

HENKEL AG & Co KGaA

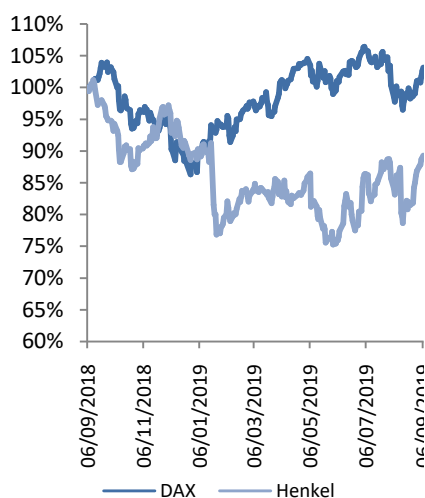
[Bloomberg Ticker: HEN3:GR] [Reuters Ticker: HNGK_p.DE]
Listed on Frankfurt Stock Exchange, Germany

September 7, 2019

Consumer Staples | Consumer Products
VRS Research Team | www.vrs.gr

Valuation UPSIDE

Target Price: €88.6 - €98.8
Current Price: €93.32
Upside Potential: -5.1% - 5.9%



Market Data

Market Cap.	€38,635 mn
Shares Out. (pref.)	178.16 mn
1 Year Return	-10.06%
Average Daily Volume	619,891
52 Week Range	80.70–108.00
Beta	0.71

H1 Results

Henkel released its half-year results on August 13, reporting lower than expected financial performance, especially in Beauty Care, combined with revision of guidance for FY2019. Key drivers of the 2.3% organic decline in Beauty Care revenues have been the destocking from Chinese distributors and the weak performance in mature markets. EBIT margin in Beauty Care was affected by higher raw material prices and marketing expenses. The Adhesive Technologies segment reported similar figures with those at H1 2018 despite the declining demand regarding industrial production and the increased raw material prices. The Laundry & Home Care segment reported a robust 3.3% organic sales growth and same level EBIT margin vs. H1 2018. Overall, H1 2019 was a challenging period, but Henkel managed to maintain same level of revenues as in H1 2018.

Financial Performance

Taking into account the H1 2019 results, at year-end we expect weak revenue growth of 1% driven primarily by our estimated decline in Beauty Care revenues (-1.5%) and weak revenue growth in the Adhesive Technologies segment (0.7%). However, we expect stronger revenue growth after FY2019 leading to a projected 1.7% 5Y CAGR (FY2018-FY2023). Revenues from Laundry and Home Care segment are estimated to grow at a robust 3.1% in FY2019 supported mainly by strong growth in emerging markets. On EBIT level we expect a significant decline of 3.5% in FY2019, driven by shrinking EBIT margin in Beauty Care from 14.9% in FY2018 to a projected 12.8% in FY2020 due to destocking from Chinese distributors, higher marketing expenses and raw material prices.

Valuation Results

To derive our target price range of €88.6 - €98.8 we have incorporated three different valuation methods: a FCFF Model (€78.9 – €126.6), a Residual Income Valuation Model (€80.1 – €98.8) and a Peer Multiples Valuation Model (€88.6 – €140.0).

(in € mn)	TURNOVER	EBITDA	EBT	EATAM	EQUITY	NET DEBT	BANK DEBT	DEBT / EQUITY (x)	P/E (x)	P/BV (x)	EV/EBITDA (x)	ROE %
2014	16,428	2,585	2,242	1,628	11,508	126	1,354	0.12	25.10	3.6	15.9	14%
2015	18,090	3,052	2,636	1,922	13,661	-1,172	4	0.00	21.26	3.0	13.0	14%
2016	18,715	3,255	2,766	2,054	15,047	1,911	3,300	0.22	19.90	2.7	13.1	14%
2017	20,030	3,652	3,034	2,520	15,573	2,157	3,076	0.20	16.22	2.6	11.8	16%
2018	19,900	3,671	3,067	2,312	17,016	493	1,556	0.09	17.68	2.4	11.3	14%
2019E	20,105	3,594	2,960	2,246	18,476	1,735	2,824	0.15	18.20	2.2	11.9	12%
2020E	20,426	3,669	3,010	2,284	19,960	831	2,624	0.13	17.90	2.0	11.4	11%
2021E	20,816	3,768	3,080	2,337	21,362	186	2,124	0.10	17.49	1.9	10.9	11%
2022E	21,229	3,872	3,161	2,399	22,802	-393	1,824	0.08	17.04	1.8	10.5	11%
2023E	21,648	3,978	3,240	2,459	24,277	-1,008	1,824	0.08	16.62	1.7	10.0	10%

* All projected growth rates are nominal and projected profitability is based on reported figures. The company guides on organic growth and adjusted profitability figures.

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Business Description

Business Segments

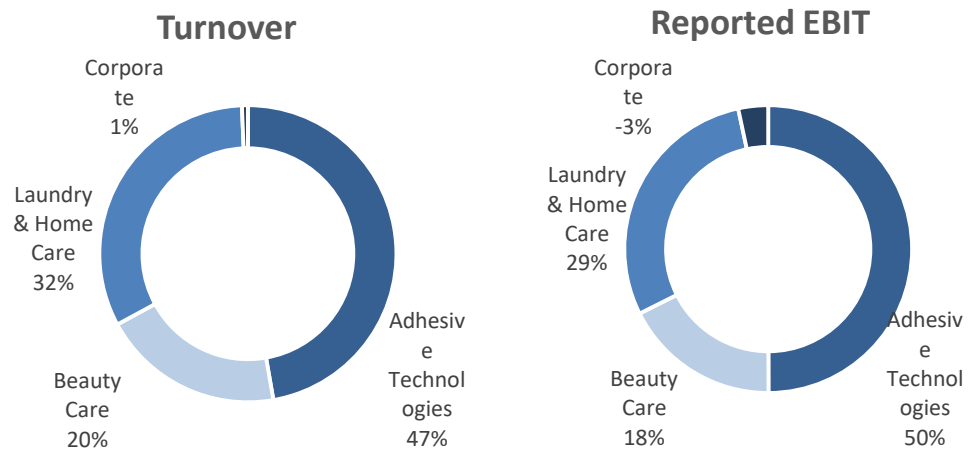
Henkel operates in three business segments: Adhesive Technologies, Beauty Care, and Laundry & Home Care. Almost half of Henkel’s revenue (47% as of FY2018) comes from the Adhesive Technologies segment. This segment is divided into two business areas: i) Industry and ii) Consumers, Craftsmen and Building with each one contributing 81% and 19% respectively to the segment revenue. Some of the most important brands in Adhesive Technologies are “Loctite”, “Technomelt”, “Teroson”. The solutions offered cover a wide range of applications including cars, books and magazines, computers, aircraft, refrigerators, cell phones, furniture, textiles, packaging, and many more. Henkel is the world’s number one adhesives producer.

#1 Adhesives producer

The Beauty Care segment generates 20% (FY2018) of total revenue and holds leading positions worldwide. Products offered cover a wide range of applications such as hair care, hair colorants, hair styling, body care, skin care, and oral care. Beauty Care includes Branded Consumer Goods as well as the professional Hair Salon business with Schwarzkopf Professional being among the world’s three leading suppliers of hair salon products.

Leading positions worldwide in Beauty Care

The Laundry & Home Care segment generates 32% (FY2018) of total revenue and includes brands such as “Persil”, “Bref” and “Purex”. The product portfolio consists of Laundry Detergents, Laundry Additives, Dishwashing, Hard Surface Cleaners, Toilet Care, Air Care and Insect Control Products.



SWOT Analysis

Strengths:

Henkel has established a strong international presence in 56 countries around the world with 185 manufacturing facilities. The great geographical diversification enables the company to minimize the risk of depending on a particular region. Henkel also holds a leading market position in Adhesive Technologies with almost 14% market share in a highly fragmented industry. Similarly, it holds leading market positions in Laundry & Home Care and in Beauty Care both in retail and professional applications. For example, Schwarzkopf is the global #3 in Hair Professional. The company has established a wide portfolio of 40 technologies in Adhesives and provides know how to its customers through more than 6,500 experts.

Established brand names and leading market positions

Limited liquidity

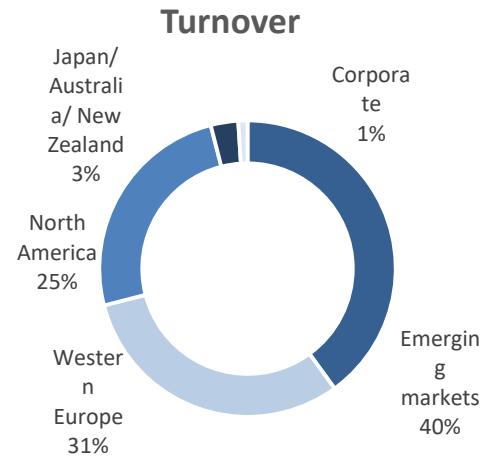
Weaknesses:

Henkel’s cash and quick ratio were 0.24x and 0.73x as of FY2018 with current ratio below 1x. However, the low level of current leverage combined with the projected strong cash flow generation could allow for greater liquidity levels in the future. Henkel is also highly dependent on direct materials with highly volatile prices which add uncertainty on cost budgeting.

