Q3 Quarterly financial report
July through September 2014
Financial report
January through September 2014






Henkel Excellence is our Passion

Henkel: Financial highlights

in million euros	Q3/2013	Q3/2014	Change[1]	1–9/2013	1–9/2014	Change[1]
Sales	**4,184**	**4,236**	**1.2 %**	**12,503**	**12,302**	**– 1.6 %**
Laundry & Home Care	1,167	1,188	1.8 %	3,531	3,474	– 1.6 %
Beauty Care	886	918	3.6 %	2,683	2,671	– 0.4 %
Adhesive Technologies	2,095	2,100	0.3 %	6,177	6,062	– 1.9 %
Operating profit (EBIT)	**649**	**603**	**– 7.1 %**	**1,821**	**1,800**	**– 1.1 %**
Adjusted[2] operating profit (EBIT)	**672**	**693**	**3.1 %**	**1,932**	**1,986**	**2.8 %**
Return on sales (EBIT) in %	**15.5**	**14.2**	**– 1.3 pp**	**14.6**	**14.6**	**0.0 pp**
Adjusted[2] return on sales (EBIT) in %	**16.1**	**16.4**	**0.3 pp**	**15.5**	**16.1**	**0.6 pp**
Net income	**469**	**450**	**– 4.1 %**	**1,304**	**1,352**	**3.7 %**
Attributable to non-controlling interests	– 11	– 10	– 9.1 %	– 35	– 22	– 37.1 %
Attributable to shareholders of Henkel AG & Co. KGaA	458	440	– 3.9 %	1,269	1,330	4.8 %
Earnings per preferred share in euros	**1.06**	**1.01**	**– 4.7 %**	**2.93**	**3.07**	**4.8 %**
Adjusted[2] earnings per preferred share in euros	**1.10**	**1.17**	**6.4 %**	**3.13**	**3.37**	**7.7 %**
Return on capital employed (ROCE) in %	**23.2**	**20.4**	**– 2.8 pp**	**21.5**	**20.9**	**– 0.6 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.

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4,236 million euros
sales

+ 2.3 %
organic sales growth
+ 3.5 % Laundry & Home Care
+ 0.8 % Beauty Care
+ 2.7 % Adhesive Technologies

603 million euros
operating profit (EBIT)

693 million euros / **+ 3.1** %
adjusted[1] operating profit (EBIT) / year-on-year increase

1.01 euros
earnings per preferred share (EPS)

1.17 euros / **+ 6.4** %
adjusted[1] earnings per preferred share (EPS) / year-on-year increase

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

16.4 %
adjusted[1] return on sales (EBIT):
up 0.3 percentage points year on year
16.8 % Laundry & Home Care
15.2 % Beauty Care
17.8 % Adhesive Technologies

5.6 %
net working capital in percent of sales

Key facts

Emerging markets with strong organic sales growth.

Strong growth in adjusted earnings per preferred share.

Continued profitable growth in all business units.

Acquisition of The Bergquist Company agreed upon and signed.

[1] Adjusted for one-time charges (43 million euros) / one-time gains (0 million euros) and restructuring charges (47 million euros).

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

www.henkel.com/ir

Major events

Henkel signed an agreement to acquire all the shares in The Bergquist Company based in Chanhassen, Minnesota (USA). The agreement took effect on September 17, 2014. Bergquist supplies thermal management solutions for electronic applications in a variety of industries, with six production sites and operations in North America, Asia-Pacific and Europe. In fiscal 2013, the company generated sales of around 130 million euros. The acquisition strengthens the position of Henkel Adhesive Technologies as a global market and technology leader.

In line with the implementation of its Strategy 2016, Henkel continued to standardize production and logistics activities across all business units, and consolidated them with its purchasing operations into a global supply chain organization. The new organization started operations in early November 2014.

Henkel has been included in the Dow Jones Sustainability Indices again this year. Henkel has been included in the Dow Jones Sustainability Indices since their launch in 1999, ranked eight times as industry leader. The indices list corporations that follow the principles of sustainable development in their business operations. Henkel was also listed again in the Stoxx Global ESG Leaders indices. The listing places Henkel among the world's most sustainable companies based on ratings by international research agency Sustainalytics.

Share performance

The share indices relevant to Henkel posted negative performance in the third quarter of 2014. The DAX lost ground, declining 3.6 percent to close at 9,474.30 points. The Dow Jones Euro Stoxx Consumer Goods Index also fell by 5.6 percent.

