Q3

Quarterly financial report
July through September 2012

Financial report
January through September 2012

Henkel Excellence is our Passion

Henkel: Financial highlights

in million euros	Q3/2011	Q3/2012	Change[1]	1–9/2011	1–9/2012	Change[1]
Sales	4,028	4,294	6.6%	11,804	12,508	6.0%
Operating profit (EBIT)	451	586	29.8%	1,418	1,707	20.4%
Laundry & Home Care	125	168	35.1%	382	478	25.2%
Beauty Care	111	114	1.8%	364	365	0.3%
Adhesive Technologies	254	329	29.5%	767	939	22.4%
Return on sales (EBIT) in %	11.2	13.6	2.4 pp	12.0	13.6	1.6 pp
Earnings before tax	414	544	31.4%	1,303	1,594	22.3%
Net income	314	409	30.3%	979	1,199	22.5%
– Attributable to non-controlling interests	–7	–12	71.4%	–21	–32	52.4%
– Attributable to shareholders of Henkel AG & Co. KGaA	307	397	29.3%	958	1,167	21.8%
Earnings per ordinary share in euros	0.70	0.91	30.0%	2.20	2.68	21.8%
Earnings per preferred share in euros	0.71	0.92	29.6%	2.22	2.70	21.6%
Return on capital employed (ROCE) in %	15.9	19.4	3.5 pp	16.8	19.1	2.3 pp
Capital expenditures on property, plant and equipment	108	92	–14.8%	263	266	1.1%
Research and development expenses	103	99	–3.9%	311	306	–1.6%
Number of employees (as of September 30)	47,790	46,813	–2.0%	47,790	46,813	–2.0%

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded. pp = percentage points

Adjusted[1] earnings figures

in million euros	Q3/2011	Q3/2012	Change[2]	1–9/2011	1–9/2012	Change[2]
Adjusted operating profit (EBIT)	541	631	16.7%	1,528	1,791	17.3%
Adjusted return on sales (EBIT) in %	13.4	14.7	1.3 pp	12.9	14.3	1.4 pp
Adjusted earnings before tax	504	589	16.9%	1,413	1,678	18.8%
Adjusted net income	373	441	18.2%	1,044	1,258	20.5%
– Attributable to non-controlling interests	–7	–12	71.4%	–21	–32	52.4%
– Attributable to shareholders of Henkel AG & Co. KGaA	366	429	17.2%	1,023	1,226	19.8%
Adjusted earnings per preferred share in euros	0.85	0.99	16.5%	2.37	2.83	19.4%

[1] Adjusted for one-time charges/gains and restructuring charges.
[2] Calculated on the basis of units of 1,000 euros; figures commercially rounded. pp = percentage points

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Key financials

4,294 million euros
sales

+2.5 %
organic sales growth
+4.6 % Laundry & Home Care
+3.3 % Beauty Care
+1.0 % Adhesive Technologies

586 million euros
operating profit (EBIT)

631 million euros
adjusted[1] operating profit (EBIT):
up 16.7 percent

0.92 euros
earnings per preferred share (EPS)

0.99 euros
adjusted[1] earnings per preferred share (EPS):
up 16.5 percent

397 million euros
net quarterly income attributable to shareholders of Henkel AG & Co. KGaA

14.7 %
adjusted[1] return on sales (EBIT):
up 1.3 percentage points
14.5 % Laundry & Home Care
14.7 % Beauty Care
16.0 % Adhesive Technologies

6.6 %
net working capital in percent of sales – an improvement of 1.4 percentage points

Key facts

All business sectors continue their profitable growth paths

Adjusted return on sales reaches 14.7 % for the first time

Significant increase in free cash flow

Substantial reduction in net working capital as a percentage of sales

Acquisition of the laundry cleaning business of Colgate-Palmolive in the Dominican Republic

[1] Adjusted for one-time charges (0 million euros)/one-time gains (0 million euros) and restructuring charges (45 million euros).

You will find our annual reports, our quarterly financial reports, the latest data on Henkel's shares and bonds, and also news, financial reports and presentations relating to the company on our Investor Relations website:
www.henkel.com/ir

Major events

On September 4, 2012, Henkel held an investor and analyst day in Düsseldorf focusing on Laundry & Home Care, with the business sector's management team presenting their strategy and the latest product and business developments to some 60 investors and analysts from around the world.

For the sixth time in a row, Henkel has been declared sector leader in both the Dow Jones Sustainability World Index (DJSI World) and the Dow Jones Sustainability Index Europe (DJSI Europe). Henkel once again took first place in the category "Fast-Moving Consumer Goods" and is the only company in its sector listed in the DJSI World and DJSI Europe. The indices are comprised of corporations that follow the principles of sustainable development in their business operations.

In September, the Cosmetics/Toiletries business sector unveiled a new, globally uniform identity as Henkel Beauty Care to underscore its internationally successful positioning.

Share performance

The stock markets registered substantial price gains in the third quarter of 2012. The DAX rose 12.5 percent during this period; the Dow Jones Euro Stoxx Consumer Goods Index rose at a somewhat flatter 5.7 percent.

On September 25, both the Henkel preferred share and the Henkel ordinary share reached new historic highs. The preferred share closed at a price of 63.25 euros while the ordinary share hit 52.52 euros. Overall, the price of the Henkel preferred share rose by 18.2 percent in the third quarter, from 52.37 euros to 61.89 euros. This means that our stock significantly outperformed both the DAX and the stocks representing the consumer goods sector.

The premium generated by the preferred share compared to the ordinary share during the third quarter averaged 21.4 percent.

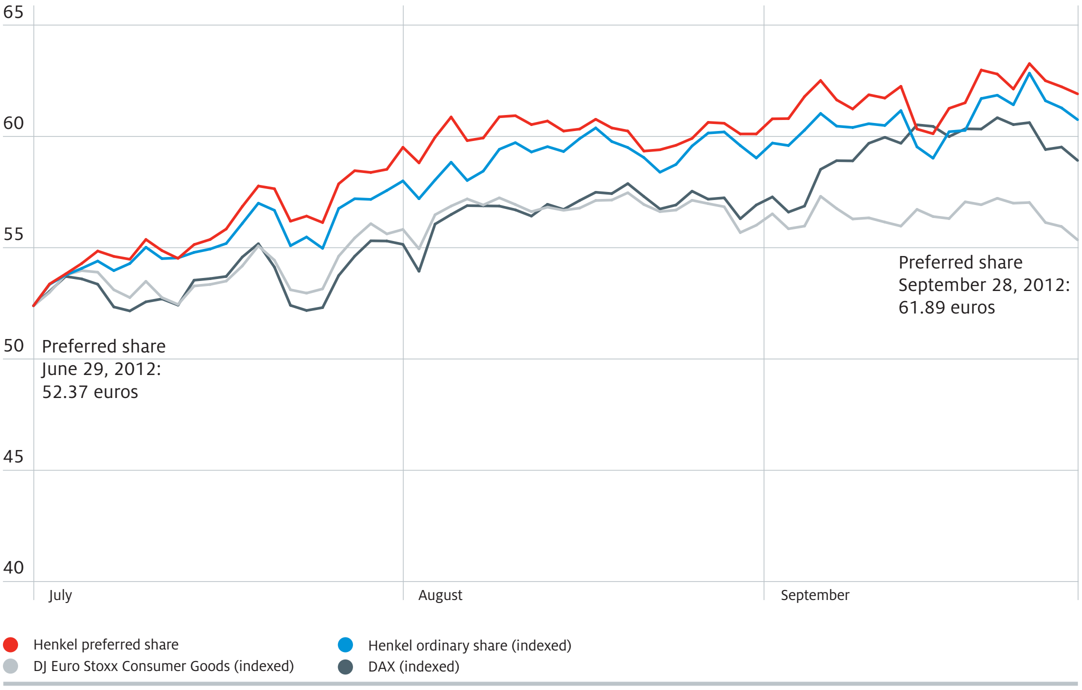
Key data on Henkel shares, third quarter

in euros	Q3/2011	Q3/2012
Earnings per share		
Ordinary share	0.70	**0.91**
Preferred share	0.71	**0.92**
Share price at period end [1]		
Ordinary share	32.95	**50.77**
Preferred share	40.00	**61.89**
High for the period [1]		
Ordinary share	40.61	**52.52**
Preferred share	49.77	**63.25**
Low for the period [1]		
Ordinary share	30.78	**43.78**
Preferred share	36.90	**52.37**
Market capitalization [1] in bn euros	15.7	**24.2**
Ordinary shares in bn euros	8.6	**13.2**
Preferred shares in bn euros	7.1	**11.0**

[1] Closing share prices, Xetra trading system.

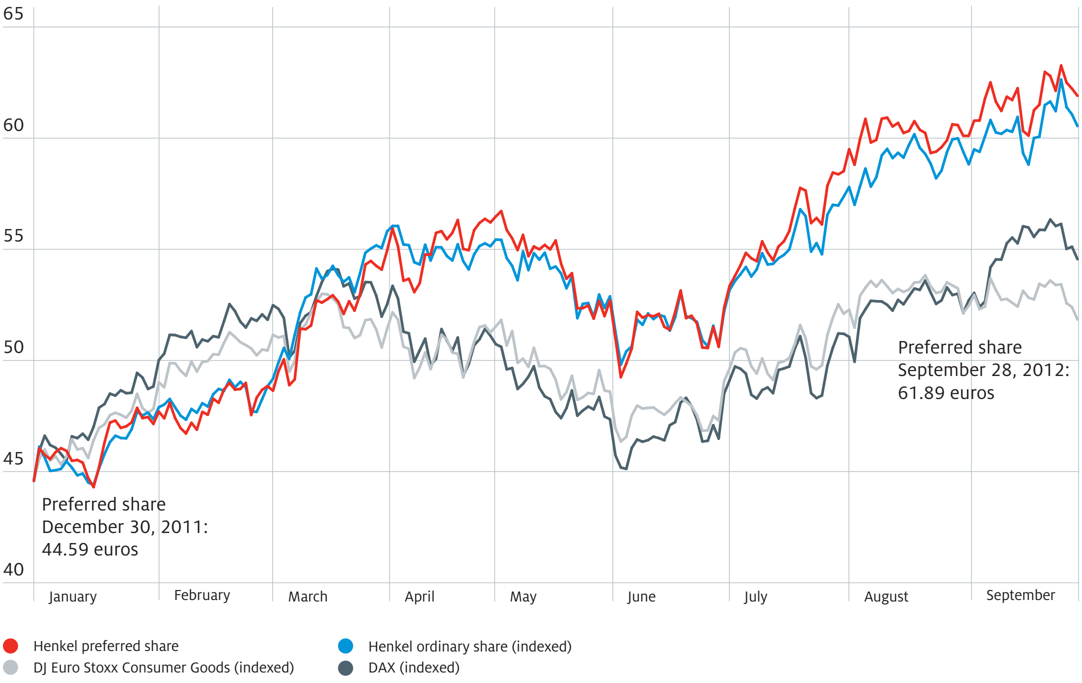
Performance of Henkel shares versus market third quarter 2012

in euros



Performance of Henkel shares versus market January through September 2012

in euros



Report third quarter 2012

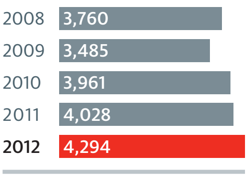
Business performance third quarter 2012

Key financials[1]

in million euros	Q3/2011	Q3/2012	+/–
Sales	4,028	4,294	6.6 %
Operating profit (EBIT)	451	586	29.8 %
Adjusted[2] operating profit (EBIT)	541	631	16.7 %
Return on sales (EBIT)	11.2 %	13.6 %	2.4 pp
Adjusted[2] return on sales (EBIT)	13.4 %	14.7 %	1.3 pp
Net income – Attributable to shareholders of Henkel AG & Co. KGaA	307	397	29.3 %
Adjusted[2] net income – Attributable to shareholders of Henkel AG & Co. KGaA	366	429	17.2 %
Earnings per preferred share in euros	0.71	0.92	29.6 %
Adjusted[2] earnings per preferred share in euros	0.85	0.99	16.5 %

pp = percentage points
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Adjusted for one-time charges/gains and restructuring charges.

Sales
third quarter
in million euros



Results of operations
In the third quarter of 2012, we achieved an increase in sales of 6.6 percent to 4,294 million euros. Adjusted for foreign exchange, sales improved by 2.2 percent. Organically – i.e. after adjusting for foreign exchange and acquisitions/divestments – sales rose by 2.5 percent.

Sales development[1]

in percent	Q3/2012
Change versus previous year	6.6
Foreign exchange	4.4
After adjusting for foreign exchange	2.2
Acquisitions/divestments	– 0.3
Organic	2.5
of which price[2]	2.6
of which volume	– 0.1

[1] Calculated on the basis of units of 1,000 euros.
[2] In determining the price effect, we account for the positive structural effect arising from the launch of new products.

