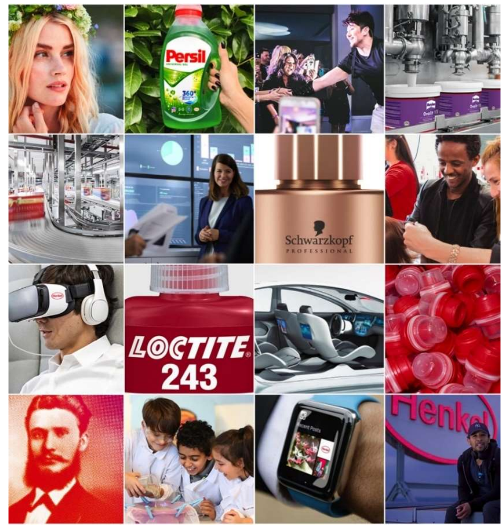
Henkel 2020+

Sustainable profitable growth 2020 and beyond

Hans Van Bylen, Carsten Knobel
Düsseldorf, January 21, 2019



Commented Slides / Sustainable profitable growth 2020 and beyond
January 21, 2019

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Hans Van Bylen, CEO:

Dear Investors and Analysts, good morning from Düsseldorf, and welcome to our conference call following our announcement this morning. Thank you very much for making yourself available on short notice.

Today, Carsten and myself would like to talk to you about Henkel's sustainable profitable growth path to 2020 and beyond.

Carsten Knobel:
Also, good morning to everyone from my side as well.

Hans Van Bylen:
As usual, I would like to remind everyone of the formal disclaimer to forward-looking statements within the meaning of relevant U.S. legislation. Today's presentation and discussion are conducted subject to the disclaimer. As always, we will not read the disclaimer but propose we take it as read into the records for the purpose of this call.

Key points you will hear from us today

- Strong foundation with leading positions in key markets and categories
- Strong progress in the implementation of our strategic priorities
- Good performance in 2017 and 2018 despite significant headwinds
- Realize attractive opportunities to reinforce growth momentum
- Stepping up investments in brands & technologies, innovation and digitalization
- Committed to long-term sustainable value creation and attractive returns

So let me start with the key points you will hear from us today.

At Henkel, we have a strong foundation based on a well-balanced portfolio with leading positions in key markets and categories.

We have made strong progress in executing our strategy Henkel 2020+ and in the implementation of our strategic priorities.

This resulted in a good business performance in 2017 and 2018, despite significant headwinds from currencies and direct material prices.

Looking ahead, we see attractive opportunities which we want to capture to reinforce our growth momentum. We will achieve this by stepping up our investments as of 2019 in our leading brands and technologies in innovation and in digitalization. This is also impacting our 2019 guidance.

Today, we confirm our commitment to long-term sustainable value creation and attractive returns, which is also reflected in our mid- to long-term financial ambition.

Agenda

1. Henkel 2020^{+}: Executing our strategy
2. Realizing opportunities, strengthening growth
3. Outlook and mid- to long-term ambition
4. Summary and Q&A

In today's call, we will first present to you our progress in executing our strategy Henkel 2020+.

After that, we will talk about the opportunities we want to realize, strengthening our growth going forward.

Lastly, we will present the outlook for 2019 and our mid- to long-term ambition before summarizing and moving on to the Q&A.

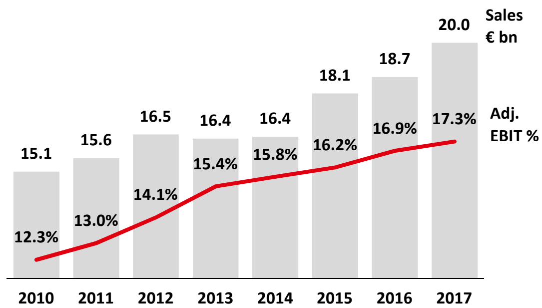
Strong and consistent long-term performance

Step-change in sales and profitability

Attractive portfolio of three business units

- Strong operating performance, complemented by compelling acquisitions
- Adhesive Technologies – global market leader with scale and breadth
- Beauty Care – focused portfolio with core competence in Hair Retail and Professional
- Laundry & Home Care – leading positions with strong global and local brands

Sustainable and profitable growth path



Henkel's success is based on a strong foundation and the consistent long-term performance on both top and bottom line.

We have achieved a step-change in sales and profitability, adding EUR 5 billion to the top-line and increasing the margin by 500 basis points since 2010.

We have achieved this with our attractive portfolio of three business units and the strong operating performance complemented by compelling acquisitions.

In Adhesive Technologies, we are the global market leader with scale and breadth.

In Beauty Care, we have a focused portfolio with our core competence in Hair Retail and Professional.

In Laundry & Home Care, we occupy leading positions with strong global and local brands.

Henkel 2020+

Executing our strategy

- 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

Building on the strong foundation, we are successfully executing our strategy Henkel 2020+.
We generate profitable growth and attractive returns.

We continuously become more customer-focused, more innovative and more agile.

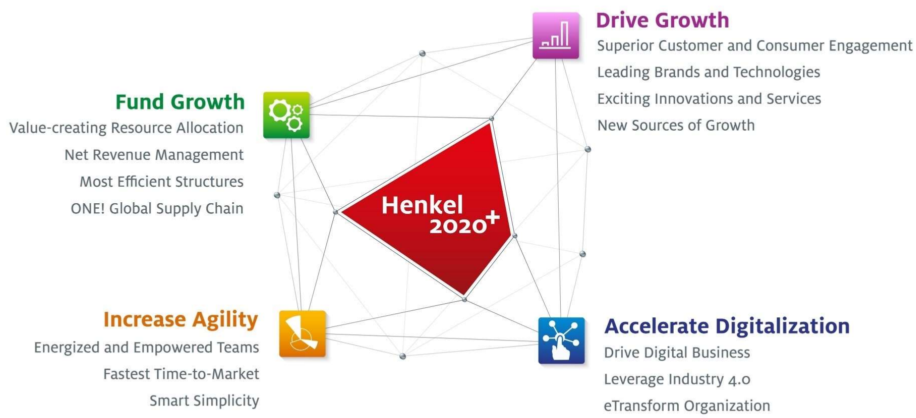
We strive to lead the digital transformation in all our business activities.

Moreover, we promote sustainability across the entire value chain.

And last but not least, we continue to advance our portfolio with value-adding acquisitions.

Henkel 2020+

Continued strong progress in the implementation of our strategic priorities



To deliver on our ambitions, we are in full execution of our four strategic priorities,

Drive Growth, Accelerate Digitalization, Increase Agility and Fund Growth.

