

Review 2011 & Outlook 2012

Analyst & Investor Conference Call

Kasper Rorsted, CEO
Dr. Lothar Steinebach, CFO

Düsseldorf, March 8, 2012



Disclaimer

This information contains forward-looking statements which are based on current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Statements with respect to the future are characterized by the use of words such as “expect”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, and similar terms. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and 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 any forward-looking statements.

Agenda



Highlights 2011



Financials Q4/11 & FY 2011



Progress on Strategic Priorities



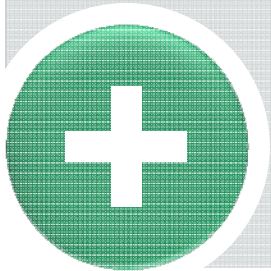
Outlook 2012

2011 Guidance Achieved

	Guidance	FY 2011	
Organic sales growth	5-6%	5.9%	✓
Adjusted EBIT margin	~13%	13.0%	✓
Adjusted EPS growth	~+10%	+11.3%	✓

Achievements FY 2011

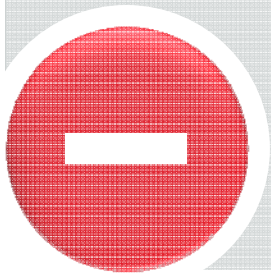
- All key **financial targets achieved** or **exceeded**
- All **business units** with continued **profitable growth**
- Double-digit growth in **emerging markets**
- Strong **financial discipline**
- New **sustainability** strategy



› **Laying foundation for performance 2012**

Challenges FY 2011

- High **volatility** due to crises & natural disasters
- **Raw material prices** on high level
- **Gross margin** under pressure
- **Intense competitive environment** & strong promotional pressure



> Successful year in a challenging environment

Highlights 2011

Laundry & Home Care

- **Solid** organic sales growth
- **Adj. EBIT margin** further increased to record high
- **All regions** growing; **emerging markets mid single-digit**
- Further **market share gains**
- Strong **promotional pressure**
- **Innovation rate 41%**

Persil

Purex

Dixan

Enhanced performance in a highly competitive environment

Highlights 2011

Cosmetics/Toiletries

- **Strong** organic sales growth
- **Adj. EBIT margin** further increased to record high
- **All regions** growing; **emerging markets double-digit**
- Further **market share gains**
- Strong **promotional pressure**
- **Innovation rate 43%**



syoss

› Strong performance in a highly competitive environment

Highlights 2011

Adhesive Technologies

- **Very strong** organic sales growth
- **Adj. EBIT margin** further increased to record high
- **All regions** growing; **emerging markets double-digit**
- **Further market share gains**
- **Innovation rate ~30%**

LOCTITE

Teroson

technomelt

› Strong profitable growth path sustained

Key Financials 2011

	2010	2011	Change
Sales (m€) (OSG in %)	15,092	15,605	+ 3.4% (+ 5.9%)
Adjusted gross margin (%)	47.1	45.8	- 130bp
Adjusted EBIT (m€)	1,862	2,029	+ 9.0%
Adjusted EBIT margin (%)	12.3	13.0	+ 70bp
Adj. EPS per pref. share	2.82	3.14	+ 11.3%
NWC / sales (%)	6.9	7.3	+ 40bp
Net debt (m€)	2,343	1,677	- 28.4%

Strong performance in a challenging environment

Carsten Knobel to Become New Henkel CFO

- Carsten Knobel will succeed Lothar Steinebach as CFO effective July 1
- Knobel is currently Corporate Senior Vice President and Financial Director of Henkel's Cosmetics/Toiletries business and responsible for Corporate Controlling
- Steinebach will retire end of June after more than 30 years with Henkel in a number of leading positions
- Decision is testament to our strong talent pipeline and people development at Henkel



Agenda



Highlights 2011



Financials Q4/11 & FY 2011



Progress on Strategic Priorities



Outlook 2012

Key Financials Q4/11

	Q4/2010	Q4/2011	Change
Sales (m€) (OSG in %)	3,729	3,800	+ 1.9% (+ 3.8%)
Adjusted gross margin (%)	45.7	45.0	- 70bp
Adjusted EBIT (m€)	448	502	+ 12.0%
Adjusted EBIT margin (%)	12.0	13.2	+ 120bp
Adj. EPS per pref. share	0.69	0.77	+ 11.6%
NWC / sales (%)	6.9	7.3	+ 40bp
Net debt (m€)	2,343	1,677	- 28.4%

› **Good performance in a challenging environment**

Sales Growth by Business Sector

Q4/2011 vs. Q4/2010

in %	Total	FX Impact	Organic	Thereof Price/ Volume*
Laundry & Home Care	-1.4	-1.7	2.4	4.9 / -2.5
Cosmetics/ Toiletries	4.8	0.0	5.0	1.4 / 3.6
Adhesive Technologies	3.2	-1.0	4.2	7.4 / -3.2
Total Henkel	1.9	-0.9	3.8	5.4 / -1.6

* includes new product launches

Adjusted EBIT by Business Sector

Q4/2011 vs. Q4/2010

	Adjusted EBIT		Adjusted EBIT margin	
	in m€	Change in %	in %	Change in bp
Laundry & Home Care	143	+3.5	13.6	+60
Cosmetics/ Toiletries	121	+9.7	14.5	+60
Adhesive Technologies	259	+21.6	13.8	+210
Total Henkel	502	+12.0	13.2	+120

Sales Growth by Business Sector

2011 vs. 2010

in %	Total	FX Impact	Organic	Thereof Price/ Volume*
Laundry & Home Care	-0.3	-2.3	2.9	1.6 / 1.3
Cosmetics/ Toiletries	4.0	-1.1	5.4	-0.3 / 5.7
Adhesive Technologies	6.0	-2.1	8.3	5.3 / 3.0
Total Henkel	3.4	-1.9	5.9	3.0 / 2.9

* includes new product launches

Sales Growth by Business Sector

2011 vs. 2010

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Adhesive Technologies	6.0	-2.1	8.3	5.3 / 3.0
Total Henkel	3.4	-1.9	5.9	3.0 / 2.9

- Solid performance based on balanced price/volume mix
- North America progressing over the course of the year

* includes new product launches

Sales Growth by Business Sector

2011 vs. 2010

in %	Total	FX Impact	Organic	Thereof Price/ Volume*
Laundry & Home Care	-0.3	-2.3	2.9	1.6 / 1.3
Cosmetics/ Toiletries	4.0	-1.1	5.4	-0.3 / 5.7
Adhesive Technologies	6.0	-2.1	8.3	5.3 / 3.0
Total Henkel	3.4	-1.9	5.9	3.0 / 2.9

- Promotional activities and strong competitive pressure
- Double-digit growth in emerging markets and solid performance in mature markets

* includes new product launches

Sales Growth by Business Sector

2011 vs. 2010

in %	Total	FX Impact	Organic	Thereof Price/ Volume*
Laundry & Home Care	-0.3	-2.3	2.9	1.6 / 1.3
Cosmetics/ Toiletries	4.0	-1.1	5.4	-0.3 / 5.7
Adhesive Technologies	6.0	-2.1	8.3	5.3 / 3.0
Total Henkel	3.4	-1.9	5.9	3.0 / 2.9

- Very strong growth driven both by price and volume
- General Industry with strongest performance, Electronics slightly negative

* includes new product launches

Sales Growth by Business Sector

2011 vs. 2010

in %	Total	FX Impact	Organic	Thereof Price/Volume*
Laundry & Home Care	-0.3	-2.3	2.9	1.6 / 1.3
Cosmetics/Toiletries	4.0	-1.1	5.4	-0.3 / 5.7
Adhesive Technologies	6.0	-2.1	8.3	5.3 / 3.0
Total Henkel	3.4	-1.9	5.9	3.0 / 2.9

