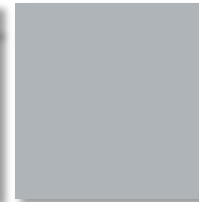
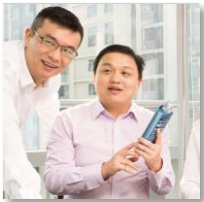
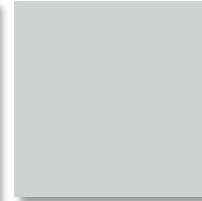


# Henkel

## Annual Results Press Conference

Kasper Rorsted  
Carsten Knobel  
Kathrin Menges

Düsseldorf, February 25, 2016



Excellence is our Passion

# 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.

# Agenda

**1.**

## **Key developments 2015**

**2.**

Strategy 2016 – Progress in 2015

**3.**

Financials FY 2015 & Excellence in value creation

**4.**

Sustainability – Progress & new interim targets

**5.**

Summary & Outlook FY 2016

## FY 2015: Excellent performance in a volatile environment

OSG

**+3.0%**

Adj. EBIT margin

**16.2%**

Adj. EPS growth

**+11.4%**

Free Cash Flow

**€ 1.7bn**

Acquisitions  
& CapEx




**€ ~1bn**

Div. payout ratio\*

**30.2%**

\* Proposal to shareholders for the Annual General Meeting on April 11, 2016.

# Delivering on 2015 guidance

	Guidance FY 2015	FY 2015
Organic Sales Growth	~3%	3.0% 
EM Sales Share	At prior-year level	Slight decrease*
Adjusted EBIT Margin	~16%	16.2% 
Adjusted EPS Growth	>10%	11.4% 

\* Due to FX effects

# Continued profitable growth



- Consistent execution of 2016 strategy
- Double-digit nominal sales growth, with acquisitions & FX tailwind contributing
- Solid organic sales growth driven by all businesses
- Strong organic sales growth in Emerging Markets
- Positive organic sales growth in Mature Markets driven by North America
- Strong increase in adj. EBIT margin
- Double-digit growth in adjusted EPS & dividends\*

\* Proposal to shareholders for the Annual General Meeting on April 11, 2016.

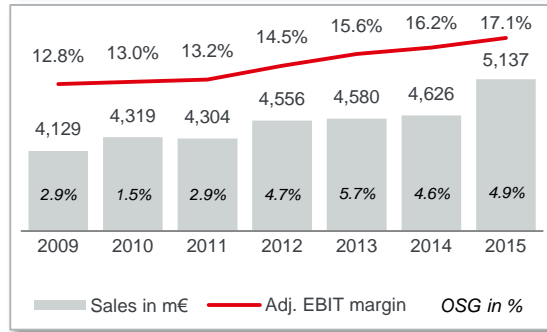
# Challenging & increasingly volatile environment



- Severe geo-political and social unrest in some countries
- Moderate global GDP growth
- Lower economic growth in China, impacting demand for Adhesive Technologies

# Laundry & Home Care

Solid OSG & very strong margin improvement in 2015



## Sales

- Solid OSG
- Laundry solid, Home Care strong
- MM positive, North America solid
- EM very strong

## Return

- Adj. EBIT margin with very strong increase
- ROCE below level of previous year (acquisitions & FX)



# Laundry & Home Care

Strengthening innovation leadership across categories

## High-performance Cleaners



- Improved performance based on dirt repellent formulations
- Prevents contaminant build-up, weakens adhesion of grease stains

## Perwoll Care & Repair



- 1<sup>st</sup> fiber-repair detergent by Perwoll
- Reduces fuzzing & pilling by up to 80% and effectively prevents new fuzzing & pilling of fibers

## Persil ProClean



- High-performance formula, developed for US consumers
- Persil 2-in-1 recently rated #1 detergent in America by a leading consumer testing publication



Introducing

# Persil<sup>®</sup>

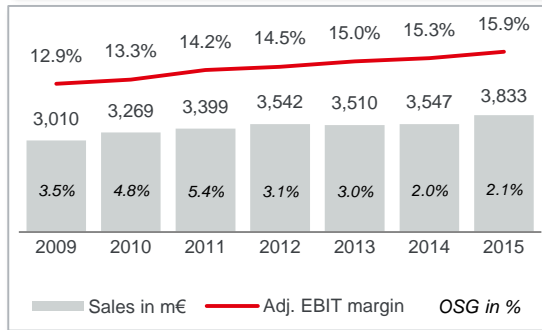
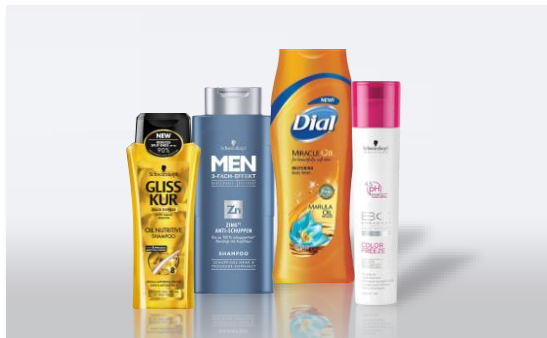
## PROCLEAN<sup>™</sup>

Experience Premium Clean

The image displays three Persil PROCLEAN laundry detergent products against a dynamic blue background with water splashes and bubbles. From left to right: a white bottle of Power-Pearls, a blue bottle of Power-Liquid, and a blue and green box of Power-Caps. Each product features the Persil PROCLEAN logo and 'Original Scent'. The Power-Pearls and Power-Liquid bottles also highlight 'Pro-White Technology' and 'Pro-Power Technology' respectively. The Power-Caps box mentions 'Pro-Lite Stain Remover' and 'Brightest Formula'.

