

## Q3 Quarterly statement

July through September  
January through September

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# 2017

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# Highlights: third quarter results

- Sales increase to 4,981 million euros:  
organic sales growth of +3.0 percent (nominal increase +4.9 percent)
- Significant increase in adjusted<sup>1</sup> operating profit:  
+7.1 percent to 897 million euros
- Continuous improvement in adjusted<sup>1</sup> return on sales (EBIT):  
+40 basis points to 18.0 percent
- Significant increase in adjusted<sup>1</sup> earnings per preferred share:  
+8.5 percent to 1.54 euros

## Major events

- Effective July 3, 2017, we completed the acquisition of the global Darex Packaging Technologies business from GCP Applied Technologies.
- Effective September 1, 2017, the acquisition of Nattura Laboratorios, S.A. de C.V., Mexico, and associated companies in the USA, Colombia and Spain was completed.

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

# Sales and earnings performance

## Henkel Group

### Key financials<sup>1</sup>

in million euros	Q3/2016	Q3/2017	+/-	1-9/2016	1-9/2017	+/-
Sales	4,748	4,981	4.9%	13,858	15,143	9.3%
Operating profit (EBIT)	775	750	-3.2%	2,249	2,412	7.3%
Adjusted <sup>2</sup> operating profit (EBIT)	837	897	7.1%	2,407	2,660	10.5%
Return on sales (EBIT)	16.3%	15.1%	-1.2 pp	16.2%	15.9%	-0.3 pp
Adjusted <sup>2</sup> return on sales (EBIT)	17.6%	18.0%	0.4 pp	17.4%	17.6%	0.2 pp
Net income						
- attributable to shareholders of Henkel AG & Co. KGaA	576	564	-2.1%	1,662	1,785	7.4%
Adjusted <sup>2</sup> net income						
- attributable to shareholders of Henkel AG & Co. KGaA	616	666	8.1%	1,772	1,949	10.0%
Earnings per preferred share in euros	1.33	1.30	-2.3%	3.84	4.12	7.3%
Adjusted <sup>2</sup> earnings per preferred share in euros	1.42	1.54	8.5%	4.09	4.50	10.0%

pp = percentage points

<sup>1</sup> Calculated on the basis of units of 1,000 euros; figures commercially rounded.

<sup>2</sup> Adjusted for one-time charges / gains and restructuring expenses.

### Sales development<sup>1</sup>

in percent	Q3/2017	1-9/2017
<b>Change versus previous year</b>	<b>4.9</b>	<b>9.3</b>
Foreign exchange	-4.2	-1.0
<b>Adjusted for foreign exchange</b>	<b>9.1</b>	<b>10.3</b>
Acquisitions / divestments	6.1	7.2
<b>Organic</b>	<b>3.0</b>	<b>3.1</b>
of which price	0.6	0.2
of which volume	2.4	2.9

<sup>1</sup> Calculated on the basis of units of 1,000 euros.

### Sales development<sup>1</sup> by region third quarter 2017

Western Europe	0.0%
Eastern Europe	4.8%
Africa / Middle East	3.2%
North America	3.2%
Latin America	2.8%
Asia-Pacific	6.4%

<sup>1</sup> Organic.

- In the third quarter of 2017, **sales** of the Henkel Group increased nominally by 4.9 percent to 4,981 million euros.
- Organically (i.e. adjusted for foreign exchange and acquisitions / divestments), sales increased by 3.0 percent. Acquisitions and divestments accounted for an increase of 6.1 percent in sales. Negative foreign exchange effects reduced sales growth by 4.2 percent.
- Emerging markets again made an above-average contribution to sales growth of the Henkel Group, with organic sales increasing by 5.0 percent. The mature markets registered positive organic sales growth of 1.5 percent.
- Organic sales growth in the Western Europe region remained flat compared to the prior-year quarter. We increased sales organically by 4.8 percent in the Eastern Europe region, and by 3.2 percent in the Africa / Middle East region in the third quarter

of 2017. Sales increased organically by 3.2 percent in the North America region, and by 2.8 percent in the Latin America region. Sales in the Asia-Pacific region grew organically by 6.4 percent.

- **Adjusted operating profit (EBIT)** rose by 7.1 percent from 837 million euros to 897 million euros.
- **Adjusted return on sales (EBIT)** improved by 0.4 percentage points to 18.0 percent.
- **Adjusted earnings per preferred share** increased by 8.5 percent, rising from 1.42 euros in the third quarter of 2016 to 1.54 euros in the third quarter of 2017.

## Adhesive Technologies

### Key financials<sup>1</sup>

in million euros	Q3/2016	Q3/2017	+/-	1-9/2016	1-9/2017	+/-
Sales	2,272	2,373	4.5%	6,705	7,039	5.0%
Proportion of Henkel sales	48%	47%		48%	46%	
Operating profit (EBIT)	423	427	0.9%	1,190	1,304	9.6%
Adjusted <sup>2</sup> operating profit (EBIT)	430	454	5.5%	1,232	1,323	7.4%
Return on sales (EBIT)	18.6%	18.0%	-0.6 pp	17.7%	18.5%	0.8 pp
Adjusted <sup>2</sup> return on sales (EBIT)	18.9%	19.1%	0.2 pp	18.4%	18.8%	0.4 pp

pp = percentage points

<sup>1</sup> Calculated on the basis of units of 1,000 euros; figures commercially rounded.