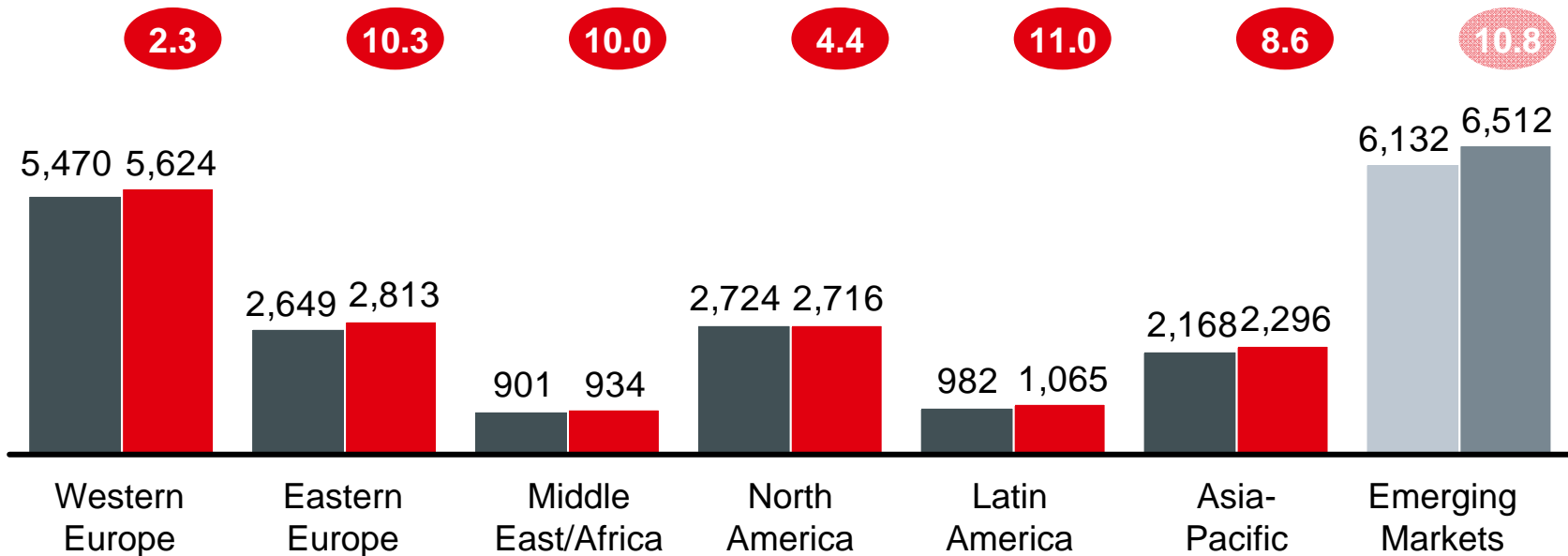
- Negative FX impact mainly from US-Dollar, Turkish Lira, Egyptian Pound and Russian Ruble
- Strong sales performance based on balanced price/volume mix

* includes new product launches

Sales Growth by Region

2011 vs. 2010

XX Organic, percent

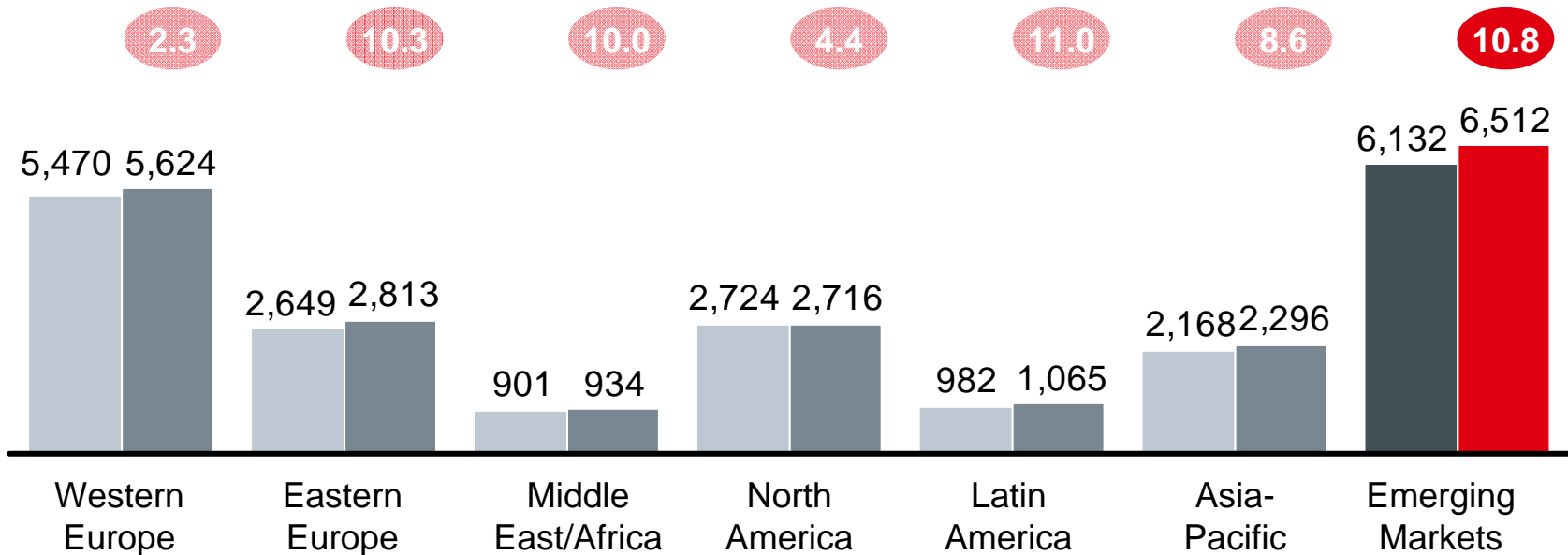


- Double-digit growth in Latin America, Eastern Europe and Middle East/Africa
- Western Europe and North America with solid sales performance despite challenging business environment

Sales Growth by Region

2011 vs. 2010

XX Organic, percent



- Emerging markets sales performance driven by double-digit organic sales growth in Adhesive Technologies and Cosmetics/Toiletries
- Sales share of emerging markets increased to 42%

Adjusted EBIT by Business Sector

2011 vs. 2010

	Adjusted EBIT		Adjusted EBIT margin	
	in m€	Change in %	in %	Change in bp
Laundry & Home Care	570	+1.4	13.2	+20
Cosmetics/ Toiletries	482	+10.5	14.2	+90
Adhesive Technologies	1,075	+14.7	13.9	+110
Total Henkel	2,029	+9.0	13.0	+70

Adjusted EBIT by Business Sector

2011 vs. 2010

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Total Henkel	2,029	+9.0	13.0	+70

- Efficiency gains and cost control together with price increases overcompensated impact from high increases in material prices

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Adhesive Technologies	1,075	+14.7	13.9	+110
Total Henkel	2,029	+9.0	13.0	+70

- Price increases in all businesses and regions as well as ongoing efficiency gains and cost control overcompensated substantial rises in material costs

Income Statement Adjusted

Sales to Gross Profit

in m€	2010	2011	Change in %
Sales	15,092	15,605	+3.4
Cost of sales	-7,983	-8,455	+5.9
Gross profit	7,109	7,150	+0.6
Gross margin (in%)	47.1	45.8	-130bp

Income Statement Adjusted

Sales to Gross Profit

in m€	2010	2011	Change in %
Sales	15,092	15,605	+3.4
Cost of sales	-7,983	-8,455	+5.9
Gross profit	7,109	7,150	+0.6
Gross margin (in%)	47.1	45.8	-130bp

- Higher COGS negatively impacted gross margin by ~600bp
- About 80% offset by own price increases and savings
- Negative mix effect due to Electronic Adhesives

Income Statement Adjusted

Sales to Adjusted EBIT

in m€	2010	2011	2011 in %	Change in bp
Sales	15,092	15,605	100.0	
Cost of sales	-7,983	-8,455	-54.2	
Gross profit	7,109	7,150	45.8	
Marketing, selling & distrib. exp.	-4,229	-4,081	-26.2	-190
Research & development exp.	-383	-396	-2.5	
Administrative expenses	-711	-706	-4.5	-20
Net other op. income/charges	76	62	0.4	
Adjusted EBIT	1,862	2,029	13.0	+70

Income Statement Adjusted

Sales to Adjusted EBIT

in m€	2010	2011	2011 in %	Change in bp
Sales	15,092	15,605	100.0	
Cost of sales	-7,983	-8,455	-54.2	
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Research & development exp.	-383	-396	-2.5	
Administrative expenses	-711	-706	-4.5	-20
Net other op. income/charges				
Adjusted EBIT	1,002	2,029	13.0	470

