

# Henkel AG & Co. KGaA

Klaus Keutmann  
Frankfurt, 21.01.2015



# 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.

## Profile

### Klaus Keutmann, Corp. Senior Vice President Controlling & Development



**Responsibilities:** Corporate Controlling, Investor Relations, M&A

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**Diverse Henkel experience in:**

- 10 years in Finance, among which CFO in Russia
  - 10 years Beauty Care, among which Financial Director Professional, M&A, Supply Chain
  - Head of Group Strategy Unit
- 

**Educational Background:**

- Business Administration, Germany & UK

# Who we are

Global leading positions in consumer and industrial businesses

## Consumer Businesses

### Laundry & Home Care



### Beauty Care



## Industrial Business

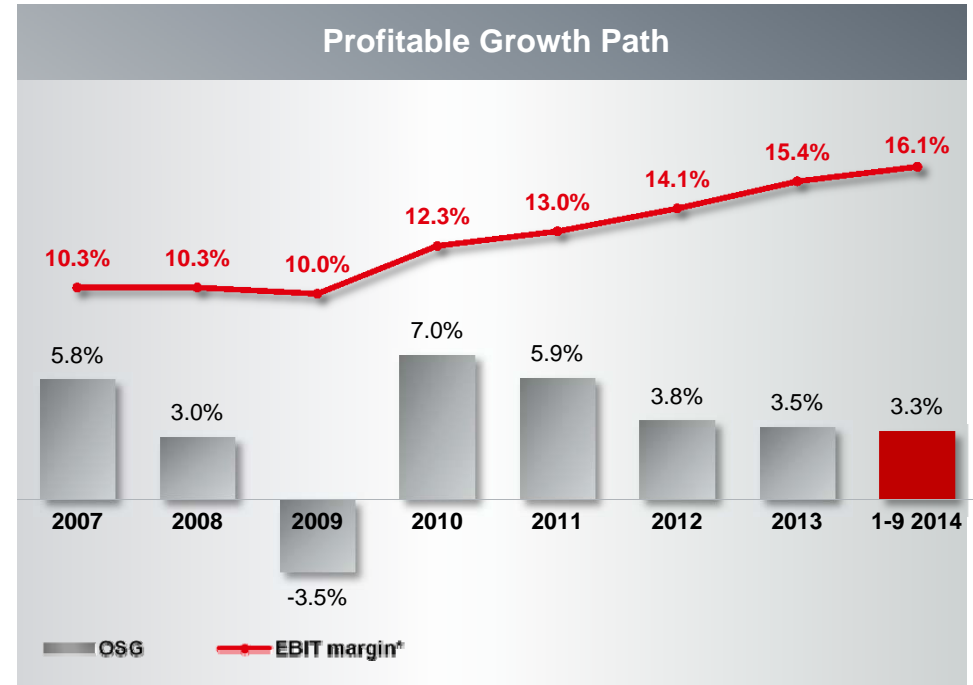
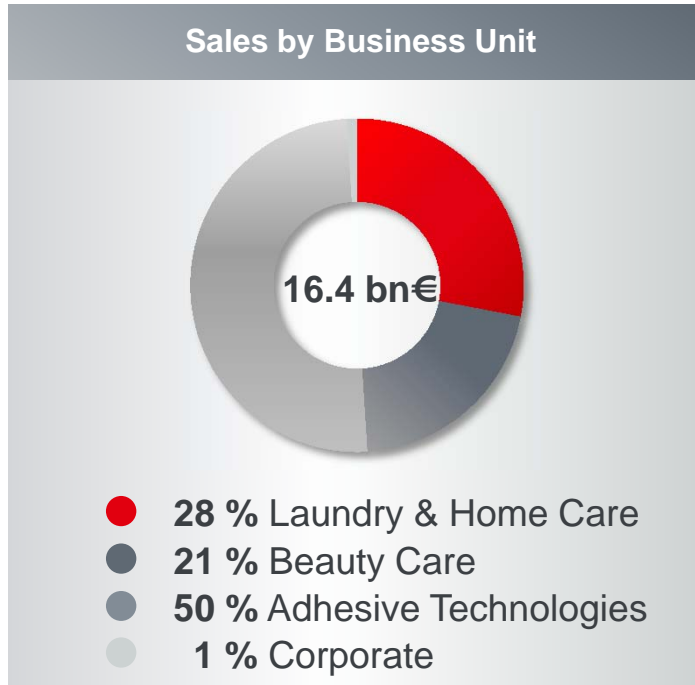
### Adhesive Technologies





# Who we are

## Sales split 2013 and profitable growth path



Corporate = sales and services not assignable to the individual business sectors.

\* As of 2008, EBIT margin adjusted for one-time charges/gains and restructuring charges.

