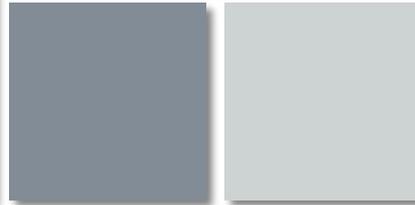


Henkel  
FY 2014

Kasper Rorsted  
Carsten Knobel

Düsseldorf  
March 4, 2015



# Disclaimer

This information contains forward-looking statements which are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Statements with respect to the future are characterized by the use of words such as “expect”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, and similar terms. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and results actually achieved by Henkel AG & Co. KGaA and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Henkel's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Henkel neither plans nor undertakes to update any forward-looking statements.

# Agenda

- 1** **Key developments 2014**
- 2 Strategy 2016 - progress in 2014
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# FY 2014: Robust performance in a challenging, volatile environment

|                                   |                                  |                                  |
|-----------------------------------|----------------------------------|----------------------------------|
| OSG<br><b>+3.4%</b>               | Adj. EBIT margin<br><b>15.8%</b> | Adj. EPS growth<br><b>+7.6%</b>  |
| Free Cash Flow<br><b>€ 1.3 bn</b> | Acquisitions<br><b>€ 1.8 bn</b>  | Div. payout ratio*<br><b>30%</b> |

\* Proposal to shareholders for the Annual General Meeting on April 13<sup>th</sup>, 2015.

## Delivering on 2014 key financial indicators

|                              | Guidance FY 2014   | FY 2014             |   |
|------------------------------|--------------------|---------------------|---|
| Organic sales growth         | 3 - 5%             | 3.4%                |  |
| Emerging Markets sales share | Slight increase    | At prior-year level |   |
| Adjusted EBIT margin         | Just under 16.0%   | 15.8%               |  |
| Adjusted EPS growth          | High single digits | 7.6%                |  |

# Continued profitable growth in all business units



- Consistent execution of 2016 strategy
- High-quality acquisitions strengthening our market positions
- Solid organic sales growth driven by all businesses
- Continued very strong organic sales growth in Emerging Markets
- Adj. EBIT margin at all-time high driven by all businesses
- Adj. EPS growth in the high single digits
- Further increase in dividend, payout ratio at 30%\*

\* Proposal to shareholders for the Annual General Meeting on April 13<sup>th</sup>, 2015.

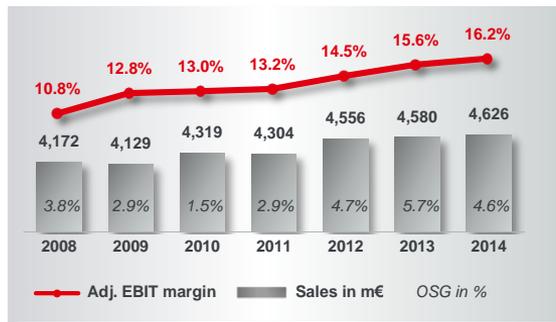
## Highly challenging & increasingly volatile environment

- Pressure from FX headwind, especially in first half 2014
- Severe geo-political and social unrest in some countries
- Eastern European economies affected by Russian/Ukrainian crisis
- Further intensified price & promotion pressure in HPC markets
- North America below expectations



# Laundry & Home Care

Solid OSG & very strong adj. EBIT margin improvement in 2014



## Sales

- Solid OSG
- Laundry solid, Home Care very strong
- Mature Markets:
  - Western Europe solid
  - North America negative
- Emerging Markets double-digit

## Return

- Adj. EBIT margin showing very strong increase
- ROCE below level of previous year

# Laundry & Home Care

Strengthening innovation leadership across categories

## Vernel Soft & Oils



- Innovative transparent formula with precious essential oils
- Exceptional freshness & care, further improved softness

## Persil Duo-Caps



- New and improved concentrated brightness+ formula
- Perfect cleanliness already at 20°C & improved color protection

## Pril Kraft-Gel

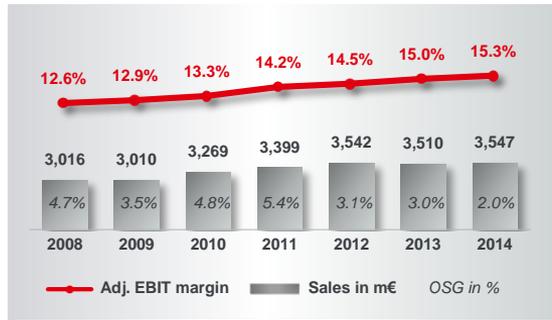


- Powerful formula with new enzyme technology
- Strong against grease & starch-crusts



# Beauty Care

## Solid OSG & solid adj. EBIT margin improvement in 2014



### Sales

- Solid OSG
- Retail solid, Hair Salon negative
- Mature Markets:
  - Western Europe positive
  - North America negative
- Emerging Markets strong

### Return

- Adj. EBIT margin showing solid increase
- ROCE below level of previous year

# Beauty Care

## Strengthening innovation leadership across categories

### Schwarzkopf Essence Ultime



- 1st celebrity co-created hair brand in retail
- High-performance formulas with luxurious pearl essence

### Schwarzkopf Bonacure



- 1st Professional Hair Care with patented Cell Perfector Technology
- Replenishes damaged hair cells for 100% strength & resilience

### Diadermine N°110



- 1st anti-age line with 110 drops of elixir activating 11 signs of youth
- Celebration of 110 years of dermatological expertise



"My PROFESSIONAL HAIR CARE FOR YOU."  
*Claudia Schiffer*

# DISCOVER MY ULTIMATE ESSENCE OF BEAUTY.

FOR DAMAGED, DEPLETED HAIR.

## NEW



OMEGA  
 REPAIR

- SUBLIME HAIR REBUILD AND SPLIT END CONTROL
- REPAIR EFFECT
- WITH LAVISHLY RICH OMEGA OIL

DEVELOPED WITH  
**CLAUDIA SCHIFFER**

# Adhesive Technologies

Solid OSG & solid adj. EBIT margin improvement in 2014



## Sales

- Solid OSG, all businesses growing
- Mature Markets:
  - Western Europe positive
  - North America negative
- Emerging Markets strong

## Return

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

# Adhesive Technologies

Fostering technology leadership with strong innovations

## Magnesium Coating



- Electro-ceramic coating against corrosion, friction & wear
- Weight reduction & efficiency improvements

## Acoustic Solutions



- Acoustic solutions using renewable raw materials
- 30% less weight than synthetic sound-damping products

## Hybrid Adhesive



- 1<sup>st</sup> technology combining structural & instant bonding
- New industrial applications incl. metal, plastics and rubber

**BONDERITE®**



# Agenda

- 1 Key developments 2014
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# Strategy & financial targets 2016



# Outperform – Leverage potential in categories



## Top Brands



- Top 3 brands account for 5bn €
- Top 10: 59% of sales (2013: 57%)

## Powerful Innovations



- Fast, agile & focused innovator
- Innovation rate further increased in all business units

## Consumer Proximity



- Successful innovations from new R&D centers
- “Open Innovation” concept

# Globalize – Focus on regions with high potential



## Mature Markets



- Strong market positions while further leveraging profitability
- Investments to further drive efficiency

## Emerging Markets



- Continuous growth driver with very strong organic sales growth supported by all regions
- Investments focusing on further business expansion



# Outperform & Globalize – Acquisitions

€ 1.8 bn invested in acquisitions in 2014



# Simplify – Drive operational excellence



## Best-in-Class Processes



- > 2,600 employees in 6 shared service centers
- Opening of Cairo & Shanghai

## IT Focus



- 45,000 users on new digital work environment
- Further roll-out of Horizon

## Global Supply Chain



- Global supply chain company established in Amsterdam
- Global sourcing hubs expansion

## Building a scalable business model

# Inspire – Strengthen our global team



## Leadership



**HARVARD  
BUSINESS SCHOOL**

Executive Education

- “Leadership Forum” developed with Harvard Business School
- One third of senior leadership team participated in 2014

## Talent & Performance



- ~10,250 employees evaluated in Development Round Tables
- Promotion of ~1,150 employees

