

Henkel Q2 2016

Hans Van Bylen, CEO
Carsten Knobel, CFO

Düsseldorf, August 11, 2016



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Agenda

1. Key developments Q2 2016

2. Financials Q2 2016

3. Summary & outlook FY 2016

Q2 2016 – Strong performance in a challenging environment

OSG

+3.2%

Adj. EBIT margin

17.6%

Adj. EPS growth

+8.5%

OSG in EM

+6.1%

NWC in % of sales

5.3%

Net financial pos.

€ -118 m

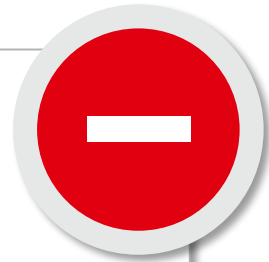
Strong profitable growth

- Strong performance driven by all business units
- Solid organic sales growth, volume-driven
- Strong organic sales growth in Emerging Markets, positive in Mature
- Excellent improvement in adjusted EBIT margin
- High single-digit adjusted EPS growth
- Step-change acquisition of Sun Products Corporation in North America



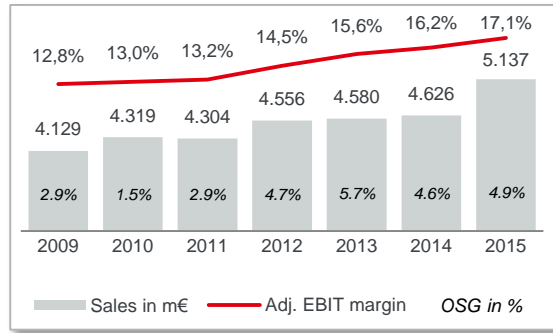
Increasingly challenging environment

- Geo-political instability and macro-economic volatility in some countries
- Global GDP growth on a moderate level with slowing growth dynamics
- Intensified FX headwinds in key currencies
- Persisting macroeconomic headwind still impacting Adhesive Technologies demand in China



Laundry & Home Care

Fostering profitable growth



Sales

- Strong OSG
- Laundry Care strong, Home Care solid
- MM solid
- EM very strong

Return

- Adj. EBIT margin with excellent increase
- ROCE above level of previous year

Laundry & Home Care

Highlights Q2 2016



Mexico

Double-digit growth driven by liquid detergents

Innovation offense with local and international brands

Somat Phosphate-free

100% performance in automatic dishwashing – 0% phosphates

Excellent brand growth – launch in 30 countries



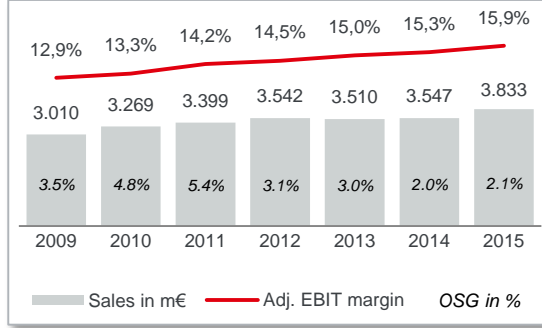
Persil

Innovation offensive in WE, CEE and MEA

Strong growth in NA with further distribution

Beauty Care

Fostering profitable growth



Sales

- Solid OSG
- Retail solid, Hair Salon positive
- MM slightly negative
- EM very strong

Return

- Adj. EBIT margin with very strong increase
- ROCE on level of previous year

Beauty Care

Highlights Q2 2016



Growth Momentum NA

Successful expansion of Schwarzkopf in hair retail

Body business growing share with Dial Soothing Care innovation



Schwarzkopf Offensive

Further enhancing leading position of 2 bn € mega brand

Strong innovations across all categories



Hair Salon

No. 3 position worldwide, continuing its growth momentum

Growth driven by innovations under Schwarzkopf and successfully integrated US brands

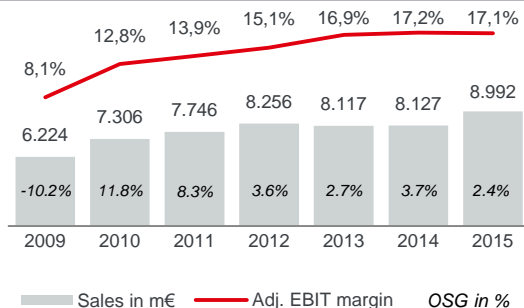
Adhesive Technologies

Fostering profitable growth

LOCTITE

TECHNOMELT

TEROSON



Sales

- Solid OSG
- Transport & Metal strong, Electronics negative, all other business areas growing
- MM positive
- EM solid

Return

- Adj. EBIT margin with excellent increase
- ROCE above level of previous year

Adhesive Technologies

Highlights Q2 2016

BONDERITE



Packaging & Consumer Goods

Strong growth in emerging markets through innovations in furniture, structural building components and flexible packaging



CM 11 PLUS

Surface Treatment

Double-digit growth driven by innovations in light metal pre-treatment for the automotive industry

TECHNOMELT



Construction Industry

Strong organic growth in Eastern Europe supported by successful product launch

Acquisition of Sun Products Corporation

Step-change in Laundry & Home Care North America

- Henkel to become the No. 2 in the US, largest laundry care market in the world
- Attractive portfolio complements Henkel's core category laundry care
- Well-established & successful brands with leading positions
- Offensive and defensive synergy potential



Acquisition of Sun Products Corporation

Leading positions in North America laundry care

Attractive Market



- Focus on the US (96%), presence in Canada
- US: world's largest laundry care market, profitable and growing

Leading Positions

No. 3 Laundry Detergents
No. 2 Fabric Conditioner

- Leading in attractive core categories
- Strong brand awareness based on unique positioning

Strong Brands



- Focus on laundry care (90% of sales), presence in home care
- Branded business (65%) and retailer brands (35%)

Bolt-on acquisitions Q2 2016

Laundry care, Iran



Laundry care, Nigeria



Tile adhesives, Colombia



Agenda

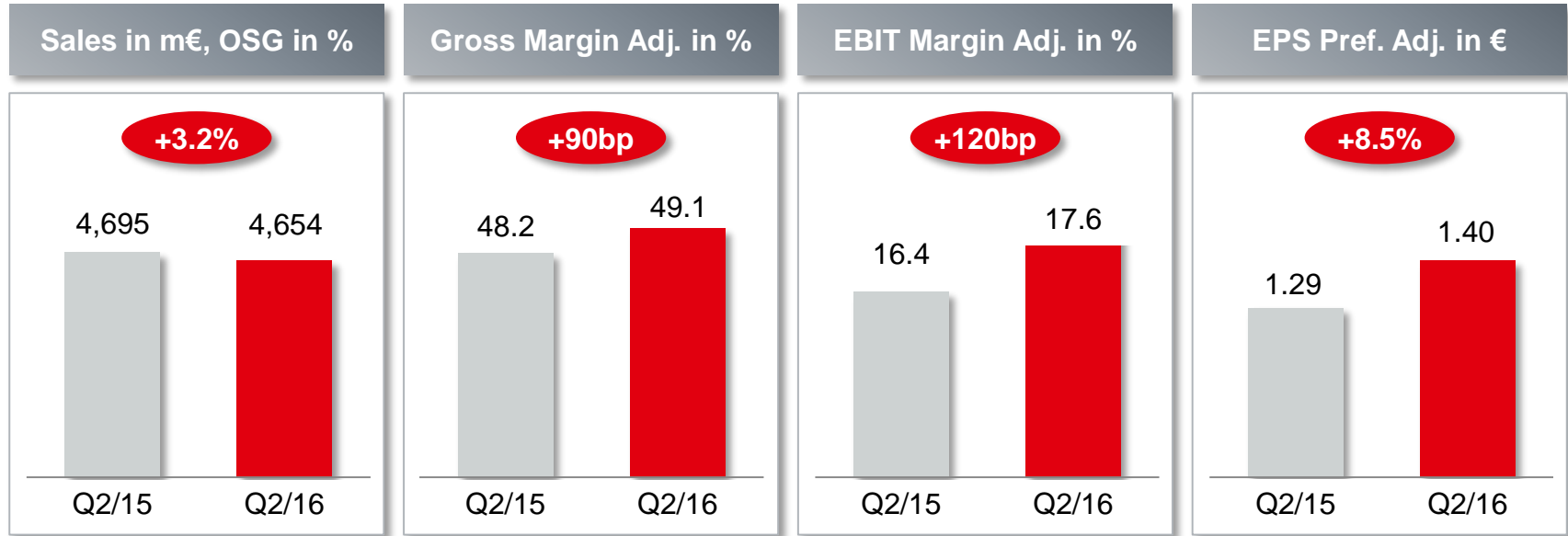
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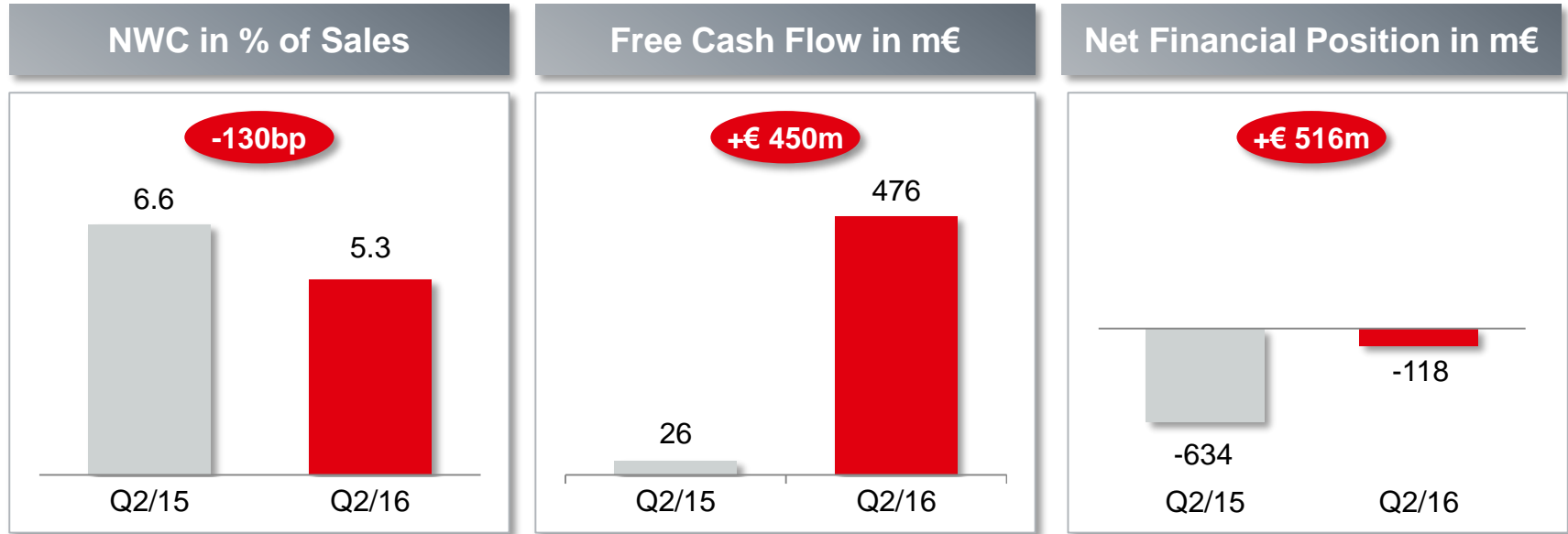
High quality of earnings

