

News Release

November 11, 2015

Full-year guidance for EPS growth raised

Henkel delivers strong increase in Q3 sales and earnings

- Sales: +8.4% to 4,590 million euros (organic: +3.2%)
- Operating profit*: +12.3% to 778 million euros
- EBIT margin*: +0.5 percentage points to 16.9%
- Earnings per preferred share* (EPS): +11.1% to 1.30 euros
- Strong organic sales growth in emerging markets: +6.5%

Düsseldorf – “Despite a persistently challenging market environment, Henkel delivered a strong performance in the third quarter. We significantly increased both sales and earnings across all business units. Organic sales in emerging markets were strong, once again making an above average contribution to growth. Mature markets showed a positive development, driven especially by the solid performance in North America. Here we grew our business for the third consecutive quarter,” said Henkel CEO Kasper Rorsted. “Adjusted operating profit and adjusted EBIT margin reached record levels in the third quarter and all business units reported a higher adjusted EBIT and adjusted EBIT margin than in the previous year.”

“The strong third quarter performance in challenging and volatile markets demonstrates our ability to adjust to the difficult economic environment. Agility and flexibility remain key success factors for us, confirming our strategy of adapting and further simplifying our structures and processes in line with the changing market conditions.”

* Adjusted for one-time charges/gains and restructuring charges

Guidance for EPS growth raised

Henkel specified the outlook for organic sales growth and raised its guidance for EPS growth for the fiscal year 2015: “We now expect to achieve organic sales growth of around 3 percent in 2015. We continue to expect our adjusted EBIT margin to increase to around 16 percent and now anticipate an increase in adjusted earnings per preferred share of more than 10 percent.”

Sales and earnings performance in the third quarter 2015

In the third quarter of 2015, **sales** rose significantly by 8.4 percent to 4,590 million euros. Adjusted for positive foreign exchange effects of 2.3 percent, sales improved by 6.1 percent. **Organically** – i.e. adjusted for foreign exchange and acquisitions/divestments – sales rose by 3.2 percent.

The **Laundry & Home Care** business unit recorded strong organic sales growth of 5.5 percent. In the **Beauty Care** business unit, organic sales rose by a solid 2.1 percent. The **Adhesive Technologies** business unit also posted a solid improvement in organic sales of 2.3 percent.

After one-time charges, one-time gains and restructuring charges, **adjusted operating profit** improved by 12.3 percent from 693 million euros to 778 million euros. Reported operating profit (EBIT) grew by 10.4 percent from 603 million euros to 666 million euros.

Adjusted return on sales increased by 0.5 percentage points to 16.9 percent. Reported return on sales rose by 0.3 percentage points to 14.5 percent.

Henkel’s **financial result** of -11 million euros was at the level of the prior-year quarter. The **tax rate** amounted to 24.6 percent (prior-year quarter: 24.0 percent).

Adjusted net income for the quarter after deducting non-controlling interests increased by 11.0 percent, from 508 million euros to 564 million euros. Reported net

income for the quarter grew by 9.8 percent, from 450 million euros to 494 million euros. After deducting 10 million euros attributable to non-controlling interests, quarterly net income increased to 484 million euros (prior-year quarter: 440 million euros).

Adjusted earnings per preferred share (EPS) rose by 11.1 percent from 1.17 euros to 1.30 euros. Reported EPS increased by 10.9 percent from 1.01 euros to 1.12 euros.

Net working capital relative to sales increased year on year by 0.4 percentage points to 6.0 percent. The rise is primarily due to acquisitions.

Business performance January through September 2015

In the first nine months of 2015, Henkel's **sales** increased significantly by 1,413 million euros to 13,715 million euros, reaching a new high for Henkel. This was an increase of 11.5 percent compared to the first nine months of 2014. Adjusted for foreign exchange, sales grew by 6.4 percent. **Organically** – i.e. adjusted for foreign exchange and acquisitions/divestments – sales increased by 3.1 percent, with all three of Henkel's business units contributing.

Adjusted operating profit grew by 267 million euros from 1,986 million euros to 2,253 million euros (+13.4 percent). **Adjusted return on sales** increased from 16.1 percent to 16.4 percent.

Adjusted net income for the first nine months, after deducting non-controlling interests, rose by 11.9 percent from 1,459 million euros to 1,632 million euros.