The price of Henkel preferred shares declined in the third quarter by 6.4 percent, from 84.43 euros to 79.06 euros. Our ordinary share price posted a slight gain, ending the period up 0.7 percent to 73.99 euros.

The premium generated by the preferred share compared to the ordinary share averaged 12.6 percent during the third quarter.

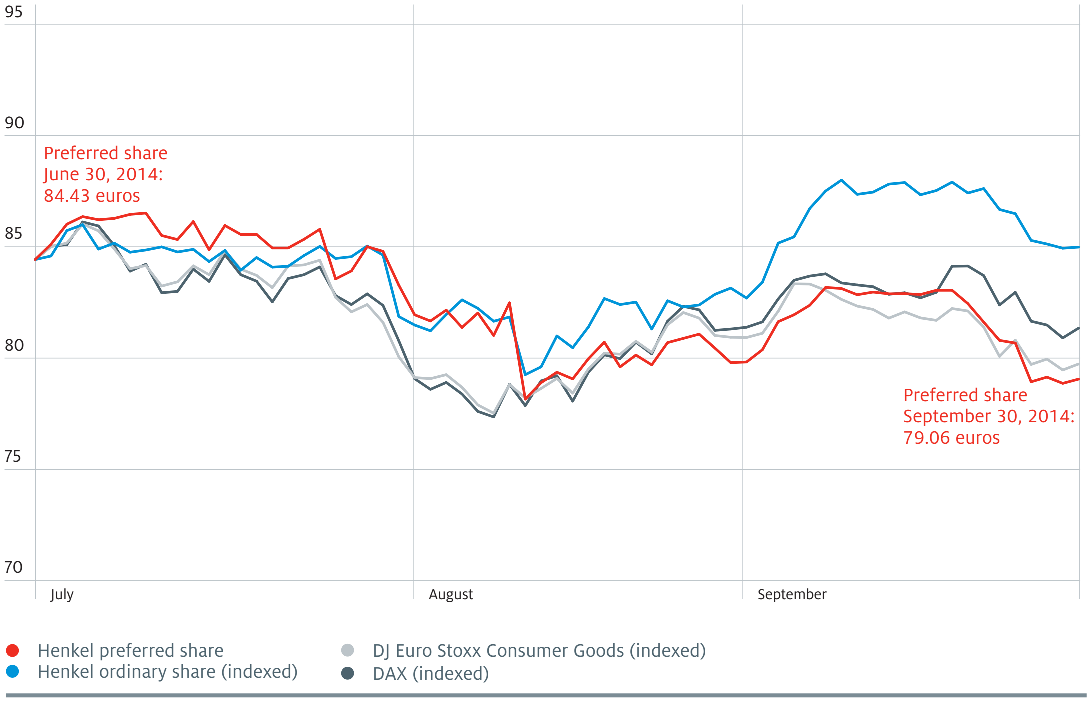
Key data on Henkel shares, third quarter

in euros	Q3/2013	Q3/2014
Earnings per share		
Ordinary share	1.05	**1.00**
Preferred share	1.06	**1.01**
Share price at period end [1]		
Ordinary share	65.47	**73.99**
Preferred share	76.17	**79.06**
High for the period [1]		
Ordinary share	65.95	**76.61**
Preferred share	77.88	**86.52**
Low for the period [1]		
Ordinary share	58.94	**69.00**
Preferred share	70.29	**78.16**
Market capitalization [1] **in bn euros**	30.6	**33.3**
Ordinary shares in bn euros	17.0	**19.2**
Preferred shares in bn euros	13.6	**14.1**

[1] Closing share prices, Xetra trading system.

