Q2

Quarterly financial report
April through June 2016

Half-year financial report

Henkel Excellence is our Passion

Henkel: Financial highlights

in million euros[1]	Q2/2015	Q2/2016	+/–	1–6/2015	1–6/2016	+/–
Sales	**4,695**	**4,654**	**–0.9%**	**9,125**	**9,110**	**–0.2%**
Laundry & Home Care	1,314	**1,345**	2.4%	2,612	**2,678**	2.5%
Beauty Care	1,006	**988**	–1.8%	1,946	**1,938**	–0.4%
Adhesive Technologies	2,343	**2,290**	–2.3%	4,503	**4,433**	–1.5%
Operating profit (EBIT)	**715**	**757**	**5.8%**	**1,363**	**1,474**	**8.1%**
Adjusted[2] operating profit (EBIT)	**768**	**819**	**6.6%**	**1,475**	**1,570**	**6.4%**
Return on sales (EBIT) in percent	**15.2**	**16.3**	**1.1 pp**	**14.9**	**16.2**	**1.3 pp**
Adjusted[2] return on sales (EBIT) in percent	**16.4**	**17.6**	**1.2 pp**	**16.2**	**17.2**	**1.0 pp**
Net income	**531**	**572**	**7.7%**	**1,013**	**1,110**	**9.6%**
Attributable to non-controlling interests	10	**11**	10.0%	22	**24**	9.1%
Attributable to shareholders of Henkel AG & Co. KGaA	521	**561**	7.7%	991	**1,086**	9.6%
Earnings per preferred share in euros	**1.20**	**1.30**	**8.3%**	**2.29**	**2.51**	**9.6%**
Adjusted[2] earnings per preferred share in euros	**1.29**	**1.40**	**8.5%**	**2.47**	**2.67**	**8.1%**
Return on capital employed (ROCE) in percent	**19.5**	**20.7**	**1.2 pp**	**18.8**	**20.1**	**1.3 pp**

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

Contents

Highlights second quarter 2016

Key financials

4,654 million euros

sales

+3.2 %

organic sales growth
+5.3 % Laundry & Home Care
+2.1 % Beauty Care
+2.6 % Adhesive Technologies

757 million euros

operating profit (EBIT)

819 million euros / **+6.6** %

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

1.30 euros

earnings per preferred share (EPS)

1.40 euros / **+8.5** %

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

561 million euros

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

17.6 %

adjusted[1] return on sales (EBIT): up 1.2 percentage points
18.1 % Laundry & Home Care
17.4 % Beauty Care
18.6 % Adhesive Technologies

5.3 %

net working capital in percent of sales

Key facts

Strong organic sales growth in emerging markets.

Excellent increase in adjusted return on sales (EBIT).

Adjusted earnings per preferred share with high single-digit growth.

Acquisition of The Sun Products Corporation in the USA signed.

[1] Adjusted for one-time charges (22 million euros) / one-time gains (1 million euros) and restructuring charges (41 million euros).

You will find our annual reports, our quarterly financial reports, the latest data on Henkel's shares and also news, reports and presentations relating to the company, on our Investor Relations website: **www.henkel.com/ir**

Major events

On April 11, 2016, the Annual General Meeting of Henkel AG & Co. KGaA approved a dividend of 1.45 euros per ordinary share and 1.47 euros per preferred share. The payout ratio was therefore 30.2 percent of net income after non-controlling interests and adjusted for exceptional items.

On May 1, 2016, Hans Van Bylen became Chairman of the Management Board of Henkel. He succeeds Kasper Rorsted, who left the company on April 30 after serving eleven years on the Henkel Management Board. Pascal Houdayer succeeded Hans Van Bylen as Management Board member with responsibility for the Beauty Care business unit on May 1, 2016.

On June 6 and 7, 2016, Henkel held its Investor and Analyst Day, now in its eighth year. The event took place this time at the Heidelberg site. Presenting under the theme "Lead to Outperform," the international management team of the Adhesive Technologies business unit provided comprehensive information regarding its strategy, markets and businesses to attendees from the capital markets.

On June 24, 2016, Henkel signed an agreement to acquire the laundry and home care company The Sun Products Corporation. The transaction is valued at around 3.2 billion euros including debt. The closing of the transaction is subject to regulatory approval and other customary closing conditions.

Share performance

The share indices relevant to Henkel declined slightly in the second quarter of 2016. The DAX closed at 9,680 points, a decrease of 2.9 percent. The EURO STOXX® Consumer Goods Index also fell, recording a decline of 2.6 percent.

In contrast, the price of Henkel preferred shares increased by 13.1 percent in the second quarter of 2016, from 96.90 euros to 109.55 euros. The price of our ordinary shares also increased, ending the period up 12.2 percent at 96.87 euros.

The preferred shares traded at an average premium of 12.4 percent over the ordinary shares in the second quarter.

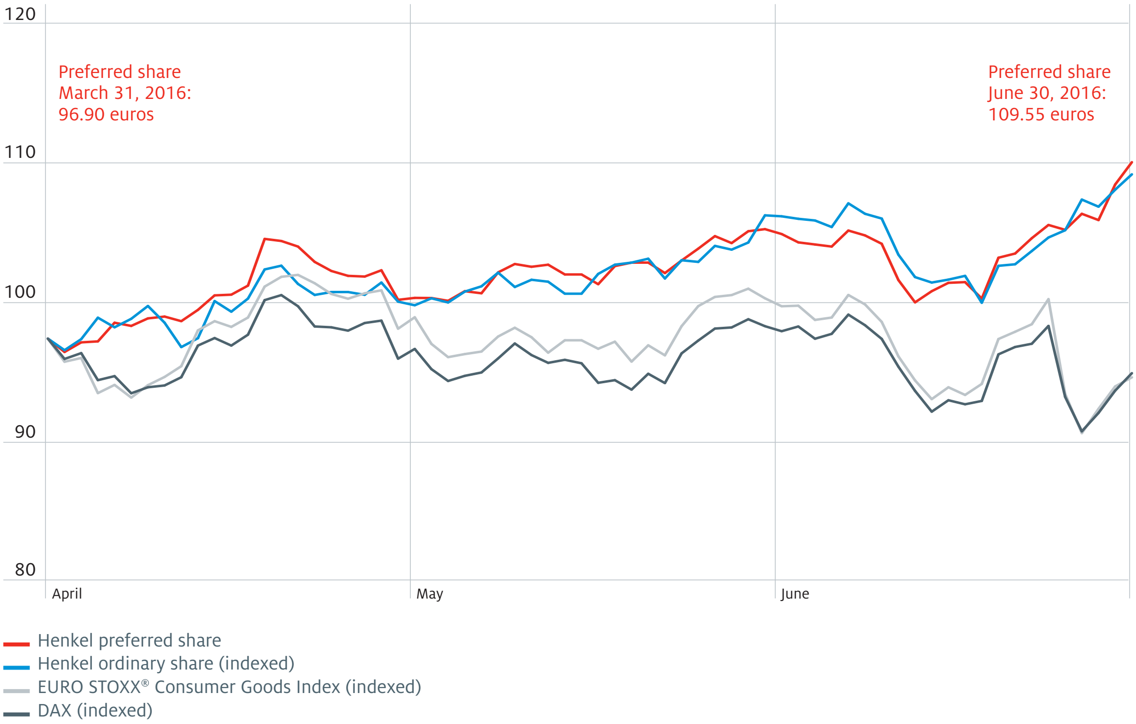
Key data on Henkel shares, second quarter

in euros	Q2/2015	Q2/2016
Earnings per share		
Ordinary share	1.20	**1.30**
Preferred share	1.20	**1.30**
Share price at period end [1]		
Ordinary share	85.49	**96.87**
Preferred share	100.60	**109.55**
High for the period [1]		
Ordinary share	99.26	**96.87**
Preferred share	115.20	**109.55**
Low for the period [1]		
Ordinary share	85.49	**85.63**
Preferred share	100.60	**95.94**
Market capitalization [1] **in bn euros**	**40.1**	**44.7**
Ordinary shares in bn euros	22.2	**25.2**
Preferred shares in bn euros	17.9	**19.5**

[1] Closing share prices, Xetra trading system.

Performance of the Henkel shares versus market second quarter 2016

in euros (Henkel preferred share)
all other figures indexed



Henkel share performance versus market January through June 2016

in euros (Henkel preferred share)
all other figures indexed

Report second quarter 2016

Business performance second quarter 2016

Key financials[1]

in million euros	Q2/2015	Q2/2016	+/–
Sales	4,695	**4,654**	– 0.9 %
Operating profit (EBIT)	715	**757**	5.8 %
Adjusted[2] operating profit (EBIT)	768	**819**	6.6 %
Return on sales (EBIT)	15.2 %	**16.3 %**	1.1 pp
Adjusted[2] return on sales (EBIT)	16.4 %	**17.6 %**	1.2 pp
Net income – attributable to shareholders of Henkel AG & Co. KGaA	521	**561**	7.7 %
Adjusted[2] net income – attributable to shareholders of Henkel AG & Co. KGaA	558	**607**	8.8 %
Earnings per preferred share in euros	1.20	**1.30**	8.3 %
Adjusted[2] earnings per preferred share in euros	1.29	**1.40**	8.5 %

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

Results of operations

We generated sales of 4,654 million euros in the second quarter of 2016, which was slightly below the figure of the prior-year quarter due to negative foreign exchange effects of 5.3 percent. Nominally, sales declined by 0.9 percent. Adjusted for foreign exchange, sales improved by 4.4 percent. Organically (i.e. adjusted for foreign exchange and acquisitions/ divestments), sales increased by 3.2 percent. We improved adjusted return on sales (EBIT) by 1.2 percentage points to 17.6 percent. Compared to the prior-year quarter, adjusted earnings per preferred share rose by 8.5 percent.

Sales development[1]

in percent	Q2/2016
Change versus previous year	**– 0.9**
Foreign exchange	**– 5.3**
Adjusted for foreign exchange	**4.4**
Acquisitions/divestments	**1.2**
Organic	**3.2**
of which price	**0.7**
of which volume	**2.5**

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

The Laundry & Home Care business unit recorded strong organic sales growth of 5.3 percent, primarily based on volume increases. The solid organic sales growth of 2.1 percent in the Beauty Care business unit was driven by both price and volume. The Adhesive Technologies business unit posted solid organic sales growth of 2.6 percent, which was also mainly attributable to volume increases.

Price and volume effects second quarter 2016

in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	**5.3**	1.0	4.3
Beauty Care	**2.1**	0.8	1.3
Adhesive Technologies	**2.6**	0.4	2.2
Henkel Group	**3.2**	**0.7**	**2.5**

The scope of our business activities and competitive positions as described in our Annual Report 2015 on page 57 did not change materially in the second quarter of 2016.

In order to adapt our structures to our markets and customers, we spent 41 million euros on restructuring (previous year: 29 million euros). To build a scalable business model, we are progressing with the combination of our supply chain and sourcing activities into one integrated global supply chain organization. We are also advancing with the integration of our acquisitions.

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

Reconciliation from sales to adjusted operating profit [1]

in million euros	Q2/2015	%	Q2/2016	%	+/–
Sales	**4,695**	**100.0**	**4,654**	**100.0**	**– 0.9 %**
Cost of sales	– 2,430	– 51.8	**– 2,367**	**– 50.9**	– 2.6 %
Gross profit	**2,265**	**48.2**	**2,287**	**49.1**	**1.0 %**
Marketing, selling and distribution expenses	– 1,173	– 25.0	**– 1,151**	**– 24.8**	– 1.9 %
Research and development expenses	– 120	– 2.6	**– 117**	**– 2.5**	– 2.5 %
Administrative expenses	– 224	– 4.7	**– 211**	**– 4.5**	– 5.8 %
Other operating income/expenses	20	0.5	**11**	**0.3**	–
Adjusted operating profit (EBIT)	**768**	**16.4**	**819**	**17.6**	**6.6 %**

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

allocation of the restructuring charges between the various expense items of the consolidated statement of income can be found on page 28.

Compared to the second quarter of 2015, cost of sales declined by 2.6 percent to 2,367 million euros. Gross profit increased by 1.0 percent to 2,287 million euros. We increased our gross margin to 49.1 percent. Savings from cost reduction measures and efficiency improvements, selective price increases and lower prices for direct materials more than offset the impact of negative foreign exchange rate movements, and enabled us to increase gross margin by 0.9 percent.

At 1,151 million euros, marketing, selling and distribution expenses were below the level of the prior-year quarter, primarily due to foreign exchange. Their ratio to sales declined by 0.2 percentage points to 24.8 percent. We spent a total of 117 million euros for research and development, corresponding to a ratio to sales of 2.5 percent, which was 0.1 percentage points below the prior-year quarter. We reduced administrative expenses from 224 million euros to 211 million euros. At 4.5 percent, these are below the level of the second quarter of 2015.

The balance of other operating income and expenses, at 11 million euros, showed a decline versus the prior-year quarter, arising mainly from lower gains on disposals of non-current assets.

Adjusted operating profit (EBIT) increased by 6.6 percent from 768 million euros to 819 million euros. We were able to further improve adjusted return on sales for the Group from 16.4 percent to 17.6 percent. The Laundry & Home Care business unit recorded an excellent margin improvement with an increase from 17.1 percent to 18.1 percent. The Beauty Care business unit achieved a very strong margin improvement from 16.5 percent to 17.4 percent. The Adhesive Technologies business unit registered an excellent margin improvement, with an increase from 17.0 percent to 18.6 percent. In all business units, solid organic sales performance combined with strict cost management amongst others contributed to the margin increase.

