

News Release

May 19, 2016

Guidance for 2016 confirmed

Henkel reports good sales and earnings performance in first quarter

- Sales increased to 4,456 million euros: organic +2.9% (reported +0.6%)
- Emerging markets sales growth: organic +6.3%
- Operating profit*: +6.2% to 751 million euros
- Earnings per preferred share* (EPS): +7.6% to 1.27 euros
- Strong EBIT margin* improvement: +80 basis points to 16.8%

Düsseldorf – “Henkel had a good start into the fiscal year 2016. We further grew sales and earnings and significantly increased adjusted return on sales to 16.8 percent. All three business units contributed to the overall good performance. We delivered strong organic growth again in our emerging markets,” said Henkel CEO Hans Van Bylen.

With regard to the current fiscal year, Van Bylen stated: “We expect the overall challenging market environment to continue in 2016 – with only moderate global economic growth, high uncertainties in the markets and unfavorable foreign exchange developments. We will therefore focus on leveraging our strong brands, our leading market positions and our innovation capabilities to achieve our ambitious targets.”

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

Guidance for 2016 confirmed

Van Bylen confirmed Henkel's outlook for the current fiscal year: "For the full fiscal year 2016, we expect organic sales growth of 2 to 4 percent. We expect our adjusted EBIT margin to rise to approximately 16.5 percent and adjusted earnings per preferred share to grow between 8 and 11 percent."

Sales and profit performance in the first quarter 2016

In the first quarter of 2016, **sales** increased by 0.6 percent to 4,456 million euros. Adjusted for negative foreign exchange effects of 3.4 percent, sales improved by 4.0 percent. **Organically** – i.e. adjusted for foreign exchange and acquisitions/divestments – sales rose by 2.9 percent.

The **Laundry & Home Care** business unit recorded solid organic sales growth of 4.7 percent. The **Beauty Care** business unit achieved a solid increase in organic sales of 2.6 percent. The **Adhesive Technologies** business unit likewise posted a solid improvement in organic sales of 2.1 percent.

After one-time gains, one-time charges and restructuring charges, **adjusted operating profit** (EBIT) rose by 6.2 percent from 707 million euros to 751 million euros. Reported operating profit grew by 10.7 percent from 648 million euros to 717 million euros.

Adjusted return on sales (EBIT margin) increased by a very strong 0.8 percentage points to 16.8 percent. Reported return on sales rose from 14.6 percent to 16.1 percent.

Henkel's **financial result** improved by 2 million euros to -7 million euros. This was attributable in particular to the repayment of the hybrid bond in November 2015. The tax rate amounted to 24.2 percent compared to 24.6 percent in the prior-year quarter.

Adjusted net income for the quarter after deducting non-controlling interests grew by 7.6 percent from 510 million euros to 549 million euros. Reported net income for the quarter increased by 11.6 percent from 482 million euros to 538 million euros. After deducting 13 million euros attributable to non-controlling interests, net income increased to 525 million euros (prior-year quarter: 470 million euros).

Adjusted earnings per preferred share (EPS) rose by 7.6 percent from 1.18 euros to 1.27 euros. Reported EPS increased from 1.09 euros to 1.21 euros.

Net working capital as a percentage of sales improved by 0.8 percentage points to 5.4 percent, due mainly to foreign exchange effects and lower inventories.

Henkel's **net financial position** as of March 31, 2016, was 452 million euros. Effective December 31, 2015, it amounted to 335 million euros.

Business unit performance in the first quarter 2016

The **Laundry & Home Care** business unit once again recorded profitable growth in the first quarter of 2016. Thanks to higher market shares, **sales** grew organically by 4.7 percent year on year, outperforming the relevant markets. Nominally, sales increased by 2.7 percent to 1,333 million euros (prior-year quarter: 1,298 million euros).

The solid organic increase in sales was primarily driven by the performance in emerging markets. Growth was double-digit in both Eastern Europe and Asia (excluding Japan). Africa/Middle East reported strong growth, although the market environment remained very difficult. Latin America registered a solid sales performance. Sales growth in the mature markets was positive. In an environment of intense competition, sales growth in Western Europe and North America was positive.

Adjusted operating profit of the Laundry & Home Care business unit increased by 9.5 percent to 243 million euros. Adjusted return on sales registered an excellent

increase of 1.1 percentage points to 18.2 percent. Reported operating profit increased by 23.3 percent from 192 million euros to 236 million euros.

