

Information for Our Shareholders

Q1

January – March 2010



A global team – winning together

Henkel: Financial highlights

in million euros	Q1/2009	Q1/2010	Change ¹⁾
Sales	3,258	3,512	7.8 %
Operating profit (EBIT)	218	422	93.3 %
Laundry & Home Care	107	151	41.2 %
Cosmetics/Toiletries	91	100	10.1 %
Adhesive Technologies	47	185	>100 %
Return on sales (EBIT)	in % 6.7	12.0	5.3 pp
Earnings before tax	166	368	>100 %
Net income	121	266	>100 %
– Attributable to non-controlling interests	–4	–7	75.0 %
– Attributable to shareholders of Henkel AG & Co. KGaA	117	259	>100 %
Earnings per ordinary share	in euros 0.27	0.59	>100 %
Earnings per preferred share	in euros 0.28	0.60	>100 %
Return on capital employed (ROCE)	in % 7.2	15.0	7.8 pp
Capital expenditures on property, plant and equipment	85	54	–36.5 %
Research and development expenses	99	95	–4.0 %
Number of employees (as of March 31)	53,414	48,426	–9.3 %

¹⁾ Calculated on the basis of units of 1,000 euros

pp = percentage points

Adjusted earnings figures in million euros	Q1/2009	Q1/2010	Change ¹⁾
Adjusted operating profit (EBIT)²⁾	235	421	79.1 %
Adjusted return on sales (EBIT)²⁾	in % 7.2	12.0	4.8 pp
Adjusted earnings before tax²⁾	183	367	>100 %
Adjusted net income²⁾	134	265	97.8 %
– Attributable to non-controlling interests	–4	–7	75.0 %
– Attributable to shareholders of Henkel AG & Co. KGaA	130	258	98.5 %
Adjusted earnings per preferred share²⁾	in euros 0.31	0.60	93.5 %

¹⁾ Calculated on the basis of units of 1,000 euros

pp = percentage points

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

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Credits/Financial calendar

Highlights first quarter 2010

Key financials

Organic sales growth:
plus 8.8 percent

- » Laundry & Home Care: plus 3.6 percent
- » Cosmetics/Toiletries: plus 5.5 percent
- » Adhesive Technologies: plus 14.5 percent

Adjusted¹⁾ operating profit (EBIT):
plus 79.1 percent to 421 million euros

Adjusted¹⁾ EBIT margin:
plus 4.8 percentage points to 12.0 percent

Adjusted¹⁾ earnings per preferred share (EPS):
plus 93.5 percent to 0.60 euros

¹⁾ Adjusted for one-time charges (0 million euros)/gains (32 million euros)
and also restructuring charges (31 million euros)

Key facts

Consumer businesses maintain strong sales and profits performance

Adhesive Technologies with major sales growth and a significant jump in earnings

Share of sales accounted for by the growth regions increased to 38 percent

Net working capital improved by 4.7 percentage points to 8.5 percent of sales

Net debt reduced to 2.7 billion euros

Rigorous approach to cost management maintained

Innovations



Persil Gold Plus Cold Active

Maximum performance in stain removal even in cold water is the promise offered by Persil Gold Plus Cold Active marketed in Eastern Europe – which means that the laundry gets clean at low wash temperatures, saving energy and helping the environment.



Dial NutriSkin

Dial is continuing to generate momentum in North America, launching its latest innovation Dial NutriSkin with fruit oils – the first body care product line with nourishing fruit oil pearls for that deep-down moisturizing and freshness effect.



Teroson QuickCheck

This first-ever water-borne paint simulator imitates repair paintwork on automobiles, enabling easy, fast and early identification of unevenness before the actual paint is applied. Teroson QuickCheck significantly reduces the need for expensive rework.

Major events

Henkel was declared the “Best Innovator 2009.” In the competition organized by the business consultancy A.T. Kearney and the German business magazine “WirtschaftsWoche,” our business sectors Laundry & Home Care and Cosmetics/Toiletries were able to impress the jury through, in particular, their successful and sustainable approach to innovation management.

For the third year in a row, Henkel has been included in the list of the “World’s Most Ethical Companies.” The ranking drawn up by the US Ethisphere Institute identifies globally active corporations exhibiting exemplary ethical corporate governance and a clear commitment to sustainable development.

The CRF Institute, one of the leading research organizations in the field of employer certification and employer branding, made Henkel “Top Employer in Germany for 2010.” Henkel took first place in the overall ranking of over 90 corporations. The jury awarded Henkel top marks for, in particular, the categories Recognition and Compensation.

Share performance

Following an initial phase of weakness, the stock markets registered slight price increases in the course of the first quarter of 2010. Over this period, the DAX gained 3.3 percent.

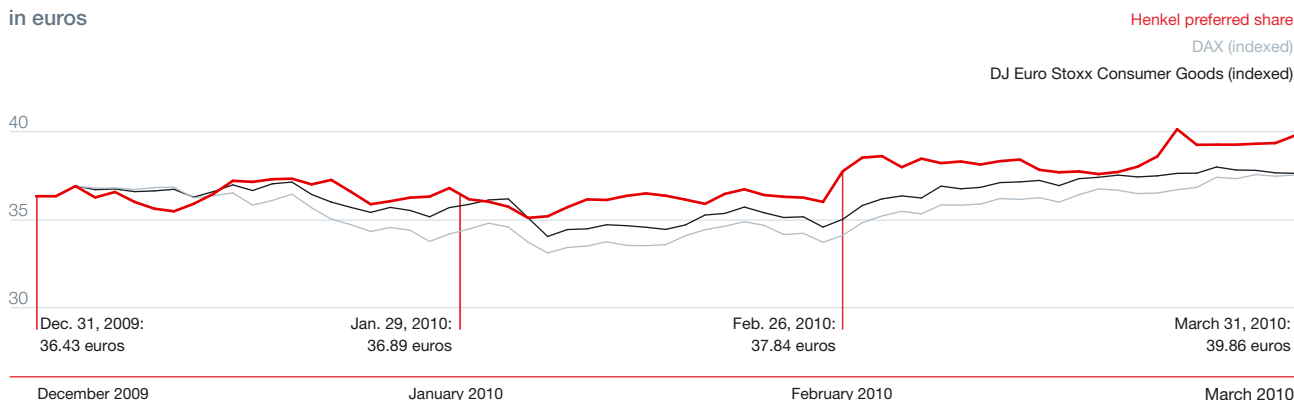
Against this market background, the price of Henkel preferred shares rose substantially, improving 9.4 percent from 36.43 euros to 39.86 euros. That means that our shares not only outperformed the DAX but also the shares generally attributable to the consumer goods sector, with the Dow Jones Euro Stoxx Consumer Goods index exhibiting a price increase of 3.6 percent.



The annual report, our quarterly reports, current data on Henkel shares as well as company news, financial reports and company presentations can be found on the Investor Relations website:

www.henkel.com/ir

Performance of Henkel preferred share versus market in first quarter 2010
in euros



Key data on Henkel shares, first quarter

in euros

	Q1/2009	Q1/2010
Earnings per share		
Ordinary share	0.27	0.59
Preferred share	0.28	0.60
Share price at period end ¹⁾		
Ordinary share	19.00	34.31
Preferred share	20.48	39.86
High for the period ¹⁾		
Ordinary share	20.59	34.31
Preferred share	24.50	40.21
Low for the period ¹⁾		
Ordinary share	16.19	30.31
Preferred share	17.84	35.21
Market capitalization ¹⁾		
	in bn euros	8.5
Ordinary share	in bn euros	4.9
Preferred share	in bn euros	3.6
		16.0
		8.9
		7.1

¹⁾ Closing share prices, Xetra trading system

Report first quarter 2010

Business performance first quarter 2010

Key financials

in million euros	Q1/2009	Q1/2010	+/-
Sales	3,258	3,512	7.8 %
Operating profit (EBIT)	218	422	93.3 %
Adjusted ¹⁾ operating profit (EBIT)	235	421	79.1 %
Return on sales (EBIT)	6.7 %	12.0 %	5.3 pp
Adjusted ¹⁾ return on sales (EBIT)	7.2 %	12.0 %	4.8 pp
Net income			
– attributable to shareholders of Henkel AG & Co. KGaA	117	259	>100 %
Adjusted ¹⁾ net income			
– attributable to shareholders of Henkel AG & Co. KGaA	130	258	98.5 %
Earnings per preferred share in euros	0.28	0.60	>100 %
Adjusted ¹⁾ earnings per preferred share in euros	0.31	0.60	93.5 %

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

Earnings position

We generated sales of 3,512 million euros in the first quarter of 2010. In a stabilizing market environment, this amounted to 7.8 percent above the level of the prior-year quarter. Adjusted for foreign exchange, sales improved by 7.5 percent. With an increase of 8.8 percent, organic sales – i.e. sales adjusted for foreign exchange and acquisitions/divestments – exhibited a highly positive rate of increase compared to the prior-year period for the first time in four quarters.

