

Statement
Kasper Rorsted
Chairman of the Management Board
Annual General Meeting – April 11, 2016

- Check against delivery -



Excellence is our Passion

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Chairman of the Management Board
Annual General Meeting on April 11, 2016**

Ladies and Gentlemen,
Valued Shareholders,
Guests and Friends of the Henkel Group,

On behalf of the Management Board and our employees, I would like to welcome you to our Annual General Meeting.

2015 was a record year for Henkel. Despite a difficult economic environment, we achieved excellent results. We are well on track to meet our main targets for 2016, and we have laid a strong foundation for Henkel's future.

We are proud of what we have achieved in 2015:

- We delivered double-digit growth rates in sales, profits and earnings per share,
- We made Henkel even more efficient and profitable,
- We significantly exceeded our sustainability targets for 2015,
- And today we are proposing a dividend increase of more than 12 percent.

These successes are based on the efforts of our around 50,000 employees around the world. They work with motivation and passion for Henkel. They feel committed to our vision and values that guide our actions each and every day. I would like to take this opportunity to thank our employees – and I am sure that I am also speaking on your behalf – very much for their commitment.

Ladies and Gentlemen,

When looking at the economic environment, it becomes clear that the results achieved in fiscal 2015 required a special effort.

The dynamism of the emerging markets has further eased. This applies particularly to China. The Chinese economy is currently undergoing a structural change with a shift towards the service sector. Despite slower growth, however, we still believe in the potential of the Chinese market.

Major economies such as Brazil and Russia are actually in recession. The reasons for this are manifold. Brazil urgently needs economic reforms. In Russia, it is primarily the low oil price that have a negative effect – as well as the sanctions related to the Ukraine conflict.

The Middle East is like a tinderbox. There is civil war in Syria, impacting not only the neighboring countries such as Turkey but also extending deep into Europe. The flood of refugees is putting a great strain on solidarity within the European Union.

The oil price is having a severe impact on economic development generally. Oil production volumes have increased as a result of fracking in the USA and the lifting of the sanctions on Iran. Today, the market is suffering from oversupply. While this development stabilized the demand in industry and domestic households, it adversely affects countries that are heavily dependent on oil – including many emerging markets and developing economies.

Given these difficult developments, growth in the emerging economies decreased to 4 percent in 2015. In the mature markets, economic growth amounted to around 2 percent.

The foreign exchange markets also reflect the difficult situation. The ruble experienced heavy depreciation throughout the year. Other currencies from the emerging markets were likewise under pressure. By contrast, the value of the dollar further appreciated against the euro. The stock markets also proved to be very volatile.

As a global company, we are sensitive to developments in the political and economic environment and on the financial markets. We cannot predict their effects precisely. But we can prepare ourselves. We do this by becoming more flexible and by being able to react faster to changes than our competitors.

Now I would like to take you through the key financials of the fiscal year 2015:

- Our sales amounted to 18.1 billion euros, approximately 1.6 billion euros more than in 2014. Organically, the increase was 3 percent.
- Sales in the emerging markets increased organically by 5.9 percent. Their share of our total sales amounted to 43 percent, slightly below the level of the previous year, due primarily to negative currency effects.
- Adjusted operating profit grew to 2.9 billion euros, an increase of 12.9 percent year on year. Adjusted return on sales increased to 16.2 percent, a new high for us.
- Adjusted earnings per preferred share rose by 11.4 percent to 4 euros 88 cents.

In addition to the very good results achieved on the operational side, Henkel remained its very solid financial position. Compared to the previous year, we improved our net financial position by almost half a billion euros to 335 million euros as of the end of 2015.

We are also proposing to pay out dividends at a record level: a dividend increase of 16 cents to 1 euro 47 cents per preferred share and 1 euro 45 cents per ordinary share. The increase in both classes is more than 12 percent, with the payout ratio at approximately 30 percent.

As shareholders you are not only benefiting from a higher dividend but also from the development of the share price. And in this respect too, 2015 was a very good year. Over the twelve months, our preferred share increased by 15.4 percent. The ordinary shares rose 10.2 percent. Thus, both classes outperformed the DAX index.

