



## News Release

August 10, 2017

Guidance for fiscal year 2017 confirmed

### Henkel reports strong performance in second quarter

- Significant nominal sales growth: +9.6% to 5,098 million euros, good organic growth +2.2%
- Double-digit increase in operating profit\*: +11.0% to 909 million euros
- Further EBIT margin\* improvement: +20 basis points to 17.8%
- Excellent growth in earnings per preferred share (EPS)\*: +10.7% to 1.55 euros

Düsseldorf – “Henkel delivered a strong performance in the second quarter, reaching new highs in quarterly sales, adjusted operating profit and EBIT margin as well as earnings per preferred share. All three business units contributed to this positive development,” said Henkel CEO Hans Van Bylen. “Sales grew significantly to around 5.1 billion euros. We further improved our adjusted operating profit as well as our adjusted EBIT margin. Adjusted earnings per preferred share grew double-digit. This is a strong performance in a highly challenging market environment.”

“We expect an overall volatile and uncertain market environment throughout the year. Currency fluctuations are likely to continue and we anticipate the difficult conditions in the consumer goods markets to persist. We are fully committed to continue our successful development and implement our strategic priorities,” said Hans Van Bylen.

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

**“For the full fiscal year 2017, we confirm our guidance. We expect organic sales growth of 2 to 4 percent. We expect our adjusted EBIT margin to increase to more than 17.0 percent and adjusted earnings per preferred share to grow between 7 and 9 percent.”**

### **Sales and earnings performance in the second quarter 2017**

At 5,098 million euros, **sales** in the second quarter 2017 reached a new all-time high and grew nominally by 9.6 percent compared to the prior-year quarter. Acquisitions and divestments accounted for 7.4 percent of this growth, mainly as a result of the acquisition of The Sun Products Corporation. Foreign exchange effects were overall neutral. **Organic** sales, which exclude the impact of foreign exchange effects and acquisitions/divestments, showed a good increase of 2.2 percent.

The **Adhesive Technologies** business unit posted strong organic sales growth of 3.4 percent. In the **Beauty Care** business unit, organic sales were at the level of the prior-year quarter. The **Laundry & Home Care** business unit reported a good increase in organic sales of 2.1 percent.

The **emerging markets** again made an above-average contribution to the organic growth of the Group, showing a very strong increase in organic sales of 4.7 percent. The **mature markets** registered positive organic sales growth of 0.5 percent.

In a continuously challenging market environment characterized by high promotional and pricing pressure, the **Western Europe** region reported a slightly negative organic sales growth of -1.2 percent. All other regions were able to grow sales organically: In **Eastern Europe**, sales grew by 5.2 percent. **Africa/Middle East** posted sales growth of 1.1 percent. Sales in **North America** increased by 3.2 percent. **Latin America** achieved sales growth of 6.1 percent and in the **Asia-Pacific** region, sales grew by 4.8 percent.

**Adjusted operating profit (EBIT)** improved by 11.0 percent to 909 million euros. All three business units contributed to this increase.

**Adjusted return on sales** (EBIT) rose by 0.2 percentage points to 17.8 percent.

**Adjusted earnings per preferred share** (EPS) grew by 10.7 percent from 1.40 euros to 1.55 euros.

**Net working capital** as a percentage of sales improved by 0.1 percentage points to 5.2 percent.

### **Business unit performance**

The **Adhesive Technologies** business unit generated strong **organic sales growth** of 3.4 percent in the second quarter. In nominal terms, sales grew by 3.5 percent to a new high of 2,370 million euros. **Adjusted operating profit** increased by 6.6 percent and reached 455 million euros. Adjusted return on sales recorded a very strong increase, reaching a new record level at 19.2 percent.

In the **Beauty Care** business unit, **organic sales** were at the level of the prior-year quarter. Nominally, sales grew by 0.9 percent to 997 million euros. **Adjusted operating profit** showed a very strong increase of 4.3 percent and reached 180 million euros. Adjusted return on sales recorded a very strong growth to 18.0 percent, an all-time high.

The **Laundry & Home Care** business unit generated good **organic sales growth** of 2.1 percent in the second quarter. Nominally, sales increased by 26.6 percent to 1,703 million euros compared to the prior-year quarter. **Adjusted operating profit** grew by 22.2 percent to 298 million euros. The acquisition of The Sun Products Corporation contributed significantly to both sales and operating profit. Adjusted return on sales was at 17.5 percent.

