

Investor Relations News

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Ambitious 2011 targets achieved

Henkel delivers sales and earnings at record levels

- Sales increase of 3.4% to 15,605 million euros (organic: +5.9%)
- Adjusted* operating profit: plus 9.0% to 2,029 million euros
- Adjusted* EBIT margin: plus 0.7 percentage points to 13.0%
- Adjusted* earnings per preferred share (EPS): plus 11.3% to 3.14 euros
- Double-digit increase in emerging markets (organic: +10.8%)
- Higher dividend proposed: plus 11.1% to 0.80 euros per preferred share
- 2012 financial targets reconfirmed

Düsseldorf – “2011 was another very successful year for Henkel. Despite major challenges in a volatile economic environment, we fully achieved our ambitious targets – and even overdelivered on some of them. Sales and profits are higher than ever before,” said Henkel CEO Kasper Rorsted. “A major factor driving Henkel’s strong performance was the further expansion of our position in the emerging markets, where we once again registered double-digit growth. We made considerable progress in 2011, establishing a strong platform for Henkel’s future. Thus, we are very confident of achieving the targets for fiscal 2012 that we set in 2008.”

For the fiscal year 2012, Rorsted provided the following guidance: “The economic environment remains challenging. It is significantly more volatile today than in the past. As a consequence we need to constantly adapt in order

to respond quickly and flexibly to changes in our markets. However, we consider Henkel to be well-positioned. We expect organic sales growth for the full fiscal year to be between 3 and 5 percent. We also expect to increase our adjusted EBIT margin to 14 percent and improve adjusted earnings per preferred share by at least 10 percent.”

Operating in a challenging economic environment, Henkel increased **sales** in fiscal 2011 to 15,605 million euros, a rise of 3.4 percent compared to the prior-year figure. **Organic sales**, which exclude the impact of foreign exchange and acquisitions/divestments, increased by an even stronger 5.9 percent.

All the company’s business sectors contributed to this positive development, further expanding their market shares in the relevant markets. **Adhesive Technologies** increased sales organically by 8.3 percent to a new high of 7,746 million euros. The **Cosmetics/Toiletries** business sector continued its strong growth trend of recent years and, with organic sales growth of 5.4 percent, grew significantly stronger than the predominantly declining market. **Laundry & Home Care** achieved a solid improvement in organic sales of 2.9 percent in a slightly declining market.

After allowing for one-time gains, one-time charges and restructuring charges, **adjusted operating profit** improved by 9.0 percent, from 1,862 million euros to 2,029 million euros, with all three business sectors contributing. Operating profit (EBIT) totaled 1,857 million euros and was 7.8 percent above the comparable prior-year level.

Despite the substantial increase in prices on the procurement markets, **adjusted return on sales** (EBIT margin) improved 0.7 percentage points, from 12.3 percent to 13.0 percent, thus achieving Henkel’s guidance. Return on sales came in at 11.9 percent, following 11.4 percent in the previous year.

Financial result improved by 16 million euros to -155 million euros, due primarily to lower net debt. The **tax rate** was 24.6 percent, 1.8 percentage points lower than prior year.

Adjusted net income for the year after deducting non-controlling interests rose by 11.4 percent compared to the previous year, from 1,217 million euros to 1,356 million euros. Net income for 2011 was 1,283 million euros compared to 1,143 million euros in 2010. After deducting non-controlling interests of 30 million euros, net income for the year came in at 1,253 million euros (previous year: 1,118 million euros).

Adjusted earnings per preferred share (EPS) rose by 11.3 percent to 3.14 euros compared to 2.82 euros in the previous year. The nominal figure was 2.90 euros versus 2.59 euros in 2010.

The Management Board, Supervisory Board and Shareholders' Committee will be proposing to the Henkel Annual General Meeting to increase the **dividend** per preferred share to 0.80 (previous year: 0.72) euros and the dividend per ordinary share to 0.78 (previous year: 0.70) euros.

The ratio of **net working capital** to sales was 7.3 percent, slightly above the prior-year level. **Net debt** as of December 31, 2011 was 1,677 million euros, 666 million euros below the prior-year level.

Business sector performance

Laundry & Home Care achieved an increase in **organic sales** of 2.9 percent, thus substantially outstripping its slightly declining relevant markets. Average selling prices rose by 1.6 percent, while volume increase contributed 1.3 percent to organic sales growth. Nominally, sales declined slightly by 0.3 percent to 4,304 million euros. The increase in market shares was mainly driven by the positive development in both Europe and North America.