## Diversity

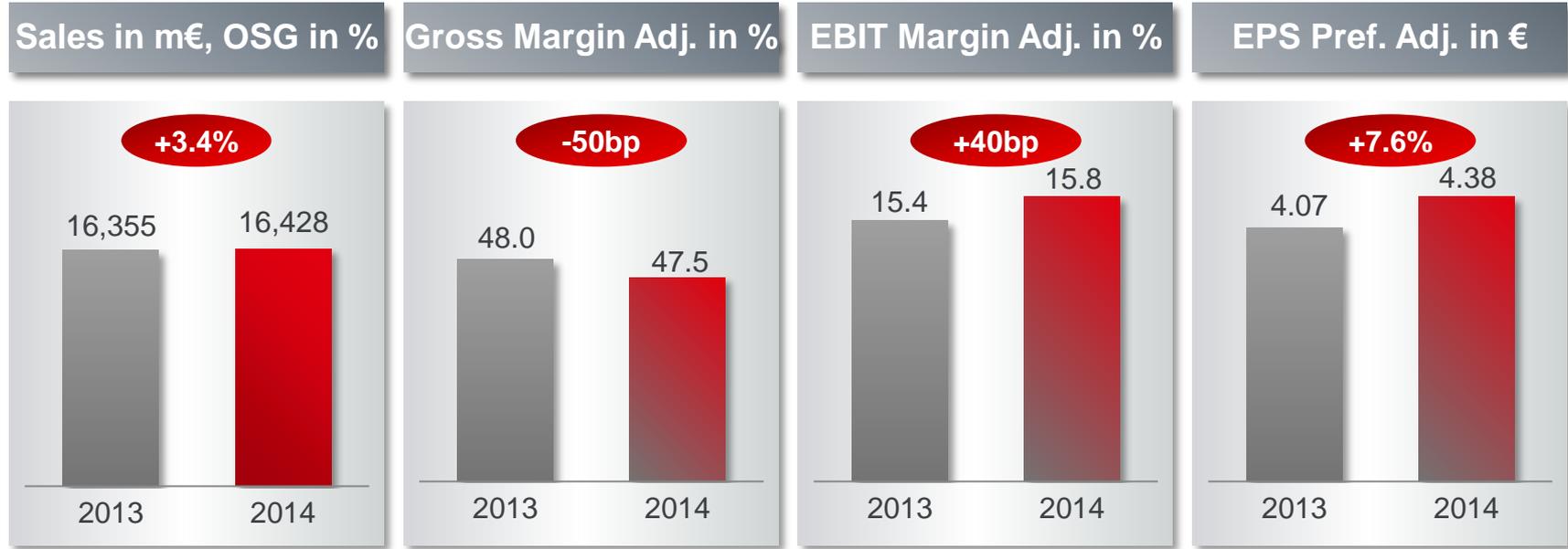
**i**NCCLUSION  
**STARTS**  
**WITH** **i**

- 33% of managers are women
- New campaign to foster a more inclusive work environment

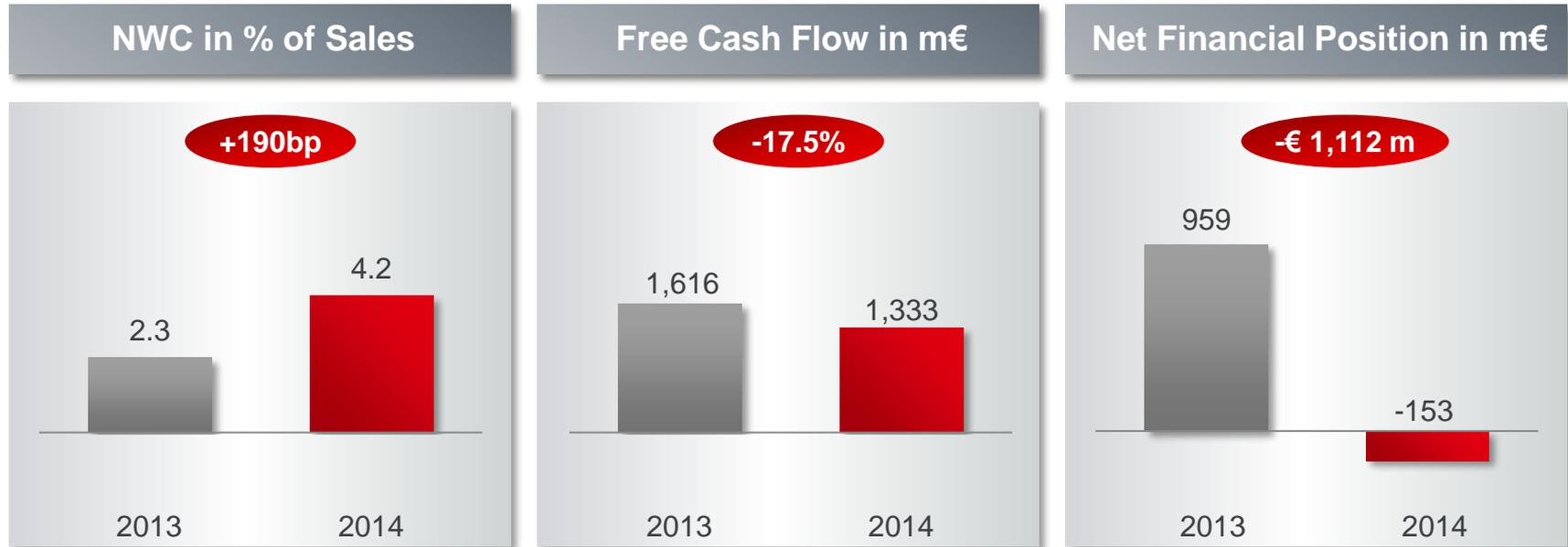
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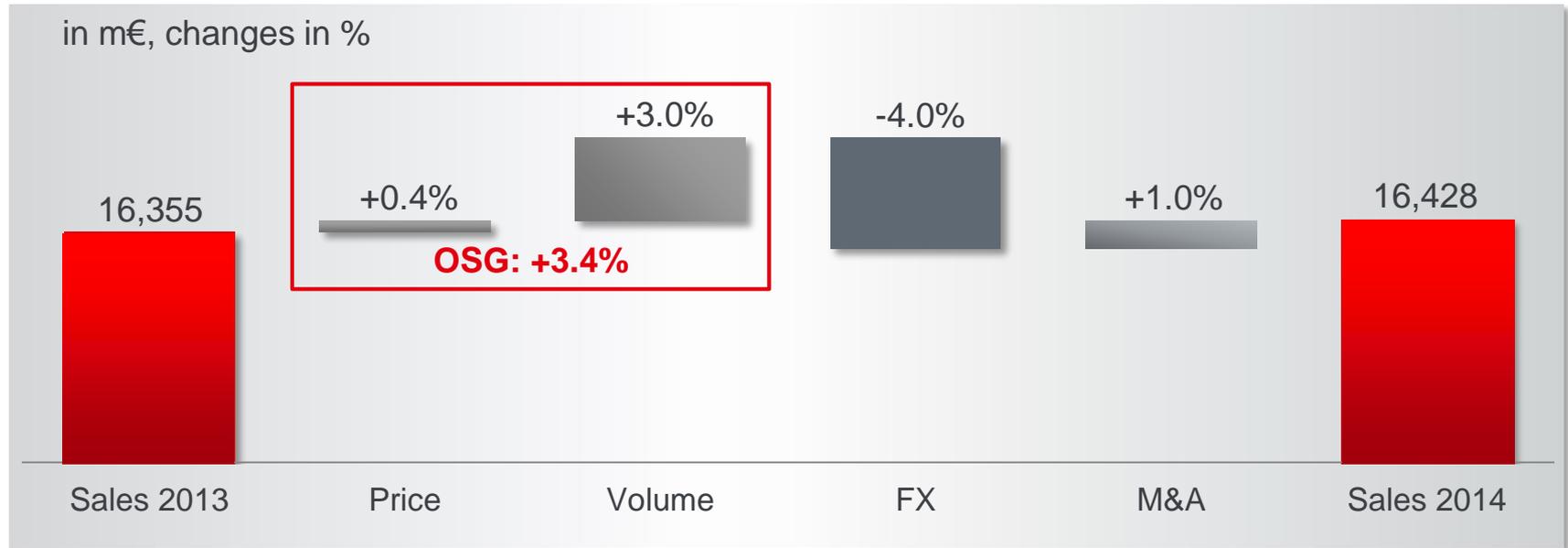
# Ongoing commitment to profitable growth



