

Henkel Annual Results Press Conference

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Disclaimer

This information contains forward-looking statements which are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Statements with respect to the future are characterized by the use of words such as “expect”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, and similar terms. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and results actually achieved by Henkel AG & Co. KGaA and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Henkel's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Henkel neither plans nor undertakes to update any forward-looking statements.

Agenda

1.

Key developments 2015

2.

Strategy 2016 – Progress in 2015

3.

Financials FY 2015 & Excellence in value creation

4.

Sustainability – Progress & new interim targets

5.

Summary & Outlook FY 2016

FY 2015: Excellent performance in a volatile environment

OSG

+3.0%

Adj. EBIT margin

16.2%

Adj. EPS growth

+11.4%

Free Cash Flow

€ 1.7bn

Acquisitions
& CapEx

€ ~1bn

Div. payout ratio*

30.2%

* Proposal to shareholders for the Annual General Meeting on April 11, 2016.

Delivering on 2015 guidance

	Guidance FY 2015	FY 2015
Organic Sales Growth	~3%	3.0% 
EM Sales Share	At prior-year level	Slight decrease*
Adjusted EBIT Margin	~16%	16.2% 
Adjusted EPS Growth	>10%	11.4% 

* Due to FX effects

Continued profitable growth



- Consistent execution of 2016 strategy
- Double-digit nominal sales growth, with acquisitions & FX tailwind contributing
- Solid organic sales growth driven by all businesses
- Strong organic sales growth in Emerging Markets
- Positive organic sales growth in Mature Markets driven by North America
- Strong increase in adj. EBIT margin
- Double-digit growth in adjusted EPS & dividends*

* Proposal to shareholders for the Annual General Meeting on April 11, 2016.

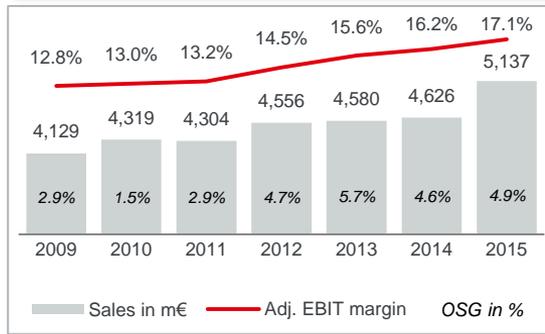
Challenging & increasingly volatile environment

- Severe geo-political and social unrest in some countries
- Moderate global GDP growth
- Lower economic growth in China, impacting demand for Adhesive Technologies



Laundry & Home Care

Solid OSG & very strong margin improvement in 2015



Sales

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

Return

- Adj. EBIT margin with very strong increase
- ROCE below level of previous year (acquisitions & FX)

Laundry & Home Care

Strengthening innovation leadership across categories

High-performance Cleaners



- Improved performance based on dirt repellent formulations
- Prevents contaminant build-up, weakens adhesion of grease stains

Perwoll Care & Repair



- 1st fiber-repair detergent by Perwoll
- Reduces fuzzing & pilling by up to 80% and effectively prevents new fuzzing & pilling of fibers

Persil ProClean



- High-performance formula, developed for US consumers
- Persil 2-in-1 recently rated #1 detergent in America by a leading consumer testing publication

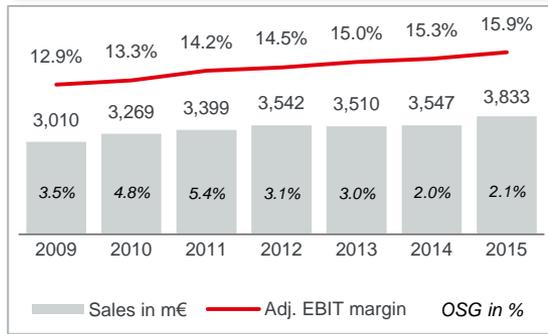


Introducing
Persil
PROCLEAN

Experience Premium Clean

Beauty Care

Solid OSG & very strong margin improvement in 2015



Sales

- Solid OSG
- Retail solid, Hair Salon positive
- MM slightly negative, North America solid
- EM very strong, China double digit

Return

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

Beauty Care

Strengthening innovation leadership across categories

Taft Ultimate



- 1st Taft range with hold level 6 for the strongest Taft-hold ever
- Formula with liquid crystal-gloss-effect for luxuriously shiny hair

Fa Magic Oil



- 1st refreshing shower gel from Fa with Micro Oil droplets
- Transparent formula providing soft skin feel without greasy residues

Schwarzkopf



- Successful launch of mega brand Schwarzkopf in retail in the US
- Recognized with multiple industry and consumer awards



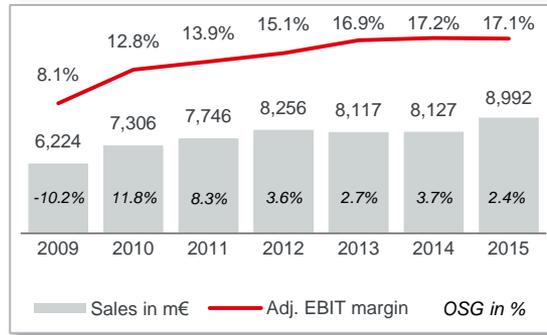
Schwarzkopf

Professional HairCare for you.



