

# Henkel

## Q3 2015

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# 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 Q3 2015**

2. Financials Q3 2015

3. Summary & Outlook FY 2015

## Q3 2015: Strong performance in a challenging environment

OSG

**+3.2%**

Adj. EBIT margin

**16.9%**

Adj. EPS growth

**+11.1%**

OSG in EM

**+6.5%**

NWC in % of sales

**6.0%**

Net financial pos.

**€ -336m**

# Delivering profitable growth in both HPC and Adhesives



- Very strong nominal sales increase, organic sales growth solid
- Emerging Markets with continued strong organic sales growth
- North America with third consecutive quarter of organic growth, driving positive performance in Mature Markets
- Adjusted EBIT margin at all-time high, improvement driven by all business units
- Excellent performance of Laundry & Home Care
- Continued double-digit growth in adjusted EPS

# Challenging environment persists

- Ongoing difficult geo-political situation, social tensions in some countries
- Moderate global GDP growth
- Adhesive Technologies top line impacted by Chinese economic slow-down
  - Organic sales growth solid, but below level of prior-year quarter (down 40bp)
  - Sequential improvement versus Q2 2015 (up 60bp)

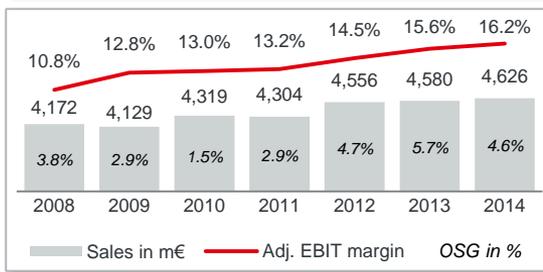


# Laundry & Home Care

Strong OSG & excellent margin improvement in Q3 2015



## Long-term overview



## Sales

- Strong OSG
- Laundry solid, Home Care very strong
- Mature Markets positive
  - North America solid
- Emerging Markets double digit
  - Russia & Mexico double digit

## Return

- Adj. EBIT margin showing excellent increase
- ROCE below level of previous year (acquisitions)

# Laundry & Home Care

Strengthening innovation leadership across categories

## Bref Duo-Aktiv



- Duo-chamber toilet cleaner with improved formula & new design
- Double hygiene thanks to liquid cleaner and a fresh fragrance

## Somat Gold Gel



- Automatic dishwashing gel with best cleaning performance in category
- Removes tough grease & protects machine's filter from grease build-up

## Perwoll Care & Repair

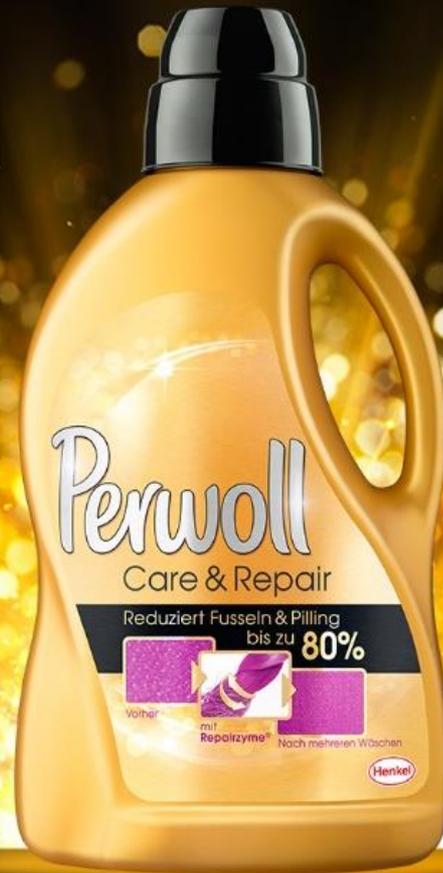


- 1<sup>st</sup> fiber-repair detergent able to reduce fuzzing & pilling by up to 80%
- Effectively prevents new fuzzing & pilling of fibers

# Perwoll Care & Repair

## The first repair detergent by Perwoll.

It reduces fuzzing and pilling up to 80%.

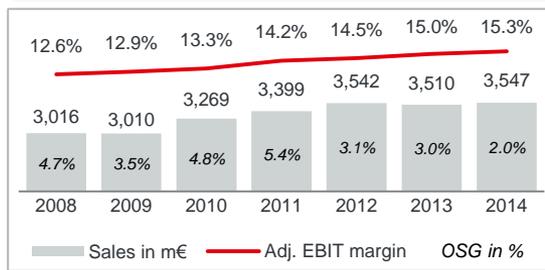


# Beauty Care

## Solid OSG & very strong margin improvement in Q3 2015



### Long-term overview



### Sales

- Solid OSG
- Retail solid, Hair Salon positive
- Mature Markets negative
  - North America strong
- Emerging Markets very strong
  - Russia & China double digit

### Return

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

# Beauty Care

## Strengthening innovation leadership across categories

### BC Bonacure Color Freeze



- 1<sup>st</sup> color locking hair therapy for zero fade with pH 4.5 technology
- For 90% stronger hair, perfect light reflection and no visible color loss

### Dial Miracle Oil



- 1<sup>st</sup> restoring Dial Body Wash infused with caring marula oil
- Micro Oil Technology leaves skin feeling clean, soft and smooth

### Schwarzkopf Men



- 1<sup>st</sup> Schwarzkopf Hair Care range 100% engineered for Men
- Unique formula with innovative triple effect for hair, roots and scalp

NEW SCHWARZKOPF MEN DEEP EFFECT 3.

FOR MEN WHO  
ALWAYS STAY CLEAN.



SCHWARZKOPFMEN.DE

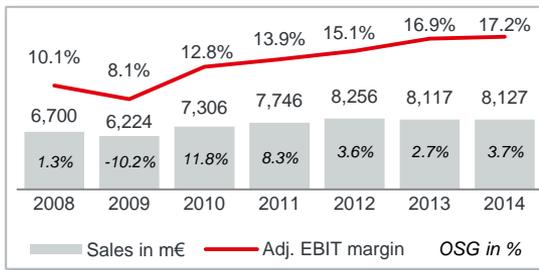
THE SHAMPOO STRICTLY FOR MEN.

# Adhesive Technologies

## Solid OSG & solid margin improvement in Q3 2015



### Long-term overview



### Sales

- Solid OSG
- Consumer & Craftsmen, Transport & Metal, General Industry solid
- Mature Markets positive
  - North America positive
- Emerging Markets solid
  - China negative
  - Russia & Mexico double digit

### Return

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

# Adhesive Technologies

Fostering innovation leadership with tailor-made solutions & top brands

## Speed & Flexibility



- 1<sup>st</sup> all-purpose glue facilitating all kinds of household repairs in 60 sec.
- Bonds faster & allows repositioning after application

