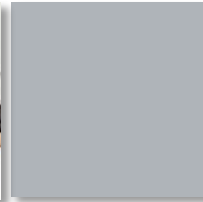


# Henkel Q3 2016

Hans Van Bylen, CEO  
Carsten Knobel, CFO

Düsseldorf, November 8, 2016



# 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. This document has been issued for information purposes only and is not intended to constitute an investment advice or an offer to sell, or a solicitation of an offer to buy, any securities.

# Agenda

**1. Key developments Q3 2016**

2. Financials Q3 2016

3. Summary & outlook FY 2016

## Q3 2016 – Strong performance in a challenging environment

OSG

**+2.8%**

Adj. EBIT margin

**17.6%**

Adj. EPS growth

**+9.2%**

OSG in EM

**+6.7%**

NWC in % of sales

**5.2%**

Net financial pos.

**€ -2.7 bn**

## Strong profitable growth

- Strong performance driven by all business units
- Solid organic sales growth, volume-driven, pricing positive
- Strong organic sales growth in Emerging Markets, positive in Mature Markets
- Very strong improvement in adjusted EBIT margin
- High single-digit adjusted EPS growth
- Successful closing of The Sun Products Corporation acquisition on Sep 1st



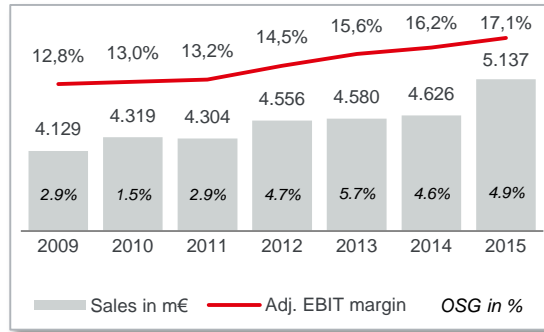
## Continued challenging environment

- Geo-political instability and macro-economic volatility in some countries
- Global GDP growth on a moderate level with slowing growth dynamics
- Persistent FX headwinds in key currencies
- Volatility in feedstock markets remains high



# Laundry & Home Care

Fostering profitable growth



## Sales

- Solid OSG
- Laundry Care strong, Home Care positive
- EM strong, MM solid

## Return

- Adj. EBIT margin below the level of prior year
- ROCE below the level of prior year
- Both KPIs negatively impacted by acquisitions

# Laundry & Home Care

## Highlights Q3 2016



### Perwoll Renew 3D

Strengthening Perwoll's market leadership position

New formula with Renew effect - launched in > 30 countries



### Toilet Care

Strong growth driver Power Aktiv, # 1 in toilet rim block segment

New fragrance boost formula introduced globally



### South Korea

Launch of Persil Hygiene expanding #1 position in detergents

Profitable growth continuously driven by strong success in E-Commerce & Home Shopping



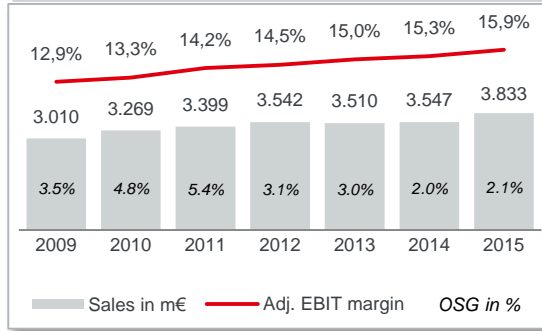
# Acquisition of The Sun Products Corporation

- Step-change for Laundry & Home Care in North America
- Fast closing, financing secured
- Full focus on successful integration
- First integration activities decided & communicated



# Beauty Care

Fostering profitable growth



## Sales

- Solid OSG
- Retail solid, Hair Salon positive
- EM very strong, MM on prior year level

## Return

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

# Beauty Care

## Highlights Q3 2016



### Excellent growth in Russia

Continued double-digit growth, driven by all categories

Strong innovations and excellent execution



### Strong momentum in North America

Continued Schwarzkopf expansion in Hair retail

Further expansion in Body Care with winning Dial innovations

### Expansion #1 position in Styling Europe

Strengthened leadership position, all-time high market shares

#1 European styling brand  
Taft as key success pillar



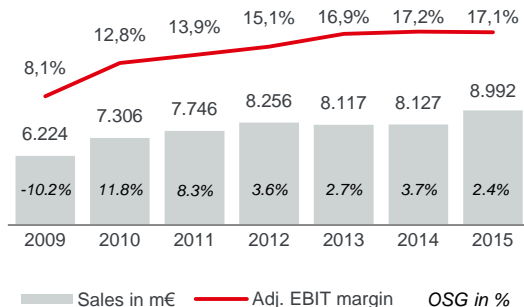
# Adhesive Technologies

## Fostering profitable growth

**LOCTITE**

**TECHNOMELT**

**TEROSON**



### Sales

- Solid OSG
- Transport & Metal and Electronics very strong
- EM strong, MM below PY