Adhesive Technologies

Solid OSG & high margin level in 2015



Sales

- Solid OSG
- All businesses growing
- MM positive, North America positive
- EM solid, China slightly negative

Return

- Adj. EBIT margin at high level, slightly below previous year
- ROCE below level of previous year (acquisitions)

Adhesive Technologies

Fostering technology leadership with strong innovations

Loctite 60 sec. Universal Glue



- 1st all-purpose glue from Loctite, repairs in only 60 seconds
- Forms strong bonds faster & allows repositioning after application

Loctite GC 10 Solder Paste



- 1st solder paste stable at room temperature
- Simplifies processes of customers, reduces energy consumption & costs

Mobile Phone Bonding



- Combination of adhesives, dispensing equipment & service
- Improves process chain for assembling mobile phones

LOCTITE®



Agenda

1. Key developments 2015
- 2. Strategy 2016 – Progress in 2015**
3. Financials FY 2015 & Excellence in value creation
4. Sustainability – Progress & new interim targets
5. Summary & Outlook FY 2016

2015: Consistent execution of our 2016 Strategy



2015: Consistent execution of our 2016 Strategy



2015: Consistent execution of our 2016 Strategy



Outperform



- Top 3 brands: € 5.9bn sales (2014: € 5bn)
- Top 10 brands: 61% of sales (2014: 59%)
- Customer focus enhanced across all channels

Globalize



- Closing of white spots in attractive categories
- Fostering online sales both in B2C & B2B
- Strengthening footprint in MM & EM

Acquisitions in 2015

Integration of 2014 acquisitions on track

Laundry & Home Care

Beauty Care

Adhesive Technologies

2014



DYLON®
Experts en Couleur



KENRA
PROFESSIONAL

ALTERNA
HAIRCARE
PURE. PROVEN. PROFESSIONAL.



2015

Cold
Power



NOVAMELT 



2015: Consistent execution of our 2016 Strategy



2015: Consistent execution of our 2016 Strategy



Simplify



- Building a scalable business model: global supply chain organization, IT focus & shared services
- Flat headcount development year-on-year

Inspire



- Henkel Leadership Forum in cooperation with Harvard Business School
- Focus on talent development in Emerging Markets

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High quality of earnings

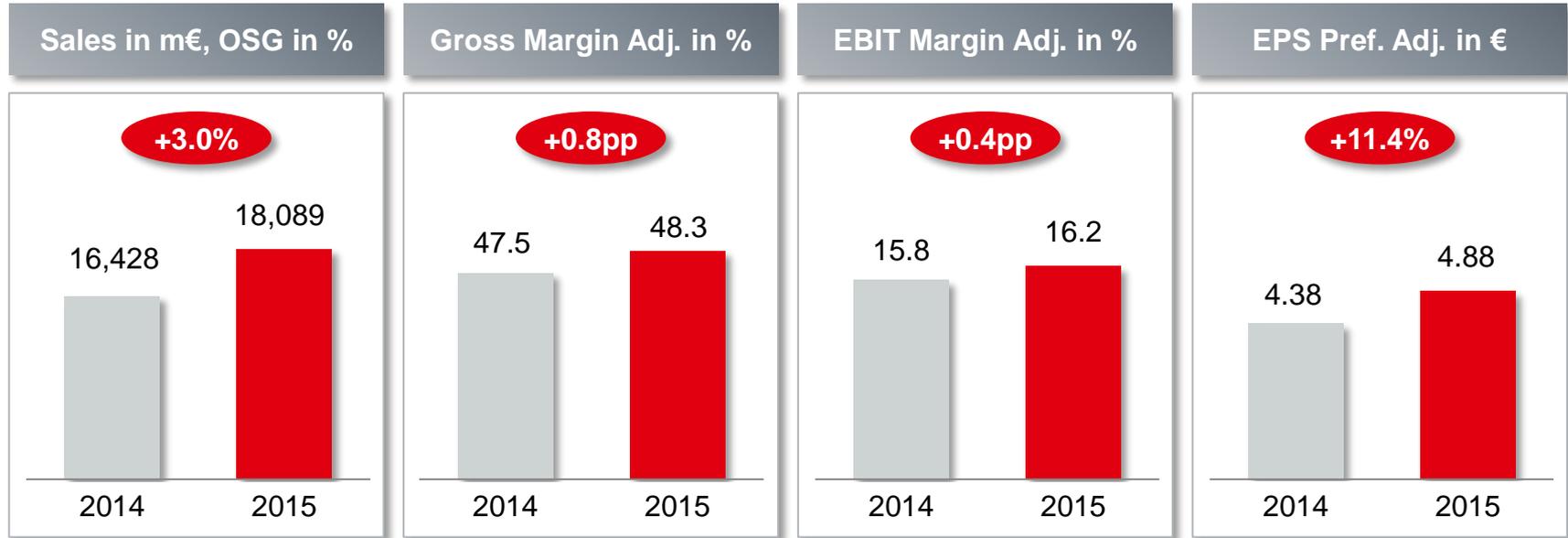
Key financials – FY 2015

- Sales increased by € 1,661m to € 18,089m (+10.1%)
- Adjusted EBIT improved by € 335m to € 2,923m (+12.9%)
- Adjusted EBIT margin rose by 0.4pp to 16.2%
- Adjusted EPS per preferred share increased by € 0.50 to € 4.88 (+11.4%)
- Net financial position improved by € 488m to €335m
- Dividend per preferred share increased by € 0.16 to € 1.47 (+12.2%)*

* Proposal to shareholders for the Annual General Meeting on April 11, 2016.