- Cost benefiting from restructuring synergies
- Market shift towards higher promotional spend

Income Statement Adjusted

Sales to Adjusted EBIT

in m€	2010	2011	2011 in %	Change in bp
Sales	15,092	15,605	100.0	
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Net other op. income/charges				
Adjusted EBIT	1,862	2,029	13.0	+70

- Shared Services further improved cost base

Reported to Adjusted EBIT

2011 vs. 2010

in m€	2010	2011	Change in %
EBIT (as reported)	1,723	1,857	+7.8
One-time gains	-59	-57	
One-time charges	14	2	
Restructuring charges	184	227	
Adjusted EBIT	1,862	2,029	+9.0

Reported to Adjusted EBIT

2011 vs. 2010

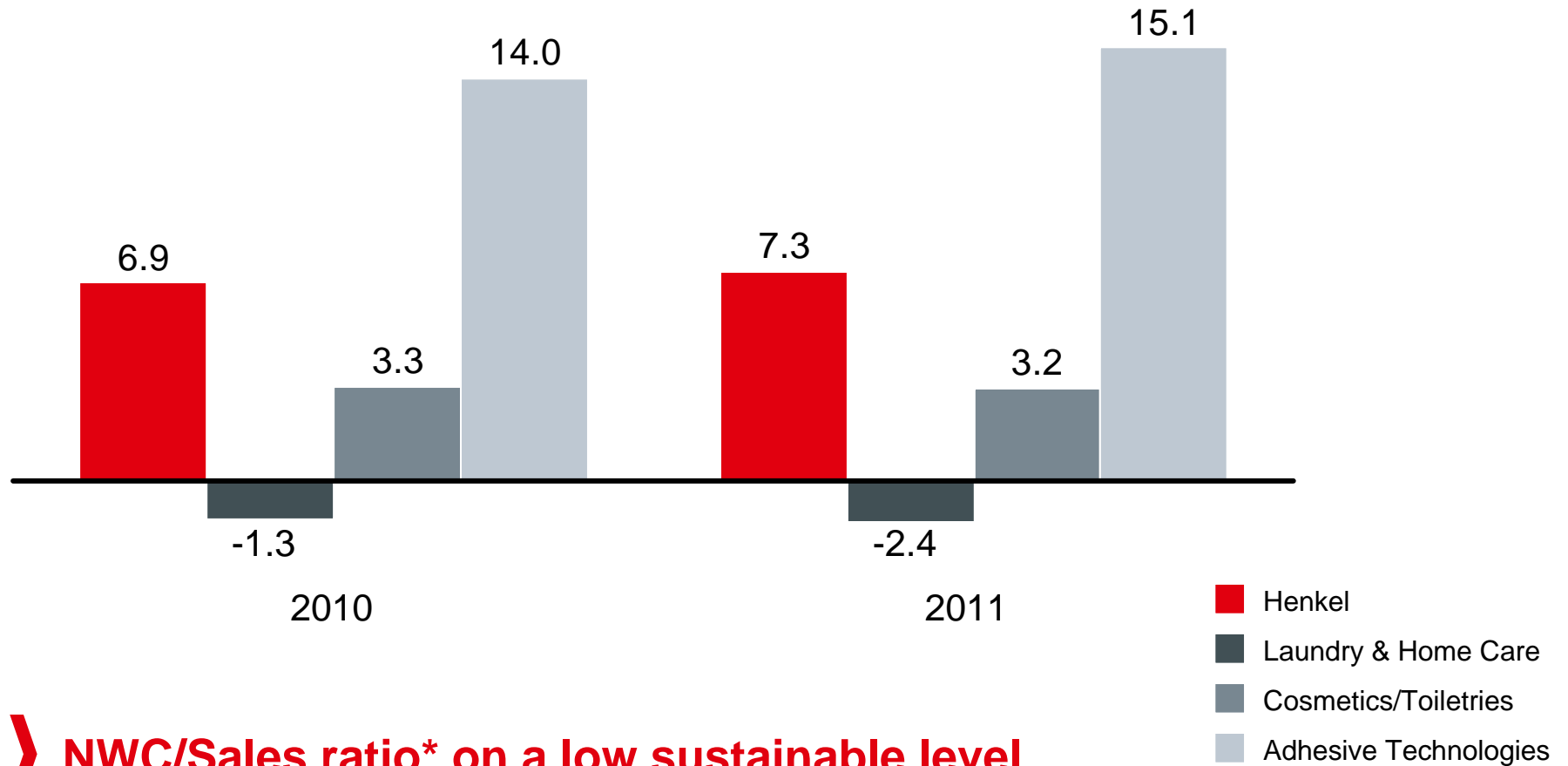
in m€	2010	2011	Change in %
EBIT (as reported)			
One-time			
One-time charges			
Restructuring charges	184	227	
Adjusted EBIT	1,862	2,029	+9.0

- Shared Services: 60 m€
- Manufacturing Optimization: 98 m€
- Delaying Laundry & Home Care: 39 m€
- Others: 30 m€