Key financials – Q2 2016

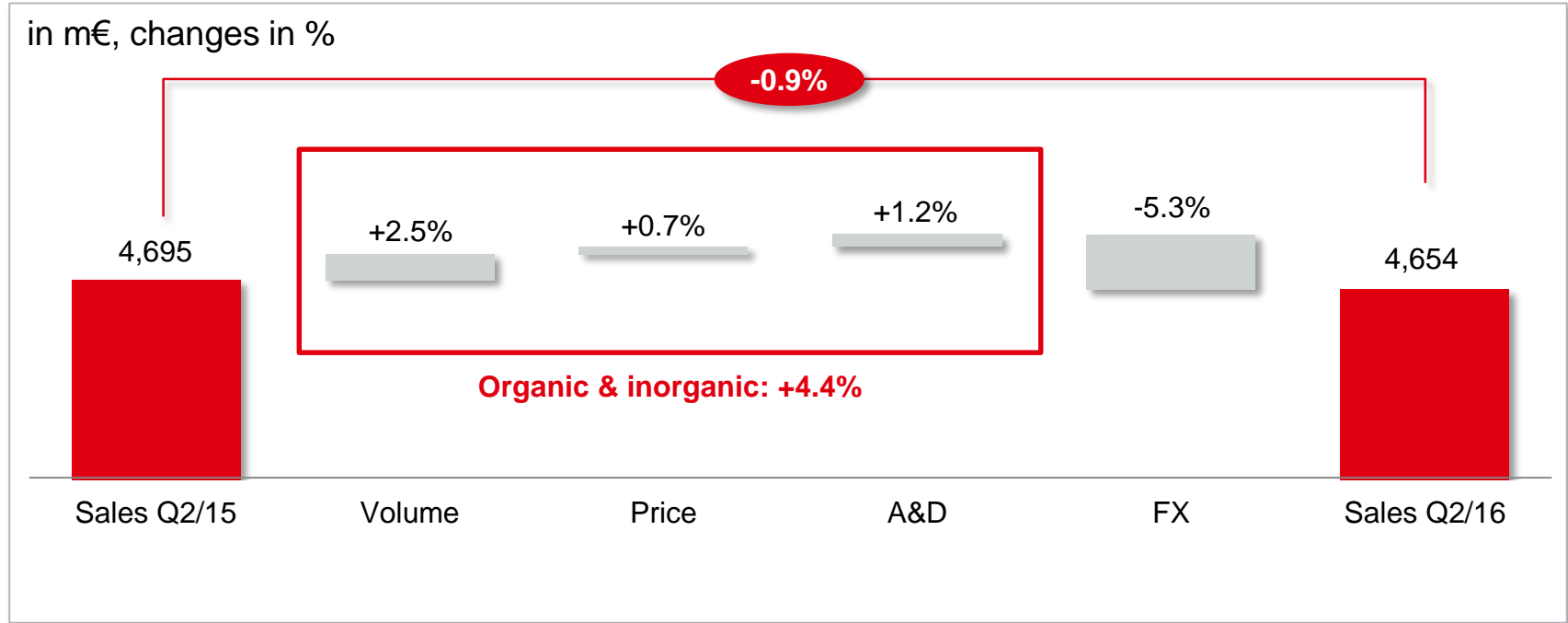


Disciplined NWC management and strong cash generation

Key financials – Q2 2016

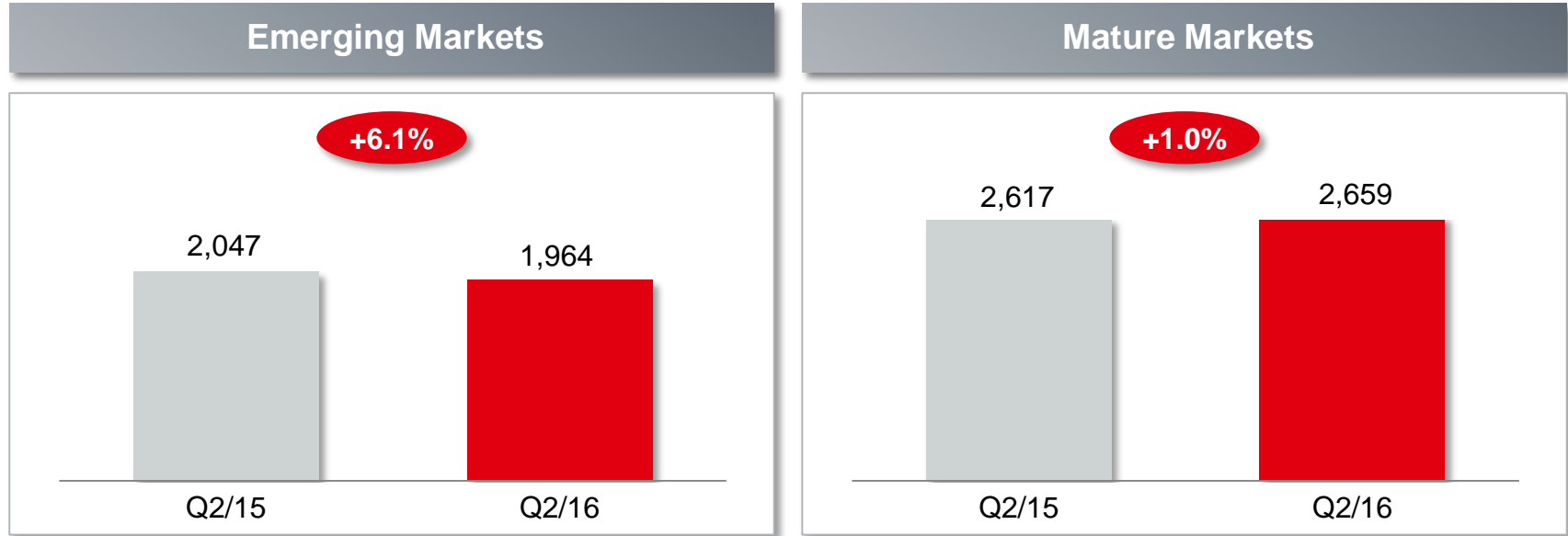


Solid organic & inorganic sales growth, increased FX headwind



Strong organic sales growth in EM, positive in MM

