Q2 Quarterly financial report Half-year financial report

April through June 2018
January through June 2018

Henkel Group key financials

in million euros[1]	Q2/2017	Q2/2018	+/–	1–6/2017	1–6/2018	+/–
Sales	**5,098**	**5,143**	**0.9 %**	**10,162**	**9,978**	**– 1.8 %**
Adhesive Technologies	2,370	**2,432**	2.6 %	4,665	**4,702**	0.8 %
Beauty Care	997	**1,035**	3.8 %	2,007	**2,000**	– 0.4 %
Laundry & Home Care	1,703	**1,644**	– 3.4 %	3,429	**3,213**	– 6.3 %
Operating profit (EBIT)	**839**	**814**	**– 3.0 %**	**1,662**	**1,553**	**– 6.6 %**
Adjusted[2] operating profit (EBIT)	**909**	**926**	**1.8 %**	**1,763**	**1,768**	**0.3 %**
Return on sales (EBIT) in percent	**16.4**	**15.8**	**– 0.6 pp**	**16.4**	**15.6**	**– 0.8 pp**
Adjusted[2] return on sales (EBIT) in percent	**17.8**	**18.0**	**0.2 pp**	**17.4**	**17.7**	**0.3 pp**
Net income	**631**	**602**	**– 4.6 %**	**1,238**	**1,150**	**– 7.1 %**
Attributable to non-controlling interests	7	**4**	– 42.9 %	17	**9**	– 47.1 %
Attributable to shareholders of Henkel AG & Co. KGaA	624	**598**	– 4.2 %	1,221	**1,141**	– 6.6 %
Earnings per preferred share in euros	**1.44**	**1.38**	**– 4.2 %**	**2.82**	**2.63**	**– 6.7 %**
Adjusted[2] earnings per preferred share in euros	**1.55**	**1.58**	**1.9 %**	**2.96**	**3.01**	**1.7 %**
Return on capital employed (ROCE) in percent	**18.0**	**16.3**	**– 1.7 pp**	**17.8**	**15.9**	**– 1.9 pp**

pp = percentage points
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Adjusted for one-time charges / gains and restructuring expenses.

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Overview second quarter 2018

Key financials

€ 5,143 m

sales

+ 3.5 %

organic sales growth
+ 5.2 % Adhesive Technologies
+ 0.4 % Beauty Care
+ 2.9 % Laundry & Home Care

€ 814 m

operating profit (EBIT)

€ 926 m / + 1.8 %

adjusted[1] operating profit (EBIT) / year-on-year increase

€ 1.38

earnings per preferred share (EPS)

€ 1.58 / + 1.9 %

adjusted[1] earnings per preferred share (EPS) / year-on-year increase

€ 598 m

net income attributable to shareholders of Henkel AG & Co. KGaA

18.0 %

adjusted[1] return on sales (EBIT): up 0.2 percentage points
19.0 % Adhesive Technologies
18.1 % Beauty Care
17.9 % Laundry & Home Care

6.3 %

net working capital in percent of sales

Key facts

Sales exceed 5.1 billion euros, driven by strong organic growth.

Continuous improvement in adjusted return on sales.

Service levels return to normal in our consumer goods businesses in North America.

Adjusted earnings per preferred share increase despite persisting negative foreign exchange effects.

[1] Adjusted for one-time charges (32 million euros) / one-time gains (0 million euros) and restructuring expenses (80 million euros).

Report second quarter 2018

Business performance second quarter 2018

Key financials[1]

in million euros	Q2/2017	Q2/2018	+/–
Sales	5,098	**5,143**	0.9 %
Operating profit (EBIT)	839	**814**	– 3.0 %
Adjusted[2] operating profit (EBIT)	909	**926**	1.8 %
Return on sales (EBIT)	16.4 %	**15.8 %**	– 0.6 pp
Adjusted[2] return on sales (EBIT)	17.8 %	**18.0 %**	0.2 pp
Net income – attributable to shareholders of Henkel AG & Co. KGaA	624	**598**	– 4.2 %
Adjusted[2] net income – attributable to shareholders of Henkel AG & Co. KGaA	670	**685**	2.2 %
Earnings per preferred share in euros	1.44	**1.38**	– 4.2 %
Adjusted[2] earnings per preferred share in euros	1.55	**1.58**	1.9 %

pp = percentage points
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Adjusted for one-time charges / gains and restructuring expenses.

Results of operations

In the second quarter of 2018, **sales of the Henkel Group** reached 5,143 million euros. Organically (i.e. adjusted for foreign exchange and acquisitions / divestments), sales increased by 3.5 percent. The contribution from acquisitions and divestments amounted to 3.5 percent. Foreign exchange effects reduced sales by –6.1 percent. Nominally, sales increased by 0.9 percent.

We improved adjusted return on sales (EBIT) by 0.2 percentage points to 18.0 percent. Compared to the prior-year quarter, adjusted earnings per preferred share rose by 1.9 percent.

Sales development[1]

in percent	Q2/2018
Change versus previous year	**0.9**
Foreign exchange	**– 6.1**
Adjusted for foreign exchange	**7.0**
Acquisitions / divestments	**3.5**
Organic	**3.5**
of which price	**1.7**
of which volume	**1.8**

[1] Calculated on the basis of units of 1,000 euros.

The strong organic sales performance was driven by very strong growth of 5.2 percent in the Adhesive Technologies business unit. Sales in the Beauty Care business unit were 0.4 percent above the level of the prior-year quarter after adjustment for foreign exchange and acquisitions / divestments. The Laundry & Home Care business unit recorded a good rate of organic sales growth of 2.9 percent.

Price and volume effects second quarter 2018

in percent	Organic sales growth	of which price	of which volume
Adhesive Technologies	**5.2**	2.5	2.7
Beauty Care	**0.4**	1.0	– 0.6
Laundry & Home Care	**2.9**	1.1	1.8
Henkel Group	**3.5**	**1.7**	**1.8**

In the second quarter of 2018, there were no material changes to our business activities and competitive positions as presented in our Annual Report 2017 on pages 59 and 60.

In order to adapt our structures to our markets and customers, we spent 80 million euros on restructuring (prior-year quarter: 36 million euros). A significant portion of this amount is attributable to the optimization of our sales, distribution and production structures.

In the following, we discuss our operating income and expense items up to operating profit, adjusted in each case for one-time charges / gains and restructuring expenses. The reconciliation statement and the allocation of the restructuring expenses between

Reconciliation from sales to adjusted operating profit[1]

in million euros	Q2/2017	%	Q2/2018	%	+/–
Sales	**5,098**	**100.0**	**5,143**	**100.0**	**0.9%**
Cost of sales	–2,670	–52.4	**–2,725**	**–53.0**	2.1%
Gross profit	**2,428**	**47.6**	**2,418**	**47.0**	**–0.4%**
Marketing, selling and distribution expenses	–1,203	–23.6	**–1,159**	**–22.5**	–3.7%
Research and development expenses	–118	–2.3	**–123**	**–2.4**	4.2%
Administrative expenses	–224	–4.4	**–230**	**–4.5**	2.7%
Other operating income / expenses	26	0.5	**20**	**0.4**	–
Adjusted operating profit (EBIT)	**909**	**17.8**	**926**	**18.0**	**1.8%**

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.

the various expense items of the consolidated statement of income can be found on page 29.

Compared to the second quarter of 2017, cost of sales increased by 2.1 percent to 2,725 million euros. Gross profit was slightly down year on year at 2,418 million euros. Gross margin decreased by –0.6 percentage points to 47.0 percent. Savings from cost reduction measures, improvements in production and supply chain efficiency, and selective price increases only partially offset the impact of higher prices for direct materials.

Marketing, selling and distribution expenses decreased by –3.7 percent to 1,159 million euros. Their ratio to sales declined by –1.1 percentage points to 22.5 percent. We spent a total of 123 million euros for research and development (previous year: 118 million euros). The corresponding ratio to sales was 2.4 percent, compared to 2.3 percent in the prior-year quarter. Administrative expenses increased from 224 million euros to 230 million euros. At 4.5 percent of sales, the ratio was virtually on a par with the second quarter of 2017.

At 20 million euros, the balance of other operating income and expenses was lower compared to the prior-year quarter, mainly due to lower gains on disposal of non-current assets.

Adjusted operating profit (EBIT) increased by 1.8 percent from 909 million euros to 926 million euros. We were able to further improve **adjusted return on sales** for the Group from 17.8 percent to 18.0 percent. The Adhesive Technologies business unit registered a margin of 19.0 percent (previous year: 19.2 percent). The Beauty Care business unit increased its margin from 18.0 percent to 18.1 percent. The Laundry & Home Care business unit recorded a strong margin increase from 17.5 percent to 17.9 percent.

Our financial result declined from –6 million euros in the second quarter of 2017 to –9 million euros in the second quarter of 2018. The difference of –3 million euros is due, in particular, to the higher interest expense arising from the funding of acquisitions in the second half of 2017. The tax rate was 25.2 percent (adjusted: 24.8 percent).

Henkel generated net income for the quarter of 602 million euros (previous year: 631 million euros). After deducting 4 million euros attributable to non-controlling interests, net income for the quarter was 598 million euros (second quarter 2017: 624 million euros). Adjusted net income for the quarter after deducting non-controlling interests was 685 million euros compared to 670 million euros in the prior-year quarter.

Earnings per preferred share amounted to 1.38 euros (previous year: 1.44 euros). Adjusted earnings per preferred share increased from 1.55 euros in the second quarter of 2017 to 1.58 euros in the second quarter of 2018.

Performance by region

Key figures by region[1] second quarter 2018

in million euros	Western Europe	Eastern Europe	Africa / Middle East	North America	Latin America	Asia-Pacific	Corporate[2]	Henkel Group
Sales April–June 2018	**1,567**	**732**	**310**	**1,348**	**299**	**855**	**32**	**5,143**
Sales April–June 2017	1,541	749	334	1,310	291	845	29	**5,098**
Change from previous year	1.7 %	– 2.2 %	– 7.1 %	2.9 %	2.8 %	1.1 %	–	**0.9 %**
Adjusted for foreign exchange	2.1 %	8.2 %	5.5 %	11.4 %	18.2 %	4.5 %	–	**7.0 %**
Organic	0.1 %	8.2 %	4.7 %	4.9 %	6.3 %	1.9 %	–	**3.5 %**
Proportion of Henkel sales April–June 2018	**30 %**	**14 %**	**6 %**	**26 %**	**6 %**	**17 %**	**1 %**	**100 %**
Proportion of Henkel sales April–June 2017	30 %	15 %	6 %	26 %	6 %	16 %	1 %	**100 %**
Operating profit (EBIT) April–June 2018	**396**	**76**	**5**	**173**	**37**	**149**	**– 22**	**814**
Operating profit (EBIT) April–June 2017	398	82	20	181	30	154	– 27	**839**
Change from previous year	– 0.5 %	– 7.1 %	– 76.4 %	– 4.9 %	20.9 %	– 3.1 %	–	**– 3.0 %**
Adjusted for foreign exchange	– 0.4 %	7.9 %	– 72.8 %	5.2 %	42.0 %	2.0 %	–	**1.3 %**
Return on sales (EBIT) April–June 2018	**25.3 %**	**10.4 %**	**1.6 %**	**12.8 %**	**12.3 %**	**17.4 %**	**–**	**15.8 %**
Return on sales (EBIT) April–June 2017	25.8 %	10.9 %	6.1 %	13.8 %	10.5 %	18.2 %	–	**16.4 %**

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Corporate = sales and services not assignable to the individual regions and business units.

In the following, we comment on our results in the second quarter 2018:

In a highly competitive market environment, organic sales growth in the **Western Europe** region was flat at 0.1 percent. Sales in Italy and the United Kingdom declined, whereas the trend in Germany and France was positive.

Operating profit in the region declined by –0.4 percent adjusted for foreign exchange. Return on sales in the region decreased by –0.5 percentage points to 25.3 percent.

In the **Eastern Europe** region, we increased sales organically by 8.2 percent. The main contribution to this performance came from our business in Turkey.

Our operating profit in the region improved by 7.9 percent adjusted for foreign exchange. Return on sales in the region decreased by –0.5 percentage points to 10.4 percent.

In the **Africa / Middle East** region, we increased sales organically by 4.7 percent.

Operating profit adjusted for foreign exchange decreased by –72.8 percent in the region, mainly as a result of higher restructuring expenses. Return on sales decreased by –4.5 percentage points to 1.6 percent.

The service levels in our consumer goods businesses in **North America** returned to normal in the course of the second quarter. Sales in the region increased organically by 4.9 percent.

Operating profit in the region improved by 5.2 percent adjusted for foreign exchange. Return on sales in the region decreased by –1.0 percentage points to 12.8 percent.

Sales in the **Latin America** region increased organically by 6.3 percent. Business performance in Mexico was the main contributor to this improvement.

