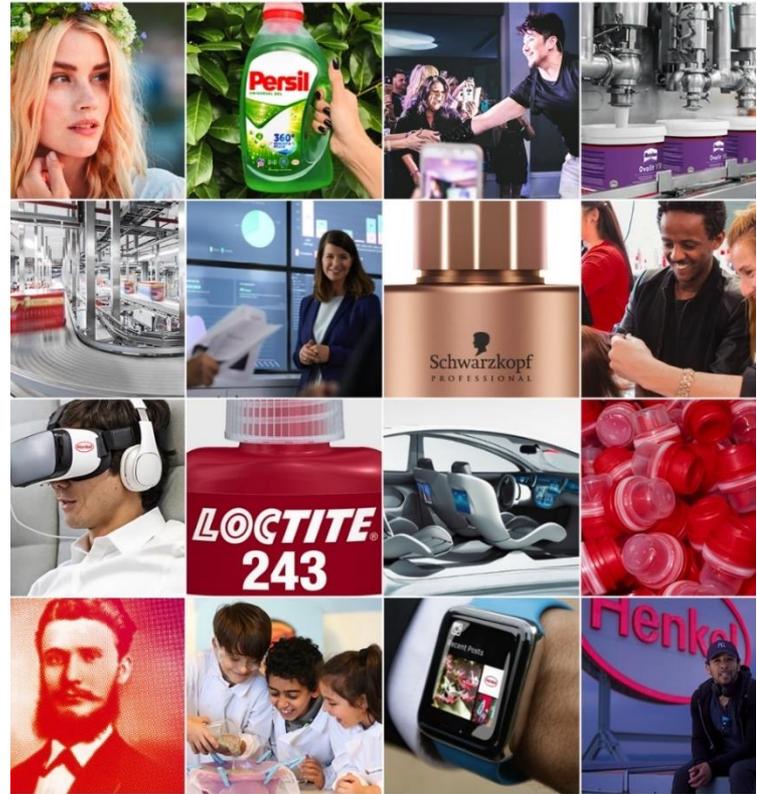


Henkel Investor & Analyst Meeting

Hans Van Bylen, Carsten Knobel
London, September 4, 2018



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. This document has been issued for information purposes only and is not intended to constitute an investment advice or an offer to sell, or a solicitation of an offer to buy, any securities.

Agenda

1. **Strong foundation and consistent financial performance**
2. Compelling ambition 2020+ and clear strategy going forward
3. Consistent capital allocation supporting our ambition
4. Strong portfolio of three business units
5. Henkel – a compelling investment

Henkel: Three areas of competence

A global leader in brands and technologies

Industrial Business

Adhesive Technologies



Globally leading positions
#1 Global

Consumer Business

Beauty Care



#3 Hair Coloration
#3 Hair Professional

Laundry & Home Care

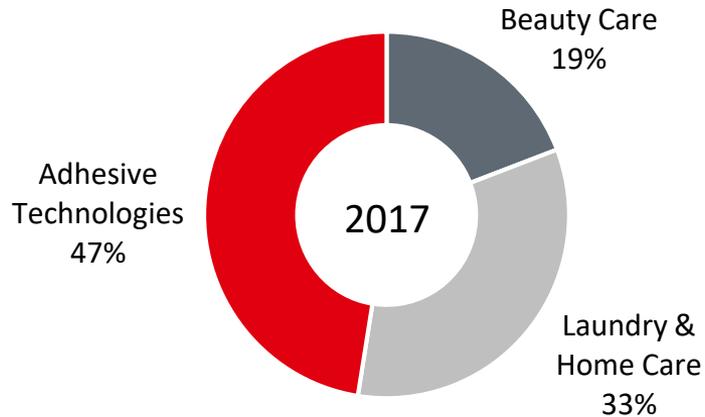


#3 Global
#1 Europe, #2 North America

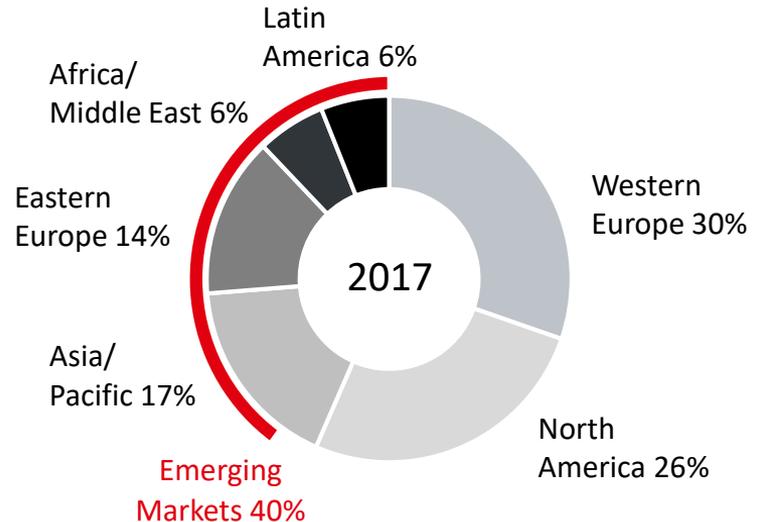
Well diversified and balanced portfolio

Three business units operating across all regions

Sales by business unit ¹



Sales by region ¹



¹ Corporate sales not included (account for 1% of sales)

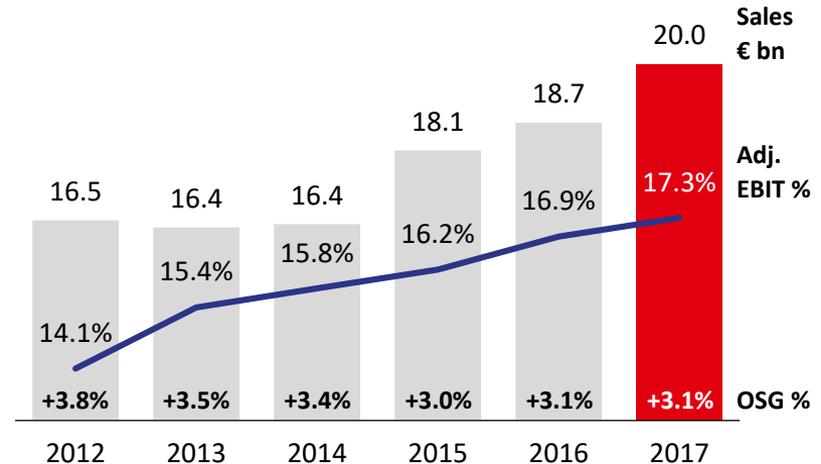
Strong and consistent performance

Key financial developments

Key developments

- Sales exceeding € 20 bn with an average organic sales growth of 3.3%¹
- Strong organic sales growth complemented by compelling acquisitions in all business units
- Continued improvement of Adj. EBIT Margin and new high in Adj. EBIT of € 3.5 bn
- Adjusted EPS (preferred share) up by 9.1% to € 5.85 in 2017, strong CAGR of 9.6%¹

