

Henkel Annual Results Press Conference

Creating sustainable value

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| Disclaimer

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| Agenda

1 | **Successful development 2016**

2 | Strong financial performance

3 | Leading in sustainability

4 | Ambitious outlook

| FY 2016: Strong performance in a challenging environment

Sales

€ 18.7 bn

Adj. EBIT

€ 3.2 bn

Adj. EPS growth

+9.8%

Organic Growth

+3.1%

Adj. EBIT margin

16.9%

Dividend increase¹

+10.2%

¹ Proposal to shareholders for the Annual General Meeting on April 6, 2017

| Strong profitable growth in 2016



- Strong performance driven by all business units and regions
- Solid organic sales growth: strong in emerging markets, positive in mature markets
- Very strong increase in adjusted EBIT margin
- High single-digit adjusted EPS growth
- Acquisition of The Sun Products Corporation closed in Q3 2016, 10 weeks after signing
- Launch of Henkel 2020+ ambition & strategic priorities

| Continued challenging environment

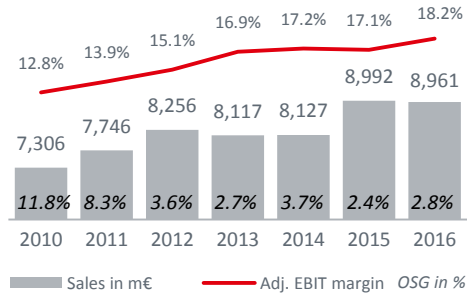
- Geo-political instability and macro-economic volatility in some countries
- Global GDP growth on a moderate level
- Persistent FX headwinds in key currencies
- Volatility in feedstock markets
- Intensified promotional & pricing pressure in consumer goods businesses

| Adhesive Technologies

Fostering profitable growth

Adhesive Technologies

LOCTITE
TECHNOMELT
BONDERITE



Sales

- Solid OSG
- All business areas contributing
- Emerging markets strong, mature markets on prior year level

Return

- Adj. EBIT margin with excellent increase to all-time high
- ROCE above the level of prior year

| Adhesive Technologies

Highlights



Food Packaging

Market share gains across all industry segments

Successful innovations to foster convenience & food safety



Automotive Sector

Very strong growth with OEMs and tier one suppliers

High-impact solutions to facilitate light-weight and e-mobility



Electronics Industry

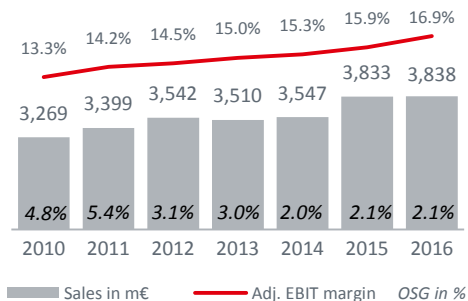
Continued growth of Thermal Management solutions

Superior innovations for improved performance of consumer devices and automotive electronics

| Beauty Care

Fostering profitable growth

Beauty Care



Sales

- Solid OSG
- Both business areas contributing
- Emerging markets very strong, mature markets slightly below prior year

Return

- Adj. EBIT margin with excellent increase to all-time high
- ROCE below the level of prior year due to acquisitions

Beauty Care Highlights



Body Care

Successful concepts leveraged across brands and regions

Fa and Dial with further market share gains



North America

Strong growth in Retail fueled by Hair & Body business

Further expansion of mega-brand Schwarzkopf in coloration



Hair Professional

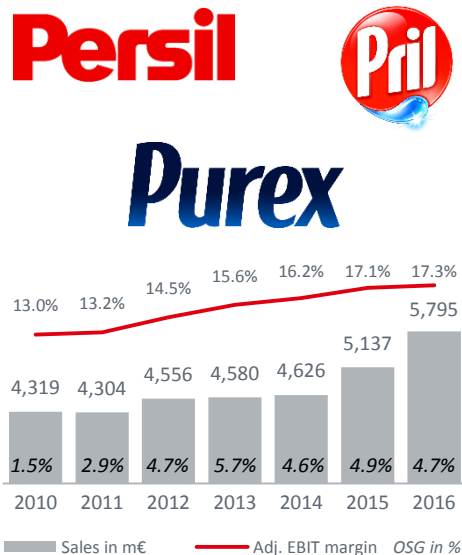
Continued growth momentum

Growth driven by innovations under Schwarzkopf and successfully integrated US brands

| Laundry & Home Care

Fostering profitable growth

Laundry & Home Care



Sales

- Solid OSG
- Both business areas contributing
- Emerging markets very strong, mature markets solid

Return

- Adj. EBIT margin with solid increase to all-time high
- ROCE below the level of prior year due to acquisitions

| Laundry & Home Care Highlights



Somat Phosphate-free

Sustainable innovation: 100% performance without phosphates

Very strong category growth thanks to launch in 30 countries



North America

Sustained momentum driven by excellent performance of laundry
Successful further expansion of Persil ProClean



Africa/Middle East

Very strong growth in MEA region driven by hand dishwashing
“Pril 100 Lemons Power” relaunch driving double digit brand growth




| Acquisition of The Sun Products Corporation

Second-largest acquisition in Henkel's history

- Milestone for Henkel North America
- No. 2 in the laundry care market in North America
- Portfolio of well-established & successful brands
- Leverage strength of a combined team
- Integration well on track



| Delivering on Guidance 2016

	Guidance FY 2016*	Actual FY 2016	
Organic Sales Growth	2 - 4% All Business Units within this range	3.1% All Business Units within or above guidance	
EM Sales Share	Slight decrease	Slight decrease	
Adjusted EBIT margin	>16.5% All Business Units above PY level	16.9% All Business Units above PY level	
Adjusted EPS growth	8 - 11%	9.8%	

