Henkel FY 2018

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

Commented Slides / Earnings Conference Call FY 2018
February 21, 2019

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Hans Van Bylen, CEO:

Dear Investors and Analysts, good morning from Düsseldorf and welcome to our full year 2018 earnings call.

I would like to begin by reminding everyone that the presentation, which contains the usual formal disclaimers to forward-looking statements within the meaning of relevant U.S. legislation can be accessed via our website at henkel.com/ir.

The presentation and discussion are conducted subject to the disclaimer. We will not read the disclaimer, but, of course, we take that as read into the record for the purpose of this conference call.

Agenda

1. Key Developments 2018
2. Financials FY 2018
3. Henkel 2020+ and Targeted Growth Initiatives
4. Summary and Outlook

One month ago, we have announced to sustainably step up our investments in brands and technologies, innovation and digitalization. We also presented preliminary results and the outlook for the full year 2019 and we provided a compelling mid- to long-term financial ambition for 2020 and beyond.

While we confirm all of this, in today's call, we would like to provide you with more details.

I will firstly lead you through the results of 2018 and highlight the key developments. Carsten will then comment the detailed financials.

After that, I will focus on our growth initiatives for 2019 and we will recap our guidance for 2019 as well as our mid- to long-term financial ambition.

I will close my presentation with the key takeaways.

And finally, of course, Carsten and I will take your questions.

Henkel with good development in 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 (~€ 1.1 bn) 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 7% excluding FX effects
- Record dividend proposal of € 1.85[2] per preferred share

[1] At constant currencies [2] Proposal to shareholders for the AGM on April 8, 2019

Let me start with a brief overview of the 2018 results, which are unchanged compared to the preliminary results we announced in January.

We have achieved a good development in 2018 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 impacting our top line by EUR 1.1 billion or minus 5.4%.

The organic sales growth was good at 2.4% and in line with our target range for the full year of 2% to 4%.

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

We grew the adjusted earnings per preferred share by 2.7% to EUR 6.01. Excluding FX, we delivered a strong operational EPS performance of 7%.

Based on this good performance and our excellent Free Cash Flow generation, we will propose a record dividend of EUR 1.85 per preferred share to the upcoming Annual General Meeting. This corresponds to a pay-out ratio of almost 31%.

Adhesive Technologies

Strong profitable growth across all business areas

Sales	Organic Growth	Adjusted EBIT	Adjusted EBIT Margin
€ 9.4 bn	+4.0%	€ 1.8 bn	18.7%

LOCTITE TECHNOMELT TEROSON

Let's take a closer look at the performance of our business units, starting with Adhesive Technologies.

The business unit continued its profitable growth path and once again delivered a strong performance with an organic sales growth of 4.0% and an increase in the adjusted EBIT margin by 20 basis points to 18.7%.

Adhesive Technologies

Highlights FY 2018

- **Aerospace**
  Double-digit growth with high-performance solutions for aircraft manufacturers
- **General Manufacturing**
  Significant growth with Loctite by providing value-accretive solutions to customers across 800 industries
- **Automotive Electronics**
  Double-digit growth with high-impact solutions for connectivity and e-mobility of new generation cars

All business areas contributed to this strong organic sales momentum, but let me highlight some businesses with extraordinary compelling performance in the past year.

In the Aerospace business we achieved double-digit growth. This was, in particular, driven by our high-performance solutions for the latest generation of narrow-body aircraft and the increasing demand for commercial air travel.

In General Manufacturing we achieved significant growth driven by our innovative, high-impact solutions under our Loctite brand. This growth is fueled by generating new customers, especially converting non-users into adhesive adopters, and with that improve their product design, increase their machine efficiency and save costs.

In the Automotive Electronic business we achieved double-digit growth, driven by our innovative solutions, for example, in thermal heat management. Our advanced materials enable our customers to further innovate in the areas of connectivity, eMobility and autonomous driving.

Beauty Care

Challenges in Retail in North America, very strong performance in Professional

Sales	Organic Growth	Adjusted EBIT	Adjusted EBIT Margin
€ 4.0 bn	-0.7%	€ 0.7 bn	17.1%

Schwarzkopf Dial syoss

In Beauty Care, we closed the year 2018 with minus 0.7% organic sales growth and kept profitability levels roughly stable with an adjusted EBIT margin of 17.1%.

Beauty Care

Highlights FY 2018

- **Hair Professional**
  Significantly accelerated growth momentum across Mature and Emerging Markets
- **Eastern Europe Retail**
  Very strong growth, driven by Hair and Body businesses
- **Hair Coloration**
  Very strong growth and market share expansion across regions

Also here I would like to highlight some Beauty Care categories and regions that showed an outstanding performance.

The Hair Professional business significantly accelerated its performance, and for the first time, crossed the EUR 1 billion mark in net sales. The business area showed a very strong organic sales growth and further enhanced its market position in both Mature and Emerging Markets driven by our full brand portfolio.

On a regional level, we delivered very strong growth in our Eastern European business, driven by our key Hair and Body categories. Successful existing brands, such as Syoss and new brands such as Barnängen contributed to this development.

Category-wise we achieved very strong growth in Hair Coloration, winning market shares across regions and here driven by new brands such as got2b Color as well as existing brands such as Syoss Color.

Laundry & Home Care

Good organic growth, Emerging Markets compensating for challenges in North America

Sales	Organic Growth	Adjusted EBIT	Adjusted EBIT Margin
€ 6.4 bn	+1.9%	€ 1.2 bn	18.1%

Concluding the business unit overview with Laundry & Home Care.

The business unit delivered good organic sales growth of 1.9% in 2018 and achieved a very strong increase of the adjusted EBIT margin to 18.1%.

Laundry & Home Care

Highlights FY 2018

- **Middle East / Africa**
  Double-digit growth driven by outstanding development of premium detergent and dishwashing business
- **Persil**
  Significant growth from successful global innovations and strong local activation
- **Toilet Care**
  Significant growth and market share expansion thanks to successful core portfolio and strong innovations

Let me highlight some businesses within Laundry & Home Care, which strongly contributed to this performance.

Middle East/Africa showed a compelling performance in 2018 with double-digit growth. This was mainly driven by the success of the premium detergent business across the region as well as the successful relaunch of Pril.

Our top brand Persil also delivered significant growth and market share gains across regions, thanks to strong global innovations and powerful local activation.

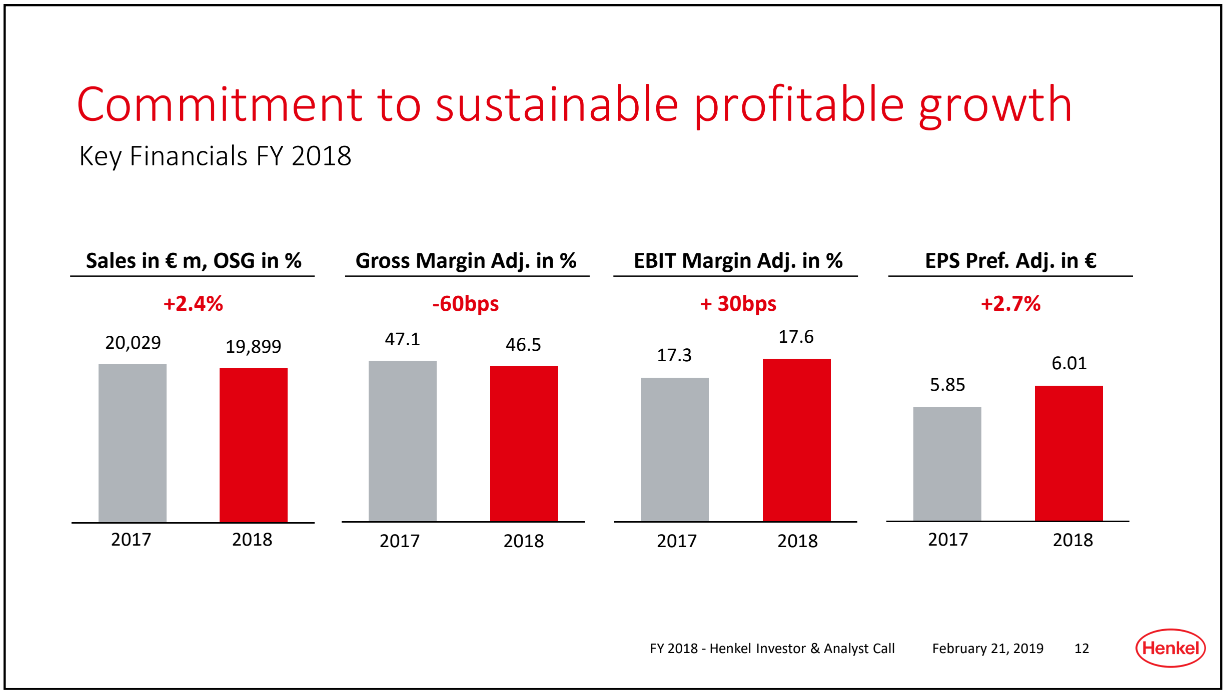
In Toilet Care we achieved significant growth as well as market share expansion driven by strong innovations such as our Scent Switch technology.

With this, let me hand over to Carsten.

Carsten Knobel, CFO:

Thank you very much, Hans, and good morning to everyone.

So, let's have a closer look now at the financials for the full year 2018, which have not changed compared to the preliminary figures released on the 21st of January.



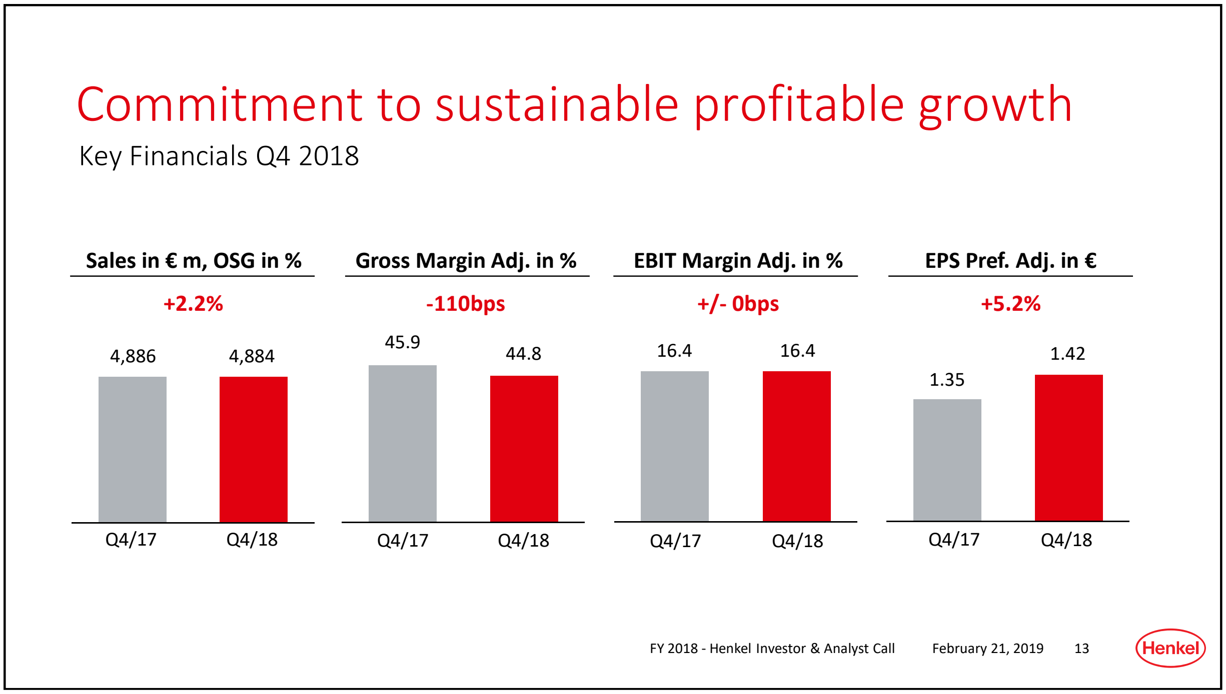
Starting with our key KPIs.