In 2015, Henkel celebrated the 30-year-anniversary of its listing as a public company. The aim was to further promote growth and the internationalization of the company. Both ambitions have been achieved. Compared to the issue price, the preferred share has today increased roughly twenty-fold in value.

Henkel belongs to a select number of companies which have been a member of the German stock index DAX without interruption since its introduction in 1988. And Henkel is also one of the few DAX companies that have paid out a dividend every year – each time at least at the level of the previous year, and in most cases higher.

Owners of preferred shares who have constantly reinvested their dividend since the first issuance will have seen an average annual return of 12.4 percent per year to date. The average return of the DAX over the same period was only 7.7 percent.

Shareholder loyalty to Henkel has therefore paid off – not just in the past year but across the decades. And we intend to do everything we can in order to ensure that this success story continues through the coming decades.

Ladies and Gentlemen,

I would now like to move on to how our businesses performed in 2015.

As in previous years, all three business units contributed to our success.

At 5.1 billion euros, sales of Laundry & Home Care exceeded the 5 billion euros mark for the first time. Organically, the business unit generated an increase of 4.9 percent and once again outperformed its relevant markets.

Sales rose in all regions, but particularly in the emerging markets including Africa/Middle East. However, due to the difficult conditions prevailing, the economic dynamics in these regions have slowed somewhat.

Adjusted operating profit increased significantly, by 17.4 percent to a new record high of 879 million euros. As a result, adjusted return on sales also improved appreciably, by 0.9 percentage points to 17.1 percent. Reported operating profit amounted to 786 million euros.

We generated 79 percent of our sales in the Laundry & Home Care business unit with our top ten brand clusters, Persil, Purex and Pril among them. Once again, the innovation rate was over 45 percent. That means almost half the sales achieved by the business unit come from products launched into the market within the last three years.

The Beauty Care business unit grew organically by 2.1 percent in 2015, likewise outperforming its relevant markets. Total sales amounted to 3.8 billion euros.

There was a particularly significant increase in sales in China, due primarily to our highly successful online business. However, we also showed a solid performance in the other emerging markets.

For our Beauty Care business unit too, the situation in the mature markets remains highly challenging, with competition and price pressures further increasing. Western Europe and the mature markets of Asia therefore recorded slight decreases in sales. In North America, on the other hand, we were able to grow our sales.

Adjusted operating profit at Beauty Care rose to a new high of 610 million euros. Adjusted return on sales showed a very strong increase to 15.9 percent. Reported operating profit grew by a third to 561 million euros.

As in the previous year, the share of sales from our top ten brands amounted to over 90 percent, with disproportionate growth being registered last year. Our largest brands in the Beauty Care business unit are Schwarzkopf, Dial and Syoss.

We again launched many innovations onto the market in 2015. More than 45 percent of the Beauty Care sales were generated with products that have been on the market for a maximum of three years.

Adhesive Technologies grew at the same rate as the market in 2015, showing organic sales growth of 2.4 percent. Nominally, sales increased substantially to almost 9 billion euros.

The business unit showed a solid performance in the emerging markets with Latin America, Africa/Middle East and Eastern Europe making a particular contribution. In view of the difficult situation prevailing in many of these markets, this was not a given. We also grew our businesses in Western Europe, North America and the mature countries of Asia.

Adjusted operating profit of Adhesive Technologies rose to over 1.5 billion euros. This is a new record level. Adjusted return on sales amounted to 17.1 percent, just slightly below the high level of the previous year. Reported operating profit was just below 1.5 billion euros.

In 2015, we successfully concluded the process of consolidating our brands in the business unit. We now offer five brand clusters for industry and four for our consumer business. Our ten biggest brands generated over 80 percent of our sales, with Loctite, Technomelt and Teroson being the top 3 brands.

The business unit realized around 30 percent of its sales with products that have been on the market for less than five years.

In the course of last year, the growth in many industries and business segments served by Adhesive Technologies was developing more slowly than anticipated.