Growing investment in R&D and continuing acquisition strategy to create significant growth potential

Opportunities:

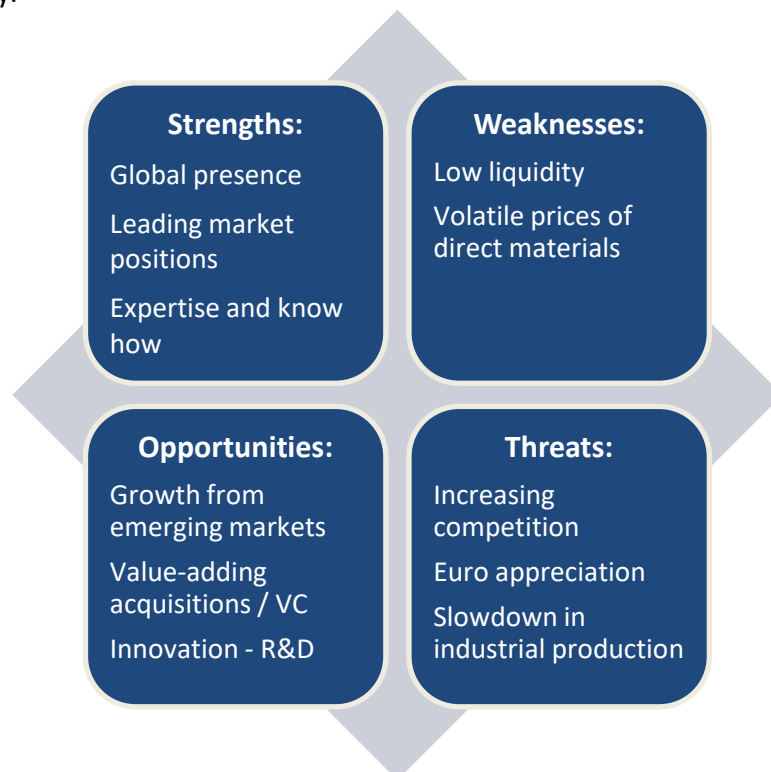
Emerging markets count for the 40% of total revenue enabling the company to take advantage of strong growth rates. Henkel’s strategy towards acquisitions (commitment to single-A rating) could expand the portfolio of technologies and further improve positioning in the market, allowing for higher pricing and improved margins. The company has also consistently increased the investment in R&D over the 5 last years (following an almost stable R&D/Sales ratio) with more than €480 million spent as of FY2018. Taking into account that around 45% of revenues in Beauty Care and Laundry & Home Care come from products launched during the last 3 years, the growth potential from investment in R&D is remarkable.



Business model highly dependent on exchange rates and macro trends

Threats:

The intensifying competition especially in retail segments could put pressure on margins and further limit pricing flexibility. The volatility in FX markets heavily affects Henkel’s revenues and an appreciating euro could minimize revenue growth. A deep and extended slowdown in industrial production worldwide could also reduce demand for Industrial Adhesives which is the largest revenue pool of the company.



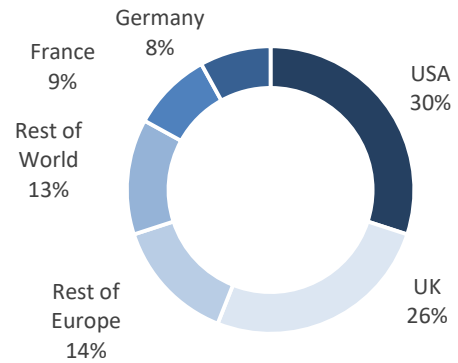
Shares and Shareholder's Structure

Henkel's share capital consists of 178mn non-voting preferred shares and of 260mn voting ordinary shares. Henkel family through its share pooling agreement owns 61.2% of the ordinary shares with voting rights. The remaining 38.8% of ordinary share is free float. Treasury shares count for the 2.1% of the preferred shares while the rest 97.1 is free float. Preferred shares receive dividends which are €0.02 per share higher than the dividends paid to ordinary shares.

Family controlled company but with great free float

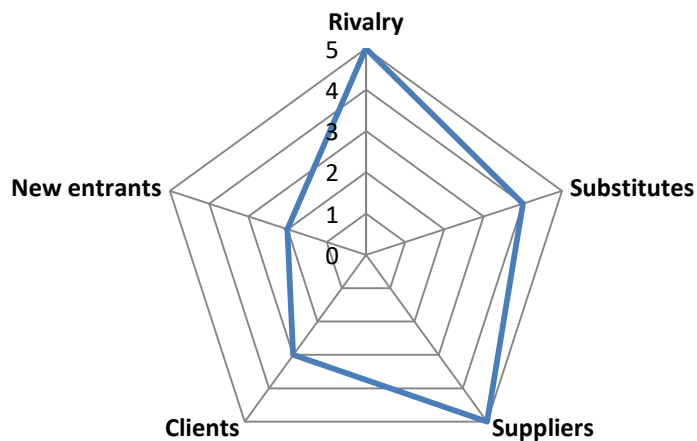
Institutional Investors

(as of Oct. 2018)



Competitive Positioning

Porter's Five Forces



Henkel operates in a highly competitive market environment especially in the retail sectors of Beauty Care and Laundry & Home Care. Beiersdorf AG, H.B. Fuller Company, Reckitt Benckiser Group Plc, The Procter & Gamble Company and Unilever PLC are some of the most significant competitors for Henkel. Close substitutes do exist and switching costs are very low especially in the retail segments. In industrial Adhesives the proximity of substitute products is lower and switching costs are higher but in overall substitutes is a significant force in our analysis. Henkel is heavily based on direct materials and it is mostly a price taker towards its suppliers. In general, clients hold average negotiating power and potential cost increases in many cases are passed into them over time. The already developed economies of scale, extensive investment in R&D and established brand recognition constitute significant barriers for potential new entrants. The total score is 3.8 out of 5 indicating that Henkel operates in a highly competitive environment.

A highly competitive and challenging external environment

Financial Analysis

Growth Analysis per Segment

	2014	2015	2016	2017	2018	
Adhesives	Price effect	1.0%	1.5%	0.3%	0.4%	2.8%
	Volume effect	2.7%	0.9%	2.5%	4.6%	1.2%
	OSG	3.7%	2.4%	2.8%	5.0%	4.0%
	FX effect	-3.5%	6.5%	-3.5%	-1.3%	-5.2%
	M&A effect	-0.1%	1.7%	0.4%	1.1%	1.4%
	Total	0.1%	10.6%	-0.3%	4.8%	0.2%
Beauty Care	Price effect	0.0%	1.5%	0.4%	0.1%	0.0%
	Volume effect	2.0%	0.6%	1.7%	0.4%	-0.7%
	OSG	2.0%	2.1%	2.1%	0.5%	-0.7%
	FX effect	-3.3%	4.0%	-3.4%	-1.3%	-4.8%
	M&A effect	2.3%	2.0%	1.4%	1.6%	7.6%
	Total	1.0%	8.1%	0.1%	0.8%	2.1%
Laundry & Home Care	Price effect	-0.5%	2.2%	0.0%	0.1%	1.7%
	Volume effect	5.1%	2.7%	4.7%	1.9%	0.2%
	OSG	4.6%	4.9%	4.7%	2.0%	1.9%
	FX effect	-5.4%	1.1%	-4.0%	-3.4%	-6.1%
	M&A effect	1.8%	5.0%	12.1%	16.2%	0.7%
	Total	1.0%	11.0%	12.8%	14.8%	-3.5%

Robust OSG in Adhesives limited by FX effect

The Adhesive Technologies segment has achieved an organic sales 5Y CAGR (FY2013-FY2018) of 3.58% with key drivers being the steady upward trend in industrial production, the rapidly growing emerging markets and the continuous innovation supported by increasing investment in R&D. The remarkable OSG during the last 5 years has been greatly offset by unfavorable exchange rates. In FY2018, the FX effect was strong enough to almost offset both organic and M&A expansion.

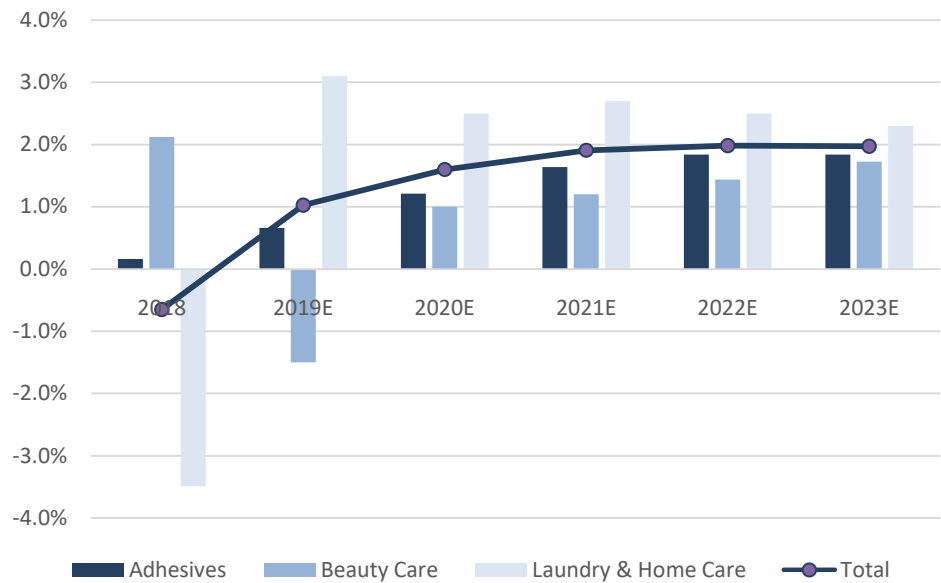
Weak performance in Beauty Care in FY2018 offset by M&A effect

The Beauty Care segment reported a negative (-0.7%) OSG in FY2018 driven primarily by the negative OSG in the Branded Consumer Goods business area. In particular, a significant reduction in organic sales can be attributed to delivery difficulties of consumer goods in North America. However, the positive growth in the Hair Salon business area together with the rapid organic expansion in Eastern Europe, Africa/Middle East and Latin America helped to limit the negative OSG. In FY2018, both the negative OSG and the unfavorable exchange rates were counterbalanced by strong growth created by M&A activity, leading to an overall 2.1% growth in Beauty Care.

Robust OSG in Laundry & Home Care coming from emerging markets and acquisitions

In FY2018, the Laundry & Home Care segment achieved a positive OSG of 1.9% that was primarily price driven in contrast with the OSG of the two previous years (FY2016 & FY2017) that was primarily volume driven. In a geographical context, the positive OSG was mainly supported by strong organic growth in emerging markets with Africa/Middle East region contributing with a double digit organic growth. However, the unfavorable exchange rates fully offset the positive OSG and led to a negative -3.5% total growth in Laundry & Home Care.

Revenue Projections per Segment



Adhesives revenue is highly dependent on industrial production

In FY2019, we expect a nominal growth rate of 0.7% in Adhesive Technologies segment driven by the lack of significant growth potential in the industrial production levels and the expected weak growth in the emerging markets. The industrial Adhesives business area is highly dependent on macro trends and thus the visibility is limited. However, taking into account the past organic sales 5Y CAGR of 3.58%, the increasing investments in R&D and the M&A strategy of Henkel, we expect a 2% nominal growth rate to be sustainable in the next 5Y period despite any potential unfavorable macro trends.