Our financial result improved from –11 million euros in the second quarter of 2015 to –1 million euros in the second quarter of 2016. This is attributable both to the improvement in the net interest result and an improvement in the foreign exchange result. The tax rate was 24.3 percent (adjusted: 24.4 percent).

Net income for the quarter increased by 7.7 percent from 531 million euros to 572 million euros. After deducting 11 million euros attributable to non-controlling interests, net income for the quarter was 561 million euros (second quarter 2015: 521 million euros). Adjusted net income for the quarter after deducting non-controlling interests was 607 million euros compared to 558 million euros in the prior-year quarter. Earnings per preferred share (EPS) rose from 1.20 euros to 1.30 euros. After adjustment, EPS amounted to 1.40 euros versus 1.29 euros in the second quarter of 2015.

Regional performance

Key figures by region[1] second quarter 2016

in million euros	Western Europe	Eastern Europe	Africa/ Middle East	North America	Latin America	Asia-Pacific	Corporate[2]	Henkel Group
Sales April – June 2016	**1,585**	**698**	**333**	**932**	**266**	**808**	**31**	**4,654**
Sales April – June 2015	1,564	707	342	934	292	826	31	**4,695**
Change from previous year	1.4 %	– 1.2 %	– 2.6 %	– 0.2 %	– 8.8 %	– 2.1 %	–	**– 0.9 %**
Adjusted for foreign exchange	1.4 %	9.9 %	6.5 %	2.4 %	14.1 %	3.5 %	–	**4.4 %**
Organic	1.1 %	9.7 %	4.4 %	1.8 %	11.0 %	0.4 %	–	**3.2 %**
Proportion of Henkel sales April – June 2016	**34 %**	**15 %**	**7 %**	**20 %**	**6 %**	**17 %**	**1 %**	**100 %**
Proportion of Henkel sales April – June 2015	33 %	15 %	7 %	20 %	6 %	18 %	1 %	**100 %**
Operating profit (EBIT) April – June 2016	**346**	**96**	**44**	**144**	**28**	**125**	**–26**	**757**
Operating profit (EBIT) April – June 2015	328	110	39	110	25	132	– 29	**715**
Change from previous year	5.3 %	– 12.1 %	13.6 %	30.3 %	12.4 %	– 6.0 %	–	**5.8 %**
Adjusted for foreign exchange	6.0 %	– 0.1 %	29.1 %	34.1 %	78.4 %	1.0 %	–	**11.8 %**
Return on sales (EBIT) April – June 2016	**21.8 %**	**13.8 %**	**13.2 %**	**15.4 %**	**10.5 %**	**15.4 %**	**–**	**16.3 %**
Return on sales (EBIT) April – June 2015	21.0 %	15.5 %	11.3 %	11.8 %	8.6 %	16.0 %	–	**15.2 %**

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

In the following, we comment on our results in the second quarter 2016:

In a highly competitive market environment, we were able to increase organic sales in **Western Europe** by 1.1 percent. In particular, the countries of Southern Europe along with the UK posted very strong performance, while sales in France and Benelux decreased.

Our operating profit in the region improved by 6.0 percent adjusted for foreign exchange. Return on sales in the region rose by 0.8 percentage points to 21.8 percent.

In the **Eastern Europe** region, we increased sales organically by 9.7 percent in a challenging market environment. The main contribution to this performance came from our businesses in Russia, Turkey and Poland.

Operating profit in the region declined by 0.1 percent adjusted for foreign exchange. Return on sales in the region declined by 1.7 percentage points to 13.8 percent.

In the **Africa/Middle East** region, our growth continued to be impacted by the geopolitical unrest in some countries. Organic sales growth was 4.4 percent.

Our operating profit in the region improved by 29.1 percent adjusted for foreign exchange. Return on sales increased by 1.9 percentage points to 13.2 percent.

Key figures by region[1] first half year 2016

in million euros	Western Europe	Eastern Europe	Africa/ Middle East	North America	Latin America	Asia-Pacific	Corporate[2]	Henkel Group
Sales January – June 2016	**3,114**	**1,327**	**682**	**1,858**	**514**	**1,555**	**61**	**9,110**
Sales January – June 2015	3,095	1,332	692	1,819	566	1,558	63	**9,125**
Change from previous year	0.6 %	– 0.4 %	– 1.4 %	2.1 %	– 9.2 %	– 0.2 %	–	**– 0.2 %**
Adjusted for foreign exchange	0.8 %	10.4 %	5.0 %	2.7 %	13.0 %	4.3 %	–	**4.2 %**
Organic	0.3 %	10.3 %	4.0 %	2.0 %	9.6 %	1.2 %	–	**3.1 %**
Proportion of Henkel sales January – June 2016	**34 %**	**15 %**	**7 %**	**20 %**	**6 %**	**17 %**	**1 %**	**100 %**
Proportion of Henkel sales January – June 2015	34 %	15 %	7 %	20 %	6 %	17 %	1 %	**100 %**
Operating profit (EBIT) January – June 2016	**688**	**172**	**84**	**299**	**64**	**218**	**– 51**	**1,474**
Operating profit (EBIT) January – June 2015	636	185	83	239	53	218	– 51	**1,363**
Change from previous year	8.1 %	– 7.5 %	1.5 %	25.1 %	21.9 %	0.3 %	–	**8.1 %**
Adjusted for foreign exchange	8.6 %	4.0 %	11.5 %	25.5 %	71.1 %	6.7 %	–	**12.2 %**
Return on sales (EBIT) January – June 2016	**22.1 %**	**12.9 %**	**12.3 %**	**16.1 %**	**12.5 %**	**14.0 %**	**–**	**16.2 %**
Return on sales (EBIT) January – June 2015	20.6 %	13.9 %	11.9 %	13.2 %	9.3 %	14.0 %	–	**14.9 %**

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

Organic sales in the **North America** region increased by 1.8 percent.

Our operating profit in the region improved by 34.1 percent adjusted for foreign exchange. Return on sales in the region increased by 3.6 percentage points to 15.4 percent.

Organic sales in the **Latin America** region increased by 11.0 percent. Business performance in Mexico made a significant contribution to this improvement.

We were able to increase operating profit by 78.4 percent adjusted for foreign exchange. Return on sales in the region increased by 1.9 percentage points to 10.5 percent.

Organic sales in the **Asia-Pacific** region grew by 0.4 percent. This positive organic improvement resulted primarily from business performance in India and South Korea, while sales in China declined.

We increased operating profit by 1.0 percent adjusted for foreign exchange. Return on sales declined year on year by 0.6 percentage points to 15.4 percent.

Our sales in the **emerging markets** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan) again made an above-average contribution to the organic growth of the Group with an increase of 6.1 percent. Nominally, sales declined due to negative foreign exchange by 4.0 percent to 1,964 million euros. The share of Group sales from emerging markets was 42 percent, slightly below the prior-year level.

Laundry & Home Care

Key financials[1]

in million euros	Q2/2015	Q2/2016	+/–	1–6/2015	1–6/2016	+/–
Sales	1,314	**1,345**	+2.4%	2,612	**2,678**	+2.5%
Proportion of Henkel sales	28%	**29%**	–	29%	**29%**	–
Operating profit (EBIT)	198	**218**	+10.3%	389	**454**	+16.7%
Adjusted[2] operating profit (EBIT)	225	**244**	+8.4%	447	**487**	+8.9%
Return on sales (EBIT)	15.1%	**16.2%**	+1.1 pp	14.9%	**17.0%**	+2.1 pp
Adjusted[2] return on sales (EBIT)	17.1%	**18.1%**	+1.0 pp	17.1%	**18.2%**	+1.1 pp
Return on capital employed (ROCE)	21.0%	**22.4%**	+1.4 pp	21.0%	**23.0%**	+2.0 pp

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

Sales development[1]

in percent	Q2/2016	1–6/2016
Change versus previous year	2.4	2.5
Foreign exchange	–5.2	–4.5
Adjusted for foreign exchange	7.6	7.0
Acquisitions/divestments	2.3	2.0
Organic	5.3	5.0
of which price	1.0	0.3
of which volume	4.3	4.7

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

The **Laundry & Home Care** business unit recorded strong organic sales growth in the second quarter. Adjusted operating profit showed very strong growth compared to the prior-year quarter. At the same time, adjusted return on sales experienced an excellent increase, reaching 18.1 percent. We were therefore able to successfully continue our path of profitable growth in the second quarter of 2016.

In the following, we comment on our organic sales performance.

Organically (i.e. adjusted for foreign exchange and acquisitions/divestments), we increased sales by 5.3 percent year on year. This growth was again higher than that of our relevant markets, resulting in further expansions of market share.

The strong organic improvement was mainly driven by our emerging markets. In Asia (excluding Japan), we achieved double-digit growth. The regions of Eastern Europe and Latin America contributed very strong sales growth to the good results achieved. The Africa/Middle East region continued to be characterized by a difficult market environment, yet also posted very strong growth under those challenging conditions.

Innovation

Somat Phosphate-free

Somat Phosphate-free is Henkel's first automatic dishwashing product that is free of phosphates yet offers one hundred percent performance. The new, patented formula consists of ingredients such as citric acid and sodium carbonate as well as polymers exclusively produced for Henkel. It offers the ideal combination of excellent sustainability and gleaming clean results, thus addressing a relevant consumer concern. New Somat has been introduced in Germany and in more than 20 countries in Western and Eastern Europe.

www.somat.de

Further information on product innovations in the Laundry & Home Care business unit can be found on the website: www.henkel.com/brands-and-businesses

Sales growth in the mature markets was solid. Sales in the North America region experienced a very strong increase year on year. In the Western Europe region, we achieved positive sales performance in an environment of intense competition.

We increased adjusted operating profit (EBIT) versus the prior-year quarter by 8.4 percent to 244 million euros. Compared to the second quarter of 2015, we recorded an excellent increase in adjusted return on sales of 1.0 percentage points to 18.1 percent. We were able to increase gross margin through, among other things, our ongoing measures to reduce costs and enhance production and supply chain efficiency. At 22.4 percent, return on capital employed (ROCE) was above the level of the prior-year quarter. Net working capital as a percentage of sales improved compared to the second quarter of 2015. At –3.9 percent, the figure remains at a low level.

Numerous innovations strengthened our two business areas:

In the *Laundry Care* business area, we recorded strong organic growth in the second quarter. Our heavy-duty detergents made a significant contribution to this performance, particularly our top brand Persil, which recorded double-digit growth.

In the premium detergent category, we launched Persil Sensitive worldwide with an improved formula enriched with natural soap and almond milk. Persil Sensitive is especially suitable for sensitive skin, while also providing Persil's best cleaning power. The European Centre for Allergy Research Foundation (ECARF) has confirmed and certified it worldwide as particularly suitable for people with allergies due to its excellent tolerability. Persil Sensitive was launched in Europe, Africa/Middle East and Australia.

In the Africa/Middle East region, we also launched an improved formula for all Persil liquid detergents. The innovative formula features a thermostable enzyme that ensures top performance on enzymatic stains, even in warm conditions and after lengthy product storage.

In the pre-portioned detergents market, we introduced Persil Power-Mix Caps in additional countries including Germany. Persil Power-Mix Caps combine the benefits of powder and liquid detergents in a single pre-portioned detergent capsule.

In the fine fabric detergent category, we further strengthened the market leadership position of the Perwoll brand and launched an improved formula: Perwoll Renew 3D. The new formula rejuvenates colors in three dimensions: intensity, color accuracy and brightness. New Perwoll Renew 3D was introduced in Europe and Latin America.

The *Home Care* business area also recorded solid organic growth in the second quarter. Among the growth drivers were our WC products and our automatic dishwashing products.

In the automatic dishwashing category, we introduced new Somat Phosphate-free, the first Somat automatic dishwashing product with no phosphates but with the usual top Somat performance. The new, patented formula with ingredients such as citric acid and polymers exclusively produced for Henkel is remarkable for its optimal combination of environmental compatibility and powerful cleaning performance.

In the hand dishwashing category, we also launched an improved formula under the Pril brand in Europe. For the first time, new Pril "double decruster" contains two enzymes and impressively removes residues including both dried-on starches and protein-based substances such as eggs, milk, meat and fish.

In WC products, we introduced two variants with innovative fragrances in Europe as limited editions under the Bref Power Aktiv brand: Bahama Nights and Jamaican Burst.

In the insect-control category, we launched two products under the licensed Vape brand in Italy which are formulated with up to 90 percent natural ingredients: one plug-in and one insect-control lotion.

