

Henkel FY/Q4 2013

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Agenda

- 1 Key developments 2013**
- 2 Strategy 2016 - progress in 2013
- 3 Financials FY 2013 & excellence in value creation
- 4 Summary & outlook FY 2014

Key figures FY 2013

OSG

+3.5%

Adj. EBIT margin

15.4%

Adj. EPS growth

+10.0%

NWC in % of sales

2.3%

Net financial pos.

959 m€

Div. payout ratio

30%

2013 Guidance achieved

	Guidance FY 2013	FY 2013
Organic sales growth	3 - 5%	3.5%
Adjusted EBIT margin	~ 15.0%	15.4%
Adjusted EPS growth	~ 10%	10.0%



All financial targets achieved

Achievements 2013

Henkel

- Solid organic sales growth driven by all businesses & regions
- Emerging Markets with very strong organic sales growth
- Adj. EBIT margin at all-time high, supported by all businesses
- Net debt changed to net cash position
- Increase in dividend payout ratio
- Successful first step in 2016 strategy execution



Challenges 2013

Henkel

- Pressure from FX headwind, especially in second half 2013
- Continued geo-political and social unrest in some countries
- Western Europe affected by weak Southern Europe
- North America & Japan below expectations
- Electronic Adhesives & Hair Salon with negative organic sales growth
- High promotional pressure in HPC



Laundry & Home Care

Key developments 2013



Sales

- Strong OSG
- Laundry solid, Home Care very strong
- Emerging Markets OSG double-digit
- Mature Markets OSG slightly negative

Return

- Adj. EBIT margin showing excellent increase
- ROCE further increased

Laundry & Home Care

Key activities 2013

Persil Duo-Caps



- 1st to launch multi-chamber caps in Europe
- Successful global roll-out

Bref Power Active



- Trend-setter in toilet care segment
- Further roll-out of successful innovation

Somat/Pril Gel Caps



- In-depth cleaning and exceptional shine
- Global roll-out started in 2013

Beauty Care

Key developments 2013



Sales

- Solid OSG
- Retail solid, Hair Salon negative
- Emerging Markets OSG very strong
- Mature Markets OSG positive

Return

- Adj. EBIT margin showing strong increase
- ROCE increased

Beauty Care

Key activities 2013

Gliss Kur Ultimate Oil Elixir



- 1st care with nourishing golden oil elixir

Dial Coconut Water



- 1st body wash with nutrient rich coconut water

Syoss Oleo Intense



- 1st permanent oil coloration from Syoss
- Unique, non-dripping oil-in-cream formula

Adhesive Technologies

Key developments 2013



Sales

- Solid OSG
- Emerging Markets OSG strong
- Mature Markets OSG positive

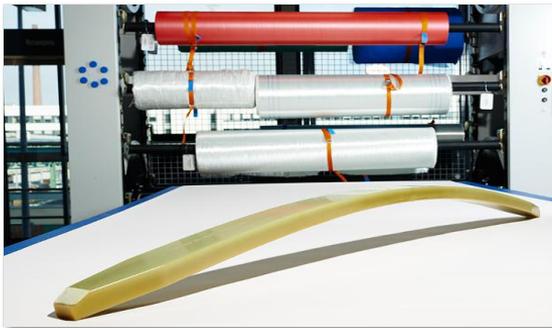
Return

- Adj. EBIT margin showing excellent increase
- ROCE further increased

Adhesive Technologies

Key activities 2013

Loctite MAX 2



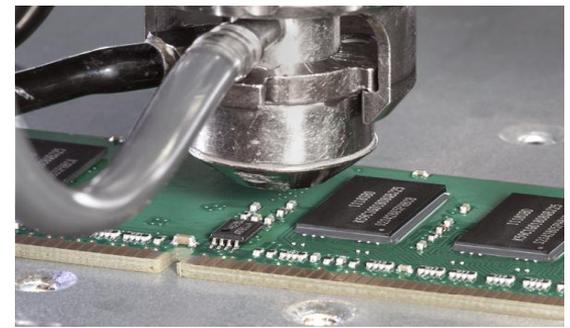
- Matrix resin for fiberglass-reinforced leaf spring
- Substitution of steel leads to 65% weight reduction

Alliance with Nordson



- Innovative solution for increased efficiency and energy saving
- Global roll-out

Loctite UF3808



- 1st halogen-free underfill adhesive
- Exceptional impact and shock protection

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Strategy & financial targets 2016



Outperform – Build on strong base



Mega Brands



- Top 10: 57% of sales (2012: 44%)
- Schwarzkopf reaches 2bn € sales

Powerful Innovations



- Continuous flow of innovations
- Innovation rate further increased

Consumer Proximity



- Opening / significant expansion of 5 R&D centers in emerging markets

Globalize – Focus on regions with high potential

Mature Markets: Leverage strength



- High-tech development center near Munich
- Automated high-bay central warehouse in Düsseldorf

Emerging Markets: Focused approach



- Consistent very strong growth
- Sales Share of Emerging Markets increased to 44%

Emerging Markets: Go deep



- China now within top 5 countries Beauty Care
- Largest adhesives factory opened in Shanghai

Simplify – Drive operational excellence



Best-in-Class Processes



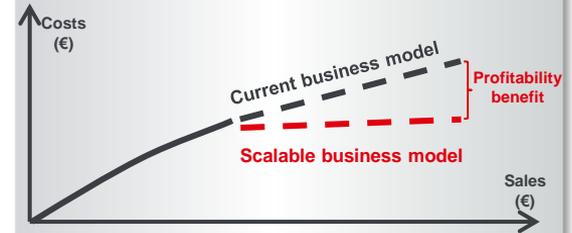
- >2,000 employees in Shared Services
- New IBS organization

IT Focus



- Consolidation of various IT systems into one SAP platform in Asia (Horizon)

Cost Efficiency



- Preparing for an integrated global supply chain

Building a scalable business model

Inspire – Strengthen our global team



Leadership



- Introduction of new Leadership Principles
- 6,800 managers trained in 350 workshops