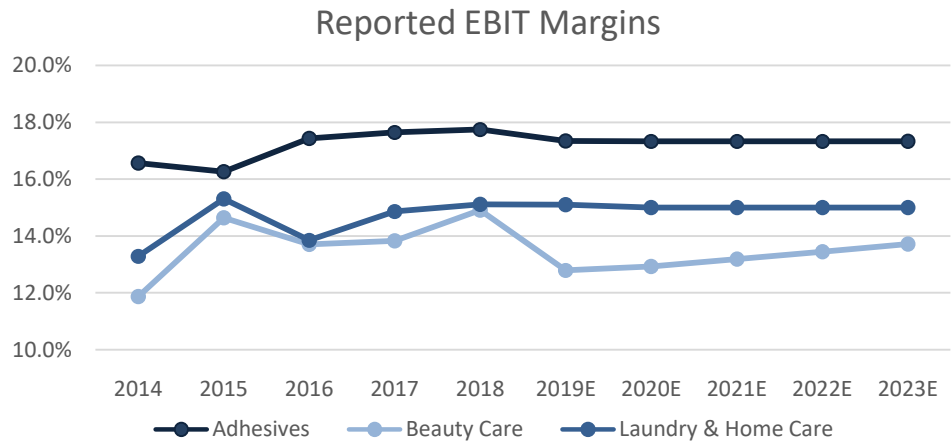
Growth potential in Beauty Care to be limited by great competition

In the Beauty Care segment, we expect a -1.5% decline (nominal) in revenues for FY2019 driven mainly by the weak performance of the consumer business area in mature markets and the ongoing destocking from distributors in China. Taking into account the first half of FY2019 and the historical steady track record we expect the Hair Salon business area to show positive growth limiting the aforementioned negative effects. In the long term, we estimate that the highly competitive consumer business area will allow only limited nominal growth rates (<2%) which will be supported by potential growth in the emerging markets and the Hair Salon business area.

Robust growth in Laundry & Home Care

In the Laundry & Home Care segment, FY2019 is expected to be a year with good nominal growth slightly above 3% supported by double digit growth in emerging market (Africa/Middle East and Latin America). In the upcoming 5Y period, we have assumed a more conservative nominal growth rate below 3% due to the extremely competitive environment and the weak performance of the mature markets.

Profitability Margin Analysis



In the Adhesive Technologies segment, we do not expect a significant change in EBIT margin (reported) since the company could potentially offset the impact of higher direct material prices by utilizing accordingly its pricing strategy and by further optimizing production and supply chain efficiency. We have projected a stable EBIT margin (reported) at 17.3% for our forecasted period.

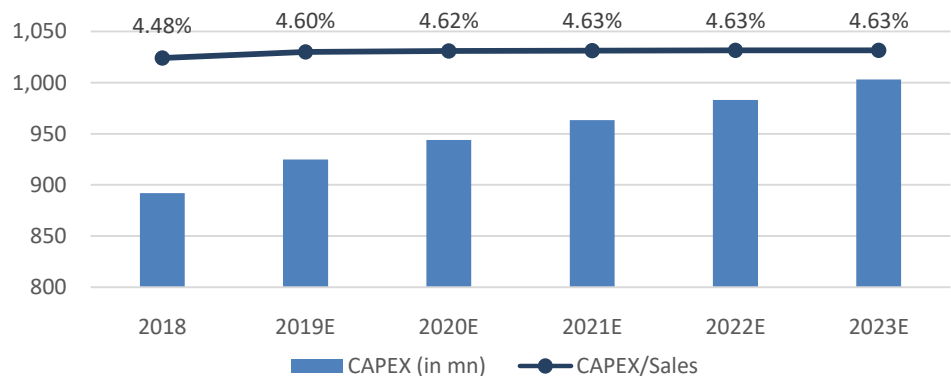
In the Beauty Care segment, we expect a significant decline in EBIT margin (reported) from 14.9% in FY2018 to 12.8% in FY2019. The increasing expenses for marketing and sales together with higher material prices will be the key drivers of this change taking also into account the H1 results. Henkel due to negative volume driven OSG of -2.3% in the H1 did not have much flexibility to adjust prices in order to counterbalance the effect of increasing expenses. In the FY2020-FY2023 period, we estimate that the company will achieve some improvements in EBIT margin by optimizing efficiency and increasing prices taking also advantage of the higher demand from the Chinese market after the currently ongoing stock adjustments.

In the Laundry & Home Care segment, we estimate that the negative impact coming from increasing marketing and sales expenses will be significantly counterbalanced by strong price driven OSG. We have projected a stable EBIT margin (reported) around 15% for our forecasted period.

Declining EBIT margin on Beauty Care

Almost stable EBIT margins for Adhesives and Laundry & Home Care

Capital Expenditures



We have estimated CAPEX as the additions and acquisitions of Tangible and Intangible Assets (excl. Goodwill) net of translation differences. Capital expenditures in FY2018 were €892mn and we expect them to gradually grow at €1,003mn by FY2023. The ratio of CAPEX to sales is estimated to remain relatively stable in the projected period which is in line with our projected normal growth rates in the future. During H1 FY2019 and FY2018 a proportion of around 2/3 of total CAPEX was used for expansionary purposes.

Increasing CAPEX to drive future growth

Dividend Policy

Dividends expected in the upper range of payout ratios after 2020

The dividend policy of Henkel currently targets to a dividend payout ratio between 30% and 40% of adjusted net income. In FY2018, dividend payout ratio (calculated on reported net income) was almost 35% and we have projected the same ratio for FY2019. We expect Henkel to use higher dividend payout ratios from FY2021, in the upper part of the current range, taking into account the estimated improvement in liquidity as captured by our projected Current and Quick ratio (1.37x and 1.05x respectively for FY2021).

Valuation

WACC (Weighted Average Cost of Capital)

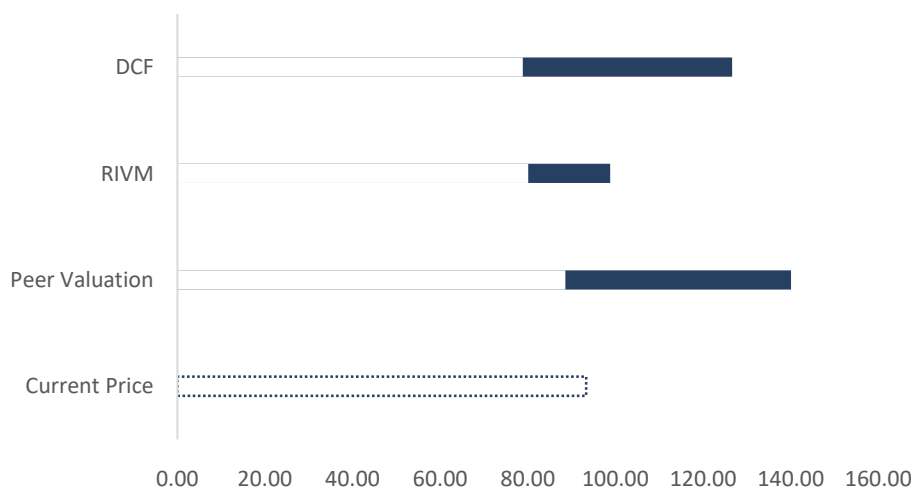
Risk Free Rate	1.99%
Beta	0.71
Equity Risk Premium	5.96%
Cost of Equity	6.21%
Cost of Debt	2.00%
Tax Rate	23.51%
After-Tax Cost of Debt	1.53%
Debt/(Debt+Equity)	10.00%
WACC	5.74%

We have used the 10Y average redemption yield of the 30-year German bond as a normalized Risk Free Rate (1.99%). Beta has been calculated using daily returns of Henkel and DAX (2014-2019). The cost of equity has been derived from Damodaran tables (January 2019). We have used a target Debt to Capital of 10% taking into account the repayment schedule of Henkel's loans. Our assumptions lead to a 5.74% WACC.

Terminal Growth Rate

At the end of the 5-year period, we have estimated a 1.5% terminal sales growth rate assuming stable EBIT margins at 14.9%. Our assumption is almost in line with our projected 1.7% 5Y Revenue CAGR (FY2018-FY2023) and more conservative compared to the historic 5Y 4.0% Sales CAGR (FY2013-FY2018).

Valuation Results



We have incorporated three different approaches in order to value Henkel's shares: a FCF Model, a Residual Income Valuation Model and a Peer Multiples Model. Our Free Cash Flows to the Firm model produces a target price of €97.1 implying a 4.1% upside potential from the current price of Henkel.

	2019E	2020E	2021E	2022E	2023E	L-Term
EBIT	3,008	3,053	3,121	3,194	3,268	3,272
OCF	2,899	2,962	3,044	3,129	3,217	3,228
FCFF	1,947	1,979	2,034	2,096	2,163	2,145
WACC	5.74%	5.74%	5.74%	5.74%	5.74%	5.74%
Discount Factor	0.95	0.89	0.85	0.80	0.76	
PV of Cash Flow	1,841	1,770	1,720	1,677	1,636	
PV of Residual Value						37,796
EV	46,441					
% Residual Value	81.4%					
Less: Net Debt (incl. Pension Liability)	3,906					
Value of Firm (€ mn)	42,535					
# of Shares (mn)	438					
Value of Share (€)	97.12					
Current Price	93.32					
Upside Potential	4.1%					

FCFF model is highly dependent on long term assumptions

Residual Income is less sensitive to long term assumptions providing a narrower target price range

The terminal value represents the 81.4% of the implied enterprise value of our model. Performing sensitivity checks on our key long term assumptions to test the robustness of our results, we find that the implied target price of our model is highly volatile to our key long term assumptions (WACC and Terminal Growth Rate). The target price range provided by our sensitivity analysis is between €78.9 and €126.6.