# Significant investments in acquisitions & CapEx



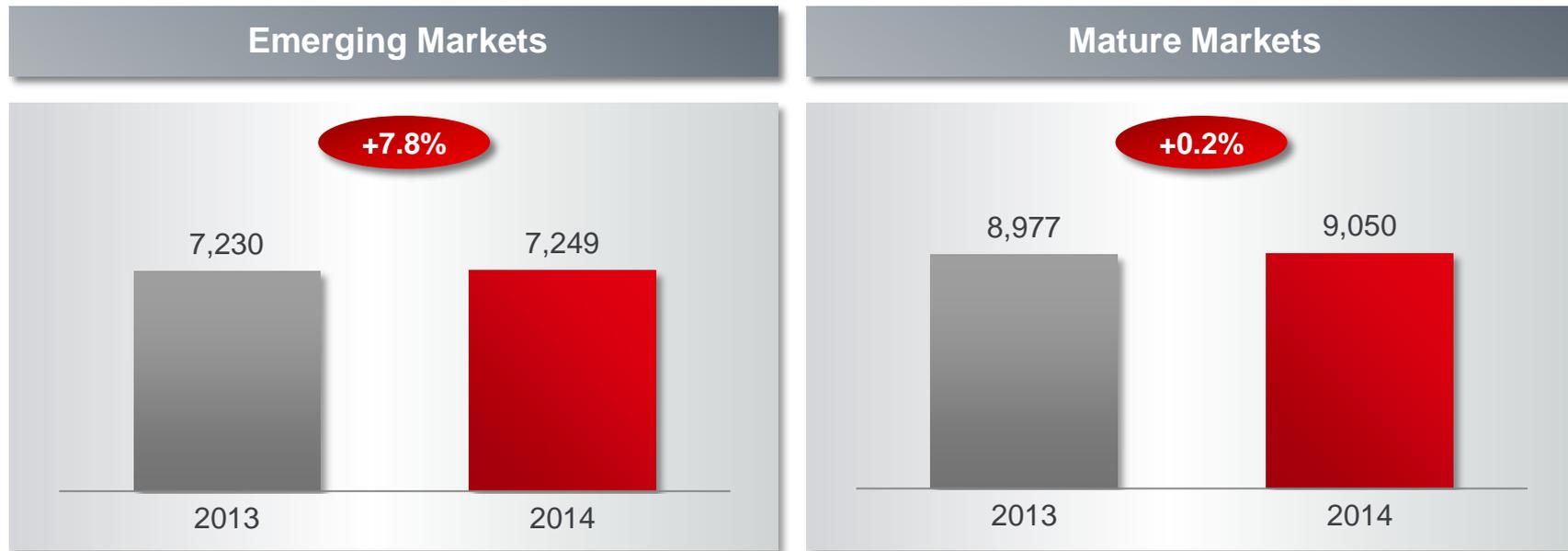
# Solid organic sales growth in a volatile, challenging environment



- Translational FX impact of around -€ 650 m, mainly from Emerging Markets currencies

# Organic sales growth driven by very strong Emerging Markets

in m€, OSG in %



- Emerging Markets sales share stable at 44% despite strong FX headwind

# All regions growing organically except North America

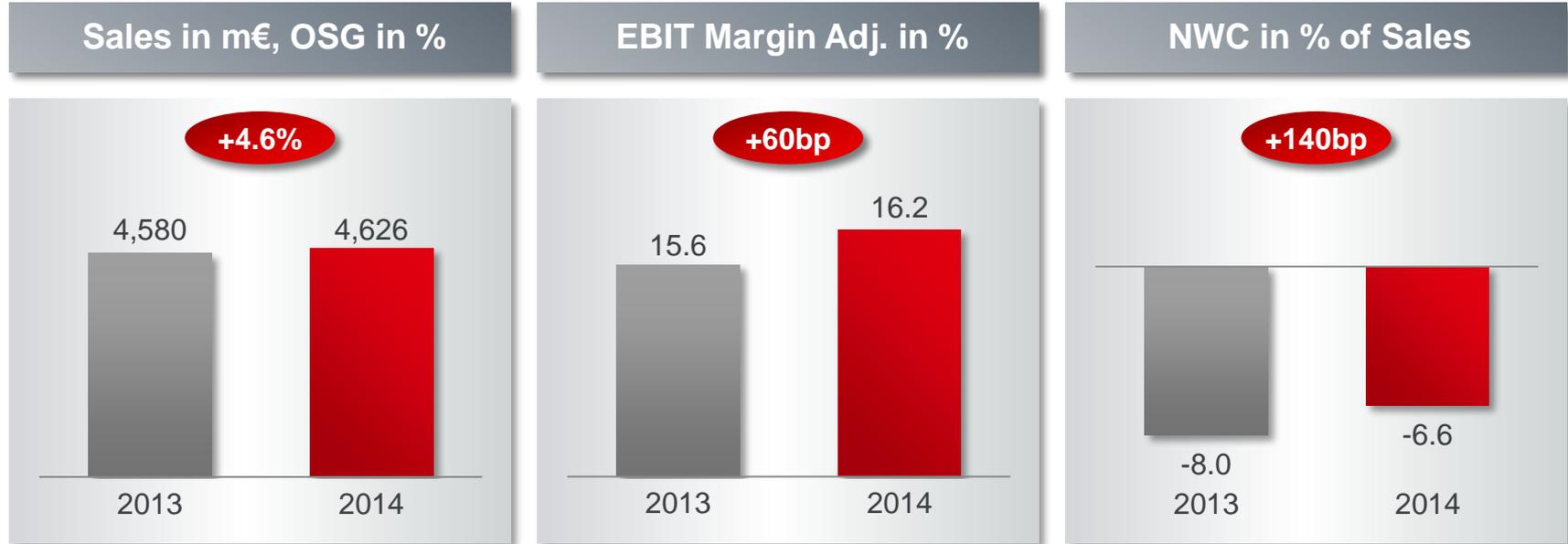
in m€, OSG in %



- BRIC: double-digit China, very strong Russia & India and flat Brazil
- Germany with solid OSG, Spain positive, Italy still negative but improving

# Laundry & Home Care

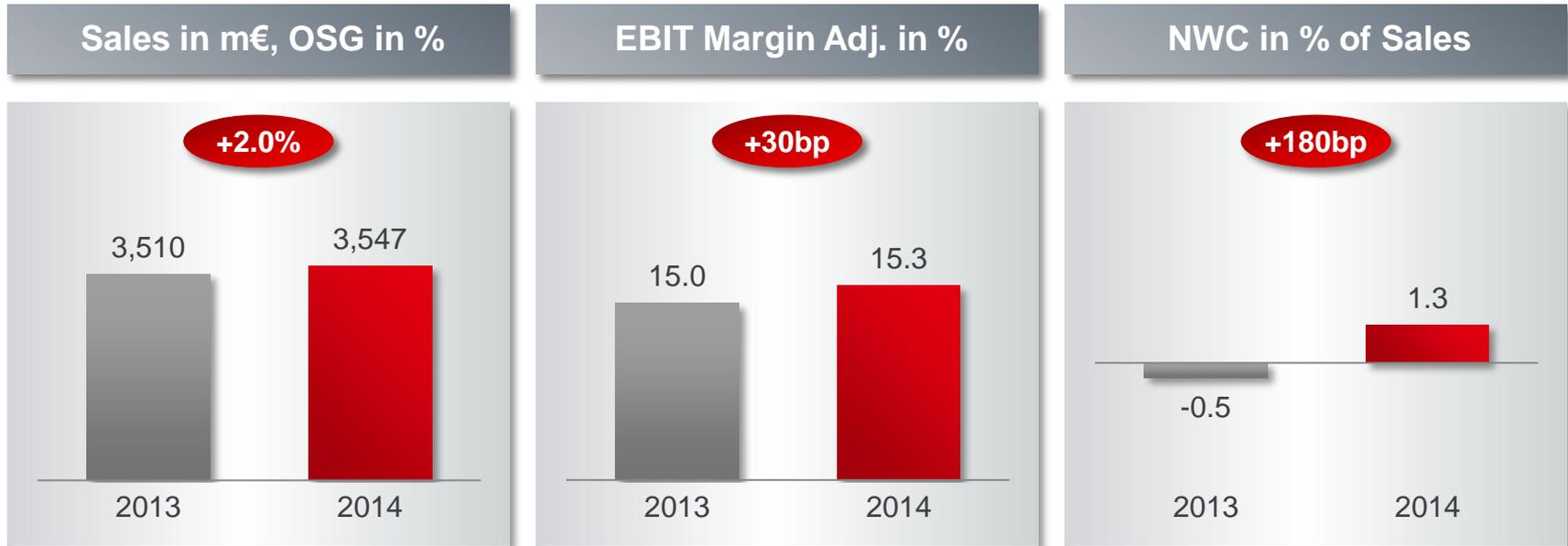
Fostering profitable growth path in 2014



- OSG driven by 5.1% in volume, price -0.5%
- Very strong EBIT margin increase driven by innovation and efficiency gains

