Commented Slides / Henkel 2020+
Investor & Analyst Conference
November 17, 2016

Participants – Henkel representatives
Hans Van Bylen; Henkel; CEO
Carsten Knobel; Henkel; CFO
& Investor Relations Team

Participants – Active in Q&A session
James Targett; Berenberg; Analyst
Fulvio Cazzol; Goldman Sachs; Analyst
Jeremy Fialko; Redburn; Analyst
Hermine de Bentzmann; Raymond James; Analyst
Andreas Riemann; Commerzbank; Analyst
Iain Simpson; Societe Generale; Analyst
Christian Weiz; Baader Bank; Analyst
Robert Waldschmidt; Liberum; Analyst
Jörg Philipp Frey; Warburg Research; Analyst
Molly Eggleton; Credit Suisse; Analyst
Renata Casaro:

Good morning from Henkel headquarters in Dusseldorf. I'm Renata Casaro, Head of Investor Relations. A warm welcome to the investors and analysts who travelled to Düsseldorf and are present in the audience, and to those who are following us online via the webcast.

(Conference Instructions)

Our event will start in a minute and the program is as follows.

Hans Van Bylen, Chief Executive Officer, and Carsten Knobel, Chief Financial Officer, will present on stage.

The presentation will be followed by a Q&A and we will conduct Q&A and presentation under the disclaimer that I will not read but we will take it as read for the purpose of this event.

I now welcome Hans Van Bylen to the center of the stage. Hans, the floor is yours.
Hans Van Bylen:

Thank you very much, Renata.

Good morning, everyone, a warm welcome here in Dusseldorf and also to those connected by webcam. A warm welcome in the name of myself and Carsten. And a big thanks for joining us and giving us the opportunity to share with you our ambitions for 2020 and also how we want to shape Henkel towards 2020 and beyond.

On September 26, we celebrated 140 years of Henkel. And last year, we marked 30 years being a listed company. Henkel has been developing throughout different decades to what we are today. We are a global leader, a real global company within the DAX, if you look at turnover outside of Germany, if you look at the numbers of employees outside of Germany, we are one of the most international, most global companies.

And also, we have been working very hard to achieve a strong and a very consistent financial performance, which also has led to the fact that now within the DAX, in valuation terms, we're for sure up there in the top 10.
And this has been driven by some key differentiators which helped us to navigate in quite a challenging and volatile business climate. First of all, we have a portfolio which we regard as quite diverse and which is quite robust. Half of our business falls into the industrial category. And the other half of our business is in the FMCG sector, our consumer business operations divided between Beauty Care and Laundry & Home Care.

We are constantly driving operational excellence. We're innovation-driven, we focus on superior execution and we focus continuously on cost improvement. We do this with a team that is passionate about what they do. And this, in turn, has consistently translated into very strong returns.

Most of you who joined us last week for our conference call saw how proud we were to announce new all-time highs with nearly all the business unit margins as well as those relating to the company as a whole at an all-time high. The return on capital employed was also at a high level for all our businesses.
And this is also why we insist on focusing on execution, on translating our priorities into action and results.

It all starts with having a clear strategy. Then you need the competencies to actually focus on good execution. In addition, we have an organization that also focuses on sustainable and consistent earnings growth.
This is also why we, our team of 50,000 employees, are led by a clear purpose, vision, mission and strong values.

Our declared aim is to create sustainable value. To create sustainable value for customers and consumers, to create sustainable value for our employees, for our shareholders and also for all other stakeholders, including the societies and communities in which we operate.

We have a vision which is to be a leader in innovation, brands, and technologies, and our mission is to serve our customers and consumers worldwide as their most trusted partner, with leading positions in all relevant markets and categories. And as a passionate team united by shared values.

We continue to extend the scope of our five values which have now been in place for a decade. Our first value goes under the heading of Customers and Consumers. Our second value is People. Our third value is Financial Performance. Number four is Sustainability. And finally, number five, our Family value, the family-owned business that makes us quite unique.
Here are the key points you will hear from us today.

Henkel, we, have a strong foundation based on a very well-balanced portfolio. We achieve excellent, consistent financial performance. We will demonstrate to you our compelling ambition to deliver attractive returns. We will demonstrate consistent capital allocation in support of this ambition. And we will show you today, a clear and an exciting growth strategy going forward.
Let me start with our strong foundation.
Firstly, we have a very well-balanced portfolio in markets which we regard as highly attractive. We drive excellent and consistent financial performance and we have a global team committed to high performance.
As indicated before, half of our business is industrial in nature. This refers to our Adhesive Technologies business unit. Beauty Care accounts for around 20% of our sales, with Laundry & Home Care providing the remaining 30%. Those numbers will change a little bit after full integration of our Sun acquisition, with Laundry taking on an importance in excess of 30%.

Regionally speaking, at the moment 43% of our business is done in emerging markets, in growth markets. And also this number will change slightly, to around 40% once we have full integration of Sun. This will also translate into North America growing to an importance of around 25%.
And we have been building our business, serving very successfully highly attractive markets. That's a strong foundation and we want to continue building strong, sustainable, organic growth. We see our markets as very attractive. Markets which show sustainable growth potential. Also markets with quite a robust profitability and exhibiting macroeconomic trends that support our activities and foster growth.

Perhaps we should talk a bit more about market robustness. Most of you were also at our Investor Day dedicated to Adhesive Technologies, when we showed how we have successfully tackled the issue of cyclicality through the balance of our portfolio structure.

We have shown that we have a great ability to win in these very attractive markets. We have been working and will continue to work to strengthen our capabilities so as to continue being successful in our markets. We have a focused and a coherent portfolio in these markets. And we have been continuously building share, driving market share expansion based on our technologies and our leading brands.
Those leading brands you know. Our top three brands now account for more than EUR 6 billion in sales. Our single biggest brand is Loctite with sales of EUR 2.7 billion. This is followed by Schwarzkopf with more than EUR 2 billion. And then comes Persil with more than EUR 1.2 billion and rising.
We fuel these brands continuously with strong and leading technologies. In Adhesive Technologies, we’re a leading solution provider with a comprehensive and highly complementary technology portfolio. In Beauty Care, we strive for innovation leadership as a challenger in our core categories. And in Laundry & Home Care, we have superior products based on consumer insight-driven innovation.
This has enabled us to build top positions across all the business areas in which we are active.

In Adhesive Technologies as an industrial business, it is hugely advantageous that we occupy and enjoy the position of a global market leader – a position in which we are unrivaled.

