Henkel Q2 2019

Hans Van Bylen, Carsten Knobel
Düsseldorf, August 13, 2019

Henkel

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Earnings Conference Call Q2 2019, August 13, 2019

Henkel representatives
Hans Van Bylen, Henkel, CEO
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& Investor Relations Team

Hans Van Bylen, CEO:

Dear Investors and Analysts, good morning from Düsseldorf, and welcome to our earnings call for the second quarter of 2019.

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

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

Agenda

1. Key Developments Q2 2019
2. Financials Q2 2019
3. Outlook FY 2019 & Summary

Today, I'm going to lead your firstly through the key developments in the second quarter of 2019.

Then Carsten will comment the detailed financials for the quarter.

After that, I will close my presentation with the guidance for fiscal year 2019 and our focus areas for the remainder of the year.

And finally, Carsten and I will take your questions.

Mixed performance - key measures to accelerate

Robust performance of Adhesive Technologies in weakening market environment

- Continue to proactively manage through industrial cycle – Capture growth opportunities

Beauty Care disappointing with ongoing weakness in Mature Markets and China

- Accelerate growth investments – Sharpen organization with more responsibilities in the regions
  Adjust China go-to-market model – Review category / country portfolio

Good performance of Laundry & Home Care supported by growth initiatives

- Progress upgrading portfolio and execute strong innovation strategy with increased marketing support

Before we get into the details, let me start right away with my overall assessment of the performance in our business units as well as our key takeaways and action points to accelerate.

You have all seen the numbers and our updated guidance. Let me be clear, we are not satisfied with these results, but equally, let me assure you that we are fully focused to ensure we will deliver and accelerate going forward.

You are all aware of the weak industrial environment and softening outlook on the second half 2019. In this market context, Adhesive Technologies has delivered a robust performance. Despite top-line pressures, we have been able to improve profitability in a challenging market environment and with geopolitical and economic risks high, we remain focused on leveraging the strength of our portfolio and business model, and we continue to proactively manage through this industrial cycle.

Beauty Care Retail was significantly below our expectations. We are particularly disappointed by the slow recovery in key mature markets and also our performance in the China Retail business. We remain strongly focused on executing our growth initiatives, further accelerating our investments in the coming quarters. Additionally, we sharpen our organization, giving more responsibilities in terms of design, development and implementation to the regions to further strengthen our customer and consumer focus. In China, we will adjust our local go-to-market model. In this context, we will also review the entire category/country portfolio of Beauty Care. And finally, we work hard to continue the strong performance of our Professional business.

Laundry & Home Care achieved a good top-line development and accelerated investments behind our growth initiatives in the second quarter, which as expected, has been affecting profitability. But also here, we are convinced that we can improve our performance. Our top priority is to continue upgrading the brand portfolio and to execute our strong innovation strategy supported by increasing marketing investments.

With this, we are convinced that we have the right measures to master the challenges in Adhesive Technologies and to accelerate our performance in our consumer businesses.

Persisting macroeconomic challenges

Q2 2019

Slower industrial production growth

Continued weak IPX with some industry segments negative, outlook softening

Mixed currency environment

Pressure from EM currencies only partially compensated by strong USD

Intense HPC markets

Competitive / retail environment remains intense, especially in Western Europe

Easing commodity headwinds

Reducing direct material price pressure, outlook remains uncertain and volatile

Let me continue with an overview on key macroeconomic developments, which impacted our businesses in the second quarter 2019. The challenges in the market environment we had experienced in the first quarter continued. Geopolitical and economic risks remain high with trade tensions persisting.

As expected, industrial production growth remained weak with some key segments, such as Automotive and Electronics displaying a negative growth rate. Other than originally anticipated by most market participants, the outlook for the full year further softened. While back in May, recovery of industrial production in the second half was widely expected, this is not anymore the case mainly due to continuously high geopolitical and economic risks. Here, the persisting trade tensions are particularly unhelpful.

The consumer goods markets continue to develop positively in many categories. However, the competitive environment remained intense. We continued to face high price and promotion pressure and difficult retail conditions in key mature markets, especially in Western Europe.

Looking at currencies, we see mixed developments. Key emerging market currencies devaluated against the euro, some even to a significant extent. The U.S. dollar continued to appreciate though against lower comparables.

Regarding commodity prices, as indicated in the past, we start seeing pressure from direct material prices easing. However, prices in total were still a low single-digit percentage higher than in the previous year's quarter.
In the current macroeconomic environment, the outlook remains uncertain and volatile.

Key developments in Q2 2019

Sales	Organic Growth	Adjusted EBIT	Adjusted EBIT %	Adjusted EPS Growth[1]
€ 5.1 bn	-0.4%	€ 846 m	16.5%	-9.5%

- Nominal sales almost on par with previous year, affected by slightly negative organic sales development
- Robust performance of Adhesive Technologies underpins strength of portfolio and business model
- Beauty Care significantly impacted by slower recovery in Mature Markets and continued de-stocking in China
- Good performance of Laundry & Home Care, strongly driven by businesses in Emerging Markets
- Adj. EBIT Margin impacted by increased investments and direct material price pressure
- Adj. EPS below previous year, down by high-single-digit percentage at constant currencies

[1] At constant currencies; per preferred share

In this challenging market environment, Henkel recorded a mixed set of results in the second quarter 2019.

Our sales amounted to EUR 5.1 billion, almost on par with the prior year quarter. Currencies had a slightly negative effect, while M&A contributed positively to our sales. Overall, we recorded an organic sales development of minus 0.4%.

Adjusted EBIT came in at EUR 846 million, corresponding to an adjusted EBIT margin of 16.5%, which is in line with our full year expectation. Compared to the previous year, the margin in the second quarter reduced by 150 basis points. The main drivers of this development were, as expected, higher investments in marketing and sales support and pressure from increased direct material prices. These effects were partially compensated by our pricing initiatives and continued strong cost management focus.

At constant currencies, adjusted earnings per preferred share decreased by 9.5%.

Adhesive Technologies

Key Performance Indicators Q2 2019

Sales	Organic Growth	Adjusted EBIT	Adjusted EBIT Margin
€ 2.4 bn	-1.2%	€ 469 m	19.3%

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

The business unit continued to be impacted by the weak industrial production growth in the second quarter and recorded a slightly negative organic sales development of minus 1.2%. This was in particular due to our Automotive and Electronic businesses.

The adjusted EBIT margin came in at 19.3%, equivalent to an improvement of 30 basis points versus the prior year level. This strong performance was driven by our continued strong pricing measures, which more than compensated the slight headwinds from direct material prices as well as negative effects from lower volumes and transactional FX effects.

Adhesive Technologies

Highlights Q2 2019

- **Paper Solutions**
  Very strong growth with novel sustainable solutions for eCommerce markets
- **Aerospace**
  Double-digit growth with high-performance solutions for aircraft manufacturers
- **Flexible Packaging**
  Very strong growth in emerging markets through close partnerships with key accounts

I would like to highlight some examples of important business areas, which achieved a strong performance and positively contributed to the development of Adhesive Technologies.

In our Paper Solutions business, we achieved very strong growth with sustainable innovations for e-commerce markets. These include, for example, our specialized adhesives, which enable our customers to replace plastics in mailers. The now fully recyclable products have been successfully launched together with a key customer in selected regions.

In our Aerospace business, we achieved double-digit growth, driven by our high-performance solutions for aircraft manufacturers. And with the recent opening of our new production facility in Montornès in Spain, we are significantly increasing our capabilities and capacities to support our customers responding to major industry trends, such as lightweight and automation.

In the Flexible Packaging business, we achieved very strong growth, driven by our long-standing partnerships with our customers. Our high-impact solutions support brand owners and manufacturers to enhance safety and sustainability in food packaging and to fulfill increasing regulatory requirements.

Beauty Care

Key Performance Indicators Q2 2019

Sales	Organic Growth	Adjusted EBIT	Adjusted EBIT Margin
€ 1.0 bn	-2.4%	€ 122 m	12.2%

Schwarzkopf Dial syoss

Moving on to Beauty Care.

As I said right in the beginning, we are clearly disappointed by the weak organic sales performance of minus 2.4% in the quarter.

Yes, our newly launched brands and innovations delivered first positive results, and in Hair Professional we achieved another quarter with strong top- and bottom-line performance.

Nevertheless, these positive developments were outweighed by the weak performance in the Retail business in our largest regions, Western Europe and North America as well as China. In Western Europe and North America, the recovery was slower than anticipated and in both regions, we recorded a negative organic sales performance. And in China, Beauty Care was impacted by continued destocking.

The adjusted EBIT margin of Beauty Care came in at 12.2%, significantly below the prior year. This was mainly due to the weak top line developments and as announced, increased investments in marketing and sales support to fuel future growth as well as continued headwinds from direct material prices.

Beauty Care

First initiatives across hair categories with good progress

Successful initiatives in Coloration & Styling

Increasing global market shares in both Hair Coloration and Hair Styling

First initiatives launched in Hair Care

Signs of improvement in European Hair Care business

Ongoing portfolio upgrade

New nature brands Nature Box and N.A.E. holistically addressing "Better-for-You" trend

Despite the disappointing numbers, we see some indications that our growth initiatives are already supporting our business performance.

Looking at our Hair business, which is one of our key priorities, we have executed strong initiatives in Coloration and Styling. As a result, we have been able to further expand our market shares in both categories on a global level.

Also in Hair Care, we have launched the first initiatives, for example, with the relaunch of Schauma, the market leader in the German volume segment, with vegan formulas and new designs as well as new variants launched under our Syoss brand. In our European business, we have seen first positive signs, but overall, we have not yet achieved the necessary turnaround.

At the same time, Beauty Care continue to upgrade its portfolio, holistically addressing the better-for-you trend with the introduction and consistent rollout of the new nature brands. Nature Box has meanwhile been launched in 16 countries. And in Germany, it is outperforming competing premium hair care brands in market shares.

Beauty Care

Promising start of initiatives in North America, challenges in body care continue

Body Care turnaround not yet achieved

Dial recovering, small brands with challenges

Double-digit growth of got2b Styling

Successful innovations in male segment and further roll-outs

Gains with US Coloration portfolio

Expansion of US market shares thanks to Keratin and got2b Color

Also in North America, we have been driving our growth initiatives across categories.

In Body Care, however, we are still facing challenges with the smaller brands in our portfolio. In contrast, our main brand Dial is recovering. With our point of sale velocities steadily increasing and new innovations successfully launched, the teams are working hard to accelerate the positive development of Dial and turning around the performance in Body Care overall in the coming months.

In Styling, our key brand got2b delivered a continuously strong momentum with double-digit sales growth, driven by innovations in the male segment as well as further distribution expansions.

We're also seeing a strong market performance of our Coloration portfolio gaining market shares with our key brands Keratin and got2b Color.

Beauty Care

Professional with continued growth in mature, emerging and digital markets

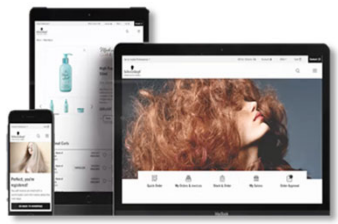
Successful innovation offensive

Strong performance in all categories across Mature and Emerging Markets

Launch of additional premium brands

Incremental brand launches Authentic Beauty Concept and “tbh”

Fast growing digital sales



Double-digit growth with new state-of-the-art B2B ePlatform

Finally, on to the Professional business, which achieved another quarter of strong growth.

