

## News Release

November 8, 2016

Guidance for 2016 confirmed

### Henkel continues its strong business performance in the third quarter

- Sales at 4,748 million euros: organic +2.8% (nominal: +3.4%)
- Emerging markets sales growth: organic +6.7%
- Operating profit\*: +7.6% to 837 million euros
- Very strong EBIT margin\* improvement: +70 basis points to 17.6%
- Earnings per preferred share\* (EPS): +9.2% to 1.42 euros

Düsseldorf – “Henkel continued to deliver strong business performance in the third quarter. Sales, adjusted EBIT and adjusted earnings per preferred share reached new highs. The successful development and the high quality of earnings was driven by all three business units and the strong commitment of our global team,” said Henkel CEO Hans Van Bylen.

“In the third quarter, we were also able to successfully close the acquisition of Sun Products and secure its financing at favorable conditions. This is the second largest transaction in our company history, elevating Henkel to the No. 2 position in the US laundry care market and adding a range of attractive and well-established brands to our portfolio. We are proud and glad to welcome the Sun employees to Henkel and we will now focus on the successful integration into our North American Laundry & Home Care business.”

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

Commenting on the current fiscal year, Hans Van Bylen said: “We expect the overall challenging and uncertain market environment to persist in 2016. We will continue to focus on leveraging our successful brands, leading market positions and strong innovation capabilities to achieve our ambitious targets.”

#### Guidance for 2016 confirmed

Henkel confirmed the outlook for the current fiscal year: “For the full fiscal year 2016, we expect organic sales growth of 2 to 4 percent. We expect our adjusted EBIT margin to rise to more than 16.5 percent and adjusted earnings per preferred share to grow between 8 and 11 percent,” said Hans Van Bylen.

#### Sales and earnings performance in the third quarter 2016

In the third quarter of 2016, Henkel’s **sales** reached a new high. Sales rose by 3.4 percent to 4,748 million euros. The sales performance was driven by the solid organic development as well as acquisitions. **Organic** sales growth – i.e. adjusted for foreign exchange and acquisitions/divestments – was at 2.8 percent. Adjusted for negative foreign exchange impact of 3.3 percent, sales increased by 6.7 percent.

Organic sales growth was driven by the solid performance of all business units. The **Laundry & Home Care** business unit recorded organic sales growth of 4.0 percent. The **Beauty Care** business unit posted an improvement in organic sales of 2.6 percent. The **Adhesive Technologies** business unit reported an increase in organic sales of 2.5 percent.

After allowing for one-time charges and gains and restructuring charges, **adjusted operating profit** (EBIT) rose by 7.6 percent from 778 million euros to 837 million euros. Reported operating profit grew by 16.4 percent from 666 million euros to 775 million euros.

**Adjusted return on sales** (EBIT margin) showed an increase of 0.7 percentage points to 17.6 percent. Reported return on sales rose from 14.5 percent to 16.3 percent.

Henkel's **financial result** was at -15 million euros and, due to acquisitions, below the level of the prior-year quarter. The reported tax rate was at 23.2 percent; in the prior-year quarter it was at 24.6 percent.

**Adjusted net income for the quarter** after deducting non-controlling interests grew by 9.2 percent from 564 million euros to 616 million euros. Reported net income for the quarter increased by 18.2 percent from 494 million euros to 584 million euros. After deducting 8 million euros attributable to non-controlling interests, quarterly net income amounted to 576 million euros (prior-year quarter: 484 million euros).

**Adjusted earnings per preferred share** (EPS) rose by 9.2 percent from 1.30 euros to 1.42 euros. Reported EPS increased from 1.12 euros to 1.33 euros.

**Net working capital** related to sales improved year on year by 0.8 percentage points to 5.2 percent.

### **Strong business performance in the first nine months of 2016**

In the first nine month of 2016, Henkel generated **organic** sales growth – i.e. adjusted for foreign exchange and acquisitions/divestments – of 3.0 percent, with all business units contributing. Nominally, **sales** increased by 1.0 percent to 13,858 million euros.

**Adjusted operating profit** rose by 6.9 percent from 2,253 million euros to 2,407 million euros; **adjusted return on sales** improved from 16.4 percent to 17.4 percent.