> Constant adaptation of structures to market

Development of Net Working Capital

NWC/Sales ratio* in %

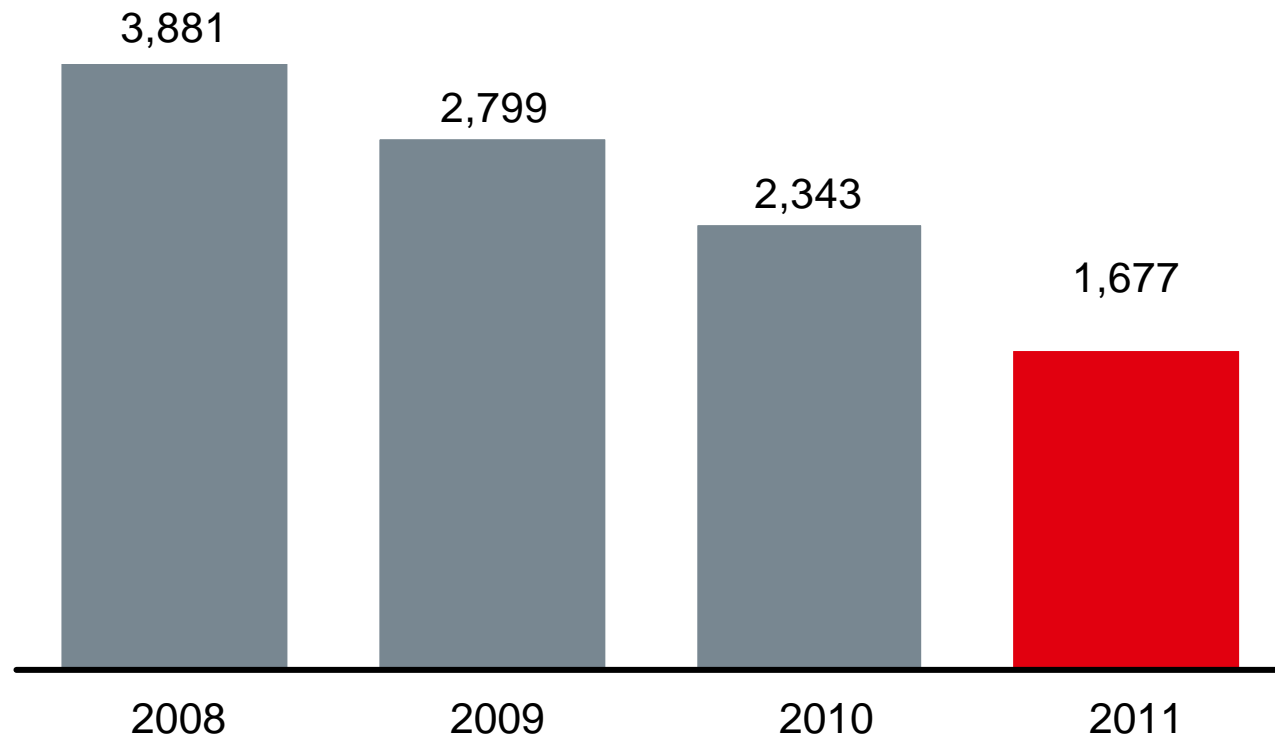


> NWC/Sales ratio* on a low sustainable level

* Inventories + trade accounts receivable ./ trade accounts payable

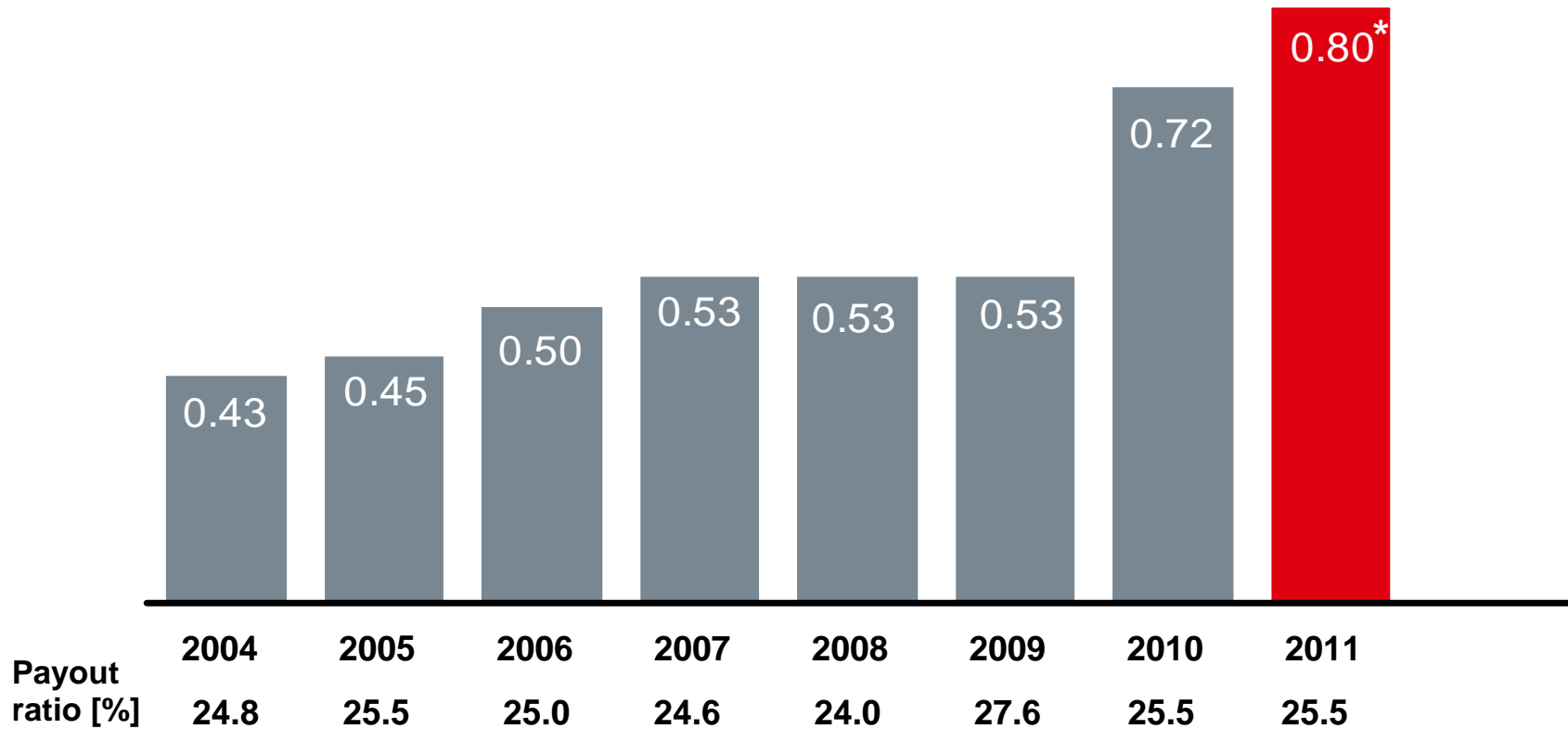
Net Debt Development

in m€



- Net debt below 2 bn € for the first time since 2008
- Reduced net debt by more than 50% in last three years

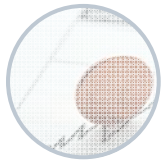
Historical Development of Dividends per preferred share



* Proposal to AGM, Apr 16, 2012.

> Dividend increased significantly over past years

Agenda



Highlights 2011



Financials Q4/11 & FY 2011



Progress on Strategic Priorities



Outlook 2012

Progress on Strategic Priorities in 2011

- ✓ Emerging markets sales share up to 42%
- ✓ Sales share of top 3 brands increased to 24%

- ✓ Continuous strong flow of innovations
- ✓ Company-wide use of Shared Services

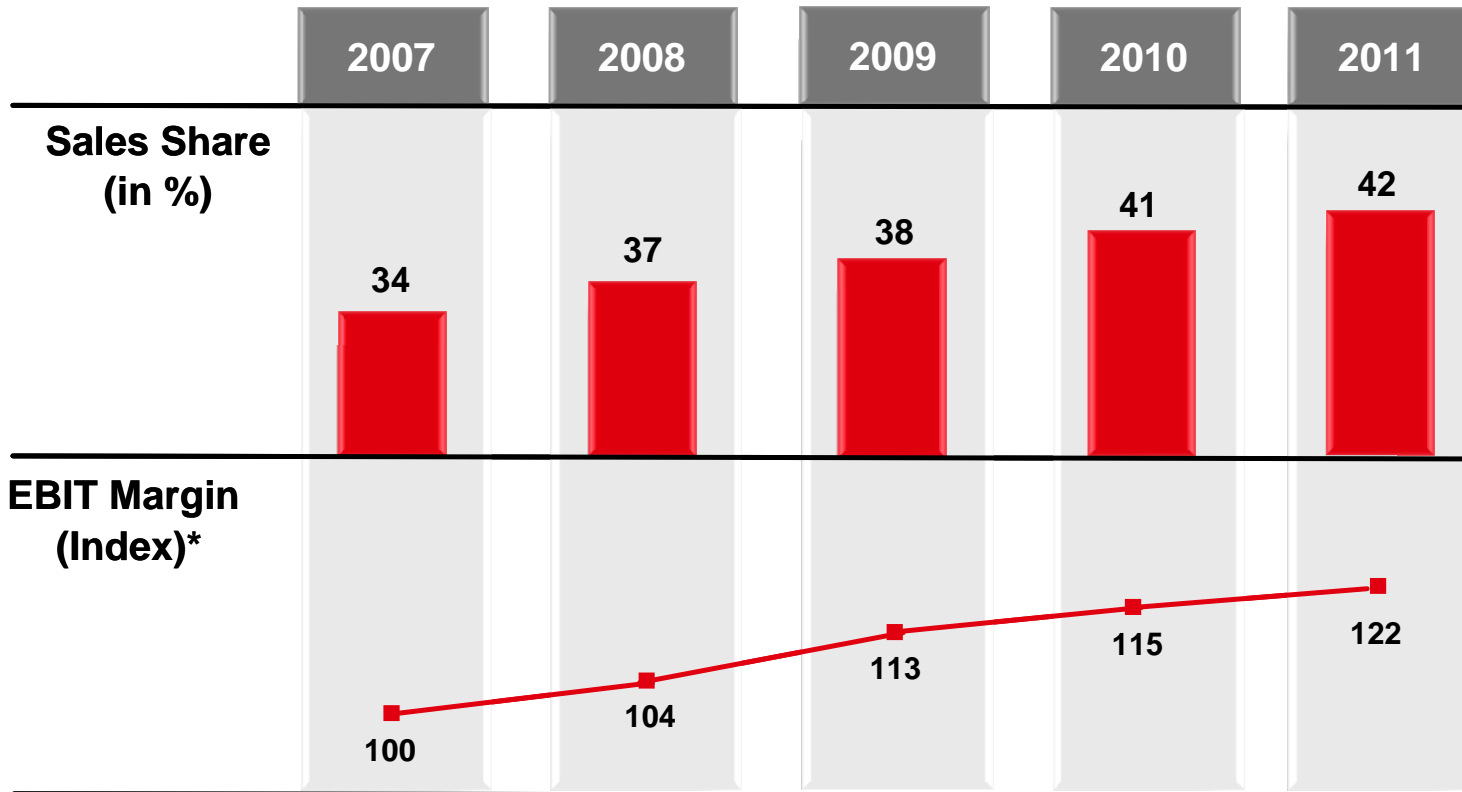
- ✓ New sustainability strategy



- ✓ 54% employed in emerging markets
- ✓ 30% women in management

Continued focus on profitable growth & efficiency gains

Emerging Markets as Driver of Growth



* before allocation of central costs to regions

> Sales share increased to 42%, double-digit growth
Strong positive trend in profitability