Thanks to our innovations and successful base business, Professional delivered a strong performance across categories and regions and outperformed its markets.

In the second quarter, the launch of additional premium brands has contributed to this development, further premiumizing the portfolio with new brands, such as Authentic Beauty Concept and true beautiful honest.

Digital sales in the Professional business increased in the high double digits, thanks to our new state of the art B2B ePlatform, which was launched at the end of Q1 and which is enabling our hairdressers to drive sustainable growth via speed, convenience and personalized end-to-end customer experiences.

Before moving on to Laundry & Home Care, let me also highlight that we closed our investment into eSalon, acquiring a majority stake in the company. eSalon will further strengthen our leading hair coloration business by offering individual customized products for at-home application.

Laundry & Home Care

Key Performance Indicators Q2 2019

Sales	Organic Growth	Adjusted EBIT	Adjusted EBIT Margin
€ 1.7 bn	+2.0%	€ 279 m	16.8%

Concluding the business unit overview with Laundry & Home Care.

The business unit achieved good organic sales growth of 2% in the quarter, strongly driven by our activities in emerging markets, which achieved double-digit growth year-on-year. In contrast, mature markets recorded a negative development.

From a category point of view, the organic performance was driven by a very strong growth in Home Care, while Laundry Care was roughly flat. Persil achieved another quarter with significant growth. However, our North American business was below the prior year quarter, mainly due to the shelf replenishment effects in Q2 2018.

Laundry & Home Care recorded an adjusted EBIT margin of 16.8%, 110 basis points below the second quarter 2018, within the expected full year range. While our gross margin was largely flat in the quarter, this development was - as anticipated - particularly due to higher investments in marketing and sales supporting our initiatives.

Our performance in Laundry remains good and we are focused on further accelerating that for the second half of 2019 and beyond.

Laundry & Home Care

Strong Persil initiatives in execution across regions

Persil Deep Clean – global relaunch

Distribution build-up almost completed in >30 countries, strong commercial activation

Persil DISCS – launch of 4-chamber caps

Launched in North America and start of roll-out in Europe

eCommerce offensive

Dedicated eInnovations launched in Europe and North America delivering double-digit growth in H1

Also for Laundry & Home Care, let me update you on the status of our growth initiatives. Let's start with our mega brand Persil, which once again had a strong quarter with significant organic sales growth in Q2.

We have started the global relaunch of our new Persil Deep Clean concept. Meanwhile, the product is available in more than 30 countries with the distribution build-up almost completed. We have started with the commercial activation and are stepping up our communication with consumers.

In the key growth segment of single-unit dose applications, we have launched our unique Persil 4-chamber DISCS. Following a successful start in North America, we have continued the roll out in Europe in the end of Q2, now ramping up further.

And, being one of our key priorities, we're strengthening our digital businesses with dedicated e-commerce initiatives, having launched, for example, higher concentrated formulas and e-commerce-specific ship-in-own-container formats. Overall, digital sales continue to grow clearly in the double-digits in the second quarter.

Laundry & Home Care

Caps offensive in North America across brands and price tiers

Persil Pro Clean DISCS	Completely new 'all set-up	Caps in new price tiers
		
Launched in May and with increasing shelf rotation, communication throughout H2	'all relaunch and new Duo-Caps fully distributed in the market, media support throughout the year	"Value-for-Money" caps segment entered with Purex

In the North American Laundry business, we continued to work on our turnaround executing on our key priority to significantly expand our activities in the fast and growing caps segment.

The new Persil ProClean 4-chamber DISCS, which have been launched in the market in May supported by a strong media plan, is gaining momentum. We can already see increasing shelf rotation of this innovation.

As part of the relaunch of our largest U.S. brand 'all in Q2, we have also introduced new Duo-Caps in this mid-price tier segment, which are now fully distributed in the market.

And finally, we have entered the caps segment, also with our value-for-money brand Purex.

Laundry & Home Care

Home Care with successful and profitable innovations

Premium innovations further driving profitability

Establishing higher price points with differentiating innovations

Automatic dishwashing growing further

Innovative Somat All-in-1 Gel launched across Europe, new premium variant 'Excellence' launched in Germany

Pro Nature: Strong and consumer relevant

Roll-out of subline into toilet care and insecticides category

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Finally, our Home Care business, which is enjoying very strong growth dynamics.

With Bref Scent Switch, we have successfully established a premium innovation in the Toilet Care market, achieving higher average price points with positive effects on profitability.

In the automatic dishwashing category, we launched our innovative All-in-1 gel across Europe as well as new a premium variant Somat Excellence in Germany.

And finally, building on sustainability, we rolled out our Pro Nature subline into Toilet Care and insecticides to capture further growth opportunities.

And with this, I hand over to Carsten to comment the detailed financials of the second quarter 2019.

Agenda

1. Key Developments Q2 2019
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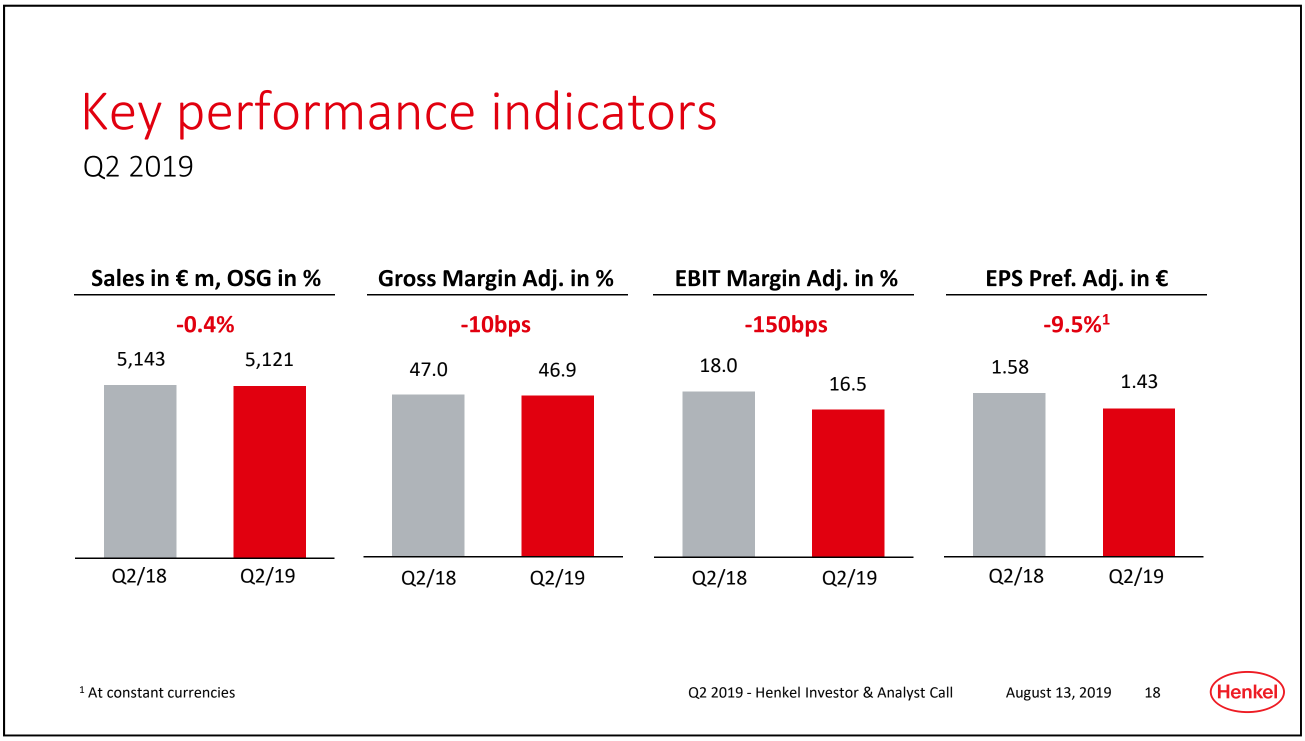
Carsten Knobel, CFO

Thank you, Hans. And also from my side, good morning to everyone.
Let us now have a closer look at the financials of the second quarter 2019.



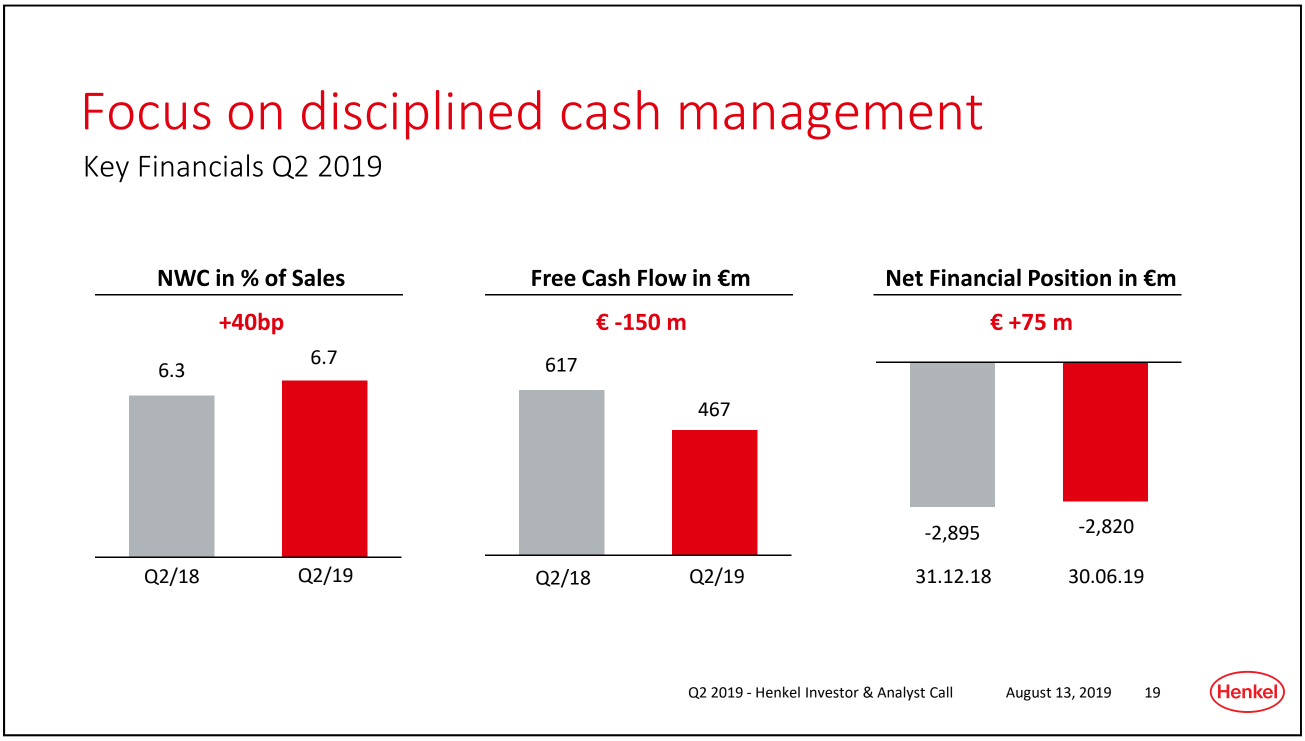
And starting here with our key performance indicators.