# Beauty Care

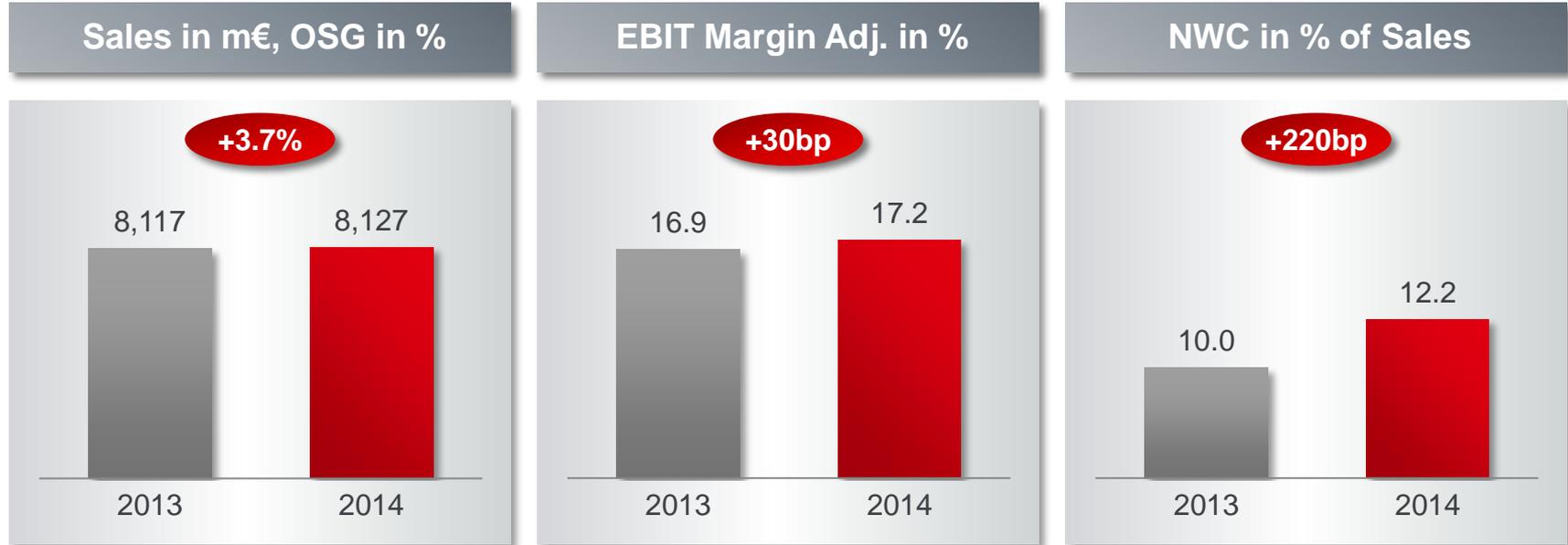
Fostering profitable growth path in 2014



- OSG driven by 2.0% in volume, price on prior year level
- Solid EBIT margin increase driven by innovation and efficiency gains

# Adhesive Technologies

Fostering profitable growth path in 2014



- OSG driven by 2.7% in volume and 1.0% in price
- Solid EBIT margin increase driven by portfolio optimization and efficiency gains

# Gross margin impacted by higher material prices & promotion

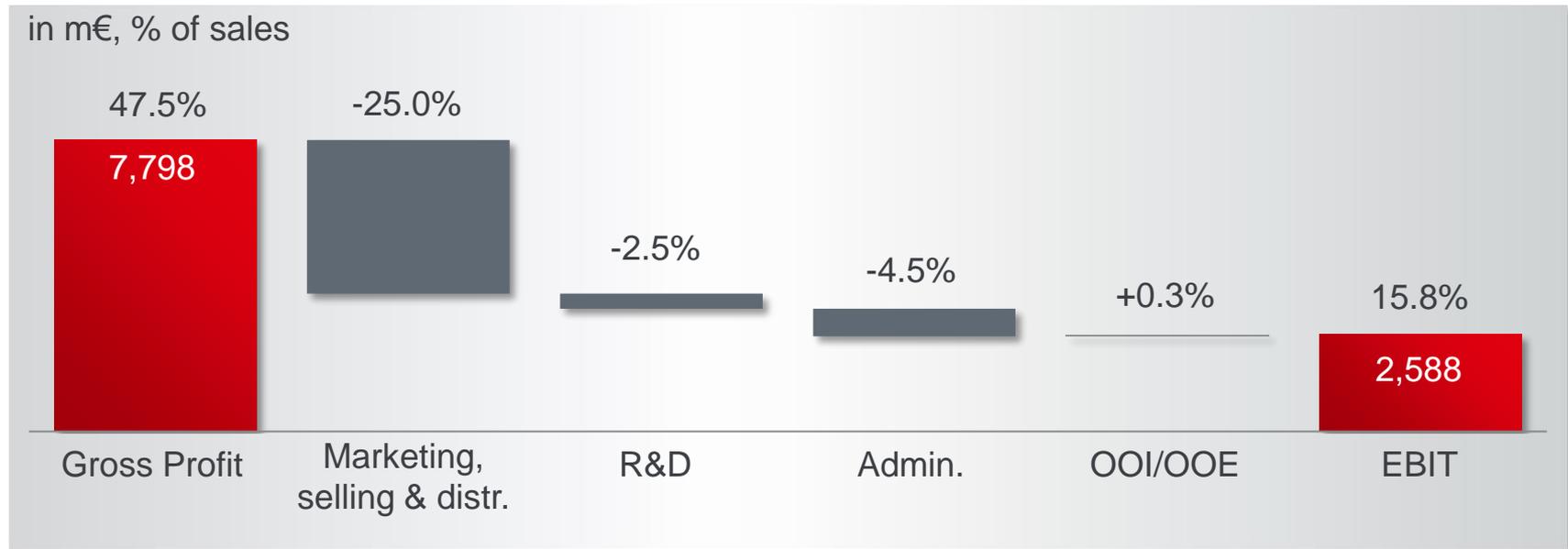
Income statement adjusted



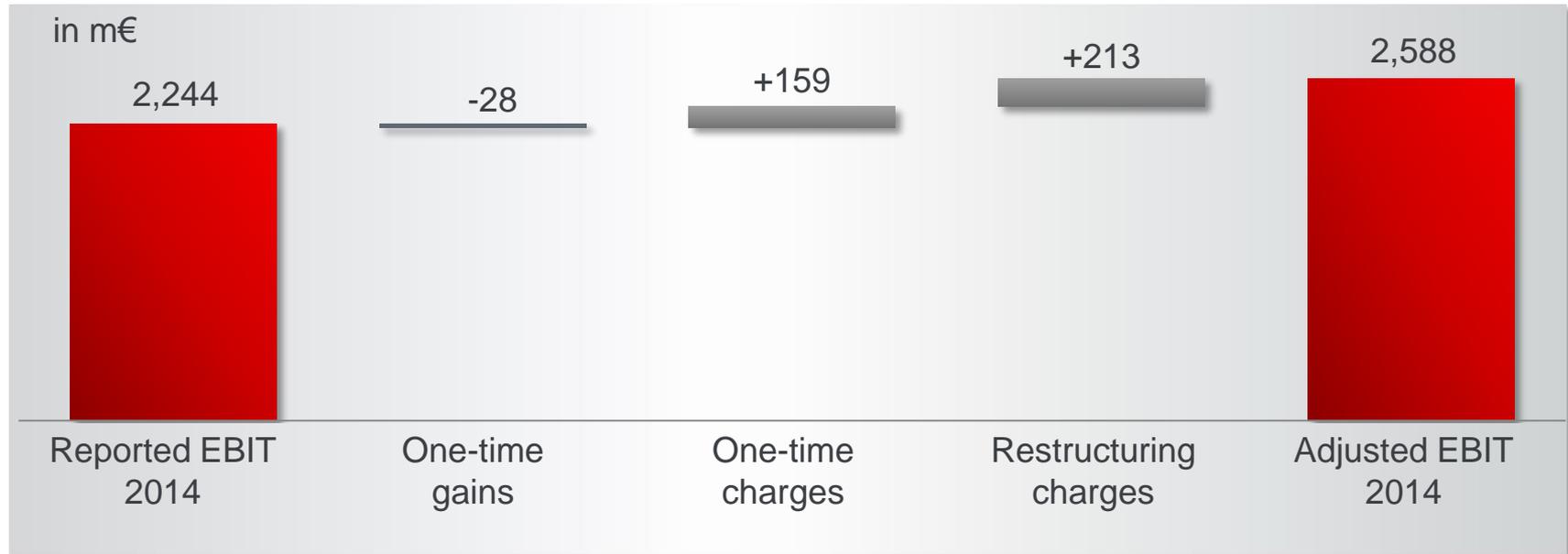
- Impact partially offset by cost savings & supply chain efficiency improvements