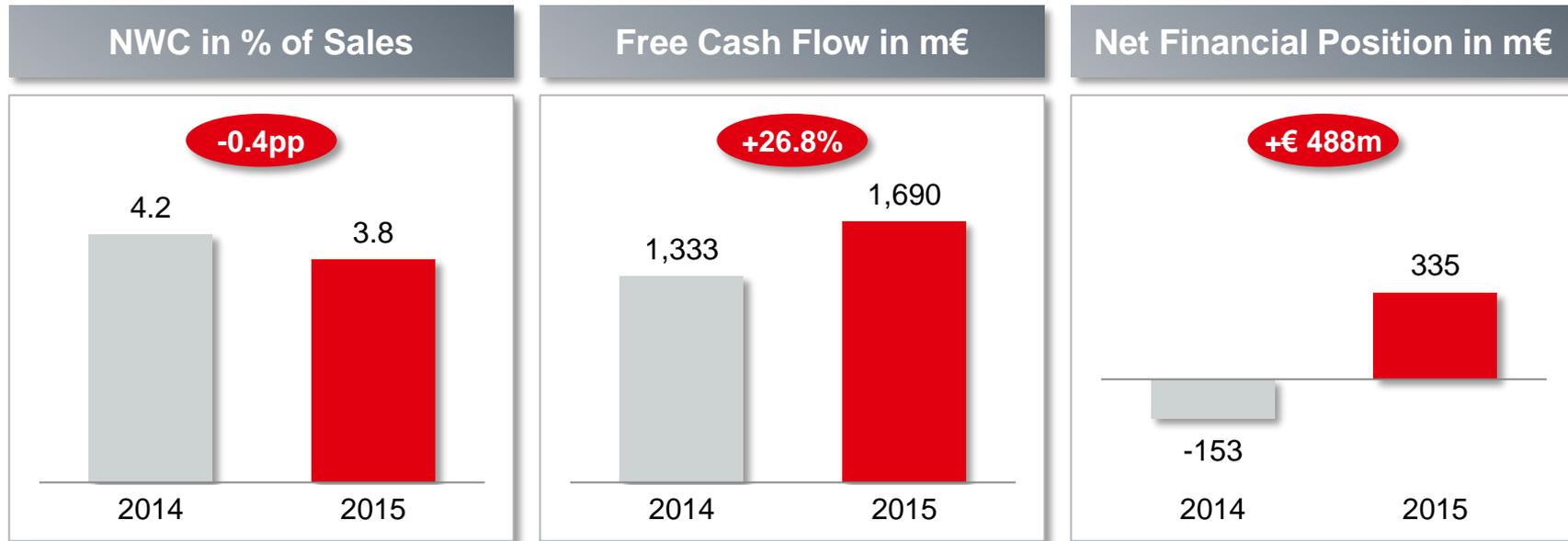
High quality of earnings

Key financials – FY 2015

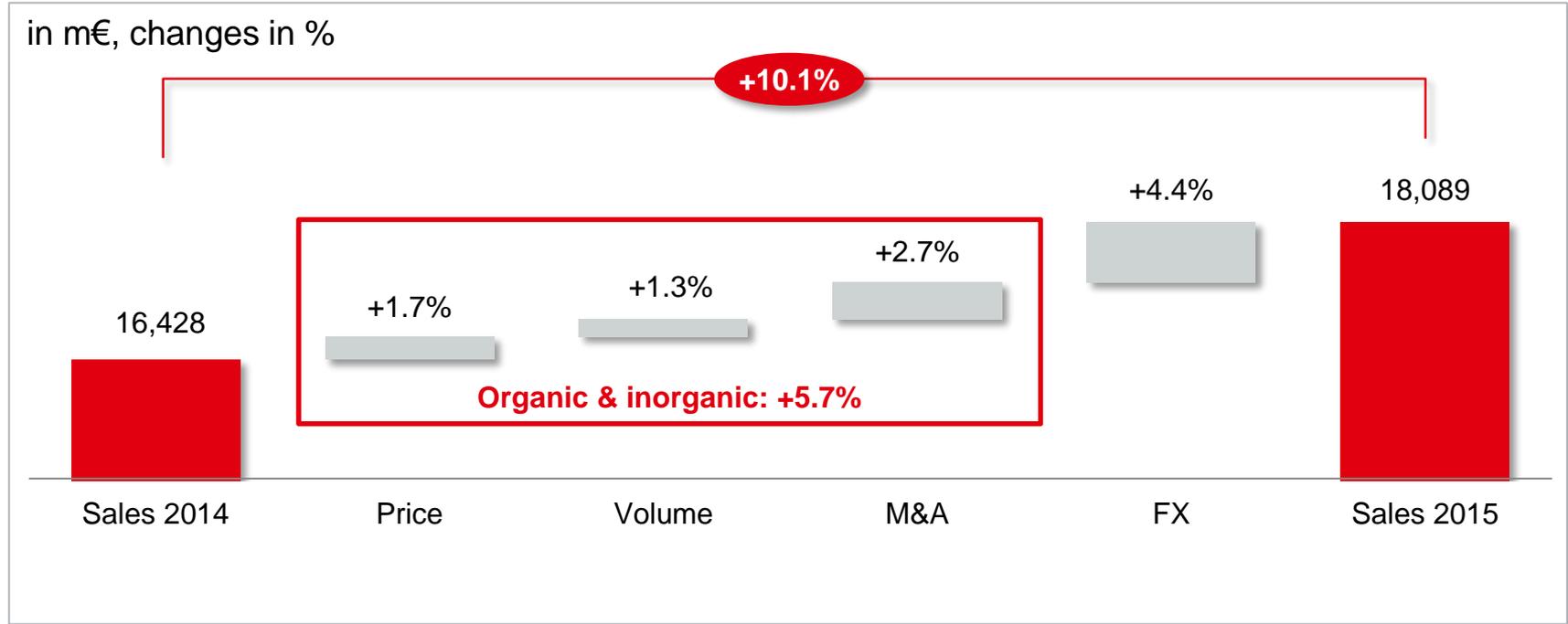


Strong cash generation

Key financials – FY 2015

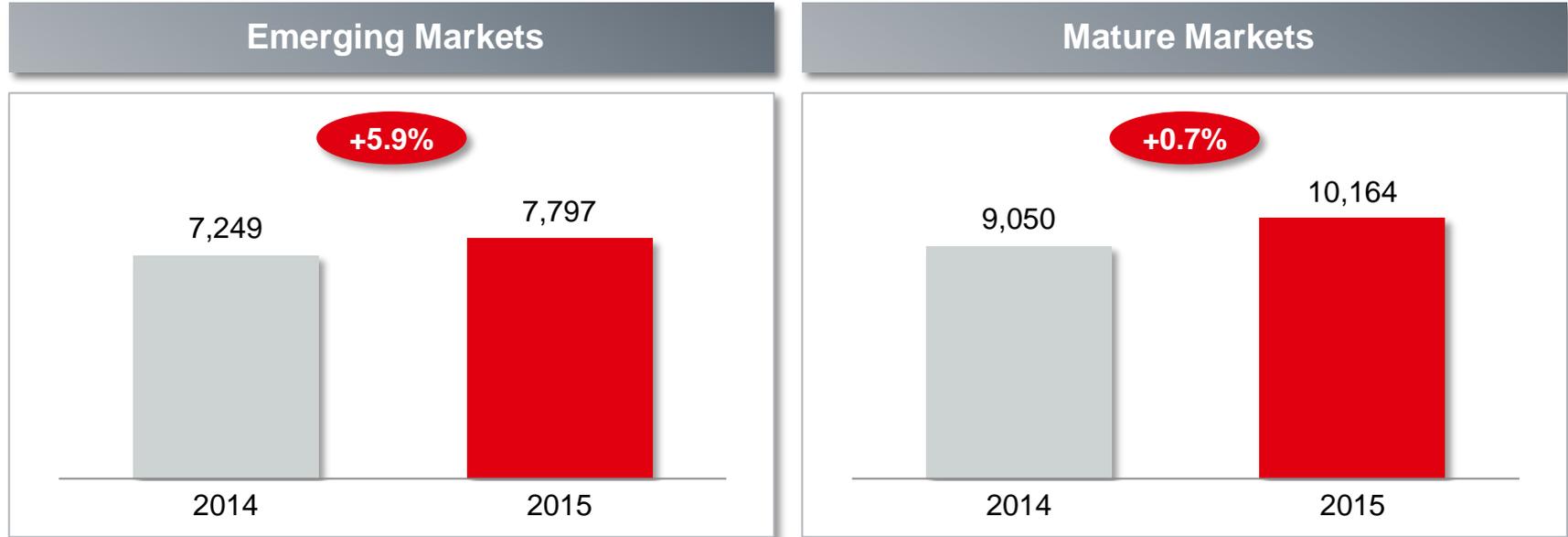


Solid organic & inorganic sales growth



