



**A global team – winning together**

**Henkel in brief**

Dear Readers,

We are successful because of our people. Only with talented, experienced and well-trained employees can we succeed in identifying and satisfying varying customer and consumer needs. Determined to achieve our three strategic priorities, we are committed to strengthening our global team. With a highly skilled workforce of some 50,000, our brands and our technologies, our objective is: **winning together**.



*Kasper Rorsted, Chairman of the Management Board*

## Our three strategic priorities



# Henkel at a glance

- » Global supplier of brands and technologies
- » 133 years of brand success
- » Competence in three business sectors:
  - » Laundry & Home Care
  - » Cosmetics/Toiletries
  - » Adhesive Technologies

## Highlights of 2009

- » Organic sales performance: –3.5 percent
  - » Laundry & Home Care: +2.9 percent
  - » Cosmetics/Toiletries: +3.5 percent
  - » Adhesive Technologies: –10.2 percent
- » Share of sales accounted for by our growth regions: increase of 1 percentage point to 38 percent
- » Adjusted return on sales (EBIT): 10.0 percent
- » Net working capital: improvement of 3.9 percentage points to 7.8 percent of sales
- » Net debt: reduced by 1.0 billion euros to 2.8 billion euros

## Key financials

in million euros	2008	2009	+/-	
Sales	14,131	13,573	–3.9 %	
Operating profit (EBIT)	779	1,080	38.6 %	
Adjusted <sup>1)</sup> operating profit (EBIT)	1,460	1,364	–6.6 %	
Return on sales (EBIT)	in %	5.5	8.0	2.5 pp
Adjusted <sup>1)</sup> return on sales (EBIT)	in %	10.3	10.0	–0.3 pp
Net earnings	1,233	628	–49.1 %	
Earnings after minority interests	1,221	602	–50.7 %	
Earnings per preferred share	in euros	2.83	1.40	–50.5 %
Adjusted <sup>1)</sup> earnings per preferred share	in euros	2.19	1.91	–12.8 %
Return on capital employed (ROCE)	in %	6.9	9.8	2.9 pp
Capital expenditures on property, plant and equipment	473	344	–27.3 %	
Research and development expenses <sup>2)</sup>	429	396	–7.7 %	
Number of employees (annual average)	55,513	51,361	–7.5 %	
Dividend per ordinary share	in euros	0.51	0.51 <sup>3)</sup>	0.0 %
Dividend per preferred share	in euros	0.53	0.53 <sup>3)</sup>	0.0 %

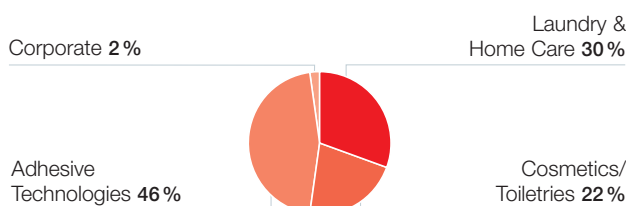
<sup>1)</sup> Adjusted for one-time charges/gains and restructuring charges

<sup>2)</sup> Includes restructuring charges of 52 million euros (2008) and 13 million euros (2009)

<sup>3)</sup> Proposed

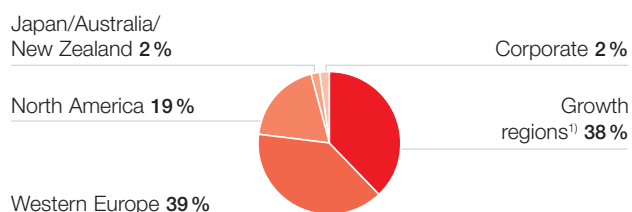
pp = percentage points

## Sales by business sector



Corporate = sales and services not assignable to the individual business sectors

## Sales by region



<sup>1)</sup> Eastern Europe, Africa/Middle East, Latin America, Asia excluding Japan

# Business sectors

## Laundry & Home Care

Leading market positions worldwide

Achieving profitable growth through innovation, strong brands and a heightened focus on our customer relationships

Further expanding our strong market position in Europe and our presence in the growth regions and North America

### Key financials

in million euros	2008	2009	+/-
Sales	4,172	4,129	-1.0 %
Operating profit (EBIT)	439	501	14.0 %
Adjusted <sup>1)</sup> operating profit (EBIT)	450	530	17.8 %
Return on sales (EBIT)	10.5 %	12.1 %	1.6 pp
Adjusted <sup>1)</sup> return on sales (EBIT)	10.8 %	12.8 %	2.0 pp

pp = percentage points

<sup>1)</sup> Adjusted for one-time charges/gains and restructuring charges

## Cosmetics/Toiletries

Leading market positions worldwide

Achieving profitable growth with appealing innovations under our strong brands, aligned to exacting customer demands