Sustainable and profitable growth path



¹ 2012-2017

Operating in a heterogeneous environment

H1 2018 key macroeconomic developments

Strong industrial production¹

Moderate global GDP growth,
continued strong IPX

Currency devaluation

Strong headwinds from US Dollar and
key Emerging Market currencies

HPC markets mixed

Persisting difficult conditions and
ongoing competitive/pricing pressures

Commodity inflation

Increased direct material price pressure
including force majeure

¹ Source: IHS Markit

Good profitable growth in H1 2018

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT %</u>	<u>Adjusted EPS Growth</u>
€ 10.0 bn	+2.3%	€ 1.8 bn	17.7%	+1.7%

- Good organic sales growth driven by very strong performance of Adhesive Technologies
- North American consumer goods businesses back to normal service levels
- Substantial FX- and direct material-headwinds on top and bottom line
- Continuous improvement in Adjusted EBIT Margin supported by synergies and Fund Growth initiatives
- Adjusted EPS above previous year

Emerging Markets driving growth

H1 2018

North America

-0.9%

€ 2,444 m (24%)

Western Europe

+0.1%

€ 3,154 m (32%)

Eastern Europe

+7.9%

€ 1,433 m (14%)

Latin America

+6.8%

€ 581 m (6%)

Africa/Middle East

+6.7%

€ 642 m (6%)

Asia-Pacific

+3.0%

€ 1,661 m (17%)

Emerging Markets: +6.2% to € 4,045 m, 41% of Group Sales

Mature Markets: -0.3% to € 5,870 m

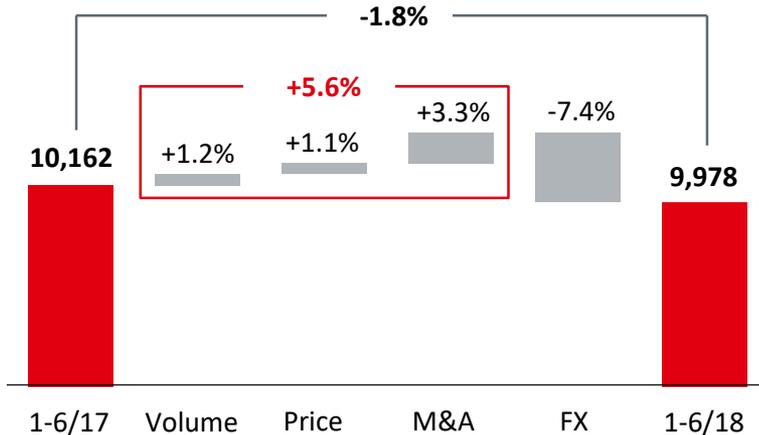
OSG in %
abs. in €m
(share of total)

Strong underlying results

Substantial FX headwinds in the first six months 2018

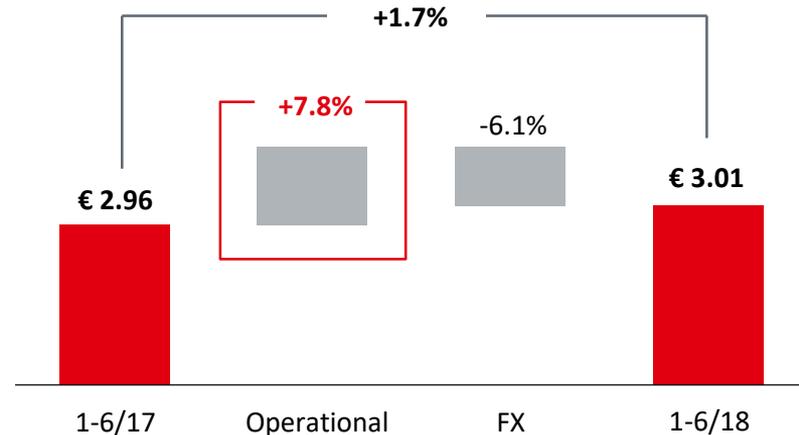
Very strong organic & inorganic sales growth

in €m, changes in %



Strong Adj. EPS growth before FX

in € per preferred share, changes in %



Business unit performance in H1 2018

Adhesive Technologies



+5.0% Organic Sales Growth

18.5% Adj. EBIT Margin

Beauty Care



-2.0% Organic Sales Growth

17.4% Adj. EBIT Margin

Laundry & Home Care



+1.1% Organic Sales Growth

18.2% Adj. EBIT Margin

Adhesive Technologies with continuously strong OSG and Adj. EBIT Margin

Consumer businesses back to normal service levels in Q2 after North American delivery difficulties in Q1

Guidance 2018

	FY 2018 – previously	FY 2018 – updated
Organic Sales Growth	Henkel: 2 - 4% Adhesive Technologies: 2 - 4% Beauty Care: 0 - 2% Laundry & Home Care: 2 - 4%	Henkel: 2 - 4% Adhesive Technologies: 4 - 5% Beauty Care: 0 - 2% Laundry & Home Care: 2 - 4%
Adjusted EBIT Margin	Improvement to a level above 17.5%	Improvement to a level of around 18%
Adjusted EPS Growth	5 - 8% Reflecting currency uncertainty	3 - 6% Reflecting currency development

Committed to driving profitable growth

- Build on strong momentum in Adhesive Technologies with continued price implementation
- Drive compelling innovations in Beauty Care and Laundry & Home Care
- Leverage full acquisition synergy potential
- Advance implementation of Fund Growth initiatives
- Intensify efforts to reduce Net Working Capital quarter by quarter

Agenda

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We pursue a compelling ambition