Strong organic sales growth in Emerging Markets

in m€, OSG in %



- Emerging Markets sales share at 43%, affected mainly by FX headwind

Balanced growth across regions

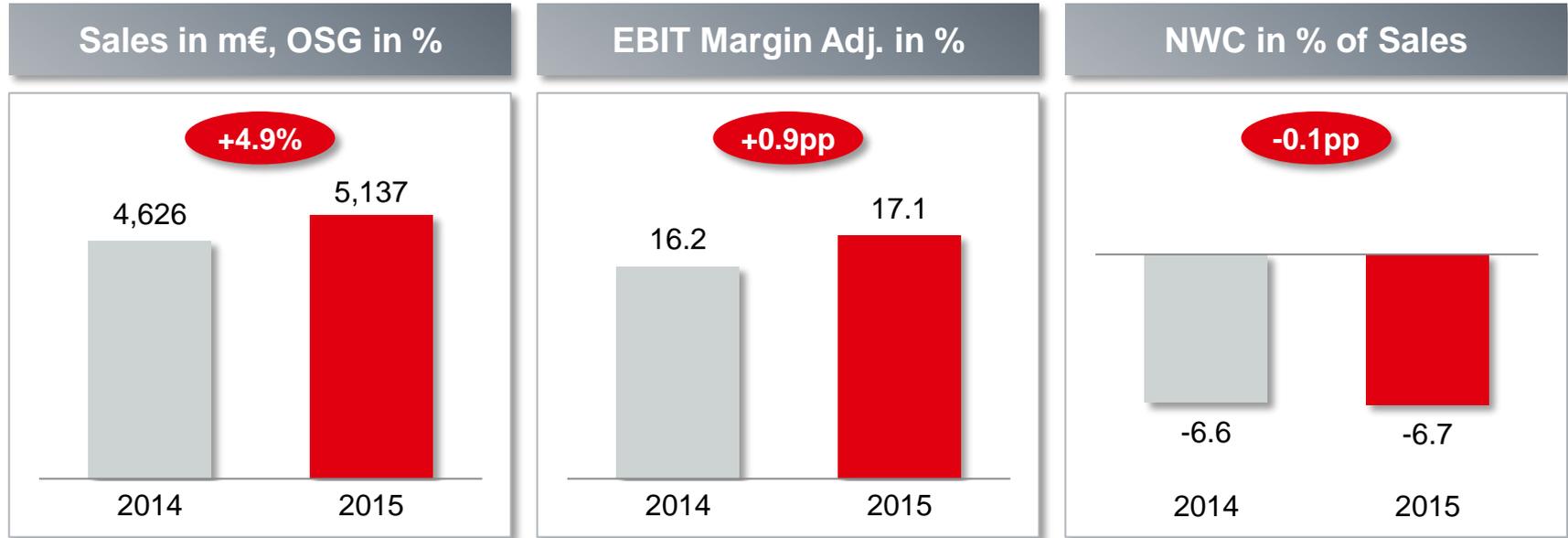
in m€, OSG in %



