

**Henkel
FY/Q4 2012**

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Henkel strategy



Agenda

1 Key Developments 2012

2 Financials Q4 2012 & FY 2012

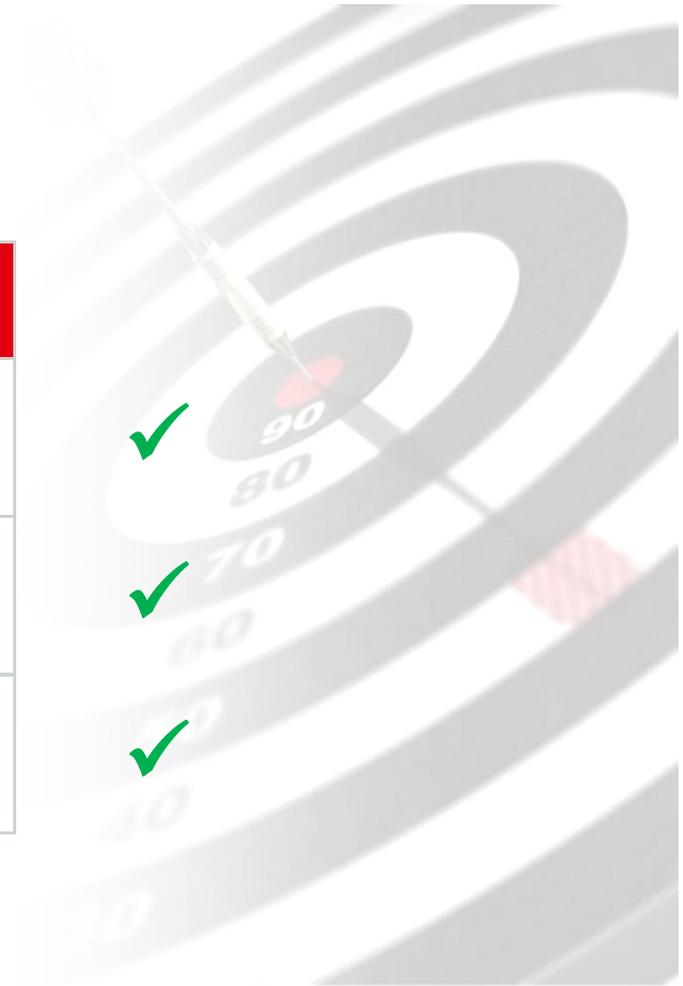
3 Achievements 2008 – 2012

4 Financial Targets 2016 & Outlook FY 2013

2012 guidance achieved

	Guidance FY 2012	FY 2012
Organic sales growth	3 - 5%	3.8%
Adjusted EBIT margin	14%	14.1%
Adjusted EPS growth	~15%	17.8%

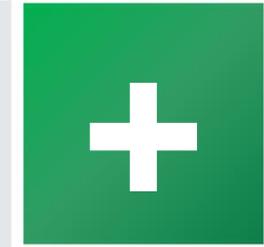
 All KPIs achieved



Achievements 2012

Henkel

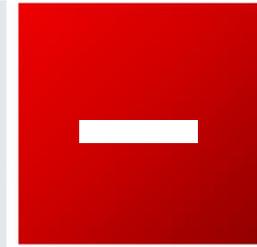
- Solid organic sales growth driven by all businesses
- Enhanced profitability
- Continued portfolio optimization
- Expansion of shared services
- Continued strong cash generation
- Strengthening of our global team



Challenges 2012

Henkel

- Weakness in Southern Europe impacting overall growth in Western Europe
- Latin America with reduced growth dynamics
- Continued geo-political unrests
- Consumer Adhesives in Brazil still weak



Key financials 2012

	2011	2012	Change
Sales (m€) (OSG in %)	15,605	16,510	+5.8% (+3.8%)
Adjusted gross margin (%)	45.8	47.1	+130bp
Adjusted EBIT (m€)	2,029	2,335	+15.1%
Adjusted EBIT margin (%)	13.0	14.1	+110bp
Adj. EPS per pref. share	3.14	3.70	+17.8%
NWC / sales (%)	7.3	5.2	-210bp
Free cash flow (m€)	951	2,023	+ >100%



Most successful year with significant progress in all key financials

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Key financials Q4/2012

	Q4/2011	Q4/2012	Change
Sales (m€) (OSG in %)	3,800	4,002	+5.3% (+4.0%)
Adjusted gross margin (%)	45.0	46.4	+140bp
Adjusted EBIT (m€)	502	544	+8.4%
Adjusted EBIT margin (%)	13.2	13.6	+40bp
Adj. EPS per pref. share (€)	0.77	0.87	+13.0%
Free cash flow (m€)	226	685	+ >100%