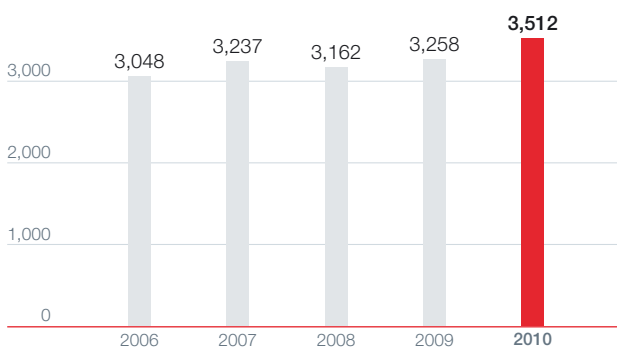
Sales development¹⁾

in percent	Q1/2010
Changes versus previous year	7.8
Foreign exchange	0.3
After adjusting for foreign exchange	7.5
Acquisitions/divestments	-1.3
Organic	8.8

¹⁾ Calculated on the basis of units of 1,000 euros

Sales development, first quarter

in million euros



All our business sectors contributed to this gratifying development: Laundry & Home Care continued to perform very well with an organic growth rate of 3.6 percent; and with organic growth of 5.5 percent, Cosmetics/Toiletries substantially exceeded even the high levels reported in previous quarters, significantly outstripping market growth in the process. Against a prior-year quarter characterized by a heavily declining market, Adhesive Technologies turned in an encouraging double-digit rate of organic growth amounting to 14.5 percent.

Price and volume effects¹⁾

in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	3.6	-3.6	7.2
Cosmetics/Toiletries	5.5	0.9	4.6
Adhesive Technologies	14.5	-1.4	15.9
Henkel Group	8.8	-1.6	10.4

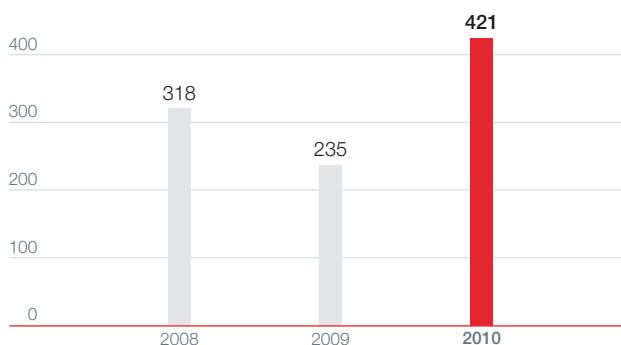
¹⁾ Calculated on the basis of units of 1,000 euros

Compared to the first quarter of 2009, gross margin increased by 3.6 percentage points to 47.9 percent. This positive development was attributable in part to the consolidation of our production network and a higher level of capacity utilization, particularly in the Adhesive Technologies business sector. We also profited from a slight decrease in the prices for our direct materials, that is to say raw materials, packaging and also contract manufacturing and traded goods.

Marketing, selling and distribution expenses increased by 6.6 percent. We spent a total of 95 million euros on research and development, representing 2.7 percent of sales. Administrative expenses underwent an increase well below the rate of growth in sales. Restructuring charges amounted to 31 million euros compared to 16 million euros in the prior-year quarter. The distribution of restructuring charges within the statement of income is explained on [Q1 page 18](#). The balance of other operating income and charges increased from 4 million euros to 30 million euros. Other operating income includes a 15 million euro gain from the sale of licensing rights attributable to the Laundry & Home Care business sector and also 15 million euros from the release of provisions for post-retirement health care.

Operating profit (EBIT) increased by 93.3 percent, from 218 million euros to 422 million euros. This is largely due to the substantial improvement registered by Adhesive Technologies, which had been hard hit by the economic crisis in the prior-year period. After allowing for restructuring charges (31 million euros) and one-time gains (32 million euros), adjusted operating profit (“adjusted EBIT”) rose by 79.1 percent from 235 million euros to 421 million euros.

Adjusted EBIT, first quarter
in million euros

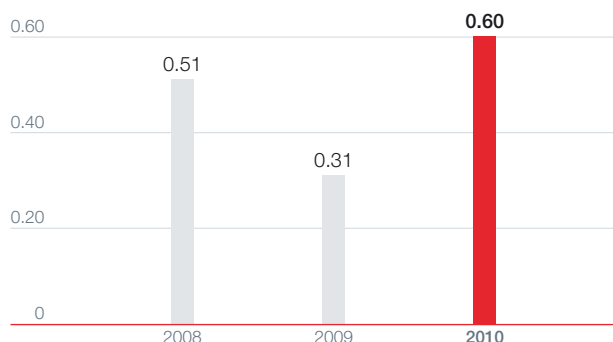


Return on sales (EBIT margin) improved substantially from 6.7 percent to 12.0 percent. Adjusted return on sales (“adjusted EBIT margin”) rose from 7.2 percent again to 12.0 percent. Return on capital employed (ROCE) increased from 7.2 percent to 15.0 percent. This is primarily attributable to the improvement in operating profit.

Our financial result decreased slightly from -52 million euros to -54 million euros, the positive effect arising from the reduced level of net debt being more than offset by higher interest paid. The tax rate amounted to 27.7 percent.

With EBIT higher, net income for the quarter increased by 119.8 percent, from 121 million euros to 266 million euros. After deducting income attributable to non-controlling interests amounting to 7 million euros, net income for the quarter was 259 million euros (prior-year quarter: 117 million euros). Adjusted net income for the quarter after non-controlling interests amounted to 258 million euros compared to 130 million euros in the prior-year quarter. Earnings per preferred share (EPS) increased from 0.28 euros to 0.60 euros. After adjustments, it likewise amounted to 0.60 euros compared to 0.31 euros in the prior-year quarter.

Adjusted earnings per preferred share, first quarter
in euros



Regional performance

Henkel: Key figures by region¹⁾, first quarter 2010

in million euros

Regions	Europe/ Africa/ Middle East	North America	Latin America	Asia- Pacific	Corporate	Henkel
Sales January – March 2010	2,139	645	216	462	50	3,512
Sales January – March 2009	1,996	664	188	354	56	3,258
Change from previous year	7.1%	-2.8%	14.8%	30.6%	-	7.8%
After adjusting for foreign exchange	5.8%	1.8%	11.8%	28.2%	-	7.5%
Organic	6.0%	7.9%	10.6%	27.6%	-	8.8%
Proportion of Henkel sales						
January – March 2010	61 %	18 %	6 %	13 %	2 %	100 %
Proportion of Henkel sales						
January – March 2009	61 %	20 %	6 %	11 %	2 %	100 %
EBIT January – March 2010	264	82	24	66	-15	422
EBIT January – March 2009	191	33	10	11	-27	218
Change from previous year	38.8%	>100%	>100%	>100%	-	93.3%
After adjusting for foreign exchange	36.9%	>100%	>100%	>100%	-	94.2%
Return on sales (EBIT)						
January – March 2010	12.4 %	12.7 %	11.3 %	14.3 %	-	12.0 %
Return on sales (EBIT)						
January – March 2009	9.5 %	4.9 %	5.4 %	3.2 %	-	6.7 %

¹⁾ Calculated on the basis of units of 1,000 euros

In the **Europe/Africa/Middle East** region, sales improved organically by 6.0 percent compared to the first quarter of 2009, with all our business sectors contributing. In Africa/Middle East, we once again generated double-digit organic growth, while developments in Eastern Europe continued in the positive single-digit range. Western Europe including Germany returned to growth in the mid single-digit range after an organic decline in the fourth quarter of 2009. Operating profit of the Europe/Africa/Middle East region increased – after adjusting for foreign exchange – by 36.9 percent compared to the first quarter of 2009. Return on sales improved accordingly by 2.9 percentage points to 12.4 percent.

