

# Henkel FY 2016

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Düsseldorf, February 23, 2017



# | 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 | **Key developments 2016**

2 | Financials FY 2016

3 | Summary & Outlook FY 2017

# | FY 2016: Strong performance in a challenging environment

Sales

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**€ 18.7 bn**

Adj. EBIT

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**€ 3.2 bn**

Adj. EPS growth

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**+9.8%**

Organic Growth

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**+3.1%**

Adj. EBIT margin

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**16.9%**

Dividend increase<sup>1</sup>

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**+10.2%**

<sup>1</sup> Proposal to shareholders for the Annual General Meeting on April 6, 2017.

# | Strong profitable growth in 2016



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- 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

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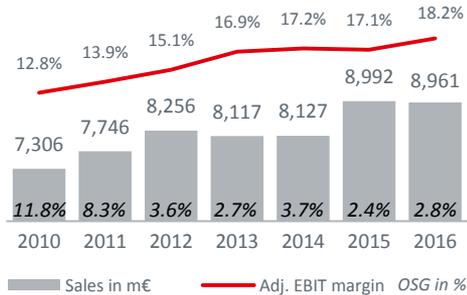
- Geo-political instability and macro-economic volatility in some countries
- Global GDP growth on a moderate level
- Persistent FX headwinds in key currencies
- Volatility in feedstock markets
- Intensified promotional & pricing pressure in consumer goods businesses

# | Adhesive Technologies

## Fostering profitable growth

### Adhesive Technologies

**LOCTITE**  
**TECHNOMELT**  
**BONDERITE**



### Sales

- Solid OSG
- All business areas contributing
- EM strong, MM on PY 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

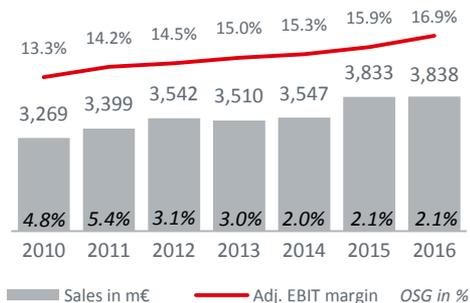
Continued growth of Thermal Management solutions

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
- EM very strong, MM slightly below PY

### 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

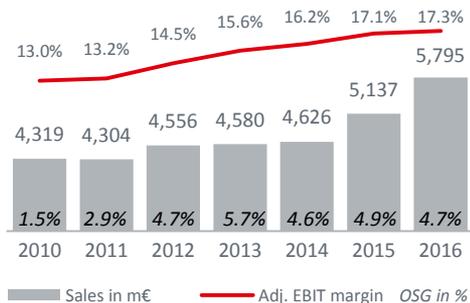
Continued growth momentum

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
- EM very strong, MM 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