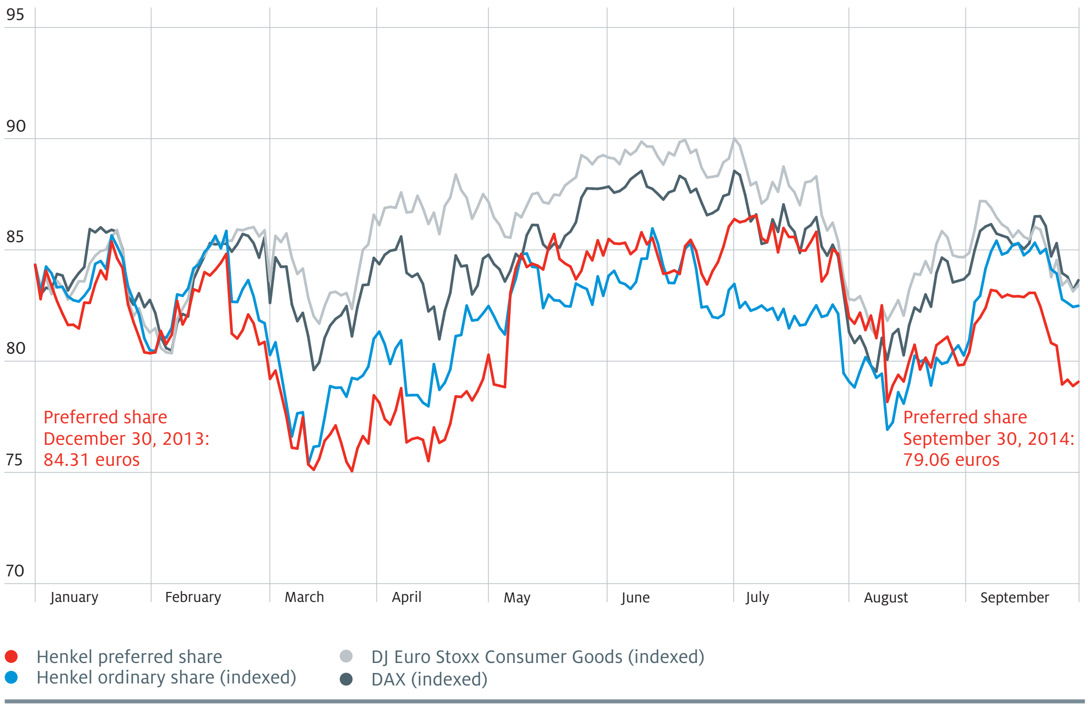
Performance of Henkel shares versus market third quarter 2014

in euros (Henkel preferred share)
all other figures indexed



Performance of Henkel shares versus market January through September 2014

in euros (Henkel preferred share)
all other figures indexed



Report third quarter 2014

Business performance third quarter 2014

Key financials[1]

in million euros	Q3/2013	Q3/2014	+/–
Sales	4,184	**4,236**	1.2 %
Operating profit (EBIT)	649	**603**	– 7.1 %
Adjusted[2] operating profit (EBIT)	672	**693**	3.1 %
Return on sales (EBIT)	15.5 %	**14.2 %**	– 1.3 pp
Adjusted[2] return on sales (EBIT)	16.1 %	**16.4 %**	0.3 pp
Net income – attributable to shareholders of Henkel AG & Co. KGaA	458	**440**	– 3.9 %
Adjusted[2] net income – attributable to shareholders of Henkel AG & Co. KGaA	476	**508**	6.7 %
Earnings per preferred share in euros	1.06	**1.01**	– 4.7 %
Adjusted[2] earnings per preferred share in euros	1.10	**1.17**	6.4 %

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.

Sales third quarter

in million euros

Results of operations

In the third quarter of 2014, we achieved sales growth of 1.2 percent to 4,236 million euros. Adjusted for negative foreign exchange effects of 2.2 percent, sales improved by 3.4 percent. Organically (i.e. adjusted for foreign exchange and acquisitions/divestments), sales increased by 2.3 percent. We improved adjusted return on sales (EBIT) by 0.3 percentage points to 16.4 percent. Compared to the prior-year quarter, adjusted earnings per preferred share rose by 6.4 percent.

Sales development[1]

in percent	Q3/2014
Change versus previous year	1.2
Foreign exchange	– 2.2
Adjusted for foreign exchange	3.4
Acquisitions/divestments	1.1
Organic	2.3
of which price	0.7
of which volume	1.6

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

The Laundry & Home Care business unit recorded solid organic sales growth of 3.5 percent, driven by both price and volume. The Beauty Care business unit achieved positive organic sales growth of 0.8 percent as a result of increases in volume. The Adhesive Technologies business unit recorded solid organic sales growth of 2.7 percent, driven by price and volume increases in roughly equal measure.

Price and volume effects third quarter 2014

in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	3.5	0.5	3.0
Beauty Care	0.8	– 0.3	1.1
Adhesive Technologies	2.7	1.3	1.4
Henkel Group	**2.3**	**0.7**	**1.6**

The scope of our business activities and competitive positions as described in our Annual Report 2013 on page 47 did not change materially in the third quarter of 2014.

