

News Release

May 7, 2015

Strong performance in first quarter

Henkel reports good start to fiscal 2015

- Sales: +12.7% to 4,430 million euros (organic: +3.6%)
- Operating profit*: +14.1% to 707 million euros
- EBIT margin*: +0.2 percentage points to 16.0%
- Earnings per preferred share* (EPS): +13.5% to 1.18 euros
- Very strong sales growth in emerging markets: Organic +7.7%

Düsseldorf – “In a challenging environment, Henkel delivered a strong performance in the first quarter and had a good start to the fiscal year 2015. We again increased both sales and earnings. We achieved our highest quarterly sales to date, thanks to good organic sales growth, the impact of last year’s acquisitions and the strong US dollar. All business units contributed to this successful quarter. Once again, we delivered a very strong performance in our emerging markets,” said Henkel CEO Kasper Rorsted.

Commenting on the fiscal year 2015, Rorsted stated: “We expect the economic environment to remain difficult. Due to the continuing conflict between Russia and Ukraine, we still assume that the Eastern European economy will stagnate in 2015. In this context, a high degree of agility and flexibility will remain key success factors. We will therefore continue to simplify and accelerate our structures and processes.”

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

2015 guidance confirmed

Rorsted confirmed the outlook for the current fiscal year: “We expect to achieve organic sales growth of 3 to 5 percent in 2015. We expect adjusted return on sales to increase to around 16 percent and anticipate an increase in adjusted earnings per preferred share of approximately 10 percent.”

Sales and earnings performance in the first quarter 2015

In the first quarter of 2015, **sales** rose significantly by 12.7 percent, reaching a new quarterly high of 4,430 million euros. Adjusted for positive foreign exchange effects of 5.8 percent, sales improved by 6.9 percent. **Organically** – i.e. adjusted for foreign exchange and acquisitions/divestments – sales rose by 3.6 percent.

The **Laundry & Home Care** business unit recorded strong organic sales growth of 5.2 percent. In the **Beauty Care** business unit a solid increase in organic sales of 2.1 percent was achieved. The **Adhesive Technologies** business unit posted a solid improvement in organic sales of 3.3 percent.

After one-time gains, one-time charges and restructuring charges, **adjusted operating profit** improved by 14.1 percent, from 619 million euros to 707 million euros. Reported operating profit (EBIT) grew by 6.5 percent, from 608 million euros to 648 million euros.

Adjusted return on sales (EBIT margin) increased by 0.2 percentage points to 16.0 percent. Reported return on sales amounted to 14.6 percent compared to 15.5 percent in the prior-year quarter.

Henkel’s **financial result** improved by 6 million euros to -9 million euros. This was attributable to improvements in both net interest result and foreign exchange result. The improvement in net interest result was due in part to the repayment of a senior bond and the maturing of interest rate fixings in March 2014. The tax rate amounted to 24.6 percent compared to 23.1 percent in the prior-year quarter.

Adjusted net income for the quarter, after deducting non-controlling interests, increased by 12.8 percent from 452 million euros to 510 million euros. Reported net income for the quarter rose by 5.7 percent from 456 million euros to 482 million euros. After deducting 12 million euros attributable to non-controlling interests, net income increased to 470 million euros (prior-year quarter: 449 million euros).

Adjusted earnings per preferred share (EPS) rose by 13.5 percent from 1.04 euros to 1.18 euros. Reported EPS increased from 1.04 euros to 1.09 euros.

Net working capital relative to sales increased year-on-year by 1.4 percentage points to 6.2 percent. The rise is primarily due to the acquisitions made in 2014 and foreign exchange effects.

Henkel's **net financial position** as of March 31, 2015 was 10 million euros. As of December 31, 2014, the net financial position was -153 million euros.

Business unit performance in the first quarter 2015

The **Laundry & Home Care** business unit again recorded profitable growth in the first quarter of 2015. **Sales** grew organically by 5.2 percent year-on-year, outperforming the relevant markets. This led to higher market shares. Nominally, sales increased double digits, by 13.2 percent to 1,298 million euros (prior-year quarter: 1,147 million euros).

The strong increase in organic sales was mainly attributable to the emerging markets. Africa/Middle East reported double-digit growth. Eastern Europe recorded very strong growth, while Latin America posted a solid performance. Sales growth in the mature markets was positive overall. This was due primarily to the positive performance in Western Europe and, in particular, strong growth in Germany. Sales in North America remained at the level of the first quarter of 2014.

Adjusted operating profit of the Laundry & Home Care business unit increased by 16.7 percent to 222 million euros. At 17.1 percent, adjusted return on sales improved

by a strong 0.5 percentage points versus the first quarter of 2014. Reported operating profit was 192 million euros compared to 196 million euros in the prior-year quarter.

The **Beauty Care** business unit also posted further profitable growth in the first quarter of 2015. At 2.1 percent, organic sales growth was once again above that of the relevant markets, leading to market share increases. Nominally, **sales** increased by 9.9 percent to 940 million euros (prior-year quarter: 856 million euros).