We are making substantial progress in implementing these priorities with strong initiatives, which we have and will continue to report in our quarterly calls.

Now I hand over to Carsten.

Good development despite significant headwinds

Preliminary results 2018

Sales	Organic Growth	Adjusted EBIT	Adjusted EBIT %	Adjusted EPS Growth
€ 19.9 bn	+2.4%	€ 3.5 bn	17.6%	+2.7% (+7%[1])

- Good organic sales growth, driven by strong performance of Adhesive Technologies
- North American consumer goods businesses negatively affected by delivery difficulties
- Substantial FX headwinds impacting top line (amounting to around 1.1 billion euros) and bottom line
- Improvement in Adjusted EBIT Margin by 30 bps supported by Fund Growth initiatives and synergies
- Adjusted EPS above previous year, up by around 7% excluding FX effects

[1] rounded, at constant currencies

Carsten Knobel: Thank you, Hans. I would like to take the opportunity of today's call to provide you with the preliminary results for 2018. We have achieved a good development despite significant headwinds from currencies and direct material prices. Overall, sales amounted to EUR 19.9 billion, nominally 0.6% below prior year. Throughout 2018, we faced extraordinary strong FX headwinds amounting to around EUR 1.1 billion, and by that, impacting our top-line by about minus 5%.

The good organic sales growth at 2.4% was driven by the strong performance of Adhesive Technologies with a 4% organic sales growth. In Beauty Care, we closed the year with slightly negative organic sales growth of minus 0.7% and a good organic sales growth of 1.9% in Laundry & Home Care. As you know, both business units were negatively affected by the delivery difficulties in North America in the beginning of the year, but accelerated their top-line performance towards year-end, and compared also to previous quarters.

Our adjusted EBIT came in at EUR 3.5 billion. We continued on our profitable growth path, increasing the adjusted EBIT margin now to a level of 17.6% being up 30 basis points. This was supported by our strong cost management focus, our Fund Growth initiatives and as well by our synergies from the acquisitions we realized.

We grew the adjusted earnings per preferred share by 2.7% to EUR 6.01. The bottom line was negatively affected by the aforementioned FX headwinds as well as increased direct material prices. Excluding FX, we delivered a strong operational EPS performance of around 7%.

We will provide the full set of final and audited results and financial details with the publication of our annual report on the 21st of February.

Good progress on financial ambition

Substantial volatility and magnitude of currency headwinds

	Ambition 2020	Status 2017-18
Organic Sales Growth	2 - 4% (Average 2017 – 2020)	+2.7% (Average 2017 – 2018)
Adjusted EPS Growth	7 - 9% (CAGR 2016 - 2020, per preferred share)	+5.9% (around +9% FX-adjusted) (CAGR 2016 - 2018)
Adjusted EBIT Margin	Continued improvement in Adjusted EBIT Margin	Continued increase by 40 bps in 2017 and by 30 bps in 2018
Free Cash Flow	Continued focus on free cash flow expansion	Increase to ≥ € 1.8 bn in 2018

Let me now illustrate the good progress we made regarding our financial ambitions that we announced 2 years ago in November 2016.

We achieved 2.7% organic sales growth on average, with growth being driven by the strong momentum in Adhesive Technologies. Our consumer businesses also contributed, however, at a lower growth momentum.

Our adjusted EPS growth was adversely impacted by substantial headwinds from key currencies. Here, the magnitude of the impact was much higher than expected. As a result, we achieved a CAGR of 5.9% in the first 2 years in nominal terms. Adjusted for FX, we continued to deliver a very strong performance with a CAGR of around 9%.

This is also reflected in the continuous increase of the adjusted EBIT margin by 40 basis points in 2017 and by additional 30 basis points in the year of 2018.

We continued our strong focus on Free Cash Flow expansion. And based on the preliminary figures, we have achieved an increase to at least EUR 1.8 billion in 2018.

So summing up, we are proud of the progress we made towards our ambition, especially in the light of the higher-than-anticipated currency headwinds in the first two years, strongly affecting our adjusted EPS performance.

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Hans Van Bylen:

Thank you, Carsten. Let us now look ahead and illustrate how we want to realize opportunities and strengthen our top-line growth going forward.

Realizing opportunities, strengthening growth

Step up investments in brands & technologies, innovation and digitalization

- Outperform by leveraging scale and breadth of the Adhesive Technologies portfolio
- Accelerate growth in Beauty Care Retail, continue momentum in Professional
- Win market shares and execute innovation strategy in Laundry & Home Care
- Advance to next level of digitalization

In order to realize attractive opportunities we see across our businesses, we have decided to step up our P&L investments as of 2019, capturing opportunities and strengthening our top-line growth.

We will increase investments in our brands and innovations, strengthening our marketing investments and driving digitalization even further.

With this, we want to continue to outperform in Adhesive Technologies, leveraging the scale and breadth of our portfolio.

We will accelerate growth in our Beauty Care Retail business and continue our growth momentum in Professional.

In Laundry & Home Care, we focus on winning market share and execute our innovation strategy.

And lastly, we will advance to the next level in digitalization.

Today, we want to explain to you in detail how we will achieve this.

Adhesive Technologies

Well positioned to deliver sustainable profitable growth in a challenging environment

- **Global market leader with scale and breadth**
  Strong portfolio with leading positions across industries, regions and technologies
  Proven track record to adapt resource allocation to capture best opportunities
- **Attractive business model**
  Superior value to our customers through high-impact solutions
  High-touch business model, driven by customer insights and deep technology/application expertise
- **Creating value through transformative solutions**
  Capture growth by leveraging megatrends such as connectivity, eMobility or sustainability
  Unique, scalable platform to expand into new segments

In Adhesive Technologies, Henkel is the global market leader and well-positioned for further growth, thanks to its unparalleled breadth of technologies, its global reach and the broad customer base across a wide range of industries. We have a proven track record to adapt our resources to capture the best opportunities in changing market environments.

Our attractive solution-oriented business model offers high-impact solutions, delivering superior value to our customers. Our high-touch business is driven by customer insights and our deep technology and application expertise.

We will create value through our transformative solutions, leveraging megatrends such as connectivity, e-mobility and sustainability, and we will use our unique scalable platform to expand into new segments.

Leveraging growth opportunities

Creating value with transformative solutions

- **Expand positions in Growth Markets & Technologies**
  Drive emerging applications in lightweight and electrification
  Continue bolt-on acquisitions of selected new technologies
- **Capture full innovation potential**
  Unmatched knowledge, co-creating innovations with market leaders
  Leveraging state-of-the-art innovation centers & broad network of experts
- **Create unique digital customer experience**
  Developing integrated data foundation to better serve our customers
  Expand customer base through digital demand generation and conversion

Going forward, we will leverage growth opportunities, expanding our positions in attractive markets and technologies by driving emerging applications, for example, in lightweight and electrification. We will continue to strengthen our portfolio through bolt-on acquisitions of selected new technologies to complement our portfolio.

