

Investor Relations News

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2012 targets fully achieved

Henkel's sales and earnings reaching record levels

- Sales rise 5.8 percent to 16,510 million euros (organic: +3.8%)
- Adjusted* operating profit: +15.1 percent to 2,335 million euros
- Adjusted* EBIT margin: +1.1 percentage points to 14.1%
- Adjusted* earnings per preferred share (EPS): +17.8% to 3.70 euros
- Strong performance in the emerging markets (organic: +7.8%)
- Proposed dividend: +18.8 percent to 0.95 euros per preferred share
- 2013 set to be another year of growth

Düsseldorf – “2012 was the most successful year for Henkel so far: we achieved excellent results in a highly volatile and competitive market environment and met or exceeded all financial targets,” said Henkel CEO, Kasper Rorsted. “All three Henkel business sectors showed profitable growth with expansion of market shares in their relevant markets. We also delivered on the ambitious financial targets we set in 2008 for the period up to 2012. We have substantially strengthened Henkel’s competitiveness, establishing a strong foundation for our future growth.”

Looking at fiscal year 2013, Rorsted said: “The strong dynamics and high volatility in our markets will persist. Although Henkel is well positioned, we will continue to further simplify and improve our processes in order to respond to changes faster than our competition.

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 around 14.5 percent, and improve adjusted earnings per preferred share by around 10 percent.”

Sales and earnings 2012

In a challenging economic environment, Henkel's sales grew to 16,510 million euros in fiscal year 2012, an increase of 5.8 percent versus the prior year. **Organic sales**, which exclude the impact of foreign exchange and acquisitions/divestments, rose by 3.8 percent, driven by both price and volume.

All three business sectors contributed to organic sales growth and further expanded market shares in their relevant markets. **Laundry & Home Care** posted an increase in organic sales of 4.7 percent. Organic growth in **Adhesive Technologies** was around 3.6 percent. The **Beauty Care** business sector posted an organic sales growth of 3.1 percent.

After allowing for one-time gains, one-time charges and restructuring charges, **adjusted operating profit** rose to 2,335 million euros, an increase of 15.1 percent over the figure of 2,029 million euros for the prior year. All three business sectors contributed to this positive development. Reported operating profit (EBIT) amounted to 2,199 million euros compared to 1,765 million euros in the prior year.

Despite higher prices in procurement markets, **adjusted return on sales** (adjusted EBIT margin) increased significantly by 1.1 percentage points, from 13.0 percent to 14.1 percent. Reported return on sales amounted to 13.3 percent compared to 11.3 percent in the prior year.

The **financial result** improved by 14 million euros to –141 million euros, as a result of the decrease in net debt and lower interest rates. Foreign exchange also had a positive effect. The **tax rate** was 24.4 percent compared to 26.0 percent in the prior year.

Adjusted net income after deducting non-controlling interests increased year on year by 18.2 percent, from 1,356 million euros to 1,603 million euros. Net income was at 1,556 million euros compared to 1,191 million euros in the prior year. After deducting 46 million euros attributable to non-controlling interests, net income amounted to 1,510 million euros (previous year: 1,161 million euros).

Adjusted earnings per preferred share (EPS) increased 17.8 percent year on year, from 3.14 euros to 3.70 euros. Unadjusted, EPS was 3.49 euros versus 2.69 euros in the prior year.

The Management Board, Supervisory Board and Shareholders' Committee propose that the Annual General Meeting approves a 18.8 percent higher **dividend** per preferred share of 0.95 euros (previous year: 0.80 euros) and a 19.2 percent increased dividend per ordinary share of 0.93 euros (previous year: 0.78 euros).

The ratio of **net working capital to sales** underwent a further improvement, ending the year at 5.2 percent, 2.1 percentage points below the level at the end of 2011. **Net debt** as of December 31, 2012, decreased substantially to 85 million euros (December 31, 2011: 1,392 million euros). Free cash flow was more than doubled to a new record high of 2,023 million euros.

Business sector performance

Laundry & Home Care reported an organic increase in **sales** of 4.7 percent for the year under review. Growth was thus significantly above that of its relevant markets. Nominally, sales rose 5.9 percent to 4,556 million euros for the year, with all regions contributing to the positive business performance.