Talent & Performance



- Promotion of >1,000 managers
- Review of long-term incentive scheme

Diversity

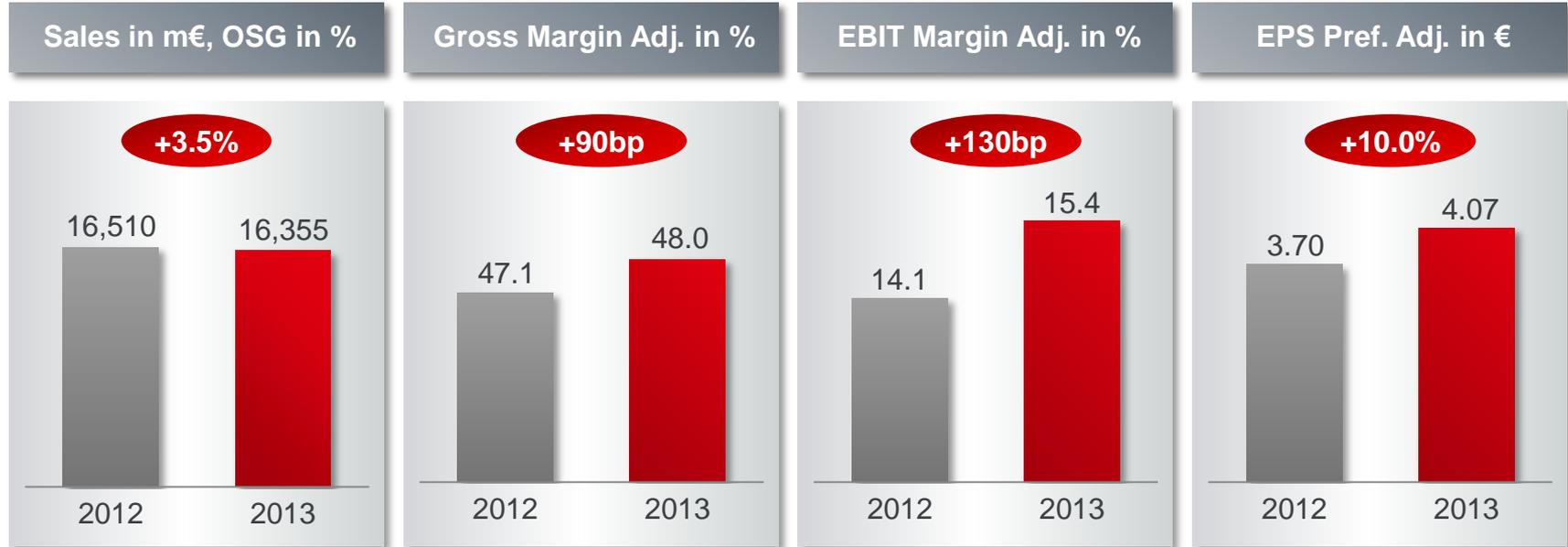


- 32% of managers are women
- 31% of managers work in Emerging Markets

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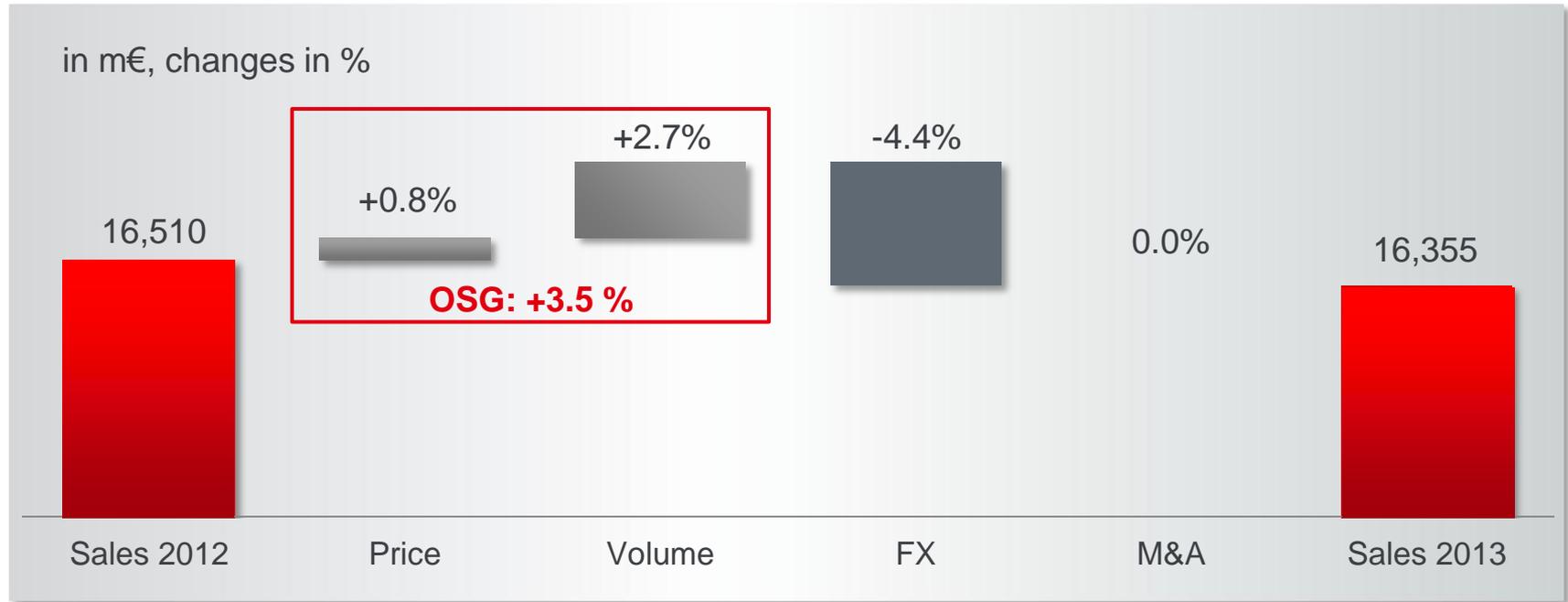
Key financials 2013 (1/2)



Key financials 2013 (2/2)



