Kasper Rorsted: Good morning, ladies and gentlemen, and welcome to our Q1 conference call.

First, I'd like to focus on the highlights of the first quarter 2012, and then Lothar Steinebach, our CFO, will delight you with the financials in greater detail. After that, our comment on the outlook for 2012, and finally we'll take your questions.

I'd like to begin by reminding everyone that the presentation, which contains the usual formal disclaimer to forward-looking statements within the meaning of relevant US legislation, can be accessed via our website, Henkel.com/ir. The presentation and discussion are conducted subject to the disclaimer. We will not read the disclaimer, but propose we take it as read into the records for the purpose of this conference call.

Now, let's get started. I'll speak about now the key development in the first quarter of 2012.

We've guided for the year of organic sales growth of 3% to 5% and adjusted EBIT margin of 14% and adjusted EPS growth of 10%. For the fourth - for the first quarter of 2012, we came in at the upper range of 4.7% organic sales growth and we reached an adjusted margin of 13.7% and adjusted EPS growth of 19.2%. So we've started the well -- year well and we're well on track to hit the targets that we have set ourselves out to hit back in 2008.

What were the highlights? We saw solid organic sales growth within -- across the board, with strong pricing. And I'm happy to report that we saw strong growth in North America, with high-
single-digit growth rates. Our adjusted EBIT margin are on track to reach our fiscal year 2012 target and we further reduced our net debt, which Lothar will speak in more detail about.

What were some of the challenges we saw throughout the quarter? Within the 90-day window of a quarter, we didn't increase the volumes. We continued to see headwind in our Southern European businesses across the board, which is not surprising and it was also part of the deal, or the business plan. But that is the state of Southern Europe. And our Electronic Adhesives businesses are improving, but sales are still slightly negative. The market remains negative overall and we expect a change in that market around the summertime. And overall, we expect the market, including our business, to end at a positive.

Moving to Laundry & Home Care, we saw solid organic sales growth. We saw our adjusted EBIT margin strongly increasing, not only quarter over quarter but also year over year. Emerging markets growing double-digit and mature markets positive. We continued to see further market share gains in the relevant markets for us. And we brought key innovations into our markets, as an example, Purex UltraPacks or Persil Mega-Caps. So, in essence, we exceeded the Q1 2011 levels in all key areas.

On our Cosmetics business, in the first quarter, we also saw solid organic sales growth. Adjusted EBIT further improved, so we continued the continuous journey we've been on for our Cosmetics business with profitable growth over the last many years. Our emerging markets were strong and the mature markets were solid. We also, in our Cosmetics business, saw further market share gains. And [up] to this was our innovation. An example was Palette Mousse Color.

Schwarzkopf, Dial and Syoss are our three largest brands and they all showed substantial growth in the past quarter. We continue the strong performance in our Cosmetics business.

For our Adhesive business, we saw strong organic sales growth. Our adjusted EBIT margin strongly increased. Our emerging markets continue to grow very strong and the mature markets are solid. As I said before, the Electronic Adhesives businesses are slightly negative but improved compared to fourth quarter 2011, and expected to be positive for the year.

We saw further market share gains in -- as part of innovation portfolio, we brought out Loctite Instant Adhesives. Our three largest market brands are Loctite, Teroson and Technomelt. And we could further sustain the profitable growth that we have embarked upon.

We continue to see innovation as a driver for not only top line revenue, which you can see at the very top, but also the margin enhancement. And as we have said on many occasions, every time we bring new products into market, they have to be accretive to the GP1 line, and that is what you see also on the bottom line.

On a number of occasions in the last two years, I have been speaking about our North American HPC business, and I did want to just give you a brief update. We believe we have stabilized the organization. We have strengthened our portfolio, particularly through successful innovation of our core brand Purex. We've brought new innovation into Right Guard. We've divested seven non-core brands within our Cosmetics businesses in North America.
We have improved our cost base. And we have a successful management team in place by now. We have now five quarters of positive growth in North America, and that is why I have said that we have now stabilized the position in our North American business.

What does that mean overall in numbers? Well, I've just spoken about on the top line we surpassed the EUR4b for the first quarter, with organic growth of 4.7%. We increased our adjusted gross margin by 50 basis points to 47.1%. Our adjusted EBIT grew by 16.6% to EUR551m. Our margin -- adjusted EBIT margin went up 130 basis points over the same period of last year, to 13.7%. We grew our adjusted EPS per share with 19.2%. And net working capital pretty much stayed at the same level as the first quarter last year.

