

News Release

August 12, 2015

Guidance for the full year confirmed despite challenging environment

Henkel delivers solid performance in second quarter

- Sales: +13.5% to 4,695 million euros (organic: +2.4%)
- Operating profit*: +14.0% to 768 million euros
- EBIT margin*: +0.1 percentage points to 16.4%
- Earnings per preferred share* (EPS): +11.2% to 1.29 euros
- Strong organic sales growth in emerging markets: +5.1%

Düsseldorf – “In a persistently challenging market environment, Henkel delivered overall a solid performance in the second quarter. We again achieved double-digit growth for both sales and earnings. The main drivers were solid organic sales growth, last year’s acquisitions and, above all, the strong US dollar. Organic sales in emerging markets were strong, once again making an above-average contribution to growth,” said Henkel CEO Kasper Rorsted.

Referring to Henkel’s performance in the first six months of 2015, Rorsted stated: “In the first half of 2015 we were able to increase sales by almost 1.1 billion euros to more than 9.1 billion euros. With organic sales growth of 3.0 percent, an adjusted EBIT margin of 16.2 percent and adjusted EPS growth of 12.3 percent we are on track to reach our full year guidance.”

* Adjusted for one-time charges/gains and restructuring charges

Commenting on the fiscal year 2015, Rorsted said: “We expect the current difficult global economic environment to persist. Market volatility will remain high. In this context, agility and flexibility are key success factors. We will therefore continue to adapt, further simplify and accelerate our structures and processes in line with the changing market conditions.”

Guidance for 2015 confirmed

Despite the challenging environment, Rorsted confirmed the outlook for the full year: “We expect to achieve organic sales growth of 3 to 5 percent in 2015. We expect adjusted return on sales to increase to around 16 percent and anticipate an increase in adjusted earnings per preferred share of approximately 10 percent.”

Sales and earnings performance in the second quarter 2015

In the second quarter of 2015, **sales** once again rose double-digit by 13.5 percent to 4,695 million euros. Adjusted for positive foreign exchange effects of 7.3 percent, sales improved by 6.2 percent. **Organically** – i.e. adjusted for foreign exchange and acquisitions/divestments – sales rose by 2.4 percent.

The **Laundry & Home Care** business unit recorded solid organic sales growth of 4.3 percent. In the **Beauty Care** business unit a positive increase in organic sales of 1.9 percent was achieved. The **Adhesive Technologies** business unit also posted a positive improvement in organic sales of 1.7 percent.

After one-time gains, one-time charges and restructuring charges, **adjusted operating profit** improved by 14.0 percent, from 674 million euros to 768 million euros. Reported operating profit (EBIT) grew by 21.4 percent, from 589 million euros to 715 million euros.

Adjusted return on sales increased by 0.1 percentage points to 16.4 percent. Reported return on sales rose by 1.0 percentage points from 14.2 percent to 15.2 percent.

Henkel's **financial result** of -11 million euros was at the level of the prior-year quarter. The tax rate amounted to 24.6 percent (prior-year quarter: 22.8 percent).

Adjusted net income for the quarter, after deducting non-controlling interests, increased by 11.8 percent from 499 million euros to 558 million euros. Reported net income for the quarter grew by 19.1 percent from 446 million euros to 531 million euros. After deducting 10 million euros attributable to non-controlling interests, quarterly net income increased to 521 million euros (prior-year quarter: 441 million euros).

Adjusted earnings per preferred share (EPS) rose by 11.2 percent from 1.16 euros to 1.29 euros. Reported EPS increased from 1.02 euros to 1.20 euros.

Net working capital relative to sales increased year-on-year by 0.6 percentage points to 6.6 percent. The rise is primarily due to acquisitions and foreign exchange effects.

Good business performance in the first half year 2015

In the first half of 2015 Henkel's **sales** increased significantly by 1,059 million euros to 9,125 million euros. This was an increase of 13.1 percent compared to the first half year 2014. Adjusted for foreign exchange, sales grew by 6.5 percent. **Organically** – i.e. adjusted for foreign exchange and acquisitions/divestments – sales increased by 3.0 percent, with all of Henkel's business units contributing with a solid performance.

Adjusted operating profit grew by 182 million euros from 1,293 million euros to 1,475 million euros (+14.0 percent). **Adjusted return on sales** increased from 16.0 to 16.2 percent.

Adjusted net income for the half year, after deducting non-controlling interests, rose by 12.3 percent from 951 million euros to 1,068 million euros.

Adjusted earnings per preferred share (EPS) rose by 12.3 percent or 0.27 euros from 2.20 euros to 2.47 euros.

Henkel's **net financial position** as of June 30, 2015 was -634 million euros (December 31, 2014: -153 million euros). The change versus year-end 2014 is mainly due to the dividend payout.

Business unit performance in the second quarter 2015

The **Laundry & Home Care** business unit once again delivered profitable growth in the second quarter of 2015. **Sales** grew organically by 4.3 percent year-on-year, outperforming the relevant markets. This led to further market share gains. Nominally, sales increased again double digits, by 15.3 percent to 1,314 million euros (prior-year quarter: 1,139 million euros).

