

Press Release

August 8, 2013

2013 guidance confirmed

Henkel records strong performance in second quarter

- Sales rise 1.9% to 4,286 million euros (organic: +4.0%)
- Adjusted operating profit: +8.2% to 660 million euros
- Adjusted EBIT margin: +0.9 percentage points to 15.4%
- Double-digit growth in adjusted earnings per preferred share (EPS): +10.3%*
- At 45 percent, share of sales in emerging markets reaches new high

Düsseldorf – “Despite the continued challenging market environment, Henkel delivered a strong second quarter. We significantly increased both sales and earnings with all our three business sectors contributing. Our adjusted return on sales has risen to 15.4 percent for the first time,” said Henkel CEO, Kasper Rorsted. “While all regions reported growth, once again our emerging markets made an important contribution. The share of sales in emerging markets rose substantially reaching 45 percent for the first time.”

Looking forward to the second half of the year, Rorsted stated: “We expect the overall economic environment to remain difficult. Hence we will further improve our competitiveness. We will continue to adapt, simplify and accelerate our processes in order to respond more flexibly and efficiently to the volatile market environment in which we operate.”

* With application of IAS 19 revised, growth in the prior-year quarter was 11.5 percent.

2013 guidance confirmed

Rorsted confirmed Henkel's previously stated guidance for fiscal 2013: "We expect organic sales growth to be between 3 and 5 percent in the full fiscal year. We expect our adjusted EBIT margin to increase to about 14.5 percent and adjusted earnings per preferred share to grow by about 10 percent."

Sales and earnings performance in the second quarter 2013

At 4,286 million euros, Henkel's **sales** for the second quarter 2013 showed an increase of 1.9 percent versus the prior-year quarter. Henkel continued to see strong headwinds from currency effects, mainly coming from Japanese Yen, US Dollar and Russian Ruble. **Organic** sales, which excludes the impact of foreign exchange and acquisitions/divestments, rose by 4.0 percent.

All three business sectors contributed to this solid performance: **Laundry & Home Care** recorded strong organic sales growth of 5.8 percent. The **Beauty Care** business sector achieved a solid organic growth rate of 2.8 percent. And the **Adhesive Technologies** business sector also registered solid growth with organic sales rising by 3.6 percent year on year.

After allowing for one-time gains, one-time charges and restructuring charges, **adjusted operating profit** improved by 8.2 percent, from 609 million euros to 660 million euros, with all three business sectors contributing. Reported operating profit (EBIT) was 607 million euros compared to 583 million euros in the second quarter of 2012.

Adjusted return on sales (EBIT margin) showed a very strong increase of 0.9 percentage points, taking it to 15.4 percent. Reported return on sales amounted to 14.2 percent compared to 13.9 percent in the prior-year quarter.

Henkel's **financial result** improved by 18 million euros to -27 million euros, due primarily to a stronger net financial position and an improved result from currency

hedging activities. The **tax rate** was at 25.5 percent compared to 24.7 percent for the prior-year quarter.

Net income for the quarter rose by 6.7 percent, from 405 million euros to 432 million euros. After deducting 14 million euros attributable to non-controlling interests, quarterly net income amounted to 418 million euros (prior-year quarter: 394 million euros). Adjusted net income for the quarter after deducting non-controlling interests was 461 million euros compared to 413 million euros for the same period of 2012. **Earnings per preferred share (EPS)** rose from 0.91 euros to 0.96 euros. The adjusted figure was 1.07 euros compared to 0.96 euros in the previous year. Before application of IAS 19 revised, prior-year EPS was 0.97 euros. Compared to this figure, adjusted earnings per preferred share increased by 10.3 percent.

The ratio of **net working capital to sales** further improved year on year, decreasing to 5.2 percent. Despite higher dividend payments, at -130 million euros Henkel's **net financial position** as of June 30, 2013 was only slightly below the figure at the turn of the year (-85 million euros). As of June 30, 2012, Henkel's net debt amounted to 1,269 million euros.

Business performance January through June 2013

In the first six months of fiscal 2013, Henkel increased **sales** versus the prior-year period by 1.3 percent to 8,319 million euros. **Organic sales** posted solid growth of 3.2 percent compared to the first half of 2012. **Adjusted operating profit** rose by 8.6 percent, from 1,160 million euros to 1,260 million euros, with all three business sectors contributing. **Adjusted return on sales (EBIT margin)** showed a very strong increase, rising from 14.1 percent to 15.1 percent.