## Excellence in execution & cost discipline

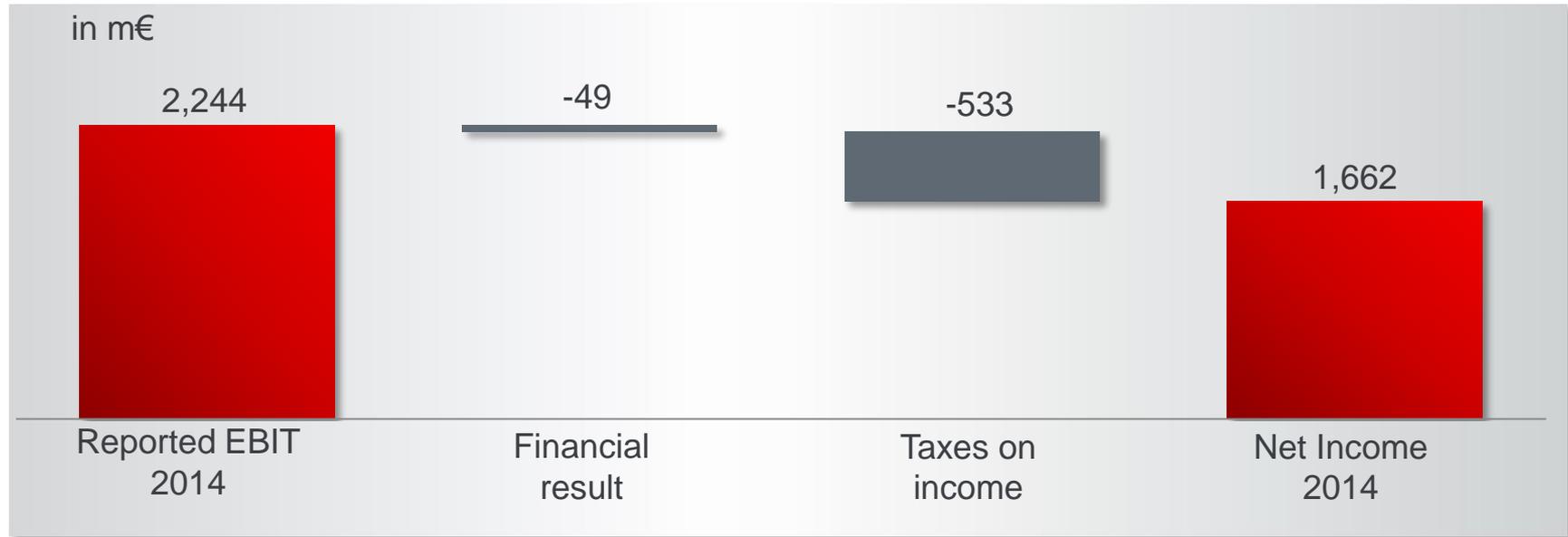
Strong adj. EBIT margin increase, plus 40bp



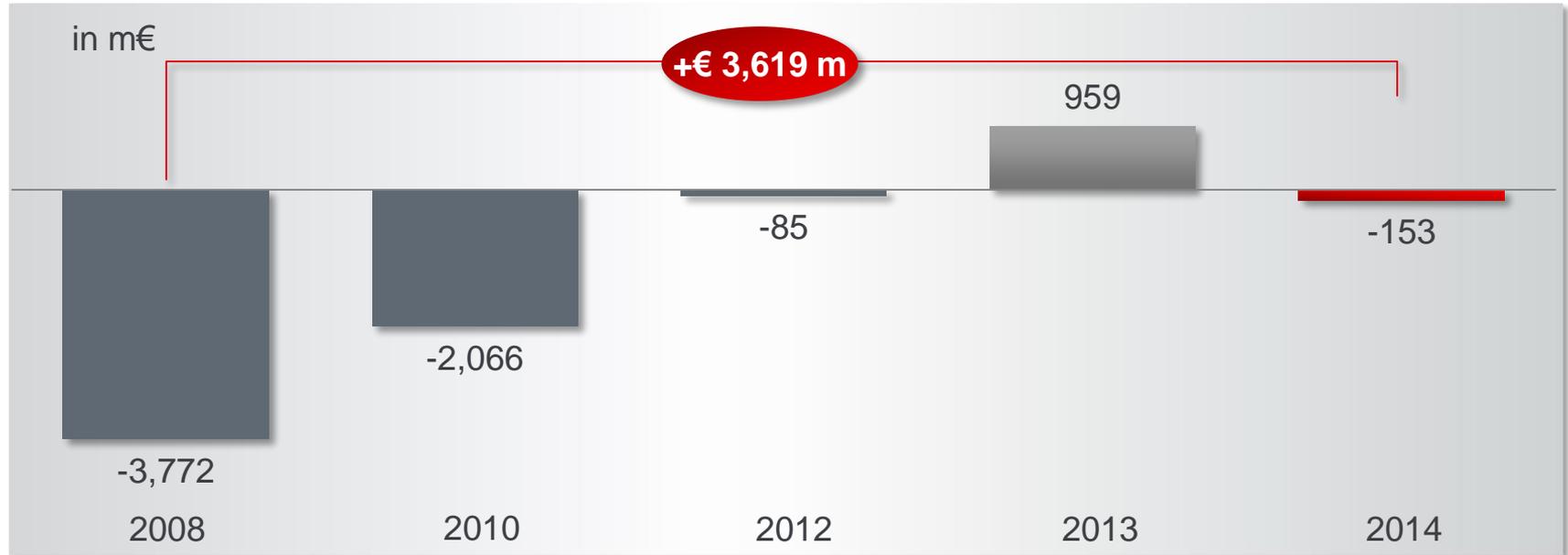
# Continuous adaptation of our structures to the market



## Bottom line: profit expansion assured in a tough environment



# Strong improvement of net financial position on top of acquisitions



# Excellence in value creation

## Organic Performance



- CapEx of € 517 m (2013: € 436 m)
- Building a scalable business model

## Acquisitions



## Cash-Return Options

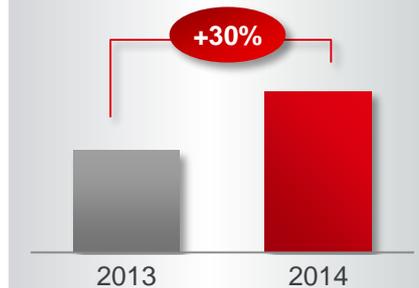


# Investing in organic performance through increased CapEx

- Total CapEx spend of € 517 m, +19% vs. prior year
- Above-average increase in Emerging Markets
- PPE focused on expansion and optimization projects
- Significant investments in IT infrastructure



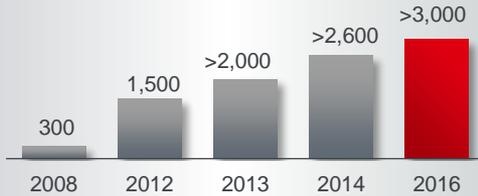
CapEx in EM



# Building a scalable business model

## Best-in-Class Processes

Employees working in SSC



- > 2,600 employees in 6 shared service centers
- Opening of Cairo & Shanghai

## IT Focus



- Asia-Pacific: 21 ERP systems successfully consolidated to 1
- European roll out prepared

## Global Supply Chain



- Completion of blueprint
- Global supply chain company established in Amsterdam

# Excellence in value creation

## Organic Performance



- CapEx of € 517 m (2013: € 436 m)
- Building a scalable business model

## Acquisitions



- Disciplined & focused approach
- Portfolio optimization

## Cash-Return Options



# 1.8 bn€ invested in acquisitions in 2014

Integration of recent acquisitions on track

| Laundry & Home Care   |   | Beauty Care   |   | Adhesive Technologies   |
|---|---|---|---|---|
| <br><br> |  | <br><br> |  |  |
| Annual sales  |   |   |   |   |
| € 280 m   | € 60 m  | € 140 m   | € 25 m  | € 130 m   |
| Price   |   |   |   |   |
| € 940* m  | € 53 m  | € 274 m   | € 24 m  | € 467 m   |