## Enhanced Food Safety

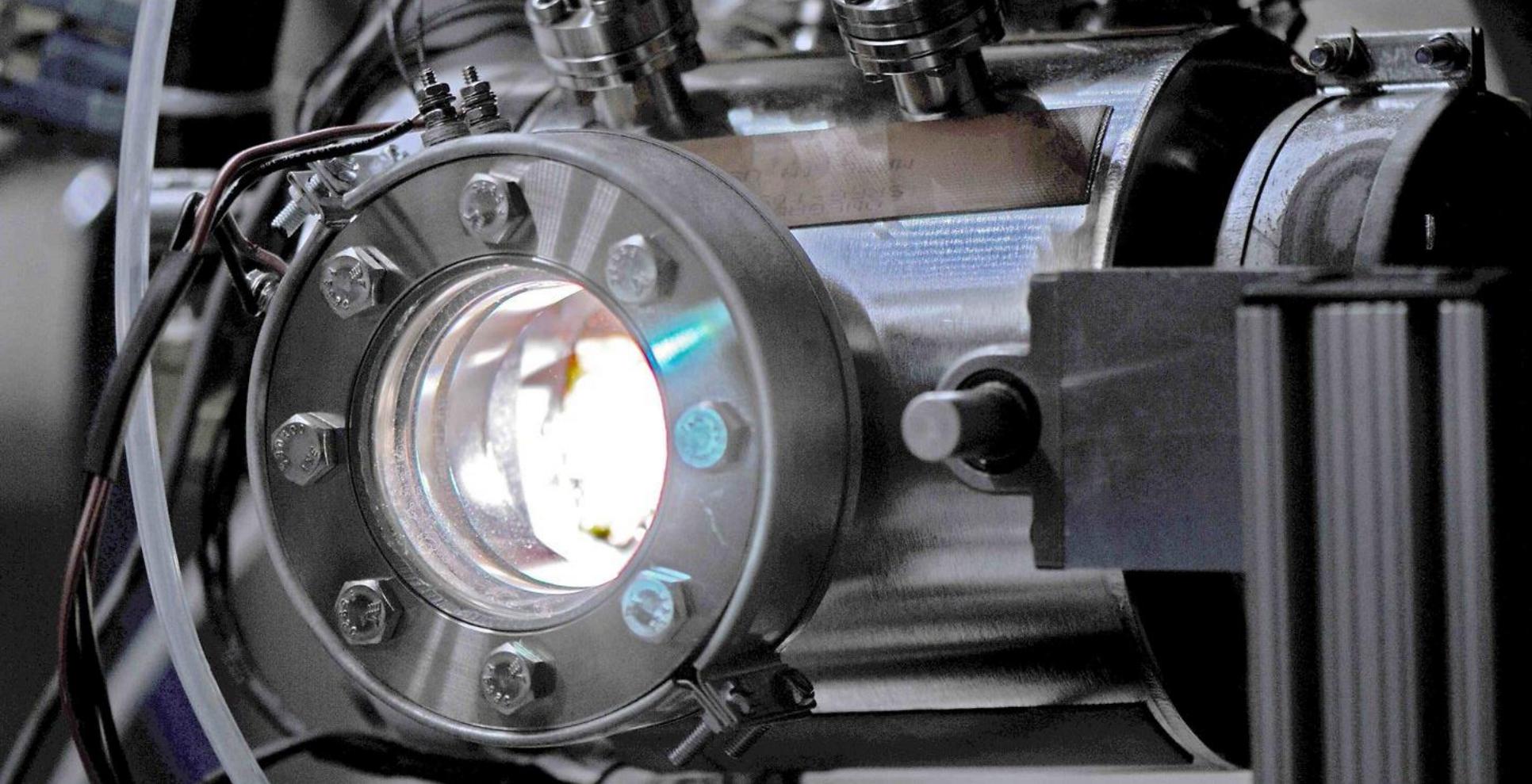


- New low migration adhesive for enhanced food safety
- Applicable for folding cartons, sealed bags and corrugated paper

## Cooperation with DropWise



- Development of unique hydrophobic coating technology
- Improved heat transfer for highly efficient and sustainable solutions