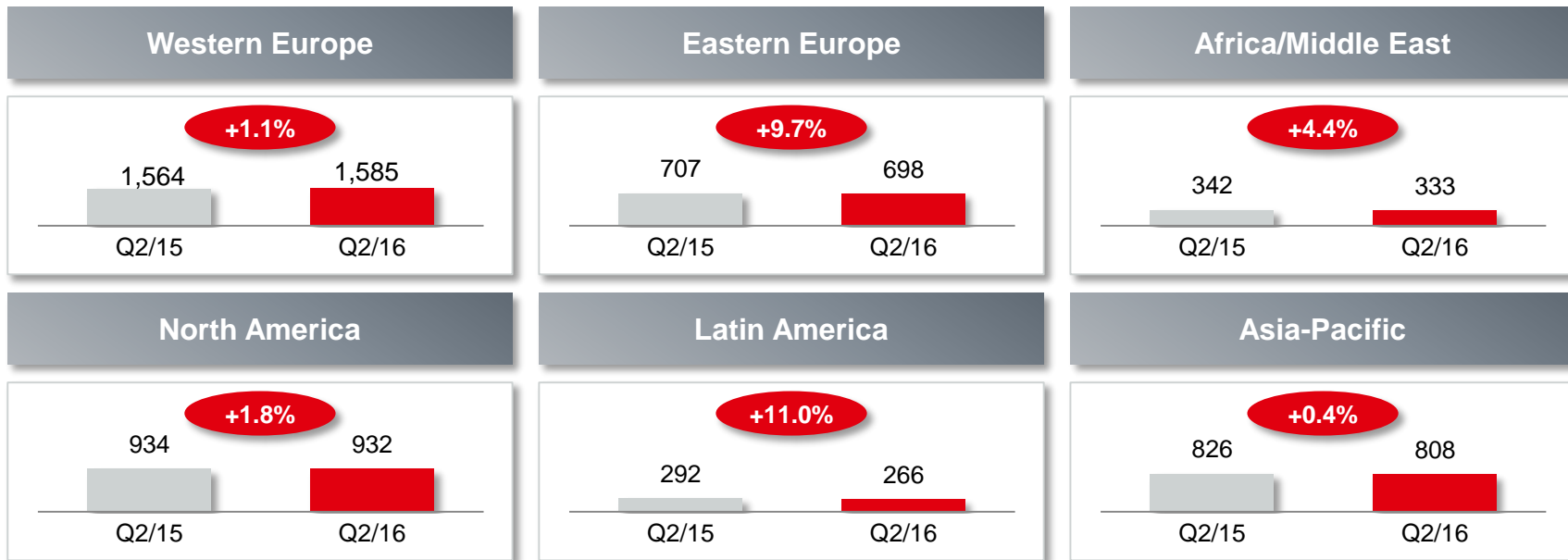
in m€, OSG in %



- Emerging Markets sales share at 42%, impacted by FX headwind

Broad based growth, all regions growing

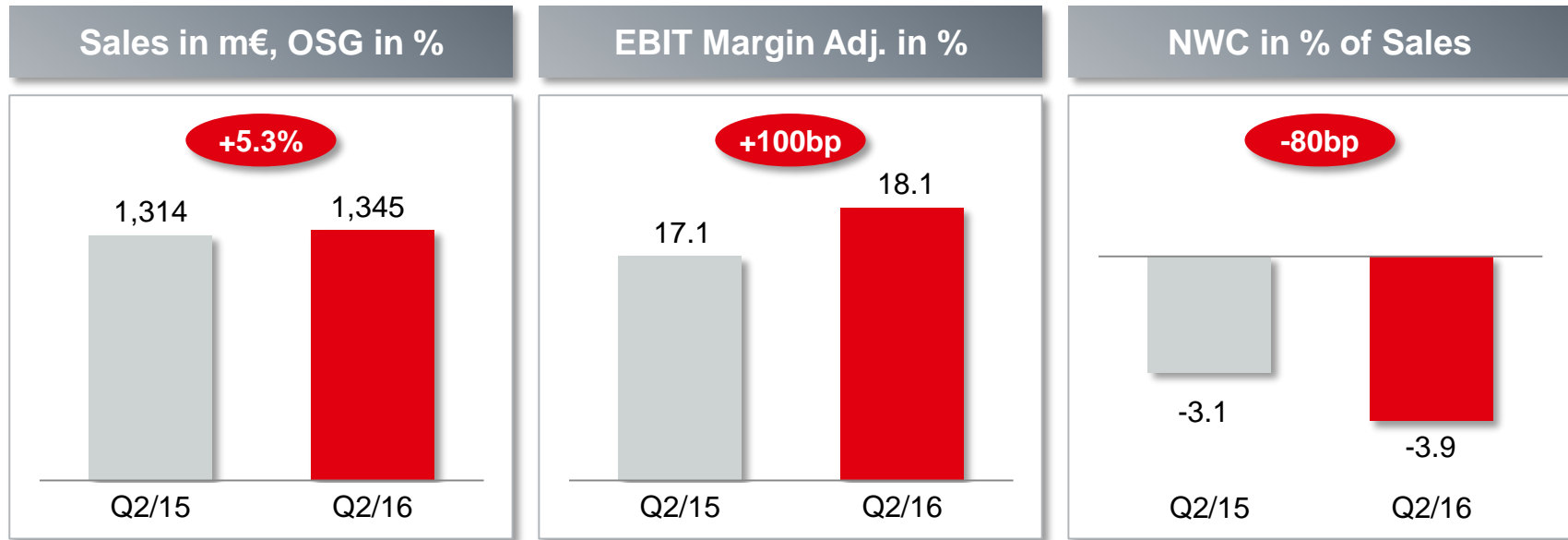
in m€, OSG in %



- Mature Markets: positive, with uneven dynamics
- Emerging Markets: Russia, Mexico and India double-digit, China negative