\*Purchase price incl. debt

# Excellence in value creation

## Organic Performance



- CapEx of € 517 m (2013: € 436 m)
- Building a scalable business model

## Acquisitions



- Disciplined & focused approach
- Portfolio optimization

## Cash-Return Options

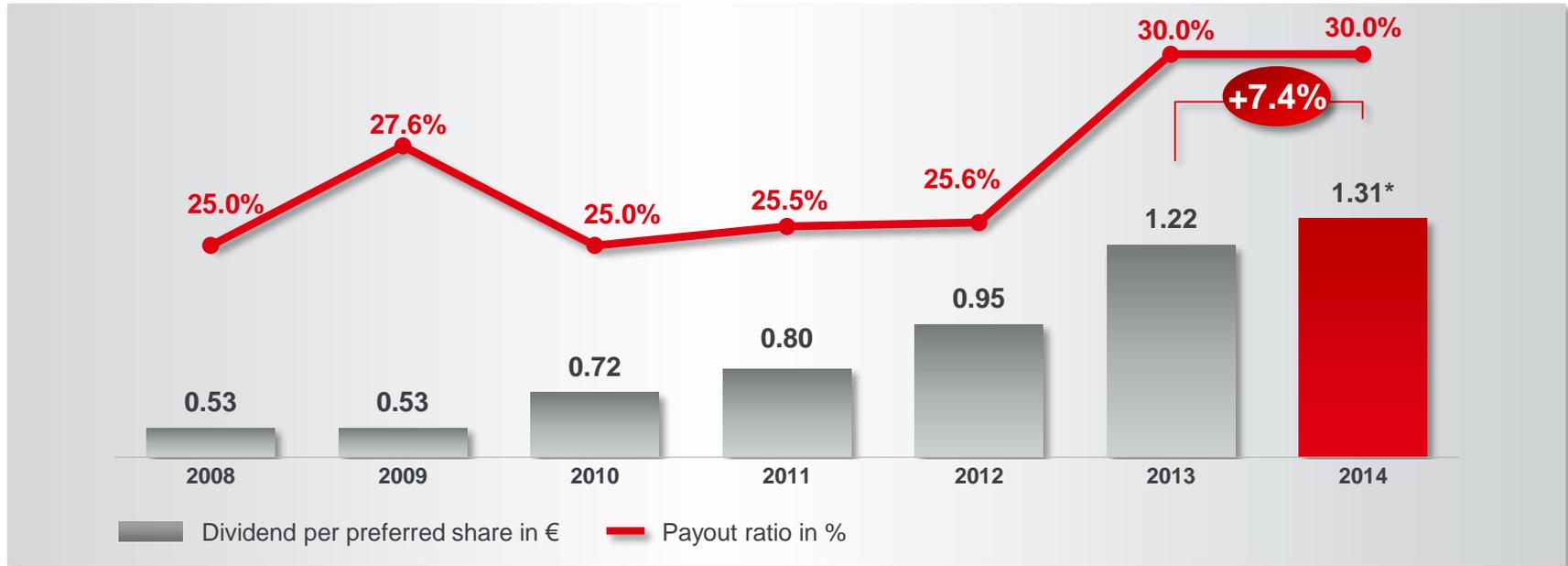


- Increase in dividend payment
- Dividend payout ratio: 30%\* for FY 2014

\* Proposal to shareholders for the Annual General Meeting on April 13<sup>th</sup>, 2015.

# Further increase in dividend, payout ratio at 30%

New policy since 2013: 25%-35% dividend payout ratio



\* Proposal to shareholders for the Annual General Meeting on April 13<sup>th</sup>, 2015.

# Agenda

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# Challenges & opportunities in our global markets



# FY 2014: Robust performance in a challenging, volatile environment

- Delivering on key financial indicators in 2014 despite challenging markets
- Strengthening of our portfolio with high quality acquisitions
- Solid organic sales growth driven by all business units
- Very strong organic sales growth in Emerging Markets
- Strong adj. EBIT margin increase, high single digit adj. EPS growth



Another successful step in 2016 strategy execution

# Ongoing challenging environment in 2015

- Moderate pick-up in global GDP growth
  - High volatility of some key currencies and crude oil price
  - Persisting geo-political tensions, mainly in Eastern Europe and Middle East
- 
- Focused & balanced investments to foster organic and inorganic growth
  - North America roadmap: concrete initiatives under way
  - Strong innovation pipeline
  - Cost focus & continuous adaptation of our structures to the market

# Guidance FY 2015

|   | Guidance FY 2015                                   |
|---|--|
| <b>Organic Sales Growth</b> <ul style="list-style-type: none"> <li>- Laundry &amp; Home Care</li> <li>- Beauty Care</li> <li>- Adhesive Technologies</li> </ul> | <b>3 – 5%</b><br>3 – 5%<br>~2%<br>3 – 5%           |
| <b>Emerging Markets sales share</b>   | <b>At prior year level</b>                         |
| <b>Adjusted EBIT Margin</b> <ul style="list-style-type: none"> <li>- Laundry &amp; Home Care</li> <li>- Beauty Care</li> <li>- Adhesive Technologies</li> </ul> | <b>~16%</b><br><br>All Business Units contributing |
| <b>Adjusted EPS Growth</b>  | <b>~10%</b>  |

# Upcoming events

- April 13<sup>th</sup>, 2015  
Annual General Meeting
- May 7<sup>th</sup>, 2015  
Q1 2015 Financials
- June 1<sup>st</sup>, 2015  
Investor & Analyst Day Laundry & Home Care, Düsseldorf
- August 12<sup>th</sup>, 2015  
Q2 2015 Financials
- November 11<sup>th</sup>, 2015  
Q3 2015 Financials



Thank You!

