

Investor Relations News

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2012 targets reconfirmed

Henkel records solid sales growth and boosts profitability in first quarter

- Sales rise 4.8 percent to 4,008 million euros (organic: +4.7%)
- Adjusted* operating profit: up 16.6 percent to 551 million euros
- Adjusted* EBIT margin: up 1.3 percentage points to 13.7%
- Adjusted* earnings per preferred share (EPS): up 19.2% to 0.87 euros
- Emerging markets again show above-average growth (+8.7%)
- Improved gross margin despite raw material price increases

Düsseldorf – “Henkel had a good start to the fiscal year in spite of a challenging and volatile market environment. We achieved solid organic growth and substantially improved our profitability,” said Henkel CEO Kasper Rorsted. “All of our business sectors contributed to this achievement. Once again our emerging markets registered a strong development. Thus, we are confident of achieving our targets for 2012.”

For the fiscal year 2012, Rorsted stated: “We expect that volatility and uncertainty will continue to influence our markets. Therefore, we will continue to adapt our structures and processes so that we can respond more quickly and flexibly than our competitors.”

2012 guidance confirmed

Henkel confirmed its guidance for fiscal 2012. “We continue to expect organic sales growth to be between 3 and 5 percent. For our adjusted EBIT margin we anticipate an increase to 14 percent and for adjusted earnings per preferred share we expect an improvement of at least 10 percent.”

Henkel’s **sales** in the first quarter of 2012 were at 4,008 million euros, an increase of 4.8 percent compared to the figure for the prior-year quarter. **Organic sales**, which exclude the impact of foreign exchange and acquisitions/divestments, again rose by 4.7 percent, a solid increase compared to the prior-year quarter.

All three business sectors contributed to this development: The **Laundry & Home Care** business sector reported a solid organic growth rate of 4.5 percent, with **Cosmetics/Toiletries** also posting solid organic growth of 4.0 percent. The **Adhesive Technologies** business sector generated strong organic sales growth of 5.6 percent. This solid performance was supported in all three business sectors by price increases Henkel was able to implement thanks to its innovations and strong brands.

After allowing for one-time gains, one-time charges and restructuring charges, **adjusted operating profit** improved by 16.6 percent, from 473 million euros to 551 million euros, with all three business sectors contributing. Reported operating profit (EBIT) increased by 25.2 percent, from 430 million euros to 538 million euros.

Despite rising prices for raw materials and packaging, **adjusted return on sales** (EBIT margin) rose significantly by 1.3 percentage points, from 12.4 percent to 13.7 percent. Reported return on sales was 13.4 percent, following 11.2 percent in the comparative prior-year period.

Financial result improved slightly to –36 million euros compared to the prior-year quarter (first quarter 2011: –37 million euros). At 24.7 percent, the **tax rate** was 1.5 percentage points below the figure for the prior-year period (26.2 percent).

Net income for the quarter improved by 30.3 percent, from 290 million euros to 378 million euros. After deducting 9 million euros attributable to non-controlling interests, quarterly net income amounted to 369 million euros (prior-year quarter: 285 million euros). Adjusted net income for the quarter after deducting non-controlling interests was 377 million euros compared to 314 million euros in the prior-year quarter. **Earnings per preferred share (EPS)** rose from 0.66 euros to 0.86 euros. The adjusted figure was 0.87 euros compared to 0.73 euros in the first quarter of 2011.

The ratio of **net working capital to sales** was 8.0 percent, remaining at the level of the prior-year quarter. **Net debt** was further reduced to 1,159 million euros (March 31, 2011: 1,874 million euros).

Business sector performance

The **Laundry & Home Care** business sector started 2012 with a strong first quarter in which all its key financials substantially exceeded the levels of the first quarter of 2011. **Sales** increased nominally by 3.3 percent to 1,108 million euros. Organic sales rose by 4.5 percent, benefiting from the price increases implemented both in the second half of 2011 and in the first quarter of 2012. Volume remained at the level of the prior-year quarter.

This solid sales performance was supported primarily by the emerging markets. After the political unrest of the previous year, the Africa/Middle East region recovered well, achieving a double-digit increase in organic growth. Latin America posted a very strong sales performance. The growth dynamics in Eastern Europe accelerated slightly, supported in particular by further very strong growth in Russia and Turkey. In Western Europe, the business sector registered a slight decrease in sales, due in particular to negative market conditions in the countries of Southern Europe and the

persistently high level of competitive activity. By contrast, sales in North America were strong. Overall, the business sector succeeded in further expanding its market shares in the relevant markets.

Adjusted operating profit in the Laundry & Home Care business sector climbed more than 20 percent to 160 million euros. Adjusted return on sales improved by 2.1 percentage points to 14.5 percent. Operating profit came in at 157 million euros, compared to 100 million euros in the same quarter last year.

The **Cosmetics/Toiletries** business sector continued its long-term upward trend in terms of profitable growth. **Sales** exceeded the prior-year quarter by 4.9 percent, reaching 861 million euros. In a weak market environment characterized by persistently high competitive activity, organic sales rose once again with an increase of 4.0 percent.