- 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⁺**

Financial ambition 2020

Organic Sales Growth

2 – 4%
(Average 2017 – 2020)

Adjusted EPS Growth

7 – 9%
(CAGR 2016 – 2020, per preferred share)

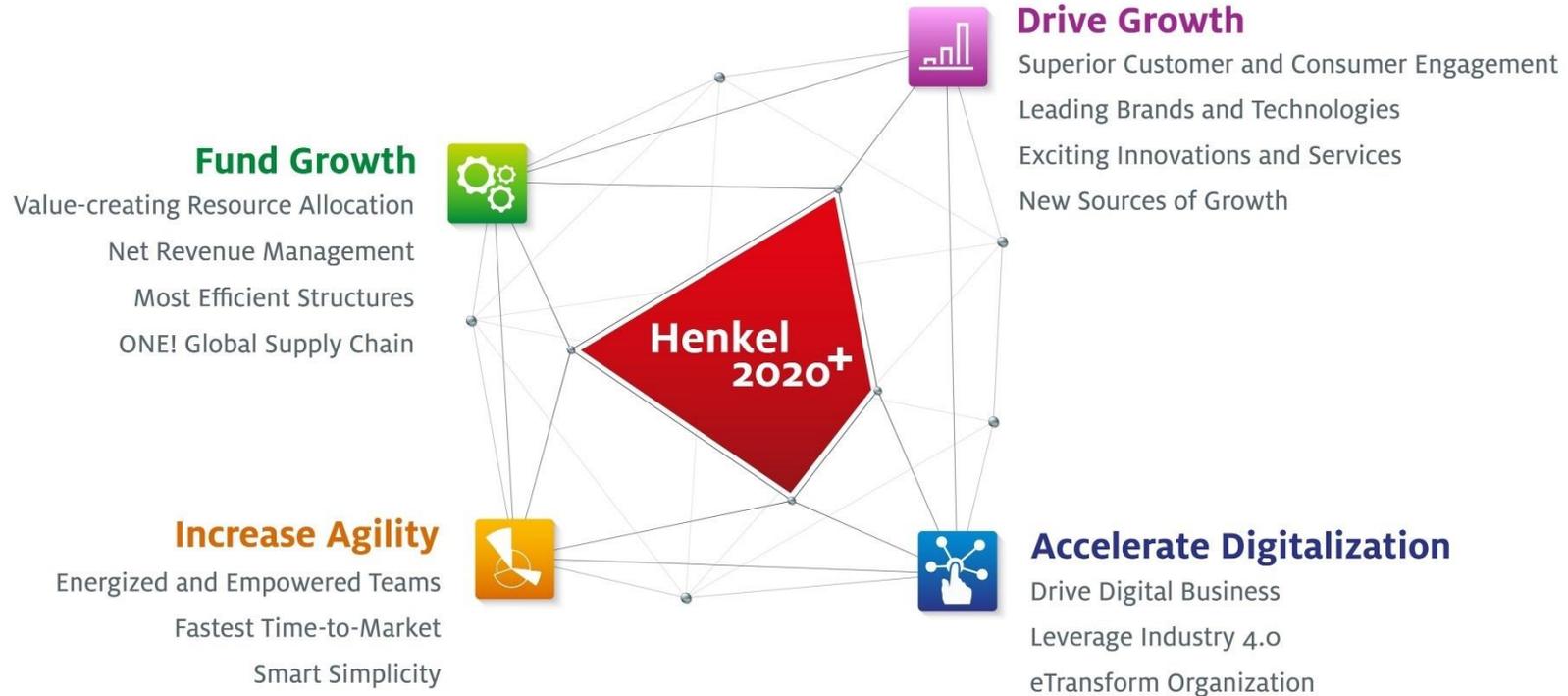
Adjusted EBIT Margin

Continued improvement in
adjusted EBIT margin

Free Cash Flow

Continued focus on
free cash flow expansion

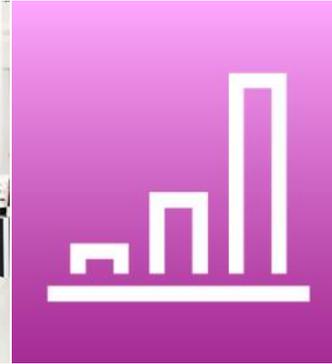
Henkel 2020+ Strategic Priorities



Drive Growth

Initiatives

- **Customer & Consumer Engagement**
Roadmaps expanded to top 500 industrial customers
- **Leading Brands & Technologies**
Top brands Loctite, Schwarzkopf and Persil with above average growth in all three business units
- **Exciting Innovations & Services**
>300 automotive applications in Adhesive Technologies, award winning IoT ecosystem in Hair Professional
- **New Sources of Growth**
Since 2017 ~€ 2 bn invested in 6 compelling acquisitions, committed more than € 50 m VC investments



Accelerate Digitalization

Initiatives

- **Drive Digital Business**

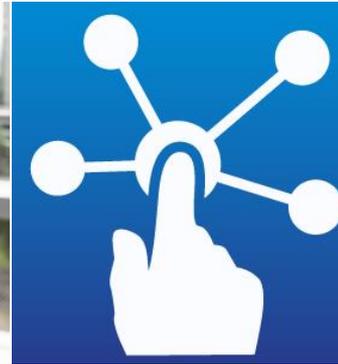
Ongoing double-digit increase in digital sales, on track to achieve >€ 4 bn by 2020

- **Leverage Industry 4.0**

Higher efficiency from real-time leverage of automation, sensorics, data exchange and analytics

- **eTransform Organization**

Gaining traction in transformation through dedicated digital functions and ecosystem including network of external partners



Increase Agility

Initiatives

- **Energized and Empowered Teams**
Direct communication strengthened through interactive exchange formats
- **Fastest Time-to-Market**
Co-creating innovations with market leaders in Adhesive Technologies, acceleration of time-to-market of consumer goods innovations
- **Smart Simplicity**
Seamless integration of >10 companies acquired since 2016 across all business units



Fund Growth

Implementation at full speed

- **>€ 100 m efficiency gains in 2017 and accelerating**
Fully on track in the realization of efficiencies, contribution accelerating in 2018
- **>€ 500 m annual efficiency gains**
Expected sustainable annual efficiency gains in full swing by 2020
- **Re-invest in growth**
Fair share of annual efficiency gains are re-invested to support innovation and future growth