To address this volatility issue and further limit the implied target price range of our FCF model, we have incorporated a Residual Income Valuation Model. The terminal value represents a significantly lower portion (43.4%) of the implied equity value compared to the FCF model (81.4%). Our sensitivity analysis on our Residual Income Valuation Model provides a target price range between €80.1 and €98.8

	2019	2020	2021	2022	2023	L-Term
Net Income	2,246	2,284	2,337	2,399	2,459	
Cost of Equity	6.21%	6.21%	6.21%	6.21%	6.21%	
Beginning Equity	17,016	18,476	19,960	21,362	22,802	
Residual Income	1,189	1,136	1,097	1,072	1,042	
PV of RI	1,120	1,007	916	842	771	
Residual Value						22,453
PV of Residual Value						16,612
PV of total RI (2019+)	21,267.1					
Beginning Equity	17,016.0					
Value of Equity	38,283.1					
# of Shares (mn)	438.0					
Value of Share	87.41					
Current Price	93.32					
Upside Potential	-6.3%					

Henkel seems to be significantly undervalued compared to peers implying a significant upside potential

To further support our recommendation, we have performed a Peer Multiple Valuation for each business segment of Henkel. We have created three pools of peers, one for each business segment, and we have used 3 different current and forward looking multiples: EV/Sales, EV/EBITDA, EV/EBIT. Our results indicate that Henkel is significantly undervalued compared to peers, implying an upside potential of 22.5% from the current price. The target price range provided by our Peer Multiples Valuation model is between €88.6 and €140.0.

Company	EV/EBITDA			EV/Sales			EV/EBIT		
	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E
Adhesives									
SIKA AG	18.81	15.33	13.20	3.05	2.67	2.38	22.87	19.54	16.43
HB FULLER CO	9.48	9.34	8.55	1.40	1.44	1.40	14.19	14.19	12.13
3M COMPANY	10.87	11.92	11.05	3.18	3.21	3.09	12.87	14.44	13.35
RPM	15.72	15.35	13.09	2.04	1.96	1.89	19.32	19.19	15.86
Median	13.30	13.62	12.07	2.55	2.31	2.14	16.76	16.81	14.61
Average	13.72	12.98	11.47	2.42	2.32	2.19	17.31	16.84	14.44
Beauty Care									
L'OREAL	21.05	17.87	16.86	4.71	4.30	4.07	25.80	23.17	21.46
P&G	18.47	18.71	17.38	4.78	4.72	4.54	22.09	22.42	20.71
UNILEVER	9.13	8.67	8.09	1.99	1.94	1.86	10.83	10.14	9.40
BEIERSDORF	18.80	18.51	17.43	3.32	3.13	2.97	21.59	21.55	20.35
Median	18.64	18.19	17.12	4.02	3.72	3.52	21.84	21.99	20.53
Average	16.86	15.94	14.94	3.70	3.52	3.36	20.08	19.32	17.98
Laundry & HC									
P&G	18.47	18.71	17.38	4.78	4.72	4.54	22.09	22.42	20.71
UNILEVER	9.13	8.67	8.09	1.99	1.94	1.86	10.83	10.14	9.40
RECKITT BENC.	14.16	13.66	13.25	4.17	4.00	3.83	15.64	15.08	14.62
Median	14.16	13.66	13.25	4.17	4.00	3.83	15.64	15.08	14.62
Average	13.92	13.68	12.91	3.64	3.55	3.41	16.19	15.88	14.91

Segment Projections (1)

(in € ,000,000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Adhesive Technologies															
Turnover	6,224	7,306	7,746	8,256	8,117	8,127	8,992	8,961	9,388	9,403	9,465	9,580	9,737	9,916	10,098
y-o-y growth (%)	-7.1%	17.4%	6.0%	6.6%	-1.7%	0.1%	10.6%	-0.3%	4.8%	0.2%	0.7%	1.2%	1.6%	1.8%	1.8%
% of Total Turnover	46.6%	49.1%	49.6%	50.0%	49.6%	49.5%	49.7%	47.9%	46.9%	47.3%	47.1%	46.9%	46.8%	46.7%	46.6%
Consumers, Craftsmen and Building	1,738	1,872	1,933	1,988	1,924	1,858	1,869	1,822	1,832	1,781	1,790	1,820	1,853	1,890	1,928
y-o-y growth (%)	-16.9%	7.7%	3.3%	2.8%	-3.2%	-3.4%	0.6%	-2.5%	0.5%	-2.8%	0.5%	1.7%	1.8%	2.0%	2.0%
% of segment turnover	27.9%	25.6%	25.0%	24.1%	23.7%	22.9%	20.8%	20.3%	19.5%	18.9%	18.9%	19.0%	19.0%	19.1%	19.1%
Industrial Business	4,486	5,434	5,813	6,268	6,193	6,269	7,123	7,139	7,556	7,622	7,675	7,760	7,884	8,026	8,170
y-o-y growth (%)	-2.6%	21.1%	7.0%	7.8%	-1.2%	1.2%	13.6%	0.2%	5.8%	0.9%	0.7%	1.1%	1.6%	1.8%	1.8%
% of segment turnover	72.1%	74.4%	75.0%	75.9%	76.3%	77.1%	79.2%	79.7%	80.5%	81.1%	81.1%	81.0%	81.0%	80.9%	80.9%
EBIT	290	878	1,001	1,191	1,271	1,346	1,462	1,562	1,657	1,669	1,641	1,661	1,688	1,719	1,750
Margin (%)	4.7%	12.0%	12.9%	14.4%	15.7%	16.6%	16.3%	17.4%	17.7%	17.7%	17.3%	17.3%	17.3%	17.3%	17.3%
y-o-y growth (%)	-55.9%	202.8%	14.0%	19.0%	6.7%	5.9%	8.6%	6.8%	6.1%	0.7%	-1.7%	1.2%	1.6%	1.8%	1.8%
Consumers, Craftsmen and Building	104	216	232	280	286	280	283	278	297	261	260	264	269	274	280
Margin (%)	6.0%	11.5%	12.0%	14.1%	14.9%	15.1%	15.1%	15.3%	16.2%	14.7%	14.5%	14.5%	14.5%	14.5%	14.5%
y-o-y growth (%)	-55.4%	107.7%	7.4%	20.7%	2.1%	-2.1%	1.1%	-1.8%	6.8%	-12.1%	-0.6%	1.7%	1.8%	2.0%	2.0%
Industrial Business	186	662	769	911	985	1,066	1,179	1,284	1,360	1,408	1,382	1,397	1,419	1,445	1,471
Margin (%)	4.1%	12.2%	13.2%	14.5%	15.9%	17.0%	16.6%	18.0%	18.0%	18.5%	18.0%	18.0%	18.0%	18.0%	18.0%
y-o-y growth (%)	-56.2%	255.9%	16.2%	18.5%	8.1%	8.2%	10.6%	8.9%	5.9%	3.5%	-1.9%	1.1%	1.6%	1.8%	1.8%

Segment Projections (2)

(in € ,000,000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Beauty Care															
Turnover	3,010	3,269	3,399	3,542	3,510	3,547	3,833	3,838	3,868	3,950	3,891	3,930	3,977	4,034	4,104
y-o-y growth (%)	-0.2%	8.6%	4.0%	4.2%	-0.9%	1.1%	8.1%	0.1%	0.8%	2.1%	-1.5%	1.0%	1.2%	1.4%	1.7%
% of Total Turnover	22.5%	21.9%	21.8%	21.5%	21.5%	21.6%	21.2%	20.5%	19.3%	19.8%	19.4%	19.2%	19.1%	19.0%	19.0%
EBIT	387	411	471	483	474	421	561	526	535	589	498	508	524	543	563
Margin (%)	12.9%	12.6%	13.9%	13.6%	13.5%	11.9%	14.6%	13.7%	13.8%	14.9%	12.8%	12.9%	13.2%	13.5%	13.7%
y-o-y growth (%)	2.9%	6.2%	14.6%	2.5%	-1.9%	-11.2%	33.3%	-6.2%	1.7%	10.1%	-15.4%	2.0%	3.2%	3.5%	3.8%

(in € ,000,000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Laundry & Home Care															
Turnover	4,129	4,319	4,304	4,556	4,580	4,626	5,137	5,795	6,651	6,419	6,618	6,783	6,967	7,141	7,305
y-o-y growth (%)	-1.0%	4.6%	-0.3%	5.9%	0.5%	1.0%	11.0%	12.8%	14.8%	-3.5%	3.1%	2.5%	2.7%	2.5%	2.3%
% of Total Turnover	30.9%	29.0%	27.6%	27.6%	28.0%	28.2%	28.4%	31.0%	33.2%	32.3%	32.9%	33.2%	33.5%	33.6%	33.7%
EBIT	501	542	419	621	682	615	786	803	989	970	999	1,018	1,045	1,071	1,096
Margin (%)	12.1%	12.5%	9.7%	13.6%	14.9%	13.3%	15.3%	13.9%	14.9%	15.1%	15.1%	15.0%	15.0%	15.0%	15.0%
y-o-y growth (%)	14.1%	8.2%	-22.7%	48.2%	9.8%	-9.8%	27.8%	2.2%	23.2%	-1.9%	3.0%	1.8%	2.7%	2.5%	2.3%

Non Current Asset Projections

(in € ,000,000)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E	(in € ,000,000)
Intangible Assets	3,610	4,064	5,261	5,362	5,774	5,974	6,176	6,380	6,585	6,792	Intangible Assets
Additions	584	230	1,133	481	284	225	230	234	239	244	Additions
Reductions	-26	-10	-46	-13	-13	-25	-28	-30	-33	-37	Reductions
Translation Differences	193	234	110	-367	141						Translation Differences
Buildings & Installations	2,088	2,228	2,214	2,293	2,314	2,349	2,385	2,422	2,459	2,498	Buildings & Installations
Additions	98	110	170	218	79	85	86	87	88	88	Additions
Reductions	-46	-16	-196	-35	-49	-50	-50	-50	-50	-50	Reductions
Translation Differences	36	46	12	-104	-9						Translation Differences
Mech. Equipment & Transportation	2,872	3,125	3,479	3,512	3,721	3,971	4,228	4,492	4,764	5,043	Mech. Equipment & Transportation
Additions	228	296	481	340	323	355	362	369	377	384	Additions
Reductions	-158	-94	-147	-131	-106	-105	-105	-105	-105	-105	Reductions
Translation Differences	25	51	20	-176	-8						Translation Differences
Furniture and Fixtures	973	1,047	1,095	1,098	1,159	1,234	1,312	1,393	1,477	1,564	Furniture and Fixtures
Additions	100	147	130	132	127	145	148	151	154	157	Additions
Reductions	-60	-75	-83	-85	-72	-70	-70	-70	-70	-70	Reductions
Translation Differences	19	2	1	-44	6						Translation Differences
Assets Under Construction	311	305	264	331	402	517	636	758	884	1,014	Assets Under Construction
Additions	271	258	240	308	357	365	369	372	376	380	Additions
Reductions	-210	-282	-271	-228	-278	-250	-250	-250	-250	-250	Reductions
Translation Differences	-2	18	-10	-13	-8						Translation Differences
ANNUAL CAPEX	1,071	759	1,883	1,251	892	925	944	963	983	1,003	ANNUAL CAPEX