China: New Production Site Shanghai

- **Largest state-of-the-art adhesives factory**
 - Investment of 50 m€
 - Annual production of 428,000 tons
 - Creation of 600 new jobs
- **Expansion of capacities in emerging markets**
- **Realization of scale effects**

› **Start of production scheduled for end of 2012**

Focus on Top Brands by Business

Persil


Schwarzkopf

LOCTITE

Purex

Dial

Teroson

Dixan

SYOSS

technomelt

Top 3	58%	73%	27%
Top 10	81%	90%	54%

➤ From 1,000 brands in 2008 to 400 in 2011 and aiming for 300

Innovations as Drivers of Margin Enhancements



Persil Black

+ +16 pp gross margin



Gliss Kur Ultimate Repair

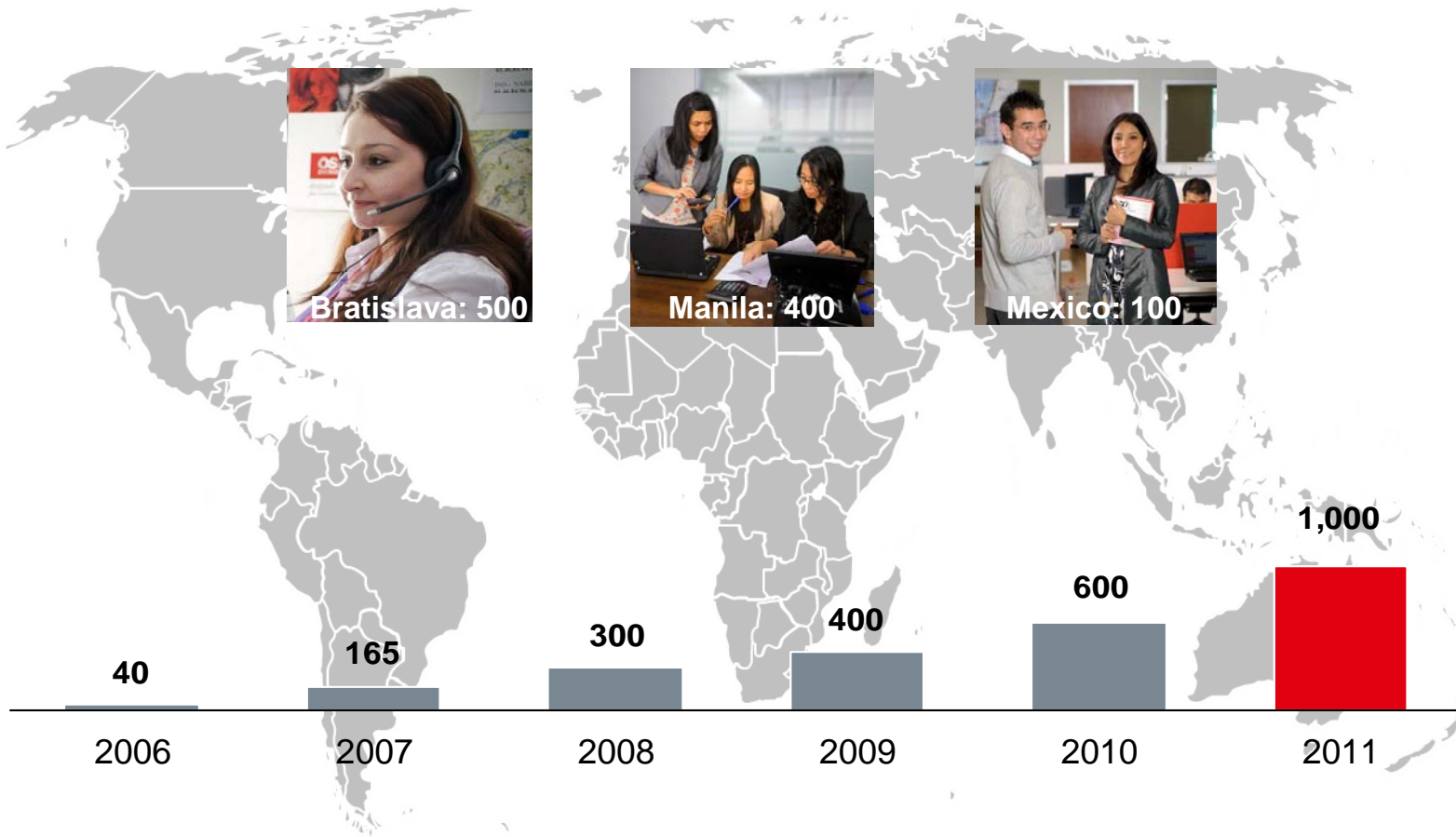
+ +7 pp gross margin



Pattex 100%

+ +7 pp gross margin

Shared Services as Lever for Adapting our Structures



> Ongoing shift to Shared Services

New Sustainability Strategy

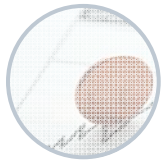
Achieving more with less:

Our 20-year goal

- Become three times more efficient – **Factor 3**
- Triple the value we create for the footprint made by our operations, products and services



Agenda



Highlights 2011



Financials Q4/11 & FY 2011



Progress on Strategic Priorities



Outlook 2012

Financial Targets 2012

As Communicated in November 2008



Financial Targets 2012

Org. sales growth (Ø)	3 % – 5 %
Adj. EBIT margin (2012)	14 %
Adj. EPS growth (Ø)	> 10 %

> Confirmed guidance since 2008

Guidance FY 2012

Organic sales growth	3-5%		
	Laundry & Home Care	Cosmetics/ Toiletries	Adhesive Technologies
	low single-digit	low single-digit	mid single-digit
Adjusted EBIT margin	14%		
Adjusted EPS growth	≥10%		

> Confirmed guidance for financial targets 2012

Well Prepared for 2012 and Beyond



> Very confident to reach 2012 targets

Events 2012

- Annual General Meeting: Apr 16, 2012
- Publication Q1 results: May 9, 2012
- Publication Q2 results: Aug 1, 2012
- Investor Day Laundry & Home Care Sep 4, 2012
- Publication Q3 results: Nov 16, 2012
 - Q3 financials
 - Long-term strategy & guidance beyond 2012

Thank you!



Additional information on Financials Q4/2011

Sales Growth by Business Sector

Q4/2011 vs. Q4/2010

in %	Total	FX Impact	Organic	Thereof Price/ Volume*
Laundry & Home Care	-1.4	-1.7	2.4	4.9 / -2.5
Cosmetics/ Toiletries	4.8	0.0	5.0	1.4 / 3.6
Adhesive Technologies	3.2	-1.0	4.2	7.4 / -3.2
Total Henkel	1.9	-0.9	3.8	5.4 / -1.6

- Accelerated positive price effect
- Slight volume decline due to strong price increases
- North America with strong contribution after recovery

* includes new product launches



Sales Growth by Business Sector

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Total Henkel	1.9	-0.9	3.8	5.4 / -1.6

- Positive pricing and strong volume increase
- Very strong performance in emerging markets and solid in mature markets

* includes new product launches



Sales Growth by Business Sector

Q4/2011 vs. Q4/2010

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- Packaging, Consumer Goods and Construction Adhesives with strongest performance, Electronics declining
- Decline in volumes overcompensated by continued strong pricing