We were able to increase operating profit by 42.0 percent adjusted for foreign exchange. Return on sales in the region improved by 1.8 percentage points to 12.3 percent.

Sales in the **Asia-Pacific** region grew organically by 1.9 percent. This organic growth resulted primarily from our business performance in China and India.

We increased operating profit by 2.0 percent adjusted for foreign exchange. Return on sales decreased year on year by –0.8 percentage points to 17.4 percent.

The **emerging markets** of Eastern Europe, Africa / Middle East, Latin America and Asia (excluding Japan) again made an above-average contribution to the organic growth of the Group with an increase of 5.4 percent. Nominally, sales decreased by –0.8 percent to 2,056 million euros due to foreign exchange effects. At 40 percent, the share of Group sales from emerging markets was slightly below the level of the second quarter of 2017.

Adhesive Technologies

Key financials[1]

in million euros	Q2/2017	Q2/2018	+/–	1–6/2017	1–6/2018	+/–
Sales	2,370	**2,432**	2.6 %	4,665	**4,702**	0.8 %
Proportion of Henkel sales	46 %	**47 %**	–	46 %	**47 %**	–
Operating profit (EBIT)	446	**438**	– 1.7 %	877	**827**	– 5.7 %
Adjusted[2] operating profit (EBIT)	455	**462**	1.5 %	870	**871**	0.2 %
Return on sales (EBIT)	18.8 %	**18.0 %**	– 0.8 pp	18.8 %	**17.6 %**	– 1.2 pp
Adjusted[2] return on sales (EBIT)	19.2 %	**19.0 %**	– 0.2 pp	18.6 %	**18.5 %**	– 0.1 pp
Return on capital employed (ROCE)	22.6 %	**20.3 %**	– 2.3 pp	22.3 %	**19.5 %**	– 2.8 pp

pp = percentage points
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Adjusted for one-time charges / gains and restructuring expenses.

Sales development[1]

in percent	Q2/2018	1–6/2018
Change versus previous year	**2.6**	**0.8**
Foreign exchange	**– 5.9**	**– 7.3**
Adjusted for foreign exchange	**8.5**	**8.1**
Acquisitions / divestments	**3.3**	**3.1**
Organic	**5.2**	**5.0**
of which price	**2.5**	**1.8**
of which volume	**2.7**	**3.2**

[1] Calculated on the basis of units of 1,000 euros.

In the second quarter of 2018, the Adhesive Technologies business unit generated **sales** of 2,432 million euros.

Organically (i.e. adjusted for foreign exchange and acquisitions / divestments), sales increased by 5.2 percent. Acquisitions / divestments accounted for an increase in sales of 3.3 percent. Foreign exchange effects reduced sales by –5.9 percent. Nominally, sales increased by 2.6 percent.

From a regional perspective, the organic sales growth of our businesses in the emerging markets was significant. We posted double-digit organic growth in the Eastern Europe region. The Latin America region recorded significant sales growth. Sales growth in Asia (excluding Japan) was very strong. Sales performance in the Africa / Middle East region was positive.

Sales in the mature markets showed strong organic growth. Sales increased very strongly in our businesses in the North America region. Sales performance in the Western Europe region was good. In the mature markets of the Asia-Pacific region, sales were lower year on year.

All business areas contributed to this very strong organic sales growth. The General Industry business recorded significant organic sales growth. Sales performance in our Transport and Metal, Adhesives for Consumers, Craftsmen and Building, and Electronics business areas was very strong. Sales growth in the Packaging and Consumer Goods Adhesives business was strong.

Adjusted operating profit (EBIT) increased versus the prior-year quarter by 1.5 percent to 462 million euros. **Adjusted return on sales** decreased slightly year on year, to 19.0 percent.

At 20.3 percent, return on capital employed (ROCE) was lower compared to the prior-year figure, mainly due to acquisitions. With a figure of 11.9 percent, net working capital as a percentage of sales was above the level of the prior-year quarter.

Beauty Care

Key financials[1]

in million euros	Q2/2017	Q2/2018	+/–	1–6/2017	1–6/2018	+/–
Sales	997	**1,035**	3.8 %	2,007	**2,000**	– 0.4 %
Proportion of Henkel sales	20 %	**20 %**	–	20 %	**20 %**	–
Operating profit (EBIT)	155	**151**	– 2.4 %	304	**303**	– 0.2 %
Adjusted[2] operating profit (EBIT)	180	**187**	4.4 %	348	**349**	0.0 %
Return on sales (EBIT)	15.5 %	**14.6 %**	– 0.9 pp	15.1 %	**15.2 %**	0.1 pp
Adjusted[2] return on sales (EBIT)	18.0 %	**18.1 %**	0.1 pp	17.4 %	**17.4 %**	0.0 pp
Return on capital employed (ROCE)	21.0 %	**15.4 %**	– 5.6 pp	20.5 %	**16.1 %**	– 4.4 pp

pp = percentage points
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Adjusted for one-time charges / gains and restructuring expenses.

Sales development[1]

in percent	Q2/2018	1–6/2018
Change versus previous year	**3.8**	**– 0.4**
Foreign exchange	**– 5.9**	**– 7.1**
Adjusted for foreign exchange	**9.7**	**6.7**
Acquisitions / divestments	**9.3**	**8.7**
Organic	**0.4**	**– 2.0**
of which price	**1.0**	**0.1**
of which volume	**– 0.6**	**– 2.1**

[1] Calculated on the basis of units of 1,000 euros.

In the second quarter of 2018, the Beauty Care business unit generated **sales** of 1,035 million euros.

Organically (i.e. adjusted for foreign exchange and acquisitions / divestments), sales increased by 0.4 percent. Acquisitions / divestments accounted for an increase in sales of 9.3 percent. Foreign exchange effects reduced sales by –5.9 percent. Nominally, sales increased by 3.8 percent.

From a regional perspective, the organic growth rate of our business in the emerging markets was positive versus the level of the second quarter of 2017. In particular, the Africa / Middle East region contributed very strong sales growth to the positive result. Sales growth in the Eastern Europe region was good. Organically, sales in the Latin America region decreased slightly. Sales performance in Asia (excluding Japan) was below the prior-year quarter.

Organic sales growth in our businesses in mature markets was flat. Sales growth in the North America region was good. Performance in the Western Europe region was slightly negative, impacted by continuing fierce crowding-out competition and intense price pressure. Sales in the mature markets of the Asia-Pacific region were lower compared to the second quarter of 2017.

Sales in our Branded Consumer Goods business declined slightly compared to the second quarter of the prior year. The Hair Salon business area continued its successful development with strong organic sales growth.

Adjusted operating profit (EBIT) came in at 187 million euros, 4.4 percent higher than the second quarter of 2017. **Adjusted return on sales** showed positive development to 18.1 percent.

At 15.4 percent, return on capital employed (ROCE) was lower compared to the prior-year figure, mainly due to acquisitions. With a figure of 6.1 percent, net working capital as a percentage of sales was above the level of the second quarter of 2017.

Laundry & Home Care

Key financials[1]

in million euros	Q2/2017	Q2/2018	+/–	1–6/2017	1–6/2018	+/–
Sales	1,703	**1,644**	– 3.4 %	3,429	**3,213**	– 6.3 %
Proportion of Henkel sales	33 %	**32 %**	–	33 %	**32 %**	–
Operating profit (EBIT)	265	**246**	– 7.4 %	539	**465**	– 13.7 %
Adjusted[2] operating profit (EBIT)	298	**295**	– 1.0 %	596	**586**	– 1.8 %
Return on sales (EBIT)	15.6 %	**14.9 %**	– 0.7 pp	15.7 %	**14.5 %**	– 1.2 pp
Adjusted[2] return on sales (EBIT)	17.5 %	**17.9 %**	0.4 pp	17.4 %	**18.2 %**	0.8 pp
Return on capital employed (ROCE)	13.8 %	**13.6 %**	– 0.2 pp	13.9 %	**12.8 %**	– 1.1 pp

pp = percentage points
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Adjusted for one-time charges / gains and restructuring expenses.

Sales development[1]

in percent	Q2/2018	1–6/2018
Change versus previous year	**– 3.4**	**– 6.3**
Foreign exchange	**– 6.7**	**– 7.7**
Adjusted for foreign exchange	**3.3**	**1.4**
Acquisitions / divestments	**0.4**	**0.3**
Organic	**2.9**	**1.1**
of which price	**1.1**	**0.8**
of which volume	**1.8**	**0.3**

[1] Calculated on the basis of units of 1,000 euros.

In the second quarter of 2018, the Laundry & Home Care business unit generated **sales** of 1,644 million euros.

Organically (i.e. adjusted for foreign exchange and acquisitions / divestments), sales in the business unit increased by 2.9 percent. Acquisitions / divestments accounted for an increase in sales of 0.4 percent. Foreign exchange effects reduced sales by –6.7 percent. Nominally, sales decreased by –3.4 percent.

This good organic sales growth was mainly driven by our very strong sales performance in our emerging markets. We achieved very strong growth in Eastern Europe and the Africa / Middle East region. Latin America contributed to the sales performance with strong growth.

Organic sales performance in the mature markets was good. Compared to the prior-year quarter, the increase in sales in the North America region and the mature markets of the Asia-Pacific region was very strong. In a highly competitive environment, sales decreased in the Western Europe region.

In the Laundry Care business area, we recorded very strong organic growth in the second quarter. The Home Care business area posted negative organic sales growth in the second quarter.

Adjusted operating profit (EBIT) decreased versus the prior-year quarter by –1.0 percent to 295 million euros. We were able to increase **adjusted return on sales** by 0.4 percentage points year on year.

At 13.6 percent, return on capital employed (ROCE) was slightly lower compared to the prior-year quarter. With a figure of –1.4 percent, net working capital as a percentage of sales was above the level of the prior-year quarter.

Financial report first half year 2018

Underlying economic conditions

The general economic conditions described in this section are based on data published by IHS Markit.

The world economy grew by around 3 percent in the first six months of 2018 compared to the prior-year period.

The mature markets registered robust economic growth. In the first six months of 2018, the North American economy grew by approximately 3 percent, the Western European economy by approximately 2 percent, and Japan by approximately 1 percent.

The emerging markets of Asia (excluding Japan) grew by approximately 6 percent in the first six months of 2018. Compared to the first half year of 2017, economic output in Latin America increased by 1.5 percent. Growth was at 3.5 percent in Eastern Europe and approximately 2.5 percent in Africa / Middle East.

Global unemployment was approximately 7 percent. Across the world, consumer prices rose by around 3 percent.

Prices for raw materials, packaging and purchased goods and services increased moderately compared to the first six months of 2017.

On the currency markets, the US dollar weakened in the first six months of 2018 compared to the prior-year period, to 1.21 US dollars versus the euro. Some key currencies in emerging markets also weakened.

Sectors of importance for Henkel

According to IHS Markit, private consumption increased by approximately 3 percent in the first six months of 2018. Performance in the mature markets was solid. Consumers in North America increased their spending by 2.5 percent; consumer spending in Western Europe grew by 1.5 percent. Consumption in the emerging markets rose in the first six months by 4.5 percent.

According to IHS Markit, the industrial production index (IPX) gained 3.5 percent in the first six months of 2018. In the mature markets, IPX growth was approximately 3 percent, whereas the index showed an increase of approximately 4 percent in the emerging markets.

Effects on Henkel

In conditions characterized by moderate private spending, organic sales performance in our consumer businesses was flat. Organic sales in the Adhesive Technologies business unit grew by 5.0 percent between January and June 2018, thus outperforming the industrial production index.

Adjusted gross margin decreased by –0.5 percentage points to 47.3 percent. Savings from cost reduction measures, improvements in production and supply chain efficiency, and selective price increases were only able to partially offset the impacts of higher prices for direct materials.

Business performance January – June 2018

Key financials[1]

in million euros	1–6/2017	1–6/2018	+/–
Sales	10,162	**9,978**	– 1.8 %
Operating profit (EBIT)	1,662	**1,553**	– 6.6 %
Adjusted [2] operating profit (EBIT)	1,763	**1,768**	0.3 %
Return on sales (EBIT)	16.4 %	**15.6 %**	– 0.8 pp
Adjusted [2] return on sales (EBIT)	17.4 %	**17.7 %**	0.3 pp
Net income – attributable to shareholders of Henkel AG & Co. KGaA	1,221	**1,141**	– 6.6 %
Adjusted [2] net income – attributable to shareholders of Henkel AG & Co. KGaA	1,283	**1,303**	1.6 %
Earnings per preferred share in euros	2.82	**2.63**	– 6.7 %
Adjusted [2] earnings per preferred share in euros	2.96	**3.01**	1.7 %

pp = percentage points
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Adjusted for one-time charges / gains and restructuring expenses.

Results of operations

In the first six months of 2018, **sales of the Henkel Group** reached 9,978 million euros. Organically (i.e. adjusted for foreign exchange and acquisitions / divestments), sales increased by 2.3 percent. Acquisitions and divestments accounted for sales growth of 3.3 percent. Foreign exchange effects reduced sales by –7.4 percent. Nominally, sales decreased by –1.8 percent.

