

Statement  
**Kasper Rorsted**  
Chairman of the Management Board  
Annual General Meeting – April 13, 2015

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Excellence is our Passion

**Statement by Kasper Rorsted**  
**Chairman of the Management Board**  
**Annual General Meeting on April 13, 2015**

Ladies and Gentlemen,  
Valued Shareholders,  
Guests and Friends of the Henkel Group.

On behalf of the Management Board and our employees, I would like to welcome you to our Annual General Meeting.

Henkel's vision is to be a global leader in brands and technologies. Last year, we took another step toward realizing this vision although the political and economic environment was, in part, very difficult. We therefore look back on the year with pride.

What did we achieve in 2014?

- We again delivered profitable growth, to which all three business units contributed.
- Organic sales in our emerging markets showed a very strong increase. Given the political and economic turbulence in many regions, this is a very good performance.
- We further strengthened our position in all three business units through acquisitions, investing a total of about of 1.8 billion euros.
- We increased our total capital expenditures by almost 20 percent to more than 500 million euros, with half of the amount being invested in emerging markets.
- We further simplified and digitized our processes.
- And we reached a number of important intermediate targets ahead of schedule in the area of sustainability.

These successes are due to the efforts of our almost 50,000 employees around the world, so I would like to take this opportunity to thank them – also in your name – for their hard work and commitment.

Ladies and Gentlemen,

The world economy again experienced only moderate growth of around 2 percent in 2014.

Once more, the emerging markets performed better than the mature markets, although their dynamism eased somewhat compared to 2013 and the fluctuations in some currencies had a negative impact.

In Asia, China was again a major driver of economic growth with an increase in GDP of over 7 percent. Growth momentum also came from India, with a GDP increase of more than 7 percent as well, and from Indonesia with a rise in GDP of over 5 percent. The Africa/Middle East region showed solid developments. There, the economy grew stronger than in the previous year. By contrast, the growth rate in Latin America dipped below the level of the previous year. In Eastern Europe, the severe conflict between Russia and Ukraine impacted the economic development.

I would now like to say a few words on the economic situation in Russia and Ukraine.

Russia is affected by the rapid decline in the oil price and economic sanctions. The Ukrainian economy shrank by almost 6 percent last year. Additionally, the currencies in both countries are under pressure. These developments are also affecting our business.

We anticipate that the conflict between Russia and Ukraine will adversely affect our results in the fiscal year 2015 by approximately 100 million euros.

We often get asked whether our involvement in Russia or Ukraine is still worth it. Our answer to that is very clear: for us, both countries are important. We have been in Russia for 24 years now. It is our fourth-biggest market. We opened a new research center there as recently as 2013. Ukraine counts among our most important emerging markets.

We will stay in both countries. We have achieved a lot there and we believe in the future of both countries.

We also feel a responsibility toward our employees. In Russia, we employ almost 3,000 people, and we have 1,000 employees in Ukraine. A withdrawal would contradict our understanding as a globally active and reliable business partner. Needless to say, the safety and wellbeing of our employees take the highest priority.

Moving on to the mature markets. Once again, Germany was an anchor of stability in Europe. The North American economy showed solid development.

Movements on the foreign exchange markets were particularly significant in 2014. Some currencies in the emerging markets continued to devalue versus the euro. The US dollar was also very volatile.

Nevertheless, we are very satisfied with our performance. We achieved our financial targets for 2014:

- We generated solid organic sales growth of 3.4 percent, placing us within our target range. Annual sales amounted to 16.4 billion euros. This was only slightly above the level of 2013 because of negative foreign exchange effects. These had an impact on sales amounting to around 650 million euros.
- We generated 44 percent of our sales in the emerging markets. This figure has remained constant due to the devaluation of some currencies in these markets.

- Adjusted operating profit rose to 2.6 billion euros, resulting in an adjusted return on sales of 15.8 percent. The EBIT margin was likewise in line with our guidance and represents the highest ever achieved in a full financial year.
- For adjusted earnings per preferred we guided growth in the high single-digit range. With a rise of 7.6 percent to 4 euros 38 cents, we also achieved our target here.

Aside from this solid operating performance, Henkel has remained financially very strong. Following acquisitions and the higher dividends paid out last year, our net financial position slightly declined versus the previous year. Nevertheless, we still have considerable financial headroom for further acquisitions.

You as shareholders are also to benefit from this. Today, we are proposing a dividend increase of 9 cents to 1 euro 31 cents per preferred share and to 1 euro 29 cents per ordinary share. The payout ratio would remain at 30 percent.