All three business sectors contributed to this solid development: Laundry & Home Care registered a solid organic growth rate of 4.6 percent driven by both price and volume. The solid organic sales growth of the Beauty Care business sector amounting to 3.3 percent was achieved through a balanced mix of price and volume increases. The Adhesive Technologies business sector posted a positive organic growth rate of 1.0 percent, driven by price.

Price and volume effects third quarter 2012

in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	4.6	3.4[1]	1.2
Beauty Care	3.3	1.5[1]	1.8
Adhesive Technologies	1.0	2.7	– 1.7
Henkel Group	2.5	2.6[1]	– 0.1

[1] In determining the price effect, we account for the positive structural effect arising from the launch of new products.

Among our sales markets, we noted a particular decline in demand in the Western Europe region. However, the third quarter of 2012 saw no major changes in the scope of our business activities, nor were there any significant shifts in our competitive positions from those described in our AR Annual Report 2011 (starting on page 76).

In order to continuously adapt our structures to our markets and customers, we spent another 45 million euros on restructuring (prior-year quarter: 90 million euros). We are expanding our shared service centers and continue to optimize our production footprint.

In the following, we discuss our operating income and expense items up to operating profit, adjusted in each case for one-time charges/gains and restructuring charges. The reconciliation statement and the allocation of the restructuring charges between the various items of the statement of income can be found on Q3 page 27.

Condensed statement of income, from sales to adjusted operating profit[1]

in million euros	Q3/2011	%	Q3/2012	%	Change
Sales	**4,028**	**100.0**	**4,294**	**100.0**	**6.6 %**
Cost of sales	– 2,187	– 54.3	**– 2,269**	**– 52.8**	3.7 %
Gross profit	**1,841**	**45.7**	**2,025**	**47.2**	**10.0 %**
Marketing, selling and distribution expenses	– 1,018	– 25.3	**– 1,096**	**– 25.5**	7.7 %
Research and development expenses	– 94	– 2.3	**– 99**	**– 2.3**	5.3 %
Administrative expenses	– 179	– 4.4	**– 186**	**– 4.3**	3.9 %
Other operating income/charges	– 9	– 0.2	**– 13**	**– 0.4**	44.4 %
Adjusted operating profit (EBIT)	**541**	**13.4**	**631**	**14.7**	**16.7 %**

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.

Due to higher sales volumes and raw material price increases, cost of sales rose by 3.7 percent compared to the third quarter of 2011, to 2,269 million euros. Gross profit increased by 10.0 percent to 2,025 million euros. Despite a negative impact of around 150 basis points resulting from higher cost of sales, we were able to grow gross margin by 1.5 percentage points to 47.2 percent, driven by increased selling prices, savings generated by our cost-reduction measures, and efficiency improvements in production and supply chain.

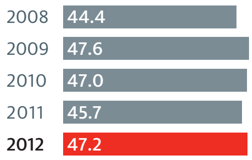
Marketing, selling and distribution expenses increased to 1,096 million euros (third quarter 2011: 1,018 million euros). We spent a total of 99 million euros on research and development, thus keeping the share of sales constant versus the prior-year quarter, at 2.3 percent. As a result in part of expansion of our shared service centers, administrative expenses expressed as a proportion of sales came in at 4.3 percent, a slight decrease of 0.1 percentage points compared to the level of the third quarter of 2011.

At –13 million euros, the balance of other operating income and charges remained at a similarly low level as in the prior-year quarter.

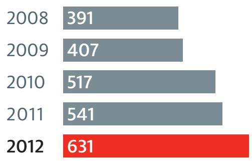
Adjusted operating profit (EBIT) grew by 16.7 percent, from 541 million euros to 631 million euros, with all three business sectors contributing. We succeeded in increasing adjusted return on sales for the Group from 13.4 to 14.7 percent. The Adhesive Technologies business sector posted a significant margin improvement with an increase from 14.4 to 16.0 percent, driven in part by the launch of innovative product solutions and efficiency improvements. The Laundry & Home Care business sector increased its return on sales from 14.0 to 14.5 percent on the back of a strong sales performance combined with ongoing strict cost management. In the Beauty Care business sector, we achieved a further margin improvement of 0.4 percentage points to 14.7 percent on the basis of a strong sales performance accompanied by ongoing strict cost management.

At –42 million euros, our financial result was below the –37 million euros of the prior-year quarter. This is primarily due to higher currency hedging costs. The tax rate amounted to 24.8 percent (adjusted: 25.1 percent). Net income for the quarter increased by 30.3 percent, from 314 million euros to 409 million euros. After deducting income of 12 million euros attributable to non-controlling interests, net income for the quarter was 397 million euros (third quarter 2011: 307 million euros). Adjusted net income for the quarter after deducting non-controlling interests was 429 million euros compared to 366 million euros in the prior-year quarter. Earnings per preferred share (EPS) rose from 0.71 euros to 0.92 euros. After adjustment, EPS amounted to 0.99 euros versus 0.85 euros in the third quarter of 2011.

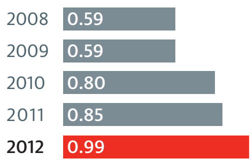
Adjusted gross margin third quarter
in percent of sales



Adjusted EBIT third quarter
in million euros

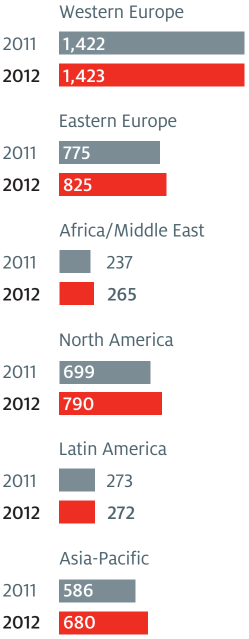


Adjusted earnings per preferred share third quarter
in euros



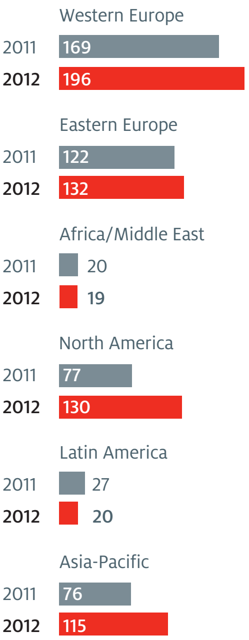
Regional performance

Sales by region
third quarter *
in million euros



* Excluding Corporate.

EBIT by region
third quarter *
in million euros



* Excluding Corporate.

Henkel: Key figures by region[1] third quarter 2012

in million euros	Western Europe	Eastern Europe	Africa/ Middle East	North America	Latin America	Asia-Pacific	Corporate[2]	Henkel Group
Sales July – September 2012	**1,423**	**825**	**265**	**790**	**272**	**680**	**39**	**4,294**
Sales July – September 2011	1,422	775	237	699	273	586	38	**4,028**
Change from previous year	0.1 %	6.5 %	12.2 %	13.0 %	– 0.2 %	16.1 %	–	**6.6 %**
After adjusting for foreign exchange	– 0.3 %	4.3 %	6.3 %	0.8 %	1.5 %	5.4 %	–	**2.2 %**
Organic	– 0.8 %	4.3 %	6.3 %	2.8 %	1.5 %	6.6 %	–	**2.5 %**
Proportion of Henkel sales July – September 2012	**33 %**	**19 %**	**6 %**	**19 %**	**6 %**	**16 %**	**1 %**	**100 %**
Proportion of Henkel sales July – September 2011	35 %	19 %	6 %	17 %	7 %	15 %	1 %	**100 %**
Operating profit (EBIT) July – September 2012	**196**	**132**	**19**	**130**	**20**	**115**	**– 24**	**586**
Operating profit (EBIT) July – September 2011	169	122	20	77	27	76	– 38	**451**
Change from previous year	16.2 %	8.4 %	– 7.6 %	67.9 %	– 25.8 %	51.6 %	–	**29.8 %**
After adjusting for foreign exchange	15.6 %	6.1 %	– 15.5 %	49.5 %	– 19.8 %	34.6 %	–	**24.0 %**
Return on sales (EBIT) July – September 2012	**13.8 %**	**16.0 %**	**7.0 %**	**16.4 %**	**7.2 %**	**16.8 %**	**–**	**13.6 %**
Return on sales (EBIT) July – September 2011	11.9 %	15.7 %	8.5 %	11.1 %	9.8 %	12.9 %	–	**11.2 %**

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Corporate = sales and services not assigned to the individual regions and business sectors.

The following is a commentary on the reported results of the third quarter.

Our sales in the highly competitive market environment of the **Western Europe** region decreased organically by 0.8 percent. This is primarily attributable to the recessive economic developments prevailing in Southern Europe.

The operating profit of the region improved – adjusted for foreign exchange – by 15.6 percent. Return on sales of the region increased accordingly, by 1.9 percentage points to 13.8 percent.

In the **Eastern Europe** region we increased sales organically by 4.3 percent, with our businesses in Turkey and Russia making a major contribution.

The operating profit of the region increased – adjusted for foreign exchange – by 6.1 percent. We improved return on sales of the region by 0.3 percentage points to 16.0 percent.

In the **Africa/Middle East** region, we generated organic growth of 6.3 percent, with all our business sectors contributing.

The operating profit of the region decreased – adjusted for foreign exchange – by 15.5 percent. Return on sales declined by 1.5 percentage points to 7.0 percent.

Sales of the **North America** region grew organically by 2.8 percent despite a sluggish consumer climate in the USA.

We were able to increase the operating profit of the region – adjusted for foreign exchange – by 49.5 percent. Return on sales of the region increased significantly, from 11.1 percent in the prior-year quarter to 16.4 percent.

Organic sales in the **Latin America** region increased by 1.5 percent in the third quarter. Our business performance in Mexico contributed especially to this improvement, while sales in Brazil fell below the level of the third quarter of 2011.

Operating profit after adjusting for foreign exchange decreased by 19.8 percent. Return on sales of the region declined from 9.8 percent to 7.2 percent.

Henkel: Key figures by region[1] January – September 2012

in million euros	Western Europe	Eastern Europe	Africa/ Middle East	North America	Latin America	Asia-Pacific	Corporate[2]	Henkel Group
Sales January – September 2012	**4,284**	**2,271**	**803**	**2,302**	**805**	**1,925**	**117**	**12,508**
Sales January – September 2011	4,280	2,159	689	2,051	798	1,710	117	11,804
Change from previous year	0.1 %	5.2 %	16.5 %	12.2 %	0.9 %	12.6 %	–	6.0 %
After adjusting for foreign exchange	– 0.3 %	6.1 %	12.3 %	2.6 %	4.3 %	3.6 %	–	3.0 %
Organic	– 0.3 %	6.1 %	12.3 %	4.3 %	4.3 %	6.4 %	–	3.7 %
Proportion of Henkel sales January – September 2012	**34 %**	**18 %**	**6 %**	**19 %**	**7 %**	**15 %**	**1 %**	**100 %**
Proportion of Henkel sales January – September 2011	36 %	18 %	6 %	17 %	7 %	15 %	1 %	100 %
Operating profit (EBIT) January – September 2012	**652**	**339**	**67**	**353**	**69**	**302**	**– 75**	**1,707**
Operating profit (EBIT) January – September 2011	593	300	56	200	81	283	– 94	1,418
Change from previous year	9.9 %	12.8 %	21.3 %	76.6 %	– 14.7 %	6.7 %	–	20.4 %
After adjusting for foreign exchange	9.4 %	14.1 %	14.6 %	61.1 %	– 7.3 %	– 3.9 %	–	16.7 %
Return on sales (EBIT) January – September 2012	**15.2 %**	**14.9 %**	**8.4 %**	**15.3 %**	**8.6 %**	**15.7 %**	**–**	**13.6 %**
Return on sales (EBIT) January – September 2011	13.8 %	13.9 %	8.1 %	9.8 %	10.2 %	16.5 %	–	12.0 %

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Corporate = sales and services not assigned to the individual regions and business sectors.

With organic growth of 6.6 percent, the **Asia-Pacific** region posted another strong performance, driven in particular by double-digit growth in China.

We improved operating profit – adjusted for foreign exchange – by 34.6 percent. Return on sales increased by 3.9 percentage points to 16.8 percent.

Sales growth was again given a particular boost by our performance in the **emerging markets** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan). Here we were able to increase sales by 10.1 percent to 1,885 million euros. The emerging markets thus accounted for 44 percent of Group sales (third quarter 2011: 43 percent). Organic growth came in at 5.9 percent.

Sales by region
January – September *
in million euros

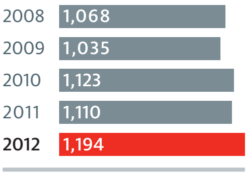
* Excluding Corporate.

EBIT by region
January – September *
in million euros

* Excluding Corporate.