* Updated on August 11, 2016

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1 | Successful development 2016

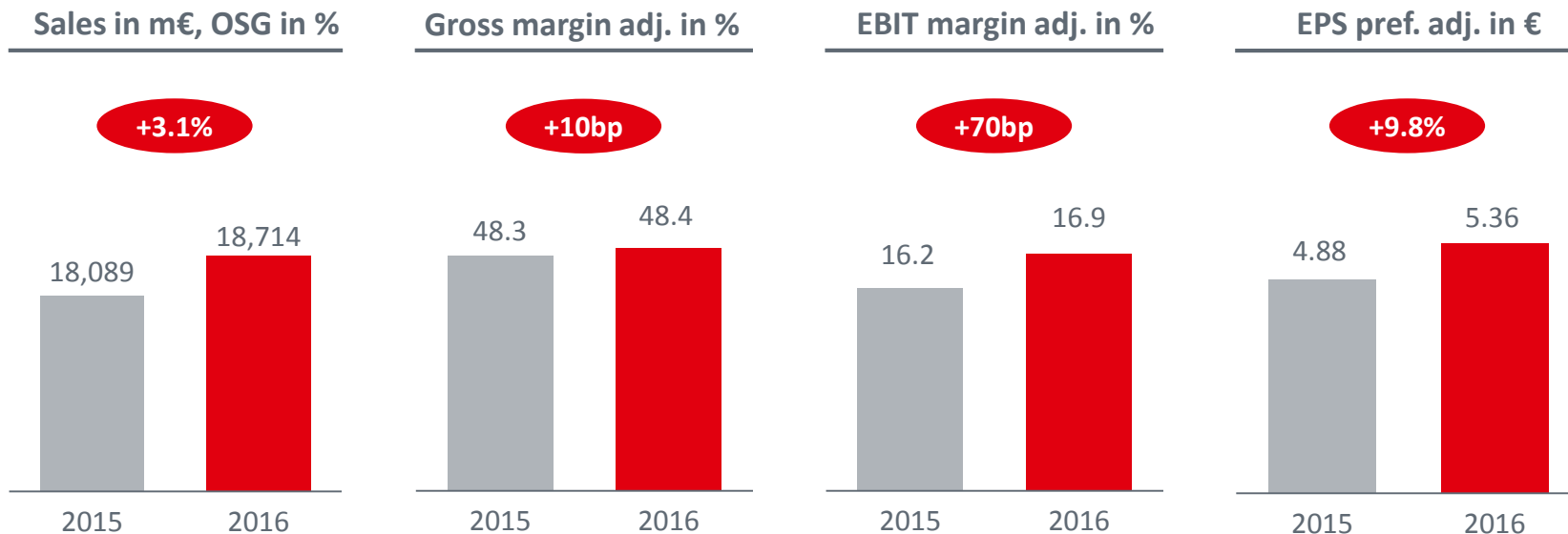
2 | Strong financial performance

3 | Leading in sustainability

4 | Ambitious outlook

High quality of earnings

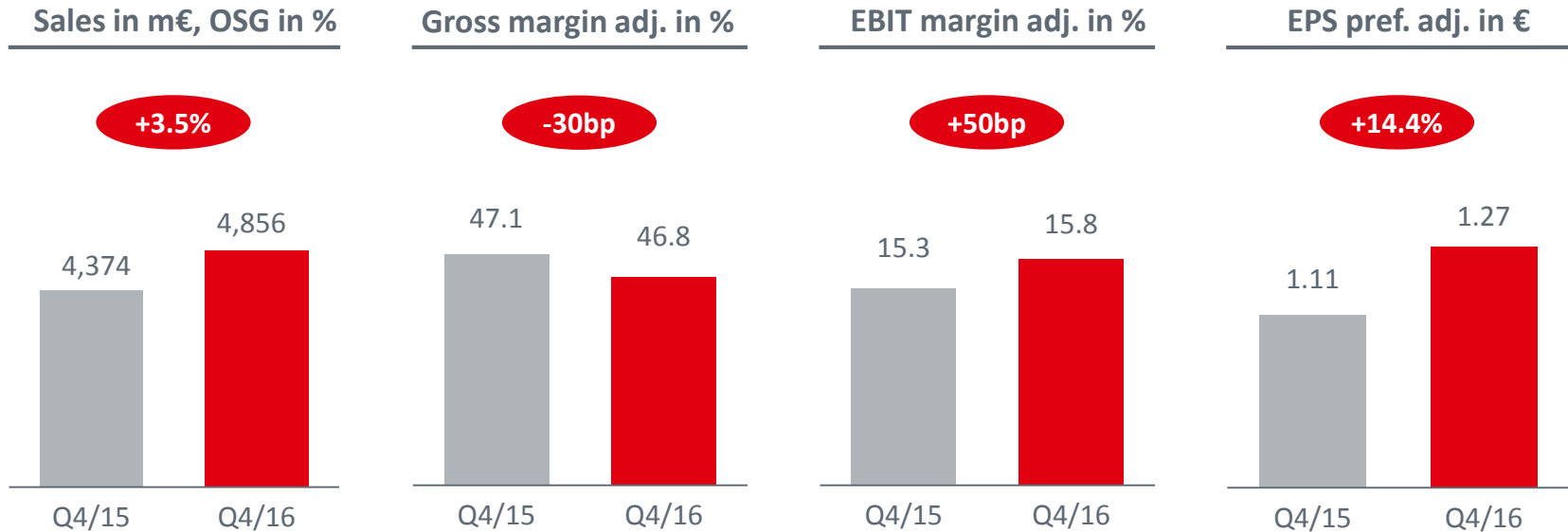
Key financials 2016 – FY



Record levels of sales, profitability and earnings per share

High quality of earnings

Key financials 2016 – Q4

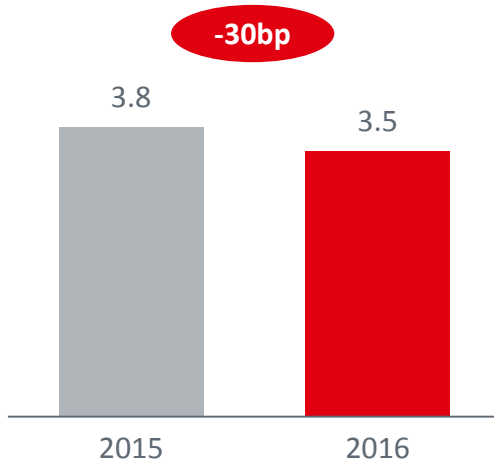


Q4 2016 with strong contribution to FY results

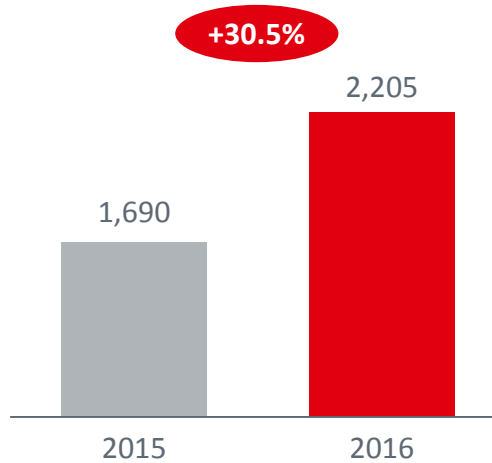
| Disciplined NWC management & strong cash generation