Expanding our strong market positions in Europe and North America and selectively increasing our presence in the growth regions

### Key financials

in million euros	2008	2009	+/-
Sales	3,016	3,010	-0.2 %
Operating profit (EBIT)	376	387	3.1 %
Adjusted <sup>1)</sup> operating profit (EBIT)	379	387	2.1 %
Return on sales (EBIT)	12.5 %	12.9 %	0.4 pp
Adjusted <sup>1)</sup> return on sales (EBIT)	12.6 %	12.9 %	0.3 pp

pp = percentage points

<sup>1)</sup> Adjusted for one-time charges/gains and restructuring charges

## Adhesive Technologies

Leading our markets worldwide

Achieving profitable growth through innovations under our strong brands, efficient processes and a firm focus on our customers

Developing new applications and growth potential in all regions of the world

### Key financials

in million euros	2008	2009	+/-
Sales	6,700	6,224	-7.1 %
Operating profit (EBIT)	658	290	-55.9 %
Adjusted <sup>1)</sup> operating profit (EBIT)	680	506	-25.6 %
Return on sales (EBIT)	9.8 %	4.7 %	-5.1 pp
Adjusted <sup>1)</sup> return on sales (EBIT)	10.1 %	8.1 %	-2.0 pp

pp = percentage points

<sup>1)</sup> Adjusted for one-time charges/gains and restructuring charges

## Major brands

**Persil**

**Purex**

**Pril**

## Major brands

  
**Schwarzkopf**

  
**Dial**

  
**Fa**

## Major brands

**LOCTITE**

**Teroson**

**Ceresit**

Heavy-duty detergents; fabric softeners; laundry conditioning products; dishwashing products; all-purpose cleaners; scouring agents; floor and carpet care products; bath and WC cleaners; glass cleaners; kitchen cleaners; specialty cleaning products; air fresheners and insecticides for household applications

Hair shampoos and conditioners; hair colorants; hair styling products; soaps; shower gels, body wash and bath products; deodorants; skin creams; skin care products; dental care and oral hygiene products; hair salon products

Adhesive and sealant systems; surface treatment products for industrial applications in the automotive, packaging, aircraft, electronics, durable goods and metal sectors, and for maintenance, repair and overhaul applications; adhesives and sealants for craftsmen and consumers and for applications in the home, school and office

# Major innovations

## Major innovations Laundry & Home Care



**Persil ActicPower** is particularly economical, offering a high yield plus its full laundry power from just 15 degrees Celsius. Available in a small, handy bottle. And **Persil Hygiene Rinse** ensures enhanced laundry hygiene, particularly at low wash temperatures. [www.persil.de](http://www.persil.de)



**Somat 9** – nine functions for an even better dishwashing result with the addition of two new components: an odor neutralizer to combat unpleasant smells and an Extra-Dry function to ensure that water runs evenly and effectively from the washed items. Launched in Western Europe and in Central and Eastern Europe, **Somat Perfect Gel** is the first multi-functional gel to hit those machine dishwashing product markets. [www.somat.de](http://www.somat.de)



Marketed in the USA, innovative **Purex Complete 3-in-1** laundry sheets combine the performance of a detergent with a fabric softener while also preventing the build-up of wash static in the drier. Plus: CO<sub>2</sub> emissions attributable to transportation are reduced by almost 70 percent and packaging materials by some 45 percent.

[www.purex.com](http://www.purex.com)

## Major innovations Cosmetics/Toiletries



**Schwarzkopf Essential Color** – our first 100 percent permanent hair colorant without ammonia and with nature-based ingredients such as lychee and white tea for a deeply lustrous color offering long-lasting gray coverage. [www.essentialcolor.com](http://www.essentialcolor.com)



**Syoss** – professional hair care at an affordable price. Developed and tested in cooperation with stylists, the formulations offer salon-standard hair beauty on a daily basis and are available in retail stores. The Syoss launch was Europe's most successful in the hair care sector in 2009.