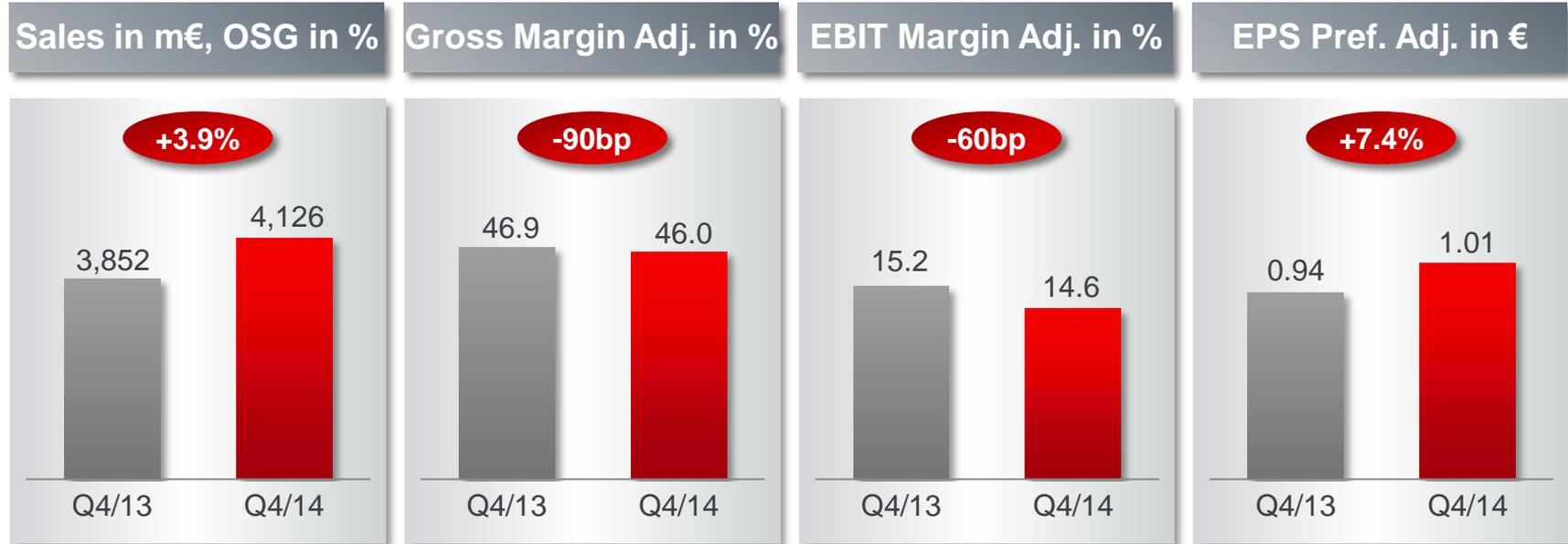


## Guidance FY 2015 for selected KPIs

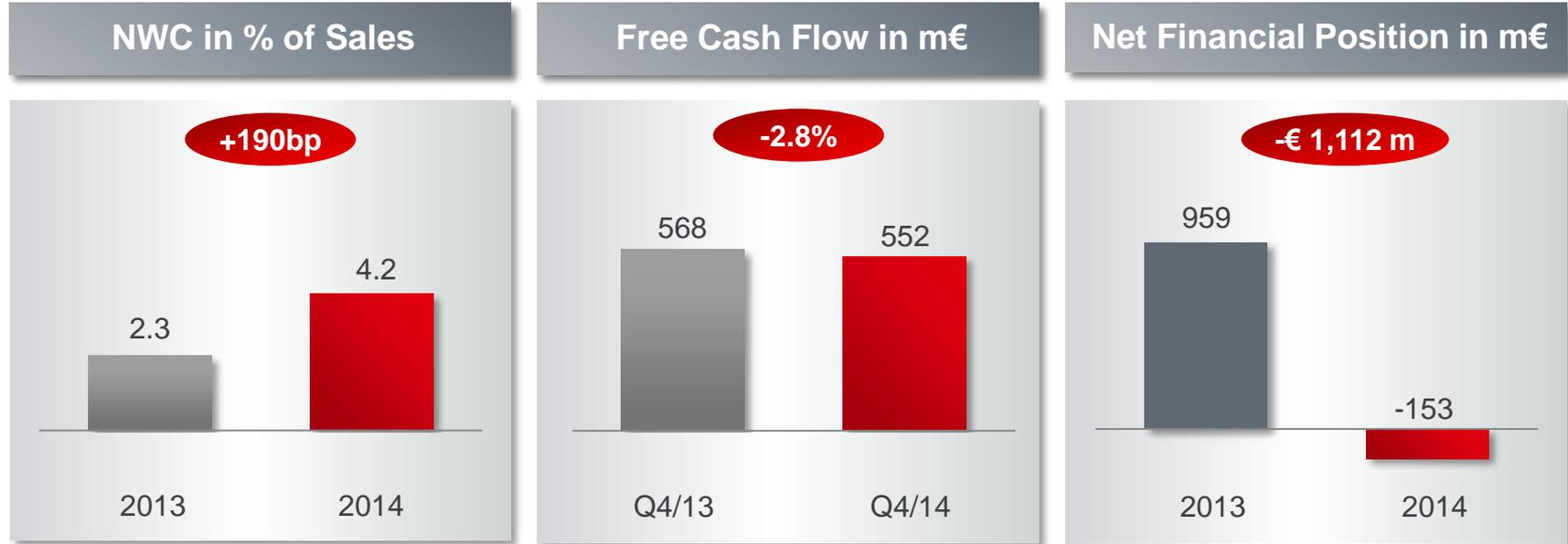
|                                       | Guidance FY 2015 |
|---------------------------------------|------------------|
| Price increase total direct materials | Stable prices    |
| Restructuring charges                 | € 150-200 m      |
| CAPEX                                 | € 550-600 m      |

## Additional Information on Financials Q4/2014

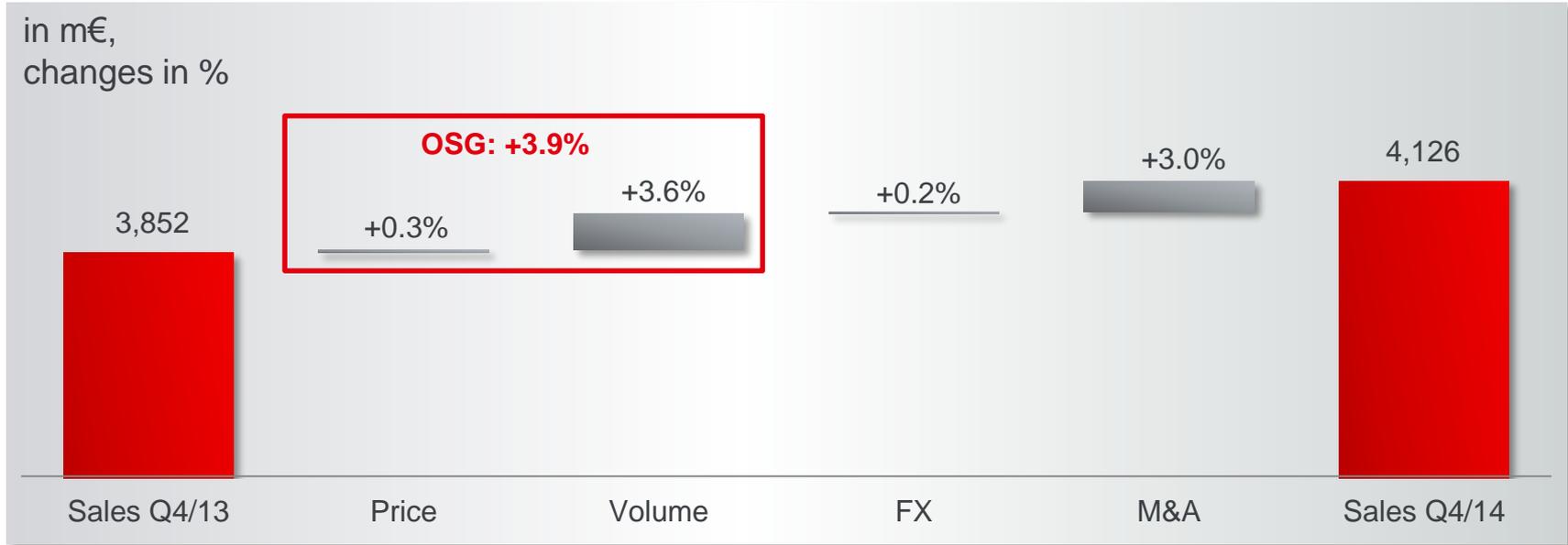
# Key financials Q4 2014 (1/2)