 Solid growth, further margin improvement & strong cash generation

Sales growth and EBIT margin by business sector

Q4/2012

	Sales			EBIT
in %	Total Growth	FX Impact	Organic Growth	Adjusted Margin
Laundry & Home Care	5.9	1.3	4.7	14.3
Beauty Care	1.9	0.9	2.1	14.6
Adhesive Technologies	6.6	2.5	4.6	14.1
Total Henkel	5.3	1.8	4.0	13.6

Sales growth by business sector 2012 vs. 2011

in %	Total	FX Impact	Organic	Thereof Price/ Volume
Laundry & Home Care	5.9	1.6	4.7	3.4/1.3
Beauty Care	4.2	2.3	3.1	1.8/1.3
Adhesive Technologies	6.6	3.5	3.6	3.5/0.1
Total Henkel	5.8	2.7	3.8	3.1/0.7

- Positive FX impact mainly from US Dollar, Chinese Renminbi, Japanese Yen

Sales growth by business sector 2012 vs. 2011

in %	Total	FX Impact	Organic	Thereof Price/ Volume
Laundry & Home Care	5.9	1.6	4.7	3.4/1.3
Beauty Care	4.2	2.3	3.1	1.8/1.3
Adhesive Technologies	6.6	3.5	3.6	3.5/0.1
Total Henkel	5.8	2.7	3.8	3.1/0.7

- All regions contributing, Africa/Middle East double digit, E. Europe very strong
- Laundry with strong growth, Home Care solid

Sales growth by business sector 2012 vs. 2011

in %	Total	FX Impact	Organic	Thereof Price/ Volume
Laundry & Home Care	5.9	1.6	4.7	3.4/1.3
Beauty Care	4.2	2.3	3.1	1.8/1.3
Adhesive Technologies	6.6	3.5	3.6	3.5/0.1
Total Henkel	5.8	2.7	3.8	3.1/0.7

- Emerging Markets very strong, North America solid, W. Europe on PY level
- Retail with solid growth, Hair Salon on PY level in a declining market

Sales growth by business sector 2012 vs. 2011

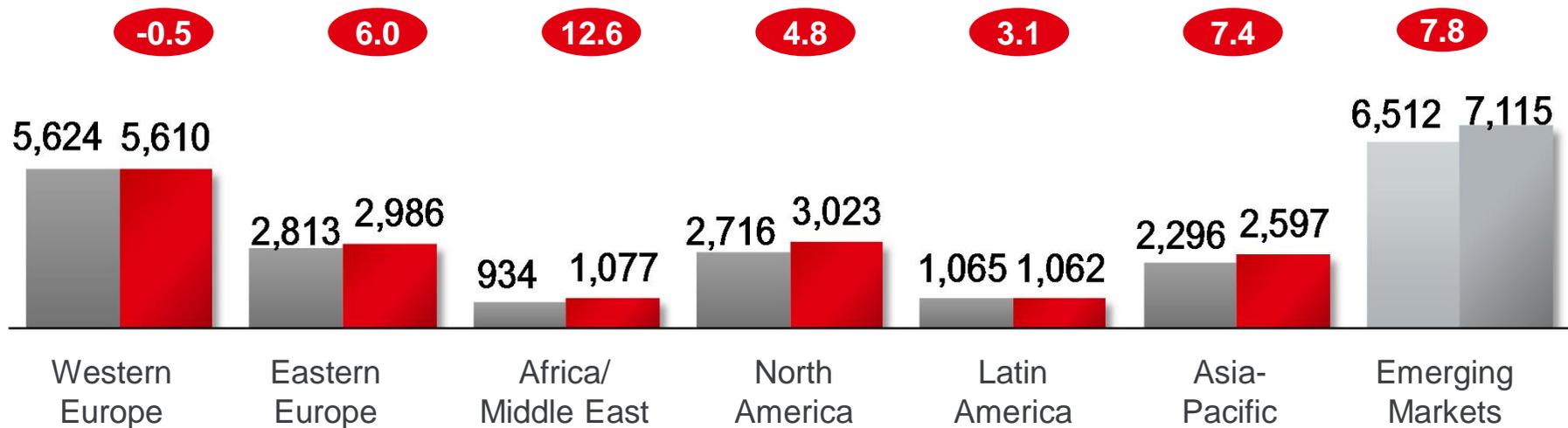
in %	Total	FX Impact	Organic	Thereof Price/ Volume
Laundry & Home Care	5.9	1.6	4.7	3.4/1.3
Beauty Care	4.2	2.3	3.1	1.8/1.3
Adhesive Technologies	6.6	3.5	3.6	3.5/0.1
Total Henkel	5.8	2.7	3.8	3.1/0.7

- Emerging Markets strong, North America strong, W. Europe below PY quarter
- Transport/Metal very strong, General Industry solid, Electronics on PY level

Sales growth by region

2012 vs. 2011

XX Organic, percent



- Emerging Market sales share at all-time high with 43%
- Asia very strong with double-digit contribution from China
- Western Europe below PY due to weakness in Southern Europe