Top brands

Persil

Purex

Pril

Beauty Care

Key financials[1]

in million euros	Q2/2015	Q2/2016	+/–	1–6/2015	1–6/2016	+/–
Sales	1,006	**988**	–1.8%	1,946	**1,938**	–0.4%
Proportion of Henkel sales	21%	**21%**	–	21%	**21%**	–
Operating profit (EBIT)	158	**162**	+2.0%	291	**304**	+4.5%
Adjusted[2] operating profit (EBIT)	166	**172**	+3.6%	316	**329**	+4.3%
Return on sales (EBIT)	15.7%	**16.4%**	+0.7pp	15.0%	**15.7%**	+0.7pp
Adjusted[2] return on sales (EBIT)	16.5%	**17.4%**	+0.9pp	16.2%	**17.0%**	+0.8pp
Return on capital employed (ROCE)	23.1%	**23.0%**	–0.1pp	21.7%	**21.8%**	+0.1pp

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

Sales development[1]

in percent	Q2/2016	1–6/2016
Change versus previous year	**–1.8**	**–0.4**
Foreign exchange	**–5.4**	**–4.1**
Adjusted for foreign exchange	**3.6**	**3.7**
Acquisitions/divestments	**1.5**	**1.3**
Organic	**2.1**	**2.4**
of which price	**0.8**	**0.4**
of which volume	**1.3**	**2.0**

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

The **Beauty Care** business unit recorded solid organic sales growth in the second quarter. Similarly solid growth was achieved in adjusted operating profit. There was a very strong improvement in adjusted return on sales, taking it to a new high of 17.4 percent. Thus we were able to continue our long-established path of profitable growth.

In the following, we comment on our organic sales performance.

Organically (i.e. adjusted for foreign exchange and acquisitions/divestments), we increased sales by 2.1 percent compared to the prior-year quarter.

From a regional perspective, our business performance was once again successful in the emerging markets with a very strong growth rate recorded. In particular, the regions of Eastern Europe and Latin America contributed double-digit sales growth to the good results achieved. Sales in the Africa/Middle East region came in below the level of the second quarter of the previous year, while in the Asia region (excluding Japan) we were able to generate strong growth.

Our sales performance in the mature markets was slightly below the level of the prior-year quarter. Due

Innovation

Gliss Kur Magnificent Strength

With the new product line Gliss Kur Magnificent Strength, the hair repair experts at Gliss Kur have filled a gap in the hair care market, offering a range specifically for lackluster, weakened hair. The powerful Tri-Protein Complex repairs each hair fiber, improves the inner structure of the hair, and strengthens and protects the hair surface, giving hair an invigorating protein kick – for up to 20 times stronger,* more radiant hair. **www.gliss.com**

* With Magnificent Strength Express Repair conditioner.

Further information on product innovations in the Beauty Care business unit can be found on the website:
www.henkel.com/brands-and-businesses

to persistently intense crowding-out competition and strong price pressure, sales in the Western Europe region and in the mature markets of the Asia-Pacific region were down on the second quarter of 2015. We were able to achieve solid sales growth in the North America region.

We once again increased adjusted operating profit significantly, to 172 million euros. Adjusted return on sales reached 17.4 percent. We were able to increase gross margin through, among other things, our ongoing measures to reduce costs and enhance production and supply chain efficiency. At 23.0 percent, return on capital employed (ROCE) remained flat year on year. Net working capital as a percentage of sales was, at 3.1 percent, below the already low level of the prior-year quarter.

Numerous innovations strengthened our businesses:

Our *Branded Consumer Goods* business area again posted a solid sales performance in the second quarter. This was supported by successful innovations, enabling us to further expand our market positions.

In the Hair Colorants business, Syoss Classic attracted consumers with its new anti-fade color serum for long-lasting color intensity and exceptional, salon-like gray coverage. Schwarzkopf Live Lightener+Twist with pastel pigments lightens the hair by up to four shades, imparting to it a light pastel glow. Paon Gold Crème, our colorant marketed in Japan featuring essence of collagen and silk, counteracts the signs of aging hair.

We strengthened our Hair Care business with the launch of new Gliss Kur Magnificent Strength with Tri-Protein Complex for up to 20 times stronger, more radiantly invigorated hair. Our successful Syoss line, Volume Collagen & Lift, was also revised and relaunched. This product series gives hair airy volume with a 48-hour anti-flattening effect. Under the Schauma brand, we launched the new line 7 Blossom Oil. Its formula penetrates deep into the hair structure and repairs the hair at every layer.

In the Styling business, Taft continued to strengthen its market position with the launch of the new line Power Electro. The products of this series offer the strongest Taft hold ever. The innovation Syoss Ceramide Complex strengthens the hair, imparting 48 hours of salon-like beauty and a mega-strong hold. Launched under our styling trendsetter brand Got2b, made4mess is a line for creative undone styles with a strong hold.

In the Body Care business, the series Paradise Moments with hibiscus blossom fragrance was launched under the Fa brand. While the shower cream and liquid soap with shea butter give the skin a cared-for feel, the deodorant provides 48 hours of reliable protection. The positive development of our business in North America was boosted by the launch of the body care series Dial Soothing Care. The shower gel with collagen is pH-neutral on the skin and imparts a soothing effect.

Within the Skin Care business, we strengthened the Diadermine Lift+ line with a new formula, noticeably improving its anti-aging effect. The novel formulation with Pro-Collagen lifts and strengthens by up to 50 percent more compared to the preceding formula, smoothing wrinkles and increasing elasticity.

The Oral Care business gained momentum from the innovation Theramed Whitening Power. Thanks to the light-activated whitening technology, teeth are visibly whiter after just ten days. We are also setting new standards with our brand Denivit: After just ten days, the innovation Pro-Laser White removes up to 90 percent of stains discoloring the teeth.

Our *Hair Salon* business area posted positive sales growth in the second quarter of 2016. We stimulated new, strong growth momentum with our innovations in the professional color and hair styling categories.

In the hair coloring category, Schwarzkopf Professional has launched a further innovation with Igora ColorWorx: The intensely lustrous tints hold true for up to 20 washes and are, for the first time, miscible with all Schwarzkopf Professional coloration systems. In the styling category, the brand Osis+ with its slogan "Made to Create" offers a complete product range for the creation of uniquely individual hairstyles whenever required. With Kenra Ultra Freeze 30, Kenra Professional has married a new kind of spray system to an innovative hair spray formula. Thanks to the exceptionally fine mist produced by the system, the styling particles dry particularly quickly on contact, while the high-performance formulation provides the hair with ultra-strong hold and a long-lasting luster.

Top brands

Adhesive Technologies

Key financials[1]

in million euros	Q2/2015	Q2/2016	+/–	1–6/2015	1–6/2016	+/–
Sales	2,343	**2,290**	– 2.3 %	4,503	**4,433**	– 1.5 %
Proportion of Henkel sales	50 %	**49 %**	–	49 %	**49 %**	–
Operating profit (EBIT)	388	**403**	+ 3.7 %	733	**766**	+ 4.6 %
Adjusted[2] operating profit (EBIT)	398	**426**	+ 7.1 %	751	**802**	+ 6.8 %
Return on sales (EBIT)	16.6 %	**17.6 %**	+ 1.0 pp	16.3 %	**17.3 %**	+ 1.0 pp
Adjusted[2] return on sales (EBIT)	17.0 %	**18.6 %**	+ 1.6 pp	16.7 %	**18.1 %**	+ 1.4 pp
Return on capital employed (ROCE)	19.2 %	**20.7 %**	+ 1.5 pp	18.4 %	**19.7 %**	+ 1.3 pp

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

Sales development[1]

in percent	Q2/2016	1–6/2016
Change versus previous year	**– 2.3**	**– 1.5**
Foreign exchange	**– 5.3**	**– 4.4**
Adjusted for foreign exchange	**3.0**	**2.9**
Acquisitions/divestments	**0.4**	**0.5**
Organic	**2.6**	**2.4**
of which price	**0.4**	**0.5**
of which volume	**2.2**	**1.9**

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

The **Adhesive Technologies** business unit recorded solid organic sales growth in the second quarter. Adjusted operating profit showed a very strong increase compared to the prior-year quarter. There was excellent improvement in adjusted return on sales, taking it to a new high of 18.6 percent.

In the following, we comment on our organic sales performance.

Organic sales growth (i.e. sales growth adjusted for foreign exchange and acquisitions/divestments) amounted to 2.6 percent, mostly generated by volume increases.

Our businesses in the emerging markets continued their successful performance with further solid growth. The Latin America region recorded double-digit sales growth. In the Eastern Europe region, we also achieved double-digit sales growth despite the difficult political situation prevailing in some countries. Sales in Africa/Middle East experienced a solid rate of growth. In Asia (excluding Japan), sales were slightly lower year on year, mainly as a result of weakening economic growth in China.

Innovation

Improved coating for alloy wheels

The trend toward more lightweight construction in the automotive industry means greater use of light metals like aluminum. Our products for its pretreatment optimize both processes and performance. The innovative coating solution Bonderite M-NT 4595 provides outstanding adhesive properties and corrosion protection for wheels. It is also easier to handle and makes production more environmentally compatible.

Further information on product innovations in the Adhesive Technologies business unit can be found on the website:
www.henkel.com/brands-and-businesses

Sales performance in the mature markets was positive overall. The businesses in Western Europe achieved solid sales growth. In the mature markets of the Asia-Pacific region, however, sales were down year on year. In the North America region, sales were slightly below the prior-year quarter.

Adjusted operating profit (EBIT) experienced a strong increase to 426 million euros. At 18.6 percent – an increase of 1.6 percentage points – adjusted return on sales showed excellent development versus the second quarter of 2015. We were able to increase gross margin through, among other things, our ongoing measures to reduce costs and enhance production and supply chain efficiency. At 20.7 percent, return on capital employed (ROCE) rose by 1.5 percentage points year on year, driven by operating profit. Net working capital as a percentage of sales improved compared to the second quarter of 2015. The figure of 11.9 percent was below the already low level of the prior-year quarter.

In the *Packaging and Consumer Goods Adhesives* business area, we recorded solid sales growth, with a significant contribution from our business supplying adhesives for the wood and furniture industry, and especially industrial wood construction applications. Our customers in this segment benefited above all from our new generation of products based on polyurethane adhesives. These products not only enable formaldehyde-free bonds, they also make a significant contribution to reducing process cycle times, thus improving efficiency in industrial production.

The *Transport and Metal* business area achieved strong sales growth, driven mainly by the Automotive Surface Treatment business, and in particular our innovations for the pretreatment of alloy wheels. We provide customized solutions in this area for optimum aluminum corrosion protection that also lower overall processing costs for our customers.

In the *General Industry* business area, we recorded positive sales performance with our portfolio of products for the manufacture and maintenance of durable goods such as industrial plant and household equipment. Growth was driven primarily by the Vehicle Repair & Maintenance business. We achieved new momentum in this area through an exclusive partnership in Russia, where the largest automobile manufacturer now uses more than 60 different adhesives and sealants from Henkel for maintenance and repair in its 400 authorized repair shops.

In the *Electronics* business area, sales declined in the second quarter. One reason was the closure of a non-core business as part of our active portfolio management. On the other hand, we grew at a faster pace than the market overall through our solutions for the semiconductor industry, where we were able to gain new customers. We also expanded our leading position in the thermal category, with significant growth above the market average.

Sales in the *Adhesives for Consumers, Craftsmen and Building* business area showed solid performance. A particularly important driver of growth in the area was our business serving the building materials segment, mainly as a result of the relaunch of the tile adhesive Ceresit CM 11 Plus across the entire Eastern European region. Its new improved formula allows craftsmen to easily attach wall tiles over even large areas, providing strong hold through its enhanced adhesive power.

Top brands

LOCTITE

TECHNOMELT

TEROSON

Financial report first half year 2016

Underlying economic conditions

The general economic conditions described here are based on data published by IHS Global Insight.

The world economy grew by 2.5 percent in the first six months of 2016 compared to the prior-year period. Industrial production increased in the same period by approximately 2 percent. Growth in private consumption was moderate at approximately 2.5 percent.

The mature markets registered robust economic growth. According to IHS, the North American economy grew by approximately 2 percent in the first six months of 2016. Both the Western European and the German economies reported growth of approximately 1.5 percent.

The emerging markets of Asia (excluding Japan) grew by 5.5 percent in the first six months of 2016. Compared to the first half year of 2015, economic performance in Latin America declined by approximately 1 percent, while the Eastern European economy grew by about 1 percent.

Year on year, the euro remained constant against the US dollar in the first six months of 2016 at 1.12 US dollars. Around the world, consumer prices rose by 3 percent. Global unemployment was approximately 7 percent.

Sectors of importance for Henkel

Private consumption increased by approximately 2.5 percent in the first six months of 2016. Consumers in North America increased their spending by around 3 percent; consumer spending in Western Europe grew by approximately 2 percent. Consumption in the emerging markets grew in the first six months by around 3 percent, according to IHS.

At approximately 2 percent, industrial production expanded in the first six months of 2016 at a slower pace than the economy as a whole. Production growth in the transport sector was approximately 3 percent in the first six months of 2016, while growth in the automotive industry was lower at approximately 1 percent. IHS reported an increase of 4 percent for the electronics sector, whereas the metals industry remained at the level recorded in the first half of 2015. Growth in consumer-related sectors such as the global packaging industry was moderate at approximately 1 percent.

Global construction grew by approximately 3 percent in the first six months of this year.

Effects on Henkel

In conditions characterized by modest private spending, we managed to achieve solid organic sales growth in our consumer businesses. Organic sales in the Adhesive Technologies business unit grew by 2.4 percent between January and June 2016, a slightly higher pace than industrial production overall.

We increased gross margin to 49.0 percent. Savings from cost reduction measures and efficiency improvements, selective price increases and lower prices for direct materials more than offset the impact of negative foreign exchange rate movements and enabled us to increase gross margin by 0.3 percent.