# Agenda

1

**Key developments & financials 1-9 2014**

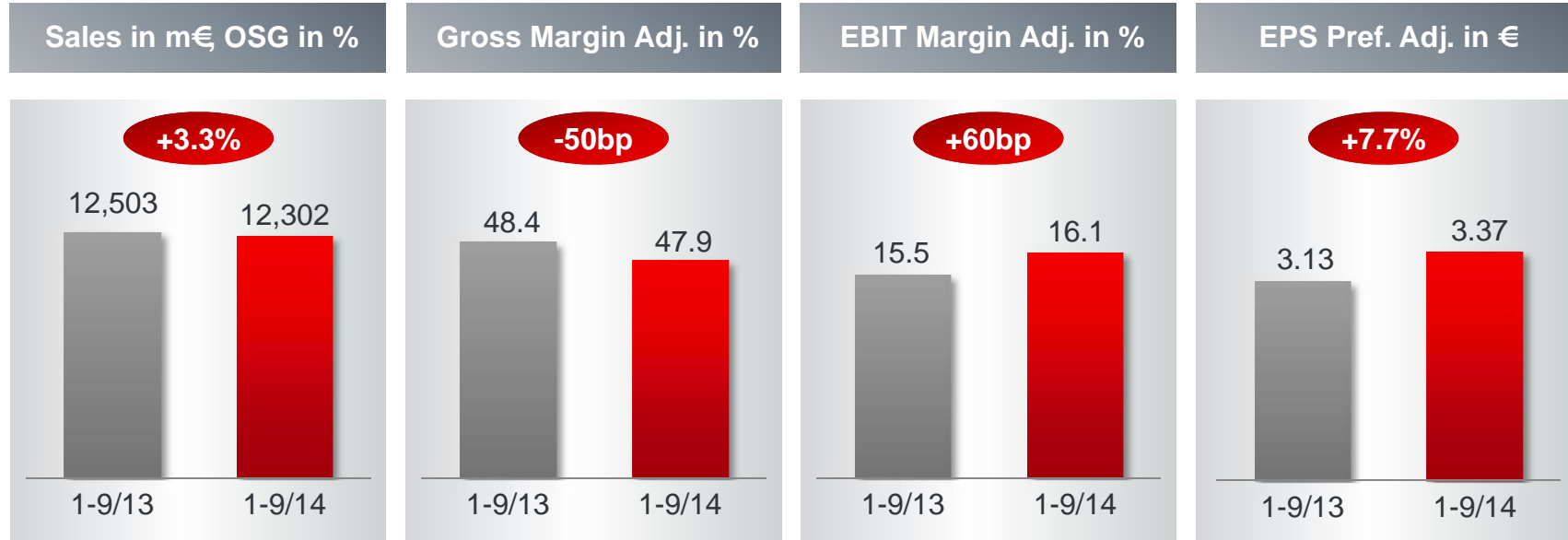
2

**Execution of our Strategy 2016**

3

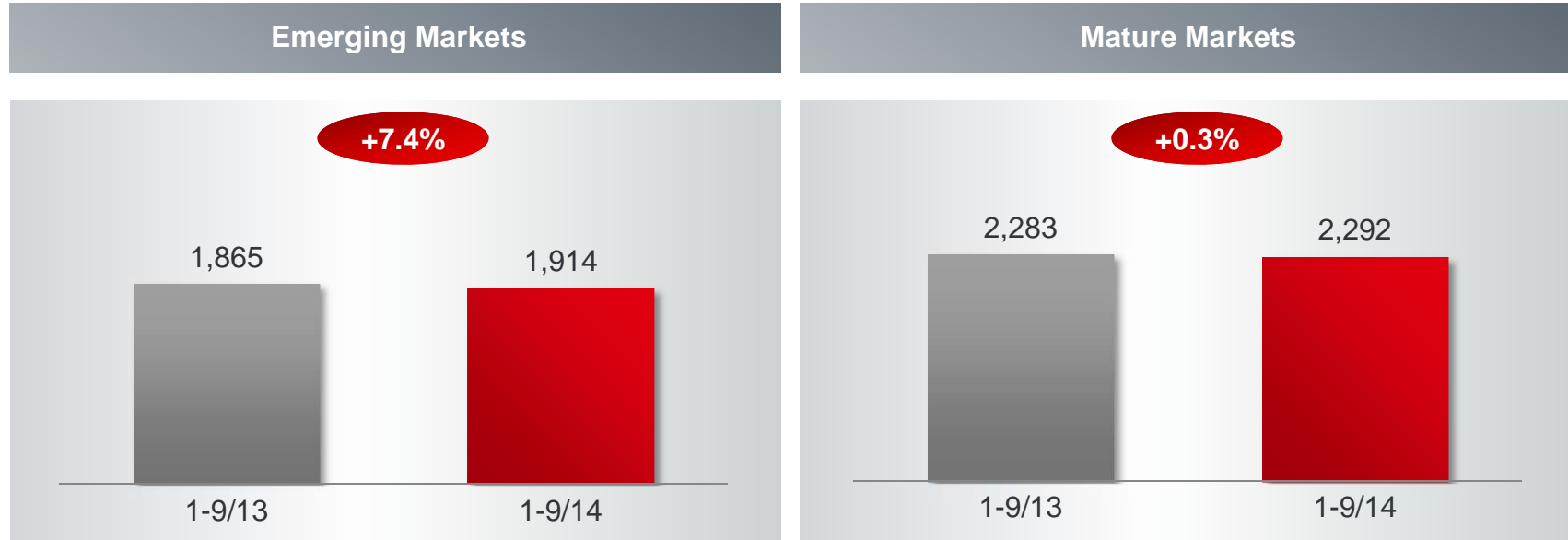
**Guidance FY 2014**

# Solid performance in 1-9 2014



# Organic sales growth driven by Emerging Markets

in m€, OSG in %

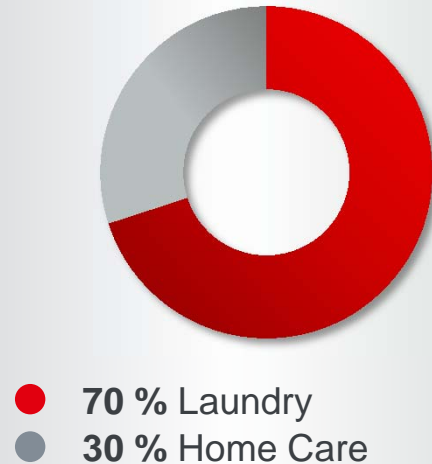


- Emerging Market sales share of 44%

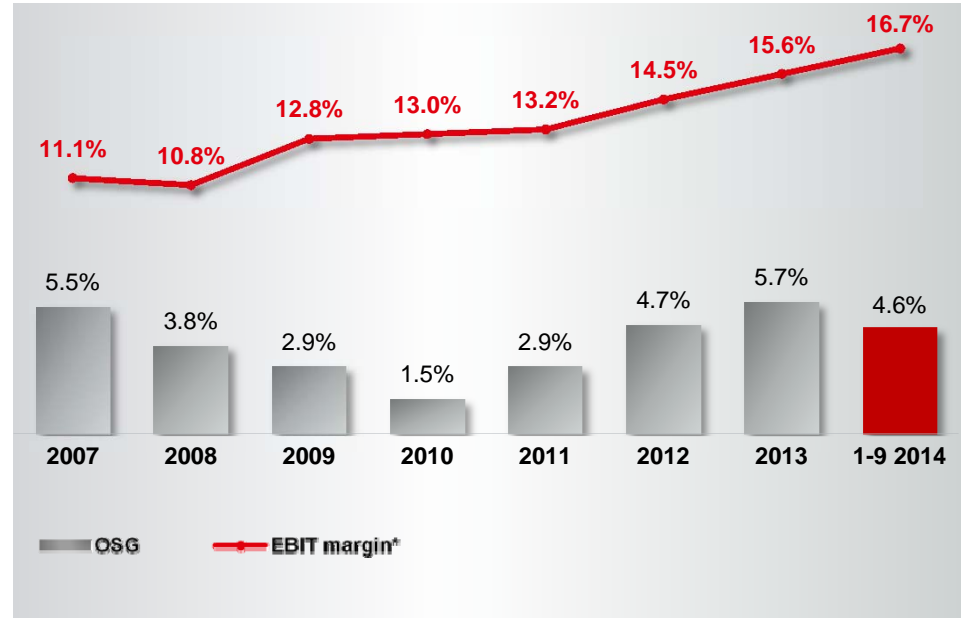
# Laundry & Home Care

Fostering profitable growth path in 1-9 2014

Segment Split



Profitable Growth Path



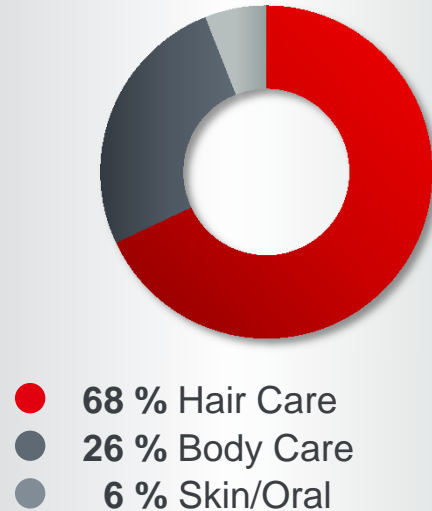
