

Q1 results burdened by fall in demand among key industrial customers

Henkel affected by economic downturn

- Sales increase of 3.1 percent to 3,258 million euros
- Organic sales decline of 7.0 percent
- Adjusted operating profit fell 26.1 percent to 235 million euros
- Adjusted earnings per preferred share declined 39.2 percent to 0.31 euros

“At the beginning of this new financial year, Henkel too has felt the effects of the persistently adverse economic climate, with our businesses turning in a very mixed set of results for the first quarter of 2009,” commented Kasper Rorsted, Chairman of the Henkel Management Board. “Our two consumer goods business sectors, Laundry & Home Care and Cosmetics/Toiletries, continued to perform very well, while the Adhesive Technologies business sector suffered from the challenges encountered in major customer industries worldwide.” Rorsted continued: “We are dissatisfied with our start to fiscal 2009. However, we are convinced that, as a result of our early introduction of countermeasures and based on our solid financial position, we will emerge from this still difficult economic environment stronger than before.”

In its first quarter of 2009, Henkel increased **sales** compared to the prior-year quarter by 3.1 percent to 3,258 million euros. The rise is attributable to Henkel’s acquisition of the National Starch businesses in April 2008. In **organic** terms, or adjusted for foreign exchange and acquisitions/divestments, sales decreased by 7.0 percent

within a difficult overall market environment. After adjusting for foreign exchange, the increase in sales amounted to 3.8 percent. Business development at the company's three business sectors was very mixed. While the consumer goods business sectors Laundry & Home Care and, in particular, Cosmetics/Toiletries, continued to perform very well, with organic growth rates of 0.4 percent and 3.5 percent respectively, the Adhesive Technologies business sector suffered from the challenges encountered in major customer industries worldwide. This was reflected in an organic decline in sales of 18.2 percent.

Due primarily to the significant decrease in earnings at the Adhesive Technologies business sector, **operating profit (EBIT)** fell by 31.7 percent from 320 million euros in the first quarter of 2008 to 218 million euros. After adjusting for one-time gains/charges and restructuring charges, adjusted operating profit ("adjusted EBIT") decreased by 26.1 percent from 318 million euros in the prior-year quarter to 235 million euros.

The **EBIT margin** amounted to 6.7 percent, while the adjusted EBIT margin declined from 10.1 percent to 7.2 percent. Both results are largely attributable to the significant decrease in profits at the Adhesive Technologies business sector.

As a result of the sale of Henkel's stake in Ecolab in November 2008, the investment result fell from 19 million euros to 0 million euros. Net interest expense increased by 14 million euros from -38 million euros to -52 million euros. This is primarily due to higher net debt arising from the financing of the purchase price for the acquisition of the National Starch businesses. The **financial result** consequently decreased further, from -19 million euros to -52 million euros. The tax rate amounted to 27.1 percent.

With the lower EBIT and the decrease in the financial result, **net earnings for the quarter** fell by 45.7 percent from 223 million euros to 121 million euros. After minority interests totaling 4 million euros, net earnings for the quarter amounted to 117 million euros (prior-year quarter: 219 million euros). Adjusted quarterly net earnings after minority interests were 130 million euros compared to 218 million euros in the first quarter of the previous year. **Earnings per preferred share** eased from 0.51 euros

to 0.28 euros. The adjusted figure was 0.31 euros compared to 0.51 euros in the prior-year quarter.

Business Sector Performance

The **Laundry & Home Care** business sector posted organic sales growth of 0.4 percent, with foreign exchange having a negative impact of 2.1 percent. In nominal terms, sales fell by 1.7 percent to 1,013 million euros. Due to the difficult market environment, sales in Western Europe and North America fell below the figure for the same period last year. In the regions of Eastern Europe, Africa/Middle East and Latin America, on the other hand, the company posted organic sales growth with, in most cases, double-digit growth rates. Operating profit rose by 7.9 percent to 107 million euros. After adjusting for foreign exchange, it rose even by 9.6 percent, with contributions coming not only from price increases but also from successful measures to reduce cost and enhance efficiency. The decrease in material prices that began toward the end of 2008 also continued through the first quarter of 2009. In the *Laundry* segment, sales growth was once again driven by Henkel's heavy-duty detergents and fabric softeners. Sales growth was again supported in this quarter by innovations such as the cold power formula launched under Henkel's premium detergent brands in Western Europe. With this innovation, excellent laundry power is assured even at low temperatures, enabling consumers to save energy and therefore reduce the burden on the environment as they do their washing. Sales of the *Home Care* segment matched the level of the previous year. Henkel's dishwashing detergents and WC cleaners performed particularly well. Of the dishwashing products, the company's two major brands Pril and Somat once again succeeded in growing faster than the category average.