In 2018 sales amounted to EUR 19,899 million and with that nominally 0.6% below the prior year, significantly impacted by adverse FX. Organically, we delivered a good organic growth of 2.4%.

The adjusted gross margin reached 46.5% in the year 2018 after 47.1% in the prior year. Thanks to our successful pricing initiatives in Adhesive Technologies as well as our efficiency measures, we could partially compensate for the intense direct material headwinds, which we faced in 2018.

We continued to increase the adjusted EBIT margin now to a level of 17.6%, that's 30 basis points up compared to the prior year level.

And finally, our adjusted earnings per preferred share increased to EUR 6.01, an increase by 2.7% despite significant FX and the direct material headwinds I pointed out before. Adjusted for currency effects, the operational EPS performance was very strong at plus 7%.



So, before I move on with more details on the full year figures, let me shed some light on the Q4 financials.

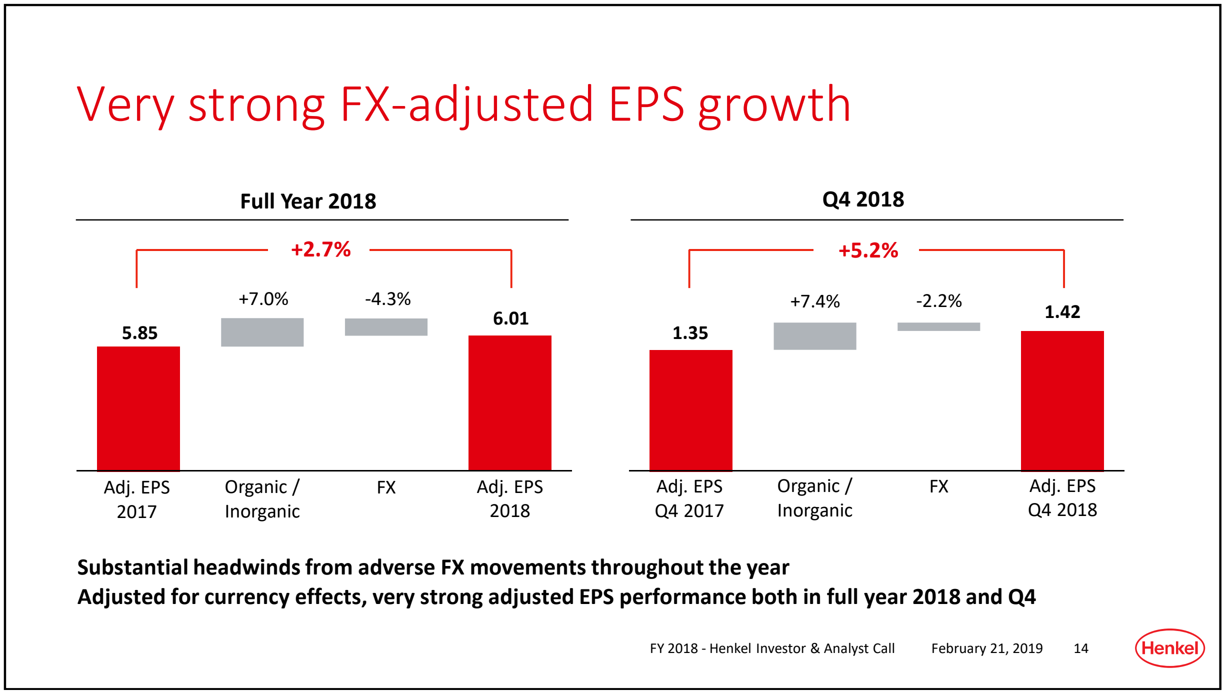
Starting here again with the sales. Sales amounted to EUR 4,884 million, nominally roughly flat compared to the prior year quarter.

Organically, we delivered a good growth at 2.2% with all business units contributing to that. Adhesive Technologies delivered a good growth in top line with 2.1%. Here, we experienced a further slowdown of the growth dynamics in the 4th quarter. This was mainly driven by a weaker development in China. Both, Beauty Care and Laundry & Home Care continued to accelerate, achieving an organic sales growth of 1%, respectively, 2.8%. However, both business units continued to be held back by a weaker development in North America.

Our adjusted gross margin was at 44.8%, that's 110 basis points below the prior year quarter. Mainly thanks to continued strong pricing, Adhesive Technologies slightly improved the gross margin. In contrast, our consumer goods businesses saw their gross margins decline due to intensifying direct material headwinds and currency effects.

The adjusted EBIT margin reached 16.4% and thus remained on prior year level.

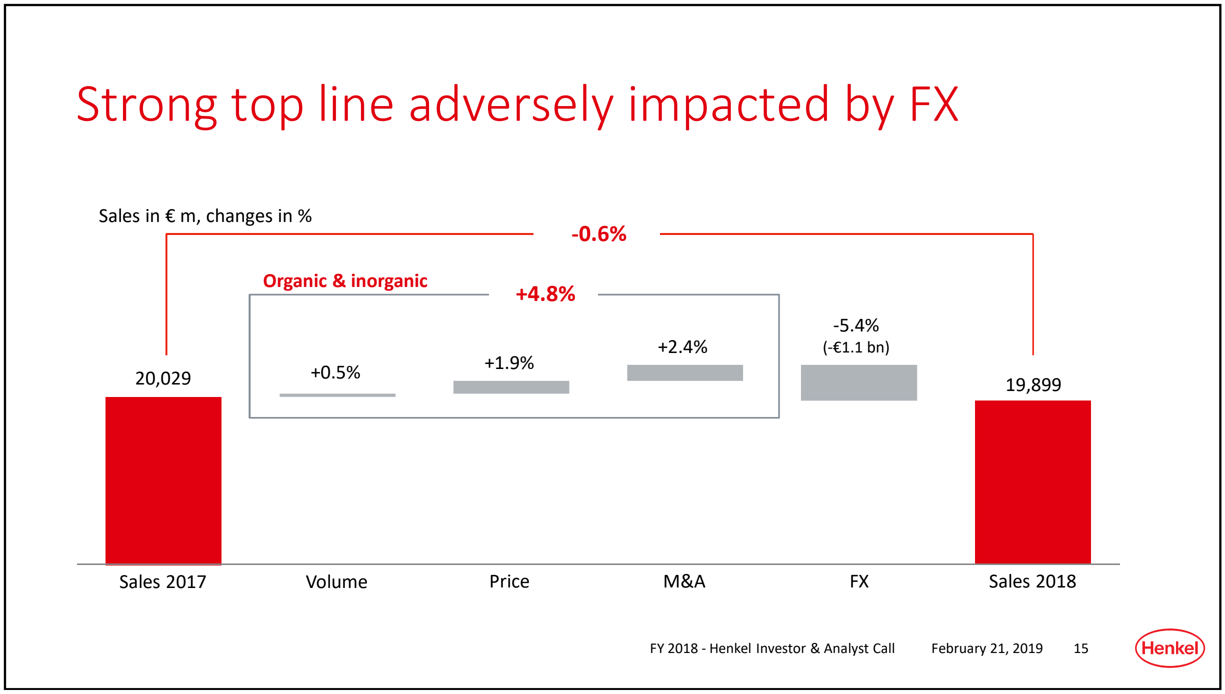
Lastly, our adjusted earnings per preferred share increased by 5.2% to a level of EUR 1.42. A key driver here was a lower effective tax rate of around 20% in the quarter, positively impacted by special items including the effect from the U.S. tax reform.



Our adjusted EPS performance was substantially affected by adverse currency movements, both, in the full year as well as in the 4th quarter.

For the full year 2018, FX headwinds of minus 4.3% impacted our bottom-line. Excluding these effects, we delivered a strong operational EPS performance of 7%.

Currencies remained a headwind throughout the year though easing towards year-end. So, the adjusted EPS in the fourth quarter of 2018 was negatively impacted with minus 2.2%. At constant currencies, we recorded a very strong EPS growth of 7.4%.



With that, now having a closer look at our sales bridge for the full year 2018.

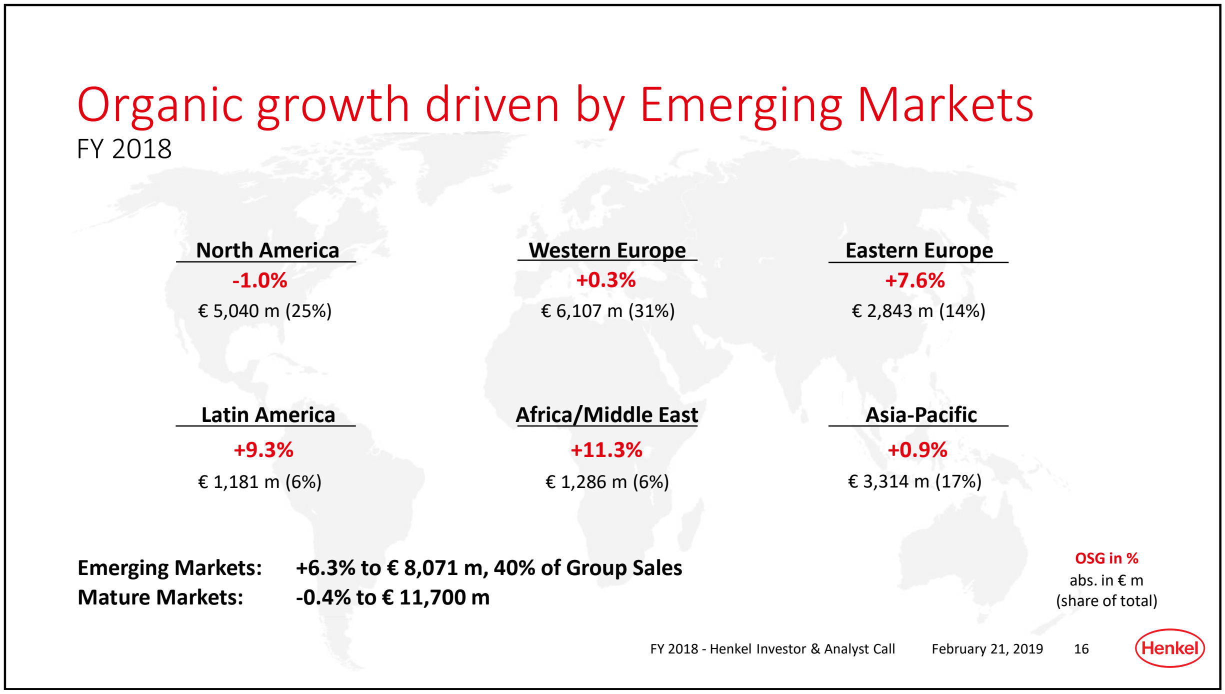
Organically, we delivered good growth of 2.4%, driven by both, the volume growth of 50 basis points and the pricing effect of 190 basis points.

The net effect of our acquisitions and divestments had a positive impact of 2.4%. So, adding the organic plus the inorganic growth, this amounted to 4.8% or roughly EUR 1 billion in absolute terms. So, a very strong increase.

As already indicated throughout 2018, we faced significant pressures from unfavorable currency fluctuations. Each of our top 10 non-euro currencies depreciated against the euro with the Turkish lira and the Russian ruble losing most ground. The biggest headwinds in absolute terms came from the U.S. dollar despite slight tailwinds in Q3 and Q4.

So, in total, the currency constituted a substantial headwind of minus 5.4% or in absolute terms minus EUR 1.1 billion, surpassing with that the already mentioned roughly EUR 1 billion for the organic plus the inorganic growth.

As a result, our sales amounted to the already indicated EUR 19,899 million being nominally 0.6% below the full year 2017.



Moving to the organic sales performance now by the region.

