

Henkel Annual Results Press Conference

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Excellence is our Passion

Disclaimer

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Henkel strategy



Agenda

1	Key Developments 2012
2	Financials Q4 2012 & FY 2012
3	Achievements 2008 – 2012
4	Sustainability Strategy
5	Summary & 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

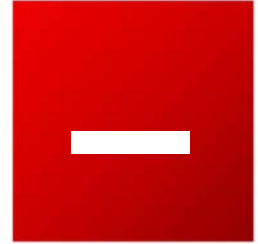
- Solid organic sales growth driven by all businesses
- Enhanced profitability
- Continued portfolio optimization
- Expansion of shared services
- Continued strong cash generation
- Strengthening of our global team



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	+1.3pp
Adjusted EBIT (m€)	2,029	2,335	+15.1%
Adjusted EBIT margin (%)	13.0	14.1	+1.1pp
Adj. EPS per pref. share	3.14	3.70	+17.8%
NWC / sales (%)	7.3	5.2	-2,1pp
Free cash flow (m€)	951	2,023	+ >100%



Most successful year with significant progress in all key financials

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- 1 Key Developments 2012
- 2 **Financials Q4 2012 & FY 2012**
- 3 Achievements 2008 – 2012
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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	2.6	4.6	14.1
Total Henkel	5.3	1.8	4.0	13.6

Sales growth by business sector

2012 vs. 2011

in %	Total sales 2012	Change In %	Organic*
Laundry & Home Care	4,556	5.9	4.7
Beauty Care	3,542	4.2	3.1
Adhesive Technologies	8,256	6.6	3.6
Total Henkel	16,510	5.8	3.8

- Solid organic sales growth
- Positive FX impact

* Adjusted for foreign exchange and acquisitions/divestments

Sales growth by business sector

2012 vs. 2011

in %	Total sales 2012	Change In %	Organic*
Laundry & Home Care	4,556	5.9	4.7
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Total Henkel	16,510	5.8	3.8

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

* Adjusted for foreign exchange and acquisitions/divestments

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

* Adjusted for foreign exchange and acquisitions/divestments

Sales Growth by Business Sector

2012 vs. 2011

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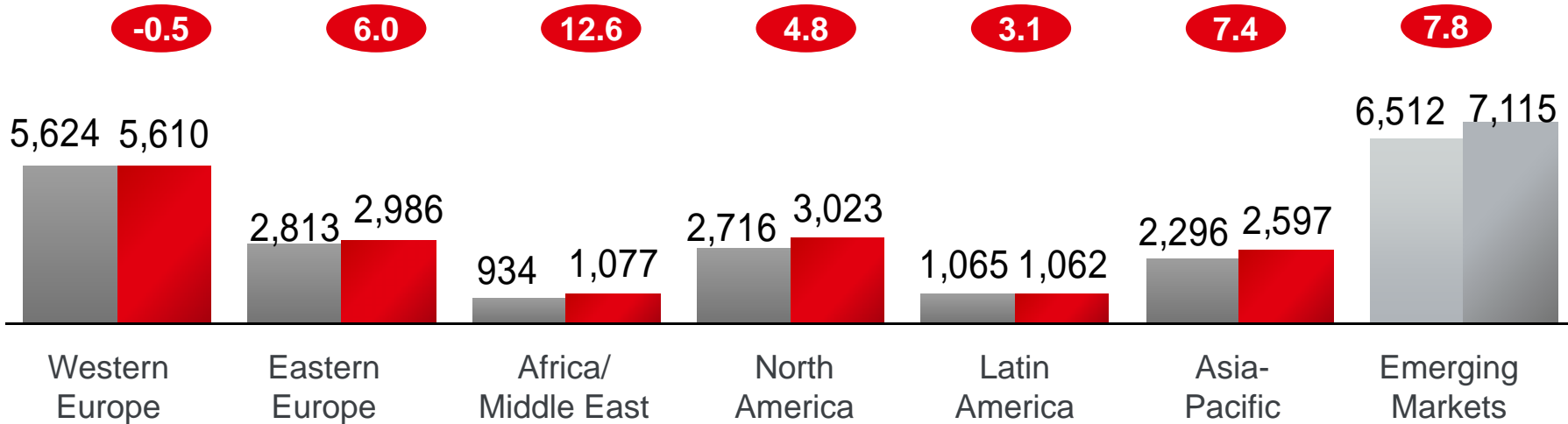
- Emerging Markets strong, North America strong, W. Europe below PY quarter
- Transport/Metal very strong, General Industry solid, Electronics on PY level