We've had a good start to the fiscal year and we're well on track to reach our guidance for 2012.

Now, I'd like to hand over to Lothar.

**Lothar Steinebach:** As usual, I will start with financials for Q1 2012, an overview of our sales growth figures in the first quarter of this year.

We've seen total growth in Laundry & Home Care, 3.3%, negative FX impact of 0.2%, organic sales growth therefore 4.5%, divided into 4.5% pricing and 0% volume. Cosmetics & Toiletries saw growth of 4.9%, FX impact positive 1.3%, arriving at an organic sales growth of 4%, divided almost equally between pricing and volume. Adhesive Technologies, 6.2% total growth, FX impact 1.4%, resulting in organic sales growth of 5.6%, of which 6.2% is pricing and 0.6% negative volume. I'll get to each of the organic sales growth figures in a moment.

In total, Henkel is 4.8%, FX positive 0.9% and 4.7% organic sales growth, with almost stable volume and 4.8% pricing.

Looking first at Laundry & Home Care, organic sales growth 4.5%, which is a strong acceleration over most of the quarters of last year, very much driven by double-digit growth in emerging markets and regained strength in North America, a not unexpected weakness in Southern Europe. The reasons are obvious. We've seen our Laundry segment growing strongly, our Home Care segment growing stable, with positive momentum in some segments of our Home Care segment.

Cosmetics/Toiletries, 4.0%, basically a balanced growth pattern of pricing and volume. Strong growth in emerging markets, with Eastern Europe -- and despite Eastern Europe being flat. And we've seen a solid performance in the mature markets. We've seen, in terms of segments, solid growth in both Hair Salon and Retail, and Hair Care as a sub-segment in our Hair business growing very strong.

Adhesive Technologies, a 5.6% organic sales growth, which is composed of 6.2% pricing, 0.6% negative volume. It is important to note that we have discontinued emulsion business in China, which has had a negative impact of -- on the total UA business or Adhesive business of 0.8%. That's obviously all volume, because we've discontinued a business. So, from that perspective, if we hadn't discontinued the business, our volume would have been positive and total organic sales growth would have been up higher, by 0.8 percentage points.
The same is obviously true then for the Henkel Group. The negative impact on the total volume of Henkel has been 0.4% from discontinuing emulsion business in China, which is part of our ongoing portfolio review driving towards the higher-margin pieces of our business and either selling or discontinuing businesses where we don't see our ability to win in the long run.

That discontinuation of our emulsion business in China has also obviously had a negative impact on our growth rate in China in particular, and the impact obviously has been stronger than on Adhesives in total. So therefore the impact in China, without -- or backing out the negative impact from the emulsion business in China, our growth in China would have been in line with GDP growth in China, in the high single digits, and without that it was in the low single digits.

So it's important to note that our organic sales growth was negatively impacted in particular in our Adhesive business by discontinuing a particular business in China, which is obviously something which is driving our profitability to a higher level.

Now, despite that, we've seen a very strong growth in North America and emerging markets, Asia growth impacted by the partial exit from the emulsion business that I've described earlier. Transportation & Metal have been growing double digits, despite the fact that these markets have not been growing as strongly. And we still have seen the Electronics Adhesives business slightly below prior year. We still continue to be positive, with the expectation that growth will be positive throughout the year, but first quarter was still somewhat negative.

Total Company, 4.7% organic sales growth. Talked about the impact from the discontinuation of our emulsion business already, so volume would have been positive except for this. We've seen a positive FX impact, mainly from the US dollar, Chinese renminbi and the Japanese yen, and negative impact countering that positive impact from the Turkish and Venezuelan currencies. We've seen a solid sales performance, with all businesses and all regions contributing to our organic sales growth.

Quick look at our regional performance. All regions have been positive, including Western Europe, which is obviously composed of a stronger performance in the northern part of Europe and a negative performance in the southern part of Western Europe. High single digit in Eastern Europe. A pretty strong recovery in Middle East and Africa. Particularly strong sales development in North America, which is obviously composed of a contribution from all businesses that we operate, all three businesses that we operate in North America. Strong high single digits for Latin America and Asia Pacific.

So, Middle East/Africa with the strongest growth, Southern Europe with weak performance, while Germany has remained solid, and Asia Pacific recovering to high single digit. I mentioned earlier the particular situation in China, which would have been stronger, in line with GDP growth, backing out the impact of discontinuing the emulsion business.