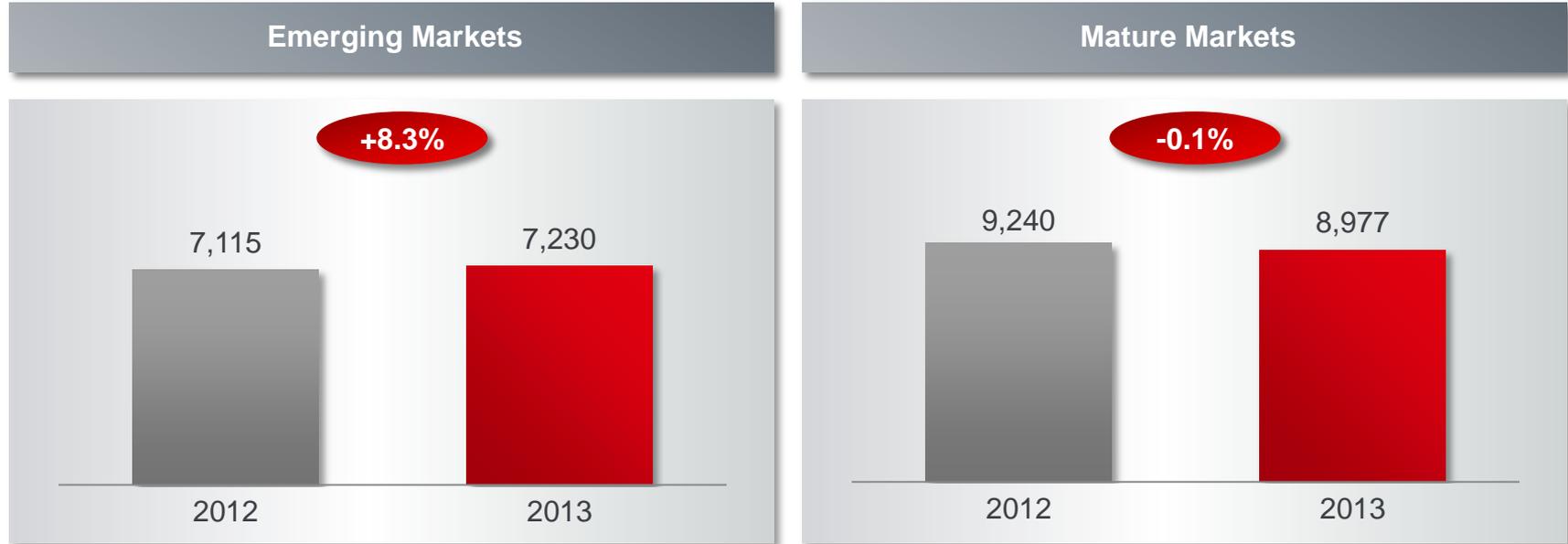
Sales growth



- Pressure from FX: mainly US Dollar and Emerging Markets currencies

Sales growth by region

in m€, OSG in %



- Continuous balanced and focused approach in Emerging Markets

Sales growth by region

in m€, OSG in %



- BRIC very strong, Emerging Markets in Asia strong
- Southern Europe and Japan with continued weakness

Laundry & Home Care

Key figures 2013



- OSG driven by 0.9% in price and 4.8% in volume
- Excellent EBIT margin increase driven by innovation and efficiency gains

Beauty Care

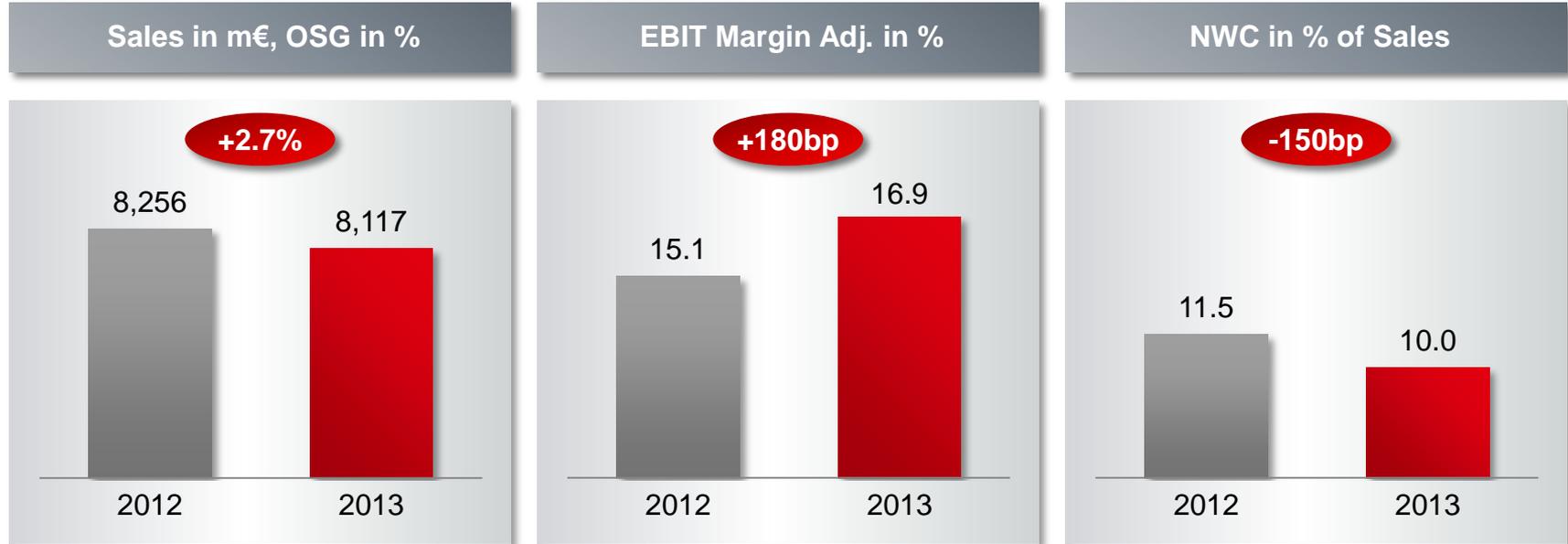
Key figures 2013



- OSG driven by 0.5% in price and 2.5% in volume
- Strong EBIT margin increase driven by innovation and efficiency gains

Adhesive Technologies

Key figures 2013



- OSG driven by 0.8% in price and 1.9% in volume
- Excellent EBIT margin increase driven by portfolio optimization and efficiency gains