Adjusted earnings per preferred share (EPS) improved by 11.9 percent from 3.37 euros to 3.77 euros.

Henkel's **net financial position** as of September 30, 2015 was -336 million euros (December 31, 2014: -153 million euros). The change versus year-end 2014 is mainly due to the dividend payout and payments for acquisitions.

Business unit performance in the third quarter 2015

The **Laundry & Home Care** business unit once again very successfully delivered profitable growth in the third quarter of 2015. **Sales** grew organically by 5.5 percent year on year, outperforming the relevant markets. This led to further market share gains. Nominally, sales again increased double digits, by 10.6 percent to 1,314 million euros (prior-year quarter: 1,188 million euros).

The strong organic sales growth was mainly driven by the performance in emerging markets. The regions of Eastern Europe and Asia (excluding Japan) both recorded double-digit growth. Latin America posted a very strong increase in sales. Despite challenging conditions, the Africa/Middle East region posted strong growth. The mature markets recorded positive sales growth which was due in particular to a solid performance in North America. Sales in Western Europe remained at the level of the third quarter of 2014.

Adjusted operating profit of the Laundry & Home Care business unit increased significantly, by 19.3 percent to 239 million euros. Adjusted return on sales showed an excellent increase, reaching a new high of 18.2 percent. Reported operating profit also grew substantially, by 23.0 percent from 171 million euros in the prior-year quarter to 211 million euros.

The **Beauty Care** business unit also continued on its long-standing profitable growth path in the third quarter of 2015. At 2.1 percent, organic sales growth was once again above that of the relevant markets, leading to further market share gains. Nominally, **sales** increased by 5.0 percent to 964 million euros (prior-year quarter: 918 million euros).

With a very strong increase in organic sales, the business unit's successful development in the emerging markets continued. The Latin America region again grew double digits. Eastern Europe recorded a very strong increase in sales. The Asia region (excluding Japan) posted a strong sales performance, mainly driven by double-digit growth in China. Africa/Middle East posted solid organic sales growth. Business in the mature markets continued to be impacted by intense crowding-out competition and strong price pressure. Due particularly to developments in Western Europe and the mature markets of the Asia-Pacific region, sales were slightly below the level of the prior-year quarter. By contrast – and despite a challenging competitive environment – North America posted strong growth compared to the third quarter of 2014.

Adjusted operating profit of the Beauty Care business unit rose significantly versus the prior-year quarter, by 10.7 percent to 155 million euros. Adjusted return on sales also showed a very strong increase to 16.1 percent. Reported operating profit grew by 45.2 percent to 142 million euros.

The **Adhesive Technologies** business unit recorded solid organic sales growth of 2.3 percent in the third quarter. Nominally, **sales** increased by 8.5 percent to 2,279 million euros (prior-year quarter: 2,100 million euros).

The business unit's successful development in the emerging markets continued with solid organic sales growth. Latin America recorded double-digit growth. Eastern Europe and Africa/Middle East reported strong sales growth, although the situation in some countries was difficult. In Asia (excluding Japan), sales were below the level of the prior-year quarter, due particularly to weaker economic growth in China. Overall, sales performance in the mature markets was positive, with the mature markets of the Asia-Pacific region recording strong growth. Sales in North America showed positive development. In Western Europe, however, organic sales were slightly lower year on year.

Adjusted operating profit of the Adhesive Technologies business unit increased significantly versus the third quarter of 2014 – by 10.3 percent to 412 million euros. Adjusted return on sales showed a solid improvement – reaching 18.1 percent for the first time. Reported operating profit increased by 3.7 percent to 367 million euros.

Regional performance in the third quarter 2015

Henkel's sales in the **Western Europe** region increased by 6.0 percent to 1,508 million euros. In a highly competitive market environment, organic sales were 1.3 percent lower than in the prior-year quarter, although with mixed developments within the region. While the businesses in the United Kingdom, France, and Southern Europe posted an increase in organic sales, sales in Germany were below the level of the third quarter of 2014. Sales in **Eastern Europe** amounted to 733 million euros compared to 792 million euros in the prior-year quarter. Despite the challenging market environment, however, organic growth amounted to 9.7 percent with the businesses in Russia and Turkey making a major contribution. Sales in **Africa/Middle East** rose from 279 million euros to 320 million euros. Although political unrest in some countries continued to affect growth, organic sales showed a strong increase of 5.9 percent.