Henkel 2020+

Clear, long-term strategy based on our values



Sustainability

Leading position further strengthened

- **Performance recognized in ratings**
Leading positions in DJ Sustainability Rating, Oekom, Sustainalytics and included in relevant indices
- **Broad engagement by our employees**
More than 50,000 trained sustainability ambassadors, commitment to sustainable action firmly anchored
- **Strong performance**
Ecological footprint significantly enhanced, occupational safety improved



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Consistent capital allocation

Strong sources of cash

Excellent Free Cash Flow

Balance sheet optionality

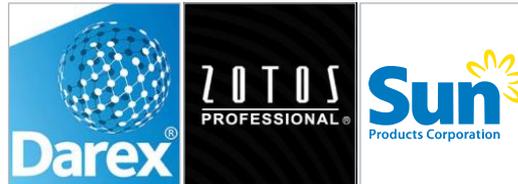
1.

Investments



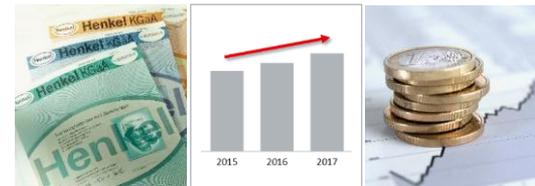
2.

Acquisitions

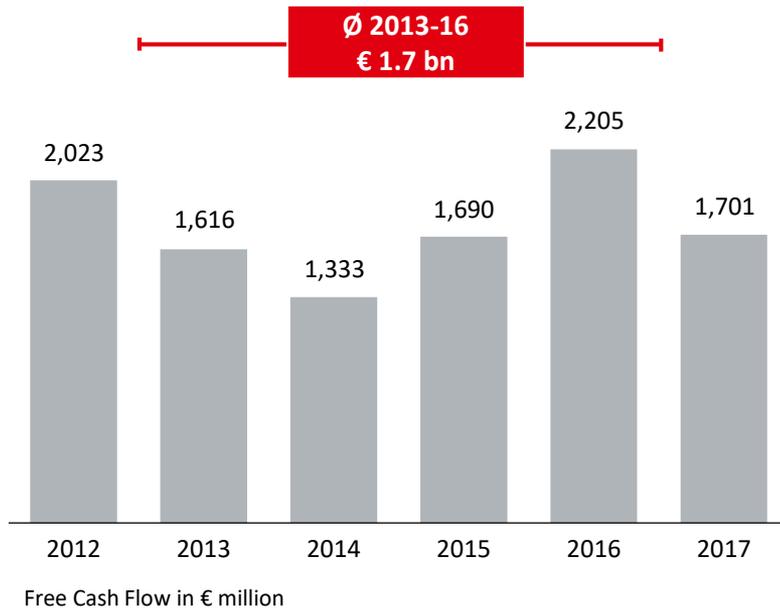


3.

Dividends

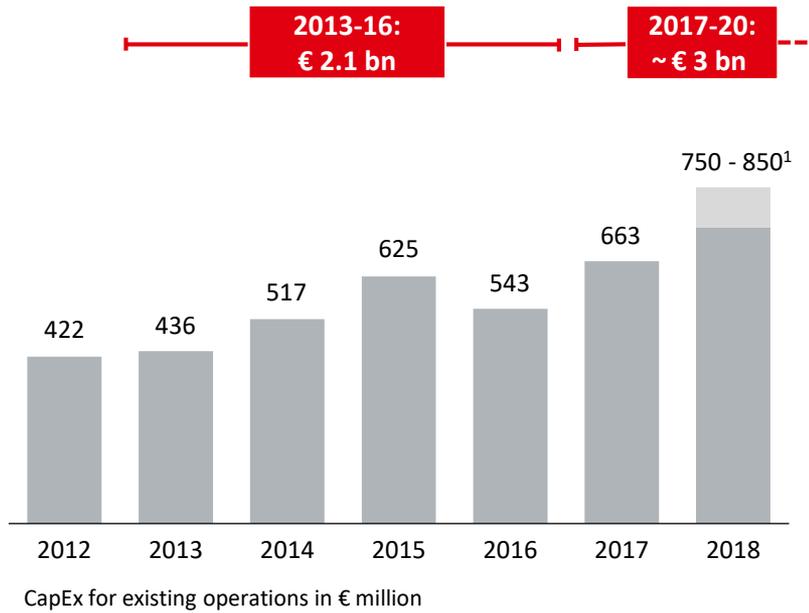


Strong FCF generation and balance sheet



- Strong Free Cash Flow generation with average of € 1.7 bn p.a. in 2013-16 period
- Continued focus on FCF expansion in strategic cycle 2017-20, driven by operating performance, efficient capital management and disciplined CapEx
- Very robust balance sheet with equity ratio of 54% and net financial position of € -3.6 bn as per Q2 2018

1. CapEx: Asset-light business model



- Asset-light business model with low CapEx requirements, especially in Adhesive Technologies
- CapEx of around € 3 bn planned in strategic cycle 2017-20, ~40% up on previous cycle
- Significant investments to support growth initiatives, innovation, infrastructure and IT
- Stepping up investments in digitalization