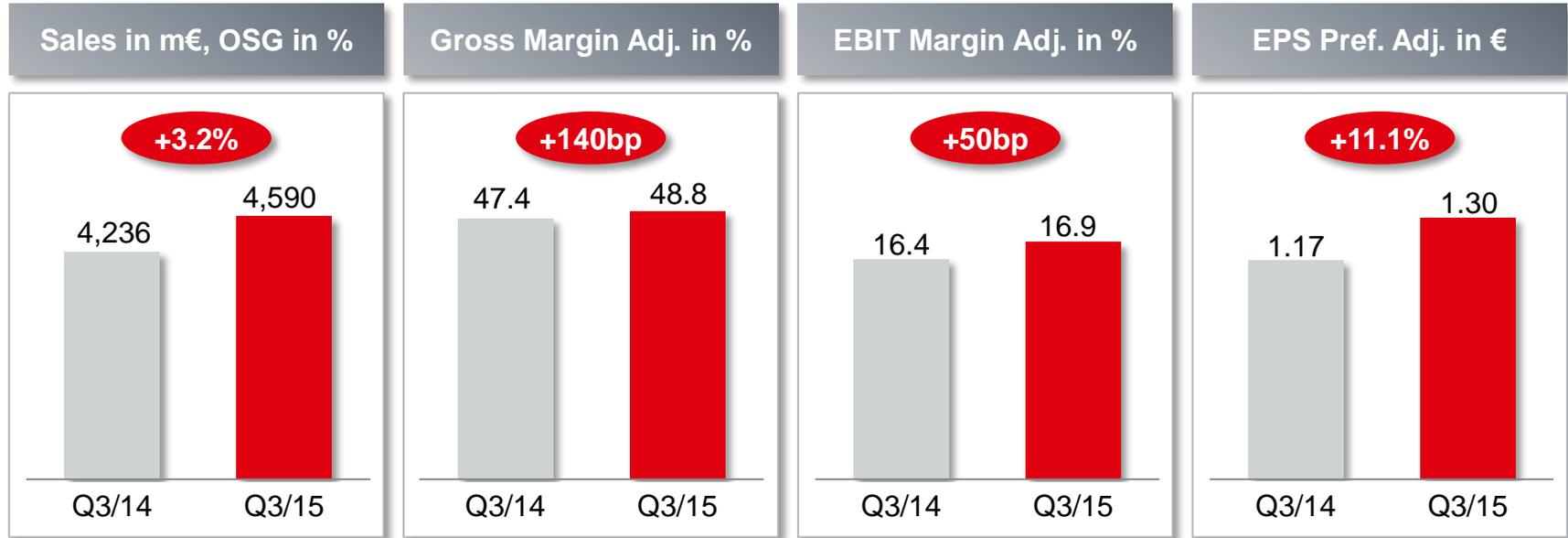
# Agenda

1. Key developments Q3 2015

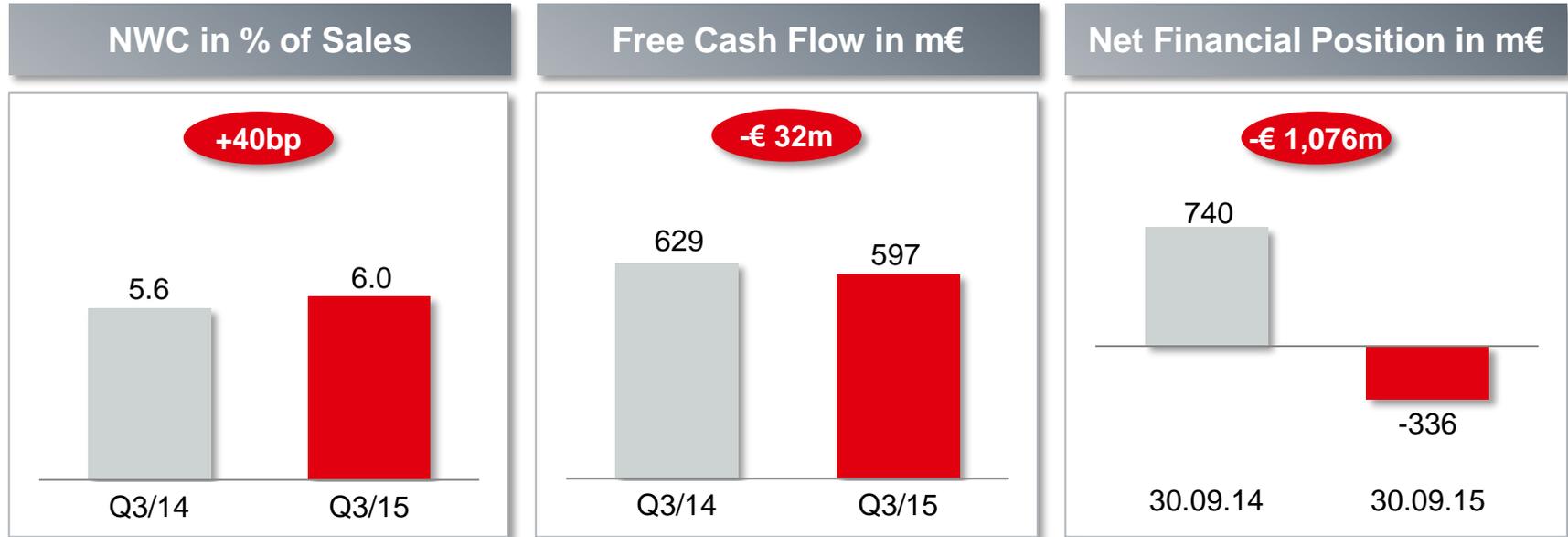
2. **Financials Q3 2015**

3. Summary & Outlook FY 2015

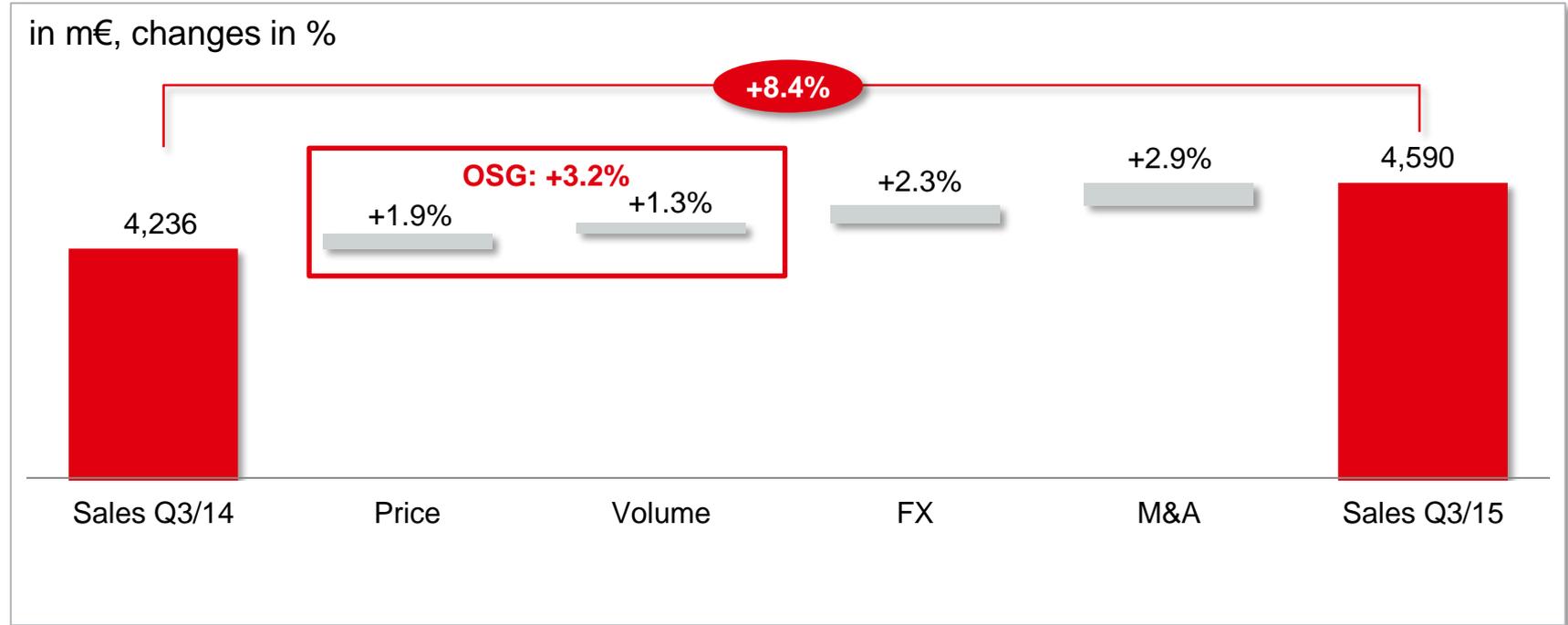
# Delivering on profitable growth using all levers



# Focus on disciplined cash management

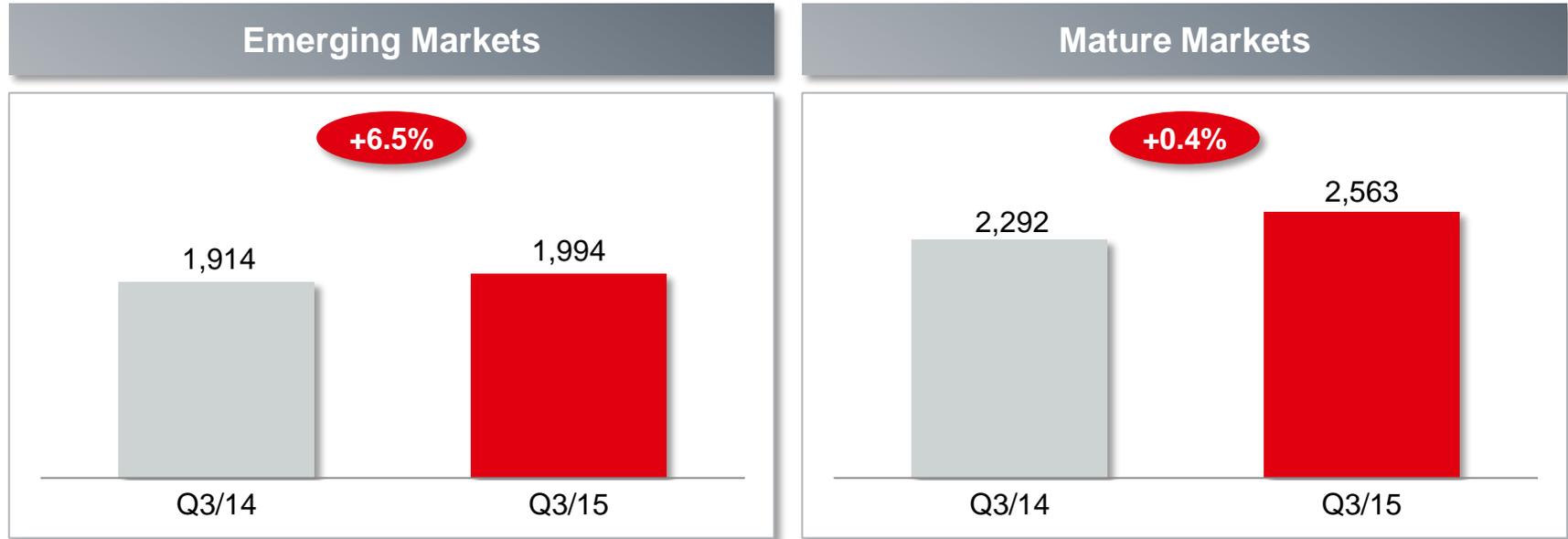


# OSG with balanced P / V, on top significant contribution from M&A



# Emerging Markets strong, Mature Markets positive

in m€, OSG in %



- Emerging Market sales share of 43%

# Broad-based growth across regions

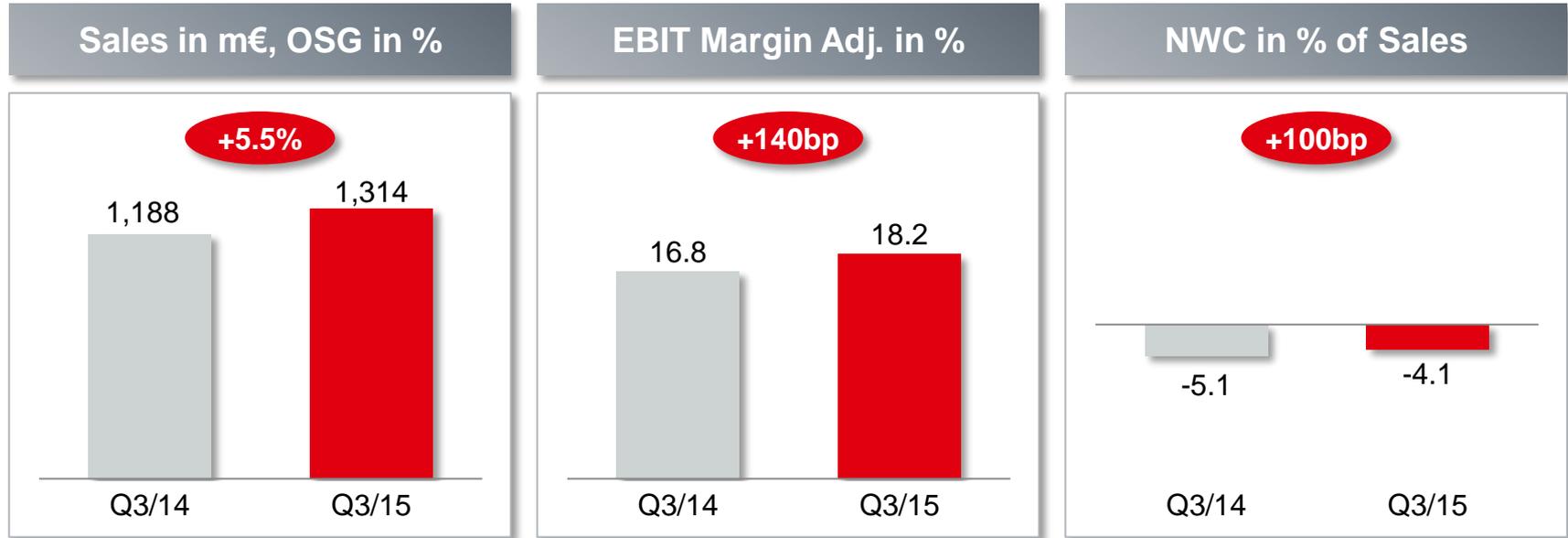
in m€, OSG in %



- Mature markets with mixed dynamics, impacted by uneven performance in Western Europe
- Emerging markets: double-digit organic sales growth in Russia, Mexico & Turkey; Brazil positive