# Beauty Care

## Solid OSG & very strong margin improvement in 2015



### Sales

- Solid OSG
- Retail solid, Hair Salon positive
- MM slightly negative, North America solid
- EM very strong, China double digit

### Return

- Adj. EBIT margin with very strong increase
- ROCE above level of previous year

# Beauty Care

## Strengthening innovation leadership across categories

### Taft Ultimate



- 1<sup>st</sup> Taft range with hold level 6 for the strongest Taft-hold ever
- Formula with liquid crystal-gloss-effect for luxuriously shiny hair

### Fa Magic Oil



- 1<sup>st</sup> refreshing shower gel from Fa with Micro Oil droplets
- Transparent formula providing soft skin feel without greasy residues

### Schwarzkopf



- Successful launch of mega brand Schwarzkopf in retail in the US
- Recognized with multiple industry and consumer awards



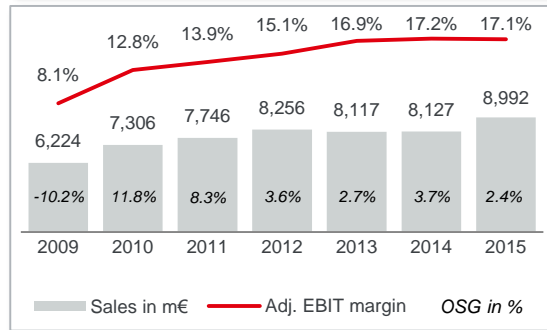
# Schwarzkopf

Professional HairCare for you.



# Adhesive Technologies

Solid OSG & high margin level in 2015



## Sales

- Solid OSG
- All businesses growing
- MM positive, North America positive
- EM solid, China slightly negative

## Return

- Adj. EBIT margin at high level, slightly below previous year
- ROCE below level of previous year (acquisitions)

# Adhesive Technologies

Fostering technology leadership with strong innovations

## Loctite 60 sec. Universal Glue



- 1<sup>st</sup> all-purpose glue from Loctite, repairs in only 60 seconds
- Forms strong bonds faster & allows repositioning after application

## Loctite GC 10 Solder Paste



- 1<sup>st</sup> solder paste stable at room temperature
- Simplifies processes of customers, reduces energy consumption & costs

## Mobile Phone Bonding



- Combination of adhesives, dispensing equipment & service
- Improves process chain for assembling mobile phones

# LOCTITE®





# Agenda

1. Key developments 2015
- 2. Strategy 2016 – Progress in 2015**
3. Financials FY 2015 & Excellence in value creation
4. Sustainability – Progress & new interim targets
5. Summary & Outlook FY 2016

## 2015: Consistent execution of our 2016 Strategy



## 2015: Consistent execution of our 2016 Strategy



# 2015: Consistent execution of our 2016 Strategy



## Outperform



- Top 3 brands: € 5.9bn sales (2014: € 5bn)
- Top 10 brands: 61% of sales (2014: 59%)
- Customer focus enhanced across all channels

## Globalize



- Closing of white spots in attractive categories
- Fostering online sales both in B2C & B2B
- Strengthening footprint in MM & EM

# Acquisitions in 2015

Integration of 2014 acquisitions on track

## Laundry & Home Care

2014



DYLON®  
Experts en Couleur



## Beauty Care



KENRA  
PROFESSIONAL

ALTERNA  
HAIRCARE  
PURE. PROVEN. PROFESSIONAL.



## Adhesive Technologies



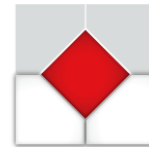
2015



# 2015: Consistent execution of our 2016 Strategy



# 2015: Consistent execution of our 2016 Strategy



## Simplify



- Building a scalable business model: global supply chain organization, IT focus & shared services
- Flat headcount development year-on-year

## Inspire



- Henkel Leadership Forum in cooperation with Harvard Business School
- Focus on talent development in Emerging Markets

# Agenda

1. Key developments 2015
2. Strategy 2016 – Progress in 2015
- 3. Financials FY 2015 & Excellence in value creation**
4. Sustainability – Progress & new interim targets
5. Summary & Outlook FY 2016