Laundry & Home Care

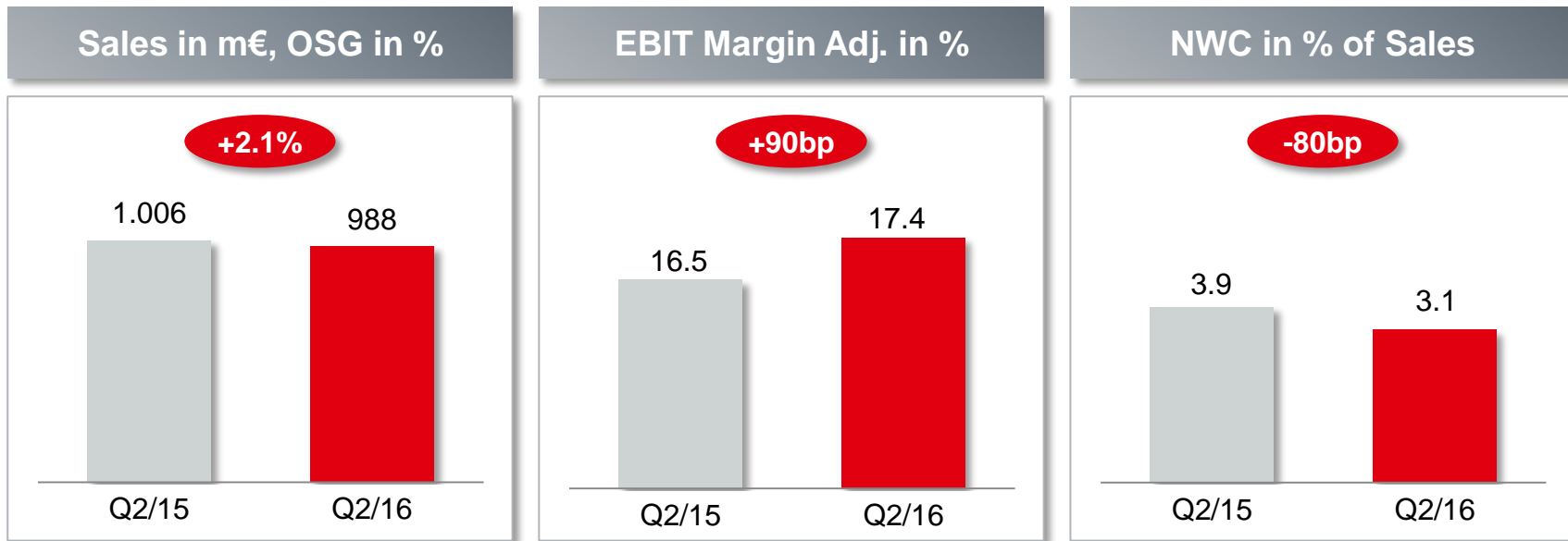
Delivering profitable growth



- OSG driven by 4.3% in volume and 1.0% in price

Beauty Care

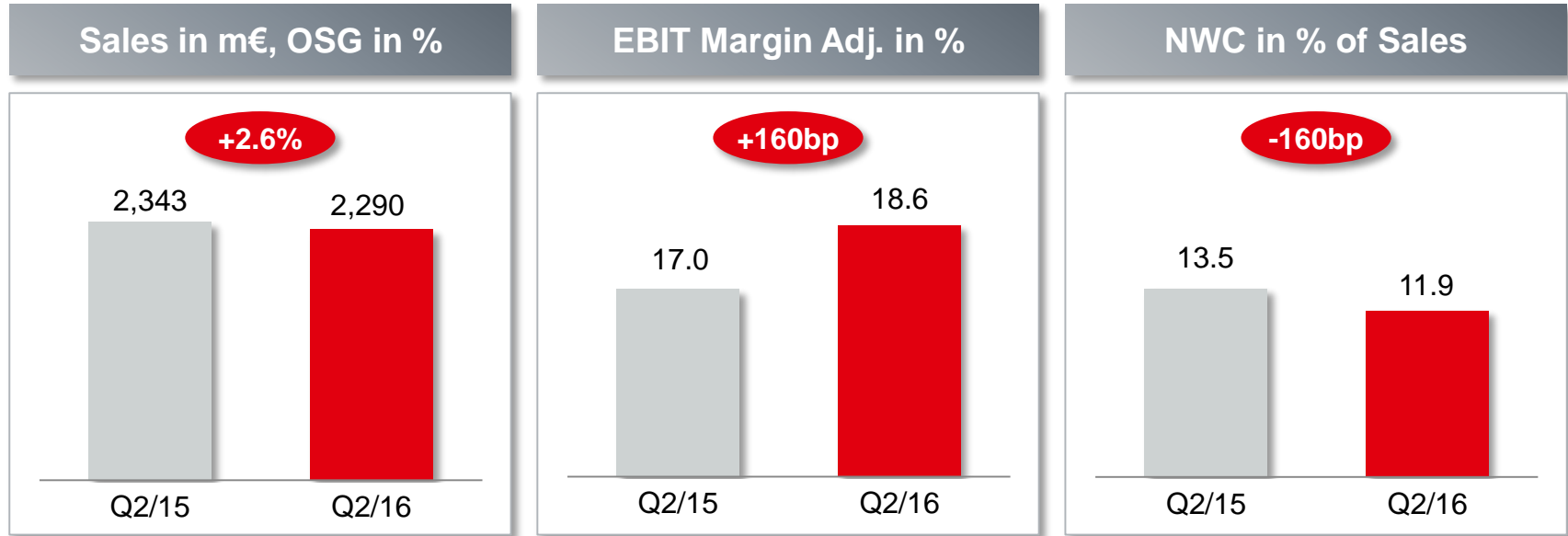
Delivering profitable growth



- OSG driven by 1.3% in volume and 0.8% in price

Adhesive Technologies

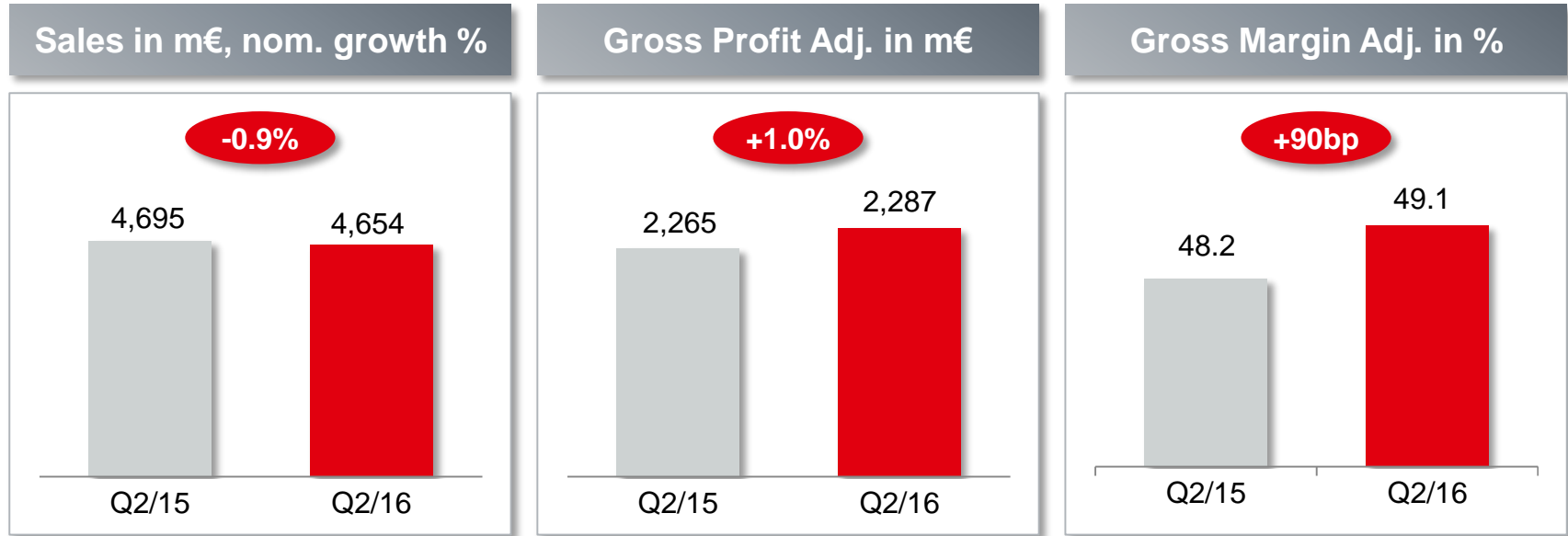
Delivering profitable growth



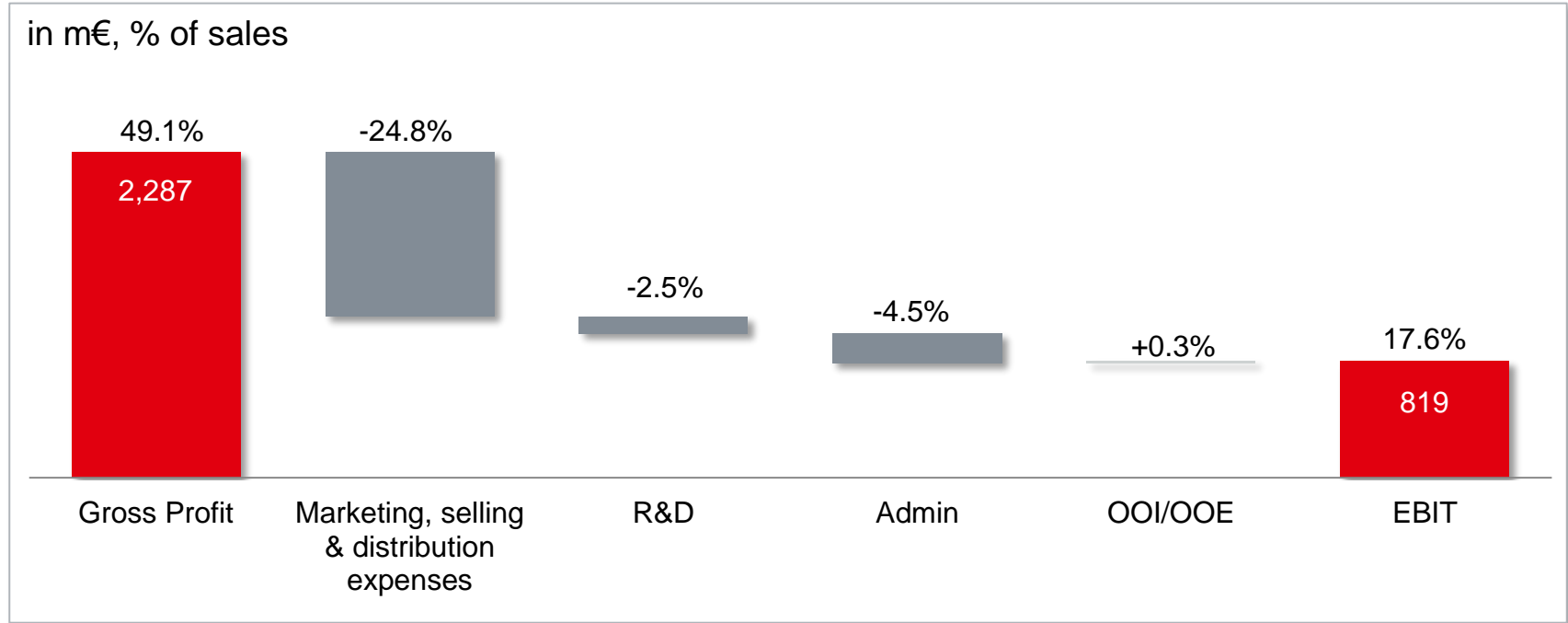
- OSG driven by 2.2% in volume and 0.4% in price