# Laundry & Home Care

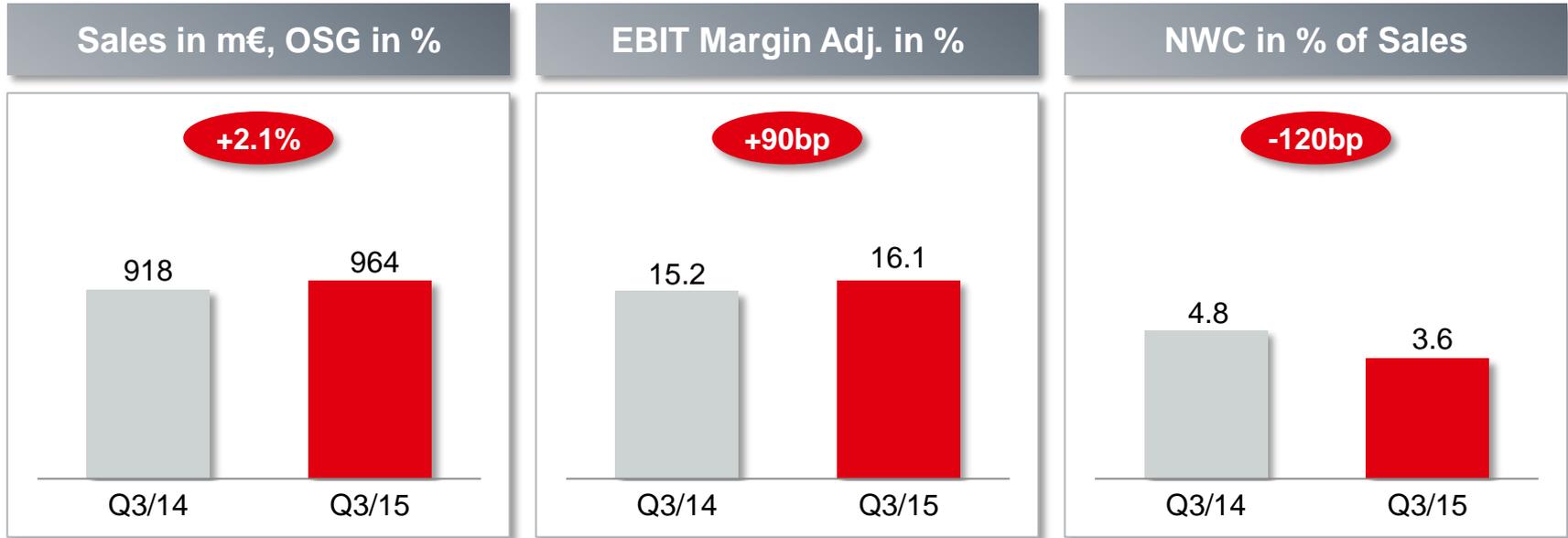
Strong OSG, excellent adj. EBIT margin increase



- OSG driven by 2.1% in price and 3.4% in volume

# Beauty Care

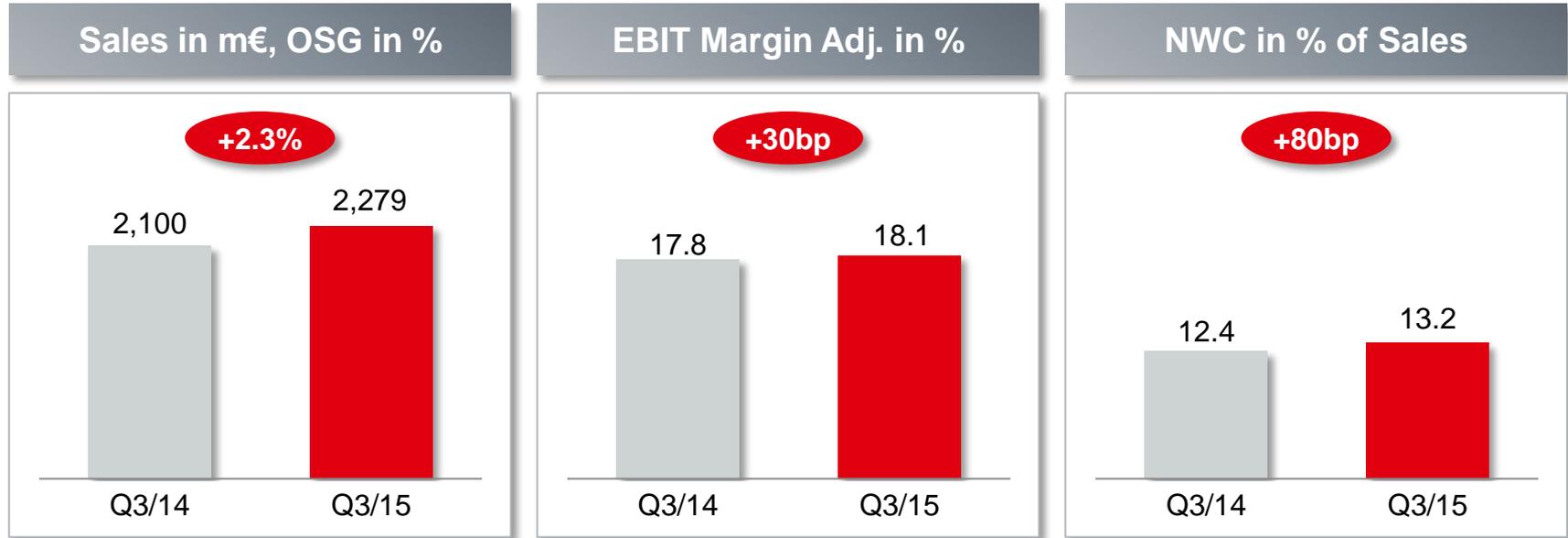
Solid OSG, very strong adj. EBIT margin increase



- OSG driven by 1.6% in price and 0.5% in volume

# Adhesive Technologies

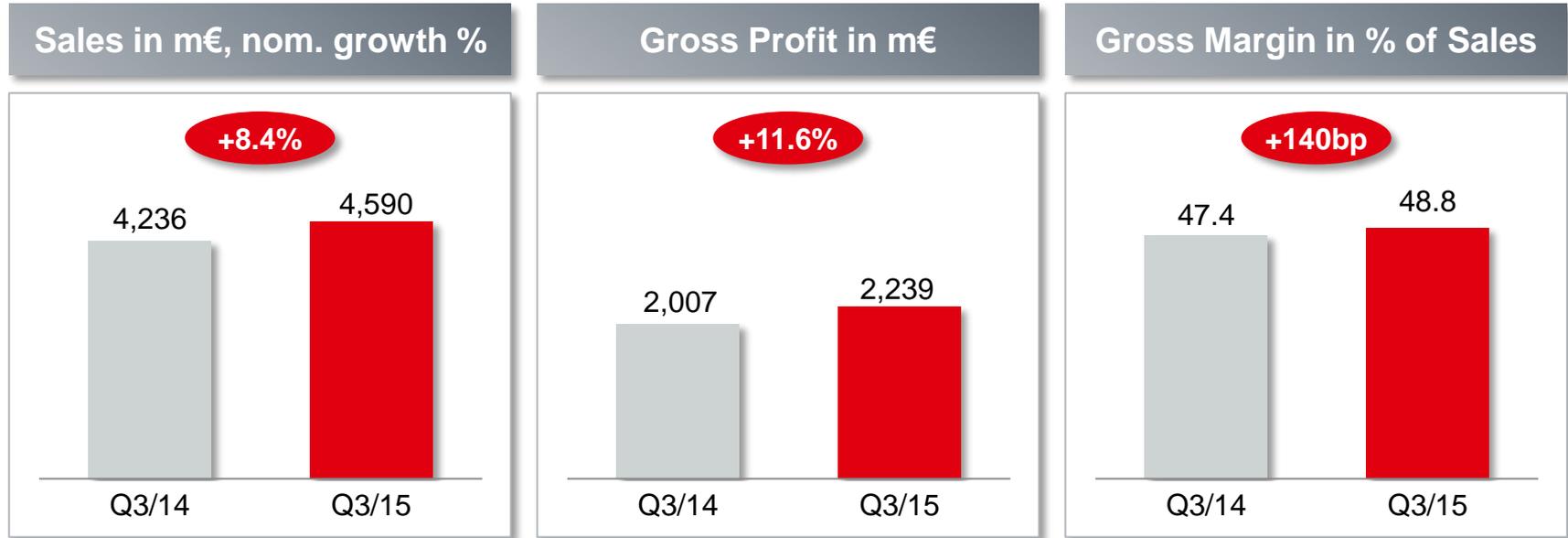
Solid OSG, solid increase in adj. EBIT margin