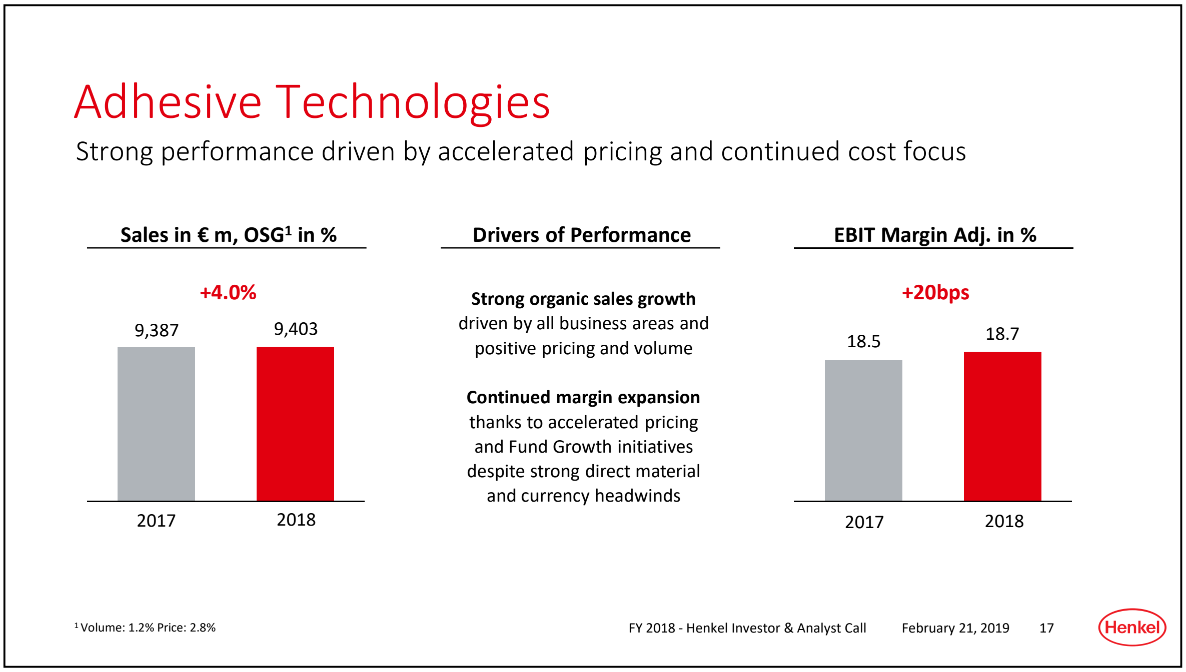
The good organic growth continued to be driven by the Emerging Markets with a very strong growth of 6.3%. Sales amounted absolutely to EUR 8.1 billion, representing 40% of Henkel Group sales.

Sales in the Mature Markets came in at EUR 11.7 billion, organically slightly below the prior year. This was driven by a negative organic sales development in North America of minus 1% while in Adhesive Technologies, here, we showed a strong performance in the region of North America. Our consumer businesses were below the prior year quarter mainly due to the delivery difficulties in the beginning of the year.

Looking at Western Europe, sales were organically positive by 0.3%, held back by ongoing price and promotion pressure in the consumer goods business. Germany, particularly, was a key contributor to the positive development.

Eastern Europe and Latin America both recorded significant organic sales growth of 7.6%, respectively, 9.3%. Africa/Middle East achieved a double-digit growth of 11.3%, while Asia Pacific in total showed the positive organic sales growth of 0.9%.

With that now, let me move, as we are used to, to the business units and starting with our Adhesive Technologies business.



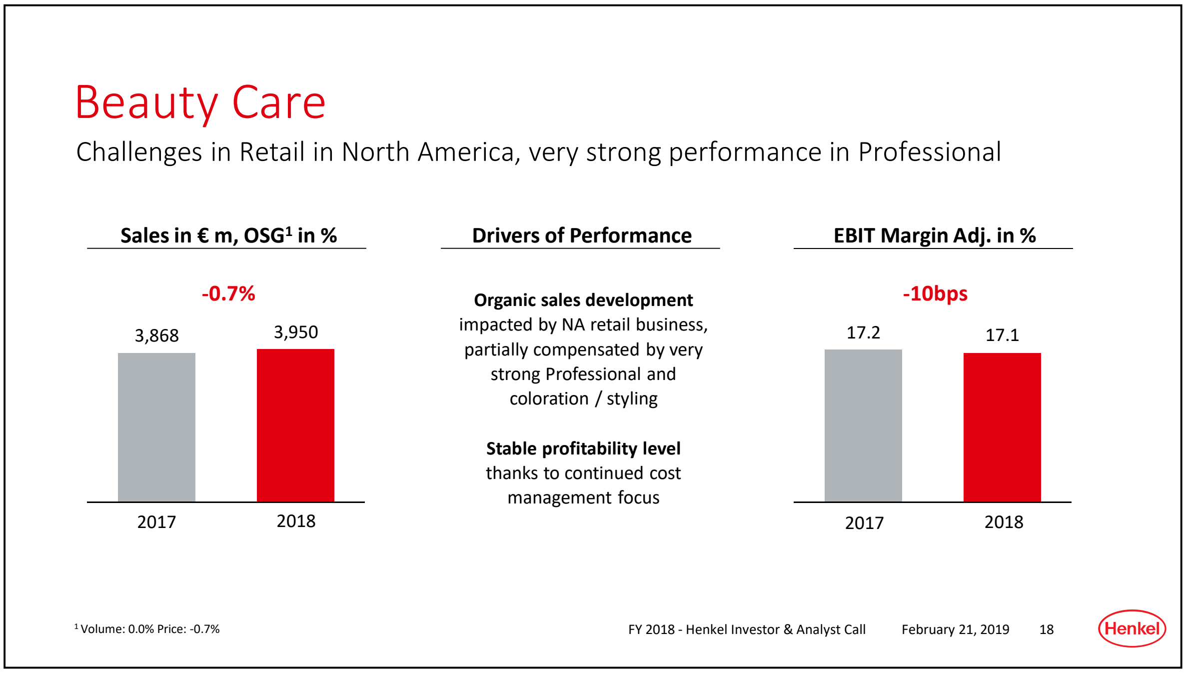
The business unit posted strong organic sales growth of 4%. We had a pricing component of 2.8% and the volume of 120 basis points. Thanks to the accelerated implementation of the price increases, and you know I'm always repeating that in every call, we started Q1 with plus 1.1%, in Q2 plus 2.5%, in Q3 3.6%, Q4 reached 3.8% in price effect. With that, we managed to offset the ongoing pressure from direct materials as well as transactional FX headwinds resulting for Adhesive Technologies, in total, in a flat gross margin in the full year.

Acquisitions contributed with 1.4% to sales and the currency effect amounted to minus 5.2%. So, in total, EUR 9.4 billion in absolute terms being nominally on the level of the prior year.

Important to note that all business areas contributed to the strong organic sales growth. The performance was driven by a significant increase in General Industry business. The Packaging, Electronics and Consumer and Craftsmen business delivered each strong growth, while Transport & Metal contributed with a good growth.

From a regional perspective, we have recorded a good organic sales growth in the Mature Markets, especially driven by a strong development in North America and a good growth in Western Europe. The Emerging Markets showed a very strong organic sales increase. Key drivers here, the double-digit development in Eastern Europe and a significant growth in Latin America. Middle East and the Emerging Markets of Asia contributed to the good growth.

Finally, here, moving to the profit. At 18.7% the adjusted EBIT margin increased by 20 basis points compared to the prior year. The accelerated implementation of price increases as well as our Fund Growth initiatives contributed here to this good improvement despite the strong direct material and currency headwinds we faced in 2018.



Let's now move to Beauty Care.

The organic sales development was slightly below prior year with minus 0.7%. We had a stable pricing and declining volumes of minus 0.7%.

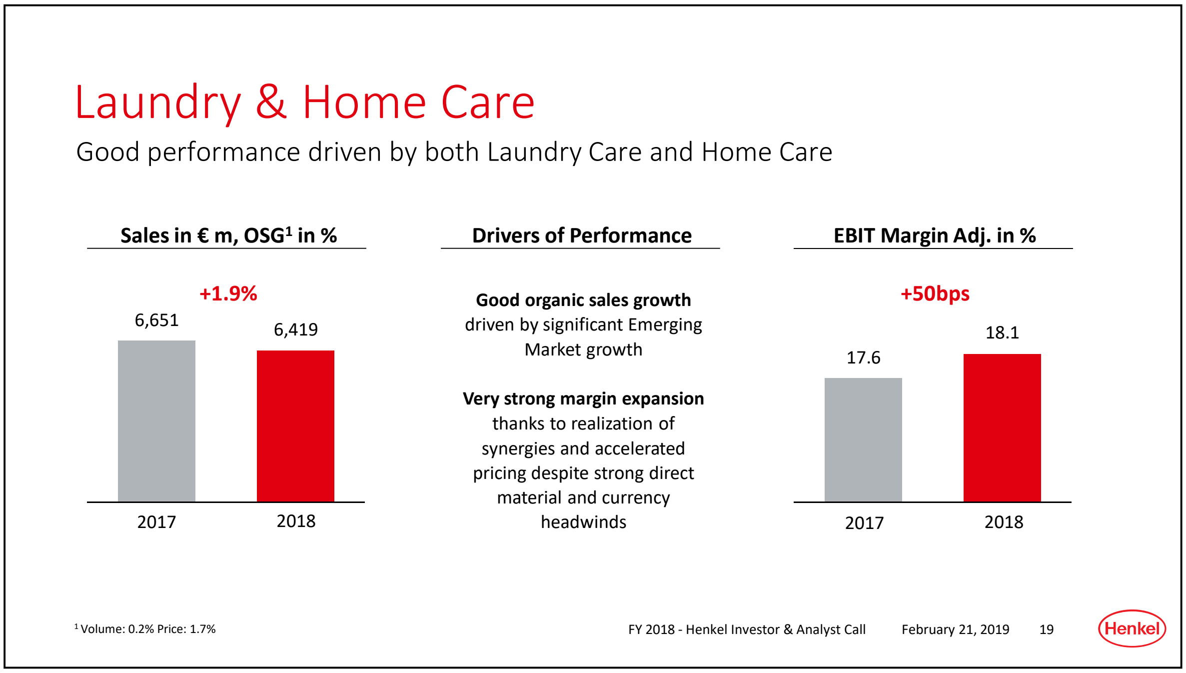
Currency effects at the division were at minus 4.8%. And especially thanks to the Hair Professional acquisition, which contributed with 7.6% to the growth, we achieved sales of roughly EUR 4 billion and in nominal terms, that means 2.1% above the prior year of 2017.

I said it before, the Hair Professional business accelerated its successful development and achieved a very strong organic sales growth in 2018. In Retail sales were organically below the prior year, especially with organic sales development in North America below our expectations.

The performance in Western Europe was mixed with an ongoing competitive pricing and promotional pressure in the key markets. Overall, the Mature Markets displayed a negative development.

The Emerging Markets posted also strong growth, mainly driven here by a very strong development in Eastern Europe and the Middle East/Africa region.

Despite these challenges, Beauty Care maintained its profitability level and reached an adjusted EBIT margin of 17.1%, here also thanks to our continued cost efficiency and management focus on that cost situation.



With that, moving finally to our Laundry & Home Care business.