Our sales amounted to EUR 5,121 million and with that, 0.4% below the prior year, both nominally and organically.

The adjusted gross margin at 46.9% was almost on par with the prior year quarter, thanks to lower headwinds from direct materials prices nearly compensated by further successful pricing initiatives, especially in our Adhesive Technologies business as well as our efficiency measures.

The adjusted EBIT margin amounted to 16.5%, 150 basis points below the prior year quarter level where we reached 18.0%.

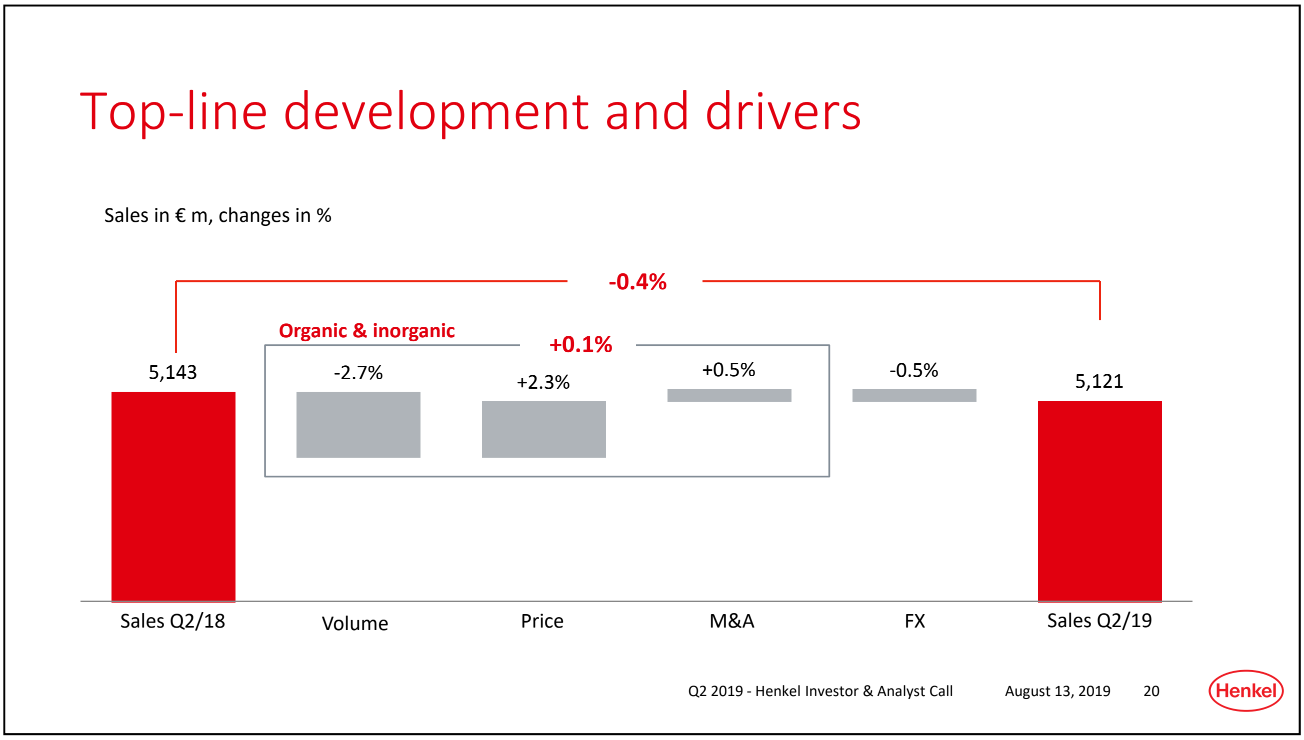
And finally, we recorded adjusted earnings per preferred share of EUR 1.43, and this corresponds to a decline of 9.5%, also here both nominally and at constant currencies.



Looking at our cash KPIs and starting with net working capital. The net working capital in relation to sales increased slightly to 6.7%, up 40 basis points versus the prior year quarter, mainly driven by higher inventories and lower account payables, but I will give you some more details later during the presentation.

We recorded a strong quarterly free cash flow of EUR 467 million, which was below the previous year, mainly due to positive effects from changes in pension obligations in last year's Q2.
Thus, already after 6 months, our free cash flow outgrew the record dividend payment totaling about EUR 800 million, which we paid to our shareholders in April 2019.

And as a result, our net financial position improved by about EUR 75 million, ending the quarter at a robust number of minus EUR 2.8 billion.

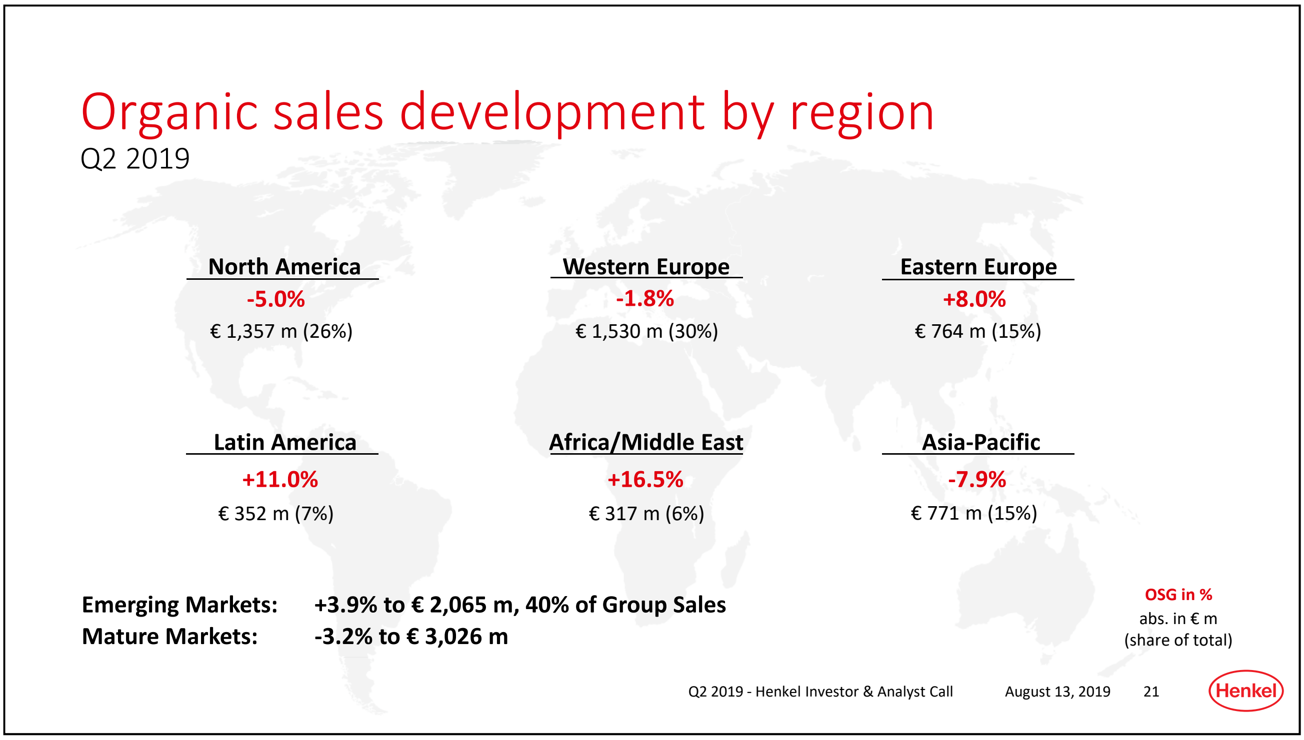


With that, let's take a closer look at our sales bridge in the second quarter of 2019.

As said, we recorded a negative organic sales development of minus 0.4%. This is composed of a volume of minus 2.7%, and this was almost compensated by positive pricing of 230 basis points. The net effect of our acquisitions and divestments had a positive impact on sales of 0.5%. Adding the organic plus the inorganic growth, this amounted to a slight increase of plus 0.1%.

Currencies were mixed in the second quarter. Many key currencies continued to appreciate versus the euro compared to the prior year quarter. However, in a lot of cases, to a lower extent than in the first quarter. This holds also true for the U.S. dollar. In contrast, pressure from some key emerging market currencies persisted. In particular, the Turkish lira, or even turned negative, for example like the Chinese renminbi. So overall, currencies constituted a slight headwind of minus 0.5% in quarter 2.

And as a result, as already mentioned, our sales amounted to EUR 5,121 million, nominally 0.4% below the second quarter of 2018.



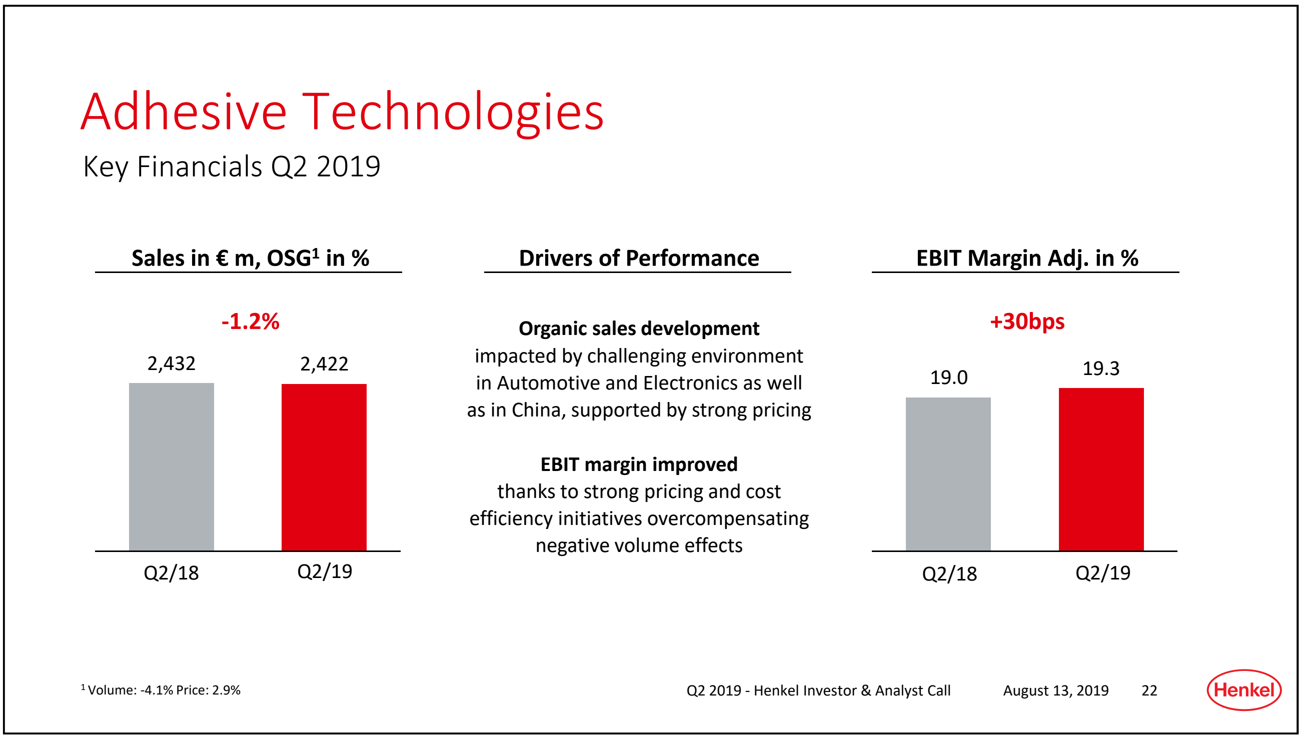
Moving now on to the organic sales performance by region.