(in € ,000,000)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E	(in € ,000,000)
Intangible Assets	99	110	138	224	149	159	164	170	175	181	Intangible Assets
Depreciation Rate	3.06%	2.87%	2.96%	4.22%	2.68%	2.70%	2.70%	2.70%	2.70%	2.70%	
Buildings & Installations	55	62	65	65	72	72	73	74	76	77	Buildings & Installations
Depreciation Rate	2.69%	2.87%	2.93%	2.88%	3.13%	3.10%	3.10%	3.10%	3.10%	3.10%	
Mech. Equipment & Transportation	154	182	192	226	224	238	254	270	287	304	Mech. Equipment & Transportation
Depreciation Rate	5.45%	6.07%	5.81%	6.47%	6.19%	6.20%	6.20%	6.20%	6.20%	6.20%	
Furniture and Fixtures	80	96	107	110	109	117	125	133	141	149	Furniture and Fixtures
Depreciation Rate	8.48%	9.50%	9.99%	10.03%	9.66%	9.80%	9.80%	9.80%	9.80%	9.80%	
Total Depreciation	388	450	502	625	554	587	616	647	678	710	Total Depreciation

P&L Statement

(in € ,000,000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Turnover	13,363	14,894	15,605	16,509	16,355	16,428	18,090	18,715	20,030	19,900	20,105	20,426	20,816	21,229	21,648
y-o-y Change %		11.5%	4.8%	5.8%	-0.9%	0.4%	10.1%	3.5%	7.0%	-0.6%	1.0%	1.6%	1.9%	2.0%	2.0%
Cost of Sales	7,341	7,964	8,455	8,738	8,497	8,630	9,350	9,695	10,603	10,653	10,756	10,928	11,137	11,358	11,582
% of Turnover	54.9%	53.5%	54.2%	52.9%	52.0%	52.5%	51.7%	51.8%	52.9%	53.5%	53.5%	53.5%	53.5%	53.5%	53.5%
y-o-y Change %		8.5%	6.2%	3.3%	-2.8%	1.6%	8.3%	3.7%	9.4%	0.5%	1.0%	1.6%	1.9%	2.0%	2.0%
Total Gross Operating Results	6,022	6,930	7,150	7,771	7,858	7,798	8,740	9,020	9,427	9,247	9,349	9,498	9,680	9,872	10,066
Gross Operating Margin	45.1%	46.5%	45.8%	47.1%	48.0%	47.5%	48.3%	48.2%	47.1%	46.5%	46.5%	46.5%	46.5%	46.5%	46.5%
y-o-y Change %		15.1%	3.2%	8.7%	1.1%	-0.8%	12.1%	3.2%	4.5%	-1.9%	1.1%	1.6%	1.9%	2.0%	2.0%
Operating Expenses	5,152	5,405	5,385	5,573	5,573	5,554	6,094	6,244	6,371	6,130	6,341	6,445	6,558	6,678	6,799
% of Turnover	38.6%	36.3%	34.5%	33.8%	34.1%	33.8%	33.7%	33.4%	31.8%	30.8%	31.5%	31.6%	31.5%	31.5%	31.4%
y-o-y Change %		4.9%	-0.4%	3.5%	0.0%	-0.3%	9.7%	2.5%	2.0%	-3.8%	3.4%	1.6%	1.8%	1.8%	1.8%
EBITDA	1,270	1,907	2,147	2,492	2,672	2,585	3,052	3,255	3,652	3,671	3,594	3,669	3,768	3,872	3,978
EBITDA Margin	9.5%	12.8%	13.8%	15.1%	16.3%	15.7%	16.9%	17.4%	18.2%	18.4%	17.9%	18.0%	18.1%	18.2%	18.4%
y-o-y Change %		50.2%	12.6%	16.1%	7.2%	-3.3%	18.1%	6.7%	12.2%	0.5%	-2.1%	2.1%	2.7%	2.8%	2.7%
Depreciation	400	382	382	397	387	388	438	502	625	554	587	616	647	678	710
% of Turnover	3.0%	2.6%	2.4%	2.4%	2.4%	2.4%	2.4%	2.7%	3.1%	2.8%	2.9%	3.0%	3.1%	3.2%	3.3%
EBIT	870	1,525	1,765	2,198	2,285	2,244	2,646	2,776	3,056	3,117	3,008	3,053	3,121	3,194	3,268
% of Turnover	6.5%	10.2%	11.3%	13.3%	14.0%	13.7%	14.6%	14.8%	15.3%	15.7%	15.0%	14.9%	15.0%	15.0%	15.1%
y-o-y Change %		75.3%	15.7%	24.5%	4.0%	-1.8%	17.9%	4.9%	10.1%	2.0%	-3.5%	1.5%	2.2%	2.3%	2.3%
Net Financial Results	-164	-171	-155	-78	-113	-2	-10	-10	-22	-50	-48	-43	-41	-32	-27
Net Results Before Taxes	706	1,354	1,610	2,120	2,172	2,242	2,636	2,766	3,034	3,067	2,960	3,010	3,080	3,161	3,240
EBT Margin	5.3%	9.1%	10.3%	12.8%	13.3%	13.6%	14.6%	14.8%	15.1%	15.4%	14.7%	14.7%	14.8%	14.9%	15.0%
y-o-y Change %		91.8%	18.9%	31.7%	2.5%	3.2%	17.6%	4.9%	9.7%	1.1%	-3.5%	1.7%	2.3%	2.6%	2.5%
Income Tax	257	409	419	492	547	533	635	649	463	721	696	707	724	743	761
Effective Tax Rate	36.4%	30.2%	26.0%	23.2%	25.2%	23.8%	24.1%	23.5%	15.3%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
Net Results After Taxes	418	945	1,191	1,525	1,625	1,662	1,969	2,094	2,542	2,331	2,264	2,302	2,356	2,418	2,479
EAT Margin	3.1%	6.3%	7.6%	9.2%	9.9%	10.1%	10.9%	11.2%	12.7%	11.7%	11.3%	11.3%	11.3%	11.4%	11.4%
y-o-y Change %		126.1%	26.0%	28.0%	6.6%	2.3%	18.5%	6.3%	21.4%	-8.3%	-2.9%	1.7%	2.3%	2.6%	2.5%
Net Results (a.t.&m.i.)	392	920	1,161	1,479	1,589	1,628	1,922	2,054	2,520	2,312	2,246	2,284	2,337	2,399	2,459
Net Margin	2.9%	6.2%	7.4%	9.0%	9.7%	9.9%	10.6%	11.0%	12.6%	11.6%	11.2%	11.2%	11.2%	11.3%	11.4%
y-o-y Change %		134.7%	26.2%	27.4%	7.4%	2.5%	18.1%	6.9%	22.7%	-8.3%	-2.9%	1.7%	2.3%	2.6%	2.5%

Balance Sheet – Assets

(in € ,000,000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Assets															
Intangible Assets	8,886	9,446	9,672	9,640	9,212	11,684	12,914	16,908	17,183	18,260	18,710	19,294	19,891	20,502	21,126
Accumulated Depreciation	668	805	903	995	1,023	1,094	1,232	1,344	1,502	1,659	1,793	1,929	2,068	2,210	2,354
Net Intangible Assets	8,218	8,641	8,769	8,645	8,189	10,590	11,682	15,564	15,681	16,601	16,917	17,365	17,823	18,292	18,772
Tangible Assets	5,613	5,719	5,820	5,966	5,943	6,244	6,705	7,052	7,234	7,596	8,071	8,561	9,065	9,584	10,118
Accumulated Depreciation	3,365	3,504	3,556	3,652	3,648	3,783	4,044	4,165	4,227	4,474	4,677	4,904	5,157	5,435	5,740
Net Tangible Assets	2,248	2,215	2,264	2,314	2,295	2,461	2,661	2,887	3,007	3,122	3,394	3,656	3,908	4,149	4,379
Other L-term assets	696	734	815	968	876	1,099	1,063	1,287	1,176	1,218	1,218	1,218	1,218	1,218	1,218
Total Non-Current Assets	11,162	11,590	11,848	11,927	11,360	14,150	15,406	19,738	19,864	20,941	21,529	22,239	22,949	23,659	24,369
% Total Assets	70.57%	66.13%	64.09%	61.09%	58.73%	67.51%	69.01%	70.62%	70.09%	70.69%	71.05%	69.90%	69.99%	69.78%	68.92%
Inventories	1,218	1,460	1,550	1,478	1,494	1,671	1,721	1,938	2,079	2,176	2,151	2,186	2,227	2,272	2,316
Trade Receivables	2,017	2,160	2,430	2,367	2,797	3,343	3,726	4,399	4,771	3,931	4,021	4,085	4,163	4,246	4,330
Other Items	97	260	235	191	198	196	210	390	353	482	482	482	482	482	482
Cash in Bank and at Hand	1,088	1,515	1,980	1,238	1,051	1,228	1,176	1,389	919	1,063	1,089	1,793	1,938	2,217	2,832
Total Current Assets	4,656	5,935	6,639	7,598	7,984	6,811	6,917	8,213	8,475	8,682	8,773	9,576	9,840	10,247	10,990
% Total Assets	29.43%	33.87%	35.91%	38.91%	41.27%	32.49%	30.99%	29.38%	29.91%	29.31%	28.95%	30.10%	30.01%	30.22%	31.08%
TOTAL ASSETS	15,818	17,525	18,487	19,525	19,344	20,961	22,323	27,951	28,339	29,623	30,302	31,814	32,789	33,906	35,359