We have a clear focus on capturing the full innovation potential by co-creating innovations with market leaders in the industries we serve, building on our strong know-how and expertise from external partners. For this, we will also leverage our state-of-the-art innovation centers we are currently building.

In order to create unique digital customer experiences, Adhesive Technologies is working with companies like Palantir to develop an integrated data foundation to better service its customers. With sales of more than EUR 1.5 billion through digital channels already today, we will expand our customer base through digital demand generation and its conversion.

Summing up, we are well-positioned to outperform with Adhesive Technologies in an increasingly challenging environment.

Beauty Care

Growth opportunities in both Retail and Professional

- **Strong brand portfolio with key competence in Hair**
  Compelling portfolio of global and local brands, delivering structurally high gross margins
  Retail with strong performance in Coloration & Styling, continuously strong momentum in Professional

- **Weakened growth in Beauty Care Retail**
  Volume-driven category Hair Care especially affected by intense price and promotion pressure
  North America Retail with challenges in Body Care

- **Attractive growth opportunities**
  Strong underlying growth trends such as naturality and new emerging consumer groups
  eCommerce revenues increasing double-digit

Moving on to Beauty Care. We see good growth opportunities for both businesses, Retail and Professional.

We have a strong brand portfolio with a key competence in Hair. Our compelling portfolio of global and local brands deliver structurally high gross margins. In Retail, we show strong performance expanding our market shares in both Coloration and Styling. Our Professional business keeps on demonstrating a strong growth momentum.

On the other side, we faced challenges in other Beauty Care Retail categories. The volume-driven Hair Care category is especially affected by intense price and promotion pressure. Our North American Retail business, in particular Body Care, has not yet regained the market share losses following the meanwhile solved delivery difficulties beginning of 2018.

We see attractive growth opportunities that will accelerate growth by exploiting megatrends like naturality and increase our focus on consumer groups like men or millennials. We will complement this with an intensified focus on the e-commerce channel, which is already today growing double-digit.

Drive superior growth in Hair

Holistic innovation plan across all Hair segments

- **Complete relaunch of hair care portfolio**
  Trend-based innovations on Gliss and Syoss, linking nature & performance
  Holistic relaunch of family brand Schauma with vegan formulas
- **Accelerate strong growth momentum in hair coloration**
  Launch of complementary brand OnlyLove, addressing "free-from" trend
  Strong product innovations on Palette, leveraging fashion trends
- **Boost success of leading styling brands**
  taft tackling "natural looking" trend with Casual Chic innovation
  Relaunch and expansion of millennials mega brand got2b

To drive superior growth in Hair Retail going forward, we have developed a holistic innovation plan across segments.

We will relaunch the entire Hair Care portfolio. This will include new formulations of successful brands such as Schauma, Syoss and Gliss, addressing the nature trends.

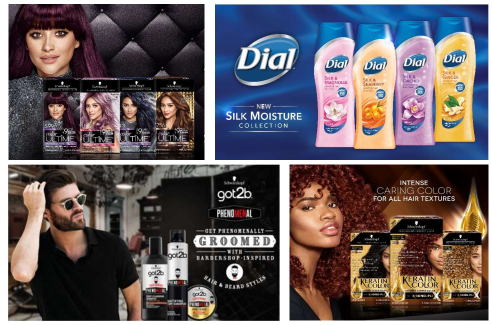
To accelerate the strong growth momentum in Hair Coloration, we will build on strong innovations, both under the Schwarzkopf and Palette brands.

In Hair Styling, we occupy leading market positions in Europe and want to boost the success with our flagship brand taft. In addition, the fast-growing brand got2b will be relaunched and expanded with targeted innovations, for example, for men.

Back to growth in North America

Targeted growth plan with strong initiatives

- **Build on strong brand equity of Dial**
  Extend body wash with Silk Moisture offering
  Leverage "Healthier skin, healthier us" equity with Dial Complete subline
- **Expand in attractive hair coloration category**
  Relaunch and expand Color Ultime's premium trend color portfolio
  Launch new Keratin Color variants
- **Accelerate success of got2b across categories**
  Further expand got2b trend color offerings
  Expand PHENO**MEN**AL male line in hair care



In North America, we have a targeted growth plan with strong initiatives.

We will build on the strong brand equity of Dial in Body Care, with new formulations addressing the trend of healthier skin, for example with new Silk Moisture variants.

Henkel will also expand its product portfolio in the attractive hair coloration category, exploiting the fashion trend with the premium Color Ultime brand and the new Keratin Color variants addressing specific hair types.

We will further accelerate the success of got2b by expanding our trend hair color offerings and extending our Hair Care line targeting men.

Continue to outperform in Professional

Sustain very strong growth momentum

- **Strengthen profitable organic growth**
  Roll-out new Professional brands outside North America
  Enter additional distribution channels to drive growth

- **New state-of-the-art interactive B2B ePlatform**
  Drive sales via speed, convenience and end-to-end customer experiences
  Ensure better customer service, solutions and 1:1 relationships

- **Innovation offensive in all categories**
  Launch high potential color and care initiatives under Schwarzkopf
  Expand with strong Bonacure and Joico hair care offensive

In Professional, our initiatives are aimed at sustaining our strong growth momentum outperforming markets.

We will expand some of our successful newly acquired brands in North America to new geographies.

We will also advance in digitalization in our business, launching a new state-of-the-art interactive B2B e-platform to drive sales and provide superior customer service.

Growth will be supported by an innovation offensive in all categories, including high potential color and care initiatives and by expanding our strong Bonacure and Joico hair care offerings.

Laundry & Home Care

Strong growth potential driven by leading brand portfolio and technologies

- **Leading market positions with global & local brands**
  Unique coverage of Laundry & Home Care market leading with more than 70 #1 positions
  Attractive combination of global megabrands like Persil and local jewels

- **Good but lower growth dynamics**
  Strong momentum in premium detergents, toilet care and auto dishwashing
  North America Retail with negative organic sales growth and lower market share level
  Value-for-money laundry under price and promotion pressure

- **Attractive growth opportunities**
  Position in fast growing single-unit dose segment to be strengthened
  Strong underlying growth trends such as naturality / convenience and growing importance of eCommerce
  Further potential to expand high-margin Home Care business driven by strong brand portfolio and innovations

Looking at our Laundry & Home Care business, we occupy with our global and local brands more than 70 #1 positions and have a unique market coverage. Our strength is the attractive combination of global mega brands like Persil and local jewels, which are well-known and have a strong brand equity.