After a decline in the fourth quarter of 2009, sales in the **North America** region increased organically by 7.9 percent compared to the prior-year quarter. Sales of the Laundry & Home Care and Adhesive Technologies business sectors developed exceptionally well. After adjusting for foreign exchange, operating profit for the region increased by 164 percent, with the significant improvement in income

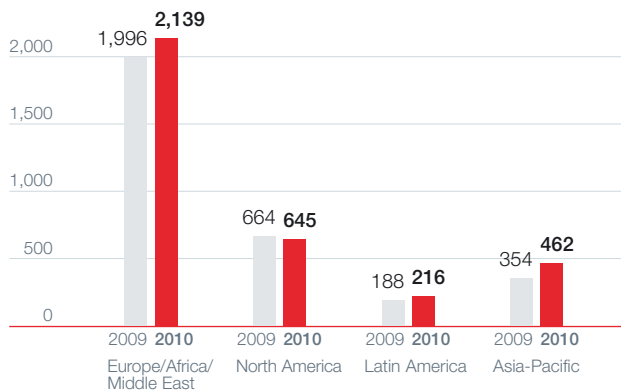
at Adhesive Technologies making a particularly important contribution. Return on sales rose from 4.9 percent in the prior-year quarter to 12.7 percent.

Sales of the **Latin America** region increased organically by 10.6 percent, with all three business sectors contributing. After adjusting for foreign exchange, operating profit improved by 134 percent, again with gratifying developments being registered in all three business sectors. Return on sales increased accordingly by 5.9 percentage points to 11.3 percent.

Sales in the **Asia-Pacific** region continued to recover compared to the fourth quarter of 2009, growing organically by 27.6 percent versus the prior-year quarter. Strong sales increases in the Adhesive Technologies and Cosmetics/Toiletries business sectors contrasted with stagnation at Laundry & Home Care. After adjusting for foreign exchange, operating profit increased by 481 percent, with Adhesive Technologies making a particularly noticeable contribution. At 14.3 percent, return on sales was 11.1 percentage points above the level of the prior-year quarter.

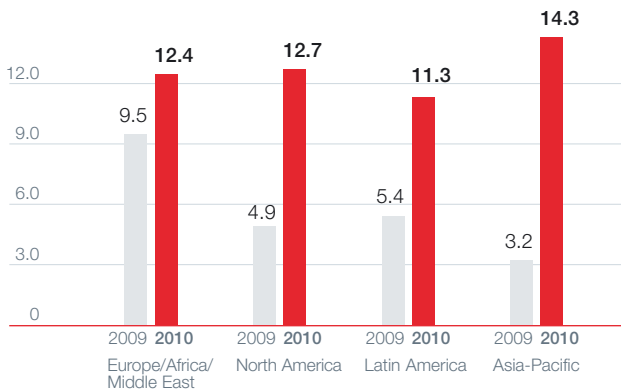
In our **growth regions** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan), sales increased by 17.2 percent to 1,339 million euros, representing 38 percent of total Group sales (first quarter 2009: 35 percent). Compared to the prior-year quarter, organic growth amounted to 14.2 percent, which was also an improvement over the figure for the fourth quarter of 2009. All our business sectors contributed to this achievement, particularly Adhesive Technologies and Cosmetics/Toiletries, each with double-digit organic growth rates.

Sales by region¹⁾, first quarter
in million euros



¹⁾ Excluding Corporate

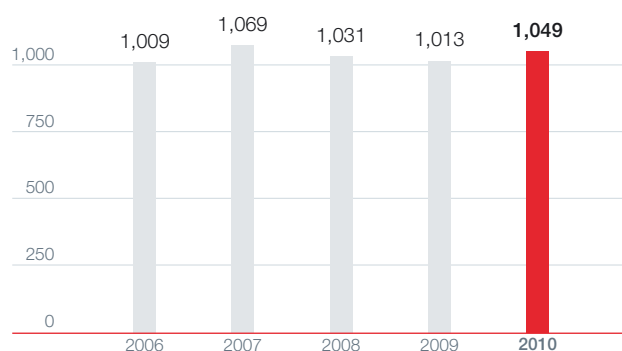
EBIT margin by region¹⁾, first quarter
in percent



¹⁾ Excluding Corporate

Laundry & Home Care

Sales, first quarter
in million euros



Sales development¹⁾

in percent	Q1/2010
Change versus previous year	3.5
Foreign exchange	0.2
After adjusting for foreign exchange	3.3
Acquisitions/divestments	-0.3
Organic	3.6
of which price	-3.6
of which volume	7.2

¹⁾ Calculated on the basis of units of 1,000 euros

In the first quarter of 2010, the **Laundry & Home Care** business sector reported sales growth of 3.5 percent. Foreign exchange had a positive effect of 0.2 percent. In organic terms – i.e. adjusted for foreign exchange and acquisitions/divestments – sales growth amounted to 3.6 percent. This gratifying increase in revenues was due not only to our growth markets but also, and to a high degree, to the mature markets of Western Europe and North America. The organic improvement in sales was exclusively volume-driven. Due to increased competitive pressures, selling prices were below the level of the previous year.

Our operating profit increased by 41.2 percent, significantly outpacing the rise in sales. At a high 14.4 percent, return on sales improved by 3.8 percentage points compared to the prior-year quarter. Included in this figure is a gain of 15 million euros from the sale of licensing rights. Further significant cost reductions and efficiency improvements made a noticeable contribution to the increase in profits. Western Europe in particular benefited from the reorganization of our production sites. We responded to the increase in competitive intensity with higher advertising expenditures. Return on capital employed (ROCE) increased by 8.9 percentage points to 24.5 percent, due in particular to a further substantial decrease in net working capital.

Key financials¹⁾

in million euros	Q1/2009	Q1/2010	+/-
Sales	1,013	1,049	3.5 %
Operating profit (EBIT)	107	151	41.2 %
Adjusted operating profit (EBIT) ²⁾	108	136	25.9 %
Return on sales (EBIT)	10.6 %	14.4 %	3.8 pp
Adjusted return on sales (EBIT) ²⁾	10.7 %	13.0 %	2.3 pp

¹⁾ Calculated on the basis of units of 1,000 euros

pp = percentage points

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

In the case of our *Laundry* business, the positive performance emanated from our growth regions of Africa/Middle East and Latin America as well as Western Europe, with sales benefiting from a number of successful innovations. In some of the countries of Western Europe, for example, we introduced our Persil Hygiene Rinser. Because more and more washes are no longer being carried out at temperatures above 30 to 40 degrees Celsius, a dose of Persil Hygiene Rinser added to the conventional laundry detergent is sufficient in order to eliminate 99.99 percent of all bacteria and germs. We also launched Persil Gold Plus Cold Active in Eastern Europe, a detergent capable of developing its full laundry power even in cold water. This product not only ensures that the laundry gets clean, but also serves to protect the environment because less energy is required. In large parts of the Africa/Middle East region, we launched a product that enables the dosage of our heavy-duty laundry powders to be reduced per wash without adversely affecting performance. Aside from the positive ecological effects, this also means that we are able to reduce packaging and logistics costs.

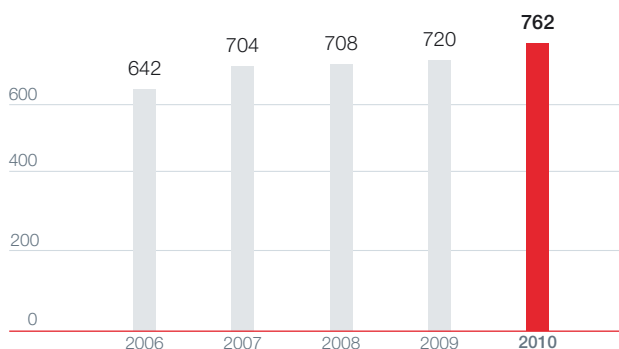
Our *Home Care* business made a disproportionate contribution to the rise in sales. We registered growth momentum in virtually all our regions, but particularly in Africa/Middle East, Asia and North America. North America saw the launch of products under our Soft Scrub brand for gentle surface cleaning in the bathroom and kitchen. Suitable for removing a wide range of soil types, they reduce the amount of effort required and accelerate the cleaning process on all surfaces.

Outlook

Even in a more intensely competitive environment, we intend once again to further expand our global market position in 2010 and outperform our relevant markets in terms of organic sales growth. As a result of the continuation of our efficiency enhancement activities, we expect a slight increase in adjusted operating profit compared to the previous year.

Cosmetics/Toiletries

Sales, first quarter
in million euros



Sales development¹⁾
in percent

	Q1/2010
Change versus previous year	5.8
Foreign exchange	0.6
After adjusting for foreign exchange	5.2
Acquisitions/divestments	-0.3
Organic	5.5
of which price	0.9
of which volume	4.6

¹⁾ Calculated on the basis of units of 1,000 euros

The first quarter of 2010 saw the **Cosmetics/Toiletries** business sector continue unerringly along its successful growth path. In an unrelenting, highly competitive market environment, we posted a very strong 5.5 percent rise in organic sales against already high prior-year levels. Registering double-digit rates of increase, the growth regions of Asia-Pacific, Africa/Middle East, Latin America and Eastern Europe achieved excellent results, with a significant contribution also coming from the mature markets of Western Europe.