## **Compelling acquisitions further strengthening portfolio**

With the successful closing of the acquisitions of the global Darex Packaging Technologies business and the Sonderhoff Group at the beginning of the third quarter, Henkel further strengthened its Adhesive Technologies business and complemented its technology portfolio.

## **Strong business performance in the first half of 2017**

For the first time, half-year **sales** exceeded 10 billion euros and increased by 11.5 percent to 10,162 million euros. **Organic** sales growth – i.e. adjusted for foreign exchange and acquisitions/divestments – showed a strong increase of 3.1 percent. All three business units contributed to this performance.

**Adjusted operating profit** rose by 12.3 percent from 1,570 million euros to 1,763 million euros.

**Adjusted return on sales** improved from 17.2 percent to 17.4 percent.

**Adjusted earnings per preferred share** grew by 10.9 percent or 29 eurocents from 2.67 euros to 2.96 euros.

In the first half of 2017, the **Adhesive Technologies** business unit generated very strong organic sales growth of 4.4 percent. Adjusted return on sales recorded a very strong increase, reaching 18.6 percent. The **Beauty Care** business unit showed a positive organic sales growth of 1.1 percent. Adjusted return on sales recorded a strong growth to 17.4 percent. The **Laundry & Home Care** business unit generated good organic sales growth of 2.5 percent. Adjusted return on sales was at 17.4 percent.

Effective June 30, 2017, Henkel's **net financial position** showed a balance of -2,342 million euros (December 31, 2016: -2,301 million euros).

## Outlook for 2017 confirmed

Henkel confirms the outlook for the fiscal year 2017. Henkel expects to generate organic sales growth of 2 to 4 percent and anticipates that each business unit will generate organic sales growth within this range. For adjusted return on sales (EBIT), Henkel expects an increase versus the prior year to more than 17.0 percent. Henkel expects an increase in adjusted earnings per preferred share (EPS) of between 7 and 9 percent.

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 second quarter of 2017 and other information with download material and the link to the teleconference broadcast can be found on the internet at:

[www.henkel.com/ir](http://www.henkel.com/ir)

[www.henkel.com/press](http://www.henkel.com/press)

## Key figures Q2/2017 and 1-6/2017

in million euros	Sales		EBIT		EBIT margin	
	Q2	1-6	Q2	1-6	Q2	1-6
<b>Adhesive Technologies</b>						
2017	2,370	4,665	446	877	18.8%	18.8%
2016	2,290	4,433	403	766	17.6%	17.3%
organic	3.4%	4.4%	-	-	-	-
2017 adjusted <sup>1)</sup>	-	-	455	870	19.2%	18.6%
2016 adjusted <sup>1)</sup>	-	-	426	802	18.6%	18.1%
<b>Beauty Care</b>						
2017	997	2,007	155	304	15.5%	15.1%
2016	988	1,938	162	304	16.4%	15.7%
organic	0.0%	1.1%	-	-	-	-
2017 adjusted <sup>1)</sup>	-	-	180	348	18.0%	17.4%
2016 adjusted <sup>1)</sup>	-	-	172	329	17.4%	17.0%
<b>Laundry &amp; Home Care</b>						
2017	1,703	3,429	265	539	15.6%	15.7%
2016	1,345	2,678	218	454	16.2%	17.0%
organic	2.1%	2.5%	-	-	-	-
2017 adjusted <sup>1)</sup>	-	-	298	596	17.5%	17.4%
2016 adjusted <sup>1)</sup>	-	-	244	487	18.1%	18.2%
<b>Henkel</b>						
2017	5,098	10,162	839	1,662	16.4%	16.4%
2016	4,654	9,110	757	1,474	16.3%	16.2%
organic	2.2%	3.1%	-	-	-	-
2017 adjusted <sup>1)</sup>	-	-	909	1,763	17.8%	17.4%
2016 adjusted <sup>1)</sup>	-	-	819	1,570	17.6%	17.2%

Henkel	Q2/2016	Q2/2017	Change	1-6/ 2016	1-6/ 2017	Change
Earnings per preferred share in euros	1.30	1.44	10.8%	2.51	2.82	12.4%
Adjusted EPS per preferred share in euros <sup>1)</sup>	1.40	1.55	10.7%	2.67	2.96	10.9%

Changes on the basis of figures in thousand euros

<sup>1)</sup> Adjusted for one-time charges/gains and restructuring charges