To continuously adapt our structures to our markets and customers, we spent 47 million euros on restructuring (prior-year quarter: 19 million euros). In order to create a scalable business model, we are – among other things – expanding our shared services and continuing to optimize our production network.

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 consolidated statement of income can be found on page 27.

Reconciliation from sales to adjusted operating profit[1]

in million euros	Q3/2013	%	Q3/2014	%	Change
Sales	**4,184**	**100.0**	**4,236**	**100.0**	**1.2 %**
Cost of sales	– 2,166	– 51.8	**– 2,229**	**– 52.6**	2.9 %
Gross profit	**2,018**	**48.2**	**2,007**	**47.4**	**– 0.5 %**
Marketing, selling and distribution expenses	– 1,057	– 25.2	**– 1,034**	**– 24.4**	– 2.2 %
Research and development expenses	– 99	– 2.4	**– 103**	**– 2.4**	4.0 %
Administrative expenses	– 192	– 4.6	**– 183**	**– 4.3**	– 4.7 %
Other operating income/charges	2	0.1	**6**	**0.1**	–
Adjusted operating profit (EBIT)	**672**	**16.1**	**693**	**16.4**	**3.1 %**

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

Compared to the third quarter 2013, the cost of sales increased by 2.9 percent to 2,229 million euros. Gross profit decreased by 0.5 percent to 2,007 million euros. Gross margin declined by 0.8 percentage points to 47.4 percent. We were able to partially offset the effects of significantly increased promotional activity and moderately higher prices for direct materials through selective price increases, savings from cost-reduction measures, and improvements in production and supply chain efficiency.

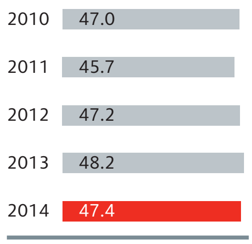
Marketing, selling and distribution expenses of 1,034 million euros were 2.2 percent below the prior-year quarter. The share of sales consequently declined by 0.8 percentage points to 24.4 percent. The decrease is primarily attributable to a reduction in selling and distribution expenses. We spent a total of 103 million euros on research and development, holding the ratio to sales flat versus the prior-year quarter at 2.4 percent. Administrative expenses accounted for 4.3 percent of sales, which is below the level of the third quarter of 2013.

At 6 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) increased by 3.1 percent, from 672 million euros to 693 million euros. We increased the adjusted return on sales for the Group from 16.1 to 16.4 percent. The Laundry & Home Care business unit recorded a very strong improvement in margin with an increase of 0.9 percentage points to 16.8 percent. This was primarily due to a solid organic sales performance combined with ongoing strict cost management. We achieved a solid improvement in margin in the Beauty Care business unit, from 14.9 to 15.2 percent, through strict cost management combined with positive organic sales growth. At 17.8 percent, return on sales at the Adhesive Technologies business unit again reached the high level of the prior-year quarter.

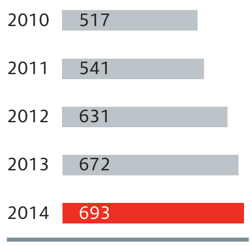
Adjusted gross margin third quarter

in percent of sales



Adjusted EBIT third quarter

in million euros



At –11 million euros, our financial result in the third quarter of 2014 improved from the –25 million euros reported in the third quarter of 2013, mainly attributable to an improvement in net interest result. The improvement in the net interest result was due in part to the repayment of our senior bond in March 2014, as well as the maturing of interest rate fixings likewise in March 2014. The tax rate was 24.0 percent (adjusted: 24.0 percent).

Adjusted earnings per preferred share third quarter

in euros

Net income for the quarter declined by 4.1 percent, from 469 million euros to 450 million euros. After deducting 10 million euros attributable to non-controlling interests, net income for the quarter was 440 million euros (third quarter 2013: 458 million euros). Adjusted net income for the quarter after deducting non-controlling interests was 508 million euros compared to 476 million euros in the prior-year quarter. Earnings per preferred share (EPS) declined from 1.06 euros to 1.01 euros. After adjustment, EPS rose from 1.10 euros in the third quarter of 2013 to 1.17 euros in the third quarter of 2014.

