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. Achievements 2008 - 2012
2. Henkel Strategy
3. Financial Targets 2016
4. Summary
We set a clear strategic direction with 3 priorities…
...and ambitious financial targets for 2012

- Org. Sales Growth (average) 3-5%
- EBIT Margin (2012)* 14%
- EPS-Growth (CAGR)* > 10%

* adjusted
All strategic priorities were pursued consistently

- Strong financial performance
- Efficiency gains
- Strengthened global footprint
- Focus on brands & innovations
- Customer focus
- Leadership in sustainability
- Performance culture
- Improved diversity
We faced severe headwinds and volatility

**Headwinds**
- Financial crisis
- Political turbulences
- Material price increases
- Euro crisis

**Volatility**

<table>
<thead>
<tr>
<th></th>
<th>Assumptions</th>
<th>Reality</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth</td>
<td>3-4% CAGR</td>
<td>1.8% CAGR (-2.1% – +4.1%)</td>
</tr>
<tr>
<td>EUR/USD</td>
<td>1.40 – 1.55</td>
<td>1.19 – 1.51</td>
</tr>
<tr>
<td>Crude Oil</td>
<td>100 – 120 USD</td>
<td>37 – 127 USD</td>
</tr>
</tbody>
</table>
Despite all odds, we are underway to reach our targets

<table>
<thead>
<tr>
<th></th>
<th>Targets 2012</th>
<th>Achievement until 2011</th>
<th>Actuals 1-9 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Org. Sales Growth (⌀)</td>
<td>3-5%</td>
<td>+3.1%**</td>
<td>+3.7%</td>
</tr>
<tr>
<td>Adj. EBIT Margin</td>
<td>14%</td>
<td>13.0%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Adj. EPS-Growth (CAGR)*</td>
<td>&gt;10%</td>
<td>+12.8%***</td>
<td>+19.4%</td>
</tr>
<tr>
<td>Sales Share EM</td>
<td>45%</td>
<td>42%</td>
<td>43%</td>
</tr>
</tbody>
</table>

* per preferred share
** Arithmetic mean 2009 through 2011
*** 2008 through 2011
Our progress is built on various drivers…

- Shift to Emerging Markets / Strong Mature Markets
- Shared Services
- Optimization of Manufacturing Footprint
- Strengthening of Top Brands / Reduction of Brands
- Talent Management / Development Round Table
- New Vision & Values
- New Sustainability Strategy
- Targets beyond 2012

…and will continue
Agenda

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Core questions of our strategic review

1. Which megatrends will shape our markets in the years to come?

2. How well is our portfolio positioned against these trends?

3. What actions are necessary to capitalize on these trends?
### Overview of megatrends and their implications

<table>
<thead>
<tr>
<th>Trend Description</th>
<th>Trend Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidation of suppliers, manufacturers and buyers</td>
<td>Increasing importance of competitive <strong>size</strong></td>
</tr>
<tr>
<td>Shift of market growth to Emerging Markets</td>
<td>Increasing importance of <strong>Emerging Market presence</strong></td>
</tr>
<tr>
<td>Rapidly changing markets &amp; faster transfer of information</td>
<td>Increasing importance of <strong>operational excellence</strong> in processes and structures</td>
</tr>
</tbody>
</table>
### Overview of megatrends and their implications

<table>
<thead>
<tr>
<th>Trend Implication</th>
<th>Performance Dimensions 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Increasing importance of competitive <strong>size</strong></td>
<td><strong>Total sales</strong></td>
</tr>
<tr>
<td>▪ Increasing importance of <strong>Emerging Market presence</strong></td>
<td><strong>EM sales</strong></td>
</tr>
<tr>
<td>▪ Increasing importance of <strong>operational excellence</strong> in processes and structures</td>
<td><strong>EPS growth</strong></td>
</tr>
</tbody>
</table>
Long-term market assessment

- Active in markets of significant size
- Markets are attractive in terms of profitability and offer long-term growth potential
- Strong potential to expand our businesses