Laundry & Home Care

Sales
third quarter
in million euros

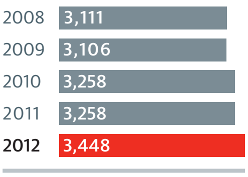


Key financials[1]

in million euros	Q3/2011	Q3/2012	+/–	1–9/2011	1–9/2012	+/–
Sales	1,110	**1,194**	7.6 %	3,258	**3,448**	5.8 %
Proportion of Henkel sales	28 %	**28 %**		28 %	**28 %**	
Operating profit (EBIT)	125	**168**	35.1 %	382	**478**	25.2 %
Adjusted[2] operating profit (EBIT)	155	**173**	11.3 %	428	**500**	17.0 %
Return on sales (EBIT)	11.2 %	**14.1 %**	2.9 pp	11.7 %	**13.9 %**	2.2 pp
Adjusted[2] return on sales (EBIT)	14.0 %	**14.5 %**	0.5 pp	13.1 %	**14.5 %**	1.4 pp
Return on capital employed (ROCE)	21.9 %	**26.4 %**	4.5 pp	22.0 %	**25.4 %**	3.4 pp

pp = percentage points
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Adjusted for one-time charges/gains and restructuring charges.

Sales
January – September
in million euros



Sales development[1]

in percent	Q3/2012	1–9/2012
Change versus previous year	7.6	5.8
Foreign exchange	3.1	1.6
After adjusting for foreign exchange	4.5	4.2
Acquisitions/divestments	– 0.1	– 0.6
Organic	4.6	4.8
of which price[2]	3.4	4.0
of which volume	1.2	0.8

[1] Calculated on the basis of units of 1,000 euros.
[2] In determining the price effect, we account for the positive structural effect arising from the launch of new products.

The **Laundry & Home Care** business sector continued its solid sales and earnings performance also in the third quarter of 2012, with the levels of all key financials substantially exceeding those of the third quarter of 2011. Organically – i.e. adjusted for foreign exchange and acquisitions/divestments – we were able to increase sales by 4.6 percent, benefiting from both price increases and volume expansion.

In the following, we comment on our organic sales performance.

All our regions contributed to the solid sales performance achieved. Our emerging markets again showed the greatest growth momentum, with overall expansion in the high single-digit range. The increase in sales generated in Latin America came close to double-digit. Sales in Eastern Europe were also very strong, supported by double-digit growth rates in Russia and Turkey. We were able to achieve a strong increase in sales in the Africa/Middle East region – despite the political and social unrest in the Middle East. We again posted positive sales growth in Western Europe, driven in particular by double-digit growth in France. Within a still weak market environment in the Southern European countries, Italy also showed a solid sales performance. Sales in North America again developed positively despite a still declining market. Overall, we succeeded in further expanding market shares in our relevant markets.

Innovation

Persil Duo Caps
New Persil Duo Caps is an innovative, pre-dosed liquid detergent offering dual-chamber technology. Persil Duo Caps combines the Persil brightness formula in the green chamber with a powerful active stain remover in the blue chamber. The result: radiantly, spotlessly-clean laundry – achieved with supreme convenience.
www.persil.at

You can find further information relating to product innovations at Laundry & Home Care on our website at:
www.henkel.com/brands-and-solutions

We achieved a strong increase in adjusted operating profit (EBIT) of more than 11 percent. At 14.5 percent, adjusted return on sales remained at the high level of the two previous quarters of this year, improving by 0.5 percentage points compared to the third quarter of 2011. We succeeded in further increasing our gross margin through price increases and ongoing measures to reduce costs and enhance efficiency in production and supply chain. Further progress in optimizing our cost structures in administration additionally contributed to this increase in return on sales. We posted a substantial improvement in return on capital employed (ROCE) of 4.5 percentage points to 26.4 percent. This positive development was supported in part by lower restructuring charges compared to the prior-year quarter. We were able to further improve the ratio of net working capital to sales compared to the third quarter of 2011.

Effective August 31, 2012, we acquired the laundry cleaning business of Colgate-Palmolive in the Dominican Republic. This acquisition is in line with our strategy to grow our core categories in selected emerging markets. It also significantly strengthens our position in the laundry and home care market in Central America.

We achieved a strong increase in sales of the *Laundry* business during the third quarter. Our successful, innovative liquid detergent capsules again generated particular growth momentum in the strategically important heavy-duty detergents category. A further positive contribution came from our Spee 2in1 gel. This combines the cleaning power of a heavy-duty detergent with the extra freshness of a fabric softener, producing a wash result that is both clean and fragrantly fresh. Our specialty detergents continued to benefit from the Perwoll lines successfully launched in Western Europe.

The *Home Care* business posted a solid sales performance in the third quarter. Our hand-dishwashing products achieved growth close to the double-digit mark. This very strong development was supported in part by Pril. With its improved formulation, it is particularly abundant and powerful and is effective even in cold water. Our automatic dishwashing products also continued their dynamic development – driven primarily by Somat 10. We were able to generate double-digit growth with our WC products, supported in part by Bref Power Activ – marketed in Germany under the WC Frisch brand. Our air freshener business also posted a strong performance.

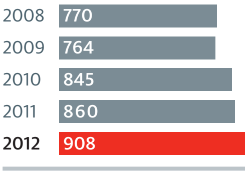
Outlook

We are confident to continue our positive growth path through 2012, and generate an increase in organic sales in the low single-digit percentage range. We expect the increase in prices for direct materials (raw materials, packaging, traded goods and services) to decelerate compared to 2011. We will remain firmly focused on maintaining our strict cost discipline. We intend to further improve our efficiency by grouping activities within our shared service centers. We expect these measures in combination with moderate price increases to result in a significant increase in adjusted return on sales compared to the prior-year level (2011 figure: 13.2 percent).

Top brands

Beauty Care

Sales
third quarter
in million euros

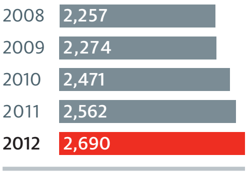


Key financials [1]

in million euros	Q3/2011	Q3/2012	+/–	1–9/2011	1–9/2012	+/–
Sales	860	**908**	5.6 %	2,562	**2,690**	5.0 %
Proportion of Henkel sales	21 %	**21 %**		22 %	**21 %**	
Operating profit (EBIT)	111	**114**	1.8 %	364	**365**	0.3 %
Adjusted [2] operating profit (EBIT)	123	**133**	8.6 %	360	**390**	8.3 %
Return on sales (EBIT)	13.0 %	**12.5 %**	– 0.5 pp	14.2 %	**13.6 %**	– 0.6 pp
Adjusted [2] return on sales (EBIT)	14.3 %	**14.7 %**	0.4 pp	14.1 %	**14.5 %**	0.4 pp
Return on capital employed (ROCE)	22.0 %	**21.4 %**	– 0.6 pp	24.4 %	**22.9 %**	– 1.5 pp

pp = percentage points
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Adjusted for one-time charges/gains and restructuring charges.

Sales
January – September
in million euros



Sales development [1]

in percent	Q3/2012	1–9/2012
Change versus previous year	5.6	5.0
Foreign exchange	3.8	2.8
After adjusting for foreign exchange	1.8	2.2
Acquisitions/divestments	– 1.5	– 1.2
Organic	3.3	3.4
of which price [2]	1.5	2.0
of which volume	1.8	1.4

[1] Calculated on the basis of units of 1,000 euros.
[2] In determining the price effect, we account for the positive structural effect arising from the launch of new products.

Also in the third quarter, the **Beauty Care** business sector continued its profitable growth path, with organic sales – i.e. adjusted for foreign exchange and acquisitions/divestments – further increasing by 3.3 percent.

In the following, we comment on our organic sales performance.

As in the preceding quarters, our emerging markets particularly contributed to the solid sales performance. Asia (excluding Japan) and Africa/Middle East continued to develop very dynamically, generating a significant increase in sales with double-digit growth rates. The growth dynamics in Latin America softened. Overall, we succeeded in increasing sales in the mature markets in the third quarter. We posted solid sales growth in Western Europe despite the negative economic conditions and persistently weak market environment. North America also showed a strong increase in sales compared to the prior-year quarter. However, sales generated in the mature markets of the Asia-Pacific region remained below the level of the third quarter of 2011.

We achieved a strong improvement in adjusted operating profit (EBIT) of around 9 percent to 133 million euros compared to the third quarter of 2011. With adjusted return on sales of 14.7 percent, we continued our profitable growth path,

Innovation

Schwarzkopf Color Mask

As the first coloration in a jar, Schwarzkopf Color Mask is revolutionizing the hair colorant segment. A simple shake of the unique formulation in the jar produces a creamy, hair-mask-like texture. In combination with its vitamin oil complex, the colorant offers the ultimate deep-action care.
Schwarzkopf Color Mask – the new way to dye your hair.
www.colormask.schwarzkopf.de

You can find further information relating to product innovations at Beauty Care on our website at:
www.henkel.com/brands-and-solutions

achieving an increase of 0.4 percentage points compared to the prior-year quarter. We were able to improve our gross margin through price increases and our innovation offensive, combined with ongoing measures to reduce costs and enhance efficiency in production and supply chain. Moreover, further progress in optimizing our cost structures had a positive effect on return on sales. At 21.4 percent, return on capital employed (ROCE) was slightly below the level of the prior-year quarter due to negative foreign exchange effects. We further reduced the ratio of net working capital to sales compared to the third quarter of 2011.

Our *Branded Consumer Goods* business posted a solid sales performance in the third quarter. This was again supported by successful innovations leading to further expansion of our market positions. In particular, we saw sales in the Hair Cosmetics business increase in all our categories. A major driver for the very strong growth achieved in the Hair Colorants business was the launch of Color Mask. Further momentum was generated by the introduction of Palette Salon Colors, the first expert hair colorant under the Palette brand to contain a professional pigment mix. Within the Hair Care business, the Syoss portfolio was expanded through the introduction of the new Thermo Care line Oleo Intense. The products of this range contain nutritious oils to treat the hair. The continued solid sales performance of the Hair Styling business was assisted by the international launch of Taft Keratin and also the Taft Specialties range, which targets a young audience. In the Body Care business, we launched the high-quality Body Care line Luxurious Moments under the Fa brand in the third quarter. In the Skin Care business, we complemented the existing range of products under Diadermine Lift Intense + Oleo Repair with a night treatment for normal to dry skin. In the Oral Care business, the focus in the third quarter was very much on the launch in Western Europe of Theramed Pro-Electric, the first toothpaste specially formulated for electric toothbrushes.

The third-quarter sales of our *Hair Salon* business were slightly below the level of the prior-year period. Regionally, the developments were very different. While we achieved double-digit sales growth in the emerging markets, the negative economic conditions prevailing in the countries of Western Europe particularly, meant that our business development slowed overall. Positive momentum was generated by the launch of Igora Expert Mousse. This user-friendly aerosol mousse combines the expectation for easy use with the demands of professional stylists for extensive technical application flexibility aligned to color perfection.

Outlook

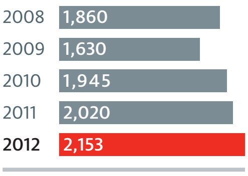
We are confident to continue our positive growth path through 2012, and generate an increase in organic sales in the low single-digit percentage range. We expect the increase in prices for direct materials (raw materials, packaging, traded goods and services) to decelerate compared to 2011. We will remain firmly focused on maintaining our strict cost discipline. We intend to further improve our efficiency by grouping activities within our shared service centers. We expect these measures in combination with our innovation offensive to result in an increase in adjusted return on sales compared to the prior-year level (2011 figure: 14.2 percent).

Top brands

Schwarzkopf Dial syoss

Adhesive Technologies

Sales
third quarter
in million euros

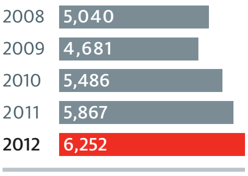


Key financials[1]

in million euros	Q3/2011	Q3/2012	+/–	1–9/2011	1–9/2012	+/–
Sales	2,020	**2,153**	6.6 %	5,867	**6,252**	6.6 %
Proportion of Henkel sales	50 %	**50 %**		50 %	**50 %**	
Operating profit (EBIT)	254	**329**	29.5 %	767	**939**	22.4 %
Adjusted[2] operating profit (EBIT)	291	**345**	18.3 %	816	**963**	18.0 %
Return on sales (EBIT)	12.6 %	**15.3 %**	2.7 pp	13.1 %	**15.0 %**	1.9 pp
Adjusted[2] return on sales (EBIT)	14.4 %	**16.0 %**	1.6 pp	13.9 %	**15.4 %**	1.5 pp
Return on capital employed (ROCE)	14.5 %	**17.9 %**	3.4 pp	14.8 %	**17.2 %**	2.4 pp

pp = percentage points
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Adjusted for one-time charges/gains and restructuring charges.

