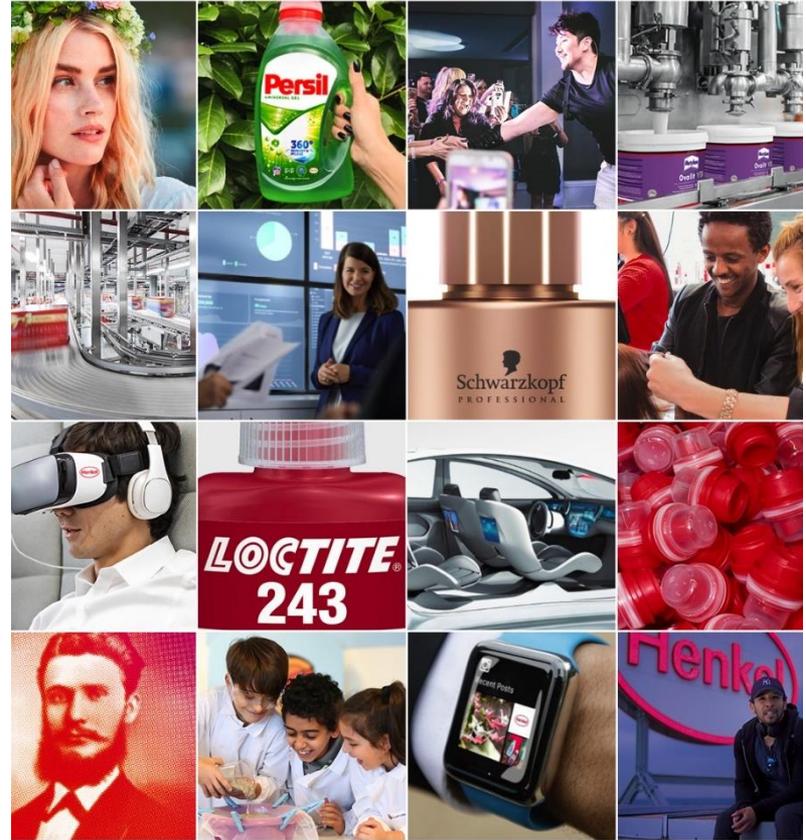


# Henkel Q3 2018

Hans Van Bylen, Carsten Knobel  
Düsseldorf, November 15, 2018



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# Agenda

1. Key Developments Q3 2018
2. Financials Q3 2018
3. Outlook FY 2018 & Summary

# Operating in a heterogeneous environment

Q3 2018 key macroeconomic developments

## **Strong industrial production<sup>1</sup>**

Moderate global GDP growth,  
IPX remains strong

## **Currency devaluation**

Continued headwinds from key  
Emerging Market currencies

## **HPC environment mixed**

Markets slightly improving while  
competitive/pricing pressures persist

## **Commodity inflation**

Increasing direct material price  
pressure and highly volatile markets

<sup>1</sup>Source: IHS Markit Q3 2018

# Good profitable growth in Q3 2018

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT %</u>	<u>Adjusted EPS Growth</u>
€ 5.0 bn	+2.7%	€ 926 m	18.4%	+2.6%

- Good organic sales growth driven by strong performance of Adhesive Technologies
- Consumer goods businesses improved thanks to very strong Emerging Markets performance
- Top and bottom line continued to be adversely impacted by FX
- Strong improvement in Adj. EBIT Margin supported by cost management focus and Adhesive Technologies
- Adjusted EPS above previous year, improving quarter-by-quarter

# Adhesive Technologies

Continued strong performance in Q3 2018 with all business areas contributing

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT Margin</u>
€ 2.4 bn	+3.8%	€ 466 m	19.6%

**LOCTITE**

**TECHNOMELT**

**TEROSON**

# Adhesive Technologies

Highlights Q3 2018

- **Industrial Maintenance**

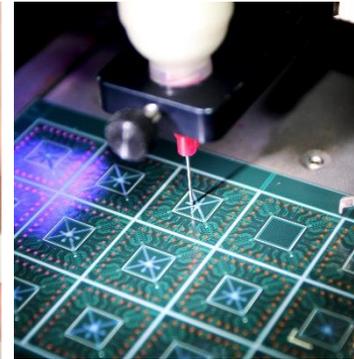
Significant growth with efficient solutions for repair and overhaul of pipes and machines

- **Semiconductor Packaging**

Significant growth driven by market trends towards smaller devices and higher functionality

- **Aerospace**

Double-digit growth with high-performance solutions for aircraft manufacturers



# Beauty Care

Positive organic growth at consistently high profitability level

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT Margin</u>
€ 1.0 bn	+0.5%	€ 182 m	18.3%



# Beauty Care

Highlights Q3 2018

- **Hair Professional**

Very strong growth momentum, fueled by Mature and Emerging Markets

- **Eastern Europe**

Very strong organic growth, driven by key categories Hair and Body

- **got2b Styling and Color**

Double-digit organic sales growth thanks to successful launches



# Laundry & Home Care

Good organic growth driven by Emerging Markets

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT Margin</u>
€ 1.6 bn	+2.5%	€ 294 m	17.9%

