

Quarterly statement Q3 2021

July–September

Rising raw material and transport costs continue to determine the market environment

Henkel continues on growth path with strong sales increase in third quarter

- **Group sales grow organically by +3.5% to around 5.1 billion euros, nominal +1.9%:**
 - **Adhesive Technologies achieves very strong organic sales growth of +7.0%, nominal +7.1%**
 - **Beauty Care records negative organic sales development of -3.0%, nominal -6.5%**
 - **Laundry & Home Care achieves good organic sales growth of +2.0%, nominal -0.8%**
- **Organic sales development mainly driven by emerging markets**
- **Henkel well above pre-crisis level: organic sales growth of +7.5% versus Q3 2019 corresponds to an average annual growth of +3.7%**
- **Outlook for fiscal 2021 updated: Sales guidance confirmed, earnings expectations at lower end of previous guidance ranges**

Düsseldorf, November 8, 2021 – In the **third quarter of fiscal 2021**, Henkel continued on its growth path and achieved **Group sales** of around 5.1 billion euros. This corresponds to a strong organic sales growth of +3.5 percent, driven in particular by positive pricing in all business units. The stable volume development was characterized by a normalization of demand in consumer businesses and by the ongoing recovery in industrial production. In nominal terms, sales increased by +1.9 percent.

“The effects of the global corona crisis, the extremely tense situation on raw material markets and disruptions in global supply chains continued to have a strong impact on our market environment in the third quarter. Nevertheless, Henkel achieved a good business performance. Comparing this development to the pre-crisis level in the third quarter of 2019, we achieved an average annual organic growth rate of +3.7 percent. All business units exceeded the respective pre-crisis level,” said Henkel CEO Carsten Knobel.

“Successful innovations, particularly in the area of sustainability, and the further expansion of our digital business activities were important growth drivers. The strong organic sales increase in the third quarter is also a testament to our robust and balanced portfolio of successful brands and innovative technologies. It is, above all, the result of the strong performance by our global team, which is contributing with great commitment to Henkel's long-term success in these challenging times.”

The strong sales growth in the third quarter was driven predominantly by the **Adhesive Technologies** business unit. Three of its four business areas achieved very strong or even double-digit organic sales growth, while the Automotive & Metals business area recorded a slightly negative development.

Performance also differed among our Beauty Care and Laundry & Home Care consumer businesses. **Beauty Care** organic sales development in the third quarter was below prior year due to a continued negative sales development in the Body Care category resulting from significantly weaker markets. By contrast, the Professional business area recorded strong organic sales growth compared to the prior-year quarter.

The **Laundry & Home Care** business unit recorded good organic sales growth, driven mainly by Laundry Care.

From a regional perspective, we achieved organic sales growth in all regions in the third quarter – with the exception of North America. The Group's strong sales performance was mainly driven by the emerging markets. Here, all regions recorded high single-digit organic growth.

“While the coronavirus pandemic continues, we have to constantly respond flexibly and quickly to changes in our markets. Tight supply chains and rising raw material and transport costs are proving to be particularly challenging. Despite these difficult conditions which require our full attention, we stay focused on our strategic priorities to deliver on our purposeful growth agenda,” explained Carsten Knobel.

Outlook for fiscal 2021 updated

Looking ahead to the rest of fiscal 2021, Knobel said: “There is still great uncertainty as to how the pandemic will develop and how consumption and industrial output will be impacted. In particular, the further strong increases in raw material prices and logistics costs are affecting the economy to a stronger extent than previously assumed. We are working hard with extensive measures to limit the impact on our business and profitability.”

“Based on our strong sales performance in the first nine months of the year, we confirm our guidance for organic growth. However, due to the additional negative impacts occurring from further increased raw material and transport costs, we are updating our guidance for adjusted EBIT margin and adjusted earnings per share. We now expect these metrics to come in at the lower end of our previous guidance ranges.”

At Group level, the company continues to anticipate organic sales growth of +6.0 to +8.0 percent and now expects an adjusted return on sales (EBIT margin) of around

13.5 percent. For adjusted earnings per preferred share (EPS) at constant exchange rates, Henkel now expects an increase in the high single-digit percentage range.

“We continue to operate in a very challenging market environment. However, with our strategic framework for purposeful growth and our strong global team, we are very well positioned to emerge stronger from the crisis and successfully shape our future.”

Group sales performance

In the **third quarter of 2021**, **Group sales** increased **nominally** by +1.9 percent to 5,092 million euros. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by +3.5 percent. At Group level, the increase was driven by prices. The development of volumes varied across our business units. Acquisitions and divestments reduced sales by -0.3 percent. Foreign exchange effects impacted sales by -1.3 percent.