<sup>2</sup> Adjusted for one-time charges / gains and restructuring expenses.

### Sales development<sup>1</sup>

in percent	Q3/2017	1-9/2017
<b>Change versus previous year</b>	<b>4.5</b>	<b>5.0</b>
Foreign exchange	-3.2	-0.2
<b>Adjusted for foreign exchange</b>	<b>7.7</b>	<b>5.2</b>
Acquisitions / divestments	2.8	0.6
<b>Organic</b>	<b>4.9</b>	<b>4.6</b>
of which price	0.5	0.2
of which volume	4.4	4.4

<sup>1</sup> Calculated on the basis of units of 1,000 euros.

- In the Adhesive Technologies business unit, **sales** increased nominally by 4.5 percent to 2,373 million euros in the third quarter of 2017.
- Organically (i.e. adjusted for foreign exchange and acquisitions / divestments), sales increased by 4.9 percent. Acquisitions / divestments accounted for 2.8 percent of the increase in sales. Foreign exchange effects reduced sales growth by 3.2 percent.
- Our businesses in the emerging markets continued their successful performance with significant organic growth. The Eastern Europe, Latin America and Asia (excluding Japan) regions all recorded significant sales growth. Sales performance in the Africa / Middle East region was good.
- Organic sales growth in the mature markets was positive overall. Our business in the Western Europe region recorded a very strong increase in sales. In the mature markets of the Asia-Pacific region, sales growth was strong. Sales in the North America region were slightly lower compared to the prior-year quarter.
- All business areas contributed to this very strong organic sales growth. The Electronics business area recorded double-digit organic sales growth. Sales increased significantly in the General Industry business area. Sales growth was very strong in the Transport and Metal and the Adhesives for Consumers, Craftsmen and Building business areas. Sales performance in the Packaging and Consumer Goods Adhesives business area improved strongly year on year.
- **Adjusted operating profit (EBIT)** increased versus the prior-year quarter by 5.5 percent to 454 million euros.
- **Adjusted return on sales (EBIT)** showed good development against the third quarter of 2016, increasing by 0.2 percentage points to 19.1 percent.

## Beauty Care

### Key financials<sup>1</sup>

in million euros	Q3/2016	Q3/2017	+/-	1-9/2016	1-9/2017	+/-
Sales	968	941	-2.8%	2,906	2,948	1.5%
Proportion of Henkel sales	20%	19%		21%	20%	
Operating profit (EBIT)	155	121	-21.6%	459	425	-7.4%
Adjusted <sup>2</sup> operating profit (EBIT)	170	171	0.5%	499	519	4.0%
Return on sales (EBIT)	16.0%	12.9%	-3.1 pp	15.8%	14.4%	-1.4 pp
Adjusted <sup>2</sup> return on sales (EBIT)	17.5%	18.1%	0.6 pp	17.2%	17.6%	0.4 pp

pp = percentage points

<sup>1</sup> Calculated on the basis of units of 1,000 euros; figures commercially rounded.

<sup>2</sup> Adjusted for one-time charges / gains and restructuring expenses.

### Sales development<sup>1</sup>

in percent	Q3/2017	1-9/2017
<b>Change versus previous year</b>	<b>-2.8</b>	<b>1.5</b>
Foreign exchange	-4.0	-0.6
<b>Adjusted for foreign exchange</b>	<b>1.2</b>	<b>2.1</b>
Acquisitions / divestments	0.7	1.2
<b>Organic</b>	<b>0.5</b>	<b>0.9</b>
of which price	0.1	0.7
of which volume	0.4	0.2

<sup>1</sup> Calculated on the basis of units of 1,000 euros.

- At 941 million euros, **sales** in the Beauty Care business unit were lower in the third quarter of 2017 compared to the prior-year period due to foreign exchange effects.
- Organically (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by 0.5 percent. Acquisitions/divestments accounted for 0.7 percent of the increase in sales. Foreign exchange effects reduced sales growth by 4.0 percent.
- From a regional perspective, our business performance was once again successful in the emerging markets with a good organic growth rate. In particular, the Africa/Middle East region contributed double-digit sales growth to the good results achieved. Sales performance was positive in the Eastern Europe region. The Latin America region posted very strong sales growth compared to the prior-year quarter, while sales performance in Asia (excluding Japan) was slightly negative year on year.
- Organic sales growth in the mature markets was slightly negative overall compared to the prior-year quarter. Due to persistently intense crowding-out competition and strong price pressure, sales performance in the Western Europe region was negative. Sales growth was good in the North America region. In the mature markets of the Asia-Pacific region, sales development was negative year on year.
- Both our Branded Consumer Goods and our Hair Salon businesses recorded positive organic sales growth.
- **Adjusted operating profit (EBIT)** increased by 0.5 percent compared to the prior-year quarter, to 171 million euros.
- **Adjusted return on sales (EBIT)** experienced very strong growth versus the third quarter of 2016, increasing by 0.6 percentage points to 18.1 percent.