We improved adjusted return on sales (EBIT) by 0.3 percentage points to 17.7 percent. Year on year, adjusted earnings per preferred share rose by 1.7 percent.

Sales development[1]

in percent	1–6/2018
Change versus previous year	**– 1.8**
Foreign exchange	**– 7.4**
Adjusted for foreign exchange	**5.6**
Acquisitions / divestments	**3.3**
Organic	**2.3**
of which price	**1.1**
of which volume	**1.2**

[1] Calculated on the basis of units of 1,000 euros.

The good organic sales performance was driven by very strong growth of 5.0 percent in the Adhesive Technologies business unit. Sales in our consumer goods business were adversely affected by delivery difficulties in North America in the first quarter of 2018. Sales in the Beauty Care business unit decreased by –2.0 percent. The Laundry & Home Care business unit was able to increase sales organically by 1.1 percent.

Price and volume effects first half year 2018

in percent	Organic sales growth	of which price	of which volume
Adhesive Technologies	**5.0**	1.8	3.2
Beauty Care	**– 2.0**	0.1	– 2.1
Laundry & Home Care	**1.1**	0.8	0.3
Henkel Group	**2.3**	**1.1**	**1.2**

In the first half of 2018, there were no material changes to our business activities and competitive positions as presented in our Annual Report 2017 on pages 59 and 60.

In order to adapt our structures to our markets and customers, we spent 164 million euros on restructuring (first half year 2017: 47 million euros). A significant portion of this amount is attributable to the optimization of our sales, distribution and production structures.

In the following, we discuss our operating income and expense items up to operating profit, adjusted in each case for one-time charges / gains and restructuring expenses. The reconciliation statement and the allocation of the restructuring expenses between the various expense items of the consolidated statement of income can be found on page 29.

Reconciliation from sales to adjusted operating profit[1]

in million euros	1–6/2017	%	1–6/2018	%	+/–
Sales	**10,162**	**100.0**	**9,978**	**100.0**	**–1.8%**
Cost of sales	–5,309	–52.2	**–5,263**	**–52.7**	–0.9%
Gross profit	**4,853**	**47.8**	**4,715**	**47.3**	**–2.8%**
Marketing, selling and distribution expenses	–2,412	–23.7	**–2,299**	**–23.0**	–4.7%
Research and development expenses	–238	–2.4	**–239**	**–2.4**	0.4%
Administrative expenses	–467	–4.6	**–448**	**–4.5**	–4.1%
Other operating income / expenses	27	0.3	**39**	**0.3**	–
Adjusted operating profit (EBIT)	**1,763**	**17.4**	**1,768**	**17.7**	**0.3%**

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.

Compared to the first six months of 2017, cost of sales decreased by –0.9 percent to 5,263 million euros. Gross profit decreased by –2.8 percent to 4,715 million euros. Gross margin decreased by –0.5 percentage points to 47.3 percent. Savings from cost reduction measures, improvements in production and supply chain efficiency, and selective price increases were only able to partially offset the impacts of higher prices for direct materials.

Marketing, selling and distribution expenses decreased by –4.7 percent from 2,412 million euros to 2,299 million euros. Year on year, their ratio to sales declined by –0.7 percentage points to 23.0 percent. We spent a total of 239 million euros on research and development. The ratio to sales, at 2.4 percent, was on a par with the prior-year figure. Administrative expenses decreased compared to the prior-year period from 467 million euros to 448 million euros. At 4.5 percent, administrative expenses in relation to sales were slightly lower versus the first six months of 2017.

At 39 million euros, the balance of other operating income and expenses was higher versus the previous year. The rise was attributable to numerous individual transactions relating to operations.

Adjusted operating profit (EBIT) increased from 1,763 million euros to 1,768 million euros. We increased **adjusted return on sales** of the Henkel Group from 17.4 percent to 17.7 percent. The Adhesive Technologies business unit registered a margin of 18.5 percent (previous year: 18.6 percent). At 17.4 percent, the margin in the Beauty Care business unit was on a par with the level of the previous year. The Laundry & Home Care business unit recorded a very strong margin increase from 17.4 percent to 18.2 percent.

Our financial result declined from –19 million euros in the first six months of 2017 to –24 million euros in the first half of 2018. The difference of –5 million euros is due, in particular, to the higher interest expense relating to the funding of acquisitions in the second half of 2017. The tax rate was 24.8 percent (adjusted: 24.7 percent).

Henkel generated net income for the half year of 1,150 million euros (previous year: 1,238 million euros). After deducting 9 million euros attributable to non-controlling interests, net income for the first six months was 1,141 million euros (first six months 2017: 1,221 million euros). Adjusted net income for the first six months after deducting non-controlling interests was 1,303 million euros compared to 1,283 million euros in the first six months of 2017.

Earnings per preferred share amounted to 2.63 euros (previous year: 2.82 euros). Adjusted earnings per preferred share increased from 2.96 euros in the first six months of 2017 to 3.01 euros in the first half of 2018.

Guidance 2018 versus performance first half year 2018

	Results first half year 2018	Guidance 2018[1]	Updated guidance 2018
Organic sales growth	Henkel Group: 2.3 percent Adhesive Technologies: 5.0 percent Beauty Care: −2.0 percent Laundry & Home Care: 1.1 percent	Henkel Group: 2–4 percent Adhesive Technologies: 2–4 percent Beauty Care: 0–2 percent Laundry & Home Care: 2–4 percent	Henkel Group: 2–4 percent Adhesive Technologies: 4–5 percent Beauty Care: 0–2 percent Laundry & Home Care: 2–4 percent
Adjusted[2] return on sales (EBIT)	Increase to 17.7 percent	Increase to more than 17.5 percent	Increase to around 18 percent
Adjusted[2] earnings per preferred share	Increase of 1.7 percent	Increase of 5–8 percent	Increase of 3–6 percent

[1] Issued on March 19, 2018.
[2] Adjusted for one-time charges / gains and restructuring charges.

Comparison between actual business performance and guidance

Henkel published guidance for fiscal 2018 on March 19, 2018, indicating that we expected to achieve organic sales growth of between 2 and 4 percent. We expected growth in the Adhesive Technologies and Laundry & Home Care business units to be within this range. In the Beauty Care business unit, we forecasted positive organic sales growth below this range. We expected an increase in adjusted return on sales (EBIT) to more than 17.5 percent. We forecasted an increase of between 5 and 8 percent in adjusted earnings per preferred share.

Based on developments in the first half of 2018 and our expectations for the rest of the year, we have updated our guidance for fiscal 2018.

We confirm our expectation for organic sales growth of 2 to 4 percent for the Henkel Group. We now expect organic sales growth in the Adhesive Technologies business unit of 4 to 5 percent. In the Laundry & Home Care business unit, we continue to expect growth in the range of 2 to 4 percent. In the Beauty Care business unit, we confirm our expectation of positive organic sales growth below this range.

For adjusted return on sales (EBIT), we now anticipate an increase year on year to around 18 percent.

Reflecting the development of currencies and material prices, we now expect an increase of between 3 and 6 percent in adjusted earnings per preferred share.

Net assets

Compared to year-end 2017, total assets rose by 1.6 billion euros to 29.9 billion euros.

Under **non-current assets**, intangible assets increased by 0.5 billion euros due to foreign exchange effects and capital expenditures. Leaving property, plant and equipment virtually unchanged, capital expenditures amounted to 244 million euros against depreciation of 199 million euros.

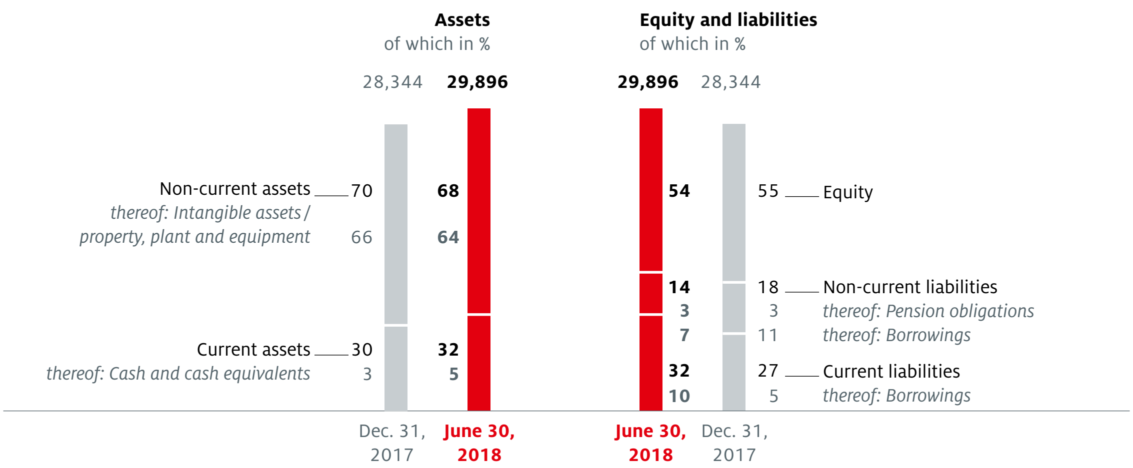
Current assets increased from 8.5 billion euros to 9.5 billion euros, mainly as a result of higher trade accounts receivable and increased cash and cash equivalents. The latter increased by 0.5 billion euros during the reporting period.

Compared to year-end 2017, **equity** including non-controlling interests increased by 390 million euros to 16,040 million euros. The addition of net income for the half year amounting to 1,150 million euros resulted in a rise in equity, while the dividend payment in April 2018 reduced equity by 772 million euros. Because total assets rose compared to year-end 2017, the equity ratio decreased by −1.6 percentage points to 53.7 percent despite the increase in equity. The individual components influencing equity development are shown in the consolidated statement of changes in equity on page 24.

Non-current liabilities decreased by 0.8 billion euros to 4.2 billion euros. This development was mainly attributable to lower non-current borrowings following premature repayment of our syndicated bank loan of 1.1 billion US dollars. Pension obligations remained virtually unchanged compared to year-end 2017.

Financial structure

in million euros



Current liabilities increased by 2.0 billion euros to 9.7 billion euros, mainly due to the increase in current borrowings of 1.7 billion euros following the issue of commercial papers aimed primarily at repaying the syndicated bank loan. In addition, trade accounts payable increased by 0.3 billion euros.

Effective June 30, 2018, our **net financial position** [1] amounted to −3,597 million euros (December 31, 2017: −3,225 million euros).

Net financial position

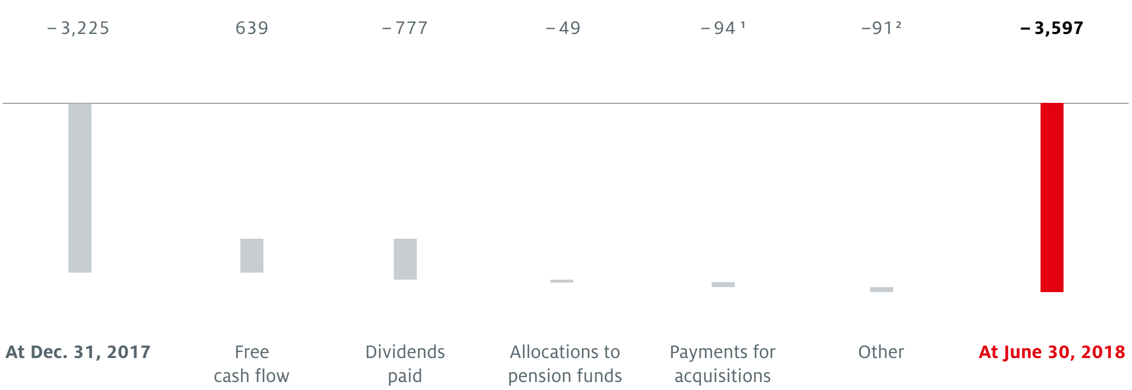
in million euros	
Q2/2017	−2,342
Q3/2017	−3,336
Q4/2017	−3,225
Q1/2018	−3,247
Q2/2018	**−3,597**

Our operating debt coverage in the reporting period was significantly above the minimum value of 50 percent, as it was at year-end 2017. The interest coverage ratio has decreased slightly.

Our long-term ratings remain at "A flat" (Standard & Poor's) and "A2" (Moody's).

Net financial position

in million euros



[1] Including purchase of non-controlling interests with no change of control.
[2] Primarily foreign exchange effects.

[1] Cash and cash equivalents plus readily monetizable financial instruments recognized under securities and time deposits less borrowings, plus positive and less negative fair values of hedging transactions.

Key financial ratios

	Dec. 31, 2017	June 30, 2018
Operating debt coverage (net income + amortization and depreciation, impairment and write-ups + interest element of pension obligations) / net borrowings and pension obligations	80.9 %	**66.1 %**
Interest coverage ratio EBITDA / interest result including interest element of pension obligations	79.3	**70.7**
Equity ratio equity / total assets	55.3 %	**53.7 %**

Financial position

The development of our financial position is indicated in detail in the consolidated statement of cash flows on page 25.