Key financials 2016 – FY

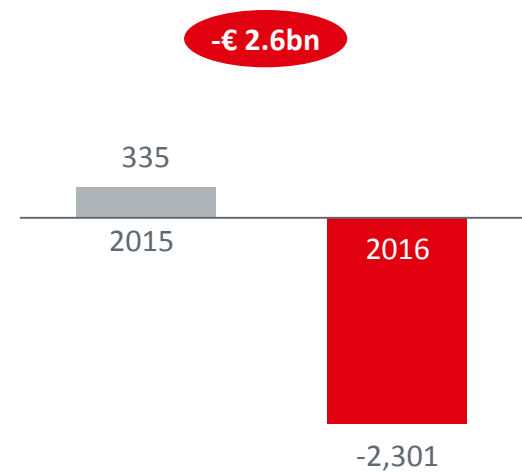
NWC in % of sales



Free cash flow in m€

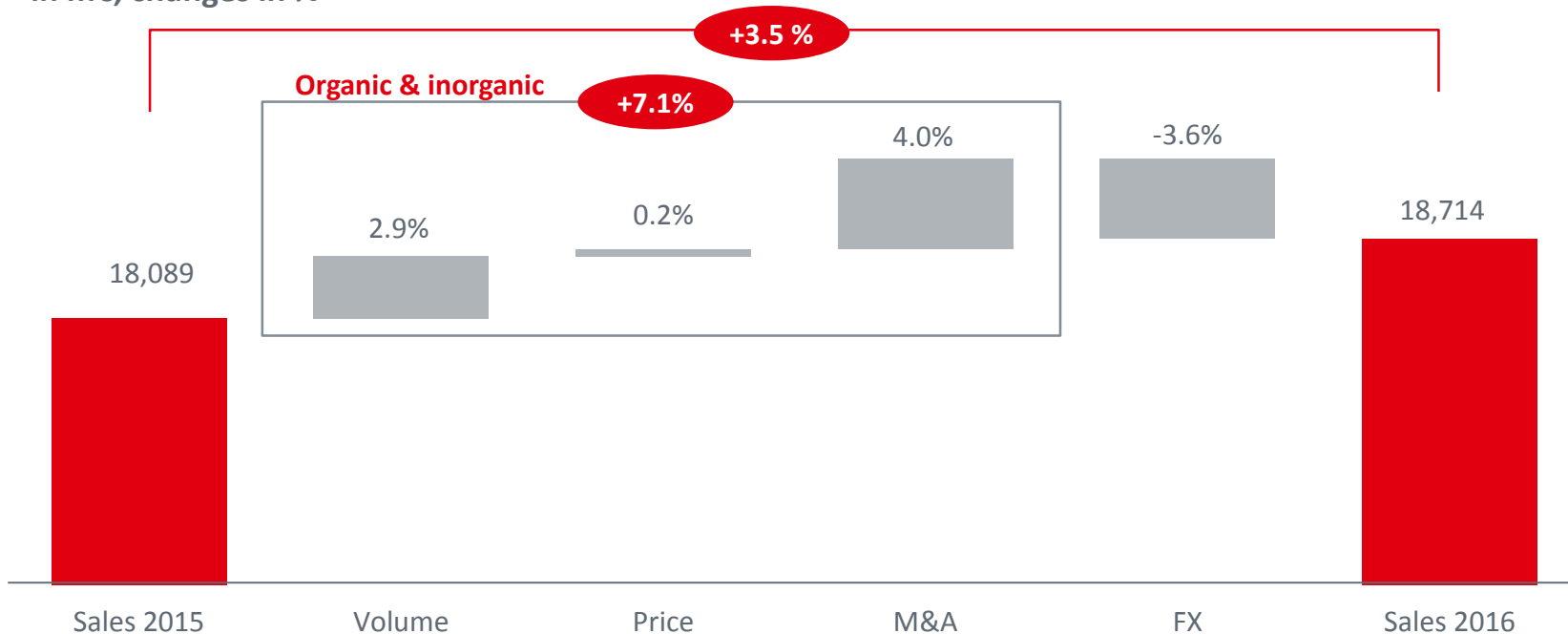


Net financial position in m€



| Very strong organic & inorganic sales growth

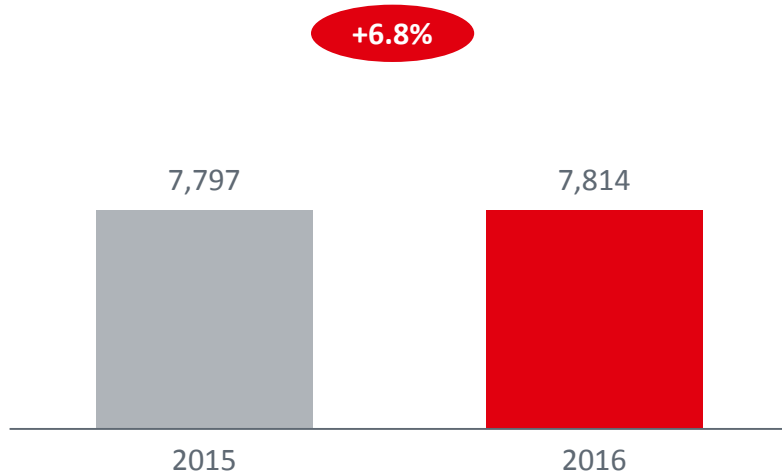
in m€, changes in %



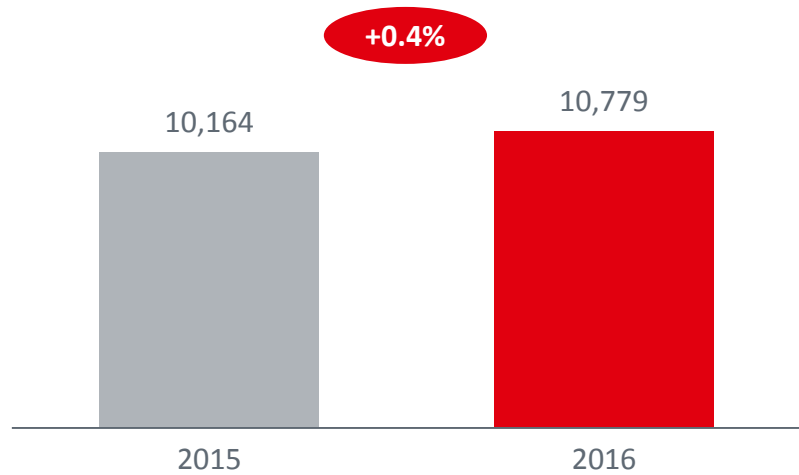
Strong organic sales growth in emerging markets

in m€, OSG in %

Emerging markets



Mature markets

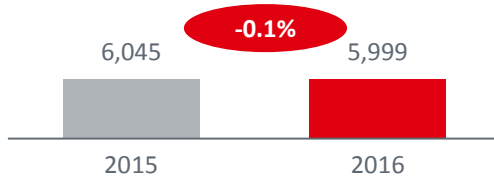


Emerging markets sales share at 42 percent

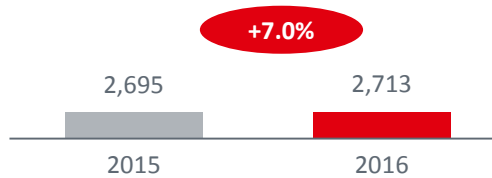
| Good growth development across the world