- MM: USA with robust growth; Germany, Southern Europe & France positive
- EM: Russia & Mexico up double-digit; China positive with negative H2 as flagged

Laundry & Home Care

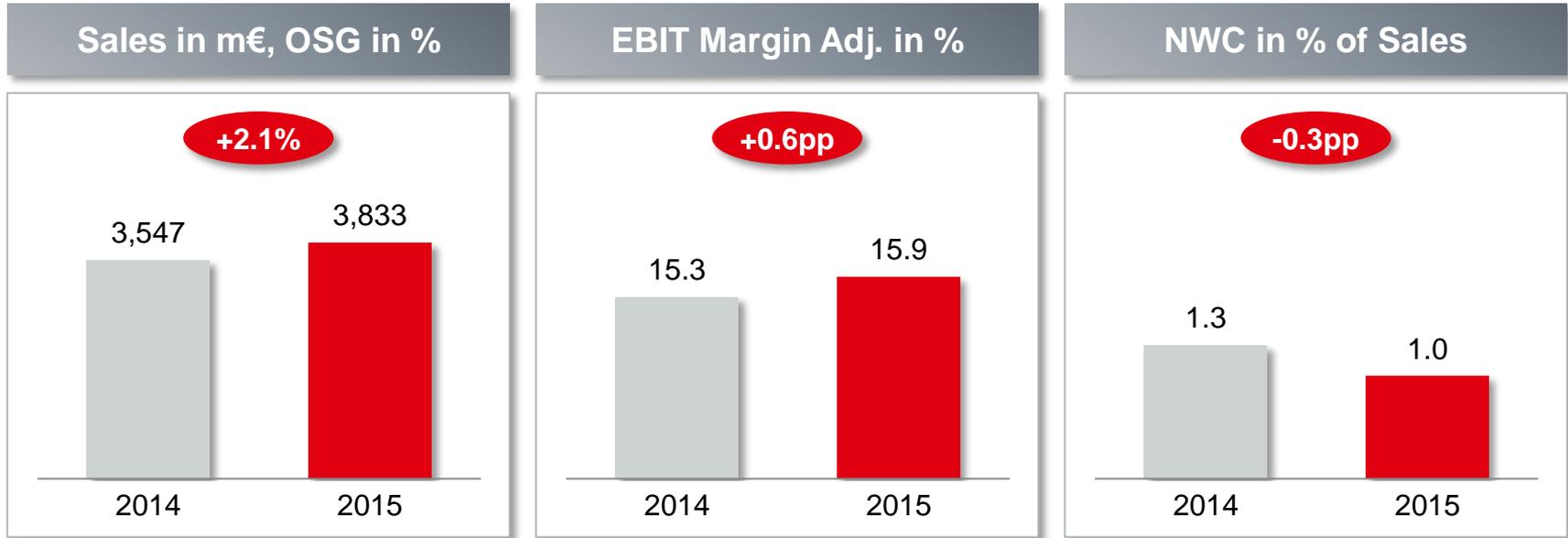
Delivering profitable growth again in 2015