[www.syoss.de](http://www.syoss.de)



**Dial Anti-Ox body wash** with cranberries and anti-oxidant pearls – the most successful body wash launch in the USA. Gently cleans and protects the skin from harmful environmental influences. [www.dialsoap.com](http://www.dialsoap.com)

## Major innovations Adhesive Technologies



**Loctite 5188** flange sealant is particularly suitable for use in engines, gear units and pumps. It remains super-flexible yet adheres very well to metallic substrates even after long exposure to high temperatures and chemical attack. [www.loctite.com](http://www.loctite.com)



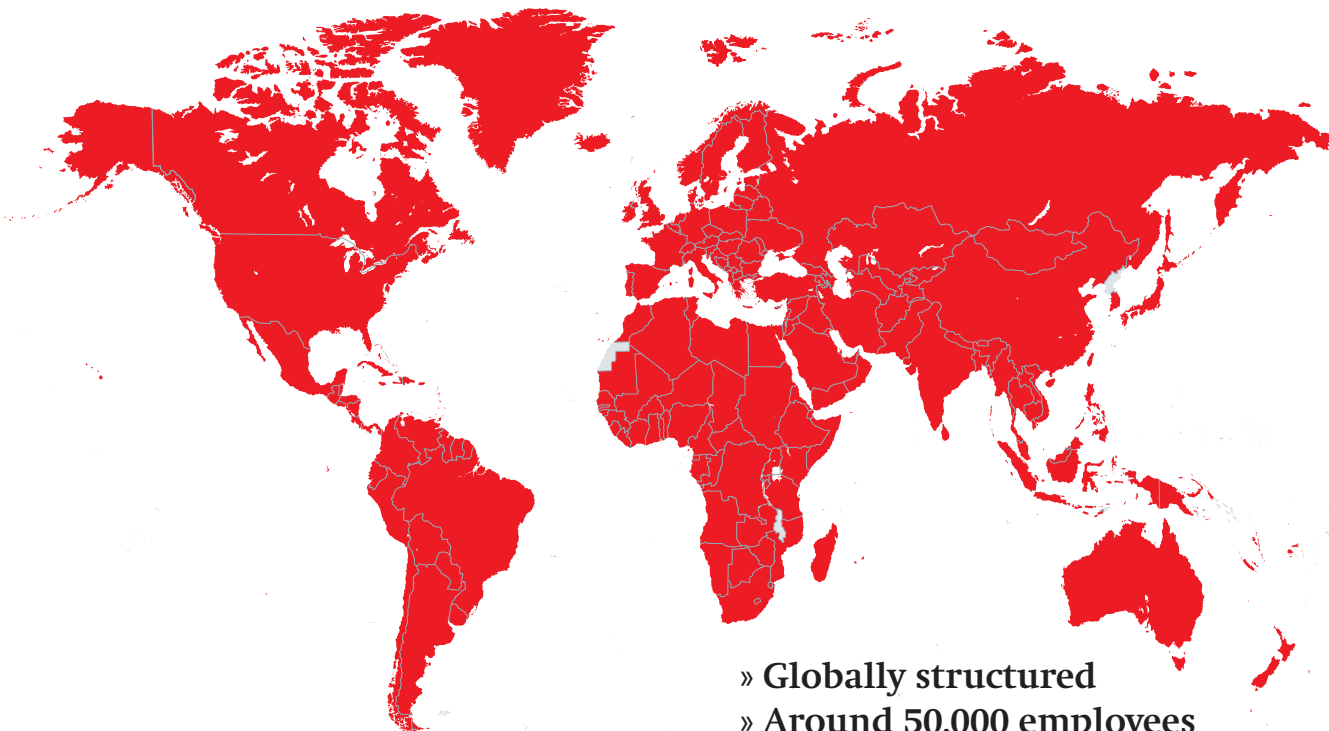
**Technomelt Supra Cool 130** – a newly developed hotmelt adhesive for packaging that works at a significantly lower application temperature to reduce energy consumption. It also offers extremely high adhesive strength, outstanding flowability and a substantially wider range of application suitability. [www.technomelt.com](http://www.technomelt.com)



Major advancement in semiconductor attachment technology – with **Ablestik Self-Filleting** it is now possible to mount miniature electronic components more quickly and reliably than ever before. All that is needed is a small drop of this adhesive and the capillary force automatically ensures that the substance is distributed right to the edge of the component joint – where it automatically stops.

[www.henkel.com/ablestik](http://www.henkel.com/ablestik)

# A global team – winning together



- » Globally structured
- » Around 50,000 employees

“Strengthening our global team” is one of the three strategic priorities that Henkel is pursuing. As a global team, our aim is to be successful in our markets and to win together with our customers. It is to this end that we align the principles underlying our human resources work, placing our focus on the following five core elements:

## **Harnessing internationality and diversity**

There are people from 116 nations working for Henkel. The number of company employees engaged outside Germany is continuously rising – and has now reached more than 80 percent. However, it is not just employees of different nationalities but also a balance of gender and experience in our teams that serves to enrich our corporate culture. Such a mix gives us a decisive competitive advantage – because it enables us to better understand our markets and therefore secure long-term success.