Strong ability to win in attractive markets
Leverage full potential in all businesses

### Consumer Business

Laundry & Home Care
- Persil
- Purex
- Pril

Beauty Care
- Schwarzkopf
- syoss
- Dial

### Industrial Business

Adhesive Technologies
- Loctite
- Pritt
- Technomelt
Our strategy is based on our vision & values

A global leader in brands and technologies

Customers People Financials
Sustainability Family
Key success factors to achieve our vision

A global leader in brands and technologies

- Leading position
- Global footprint
- Leading processes
- Strong & diverse team
- Leading financial performance

- #1 choice for customers & consumers
- Innovation leader
- Powerful brands
- Balanced portfolio
Henkel strategy

We will outperform our competition as a globalized company with simplified operations and a highly inspired team!
Henkel strategy

Outperform
Globalize
Simplify
Inspire

A global leader in brands and technologies
Henkel’s financial targets 2016

Sales [bn €]*

20

* incl. continuous portfolio optimization (without major acquisitions & divestments)
** based on consensus
Henkel’s financial targets 2016

EM sales [bn €]*

10

* incl. continuous portfolio optimization (without major acquisitions & divestments)
** based on consensus; sales share EM as of 1-9 2012
Henkel’s financial targets 2016

EPS CAGR [%]*

10

* incl. continuous portfolio optimization (without major acquisitions & divestments); adjusted per preferred share

** based on consensus
Henkel’s financial targets 2016

Sales [bn €]* 20
EM sales [bn €]* 10
EPS CAGR [%]* 10

* incl. continuous portfolio optimization (without major acquisitions & divestments); EPS: adjusted per preferred share
Henkel strategy

- Active portfolio mgmt
- Leverage top brands
- Powerful innovations
- Focus on customers

Outperform

Globalize

A global leader in brands and technologies

Simplify

Inspire
Outperform – Leverage potential in categories

Core Categories
- Continuous investment in top positions

Growth Categories
- Investments in category and new segment expansion

Value Categories
- Leverage profit potential with adequate investment
- Divest/exit businesses (~500 m€)

Active Portfolio Management
Outperform – Build on strong base

### Brands
- Focused & balanced brand portfolio
- Strong growth of top brands
- Brand consolidation

### Innovations
- Consistent innovation process
- Trend-based innovations

### Customers
- Customer relationship management
- Consumer proximity
Accelerate sales growth with top brands

- Strong growth driven by innovations & further roll-out of global brands
- Further portfolio alignment towards umbrella brands

* estimate
Consistently drive trend-based innovations

Performance & Sustainability

Accessible Luxury

Convenience & Superior Quality
New R&D sites fostering consumer proximity

- Significant expansion of R&D centers in all emerging regions
- Further leverage local competence
Actively deploy customer focus

Laundry & Home Care  
Shopper Marketing

Beauty Care  
Meet-your-Consumer Center

Adhesive Technologies  
Technology & Design Partnerships
Henkel strategy

- Leverage strength in Mature Markets
- Expand footprint in Emerging Markets

A global leader in brands and technologies

Outperform

Globalize

Simplify

Inspire
Globalize – Focus on regions with high potential

Mature Markets: Leverage Strengths

- Continuation of profitable growth with strong cost focus

Emerging Markets: Go Deep

- Acceleration of growth in existing Emerging Markets

Emerging Markets: Enter White Spots

- Enter country white spots in selective Emerging Markets
Mature Markets – Further leverage strengths

- Outperform our markets
- Increase brand investments
- Continue cost focus

2016
- More top positions
- Higher profit contribution
Emerging Markets – Accelerate growth

2016: Balanced EM footprint with 12 EM countries in Henkel Top 20
Henkel strategy