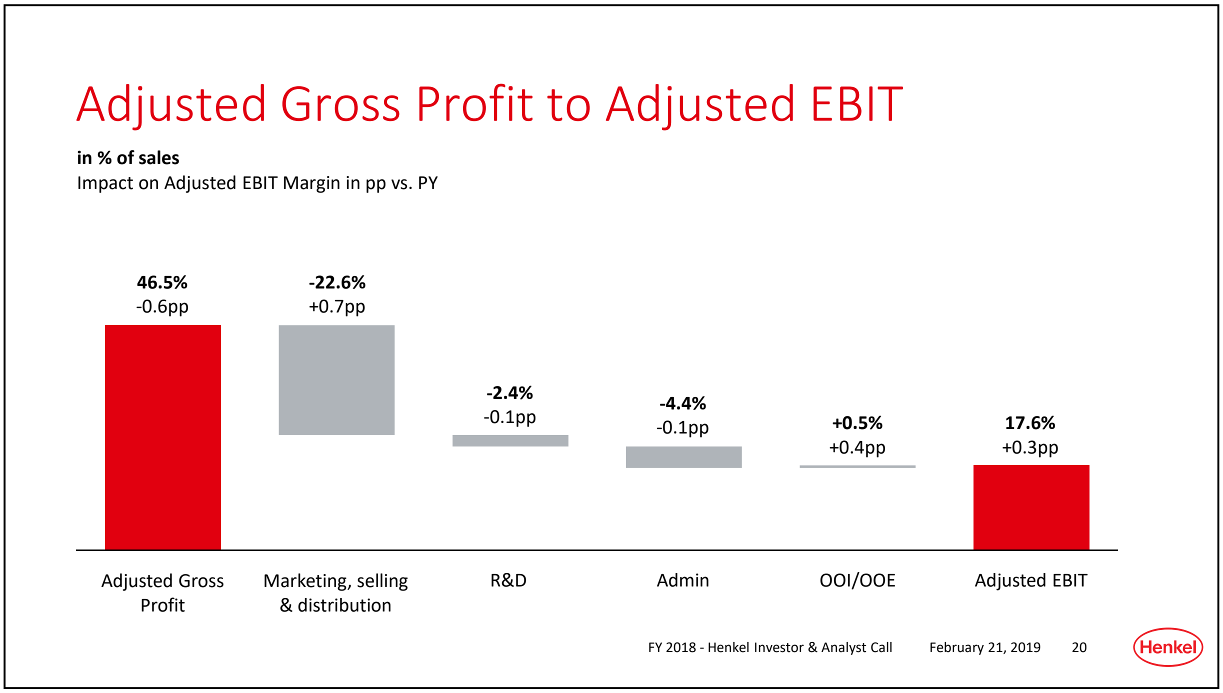
The business unit here showed a good performance. Organically, sales were up by 1.9% and that was largely driven by pricing component. The acquisitions added 0.7% to the growth and the negative currency effects were the biggest ones within the 3 divisions, posting a strong headwind of minus 6.1%. So, in total, nominal sales were below the prior year with minus 3.5%.

Both businesses, Laundry Care and Home Care, recorded a good organic sales development.

Looking also here at the Mature Markets, North America was below prior year's levels due to the delivery difficulties I already explained regarding our logistical topics in the beginning of the year. The Mature Markets of Asia showed a very strong growth and Western Europe was stable.

Also here, Emerging Markets with a significant organic sales growth. We had double-digit growth in Africa/Middle East, Latin America with a significant growth and Eastern Europe with a very strong growth.

Also, coming here to the margin development. In the continuously highly competitive environment, the business faced intensifying direct material and currency headwinds. Thanks to the realization of synergies as well as the accelerated pricing, the adjusted margin level reached 18.1%, and with that, a very strong increase of 50 basis points.



With that, now, moving back to the Henkel Group, and in particular, to our adjusted income statement.

Our adjusted gross margin, as already indicated, reached 46.5%. This was a development of minus 60 basis points compared to prior year level, where we had 47.1%. Adhesive Technologies proved the resilience of its business model, and thanks to the successful pricing initiative and the continued savings from the Fund Growth initiatives, the business unit could compensate for intensified direct materials and transactional FX headwinds. Also in Laundry & Home Care, we profited from higher prices, and in both consumer goods businesses we implemented further saving initiatives. However, we could only partially compensate for increasing direct material prices and that, in particular, impacted our Laundry & Home Care business.

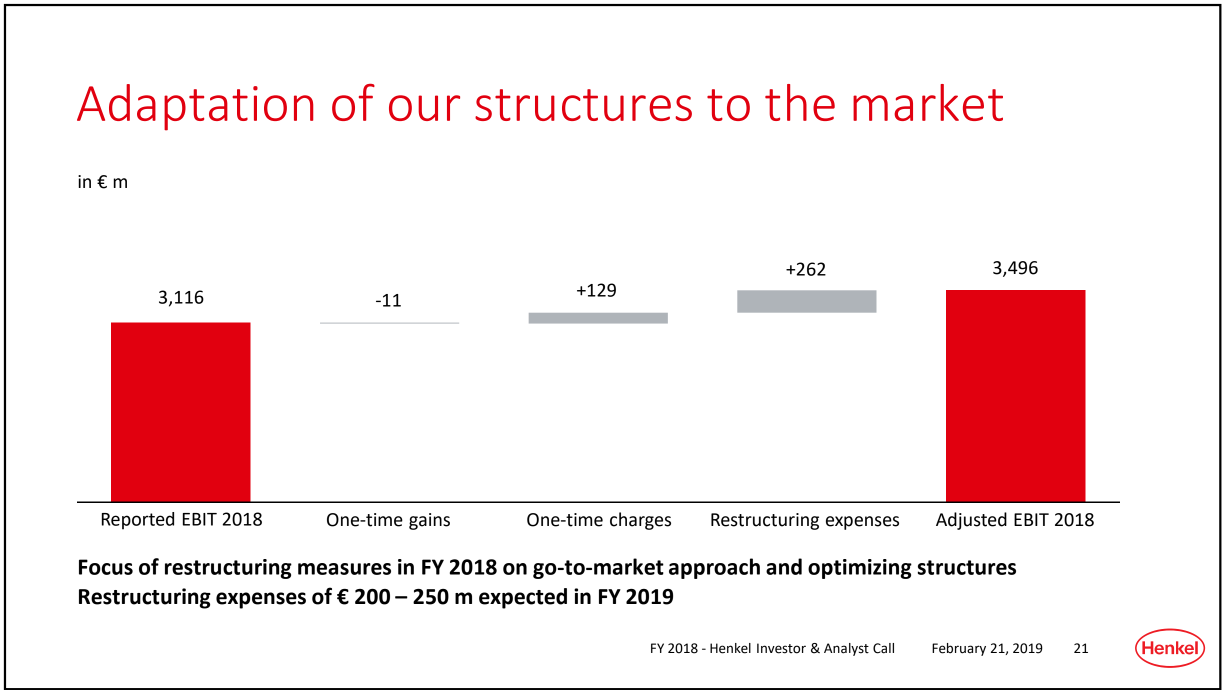
Despite these headwinds, we were able to further increase our adjusted EBIT margin.

Marketing, selling and distribution in percent of sales were 22.6%, improved by 70 basis points versus prior year. Overall, this improvement was mainly driven by the continued realization of efficiency gains throughout our ONE!ViEW initiative, which I had already commented during our Q1, Q2 and Q3 calls and some business mix effects. However, the ratio remained relatively stable in the course of the year from Q2 following a higher level in Q1.

Both our R&D and our administrative expenses remained roughly stable.

And the balance of our other operating income and expenses also contributed positively to the margin improvement. It increased year-on-year, mainly as a result of a higher operating income, where we profited from numerous ordinary operating transactions, such as tax grants, subsidies, but also some small asset disposals.

Overall, our adjusted EBIT came in at EUR 3,496 million and the adjusted EBIT margin, as already indicated, 17.6%, being up 30 basis points.



Let me now share the detailed bridge from reported to adjusted EBIT.

The reported EBIT came in at EUR 3.1 billion.

One-time gains amounted to EUR 11 million.

We incurred EUR 129 million from one-time charges, which are related to our acquisitions and the optimization of our IT infrastructure.

Restructuring charges in the year of 2018 were at EUR 262 million, slightly above the prior year. The focus here was on further enhancing our go-to-market approach in both Emerging and the Mature Markets as well as optimizing structures in admin and operations, for example, reducing the number of layers in our organization or adapting our production and logistic footprint.

For the fiscal year 2019, as a guidance, we expect restructuring expenses of EUR 200 million to EUR 250 million.

Continuously strong cash management focus

Disciplined approach to capital allocation

- Good progress in Net Working Capital management towards year-end
- Free Cash Flow improved to strong € 1.9 bn in full year 2018
- Very strong balance sheet providing substantial investment optionality
- Focused CapEx investments in all business units, particularly focusing on growth
- M&A remaining integral part of strategy, complemented by Venture Capital activities
- Continued focus on shareholder value creation – record dividend proposal of € 1.85[1]

[1] Proposal per preferred share to shareholders for the AGM on April 8, 2019

As usual, in our full year results presentation, I will conclude with cash management and the usage of cash.

Let me first highlight the most important points, before I will go into the detail. What have we achieved?

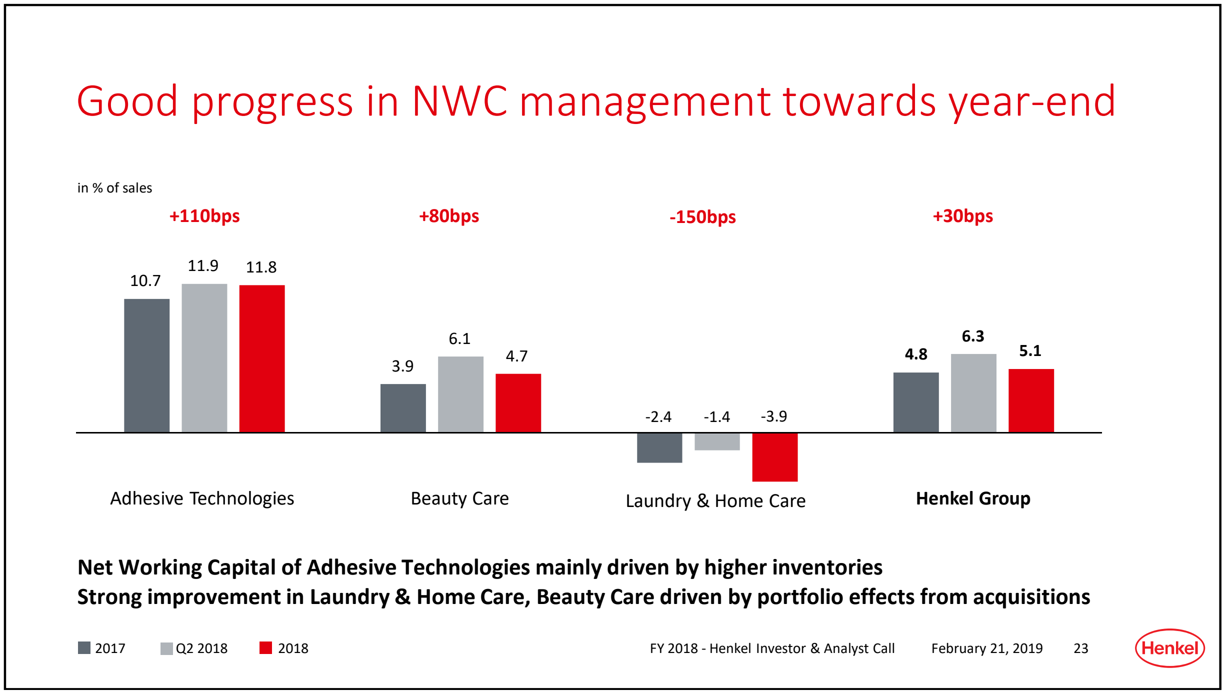
We have achieved a good progress in Net Working Capital management towards the end of the year. I'm very glad to say that we made good progress. Net Working Capital levels improved versus the recent quarters and we reduced the negative year-on-year delta from more than 100 basis points, which we had seen in Q2 and Q3, now to only 30 basis points for the end of the year.

The Free Cash Flow improved strongly to EUR 1.9 billion for 2018.

We have a very strong balance sheet providing substantial investment opportunities. We have focused CapEx investment in all business units, particularly here, focusing on the growth topic.

M&A remains an integral part of our strategy and we have complemented some additional venture capital activities.

And we continue to focus on shareholder value creation. As Hans already pointed out, a record dividend proposal of EUR 1.85.



But now, let me give you some more details by moving to each of these points.