* Adjusted for foreign exchange and acquisitions/divestments

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

Adjusted EBIT by business sector

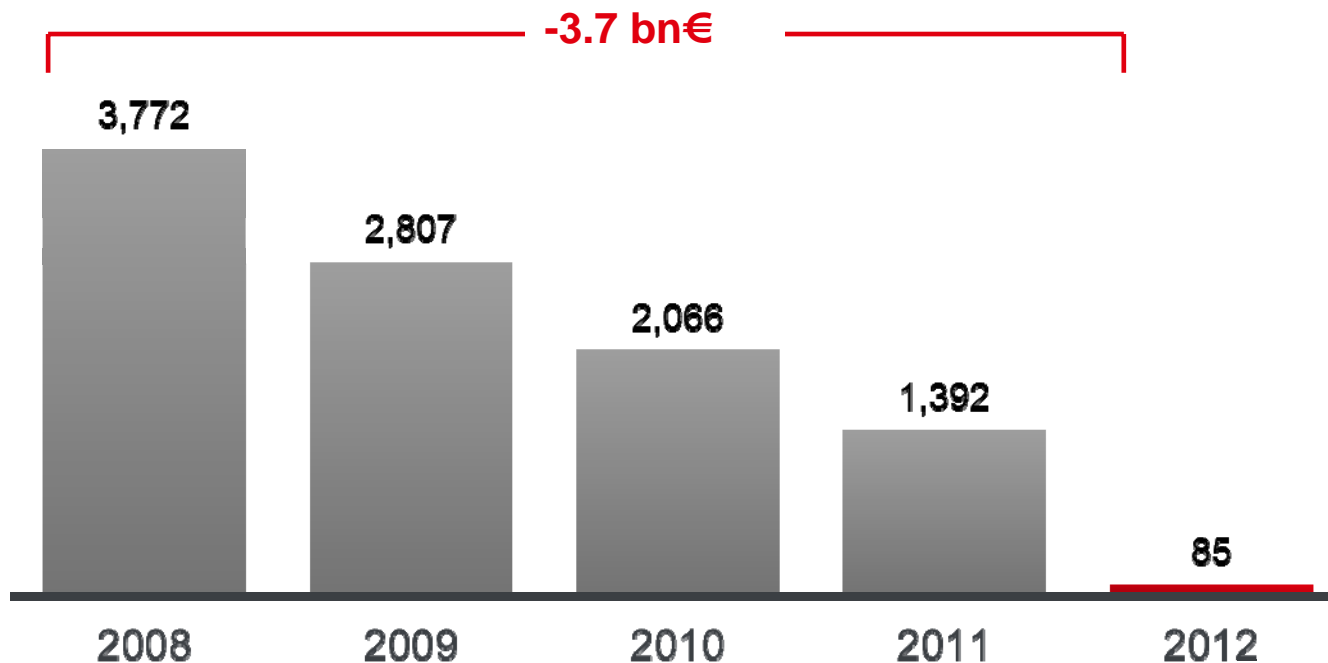
2012 vs. 2011

	Adjusted EBIT		Adjusted EBIT Margin	
	In m€	Change In %	In %	Change In pp
Laundry & Home Care	659	+15.5	14.5	+1.3
Beauty Care	514	+6.8	14.5	+0.3
Adhesive Technologies	1,246	+15.9	15.1	+1.2
Total Henkel	2,335	+15.1	14.1	+1.1

- Portfolio shifts towards high-margin segments
- Ongoing cost & efficiency measures contributing

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.