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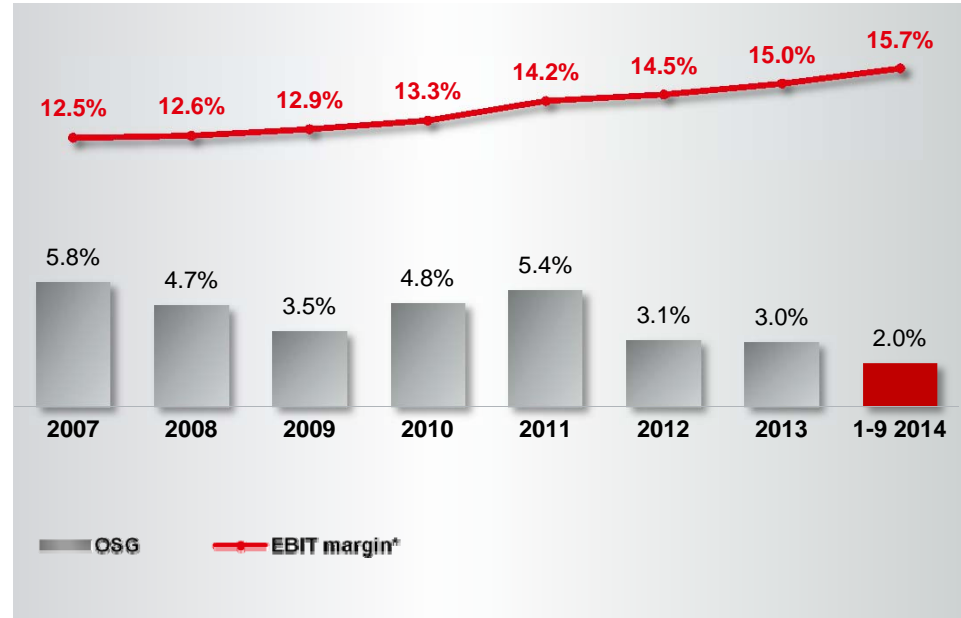
# Beauty Care

Fostering profitable growth path in 1-9 2014

Segment Split



Profitable Growth Path



\* As of 2008, EBIT margin adjusted for one-time charges/gains and restructuring charges.





"My PROFESSIONAL  
HAIR CARE FOR YOU."  
Schwarzkopf

Schwarzkopf |   
Professional HairCare for you.

# DISCOVER MY ULTIMATE ESSENCE OF BEAUTY.

FOR DAMAGED, DEPLETED HAIR.

## NEW



### OMEGA REPAIR

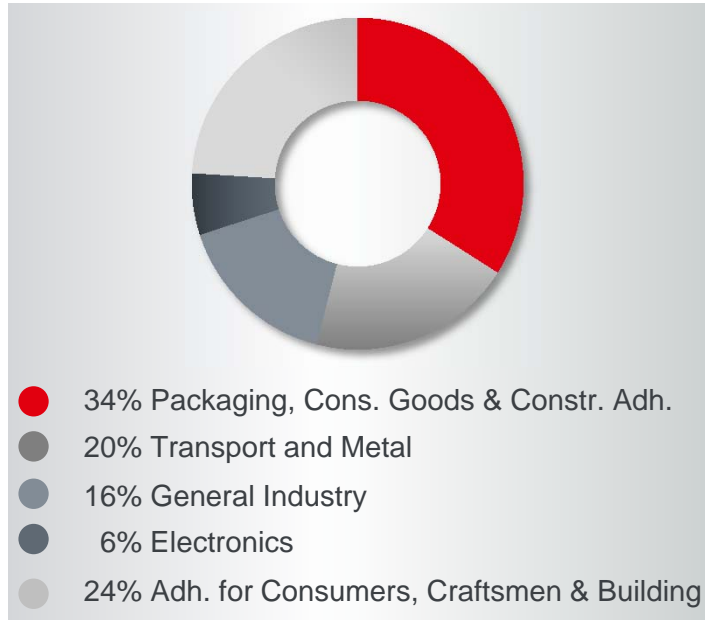
- SUBLIME HAIR REBUILD AND SPLIT END CONTROL
- REPAIR EFFECT
- WITH LAVISHLY RICH OMEGA OIL