**Persil**



**Purex**

# Laundry & Home Care

Highlights Q3 2018

- **Middle East / Africa**

Double-digit growth driven by continued momentum of premium detergent business

- **Hand Dishwashing**

Double-digit growth coming from successful Pril relaunch across regions

- **Latin America**

Double-digit growth and market share expansion thanks to successful launches

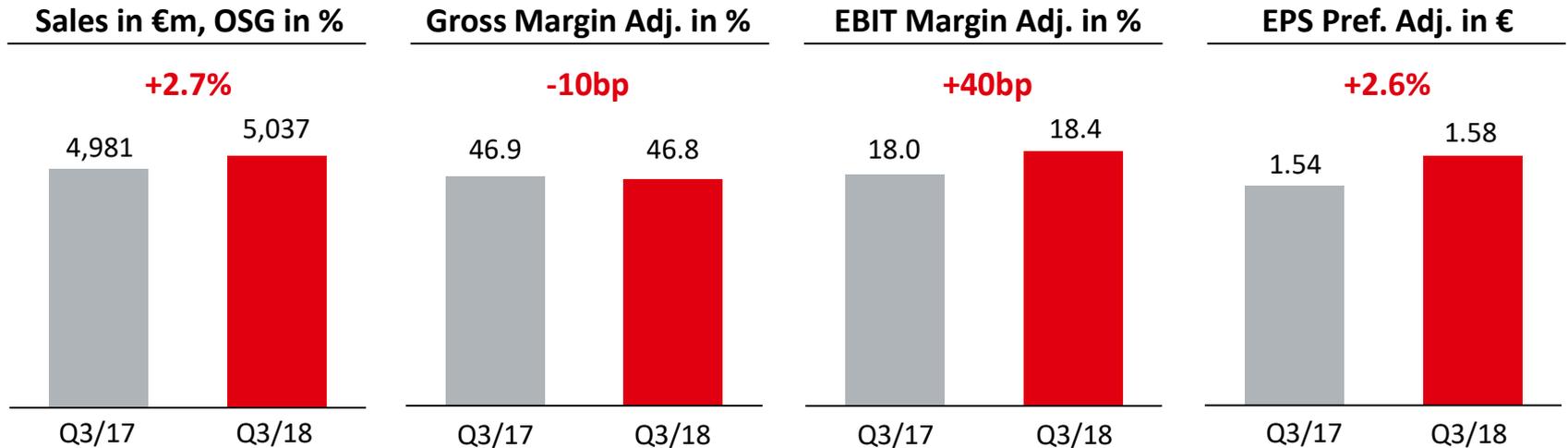


# Agenda

1. Key Developments Q3 2018
- 2. Financials Q3 2018**
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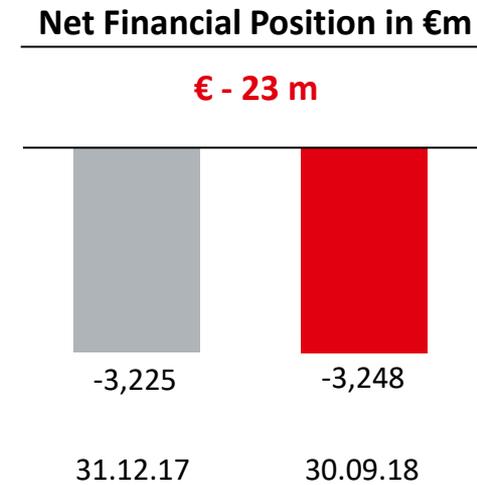
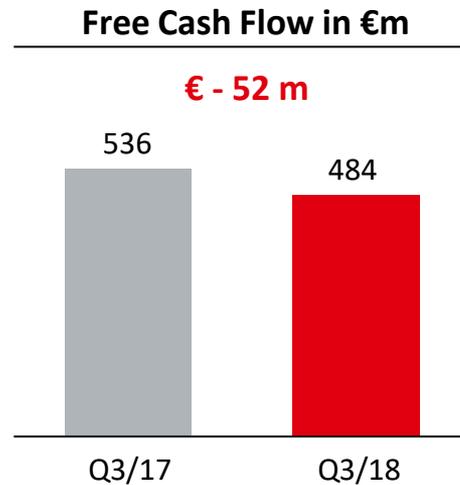
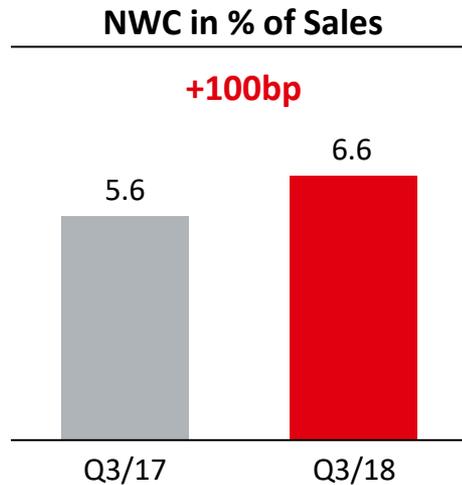
# Committed to sustainable profitable growth