Despite the increasingly difficult market conditions and a very strong prior-year quarter, the **Cosmetics/Toiletries** business sector continued the positive trend of recent years, registering organic sales growth of 3.5 percent. Once again it was successful in outpacing the growth of its relevant markets. Apart from Western Europe, all the regions contributed to the organic improvement achieved, with the regions of Eastern Europe, Asia and Latin America in particular continuing to generate strong growth. In nominal terms, sales rose by 1.7 percent to 720 million

euros. Operating profit reached 91 million euros, an increase of 4.1 percent, rising to 4.8 percent after adjusting for foreign exchange. The *Hair Cosmetics* segment succeeded in expanding the market positions of all its categories. The Hair Care and Colorants businesses turned in a particularly positive performance, aided by the international launch of the new Schauma line Q10, the introduction of the new hair care brand Syoss and also the launch of the new colorant brand Essential Colors. The *Body Care* segment continued its very encouraging performance in the USA under the Dial brand. This was based in particular on line extensions and the launch of a number of new body wash products. In Europe, the Fa brand specifically ensured a successful start to the year: in the deodorants business, the positive trend of the previous year was extended through the launch of new products for both women and men. In the *Skin Care* segment, the focus was on the launch of the new Diadermine line Dr. Caspari and also the relaunch of the Diadermine core range Lift Plus Triple Lifting. In the *Oral Care* segment, the new Theramed variant Oxy White generated positive impetus. Against the background of an increasingly serious slowdown in the global professional hairdressing market, Henkel's *Hair Salon* segment significantly outperformed its sector. At the center of its activities were the continuing rollout of the new brand Essensity and the launch of the styling line Silhouette Gold.

Sales of the **Adhesive Technologies** business sector increased by 7.7 percent to 1,469 million euros, or by 7.2 percent after adjusting for foreign exchange. The rise is due to the acquisition of the National Starch businesses. In organic terms, sales were 18.2 percent below the figure for the prior-year quarter. In view of the continuing challenges encountered in the world economy, the business sector was unable to match the sales realized in the same quarter last year in any of its regions, with the exception of Latin America. Due to the strong decline in volumes and the associated decrease in capacity utilization, operating profit fell by 68.6 percent to 47 million euros. Included in this figure is a charge of 4 million euros arising from the integration of the National Starch businesses. In the *Adhesives for Craftsmen and Consumers* segment, the reluctance to spend among consumers and inventory reductions pursued by the business sector's customers had a negative effect on business. This led to a shortfall versus the prior-year results. The general trend toward postponement of construction projects had an adverse effect on the performance of

the *Building Adhesives* segment. However, with strong growth still taking place in the Middle East region, this segment only suffered a slight decline. Business in Eastern Europe remained at the prior-year level. The *Packaging, Consumer Goods and Construction Adhesives* segment benefited significantly from the acquisition of the National Starch businesses and also proved to be more stable in this difficult economic climate. However, here too the slight decline in demand for consumer goods impacted business development. The effects of the global downturn facing the customer industries of the business sector were particularly noticeable in the business results generated by its *Specialty Adhesives and Surface Treatment* segment, with significant reductions in volume occurring particularly in its operations involving the automotive industry, manufacturers of durable goods and the metal industry. The *Electronics* segment has been strengthened for the long term through the acquisition of the National Starch businesses. However, the general market weakness in the semiconductors sector has had a significantly negative effect on business performance.

