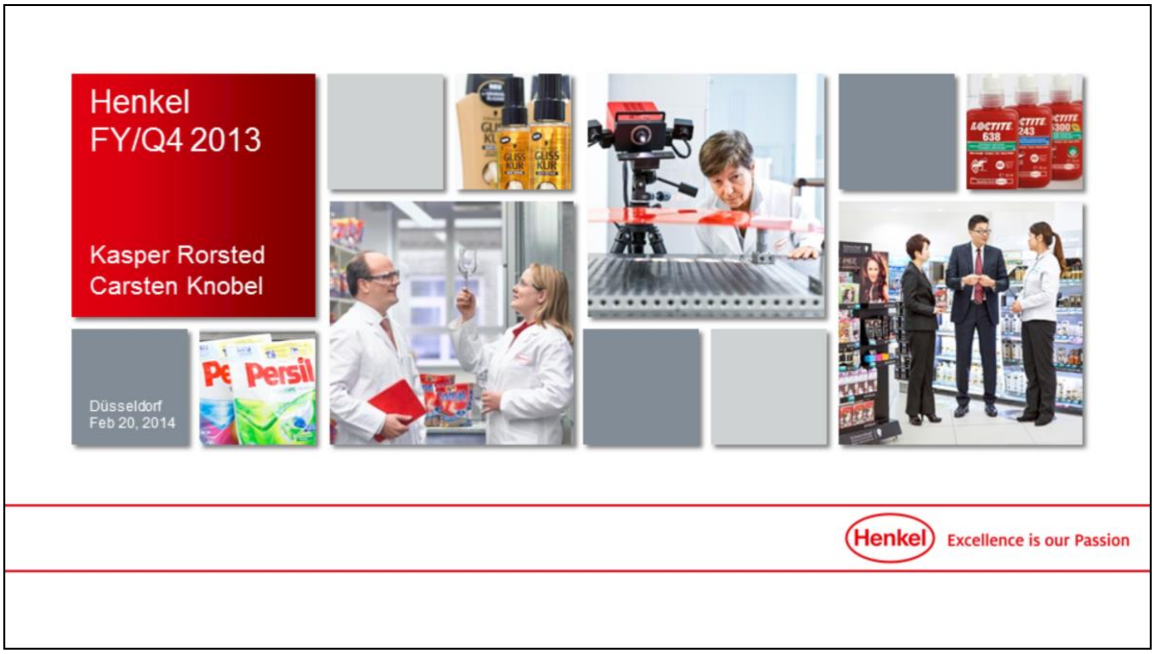

Transcript Earnings Conference Call Q4 & FY 2013
February 20, 2014

Participants
Kasper Rorsted; Henkel; CEO
Carsten Knobel; Henkel; CFO

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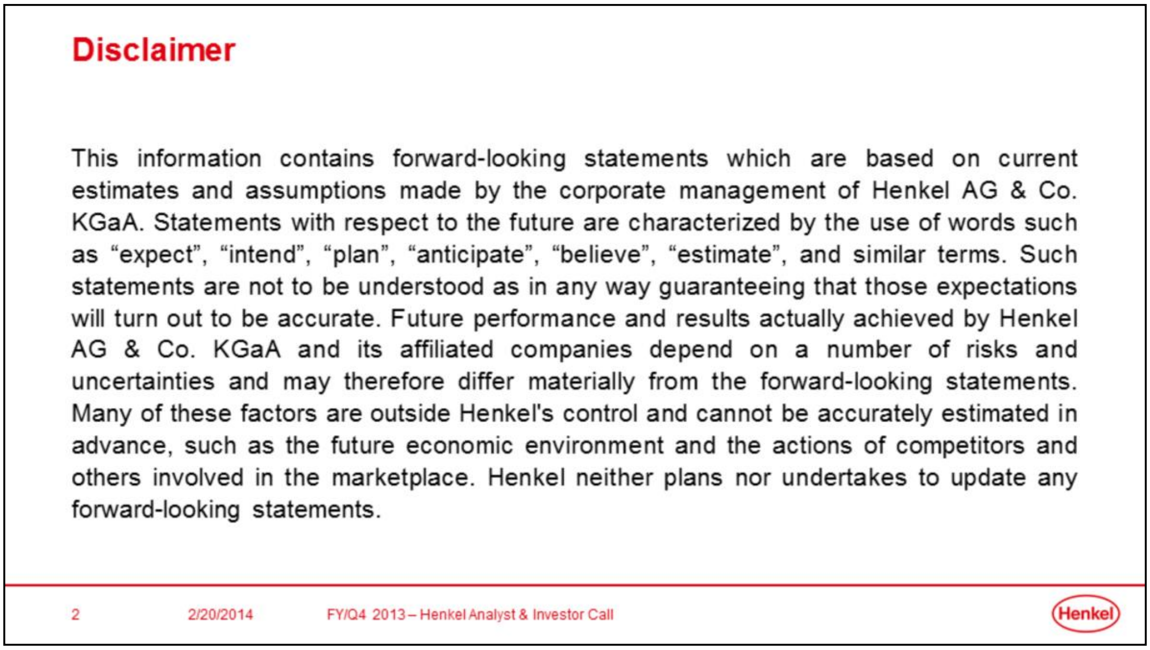


Good morning and welcome to the Henkel conference call. With us today are Kasper Rorsted, CEO, Carsten Knobel, CFO, and the Investor Relations team. (Operator Instructions). Today's conference call is being recorded and the webcast is available at www.henkel.com/ir. At this time, I'd like to turn the call over to Mr. Kasper Rorsted. Please go ahead, sir.

Kasper Rorsted:

Good morning, ladies and gentlemen, and welcome to our conference call.

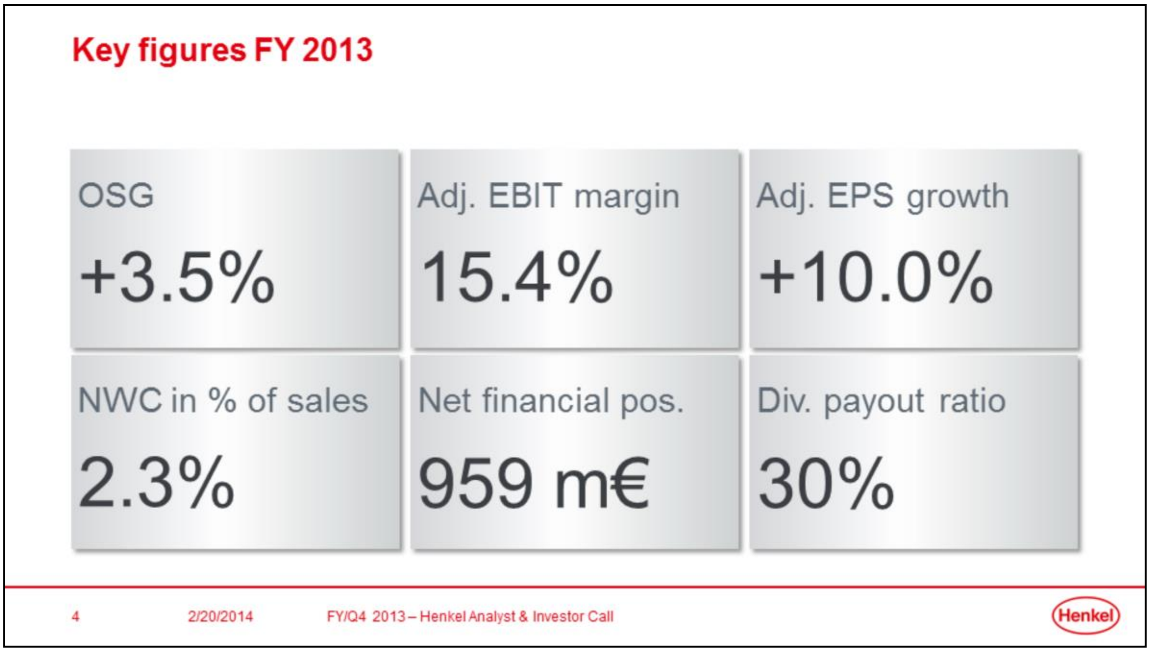
First I'd like to focus on the key developments of the full year 2013, as well as the progress we made last year towards our strategic goals for 2016. Then Carsten will provide you with the full-year financials in greater detail, and after that I'll close my presentation with a summary of 2013 and then the outlook for 2014. And finally, we'll take your questions.

Moving on, I'd like to begin by reminding everyone that the presentation, which contains the usual formal disclaimer to forward-looking statements within the meaning of relevant US legislation, can be accessed via our website at henkel.com/ir. The presentation and discussion are conducted subject to the disclaimer. We will not read the disclaimer but propose we take it as read into the records for the purpose of the conference call.

Agenda

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

Now, let me get on. I'll speak about the key developments for 2013, our strategic priorities 2016 progress in 2013. Carsten will take us through the financials and I'll summarize and speak about the outlook. So let's get started.



Overall, we had an organic sales growth of 3.5% for the full year, an EBIT margin of 15.4% after hitting our target of 14% or 14.1% in 2012, adjusted EPS growth of 10%, net working capital in percentage of sales of 2.3%, a net financial position on our balance sheet of 959 million Euro, and we raised our dividend payout, as communicated in January, to 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

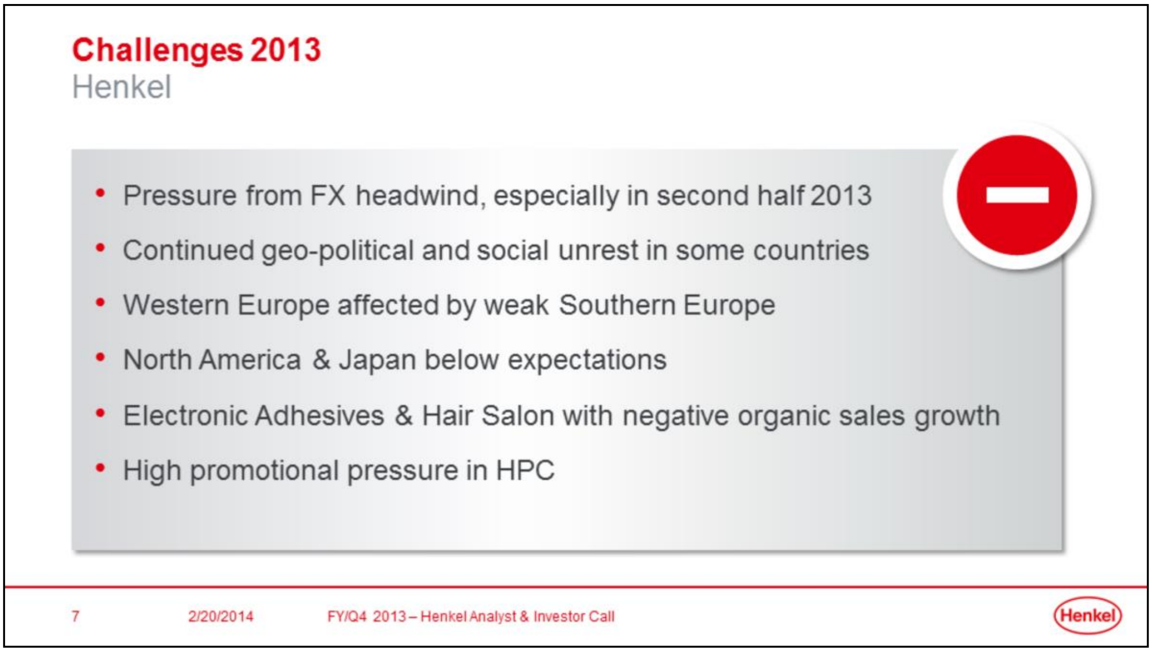
5 2/20/2014 FY/Q4 2013 – Henkel Analyst & Investor Call Henkel

So, when we look upon the guidance, our original guidance was organic sales growth between 3% and 5% and we came in at 3.5%. Our adjusted EBIT margin was originally guided 14.5%, raised following the third quarter to 15%, and we came in at 15.4%. And our adjusted EPS growth was guided at 10% and we came in at 10%. So, in that context, the financial guidance that we originally set approximately 12 months ago, we hit all three KPIs.

Let me now go into greater levels of detail. We saw solid organic growth driven by all business groups, and it's clear that you don't need to be a rocket scientist to understand that 3.5% is in the lower range between 3% and 5% and not in the upper range.

If you look upon the run rate, we had 3.2% in the first half and 3.8% in the second half, but we write solid because it's coming in at the low end of the range and not at the upper end of the range. Clearly, if we were to pull out one number, that is the number that we are not quite happy with.

The emerging markets continued with very strong organic sales growth. Our adjusted EBIT margin came in at all-time high, supported by all businesses. As I said before, net debt changed to net cash position. We increased our dividend payout ratio and we took a number of steps that will ensure that we execute our 2016 strategy appropriately.



What were the challenges we saw? And I will start at the macro level. Clearly, the pressure from financial -- FX headwind continued particularly in the second half, where we saw three quarters of our pressure, which will have an impact going into 2014.

We continued to see geo-political and social unrest in some of the countries; mentioning just a couple, Middle East, consistent unrest in Thailand and now also in Ukraine. Despite that, we continue to see very strong growth in the emerging markets.

Western Europe continues to be affected by a weak Southern Europe in our business. Our North American and Japanese businesses came in below our own expectations. Our electronic adhesives business and hair salon with negative organic sales growth and we saw high promotional pressure in our HPC business. So we had also our set of challenges to deal with in the past year.

Laundry & Home Care
Key developments 2013

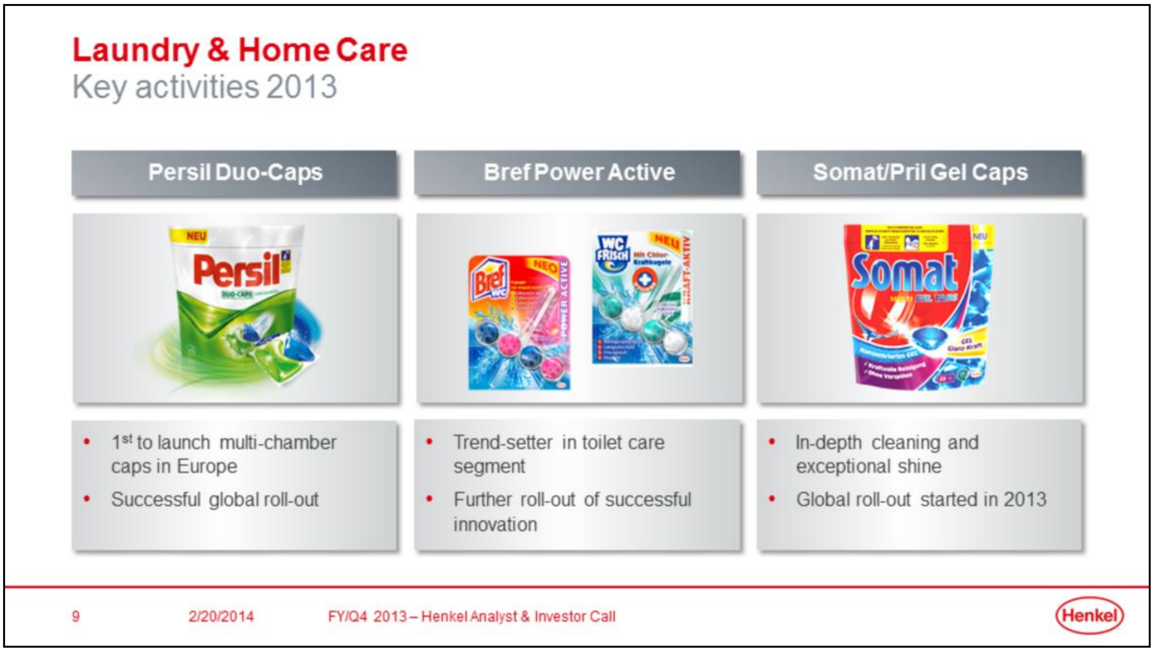
Sales

- 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

Let me start with Laundry and Home Care; strong organic sales growth, Laundry solid, Home Care very strong. We saw the emerging markets organic sales growth stay at double-digit. We saw the mature markets being slightly negative. On the return side, adjusted EBIT margin showing excellent increase, a record high, and we also saw further increase in our ROCE.