Balance Sheet – Equity and Liabilities

(in € ,000,000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Equity & Liabilities															
Share Capital	438	438	438	438	438	438	438	438	438	438	438	438	438	438	438
Share Premium Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserves & Profit Carried Forward	6,145	7,520	8,204	9,029	9,697	11,161	13,314	14,700	15,226	16,669	18,129	19,613	21,015	22,455	23,930
Minority Rights	70	91	121	135	114	136	150	138	74	77	77	77	77	77	77
Total Equity	6,544	7,950	8,670	9,511	10,158	11,644	13,811	15,185	15,647	17,093	18,553	20,037	21,439	22,879	24,354
% Total Equity & Liabilities	41.37%	45.36%	46.90%	48.71%	52.51%	55.55%	61.87%	54.33%	55.21%	57.70%	61.23%	62.98%	65.39%	67.48%	68.88%
L-Term Bank Loans	3,514	3,570	3,501	2,454	1,386	1,354	4	3,300	3,076	1,556	2,824	2,624	2,124	1,824	1,824
Provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Tax Liabilities	367	416	481	449	457	628	670	833	632	775	775	775	775	775	775
Total L-Term Liabilities	5,161	5,149	5,544	4,228	3,092	3,722	2,164	5,764	4,941	3,649	4,917	4,717	4,217	3,917	3,917
Suppliers	1,885	2,323	2,411	2,647	2,872	3,046	3,176	3,665	3,721	3,713	3,751	3,811	3,884	3,961	4,039
Banks	145	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes-Duties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables & Prepayments	354	507	481	368	364	467	557	695	700	305	305	305	305	305	305
Total Current Liabilities	4,113	4,426	4,273	5,786	6,094	5,595	6,348	7,002	7,751	8,881	6,832	7,060	7,133	7,110	7,088
Total Liabilities	9,274	9,575	9,817	10,014	9,186	9,317	8,512	12,766	12,692	12,530	11,749	11,777	11,350	11,027	11,005
% Total Equity & Liabilities	58.63%	54.64%	53.10%	51.29%	47.49%	44.45%	38.13%	45.67%	44.79%	42.30%	38.77%	37.02%	34.61%	32.52%	31.12%
TOTAL EQUITY & LIABILITIES	15,818	17,525	18,487	19,525	19,344	20,961	22,323	27,951	28,339	29,623	30,302	31,814	32,789	33,906	35,359

Cash Flow Statement

(in € ,000,000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Profit after Tax	418	945	1,191	1,525	1,625	1,662	1,969	2,094	2,542	2,331	2,264	2,302	2,356	2,418	2,479
Plus: Change of Depreciation	145	276	150	188	24	206	399	233	220	404	337	364	392	420	449
Gross Cash Flow	563	1,221	1,341	1,713	1,649	1,868	2,368	2,327	2,762	2,735	2,601	2,666	2,748	2,838	2,928
<u>Change in:</u>															
(-) Trade Debtors	-197	143	270	-63	430	546	383	673	372	-840	90	64	78	83	84
(-) Other Receivables	-107	163	-25	-44	7	-2	14	180	-37	129	0	0	0	0	0
(+) Trade Creditors	207	438	88	236	225	174	130	489	56	-8	38	60	73	77	78
(+) Liabilities for Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(+) Other Short - Term Liabilities	-106	153	-26	-113	-4	103	90	138	5	-395	0	0	0	0	0
Change in Working Capital	669	43	-273	302	-232	-444	-227	-443	-415	211	-27	-39	-47	-50	-50
Operating Cash Flow	1,232	1,264	1,068	2,015	1,417	1,424	2,141	1,884	2,347	2,946	2,574	2,627	2,701	2,789	2,877
<u>Change in:</u>															
(-) Intangible Assets	-141	560	226	-32	-428	2,472	1,230	3,994	275	1,077	450	584	597	611	624
(-) Tangible Assets	-100	106	101	146	-23	301	461	347	182	362	475	490	504	519	534
(-) Other Long - Term Receivables	188	38	81	153	-92	223	-36	224	-111	42	0	0	0	0	0
(+) Other Long - Term Liabilities	-121	-68	464	-269	-68	662	-208	304	-599	228	0	0	0	0	0
(+) Cons. Diff. / Minority Interests	19	21	30	14	-21	22	14	-12	-64	3	0	0	0	0	0
Cash Flow from Investment	-49	-751	86	-522	454	-2,312	-1,849	-4,273	-1,009	-1,250	-925	-1,074	-1,102	-1,130	-1,159
Net Cash Flow before Financing Activities	1,183	513	1,154	1,493	1,871	-888	292	-2,389	1,338	1,696	1,649	1,554	1,599	1,659	1,718
Net Change in Reserves	-66	765	-132	-243	-392	405	870	36	-1,215	-71	0	0	0	0	0
Change in Long - Term Debt	1,035	56	-69	-1,047	-1,068	-32	-1,350	3,296	-224	-1,520	1,268	-200	-500	-300	0
Change in Short - Term Debt	-1,284	-269	-124	908	-90	-840	490	-455	843	1,351	-2,087	168	0	-100	-100
Other Items and Dividends	431	309	430	-73	352	505	596	222	934	616	786	799	935	960	983
Minority Interests on Profit	26	25	30	46	36	34	47	40	22	19	18	19	19	20	20
Net Cash Flow from Financing	-772	218	-785	-355	-1,938	-1,006	-633	2,615	-1,552	-875	-1,624	-850	-1,454	-1,379	-1,104
Cash at Beginning	913	1,324	2,055	2,424	3,562	3,495	1,601	1,260	1,486	1,272	2,093	2,119	2,823	2,968	3,247
Change in Cash and Marketable Securities	411	731	369	1,138	-67	-1,894	-341	226	-214	821	26	704	145	279	615
Cash at End	1,324	2,055	2,424	3,562	3,495	1,601	1,260	1,486	1,272	2,093	2,119	2,823	2,968	3,247	3,862

Financial Ratios (1)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Profit Margins															
Gross Margin	45.06%	46.53%	45.82%	47.07%	48.05%	47.47%	48.31%	48.20%	47.06%	46.47%	46.50%	46.50%	46.50%	46.50%	46.50%
EBITDA Margin	9.50%	12.80%	13.76%	15.09%	16.34%	15.74%	16.87%	17.39%	18.23%	18.45%	17.88%	17.96%	18.10%	18.24%	18.38%
EBIT Margin	6.51%	10.24%	11.31%	13.31%	13.97%	13.66%	14.63%	14.83%	15.26%	15.66%	14.96%	14.95%	14.99%	15.04%	15.09%
Pre-tax profit margin	5.28%	9.09%	10.32%	12.84%	13.28%	13.65%	14.57%	14.78%	15.15%	15.41%	14.72%	14.73%	14.80%	14.89%	14.97%
Net Profit margin	2.93%	6.18%	7.44%	8.96%	9.72%	9.91%	10.62%	10.98%	12.58%	11.62%	11.17%	11.18%	11.23%	11.30%	11.36%
Cost Absorption & Sources															
Cost of sales on Sales	54.94%	53.47%	54.18%	52.93%	51.95%	52.53%	51.69%	51.80%	52.94%	53.53%	53.50%	53.50%	53.50%	53.50%	53.50%
Operating Expenses on Sales	38.55%	36.29%	34.51%	33.76%	34.08%	33.81%	33.69%	33.36%	31.81%	30.80%	31.54%	31.55%	31.51%	31.46%	31.41%
Profitability															
ROIC	3.84%	9.13%	11.09%	13.21%	13.51%	13.78%	15.14%	13.36%	13.85%	11.82%	10.99%	10.81%	10.69%	10.60%	10.51%
ROA	2.45%	5.52%	6.45%	7.78%	8.18%	8.08%	8.88%	8.17%	8.95%	7.98%	7.50%	7.35%	7.23%	7.19%	7.10%
ROE	6.05%	12.84%	14.15%	16.50%	16.36%	15.11%	15.27%	14.31%	16.46%	14.19%	12.66%	11.88%	11.31%	10.86%	10.44%
Activity															
Total Asset Turnover	0.84	0.89	0.87	0.87	0.84	0.82	0.84	0.74	0.71	0.69	0.67	0.66	0.64	0.64	0.63
Inventory Turnover	5.44	5.95	5.62	5.77	5.72	5.45	5.51	5.30	5.28	5.01	4.97	5.04	5.05	5.05	5.05
Trade Receivables Turnover	6.32	7.13	6.80	6.88	6.33	5.35	5.12	4.61	4.37	4.57	5.06	5.04	5.05	5.05	5.05
Trade Payables Turnover	4.12	3.79	3.57	3.46	3.08	2.92	3.01	2.83	2.87	2.87	2.88	2.89	2.89	2.90	2.90
Stock Days	67	61	65	63	64	67	66	69	69	73	73	73	73	73	73
Debtors Days	55	53	57	52	62	74	75	86	87	72	73	73	73	73	73
Creditors Days	89	96	102	106	119	125	121	129	127	127	127	127	127	127	127
Operating Cycle	122	114	122	116	126	141	141	155	156	145	146	146	146	146	146
Cash Cycle	34	18	20	10	8	16	20	26	29	18	19	19	19	19	19