At 1,070 million euros, **cash flow from operating activities** in the first six months of 2018 was above the comparable figure of the prior-year period (959 million euros). The slight decrease in operating profit year on year and higher outflows for trade accounts receivable were offset by higher inflows for trade accounts payable and lower outflows for other liabilities. Year on year, the ratio of net working capital[1] to sales increased by 1.1 percentage points to 6.3 percent.

The cash outflow in **cash flow from investing activities** (–554 million euros) was above the figure of the prior-year period (–260 million euros) as a result of higher capital expenditures on intangible assets and property, plant and equipment.

Cash flow from financing activities showed a slight outflow of –32 million euros compared to a cash inflow of 366 million euros in the prior-year period, due to both higher dividend payments and lower cash inflows from borrowings. During the reporting period, we prematurely repaid our syndicated bank loan of 1.1 billion US dollars in full and increased our outstanding commercial papers. Developments in 2017 were influenced by inflows from the issuance of a bond.

Cash and cash equivalents rose compared to December 31, 2017 by 486 million euros to 1,402 million euros.

[1] Inventories plus payments on account, receivables from suppliers and trade accounts receivable, less trade accounts payable, liabilities to customers, and current sales provisions.

The slight increase in **free cash flow** from 617 million euros to 639 million euros in the first half of 2018 was due to higher cash flow from operating activities and cash inflows relating to other changes in pensions following reimbursement of pension payments. Higher capital expenditures on intangible assets and property, plant and equipment, including payments on account, had a countervailing effect.

Capital expenditures

Investments in property, plant and equipment for existing operations totaled 244 million euros, following 252 million euros in the first six months of 2017. We invested 233 million euros in intangible assets (prior-year period: 31 million euros). Around two-thirds of the expenditures were channeled into expansion projects, innovation, and rationalization measures, which included increasing our production capacity, introducing innovative product lines and optimizing our business processes.

Major individual projects in 2018 to date:
- Global optimization of our supply chain and consolidation and optimization of our IT system architecture for managing business processes
- Purchase of a new technology for developing innovative products
- Construction of a new production site for industrial adhesives and metal pretreatment products in Kurkumbh, India (Adhesive Technologies)
- Modification of liquid detergent packaging systems in Europe (Laundry & Home Care)
- Expansion of the production of basic detergent capsules in Salt Lake City and Bowling Green, USA (Laundry & Home Care)
- Construction of a new production facility for products used in the aviation industry in Montornès, Spain (Adhesive Technologies)

In regional terms, capital expenditures focused primarily on Western Europe, Eastern Europe and North America.

Capital expenditures first half year 2018

in million euros	Existing operations	Acquisitions	Total
Intangible assets	233	70	**303**
Property, plant and equipment	244	18	**262**
Total	**477**	**88**	**565**

Acquisitions and divestments

Effective January 3, 2018, we completed the acquisition of all shares of Unión Técnico Comercial S.R.L. based in Lima, Peru. The acquisition strengthens the market position of the General Industry business of Adhesive Technologies in the field of maintenance, repair and overhaul in Latin America.

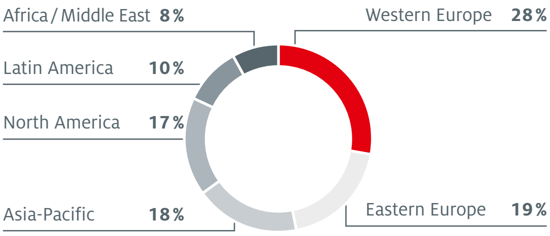
Effective June 1, 2018, we completed the acquisition of all shares of JemPak Corporation based in Concord, Canada. The acquisition complements and strengthens the existing Laundry & Home Care portfolio in North America; it will help to further expand Henkel's position in this attractive market and to strengthen our leading position in the retailer brands category in North America.

Further details can be found in the selected explanatory notes on page 33. There were no resulting changes to our business and organizational structure. For detailed information on our organization and business activities, please refer to the disclosures in our Annual Report 2017 on page 59.

Employees

As of June 30, 2018, we had around 53,500 employees (December 31, 2017: around 53,700). The slight decrease in the number of employees in the first half of the year is attributable to adjustments to our structures.

Employees by region



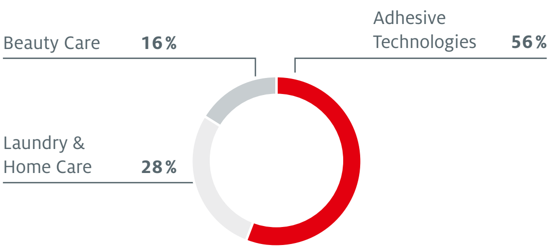
At June 30, 2018

Research and development

In the first six months of the fiscal year, research and development expenditures amounted to 253 million euros (adjusted for restructuring expenses: 239 million euros) compared to 240 million euros (adjusted: 238 million euros) in the prior-year period. Relative to sales, research and development expenditures increased slightly by 0.2 percentage points versus the prior-year period. The ratio was 2.6 percent. Adjusted research and development expenses relative to sales remained unchanged year on year. The ratio was 2.4 percent.

The development of innovative products is of key importance to our business model. The research and development strategy as described in our Annual Report 2017 (starting on page 87) has remained unchanged.

R&D expenditures by business unit



Outlook

Our assessment of future world economic development is based on data provided by IHS Markit.

Global economic growth is expected to remain no more than moderate in 2018. IHS Markit expects gross domestic product to rise by around 3 percent.

For the mature markets, IHS Markit anticipates growth of approximately 2.5 percent. For Western Europe, the expected increase is approximately 2 percent, and for North America, growth of around 3 percent is predicted for the full year. The Japanese economy is expected to grow by approximately 1 percent.

The emerging markets are likely to achieve economic growth of approximately 5 percent in 2018. IHS Markit expects economic output to increase by approximately 6 percent in Asia (excluding Japan) and by approximately 3 percent in the Africa / Middle East region. Growth of approximately 1 percent is forecasted for Latin America. The economy of Eastern Europe is expected to grow by approximately 3 percent in 2018.

Global inflation of approximately 3 percent is predicted in 2018. IHS Markit anticipates an increase in price levels of approximately 2 percent in the mature markets, while inflation of approximately 4 percent is expected for the emerging markets.

We expect prices for raw materials, packaging and purchased goods and services to increase moderately compared to the previous year.

We anticipate continued high volatility in the currency markets. We expect a weaker average US dollar rate for 2018 compared to 2017. In addition, some major currencies in the emerging markets could weaken.

IHS Markit predicts that global private consumption will increase by approximately 3 percent in 2018. Consumers in mature markets are expected to spend approximately 2 percent more than in the previous year. Private spending in the emerging markets is expected to grow by approximately 4 percent in 2018.

Year on year, the industrial production index (IPX) is expected to gain approximately 3.5 percent worldwide. IHS Markit expects the IPX to gain around 3 percent in the mature markets and approximately 4 percent in the emerging markets.

Opportunities and risks

Our evaluation of opportunities and risks remains largely unchanged from the analysis provided in our Annual Report 2017. Within the macroeconomic and sector-specific risk category there has been a deterioration in the geopolitical environment. The presentation of the major risk and opportunity categories can be found on pages 96 to 103 of our Annual Report 2017.

At the time this report was prepared, there were no identifiable risks related to future developments that could endanger the existence either of Henkel AG & Co. KGaA, or a material subsidiary included in the consolidation, or the Group, as a going concern.

Outlook for the Henkel Group in 2018

Guidance 2018

	Guidance 2018[1]	Updated guidance 2018
Organic sales growth	Henkel Group: 2–4 percent Adhesive Technologies: 2–4 percent Beauty Care: 0–2 percent Laundry & Home Care: 2–4 percent	Henkel Group: 2–4 percent Adhesive Technologies: 4–5 percent Beauty Care: 0–2 percent Laundry & Home Care: 2–4 percent
Adjusted[2] return on sales (EBIT)	Increase to more than 17.5 percent	Increase to around 18 percent
Adjusted[2] earnings per preferred share	Increase of 5–8 percent	Increase of 3–6 percent

[1] Issued on March 19, 2018.
[2] Adjusted for one-time charges / gains and restructuring charges.

We have updated our guidance for fiscal 2018.

We confirm our expectation for organic sales growth of 2 to 4 percent for the Henkel Group. We now expect organic sales growth in the Adhesive Technologies business unit of 4 to 5 percent. In the Laundry & Home Care business unit, we continue to expect growth in the range of 2 to 4 percent. In the Beauty Care business unit, we confirm our expectation of positive organic sales growth below this range.

We expect the contribution to the nominal sales growth of the Henkel Group from our acquisitions in 2017 and 2018 to be in the low single-digit percentage range. The translation of sales in foreign currencies is expected to have a negative effect in the middle single-digit percentage range.

For adjusted return on sales (EBIT), we now anticipate an increase year on year to around 18 percent. All three business units are expected to contribute to this positive performance.

Reflecting the development of currencies and material prices, we now expect an increase of between 3 and 6 percent in adjusted earnings per preferred share.

Furthermore, we confirm the following expectations for 2018:

- Restructuring expenses of 200 to 250 million euros
- Investments in intangible assets and property, plant and equipment of between 750 and 850 million euros

Interim consolidated financial statements

Consolidated statement of financial position

Assets

in million euros	June 30, 2017	%	Dec. 31, 2017	%	June 30, 2018	%
Intangible assets	14,729 [1]	51.7	15,690 [2]	55.3	**16,180**	**54.1**
Property, plant and equipment	2,811	9.9	3,005	10.6	**3,031**	**10.2**
Other financial assets	63	0.2	50	0.2	**63**	**0.2**
Income tax refund claims	7	–	8	–	**9**	**–**
Other assets	171	0.6	169	0.6	**184**	**0.6**
Deferred tax assets	976 [1]	3.4	949	3.4	**965**	**3.2**
Non-current assets	**18,757**	**65.8**	**19,871**	**70.1**	**20,432**	**68.3**
Inventories	1,995	7.0	2,080	7.3	**2,249**	**7.5**
Trade accounts receivable	3,567	12.5	3,544	12.5	**4,014**	**13.4**
Other financial assets	978	3.4	1,072	3.8	**1,036**	**3.5**
Income tax refund claims	299	1.0	329	1.2	**271**	**0.9**
Other assets	429	1.5	451	1.6	**411**	**1.4**
Cash and cash equivalents	2,404	8.4	916	3.2	**1,402**	**4.7**
Assets held for sale	83	0.3	81	0.3	**81**	**0.3**
Current assets	**9,755**	**34.2**	**8,473**	**29.9**	**9,464**	**31.7**
Total assets	**28,512**	**100.0**	**28,344**	**100.0**	**29,896**	**100.0**

[1] Adjusted following final allocation of the purchase price for the acquisition of The Sun Products Corporation.
[2] Adjusted following updated allocation of the purchase price for the acquisition of Zotos International Inc.

Equity and liabilities

in million euros	June 30, 2017	%	Dec. 31, 2017	%	June 30, 2018	%
Issued capital	438	1.5	438	1.5	**438**	**1.5**
Capital reserve	652	2.3	652	2.3	**652**	**2.2**
Treasury shares	– 91	– 0.3	– 91	– 0.3	**– 91**	**– 0.3**
Retained earnings	14,983 [1]	52.5	16,104	56.9	**16,357**	**54.7**
Other components of equity	– 957	– 3.4	– 1,527	– 5.4	**– 1,394**	**– 4.7**
Equity attributable to shareholders of Henkel AG & Co. KGaA	**15,025**	**52.7**	**15,576**	**55.0**	**15,962**	**53.4**
Non-controlling interests	112	0.4	74	0.3	**78**	**0.3**
Equity	**15,137**	**53.1**	**15,650**	**55.3**	**16,040**	**53.7**
Provisions for pensions and similar obligations	743	2.6	760	2.7	**746**	**2.5**
Income tax provisions	109	0.4	27	0.1	**85**	**0.3**
Other provisions	368	1.3	338	1.2	**315**	**1.0**
Borrowings	3,681	12.9	3,076	10.8	**2,190**	**7.3**
Other financial liabilities	68 [1]	0.2	85	0.3	**57**	**0.2**
Other liabilities	21	0.1	17	0.1	**18**	**0.1**
Deferred tax liabilities	818	2.9	644 [2]	2.2	**747**	**2.5**
Non-current liabilities	**5,808**	**20.4**	**4,947**	**17.4**	**4,158**	**13.9**
Income tax provisions	362	1.3	437	1.5	**338**	**1.1**
Other provisions	1,660	5.8	1,766 [2]	6.2	**1,781**	**6.0**
Borrowings	1,300	4.6	1,268	4.5	**3,046**	**10.2**
Trade accounts payable	3,672	12.9	3,717	13.1	**3,972**	**13.3**
Other financial liabilities	208	0.7	214	0.8	**190**	**0.6**
Other liabilities	345	1.2	340	1.2	**366**	**1.2**
Income tax liabilities	20	0.1	5	–	**5**	**–**
Current liabilities	**7,567**	**26.5**	**7,747**	**27.3**	**9,698**	**32.4**
Total equity and liabilities	**28,512**	**100.0**	**28,344**	**100.0**	**29,896**	**100.0**

[1] Adjusted following final allocation of the purchase price for the acquisition of The Sun Products Corporation.
[2] Adjusted following updated allocation of the purchase price for the acquisition of Zotos International Inc.