Adjusted net income for the half year grew by 12.5 percent, from 802 million euros to 902 million euros. Deduction of non-controlling interests totaling 24 million euros left adjusted half-yearly net income attributable to Henkel shareholders of 878 million euros (prior-year period: 782 million euros). **Adjusted earnings per preferred share**

(EPS) amounted to 2.03 euros, representing a significant increase of 12.2 percent compared to the 1.81 euros registered in the first half 2012. Before application of IAS 19 revised, the figure for that period was 1.84 euros. Compared to this EPS figure the increase was 10.3 percent.

Business sector performance second quarter 2013

The **Laundry & Home Care** business sector recorded strong sales growth in the second quarter and a very strong increase in adjusted return on sales. The business sector also succeeded in further expanding its share of its relevant markets. Organically, sales rose by 5.8 percent year on year. Nominal sales increased by 3.4 percent to 1,186 million euros.

This strong organic sales performance was driven primarily by the emerging markets, in which Laundry & Home Care achieved a double-digit percentage increase overall. Despite the unrest, this applies also for the Africa/Middle East region. Eastern Europe also recorded very strong sales growth, driven mainly by dynamic developments in Russia and Turkey. In the mature markets, Laundry & Home Care succeeded in producing a stable sales performance overall, in spite of accelerating market decline and heavy promotional and price competition. Western Europe showed solid sales growth despite the extremely difficult market conditions in the countries of Southern Europe. Germany and France, in particular, reported a very strong performance. In North America, sales in an increasingly declining market fell short of the level of the prior-year quarter.

Adjusted operating profit rose by 9.1 percent to 182 million euros, a very strong improvement over the prior-year quarter. Adjusted return on sales showed an increase of 0.8 percentage points to 15.3 percent. Reported operating profit was 167 million euros compared to 153 million euros in the prior-year quarter.

Beauty Care recorded solid sales growth in the second quarter and a strong increase in adjusted return on sales. At 2.8 percent, organic sales growth was once again higher than the growth rate in relevant markets. The business sector also

succeeded in further expanding its share of its relevant markets. Nominally, sales rose by 0.2 percent to 923 million euros.

All regions contributed to the solid organic sales performance. As in previous quarters, Africa/Middle East and Asia (excluding Japan) recorded a particularly strong performance, each region posting double-digit percentage growth rates. The growth driver in these markets remains China. Sales in the mature markets increased, despite the difficult business climate. North America once again registered a solid growth rate, and Western Europe, too, continued its positive development.

Adjusted operating profit rose by 3.6 percent to 138 million euros. Adjusted return on sales showed a strong increase of 0.5 percentage points to 14.9 percent. Reported operating profit increased by 2.7 percent versus prior year, to 135 million euros.

The **Adhesive Technologies** business sector recorded solid sales growth in the second quarter and showed excellent development in adjusted return on sales. Sales reached 2,138 million euros. Organically, the increase was 3.6 percent versus the same quarter of the previous year.

The emerging markets registered very strong organic sales growth. The Latin America region recorded the highest growth rate with a double-digit improvement. Asia (excluding Japan) and Eastern Europe posted a very strong rise year on year. The sales development in the Africa/Middle East region was once again solid. The sales performance in the mature markets varied by region. North America registered a solid increase in sales versus the prior-year quarter. However, sales in Western Europe decreased due to the persistently difficult economic conditions. By contrast, business performance in Germany was positive.

Adjusted operating profit showed a very strong year-on-year increase of 9.7 percent to 362 million euros. Adjusted return on sales reached 16.9 percent for the first time, an improvement of 1.2 percentage points compared to the level of the prior-year

quarter. Reported operating profit (EBIT) was 333 million euros compared to 327 million euros in the second quarter of 2012.

Regional performance across the Group

In a highly competitive market environment, Henkel's sales in the **Western Europe** region were at 1,423 million euros, nearly matching the level of the prior-year quarter. Organic sales rose by 0.2 percent, with the effects of the recessionary developments in Southern Europe being offset. Sales in the **Eastern Europe** region grew nominally by 3.7 percent to 799 million euros. Organically, the rise was 5.8 percent, driven primarily by Russia and Turkey. Expansion in the **Africa/Middle East** region continued to be affected by political and social unrest in some countries. Despite this, nominal sales rose by 10.3 percent to 307 million euros, while organic growth was 18.3 percent with major contributions coming from both Laundry & Home Care and Beauty Care.

