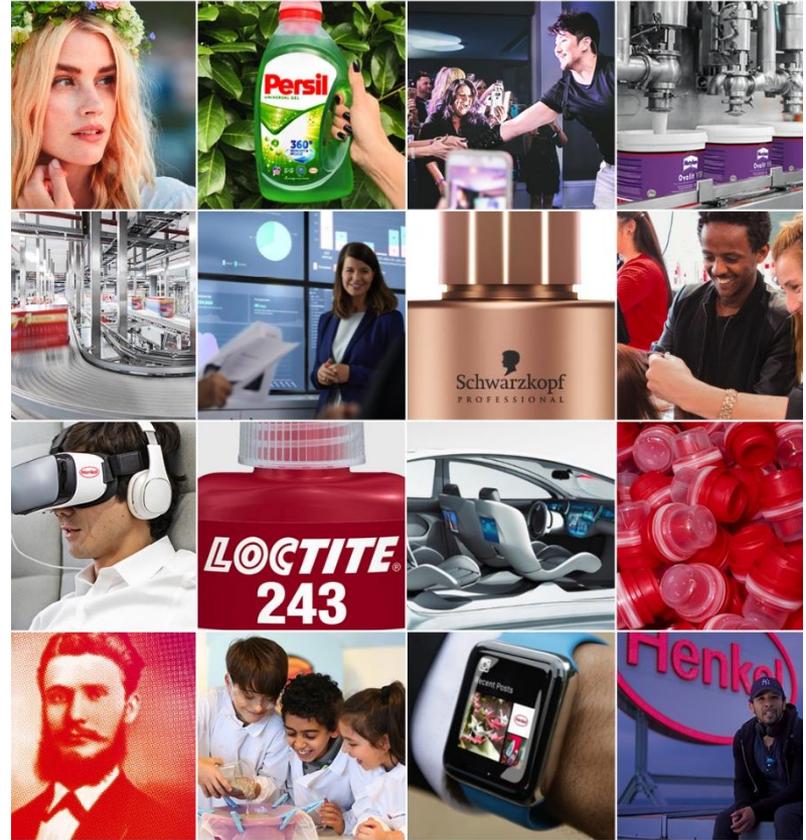


# Henkel Q1 2018

Hans Van Bylen, Carsten Knobel  
Düsseldorf, May 9, 2018



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# Agenda

1. Key Developments Q1 2018
2. Financials Q1 2018
3. Outlook FY 2018 & Summary

# Operating in a heterogeneous environment

## Q1 2018 key macroeconomic developments

### **Strong industrial production<sup>1</sup>**

Moderate global GDP growth,  
IPX increasing by >3.5%

### **Currency devaluation**

Significant weakness of major  
currencies, e.g. US-Dollar -15%<sup>2</sup>

### **HPC markets mixed**

Decelerating volume growth and  
ongoing competitive/pricing pressure

### **Commodity inflation**

Substantial feedstock price increases,  
driven by crude oil and force majeure

<sup>1</sup>Source: IHS Markit Q1 2018

<sup>2</sup>Q1 2018 avg. USD / EUR y-o-y

# Positive development in Q1 2018

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT %</u>	<u>Adjusted EPS Growth</u>
€ 4.8 bn	+1.1%	€ 842 m	17.4%	+1.4%

- Positive organic sales growth driven by very strong performance of Adhesive Technologies
- Delivery difficulties in North American consumer goods businesses
- Significant headwinds from FX impacting top and bottom line
- Continuous improvement in Adjusted EBIT Margin supported by strong cost management focus
- Adjusted EPS above previous year

# Consumer Goods – North America

- Q1 impacted by delivery difficulties resulting from change in the transportation and logistics processes and systems
- Causes have been identified, countermeasures defined and are being implemented
- Service levels already improved significantly
- On track to return to normal service levels in the course of the second quarter

# Adhesive Technologies

Strong performance in Q1 2018 with all business areas contributing

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT Margin</u>
€ 2.3 bn	+4.7%	€ 410 m	18.1%

**LOCTITE**

**TECHNOMELT**

**TEROSON**

# Adhesive Technologies

Highlights Q1 2018

- **Industrial Assembly**

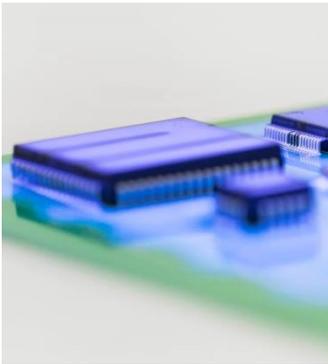
Double-digit growth with new assembly solutions for manufacturers of appliances and white goods