Regional Performance

In the **Europe/Africa/Middle East** region, organic sales fell by 4.6 percent below the figure for the prior-year quarter. While the Laundry & Home Care and Cosmetics/Toiletries business sectors were able to slightly increase sales, Adhesive Technologies posted a decrease in the double-digit percentage range. In Africa/Middle East, Henkel once again generated a double-digit organic growth rate, while developments in Western Europe including Germany were regressive. The previously strong growth rates registered in Eastern Europe eased. Overall, the region's sales decreased from 2,119 million euros to 1,996 million euros. The share of Group sales was 61 percent. The organic sales of the **North America** region decreased by 14.1 percent. Due to the difficult market environment prevailing in North America, Laundry & Home Care experienced a slight decline in sales while Adhesive Technologies suffered a substantial drop. On the other hand, there were positive developments at the Cosmetics/Toiletries business sector. Total sales of the region amounted to 664 million euros, resulting in a share of Group sales of 20 percent. In organic terms, sales in the **Latin America** region increased by 5.1 percent, with all the business sectors contributing. At 188 million euros, the share of

total sales accounted for by this region was 6 percent. In the **Asia-Pacific** region, in organic terms sales decreased compared to the same quarter last year by 20.3 percent. A rise in the sales generated by Cosmetics/Toiletries was offset by significant decreases at Adhesive Technologies and the discontinuation of Henkel's laundry and home care operations in China. Total sales of the region amounted to 354 million euros, yielding a share of Group sales of 11 percent. In the **growth regions** of Eastern Europe, Africa, Middle East, Latin America and Asia (excluding Japan), sales increased by 3.8 percent to 1,143 million euros, corresponding to a share of consolidated sales of 35.1 percent. Organic growth amounted to 0.3 percent.

Major Participation

Following the sale of its stake in Ecolab Inc. in November 2008, Henkel no longer has any major participations.

Sales and Profits Forecast 2009

Henkel expects that the difficult market conditions prevailing in the real economy and also in the financial markets will persist through 2009. The general economic climate and its further development are difficult to predict. Nevertheless, Henkel is confident of outperforming its markets in terms of organic sales growth (i.e. after adjusting for foreign exchange and acquisitions/divestments). A number of measures have already been introduced on the operational side, from which Henkel expects positive momentum to develop. These activities and also relief from easing of raw material prices will support the development of operating profit (EBIT) and earnings per preferred share (EPS), as adjusted in each case for one-time gains/charges and restructuring charges. As soon as the markets allow properly reasoned assumptions, Henkel will communicate quantified expectations for full fiscal 2009.

For the second quarter of 2009 Henkel expects its consumer businesses to continue their strong development of the first quarter of the current fiscal year. For the Adhesive Technologies business sector Henkel anticipates a slight improvement compared with the first quarter of 2009.

This information 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, etc. 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 any forward-looking statements.

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Key Figures Q1/2009

in million €	
Laundry & Home Care	
2009	
2008	
change versus previous year	
after adjusting for foreign exchange	
organic*	
Cosmetics/Toiletries	
2009	
2008	
change versus previous year	
after adjusting for foreign exchange	
organic*	
Adhesive Technologies	
2009	
2008	
change versus previous year	
after adjusting for foreign exchange	
organic*	
Corporate	
2009	
2008	
Henkel	
2009	
2008	
change versus previous year	
after adjusting for foreign exchange	
organic*	

* organic = after adjusting for foreign exchange and acquisitions/divestments

Sales	EBIT
1,013	107
1,031	100
-1.7%	7.9%
0.4%	9.6%
0.4%	
720	91
708	87
1.7%	4.1%
2.9%	4.8%
3.5%	
1,469	47
1,364	150
7.7%	-68.6%
7.2%	-65.7%
-18.2%	
56	-27
59	-17
3,258	218
3,162	320
3.1%	-31.7%
3.8%	-30.8%
-7.0%	

Henkel
Ebit margin in %
Net earnings in million euros
Net earnings after minority interests in million euros
Earnings per preferred share in euros
ROCE in %

Q1/2008	Q1/2009	Change
10.1	6.7	-3.4 pp
223	121	-45.7%
219	117	-46.6%
0.51	0.28	-45.9%
15.3	7.2	-8.1 pp

Henkel
in million euros
EBIT (as reported)
- One-time gains
+ One-time charges
+ Restructuring charges
= Adjusted EBIT
Adjusted EBIT margin in %
Adjusted net earnings after minority interests
Adjusted EPS per preferred share in euros

Q1/2008	Q1/2009	Change
320	218	-31.7%
-8	-3	-
-	4	-
6	16*	-
318	235	-26.1%
10.1	7.2	-2.9 pp
218	130	-40.4%
0.51	0.31	-39.2%

Changes on the basis of figures in thousand euros

pp = percentage points

* of which 11 million euros from the integration of the National Starch businesses and 5 million euros from ordinary activities