DEVELOPED WITH  
**CLAUDIA  
SCHIFFER**

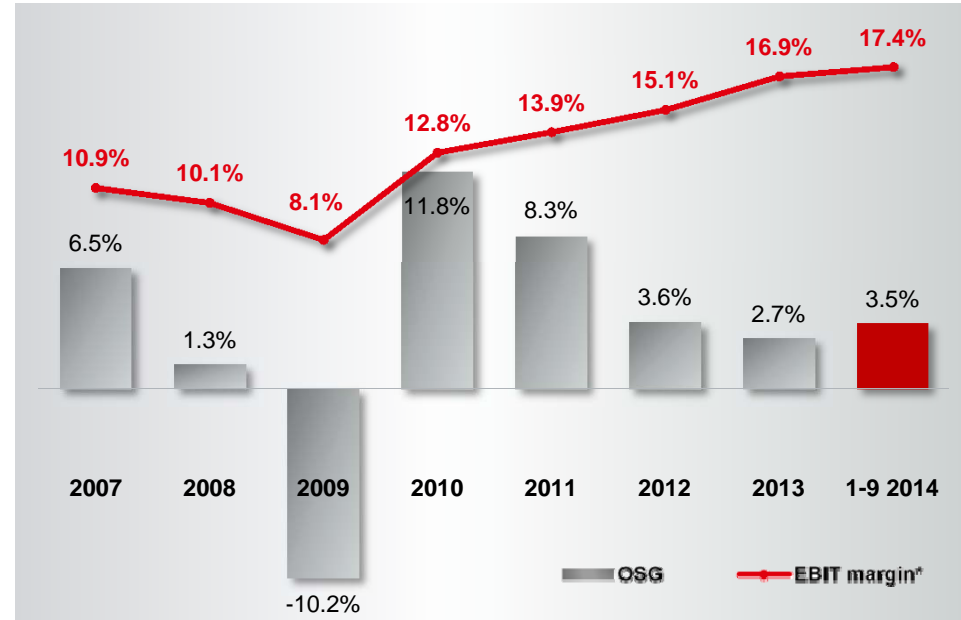
# Adhesive Technologies

Fostering profitable growth path in 1-9 2014

Segment Split



Profitable Growth Path

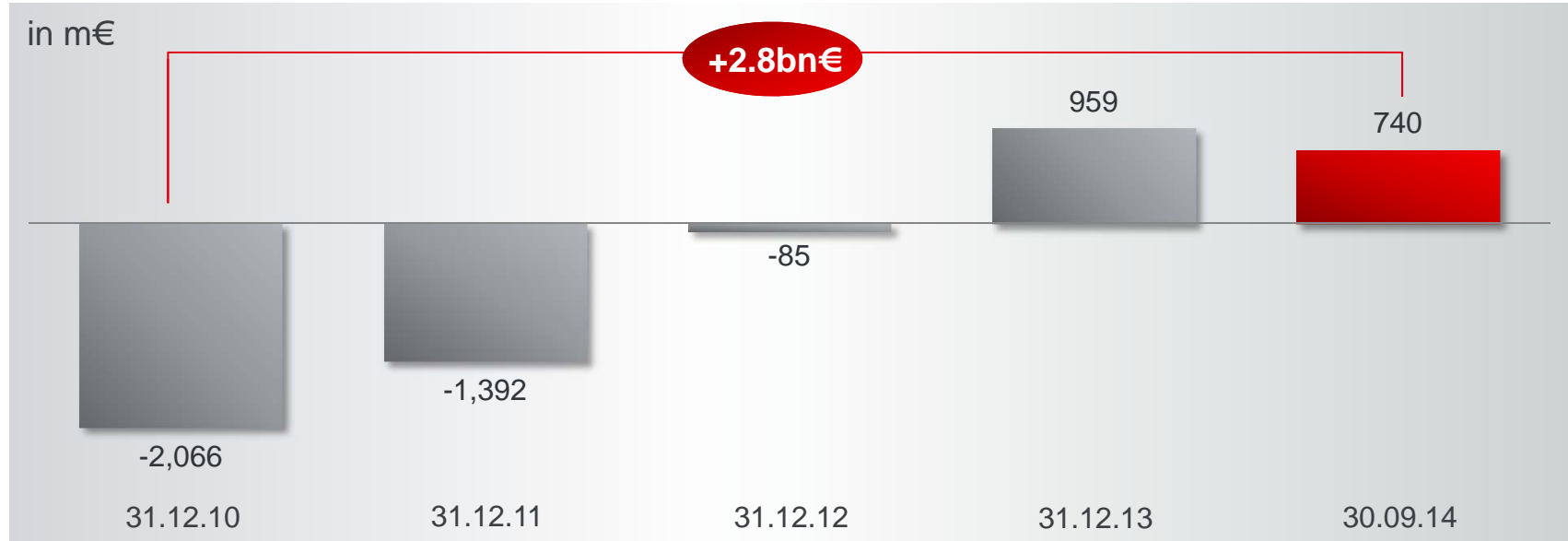


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A silver car body is submerged in a green liquid within a large industrial tank. A high-pressure water gun, with a grey hose and red adjustment knobs, is spraying water onto the car's roof. The background shows industrial machinery and a concrete wall.