Gross margin with very strong improvement

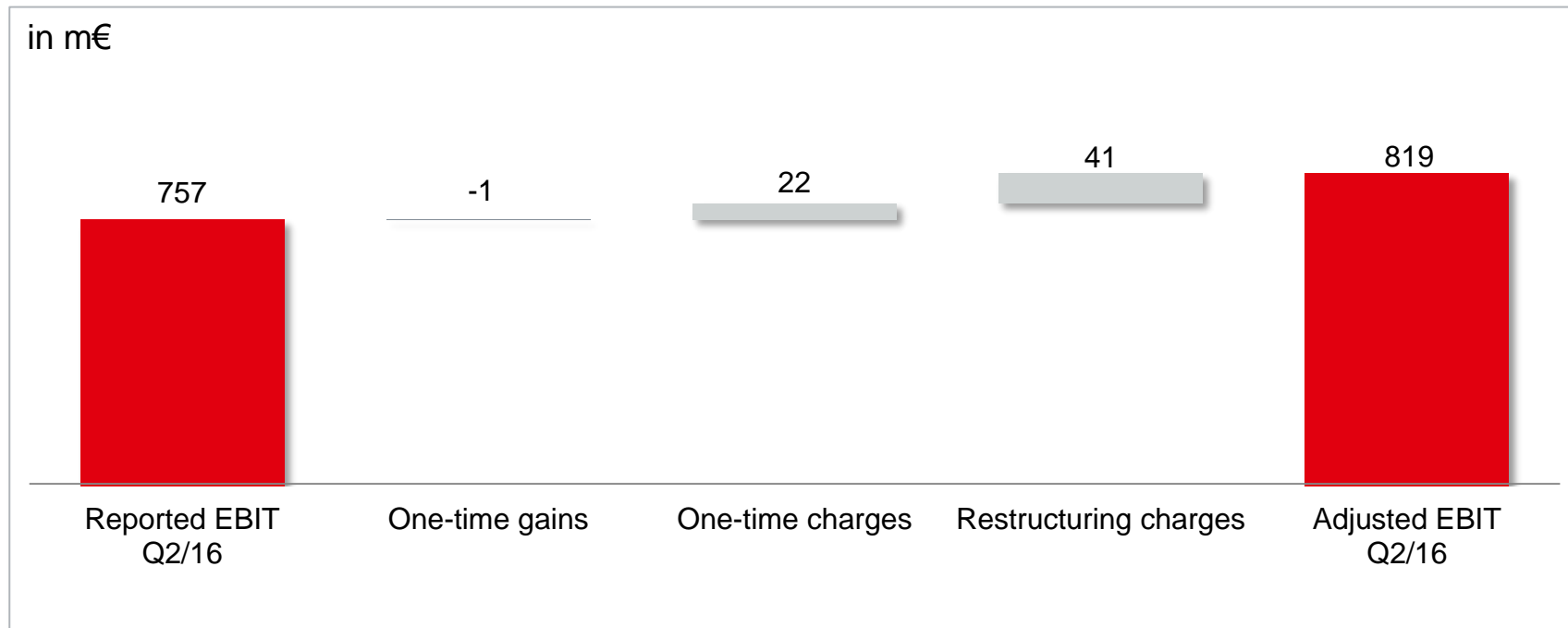
Income statement adjusted



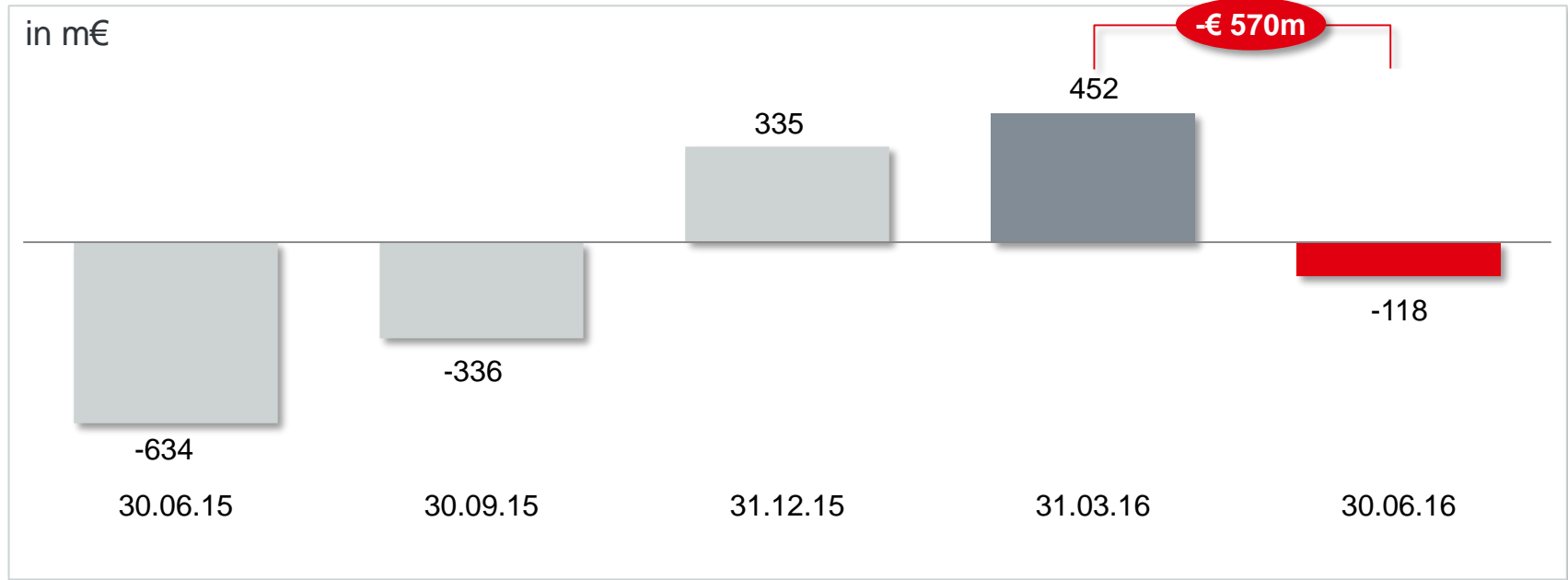
Excellent increase of adj. EBIT margin



Adaptation of our structures to the market



Net financial position affected by higher dividend payout



Acquisition of Sun Products Corporation

Key facts of the transaction

Sales

~1.4 bn €

Transaction value

~3.2 bn €

Scope

100% of capital

Employees

~2,000

Prod. / R&D Sites

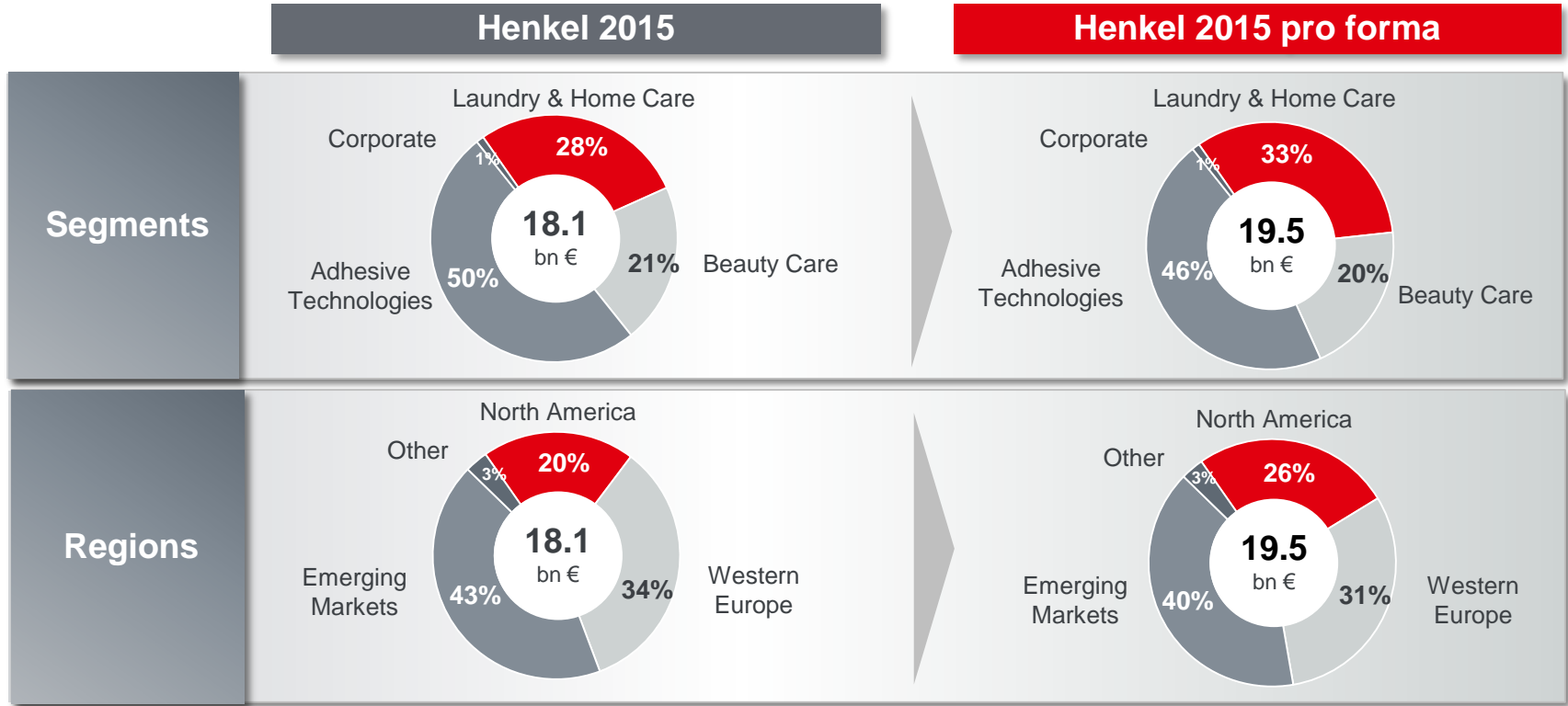
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Financing

Debt

Acquisition of Sun Products Corporation

Increasing the share of Laundry & Home Care and North America



Bolt-on acquisitions Q2 2016

Strengthen leading position in laundry care Iran



Signed

- Acquisition of 100% of Behdad Chemical Company PJSC
- Annual sales: ~ € 70 m
- Enterprise value: ~ € 158 m