## Key Financials Q3 2018

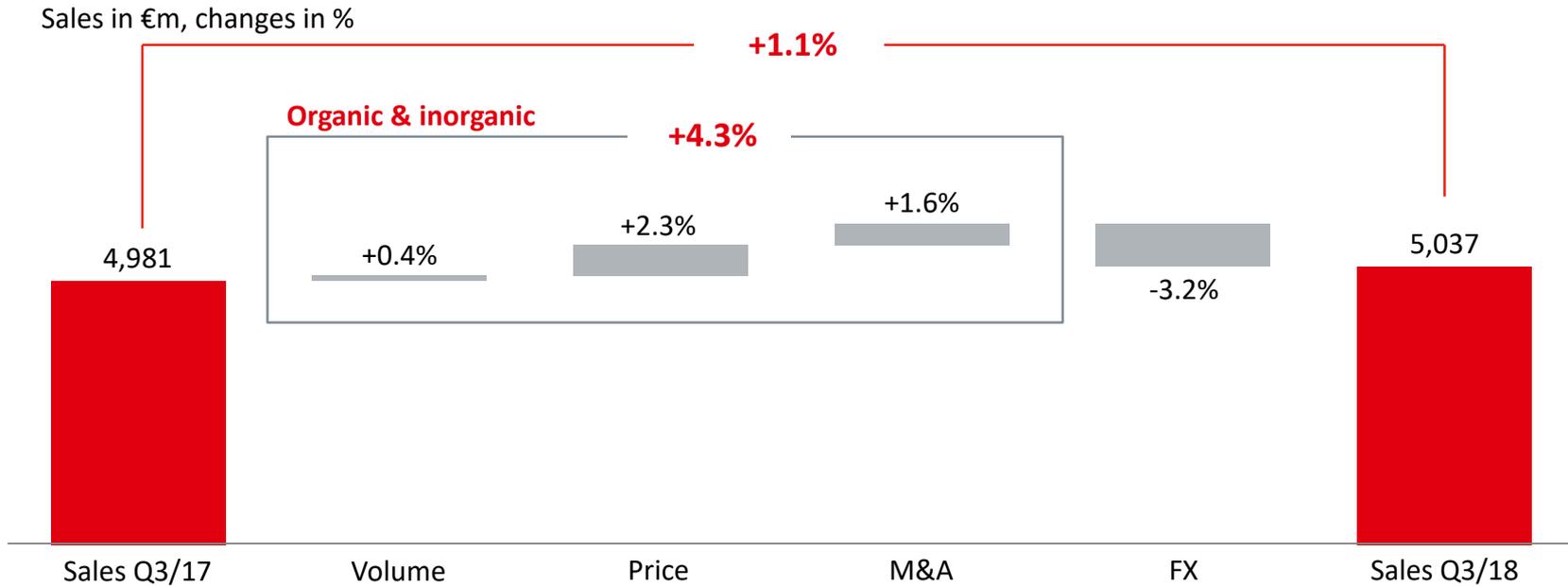


# Focus on disciplined cash management

Key Financials Q3 2018



# Strong top line adversely impacted by FX



# FX headwinds from key EM currencies

## Top 10 non-€ countries<sup>1</sup>, Q3 FX development<sup>2</sup>



<sup>1</sup> in order of 2017 group revenue share

<sup>2</sup> vs. Euro; Q3 avg. exchange rate vs. PY (Source: ECB), depreciation in red, appreciation in green

## Key developments

- FX headwinds of -3.2% on top line
- Headwinds in Q3 driven by key Emerging Market currencies
- Slight tailwind from US-Dollar in Q3
- Key Emerging Market currencies with high volatility and negative impact on results

# Growth driven by Emerging Markets

Q3 2018

## North America

**-0.8%**

€ 1,305 m (26%)

## Western Europe

**+0.6%**

€ 1,518 m (30%)

## Eastern Europe

**+7.1%**

€ 730 m (14%)

## Latin America

**+11.5%**

€ 292 m (6%)

## Africa/Middle East

**+13.1%**

€ 321 m (6%)

## Asia-Pacific

**+1.2%**

€ 841 m (17%)

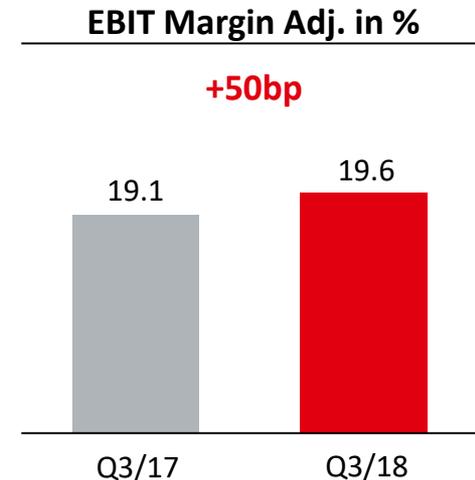
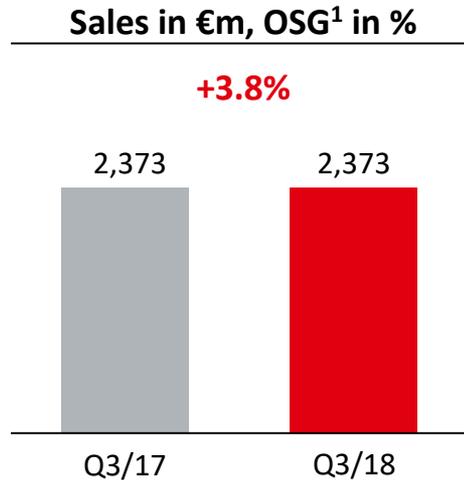
**Emerging Markets: +6.8% to € 2,045 m, 40% of Group Sales**

**Mature Markets: -0.1% to € 2,962 m**

**OSG in %**  
abs. in €m  
(share of total)

# Adhesive Technologies

## Key Financials Q3 2018



**Strong organic sales growth driven by all business areas**

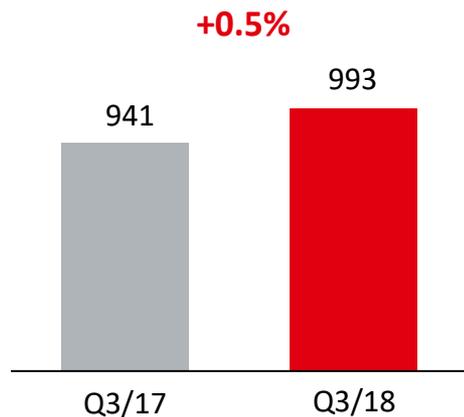
**Very strong increase in profitability due to continued implementation of price increases and cost focus**