Sustainability combined  
with 100% performance

Very strong brand growth – launch  
in 30 countries



## North America

Sustained momentum driven by  
excellent performance of laundry

Successful further expansion of  
Persil ProClean



## Hand Dishwashing MEA

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

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

\* Updated on August 11, 2016

# | Agenda

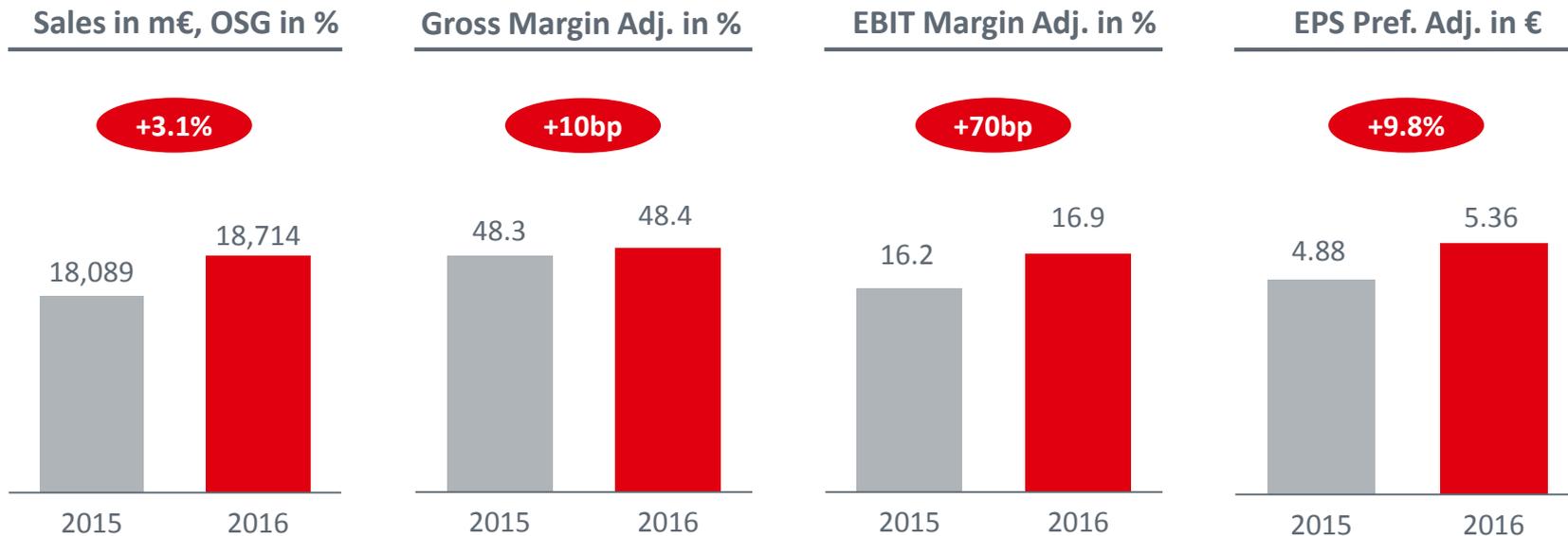
1 | Key developments 2016

**2 | Financials FY 2016**

3 | Summary & Outlook FY 2017

# High quality of earnings

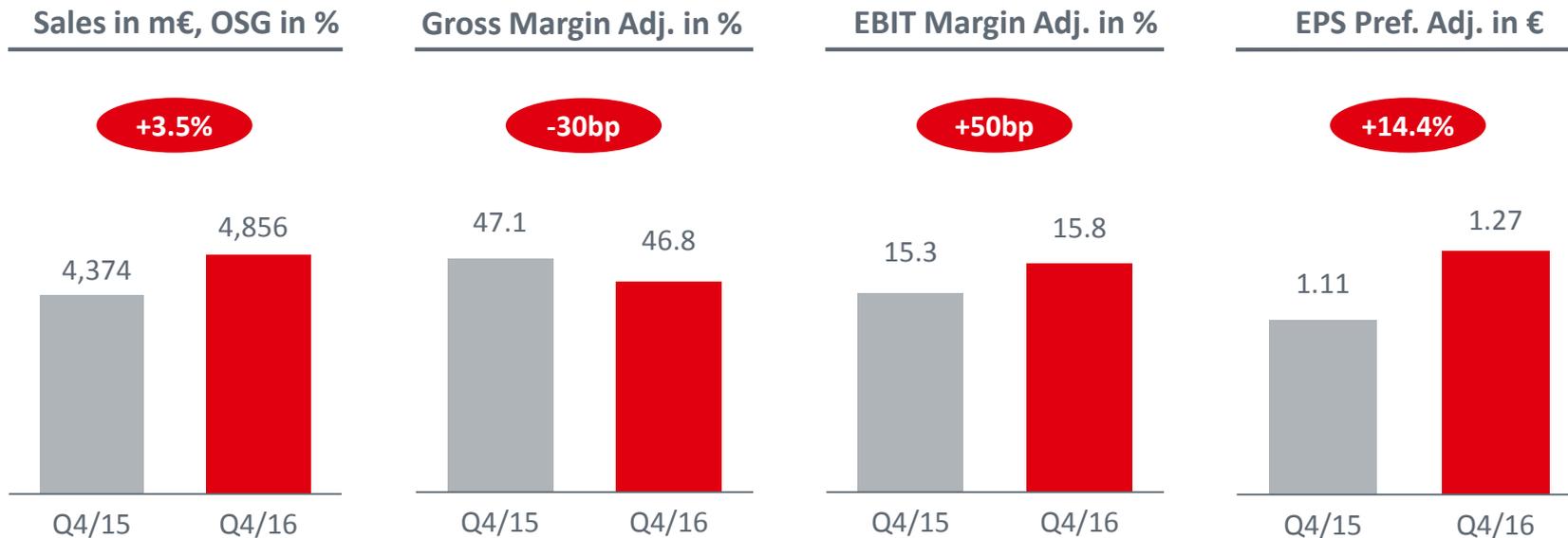
## Key financials – FY 2016



FY 2016 with record levels of sales, profitability and earnings per share

# High quality of earnings

## Key financials – Q4 2016

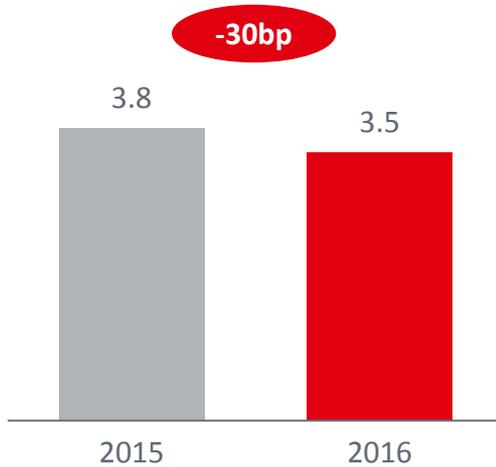


Q4 2016 with strong contribution to FY results

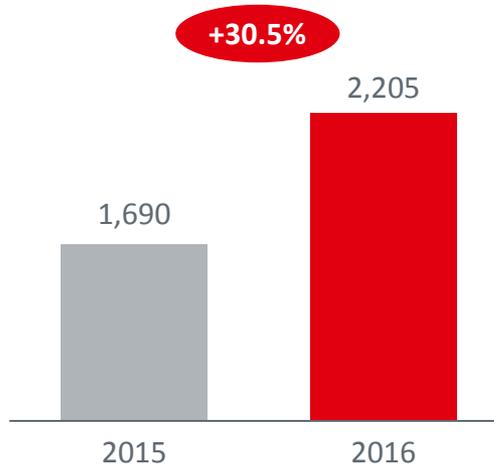
# | Disciplined NWC management & strong cash generation

## Key financials – FY 2016

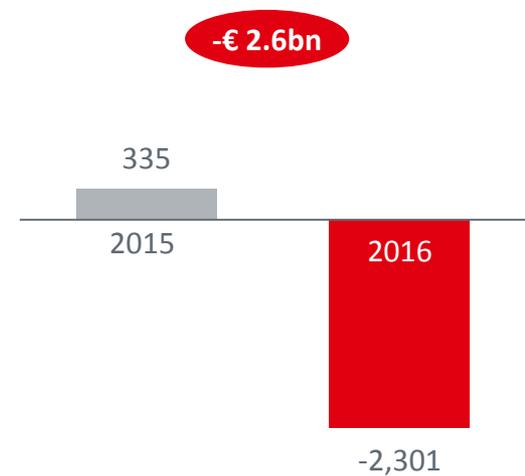
NWC in % of Sales



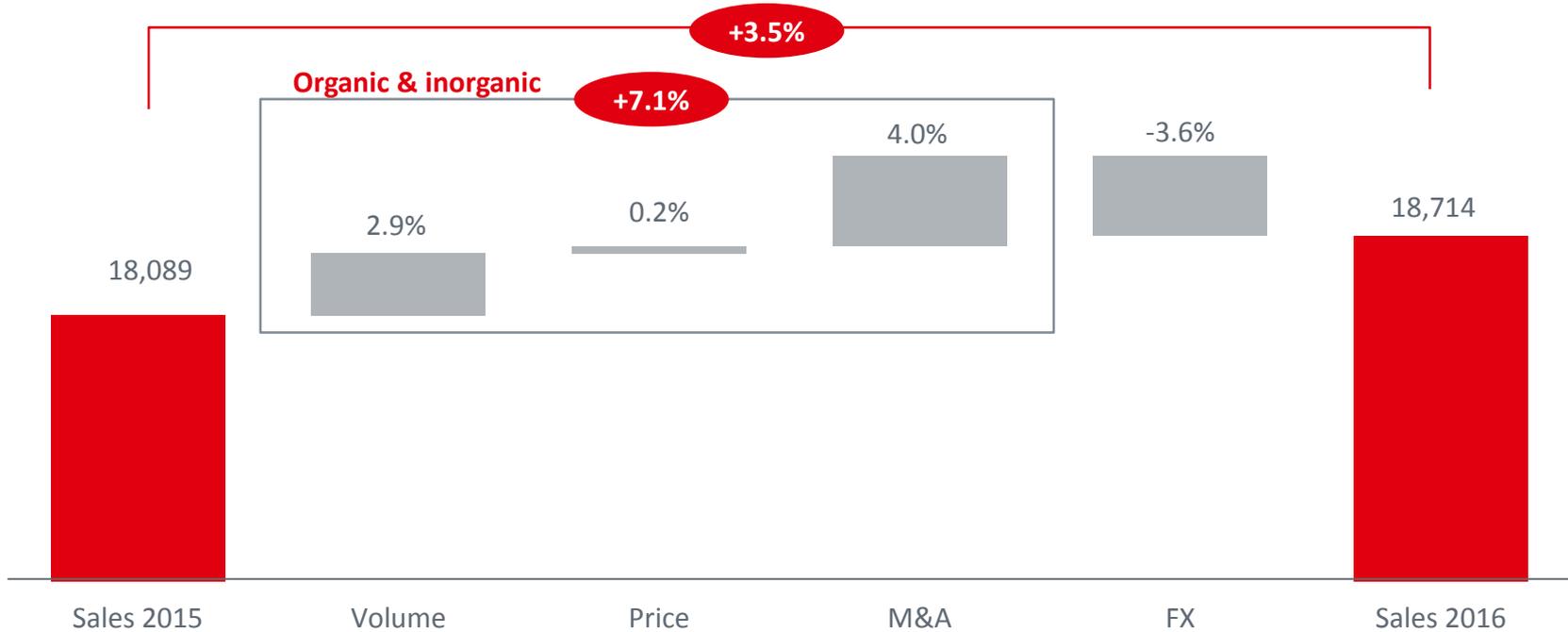
Free Cash Flow in m€



Net Financial Position in m€



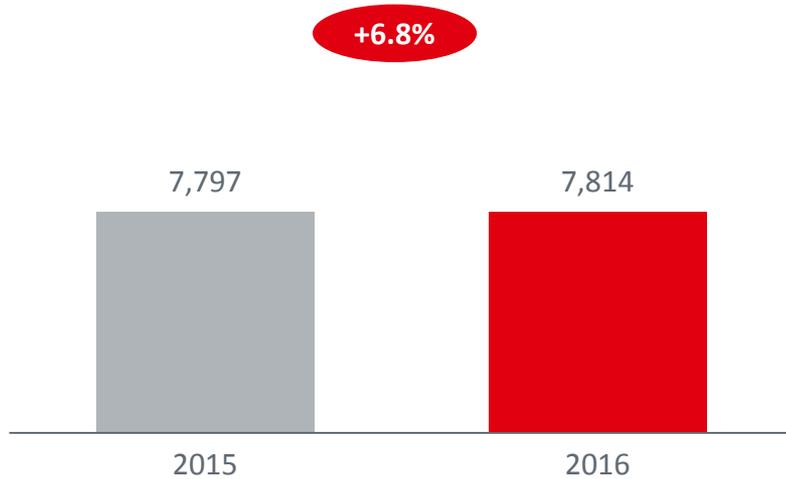
# Very strong organic & inorganic sales growth in m€, changes in %



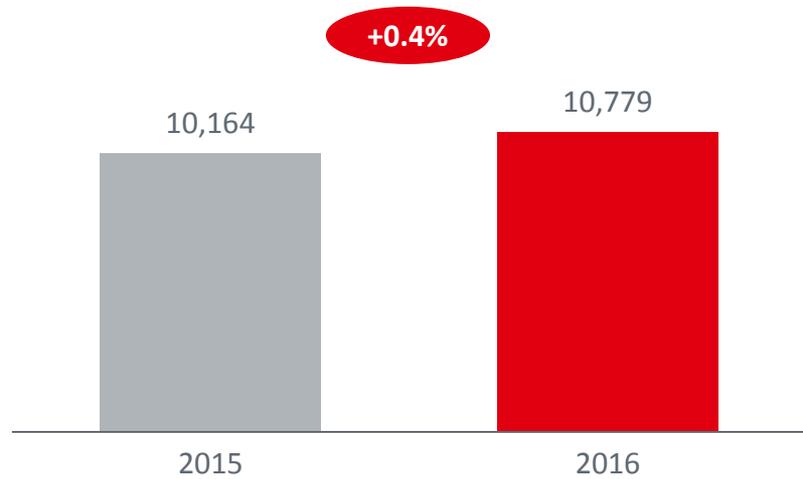
# Strong organic sales growth in Emerging Markets

in m€, OSG in %

Emerging Markets



Mature Markets

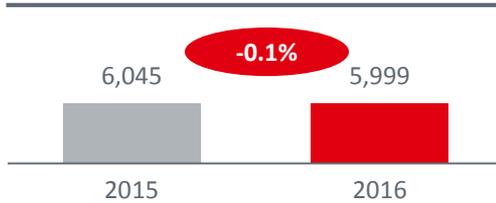


Emerging Markets sales share at 42%

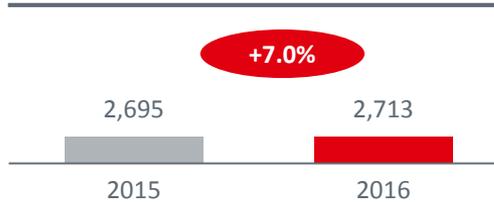
# Good growth development across the world