The **Beauty Care** business unit also posted further profitable growth in the first quarter of 2016. Based on market share gains, **sales** grew organically by 2.6 percent – once again above relevant markets' growth. Nominally, **sales** increased by 1.1 percent to 950 million euros (prior-year quarter: 940 million euros).

The business unit's successful development in emerging markets continued with very strong organic sales growth. Eastern Europe made a significant contribution with double-digit sales growth. Sales growth in Latin America and Asia (excluding Japan) was positive. The Africa/Middle East region recorded solid sales growth. Sales performance in the mature markets was positive versus the prior-year quarter. The businesses in North America, in particular, contributed to this development with very strong growth. Positive growth was achieved in the mature markets of the Asia-Pacific region. Due to persistently intense crowding-out competition and strong price pressure, sales in Western Europe were below the level of the prior-year quarter.

Adjusted operating profit of the Beauty Care business unit rose versus the prior-year quarter by 5.0 percent to 157 million euros. Adjusted return on sales showed a very strong improvement of 0.6 percentage points to 16.5 percent. Reported operating profit grew by 7.5 percent to 143 million euros.

The **Adhesive Technologies** business unit generated solid organic sales growth of 2.1 percent in the first quarter. Nominally, sales decreased slightly, by 0.8 percent to 2,144 million euros (prior-year quarter: 2,160 million euros).

The emerging markets continued their successful development with solid organic sales growth. The Latin America region recorded a double-digit percentage increase. Eastern Europe exhibited very strong growth despite the difficult political situation in some countries of the region. In Asia (excluding Japan), sales showed positive performance. In the Africa/Middle East region, sales were below the level of the first

quarter of 2015. Sales in the mature markets remained stable overall. Here, the North America region showed positive sales growth, while sales in the mature markets of the Asia-Pacific and Western Europe regions remained slightly below the level of the prior-year quarter.

Adjusted operating profit of the Adhesive Technologies business unit increased versus the first quarter of 2015 by 6.4 percent to 376 million euros. Adjusted return on sales registered an excellent increase of 1.1 percentage points to 17.5 percent. Reported operating profit increased by 5.5 percent, to 364 million euros.

Regional performance in the first quarter 2016

In a highly competitive market environment, Henkel's sales in the **Western Europe** region were organically 0.5 percent below the level of the prior-year quarter. Solid performance in Southern Europe and growth in France were unable to compensate for the slight decline in Germany. Reported sales decreased slightly to 1,528 million euros. In **Eastern Europe**, sales organically rose double-digits by 10.9 percent, with the main contribution coming from the businesses in Russia and Turkey. On reported basis, sales amounted to 629 million euros, representing a slight increase year on year. With 3.5 percent **Africa/Middle East** showed a solid organic sales growth in the first quarter of 2016 although political and economic instability in some countries continued to affect the business development. At 349 million euros, reported sales were slightly below the prior-year level.

North America showed solid organic sales growth of 2.4 percent, with all business units contributing. Reported sales rose from 885 million euros to 926 million euros. In **Latin America**, sales organically increased by 8.3 percent. Business performance in Mexico made a significant contribution to this very strong improvement. On reported basis, sales amounted to 247 million euros compared to 274 million euros in the first quarter of 2015. Despite slowing market growth in China, organic sales in **Asia-Pacific** improved by 2.2 percent. Sales development in China was positive. Reported sales in the region rose from 732 million euros to 747 million euros.

In the **emerging markets**, organic growth remained strong at 6.3 percent, with all business units contributing to the increase. As a result of negative foreign exchange effects, reported sales declined by 1.8 percent to 1,837 million euros and at 41 percent, the share of Group sales from emerging markets was slightly below the level of the prior-year period. In the **mature markets**, sales grew organically by 0.5 percent to 2,589 million euros.

Outlook for the Henkel Group in 2016

Henkel expects to generate organic sales growth of 2 to 4 percent in the fiscal year 2016. Henkel expects that each business unit will generate growth within this range. Henkel furthermore expects a slight increase in the share of sales from its emerging markets. For adjusted return on sales (EBIT), Henkel expects an increase versus the prior year to approximately 16.5 percent. The adjusted return on sales of the individual business units is expected to be at or above the level of the previous year. Henkel expects an increase in adjusted earnings per preferred share of between 8 and 11 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 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 2016 and further information with download material as well as the link to the Investor Relations teleconference broadcast can be found on the internet at:

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