Enter into the growing laundry care market in Nigeria



Signed & Closed

- Acquisition of 57.5 % of Expand Global Industries UK Ltd
- Annual sales: ~ € 60 m
- Enterprise value: € 112 m

Enter into the ceramic tile adhesives market in Colombia



Signed & Closed

- Acquisition of 100% of Alfagres S.A., tile adhesives
- Annual sales: ~ € 10 m
- Enterprise value: € 17 m

Agenda

1. Key developments Q2 2016

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Q2 2016 – High quality of earnings driven by excellent team performance

- Strong performance in all dimensions driven by all business units
- Both Emerging & Mature Markets contributing to organic sales growth
- Excellent increase in adjusted EBIT margin
- High single-digit adjusted EPS growth
- Step-change acquisition of Sun Products Corporation in North America, small- and medium-sized bolt-on acquisitions

H1 2016 – Strong performance

Sales

€ 9.1bn

OSG

+3.1%

EM sales share

42%

Adj. EBIT

€ 1.6 bn

Adj. EBIT margin

17.2%

Adj. EPS growth

+8.1%

Increasingly challenging environment in 2016

- Persisting geo-political instability and macro-economic volatility
- Global GDP growth on a moderate level with slowing growth dynamics
- High volatility of some key currencies remain

- Focused and balanced investments to foster organic growth
- Strong innovation pipeline in all business units
- Cost focus and adaptation of our structures to the market

Continued focus on 2016 strategy execution

Guidance FY 2016 – updated

	Guidance FY 2016 – previously	Guidance FY 2016 – updated
Organic Sales Growth	2 - 4% All Business Units within this range	2 - 4% All Business Units within this range
EM Sales Share	Slight increase	Slight decrease
Adjusted EBIT Margin	~16.5% All Business Units on or above PY level	>16.5% All Business Units above PY level
Adjusted EPS Growth	8 - 11%	8 - 11%

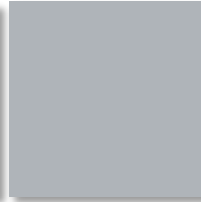
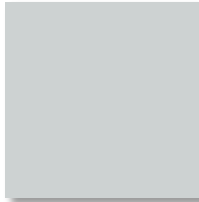
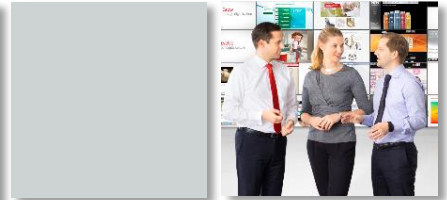
> Committed to achieve 10% adj. EPS CAGR in 2013-2016 strategy cycle

Upcoming events

- **November 8th, 2016**
Q3 2016 Earnings Release
- **November 17th, 2016**
Henkel Strategic Priorities & Targets
- **February 23, 2017**
Full Year 2016 Earnings Release



Thank you

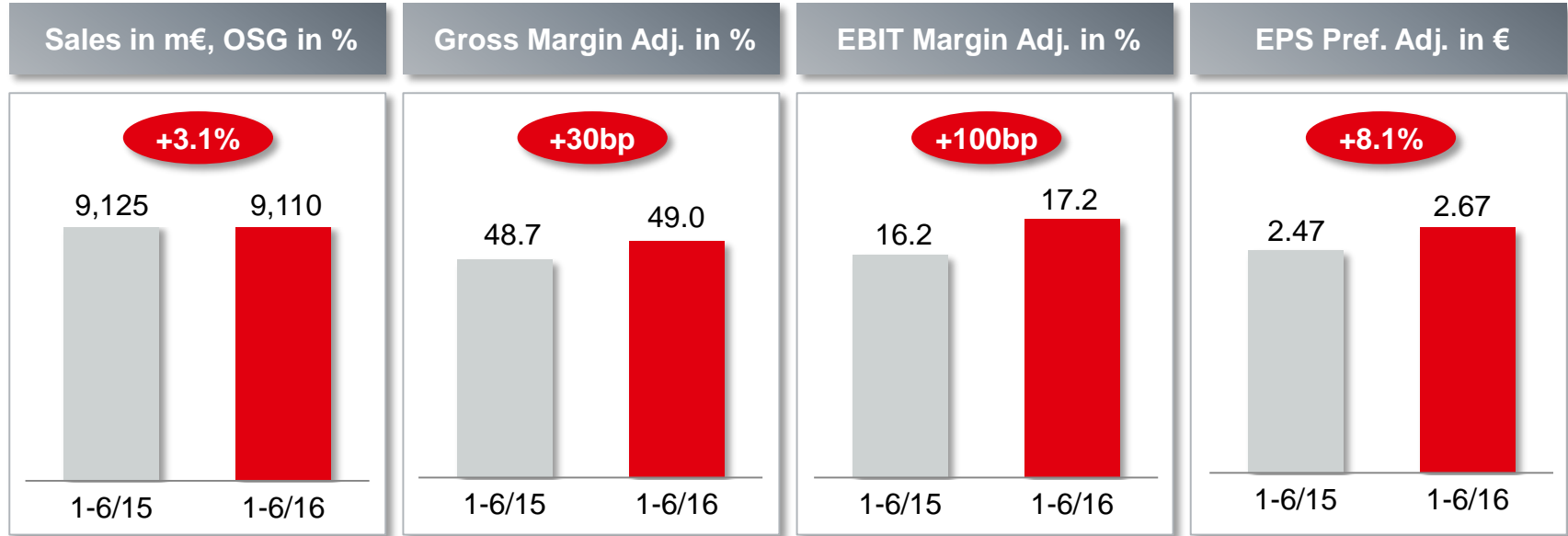


Additional Guidance FY 2016 for selected KPIs - unchanged

	Guidance 2016
Prices for Total Direct Materials	Approx. at the level of the prior year
Restructuring Charges	€ 150 – 200m
CapEx	€ 650 – 700m

Key financials (1/2)

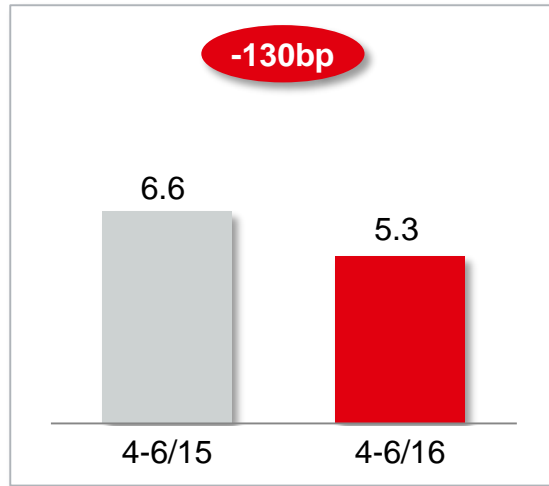
YTD 1-6 2016



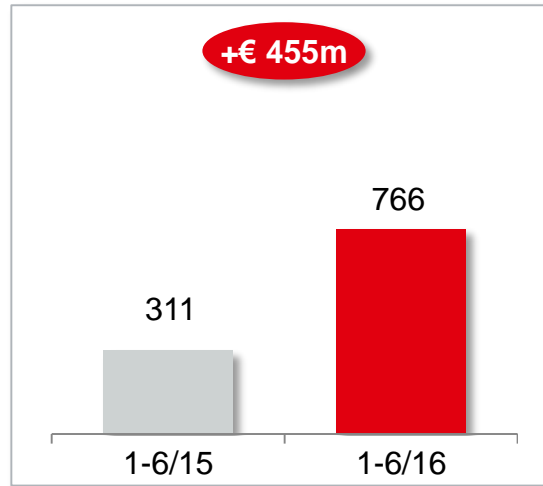
Key financials (2/2)

