

## Investor Relations News

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Organic sales growth between 5 and 6 percent expected for full fiscal 2011

### Henkel continues solid performance in Q3

- Sales increase of 1.7 percent to 4,028 million euros (organic: +6.5%)
- Adjusted\* operating profit: plus 4.7 percent to 541 million euros
- Adjusted\* EBIT margin: plus 0.4 percentage points to 13.4 percent
- All business sectors delivered substantial margin increases
- Adjusted\* earnings per preferred share (EPS): plus 6.3 percent to 0.85 euros
- Further double-digit increase in the growth regions (organic: +10.9%)

Düsseldorf, Germany – “Henkel continued its solid performance in the third quarter. Despite the challenging market environment, we outperformed once again our relevant markets in terms of organic sales growth,” said Henkel CEO, Kasper Rorsted. “All our business sectors contributed to this growth, and with further double-digit increases in our growth regions, we improved their share to 43 percent of our total sales. Despite higher raw material prices, we managed to improve profitability in all our business sectors.”

For the full fiscal year 2011, Rorsted provided the following guidance: “The economic environment remains challenging. In addition to intense competition and high raw material prices, the debt crisis in the eurozone is bringing additional uncertainty into the markets. Against this background, we will continue to adapt our structures in order to respond more quickly and flexibly to changes in our markets, and maintain strict cost control.” Henkel

also slightly raised its guidance for organic sales growth in 2011: “We now expect organic sales growth for the full fiscal year to be between 5 and 6 percent. In line with our previous guidance we expect our adjusted EBIT margin to increase to around 13 percent and adjusted earnings per preferred share by about 10 percent,” Rorsted added.

Henkel’s **sales** in the third quarter of 2011 increased to 4,028 million euros, a rise of 1.7 percent compared with the prior-year quarter. After adjusting for foreign exchange, sales improved by 5.7 percent. At 6.5 percent, **organic sales**, which exclude the impact of foreign exchange and acquisitions/divestments – again showed a strong increase.

All three business sectors contributed to this positive performance: **Laundry & Home Care** registered encouraging organic growth of 3.8 percent, driven exclusively by price. The strong organic sales growth at the **Cosmetics/Toiletries** business sector was 5.6 percent, achieved through significant volume increases. **Adhesive Technologies** attained strong organic sales growth of 8.7 percent generated through both volume increases and implemented price increases. As a result, Henkel was able to further expand global market share in all three business sectors.

After allowing for one-time charges, one-time gains and restructuring charges, **adjusted operating profit** improved by 4.7 percent, from 517 million euros to 541 million euros, with all three business sectors contributing. Operating profit (EBIT) totaled 451 million euros compared to 501 million euros in the same quarter of 2010.

Despite the influence of higher prices for raw materials and packaging, **adjusted return on sales** (EBIT margin) rose by 0.4 percentage points, from 13.0 percent to 13.4 percent. Return on sales came in at 11.2 percent, following 12.7 percent in the comparative prior-year period.

At –37 million euros, the **financial result** remained at the level of the prior-year quarter. The **tax rate** amounted to 24.2 percent (prior-year quarter: 26.1 percent).

**Adjusted quarterly net income** after deducting non-controlling interests amounted to 366 million euros compared to 349 million euros in the third quarter of 2010, a rise of 4.9 percent. Net income for the quarter was 314 million euros compared to 343 million euros in the prior-year quarter. After deducting non-controlling interests of 7 million euros, net income for the quarter totaled 307 million euros (prior-year quarter: 337 million euros). **Adjusted earnings per preferred share (EPS)** rose by 6.3 percent to 0.85 euros compared to 0.80 euros in the prior-year quarter. The nominal figure was 0.71 euros compared to 0.78 euros in the third quarter of 2010.

The ratio of **net working capital to sales** was 8.0 percent, about the same as in the prior-year quarter. **Net debt** as of September 30, 2011 amounted to 1,859 million euros, some 1 billion euros below the level of the previous year and falling below the 2 billion euro mark for the first time since the acquisition of the National Starch businesses in 2008.

### **Business performance from January through September 2011**

In the first nine months of fiscal 2011, Henkel increased **sales** versus the prior-year period by 3.9 percent to 11,804 million euros. After adjusting for foreign exchange, sales improved by 6.2 percent. At 6.6 percent, **organic sales growth** also came in significantly above the level of the prior-year period. **Adjusted operating profit** rose by 8.0 percent, from 1,414 million euros to 1,528 million euros, with the Cosmetics/Toiletries and Adhesive Technologies business sectors making a particularly significant contribution. Operating profit (EBIT) increased by 5.5 percent, from 1,344 million euros to 1,418 million euros. **Adjusted return on sales** (EBIT margin) improved from 12.4 percent to 12.9 percent. Return on sales rose from 11.8 percent to 12.0 percent.