In the **first nine months of 2021**, sales increased **nominally** by +3.7 percent to 15,019 million euros. In terms of **organic sales growth**, Henkel generated a significant increase of +8.6 percent. This was driven mainly by volume, while a positive price development also contributed to growth.

Group sales performance¹

in million euros	Q3/2021	1–9/2021
Sales	5,092	15,019
Change versus previous year	1.9%	3.7%
Foreign exchange	-1.3%	-5.1%
Adjusted for foreign exchange	3.2%	8.8%
Acquisitions/divestments	-0.3%	0.1%
Organic	3.5%	8.6%
Of which price	3.4%	2.6%
Of which volume	0.1%	6.0%

¹ All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

The **emerging markets** recorded organic sales growth of +8.3 percent in the **third quarter of 2021**. Organic sales development in the **mature markets** was -0.2 percent compared to the prior-year quarter. We were able to increase sales in the Eastern Europe region by +8.9 percent. In the third quarter of 2021, we achieved organic sales growth of +8.1 percent in the Africa/Middle East region and +9.0 percent in the Latin America region. Organic sales growth in the Asia-Pacific region amounted to +7.5 percent. While the Western Europe region recorded positive organic sales growth of +1.1 percent, our sales development in the North America region was negative at -2.6 percent.

Sales performance by region¹

	Western Europe	Eastern Europe	Africa/Middle East	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
in million euros								
Sales² July–September 2021	1,491	842	299	1,264	306	856	35	5,092
Sales ² July–September 2020	1,472	796	301	1,354	273	777	26	4,999
Change versus previous year	1.3%	5.8%	-0.9%	-6.7%	12.2%	10.1%	–	1.9%
Organic	1.1%	8.9%	8.1%	-2.6%	9.0%	7.5%	–	3.5%
Proportion of Group sales 2021	29%	17%	6%	25%	6%	17%	1%	100%
Proportion of Group sales 2020	29%	16%	6%	27%	5%	16%	1%	100%

¹ All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

² By location of company.

In the **first nine months of 2021**, organic sales growth in the **emerging markets** was at +16.9 percent compared to an increase of +2.9 percent in the **mature markets**.

Sales performance by region¹

	Western Europe	Eastern Europe	Africa/Middle East	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
in million euros								
Sales² January–September 2021	4,520	2,362	919	3,737	888	2,498	96	15,019
Sales ² January–September 2020	4,322	2,240	956	3,917	792	2,177	81	14,485
Change versus previous year	4.6%	5.4%	-3.9%	-4.6%	12.2%	14.8%	–	3.7%
Organic	4.0%	14.5%	20.6%	1.2%	16.8%	16.1%	–	8.6%
Proportion of Group sales 2021	30%	16%	6%	25%	6%	17%	1%	100%
Proportion of Group sales 2020	30%	15%	7%	27%	5%	15%	1%	100%

¹ All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

² By location of company.

Sales performance Adhesive Technologies

Sales in the Adhesive Technologies business unit increased **nominally** by +7.1 percent to 2,442 million euros in the **third quarter of 2021**. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by +7.0 percent. Volume and prices contributed equally to this increase. Foreign exchange effects reduced sales by -0.4 percent, whereas acquisitions/divestments had a positive impact of +0.5 percent.

In the **first nine months of 2021**, sales in the Adhesive Technologies business unit increased **nominally** by +11.8 percent to 7,194 million euros. We achieved **organic** sales growth of +15.5 percent, driven by higher volume and increasingly positive price development as the year progressed. We recorded very strong demand for our solutions across all regions and businesses in the first nine months of the year.

Sales performance Adhesive Technologies¹

in million euros	Q3/2021	1-9/2021
Sales	2,442	7,194
Proportion of Group sales	48%	48%
Change versus previous year	7.1%	11.8%
Foreign exchange	-0.4%	-4.2%
Adjusted for foreign exchange	7.5%	16.0%
Acquisitions/divestments	0.5%	0.4%
Organic	7.0%	15.5%
Of which price	3.4%	2.1%
Of which volume	3.6%	13.4%

¹ All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

In the **third quarter**, developments in the individual business areas of the Adhesive Technologies business unit varied. Organic sales development in **Automotive & Metals** was slightly lower year on year. Here, our business was negatively impacted by lower automotive production levels, mainly caused by the global shortage of semiconductors. Our **Electronics & Industrials** business area achieved double-digit organic sales growth in both businesses. The **Packaging & Consumer Goods** business area benefited from ongoing high customer demand and likewise generated double-digit sales growth, driven by the Packaging and Lifestyle businesses in particular. Organic sales growth in our **Craftsmen, Construction & Professional** business area was very strong compared to the third quarter of the prior year. Performance in the Consumers & Craftsmen business was negative following double-digit growth in the prior-year quarter. This was more than offset by the growth in the Construction and General Manufacturing & Maintenance businesses.