Against this background, we decided to accelerate the long-planned adjustments of our structures in the Adhesive Technologies business unit. This involved up to 1,200 redundancies worldwide. These measures have now reached an advanced stage and we expect them to be finalized in the course of the current quarter. Such decisions are not easy. However, we are convinced that the long-term competitiveness of our biggest business unit will be strengthened, thus seeing Adhesive Technologies well equipped for the future.

Ladies and Gentlemen,

In 2012, we defined ambitious targets. By the end of 2016, we want to generate annual sales of 20 billion euros, with 10 billion euros coming from mature markets and from emerging markets respectively. We have made significant progress over the last three years with respect to these targets. In 2015, sales in mature markets exceeded 10 billion euros for the first time. However, currency fluctuations had a negative effect on sales in emerging markets.

In total, we faced substantial currency headwinds over the last three years – primarily in the emerging markets – of around 700 million euros.

Therefore, from today's perspective the sales target of 20 billion euros appears unlikely to be met exactly.

However, for us the key target is adjusted earnings per preferred share. It is this figure that shows how well we have coped with the volatility and crises in our markets and from which the dividends to our shareholders are derived.

We aim to increase adjusted earnings per preferred share by an average of 10 percent per year between 2013 and 2016. This target has our highest priority, as we have frequently indicated in the past. With an average annual growth in adjusted earnings per preferred share of 9.7 percent in the period 2013 to 2015, we feel that we are well on track. We are determined to achieve the 10 percent CAGR target for the current strategy cycle by the end of 2016.

In addition to our financial targets, we also defined four strategic priorities:

We will outperform our competition.

We will further globalize our company.

We will simplify our structures and processes.

And we will inspire our global team.

So the short summary reads: “Outperform – Globalize – Simplify – Inspire”.

We made good progress in each of these dimensions in 2015.

“Outperform” is our first priority. We want to ensure we are more successful than our competitors by leveraging our top brands, our innovative strengths, our customer relations and digitalization.

Strong and innovative brands are the backbone of our success. Our three most important brands are Persil, Schwarzkopf and Loctite. Last year, these brands generated combined sales of almost 6 billion euros, representing an increase of around 1 billion euros year on year. By the end of 2016, we intend to have increased the share of sales attributable to our top ten brands to around 60 percent. As of the end of 2015, the share of sales stood at 61 percent, thus already reaching and even exceeding the target with one year to go.

Our numerous innovations have been a major contributor to this success. Since 2013, we have opened or expanded five research and development centers globally, enabling us to better meet the needs and requirements of our customers in different regions.

In addition, we are also combining our ideas with those of our partners through our open innovation concept, involving universities and research institutes, and other companies. Today, Henkel holds more than 8,000 patents. A further 5,400 applications are pending – figures that further underline our innovative strength.

Henkel's close relationships with our customers are of key importance. Our customers tell us what we are doing well and what we could do better. They give us impetus and test our capabilities, encouraging us to become ever better. Consequently, we maintain at all levels – from the sales manager to the board member – close and regular contacts with our customers.

Our modern customer centers play a special role in this respect. Here, we talk to our key customers in depth and detail about our innovations, our products and our expertise. In Düsseldorf, for example, the business units Beauty Care and Laundry & Home Care have two highly successful centers that receive customers from throughout the world. Our Adhesive Technologies business unit maintains centers at various international locations, each tailored to the customers of certain industry branches.

A further key to our success is our commitment to digitalization. Here, we made good progress in 2015.

Last year, we further consolidated our different SAP systems in order to simplify and accelerate our processes.

At the end of September, we also introduced Yammer as a social media platform within the company. This facilitates our internal communication and adds to Henkel's ability to become more digitalized, faster and more effective. In just a few months, well over 20,000 colleagues registered on this internal social network.

Additionally, we specifically communicate with potential new employees via an array of different digital channels.