¹ Full Year 2018 expectation incl. € 200 m technology investment in Q1 2018

CapEx

Invested € 1.1 bn in 2017 – H1 2018

■ Adhesive Technologies

India: New multi-technology production site

China: Continued capacity expansion

Spain: New aerospace production site

■ Beauty Care

Russia: Plant upgrade & expansion

USA: Body wash capacity expansion

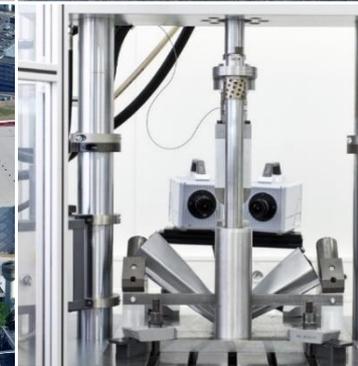
Mexico: Colorations capacity increase

■ Laundry & Home Care

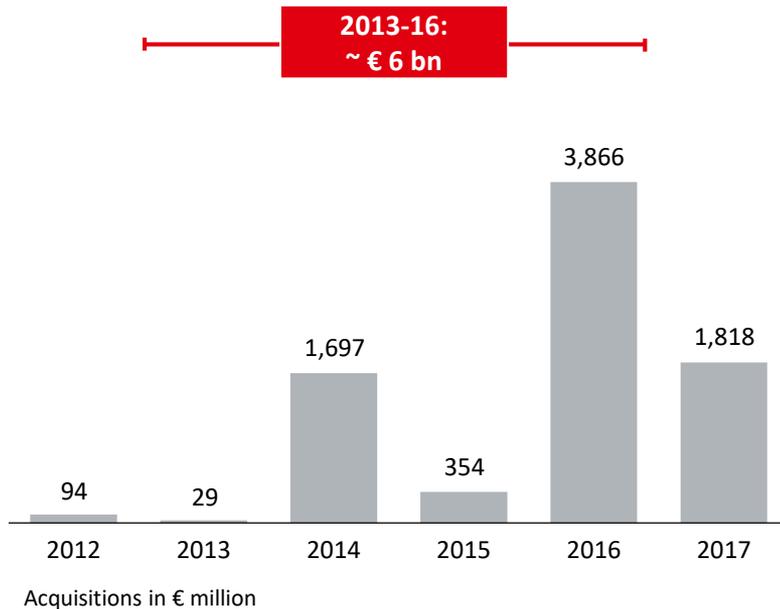
Egypt: New laundry detergents production site

Germany: Expansion of warehouse & logistic capacities

USA: Expansion of detergent capsules production



2. Strong track record in value accretive M&A



- ~€ 8 bn invested since 2012 with projects evenly spread across business units
- > € 3 bn in annual sales¹ added across business units with substantial synergy potential
- Adhesive Technologies focuses on complementary technologies, consumer businesses target leading country/category positions and white spots
- M&A remains integral part of strategy, complemented by selective VC investments

¹ Sum of annualized sales contributions

Acquisitions

Invested ~€ 2 bn in 2017 – H1 2018

- **Adhesive Technologies**

Complementary leading technologies of Darex
Packaging strengthen position in metal packaging

- **Beauty Care**

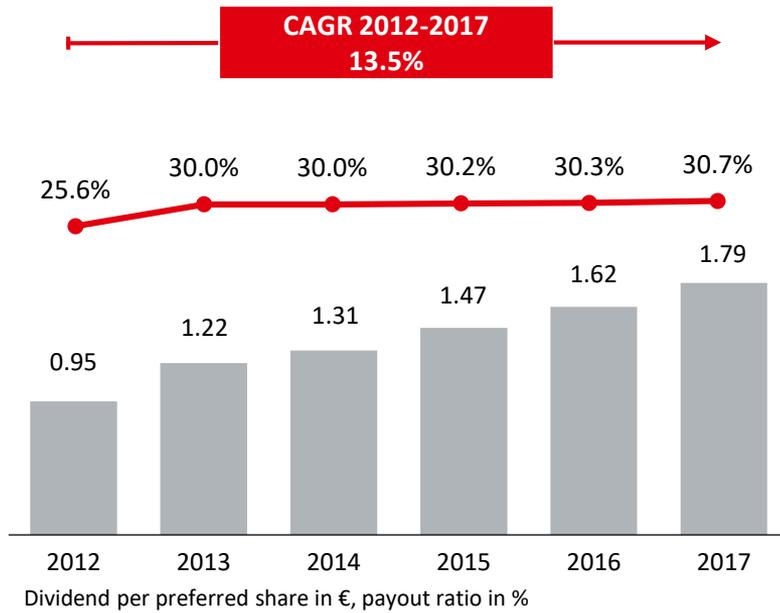
Hair Professional advances to #2 position in the US
through Nattura Labs & Zotos acquisitions

- **Laundry & Home Care**

Jempak complementing already leading North
American Retailer Brand portfolio acquired with Sun



3. Continuously increasing dividend



- Consistent dividend policy based on strong earnings and cash flow profile
- Payout ratio within target range of 25-35% of adjusted net income after minorities
- More than € 3 bn paid out to Henkel shareholders since 2012 via dividends
- Continuous increase of payout with 2017 dividend almost twice as high as 2012

Consistent capital allocation

Investments



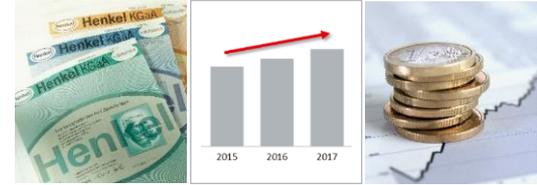
- Asset-light business model with 2/3 of investments in growth
- CapEx ~40% up to around € 3 bn in strategic cycle 2017-20

Acquisitions



- Strong track record in value accretive M&A and integration
- M&A remains integral part of Henkel's strategy

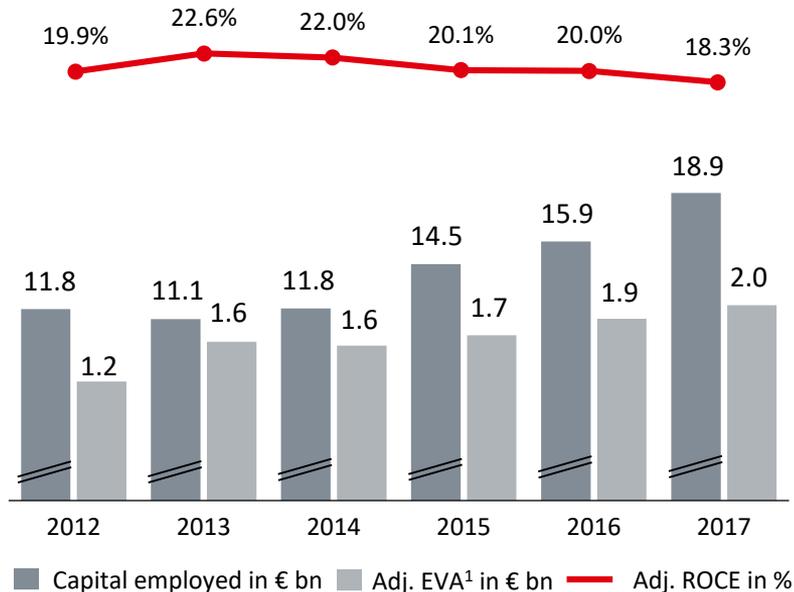
Dividends



- Consistent dividend policy based on strong earnings and FCF profile
- Continuous increase of dividend pay-out in past years