### Return

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

# Adhesive Technologies

## Highlights Q3 2016



### Consumer Packaging

Good growth driven by major customers

Expanding global market leader position



### Electronics

Excellent performance & increased MS in Consumer Electronics

Leading supplier of innovative materials at major smartphone manufacturers

### Transport & Metal

Strong growth in the area of Metal Containers & Cans

Market leader with innovative, sustainable solutions



# Agenda

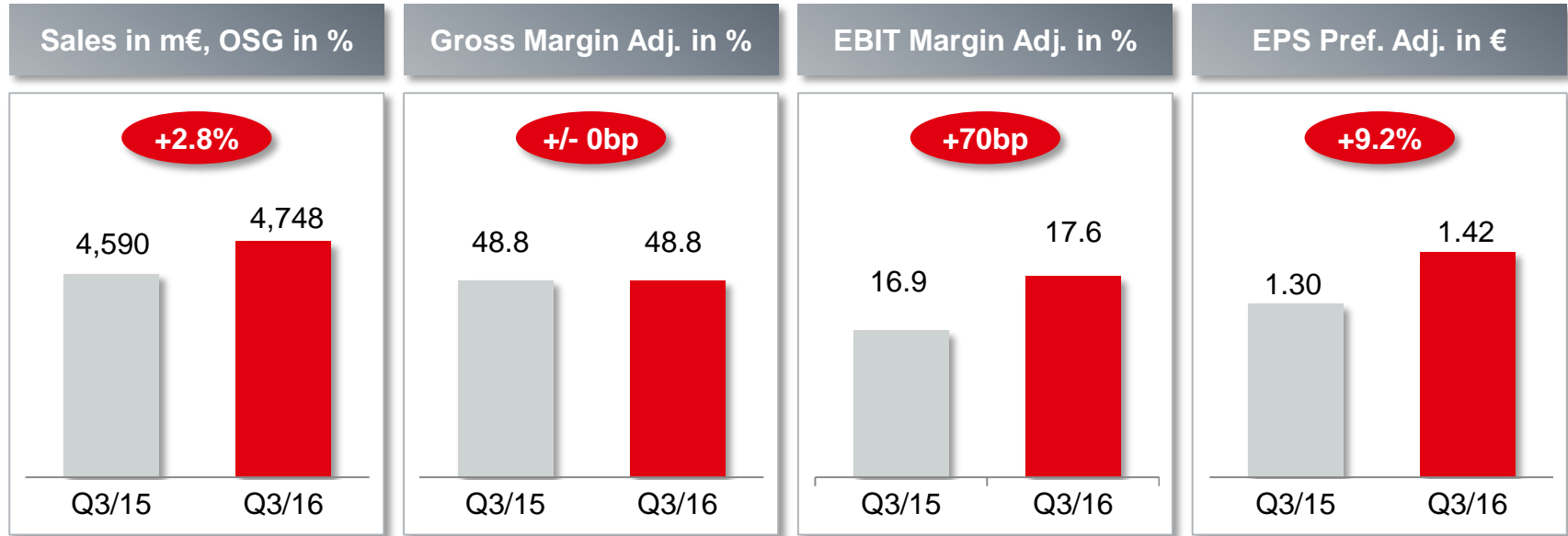
1. Key developments Q3 2016

2. **Financials Q3 2016**

3. Summary & outlook FY 2016

# High quality of earnings

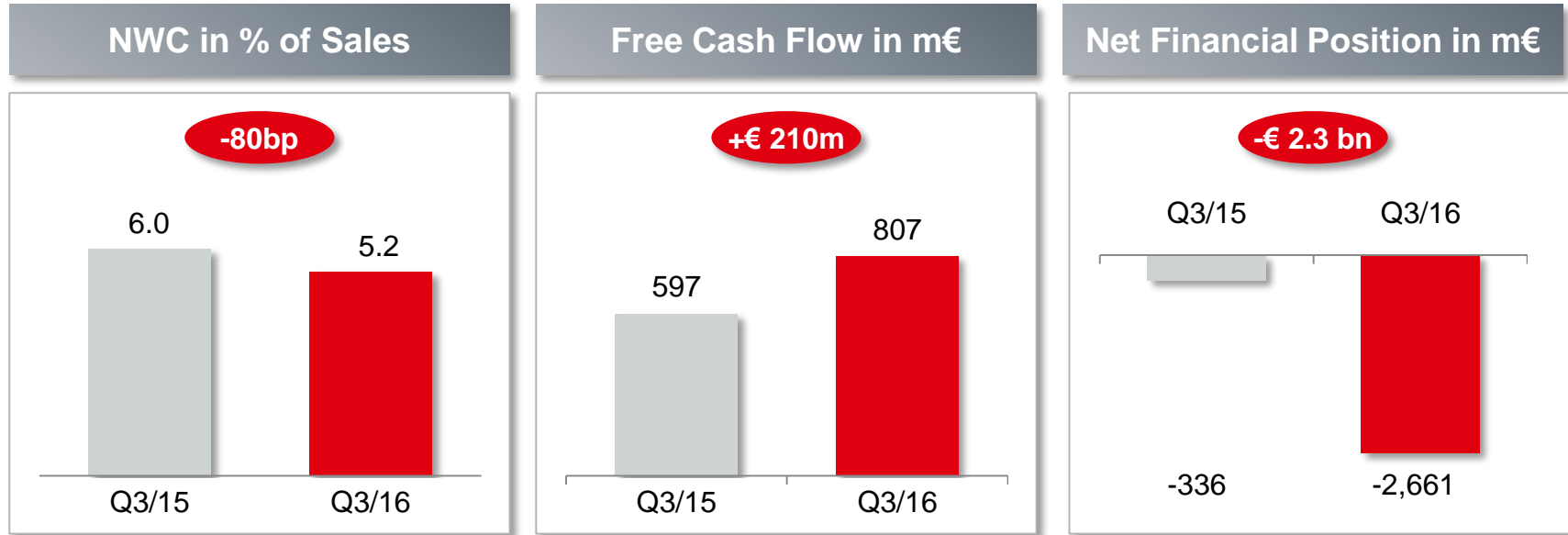
## Key financials – Q3 2016



- Margins impacted by the acquisition of The Sun Products Corporation

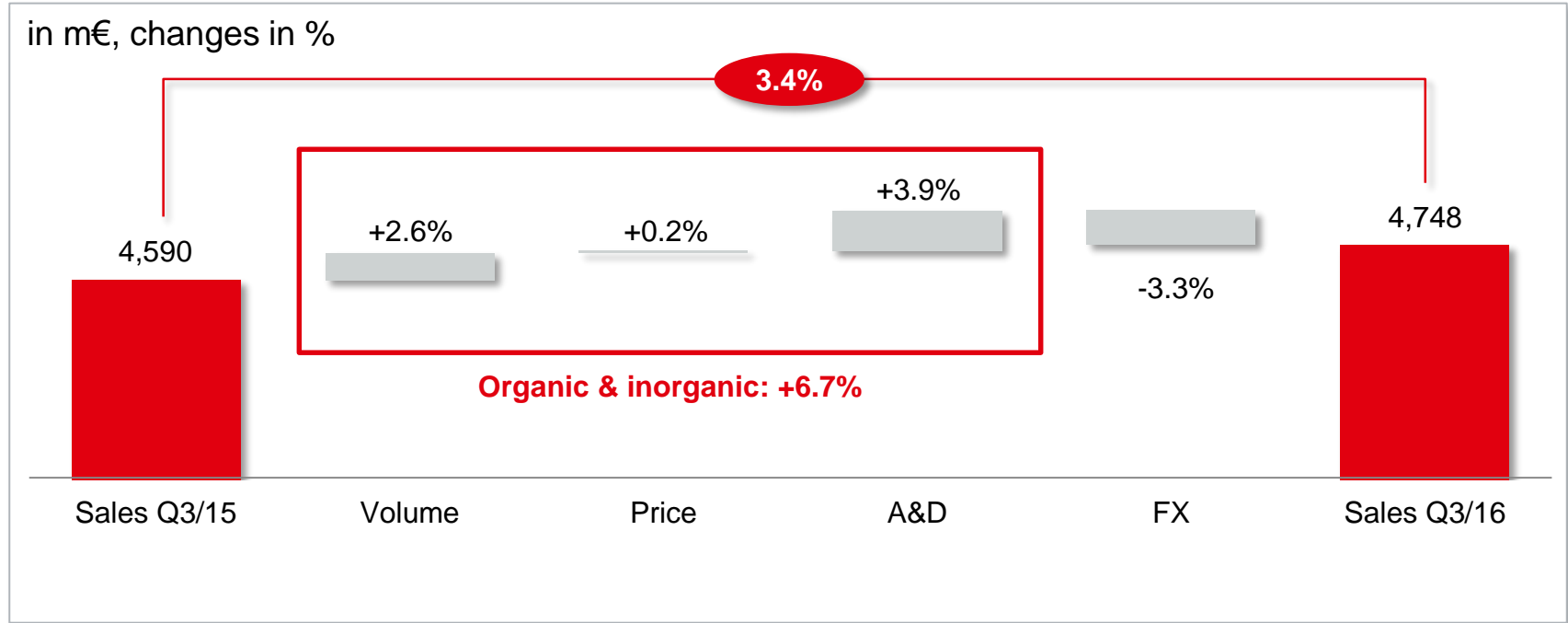
# Disciplined NWC management and strong cash generation

## Key financials – Q3 2016





# Strong organic & inorganic sales growth



## Sun Acquisition: integration well on track

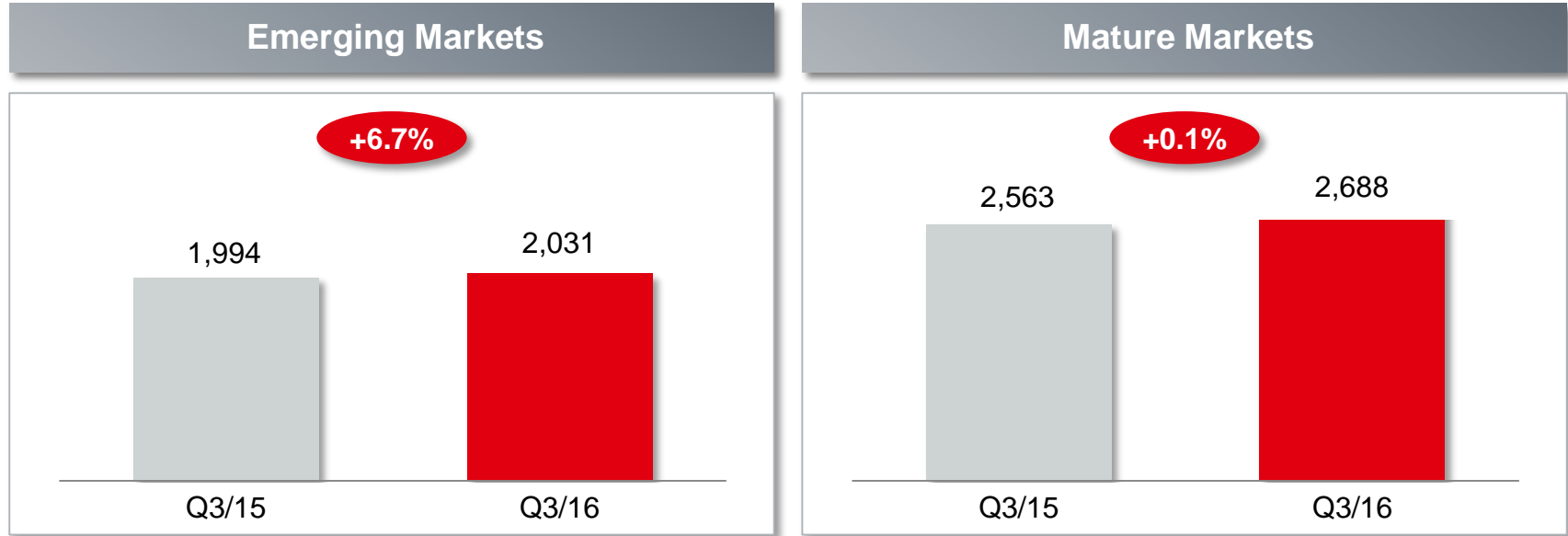
- Fast process: only 10 weeks from signing to closing
- Financing: 2.2 bn € bonds, 1.0 bn € bank loan
- Rating: A flat / A2
- Integration: well on track, 17 work-streams
- New, combined admin location: Stamford, Connecticut