Regional performance

Key figures by region[1] third quarter 2014

in million euros	Western Europe	Eastern Europe	Africa/ Middle East	North America	Latin America	Asia-Pacific	Corporate[2]	Henkel Group
Sales July – September 2014	**1,423**	**792**	**279**	**755**	**266**	**691**	**30**	**4,236**
Sales July – September 2013	1,415	822	255	756	269	631	36	**4,184**
Change from previous year	0.5 %	– 3.6 %	9.6 %	– 0.1 %	– 1.1 %	9.5 %	–	**1.2 %**
Adjusted for foreign exchange	0.2 %	4.8 %	14.8 %	0.4 %	2.3 %	9.5 %	–	**3.4 %**
Organic	0.2 %	3.1 %	14.9 %	– 3.7 %	1.5 %	9.7 %	–	**2.3 %**
Proportion of Henkel sales July – September 2014	**34 %**	**19 %**	**6 %**	**18 %**	**6 %**	**16 %**	1 %	100 %
Proportion of Henkel sales July – September 2013	34 %	20 %	6 %	18 %	6 %	15 %	1 %	**100 %**
Operating profit (EBIT) July – September 2014	**261**	**122**	**27**	**104**	**22**	**87**	**– 20**	603
Operating profit (EBIT) July – September 2013	280	138	15	132	17	89	– 24	**649**
Change from previous year	– 6.9 %	– 11.7 %	87.8 %	– 21.4 %	24.5 %	– 2.4 %	–	**– 7.1 %**
Adjusted for foreign exchange	– 7.1 %	– 2.7 %	> 100.0 %	– 21.5 %	34.5 %	– 2.3 %	–	**– 4.6 %**
Return on sales (EBIT) July – September 2014	**18.3 %**	**15.4 %**	**9.8 %**	**13.8 %**	**8.1 %**	**12.6 %**	**–**	14.2 %
Return on sales (EBIT) July – September 2013	19.8 %	16.8 %	5.7 %	17.5 %	6.4 %	14.2 %	–	**15.5 %**

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

In the following, we comment on our reported results in the third quarter 2014:

In a highly competitive market environment, we were able to increase our sales in the **Western Europe** region organically by 0.2 percent. Solid growth in Germany was a main contributor to this performance.

Operating profit in the region declined – adjusted for foreign exchange – by 7.1 percent. The result was negatively impacted by expenses amounting to 34 million euros for provisions related to current proceedings by antitrust authorities in Europe. Return on sales in the region declined by 1.5 percentage points to 18.3 percent.

In the **Eastern Europe** region, we increased organic sales by 3.1 percent in a difficult market environment. Despite the political tension, our businesses in Russia made an above-average contribution to the growth achieved in the region. However, sales in Ukraine declined.

Operating profit in the region decreased – adjusted for foreign exchange – by 2.7 percent. Return on sales in the region declined by 1.4 percentage points to 15.4 percent.

Although our performance in the **Africa/Middle East** region continued to be affected by political and social unrest in some countries, we managed to once again generate double-digit organic growth in the third quarter of 2014, the figure coming in at 14.9 percent.

Operating profit in the region increased – adjusted for foreign exchange – by 134.6 percent. This was primarily due to the double-digit growth combined with strict cost management. Return on sales rose by 4.1 percentage points to 9.8 percent.

Key figures by region[1] first nine months 2014

in million euros	Western Europe	Eastern Europe	Africa/ Middle East	North America	Latin America	Asia-Pacific	Corporate[2]	Henkel Group
Sales January – September 2014	**4,322**	**2,201**	**844**	**2,128**	**766**	**1,945**	**96**	**12,302**
Sales January – September 2013	4,259	2,339	852	2,245	809	1,886	113	**12,503**
Change from previous year	1.5 %	– 5.9 %	– 1.0 %	– 5.2 %	– 5.3 %	3.1 %	–	**– 1.6 %**
Adjusted for foreign exchange	1.6 %	4.8 %	16.5 %	– 1.5 %	4.7 %	7.9 %	–	**3.6 %**
Organic	1.6 %	3.7 %	16.9 %	– 2.5 %	4.5 %	8.1 %	–	**3.3 %**
Proportion of Henkel sales January – September 2014	**35 %**	**18 %**	**7 %**	**17 %**	**6 %**	**16 %**	**1 %**	**100 %**
Proportion of Henkel sales January – September 2013	34 %	19 %	7 %	18 %	6 %	15 %	1 %	**100 %**
Operating profit (EBIT) January – September 2014	**866**	**304**	**99**	**328**	**63**	**245**	**– 104**	**1,800**
Operating profit (EBIT) January – September 2013	809	365	19	386	68	273	– 99	**1,821**
Change from previous year	7.0 %	– 16.7 %	> 100.0 %	– 15.2 %	– 6.8 %	– 10.4 %	–	**– 1.1 %**
Adjusted for foreign exchange	6.9 %	– 6.5 %	> 100.0 %	– 12.4 %	8.8 %	– 5.6 %	–	**1.7 %**
Return on sales (EBIT) January – September 2014	**20.0 %**	**13.8 %**	**11.8 %**	**15.4 %**	**8.2 %**	**12.6 %**	**–**	**14.6 %**
Return on sales (EBIT) January – September 2013	19.0 %	15.6 %	2.2 %	17.2 %	8.4 %	14.5 %	–	**14.6 %**