<sup>1</sup> Volume: 0.2% Price: 3.6%

# Beauty Care

## Key Financials Q3 2018

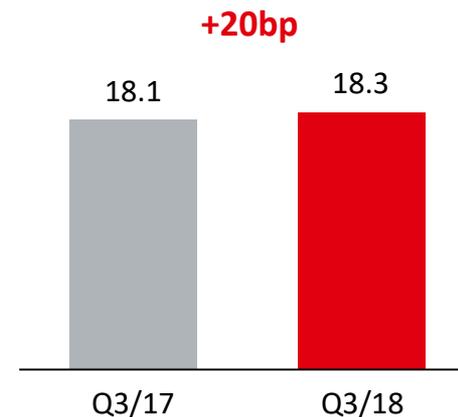
### Sales in €m, OSG<sup>1</sup> in %



### Regional Performance



### EBIT Margin Adj. in %

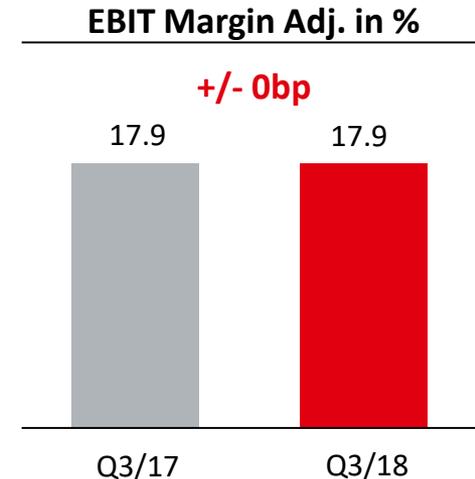
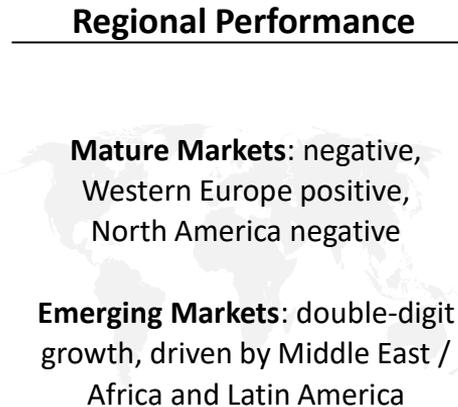
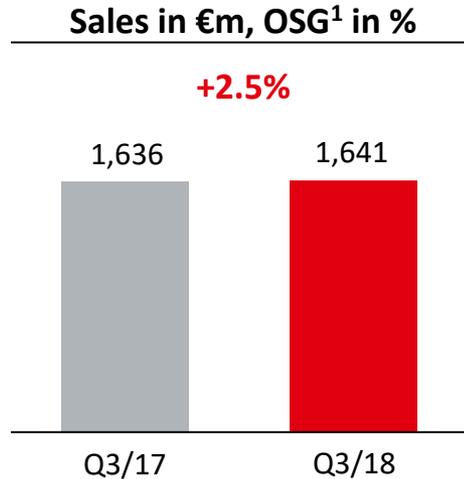


**Positive top line growth and consistently high profitability level**  
**Very strong performance in Hair Professional**

<sup>1</sup> Volume: 0.1% Price: 0.4%

# Laundry & Home Care

## Key Financials Q3 2018



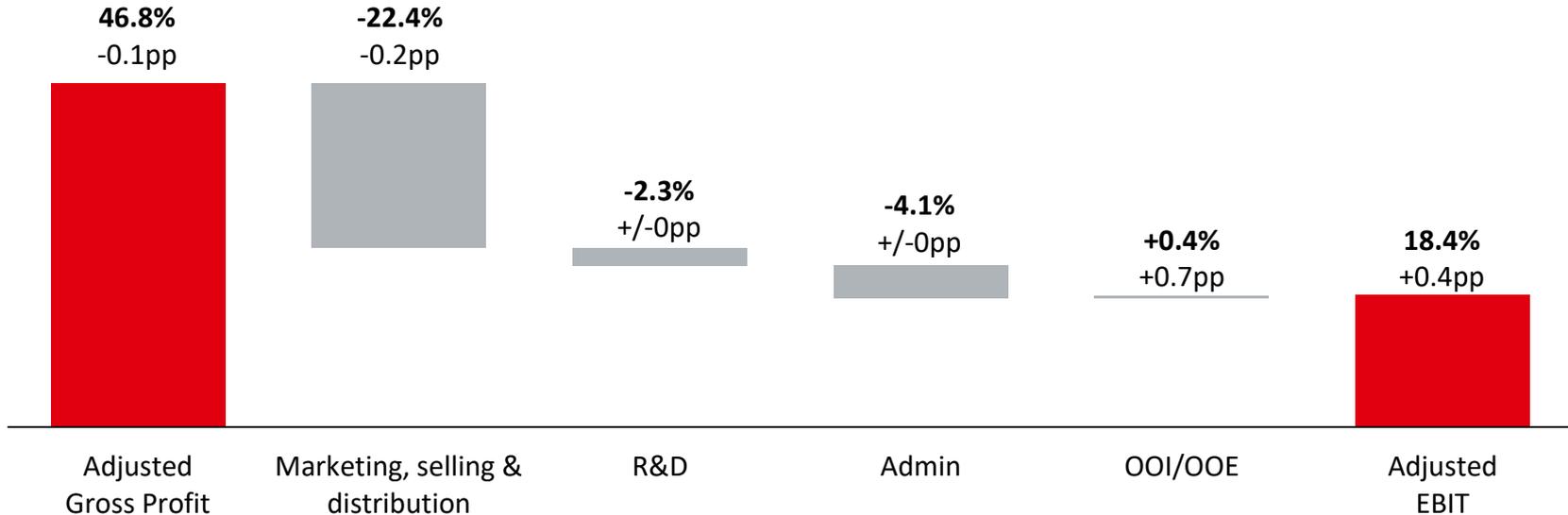
**Good organic sales growth driven by Emerging Markets**  
**Consistently high profitability level**