Outperform

Globalize

A global leader in brands and technologies

Simplify

Inspire
Acquisitions

In Line with Strategy

Restrictive Selection

Boosting Growth

Active use of strong balance sheet
Henkel strategy

- Cost efficiency
- Best-in-class processes
- Strong IT focus

A global leader in brands and technologies

Outperform

Globalize

Inspire

Simplify
Simplify – Drive operational excellence

**Cost Efficiency**
- Further improve admin costs
- Location footprint optimization
- Further reduce NWC

**Best-in-Class Processes**
- Foster leading sourcing
- Continued expansion of shared services

**IT Focus**
- IT as an enabler to drive performance
- Simplified & standardized global IT structure
Further improve manufacturing footprint

From ~175 in 2012

To ~155 in 2016

Further consolidation both in Emerging & Mature Markets
Foster leading sourcing

Value creation
- Strengthen strategic relationships
- Focus on innovation leadership

Leverage global sourcing
- Source via global hubs, focus on Emerging Markets
- Integrated worldwide network of suppliers

Improve efficiency & effectiveness
- Expand e-sourcing to >10% of spend
- Reduce number of suppliers by ~40%
Expand shared services: >3,000 employees

Enhance and expand SSC capabilities

- Multifunctional SSC to generate competitive advantage

- Back Office transactions-based
- Middle Office rules-based
- Front Office judgement-based

September 30, 2012: 1,300 employees in SSCs
Shared services expansion

- Newly established Business Process Outsourcing hub in Bangalore/India
- Hubs for Arabic speaking region & Greater China/N-E Asia
Invest ~140m€ in IT until 2016

Reduce complexity & leverage one IT platform

Past: >20,000

Today: ~2,200

Horizon: ~800

Supply Chain Mgmt. APO

SSC IT Solutions Global integration

Promotion Spend Planning & management

Global Henkel IT Platform: Horizon (SAP)
Henkel strategy

- Strong leadership
- Talent & performance focus
- Diverse teams

A global leader in brands and technologies
Inspire – Strengthen our global team

Leadership
- Set clear expectations
- Develop strong leaders

Talent & Performance
- Attract the best talents
- Reward performance

Diversity
- Leverage diversity as key success factor
Executive Resource Program

- Virtual pool of ~100 talents on top mgmt. level
- Annual nomination by defined criteria
- Personal development plan, high-level training, selective initiatives, etc.
- Successful record of promotions and job rotations
Diverse teams as key success factor

Nationality/Culture
Foster internationality in our teams

Gender
Increase female share by systematic career development

Age/Seniority
Leverage experience of senior colleagues
Highly competitive reward system

Short-term incentive implemented as of 2011:
- Coherence of success & incentive
- Target KPIs: OSG, Adj. EBIT %, NWC
- Linked to individual performance

Aligned long-term incentive as of 2013:
- Linked to long-term financial targets
- Target KPI: EPS
- Ensures sustainable success & talent retention
Henkel strategy

Outperform

Globalize

A global leader
in brands
and technologies

Simplify

Inspire
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Henkel’s financial targets 2016

Sales [bn €]*: 20
EM sales [bn €]*: 10
EPS CAGR [%]*: 10

* incl. continuous portfolio optimization (without major acquisitions & divestments); EPS: adjusted per preferred share
Key assumptions for 2016 targets

<table>
<thead>
<tr>
<th>External</th>
<th>Internal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. GDP growth:</td>
<td>Ongoing adaptation of our structures to the market</td>
</tr>
<tr>
<td>▪ Global: 3.3% p.a.</td>
<td>Continuous portfolio management, including small &amp; mid-sized acquisitions and divestments</td>
</tr>
<tr>
<td>▪ Western Europe: 1.8% p.a.</td>
<td>(divestment/exit: ~500 m€)</td>
</tr>
<tr>
<td>USD at 1.30 USD/€</td>
<td></td>
</tr>
<tr>
<td>Material price development: mid-single digit p.a.</td>
<td></td>
</tr>
</tbody>
</table>
Henkel’s financial targets 2016
Step-change in scale

Sales [bn €]*

- Mid-single digit CAGR until 2016
- Outperform – Strong investments in categories
- Globalize – Focus on regions with high potential