In our consumer businesses, as you know, it is important that we have leading positions across the countries, regions and categories in which we are active. That goes for both Beauty and Laundry. In Beauty, for example, we have a leading Hair business. We are a strong number three in Hair Coloration, and we are the number three in the Professional Hair Salon business.

In Laundry & Home Care, we are very strong and number one in Europe. We are a very strong leader in the Middle East/Africa region and in North America we’re number two now, following the Sun acquisition.
We have strengthened our portfolio in the past through compelling and high-quality acquisitions. In Adhesives, the strategic priority was to buy in technologies to further fuel our global capabilities. Examples include The Bergquist Company and, most recently, Novamelt.

In Beauty Care, we have been buying brands at the regional level to strengthen our emerging markets, for example Pert. Through the acquisition of SexyHair together with two other brands in the US, we were able to build a number three position from scratch in the professional hair salon business in the US.

And with Laundry, the acquisition of Spotless made us a leader in Europe. The Sun acquisition, as we have also been sharing with you, now makes us a very strong number two in US Laundry & Home Care.
Part of our strong foundation is also our excellent and our very consistent financial performance.
We have shown sales growth that has outperformed our active markets. Emerging markets have contributed over-proportionately to organic growth with an average of 7.1% [average growth 2013 to YTD 1-9/2016].

Nominal growth has been impacted quite significantly by FX headwinds. On the other hand, we also added nominal turnover through acquisitions, as I elaborated upon before.
Our margins have seen quite a significant increase.

And the margin increase, together with our turnover increase, leads to a consensus profit figure for this year of more than EUR 3 billion, again with all our businesses contributing.

As you also saw last week in our Q3 conference call, all our businesses have seen a quite significant margin development. Looking at this year, we also see that SG&A contributions accelerated and translate directly into bottom-line margin improvements.
Taken together, these factors have led to consistently high EPS growth.

We see here a high-quality earnings profile with the organic part of the business as the main driver. And when we say organic, we are referring to both our sales and our margin expansion.

Moreover, given that we state EPS in euro, here too we have been significantly impacted by FX headwinds.
This brings me to our performance versus the ambition which we formulated in 2016. The reality is that FX headwinds have impacted our target achievement quite significantly.

As you can see, we have posted 3.2% average organic sales growth, thus outperforming our markets. In this, we have had support also from small and mid-sized acquisitions, leading us to the [absolute] figure you have seen.

In the emerging markets, our target was an annual sales figure of EUR 10 billion. Organic growth contributed a huge 7.1% on average. There was very limited impact from acquisitions here but enormous headwind from FX. Just to give you a number, more than EUR 1.5 billion in FX headwind impacting our emerging markets growth.

But the translation into EPS is impressive: Our very strong performance is also the foundation for generating a consistently high free cash flow. The average for this period is around EUR 1.6 billion per year.

And as you know, we are still working very hard and focused on this year to get as close as possible to our 10% CAGR.
We should be able to make this happen because we, Carsten and myself, are supported by an extremely strong global team.
A team which is passionate about the business in which they operate and a team which is also passionate about creating value. And it is these people who are driving our business day in, day out.

We have a high level of diversity in our teams, not just in terms of gender but also in terms of nationalities. More than 50% of our employees work in emerging markets. And we also have a high level of diversity within our leadership teams.

It is important to state that, starting from the Executive Board, we see people as the top priority. That has always been my position. Only successful people deliver good numbers, and we take care to ensure that we always have the best people in our teams, developing them on an individual basis. We keep an eye on our talent base. We develop that talent base. And we are convinced we have a good global talent base, which helps a lot when it comes to seizing new opportunities. Our compensation scheme is based on performance.

And those components together mean that in Henkel we have a winning culture of which we can be proud.
And talking of this culture, let me now come to our new set of ambitions. We see these as very compelling.
Operating in markets that can be characterized as pretty volatile, we see four trends likely to have a quite severe impact on our activities.

Globalization is ongoing. A major part of GDP growth will continue to come out of the emerging markets. But we are also seeing far more interdependency in the associated market developments.

Digitalization is a distinct trend. We see today a quite significant impact, but we’re convinced that with the exponential rate of technology evolution, it will have an accelerating effect on all our activities.

Markets have a high level of volatility, uncertainty, complexity and ambiguity, as expressed by the acronym VUCA with which I am sure you are all familiar.

Another distinct trend is the scarcity of resources and the associated sustainability aspect. But even leaving this scarcity aside, we are also seeing an increasing awareness of the sustainability topic and the importance of social responsibility.
Within this environment, our ambitions are compelling going forward.

First of all, we want to continue generating profitable growth and attractive returns. We want to become even more customer-focused, more innovative, more agile. We want to lead digital transformation in all our business activities. And we want to promote sustainability across the entire value chain.

On the sustainability front we can, as you know, look back upon a very long tradition. We are high performers in this domain, as acknowledged by the vast majority of sustainability ratings and rankings. And meanwhile within Henkel, we have more than 9000 so-called sustainability ambassadors, people who have volunteered to undergo training to enable them to share and further develop our ambition in this wide-ranging field.

We also intend to advance our portfolio with value-adding acquisitions.
Let me now come to our financial ambition for 2020.

The fact that we are keen to state and share a financial ambition is a reflection of both our confidence and the trust we enjoy. We are confident in our own ability to continue to deliver attractive returns. And we see a great deal of trust on the part of investors and shareholders in our vision and commitment going forward.

We have defined four KPIs, each of equal importance for an ongoing value generation.

Organic sales growth, adjusted EPS growth, adjusted EBIT margin and free cash flow. Our financial ambition for 2020 with respect to the top line is to achieve organic sales growth of 2% to 4%. We also want to see adjusted EPS growth of 7% to 9% and further progress in our adjusted EBIT margin with continued focus on generating free cash flow.
And to make all this happen, to realize and to deliver on this ambition, we have defined a very clear strategy with four clear priorities.
Our first priority - and the order has been deliberately chosen, starting with the upper side - our first priority is to drive growth. Then comes our commitment to accelerate digitalization. Finally, we want to increase our agility, we want to invest in growth and we want to work hard on funding growth.