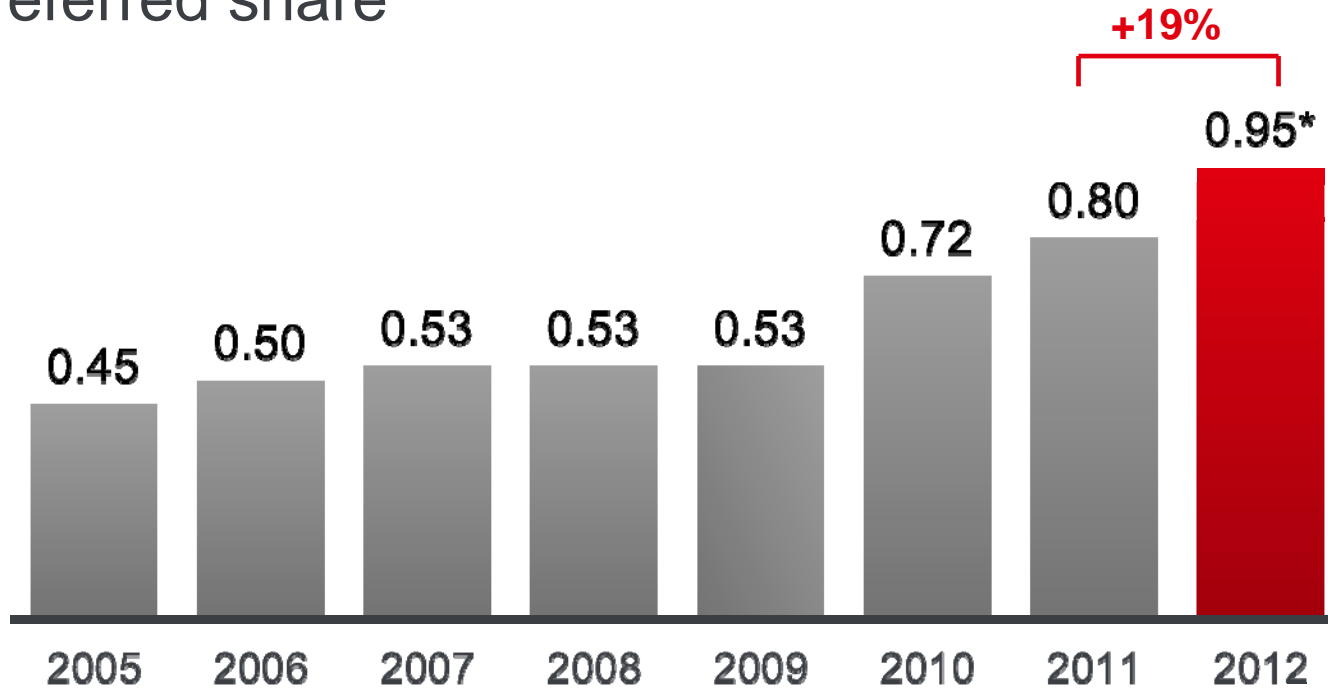
Cash flow generation

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

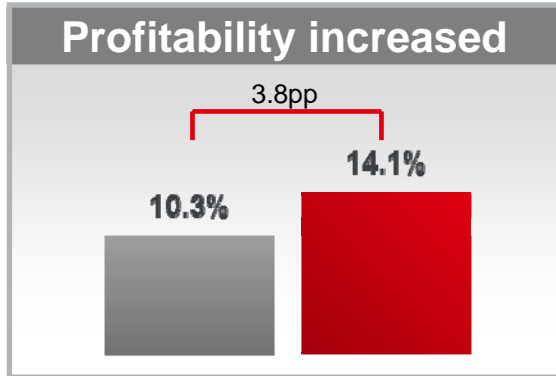
	Targets 2012	Achievements 2012
Org. Sales Growth (average)	3 - 5%	3.3% ✓
EBIT Margin (2012)*	14%	14.1% ✓
EPS-Growth (average)*	> 10%	14.0% ✓

* adjusted

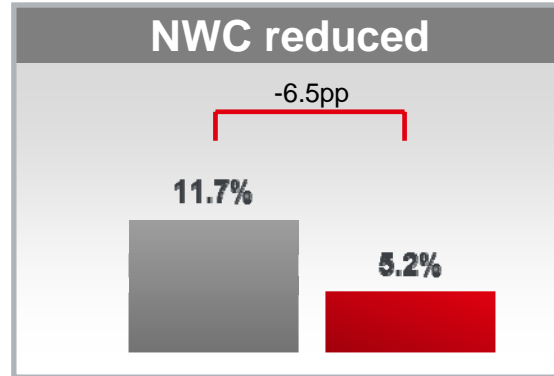
All strategic priorities pursued consistently