in m€, OSG in %

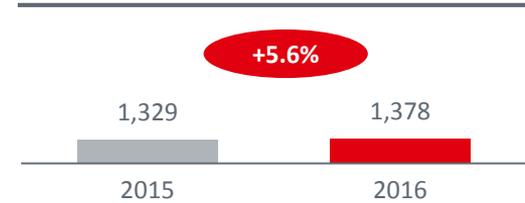
## Western Europe



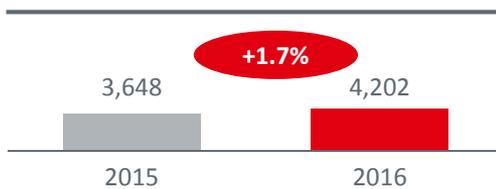
## Eastern Europe



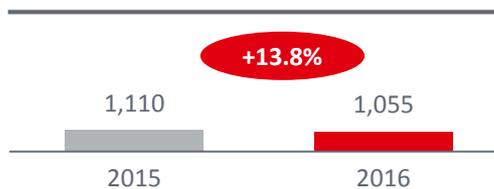
## Africa/Middle East



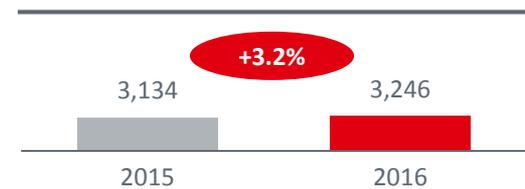
## North America



## Latin America

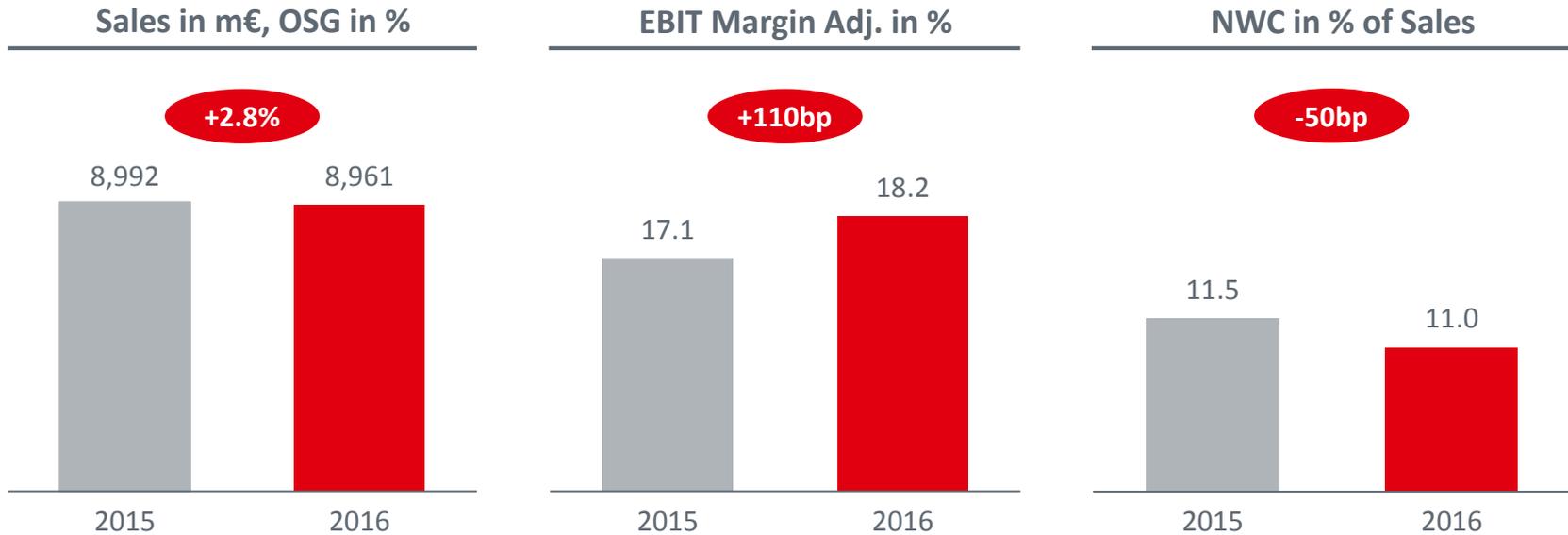


## Asia-Pacific



# | Adhesive Technologies

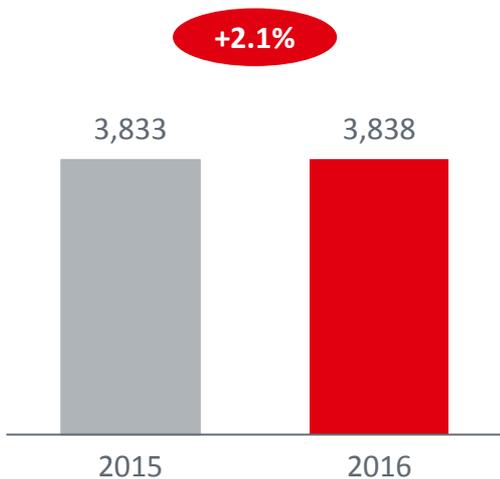
## Key financials 2016



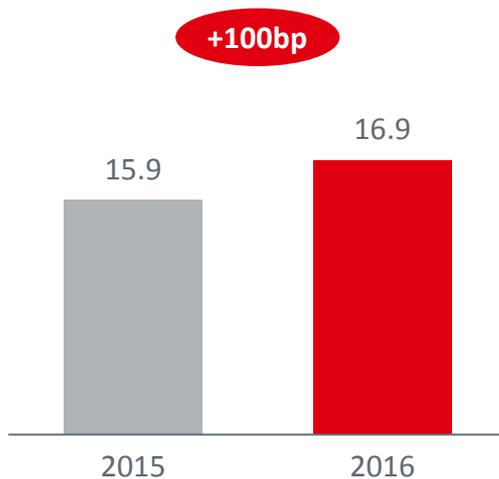
# | Beauty Care

## Key financials 2016

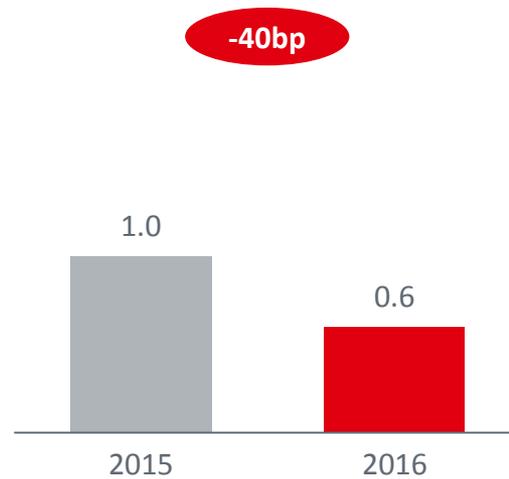
Sales in m€, OSG in %



EBIT Margin Adj. in %



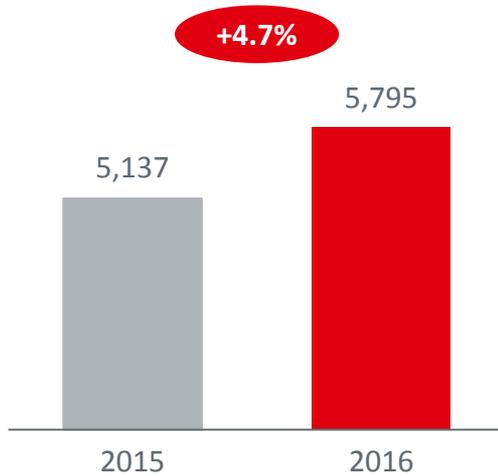
NWC in % of Sales



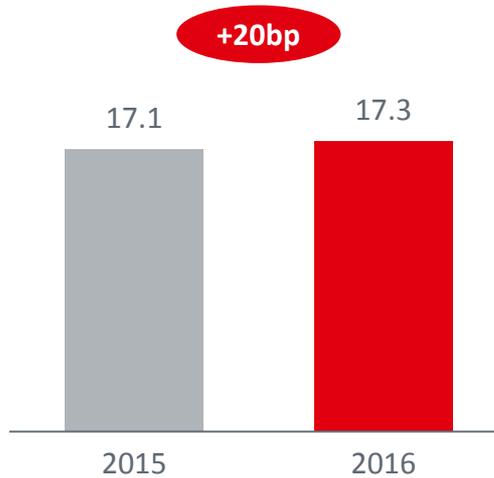
# Laundry & Home Care

## Key financials 2016

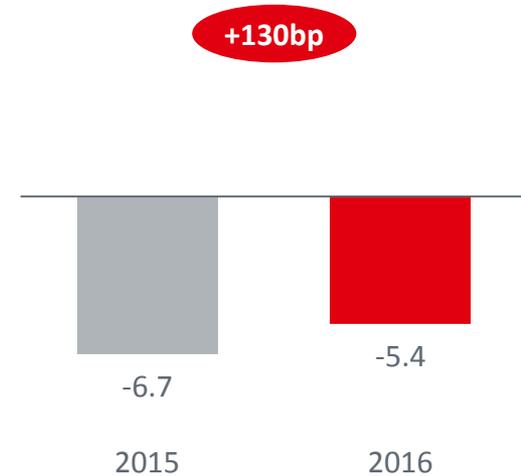
Sales in m€, OSG in %



EBIT Margin Adj. in %

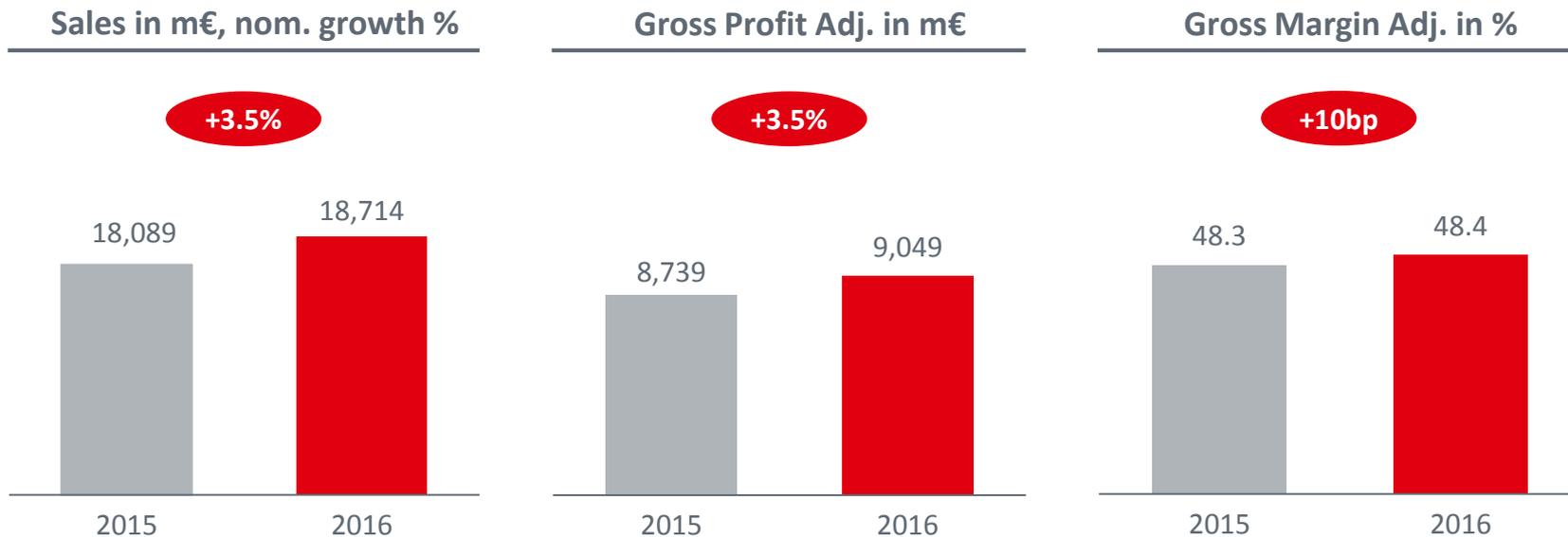


NWC in % of Sales



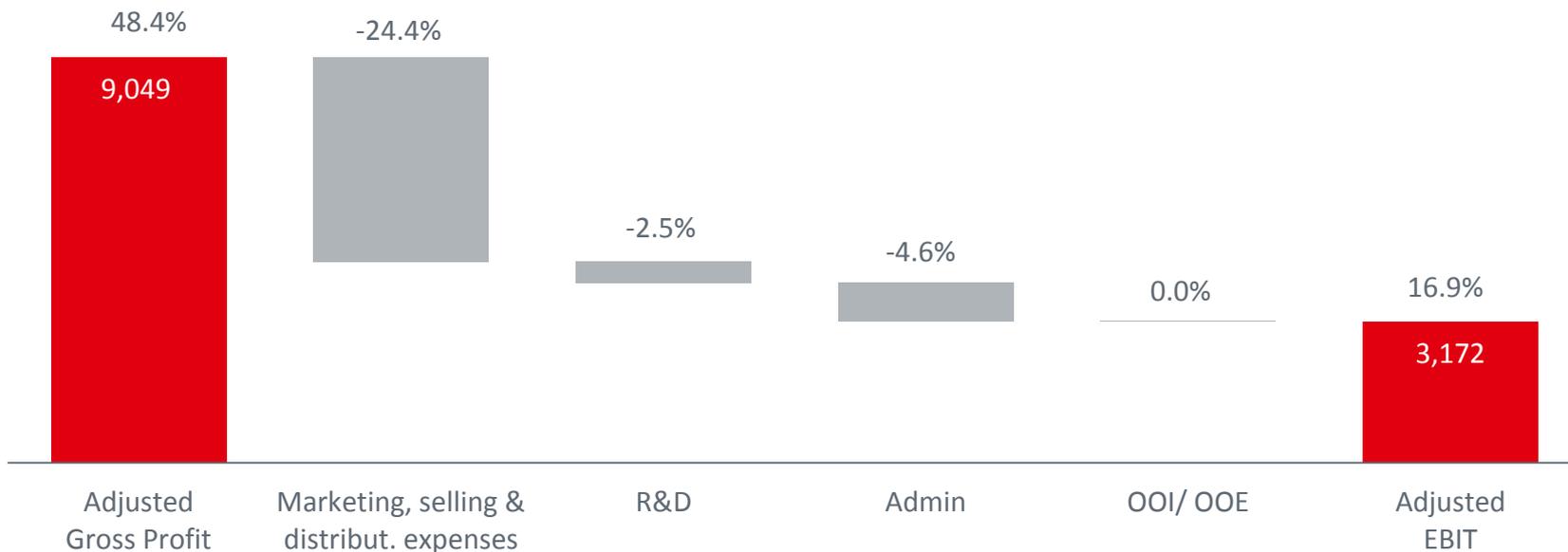
# Continued improvement of Adjusted Gross Margin

