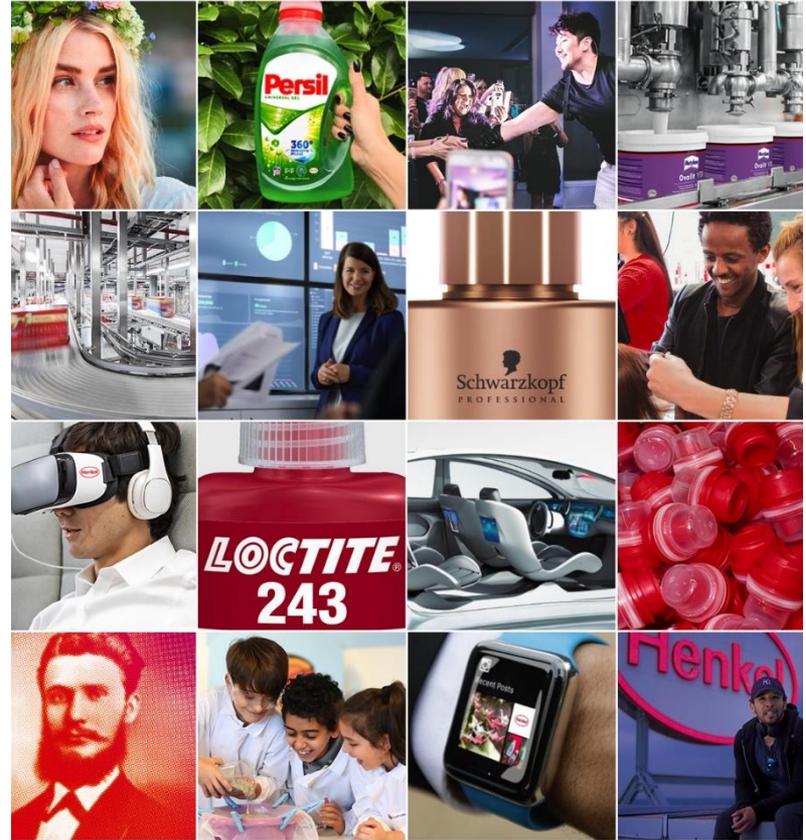


Henkel Q2 2018

Hans Van Bylen, Carsten Knobel
Düsseldorf, August 16, 2018



Disclaimer

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Agenda

1. Key Developments Q2 2018
2. Financials Q2 2018
3. Outlook FY 2018 & Summary

Operating in a heterogeneous environment

Q2 2018 key macroeconomic developments

Strong industrial production¹

Moderate global GDP growth,
continued strong IPX

Currency devaluation

Intensified headwinds from key
Emerging Market currencies

HPC markets mixed

Persisting difficult conditions and
ongoing competitive/pricing pressure

Commodity inflation

Increased direct material price pressure
including force majeure

¹Source: IHS Markit Q2 2018

Strong profitable growth in Q2 2018

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT %</u>	<u>Adjusted EPS Growth</u>
€ 5.1 bn	+3.5%	€ 926 m	18.0%	+1.9%

- Strong organic sales growth driven by very strong performance of Adhesive Technologies
- North American consumer goods businesses back to normal service levels
- Top and bottom line at record levels despite significant FX headwinds
- Continuous improvement in Adjusted EBIT Margin supported by strong cost management focus
- Adjusted EPS above previous year

Adhesive Technologies

Continued strong performance in Q2 2018 with all business areas contributing

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT Margin</u>
€ 2.4 bn	+5.2%	€ 462 m	19.0%

LOCTITE

TECHNOMELT

TEROSON

Adhesive Technologies

Highlights Q2 2018

- **Aerospace**

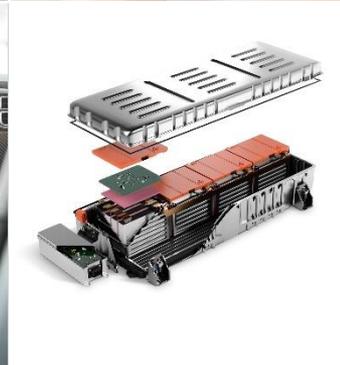
Double-digit growth with high-performance solutions for aircraft manufacturers

- **Metal Packaging**

Significant growth with high-impact solutions for manufacturers of metal cans

- **Automotive Electronics**

Significant growth with innovative solutions for connectivity and e-mobility



Beauty Care

Positive organic growth at consistently high profitability level

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT Margin</u>
€ 1.0 bn	+0.4%	€ 187 m	18.1%



syoss

Beauty Care

Highlights Q2 2018

■ Hair Professional

Continued strong growth momentum, fueled by both Mature and Emerging Markets

■ Hair Coloration

Very strong organic growth and market share expansion across regions

■ North America Retail

Back to normalized service levels and positive organic sales growth



Laundry & Home Care

Good organic growth driven by Emerging as well as Mature Markets

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT Margin</u>
€ 1.6 bn	+2.9%	€ 295 m	17.9%

Persil



Purex

Laundry & Home Care

Highlights Q2 2018

- **Persil**

Double-digit growth driven by successful base business and innovations

- **Middle East / Africa**

Very strong growth driven by premium detergent and dishwashing brands

- **North America**

Top line recovery supported by service levels back to normal and successful innovations

