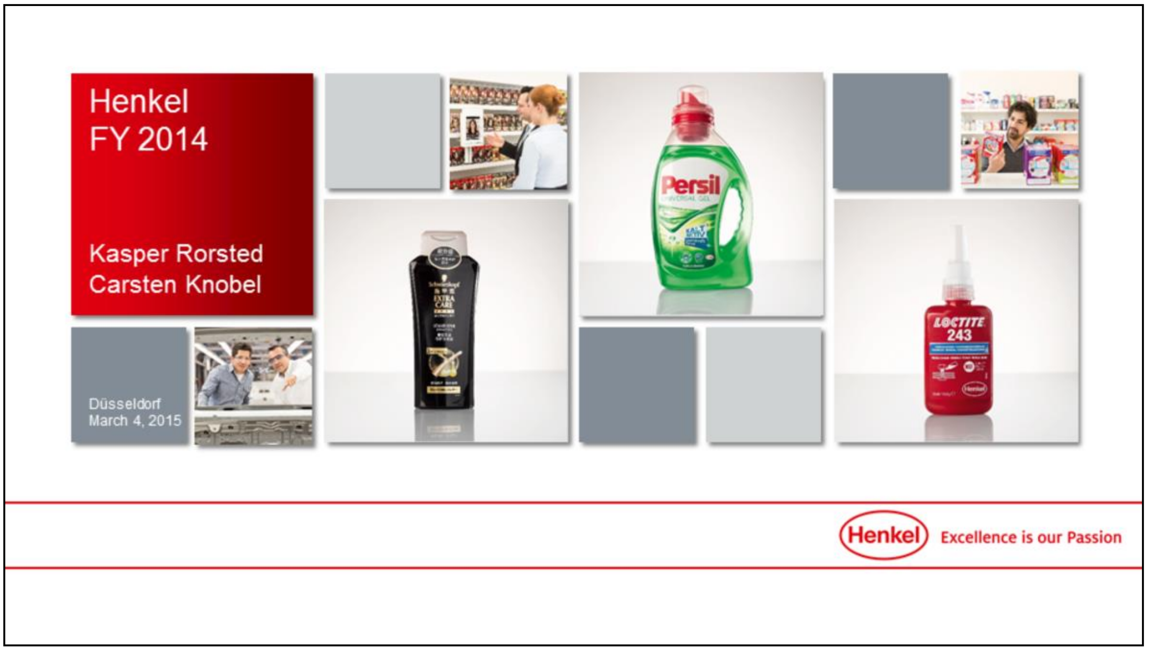
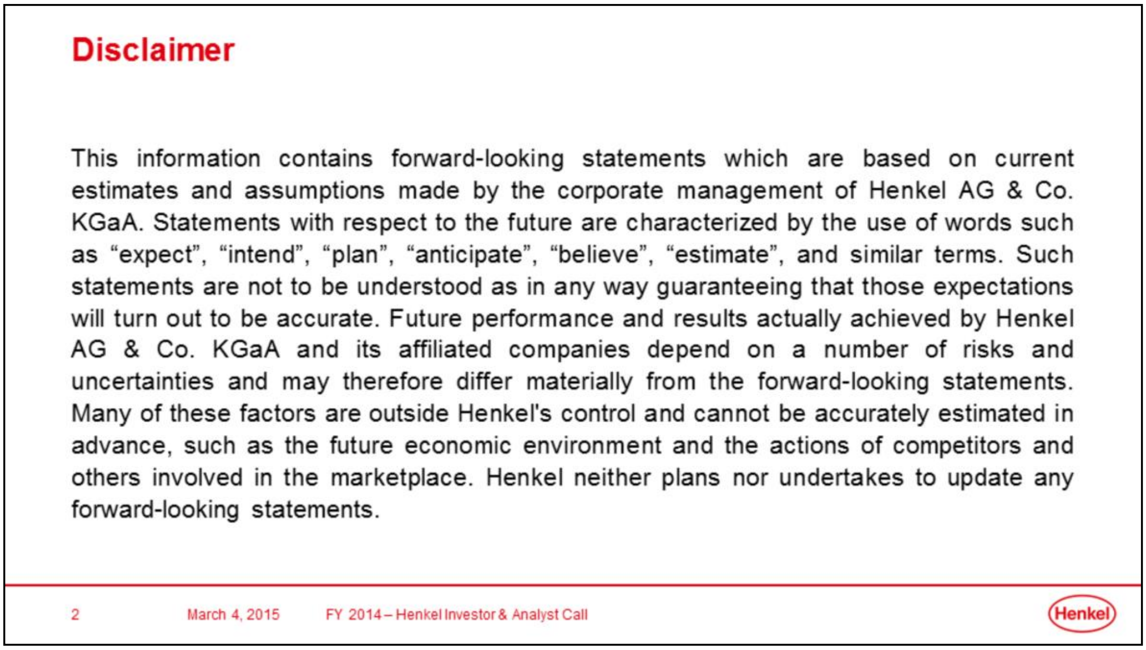


Commented Slides / Earnings Conference Call Q4 & FY 2014
March 4th, 2015

Participants
Kasper Rorsted, Henkel - CEO
Carsten Knobel, Henkel - CFO

Gael Colcombet, MainFirst - Analyst
Katherine Tait, Goldman Sachs - Analyst
Hermine de Bentzmann, Raymond James - Analyst
Celine Pannuti, JPMorgan - Analyst
Christian Faitz, Kepler - Analyst
James Targett, Berenberg - Analyst
Iain Simpson, Societe Generale – Analyst

Participants – Total conference call = 60 analysts & investors
Participants – Total webcast = 129 analysts & investors



Operator:
Good morning and welcome to the Henkel conference call. With us today are Kasper Rorsted, CEO; Carsten Knobel, CFO; and the Investor Relations team. 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, here from Dusseldorf and welcome to our conference call.

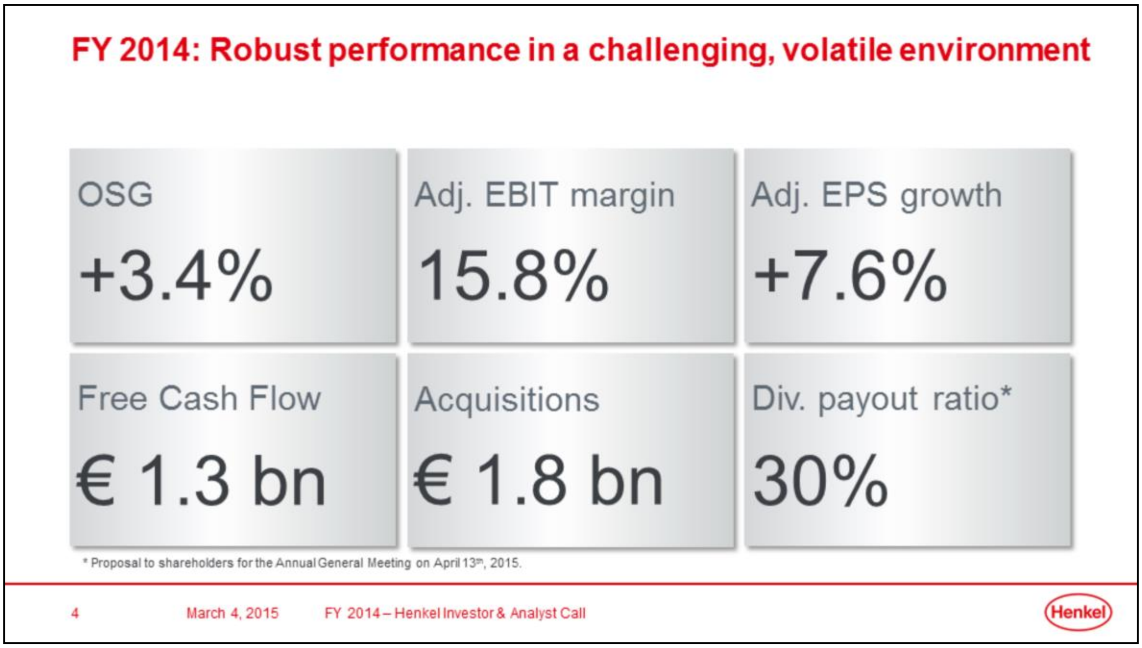
First I'd like to focus on the key developments of the fiscal year 2014 followed by an update on where we stand in terms of the execution of our strategy 2016. Then Carsten will provide you with the financials in detail of the full year and how we created shareholder value in 2014. And after that I will close my presentation with a brief summary for 2014 and the outlook for 2015. And finally we'll be happy to take your questions.

I would 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 this conference call. And now let's get started.

Agenda

1. **Key developments 2014**
2. Strategy 2016 - progress in 2014
3. Financials FY 2014 & excellence in value creation
4. Summary & outlook FY 2015

We have four items. Key developments 2014, strategy progress for 2016, financials 2014 and excellence in value creation, and in the end, summary and outlook for FY2015 and then we'll go to the Q&A session.



Overall it was a robust performance in a challenging volatile environment. We grew our organic sales growth by 3.4%. Our adjusted EBIT margin hit an all-time high of 15.8%. Adjusted earnings per share growth of 7.6%. Our free cash flow came in at EUR1.3b. We invested EUR1.8b in acquisitions and our dividend payout is proposed to stay at 30%, but of course with an increase relative to the earnings-per-share growth. We'll give further details on that later on.

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% ✓

So how do we perform against guidance? We guided our organic sales growth between 3% and 5% and we came in within the range, but at the lower part of the range at 3.4%.

On the emerging market sales, we expected a slight increase in nominal sales and we ended up at prior level. I want to stress at this point in time that we had an exceptionally strong year when we take the emerging markets condition into consideration. We grew high single digit and we're very happy with our overall performance in our emerging markets. The only deviation to the slight increase is currency-driven. There is nothing organic that is below our expectation.

Our adjusted EBIT margin, we guided at just under 16% and we came in at 15.8%.

And our adjusted EPS growth, we guided high single digit, defined as 7% to 9%. Following the second quarter we made a revision within the range and said we would be closer to 7% than 9%. We came out at 7.6%. So pretty much in the middle of the range but within -- clearly within the range of our guidance.

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 13th, 2015.

Now let me describe how we saw the year. We see a consistent execution of our 2016 strategy so we are doing the things we said we would do under our four strategic priorities and executing that very diligently.

We have conducted a high-quality set of acquisitions that will strengthen our market position in the short as well as in the long term, very much in the core of what we're doing. They're very market-wise, very attractive and we believe possesses very little risk and are attractive from an earnings standpoint.

We saw solid organic sales growth driven by all businesses. And we continue to see very strong organic sales growth in the emerging markets. Carsten will speak later about that, but this is an area we're very satisfied with.

Our adjusted EBIT margin hit an all-time high, driven by all business groups.

And our adjusted EPS growth came in at a high single digit.

As I said, that will mean a further increase in dividend, assuming the payout ratio of 30% will be approved by the AGM, which will take place in approximately six weeks from now.

There are also areas that we're concerned about. There are some macro areas, there are some micro areas and there are some which are self-inflicted.

On the macro side, we have clearly had substantial FX headwind, particularly in the first half of 2014, pretty much until August, and that has now been ongoing since 2013 until mid 2014. We continue to see severe geopolitical and social unrest in some of the countries we conduct business in, particularly Middle East. And despite that we continue to deliver very strong performance, but of course it has an impact on the overall growth rate.

We are seeing the Eastern European economy being impacted by the Russian and Ukraine crisis. Ukraine and Russia is of course impacted, and, as I've stated very clearly at every quarterly call in 2014, we are seeing a slowdown in the Eastern European economy because of this political situation.

On the micro side, we've seen a further intensified price and promotion pressure on the HPC market in most markets across the board, which is an unfortunate development of the HPC market.

And, as I've also been clear on several calls, North America has been clearly below our expectations in 2014. We have undertaken significant changes to ensure that that won't happen again. And we will see, when we start reporting the numbers in 2015, how that will come about. But clearly North America was below expectations, particularly when we look upon the overall upside that economy represents.

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

Let me move to Laundry & Home Care. We've seen solid organic sales growth in the past year, laundry being solid and homecare, so more the specialty categories, being very strong.

The mature markets, we saw Western Europe being solid despite a not very exciting economy in Western Europe, and North America being negative.

The emerging markets continued its double-digit growth rate in 2014.

We saw adjusted EBIT margin showing a very strong increase throughout the year and ROCE was below the level of previous years because of number of one-time items that Carsten will comment on more in detail.

We're also seeing a continuous strengthening of our innovation pipeline.

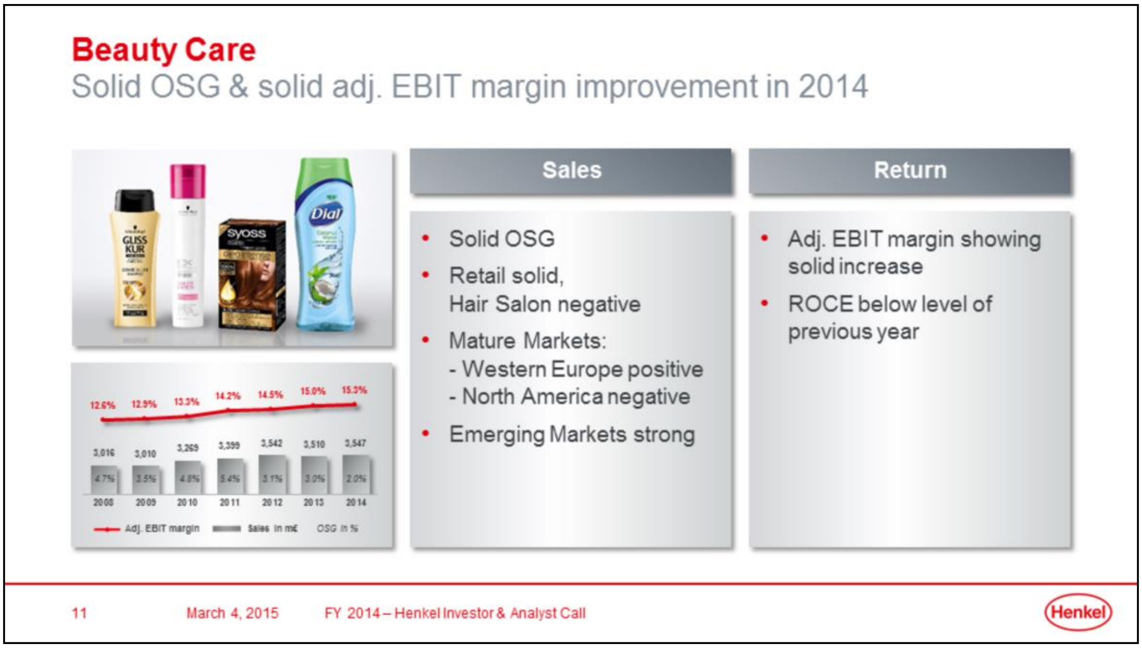
Approximately 45% of our business in this area is done by products that have been introduced in the last three years.

And our innovation helped us differentiate in the marketplace and also take pricing in the marketplace.

That has helped to drive the top line but also the improvement on the bottom line.

Vernel, which is one product I'd like to mention here, is where you're starting to see some of the trends from the beauty care market segment coming in to the Laundry & Home Care segments. And here you're seeing the inclusion of oils within a detergent-related product. As you know, oils were introduced, particularly in hair products, approximately two to three years ago.

A very exciting product. We patented the way the product has been constructed. It is implemented in a set of countries in the fourth quarter and will be fully implemented in Western and Eastern Europe by the third quarter of 2015.



On the Beauty Care side, we saw a more solid organic sales growth. Retail was solid. Hair salon was negative. It was positive in the fourth quarter but I do not want to make any final judgment on whether the market has finally turned.

On the mature markets, Western Europe continued to be positive, similar comments as I gave on the Laundry & Home Care side, and North America also here disappointing.

Emerging markets continued to be strong, China double digit. Just to remind everybody, we are not present in China in Laundry & Home Care, which is why I didn't comment on China in Laundry & Home Care.

The adjusted EBIT margin continued to show solid increase. And ROCE will be below previous years or is below previous years for the same reasons as stated in Laundry & Home Care, which Carsten will comment on.