Sales in **North America** rose from 755 million euros to 940 million euros. Organically, sales improved by 3.2 percent, with all three business units contributing. Sales in **Latin America** rose from 266 million euros to 280 million euros. The organic increase was 10.9 percent. This improvement was primarily attributable to double-digit growth in Mexico. Sales in the **Asia-Pacific** region rose from 691 million euros to 777 million euros. Organically, sales improved by 0.8 percent. While the mature markets in the region reported solid growth, sales in the emerging markets rose only slightly as a result of slowing growth dynamics in China.

In the **emerging markets** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan), sales grew by 4.2 percent to 1,994 million euros. Organically, sales in emerging markets grew by 6.5 percent, again making an above-average contribution to organic growth at the Henkel Group, with all three business units

contributing. The share of sales from emerging markets declined compared to the third quarter of 2014, to 43 percent. In the **mature markets**, sales grew organically by 0.4 percent to 2,563 million euros.

Outlook of the Henkel Group 2015

Henkel has specified its guidance for organic sales growth for the fiscal year 2015 and now expects growth of approximately 3 percent. Organic sales growth in the Laundry & Home Care business unit is expected to be between 4 and 5 percent. In the Beauty Care business unit, Henkel continues to expect organic sales growth of approximately 2 percent. Due in particular to slowing growth in China, Henkel now anticipates that organic sales growth in the Adhesive Technologies business unit will be between 2 and 3 percent. As before, Henkel expects a stable development in the share of sales from emerging markets. Henkel confirms its guidance for adjusted return on sales (EBIT) and continues to expect an increase to around 16 percent (2014: 15.8 percent) and that all business units will contribute to this improvement. Henkel has raised its guidance for adjusted earnings per preferred share and now expects an increase of more than 10 percent (2014: 4.38 euros).

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.

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The report for the third quarter of 2015 and further information with download material and the link to the teleconference broadcast can be found on the internet at:

www.henkel.com/ir

www.henkel.com/press

Key figures Q3/2015 and 1-9/2015

in million euros	Sales		EBIT		EBIT margin	
	Q3	1-9	Q3	1-9	Q3	1-9
Laundry & Home Care						
2015	1,314	3,926	211	600	16.0%	15.3%
2014	1,188	3,474	171	527	14.4%	15.2%
organic	5.5%	5.0%	-	-	-	-
2015 adjusted ¹⁾	-	-	239	685	18.2%	17.5%
2014 adjusted ¹⁾	-	-	200	580	16.8%	16.7%
Beauty Care						
2015	964	2,910	142	433	14.7%	14.9%
2014	918	2,671	98	346	10.6%	13.0%
organic	2.1%	2.0%	-	-	-	-
2015 adjusted ¹⁾	-	-	155	471	16.1%	16.2%
2014 adjusted ¹⁾	-	-	140	419	15.2%	15.7%
Adhesive Technologies						
2015	2,279	6,783	367	1,100	16.1%	16.2%
2014	2,100	6,062	354	1,031	16.9%	17.0%
organic	2.3%	2.4%	-	-	-	-
2015 adjusted ¹⁾	-	-	412	1,163	18.1%	17.2%
2014 adjusted ¹⁾	-	-	373	1,055	17.8%	17.4%
Henkel						
2015	4,590	13,715	666	2,029	14.5%	14.8%
2014	4,236	12,302	603	1,800	14.2%	14.6%
organic	3.2%	3.1%	-	-	-	-
2015 adjusted ¹⁾	-	-	778	2,253	16.9%	16.4%
2014 adjusted ¹⁾	-	-	693	1,986	16.4%	16.1%

Henkel	Q3/2014	Q3/2015	Change	1-9/ 2014	1-9/ 2015	Change
Earnings per preferred share in euros	1.01	1.12	10.9%	3.07	3.41	11.1%
Adjusted EPS per preferred share in euros ¹⁾	1.17	1.30	11.1%	3.37	3.77	11.9%

Changes on the basis of figures in thousand euros

¹⁾ Adjusted for one-time charges/gains and restructuring charges