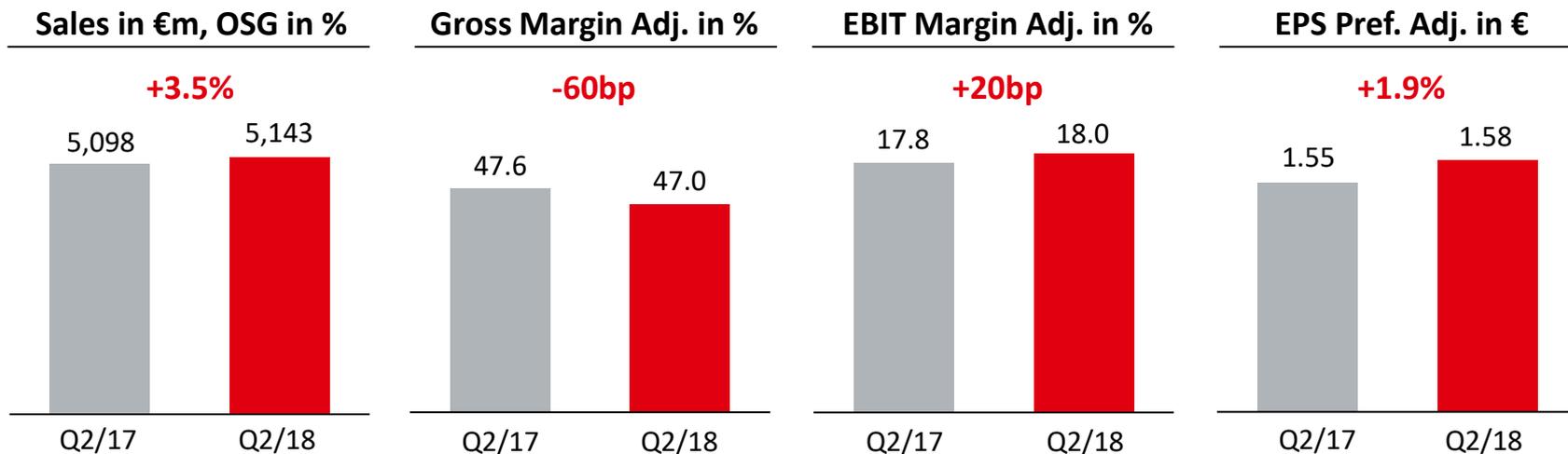


Agenda

1. Key Developments Q2 2018
- 2. Financials Q2 2018**
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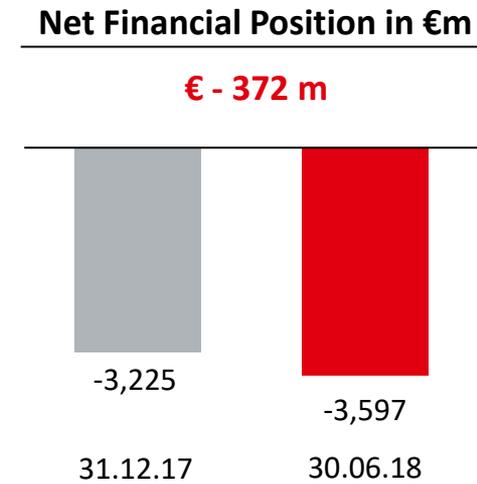
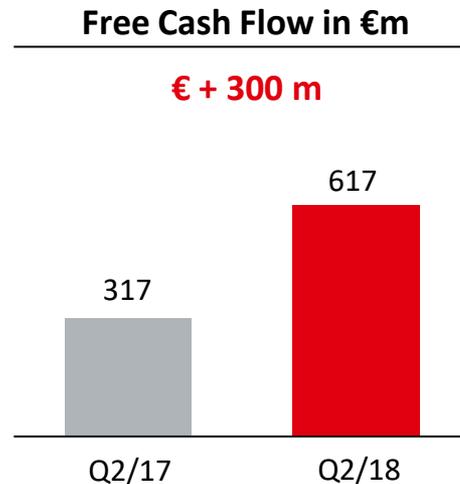
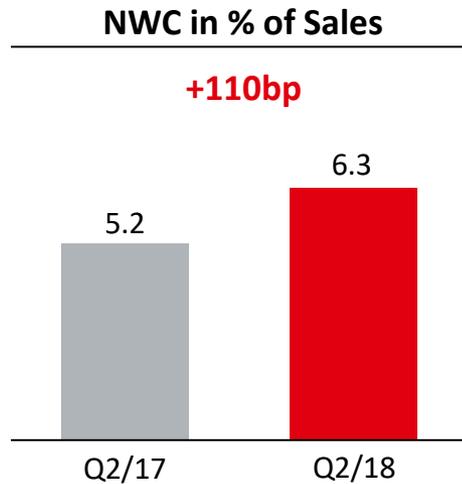
Committed to sustainable profitable growth