The improvement in sales was mainly driven by an increase in volumes sold and, in particular, by perseverance in our innovation offensive resulting in numerous new product launches. We are particularly pleased by the fact that, despite increasing competition, we were able to implement price increases in all our regions.

These successes were reflected in another appreciable rise in operating profit of 10.1 percent, with the total reaching the 100 million euro mark for the first time in a first quarter. Despite a significantly higher advertising spend, therefore, earnings again rose appreciably faster than sales. Return on sales improved accordingly, by 0.5 percentage points to 13.1 percent.

Return on capital employed (ROCE) increased significantly to a new high of 19.6 percent. This was attributable not only to the very good earnings level achieved but also, and in particular, to a substantial reduction in net working capital.

Key financials¹⁾

in million euros	Q1/2009	Q1/2010	+/-
Sales	720	762	5.8 %
Operating profit (EBIT)	91	100	10.1 %
Adjusted operating profit (EBIT) ²⁾	89	98	10.1 %
Return on sales (EBIT)	12.6 %	13.1 %	0.5 pp
Adjusted return on sales (EBIT) ²⁾	12.4 %	12.9 %	0.5 pp

¹⁾ Calculated on the basis of units of 1,000 euros

pp = percentage points

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

The *Hair Cosmetics* segment turned in a highly positive performance, expanding its market shares and posting record results in all three of its subsegments. The Hair Care business developed exceptionally well as a result of a relaunch of the Schauma Volume series with push-up effect, and also the introduction of the new Gliss Shea Cashmere line. In the Colorants business, the focus was on the launch of the Syoss Color line and on driving the further successful expansion of Essential Colors. In the Styling business, the introduction of the Taft Volume line for tired hair contributed to the positive performance achieved.

The *Body Care* segment was characterized by numerous innovations launched around the world. In Europe, the focus with respect to our Fa brand was on the première of the new deodorant line Active Pearls, and on the body wash series Yogurt Smoothies. In the USA, we introduced a new high-performance deodorant line into the market in the form of Right Guard Total Defense 5, with further growth momentum also being generated by the launch of NutriSkin under the Dial brand.

The focus in our *Skin Care* business was on expanding the anti-aging line Diadermine Lift+.

In the *Oral Care* segment, we successfully strengthened the Theramed 2in1 line with the launch of the new freshness variant 16h Xtra Fresh.

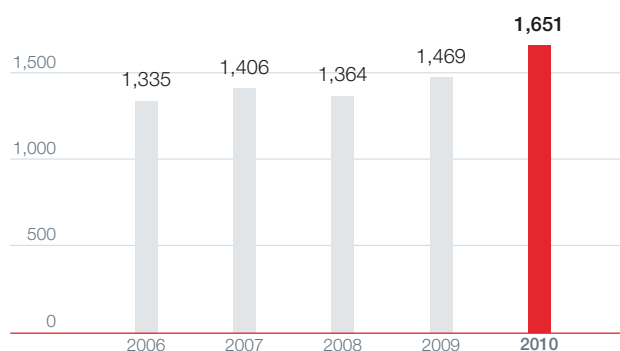
And in the *Hair Salon* business, Schwarzkopf Professional returned to a good level growth in the first quarter, expanding its market share in a persistently difficult market environment. The main impetus here was provided by a number of high-performing innovations in the colorants category.

Outlook

Despite persistently high competitive pressures, we intend to further expand our international market position, again want to outperform our relevant markets in terms of organic sales growth. Committed to resolutely pursuing our policy of strict cost control, we expect to post a slight increase in adjusted operating profit versus prior year.

Adhesive Technologies

Sales, first quarter
in million euros



Sales development¹⁾
in percent

	Q1/2010
Change versus previous year	12.4
Foreign exchange	0.2
After adjusting for foreign exchange	12.2
Acquisitions/divestments	-2.3
Organic	14.5
of which price	-1.4
of which volume	15.9

¹⁾ Calculated on the basis of units of 1,000 euros

Sales of the **Adhesive Technologies** business sector exceeded by 12.4 percent the level of the first quarter of 2009, the latter having been impacted by the difficult market conditions that prevailed. Hence we were able to further increase the positive development of the previous quarters. In organic terms – i.e. adjusted for acquisitions/divestments and foreign exchange – sales increased by an even more respectable 14.5 percent. With price levels declining slightly, organic growth was attributable to substantial volume increases. All businesses and regions contributed to this exceptional expansion in sales. The growth regions of Asia-Pacific, Africa/Middle East, Latin America and Eastern Europe once again performed above average, although we were also able to substantially increase sales in the mature markets of Western Europe and North America.

The measures from the last financial year aligned to optimizing earnings provided the foundation for a significant improvement in operating profit. Coming in at 185 million euros, this almost quadrupled compared to the prior-year quarter. Our return on sales rose substantially by 8.0 percentage points to 11.2 percent (adjusted return on sales: plus 8.5 percentage points to 12.2 percent). Return on capital employed (ROCE) rose by 8.4 percentage points to 10.9 percent.

Our *Adhesives for Craftsmen, Consumers and Building* business continued to produce encouraging results after adjusting for the disposal of the adhesive tapes business in North

Key financials¹⁾

in million euros	Q1/2009	Q1/2010	+/-
Sales	1,469	1,651	12.4 %
Operating profit (EBIT)	47	185	>100 %
Adjusted operating profit (EBIT) ²⁾	54	201	>100 %
Return on sales (EBIT)	3.2 %	11.2 %	8.0 pp
Adjusted return on sales (EBIT) ²⁾	3.7 %	12.2 %	8.5 pp

¹⁾ Calculated on the basis of units of 1,000 euros

pp = percentage points

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

America. The growth in activity involved not only craftsmen and consumers but also the wider building industry.

After substantial market-related declines in the previous year, the *Transport and Metal* business posted significant increases in sales in the quarter under review. We maintained investment levels in research and development and also in our fields of innovation even within the difficult environment that prevailed in 2009. This was recognized last year by the market with the PACE Award for Automobile Components Suppliers. And this year we were honored with an award for our innovative metal pretreatment system Aquence.

The *General Industry* business also registered increases compared to the prior-year quarter. The highest growth rates were achieved in North America, Asia-Pacific and also in Africa/Middle East.

We were likewise able to make progress in the *Packaging, Consumer Goods and Construction Adhesives* business. Sales in the regions of Asia-Pacific and Africa/Middle East were substantially above the levels of the first quarter of 2009.

We achieved our strongest expansion in the *Electronics* segment. Here, not only were sales in all our growth regions significantly above the levels of the prior-year quarter, the regions of Western Europe and North America also developed exceptionally well.

Outlook

With the market environment stabilizing, we intend to continue along the path of profitable growth in 2010. Once again, we want to outperform our relevant markets in terms of organic sales growth. Due to the substantial improvement in our cost structure following the measures introduced in 2009, we expect a substantial increase in adjusted operating profit compared to the prior year. We expect the prices for raw materials and packaging to rise again, due primarily to capacity streamlining undertaken by the producers and manufacturers. The risk exists that these capacity adjustments could lead to bottlenecks in the supply of certain inputs.

Financial report first quarter 2010

Underlying economic conditions

The world economy continued to recover through the first quarter of 2010. In Western Europe, the indicators available on the industrial front pointed to a small degree of growth while consumption was tending toward stagnation. Gross domestic product is estimated to have grown by around 0.5 percent in the first three months of the year.

Economic development in the USA was positive with gross domestic product likely to have grown by around 2.5 percent in the first three months. Complementing the recovery undergone by the industrial sector in the course of last year, private consumption also stabilized.

The emerging economies, which last year were already making above-average contributions to world economic growth, again underlined their dynamism. Gross domestic product in China and South Korea, for example, rose by almost 10 percent, and in Brazil by around 7 percent. The previously recessive economies of Russia and Mexico have also returned to growth.

Although consumer prices have risen, overall they have remained at a low level. Inflation in the USA and in the euro zone was around 2 percent. The increase in inflation rates has been predominantly driven by higher raw material prices while core inflation has remained relatively low.

Uncertainties with respect to the creditworthiness of, in particular, Greece have weakened the euro. Compared to the end of 2009, the rate of exchange of the euro has decreased from 1.44 US dollars to 1.35 US dollars.