**BONDERITE®**








# Significant improvement of net financial position



- Significant increase on top of acquisitions, higher dividends & investments

## 1-9 2014: commitment of 1.7 bn€ for acquisitions

Integration phase for recent acquisitions started

Laundry & Home Care	Beauty Care	Adhesive Technologies
    	      	  

➤ Acquisitions in all Business Units as well as Emerging & Mature Markets



# Laundry & Home Care: Investing in specialties

Spotless Group, a highly profitable laundry & home care company

## Categories / Main Brands



- ~ 50% Laundry Aids
- ~ 25% Insect Control
- ~ 25% Household Care

## Regional Presence



- Focus on Western Europe
- Leading positions in key countries

## Key financials



- Sales: ~280 m€
- Price incl. debt: 940 m€
- EBITDA Multiple: 12.1x





# Beauty Care: Further strengthening US Hair Professional business

High-performance and high-quality brands and organizations

## Companies



- Leading positions in OTC Professional

## Regional Presence



- Strong national distribution foothold in the US

## Key financials



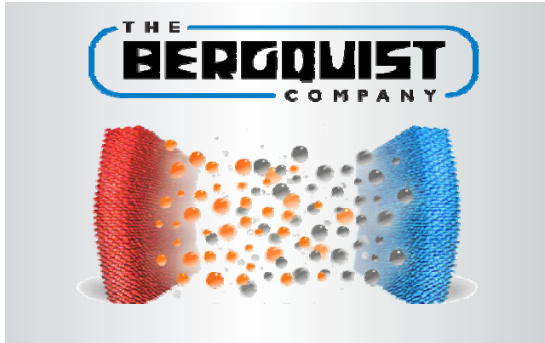
- Sales: ~140 m€
- Price: 274 m€



# Adhesive Technologies: strengthening technology leadership

Strong positions in the growing markets for the electronics industry

## Company



- ~ 65% Thermal Interface Materials
- ~ 25% Insulated Metal Substrates
- ~ 10% Others

## Regional Presence



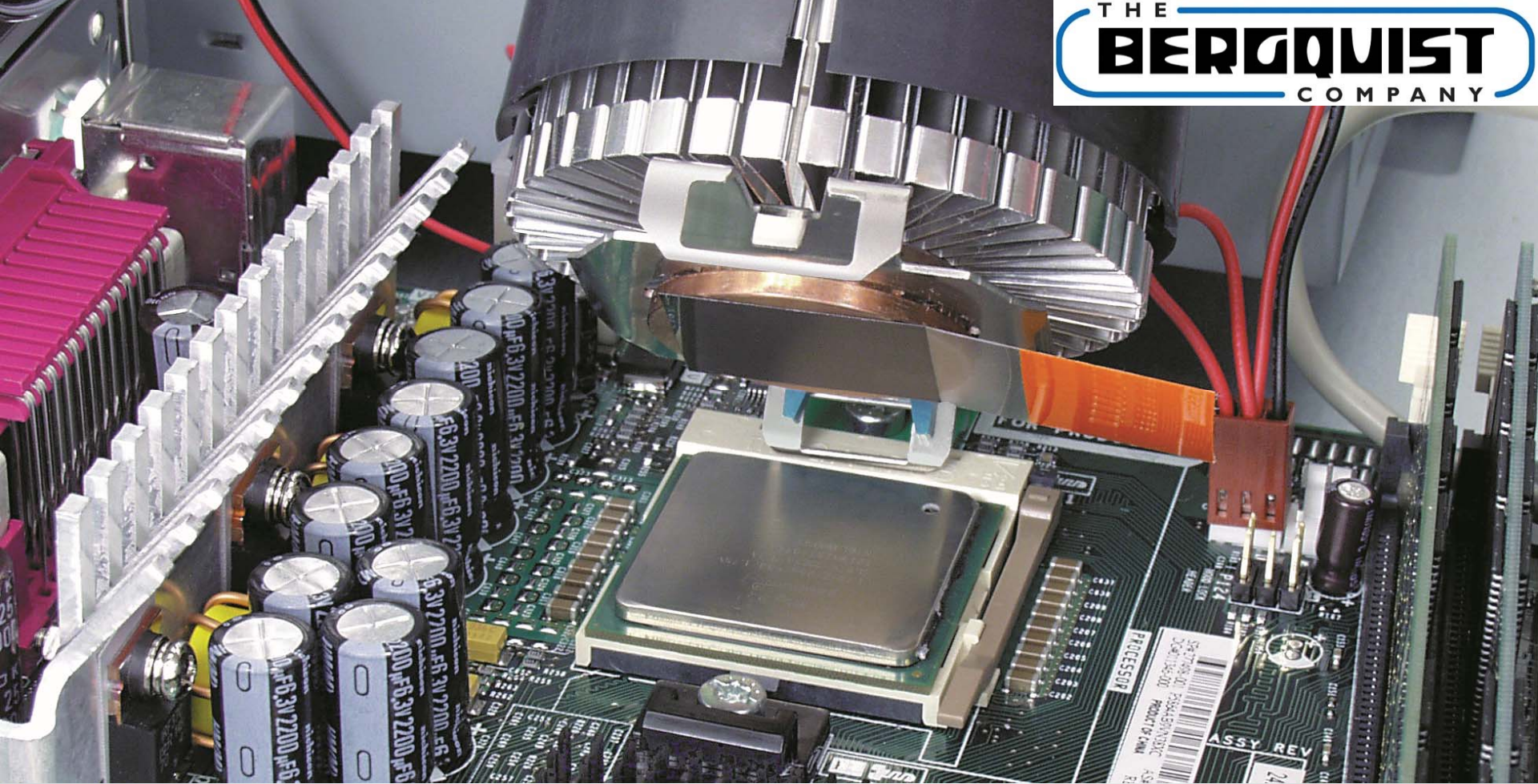
- Focus on North America, Asia-Pacific & Europe

## Key financials



- Sales: ~130 m€
- Price before adjustments: 570 m\$ (approx. 430m €)





# All acquisitions contribute to Henkel's 2016 financial targets



\* incl. continuous portfolio optimization (without major acquisitions & divestments); EPS: adjusted per preferred share

# Agenda

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Key developments & financials 1-9 2014

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**Execution of our Strategy 2016**