Key Financials Q2 2018



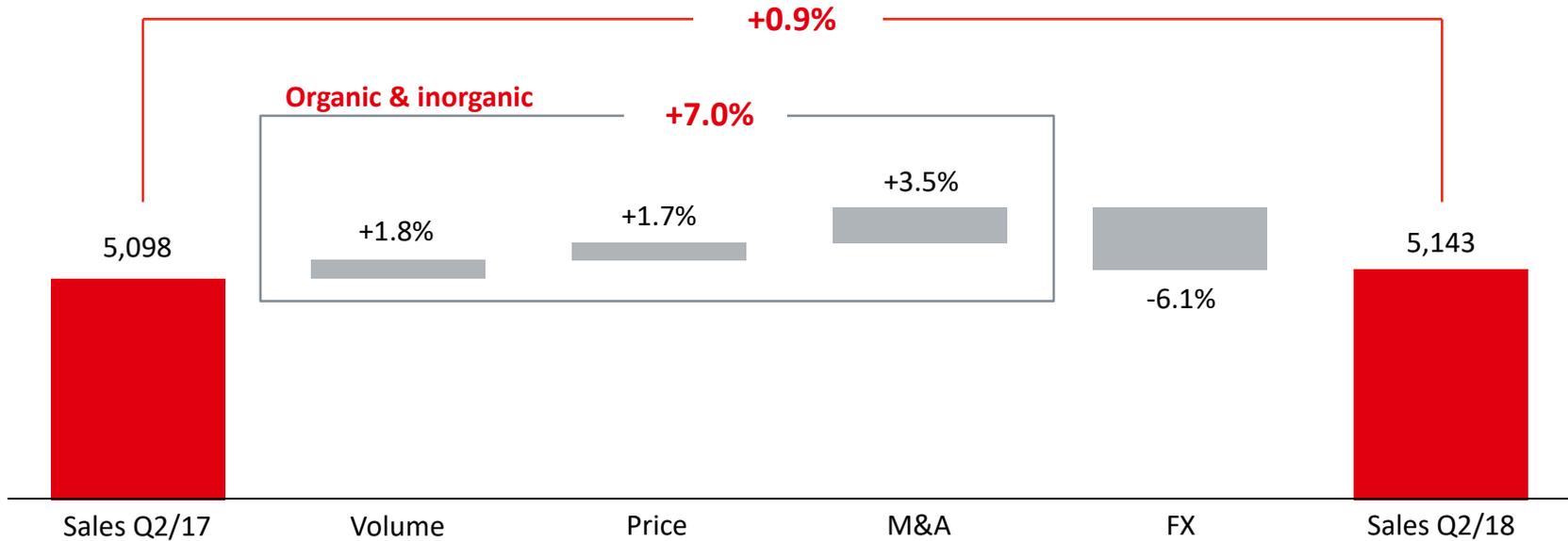
Focus on disciplined cash management

Key Financials Q2 2018



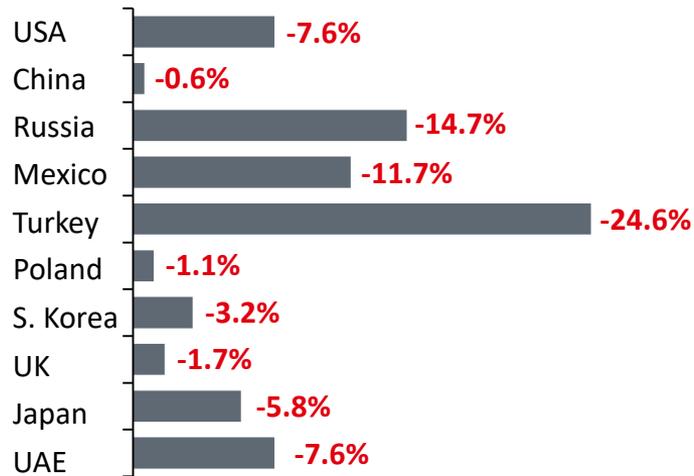
Very strong topline impacted by currencies

Sales in €m, changes in %



Strong FX-headwinds from EM

Top 10 non-€ countries¹, Q2 FX depreciation²



¹ in order of 2017 group revenue share

² vs. Euro; Q2 avg. exchange rate vs. PY (Source: ECB)

Key developments

- Significant FX-headwinds of 6.1% on top line
- Almost 2/3 of absolute headwinds in Q2 from emerging market currencies
- Lower US-Dollar headwind in Q2 vs. Q1
- Key emerging market currencies with high volatility and increasingly negative impact on results

Broad based growth across regions

Q2 2018

North America

+4.9%

€ 1,348 m (26%)

Western Europe

+0.1%

€ 1,567 m (30%)

Eastern Europe

+8.2%

€ 732 m (14%)

Latin America

+6.3%

€ 299 m (6%)

Africa/Middle East

+4.7%

€ 310 m (6%)

Asia-Pacific

+1.9%

€ 855 m (17%)

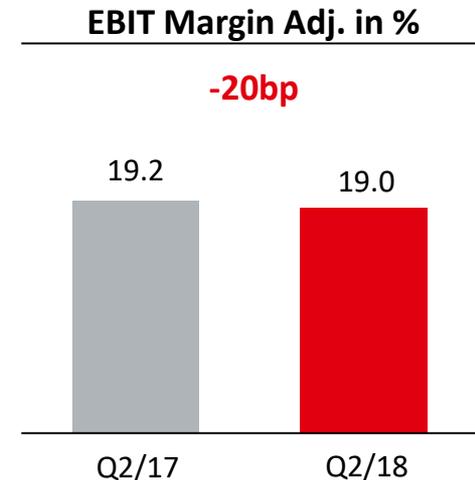
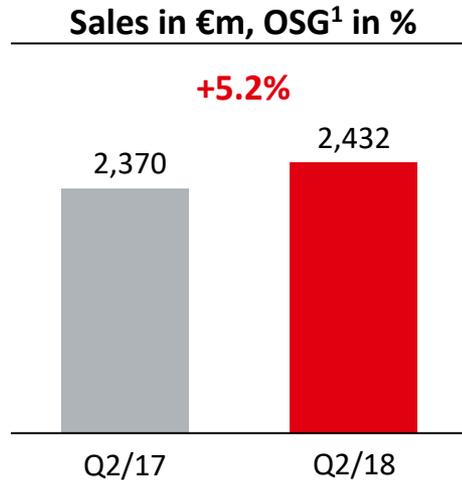
Emerging Markets: +5.4% to € 2,056 m, 40% of Group Sales

Mature Markets: +2.2% to € 3,055 m

OSG in %
abs. in €m
(share of total)

Adhesive Technologies

Key Financials Q2 2018



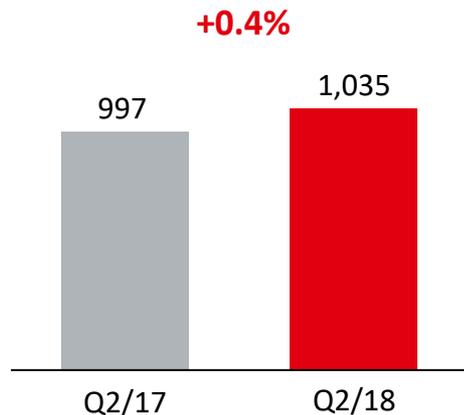
Very strong growth driven by all business areas with continuously high profitability level
Accelerated implementation of price increases

