Welcome to Earnings Call Q1 2016

Introduction

- Joined Henkel in 1984
- Management positions with a broad geographical scope in different business units
- Since 2005, member of the Management Board, responsible for Beauty Care
- Since May 1, 2016 CEO of Henkel
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 Q1 2016
2. Financials Q1 2016
Q1 2016 – Good performance in a challenging environment

- OSG: +2.9%
- OSG in EM: +6.3%
- Adj. EBIT margin: 16.8%
- NWC in % of sales: 5.4%
- Adj. EPS growth: +7.6%
- Net financial pos.: €452 m
Continued profitable growth

• Good performance driven by all business units
• Solid organic sales growth, volume-driven
• Strong organic sales growth in Emerging Markets, positive in Mature
• Very strong improvement in adjusted EBIT margin
• High single-digit adjusted EPS growth
Challenging environment

• Geo-political instability and macro-economic volatility in some countries
• Global GDP growth on a moderate level
• FX headwinds in key currencies with exception of US Dollar
• Lower economic growth in China still impacting demand, organic growth in Adhesive Technologies China slightly negative
Laundry & Home Care
Fostering profitable growth

- Solid OSG
- Laundry as well as Home Care solid
- MM positive
- EM very strong

Sales

Return

- Adj. EBIT margin with excellent increase
- ROCE above level of previous year
Laundry & Home Care
Highlights Q1 2016

Persil ProClean
Distribution expansion in the US, launch in Canada
Successful Super Bowl TV commercial

Leverage Spotless acquisition
Roll-out of Dylon in Germany and of Colour Catcher in Eastern Europe

Persil #1 detergent Russia
Strong focus on liquids
Successful lavender launch
Beauty Care
Fostering profitable growth

Sales

• Solid OSG
• Retail and Hair Salon solid
• MM positive
• EM very strong

Return

• Adj. EBIT margin with very strong increase
• ROCE above level of previous year
Beauty Care Highlights Q1 2016

Syoss Gloss Sensation
Powerful color innovation
Launch in Europe and MEA

Schwarzkopf NA
Awarded #1 Launch Beauty USA 2015 by IRI
Distribution expansion in the US, launch in Canada

Extra Care Purify Protect
Exceptional e-Commerce success in China
**Adhesive Technologies**
Fostering profitable growth

Sales

- Solid OSG
- Transport & Metal strong, Electronics slightly negative, all other business areas growing
- MM positive
- EM solid

Return

- Adj. EBIT margin with excellent increase
- ROCE above level of previous year

![Sales and Return Graph](image-url)
Construction Industry
Very strong organic growth in Eastern Europe with energy saving applications

Automotive Industry
Market share gains with innovations for high-performance engineering

Food Packaging
Loctite & Technomelt with superior solutions for flexible packaging
Agenda

1. Key developments Q1 2016
2. Financials Q1 2016
Continuous delivery of profitable growth
Key financials – Q1 2016

<table>
<thead>
<tr>
<th>Sales in m€, OSG in %</th>
<th>Gross Margin Adj. in %</th>
<th>EBIT Margin Adj. in %</th>
<th>EPS Pref. Adj. in €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/15: 4,430</td>
<td>Q1/15: 49.1</td>
<td>Q1/15: 16.0</td>
<td>Q1/15: 1.18</td>
</tr>
<tr>
<td>Q1/16: 4,456</td>
<td>Q1/16: 48.8</td>
<td>Q1/16: 16.8</td>
<td>Q1/16: 1.27</td>
</tr>
</tbody>
</table>

- +2.9% change in sales
- -30bp reduction in gross margin
- +80bp increase in EBIT margin
- +7.6% increase in EPS preference
Strong cash generation
Key financials – Q1 2016