From a regional perspective, sales generated by Adhesive Technologies in the **emerging markets** were significantly higher than in the third quarter of the prior year. The Eastern Europe and Latin America regions recorded double-digit growth, particularly driven by the Packaging & Consumer Goods business area. The Africa/Middle East and Asia (excluding Japan) regions generated a very strong increase in sales.

Organic sales performance in all regions of the **mature markets** was very strong. In the regions North America and Western Europe, lower automotive production levels negatively impacted the Automotive & Metals business area. However, higher demand in all other business areas more than offset this development in both regions. The mature markets of the Asia-Pacific region also reported very strong growth, supported by all business areas.

Sales performance Beauty Care

In the **third quarter of 2021**, sales in the Beauty Care business unit decreased **nominally** by -6.5 percent to 934 million euros. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), sales were down -3.0 percent compared to the prior-year level. While volumes declined, the business unit recorded a positive price development. Foreign exchange effects reduced sales by -1.1 percent, and acquisitions/divestments by -2.4 percent.

In the **first nine months of 2021**, sales of the Beauty Care business unit were **nominally** down -1.6 percent year on year, at 2,773 million euros. **Organically**, sales increased by +2.3 percent, driven by both volume and price.

Sales performance Beauty Care¹

in million euros	Q3/2021	1-9/2021
Sales	934	2,773
Proportion of Group sales	18%	18%
Change versus previous year	-6.5%	-1.6%
Foreign exchange	-1.1%	-3.7%
Adjusted for foreign exchange	-5.4%	2.1%
Acquisitions/divestments	-2.4%	-0.2%
Organic	-3.0%	2.3%
Of which price	1.7%	1.8%
Of which volume	-4.7%	0.6%

¹ All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

In the **third quarter of 2021**, organic sales performance in the **Consumer** business area was below prior year, mainly as a result of a significantly lower sales development in the Body Care category. This was due to a continued normalization of demand for soap products following the significant increase in the prior-year period in response to the pandemic. Sales performance in the Hair Cosmetics category was down year on year, with different developments manifesting in the individual areas. Hair Styling recorded significant organic sales growth in the third quarter, thus continuing the recovery that started back in the first six months of the year. By contrast, sales development was negative in Hair Colorants as demand was normalizing following the

significant increase in the prior-year period in response to the pandemic. Hair Care was also below the previous year's level.

In the third quarter, the **Professional** business area was able to continue its very positive sales performance from the first six months, posting strong organic growth to which both the mature and emerging markets contributed. This development was driven in particular by very strong growth in North America and a double-digit percentage increase in sales in the Africa/Middle East and Eastern Europe regions.

Organic sales growth was very strong in both the Consumer and the Professional business areas in the **emerging markets** in the third quarter. All regions contributed to this performance – with the exception of Latin America. Asia (excluding Japan) and Africa/Middle East recorded double-digit percentage increases, while the Eastern Europe region posted strong sales growth.

Overall, organic sales performance was down year on year in the **mature markets**. While the mature markets of Asia-Pacific recorded very strong organic sales growth, Western Europe and North America were below the previous year's levels.

Sales performance Laundry & Home Care

The Laundry & Home Care business unit recorded **sales** of 1,680 million euros in the **third quarter of 2021**, equivalent to a **nominal** decrease of -0.8 percent compared to the prior-year quarter. **Organically** (i.e. adjusted for foreign exchange and acquisitions/divestments), the business unit posted a good increase in sales of +2.0 percent. This performance was driven mainly by a very strong increase in prices, while volume decreased. Overall, acquisitions/divestments had no substantial impact on sales. Foreign exchange effects, by contrast, reduced sales by -2.8 percent.

In the **first nine months of 2021**, the Laundry & Home Care business unit recorded a **nominal** decrease in **sales** of -3.8 percent to 4,956 million euros. **Organically**, the businesses achieved strong sales growth of +3.3 percent, driven by price.

