



Press Release

Düsseldorf, August 4, 2010

Sales and profits forecast for 2010 further upgraded

Henkel reports substantial increase in sales and earnings in the second quarter

- Sales increase by 11.6 percent to 3,890 million euros
- Organic sales growth of 6.8 percent
- Share of sales of growth regions: plus 3 percentage points to 41 percent
- Adjusted operating profit: plus 54.5 percent to 476 million euros
- Adjusted EBIT margin: plus 3.5 percentage points to 12.2 percent
- Adjusted earnings per preferred share (EPS): plus 97.1 percent to 0.73 euros

“Following a very good start to fiscal 2010, we have now seen our operations continue their successful development in the second quarter, with our Adhesive Technologies and Cosmetics/Toiletries business sectors making a particularly strong contribution. In addition, the share of sales generated within the growth regions reached 41 percent,” said Kasper Rorsted, Chairman of the Henkel Management Board, adding: “Our excellent performance in the second quarter was once again due to our strong brands and successful innovations. However, our continuing focus on implementing more efficient structures, stricter cost management, and the progress made in the pursuit of our strategic priorities have also contributed substantially to the very good results achieved. As a consequence we are now looking forward to an improvement of more than 25 percent in earnings versus 2009.”

In the second quarter of 2010, Henkel generated **sales** of 3,890 million euros. In a stabilizing market environment, this was an increase of 11.6 percent compared to the figure for the prior-year quarter. After adjusting for foreign exchange, sales improved by 6.0 percent. **Organically**, i.e. after adjusting for foreign exchange and acquisitions/divestments, a further significant increase in sales of 6.8 percent was achieved compared to the prior-year quarter. This follows on from strong sales growth in the first quarter of 2010. This positive development was driven by the Adhesive Technologies and Cosmetics/Toiletries business sectors. With a 13.6 percent increase, Adhesive Technologies again achieved a double-digit organic growth rate. Cosmetics/Toiletries once more substantially outperformed market growth with an organic improvement of 5.0 percent. The Laundry & Home Care business sector achieved positive volume growth although, due to intensified promotional and price competition, recorded a decline in organic sales of minus 1.5 percent.

Due primarily to the substantial improvement posted by Adhesive Technologies, **operating profit (EBIT)** increased by 51.2 percent, from 279 million euros to 421 million euros. After allowing for one-time charges (9 million euros), one-time gains (1 million euros) and restructuring charges (47 million euros), **adjusted operating profit** improved by 54.5 percent, from 308 million euros to 476 million euros.

Return on sales (EBIT margin) increased significantly, from 8.0 percent to 10.8 percent, and adjusted return on sales even rose from 8.7 percent to 12.2 percent.

The company's **financial result** improved from –60 million euros to –35 million euros. This is attributable to the lower net debt figure, accompanied by an improvement in results from currency hedging transactions. The **tax rate** was 27.5 percent.

Due to the increased EBIT, **net income for the quarter** rose by 86.7 percent, from 150 million euros to 280 million euros. After deducting non-controlling interests totaling 7 million euros, net income for the quarter came in at 273 million euros (prior-year quarter: 143 million euros). Adjusted quarterly net income after non-controlling interests amounted to 315 million euros compared to 162 million euros in the prior-year quarter. **Earnings per preferred share (EPS)** increased substantially, from

0.33 euros to 0.63 euros. Adjusted earnings per preferred share almost doubled, reaching 0.73 euros versus 0.37 in the prior-year quarter.

Good progress was also made in the management of net working capital: compared to the prior-year period, the **ratio of net working capital to sales** improved by 3.0 percentage points to 8.7 percent.

Business sector performance

In the second quarter of 2010, the **Laundry & Home Care** business sector increased sales by 2.7 percent to 1,086 million euros. The foreign exchange impact amounted to a positive 4.6 percent. However, intense promotional and price competition led to a fall in prices of 4.7 percent. Hence, despite a substantial increase in volume of 3.2 percent, organic sales declined by 1.5 percent compared to the prior-year quarter. The highest rate of organic growth was achieved in the region of Africa/Middle East. In North America, sales decreased due to strong competitive pressures. However, in all the other regions, sales were largely held at the level of the previous year, despite declining markets in most cases, enabling Henkel to either defend or expand its market shares. Operating profit rose markedly, up 15.4 percent to 137 million euros, the increase in material prices being successfully offset through further cost savings in procurement and production. At 12.6 percent, return on sales improved by 1.4 percentage points versus the prior-year. Sales of the *Laundry Care* business benefited from a number of successful innovations. Eastern Europe, for example, saw the launch of Persil Gold with “Fresh Pearls” from Silan, which combines outstanding cleaning power with a freshening fragrance. The innovative stain removal product Transpirex was introduced into the Spanish market under the Neutrex brand. The *Home Care* business also launched a number of high-performance innovations onto the market in the period under review. In Eastern Europe, a new hand-dishwashing product was introduced under the Pur brand, which – with its especially viscous and extra-strong Pur Max gel formula – is able to remove even the most stubborn dirt with small dosages. The new WC product Bref Power Active was launched onto the markets of Western and Eastern Europe offering four active components: a cleaning foam, an anti-limescale formulation, a special dirt protection formula which prevents re-contamination, and an extra-fresh fragrance.