Total look at organic sales growth in the emerging regions, 8.7%, with sales performance driven by Laundry & Home Care and Adhesive Technologies. Russia, again high-single-digit growth. China was mid-single-digit, and I talked at length about China and the impact of the emulsion business on the figures there. Emerging market sales share at 41% at the end of Q1.
Adjusted EBIT by business sector. We've seen a strong improvement in our organic sales -- in our adjusted EBIT margin sales growth in all three divisions. And the reasons are pretty much the same, and therefore the summaries that we've seen, an impact from higher input costs which has been counteracted by strong pricing.

We’ve communicated quite a bit in the course of last year about the pricing, actions that we have undertaken and have expected that to take an effect in Q1 and Q2 of ’12. And obviously Q1 is positively -- quite strongly positively impacted in all divisions by what we've done in the course of last year.

We’ve continued to shift our portfolio focus towards higher-margin segments. And in line with that, I mentioned earlier that we've continued (sic) a business in China which was a low-margin business. And we’ve continued our drive towards cost and efficiency improvements, which have additionally helped support our margin improvement. And we've communicated quite a bit about our shared service effort, which we have extended beyond the initial scope of finance and HR and purchasing now into some of the transactional processes in our business units.

Income statement adjusted, sales to gross profit. In particular, noteworthy is our improvement in gross margin by 50 basis points. Gross margin has been, throughout 2011, negatively impacted by about 400 basis points from cost of goods increases which we have experienced, quite strongly, actually, in the low double digit that we have experienced in terms of input inflation. We have implemented strong countermeasures, which have allowed us to overachieve and suggest -- and support the margin increase that we have been able to realize in Q1.

We remain vigilant on the development of raw material prices. While the speed has decelerated quite considerably in Q1 over the peak that we had experienced in Q3 of last year, but we still have seen an increase in the low single digits. And we remain committed to work towards counteracting the impact of raw material price increases, and particularly compensating or overcompensating the impact of raw material price increases on our P&L.

Income statement adjusted, sales to gross profit. We've seen in particular in marketing, selling and distribution expenses a negative 130 basis points, which is still in line with what we have experienced throughout last year, a strong shift away from advertising spend, marketing spend towards higher promotion.

We had communicated towards the end of last year that we expect that evolution to continue throughout ’12, and we've seen that again happening in Q1 of 2012. The market obviously has been changing towards a higher point of sales promotion compared to what we had experienced in the years before.

Reported to adjusted EBIT. There's not a big number of adjustments that we have experienced. It's basically just restructuring charges of EUR13m, much lower level in Q1 compared to the same period of last year, EUR13m, which are almost equally distributed between the business units.

Net working capital -- Kasper has alluded to that already -- basically on the same level of last year, although we've seen a shift in terms of individual performance of our business units,
with Laundry Detergent even stronger than last year and a slight negative development in our Adhesive Division.

Net debt development. There is an important explanation needed, because we've changed our definition of net debt in order to account for certain instruments that we have not accounted for under cash in the past. The reason for that has been that we did not use those investments a lot in the past.

As a result of the continuation of the financial crisis, we need to broaden our investment base in order to spread the risk even further. I'm sure you've noticed that the level of cash has been increasing as a result of our strong free cash flow, and we expect that to continue for the foreseeable future. And we've not invested a lot in external growth, and therefore the cash pile keeps increasing.

We need to spread the risk even further, and therefore we have invested into instruments which in the past have not played a major role in our investment strategy but which will be important in the future, as we expect this uncertain situation to continue.

So, we've now included interest-bearing -- certain interest-bearing securities and time deposits in our definition of cash, which did not play a major role in the past. And therefore we're providing the comparable figures for the past year, comparing the level of net debt which we have reported in the past, including the instruments that I referred to and adjusting for these instruments backwards, so that we have comparable figures.

And as you can see from the chart, without changing that definition, our net debt would have been at a higher level under the former definition and it's now lower. And that's exactly in line with the economic view that one needs to take, in order to have a fair view of our situation in terms of net debt.

It's been agreed with the auditors, and therefore that's the definition that we're going to use going forward, in particular as we expect to make more use of these instruments, which provide an additional avenue to invest in a balanced risk/reward portfolio.

With that, I hand over back to Kasper to go on with the outlook for the rest of the year.

**Kasper Rorsted:** Thank you very much, Lothar.

In summary, we've had a good start into the fiscal year 2012, despite what we call a challenging macro environment, and we don't expect that the environment will improve throughout the year. So the current macro environment that we see, it's our expectation that will stay or maybe even slightly decline. So despite a challenging environment, we've had a good start to the year.