Adjusted EBIT by business sector 2012 vs. 2011

	Adjusted EBIT		Adjusted EBIT Margin	
	in m€	Change in %	in %	Change in bp
Laundry & Home Care	659	+15.5	14.5	+130
Beauty Care	514	+6.8	14.5	+30
Adhesive Technologies	1,246	+15.9	15.1	+120
Total Henkel	2,335	+15.1	14.1	+110

- Impact from higher input costs counteracted by pricing & innovation
- Portfolio shifting towards high-margin segments

Income statement adjusted

Sales to gross profit

in m€	2011	2012	Change
Sales	15,605	16,510	+5.8%
Cost of sales	-8,455	-8,738	+3.3%
Gross profit	7,150	7,772	+8.7%
Gross margin (in%)	45.8	47.1	+130bp

- Significant increase in GM despite negative impact of ~200bp from COGS
- Disciplined execution of countermeasures

Income statement adjusted

Sales to adjusted EBIT

in m€	2011	2012	2012 in %	Change in bp
Sales	15,605	16,510	100.0	
Cost of sales	-8,455	-8,738	-52.9	
Gross profit	7,150	7,772	47.1	
Marketing, selling & distrib. exp.	-4,081	-4,278	-25.9	-30bp
Research & development exp.	-396	-406	-2.6	
Administrative exp.	-706	-727	-4.4	-10bp
Net other oper. income/charges	62	-26	-0.1	
Adjusted EBIT	2,029	2,335	14.1	+110bp

- Lower selling & distribution expenses in % of sales, increased marketing expenses
- Further decrease of administrative expenses in % of sales

Reported to adjusted EBIT 2012 vs. 2011

in m€	2011 restated*	2012	Change in %
EBIT (as reported)	1,765	2,199	+24.6
One-time gains	-57	0	
One-time charges	94	12	
Restructuring charges	227	124	
Adjusted EBIT	2,029	2,335	+15.1

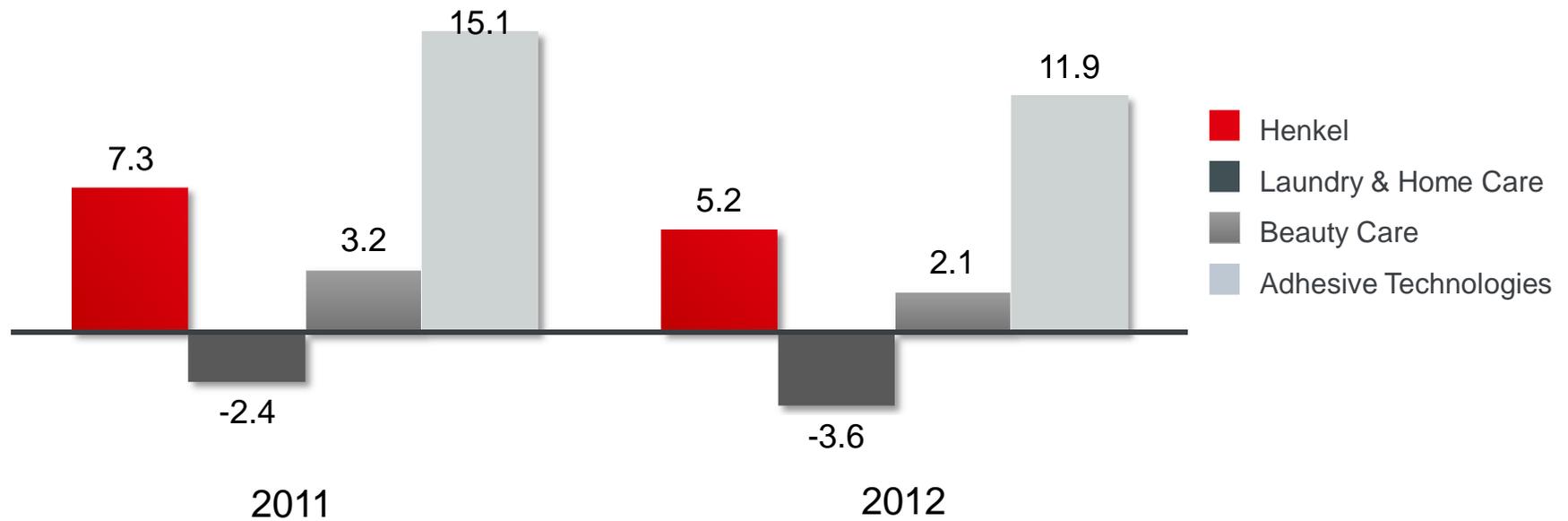


Continuous adaptation of structures to market

* Application of IAS 8 "Accounting policies, changes in accounting estimates and errors"; please see slide 54 for additional information.