3

Guidance FY 2014

# Executing our strategy

- Active portfolio mgmt
- Leverage top brands
- Powerful innovations
- Focus on customers

**Outperform**

Globalize

**A global leader  
in brands  
and technologies**

Simplify

Inspire



# Outperform: Leveraging full potential of brands & innovations

## Top Brands



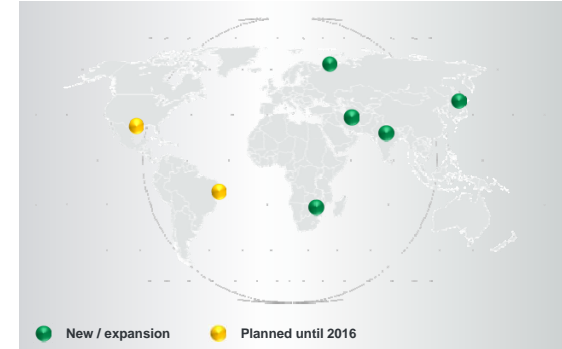
- Top 10: 57% of sales in 2013
- Schwarzkopf reaches 2bn € sales

## Powerful Innovations



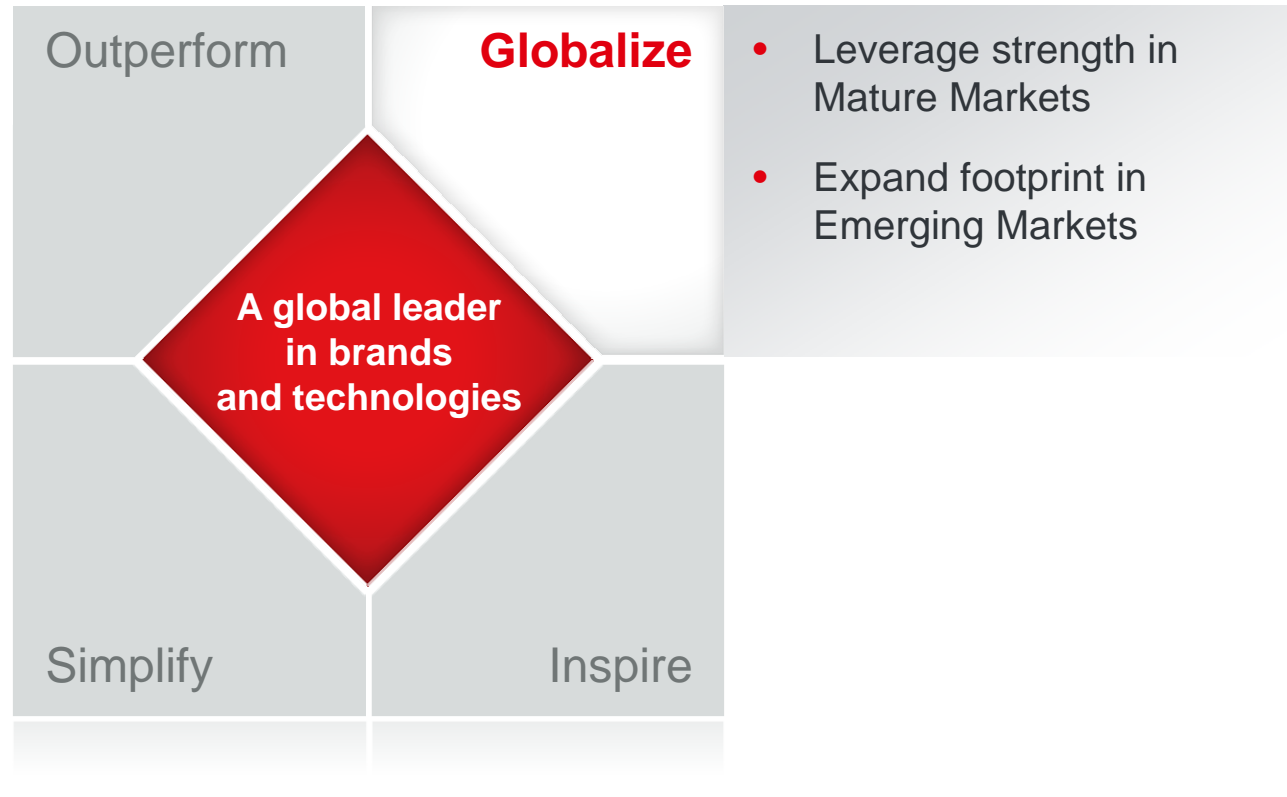
- Continuous flow of innovations
- Innovation rate further increased

## Consumer Proximity



- Opening / significant expansion of 5 R&D centers in emerging markets

# Executing our strategy



# Globalize – Focus on regions with high potential

## Mature Markets: Leverage strength



- Automated high-bay central warehouse in Düsseldorf
- Biggest warehouse for Henkel worldwide