- **Infrastructure Electronics**

Double-digit growth with solutions for energy generation and power management systems

- **Flexible Packaging**

Significant growth with innovative food safety solutions enhancing sustainability for global customers



# Beauty Care

Strong Hair Professional business, Retail impacted by delivery difficulties in NA

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT Margin</u>
€ 1.0 bn	-4.3%	€ 161 m	16.7%



**syoss**

# Beauty Care

Highlights Q1 2018

- **Eastern Europe**

Strong development in Retail driven by growth across all categories

- **Coloration**

Significant sales growth and market share expansion  
Strong contribution from base portfolio and innovations

- **Hair Professional**

Strong growth momentum in Q1 across all regions  
fueled by Schwarzkopf Professional and acquisitions



# Laundry & Home Care

Good underlying performance, negatively impacted by delivery difficulties in NA

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT Margin</u>
€ 1.6 bn	-0.7%	€ 291 m	18.5%

**Persil**



**Purex**

# Laundry & Home Care

## Highlights Q1 2018

### Germany

Strong development of brand portfolio, especially Persil with double-digit growth thanks to Liquid and Caps

### Middle East / Africa

Double-digit growth driven by successful Persil relaunch and strong development of Pril

### Toilet Care

Continued momentum with double-digit growth thanks to successful innovations

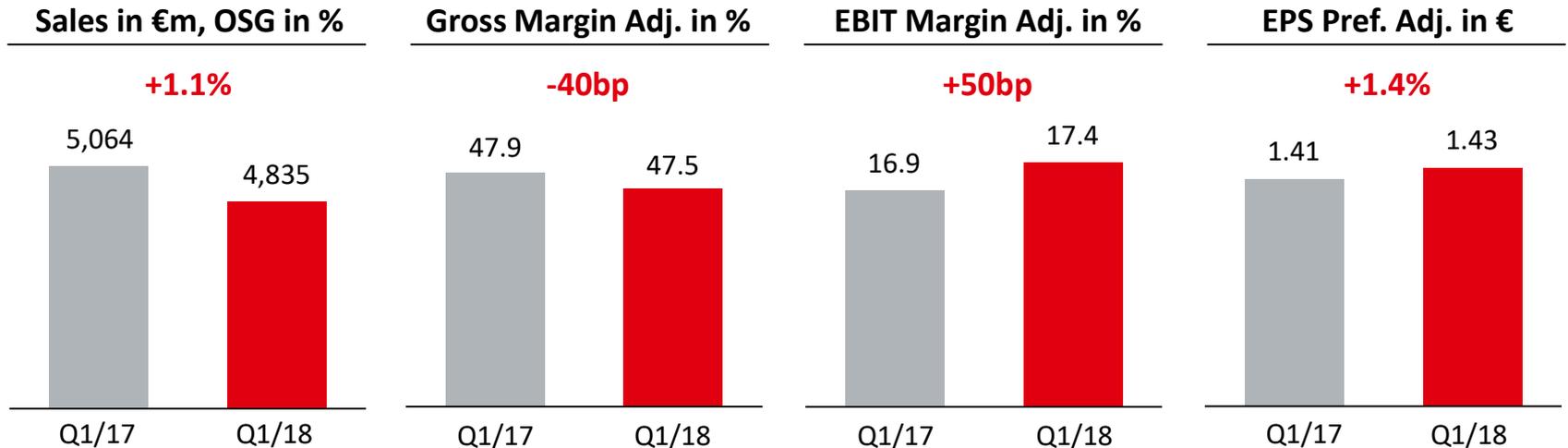


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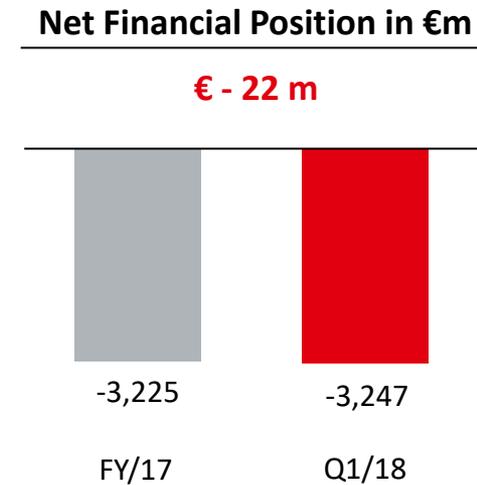
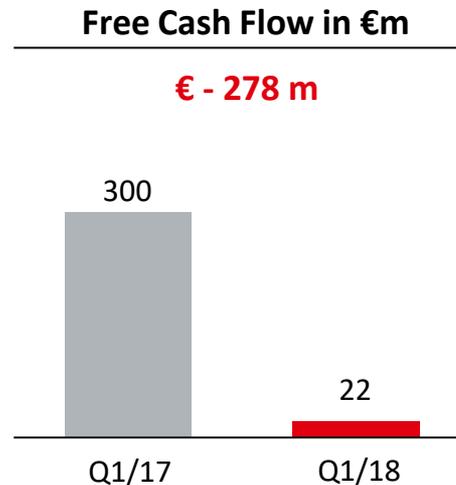
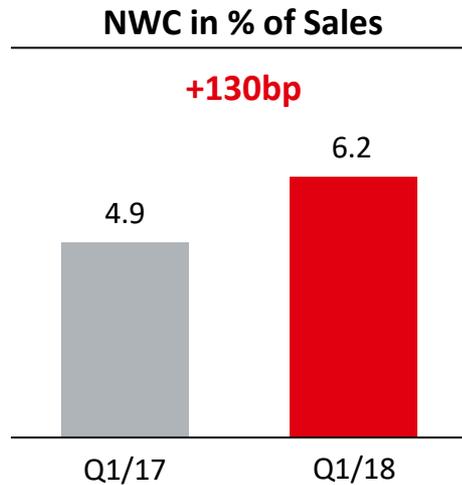
# Committed to sustainable profitable growth

## Key Financials Q1 2018



# Focus on disciplined cash management

Key Financials Q1 2018



# Delivery difficulties in North America

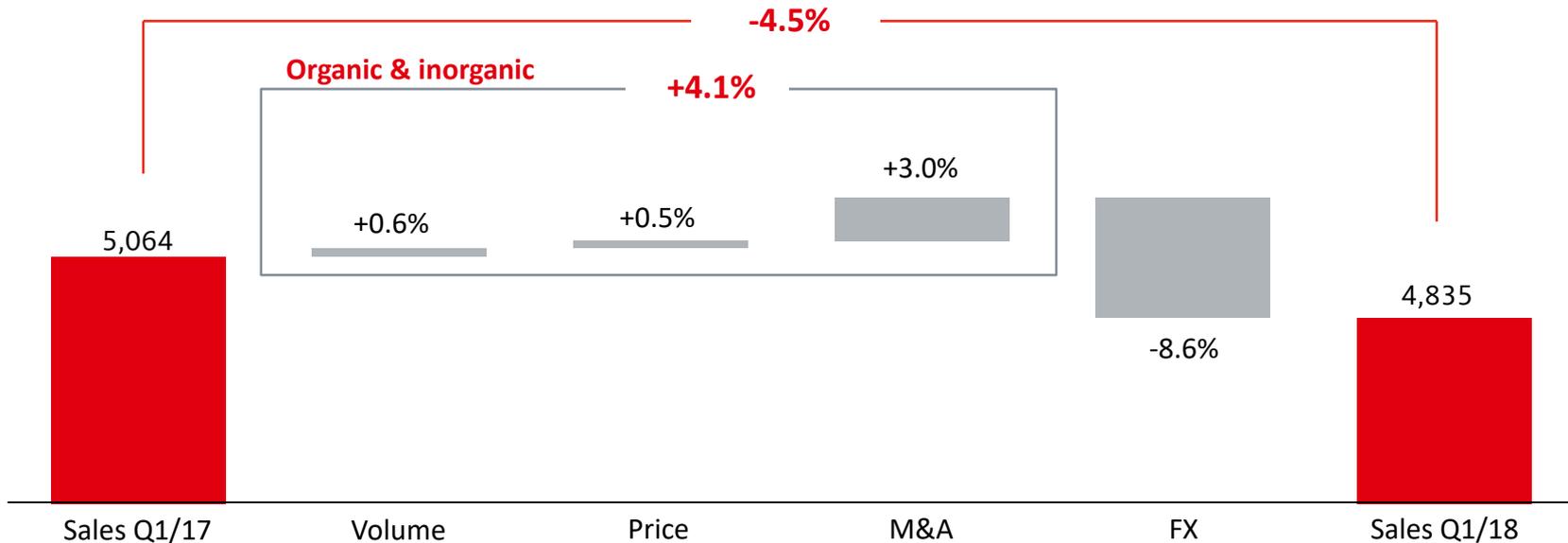
Impact on Q1 2018 results

Henkel Group Results	Q1 2018 actuals	Q1 2018 w/o delivery difficulties
Organic Growth	+1.1%	>2.5%
NWC in % of Sales	6.2%	~ 5%