Sales
January – September
in million euros



Sales development[1]

in percent	Q3/2012	1–9/2012
Change versus previous year	6.6	6.6
Foreign exchange	5.6	3.9
After adjusting for foreign exchange	1.0	2.7
Acquisitions/divestments	0.0	– 0.6
Organic	1.0	3.3
of which price	2.7	4.3
of which volume	– 1.7	– 1.0

[1] Calculated on the basis of units of 1,000 euros.

The **Adhesive Technologies** business sector continued its positive sales development in the third quarter. Organically – i.e. after adjusting for foreign exchange and acquisitions/divestments – sales rose by 1.0 percent. The ongoing alignment of our portfolio toward innovative customer solutions has contributed decisively to the positive sales performance achieved. With the increased use of more efficient adhesive systems combined with our deliberate exit from less profitable businesses, volumes were below the level of the prior-year quarter. In this context, we again parted from smaller, strategically not important marginal activities in the third quarter.

In the following, we comment on our organic sales performance.

Overall, our emerging markets contributed to our sales performance with a solid increase in sales. Particular momentum came from the regions of Asia (excluding Japan) and Eastern Europe. Our sales in Africa/Middle East likewise showed a solid development. By contrast, sales in Latin America fell slightly below the level of the prior-year quarter. Sales in Western Europe likewise declined. Here, we were unable to completely offset the effects of the negative economic conditions prevailing – particularly those encountered in the countries of Southern Europe. Our businesses in North America posted a solid increase in sales overall.

Innovation

Loctite Hybrid Glue
Innovative Loctite Hybrid Glue combines the benefits of two adhesive technologies. It offers strong bonding power and particularly versatile application possibilities in all kinds of major repair work. This solvent-free transparent adhesive is water, temperature and shock-resistant. Based on our proprietary Flextec technology, it has been developed using the expertise inherent in Loctite industrial adhesives. www.loctite.com

You can find further information relating to product innovations at Adhesive Technologies on our website at:
www.henkel.com/brands-and-solutions

We were able to significantly increase adjusted operating profit (EBIT) by 18.3 percent to 345 million euros compared to the prior-year quarter. Adjusted return on sales improved by 1.6 percentage points, reaching 16 percent for the first time. We succeeded in further increasing our gross margin, not least through ongoing measures to reduce cost and enhance efficiency in production and supply chain. Further progress in optimizing our cost structures and also the continuing development of our portfolio further contributed to the significant improvement in return on sales. Return on capital employed (ROCE) likewise increased substantially, by 3.4 percentage points to 17.9 percent. We further improved the ratio of net working capital to sales.

Effective August 1, 2012, we acquired the product range of high-performance pressure sensitive adhesives from the US specialty chemicals company Cytec Industries Inc. This acquisition strengthens our competencies in the field of high-performance pressure sensitive adhesives.

In the *Adhesives for Consumers, Craftsmen and Building* business, sales fell slightly below the high level of the third quarter of 2011. However, our businesses in Eastern Europe generated positive momentum – especially with products for the building industry. We were also able to increase sales in North America, benefiting in part from the launch of innovative Loctite Hybrid Glue.

Despite a difficult market environment, the *Packaging, Consumer Goods and Construction Adhesives* business generated sales in the third quarter just below the high level of the prior-year period. Here we benefited from the global launch of improved formulations leading to particularly material-efficient customer solutions.

The *Transport and Metal* business posted a solid increase in sales. We made good progress in projects involving key customers in the area of new high-performance adhesives designed to support the trend toward lightweight construction in the automotive and aircraft industries.

We achieved our highest increase in sales in the *General Industry* business, with notable contributions to growth coming from the markets of Asia, and Latin and North America. We were able to develop further fields of application through the introduction of new, proprietary temperature-resistant Loctite instant adhesives.

Despite a persistently difficult market environment, our *Electronics* business generated a solid increase in sales compared to the prior-year quarter. We continued to make good progress in the ongoing alignment of our portfolio toward innovative, high-growth applications in the area of mobile communication.

Outlook

For 2012 we estimate organic sales growth in the mid single-digit percentage range. We expect the increase in prices for direct materials (raw materials, packaging, traded goods and services) to decelerate compared to 2011. We will remain firmly focused on maintaining our strict cost discipline. We intend to further improve our efficiency by grouping activities within our shared service centers. We expect these measures in combination with our strategy to develop high-margin businesses within our portfolio mix to result in an increase in adjusted return on sales compared to the prior-year level (2011 figure: 13.9 percent).

Top brands

LOCTITE   Teroson   technomelt

Financial report January through September 2012

Underlying economic conditions

The world economy grew by around 2 percent in the first nine months of 2012 compared to the prior-year period. With an increase of a good 3.5 percent, industrial production outstripped the sluggish growth of around 2 percent in private consumption, these figures being based in each case on data provided by Feri EuroRating Services.

Economic development and investor and private consumer confidence continued to be adversely affected by persistently high risks such as the debt crises in Europe and the USA and declining growth in Asia (excluding Japan).

During the period January through September 2012, the North American economy underwent moderate growth of around 2 percent, while Japan's economy expanded by less than 3 percent. Gross domestic product in Western Europe declined slightly due to the recessive trend in economic activity, particularly in certain Southern European countries.

The emerging region of Asia (excluding Japan) increased its economic output by around 5 percent. Latin America registered growth of about 3 percent. Due in particular to a lower level of demand from Western Europe, economic growth in Eastern Europe cooled to around 2.5 percent.

The euro depreciated against the US dollar from 1.40 to 1.28 USD in the first nine months of 2012 versus the prior-year period, due in particular to the debt crisis in Europe. Around the world, consumer prices rose by around 3 percent. At about 7.5 percent, global unemployment was slightly above the 2011 level.

Sectors of importance for Henkel

With a rise of around 2 percent, private consumption remained sluggish. Consumers in North America increased their spend by about 2 percent. Consumer spending in the Western Europe region, and here particularly in Southern Europe, declined – albeit by less than 1 percent – compared to the prior-year period. The emerging markets exhibited a higher propensity to consume with a plus of around 4 percent.

With a good 3.5 percent increase, industrial production continued to expand faster than the economy as a whole. The transport sector saw its output grow by about 7.5 percent. Production in the electronics sector increased by around 3 percent, with growth therefore weakening versus the previous year. The metal industry underwent moderate expansion of around 3.5 percent. Development was slow in consumer-related sectors such as the global packaging industry, which grew by less than 1 percent. Global construction underwent an increase in output of around 2 percent in the first nine months of 2012.

Effects on Henkel

Growth in private consumption has remained sluggish in the first nine months of this year. General economic development and political events led to high levels of uncertainty in the financial markets. This situation in turn created a reluctant consumer climate, albeit to different degrees in various regions. The rate of growth in industrial production slowed, with variations between the individual sectors. Within this environment, our organic growth – i.e. sales adjusted for foreign exchange and acquisitions/divestments – outstripped global economic output for the period January through September, coming in at 3.7 percent.

Within our consumer goods businesses, we succeeded in increasing organic sales against the background of a moderate private consumer climate. Sales in the Adhesive Technologies business sector rose in line with growth in industrial production.

Raw material prices stabilized in the first nine months of 2012. We succeeded in further growing gross margin by increasing our selling prices and maintaining our strict cost discipline.

Business performance January – September 2012

Key financials[1]

in million euros	1–9/2011	1–9/2012	+/–
Sales	11,804	12,508	6.0%
Operating profit (EBIT)	1,418	1,707	20.4%
Adjusted[2] operating profit (EBIT)	1,528	1,791	17.3%
Return on sales (EBIT)	12.0%	13.6%	1.6 pp
Adjusted[2] return on sales (EBIT)	12.9%	14.3%	1.4 pp
Net income – Attributable to shareholders of Henkel AG & Co. KGaA	958	1,167	21.8%
Adjusted[2] net income – Attributable to shareholders of Henkel AG & Co. KGaA	1,023	1,226	19.8%
Earnings per preferred share in euros	2.22	2.70	21.6%
Adjusted[2] earnings per preferred share in euros	2.37	2.83	19.4%

pp = percentage points
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.
[2] Adjusted for one-time charges/gains and restructuring charges.

Results of operations

We increased sales by a strong 6.0 percent to 12,508 million euros in the first nine months of fiscal 2012. Adjusted for foreign exchange, sales improved by 3.0 percent. With growth of 3.7 percent, organic sales – i.e. sales adjusted for foreign exchange and acquisitions/divestments – showed a solid rate of increase compared to the prior-year period.

Sales development[1]

in percent	1–9/2012
Change versus previous year	6.0
Foreign exchange	3.0
After adjusting for foreign exchange	3.0
Acquisitions/divestments	–0.7
Organic	3.7
of which price[2]	3.7
of which volume	0.0

[1] Calculated on the basis of units of 1,000 euros.
[2] In determining the price effect, we account for the positive structural effect arising from the launch of new products.

All three business sectors contributed to this solid development: Laundry & Home Care registered a solid growth rate of 4.8 percent, due primarily to price increases. The Beauty Care business sector achieved a solid organic growth rate of 3.4 percent, driven by both price and volume. With 3.3 percent, Adhesive Technologies likewise generated solid organic growth, achieved through pricing.

Price and volume effects January – September 2012

in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	4.8	4.0[1]	0.8
Beauty Care	3.4	2.0[1]	1.4
Adhesive Technologies	3.3	4.3	–1.0
Henkel Group	3.7	3.7[1]	0.0

[1] In determining the price effect, we account for the positive structural effect arising from the launch of new products.

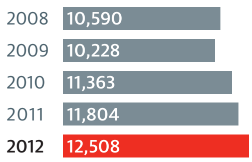
Among our sales markets, we noted a particular decline in demand in the Western Europe region. However, the first nine months of 2012 saw no major changes in the scope of our business activities, nor were there any significant shifts in our competitive positions from those described in our AR Annual Report 2011 (starting on page 76).

In order to continuously adapt our structures to our markets and customers, we spent another 84 million euros on restructuring (prior-year period: 167 million euros). We are expanding our shared service centers and continue to optimize our production footprint.

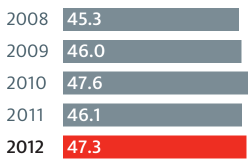
In the following, we discuss our operating income and expense items up to operating profit, adjusted in each case for one-time charges/gains and restructuring charges. The reconciliation statement and the allocation of the restructuring charges between the various items of the statement of income can be found on Q3 page 28.

Due to a higher sales volume and raw material price rises, cost of sales increased compared to the prior-year period by 3.6 percent to 6,591 million euros. Gross profit rose by 8.7 percent to 5,917 million euros. Despite a negative impact of around 200 basis points resulting from higher cost of sales, we were able to grow gross margin by 1.2 percentage points to 47.3 percent through

Sales
January – September
in million euros



Adjusted gross margin
January – September
in percent of sales



Condensed statement of income from sales to adjusted operating profit[1]

in million euros	1–9/2011	%	1–9/2012	%	Change
Sales	**11,804**	**100.0**	**12,508**	**100.0**	**6.0 %**
Cost of sales	– 6,363	– 53.9	**– 6,591**	**– 52.7**	3.6 %
Gross profit	**5,441**	**46.1**	**5,917**	**47.3**	**8.7 %**
Marketing, selling and distribution expenses	– 3,120	– 26.4	**– 3,255**	**– 26.1**	4.3 %
Research and development expenses	– 297	– 2.5	**– 304**	**– 2.4**	2.4 %
Administrative expenses	– 543	– 4.6	**– 555**	**– 4.4**	2.2 %
Other operating income/charges	47	0.3	**– 12**	**– 0.1**	>–100 %
Adjusted operating profit (EBIT)	**1,528**	**12.9**	**1,791**	**14.3**	**17.3 %**

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded.

increased selling prices, savings generated by our cost-reduction measures and efficiency improvements in production and supply chain.

Marketing, selling and distribution expenses increased to 3,255 million euros (prior-year period: 3,120 million euros). We spent a total of 304 million euros on research and development, thus keeping the share of sales virtually constant at 2.4 percent. As a result in part of expansion of our shared service centers, administrative expenses expressed as a proportion of sales came in at 4.4 percent, 0.2 percentage points below the level of the first nine months of 2011.

The balance of other operating income and charges was –12 million euros. The figure of 47 million euros for the prior-year period resulted primarily from higher amounts arising from the release of provisions.

Adjusted operating profit (EBIT) rose by 17.3 percent, from 1,528 million euros to 1,791 million euros, with all three business sectors contributing. We increased the Group's adjusted return on sales from 12.9 percent to 14.3 percent. The Adhesive Technologies business sector produced a significant margin improvement with an increase from 13.9 to 15.4 percent. This is attributable not least to the launch of innovative product solutions and efficiency improvements. Laundry & Home Care likewise significantly increased its return on sales, from 13.1 percent to 14.5 percent, with the business sector's solid sales performance backed up by ongoing strict cost management. Likewise due to a solid sales performance and ongoing strict cost management, the Beauty Care business sector achieved a further margin improvement of 0.4 percentage points to 14.5 percent.