Consolidated statement of income

in million euros	Q2/2017	%	Q2/2018	%	+/–
Sales	**5,098**	**100.0**	**5,143**	**100.0**	**0.9 %**
Cost of sales	– 2,678	– 52.5	**– 2,738**	**– 53.2**	2.2 %
Gross profit	**2,420**	**47.5**	**2,405**	**46.8**	**– 0.6 %**
Marketing, selling and distribution expenses	– 1,242	– 24.4	**– 1,192**	**– 23.2**	– 4.0 %
Research and development expenses	– 119	– 2.3	**– 137**	**– 2.7**	15.1 %
Administrative expenses	– 248	– 4.9	**– 271**	**– 5.3**	9.3 %
Other operating income	36	0.7	**26**	**0.5**	– 27.8 %
Other operating expenses	– 8	– 0.2	**– 17**	**– 0.3**	> 100 %
Operating profit (EBIT)	**839**	**16.4**	**814**	**15.8**	**– 3.0 %**
Interest income	6	0.1	**2**	**–**	– 66.7 %
Interest expense	– 13	– 0.2	**– 22**	**– 0.5**	69.2 %
Other financial result	1	–	**8**	**0.2**	> 100 %
Investment result	–	–	**3**	**0.1**	–
Financial result	**– 6**	**– 0.1**	**– 9**	**– 0.2**	**50.0 %**
Income before tax	**833**	**16.3**	**805**	**15.6**	**– 3.4 %**
Taxes on income	– 202	– 3.9	**– 203**	**– 3.9**	0.5 %
Tax rate in %	24.2		**25.2**		
Net income	**631**	**12.4**	**602**	**11.7**	**– 4.6 %**
Attributable to non-controlling interests	7	0.1	**4**	**0.1**	– 42.9 %
Attributable to shareholders of Henkel AG & Co. KGaA	624	12.3	**598**	**11.6**	– 4.2 %
Earnings per ordinary share – basic and diluted in euros	1.44		**1.38**		**– 4.2 %**
Earnings per preferred share – basic and diluted in euros	1.44		**1.38**		– 4.2 %

Consolidated statement of income

in million euros	1–6/2017	%	1–6/2018	%	+/–
Sales	**10,162**	**100.0**	**9,978**	**100.0**	**– 1.8 %**
Cost of sales	– 5,327	– 52.4	**– 5,326**	**– 53.4**	0.0 %
Gross profit	**4,835**	**47.6**	**4,652**	**46.6**	**– 3.8 %**
Marketing, selling and distribution expenses	– 2,479	– 24.4	**– 2,376**	**– 23.8**	– 4.2 %
Research and development expenses	– 240	– 2.4	**– 253**	**– 2.6**	5.4 %
Administrative expenses	– 506	– 4.9	**– 509**	**– 5.1**	0.6 %
Other operating income	73	0.7	**65**	**0.8**	– 11.0 %
Other operating expenses	– 21	– 0.2	**– 26**	**– 0.3**	23.8 %
Operating profit (EBIT)	**1,662**	**16.4**	**1,553**	**15.6**	**– 6.6 %**
Interest income	12	0.1	**5**	**0.1**	– 58.3 %
Interest expense	– 23	– 0.2	**– 39**	**– 0.4**	69.6 %
Other financial result	– 8	– 0.1	**8**	**0.1**	> – 100 %
Investment result	–	–	**2**	**–**	–
Financial result	**– 19**	**– 0.2**	**– 24**	**– 0.2**	**26.3 %**
Income before tax	**1,643**	**16.2**	**1,529**	**15.4**	**– 6.9 %**
Taxes on income	– 405	– 4.0	**– 379**	**– 3.9**	– 6.4 %
Tax rate in %	24.7		**24.8**		
Net income	**1,238**	**12.2**	**1,150**	**11.5**	**– 7.1 %**
Attributable to non-controlling interests	17	0.2	**9**	**0.1**	– 47.1 %
Attributable to shareholders of Henkel AG & Co. KGaA	1,221	12.0	**1,141**	**11.4**	– 6.6 %
Earnings per ordinary share – basic and diluted in euros	2.81		**2.62**		**– 6.8 %**
Earnings per preferred share – basic and diluted in euros	2.82		**2.63**		– 6.7 %

Consolidated statement of comprehensive income

in million euros	Q2/2017	Q2/2018	1–6/2017	1–6/2018
Net income	631	**602**	1,238	**1,150**
Potential future reclassifications:				
Exchange differences on translation of foreign operations	–753	**352**	–764	**141**
Gains / losses from derivative financial instruments (hedge reserve)	–10	**–7**	–10	**–8**
Gains / losses from equity and debt instruments (equity and debt instruments reserve)	–	**–**	–	**–**
Components not to be reclassified in future:				
Remeasurement of net liability from defined benefit pension plans (net of taxes)	124	**42**	208	**–8**
Other comprehensive income (net of taxes)	**–639**	**387**	**–566**	**125**
Total comprehensive income for the period	**–8**	**989**	**672**	**1,275**
Attributable to non-controlling interests	2	**5**	12	**9**
Attributable to shareholders of Henkel AG & Co. KGaA	–10	**984**	660	**1,266**

Consolidated statement of changes in equity

in million euros	Issued capital: Ordinary shares	Issued capital: Preferred shares	Capital reserve	Treasury shares	Retained earnings	Other components of equity: Currency translation	Other components of equity: Hedge reserve	Other components of equity: Equity and debt instruments reserve[1]	Shareholders of Henkel AG & Co. KGaA	Non-controlling interests	Total
At December 31, 2016 January 1, 2017	**260**	**178**	**652**	**–91**	**14,236**	**–7**	**–184**	**3**	**15,047**	**138**	**15,185**
Net income	–	–	–	–	1,221	–	–	–	1,221	17	**1,238**
Other comprehensive income	–	–	–	–	208	–759	–10	–	–561	–5	**–566**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**1,429**	**–759**	**–10**	**–**	**660**	**12**	**672**
Dividends	–	–	–	–	–698	–	–	–	–698	–37	**–735**
Sale of treasury shares	–	–	–	–	–	–	–	–	–	–	**–**
Changes in ownership interest with no change in control	–	–	–	–	–8	–	–	–	–8	–1	**–9**
Other changes in equity	–	–	–	–	24	–	–	–	24	–	**24**
At June 30, 2017	**260**	**178**	**652**	**–91**	**14,983**	**–766**	**–194**	**3**	**15,025**	**112**	**15,137**
At Dec. 31, 2017/ Jan. 1, 2018	**260**	**178**	**652**	**–91**	**16,104**	**–1,332**	**–198**	**3**	**15,576**	**74**	**15,650**
Effect of first-time application of IFRS 9 and IFRS 15[2]	**–**	**–**	**–**	**–**	**–59**	**–**	**–**	**–**	**–59**	**–**	**–59**
At January 1, 2018 (adjusted)	**260**	**178**	**652**	**–91**	**16,045**	**–1,332**	**–198**	**3**	**15,517**	**74**	**15,591**
Net income	–	–	–	–	1,141	–	–	–	1,141	9	**1,150**
Other comprehensive income	–	–	–	–	–8	141	–8	–	125	–	**125**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**1,133**	**141**	**–8**	**–**	**1,266**	**9**	**1,275**
Dividends	–	–	–	–	–772	–	–	–	–772	–5	**–777**
Sale of treasury shares	–	–	–	–	–	–	–	–	–	–	**–**
Changes in ownership interest with no change in control	–	–	–	–	–	–	–	–	–	–	**–**
Other changes in equity	–	–	–	–	–49	–	–	–	–49	–	**–49**
At June 30, 2018	**260**	**178**	**652**	**–91**	**16,357**	**–1,191**	**–206**	**3**	**15,962**	**78**	**16,040**

[1] Available-for-sale reserve in 2017.
[2] Following application of IFRS 9 and IFRS 15, retained earnings decreased by 59 million euros. Of this amount, an increase in valuation allowances on trade accounts receivable accounted for 13 million euros and the application of IFRS 15 accounted for 46 million euros, of which –14 million euros related to deferred taxes.

Consolidated statement of cash flows

in million euros	Q2/2017	Q2/2018	1–6/2017	1–6/2018
Operating profit (EBIT)	**839**	**814**	**1,662**	**1,553**
Income taxes paid	– 249	**– 107**	– 386	**– 293**
Amortization / depreciation / impairment / write-ups of intangible assets and property, plant and equipment[1]	153	**140**	318	**284**
Net gains / losses on disposal of intangible assets and property, plant and equipment, and from divestments	– 2	**– 1**	– 26	**– 1**
Change in inventories	– 17	**– 26**	– 133	**– 182**
Change in trade accounts receivable	– 81	**– 81**	– 355	**– 509**
Change in other assets	42	**33**	26	**1**
Change in trade accounts payable	24	**92**	130	**267**
Change in other liabilities, provisions and equity	– 192	**– 185**	– 277	**– 50**
Cash flow from operating activities	**517**	**679**	**959**	**1,070**
Purchase of intangible assets and property, plant and equipment, including payments on account	– 177	**– 126**	– 295	**– 471**
Acquisition of subsidiaries and other business units	– 11	**– 73**	– 11	**– 87**
Purchase of associated companies and joint ventures held at equity	– 3	**– 5**	– 3	**– 7**
Proceeds on disposal of subsidiaries and other business units	1	**7**	48	**7**
Proceeds on disposal of intangible assets and property, plant and equipment	–	**1**	1	**4**
Cash flow from investing activities	**– 190**	**– 196**	**– 260**	**– 554**
Dividends paid to shareholders of Henkel AG & Co. KGaA	– 698	**– 772**	– 698	**– 772**
Dividends paid to non-controlling shareholders	– 15	**– 3**	– 37	**– 5**
Interest received	7	**10**	13	**14**
Interest paid	– 12	**–30**	– 21	**– 44**
Dividends and interest paid and received	– 718	**– 795**	– 743	**– 807**
Issuance of bonds	535	**–**	535	**–**
Repayment of non-current liabilities to banks	–	**–947**	–	**–947**
Other changes in borrowings	– 105	**1,143**	911	**1,778**
Allocations to pension funds	– 10	**– 11**	– 26	**– 49**
Other changes in pension obligations[2]	– 18	**83**	– 40	**66**
Purchase of treasury shares	–	**–**	–	**– 33**
Purchase of non-controlling interests with no change of control	– 14	**–**	– 14	**–**
Other financing transactions[3]	– 33	**– 18**	– 257	**– 40**
Cash flow from financing activities	**– 363**	**– 545**	**366**	**–32**
Net change in cash and cash equivalents	– 36	**– 62**	1,065	**484**
Effect of exchange rates on cash and cash equivalents	– 52	**12**	– 50	**2**
Change in cash and cash equivalents	**– 88**	**– 50**	**1,015**	**486**
Cash and cash equivalents at January 1/April 1	2,492	**1,452**	1,389	**916**
Cash and cash equivalents at June 30	**2,404**	**1,402**	**2,404**	**1,402**

[1] Of which: Impairment, second quarter 2018: 3 million euros (second quarter 2017: 1 million euros); first half year 2018: 12 million euros (first half year 2017: 5 million euros).
[2] Other changes in pension obligations include payment receipts of 100 million euros in the second quarter of 2018 and the first half of 2018 constituting the refund of pension payments to retirees for which a right of reimbursement exists with respect to Henkel Trust e.V. No reimbursements were paid in 2017.
[3] Other financing transactions in the second quarter of 2018 include payments of –4 million euros for the purchase of short-term securities and time deposits as well as for the provision of financial collateral (second quarter 2017: –40 million euros). The figure for the first half year 2018 includes payments of –22 million euros (first half year 2017: –264 million euros).