- OSG driven by 2.0% in price and 0.3% in volume

# Gross margin improvement driven by input costs and savings

Income statement adjusted

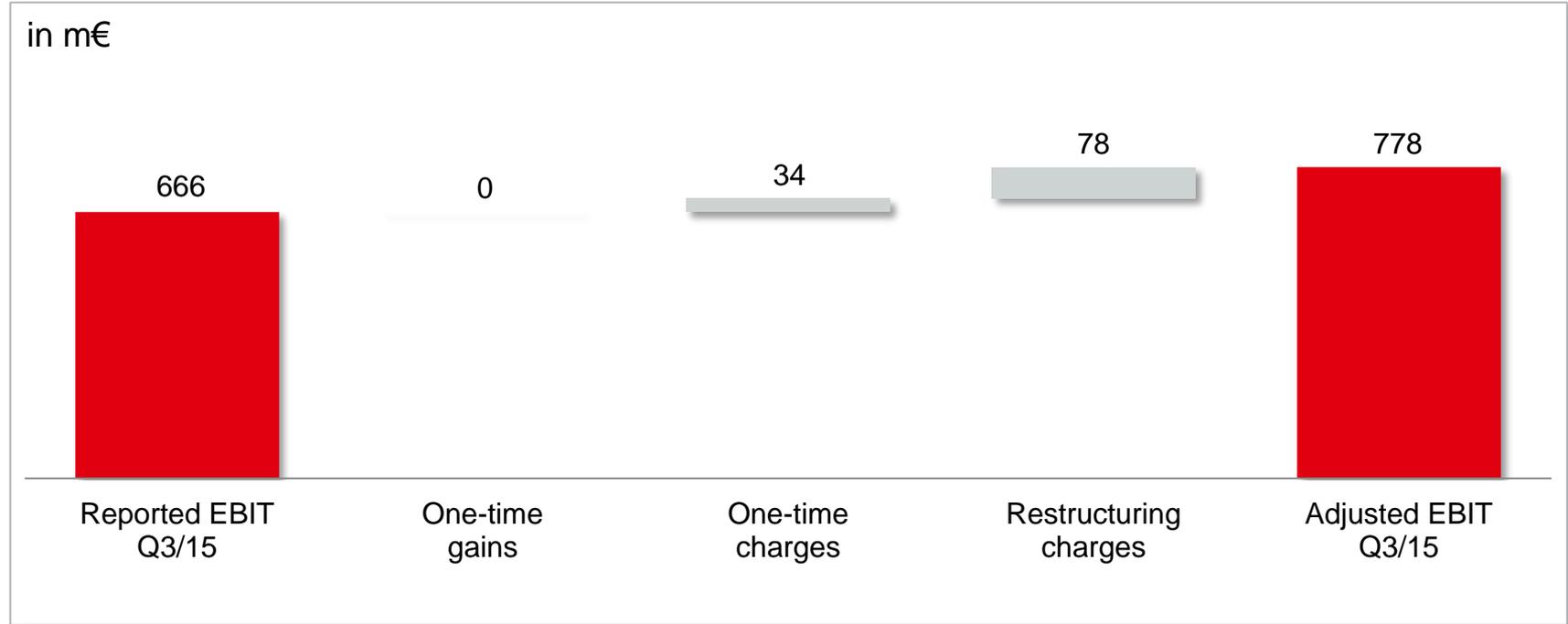


# Further increase in adj. EBIT margin while integrating acquisitions

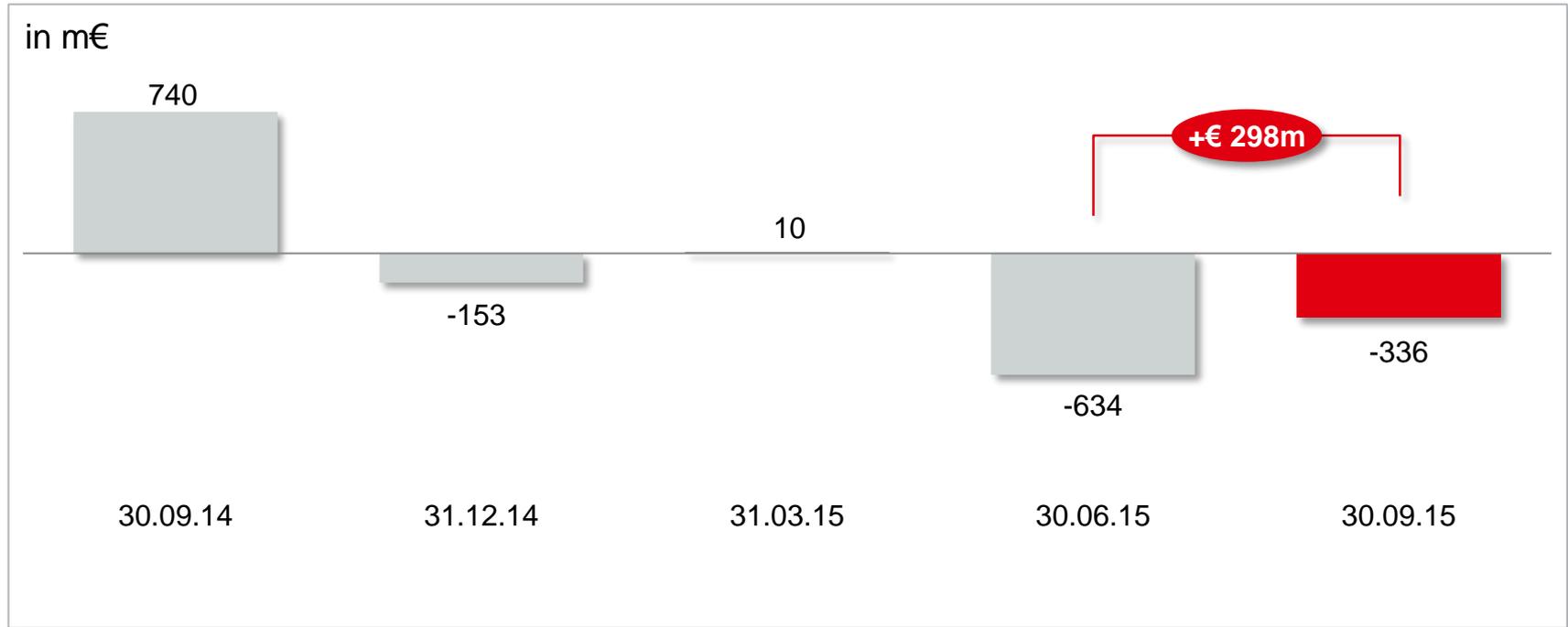
Income statement adjusted



# Continuous adaptation of our structures to the market



# Improvement of net financial position



# Agenda

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# Highlights Q3 2015

**€ 4.6bn**

Sales: +8.4%

**+3.2%**

OSG: +6.5% in EM

**€ 778m**

Adj. EBIT: +12.3%

**16.9%**

Adj. EBIT margin: +50bp

**€ 1.30**

Adj. EPS: +11.1%

## Highlights 1-9 2015

**€ 13.7bn**

Sales: +11.5%, +€ 1.4bn

**+3.1%**

OSG: +6.4% in EM

**€ 2.3bn**

Adj. EBIT: +13.4%

**16.4%**

Adj. EBIT margin: +30bp

**€ 3.77**

Adj. EPS: +11.9%

# Delivering profitable growth

- Significant increase in nominal sales, solid organic sales growth
- Strong top line performance in Emerging Markets
- North America with three consecutive quarters of organic growth, driving positive performance in Mature Markets
- Adjusted EBIT margin at all-time high
- Delivering double-digit adjusted EPS growth for three consecutive quarters

# Updated guidance FY 2015

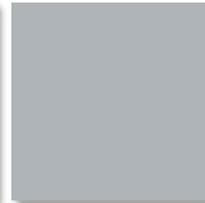
	Guidance FY 2015 – old	Guidance FY 2015 – updated	Change
<b>Organic Sales Growth</b>	<b>3 – 5%</b>	<b>~3%</b>	<b>↓</b>
• Laundry & Home Care	3 – 5%	4 – 5%	↑
• Beauty Care	~2%	~2%	→
• Adhesive Technologies	3 – 5%	2 – 3%	↓
<b>Emerging Markets sales share</b>	<b>At prior year level</b>	<b>At prior year level</b>	<b>→</b>
<b>Adjusted EBIT Margin</b>	<b>~16%</b>	<b>~16%</b>	<b>→</b>
• Laundry & Home Care			
• Beauty Care	All Business Units contributing	All Business Units contributing	→
• Adhesive Technologies			
<b>Adjusted EPS Growth</b>	<b>~10%</b>	<b>&gt;10%</b>	<b>↑</b>