Western Europe posted positive organic sales growth despite the persistently difficult market environment prevailing in its southern countries. The region profited significantly from the very solid performance registered in Germany, France and Italy. Sales growth in North America was likewise solid, despite a highly competitive and still declining market. Sales in the emerging markets increased by a high single-digit percentage overall.

Adjusted operating profit rose significantly by 15.5 percent to 659 million euros. Adjusted return on sales likewise improved, by 1.3 percentage points to 14.5 percent. Reported operating profit stood at 621 million euros, compared to 419 million euros in the previous year. In addition to a positive business performance the improvement was also attributable to reduced restructuring charges.

Continuing the trend of previous years, **Beauty Care** again generated profitable growth in 2012. Organically, sales rose by 3.1 percent, once more significantly outstripping the positive growth of the relevant markets. As in previous years, the strong innovation program contributed to this solid performance. Nominally, **sales** rose by 4.2 percent, reaching 3,542 million euros.

Business performance was particularly successful in the emerging markets, with Asia (excluding Japan) standing out through strong double-digit growth thanks to substantial expansion of business in China. The Africa/Middle East region likewise posted double-digit sales growth, and there were also sales increases in the mature markets.

Business performance in North America was particularly gratifying. Sales in Europe remained at the 2011 level despite the euro crisis and adverse economic developments in Southern Europe.

Adjusted operating profit increased significantly by 6.8 percent versus the prior year, to 514 million euros, the business sector's highest earnings figure to date. As a result, adjusted return on sales rose by 0.3 percentage points to 14.5 percent, likewise reaching a new high. Reported operating profit rose year on year by 2.6 percent to 483 million euros.

Adhesive Technologies likewise continued its profitable growth in 2012. Despite economic activity slowing overall during the course of the year, sales increased above the 8 billion euro mark for the first time, reaching a new high of 8,256 million euros. Organic sales growth was 3.6 percent, with ongoing portfolio alignment toward innovative customer solutions being a key factor in this solid performance.

Strong sales growth was again recorded in emerging markets, the Africa/Middle East region accounting for the largest increase with sales growth in the double-digits. Sales performance was positive overall in the mature markets, with especially large contributions from North America. The strong sales growth generated there more than compensated for the effects of the negative economic conditions in Western Europe, particularly in the countries of Southern Europe.

Adjusted operating profit increased by 15.9 percent and reached a new high of 1,246 million euros. Adjusted return on sales rose by 1.2 percentage points, likewise reaching another high of 15.1 percent. Operating profit rose by 18.9 percent to 1,191 million euros.

Regional performance

In a highly competitive market environment, **Western Europe** posted sales of 5,610 million euros, virtually matching the prior year. Organic sales growth was slightly negative at –0.5 percent. The positive trend in Germany was overshadowed by the recessionary trend in Southern Europe. Sales in **Eastern Europe** increased by 6.2 percent to 2,986 million euros. The organic sales growth of 6.0 percent was supported primarily by the businesses in Turkey and Russia. In the **Africa/Middle East** region, sales grew by a nominal 15.3 percent to 1,077 million euros. Organic sales growth was 12.6 percent, driven by double-digit growth rates in, among others, the United Arab Emirates, Algeria and Egypt. Sales in the **North America** region registered a nominal increase of 11.3 percent to 3,023 million euros. Despite a reluctant consumer climate in the USA, organic sales growth for the region came in at 4.8 percent. Sales in **Latin America** declined slightly by a nominal –0.4 percent to 1,062 million euros. Organically, on the other hand, sales grew by 3.1 percent. This was mainly thanks to business performance in Mexico, whereas Brazil registered declining sales. In the **Asia-Pacific** region, sales grew by a nominal 13.1 percent to 2,597 million euros. With organic growth of 7.4 percent, the region continued to show very strong performance, driven in particular by double-digit growth rates in China and India.

Sales generated by the **emerging markets** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan) increased nominally by 9.3 percent to 7,115 million euros in the reporting period. Organic sales growth was 7.8 percent, with all business sectors contributing. The share of sales from emerging markets climbed from 42 to 43 percent.