The solid organic sales growth was mainly driven by the performance in the emerging markets, which again showed a very strong development. The regions of Eastern Europe and Latin America both recorded double-digit growth. Africa/Middle East recorded solid growth. Organic sales growth in the mature markets was positive. This was driven primarily by the positive performance in Western Europe and, in particular, solid growth in Germany. In a business environment that was again characterized by intense competition, sales performance in North America was positive.

Adjusted operating profit of the Laundry & Home Care business unit increased significantly, by 18.6 percent to 225 million euros. At 17.1 percent, adjusted return on sales improved by a strong 0.5 percentage points versus the second quarter of 2014. Reported operating profit also grew significantly, by 23.6 percent from 160 million euros in the prior-year quarter to 198 million euros.

The **Beauty Care** business unit also continued on its profitable growth path in the second quarter of 2015. At 1.9 percent, organic sales growth was once again above that of the relevant markets, leading to further market share gains. Nominally, **sales** increased significantly, by 12.2 percent to 1,006 million euros (prior-year quarter: 897 million euros), exceeding the 1 billion euro mark in quarterly sales for the first time.

The business unit's successful development in the emerging markets continued with very strong organic sales growth. The regions of Asia (excluding Japan) and Latin America again both registered double-digit growth. Eastern Europe showed strong sales performance, while Africa/Middle East recorded positive organic sales growth. Business in the mature markets continued to be impacted by negative market development and intense price and promotional competition. Due to the performance in Western Europe, sales here remained below the level of the prior-year quarter. Despite this challenging environment, sales in North America showed solid growth. The mature markets of the Asia-Pacific region posted positive organic sales growth.

Adjusted operating profit of the Beauty Care business unit rose significantly versus the prior-year quarter, by 14.7 percent to 166 million euros. Adjusted return on sales improved by 0.3 percentage points to reach 16.5 percent for the first time. Reported operating profit grew by 17.6 percent to 158 million euros.

The **Adhesive Technologies** business unit recorded positive organic sales growth of 1.7 percent in the second quarter. Nominally, **sales** increased by 13.3 percent to 2,343 million euros (prior-year quarter: 2,069 million euros).

The emerging markets showed a solid organic sales growth rate. Africa/Middle East recorded very strong growth. Latin America posted strong growth and sales development in Asia (excluding Japan) was positive. Eastern Europe also showed a positive performance, despite the ongoing difficult political situation in parts of the region. Overall, organic sales in the mature markets were positive. The businesses in the mature markets of the Asia-Pacific region posted very strong growth and sales

performance in Western Europe was positive. In North America, however, organic sales were slightly lower year-on-year.

Adjusted operating profit of the Adhesive Technologies business unit increased versus the second quarter of 2014 by 9.9 percent to 398 million euros. At 17.0 percent, adjusted return on sales was below the high level of the prior-year quarter. Reported operating profit increased by 12.2 percent to 388 million euros.

Regional performance in the second quarter 2015

Henkel's sales in the **Western Europe** region increased by 7.9 percent to 1,564 million euros. In a highly competitive market environment, organic sales reached the level of the prior-year quarter. While the countries of Southern Europe along with France and Germany posted positive developments, sales in the Northern European countries and Switzerland declined. Sales in the **Eastern Europe** region amounted to 707 million euros compared to 739 million euros in the prior-year quarter. However, despite the challenging market environment, a strong organic sales increase of 5.5 percent was achieved. The main drivers were the businesses in Russia, Turkey and Poland. Sales in **Africa/Middle East** rose from 287 million euros to 342 million euros. Although the political situation in some countries continued to affect growth, organic sales increased by 4.4 percent.

Sales in **North America** rose from 703 million euros to 934 million euros. Organically, sales improved by 0.3 percent. In **Latin America**, sales grew by 12.7 percent to 292 million euros. Organically, the increase was 8.4 percent. This very strong improvement was primarily driven by the performance in Mexico. Sales in the **Asia-Pacific** region rose from 666 million euros to 826 million euros. Organically, sales improved by 3.7 percent. This solid organic growth rate was driven in particular by business performance in China, Japan and India.

In the **emerging markets** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan), sales grew significantly, by 11.0 percent to 2,047 million euros. Driven by all business units, organic sales grew by 5.1 percent and again

made an above-average contribution to the organic growth of the Henkel Group. The share of sales from emerging markets declined slightly compared to the second quarter of 2014, to 44 percent. In the **mature markets**, sales rose 0.4 percent organically and amounted to 2,617 million euros.

Outlook for the Henkel Group 2015

Henkel continues to expect organic sales growth of 3 to 5 percent in the fiscal year 2015. Henkel expects that the Adhesive Technologies and Laundry & Home Care business units will each generate organic sales growth within this range. In the Beauty Care business unit, Henkel expects growth of approximately 2 percent. As before, Henkel expects a stable development in the share of sales from emerging markets. Compared to the 2014 figures, Henkel expects adjusted return on sales (EBIT) to increase to around 16 percent and an increase in adjusted earnings per preferred share of approximately 10 percent.

This document contains forward-looking statements which are based on the current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate, forecast and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Henkel AG & Co. KGaA and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from forward-looking statements. Many of these factors are outside Henkel's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Henkel neither plans nor undertakes to update forward-looking statements.

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The report for the second quarter of 2015 and other information with download material and the link to the teleconference broadcast can be found on the internet at:

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