**Excluding the effects from the delivery difficulties organic growth in Q1 was in line with full year outlook  
Henkel has introduced countermeasures to partially offset effects by year-end 2018**

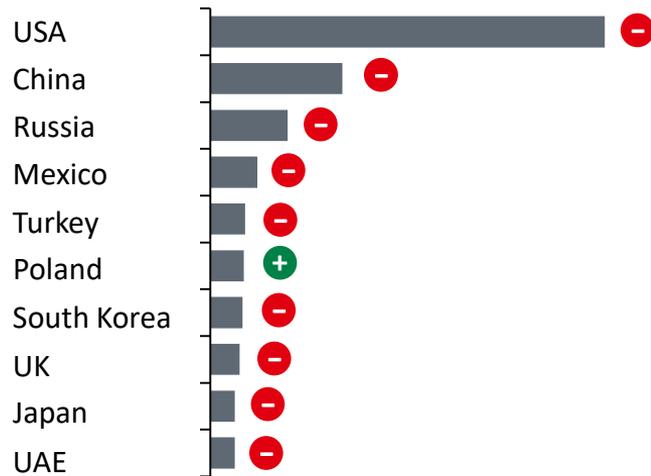
# Strong topline impacted by currencies

Sales in €m, changes in %



# Softer US Dollar and EM currencies

## Top 10 non-€ countries<sup>1</sup> and FX-development



## Quarterly Development of USD vs. EUR



<sup>1</sup> Full year 2017 group revenue exposure in EUR terms

# Emerging Markets driving growth

## North America

**-6.5%**

€ 1,095 m (23%)

## Western Europe

**+0.2%**

€ 1,587 m (33%)

## Eastern Europe

**+7.6%**

€ 701 m (14%)

## Latin America

**+7.3%**

282 m € (6%)

## Africa/Middle East

**+8.6%**

€ 332 m (7%)

## Asia-Pacific

**+4.2%**

€ 807 m (16%)

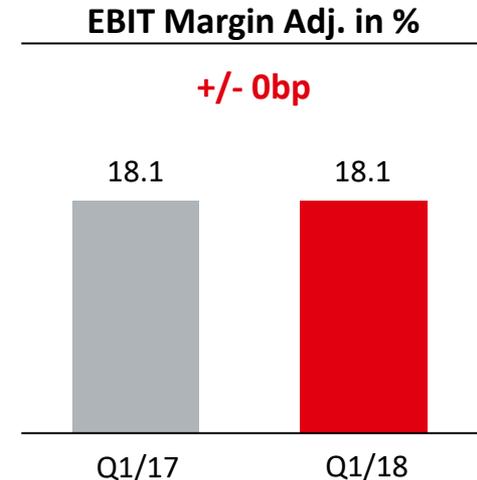
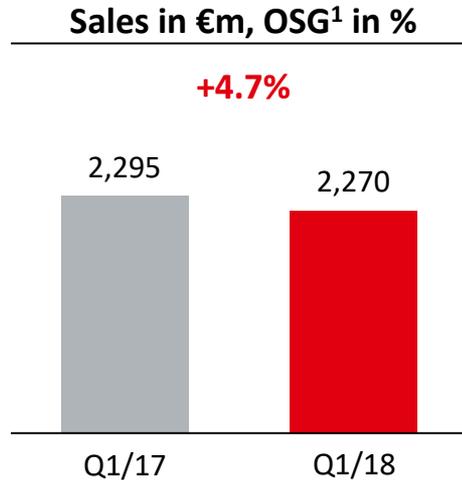
**Emerging Markets: +6.9% to € 1,989 m, 41% of Group Sales**