Overall, our business shows good growth dynamics, even though at a slightly lower pace than in the past. We have a strong momentum with our premium detergents, toilet care and auto dishwashing. Our North American business, however, showed negative organic sales growth and lower market share levels. Also, the value-for-money laundry business is under strong price and promotion pressure.

In this environment, we see attractive growth opportunities. We want to strengthen our position in the fast-growing single-unit dose segment. Further, we want to capitalize on trends such as naturality, convenience and the growing importance of e-commerce. And lastly, we see potential to expand our high margin Home Care business by utilizing our strong brand portfolio and innovations.

Relaunch of megabrand Persil

Introducing superior formulas and convenience

- **Full-scale omni-channel Persil relaunch**
  Global relaunch with new “deep clean“ concept and formula
  Hyper-concentrated formulas and fully eCommerce-ready packaging
- **New premium technologies**
  First-to-market 4-chamber disc in fast growing caps segment
  New breakthrough variants with new technology fighting malodor
- **Full global relaunch of value-for-money brands**
  Relaunch with unique +50% freshness formula
  Line extensions with exclusive perfume technologies

Let’s now take a closer look how we want to realize these opportunities.

In 2019, we plan the biggest innovation offensive for our top detergent brand, Persil, and we will launch both new premium technologies and formulations, for instance our all-new deep clean formula. This is complemented by the expansion of our e-commerce business with highly concentrated formulas and fully e-commerce-ready packaging.

With the new premium technologies, we will provide superior consumer experience and convenience. We will introduce the first-to-market four-chamber disc in the fast-growing cap segment, a new breakthrough variant with our malodor-fighting technology.

To upgrade our value-for-money brands, we will relaunch our complete brand portfolio globally, introducing our unique +50% freshness formula and extend our product line with exclusive perfume technologies.

Turn around North America

Relaunch of entire portfolio and strong innovations for new growth momentum

- **Reinventing 'all with its unique free and clear positioning**
  Complete relaunch of 'all product portfolio across categories leveraging our global technology expertise
- **Win in the strongly growing caps segment**
  Launch of innovative Persil ProClean Disc
  Expansion in value-for-money caps with Purex 4-in-1
- **Expanding leading fabric finisher brand Snuggle**
  Entrance into premium fragrance segments with new "Snuggle Scent Shakes" offering unparalleled scent experience

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With the U.S. being our single biggest market, North America is crucial to our success. Our clear focus is therefore to turn around North America, relaunching our entire portfolio and introducing strong innovations for new growth momentum.

We will reinvent our brand all, relaunching the product portfolio across categories with improved formulas, leveraging our global technology expertise.

To win in the growing caps segment, we will launch the innovative Persil ProClean disc concept in North America and expand our value-for-money caps portfolio with Purex 4-in-1.

With the leading fabric finisher brand Snuggle we will enter the premium fragrance segments introducing the new Scent Shakes product range, offering consumers an unparalleled scent experience.

Expand Home Care to strengthen profitable growth

Leveraging blockbuster brands and key trends

- **Superior performance in dishwashing**
  Relaunch of full Somat product range with new tabs and gel generations
  New Pril pearls innovation in hand dishwashing anti-grease
- **Expand successful offering in toilet care**
  Accelerate global success of toilet rimblocks with new deluxe scent
- **Fully capture Health and Sustainability trends**
  Launch of new green products with eco-certified formulas and sustainable plastic strategy

In the Home Care segment, we aim to strengthen growth and expand market shares by leveraging our blockbuster brands Somat, Pril, Bref and Sidolin and key consumer trends.

We will relaunch the entire Somat range in 2019, including new tabs and gel generations. Our new innovative Pril pearls improve the cleaning performance in hand-dishwashing.

Successful offerings in the toilet care segment will be expanded, introducing new deluxe scents, complemented with premium colors and designs.

In addition, we will fully capture the Health and Sustainability trend by launching Pro Nature products with new eco-certified formulas and sustainable packaging.

Advance to next level of digitalization

Significant expansion of investments in digital businesses, analytics & infrastructure

- **Driving digital sales and new business models**
  Strong development of eFormats and specific offers to boost digital sales
  Develop new digital services and products, implement IoT strategy
- **Advance digital customer & consumer interaction**
  Rapid expansion of digital analytics, eCRM and eShopper category mgmt
  Dedicated in-house social media team & content factory
- **Leveraging Industry 4.0**
  Real-time leverage of automation and robotics, sensorics and analytics
- **Digital infrastructure**
  Set-up of new digital workspaces and investments in cyber security, upgrade of network capacity and site infrastructure

The digital transformation of Henkel will be further accelerated by significant expansion of investments in digital businesses, analytics and infrastructure.

We will strengthen the digital businesses with the development of specific e-commerce-ready formats and new digital services. This also includes an accelerated expansion of cooperations with major e-commerce partners.

The direct interaction with customers and consumers via digital channels will be further expanded. Investments into new analytic tools, eCRM systems and e-shopper category management applications are also planned.

We will further roll out Industry 4.0 solutions, including advanced automation and robotic solutions.

The company's digital infrastructure will be strengthened with new digital workspaces, investments in cyber security and an upgrade of network capacities and site infrastructure.

€ 300 million higher investments

in brands & technologies, innovation and digitalization

- Sustainably higher growth investments
- Accelerating top-line growth with focus on consumer goods business
- Step-up of investments in digitalization

Summing up, we see plenty of growth opportunities which we aim to realize.

With sustainably higher growth investments of around EUR 300 million in our leading brands and technologies, in innovation and key markets and digitalization, we are reinforcing our commitment to sustainable, profitable growth.

Our clear target is to accelerate our top-line growth with focus on our consumer goods businesses.

We will use about one third of this amount to step up investments in digitalization, advancing to the next level.

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Carsten Knobel:

Thank you, Hans. Let us now continue with the outlook 2019 and our mid- to long-term ambition.

Current market environment

Mixed market dynamics with headwinds from currencies and commodities

Industrial Production

Slowing growth momentum,
but still good growth of IPX

Mixed HPC markets

Persisting difficult conditions and
ongoing competitive/pricing pressures

Devaluating EM currencies

Lower currency headwinds, though still
negatively affecting top and bottom line

Pressure from Direct Material prices

High volatility and uncertainty on commodity
markets with ongoing cost pressure

We continue to operate in a challenging environment, characterized by high uncertainty and volatility with mixed market dynamics and headwinds from currencies and commodities.

The momentum of Industrial Production growth has been slowing in the course of the second half of 2018. In 2019, we anticipate a good but overall reduced industrial and economic growth momentum.