Net working capital*

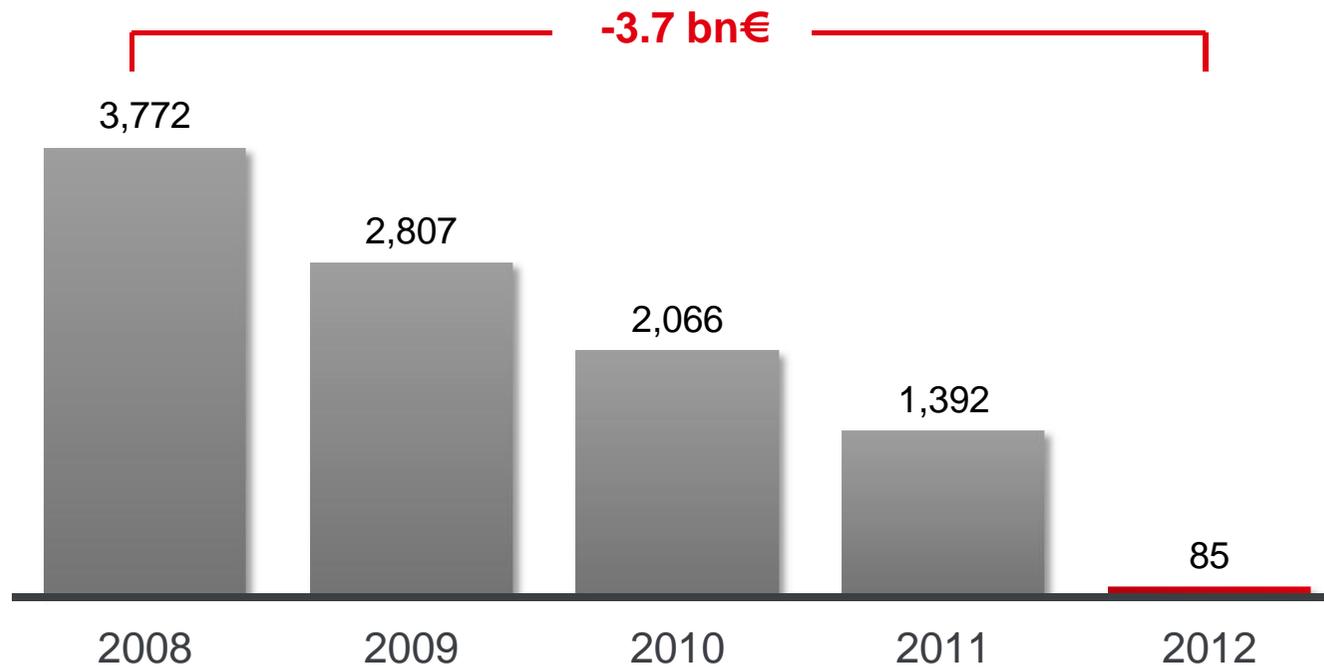
NWC/sales ratio in %



Net working capital at all-time low, all businesses contributing

* Inventories + trade accounts receivable ./ trade accounts payable

Net debt* development in m€



Net debt significantly reduced

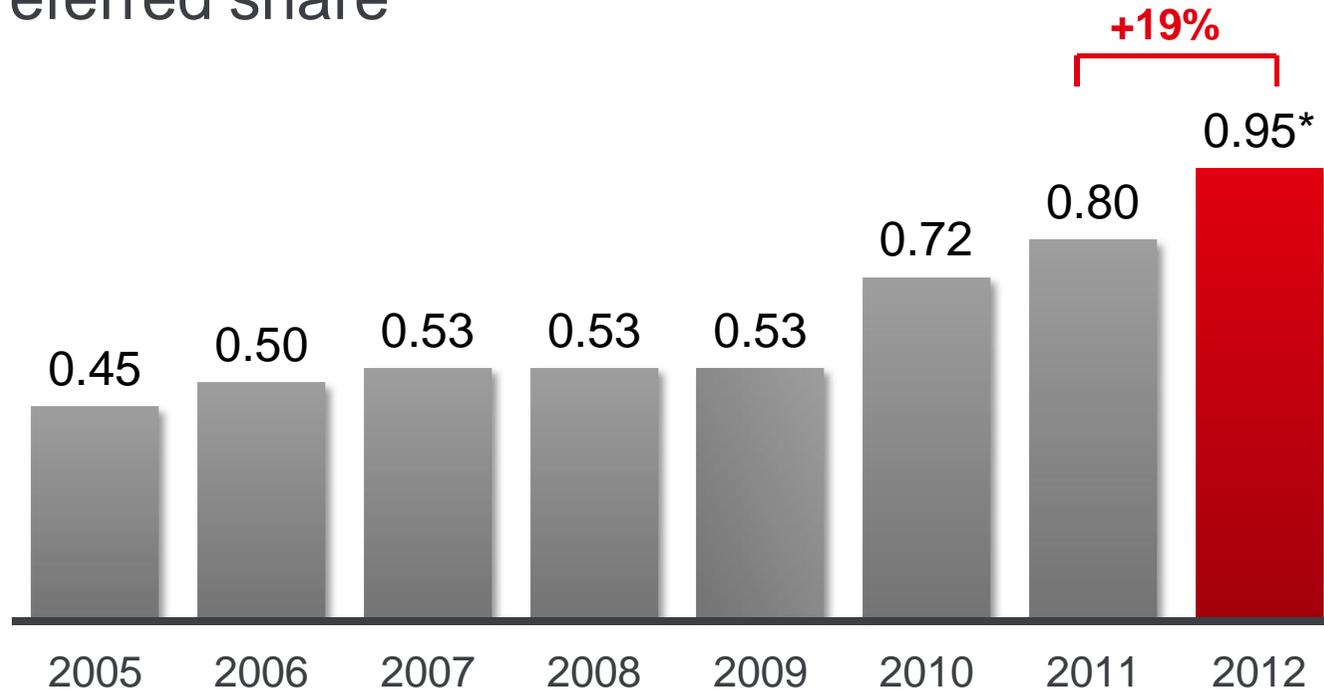
* All figures above are calculated according to adapted net debt definition, now also including marketable securities and time deposits.