Business performance January – June 2016

Key financials[1]

in million euros	1–6/2015	1–6/2016	+/–
Sales	9,125	**9,110**	– 0.2 %
Operating profit (EBIT)	1,363	**1,474**	8.1 %
Adjusted[2] operating profit (EBIT)	1,475	**1,570**	6.4 %
Return on sales (EBIT)	14.9 %	**16.2 %**	1.3 pp
Adjusted[2] return on sales (EBIT)	16.2 %	**17.2 %**	1.0 pp
Net income – attributable to shareholders of Henkel AG & Co. KGaA	991	**1,086**	9.6 %
Adjusted[2] net income – attributable to shareholders of Henkel AG & Co. KGaA	1,068	**1,156**	8.2 %
Earnings per preferred share in euros	2.29	**2.51**	9.6 %
Adjusted[2] earnings per preferred share in euros	2.47	**2.67**	8.1 %

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

Results of operations

In the first six months of 2016, sales declined slightly compared to the prior-year period, by 0.2 percent to 9,110 million euros. Adjusted for foreign exchange, sales improved by 4.2 percent. Organic sales (i.e. sales adjusted for foreign exchange and acquisitions/divestments) experienced a solid growth rate of 3.1 percent versus the same period in 2015.

Sales development[1]

in percent	1–6/2016
Change versus previous year	**– 0.2**
Foreign exchange	**– 4.4**
Adjusted for foreign exchange	**4.2**
Acquisitions/divestments	**1.1**
Organic	**3.1**
of which price	**0.4**
of which volume	**2.7**

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

All business units contributed to this performance. The Laundry & Home Care business unit showed strong organic sales growth of 5.0 percent, while Beauty Care increased organic sales by a solid 2.4 percent. Adhesive Technologies achieved solid organic growth of 2.4 percent.

Price and volume effects first half year 2016

in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	**5.0**	0.3	4.7
Beauty Care	**2.4**	0.4	2.0
Adhesive Technologies	**2.4**	0.5	1.9
Henkel Group	**3.1**	**0.4**	**2.7**

There were no significant changes in the first half of 2016 with respect to the description of our business activities and competitive position as presented in our Annual Report 2015 on page 57.

In order to adapt our structures to our markets and customers, we spent 68 million euros on restructuring (first half year 2015: 83 million euros). To build a scalable business model, we are progressing with the combination of our supply chain and sourcing activities into one integrated global supply chain organization. We are also advancing with the integration of our acquisitions.

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

Reconciliation from sales to adjusted operating profit[1]

in million euros	1–6/2015	%	1–6/2016	%	+/–
Sales	**9,125**	**100.0**	**9,110**	**100.0**	**– 0.2 %**
Cost of sales	– 4,683	– 51.3	**– 4,650**	**– 51.0**	– 0.7 %
Gross profit	**4,442**	**48.7**	**4,460**	**49.0**	**0.4 %**
Marketing, selling and distribution expenses	– 2,312	– 25.3	**– 2,235**	**– 24.6**	– 3.3 %
Research and development expenses	– 237	– 2.7	**– 229**	**– 2.5**	– 3.4 %
Administrative expenses	– 450	– 4.9	**– 422**	**– 4.6**	– 6.2 %
Other operating income/expenses	32	0.4	**– 4**	**– 0.1**	–
Adjusted operating profit (EBIT)	**1,475**	**16.2**	**1,570**	**17.2**	**6.4 %**

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

Compared to the first six months of 2015, cost of sales declined by 0.7 percent to 4,650 million euros. Gross profit increased by 0.4 percent to 4,460 million euros. We increased gross margin to 49.0 percent. Savings from cost reduction measures and efficiency improvements, selective price increases and lower prices for direct materials more than offset the impact of negative foreign exchange rate movements, and enabled us to increase gross margin by 0.3 percent.

Marketing, selling and distribution expenses declined by 3.3 percent from 2,312 million euros to 2,235 million euros. At 24.6 percent, the ratio to sales was lower year on year. We spent a total of 229 million euros for research and development. The ratio to sales, at 2.5 percent, was slightly lower versus the first half of 2015. Administrative expenses declined compared to the prior-year period, from 450 million euros to 422 million euros. At 4.6 percent, administrative expenses in relation to sales were slightly below the level of the first six months of 2015.

The balance of other operating income and expenses, at –4 million euros, showed a decline versus the prior-year period arising mainly from lower gains on disposals of non-current assets.

Adjusted operating profit (EBIT) increased by 6.4 percent from 1,475 million euros to 1,570 million euros. We increased the adjusted return on sales of the Henkel Group from 16.2 to 17.2 percent. The Laundry & Home Care business unit recorded an excellent margin improvement with an increase of 1.1 percentage points, from 17.1 percent to 18.2 percent. The Beauty Care business unit achieved a very strong increase in return on sales from 16.2 percent to 17.0 percent, an improvement of 0.8 percentage points. The Adhesive Technologies business unit registered an excellent margin improvement, with an increase from 16.7 percent to 18.1 percent, or 1.4 percentage points. In all business units, solid organic sales performance combined with strict cost management amongst others contributed to the margin increase.

Our financial result improved from –20 million euros in the first six months of 2015 to –8 million euros in the first half of 2016. This is attributable both to the improvement in the net interest result and an improvement in the foreign exchange result. The tax rate was 24.3 percent (adjusted: 24.5 percent).

Net income increased by 9.6 percent from 1,013 million euros to 1,110 million euros. After deducting 24 million euros attributable to non-controlling interests, net income for the first six months was 1,086 million euros (first six months 2015: 991 million euros). Adjusted net income for the first six months after deducting non-controlling interests was 1,156 million euros compared to 1,068 million euros in the prior-year period.

We increased earnings per preferred share (EPS) from 2.29 euros to 2.51 euros. After adjustment, EPS amounted to 2.67 euros versus 2.47 euros in the comparable period of 2015.

Guidance versus performance 2016

	Guidance for 2016	Updated guidance for 2016	Results first half year 2016
Organic sales growth	Henkel Group 2–4 percent All business units within this range	Henkel Group 2–4 percent All business units within this range	Henkel Group 3.1 percent Laundry & Home Care: 5.0 percent Beauty Care: 2.4 percent Adhesive Technologies: 2.4 percent
Percentage of sales from emerging markets	Slight increase compared to prior-year level	Slight decrease compared to prior-year level	Slight decrease compared to prior-year level
Adjusted return on sales (EBIT)	Increase to around 16.5 percent	Increase to more than 16.5 percent	Increase to 17.2 percent
Adjusted earnings per preferred share	Increase of 8–11 percent	Increase of 8–11 percent	Increase of 8.1 percent

Comparison between actual business performance and guidance

In our report for fiscal 2015, we published guidance for fiscal 2016 indicating that we expected to achieve organic sales growth of between 2 and 4 percent. We furthermore expected a slight increase in the share of sales from our emerging markets. For adjusted return on sales (EBIT) we forecasted an increase to around 16.5 percent and the adjusted return on sales of the individual business units was expected to be at or above the level of the previous year. We anticipated an increase in adjusted earnings per preferred share of between 8 and 11 percent.

Based on developments in the first half of 2016, we have updated our guidance for fiscal 2016:

We continue to expect the Henkel Group to generate organic sales growth of 2 to 4 percent. Regarding the share of sales from our emerging markets, we now anticipate a slight decrease compared to the prior-year level due to foreign exchange effects. For adjusted return on sales (EBIT), we now forecast an increase to more than 16.5 percent for fiscal 2016 and anticipate that the adjusted return on sales of each individual business unit will be above the level of the previous year. We continue to expect an increase in adjusted earnings per preferred share of between 8 and 11 percent.

Net assets

Compared to year-end 2015, total assets rose by 1.6 billion euros to 23.9 billion euros.

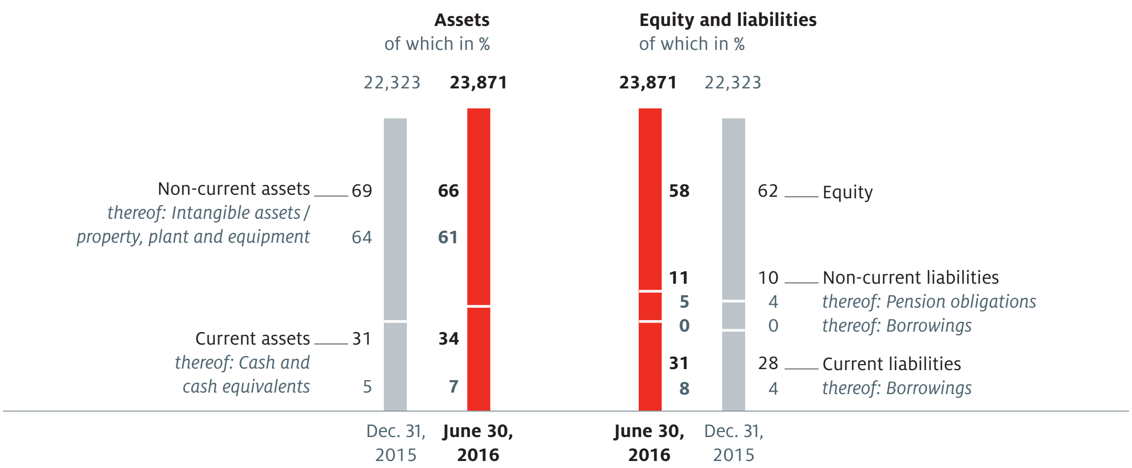
Under **non-current assets**, intangible assets increased by 0.3 billion euros, primarily as a result of acquisitions. The increase was diminished by foreign exchange effects. Within property, plant and equipment – lower as a result of foreign exchange effects – capital expenditures of 185 million euros were partially offset by scheduled depreciation of 171 million euros.

Current assets increased from 6.9 billion euros to 8.0 billion euros. This was attributable in particular to higher trade accounts receivable and a higher volume of cash and cash equivalents, which increased by 552 million euros in the reporting period.

Compared to year-end 2015, **equity** including non-controlling interests declined by 6 million euros to 13,805 million euros. The individual components influencing equity development are shown in the consolidated statement of changes in equity on page 30. Equity rose with the addition of net income for the half year amounting to 1,110 million euros. The dividend distribution in April 2016, negative effects amounting to 260 million euros from the remeasurement of the net liability from defined benefit pension plans, and negative foreign exchange effects of 169 million euros led to a reduction in equity. The changes mentioned, especially the dividend distribution, result in a decline in the equity ratio compared to year-end 2015 of 4.1 percentage points to 57.8 percent.

Financial structure

in million euros

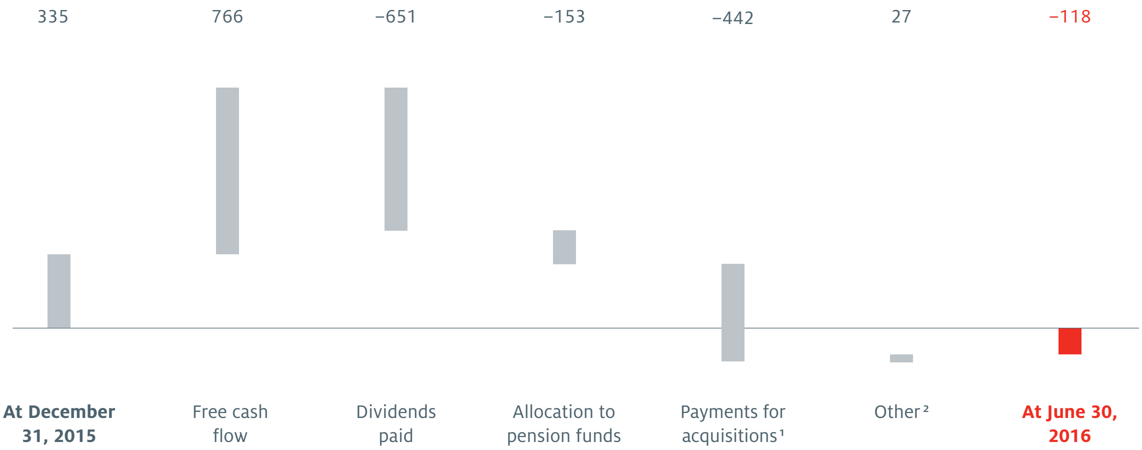


Non-current liabilities rose by 0.3 billion euros to 2.5 billion euros, impacted in particular by our pension obligations, which increased compared to year-end 2015 as a consequence of lower discount rates. The increase was mitigated by a return on plan assets above-average and our allocations to pension funds. Other financial liabilities increased as a result of a contingent purchase price liability in connection with our acquisition in Nigeria.

Current liabilities rose by 1.2 billion euros to 7.6 billion euros, primarily due to the increase in borrowings resulting from the issuance of commercial paper. We also recorded an increase in trade accounts payable.

Net financial position

in million euros



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

Effective June 30, 2016, our **net financial position**[1] amounted to –118 million euros (December 31, 2015: 335 million euros). The change compared to the end of the previous year was primarily due to the dividends paid and payments for acquisitions.

Net financial position

in million euros	
Q2/2015	– 634
Q3/2015	– 336
Q4/2015	335
Q1/2016	452
Q2/2016	**– 118**

As a result of our continuing low level of debt, our operating debt coverage in the reporting period was significantly above the target of 50 percent, as it was at year-end 2015. The reduction in operating debt coverage is mainly attributable to the development of our net financial position. Our interest coverage ratio also further improved, benefiting from a strong interest result in the first half of 2016.