Income statement adjusted

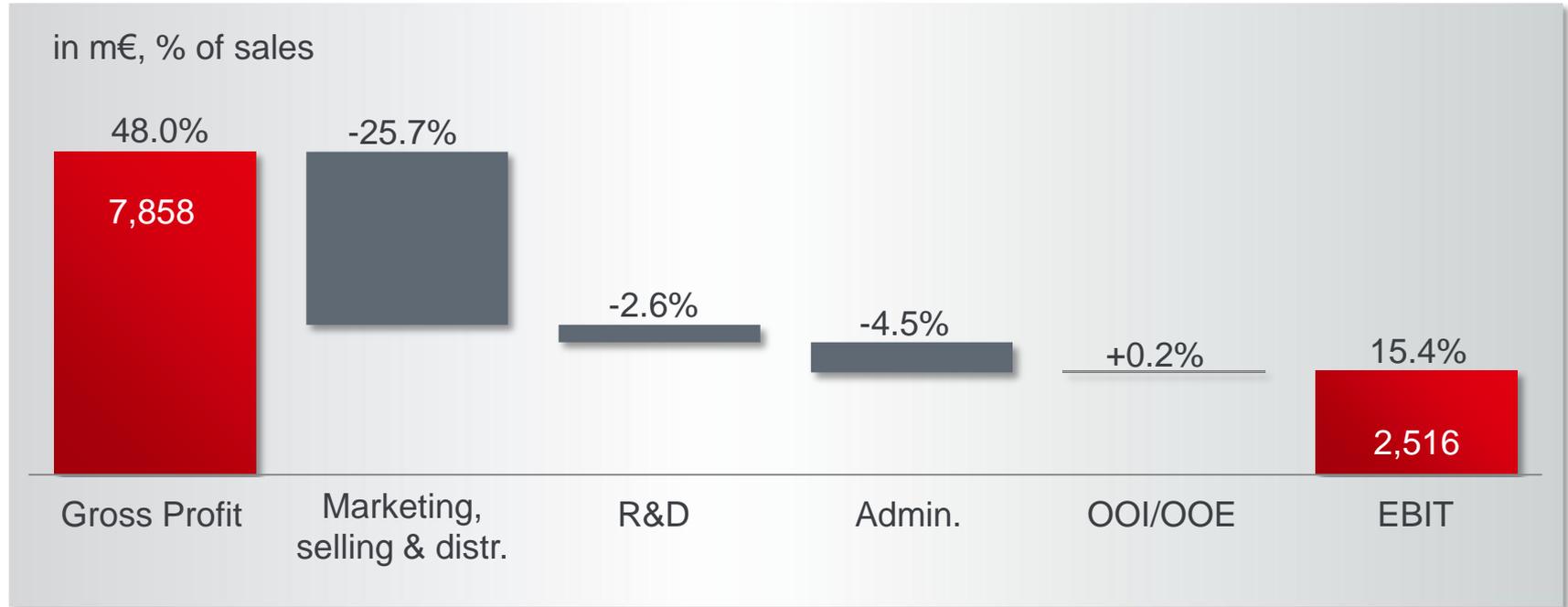
Sales to Gross Profit



- Gross Margin enhanced by cost savings, efficiency gains, portfolio optimization and selective price increases