Allow me now to walk you through these four different components of our strategy, giving more details and showing you the initiatives to achieve these four priorities.
Let me start with growth.
Growth means that we want to get even better and that we intend to strive for superior consumer and customer engagement. We will continue working on expanding our brand equities, establishing even stronger brands based on strong technologies. We will expand our innovation capabilities, delivering even more exciting innovation and services, and we will explore and access new sources of growth.
Regarding superior customer and consumer engagement, we want see a step change in our organization in relation to customer centricity and connecting with our customers across different levels of our organization. Myself, coming from a business unit, I see it as extremely important that it is not only sales people who connect with customers and consumers, but that we do this throughout our organization, that we ensure that all our people have the most possible face time and contact with our customers, and also our consumers.

We will also work with our top customers on intensified partnerships to develop markets and categories together so that we create real win-wins.

And we want to make our consumer journeys an even more unique experience.

And we certainly intend to capture new growth opportunities by addressing the needs of specific target groups – for example, the millennials or the growing middle class in the emerging markets.
This will, of course, tie in with strengthening our leading brands and technologies.

We will also be focusing our investments more on our top brands, strengthening their equity. We want the top-10 brands share, which today is around 60%, to increase to 75%. And we want to continue to create competitive advantage by capturing new technologies which we will then link with and use to fuel our brands. And we also want to see more customized solutions, especially in our industrial business.
We will work to be even more exciting on innovation, more impactful, more accretive, and also more margin accretive. And we want to increase the sales share of our top innovations.

We are constantly reinventing our innovation set-up. Taking for example Adhesive Technologies, we will bundle our technologies to have more synergies and also show more competencies to our customers by building-up our innovation centers both in Shanghai and here in Düsseldorf.

And we also have plans to further expand our product offerings with value-adding services and solutions. As an example, in our professional Hairdresser business, we provide not only the products required but also a full consultancy service how to manage a hair salon.

We have, for example, here in Germany started with a Persil service where we not only deliver the detergent, but also the cleanest, whitest and brightest sheets at home, so that people can enjoy having the best result.

In our Adhesive Technologies business, it is already today the case and we are further moving in this direction, to talk more about technical consultancy and not only about delivering a product.
And we’re also going to explore new sources of growth.

We want to grow both in our mature markets and in emerging markets, with the latter providing over-proportionate momentum.

Our aim is to occupy more white spots in our core markets. One example is our hair business Schwarzkopf, with which we were not present in the US until 2010. And we will continue launching new categories.

We also intend to close white spots through targeted and add-on acquisitions.

And we will likewise continue and strengthen our investments in start-ups, to get access to both digital technology and technologies itself, for example for Adhesive Technologies. For this purpose we will fund a corporate venture capital fund of up to EUR 150 million.
This leads me on to our digitalization ambition, our priority number two.
And in digitalization, we have three components contributing to our strategy.

The first is to drive genuine digital business. The second falls under the heading of Industry 4.0, which covers all the digital opportunities we see in our supply chain. And the third is that – as a whole company – we want to continue e-transforming our organization.
Let me start with the digital business.

We want to continue driving our digital business, meaning our interaction with customers, consumers, business partners, suppliers. We want to grow our so-called digital-driven business to a sales level of up to EUR 4 billion. And, in the consumer business, we want to step up engagement through the omni-channel approach, that is to say with mixed models, brick and mortar, e-commerce, but also with dedicated e-commerce platforms.

To show the importance, take the e-commerce business of Beauty Care in China for example, a story that we have shared with you before. Last week, November 11, we again had Singles Day. And last week, we sold more than 5 million Beauty products, making a turnover in one day of more than EUR 20 million, generated exclusively via our e-commerce platforms.

And, of course, the move into digital media is already a reality. So, building on more and more expertise, we intend to significantly move investments to this new channel.
Now we’d like to share with you our take on Industry 4.0, a topic which, in digital terms, is perhaps regarded as less relevant to businesses like ours but in which we see huge potential. Because it affects everything we do from production to delivery to the customer. It’s about planning, it’s about sourcing, it’s about manufacturing and it’s about supplying and it’s about logistics.

And through improved data integration with our customers and our suppliers we see enormous potential for new levels of efficiency and also far higher service levels for our customers. In our manufacturing plants, for example, integrated data will instantly ensure better machine utilization – as we are already seeing today. Today we enjoy far more visibility when it comes to our machines and production lines, helping us enormously to achieve a better return on our investments.

The quality of our forecasting will also be greatly improved as a result of better data and more predictive quality, and this will also help us to create better supply chain efficiency. And, as you can imagine, having much better predictive quality and demand sensing will improve our logistical performance as well.
To make this happen, we will of course also have to help our teams to make the transition, because the digital transformation is a challenge. And here we are not only talking about those people who are connected with start-ups, but rather our entire employee base, because the whole company is going to be transformed by digital.

We will be expanding our digital training program as part of our commitment to this future. We will introduce more intensive development programs and we also will work on developing our culture. By this I mean we need to adopt a true test-and-learn mind-set. To help from the organizational side here we have also decided to appoint a chief digital officer who will also help us in making this initiative more visible and in pushing through initiatives.
To further finance those initiatives, we have defined a clear policy to fund our growth. We want to invest significantly more in our business and for this we have a clearly defined program on which I will elaborate later.

Let me now come to the topic of agility. Our focus on agility comes from the realization that the world is turning ever faster, which means for a company like ours - we have more than 50,000 employees and are approaching EUR 20 billion in sales - we are in constant danger of becoming too inward-looking, with internal alignments and realignments taking up too much of our time and effort. That’s why we have deliberately placed a priority on agility.
We’re talking here about energized, empowered teams. We’re talking about becoming even faster in terms of time to market and we’re also talking about smart simplicity.
Energizing and empowering teams means that we want to foster entrepreneurship in our teams. It's also one of our values as a family company. It is important to us.

We also want to increase the decision-making authority of our teams and we want to encourage openness, more direct discussion as part of our culture and also to encourage adaptability. Then there is the constant need to adapt to changing markets. And this we will combine with continued work on our outspoken performance culture.
We want to reduce our lead times.

Take the consumer goods businesses, for example. There we have the ambition to decrease time taken from idea to market by 30%, because we see that consumers are also changing faster.

We want to anticipate consumer and customer needs more quickly. This too is enabled by digital and the so-called minimum viable product approach, building much faster prototypes and improving our launch concepts.

Launching products globally, rolling them out faster and speeding up the market penetration, will also be one of our priorities in this field.
Finally, closing the agility topic with smart simplicity:

This is about building flexible business models which can respond to fast-moving market dynamics. Again, if you take the example of Beauty Care in China, 50% of our sales is now generated exclusively by e-commerce business. As you can imagine, this represents quite a challenge for an organization such as ours and requires a huge level of adaptability. If you look at our businesses in the Middle East, which are significant in size, there too we are constantly working on business models capable of adapting to this fast-changing environment.

