportion of Group sales	50%	50%
Change versus previous year	11.6%	6.1%
Foreign exchange ¹	1.6%	1.1%
Adjusted for foreign exchange	10.0%	5.0%
Acquisitions/divestments ²	-0.7%	-1.8%
Organic	10.7%	6.8%
Of which price	10.6%	11.4%
Of which volume	0.1%	-4.6%

¹ Including the effects of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) for Türkiye.

² Including organic sales development in Russia since the beginning of the second quarter 2022 against the background of the announced exit of the business activities there.

The very strong organic sales growth of the Adhesive Technologies business unit in the first quarter was driven by all business areas. The **Mobility & Electronics** business area achieved double-digit organic sales growth of 12.6 percent. This increase was driven by the Automotive and Industrial businesses, while the Electronics business posted a negative development due to a difficult market environment. The **Packaging & Consumer Goods** business area generated organic sales growth of 1.0 percent. Very strong sales growth in the Consumer Goods business more than offset the sales decline in the Packaging business. Sales in the **Craftsmen, Construction & Professional** business area grew organically by 7.0 percent compared to the prior-year quarter, with all businesses contributing.

Sales performance by business area¹

in million euros	Sales			
	Q1/2022	Q1/2023	+/-	Organic
Adhesive Technologies	2,631	2,791	6.1%	6.8%
Mobility & Electronics	851	959	12.6%	12.6%
Packaging & Consumer Goods	893	884	-1.0%	1.0%
Craftsmen, Construction & Professional	887	948	6.9%	7.0%

¹ Pro forma figures for each business area against the background of the announced optimization of the organizational structure.

From a regional perspective, the Adhesive Technologies business unit generated significant organic sales growth in **Europe**. Here, the negative development in the Packaging & Consumer Goods business area was more than offset by growth in the Mobility & Electronics business area. **North America** also showed significant sales growth, driven by the Mobility & Electronics business area. Both **IMEA** and **Latin America** generated double-digit organic sales increases, driven in both regions by the Mobility & Electronics business area. By contrast, sales in the **Asia-Pacific** region were organically below the prior-year level. This was due in particular to the development in China arising from the overall difficult market environment that continued to prevail, even after the end of the COVID-19-related restrictions there, coupled with a market-related decline in the Electronics business.

Sales performance Consumer Brands

In the Consumer Brands business unit, **sales** increased **nominally** by 7.3 percent to 2,772 million euros in the **first quarter of 2023**. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales were up 7.0 percent compared to the prior-year level. Year on year, the business unit recorded a double-digit increase in prices, while volumes declined, due in part to the effects from portfolio optimization measures. Foreign exchange effects had a positive impact of 0.8 percent on sales. Acquisitions/divestments decreased sales by -0.5 percent.

Sales performance Consumer Brands¹

in million euros	Q1/2022	Q1/2023
Sales	2,584	2,772
Proportion of Group sales	49%	49%
Change versus previous year	0.1%	7.3%
Foreign exchange ²	-1.1%	0.8%
Adjusted for foreign exchange	1.2%	6.5%
Acquisitions/divestments ³	-1.5%	-0.5%
Organic	2.7%	7.0%
Of which price	8.3%	12.7%
Of which volume	-5.6%	-5.7%

¹ Pro forma values for prior-year figures, based on the aggregated results of the Beauty Care and Laundry & Home Care business units.

² Including the effects of the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) for Türkiye.

³ Including organic sales development in Russia since the beginning of the second quarter 2022 against the background of the announced exit of the business activities there.

In the first quarter, the **Laundry & Home Care** business area generated very strong organic sales growth of 6.3 percent. The Laundry Care business achieved a significant organic sales increase which was predominantly driven by significant sales growth in the Fabric Cleaning category and a double-digit increase in the Fabric Care category. Good growth in the Home Care business was primarily driven by a double-digit increase in sales in the Dishwashing category. Organic sales growth in the **Hair** business area, which includes the Professional business, was 9.9 percent. We generated double-digit growth in the Consumer business, driven in particular by the Hair Styling category. The Professional business achieved strong organic sales growth.