<sup>1</sup> Volume: 1.1% Price: 1.4%

# Adjusted Gross Profit to Adjusted EBIT

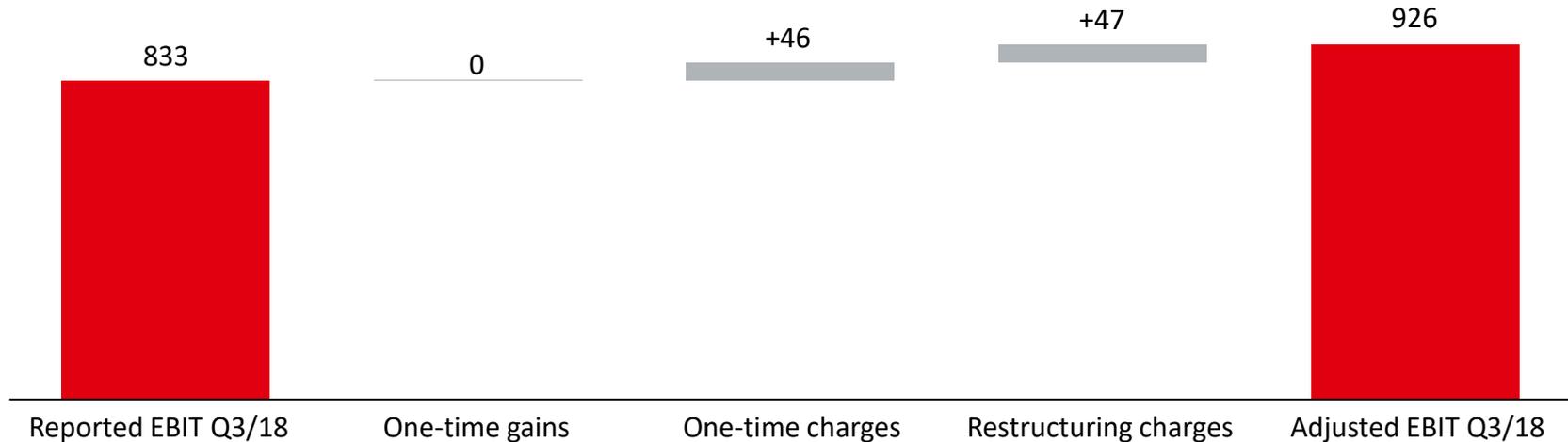
in % of sales

Impact on Adjusted EBIT Margin in pp vs. PY



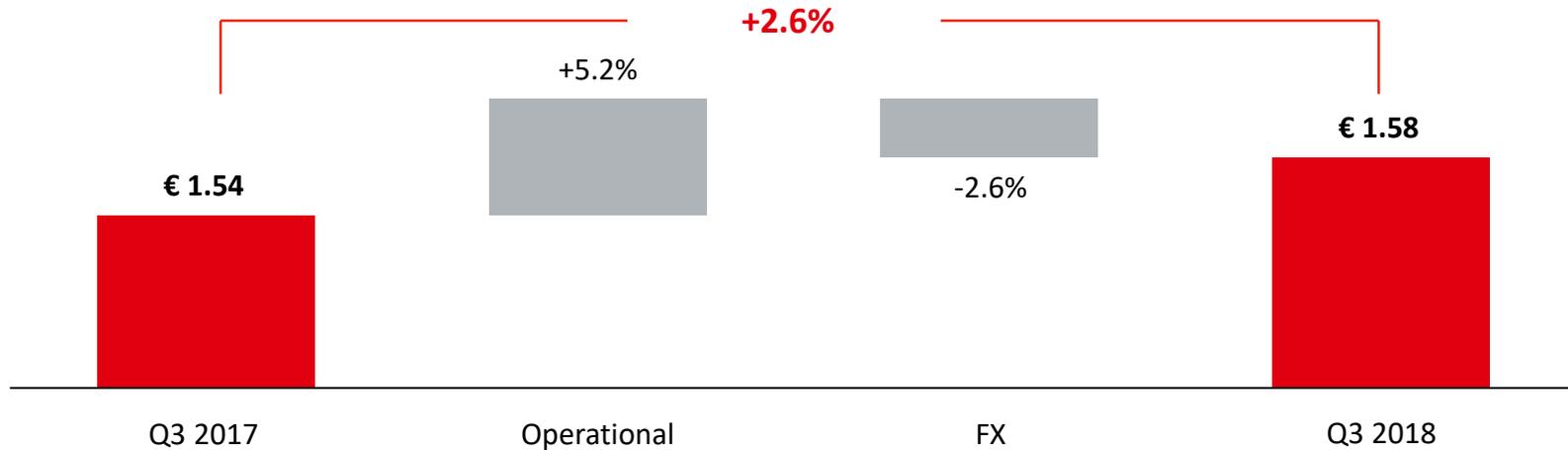
# Adaptation of our structures to the market

in €m



**Focus of restructuring measures on optimizing structures in administration and operations**  
**Restructuring expenses of € 200 to 250 million expected in FY 2018**

# Ongoing strong FX-adjusted EPS growth



**Continued headwinds from adverse FX movements in the third quarter**  
**Adjusted for currency effects, ongoing strong Adjusted EPS performance**