Despite high prior-year figures, the **Cosmetics/Toiletries** business sector posted strong organic sales growth of 5.0 percent to 865 million euros in the second quarter of 2010, significantly outperforming the relevant markets and continuing the highly successful trend of recent quarters. This growth was primarily due to an ongoing innovation offensive. Record market shares were again registered in Europe. The growth regions of Asia (excluding Japan), Africa/Middle East, Latin America and Eastern Europe made a particularly strong contribution to this continuing good performance with, again, a double-digit improvement. While a slight decline was observed in North America, a substantial increase in sales was once more achieved in Western Europe. Worthy of particular mention is the robust improvement in sales achieved in Germany. With advertising investment significantly higher, operating profit (EBIT) rose in the quarter under review by 12.4 percent to 112 million euros. Return on sales improved by 0.3 percentage points to 13.0 percent, a new high for a second quarter. The *Hair Cosmetics* segment continued to perform very well, expanding its market shares and posting record results in all categories. The Hair Care category benefited from the launch of the Schauma line Intensiv Anti-Schuppen (Intensive Anti-Dandruff), and the introduction of the Syoss Moisture series. In the Colorants business, the focus was on the further successful roll-out of the Syoss Color line and the introduction of Palette Intensive Color Creme Gelée Royale and Diadem Gelée Royale. In the Styling category, new product launches from Got2b and Taft Power & Touch contributed to the gratifying performance achieved. In addition to a successful launch of new Fa 3D Protect and the relaunch of Dial4Men, the *Body Care* segment also benefited from further significant growth momentum generated by the introduction in Western and Eastern Europe of the innovative, high-performance men's deodorant brand Right Guard. In the *Skin Care* segment, the focus was on the relaunch of the Diadermine line Reactivance for mature skin. In the *Oral Care* segment, the focus was on the relaunch of the successful series Theramed 2in1. The *Hair Salon* segment again generated good sales growth in the second quarter compared to prior-year. As a result, the business was able to gain further market shares in a persistently difficult operating environment. The successful relaunches of the styling brand OSiS and the cross-segment brand Essensity were among the main activities pursued.

The **Adhesive Technologies** business sector saw the extraordinarily positive developments of the first quarter continue through the second quarter. With an

increase of 19.5 percent to 1,890 million euros, sales were significantly above the level of the prior-year quarter. Organically, sales rose by 13.6 percent, this growth being generated in particular by volume increases that were able to more than offset the slight reduction in price levels. All Henkel's businesses and regions contributed to this positive development. The growth regions of Asia (excluding Japan), Africa/Middle East, Latin America and Eastern Europe continued to exhibit above-average improvements in sales. Yet the mature markets of Western Europe and North America also posted highly satisfactory double-digit growth. Despite material price increases operating profit and return on sales developed well, reflecting both an increase in sales volume and an improved cost structure. Operating profit more than doubled compared to the prior-year quarter, coming in at 222 million euros. Adjusted EBIT amounted to 255 million euros. Return on sales also improved to 11.8 percent, a substantial 5.8 percentage points higher than prior-year. Adjusted return on sales actually increased by 6.3 percentage points to a new high of 13.5 percent. The segment *Adhesives for Craftsmen, Consumers and Building* continued to develop well in all regions. Both the business with craftsmen and consumers and also activities involving the construction industry contributed to the growth achieved. Compared to the market-related, rather weak prior-year quarterly figures posted by the *Transport and Metal* business, this quarter the segment achieved the strongest rate of sales growth registered within the Adhesive Technologies business sector. All regions contributed to this improvement, some of them posting significant double-digit sales growth. In the *General Industry* business too, sales were substantially above the level of the prior-year quarter. In particular, the regions of Asia-Pacific, North America and Latin America posted above-average results; however, the Europe/Africa/Middle East region also turned in double-digit growth rates. Likewise the *Packaging, Consumer Goods and Construction Adhesives* business saw growth compared to the prior-year quarter, with activities involving laminating adhesives under the Liofol brand performing especially well. The *Electronics* segment also continued to show considerable improvement, with the business generating further substantial increases compared to the prior-year quarter, primarily in Western Europe, North America and Latin America. This year, at the world's most important trade show for the PCB and electronic components industry in Las Vegas, Henkel's innovative strength within this sector was recognized with two awards for new product developments under the Loctite and Hysol brands.