**Mature Markets: -2.8% to € 2,814 m**

**OSG in %**  
abs. in €m  
(share of total)

# Adhesive Technologies

## Key Financials Q1 2018



**Very strong growth driven by all business areas**

**Continued implementation of price increases and strict cost management offset direct material headwinds**

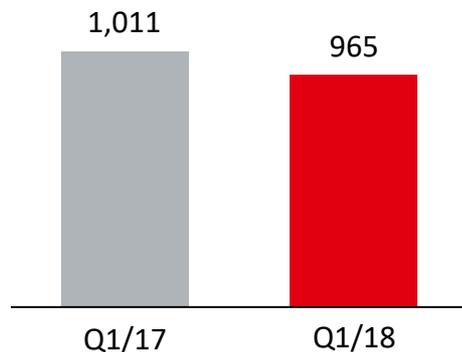
<sup>1</sup> Volume: 3.6% Price: 1.1%

# Beauty Care

## Key Financials Q1 2018

### Sales in €m, OSG<sup>1</sup> in %

**-4.3%**



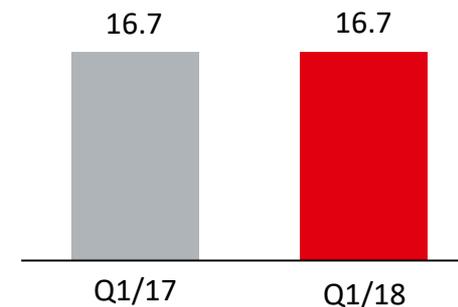
### Regional Performance

**Mature Markets:** negative, due to North America, Western Europe mixed

**Emerging Markets:** very strong, mainly driven by Eastern Europe

### EBIT Margin Adj. in %

**+/- 0bp**

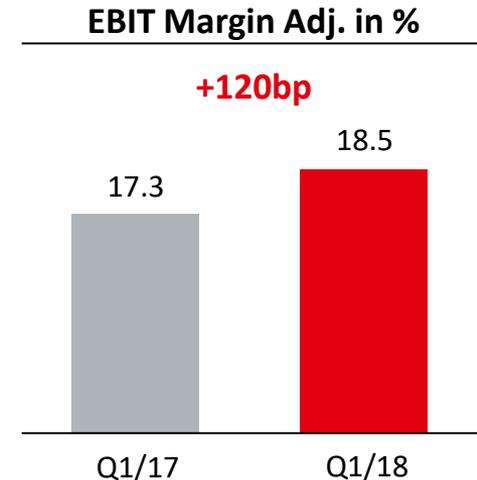
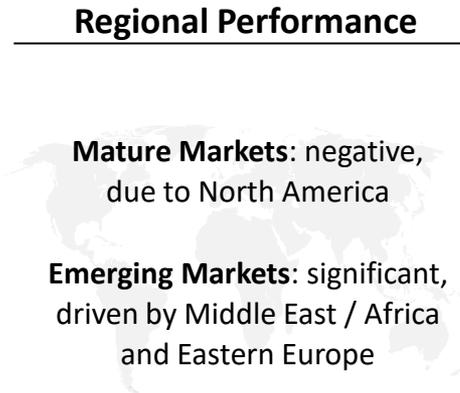
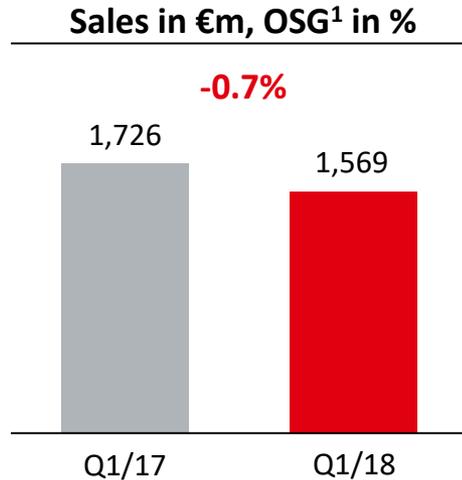