Sales performance by business area¹

in million euros	Sales			
	Q1/2022	Q1/2023	+/-	Organic
Consumer Brands	2,584	2,772	7.3%	7.0%
Laundry & Home Care	1,692	1,789	5.8%	6.3%
Hair	711	811	14.7%	9.9%
Other Consumer Businesses	181	171	-7.4%	1.6%

¹ Pro forma values for prior-year figures, based on the aggregated results of the Beauty Care and Laundry & Home Care business units.

All regions served by the Consumer Brands business unit achieved organic sales increases in the first quarter. The **Europe** region recorded positive organic sales growth in the first quarter – mainly driven by the Hair business area, while sales in the Laundry & Home Care business area were below the prior-year quarter. The **North America** region generated very strong organic sales growth, with all business areas contributing. The **IMEA** and **Latin America** regions each generated double-digit organic sales increases across all business areas. Sales growth in the **Asia-Pacific** region was very strong with all business areas contributing.

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 the situation as at December 31, 2022.

Outlook for the Henkel Group

The guidance for fiscal 2023, which was published on March 7, 2023, has been confirmed.

For the current year, Henkel continues to expect **organic sales growth** of between 1.0 and 3.0 percent, with both business units anticipated to be within this bandwidth. **Adjusted return on sales (adjusted EBIT margin)** is still expected to be in the range of 10.0 to 12.0 percent. Adjusted return on sales is anticipated to be between 13.0 and 15.0 percent for Adhesive Technologies and between 7.5 and 9.5 percent for Consumer Brands. For **adjusted earnings per preferred share (EPS)**, Henkel continues to expect a development in the range of -10.0 to +10.0 percent at constant exchange rates.

Details on the amended reporting structure adopted as of Q1 2023

Starting from the first quarter of 2023, Henkel has amended its reporting structure to reflect its new organizational setup. Going forward, the company will be reporting on the performance of its two business units, Adhesive Technologies and Consumer Brands. As announced, Henkel will also be reporting key sales figures at the business area level, thus increasing transparency. Specifically, the company is now reporting sales as well as nominal and organic sales growth. In the Consumer Brands business unit, these figures are reported for the business areas Laundry & Home Care, Hair and Other Consumer Businesses. In addition, Henkel is optimizing the organizational structure within its Adhesive Technologies business unit in order to use scale and competence benefits even more efficiently, while at the same time ensuring close customer and market proximity. Going forward, the business unit will comprise the three business areas Mobility & Electronics, Packaging & Consumer Goods, and Craftsmen, Construction & Professional. This new structure is already reflected in the present Quarterly Statement for the first quarter of 2023, hence ahead of its full organizational implementation effective in the second quarter of 2023.

The company has also slightly modified its regional reporting structure to better reflect the allocation of management responsibilities. From the first quarter of 2023 onward, Henkel will be commenting on its business performance in the regions of Europe, IMEA (India, Middle East, Africa), North America, Latin America and Asia-Pacific.

Note: All individual figures in this document have been commercially rounded. Addition may result in deviations from the totals indicated

About Henkel

With its brands, innovations and technologies, Henkel holds leading market positions worldwide in the industrial and consumer businesses. The Adhesive Technologies business unit is global leader in the market for adhesives, sealants and functional coatings. With Consumer Brands, the company holds leading positions especially in hair care and laundry & home care in many markets and categories around the world. The company's three strongest brands are Loctite, Persil and Schwarzkopf. In fiscal 2022, Henkel reported sales of more than 22 billion euros and adjusted operating profit of around 2.3 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 more than 50,000 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.

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. Such statements are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. These 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 (both positively and negatively) from 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.

This document includes supplemental financial indicators that are not clearly defined in the applicable financial reporting framework and that are or may be alternative performance measures. These supplemental financial indicators should not be viewed in isolation or as alternatives to measures of Henkel's net assets and financial position or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.

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Financial calendar

Publication of Half-Year Report 2023:

Thursday, August 10, 2023

Publication of Statement for Q3 2023:

Thursday, November 9, 2023

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