Beauty Care

Strengthening innovation leadership across categories

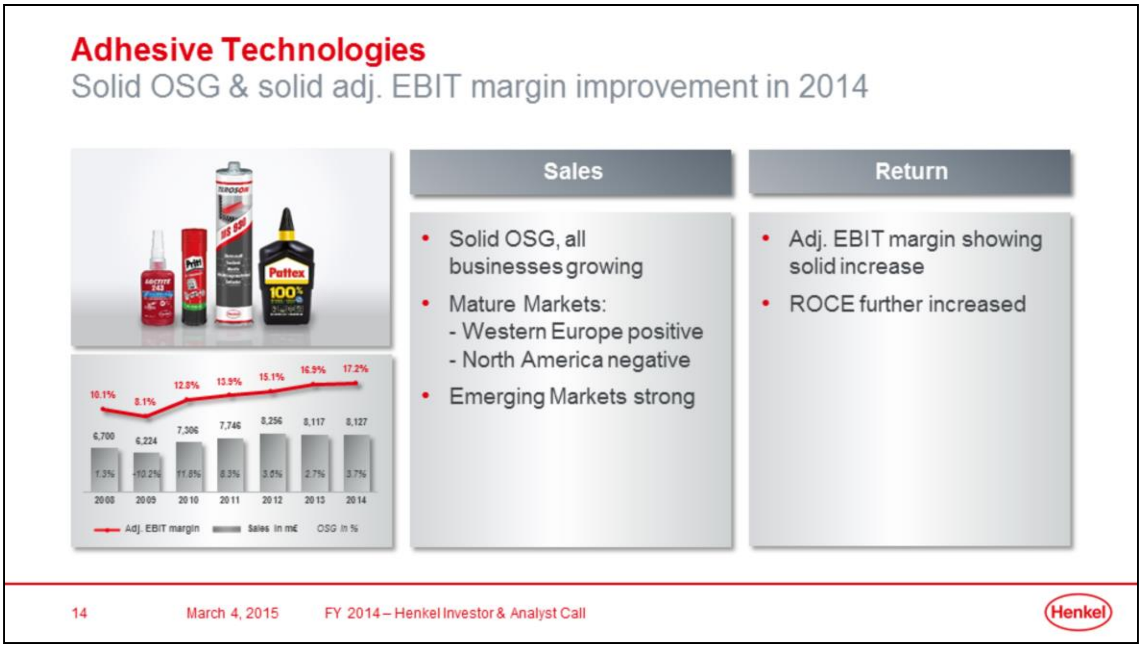
Schwarzkopf Essence Ultîme	Schwarzkopf Bonacure	Diadermine N°110
		
• 1st celebrity co-created hair brand in retail • High-performance formulas with luxurious pearl essence	• 1st Professional Hair Care with patented Cell Perfector Technology • Replenishes damaged hair cells for 100% strength & resilience	• 1st anti-age line with 110 drops of elixir activating 11 signs of youth • Celebration of 110 years of dermatological expertise

Also in this area, 45% of our sales is conducted by products which have been introduced in the last three years.

And in 2014 we introduced Schwarzkopf Essence Ultime, which is a high end hair product series.

It is non-comparable to Syoss. I want to be very clear on this. So where Syoss is a volume product, this is a high-end product with a very different marketing portfolio and incremental to the market shares that we're gaining here, because in this market segment we've not been present before.

So we're very excited about the introduction of this product and it's gone according to plan in 2014.



Now let me move to our biggest business group, Adhesive Technologies, where we saw solid OSG and solid adjusted EBIT margin improvement in 2014.

We saw, as I said, solid organic sales growth and all businesses growing, particularly what we call our general industry. Our Loctite business was very strong in 2014.

In the mature markets, again a similar picture, Western Europe positive, North America negative and the emerging markets strong, China double digit also in the fourth quarter.

We saw the adjusted EBIT margin showing a solid increase, an all-time high, and also ROCE further increased.

When it comes to our Adhesive Technologies, particularly technology in this space, it helps us differentiate in the marketplace and drive pricing actually into the marketplace, which has been part of the reason why we've been able to take the margin from 10% to above 17% in the past six years.

In this area we have approximately 30% of our business being conducted with products that have less than five years in the marketplace. This is a different factor because simply some of the products we introduce, the customers do not want us to change them over a longer period of time. I speak about automotive, where you have a lifecycle of a car of seven years; or aerospace, where it's of course longer. So that's where you simply cannot change the product as quickly as in other areas simply because of customer requirements.

One of the areas that are quite exciting is our overall surface treatment business, where in the past we've only delivered products. Now, with some of our new products, we're also are delivering a total solution, so, i.e., also making certain that the product is being applied to the customer product.

And in this area we've had some very exciting wins, particularly in the tablet market, where we're not only delivering the product but also conducting the application of the product to the customer product.

So a much more solution-driven business, which is very much in line with what we're trying to do, deliver differentiation through technology and application know-how.

Agenda

1. Key developments 2014
2. **Strategy 2016 - progress 2014**
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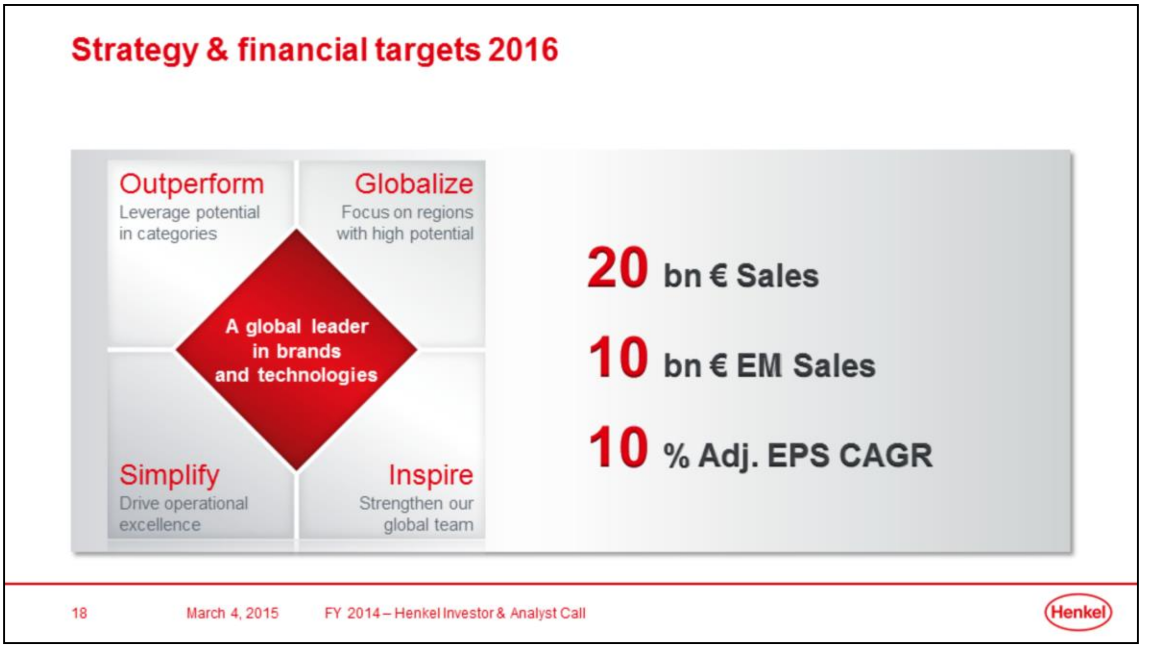
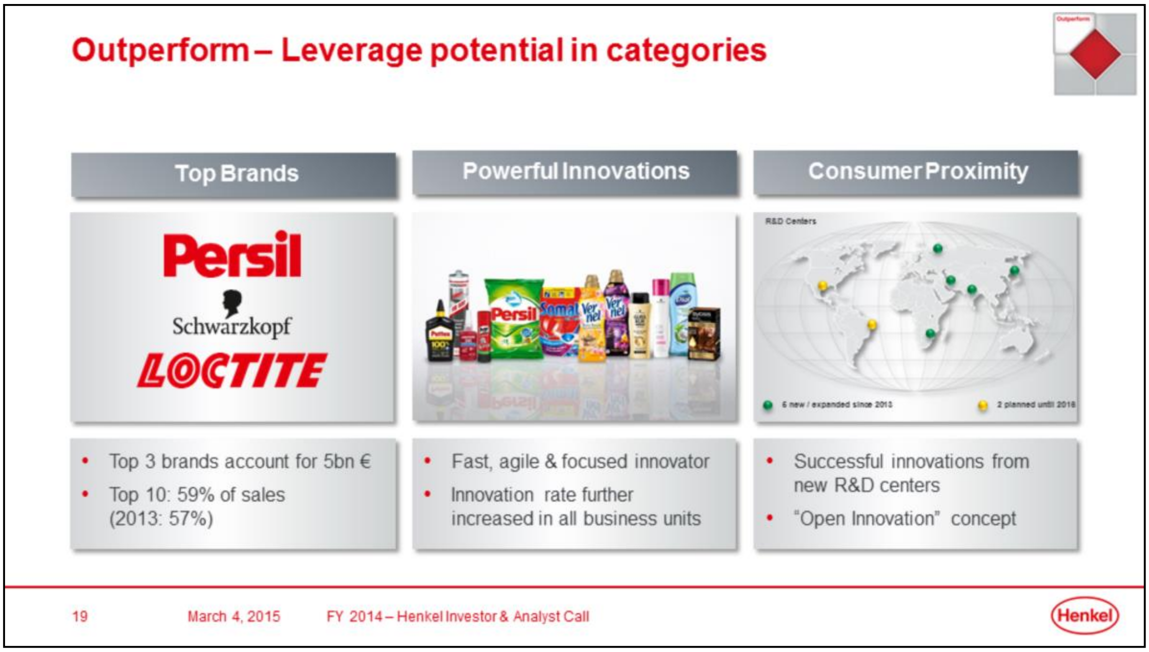
That was, in highlight, how 2014 went. Now let me just review where we are in our strategy execution towards 2016.



You all know our strategy built around outperform, globalize, simplify and inspire, and our three financial targets 20-10-10, where our 10% EPS CAGR is our primary target towards 2016 and the one where we made substantial progress.

It's clear that we've not made the progress on the EUR20b sales so far, simply because of one item, headwinds in currency. We expect that to change in 2015 and make a substantial step forward. But that has been the primary reason for the lack of progress on the EUR20b. As I said, our primary guidance target is the 10% EPS CAGR.

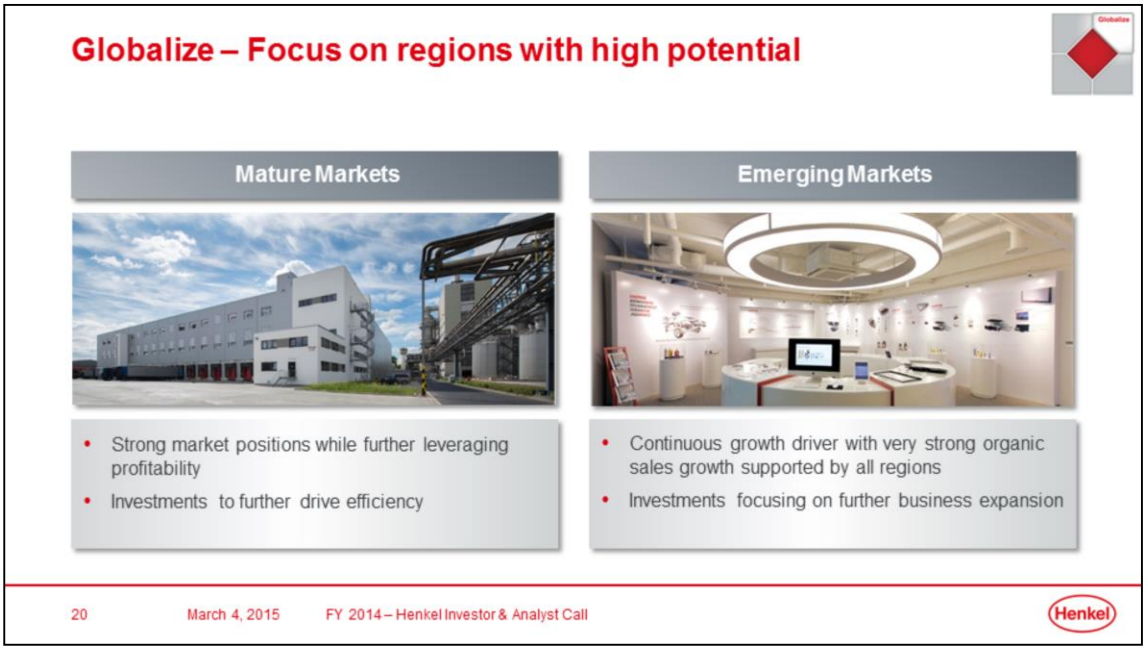


On outperform, we are conducting a number of activities which will continue to help make us more competitive. And our top brands, our top three brands today account for EUR5b and our top 10 brands for 59% of our total sales.

A couple of years ago one of the criticisms around Henkel was we don't have any strong brands. As you can see, our top 10 brands, which account for 60% of our business, almost have an average of EUR1b a piece. And that of course allows us to spend much more focus on marketing spend because we have fewer brands to spend on.

On innovation, I've spoken about that. It is helping us drive differentiation and it's helping of course drive pricing into the marketplace. And we are seeing an increase in innovation rate across all businesses.

On our R&D centers, we stated that we would open up seven new R&D centers in the emerging countries by 2016. We have so far opened up five and two to go. And we're very confident that we will also open up the remaining two and we will report separately on that when we have done so far. But overall, we are building the infrastructure, consolidating our brands and driving innovations that will allow us to continue to what we're trying to do, grow profitably towards our 2016 targets.



On globalize, we are focusing on regions with high potentials. And this is where mature and emerging markets play two different roles. In the mature markets we want to consolidate our strong market positions and increase leveraging to profitability. And we will invest to drive efficiency into this area. So we expect slower growth rates but higher profitability. We are seeing that, particularly in Europe in 2014, which was an exceptionally good year.

On the emerging markets, they need to continue to drive our top-line growth for the future and, of course, also over time increase profitability. In order to do so we're investing heavily in our emerging markets. And for the first year ever the total amount of CapEx investments were now 50/50 between mature markets and emerging markets. So we are clearly investing for the future in emerging markets, whether it's manufacturing, processes, systems or people.

We've also spent EUR1.8b on acquisitions to strengthen our core business moving forward. We have done a few on our Laundry & Home Care business. We acquired a number of brands in our core business, laundry additives and insecticides in Europe, to strengthen our core position in laundry, but also now put us into a number-two position in insecticides in Europe. We have a strong position in the US and we're market leader in Korea. And in the beginning of the year we acquired the brand E in Poland to strengthen our laundry position in Poland.

In our Beauty Care business, we acquired three brands in the US, which make us now number three in the professional haircare market in the US. I just want to remind everybody, by 2010 we had a zero position in the US and right now we're number three in the US. So a very strong position in an attractive marketplace.

And in our adhesive business we acquired the Bergquist Company, the leader in thermal management systems, so the distribution of heat generated by processors in the electronics industry. The electronics industry can be consumer electronics, of course business electronics or automotive or aerospace. This will help expand our position in the overall electronics market, which is very attractive, not only from a growth standpoint but also profitability standpoint.

So we believe we have invested actively in very attractive acquisitions, with very attractive P&Ls that will help the Company moving forward, not only towards 2016 but also beyond.

On simplify, making us a better Company, so driving a much more scalable business model, we now have more than 2,600 people in shared service centers. And this year we opened Cairo and Shanghai, so we're now present globally in shared services. And we're confident towards moving towards the target of having more than 3,000 people working in shared services by 2016.

We converted 45,000 employees to a new digital platform in 2014 without any disruption. We finalized the rollout of SAP Horizon in Asia and are now starting the implementation work in Europe without any business disruption, which is not self-explanatory. A lot of companies are suffering in this area. We had a very successful rollout.

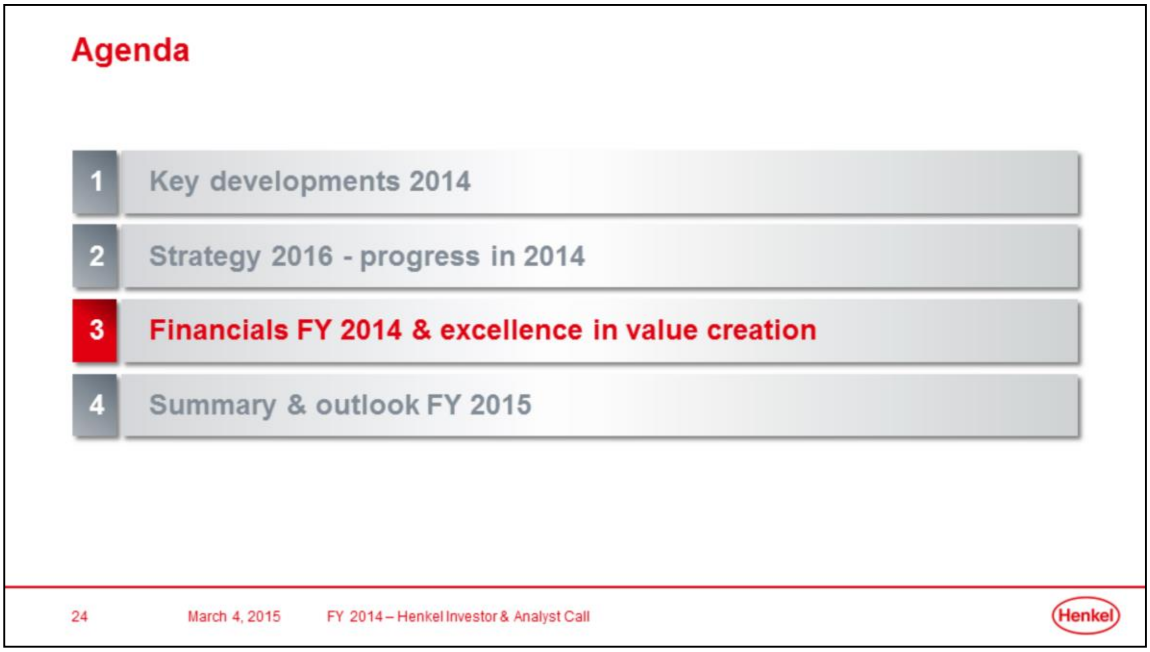
And we created our global supply chain company, set up in Amsterdam. And we're looking for further sourcing hubs for the future that will allow our global supply chain to operate more efficiently. Overall we are building a scalable business model.