## Sun Acquisition: impact on Henkel Group Financials in Q3/2016

- Compelling acquisition, adding >100 MEUR sales
- Adjusted Gross Margin & adjusted EBIT Margin with dilutive impact
- Significant impact on Net Working Capital ratio on sales
- No impact on adjusted EPS

# Strong organic sales growth in EM, positive in MM

in m€, OSG in %



- Emerging Markets sales share at 43%

# Broad based growth across regions

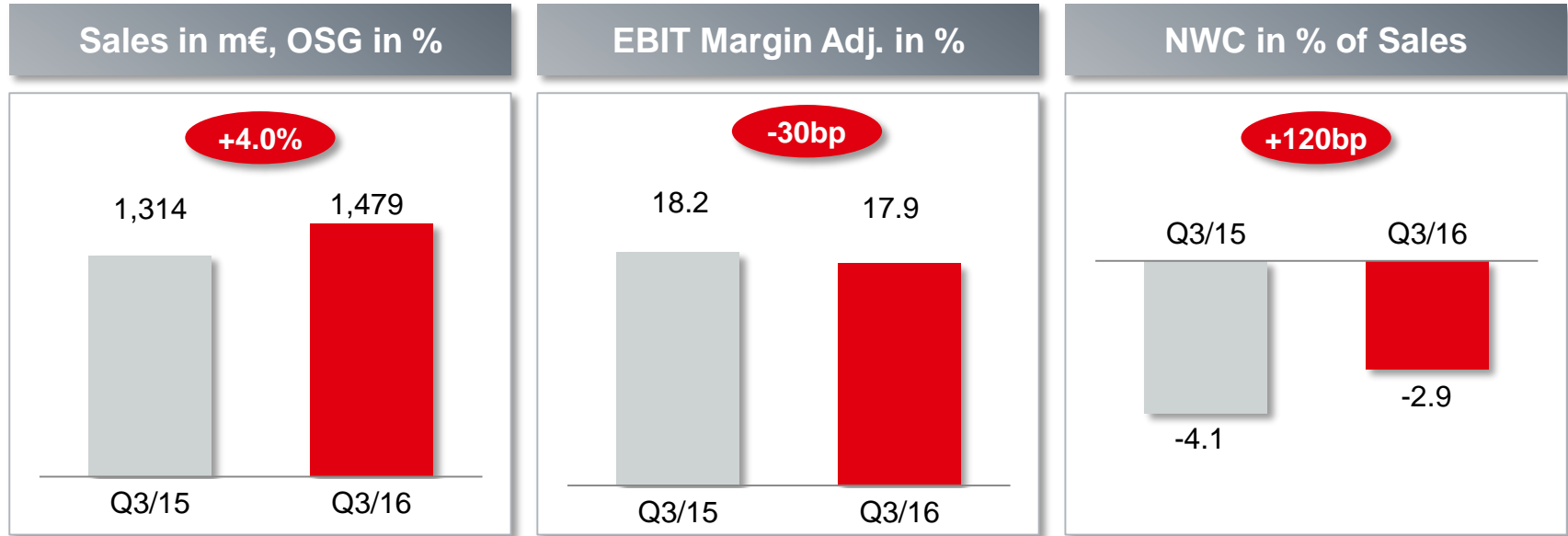
in m€, OSG in %



- Mature Markets: North America positive, Southern Europe below level of previous year
- Emerging Markets: Mexico double-digit, Russia & South Korea very strong, China strong

# Laundry & Home Care

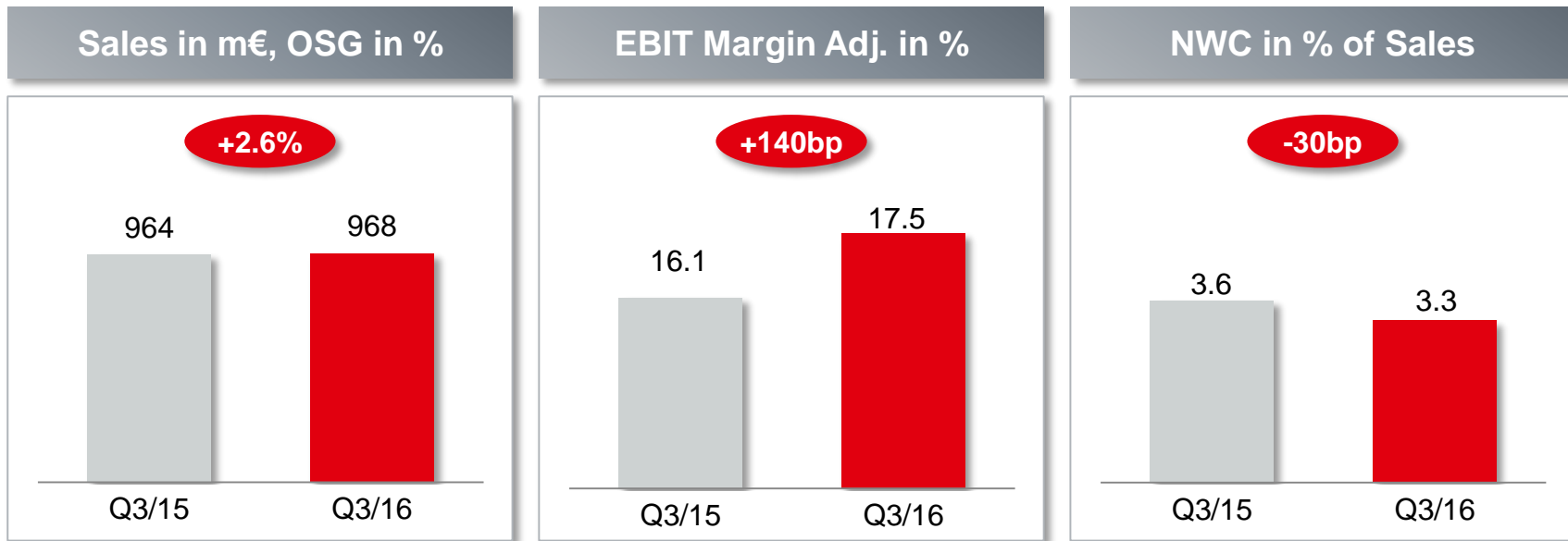
Delivering profitable growth



- OSG driven by 3.6% in volume and 0.4% in price
- The Sun Products Corporation acquisition impacts margins & NWC in % sales