¹ Volume: 2.7% Price: 2.5%

Beauty Care

Key Financials Q2 2018

Sales in €m, OSG¹ in %

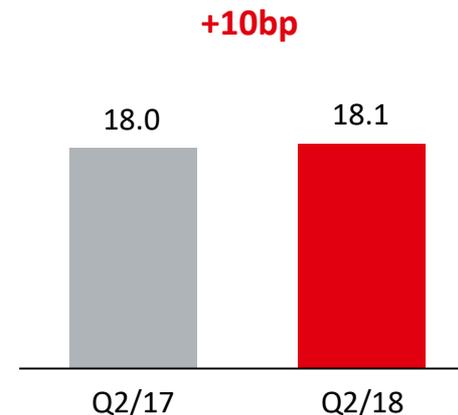


Regional Performance

Mature Markets: stable,
North America good,
Western Europe mixed

Emerging Markets: positive,
mainly driven by Middle East/Africa

EBIT Margin Adj. in %

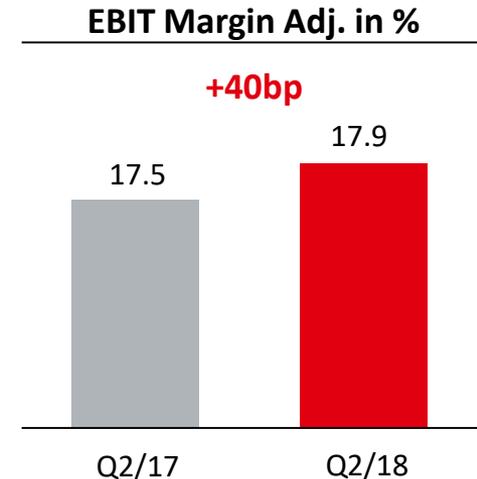
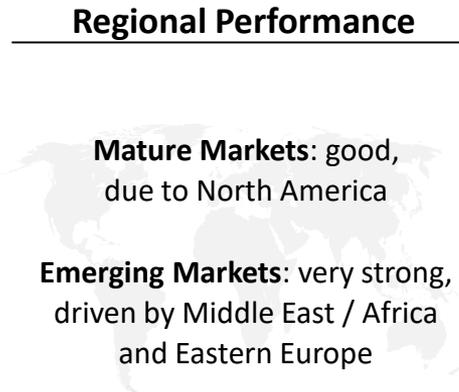
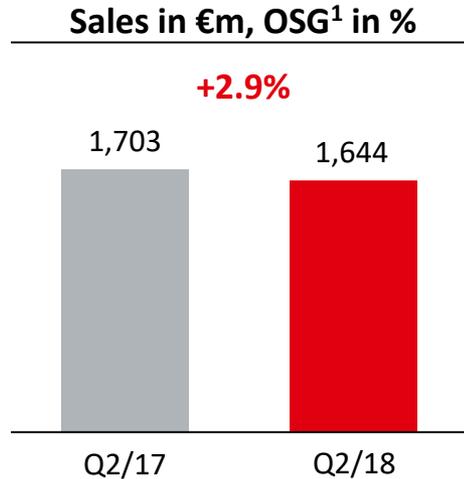


Positive top line growth and consistently high profitability level
Ongoing strong growth momentum in Hair Professional

¹ Volume: -0.6% Price: 1.0%

Laundry & Home Care

Key Financials Q2 2018



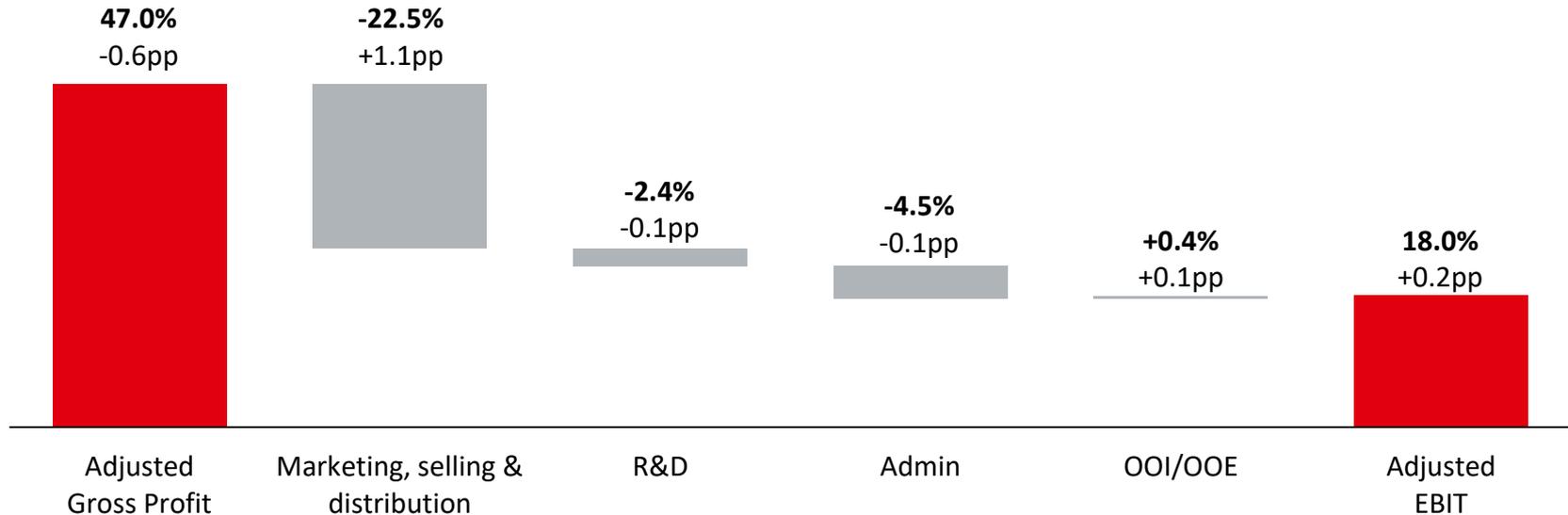
Good organic sales growth driven by Emerging Markets as well as Mature Markets
Strong increase in profitability mainly driven by realization of Sun synergies