**» We will continue to adapt our structures to the market**

## Upcoming events

- February 25<sup>th</sup>, 2016 FY & Q4 2015 results
- April 11<sup>th</sup>, 2016 Annual General Meeting
- May 19<sup>th</sup>, 2016 Q1 2016 results
- June 6<sup>th</sup> – 7<sup>th</sup>, 2016 Investor & Analyst Day Adhesive Technologies, Heidelberg
- August 11<sup>th</sup>, 2016 Q2 2016 results
- November 8<sup>th</sup>, 2016 Q3 2016 results
- November 17<sup>th</sup>, 2016 Henkel Strategy Presentation, London

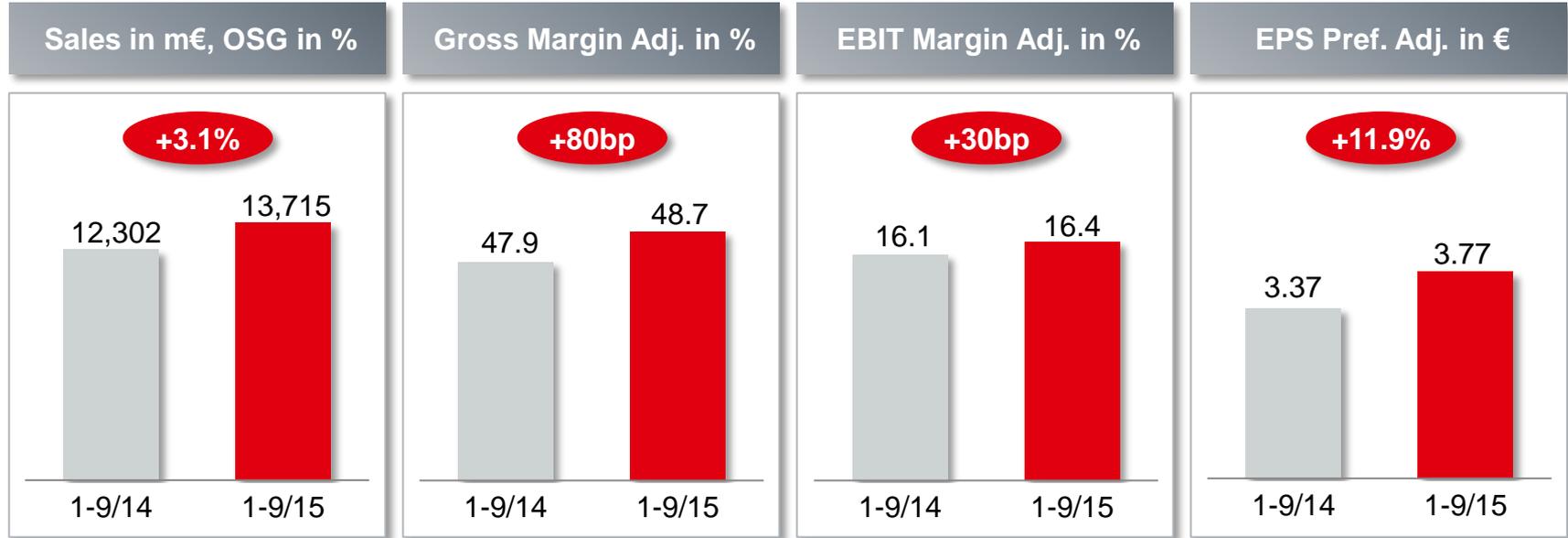
Thank you!



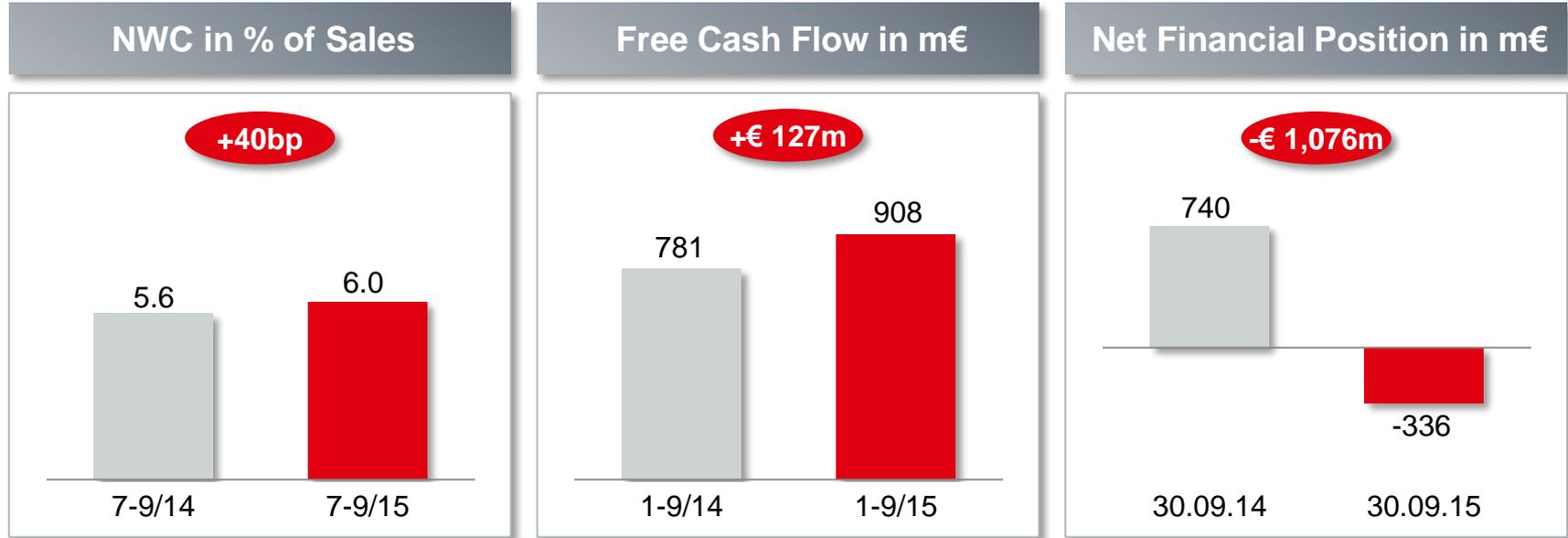
# Updated guidance FY 2015 for selected KPIs

	Guidance FY 2015 – old	Guidance FY 2015 – updated
<b>Total direct materials</b>	Stable prices	Slight decline in prices
<b>Restructuring charges</b>	€ 150-200m	~€ 200m
<b>CAPEX</b>	€ 550-600m	~€ 650m