# Beauty Care

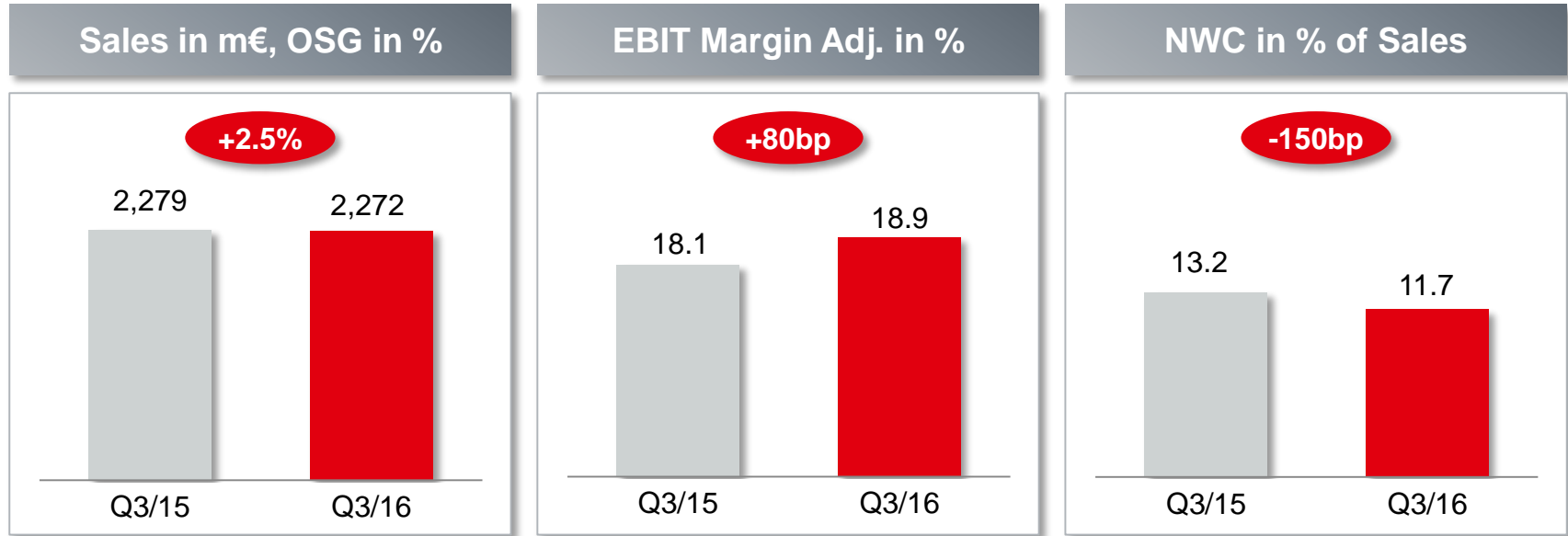
Delivering profitable growth



- OSG driven by 1.8% in volume and 0.8% in price

# Adhesive Technologies

Delivering profitable growth

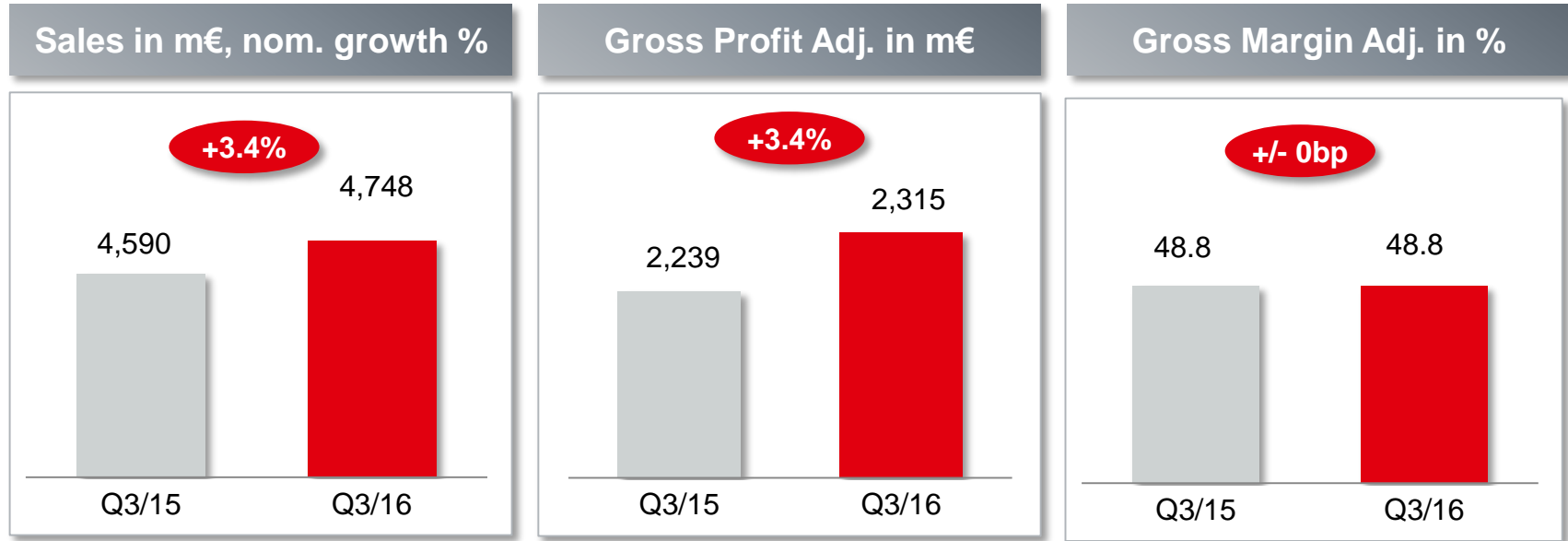


- OSG driven by 2.6% in volume while price at -0.1%

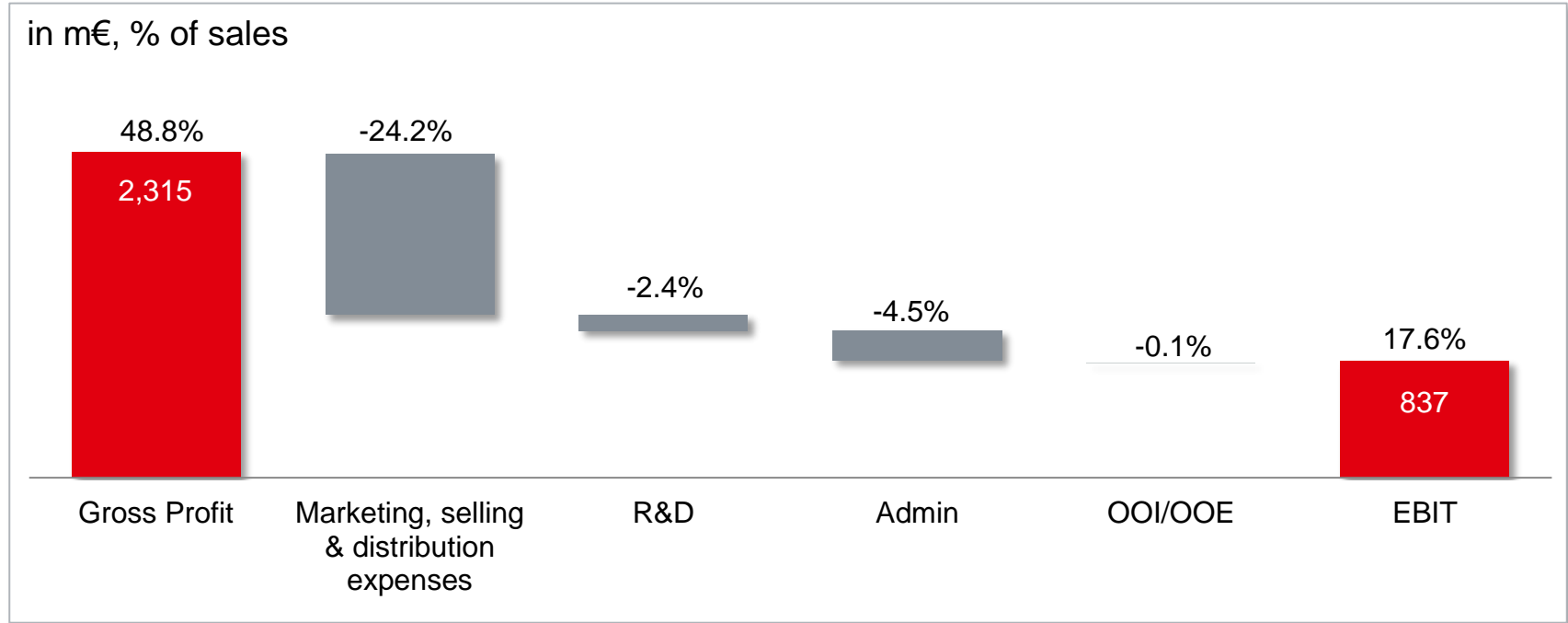


# Gross margin with stable development

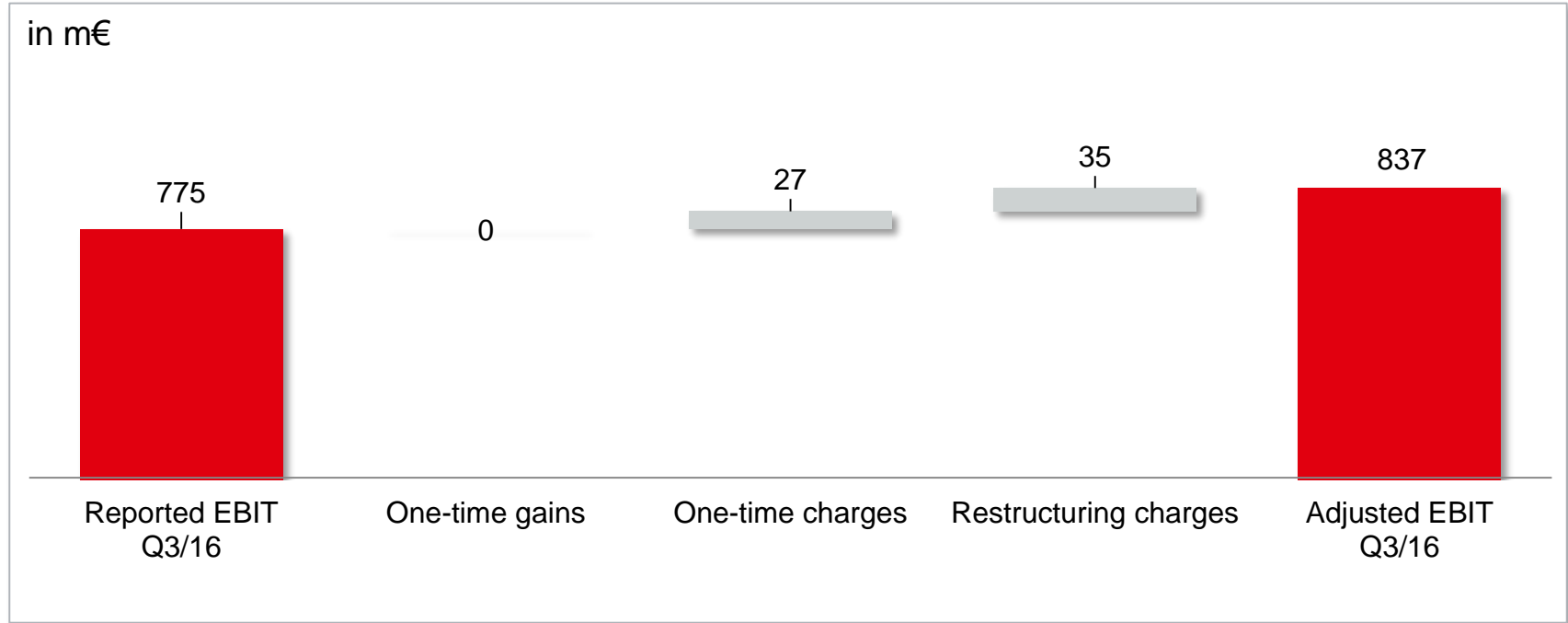
Income statement adjusted



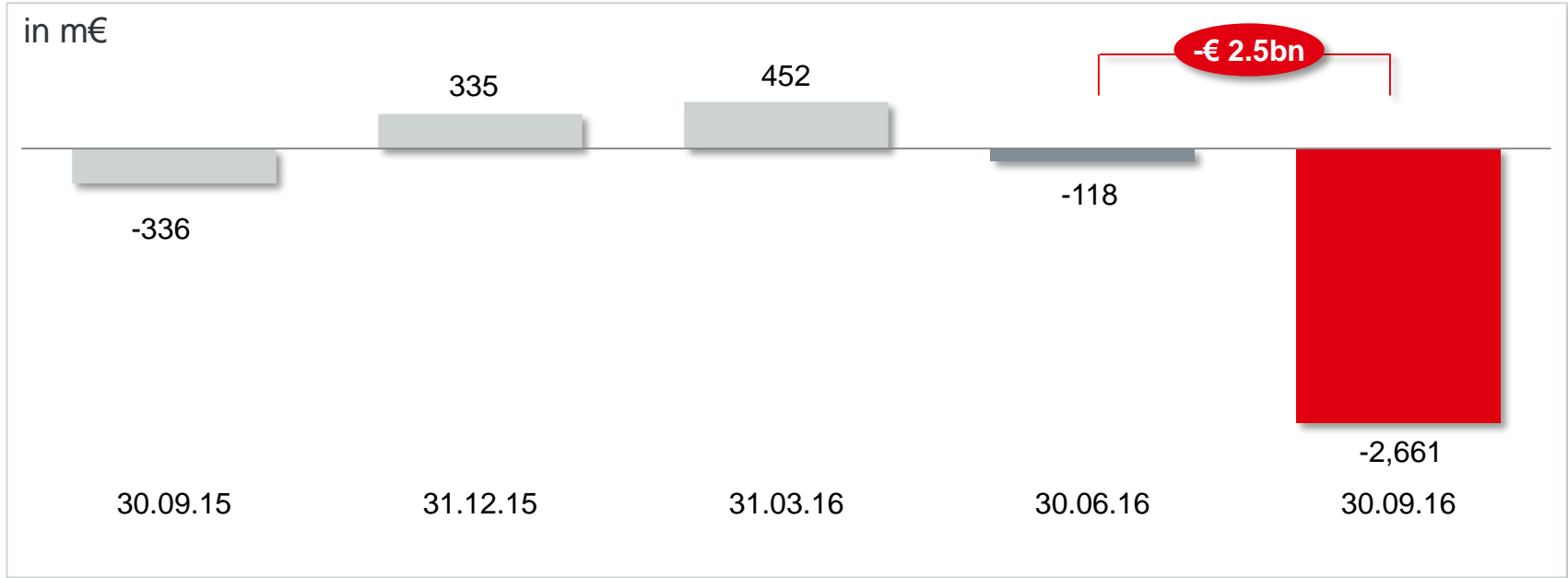
# Very strong increase of adj. EBIT margin



# Adaptation of our structures to the market



# Net financial position



# Agenda

1. Key developments Q3 2016

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**3. Summary & outlook FY 2016**

## Q3 2016 – High quality of earnings driven by strong commitment of our global team

- Strong performance driven by all business units
- Strong organic sales growth in Emerging Markets, positive in Mature Markets
- Very strong improvement in adjusted EBIT margin
- High single-digit adjusted EPS growth
- Fast closing of Sun acquisition, favorable financing, integration well on track

## 1-9 2016 – Strong performance

Sales

€ 13.9bn