¹ Volume: 1.8% Price: 1.1%

Adjusted Gross Profit to Adjusted EBIT

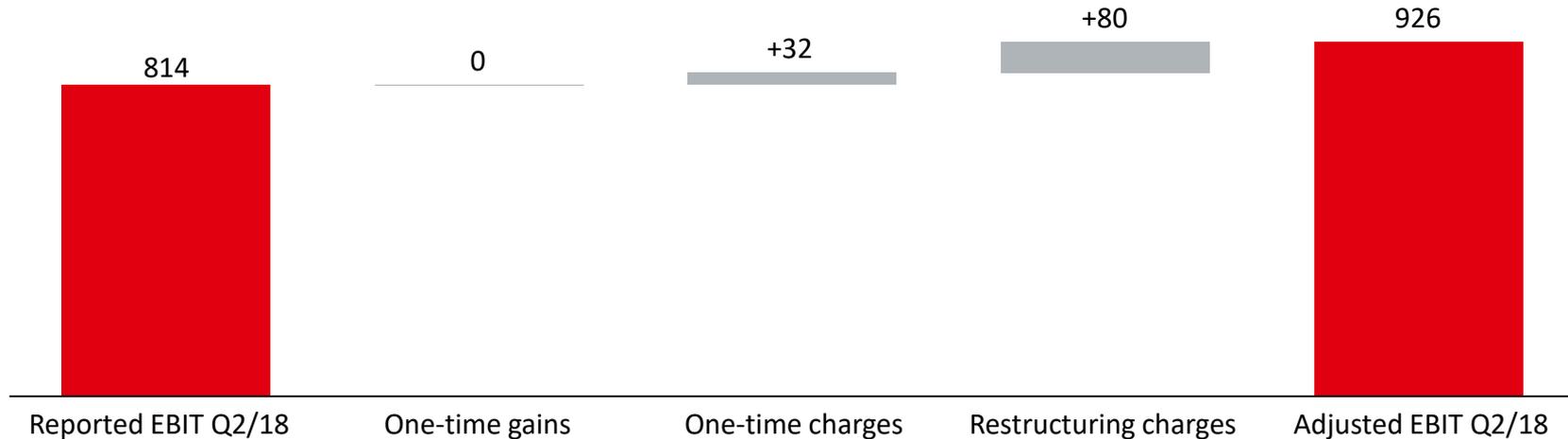
in % of sales

Impact on Adjusted EBIT Margin in pp vs. PY



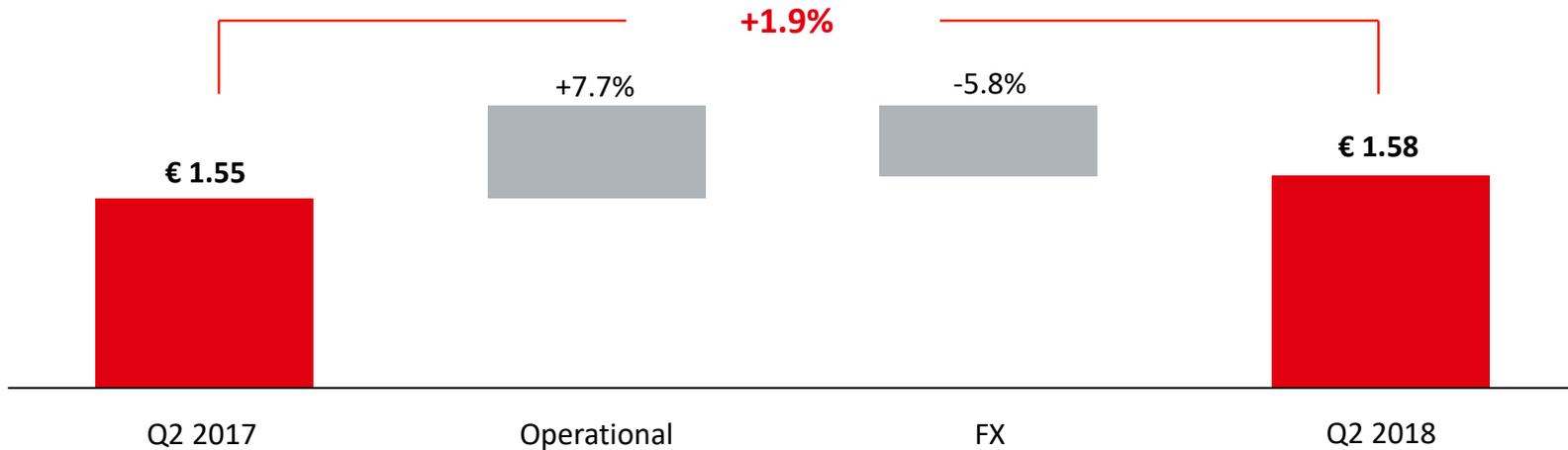
Adaptation of our structures to the market

in €m



Focus of restructuring measures on go-to-market approach in key markets and optimizing structures
Restructuring expenses of € 200 to 250 million expected in FY 2018

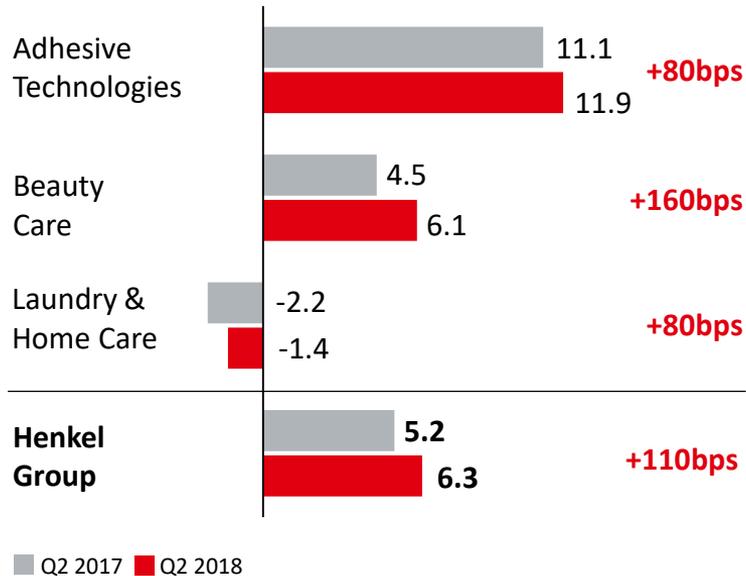
Ongoing strong FX-adjusted EPS growth



Substantial headwinds from adverse FX movements continue in the second quarter
Adjusted for currency effects, ongoing strong Adjusted EPS performance