## Laundry & Home Care

### Key financials<sup>1</sup>

in million euros	Q3/2016	Q3/2017	+/-	1-9/2016	1-9/2017	+/-
Sales	1,479	1,636	10.6%	4,157	5,065	21.8%
Proportion of Henkel sales	31%	33%		30%	33%	
Operating profit (EBIT)	228	227	-0.2%	682	766	12.3%
Adjusted <sup>2</sup> operating profit (EBIT)	265	294	10.9%	751	890	18.4%
Return on sales (EBIT)	15.4%	13.9%	-1.5 pp	16.4%	15.1%	-1.3 pp
Adjusted <sup>2</sup> return on sales (EBIT)	17.9%	17.9%	0.0 pp	18.1%	17.6%	-0.5 pp

pp = percentage points

<sup>1</sup> Calculated on the basis of units of 1,000 euros; figures commercially rounded.

<sup>2</sup> Adjusted for one-time charges / gains and restructuring expenses.

### Sales development<sup>1</sup>

in percent	Q3/2017	1-9/2017
<b>Change versus previous year</b>	<b>10.6</b>	<b>21.8</b>
Foreign exchange	-5.8	-2.8
<b>Adjusted for foreign exchange</b>	<b>16.4</b>	<b>24.6</b>
Acquisitions / divestments	14.6	22.4
<b>Organic</b>	<b>1.8</b>	<b>2.2</b>
of which price	1.0	0.0
of which volume	0.8	2.2

<sup>1</sup> Calculated on the basis of units of 1,000 euros.

- In the Laundry & Home Care business unit, **sales** increased nominally by 10.6 percent to 1,636 million euros in the third quarter of 2017.
- Organically (i.e. adjusted for foreign exchange and acquisitions / divestments), sales increased by 1.8 percent. Acquisitions / divestments accounted for an increase of 14.6 percent in sales. Negative foreign exchange effects reduced sales growth by 5.8 percent.
- Organic sales development remained flat in the emerging markets. We posted good organic growth in the Eastern Europe region. The Africa / Middle East region achieved positive growth. Sales development in Asia (excluding Japan) was flat. In the Latin America region, sales performance was negative.
- Organic sales growth in the mature markets was good overall. The North America region and the mature markets of the Asia-Pacific region were the main contributors to this solid result. Sales performance was negative in the Western Europe region as the competitive environment remained very fierce.
- Both the Laundry Care and Home Care businesses recorded positive organic sales growth in the third quarter of 2017.
- We increased **adjusted operating profit (EBIT)** versus the prior-year quarter by 10.9 percent to 294 million euros.
- At 17.9 percent, **adjusted return on sales (EBIT)** was on a par with the level of the prior-year quarter.

# Net assets and financial position of the Henkel Group

- Compared to year-end 2016, **total assets** rose by 0.6 billion euros to 28.5 billion euros. Due to foreign exchange rate movements, intangible assets increased only slightly, despite acquisitions.
- The **equity ratio** decreased by 1.4 percentage points to 53.0 percent, compared to year-end 2016, mainly as a result of negative foreign exchange effects.
- Effective September 30, 2017, our **net financial position** amounted to –3,336 million euros (December 31, 2016: –2,301 million euros). The change compared to the end of the previous year was primarily due to payments for acquisitions.
- The ratio of **net working capital** to sales increased to 5.6 percent, following 5.2 percent in the prior-year quarter.
- At 1,153 million euros, **free cash flow** was lower in the first nine months of 2017 compared to the first nine months of 2016 (1,573 million euros).
- Our **long-term ratings** remain at “A flat” (Standard & Poor’s) and “A2” (Moody’s).

## Outlook

### Guidance for 2017

	Guidance for 2017	Updated guidance for 2017
Organic sales growth	Henkel Group: 2–4 percent All business units within this range	Henkel Group: 2–4 percent Adhesive Technologies: 4–5 percent Beauty Care: 0–1 percent Laundry & Home Care: ~2 percent
Adjusted <sup>1</sup> return on sales (EBIT)	Increase to more than 17.0 percent	Increase to more than 17.0 percent
Adjusted <sup>1</sup> earnings per preferred share	Increase of 7–9 percent	Increase of ~9 percent

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

We are updating our guidance for fiscal 2017:

We confirm our expectation for organic sales growth of 2 to 4 percent for the Henkel Group. Our expectations for organic growth are now 4 to 5 percent for the Adhesive Technologies business unit, 0 to 1 percent for the Beauty Care business unit and around 2 percent for the Laundry & Home Care business unit.

The starting point for our forecasted organic sales growth is our strong competitive position. We have consolidated and further developed this in recent years through our innovative strength, strong brands and leading market positions, as well as the quality of our portfolio.