After deducting non-controlling interests, **adjusted net income for the first nine months** rose by 8.6 percent from 1,632 million euros to 1,772 million euros.

**Adjusted earnings per preferred share** (EPS) grew by 8.5 percent from 3.77 euros to 4.09 euros.

Effective September 30, 2016, Henkel's **net financial position** showed a balance of -2,661 million euros (December 31, 2015: 335 million euros). The change compared to the end of 2015 was mainly due to payments for acquisitions and dividends paid.

### **Business unit performance in the third quarter 2016**

The third quarter of 2016 saw the **Laundry & Home Care** business unit successfully continue its profitable growth path by increasing both sales and EBIT. **Sales** grew organically by 4.0 percent year on year. Nominally, sales increased by 12.6 percent to 1,479 million euros, also driven by the acquisition of Sun Products.

The solid organic improvement was mainly driven by business growth in the emerging markets. In Asia (excluding Japan) and Africa/Middle East, the business unit achieved double-digit growth. Posting a solid increase in sales, the regions of Eastern Europe and Latin America contributed to the successful performance. Sales growth in the mature markets was solid. Sales in the North America region experienced a solid increase in sales year on year. Western Europe posted a positive sales performance in an intensely competitive environment.

**Adjusted operating profit** at the Laundry & Home Care business unit increased at double-digit rates by 11.0 percent to 265 million euros. At 17.9 percent adjusted return on sales was slightly below the high level of the prior-year quarter due to acquisitions closed in 2016. Excluding these acquisitions, adjusted return on sales showed strong growth. Reported operating profit increased by 8.0 percent from 211 million euros to 228 million euros.

The **Beauty Care** business unit also successfully extended its long-established path of profitable growth in the third quarter of 2016. Organically, **sales** rose by 2.6 percent. Nominally, sales increased by 0.4 percent to 968 million euros.

The business unit continued its successful development in the emerging markets with very strong organic sales growth. Eastern Europe and Latin America contributed with double-digit sales growth. Sales in the Asia region (excluding Japan) were below the level of the third quarter 2015, while Africa/Middle East showed very strong growth. Sales in the mature markets were stable. In Western Europe and in the mature markets of the Asia-Pacific region sales were below the level of the prior-year quarter. In North America, Beauty Care achieved a solid organic sales increase.

**Adjusted operating profit** of the Beauty Care business unit showed a very strong growth of 9.7 percent to 170 million euros. There was an excellent improvement in adjusted return on sales of 1.4 percentage points, taking it to a new high of 17.5 percent. Reported operating profit grew by 9.1 percent to 155 million euros.

The **Adhesive Technologies** business unit generated solid organic sales growth of 2.5 percent in the third quarter. Nominally, sales amounted to 2,272 million euros, after 2,279 million euros in the prior-year quarter.

The emerging markets continued their successful performance with strong organic sales growth. Latin America showed a double-digit growth rate. Eastern Europe recorded solid organic sales growth. Sales in Africa/Middle East were below the level of the prior-year quarter. Asia (excluding Japan) registered a very strong organic sales growth. Sales in the mature markets slightly decreased. In Western Europe and in the mature markets of the Asia-Pacific region, sales were below the level of the third quarter of 2015. In North America, sales remained stable.

**Adjusted operating profit** at the Adhesive Technologies business unit increased year on year by a solid 4.4 percent to 430 million euros. Adjusted return on sales showed a very strong increase of 0.8 percentage points, reaching a new high of 18.9 percent. Reported operating profit rose by 15.3 percent to 423 million euros.

## Regional performance in the third quarter 2016

In a highly competitive market environment, Henkel's sales in **Western Europe** were 0.5 percent below the level of the prior-year quarter. The development in the region was mixed. While Germany showed a slightly positive organic sales performance and Spain recorded solid organic sales growth, sales in France and Italy were below the level of the prior-year quarter. Nominal sales amounted to 1,473 million euros, after 1,508 million euros in the third quarter of 2015. In **Eastern Europe**, sales grew organically by 4.5 percent. The main contribution to this performance came from the businesses in Russia and Turkey. At 733 million euros, nominal sales in the region were at prior-year level. Growth in the **Africa/Middle East** region continued to be impacted by the geopolitical unrest prevailing in some countries. Nevertheless, a strong organic sales growth of 6.9 percent was achieved. Nominal sales increased by 9.0 percent to 348 million euros.

