



Press Release
Düsseldorf, May 5, 2010

Substantial increase in sales and profits in the first quarter

Henkel makes a good start to the year

- Sales increase by 7.8 percent to 3,512 million euros
- Organic sales growth of 8.8 percent
- Adjusted operating profit: plus 79.1 percent to 421 million euros
- Adjusted EBIT margin: plus 4.8 percentage points to 12.0 percent
- Adjusted earnings per preferred share (EPS): plus 93.5 percent

“Henkel has made a good start to the fiscal year, with all our business sectors contributing. Despite the persistently challenging environment, Laundry & Home Care and Cosmetics/Toiletries continued their successful development of recent quarters, while Adhesive Technologies also returned to robust rates of sales growth,” said Kasper Rorsted, Chairman of the Henkel Management Board, adding: “Once again our strong brands made a further major contribution to Henkel’s gratifying Q1 results. However, this very good performance is also down to our efforts in adapting our structures and reducing our costs, coupled with the good progress we have made in the implementation of our strategic priorities. Now we are looking forward to a noticeable improvement in our results of more than 15 percent for the full fiscal year versus 2009.”

In the first quarter of 2010, Henkel generated **sales** of 3,512 million euros. In a recovering market environment, this constitutes an increase of 7.8 percent compared



to the figure for the prior-year quarter. After adjusting for foreign exchange, sales rose by 7.5 percent. **Organically**, i.e. after adjusting for foreign exchange, acquisitions and divestments, the increase was a substantial 8.8 percent, representing the first significant rise against a prior-year period for four quarters. And it was a development to which all the company's business sectors contributed. Laundry & Home Care again turned in a very positive performance with organic growth at 3.6 percent. And having increased sales organically by 5.5 percent, the Cosmetics/Toiletries business sector outstripped both the high levels of growth achieved in recent quarters and the overall rate of market expansion. Against a prior-year quarter weakened by the impact of the crisis, Adhesive Technologies reported double-digit organic growth amounting to a highly encouraging 14.5 percent.

Due primarily to the substantial improvement posted by Adhesive Technologies, **operating profit (EBIT)** increased by 93.3 percent, from 218 million euros to 422 million euros. After allowing for restructuring charges (31 million euros) and one-time gains (32 million euros), **adjusted operating profit** improved by 79.1 percent, from 235 million euros to 421 million euros.

Return on sales (EBIT margin) increased significantly, from 6.7 percent to 12.0 percent. Adjusted return on sales rose from 7.2 percent to likewise 12.0 percent.

Financial result decreased slightly from -52 million euros to -54 million euros, with the positive effect of reducing net debt being more than canceled out by higher interest paid. At 27.7 percent, the **tax rate** was slightly above the level of the previous year.

Due to the increased EBIT, **net income for the quarter** rose by 119.8 percent, from 121 million euros to 266 million euros. After deducting non-controlling interests totaling 7 million euros, net income for the quarter amounted to 259 million euros (prior-year quarter: 117 million euros). Adjusted quarterly net income after non-controlling interests amounted to 258 million euros compared to 130 million euros in the prior-year quarter. **Earnings per preferred share (EPS)** increased from 0.28 euros to 0.60 euros. The adjusted figure was also 0.60 euros compared to 0.31 euros 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 4.7 percentage points, to 8.5 percent.

Net debt versus prior-year quarter has undergone a substantial reduction of 1.4 billion euros to 2.7 billions euros.

Business sector performance

In the first quarter of 2010, the **Laundry & Home Care** business sector increased sales by 3.5 percent to 1,049 million euros. Organic growth amounted to 3.6 percent. This gratifying rise in sales was due not only to performance in the emerging economies but also, and to a high degree, to a sales improvement in the mature markets Western Europe and North America. The organic improvement was exclusively volume-driven. Significantly outpacing the rise in sales, operating profit increased by 41.2 percent to 151 million euros. Included in this figure is a gain of 15 million euros from the sale of licensing rights. Successful measures geared to reducing cost and enhancing efficiency also again contributed noticeably to the increase in income. At 14.4 percent, return on sales improved by a substantial 3.8 percentage points compared to the prior-year quarter. In the *Laundry* segment, positive developments in sales came from successes in the growth regions of Africa/Middle East and Latin America, with Western Europe also contributing. These developments were further aided by the success of a number of innovations. One example is Henkel's Persil Hygiene Rinser, which was launched in a number of countries in Western Europe. And Eastern European markets saw the rollout of Persil Gold Plus Active, an innovative product that reduces the amount of energy required per laundry wash. The *Home Care* business made a disproportionate contribution to the rise in sales. The geographic breakdown shows that Henkel registered growth momentum in virtually all its regions, particularly in Africa/Middle East, Asia and North America. In North America the focus was on the launch of products under the Soft Scrub brand for gentle surface cleaning in the bathroom and kitchen. Suitable for removing a wide range of soil types, they reduce the amount of effort required and accelerate the cleaning process on all surfaces.