* includes new product launches

Sales Growth by Business Sector

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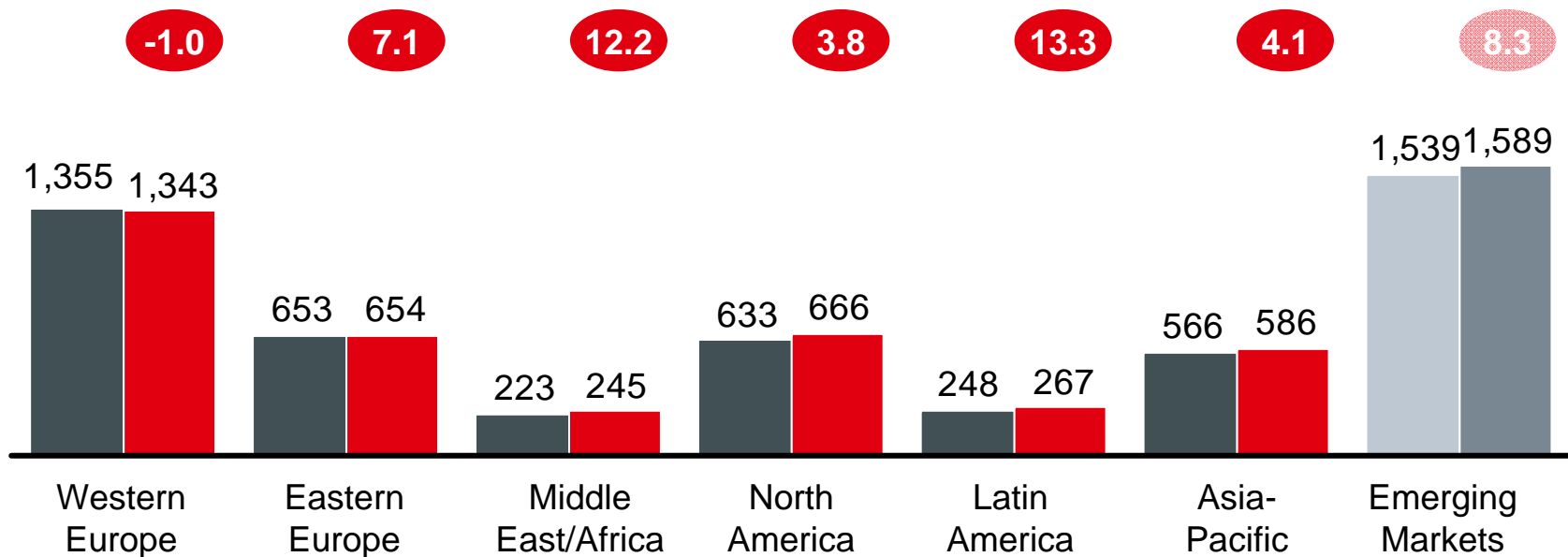
- Negative FX impact mainly from Turkish Lira, Polish Zloty and Mexican Peso
- Strong pricing overcompensated slight decline in volumes

* includes new product launches

Sales Growth by Region

Q4/2011 vs. Q4/2010

XX Organic, percent

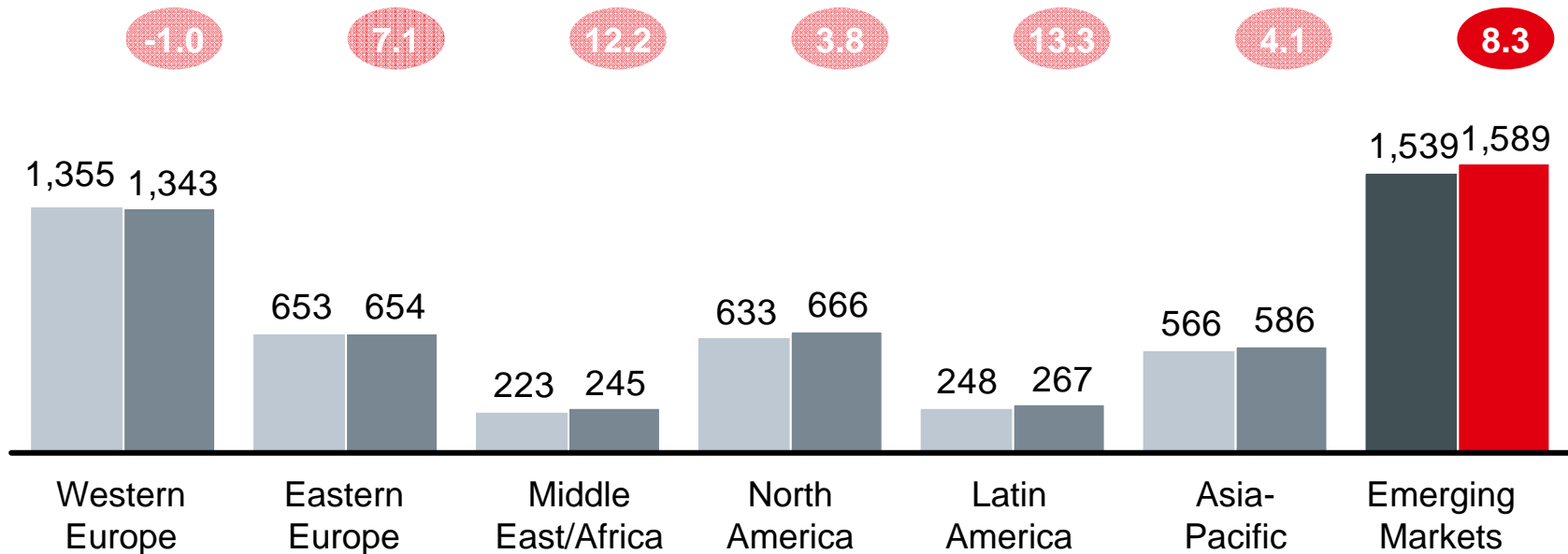


- Strong double-digit performance in Latin America and Middle East/Africa
- Weak performance in Southern Europe
- Asia-Pacific negatively impacted by weak performance in Electronics

Sales Growth by Region

Q4/2011 vs. Q4/2010

XX Organic, percent



- All businesses with high single-digit organic sales growth
- Sales share of emerging markets at 42%

Adjusted EBIT by Business Sector

Q4/2011 vs. Q4/2010

	Adjusted EBIT		Adjusted EBIT margin	
	in m€	Change in %	in %	Change in bp
Laundry & Home Care	143	+3.5	13.6	+60
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- Efficiency gains and cost control together with price increases overcompensated impact from high input costs

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- Efficiency gains and cost control together with continued strong pricing overcompensated impact from high input costs

Income Statement Adjusted

Sales to Gross Profit

in m€	Q4/2010	Q4/2011	Change in %
Sales	3,729	3,800	+1.9
Cost of sales	-2,025	-2,090	+3.2
Gross profit	1,704	1,710	+0.4
Gross margin (in%)	45.7	45.0	-70bp

Income Statement Adjusted

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Gross margin (in%)	45.7	45.0	-70bp

- Higher COGS negatively impacted gross margin by ~800bp
- About 90% offset by own price increases and savings
- Negative mix effect due to Electronic Adhesives

Reported to Adjusted EBIT

Q4/2011 vs. Q4/2010

in m€	Q4/2010	Q4/2011	Change in %
EBIT (as reported)	379	439	+15.8
One-time gains	-16	0	
One-time charges	5	2	
Restructuring charges	80	61	
Adjusted EBIT	448	502	+12.0

Reported to Adjusted EBIT

Q4/2011 vs. Q4/2010

in m€	Q4/2010	Q4/2011	Change in %
EBIT (as reported)			
One-time			
One-time charges			
Restructuring charges	80	61	
Adjusted EBIT	448	502	+12.0

- Shared Services: 21 m€
- Manufacturing Optimization: 30 m€
- Delaying Laundry & Home Care: 7 m€
- Others: 3 m€