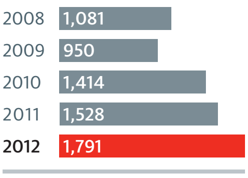
Our financial result changed only slightly, from –115 million euros in the prior-year period to –113 million euros. The tax rate amounted to 24.8 percent (adjusted: 25.0 percent). Net income for the nine months increased by 22.5 percent, from 979 million euros to 1,199 million euros. After deducting income of 32 million euros attributable to non-controlling interests, net income for the nine months was 1,167 million euros (prior-year period: 958 million euros). Adjusted net income for the nine months after deducting non-controlling interests was 1,226 million euros compared to 1,023 million euros in the first nine months of fiscal 2011. We increased earnings per preferred share (EPS) from 2.22 euros to 2.70 euros. After adjustment, EPS amounted to 2.83 euros versus 2.37 euros in the prior-year period.

Comparison between actual business performance and guidance

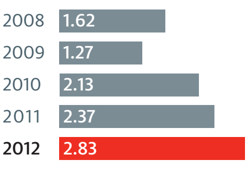
In our report for fiscal 2011, we published guidance for fiscal 2012 indicating that we expected to achieve organic sales growth of between 3 and 5 percent. For adjusted return on sales (EBIT), we forecasted an increase to 14 percent, and for adjusted earnings per preferred share, we anticipated a rise of at least 10 percent.

We continue to expect an organic sales growth rate of between 3 and 5 percent for fiscal 2012. We confirm our guidance for adjusted return on sales (EBIT) of 14 percent. In our report for the second quarter, we specified our guidance for the increase in adjusted earnings per preferred share (2011 figure: 3.14 euros). We now expect an increase of around 15 percent (previously: at least 10 percent).

Adjusted EBIT
January – September
in million euros



Adjusted earnings per preferred share
January – September
in euros



Guidance versus performance 2012

	Updated guidance 2012	Performance January – September 2012
Organic sales growth	Laundry & Home Care: in the low single-digit percentage range Beauty Care: in the low single-digit percentage range Adhesive Technologies: in the mid single-digit percentage range	Laundry & Home Care: 4.8 percent Beauty Care: 3.4 percent Adhesive Technologies: 3.3 percent
Adjusted return on sales	Increase to 14 percent	Increase to 14.3 percent
Adjusted earnings per preferred share	Increase of around 15 percent	Increase of 19.4 percent

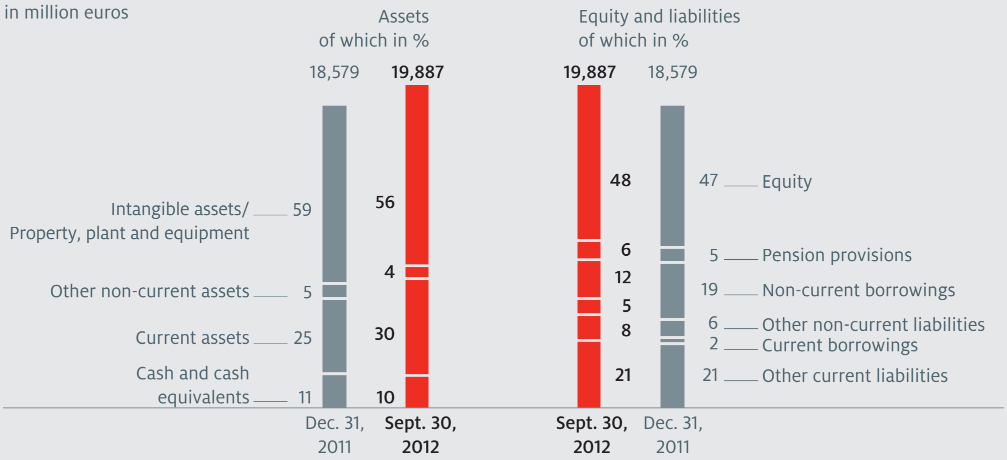
Net assets

Compared to year-end 2011, total assets increased considerably, by 1.3 billion euros to 19.9 billion euros.

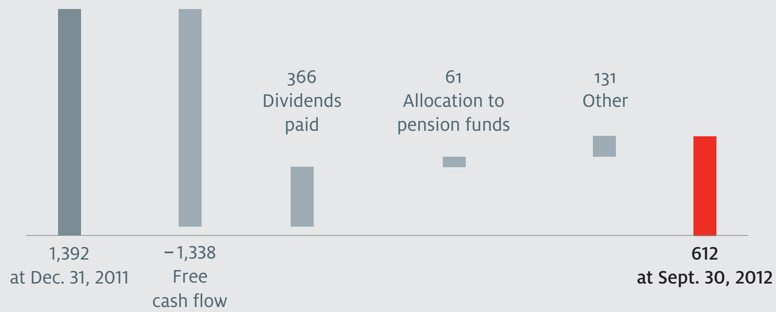
Under **non-current assets**, the value of intangible assets increased by 66 million euros, due primarily to the acquisitions made and the effects of foreign currency translation. Under property, plant and equipment, capital expenditures of 266 million euros were offset by depreciation amounting to 221 million euros. Foreign currency translation caused an increase in the value of property, plant and equipment of 16 million euros.

Current assets grew from 6.7 billion euros to 7.9 billion euros. This is mainly attributable to our strong cash flow from operating activities. The high inflow in cash and cash equivalents was largely invested in securities and time deposits. As a result of these transfers and the dividend payment made by Henkel AG & Co. KGaA in the second quarter of the fiscal year, there was a slight decrease in the value of cash and cash equivalents of 80 million euros to 1.9 billion euros.

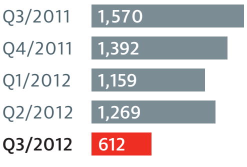
Financial structure
in million euros



Net debt[1]
in million euros



Net debt[1]
in million euros



Equity including non-controlling interests increased by 718 million euros compared to the end of fiscal 2011. The individual components influencing equity development are shown in the statement of changes in equity on Q3 page 29. The rise is primarily due to 1.2 billion euros of net income generated in this nine-month period. The dividend payment reduced the balance by 366 million euros. The equity ratio (equity as a percentage of total assets) increased from 47.2 to 47.7 percent.

The decline in **non-current liabilities** of 1.0 billion euros to 4.5 billion euros is essentially due to the reclassification and transfer to current borrowings of our senior bond with a redemption value of 1.0 billion euros, which matures in June 2013. As of September 30, 2012, our non-current borrowings therefore include two bonds: a senior bond with a redemption value of 1.0 billion euros and a hybrid bond with a redemption value of 1.3 billion euros. Conversely, pension obligations increased by 189 million euros in the period under review. This is mainly attributable to actuarial losses arising from lower discount rates applicable to the obligations. The rise in **current liabilities** to 5.9 billion euros is due both to the reclassification of the senior bond and to higher trade accounts payable.

When investing our financial funds, we ensure an appropriate spread of risk. Consequently, we invest not only in vehicles that fall under the cash and cash equivalents heading within the statement of financial position, but also in interest-bearing securities and time deposits. In the future, we intend to further increase the proportion of our funds allocated to such securities and time deposits. Therefore, in order to improve insight into the financial position of the Group, we have adapted[1] our definition of **net debt** by also including securities and time deposits, effective the first quarter, 2012. As of September 30, 2012, we have reduced net debt to 612 million euros (December 31, 2011: 1,392 million euros). With the decrease in our indebtedness, operating debt coverage increased to 174.3 percent in the reporting period, placing it well above the target of 50 percent. With EBITDA higher, our interest coverage ratio also further improved.

Key financial ratios

	Dec. 31, 2011	Sept. 30, 2012
Operating debt coverage[1] (Net income + Amortization and depreciation + Interest element of pension obligations) ÷ Net borrowings and pension obligations	96.8%	**174.3%**
Interest coverage ratio EBITDA ÷ Net interest expense including interest element of pension obligations	14.6	**17.3**
Equity ratio Equity ÷ Total assets	47.2%	**47.7%**

[1] Hybrid bond included on 50 percent debt basis.

Financial position

The development of our financial position is indicated in detail in the consolidated statement of cash flows on Q3 page 30. At 1,766 million euros, **cash flow from operating activities** in the first nine months of 2012 substantially exceeded the comparable figure for the prior-year period (1,122 million euros). This resulted from the increase in operating profit in this reporting period combining with the fact that cash flow from operating activities in the previous year had been burdened by an outflow in net working capital. During the period under review, a slight inflow of funds occurred from the same source. Net working capital amounted to 6.6 percent of sales and was thus 1.4 percentage points below the level prevailing at the end of the prior-year period (8.0 percent).

[1] Borrowings less cash and cash equivalents and readily monetizable financial instruments classified as “available for sale” or in the “fair value option,” less positive and plus negative fair values of hedging transactions.

The outflow of funds in **cash flow from investing activities** (–358 million euros) was higher than in the comparable period of 2011 (–186 million euros), due primarily to higher payments for acquisitions. There were also lower proceeds arising from the disposal of subsidiaries and other business units.

The outflow of funds in **cash flow from financing activities** (–1,465 million euros) was mainly due to the investments made in short-term securities and time deposits (–821 million euros), recognized under other financing transactions. The increase in dividends paid and allocations to pension funds likewise led to increased outflow.

Cash and cash equivalents decreased compared to December 31, 2011, by 80 million euros to 1,900 million euros. This is due to the dividend payment made by Henkel AG & Co. KGaA and the transfer of cash and cash equivalents to securities and time deposits

The rise in **free cash flow** in the amount of 613 million euros to 1,338 million euros was due to significantly higher cash flow from operating activities compared to the first nine months of 2011 (725 million euros).

Capital expenditures

Investments in property, plant and equipment for continuing operations amounted to 266 million euros compared to 263 million euros in the first nine months of 2011. We spent 20 million euros on intangible assets (prior-year period: 4 million euros). A large part of these capital expenditures was attributable to the Adhesive Technologies and Laundry & Home Care business sectors. Around three-quarters of the investment sum went into expansion projects or rationalization measures, for example the introduction of innovative product lines and optimization of our production structure and business processes.

Major individual projects in 2012 to date:
- Consolidation of production sites and expansion of production capacity in China (Adhesive Technologies)
- Production plant for pre-dosed liquid detergent capsules (“Mega Caps”) in Körösladány, Hungary (Laundry & Home Care)
- Construction of a production plant for automatic dishwashing products (Somat tabs) in Düsseldorf, Germany (Laundry & Home Care)
- Construction of a factory for the manufacture of building adhesives in Roznov, Romania (Adhesive Technologies)
- Construction of a customer and innovation center (“Lighthouse”) in Düsseldorf, Germany (Beauty Care)

In regional terms, capital expenditures focused primarily on Western Europe, Eastern Europe and Asia.

The first-time consolidation of entities resulted in additions to intangible assets and property, plant and equipment in the amount of 95 million euros.

Capital expenditures January – September 2012

in million euros	Continuing operations	Acquisitions	Total
Intangible assets	20	91	111
Property, plant and equipment	266	4	270
Total	286	95	381

Employees
by region

- 31 % Western Europe
- 20 % Eastern Europe
- 11 % Africa/Middle East
- 11 % North America
- 8 % Latin America
- 19 % Asia-Pacific

R&D expenditures
by business sector

- 23 % Laundry & Home Care
- 14 % Beauty Care
- 63 % Adhesive Technologies

Acquisitions and divestments

Effective August 1, 2012, we acquired the portfolio of high-performance pressure sensitive adhesives from Cytec Industries Inc., USA. The purchase price paid was 91 million euros, resulting in the recognition of a provisional difference of 46 million euros.

In the third quarter, we acquired the laundry cleaning business of Colgate-Palmolive in the Dominican Republic, paying a purchase price of 19 million euros. This resulted in the recognition of a provisional difference amounting to 3 million euros.

In 2012, we spent 1 million euros on the acquisition of outstanding non-controlling interests in Rilken Cosmetics Industry S.A., Athens, Greece. As of September 30, 2012, we have increased our shareholding from 78 percent to 88 percent, our intention being to acquire 100 percent of the shares in the future.

We realized 3 million euros in the third quarter from the sale of non-core activities attributable to the Adhesive Technologies business sector.

Our acquisitions in the first and second quarters of 2012 are described on Q3 page 34. There were no changes in our business and organizational structures. For a detailed description of our organization and business activities, please refer to the information provided in our AR Annual Report 2011 (starting on page 45).

Our long-term credit rating remains in line with "A flat" (Standard & Poor's) and "A2" (Moody's). These are also our target ratings. Looking forward, we intend not to jeopardize these when assessing possible acquisitions.

Employees

As of September 30, 2012, we had 46,813 employees (September 30, 2011: 47,790). The decrease is due in part to our restrictive hiring policy. We have also expanded our shared service centers, realizing the associated synergies through corporate-wide consolidation. In accordance with this strategy, we continue to increase the number of employees in the emerging markets of Eastern Europe and Asia.