We also intend to keep working on end-to-end processes, optimizing workflows and further developing our already proven capability to drive the rapid integration of acquisitions and leverage the synergies that we capture.
Let me now come to our fund growth initiatives, which Carsten will also elaborate upon more in detail in a minute.
We have four initiatives here, namely value-creating resource allocation, net revenue management, working on achieving the most efficient structures possible, and continuing the rollout of One! Global Supply Chain. Before Carsten goes into more detail on these aspects, let me give you a view on what we mean by these concepts.
Value-creating resource allocation means that we want to further optimize the way in which we approach costs. We want to avoid the pitfall whereby the past determines the future in terms of cost management. With the world changing so quickly and with our priorities also changing accordingly, we also want to be sure that we allocate our costs, including our investment expenditures, to those activities offering the best returns.

Here we are talking about improving budget allocation to those operations and activities capable of creating most value, and also reinvesting our funds where we see the most growth potential.
Net revenue management relates to increasing the efficiency of our promotion investments, also in collaboration with our trade partners. We want to create win-win situations based on better differentiation.
And achieving the most efficient structures possible means that we will continue to transfer activities and processes to our shared services where we already have more than 3,000 employees. But also within the shared service centers, we see further synergy potential, as we have been putting activities from different business units in those.

We will also continue to improve our footprint, both in manufacturing and in logistics, and we also look forward to leveraging further synergies from our latest acquisitions.
And, as a last point on our funding growth initiatives, we have our One! Global Supply Chain.

Here, over the next few years we will complete the global rollout. While we are always focused on efficiencies, priority number one is to ensure we offer best-in-class service to our customers. And of course, we want to capture all the cross-divisional synergies so that we can properly leverage the power of our EUR 20-billion-plus company.
Finally, I would like to close our strategy overview by reminding you of our three priorities.

Our priorities are about growth. They are about digitalization and they are about agility.

And with this I would now like to hand over to Carsten, who now will tell you a little more about our attractive returns. Carsten.
Carsten Knobel:

Thank you very much, Hans.

Good morning to everybody, a warm welcome also from me to those here in Düsseldorf, and also to those watching the webcast.
Now that Hans has elaborated on our strategic priorities and on our Ambition 2020, I would like to focus on three topics.

First of all, the question of how to deliver attractive returns. Then I will elaborate on our clear initiatives to fund growth – one of our strategic priorities – and I will close with the question of how to allocate our capital in order to support our ambition.
So, how does our model look like in order to deliver attractive returns going forward?

As Hans has told you, we intend to implement a comprehensive set of growth initiatives. The aim of our company is clearly to foster organic growth. And we have defined fund growth initiatives in order to support this. The combination of the two - to drive growth and to fund growth – in terms of our strategic priorities, will lead to three results:

Firstly, we will consistently increase our organic net sales growth in both mature and emerging markets. Secondly, we will grow our operating profit and thereby improve our adjusted EBIT margin. And thirdly, we will expand our free cash flow and thus continue to be a cash generator.

The combination of these three things will also then give us the opportunity to continuously deliver superior adjusted EPS growth. And with that we renew our commitment to excellent value creation going forward. So our model combines top-line and bottom-line performance, and this is also reflected in the choice of KPIs defining our Ambition 2020, which I will now elaborate on.
The first KPI is the organic net sales development. We aim to grow our organic sales on average between 2017 and 2020 in the range of 2% to 4%. Each of our business units has transferred this strategic priority into a growth action plan. You have heard from Hans that one of the initiatives is to grow our digitally driven business to more than EUR 4 billion.

Another priority is to leverage our market positions where we operate with Beauty Care, Laundry & Home Care and Adhesive Technologies so as to further expand our market shares. And lastly, in terms of our regional development in the emerging and in the mature markets, we see an over-proportionate contribution coming from the emerging markets.
With that, let’s take a look at the second KPI, EPS. We aim to grow adjusted EPS per preferred share from 2016 to 2020 in the range of a CAGR of 7% to 9%.

To give you more detail on how we intend to achieve this: First of all, our organic performance in terms of both the bottom and the top line remains key.

Our active portfolio management and acquisitions will also play an integral part of our strategy. By that I mean that small and mid-sized acquisitions are included as part of the ambition of a 7%-9% CAGR; major acquisitions are not included.

We will also continuously adapt our structures to market requirements, as you are used to us doing, and of course this will be also reflected in ongoing restructuring charges.

Foreign exchange impacts are included in this range of 7% to 9%. Of course, there is no way we can control FX, but we do have a global presence and we have decided to deal with that variable, going forward.

Share buyback is not included. We do not consider this to be a strategic lever going forward.
Now, moving to the third KPI, adjusted EBIT margin, which we aim to continuously improve by focusing on three levers.

First of all, driving continuous improvement in our gross margin: Among other topics, we will do so by our active portfolio management and by that focusing on higher margin businesses.

Secondly, optimizing our SG&A expenses. I will come to that a little bit later when I talk about our ‘fund growth’ initiatives.

And thirdly, we will continuously realize the synergies from the acquisitions we are doing. I think we have shown that we have a clear ability and a proven track record in quickly integrating acquisitions once made. And this will also then assist in the continuous improvement of our adjusted EBIT margin.
The fourth KPI is free cash flow.

Hans mentioned this and you have also observed this over the last couple of years. We have an excellent track record in cash generation. The average over the last few years has been roughly EUR 1.6 billion per year. And we will certainly be focusing on expanding our free cash flow continuously within the timeframe 2017 to 2020.

Generating operating profit is, of course, essential in this. Secondly, we also would like to further improve our net working capital. In terms of net working capital, in all our business units we are best-in-class, but we want to improve further below the levels where we currently are.

We also intend to continuously invest in our company and I will come to CapEx later on. But you should also take into account that we have an asset-light structure, which will also support us in generating cash.
So, in summary, we have defined four KPIs within our financial ambition for 2020.

Organic sales growth between 2% to 4% as an average between 2017 and 2020, and adjusted EPS growth in a range of 7% to 9% as a CAGR from 2016 to 2020. As you see, we have defined these two KPIs in a range. We clearly believe that this accurately reflects market reality and therefore that this is the best way of defining an ambition going forward.

In addition, we aim for a continuous improvement in the adjusted EBIT margin and focus on continuously expanding our free cash flow.