A big driver for this has been our innovation pipeline that continues to drive top line, bottom line, but also market share growth. And to mention one, we have now launched Persil Duo-Caps in more than 50 countries, so the days are long gone where Persil was a one-country brand; it has been rolled out, as I said now, in more than 50 countries across the board. In other categories like Bref Power and Somat, we also saw successful innovations.

On our Beauty Care business we saw solid organic sales growth, Retail remain solid and Hair Salon for the year negative. So hair salon is heavily impacted by the economic climate in Western Europe, whereas retail remained solid. The emerging markets OSG was very strong and we saw the growth in mature markets remain positive. On the return side, the adjusted EBIT margin again showing strong increase, record high, and ROCE continued to increase.

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

Also in our Beauty Care business, a number of key initiatives was launched in the past year that helped us not only drive our top line but also pricing which has a positive impact overall on the bottom line

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

On our Adhesive Technologies business, we saw solid OSG. Let me just remind everybody that we started out weak in this area in the first quarter, but continued to have strong growth in the second, third and fourth quarter. However, the first quarter continued to play a role in the overall numbers. Emerging markets OSG was strong and the mature markets OSG was positive. We saw the adjusted EBIT margin showing excellent increase, again to a record high level, and ROCE further increased.

Adhesive Technologies

Key activities 2013

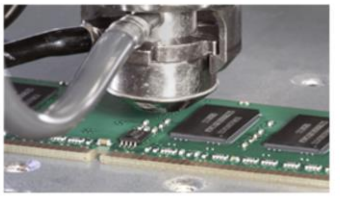
Loctite MAX 2

- 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

Also in our Adhesive business we launched a number of key initiatives in innovation. Some were related to reducing weight in the automotive industry; others were related to forming strategic alliances to ensure that we further penetrate key segments like the packaging industry. And we also continued innovation into our electronics business, to ensure that we remain a technology leader in this area.

That was the overall highlights, and of course, as you know, Carsten will take you through the numbers. Let me now speak about some of the progress we made on our strategy, which we will do on an annual basis, give you an update on where we are.

And I'll start with putting up the picture, outperform, globalize, simplify and inspire. Our target is and remains 20-10-10. You can then say why are you having this target after one year because of the currency. Let me just remind you that four years consist of four single years and there is a long way to go.

We expect a lot of changes also in the reverse side on the currency. And as you have seen and I know Carsten will speak about in further detail, we have an exceptionally strong balance sheet. So we remain on course and it's important for us to continue to deliver a consistent good shareholder return built around 10% EPS, but also building the size of the business globally and in the emerging markets

Let me give you some updates on where we are on our four strategic priorities. We will continue our brand consolidation to ensure that we have the right focus on our brands and the right spending on our brands. Our top 10 brands now account for 57% of sales; a year ago, it was 44%.

The big change in this area has come in the industrial adhesives side and also consumer adhesives side. We already announced a couple of years ago the brand consolidation, and you are seeing that they are improved right now, that we are very consolidated when it comes to our top 10 brands. Schwarzkopf has now reached a 2 billion Euro size as a brand.

On the innovations, we continue to innovate globally and regionally. And in order to support that innovation, we have opened five new R&D centers in the emerging markets. That was part of the strategy communication we did a year ago, saying we would open six. We are well underway to achieve what we need to do to ensure that we deliver products that are globally relevant.

When it comes to globalize, we continue also to focus on the mature markets. We have had almost 1,000 customers coming to our high-tech development center near Munich to support our new products. We have built and will this year launch, open, the most sophisticated European warehouse, completely automated, here in Germany, which will cover a big part of the European market.

On emerging markets, we consistently see very strong growth throughout every quarter in this year, so we remain very bullish on the emerging markets. Its share today is 44%. It's of course impacted negatively by the big swing in currency rates.

Just to give you an example of the most extreme, we had approximately 17% growth in Middle East/Africa and we reported negative growth, so you can see the impact on the currency. However, in the long term, the local growth is the one that articulates your market position. So our globalization, as part of our strategy, remains a very important pillar.

On our emerging markets, going deep, China today is our third largest country in the world and within beauty care, where five years ago we were about to exit, it's today our fifth largest market in the world. And as you know from previous communications, we have opened the largest adhesives plant in the world in Shanghai in 2013.

However, at the same time, it's not only about driving top line but it's also consistently driving operational excellence to ensure that we can execute better, faster, but also in a more consistent way.

When it comes to best-in-class processes, we have now 2,000 people in shared services, going towards our target of 3,000. We have consolidated our shared service organization with our IT organization, to ensure that we develop best-in-class processes for our business globally.

IT remains a key area of focus for us, because we believe that having a global IT platform will improve our capability to execute in the market, serve customers better, but also do it in a more cost efficient way.

And as we said also when announcing our 2016 strategy, our target is to get to 20 billion Euro of revenue with a consistent headcount. And to do so, we work hard on building what we call a scalable business platform that will ensure that we integrate our global supply chains in what we call a standardized operating environment, with consistent systems and processes for all business groups, and that will allow a much more scalable platform. Carsten will speak about that more in detail.

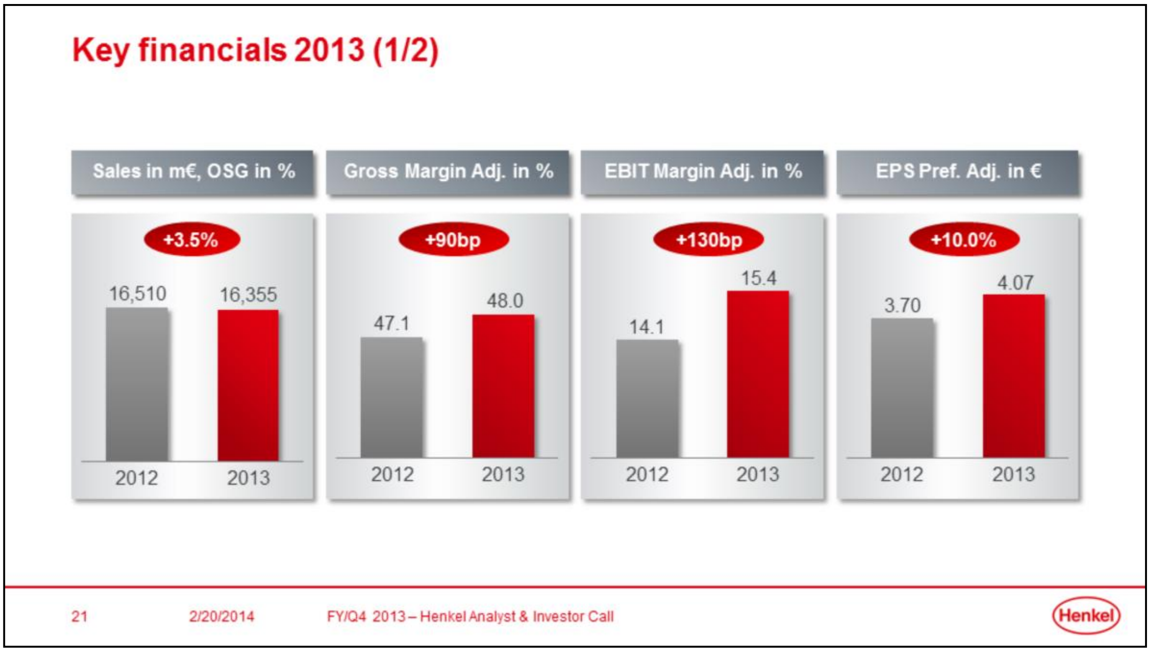
However, we can't do that without having a good team. We are very focused on performance within Henkel, and that means that we want to treat everybody fair but not the same. Last year, we introduced what we call our leadership principles that articulate how our people leaders lead our people within the organization. And throughout the year, we conducted more than 350 workshops, working with 6,800 people managers to ensure that they clearly understand how we run our organization.

We promoted more than 1,000 people managers internally, and we have now completely linked our long-term and short-term incentives to what we call our performance rating, to ensure that we pay for performance or we don't pay for non-performance. But performance remains a key element of the culture that we have developed within our organization.

When it comes to diversity, 32% of our managers are female, 31% of our managers work in the emerging markets and 56% of all our people work in the emerging markets. So it's not only the business we are globalizing; we are also globalizing our management structures.

With this, I will now hand over to Carsten, who will take you through the financial numbers in greater detail.

Carsten Knobel:
Thank you, Kasper. Good morning to everyone. Let me now give you some more details on our financials 2013, and let me start with our key financials 2013.

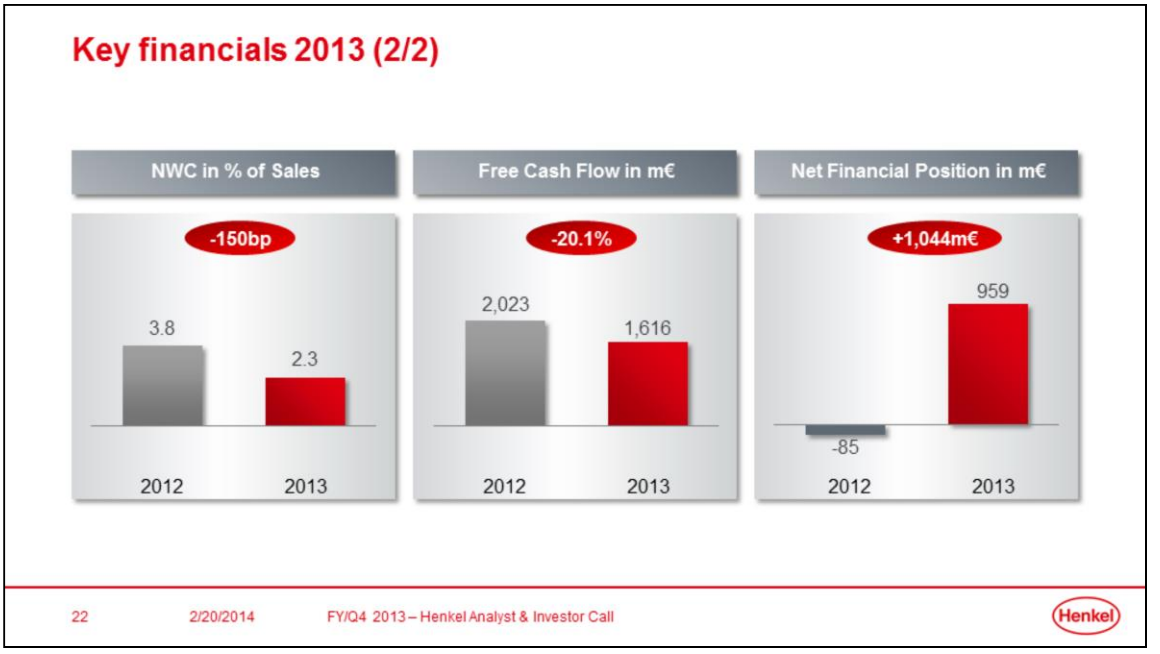


We were able again to deliver a solid top line growth, with sales organically increasing by 3.5%. First half-year came in with 3.2%, while the second half-year came in organically with 3.8%. In net nominal terms, our sales closed at 16,355 million Euro and by that being in nominal terms 0.9% below the previous year, and this was driven extremely by our negative FX effects amounting to 4.4%.

Secondly, we recorded a strong development in our adjusted gross margin, being up 90 basis points to a level now of 48.0%.

Thirdly, our adjusted EBIT margin again significantly increased by 130 basis points now to a level of 15.4%, and that is an all-time high for a full year.

And fourthly, and finally, the adjusted EPS came in, before adapting to IAS 19 revised, by plus 10% to a level of 4.07 Euro. After adapting to IAS 19 revised, the corresponding figure of 2012, the 3.70 Euro, would be 3.66 Euro, and by that the growth would be 12.1%.



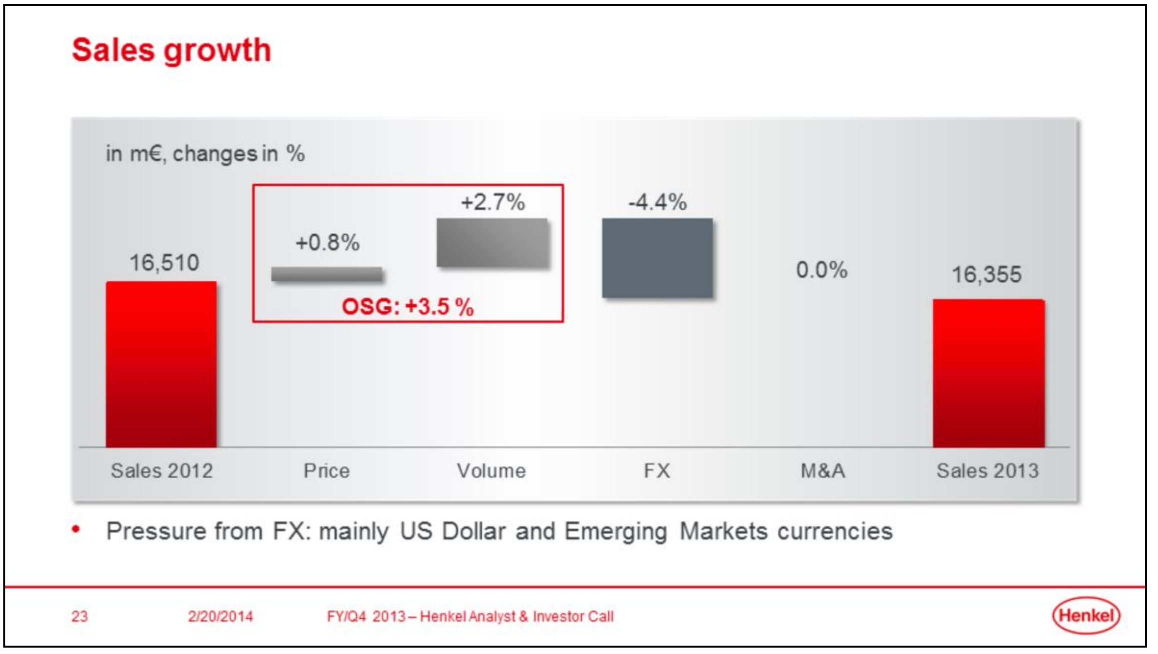
Let me now talk about cash KPIs, or the cash side. Our net working capital in percent of sales came in with 2.3%, and by that again being performing 150 basis points better than the year before. This was driven and supported by all business divisions.