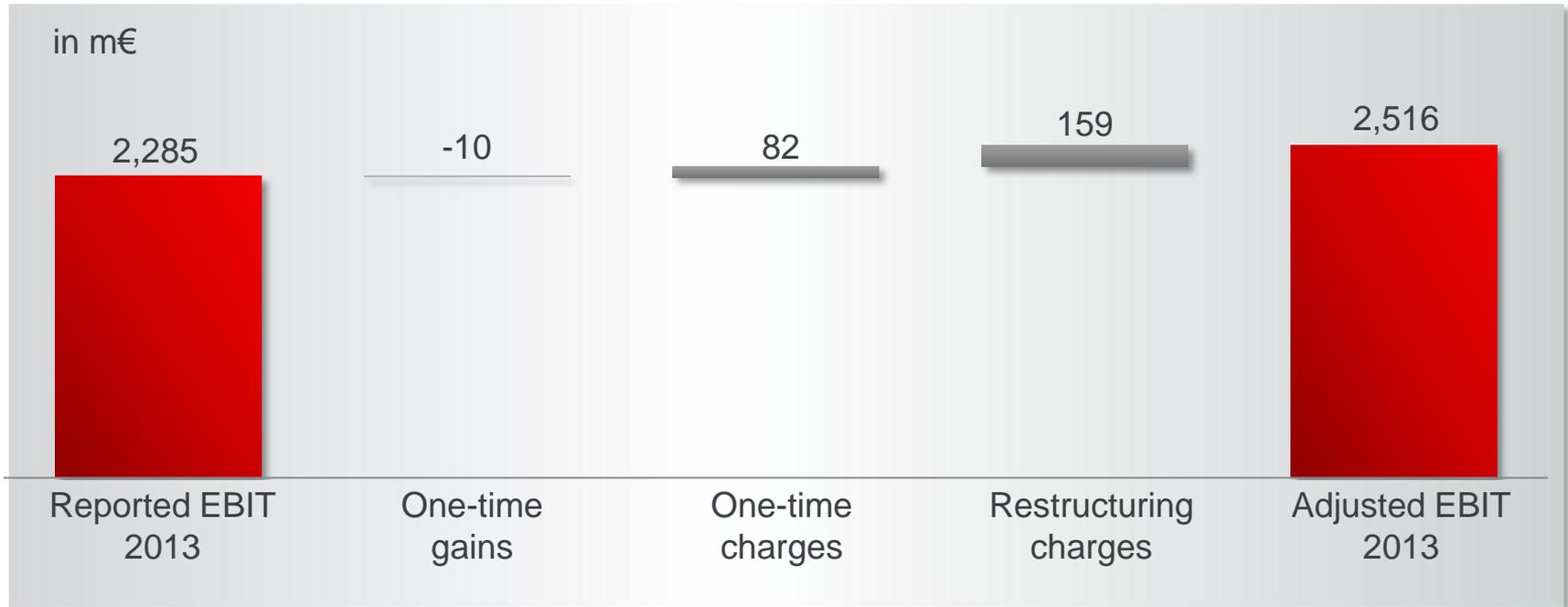
Income statement adjusted

Gross Profit to EBIT



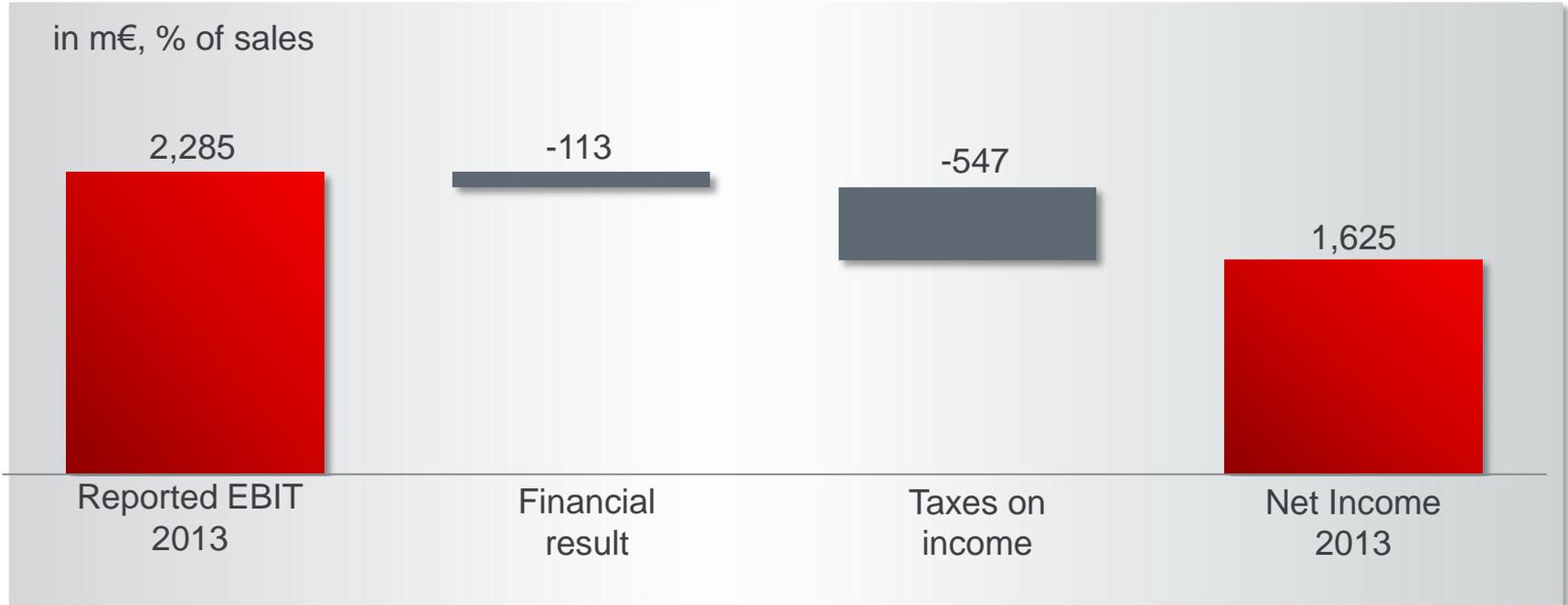
- Marketing, selling & distribution expenses slightly decreased
- Continuous investments in Emerging Markets hubs

Reported to Adjusted EBIT

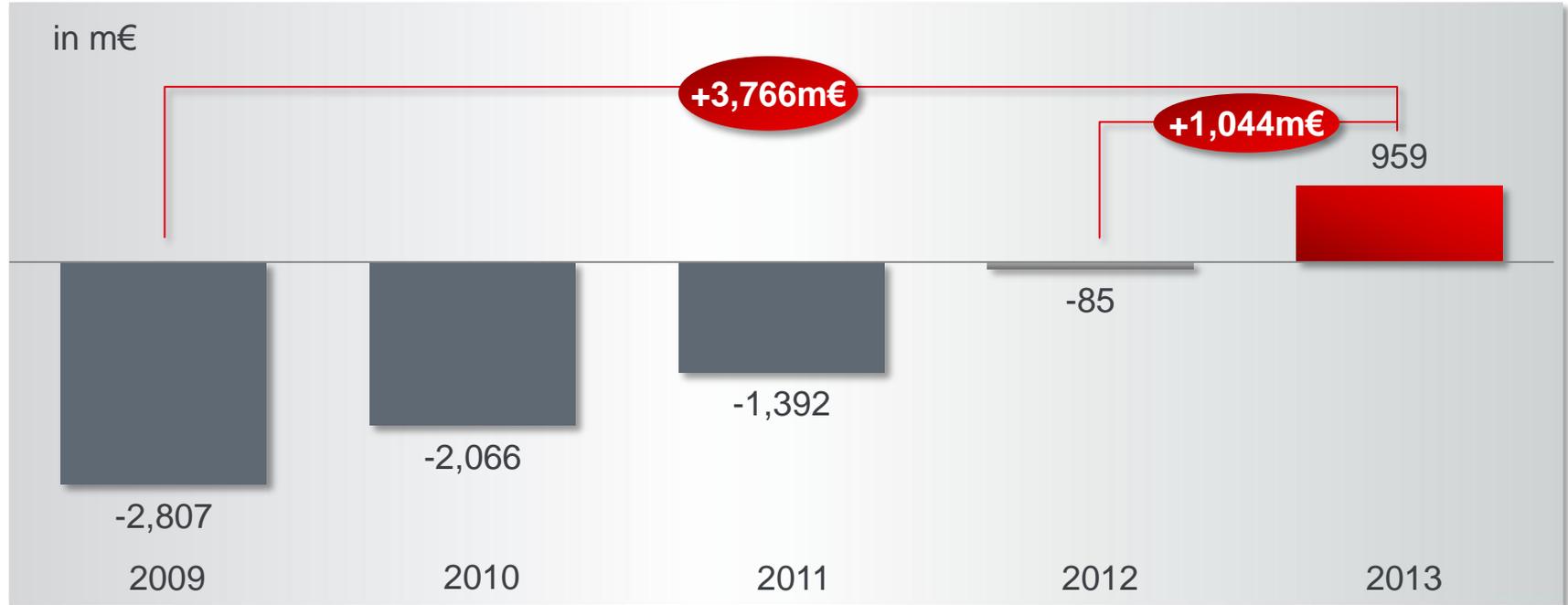


- Continuous adaptation of our structures to the market

Reported EBIT to Net Income



Development of net financial position



Excellence in value creation

Organic Performance



- CAPEX on PPE 404 m€
- Building a scalable business model

Acquisitions



Cash-Return Options



Building a scalable business model

IBS - combining Shared Services & IT



> Two more Shared Service centers planned until 2016

Building a scalable business model

IT Horizon – successful implementation in APAC

Horizon: all businesses & countries on one IT platform

- System consolidation: from 21 to 1 system
- Number of processes: reduction by >50%
- Standardization: 4,500 users on Horizon
- Progress: 95% completed by 2013



 Leverage Horizon platform for further roll-out worldwide

Building a scalable business model

Integrated global supply chain

- Integrated global supply chain including purchasing
- Process standardization across business units
- One IT platform (Horizon) leveraging Shared Services
- Improving customer service level