Net Working Capital above prior year

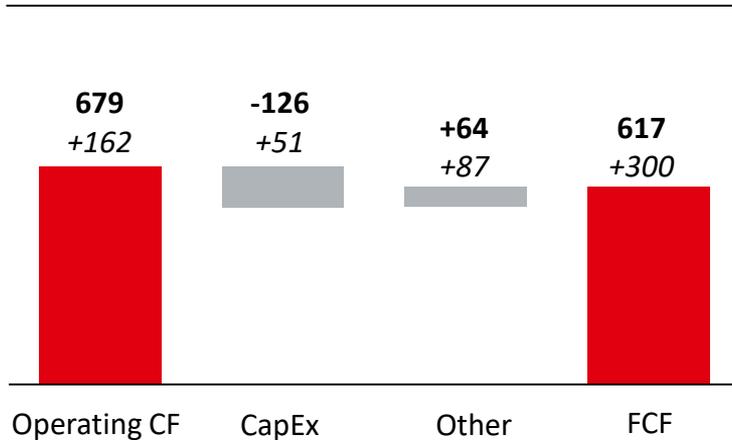
in % of sales



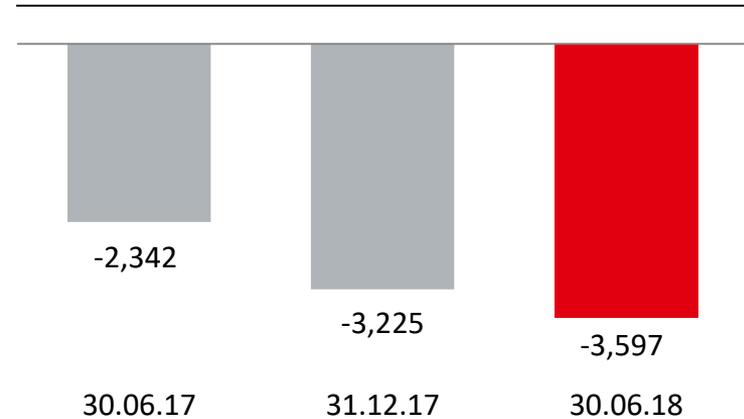
- Net Working Capital of Adhesive Technologies impacted by acquisitions and temporary operational effects
- Increase in Beauty Care mostly driven by acquisitions
- Consumer goods businesses back to normal service levels in North America; Net Working Capital still impacted but recovering

Strong Free Cash Flow generation

Free Cash Flow in €m, Δ PY in €m



Net Financial Position in €m



Strong Free Cash Flow driven by operating improvement

Net Financial Position below year-end following dividend payout, continuously strong balance sheet

Agenda

1. Key Developments Q2 2018
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Good development in first half 2018

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT %</u>	<u>Adjusted EPS Growth</u>
€ 10.0 bn	+2.3%	€ 1.8 bn	17.7%	+1.7%

Organic Growth by Business Unit

Adhesive Technologies	+5.0%
Beauty Care	-2.0%
Laundry & Home Care	+1.1%

Adjusted EBIT % by Business Unit

Adhesive Technologies	18.5%
Beauty Care	17.4%
Laundry & Home Care	18.2%

Guidance 2018

	FY 2018 – previously	FY 2018 – updated
Organic Sales Growth	Henkel: 2 - 4% Adhesive Technologies: 2 - 4% Beauty Care: 0 - 2% Laundry & Home Care: 2 - 4%	Henkel: 2 - 4% Adhesive Technologies: 4 - 5% Beauty Care: 0 - 2% Laundry & Home Care: 2 - 4%
Adjusted EBIT Margin	Improvement to a level above 17.5%	Improvement to a level of around 18%
Adjusted EPS Growth	5 - 8% Reflecting currency uncertainty	3 - 6% Reflecting currency development

Committed to driving profitable growth

- Build on strong momentum in Adhesive Technologies with continued price implementation
- Drive compelling innovations in Beauty Care and Laundry & Home Care
- Leverage full acquisition synergy potential
- Advance implementation of Fund Growth initiatives
- Intensify efforts to reduce Net Working Capital quarter by quarter

Key take-aways

- Top and bottom line at record levels despite significant FX headwinds
- Strong organic sales growth in Q2 with continued improvement of Adj. EBIT Margin
- North American consumer goods businesses back to normal service levels
- 2018 guidance for Adj. EBIT Margin raised, Adj. EPS growth updated reflecting currency development



Upcoming Events

- September 4, 2018 Investor & Analyst Meeting, London
- 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**