Our communication with our customers is also shifting increasingly toward digital channels. One example is our e-commerce platform "Henkel POD." With this, our customers can order directly online from the Adhesive Technologies business unit. In 2015, we handled orders with a total value of more than 1 billion euros through this channel. In China, our Beauty Care business unit has concluded a very successful cooperation with the online platform Alibaba. Alibaba is the country's biggest e-commerce platform. In 2015, e-commerce accounted for around 30 percent of our Beauty Care sales in China, doubling the percentage year on year. In total, the share of sales from our e-commerce business throughout the group is more than 8 percent.

We are also endeavoring to render our digital offerings more individual. We have launched a personal hair advisor website on the internet under the name "Schwarzkopf for you." There, consumers can create their profile and then receive tips on colorants, hair care and styling.

In 2015, the Laundry & Home Care business unit recorded over 6.5 billion digital advertising contacts. We are particularly successful in South Korea where we generate almost a third of our sales via digital channels.

The second priority in our strategy is "Globalize." We are continuing to expand our global positions both organically and through acquisitions.

The emerging markets play an important role in our strategy. In 2015, sales there grew organically by 5.9 percent. In the last three years, these markets grew by 7 percent in average – clearly above the mature markets.

We increased sales in Africa/Middle East, despite continuing unrest. We have also expanded organic sales in Eastern Europe and Latin America. And we have grown in China, despite the declining dynamism of its economy.

Because of the exceptional challenges arising in the currency markets, the share of sales from emerging markets decreased slightly to 43 percent. However, in terms of organic growth we have performed very well in emerging markets in recent years, demonstrating that we are pursuing the right strategy.

We continue to work on further expanding our global presence. In Mumbai, for example, we opened a training center in 2015 covering the latest adhesive technologies. Here our customers send their employees to be trained, hence further enhancing their knowledge and capabilities relating to adhesives. This enables us to better understand and accommodate the specific requirements and problems of our customers and also to strengthen our relationships with them.

Let me now talk about the mature markets: Here, the competition remains very strong indeed. Nevertheless, we registered organic sales growth of 0.7 percent. In North America, sales rose organically by 2.3 percent year on year, while nominally sales even grew by more than a quarter.

A large part of this success is due to the introduction of Persil ProClean in the USA. After the exclusive launch with Walmart, Persil ProClean can now be found in retail outlets, drug stores and supermarkets across the country.

We also successfully introduced our top brand Schwarzkopf into the American retail market. The US market for hair care products remains the world's biggest in this segment.

Just a year ago, I was standing here reporting that our North American business had not fulfilled our own expectations. We have worked intensively on that and our team put in a supreme effort in the USA in 2015. We have returned to growth in our largest market with revenue increases from quarter to quarter and an improvement in profitability. We are very proud of this achievement.

In Western Europe, sales remained virtually unchanged organically, with our weaker performance in Switzerland and Northern Europe being partially offset by developments in other countries.

Also in the future, we aim to further strengthen our position in the mature markets as well as in the emerging markets. Hence we are committed to invest in our businesses and in targeted acquisitions.

Last year, for example, we invested in our site in Wassertrüdingen, Germany, where we produce products for the Beauty Care business unit. We have built a new bottling plant in order to make our processes even more efficient. And in Düsseldorf, we opened our “Global Experience Center” serving the Laundry & Home Care business unit.

We have also invested in other countries. We have expanded our production in Serbia and opened a new site in Bosnia and Herzegovina. We have likewise expanded our capacities in Russia and China. In India, construction has started on a new adhesives production plant. With 20,000 square meters, the site will be the biggest of its kind in the country.

We have also made a number of acquisitions in order to expand our position in existing markets and gain entry in others.

In Germany, we acquired Novamelt in 2015, thus expanding our expertise in the field of pressure-sensitive adhesives. In the USA, we strengthened our capabilities in the area of vacuum impregnation with the acquisition of Magna-Tech at the end of the year.

We also acquired leading laundry brands in Australia and New Zealand. Prior to this, we were not represented in this segment in either country. Now Henkel is among the leading companies in both markets.

We also strengthened our positions in the emerging markets. In July 2015, for example, we acquired the hair styling brand Xtreme, specifically expanding our business in Mexico.