YTD 1-6 2016

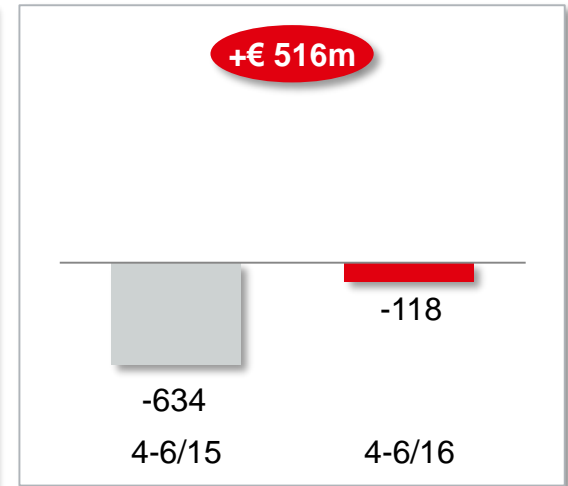
NWC in % of Sales



Free Cash Flow in m€

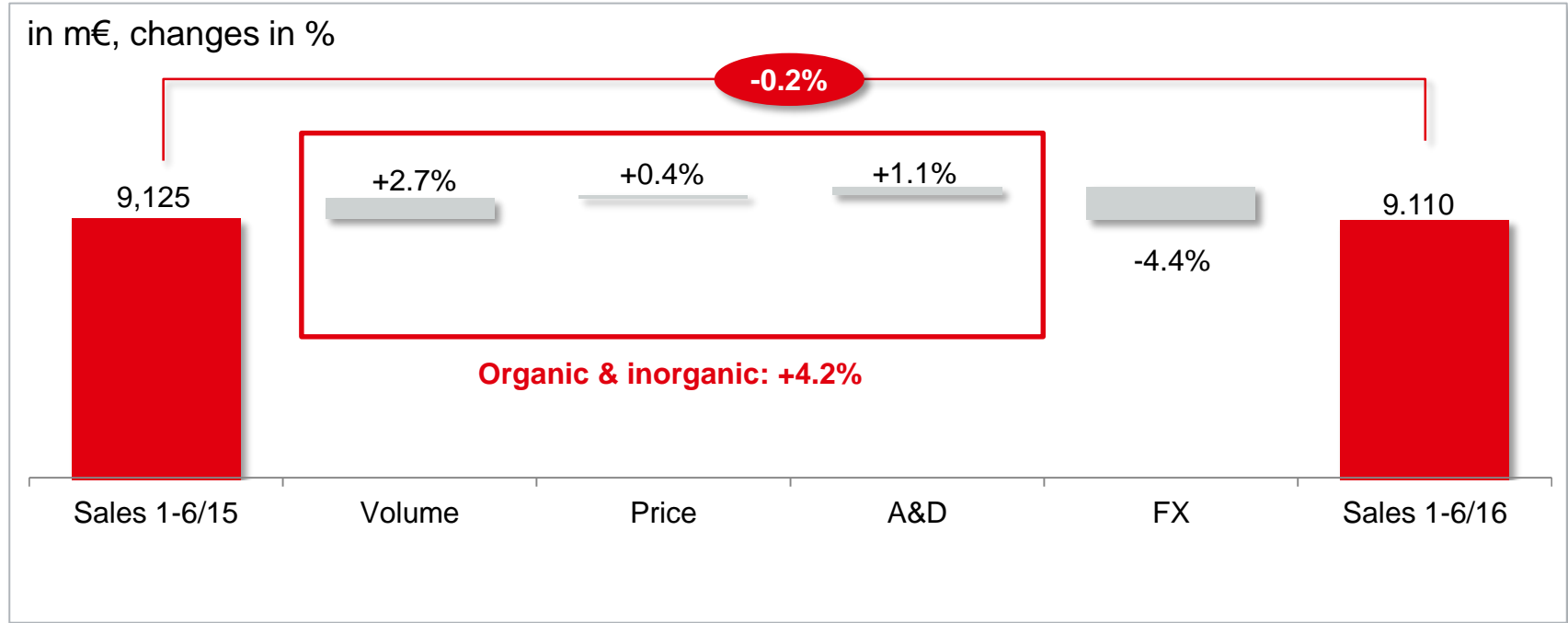


Net Financial Position in m€



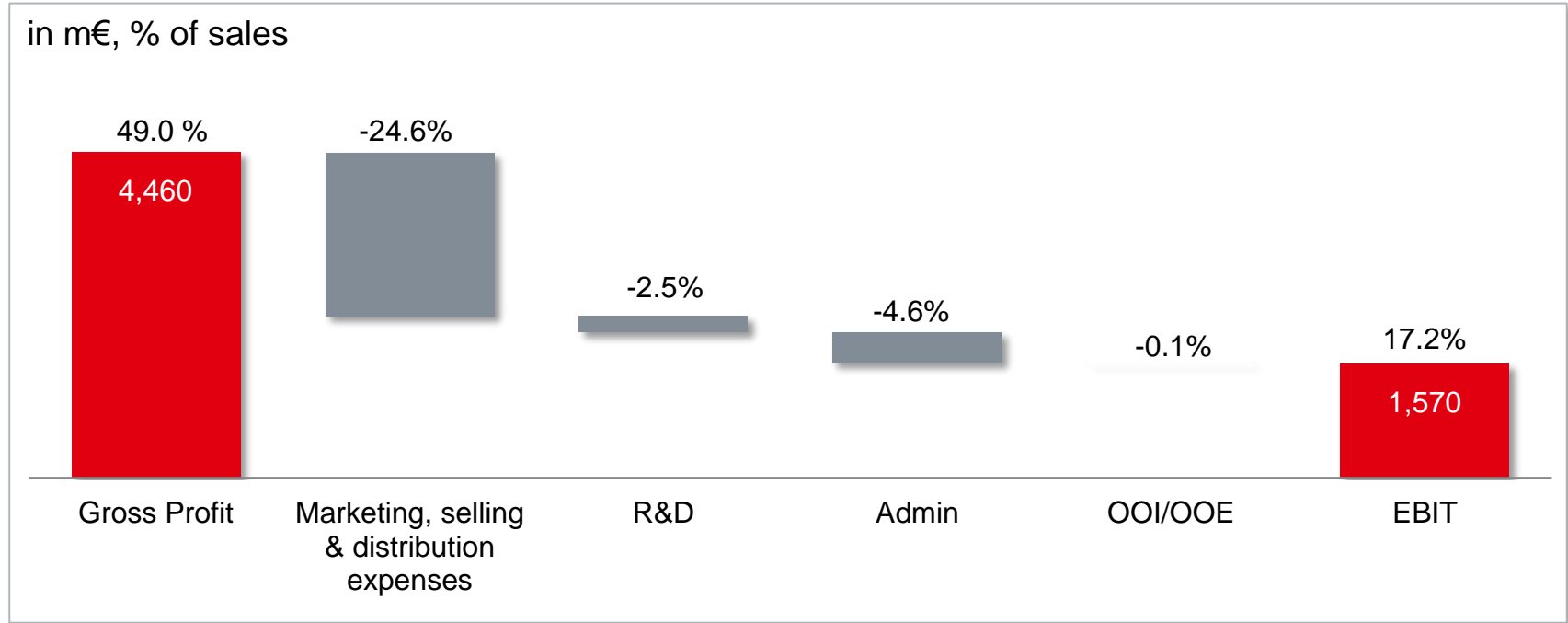
Solid organic & inorganic sales growth

YTD 1-6 2016



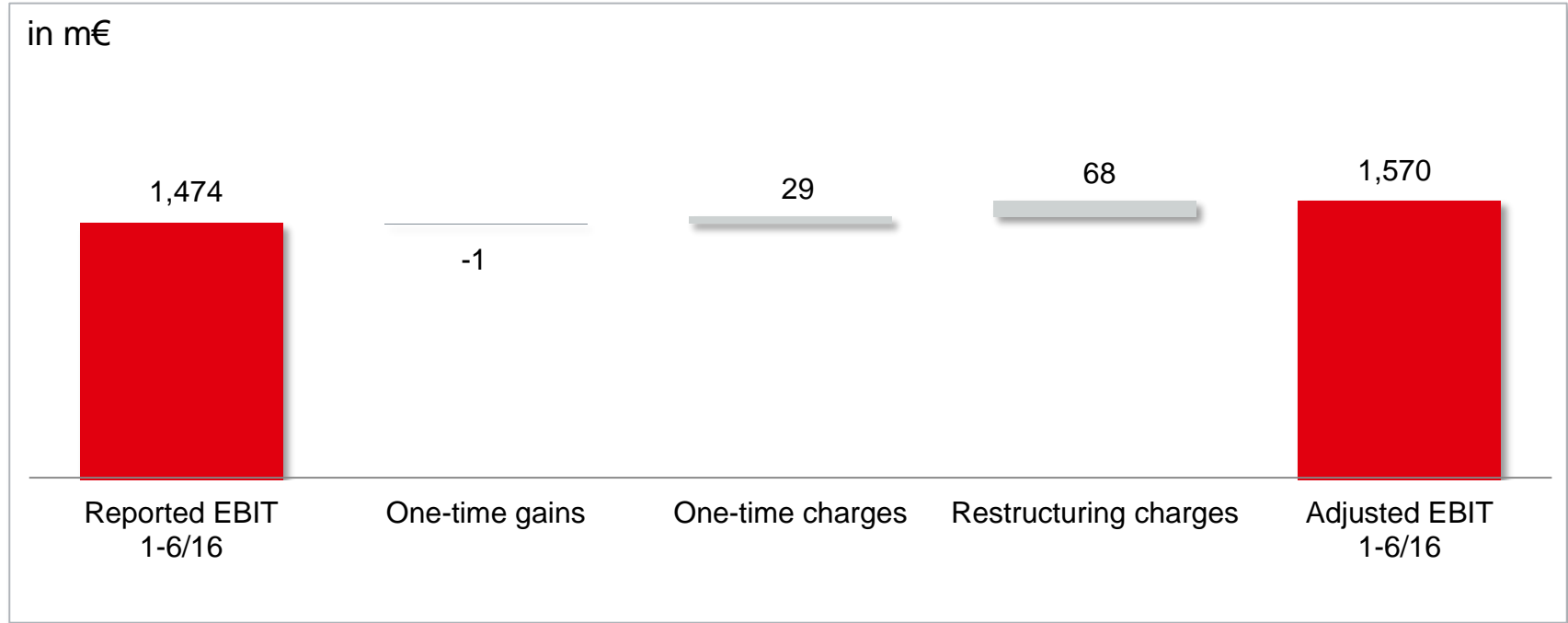
Excellent increase of adj. EBIT margin

YTD 1-6 2016



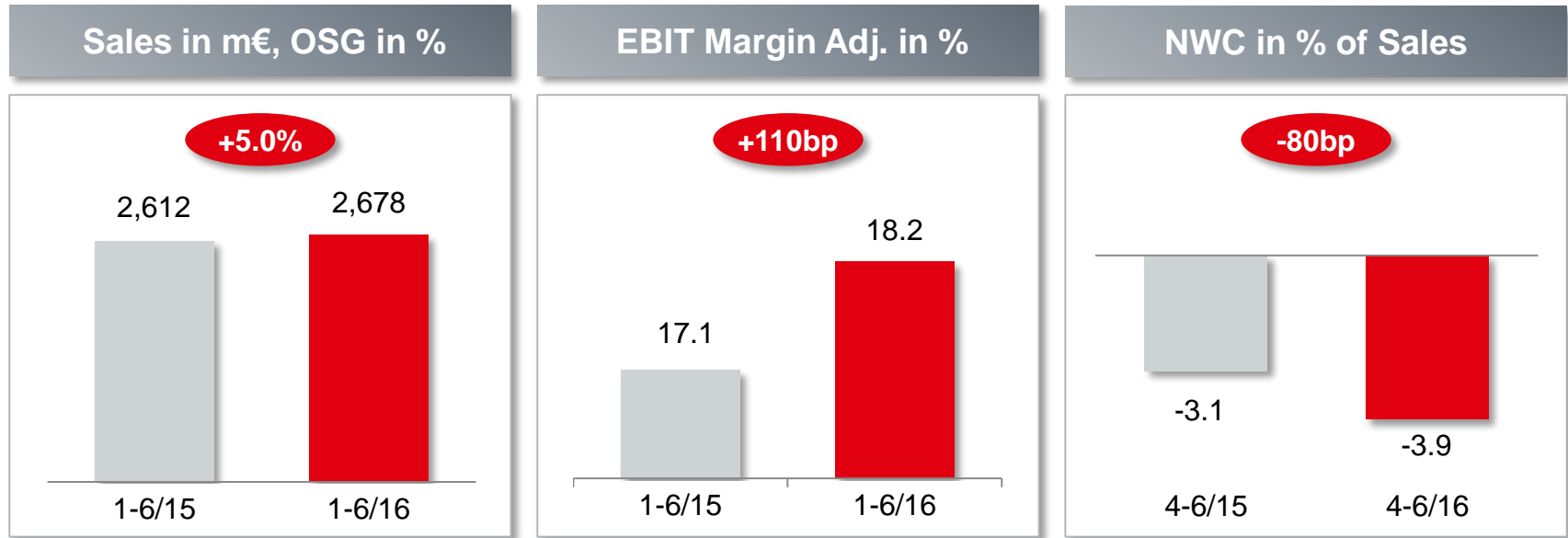