The first quarter of 2010 saw the **Cosmetics/Toiletries** business sector continue unerringly along its successful growth path. In an unrelenting, highly competitive market environment, it posted a strong 5.5 percent rise in organic sales against already high prior-year levels. Registering double-digit rates of increase across the board, the growth regions of Asia-Pacific, Africa/Middle East, Latin America and Eastern Europe turned in excellent results, and a significant contribution to growth also came from the mature markets of Western Europe. This highly impressive sales performance was supported by a rigorous and ongoing innovation offensive which led to the launch of numerous new products. At 10.1 percent, the rise in operating profit far outstripped the increase in sales, with the 100 million euro mark being reached for the first time in a first quarter. Return on sales improved by 0.5 percentage points to 13.1 percent. The *Hair Cosmetics* segment reported a remarkably positive set of figures, expanding its market shares and posting record results in all three of its subsegments. The Hair Care business developed exceptionally well as a result of a relaunch of the Schauma Volume series with push-up effect, accompanied by the introduction of the new Gliss Shea Cashmere line. In the Colorants business, priority was given to the launch of the Syoss Color line and driving forward the further successful expansion of Essential Colors. In the Styling business, the introduction of the Taft Volume line for tired hair contributed to a positive overall performance. The focus in the *Body Care* segment was on a number of innovations launched around the world. In Europe, the Fa brand was extended by the new deodorant line Active Pearls and the body wash series Fa Yogurt Smoothies. In the USA, the introduction into the market of NutriSkin under the Dial brand also helped generate further growth momentum. The priority in the *Skin Care* business was on expanding the anti-aging line Diadermine Lift+. The *Oral Care* segment successfully strengthened the Theramed 2in1 series with the launch of the new freshness variant 16h Xtra Fresh. And in the *Hair Salon* business, Schwarzkopf Professional returned to a good level of growth in the first quarter, expanding its market share in a continuing difficult market environment. The main impetus here was provided by a number of high-performing innovations in the colorants category.

Sales of the **Adhesive Technologies** business sector exceeded by 12.4 percent the level of the first quarter of 2009, rising to 1,651 million euros. And in organic terms, revenues increased by an even more respectable 14.5 percent, due in large part to

substantial volume increases. All businesses and regions contributed to this exceptional expansion in sales: the growth regions of Asia-Pacific, Africa/Middle East, Latin America and Eastern Europe once again performed above average, and there were also substantial increases in sales in the mature markets Western Europe and North America. Operating profit likewise underwent a significant improvement – compared to the prior-year quarter it almost quadrupled, coming in at 185 million euros. The basis for this very strong increase was provided by measures introduced in the last financial year aligned to optimizing earnings. Return on sales rose by a substantial 8 percentage points to 11.2 percent. After adjusting for the disposal of the adhesive tapes business in North America, the *Adhesives for Craftsmen, Consumers and Building* business posted further growth, with all segments contributing. Substantial improvements versus the prior-year quarter were achieved in North America and Africa/Middle East especially. After considerable market-related declines in the previous year, the *Transport and Metal* business registered significant increases in sales in the quarter under review. Business with customers in the metals industry and, in particular, sales to the automotive sector were significantly higher than in the first quarter of 2009. The *General Industry* business also showed an improvement compared to the prior-year period, with the highest growth rates being achieved in North America, Asia-Pacific and Africa/Middle East. The *Packaging, Consumer Goods and Construction Adhesives* business likewise made gains, with sales in the regions of Asia-Pacific and Africa/Middle East substantially above the levels of the first quarter of 2009. However, the strongest growth rate was achieved by the *Electronics* business. Here, not only were sales in all the growth regions significantly above the levels of the prior-year quarter, the regions of Western Europe and North America also developed exceptionally well.