**Hair Professional with strong growth, Retail negative**  
**Continued good profitability level despite challenges**

<sup>1</sup> Volume: -3.6% Price: -0.7%

# Laundry & Home Care

## Key Financials Q1 2018



**Laundry Care negative, Home Care with good organic growth**

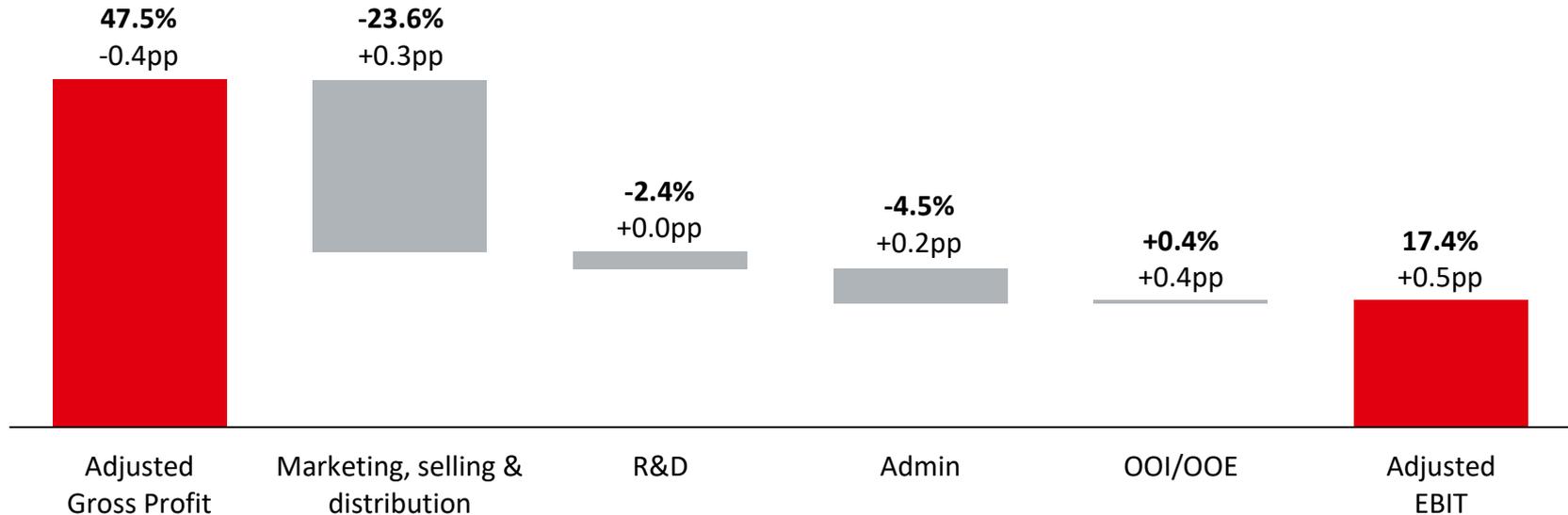
**Excellent increase in profitability driven by continued realization of Sun synergies and Fund Growth initiatives**

<sup>1</sup> Volume: -1.1% Price: 0.4%

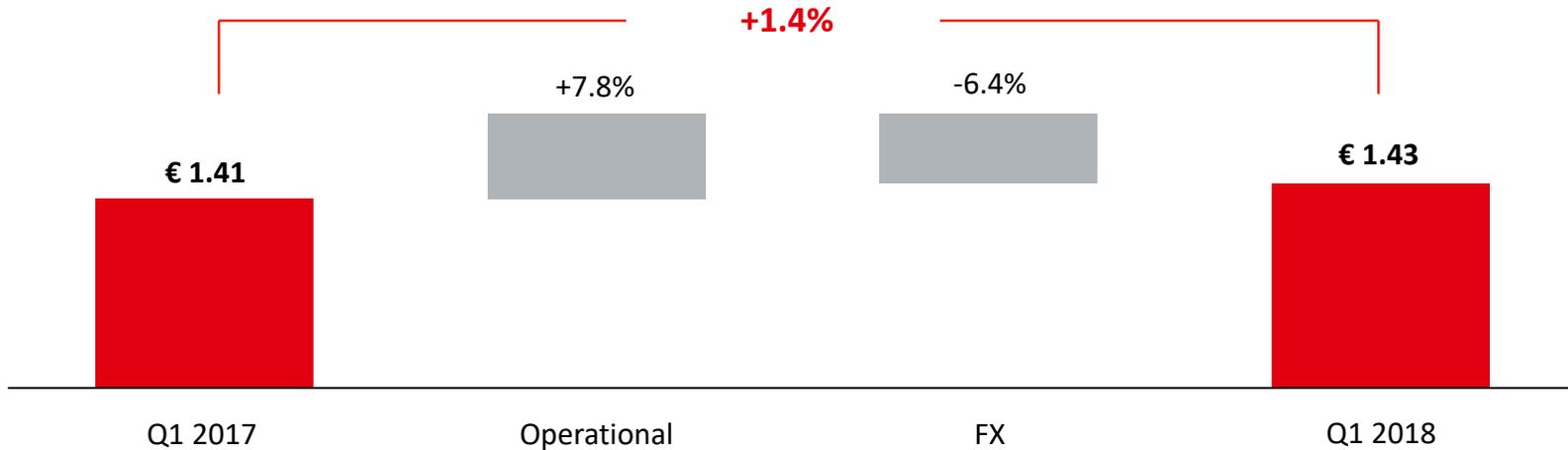
# Adjusted Gross Profit to Adjusted EBIT