The organic development of the group continued to be driven by the emerging markets with a growth rate of 3.9%, however, with a very heterogeneous picture across the regions. Emerging markets sales amounted to almost EUR 2.1 billion, representing about 40% of Henkel Group sales.

Sales in the mature markets came in at EUR 3 billion, organically minus 3.2% below prior year quarter. This was due to a negative organic sales performance in North America of minus 5% and in Western Europe of minus 1.8%. Adhesives and our consumer businesses both recorded a negative organic sales growth in these regions. However, we have also to take into account that both Beauty Care and Laundry Care have been running against high comparables in North America due to the shelf replenishment effects in the second quarter of last year in 2018.

Asia Pacific recorded a negative organic sales development of minus 7.9%, driven by weaker volumes in Adhesive Technologies and the continued destocking in the Beauty Care Retail business in China, which we also mentioned in Q1. All other regions in the emerging markets contributed strongly to our organic sales performance.
Eastern Europe with a significant organic sales growth of plus 8%, Latin America and Africa/Middle East, both achieved double-digit growth rates of 11%, respectively, 16.5%.

With that, let me now move to the business units and starting with Adhesive Technologies.

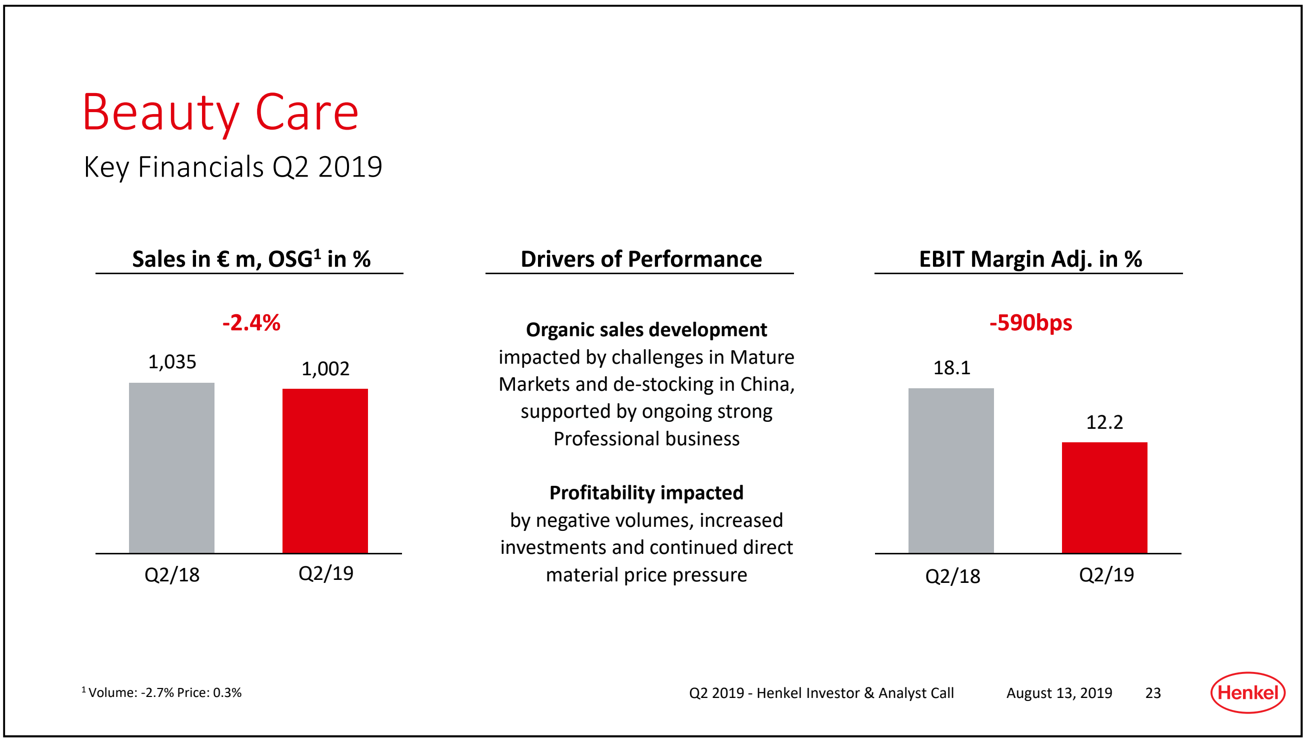


The business unit posted a slightly negative organic sales development of minus 1.2%, here driven by lower volumes of minus 4.1%, while pricing, again, was very strong at 2.9% plus. Thanks to the continued implementation of price increases, and you know, our flow of price increases over the last six, seven quarters, and our cost efficiency measures, we could more than offset the only slight headwinds from direct materials and negative transactional currency effects. And as a result, the adjusted gross margin improved in quarter 2 2019.

The performance of the business areas was mixed. Packaging & Consumer Goods achieved again a good organic sales growth and the Consumer and Craftsmen business was only slightly below the prior year. General Industry, Transport & Metal and Electronics recorded negative organic sales development.

From a regional perspective, Adhesive Technologies achieved very strong growth in the emerging markets outside China. Key drivers were a very strong growth in Eastern Europe and a significant growth in Latin America. China, in contrast, recorded a negative development, which was mainly driven by continued weak demand in Automotive and Electronics. Looking at the mature markets, sales organically remained below the prior year level, with all regions, Western Europe, North America and the mature markets of Asia Pacific recording a negative organic sales development.

With that, moving on to the profit of Adhesive Technologies. At 19.3%, the adjusted EBIT margin improved by 30 basis points year-on-year, mainly as a result of the positive gross margin development and our continued cost management focus.
So overall, a robust performance in a continuously challenging industrial environment, underpinning the strength of our portfolio and our business model.



Moving on to Beauty Care.
Organic sales development was negative at minus 2.4%, with slightly positive pricing, but volumes declining minus 270 basis points. In nominal terms, sales came in at EUR 1.2 billion, that is 3.2% below the prior year quarter.

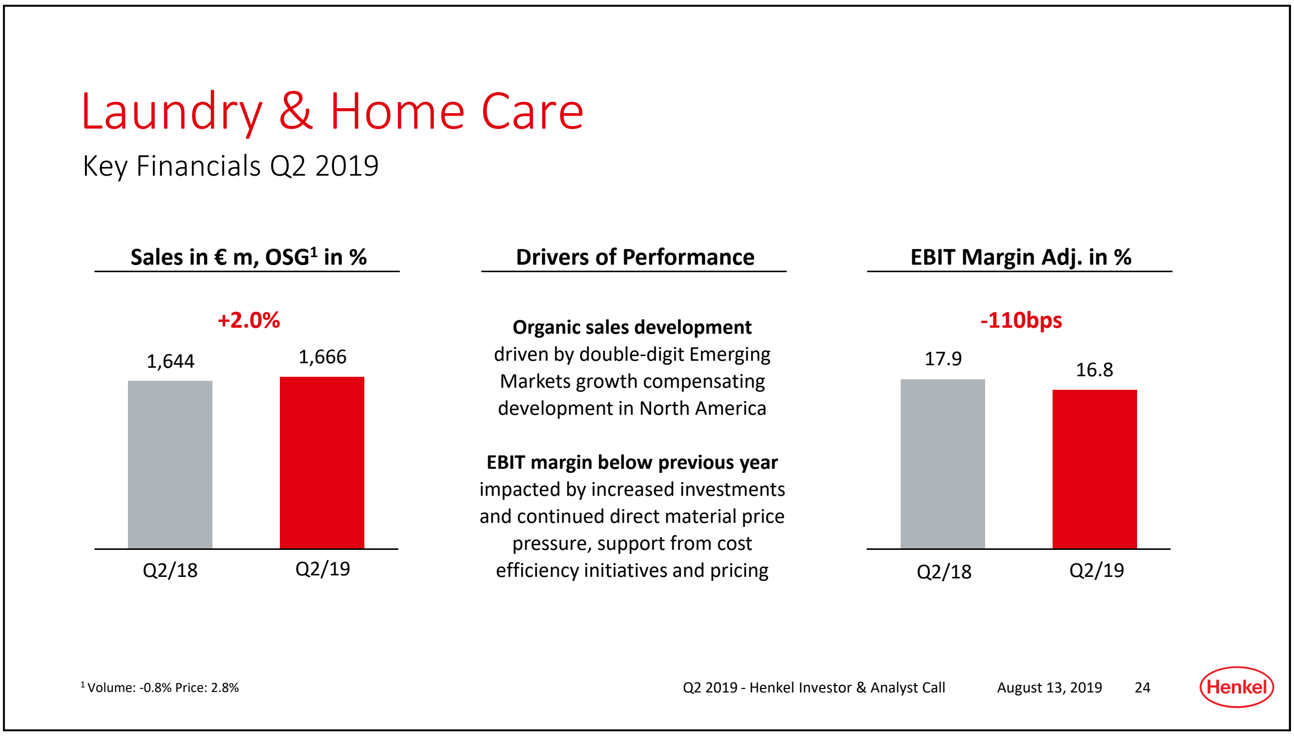
Retail had another difficult quarter, clearly behind our expectations, with sales organically below the prior year. The recovery of our businesses in both Western Europe and North America has been slower than anticipated and we recorded a negative organic sales development. We continued to feel the pressure from retailers in key Western European countries. And following a positive Q1 in North America Retail, we have to take into account that Beauty Care faced headwinds from the shelf replenishments in previous year's quarter related to delivery difficulties - not new, since we had already flagged this effect in Q1 of this year.

As Hans mentioned, the destocking effects in the China Retail business continued in the second quarter. Today, the trade stock is still not on an optimal level, we will thus continue to reduce the sell-in volume, while we are supporting the sell-out with higher investments. We plan to largely complete the necessary adjustments by the end of 2019.

The Hair Professional business remained a strong-point and continued its positive momentum with another quarter of strong organic sales growth.

So in total, the mature markets displayed a negative development. Despite the developments in the Chinese Retail business, the emerging markets were roughly flat. This was thanks to a double-digit organic sales growth in both, in Eastern Europe and in Latin America.

Profitability-wise, Beauty Care recorded an adjusted EBIT margin of 12.2%. This is significantly below the prior year with 590 basis points, and this was mainly due to the result of continued direct material price pressure, the weak top-line performance and our increased investments in marketing and sales.