Nominally, sales in the **North America** region decreased slightly by 0.7 percent to 760 million euros. In organic terms, however, sales rose by 1.1 percent, due to the solid performance of the Beauty Care and Adhesive Technologies business sectors. Nominal sales in the **Latin America** region grew by 4.7 percent to 282 million euros. Organic sales rose by 7.8 percent, with the businesses in Mexico and Brazil making substantial contributions. Sales in the **Asia-Pacific** region grew nominally by 2.9 percent to 675 million euros. Organically, sales improved by 6.0 percent. While sales performance in the emerging markets, especially China, was solid, sales in Japan declined.

Overall, sales growth was again driven by the **emerging markets** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan). Nominally, emerging markets **sales** rose by 6.2 percent to 1,943 million euros in the second quarter. Organic growth was 8.9 percent with all three business sectors contributing. The share of sales attributable to the emerging markets increased from 43 percent in the prior-year quarter to 45 percent.

Outlook for the Henkel Group in 2013

Henkel expects to generate organic sales growth of between 3 and 5 percent in fiscal 2013. The company is confident that each business sector will grow within this range. Henkel confirms its guidance for adjusted return on sales (EBIT) of about 14.5 percent (2012: 14.1 percent) and assumes that all business sectors will contribute to the increase over the prior year. Henkel further expects an increase in adjusted earnings per preferred share of about 10 percent (2012: 3.70 euros).

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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Henkel AG & Co. KGaA

The report for the second quarter of 2013 and other information with download material and the link to the teleconference broadcast can be found in our press folder on the internet at:

<http://www.henkel.com/press/2013-08-08-publication-report-q2-2013-41632.htm>

Key figures Q2/2013 and 1-6/2013

in million euros	Sales		EBIT		EBIT margin	
	Q2	1-6	Q2	1-6	Q2	1-6
Laundry & Home Care						
2013	1,186	2,363	167	342	14.1%	14.5%
2012	1,147	2,254	153	310	13.3%	13.7%
organic	5.8%	6.9%	-	-	-	-
2013 adjusted ¹⁾	-	-	182	358	15.3%	15.2%
2012 adjusted ¹⁾	-	-	167	327	14.5%	14.5%
Beauty Care						
2013	923	1,796	135	259	14.6%	14.4%
2012	921	1,782	131	252	14.3%	14.1%
organic	2.8%	3.4%	-	-	-	-
2013 adjusted ¹⁾	-	-	138	268	14.9%	14.9%
2012 adjusted ¹⁾	-	-	133	257	14.4%	14.4%
Adhesive Technologies						
2013	2,138	4,082	333	646	15.6%	15.8%
2012	2,099	4,099	327	610	15.6%	14.9%
organic	3.6%	1.3%	-	-	-	-
2013 adjusted ¹⁾	-	-	362	682	16.9%	16.7%
2012 adjusted ¹⁾	-	-	330	619	15.7%	15.1%
Henkel						
2013	4,286	8,319	607	1,172	14.2%	14.1%
2012	4,206	8,214	583	1,121	13.9%	13.6%
organic	4.0%	3.2%	-	-	-	-
2013 adjusted ¹⁾	-	-	660	1,260	15.4%	15.1%
2012 adjusted ¹⁾	-	-	609	1,160	14.5%	14.1%

Henkel	Q2/2012	Q2/2013	Change	1-6/ 2012	1-6/ 2013	Change
Earnings per preferred share in euros ²⁾	0.91	0.96	5.5%	1.75	1.87	6.9%
Adjusted EPS per preferred share in euros ²⁾	0.96	1.07	11.5%	1.81	2.03	12.2%
Adjusted EPS per preferred share in euros (2012 before IAS 19 revised)	0.97	1.07	10.3%	1.84	2.03	10.3%

Changes on the basis of figures in thousand euros

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

²⁾ Q2/2012 and 1-6/2012 adjusted in application of IAS 19 revised (see notes in the Quarterly financial report Q2 2013 on page 33)