## Income statement adjusted



# | Very strong increase of Adjusted EBIT margin

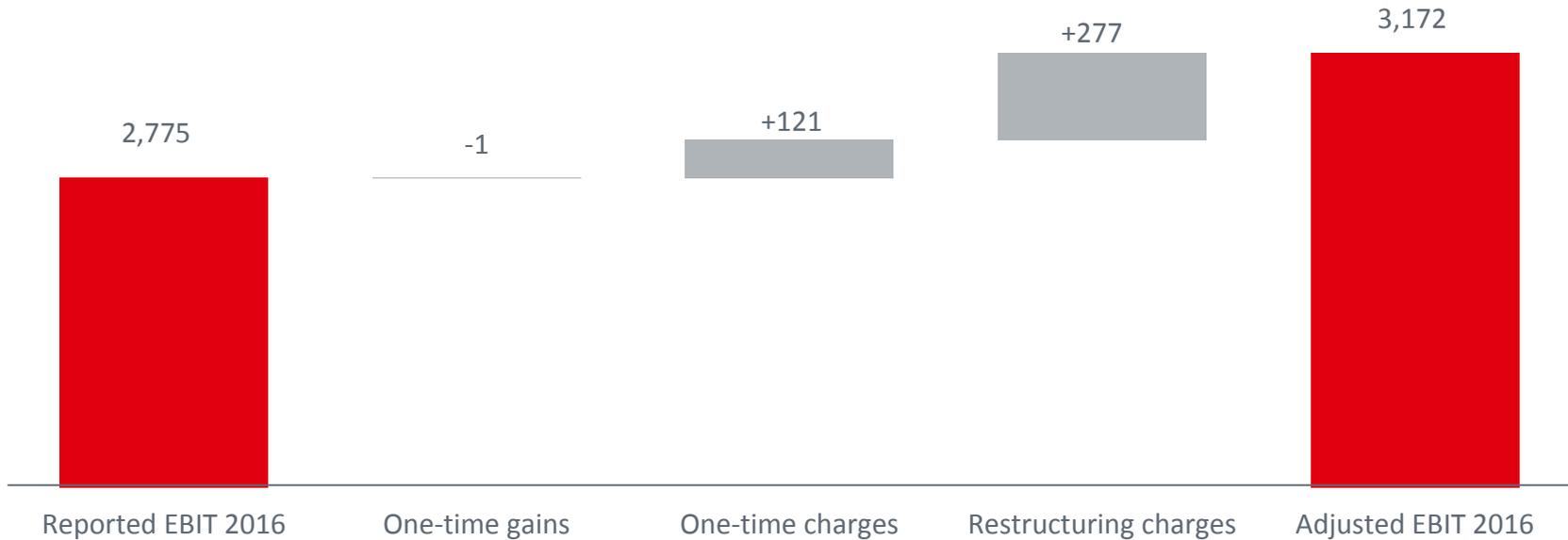
in m€, % of sales



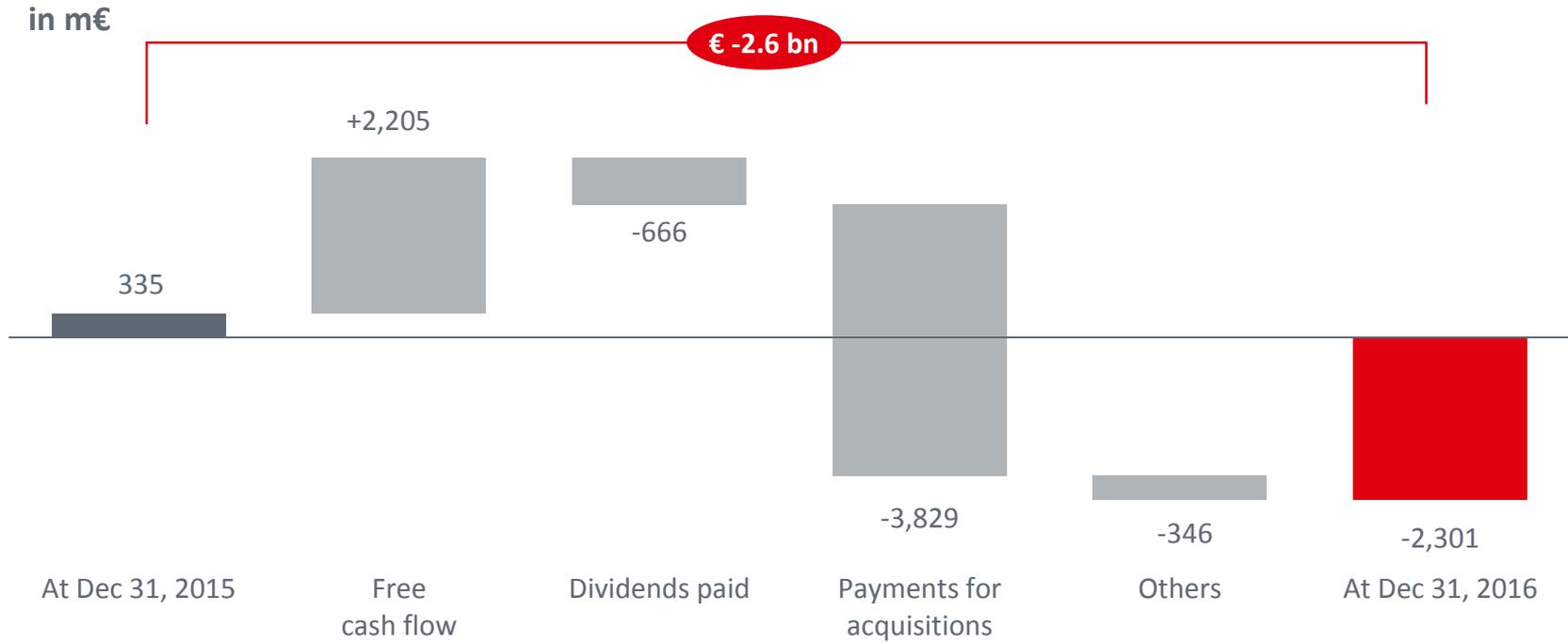
# Adaptation of our structures to the market

Also related to integration of acquisitions

in m€



# | Net Financial Position



# Excellence in value creation

## Usage of cash

### CapEx



€ 543m spent in 2016

### Acquisitions



€ 3.8bn invested in 2016

### Dividends



€ 666m distributed in 2016

# CapEx: € 543m in 2016

Investing in growth “in the region for the region”

## Adhesive Technologies



Asia-Pacific – China  
Multi-tech plant expansion

## Beauty Care



Eastern Europe – Russia  
Plant upgrade and expansion

## Laundry & Home Care



Western Europe – Germany  
High-bay warehouse expansion

# | Acquisitions: € 3.8bn in 2016

Compelling and high quality acquisitions

Adhesive Technologies



Beauty Care



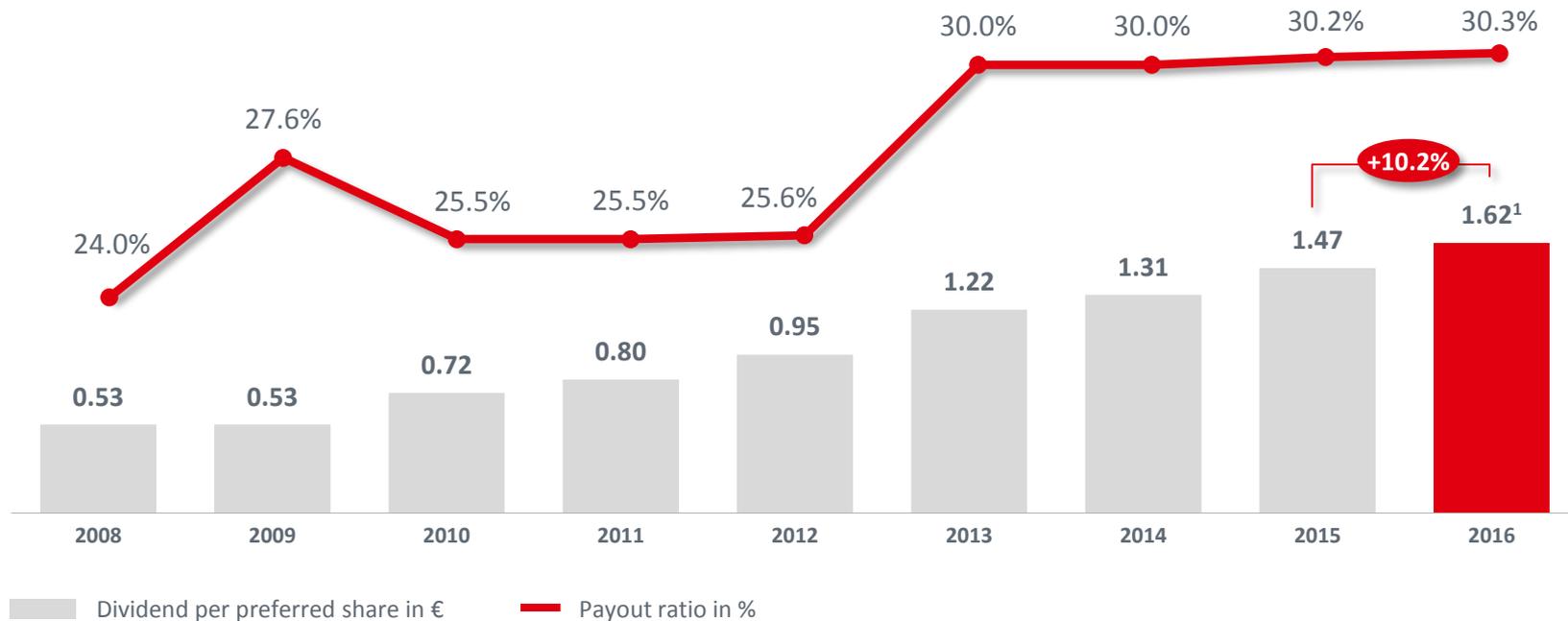
Laundry & Home Care



| Strengthening market positions across business units & regions

# Dividends: € 666m distributed in FY 2016

## 30.3% payout ratio<sup>1</sup> proposed for FY 2017



<sup>1</sup> Proposal to shareholders for the AGM on April 6, 2017.

# | Agenda

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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 adjusted EBIT, EBIT margin and Earnings per preferred share
- Double-digit increase in dividends<sup>1</sup>
- 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