Cash flow generation

in m€	2011	2012	Change
Cash flow from operating activities	1,562	2,634	+1,072
Free cash flow	951	2,023	+1,072

 Record high in operating cash flow, FCF more than doubled

Historical development of dividends per preferred share

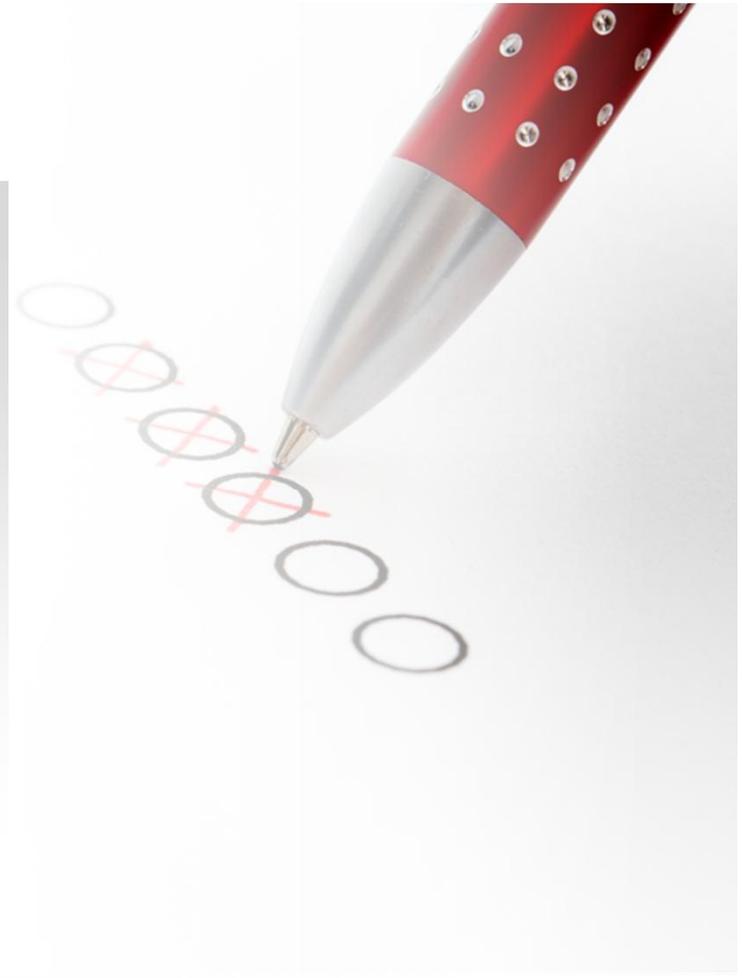


Dividend increased significantly over past years

* Proposal to AGM, Apr 15, 2013.

Summary 2012

- All financial targets achieved
- Solid organic sales growth
- Adj. EBIT margin at all-time high
- Net working capital reduced in all businesses
- Net debt significantly reduced
- Free cash flow more than doubled



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All financial targets achieved

2008 - 2012

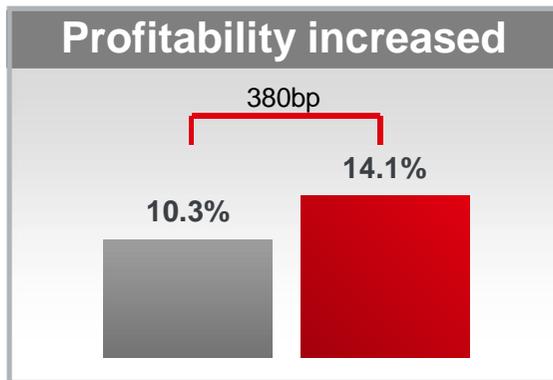
	Targets 2012	Achievements 2012
Org. Sales Growth (average)	3-5%	3.3% ✓
EBIT Margin (2012)*	14%	14.1% ✓
EPS-Growth (average)*	> 10%	14.0% ✓