Unemployment in the euro zone increased from 9.9 percent to 10.2 percent, while in the USA it decreased from 10.0 percent to 9.7 percent.

Sectors of importance for Henkel

Following the stronger-than-expected dynamism of the industrial sector in the fourth quarter of 2009, recovery continued through the beginning of this year. High growth rates were posted as a result of the low base that prevailed in the previous year due to the impact of the economic crisis.

The metal-machining and metal-processing industries and the electronics sector achieved the highest growth rates, with crude steel producers and chip manufacturers faring particularly well. The progress of investment demand was, on the other hand, rather sluggish.

The revival of the automotive industries was also appreciable. Both demand and production increased, particularly in North America and Asia. The units manufactured

exceeded the very low figures of the first quarter of 2009 by, in some cases, more than 30 percent. And in Europe too, production expanded thanks to brisk export activity.

As the packaging industry with its consumer-related sub-segments was less impacted by the crisis, it only benefited to a small extent from the industrial revival, registering no more than minor production increases.

In the construction industry, domestic building in Europe underwent a particularly noticeable decline, while the renovation/repair sector proved to be relatively robust. There was also a slight revival in home building in the USA.

As private consumption benefited significantly less from the economic revival than industry, the retail trade is also likely to have only slightly exceeded its prior-year levels.

Earnings position

For comments on our earnings position, please refer to the section entitled "Report first quarter 2010" on [Q1 page 5](#).

Asset position

Compared to year-end 2009, our balance sheet total increased substantially by 1.3 billion euros to 17.1 billion euros. Under **non-current assets**, there was a particular increase in intangible assets of 440 million euros attributable to the effect of the stronger US dollar on currency translation as of the balance sheet date. Under **current assets**, the appreciable revival in business resulted in higher inventories and trade accounts receivable, leading to book values increasing by 769 million euros to 5,395 million euros. Further, we used our positive operating cash flow to increase our stock of liquid funds.

Equity including non-controlling interests (formerly known as minority interests) grew substantially from 6,544 million euros to 7,171 million euros. The individual components involved in the changes in equity are shown in the statement on [Q1 page 19](#). Positive foreign exchange influences emanated primarily from the appreciation of the US dollar which has taken place since the start of the year. The equity ratio (equity as a percentage of total assets) increased from 41.4 percent to 42.0 percent.

Particularly noticeable in **non-current liabilities** is the increase in provisions for pensions that resulted from the downward adjustment in interest rates as of the end of the quarter. Our non-current borrowings contain three bonds – two senior bonds with a face value of 1.0 billion euros each, and a hybrid bond with a face value of 1.3 billion euros.

These have enabled us to cover our foreseeable financial requirement over the next few years. **Current liabilities**, which increased from 4.1 billion euros to 4.5 billion euros, showed trade accounts payable at 2,160 million euros, representing a substantial increase of 275 million euros compared to year-end 2009.

Net debt, which we substantially reduced during the second half of 2009, was further decreased. At March 31, it amounted to 2,664 million euros (December 31, 2009: 2,799 million euros). In calculating net debt, we include not only our borrowings and liquid funds/marketable securities but also the fair value of the associated hedging instruments. At March 31, 2010, their fair value amounted to 229 million euros (December 31, 2009: 177 million euros).

Key financial ratios

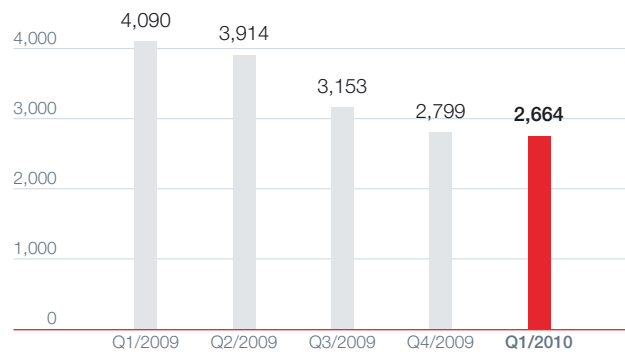
	Q1/2009 ²⁾	Q1/2010
Interest coverage ratio (EBITDA/Net interest expense including interest element of pension provisions)	6.4	9.7
Debt coverage ratio (Net income + Amortization and depreciation + Interest element of pension provisions/Net borrowings and pension provisions) ¹⁾	21.7%	50.5%
Equity ratio (Equity/Total assets)	40.8%	42.0%

¹⁾ Hybrid bond included on 50 percent equity basis

²⁾ Prior-year figures adjusted on the basis of the new definition of net borrowings

Net debt

in million euros



Financial position

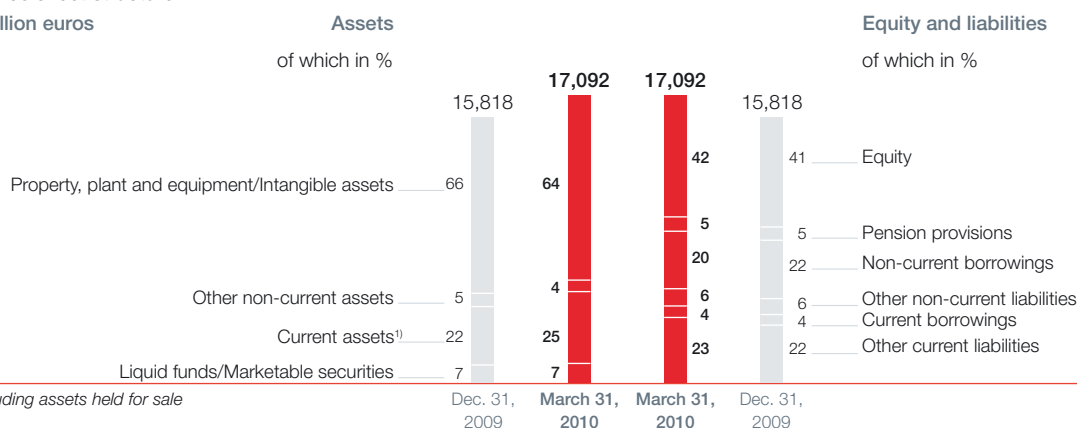
At 386 million euros, **cash flow from operating activities** showed the benefit of a significantly better level of operating profit compared to the corresponding prior-year quarter (negative 45 million euros). The prior-year quarter was also burdened by the tax payment due from the gain arising from the disposal of our Ecolab stake. With business volumes higher in the first quarter of 2010, the ensuing increase in net working assets resulted in an outflow of funds.

Cash flow from investing activities reflected a lower level of capital expenditure on assets and reduced acquisition costs.

The negative **cash flow from financing activities** (minus 259 million euros) was primarily due to the redemption of borrowings and the investment of liquid funds.

Balance sheet structure

in million euros



¹⁾ Including assets held for sale

At 1,202 million euros (December 31, 2009: 1,110 million euros), **liquid funds/marketable securities** remained at a high level.

Free cash flow amounted to a highly positive 272 million euros and is essentially the result of our strong cash flow from operating activities in combination with lower investments in property, plant and equipment.

Financial and liquidity management

The finances of the Group are, to a large extent, centrally managed by Henkel AG & Co. KGaA. Financial funds constitute a global resource and are, as a rule, centrally procured and then distributed within the Group. The primary goals of financial management are to secure the liquidity and creditworthiness of the Group and to achieve a sustainable increase in shareholder value. Our capital requirements and capital procurement activities are coordinated to ensure a balanced approach to meeting the demands of income generation, liquidity, security and independence. The cash flow not required for capital expenditures, dividends and interest payments is used to reduce net debt.

Capital expenditures

Capital expenditures on property, plant and equipment for continuing operations amounted to 54 million euros, compared to 85 million euros in the first quarter of 2009. In addition, we invested a total of 2 million euros in intangible assets (prior-year quarter: 6 million euros).

The majority of these investments were attributable to the Adhesive Technologies and Laundry & Home Care business sectors. In regional terms, capital expenditures focused largely on Western and Eastern Europe together with North America. Around two-thirds of the investment sum was devoted to expansion.