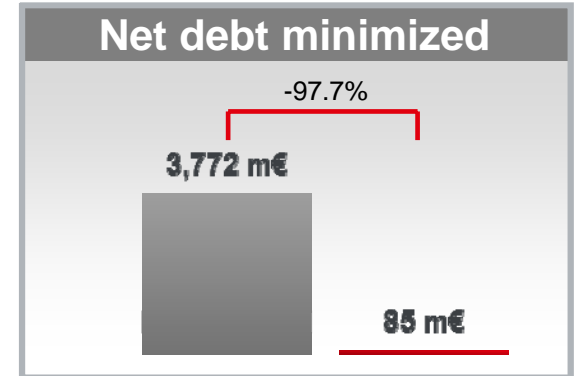
Strong financial performance 2008 - 2012



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



- “Cash” focus
- Optimized payment terms & inventory management



- Strong balance sheet
- Further fueled by significant cash flow

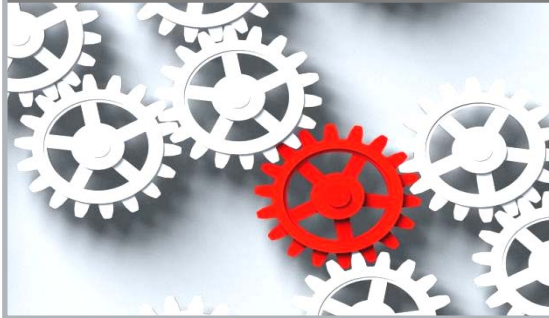
Efficiency gains and strengthened global footprint

Shared services



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

Process standardization



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

Manufacturing footprint



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

Focus on brands and innovations

Mega innovations



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

Brand consolidation



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

Portfolio optimization



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

Focus on sustainability and customers

Sustainability



- 2012 targets already surpassed in 2010
- New strategy & targets 2030 introduced in 2011

Factor **3**

Customer



- Top-to-Top Meetings, international customer visits
- Close collaboration with partners

Consumer



- Global shopper study
- Digital tools for consumer interaction

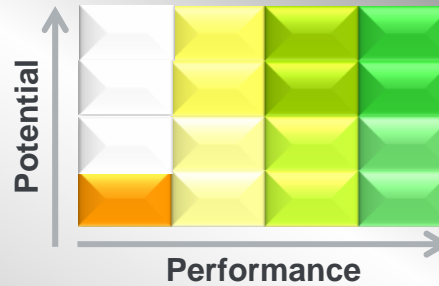
Values, performance culture and diversity

Vision & Values



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

Performance culture



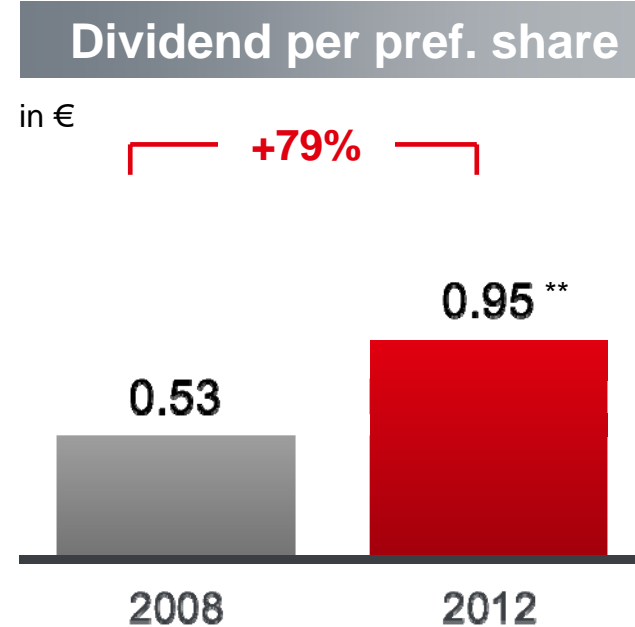
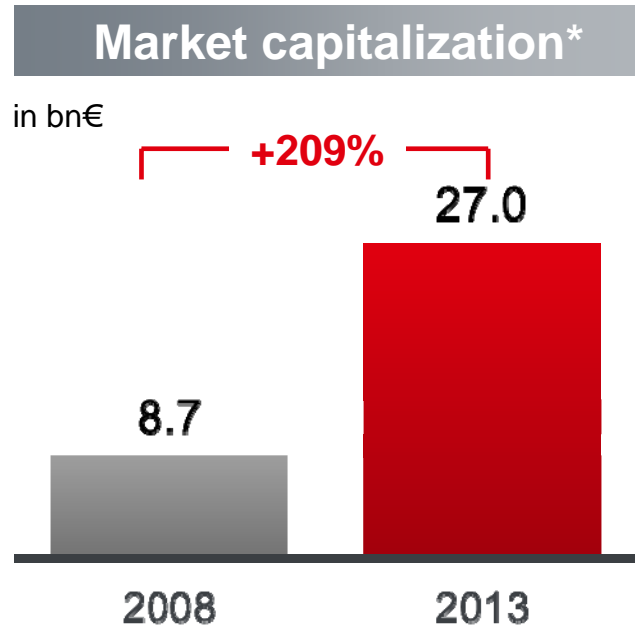
- Performance & incentive clearly linked
- Executive Resource Program