* adjusted

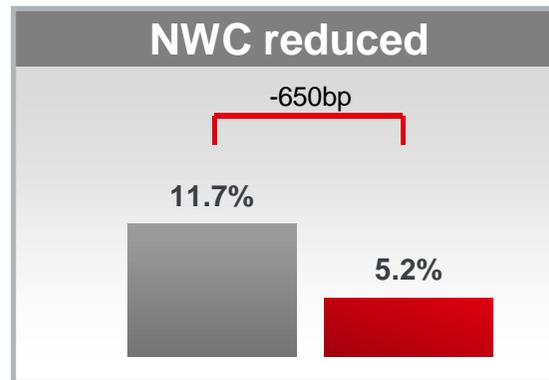
All strategic priorities pursued consistently



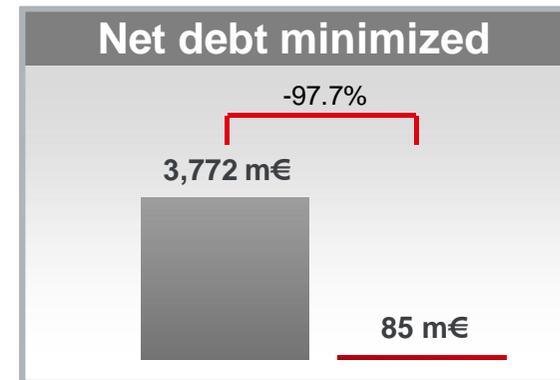
Strong financial performance 2008 - 2012



- Significant increase of adjusted EBIT margin
- Leads to 14% EPS CAGR



- “Cash” focus to create value
- Optimized payment terms & inventory management



- Strong balance sheet
- Further fueled by significant cash flow

Efficiency gains and strengthened global footprint



- Significant extension of scale & scope
- SSC employees from 300 to 1,500



- Substantial reduction of complexity
- From >20,000 to ~2,200 processes



- Shift to Emerging Markets
- Manufacturing sites from ~230 to ~170

Focus on brands and innovations



- Steady flow of successful innovations
- Key driver for growth & profitability



- More focused brand investments & less complexity
- Top 10 brands now 44% of sales



- Additions & extensions to existing portfolio of 4bn€
- Non-core divestments & disposals of 2bn€

Focus on sustainability and customers



- 2012 targets already surpassed in 2010
- New strategy & targets 2030 introduced