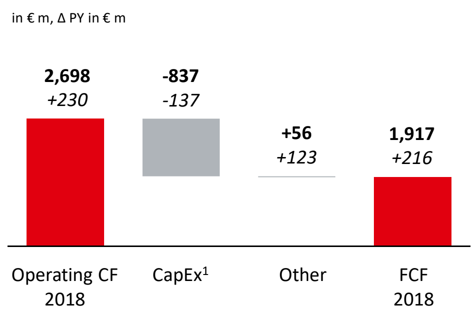
Let me start with Net Working Capital. Net Working Capital of Adhesive Technologies came in at 11.8% for the full year. That's an increase of 110 basis points, mainly as a result of higher inventory levels. However, compared to Q2 and even more to Q3, we could improve Net Working Capital by 10, respectively, 90 basis points.

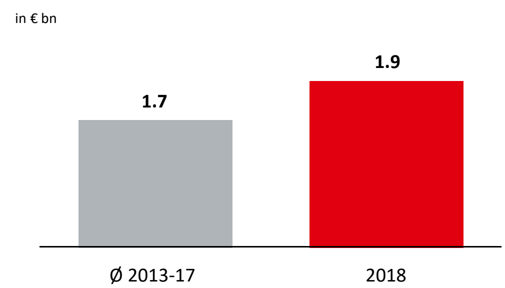
Beauty Care, here, the Net Working Capital improved significantly by 140 basis points compared to the high Q2 level. Nevertheless, the 4.7% are still 80 basis points above 2017, here, driven by structurally higher levels in our Professional Hair acquisitions.

Laundry & Home Care recorded a strong improvement of 150 basis point to a level of minus 3.9% and even 250 basis points lower than Q2 2018. Here, we have made further substantial progress in our North American business, compensating the negative effect from the delivery difficulties.

As a result, as indicated, we recorded a slight Net Working Capital increase of 30 basis points to 5.1%, corresponding to a strong improvement versus the prior quarter. And, to be very clear, we continue to put high emphasis on getting back to lower Net Working Capital levels and we will continue to report on the progress we make for sure in 2019.

Strong Free Cash Flow further improved





Free Cash Flow above prior-year level despite technology investment in Q1 2018
Continued focus on Free Cash Flow expansion as integral element of mid- to long-term financial ambition

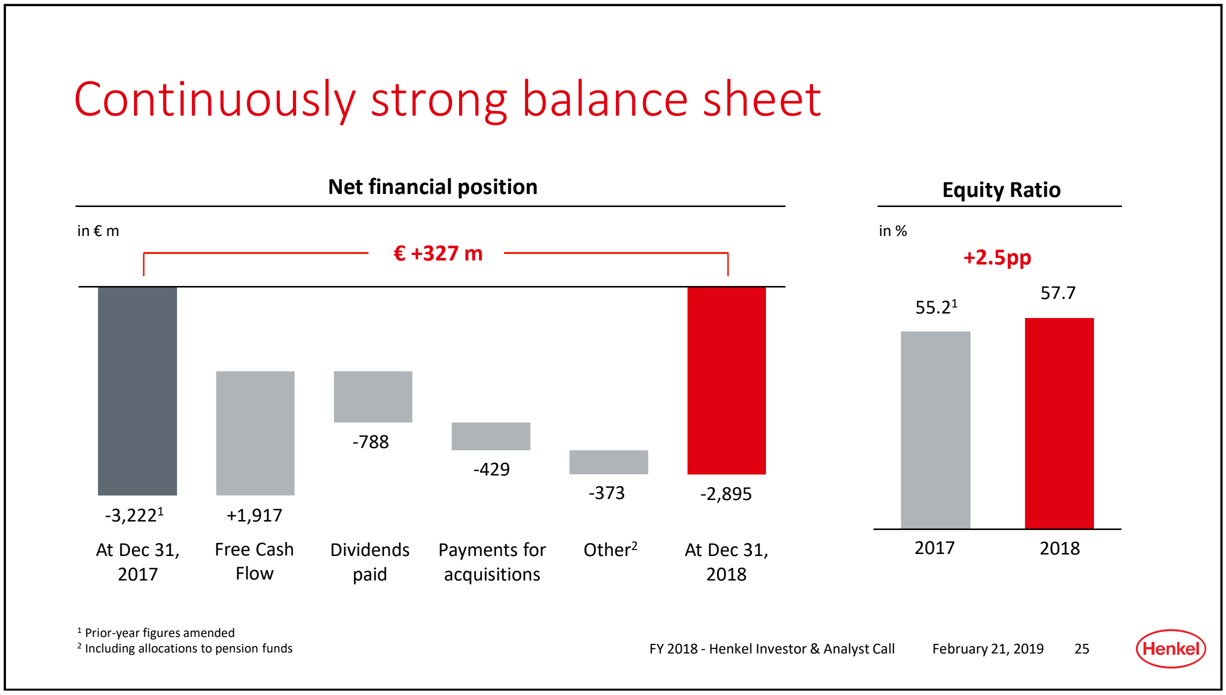
[1] Including payments on account

Moving to the Free Cash Flow.

We have seen a very strong number of EUR 1,917 million, improving by EUR 216 million versus the prior year and a step-up versus our average Free Cash Flow of EUR 1.7 billion, which we have seen for the period between 2013 and 2017.

The Free Cash Flow in 2018 was mainly driven by a higher operating cash. Furthermore, cash inflows under other changes in pension obligations following the reimbursement of pension payments contributed positively. On the contrary, higher capital expenditures had a countervailing effect.

Also going forward, Free Cash Flow expansion remains a focus point and is an integral element of our mid-to long-term financial ambition, which we have released on
January 21.



Thanks to this Free Cash Flow, the Net Financial Position was at minus EUR 2.9 billion, EUR 327 million above the year 2017.

This enabled us not only to increase our dividend, but also invest in our business. Firstly, we paid dividends of EUR 788 million for the year 2017 in 2018. This is about EUR 50 million more than in 2017. And secondly, we paid around EUR 400 million for acquisitions.

Our strong and increasing equity ratio of about 58% by year-end 2018 is another indicator that we continue to have a very strong balance sheet, providing substantial investment optionalities going forward.

Focused CapEx investments in all business units

~€ 850 m spent in 2018

- **Adhesive Technologies**
  Europe – Spain
  New production facility for aerospace
- **Beauty Care**
  Eastern Europe – Russia
  Capacity expansion
- **Laundry & Home Care**
  North America – USA
  Expansion of detergent capsule production

And based on this strong foundation, we continue to pursue a disciplined capital allocation.

In 2018 we spent a total of EUR 853 million in CapEx. 2/3 of that amount was invested in capacity expansion, innovation and streamlining measures. Besides consolidation of production sites, the main focus in the Adhesive Technologies business was the opening of a new production facility for products used in the aviation industry in Spain.

In Beauty Care and Laundry & Home Care, here, the main focus was on capacity expansion. For instance, in Beauty Care, we had a plant expansion in Russia and our detergent capsule production for Laundry & Home Care in the U.S.

Looking ahead, we will continue to invest in our businesses in 2018. For the full year 2019, also here the guidance, we expect cash outflows for CapEx investments of around EUR 750 million to EUR 850 million.

Acquisitions remain integral part of strategy

~€ 400 m invested in 2018

- **Adhesive Technologies**
  Expanded footprint in Emerging Markets
- **Beauty Care**
  Successfully integrated Hair Professional acquisitions
- **Laundry & Home Care**
  Position in North America further strengthened
- **Venture Capital**
  Strengthening digital and technological expertise by investments in start-ups and VC funds

Moving now to the acquisitions, and here, we include also our venture capital investment, both being integral part of our strategy. We spent about EUR 400 million on acquisitions in 2018 adding around EUR 180 million of annual sales.

In our industrial business we expanded our footprint in the Emerging Markets through the acquisition of Aislantes Nacionales and Unión Técnico.

In Beauty Care we successfully integrated our Hair Professional acquisitions, Zotos and Nattura Laboratorios, which we did in 2017, to be precise, in the second half of 2017.

We further strengthened the position in Laundry & Home Care in North America with the acquisition of JemPak.

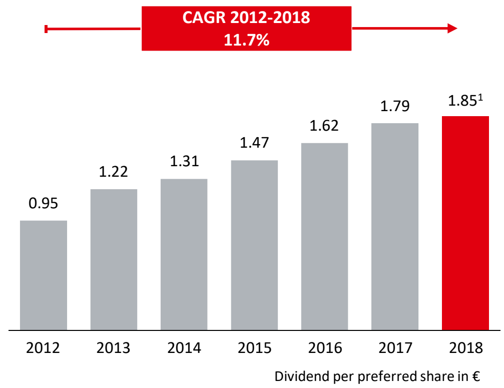
To capture new sources of growth, Henkel Corporate Venture Capital unit continued to invest in new technologies, materials, applications, business and service models with direct investments in either start-ups and as well as venture capital funds. By the end of 2018, we had already invested or committed around half of the EUR 150 million that we plan to invest in venturing activities between 2017 and 2020.

Going forward, we have a strong balance sheet, as indicated before, allowing us to do M&A in case attractive targets match our criteria. And at the same time, we remain committed to our solid A rating.

Strong track record of increasing dividend

~€ 800 m distributed in 2018

- Record dividend proposal of € 1.85[1] per preferred share
- 30.9% payout ratio in line with target range
- More than € 4 bn paid out since 2012 via dividends
- Increase of target dividend payout range from 25 - 35% to 30 - 40% from fiscal 2019



[1] Proposal to shareholders for the AGM on April 8, 2019

Closing with dividends.

Over the past years, we have continuously increased our dividend pay-out. In the fiscal year 2018, we distributed a total amount of almost EUR 800 million to our shareholders.

At the AGM in April we will propose a new record dividend of EUR 1.85 for the preferred shares, more than twice the number in 2012.

Our proposal translates into a pay-out ratio of 30.9% of adjusted net income after non-controlling interest, which is fully in line with our current target range of 25% to 35%.

With that, since 2012, we have paid almost EUR 4 billion to our shareholders via dividends.

Also going forward, we will continue to focus on offering our shareholders attractive returns and let them participate in the financial performance.

With that, we decided to improve our dividend policy and increase the target dividend pay-out ratio to 30% to 40% from the fiscal year 2019 onwards, and that's what we also communicated already on January 21.

And with this, let me hand back to Hans.

Hans van Bylen, CEO:

Thank you, Carsten. I will continue our presentation with our strategic priorities and provide more background on the key initiatives to accelerate growth in our businesses.

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

In 2018, we have made further progress in the execution of our 4 strategic priorities.

Within our Drive Growth initiative, we drive growth by responding faster to new market trends and customer needs. The continuous improvement of our innovation process results in an acceleration of our innovation cycles and a reduction of lead times.

Within our Accelerate Digitalization initiative, for example, both Beauty Care and Laundry & Home Care increased digital sales organically by about 35% year-on-year.

To increase agility in 2018, we launched, for instance, initiatives focusing on simplified planning processes, optimized workflows, more transparent communication and on encouraging employees in their entrepreneurial thinking and behavior.

Last, but not least, we continued our focus on cost discipline and efficiency under our Fund Growth initiative. Combined, we expect these initiatives to deliver more than EUR 500 million in annual efficiency gains as of 2020. In 2018, Henkel has already realized more than 50% of the targeted total efficiency gains.

Drive growth, accelerate digitalization

- Outperform by leveraging scale and breadth of the **Adhesive Technologies** portfolio
- Accelerate growth in **Beauty Care** Retail, continue momentum in Professional
- Leverage strong innovation program in **Laundry & Home Care**
- Advance to next level of **digitalization**

We can be proud of the substantial progress we are making in the implementation of our strategic priorities.

To capture opportunities and counter challenges in the market environment, we have decided to step up our P&L investments from 2019 onwards.