But most importantly, we continue to strengthen our global management team. There's no doubt that the core reason why we've been able to consistently improve our performance has been through good and solid execution done globally by good leadership. And we're working effectively with Harvard Business School to ensure that our top 200 leaders are trained by trainers, so to speak, a co-development program between Henkel and Harvard that ensures that our senior leaders across the Company know what is expected from them from a cultural standpoint, but also from a performance standpoint. We are a performance-driven Company.

On talent and performance, we continue to conduct our, what we call, Development Round Table, where we're staggering our people to ensure that we treat people fairly but differently. We want to make sure that the top performers get top attention within our Company and performance is recognized. And that allows us also to promote more than 1,000 people internally. Internal promotion is a high priority of us, under the assumption that the performance is appropriate and the compliance to our values is in order.

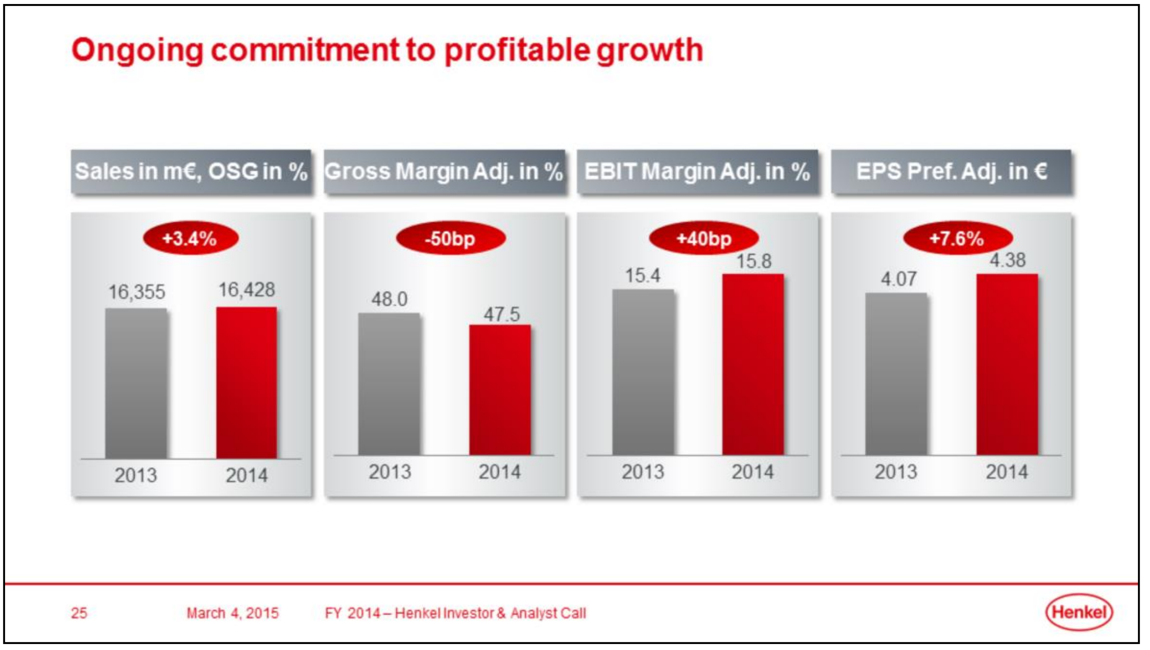
Diversity, the last point, 33% of our managers are women. But even more important, we have a global workforce. We have today in our top managers Chinese, Arabs, Russians, Americans, Latin Americans, and that is what truly characterizes a global Company. We do not want to be a global managed company. We are a global Company, globally headquartered in Germany. But we want to have a global management team. And we made substantial progress on this, where, in most regions, the regions are run by strong local leaders.

Now I'd like to hand over to Carsten, who will take us through the financials in detail for 2014. Carsten, please.



Carsten Knobel:

Thank you very much, Kasper. Good morning to everyone. Let's have now a look on our financials for the full year 2014 in more detail. And let's start, as always, with an overview of our key performance indicators and starting here with our sales performance.



In 2014 our sales accounted for EUR16,428m. This is showing a slight increase in nominal terms of 40 basis points due to negative FX effect amounting to 4.0%. Organically we could increase again with a solid organic net sales growth our numbers by 3.4%, supported by all our three business divisions.

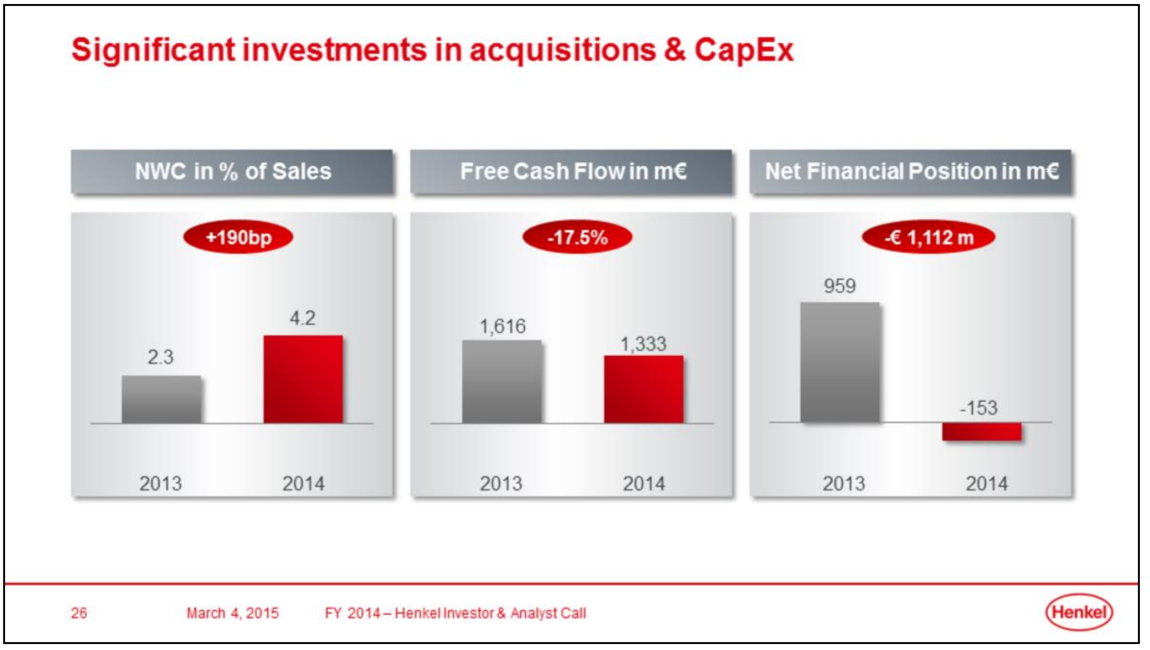
Our gross margin, adjusted gross margin, came in at 47.5%. This is 50 basis points below the prior year with 48.0%. So with a gross margin of 48%, the year 2013 represented a tough and high comparable. If you would compare the 47.5% to the year 2012, this would represent an increase of 40 basis points.

Coming now to our adjusted EBIT margin, our adjusted EBIT margin could be increased for the year 2014 by 40 basis points, now to an all-time high in terms of margin of 15.8%. And by that, representing a strong result supported by all three business divisions. Before I now continue with the EPS, let me step back for a moment and comment on the Q4 adjusted EBIT margin of the quarter.

This is below the prior year of 60 basis points and there are three major reasons behind.

- First of all, I think you all know that we acquired significantly in the year 2014 and the closing of the majority of the acquisition was in the second half, being more precise even in the quarter 4 of the year. And by that you can imagine that we have taken integration costs but also inventory step-ups which are related to IFRS requirements directly into account, which affected the Q4 2014. But also, be clear, these are one-time effects which will not occur going into 2015.
- The second reason behind is the crisis which you are also aware in Russia and Ukraine. Besides the translational impact which we face, we have also significant transactional impacts in Russia and in Ukraine, hitting our gross margin, and by that also hitting our EBIT and by that impacting also the margin.
- And the third point is we have increased our marketing spend in our fast-moving consumer businesses on a quarter-to-quarter comparison Q4 to Q4 of last year. So these are the three main reasons why you see a 60-basis-point decline in the Q4 margins. Especially the number -- the second reason which I alluded to, the situation in Russia and Ukraine, is something which is not a one-time effect, which will continue definitely also, which we will see in the first half of the year 2015 because the crisis started in the second half of 2014.

With that, let me come back from this excursus and come now to our adjusted EPS development of our preferred shares. We reached EUR4.38, which is an increase of 7.6%, and by that hitting our high single-digit guidance for EPS in the year 2014, even if it is at the lower end of the range, as we indicated it already in Q3 really. So overall, a robust performance and another year of profitable growth.



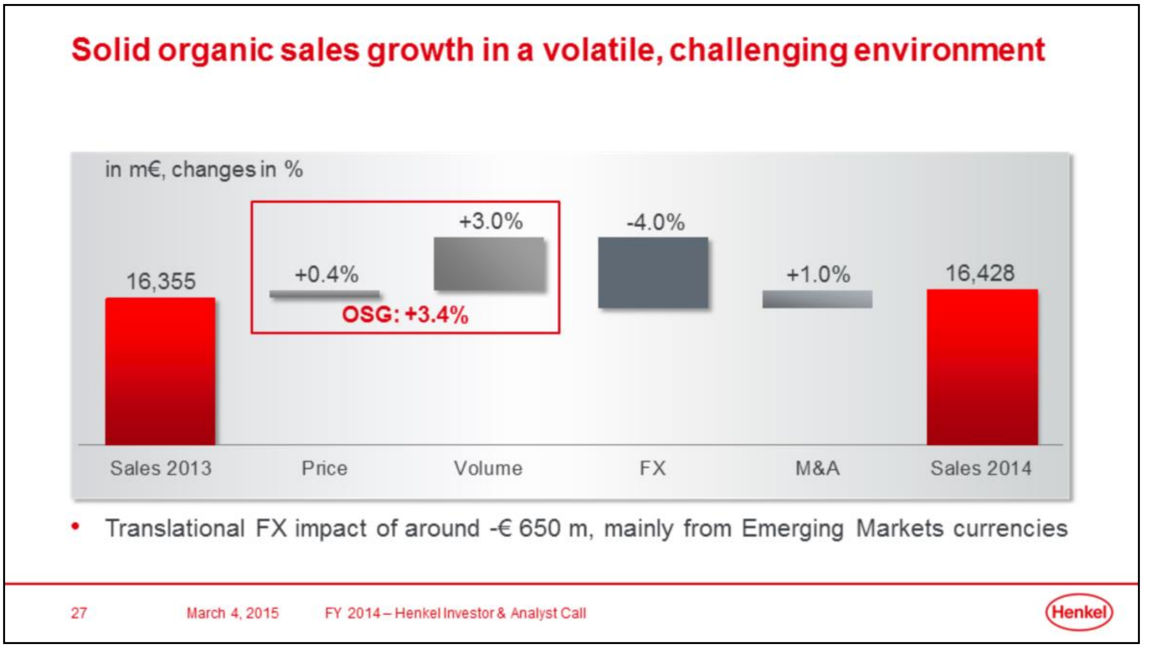
Let me now come to our cash situation, and here focusing first on our net working capital development. Net working capital came in at a good level of 4.2%, which is up versus the prior year of 190 basis points, but definitely on a satisfying level.

Please consider also here the topic of the recent acquisitions which we did. They have not the same level of net working capital as we are used to, so this has an impact of roughly 70 basis points. And on top we are also attributable to negative currency effect of roughly 50 basis points. If you add these two components, it's 120 basis points. And if you see that, then you would have a like-for-like comparison of roughly 3.0% of net working capital.

And if I could remind you on what I said last year, we see our net working capital on a level between 3% and 3.5%. That's the reason why we see this number of 4.2% on a satisfying level for 2014. Nevertheless, we will not give up to further improve net working capital also in the coming years.

Coming now to our free cash flow development, we reached a free cash flow of EUR1,333m, which is in line with the average over the last six years, which we take as a reference period since 2008. For sure that's below the previous year with EUR1.6b when it comes to free cash flow.

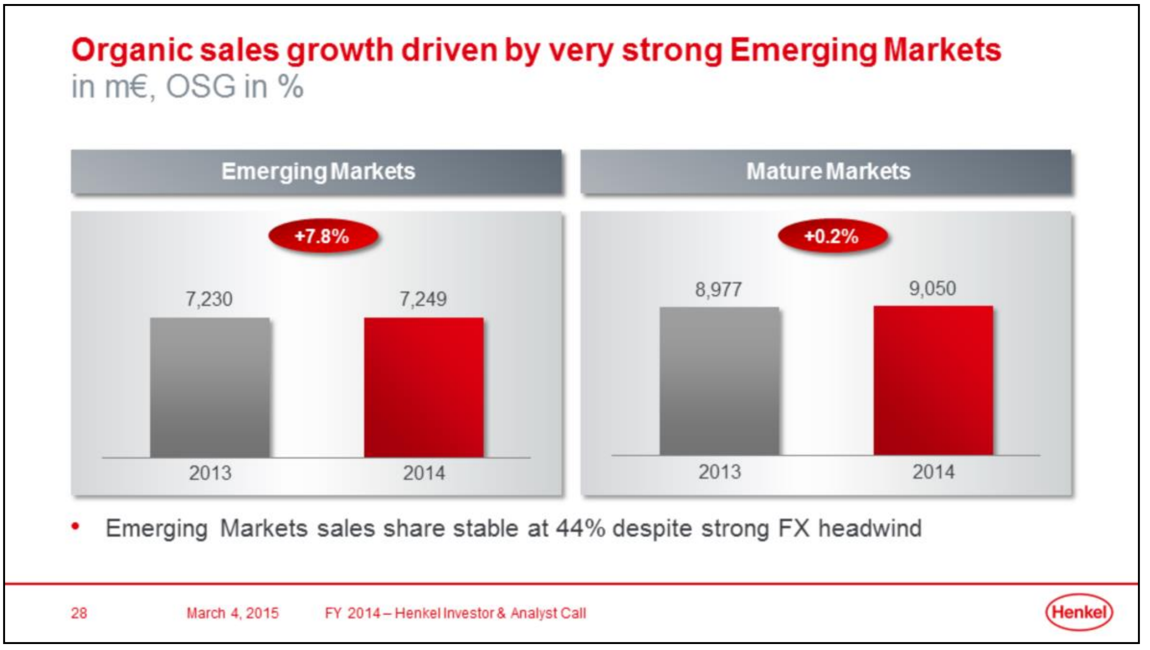
With that, let me move now to our net financial position. The net financial position at the end of 2014 reached a level of minus EUR153m. Considering the increased dividend payout which we had in 2014 and the recent acquisitions of EUR1.8b which we spent, a remarkable result. So we used also here our cash in a very disciplined way.



After this overview, let me now go into the details of the KPIs and starting with our sales situation. As I mentioned before, our sales came in organically with a solid development of 3.4% for the year. And this is split by 40 basis points of price increases or price development and 300 basis points of volume development.

As anticipated, in 2014 we continued to face a headwind with foreign exchange with 400 basis points, as I mentioned before. The absolute amount is in that terms EUR650m, and especially the decreasing or depreciation of emerging market currency contributed the majority of that part, and even be more precise, Russia and Ukraine. These two countries amount for one-third of this EUR650m of FX effect.

M&A. The net effect of M&A contributed plus 1.0%. So in total we reached EUR16,428m, showing a slight nominal increase, as pointed out before, of 40 basis points.