The consumer goods markets remain mixed, and growth continues to be mainly driven by emerging markets. The high competitive intensity and the ongoing price and promotion pressure, especially in key markets of mature markets, will persist.

While we overall expect lower currency effects in 2019 compared to the previous year, they will remain a headwind on our top and our bottom line.

And lastly, we expect the high volatility and the uncertainty on commodity markets and the ongoing input cost pressure to prevail. Prices for direct materials are expected to increase by a low single-digit percentage.

Business Priorities 2019

- Continue momentum of Adhesive Technologies in a lower growth environment
- Execute strong innovation strategy with higher investments in Consumer Goods businesses
- Advance to next level of digitalization
- Continue our strong focus on cost discipline, drive efficiency and adapt structures
- Strong focus on Working Capital improvement and Free Cash Flow expansion
- Enhance value proposition of portfolio organically and via acquisitions

Based on the key strengths of our businesses, the opportunities we see in the markets and our increased investments to accelerate our growth momentum, we have set clear business priorities for 2019.

We want to continue our momentum of Adhesive Technologies in a lower growth environment, leveraging our key competencies as well as the scale and the breadth of our portfolio.

We will execute on our strong innovation strategy with higher investments in our consumer goods businesses, and we will advance to the next level of digitalization.

At the same time, we will continue our strong focus on cost discipline, further driving efficiency and adapting our structures.

We will put a strong focus on our Net Working Capital improvement and on the Free Cash Flow expansion.

And finally, we will enhance the value proposition of our portfolio organically, but also via acquisitions.

Guidance 2019

	FY 2019
Organic Sales Growth	**2 - 4%**
Adjusted EBIT Margin	**16 - 17%**
Adjusted EPS	**Mid single digit % below PY** (constant currencies)

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With that, looking at the guidance for 2019. The outlook takes this environment into account and reflects the increased investments in brand and technologies and in innovation and digitalization.

While we expect to realize first benefits from our initiatives on the top line already in 2019, both the adjusted EBIT as well as the adjusted EPS will be affected by the increased spending levels.

Considering the high volatility in the currency markets, going forward, we will focus on our operating performance guiding for adjusted EPS at constant currencies.

For 2019, our guidance is as follows: we aim to generate organic sales growth of between 2% and 4%; we expect an adjusted EBIT margin between 16% and 17%; and we expect the adjusted EPS a mid-single digit percentage below prior year in constant currency.

Committed to execute our strategy

- 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

Hans Van Bylen: Thank you, Carsten.

We are strongly committed to continue executing our strategy, Henkel 2020+, and to deliver on our ambitions, thus generating sustainable, profitable growth and attractive returns.

Mid- to long-term financial ambition

Committed to sustainable profitable growth

- Achieve organic sales growth of 2-4%
- Deliver mid to high single-digit % adjusted EPS growth at constant currencies
- Continued focus on Free Cash Flow expansion

- Pursue compelling growth opportunities with superior execution
- Maintain rigorous cost discipline and focus on margin

This is also reflected in our expanded mid- to long-term financial ambition for 2020 and beyond.

We target an organic sales growth of between 2% and 4%.
We aim to deliver mid- to high single-digit adjusted EPS growth at constant currencies.
We will continue to focus on the further expansion of our Free Cash Flow.

This is complemented by our ambition to pursue compelling growth opportunities with superior execution. At the same time, we remain strongly focused on margin and on keeping our rigorous cost discipline.

Consistent capital allocation supporting our ambition

Excellent Free Cash Flow and strong Balance Sheet

- Continue implementation of comprehensive CapEx investments
- M&A as integral part of Henkel‘s strategy
- Target dividend payout range increase from 25 - 35% to 30 - 40%

Based on our strong balance sheet and our strong Free Cash Flow generation, we will continue to strengthen our businesses with comprehensive CapEx investments.

Acquisitions will remain an integral part of our growth strategy.

At the same time, we will continue to focus on offering our shareholders attractive returns and let them participate in the financial performance. We will thus improve our dividend policy and will increase the target dividend pay-out ratio from currently 25% to 35%, to 30% to 40% from fiscal year 2019 onwards.

Agenda

1. Henkel 2020+: Executing our strategy
2. Realizing opportunities, strengthening growth
3. Outlook and mid- to long-term ambition
4. Summary and Q&A

Let me now summarize before we move on to the Q&A.

Key take-aways

- Implementation of Henkel 2020+ well under way
- Preliminary results 2018: Good performance despite significant headwinds
- Stepping up investments in brands & technologies, innovation and digitalization
- Outlook for 2019 reflecting higher growth investments while maintaining high cost discipline
- Mid- to long-term financial ambition for 2020 and beyond reinforcing commitment to delivering sustainable profitable growth
- Increased target dividend payout range

Henkel 2020+ Sustainable profitable growth - 2020 and beyond 21 January 2019 32 Henkel

We are well underway with the implementation of our strategy Henkel 2020+.

We have achieved a good performance in 2018, despite significant headwinds.

We are sustainably stepping up our investments in brands and technologies, innovation and digitalization by around EUR 300 million.

Our outlook for 2019 is reflecting the higher growth investments while, at the same time, we will maintain our high-cost discipline.

Our mid- to long-term financial ambition for 2020 and beyond is reinforcing our commitment to delivering sustainable, profitable growth.

With this, and by increasing our target dividend pay-out range, we are committed to deliver attractive returns to our shareholders.

Let’s now move on to the Q&A.

Q&A Session (p. 1/8)

Question: I have two questions. Could you give us a little bit of a time frame regarding top line and bottom line improvement in 2019? So as I understood is that we will immediately see good improvement in the top line, but obviously, most of the costs will be in H1, and then there should be an improvement in H2 on EBIT. Is that a fair assumption? My second question is regarding acquisitions. Where does Henkel see its highest priority for acquisitions? In which categories?

Hans Van Bylen, CEO: Many thanks, for both questions. Your first question, I think it is clear that the investments for our strong launch plans with lot of innovations – as we have commented – start under the assumption that it clearly will be more front-loaded so that investments start immediately, and that, indeed, we support our full innovation plan as we have presented it. And I think, you will understand that we will give no exact quarterly guidance, but the front-loaded versus end-loaded statements, makes this balanced. Also on acquisitions, of course, important is that acquisitions, as we stated, will remain a substantial part of our growth strategy going forward. Strategically, nothing has changed there in the way that we differentiate between the different business units. In Adhesive Technologies, we focus a lot on technologies, which we then can plug in, in our global reach and in our customer base on which we are a global market leader. We have a quite successful experience with that and will continue this strategy going forward. And in both Beauty and Laundry, our thinking is clearly in both category / country positions, and we will always look at opportunities in which we can, indeed, achieve to reach leading positions. Be it in a category, be it in a country. And by doing so, expanding both our growth momentum and our profitability structure.