> Increased competitiveness with higher service level & efficiency

Excellence in value creation

Organic Performance



- CAPEX on PPE 404 m€
- Building a scalable business model

Acquisitions



- Disciplined & focused approach
- Portfolio optimization

Cash-Return Options



Excellence in value creation

Organic Performance



- CAPEX on PPE 404 m€
- Building a scalable business model

Acquisitions



- Disciplined & focused approach
- Portfolio optimization

Cash-Return Options

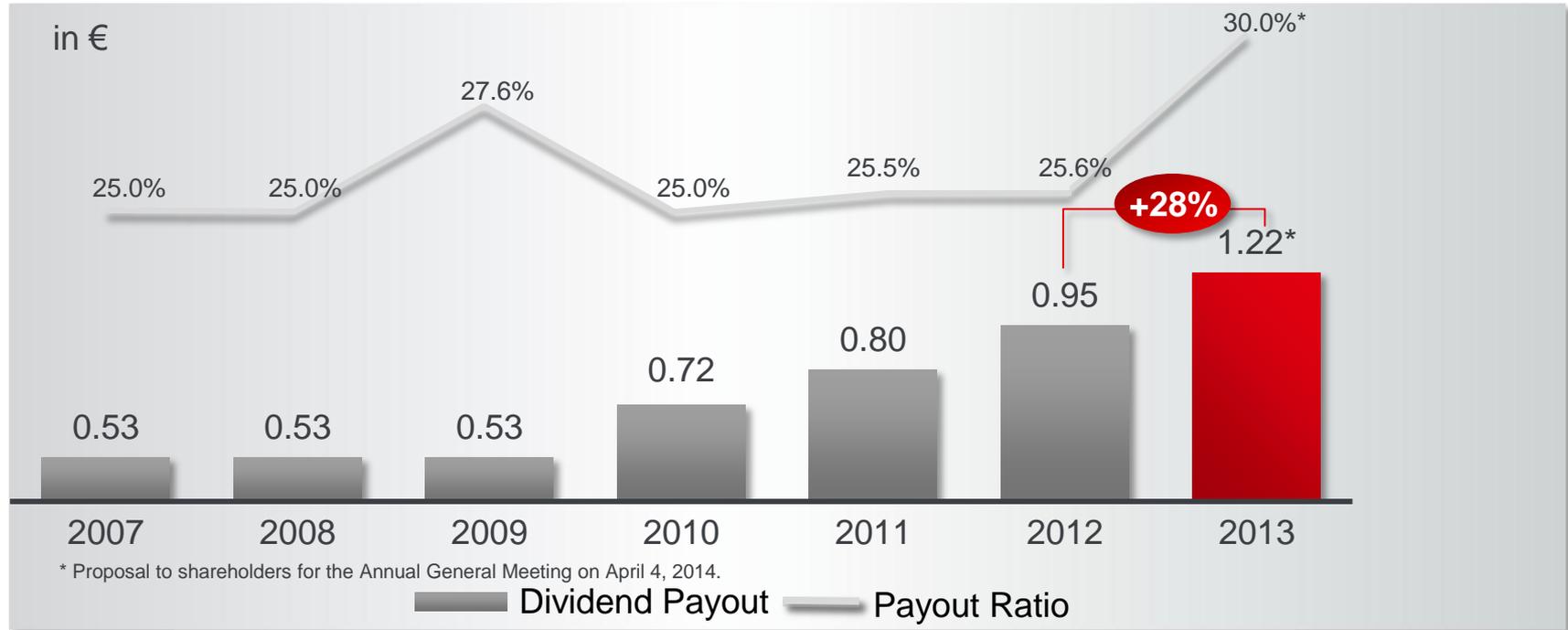


- Dividend payout ratio: 30%* for 2013
- New policy: 25%-35%

* Proposal to shareholders for the Annual General Meeting on April 4, 2014.

Dividend development & payout ratio

2007-2013



> New policy: 25%-35% dividend payout ratio in the future

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Summary 2013

- All financial targets achieved in 2013
- Solid organic sales growth
- Emerging Markets increased to 44% of sales
- Net debt changed to net cash position
- Increase in dividend payout ratio



Successful first step in 2016 strategy execution

Outlook 2014

- Pick-up in GDP growth
- Persisting FX headwind, particularly in the first half 2014
- Sustainable savings from ongoing efficiency measures
- Strong innovation pipeline
- Focused and balanced investment in growth initiatives

Guidance FY 2014

	Guidance FY 2014
Organic Sales Growth <ul style="list-style-type: none">- Laundry & Home Care- Beauty Care- Adhesive Technologies	3 - 5% All Business Units 3 - 5%
Emerging Markets sales share	Slight increase
Adjusted EBIT Margin <ul style="list-style-type: none">- Laundry & Home Care- Beauty Care- Adhesive Technologies	~15.5% All Business Units contributing
Adjusted EPS Growth	High single-digit

 We will continue to adapt our structures to the market

Upcoming events

- April 4th, 2014
Annual General Meeting
- May 7th, 2014
Q1 2014 Financials
- June 4th, 2014
Investor & Analyst Day Beauty Care, Düsseldorf
- August 12th, 2014
Q2 2014 Financials
- November 11th, 2014
Q3 2014 Financials



Thank You!

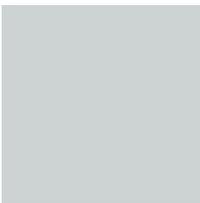


Guidance FY 2014 for selected KPIs

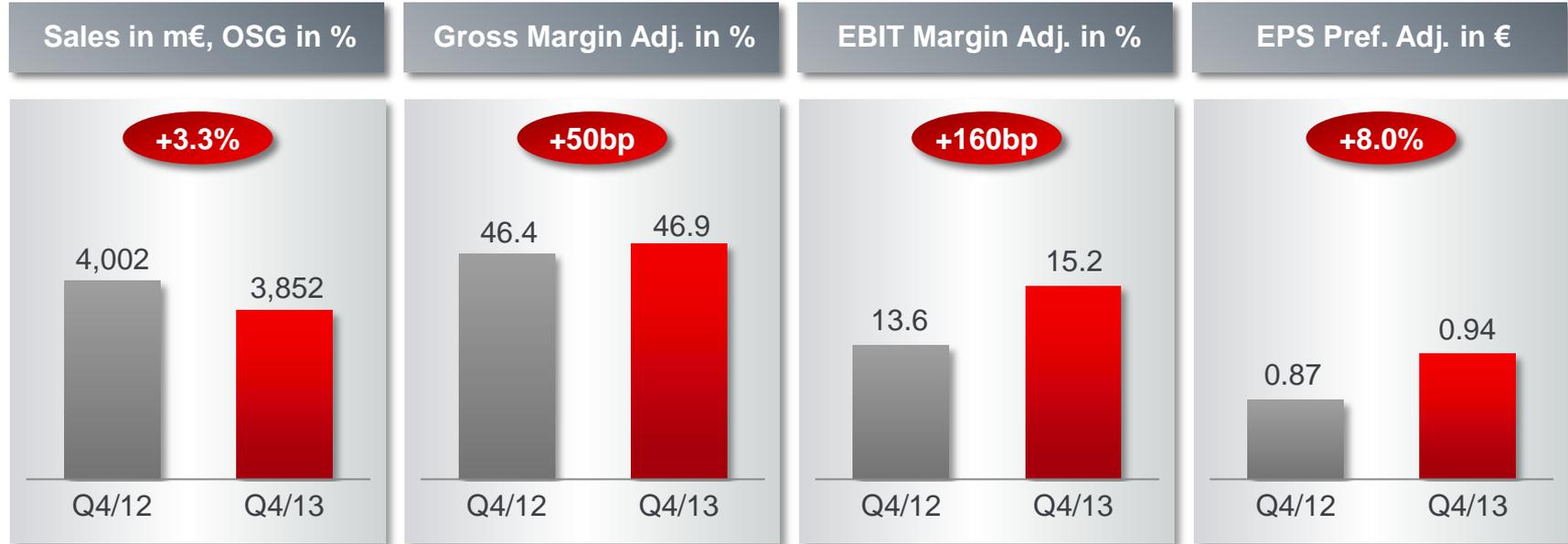
	Guidance FY 2014
Price increase total direct materials	Moderate price increase
Restructuring charges	At prior-year level
CAPEX	~500-550 m€