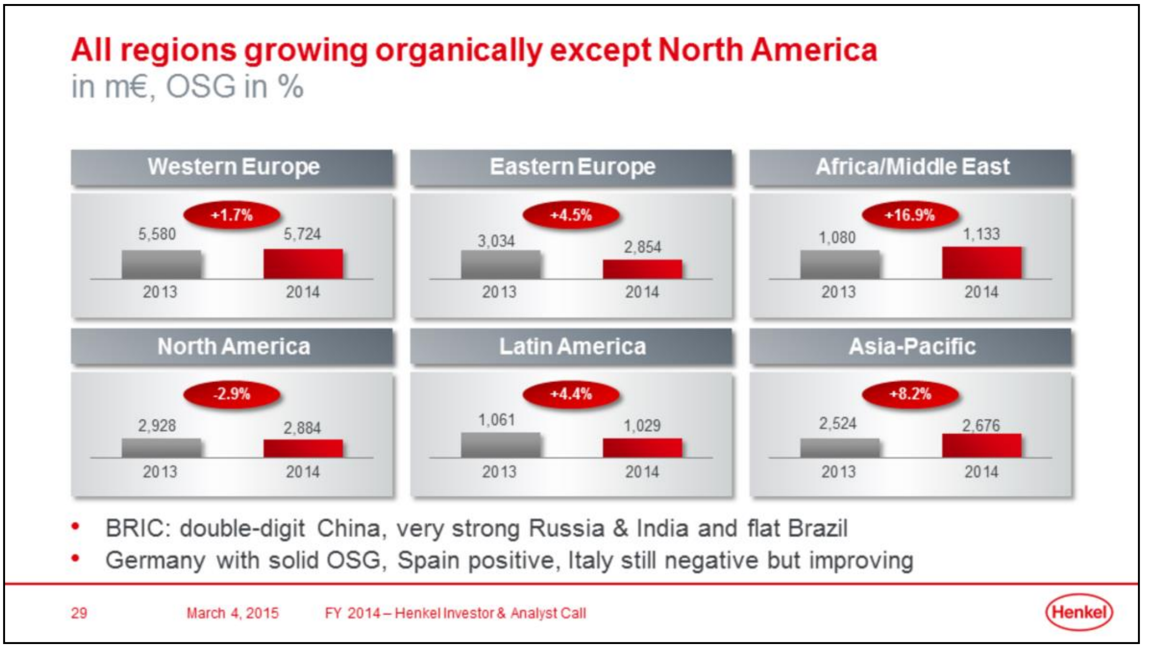
Having now a look on our situation in the emerging markets and the mature markets, you heard already Kasper pointing that out.

We have been very satisfied with our development in the emerging markets. We could again show a strong organic net sales growth of 7.8%, reaching EUR7,249m in absolute terms.

And also our situation in the mature market was slightly positive with 0.2%, especially with a very satisfying performance in Western Europe.

The emerging markets now count for 44% of our total sales, despite the FX headwind. This is a stable situation compared to the prior year. If we would adjust for FX for the same level as of last year, we would have increased the emerging market level to 46%.

With that, I would like to now go into the details of the regions and give you a glance how we have been developing here.



And first of all, overall statement, all regions show organic growth besides or except North America.

Starting with Western Europe, Western Europe in total amounts for 35% of our total sales. And, as you can see, we have increased organically the situation by 1.7%. This is, as I said before, supported by a very good performance in Germany across all business units. But it's also noteworthy to mention that also in Southern Europe all major countries showing positive development besides one country, which is Italy. Italy is still negative in terms of organic net sales development.

Coming now to Eastern Europe. Similar to Q3, we see a counterintuitive sales development in Eastern Europe. Eastern Europe is amounting for 17% of our sales and we have a polarized situation. We have in total an organic net sales growth of 4.5% by Russia, showing a very strong development in terms of organic development, while Ukraine and some other countries are negative.

Moving now to Africa Middle East, Africa Middle East again in 2014 showed a double-digit development, plus 16.9% in terms of organic net sales development.

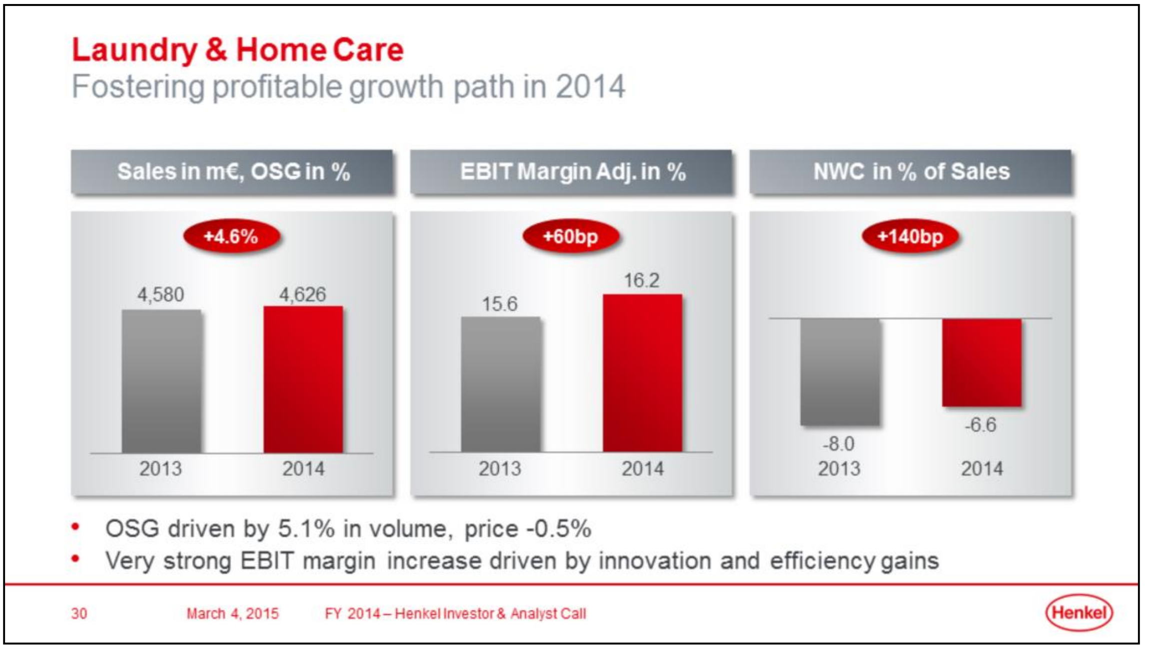
Coming now to North America, amounting for 18% of our sales, organic sales remained below the prior year. Our consumer businesses, Laundry & Home Care and Beauty Care, were both impacted by an intense promotional and price competition, but also our execution was also not always optimal and, by that, impacting our business negatively.

The situation in our Adhesive Technologies business in North America is different. Here we are affected by portfolio optimization measures. That means we are deemphasizing our commoditized businesses, especially in the area of packaging, adhesive packaging and consumer goods.

With that, I would like to move to Latin America. Latin America amounts for 6% of our total sales, shows solid development in organic net sales growth of 4.4%, with a strong development in Mexico and a flat development in Brazil, especially impacted by the weak development of the market.

Finally, Asia Pacific. Again also here a very strong sales performance, plus 8.2% in terms of organic terms. And this was especially driven, as Kasper has pointed out before, by a double-digit development in China, but also a strong development of India.

With that, let me finalize the situation in terms of commenting on our BRIC situation. I have done it more or less by summarizing it. BRIC, a very good development. Double digit in China. Very strong in Russia and India. And the only one with flat is Brazil.



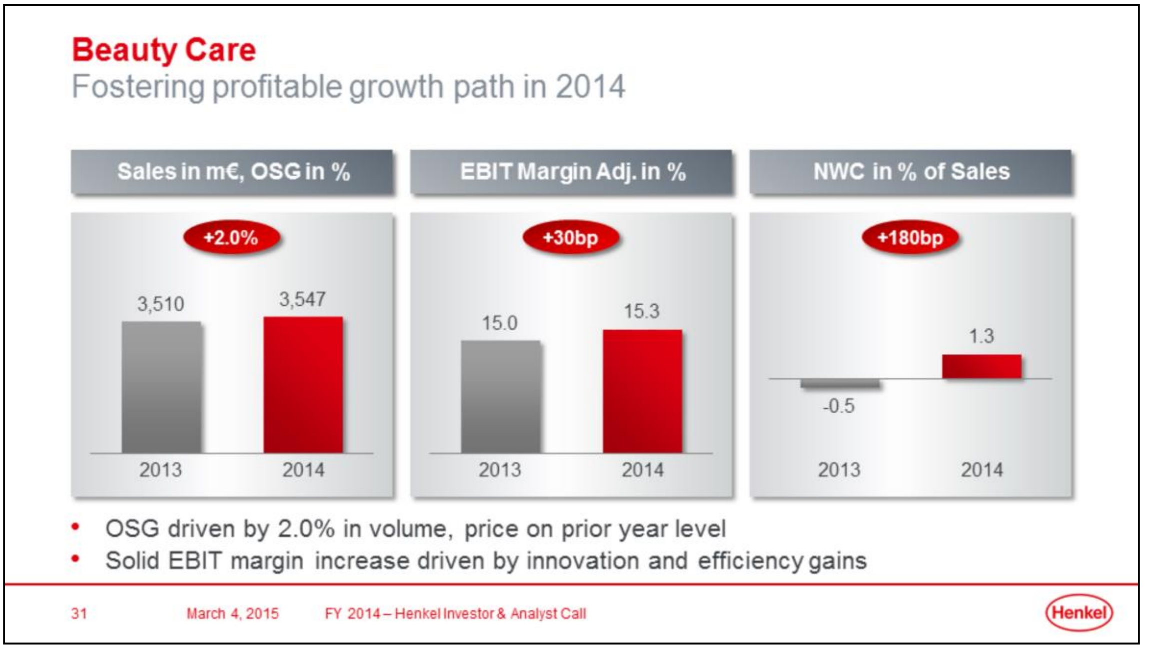
With that I would like to move to our three divisions, and starting now with Laundry & Home Care. Laundry and homecare amounts for 28% of our total sales of the Company, showed an organic growth of 4.6%, driven by volume of 5.1% and, by that, overcompensating a negative pricing effect of 50 basis points.

And the two businesses, Kasper mentioned it, laundry showed a solid organic net sales growth, while the homecare business were very strong in terms of growing organically. The emerging market again in 2014 showed double-digit development, with Eastern Europe in a solid development, while Asia Pacific and Latin America both were very strong, and Africa/Middle East in a double-digit development.

Mature markets remained below the prior year. We had a good development in Western Europe, supported by a good development of Germany. But that could not fully compensate the situation you are aware of in North America, where we have a negative development due to a fierce promotional environment and on top of declining markets in 2014.

Bottom-line situation, adjusted EBIT margin again could be increased by 60 basis points on a full-year basis now to a level of 16.2%. This is an all-time high. Also if we give you now a longer perspective, since 2008 we have improved the adjusted EBIT margin in Laundry & Home Care by 540 basis points. Since 2012 this development shows an increase of 170 basis points.

Finalizing the situation in Laundry & Home Care with a look on net working capital, we show here also a very good number of minus 6.6%. This is above the prior year of 140 basis points. But if you consider also here the M&A effect, which amounts to 70 basis points, we are quite satisfied with the development also on that level.



Moving now to Beauty Care. Beauty care now showed a ninth year of consecutive profitable growth, showing an organic net sales growth of 2.0%, driven exclusively by volume. So the price component was flat.

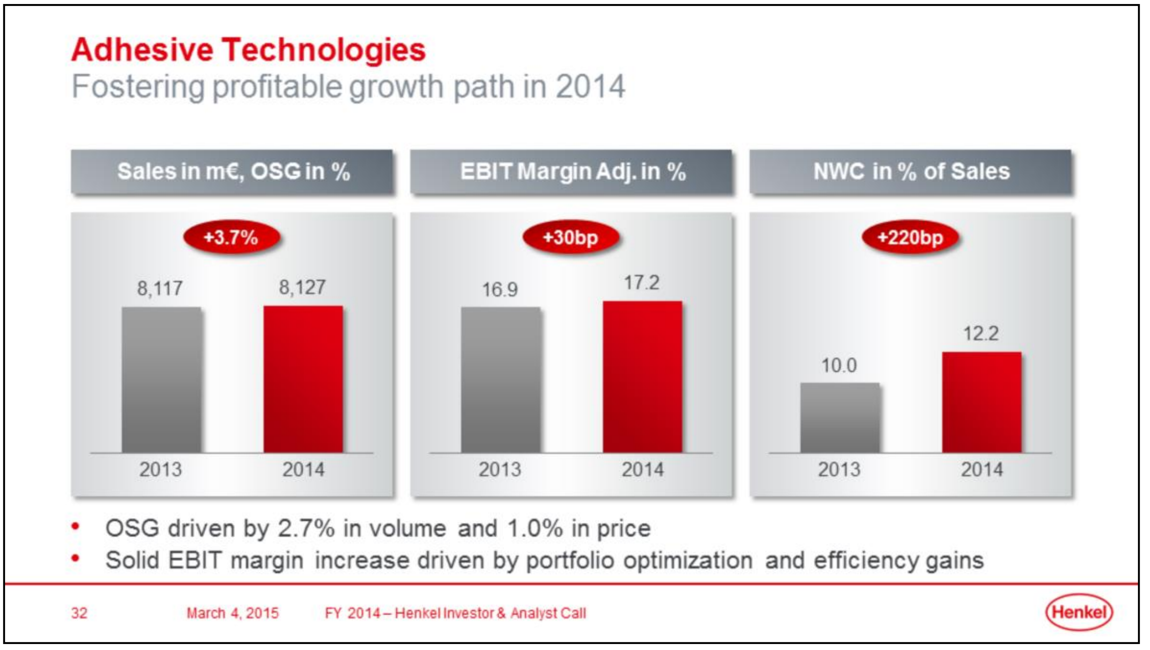
The retail business showed a solid organic net sales growth and our hair salon business is still characterized by a market decline in the mature markets. And, as you know, the mature markets are the majority of our sales. So sales therefore showed a negative development. But also commenting again on that, as Kasper said it, the Q4 of professional was positive in terms of OSG.

The emerging market grew strongly, with a double-digit contribution in the emerging Asia region, and here with a double-digit development of China. Africa/Middle East showed growth - strong growth rates.

Mature markets could not be maintained on the prior-year level. We have a similar situation like in laundry. We have a very good development in our Western European countries, which could not fully compensate the situation in North America, with a similar reason as pointed out in laundry and home care.

Coming also now to the bottom line of Beauty Care. We have seen an increase of our adjusted EBIT margin in 2014 of 30 basis points, bringing us to a level of 15.3%. Also here the comparison on a long-term basis. Since 2008 we increased the margin by 270 basis points or, respectively, since 2012, of 80 basis points.

Net working capital is also here on a very good level of 1.3%, being up 180 basis points. Here are two effects which are remarkable on the one side, also the effects from acquisitions, which amount to 80 basis points. But here we have also a FX effects of roughly 60 basis points. So in total, 140 basis points to make it like for like.



With that, moving now to our Adhesive Technologies division and also stating here we have 49% of our sales in the total Group which are amounting or representable for adhesive. We have seen a solid organic net sales growth of 3.7%, which are balanced mix of volume and price. Be precise, 270 basis points is volume, 100 basis points is price.

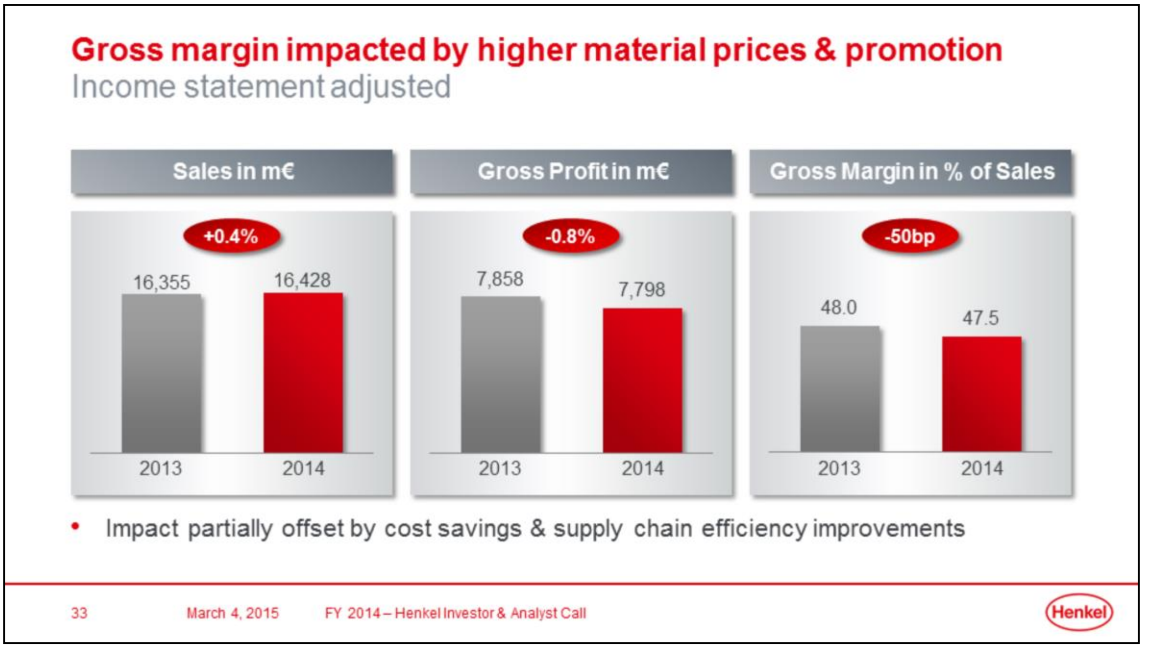
All segments contributed to that development. Especially general industry segment showed a strong or very strong organic net sales growth. All other segments had a solid development when it comes to OSG.

Emerging markets, especially here a strong development, with Russia and China being double digit, but also strong developments from Mexico and India.

Mature markets recorded a positive organic net sales growth. Here again, a strong development or a good development in Western Europe and mature Asia could overcompensate the slight negative development in North America.

Bottom line, adjusted EBIT margin is up 30 basis points to an all-time-high level of 17.2%. And if you also look here historically back, we have increased, since 2008, 710 basis points the adjusted EBIT margin in adhesives, and since 2012 of 210 basis points.