Let me step back for a moment and come back to our Henkel strategy 2016, when we in London, in November 2012, announced also our target for 2016 of around 5% in terms of net working capital. You all know that in beginning of 2013, which we have reported, we changed slightly the definition of net working capital, so the 5% would correspond of around 3.5%. So you see that already in 2013, with the 2.3%, we have reached this target for 2016.

And we also see at this point of time that with this 2.3% we have reached a kind of optimal level of net working capital for all our three divisions. For sure, there will be some changes over the upcoming years, but our ongoing level is around 3% for the upcoming years.

Moving now to the free cash flow, free cash flow reached a level of 1.616 billion Euro for 2013, being below the previous year. The previous year was an exceptional high year. And the main reason for the difference or for the reduction is if you compare on a year-to-year basis the net working capital development 2012 to 2011, which had an improvement of 280 basis points versus 2013, versus 2012 of an improvement of 150 basis points, this is the main difference regarding the free cash flow.

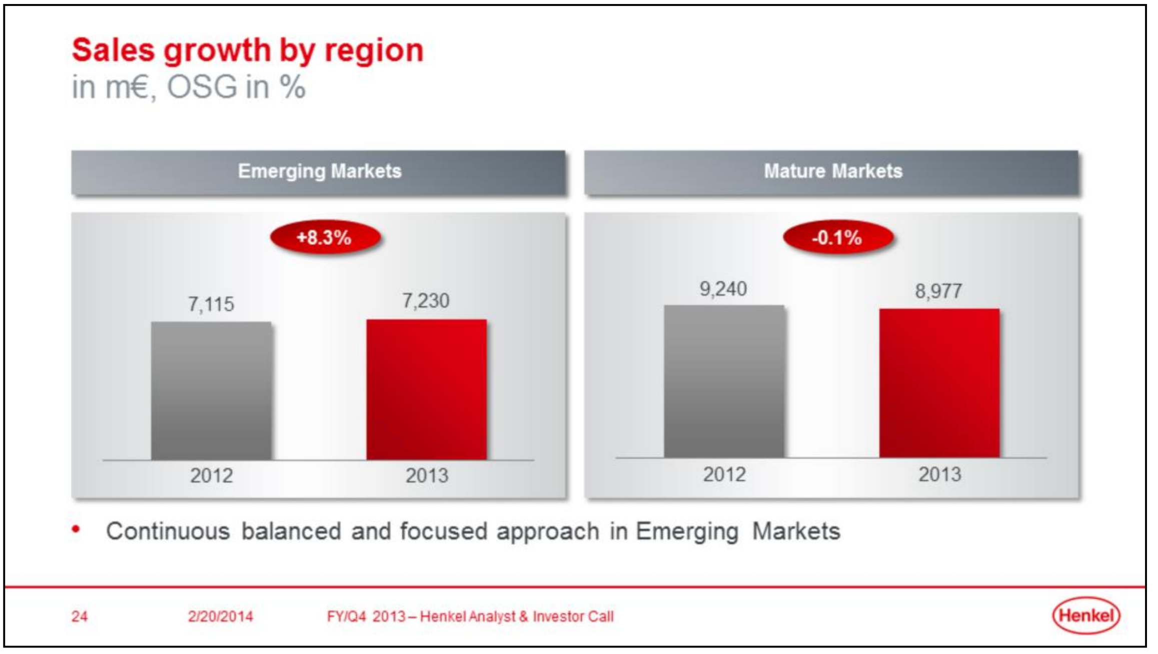
Closing the cash side with our net financial position, as Kasper already pointed out, we moved in the net financial position from a net debt position into a net cash position, reaching 959 million Euro at the end of 2013 compared to the minus 85 million Euro we had in 2012, so being up 1,044 million Euro.



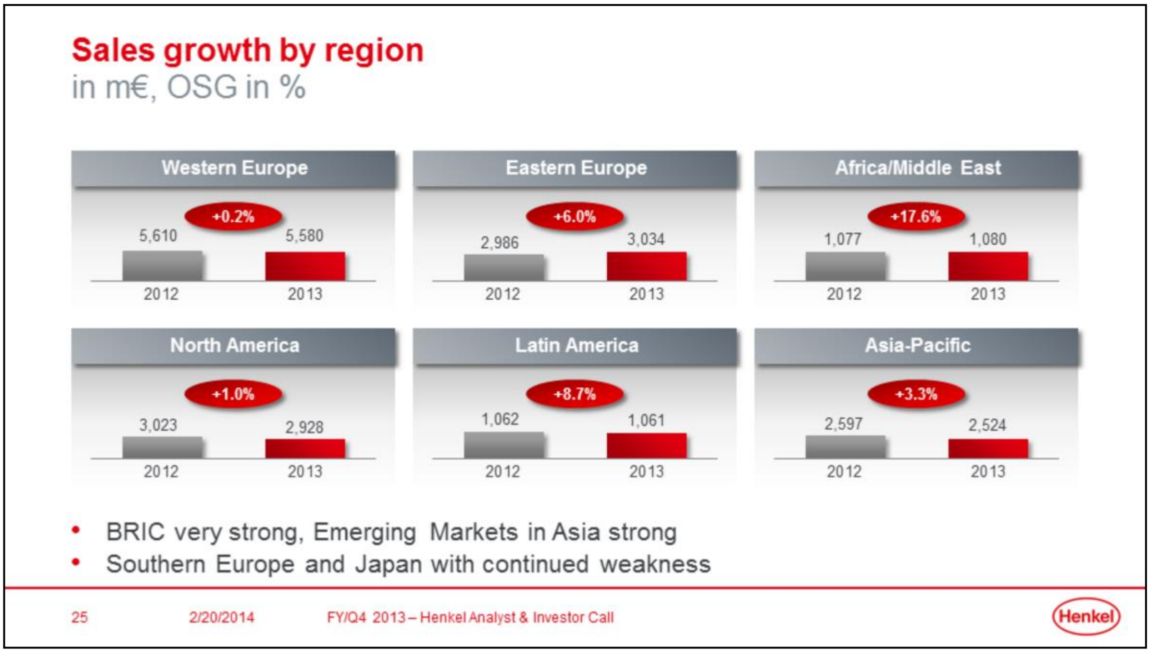
With that, let me come now to some more details on our sales development. As pointed out before, our organic net sales growth came in with a solid growth of 3.5%, composing of 80 basis points in price and 270 basis points in volume.

The FX headwind led to a full-year impact of 4.4% of top line, accelerating over the year. The first half-year came in with an impact of minus 2.1%, while the second half-year was impacting our figures by 6.7%. This was mainly driven by the US dollar, but also by more or less all emerging market currencies.

No major M&A impact, leading to the 16,355 million Euro reported sales for 2013.



Looking on the regional performance, we again improved our sales share of emerging markets from 43% to 44% for the full year 2013, and this with an over-proportional, also, organic growth in the emerging markets, coming to 8.3%. And the mature markets came in in a flat development, especially based on the difficult environment in Southern Europe, but also Japan performed below our expectations.

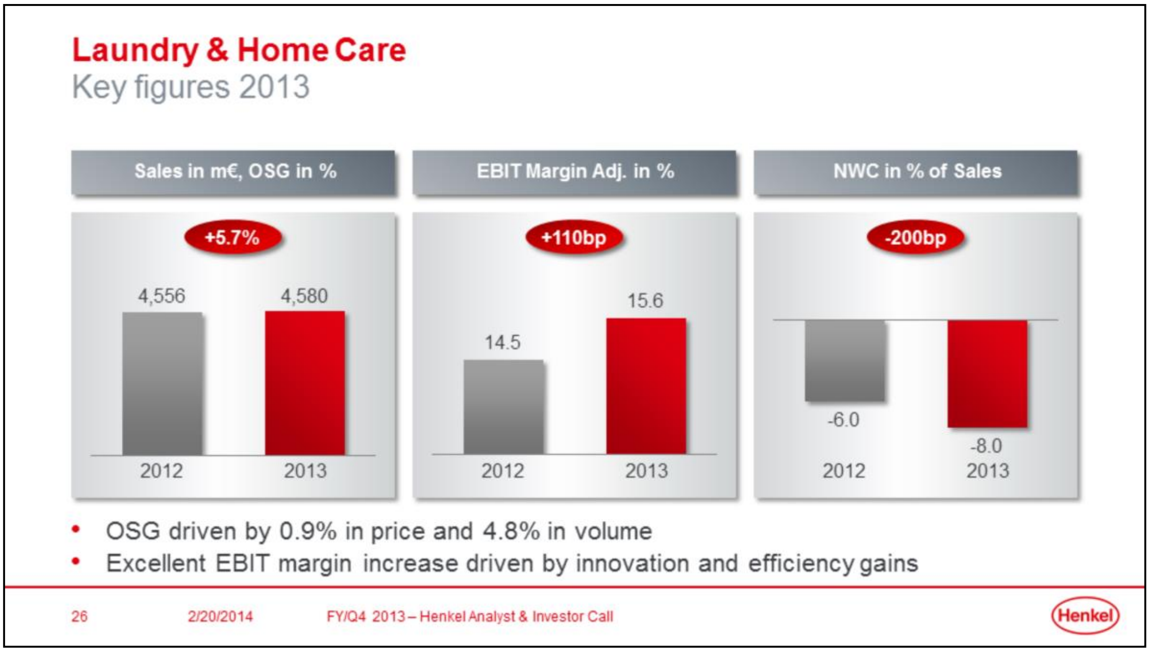


Moving now to the details of the regional performance and giving you a picture on the individual regions but before pointing out, all regions in 2013 showed a positive organic net sales growth, and especially the BRIC countries showed a very strong development.

Moving to the individual regions, Western Europe showed a slight organic net sales growth of 0.2%. That means despite the recessional development in Southern Europe, we have been able to overcompensate this effect by the other Western European countries. Eastern Europe came in with a strong growth of 6.0%, mainly driven by strong development in Russia and Turkey.

Our Africa/Middle East development showed a double-digit development, being precise plus 17.6%, despite the challenges, geo-political and social unrest, which we have faced in 2013. North America showed a positive organic net sales growth of 1%, Latin America a high single-digit growth of 8.7%, especially driven by Brazil and by Mexico.

And Asia Pacific came in with a solid growth of 3.3%. Here to be differentiated, the emerging markets of Asia showed a strong development while, as pointed out before, Japan was below the previous year and by that offsetting partly the strong development in the emerging markets of Asia.

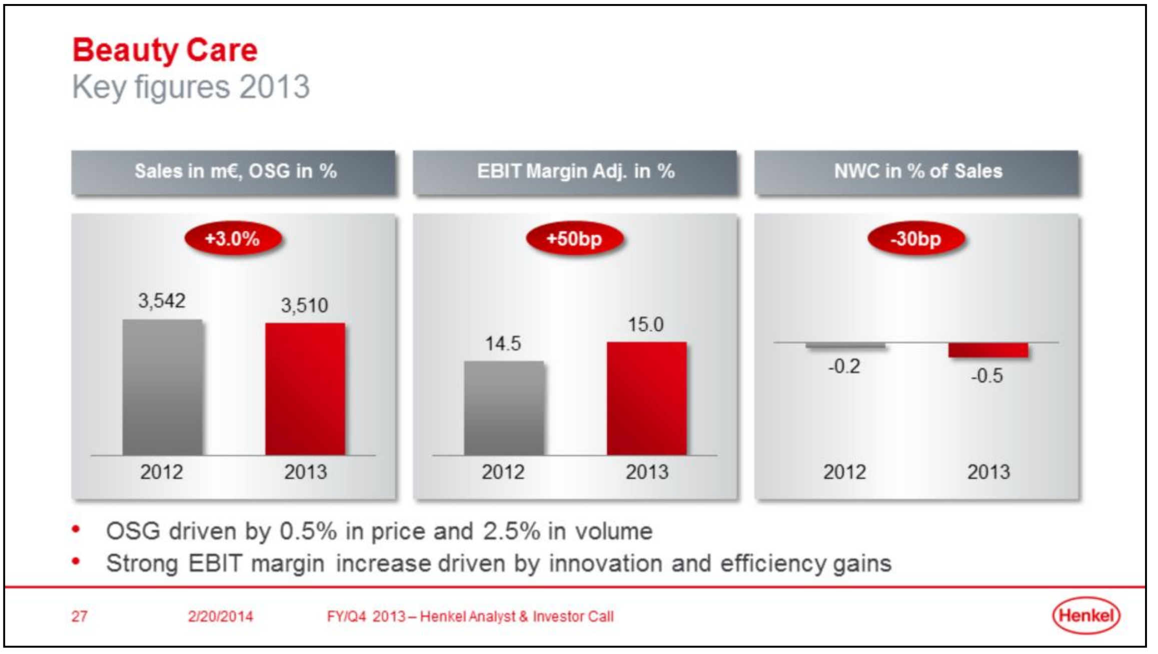


With that, let me now move to our business units and give you here some more details, starting with our Laundry and Home Care business

Laundry and Home Care sales came in with a strong growth of 5.7% organically, and this was driven by a price component of 90 basis points and a volume component of 480 basis points. Looking into details, the Laundry business showed a solid growth, while our Home Care business showed a very strong development in the year 2013.

Regionally, this growth was especially driven by the emerging markets showing a double-digit development, especially supported by Africa/Middle East, but also by a very strong development in Eastern Europe. The mature markets could not reach exactly -- met the organic growth of the last year, so being slightly below the previous year, especially by a fierce promotional and price competition and an environment of declining markets.

Bottom line, the adjusted EBIT margin showed a significant improvement, by 110 basis points to a record level of 15.6%. And a similar development in the opposite direction you see in net working capital related to sales, with an improvement of 200 basis points also here to a record low level in relation to net sales of minus 8.0%. The bottom line was especially driven by innovations and efficiency gains in different areas.