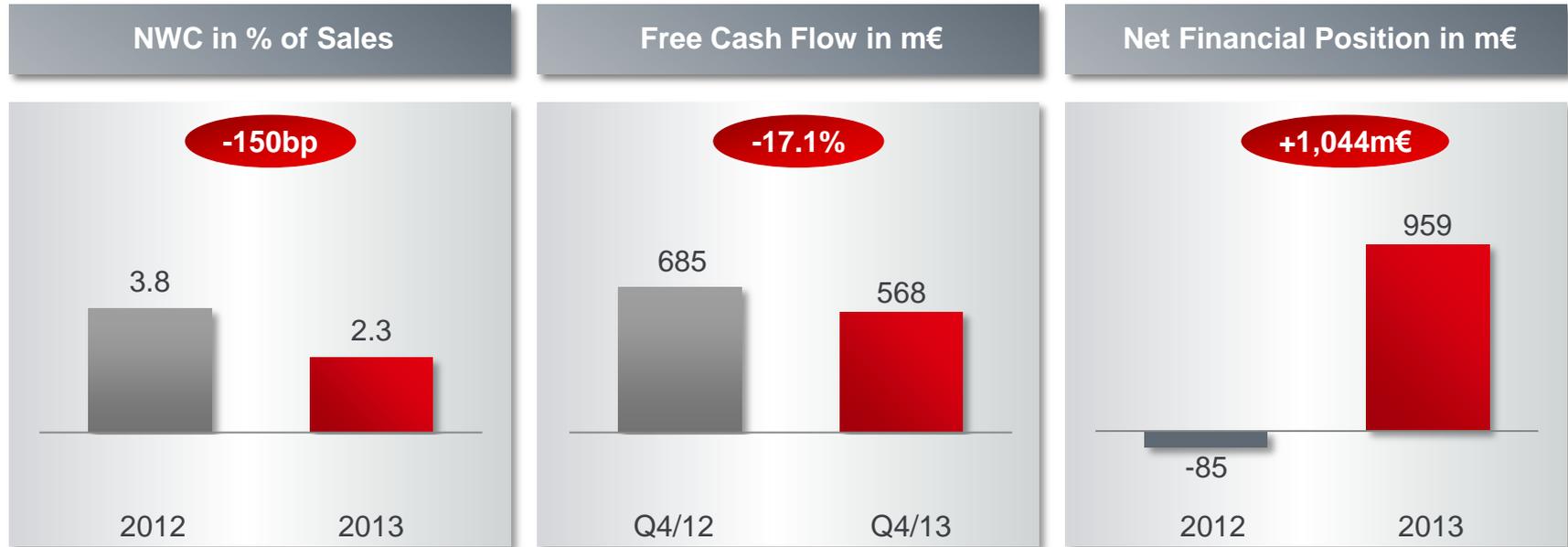
Additional Information on Financials Q4/2012



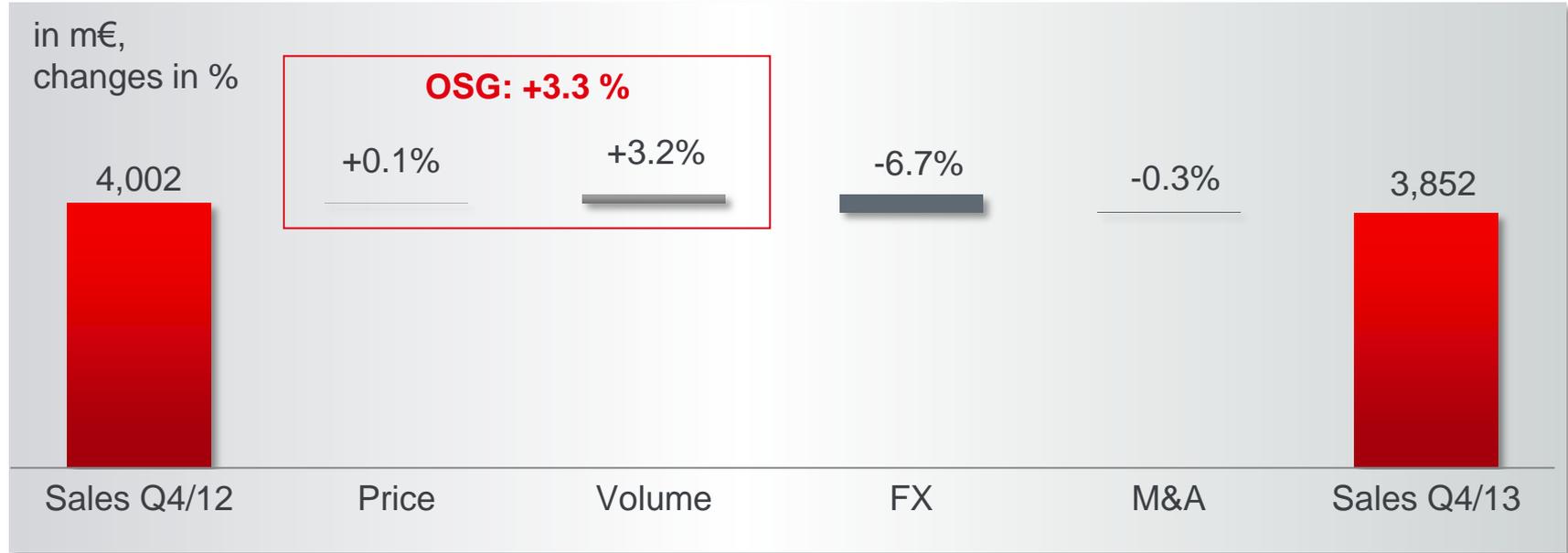
Key financials Q4 2013 (1/2)



Key financials FY/Q4 2013 (2/2)