OSG

+3.0%

EM sales share

42%

Adj. EBIT

€ 2.4 bn

Adj. EBIT margin

17.4%

Adj. EPS growth

+8.5%

## Continued challenging environment in 2016

- Persisting geo-political instability and macro-economic volatility
- Global GDP growth on a moderate level with slowing growth dynamics
- High volatility of some key currencies and in feedstock markets

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



## Guidance FY 2016 – confirmed

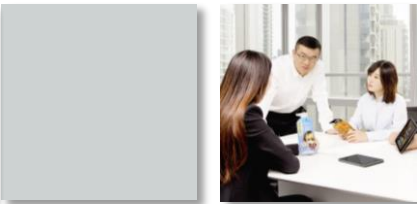
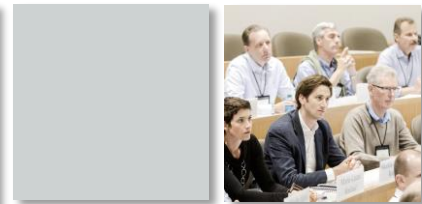
	Guidance FY 2016
Organic Sales Growth	2 - 4% All Business Units within this range
EM Sales Share	Slight decrease
Adjusted EBIT Margin	> 16.5% All Business Units above PY level
Adjusted EPS Growth	8 - 11%

**> Focus on 10% adj. EPS CAGR in 2013-2016 strategy cycle**

## Upcoming events

- November 17<sup>th</sup>, 2016      Henkel Strategic Priorities & Targets, Düsseldorf
- February 23<sup>rd</sup>, 2017      Full Year 2016 Earnings Release
- April 6<sup>th</sup>, 2017      Annual General Meeting
- May 11, 2017      Q1 2017 Earnings Release
- August 10, 2017      Q2 2017 Earnings Release
- November 14, 2017      Q3 2017 Earnings Release