As shareholders you are not only benefiting from a higher dividend but also from the development of the share price. In 2014, the preferred shares rose by 6.1 percent while the ordinary shares increased by 6.3 percent. This means that both classes of shares performed more than twice as well as the DAX.

In the last five years, Henkel preferred shares have shown an average annual return of 21.4 percent including dividends. The average return of the DAX over the same period was only half as much.

Ladies and Gentlemen,

I would now like to turn my attention to our three business units, each of which contributed to our solid performance in 2014.

Sales in **Laundry & Home Care** amounted to 4.6 billion euros representing a slight increase on the prior-year figure. Organically, sales rose by 4.6 percent despite stagnation in the relevant markets. This is a solid achievement.

The emerging markets were once again a major growth driver. They registered a double-digit increase in sales. Sales in the mature markets were slightly below the level of the previous year. However, developments were very mixed here. In North America, we suffered under a tough competitive environment. In Western Europe, we achieved solid growth.

Adjusted operating profit rose by 4.8 percent to 749 million euros, taking adjusted return on sales to a new high of 16.2 percent. Reported operating profit amounted to 615 million euros.

Once again in 2014, Laundry & Home Care was able to leverage its strong brands. With its ten top brand clusters, including Persil, Purex and Pril, the business unit generated 82 percent of its sales.

The innovation rate increased to more than 45 percent. This figure represents the share of sales achieved with products launched onto the market within the last three years. An example is the new Pril Kraft-Gel launched in Western Europe, Eastern Europe and also in Africa/Middle East.

The **Beauty Care** business unit registered organic growth of 2 percent in 2014, significantly outperforming its relevant markets. These were characterized by intense competition. Nominally, sales increased slightly to 3.5 billion euros. Here again, the emerging markets showed a strong development. Thanks primarily to China, we achieved double-digit growth in Asia. Africa/Middle East also showed significant increases.

Developments in the mature markets were, on the other hand, mixed. Western Europe was characterized by stagnating to contracting markets. Nevertheless, we were able to expand sales organically. By contrast, sales in North America and the mature markets of Asia fell below the level of the previous year.

Adjusted operating profit in the Beauty Care business unit rose by 3.5 percent to 544 million euros. Adjusted return on sales increased to a new high of 15.3 percent. Reported operating profit amounted to 421 million euros.

Beauty Care's solid performance is due primarily to our top brands. These grew more rapidly than the portfolio as a whole in 2014. They now account for around 92 percent of sales. Our top brands in this business unit include Schwarzkopf, Dial and Syoss.

A further driver of this solid performance was once again our innovations. More than 45 percent of sales come from products launched onto the market within the last three years. One example is Schwarzkopf Essence Ultîme. This is a product series that we developed together with Claudia Schiffer. The products have been available in the market since the beginning of 2014 and are positioned in the upper price segment. This is a segment in which we have not been active before. With innovations like these, we are able to open up new target groups. In just four months, we have rolled out this innovation to over 25 countries.

The **Adhesive Technologies** business unit also reported profitable growth in 2014. Organically, sales rose by 3.7 percent, outperforming the market. In nominal terms, sales were at the prior-year level of 8.1 billion euros.

The emerging markets in particular registered strong organic growth. Sales rose considerably in Africa/Middle East especially, and also in Asia.

Overall, we achieved organic sales growth in the mature markets. Sales in Western Europe and the mature countries of Asia showed an increase. Sales in North America, on the other hand, were below the level of the previous year.

Adjusted operating profit of the Adhesive Technologies business rose by 2.3 percent to 1.4 billion euros. The adjusted EBIT margin reached a new high of 17.2 percent. Reported operating profit increased to 1.3 billion euros.

We have almost completed the process of consolidating our brands in the adhesives division. Our ten biggest brands generated 80 percent of our sales. The leading brands are Loctite, Teroson and Technomelt. In November we also brought our Purbond wood adhesive under the Loctite brand umbrella.

Our adhesives are found everywhere. Aside from the well-known consumer brands such as Pritt, Pattex or Ponal, which every one of you will certainly know, you also come into close contact with our industrial adhesives every day – whether it be in the car, smartphone or refrigerator, to name just a few examples.

Adhesive Technologies has introduced numerous new products over the last five years. In 2014, these accounted for more than 30 percent of the business unit's sales. One example is our new protective coating for magnesium, which is marketed under the Bonderite brand. Magnesium is lighter and more stable than aluminum and is particularly widely used in consumer electronics.

