

## Investor Relations News

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Henkel reports strongest quarterly performance to date

### Henkel fully committed to achieving 2012 targets

- Sales rise 6.6 percent to 4,294 million euros (organic: + 2.5%)
- Adjusted\* operating profit: + 16.7 percent to 631 million euros
- Adjusted\* EBIT margin: + 1.3 percentage points to 14.7 percent
- Adjusted\* earnings per preferred share (EPS): + 16.5 percent to 0.99 euros
- Sales share of emerging markets increased to 44 percent
- Free cash flow up more than 50 percent, net debt substantially reduced
- 2012 targets reconfirmed

Düsseldorf – “Although the market environment became more difficult in the third quarter of 2012, Henkel continued its strong performance with key financials reaching record levels. We generated profitable growth in all our business sectors and realized another substantial increase in our EBIT margin – reaching an all-time high. Our performance is based on our clear commitment to our strategic priorities. We are well on track and fully committed to achieving our targets for full fiscal 2012,” said Henkel CEO, Kasper Rorsted.

“We expect that the volatility and uncertainties in our markets will persist. Hence, we will continue to adapt and improve our processes and structures,” Rorsted added.

## Guidance for 2012 reconfirmed

“Based on our strong performance in the first nine months, we are fully committed to 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. And we continue to expect growth in adjusted earnings per preferred share of around 15 percent,” Rorsted said.

Henkel’s **sales** in the third quarter of 2012 were 4,294 million euros, an increase of 6.6 percent compared to the figure for the prior-year quarter. **Organic** sales, which exclude the impact of foreign exchange and acquisitions/divestments, rose by 2.5 percent.

All three business sectors contributed to this performance: **Laundry & Home Care** posted solid organic growth of 4.6 percent. The **Beauty Care** business sector likewise achieved solid organic sales growth amounting to 3.3 percent. And the **Adhesive Technologies** business sector generated positive organic sales growth of 1.0 percent.

After allowing for one-time gains, one-time charges and restructuring charges, **adjusted operating profit** improved by 16.7 percent, from 541 million euros to 631 million euros, with all three business sectors contributing. Reported operating profit (EBIT) increased from 451 million euros to 586 million euros.

**Adjusted return on sales** (EBIT margin) increased significantly by 1.3 percentage points, from 13.4 percent to 14.7 percent. Reported return on sales was 13.6 percent, following 11.2 percent in the comparable prior-year period.

Henkel’s **financial result** was –42 million euros compared to –37 million euros in the prior-year quarter, the change being due primarily to currency hedging costs. At 24.8 percent, the **tax rate** was slightly above the level of the prior-year quarter (24.2

percent).

Net income for the quarter rose by 30.3 percent, from 314 million euros to 409 million euros. After deducting 12 million euros attributable to non-controlling interests, quarterly net income amounted to 397 million euros (prior-year quarter: 307 million euros). **Adjusted net income** for the quarter after deducting non-controlling interests was 429 million euros compared to 366 million euros in the prior-year quarter. **Earnings per preferred share** (EPS) increased from 0.71 euros to 0.92 euros. The adjusted figure was 0.99 euros compared to 0.85 euros in the third quarter of 2011.

Further significant 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 1.4 percentage points to 6.6 percent. **Net debt** also showed a substantial decrease as of September 30, 2012, down to 612 million euros (September 30, 2011: 1,570 million euros).

### **Business performance January through September 2012**

In the first nine months of 2012, Henkel achieved a strong increase in **sales** compared to the prior-year period of 6.0 percent to 12,508 million euros. **Organic sales** also showed solid growth with a rise of 3.7 percent versus the first nine months of fiscal 2011. **Adjusted operating profit** increased by 17.3 percent, from 1,528 million euros to 1,791 million euros, with all three business sectors contributing to the improvement. **Adjusted return on sales** (EBIT margin) increased from 12.9 percent to 14.3 percent.