# Net Working Capital above prior year

in % of sales

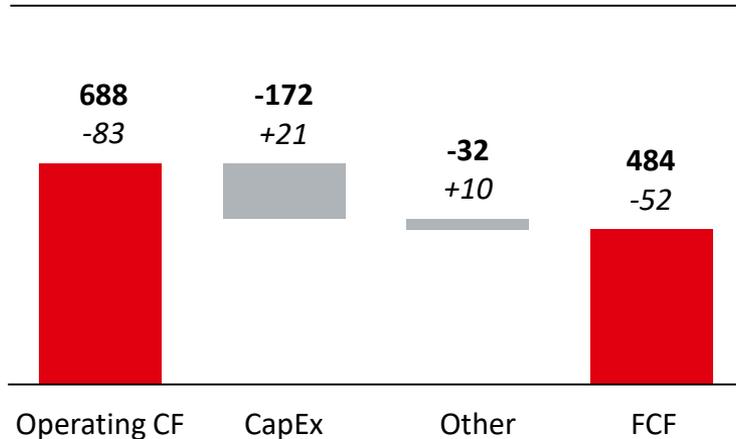


■ Q3 2017 ■ Q3 2018

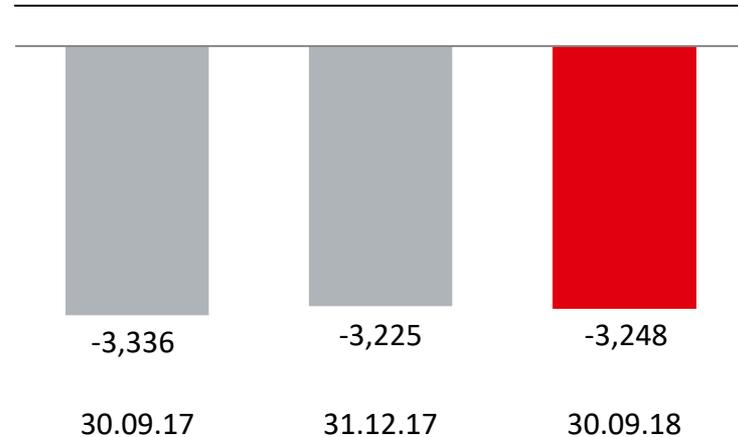
- Net Working Capital of Adhesive Technologies mainly driven by temporary operational effects, leading to higher inventory levels
- Increase in Beauty Care driven by acquisitions
- Consumer goods businesses remain on normal service levels in North America, Net Working Capital further recovering

# Strong Free Cash Flow generation

Free Cash Flow in €m, Δ PY in €m



Net Financial Position in €m



**Strong Free Cash Flow in Q3, but below previous year due to increase in net working capital**  
**Free Cash Flow 1-9/2018 almost on prior-year level despite technology investment in Q1 2018**

# Agenda

1. Key Developments Q3 2018
2. Financials Q3 2018
3. Outlook FY 2018 & Summary

# Good development in 1-9 2018

<u>Sales</u>	<u>Organic Growth</u>	<u>Adjusted EBIT</u>	<u>Adjusted EBIT %</u>	<u>Adjusted EPS Growth</u>
€ 15.0 bn	+2.4%	€ 2.7 bn	17.9%	+2.0%

## Organic Growth by Business Unit

Adhesive Technologies	+4.6%
Beauty Care	-1.2%
Laundry & Home Care	+1.6%

## Adjusted EBIT % by Business Unit

Adhesive Technologies	18.9%
Beauty Care	17.7%
Laundry & Home Care	18.1%

# Guidance 2018 confirmed

## FY 2018

### Henkel: 2 - 4%

Adhesive Technologies: 4 - 5%

Beauty Care: 0 - 2%

Laundry & Home Care: 2 - 4%

Organic Sales Growth

**Improvement to a level  
of around 18%**

Adjusted EBIT Margin

**3 - 6%**

Reflecting currency development

Adjusted EPS Growth

# Committed to driving profitable growth

- Build on strong momentum in Adhesive Technologies with continued price implementation
- Drive growth with innovations and winning execution in Beauty Care and Laundry & Home Care
- Leverage full acquisition synergy potential
- Advance implementation of Fund Growth initiatives
- Focus on reducing Net Working Capital

# Key take-aways

- Good organic sales growth in Q3 driven by Emerging Markets and Adhesive Technologies
- Strong improvement of Adj. EBIT Margin thanks to accelerated pricing and cost management
- Increase in Adj. EPS despite continued adverse currency effects
- 2018 guidance confirmed



# Upcoming Events

- February 21, 2019                      FY 2018 Earnings Release
- April 8, 2019                              Annual General Meeting
- May 7, 2019                                Q1 2019 Earnings Release
- June 27, 2019                             Investor & Analyst Day Adhesive Technologies
- August 13, 2019                          Q2 2019 Earnings Release
- November 14, 2019                      Q3 2019 Earnings Release

Thank You

# FY 2018: Additional input for selected KPIs

Prices for Direct Materials

**Moderate increase  
vs. the level of the prior year**

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Restructuring Charges

**€ 200 – 250 m**

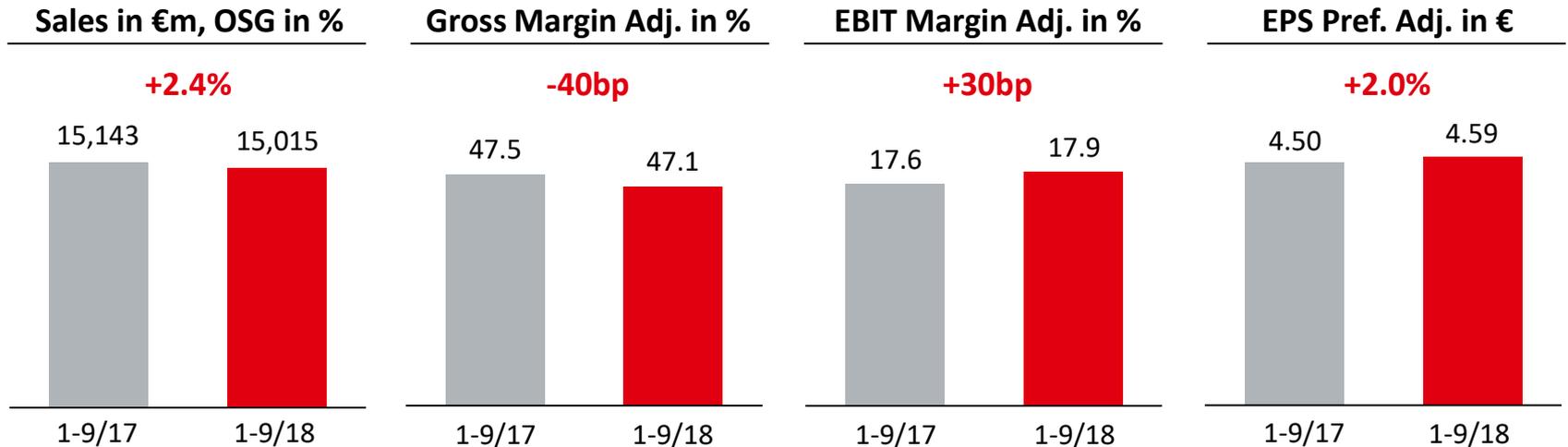
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CapEx