Key financial ratios

	Dec. 31, 2015	June 30, 2016
Operating debt coverage (net income + amortization and depreciation, impairment and write-ups + interest element of pension obligations) / net borrowings and pension obligations	375.2 %	**203.2 %**
Interest coverage ratio EBITDA / interest result including interest element of pension obligations	75.7	**243.7**
Equity ratio equity / total assets	61.9 %	**57.8 %**

Financial position

The development of our financial position is indicated in detail in the consolidated statement of cash flows on page 31.

At 1,029 million euros, **cash flow from operating activities** in the first six months of 2016 was significantly higher than the comparable figure of the prior-year period (623 million euros). Despite higher outflows for trade accounts receivable, the main sources of the increase, were to the higher operating profit, higher inflows from trade accounts payable and lower outflows for income taxes paid in comparison to the first half year of 2015. The higher cash flow from operating activities is also reflected in net working capital[2] relative to sales, which improved by 1.3 percentage points to 5.3 percent year on year.

The cash outflow in **cash flow from investing activities** (–582 million euros) was higher than the figure of the prior-year period (–294 million euros) despite lower investments in intangible assets and property, plant and equipment. It is primarily attributable to higher investments in subsidiaries and other business units compared to the first six months of 2015.

The cash inflow in **cash flow from financing activities** of 121 million euros (prior-year period: –299 million euros) resulted mainly from the issuance of commercial paper. Higher dividend payments and allocation to pension funds reduced this figure.

Cash and cash equivalents rose compared to December 31, 2015 by 552 million euros to 1,728 million euros.

The increase in **free cash flow** from 311 million euros in the first six months of 2015 to 766 million euros largely resulted from significantly higher cash flow from operating activities.

Capital expenditures

Investments in property, plant and equipment for existing operations totaled 185 million euros, following 226 million euros in the first six months of 2015. We invested 41 million euros in intangible assets (prior-year period: 55 million euros).

Around two-thirds of the expenditures were channeled into expansion projects, innovation, and rationalization measures, which included increasing our production capacity, introducing innovative product lines, and optimizing our production structure and business processes.

[1] Cash and cash equivalents plus readily monetizable financial instruments classified as “available for sale” or using the “fair value option,” less borrowings, plus positive and less negative fair values of hedging transactions.

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

Major individual projects in 2016 to date:

- Expansion of production capacity and optimization of the logistics structure in Russia (Laundry & Home Care)
- Expansion of production capacity in Italy (Laundry & Home Care)
- Expansion of production capacity in China (Adhesive Technologies)
- Global optimization of the supply chain, consolidation and optimization of our IT system architecture for managing business processes

In regional terms, capital expenditures focused primarily on Western Europe, Eastern Europe and Asia-Pacific.

Capital expenditures first half year 2016

in million euros	Existing operations	Acquisitions	Total
Intangible assets	41	403	**444**
Property, plant and equipment	185	14	**199**
Total	**226**	**417**	**643**

Acquisitions and divestments

On April 30, 2016, we signed an agreement to acquire the detergent business and the associated brands of the Behdad Chemical Company PJSC in Iran. The acquisition is part of our strategy to further strengthen our presence in emerging markets.

On June 24, 2016, we signed an agreement to acquire all shares in the laundry and home care company The Sun Products Corporation, based in Wilton, Connecticut, USA, from a fund managed by Vestar Capital Partners. This acquisition is part of our global strategy to invest in attractive country category positions in mature markets.

In addition, the following acquisitions are part of our strategy to further strengthen our presence in emerging markets:

Effective May 31, 2016, we acquired 57.5 percent of the shares in Expand Global Industries UK Limited headquartered in London, UK. Expand Global Industries UK Limited holds nearly 100 percent of the shares in Expand Global Industries Ltd in Ibadan, Nigeria, which has a strong presence in the detergent market in Nigeria. With this acquisition, the Laundry & Home Care business unit has expanded its detergent business.

Effective June 1, 2016, we completed the acquisition of a range of hair care brands and the associated hair care business of Procter & Gamble in the Africa/Middle East and Eastern Europe regions.

Effective June 30, 2016, we acquired the tile adhesives business and the associated brands of the Colombian company Alfagres S.A. With the acquisition, the Adhesive Technologies business unit has expanded its business in the segment Adhesives for Consumers, Craftsmen and Building.

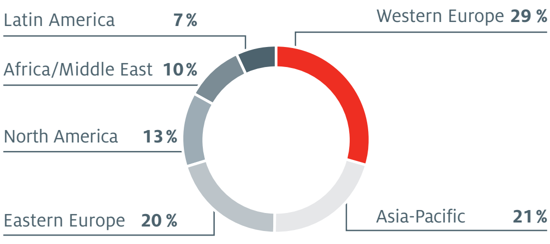
Further details can be found in the selected explanatory notes on pages 35 to 37. There were no resulting changes to our business and organizational structure. For detailed information on our organization and business activities, please refer to the disclosures in our Annual Report 2015 on page 57.

Our long-term ratings remain at “A flat” (Standard & Poor’s) and “A2” (Moody’s). These are also our target ratings. Looking forward, we intend not to jeopardize these when assessing possible acquisitions.

Employees

As of June 30, 2016, we had around 49,250 employees (December 31, 2015: around 49,450).

Employees by region



At June 30, 2016

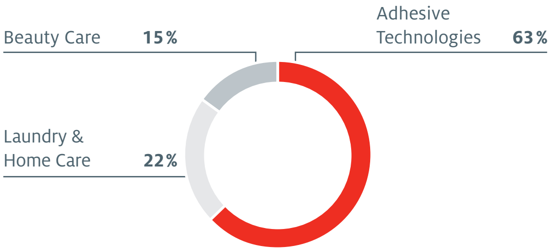
An increase in our headcount arising from acquisitions was offset by a reduction resulting from continuing adjustments in our operating business units.

Research and development

In the first six months of 2016, research and development expenditures amounted to 232 million euros (adjusted for restructuring charges: 229 million euros) compared to 241 million euros (adjusted: 237 million euros) in the prior-year period. Relative to sales, research and development expenditures declined by 0.2 percentage points versus the prior-year period. The ratio was 2.5 percent (adjusted: 2.5 percent).

The development of innovative products is of key importance to our business model. The research and development strategy described in our Annual Report 2015 (starting on page 83) has remained unchanged.

R&D expenditures by business unit



Subsequent events

After June 30, 2016, there were no reportable events of particular significance for the net assets, financial position and results of operations of the Henkel Group.

Outlook

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

Global economic growth is expected to remain no more than moderate in 2016. IHS expects gross domestic product to rise by approximately 2.5 percent.

For the mature markets, IHS anticipates growth of around 2 percent. For Western Europe, the expected increase is approximately 1.5 percent, and for North America, IHS expects growth of around 2 percent for the full year. The Japanese economy is expected to grow by approximately 0.5 percent.

The emerging markets are expected to achieve economic growth of approximately 4 percent in 2016. IHS expects economic output to increase by approximately 5.5 percent in Asia (excluding Japan) and by around 2 percent in the Africa/Middle East region. A decline in the economy in Latin America of approximately 1 percent is forecasted. In Eastern Europe, the economy is expected to grow by approximately 1 percent in 2016.

We expect continued high volatility in the currency markets. We anticipate a roughly constant average US dollar rate for 2016 compared to 2015. By contrast, major currencies in the emerging markets could weaken.

Global inflation of around 5 percent is predicted in 2016. IHS anticipates an increase in price levels of approximately 1 percent in the mature markets, while inflation of around 10 percent is expected for the emerging markets.

IHS predicts that global private consumption will increase by approximately 2.5 percent in 2016. In the mature markets, consumers are likely to spend approximately 2 percent more than in the previous year. The emerging markets should exhibit a somewhat higher propensity to spend, with an increase of around 3 percent in 2016.

Industrial production will grow moderately compared to the previous year, by approximately 2.5 percent. Thus, over the course of the year, industrial production should expand at the rate of the economy as a whole.

In the transport and automotive sector, IHS expects growth of around 3 percent, while the metal industry is projected to grow by approximately 1.5 percent. Growth of approximately 4 percent is expected in the electronics sector. In consumer-related sectors, such as the global packaging industry, growth is forecasted to again be in the low single-digit range in 2016.

For global construction output, IHS expects an increase of approximately 3 percent.

Opportunities and risks

Our evaluation of opportunities and risks and our current assessment of the risks arising from legal disputes are unchanged from the analysis provided in our Annual Report 2015. The presentation of the major risk and opportunity categories can be found on pages 108 to 113 of our Annual Report 2015.

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

Outlook for the Henkel Group in 2016

We have updated our guidance for fiscal 2016.

We continue to expect the Henkel Group to generate organic sales growth of 2 to 4 percent. Our expectation remains unchanged that each business unit will generate growth within this range.

Regarding the share of sales from our emerging markets, we now anticipate a slight decrease compared to the prior-year level due to foreign exchange effects.

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 and leading market positions, as well as the quality of our portfolio.

For adjusted return on sales (EBIT), we now forecast an increase to more than 16.5 percent for fiscal 2016 and anticipate that the adjusted return on sales of each individual business unit will be above the level of the previous year. We continue to expect an increase in adjusted earnings per preferred share of between 8 and 11 percent.

Furthermore, we confirm the following expectations for 2016:

- Prices for raw materials, packaging, and purchased goods and services approximately at the level of the previous year
- Restructuring charges of 150 to 200 million euros
- Investments in property, plant and equipment and intangible assets of between 650 and 700 million euros

Interim consolidated financial statements

Consolidated statement of financial position

Assets

in million euros	June 30, 2015	%	Dec. 31, 2015	%	June 30, 2016	%
Intangible assets	11,260	50.3	11,682	52.3	**11,939**	**50.0**
Property, plant and equipment	2,609	11.7	2,661	11.9	**2,653**	**11.2**
Other financial assets	62	0.3	63	0.3	**63**	**0.3**
Income tax refund claims	7	–	7	–	**7**	**–**
Other assets	138	0.7	177	0.8	**179**	**0.6**
Deferred tax assets	814	3.6	816	3.7	**1,020**	**4.3**
Non-current assets	**14,890**	**66.6**	**15,406**	**69.0**	**15,861**	**66.4**
Inventories	1,814	8.1	1,721	7.7	**1,723**	**7.2**
Trade accounts receivable	3,334	14.9	2,944	13.2	**3,425**	**14.4**
Other financial assets	503	2.3	540	2.4	**577**	**2.4**
Income tax refund claims	179	0.8	196	0.9	**152**	**0.7**
Other assets	319	1.4	330	1.5	**395**	**1.7**
Cash and cash equivalents	1,320	5.9	1,176	5.3	**1,728**	**7.2**
Assets held for sale	11	–	10	–	**10**	**–**
Current assets	**7,480**	**33.4**	**6,917**	**31.0**	**8,010**	**33.6**
Total assets	**22,370**	**100.0**	**22,323**	**100.0**	**23,871**	**100.0**

Equity and liabilities

in million euros	June 30, 2015	%	Dec. 31, 2015	%	June 30, 2016	%
Issued capital	438	2.0	438	2.0	**438**	**1.8**
Capital reserve	652	2.9	652	2.9	**652**	**2.7**
Treasury shares	– 91	– 0.4	– 91	– 0.4	**– 91**	**– 0.4**
Retained earnings	12,017	53.6	12,984	58.1	**13,154**	**55.1**
Other components of equity	– 300	– 1.3	– 322	– 1.4	**– 486**	**– 2.0**
Equity attributable to shareholders of Henkel AG & Co. KGaA	**12,716**	**56.8**	**13,661**	**61.2**	**13,667**	**57.2**
Non-controlling interests	139	0.7	150	0.7	**138**	**0.6**
Equity	**12,855**	**57.5**	**13,811**	**61.9**	**13,805**	**57.8**
Pension obligations	1,006	4.5	988	4.4	**1,194**	**5.0**
Income tax provisions	80	0.4	89	0.4	**97**	**0.4**
Other provisions	406	1.7	396	1.8	**416**	**1.8**
Borrowings	1,327	5.9	4	–	**4**	**–**
Other financial liabilities	1	–	1	–	**65**	**0.4**
Other liabilities	12	0.1	16	0.1	**9**	**–**
Deferred tax liabilities	619	2.8	670	3.0	**724**	**3.0**
Non-current liabilities	**3,451**	**15.4**	**2,164**	**9.7**	**2,509**	**10.6**
Income tax provisions	286	1.3	263	1.2	**311**	**1.3**
Other provisions	1,420	6.4	1,564	7.0	**1,529**	**6.4**
Borrowings	708	3.2	880	3.9	**1,881**	**7.9**
Trade accounts payable	3,226	14.4	3,176	14.2	**3,372**	**14.1**
Other financial liabilities	72	0.3	109	0.5	**98**	**0.4**
Other liabilities	342	1.5	351	1.6	**350**	**1.4**
Income tax liabilities	10	–	5	–	**16**	**0.1**
Liabilities held for sale	–	–	–	–	**–**	**–**
Current liabilities	**6,064**	**27.1**	**6,348**	**28.4**	**7,557**	**31.6**
Total equity and liabilities	**22,370**	**100.0**	**22,323**	**100.0**	**23,871**	**100.0**