- Very strong EBIT margin increase supported by innovations and efficiency gains

Beauty Care

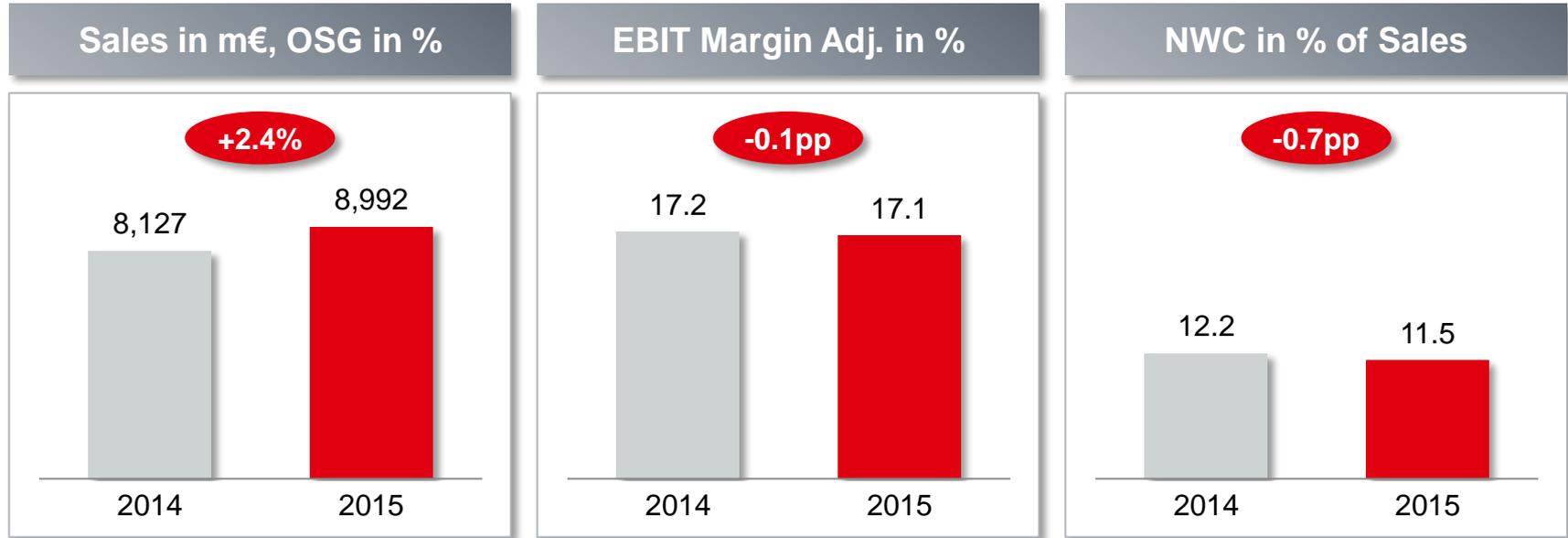
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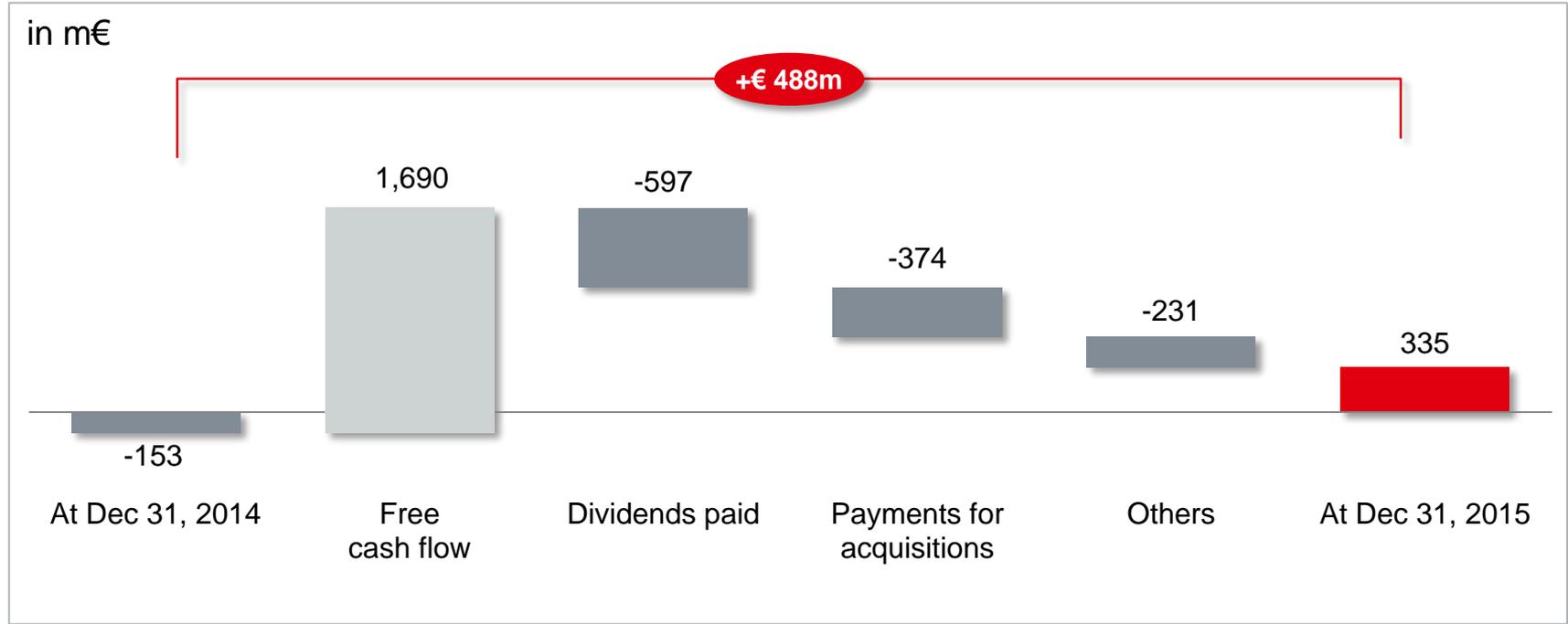
Adhesive Technologies