Continuous adaptation of structures to market

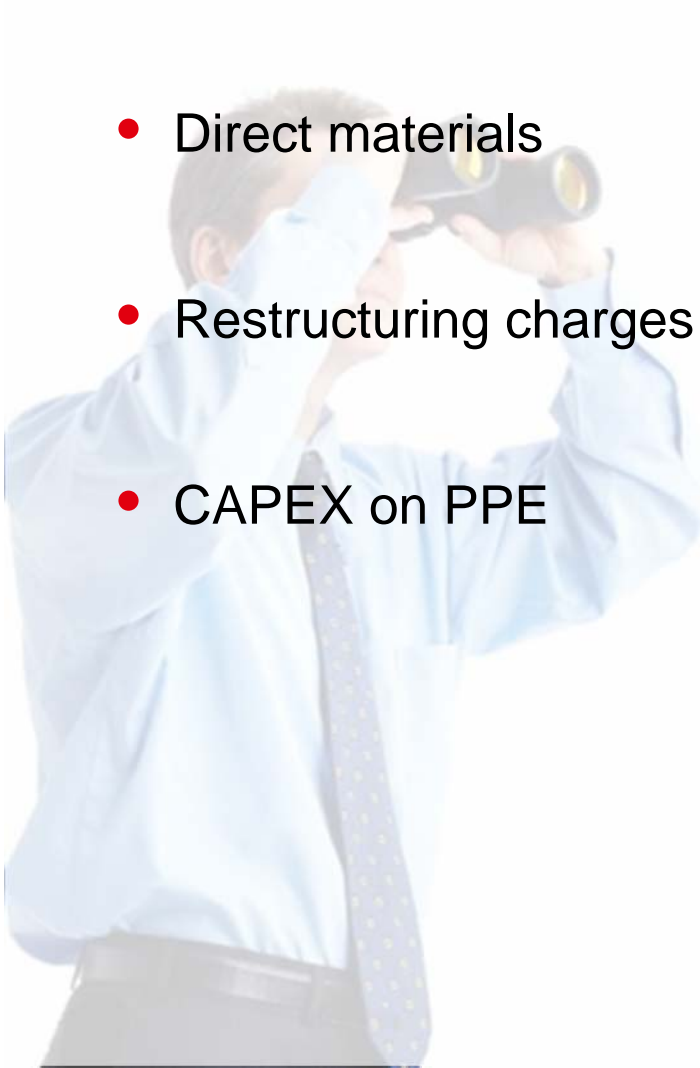
Additional information: Backup

Cash Flow Generation

in m€	2010	2011
Cash flow from operating activities	1,851	1,562
Free cash flow	1,508	951
Net debt	2,343	1,677

> Continuous strength of cash flow generation

Further Guidance for Selected KPIs (FY 2012)

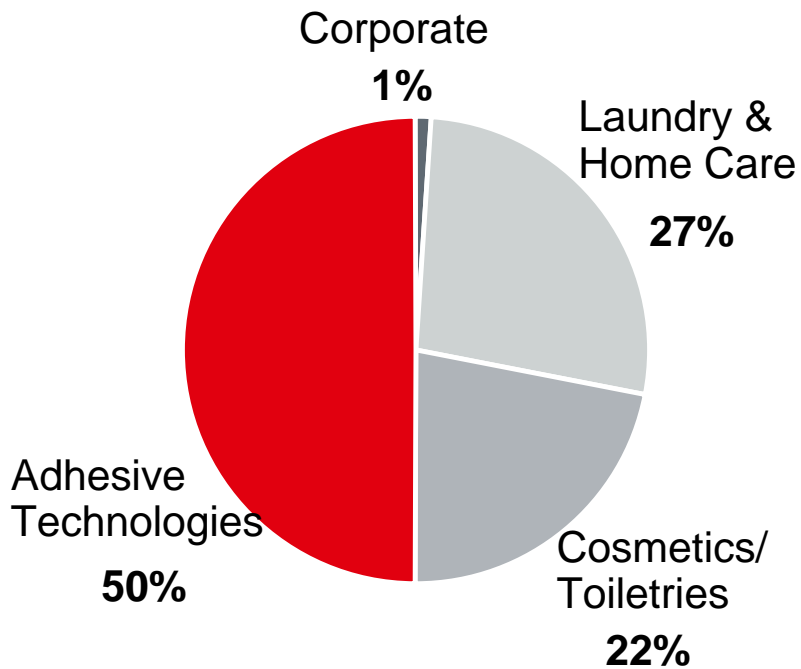


- Direct materials increase of mid single-digit percentage
- Restructuring charges ~100m€
- CAPEX on PPE slightly above 400m€

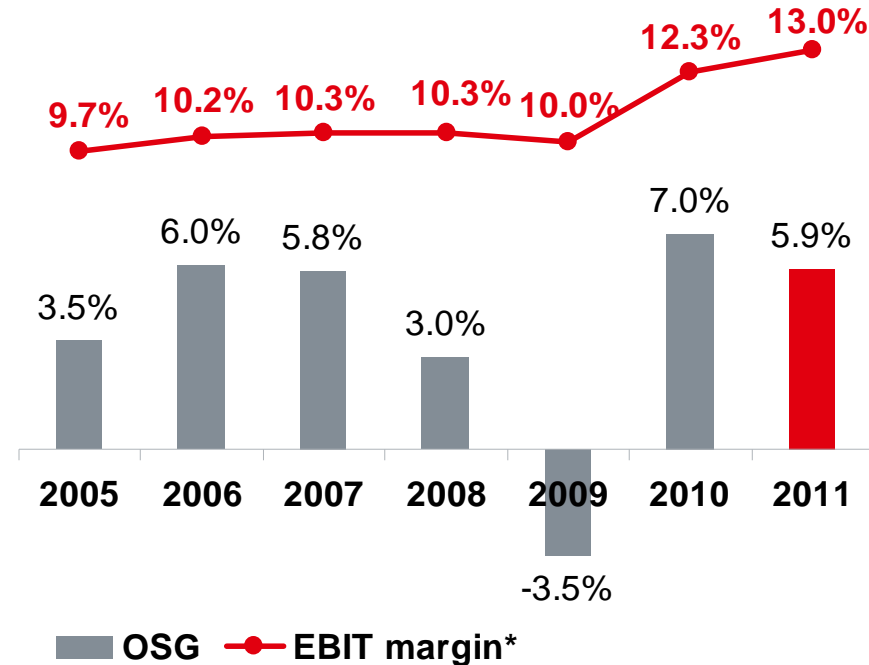
Sales Split and Profitable Growth Path

Henkel

Segment Split 2011



Profitable Growth Path



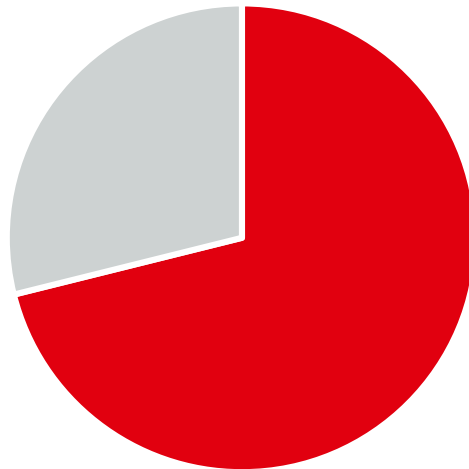
* As of 2008, EBIT margin adjusted for one-time charges/gains and restructuring charges.