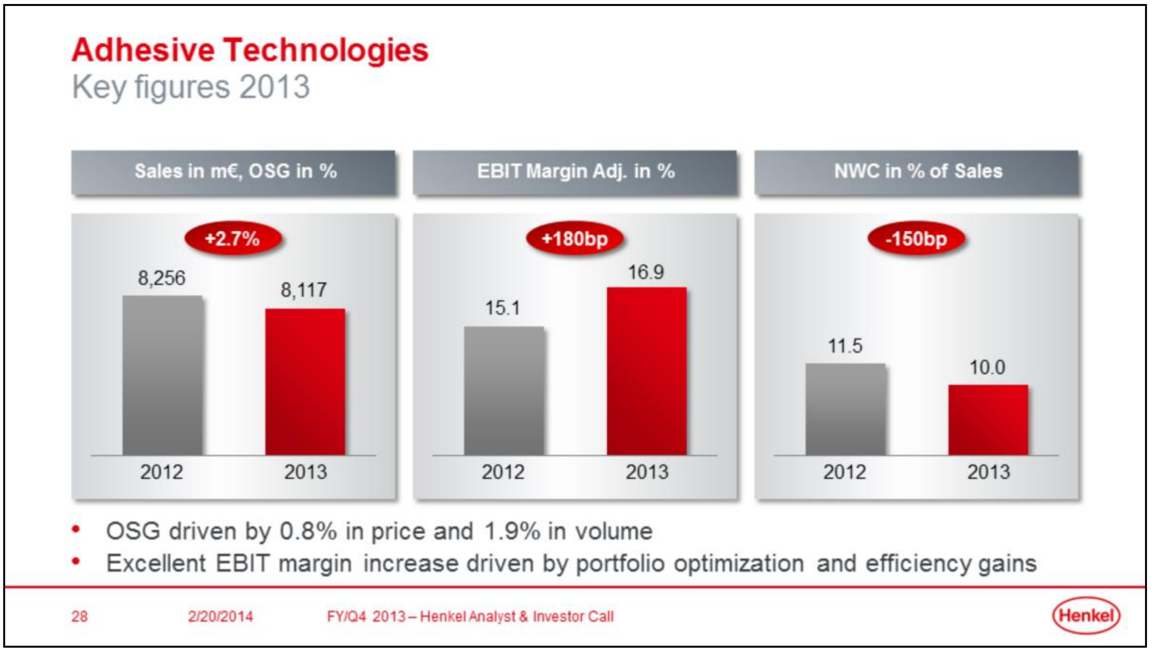


Moving now to our Beauty Care business, the Beauty Care business continued their profitable growth path, and by that showing now for the 32nd consecutive quarter a profitable growth development. The organic net sales growth came in with a solid development of 3.0%, with 50 basis points in price and 250 basis points in volume.

The retail business, as pointed out by Kasper, showed a solid organic net sales growth, while our salon business, the hair professional business, was especially impacted by declining markets and by our over-proportional part in Southern and Western Europe showed negative organic net sales development.

The growth driver also here was the development in the emerging markets, with a very strong development, and here mainly driven by Africa/Middle East but also with a very strong development in Asia emerging markets. The mature markets showed -- maintained on previous year level, with North America showing a solid organic net sales growth.

Coming also here to the bottom line development, also here driven by efficiency gains and by innovation. We have been able to improve the adjusted EBIT margin by 50 basis points to a level all-time high of 15.0% for a full year. And also in net working capital we improved again by 30 basis points to a level of minus 0.5% in relation to net sales.

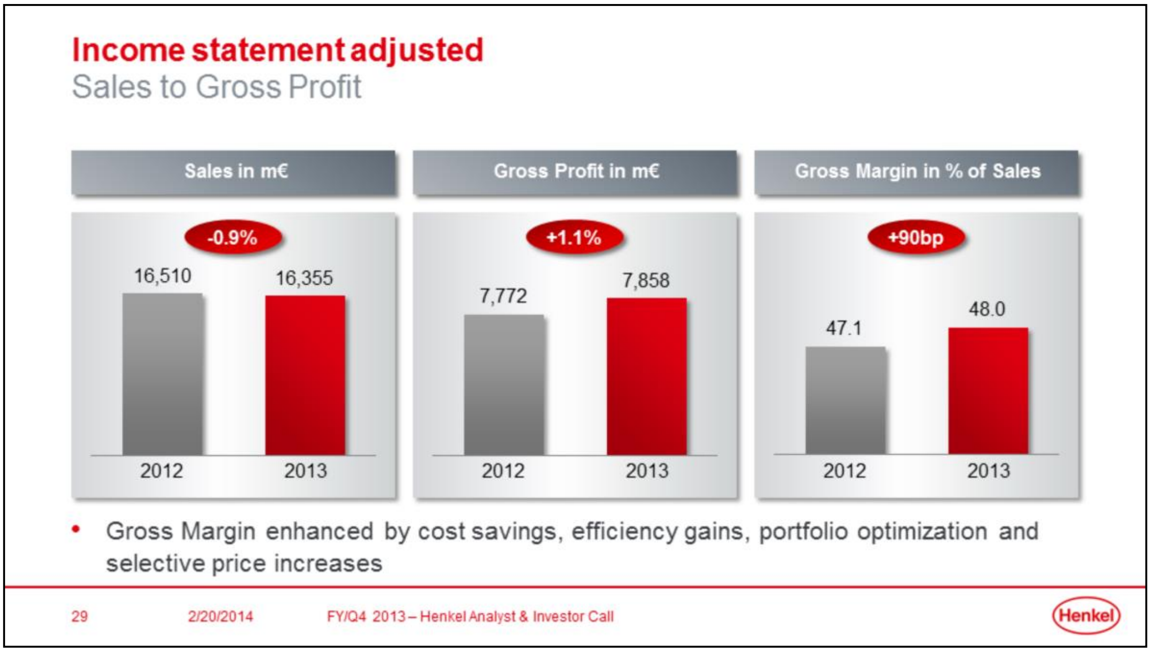


Moving now and coming now finally to our Adhesives Technology division, here an organic net sales growth of 2.7%, a solid development, driven by all businesses except the electronics business. The price component in that respect was 80 basis points for the Adhesives division, while the volume came in with 190 basis points.

From a regional perspective, also here a strong development in the emerging markets, with especially contributing by Latin America with double digit and a strong development in Eastern Europe. The mature markets showed a positive organic net sales growth, driven by North America and Western Europe despite the Southern Europe recessionary development, partly compensated by the development -- negative development in Japan.

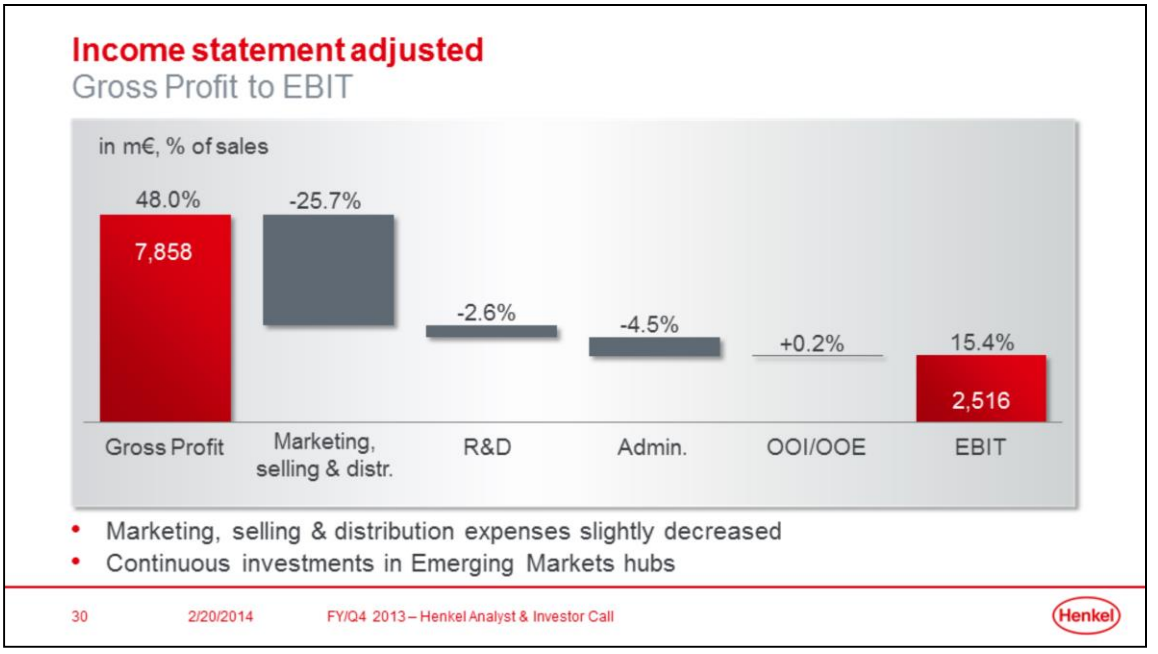
Also moving here to the bottom line, adjusted EBIT margin came in with plus 180 basis points, an excellent performance, moving to 16.9% despite the efficiency gains in production and supply chain and cost measures. Here our portfolio optimization plays an important role in the way that we are concentrating and moving even more to high margin businesses, and by that impacting also the bottom line, as mentioned before.

Also net working capital in percent of sales showed a record low level of 10% related to sales, and by that improving 150 basis points compared to the same of last year.



With that, I would like to move to the income statement adjusted, and here sales to gross profit, or starting with that. As reported before, our reported sales came in with 90 basis points below the prior year, reaching a level of 16,355 million Euro.

Our gross profit had been able, or we have been able to improve our gross profit over-proportionally, by plus 1.1%, and by that reaching 90 basis points improvement to a level of 48.0%. This was mainly driven by cost reduction measures, improvements in production and supply chain, ongoing portfolio optimization, as mentioned before, and also selective price increases.

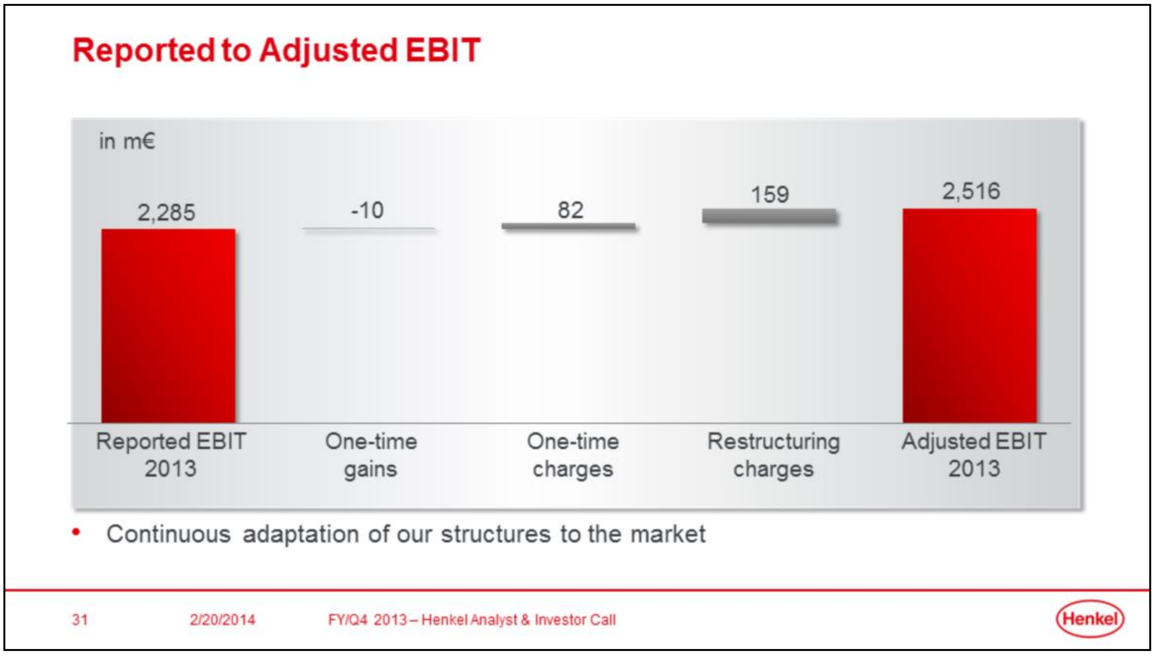


Moving now to the gross profit to EBIT development, marketing, selling and distribution expenses decreased slightly in percentage of sales. Looking at our marketing expenses, we have seen a shift to the promotional activities in that respect, but in absolute terms our marketing expenses more or less remained on the prior year level.

Kasper already talked of the expansion in R&D centers and this is also reflected in our R&D expenses, which have been increased, and by that investing into our business. Also our admin expenses increased slightly, especially related to the fact which has been reported also during the quarterly report of 2013, especially to our focusing on our emerging hubs in order to put investments behind that.

Extraordinary or other operating income, other operating expense, the balance remained on a very low level; a slight increase in the income due to a disposal of our Chemofast business and slightly decreasing in the expense side, especially due to the fact that we had lower provisions for legal disputes and fees.

And with that we reached, as pointed out before, an adjusted EBIT margin of 15.4%, or in absolute terms an EBIT -- adjusted EBIT of 2,516 million Euro.

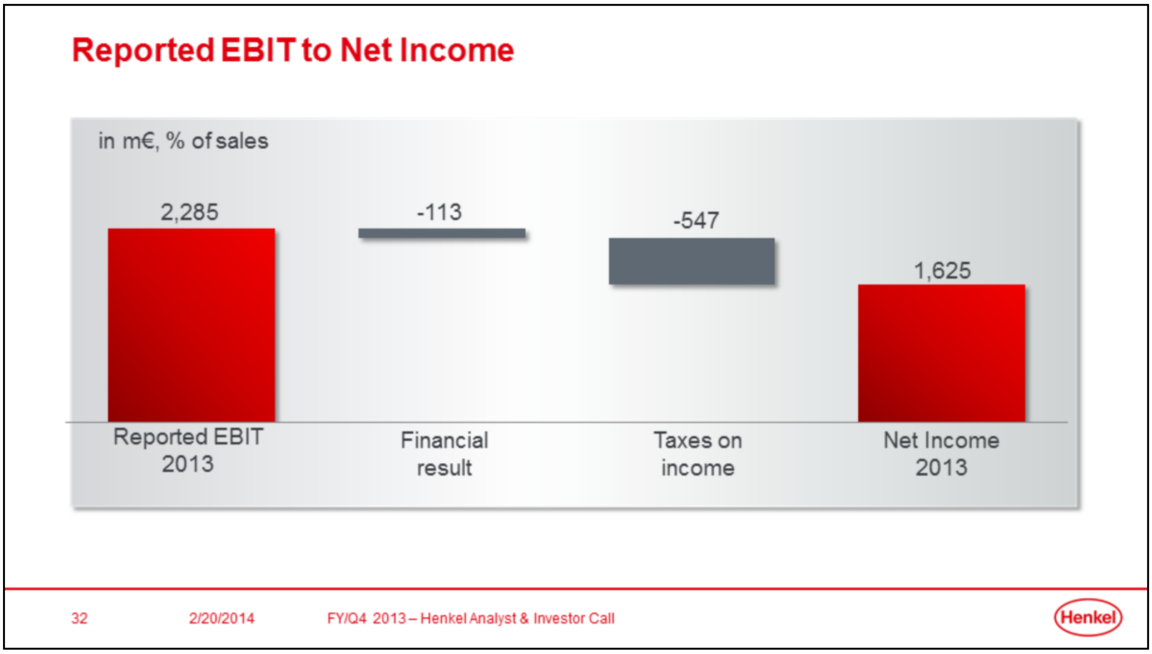


Moving to the reported to adjusted EBIT level, we had one-time gains of 10 million Euro due to a disposal of 10 million Euro Biozym business to BASF from the Laundry and Home Care side.