Restructuring Charges

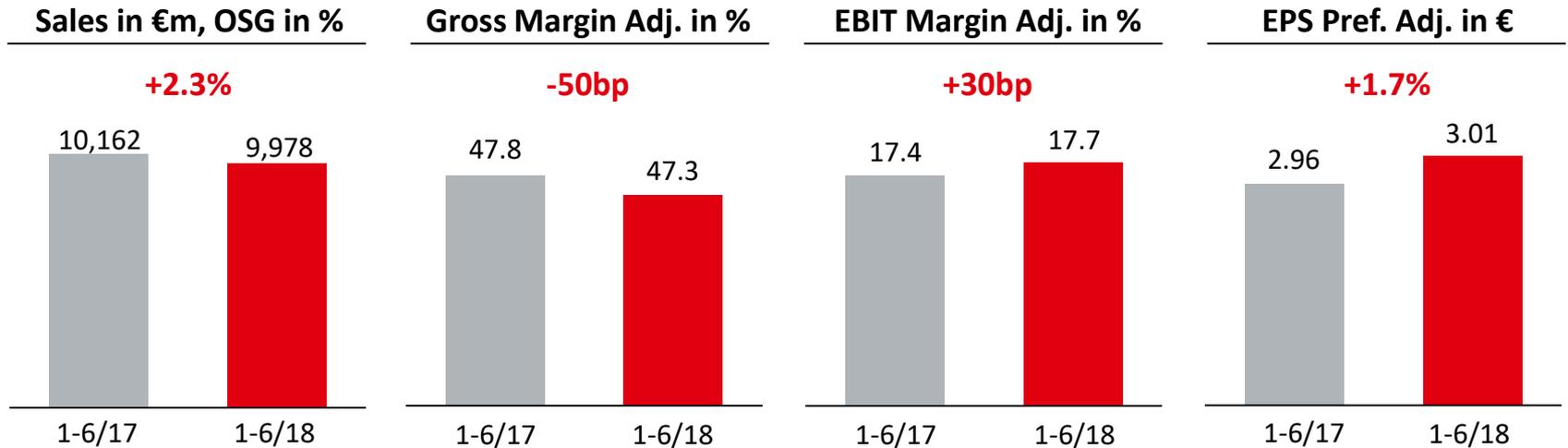
€ 200 – 250 m

CapEx

€ 750 – 850 m

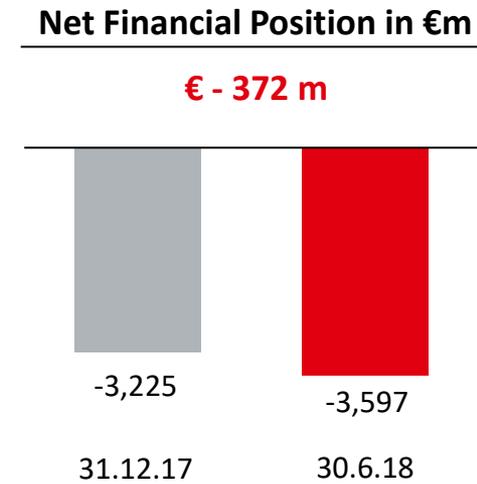
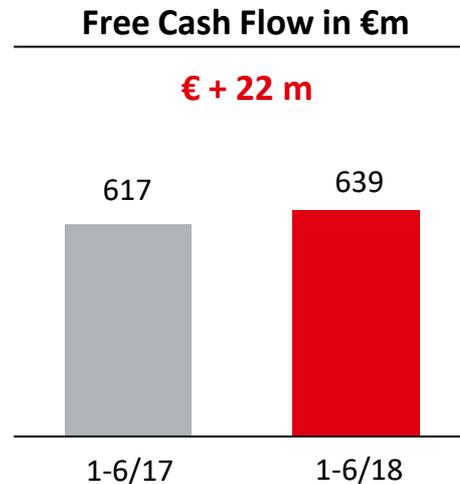
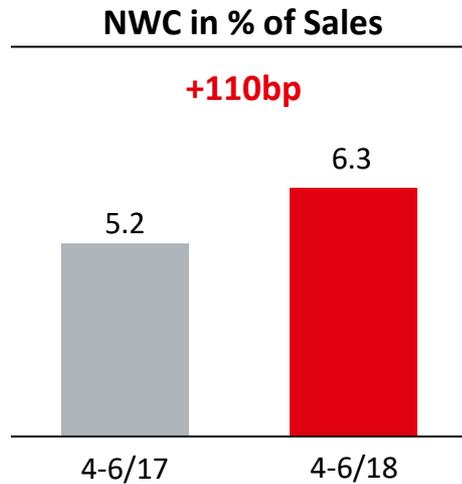
Committed to sustainable profitable growth

Key Financials 1-6/2018



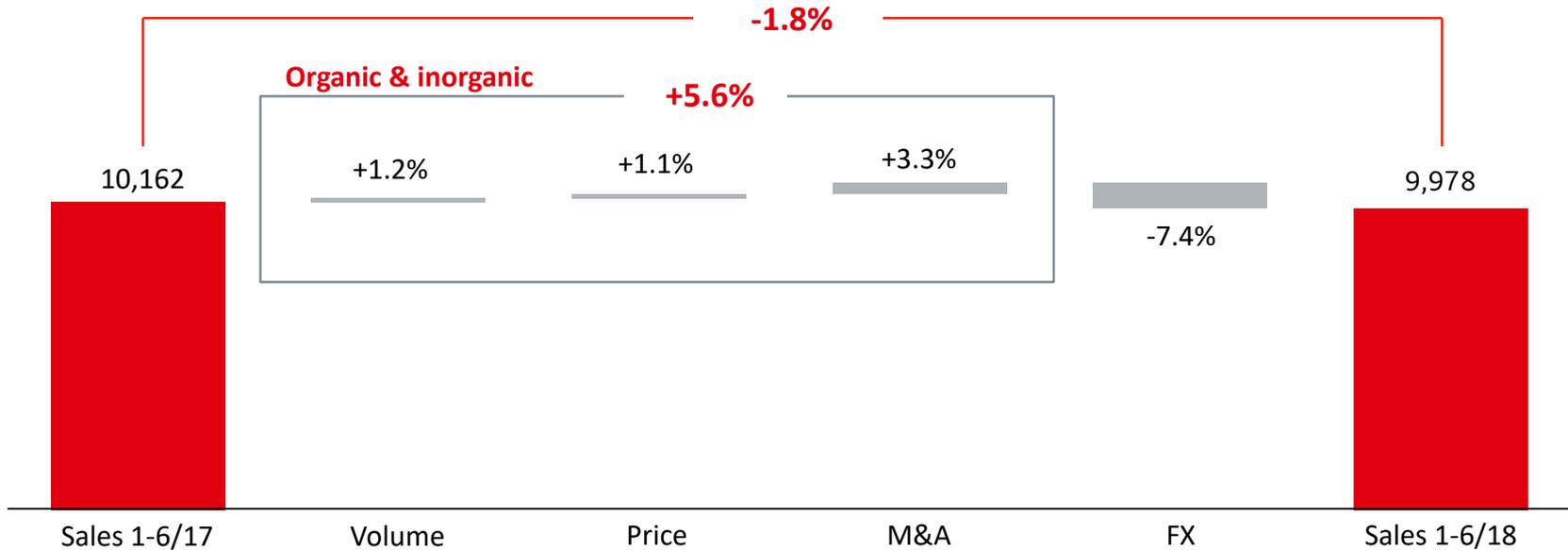
Focus on disciplined cash management

Key Financials 1-6/2018



Topline growth impacted by currencies

Sales in €m, changes in %



Emerging Markets driving growth

1-6/2018

North America

-0.9%

€ 2,444 m (24%)