Factor **3**



- Top-to-Top meetings, int. customer visits
- Close collaboration with partners

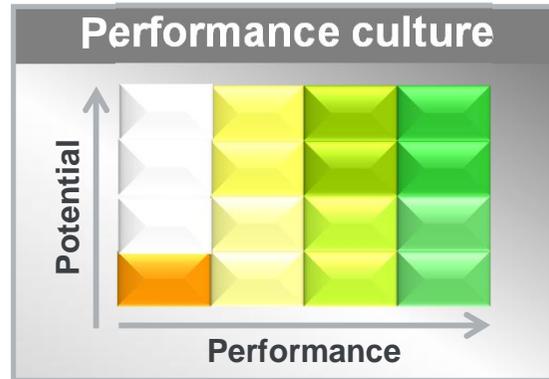


- Global shopper study
- Digital tools for consumer interaction

Values, performance culture and diversity



- New vision & values introduced in 2010
- Important step for corporate culture

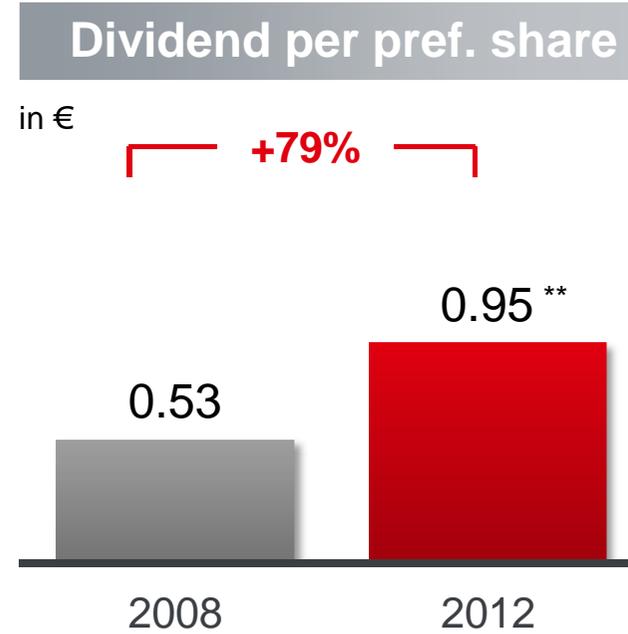
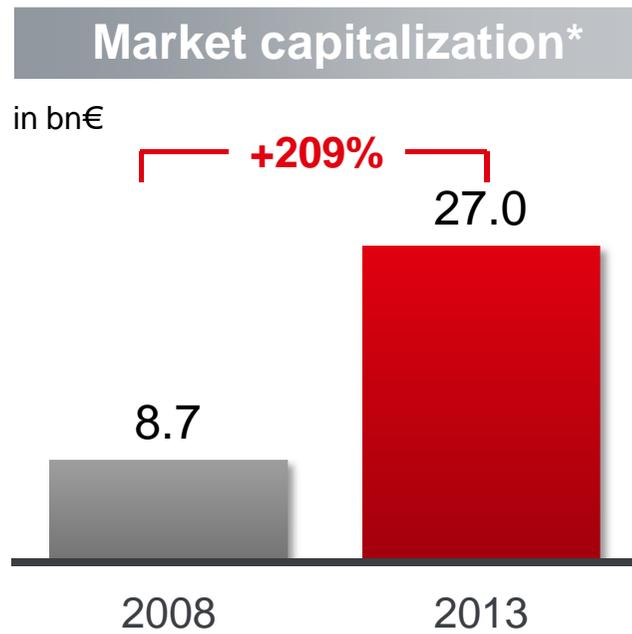


- Performance & incentive clearly linked
- Executive Resource Program



- Share of women increased from 27 to 31%
- More than 90 nationalities in management worldwide

Significant value creation since 2008



* Combined market capitalization of our ordinary and preferred stock; for 2008 as of Nov 6th; for 2013 as of Mar 5th.

** Proposal to AGM, Apr 15, 2013.

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Steps towards our vision



Strategy & financial targets 2016



Guidance FY 2013

	Guidance FY 2013
Organic sales growth	3 - 5%
- Laundry & Home Care	
- Beauty Care	Each division 3 - 5%
- Adhesive Technologies	
Adjusted EBIT margin	~ 14.5%
- Laundry & Home Care	
- Beauty Care	All divisions contributing
- Adhesive Technologies	
Adjusted EPS growth	~ 10%



We will continue to adapt our structures to the market

Upcoming events

- April 15, 2013
Annual General Meeting
- May 8, 2013
Q1 2013 Financials
- June 18, 2013
Investor & Analyst Day Adhesive Technologies
Düsseldorf
- August 8, 2013
Q2 2013 Financials
- November 12, 2013
Q3 2013 Financials



Thank You!



Additional Information: Backup

Further FY 2013 guidance for selected KPIs

- Direct materials:
moderate price increase
- Restructuring charges:
~125 m€
- CAPEX on property, plant & equipment:
~500 m€



External recognition as leader in sustainability



Additional Information on Financials Q4/2012

Sales growth by business sector

Q4/2012 vs. Q4/2011

in %	Total	FX Impact	Organic	Thereof Price/ Volume
Laundry & Home Care	5.9	1.3	4.7	1.8/2.9
Beauty Care	1.9	0.9	2.1	1.3/0.8
Adhesive Technologies	6.6	2.5	4.6	1.3/3.3
Total Henkel	5.3	1.8	4.0	1.4/2.6

- Positive FX impact mainly from US Dollar, Chinese Renminbi, Russian Ruble

Sales growth by business sector

Q4/2012 vs. Q4/2011

in %	Total	FX Impact	Organic	Thereof Price/ Volume
Laundry & Home Care	5.9	1.3	4.7	1.8/2.9
Beauty Care	1.9	0.9	2.1	1.3/0.8
Adhesive Technologies	6.6	2.5	4.6	1.3/3.3
Total Henkel	5.3	1.8	4.0	1.4/2.6

- Emerging Markets very strong, North America positive, W. Europe solid
- Laundry with solid growth, Home Care strong

Sales growth by business sector

Q4/2012 vs. Q4/2011

in %	Total	FX Impact	Organic	Thereof Price/ Volume
Laundry & Home Care	5.9	1.3	4.7	1.8/2.9
Beauty Care	1.9	0.9	2.1	1.3/0.8
Adhesive Technologies	6.6	2.5	4.6	1.3/3.3
Total Henkel	5.3	1.8	4.0	1.4/2.6

- Emerging Markets with double digit growth, North America very strong, W. Europe below PY quarter
- Retail with solid growth, Hair Salon below PY quarter