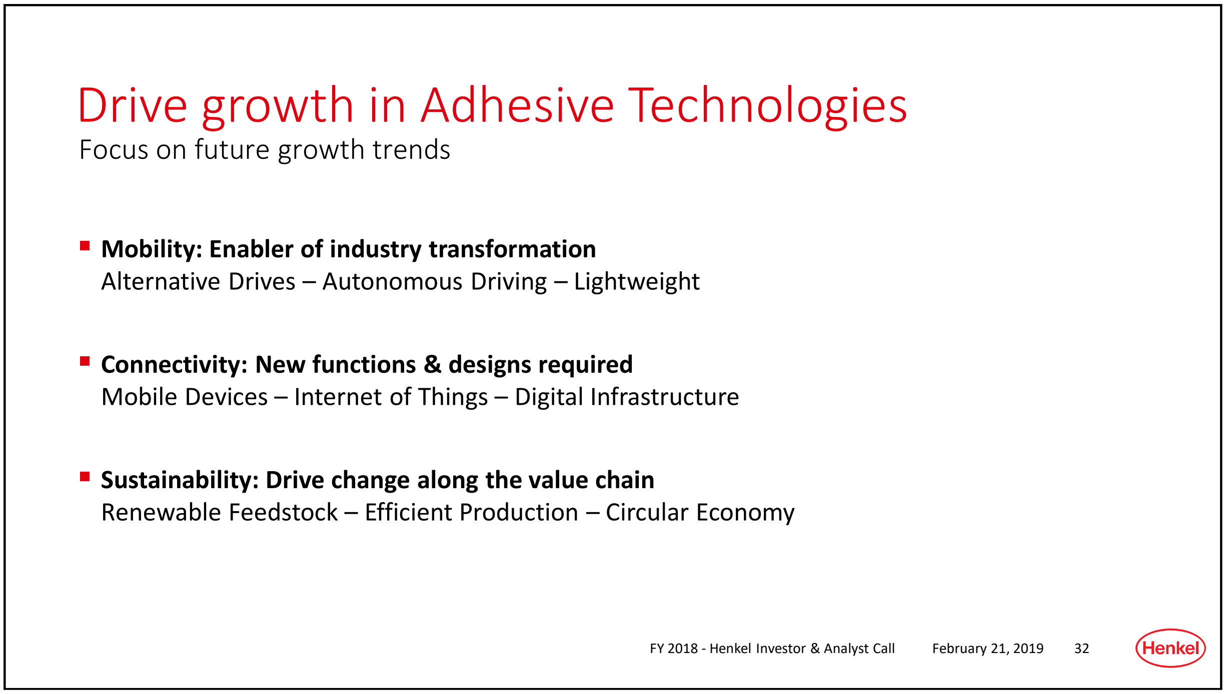
We aim to outperform in our industrial business by leveraging the scale and breadth of the Adhesive Technologies portfolio and addressing key future growth trends.

We will accelerate growth in Beauty Care Retail with targeted innovations and continue our strong momentum in Professional.

In Laundry & Home Care we will leverage our strong innovation program across major brands.

And we will invest in the next level of digitalization, specifically in digital businesses, analytics, Industry 4.0 as well as digital infrastructure and cyber security.

Today, we would like to provide more details behind some key initiatives.



In Adhesive Technologies we create value through our transformative solutions, leveraging megatrends such as Mobility, Connectivity and Sustainability. These megatrends result in plenty of growth opportunities for us, further expanding our positions in attractive markets by offering solutions addressing specific innovation trends.

Looking at the growth driver Mobility, we see, for example, a huge potential in the strong electric mobility trend, the progress in autonomous driving, and the increased use of lightweight materials.

Connectivity is another megatrend. This means for us business potential as a supplier for mobile devices, the Internet of Things, and digital infrastructure.

Thirdly, we see huge trends toward more sustainable solutions. Here, we support our customers with innovations for renewable feedstocks, an efficient production and developing towards a circular economy.

We are looking forward to explaining our approach to you in more detail at our Investor and Analyst Day on July 2nd in Düsseldorf.

Drive growth in Beauty Care

- **Drive superior growth in Hair**
  Holistic innovation plan across all Hair segments addressing key trends and target groups
- **Back to growth in North America**
  Targeted growth plan with strong initiatives in Body Care and Hair Coloration
- **Continue to outperform in Professional**
  Sustain very strong growth momentum

Moving on to Beauty Care where we see attractive growth opportunities for both, our Retail businesses and Hair Professional.

In Hair Retail we are executing on our comprehensive innovation plan addressing key trends as well as new consumer target groups.

To return to growth in the important North American market, we started implementing strong initiatives in Body Care and Hair Coloration.

And in Professional, we are confident to continue our very strong growth path with sustained market share gains.

Let me provide some more details on selected innovations with launches in the course of the first half 2019.

Drive superior growth in Hair

Selection of innovations with launch in H1 2019

Schauma – relaunch of biggest family brand

Vegan formulas with micronutrients, no silicones and parabens

Nature Box – rollout in new markets

100% natural cold pressed oils, 'free-from' formulas

OnlyLove – launch of new brand

Eco-certified formula – no ammonia, silicone and alcohol

In our Hair Retail business we are rigorously addressing the key Better-for-You trend across our major brands.

We will relaunch our biggest family brand, Schauma, the market leader in the German volume segment, with vegan formulas and new designs across Western and Eastern European markets. Our significantly improved formula is free from silicones and parabens.

Nature Box provides a complementary new target group with a premium offering in the nature segment with vegan formulas and 100% cold-pressed oils. We had a strong test launch last year and will now accelerate the growth momentum with new lines and roll-outs into new markets.

We also aim to accelerate our strong momentum in Hair Coloration, which achieved a very strong organic sales growth of more than 5% in 2018. As we speak, we're launching OnlyLove in Western European markets, our new coloration brand with an eco-certified formula free from ammonia, silicone and alcohol.

And these are only a few examples of a full-fledged innovation program we are executing across our entire Hair portfolio.

Back to growth in North America

Selection of innovations with launch in H1 2019

Dial – strong line extensions

Strong new lines in moisturizing body wash and antibacterial handwash

Keratin Color – strong new subline

Launch new Keratin Color variants for multi-ethnic target groups

got2b – expansion into new categories

New trend color offerings and extension of male line in hair care

Let me also show you some examples, which are key for us to return to growth in the North American Retail business.

First, we're executing on our target growth trend for Dial. Our Silk and Moisture body wash and antibacterial handwash line extensions build on the strong brand equity of our largest U.S. Beauty Care brand.

As you know, we are very successful in the Hair Coloration category. In the upcoming weeks, we will start the full offensive launch of new Keratin Color variants based on improved formula and specifically addressing the important group of multi-ethnic consumers.

And the third one is the expansion of our successful got2b millennial brand. Meanwhile, one of our top 10 brands globally. We will launch new trend color offerings and applications and we will also extend our Phenomenal male line into Hair Care. Outside North America, we continue to grow the brand, expanding with styling and color into 8 new markets.

Continue to outperform in Professional

Selection of innovations with launch in H1 2019

Authentic Beauty Concept – launch of premium brand

Creation of new premium vegan OTC brand with pure recognizable ingredients

IGORA Vibrance – global relaunch

Leveraging technology leadership in Hair Coloration

Launch new B2B eShop

Driving sales via convenience and end-to-end customer experiences

In Hair Professional our initiatives aim at sustaining our strong growth momentum, outperforming markets.

For example, we will launch Authentic Beauty Concept, our new premium brand with pure formulas for authentic hairstyles.

We will also relaunch the high-potential brand IGORA Vibrance, leveraging our technology leadership in Hair Coloration. The state-of-the-art moisturizing demi-permanent color comes with a new liquid formula that can turn into a gel or cream providing salons with additional service options.

Our initiatives will be complemented by the launch of our new B2B eShop, establishing 1-to-1 customer relationships and offering our customers a unique end-to-end experience, convenience, and speed. With this, we are convinced that we will be able to significantly expand our digital sales in the business.

Moving on to Laundry & Home Care.

Here, we want to continue the strong momentum in premium detergents and continue market share gains driven by a comprehensive innovation offensive of our global mega brand Persil.

We have started implementing strong initiatives to regain growth momentum and turn around our North American operations.

And in the highly profitable Home Care segment, we are leveraging our 4 blockbuster brands to strengthen our growth and expand market shares.

And here, I would like to provide some more details on selected innovations, which are coming to the market in the course of the first half 2019.

Relaunch of leading megabrand Persil

Selection of innovations with launch in H1 2019

Persil Deep Clean – global relaunch	Persil DISCS – launch of 4-chamber caps	eCommerce offensive
		
New cutting-edge Deep Clean Technology with exclusive advanced enzyme mix	Patented technology and unique enzyme blend for superior performance	Formula and packaging innovations with up to 2x concentrated formulas, SIOCs[1] for optimized logistics

1 Ship in own container

Our largest brand Persil continued to expand market share throughout 2018, delivering excellent organic sales growth of more than 8%.

To further grow our leading positions and accelerate market share gains, we are relaunching our mega brand globally, introducing Persil Deep Clean. Our new cutting-edge technology is based on an exclusive enzyme mix.

Second, we are launching major cap initiatives, the fastest-growing segment in the Heavy Duty Detergent market. The new Persil DISCS, with the first ever 4-Chamber Cap in the market, come with a patented technology and unique enzyme blend, a clear winner in consumer use tests.

We're also expanding our strongly growing eCommerce business with fully eCommerce-ready packaging and hyper-concentrated formulas to optimize logistics, better sustainability, and strong performance.

Turn around North America

Selection of innovations with launch in H1 2019

Caps offensive – win in fast growing segment

Strong caps initiatives across all price tiers: premium, mid-tier and value-for-money

'all relaunch – boost growth of largest US brand

New advanced formulas leveraging global technology expertise for #1 sensitive skin brand

Snuggle Scent Shakes – US market launch

Entry in premium fragrance segment with leading fabric finisher brand

Also in the North American market, laundry caps will be key to accelerate our growth momentum. Currently, below our fair share in the U.S. market, we have kicked off a full caps offensive across all price tiers to capture market shares. We are launching our premium Persil ProClean 4-in-1 Discs and the Purex caps in the value-for-money segment as we speak. Our strong mid-tier laundry brand 'all will complement the offering.

Also beyond caps, 'all, our largest U.S. brand and the #1 in the important sensitive segment, will be an important driver to turn around our North America operations. Leveraging our global technology expertise, we will launch new variants with new advanced formulas.

Furthermore, we are launching the new Snuggle Scent Shakes, entering the premium fragrance segments with our leading fabric finisher brand. Our new exclusive formula offers 100 days of fresh scent.

Expand Home Care to strengthen profitable growth

Selection of innovations with launch in H1 2019

Somat All-in-1 Gel – launch of next generation

Strengthen leadership in the fast growing gel segment

Bref DeLuxe – line extension

New premium line with new premium DeLuxe scents

Pro Nature – new product lines

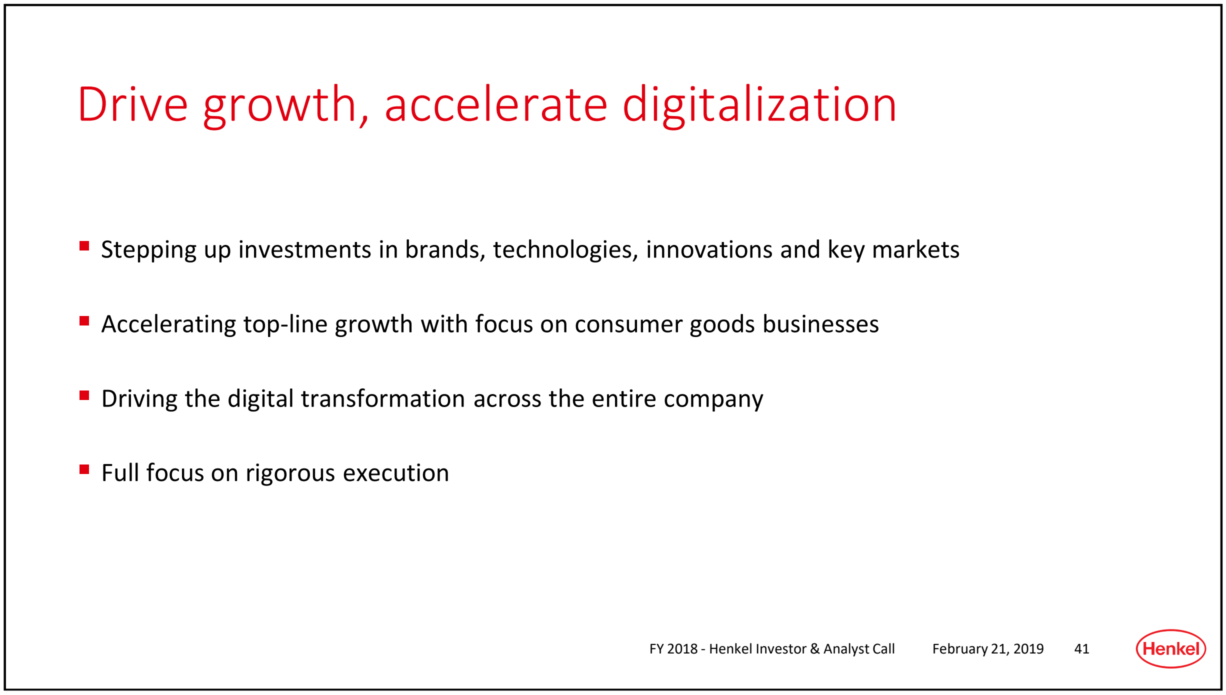
Eco-certified formulas and sustainable plastic strategy

In our Home Care business we focus on our core brands to strengthen our profitable growth path.