We expect the contribution to the nominal sales growth of the Henkel Group from our acquisitions in 2016 to be in the mid-single-digit percentage range. We have updated our expectation with respect to the translation of sales in foreign currencies and now anticipate a negative impact.

In recent years we have introduced a number of measures that have had a positive effect on our cost structure. Again this year, we intend to continue adapting our structures to constantly changing market

conditions and to maintain our strict cost discipline. Through optimization and standardization of processes, we are able to further improve our efficiency while simultaneously enhancing the quality of our customer service. Moreover, the optimization of our production and logistics networks will contribute to improving our cost structures.

These factors, together with the expected increase in sales, will have a positive effect on our earnings performance. For adjusted return on sales (EBIT), we continue to anticipate an increase year on year to more than 17.0 percent. All three business units are expected to contribute to this positive development.

Given the strong business performance we are upgrading our guidance for adjusted earnings per preferred share for the Henkel Group and now forecast an increase of around 9 percent.

Furthermore, we have the following expectations for 2017:

- Restructuring expenses of 200 to 250 million euros
- Investments in property, plant and equipment and intangible assets of between 650 and 750 million euros (previously: between 750 and 850 million euros)

# Selected financial information

## Consolidated statement of financial position

### Assets

in million euros	Sep. 30, 2016	%	Dec. 31, 2016	%	Sep. 30, 2017	%
Intangible assets	14,761 <sup>1</sup>	52.8	15,543 <sup>1</sup>	55.7	15,626	54.9
Property, plant and equipment	2,990	10.8	2,887	10.3	2,925	10.3
Other financial assets	65	0.2	95	0.3	69	0.2
Income tax refund claims	7	-	7	-	9	-
Other assets	166	0.6	155	0.7	164	0.6
Deferred tax assets	982	3.5	1,017	3.6	993	3.5
<b>Non-current assets</b>	<b>18,971</b>	<b>67.9</b>	<b>19,704</b>	<b>70.6</b>	<b>19,786</b>	<b>69.5</b>
Inventories	1,922	6.9	1,938	6.9	2,055	7.2
Trade accounts receivable	3,471	12.4	3,349	12.0	3,652	12.8
Other financial assets	683	2.4	734	2.6	1,099	3.9
Income tax refund claims	165	0.6	274	1.0	331	1.2
Other assets	361	1.3	434	1.6	463	1.5
Cash and cash equivalents	2,342	8.4	1,389	5.0	1,016	3.6
Assets held for sale	17	0.1	95	0.3	81	0.3
<b>Current assets</b>	<b>8,961</b>	<b>32.1</b>	<b>8,213</b>	<b>29.4</b>	<b>8,697</b>	<b>30.5</b>
<b>Total assets</b>	<b>27,932</b>	<b>100.0</b>	<b>27,917</b>	<b>100.0</b>	<b>28,483</b>	<b>100.0</b>

<sup>1</sup> As of the reporting date, the allocation of the purchase price for the acquisition of The Sun Products Corporation had not been finalized. If purchase price allocation had been finalized as of December 31, 2016, it would have resulted in the following amount: Intangible assets: 15,577 million euros. As of September 30, 2016, the figure would have been: Intangible assets: 14,793 million euros.

## Equity and liabilities

in million euros	Sep. 30, 2016	%	Dec. 31, 2016	%	Sep. 30, 2017	%
Issued capital	438	1.6	438	1.6	438	1.5
Capital reserve	652	2.3	652	2.3	652	2.3
Treasury shares	-91	-0.3	-91	-0.3	-91	-0.3
Retained earnings	13,731	49.1	14,234 <sup>1</sup>	51.0	15,364	53.9
Other components of equity	-565	-2.0	-188	-0.7	-1,340	-4.7
<b>Equity attributable to shareholders of Henkel AG &amp; Co. KGaA</b>	<b>14,165</b>	<b>50.7</b>	<b>15,045</b>	<b>53.9</b>	<b>15,023</b>	<b>52.7</b>
Non-controlling interests	131	0.5	138	0.5	73	0.3
<b>Equity</b>	<b>14,296</b>	<b>51.2</b>	<b>15,183</b>	<b>54.4</b>	<b>15,096</b>	<b>53.0</b>
Provisions for pensions and similar obligations	1,167	4.2	1,007	3.6	809	2.8
Income tax provisions	97	0.3	106	0.4	105	0.4
Other provisions	374	1.3	347	1.2	353	1.2
Borrowings	3,201	11.5	3,300	11.8	3,112	10.9
Other financial liabilities	96 <sup>1</sup>	0.3	114 <sup>1</sup>	0.4	82	0.3
Other liabilities	28	0.1	25	0.1	25	0.1
Deferred tax liabilities	663	2.4	833	3.0	882	3.1
<b>Non-current liabilities</b>	<b>5,626</b>	<b>20.1</b>	<b>5,732</b>	<b>20.5</b>	<b>5,368</b>	<b>18.8</b>
Income tax provisions	343	1.2	358	1.3	403	1.4
Other provisions	1,767	6.3	1,966	7.0	1,729	6.1
Borrowings	1,859	6.7	425	1.5	1,486	5.2
Trade accounts payable	3,558	12.7	3,665	13.1	3,723	13.1
Other financial liabilities	120	0.4	164	0.6	289	1.0
Other liabilities	331	1.3	395	1.5	373	1.3
Income tax liabilities	32	0.1	16	0.1	16	0.1
Liabilities held for sale	-	-	13	-	-	-
<b>Current liabilities</b>	<b>8,010</b>	<b>28.7</b>	<b>7,002</b>	<b>25.1</b>	<b>8,019</b>	<b>28.2</b>
<b>Total equity and liabilities</b>	<b>27,932</b>	<b>100.0</b>	<b>27,917</b>	<b>100.0</b>	<b>28,483</b>	<b>100.0</b>