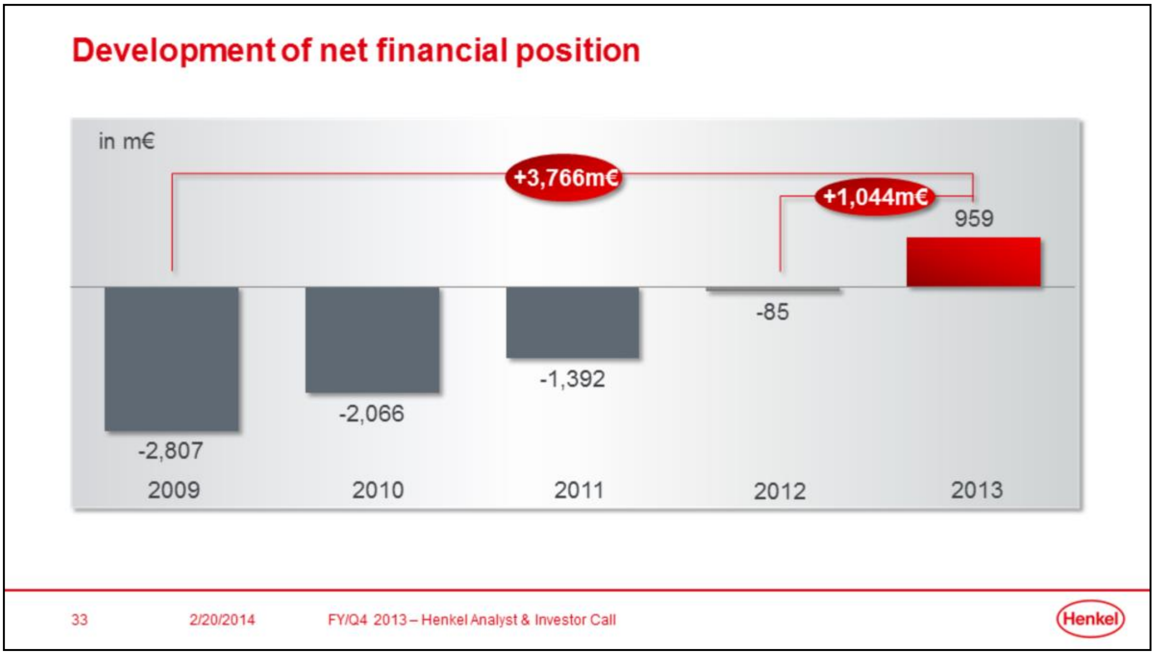
We had one-time charges amounting to 82 million Euro effected by three factors; first of all, the impairment following our exit decision of our Iranian business amounting to 35 million Euro. Then we have, secondly, a legal dispute which we closed with a former joint venture partner in Middle East amounting to 20 million Euro, and some investments related to our integrated business solution organization, IBS, which we created in April 2013.

Restructuring charges amounted to 159 million Euro. You know that this is above our guidance of 125 million Euro, and this increase happened in quarter four. You know we're continuously adapting our structures to the market. Kasper and myself have reported that we have been not satisfied with our development in Japan, or especially in Japan, and we took immediate actions still in quarter four in order to come back to our performance as we have seen in it in the past.

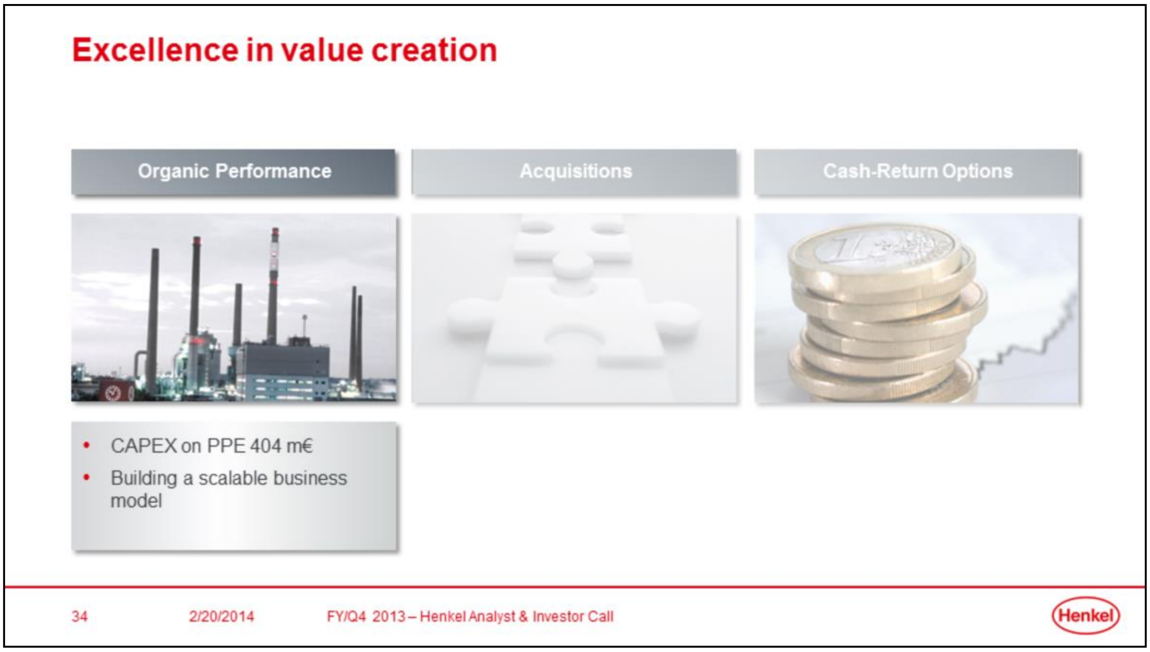
And with that, the adjusted EBIT of 2,516 million Euro, 7.8% above 2012, has been recorded.



Moving now from reported EBIT to net income, we have financial results coming in with minus 113 million Euro, and this has been a significant improvement to the prior year of minus 181 million Euro, so an improvement of 68 million Euro compared to 2012. Taxes on income we paid of 547 million Euro, and by that reflecting an effective tax rate of 25% and being in line with our strategy going forward and reaching a net income of 1,625 million Euro for 2013.



Let me close the financial details with again pointing out our net financial positioning. We reached a level of 959 million Euro, and by that turning a net debt position into a net cash position, improving that by 1,044 million Euro. Over the period over the last four to five years, you see that we have improved our net financial position of 3.8 billion Euro over the course of this period.

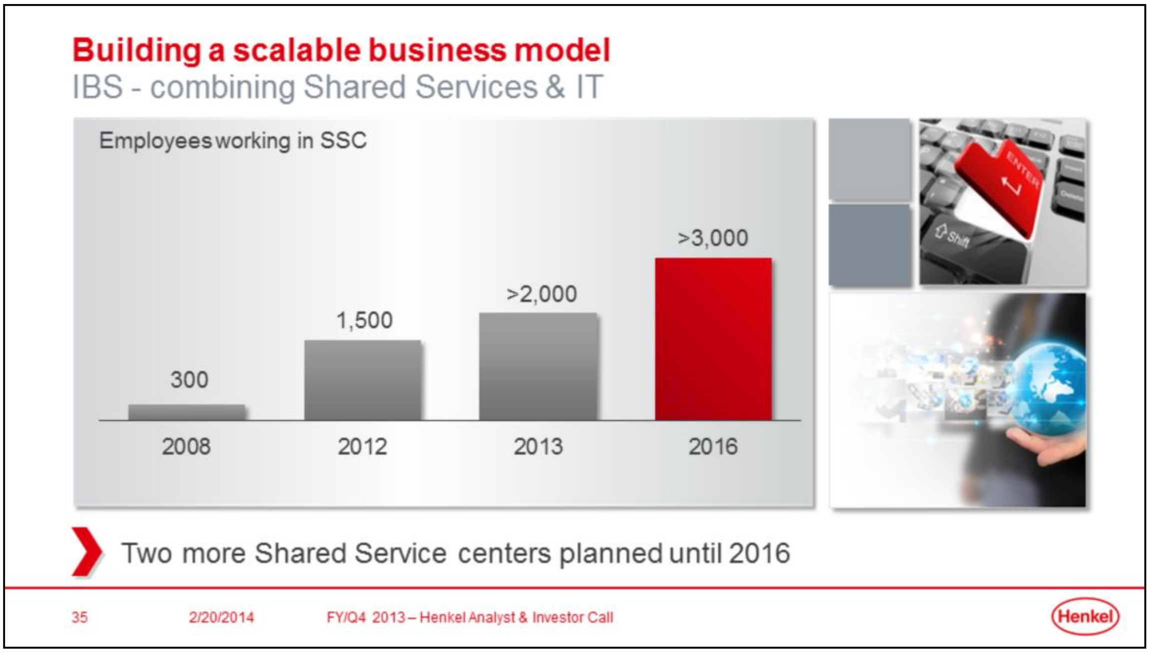


With that, I would like to give you some more details, again, to something which we have disclosed to you during our Strategy 2016 presentation in November 2012 in London, about excellence in value creation. And we have presented in that respect three pillars, our organic performance, our acquisitions being an integrated part of our strategy and the cash return options, and let me emphasize on each of the three pillars, starting with our organic performance.

Capital expenditures for property plant and investment recorded 404 million Euro for 2013, and then in that respect being up compared to 2012, especially putting focus in expanding our production capacities and also rationalization measures; on the other side below the guidance, below our own expectations, especially due to the fact that based on the geo-political unrest and developments in Middle East/Africa we postponed certain investments based to this development.

On top, you heard already Kasper talking about building a scalable business model based on the 20-10-10, reaching 20 billion Euro from 16.5 billion Euro, being more than 20% up and on the same time having the same number of people. We need to scale our business in order to get efficiency gains into that setup.

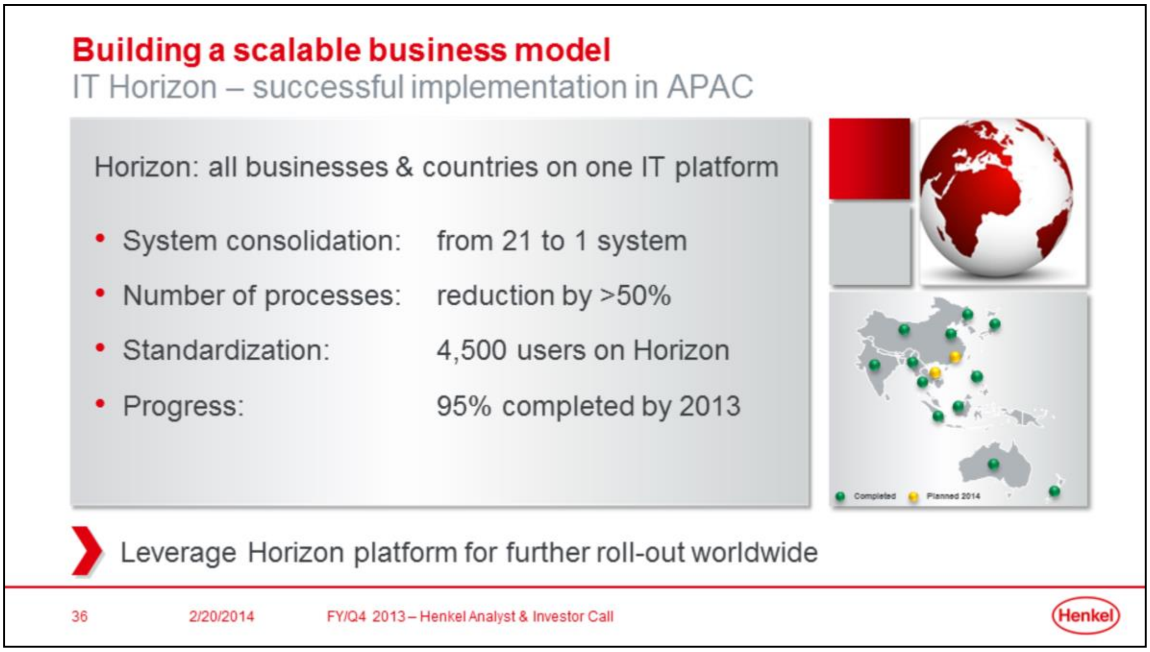
And there are three topics I would like to talk about, which is on the one side our shared service development, secondly about our IT platform which we call Horizon and thirdly about our integrated global supply project which we would like to start.



Starting with our shared service development, you know since 2008 we are significantly working on that development. Starting from 300 people we have reached, in 2013, more than 2,000 people working in shared services, adding over the last two years, each and every year, 500 people in that surrounding, in that environment, working with four shared service centers.

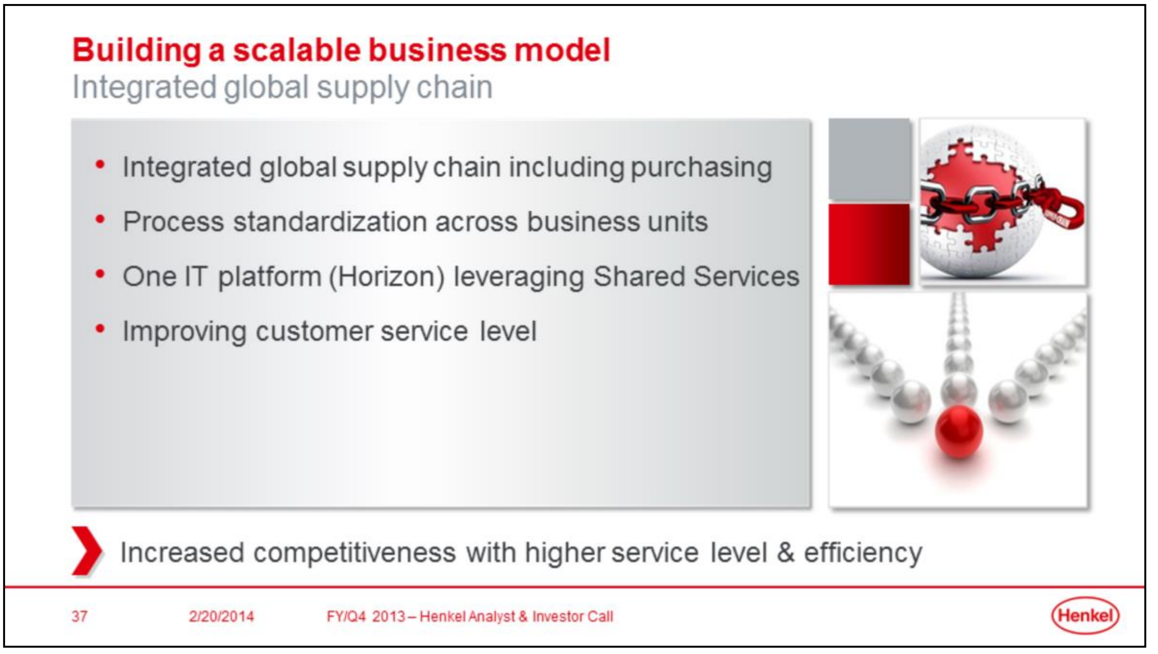
And we are planning for 2014 to open an additional one in Middle East/Africa and another one in Greater China. And we have the clear goal to reach more than 3,000 people at the end of 2016.

On top, as already announced, we started in April 2013 with the combination of our IT organization with the shared services into an integrated IBS organization, so putting technology, process competence in one setup and by that getting more efficiency in terms of end-to-end processes going forward.