Net working capital is at the level of 12.2%, also here impacted by FX and acquisition - acquisition amounts for 60 basis points, while FX amounts for 90. So in total, 150 basis points. In order to come to a like-for-like comparison, so there we would be up only 70 basis points. So very satisfied also here with net working capital.

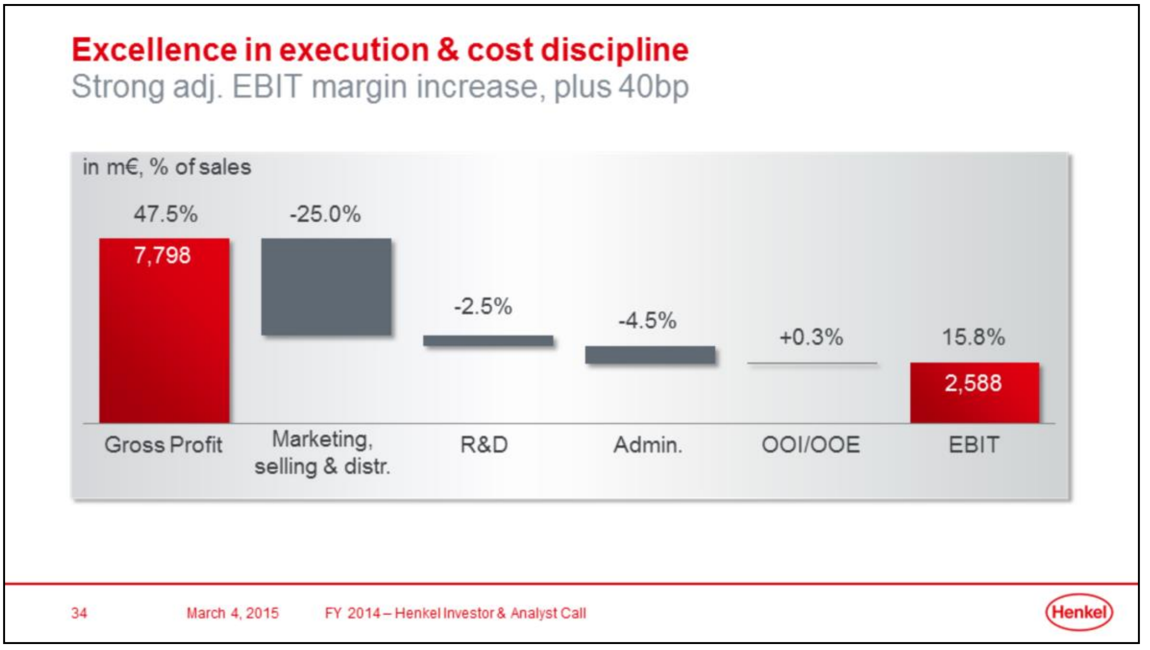


With that, I would like to move further in our income statement adjustment, and starting with gross margins, or from sales to gross margin. I have commented on the sales development of EUR16,428m.

We have a gross profit of EUR7,798m, which is down compared to the prior year of minus 0.8%.

That brings our margin to 50 basis points' reduction compared to the prior year. I already commented on that the prior year was a high comparable and that we are 50 basis points down. But compared to 2012, we are 40 basis points up.

So especially here, increase in our raw material costs is one item. And also the high promotional intensity could not -- were affecting our 2014 numbers and we could not overcompensate that by good cost development measures and efficiency gains, which we realized in our supply chain area.



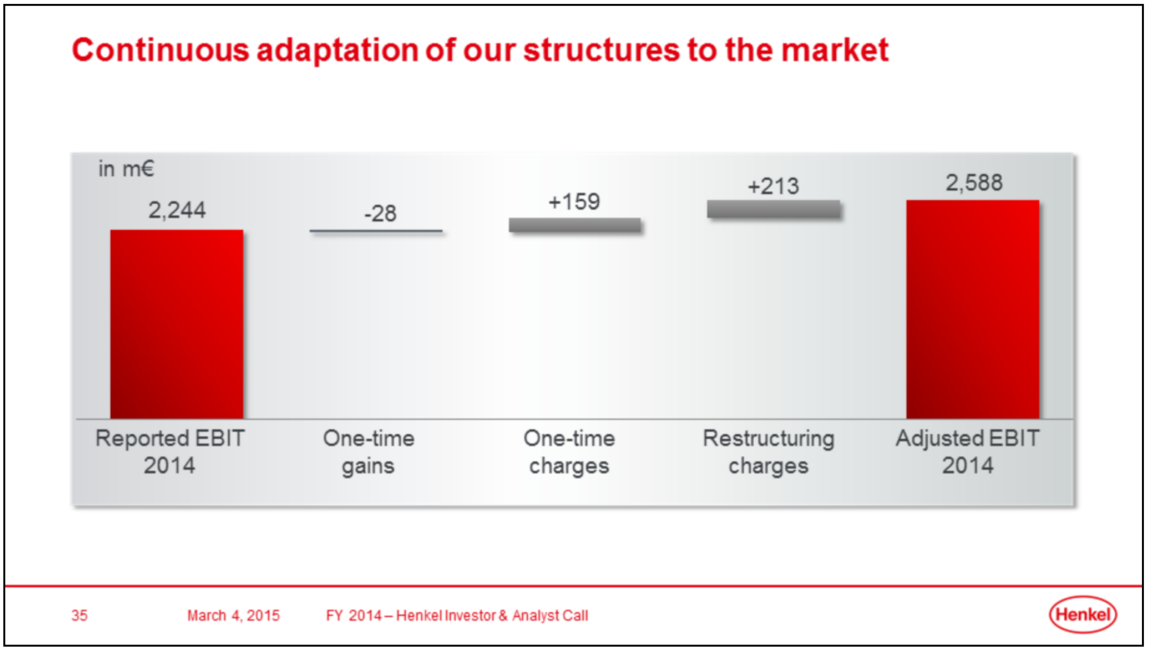
With that, moving further in our income statement, adjusted now from gross profit to EBIT, you see marketing, selling and distribution expenses. They decreased in percentage of sales, especially to efficiency gains realized in selling and distribution expenses.

After the adjustment for foreign exchange effects, we kept our absolute marketing spend for full year stable. Take into account that we have a significant reduced number of brands which we support, as Kasper is pointing that out, so less than 300 brands we have now in our portfolio. And on top, we spend more efficiently and strong -- and therefore are stronger supporting our key brands.

Overall, our clear strategy is to grow sales, increase market shares and have margins increasing. And this is a balanced way how we steer and how we develop the situation when it comes to the mix of advertising and the market conditions related to promotions.

R&D expenses are at the level of 2.5% related to sales and are almost on the level of 2013. Administration expenses in absolute terms are down by 2%. With strict cost discipline and efficiency focus behind, the percentage of sales remains on the level of the year before.

We have other operating income, other operating expense balance of EUR36m, which is a very low level. And by that, we reach an adjusted EBIT of EUR2,588m or a respective margin of 15.8%, which I commented before on.



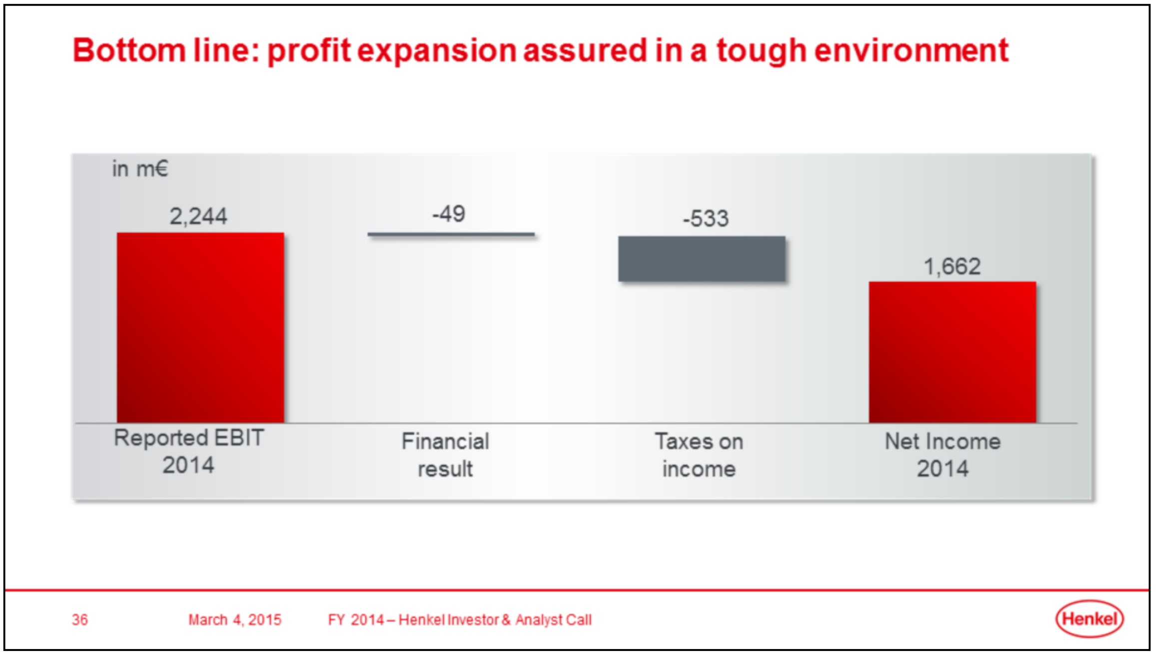
With that, I would like to move now to our bridge from reported to adjusted EBIT. You see one-time gains of EUR28m. We have one-time charges of EUR159m. I would like to comment on two specific topics here.

First, as already commented in Q3, we have been negatively impacted by expenses of EUR109m for provisions related to proceedings by antitrust authorities in Europe. And the proceedings are related to violations occurred between the years 2003 and 2006, so more than 10 years below.

Secondly, we have charges related to the setup of our global supply chain setup, the integrated global supply chain company, which were amounting of roughly EUR40m.

Moving to our expenses regarding restructuring, in total, EUR213m, which is above the prior year, but which is in line with the guidance we have given to you at the beginning of 2014.

With that, we come to the EUR2,588m I just mentioned before in terms of adjusted EBIT for 2014.



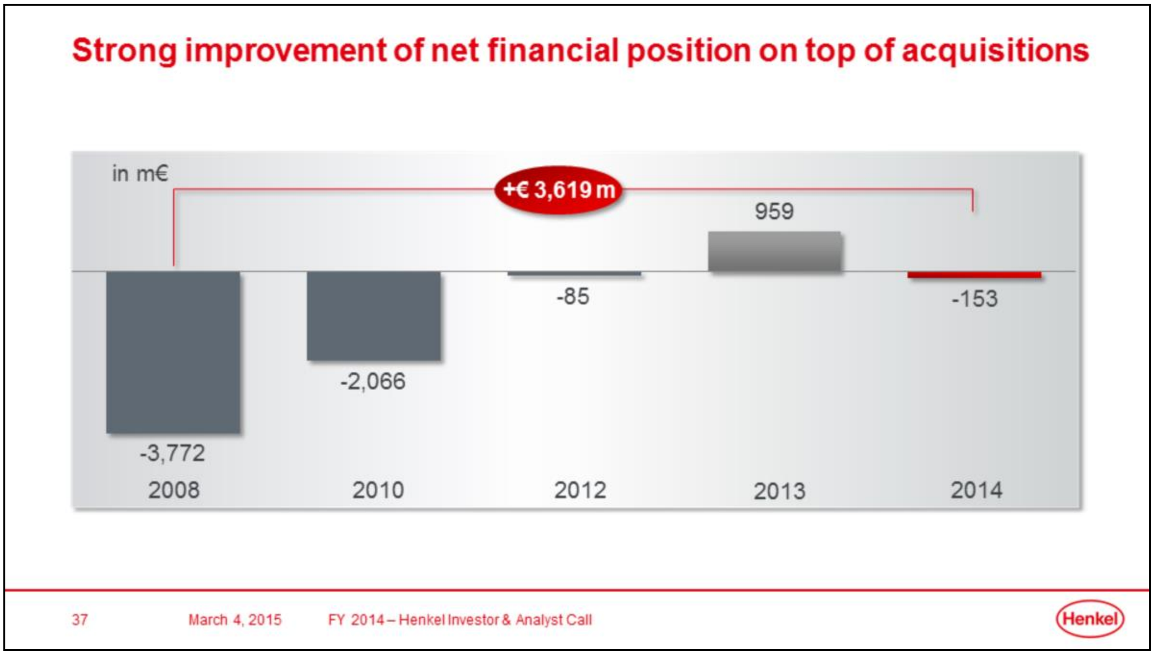
Looking at the bottom line, profit expansion is ensured in a tough environment.

Why do I come to that conclusion?

If you see the financial results, EUR49m of negative, which is an improvement of 56% or EUR64m compared to the prior year.

And we paid taxes on income of EUR533m, which is related to an effective tax rate, 24%, also here in line what we in general see for the year.

And therefore we come with a net income of EUR1,662m.



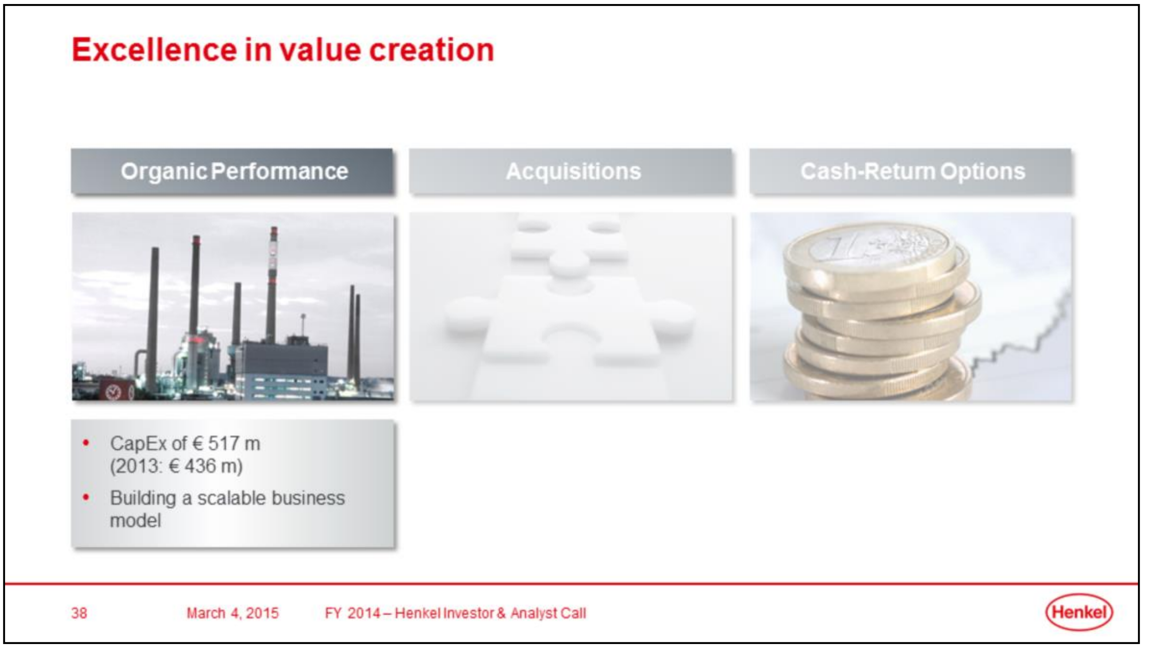
Closing the financials, looking at the net financial situation, you see the minus EUR153m I commented on.

And there are three topics to be mentioned.

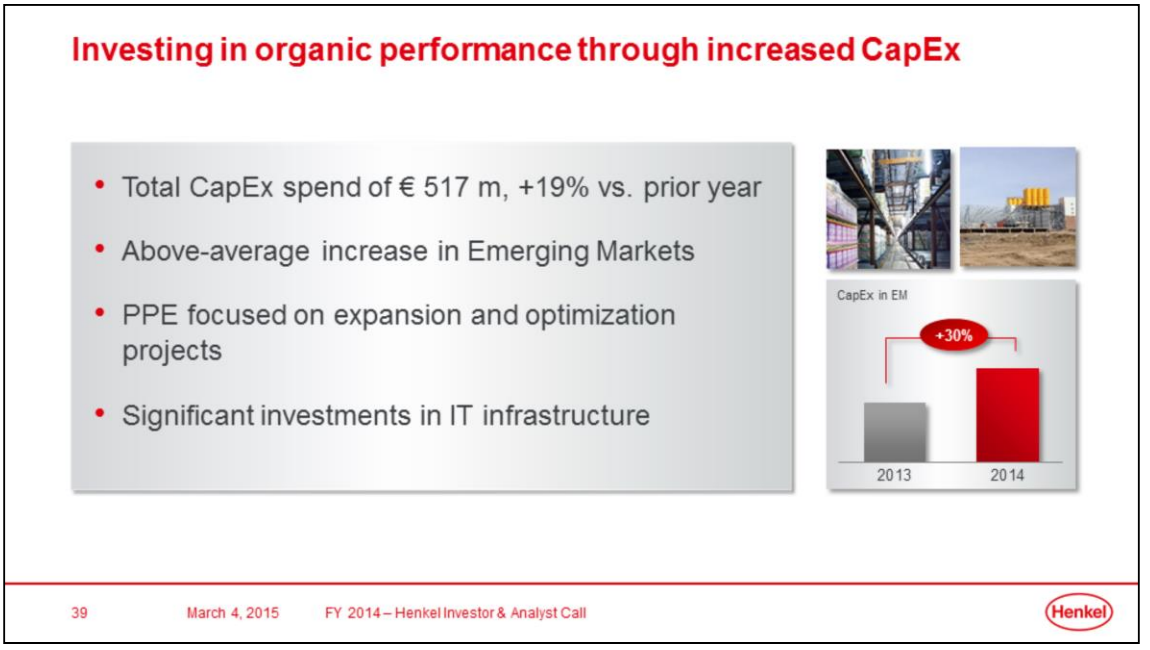
- First, we invested roughly EUR1.8b in acquisitions, which you are aware of.
- Secondly, we paid dividends of around EUR550m, which is EUR100m more than the comparable year 2013.
- And we also invested more into PPE and intangible assets, roughly EUR500m, also EUR100m more than the year before.