Capital expenditures Q1 2010

in million euros	Continuing operations	Acquisitions	Total
Intangible assets	2	-	2
Property, plant and equipment	54	-	54
Total	56	-	56

Acquisitions and divestments

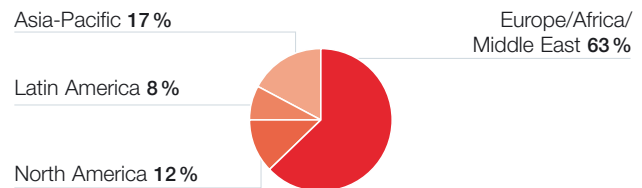
In the first quarter of 2010 we spent 7 million euros on acquiring outstanding non-controlling interests in a foreign subsidiary. In addition, we discontinued a licensing agreement relating to the use of the brand “WC-Ente,” generating a gain of 15 million euros. We also sold a non-core operation in Japan for 2 million euros.

In fiscal 2010, our priority is on regaining our target ratings “A flat” (Standard & Poor’s) and “A2” (Moody’s). Any acquisitions made will therefore be limited in scope to the extent that they cannot jeopardize the achievement of this primary objective.

Employees

As of March 31, 2010, we had 48,426 employees (March 31, 2009: 53,414). The decrease is due both to our restructuring program completed in 2009 and the synergies arising from the integration of the National Starch businesses, complemented by our restrictive hiring policy.

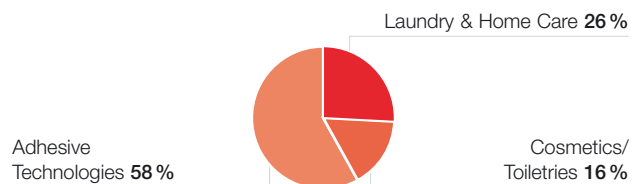
Employees by region



Research and development

Expenses for research and development amounted to 95 million euros, corresponding to an R&D ratio of 2.7 percent of sales. Irrespective of the economic environment, the development of innovative products is of key importance to our business model.

R&D expenditures by business sector



Outlook

Underlying economic conditions

In our estimate, the world economy is likely to grow by around 3 percent in 2010. The growth differences between Western Europe and the USA, which already became apparent in the first quarter, are expected to continue throughout the year. We expect the US economy to undergo an increase in gross domestic product of around 3 percent, while GDP in Western Europe is unlikely to grow beyond 1 percent. We anticipate that the emerging economies will experience GDP increases of up to 10 percent.

We estimate that private consumption in Western Europe will only increase slightly due to the fact that a further rise in unemployment cannot be ruled out. The outlook for private consumption in the USA is somewhat better, with an increase of around 2 percent anticipated. We expect consumers to be more active in the growth regions than in the mature markets.

Developments in industrial production are likely to remain highly varied, depending on the sector and region concerned. The growth rates registered at the beginning of 2010 – the unit numbers manufactured in the automotive industry are a case in point – will decline in the course of the year but should still remain positive. We also expect this to be the pattern in the metal-machining and metal-processing industries.

We do not expect to see any significant momentum emanating from the consumer-related industrial sectors that were less impacted by the crisis. The packaging industry is likely to continue to exhibit only moderate expansion, and we consider that the growth opportunities for industrial packaging will be better than those for consumer-related segments.

We anticipate that developments in the electronics industry will continue to be favorable. This sector, which is particularly well represented in Asia, is likely to benefit from the brisk domestic demand apparent in that region.

The prospects for the building industry remain mixed. Some construction projects that have resulted from state stimulus programs are, due to the time lag prevailing in certain subsectors, only now being implemented. Home building is, in our view, likely to exhibit stronger rates of increase, particularly in the growth regions, whereas commercial construction is ultimately bound to suffer from the low propensity to invest.

Opportunities and risks

We have identified major potential in the emerging economies where there are above-average growth opportunities from which we would like to benefit through our local business activities. The regions concerned include, in particular, Asia (excluding Japan), Eastern Europe, Africa/Middle East and Latin America.

We likewise see opportunities in our research and development activities. We are constantly developing new and innovative products and problem solutions that provide our customers with added value. We have a well filled pipeline of innovative products in all three business sectors, which we intend to launch onto the market this year.

A further opportunity lies in our strict focus on cost. This is a process in which we constantly examine and analyze the prevailing status quo. From the ensuing results, we derive measures and activities to reduce cost, adapt capacity and streamline our portfolio, removing marginal activities and disposing of smaller brands.

Opportunities are also likely to emanate from the resolute pursuit and implementation of our three strategic priorities. These are described in detail under the heading “Strategy and financial targets for 2012” on pages 34 to 36 of our [AR 2009 annual report](#).

We see risks for our consumer businesses particularly in the possibility of a deteriorating consumer climate as would ensue, for example, in the event of a hefty rise in unemployment. We also expect the intensity of competition to remain challenging, manifested in continued promotion pressure and high advertising expenditure levels.

Risks for our Adhesive Technologies business sector lie in the possibility that the market recovery will go into reverse, leading to the failure of individual customers and suppliers.

For all three business sectors, rapidly increasing raw material and packaging prices also represent a risk.

Further specific opportunities and risks are discussed in our [AR 2009 annual report](#) in the sections dealing with the individual business sectors, starting on page 58.

Sales and profits forecast for 2010

In our estimation, the generally mildly positive market conditions prevailing in the real economy and in the financial markets remain fragile. Looking at the forecasts for the current year, we anticipate that the world economy will grow by around 3 percent. However, we do not yet anticipate a sustained upturn.

We are confident that we will again outperform our relevant markets in terms of organic sales growth (i.e. sales adjusted for foreign exchange and acquisitions/divestments).

We have already introduced a number of measures relating to our operational activities which we expect to generate additional positive momentum. For example, we anticipate further contributions to income arising from the synergies created through the integration of the National Starch businesses, and from our strict cost discipline. All these factors will have a positive effect on the development of adjusted operating profit and adjusted earnings per preferred share (EPS). Following the very successful start made to the new financial year, we expect both metrics to show a noticeable improvement of more than 15 percent compared to the figures for 2009.

We also expect to see the following developments unfold in 2010:

- » An increase in our costs for raw materials, packaging, purchased goods and services in the mid single-digit percentage range
- » A research and development ratio of around 2.8 percent
- » Restructuring charges amounting to between 100 and 120 million euros
- » A financial result of about minus 190 million euros
- » A tax rate of approximately 26 to 27 percent
- » Investments in property, plant and equipment of between 350 and 380 million euros

Subsequent events

After March 31, 2010, there were no notifiable events likely to materially affect the net assets, financial position and results of operations of the Group.

Consolidated balance sheet

Assets

in million euros	Dec. 31, 2009	%	March 31, 2010	%
Intangible assets	8,218	52.0	8,658	50.7
Property, plant and equipment	2,248	14.2	2,290	13.4
Non-current financial assets	360	2.3	323	1.8
Non-current income tax refund claims	2	–	2	–
Other non-current assets	12	0.1	15	0.1
Deferred taxes	322	2.0	375	2.2
Non-current assets	11,162	70.6	11,663	68.2
Inventories	1,218	7.7	1,378	8.1
Trade accounts receivable	1,721	10.9	1,972	11.5
Other current financial assets	214	1.3	404	2.5
Other current assets	224	1.4	297	1.7
Current income tax refund claims	139	0.9	142	0.8
Liquid funds/Marketable securities	1,110	7.0	1,202	7.0
Current assets	4,626	29.2	5,395	31.6
Assets held for sale	30	0.2	34	0.2
Total assets	15,818	100.0	17,092	100.0

Equity and liabilities

in million euros	Dec. 31, 2009	%	March 31, 2010	%
Issued capital	438	2.8	438	2.6
Share premium	652	4.1	652	3.8
Treasury shares	–109	–0.7	–100	–0.6
Retained earnings	7,017	44.4	7,242	42.4
Other components of equity	–1,524	–9.6	–1,129	–6.6
Equity attributable to shareholders of Henkel AG & Co. KGaA	6,474	41.0	7,103	41.6
Non-controlling interests	70	0.4	68	0.4
Equity	6,544	41.4	7,171	42.0
Pensions and similar obligations	867	5.5	924	5.4
Non-current income tax provisions	152	1.0	160	0.9
Other non-current provisions	241	1.5	240	1.4
Non-current borrowings	3,426	21.7	3,491	20.4
Non-current financial liabilities	88	0.5	135	0.9
Other non-current liabilities	20	0.1	19	0.1
Deferred taxes	367	2.3	431	2.5
Non-current liabilities	5,161	32.6	5,400	31.6
Current income tax provisions	224	1.4	237	1.4
Other current provisions	938	5.9	985	5.8
Current borrowings	660	4.2	604	3.5
Trade accounts payable	1,885	11.9	2,160	12.6
Current financial liabilities	145	0.9	211	1.2
Other current liabilities	251	1.6	306	1.8
Current income tax liabilities	10	0.1	18	0.1
Current liabilities	4,113	26.0	4,521	26.4
Total equity and liabilities	15,818	100.0	17,092	100.0