<table>
<thead>
<tr>
<th>NWC in % of Sales</th>
<th>Free Cash Flow in m€</th>
<th>Net Financial Position in m€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/15: 6.2%</td>
<td>Q1/15: 285 m€</td>
<td>Q1/15: 10 m€</td>
</tr>
<tr>
<td>Q1/16: 5.4%</td>
<td>Q1/16: 290 m€</td>
<td>Q1/16: 452 m€</td>
</tr>
<tr>
<td>-80bp</td>
<td>+1.8%</td>
<td>+€ 442m</td>
</tr>
</tbody>
</table>
Solid organic & inorganic sales growth

in m€, changes in %

Sales Q1/15  Volume  Price  A&D  FX  Sales Q1/16

4,430  +2.7%  +0.2%  +1.1%  -3.4%  4,456

Organic & inorganic: +4.0%

+0.6%
Strong organic sales growth in Emerging Markets in m€, OSG in %

- Emerging Markets sales share at 41%, affected by FX headwind
Broad based growth across regions
in m€, OSG in %

<table>
<thead>
<tr>
<th>Region</th>
<th>Q1/15</th>
<th>Q1/16</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>1,531</td>
<td>1,528</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>625</td>
<td>629</td>
<td>+10.9%</td>
</tr>
<tr>
<td>Africa/Middle East</td>
<td>350</td>
<td>349</td>
<td>+3.5%</td>
</tr>
<tr>
<td>North America</td>
<td>885</td>
<td>926</td>
<td>+2.4%</td>
</tr>
<tr>
<td>Latin America</td>
<td>274</td>
<td>247</td>
<td>+8.3%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>732</td>
<td>747</td>
<td>+2.2%</td>
</tr>
</tbody>
</table>

- Western Europe with uneven dynamics, North America with continued solid performance
- Russia and Mexico double-digit, China positive
Laundry & Home Care
Delivering profitable growth

Sales in m€, OSG in %

- Q1/15: 1,298
- Q1/16: 1,333

OSG split into 5.2% in volume and -0.5% in price

EBIT Margin Adj. in %

- Q1/15: 17.1
- Q1/16: 18.2

NWC in % of Sales

- Q1/15: -3.9
- Q1/16: -4.3
Beauty Care
Delivering profitable growth

Sales in m€, OSG in %

<table>
<thead>
<tr>
<th></th>
<th>Q1/15</th>
<th>Q1/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>OSG</td>
<td>940</td>
<td>950</td>
</tr>
</tbody>
</table>

+2.6%

EBIT Margin Adj. in %

<table>
<thead>
<tr>
<th></th>
<th>Q1/15</th>
<th>Q1/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>15.9</td>
<td>16.5</td>
</tr>
</tbody>
</table>

+60bp

NWC in % of Sales

<table>
<thead>
<tr>
<th></th>
<th>Q1/15</th>
<th>Q1/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>NWC</td>
<td>3.1</td>
<td>3.2</td>
</tr>
</tbody>
</table>

+10bp

• OSG driven by 2.5% in volume and 0.1% in price
Adhesive Technologies
Delivering profitable growth

<table>
<thead>
<tr>
<th>Sales in m€, OSG in %</th>
<th>EBIT Margin Adj. in %</th>
<th>NWC in % of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q1/15</strong></td>
<td><strong>Q1/16</strong></td>
<td></td>
</tr>
<tr>
<td>2,160</td>
<td>2,144</td>
<td></td>
</tr>
<tr>
<td>+2.1%</td>
<td>+110bp</td>
<td>-100bp</td>
</tr>
<tr>
<td>16.4</td>
<td>17.5</td>
<td></td>
</tr>
<tr>
<td>14.0</td>
<td>13.0</td>
<td></td>
</tr>
</tbody>
</table>

- OSG driven by 1.4% in volume and 0.7% in price
Gross margin impacted by FX headwinds despite input cost relief
Income statement adjusted

