

## Forecast

### Macroeconomic development

#### Overview: moderate gross domestic product growth of approximately 3 percent

We expect global economic growth to again remain moderate in 2014. Based on figures published by Feri EuroRating Services, we expect gross domestic product to increase by approximately 3 percent.

We expect the mature markets to grow by approximately 2 percent. The North American economy is likely to grow by around 3 percent, with Japan's expanding by around 2 percent. We expect economic growth in Western Europe of around 1 percent.

The emerging markets will once again achieve comparatively strong economic growth of around 4 percent in 2014. In the case of Asia (excluding Japan), we expect economic output to increase by around 6 percent, with Latin America likely posting a plus of approximately 3 percent. Eastern Europe should grow by approximately 2 percent. For the Africa/Middle East region, we expect economic growth of approximately 4 percent.

#### Direct materials: moderate rise in price level

We anticipate moderate price increases for direct materials in 2014. In light of the geopolitical and global economic situation, we expect the procurement markets to remain highly volatile. Limited capacities in some supply areas may lead to shortages.

#### Currencies: moderate devaluation against the euro

Overall, we anticipate a moderate devaluation versus the euro for Henkel's most important currencies arising from the expected development of major currencies in the emerging markets. On the other hand, we do not expect any material change in the euro exchange rate versus the US dollar, and anticipate an annual average for 2014 of around 1.32 US dollars per euro.

#### Inflation: moderate rise in global price levels

According to data provided by Feri EuroRating Services, global inflation is predicted to be approximately 3.5 percent in 2014. While we can continue to expect a high degree of price stability for the mature markets with a rise of approximately 2 percent, the inflation rate in the emerging regions is likely to average around 6 percent.

### Sector development

#### Consumption and the retail sector: growth of less than 3 percent

Based on data provided by Feri EuroRating Services, we anticipate that worldwide private consumption will rise by less than 3 percent in 2014. In the mature markets, consumers are likely to spend around 2 percent more than in the previous year. The emerging markets should again demonstrate a higher propensity to spend, with a rise of around 4 percent in 2014.

#### Industry: growth of approximately 5 percent

According to figures provided by Feri EuroRating Services, industry will grow globally by approximately 5 percent compared to the previous year and, as such, faster than the overall economy.

We expect the transport industry to register a plus of approximately 5 percent. Production in the electronics industry will also grow by approximately 5 percent. Within the electronics industry, the growth of basic products relevant for Henkel, such as electrical systems and semiconductor units, should be considerably higher than in the previous year. Production in the metal industry is likely to expand by approximately 5 percent. Development in consumer-related sectors, such as the global packaging industry, is likely to be stronger than in the previous year, with growth in the low single-digit range according to our estimates. We expect global construction to expand by approximately 3.5 percent.

### Outlook for the Henkel Group 2014

We expect the Henkel Group to generate organic sales growth of 3 to 5 percent in fiscal 2014. Our expectation is that each business unit generates organic sales growth within this range.

In line with our 2016 strategy, we furthermore expect a slight increase in the share of sales from our emerging markets.

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

In recent years we have introduced a number of measures that have had a positive effect on our cost structure. Also in this year, we intend to continue adapting our structures to constantly changing market conditions and to continue our strict cost discipline. Through optimization and standardization of processes and continued expansion of our shared services, we can pool activities and thus 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. Compared to the 2013 figures, we expect our adjusted return on sales (EBIT) to increase to around 15.5 percent, and that all business units will contribute to this improvement. We expect an increase in adjusted earnings per preferred share in the high single digits.

Furthermore, we have the following expectations for 2014:

- Moderate increase in the prices for raw materials, packaging, and purchased goods and services
- Restructuring charges at the level of the previous year
- Investments in property, plant and equipment and intangible assets between 500 and 550 million euros

### Dividends

Subject to the approval of the Supervisory Board and the Shareholders' Committee, future dividend payouts of Henkel AG & Co. KGaA shall, depending on the company's asset and profit positions, as well as its financial requirements, amount to 25 percent to 35 percent of net income after non-controlling interests, and adjusted for exceptional items.

### Capital expenditures

We are planning to increase our investments in property, plant and equipment and intangible assets to approximately 500 to 550 million euros in fiscal 2014. We will allocate the largest share of our budget to expanding our business in emerging markets.

Considerable investments are planned in the Laundry & Home Care and Beauty Care business units for optimizing and expanding production in the Eastern Europe and Africa/Middle East regions. In the Adhesive Technologies business unit, the focus in 2014 will be on further expanding our production capacity in the emerging markets of Asia and Eastern Europe. In addition, investments in IT infrastructure will contribute substantially to optimizing our processes.