in m€, OSG in %

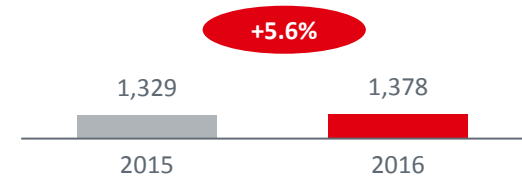
Western Europe



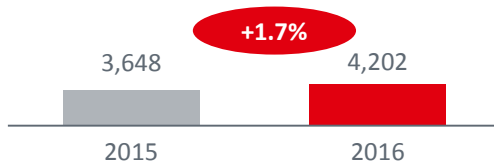
Eastern Europe



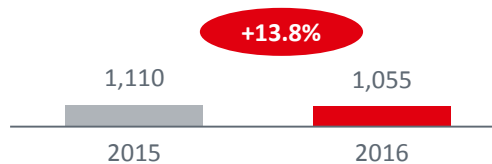
Africa/Middle East



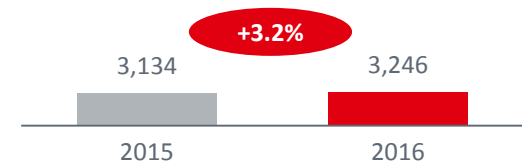
North America



Latin America



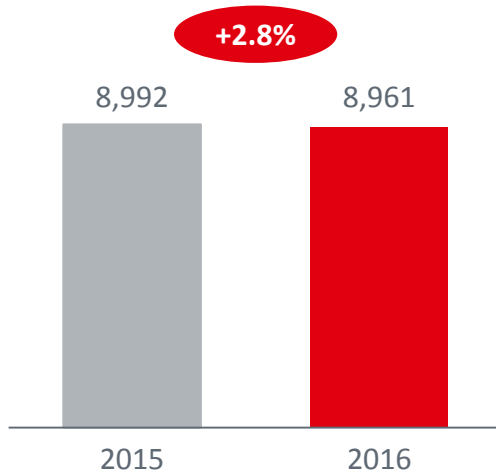
Asia-Pacific



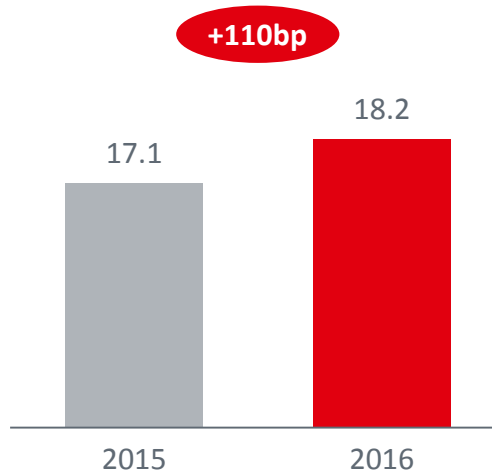
| Adhesive Technologies

Key financials 2016

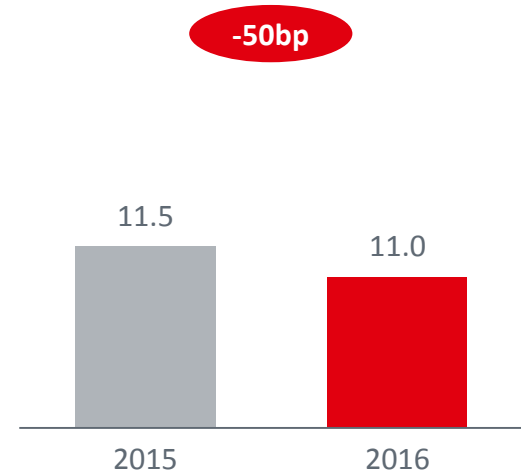
Sales in m€, OSG in %



EBIT margin adj. in %



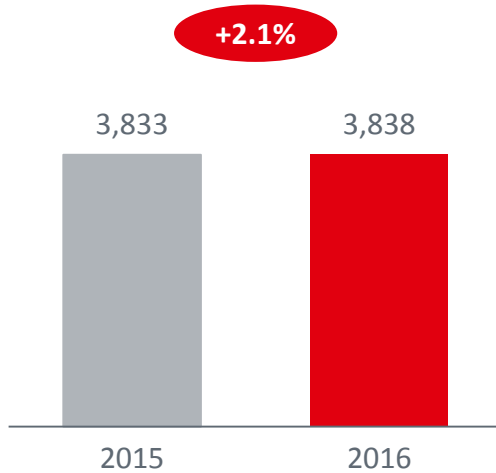
NWC in % of sales



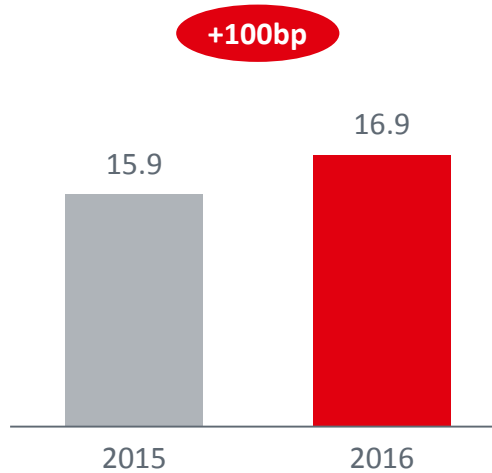
| Beauty Care

Key financials 2016

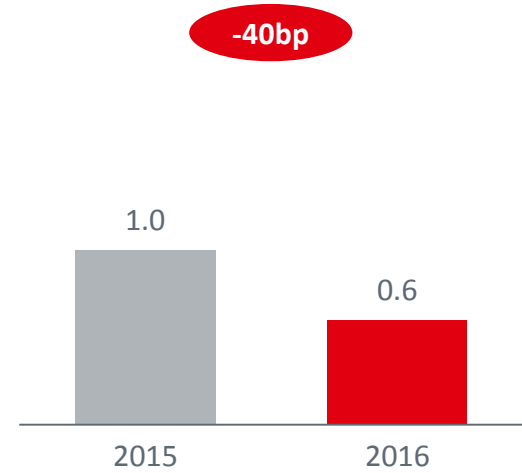