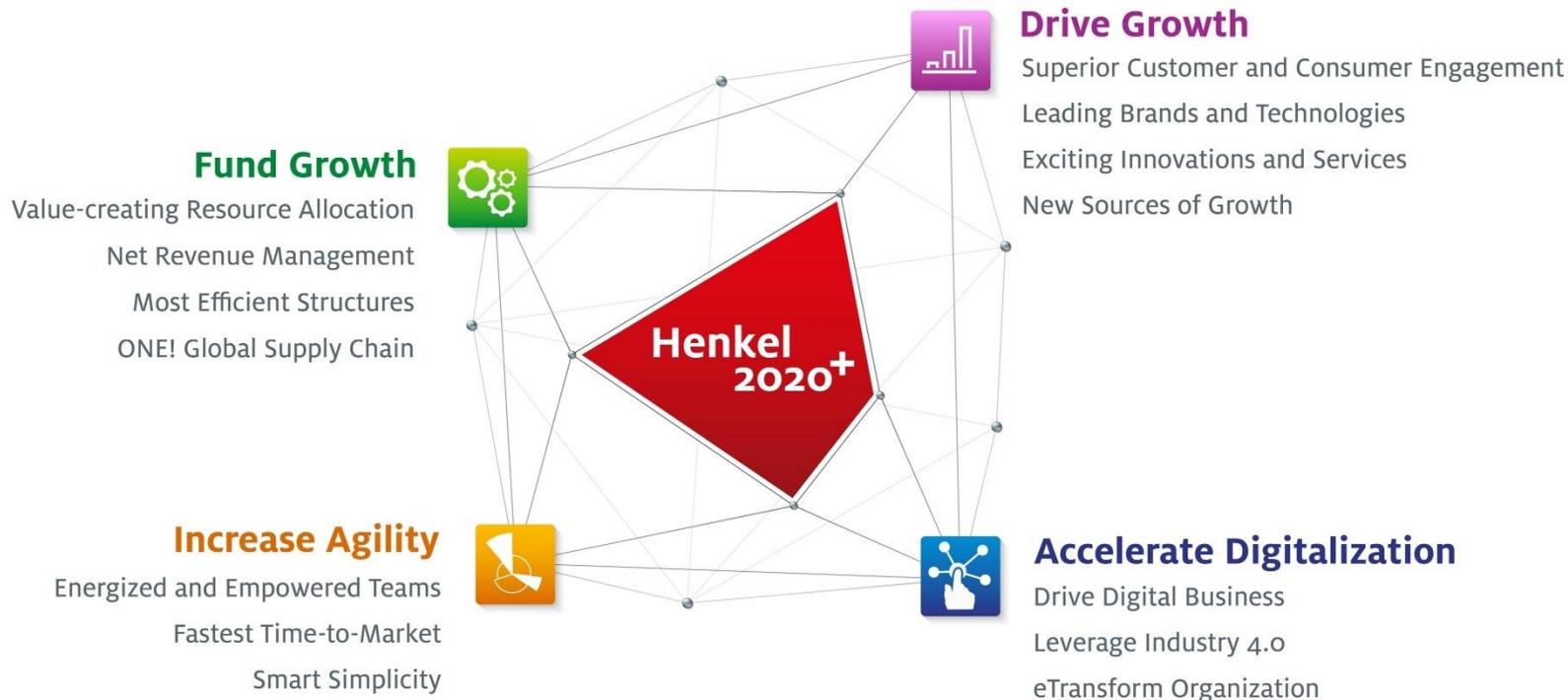
<sup>1</sup> Proposal to shareholders for the AGM on April 6, 2017.

# | 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

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Organic Sales Growth

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2 - 4%  
All Business Units within this range

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Adjusted EBIT Margin

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Improvement to a level  
above 17.0%

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Adjusted EPS Growth

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7 - 9%

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# | Upcoming events

- April 6, 2017 Annual General Meeting
- May 11, 2017 Q1 2017 Earnings Release
- June 1, 2017 Investor & Analyst Day Beauty Care
- August 10, 2017 Q2 2017 Earnings Release
- November 14, 2017 Q3 2017 Earnings Release

**Thank you!**

# | FY 2017: Additional input for selected KPIs

## FY 2017

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Prices for Total Direct Materials

Moderate increase  
vs. the level of the prior year

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Restructuring Charges

€ 200 - 250m

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CapEx

€ 750 - 850m

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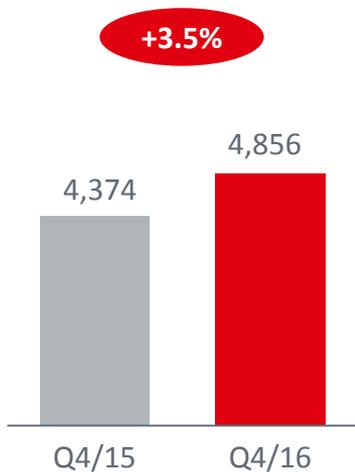
# **Additional Information Financials Q4/2016**