Consolidated statement of income

in million euros	Q2/2015	%	Q2/2016	%	+/–
Sales	**4,695**	**100.0**	**4,654**	**100.0**	**–0.9%**
Cost of sales[1]	–2,439	–51.9	**–2,373**	**–51.0**	–2.7%
Gross profit	**2,256**	**48.1**	**2,281**	**49.0**	**1.1%**
Marketing, selling and distribution expenses[1]	–1,185	–25.3	**–1,167**	**–25.1**	–1.5%
Research and development expenses[1]	–122	–2.7	**–118**	**–2.5**	–3.3%
Administrative expenses[1]	–241	–5.1	**–240**	**–5.1**	–0.4%
Other operating income	31	0.7	**36**	**0.8**	16.1%
Other operating expenses	–24	–0.5	**–35**	**–0.8**	45.8%
Operating profit (EBIT)	**715**	**15.2**	**757**	**16.3**	**5.8%**
Interest income	9	0.2	**5**	**0.1**	–44.4%
Interest expense	–12	–0.3	**–3**	**–0.1**	–75.0%
Other financial result	–7	–0.1	**–2**	**–**	–71.4%
Investment result	–1	–	**–1**	**–**	–
Financial result	**–11**	**–0.2**	**–1**	**–**	**–90.9%**
Income before tax	**704**	**15.0**	**756**	**16.3**	**7.4%**
Taxes on income	–173	–3.7	**–184**	**–4.0**	6.4%
Tax rate in %	24.6		**24.3**		
Net income	**531**	**11.3**	**572**	**12.3**	**7.7%**
Attributable to non-controlling interests	10	0.2	**11**	**0.2**	10.0%
Attributable to shareholders of Henkel AG & Co. KGaA	521	11.1	**561**	**12.1**	7.7%
Earnings per ordinary share – basic and diluted in euros	1.20		**1.30**		8.3%
Earnings per preferred share – basic and diluted in euros	1.20		**1.30**		8.3%

Additional voluntary information

in million euros	Q2/2015	Q2/2016	+/–
EBIT (as reported)	**715**	**757**	**5.8%**
One-time gains	–	**–1[2]**	–
One-time charges	24	**22[3]**	–
Restructuring charges[1]	29	**41**	–
Adjusted EBIT	**768**	**819**	**6.6%**
Adjusted return on sales in %	16.4	**17.6**	1.2 pp
Adjusted tax rate in %	25.1	**24.4**	–0.7 pp
Adjusted net income – attributable to shareholders of Henkel AG & Co. KGaA	**558**	**607**	**8.8%**
Adjusted earnings per ordinary share in euros	**1.29**	**1.40**	**8.5%**
Adjusted earnings per preferred share in euros	**1.29**	**1.40**	**8.5%**

[1] Restructuring charges, second quarter 2016: 41 million euros (second quarter 2015: 29 million euros), of which: cost of sales 6 million euros (second quarter 2015: 9 million euros), marketing, selling and distribution expenses 16 million euros (second quarter 2015: 12 million euros), research and development expenses 1 million euros (second quarter 2015: 2 million euros), administrative expenses 18 million euros (second quarter 2015: 6 million euros).
[2] Gains from performance-related purchase price components.
[3] Includes 12 million euros for legal disputes (second quarter 2015: 13 million euros), 6 million euros related to the optimization of our IT system architecture for managing business processes (second quarter 2015: 11 million euros) and 4 million euros for incidental acquisition costs (second quarter 2015: 0 million euros).

Consolidated statement of income

in million euros	1–6/2015	%	1–6/2016	%	+/–
Sales	**9,125**	**100.0**	**9,110**	**100.0**	**–0.2%**
Cost of sales[1]	–4,703	–51.5	**–4,666**	**–51.2**	–0.8%
Gross profit	**4,422**	**48.5**	**4,444**	**48.8**	**0.5%**
Marketing, selling and distribution expenses[1]	–2,351	–25.8	**–2,259**	**–24.8**	–3.9%
Research and development expenses[1]	–241	–2.7	**–232**	**–2.5**	–3.7%
Administrative expenses[1]	–486	–5.3	**–465**	**–5.1**	–4.3%
Other operating income	61	0.7	**49**	**0.5**	–19.7%
Other operating expenses	–42	–0.5	**–63**	**–0.7**	50.0%
Operating profit (EBIT)	**1,363**	**14.9**	**1,474**	**16.2**	**8.1%**
Interest income	17	0.2	**9**	**0.1**	–47.1%
Interest expense	–23	–0.3	**–5**	**–0.1**	–78.3%
Other financial result	–13	–0.1	**–11**	**–0.1**	–15.4%
Investment result	–1	–	**–1**	**–**	–
Financial result	**–20**	**–0.2**	**–8**	**–0.1**	**–60.0%**
Income before tax	**1,343**	**14.7**	**1,466**	**16.1**	**9.2%**
Taxes on income	–330	–3.6	**–356**	**–3.9**	7.9%
Tax rate in %	24.6		**24.3**		
Net income	**1,013**	**11.1**	**1,110**	**12.2**	**9.6%**
Attributable to non-controlling interests	22	0.2	**24**	**0.3**	9.1%
Attributable to shareholders of Henkel AG & Co. KGaA	991	10.9	**1,086**	**11.9**	9.6%
Earnings per ordinary share – basic and diluted in euros	2.28		**2.50**		9.6%
Earnings per preferred share – basic and diluted in euros	2.29		**2.51**		9.6%

Additional voluntary information

in million euros	1–6/2015	1–6/2016	+/–
EBIT (as reported)	**1,363**	**1,474**	**8.1%**
One-time gains	–	**–1[2]**	–
One-time charges	29	**29[3]**	–
Restructuring charges[1]	83	**68**	–
Adjusted EBIT	**1,475**	**1,570**	**6.4%**
Adjusted return on sales in %	16.2	**17.2**	1.0pp
Adjusted tax rate in %	25.0	**24.5**	–0.5pp
Adjusted net income – attributable to shareholders of Henkel AG & Co. KGaA	**1,068**	**1,156**	**8.2%**
Adjusted earnings per ordinary share in euros	**2.46**	**2.66**	**8.1%**
Adjusted earnings per preferred share in euros	**2.47**	**2.67**	**8.1%**

[1] Restructuring charges, first half year 2016: 68 million euros (first half year 2015: 83 million euros), of which: cost of sales 12 million euros (first half year 2015: 20 million euros), marketing, selling and distribution expenses 24 million euros (first half year 2015: 39 million euros), research and development expenses 3 million euros (first half year 2015: 4 million euros), administrative expenses 29 million euros (first half year 2015: 20 million euros).
[2] Gains from performance-related purchase price components.
[3] Includes 12 million euros for legal disputes (first half year 2015: 13 million euros), 13 million euros related to the optimization of our IT system architecture for managing business processes (first half year 2015: 16 million euros) and 4 million euros for incidental acquisition costs (first half year 2015: 0 million euros).

Consolidated statement of comprehensive income

in million euros	Q2/2015	Q2/2016	1–6/2015	1–6/2016
Net income	**531**	**572**	**1,013**	**1,110**
Components to be reclassified to income:				
Exchange differences on translation of foreign operations	– 364	**192**	611	**– 169**
Gains from derivative financial instruments (hedge reserve per IAS 39)	–	**2**	– 15	**2**
Gains from financial instruments in the available-for-sale category (available-for-sale reserve)	1	**–**	–	**–**
Components not to be reclassified to income:				
Remeasurement of net liability from defined benefit pension plans (net of taxes)	214	**– 80**	228	**– 260**
Other comprehensive income (net of taxes)	**– 149**	**114**	**824**	**– 427**
Total comprehensive income for the period	**382**	**686**	**1,837**	**683**
Attributable to non-controlling interests	3	**15**	31	**21**
Attributable to shareholders of Henkel AG & Co. KGaA	379	**671**	1,806	**662**

Consolidated statement of changes in equity

	Issued capital					Other components of equity					
in million euros	Ordinary shares	Preferred shares	Capital reserve	Treasury shares	Retained earnings	Currency translation	Hedge reserve per IAS 39	Available-for-sale reserve	Shareholders of Henkel AG & Co. KGaA	Non-controlling interests	Total
At Dec. 31, 2014 / Jan. 1, 2015	**260**	**178**	**652**	**– 91**	**11,396**	**– 723**	**– 167**	**3**	**11,508**	**136**	**11,644**
Net income	–	–	–	–	991	–	–	–	991	22	**1,013**
Other comprehensive income	–	–	–	–	228	602	– 15	–	815	9	**824**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**1,219**	**602**	**– 15**	**–**	**1,806**	**31**	**1,837**
Dividends	–	–	–	–	– 564	–	–	–	– 564	– 17	**– 581**
Sale of treasury shares	–	–	–	–	–	–	–	–	–	–	**–**
Changes in ownership interest with no change of control	–	–	–	–	– 34	–	–	–	– 34	– 11	**– 45**
Other changes in equity	–	–	–	–	–	–	–	–	–	–	**–**
At June 30, 2015	**260**	**178**	**652**	**– 91**	**12,017**	**– 121**	**– 182**	**3**	**12,716**	**139**	**12,855**
At Dec. 31, 2015 / Jan. 1, 2016	**260**	**178**	**652**	**– 91**	**12,984**	**– 141**	**– 184**	**3**	**13,661**	**150**	**13,811**
Net income	–	–	–	–	1,086	–	–	–	1,086	24	**1,110**
Other comprehensive income	–	–	–	–	– 260	– 166	2	–	– 424	– 3	**– 427**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**826**	**– 166**	**2**	**–**	**662**	**21**	**683**
Dividends	–	–	–	–	– 633	–	–	–	– 633	– 18	**– 651**
Sale of treasury shares	–	–	–	–	–	–	–	–	–	–	**–**
Changes in ownership interest with no change of control	–	–	–	–	– 48	–	–	–	– 48	– 15	**– 63**
Other changes in equity	–	–	–	–	25	–	–	–	25	–	**25**
At June 30, 2016	**260**	**178**	**652**	**– 91**	**13,154**	**– 307**	**– 182**	**3**	**13,667**	**138**	**13,805**

Consolidated statement of cash flows

in million euros	Q2/2015	Q2/2016	1–6/2015	1–6/2016
Operating profit (EBIT)	**715**	**757**	**1,363**	**1,474**
Income taxes paid	– 266	**– 165**	– 371	**– 278**
Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment[1]	117	**118**	224	**232**
Net gains/losses on disposal of intangible assets and property, plant and equipment, and from divestments	– 3	**1**	– 24	**1**
Change in inventories	54	**36**	– 89	**2**
Change in trade accounts receivable	– 210	**– 220**	– 484	**– 535**
Change in other assets	– 8	**– 47**	– 55	**– 11**
Change in trade accounts payable	– 44	**180**	79	**199**
Change in other liabilities and provisions	– 151	**– 54**	– 20	**– 55**
Cash flow from operating activities	**204**	**606**	**623**	**1,029**
Purchase of intangible assets and property, plant and equipment, including payments on account	– 159	**– 115**	– 284	**– 223**
Acquisition of subsidiaries and other business units	– 45	**– 359**	– 50	**– 367**
Purchase of associated companies and joint ventures held at equity	–	**–**	– 6	**–**
Proceeds on disposal of subsidiaries and other business units	–	**–**	22	**–**
Proceeds on disposal of intangible assets and property, plant and equipment	6	**6**	24	**8**
Cash flow from investing activities	**– 198**	**– 468**	**– 294**	**– 582**
Dividends paid to shareholders of Henkel AG & Co. KGaA	– 564	**– 633**	– 564	**– 633**
Dividends paid to non-controlling shareholders	– 15	**– 5**	– 17	**– 18**
Interest received	15	**7**	35	**12**
Interest paid	– 21	**– 5**	– 43	**– 8**
Dividends and interest paid and received	*– 585*	***– 636***	*– 589*	***– 647***
Repayment of bonds	–	**–**	–	**–**
Other changes in borrowings	446	**358**	228	**1,051**
Allocation to pension funds	– 17	**– 11**	– 32	**– 153**
Other changes in pension obligations	– 19	**– 23**	– 44	**– 52**
Purchase of non-controlling interests with no change of control	– 52	**– 74**	– 52	**– 75**
Other financing transactions[2]	200	**28**	190	**– 3**
Cash flow from financing activities	**– 27**	**– 358**	**– 299**	**121**
Net change in cash and cash equivalents	– 21	**– 220**	30	**568**
Effect of exchange rates on cash and cash equivalents	– 42	**15**	62	**– 16**
Change in cash and cash equivalents	**– 63**	**– 205**	**92**	**552**
Cash and cash equivalents at January 1 / April 1	1,383	**1,933**	1,228	**1,176**
Cash and cash equivalents at June 30	**1,320**	**1,728**	**1,320**	**1,728**

[1] Of which: Impairment, first half year 2016: 4 million euros (first half year 2015: 11 million euros); second quarter 2016: 4 million euros (second quarter 2015: 11 million euros).

[2] Other financing transactions in the first half year 2016 include payments of −32 million euros for the purchase of short-term securities and time deposits as well as for the provision of financial collateral (first half year 2015: −290 million euros). The figure for the second quarter of 2016 includes payments of 0 million euros (second quarter 2015: 0 million euros).