Financial Ratios (2)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Capital Structure															
Total Liabilities / Total Equity	146.06%	119.92%	113.42%	105.75%	95.58%	80.39%	65.26%	70.71%	81.74%	74.11%	65.70%	58.93%	54.13%	49.07%	45.38%
Bank Loans / Total Equity (D/E Ratio)	68.58%	58.78%	48.87%	42.88%	32.90%	20.23%	10.44%	16.05%	26.35%	26.14%	21.22%	17.38%	14.88%	11.88%	10.09%
Short - Term Debt / Total Equity	22.33%	9.36%	5.78%	9.66%	13.13%	7.52%	5.05%	4.55%	5.53%	11.93%	8.88%	3.21%	3.39%	2.94%	2.34%
Long - Term Debt / Total Equity	46.25%	49.42%	43.09%	33.22%	19.77%	12.71%	5.40%	11.51%	20.82%	14.21%	12.34%	14.17%	11.49%	8.94%	7.75%
Net Debt / Total Equity	38.25%	31.92%	21.52%	15.05%	7.89%	2.11%	-4.11%	2.55%	13.19%	8.09%	6.25%	6.65%	2.45%	-0.47%	-2.97%
Net Fixed Assets on Total Assets	70.40%	68.24%	65.08%	62.55%	59.91%	63.29%	68.28%	69.90%	70.35%	70.40%	70.87%	70.46%	69.95%	69.88%	69.34%
Total Equity / Net Fixed Assets	58.07%	63.70%	70.91%	76.47%	84.46%	85.46%	86.12%	82.51%	77.85%	80.24%	83.93%	88.17%	91.79%	95.09%	98.34%
Capital Gearing															
Equity on Assets	0.41	0.43	0.46	0.47	0.50	0.53	0.58	0.57	0.54	0.56	0.59	0.62	0.64	0.66	0.68
Interest Coverage with Profits	5.30	8.92	11.39	28.18	20.22	1,122.00	264.60	277.60	138.91	62.34	62.95	70.25	75.25	98.33	118.91
Interest Coverage with Cash Flows	7.51	7.39	6.89	25.83	12.54	712.00	214.10	188.40	106.68	58.92	53.88	60.46	65.11	85.86	104.70
Liquidity															
Current Ratio	1.00	1.24	1.45	1.42	1.31	1.27	1.15	1.13	1.13	1.03	1.11	1.32	1.37	1.41	1.50
Quick Ratio - Acid Ratio	0.71	0.93	1.10	1.11	1.06	0.99	0.87	0.86	0.86	0.78	0.84	1.01	1.06	1.09	1.17
Cash Ratio	0.24	0.40	0.51	0.60	0.59	0.44	0.24	0.21	0.19	0.20	0.27	0.36	0.41	0.44	0.50
Stock Ratio															
Price Earnings Ratio	104.26	44.42	35.20	27.63	25.72	25.10	21.26	19.90	16.22	17.68	18.20	17.90	17.49	17.04	16.62
Price Book Value Ratio	6.31	5.20	4.78	4.36	4.07	3.55	2.99	2.72	2.62	2.40	2.21	2.05	1.91	1.79	1.68
EV / EBITDA	34.54	22.51	19.73	16.49	14.97	15.87	13.27	13.24	12.03	11.70	11.71	11.27	10.81	10.34	9.89
Price Sales Ratio	3.06	2.74	2.62	2.48	2.50	2.49	2.26	2.18	2.04	2.05	2.03	2.00	1.96	1.93	1.89
EV/Sales	3.25	2.88	2.72	2.55	2.52	2.50	2.19	2.29	2.15	2.08	2.12	2.04	1.97	1.91	1.84
EV/EBIT	49.93	28.15	24.02	19.15	18.03	18.27	15.00	15.41	14.08	13.27	14.16	13.66	13.15	12.67	12.20
Standard DuPont Model															
Net Profit Margin [A]	2.93%	6.18%	7.44%	8.96%	9.72%	9.91%	10.62%	10.98%	12.58%	11.62%	11.17%	11.18%	11.23%	11.30%	11.36%
Asset Turnover [B]	0.84	0.89	0.87	0.87	0.84	0.82	0.84	0.74	0.71	0.69	0.67	0.66	0.64	0.64	0.63
Equity Multiplier [C]	2.47	2.33	2.19	2.12	2.00	1.87	1.72	1.75	1.84	1.78	1.69	1.62	1.56	1.51	1.47
ROE [AxBxC]	6.05%	12.84%	14.15%	16.50%	16.36%	15.11%	15.27%	14.31%	16.46%	14.19%	12.66%	11.88%	11.31%	10.86%	10.44%

Free Cash Flows to the Firm (FCFF)

	2019	2020	2021	2022	2023	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	1.0%	1.6%	1.9%	2.0%	2.0%	1.5%
EBIT Margin	15.0%	14.9%	15.0%	15.0%	15.1%	14.9%
Tax Rate	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
Working Capital (% of Sales)	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%
Capex (% of Sales)	4.6%	4.6%	4.6%	4.6%	4.6%	4.7%
Cost of Capital	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
Depreciation (% of Sales)	2.9%	3.0%	3.1%	3.2%	3.3%	3.3%
CASH FLOW STATEMENT						
Turnover	20,105	20,426	20,816	21,229	21,648	21,962
EBIT	3,008	3,053	3,121	3,194	3,268	3,272
Less: Adjusted Tax	696	707	724	743	761	769
Adjusted Operating Profit	2,312	2,346	2,398	2,451	2,506	2,503
Plus: Depreciation	587	616	647	678	710	725
Operating Cash Flow	2,899	2,962	3,044	3,129	3,217	3,228
Less: Change in Working Capital	27	39	47	50	50	51
Less: Capex	925	944	963	983	1,003	1,032
Cash Flow to the Firm (FCFF)	1,947	1,979	2,034	2,096	2,163	2,145
WACC	5.74%	5.74%	5.74%	5.74%	5.74%	5.74%
Discount Factor	0.95	0.89	0.85	0.80	0.76	
Present Value of Cash Flows	1,841	1,770	1,720	1,677	1,636	
Accumulated Present Value	1,841	3,611	5,332	7,009	8,645	
Residual Value						49,971
Present Value of Residual Value						37,796

FCFF Valuation

VALUATION	
Enterprise Value	46,441
% Residual Value of Total	81.4%
Less: Net Debt (incl. Pension Liability)	3,906
Value of Firm (EUR mn)	42,535
Outstanding # of Shares (mn)	438
Value of Share (EUR)	97.12
Current Price	93.32
Upside Potential	4.1%

Sensitivity Analysis

		WACC				
		4.7%	5.2%	5.7%	6.2%	6.7%
Growth Rate	0.45%	96.27	89.19	80.13	72.67	66.43
	0.95%	112.74	98.76	87.74	78.85	71.54
	1.45%	128.80	110.84	97.12	86.32	77.60
	1.95%	150.61	126.59	108.98	95.53	84.93
	2.45%	181.92	147.99	124.44	107.16	93.97

Residual Income Valuation Model (RIVM)

	2019	2020	2021	2022	2023	L-Term Assumptions
Net Income	2,246	2,284	2,337	2,399	2,459	
Cost of Equity	6.21%	6.21%	6.21%	6.21%	6.21%	
Beginning Equity	17,016	18,476	19,960	21,362	22,802	
Residual Income	1,189	1,136	1,097	1,072	1,042	
Cost of Equity	6.21%	6.21%	6.21%	6.21%	6.21%	
Discount factor	0.94	0.89	0.83	0.79	0.74	
PV of RI	1,120	1,007	916	842	771	
Accumulated PV of RI	1,120	2,127	3,042	3,884	4,656	
Residual Value						22,453
PV of Residual Value (2024+)						16,612

VALUATION

PV of total RI (2019+)	21,267.1
Beginning Equity	17,016.0
Value of Equity	38,283.1
Outstanding # of Shares (mn)	438.0
Value of Share	87.41
Current Price	93.32
Upside Potential	-6.3%

Sensitivity Analysis

		Cost of Equity				
		5.2%	5.7%	6.2%	6.7%	7.2%
Growth Rate	0.50%	89.25	84.59	80.77	77.59	74.89
	1.00%	93.97	88.32	83.77	80.05	76.94
	1.50%	99.96	92.93	87.41	82.98	79.34
	2.00%	107.82	98.78	91.92	86.53	82.20
	2.50%	118.58	106.46	97.63	90.93	85.68

Peer Group Analysis

Company	P/E			EV/EBITDA			EV/Sales			EV/EBIT			P/BV
	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018
Adhesives													
SIKA AG	28.58	25.15	20.68	18.81	15.33	13.20	3.05	2.67	2.38	22.87	19.54	16.43	11.86
HB FULLER CO	12.72	14.90	11.04	9.48	9.34	8.55	1.40	1.44	1.40	14.19	14.19	12.13	1.89
3M COMPANY	17.37	18.69	15.83	10.87	11.92	11.05	3.18	3.21	3.09	12.87	14.44	13.35	9.49
RPM INTERNATIONAL INC.	26.47	33.51	21.15	15.72	15.35	13.09	2.04	1.96	1.89	19.32	19.19	15.86	5.49
Median	21.92	21.92	18.25	13.30	13.62	12.07	2.55	2.31	2.14	16.76	16.81	14.61	7.49
Average	21.29	23.06	17.18	13.72	12.98	11.47	2.42	2.32	2.19	17.31	16.84	14.44	7.18
Beauty Care													
L'OREAL	33.59	30.97	28.25	21.05	17.87	16.86	4.71	4.30	4.07	25.80	23.17	21.46	4.86
P&G	30.68	76.76	23.69	18.47	18.71	17.38	4.78	4.72	4.54	22.09	22.42	20.71	5.83
UNILEVER	8.64	13.11	11.97	9.13	8.67	8.09	1.99	1.94	1.86	10.83	10.14	9.40	7.01
BEIERSDORF	34.27	32.32	30.28	18.80	18.51	17.43	3.32	3.13	2.97	21.59	21.55	20.35	4.44
Median	32.14	31.64	25.97	18.64	18.19	17.12	4.02	3.72	3.52	21.84	21.99	20.53	5.34
Average	26.80	38.29	23.55	16.86	15.94	14.94	3.70	3.52	3.36	20.08	19.32	17.98	5.53
Laundry & Home Care													
P&G	30.68		23.69	18.47	18.71	17.38	4.78	4.72	4.54	22.09	22.42	20.71	5.83
UNILEVER	8.64	13.11	11.97	9.13	8.67	8.09	1.99	1.94	1.86	10.83	10.14	9.40	7.01
RECKITT BENCKISER GROUP PLC	20.24	19.05	17.55	14.16	13.66	13.25	4.17	4.00	3.83	15.64	15.08	14.62	2.97
Median	20.24	16.08	17.55	14.16	13.66	13.25	4.17	4.00	3.83	15.64	15.08	14.62	5.83
Average	19.85	16.08	17.74	13.92	13.68	12.91	3.64	3.55	3.41	16.19	15.88	14.91	5.27
Median	26.47	22.10	20.68	15.72	15.33	13.20	3.18	3.13	2.97	19.32	19.19	15.86	5.83
Average	22.90	27.76	19.65	14.92	14.25	13.12	3.22	3.09	2.95	18.01	17.48	15.86	6.06
Henkel	16.28	16.76	16.49	10.82	10.82	10.40	1.92	1.96	1.88	12.24	13.09	12.60	2.21
Henkel vs. Median	-38.48%	-24.17%	-20.26%	-31.16%	-29.44%	-21.23%	-39.77%	-37.38%	-36.57%	-36.68%	-31.76%	-20.53%	-62.04%
Henkel vs. Average	-28.89%	-39.62%	-16.08%	-27.46%	-24.07%	-20.79%	-40.47%	-36.64%	-36.11%	-32.07%	-25.10%	-20.52%	-63.49%