<sup>1</sup> As of the reporting date, the allocation of the purchase price for the acquisition of The Sun Products Corporation had not been finalized. If purchase price allocation had been finalized as of December 31, 2016, it would have resulted in the following amounts: Other financial liabilities: 146 million euros; Retained earnings: 14,236 million euros. The figure as of September 30, 2016, would have been: Other financial liabilities: 128 million euros.

## Consolidated statement of income

in million euros	Q3/2016	%	Q3/2017	%	+/-
<b>Sales</b>	<b>4,748</b>	<b>100.0</b>	<b>4,981</b>	<b>100.0</b>	<b>4.9%</b>
Cost of sales	-2,453	-51.7	-2,674	-53.7	9.0%
<b>Gross profit</b>	<b>2,295</b>	<b>48.3</b>	<b>2,307</b>	<b>46.3</b>	<b>0.5%</b>
Marketing, selling and distribution expenses	-1,171	-24.7	-1,154	-23.2	-1.5%
Research and development expenses	-116	-2.4	-114	-2.3	-1.7%
Administrative expenses	-232	-4.8	-251	-5.0	8.2%
Other operating income	26	0.5	13	0.3	-50.0%
Other operating expenses	-27	-0.6	-51	-1.0	88.9%
<b>Operating profit (EBIT)</b>	<b>775</b>	<b>16.3</b>	<b>750</b>	<b>15.1</b>	<b>-3.2%</b>
Interest income	7	0.1	3	0.1	-57.1%
Interest expense	-11	-0.2	-16	-0.4	45.5%
Other financial result	-11	-0.2	-6	-0.1	-45.5%
Investment result	-	-	-1	-	-
<b>Financial result</b>	<b>-15</b>	<b>-0.3</b>	<b>-20</b>	<b>-0.4</b>	<b>33.3%</b>
<b>Income before tax</b>	<b>760</b>	<b>16.0</b>	<b>730</b>	<b>14.7</b>	<b>-3.9%</b>
Taxes on income	-176	-3.7	-166	-3.4	-5.7%
Tax rate in %	23.2		22.7		
<b>Net income</b>	<b>584</b>	<b>12.3</b>	<b>564</b>	<b>11.3</b>	<b>-3.4%</b>
Attributable to non-controlling interests	8	0.2	-	-	-
Attributable to shareholders of Henkel AG & Co. KGaA	576	12.1	564	11.3	-2.1%
Earnings per ordinary share – basic and diluted	in euros	1.32	1.29		-2.3%
Earnings per preferred share – basic and diluted	in euros	1.33	1.30		-2.3%

## Consolidated statement of income

in million euros	1-9/2016	%	1-9/2017	%	+/-
<b>Sales</b>	<b>13,858</b>	<b>100.0</b>	<b>15,143</b>	<b>100.0</b>	<b>9.3%</b>
Cost of sales	-7,119	-51.4	-8,001	-52.8	12.4%
<b>Gross profit</b>	<b>6,739</b>	<b>48.6</b>	<b>7,142</b>	<b>47.2</b>	<b>6.0%</b>
Marketing, selling and distribution expenses	-3,430	-24.8	-3,633	-24.1	5.9%
Research and development expenses	-348	-2.5	-354	-2.3	1.7%
Administrative expenses	-697	-5.0	-757	-5.0	8.6%
Other operating income	75	0.5	86	0.6	14.7%
Other operating expenses	-90	-0.6	-72	-0.5	-20.0%
<b>Operating profit (EBIT)</b>	<b>2,249</b>	<b>16.2</b>	<b>2,412</b>	<b>15.9</b>	<b>7.3%</b>
Interest income	16	0.1	15	0.1	-6.3%
Interest expense	-16	-0.1	-39	-0.3	-
Other financial result	-22	-0.2	-14	-0.1	-36.4%
Investment result	-1	-	-1	-	-
<b>Financial result</b>	<b>-23</b>	<b>-0.2</b>	<b>-39</b>	<b>-0.3</b>	<b>69.6%</b>
<b>Income before tax</b>	<b>2,226</b>	<b>16.0</b>	<b>2,373</b>	<b>15.6</b>	<b>6.6%</b>
Taxes on income	-532	-3.8	-571	-3.7	7.3%
Tax rate in %	23.9		24.1		
<b>Net income</b>	<b>1,694</b>	<b>12.2</b>	<b>1,802</b>	<b>11.9</b>	<b>6.4%</b>
Attributable to non-controlling interests	32	0.2	17	0.1	-46.9%
Attributable to shareholders of Henkel AG & Co. KGaA	1,662	12.0	1,785	11.8	7.4%
Earnings per ordinary share – basic and diluted	in euros	3.82	4.10		7.3%
Earnings per preferred share – basic and diluted	in euros	3.84	4.12		7.3%