Ladies and Gentlemen,

I would like to say a few words about the development of Henkel in North America which remained below our expectations. Returning to growth in North America is our top priority for the current fiscal year. We have therefore initiated various measures. These include changes in management, in our product portfolio and in our internal processes.

We have now reached half time on our way to our 2016 financial targets. As you can see, we again worked consequently last year to ensure we achieve them.

Our actions are guided by five corporate values which are binding for all employees:

- We put our customers at the center of what we do.
- We value, challenge and reward our people.
- We drive excellent, sustainable financial performance.
- We are committed to leadership in sustainability.
- We build our future on our family business foundation.

Based on these values we have defined our strategy and our targets for the period through to 2016.

Those 2016 targets are:

- 20 billion euros in sales,
- of which 10 billion euros are to come from the emerging markets and 10 billion euros from the mature markets,
- and an average of 10 percent annual growth in adjusted earnings per share.

To achieve this, we intend to outperform our competition with a strong global team, expand our businesses worldwide and simplify our operations.

We have defined four strategic priorities.

They read: "**Outperform – Globalize – Simplify – Inspire**".

Last year, we made great progress in implementing them.

"**Outperform**" means: We want to be more successful than our competitors.

We achieve this by

- strengthening our top brands,
- driving innovation and
- working even more closely with our customers.

In 2014, we again focused on our top brands such as Loctite, Persil and Schwarzkopf. Together, these brands generated sales of around 5 billion euros.

By 2016, we expect our top 10 brands to account for 60 percent of our sales. In 2014, we had already hit the 59 percent mark, so we have almost reached our target.

Our focus on strong brands is paying off. We are growing organically more quickly and are more profitable with our top 10 brands. And we are also gaining more leverage in marketing and sales.

Another major factor is innovation. Our innovation rates have continuously improved over the last few years, and we regularly receive awards for

innovative products. Our international development centers play a particularly important role in this regard. Through these we are able to provide our customers locally with solutions to their specific requirements.

One example is a liquid laundry detergent developed specifically for Arab markets, Persil Black with a special fragrance, has significantly extended Henkel's market leadership in this segment.

We also cooperate with suppliers, universities and research institutes in order to enhance our innovative capacity. We call this concept "open innovation".

Here are a few examples:

Together with our partner BASF, we developed a new active ingredient for fabric softeners. We have improved our hair care products by working together with Wacker Chemie. Here, we are applying a new film-forming technology involving silicone microemulsions. Our collaboration with Kaneka of Japan has also been a success, providing us with early access to new developments in polymers for various industrial applications.

We are also increasing our investments in promising technologies of the future. One example is our collaboration with Vitriflex. This start-up was established in California in 2010. It specializes in the production of advanced film products for flexible displays in electronic devices. Our aim is to further develop this technology on a collaborative basis.

We also want to get closer to our customers. We are aligning our activities in marketing and sales specifically to their needs. In 2014, we strongly focused on digital channels, enabling us to reach new users and strengthen our position in the competitive environment.

In the Beauty Care business unit, for example, we are using various digital platforms for communication, consumer advice and e-commerce. The digital

marketing video from Schwarzkopf for Valentine's Day was a great success. On YouTube alone, it was viewed more than 15 million times.

We have significantly expanded digital offers in the Laundry & Home Care business unit. Here, we reached around 10 million consumers with a viral campaign featuring our successful Bref Power Balls.

We have further expanded our e-commerce platform in the Adhesive Technologies business unit. We are using this to serve our industrial customers on a one-to-one basis. In 2014 alone, this platform generated more than 500 million euros in sales.

The second priority in our strategy is "**Globalize**." This means we want to expand our business in the emerging markets. At the same time, we intend to further strengthen our positions in the mature markets. By 2016, we want to generate annual sales of around 20 billion euros, of which half is to be realized in the emerging markets.

We have made major progress in our emerging markets. In 2014, we achieved organic sales growth of 7.8 percent in these markets.

Once again, we generated double-digit organic growth in Africa/Middle East, despite the continuing political unrest in some countries.

Developments in Asia were substantially driven by China. We were also very successful in India and Indonesia. We generated solid organic growth in Eastern Europe, despite the conflicts in some countries.

Overall, the emerging markets again accounted for 44 percent of our sales in 2014. This share would have grown further if the currencies of some emerging markets had not been so weak. At the same time, we further increased the share of employees working for us in these regions to 57 percent.