It is important to emphasize here that we see all four KPIs as being equally important for our company and for driving our value.
Now I come to the second part, that of funding the growth of our company. To explain what we mean by this, allow me to explain the four initiatives involved, starting with value-creating resource allocation.
Here, we want to further optimize our cost management by establishing a new approach.

The new approach consists of, in the first instance, creating even more transparency in our budgets than before. Our focus here will be predominantly on non-personnel costs. The scope of the project is global and it will be executed across all our business units and the functions.

We have already kicked-off the project in order to gain momentum as quickly as possible. We have dedicated resources to it and our current estimate is that the project will last between 15 and 18 months, with benefits already beginning to affect our P&L in the course of 2017.
Moving to the second initiative, net revenue management. Here it is all about optimizing our trade spend, predominantly in the fast-moving consumer goods businesses of Beauty and Laundry & Home Care. But also, leveraging our pricing power, primarily in the specification-driven businesses of Adhesive Technologies.

This project has global scope and is relevant for all three business units. We have already executed pilots in order to better manage our revenues. Rollout of the associated concepts across the company should take place in the course of 2017, with benefits expected to start from 2018 onwards.
While these two initiatives are rather new for us, I will come now to two initiatives which will already be familiar to you as they have been established for a couple of years now. Nevertheless, we see further potential for progress in both.

The first is related to achieving the most efficient structures possible within our company. Hans has already mentioned our shared services. We currently have more than 3,000 people working within shared services, serving both our business units and the functions. Having introduced this concept back in 2008, it is now time to take it to the next efficiency level.

There are three aspects here. Firstly, we need to consistently manage volume growth and regularly adapt our shared service structure accordingly. We have six shared service locations – five operated by ourselves, one outsourced. We want to leverage the capabilities and take advantage of new developments like automation and robotics. And, having quite quickly transferred many of our businesses' processes to that set-up, we now want to accelerate the associated synergies across the three business units.

Secondly, we also want to capture the potential from our acquisitions. To give you one very specific recent example: The synergies we’re aiming to generate from the Sun acquisition equate to more than 10% of sales going forward. The full swing of that will take us up to 24 months.

We will also further optimize our manufacturing and logistics footprint. As you know, we have already made quite good progress in this respect over the last couple of years, but we see here further potential to be realized.

As indicated, these additional benefits – on top of those where we are already working on since a couple of years – are expected to be realized starting from 2017.
The last initiative aligned to funding growth is our One!Global Supply Chain. Here it’s about the continuous execution of an already successful concept. As you know, we have successfully implemented it throughout three phases in Europe. To be precise, in January 2017 the last countries in Europe will go live.

The switch to this new platform caused no business disruptions at all, indicating a quite seamless migration of our new set-up to these different countries. So we are very confident to roll this out into other regions.

Going forward, North America will represent a quarter of our sales, so it’s an important region, and our One! Global Supply Chain concept is due to be implemented there in 2018.

We will also leverage the synergies relating to that across the business units and the functions. First benefits in this respect will already be realized in 2016, but the bulk of the savings will start to be recognized in our P&L from 2017 on.
With that, I come to the last part of my presentation, which deals with the question of how to allocate our capital in support of our ambition. As already pointed out, we have been driving our cash generation in an excellent way over the last years, creating a strong balance sheet in the process. Also, even after the acquisitions we have made over the last few years, we still have significant balance sheet optionality going forward. This, combined with our clear ambition to further drive excellent free cash flow expansion, will enable us to create strategic flexibility going forward.

We see three components, or three options, in our focus going forward, namely investments, acquisitions and dividends, which I will now elaborate on with a little bit more detail, starting with investments.
We're planning to increase our capital expenditures by roughly 50% within the strategy cycle of 2017 to 2020, raising the figure to EUR 3 billion.

The majority of these investments are there in order to support our growth initiatives, our innovations, our infrastructure and our IT. Moreover, you heard about our strategic priority of digitalization. That too will certainly be a focus for our investments.

And, as Hans mentioned, we will launch a venture capital fund of up to EUR 150 million in the course of 2017.
Secondly, acquisitions.

Besides focusing on the organic part and the organic development of our sales, we also regard acquisitions as an integral part of our growth strategy going forward. We would like to strengthen our businesses, both in their core but also in adjacent categories, and both in the mature and the emerging markets.

You know from us that we adopt a disciplined approach to acquisitions. We will not change that. There are three criteria which are important when it comes to acquisitions: the availability of targets, financial attractiveness and the strategic fit to our three businesses. And, from a financing point of view, we are committed to a solid, single-A rating going forward.
Coming now to the last part, which is cash returns, and as you can see here, we are focusing on dividends. We have an established dividend policy in a range of 25% to 35%. Given our strong earnings profile, we will consistently grow our dividend payments going forward.
With that, before handing back to Hans, I would like to underline three things.

First of all, we have defined a clear financial ambition to deliver attractive returns, with four equally important KPIs going forward. There are also clear initiatives we are working on in order to fund the growth and in order to also accelerate our organic top line growth in the future. And, finally, we have a consistent capital allocation, focusing on CapEx, investments, dividends and acquisitions in order to support this ambition.

Thank you. And with that, I hand back to Hans.
Hans Van Bylen:

Thank you, Carsten. So, let me now offer a summary and some closing remarks before we dedicate time to Q&A.
We have now shared with you a compelling ambition for Henkel and Carsten elaborated in more detail on that. We want to continue to generate profitable growth and to generate attractive returns. We want to become an even more customer-focused, innovative and agile company. And we want to lead the accelerating digital transformation in all business activities. We want to continue to promote sustainability across the entire value chain, and we want to advance our portfolio with value-adding acquisitions.
And to deliver on this ambition, we have defined a clear strategy with four clear priorities. Priority number one is to drive growth, number two, to accelerate digitalization, number three, to increase agility, and number four, to invest and to fund growth.
And those four initiatives, combined with our five values – customer and consumer, people, financial performance, sustainability and family business – together with the right attitude of our dedicated employees, our strong team, makes us confident that we will deliver upon that ambition.
These are the points which we shared with you today. Henkel has a very strong foundation, based on a well-balanced portfolio. We have a proven track record in delivering an excellent, very consistent financial performance. We want to continue that. We have a very compelling ambition to deliver attractive returns. We will have a very consistent capital allocation to support this ambition, and we have a very clear and exciting growth strategy going forward.

With this, I would like, first of all to thank you again, for joining us today, for allowing us to share all this with you. And of course, I would also like to give a big thank-you to everyone who has helped to organize this event. So many thanks, and now we can focus on your questions.