The business unit's successful development in the emerging markets continued with very strong organic sales growth. The regions Asia (excluding Japan), Africa/Middle East and Latin America registered double-digit growth, while Eastern Europe continued to show solid development. The situation in the mature markets was characterized by a persistently difficult market environment. As a result, sales remained slightly below the figure for the first quarter of 2014. While growth in North America was solid, sales in the mature markets of the Asia-Pacific region were below the level of the prior-year quarter.

Adjusted operating profit of the Beauty Care business unit rose by 11.4 percent versus the prior-year quarter and reached 150 million euros for the first time. Adjusted return on sales improved by 0.2 percentage points to 15.9 percent. Reported operating profit grew by 17.0 percent to 133 million euros.

The **Adhesive Technologies** business unit generated solid organic sales growth of 3.3 percent in the first quarter. Nominally, **sales** increased by 14.1 percent to 2,160 million euros (prior-year quarter: 1,893 million euros).

The emerging markets achieved strong organic sales growth, with the Africa/Middle East region reporting a double-digit percentage increase. Asia (excluding Japan) registered strong growth. Business in Eastern Europe was also characterized by a strong performance, despite the ongoing difficult political situation in parts of the region. The Latin America region registered solid sales growth. Overall, sales in the

mature markets were organically positive. The North America region posted a solid increase. While the businesses in the mature markets of the Asia-Pacific region performed positively versus the prior-year quarter, sales in Western Europe remained stable.

Adjusted operating profit of the Adhesive Technologies business unit increased double digits by 10.6 percent year-on-year, to 353 million euros. At 16.4 percent, adjusted return on sales was below the high level of the prior-year quarter, having been negatively impacted by the weakness of important currencies and investments in brands and innovations. Reported operating profit increased by 4.2 percent to 345 million euros.

Regional performance in the first quarter 2015

Henkel's sales in the **Western Europe** region increased by 5.6 percent, to 1,531 million euros. Organically, sales reached the level of the prior-year quarter. Sales in the **Eastern Europe** region amounted to 625 million euros compared to 670 million euros in the prior-year quarter. Organically, a strong sales increase of 6.7 percent was achieved. Russia was the main growth driver with a double-digit increase in organic sales. Sales in the **Africa/Middle East** region rose from 277 million euros to 350 million euros. Although the political situation continued to affect business development, organic sales grew double digits by 12.3 percent in the first quarter of 2015. All business units achieved double-digit growth in this region.

Sales in **North America** increased from 670 million euros to 885 million euros. Organic sales growth reached a solid 2.4 percent. In **Latin America**, sales rose by 13.7 percent to 274 million euros. Organically, the increase was 5.3 percent. This strong improvement was primarily driven by the performance in Mexico. Sales in the **Asia-Pacific** region rose from 588 million euros to 732 million euros. Organically, sales improved by 5.9 percent, a strong business performance due in particular to very strong growth in China. In India organic sales grew strongly and Indonesia reported double-digit growth.

In the **emerging markets** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan), sales grew by 12.0 percent to 1,870 million euros. Organic growth was once again very strong at 7.7 percent. All three business units contributed to this increase. Compared to the same prior-year quarter, the share of sales from the emerging markets remained constant at 42 percent. In the **mature markets**, sales rose 0.6 percent organically and amounted to 2,528 million euros.

Outlook for the Henkel Group 2015

Henkel continues to expect organic sales growth of 3 to 5 percent in the fiscal year 2015. Henkel expects that the Adhesive Technologies and Laundry & Home Care business units will each generate organic sales growth within this range. In the Beauty Care business unit, Henkel expects growth of approximately 2 percent. As before, Henkel expects a stable development in the share of sales from emerging markets. Compared to the 2014 figures, Henkel expects adjusted return on sales (EBIT) to increase to around 16 percent and an increase in adjusted earnings per preferred share of approximately 10 percent.

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 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 forward-looking statements.

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The report for the first quarter of 2015 and other 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 Q1/2015

in million euros	Sales	EBIT	EBIT margin
	Q1	Q1	Q1
Laundry & Home Care			
2015	1,298	192	14.8%
2014	1,147	196	17.1%
organic	5.2%	-	-
2015 adjusted ¹⁾	-	222	17.1%
2014 adjusted ¹⁾	-	190	16.6%
Beauty Care			
2015	940	133	14.1%
2014	856	114	13.3%
organic	2.1%	-	-
2015 adjusted ¹⁾	-	150	15.9%
2014 adjusted ¹⁾	-	134	15.7%
Adhesive Technologies			
2015	2,160	345	16.0%
2014	1,893	331	17.5%
organic	3.3%	-	-
2015 adjusted ¹⁾	-	353	16.4%
2014 adjusted ¹⁾	-	319	16.9%
Henkel			
2015	4,430	648	14.6%
2014	3,929	608	15.5%
organic	3.6%	-	-
2015 adjusted ¹⁾	-	707	16.0%
2014 adjusted ¹⁾	-	619	15.8%

Henkel	Q1/2014	Q1/2015	Change
Earnings per preferred share in euros	1.04	1.09	4.8%
Adjusted earnings per preferred share in euros ¹⁾	1.04	1.18	13.5%

Changes on the basis of figures in thousand euros

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