## Consolidated statement of cash flows

in million euros	Q3/2016	Q3/2017	1-9/2016	1-9/2017
<b>Operating profit (EBIT)</b>	<b>775</b>	<b>750</b>	<b>2,249</b>	<b>2,412</b>
Income taxes paid	-149	-138	-427	-524
Amortization / depreciation / impairment / write-ups of intangible assets and property, plant and equipment <sup>1</sup>	132	169	364	487
Net gains / losses on disposal of intangible assets and property, plant and equipment, and from divestments	-2	-6	-1	-32
Change in inventories	-2	-30	-	-163
Change in trade accounts receivable	73	-61	-462	-416
Change in other assets	-26	-41	-37	-15
Change in trade accounts payable	62	67	261	197
Change in other liabilities, provisions and equity	156	61	101	-216
<b>Cash flow from operating activities</b>	<b>1,019</b>	<b>771</b>	<b>2,048</b>	<b>1,730</b>
Purchase of intangible assets and property, plant and equipment including payments on account	-145	-193	-368	-488
Acquisition of subsidiaries and other business units	-3,320	-1,403	-3,687	-1,414
Purchase of associated companies and joint ventures held at equity	-	-	-	-3
Proceeds on disposal of subsidiaries and other business units	-	4	-	52
Proceeds on disposal of intangible assets and property, plant and equipment	4	11	12	12
<b>Cash flow from investing activities</b>	<b>-3,461</b>	<b>-1,581</b>	<b>-4,043</b>	<b>-1,841</b>
Dividends paid to shareholders of Henkel AG & Co. KGaA	-	-	-633	-698
Dividends paid to non-controlling shareholders	-10	2	-28	-35
Interest received	2	3	14	16
Interest paid	-12	-36	-20	-57
<i>Dividends and interest paid and received</i>	<i>-20</i>	<i>-31</i>	<i>-667</i>	<i>-774</i>
Issuance of bonds	2,221	-	2,221	535
Other changes in borrowings	945	-292	1,996	619
Allocations to pension funds	-14	-37	-167	-63
Other changes in pension obligations	-61	-20	-113	-60
Purchase of non-controlling interests with no change of control	-6	-140	-81	-154
Other financing transactions <sup>2</sup>	5	-18	2	-275
<b>Cash flow from financing activities</b>	<b>3,070</b>	<b>-538</b>	<b>3,191</b>	<b>-172</b>
Net change in cash and cash equivalents	628	-1,348	1,196	-283
Effect of exchange rates on cash and cash equivalents	-14	-40	-30	-90
<b>Change in cash and cash equivalents</b>	<b>614</b>	<b>-1,388</b>	<b>1,166</b>	<b>-373</b>
Cash and cash equivalents at January 1 / July 1	1,728	2,404	1,176	1,389
<b>Cash and cash equivalents at September 30</b>	<b>2,342</b>	<b>1,016</b>	<b>2,342</b>	<b>1,016</b>

<sup>1</sup> Of which: Impairment, third quarter 2017: 15 million euros (third quarter 2016: 6 million euros); first nine months 2017: 20 million euros (first nine months 2016: 10 million euros).

<sup>2</sup> Other financing transactions in the third quarter of 2017 include payments of -21 million euros for the purchase of short-term securities and time deposits as well as for the provision of financial collateral (third quarter 2016: 0 million euros). The figure for the first nine months of 2017 includes payments of -285 million euros (first nine months 2016: -32 million euros).

### Additional voluntary information

#### Reconciliation to free cash flow

in million euros	Q3/2016	Q3/2017	1-9/2016	1-9/2017
Cash flow from operating activities	1,019	771	2,048	1,730
Purchase of intangible assets and property, plant and equipment including payments on account	-145	-193	-368	-488
Proceeds on disposal of intangible assets and property, plant and equipment	4	11	12	12
Net interest paid	-10	-33	-6	-41
Other changes in pension obligations	-61	-20	-113	-60
<b>Free cash flow</b>	<b>807</b>	<b>536</b>	<b>1,573</b>	<b>1,153</b>