So now let us open the Q&A. Thank you very much.

**Q&A Session (p. 1 / 11)**

**Renata Casaro:** Thank you, Hans. Thank you, Carsten. We'll now open the Q&A. Thank you for asking one question at a time, so that many people can participate. First question from James Targett, from Berenberg.

**James Targett:** Hi. Good morning. My question is, just looking at the outlook for margins, which I appreciate you haven't given any quantitative guidance for that. But obviously in terms of the upside that you see, could you maybe talk about, from a divisional basis, which divisions could be the main contributors? And whether the primary contribution's going to be the mix of the high margin businesses that you mentioned, or more about the cost efficiencies that you outlined? Thanks.
Hans Van Bylen: Yes. Many thanks for the question. Perhaps, Carsten, you can give a little more detail. I can answer more in general. So, the ambition which we formulated relates both to growth and to margin development, and which is valid for all our businesses. So, our ambition is that all our businesses will continue as they have been doing up to now, to also contribute to our value creation, which, within this context, means both growth and also further margin.

And also, thank you for your comment pointing out that a margin, of course, has a lot of different components in it – FX, raw materials and so on. Therefore our focus on improving margin, because the math between 2% and 4% and 7% to 9% will mean that indeed we will need to increase our margin.

Perhaps, Carsten, you can elaborate more on the different components?

Carsten Knobel: Yes. But, James, the bulk has been said by Hans. We do not quantify because of the different factors which are in the mix – and because it is difficult to predict them over the next four years. M&A is also an important factor, one that can and will impact the numbers. Then you have our portfolio management approach which will for sure lead to higher margin businesses, and that is something that will also have an impact.

But M&A is something which we cannot foresee at this point. You see there may be acquisitions with a higher margin and others with a lower margin. As you know, it is very difficult to plan M&A, which is one of the reasons why we have offered a direction and not a quantification for the bulk of the factors involved.

Renata Casaro: Next question from Fulvio Cazzol, Goldman Sachs. Fulvio?

Fulvio Cazzol: Yes. Good morning. I was just wondering how we should interpret the combination of your organic growth guidance being broadly in line with what you’ve delivered over the past few years and yet you have a 50% hike in CapEx. Is it just becoming more expensive to grow in the current environment? Or are you setting up the business for growth acceleration beyond 2020? Thank you.

Hans Van Bylen: Carsten elaborated on our approach to CapEx. In the upcoming four years, the direction is to increase CapEx from EUR 2 billion to EUR 3 billion. Of course, like Carsten said, we have some initiatives which for us are crucial to continue the successful development of our company.

If you take digitalization, for example, it's clear that CapEx will be a crucial element to continue our successful development in digital. We also talked, for example, about innovation centers. That also will be a focus point for CapEx. And, in general, of course, we see growth ambitions which will lead to and be supported by capacity expansion.
Q&A Session (p. 3 / 11)

So, these are different components, but some special ones like digital, like innovation capabilities, where we do see the need to continue to invest for sustainable value creation.

Renata Casaro: Next question from Jeremy Fialko, Redburn.

Jeremy Fialko: Thank you. Good morning. Jeremy Fialko. If you don’t mind two questions, but one of them is a very short. So, the first one is, can you clarify whether you are assuming that foreign currency will be a net headwind over the course of the next four years?

And then second question is, can you talk in a bit more detail about the savings that you’re getting from the ONE! Global Supply Chain? Just talk a little bit about some of the, let’s say, the cost buckets which are being helped through the ONE! GSC initiative. Thanks.

Hans Van Bylen: I'll take the short question, Carsten will take the long one. Yes, the short question on FX, I mean, it’s clear that, first of all, we do not define either guidance or ambition level on FX because, like all of you, we learned that it is completely unpredictable.

Carsten Knobel: So, I think to find somebody now, a company that’s saying FX volatility is included in our EPS guidance of 7% to 9% – I think it’s quite an ambitious statement to make.

Secondly, on the savings of ONE! GSC, I told you that we had minor ones in 2016 which we will realize. The bulk will come in 2017 and onwards. And I think I already disclosed to you – I would say one and a half years ago and nothing has changed since then – that we see a low three-digit number in terms of savings coming into the company. So, nothing new on the potential, going forward.

Renata Casaro: Next question from Hermine de Bentzmann from Raymond James.

Hermine de Bentzmann: Good morning. I would like to ask a question relating to the top line please. You’ve said that your range of 2% to 4% was reflecting market reality. Can you be a bit more precise on the market growth of your respective businesses? And have you seen this growth slowing recently, which might explain the fact that you are not expecting a particular acceleration in top line in the coming years? Thank you.

Carsten Knobel: Maybe before Hans answers, to clarify here, what I said is that we decided to go for ranges because this reflects the market reality. I was not meaning that market reality is reflected by 2% to 4% or 7% to 9%. Those are two different things.
Hans Van Bylen: But to come to your question: If you would describe market reality today – you talk to peers, you talk to a lot of people – if you take consumer businesses for example, emerging market developments, growth, have certainly not been at the dynamic levels of past years. You see nervousness manifesting in price wars. And you also see the replacement of traditional retailing by e-commerce. There are a lot of factors to take into account. So, I think these are things which I'm pretty sure you would also hear when you talk to other companies in different FMCG sectors.

And, of course, when you consider industrial businesses, industrial output or GDP development, I think these are realities which describe what is happening at the moment.

Renata Casaro: The next question from Andreas Riemann from Commerzbank.

Andreas Riemann: Yes. Thanks for taking my question. It's on digital, which seems to be a big topic. So, first of all, how to you define a digital-driven business? Can you confirm it's mainly related to the consumer segments and maybe a few initiatives? Does it imply social media campaigns for your consumer brands? Maybe a bit more insight.

And I also dare asking another short one. Hans, you come from the Beauty Care division. So, would it be wrong to assume that you'll be fighting particularly hard to accelerate growth in Beauty?

Hans Van Bylen: So, let me first answer your second question, because that's, let's say, the more emotional one, if you like. For me now being in my new position, I see all businesses as having the same opportunities. And, of course, as a Board we are committed to driving all businesses forward. I also am very delighted that we now have someone with fresh eyes looking after the Beauty business. I think we're moving forward pretty rapidly in respect of all our businesses.

Coming back to digital because it is indeed a big topic. And the question of how you define digital turnover is very, let's say, debatable. And for us it's also here about direction. But it's important that here we do not talk only about consumer businesses. On the contrary.