Additional voluntary information: Reconciliation to free cash flow

in million euros	Q2/2017	Q2/2018	1–6/2017	1–6/2018
Cash flow from operating activities	517	**679**	959	**1,070**
Purchase of intangible assets and property, plant and equipment, including payments on account	– 177	**– 126**	– 295	**– 471**
Proceeds on disposal of intangible assets and property, plant and equipment	–	**1**	1	**4**
Net interest paid	– 5	**– 20**	– 8	**–30**
Other changes in pension obligations	– 18	**83**	– 40	**66**
Free cash flow	**317**	**617**	**617**	**639**

Selected explanatory notes

Group segment report by business unit[1]

Second quarter 2018 in million euros	Adhesives for Consumers, Craftsmen and Building	Industrial Adhesives	Total Adhesive Technologies	Beauty Care	Laundry & Home Care	Operating business units total	Corporate	Henkel Group
Sales April–June 2018	**471**	**1,962**	**2,432**	**1,035**	**1,644**	**5,112**	**32**	**5,143**
Proportion of Henkel sales	9 %	38 %	47 %	20 %	32 %	**99 %**	1 %	**100 %**
Sales April–June 2017	491	1,879	2,370	997	1,703	**5,070**	29	**5,098**
Change from previous year	– 4.1 %	4.4 %	2.6 %	3.8 %	– 3.4 %	**0.8 %**	10 %	**0.9 %**
Adjusted for foreign exchange	2.3 %	10.1 %	8.5 %	9.7 %	3.3 %	**7.0 %**	–	**7.0 %**
Organic	4.9 %	5.3 %	5.2 %	0.4 %	2.9 %	**3.5 %**	–	**3.5 %**
EBIT April–June 2018	**72**	**367**	**438**	**151**	**246**	**835**	**– 22**	**814**
EBIT April–June 2017	82	364	446	155	265	**866**	– 27	**839**
Change from previous year	– 12.4 %	0.7 %	– 1.7 %	– 2.4 %	– 7.4 %	**– 3.6 %**	–	**– 3.0 %**
Return on sales (EBIT) April–June 2018	**15.2 %**	**18.7 %**	**18.0 %**	**14.6 %**	**14.9 %**	**16.3 %**	**–**	**15.8 %**
Return on sales (EBIT) April–June 2017	16.7 %	19.4 %	18.8 %	15.5 %	15.6 %	**17.1 %**	–	**16.4 %**
Adjusted EBIT April–June 2018	**77**	**384**	**462**	**187**	**295**	**944**	**– 18**	**926**
Adjusted EBIT April–June 2017	81	373	455	180	298	**932**	– 23	**909**
Change from previous year	– 4.6 %	2.9 %	1.5 %	4.4 %	– 1.0 %	**1.3 %**	–	**1.8 %**
Adjusted return on sales (EBIT) April–June 2018	**16.4 %**	**19.6 %**	**19.0 %**	**18.1 %**	**17.9 %**	**18.5 %**	**–**	**18.0 %**
Adjusted return on sales (EBIT) April–June 2017	16.5 %	19.9 %	19.2 %	18.0 %	17.5 %	**18.4 %**	–	**17.8 %**
Capital employed April–June 2018[2]	**866**	**7,787**	**8,653**	**3,915**	**7,249**	**19,818**	**135**	**19,953**
Capital employed April–June 2017[2]	838	7,039	7,877	2,949	7,705	**18,531**	72	**18,603**
Change from previous year	3.4 %	10.6 %	9.9 %	32.8 %	– 5.9 %	**6.9 %**	–	**7.3 %**
Return on capital employed (ROCE) April–June 2018	**33.1 %**	**18.8 %**	**20.3 %**	**15.4 %**	**13.6 %**	**16.9 %**	**–**	**16.3 %**
Return on capital employed (ROCE) April–June 2017	39.0 %	20.7 %	22.6 %	21.0 %	13.8 %	**18.7 %**	–	**18.0 %**
Amortization / depreciation / impairment / write-ups of intangible assets and property, plant and equipment April–June 2018	**9**	**56**	**65**	**18**	**53**	**136**	**4**	**140**
of which impairment losses 2018	**–**	**–**	**–**	**–**	**3**	**3**	**–**	**3**
of which write-ups 2018	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amortization / depreciation / impairment / write-ups of intangible assets and property, plant and equipment April–June 2017	9	53	62	24	64	**150**	3	**153**
of which impairment losses 2017	–	1	1	–	–	**1**	–	**1**
of which write-ups 2017	–	–	–	–	–	**–**	–	**–**
Capital expenditures (excluding financial assets) April–June 2018	**6**	**57**	**63**	**13**	**133**	**209**	**1**	**210**
Capital expenditures (excluding financial assets) April–June 2017	26	41	67	27	140	**234**	3	**237**
Operating assets April–June 2018[3]	**1,474**	**9,876**	**11,350**	**5,342**	**10,531**	**27,223**	**573**	**27,796**
Operating liabilities April–June 2018	**695**	**2,586**	**3,281**	**1,737**	**2,977**	**7,996**	**438**	**8,434**
Net operating assets April–June 2018[3]	**779**	**7,290**	**8,069**	**3,605**	**7,554**	**19,227**	**135**	**19,362**
Operating assets April–June 2017[3]	1,454	8,766	10,220	4,392	10,626	**25,237**	540	**25,777**
Operating liabilities April–June 2017	653	2,223	2,876	1,632	2,723	**7,231**	468	**7,699**
Net operating assets April–June 2017[3]	801	6,543	7,343	2,761	7,902	**18,006**	72	**18,078**

[1] Calculated on the basis of units of 1,000 euros.
[2] Including goodwill at cost prior to any accumulated impairment in accordance with IFRS 3.79 (b).
[3] Including goodwill at net book value.

Group segment report by business unit[1]

First half year 2018 in million euros	Adhesives for Consumers, Craftsmen and Building	Industrial Adhesives	Total Adhesive Technologies	Beauty Care	Laundry & Home Care	Operating business units total	Corporate	Henkel Group
Sales January–June 2018	**879**	**3,823**	**4,702**	**2,000**	**3,213**	**9,915**	**63**	**9,978**
Proportion of Henkel sales	9 %	38 %	47 %	20 %	32 %	**99 %**	1 %	**100 %**
Sales January–June 2017	925	3,740	4,665	2,007	3,429	**10,101**	60	**10,162**
Change from previous year	– 5.0 %	2.2 %	0.8 %	– 0.4 %	– 6.3 %	**– 1.8 %**	5.1 %	**– 1.8 %**
Adjusted for foreign exchange	1.9 %	9.6 %	8.1 %	6.7 %	1.4 %	**5.6 %**	–	**5.6 %**
Organic	4.1 %	5.2 %	5.0 %	– 2.0 %	1.1 %	**2.3 %**	–	**2.3 %**
EBIT January–June 2018	**132**	**695**	**827**	**303**	**465**	**1,595**	**– 42**	**1,553**
EBIT January–June 2017	167	710	877	304	539	**1,720**	– 58	**1,662**
Change from previous year	– 21.4 %	– 2.0 %	– 5.7 %	– 0.2 %	– 13.7 %	**– 7.2 %**	–	**– 6.6 %**
Return on sales (EBIT) January–June 2018	**15.0 %**	**18.2 %**	**17.6 %**	**15.2 %**	**14.5 %**	**16.1 %**	**–**	**15.6 %**
Return on sales (EBIT) January–June 2017	18.1 %	19.0 %	18.8 %	15.1 %	15.7 %	**17.0 %**	–	**16.4 %**
Adjusted EBIT January–June 2018	**141**	**730**	**871**	**349**	**586**	**1,806**	**– 38**	**1,768**
Adjusted EBIT January–June 2017	147	722	870	348	596	**1,814**	– 51	**1,763**
Change from previous year	– 4.1 %	1.1 %	0.2 %	0.0 %	– 1.8 %	**– 0.5 %**	–	**0.3 %**
Adjusted return on sales (EBIT) January–June 2018	**16.1 %**	**19.1 %**	**18.5 %**	**17.4 %**	**18.2 %**	**18.2 %**	**–**	**17.7 %**
Adjusted return on sales (EBIT) January–June 2017	15.9 %	19.3 %	18.6 %	17.4 %	17.4 %	**18.0 %**	–	**17.4 %**
Capital employed January–June 2018[2]	**848**	**7,616**	**8,464**	**3,774**	**7,287**	**19,526**	**57**	**19,583**
Capital employed January–June 2017[2]	814	7,065	7,879	2,960	7,740	**18,579**	65	**18,644**
Change from previous year	4.1 %	7.8 %	7.4 %	27.5 %	– 5.9 %	**5.1 %**	–	**5.0 %**
Return on capital employed (ROCE) January–June 2018	**31.0 %**	**18.3 %**	**19.5 %**	**16.1 %**	**12.8 %**	**16.3 %**	**–**	**15.9 %**
Return on capital employed (ROCE) January–June 2017	41.1 %	20.1 %	22.3 %	20.5 %	13.9 %	**18.5 %**	–	**17.8 %**
Amortization / depreciation / impairment / write-ups of intangible assets and property, plant and equipment January–June 2018	**19**	**122**	**141**	**36**	**100**	**277**	**7**	**284**
of which impairment losses 2018	**–**	**9**	**9**	**–**	**3**	**12**	**–**	**12**
of which write-ups 2018	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amortization / depreciation / impairment / write-ups of intangible assets and property, plant and equipment January–June 2017	23	110	133	49	129	**311**	7	**318**
of which impairment losses 2017	–	5	5	–	–	**5**	–	**5**
of which write-ups 2017	–	–	–	–	–	**–**	–	**–**
Capital expenditures (excluding financial assets) January–June 2018	**33**	**102**	**135**	**233**	**195**	**563**	**2**	**565**
Capital expenditures (excluding financial assets) January–June 2017	39	78	117	41	185	**343**	4	**347**
Operating assets January–June 2018[3]	**1,436**	**9,710**	**11,146**	**5,177**	**10,487**	**26,810**	**524**	**27,334**
Operating liabilities January–June 2018	**678**	**2,588**	**3,266**	**1,713**	**2,908**	**7,886**	**466**	**8,352**
Net operating assets January–June 2018[3]	**758**	**7,122**	**7,880**	**3,464**	**7,580**	**18,924**	**57**	**18,981**
Operating assets January–June 2017[3]	1,416	8,824	10,240	4,431	10,683	**25,355**	549	**25,904**
Operating liabilities January–June 2017	639	2,260	2,898	1,659	2,742	**7,299**	484	**7,783**
Net operating assets January–June 2017[3]	777	6,565	7,342	2,772	7,941	**18,056**	65	**18,121**

[1] Calculated on the basis of units of 1,000 euros.
[2] Including goodwill at cost prior to any accumulated impairment in accordance with IFRS 3.79 (b).
[3] Including goodwill at net book value.

Performance by region

Key figures by region[1] first half year 2018

in million euros	Western Europe	Eastern Europe	Africa / Middle East	North America	Latin America	Asia-Pacific	Corporate[2]	Henkel Group
Sales January–June 2018	**3,154**	**1,433**	**642**	**2,444**	**581**	**1,661**	**63**	**9,978**
Sales January–June 2017	3,080	1,444	690	2,648	568	1,672	60	**10,162**
Change from previous year	2.4 %	– 0.7 %	– 6.9 %	– 7.7 %	2.2 %	– 0.7 %	–	**– 1.8 %**
Adjusted for foreign exchange	2.4 %	8.0 %	7.4 %	5.1 %	17.7 %	5.2 %	–	**5.6 %**
Organic	0.1 %	7.9 %	6.7 %	– 0.9 %	6.8 %	3.0 %	–	**2.3 %**
Proportion of Henkel sales January–June 2018	**32 %**	**14 %**	**6 %**	**24 %**	**6 %**	**17 %**	**1 %**	**100 %**
Proportion of Henkel sales January–June 2017	30 %	14 %	7 %	26 %	6 %	16 %	1 %	**100 %**
Operating profit (EBIT) January – June 2018	**850**	**142**	**– 18**	**284**	**69**	**268**	**– 42**	**1,553**
Operating profit (EBIT) January–June 2017	833	138	47	361	64	277	– 58	**1,662**
Change from previous year	1.9 %	3.1 %	– 138.8 %	– 21.3 %	9.0 %	– 3.2 %	–	**– 6.6 %**
Adjusted for foreign exchange	2.2 %	17.0 %	– 129.7 %	– 12.1 %	29.1 %	4.1 %	–	**– 1.9 %**
Return on sales (EBIT) January–June 2018	**26.9 %**	**9.9 %**	**– 2.8 %**	**11.6 %**	**12.0 %**	**16.1 %**	**–**	**15.6 %**
Return on sales (EBIT) January–June 2017	27.1 %	9.6 %	6.8 %	13.6 %	11.2 %	16.6 %	–	**16.4 %**

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Corporate = sales and services not assignable to the individual regions and business units.