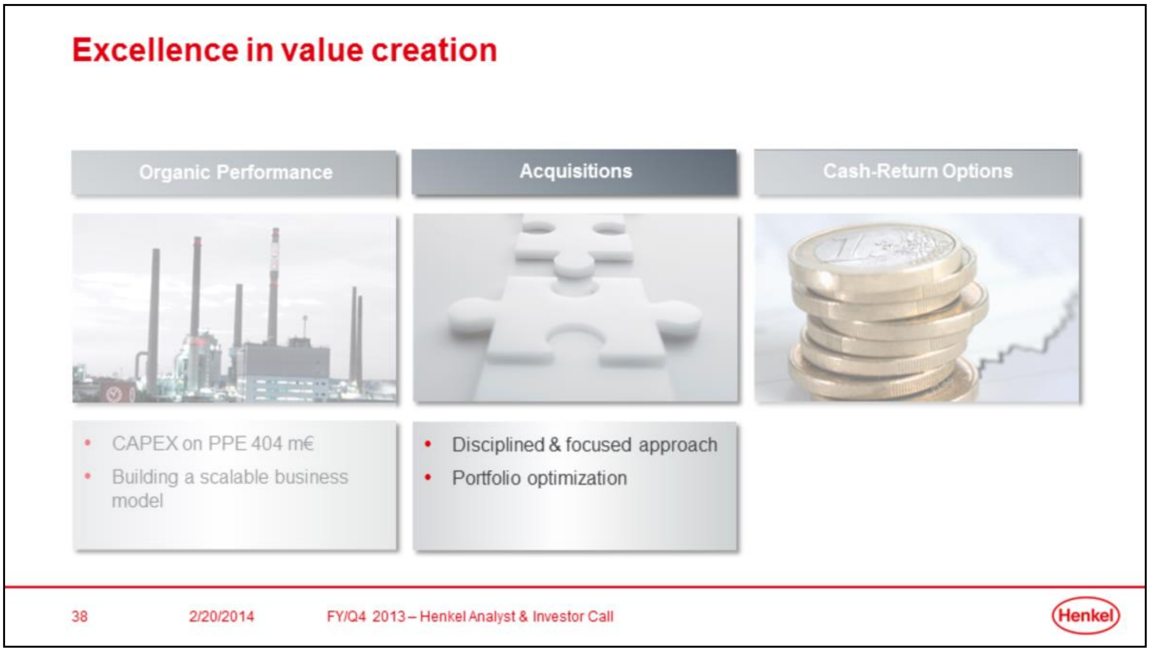
The second example in terms of building a scalable business model is -- and this is very combined with that -- is the development of one IT platform which we call Horizon for all our businesses and countries. After some pilot cases, we started in Asia with the implementation of that one IT platform.

And we can report that we have been able to consolidate systems for more than 21 ERP systems to one SAP system in the same amount we reduced the number of processes to a level of below 50% compared to the initial situation. We have 4,500 users on Horizon and at the end of 2013 we had already completed 95%. And when we are speaking, we are finalizing the rollout with some minor activities in Asia.



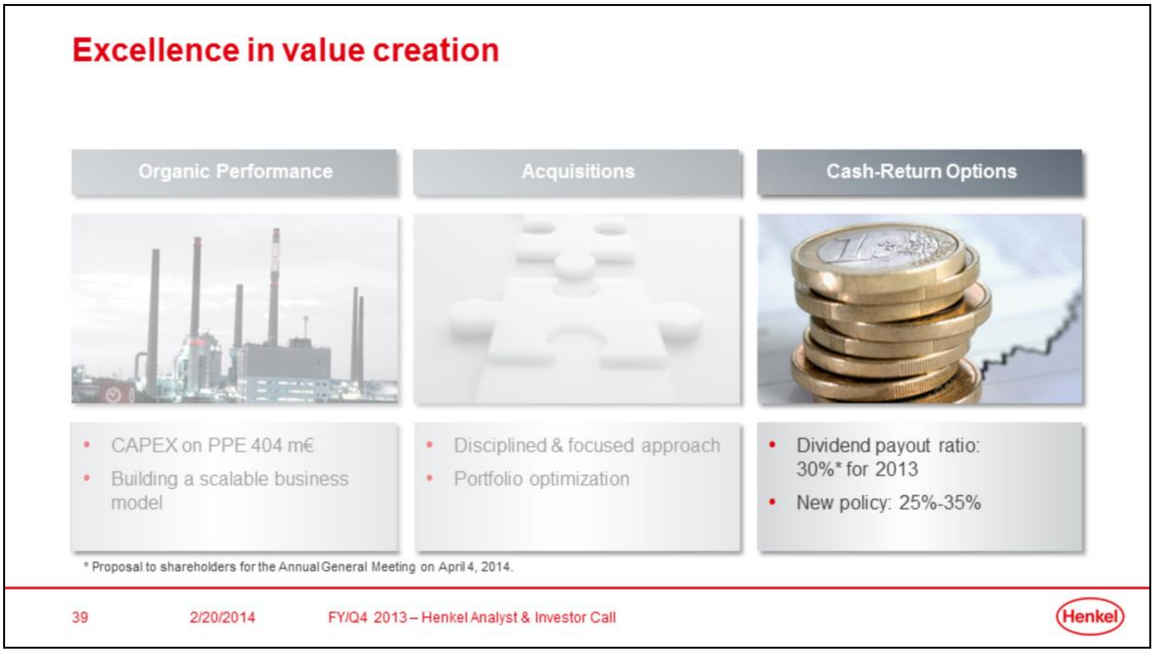
And with that, I would like to move to the third activity, and the third activity is related to preparing a further milestone in 2013 by standardizing a full process automation of our supply chain and purchasing activities, so integrating our global supply and purchasing across the business units.

And for sure, I mentioned the two topics before because they are crucial in order to succeed also in this project, which is to use one IT platform, Horizon, and leveraging this development with our shared serviced activities going forward. The clear goal behind is to get improvement in efficiency and a higher competitiveness, especially when it comes to our customer service level.



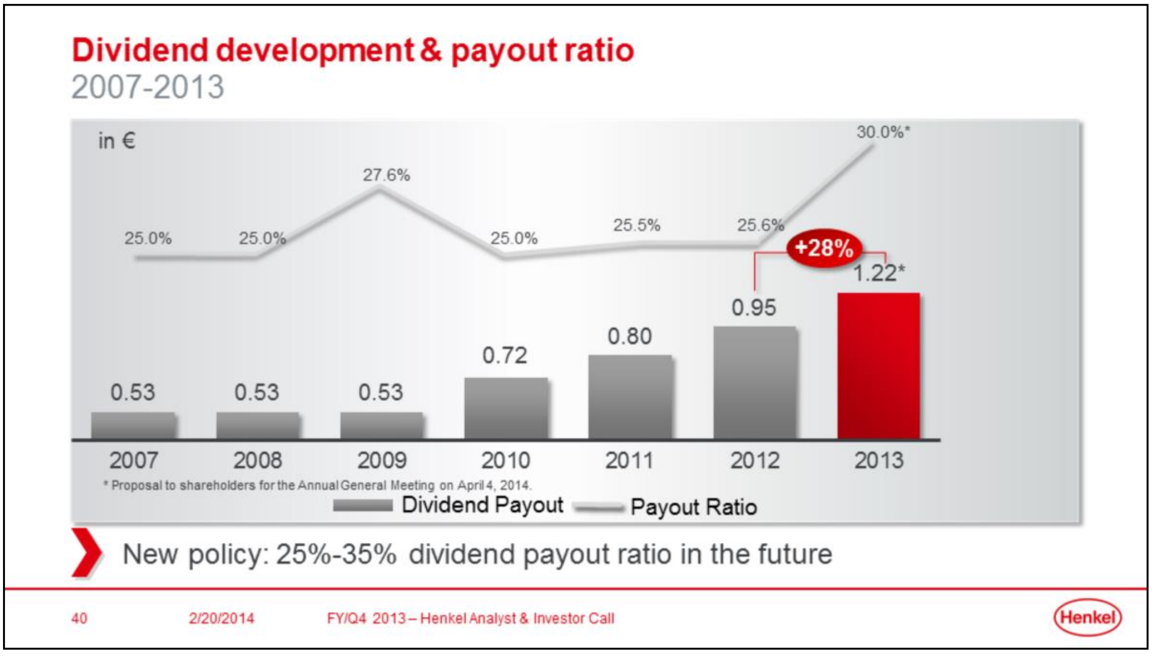
With that, I would like to move to the second pillar, the second pillar after our organic performance. You know that we clearly stated that acquisitions are an integral part of our strategy going forward. Regarding portfolio changes and optimization, we had some minor impact in the year 2013 with small-sized acquisitions and divestments.

Nevertheless, we have a very disciplined and focused approach going forward, and we clearly point out that we continue to work on the strategic fit as a criteria, the financial attractiveness and the availability of targets. And however, as you all know, 2013 was a quite tough environment and challenging environment when it comes to acquisitions. Nevertheless, this is our plan for 2016.



Moving now to the third pillar in excellence in value creation, which are our cash return options. And Kasper has already alluded to that, that we in January already communicated and we are proud to announce that in the Annual General Meeting on April 4, 2014 we will propose an increased dividend payout ratio of 30% of the adjusted net income after non-controlling interests. This increase can and will be achieved without jeopardizing our strategic flexibility and our conservative financial strategy.

Combined with this increase, proposed increase of 30%, we also change our dividend policy going forward. From a point of 25%, we will increase that to a payout range -- ratio range of 25% to 35% in the future, but for sure depending on the Company's net asset earnings positioning as well as the financial needs.



To illustrate that, and finalizing my presentation, you see the development long term over the last years, with the ratio of around 25% in history. We are proposing for the preferred shares a dividend of 1.22 Euro, and by that being up 28% compared to the year 2012. And as stated before, the dividend policy goes to a range of 25% to 35% in the future.

With that, I'm at the end of my part and I would like to hand over back to Kasper.

Kasper Rorsted:
Thank you very much, Carsten. Let me just summarize and speak about the outlook.

Overall, we hit all our financial targets for 2013. We saw solid organic growth, but as I said at the lower part of the range and clearly not where we wanted to be. The emerging markets increased to 44% of our sales. The net debt changed into a net cash position and we increased our dividend payout ratio.

So, from an earnings standpoint, we came in where we wanted. From an EPS standpoint, we came in where we wanted. We came in at the lower end of the range, as I said.

But I can also say to you that when you look upon the model that we have created, it's a model where we're saying we'll drive consistent growth in on a fixed headcount number. That is the entire model, and that's why you're seeing the leverage coming out. So at negative reported top line, we come in and deliver 10% EPS. Clearly, it shows the model is working.

And as I said, the one number that we're unhappy about in the year 2013 was the organic sales growth. First half, as Carsten and I said, was 3.2%. Second half was 3.8%, towards the lower part of the range. We are very focused on ensuring that we'll continue to move Henkel forward. We still believe there's a lot in the model as it is, and we have a very strong balance sheet to ensure that we can make the right investments for the future.

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

43 2/20/2014 FY/Q4 2013 – Henkel Analyst & Investor Call Henkel

When we look upon 2014, we expect a pickup in the GDP growth. Last year it came in at 2.1%. This year it's expected to come in around 2.8%, 2.9%, so in that context a pickup in the overall global economy.

We expect persisting FX headwind, particularly in the first half. As I said, we saw 75% of the challenges in our P&L, when it relates to currency, coming in in the second half, 25% in the first half. So that means that the first six months will be high comparables.

We are very focused on sustainable savings from ongoing efficiency measures, and we spoke about that where you can see we continue to develop the model within Henkel. Carsten spoke about that when it comes to our global supply chain structure that we're now taking into account.

We believe we have a strong innovation pipeline that will help us not only drive top line but also ensure that we make expansions on our GP1, our EBIT. And at the same time, we will have focused and balanced investment in growth initiatives. It's important that the model continues to work and we invest where we deem appropriate. We believe that overall the content of the P&L was very strong this year, with one area that we are unhappy with.

Guidance FY 2014

	Guidance FY 2014
Organic Sales Growth	**3 - 5%**
- Laundry & Home Care - Beauty Care - Adhesive Technologies	All Business Units 3 - 5%
Emerging Markets sales share	**Slight increase**
Adjusted EBIT Margin	**~15.5%**
- Laundry & Home Care - Beauty Care - Adhesive Technologies	All Business Units contributing
Adjusted EPS Growth	**High single-digit**

› We will continue to adapt our structures to the market

So how do we guide for the year 2014? We guide a 3% to 5% organic growth, slightly increase in the adjusted EBIT margin and the adjusted EPS growth at high single digit.

How does that compare to 20-10-10? What we guided is a 10% EPS CAGR over that period of time. We still believe that's where we're going to get to. This year, like past year, we're smack on. This year we'll be slightly below, but we're quite confident that we'll get back in to the 10% CAGR.

What we also will is we'll continue to adapt our structures to the market. Carsten spoke about our operational focus, where one of the challenges we had in the past year was Japan. We went in and did a major restructuring that we executed and finalized in the fourth quarter.

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

What are the upcoming events? April 4, we have our AGM; May 7, Q1; June 4, an investor and analyst conference here in Dusseldorf with focus on Beauty Care; August 12, Q2; and November 11, Q3 and then the year is over.

With this, I'd like to thank you for dialing in today. Carsten and I will be happy to take your questions concerning our fiscal year 2013 and of course also for the outlook of 2014. So, over to questions.

Q & A Session

Operator: Harold Thompson, Deutsche Bank.

Harold Thompson: Yes. Good morning, everyone. I've got two questions, please. The first is clearly your goal of maintaining employee headcount flat and yet increase your sales base by nearly 25% is quite an impressive headline. Should we therefore read into that that your current levels of margins, which are clearly record breaking and very good, have a lot further to go, or is the leverage which you're building essentially giving you significant amounts of fuel to invest into growth platforms, or I guess a combination of both?

My second question is on your guidance. If my FX modeling is right, broadly speaking, the organic growth which you will report will be offset by the negative FX headwinds. So your euro sales will be flat, absent of any M&A. Clearly, your margin guidance shows more modest progress in 2014 versus 2013, so therefore absolute EBIT growth will be, well, quasi non-existent. So how do you get to reaching a high single-digit EPS growth number? Thank you very much.

Kasper Rorsted: Good morning, Harold. Kasper. I'll take the first question. Carsten will take the second question. Clearly, we've been working very hard on our model over the last couple of years to build gearing into our model, and there's really a couple of elements in it.

One is maintaining headcount flat, but at the same time changing the headcount that we have. That's why, when you look upon our restructuring, a big part of that is relocating headcount when it comes to region and relocating headcount when it comes to a functional area. You see an increase, a consistent increase, of 500 plus in shared services that we continue to take out of, most of it mature regions but also, quote/unquote, emerging regions. Carsten spoke about our supply chain. You'll see some of the same effects coming in here.

So what we do see -- expect over time is, as you answered your own question, is a mix of both, is that we expect over time a continued market expansion, but at the same time also it will allow us to appropriately invest in the business in order to drive the top line. So it is by no intention meant to take everything to the bottom line, but it's a mix of the two, margin expansion and at the same time continued investments in our model when it comes to OpEx and when it comes to supporting our brands.

Part of the OpEx is of course in -- what you call in the redistribution of headcount and function, where we're moving a lot of our headcount and capability to the emerging markets; purchasing is one of the areas.

So that was the first question and Carsten the second.

Harold Thompson: Good morning.

Carsten Knobel: Good morning, Harold. Regarding the question regarding EPS and the reported flat revenues, the thing what we can answer at that point of time is we just gave our guidance for 2014, which is based for sure on certain current assumptions. As usually, we will quarterly update you regarding our progress on that.