Carsten Knobel, CFO: And maybe to add on, it is also the point that the criteria have not changed. It is a strategic fit to the three businesses, as Hans has pointed out, is unchanged. It is the financial attractiveness. You know we are not doing acquisitions for the sake of the acquisition. And I think the past shows that our track record is very good on that. And the third one is the availability, and you have heard by the preliminary numbers that we have reached a very good Free Cash Flow in the year 2018 continuously, also doing at least at EUR 1.8 billion. And by that also, financial availability is there in order to support the three businesses with acquisitions.

Q&A Session (p. 2/8)

Question: Two questions, if I may. First of all, on the Adhesives, can you talk about current demand trends in some of your key industries, such as Automotive, Construction and Electronics? And then, second of all, on your remarks that you see the raw material baskets increasing, I mean, if I look at, for example, polyurethane prices, but also lots of other plastics prices, which are also important for you, I actually see them going down year-on-year versus 2018. Can you comment on that as well?

Hans Van Bylen: Many thanks, for both questions. I will answer the question on Adhesives, and then Carsten will give more light on your question concerning raws' impacts. Concerning Adhesives, I think it is clear that we see increasing volatility. And if we see the total year 2018, we reported a strong year with 4% growth, whereas in Q4, we saw some weakening in certain segments. I think it is no surprise that this was both Electronics and Transportation, in Transportation especially automobile. In Electronics, I think we all witnessed some warnings out of the smartphone technology sector. And of course, this is an important customer base for us. On the other end, I mean, we saw quite strong developments in our Packaging business. So it means also General Industry was quite good in the year end - very strong even. So, we indicated going forward, we have a quite breadth in our portfolio, and we also assume that in general, Industrial Production, if we take the IPX index, we expect some slowing down there. On the other hand, I mean, within our portfolio, we will focus also on those segments where we see further growth opportunities.

Carsten Knobel: Good. To your question on raw materials, for sure, that is not an easy question because of the volatility and the uncertainty, what we currently see. But you have named specific raw materials, but there are a lot, so therefore, we see there is still an ongoing price pressure, which will also continue in 2019, and we factor in prices from the direct materials to increase in the low single-digit range compared to the previous year, and with that, also providing a further headwind. But as you know, oil price has changed significantly over the last couple of weeks, up and down, but that is our general assumption of a low single-digit increase.

Question: Couple questions for me. Just going back to the investments phasing and margin guidance. I take a comment that it is front-end loaded, but are you still expecting a return to positive margin development in 2020? I am trying to get an idea if some of these investment costs are still going to be affecting 2020. And then, maybe on a divisional level, where we should look at the margin movements within the 16% to 17% guidance for 2019. And then, secondly, just on the portfolio. I mean, I suppose, as part of the update of 2020+ guidance, you did a thorough portfolio review. I am just wondering whether you have sort of concluded that you are happy with the current Henkel portfolio as it stands, the three business areas and the subcategories within that?

Q&A Session (p. 3/8)

Hans Van Bylen: Thank you very much, for both questions. Concerning portfolio, indeed, we continue, of course, to assess our strengths and also our potential challenges. And we are convinced that the setup of Henkel with our three different business units is a structure we see a lot of opportunity for sustainable growth, meaning that we see our position in the three businesses, both Adhesive Technologies and both consumer businesses as competitive and as having attraction for future profitable growth. In Adhesives, we have our global market leading position, and as we presented today with a strong breadth and also looking at the economic situation enough potential to outweigh certain risks and other opportunities. In Beauty Care we are very targeted on our Hair portfolio, as you know, in Consumer, you always look at regional country positions and categories. And there we feel well-positioned. And Professional, as you know, with our acquisition strategy, we now have a 1 billion euro business there, which has a fantastic growth momentum. And in Retail, as we described, we are doing well in shares, but also in Color and Styling and Hair Care. We want to catch up and step change, but we have some good leading positions there, especially in Europe, Western and Eastern Europe. And Laundry & Home Care is a market, in which our conviction is, also we have to be a #1 or 2 in the regions to generate profitable growth - and in the regions and countries where we are, we have that, and that is why we want also to further expand there. And as commented also in the question before on acquisitions, if we see acquisition potentials which can strengthen our country category positions, of course, these are add-ons and we will investigate to further strengthen. But your question, was well to the point, we have been doing these analyses and our conviction is we are well-positioned with the three business units.

Carsten Knobel: Regarding your question back to investment. So first of all, Hans mentioned the EUR 300 million additional investments, two thirds of that going into more marketing investments, especially in the Consumer businesses, and the one third are more dedicated to digitalization. Important to note that it is a sustainable level of investment. So, it is not a one-timer, and we will continue to have this higher investment level also beyond that. It is a little bit of, yes, front-loaded in terms of starting immediately, starting now, but as I said, sustainable throughout the year. And by that, for sure, we want to see also first impact from a top line perspective in 2019, and for sure, also ongoing then into the next years. To be more specific, you know that we said from a margin perspective in 2019, for the total company, we expect the margin between 16% and 17%. And for the three business divisions, that will mean, for Adhesive Technologies, a margin between 18% and 19%; for Beauty Care, between 15% and 16%; and for Laundry & Home Care, a margin between 16.5% and 17.5%. And maybe to make the picture round, as you know, we have guided for 2019 an EPS of mid-single digit negative. We expect for 2020 that EPS will be back in positive territory. And from that on, from the next year and on, 2021, we will enter into the corridor what we have mentioned as our mid-term ambition from mid- to high single-digit EPS growth at constant currencies. I hope that gives you more clarity.

Q&A Session (p. 4/8)

Question: Two quick ones for me and then a more strategic one. For the Adhesives business, can you give the split of pricing and volumes for the Q4, please? And then, secondly, I think, in the past, you pointed to the IPX index, which was growing around 3.5% at the middle of last year. And I think you just said it was slowing down. So maybe you could tell us whereabouts it is now? I would like to know if you are comfortable with the current 2019 consensus for Adhesives of 3.3%. And then lastly, last year, we discussed perhaps you might need to reinvest significantly in the Laundry and Beauty businesses to get them to grow, or whether or not it is more of a scale issue. You are clearly announcing a significant reinvestment in those businesses today, but is that also a bigger scale issue in those businesses that you need to address? Or is it a more fundamental category issue?