in % of sales

Impact on Adjusted EBIT Margin in pp vs. PY



# Strong FX-adjusted EPS growth

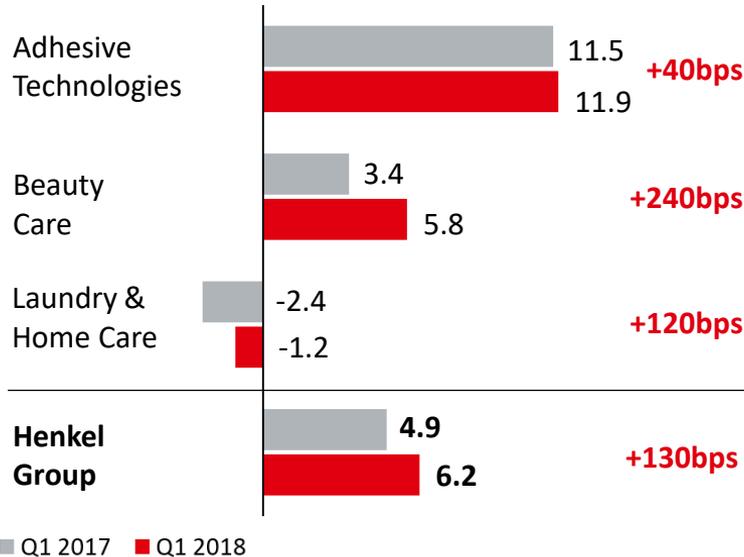


**Strong FX-headwinds in the first quarter even above Q4 2017 impact**

**Excluding FX, continued strong EPS performance despite delivery difficulties in North America**

# Net Working Capital above prior year

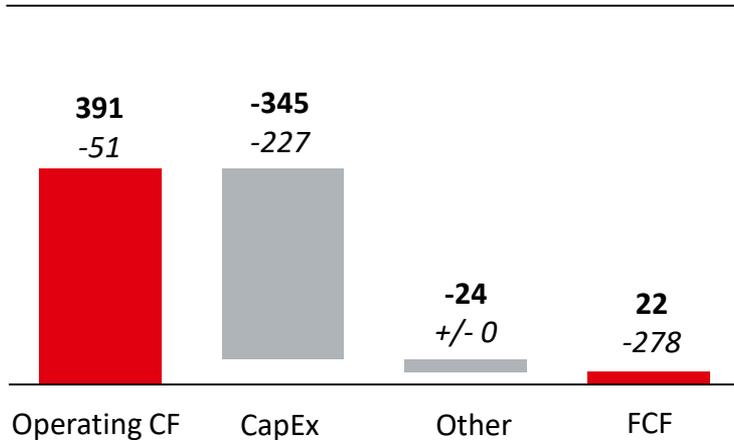
in %



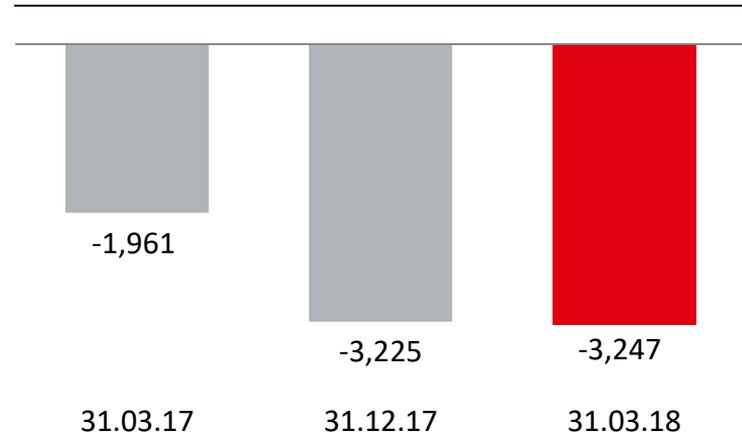
- Adjusted for acquisition effects Net Working Capital of Adhesive Technologies close to prior-year level
- Increase in Beauty Care due to delivery difficulties in North America and acquisitions
- Laundry & Home Care negatively affected by delivery difficulties in North America

# Higher CapEx affecting Free Cash Flow

Free Cash Flow in €m, Δ PY in €m



Net Financial Position in €m



**FCF impacted by NWC development and higher CapEx due to a technology acquisition**  
**Net Financial Position remains stable, continuously strong balance sheet**