Düsseldorf, February 23, 2017

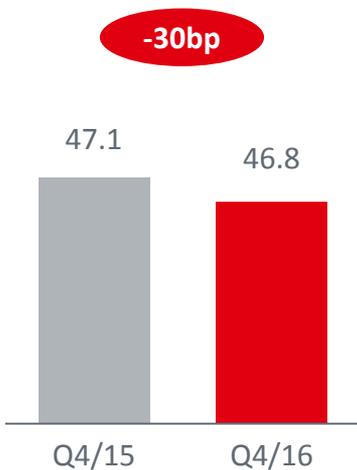
# | High quality of earnings

## Key financials – Q4 2016

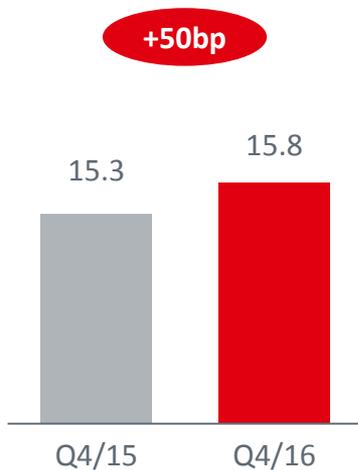
Sales in m€, OSG in %



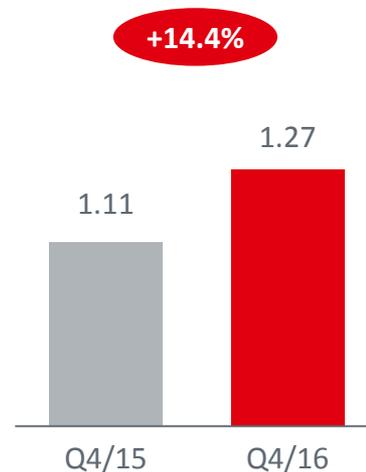
Gross Margin Adj. in %



EBIT Margin Adj. in %

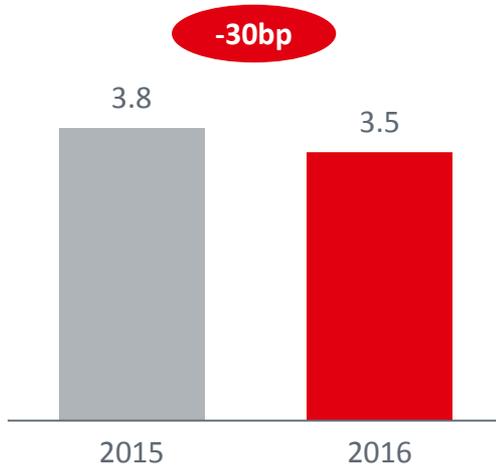


EPS Pref. Adj. in €

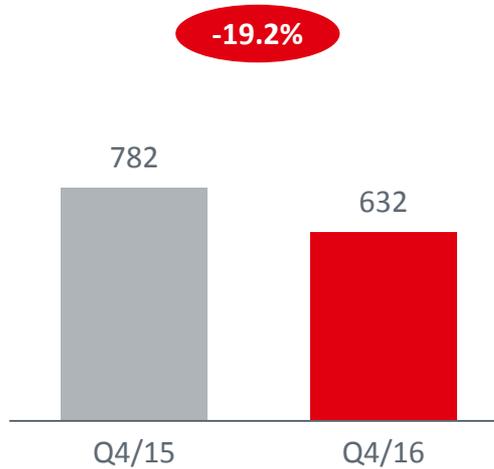


# | Key financials – Q4 2016

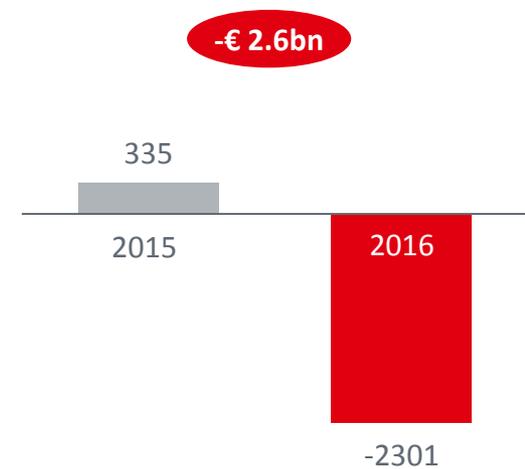
NWC in % of Sales



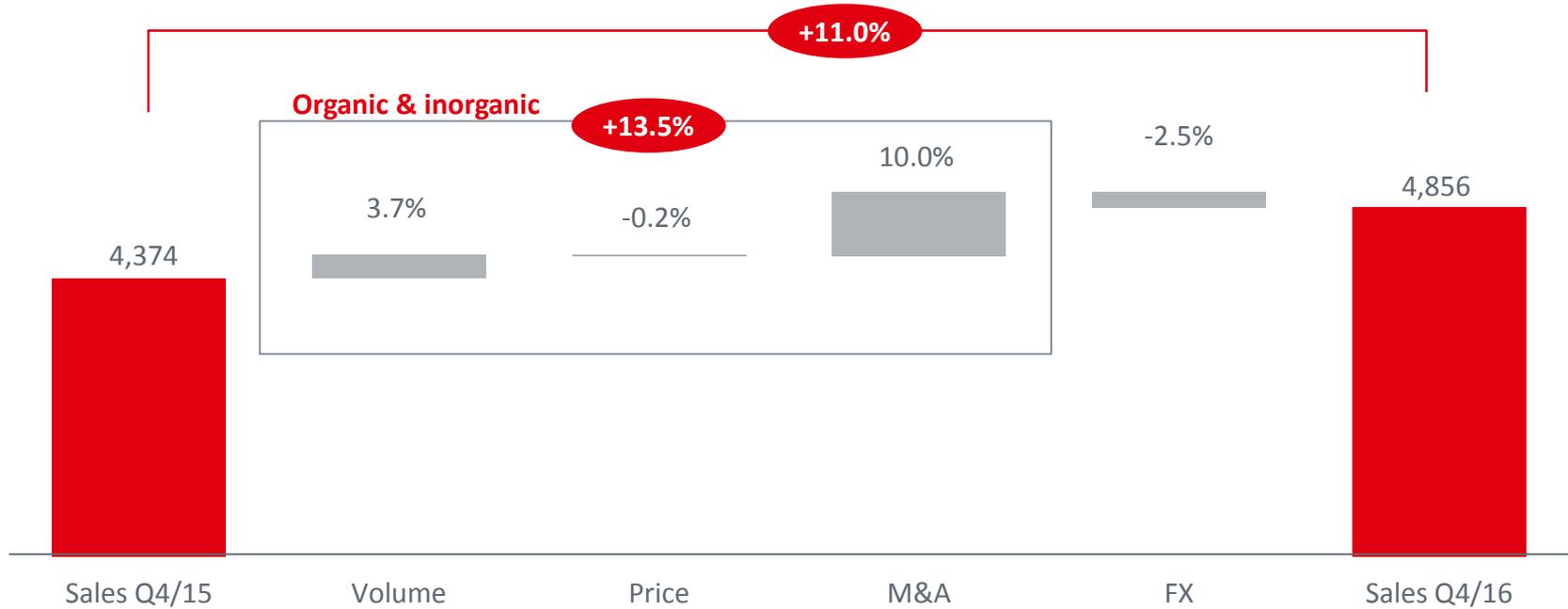
Free Cash Flow in m€



Net Financial Position in m€



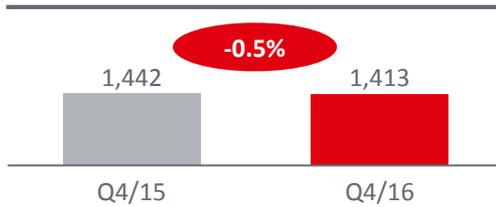
# Double-digit organic & inorganic sales growth in m€, changes in %