Research and development

In the first nine months of this fiscal year, our expenditure on research and development amounted to 306 million euros (adjusted for restructuring charges: 304 million euros) compared to 311 million euros (adjusted: 297 million euros) in the prior-year period. Expressed as a proportion of sales, R&D expenditures remained virtually constant with respect to the prior-year period, at 2.5 percent (adjusted: 2.4 percent).

The development of innovative products is of key importance to our business model. The research and development strategy described in our AR Annual Report 2011 (starting on page 70) has remained unchanged.

Outlook

Our view based on data provided by Feri EuroRating Services is that the world economy will grow by less than 3 percent during 2012. The industrialized countries should undergo no more than moderate growth at just over 1 percent, while we expect the emerging regions to show a relatively robust rate of economic growth of around 4 percent.

The North American economy is likely to grow by around 2 percent, with Japan's expanding 2.5 percent. For Western Europe, we anticipate slightly declining growth, with the recessive economic trend in some Southern European countries exerting major influence.

In the case of the emerging region of Asia (excluding Japan), we expect economic output to increase by around 5.5 percent, with Latin America likely posting a plus of around 3 percent. Eastern Europe should grow by about 2 percent. For the Africa/Middle East region, we expect economic growth of around 4 percent.

Global inflation is forecasted at 3.5 percent for 2012. While we can expect a high degree of price stability for the industrialized countries, with a rise of 2 percent, the inflation rate of the emerging regions is likely to average about 6 percent.

Private consumption should rise by around 2.5 percent globally in 2012. In the industrialized countries, consumers are likely to spend about 1 percent more than in the previous year. The emerging countries should again show an increase in consumption of around 4 percent in 2012.

Global industrial growth can be expected to ease further compared to the previous year, with expansion approximating to just 3 percent. Here again, the emerging regions are likely to make a significantly stronger contribution.

We expect the transport industry to register a plus of around 6 percent. Production in the electronics industry, an important customer sector for Henkel, is only likely to undergo a moderate increase of about 3 percent. Within the electronics industry, the growth of relevance to us in basic products such as semiconductors and printed circuit boards should be slightly higher than in fiscal 2011. We expect production in the metal industry to grow considerably less than in 2011, with expansion at about 3 percent. Developments in the global packaging industry are likely to be sluggish, with our estimates showing no more than minor growth. We expect global construction to expand by around 2 percent.

Opportunities and risks

We continue to see great potential in the emerging markets, with above-average growth opportunities from which we intend to benefit through our local business activities. The regions concerned include, in particular, Asia (excluding Japan), Eastern Europe and Africa/Middle East, with Latin America also part of the wider group.

We regard our research and development activities as a further source of opportunity. We are developing a steady stream of new and innovative products and product solutions offering our customers added value. We have a well filled and balanced pipeline of medium and long-term innovations that we intend to launch onto the markets of all three of our business sectors, both this year and in years to come.

Further opportunity lies in our strict focus on cost and our willingness to constantly examine and analyze the status quo. Such scrutiny regularly reveals further potential for cost reductions and capacity adjustments, or the elimination of non-core business activities and minor brands from our portfolio. We also expect the planned further expansion of our shared service centers to make a substantial contribution to cost reduction.

Opportunities will also arise from the ongoing pursuit and implementation of our three strategic priorities. These are explained in detail in the section entitled "Strategy and financial targets for 2012" in our AR Annual Report 2011 on pages 45 to 48.

We see risks for our consumer businesses arising from a further downturn in the macro-economic conditions and particularly from 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, manifesting itself in persistent promotional pressure.

Risks for our Adhesive Technologies business sector lie in the macro-economic effects arising from the current debt crises, and also, to a degree, in the development of our emerging markets.

For all three business sectors, unexpectedly high rises in raw material and packaging prices present a risk, as do supply shortages with respect to certain raw materials. In addition, the effects of the political turmoil in the Middle East are not yet fully assessable.

At the time of preparing this report, no risks in relation to future developments have been identified that might jeopardize the continuing existence of the company or of the Group as a going concern. For an appraisal of the various risk categories, please refer to the risk report in our AR Annual Report 2011, pages 88 to 93. The situation with respect to our legal action against the fine of 92 million euros, imposed by the French antitrust authorities in 2011, remains unchanged.

Further specific opportunities and risks are discussed in the sections dealing with the individual business sectors in our AR Annual Report 2011 on pages 76 to 87.

Outlook for the Henkel Group 2012

We continue to expect the Henkel Group to generate organic sales growth of between 3 and 5 percent in fiscal 2012.

We are confident of continuing the positive growth trend posted by our consumer goods businesses, with organic sales expanding in the low single-digit percentage range.

For the Adhesive Technologies business sector, we expect organic sales to grow in the mid single-digit percentage range.

We confirm our forecast for adjusted[1] return on sales (EBIT) of 14 percent (2011 figure: 13.0 percent). In our report for the second quarter, we specified our guidance for the increase in adjusted earnings per preferred share (2011 figure: 3.14 euros). We now expect an increase of around 15 percent (previously: at least 10 percent).

We base this guidance on anticipated increases of our selling prices and the ongoing adaptation of our structures to the constantly changing market conditions. Through these activities and the maintenance of our strict cost discipline, we intend to more than offset the effects of increased raw material costs on our earnings.

We also expect the following developments in 2012:
- Increase in the prices for raw materials, packaging, contract manufacturing and traded goods in the low single-digit percentage range (until the end of the second quarter: in the mid single-digit percentage range).
- Restructuring charges of around 125 million euros (previously: 100 million euros).
- Investments in property, plant and equipment of below 400 million euros (previously: about 410 million euros).

Financial targets for 2012

Annual organic sales growth (average):
3–5 percent

Adjusted return on sales (EBIT):
14 percent

Annual growth in adjusted earnings per preferred share (average):
> 10 percent

[1] Adjusted for one-time charges/gains and restructuring charges.

Subsequent events

After September 30, 2012, there were no notifiable events likely to materially affect the net assets, financial position or results of operations of the Group.

Consolidated statement of financial position

Assets

in million euros	Sept. 30, 2011	%	Dec. 31, 2011	%	Sept. 30, 2012	%
Intangible assets	8,512	46.8	8,769	47.2	8,835	44.4
Property, plant and equipment	2,187	12.0	2,264	12.2	2,310	11.6
Other financial assets [1]	241	1.4	246	1.3	233	1.2
Income tax refund claims	2	–	1	–	1	–
Other assets [1]	111	0.6	103	0.6	119	0.6
Deferred tax assets	397	2.2	465	2.5	527	2.6
Non-current assets	**11,450**	**63.0**	**11,848**	**63.8**	**12,025**	**60.5**
Inventories	1,621	8.9	1,550	8.3	1,554	7.8
Trade accounts receivable	2,219	12.2	2,001	10.8	2,298	11.6
Other financial assets [1]	719	4.0	748	4.0	1,729	8.7
Income tax refund claims	116	0.6	164	0.9	150	0.8
Other assets [1]	227	1.1	237	1.2	208	1.0
Cash and cash equivalents	1,824	10.0	1,980	10.7	1,900	9.6
Assets held for sale	18	0.1	51	0.3	23	0.1
Current assets	**6,744**	**37.0**	**6,731**	**36.2**	**7,862**	**39.5**
Total assets	**18,194**	**100.0**	**18,579**	**100.0**	**19,887**	**100.0**

Equity and liabilities

in million euros	Sept. 30, 2011	%	Dec. 31, 2011	%	Sept. 30, 2012	%
Issued capital	438	2.4	438	2.4	438	2.2
Capital reserve	652	3.6	652	3.5	652	3.3
Treasury shares	–94	–0.5	–93	–0.5	–91	–0.5
Retained earnings	8,379	46.1	8,586	46.2	9,257	46.5
Other components of equity	–1,226	–6.7	–942	–5.1	–899	–4.5
Equity attributable to shareholders of Henkel AG & Co. KGaA	**8,149**	**44.8**	**8,641**	**46.5**	**9,357**	**47.1**
Non-controlling interests	130	0.7	121	0.7	123	0.6
Equity	**8,279**	**45.5**	**8,762**	**47.2**	**9,480**	**47.7**
Pension obligations [1]	846	4.6	998	5.4	1,187	6.0
Income tax provisions	128	0.7	93	0.5	84	0.4
Other provisions	352	1.9	394	2.1	302	1.5
Borrowings	3,498	19.2	3,501	18.8	2,464	12.4
Other financial liabilities [1]	77	0.4	54	0.3	27	0.1
Other liabilities [1]	21	0.1	23	0.1	21	0.1
Deferred tax liabilities	456	2.5	481	2.6	457	2.3
Non-current liabilities	**5,378**	**29.6**	**5,544**	**29.8**	**4,542**	**22.8**
Income tax provisions	290	1.6	309	1.7	236	1.2
Other provisions	859	4.7	833	4.4	1,040	5.2
Borrowings	472	2.6	412	2.2	1,486	7.5
Trade accounts payable	2,557	14.1	2,411	13.0	2,722	13.7
Other financial liabilities [1]	108	0.6	84	0.5	93	0.5
Other liabilities [1]	233	1.3	207	1.1	261	1.3
Income tax liabilities	18	0.1	17	0.1	27	0.1
Current liabilities	**4,537**	**24.9**	**4,273**	**23.0**	**5,865**	**29.5**
Total equity and liabilities	**18,194**	**100.0**	**18,579**	**100.0**	**19,887**	**100.0**

[1] Prior-year figures adjusted (see "Recognition and measurement methods" on AR pages 108 and 109).

Consolidated statement of income

in million euros	Q3/2011	%	Q3/2012	%	Change
Sales	4,028	100.0	4,294	100.0	6.6 %
Cost of sales[1]	–2,215	–55.0	–2,277	–53.0	2.8 %
Gross profit	1,813	45.0	2,017	47.0	11.3 %
Marketing, selling and distribution expenses[1]	–1,041	–25.8	–1,106	–25.8	6.2 %
Research and development expenses[1]	–103	–2.6	–99	–2.3	–3.9 %
Administrative expenses[1]	–209	–5.2	–213	–5.0	1.9 %
Other operating income	13	0.3	24	0.6	84.6 %
Other operating charges	–22	–0.5	–37	–0.9	68.2 %
Operating profit (EBIT)	451	11.2	586	13.6	29.8 %
Interest income	8	0.2	12	0.3	50.0 %
Interest expense	–46	–1.1	–54	–1.3	17.4 %
Interest result	–38	–0.9	–42	–1.0	10.5 %
Investment result	1	–	–	–	–100.0 %
Financial result	–37	–0.9	–42	–1.0	13.5 %
Income before tax	414	10.3	544	12.6	31.4 %
Taxes on income	–100	–2.5	–135	–3.1	35.0 %
Tax rate in %	*24.2*		*24.8*		
Net income	314	7.8	409	9.5	30.3 %
– Attributable to non-controlling interests	–7	–0.2	–12	–0.3	71.4 %
– Attributable to shareholders of Henkel AG & Co. KGaA	307	7.6	397	9.2	29.3 %

[1] Restructuring charges, third quarter 2012: 45 million euros (Q3/2011: 90 million euros), of which: cost of sales 8 million euros (Q3/2011: 28 million euros); marketing, selling and distribution expenses 10 million euros (Q3/2011: 23 million euros); research and development expenses 0 million euros (Q3/2011: 9 million euros); administrative expenses 27 million euros (Q3/2011: 30 million euros).