We have invested in local R&D and production. The Africa/Middle East region has already benefited from a new research center for Laundry & Home Care. This is located in Dubai and was opened at the end of 2013.

We have further expanded our research centers serving the Beauty Care business unit. These include our R&D sites in Johannesburg and Shanghai. They enable us to better satisfy the requirements of customers in these regions. In Johannesburg, for example, we have developed Schwarzkopf Smooth & Shine, a hair care series especially aligned to the demands of Afro-textured hair.

We opened a technology center for Adhesive Technologies in Seoul, which focuses on providing solutions for mobile devices and displays.

We are also profiting from acquisitions in the emerging markets. In 2014, we acquired the Polish brand "E" for our Laundry & Home Care business. And in May we took over the Pert brand in Latin America for our Beauty Care division.

We also invested in the mature markets and extended our leading position in 2014.

Our business in Germany, which again performed well, played a particularly important role in this regard. Our home market is and will remain an important pillar of our success. We invested almost 140 million euros here in 2014, which corresponds to approximately one-quarter of our total capital spend. The Group Headquarters in Düsseldorf remains our largest production site and most important center for research and development.

We acquired the French-based Spotless Group in June. This strengthens the position of the Laundry & Home Care business unit in Western Europe.

Likewise in June, we announced the acquisition of three hair care companies in the USA: Sexy Hair, Alterna and Kenra. Henkel now belongs to the three top players in the hair professional market in North America.

With the takeover of The Bergquist Company in the US our Adhesive Technologies business unit is now able to market thermal management technologies to our customers worldwide.

Acquisitions are part of our strategy. Last year, we spent a total of 1.8 billion euros on such transactions. This is also a reflection of our financial strength. Based on this, we intend to continue investing in the growth of our businesses.

In addition to acquisitions, we also intend to continue expanding our existing businesses. Only then will we be able to maintain and expand our strong positions.

The third strategic priority is “**Simplify**.” We want to simplify our structures as well as accelerate and digitize our processes. That will enable us to respond even more quickly to new challenges in the future.

In an increasingly competitive environment, we also need to become more digital. This will not just make our processes more efficient, we also aim to better track market and business developments. This allows fast and better decision-making.

Our focus at the moment is on three topics:

- We are expanding our shared service activities.
- We are consolidating our IT systems within a single platform.
- And we are establishing a global supply chain organization.

We opened two new shared service centers, one in Cairo, and one in Shanghai, where our business processes are handled on a centralized and standardized basis. We currently employ more than 2,600 people in six such centers. By 2016, this number is expected to increase to more than 3,000.

We are still working on the consolidation of our IT systems. Since the start in Asia in 2013, we have converted 21 different IT systems to one SAP platform. Last year, we also began this process in Europe. Other regions will follow until

2016. By then we want to have decreased the number of internal processes to 800. In 2012, the number of different processes was 2,200.

Again last year, we improved the digital working environment of our employees. We have converted 45,000 users to a new IT platform, making our employees more closely networked together.

We also improved our purchasing processes. We are consolidating our activities into central hubs, for example in Sao Paulo, Dubai, Shanghai and Rocky Hill. We are putting more emphasis on electronic procurement. Already in 2014, we handled 23 percent of our purchasing volume using our new IT platform.

We have also made progress with our global supply chain organization. This will serve to pool our logistics and production processes, and also the purchasing activities serving all our business units. We completed the preparations in 2014 and established a company in Amsterdam. In future, around 200 employees will be working for us there.

To successfully drive all these initiatives, we need good and motivated people. Our fourth strategic priority therefore reads "**Inspire.**" We want to continuously further develop our employees while at the same time recruiting new talents for our company. For a global company such as Henkel, having employees from different backgrounds and with different types of experience is very important. At the same time, we expect everyone to commit to the same values and principles. We have established a clear framework for this which serves as a guidance for our management.

Good management begins at the top. Together with the Harvard Business School, we have developed a new forum for our top management. These executives can exchange their knowledge and experience while at the same time learning how better to tackle new challenges, supported by the expertise of the professors. One third of our top management has already participated in the first session which took place in August.

We have also developed a program for our future executives. This is aligned primarily to employees in the emerging markets. It enables participants to build up their contacts and network with other managers.

Last year, we promoted 1,150 employees worldwide, paying due attention to diversity in terms of gender, culture and experience.