Regional performance

In the **Europe/Africa/Middle East** region, sales improved organically by 6.3 percent compared to the second quarter of 2009, coming in at 2,307 million euros, with all three business sectors contributing. Africa/Middle East once again saw double-digit organic growth, while developments in Eastern Europe continued in the upper single-digit range. Western Europe including Germany posted an organic growth rate in the mid single-digits, as it did in the first quarter of 2010. At 714 million euros, sales of the **North America** region grew organically by 1.9 percent compared to the prior-year quarter. Sales of the Adhesive Technologies business sector developed particularly well, while sales in the Laundry & Home Care and Cosmetics/Toiletries business sectors declined. The successful development of the **Latin America** region continued unabated. Here organic sales increased by 12.3 percent to 259 million euros, with all business sectors contributing. Sales continued to recover in the **Asia-Pacific** region, with organic growth of 16.0 percent compared to prior-year generating a total of 560 million euros. Encouraging sales increases were achieved by both Adhesive Technologies and Cosmetics/Toiletries. In the **growth regions** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan), sales rose by 21.4 percent to 1,598 million euros. Compared to the prior-year quarter, organic growth amounted to 11.6 percent, keeping it in the double-digit range. All the business sectors contributed to this improvement, albeit with the biggest contributions coming from Adhesive Technologies and Cosmetics/Toiletries. The share of sales of the growth regions increased from 38 to 41 percent.

Sales and profits forecast 2010

Looking at the economic forecasts for the current year, Henkel anticipates that the world economy will grow by around 3.5 percent.

Henkel is confident of again outperforming its relevant markets in terms of organic sales growth. A number of measures have been introduced and implemented on the operational side, from which Henkel expects further positive momentum to ensue. For example, it anticipates further contributions to profit arising both from the synergies created through the integration of the National Starch businesses, backed up by a strictly disciplined cost management approach. These factors and the

expected increase in sales will positively influence the development of adjusted operating profit (EBIT) and adjusted earnings per preferred share (EPS). Henkel expects both metrics to undergo a substantial improvement of more than 25 percent compared to the levels of 2009.

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

Lars Witteck

Tel. +49 211 797 - 2606

Fax +49 211 798 - 4040

Wulf Klüppelholz

Tel. +49 211 797 - 1875

Fax +49 211 798 - 4040

Henkel AG & Co. KGaA

Photo material available for downloading at <http://www.henkel.com/press>. For more detailed facts and figures relating to the second quarter of 2010, please go to: <http://www.henkel.com/ir>.

press@henkel.com

Key figures Q2/2010 and 1-6/2010

in million euros	Sales		EBIT		EBIT margin	
	Q2	1-6	Q2	1-6	Q2	1-6
Laundry & Home Care						
2010	1,086	2,135	137	288	12.6%	13.5%
2009	1,058	2,071	119	226	11.2%	10.9%
organic	-1.5%	1.0%	-	-	-	-
2010 adjusted ¹⁾	-	-	136	272	12.5%	12.7%
2009 adjusted ¹⁾	-	-	122	230	11.5%	11.1%
Cosmetics/Toiletries						
2010	865	1,627	112	212	13.0%	13.0%
2009	790	1,510	100	191	12.7%	12.6%
organic	5.0%	5.3%	-	-	-	-
2010 adjusted ¹⁾	-	-	112	210	12.9%	12.9%
2009 adjusted ¹⁾	-	-	100	189	12.7%	12.5%
Adhesive Technologies						
2010	1,890	3,541	222	408	11.8%	11.5%
2009	1,582	3,051	95	142	6.0%	4.7%
organic	13.6%	14.0%	-	-	-	-
2010 adjusted ¹⁾	-	-	255	457	13.5%	12.9%
2009 adjusted ¹⁾	-	-	114	168	7.2%	5.5%
Henkel						
2010	3,890	7,402	421	843	10.8%	11.4%
2009	3,485	6,743	279	497	8.0%	7.4%
organic	6.8%	7.8%	-	-	-	-
2010 adjusted ¹⁾	-	-	476	897	12.2%	12.1%
2009 adjusted ¹⁾	-	-	308	543	8.7%	8.1%

Henkel	Q2/2009	Q2/2010	Change	1-6/ 2009	1-6/ 2010	Change
Earnings per preferred share in euros	0.33	0.63	90.9%	0.61	1.23	>100%
Adjusted EPS per preferred share in euros	0.37	0.73	97.3%	0.68	1.33	95.6%

Changes on the basis of figures in thousand euros

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