As you can see, we have invested in all areas covered by our businesses. We only consider acquisitions where the business offers a good strategic fit and the price is right. This will remain our policy going forward.

The third pillar of our strategy reads “Simplify.” We want to become faster and more efficient. Therefore, we need lean structures and efficient processes.

We have established a global supply chain organization in Amsterdam in the Netherlands. With this, we are creating standardized and scalable processes covering the areas of purchasing, production and logistics. There are now around 150 employees working at this location. We have already successfully completed the integration process in a number of selected markets – the Benelux countries, Switzerland, Germany, Spain and Portugal. All other European countries are to be incorporated by the end of 2017, with the further regions following thereafter.

Last year, we also further expanded our shared service centers. Today, we have more than 3,000 people working at six locations, which means we have already achieved the scale planned for the end of 2016.

The fourth dimension driving Henkel forward therefore falls under the heading of “Inspire.” From the apprentice to our top executives, we develop our employees so that they can perform to the best of their ability.

People from different cultures and backgrounds all work together at Henkel. As an example, more than half of our employees, a good 55 percent, come from emerging markets. In order to be successful with a diverse team, we need a common understanding of our objectives and values.

High-quality leadership is therefore of principal importance for us, so we train our top managers specifically in this area. Back in 2014, we developed innovative programs together with the Harvard Business School, and so far, around 200 top managers have participated.

We develop our talents. This is particularly important in the emerging markets. We offer ambitious employees a program that brings them together with top managers and other colleagues.

We know that the planning and development of careers can follow widely varying courses. Consequently, we offer our employees a range of different and flexible working models.

We pay particular attention to the career paths of women. We are keen to enable women to gain international experience or first leadership experience as early as possible in their professional development. And we have been successful: A third of the managerial positions in our company are held by female executives, and we intend to further grow this share.

In all, we promoted 1,300 employees last year. We assess all our managers around the world on the basis of standardized criteria focusing on current performance and future development potential.

We train our employees around the globe. In Germany alone, we offer 27 apprenticeships or dual-track study programs. And we are similarly active in numerous other countries.

Digital formats are also constantly gaining further importance when it comes to training and development. Such learning opportunities have been consolidated within the online Henkel Global Academy. This offers all employees over 500 digital learning options. In 2015, we have significantly further expanded the program.

Our commitment to our employees is recognized around the world. In Argentina, we were honored for the third consecutive year as one of the “Best Employers” in the country. And in China, we received an award as “Most Attractive Employer.”

Diversity among our colleagues is important for us. In 2015, we launched an internal campaign on diversity and inclusion, promoting awareness of the benefits that come with colleagues of different backgrounds and manifold experiences.

We also support employees who engage in social projects. One of the primary activities in this regard relates to aid for refugees. Many of our employees have been making extraordinary contributions. They help at railway stations and accommodation facilities, provide donations in kind and act as sponsors.

As a global company, we know what moves people in many parts of the world. We also know that tolerance and equality of opportunity are not always non-negotiable.

We therefore see it as our duty to actively assume social responsibility and to treat each individual with openness and respect, irrespective of origin. As part of this commitment, we have decided to further strengthen the aid and assistance we offer the people that have arrived here in Germany. We provide internships to young people in collaboration with schools and also language lessons and job application coaching here in our company. We are likewise supporting the Goethe Institute with funds to further increase the availability of German courses.

This issue is certainly one of the biggest challenges that have to be overcome at this time. We have to accept responsibility for the integration of those people who have found their way here. At the same time, governments need to do their very best in working toward a sustainable solution. Here, further efforts are certainly required.

Ladies and Gentlemen,

A commitment to responsible, sustainable development is also anchored in Henkel's values. We have gained a leading position in this regard and we intend to further expand this going forward. By the year 2030, we want to generate three times the value of our products and solutions in relation to their environmental footprint. We call this ambitious target "Factor 3."

To successfully implement our sustainability strategy, we rely on our products, partners and the dedication of our people.