Hans Van Bylen: Thank you very much. I think I will take your last question, and then Carsten will answer your questions on Adhesives and the IPX forecast. I mean, it is not a matter of scale. As we indicated in both Laundry and Beauty, global market positions are rather global statistics. To be competitive and to be able to generate sustainable, profitable growth, our conviction is, to have regional and even more so country positions with leading positions in categories. And that is why for us today, it was important to give you also more details, where we want to invest. And I hope you could witness that our investments will be very well focused and the investments will be focused exactly on the regions or on categories in which we see growth opportunities. If you take Laundry, for example, we have a full investment program on our top brand Persil with a full relaunch. North America, we see a nice investment opportunity and Home Care is a high-margin business, also to have more category expansion in certain countries. In Beauty, it is about Hair; and Hair Color, Styling where we have strong momentum, but especially Hair Care in Europe to catch up. And then, also, of course, North America, and together with Professional to keep the momentum. So it is clearly about investing in priorities and it is about regions and categories. And the scale topic, as positioned before, we feel well-positioned with both businesses.

Carsten Knobel: Your two quick ones. Starting with the IPX question. For 2018, we see a number of 3.1% for IPX growth. And for 2019, the forecasts are going into the direction we are calculating with around 2.5%. And your question for Q4 regarding pricing, let me state one topic. You know that we are quite early in the year and we are still in preliminary mode what the details of our P&L are related to, so we will provide you with all the details in our call on the 21st of February. Nevertheless, to give you a little bit more insight, in Q3, we had the pricing in Adhesives of 3.6%, and what I currently see is that the Q4 number will not be lower.

Q&A Session (p. 5/8)

Question: Two questions for me. The first one is on your additional investments in digital infrastructures. Maybe could you help us understand what prompted this sudden need for an incremental EUR 100 million, because I am slightly surprised. In November 2016, when you unveiled your new 4-year plan, you did put digitalization at the heart of your strategy, and I am assuming you were already budgeting some significant investments. So why the need for more all of a sudden? And the second question, I mean, it is more generally about the incremental EUR 300 million. I mean, is it your way to acknowledge that the cost of doing business in Consumer Goods is rapidly increasing? And therefore, my question would be what kind of visibility do you have on the returns you will get on this incremental EUR 300 million? And then, if you can maybe help us reconcile the fact that this morning, you are announcing more investments, but at the same time, you are lowering your long-term EPS growth from 7% to 9% to roughly 4% to 9% for 2020 and beyond. So why lowering the bottom end of the range? Are you effectively signalling that EUR 300 million might not be enough in the long run and that you might have to increase further your brand support and digital efforts past 2020?

Hans Van Bylen: Many thanks for your three questions. Starting with your first question, additional investments in digitalization. I mean accelerate digital is one of our top priorities in our strategy 2020+, and we are making a quite significant progress in the way that we also have a quite strong momentum in our digitalization. We see also doing that a lot of opportunities. I mean, the market acceleration in digital and the technological opportunities, which it is offering, is expanding day by day. We have, for example, I pointed it out in my presentation, if you look at Adhesive Technologies, we have found a fantastic partner in Palantir to exploit all the data potential. If we look at today, already, we have quite strong base in our e-commerce platform. If we combine all that data with our supply chain, I mean, we see substantial potential, hence that was one example. I mean, the same we see also with eCRM programs in consumer, and we want to capture, at the moment, the by far bigger opportunities we see now, as we also feel well-equipped for that. So that is on digitalization. Then your second question was on the visibility of the returns?

Question: On the EUR 300 million additional investments.

Q&A Session (p. 6/8)

Hans Van Bylen: So on that one, for the different initiatives which we have been presenting, the first ambition is to accelerate growth. Of course, our conviction is that top line and the organic top-line performance will, in the long term and in mid-term, drive also EPS. A stronger organic top line will also be a driver for, at the end, an absolute, better bottom-line and drive EPS. And you can show that for each project which we presented, we also have defined targets, in top-line, in market share but also in returns. And that is why, we focused the program and we try to present to you the top priorities within that program. You can be sure, that internal for all of these projects, we have defined clear KPIs and we will monitor in detail how these investments turn into also performance.

Carsten Knobel: But on top, I think, Hans, also, the point of the Question is right that the cost of doing business has also increased, in a way, taking the classical business but also the online business into account. So the mix of all of that is definitely a point, which has been, over the last couple of years, been increasing. And it is also reflected a little bit, besides the things what you have heard before, also in that EUR 300 million or the 2/3 of that, which is going into the marketing investments, especially in the consumer businesses.

Hans Van Bylen: Then your last question was on the EPS targets. In the long term, which has changed in a way, that we go to currency adjustments. But this, of course, can go in both directions, both positive and negative. We now have defined as a mid- to high single-digit range, and the time frame also has expanded. I mean, these are changes, but if we put that in a competitive framework, these are competitive, ambitious targets, which we see as a good continuation of our ambition to continue to generate attractive returns and profitable growth.

Question: Just with all these measures that you have announced in consumer goods and the launches, can you comment a bit on what impact do you expect on your general average selling prices? And would you say that this is going to generally increase the average selling prices of your portfolio? And do you continue to expect all innovations to be gross margin accretive? And secondly, can you give us a split of the additional EUR 300 million in terms of marketing investments and R&D investments?

Hans Van Bylen: Thank you very much, for both questions. Indeed, the innovation power we put in the market has the ambition also for our top brands, of course, to try to generate higher gross margins by creating better value propositions. And this is in a market - as we all know - where pricing is quite a big challenge. The leverage to increase prices has to be the persuasive innovations, and that is in our program also what we try to implement, with a strong focus on the gross margin improvement. Concerning the split of investment, Carsten, can you give some highlight there?

Q&A Session (p. 7/8)

Carsten Knobel: So first of all, important is, and I only make it for clarification, that today's announcement will not have an impact on our CapEx investments. So the EUR 300 million investments are related to the markets or to digitalization. And as you have seen from our guidance for CapEx, EUR 750 million to EUR 850 million, that is continuously on the high level, also in line with what we have communicated before. Regarding the marketing spend, we assume a double-digit percentage increase in 2019 versus the prior year. The R&D spending, will likely be stable in relation to the sales development and the other 1/3 will be used to step up P&L investments in digitalization, advancing that to the next level, as we have pointed that out before. Hope that helps.

Question: So two questions, please. I understand that the primary motivation to the EUR 300 million investment is to accelerate growth, but why is your guidance for sales growth after 2020 not increasing on that basis? And second, is the need to reinvest a function of Henkel having been over-earning historically? Or is it really a more competitive market outlook, which means you have to invest more to deliver similar growth going forward?