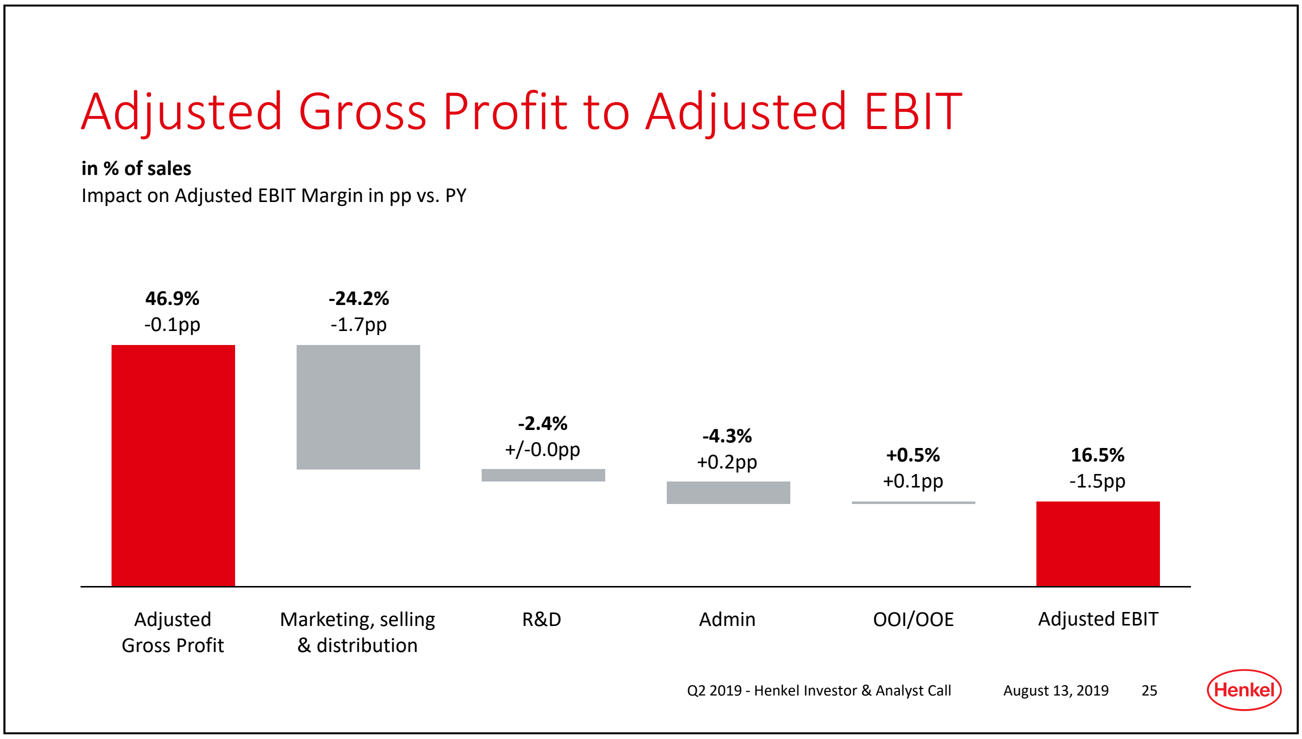


Finally, now moving on to Laundry & Home Care.

The business unit showed a good top-line performance with organic sales up by 2%, driven by a strong pricing of 280 basis points, but declining volumes of 80 basis points. Nominally, sales were 1.3% above the prior year level.

In terms of business areas, Home Care achieved a very strong organic sales growth, while Laundry Care was largely flat year-over-year. Looking also here at the regional performance, emerging markets achieved a double-digit increase in sales. This was driven by another quarter with double-digit growth in Africa / Middle East and also in Latin America. Eastern Europe contributed with a significant increase, while Asia, excluding Japan, was negative. In the mature markets, we recorded a negative organic sales development in an environment which continues to be highly competitive. Both, Western Europe and North America were below prior year. Also here, we have to take into account what I already explained within the context of Beauty Care, that we have been running against the shelf replenishment effects in North America in the prior year quarter, following our delivery issues and difficulties in Q1 of 2018.

Profitability was impacted, as anticipated, by increased investments into our brands and innovations, persisting headwinds from direct material prices as well as transactional currency effects. We were able to partially compensate these effects with positive pricing and our Fund Growth initiatives. As a result, Laundry & Home Care recorded an adjusted EBIT margin of 16.8%, which is 110 basis points below the prior year.



With that, let us now move back to the Henkel Group, and here, in particular, to our adjusted income statement.

The adjusted gross margin, as mentioned before, came in at 46.9%, and this was almost on par with previous year level. With only slight headwinds from direct material prices, Adhesive Technologies was able to increase the gross margin, thanks to continued strong pricing and savings from our Fund Growth initiatives.
The gross margin in our Laundry & Home Care business was flat year-on-year in the second quarter. Here, positive pricing and our strong cost management could offset the still high pressures from direct material prices and the transactional currency effects.
Higher direct material prices continued to impact our Beauty Care business as well. At the same time, pricing was only slightly positive. In addition, the situation in the Retail business in China had a strongly negative effect. As a result, Beauty Care recorded an adjusted gross margin significantly below the prior year level.

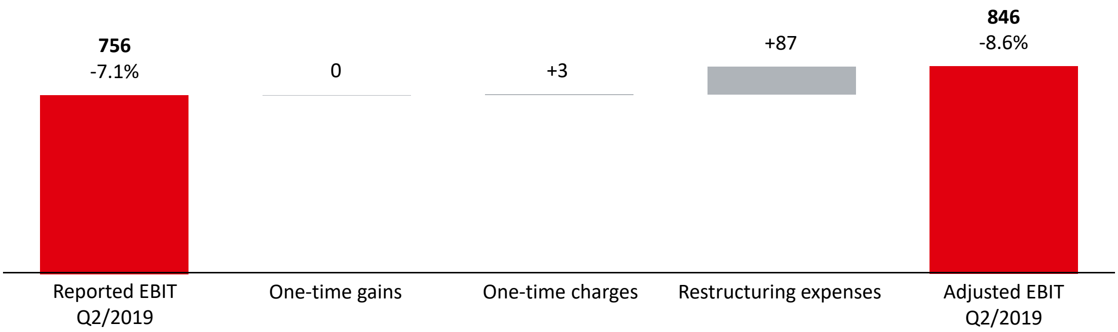
Based on the current direct material price trends, we continue to expect a low single-digit percentage headwind in our P&L in the full year.

Marketing, selling and distribution in percent of sales increased by 170 basis points to a level now of 24.2% in the second quarter. This was, to a large extent, due to the higher investments in marketing and advertising, which displayed a double-digit increase in the quarter year-over-year.
Our R&D expenses and the balance of other operating income and expenses remained roughly stable. Admin expenses developed positively and reduced by 20 basis points, mainly as a result of our efficiency enhancement measures related also to our Fund Growth initiatives.

Overall, our adjusted EBIT came in at EUR 846 million, corresponding to an adjusted EBIT margin of 16.5%, 150 basis points below the prior year quarter.

Adaptation of our structures to the market

in € m, change in %



Focus of restructuring measures in Q2 2019 on adapting go-to-market approach and optimizing structures
Restructuring expenses of € 200 – 250 m expected in FY 2019

Looking also here in the quarter at the detailed bridge from reported to adjusted EBIT.

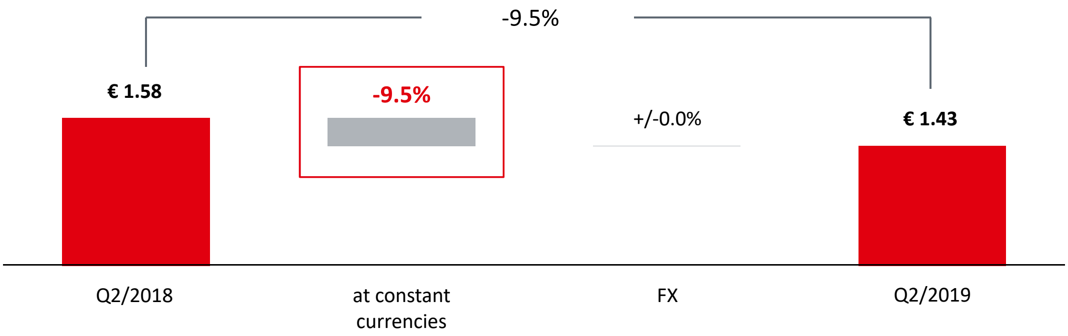
Our reported EBIT at EUR 756 million, 7.1% below the prior year 2018.
We did not record any one-time gains in the quarter and only small one-time charges of EUR 3 million.

Restructuring charges in the quarter amounted to EUR 87 million. The main focus areas were on further adapting our go-to-market approach as well as optimizing our structures in our administration and operations. For example, by reducing the number of layers in the organization or adapting our production and logistics footprint.

Taking into account our restructuring expenses year-to-date, as well as the initiatives planned in the remainder of the year, we continue to expect the restructuring expenses of EUR 200 million to EUR 250 million for the full year 2019, however, likely at the higher end of this range.

Adjusted EPS development [1]

Q2 2019



Adjusted EPS in Q2 a high-single-digit % below prior year both nominally and at constant currencies

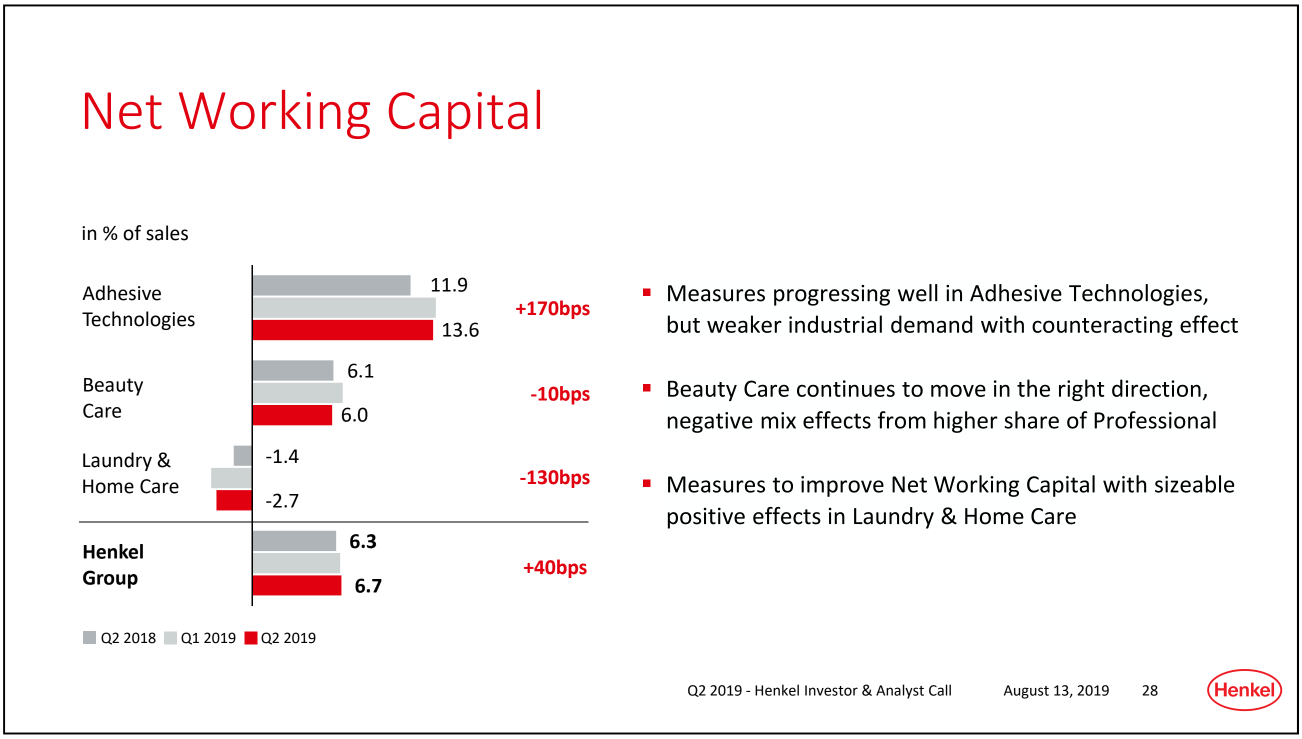
[1] per preferred share

Moving on now to our adjusted EPS development.