Sales in the **North America** region increased organically by 1.6 percent. At 1,067 million euros, nominal sales were 13.5 percent above the prior-year level. Organic sales in **Latin America** increased by 13.9 percent, with business performance in Mexico making a significant contribution to this improvement, delivering a double-digit increase. Nominal sales amounted to 268 million euros, following 280 million euros in the prior-year quarter. Sales in the **Asia-Pacific** region grew organically by 4.3 percent. The organic sales improvement resulted primarily from business performance in India, South Korea and China, while sales in Japan decreased. Nominal sales increased by 6.9 percent to 830 million euros.

With an increase in organic sales of 6.7 percent, the **emerging markets** again made an above-average contribution to the organic growth of the Group. Nominal sales increased by 1.8 percent to 2,031 million euros. At 43 percent, the share of Group sales from emerging markets was at the level of the third quarter of 2015. In the **mature markets**, sales grew organically by 0.1 percent to 2,688 million euros.

## Outlook for the Henkel Group in 2016 confirmed

Henkel expects to generate organic sales growth of 2 to 4 percent, with each business unit generating growth within this range. Regarding the share of sales from emerging markets, Henkel anticipates a slight decrease compared to the prior-year level due to foreign exchange effects. For adjusted return on sales (EBIT), Henkel expects an increase to more than 16.5 percent and the adjusted return on sales of each individual business unit is expected to be above the level of the previous year. Henkel expects an increase in adjusted earnings per preferred share of between 8 and 11 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 third quarter of 2016 and other information with download material and the link to the teleconference broadcast can be found on the internet at:

[www.henkel.com/ir](http://www.henkel.com/ir)

[www.henkel.com/press](http://www.henkel.com/press)

## Key figures Q3/2016 and 1-9/2016

in million euros	Sales		EBIT		EBIT margin	
	Q3	1-9	Q3	1-9	Q3	1-9
<b>Laundry &amp; Home Care</b>						
2016	1,479	4,157	228	682	15.4%	16.4%
2015	1,314	3,926	211	600	16.0%	15.3%
organic	4.0%	4.7%	-	-	-	-
2016 adjusted <sup>1)</sup>	-	-	265	751	17.9%	18.1%
2015 adjusted <sup>1)</sup>	-	-	239	685	18.2%	17.5%
<b>Beauty Care</b>						
2016	968	2,906	155	459	16.0%	15.8%
2015	964	2,910	142	433	14.7%	14.9%
organic	2.6%	2.5%	-	-	-	-
2016 adjusted <sup>1)</sup>	-	-	170	499	17.5%	17.2%
2015 adjusted <sup>1)</sup>	-	-	155	471	16.1%	16.2%
<b>Adhesive Technologies</b>						
2016	2,272	6,705	423	1,190	18.6%	17.7%
2015	2,279	6,783	367	1,100	16.1%	16.2%
organic	2.5%	2.4%	-	-	-	-
2016 adjusted <sup>1)</sup>	-	-	430	1,232	18.9%	18.4%
2015 adjusted <sup>1)</sup>	-	-	412	1,163	18.1%	17.2%
<b>Henkel</b>						
2016	4,748	13,858	775	2,249	16.3%	16.2%
2015	4,590	13,715	666	2,029	14.5%	14.8%
organic	2.8%	3.0%	-	-	-	-
2016 adjusted <sup>1)</sup>	-	-	837	2,407	17.6%	17.4%
2015 adjusted <sup>1)</sup>	-	-	778	2,253	16.9%	16.4%

Henkel	Q3/2015	Q3/2016	Change	1-9/ 2015	1-9/ 2016	Change
Earnings per preferred share in euros	1.12	1.33	18.8%	3.41	3.84	12.6%
Adjusted EPS per preferred share in euros <sup>1)</sup>	1.30	1.42	9.2%	3.77	4.09	8.5%

Changes on the basis of figures in thousand euros

<sup>1)</sup> Adjusted for one-time charges/gains and restructuring charges