Sales performance Laundry & Home Care¹

in million euros	Q3/2021	1-9/2021
Sales	1,680	4,956
Proportion of Group sales	33%	33%
Change versus previous year	-0.8%	-3.8%
Foreign exchange	-2.8%	-7.0%
Adjusted for foreign exchange	2.1%	3.2%
Acquisitions/divestments	0.0%	-0.1%
Organic	2.0%	3.3%
Of which price	4.3%	3.6%
Of which volume	-2.2%	-0.3%

¹ All individual figures have been commercially rounded. Addition may result in deviations from the totals indicated.

The **Laundry Care** business area generated strong organic sales growth in the **third quarter**, driven mainly by the strong performance of our heavy-duty laundry detergents. Our core brand Persil achieved very strong growth, not least as a result of our continued innovation initiatives. Our specialty detergents achieved double-digit sales growth, driven in particular by our Perwoll brand. Caps products generated very strong growth, thus continuing their successful performance from the first six months.

In the third quarter, organic sales performance was slightly negative in our **Home Care** business area, mainly as a result of lower sales in our hard surface cleaners category. This was due to the demand for hygiene products returning to normal following the significant increase in the prior-year period in response to the COVID-19 pandemic. The decline was offset by the continued strong performance of our dishwashing products and significant growth in our toilet cleaners, driven by our Pril, Bref and Somat brand families.

In the **emerging markets**, we achieved significant organic sales growth in the third quarter, supported in particular by the Asia (excluding Japan) and Latin America regions, which both recorded increases in the double-digit percentage range. Organic sales growth was significant in the Eastern Europe region and very strong in the Africa/Middle East region.

Overall, organic sales in the **mature markets** were below the prior-year level due to negative development in the North America region. By contrast, sales performance was positive in the Western Europe region. Growth in the mature markets of the Asia-Pacific region was in the double-digit percentage range.

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 June 30, 2021.

Outlook for the Henkel Group

Based on business development in the first nine months of 2021 and assumptions regarding progress to the end of the fiscal year, the Management Board of Henkel AG & Co. KGaA has decided to update its guidance for fiscal 2021.

Following the sharp decline in global economic growth in 2020 resulting from the COVID-19 pandemic, it is assumed based on current estimates that industrial demand will recover significantly overall in 2021 and that demand for numerous categories of consumer goods will return to normal as the year progresses. At the same time, raw materials essential to Henkel and logistics services record very strong price increases across the board, mainly due to the significant recovery in the world economy coupled with globally strained supply chains.

Taking these factors into account, we expect the Henkel Group to generate **organic sales growth** of between +6.0 and +8.0 percent in fiscal 2021 (unchanged).

For the Adhesive Technologies business unit, we continue to anticipate organic sales growth in the range of +10.0 to +12.0 percent. For both the Beauty Care and the Laundry & Home Care business units, we expect organic sales growth in the range of +2.0 to +4.0 percent (unchanged).

We do not expect a material impact on nominal sales growth of the Henkel Group from our acquisitions and divestments in 2020 and in 2021 to date. The translation of sales in foreign currencies is expected to have a negative effect in the mid-single-digit percentage range.

The anticipated significant recovery in demand, particularly in our industrial and Professional businesses, is expected to have a positive effect on Henkel's **earnings performance** in 2021. Exceptionally sharp price increases for direct materials, for which we now expect a rise in the low- to mid-teens percentage range for the full year (previously: low-teens percentage range) and which can only be partially offset this fiscal year, are having a stronger impact on earnings development than previously expected. We also expect changes in foreign currency exchange rates to adversely affect earnings.

Taking these factors into account, we expect the Henkel Group to generate an adjusted return on sales (adjusted EBIT margin) of around 13.5 percent (previous guidance: 13.5 to 14.5 percent). We anticipate adjusted return on sales for the Adhesive Technologies business unit of around 16.0 percent (previous guidance: 16.0 to 17.0 percent), for Beauty Care of around 9.5 percent (previous guidance: 9.5 to 10.5 percent), and for Laundry & Home Care of around 14.0 percent (previous guidance: 14.0 to 15.0 percent).

For adjusted earnings per preferred share (EPS) at constant exchange rates, we expect an increase in the high single-digit percentage range (previous guidance: high single-digit to mid-teens percentage range).

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. 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 2020, Henkel reported sales of more than 19 billion euros and adjusted operating profit of around 2.6 billion euros. Henkel employs more than 53,000 people globally – a highly diverse team, united by a strong company culture, a common purpose, 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 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. This information contains forward-looking statements which are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Such 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 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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Financial calendar

Publication of Report for Fiscal 2021:

Wednesday, February 23, 2022

Annual General Meeting Henkel AG & Co. KGaA 2022:

Monday, April 4, 2022

Publication of Quarterly Statement for Q1 2022:

Thursday, May 5, 2022

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