Sales in m€, OSG in %



EBIT margin adj. in %



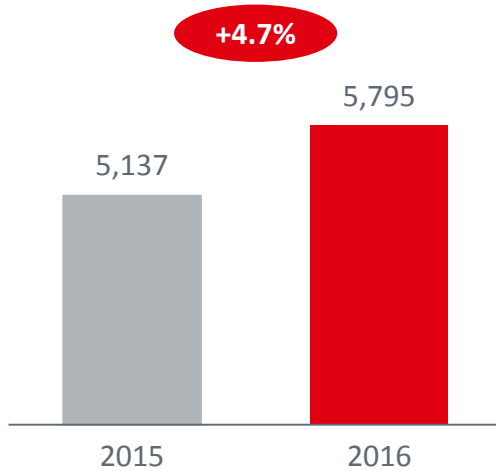
NWC in % of sales



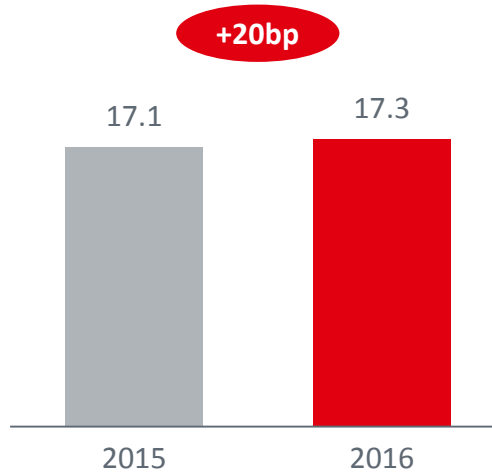
| Laundry & Home Care

Key financials 2016

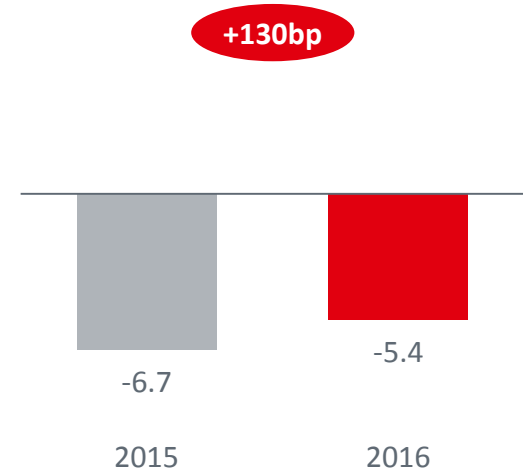
Sales in m€, OSG in %



EBIT margin adj. in %

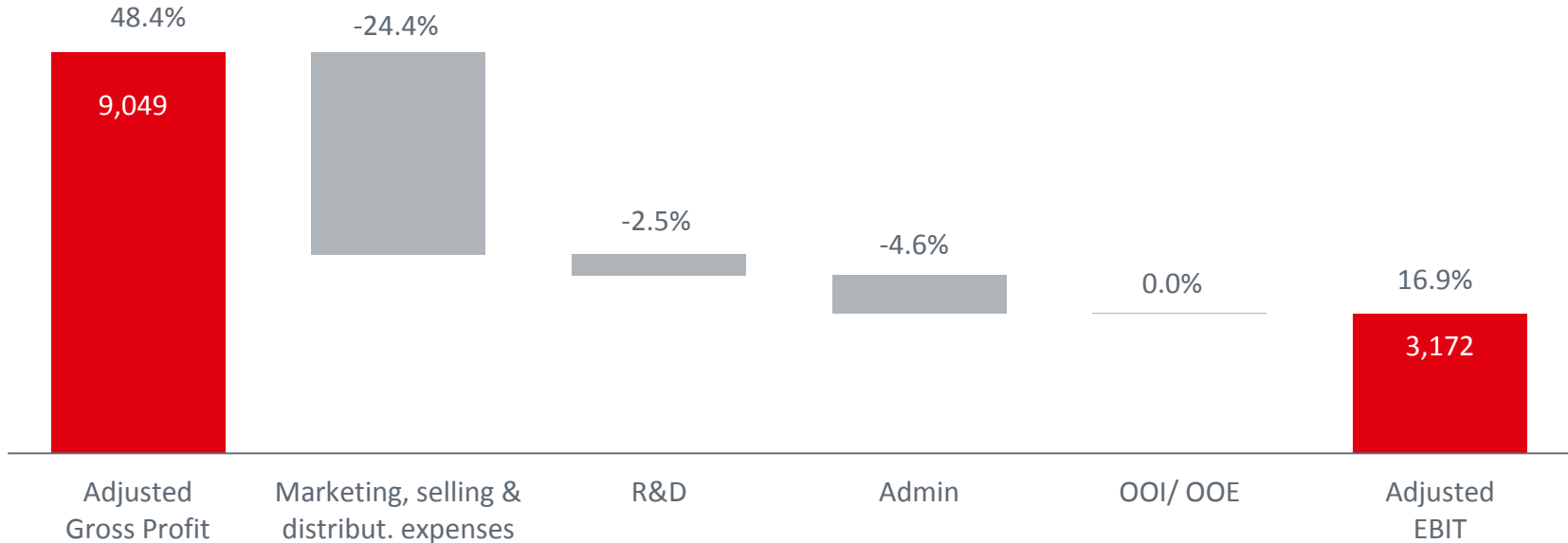


NWC in % of sales

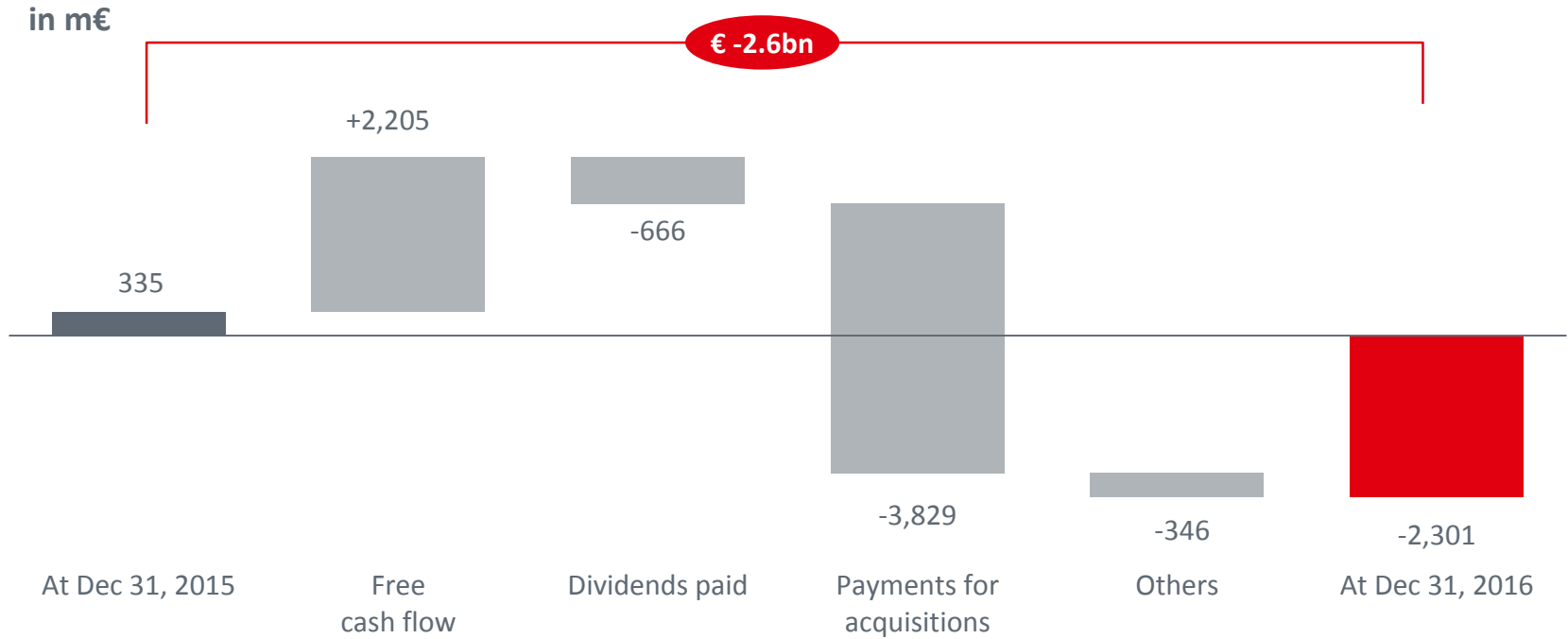


| Very strong increase of adjusted EBIT margin

in m€, % of sales



| Net financial position



Excellence in value creation

Usage of cash in 2016

CapEx



€ 543m spent

Acquisitions



€ 3.8 bn invested

Dividends



€ 666 m distributed

CapEx: € 543m in 2016