Additional voluntary information
Reconciliation to free cash flow

in million euros	Q2/2015	Q2/2016	1–6/2015	1–6/2016
Cash flow from operating activities	204	**606**	623	**1,029**
Purchase of intangible assets and property, plant and equipment, including payments on account	– 159	**– 115**	– 284	**– 223**
Proceeds on disposal of intangible assets and property, plant and equipment	6	**6**	24	**8**
Net interest paid	– 6	**2**	– 8	**4**
Other changes in pension obligations	– 19	**– 23**	– 44	**– 52**
Free cash flow	**26**	**476**	**311**	**766**

Selected explanatory notes

Group segment report by business unit[1]

Second quarter 2016 in million euros	Laundry & Home Care	Beauty Care	Adhesives for Consumers, Craftsmen and Building	Industrial Adhesives	Total Adhesive Technologies	Operating business units total	Corporate	Henkel Group
Sales April–June 2016	**1,345**	**988**	**485**	**1,805**	**2,290**	**4,623**	**31**	**4,654**
Proportion of Henkel sales	29%	21%	10%	39%	49%	**99%**	1%	**100%**
Sales April–June 2015	1,314	1,006	501	1,842	2,343	**4,663**	31	**4,695**
Change from previous year	2.4%	–1.8%	–3.3%	–2.0%	–2.3%	**–0.9%**	–0.6%	**–0.9%**
Adjusted for foreign exchange	7.6%	3.6%	4.7%	2.6%	3.0%	**4.4%**	–	**4.4%**
Organic	5.3%	2.1%	4.7%	2.1%	2.6%	**3.3%**	–	**3.2%**
EBIT April–June 2016	**218**	**162**	**76**	**327**	**403**	**783**	**–26**	**757**
EBIT April–June 2015	198	158	81	307	388	**745**	–29	**715**
Change from previous year	10.3%	2.0%	–6.6%	6.5%	3.7%	**5.1%**	–	**5.8%**
Return on sales (EBIT) April–June 2016	**16.2%**	**16.4%**	**15.6%**	**18.1%**	**17.6%**	**16.9%**	**–**	**16.3%**
Return on sales (EBIT) April–June 2015	15.1%	15.7%	16.2%	16.7%	16.6%	**16.0%**	–	**15.2%**
Adjusted EBIT April–June 2016	**244**	**172**	**84**	**342**	**426**	**842**	**–23**	**819**
Adjusted EBIT April–June 2015	225	166	82	316	398	**789**	–21	**768**
Change from previous year	8.4%	3.6%	3.0%	8.1%	7.1%	**6.7%**	–	**6.6%**
Adjusted return on sales (EBIT) April–June 2016	**18.1%**	**17.4%**	**17.4%**	**19.0%**	**18.6%**	**18.2%**	**–**	**17.6%**
Adjusted return on sales (EBIT) April–June 2015	17.1%	16.5%	16.3%	17.2%	17.0%	**16.9%**	–	**16.4%**
Capital employed April–June 2016[2]	**3,902**	**2,808**	**758**	**7,034**	**7,792**	**14,502**	**130**	**14,632**
Capital employed April–June 2015[2]	3,772	2,739	952	7,129	8,081	**14,591**	98	**14,689**
Change from previous year	3.5%	2.5%	–20.4%	–1.3%	–3.6%	**–0.6%**	–	**–0.4%**
Return on capital employed (ROCE) April–June 2016	**22.4%**	**23.0%**	**39.9%**	**18.6%**	**20.7%**	**21.6%**	**–**	**20.7%**
Return on capital employed (ROCE) April–June 2015	21.0%	23.1%	34.0%	17.2%	19.2%	**20.4%**	–	**19.5%**
Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment April–June 2016	**33**	**17**	**12**	**53**	**65**	**115**	**3**	**118**
of which impairment losses 2016	**2**	**–**	**1**	**1**	**2**	**4**	**–**	**4**
of which write-ups 2016	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment April–June 2015	38	14	10	53	63	**115**	2	**117**
of which impairment losses 2015	9	–	–	2	2	**11**	–	**11**
of which write-ups 2015	–	–	–	–	–	**–**	–	**–**
Capital expenditures (excluding financial assets) April–June 2016	**232**	**228**	**34**	**38**	**72**	**532**	**2**	**534**
Capital expenditures (excluding financial assets) April–June 2015	52	21	43	78	121	**194**	5	**199**
Operating assets April–June 2016[3]	**6,297**	**4,147**	**1,364**	**8,639**	**10,003**	**20,447**	**453**	**20,900**
Operating liabilities April–June 2016	**2,201**	**1,524**	**647**	**2,104**	**2,751**	**6,476**	**322**	**6,799**
Net operating assets April–June 2016[3]	**4,096**	**2,623**	**717**	**6,535**	**7,252**	**13,971**	**130**	**14,102**
Operating assets April–June 2015[3]	5,994	4,048	1,498	8,668	10,165	**20,207**	424	**20,632**
Operating liabilities April–June 2015	2,025	1,496	588	2,034	2,622	**6,143**	327	**6,470**
Net operating assets April–June 2015[3]	3,969	2,552	909	6,634	7,543	**14,064**	98	**14,162**

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

Group segment report by business unit[1]

First half year 2016 in million euros	Laundry & Home Care	Beauty Care	Adhesives for Consumers, Craftsmen and Building	Industrial Adhesives	Total Adhesive Technologies	Operating business units total	Corporate	Henkel Group
Sales January–June 2016	**2,678**	**1,938**	**899**	**3,535**	**4,433**	**9,049**	**61**	**9,110**
Proportion of Henkel sales	29 %	21 %	10 %	39 %	49 %	**99 %**	1 %	**100 %**
Sales January–June 2015	2,612	1,946	931	3,573	4,503	**9,061**	63	**9,125**
Change from previous year	2.5 %	– 0.4 %	– 3.4 %	– 1.1 %	– 1.5 %	**– 0.1 %**	– 4.2 %	**– 0.2 %**
Adjusted for foreign exchange	7.0 %	3.7 %	3.2 %	2.9 %	2.9 %	**4.3 %**	–	**4.2 %**
Organic	5.0 %	2.4 %	3.2 %	2.2 %	2.4 %	**3.1 %**	–	**3.1 %**
EBIT January–June 2016	**454**	**304**	**133**	**634**	**766**	**1,525**	**– 51**	**1,474**
EBIT January–June 2015	389	291	130	603	733	**1,414**	– 51	**1,363**
Change from previous year	16.7 %	4.5 %	2.2 %	5.1 %	4.6 %	**7.9 %**	–	**8.1 %**
Return on sales (EBIT) January–June 2016	**17.0 %**	**15.7 %**	**14.7 %**	**17.9 %**	**17.3 %**	**16.9 %**	**–**	**16.2 %**
Return on sales (EBIT) January–June 2015	14.9 %	15.0 %	13.9 %	16.9 %	16.3 %	**15.6 %**	–	**14.9 %**
Adjusted EBIT January–June 2016	**487**	**329**	**144**	**658**	**802**	**1,618**	**– 49**	**1,570**
Adjusted EBIT January–June 2015	447	316	131	620	751	**1,514**	– 39	**1,475**
Change from previous year	8.9 %	4.3 %	9.9 %	6.1 %	6.8 %	**6.9 %**	–	**6.4 %**
Adjusted return on sales (EBIT) January–June 2016	**18.2 %**	**17.0 %**	**16.0 %**	**18.6 %**	**18.1 %**	**17.9 %**	**–**	**17.2 %**
Adjusted return on sales (EBIT) January–June 2015	17.1 %	16.2 %	14.1 %	17.4 %	16.7 %	**16.7 %**	–	**16.2 %**
Capital employed January–June 2016[2]	**3,954**	**2,789**	**756**	**7,038**	**7,794**	**14,538**	**117**	**14,654**
Capital employed January–June 2015[2]	3,714	2,689	915	7,062	7,976	**14,379**	104	**14,483**
Change from previous year	6.5 %	3.7 %	– 17.3 %	– 0.3 %	– 2.3 %	**1.1 %**	–	**1.2 %**
Return on capital employed (ROCE) January–June 2016	**23.0 %**	**21.8 %**	**35.1 %**	**18.0 %**	**19.7 %**	**21.0 %**	**–**	**20.1 %**
Return on capital employed (ROCE) January–June 2015	21.0 %	21.7 %	28.4 %	17.1 %	18.4 %	**19.7 %**	–	**18.8 %**
Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment January–June 2016	**64**	**34**	**22**	**106**	**128**	**226**	**6**	**232**
of which impairment losses 2016	**2**	**–**	**1**	**1**	**2**	**4**	**–**	**4**
of which write-ups 2016	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment January–June 2015	64	31	20	104	124	**219**	5	**224**
of which impairment losses 2015	9	–	–	2	2	**11**	–	**11**
of which write-ups 2015	1	–	–	–	–	**1**	–	**1**
Capital expenditures (excluding financial assets) January–June 2016	**269**	**242**	**50**	**78**	**128**	**639**	**4**	**643**
Capital expenditures (excluding financial assets) January–June 2015	93	45	64	117	181	**319**	6	**325**
Operating assets January–June 2016[3]	**6,323**	**4,111**	**1,332**	**8,633**	**9,966**	**20,400**	**446**	**20,846**
Operating liabilities January–June 2016	**2,172**	**1,505**	**617**	**2,096**	**2,713**	**6,390**	**330**	**6,720**
Net operating assets January–June 2016[3]	**4,152**	**2,606**	**716**	**6,537**	**7,253**	**14,010**	**117**	**14,127**
Operating assets January–June 2015[3]	5,896	4,012	1,443	8,541	9,985	**19,892**	471	**20,364**
Operating liabilities January–June 2015	1,987	1,511	572	1,978	2,549	**6,047**	367	**6,414**
Net operating assets January–June 2015[3]	3,909	2,501	872	6,563	7,435	**13,845**	104	**13,950**

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

Reconciliation of adjusted net income

Adjusted net income second quarter

in million euros	Q2/2015	Q2/2016
Adjusted EBIT	**768**	**819**
Financial result	– 11	**– 1**
Taxes on income (adjusted)	– 190	**– 200**
Adjusted net income second quarter	**567**	**618**
Attributable to non-controlling interests	9	**11**
Attributable to shareholders of Henkel AG & Co. KGaA	558	**607**

Adjusted net income first half year

in million euros	1–6/2015	1–6/2016
Adjusted EBIT	**1,475**	**1,570**
Financial result	– 20	**– 8**
Taxes on income (adjusted)	– 364	**– 382**
Adjusted net income first half year	**1,091**	**1,180**
Attributable to non-controlling interests	23	**24**
Attributable to shareholders of Henkel AG & Co. KGaA	1,068	**1,156**

Earnings per share

In calculating earnings per share for the period January through June 2016, we have included the standard dividend differential between ordinary and preferred shares for the full year of 2 eurocents (as stipulated in the Articles of Association), weighted on a proportional basis.

Earnings per share

	1–6/2015		1–6/2016	
	Reported	**Adjusted**	**Reported**	**Adjusted**
Adjusted net income first half year Attributable to shareholders of Henkel AG & Co. KGaA in million euros	**991**	**1,068**	**1,086**	**1,156**
Number of outstanding ordinary shares	259,795,875	259,795,875	**259,795,875**	**259,795,875**
Earnings per ordinary share (basic) in euros	**2.28**	**2.46**	**2.50**	**2.66**
Number of outstanding preferred shares[1]	174,482,323	174,482,323	**174,482,323**	**174,482,323**
Earnings per preferred share (basic) in euros	**2.29**	**2.47**	**2.51**	**2.67**
Earnings per ordinary share (diluted) in euros	**2.28**	**2.46**	**2.50**	**2.66**
Earnings per preferred share (diluted) in euros	**2.29**	**2.47**	**2.51**	**2.67**

[1] Weighted average of preferred shares.

Changes in treasury shares

Treasury shares held by the Group at June 30, 2016 remained unchanged at 3,680,552 preferred shares. This represents 0.84 percent of the capital stock and a proportional nominal value of 3.7 million euros.

Recognition and measurement methods

The interim financial report of the Henkel Group has been prepared in accordance with Section 37w of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), in accordance with International Financial Reporting Standards (IFRS) – as adopted by the European Union – and consequently in compliance with International Accounting Standard (IAS) 34 "Interim Financial Reporting."

The same accounting principles have been applied as for the 2015 consolidated financial statements, with the exception of the accounting pronouncements recently adopted in fiscal 2016, which are explained on pages 131 and 132 of our Annual Report 2015. These pronouncements do not exert any material influence on the presentation of the interim financial report for the half year.

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

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

The interim report for the first half year, composed of condensed consolidated financial statements and an interim Group management report, was duly subjected to an auditor's review.

Scope of consolidation

In addition to Henkel AG & Co. KGaA as the ultimate parent company, the scope of consolidation at June 30, 2016 includes nine German and 195 non-German companies in which Henkel AG & Co. KGaA has a dominating influence over financial and operating policy. The Group has a dominating influence on a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

The following table shows the changes to the scope of consolidation in fiscal 2016 compared to December 31, 2015:

Scope of consolidation

At January 1, 2016	**202**
Additions	5
Mergers	0
Disposals	– 2
At June 30, 2016	**205**

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

Acquisitions and divestments

Acquisitions

in million euros	Detergent business in Nigeria as of May 31, 2016 Fair value	Hair care business in Africa/Middle East and Eastern Europe as of June 1, 2016 Fair value	Total
Intangible assets	178	211	**389**
Property, plant and equipment	11	1	**12**
Other non-current assets	–	–	**–**
Non-current assets	**189**	**212**	**401**
Inventories	9	–	**9**
Trade accounts receivable	–	–	**–**
Liquid funds	2	–	**2**
Other current assets	3	–	**3**
Current assets	**14**	**–**	**14**
Total assets	**203**	**212**	**415**
Net assets	**194**	**212**	**406**
Non-current liabilities	**–**	**–**	**–**
Other current provisions/liabilities	1	–	**1**
Trade accounts payable	8	–	**8**
Current liabilities	**9**	**–**	**9**
Total equity and liabilities	**203**	**212**	**415**

Reconciliation of the purchase price to provisional goodwill

in million euros	2016
Detergent business in Nigeria as of May 31, 2016	
Purchase price	112
Contingent purchase price	82
Fair value of the acquired assets and liabilities	37
Provisional goodwill	157
Hair care business in Africa/Middle East and Eastern Europe as of June 1, 2016	
Purchase price	212
Fair value of the acquired assets and liabilities	52
Provisional goodwill	160

On April 30, 2016, we signed an agreement to acquire the detergent business and the associated brands of the Behdad Chemical Company PJSC in Iran. The acquisition is part of our strategy to further strengthen our presence in emerging markets. The provisional purchase price amounts to 5,300 billion Iranian rials (around 158 million euros) and will be settled in cash.