* incl. continuous portfolio optimization (without major acquisitions & divestments)
Henkel’s financial targets 2016
Improved footprint

- High single-digit CAGR until 2016
- Go deep in existing countries
- Selectively enter country white spots

EM sales [bn €]*

10

* incl. continuous portfolio optimization (without major acquisitions & divestments)
Henkel’s financial targets 2016
Excellence in value creation

EPS CAGR [%]*

10

- Balanced value creation through top & bottom line growth
- Standardization & complexity reduction along entire value chain to drive profitability
- Continue strong cash orientation & financial discipline to maintain “A flat/A2”-rating

* incl. continuous portfolio optimization (without major acquisitions & divestments); adjusted per preferred share
Excellence in value creation

Organic Performance

Acquisitions

Cash-Return Options
Excellence in value creation

Organic Performance

- Invest in our businesses
- Enhance profitability
- Further reduce NWC

Acquisitions

Cash-Return Options
Invest in our businesses

- Increase capex spend by >40%* to ~2 bn €
- Strong focus on IT with investment of ~140 m€
- Structural shift to Emerging Markets
- Strengthen top brands & innovations via higher marketing investments

* total 2013-2016 vs. 2009-2012
Enhance profitability

Future Levers

- Drive gross margin via innovation & pricing power
- Further optimize production footprint by ~20 locations
- Expand shared services to >3,000 employees
- Continue focus on leaner structures
Further reduce NWC

- Regional cross-divisional initiatives

**in % of sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>NWC % of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>11.7</td>
</tr>
<tr>
<td>1-9 2012</td>
<td>6.6</td>
</tr>
<tr>
<td>2016</td>
<td>~5.0</td>
</tr>
</tbody>
</table>

~1.6pp improvement from 2008 to 1-9 2012.
Organic performance resulting in higher cash flow

Holistic value creation focus increases strategic options

- NWC % sales (down)
- Effective tax rate (up)
- Profitability (up)
- Invest (up)
- Free cash flow (up)
Excellence in value creation

- Organic Performance
- Acquisitions
- Cash-Return Options

- Accelerate growth potential
Acquisitions

In Line with Strategy

- Integrated part of our overall strategy
- Clear prioritization of categories and regions

Boosting Growth

- Adhesives: Technology leadership
- Laundry & Home Care/Beauty Care: Regions & categories

Restrictive Selection

- Restrictive evaluation and selection process
- Centralized decision and execution
Excellence in value creation

Organic Performance

Acquisitions

Cash-Return Options

- Share buy-back
- Dividend payout
Excellence in value creation

**Priority: Grow our business**

- **Organic Performance**
- **Acquisitions**
- **Cash-Return Options**

No change so far
Excellence in volatile environment

- Euro crisis
- EM growth slowdown
- Market cyclicality
- FX volatility
- Competitive pressure

Volatile Environment

- Organic focus
- Operational excellence
- Acquisitions/divestments

Performance Drivers

Excellence in value creation

Henkel well prepared to achieve next level of targets
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Henkel strategy

We will **outperform** our competition

as a **globalized** company

with **simplified** operations

and a highly **inspired** team!
Strategy & financial targets 2016

- Outperform: Leverage potential in categories
- Globalize: Focus on regions with high potential
- Simplify: Drive operational excellence
- Inspire: Strengthen our global team

- 20 bn € Sales
- 10 bn € EM Sales
- 10 % EPS CAGR
Excellence is our Passion

- Excellence is the result of always **striving to do better**
- We transform our plans into **concrete actions**
- We are **passionate** about achieving our targets
Passionate to achieve our targets
# Henkel – Strategic framework

<table>
<thead>
<tr>
<th>Vision</th>
<th>A global leader in brands and technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>Customers</td>
</tr>
<tr>
<td>Strategy</td>
<td>Outperform</td>
</tr>
<tr>
<td>Targets</td>
<td>20 bn € SALES</td>
</tr>
</tbody>
</table>
Thank You!