But you also know, besides the topic of organic net sales growth, which is driving EPS and the adjusted EBIT margin, there is also a life below EBIT which is related to our financial results and with tax. And despite on all these factors, as we said, we're guiding that because we're confident that we are able to reach that besides the headwinds, for sure. And this is what's already pointed out by Kasper. The FX headwinds in the first half-year will hit us higher than in the second half-year, based on the figures we have explained to you in the call before.

Harold Thompson: So should I -- therefore, clearly your financial line will improve, given you've moved to a net cash position. Should we therefore also assume the tax rate improves?

Carsten Knobel: Harold, yes, the first answer is yes, to financial results, yes. We had the 1 billion Euro senior bond which we matured in mid of last year, which will have an impact also on 2014. And the other point is that we are not guiding on the tax rate. But as I said before, we will take all these factors into account in order to be able to reach our guidance which we just communicated.

Harold Thompson: Okay. Excellent. Thank you very much.

Operator: Gael Colcombet, MainFirst.

Gael Colcombet: Yes. Good morning, gentlemen. My first question is on adhesives. You mentioned that the portfolio optimization was going on, and I also remember that in November 2012 you said there was close to 500 million Euro, mostly in Adhesives, to be de-emphasized or discontinued. Where do you stand in respect to that indication of 500 million Euro, and is there more to come in terms of portfolio optimization in Adhesives?

Secondly, in terms of how you're building your emerging markets growth outlook for 2014, of course we can see the negative FX impact. But in your assumption that the share of emerging markets will only slightly increase in 2014, do you also expect some softening of organic growth in emerging markets?

And third question is on raw material cost. What is your outlook for 2014? Thank you.

Kasper Rorsted: I will do number two; Carsten will do one and three. When you look upon the overall economic outlook for the emerging markets, it's actually up year over year. So, if I remember correctly, approximately, the emerging markets growth GDP wise, 3.4% in 2013 and it's going to 4.2% in 2014 according to Feri. So, overall, our assumption is that we'll see at least a stable, slightly uptake in the emerging markets.

The share of the emerging markets will be completely related to the currencies. But our overall position in emerging markets when it comes to growth, we expect a continued strong growth coming from the emerging markets. If you look through our guidance throughout the year, we actually saw fairly consistent growth in our emerging markets throughout the entire year, with very little indication of a slowdown in emerging markets for us.

The deviation is currency related. The organic growth stays at a very high level. And as you look upon it overall, Feri and others expect a pickup in the emerging market for 2014. As I said, the share of emerging markets in total sales is going to be currency related more than anything else. Carsten.

Carsten Knobel: Yes. To your last question, or starting with your last question regarding our direct materials guidance, the guidance for direct materials in 2014 is a moderate increase related to that.

And to your first question regarding divestment potential, yes, you're right that during our strategy presentation we said that around 500 million Euro we would like to divest over this period of four years, not exclusively to Adhesives, to the whole Group, but majority driven by the divestments. According to what we are doing, we are developing according to our plan.

We had also a certain share of that in 2013, for example the divestment of our Chemofast Anchoring GmbH in Germany, which was a minor impact, but we also exited certain businesses which we didn't divest. So from our point of view, we are developing according to plan in that respect.

Gael Colcombet: Thank you.

Operator: Pinar Ergun, Bank of America Merrill Lynch.

Pinar Ergun: Hello. Good morning. I have two questions, please. The first one is on Beauty. The 2.2% organic growth in quarter four was actually the lowest in at least seven years, as far as I'm aware. Can you please help us understand what the drags on this business are and how you're addressing the challenges?

My second question is on pricing. Many staples companies seem to have had deflation in mature markets, and some of your Adhesive peers are talking about volume-driven growth 2014. On the other hand, there could be imports and inflation from emerging markets. Net/net, what's your view on pricing going into 2014? Thank you.

Kasper Rorsted: I'll start with number one. Beauty Care, very basic, we saw a significant slowdown in Japan. Our major restructuring was related to Japan, which we believe we have, quote/unquote, cleaned up. And the second part was due to the slowdown in our professional business. But the delta to the fourth -- third quarter and previous quarter was pretty much Japan related.

And the second question was, Carsten?

Carsten Knobel: Pinar, can you repeat your second question, please?

Pinar Ergun: It's on pricing; what's your view on pricing going into 2014?

Carsten Knobel: You know that in respect to pricing or volume we don't give a certain guidance on that. The only -- what thing what we guided, that you know that we're saying a 3% to 5% organic net sales growth and that we see a moderate price increase related to our raw materials or direct materials. And for sure the innovation power, which is one of our focus points, which for sure, as you know, in our definition is within pricing, will impact in that respect then positively the pricing effect. But as I said, no guidance specific in terms of how this should be composed.

Pinar Ergun: Okay. Thank you.

Operator: Hermine de Bentzmann, Raymond James.

Hermine de Bentzmann: Hi. Good morning. The first question would be on Laundry, please. You had a good momentum last year and I was wondering what do you expect for this year and what is your view on the competition going on?

And the second question would be on M&A. You were expected to make small and mid-size operations. Is it still the case or could you make larger operation to reach the 20 billion Euro sales you expect for 2016? Thank you very much.

Kasper Rorsted: So let me take the questions. The first one is Laundry. We had a very solid year in laundry in 2013; market share gains across the board. You saw a slight slowdown in the latter part of the year, which was predominantly Eastern Europe related.

Our guidance for laundry is, as the other one, 3% to 5%, but it's clear that we have a strong momentum in Laundry and we expect that momentum to continue. There were certain slowdowns, as we said. Eastern Europe is probably the most prominent that we've seen in the past year. So, overall, very happy with the overall Laundry position.

When it comes to acquisitions, we have a strong balance sheet. As you said, we have consistently said we'll look upon small and large acquisitions, and we'll work very diligently in this. But it is a difficult market simply because assets are very scarce. We see small to medium-size acquisitions as being part of the strategy 20-10-10. We've been very consistent on that in our strategy formulation. So what we said, we'll do portfolio additions and portfolio clean up throughout that period of time.

[Kasper Rorsted continued] But as you can see, we're trying to be disciplined; does not mean that we're not interested, but we shouldn't pay the premiums that are silly because it's bad for shareholder returns and we're looking upon them in that context. But very strong balance sheet and we expect that over time we will also get acquisitions in, but at the appropriate price and strategic fit.

Hermine de Bentzmann: Thank you

Operator: Iain Simpson, Barclays.

Iain Simpson: Thank you very much. Good morning, gentlemen. I suppose Harold's had a little bit of a go at it, but it would be great if you could just let us know, at current FX levels, what headwinds you'd expect for 2014, as your FX headwind in fourth quarter 2013 was, I think, a fair bit ahead of where consensus was.

And then just another question; I'm slightly intrigued to see that you've bought out the minorities in a Russian business of yours a month or two back. I just wondered if you could talk a little bit about the rationale behind that and whether we might see you, through 2014, clean up some more of the minorities and whether that -- what sort of factor we should bear in mind as we think about the EPS bridge. Thank you very much.

Kasper Rorsted: I'll do two and Carsten will do one, so I'll start with two. Overall, our strategy is to, over time, buy out minorities. We have very few minorities left. We have had and we have a very successful setup in Russia with a joint venture, which was actually equally set up in Ukraine a number of years ago, and it was simply that we came to a point where the contract gave us the opportunity to buy it out.

From a consolidation standpoint, it has very little impact. From a dividend standpoint, it has also a minority impact. So there's very little to expect on that point; maybe a couple of million, but not something that will make, quote/unquote, the day.

Russia remains our fourth largest country in the world; very strong on top line and growth and we are very bullish on Russia. So it's just a consistent execution, and this was just a point of time in the contract that allows us to buy it out and that happened to be in 2013. It was not planned in 2012 for 2013, it was planned many years ago when we entered the contract.

Carsten Knobel: Iain, regarding your first question, we guide on our key performance indicators and we are not guiding on external factors like FX. So, having said that, for sure we considered that FX is the biggest risk because of potential further devaluations. We expect an ongoing volatility, yes.

And as pointed out before, the foreign exchange effect will particular hit us in the first half-year, based on the things what we have said before. But we have made our guidance of today as we have made it and we're sticking to that. And as I said before to Harold's point, we will quarterly update on that based on the things how the developments are.

Iain Simpson: Okay. Worth a try. Thanks very much.

Operator: Rosie Edwards, Goldman Sachs.

Rosie Edwards: Yes. Good morning. Two questions from me as well. Firstly, on the margin outlook, I'm just slightly curious why your expected expansion is some way below what you have been achieving over the past three to five years.

And secondly, just a clarification point, are you able to say what your Asia growth ex-Japan was? Thank you.

Kasper Rorsted: Second question, no.

Rosie Edwards: Okay.

Kasper Rorsted: First question is that of course we strive at all times to get a good balance between top and bottom line. And if you look upon basically when we went back and guided 20-10-10, you could do the gorilla mathematics and the margin was around 16%.

So clearly there is room on the margin expansion. We're trying to find the right balance to ensure that we invest appropriately across the board, in OpEx and sales generating activities, to get there. And this is our best basis at this point of time; that's one.

The second part is, on pricing, if you look historically, there is over time a correlation that if you have declining input costs, over time you will get declining, what you call, list price also from our side, and we've had a decline in input costs. For us, it would actually be to our advantage if we start seeing slightly the increase in input costs.

So we believe that the 15.5% we're guiding at this point of time is the appropriate guidance. It's as precise as we can give it at this point of time.

Rosie Edwards: Okay, so more price related rather than any expected uplift in investments required in competitiveness and so forth?

Kasper Rorsted: No, if you look upon it -- if you look upon our model, and I think that's very important to say, is that we run at 3% to 5% growth at a consistent headcount, and the more we move our headcount to the emerging markets, the smaller part becomes the overall cost structure. So what you are seeing is that we're taking a part of our gearing and moving it back into the model. So it is us determining how much. But we do see continued expansion in the model.

Rosie Edwards: Okay. Thank you.

Kasper Rorsted: Last question, please.

Operator: Jorg Philipp Frey, Warburg Research.

Jörg Philipp Frey: Yes. Hello, gentlemen. Firstly, can you a bit elaborate on how confident you are on the pickup in GDP growth? Are you seeing that right now in the first quarter also in your business?

And then can you elaborate a bit more on the restructuring charges and what you did in Japan, what are precisely the restructuring measures there?

Kasper Rorsted: So, of course, we cannot speak about the current quarter. And as related to how confident are we on the pickup of the economy, I think that the right person to ask that is Feri, who currently is the guiding that. And what I say internally is what I say here is we believe it when the number goes down and we believe it when the number goes up. Right now, the current outlook is 2.9%. Germany raised that outlook last week from 1.7% to 1.8%. That's the way the world looks at this point of time and that is how we're looking upon the world. And if that comes true, then you're getting a GDP of 2.8% versus 2.1% in the previous year.

So the underlying, assuming that the current outlook is appropriate or correct, is actually significantly more positive than 2013. And that's why I said also in my presentation you've got to distinguish between underlying economic development, 2.8% versus 2.1%. So in the underlying economic development it's a plus. The single challenge is the currencies.

I think that's how we look upon that, and then our position has been consistently is we need to drive strong growth in local currencies we are in and assume that over time that will translate into the appropriate EPS development for the Company.

Carsten Knobel: Regarding your question regarding restructuring, we have -- as we pointed out before, we were not satisfied with the development in Beauty Care and in Adhesives in Japan. And that was the reason why we took this measure at the end of 2013, and by that the significant impact on the restructuring amounting to around 20 million Euro for Japan of restructuring related to that.

And it's partly we are adapting the go-to-market model in our retail business and building up local sourcing capabilities, in order to reflect the things which are happening from a market point of view but also from a performance point of view to that.

Jörg Philipp Frey: Okay. Thank you.

Carsten Knobel: Welcome.

Kasper Rorsted: We're coming to the end of the call so, ladies and gentlemen, thank you very much for participating in today's conference call.

So, despite a challenging and difficult market environment, and particularly around the FX side, in the year 2013, we believe we delivered once again a strong performance and taking the first step towards 2016.

For the year 2014, we are guiding an OSG of 3% to 5%, with all business groups contributing; a slight increase in the share of the emerging market sales. This is, by the way, a new KPI. Adjusted EBIT margin to reach around 15.5%, with all business groups contributing, and high single-digit growth in our adjusted EPS.

With this, I wish you all the best. We look forward to speaking to you on May 7, 2014, when we have the first-quarter numbers in our books. Thank you very much for calling in today. Bye.

[END OF CONFERENCE CALL]

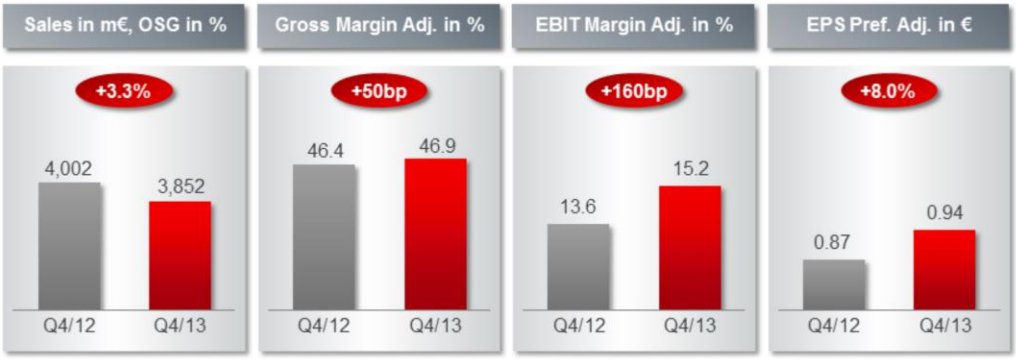
Guidance FY 2014 for selected KPIs

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

[Additional information only that was not shown during conference call]

[Additional information only that was not shown during conference call]

Key financials Q4 2013 (1/2)