# High quality of earnings

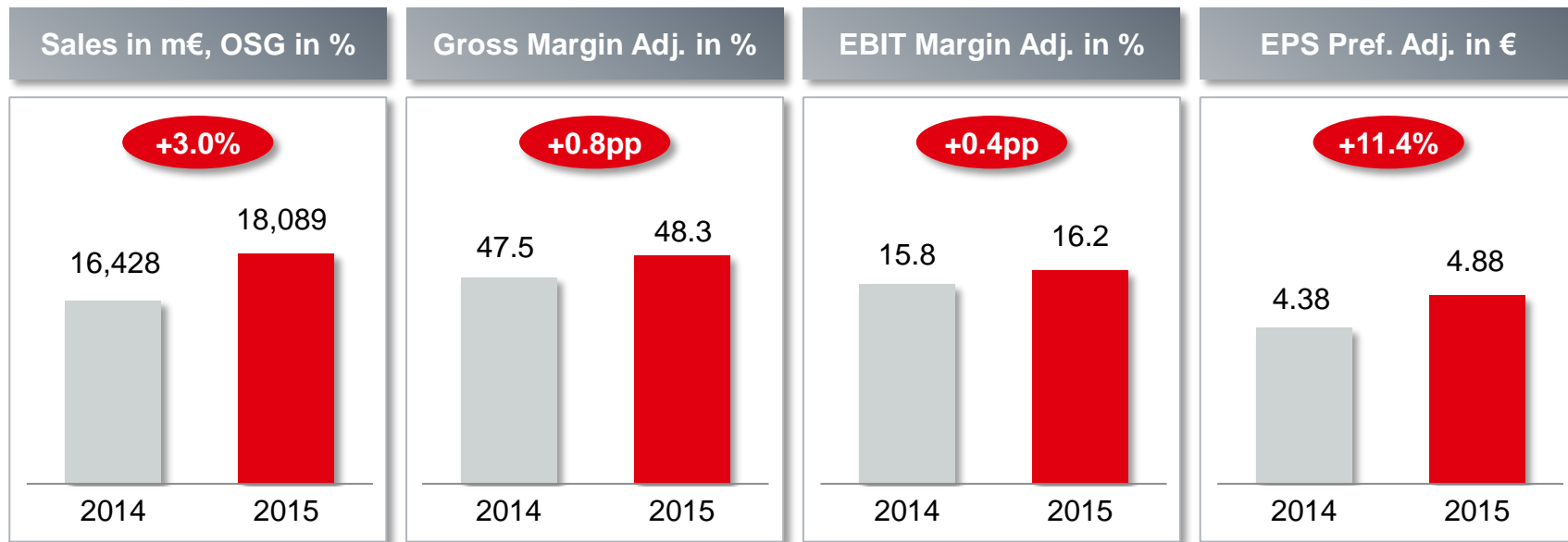
## Key financials – FY 2015

- Sales increased by € 1,661m to € 18,089m (+10.1%)
- Adjusted EBIT improved by € 335m to € 2,923m (+12.9%)
- Adjusted EBIT margin rose by 0.4pp to 16.2%
- Adjusted EPS per preferred share increased by € 0.50 to € 4.88 (+11.4%)
- Net financial position improved by € 488m to €335m
- Dividend per preferred share increased by € 0.16 to € 1.47 (+12.2%)\*

\* Proposal to shareholders for the Annual General Meeting on April 11, 2016.