We will launch our superior Somat All-in-1 auto dishwashing gel for powerful cleaning in order to strengthen our leadership in the fast-growing gel segment.

Already today, we have a strong portfolio of toilet rimblocks, which are successfully distributed in 66 countries globally. We continue to roll out new Bref Scent-Switch, which got off to a very promising start and introduce further variants with DeLuxe perfumes.

Third, we are capturing the strong sustainability trend under the Pro Nature line. We will launch new variants across all our major Home Care brands based on eco-certified formulas and a sustainable plastic strategy.



Summing up, 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.

And as presented, we already started with the implementation and roll-out of important initiatives and we will continue in the coming months.

We will update you on the progress we make on all our initiatives in the course of the year. This also includes an extra Investor and Analyst Day with a focus on consumer goods, which will take place on November 14, combined with the Q3 results reporting.

Agenda

1. Key Developments 2018
2. Financials FY 2018
3. Henkel 2020+ and Targeted Growth Initiatives
4. Summary and Outlook

Let me now summarize and provide our outlook for 2019 and our mid- to long-term ambition, before we move to the Q&A.

Henkel with good development in 2018

Driven by strong global team

- Good organic sales growth with nominal sales of around € 20 bn
- Profitability and earnings improved in a challenging environment, supported by Fund Growth initiatives and synergies
- Strong Free Cash Flow and Balance Sheet, continued focus on shareholder value creation

Our good performance in 2018 was driven by our strong and passionate global team. Our people are key to deliver on our ambitions.

We achieved good organic growth and recorded nominal sales of around EUR 20 billion despite significant currency headwinds. In this challenging environment, also characterized by direct material price pressure, we improved profitability and earnings. Major drivers of these improvements were our Fund Growth initiatives and synergies.

And we kept our focus on strong cash management, improving our Free Cash Flow and balance sheet. Focusing on shareholder value creation, we will propose a record dividend to the Annual General Meeting and we will also increase the target pay-out ratio for our dividends from fiscal 2019.

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 our strong foundation, 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.

We generate profitable growth and attractive returns.

We continue to become more customer-focused, more innovative, and more agile.

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

Moreover, we promote sustainability across the entire value chain.

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

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

Our commitment to sustainable profitable growth and attractive returns is also reflected in our 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 percentage adjusted EPS growth at constant currencies.

We will continue to focus on a 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.

Current market environment

Mixed market dynamics with ongoing negative effects 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

In the short term, and I'm now coming to our outlook 2019, 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 ongoing price and promotion pressure, especially in key Mature Markets, will persist.

While we overall expect lower currency effects in 2019 compared to the previous year, we anticipate that they will remain a headwind in the low single-digit.

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

Guidance 2019

	Henkel Group	
Organic Sales Growth	**2 - 4%** All Business Units within Group range	
Adjusted EBIT Margin	**Henkel Group**	**16 - 17%**
	Adhesive Technologies	18 - 19%
	Beauty Care	15 - 16%
	Laundry & Home Care	16.5 - 17.5%
Adjusted EPS (constant currencies)	**Mid single digit % below PY**	

Our outlook for 2019 takes this environment into account and reflects the increased investments of EUR 300 million in brands and technologies and innovation and digitalization.

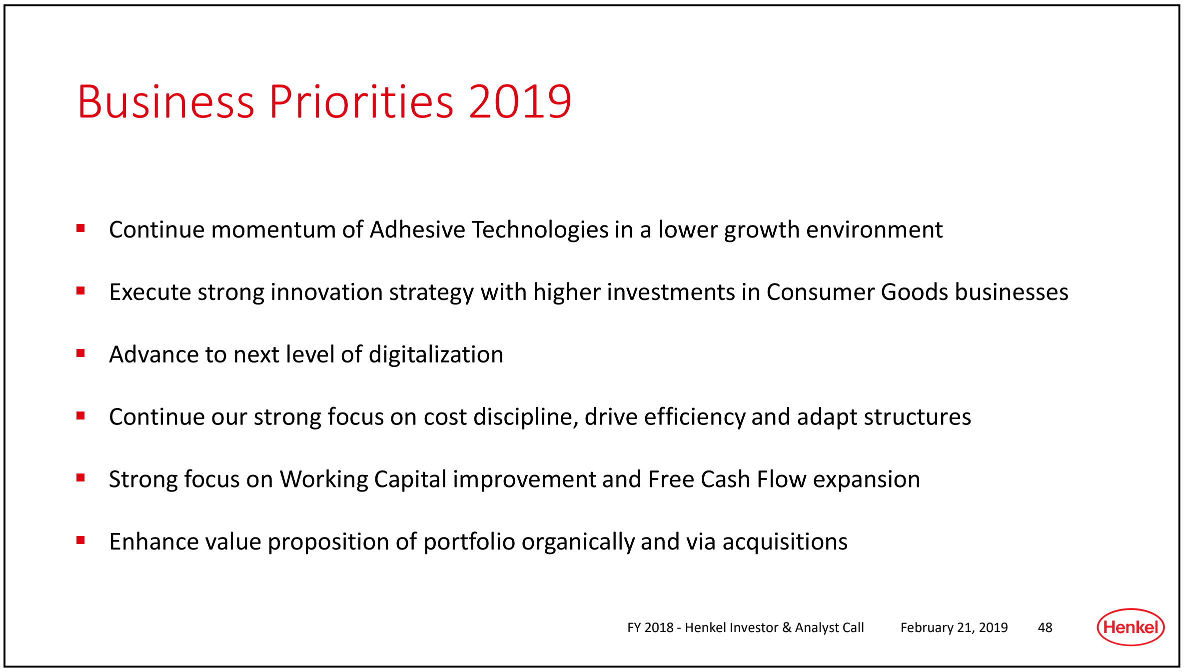
While we expect to realize first benefits from our initiatives on the top-line already in 2019, both, the Adjusted EBIT as well as adjusted EPS, will be affected by the increased spending levels.

For 2019, our guidance is as follows:

We aim to generate organic sales growth of between 2% and 4% with all business units within this range.

We expect an Adjusted EBIT margin between 16% and 17% for the Group. For Adhesive Technologies we expect an Adjusted EBIT margin between 18% and 19%, for Beauty Care between 15% and 16%, and for Laundry & Home Care between 16.5% in 17.5%.

We expect the adjusted EPS to be in the mid single-digit percentage below prior year at constant currencies.



Based on the key strength 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 breadth of our portfolio.

We will execute our strong innovation strategy with higher investments in our consumer goods businesses.

We will advance to the next level of digitalization.

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

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

And we will enhance the value proposition of our portfolio organically and via acquisitions.

Let us know move on to the Q&A.

Q&A Session (p. 1/4)

Question: I have 2 questions. First is regarding the EUR 300 million investment. Could you give us a time pattern during 2019 when you are intending to invest this EUR 300 million? Is it more at the beginning or back end-loaded? And the other question goes a little bit the same. Could you give us some kind of pattern regarding organic growth on a group-wide level? If there is also back end-loaded growth? Because in Q2 you will face obviously a high bas. And a similar question is regarding then the EBIT margin. The guidance you gave for the year, is this also more back end-loaded?

Hans Van Bylen, CEO: Thank you, for your questions. In fact, both questions come together in a way that your question is more on the phasing of the year. As presented, we kicked off a lot of launches already now as we speak, and of course, we are building up distribution. So, concerning marketing investments, part of that will be linked to the build-up of distribution. The digital investments will be spread throughout the year. Concerning growth expectations, what is clear is that Adhesive Technologies - you also have been seeing the high comparables of the first half - we think it will be more growth accelerations to the second half. And Carsten, I don't know what we can still add on that?

Carsten Knobel, CFO: Yes, what we see is that in terms of phasing, we expect the lower organic growth momentum in the first half year of 2019 considering the continued weakness in some of our key industries. But in the beginning of the year, that is related to Adhesive Technologies. And as you already pointed out, the higher comparables. Especially in Q2, we anticipate our organic sales growth to accelerate in this respect more in the second half of the year. But overall, you know that we are not guiding for quarters. So overall, we are committed to what we have given as a guidance. But as I explained before, it's more what I said before. I hope that is okay.

Question: My first question is regarding Laundry & Home Care volumes, which were under pressure in the 4th quarter. Could you elaborate where is this coming from? And to which extent there has been an impact from price acceleration or volume decline because of market share? So if you could elaborate on that? And what should we expect in terms of further pricing in this division in 2019, because we've already seen a big acceleration in Q4. My second question is relating to gross margin. You mentioned that it was positive for the Adhesive Technologies in Q4. So it would imply that it was down quite substantially for Laundry & Home Care in the 4th quarter. Could you give us the moving parts of that? And should we infer from your Q4 performance that gross margin will be under pressure for the full year of 2019 as well?

Hans Van Bylen, CEO: Concerning Laundry & Home Care your question on Q4, we had, indeed, quite a good pricing of 4% and then, as you indicated, slightly negative volumes. I mean, those negative volumes mainly came out of Western Europe. It has to do, of course, with the balance between pricing and volume. On the other hand, we saw that our latest shares of the year, market shares, were quite good in general, especially in Europe. So somewhere, we continue to try to find the right balance in that.

Carsten Knobel, CFO: Your question regarding gross margin in Q4. Yes, as already indicated and as already repeated by you, in Adhesive Technologies, slightly better in Q4, thanks to the continued price measures. As you know, I said we had in Q3 3.6%, and now in Q4 3.8% in prices bringing to our customers. In Beauty Care and Laundry & Home Care especially the direct materials and the FX transactional effect played a significant role. The point behind is, as you know, we don't buy feedstocks directly, but derivatives. And the changes in the feedstock prices impact our P&L with a specific delay, as we already indicated between 3 and 6 months. And overall, the feedstock prices have rallied until the end of the 3rd quarter. And by that, we have seen or are seeing a significant impact in terms of price and transactional effect in the 4th quarter.

Question (follow-up): Could you just elaborate? So in terms of pricing as we go into 2019, should we see this momentum continuing?

Carsten Knobel, CFO: We are not guiding on the price and volume split, but I think we have shown over the last couple of years that we're always trying to find a good balance between price and volume. And for sure, especially also on the price increases, which are hitting our consumer business, we're also trying for sure to bring that into execution.

Question: Is the higher working capital in Adhesive Technologies related to a slowdown in demand? And if that is so, how much of a potential demand slowdown is Transport & Metal related? And then my second question, can you walk us through the evolution of Persil Pro market share brands in the U.S.?

Hans Van Bylen, CEO: Thank you, for both questions. Carsten, Net Working Capital. I think you can give a little bit more flavor on that.

