



News Release

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Henkel confirms outlook for fiscal year 2019

Henkel delivers positive sales growth in first quarter

- Sales rise by 2.8% to 4,969 million euros, organic growth +0.7%
- Operating profit (EBIT)* amounts to 795 million euros (-5.6%)
- EBIT margin* at 16.0% (-140 basis points)
- Earnings per preferred share* reach 1.34 euros, -6.3% at constant currencies
- Strong free cash flow development: 523 million euros
- Investing in growth and increasing competitiveness

Düsseldorf – “Despite an increasingly challenging market environment Henkel delivered positive sales growth in the first quarter, both organically and in nominal terms. On Group level, adjusted EBIT margin and adjusted EPS development were within the range of our outlook for the full fiscal year,” said Henkel CEO Hans Van Bylen.

“Overall, our business development in the first quarter 2019 was mixed. As expected, our Adhesive Technologies business was impacted by the deceleration of industrial production in several industries, with improvements expected in the course of the second half of this year,” Hans Van Bylen explained.

“In our consumer goods businesses, the performance of Beauty Care was below our expectations. While we successfully launched new brands and innovations and our hair professional business continued to outperform markets, we faced negative developments of our retail business in key regions

such as Western Europe and China. We are addressing this development with targeted measures, aiming to boost growth and improve the performance of our Beauty Care business,” Hans Van Bylen added.

“On the other hand, our Laundry & Home Care business had a good start to the year, also supported by the launch of innovations and new products.”

Investing in growth and improving competitiveness

“Going forward, we will focus on further strengthening our business, invest in growth and digitalization and continue to adapt our structures in order to achieve our targets for the full year,” Hans Van Bylen said.

At the beginning of the year, Henkel announced to step up growth investments aiming to capture additional growth opportunities, mainly in its consumer goods businesses, and to further accelerate the digital transformation. Henkel is also implementing a range of measures to further increase the competitiveness of its businesses.

Outlook 2019 confirmed

“We confirm the outlook for the full fiscal year,” said Hans Van Bylen. “We expect an organic sales growth of between 2 and 4 percent in the current fiscal year. For the adjusted EBIT margin, we expect a range of 16 to 17 percent and an adjusted EPS in the mid-single percentage range below prior year at constant exchange rates.”

Sales and earnings performance in the first quarter 2019

Sales in the first quarter 2019 rose nominally by 2.8 percent to 4,969 million euros. **Organic** sales, which exclude the impact of currency effects and acquisitions/divestments, showed an increase of 0.7 percent. The contribution from acquisitions and divestments amounted to 0.6 percent. Currency effects had a positive impact of 1.5 percent on sales.

In the **Adhesive Technologies** business unit, sales decreased organically by 0.8 percent, mainly due to a deceleration in the electronics and automotive sectors. Sales of the **Beauty Care** business unit were organically 2.2 percent below the prior-year quarter, mainly due to a weak performance of the retail business in Western Europe and in China. The **Laundry & Home Care** business unit posted a very strong organic sales growth of 4.7 percent, supported by the positive contributions from the successful launch of new products and innovations in key markets.

The **emerging markets** again made an above-average contribution to the organic growth of the Group, with a good organic sales growth of 2.2 percent. The **mature markets** registered a negative organic sales development of -0.4 percent.

Sales in **Western Europe** declined organically by 1.3 percent. **Eastern Europe** achieved organic growth of 6.5 percent. In **Africa/Middle East**, sales grew organically by 13.5 percent. Sales in the **North America** region increased organically by 1.1 percent. **Latin America** achieved organic growth of 8.0 percent, and in the **Asia-Pacific** region, sales were 8.8 percent below the level of the prior-year quarter.

Adjusted operating profit (EBIT) reached 795 million euros, 5.6 percent below the level of the first quarter 2018 (842 million euros).

Adjusted return on sales (EBIT) was 16.0 percent, 1.4 percentage points below the prior-year level.

Adjusted earnings per preferred share decreased by 6.3 percent from 1.43 euros in the first quarter of 2018 to 1.34 euros in the first quarter 2019. At constant exchange rates, EPS development likewise was -6.3 percent.

With 6.6 percent, **net working capital** as a percentage of sales was above the level of the first quarter 2018 (6.2 percent).

At 523 million euros, **free cash flow** in the first quarter of 2019 was substantially higher than in the same period of the previous year (22 million euros). This development is evidence of the company's special ability to generate free cash flow.

Effective March 31, 2019, Henkel's **net financial position** showed a balance of -2,478 million euros (December 31, 2018: -2,895 million euros).

Business unit performance

The **Adhesive Technologies** business unit generated a slightly negative organic **sales** development of -0.8 percent in the first quarter. Nominally, sales increased by 1.7 percent to 2,309 million euros. **Adjusted operating profit** reached 388 million euros after 410 million euros in the prior-year quarter. **Adjusted return on sales** was 16.8 percent (first quarter 2018: 18.1 percent).

Sales of the **Beauty Care** business unit decreased organically by 2.2 percent in the first quarter. In nominal terms, sales amounted to 960 million euros after 965 million euros in the prior-year quarter. **Adjusted operating profit** of 144 million euros and **adjusted return on sales** of 15.0 percent were lower than in the same quarter of the previous year.

The **Laundry & Home Care** business unit registered organic **sales** growth of 4.7 percent in the first quarter. Nominally, sales grew by 6.3 percent and reached 1,667 million euros. At 286 million euros, **adjusted operating profit** was 1.9 percent below the level of the first quarter 2018. **Adjusted return on sales** reached 17.1 percent and was below the level of the prior-year quarter.

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 2018, Henkel reported sales of around 20 billion euros and adjusted operating profit of around 3.5 billion euros. Henkel employs around 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.

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The statement for the first quarter of 2019 and further information as well as the link to the conference call broadcast can be found at:

www.henkel.com/press

www.henkel.com/ir

Key figures Q1/2019

in million euros	Sales	EBIT	EBIT margin
	Q1	Q1	Q1
Adhesive Technologies			
2019	2,309	381	16.5%
2018	2,270	389	17.1%
organic growth	-0.8%	-	-
2019 adjusted ¹⁾	-	388	16.8%
2018 adjusted ¹⁾	-	410	18.1%
Beauty Care			
2019	960	136	14.1%
2018	965	152	15.8%
organic growth	-2.2%	-	-
2019 adjusted ¹⁾	-	144	15.0%
2018 adjusted ¹⁾	-	161	16.7%
Laundry & Home Care			
2019	1,667	243	14.6%
2018	1,569	219	14.0%
organic growth	4.7%	-	-
2019 adjusted ¹⁾	-	286	17.1%
2018 adjusted ¹⁾	-	291	18.5%
Henkel			
2019	4,969	736	14.8%
2018	4,835	739	15.3%
organic growth	0.7%	-	-
2019 adjusted ¹⁾	-	795	16.0%
2018 adjusted ¹⁾	-	842	17.4%

Henkel	Q1/2018	Q1/2019	Change
Earnings per preferred share in euros	1.25	1.23	-1.6%
Adjusted earnings per preferred share in euros ¹⁾ at constant exchange rates	1.43	1.34	-6.3%

Changes on the basis of figures in thousand euros

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