## **Talent identification and development**

We assess all employees on an objective, fair and transparent basis. In 2008, we introduced a new process of appraisal and development for our managerial staff, applying the same set of global criteria: in annual “Development Round Tables,” line managers deliberate on the performance and potential of their employees and prepare individual development plans for them.

## **Differentiated compensation**

We analyze the personal contribution made by our employees to our corporate success and link it in a clear and transparent manner to their individual compensation. For this, the managers responsible agree specific targets with their employees and provide regular constructive feedback regarding the attainment of those objectives, with the two parties jointly agreeing on performance-promoting measures.

## **Providing clear feedback**

Open feedback on the performance levels achieved, with due reference to our expectations, is decisive for the success of Henkel. It is the task of all line managers to identify the strengths and development potential of their employees and to discuss with them how to best harness these. The measures derived from such discussions lead to performance enhancement and enable each employee to be ideally deployed in accordance with their competences.

## **Succession planning**

We further improved our succession planning in 2009 in order to ensure the best possible assignment of personnel to the most important managerial positions over the short, medium and long term. Our approach is to identify suitable successors as part of our talent management process and to agree measures enabling their further development. These will likely include specific training courses and job rotation on the basis of our “Triple Two” program in which up-and-coming managers are encouraged to work in two business sectors, in two countries and in two functions.

# Sustainable Business Practices and Corporate Social Responsibility



## Five focal areas

We conduct our business in a sustainable and socially responsible manner. This principle has been an integral part of our corporate values for many decades. We generate our sales and profits by acting responsibly in all of our activities throughout the entire value chain.

We systematically focus all our activities throughout the value chain on the challenges of sustainable development as they relate to our operations. We have grouped these sustainability challenges in five overarching focal areas. In these, we also see the main impacts of our actions. The importance of these focal areas will increase even further with continued growth in the world's population and the rise in average standards of living and the associated levels of consumption. We therefore aim at driving progress in these five focal areas through our business activities and our products. Central to our commitment are: All new products contribute to sustainable development in at least one focal area. We exemplify this with the focal areas symbols next to our top innovations.

[www.henkel.com/sustainability](http://www.henkel.com/sustainability)

## Sustainability performance

### Sustainability performance from 2005 to 2009

#### Environmental indicators per metric ton of output

Wastewater load (COD emissions)	-11 %	↘
Waste	-12 %	↘
Carbon dioxide (CO <sub>2</sub> )	-25 %	↘
Energy	-26 %	↘
Water	-37 %	↘
Occupational accidents (per million hours worked)	-57 %	↘
Volatile organic compounds (VOC)	-59 %	↘
Sulfur dioxide (SO <sub>2</sub> )	-77 %	↘
Heavy metals	+15 %	↗

## External Rating

For the third time in a row, Henkel was listed in the Dow Jones Sustainability Index as the sustainability leader in the Nondurable Household Products sector.



# Henkel Smile

Social engagement plays an important role in our corporate culture. It has been a tradition throughout our history and is firmly anchored in our corporate values and reflected in our daily activities. Together with our employees and retirees, our customers and consumers, and international organizations, we strive to meet social challenges. Henkel Smile provides the umbrella for the company's corporate citizenship activities extending beyond direct business interests. We have structured our global activities around three core elements: Make an Impact on Tomorrow (MIT), emergency aid worldwide, and engagement for the common good.

[www.henkel.com/smile](http://www.henkel.com/smile)



Employees helping 120 families in a mountain village in Guatemala to live a better life.



Emergency aid in the Philippines after the typhoon Ondoy 2009.



Engagement for the common good: With a donation from Dixan in Italy a new building for 400 students of the St. Paul School in Dhupguri, India, could be build.

## Innovations since 1876



Branding pioneer  
Fritz Henkel



Henkel's Bleich-Soda  
1878



112 years of  
Schwarzkopf and  
50 years Igora Royal  
from Schwarzkopf  
Professional



1898



103 years of Persil –  
the first self-acting  
detergent

1907



In 1876 Fritz Henkel founds the company Henkel & Cie in Aachen. His first brand success is Henkel's Bleich-Soda in the year 1878. In the same year the company is relocated from Aachen to Düsseldorf. The city offers the company better transportation connections and better marketing channels.



83 years Henkel  
adhesives

1923



54 years of Loctite  
– the first adhesive  
against loose nuts

1956



**Henkel on the Internet**  
[www.henkel.com](http://www.henkel.com)

The motto of this report "A global team – winning together" is also reflected in the visual we have selected for our cover. The world globe is made up of photos of 137 employees representing the diversity, inclusion and internationality integral to Henkel's corporate culture.