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

In the **North America** region, organic sales decreased by 3.7 percent. Our business was negatively impacted by the continued intense promotional competition in our consumer goods businesses.

Operating profit in the region declined – adjusted for foreign exchange – by 21.5 percent. Return on sales in the region was 13.8 percent, which was below the figure of 17.5 percent posted in the prior-year quarter.

We increased organic sales in the **Latin America** region by 1.5 percent. Due to the weak economic development in Brazil, our sales there fell short of the prior-year quarter. However, this development was more than offset by strong growth posted in Mexico and elsewhere.

Operating profit increased – adjusted for foreign exchange – by 34.5 percent. Return on sales in the region rose by 1.7 percentage points to 8.1 percent.

Sales in the **Asia-Pacific** region grew organically by 9.7 percent. This very strong business performance was driven especially by double-digit growth in India and China.

Operating profit declined – adjusted for foreign exchange – by 2.3 percent. Return on sales decreased versus the prior-year quarter by 1.6 percentage points to 12.6 percent.

The **emerging markets** of Eastern Europe, Africa/ Middle East, Latin America and Asia (excluding Japan) once again provided particular momentum in driving our sales growth. We were able to increase sales in these markets by 2.7 percent to 1,914 million euros despite negative foreign exchange effects. The emerging markets accounted for 45 percent of Group sales, thus remaining flat versus the third quarter of 2013. Driven by all business units, organic sales from the emerging markets grew 6.7 percent, once again making an above-average contribution to the Group's growth.

Sales by region third quarter[1] / EBIT by region third quarter[1]

in million euros

Region	Year	Sales	EBIT
Western Europe	2013	1,415	280
	2014	1,423	261
Eastern Europe	2013	822	138
	2014	792	122
Africa/Middle East	2013	255	15
	2014	279	27
North America	2013	756	132
	2014	755	104
Latin America	2013	269	17
	2014	266	22
Asia-Pacific	2013	631	89
	2014	691	87

[1] Excluding Corporate.

Sales by region first nine months[1] / EBIT by region first nine months[1]

in million euros

Region	Year	Sales	EBIT
Western Europe	2013	4,259	809
	2014	4,322	866
Eastern Europe	2013	2,339	365
	2014	2,201	304
Africa/Middle East	2013	852	19
	2014	844	99
North America	2013	2,245	386
	2014	2,128	328
Latin America	2013	809	68
	2014	766	63
Asia-Pacific	2013	1,886	273
	2014	1,945	245

[1] Excluding Corporate.

Laundry & Home Care

Sales third quarter

in million euros

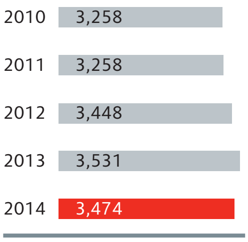
Key financials [1]

in million euros	Q3/2013	Q3/2014	+/–	1–9/2013	1–9/2014	+/–
Sales	1,167	**1,188**	1.8 %	3,531	**3,474**	– 1.6 %
Proportion of Henkel sales	28 %	**28 %**		28 %	**28 %**	
Operating profit (EBIT)	185	**171**	– 7.1 %	527	**527**	0.1 %
Adjusted operating profit (EBIT) [2]	186	**200**	7.4 %	544	**580**	6.5 %
Return on sales (EBIT)	15.8 %	**14.4 %**	– 1.4 pp	14.9 %	**15.2 %**	0.3 pp
Adjusted return on sales (EBIT) [2]	15.9 %	**16.8 %**	0.9 pp	15.4 %	**16.7 %**	1.3 pp
Return on capital employed (ROCE)	32.6 %	**28.0 %**	– 4.6 pp	30.1 %	**29.7 %**	– 0.4 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 first nine months