All regions contributed to the solid business performance achieved. Western Europe posted an increase in organic sales, benefiting from a solid performance in Germany. In North America, a slight increase in sales was achieved in an intensely competitive and appreciably declining market. Developments in the emerging markets were strong across the board.

Adjusted operating profit rose by 1.4 percent to 570 million euros. Adjusted return on sales increased by 0.2 percentage points to 13.2 percent. Fiscal 2011 was generally characterized by high raw material price increases. However, through product price increases, particularly in the second half of the year, and ongoing measures to reduce costs and increase efficiency in both production and supply chain, the negative impact caused by the strong rise in material costs was extensively offset. Due to higher restructuring charges, nominal operating profit amounted to 511 million euros versus 542 million euros in the previous year.

Again in 2011, the **Cosmetics/Toiletries** business sector continued its strong growth path of recent years and, with organic growth of 5.4 percent, once more significantly outperformed its relevant markets. The foundation for this success was again provided by a strong innovation program. Nominally, **sales** rose by 4.0 percent, reaching 3,399 million euros.

The business sector generated growth in all regions, with emerging markets growing double-digits. The strongest rises were once again posted by the emerging markets of Africa/Middle East, Latin America and Asia (excluding Japan). Solid growth was also achieved in Eastern Europe. Sales likewise increased in the mature markets in all regions. The mature markets in Asia-Pacific experienced very strong growth. In Western Europe and, in particular, North America, the growth achieved was higher than that of the relevant markets.

Adjusted operating profit significantly increased versus prior year, by 10.5 percent to 482 million euros, the business sector's highest earnings figure to date. As a result, adjusted return on sales rose by 0.9 percentage points to 14.2 percent,

likewise reaching a new high. The foundation for this was provided partly by measures to reduce costs and increase efficiency, which helped to overcompensate the negative impact caused by the increase in material costs. In addition, the strict cost management approach contributed to margin improvement. Operating profit increased compared to the previous year by 14.6 percent to 471 million euros, likewise reaching a new high.

2011 saw the **Adhesive Technologies** business sector continue its profitable growth trend. In an increasingly difficult economic environment, sales improved nominally by 6.0 percent to a new high of 7,746 million euros. At 8.3 percent, organic growth was once again significantly higher than that of the relevant markets. This very strong performance was achieved through both price and volume increases.

With growth in the mid-single-digit percentage range, the mature markets of Western Europe and North America showed strong expansion overall. In the emerging markets, Henkel again generated disproportionate growth in the double-digit range, with the highest rates of increase occurring in the Eastern Europe region.

Once again, **adjusted operating profit** rose significantly compared to the prior year, by 14.7 percent to 1,075 million euros. As a result, adjusted return on sales improved by 1.1 percentage points to another new high of 13.9 percent. With an EBIT of 1,002 million euros, operating profit passed the 1 billion euro mark for the first time.

Regional performance

In the highly competitive market environment of **Western Europe**, sales increased by 2.8 percent to 5,624 million euros. Organic sales growth amounted to 2.3 percent, driven primarily by expansion in Germany and France. Sales in **Eastern Europe** rose by 6.2 percent to 2,813 million euros. Organic sales growth here was an impressive 10.3 percent, generated primarily by the businesses in Turkey and the adhesives business in Russia. Growth in the **Africa/Middle East** region was adversely affected by the political unrest in some countries. Sales rose nominally by 3.7 percent to 934 million euros, although organic sales growth did pass the double-digit mark with a

10.0 percent increase, achieved as a result of double-digit growth rates in the United Arab Emirates, Saudi Arabia and Algeria.

Due to foreign exchange factors, sales of the **North America** region decreased slightly, by 0.3 percent to 2,716 million euros. Despite a reluctant consumer climate in the USA, organic sales growth of the region came in at 4.4 percent. The **Latin America** region continued to develop very strongly, posting sales growth of 8.4 percent to 1,065 million euros. The double-digit organic sales growth of 11.0 percent was driven in particular by Henkel's business performance in Mexico, Brazil and Venezuela. Within **Asia-Pacific**, the consequences of the natural disaster in Japan exerted a dampening influence on regional sales growth. This amounted to 5.9 percent, taking the total to 2,296 million euros. With an organic growth rate of 8.6 percent, however, the region continued to show a very strong development, driven particularly by double-digit growth rates in China, India and South Korea.

Sales in the **emerging markets** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan) increased by 6.2 percent to 6,512 million euros. Organic growth reached 10.8 percent, with contributions coming particularly from the Adhesive Technologies and Cosmetics/Toiletries business sectors, both of which posted double-digit increases. The share of Henkel's sales accounted for by the emerging markets rose from 41 to 42 percent.

