



ADHESIVE TECHNOLOGIES

Welcome & Opening

Investor & Analyst Day 2019

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Agenda

Morning: Market & Strategy

08:00 a.m. *Reception & Breakfast*

08:30 a.m. **Welcome & Opening**

08:45 a.m. **Shape. Accelerate. Outperform.**

09:25 a.m. **Financial Performance**

09:45 a.m. **Mobility**

10:05 a.m. *Coffee Break*

10:25 a.m. **Connectivity**

10:45 a.m. **Sustainability**

11:05 a.m. **Digitalization**

11:20 a.m. **Operations and Supply Chain**

11:35 a.m. **Innovation**

11:50 a.m. **Q&A and Introduction Exhibition**

12:10 p.m. **Lunch**

Afternoon: Tangible Insights

12:55 p.m. **Discover Henkel Adhesive Technologies**

03:40 p.m. *Coffee Break*

04:00 p.m. **Customer Presentation**

04:30 p.m. **Outlook and Q&A**

05:10 p.m. **End of Conference**

Investor & Analyst Days

A tradition at Henkel

Create transparency & foster understanding of all businesses



2013

Adhesive
Technologies

2014

Beauty
Care

2015

Laundry &
Home Care

2016

Adhesive
Technologies

2017

Beauty
Care

2018

Laundry &
Home Care

2019

Adhesive
Technologies

Agenda

— | **Compelling ambition & clear strategy** —

— | Financial results Q1 2019 —

— | What you will see today —

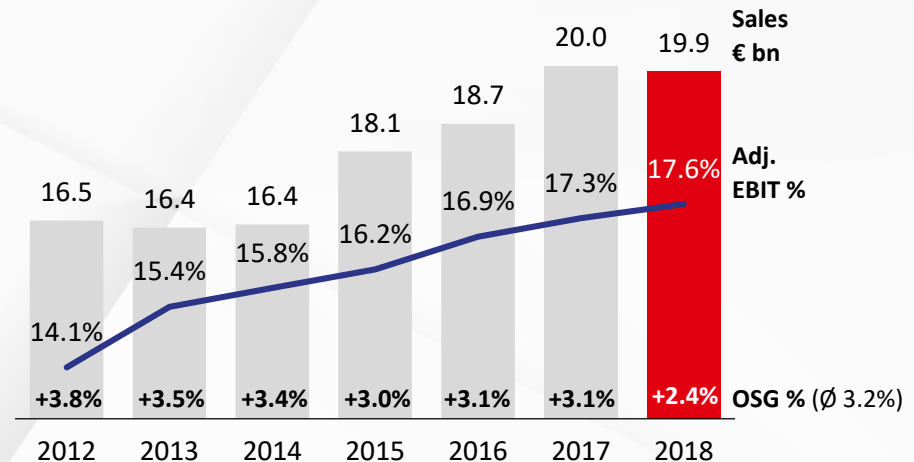
Strong, consistent long-term performance

Key financial developments

Key developments

- Good organic sales growth complemented by compelling acquisitions in all business units
- Continued improvement of Adj. EBIT Margin and new high in Adj. EBIT of € 3.5 bn in 2018
- Adjusted EPS (preferred share) up by 2.7% to € 6.01 in 2018 (+7% ex. FX), strong CAGR of 8.4%¹
- Strong FCF of € 1.9 bn and very robust balance sheet with net debt of € 2.9 bn in 2018

Sustainable and profitable growth path



¹ 2012-2018

Mid- to long-term financial ambition

Committed to sustainable profitable growth

- Achieve organic sales growth of 2-4%
 - Deliver mid to high single-digit % adjusted EPS growth at constant currencies
 - Continued focus on Free Cash Flow expansion
-
- Pursue compelling growth opportunities with superior execution
 - Maintain rigorous cost discipline and focus on margin

Implementing strategic priorities at full speed

- Generate profitable growth and attractive returns
- Become more customer-focused, innovative and agile
- Lead digital transformation in all business activities
- Promote sustainability across the entire value chain
- Advance our portfolio with value-adding acquisitions



Drive growth in Adhesive Technologies

Leverage key trends and outperform with scale and breadth of the portfolio

- **Mobility: Enabler of industry transformation**
Alternative Drives – Autonomous Driving – Lightweight
- **Connectivity: New functions & designs required**
Mobile Devices – Internet of Things – Digital Infrastructure
- **Sustainability: Drive change along the value chain**
Renewable Feedstock – Efficient Production – Circular Economy

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Key developments in Q1 2019

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT %</u>	<u>Adjusted EPS Growth¹</u>
€ 5.0 bn	+0.7%	€ 795 m	16.0%	-6.3%

- Nominal sales up 2.8% to € 5 bn, supported by positive currency and M&A effects
- Adhesive Technologies affected by slow-down of some industry segments
- Good performance of Laundry & Home Care
- Beauty Care with weak start into the year
- Adj. EBIT Margin impacted by direct material price pressure, transactional currency effects and investments
- Adj. EPS below previous year, down mid-single-digit % at constant currencies

¹ At constant currencies

Adhesive Technologies

Key Performance Indicators Q1 2019

Sales

€ 2.3 bn

Organic Growth

-0.8%

Adjusted EBIT

€ 388 m

Adjusted EBIT Margin

16.8%

LOCTITE

TECHNOMELT

TEROSON

Guidance FY 2019

Henkel Group

2 - 4%

All Business Units within Group range

Organic Sales Growth

Henkel Group

16 - 17%

Adhesive Technologies

18 - 19%

Beauty Care

15 - 16%

Laundry & Home Care

16.5 - 17.5%

Adjusted EBIT Margin

Adjusted EPS (constant currencies)

Mid single digit % below PY

Business Priorities 2019

- Return to growth in Adhesive Technologies
- Build on good start of Laundry & Home Care executing strong innovation strategy
- Reinforce growth in Beauty Care Retail, continue outperformance in Professional
- Continue to drive digitalization in all aspects
- Strong focus on cost discipline, driving efficiency and adapting structures
- Implement extra measures to improve Working Capital; expand Free Cash Flow
- Enhance value proposition of portfolio organically and via acquisitions

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What you will see today

- Global market leader with scale and breadth
- Proven track record of sustainable profitable growth
- Value creation through high-touch solution-oriented business model
- Capturing growth leveraging megatrends with unique technology and application expertise



**ADHESIVE
TECHNOLOGIES**

Shape. Accelerate. Outperform.

Thank you