Diversity



- 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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Sustainability strategy

Our 20-Year Goal



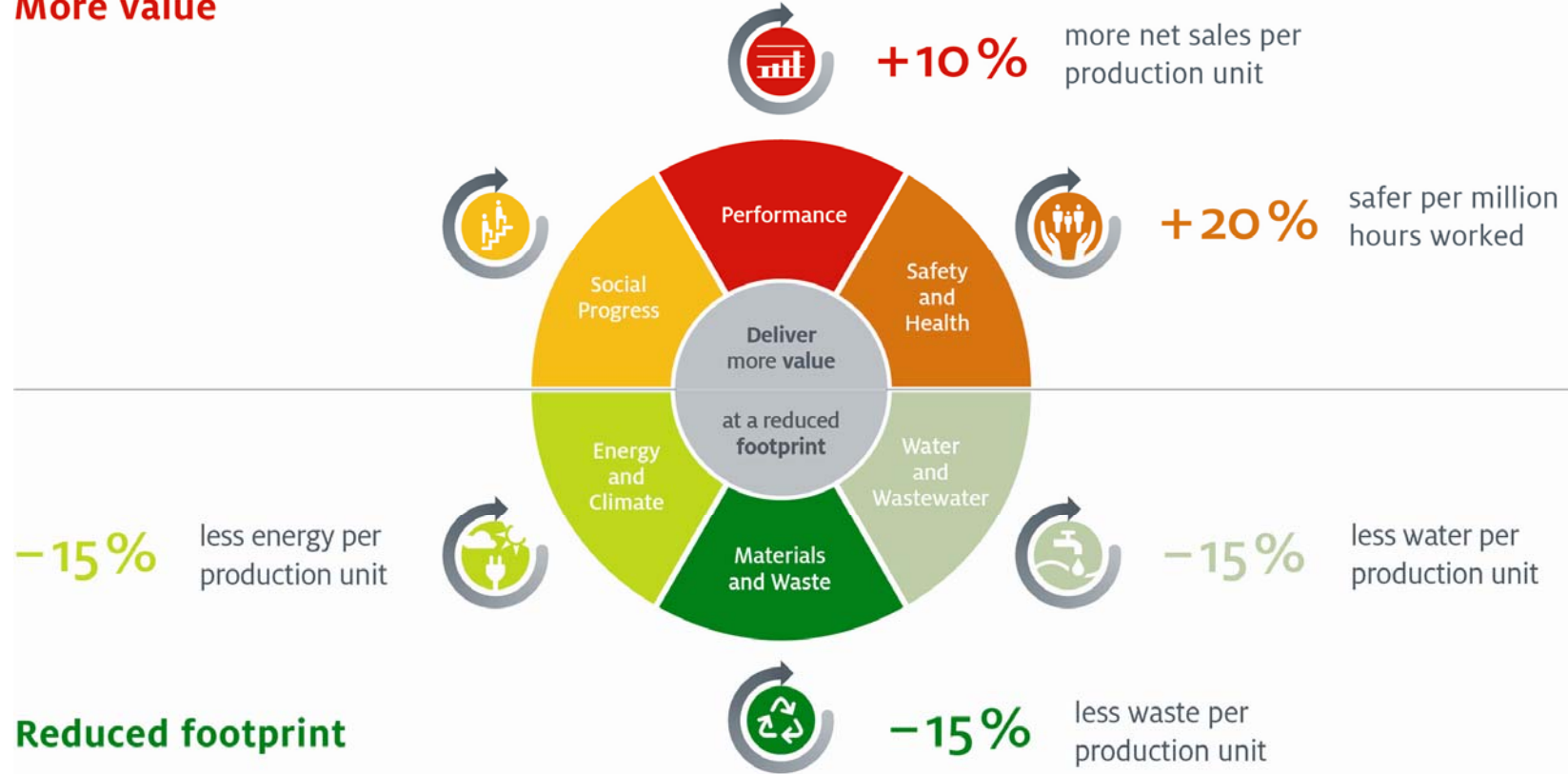
Achieving more with less:

- Factor **3**
- Triple the value we create in relation to the ecological footprint made by our business operations, products and services



Our focal areas and targets for 2015

More value



Reduced footprint

Sustainability: Highlights 2012

- Energy consumption per ton of product reduced by 2%
- Waste per ton of product decreased by 5%
- Water consumption per ton of product decreased by 3%
- Occupational accidents per million working hours reduced by 10%
- Since December 2011 energy management at 22 production sites certified to ISO 50001
- 88% of the sites without accidents with lost working days

Strategic principles

Our products

Laundry & Home Care



- Liquid laundry detergent capsules with a 100 percent water soluble and biodegradable film

Beauty Care



- Deodorant spray-can made of roughly 25 percent recycled aluminium

Adhesive Technologies



- New multi-functional adhesive reduces resource use by 34 percent

Strategic principles

Our partners

Trade Cooperations



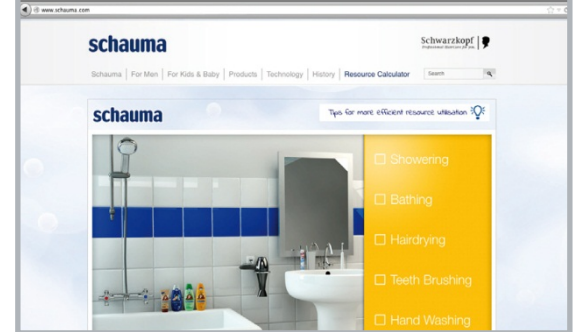
- „Henkel Sustainability Week“ with Walmart Mexico and Central America

Educational Partnerships



- Campaign “Understanding through experience – Shaping the future together” with dm-drogerie markt

Consumer Information



- Interactive online resource calculator for consumers

Strategic Principles

Our people

Anchoring our Sustainability Strategy 2030



- About 670 „Action Plan meetings“ worldwide



- „Henkel Day“ dedicated to the theme of sustainability in more than 75 countries



- About 500 employees qualified as sustainability ambassadors

Leading position in the area of sustainability confirmed



- Positive feedback from our stakeholders in response on our solutions in the area of sustainability



- Outperform our competitors in key ratings and indices

Balance 2008 - 2012

Water consumption	-35%	↓
Energy consumption	-30%	↓
Waste footprint	-19%	↓
Occupational accidents ¹	-29%	↓
¹ Per million hours worked		

- Successful development of a sustainable and profitable business

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Steps towards our vision

2008 - 2012



2012 - 2016



Strategy & financial targets 2016



Guidance FY 2013

Guidance FY 2013

Organic sales growth

- Laundry & Home Care
- Beauty Care
- Adhesive Technologies

3 - 5%

Each division 3 - 5%

Adjusted EBIT margin

- Laundry & Home Care
- Beauty Care
- Adhesive Technologies

~ 14.5%

All divisions contributing

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
- August 8, 2013
Q2 2013 Financials
- November 12, 2013
Q3 2013 Financials



Thank You!