Carsten Knobel, CFO: Yes, I can. So, for Net Working Capital, yes. Adhesive Technologies came in higher with 11.8%. That's an increase of 110 basis points and this is mainly a result of higher inventory levels. The major driver was the build-up of safety stocks for specific production shifts related to new production sites in the Emerging Markets in India and Turkey, which are quite significant sites in terms of volume and size, and the preparations of the system go-live for some of our businesses. You know that we are doing the ONE!GSC rollout and we went live in January 1 with the last part in North America. And these were the main reasons for the increase in Adhesive Technologies. And for sure, at the end you see also that the OSG, when you look at percent of sales, came in a little bit lower in Q4 than we have been used to in the quarters before. So also a kind of a technical effect when express in percent of sales. But the main reason is the inventory levels and the combination of production shift and system go-live.

Question (follow-up): So, nothing related to a slowdown in demand in automotive, for example?

Carsten Knobel, CFO: Yes, a little bit for sure also, but I think that's clear. We were normally used in the Adhesive Technologies business throughout the year 2018 to organic growth rates between 4% and 5%. And if you see then a 2.1% in Q4, for sure there is also a slight impact on that. But you have asked for the major impact and the 110 basis points increase is related to the 2 points I made before: production related and system go-live of ONE!GSC.

Hans Van Bylen, CEO: And then on your question on market shares of Persil. In general, in Laundry & Home Care, our global shares were almost stable, and as you know, we have been communicating on that. U.S. had a negative development with other regions winning. Western Europe had a strong market share development. On Persil, your specific question, even within the U.S., Persil, as I indicated, had a fantastic year with 8% organic growth. And in U.S., despite the overall challenge, the brand Persil itself was the brand, which continued to win shares also. So on that one, despite all the challenges in the U.S., some quite good market share development for this brand.

Question: Two questions from me. Firstly, just on the relaunches and the innovation pipeline in Consumer this year, could you give me an idea of the percentage of your Consumer sales where you're actually going to be relaunching brands? And in terms of the relaunches and innovations, at what stage this year you expect them all to be in market? And if you see an execution risk associated with that extent of product relaunch? And then just, secondly, just a housekeeping one on corporate costs, which I think spiked up a bit in the 4th quarter. Just wondering if there is a run rate going forward?

Hans Van Bylen, CEO: Thank you, for both questions. Let me take the first question on the implementation of our innovation offensive. Your question on percentage, the relative effect for both businesses, for both, Beauty Care and Laundry & Home Care, we have a so-called innovation rate of around 40%. And this is defined within a period of 3 years renewal of portfolio. What now we have enhanced is, that if we would make it much shorter term, look at the year 2019, how we plan it, we will be a little bit higher on this. So, we have intensified quite heavily the number of activities, depending also on the categories. For example, if we talk about Hair Care, a category in which, as you know, we are challenged, we see further growth potential. We are relaunching nearly all brands and all activities. On Hair Coloration, for example, a business, which is doing well, we focus on new brands. But all in all, our 40% innovation rate in 2019 will be a little bit more intensified in the execution. Then coming to execution, of course, we put it as 1 sentence on the chart, but it is as important as the initiative itself. It's now the full focus on execution. And you can be sure that both, in Laundry & Home Care and in Beauty Care, the teams are extremely sharp now to have a full dedication in having full distribution for their activities, also a lot of in-store activities, also digitalization, which comes on top. So, this is now in full focus for both divisions. We feel confident that we have a very strong pipeline and we are now in full launch and this looks good. Trade acceptance is very good, and now, we really focus on having it fully executed and then also supported.

Carsten Knobel, CFO: Your question to the corporate costs. I fully understand your observation, but let me put the thing in perspective. If you look at the full year, the corporate EBIT line has positively developed from EUR 126 million in 2017 negatively to minus EUR 112 million in 2018. I think the point is that this line can really significantly fluctuate from quarter to quarter for seasonal reasons in terms of cost overruns, but also for specific effects. You know that we also have said that we are putting digital investment into place. Whenever these digital investments are related to the group and not to specific business units, then we allocate them also to the corporate line and that, for example, had an impact in Q4. But I think, overall, if you look on a year perspective, that's first of all, a positive development and secondly, no indication for 2019.

Question (follow-up): That's great. Just a follow-up just on the innovations and the product launches. So I mean, you're saying you're making kind of good progress, but is it is fair to say that they will all be in market by H1?

Hans Van Bylen, CEO: To be clear, I mean, everything which I presented is all executed as we speak. So they will all be in market in H1, first half. And we have even on top measures, which today, I did not present so that also Q3, Q4, we will continue to implement further activities.

Question: Two questions from me. The first one is on your regional performance. I was wondering if you could provide more granularity on your performance in Emerging Markets excluding the Asia Pacific region. Because if I aggregate LatAm, Africa/Middle East, Eastern Europe, I get almost 11% organic sales growth in Q4. So in other words, more than 100% of your growth in Q4 was led by these Emerging Markets ex Asia Pacific. So, I was wondering what is driving this acceleration? Is it inflation-led pricing, share gains, easy comps? And do you think it's sustainable into 2019? And then my second question is on margins in Adhesive Technologies. It looks like the vast majority of your margin expansion this year was led by the Adhesives for Consumer, Craftsmen and Building. What's happening in that division? Is it down to the strategic pricing you implemented in Q3 or anything else?

Carsten Knobel, CFO: Very short on your second question, yes. It is related to the strategic pricing initiatives we are executing, which is helping on the margin side.

Hans Van Bylen, CEO: And on your first question. You indicated, indeed, the combination of reasons, which have generated that growth. Indeed, it is a combination of strong activity, we win market share, also partly inflation, as you indicated, pricing. And on your question, which, whether an 11% will continue in that region. Of course, double-digit growth in those regions is not planned to continue that way, but what we do plan is that we continue that our growth markets will overproportionally deliver to our growth ambition. But all the points you indicated are, indeed, the ones which have been generating that growth.

Key points you heard from us today

- Henkel with good performance in 2018
- Clear business priorities for fiscal 2019 to reinforce growth momentum
- Outlook for 2019 reflecting higher growth investments while maintaining high cost discipline
- Committed to long-term sustainable value creation and attractive returns

Hans Van Bylen, CEO:

Dear Investors and Analysts,

again, thank you very much for your questions and I would like to summarize the key takeaways we want to convey to you today.

Henkel had a good year 2018 despite significant currency and direct material headwinds.

We have clear business priorities defined for fiscal 2019 to reinforce our growth momentum.

Our guidance 2019 reflects these high-growth investments while maintaining high cost discipline.

We are strongly committed to long-term sustainable value creation and attractive returns, reflected in our mid- to long-term financial ambitions.

Upcoming Events

- April 8, 2019 — Annual General Meeting
- May 7, 2019 — Q1 2019 Earnings Release
- July 2, 2019 — Investor & Analyst Day Adhesive Technologies
- August 13, 2019 — Q2 2019 Earnings Release
- November 14, 2019 — Q3 2019 Earnings Release & Investor & Analyst Day Consumer Businesses

Last, but not least, please be reminded of our upcoming events.

Let me highlight that we will hold our Investor and Analyst Day for Adhesive Technologies on July 2 at our headquarters in Düsseldorf.

And please block your calendars for another event later this year.

As announced, on November 14, we will present the Q3 results and the management teams of both, Beauty Care and Laundry & Home Care, will also update you on our performance and strategy in both business units and provide the status and results of our key initiatives to accelerate our growth momentum.

Thank you, again, for listening in, and goodbye.

Thank You

FY 2019: Additional input for selected KPIs

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

Broad-based FX headwinds in full year 2018

Top 10 non-€ countries[1], FY FX development[2]

[1] in order of 2018 group revenue share
[2] vs. Euro; FY 2018 avg. exchange rate vs. PY (Source: ECB), depreciation in red, appreciation in green

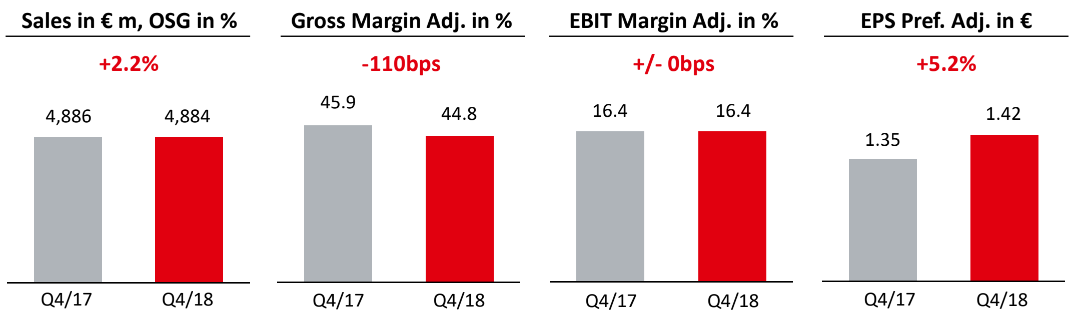
Key developments

- Currency headwinds of ~€ 1.1 bn (-5.4%) on top-line in full year 2018
- All of Henkel's top 10 non-€ currencies depreciated vs. the Euro
- Key Emerging Market currencies with high volatility and negative impact on results
- US-Dollar also posed headwind in full year, despite turning to a slight tailwind from Q3

Key Financials Q4 2018

Q4 2018 Key Financials

Good organic growth and stable margin despite continued headwinds

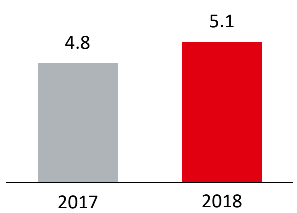


Q4 2018 Key Financials

Focus on disciplined cash management

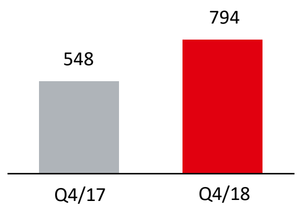
NWC in % of Sales

+30bps



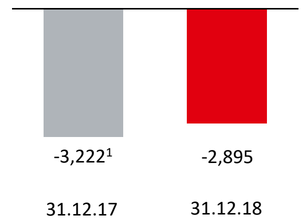
Free Cash Flow in € m

€ + 246 m



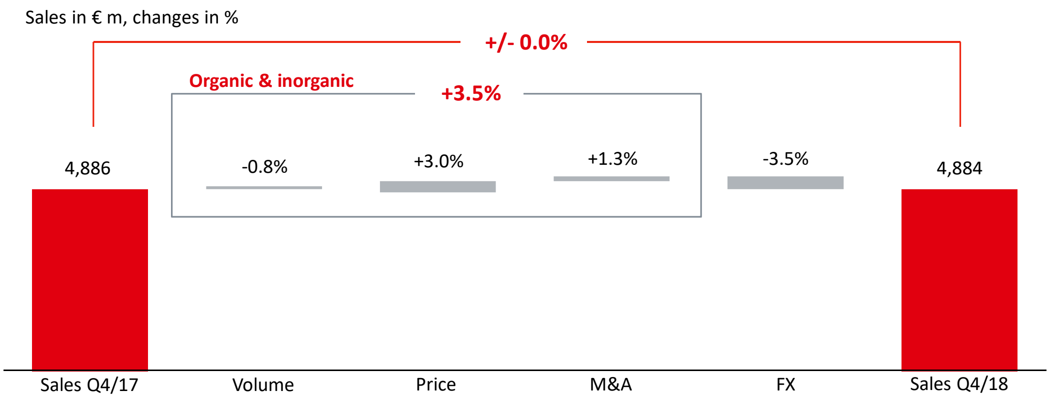
Net Financial Position in € m

€ + 327 m



[1] Prior-year figures amended

Topline growth impacted by currencies



Emerging Markets driving growth

Q4/2018

North America	Western Europe	Eastern Europe
-1.6%	**+0.2%**	**+7.5%**
€ 1,291 m (26%)	€ 1,435 m (29%)	€ 679 m (14%)

Latin America	Africa/Middle East	Asia-Pacific
+12.2%	**+19.8%**	**-3.6%**
€ 309 m (6%)	€ 324 m (7%)	€ 812 m (17%)

Emerging Markets: **+6.1% to € 1,981 m, 40% of Group Sales**
Mature Markets: **-0.7% to € 2,868 m**

OSG in %
abs. in € m
(share of total)