Consolidated statement of income

in million euros	Q1/2009	%	Q1/2010	%	Change
Sales	3,258	100.0	3,512	100.0	7.8 %
Cost of sales ¹⁾	-1,814	-55.7	-1,829	-52.1	0.8 %
Gross profit	1,444	44.3	1,683	47.9	16.6 %
Marketing, selling and distribution expenses ¹⁾	-948	-29.1	-1,011	-28.8	6.6 %
Research and development expenses ¹⁾	-99	-3.0	-95	-2.7	-4.0 %
Administrative expenses ¹⁾	-183	-5.6	-185	-5.3	1.1 %
Other operating income	22	0.7	42	1.2	90.9 %
Other operating charges	-18	-0.6	-12	-0.3	-33.3 %
Operating profit (EBIT)	218	6.7	422	12.0	93.3 %
Interest income	23	0.7	26	0.8	13.0 %
Interest expense	-75	-2.3	-80	-2.3	6.7 %
Interest result	-52	-1.6	-54	-1.5	3.8 %
Financial result	-52	-1.6	-54	-1.5	3.8 %
Income before tax	166	5.1	368	10.5	> 100 %
Income tax expense	-45	-1.4	-102	-2.9	> 100 %
Net income	121	3.7	266	7.6	> 100 %
– Attributable to non-controlling interests	-4	-0.1	-7	-0.2	75.0 %
– Attributable to shareholders of Henkel AG & Co. KGaA	117	3.6	259	7.4	> 100 %

¹⁾ Restructuring charges first quarter 2010: 31 million euros (comparative figures for the prior-year period in parentheses: 16 million euros), of which: cost of sales 17 million euros (9 million euros); marketing, selling and distribution expenses 6 million euros (4 million euros); research and development expenses 2 million euros (0 million euros); administrative expenses 6 million euros (3 million euros)

Earnings per share (basic)

in euros	Q1/2009	Q1/2010	Change
Ordinary shares	0.27	0.59	> 100 %
Non-voting preferred shares	0.28	0.60	> 100 %

Earnings per share (diluted)

in euros	Q1/2009	Q1/2010	Change
Ordinary shares	0.27	0.59	> 100 %
Non-voting preferred shares	0.28	0.60	> 100 %

Additional voluntary information

in million euros	Q1/2009	Q1/2010
EBIT (as reported)	218	422
One-time gains	-3	-32
One-time charges	4	-
Restructuring charges ¹⁾	16	31
Adjusted EBIT	235	421
Adjusted return on sales (EBIT)	in %	7.2
Adjusted financial result	-52	-54
Adjusted net income attributable to shareholders of Henkel AG & Co. KGaA	130	258
Adjusted earnings per preferred share	in euros	0.31
		0.60

¹⁾ In Q1/2010: 1 million euros (2009: 11 million euros) from the integration of the National Starch businesses and 30 million euros (2009: 5 million euros) from ordinary activities

Statement of comprehensive income

in million euros	Q1/2009	Q1/2010
Net income	121	266
Exchange differences on translation of foreign operations	152	408
Derivative financial instruments	5	-9
Actuarial gains/losses	-67	-34
Other comprehensive income (net of taxes)	90	365
Total comprehensive income for the period	211	631
– Attributable to non-controlling interests	6	11
– Attributable to shareholders of Henkel AG & Co. KGaA	205	620

Statement of changes in equity

in million euros	Issued capital			Treasury shares	Retained earnings	Other components		Shareholders of Henkel AG & Co. KGaA	Non-controlling interests	Total
	Ordinary shares	Preferred shares	Share premium			Translation differences	Derivative financial instruments			
At January 1, 2009	260	178	652	-115	6,920	-1,199	-212	6,484	51	6,535
Net income	-	-	-	-	117	-	-	117	4	121
Other comprehensive income	-	-	-	-	-67	150	5	88	2	90
Total comprehensive income	-	-	-	-	50	150	5	205	6	211
Distributions	-	-	-	-	-	-	-	-	-1	-1
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	22	-	-	22	9	31
At March 31, 2009	260	178	652	-115	6,992	-1,049	-207	6,711	65	6,776
At December 31, 2009/ January 1, 2010	260	178	652	-109	7,017	-1,301	-223	6,474	70	6,544
Net income	-	-	-	-	259	-	-	259	7	266
Other comprehensive income	-	-	-	-	-34	404	-9	361	4	365
Total comprehensive income	-	-	-	-	225	404	-9	620	11	631
Distributions	-	-	-	-	-	-	-	-	-7	-7
Sale of treasury shares	-	-	-	9	-	-	-	9	-	9
Other changes in equity	-	-	-	-	-	-	-	-	-6	-6
At March 31, 2010	260	178	652	-100	7,242	-897	-232	7,103	68	7,171

Consolidated cash flow statement

in million euros	Q1/2009	Q1/2010
Operating profit (EBIT)	218	422
Income taxes paid	-169	-44
Amortization/depreciation/write-ups of non-current assets (excluding financial assets)	113	101
Net gains/losses on disposal of non-current assets (excluding financial assets)	-	-4
Change in inventories	40	-109
Change in trade accounts receivable	-42	-179
Change in other financial assets and other assets	-118	-60
Change in trade accounts payable	-46	211
Change in other liabilities and provisions	-41	48
Cash flow from operating activities	-45	386
Purchase of intangible assets	-6	-2
Purchase of property, plant and equipment	-85	-54
Purchase of financial assets/acquisitions	-57	-7
Proceeds on disposal of subsidiaries and business units	-	2
Proceeds on disposal of other non-current assets	10	9
Cash flow from investing activities/acquisitions	-138	-52
Dividends paid to shareholders of Henkel AG & Co. KGaA	-	-
Dividends paid to non-controlling interests	-1	-7
Interest received	25	26
Interest paid	-66	-76
<i>Dividends and interest paid and received</i>	<i>-42</i>	<i>-57</i>
Change in borrowings	327	-66
Allocation to pension funds	-39	-28
Other changes in pensions and similar obligations	-4	-17
Other financing transactions	-	-91
Cash flow from financing activities	242	-259
Net increase in cash and cash equivalents	59	75
Effect of exchange rates on cash and cash equivalents	-	17
Change in liquid funds/marketable securities	59	92
Liquid funds/marketable securities as of January 1	338	1,110
Liquid funds/marketable securities as of March 31	397	1,202

Additional voluntary information

Reconciliation to free cash flow

in million euros	Q1/2009	Q1/2010
Cash flow from operating activities	-45	386
Purchase of intangible assets	-6	-2
Purchase of property, plant and equipment	-85	-54
Proceeds on disposal of other non-current assets	10	9
Net interest paid	-41	-50
Other changes in pensions and similar obligations	-4	-17
Free cash flow	-171	272