Sales growth by business sector

Q4/2012 vs. Q4/2011

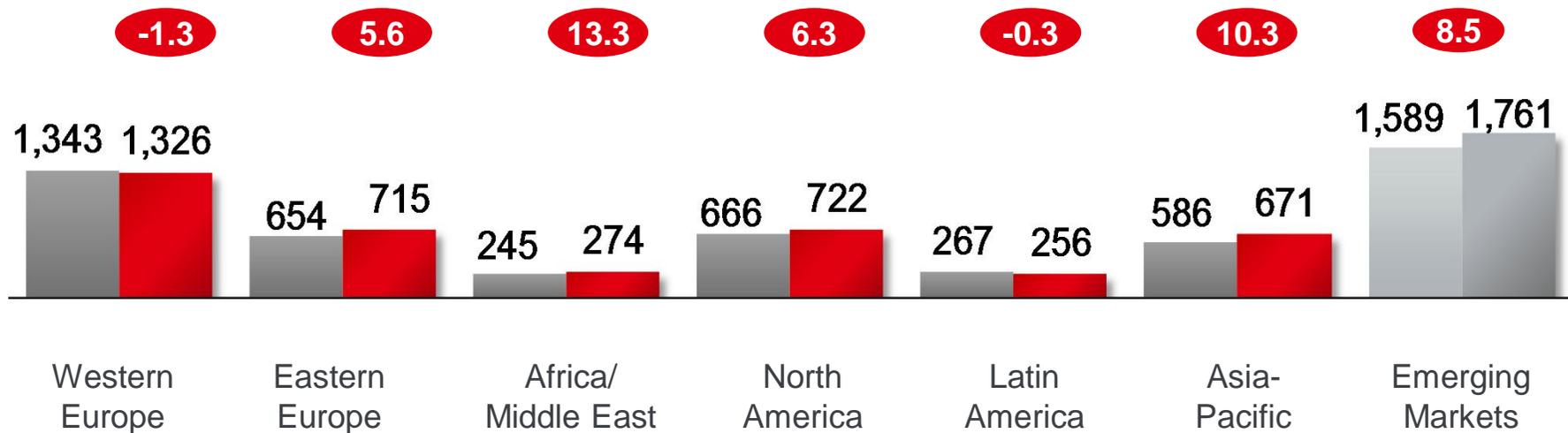
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Beauty Care	1.9	0.9	2.1	1.3/0.8
Adhesive Technologies	6.6	2.5	4.6	1.3/3.3
Total Henkel	5.3	1.8	4.0	1.4/2.6

- Emerging Markets & North America very strong, W. Europe below PY quarter
- Transport/Metal & General Industry with very strong growth, Electronics strong

Sales growth by region

Q4/2012 vs. Q4/2011

XX Organic, percent



- Emerging Market sales share 44%
- Asia double-digit with particular contribution from China
- Latin America below PY quarter, mixed picture across countries

Adjusted EBIT by business sector Q4/2012 vs. Q4/2011

	Adjusted EBIT		Adjusted EBIT Margin	
	in m€	Change in %	in %	Change in bp
Laundry & Home Care	158	+11.2	14.3	+70
Beauty Care	124	+2.4	14.6	+10
Adhesive Technologies	283	+9.2	14.1	+30
Total Henkel	544	+8.4	13.6	+40

- Impact from higher input costs counteracted by pricing & innovation
- Portfolio shifting towards high-margin segments

Income statement adjusted

Sales to gross profit

in m€	Q4/2011	Q4/2012	Change
Sales	3,800	4,002	+5.3%
Cost of sales	-2,090	-2,147	+2.7%
Gross profit	1,710	1,855	+8.5%
Gross margin (in%)	45.0	46.4	+140bp

- Significant increase in GM despite negative impact of ~100bp from COGS
- Disciplined execution of countermeasures

Reported to adjusted EBIT

Q4/2012 vs. Q4/2011

in m€	Q4/2011 restated*	Q4/2012	Change in %
EBIT (as reported)	347	492	+41.8
One-time gains	0	0	
One-time charges	94	12	
Restructuring charges	61	40	
Adjusted EBIT	502	544	+8.4



Continuous adaptation of structures to market

* Application of IAS 8 "Accounting policies, changes in accounting estimates and errors"; please see slide 54 for additional information.

Accounting Notes

IAS 8: 'Accounting policies, changes in accounting estimates and errors'

FY 2011:

- Receipt of a fine by the **French antitrust authorities** of around 92m€ in December
- Full amount paid, but action filed against the decision
- Claim against the authorities of paying back the fine recognized under 'other financial assets'

FY 2012:

- Review of recognition revealed that recognition criteria of an asset not present in 2011
- **Restatement of the FY 2011 figures** in the consolidated financial statement 2012
- 92 m€ fully recognized as 'other operating expense' for 2011
- Adjusted EBIT 2011 unchanged, legal position remains unchanged

IAS 19 revised: 'Employee benefits'

Background:

- Amendments to IAS 19 'Employee benefits' applicable from January 2013 onwards
- Requirement to present revised figures (net interest expense) for 2012
- New regulation replaces "expected return on plan assets" (EROPA) with an identical actuarial rate for both, pension obligations and plan assets

Impact on FY 2012 and FY 2013:

- Net interest component for FY 2012 will be negatively affected by around 40 m€
- Similar level expected for FY 2013