## Key financials Q4 2014 (2/2)



# Sales growth

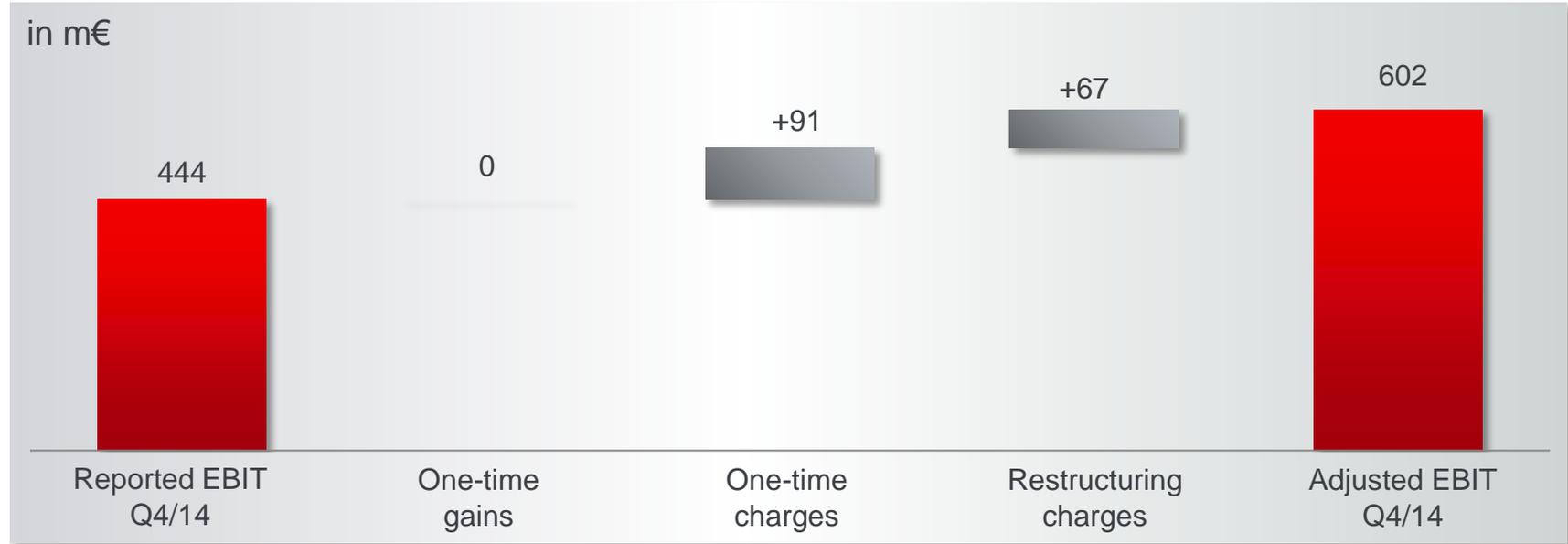


# Income statement adjusted

## Sales to Gross Profit

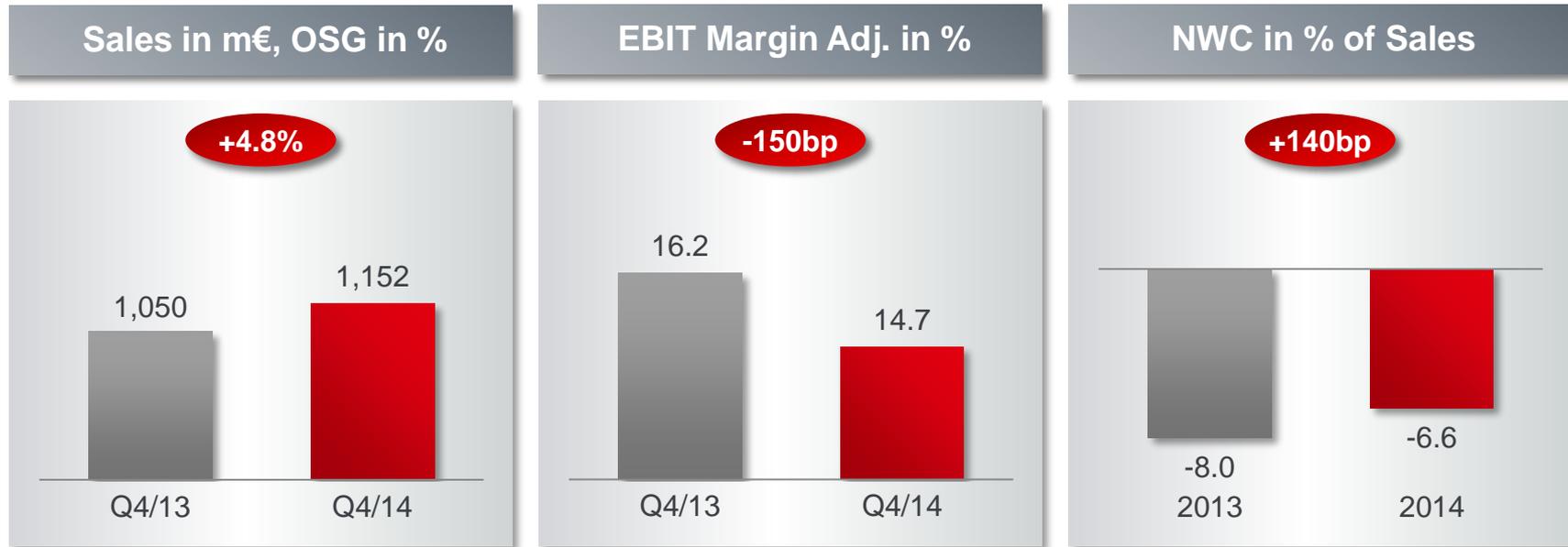


# Reported to Adjusted EBIT



# Laundry & Home Care

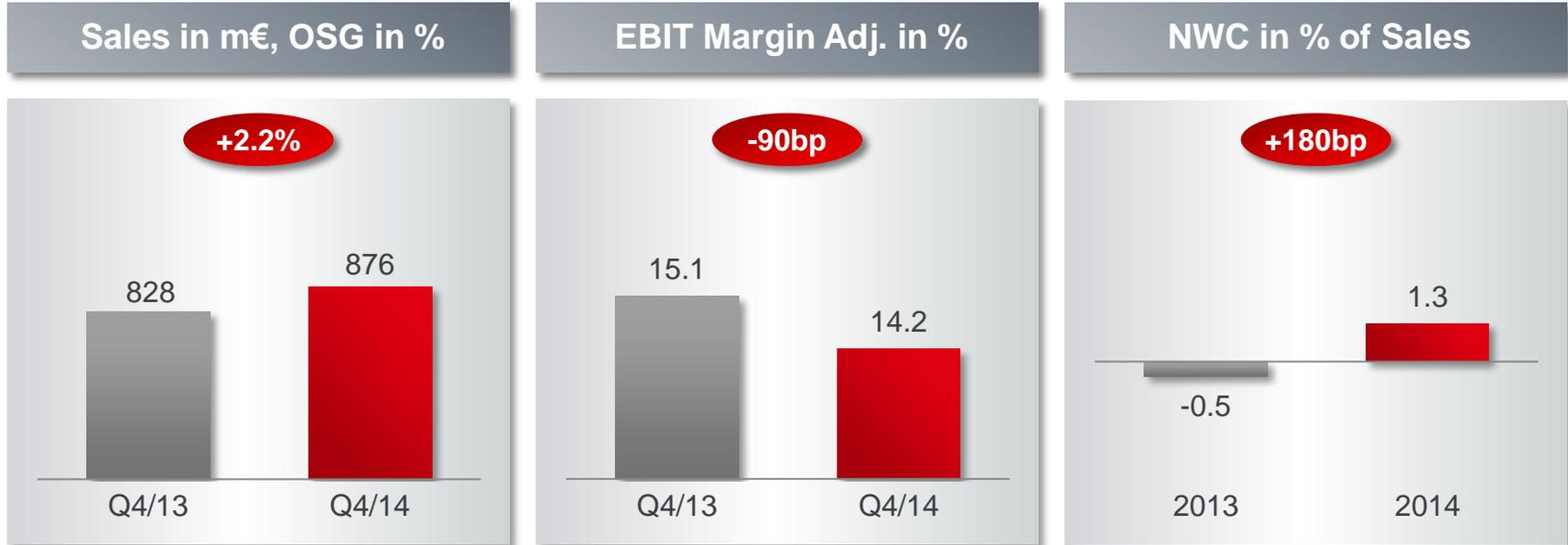
## Key figures Q4 2014



- OSG driven by 5.3% in volume, price -0.5%

# Beauty Care

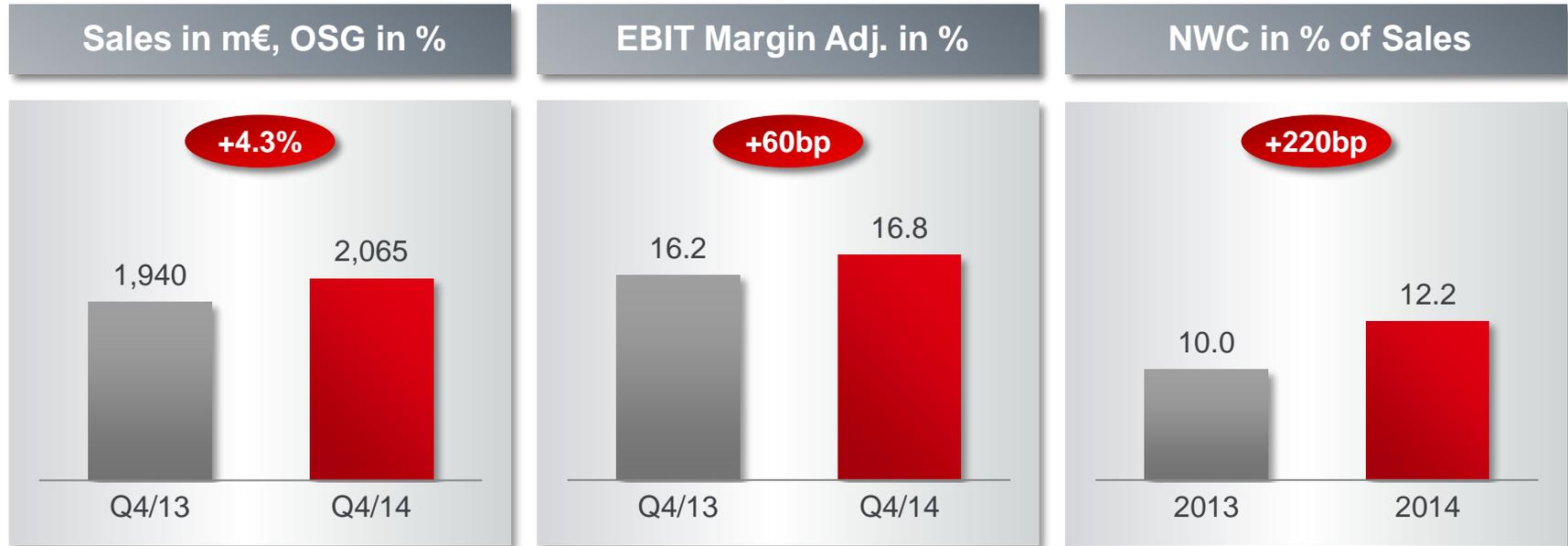
## Key figures Q4 2014



- OSG driven by 2.8% in volume, price -0.6%

# Adhesive Technologies

## Key figures Q4 2014



- OSG driven by 3.1% in volume and 1.2% in price