in million euros



Sales development [1]

in percent	Q3/2014	1–9/2014
Change versus previous year	1.8	– 1.6
Foreign exchange	– 2.9	– 6.9
Adjusted for foreign exchange	4.7	5.3
Acquisitions/divestments	1.2	0.7
Organic	3.5	4.6
of which price	0.5	–0.5
of which volume	3.0	5.1

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

The **Laundry & Home Care** business unit recorded solid organic sales growth and a very strong increase in adjusted return on sales in the third quarter. Thus we were again able to continue our path of profitable growth in the third quarter of 2014.

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

Organically (i.e. adjusted for foreign exchange and acquisitions/divestments), we increased sales by 3.5 percent in the third quarter compared to the prior-year quarter. This growth was again higher than in our relevant markets.

The solid organic sales performance was mainly driven by our emerging markets, and primarily those within the Africa/Middle East region, where we achieved double-digit growth. Sales performance in the Latin America and Eastern Europe regions was solid.

Organic sales in the mature markets as a whole remained slightly below the level of the prior-year quarter. While the Western Europe region recorded solid sales growth, our sales in the North America region were lower. The decrease is mainly the result of very intense competition in markets that continue to decline.

Innovation

Persil Duo-Caps with brightness-plus formula

New Persil Duo-Caps with an improved brightness-plus formula leave colors brighter and laundry more sparkling clean than before, even at temperatures as low as 20 degrees Celsius. The new formula of Persil Duo-Caps Color also offers even better protection against fading for colored garments. New Persil Duo-Caps were launched in Western and Eastern Europe in the third quarter of 2014.
www.persil.de

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

We significantly improved adjusted operating profit (EBIT), by 7.4 percent in comparison to the prior-year quarter. Compared to the third quarter of 2013, we recorded a very strong increase in adjusted return on sales of 0.9 percentage points to 16.8 percent. Ongoing measures to reduce costs and enhance production and supply chain efficiency enabled us to partially offset rising prices for direct materials and the effects on gross margin of continued strong promotional and price competition. At 28.0 percent, return on capital employed (ROCE) was below the level of the prior-year quarter, mainly due to expenses for provisions related to current proceedings by antitrust authorities in Europe. The figure was also impacted by higher restructuring charges. At –5.1 percent, net working capital as a percentage of sales was again very low, albeit slightly above the figure for the prior-year quarter.

Numerous innovations strengthened our businesses:

In *Laundry Care* we posted solid organic growth in the third quarter. This performance was primarily supported by our core brand Persil. The continuing roll-out of numerous innovations introduced in the previous quarters also contributed to the increase in sales.

Under the Persil brand we introduced Persil Duo-Caps with brightness-plus formula. The pre-portioned liquid detergent with dual-chamber technology combines ease of use with the proven cleaning power of Persil. The improved formula is now even more effective for sparkling clean laundry and bright colors. The gel capsules release their cleaning power at water temperatures as low as 20 degrees Celsius and better protect clothes against color fading. The new Persil Duo-Caps also play a role in sustainable consumption: washing at lower temperatures consumes less energy, and the pre-portioned capsules prevent the use of excess detergent. In addition, the product uses less plastic than conventional bottles.

In fabric softeners, attractive new variants of Vernel Aroma Therapy and an improved formula gave sales a boost. The revised formula with fragrance capsules guarantees long-lasting freshness for laundry of up to eight weeks.

The *Home Care* business also recorded solid organic growth in the third quarter, primarily attributable to the ongoing success of our WC products. Our automatic dishwashing products also made a notable contribution to the solid result achieved.

Pril Kraft-Gel Ultra Plus was introduced as a new hand dishwashing agent. In addition to the proven strong formula that cuts through grease and dried-on starchy residues, the new product delivers improved cleaning performance thanks to stronger and more efficient dissolving power. It effortlessly removes even dried-on food residue without lengthy soaking.