Strong value creation

EVA expansion driven by value-accretive M&A and strong operating performance



- Adj. Economic Value Added (EVA) increased by more than 60% to € 2 bn in 2012 to 2017 period
- Expansion of Capital Employed mainly driven by accelerated M&A activity
- Strong focus on sustainable profitable growth and M&A integration with full realization of synergies

¹ Calculated based on Henkel Group WACC

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The image shows two men in light blue shirts and safety glasses working in a factory. They are looking at a large orange robotic arm that is positioned over a silver car chassis. The man on the left is pointing towards the robot, while the man on the right is holding a small black device. In the background, a sign with the word 'Henkel' is visible. The overall scene is a professional industrial environment.

Adhesive Technologies

Adhesive Technologies

Global leader in high-impact solutions in Adhesives, Sealants & Functional Coatings

Industrial

Consumer

Packaging & Consumer Goods (32%)

Transport & Metal (23%)

General Industry (15%)

Electronics (11%)

Consumer, Craftsmen and Building (19%)



Consumer goods, packaging, furniture

Automotive, aerospace, metal industries

Industrial manufacturing, maintenance & repair

Electronic devices, consumer and industrial

Building & construction, DIY, stationery, repair

#1

#1

#1

#1

#3

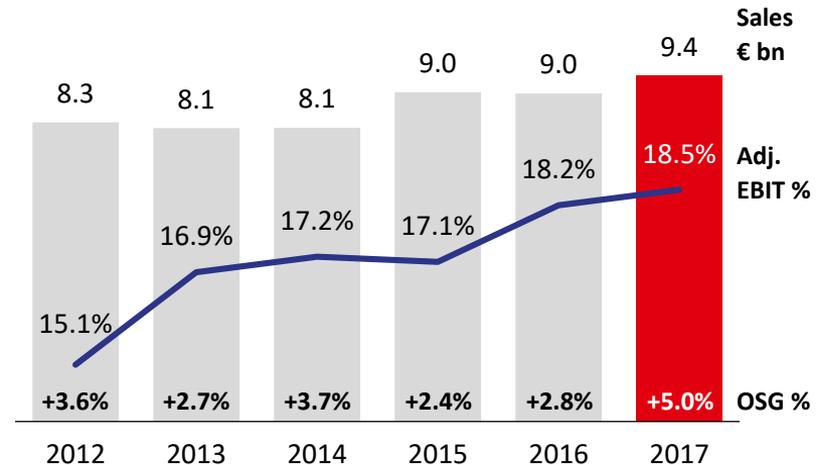
Adhesive Technologies

Proven track record of sustainable profitable growth

Key developments

- Strong organic sales growth continuously outperforming industrial production
- Superior customer value and economies of scale
- Active portfolio management and disciplined capital allocation
- Continuous and sustainable margin improvement

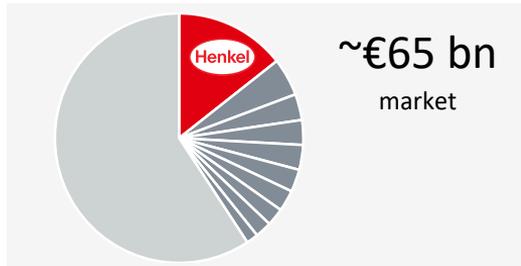
Profitable growth path



Market and competition

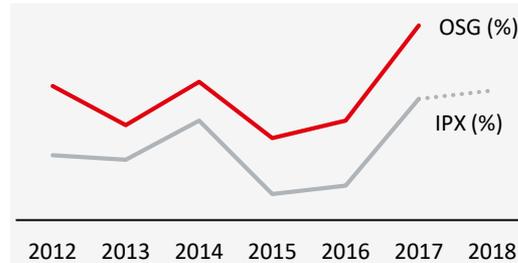
Leading position through broad technology & product portfolio

Global market leadership



- Highly specialized and fragmented market with ~50 segments
- Henkel with ~14% global market share the only player present across all segments

Consistent outperformance



- Industrial Production Index (IPX) as key market indicator
- Organic sales growth continuously outperforming the IPX by >100 bps over the past 6 years

Barriers to entry



- Global key accounts demand highest quality, performance and global presence
- Technology and application know-how

Key success factors for profitable growth

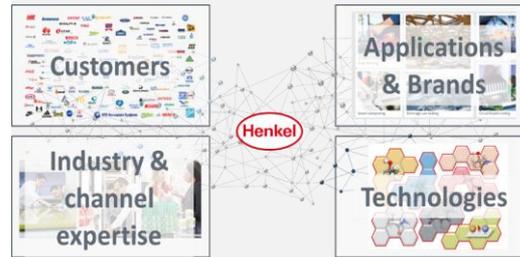
High-impact solution provider

Through customer proximity,...



- >130,000 customers across broad range of industries
- Create value for our customers and establish trust
- Digitalize customer touch-points

...broadest expertise and...



- Develop innovations and customized solutions
- Broadest portfolio of 40 technologies & manufacturing network of 146 sites
- Bringing know-how to our customers with >6,500 customer-facing experts

...global scale...

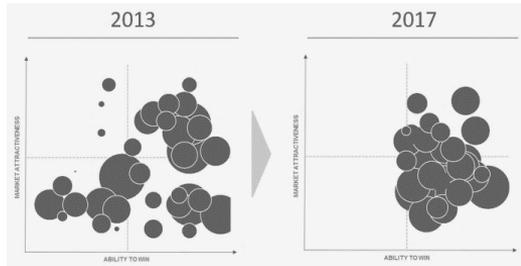


- Truly global footprint, active in 172 countries
- Winning combination of best-in-class service & leading technologies
- Global R&D and manufacturing capabilities on all continents

Key success factors for profitable growth

High-impact solution provider

...via active portfolio management¹...