Thank you

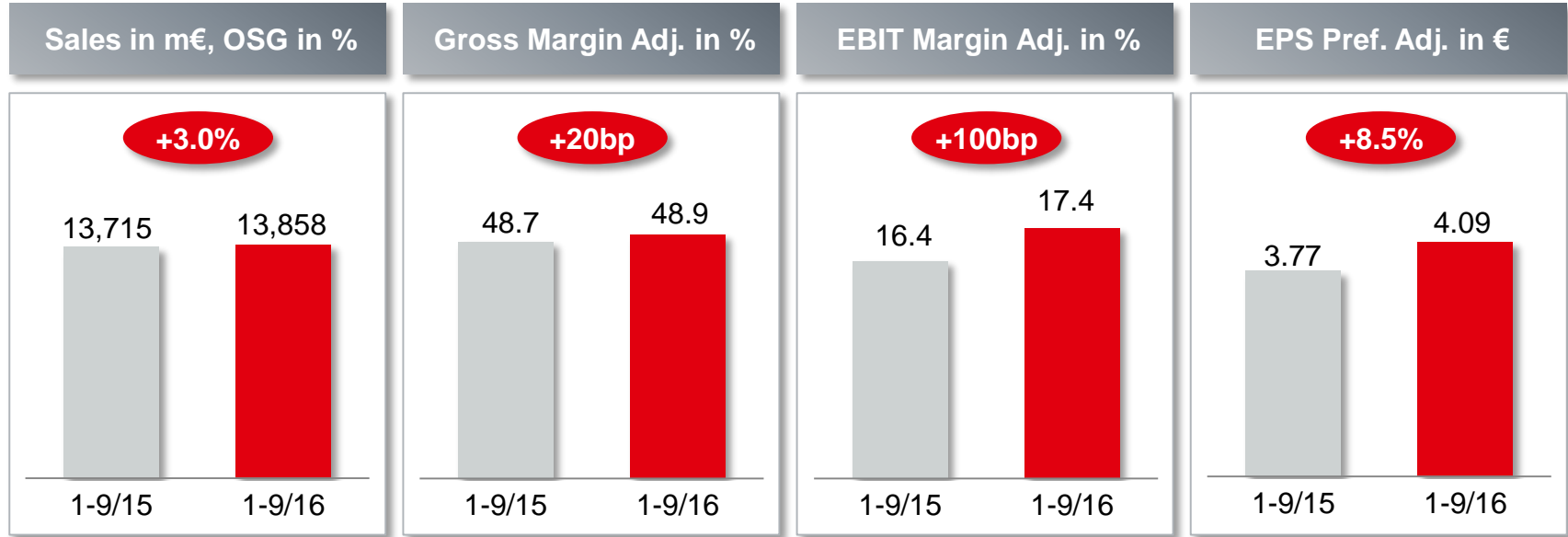


## Additional Guidance FY 2016 for selected KPIs – updated

	Guidance FY 2016 – previously	Guidance FY 2016 – updated
Prices for Total Direct Materials	Approx. at the level of the prior year	Approx. at the level of the prior year
Restructuring Charges	€ 150 – 200m	€ 250 – 300m
CapEx	€ 650 – 700m	€ 550 – 600m

# Key financials (1/2)

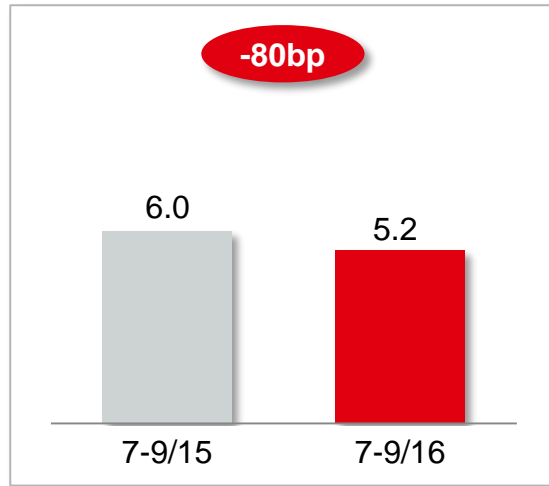
YTD 1-9 2016



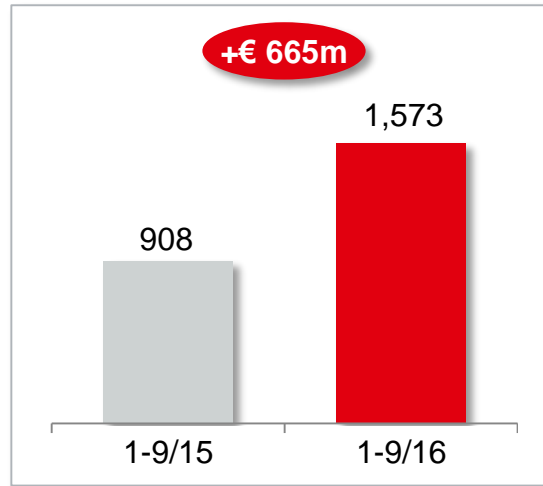
# Key financials (2/2)