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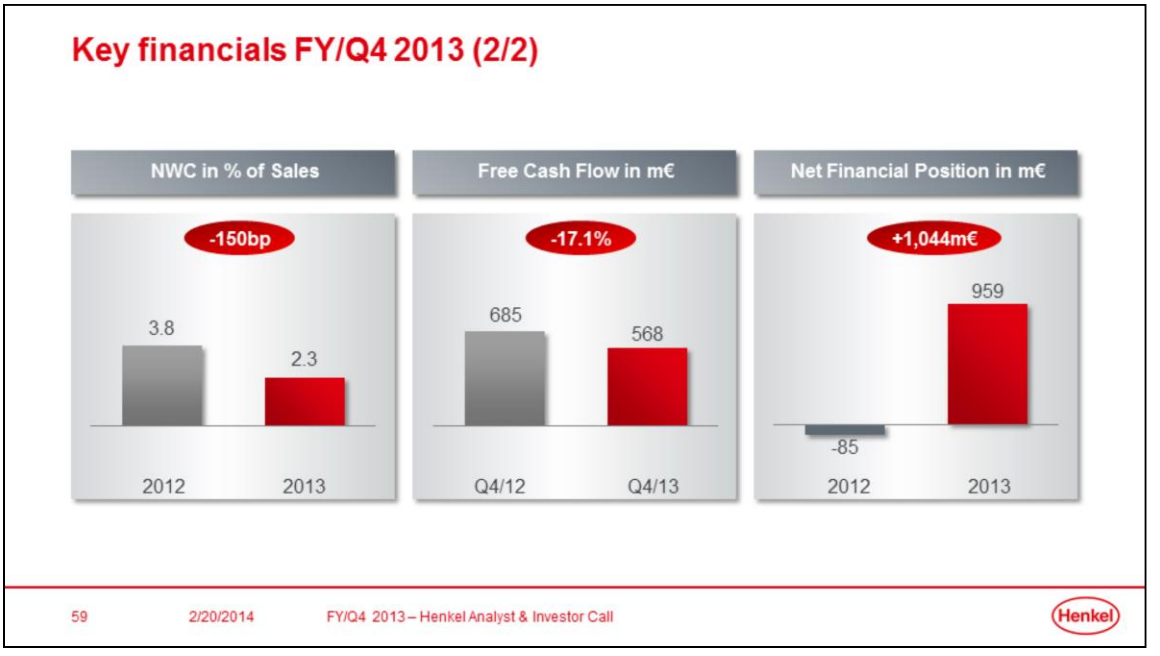

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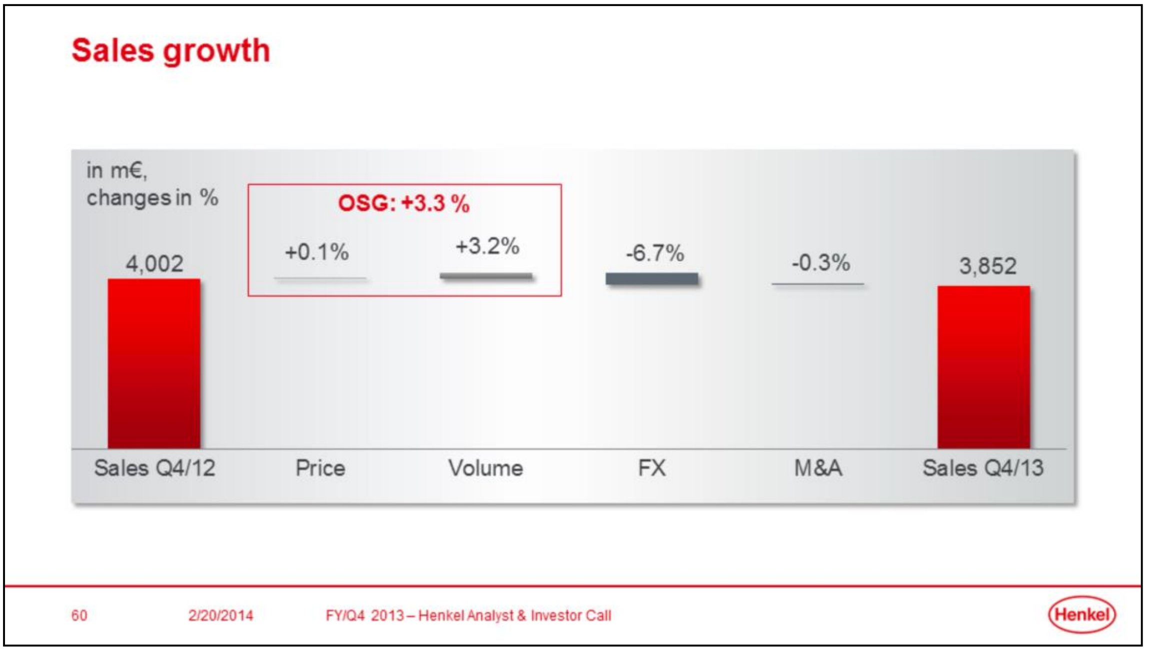

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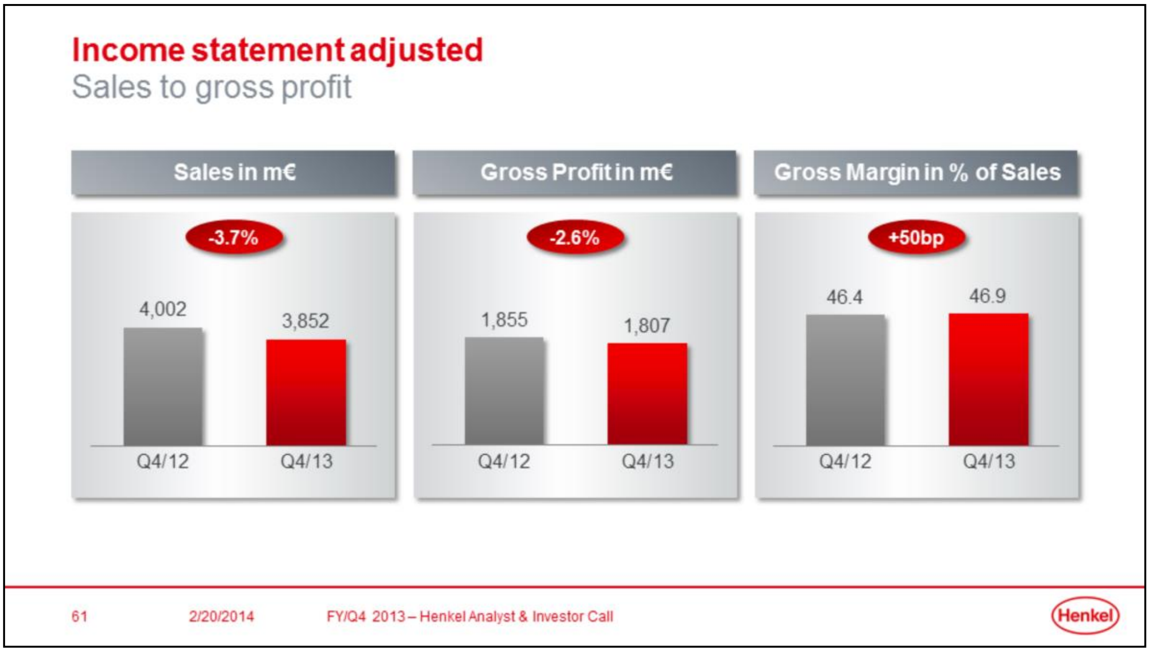

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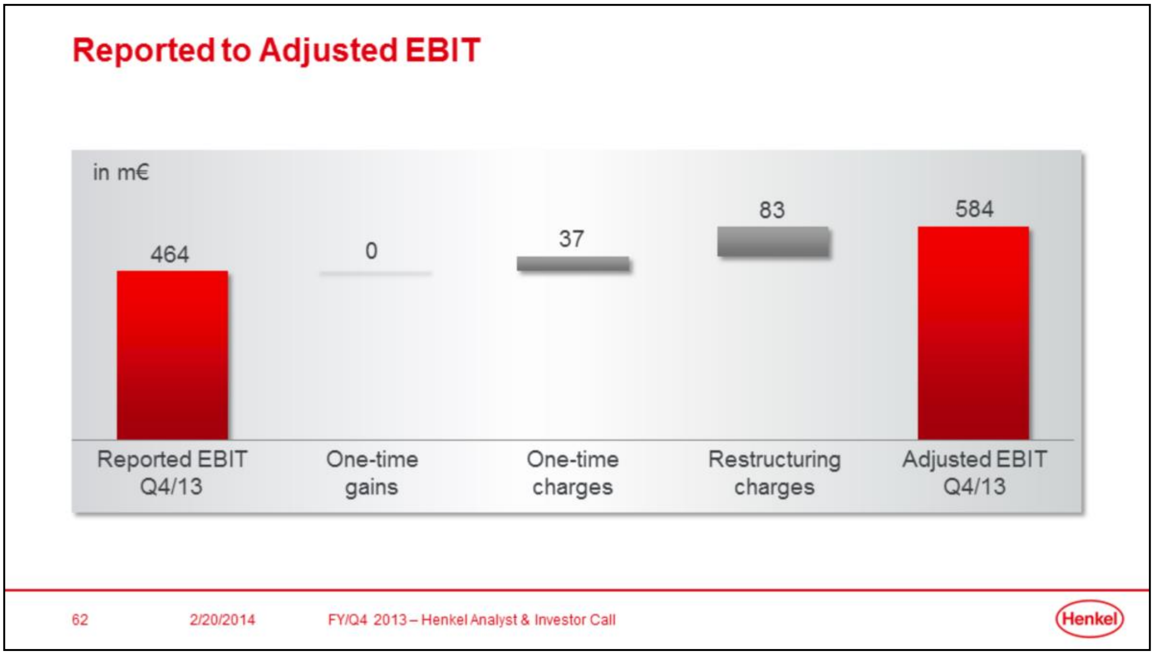

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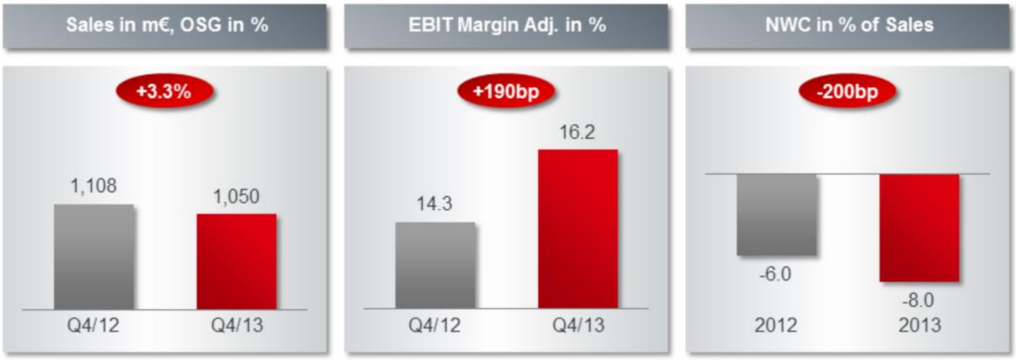
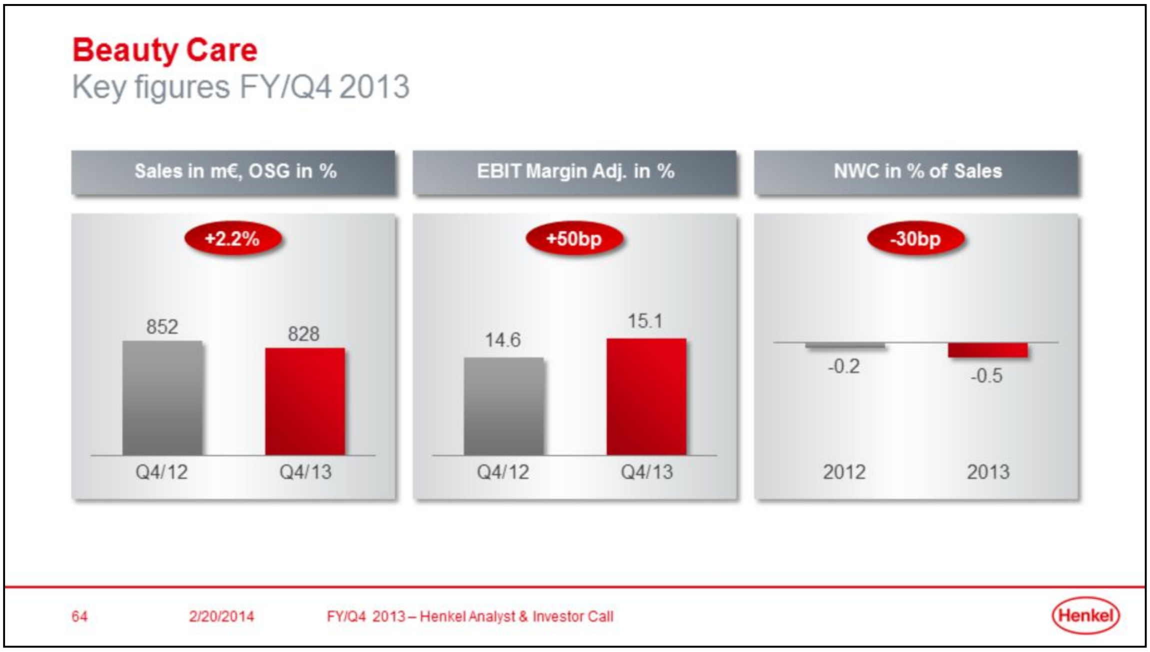
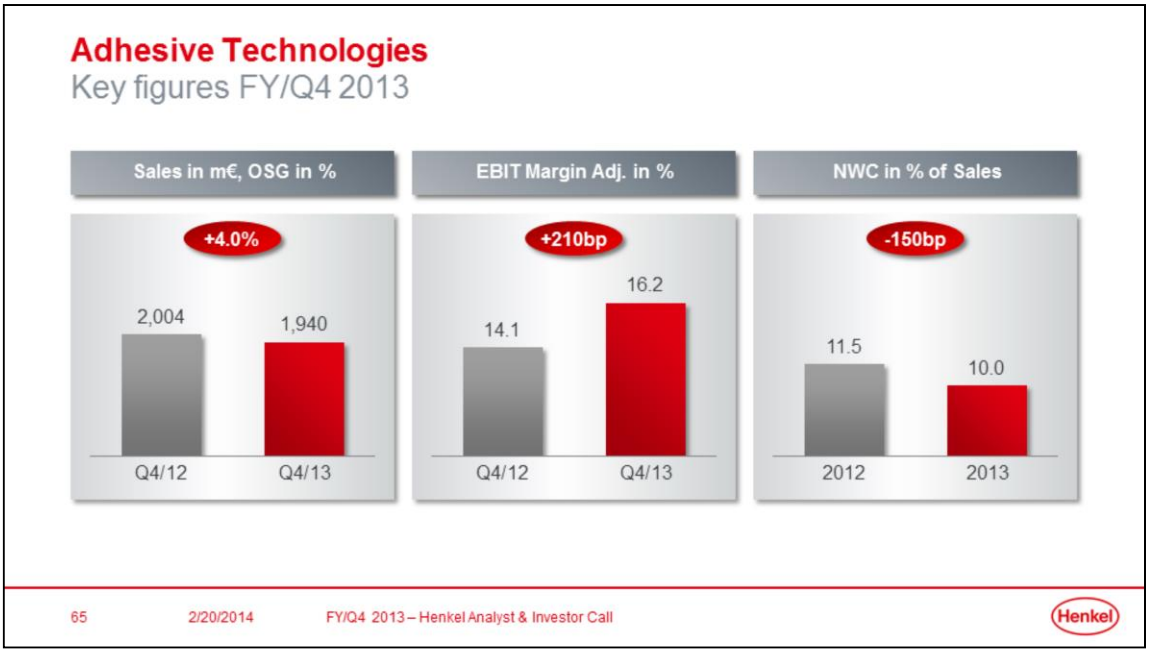
Laundry & Home Care
Key figures FY/Q4 2013



[Additional information only that was not shown during conference call]



[Additional information only that was not shown during conference call]



[Additional information only that was not shown during conference call]

Accounting Notes

66 2/20/2014 FY/Q4 2013 – Henkel Analyst & Investor Call Henkel

[Additional information only that was not shown during conference call]

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

[Additional information only that was not shown during conference call]