We support women in the development of their career opportunities. A third of our managers are female. Our record in this regard has been recognized in South Korea, for example. There we were named for a second time as a “Great Place for Women to Work.”

“Diversity & Inclusion” has long been of great importance to us. For many years, we have been encouraging our employees with a wide range of measures to recognize and utilize the opportunities of a diverse culture.

Nevertheless, when it comes to promotions, quality remains the key criterion. In a globally aligned process, we assess the performance and potential of more than 10,000 managerial staff. This enables us to better manage career development.

We want to find and secure new talents, and to do this we are placing great emphasis on digital communication.

We are cooperating with six top international universities that have a high proportion of students from the emerging markets. With our “Henkel Innovation Challenge” we are addressing students from all over the world. The competition was launched in 2007, and since then, we have had around 35,000 participants.

Our initiatives are paying off. Within our target group, Henkel is regarded as an attractive employer. The number of good-quality applications is constantly rising.

Social engagement is an important part of our corporate culture. This is why we promote the volunteering projects of our employees. In 2014, we supported 2,200 initiatives. In spring, for example, a large team of volunteer helpers from Henkel supported the Special Olympics in Düsseldorf.

As a responsible corporate citizen, we have also long been dedicated to **sustainability**. This commitment is firmly anchored in our values. It embraces the entire value chain.

We are convinced that sustainability will become ever more important in the future. By the year 2050, the world's population will have grown to 9 billion people. That means we have to utilize our resources more efficiently.

We set ourselves specific targets for 2030. Compared to the base year of 2010, we want to triple the value that we create in relation to our environmental footprint. To achieve this, we have to increase our efficiency by an average of 5 to 6 percent each year. We formulated some intermediate targets for 2015. These relate to six areas, including – for example – more energy efficiency or less waste per production unit.

We reached four of these six targets ahead of schedule last year. However, the work on our targets is ongoing.

Our activities in this regard are aligned to three fields: products, partners and people.

- Even when developing our products, we pay close attention to sustainability standards. We assess our ideas on the basis of a fixed evaluation scheme, enabling us to secure the sustainability of our innovations.
- Together with other companies, we have expanded our initiative "Together for Sustainability." We examine the standards of suppliers in relation to aspects such as health, safety and employee working

conditions. Since the start of this initiative, the number of members has doubled from six to twelve global companies.

- We have strengthened the communication of our sustainability targets and objectives within our organization. Since 2012, we have trained 3,800 employees as Sustainability Ambassadors. Through this, we also convey the importance of sustainability to partners, customers and the public. As part of the program, we have educated 36,000 children in 37 countries.

Our engagement is also recognized by third parties. Henkel is represented in the Dow Jones Sustainability Index as a sector leader. Our shares are also listed in other sustainability indices. These include, for example, the ethical index FTSE4Good. Henkel also belongs to the Global Challenges Index as one of just 50 companies worldwide.

You can find further information in our Sustainability Report and on our website.

Ladies and Gentlemen,

2015 will be another challenging year for Henkel. The world economy is expected to grow by around 3 percent. The emerging markets are expected to grow by 4 percent, thus again outpacing the mature markets. We again expect particular momentum to come out of Asia.

The developments in the mature markets will remain mixed. Forecasts indicate that the USA will expand its GDP by around 3 percent, while in Western Europe we expect growth to come in at 1 percent.

Volatility on the currency markets will remain. Overall, we expect currencies of major importance to us to appreciate against the euro. This applies particularly to the US dollar which, due to the expected turnaround in interest rates in America, has undergone significant appreciation since the start of the year. By contrast, currencies in the emerging markets are likely to depreciate. We expect the Russian ruble to remain under pressure.

We have set ourselves the following targets for 2015:

- We expect organic sales growth of between 3 and 5 percent.
- The share of sales accounted for by emerging markets is expected to remain constant.
- We expect adjusted return on sales to increase to approximately 16 percent, with all business units contributing.
- Adjusted earnings per preferred share should increase by around 10 percent.

We will be publishing our figures for the first quarter on May 7. We will then be able to report on how 2015 has started for us.

Ladies and Gentlemen,

On behalf of the Management Board, I would like to thank our Supervisory Board, the members of the Shareholders' Committee and the employee representative bodies for their constructive cooperation in the last year.

And I thank you – the shareholders of Henkel – for your trust and confidence. As the Management Board of Henkel, we look forward to continuing on our successful journey with your invaluable support.

Thank you for your attention!

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 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 the 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.