**Adjusted net income for the nine months** after deducting non-controlling interests rose by 11.0 percent, from 922 million euros to 1,023 million euros. Net income for the nine months came in at 979 million euros compared to 889 million euros in the prior-year period. After deducting non-controlling interests of 21 million euros, net

income for the period totaled 958 million euros (previous year: 869 million euros). **Adjusted earnings per preferred share (EPS)** rose by 11.3 percent, from 2.13 euros to 2.37 euros. The nominal figure was 2.22 euros compared to 2.01 euros in the prior-year period.

### **Business sector performance in the third quarter 2011**

The **Laundry & Home Care** business sector increased **organic sales** by 3.8 percent. The positive price developments of the second quarter were further accelerated with the result that organic growth in the third quarter was entirely price-driven. Despite a slight decline in the relevant markets, volumes remained at the level of the prior-year quarter. In nominal terms, sales came in at 1,110 million euros compared to 1,123 million in the prior-year quarter.

Positive momentum in organic sales development emanated primarily from the growth regions of Eastern Europe, Africa/Middle East and Latin America. The Africa/Middle East region continued its recovery following the political upheavals, contributing to organic expansion with a high single-digit growth rate. Sales in North America increased despite a further contraction in the market. An improvement in sales was also achieved in Western Europe, due particularly to continuing strong growth in Germany. This positive sales performance in generally declining markets led to a further increase in Henkel's global market share.

**Adjusted operating profit** increased by 1.6 percent to 155 million euros. Adjusted return on sales improved by 0.4 percentage points to 14.0 percent. The third quarter was again characterized by high raw material prices. However, by increasing its own prices and with ongoing measures to reduce cost and enhance efficiency in both production and the supply chain, the business sector succeeded in largely offsetting the impact of rising material costs on gross margin. Return on sales further improved as a result of cost reductions. Operating profit totaled 125 million euros, compared to 139 million euros in the prior-year quarter.

The third quarter again saw the **Cosmetics/Toiletries** business sector continue its upward growth curve. As in the previous quarters, organic sales growth significantly outstripped the relevant markets, coming in this time at 5.6 percent. Despite the persistently difficult and intensely competitive market environment, the business sector was able to further expand its market shares. With prices slightly below the level of the prior-year quarter, organic growth was driven by significant volume increases, backed up by a strong innovation program. **Sales** totaled 860 million euros, 1.9 percent above the figure for the prior-year quarter.

Sales increases were reported in each of the company's regions. The strongest rises and another double-digit growth rate were registered in the growth markets of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan). Development in China was particularly dynamic with a strong core business and numerous new product launches. Sales growth was also achieved in the mature markets. Aside from substantial sales increases in Western Europe, there were also positive developments in North America, with expansion in our business there outpacing the relevant markets.

**Adjusted operating profit** increased by 7.0 percent to 123 million euros, and return on sales improved by 0.7 percentage points, rising to a new high of 14.3 percent. Further margin improvement was supported by ongoing measures to reduce cost and enhance efficiency. Persistently high prices for raw materials and packaging could be partially offset. Operating profit totaled 111 million euros, compared to 113 million euros in the prior-year quarter.

Once again in the third quarter of 2011, the **Adhesive Technologies** business sector significantly outperformed its relevant markets, increasing **sales** organically by 8.7 percent versus the prior-year quarter. This positive development was driven by both volume increases and successfully implemented price rises. In nominal terms, sales rose by 3.9 percent to 2,020 million euros, thus exceeding the 2 billion euro mark for the first time in a quarter.

Growth was achieved in each of the business sector's regions. In addition to a significant increase in sales in the mature markets, appreciable momentum was also once again generated in the emerging markets, with Africa/Middle East and Eastern Europe – driven by Russia particularly – once again exhibiting the highest growth rates.

**Adjusted operating profit** again improved significantly versus the prior-year quarter, by 8.6 percent to 291 million euros. As a result, adjusted return on sales rose by 0.6 percentage points to 14.4 percent, with the substantial increases in raw material and packaging prices being largely offset by the business sector increasing its own prices as well as reducing costs and enhancing efficiency. Operating profit totaled 254 million euros, compared to 268 million euros in the prior-year quarter.