YTD 1-9 2016

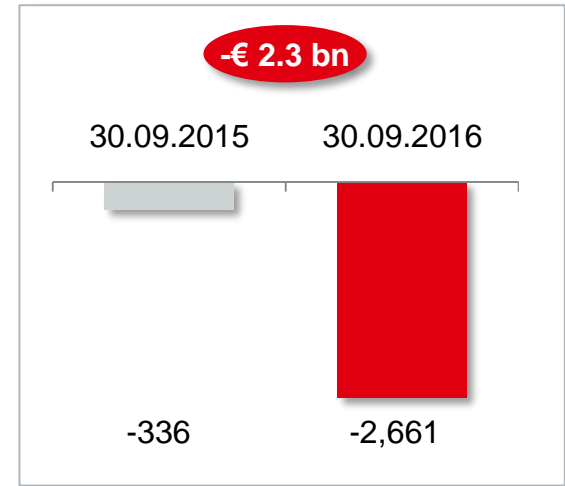
NWC in % of Sales



Free Cash Flow in m€

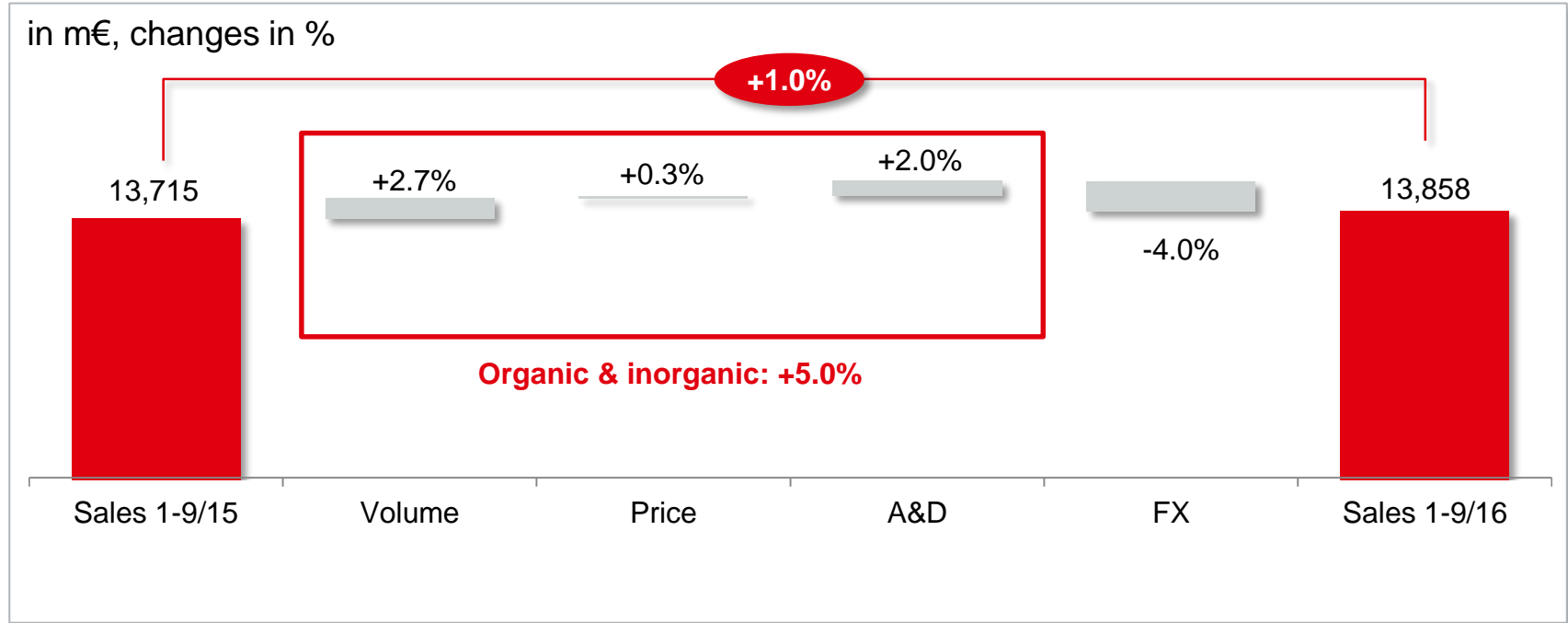


Net Financial Position in m€



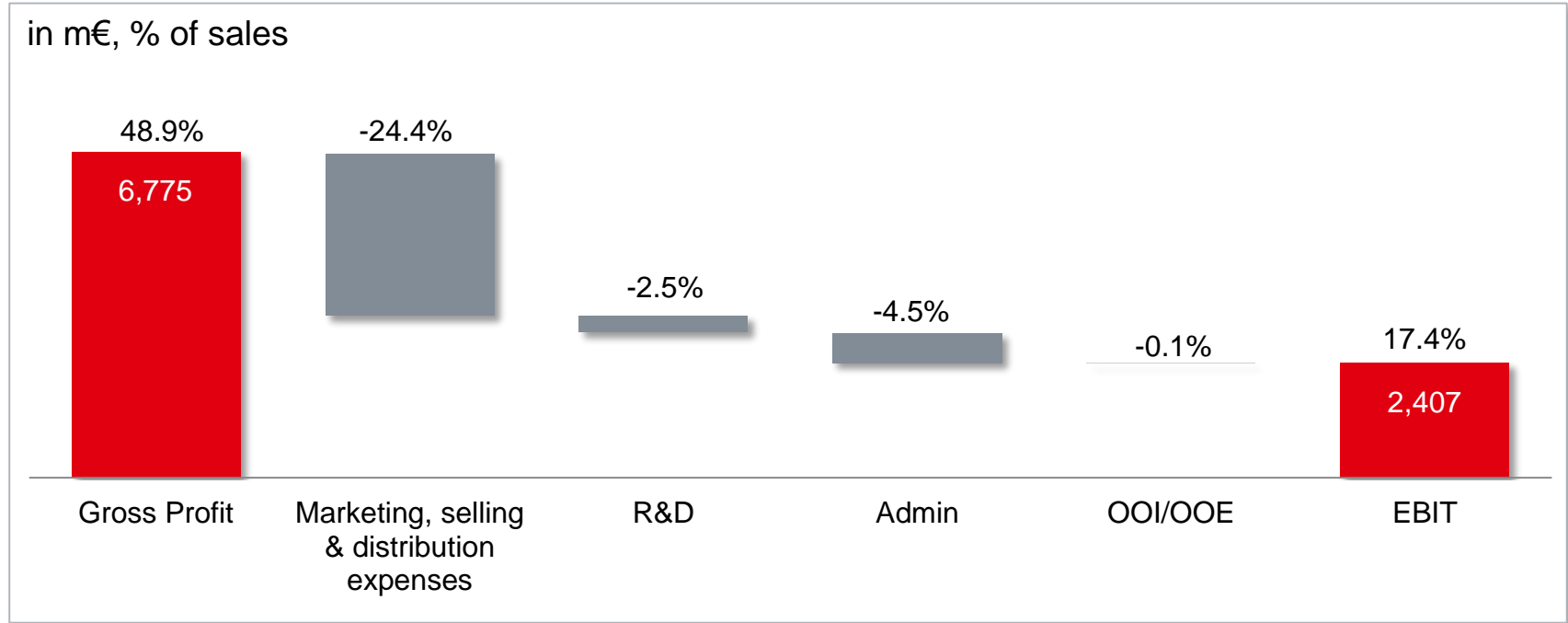
# Strong organic & inorganic sales growth