**Adjusted net income for the nine months** improved by 20.5 percent, from 1,044 million euros to 1,258 million euros. After deducting income of 32 million euros attributable to non-controlling interests (prior-year period: 21 million euros), adjusted net income for the nine months was 1,226 million euros (prior-year period: 1,023 million euros). **Adjusted earnings per preferred share** (EPS) rose by 19.4 percent, from 2.37 euros to 2.83 euros.

## **Business sector performance in the third quarter 2012**

The **Laundry & Home Care** business sector continued its solid sales and earnings performance also in the third quarter, with all its key financials substantially exceeding those of the third quarter of 2011. Nominal **sales** rose by 7.6 percent to 1,194 million euros, compared to 1,110 million euros in the prior-year quarter. Organically, sales rose by 4.6 percent.

All regions contributed to the solid sales performance achieved. The emerging markets again showed the greatest growth momentum, with overall expansion in the high single-digit range. The increase in sales generated in Latin America came close to double-digit. Sales in Eastern Europe were also very strong, supported by double-digit growth rates in Russia and Turkey. A strong increase in sales was also achieved in the Africa/Middle East region, despite the political and social unrest in the Middle East. Henkel again posted positive sales growth in Western Europe, driven in particular by a very strong performance in France. Within a still weak market environment in the Southern European Countries, Italy also performed solidly. Sales in North America again improved despite a still declining market.

**Adjusted operating profit** rose by a substantial 11.3 percent to 173 million euros. Adjusted return on sales increased by 0.5 percentage points to 14.5 percent, thus reaching the same high level of the first two quarters of this year, with ongoing measures to reduce costs and enhance efficiency having a positive effect. Reported operating profit rose significantly compared to the prior-year quarter, from 125 million euros to 168 million euros.

The **Beauty Care** business sector again continued its uptrend in profitable growth during the third quarter. Nominal **sales** totaled 908 million euros, 5.6 percent above the 860 million euros generated in the prior-year quarter. Organic sales rose by 3.3 percent.

As in the preceding quarters, the emerging markets made a particularly important contribution to Beauty Care's solid sales performance. Asia (excluding Japan) and the Africa/Middle East region continued to experience rapid expansion, generating double-digit growth rates. The growth dynamics in Latin America eased somewhat. Overall, sales in the mature markets increased. There was solid sales growth in Western Europe, despite the negative economic conditions and persistently weak market environment. North America developed very positively with a strong increase in sales compared to the prior-year quarter. However, the mature markets in the Asia-Pacific region remained below the level of the third quarter of 2011.

— **Adjusted operating profit** increased by 8.6 percent to 133 million euros. At 14.7 percent, adjusted return on sales improved by 0.4 percentage points compared to the third quarter of 2011. Reported operating profit totaled 114 million euros compared to 111 million euros in the comparable prior-year quarter.

— The **Adhesive Technologies** business sector continued its positive sales development in the third quarter of 2012. Nominal **sales** rose by 6.6 percent to 2,153 million euros, with organic growth coming in at 1.0 percent.

— Overall, the emerging markets contributed to the improvements made with a solid increase in sales. Particular momentum came from the regions of Asia (excluding Japan) and Eastern Europe. Sales in Africa/Middle East likewise showed a solid development. By contrast, sales in Latin America fell slightly below the level of the prior-year quarter. Sales in Western Europe likewise declined. Here, Henkel was unable to completely offset the effects of the negative economic conditions prevailing – particularly those encountered in the countries of Southern Europe. On the other hand, the businesses in North America posted a solid increase in sales overall.

— **Adjusted operating profit** again increased by a substantial 18.3 percent to 345 million euros. Adjusted return on sales improved by 1.6 percentage points, reaching 16.0 percent for the first time. Compared to the prior-year quarter, reported operating profit rose by 29.5 percent to 329 million euros.