What we do see is that especially in our industrial businesses, having platforms which enable us to have immediate digital interaction is an enormous driver for potential growth. And as we are a global leader here, we have strong leadership also in digital, enabling us to win new customers thanks to them having far more efficient interaction with us. Combining turnover also with consultancy by digital means is a huge lever. So, our industrial business certainly makes up for a big part of our ambition regarding digital growth.
In consumer businesses, things are more visible to all of you. Of course, here we have the classic e-commerce retailers, the Alibabas, the Amazons. Of course, these customers are becoming more and more top customers. And the reality will also be that most probably in four years from now there will be e-retailers among our top ten customers.

On the other hand, increasingly we are seeing classic retailers make the move to so-called mixed models. And, of course, this represents a challenge. The ones I said before, quite easy to catalogue as pure digital businesses. But, of course, with our classic retailers who come with mixed models, enabling you to order digitally, with click and collect, that gives room for interpretation.

But we try here to be extremely sharp with our definitions because what is for us important is not the number itself, it is the direction and it is the importance. Because if there is major scale, this means for our organization that we have to do everything possible to capture the business.

Our China experience has also been quite an eye-opener in two directions. Beauty was very late entering China. In one respect you could say we went both too early and too late. As you know, we were very early with both Laundry and Beauty in China. We didn’t do a good job there. We exited again and we went back with Beauty five years ago. And the only option we saw then, because the classic retailers were all pretty much occupied by the competitors and all our competitors had high market share, was to open the window of e-commerce.

We were, by the way, the first to make a partnership with Alibaba – before anyone was talking about Alibaba. There is even a video expressing their pride in finding a global company to work with them. And by doing so we worked up to being market leader on brand level with Schwarzkopf. And today, China is now our number-three country for Beauty Care.

But what does this teach us? It teaches that for us it was a huge opportunity. And we went for it. We made it. But the scenario might also be similar in those countries where we are already strong, but with others doing this to us. So we are very conscious of this, because we could suffer disruption even in those businesses in which we are strong.

And that’s why for us the digital topic is so crucial, why it is a top priority shaping our people, our internal organization, our sales organization, our training, and why we are dedicating people to it. Beyond the numbers, we see it as a key factor if we want to continue winning in the market.

**Renata Casaro:** The next question is from Iain Simpson. Iain, your turn.
Q&A Session (p. 6 / 11)

Iain Simpson: Thanks very much. Just in terms of the CapEx, drilling into that a bit more, could you give us an idea as to how that’s likely to be split by division? And just whether, more generally, is this CapEx to increase capacity or to improve efficiency, that kind of step up?

And secondly, just thinking about the bridge between sales and EPS growth, presumably you’re not making any assumptions about anything unusual happening to your finance costs or your tax rate or anything. So, the vast bulk of that EPS growth is also going to be EBIT growth? Thank you.

Hans Van Bylen: Carsten, I think on the EPS composition, perhaps you can elaborate.

Carsten Knobel: So, as you know and as we have said, we see different levers supporting EPS. For sure, the most important one is organic growth delivering both top and bottom line.

And I think we have been also quite precise in providing additional information in this regard by including acquisitions, both small and midsized, as part of the equation for the EPS range what we have indicated, and also that FX is included in that same equation. Major acquisitions are not taken into account.

Iain Simpson: (inaudible, question on ambition for tax / financial result)

Carsten Knobel: Okay. We are not providing guidance on this at this point, or, we don't have any formal ambition regarding tax or financial result. But you should not assume significant changes.

Hans van Bylen: Coming back to your question on investments, again, we don't have any big differentiation between business units. But content-wise the things which we address are in fact – because that was your question – valid for all businesses. So, the step-up in investment in CapEx will be valid for all our businesses. Because what is touched, we talk about digital, which means IT – so you could say it is functional – but, at the end, it all leads to business improvement.

We talk about innovation capabilities where, indeed, we see opportunities for all our businesses. And we talk about infrastructure. Infrastructure where where we want to expand our businesses. And, of course, we want to build the necessary capacities to also be able to deliver.

And then, of course, we have the ongoing ONE!GSC. So, there will be no significant differentiation between the businesses.
Carsten Knobel: And maybe to add something here, because you were asking. Part of this is also going to be volume-driven because of certain innovations or changes in market trends. But it is also related to optimization of our footprint. As we said, we intend to further optimize both our manufacturing and our logistics footprint. And that will, for sure, also cause certain investments by bundling and combining resources.

Renata Casaro: The next question comes from Hermine de Bentzmann, Raymond James. Hermine, you're going to get your mic.

Hermine de Bentzmann: Thank you for allowing another one. Can you be a bit more precise on the white spots you've mentioned during the presentation? Thank you.

Hans Van Bylen: With pleasure. If you look at our consumer businesses in particular, the world has more white spots than we can fill. And what I mean by that is, if you take our Laundry & Home Care business, a business of which we are very proud and which delivers impressive numbers: We're not in China. We're not in India. And there are a lot of countries where we have no presence.

And that's why for us it is important; in those businesses it's all about having leading positions, be it in countries or categories. But if we look at the map worldwide, we see a similar picture for Beauty. We see a lot of countries where we are not active. Or we have countries where we are active but not active in all the categories in which we have capabilities.

And we are constantly looking at that matrix. But it is essential that we remain disciplined, because the mistake we could make is to try to fill them all at the same time. And this is a mistake, not only financially speaking, in that you are not properly focused in your investment activity, but also capability-wise in terms of your teams. You cannot have the teams everywhere around in the world and then you do all things a little bit. You would not be effective anywhere.

And that's why, with regard to our white spots, we often say internally in the Board that the most important decisions are about the things not to do. And then we go for the things which we really want and need. So we are mapping out these white spots – but please understand that this is not the kind of information we publish because it is very competition-sensitive. We have made a plan going forward that we will draw up the matrix where we can see where we have white spots, where we have opportunity, and then we assess our capabilities, because aside from the investment and the financials, we also need to assess whether we have the capabilities in relation to that country, that category, to really make the difference.

And that's how we intend to move forward. This being said, this is the organic approach. We can, of course, also fill white spots by targeted acquisitions. Those are the add-ons on which we are also working with assessments and screening.
Q&A Session (p. 8 / 11)

The white spots in Adhesives also relate to emerging technologies that we can add on to our existing ones. Or we may see certain regions where we are still less strong than we could be and that therefore we put emphasis on them.