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# Guidance 2018

	<b>FY 2018 – previously</b>	<b>FY 2018 – updated<sup>1</sup></b>
Organic Sales Growth	<b>2 - 4%</b> All Business Units within this range	<b>Henkel: 2 - 4%</b> Adhesive Technologies: 2 - 4% Beauty Care: 0 - 2% Laundry & Home Care: 2 - 4%
Adjusted EBIT Margin	<b>Improvement to a level above 17.5%</b>	<b>Improvement to a level above 17.5%</b>
Adjusted EPS Growth	<b>5 - 8%</b> Reflecting currency uncertainty	<b>5 - 8%</b> Reflecting currency uncertainty

<sup>1</sup> Updated on March 19, 2018

# Committed to deliver on our Outlook 2018

- Build on strong momentum in Adhesive Technologies and continue to outperform competition
- Get back to normal service level in North American consumer businesses in Q2
- Fully focus on implementation of innovation strategy in Beauty Care and Laundry & Home Care
- Execute fund growth initiatives to support investments and bottom-line
- Focus on Net Working Capital improvement
- Successfully complete integration of acquisitions

# Key take-aways

- Positive organic sales growth driven by very strong performance of Adhesive Technologies
- Delivery difficulties in NA affecting Q1 results, on track to normal service level in Q2
- Significant headwinds from FX impacting top and bottom line
- Very strong improvement of adjusted EBIT margin thanks to continued cost focus
- Guidance for 2018 confirmed



# Upcoming Events

- May 29, 2018                      Investor & Analyst Day Laundry & Home Care, Düsseldorf
- August 16, 2018                    Q2 2018 Earnings Release
- November 15, 2018                Q3 2018 Earnings Release
- February 21, 2019                 FY 2018 Earnings Release
- April 8, 2019                        Annual General Meeting

Thank You

# FY 2018: Additional input for selected KPIs

Prices for Direct Materials

**Moderate increase  
vs. the level of the prior year**

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Restructuring Charges

**€ 200 – 250 m**

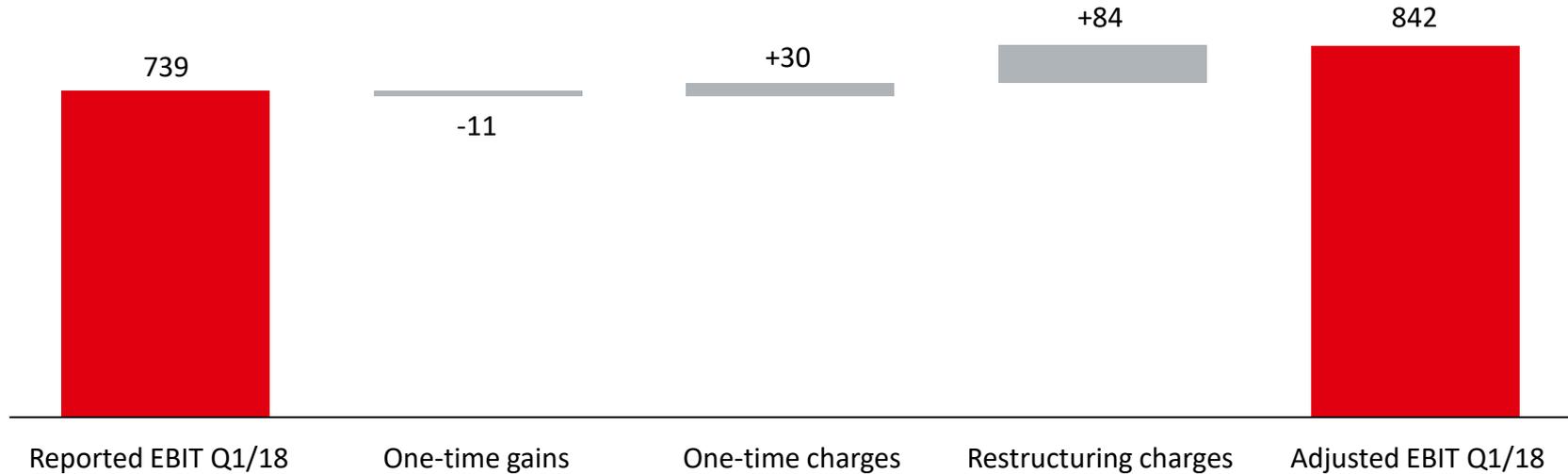
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CapEx

**€ 750 – 850 m**

# Adaptation of our structures to the market

in €m



Thank You