

Investor Relations News

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Good performance continued through second quarter 2012

Henkel reports strong increase in sales and earnings

- Sales rise 6.4 percent to 4,206 million euros (organic: + 4.0%)
- Adjusted* operating profit: + 18.6 percent to 609 million euros
- Adjusted* EBIT margin: + 1.5 percentage points to 14.5 percent
- Adjusted* earnings per preferred share (EPS): + 22.8 percent to 0.97 euros
- Emerging markets again primary success drivers (organic sales: + 8.1%)
- Targets for 2012 confirmed; EPS growth outlook raised from at least 10 percent to around 15 percent

Düsseldorf – “Henkel continued its good performance in the second quarter, despite a difficult market environment. We generated profitable growth in all our business sectors and posted a substantial increase in our EBIT margin,” said Henkel CEO Kasper Rorsted. “The solid results achieved in the second quarter also reflect our persistent focus on our strategic priorities. We have thus taken an important step towards achieving our targets for 2012.”

Looking at the full fiscal year 2012, Rorsted said: “We expect that the very volatile environment with uncertainties in our markets will persist. In particular, the effects of the debt and financial crises in a number of countries will continue to be a challenge. Hence, we will continue to analyze, adapt and further improve our processes and structures.”

Guidance for 2012 confirmed – Outlook for EPS growth raised

“Based on our solid performance in this first half year, we are confident of achieving our targets for 2012. We expect organic sales growth to be between 3 and 5 percent and to increase adjusted EBIT margin to 14 percent. For adjusted earnings per preferred share, we have raised our growth outlook from at least 10 percent to around 15 percent,” Rorsted added.

Henkel’s **sales** in the second quarter of 2012 were 4,206 million euros, an increase of 6.4 percent compared to the figure for the prior-year quarter. **Organic sales**, which exclude the impact of foreign exchange and acquisitions/divestments, rose by 4.0 percent, a solid increase compared to the prior-year quarter.

All three business sectors contributed to this positive development: **Laundry & Home Care** registered strong organic growth of 5.1 percent; organic sales growth at the **Cosmetics/Toiletries** business sector reached a solid 2.8 percent; and the **Adhesive Technologies** business sector also generated solid organic sales growth amounting to 3.6 percent.

After allowing for one-time gains, one-time charges and restructuring charges, **adjusted operating profit** improved by 18.6 percent, from 514 million euros to 609 million euros, with all three business sectors contributing. Reported operating profit (EBIT) increased by 8.5 percent, from 537 million euros to 583 million euros.

Adjusted return on sales (EBIT margin) increased significantly by 1.5 percentage points, from 13.0 percent to 14.5 percent. Reported return on sales was 13.9 percent, following 13.6 percent in the comparative prior-year period.

The company’s **financial result** improved versus the prior-year quarter by 6 million euros to –35 million euros. At 24.8 percent, the **tax rate** was slightly above the level of the previous year (24.4 percent).

Net income for the quarter rose by 9.9 percent, from 375 million euros to 412 million euros. After deducting 11 million euros attributable to non-controlling interests, quarterly net income amounted to 401 million euros (prior-year quarter: 366 million euros). **Adjusted quarterly net income** after deducting non-controlling interests amounted to 420 million euros compared to 343 million euros in the prior-year quarter. **Earnings per preferred share (EPS)** rose from 0.85 euros to 0.92 euros. The adjusted figure was 0.97 euros compared to 0.79 euros in the prior-year quarter.

Further good progress was made in the management of net working capital. Compared to the prior-year period, the **ratio of net working capital to sales** improved by 0.9 percentage points to 7.5 percent. **Net debt** was reduced to 1,269 million euros as of June 30, 2012 (June 30, 2011: 1,959 million euros).