## Emerging Markets: Focused approach



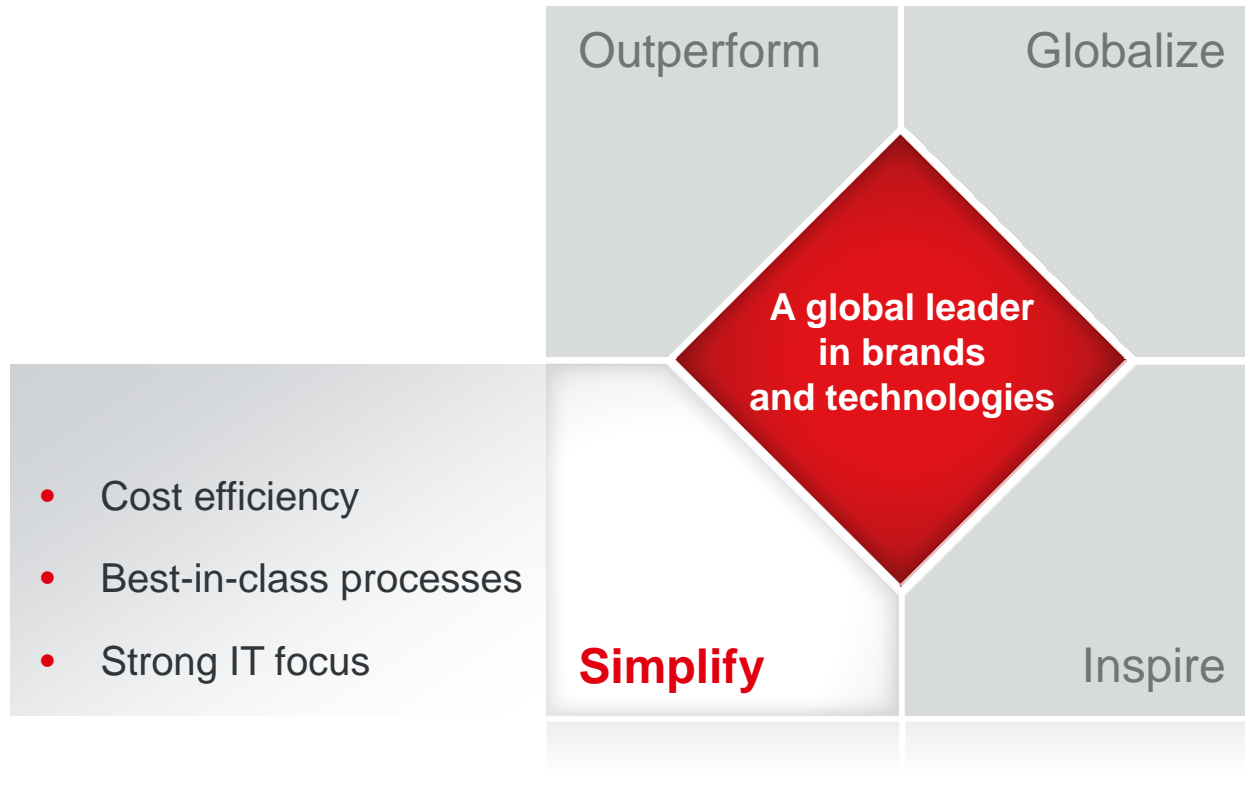
- Sales Share of Emerging Markets increased to 44%
- Consistent very strong growth

## Emerging Markets: Go deep



- China now within top 5 countries Beauty Care
- Largest adhesives factory opened in Shanghai

# Executing our strategy



# Simplify – Drive operational excellence

## Best-in-Class Processes



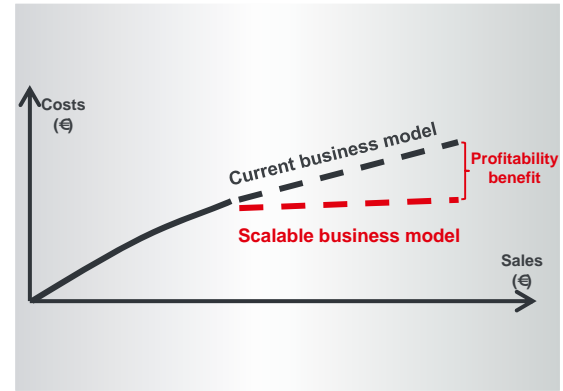
- >2,000 employees in Shared Services

## IT Focus



- Consolidation of various IT systems into one SAP platform

## Cost Efficiency



- Preparing for an integrated global supply chain

## Building a scalable business model

# Executing our strategy



# Inspire: Strengthen our global team

## Leadership



- New Leadership Principles
- 6,800 managers trained in 350 workshops

## Talent & Performance



- Strong performance culture
- Worldwide standardized assessment process

## Diversity



- 32% of managers are women
- 31% of managers work in Emerging Markets



# Commitment to excellence in value creation

## Organic Performance



- CAPEX investment 2013-2016: ~2 bn€
- Investments of 351 m€ in 1-9 2014

## Acquisitions



- 1.7 bn€ investment in acquisitions in 2014
- Firepower of around 3.5 bn€ remaining