So, that’s more or less how we look at it. I hope it gives you some flavor. For sure, this will be an important initiative going forward because in sum it represents big opportunities for us.

Renata Casaro: The next question is from Christian Weiz of Baader Bank.

Christian Weiz: Yes. Thank you very much. Christian Weiz, Baader Bank. Thank you for taking my question. With regards to M&A I understand that most of the acquisitions you will include in your growth, going forward, are a smaller round of acquisitions. But when do you consider an acquisition major or big? And was Sun a major acquisition?

Hans Van Bylen: I think your question also provides part of the answer. Looking at the last 10 years, you could say we made two major acquisitions – National Starch and Sun. And the other acquisitions which were mentioned today we see as small to midsize, to give you our interpretation.

Renata Casaro: Next question comes from Robert Waldschmidt of Liberum.

Robert Waldschmidt: Good morning. A question on the definition of attractive returns. Which is your preferred metric in terms of defining return on – specifically – return on capital?

And, secondly, are we to be thinking that that includes the fact of M&A coming into being? Or is that on a pre-M&A basis? And also could you elaborate whether it's pre- or post tax? Thank you.

Carsten Knobel: So, I think you saw at the beginning when Hans presented the long-term development of our company that ROCE was also mentioned. We see ROCE as a long-term indicator and KPI. We have now defined KPIs for the next four years. And, therefore, we think that the combination of the four KPIs which we have defined, the top line, the margin, the EPS and also the free cash flow, is the exact and right way in order to drive our company to the next level.

Renata Casaro: The next question from Celine Pannuti, JPMorgan. Celine?

Celine Pannuti: Yes. Good morning. Could you please give us a bit more detail on the potential savings from the resource allocation program and net revenue management programs? Thank you for reminding us what the ONE ! Global Supply Chain benefits are. And I think you said that most of those benefits for the two programs I mentioned would be from 2018. So, in terms of time, should we expect that most of the margin or savings would be more back-end loaded in your four-year period? Thank you.
Q&A Session (p. 9 / 11)

Carsten Knobel: Celine, differentiating between the four initiatives, we have those that have already been running for a couple of years and where we see additional progress – the most efficient structures and the ONE! Global Supply Chain – where, as I think I said, the benefits will start accruing from 2017 onwards. And then we have the other two initiatives, which I said are new.

We were also quite precise in saying that we started the value-creating resource allocation project quite early on. So, we expect to already be seeing P&L effects in 2017.

With the net revenue management initiative, on the other hand, I said benefits from this can be expected from 2018 on, when you will see something in terms of savings in the P&L.

Hans Van Bylen: But perhaps to add to what Carsten has said and to avoid any misunderstanding relating to 2017, we have a lot of other cost measures which remain ongoing. What we do see this year, and as we also reported last week, our 2016 P&L is of very high quality. Although we were all thinking we were already quite good on the cost side, it now appears that this year, 2016, will be our best year in terms of our efficiency and costs.

So, we will also continue to work on all those other levels. These initiatives are on-top initiatives to create extra funds for our growth initiatives. But you can be sure that the cost focus we have and the permanent effort to see how we can do things better and more efficiently will continue to be one of our priorities.

Renata Casaro: So, we now come to the last two questions. Joerg Philipp Frey from Warburg. Joerg Philipp?

Joerg Philipp Frey: Thanks. One question on the flip side actually of your investments. Basically, if you increase CapEx – you speak about digitalization – usually there’s also a negative P&L effect of driving e-commerce or other strategic priorities. Are you actually prepared to also have more start-up costs for launching countries or for driving digitalization and are these included in your estimates? Or would you adjust such things? Just your general view on that.

Hans Van Bylen: I think what we do see is a whole transformation of businesses. And for us it is not proven or we even do see the opposite that e-commerce, by definition, should be less profitable than traditional business. So, all the initiatives which we have taken, everything which we’ve been showing to you, translate into the ambition and the numbers illustrating that ambition. So, we are looking at all challenges likely to come together, but that is what we are here for. And that’s also why we defined our ambition in that, indeed, once we get up to full speed in these businesses, we want to be at least as good as we are today.
Concerning start-ups, we are also working on a range of different models. Carsten also briefly commented on a venture fund. Okay, taken in isolation, it's a big number, but in terms of our size, of course, it's digestible.

**Carsten Knobel:** But, to be very clear, I think we have given you a range of EPS growth of 7% to 9%. And this includes whatever we want to do apart from major acquisitions, with share buyback also not included. But the rest, start-up costs and whatever, are there. And that's the reason why we have established the priority of fund growth. For sure, certain things will cause costs to be incurred, but our aim is to offset these so that we really can invest and drive the company forward. But the 7% to 9% is doable.

**Hans Van Bylen:** And perhaps to add to this, of course, it means that we will have in the countries where we see rapidly accelerating business shifts ongoing restructuring – as Carsten also commented before. And it will mean that our organization will need to adapt even faster than in the past. And for that, of course, we plan this continuing budget on a continuous basis.

**Renata Casaro:** There will be more time for questions during the informal reception. But the last question goes to Molly Eggleton of Credit Suisse.

**Molly Eggleton:** Thank you. Will there be any special incentive or compensation structures attached to the 2020 plan on top of your normal incentive schemes?

**Hans Van Bylen:** Essentially there is no intention to fundamentally change our compensation mechanisms.

**Renata Casaro:** And, with this, the question time is over. And I hand over to Hans for the closing remarks.

**Hans Van Bylen:** So, many thanks, Renata, Carsten also, for helping me in answering your questions. Before now closing and inviting those of you present here in Dusseldorf to a small reception and before we say goodbye to the ones connected online, let me summarize what we have shown you today. You have seen that we have, we think, a very strong foundation, a strong portfolio. We have a good team. We have consistently shown excellent performance. I hope you also have noted that we are an ambitious organization. Complacency is a word which we try to ban as fast and as far as we can.

A lot of the initiatives we have explained will continue beyond the four year cycle, but number-wise our financial ambition for this period we see as compelling with attractive returns. You also have seen how we will allocate our capital in support of this ambition. And that we have a very clear and a very exciting strategy, going forward, to make it happen.
Q&A Session (p. 11 / 11)

To close, let me thank you once again for being here. But let me also say that I myself, Carsten, the whole Board and the whole Henkel team, are of course looking forward now to reporting on progress made. So I am already looking forward to the next time we meet so that we can share with you the progress we made.

Thanks again for joining us. For those who are online thanks also. And for those here we look forward now to our brief reception. Thank you.