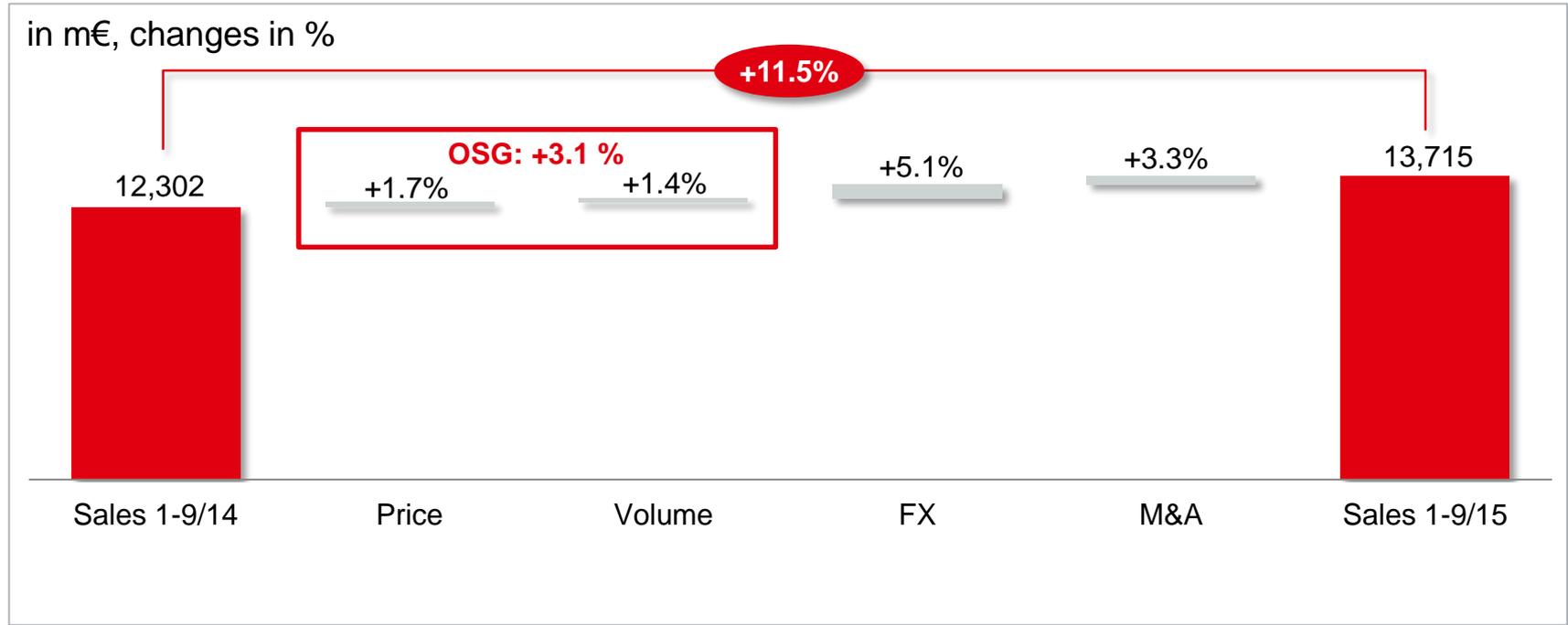
# Key financials YTD 1-9 2015 (1/2)