With that, and taking our A-flat rating into account, we have a financial headroom of roughly to EUR4b to EUR4.5b.

And taking a step back over the last years, you see that we have improved the situation by EUR3.6b since 2008.



With that, I'm moving now to the excellence in value creation and taking three steps, one on organic performance, second on acquisitions, and third on cash return options. Let me start with the organic performance.



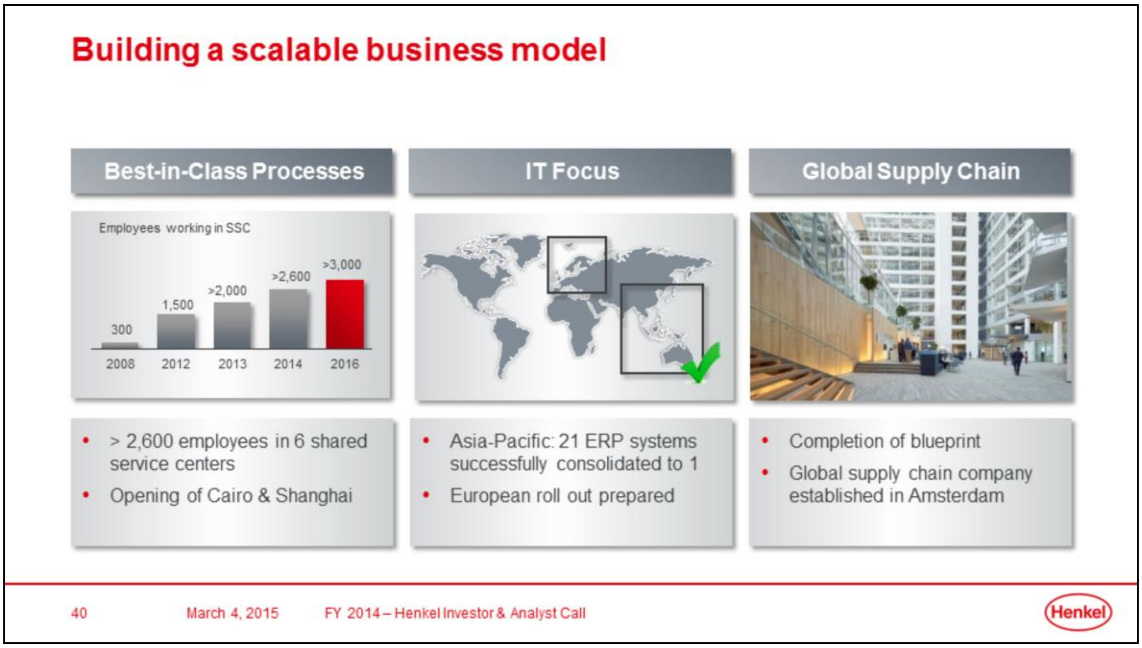
We have seen a situation that we increased our capital expenditures by 19% now to a level of EUR517m compared to 2013. This is in line within our guidance.

We significantly increased the share of investments in our emerging markets, as you can see from the chart, plus 30%.

And thereof we are spending now half of the Group capital expenditures in the emerging markets, and for sure then the other half in the mature markets.

The investments are focused on expansion and optimization projects, two-thirds of that.

And we also, as pointed out several times before, significantly increased our investments in our IT infrastructure, which brings me to the next point because we would like to further build on our scalable business model, where IT investments are one of the major focus areas. We're focusing on best-in-class processes, IT-focused and global supply chain.

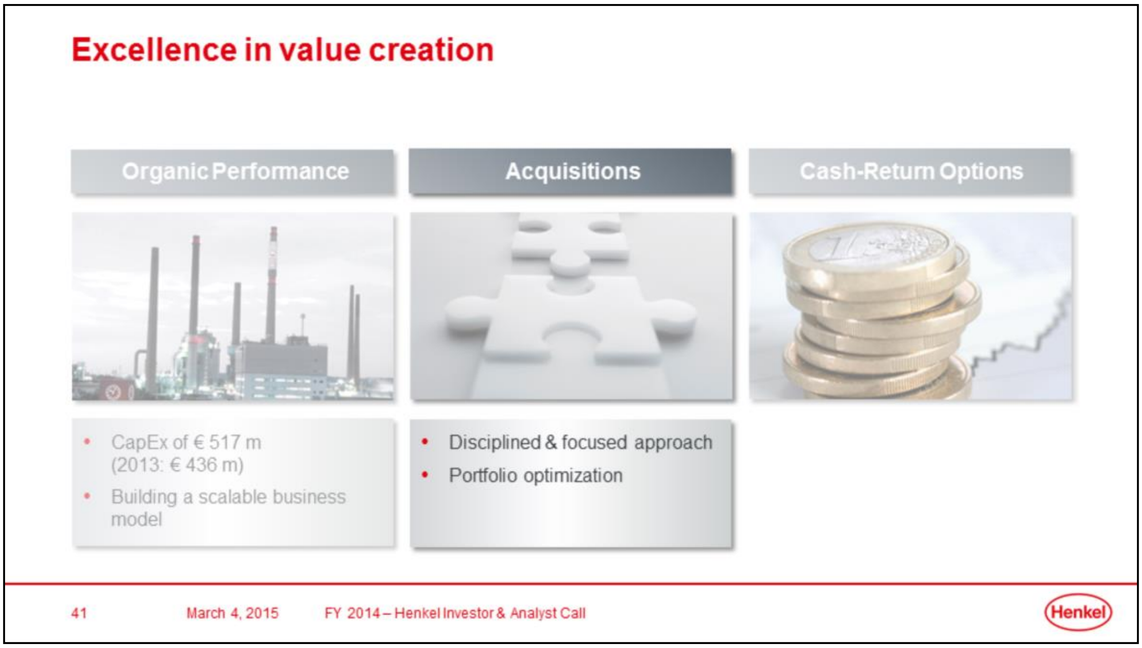


We're focusing on best-in-class processes, IT-focused and global supply chain.

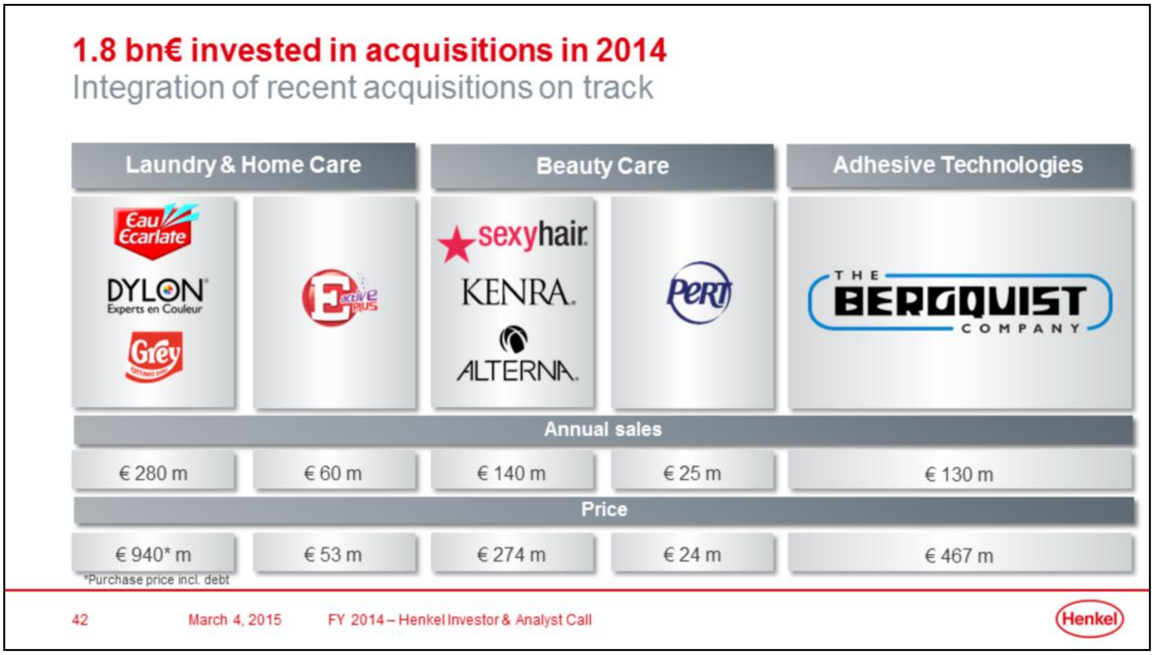
I will not spend so much on shared services because Kasper has already done that. We significantly increased the number of people already now to a level of more than 2,600. And we are well ahead of our plan to reach the 3,000 people, which we have foreseen for the end of 2016. And we finalized our global footprint with opening two shared service centers in Cairo and Shanghai.

With the IT platform, we would like to further consolidate. We are doing the second initiatives by consolidating our IT systems. We executed that in Asia. We reduced the number of ERP systems from 21 to 1 system, which is fully in operation since 2014. And we started the rollout. And the majority of the rollout in Europe will start in 2015 in order to continue the execution what we have done in Asia.

And finally, coming to our global supply chain company, here we have completed the blueprint. It is about further milestone in standardization and harmonization and process automation of our processes. We would like to have an integrated setup of our global supply chain organizations of the three business divisions, including our purchasing activities. And we have established, at the end of 2014, our supply company in Amsterdam. And we will continue to work on these over the next years.



With that, moving to our acquisitions. A very disciplined and focused approach also with execution measures in 2014.



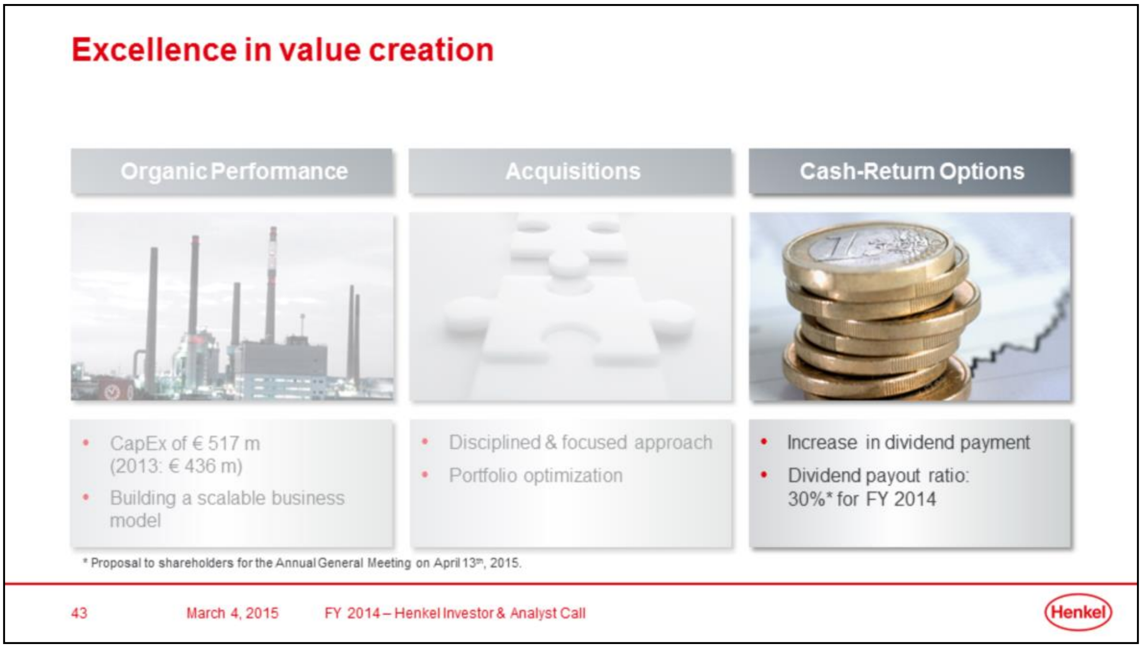
EUR1.8b we spent in acquisitions on all our three business divisions, and by that, further strengthening our positions in attractive segments.

In Laundry & Home care, besides the brand E in Poland, we had the major acquisition of the Spotless Group, which has a purchase price or an enterprise value of EUR940m.

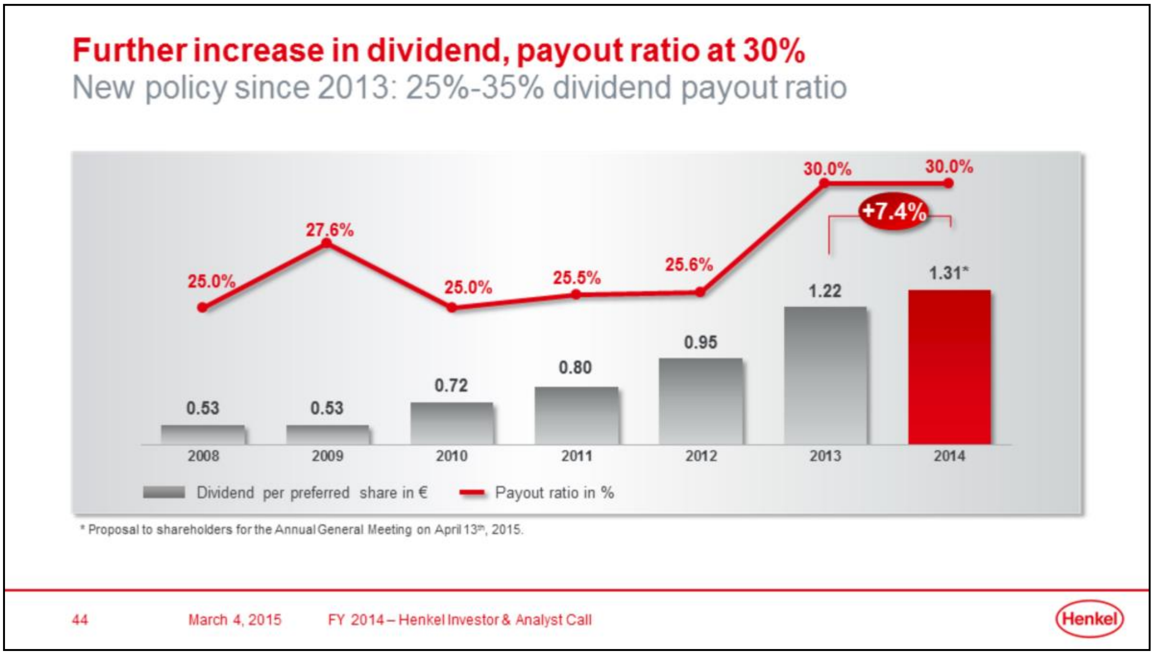
In the Beauty Care area, despite the acquisition of Pert in Latin America, we acquired the three professional haircare businesses in North America, where we spent EUR274m.

And in Adhesive Technologies, we acquired The Bergquist Company at the end of the year. And here, a clear point where we would like to further gain technological leadership in growing market of the electronic industry. And we spent EUR467m on that.

Going forward, we remain committed to the acquisitions and we will continue our disciplined and very focused approach, where we definitely have our criteria, which have not changed. That means strategic fit, financial attractiveness and availability of target, and then we will also correspondingly execute.



The last pillar, our cash return options.



