FINANCIAL PERFORMANCE
Driving sustainable success
Henkel Investor & Analyst Day 2019
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Agenda

- Our development 2015 – 2018
- Our performance Q1 2019
- Outlook & key take-aways
Successful performance
Adhesive Technologies continuously improves all major KPIs

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales in € bn</th>
<th>Organic Sales Growth in %</th>
<th>EBIT Margin Adj. in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>8.3</td>
<td>+3.6%</td>
<td>15.1%</td>
</tr>
<tr>
<td>2013</td>
<td>8.1</td>
<td>+2.7%</td>
<td>16.9%</td>
</tr>
<tr>
<td>2014</td>
<td>8.1</td>
<td>+3.7%</td>
<td>17.2%</td>
</tr>
<tr>
<td>2015</td>
<td>9.0</td>
<td>+2.4%</td>
<td>17.1%</td>
</tr>
<tr>
<td>2016</td>
<td>9.0</td>
<td>+2.8%</td>
<td>18.2%</td>
</tr>
<tr>
<td>2017</td>
<td>9.4</td>
<td>+5.0%</td>
<td>18.5%</td>
</tr>
<tr>
<td>2018</td>
<td>9.4</td>
<td>+4.0%</td>
<td>18.7%</td>
</tr>
</tbody>
</table>
Our portfolio

Sales breakdown by business areas and geographies*

**Business Areas**

- Electronics: 11%
- Consumer, Craftsmen, and Building: 19%
- General Industry: 15%
- Transport and Metal: 24%
- Packaging and Consumer Goods: 31%

**Geographies**

- Asia-Pacific: 28%
- North America: 23%
- Latin America: 7%
- Western Europe: 26%
- Eastern Europe: 12%
- Africa / Middle East: 4%
- Other: 24%

€ 9.4 bn

* FY 2018
Balanced growth profile
Result of successful portfolio management

Sales in € m

2015  Organic  Acquisitions  Divestments  FX  2018

8,992  9,403

+3.9% OSG p.a.*

* Avg. growth
Strong profitability increase
Active portfolio management and continuous efficiency measures

EBIT Margin Adj. in %

+160 bps

17.1
2015
Mix
Material cost inflation
Pricing
Fund Growth Initiatives
FX
2018
18.7

Adj. EBIT CAGR: +4.7%

1,534
Adj. EBIT (in € m)

1,761
Adj. EBIT (in € m)
Price / volume development
Strong pricing offsetting raw material price increases

Recap: IAD 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.9</td>
<td>1.1</td>
</tr>
<tr>
<td>2012</td>
<td>1.8</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Δ 2015 vs 2012

Price

Volume

Today

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2.8</td>
<td>2.5</td>
</tr>
<tr>
<td>2017</td>
<td>0.4</td>
<td>4.6</td>
</tr>
<tr>
<td>2018</td>
<td>2.8</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Δ 2018 vs 2015

Price

Volume

1 Avg. growth
Profitability increase
Driving operations & supply chain as competitive advantage

Asset-light business model

Continuous optimization

Productivity improvements

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales per site</th>
<th># of sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>32 € m</td>
<td>133</td>
</tr>
<tr>
<td>2018</td>
<td>67 € m</td>
<td>141</td>
</tr>
</tbody>
</table>

Illustrative

<table>
<thead>
<tr>
<th>Business Sector</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Henkel Adhesive Techn.</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Specialty Chemical Industry</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Chemical Industry</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

CAPEX %Sales

EBITDA % Total Assets

Low

High

Low

High

2004 Acquired 101 Newly built 25 Closed/Divested -118 2018


67 € m per site

32 € m per site
Profitability increase
Continuously optimizing our structures / SG&A efficiencies

- Continuously adapt to changing market conditions
- Drive efficiencies

Focus 2018:
Consumer, Craftsmen & Building
- Focus on higher growth categories & channels
- More efficient organization

Focus 2019:
Operations & Supply Chain
- Global organizational blueprint for E2E supply chain
- Standardization and further automation
NWC level consistently outperforming peers
Maintain leading position in a volatile environment

<table>
<thead>
<tr>
<th></th>
<th>NWC % of sales</th>
<th>Peer comparison 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2015</td>
</tr>
<tr>
<td>Adhesive</td>
<td>11.9</td>
<td>11.5</td>
</tr>
<tr>
<td>Technologies</td>
<td></td>
<td>Peer 1</td>
</tr>
</tbody>
</table>

Levers for further improvement

- Implement new digital tools:
  - Improve anticipation of demand swings for inventory management
  - Targeted accounts receivable management
ROCE
Constantly high level achieved through efficient governance

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE</th>
</tr>
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<tr>
<td>2012</td>
<td>16.5</td>
</tr>
<tr>
<td>2015</td>
<td>18.4</td>
</tr>
<tr>
<td>2018</td>
<td>19.3</td>
</tr>
</tbody>
</table>

Major contributors

- Active portfolio management
- Efficient target setting
- Rigorous capital allocation
Agenda

- Our development 2015 – 2018
- Our performance Q1 2019
- Outlook & key take-aways
# Q1 2019

## Key financials

<table>
<thead>
<tr>
<th>Sales in € m, OSG(^1) in %</th>
<th>Drivers of performance</th>
<th>EBIT Margin Adj. in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/18 2,270</td>
<td><strong>Organic sales development</strong> impacted by weak Automotive and Electronics in Asia Pacific and North America, supported by strong pricing</td>
<td>Q1/18 18.1</td>
</tr>
<tr>
<td>Q1/19 2,309</td>
<td><strong>EBIT margin below prior year</strong> due to negative volume / mix effects; direct material headwinds compensated by pricing and cost efficiency initiatives</td>
<td>Q1/19 16.8</td>
</tr>
</tbody>
</table>

\(^1\) Volume: -3.7% Price: 2.9%
Q1 2019
Robust portfolio

- Aerospace
- Metal Packaging
- Food & Beverages

- Automotive
- Consumer Electronics

Less cyclical segments compensate for markets with soft demand
Agenda

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Priorities for remainder of 2019

- Focus on most attractive markets and customers to outbalance some declining markets
- Further drive gross margin improvement through pricing and savings initiatives
- Complete implementation of target structure projects to drive efficiency and adjust resources to market developments
Levers for long-term success
Continuous focus on excellence in execution

**Topline drivers**
- Leverage **megatrends**
- Innovation

**Profitability drivers**
- **Efficiencies**
- Value based **pricing**

**Digitalization**
- Exploit our **data treasure**
- Enrich **customer journey**
Key take-aways on our financial performance

- Attractive market and unique business model
- Active portfolio management as integral part of value creation
- Differentiated resource allocation supporting profitable growth
- Continuous adaptation of our structures, processes and systems