# High quality of earnings

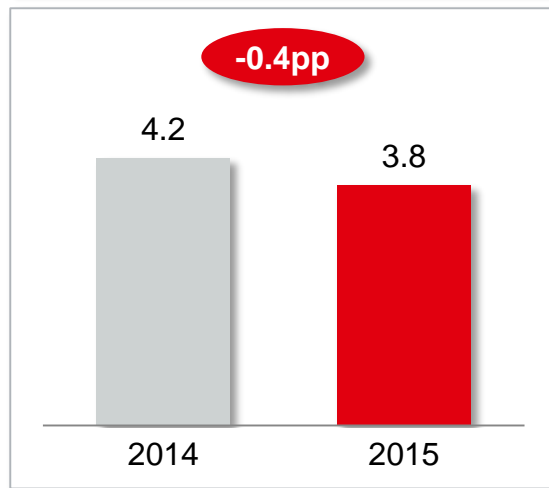
## Key financials – FY 2015



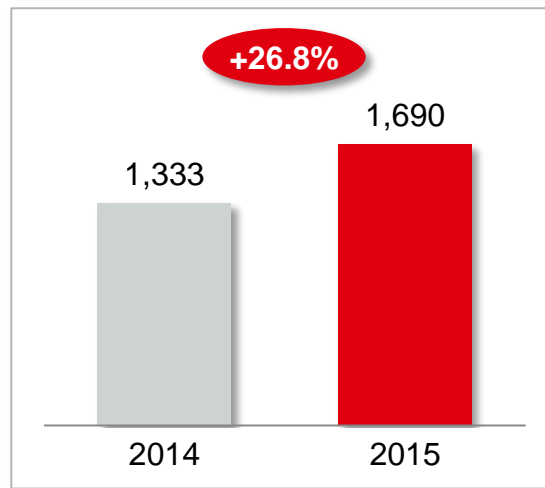
# Strong cash generation

## Key financials – FY 2015

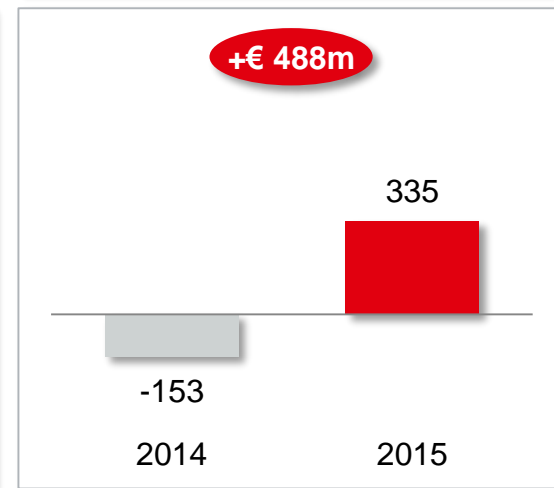
NWC in % of Sales



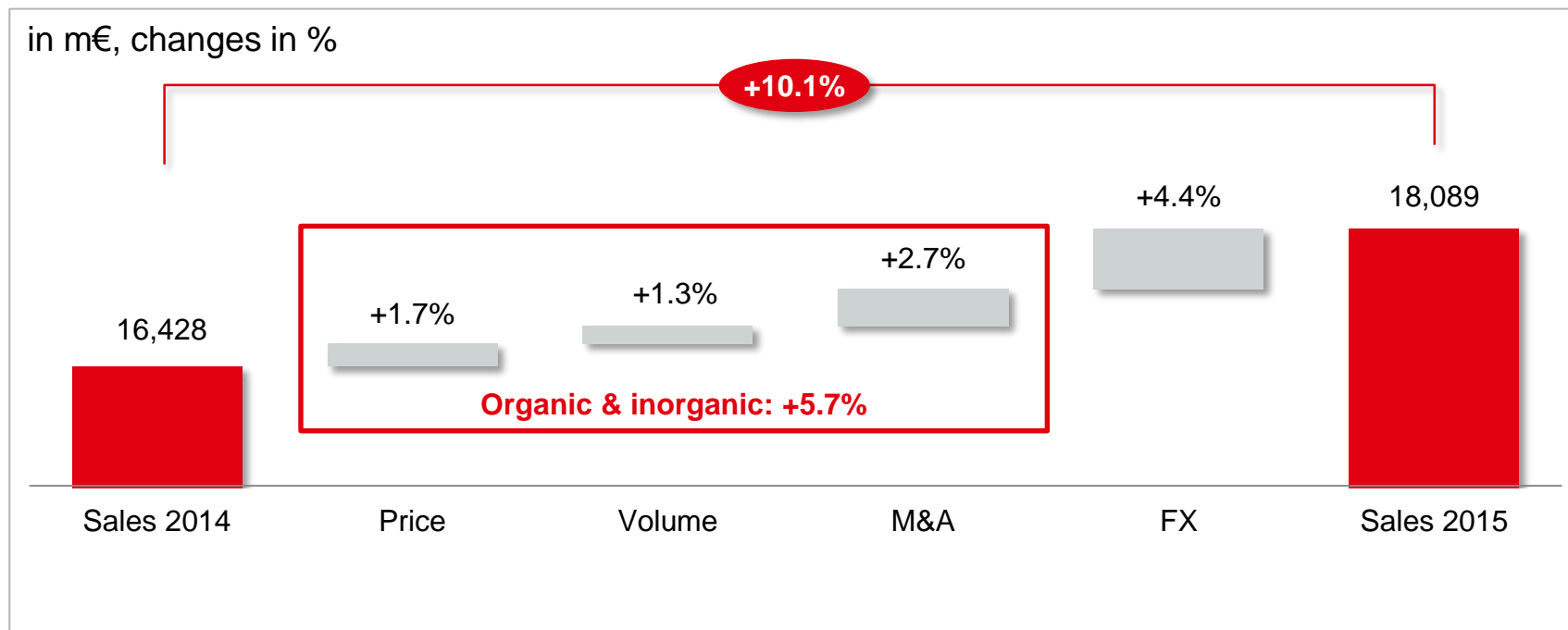
Free Cash Flow in m€