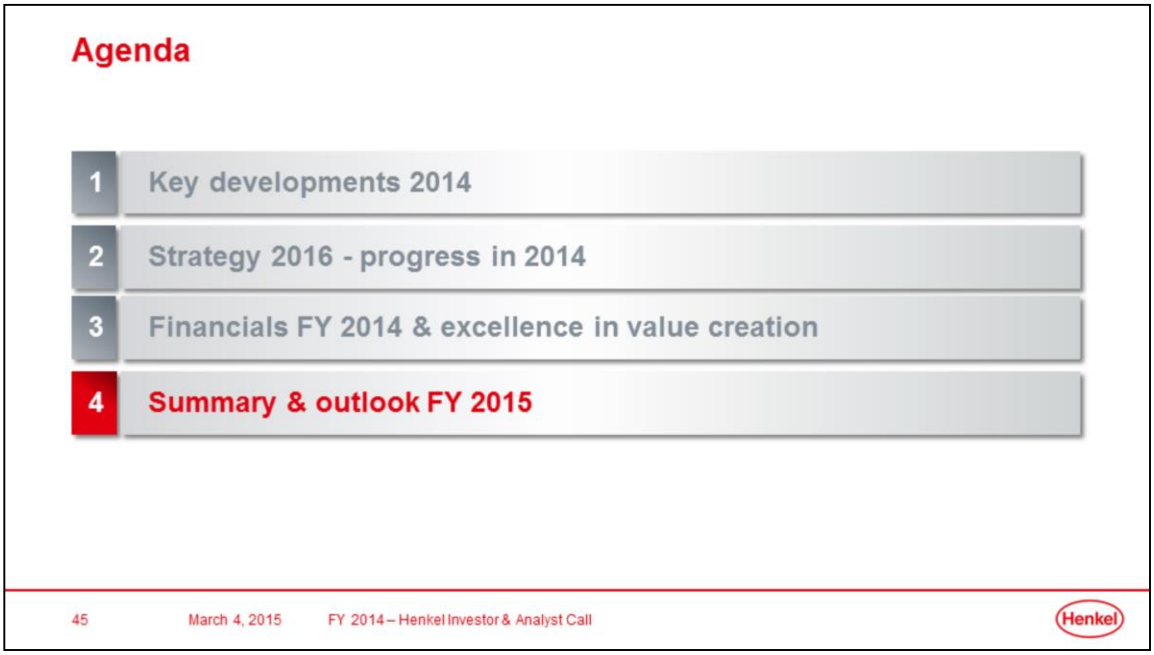
As already mentioned, this year again we will propose, at the Annual General Meeting, April 13, that we will propose a dividend payout of roughly 30% of our adjusted net income after controlling interest.

And this is in line with our change of our dividend policy, which we disclosed last year, from 25% to a range of 25% to 35%.

If we look on our dividend, you see the 25% over the last years and in 2013 and in 2014 the 30%, which will bring us to a dividend of EUR1.31 for the preferred shares, being up more than 7%, 7.4%.

And this translates into a total amount of dividend of EUR569m, and by that an increase of EUR40m to the year before.

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



Kasper Rorsted:

Thank you very much, Carsten.

Coming to the end, let me just comment on challenges and opportunities in our global markets because it's a question I have been asked very frequently when I met with many of you in 2014.

And I've chosen to comment on our four largest countries in the world, US, Germany, China and Russia. And that is the sequence of the stack.

The **US** clearly represents a huge opportunity for us moving forward. We've invested heavily in the US market in 2014, not only in OpEx, but also on CapEx.

I mentioned in my presentation and Carsten detailed about the acquisitions we've done to not only strengthen but also expand our position in the US. And clearly we've not executed up to par. We will do that, and you can rely on that. We are very, very committed to make sure that US will get back to its role within the organization as the biggest country, which it is already, but also as a revenue contributor and an EBIT growth contributor.

Germany, you have to win your home games, and we've done that in the past set of years, also in 2014. Germany was an exceptionally good year for us in 2014, not only in terms of growth, but also EBIT expansion and market share expansion. We will continue to defend and grow our home turf.

China. A lot of people have been concerned about the growth rates in China from a GDP standpoint, going to 7% or 7.2% outlook for 2015, which is very similar, by the way, to the GDP number in 2014. I've been consistently, almost in the last four to five years, been asked about when do we see the slowdown in China. Of course there is an economic slowdown. Despite that, we continue to grow double digit in China, and China is an over-proportionally profitable market for us.

We also invest ahead of time. We have 16 plants, building the 17th. We're expanding our footprint when it comes to offices, when it comes to people. We will continue to expand in China and we continue to be bullish around China.

Russia. Russia is or was our fourth largest country in the world, has been an exceptional success story for Henkel, and we grew very rapidly also in the past year. Of course, in nominal terms we have been heavily impacted by the ruble. But I do want to remind all of you, and I've said this in one-to-one meetings, this is the fourth crisis we're experiencing in Russia. Our experiences have been by sticking in Russia and staying the course, we have, in the long term, strengthened our market share position. And that is our position in Russia.

Russia will, in the short to medium term, be a challenge for us, but in the long term a huge opportunity. We have no change in our Russia strategy.

Moving to 2014, it was overall a robust performance in a challenging and volatile environment.

We delivered our key financial indicators in 2014 despite challenging markets, with very strong adverse currency.

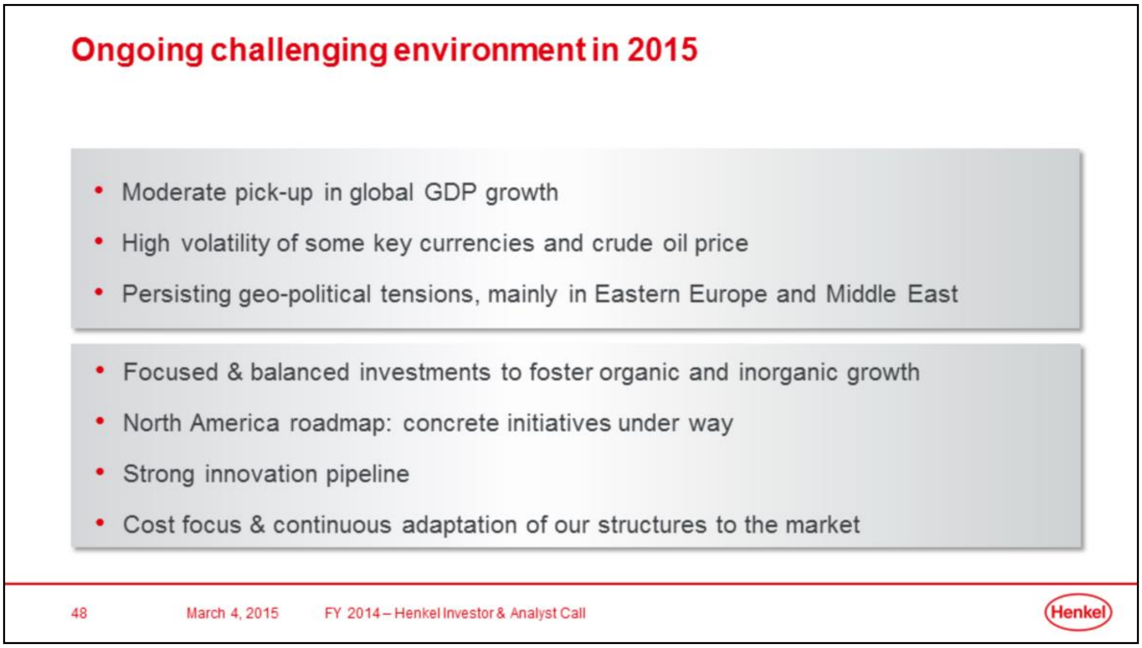
We strengthened our portfolio with high-quality assets, predominantly in the mature countries, which might represent a lesser growth opportunity, but are very strong from an earnings opportunity. And with the US position, I'm certain that we have not only strategically but also tactically improved our position in the US.

We saw solid organic sales growth driven by all business groups.

We saw very strong organic sales growth in the emerging markets at 7.8%, which is almost similar to previous years, despite the Russian crisis, despite the war in the Middle East, etc.

And we saw an all-time high of our EBIT margin and high single-digit EPS growth.

It is another, what we call, successful year towards our 2016 targets that we have set ourselves and we are very committed to.



We see 2015 as an ongoing challenging business environment. We expect a moderate pickup in global GDP. According to FERI, GDP grew 2.2% last year and is supposed to grow 2.8% this year, so there should be an upside.

We'll see high volatility in some key currency and crude oil prices. Some will deliver upside, dollar and dollar pegged, and also the raw materials, and some will deliver a downside.

And we see a persistent geopolitical tension, mainly in Eastern Europe and in the Middle East.

And now let me say something which is extremely important, so let me try to be clear on this. As you know, Russia and Ukraine together account for about 7% at Group sales level. Even if we have local production, we are facing strong FX headwinds. Based on the current FX rate levels, which is pretty consistent the last month, which is why I say current, we expect a transactional and translational impact of around EUR100m negative on Group EBIT for 2015 for Russia and Ukraine together, meaning a decline over 2014 of approximately EUR100m. Please remember also that our total direct materials in Russia and Ukraine are highly dependent on currency movement as a large part is either sourced in euro or US dollar or linked to those currencies. What I do want to stress, and that's why I'm clear, what I've just said is included in the guidance. So the EUR100m in Russia and in Ukraine is included in the 10% EPS guidance.

Moving forward, we'll have a focused and balanced investment to foster organic and inorganic growth.

We have a clear North American roadmap and concrete initiatives has been underway and will show results.

We have a strong innovation pipeline.

At the same time we will continue our cost focus and make certain that we adapt our structure to the market also moving forward.

Guidance FY 2015

	Guidance FY 2015
Organic Sales Growth	**3 – 5%**
- Laundry & Home Care	3 – 5%
- Beauty Care	~2%
- Adhesive Technologies	3 – 5%
Emerging Markets sales share	**At prior year level**
Adjusted EBIT Margin - Laundry & Home Care - Beauty Care - Adhesive Technologies	**~16%** All Business Units contributing
Adjusted EPS Growth	**~10%**

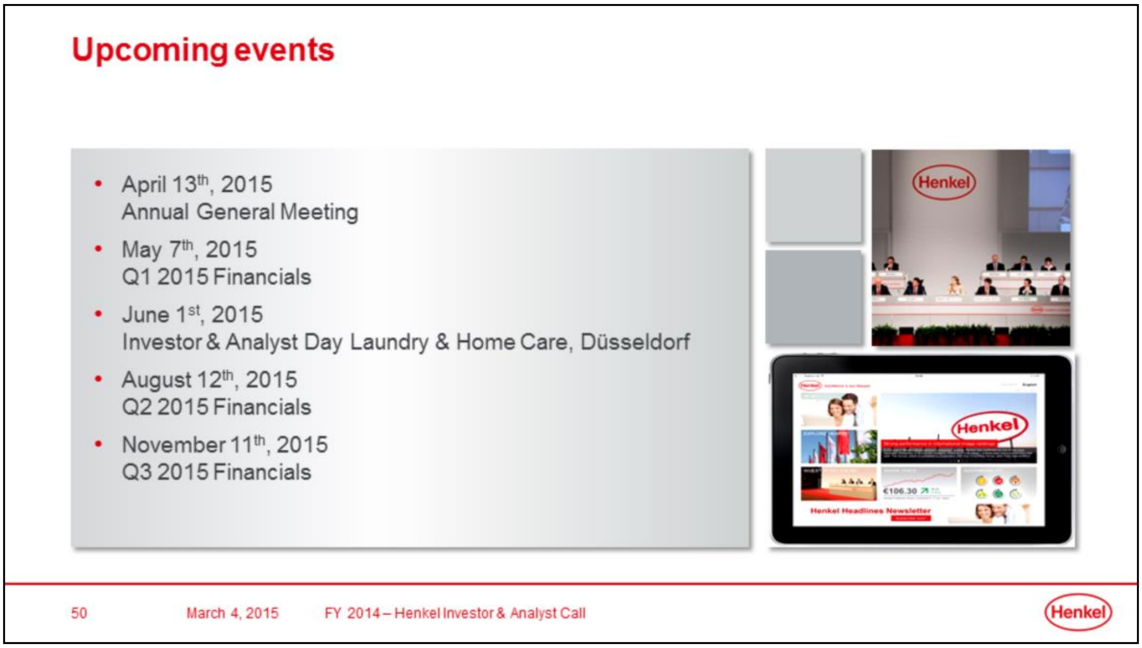
And this leads me now to the guidance.

We expect organic sales growth of 3% to 5%, and Laundry & Home Care and adhesives being in the same range, Beauty Care at 2%.

Emerging market sales at prior level, due to predominantly currency.

An adjusted EBIT margin around 16%.

We expect an adjusted EPS growth of 10%, including what I just said about Russia and Ukraine. So I want to be very, very clear so we don't misunderstand that. That is included in the guidance.

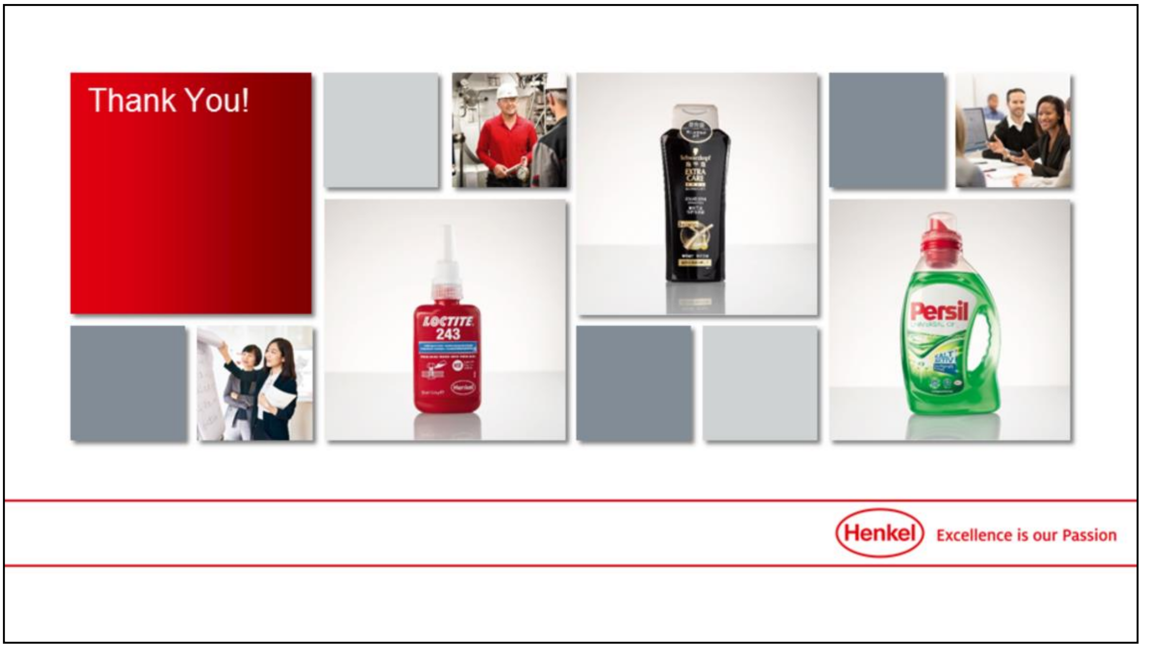


With this, I'm coming to the end of the presentation.

We have our AGM in April.

We have our first-quarter numbers in May.

And we have our investor & analyst conference. And this year it will be with focus on Laundry & Home Care. It will take place in Dusseldorf.



And now we have approximately 10 to 15 minutes -- no, seven minutes to Q&A. So please now switch to Q&A.

Q & A Session

Operator: Gael Colcombet, MainFirst.

Gael Colcombet: Yes. Good morning, gentlemen. My first question would be on trying to understand better the Q4 EBIT margin performance because you flagged --.

Kasper Rorsted: I'm sorry, we can't hear what you're saying.

Gael Colcombet: Sorry. Can you hear me better?

Kasper Rorsted: No. You have some background noise.

Gael Colcombet: Okay. I'm sorry. I'll try to reconnect later then.

Kasper Rorsted: Okay. Thank you.

Operator: Katherine Tait, Goldman Sachs.

Katherine Tait: Good morning. Thank you for the presentation. I was wondering if you could talk a bit more about the promotional environment in the US at the moment in the HPC market. I know it's something you've been saying for a while is a big focus for your management team, but I was wondering if you could give us some more color on the significant changes that you mentioned that you're taking to confront the issues, and whether you -- whether or not you expect the nature of intensified promotions and pricing pressure to change over the course of 2015. Thank you.

Kasper Rorsted: We do not expect a significant change in the promotional activity in the US. We expect potentially a slight slowdown, but not any significant change. And we believe the best way we can counteract that is through bringing new and more innovative products into the market. And we believe we have a stronger price / innovation pipeline in 2015. But no significant change to the promotional activity in the US in 2015.

Katherine Tait: Thank you.

Operator: Hermine de Bentzmann, Raymond James.

Hermine de Bentzmann: Hi. Good morning. My first question will be on Eastern Europe, where you have a good acceleration in Q4. Can you talk about your pricing policy in this region, and particularly in Russia? So can we expect a slowdown in Q1 after the very strong Q4?

My second question will be on the EBIT margin expectation of around 16%. Do you think you have room to increase the margin of all divisions in 2015? Thank you.

Kasper Rorsted: I'll do the first and Carsten will do the second. Overall on pricing, we do of course see, in high inflationary countries, that there is room for more pricing. We expect an ongoing pricing going on in Russia in 2015. But the pricing will not be able to offset the currency devaluation that we've seeing. So that is a stepwise approach.

In Europe, it's a different environment. You have a slight pricing going on, but very slight. You're in a pretty much deflationary environment in Western Europe.

Carsten, on the margin?

Carsten Knobel: Yes. Kasper pointed out the guidance for 2015, which is around 16%. And this is driven by all three business divisions. So all three business divisions will support the increase of our margin.

Hermine de Bentzmann: Thank you.