Peer Multiples Valuation

Adhesives

	Year	Average	Financial Metric	Implied Enterprise Value
EBITDA	2018	13.72	1,934	26,537
	2019E	12.98	1,897	24,623
	2020E	11.47	1,919	22,022
Sales	2018	2.42	9,403	22,754
	2019E	2.32	9,465	21,928
	2020E	2.19	9,580	20,979
EBIT	2018	17.31	1,669	28,894
	2019E	16.84	1,641	27,636
	2020E	14.44	1,661	23,984
	2018	Weighted Average	26,062	
	2019E	Weighted Average	24,729	
	2020E	Weighted Average	22,328	
	EV		24,373.07	

Beauty Care

	Year	Average	Financial Metric	Implied Enterprise Value
EBITDA	2018	16.86	665	11,215
	2019E	15.94	572	9,116
	2020E	14.94	583	8,705
Sales	2018	3.70	3,950	14,616
	2019E	3.52	3,891	13,702
	2020E	3.36	3,930	13,205
EBIT	2018	20.08	589	11,826
	2019E	19.32	498	9,622
	2020E	17.98	508	9,134
	2018	Weighted Average	12,552	
	2019E	Weighted Average	10,814	
	2020E	Weighted Average	10,348	
	EV		11,237.97	

Laundry & Home Care

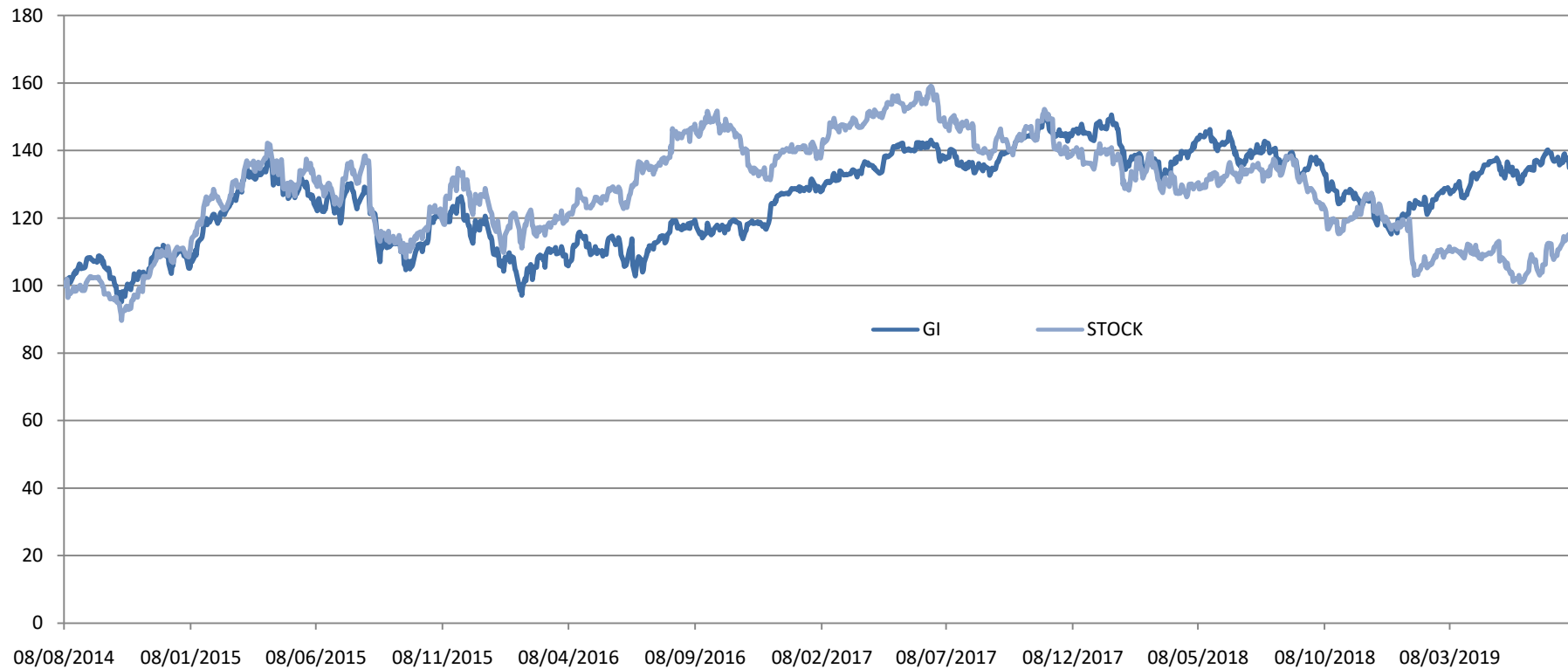
	Year	Average	Financial Metric	Implied Enterprise Value
EBITDA	2018	13.92	1,169	16,273
	2019E	13.68	1,198	16,386
	2020E	12.91	1,221	15,760
Sales	2018	3.64	6,419	23,396
	2019E	3.55	6,618	23,507
	2020E	3.41	6,783	23,132
EBIT	2018	16.19	970	15,703
	2019E	15.88	999	15,870
	2020E	14.91	1,018	15,171
	2018	Weighted Average	18,457	
	2019E	Weighted Average	18,587	
	2020E	Weighted Average	18,021	
	EV		18,355.21	

VALUATION

EV Adhesives	24,373
EV Beauty Care	11,238
EV Laundry & Home Care	18,355
Enterprise Value	53,966
Less: Net Debt (incl. Pension Liability)	3,906
Value of Firm (EUR mn)	50,060
Outstanding # of Shares (mn)	438
Value of Share (EUR)	114.30
Current Price	93.32
Upside Potential	22.5%

Stock vs General Index

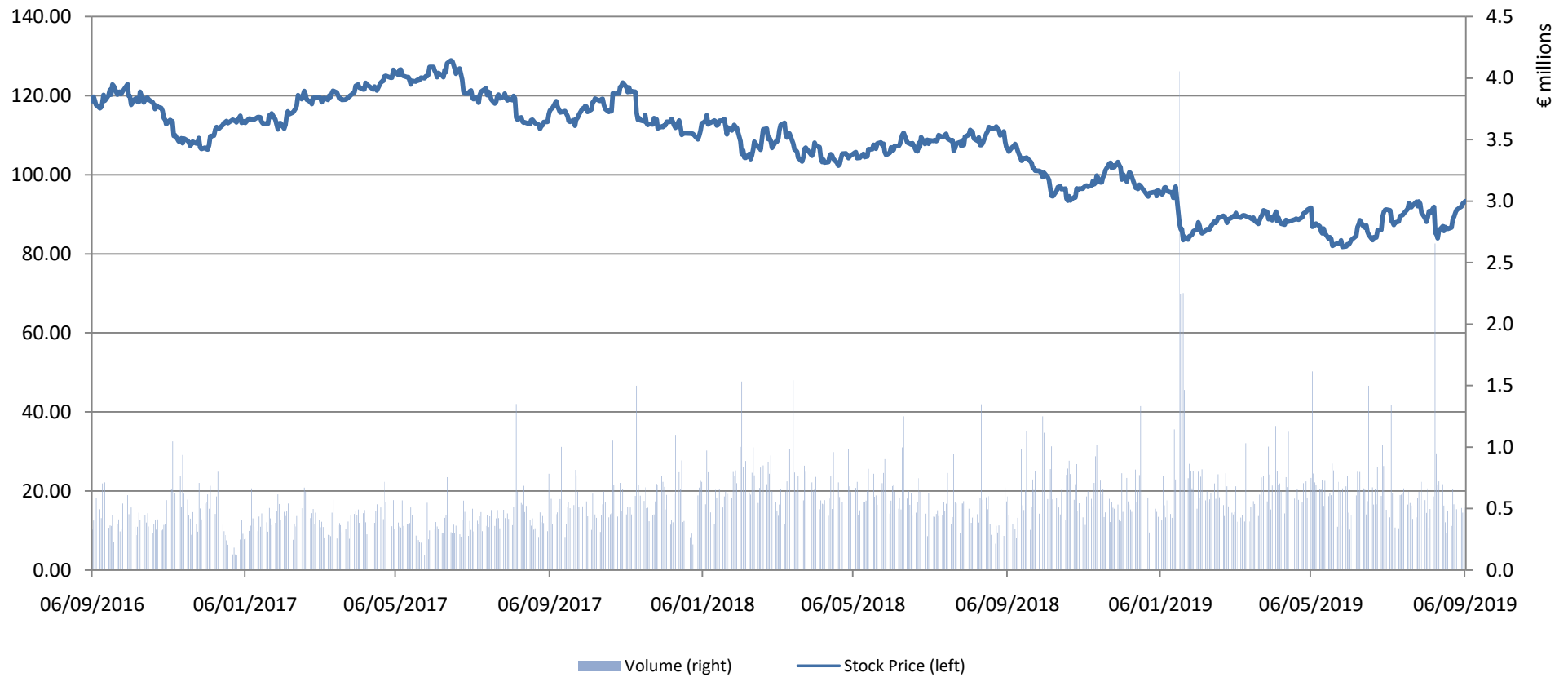
Period August 2014 – August 2019 | Basis = 100 | Period as day/month/year



Source: Athens Exchange, Greece.

Stock Price/Volume

Period September 2016 – September 2019 | Stock Price in € (Euro) | Period as day/month/year



Source: Athens Exchange, Greece.

Notes

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DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
HENKEL AG & Co KGaA	HEN3:GR	HNKG_p.DE	€ 93.32	September 7, 2019	2, 3, 6

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