Net Financial Position in m€

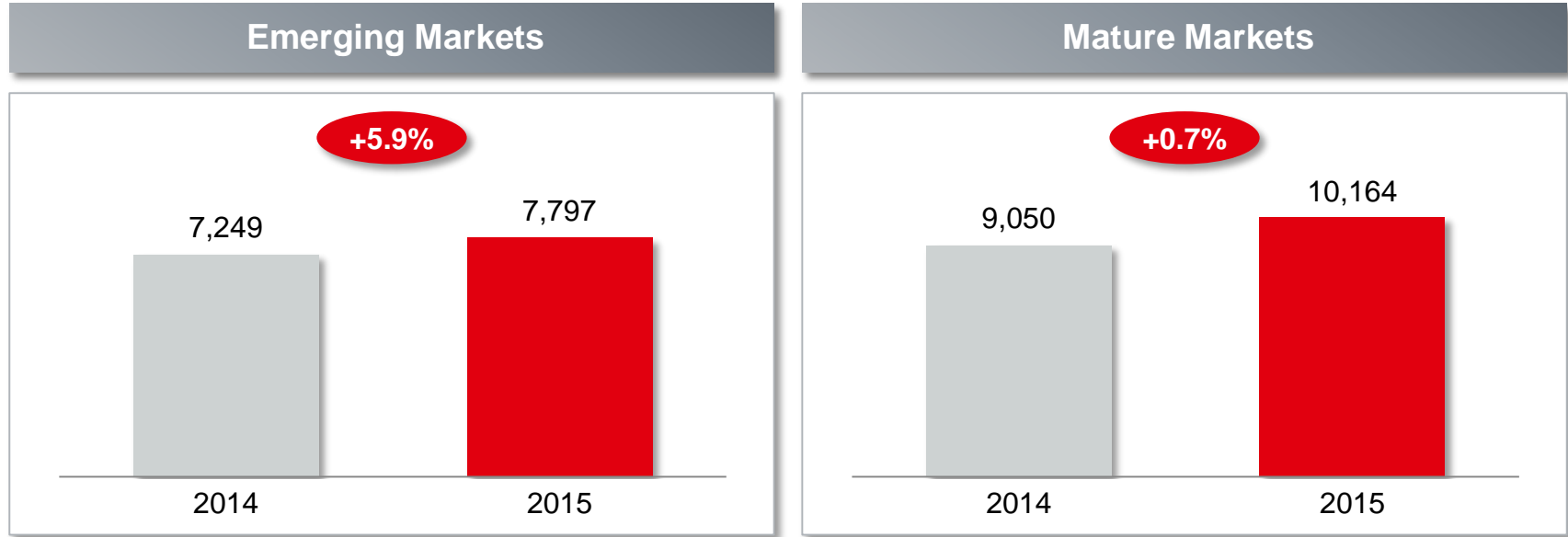


# Solid organic & inorganic sales growth



# Strong organic sales growth in Emerging Markets

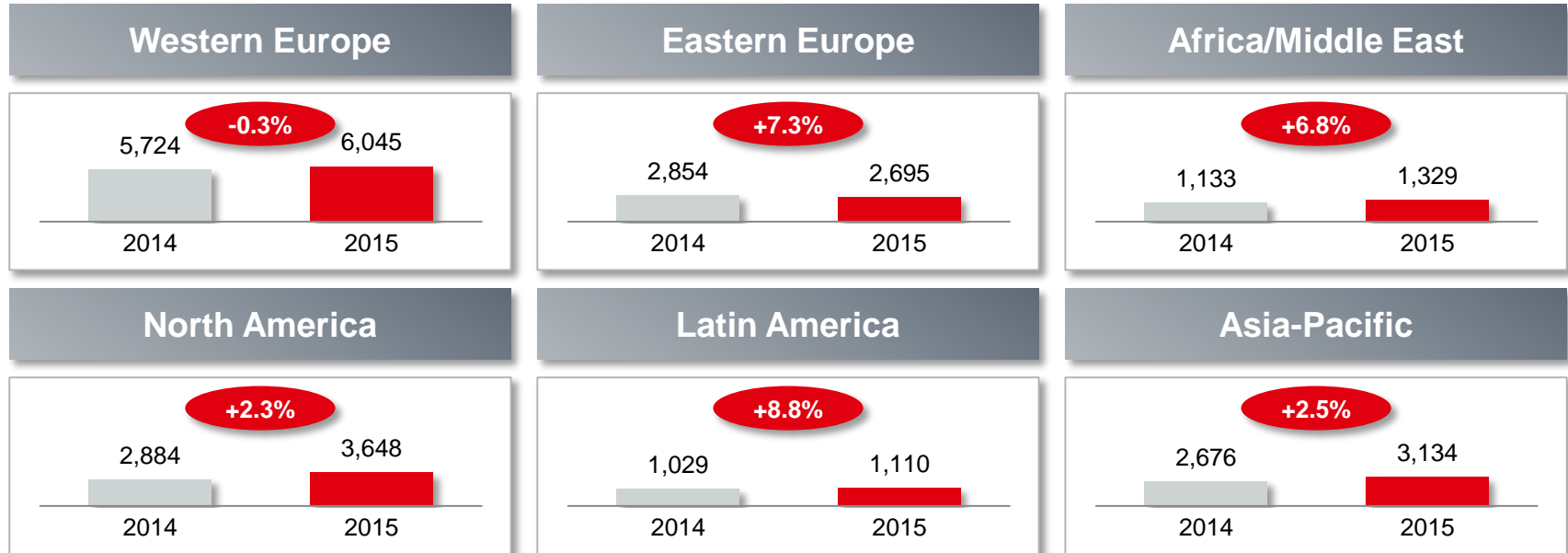
in m€, OSG in %



- Emerging Markets sales share at 43%, affected mainly by FX headwind