Investing in growth – “in the region for the region”

Adhesive Technologies



Asia-Pacific

Multi-tech plant expansion
in China

Beauty Care



Eastern Europe

Plant upgrade and expansion
in Russia

Laundry & Home Care



Western Europe

High-bay warehouse expansion
in Germany

| Acquisitions: € 3.8bn in 2016

Compelling and high quality acquisitions

Adhesive Technologies



Beauty Care



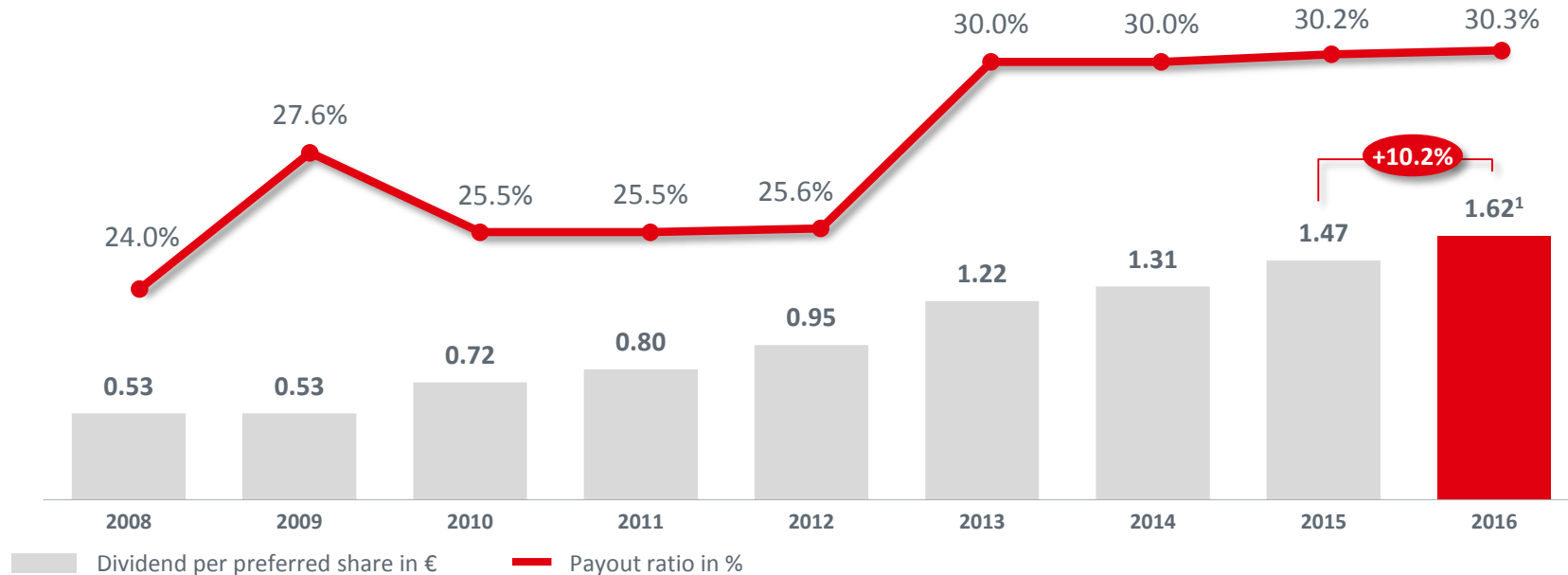
Laundry & Home Care



| Strengthening market positions across business units & regions

Dividends: € 666m distributed in 2016

30.3% payout ratio¹ proposed for FY 2017



¹ Proposal to shareholders for the AGM on April 6, 2017

| Agenda

1 | Successful development 2016

2 | Strong financial performance






3 | Leading in sustainability

4 | Ambitious outlook

Strong foundation

Excellent performance and leading positions

Achieved 2016 Targets 2020

	More net sales per ton of product	+8%	+22%
	Safer per million hours worked	+17%	+40%
	Less energy / CO ₂ emissions per ton of product	-22%	-30%
	Less waste per ton of product	-26%	-30%
	Less water per ton of product	-23%	-30%
Overall efficiency		+42%	+75%



High level of employee engagement

More than 10,000 sustainability ambassadors



- Activities at Henkel sites around the world
- Contributions to health, waste, water and energy