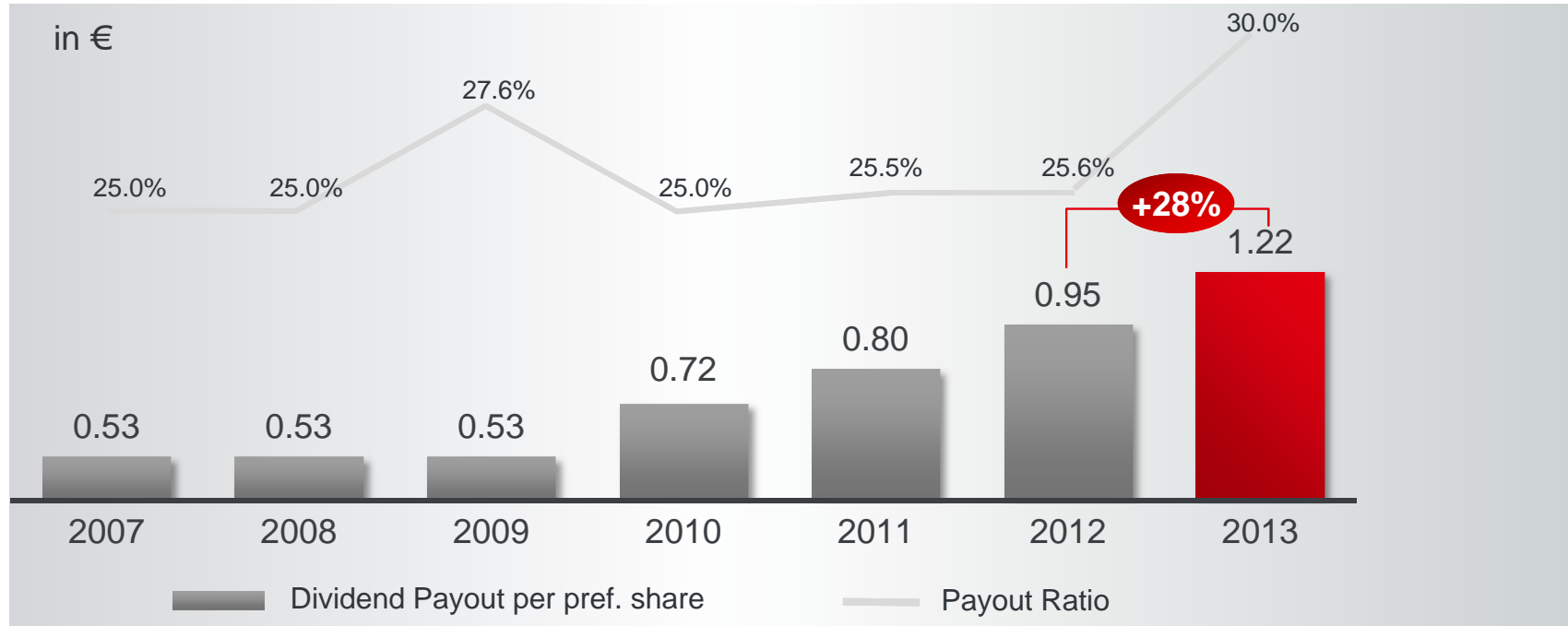
## Dividends



- 543 m€ dividends paid in 2014, +112 m€ vs. 2013
- Payout ratio policy: 25%-35%

# Dividend development & payout ratio history

2007-2013



Policy: 25%-35% dividend payout ratio in the future

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**Guidance FY 2014**

# Updated guidance FY 2014 as of November 11<sup>th</sup>, 2014

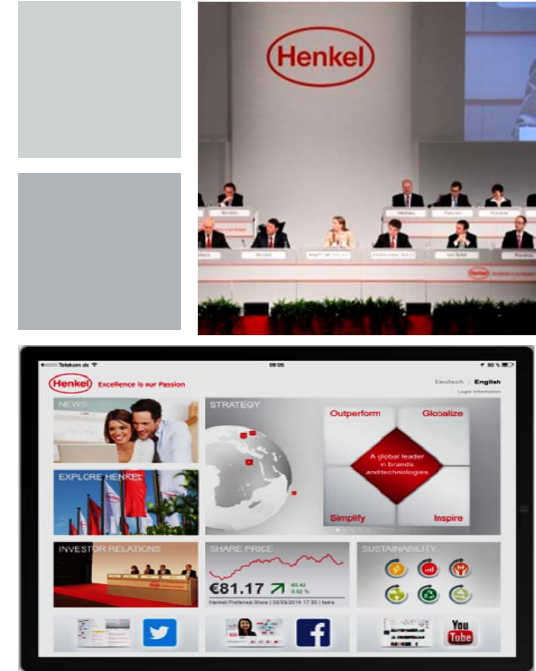
	Guidance FY 2014 Old	Guidance FY 2014 Update
<b>Organic Sales Growth</b> <ul style="list-style-type: none"> <li>- Laundry &amp; Home Care</li> <li>- Beauty Care</li> <li>- Adhesive Technologies</li> </ul>	<b>3 - 5%</b>  all Business Units 3-5%	<b>3 - 5%</b>  3 - 5% ~2% 3 - 5%
<b>Emerging Markets sales share</b>	<b>Slight increase</b>	<b>Slight increase</b>
<b>Adjusted EBIT Margin</b> <ul style="list-style-type: none"> <li>- Laundry &amp; Home Care</li> <li>- Beauty Care</li> <li>- Adhesive Technologies</li> </ul>	<b>~15.5%</b>  All Business Units contributing	<b>Just under 16%</b>  All Business Units contributing
<b>Adjusted EPS Growth</b>	<b>High single-digit</b>	<b>High single-digit</b>



We will continue to adapt our structures to the market

# Upcoming events

- **March 4<sup>th</sup>, 2015**  
**FY 2014 Financials** → **FY 2015 Guidance**
- April 13<sup>th</sup>, 2015  
Annual General Meeting
- May 7<sup>th</sup>, 2015  
Q1 2015 Financials
- June 1<sup>st</sup>, 2015  
Investor & Analyst Day - Laundry & Home Care
- August 12<sup>th</sup>, 2015  
Q2 2015 Financials
- November 11<sup>th</sup>, 2015  
Q3 2015 Financials



# Thank You!








Excellence is our Passion

## Additional Information

# Usage of cash: acquisitions 1-9 2014

Integration phase for recent acquisitions started

Laundry & Home Care		Beauty Care		Adhesive Technologies
				
<ul style="list-style-type: none"><li>• Sales 2013: ~ 280 m€</li><li>• Closing effective: 14.10.2014</li><li>• Price incl. debt: 940 m€</li><li>• Western Europe</li></ul>	<ul style="list-style-type: none"><li>• Sales 2012: ~ 60 m€</li><li>• Closing effective: 14.02.2014</li><li>• Price: 53 m€</li><li>• Poland</li></ul>	<ul style="list-style-type: none"><li>• Sales 2013: ~ 140 m€</li><li>• Closing effective: 30.06.2014</li><li>• Price: 274 m€</li><li>• United States</li></ul>	<ul style="list-style-type: none"><li>• Sales 2013: not disclosed</li><li>• Closing effective: 30.05.2014</li><li>• Price: 24 m€</li><li>• Latin America</li></ul>	<ul style="list-style-type: none"><li>• Sales 2013: ~130 m€</li><li>• Closing effective: 31.10.2014</li><li>• Price before adjustments: 570 m\$ (approx. 430 m€)</li><li>• North America, Asia Pacific, Europe</li></ul>



## Updated guidance FY 2014 for selected KPIs as of Nov. 11<sup>th</sup>, 2014

	Guidance FY 2014 Old	Guidance FY 2014 Update
<b>Price increase total direct materials</b>	Moderate price increase	Moderate price increase
<b>Restructuring charges</b>	At prior-year level	~200 m€
<b>CAPEX</b>	500-550 m€	~500 m€