Solid OSG, continuous high level of profitability



- Decline of adj. EBIT margin in H1 nearly compensated by increase in H2

High cash generation strengthens net financial position



Excellence in value creation

Usage of cash

Organic Performance



- CapEx of € 625m
- Focus on expansion projects, consolidation measures and IT

Acquisitions



- Payments for acquisitions: € 374m
- Strengthening market positions across business units & regions

Cash-Return Options

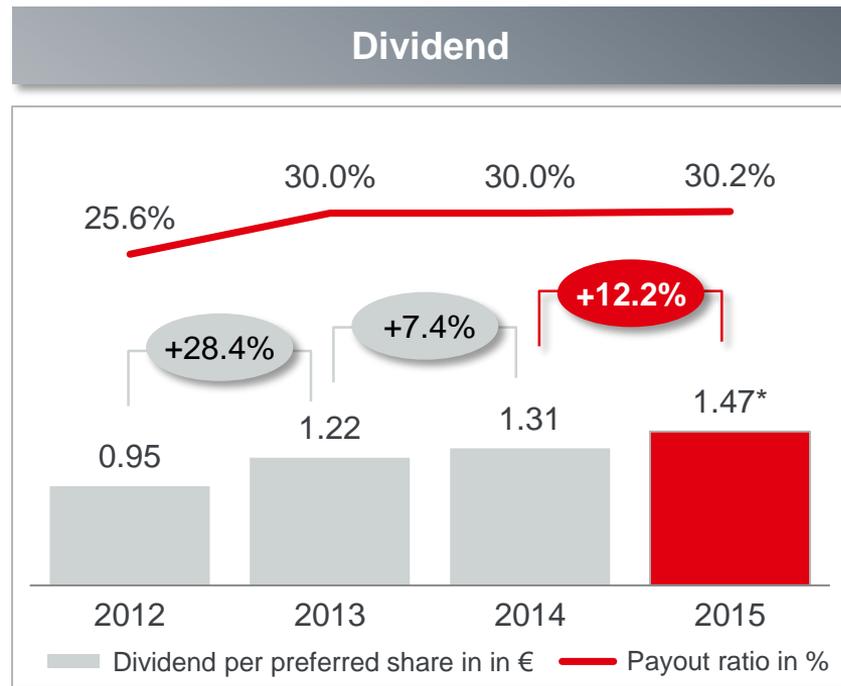
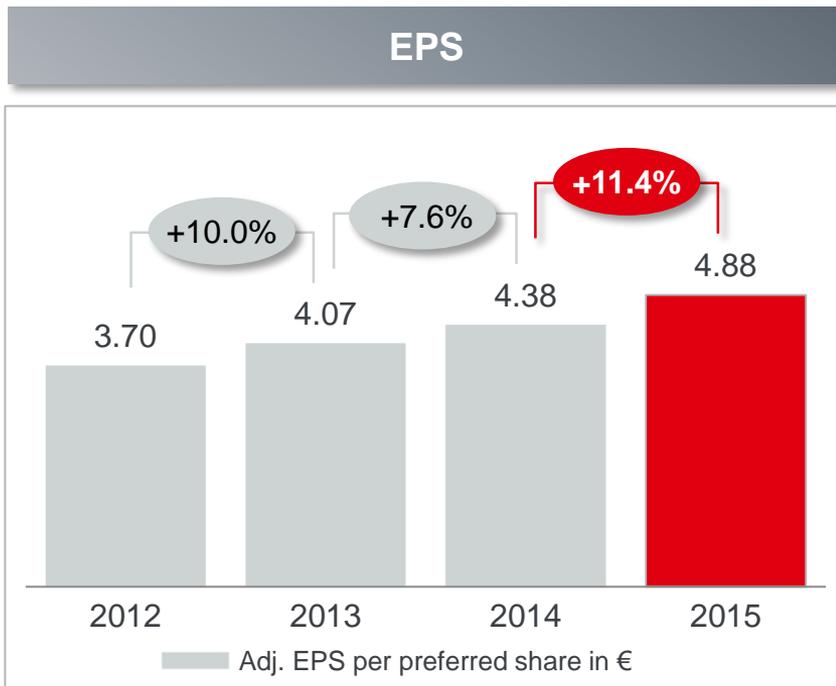


- Double digit increase in dividends and earnings
- Dividend payout ratio: 30.2%* for FY 2015

* Proposal to shareholders for the Annual General Meeting on April 11, 2016.