We're seeing the innovations that we're bringing into the market, on one side, and the emerging markets is not only driving growth and profitability, but taking the entire Company forward also strategically. And right now, all KPIs are on track to reach our full fiscal year guidance.

Our focus is to continue to execute what we have said over the last three years, to ensure that we hit our 2012 guidance. And that's why you will not be surprised about what I'm
showing you now, which is our official guidance that we showed for the first time in 2008, that we showed last time at our full fiscal year numbers in March.

We expect to be within the range of organic growth of 3% to 5% for the year. You saw we hit 4.7% for the first quarter. And we're committed to hitting a adjusted EBIT margin of 14%. And below that, that means that we'll grow our EPS by more than 10%. That means that we're confirming our guidance for our financial targets for 2012 after the first quarter.

What are the upcoming events? On August 1, we will publicize our second-quarter results. On September 4, I'd like to invite everybody to our annual Investor Day, which will take place in Duesseldorf, and this time it will be focused on our Laundry & Home Care business. And on November 16, 2012, we will publicize our third-quarter financials, and we will also give insight to the strategy beyond 2012 and also the guidance beyond 2012.

With this, I'd like to formally close the first part of the call and now move into the question and answer session. So, thank you very much.

Q & A Session

Operator: Thank you, Mr. Rorsted. Our first question comes from the line of Matthias Eifert from MainFirst. Please go ahead.

Matthias Eifert: Yes. Hi. Good morning. This is Matthias Eifert from MainFirst. First question, about the Laundry & Home Care business, would you say this is already a Bruno Piacenza effect? I'm sure we're going to hear more about this on September 4. Just want to know if you relate this very strong performance already to the management change you have done the last year.

Second question would be about Eastern Europe. In your Cosmetics business you said you were flat there but I guess Russia you kept growing, and I would like to understand why overall you were just flat there. Did you lose some market share, because I think some of your competitors have grown fast in Eastern Europe?

Kasper Rorsted: Thank you very much, Matthias. I'll take the first question and Lothar will take the second question. On the course of the Laundry & Home Care business, we defined the strategy back in 2008 and we're executing part of that strategy. There is no doubt that management changes very often also bring positive momentum into the organization, but the organization has had some management changes.

What we of course also have done is, with Bruno getting involved, we've taken a lot of the positive impulses and results that you've seen from our Cosmetics business and replicating them back into our Detergents business. And you're starting to see the results of that business coming. But what I would like to encourage you to is come to the September meeting, hear what he has to say, but you are starting to see the first fruits of a lot of the changes that we did implement in the part of 2011 and we continue to implement in 2012.

And now Lothar will speak about the Eastern European market.
Lothar Steinebach: In Eastern Europe in our Cosmetics business, we've seen, as I mentioned earlier, flat development. Russia was not positive. We've seen strong competition, increasing competition, actually, as a result of an acquisition that had taken place in the cosmetics market, and heavy investments, marketing investments in low price or value for money products. Now, we're seeing first signs of a recovery in March, but the first quarter has been not positive.

Matthias Eifert: Excellent. Thank you.

Operator: Thank you. Our next question comes from the line of Arne Rautenberg from Kepler Capital Markets. Please go ahead.

Arne Rautenberg: Yes. Hello. Good morning. This is Arne Rautenberg. I just have a question regarding your full-year guidance. You guide for low-single-digit growth for Laundry & Home Care and low-single-digit growth for Cosmetic & Toiletries. In Q1, we saw rather mid-single-digit growth. Do you expect this to decelerate in the course of the year or is it just some sort of conservative guidance, or what is the reason behind this rather conservative guidance?

And the second question is regarding the Adhesive side. I think in Shanghai the -- what is your status quo there and when do you expect to be live with that?

Kasper Rorsted: Let me start with the guidance. Right now, we are living in a GDP environment of 2% growth with high volatility. And we have guided what we believe is appropriate and also prudent guidance. Should the market continue to grow as we see, of course we will, as we go along, adjust the guidance at the point where we don't feel that it's appropriate any more. But with a financial environment that grows 2%, with a Europe that is extremely volatile, you can see what happened just over the last two days, I think it would be premature to change any guidance.