Sales Split and Profitable Growth Path

Laundry & Home Care

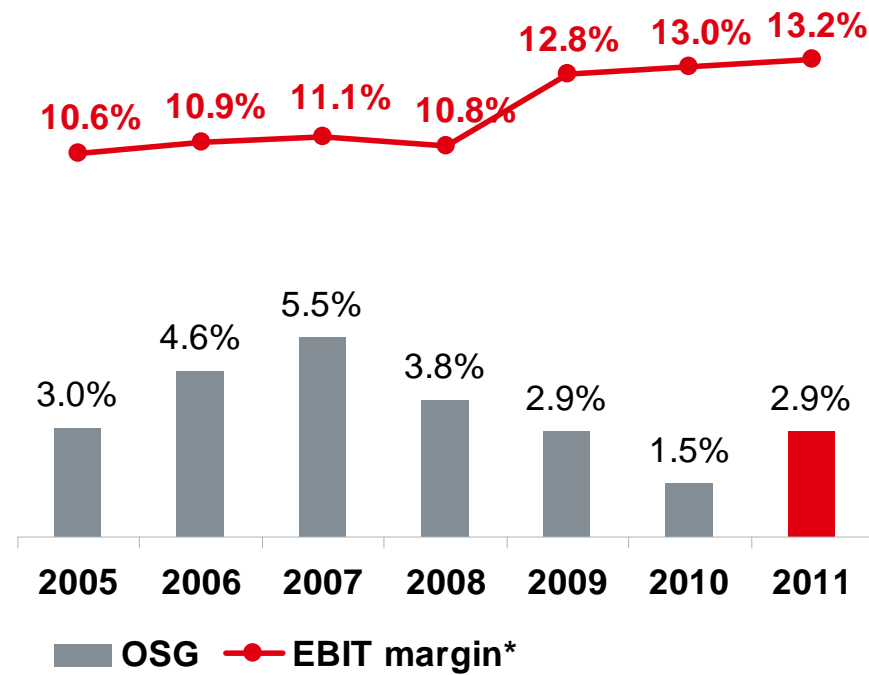
Segment Split 2011

Home Care 29%



Laundry Care 71%

Profitable Growth Path



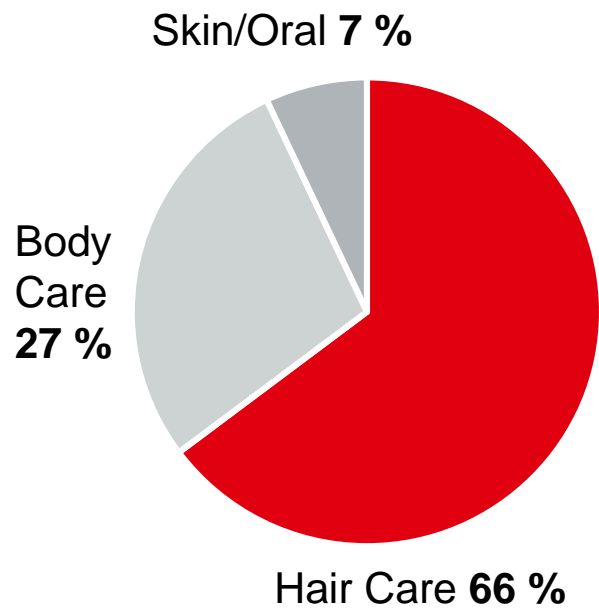
* As of 2008, EBIT margin adjusted for one-time charges/gains and restructuring charges.



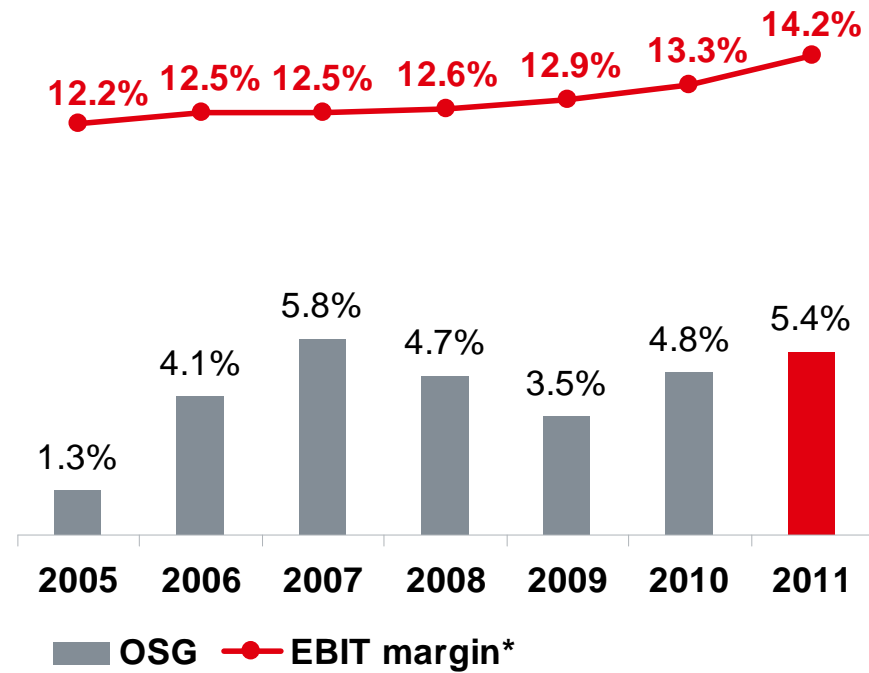
Sales Split and Profitable Growth Path

Cosmetics/Toiletries

Segment Split 2011



Profitable Growth Path

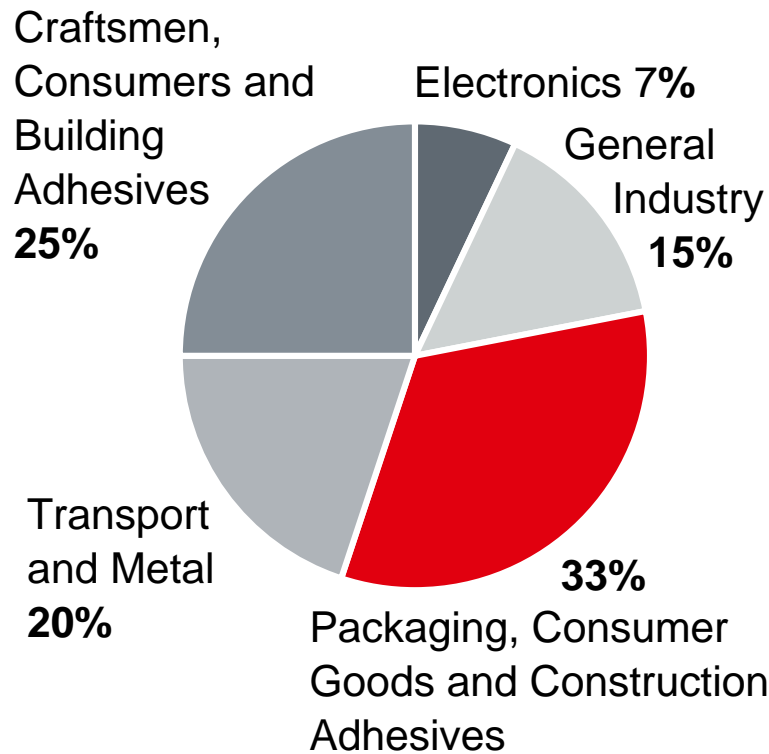


* As of 2008, EBIT margin adjusted for one-time charges/gains and restructuring charges.

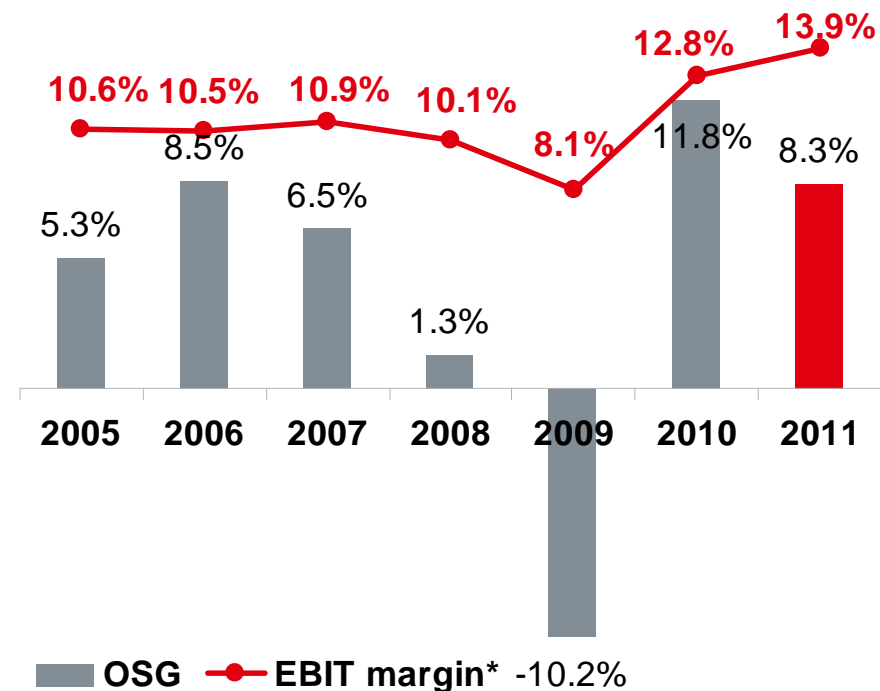
Sales Split and Profitable Growth Path

Adhesive Technologies

Segment Split 2011



Profitable Growth Path



* As of 2008, EBIT margin adjusted for one-time charges/gains and restructuring charges.