YTD 1-9 2016



# Excellent increase of adj. EBIT margin

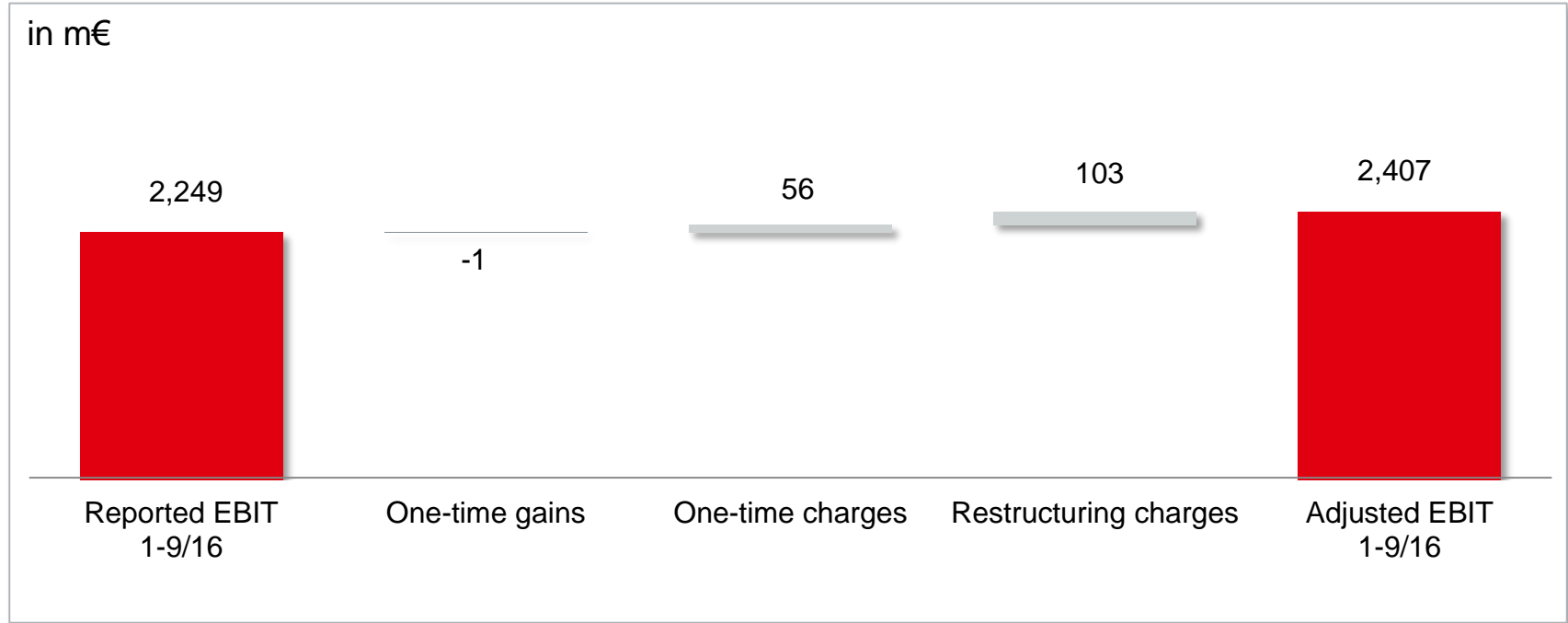
YTD 1-9 2016





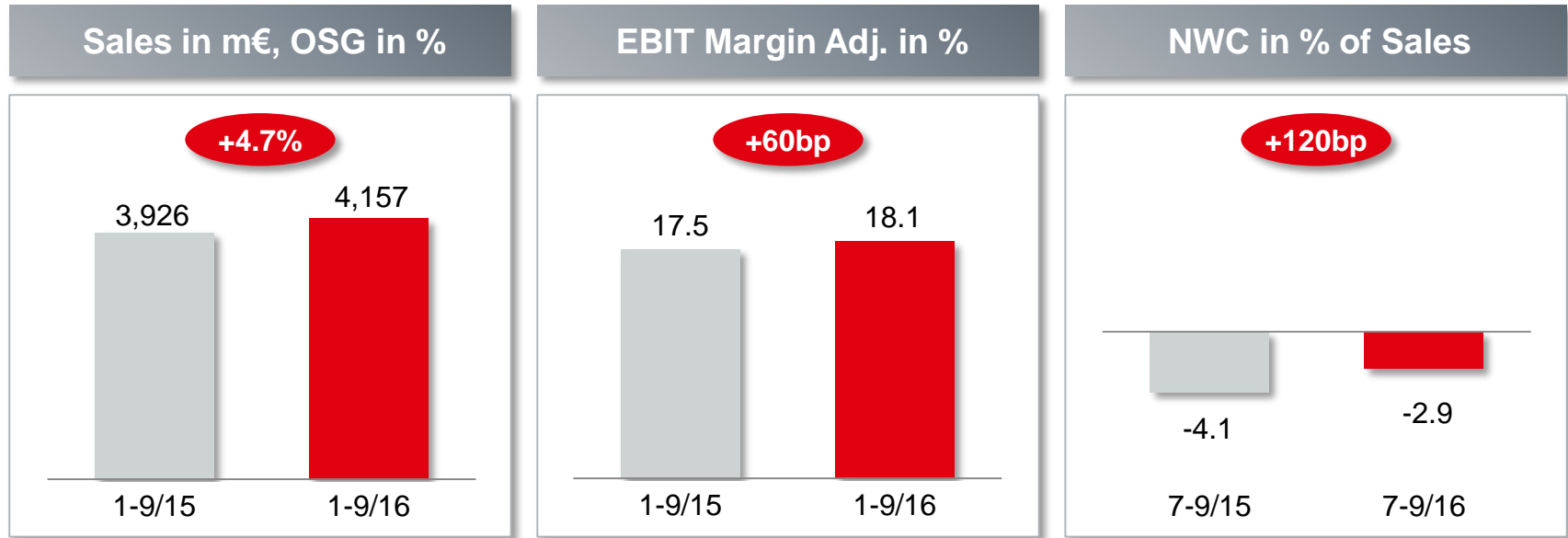
# Reported to Adjusted EBIT

YTD 1-9 2016



# Laundry & Home Care

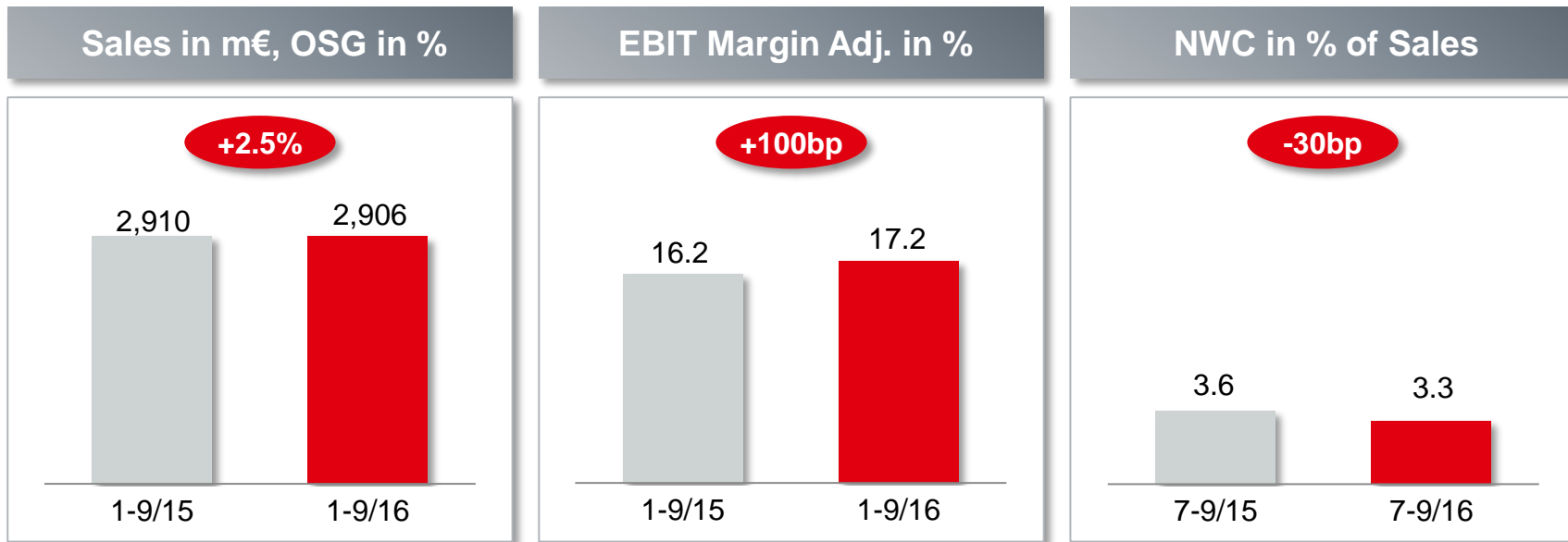
Key figures YTD 1-9 2016



- OSG driven by 4.4% in volume and 0.3% in price

# Beauty Care

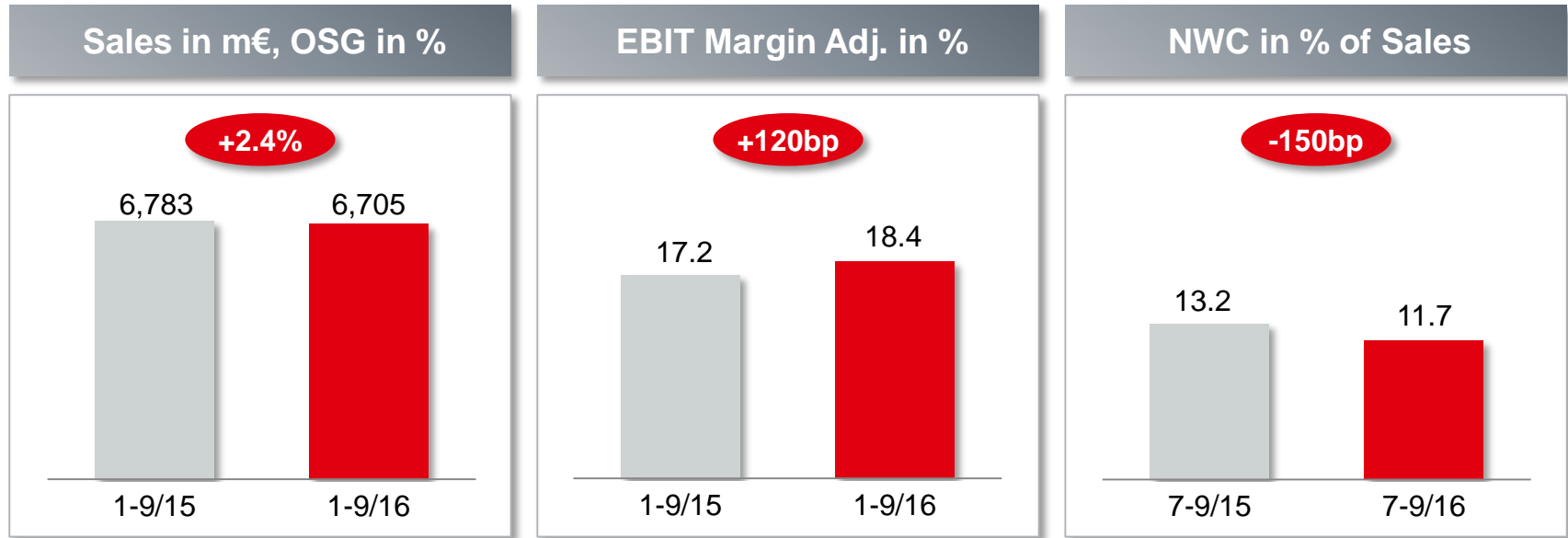
## Key figures YTD 1-9 2016



- OSG driven by 2.0% in volume and 0.5% in price

# Adhesive Technologies

Key figures YTD 1-9 2016



- OSG driven by 2.1% in volume and 0.3% in price