## Performance by region

### Key figures by region<sup>1</sup> third quarter 2017

in million euros	Western Europe	Eastern Europe	Africa / Middle East	North America	Latin America	Asia-Pacific	Corporate <sup>2</sup>	Henkel Group
<b>Sales July – September 2017</b>	<b>1,511</b>	<b>763</b>	<b>302</b>	<b>1,243</b>	<b>280</b>	<b>850</b>	<b>31</b>	<b>4,981</b>
Sales July – September 2016	1,473	733	348	1,067	268	830	29	4,748
Change from previous year	2.6%	4.1%	– 13.1%	16.5%	4.8%	2.4%	–	4.9%
Adjusted for foreign exchange	2.1%	5.0%	6.2%	23.5%	8.3%	8.1%	–	9.1%
Organic	0.0%	4.8%	3.2%	3.2%	2.8%	6.4%	–	3.0%
<b>Proportion of Henkel sales July – September 2017</b>	<b>30%</b>	<b>15%</b>	<b>6%</b>	<b>25%</b>	<b>6%</b>	<b>17%</b>	<b>1%</b>	<b>100%</b>
Proportion of Henkel sales July – September 2016	31%	15%	7%	22%	6%	18%	1%	100%

<sup>1</sup> Calculated on the basis of units of 1,000 euros; figures commercially rounded.

<sup>2</sup> Corporate = sales and services not assignable to the individual regions and business units.

### Key figures by region<sup>1</sup> first nine months 2017

in million euros	Western Europe	Eastern Europe	Africa / Middle East	North America	Latin America	Asia-Pacific	Corporate <sup>2</sup>	Henkel Group
<b>Sales January – September 2017</b>	<b>4,591</b>	<b>2,207</b>	<b>992</b>	<b>3,890</b>	<b>849</b>	<b>2,522</b>	<b>91</b>	<b>15,143</b>
Sales January – September 2016	4,586	2,061	1,030	2,925	781	2,385	90	13,858
Change from previous year	0.1%	7.1%	– 3.7%	33.0%	8.6%	5.7%	–	9.3%
Adjusted for foreign exchange	0.7%	5.2%	10.0%	33.1%	8.1%	6.6%	–	10.3%
Organic	0.2%	4.8%	2.2%	3.1%	5.6%	6.7%	–	3.1%
<b>Proportion of Henkel sales January – September 2017</b>	<b>30%</b>	<b>14%</b>	<b>6%</b>	<b>26%</b>	<b>6%</b>	<b>17%</b>	<b>1%</b>	<b>100%</b>
Proportion of Henkel sales January – September 2016	33%	15%	7%	21%	6%	17%	1%	100%

<sup>1</sup> Calculated on the basis of units of 1,000 euros; figures commercially rounded.

<sup>2</sup> Corporate = sales and services not assignable to the individual regions and business units.

## Reconciliation of adjusted earnings

### Reconciliation from sales to adjusted operating profit<sup>1</sup> third quarter 2017

in million euros	Q3/2016	%	Q3/2017	%	+/-
<b>Sales</b>	<b>4,748</b>	<b>100.0</b>	<b>4,981</b>	<b>100.0</b>	<b>4.9%</b>
Cost of sales	-2,433	-51.2	-2,645	-53.1	8.7%
<b>Gross profit</b>	<b>2,315</b>	<b>48.8</b>	<b>2,336</b>	<b>46.9</b>	<b>0.9%</b>
Marketing, selling and distribution expenses	-1,149	-24.2	-1,106	-22.2	-3.7%
Research and development expenses	-116	-2.4	-113	-2.3	-2.6%
Administrative expenses	-212	-4.5	-203	-4.1	-4.2%
Other operating income / expenses	-1	-0.1	-17	-0.3	-
<b>Adjusted operating profit (EBIT)</b>	<b>837</b>	<b>17.6</b>	<b>897</b>	<b>18.0</b>	<b>7.1%</b>

<sup>1</sup> Calculated on the basis of units of 1,000 euros; figures commercially rounded.

### Reconciliation of adjusted net income third quarter 2017

in million euros	Q3/2016	Q3/2017	+/-
<b>EBIT (as reported)</b>	<b>775</b>	<b>750</b>	<b>-3.2%</b>
One-time gains	-	-	-
One-time charges	27	56	-
Restructuring expenses	35	91	-
<b>Adjusted EBIT</b>	<b>837</b>	<b>897</b>	<b>7.1%</b>
Adjusted return on sales	in % 17.6	18.0	0.4 pp
Financial result	-15	-20	33.3%
Taxes on income (adjusted)	-198	-211	6.6%
Adjusted tax rate	in % 24.1	24.1	0.0 pp
<b>Adjusted net income</b>	<b>624</b>	<b>666</b>	<b>6.7%</b>
Attributable to non-controlling interests	8	-	-
Attributable to shareholders of Henkel AG & Co. KGaA	616	666	8.1%
<b>Adjusted earnings per ordinary share</b>	in euros <b>1.41</b>	<b>1.53</b>	<b>8.5%</b>
<b>Adjusted earnings per preferred share</b>	in euros <b>1.42</b>	<b>1.54</b>	<b>8.5%</b>

- The adjusted charges for the third quarter of 2017 include expenses of 31 million euros relating to the integration of The Sun Products Corporation (third quarter 2016: 6 million euros), 4 million euros related to the optimization of our IT system architecture for managing business processes (third quarter 2016: 8 million euros), 4 million euros for acquisition-related costs (third quarter 2016: 13 million euros), and 17 million euros relating to the discontinuation of product lines in our General Industry business (third quarter 2016: 0 million euros).
- Of the restructuring expenses in the third quarter of 2017, 33 million euros is attributable to cost of sales (third quarter 2016: 11 million euros) and 21 million euros to marketing, selling and distribution expenses (third quarter 2016: 22 million euros). A further 1 million euros is attributable to research and development expenses (third quarter 2016: 0 million euros), and 36 million euros to administrative expenses (third quarter 2016: 2 million euros).