On June 24, 2016, we signed an agreement to acquire all shares in the laundry and home care company The Sun Products Corporation, based in Wilton, Connecticut, USA, from a fund managed by Vestar Capital Partners. The transaction has a purchase price of around 3.6 billion US dollars including debt, and will be fully debt-financed. In fiscal 2015, the company generated sales of around 1.6 billion US dollars in the USA and Canada. This acquisition is part of our global strategy to invest in attractive country category positions in mature markets.

Effective May 31, 2016, we acquired 57.5 percent of the shares in Expand Global Industries UK Limited, London, UK. Expand Global Industries UK Limited holds nearly 100 percent of the shares in Expand Global Industries Ltd headquartered in Ibadan, Nigeria, which has a strong presence in the detergent market in Nigeria. With this acquisition, the Laundry & Home Care business unit has expanded its detergent business. The acquisition is part of our strategy to further strengthen our presence in emerging markets. The provisional purchase price was 112 million euros, settled in cash. With regard to the remaining 42.5 percent of shares, put and call contracts have been entered into between Henkel and the seller. Henkel has decided to apply the anticipated acquisition method to account for the acquisitions in the financial statements. Accordingly, acquisition of the outstanding non-controlling shares is already included as part of the first-time consolidation in the form of a contingent purchase price liability of 82 million euros. A reliable estimate of the range of future development of the contingent purchase price liability is not possible as the acquisition was completed only recently and the purchase price allocation is provisional. A maximum payment was not agreed. As a consequence of the accounting method applied – the anticipated acquisition method – non-controlling interests from the acquired business are not disclosed in the statement of comprehensive income. Effects from foreign exchange and measurement of the contingent purchase price liability are recognized directly in equity. This effect is disclosed in the statement of changes in equity as other changes in equity. Provisional goodwill was recognized in the amount of 157 million euros. Because the acquisition was only recently completed, the allocation of the purchase price to the acquired assets and liabilities in accordance with IFRS 3 "Business Combinations" is provisional. Tax-deductible goodwill is not expected.

Effective June 1, 2016, we completed the acquisition of a range of hair care brands and the associated hair care business of Procter & Gamble in the Africa/Middle East and Eastern Europe regions. The acquisition is part of our strategy to further strengthen our presence in emerging markets. The purchase price was 212 million euros, settled in cash. Provisional goodwill was recognized in an amount of 160 million euros. Because the acquisition was only recently completed, the allocation of the purchase price to the acquired assets and liabilities in accordance with IFRS 3 "Business Combinations" is provisional. Goodwill of 54 million euros was recognized for tax purposes.

Effective June 30, 2016, we acquired the tile adhesives business and the associated brands of the Colombian company Alfagres S.A. With the acquisition, the Adhesive Technologies business unit has expanded its business in the segment Adhesives for Consumers, Craftsmen and Building. The acquisition is part of our strategy to further strengthen our presence in emerging markets. We do not expect any material impact from this acquisition on the net assets, financial position and results of operations of Henkel.

In the second quarter of 2016, we spent around 62 million euros for the acquisition of the outstanding non-controlling shares in Henkel Pakvash PJSC based in Tehran, Iran, increasing our ownership interests to 97.7 percent.

Consolidated statement of comprehensive income

Of the components included in other comprehensive income, tax income relating to actuarial losses amounts to 93 million euros (June 30, 2015: tax expense of 40 million euros) and tax income from cash flow hedges amounts to 0 million euros (June 30, 2015: tax income of 4 million euros).

Financial instruments

Financial instruments assigned to the valuation categories “Available for sale” and “Held for trading” are generally measured at fair value. Other securities and time deposits, financial collateral provided, and other investments which are not measured using the equity method, all of which form part of other financial assets in the statement of financial position, are categorized as “Available for sale.” Only the derivative financial instruments held by the Henkel Group which are not included in hedge accounting are designated as “Held for trading.”

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

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

Of the securities and time deposits measured at fair value in the Henkel Group in the category “Available for sale” recognized in the amount of 12 million euros (June 30, 2015: 6 million euros), 10 million euros (June 30, 2015: 3 million euros) are allocated to level 1. The fair value of financial collateral provided in the “Available for sale” category allocated to level 1 is 10 million euros (June 30, 2015: 344 million euros, of which 331 million euros was netted). All financial derivatives are classified as level 2. Derivative financial instruments with a positive fair value recognized under other financial assets have a reported fair value of 42 million euros (June 30, 2015: 85 million euros). The amount recognized under other financial liabilities in respect of derivative financial instruments with a negative fair value is 25 million euros (June 30, 2015: 24 million euros).

The fair value of securities and time deposits classified as level 1 is based on the quoted market prices on the reporting date. Observable market data are used to measure the fair value of level 2 securities. For forward exchange contracts, we determine the fair value on the basis of the reference exchange rates of the European Central Bank prevailing at the reporting date, after allowing for forward premiums and discounts on the contracted exchange rate for the remaining term of the contract. Foreign exchange options are measured using price quotations or recognized models for the determination of option prices. We measure interest rate hedging instruments on the basis of discounted cash flows expected in the future, taking into account market interest rates applicable for the remaining term of the contracts. These are indicated for the two most important currencies in the following table. It shows the interest rates quoted on the interbank market in each case on December 31, 2015, and June 30, 2016.

Interest rates in percent p. a.

At Dec. 31, 2015/June 30, 2016	Euro		US dollar	
Term	2015	**2016**	2015	**2016**
1 month	–0.21	**–0.36**	0.43	**0.47**
3 months	–0.13	**–0.29**	0.61	**0.65**
6 months	–0.04	**–0.18**	0.85	**0.92**
1 year	0.06	**–0.05**	1.18	**1.23**
2 years	–0.03	**–0.20**	1.18	**0.75**
5 years	0.33	**–0.08**	1.74	**1.00**
10 years	1.00	**0.42**	2.19	**1.39**

Due to the complexities involved, financial derivatives for hedging commodity price risks are primarily measured on the basis of simulation models derived from market quotations. We perform regular plausibility checks in order to safeguard valuation correctness.

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

Determination of the fair value of the contingent purchase price liability resulting from our acquisition in Nigeria is assignable to level 3. The fair value of the contingent purchase price liability on the date of the acquisition was 82 million euros. As a result of remeasurement as of June 30, 2016, this figure was adjusted by 25 million euros to 57 million euros. The measurement effects were recognized directly in equity and reported in the statement of changes in equity as other changes in equity.

Contingent liabilities and other unrecognized financial commitments

Effective June 30, 2016, liabilities under guarantee and warranty agreements totaled 19 million euros. On December 31, 2015, these liabilities amounted to 12 million euros.

As of the reporting date, financial commitments under the terms of agreements for business acquisitions contracted prior to June 30, 2016, amounted to 3.4 billion euros (previous year: 0.2 billion euros).

Operating lease commitments

Operating leases as defined in IAS 17 comprise all forms of rights of use of assets, including rights of use arising from rent and leasehold agreements. Payment commitments under operating lease agreements are shown at the total amounts payable up to the earliest date of termination. The amounts shown are the nominal values. At June 30, 2016, operating lease commitments were due for payment as follows:

Operating lease commitments

in million euros	Dec. 31, 2015	June 30, 2016
Due in the following year	72	**64**
Due within 1 to 5 years	139	**123**
Due after 5 years	17	**14**
Total	**228**	**201**

Voting rights/Related party disclosures

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

Notes to the Group segment report

There have been no changes in the basis by which the segments are classified or in the presentation of the segment results as compared to the consolidated financial statements of December 31, 2015. For definitions of net operating assets, capital employed and ROCE, please refer to our Annual Report 2015, pages 175 and 194.

Notes to the consolidated statement of cash flows

The main items of the consolidated statement of cash flows and the changes thereto are explained on page 22. The other changes in borrowings take into account a number of cash inflows and outflows, particularly arising from the issuance and redemption of commercial paper and current liabilities to banks. Of the dividend of 633 million euros paid to shareholders of Henkel AG & Co. KGaA, an amount of 377 million euros was paid on ordinary shares, while an amount of 256 million euros was paid on preferred shares.

Düsseldorf, July 29, 2016

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

Management Board
Hans Van Bylen,
Jan-Dirk Auris, Pascal Houdayer, Carsten Knobel,
Kathrin Menges, Bruno Piacenza

Independent review report

To Henkel AG & Co. KGaA, Düsseldorf:

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and selected notes – and the interim Group management report (pages 6 to 25) of Henkel AG & Co. KGaA, Düsseldorf, for the period from January 1, 2016 to June 30, 2016, which form part of the half-year financial report in accordance with Section 37w of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

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

We conducted our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements 2410 (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim Group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

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

Düsseldorf, July 29, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Kai C. Andrejewski	**Simone Fischer**
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Responsibility statement

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

Düsseldorf, July 29, 2016

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

Management Board
Hans Van Bylen,
Jan-Dirk Auris, Pascal Houdayer, Carsten Knobel,
Kathrin Menges, Bruno Piacenza

Report of the Audit Committee of the Supervisory Board

In the meeting of July 29, 2016, the interim consolidated financial report for the first six months of fiscal 2016 and the report prepared by KPMG AG, Wirtschaftsprüfungsgesellschaft, on its review of the condensed interim consolidated financial statements and the interim Group management report were presented to the Audit Committee, who also received verbal explanations from the Management Board and KPMG pertaining to the above. The Audit Committee has approved and endorses the interim consolidated financial report.

Düsseldorf, July 29, 2016

Chairman of the Audit Committee
Prof. Dr. Theo Siegert

Multi-year summary

Second quarter 2012 to 2016

in million euros	2012	2013	2014	2015	2016
Sales	**4,206**	**4,286**	**4,137**	**4,695**	**4,654**
Laundry & Home Care	1,147	1,186	1,139	1,314	**1,345**
Beauty Care	921	923	897	1,006	**988**
Adhesive Technologies	2,099	2,138	2,069	2,343	**2,290**
Adjusted[1] operating profit (EBIT)	609	660	674	768	**819**
Adjusted[1] earnings per preferred share in euros	0.96	1.07	1.16	1.29	**1.40**

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

First half year 2012 to 2016

in million euros	2012	2013	2014	2015	2016
Sales	**8,214**	**8,319**	**8,066**	**9,125**	**9,110**
Laundry & Home Care	2,254	2,363	2,286	2,612	**2,678**
Beauty Care	1,782	1,796	1,753	1,946	**1,938**
Adhesive Technologies	4,099	4,082	3,962	4,503	**4,433**
Adjusted[1] operating profit (EBIT)	1,160	1,260	1,293	1,475	**1,570**
Adjusted[1] earnings per preferred share in euros	1.81	2.03	2.20	2.47	**2.67**

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

Contacts

Corporate Communications
Phone: +49 (0) 211-797-3533
Fax: +49 (0) 211 -798-2484
E-mail: corporate.communications@henkel.com

Investor Relations
Phone: +49 (0) 211-797-3937
Fax: +49 (0) 211-798-2863
E-mail: investor.relations@henkel.com

Credits

Published by:
Henkel AG & Co. KGaA
40191 Düsseldorf, Germany
Phone: +49 (0) 211-797-0

Edited by: Corporate Communications, Investor Relations, Corporate Accounting
Coordination: Renata Casaro, Dr. Hannes Schollenberger, Wolfgang Zengerling
Design und typesetting:
MPM Corporate Communication Solutions, Mainz
Photographs: Charles Cherney, Claudia Kempf, Steffen Hauser; Henkel
English translation: RR Donnelley Language Solutions, London
Pre-print proofing: Paul Knighton, Cambridge; Thomas Krause, Krefeld
Printed by: Druckpartner, Essen

Date of publication of this Report: August 11, 2016

PR No.: 08 16 300

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Financial calendar

Publication of Report
for the Third Quarter / Nine Months 2016:
Tuesday, November 8, 2016

Publication of Report
for Fiscal 2016:
Thursday, February 23, 2017

Annual General Meeting
Henkel AG & Co. KGaA 2017:
Thursday, April 6, 2017

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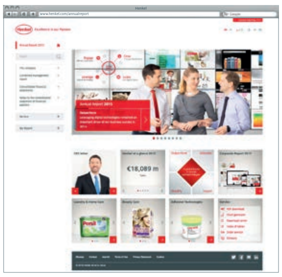

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Henkel AG & Co. KGaA
40191 Düsseldorf, Germany
Phone: +49 (0) 211-797-0
www.henkel.com