## Regional performance

In a highly competitive market environment, sales in the **Western Europe** region, which accounts for around one third of total sales, amounted to 1,423 million euros, matching the level of the prior-year quarter. Organically, sales decreased slightly, by 0.8 percent, attributable primarily to the recessive trend in economic activity prevailing in Southern Europe. Sales in the **Eastern Europe** region rose by 6.5 percent to 825 million euros. Organic growth came in at 4.3 percent, with the company's businesses in Turkey and Russia making a major contribution. Sales in the **Africa/Middle East** region rose by 12.2 percent to 265 million euros. Organic sales growth was 6.3 percent, with all the company's business sectors contributing.

Sales of the **North America** region rose by 13.0 percent to 790 million euros. Organically, sales grew by 2.8 percent despite a reluctant consumer climate. At 272 million euros, sales in the **Latin America** region remained roughly at the prior-year level. Organic sales growth amounted to 1.5 percent, with business performance in Mexico making a particularly important contribution. The **Asia-Pacific** region registered sales growth of 16.1 percent to 680 million euros. In organic terms, sales rose by 6.6 percent, driven in particular by double-digit growth in China.

Sales growth was again given a major boost by the **emerging markets** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan), where sales rose by 10.1 percent to 1,885 million euros. Organic sales rose by 5.9 percent. The share of sales attributable to the emerging markets increased from 43 percent of consolidated sales in the prior-year quarter, to 44 percent.

## Sales and earnings forecast 2012

Henkel continues to expect organic sales growth of between 3 and 5 percent for full fiscal 2012. Henkel is confident of continuing the positive growth path exhibited 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). In its report for the second quarter, Henkel specified its guidance for the increase in adjusted earnings per preferred share (2011 figure: 3.14 euros) with a revised expectation since then of around 15 percent (previously: at least 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 Q3/2012 and 1-9/2012

in million euros	Sales		EBIT		EBIT margin	
	Q3	1-9	Q3	1-9	Q3	1-9
<b>Laundry &amp; Home Care</b>						
2012	1,194	3,448	168	478	14.1%	13.9%
2011	1,110	3,258	125	382	11.2%	11.7%
organic	4.6%	4.8%	-	-	-	-
2012 adjusted <sup>1)</sup>	-	-	173	500	14.5%	14.5%
2011 adjusted <sup>1)</sup>	-	-	155	428	14.0%	13.1%
<b>Beauty Care</b>						
2012	908	2,690	114	365	12.5%	13.6%
2011	860	2,562	111	364	13.0%	14.2%
organic	3.3%	3.4%	-	-	-	-
2012 adjusted <sup>1)</sup>	-	-	133	390	14.7%	14.5%
2011 adjusted <sup>1)</sup>	-	-	123	360	14.3%	14.1%
<b>Adhesive Technologies</b>						
2012	2,153	6,252	329	939	15.3%	15.0%
2011	2,020	5,867	254	767	12.6%	13.1%
organic	1.0%	3.3%	-	-	-	-
2012 adjusted <sup>1)</sup>	-	-	345	963	16.0%	15.4%
2011 adjusted <sup>1)</sup>	-	-	291	816	14.4%	13.9%
<b>Henkel</b>						
2012	4,294	12,508	586	1,707	13.6%	13.6%
2011	4,028	11,804	451	1,418	11.2%	12.0%
organic	2.5%	3.7%	-	-	-	-
2012 adjusted <sup>1)</sup>	-	-	631	1,791	14.7%	14.3%
2011 adjusted <sup>1)</sup>	-	-	541	1,528	13.4%	12.9%

Henkel	Q3/2011	Q3/2012	Change	1-9/ 2011	1-9/ 2012	Change
Earnings per preferred share in euros	0.71	0.92	29.6%	2.22	2.70	21.6%
Adjusted EPS per preferred share in euros	0.85	0.99	16.5%	2.37	2.83	19.4%

Changes on the basis of figures in thousand euros

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