# Key financials YTD 1-9 2015 (2/2)

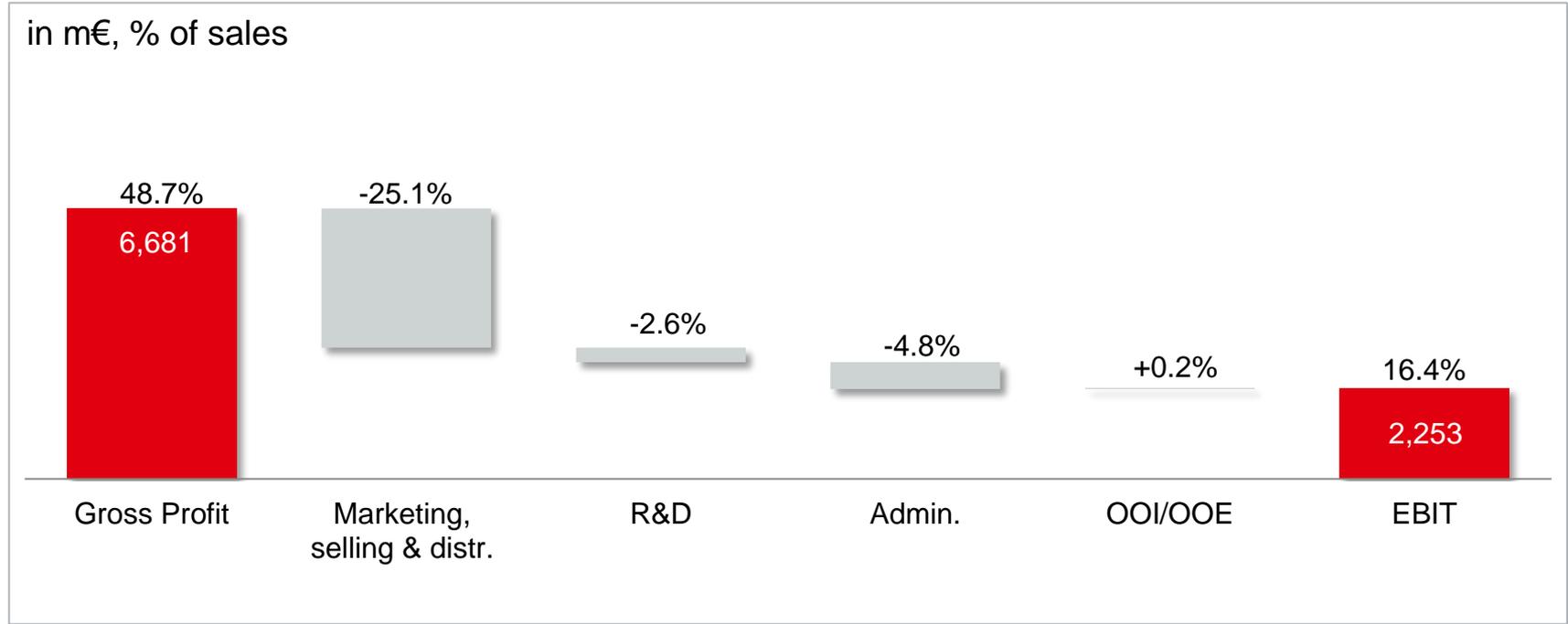


# Sales growth – YTD 1-9 2015

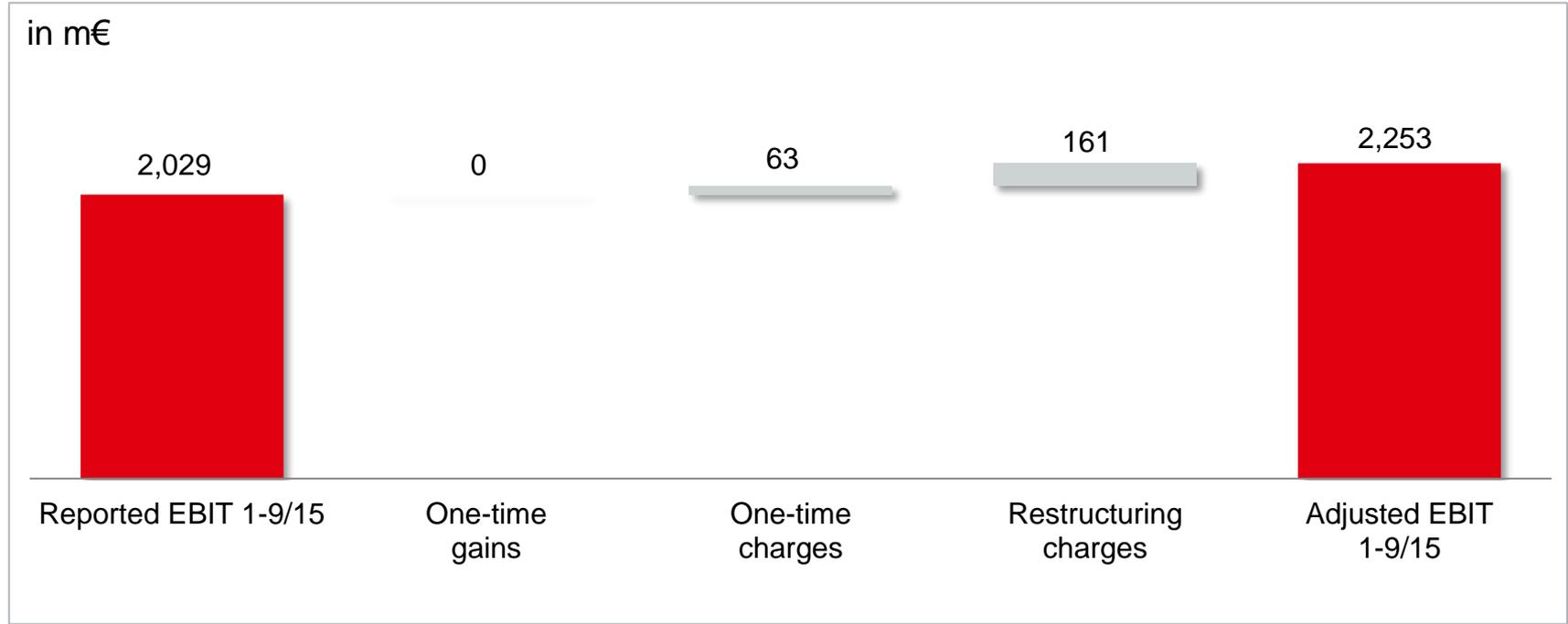


# Further increase in adjusted EBIT margin

Income statement adjusted – YTD 1-9 2015

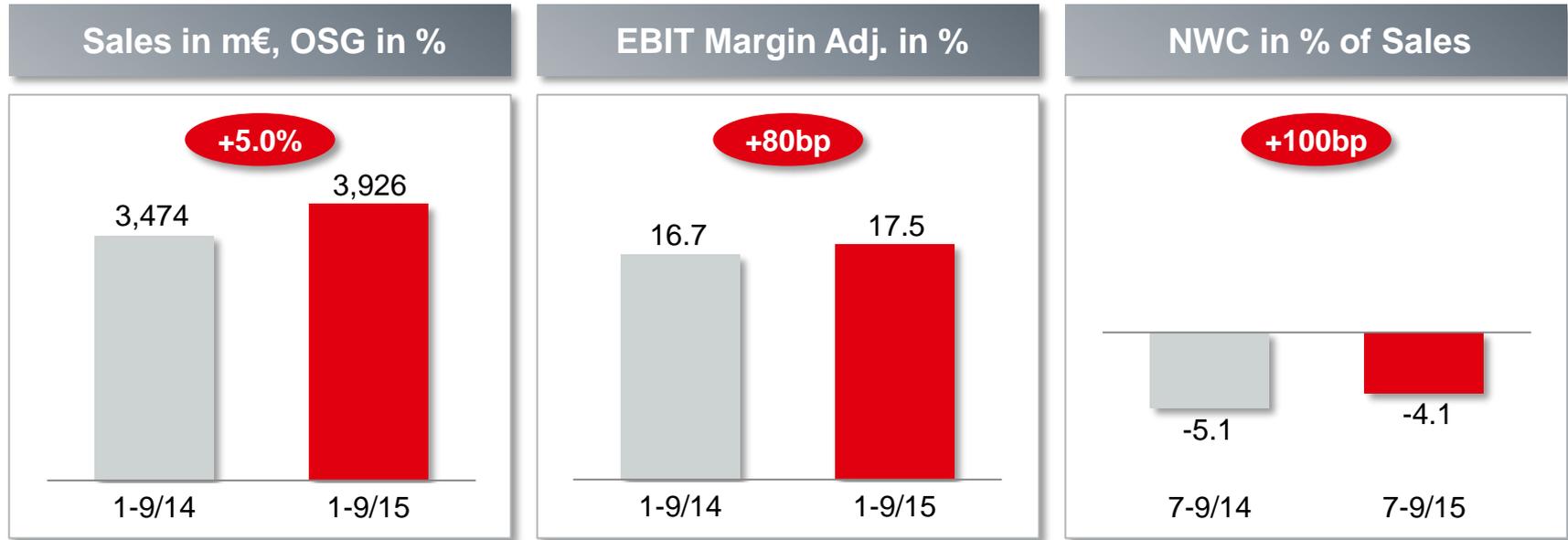


# Reported to Adjusted EBIT – YTD 1-9 2015



# Laundry & Home Care

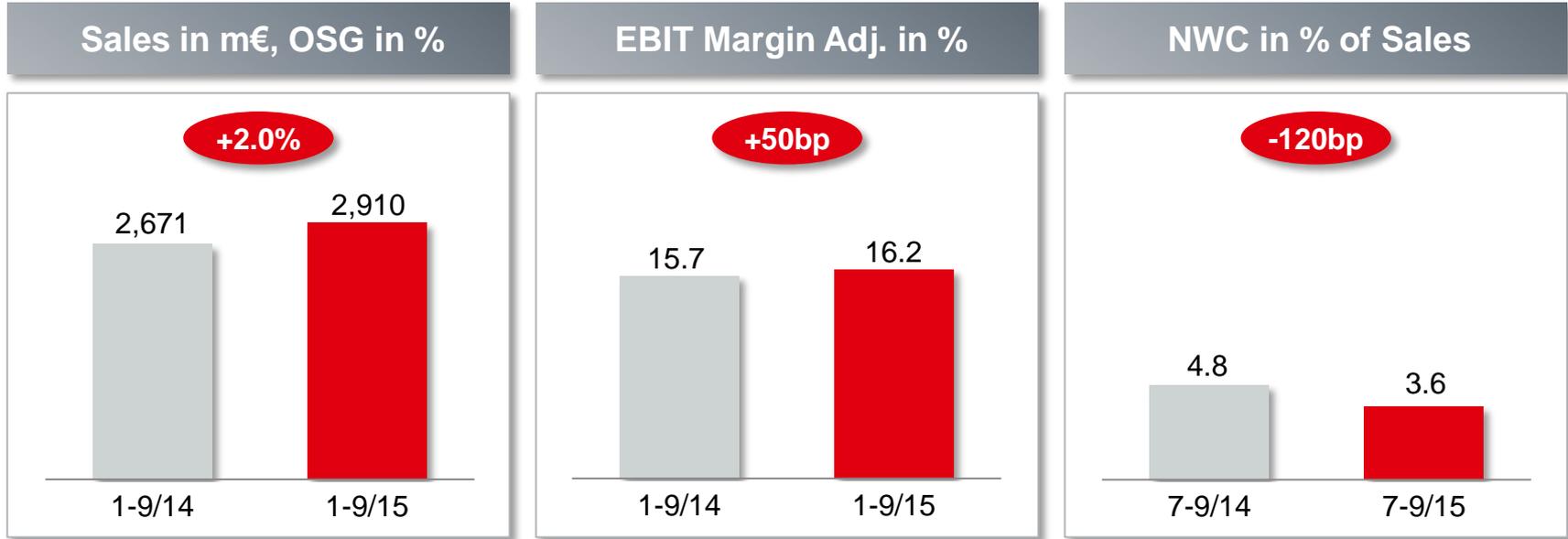
Key figures YTD 1-9 2015



- OSG driven by 1.7% in price and 3.3% in volume

# Beauty Care

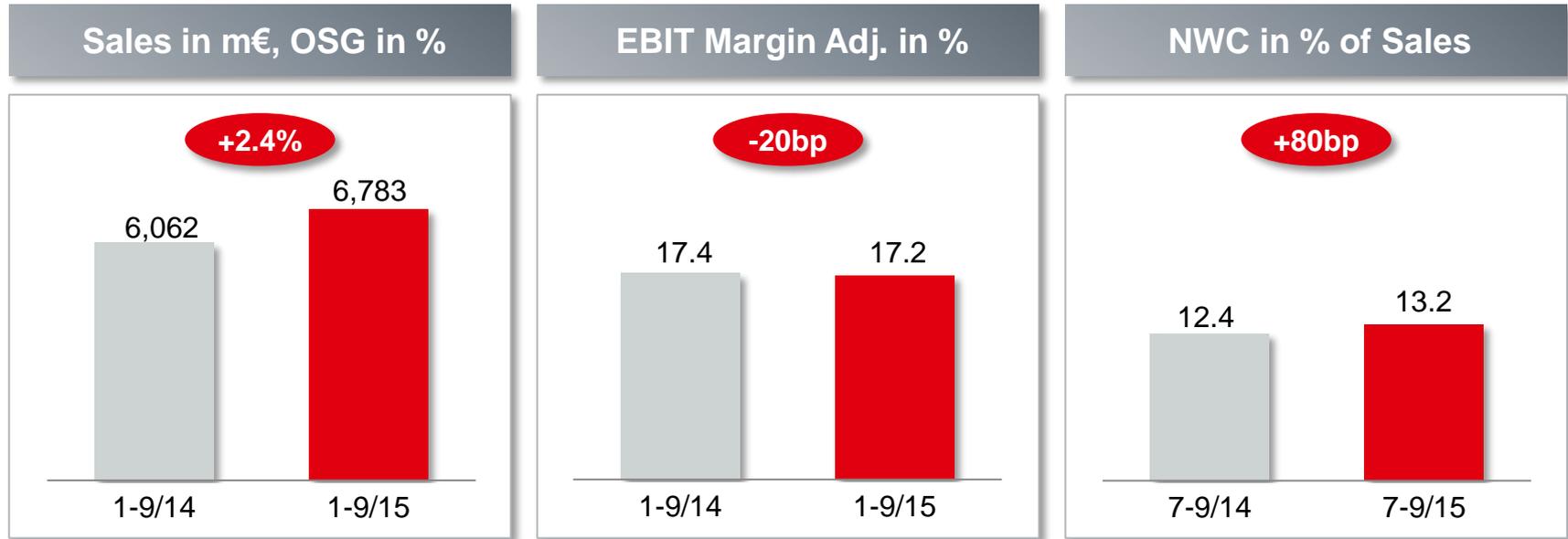
## Key figures YTD 1-9 2015



- OSG driven by 1.8% in price and 0.2% in volume

# Adhesive Technologies

Key figures YTD 1-9 2015



- OSG driven by 1.6% in price and 0.8% in volume