Reported to Adjusted EBIT

YTD 1-6 2016



Laundry & Home Care

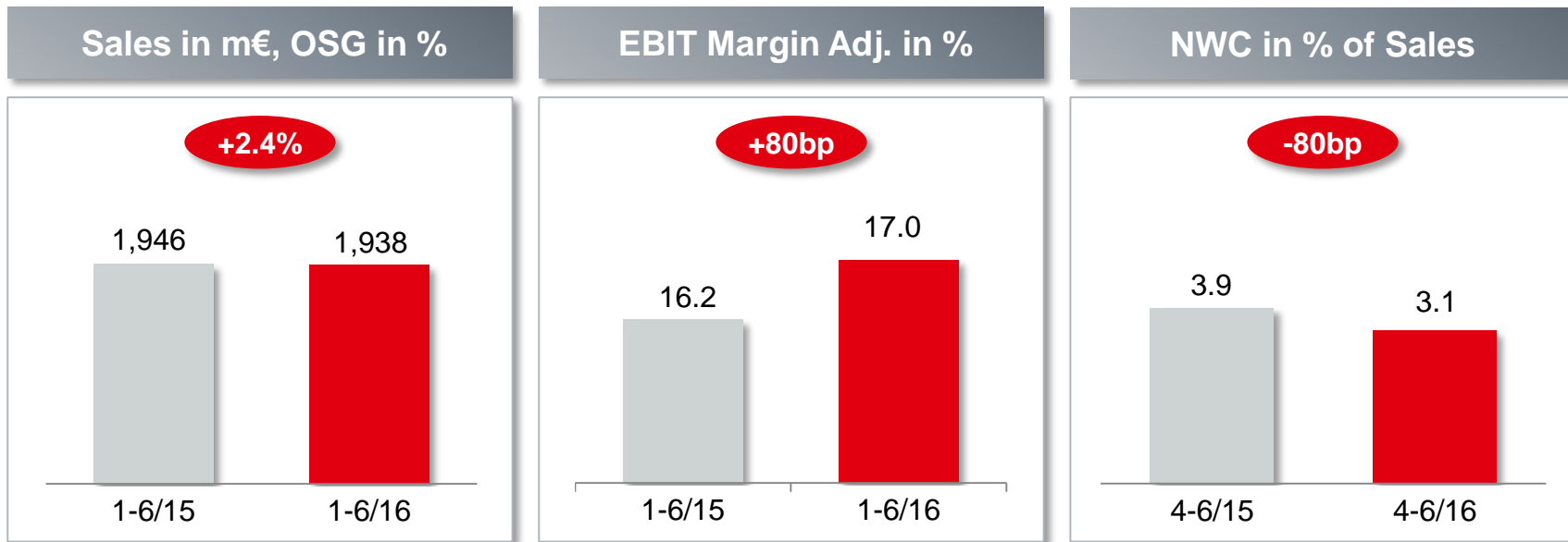
Key figures YTD 1-6 2016



- OSG driven by 4.7% in volume and 0.3% in price

Beauty Care

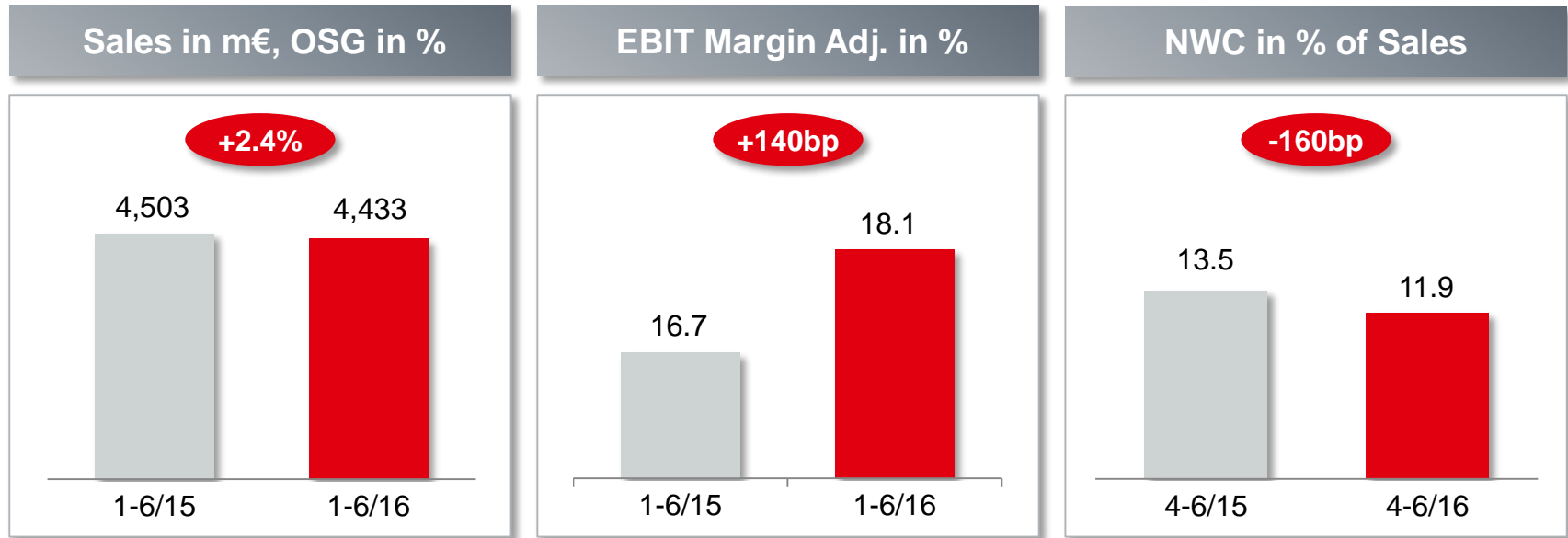
Key figures YTD 1-6 2016



- OSG driven by 2.0% in volume and 0.4% in price

Adhesive Technologies

Key figures YTD 1-6 2016



- OSG driven by 1.9% in volume and 0.5% in price