Western Europe

+0.1%

€ 3,154 m (32%)

Eastern Europe

+7.9%

€ 1,433 m (14%)

Latin America

+6.8%

€ 581 m (6%)

Africa/Middle East

+6.7%

€ 642 m (6%)

Asia-Pacific

+3.0%

€ 1,661 m (17%)

Emerging Markets: +6.2% to € 4,045 m, 41% of Group Sales

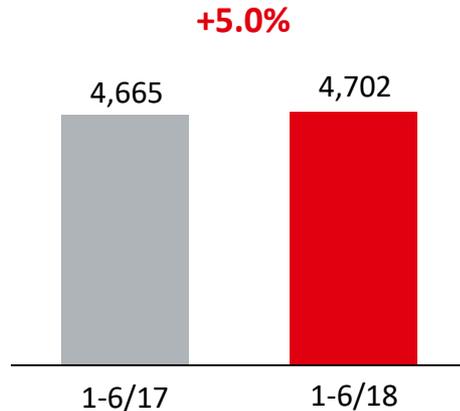
Mature Markets: -0.3% to € 5,870 m

OSG in %
abs. in €m
(share of total)

Adhesive Technologies

Key Financials 1-6/2018

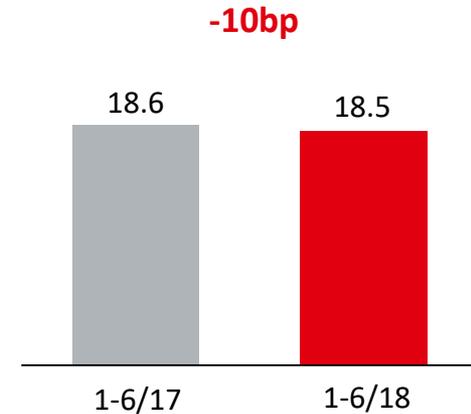
Sales in €m, OSG¹ in %



Regional Performance



EBIT Margin Adj. in %

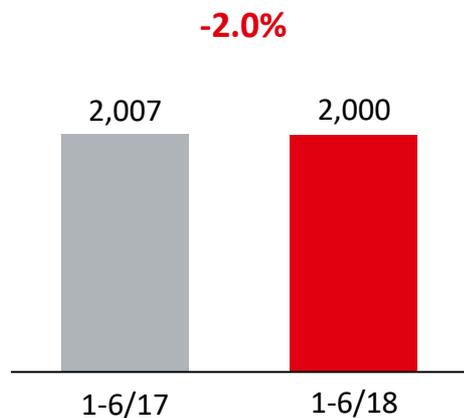


¹ Volume: 3.2% Price: 1.8%

Beauty Care

Key Financials 1-6/2018

Sales in €m, OSG¹ in %

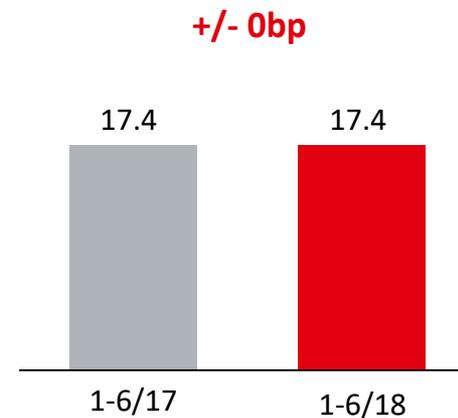


Regional Performance

Mature Markets: negative, due to North America

Emerging Markets: strong, driven by Middle East / Africa and Eastern Europe

EBIT Margin Adj. in %

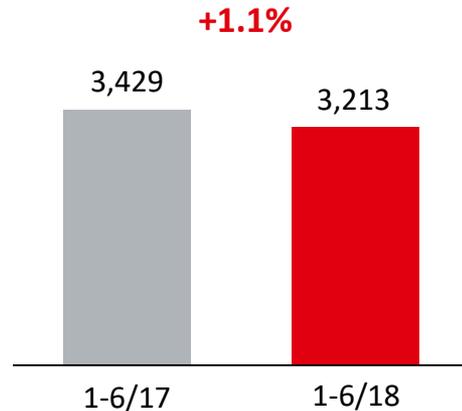


¹ Volume: -2.1% Price: 0.1%

Laundry & Home Care

Key Financials 1-6/2018

Sales in €m, OSG¹ in %

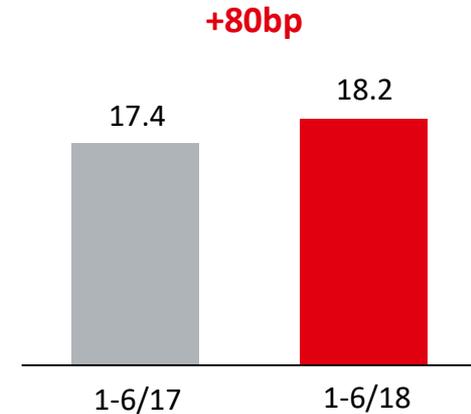


Regional Performance

Mature Markets: slightly negative, due to North America

Emerging Markets: very strong, driven by Middle East / Africa and Eastern Europe

EBIT Margin Adj. in %



¹ Volume: 0.3% Price: 0.8%