# Balanced growth across regions

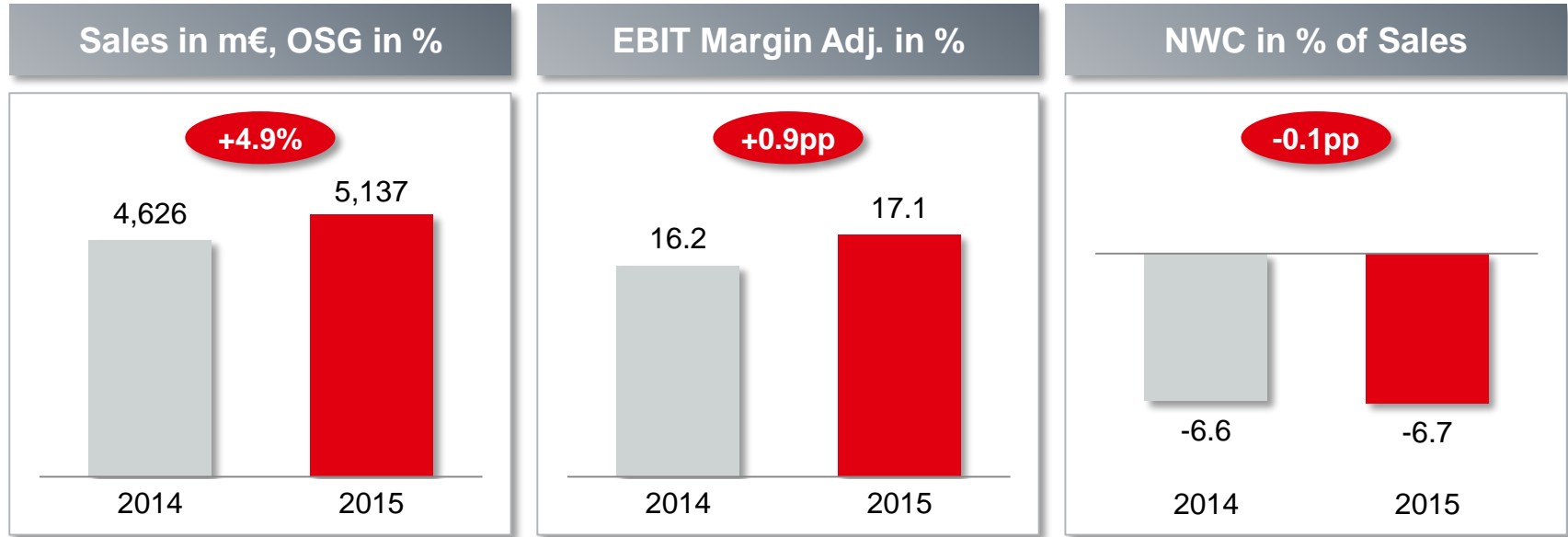
in m€, OSG in %



- MM: USA with robust growth; Germany, Southern Europe & France positive
- EM: Russia & Mexico up double-digit; China positive with negative H2 as flagged

# Laundry & Home Care

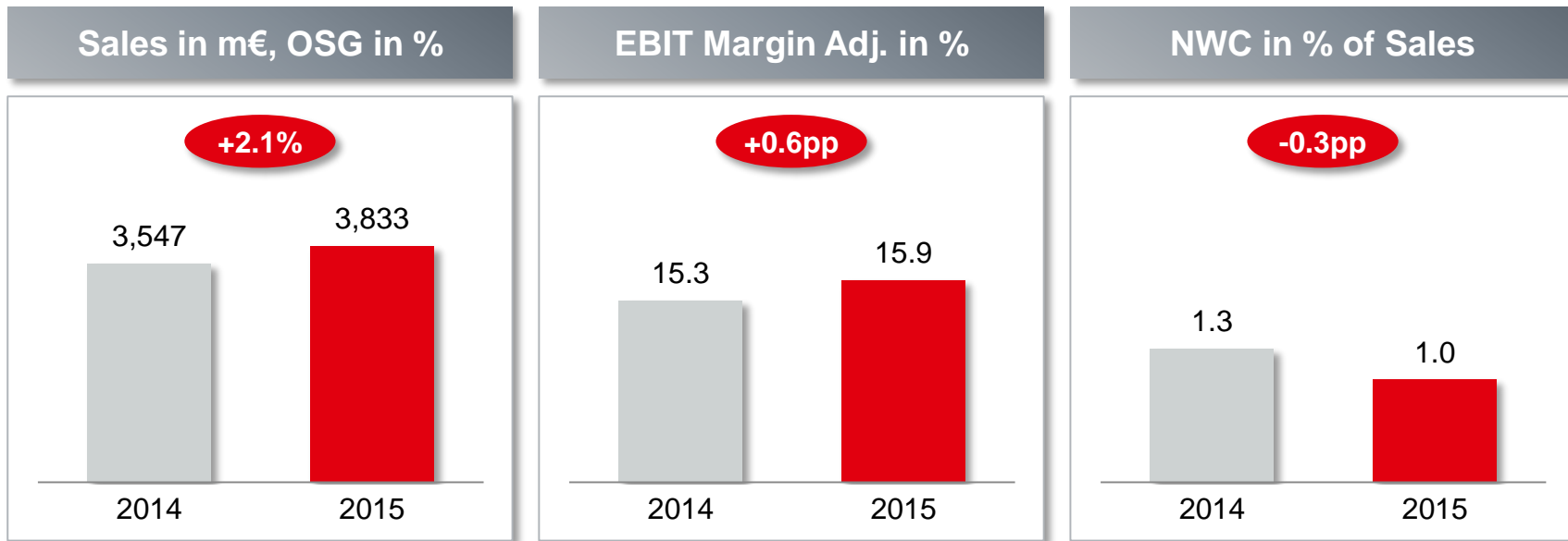
Delivering profitable growth again in 2015