Earnings per share (basic)

in euros	Q3/2011	Q3/2012	Change
Ordinary shares	0.70	0.91	30.0 %
Non-voting preferred shares	0.71	0.92	29.6 %

Earnings per share (diluted)

in euros	Q3/2011	Q3/2012	Change
Ordinary shares	0.70	0.91	30.0 %
Non-voting preferred shares	0.71	0.92	29.6 %

Additional voluntary information

in million euros		Q3/2011	Q3/2012	Change
EBIT (as reported)		451	586	29.8 %
One-time gains		–	–	–
One-time charges		–	–	–
Restructuring charges		90	45	– 50.0 %
Adjusted EBIT		541	631	16.7 %
Adjusted return on sales	*in %*	*13.4*	*14.7*	*1.3 pp*
Adjusted tax rate	*in %*	*26.0*	*25.1*	*– 0.9 pp*
Adjusted earnings per share (basic)	in euros	0.85	0.99	16.5 %
Adjusted net income – Attributable to shareholders of Henkel AG & Co. KGaA		366	429	17.2 %

Consolidated statement of income

in million euros	1–9/2011	%	1–9/2012	%	Change
Sales	11,804	100.0	12,508	100.0	6.0 %
Cost of sales [1]	–6,426	–54.4	–6,607	–52.8	2.8 %
Gross profit	5,378	45.6	5,901	47.2	9.7 %
Marketing, selling and distribution expenses [1]	–3,161	–26.8	–3,278	–26.2	3.7 %
Research and development expenses [1]	–311	–2.6	–306	–2.5	–1.6 %
Administrative expenses [1]	–592	–5.0	–598	–4.8	1.0 %
Other operating income	157	1.3	77	0.6	–51.0 %
Other operating charges	–53	–0.5	–89	–0.7	67.9 %
Operating profit (EBIT)	1,418	12.0	1,707	13.6	20.4 %
Interest income	28	0.2	34	0.3	21.4 %
Interest expense	–144	–1.2	–147	–1.2	2.1 %
Interest result	–116	–1.0	–113	–0.9	–2.6 %
Investment result	1	–	–	–	–100.0 %
Financial result	–115	–1.0	–113	–0.9	–1.7 %
Income before tax	1,303	11.0	1,594	12.7	22.3 %
Taxes on income	–324	–2.7	–395	–3.1	21.9 %
Tax rate in %	*24.9*		*24.8*		
Net income	979	8.3	1,199	9.6	22.5 %
– Attributable to non-controlling interests	–21	–0.2	–32	–0.3	52.4 %
– Attributable to shareholders of Henkel AG & Co. KGaA	958	8.1	1,167	9.3	21.8 %

[1] Restructuring charges, first nine months 2012: 84 million euros (first nine months 2011: 167 million euros), of which: cost of sales 16 million euros (first nine months 2011: 63 million euros); marketing, selling and distribution expenses 23 million euros (first nine months 2011: 41 million euros); research and development expenses 2 million euros (first nine months 2011: 14 million euros); administrative expenses 43 million euros (first nine months 2011: 49 million euros).

Earnings per share (basic)

in euros	1–9/2011	1–9/2012	Change
Ordinary shares	2.20	2.68	21.8 %
Non-voting preferred shares	2.22	2.70	21.6 %

Earnings per share (diluted)

in euros	1–9/2011	1–9/2012	Change
Ordinary shares	2.19	2.68	22.4 %
Non-voting preferred shares	2.21	2.70	22.2 %

Additional voluntary information

in million euros		1–9/2011	1–9/2012	Change
EBIT (as reported)		1,418	1,707	20.4 %
One-time gains		–57	–	–
One-time charges		–	–	–
Restructuring charges		167	84	– 49.7 %
Adjusted EBIT		1,528	1,791	17.3 %
Adjusted return on sales	*in %*	*12.9*	*14.3*	*1.4 pp*
Adjusted tax rate	*in %*	*26.1*	*25.0*	*– 1.1 pp*
Adjusted earnings per share (basic)	in euros	2.37	2.83	19.4 %
Adjusted net income – Attributable to shareholders of Henkel AG & Co. KGaA		1,023	1,226	19.8 %

Consolidated statement of comprehensive income

in million euros	Q3/2011	Q3/2012	1–9/2011	1–9/2012
Net income	314	409	979	1,199
Exchange differences on translation of foreign operations	261	−132	−169	25
Gains/losses from derivative financial instruments (hedge reserve per IAS 39)	−2	4	−4	15
Gains from financial instruments in the available-for-sale category (available-for-sale reserve)	–	–	–	3
Actuarial losses	−225	−155	−198	−151
Other comprehensive income (net of taxes)	34	−283	−371	−108
Total comprehensive income for the period	348	126	608	1,091
– Attributable to non-controlling interests	12	10	16	32
– Attributable to shareholders of Henkel AG & Co. KGaA	336	116	592	1,059

Consolidated statement of changes in equity

	Issued capital					Other components of equity					
in million euros	Ordinary shares	Preferred shares	Capital reserve	Treasury shares	Retained earnings	Translation differences	Hedge reserve per IAS 39	Available-for-sale reserve	Shareholders of Henkel AG & Co. KGaA	Non-controlling interests	Total
At January 1, 2011	260	178	652	−99	7,926	−776	−282	–	7,859	91	7,950
Net income	–	–	–	–	958	–	–	–	958	21	979
Other comprehensive income	–	–	–	–	−198	−164	−4	–	−366	−5	−371
Total comprehensive income for the period	–	–	–	–	*760*	*−164*	*−4*	–	*592*	*16*	*608*
Dividends	–	–	–	–	−307	–	–	–	−307	−9	−316
Sale of treasury shares	–	–	–	5	7	–	–	–	12	–	12
Changes in ownership interest without loss of control	–	–	–	–	–	–	–	–	–	–	–
Other changes in equity	–	–	–	–	−7	–		–	−7	32	25
At September 30, 2011	260	178	652	−94	8,379	−940	−286	–	8,149	130	8,279
At December 31, 2011/ January 1, 2012	260	178	652	−93	8,586	−662	−278	−2	8,641	121	8,762
Net income	–	–	–	–	1,167	–	–	–	1,167	32	1,199
Other comprehensive income	–	–	–	–	−151	25	15	3	−108	–	−108
Total comprehensive income for the period	–	–	–	–	*1,016*	*25*	*15*	*3*	*1,059*	*32*	*1,091*
Dividends	–	–	–	–	−342	–	–	–	−342	−24	−366
Sale of treasury shares	–	–	–	2	3	–	–	–	5	–	5
Changes in ownership interest without loss of control	–	–	–	–	−5	–	–	–	−5	−3	−8
Other changes in equity	–	–	–	–	−1	–	–	–	−1	−3	−4
At September 30, 2012	260	178	652	−91	9,257	−637	−263	1	9,357	123	9,480

Consolidated statement of cash flows

in million euros	Q3/2011	Q3/2012	1–9/2011	1–9/2012
Operating profit (EBIT)	**451**	**586**	**1,418**	**1,707**
Income taxes paid	–87	–127	–289	–478
Amortization/depreciation/write-ups of intangible assets and property, plant and equipment	105	104	305	300
Net gains/losses on disposal of intangible assets and property, plant and equipment, and from divestments	–1	–1	–67	–5
Change in inventories	–13	55	–205	13
Change in trade accounts receivable	–5	7	–373	–275
Change in other assets	27	16	1	–3
Change in trade accounts payable	80	79	288	301
Change in other liabilities and provisions	119	218	44	206
Cash flow from operating activities	**676**	**937**	**1,122**	**1,766**
Purchase of intangible assets and property, plant and equipment	–108	–98	–267	–286
Acquisition of subsidiaries and other business units	–	–110	–4	–115
Purchase of associated companies and joint ventures held “at equity“	–	–	–	–4
Proceeds on disposal of subsidiaries and other business units	7	3	45	3
Proceeds on disposal of intangible assets and property, plant and equipment	7	4	40	44
Cash flow from investing activities	**–94**	**–201**	**–186**	**–358**
Dividends paid to shareholders of Henkel AG & Co. KGaA	–	–	–307	–342
Dividends (of subsidiaries) paid to non-controlling interests	–3	–14	–9	–24
Interest received	8	11	27	31
Interest paid	–47	–52	–145	–141
Dividends and interest paid and received	*–42*	*–55*	*–434*	*–476*
Change in borrowings	–81	34	–77	–15
Allocation to pension funds	–9	–25	–45	–61
Other changes in pension obligations	–21	–24	–52	–76
Purchase of non-controlling interests with no change of control	–2	–1	–2	–8
Other financing transactions	–30	–304	–1	–829
Cash flow from financing activities	**–185**	**–375**	**–611**	**–1,465**
Net change in cash and cash equivalents	397	361	325	–57
Effect of exchange rates on cash and cash equivalents	6	–7	–16	–23
Change in cash and cash equivalents	**403**	**354**	**309**	**–80**
Cash and cash equivalents at July 1/January 1	1,421	1,546	1,515	1,980
Cash and cash equivalents at September 30	1,824	1,900	1,824	1,900

Additional voluntary information
Reconciliation to free cash flow

in million euros	Q3/2011	Q3/2012	1–9/2011	1–9/2012
Cash flow from operating activities	676	937	1,122	1,766
Purchase of intangible assets and property, plant and equipment	–108	–98	–267	–286
Proceeds on disposal of intangible assets and property, plant and equipment	7	4	40	44
Net interest paid	–39	–41	–118	–110
Other changes in pension obligations	–21	–24	–52	–76
Free cash flow	**515**	**778**	**725**	**1,338**

Group segment report by business sector[1]

Third quarter 2012

in million euros	Laundry & Home Care	Beauty Care	Adhesives for Consumers, Craftsmen and Building	Industrial Adhesives	Total Adhesive Technologies	Total operating business sectors	Corporate	Henkel Group
Sales July – September 2012	**1,194**	**908**	**554**	**1,599**	**2,153**	**4,255**	**39**	**4,294**
Proportion of Group sales	28%	21%	13%	37%	50%	99%	1%	100%
Sales July – September 2011	1,110	860	544	1,477	2,020	3,991	38	4,028
Change from previous year	7.6%	5.6%	1.9%	8.3%	6.6%	6.6%	4.6%	6.6%
After adjusting for foreign exchange	4.5%	1.8%	–0.8%	1.6%	1.0%	2.2%	–	2.2%
Organic	4.6%	3.3%	–0.5%	1.5%	1.0%	2.5%	–	2.5%
EBIT July – September 2012	**168**	**114**	**87**	**241**	**329**	**611**	**–24**	**586**
EBIT July – September 2011	125	111	67	187	254	490	–38	451
Change from previous year	35.1%	1.8%	30.2%	29.2%	29.5%	24.6%	–	29.8%
Return on sales (EBIT) July – September 2012	**14.1%**	**12.5%**	**15.8%**	**15.1%**	**15.3%**	**14.3%**	**–**	**13.6%**
Return on sales (EBIT) July – September 2011	11.2%	13.0%	12.3%	12.6%	12.6%	12.3%	–	11.2%
Adjusted EBIT July – September 2012	**173**	**133**	**91**	**254**	**345**	**651**	**–19**	**631**
Adjusted EBIT July – September 2011	155	123	81	210	291	569	–28	541
Change from previous year	11.3%	8.6%	11.8%	20.8%	18.3%	14.3%	–	16.7%
Return on sales (adjusted EBIT) July – September 2012	**14.5%**	**14.7%**	**16.3%**	**15.9%**	**16.0%**	**15.3%**	**–**	**14.7%**
Return on sales (adjusted EBIT) July – September 2011	14.0%	14.3%	14.9%	14.2%	14.4%	14.3%	–	13.4%
Capital employed July – September 2012[2]	**2,548**	**2,123**	**1,033**	**6,297**	**7,330**	**12,000**	**75**	**12,075**
Capital employed July – September 2011[2]	2,280	2,027	998	5,998	6,996	11,303	36	11,339
Change from previous year	11.7%	4.7%	3.5%	5.0%	4.8%	6.2%	–	6.5%
Return on capital employed (ROCE) July – September 2012	**26.4%**	**21.4%**	**33.9%**	**15.3%**	**17.9%**	**20.3%**	**–**	**19.4%**
Return on capital employed (ROCE) July – September 2011	21.9%	22.0%	26.9%	12.4%	14.5%	17.3%	–	15.9%
Amortization/depreciation/write-ups of intangible assets and property, plant and equipment July – September 2012	**27**	**14**	**12**	**47**	**59**	**100**	**4**	**104**
of which impairment losses 2012	**–**	**–**	**1**	**–**	**1**	**1**	**–**	**1**
of which write-ups 2012	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amortization/depreciation/write-ups of intangible assets and property, plant and equipment July – September 2011	28	12	11	48	58	99	7	105
of which impairment losses 2011	4	–	1	5	6	10	–	10
of which write-ups 2011	–	–	–	–	–	–	–	–
Capital expenditures (excl. financial assets) July – September 2012	**43**	**23**	**18**	**103**	**120**	**186**	**3**	**189**
Capital expenditures (excl. financial assets) July – September 2011	49	16	12	32	44	109	3	112
Operating assets July – September 2012[3]	**4,103**	**3,038**	**1,503**	**7,490**	**8,993**	**16,134**	**421**	**16,555**
Operating liabilities July – September 2012	**1,368**	**1,111**	**519**	**1,621**	**2,140**	**4,619**	**346**	**4,966**
Net operating assets July – September 2012[3]	**2,735**	**1,927**	**984**	**5,869**	**6,853**	**11,514**	**75**	**11,589**
Operating assets July – September 2011[3]	3,667	2,894	1,461	7,195	8,657	15,218	398	15,616
Operating liabilities July – September 2011	1,230	1,078	523	1,496	2,019	4,328	362	4,690
Net operating assets July – September 2011[3]	2,437	1,816	938	5,699	6,637	10,890	36	10,926

[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 3.79(b).
[3] Including goodwill at net book value.