Overall, adjusted earnings per preferred share came in at EUR 1.43 in the second quarter, in nominal terms, 9.5% below the prior year level.

As mentioned earlier, we recorded a small headwind from currencies on our top line. Due to counteracting FX effect on cost positions, the impact on the bottom line reduced to 0%.

As a result, adjusted earnings per preferred share at constant currencies, which is the basis for our full year guidance, also reduced by 9.5% in the quarter.



Moving on to our cash KPIs, and starting with our net working capital.

In the past, we have said that we would increase our focus on reducing our net working capital levels, implementing additional measures.

Looking at our Laundry & Home Care business, our measures show sizable positive effects. In the second quarter, net working capital improved significantly by 130 basis points now to a level of minus 270 basis points. In

Beauty Care, we are moving in the right direction with net working capital, down 10 basis points, now to 6% in the quarter.

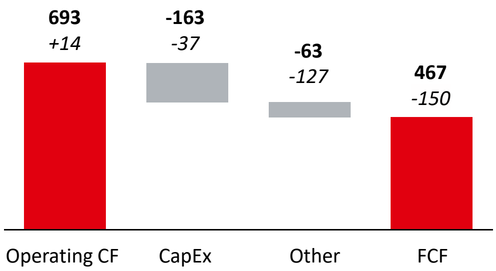
Coming to Adhesive Technologies, we have taken measures in that business as well, and we are making also good progress. However, negative effects from the weaker industrial demand are having a counteracting effect. So overall, net working capital increased by 170 basis points in the quarter to a level of 13.6%.

As a result, the group recorded a net working capital increase of 40 basis points to 6.7% in the second quarter.

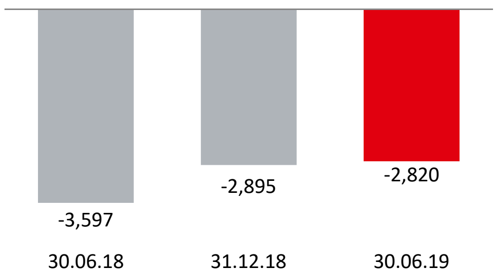
We continue to put high emphasis on executing our measures and getting back to lower levels going forward.

Strong Free Cash Flow and balance sheet

Free Cash Flow in €m, Δ PY in €m



Net Financial Position in €m



Strong Free Cash Flow despite increased Capex, Q2/18 with positive effect from pension obligations
Record H1 Free Cash Flow overcompensates increased dividend payout, Net Financial Position improved

On to the quarterly free cash flow, which came in at a strong number of EUR 467 million in the second quarter, EUR 150 million below the Q2 of 2018. In contrast, our free cash flow in the first 6 months of EUR 990 million was significantly up compared to prior year's number of EUR 693 million and the highest half year free cash flow in Henkel's history.

The key driver behind the quarterly development versus the prior year are the positive effects in Q2 '18 relating to changes in pension obligations of about EUR 100 million. While our operating cash flow in the second quarter improved slightly, we continued to invest in our businesses, having spent EUR 163 million on capital expenditures and EUR 37 million more than in the prior year quarter.

Thanks to our free cash flow in the first half '19, and despite the record dividend payment of about EUR 800 million in April, our net financial position improved by EUR 75 million, ending the quarter at a robust number of minus EUR 2.8 billion.

So summing up, we continue to have a very strong balance sheet.

And with this, I hand back to Hans.

Agenda

1. Key Developments Q2 2019
2. Financials Q2 2019
3. Outlook FY 2019 & Summary

Hans Van Bylen, CEO

Thank you very much, Carsten.

Let me now briefly summarize the development of the first half year before we come to our updated guidance for 2019 and our priorities for the remainder of the year. After that, we will move on to the Q&A.

Key financials in first half 2019

Sales	Organic Growth	Adjusted EBIT	Adjusted EBIT %	Adjusted EPS Growth[1]
€ 10.1 bn	+0.1%	€ 1.6 bn	16.3%	-8.0%

Organic Growth by Business Unit	
Adhesive Technologies	-1.0%
Beauty Care	-2.3%
Laundry & Home Care	+3.3%

Adjusted EBIT % by Business Unit	
Adhesive Technologies	18.1%
Beauty Care	13.5%
Laundry & Home Care	16.9%

[1] At constant currencies; per preferred share

In the first half of 2019, Henkel generated sales of EUR 10.1 billion. Organic sales growth was slightly positive at 0.1%. We recorded an adjusted EBIT of EUR 1.6 billion, corresponding to a margin of 16.3%, which is 140 basis points below the previous year, in line with our expectation and full year guidance range of 16% to 17%.

Looking at the business units in the first half of 2019, Adhesive Technologies, in a challenging industrial environment, reported a slightly negative organic sales development of minus 1.0%. The adjusted EBIT margin at 18.1% remained at a high level, 40 basis points below the previous year. Mainly thanks to our continued pricing, we could almost offset direct material headwinds and negative volume effects.

The Beauty Care business unit showed a negative organic sales development of minus 2.3%, adversely impacted mainly by a slow recovery in key mature markets and the destocking in China. At 13.5%, the adjusted EBIT margin was 390 basis points below the prior year level.

Laundry & Home Care generated organic sales growth of 3.3%, strongly driven by the businesses in emerging markets and an adjusted return on sales of 16.9%, 130 basis points below the first half 2018.

In all our business units and functions, we continued to execute our Fund Growth initiatives, contributing positively to our financial performance.

Finally, adjusted EPS per preferred share was 8% lower at EUR 3.01, both nominally and at constant currencies.

Guidance 2019

	FY 2019 – previously	FY 2019 – updated
Organic Sales Growth	**2 - 4%**	**0 - 2%**
Adjusted EBIT Margin	**16 - 17%**	**16 - 17%**
Adjusted EPS (constant currencies)	**Mid-single-digit % below PY**	**Mid- to high single-digit % below PY**

We continue to operate in a business environment that is characterized by slowing economic and industrial growth, intense consumer markets as well as high and increasing volatility and uncertainty.

Our initial assumptions, which we confirmed in May, were based on a recovery of growth dynamics in the industrial production in the second half of the year following a weak start, specifically in the Automotive and Electronics segments. Based on the continued weakness in the markets and the high uncertainty in the macroeconomic environment, not least due to the intensifying trade tensions, market consensus does not anticipate a recovery anymore. This is negatively affecting the outlook for our Adhesive Technologies business unit.

As indicated before, our Beauty Care business has been below our expectations. The turnaround in Western Europe and North America is taking longer than anticipated. In addition, the planned adjustments in China will negatively affect the financial performance of the business unit in the full year.

Based on these developments, we have updated our guidance for the full year 2019.
We now expect an organic sales growth of 0% to 2% for the Henkel Group. With the Adhesive Technologies business unit, we have revised our expectations for organic sales development to minus 1% to plus 1%. For Beauty Care, we now expect an organic sales development between minus 2% and 0%. We confirm our expectation of an organic sales growth in the range of 2% to 4% in the Laundry & Home Care business unit. For the adjusted EBIT margin, we confirm our guidance for the Henkel Group of 16% to 17%. We continue to expect an adjusted EBIT margin of between 18% and 19% for Adhesive Technologies and between 16.5% and 17.5% for Laundry & Home Care. For the Beauty business unit, we now anticipate an adjusted EBIT margin of between 13% and 14%. Finally, we now expect adjusted EPS at constant currencies to be in the mid- to high single-digit percentage range below the prior year.

Business Priorities 2019

- Focus on capturing growth opportunities in Adhesive Technologies
- Reinforce Beauty Care Retail growth, solve China Retail and continue Professional performance
- Build on good H1 of Laundry & Home Care and strong execution of innovation strategy
- Continue to drive digitalization in all aspects
- Strong focus on cost discipline, driving efficiency and adapting structures
- Implement measures to improve Working Capital; expand Free Cash Flow
- Enhance value proposition of portfolio organically and via acquisitions

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Despite the mentioned headwinds, we continue to execute our business priorities for the remainder of the year, building on our strong foundation.

We focus on capturing growth opportunities in the Adhesive Technologies, further leveraging the strength of our portfolio and business model.

We aim to reinforce the growth in our Beauty Care Retail business to solve the situation in China Retail and to continue the outperformance in Professional.

And we will build on the good performance of Laundry & Home Care, executing our strong innovation strategy.

We will reinforce to drive digitalization in all aspects.

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

We will continue implementing measures to improve our net working capital and further focus on free cash flow expansion.

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

Let us now move on to the Q&A.

Q&A

Question: Two questions, if I may. First of all, can you give us a rough idea by how much in percentage terms the raw material basket for Adhesives has decreased year-on-year. Looking at, for example, (inaudible) and acrylics prices, I would guess a good tonnage is something like minus 10%, is that correct? And then second of all, Persil Pro in the U.S., what is your current market share versus your competitor's top brand. So how are you weathering the tide here?

Hans Van Bylen, CEO: Thank you for both questions. While we're checking on the raw materials, let me answer the question on Persil in U.S. Persil in U.S. in market share in general is stable. So we're building up the share further now also adding our single dose caps, which are now just coming into the market. So year-to-date, we see for Persil at the moment, a stable market share. And we are quite confident that now adding our single dose that we will be able to further expand market share of Persil.
On material prices of Adhesive Technologies.

Carsten Knobel, CFO: Well, what I said before is that the gross margin in total of Adhesive Technologies in the second quarter slightly increased. And there were no really headwinds what we experienced anymore in the second quarter from material prices - so more or less flat development in Q2. And I think that is in line, which we, I would say, talked already to you in Q1 that we will see an improvement quarter-over-quarter, the 3 to 6 months, what we have as an impact negatively until - or positively - until things are going into the P&L. So this will continue from our perspective today into a tailwind in Adhesive in the second half, in Q3 and Q4. For sure there are - and maybe, to add, for sure there are specific individual components and materials which have what you mentioned with a 10% where we see also a double-digit decrease as an impact, but it's always a mix of the total portfolio. And therefore, the total mix, what's showing in Q2, a flat situation. But as I've pointed out, again, the Q3 and the Q4 tailwind overall for Adhesives.