**€ 750 – 850 m**

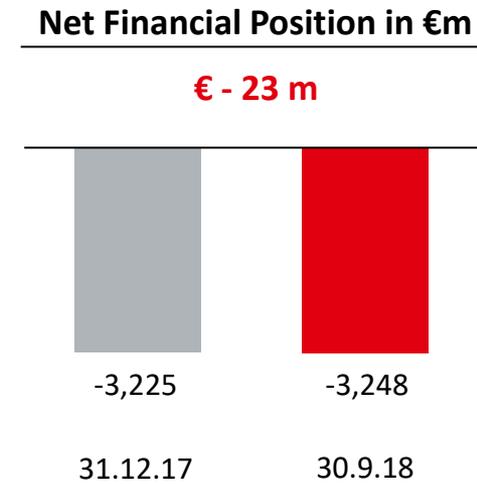
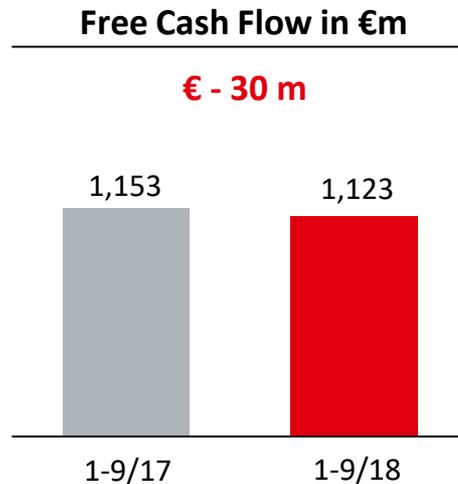
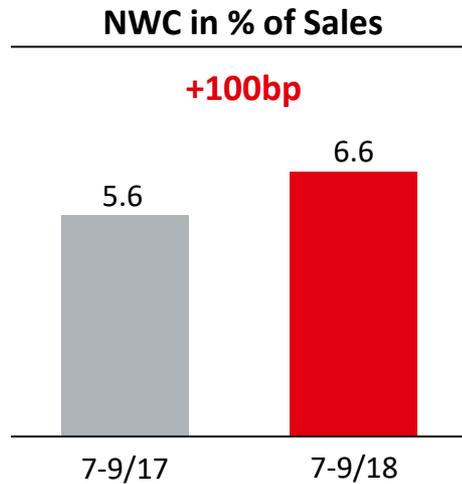
# Committed to sustainable profitable growth

Key Financials 1-9/2018



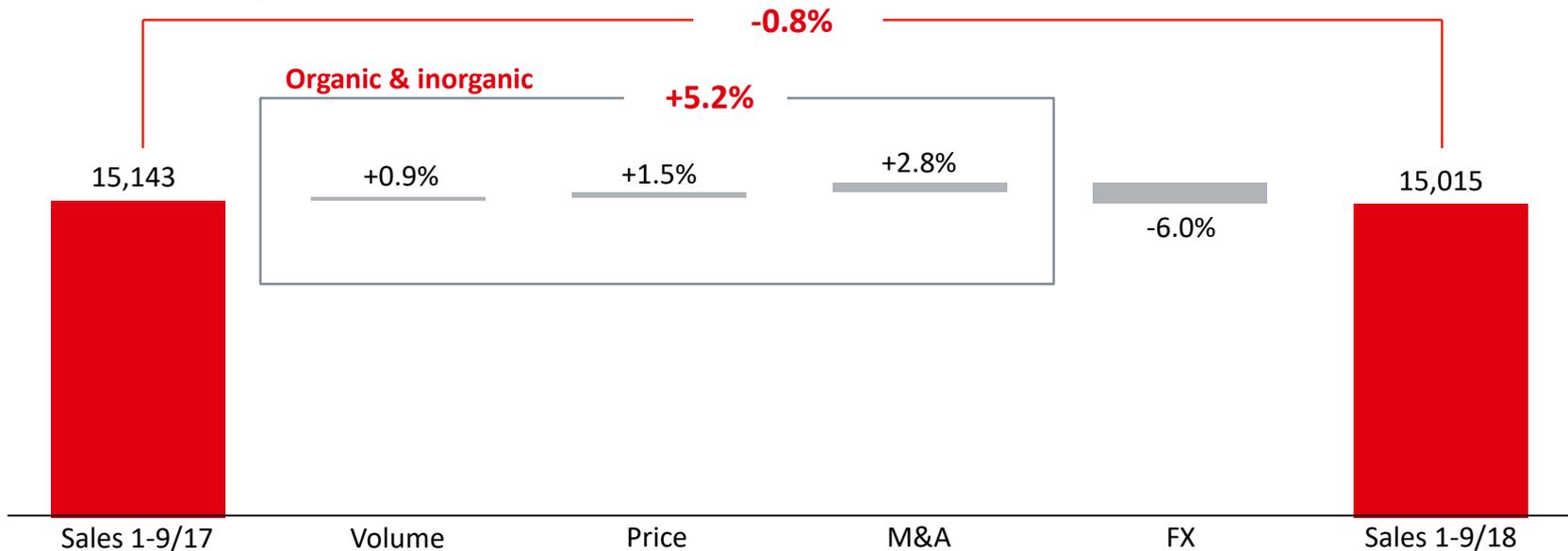
# Focus on disciplined cash management

Key Financials 1-9/2018



# Topline growth impacted by currencies

Sales in €m, changes in %



# Emerging Markets driving growth

1-9/2018

## North America

**-0.9%**

€ 3,749 (25%)