Reconciliation of adjusted earnings

Reconciliation of adjusted net income

in million euros		Q2/2017	Q2/2018	+/–	1–6/2017	1–6/2018	+/–
EBIT (as reported)		**839**	**814**	**– 3.0 %**	**1,662**	**1,553**	**– 6.6 %**
One-time gains		– 2	**0**	–	– 21	**– 11**	–
One-time charges		36	**32**	–	75	**62**	–
Restructuring expenses		36	**80**	–	47	**164**	–
Adjusted EBIT		**909**	**926**	**1.8 %**	**1,763**	**1,768**	**0.3 %**
Adjusted return on sales	in %	17.8	**18.0**	0.2 pp	17.4	**17.7**	0.3 pp
Financial result		– 6	**– 9**	–	– 19	**– 24**	–
Taxes on income (adjusted)		– 226	**– 227**	0.4 %	– 444	**– 431**	– 2.9 %
Adjusted tax rate	in %	25.0	**24.8**	– 0.2 pp	25.5	**24.7**	– 0.8 pp
Adjusted net income		**677**	**690**	**1.9 %**	**1,300**	**1,313**	**1.0 %**
Attributable to non-controlling interests		7	**5**	– 28.6 %	17	**10**	– 41.2 %
Attributable to shareholders of Henkel AG & Co. KGaA		670	**685**	2.2 %	1,283	**1,303**	1.6 %
Adjusted earnings per ordinary share	in euros	**1.55**	**1.58**	**1.9 %**	**2.95**	**3.00**	**1.7 %**
Adjusted earnings per preferred share	in euros	**1.55**	**1.58**	**1.9 %**	**2.96**	**3.01**	**1.7 %**

The adjusted charges for the second quarter of 2018 include expenses of 16 million euros relating to the integration of The Sun Products Corporation (second quarter 2017: 29 million euros), 11 million euros relating to provisions for litigations (second quarter 2017: 0 million euros), 4 million euros relating to the optimization of our IT system architecture for managing business processes (second quarter 2017: 4 million euros) and 1 million euros for acquisition-related costs (second quarter 2017: 3 million euros).

Of the restructuring expenses in the second quarter of 2018, 13 million euros is attributable to cost of sales (second quarter 2017: 8 million euros) and 26 million euros to marketing, selling and distribution expenses (second quarter 2017: 19 million euros). A further 14 million euros is attributable to research and development expenses (second quarter 2017: 1 million euros) and 27 million euros to administrative expenses (second quarter 2017: 8 million euros).

The one-time gains for the first half of 2018 relate to the successful renegotiation of an acquired unfavorable supply contract (first half year 2017: 0 million euros).

The adjusted charges for the first half year 2018 include expenses of 41 million euros relating to the integration of The Sun Products Corporation (first half year 2017: 60 million euros), 11 million euros relating to provisions for litigations (first half year 2017: 0 million euros), 9 million euros relating to the optimization of our IT system architecture for managing business processes (first half year 2017: 12 million euros) and 1 million euros for acquisition-related costs (first half year 2017: 3 million euros).

Of the restructuring expenses in the first half year 2018, 53 million euros is attributable to cost of sales (first half year 2017: 9 million euros) and 59 million euros to marketing, selling and distribution expenses (first half year 2017: 25 million euros). A further 14 million euros is attributable to research and development expenses (first half year 2017: 2 million euros) and 38 million euros to administrative expenses (first half year 2017: 11 million euros).

Earnings per share

In calculating earnings per share for the period January through June 2018, we have included the standard dividend differential between ordinary and preferred shares for the full year of 2 eurocents (as stipulated in the Articles of Association), weighted on a proportional basis.

Earnings per share

	1–6/2017		1–6/2018	
	Reported	Adjusted	Reported	Adjusted
Net income Attributable to shareholders of Henkel AG & Co. KGaA in million euros	**1,221**	**1,283**	**1,141**	**1,303**
Number of outstanding ordinary shares	259,795,875	259,795,875	**259,795,875**	**259,795,875**
Earnings per ordinary share (basic) in euros	**2.81**	**2.95**	**2.62**	**3.00**
Number of outstanding preferred shares [1]	174,482,323	174,482,323	**174,482,323**	**174,482,323**
Earnings per preferred share (basic) in euros	**2.82**	**2.96**	**2.63**	**3.01**
Earnings per ordinary share (diluted) in euros	**2.81**	**2.95**	**2.62**	**3.00**
Earnings per preferred share (diluted) in euros	**2.82**	**2.96**	**2.63**	**3.01**

[1] Weighted average of preferred shares.

Recognition and measurement methods

The interim financial report of the Henkel Group has been prepared in accordance with Section 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, and consequently in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The same accounting principles have been applied as for the 2017 consolidated financial statements, with the exception of the accounting pronouncements recently adopted in fiscal 2018, which are explained on pages 122 to 124 of our Annual Report 2017. The influence exerted by the application of these pronouncements on the presentation of the interim financial report for the half year is described below.

In order to further ensure a true and fair view of our net assets, financial position and results of operations, additional line items have been included and some line items have been renamed in the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows.

To simplify interim financial reporting, IAS 34.41 allows certain estimates and assumptions to be made beyond the scope permitted for annual financial statements, on condition that all material financial information is appropriately presented to enable a proper assessment of the net assets, financial position and results of operations of the company. In calculating the expense relating to taxes on income, the interim tax expense is determined on the basis of the estimated effective income tax rate for the current fiscal year.

The interim report for the first half year, composed of condensed consolidated financial statements and an interim Group management report, was duly subjected to an auditor's review. The Management Board of Henkel Management AG – the Personally Liable Partner of Henkel AG & Co. KGaA – completed the interim consolidated financial statements on August 9, 2018, and approved them for submission to the Supervisory Board and for publication.

Accounting policies applied for the first time in the year under review

IFRS 9

IFRS 9 Financial Instruments, issued in July 2014, supersedes the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains revised guidance on the classification and measurement of financial instruments, including a new model for expected credit losses in calculating the impairment of financial assets, and the new general accounting rules for hedging transactions. The standard has also adopted the guidance on recognition and derecognition of financial instruments from IAS 39. Henkel has applied the classification and measurement rules of IFRS 9 retrospectively as of January 1, 2018, in accordance with the transitional requirements, and has exercised the option of presenting prior-year periods under IAS 39. The rules for hedge accounting have been applied prospectively.

Classification: IFRS 9 contains three categories for classifying financial assets: measured at amortized cost, measured at fair value through profit or loss and measured at fair value through other comprehensive income. The standard eliminates the categories held to maturity, loans and receivables and available for sale that were specified in IAS 39. Financial instruments must be allocated to the IFRS 9 categories on the basis of the business model in which the financial instruments are held, and on the basis of the contractual cash flows. Most of the financial instruments recognized by Henkel at amortized cost under IAS 39 will continue to be recognized at amortized cost under IFRS 9. The cash flows relating to these financial instruments consist solely of principal and interest and are held by Henkel in a business model whose objective is to collect contractual cash flows. Together with securities and time deposits, certain investments in money market funds included in cash and cash equivalents will be measured at fair value through profit or loss in future. Henkel holds these financial instruments with the intention of selling them to cover its cash flow needs. Reconciliation of the valuation categories and carrying amounts from IAS 39 to IFRS 9 is shown in the table starting on page 34. The Group exercises its right to recognize changes in the fair value of equity instruments in other comprehensive income on an instrument-by-instrument basis. Accordingly, upon application of IFRS 9 starting on January 1, 2018, losses of less than 1 million euros were reclassified from retained earnings to the equity and debt instruments reserve.

The application of IFRS 9 has not affected the presentation of Henkel Group's financial liabilities.

Impairment: Under IAS 39, valuation allowances were only recognized for impairment that had occurred but was as yet unidentified (incurred loss model), whereas IFRS 9 takes into account expected credit losses when quantifying valuation allowances (expected loss model). Valuation allowances must be recognized for all financial assets measured at amortized cost and for all debt instruments measured at fair value through comprehensive income.

Generally, IFRS 9 provides a three-level model for this purpose. Impairment losses are recognized either on the basis of the expected 12-month credit losses (level 1) or on the basis of the credit losses expected over the lifetime of the asset if the credit risk has increased significantly since initial recognition (level 2), or if the asset is credit-impaired (level 3). The simplified approach is used for most of the financial assets, including trade accounts receivable that do not contain a material financing component. Here, expected credit losses are determined over the entire lifetime of the financial instruments.

To calculate expected credit losses, counterparties are grouped by similar credit risks. Individual valuation allowances are recognized on a case-by-case basis to reflect specific circumstances and risk indicators. The calculation of the valuation allowance amounts includes both data from the past – historical default rates, for example – and information relating to the future, such as individual and macroeconomic conditions. Default rates are initially determined on the basis of both data from external sources and actual defaults. In future, this information will increasingly be based on actual defaults.

In the event of a default of a counterparty, all outstanding receivables are impaired. In this case, the default is determined on the basis of individual assessment, such as noticeable changes in payment behavior. A financial instrument is derecognized when, after due consideration, a financial asset is not expected to be recoverable partly or in total, for example after completion of insolvency proceedings or in recognition of other local legislation requirements.

Upon its first-time application on January 1, 2018, IFRS 9 resulted in an increase in valuation allowances of 13 million euros on trade accounts receivable, this being recognized through other comprehensive income in retained earnings.

Hedge accounting: Henkel applies the new IFRS 9 rules for hedge accounting. In doing so, the Group ensures that its hedge accounting is consistent with the Group risk management objectives and strategy and that a qualitative and forward-looking approach is adopted when assessing the effectiveness of its hedging transactions.

Within the Henkel Group, forward exchange contracts are used to hedge future cash flows in foreign currencies. The Group only designates the spot component of these hedging transactions. The (effective) portion of the change in fair value of the spot component is recognized in the hedge reserve in equity. When hedging cash flows for non-financial assets, the amounts are included as part of the cost of purchase upon recognition of the underlying. The amounts recognized in the hedge reserve or as part of the cost of purchase impact profit or loss in the period in which the hedged transaction influences those earnings. The non-designated components are also recognized in the hedge reserve and – when hedging non-financial assets – included as part of the cost of purchase upon recognition of the underlying.

IFRS 15

In May 2014, the IASB published the new IFRS 15 Revenue from Contracts with Customers. IFRS 15 specifies a comprehensive framework for determining whether, when and in what amount revenue is recognized. Under IFRS 15, revenue is only recognized when no substantial adjustments to the cumulative recognized revenue are expected. The standard specifies that, when control of goods or intangible assets passes to a customer or when services are provided, the consideration for transfer or provision must be recognized as revenue.

This principle is applied in five steps. In step 1, the contract with the customer is identified. In step 2, the distinct performance obligations in the contract are identified. In step 3, the transaction price is determined. In step 4, this transaction price is allocated to the distinct performance obligations. Finally, in step 5, revenue is recognized when the identified distinct performance obligations are satisfied, either over time or at a point in time.

The objective of the new standard is to bring together the different regulations contained in various other standards and interpretations. It replaces the existing guidance on revenue recognition, including IAS 18 Revenue, IAS 11 Construction Contracts, and IFRIC 13 Customer Loyalty Programmes. Clarifying amendments to IFRS 15 were published in April 2016, primarily relating to the identification of separate performance obligations and the clear distinction between principals and agents.

Upon first-time adoption of IFRS 15, Henkel applied the cumulative method to all contracts, according to which the effects of first-time application must be recognized cumulatively in equity upon first-time application as of January 1, 2018.

Henkel's first-time application of IFRS 15 resulted, firstly, in changes to the accounting procedure for product returns. If goods are sold with a right of return, IFRS 15 forbids the recognition of revenue for goods that are likely to be returned. In addition to the provision for the product return, an asset needs to be recognized for the right of return in the case of goods where the returns can be reliably estimated.

Secondly, IFRS 15 specifies new regulations governing the accounting procedure for variable considerations with impact on the timing of sales deductions.

Application of IFRS 15 resulted overall in an increase of 11 million euros in sundry current assets and of 71 million euros in other current provisions, leading to a reduction in equity of 60 million euros before, and of 46 million euros after, deduction of deferred taxes. The statements of financial position and income for the comparable period have not been adjusted. As of June 30, 2018, the increase in sundry current assets attributable to the new IFRS 15 rules amounted to 14 million euros and the increase in other current provisions to 73 million euros. Under the former rules, revenues as of June 30, 2018, would have been 2 million euros higher and cost of sales 3 million euros lower.

For details of the disaggregation of revenues under IAS 34.16A (l) in conjunction with IFRS 15.114 and IFRS 15.115, please refer to the Group segment report by business unit and to the key financials by region starting on page 26.

Scope of consolidation

In addition to Henkel AG & Co. KGaA as the ultimate parent company, the scope of consolidation at June 30, 2018, included 15 German and 219 non-German companies in which Henkel AG & Co. KGaA has a dominating influence over financial and operating policies, based on the concept of control. The Group has a dominating influence on a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

The following table shows the changes to the scope of consolidation compared to December 31, 2017:

Scope of consolidation

At 1 January 2018	**242**
Additions	5
Mergers	– 11
Disposals	– 1
At 30 June 2018	**235**

The changes in the scope of consolidation have not had any material effect on the main items of the consolidated financial statements.