## Reconciliation of adjusted earnings

### Reconciliation from sales to adjusted operating profit<sup>1</sup> first nine months 2017

in million euros	1-9/2016	%	1-9/2017	%	+/-
<b>Sales</b>	<b>13,858</b>	<b>100.0</b>	<b>15,143</b>	<b>100.0</b>	<b>9.3%</b>
Cost of sales	-7,083	-51.1	-7,954	-52.5	12.3%
<b>Gross profit</b>	<b>6,775</b>	<b>48.9</b>	<b>7,189</b>	<b>47.5</b>	<b>6.1%</b>
Marketing, selling and distribution expenses	-3,384	-24.4	-3,518	-23.2	4.0%
Research and development expenses	-345	-2.5	-351	-2.3	1.7%
Administrative expenses	-634	-4.5	-670	-4.4	5.7%
Other operating income / expenses	-5	-0.1	10	-	-
<b>Adjusted operating profit (EBIT)</b>	<b>2,407</b>	<b>17.4</b>	<b>2,660</b>	<b>17.6</b>	<b>10.5%</b>

<sup>1</sup> Calculated on the basis of units of 1,000 euros; figures commercially rounded.

### Reconciliation of adjusted net income first nine months 2017

in million euros	1-9/2016	1-9/2017	+/-	
<b>EBIT (as reported)</b>	<b>2,249</b>	<b>2,412</b>	<b>7.3%</b>	
One-time gains	-1	-21	-	
One-time charges	56	131	-	
Restructuring expenses	103	138	-	
<b>Adjusted EBIT</b>	<b>2,407</b>	<b>2,660</b>	<b>10.5%</b>	
Adjusted return on sales	in %	17.4	17.6	0.2 pp
Financial result	-23	-39	69.6%	
Taxes on income (adjusted)	-580	-655	12.9%	
Adjusted tax rate	in %	24.3	25.0	0.7 pp
<b>Adjusted net income first nine months</b>	<b>1,804</b>	<b>1,966</b>	<b>9.0%</b>	
Attributable to non-controlling interests	32	17	-46.9%	
Attributable to shareholders of Henkel AG & Co. KGaA	1,772	1,949	10.0%	
<b>Adjusted earnings per ordinary share</b>	in euros	<b>4.07</b>	<b>4.48</b>	<b>10.1%</b>
<b>Adjusted earnings per preferred share</b>	in euros	<b>4.09</b>	<b>4.50</b>	<b>10.0%</b>

- Of the one-time gains recognized in the first nine months of 2017, 19 million euros is attributable to the sale of Henkel's professional Western European building material business (first nine months 2016: 0 million euros), 1 million euros to performance-related purchase price components (first nine months 2016: 1 million euros) and 1 million euros to a release of provisions for legal disputes (first nine months 2016: 0 million euros).
- The adjusted charges for the first nine months of 2017 include expenses of 91 million euros relating to the integration of The Sun Products Corporation (first nine months 2016: 6 million euros), 16 million euros related to the optimization of our IT system architecture for managing business processes (first nine months 2016: 21 million euros), 7 million euros for acquisition-related costs (first nine months 2016: 17 million euros), and 17 million euros relating to the discontinuation of product lines in our General Industry business (first nine months 2016: 0 million euros).
- Of the restructuring expenses in the first nine months of 2017, 42 million euros is attributable to cost of sales (first nine months 2016: 23 million euros) and 46 million euros to marketing, selling and distribution expenses (first nine months 2016: 46 million euros). A further 3 million euros is attributable to research and development expenses (first nine months 2016: 3 million euros), and 47 million euros to administrative expenses (first nine months 2016: 31 million euros).

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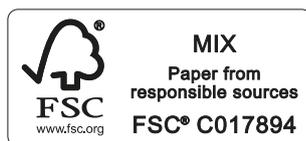
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## Financial calendar

### Publication of Report for Fiscal 2017:

Thursday, February 22, 2018

### Annual General Meeting

**Henkel AG & Co. KGaA 2018:**

Monday, April 9, 2018

### Publication of Statement

**for the First Quarter 2018:**

Wednesday, May 9, 2018

### Publication of Report for the

**Second Quarter 2018 / Half Year 2018:**

Thursday, August 16, 2018

### Publication of Statement for the

**Third Quarter 2018 / Nine Months 2018:**

Thursday, November 15, 2018

**Up-to-date facts and figures on Henkel  
also available on the internet:**

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

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