Question: My first question is on your guidance and then the second is on your investments. So your new guidance for 2019 looks like it hinges on sustaining margins. I'd love to get your insight into how sustainable pricing is in the Consumer and Adhesives business units, given the weak volumes you're suffering, especially as input costs are falling. So how confident are you that the pricing is going to stick? And then on the investments, last quarter, I asked you what the underlying growth is in Laundry & Home Care ex the investments, and you said it was very strong. Can I ask this question again, please, ex the investments, what would you think the underlying growth of both of your Consumer business units was? And I suppose related to that, you've had 9 quarters in a row of negative or flat growth in Beauty, assuming that there is some lag to your investments gaining traction, what needs to happen for you to decide that the EUR 300 million of investment isn't enough?

Hans Van Bylen, CEO: Thank you for both questions. On the question of investments, let's perhaps first put it in a perspective of the building up effects, which we see. As Carsten indicated, now in Q2, we saw that our so-called marketing investments were up double-digit for the first time. We also report in Q1, we had much lower effect because we are building up. We have announced our program beginning of the year, initiatives come into the market, get on shelf. Now we have, for most of them, full distribution. And this will be built-up going forward. I think - and I understand your question, also, going forward, you will see in the coming quarters, and that's also built in our guidance that in the coming quarters, we will further step up our investments in marketing. So that is the building-up effect which we see. Out of the EUR 300 million, EUR 100 million of that were focused on digital. Those investments are taking place and on that we are fully on track. We shall also make quite substantial progress in digital, both in the commercial aspects of digital as in our supply chain and our different competences. So there we feel well on track. And concerning the elasticity of the investments, we now are quite disciplined to see where we invest, what the elasticity is, and therefore, where we have elasticity, we shift budgets to; which - where we do not see elasticity - we stop investment - so this is a dynamic component of that. And indeed we - throughout our activities, we do see a lot of initiatives who, at the moment, start showing the necessary elasticity.

Carsten Knobel, CFO: Maybe at the beginning, you were talking about guidance and margins, why we continued - and then you went into the pricing and volume topic. So first of all, in general, we do not guide on pricing and volume on the quarter, also not on a yearly basis. Nevertheless, what we have seen now talking overall in the company and maybe starting with Adhesives, the point is that we expect the price component to go down as raw material inflation is also expected - as I mentioned it before during the first question - to ease further, so there is a link between that. And I think we have shown that over the past couple of years that we are able to bring prices through the P&L and through to our customers, especially in Adhesives Technologies. And therefore, from an Adhesives point of view, we are expecting that this high pricing component will come down also in the course of the year. On the other side, your question was more focused on the Consumer businesses, and I think here it's also related to our definition of pricing and volume. The pricing, in our definition, includes also the way how we bring innovations to the market. And due to the fact, as Hans mentioned before, that our focus is and that we are executing on that, bringing new innovations with a full pipeline to the market. Therefore we are also expecting that this will have an impact, a positive impact, on our pricing component if the innovations will succeed in the market. That's what I would like to point on your first question.

Question: Okay. And then just on the underlying growth ex those investments, please?

Carsten Knobel, CFO: What do you mean now exactly with that?

Question: So I'm just trying to understand what the underlying growth for either Laundry & Home Care or Beauty would be in your view ex the investments that you've made. So assuming that the investments have provided some boost to the like-for-like growth, what do you think the underlying growth picture would look like?

Carsten Knobel, CFO: I think we can give you some more examples - we have given you examples today, especially in the part of Hans, but it's very difficult to differentiate between ex investment, not investment because we are not steering that on that detailed level on a really promotional or per launch item what this is without or with the investment. Overall, as Hans mentioned, we are ramping up our investments. And for the full year, we are confirming what we already indicated at the beginning of the year in January that we want to have double-digit increase in marketing and sales support for Laundry and Beauty Care overall. And also here, we see a ramp-up, what you have seen as an indication with not so big investment increase in Q1, a significant one in Q2 and the double-digit in Q3 and Q4, what we definitely see. And these positive effects on our top line are expected to accelerate in the course of the coming quarters, also based on the acceleration of the investments.

Question: A couple of questions from me, if I could. So firstly, just looking at Laundry & Home Care, all of the Nielsen data seems to be suggesting that you're losing a lot of share here, Persil in Europe, ‘all and Sun in the U.S.. You're sort of growing that business around 2%, but for the most recent quarter, your competitors have printed plus 9% or even plus 10%. So what is it within that Laundry business that gives you comfort you are investing enough? Is it just that you feel that you've done the investment, now you need to give it some time for the investment to play out? And then secondly, I wondered if I could just talk about cash conversion because for a long time, that was a pretty strength of yours, it was running along sort of 90% plus. The last few quarters, though, free cash flow seems to be 60%, 70% of adjusted net income. I wondered if structurally your cash conversion have changed? Or it was just an effect of you stepping up investment that of destocking in China, that sort of thing and something that we should expect to go back to your longer-term trend with time?

Hans Van Bylen, CEO: Thank you for both questions. Let me answer the question on Laundry & Home Care. Our market share performance, indeed, is a mixed picture. What makes us confident - and that was when we said the 2% is okay - but we were confident that we can do better. If you take a big picture, I think, where we now also - on top of that, you indicate the effect of our investments, we now also in distribution with our single-dose units and single-dose, meanwhile, especially in Laundry, is quite a significant segment, in which now, I mean we're getting full speed and with full coverage into different markets. And that will also be a center point of our investment. So now with our single-dose offensive in Persil to put also a part of our investment behind this offensive.

Carsten Knobel, CFO: On your second question, let me start in general, before I also go into the details of your answer. I think it is very clear, and we are clear on that, that generating cash is important to us. And in order to generate the financial means to invest into our businesses and to continue growing the business via value-accretive acquisitions and to pay out an attractive dividend. That's the overall frame. If you look, what we achieved in 2018 as a free cash flow of EUR 1.9 billion that was a strong growth over the year 2000, over the years before and also over the average of the years before, where we had a free cash flow of EUR 1.7 billion. Going forward, our ambition is very clear to improve our free cash flow based on our underlying operating performance and our strong track record in the efficiency of our net working capital. And as I pointed out before, we're seeing - even that we are not guiding on that - a record free cash flow after 6 months. And I think that's clearly a strong point. On the other side, what you mentioned, the 2 topics of investments and also the destocking of China, yes, that has a short-term impact, but on the long term, as I pointed out before, and as you can also see it even from the 6 months development of free cash flow, I think there is neither a change, I think, nor you can have any questions that this is a strong number be it after 6 months or be it going forward. Hope that is okay.

Question: Two questions for me. The first one, going back to your Beauty Care performance. I mean I understand the issues in China and in the U.S., but if I look at your largest region, Western Europe, we've had at least 14 consecutive quarters of flat to negative organic sales growth are there. So my question is why is that? Is it an issue of category growth? And then maybe a signal you should be looking at some drastic portfolio management decisions? Because I don't think you'd like to be exposed to ex-growth categories. Or do you think the issue is more down to some continued underperformance and that it would mean poor execution or subpar execution and innovation over the past 3 years? And I think the bigger picture question on this is, historically, Henkel's trademark has been about addressing very quickly and efficiently underperforming sales. So trying to understand why you've been tolerating such a level of weakness for more than 3 years in one of your key region and business unit combination. Second question is on one of your bright spots in Q2, Africa/ Middle East, 16.5% organic sales growth in Q2. I read though that Beauty Care and Adhesives were negative in the region in Q2. So we're probably looking at 20%-plus growth in Laundry Care in Africa/ Middle East. Just trying to understand what's driving this? And whether you think this is sustainable because you start annualizing a tough basis of comparison from Q3 onwards there?

Hans Van Bylen, CEO: Thank you very much for both questions. Let me answer the Beauty Care question, Western Europe. If you look long term, you see that this business had been growing. If you look at market share development, it's a business where in market shares, we have been fairly stable, even some categories where we win. What - I mean you point out yourself - the main challenge in Europe for this business is the category growth, especially in the Hair business. And especially in Europe, we are overly exposed to Hair. This being said, within Hair, you see segments where we do quite well. I mean Hair coloration, Hair styling, but those category growth elements of those markets at the moment are not helping on the market growth. The issue in Europe is also that you see the retailer pressure, which, of course, is a phenomenon, which you also hear from other companies. But this being said, of course, as you say, for us, it's about the way forward. We have been reorganizing quite significantly our setup. We also have new teams onboard, new leaders onboard for Western Europe. [*answer continues next page*]

Hans Van Bylen, CEO: [*ongoing answer from previous page*] Also in our investment focus, Western Europe is one of our key priorities as we have been indicated. And we do see some indications of improvement. So on that, we're quite confident that with the innovation program we have, the support we put behind, the new setup that we will be able to generate growth also in Western Europe for Beauty Care.

Carsten Knobel, CFO: To your question regarding Middle East/ Africa. You're absolutely right that the growth in Middle East / Africa was significantly supported by a very strong double-digit development in Laundry & Home Care. First of all, I think we also need to remark that if you look in terms of the split of the 3 divisions, the majority of the business is done in Middle East/ Africa via our Laundry & Home Care business, Beauty Care and also the Adhesives business are in comparison to that significantly smaller. That's the first part. The second, whether this performance comes from a strong top-line performance from all big Middle East / Africa countries driven by both price and volume. We have seen that, especially in Laundry & Home Care, supported by the Persil relaunch and the Persil premium launch, but also in the Home Care area of Pril pre-campaign across the region, we see continued growth above the market with our key accounts and discounters, and we have new offerings with sizing, pricing in discounters, especially during major occasions, which occurred in that region. So for the full year, please understand that I don't provide a sales guidance for these individual regions, but we see a strong momentum, and we don't see any effects or any insight that this should change going forward.

Question: So a couple of questions. First one is on sell-in sell-out. So a couple of areas, first of all, China Beauty, can you talk about the sell-in within that division, whether that is still rising as it was in Q1? And then also, in Adhesives, whether you have seen any customer destocking? Or was it the weakness is simply down to what the end markets are doing? And then secondly, can you just recap on the size of the replenishment effects in Beauty and Home Care in sort of, I guess, Q2 last year? And so what the effect of that was on the organic sales growth within those 2 divisions?

Hans Van Bylen, CEO: Thank you for both questions. Your question on China. The effect we see is that in the quite complex system of distributors and the switch ongoing to e-commerce, we do see that we have a clear difference between sell-in, sell-out in a way that our sell-out shows some good growth and sell-in, at the moment, is clearly on a much lower level. And this discrepancy, of course, is leading to the issues, which we have been commenting upon now, I talk about Beauty Retail. In Adhesive Technologies, I mean it is clear that it is the especially in Automotive and Electronics, you do see a significant weakening of markets. So you do not see so much destocking there. You see a clear decrease, slowing of markets, which has an effect on our respective businesses when I talk about the Transportation, Automobile and Electronics. On your question on the Q2 effect, Carsten?