Hans Van Bylen: Thanks for your questions. Your first question, the range 2% to 4%, we saw also in 2018 that at the moment, we are more positioned at the lower end of that range, and the ambition is clearly to move our performance within that range up and clearly supported by an acceleration, which you pointed out, by both consumer goods divisions. The background of the investments, as we have been commenting, it is clear that we see the opportunities, but of course, also as the previous questions pointed out, I mean, there is a more competitive outlook, and growth is more challenging to capture. And reflecting that, indeed, it is a combination of those drivers, which makes us convinced that this, at the moment, is the right strategy to implement.

Question: Just three questions, if I may. In terms of Beauty Care, it seems that that took the brunt of the margin miss in the fourth quarter. I am looking at something maybe around 75 basis points from my quick numbers. How do we think about that? What is the reason in particular? And is there any particular markets you can call out? And related to that, my second question, how much of the concerns that you have about lower growth are North America-centred, particularly since you called out that you have not recovered your market shares from the issues in terms of execution there? And also, I guess, somewhat related to that as well is in terms of P&G and promotions, is P&G leading the issue? Is it a wider issue? And how do you think about that in terms of the context of launching more premium innovations, et cetera? Is that really the way out? Or are you going to have to fight market share battles across all of the price points going forward?

Q&A Session (p. 8/8)

Hans Van Bylen: Well, first, your question on Beauty Care, I mean, Q4 visibility, we will give this in more detail 21st of February.

Carsten Knobel: Yes. Nevertheless, your estimate is not so far away what we currently see, but there is not a particular reason, specific one, it is across the portfolio.

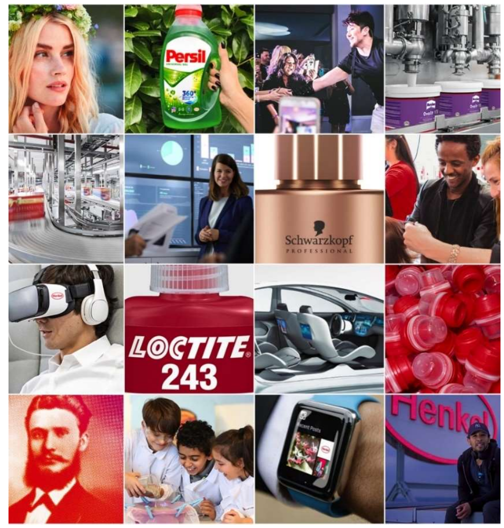
Hans Van Bylen: But more light for sure to come in the middle of February, but as Carsten said, that is, at the moment, what we see with the preliminary results. On your second question concerning North America. It is, as we presented, for both businesses after last year where we had a bad year start with our supply topics, that impacted all year long, but the technical problems are solved. We are at the moment at fantastic service levels, but indeed, catching up with the missed promotional slots has been a challenge. And now, we start the year both by, of course, being extremely focused on catching up and by strengthening all the different parts of our portfolio. Of course, your question was we fight on all levels. We also have, if you take Laundry, we are in all price segments. And of course, where it is needed, we are also aggressive in the segment where we need to be. On the other hand, we are convinced that with the initiatives we take, we also create value and we also try to strengthen our gross margin, enabling us to even invest also more and strengthen our brands.

Key points you heard from us today

- Strong foundation with leading positions in key markets and categories
- Strong progress in the implementation of our strategic priorities
- Good performance in 2017 and 2018 despite significant headwinds
- Realize attractive opportunities to reinforce growth momentum
- Stepping up investments in brands & technologies, innovation and digitalization
- Committed to long-term sustainable value creation and attractive returns

Hans Van Bylen:
Many thanks to all Participants, all Investors and Analysts. And let me indeed summarize the key points, which you heard from us today. We have a strong foundation based on a well-balanced portfolio, with leading positions in key markets and categories. We have made strong progress in executing our strategy Henkel 2020+, and in the implementation of our strategic priorities. This resulted in a good business performance in 2017 and 2018, despite significant headwinds from currencies and direct material prices. And looking ahead, we see attractive opportunities, which we want to capture to reinforce our top line growth momentum. We will achieve this by stepping up our investments as of 2019 in our leading brands and technologies in innovation and digitalization. We have reflected this in our 2019 guidance. And with our expanded mid- to long-term ambition, we confirm our commitment to long-term sustainable value-creation and attractive returns. Thank you again for listening and your flexibility. Goodbye.

Back-up



Henkel

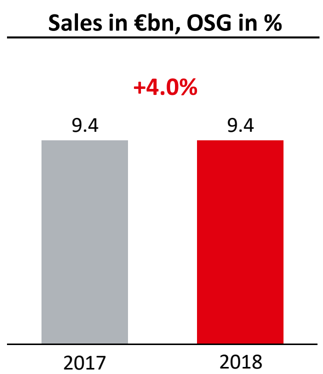
FY 2019: Additional input for selected KPIs

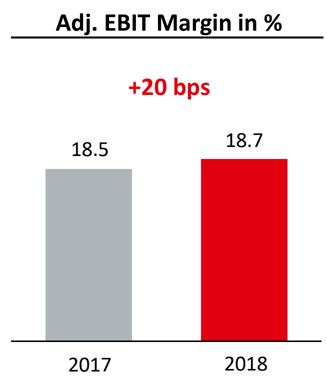
Organic Sales Growth by Business Unit	All Business Units within Group range of 2 - 4%
Adjusted EBIT Margin by Business Unit	Adhesive Technologies: 18 - 19% Beauty Care: 15 - 16% Laundry & Home Care: 16.5 - 17.5%
Currency Impact on Sales	Low single digit % negative[1]
Prices for Direct Materials	Low single digit % increase[1]
Restructuring Charges	€ 200 - 250 m
CapEx	€ 750 - 850 m

[1] versus the prior year

Adhesive Technologies

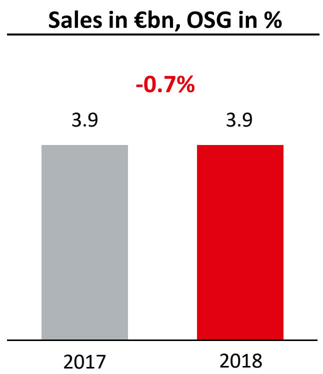
Key Financials FY 2018 (preliminary)

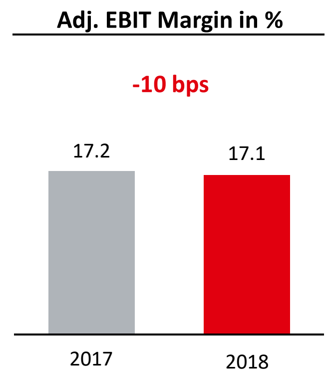




Beauty Care

Key Financials FY 2018 (preliminary)





Laundry & Home Care

Key Financials FY 2018 (preliminary)