Excellence in value creation

EPS & dividend



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2015 was an exceptional year for sustainability

Important global milestones for a common understanding



© United Nation

- Global climate agreement in Paris and “Agenda 2030 for Sustainable Development”:
Common understanding of global priorities will facilitate cooperation and drive progress

2015 was also an exceptional year for Henkel

Our progress in sustainability – published in the 25th report



- Interim targets for 2015 achieved and overall efficiency improvement of 38 percent
 - Significant progress with further integration of sustainability in our business processes
 - New targets and additional action priorities for 2020 defined
- Through the success of sustainable business practices and our clear strategy, we will contribute to the implementation of the global climate and sustainability goals

On the way to our long-term goal “Factor 3”

Achievement of interim targets confirms our success



Targets 2015	Status 2015	Targets 2020
+10% More net sales per ton of product	+11% ✓	+22%
+20% Safer per million hours worked	+33% ✓	+40%
-15% Less CO ₂ and energy consumption	-18% ✓	-30%
-15% Less materials and waste	-17% ✓	-30%
-15% Less water and wastewater	-23% ✓	-30%
+30% Overall efficiency	+38% ✓	+75%

Our products

Innovations deliver more value at a reduced footprint

Persil ColdZyme



- New generation of premium laundry detergents
- Potential to avoid around 500,000 metric tons of CO₂ every year through lower temperature washing

Fa aluminum cans



- Spray cans from 25 percent recycled aluminum
- To date, this has helped Henkel avoid 4,500 metric tons of CO₂ emissions

Loctite GC 10



- Temperature-stable solder paste, can be stored and carried at room temperature
- This cuts energy consumption of cooling and easier handling

Our partners

Joint initiatives with our partners for more sustainability

Sustainable supply chain management



- Further international roll-out of our purchasing initiative Together for Sustainability (TfS)
- Number of members has tripled from the original 6 to 18
- About 700 assessments und audits conducted in 2015

Joint projects with customers



- Close cooperation with our customers in retail, industry and trade
- Example: education initiative with Schwarzkopf Professional and SOS Children's Villages
- To date, 1,200 young people in 25 countries trained

Our people

Through their engagement and knowledge they make the difference

Ambassadors for more sustainability



- Major progress with implementation of Sustainability Ambassador program
- To date, Henkel has trained around 6,200 ambassadors and reached around 63,000 schoolchildren in 43 countries
- Expansion with further initiatives in 2014 and 2015



- 2015: new initiative “Say yes! to the future”
- Tailored training of sales employees worldwide
- Intensify dialog with our customers on sustainability topics
- Goal: initiate new forms of cooperation

Employee and corporate engagement for refugees

Humanitarian aid and support for integration projects

Humanitarian aid



- Volunteer work by Henkel employees and retirees
- Product donations in proximity of site
- In-kind donations, for example washing machines

Integration support



- Language courses and job application trainings
- Internships
- Career orientation for students (refugee classes)
- Scholarships from Dr. Jost Henkel Stiftung

Our action priorities

Expand leading role and promote sustainability

New interim targets

+ 75%

Overall
efficiency

by 2020

FACTOR 3

Continuing
our targets on the way to
Factor 3 in 2030

Further contributions along the value chain and in our social environment



We want to help our
customers and consumers
to save 50 million metric
tons of CO₂.



We want to improve
workplace conditions for
one million employees in
our supply chain.



We want to contribute to
the quality of life of 10
million people.

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FY 2015: Excellent performance in a volatile environment

- Delivering on guidance in 2015 in challenging markets
- Solid organic sales growth driven by all business units
- Strong organic sales growth in Emerging Markets, positive in Mature Markets
- Strong increase in adjusted EBIT margin
- Double digit growth of adj. EPS & dividends*

Another successful step in 2016 strategy execution

* Proposal to shareholders for the Annual General Meeting on April 11, 2016.

Challenges & opportunities in our global markets

Geopolitics



GDP Development



FX Volatility



Raw Material Prices



Economic environment in 2016:

Challenging & complex

- Persisting geo-political tensions and conflicts
- Moderate and heterogeneous global GDP growth
- High volatility of some key currencies and of crude oil prices

- Focused and balanced investments to foster organic and inorganic growth
- Strong innovation pipeline in all business units
- Cost focus and continuous adaptation of our structures to the markets
- Continued focus on 2016 Strategy execution

Guidance FY 2016

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

> Commitment to achieve 10% adj. EPS CAGR in strategy cycle 2013-2016

Upcoming events

- April 11, 2016 Annual General Meeting
- May 19, 2016 Q1 2016 Financials
- August 11, 2016 Q2 2016 Financials
- November 8, 2016 Q3 2016 Financials
- November 17, 2016 Henkel Strategy 2020 Presentation

Thank you!