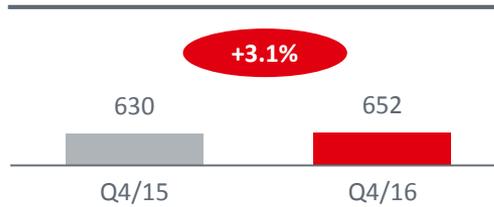
# Organic Growth by region – Q4 2016

in m€, OSG in %

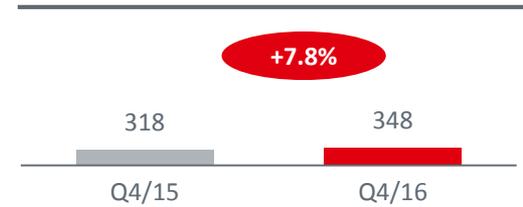
## Western Europe



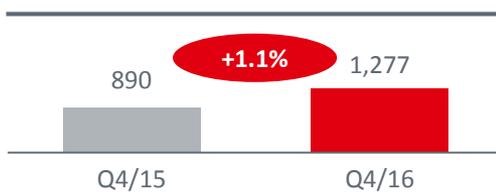
## Eastern Europe



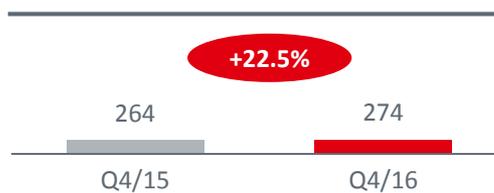
## Africa/Middle East



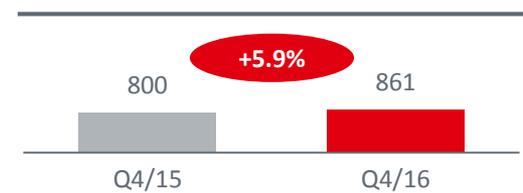
## North America



## Latin America

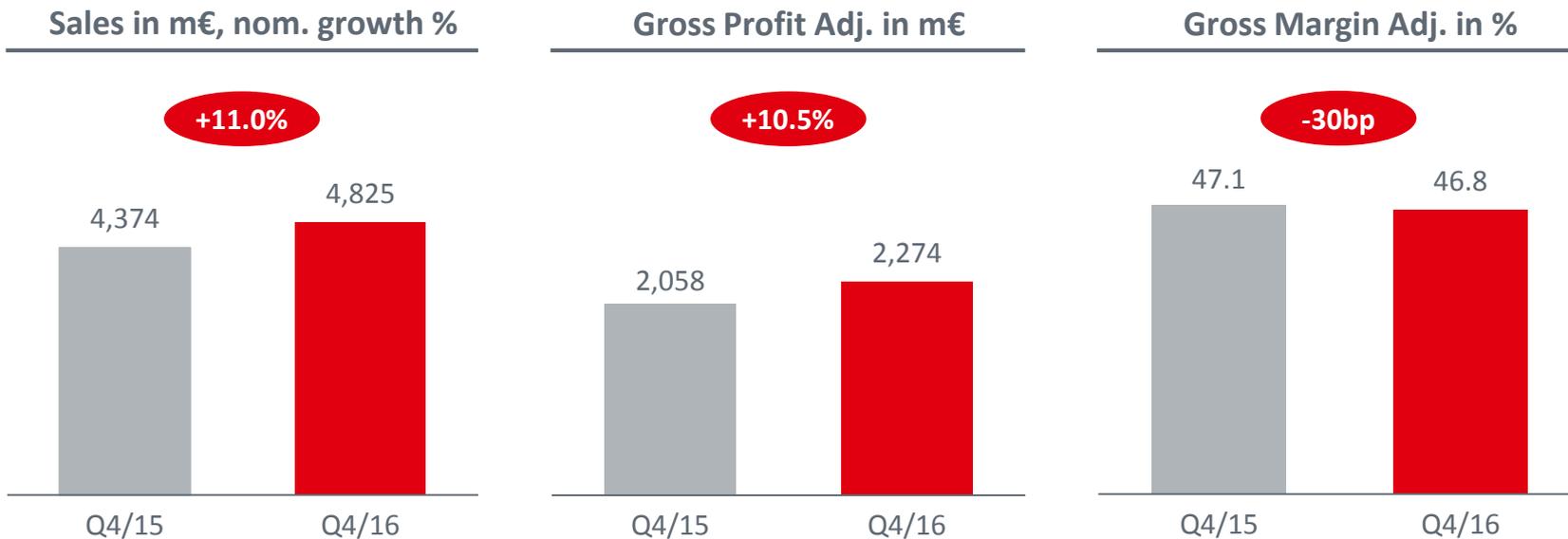


## Asia-Pacific



# | Income Statement Adjusted – Q4 2016

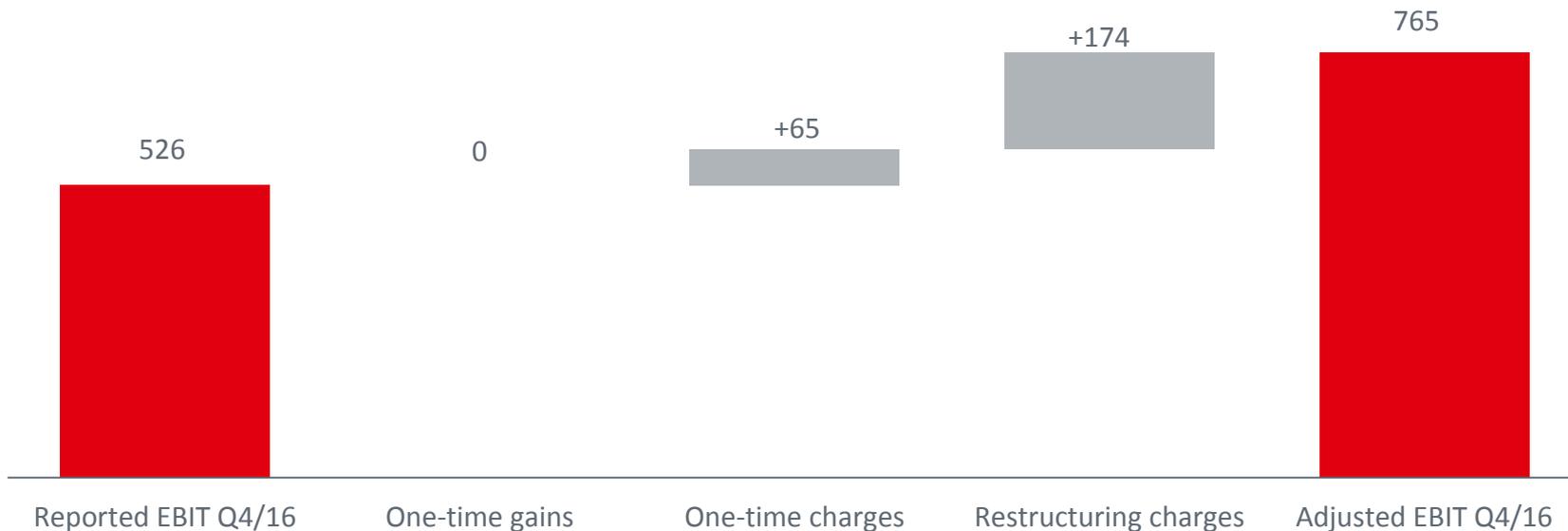