- Sales in m€, nom. growth %
  - Q1/15: 4,430
  - Q1/16: 4,456
  - +0.6%

- Gross Profit Adj. in m€
  - Q1/15: 2,177
  - Q1/16: 2,173
  - -0.2%

- Gross Margin Adj. in %
  - Q1/15: 49.1
  - Q1/16: 48.8
  - -30bp

- Transactional FX impacts mainly from Mexico, Turkey and Russia
Very strong increase of adj. EBIT margin

<table>
<thead>
<tr>
<th></th>
<th>in m€, % of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>4,456</td>
</tr>
<tr>
<td>Marketing, selling &amp;</td>
<td></td>
</tr>
<tr>
<td>distribution expenses</td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td></td>
</tr>
<tr>
<td>Admin</td>
<td></td>
</tr>
<tr>
<td>OOI/OOE</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

- **48.8%**
- **-24.4%**
- **-2.6%**
- **-4.7%**
- **-0.3%**

May 19, 2016
Q1 2016 – Henkel Investor & Analyst Call
Continuous adaptation of our structures to the market

<table>
<thead>
<tr>
<th>Category</th>
<th>Value (in m€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported EBIT Q1/16</td>
<td>717</td>
</tr>
<tr>
<td>One-time gains</td>
<td>0</td>
</tr>
<tr>
<td>One-time charges</td>
<td>7</td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>27</td>
</tr>
<tr>
<td>Adjusted EBIT Q1/16</td>
<td>751</td>
</tr>
</tbody>
</table>
Strong improvement of net financial position

<table>
<thead>
<tr>
<th>Date</th>
<th>Value (m€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.03.15</td>
<td>-634</td>
</tr>
<tr>
<td>30.06.15</td>
<td>-336</td>
</tr>
<tr>
<td>30.09.15</td>
<td>335</td>
</tr>
<tr>
<td>31.12.15</td>
<td>452</td>
</tr>
</tbody>
</table>

Net financial position improved by +€117m from 31.03.15 to 31.03.16.
Agenda

1. Key developments Q1 2016
2. Financials Q1 2016
Q1 2016: Good performance in a challenging environment

• Good start into 2016 driven by all business units
• Both Emerging & Mature Markets contributing to organic sales growth
• Very strong increase in adjusted EBIT margin
• High single-digit adjusted EPS growth
Ongoing challenging environment in 2016

- Persisting geo-political instability and macro-economic volatility
- Moderate global GDP growth
- High volatility of some key currencies and of crude oil prices

- Focused and balanced investments to foster organic and inorganic growth
- Strong innovation pipeline in all business units
- Cost focus and continuous adaptation of our structures to the market

Continued focus on 2016 strategy execution
### Guidance FY 2016 – confirmed

<table>
<thead>
<tr>
<th></th>
<th><strong>Guidance FY 2016</strong></th>
</tr>
</thead>
</table>
| Organic Sales Growth | 2 - 4%  
All Business Units within this range |
| EM Sales Share    | Slight increase               |
| Adjusted EBIT Margin | ~16.5%  
All Business Units on or above PY level |
| Adjusted EPS Growth | 8 - 11%                      |

Committed to achieve 10% adj. EPS CAGR in 2013-2016 strategy cycle
Upcoming events

- June 6-7th, 2016  Investor & Analyst Day Adhesive Technologies
- August 11th, 2016  Q2 2016 Earnings Release
- November 8th, 2016  Q3 2016 Earnings Release
- November 17th, 2016  Henkel Strategic Priorities & Targets
Thank you
## Additional Guidance FY 2016 for selected KPIs

<table>
<thead>
<tr>
<th>Prices for Total Direct Materials</th>
<th>Guidance 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx. at the level of the prior year</td>
<td></td>
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<table>
<thead>
<tr>
<th>Restructuring Charges</th>
<th>€ 150 – 200m</th>
</tr>
</thead>
<tbody>
<tr>
<td>CapEx</td>
<td>€ 650 – 700m</td>
</tr>
</tbody>
</table>