Group segment report by business sector¹⁾

First quarter 2010

in million euros

	Laundry & Home Care	Cos- metics/ Toiletries	Adhesives for Crafts- men and Consumers	Industrial Adhesives	Total Adhesive Tech- nologies	Operating business sectors total	Corporate	Henkel
Sales January – March 2010	1,049	762	402	1,249	1,651	3,462	50	3,512
Change from previous year	3.5 %	5.8 %	-1.8 %	17.9 %	12.4 %	8.1 %	-	7.8 %
After adjusting for foreign exchange	3.3 %	5.2 %	-3.1 %	18.1 %	12.2 %	7.8 %	-	7.5 %
Organic	3.6 %	5.5 %	6.1 %	17.7 %	14.5 %	9.0 %	-	8.8 %
Proportion of Henkel sales	30 %	22 %	11 %	36 %	47 %	99 %	1 %	100 %
Sales January – March 2009	1,013	720	410	1,059	1,469	3,202	56	3,258
EBITDA January – March 2010	179	110	56	190	246	534	-11	523
EBITDA January – March 2009	134	102	43	66	109	345	-14	331
Change from previous year	33.2 %	8.2 %	30.4 %	>100 %	>100 %	54.9 %	-	57.9 %
Return on sales (EBITDA) January – March 2010	17.0 %	14.5 %	13.9 %	15.2 %	14.9 %	15.4 %	-	14.9 %
Return on sales (EBITDA) January – March 2009	13.2 %	14.2 %	10.4 %	6.3 %	7.4 %	10.8 %	-	10.2 %
Amortization/depreciation and write- ups of trademark rights, other rights and property, plant and equipment January – March 2010	28	10	14	47	61	97	4	101
of which impairment losses 2010	-	-	1	1	2	2	-	2
of which write-ups 2010	-	-	-	-	-	-	1	1
Amortization/depreciation and write- ups of trademark rights, other rights and property, plant and equipment January – March 2009	27	11	12	50	62	100	13	113
of which impairment losses 2009	-	-	2	6	8	8	-	8
of which write-ups 2009	-	-	-	-	-	-	-	-
EBIT January – March 2010	151	100	42	143	185	437	-15⁴⁾	422
EBIT January – March 2009	107	91	31	16	47	245	-27	218
Change from previous year	41.2 %	10.1 %	38.4 %	>100 %	>100 %	78.4 %	-	93.3 %
Return on sales (EBIT) January – March 2010	14.4 %	13.1 %	10.5 %	11.5 %	11.2 %	12.6 %	-	12.0 %
Return on sales (EBIT) January – March 2009	10.6 %	12.6 %	7.5 %	1.5 %	3.2 %	7.6 %	-	6.7 %
Capital employed January – March 2010²⁾	2,472	2,038	965	5,842	6,807	11,316	-86	11,230
Capital employed January – March 2009 ²⁾	2,747	2,285	1,277	6,121	7,398	12,430	-237	12,193
Change from previous year	-10.0 %	-10.8 %	-24.5 %	-4.6 %	-8.0 %	-9.0 %	-	-7.9 %
Return on capital employed (ROCE) January – March 2010	24.5 %	19.6 %	17.6 %	9.8 %	10.9 %	15.4 %	-	15.0 %
Return on capital employed (ROCE) January – March 2009	15.6 %	15.9 %	9.6 %	1.1 %	2.5 %	7.9 %	-	7.2 %
Capital expenditures (excl. financial assets) January – March 2010	18	8	7	20	27	53	3	56
Capital expenditures (excl. financial assets) January – March 2009	36	11	13	47	60	107	7	114
Operating assets January – March 2010³⁾	3,855	2,742	1,365	6,891	8,257	14,853	330	15,183
Operating liabilities January – March 2010	1,223	905	457	1,302	1,759	3,888	416	4,303
Net operating assets employed January – March 2010³⁾	2,631	1,837	908	5,589	6,497	10,966	-86	10,880
Operating assets January – March 2009 ³⁾	4,032	2,857	1,560	7,006	8,566	15,455	362	15,817
Operating liabilities January – March 2009	1,121	768	358	1,188	1,546	3,435	599	4,034
Net operating assets employed January – March 2009 ³⁾	2,911	2,089	1,202	5,818	7,020	12,020	-237	11,783

¹⁾ Calculated on the basis of units of 1,000 euros ²⁾ Including goodwill at cost prior to any accumulated amortization in accordance with IFRS 3.79b

³⁾ Including goodwill at net book value ⁴⁾ Including restructuring charges of 1 million euros (2009: 11 million euros) for the National Starch businesses.

The ordinary restructuring charges are allocated to the operating business sectors

Earnings per share

In calculating earnings per share for the period January through March 2010, we have assumed a proportionate dividend on the basis of the dividends paid by Henkel AG & Co. KGaA for fiscal 2009, as there are no declarations on the distribution of retained earnings during the year.

As of March 31, 2010, no dilutive effect arose from the Stock Incentive Plan.

Earnings per share		Q1/2009	Q1/2010
Net income for the three months, attributable to shareholders of Henkel AG & Co. KGaA			
in mill. euros		117	259
Number of outstanding ordinary shares		259,795,875	259,795,875
Basic earnings per ordinary share			
in euros		0.27	0.59
Number of outstanding preferred shares ¹⁾		173,331,149	173,854,183
Basic earnings per preferred share			
in euros		0.28	0.60
Dilutive effect arising from Stock Incentive Plan		39,672	–
Number of potentially outstanding preferred shares with no voting rights ²⁾		173,370,821	173,854,183
Diluted earnings per ordinary share			
in euros		0.27	0.59
Diluted earnings per preferred share			
in euros		0.28	0.60

¹⁾ Weighted average of preferred shares

²⁾ Weighted average of preferred shares adjusted for the potential number of shares arising from the Stock Incentive Plan

Changes in treasury shares

The treasury shares held by the company as of March 31, 2010 amounted to 4,269,255 preferred shares. This represents 0.97 percent of our issued shares and a proportional nominal value of 4.3 million euros.

As a result of the options exercised under the Stock Incentive Plan, treasury shares decreased during the period January through March 2010 by 272,615 preferred shares, representing a proportional nominal value of 0.3 million euros (0.06 percent of issued shares).

Accounting policies

The interim financial report and interim consolidated financial statements of the Henkel Group for the first quarter of the year have been prepared in accordance with International Financial Reporting Standards (IFRS) as effective

within the European Union, and consequently in compliance with IAS 34 “Interim Financial Reporting.” The same accounting principles have been applied as for the 2009 consolidated financial statements, with the exception of the accounting pronouncements recently adopted in 2010. These relate primarily to IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements.” In order to further improve the true and fair view of our net assets, financial position and results of operations, additional line items have been included and some line items have been renamed in the consolidated income statement, the statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the statement of changes in equity. In the consolidated cash flow statement specifically, other changes in pensions and similar obligations, which were previously recognized under interest paid, are now shown in a separate line, although still within cash flow from financing activities. These improvements have no impact on the comparative periods.

In order to simplify interim financial reporting, IAS 34.41 allows certain estimates and assumptions to be made beyond the scope permitted for annual financial statements, on condition that all material financial information is appropriately presented to enable a proper assessment of the financial position and performance of the enterprise. In calculating taxes on income, the interim tax expense is determined on the basis of the estimated effective income tax rate for the current financial year.

The interim report for the first quarter of the year, comprised of condensed consolidated financial statements and an interim Group management report, was not subjected to an auditors’ review.

Scope of consolidation

In addition to Henkel AG & Co. KGaA, the scope of consolidation as of March 31, 2010 includes nine domestic German and 196 foreign companies controlled by Henkel AG & Co. KGaA (concept of control). Control is generally presumed to exist when Henkel AG & Co. KGaA owns, directly or indirectly, more than half of the voting power. Companies in which not more than half of the voting power is held are fully consolidated if Henkel AG & Co. KGaA has the power, directly or indirectly, to govern their financial and operating policies. Compared to December 31, 2009, four companies have been merged and two companies have ceased to be subsidiaries. As of March 31, 2010, no new companies had been included in the scope of consolidation.

Statement of comprehensive income

Of the components of other comprehensive income, deferred tax income relates to actuarial losses amounting to 36 million euros (prior-year quarter: 16 million euros) and losses from cash flow hedges amounting to 9 million euros (prior-year quarter: gains of 5 million euros).

Assets held for sale

No new assets have been reclassified as held for sale, since December 31, 2009. Changes in value are due to foreign currency effects.

Contingent liabilities

Effective March 31, 2010, liabilities under guarantee and warranty agreements totaled 13 million euros. On December 31, 2009, these liabilities amounted to 11 million euros.

Rent, leasehold and lease commitments

Effective March 31, 2010, rent, leasehold and lease commitments totaled 173 million euros. On December 31, 2009, these commitments amounted to 170 million euros.

Voting rights, related party transactions

Henkel AG & Co. KGaA, Düsseldorf, Germany, has been notified that the share of voting rights of the parties to the Henkel share-pooling agreement at December 30, 2009 represented around 52.57 percent of the voting rights (136,575,802 votes) in Henkel AG & Co. KGaA. Silchester International Investors Limited, headquartered in London, Great Britain, have informed us that their share of voting rights in Henkel AG & Co. KGaA exceeded the 3 percent threshold on June 23, 2008 and stood at 3.01 percent on that day, representing 7,824,150 voting rights. All voting rights are attributed to Silchester International Investors Limited pursuant to Clause 22 (1) sentence 1 no. 6 WpHG [German Securities Trading Act].

Group segment reporting

There have been no changes in the basis by which the segments are classified or in the presentation of the segment results as compared to the annual financial statements as of December 31, 2009.

Credits

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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 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.

Financial calendar

Publication of Report

for the Second Quarter / Half Year 2010:
Wednesday, August 4, 2010

Publication of Report

for the Third Quarter / Nine Months 2010:
Wednesday, November 10, 2010

Press Conference and Analysts' Conference for Fiscal 2010:

Thursday, February 24, 2011

Annual General Meeting

Henkel AG & Co. KGaA 2011:
Monday, April 11, 2011

Up-to-date facts and figures on Henkel also
available on the internet: www.henkel.com