Business performance January through June 2012

In the first six months of fiscal 2012, Henkel increased **sales** versus the prior-year period by a strong 5.6 percent to 8,214 million euros. **Organic sales** also showed solid growth of 4.3 percent versus the first half of 2011. **Adjusted operating profit** rose by 17.6 percent, from 987 million euros to 1,160 million euros, with all three business sectors contributing to the positive performance. **Adjusted return on sales (EBIT margin)** improved from 12.7 percent to 14.1 percent.

Net income for the half year rose by 21.8 percent, from 671 million euros to 817 million euros. After deducting 20 million euros attributable to non-controlling interests, half-yearly net income amounted to 797 million euros (prior-year period: 657 million euros). **Adjusted earnings per preferred share (EPS)** rose by 21.1 percent, from 1.52 euros to 1.84 euros.

Business sector performance second quarter 2012

The **Laundry & Home Care** business sector continued its strong sales and earnings performance in the second quarter, with all its key financials outstripping those of the

second quarter of 2011. Nominal **sales** rose by 6.6 percent to 1,147 million euros, compared to 1,076 million euros in the prior-year quarter. Organically, sales rose by 5.1 percent.

All regions contributed to the strong sales performance achieved. The greatest impetus again came from the emerging markets, which achieved double-digit growth rates overall, with Africa/Middle East and Latin America posting the highest growth rates. Sales in Eastern Europe were also very strong, supported in particular by a double-digit rate of growth in Russia and Turkey. Following a slight decrease in sales in the first quarter, the company returned to positive sales growth in Western Europe against a still weak market environment in the Southern European countries and a persistently high level of competitive intensity. Sales in North America increased despite a further contraction in the market.

Adjusted operating profit increased significantly – by almost 20 percent – to 167 million euros, while adjusted return on sales improved by 1.5 percentage points to 14.5 percent, with ongoing measures to reduce costs and enhance efficiency having a positive effect. Reported operating profit totaled 153 million euros compared to 157 million euros in the comparative prior-year quarter.

The **Cosmetics/Toiletries** business sector continued its uptrend in profitable growth during the second quarter. Nominal **sales** totaled 921 million euros, 4.5 percent above the 881 million euros generated in the prior-year quarter. Organic sales rose by 2.8 percent.

Growth was supported by all regions, albeit with the emerging markets continuing to show the strongest dynamics. The regions of Africa/Middle East and Asia (excluding Japan) delivered double-digit growth rates, with sales in Eastern Europe and Latin America likewise developing positively. Bucking the adverse economic conditions prevailing in the mature markets, the company generated solid sales growth in Western Europe and also posted a positive sales performance in North America.

Adjusted operating profit increased by 7.1 percent to 133 million euros. At 14.4 percent, adjusted return on sales rose by 0.3 percentage points compared to the second quarter of 2011. Reported operating profit was at 131 million euros following 140 million euros in the prior-year quarter, this latter figure having included a one-time gain from the disposal of the branded consumer goods business in India.

The **Adhesive Technologies** business sector again succeeded in increasing its sales in the second quarter of 2012, accompanied by a further substantial improvement in earnings. Nominal **sales** rose by 6.9 percent to 2,099 million euros, with organic growth coming in at 3.6 percent.

The emerging markets provided important impetus for the solid sales increase achieved, with good, above-average sales being posted in the regions of Eastern Europe and Africa/Middle East particularly. In Western Europe, sales were slightly below the level of the prior-year quarter, due primarily to adverse market conditions in Southern Europe. By contrast, the strong growth posted once again by the businesses in North America made a major contribution to the rise in sales.

Adjusted operating profit again increased by a substantial 18.7 percent to 330 million euros. Adjusted return on sales improved by 1.5 percentage points, reaching 15.7 percent for the first time. Compared to the prior-year quarter, reported operating profit rose by 21.3 percent to 327 million euros.