- Very strong EBIT margin increase supported by innovations and efficiency gains

# Beauty Care

Delivering profitable growth again in 2015

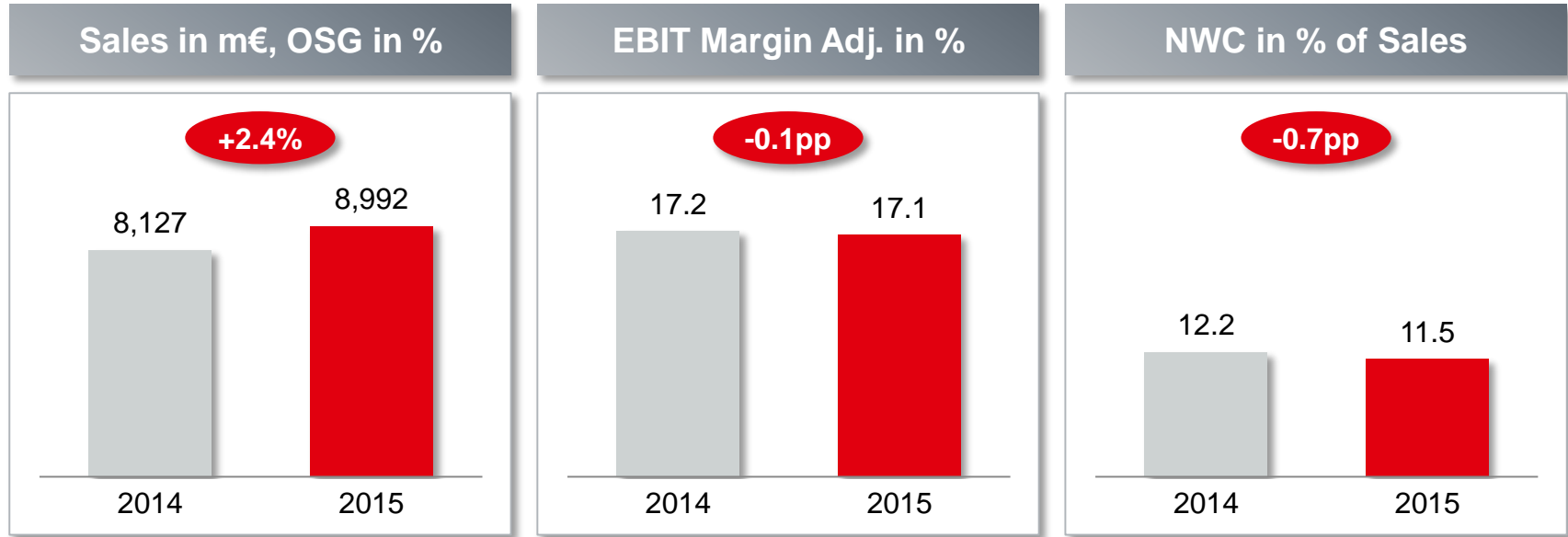


- Very strong EBIT margin increase driven by innovations and efficiency gains



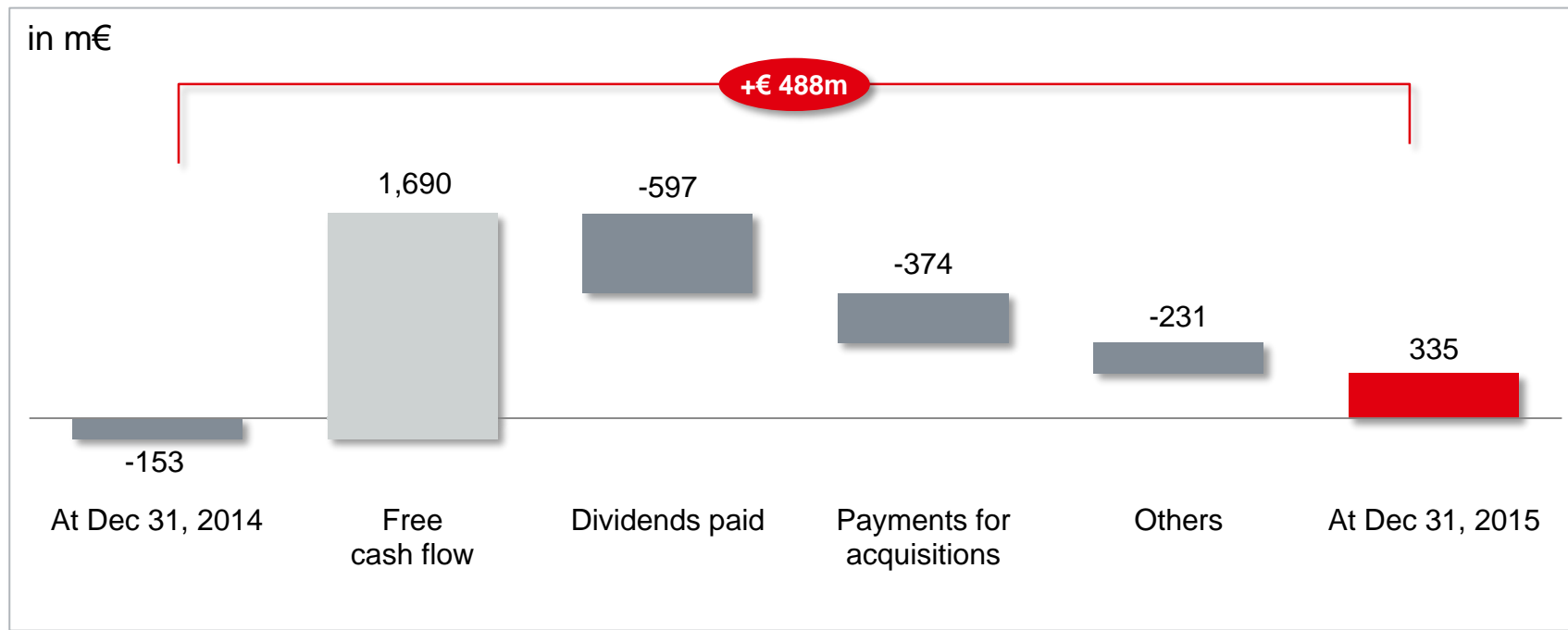
# Adhesive Technologies

Solid OSG, continuous high level of profitability



- Decline of adj. EBIT margin in H1 nearly compensated by increase in H2

# High cash generation strengthens net financial position



# Excellence in value creation

## Usage of cash

### Organic Performance



- CapEx of € 625m
- Focus on expansion projects, consolidation measures and IT

### Acquisitions



- Payments for acquisitions: € 374m
- Strengthening market positions across business units & regions

### Cash-Return Options



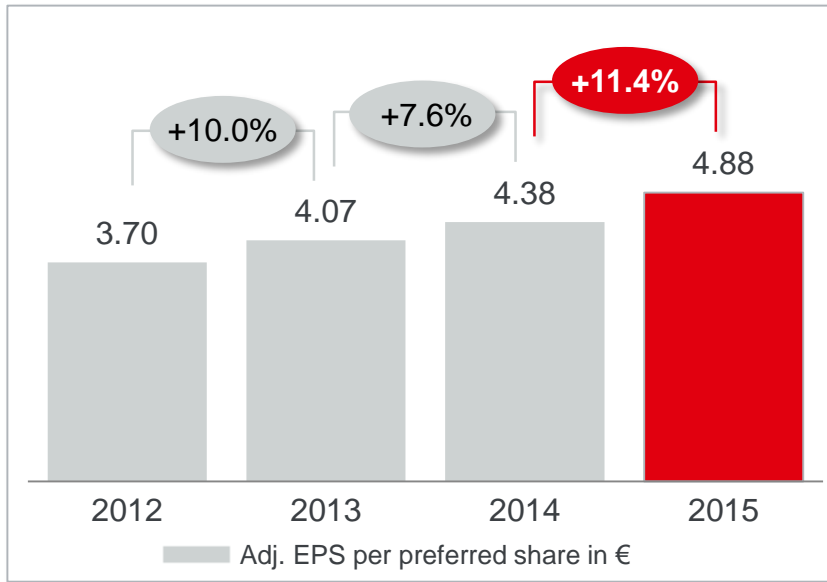
- Double digit increase in dividends and earnings
- Dividend payout ratio: 30.2%\* for FY 2015

\* Proposal to shareholders for the Annual General Meeting on April 11, 2016.

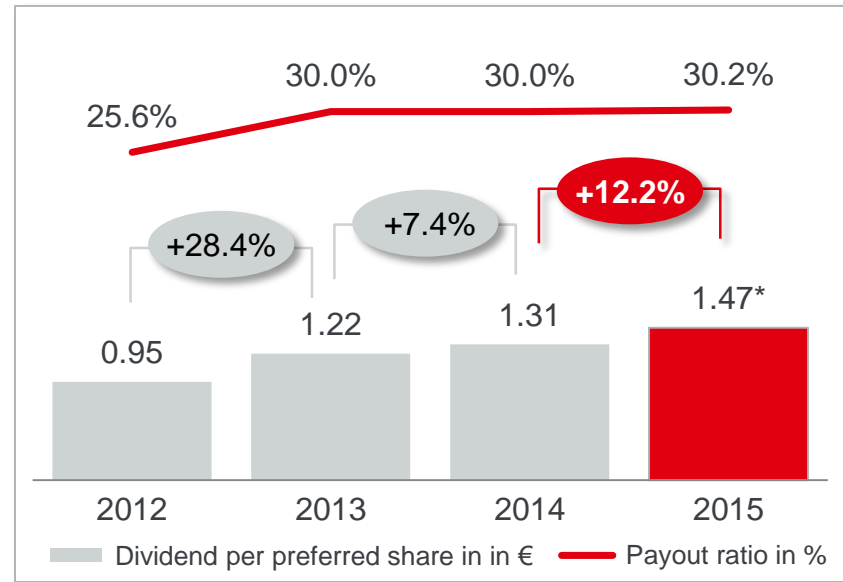
# Excellence in value creation

## EPS & dividend

### EPS



### Dividend



\* Proposal to shareholders for the Annual General Meeting on April 11, 2016.