And that's why I'm being very clear in our guidance on what we have right now. We are guiding on a macro level between 3% and 5% and we are guiding towards the 14% because we don't believe that we have a quote/unquote normal environment. We have an environment that is defined by extremely high volatility. We have elections coming up in the Middle East. So I would be very cautious to say we've had three good months and now do the fast forwarding and take growth rates that we've seen in three months and project them to 12.

We take it quarter by quarter. At the appropriate time, when we find and if we find it's appropriate, we will change. Right now, we believe that the guidance we have in place is the appropriate guidance.

On the second part, I assume your question is related to our manufacturing plant in Shanghai, which we announced more than a year ago. We're fully on plan. We expect to have it up and being manufactured in the fourth quarter of this year.

Arne Rautenberg: Okay. Thank you.

Operator: Thank you. Our next question comes from the line of Chas Manso from Soc. Gen. Please go ahead.
Chas Manso: Yes. Good morning. My first question is on your carryover effects for the full year, both on pricing and on input costs. You've talked about 400 basis points headwind for Q1, so just wondering, if nothing else changes, whether that would be for the full year and ditto for the pricing carryover effect, assuming no further pricing action.

And perhaps if you could give us some color on the progress of your Persil rollout in Mexico. Thank you.

Kasper Rorsted: Lothar, will you take?

Lothar Steinebach: Yes. Let me start with the pricing question. First of all, that's been a misunderstanding. I did not suggest that we had 400 basis points of headwind in Q1. That was basically the headwind that we have experienced last year. And we have taken the pricing also last year. So we're seeing the benefit of pricing outweighing the negative impact on our gross profit which has been resulting from the strong raw material pricing last year.

We've seen much lower negative pricing in Q1, so there's a significant deceleration of price increases in Q1 over the -- all quarters, basically, last year. And therefore -- the pricing that we have taken last year therefore has a stronger impact because it's meeting a lower increase in input cost inflation.

For the rest of the year, our expectation remains basically as we have communicated, which is in the low single digits. That's the same that we have experienced in the course of the first quarter. It might go up a little bit further, but that obviously depends on how strong the economic environment is going to be and how the crisis may impact the various industries in which we are active. So, from that perspective, the low- to mid-single-digit range for the full year is a good expectation. It might improve as we go.

Chas Manso: Sorry, could you just -- you've quantified the 400 basis points for last year. Could you quantify the basis points headwind for Q1?

Lothar Steinebach: Let me just -- we have not quantified it yet. We'll take a look at it and provide you with that information.

Chas Manso: Okay.

Kasper Rorsted: And on the Persil in Mexico, we are seeing double-digit growth rates for all Laundry business in Mexico, and it's predominantly driven by Persil. So what we have is we have a mid-single-digit market share for that product. So it's going according to plan, but it does take time to implement a new brand in a new country.

Our strategy is, as you probably know, that where it's appropriate we are taking the Persil brand and implementing country by country where it's appropriate. Mexico is a good example of that. Korea, by the way, is another good example of where we're taking the Persil brand and moving it into the premium space.

Chas Manso: Thank you.
Operator: Thank you. And we have a question from the line of Ralf Stromeyer from Allianz Global Investors. Please go ahead.

Ralf Stromeyer: Yes. Hello. Good morning. I noticed that the strongest EBIT growth by region was achieved in North America, very strong EBIT growth there. Can you explain what has driven that, please?

Lothar Steinebach: Yes. We've seen a recovery in our EBIT margins in Laundry & Home Care and in Cosmetics. You -- we've communicated on various occasions that we've seen a lack of growth in these businesses in the year 2010. We've seen kind of a recovery in '11 but the margin has not yet recovered. And we see -- we've seen that recover in Q1, Laundry & Home Care and Cosmetics. At the same time, we've continued with a pretty strong performance in our Adhesive business. So, the all three were quite positive, and that has resulted in this increase which has happened at the same time.

Ralf Stromeyer: Okay. Thanks very much.

Operator: Thank you. We have no further questions. Thank you. Ladies and gentlemen, I will now hand over to Mr. Rorsted for his closing remarks.

Kasper Rorsted: Thank you very much, ladies and gentlemen. We've had a good start into the fiscal 2012. We are committed to hitting our targets of 3% to 5% organic growth rate, 14% EBIT margin and an increase in EPS of more than 10%.

I'd like to thank you for participating in today's conference call. I wish you all the best and I look forward to speaking to you at the Q2 conference call on August 1, 2012. Thank you very much for joining. Bye.

Operator
Ladies and gentlemen, thank you for attending today's conference. You may now replace your handsets.