Group segment report by business sector[1]

January – September 2012

in million euros	Laundry & Home Care	Beauty Care	Adhesives for Consumers, Craftsmen and Building	Industrial Adhesives	Total Adhesive Technologies	Total operating business sectors	Corporate	Henkel Group
Sales January – September 2012	**3,448**	**2,690**	**1,532**	**4,720**	**6,252**	**12,391**	**117**	**12,508**
Proportion of Group sales	28 %	21 %	12 %	38 %	50 %	99 %	1 %	100 %
Sales January – September 2011	3,258	2,562	1,495	4,372	5,867	11,687	117	11,804
Change from previous year	5.8 %	5.0 %	2.5 %	8.0 %	6.6 %	6.0 %	– 0.1 %	6.0 %
After adjusting for foreign exchange	4.2 %	2.2 %	1.4 %	3.2 %	2.7 %	3.0 %	–	3.0 %
Organic	4.8 %	3.4 %	2.7 %	3.5 %	3.3 %	3.7 %	–	3.7 %
EBIT January – September 2012	**478**	**365**	**221**	**718**	**939**	**1,782**	**–75**	**1,707**
EBIT January – September 2011	382	364	191	576	767	1,513	–94	1,418
Change from previous year	25.2 %	0.3 %	15.3 %	24.7 %	22.4 %	17.8 %	–	20.4 %
Return on sales (EBIT) January – September 2012	**13.9 %**	**13.6 %**	**14.4 %**	**15.2 %**	**15.0 %**	**14.4 %**	**–**	**13.6 %**
Return on sales (EBIT) January – September 2011	11.7 %	14.2 %	12.8 %	13.2 %	13.1 %	12.9 %	–	12.0 %
Adjusted EBIT January – September 2012	**500**	**390**	**226**	**738**	**963**	**1,854**	**–62**	**1,791**
Adjusted EBIT January – September 2011	428	360	206	610	816	1,604	–77	1,528
Change from previous year	17.0 %	8.3 %	9.5 %	20.9 %	18.0 %	15.6 %	–	17.3 %
Return on sales (adjusted EBIT) January – September 2012	**14.5 %**	**14.5 %**	**14.7 %**	**15.6 %**	**15.4 %**	**15.0 %**	**–**	**14.3 %**
Return on sales (adjusted EBIT) January – September 2011	13.1 %	14.1 %	13.8 %	14.0 %	13.9 %	13.7 %	–	12.9 %
Capital employed January – September 2012[2]	**2,507**	**2,125**	**1,035**	**6,223**	**7,258**	**11,889**	**54**	**11,943**
Capital employed January – September 2011[2]	2,314	1,988	989	5,908	6,897	11,199	37	11,236
Change from previous year	8.3 %	6.9 %	4.7 %	5.3 %	5.2 %	6.2 %	–	6.3 %
Return on capital employed (ROCE) January – September 2012	**25.4 %**	**22.9 %**	**28.4 %**	**15.4 %**	**17.2 %**	**20.0 %**	**–**	**19.1 %**
Return on capital employed (ROCE) January – September 2011	22.0 %	24.4 %	25.8 %	13.0 %	14.8 %	18.0 %	–	16.8 %
Amortization/depreciation/write-ups of intangible assets and property, plant and equipment January – September 2012	**79**	**40**	**33**	**136**	**169**	**288**	**12**	**300**
of which impairment losses 2012	**3**	**–**	**1**	**–**	**1**	**4**	**–**	**4**
of which write-ups 2012	**–**	**–**	**–**	**1**	**1**	**1**	**–**	**1**
Amortization/depreciation/write-ups of intangible assets and property, plant and equipment January – September 2011	85	36	32	137	169	290	15	305
of which impairment losses 2011	11	–	1	5	6	17	–	17
of which write-ups 2011	–	–	–	–	–	–	–	–
Capital expenditures (excl. financial assets) January – September 2012	**109**	**55**	**54**	**158**	**212**	**376**	**5**	**381**
Capital expenditures (excl. financial assets) January – September 2011	107	83	32	88	120	310	9	319
Operating assets January – September 2012[3]	**4,022**	**3,012**	**1,480**	**7,346**	**8,826**	**15,861**	**404**	**16,265**
Operating liabilities January – September 2012	**1,335**	**1,084**	**495**	**1,553**	**2,048**	**4,467**	**351**	**4,818**
Net operating assets January – September 2012[3]	**2,687**	**1,928**	**985**	**5,793**	**6,778**	**11,393**	**54**	**11,447**
Operating assets January – September 2011[3]	3,678	2,883	1,431	7,070	8,501	15,012	413	15,425
Operating liabilities January – September 2011	1,210	1,051	503	1,472	1,975	4,236	376	4,611
Net operating assets January – September 2011[3]	2,468	1,782	928	5,598	6,526	10,776	37	10,813

[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 3.79(b).
[3] Including goodwill at net book value.

Earnings per share

In calculating earnings per share for the period January through September 2012, we have included the standard dividend differential between ordinary and preferred shares for the full year of 2 eurocents (as stipulated in the Articles of Association), weighted on a time-proportional basis.

As of September 30, 2012, the Stock Incentive Plan had not resulted in any dilutive effect.

Earnings per share

		1–9/2011	1–9/2012
Net income – Attributable to shareholders of Henkel AG & Co. KGaA	**in mill. euros**	**958**	**1,167**
Number of outstanding ordinary shares		259,795,875	**259,795,875**
Earnings per ordinary share (basic)	**in euros**	**2.20**	**2.68**
Number of outstanding preferred shares [1]		174,300,434	**174,460,902**
Earnings per preferred share (basic)	**in euros**	**2.22**	**2.70**
Dilutive effect arising from Stock Incentive Plan		119,887	**12,431**
Number of potentially outstanding preferred shares [2]		174,420,321	**174,473,333**
Earnings per ordinary share (diluted)	**in euros**	**2.19**	**2.68**
Earnings per preferred share (diluted)	**in euros**	**2.21**	**2.70**

[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

Treasury stock held by the corporation at September 30, 2012 amounted to 3,680,570 preferred shares. This represents 0.84 percent of the capital stock and a proportional nominal value of 3.7 million euros.

As a result of options exercised and lapsed under the Stock Incentive Plan, our treasury stock decreased during the period January through September 2012 by 95,600 preferred shares, representing a proportional nominal value of 0.1 million euros (0.02 percent of issued shares).

Accounting policies

The interim financial report and interim consolidated financial statements of the Henkel Group for the third quarter and the first nine months of the year have been prepared in accordance with section 37x (3) in conjunction with section 37w (2) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and consequently in compliance with International Accounting Standard (IAS) 34 "Interim Financial Reporting."

The same accounting principles have been applied as for the 2011 consolidated financial statements, with the exception of the accounting pronouncements recently adopted in 2012. These pronouncements do not exert any material influence on the presentation of the nine-month financial report. In order to further ensure a 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 statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows.

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 net assets, financial position and results of operations of the company. 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 nine months, comprised of condensed consolidated financial statements and an interim Group management report, was duly subjected to an auditor's review.

Scope of consolidation

In addition to Henkel AG & Co. KGaA as the ultimate parent company, the scope of consolidation as of September 30, 2012 includes eight German and 173 non-German companies in which Henkel AG & Co. KGaA has the power to govern financial and operating policy, based on the concept of control. This is generally the case where Henkel AG & Co. KGaA holds, directly or indirectly, a majority of the voting rights. Companies in which not more than half of the voting rights are 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, 2011, eight new companies have been included in the scope of consolidation and four companies have left the Group. There have been no new mergers. The changes in the scope of consolidation have not had any material effect on the main items of the consolidated financial statements.

Acquisitions and divestments

Effective January 2, 2012, we acquired control of the distribution company Bella Vista A/S, Silkeborg, Denmark. Our share of voting rights in the company is 100 percent. The purchase price paid was 5 million euros. A provisional difference of 4 million euros has been recognized.

In the first quarter, we spent 7 million euros acquiring the outstanding non-controlling interests in Chemofast Anchoring GmbH, Willich, Germany, increasing our shareholding from 73 percent to 95 percent. The difference between the previously held share of net assets and the purchase price has been recognized in retained earnings.

Effective August 1, 2012, we acquired the portfolio of high-performance pressure sensitive adhesives from Cytec Industries Inc., USA. The purchase price paid was 91 million euros, resulting in the recognition of a provisional difference of 46 million euros.

In the third quarter, we acquired the laundry cleaning business of Colgate-Palmolive in the Dominican Republic, paying a purchase price of 19 million euros. This resulted in the recognition of a provisional difference amounting to 3 million euros.

In 2012, we spent 1 million euros on the acquisition of outstanding non-controlling interests in Rilken Cosmetics Industry S.A., Athens, Greece. As of September 30, 2012, we have increased our shareholding from 78 percent to 88 percent, our intention being to acquire 100 percent of the shares in the future.

We realized 3 million euros in the third quarter from the sale of non-core activities attributable to the Adhesive Technologies business sector.

Consolidated statement of comprehensive income

Of the components included in other comprehensive income, tax income relating to actuarial losses amounts to 75 million euros (September 30, 2011: tax income of 37 million euros) and tax expenses from cash flow hedges amount to 10 million euros (September 30, 2011: tax income of 2 million euros).

Consolidated statement of changes in equity

Equity including non-controlling interests increased by 718 million euros versus December 31, 2011, to 9,480 million euros. The rise was primarily due to net income for the nine months amounting to 1,199 million euros. This was countervailed by negative other comprehensive income amounting to –108 million euros. Dividend payments, the sale of treasury shares, changes in ownership interest without loss of control, and other changes in equity combined to reduce equity by a further 373 million euros.

Other financial assets

Also included under current other financial assets is the surety payment of 92 million euros deposited in connection with the antitrust action in France (September 30, 2011: 0 million euros).

Assets held for sale

Compared to December 31, 2011, the value of assets held for sale decreased by 28 million euros to 23 million euros. The decline is due in part to transfer to the purchaser – with economic effect as of April 2, 2012 – of the non-core brands of the Beauty Care business sector previously recorded as held for sale. The disposal had no effect on income.

Contingent liabilities

Effective September 30, 2012, liabilities under guarantee and warranty agreements totaled 5 million euros. On December 31, 2011, these liabilities amounted to 8 million euros.

Operating lease obligations

Operating leases as defined in IAS 17 comprise all forms of rights of use of assets, including rights of use arising from rent and leasehold agreements. Payment obligations under operating lease agreements are shown at the total amounts payable up to the earliest date of termination. The amounts shown are the nominal values.

At September 30, 2012, they were due for payment as follows:

Operating lease obligations

in million euros	Dec. 31, 2011	Sept. 30, 2012
Due in the following year	59	60
Due within 1 to 5 years thereafter	118	112
Due after 5 years	35	34
Total	212	206

Voting rights, related party disclosures

Henkel AG & Co. KGaA, Düsseldorf, Germany, has been notified that the share of voting rights of the parties to the Henkel family share-pooling agreement at October 21, 2010 represented around 53.21 percent of the voting rights (138,240,804 votes) in Henkel AG & Co. KGaA.

Notes to the Group segment report

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 of December 31, 2011. For definitions of ROCE, operating assets and capital employed, please refer to our AR Annual Report 2011, page 52, and also pages 146 and 147.

Notes to the consolidated statement of cash flows

Other financing transactions include –821 million euros (previous year: –12 million euros) of investments in short-term securities and time deposits. Other main items of the consolidated statement of cash flows and the changes thereto are explained on Q3 page 20.

Düsseldorf, November 6, 2012

Henkel Management AG,
Personally Liable Partner
of Henkel AG & Co. KGaA

Management Board
Kasper Rorsted,
Jan-Dirk Auris, Carsten Knobel, Kathrin Menges,
Bruno Piacenza, Hans Van Bylen

Independent review report

To Henkel AG & Co. KGaA, Düsseldorf:
We have reviewed the condensed interim consolidated financial statements – comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and selected notes – and the interim group management report (pages 6 to 25) of Henkel AG & Co. KGaA, Düsseldorf, for the period from January 1, 2012 to September 30, 2012 which form part of the quarterly financial report according to section 37x (3) in conjunction with section 37w (2) German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's legal representatives. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements (ISRE) 2410. Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, November 6, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Kai C. Andrejewski	**Michael Gewehr**
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Report of the Audit Committee of the Supervisory Board

In the meeting of November 6, 2012, the Audit Committee was presented the interim consolidated financial report for the first nine months of fiscal 2012 and the report prepared by KPMG AG, Wirtschaftsprüfungsgesellschaft, on its review of the condensed interim consolidated financial statements and the interim Group management report. The Audit Committee also received verbal explanations from the Management Board and KPMG pertaining to the above. The Audit Committee has approved and endorses the interim consolidated financial report.

Düsseldorf, November 6, 2012

Chairman of the Audit Committee
Prof. Dr. Theo Siegert

Credits

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Financial calendar

Publication of report for fiscal 2012:
Wednesday, March 6, 2013

Annual General Meeting of Henkel AG & Co. KGaA:
Monday, April 15, 2013

Publication of report for the first quarter 2013:
Wednesday, May 8, 2013

Publication of report
for the second quarter / half year 2013:
Thursday, August 8, 2013

Publication of report
for the third quarter / nine months 2013:
Tuesday, November 12, 2013

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