Fourth quarter 2012

Henkel increased fourth quarter **sales** by 5.3 percent year on year, to 4,002 million euros. **Organic sales growth** was 4.0 percent. **Adjusted operating profit** – i.e. earnings adjusted for one-time charges/gains and restructuring charges – rose 8.4 percent, from 502 million to 544 million euros. Reported operating profit (EBIT) reached 492 million euros following 347 million euros in the prior year quarter. **Adjusted return on sales** (adjusted EBIT margin) rose 0.4 percentage points, from 13.2 percent to 13.6 percent. Return on sales amounted to 12.3 percent following 9.1 percent in the prior year period. **Adjusted net income** for the quarter after deducting non-controlling interests rose year on year by 12.9 percent, from 334 million to 377 million euros. Total net income for the quarter was 357 million euros compared to 212 million euros in the previous year. After deducting non-controlling interests amounting to 14 million euros, net income for the quarter amounted to 343 million euros (prior year quarter: 203 million euros). **Adjusted earnings per preferred share** (EPS) rose 13.0 percent to 0.87 euros versus 0.77 euros in the prior year quarter, while the unadjusted figure rose from 0.47 euros to 0.79 euros.

Outlook for the Henkel Group 2013

Henkel expects to generate organic sales growth of 3 to 5 percent in fiscal year 2013, and expects each business sector to generate organic sales growth within this range. In recent years, Henkel has introduced a number of measures that have had a positive effect on its cost structure. Also in this year, Henkel intends to continue adapting its structures to constantly changing market conditions and to continue its strict cost discipline, especially in administration. By optimizing and standardizing its processes and continuing to expand its shared services, Henkel can pool activities and thus further improve its own efficiency while at the same time enhancing the quality of its customer service. Moreover, the optimization of its production and logistics networks will help to improve cost structures. These factors together with the expected increase in sales will have a positive effect on earnings performance.

Compared to the figures for 2012, Henkel expects adjusted return on sales (EBIT) to increase to around 14.5 percent (2012: 14.1 percent), and that all business sectors will contribute to this improvement. Henkel further expects adjusted earnings per preferred share to increase by around 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, forecast 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 Q4/2012 and 1-12/2012

in million euros	Sales		EBIT		EBIT margin	
	Q4	1-12	Q4	1-12	Q4	1-12
Laundry & Home Care						
2012	1,108	4,556	143	621	12.9%	13.6 %
2011 ¹	1,046	4,304	37	419	3.6%	9.7 %
organic	4.7%	4.7%	-	-	-	-
2012 adjusted ²	-	-	158	659	14.3%	14.5%
2011 adjusted ²	-	-	143	570	13.6%	13.2%
Beauty Care						
2012	852	3,542	118	483	13.8%	13.6 %
2011	836	3,399	107	471	12.7%	13.8 %
organic	2.1%	3.1%	-	-	-	-
2012 adjusted ²	-	-	124	514	14.6%	14.5 %
2011 adjusted ²	-	-	121	482	14.5%	14.2 %
Adhesive Technologies						
2012	2,004	8,256	253	1,191	12.6%	14.4 %
2011	1,879	7,746	235	1,002	12.5%	12.9 %
organic	4.6%	3.6%	-	-	-	-
2012 adjusted ²	-	-	283	1,246	14.1%	15.1 %
2011 adjusted ²	-	-	259	1,075	13.8%	13.9 %
Henkel						
2012	4,002	16,510	492	2,199	12.3%	13.3%
2011 ¹	3,800	15,605	347	1,765	9.1%	11.3%
organic	4.0%	3.8%	-	-	-	-
2012 adjusted ²	-	-	544	2,335	13.6%	14.1%
2011 adjusted ²	-	-	502	2,029	13.2%	13.0%

Henkel	Q4/2011	Q4/2012	Change	1-12/ 2011	1-12/ 2012	Change
Earnings per preferred share in euros	0.47	0.79	68.1%	2.69	3.49	29.7%
Adjusted EPS per preferred share in euros	0.77	0.87	13.0%	3.14	3.70	17.8%

Changes on the basis of figures in thousand euros

1) Application of IAS 8 „Accounting policies, changes in accounting estimates and errors“. Further information is given in the Annual Report 2012 on pages 116 and 117.

2) Adjusted for one-time charges/gains and restructuring charges.