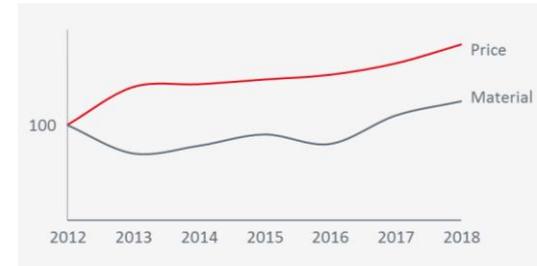
- 5 business areas with 26 market focused steering units
- Ongoing optimization towards solution-oriented business model

...to resilient structures and...



- Broad geographical & industry coverage results in ~40% cyclical and ~60% non-cyclical business
- Flexible cost structures (e.g. SSC) according to market requirements

...superior pricing¹



- High-impact solutions drive customers' product performance but represent low share of cost
- Material cost increases are passed on to customers over time

Driving Growth

Co-creating innovations with market leaders



Global coverage through state-of-the-art innovation centers



Industry insights through strong and unique customer base

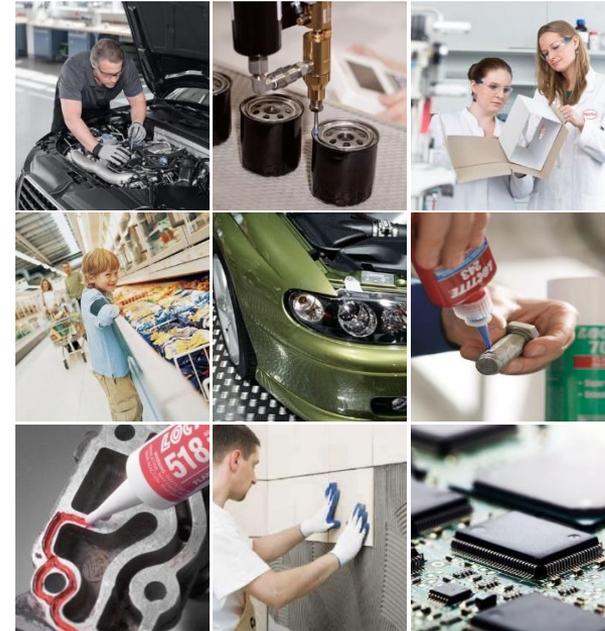
Foundation



Adhesive Technologies

Global leader in high-impact solutions in Adhesives, Sealants & Functional Coatings

- Creating value through transformative solutions with high performance, but limited cost impact
- “High-touch” business model: >6,500 customer-facing experts working with >130,000 customers every day
- Growth and innovation driven by customer insights and global trends combined with unique technology portfolio
- Actively managed portfolio with broadest industry and geographical coverage and resilient structures
- Distinct entry barriers due to knowledge and customer proximity



Beauty Care



Beauty Care

Focused portfolio with core competence in Hair

Professional

Hair Professional 19%



Salon, Color, Care, Styling

#3 globally
#2 North America

Retail

Hair Retail 51%



Hair Color, Care, Styling

#1 Styling Europe
#2 Coloration Europe

Body Care 26%



Soaps, Shower, Deo

#3 Personal Cleansing US

Skin / Oral 4%



Face, Mouthwash

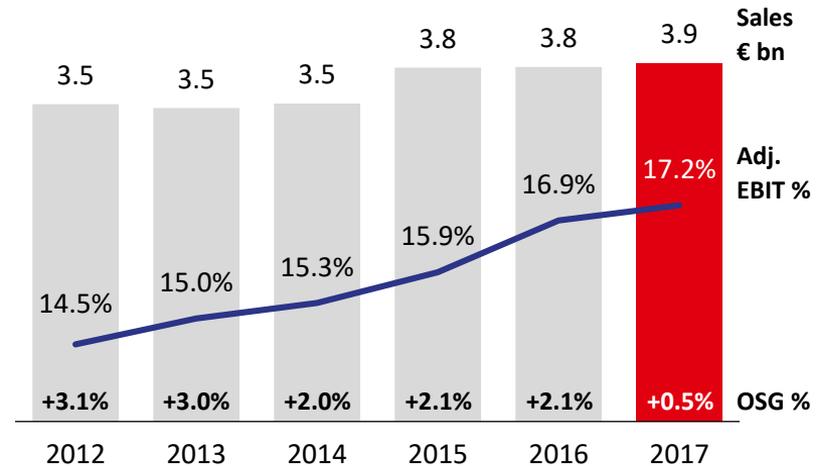
Beauty Care

Proven track record of sustainable profitable growth

Key developments

- Continuous organic expansion with strong focus on Hair & Body Care and Mature Markets
- Growth through strong innovations and fast integration of value-adding acquisitions
- Adj. EBIT expansion driven by optimization and consolidation of structures
- Clear ambition to accelerate top line growth going forward

Profitable growth path



Market and competition

Attractive, dynamic and challenging

Attractive market



- Largest non-food FMCG market with more than € 400 bn
- Structurally high gross margins and premiumization opportunities
- Long-term growth dynamics, low cyclical and seasonality

Consolidation & intense competition



- Consolidation of retailers and manufacturers
- Increased price & promo pressure especially in mature markets
- Small challenger brands competing for shelf space and market share

Channel shifts



- Growing share of digital investment and sales
- New online players (retailers and brands)
- eCommerce reducing 'offline' basket & traffic

Key success factors for profitable growth

Beauty Care as trusted partner

Key competence in Hair...



- Schwarzkopf Hair mega-brand with > € 2 bn annual sales
- Global #3 in Hair Professional thanks to strong base and successful M&A
- Top Retail positions in Europe

...and strong customer focus...