Regional performance

In the **Europe/Africa/Middle East** region, sales improved organically by 6.0 percent compared to the first quarter of 2009, coming in at 2,139 million euros, with all three business sectors contributing. Africa/Middle East once again realized double-digit organic growth, while developments in Eastern Europe continued in the positive single-digit range. Western Europe including Germany returned to growth in the mid single-digit range after an organic decline in sales in the fourth quarter of 2009. The

share of total Group sales attributable to the region as a whole remained unchanged at 61 percent. After a decrease in the fourth quarter of 2009, sales in the **North America** region improved organically by 7.9 percent compared to the prior-year quarter, closing at 645 million euros. Sales of the Laundry & Home Care and Adhesive Technologies business sectors developed exceptionally well. The region's share of Group sales declined, ending the period at 18 percent. Meanwhile, the successful development of the **Latin America** region continued unabated. Here, organic sales increased by 10.6 percent to 216 million euros, with all business sectors contributing. At 6 percent, the share of Group sales attributable to the region remained constant. Sales in the **Asia-Pacific** region continued to recover compared to the fourth quarter of 2009, growing organically by 27.6 percent versus the prior-year quarter and ending the period at 462 million euros. Strong sales increases in the Adhesive Technologies and Cosmetics/Toiletries business sectors contrasted with stagnation at Laundry & Home Care. The share of total sales accounted for by this region rose to 13 percent. In the **growth regions** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan), sales increased by 17.2 percent to 1,339 million euros. Compared to the prior-year quarter, organic growth amounted to 14.2 percent, which was also an improvement over the figure for the fourth quarter of 2009. All our business sectors contributed to this achievement, particularly Adhesive Technologies and Cosmetics/Toiletries which each recorded double-digit organic growth rates. The share of sales of the growth regions increased from 35 to 38 percent.

Sales and profits forecast 2010

In Henkel's estimation, the overall mildly positive market conditions currently prevailing in the real economy and in the financial markets remain fragile. Based on the forecasts for the current year, Henkel expects the world economy to grow by around 3 percent, but without any anticipation of a sustained upturn.

Henkel is confident of again outperforming its relevant markets in terms of organic sales growth. A number of measures have already been introduced on the operational side, from which Henkel expects further positive momentum to develop. For example, it anticipates further contributions to profit arising both from the

synergies created through the integration of the National Starch businesses and from a strictly disciplined cost management approach. All these factors will positively influence the development of adjusted operating profit (EBIT) and adjusted earnings per preferred share (EPS). Following the very successful start made to the new financial year, Henkel expects both these metrics to show a noticeable improvement of more than 15 percent compared to the figures for 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.

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

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Key figures Q1/2010

in million euros	Sales	EBIT	EBIT margin
	Q1/2010	Q1/2010	Q1/2010
Laundry & Home Care			
2010	1,049	151	14.4%
2009	1,013	107	10.6%
organic	3.6%	-	-
2010 adjusted ¹⁾	-	136	13.0%
2009 adjusted ¹⁾	-	108	10.7%
Cosmetics/Toiletries			
2010	762	100	13.1%
2009	720	91	12.6%
organic	5.5%	-	-
2010 adjusted ¹⁾	-	98	12.9%
2009 adjusted ¹⁾	-	89	12.4%
Adhesive Technologies			
2010	1,651	185	11.2%
2009	1,469	47	3.2%
organic	14.5%	-	-
2010 adjusted ¹⁾	-	201	12.2%
2009 adjusted ¹⁾	-	54	3.7%
Henkel			
2010	3,512	422	12.0%
2009	3,258	218	6.7%
organic	8.8%	-	-
2010 adjusted ¹⁾	-	421	12.0%
2009 adjusted ¹⁾	-	235	7.2%

Henkel	Q1/2009	Q1/2010	Change
Earnings per preferred share in euros	0.28	0.60	>100.0%
Adjusted EPS per preferred share in euros	0.31	0.60	93.5%

Changes on the basis of figures in thousand euros

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