Carsten Knobel, CFO: Yes, for Q2 '18, it is difficult to separate the additional sell-in from the regular business sales. But if you look at the performance, excluding North America, in total, we would have seen a roughly stable performance in Beauty and a good performance in Laundry & Home Care last year.

Mixed performance in challenging environment

- Robust results of Adhesive Technologies
- Beauty Care below expectations
- Good performance in Laundry & Home Care
- Strong cash management and balance sheet
- Outlook for 2019 updated
- Strongly committed to growth initiatives and investments

Hans Van Bylen, CEO

Dear investors and analysts, I would like to close by, first of all, thanking you for your questions. And I would like to summarize the key takeaways we wanted to convey to you today.

In a challenging market environment, Henkel delivered an overall mixed picture, as indicated, Adhesive Technologies achieved robust results; Beauty Care remained behind our expectations; and Laundry & Home Care delivered a good performance.

Henkel significantly improved the free cash flow in the first half to a new record level, and our balance sheet continues to be very strong.

Based on the results in the first half and our expectations for the remainder of the year, we have updated our outlook for the full year 2019.

We remain strongly committed to execute our growth initiatives and investments in the coming quarters.

With that, we are convinced that we are executing strong measures to master the challenges in the industrial environment in Adhesive Technologies and to accelerate our performance in our Consumer businesses going forward.

Upcoming Events

- November 14, 2019 Q3 2019 Earnings Release
- November 27, 2019 Investor & Analyst Event Consumer Businesses, London
- March 05, 2020 FY 2019 Earnings Release
- April 20, 2020 Annual General Meeting

As always, before we conclude this call, please be reminded of our upcoming events.

Let me highlight that we changed the date of the planned investor and analyst event on our Consumer businesses. To avoid an overlap with an investor event of a consumer peer company close to the original date of November 14 and to allow as many investors and analysts as possible to participate, we decided to move the date to November 27 and to host it in London. Please block your calendars, a formal invitation will be sent out soon.

With that, thank you very much again for listening, and goodbye.

Thank You

Guidance 2019

	FY 2019 – previously	FY 2019 – updated
Organic Sales Growth	**2 - 4%** All Business Units within Group range	**0 - 2%** Adhesive Technologies -1 - 1% Beauty Care -2 - 0% Laundry & Home Care 2 - 4%
Adjusted EBIT Margin	**16 - 17%** Adhesive Technologies 18 - 19% Beauty Care 15 - 16% Laundry & Home Care 16.5 - 17.5%	**16 - 17%** Adhesive Technologies 18 - 19% Beauty Care 13 - 14% Laundry & Home Care 16.5 - 17.5%
Adjusted EPS (constant currencies)	**Mid-single-digit % below PY**	**Mid- to high single-digit % below PY**

FY 2019: Additional input for selected KPIs

Currency Impact on Sales	no material impact
Prices for Direct Materials	low single digit % increase[1]
Restructuring Charges	€ 200 - 250 m
CapEx	€ 750 - 850 m

[1] versus the prior year

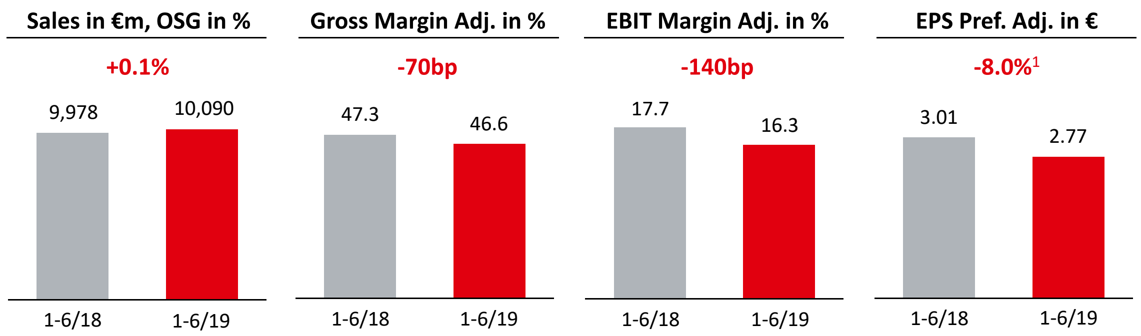
New IFRS 16 Leases Standard

P&L impact from first-time application

	Q2/19 results	H1/19 results	Full Year 2019 (estimated)
Sales	No impact	No impact	No impact
Operating expense	€ +37 m	€ +74 m	Low triple-digit €m decrease
EBITDA	**€ +37 m**	**€ +74 m**	**Low triple-digit €m increase**
D&A	€ -33 m	€ -66 m	Low triple-digit €m increase
Operating profit (EBIT)	**€ +4 m**	**€ +8 m**	**High single-digit to low double-digit €m increase**
EBIT Margin	No material impact	No material impact	No material impact
Financial result	**€ -4 m**	**€ -8 m**	**High single-digit to low double-digit €m decrease**
Net income	**No material impact**	**No material impact**	**No material impact**

Key performance indicators

Key Financials 1-6/2019



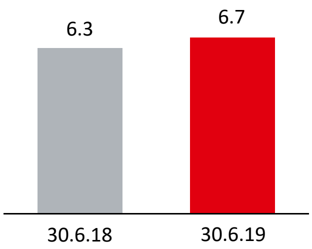
[1] At constant currencies

Focus on disciplined cash management

Key Financials 1-6/2019

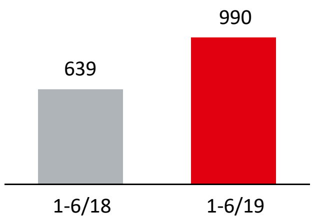
NWC in % of Sales

+40bp



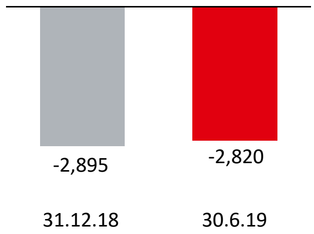
Free Cash Flow in €m

€ + 351 m

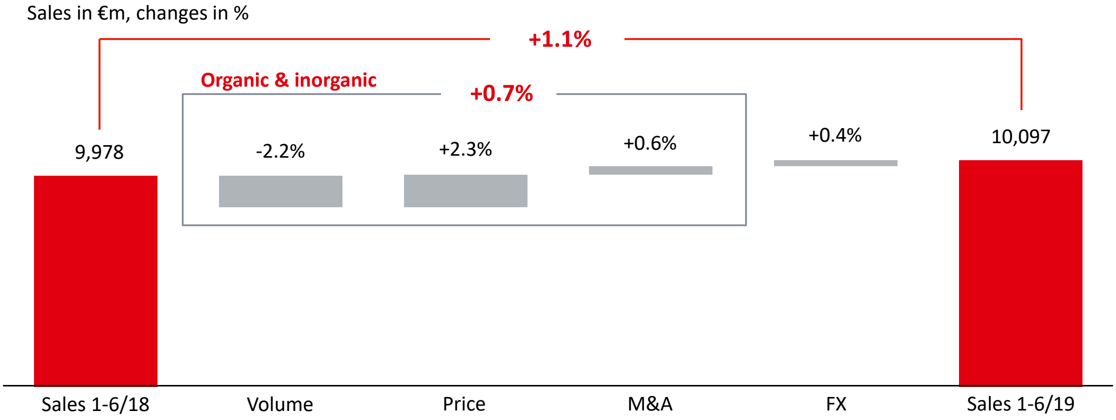


Net Financial Position in €m

€ + 75 m



Positive top-line growth



Organic sales development by region

1-6/2019

North America	Western Europe	Eastern Europe
-2.2%	-1.6%	+7.3%
€ 2,623 m (26%)	€ 3,099 m (31%)	€ 1,458 m (14%)

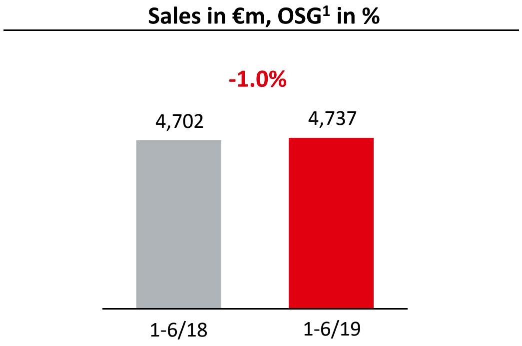
Latin America	Africa/Middle East	Asia-Pacific
+9.5%	+15.0%	-8.3%
€ 672 m (7%)	€ 651 m (6%)	€ 1,525 m (15%)

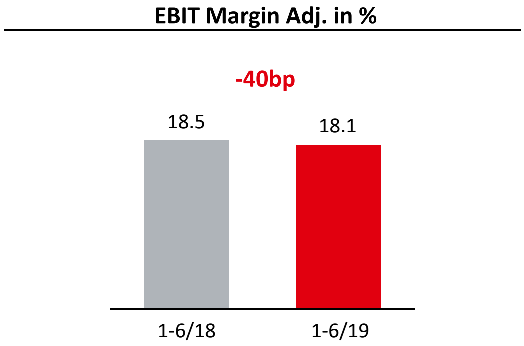
Emerging Markets: **+3.0% to € 4,032 m, 40% of Group Sales**
Mature Markets: **-1.8% to € 5,995 m**

OSG in %
abs. in €m
(share of total)

Adhesive Technologies

Key Financials 1-6/2019



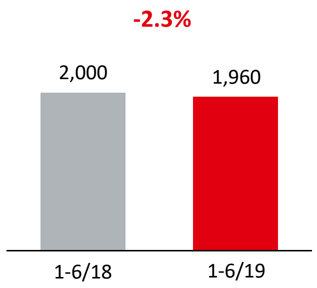


[1] Volume: -3.9% Price: 2.9%

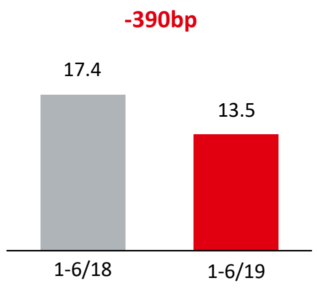
Beauty Care

Key Financials 1-6/2019

Sales in €m, OSG[1] in %



EBIT Margin Adj. in %



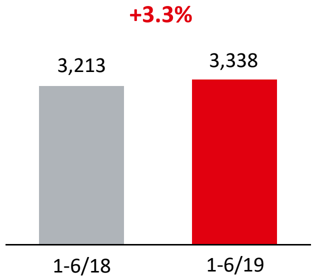
[1] Volume: -2.3% Price: 0.0%

Henkel

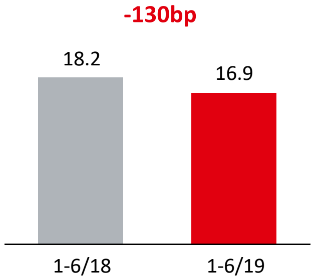
Laundry & Home Care

Key Financials 1-6/2019

Sales in €m, OSG[1] in %



EBIT Margin Adj. in %



[1] Volume: 0.3% Price: 3.0%