Operator: Celine Pannuti, JPMorgan.

Celine Pannuti: Yes. Good morning. I have two questions, the first one on the administrative -- sorry, the A&P cost that has increased in Q4. Can you -- because this is an area where you had been able to lower the A&P because you had said that you had invested more in the promotional side, so are we now at a point where you feel that you need to increase the A&P? And should we expect that to be the case for 2015?

My second question is on the gross margin. You said that 2014 was impacted by raw material prices. Can you shed light on the roadmap? I've seen that you said flat roadmap guidance. That sounds a bit surprising given how the oil prices have moved. So if you could shed light on that and whether we could expect gross margin to grow again in 2015. Thank you.

Carsten Knobel: So to the point of marketing spend, I think I used the term of marketing spend especially to explain the reduction of our adjusted EBIT margin in the fourth quarter. We are not guiding or we are not looking on quarters when it coming to spendings. We're looking on overall years. And here I was also clear in the presentation that I said we spend, FX-adjusted, roughly the same amount in absolute terms in marketing as the year before. And there is also no change foreseen for the future.

One thing is clear, one thing that will stay the same, this is the promotion level at a very high level. This for sure has, over the last year, changed also the mix in total. But overall the situation will not significantly change. That's the first thing.

And your question regarding the gross margins, for sure it is right that the oil price has gone down significantly. But important is that it takes three to six months until the things will come through our P&L. Kasper has also alluded on that. For sure we will take that into account that this will have an impact on our gross margin, but there are a lot of factors which are impacting our margin. And therefore this is something where we are not guiding on the gross margin, per se. But for sure, the oil will positively impact us.

Operator: Christian Faitz, Kepler.

Christian Faitz: Yes. Thanks for taking my two questions. First of all, just back regarding the raw material question. Can you put any numbers on that? If oil/the oil derivatives stayed where they were, what kind of relief would you see for 2015 in terms of absolute numbers?

And second of all, looking at the regions, you had a massive EBIT increase in Q4 in Asia Pacific by, I believe, plus 46%, if my calculation is correct. After a rather weak development at the nine-month level, what is behind that? Thank you.

Kasper Rorsted: On the first one, the comment is no; we don't comment on it.

And on the second, we'll be happy to come back to you on that. That is simply -- that is not, by default, a, what do you call it, a one-to-one comparison. There's probably one-time items. And we'll get back to you on that. I can't answer it on the fly, so to speak.

Christian Faitz: Okay. Thank you.

Kasper Rorsted: We'll get back to you.

Operator: James Targett, Berenberg.

James Targett: Good morning. Two quick questions. Firstly, could you quantify the impact from acquisitions on the margins in Q4 as you did flag it out as being one of the reasons for them being down?

And then secondly, on acquisitions, you also mentioned that they were negatively impacting your working capital development. Do you expect that also to be a drag for working capital in 2015? Thank you.

Carsten Knobel: So to your first question, I could, but we are not disclosing these numbers.

And for the second point, I think we have proven over the last years that we are very strong in developing our net working capital. And that's for sure now the task of the operative businesses in laundry, in Beauty Care and in adhesive to take the measures we have taken in our organization and also to integrate that in the way how we deal in these three now integrated businesses.

And how long this will take, I cannot comment on. This will be shown over the next quarters. But for sure, we know exactly what we need to do and therefore we will also drive that in that direction where Henkel has been before.

James Targett: Thank you.

Kasper Rorsted: And the last question, please.

Operator: Iain Simpson, Societe Generale.

Iain Simpson: Thank you very much. So two questions from me. Firstly US laundry. It's been a while since we've heard anything about a big Purex innovation, and that's clearly a business that's been struggling. Does US laundry need a stronger innovation pipeline and is that part of the changes?

And then secondly, just on professional haircare, you called out how you're now the number three in US professional haircare. How do you feel about professional haircare as a category? It's clearly been slow in recent years, but is it still somewhere that you see as being structurally attractive? Thank you.

Kasper Rorsted: On the innovation in the US, I was very clear on that needed a strong innovation pipeline. We believe we have that. And you can see that throughout the year on some of the Purex products that will come into market. So we're confident that we have an appropriate pipeline when it comes to laundry in the US.

Overall, the reason why we are -- question one, question two, on professional haircare, it is an attractive category, predominantly because most of the innovation that takes place related to hair coloration takes place in the professional side. And hair coloration has an over-proportionally high margin, which is why it's very attractive. It has been a category that has been characterized by negative growth in probably the last two to three years. But we believe, over time, it will return back to growth.

But it is really the key. If you want to be the leader in hair coloration in retail, it is a pre-assumption or prerequisite to also be in professional haircare. And that's why I believe it's a very attractive market to be in from a marketing standpoint. And it will grow over time. It's had a very difficult period as a category in the last three years.

Iain Simpson: That's very clear. Thank you.

Kasper Rorsted: Okay. With this, I'd like to come to a close and thank everybody for dialing in today.

Within a challenging environment, characterized by high volatility, political tensions and persistent high promotion pressure, we have delivered a robust performance in 2014.

Looking ahead at 2015, it seems to be a year with exciting opportunities, but also several challenges. However, we're confident that thanks to our innovative strength and strong brands, coupled with a continuous adaption of our structure to the market and by further driving operational excellence, we will continue to outperform in 2015 and beyond. That's why I believe the 10% EPS target is an appropriate target.

I wish you all the best and look forward to talking to you on May 7, 2015, for the first quarter.

And before I close, I'd like again to remind you of our investor and analyst conference, hosted by Bruno Piacenza and his team of the Laundry & Home care business unit. It will take place Monday June 1, 2015, here in Dusseldorf. The invitation including agenda and further details will follow soon, but please save the date. Thank you very much and thank you for dialing in today.

[END OF CONFERENCE CALL]

Guidance FY 2015 for selected KPIs

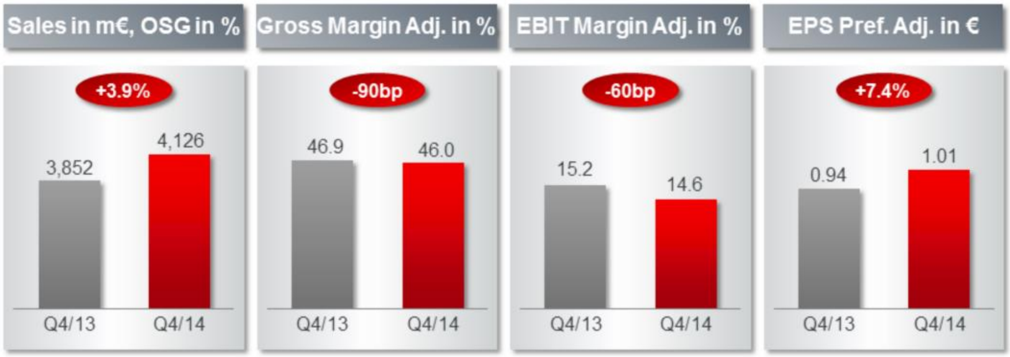
	Guidance FY 2015
Price increase total direct materials	Stable prices
Restructuring charges	€ 150-200 m
CAPEX	€ 550-600 m

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

Additional Information on Financials Q4/2014

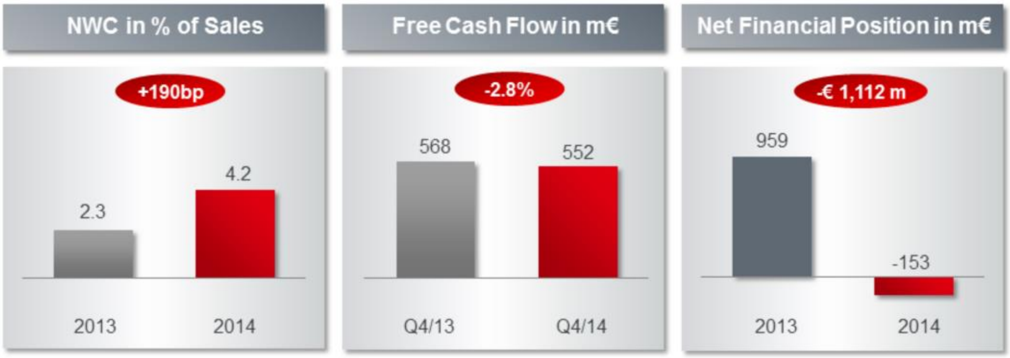
[Additional information only that was not shown during conference call]

Key financials Q4 2014 (1/2)



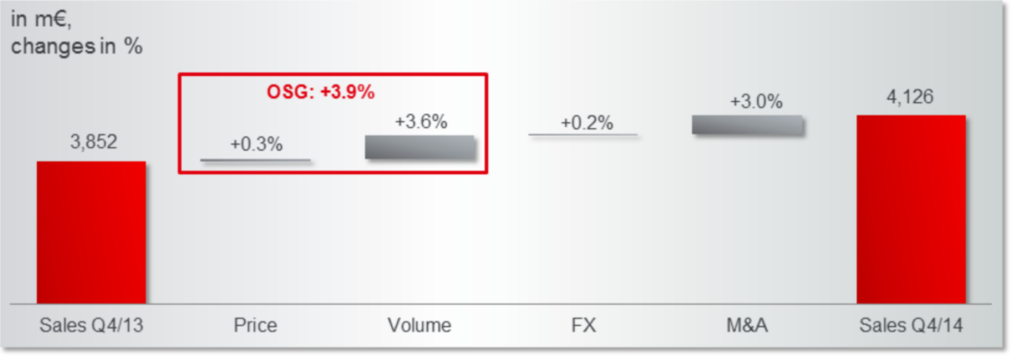
[Additional information only that was not shown during conference call]

Key financials Q4 2014 (2/2)



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

Sales growth



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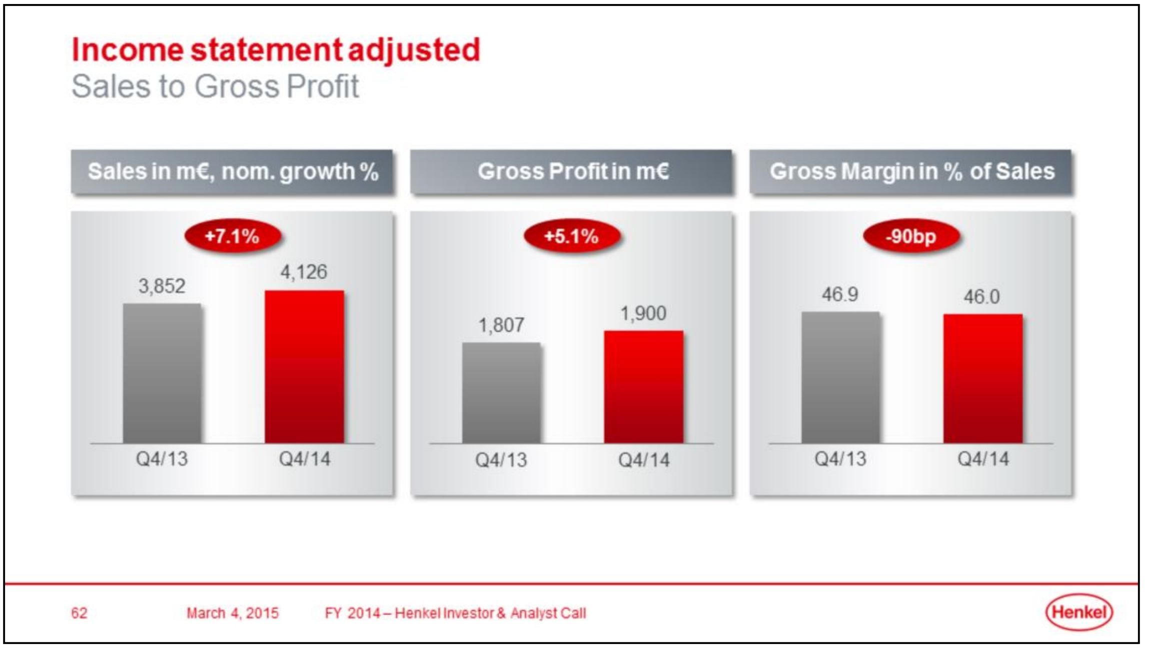
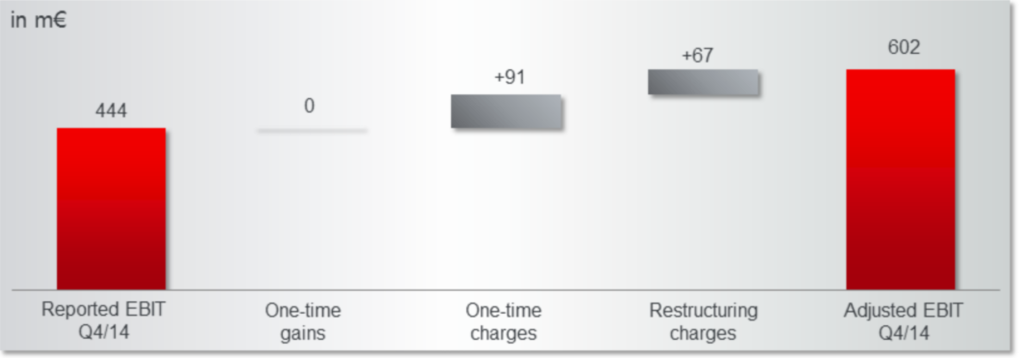


[Additional information only that was not shown during conference call]

Reported to Adjusted EBIT



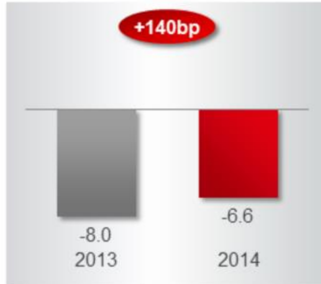
[Additional information only that was not shown during conference call]

Laundry & Home Care
Key figures Q4 2014

Sales in m€, OSG in %

EBIT Margin Adj. in %

NWC in % of Sales



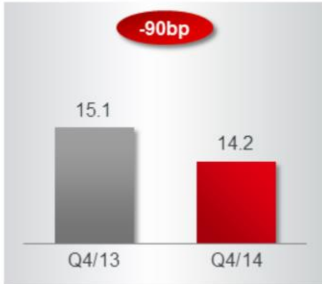
- OSG driven by 5.3% in volume, price -0.5%

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

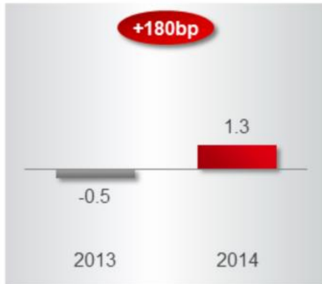
Beauty Care
Key figures Q4 2014

Sales in m€, OSG in %

EBIT Margin Adj. in %

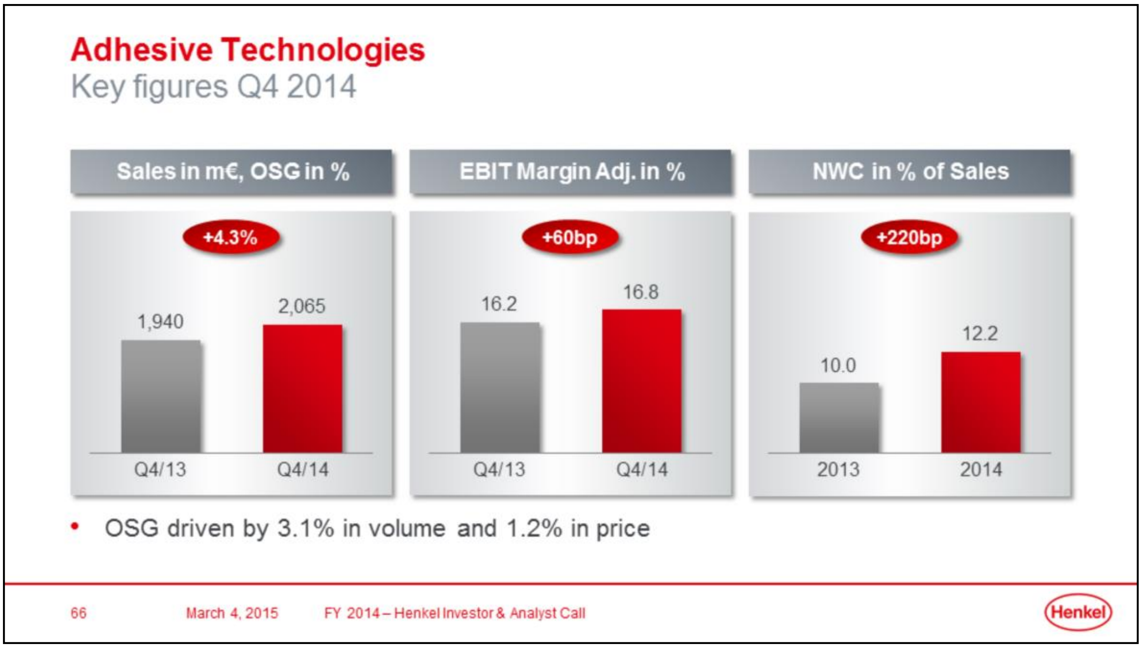


NWC in % of Sales



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

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



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