- Dialog and collaboration with our customers
- Around 150 projects with retail partners in 2016

| High level of employee engagement

Various activities worldwide for environment and society



- Elementary school program on sustainability at home
- More than 80,000 school children in 47 countries



- Social engagement in communities worldwide
- Employee engagement and corporate volunteering

Contributions of our brands and technologies

Progress along the value chain



- All dishwashing detergents from Henkel in Europe phosphate-free
- Contribution to reducing environmental impact on water



- Joint initiative "BeSmarter" from leading brands Schauma, Fa & Theramed
- Raising consumers' awareness of their impact during the use phase of our products



- Collaboration between Loctite and TerraCycle for recycling adhesives packaging
- Recycling box for used adhesives containers

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| Strong performance driven by our global team

- Strong business performance and high quality of earnings in 2016
- Record level of sales driven by very strong organic and inorganic growth
- All-time-high adj. EBIT, adj. EBIT margin and adj. earnings per preferred share
- Double-digit increase in dividends¹
- Step-change in North America with second-largest acquisition in Henkel's history
- Successful year for Henkel driven by our global team

| Strong foundation to deliver on our Henkel 2020+ ambition

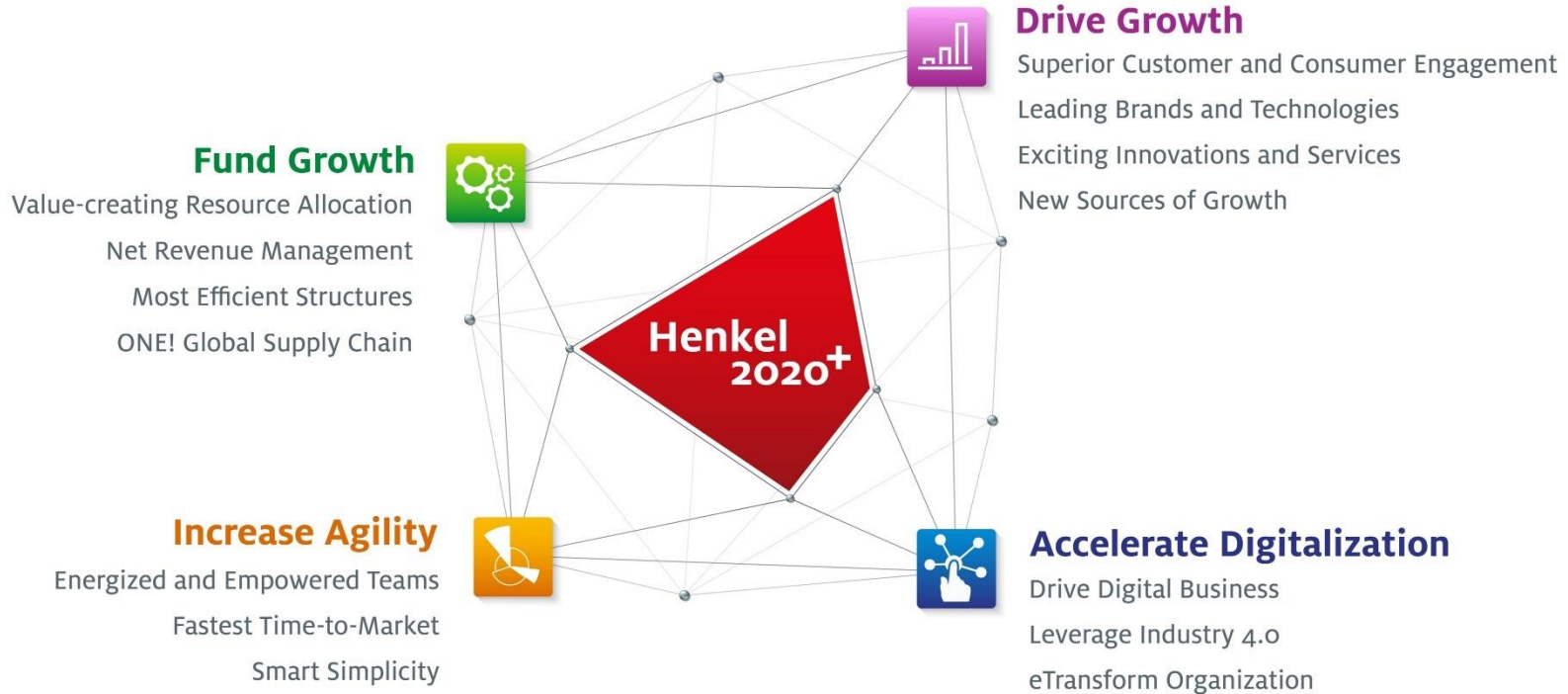
¹ Proposal to shareholders for the AGM on April 6, 2017

| Henkel 2020+

Shaping our future

- Generate profitable growth and attractive returns
- Become more customer-focused, innovative and agile
- Lead digital transformation in all business activities
- Promote sustainability across the entire value chain
- Advance our portfolio with value-adding acquisitions
- Clear and exciting growth strategy going forward

| Henkel 2020+: Strategic Priorities



| Outlook 2017: Environment will remain challenging

- Increasing geo-political tensions and political uncertainties
- Moderate and heterogeneous global GDP and industrial production growth
- Continued high volatility of key currencies
- Increasing prices of commodities
- Continued high level of promotional & pricing pressure in consumer goods businesses

| Guidance FY 2017

FY 2017

Organic Sales Growth

2 - 4%
All Business Units within this range

Adjusted EBIT Margin

Improvement to a level
above 17.0%

Adjusted EPS Growth

7 - 9%

| Upcoming events

- April 6, 2017 Annual General Meeting
- May 11, 2017 Q1 2017 Earnings Release
- August 10, 2017 Q2 2017 Earnings Release
- November 14, 2017 Q3 2017 Earnings Release

Thank you!