Fourth quarter 2011

In the fourth quarter of 2011, Henkel increased **sales** versus the prior-year period by 1.9 percent to 3,800 million euros. Adjusted for foreign exchange, sales improved by 2.8 percent. **Organic sales growth** reached 3.8 percent. After allowing for one-time gains, one-time charges and restructuring charges, **adjusted operating profit** rose by 12.3 percent, from 448 million euros to 502 million euros. At 439 million euros, operating profit was 15.8 percent above the comparable figure for the previous year. **Adjusted return on sales** (EBIT margin) improved by 1.2 percentage points, from 12.0 percent to 13.2 percent. Return on sales came in at 11.5 percent compared to

10.2 percent in the comparative prior-year period. **Adjusted net income for the quarter** after deducting non-controlling interests increased compared to the previous year by 13.2 percent, from 295 million euros to 334 million euros. Net income amounted to 304 million euros compared to 254 million euros in the previous year. After deducting non-controlling interests of 9 million euros, quarterly net income was 295 million euros (prior-year quarter: 249 million euros). **Adjusted earnings per preferred share** (EPS) rose by 11.6 percent to 0.77 euros, compared to 0.69 euros in the previous year. The nominal figure improved from 0.58 euros to 0.68 euros.

Sales and profits guidance for 2012


The Henkel Group expects to generate organic sales growth of between 3 and 5 percent in fiscal 2012. Henkel is confident of continuing the positive growth trend posted by its consumer goods businesses, with sales likely to expand in the low single-digit percentage range. For the Adhesive Technologies business sector, Henkel expects sales to grow in the mid-single-digit percentage range. In recent years, Henkel has introduced a number of measures that have had a positive impact on its cost structure. Also in this year, Henkel intends to further adapt its structures to the constantly changing market conditions while maintaining its strict cost discipline. Henkel also aims to counteract the burden on earnings caused by high raw material costs. These factors, together with the expected increase in sales, should positively influence earnings development. Based on the 2011 results, Henkel anticipates achieving an increase in adjusted return on sales (EBIT) to 14 percent (2011: 13.0 percent) and an increase in adjusted earnings per preferred share of at least 10 percent.

This document contains forward-looking statements which are based on the current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Henkel AG & Co. KGaA and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Henkel's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Henkel neither plans nor undertakes to update forward-looking statements.

Contact:

Henkel AG & Co. KGaA

Investor Relations

 +49 2 11-7 97 39 37

Fax: +49-2 11-7 98 28 63

investor.relations@henkel.com

Key figures Q4/2011 and 1-12/2011

in million euros	Sales		EBIT		EBIT margin	
	Q4	1-12	Q4	1-12	Q4	1-12
Laundry & Home Care						
2011	1,046	4,304	129	511	12.4%	11.9%
2010	1,061	4,319	115	542	10.8%	12.6%
organic	2.4%	2.9%	-	-	-	-
2011 adjusted ¹⁾	-	-	143	570	13.6%	13.2%
2010 adjusted ¹⁾	-	-	138	562	13.0%	13.0%
Cosmetics/Toiletries						
2011	836	3,399	107	471	12.7%	13.8%
2010	797	3,269	86	411	10.7%	12.6%
organic	5.0%	5.4%	-	-	-	-
2011 adjusted ¹⁾	-	-	121	482	14.5%	14.2%
2010 adjusted ¹⁾	-	-	111	436	13.9%	13.3%
Adhesive Technologies						
2011	1,879	7,746	235	1,002	12.5%	12.9%
2010	1,820	7,306	202	878	11.1%	12.0%
organic	4.2%	8.3%	-	-	-	-
2011 adjusted ¹⁾	-	-	259	1,075	13.8%	13.9%
2010 adjusted ¹⁾	-	-	213	938	11.7%	12.8%
Henkel						
2011	3,800	15,605	439	1,857	11.5%	11.9%
2010	3,729	15,092	379	1,723	10.2%	11.4%
organic	3.8%	5.9%	-	-	-	-
2011 adjusted ¹⁾	-	-	502	2,029	13.2%	13.0%
2010 adjusted ¹⁾	-	-	448	1,862	12.0%	12.3%

Henkel	Q4/2010	Q4/2011	Change	1-12/ 2010	1-12/ 2011	Change
Earnings per preferred share in euros	0.58	0.68	17.2%	2.59	2.90	12.0%
Adjusted EPS per preferred share in euros	0.69	0.77	11.6%	2.82	3.14	11.3%

Changes on the basis of figures in thousand euros

¹⁾ adjusted for one-time charges/gains and restructuring charges