## Sales to Gross Profit



# Continuous adaptation of our structures to the market

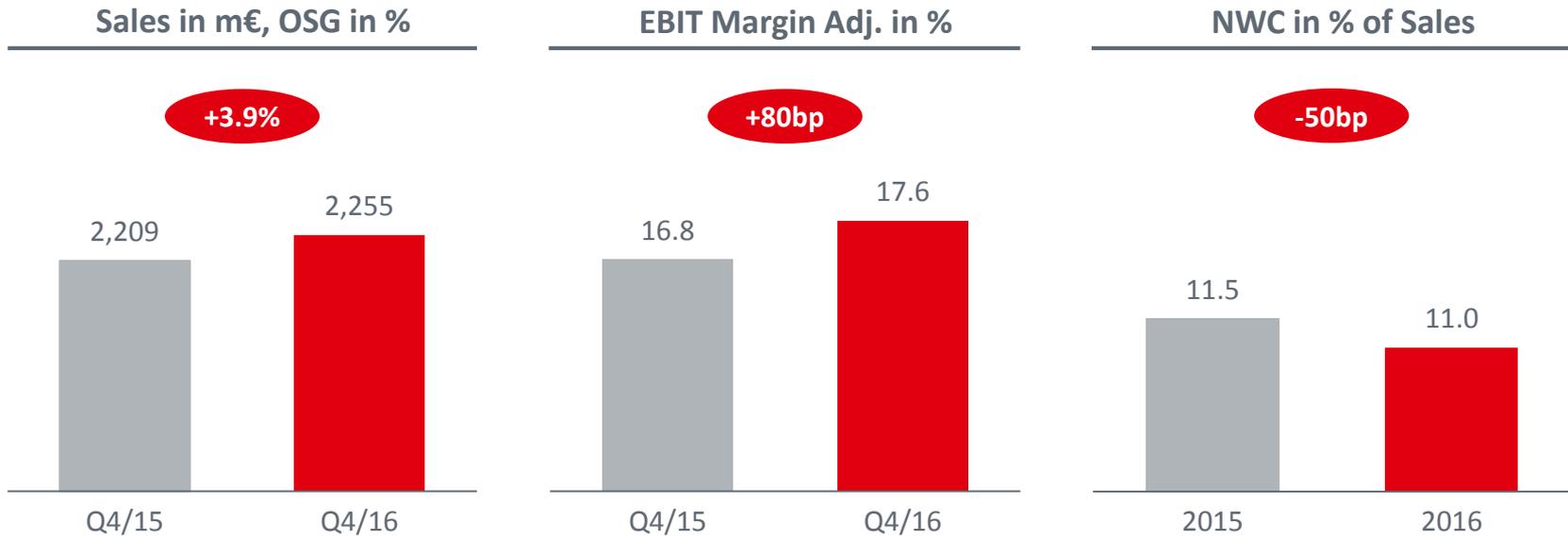
## Q4 2016

in m€



# | Adhesive Technologies

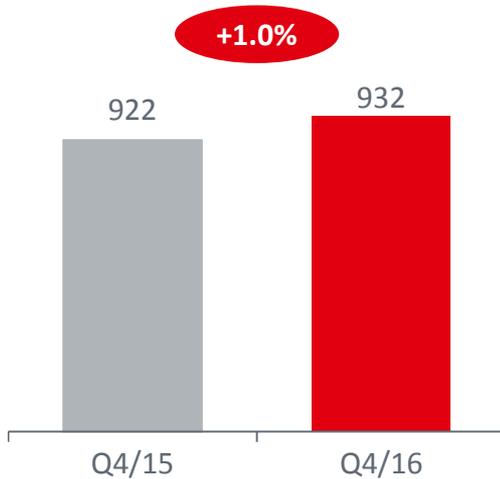
## Key Financials Q4 2016



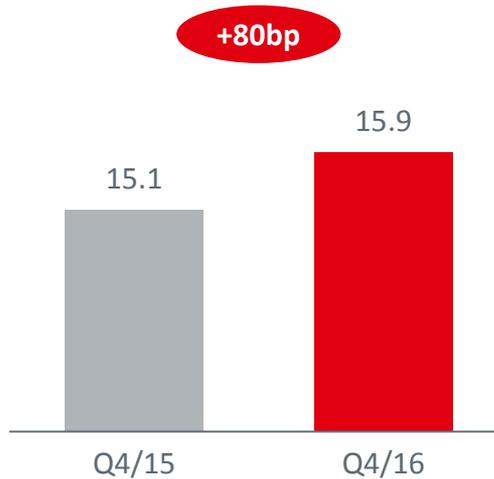
# Beauty Care

## Key Financials Q4 2016

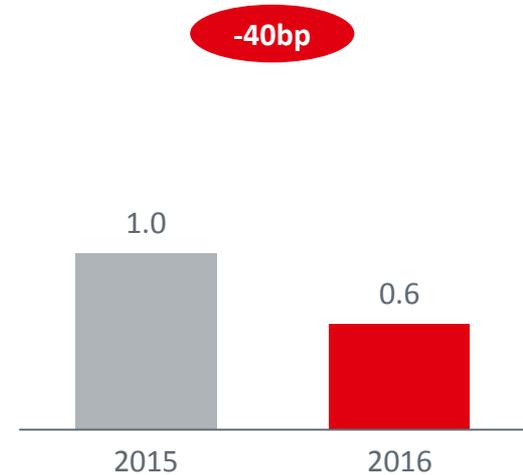
Sales in m€, OSG in %



EBIT Margin Adj. in %

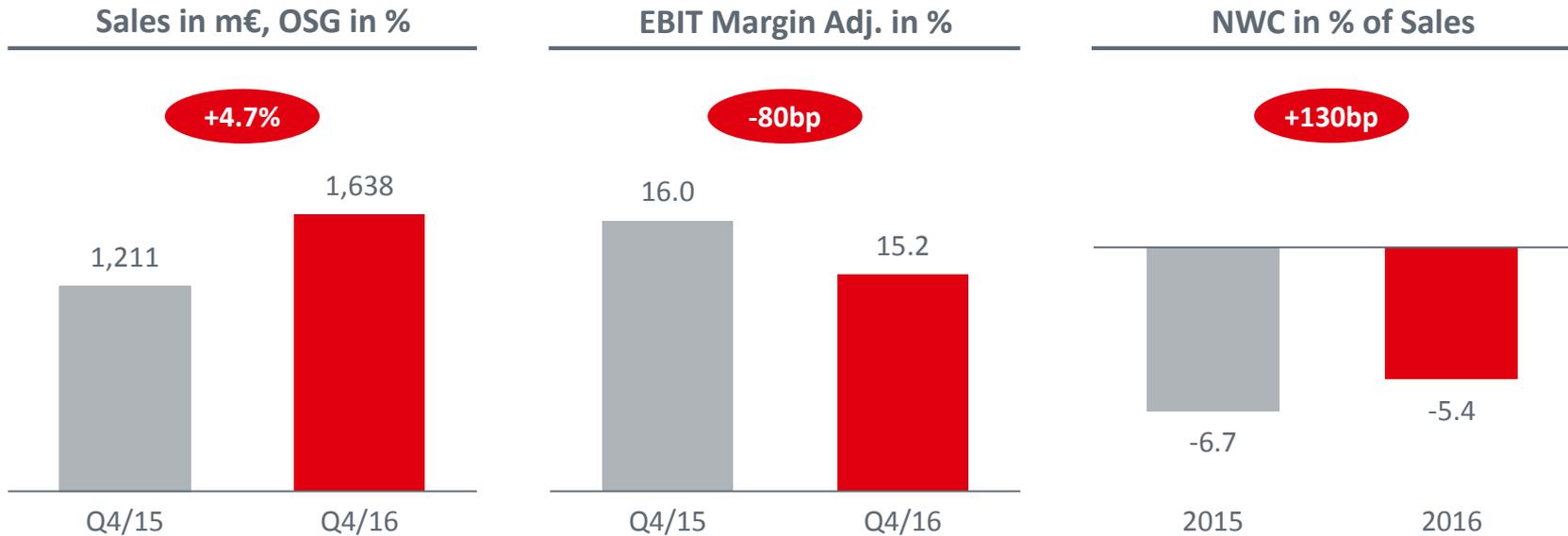


NWC in % of Sales



# Laundry & Home Care

## Key Financials Q4 2016



**Thank you!**