- In 2011, Henkel and five other companies established the initiative "Together for Sustainability." Members apply standardized criteria for sustainability and share their assessments of suppliers and their production methods. The initiative has since attracted 18 members, with US companies joining for the first time last year.
- In pursuing innovations, we specifically incorporate essential aspects of sustainability. For example, our laundry detergent Persil develops its full cleaning power even at low temperatures, thus saving energy with each wash load.
- For the deodorant sprays under the Fa, Souplesse and Neutromed brands, we use cans manufactured with 25 percent recycled aluminum. As a result, we have received awards from 12 experts in the packaging industry.

- We have achieved a real breakthrough with Loctite GC 10. This solder paste, which is used in the electronics industry, can be stored and transported at normal temperatures, saving the energy otherwise required for refrigeration. Sustainability is thus clearly paying off in this case.
- Our employees support our strategy. Since 2012, we have trained 6,200 colleagues as Sustainability Ambassadors around the world. In the course of this program, we have also educated around 63,000 children in 43 countries in aspects of sustainability.

In 2015, we successfully concluded the first phase of our sustainability strategy. Since 2010, we have increased our efficiency by 38 percent, placing us well ahead of the interim targets that we set ourselves.

Numerous organizations recognize our commitment in this field. Henkel's stock is represented, for example, in both the MSCI Global Sustainability Index and in the FTSE4Good.

However, we have no intention of easing up and have new targets to pursue through to 2020. For further information on these, please take a look at our Sustainability Report which we published this year for the 25th time.

Ladies and Gentlemen,

I would now like to come to our outlook for the current fiscal year.

Forecasts indicate that the world economy will experience moderate growth of around 3 percent in 2016. The mature markets are expected to grow once more by around 2 percent. In the emerging markets, growth should again be approximately 4 percent.

Overall, we expect that 2016 will be another challenging year. Volatility on the foreign exchange markets will remain, and major currencies, particularly in the emerging markets, may further depreciate.

Nevertheless, we intend to further grow:

- We expect organic sales growth of between 2 and 4 percent in the fiscal year 2016.
- We expect a slight increase in the share of sales from our emerging markets.
- We anticipate an increase in adjusted return on sales to approximately 16.5 percent. The adjusted return on sales of the individual business units should be at or above the level of the previous year.
- Adjusted earnings per preferred share should rise by between 8 and 11 percent.

Henkel will be presenting its figures for the first quarter of this year on May 19. This will be done by my colleague Hans Van Bylen. After over 30 years with Henkel, he has been appointed the new Chairman of the Management Board effective May 1.

I am personally delighted at this development – both for him and for Henkel. I am sure that Hans Van Bylen will continue the successful development of Henkel and I wish him all the best and every success in this endeavor.

Allow me to take my leave of you with a few personal words.

I have been a member of the Management Board at Henkel for 11 years, eight of which as its Chairman. During this period, I have come to know and appreciate many colleagues. I have met many people on my trips to the Henkel locations around the world who give their very best for this company every day. I have learned new things from each visit. It was always something special for me to witness the development of individual talents in different countries and functions. I am very grateful for the many discussions, suggestions and experiences that have come my way.

So leaving is not easy for me.

These years with Henkel have marked a very good and successful period. We have achieved a great deal together and I will always think of this time with pleasure. I am equally sure that the company will continue along its successful path.

Ladies and Gentlemen,

On behalf of the Management Board, I would like to thank our supervisory boards, the members of the Shareholders' Committee and the employee representative bodies for their constructive cooperation in the last year and also the years before.

In particular, I would like to take this opportunity to express my special thanks to you, dear Mrs. Bagel-Trah. As Chairwoman of the Supervisory Board and the Shareholders' Committee, you have played a key role in supporting and steering the successful development of Henkel. I have always regarded our working relationship as truly enriching.

And finally, I also thank you – the shareholders of Henkel – for your trust and confidence. Every individual at Henkel is committed to the success of your company – with all their strength and passion.

Thank you very much!

This document contains forward-looking statements which are based on the current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate, forecast and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the 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 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 forward-looking statements.