This solid sales performance was supported by all regions. Once again, the strongest momentum came from the emerging markets. Particularly the Africa/Middle East region and the growth markets in Asia achieved double-digit growth. The mature markets saw a continuation of their upward trend, with further growth being especially achieved in Western Europe, despite a weak market environment.

Adjusted operating profit in the Cosmetics/Toiletries business sector once again improved substantially compared to the prior-year quarter, with an increase of 9.3 percent to 124 million euros. At 14.4 percent, adjusted return on sales exceeded once more the figure for the first quarter of 2011 and grew by 0.6 percentage points. Operating profit rose by 7.1 percent to 120 million euros.

The **Adhesive Technologies** business sector continued its very solid sales and earnings performance through the first quarter of 2012. **Sales** increased by 6.2 percent to 2,001 million euros. Organic sales rose by 5.6 percent. This strong performance was supported by positive price developments amounting to 6.2 percent. Volume in the first quarter was slightly below the level of the prior-year

quarter, with our partial withdrawal from the emulsion business in Asia being a contributory factor.

The business sector's strong sales performance was supported in the first instance by Henkel's emerging markets. Here, particular momentum was generated in the regions of Eastern Europe, Asia (excluding Japan) and Africa/Middle East in which the highest growth rates were achieved. Sales in the mature markets also developed positively versus the prior-year quarter, with business in North America in particular registering very strong sales growth.

Adjusted operating profit in the Adhesive Technologies business sector showed a significant increase compared to the prior-year quarter, rising 16.9 percent to 289 million euros. Adjusted return on sales improved by 1.3 percentage points to 14.4 percent. Operating profit rose to 283 million euros, an increase of 16.2 percent versus the prior-year period.

Regional performance

In a highly competitive market environment, sales in the **Western Europe** region amounted to 1,437 million euros, roughly repeating the level of the previous year. The effects of the growing financial crisis in Southern Europe negatively impacted the business performance and were reflected in an organic growth rate for Western Europe of just 0.1 percent. Sales in the **Eastern Europe** region rose by 3.0 percent to 675 million euros. Organic growth amounted to 6.3 percent, with the businesses in Turkey and the adhesives business in Russia making a particularly significant contribution. Nominal sales in the **Africa/Middle East** region rose by 16.8 percent to 259 million euros. Although growth in this region continued to be affected by political unrest in some countries, a double-digit organic improvement of 16.8 percent was nevertheless once again achieved, with the Laundry & Home Care business sector making a particularly strong contribution.

Sales of the **North America** region rose by 10.4 percent to 746 million euros. Organically, sales in the region grew by 6.3 percent despite a reluctant consumer climate in the USA. The **Latin America** region realized sales growth of 3.9 percent to 263 million euros. Organic sales growth was at 7.9 percent, with business performance in Mexico making a particularly important contribution. In the **Asia-Pacific** region, sales rose by 9.7 percent to 589 million euros. Overall, the region continued to show very strong organic growth of 8.3 percent, supported in particular by growth in China and India.

Sales growth was again given a major boost by the **emerging markets** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan), with sales rising by 6.7 percent to 1,639 million euros. Organic growth amounted to 8.7 percent, supported in particular by the Adhesive Technologies and Laundry & Home Care business sectors. The emerging markets thus accounted for 41 percent of Group sales (first quarter 2011: 40 percent).

Sales and profits forecast 2012


Henkel continues to expect organic sales growth of between 3 and 5 percent for fiscal 2012. Henkel is confident of continuing the positive growth trend posted by its consumer goods businesses, with sales expanding in the low single-digit percentage range. For the Adhesive Technologies business sector, Henkel expects 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) and for an increase in adjusted earnings per preferred share of at least 10 percent (2011: 3.14 euros). 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 Q1/2012

in million euros	Sales	EBIT	EBIT margin
	Q1	Q1	Q1
Laundry & Home Care			
2012	1,108	157	14.2%
2011	1,072	100	9.4%
organic	4.5%	-	-
2012 adjusted ¹⁾	-	160	14.5%
2011 adjusted ¹⁾	-	133	12.4%
Cosmetics/Toiletries			
2012	861	120	14.0%
2011	821	112	13.7%
organic	4.0%	-	-
2012 adjusted ¹⁾	-	124	14.4%
2011 adjusted ¹⁾	-	113	13.8%
Adhesive Technologies			
2012	2,001	283	14.2%
2011	1,884	244	13.0%
organic	5.6%	-	-
2012 adjusted ¹⁾	-	289	14.4%
2011 adjusted ¹⁾	-	247	13.1%
Henkel			
2012	4,008	538	13.4%
2011	3,823	430	11.2%
organic	4.7%	-	-
2012 adjusted ¹⁾	-	551	13.7%
2011 adjusted ¹⁾	-	473	12.4%

Henkel	Q1/2011	Q1/2012	Change
Earnings per preferred share in euros	0.66	0.86	30.3%
Adjusted EPS per preferred share in euros	0.73	0.87	19.2%

Changes on the basis of figures in thousand euros

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