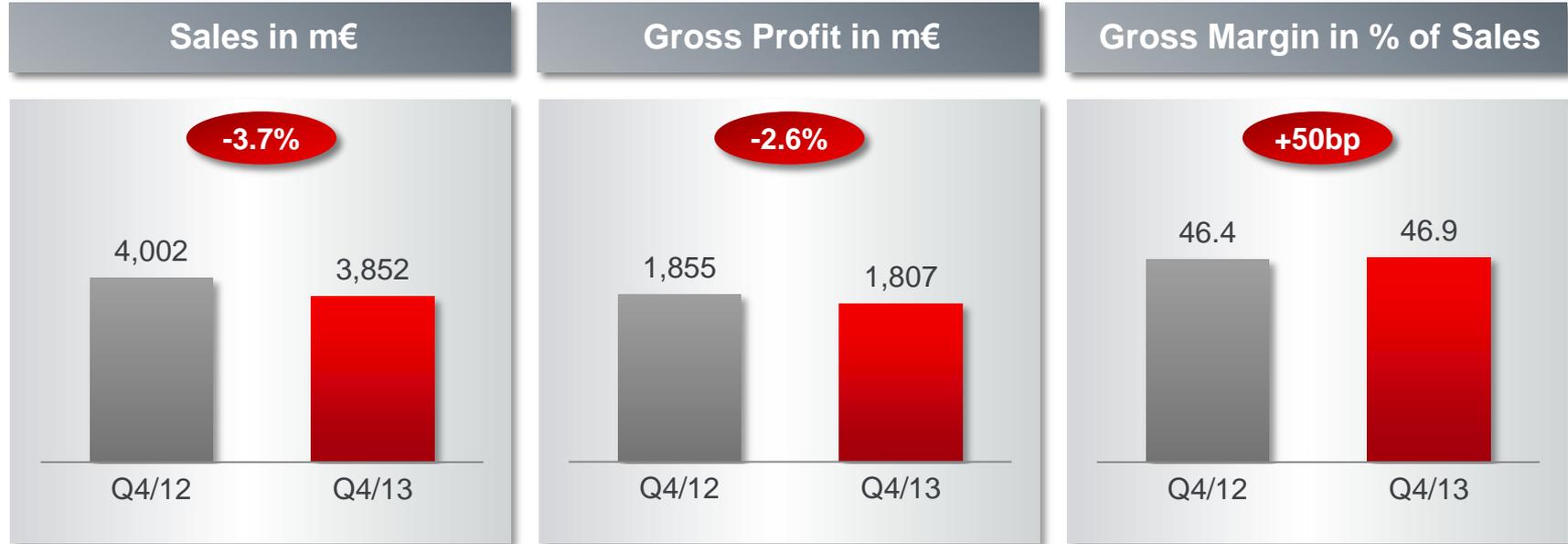


Sales growth

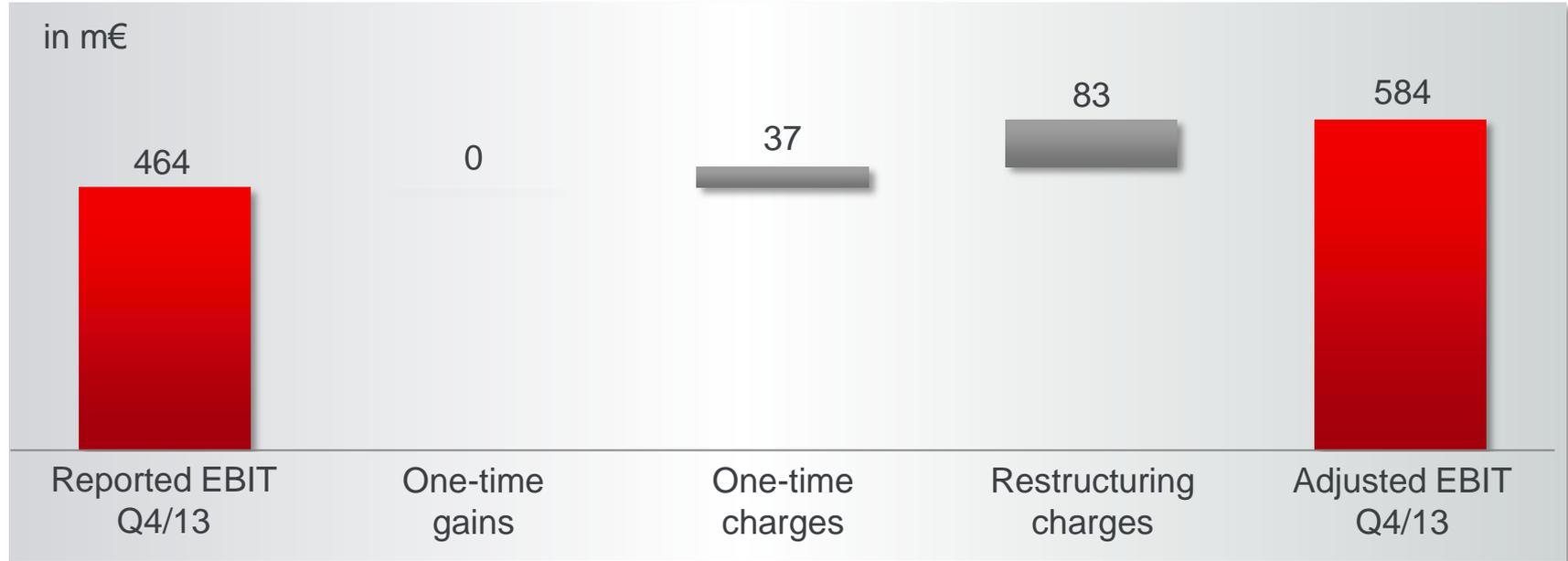


Income statement adjusted

Sales to gross profit



Reported to Adjusted EBIT



Laundry & Home Care

Key figures FY/Q4 2013



Beauty Care

Key figures FY/Q4 2013



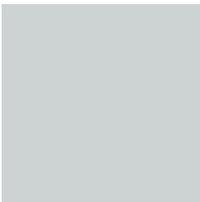
Adhesive Technologies

Key figures FY/Q4 2013





Accounting Notes



Reporting changes

As of Q1 2013 onwards

IAS 19 revised:

- Retrospective application of amendments to IAS 19 'Employee benefits'
- New regulation replaces 'expected return on plan assets' (EROPA) with an identical actuarial rate for both, pension obligations and plan assets

Net working capital definition:

- Adaptation of net working capital definition
- Enhanced transparency on customer and supplier figures
- Definition now also including other customer and supplier related payables and receivables
- Previous year figures calculated on a comparable basis