### **Regional performance**

In the highly competitive market environment of the **Western Europe** region, sales improved organically by 3.8 percent to 1,422 million euros. Organic growth also came in at 3.8 percent. The main driver of this increase was sales growth generated in Germany. Despite the increasing severity of the financial crisis in Southern Europe, growth in Italy was particularly positive. Sales in the **Eastern Europe** region rose by 4.2 percent to 775 million euros. Organic growth was even higher at 10.3 percent. Among the primary reasons for the improvement were the company's businesses in Turkey and the adhesives operations in Russia. Although sales growth in the **Africa/Middle East** region continued to be hampered by political unrest in some countries, a double-digit organic improvement of 13.1 percent was nevertheless achieved, with the adhesives business making a particularly strong contribution. Sales of the region totaled 237 million euros compared to 229 million euros in the comparable period of the previous year. Sales generated in the **North America** region decreased by 4.6 percent to 699 million euros, with foreign exchange rates exerting major negative impact. Organically, however, sales rose by 4.0 percent despite the sluggish consumer climate prevailing in the USA. The region of **Latin America** recorded a sales increase of 5.4 percent to 273 million euros. Organic

growth came in at 11.0 percent, with business performance in Mexico and Venezuela a major contributor. The **Asia/Pacific** region saw sales increase by 1.2 percent to 586 million euros, albeit with developments in Japan exerting a dampening influence. Organic growth in the region was 7.6 percent, supported in particular by the double-digit rates of increase achieved in China and India.

Sales expansion was again given a particular boost by the **growth regions** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan). Sales increased by 3.4 percent to 1,713 million euros, with organic growth again double-digit at 10.9 percent. Total sales were boosted in particular by higher sales generated by Adhesive Technologies and Cosmetics/Toiletries. The share of sales attributable to these growth markets increased from 42 percent in the prior-year quarter to 43 percent this time.

### **Sales and profits forecast 2011**


Following the first three quarters, Henkel is confident of again outperforming its relevant markets in terms of organic sales growth. The company now expects an increase in organic sales of between 5 and 6 percent (previous outlook: around 5 percent). Henkel confirms its forecast for an adjusted return on sales (EBIT) of around 13 percent (2010: 12.3 percent) and an improvement in adjusted earnings per preferred share of around 10 percent. This guidance is based on increases achieved in Henkel's selling prices and the ongoing adaptation of its structures to the constantly changing market conditions. Through these activities and the maintenance of its strict cost discipline, Henkel intends to more than offset the effect on its earnings arising from increased raw material costs.

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.

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## Key figures Q3/2011 and 1-9/2011

in million euros	Sales		EBIT		EBIT margin	
	Q3	1-9	Q3	1-9	Q3	1-9
<b>Laundry &amp; Home Care</b>						
2011	1,110	3,258	125	382	11.2%	11.7%
2010	1,123	3,258	139	427	12.4%	13.1%
organic	3.8%	3.1%	-	-	-	-
2011 adjusted <sup>1)</sup>	-	-	155	428	14.0%	13.1%
2010 adjusted <sup>1)</sup>	-	-	153	424	13.6%	13.0%
<b>Cosmetics/Toiletries</b>						
2011	860	2,562	111	364	13.0%	14.2%
2010	845	2,471	113	325	13.4%	13.1%
organic	5.6%	5.6%	-	-	-	-
2011 adjusted <sup>1)</sup>	-	-	123	360	14.3%	14.1%
2010 adjusted <sup>1)</sup>	-	-	115	325	13.6%	13.2%
<b>Adhesive Technologies</b>						
2011	2,020	5,867	254	767	12.6%	13.1%
2010	1,945	5,486	268	676	13.8%	12.3%
organic	8.7%	9.6%	-	-	-	-
2011 adjusted <sup>1)</sup>	-	-	291	816	14.4%	13.9%
2010 adjusted <sup>1)</sup>	-	-	268	725	13.8%	13.2%
<b>Henkel</b>						
2011	4,028	11,804	451	1,418	11.2%	12.0%
2010	3,961	11,363	501	1,344	12.7%	11.8%
organic	6.5%	6.6%	-	-	-	-
2011 adjusted <sup>1)</sup>	-	-	541	1,528	13.4%	12.9%
2010 adjusted <sup>1)</sup>	-	-	517	1,414	13.0%	12.4%

Henkel	Q3/2010	Q3/2011	Change	1-9/ 2010	1-9/ 2011	Change
<b>Earnings per preferred share</b> in euros	0.78	0.71	-9.0%	2.01	2.22	10.4%
<b>Adjusted EPS per preferred share</b> in euros	0.80	0.85	6.3%	2.13	2.37	11.3%

Changes on the basis of figures in thousand euros

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