Regional performance

At 1.425 million euros and with organic growth of -0.1 percent sales in **Western Europe**, which account for around one third of total Henkel sales, remained at the level of the prior year quarter in a highly competitive market environment. The effects of the growing financial crisis in Southern Europe were offset. Sales in the **Eastern Europe** region rose by 5.8 percent to 771 million euros. Organic growth was 7.9 percent. Among the primary contributors to this improvement were the company's businesses in Turkey and its adhesives operation in Russia. Henkel once again

generated double-digit organic growth in the **Africa/Middle East** region, posting an increase this time of 14.1 percent. The contribution made here by the Laundry & Home care business was especially strong. Nominal **sales** rose by 20.7 percent to 279 million euros, compared to 231 million euros in the comparative prior-year quarter.

Sales in the **North America** region rose by 13.2 percent to 765 million euros. Despite a reluctant consumer climate, sales grew organically by 3.8 percent, driven in particular by the adhesives business. At 270 million euros, sales in the **Latin America** region remained roughly at the prior-year level. Organic sales grew by 3.9 percent, with business development in Mexico making a particularly important contribution. The **Asia-Pacific** region registered sales growth of 11.8 percent to 657 million euros. In organic terms, sales rose by 4.5 percent, driven in particular by growth in China and Indonesia.

Sales growth was again given a particular boost by the **emerging markets** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan) where sales rose by 9.3 percent to 1,829 million euros. Organic growth was 8.1 percent. The share of sales attributable to these emerging markets increased from 42 percent of consolidated sales in the prior-year quarter to 43 percent this time.

Sales and profits forecast 2012

Henkel continues to expect an organic sales growth rate of between 3 and 5 percent for the full fiscal year. Henkel is confident of continuing the positive growth trend posted by its consumer goods businesses, with organic sales expected to expand in the low single-digit percentage range. For the Adhesive Technologies business sector, Henkel expects organic sales to grow in the mid single-digit percentage range. Henkel confirms its forecast for an adjusted return on sales (EBIT) of 14 percent (2011: 13.0 percent). The forecasted increase in adjusted earnings per preferred share (2011 figure: 3.14 euros) has been specified. Henkel now expects an increase of around 15 percent (previously: at least 10 percent). This guidance is


based on anticipated increases 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 effects of increased raw material costs on its earnings.

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 Q2/2012 and 1-6/2012

in million euros	Sales		EBIT		EBIT margin	
	Q2	1-6	Q2	1-6	Q2	1-6
Laundry & Home Care						
2012	1,147	2,254	153	310	13.3%	13.7%
2011	1,076	2,148	157	257	14.6%	12.0%
organic	5.1%	4.8%	-	-	-	-
2012 adjusted 1)	-	-	167	327	14.5%	14.5%
2011 adjusted 1)	-	-	140	272	13.0%	12.7%
Cosmetics/Toiletries						
2012	921	1,782	131	252	14.3%	14.1%
2011	881	1,702	140	253	15.9%	14.8%
organic	2.8%	3.4%	-	-	-	-
2012 adjusted 1)	-	-	133	257	14.4%	14.4%
2011 adjusted 1)	-	-	124	238	14.1%	14.0%
Adhesive Technologies						
2012	2,099	4,099	327	610	15.6%	14.9%
2011	1,963	3,846	269	513	13.7%	13.3%
organic	3.6%	4.6%	-	-	-	-
2012 adjusted 1)	-	-	330	619	15.7%	15.1%
2011 adjusted 1)	-	-	278	525	14.2%	13.7%
Henkel						
2012	4,206	8,214	583	1,121	13.9%	13.6%
2011	3,953	7,776	537	967	13.6%	12.4%
organic	4.0%	4.3%	-	-	-	-
2012 adjusted 1)	-	-	609	1,160	14.5%	14.1%
2011 adjusted 1)	-	-	514	987	13.0%	12.7%

Henkel	Q2/2011	Q2/2012	Change	1-6/ 2011	1-6/ 2012	Change
Earnings per preferred share in euros	0.85	0.92	8.2%	1.51	1.78	17.9%
Adjusted EPS per preferred share in euros	0.79	0.97	22.8%	1.52	1.84	21.1%

Changes on the basis of figures in thousand euros

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