- Leveraging category leadership positions in brick & mortar and eCommerce
- Deepening partnerships through unique interactive customer experience center

...leveraging innovation power



- In-depth consumer insights & early identification of latest trends
- Leading, consumer-centric innovations
- Agile organizational setup with fast-track innovation process

Driving growth

Acceleration of performance with strong innovation focus

Strengthen core



- Rejuvenate brand equities and innovate on top trends
- Insight-driven innovation process & multi-channel communication
- Clear channel focus, best-in-class insights & strong customer proximity

Expand core



- Top brands in new categories (e.g. got2b Color) and countries
- Further leverage Professional portfolio globally
- Step-change eCommerce in Retail and Professional

Innovations

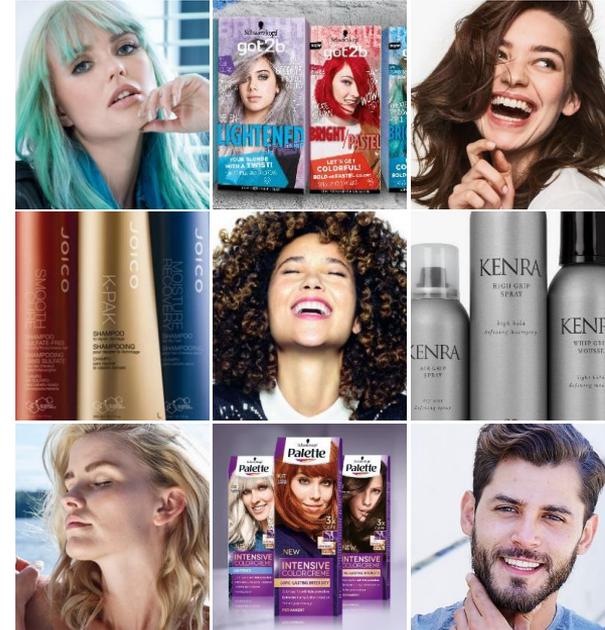


- Disruptive new brands, technologies and business models
- Enhance portfolio focusing on key trends
- Leverage synergies in Retail & Professional

Beauty Care

Strong brands and innovations

- Strong track record of profitable growth and leading positions in attractive markets worldwide
- Core competence in Hair Professional and Retail, Body Care as second pillar focusing on Europe and North America
- State-of-the-art consumer-centric innovations responding to relevant market trends
- Holistic Growth Acceleration Plan defined and in execution, leveraging strengths and digital opportunities
- Fast integration of value-adding acquisitions





Laundry & Home Care

Laundry & Home Care

Focused portfolio of strong global and local brands

Laundry Care (75%)

Home Care (25%)

Heavy Duty Detergents



Premium, Mid-Tier,
Value for Money

Laundry Specialties



Special Detergents, Fabric
Finishers, Laundry Additives

Dishwashing



Hand Dishwashing
Automatic Dishwashing

Home Care Specialties



Surface Cleaners, Toilet Care,
Air Care & Insect Control

#1 Europe

#2 North America

#3 Global

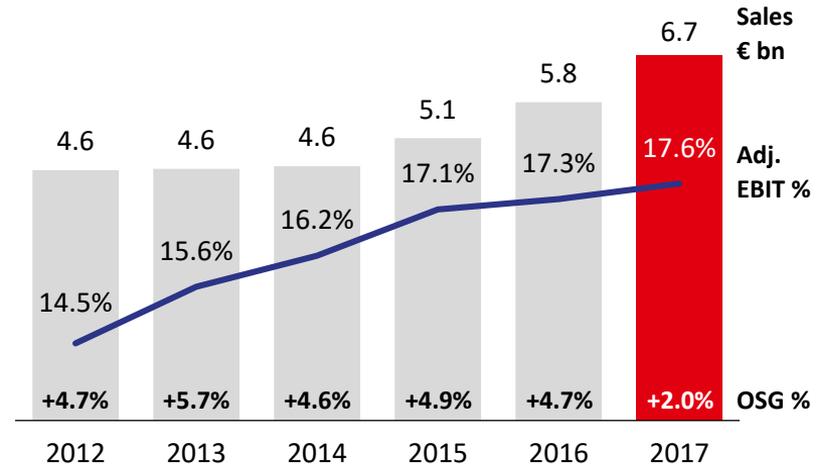
Laundry & Home Care

Proven track record of sustainable profitable growth

Key developments

- Sales up 46%, thanks to very strong organic growth and transformational acquisitions
- Growth through successful innovations, market entries and new segments
- Adj. EBIT significantly improved by nearly +80%
- Substantial efficiency measures implemented to continue on profitable growth path

Profitable growth path



Market and competition

Dynamic market environment with intense competition

Attractive market



- Huge market of ~€ 135 bn, growing but at a lower pace
- Potential to grow via penetration and consumption in EM and MM
- Innovations as strong lever to fuel growth

Competitive / pricing pressures



- Intense competition between global players; growing local players in EM
- High trade and promotion pressure in many countries
- Increase of discounters, smaller store formats and drugstores

Emerging digital channels



- Online channels growing (>15% p.a.), but still small in our markets (~3%)
- Convergence of online and offline channels
- Industry transformation e.g. through services and advanced machines

Key success factors for profitable growth

Moving ahead of competition

Unique country/ category coverage...



- Unique coverage and in-depth knowledge of all major categories (11/12 categories of LHC market)
- Leading positions in active markets with >70 #1 positions globally

...with strong brands and...



- Well-known and trusted brands with strong equity (Top 10: 52% of total sales in 2017)
- Unique position in growing retailer brands business in North America

...agile & “Glocal” model



- Platform innovations regionally adapted and locally implemented
- >130k shopper interviews in 32 countries to strengthen innovation power and customer relationships

Driving growth

Strengthen leading positions and expand into new businesses

Drive penetration and loyalty



- Educate, generate trial and initiate re-purchase
- Strengthen core and drive complementary categories via strong innovations

Strengthen footprint



- Reinforce leadership in MM and strengthen positions in EM
- 'Smart' entry into new geographies and white spots

Innovations



- Enhance portfolio focusing on key trends
- Grow via expansion of laundry services as well as in digital / IoT

Laundry & Home Care

Leading brands around the world

- Strong financial track record and clear initiatives for profitable growth going forward
- Challenging market environment, but major opportunities due to significant transformation
- Unique category / country coverage, strong brands and agile “Glocal” approach as key success factors
- Targeted innovations addressing strategic search fields to drive future growth
- Clear action plan to leverage digital opportunities



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2. Compelling ambition 2020+ and clear strategy going forward
3. Consistent capital allocation supporting our ambition
4. Strong portfolio of three business units
5. **Henkel – a compelling investment**

Henkel – a compelling investment

- Strong foundation based on a well-balanced portfolio with distinct competitive advantages
- Global leader in brands and technologies, leveraging growth opportunities in attractive markets
- Excellent and consistent financial performance
- Compelling ambition Henkel 2020+ to deliver sustainable, attractive returns
- Clear and exciting growth strategy, based on our four strategic priorities

Thank you