## Western Europe

**+0.3%**

€ 4,672 m (31%)

## Eastern Europe

**+7.6%**

€ 2,164 m (14%)

## Latin America

**+8.3%**

€ 872 m (6%)

## Africa/Middle East

**+8.6%**

€ 963 m (6%)

## Asia-Pacific

**+2.4%**

€ 2,502 m (17%)

**Emerging Markets: +6.4% to € 6,090 m, 40% of Group Sales**

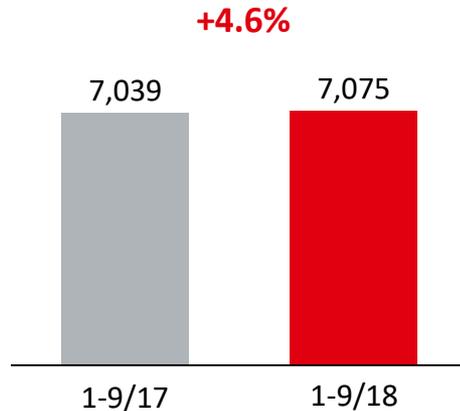
**Mature Markets: -0.3% to € 8,832 m**

**OSG in %**  
abs. in €m  
(share of total)

# Adhesive Technologies

Key Financials 1-9/2018

## Sales in €m, OSG<sup>1</sup> in %

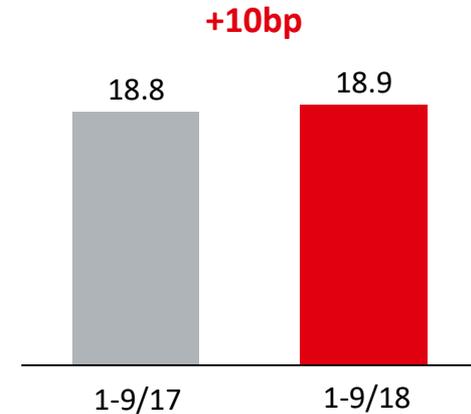


## Regional Performance

**Mature Markets:** good, driven by North America and Western Europe

**Emerging Markets:** very strong, driven by Eastern Europe and Latin America

## EBIT Margin Adj. in %

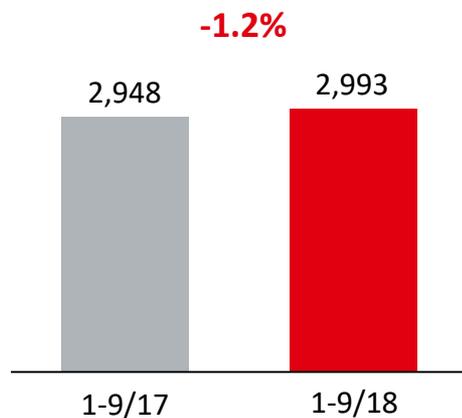


<sup>1</sup> Volume: 2.2% Price: 2.4%

# Beauty Care

## Key Financials 1-9/2018

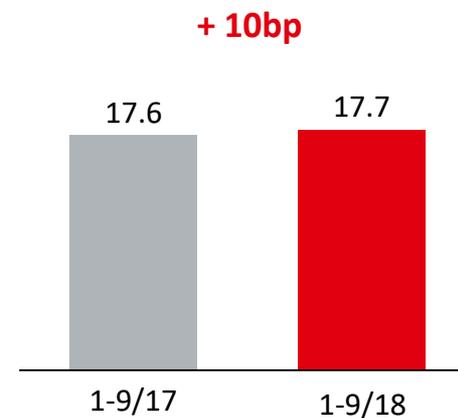
### Sales in €m, OSG<sup>1</sup> in %



### Regional Performance



### EBIT Margin Adj. in %

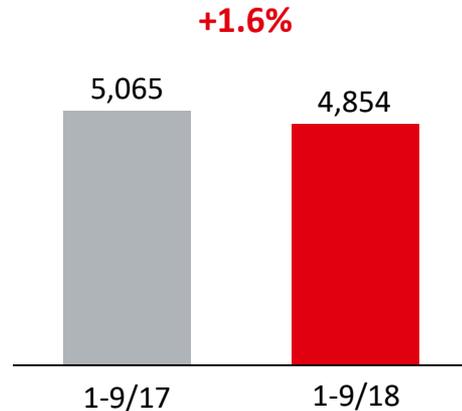


<sup>1</sup> Volume: -1.4% Price: 0.2%

# Laundry & Home Care

Key Financials 1-9/2018

## Sales in €m, OSG<sup>1</sup> in %

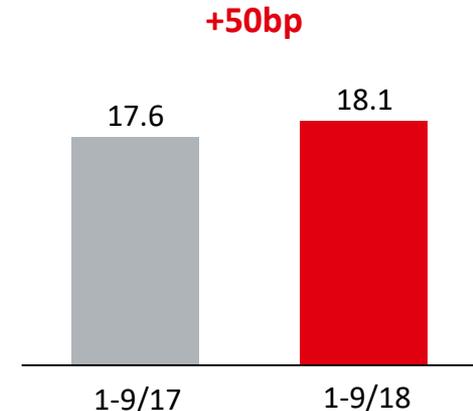


## Regional Performance

**Mature Markets:** slightly negative, due to North America

**Emerging Markets:** significant growth, driven by Middle East / Africa and Eastern Europe

## EBIT Margin Adj. in %



<sup>1</sup> Volume: 0.6% Price: 1.0%