Acquisitions and divestments

Effective January 3, 2018, we completed the acquisition of all shares of Unión Técnico Comercial S.R.L. based in Lima, Peru. The purchase price was 15 million euros, settled in cash. The acquisition strengthens the market position of the General Industry business of Adhesive Technologies in the field of maintenance, repair and overhaul in Latin America.

Effective June 1, 2018, we completed the acquisition of all shares of JemPak Corporation based in Concord, Canada. The purchase price was 78 million euros, settled in cash. The acquisition complements and strengthens the existing Laundry & Home Care portfolio in North America and will help to further expand Henkel's position in this attractive market and to strengthen our leading position in the retailer brands category in North America.

Consolidated statement of comprehensive income

Of the components included in other comprehensive income, tax expenses relating to actuarial gains amount to 16 million euros (June 30, 2017: tax income of 65 million euros) and tax expenses relating to cash flow hedges amount to 1 million euros (June 30, 2017: tax income of 2 million euros).

Financial instruments

Apart from derivative financial instruments, other investments, certain financial instruments that are stated under securities and time deposits, and the money market funds stated under cash and cash equivalents, all financial assets and liabilities are recognized at amortized cost.

The following table explains the new classification categories and reconciles the original valuation categories under IAS 39 to the new categories:

Reconciliation of valuation categories and carrying amounts from IAS 39 to IFRS 9

in million euros		Dec. 31, 2017	Dec. 31, 2017		Jan. 1, 2018	June 30, 2018	June 30, 2018
Financial assets	**IAS 39 category [1]**	**Carrying amount IAS 39**	**Fair value**	**IFRS 9 category [1]**	**Carrying amount IFRS 9**	**Carrying amount IFRS 9**	**Fair value**
Trade accounts receivable	Loans and receivables	3,544	3,544	Amortized cost	3,531 [2]	4,014	4,014
Other financial assets		1,122	1,122		1,122	1,099	1,099
Receivables from associated companies	Loans and receivables	1	1	Amortized cost	1	–	–
Financial receivables from third parties	Loans and receivables	26	26	Amortized cost	26	24	24
Derivative financial instruments not included in a designated hedging relationship	Financial assets held for trading (level 2)	54	54	Fair value through profit or loss (level 2)	54	26	26
Derivative financial instruments included in a designated hedging relationship	Derivative financial instruments included in a designated hedging relationship (level 2)	10	10	No category (level 2)	10	17	17
Investments in non-consolidated subsidiaries and associated companies	No financial instruments	16	16	No financial instruments	16	20	20
Other investments	Available for sale (level 3)	7	7	Fair value through other comprehensive income (level 3)	7	12	12
Receivables from Henkel Trust e.V.	Loans and receivables	605	605	Amortized cost	605	564	564
Floating-interest securities and time deposits	–	–	–	Amortized cost	–	14	14
Floating-interest securities and time deposits	–	–	–	Fair value through other comprehensive income (level 1)	–	16	16
Floating-interest securities and time deposits	Available for sale (level 2)	203	203	Fair value through profit or loss (level 2)	203	200	200
Financial collateral provided	Available for sale	37	37	Amortized cost	37	45	45
Sundry financial assets	Loans and receivables	163	163	Amortized cost	163	161	161
Cash and cash equivalents	Loans and receivables	773	773	Amortized cost	773	1,338	1,338
Cash and cash equivalents	Loans and receivables	143	143	Fair value through profit or loss (level 2)	143	64	64
Total		**5,582**	**5,582**		**5,569**	**6,515**	**6,515**

Reconciliation of valuation categories and carrying amounts from IAS 39 to IFRS 9 (continued)

in million euros		Dec. 31, 2017	Dec. 31, 2017		Jan. 1, 2018	June 30, 2018	June 30, 2018
Financial liabilities	**IAS 39 category**	**Carrying amount IAS 39**	**Fair value**	**IFRS 9 category**	**Carrying amount IFRS 9**	**Carrying amount IFRS 9**	**Fair value**
Trade accounts payable	Amortized cost	3,717	3,717	Amortized cost	3,717	3,972	3,972
Bonds	Amortized cost (level 1)	2,666	2,662	Amortized cost (level 1)	2,666	2,700	2,684
Other borrowings	Amortized cost	1,678	1,678	Amortized cost	1,678	2,536	2,536
Other financial liabilities		299	299		299	247	247
Derivative financial instruments not included in a designated hedging relationship	Financial assets held for trading	61	61	Fair value through profit or loss	61	21	21
Derivative financial instruments included in a designated hedging relationship	Derivative financial instruments included in a designated hedging relationship	39	39	No category	39	48	48
Others	Amortized cost	199	199	Amortized cost	199	178	178
Total		**8,360**	**8,356**		**8,360**	**9,455**	**9,439**

[1] Indication of the hierarchy level of fair values for the figures indicated in the "Fair values" column.
[2] Upon first-time application of IFRS 9, the carrying amount of trade accounts receivable decreased by 13 million euros due to higher valuation allowances.

No reclassifications between categories were necessary in the first half year.

During the reporting period, we prematurely repaid our syndicated bank loan of 1.1 billion US dollars in full and increased our outstanding commercial papers by 1.7 billion euros to 2.4 billion euros.

The following hierarchy is applied in order to determine and disclose the fair value of financial instruments:

- Level 1: Fair values which are determined on the basis of quoted, unadjusted prices in active markets.
- Level 2: Fair values which are determined on the basis of parameters for which either directly or indirectly derived market prices are available.
- Level 3: Fair values which are determined on the basis of parameters for which the input factors are not derived from observable market data.

The fair value of securities and time deposits, and investments in money market funds, classified as level 2 is based on the quoted market prices on the reporting date. For forward exchange contracts and cross-currency interest rate swaps, we determine the fair value on the basis of the reference exchange rates of the European Central Bank prevailing at the reporting date, taking into account forward premiums / forward discounts for the remaining term of the respective contract versus the contracted foreign exchange rate. Foreign exchange options are measured using price quotations or recognized models for the determination of option prices.

We measure interest rate hedging instruments on the basis of discounted cash flows expected in the future, taking into account market interest rates applicable for the remaining term of the contracts. These are indicated for the two most important currencies in the following table. It shows the interest rates quoted on the interbank market in each case on December 31 and June 30.

Interest rates in percent p. a.

At Dec. 31/June 30	Euro		US dollar	
Term	2017	2018	2017	2018
1 month	–0.37	**–0.42**	1.56	**2.14**
3 months	–0.33	**–0.38**	1.69	**2.39**
6 months	–0.27	**–0.32**	1.84	**2.56**
1 year	–0.19	**–0.22**	2.11	**2.83**
2 years	–0.15	**–0.17**	2.68	**2.76**
5 years	0.31	**0.27**	2.25	**2.86**
10 years	0.89	**0.89**	2.40	**2.90**

The fair value of the other investments is based either on information derived from recent financing transactions, using a cost-based method, or is determined from a business valuation using the discounted cash flow method taking into account the free cash flows of the investment (level 3). The discount rate applied takes into account respective risk-adjusted capital costs.

When measuring derivative financial instruments, counterparty credit risk is taken into account with an adjustment to the fair values concerned determined on the basis of credit risk premiums.

Determination of the fair value of the contingent purchase price liability recognized under other financial liabilities and resulting from our acquisition in Nigeria is assignable to level 3. At December 31, 2017, the fair value of the contingent purchase price liability was 27 million euros. At June 30, 2018, this value had increased by 4 million euros to 31 million euros, primarily as a result of remeasurement in the first half year 2018. The measurement effects were recognized directly in equity and reported in the statement of changes in equity as other changes in equity. The fair value was determined using the discounted cash flow method, taking into account the free cash flows of the acquired company based on a detailed planning horizon up to 2025. A discount rate was applied as derived from the capital costs in euros. A further material valuation parameter – in addition to the long-term growth rate reflected in the perpetual annuity of 1.5 percent and the weighted average cost of capital (WACC) of 9.9 percent that was used as the discount rate – is the exchange rate of the Nigerian naira. A rise in interest rates or a depreciation of the naira would result in a lower negative fair value of the liability. An interest rate reduction or an appreciation of the naira would result in a higher fair value.

Voting rights / Related party disclosures

The company has been notified that, on December 17, 2015, the proportion of voting rights held by the members of the Henkel family share-pooling agreement represented in total a share of 61.02 percent of the voting rights (158,535,741 votes) in Henkel AG & Co. KGaA.

Notes to the Group segment report

There have been no changes in the basis by which the segments are classified or in the presentation of the segment results as compared to the consolidated financial statements of December 31, 2017. For definitions of net operating assets, capital employed and ROCE, please refer to our Annual Report 2017, pages 169 and 194.

Notes to the consolidated statement of cash flows

The main items of the consolidated statement of cash flows and the changes thereto are explained on page 25. The other changes in borrowings take into account a number of cash inflows and outflows, particularly arising from the issuance and redemption of commercial papers and current liabilities to banks. Of the dividend of 772 million euros paid to shareholders of Henkel AG & Co. KGaA, an amount of 460 million euros was paid on ordinary shares, while an amount of 312 million euros was paid on preferred shares.

Subsequent events

On July 13, 2018, we signed an agreement to acquire Aislantes Nacionales S.A., Santiago, Chile. With this acquisition Henkel will enter into the attractive Chilean market for tile adhesives and building materials in a strong position. In fiscal 2017, Aislantes Nacionales S.A. generated sales of around 80 million euros. The acquisition is not expected to have any significant impact on Henkel's net assets, financial position and results of operations.

Düsseldorf, August 9, 2018

Henkel Management AG,
Personally Liable Partner
of Henkel AG & Co. KGaA

Management Board
Hans Van Bylen,
Jan-Dirk Auris, Carsten Knobel, Kathrin Menges,
Bruno Piacenza, Jens-Martin Schwärzler

Independent review report

To Henkel AG & Co. KGaA, Düsseldorf:

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and selected notes – and the interim Group management report (pages 4 to 19) of Henkel AG & Co. KGaA, Düsseldorf, for the period from January 1, 2018 to June 30, 2018, which form part of the half-year financial report in accordance with Section 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the EU, and of the interim Group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's legal representatives. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements 2410 (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and that the interim Group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, or that the interim Group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, August 9, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Becker
Wirtschaftsprüfer
(German Public Auditor)

Rohrbach
Wirtschaftsprüfer
(German Public Auditor)

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements for the half year give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management report of the Group includes a fair review of the development, performance and results of the business and the position of the Group, together with a cogent description of the principal opportunities and risks associated with the expected development of the Group over the remainder of the fiscal year.

Düsseldorf, August 9, 2018

Henkel Management AG,
Personally Liable Partner
of Henkel AG & Co. KGaA

Management Board
Hans Van Bylen,
Jan-Dirk Auris, Carsten Knobel, Kathrin Menges,
Bruno Piacenza, Jens-Martin Schwärzler

Report of the Audit Committee of the Supervisory Board

In the meeting of August 9, 2018, the interim consolidated financial report for the first six months of fiscal 2018 and the report prepared by KPMG AG, Wirtschaftsprüfungsgesellschaft, on its review of the condensed interim consolidated financial statements and the interim Group management report were presented to the Audit Committee, who also received verbal explanations from the Management Board and KPMG pertaining to the above. The Audit Committee has approved and endorses the interim consolidated financial report.

Düsseldorf, August 9, 2018

Chairman of the Audit Committee
Prof. Dr. Theo Siegert

Multi-year summary

Second quarter 2014 to 2018

in million euros	2014	2015	2016	2017	2018
Sales	**4,137**	**4,695**	**4,654**	**5,098**	**5,143**
Adhesive Technologies	2,069	2,343	2,290	2,370	**2,432**
Beauty Care	897	1,006	988	997	**1,035**
Laundry & Home Care	1,139	1,314	1,345	1,703	**1,644**
Adjusted[1] operating profit (EBIT)	674	768	819	909	**926**
Adjusted[1] earnings per preferred share in euros	1.16	1.29	1.40	1.55	**1.58**

[1] Adjusted for one-time charges / gains and restructuring expenses.

First half year 2014 to 2018

in million euros	2014	2015	2016	2017	2018
Sales	**8,066**	**9,125**	**9,110**	**10,162**	**9,978**
Adhesive Technologies	3,962	4,503	4,433	4,665	**4,702**
Beauty Care	1,753	1,946	1,938	2,007	**2,000**
Laundry & Home Care	2,286	2,612	2,678	3,429	**3,213**
Adjusted[1] operating profit (EBIT)	1,293	1,475	1,570	1,763	**1,768**
Adjusted[1] earnings per preferred share in euros	2.20	2.47	2.67	2.96	**3.01**

[1] Adjusted for one-time charges / gains and restructuring expenses.

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Financial calendar

Publication of Statement
for the Third Quarter / Nine Months 2018:
Thursday, November 15, 2018

Publication of Report
for Fiscal 2018:
Thursday, February 21, 2019

Annual General Meeting
Henkel AG & Co. KGaA 2019:
Monday, April 8, 2019

Up-to-date facts and figures on Henkel
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