# Agenda

1. Key developments 2015
2. Strategy 2016 – Progress in 2015
3. Financials FY 2015 & Excellence in value creation
- 4. Sustainability – Progress & new interim targets**
5. Summary & Outlook FY 2016

# 2015 was an exceptional year for sustainability

Important global milestones for a common understanding



© United Nation

- Global climate agreement in Paris and “Agenda 2030 for Sustainable Development”: Common understanding of global priorities will facilitate cooperation and drive progress

## 2015 was also an exceptional year for Henkel

Our progress in sustainability – published in the 25th report



- Interim targets for 2015 achieved and overall efficiency improvement of 38 percent
  - Significant progress with further integration of sustainability in our business processes
  - New targets and additional action priorities for 2020 defined
- 
- Through the success of sustainable business practices and our clear strategy, we will contribute to the implementation of the global climate and sustainability goals

# On the way to our long-term goal “Factor 3”

Achievement of interim targets confirms our success



Targets 2015	
<b>+10%</b>	More net sales per ton of product
<b>+20%</b>	Safer per million hours worked
<hr/>	
<b>-15%</b>	Less CO <sub>2</sub> and energy consumption
<b>-15%</b>	Less materials and waste
<b>-15%</b>	Less water and wastewater
<b>+30%</b>	<b>Overall efficiency</b>

## Status 2015

<b>+11%</b>	✓
<b>+33%</b>	✓
<hr/>	
<b>-18%</b>	✓
<b>-17%</b>	✓
<b>-23%</b>	✓
<b>+38%</b>	✓

## Targets 2020

<b>+22%</b>	
<b>+40%</b>	
<hr/>	
<b>-30%</b>	
<b>-30%</b>	
<b>-30%</b>	
<hr/>	
<b>+75%</b>	



# Our products

Innovations deliver more value at a reduced footprint

## Persil ColdZyme



- New generation of premium laundry detergents
- Potential to avoid around 500,000 metric tons of CO<sub>2</sub> every year through lower temperature washing

## Fa aluminum cans



- Spray cans from 25 percent recycled aluminum
- To date, this has helped Henkel avoid 4,500 metric tons of CO<sub>2</sub> emissions

## Loctite GC 10



- Temperature-stable solder paste, can be stored and carried at room temperature
- This cuts energy consumption of cooling and easier handling

# Our partners

## Joint initiatives with our partners for more sustainability

### Sustainable supply chain management



- Further international roll-out of our purchasing initiative Together for Sustainability (TfS)
- Number of members has tripled from the original 6 to 18
- About 700 assessments und audits conducted in 2015

### Joint projects with customers



- Close cooperation with our customers in retail, industry and trade
- Example: education initiative with Schwarzkopf Professional and SOS Children's Villages
- To date, 1,200 young people in 25 countries trained

# Our people

Through their engagement and knowledge they make the difference

## Ambassadors for more sustainability



- Major progress with implementation of Sustainability Ambassador program
- To date, Henkel has trained around 6,200 ambassadors and reached around 63,000 schoolchildren in 43 countries
- Expansion with further initiatives in 2014 and 2015



- 2015: new initiative “Say yes! to the future”
- Tailored training of sales employees worldwide
- Intensify dialog with our customers on sustainability topics
- Goal: initiate new forms of cooperation

# Employee and corporate engagement for refugees

## Humanitarian aid and support for integration projects

### Humanitarian aid



- Volunteer work by Henkel employees and retirees
- Product donations in proximity of site
- In-kind donations, for example washing machines

### Integration support



- Language courses and job application trainings
- Internships
- Career orientation for students (refugee classes)
- Scholarships from Dr. Jost Henkel Stiftung



# Our action priorities

Expand leading role and promote sustainability

## New interim targets

**+ 75%**

Overall  
efficiency

by 2020

**FACTOR 3**

Continuing  
our targets on the way to  
Factor 3 in 2030

## Further contributions along the value chain and in our social environment



We want to help our  
customers and consumers  
to save 50 million metric  
tons of CO<sub>2</sub>.



We want to improve  
workplace conditions for  
one million employees in  
our supply chain.



We want to contribute to  
the quality of life of 10  
million people.

# Agenda

1. Key developments 2015
2. Strategy 2016 – Progress in 2015
3. Financials FY 2015 & Excellence in value creation
4. Sustainability – Progress & new interim targets
- 5. Summary & Outlook FY 2016**

# FY 2015: Excellent performance in a volatile environment

- Delivering on guidance in 2015 in challenging markets
- Solid organic sales growth driven by all business units
- Strong organic sales growth in Emerging Markets, positive in Mature Markets
- Strong increase in adjusted EBIT margin
- Double digit growth of adj. EPS & dividends\*

## Another successful step in 2016 strategy execution

\* Proposal to shareholders for the Annual General Meeting on April 11, 2016.

# Challenges & opportunities in our global markets

## Geopolitics



## GDP Development



## FX Volatility



## Raw Material Prices





## **Economic environment in 2016:**

### Challenging & complex

- Persisting geo-political tensions and conflicts
  - Moderate and heterogeneous global GDP growth
  - High volatility of some key currencies and of crude oil prices
- 
- Focused and balanced investments to foster organic and inorganic growth
  - Strong innovation pipeline in all business units
  - Cost focus and continuous adaptation of our structures to the markets
  - Continued focus on 2016 Strategy execution

# Guidance FY 2016

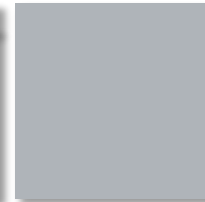
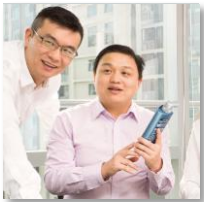
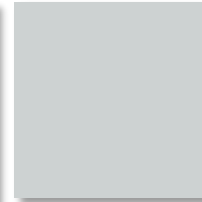
	Guidance FY 2016
Organic Sales Growth	<b>2 - 4%</b> All Business Units within this range
EM Sales Share	<b>Slight increase</b>
Adjusted EBIT Margin	<b>~16.5%</b> All Business Units on or above PY level
Adjusted EPS Growth	<b>8 - 11%</b>

**» Commitment to achieve 10% adj. EPS CAGR in strategy cycle 2013-2016**

## Upcoming events

- April 11, 2016                      Annual General Meeting
- May 19, 2016                        Q1 2016 Financials
- August 11, 2016                    Q2 2016 Financials
- November 8, 2016                Q3 2016 Financials
- November 17, 2016                Henkel Strategy 2020 Presentation

Thank you!



Excellence is our Passion