In Insect Control, we introduced an improvement under the Homemat brand in South Korea. For the first time, new Homemat Compact Alpha brings together the benefits of two technologies in a compact and easy-to-use product: the efficiency of non-wovens combined with the simple application of long-lasting insect control liquids. The product was also redesigned: It is compact, powerful, and intuitive to use. It also offers a unique and attractive appearance in the shape of a small house. The packaging design was developed in cooperation with Korean artist Jekim and gives the product an additional distinguishing feature.

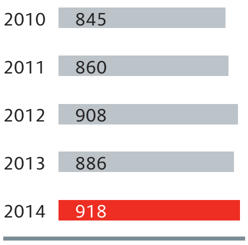
Top brands

Persil Purex Pril

Beauty Care

Sales third quarter

in million euros



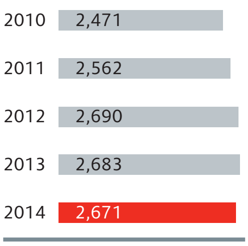
Key financials[1]

in million euros	Q3/2013	Q3/2014	+/–	1–9/2013	1–9/2014	+/–
Sales	886	**918**	3.6 %	2,683	**2,671**	– 0.4 %
Proportion of Henkel sales	21 %	**22 %**		22 %	**22 %**	
Operating profit (EBIT)	122	**98**	– 20.0 %	381	**346**	– 9.1 %
Adjusted operating profit (EBIT)[2]	132	**140**	5.9 %	400	**419**	4.7 %
Return on sales (EBIT)	13.8 %	**10.6 %**	– 3.2 pp	14.2 %	**13.0 %**	– 1.2 pp
Adjusted return on sales (EBIT)[2]	14.9 %	**15.2 %**	0.3 pp	14.9 %	**15.7 %**	0.8 pp
Return on capital employed (ROCE)	24.1 %	**15.7 %**	– 8.4 pp	25.2 %	**19.3 %**	– 5.9 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 first nine months

in million euros



Sales development[1]

in percent	Q3/2014	1–9/2014
Change versus previous year	3.6	– 0.4
Foreign exchange	– 1.8	– 3.9
Adjusted for foreign exchange	5.4	3.5
Acquisitions/divestments	4.6	1.5
Organic	0.8	2.0
of which price	– 0.3	0.2
of which volume	1.1	1.8

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

The **Beauty Care** business unit achieved positive organic sales growth in the third quarter and a solid increase in adjusted return on sales to 15.2 percent. Thus we were able to continue our long-term path of profitable growth in the third quarter of 2014.

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

Organically (i.e. adjusted for foreign exchange and acquisitions/divestments), we increased sales by 0.8 percent compared to the third quarter last year. The increase was once again higher than the growth rate of our relevant markets, enabling us to further expand our market shares.

We continued to generate strong growth in the emerging markets in the third quarter. In Asia (excluding Japan), we achieved another double-digit increase in sales. We posted very strong growth in the Africa/Middle East region and solid growth in Eastern Europe. The Latin America region saw negative sales performance, driven primarily by developments in Venezuela.

The mature markets continued to show decline, accompanied by increasing promotional activity and pressure on prices. In this challenging competitive environment, sales in the mature markets remained below the comparable figure for the prior-year quarter. We posted positive growth in the Western

Innovation

Syoss Full Hair 5

New Syoss Full Hair 5 thickness and volume booster is the first high-performance hair care product from Syoss for fuller hair on five different levels. Specially developed for dull, thinning hair, this innovation makes hair noticeably thicker and stronger. It protects against hair loss from breakage and actively stimulates hair roots – for greater volume and visibly fuller hair.

www.syoss.de

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

Europe region. The mature markets of the Asia-Pacific region also performed positively. With price competition in North America intensifying sharply, our sales there fell short of the level of the third quarter of 2013.

Adjusted operating profit increased significantly to 140 million euros. Adjusted return on sales showed solid development, reaching 15.2 percent. Ongoing measures to reduce costs and enhance production and supply chain efficiency enabled us to partially offset the effects on gross margin of increasingly severe promotional and price competition. At 15.7 percent, return on capital employed (ROCE) was below the level of the prior-year quarter, mainly due to expenses for provisions related to current proceedings by antitrust authorities in Europe. The figure was also impacted by higher restructuring charges and the capital effect of the acquisitions. Although above the level of the prior-year quarter, net working capital as a percentage of sales was again low at 4.8 percent.

Numerous innovations strengthened our businesses:

Our *Branded Consumer Goods* business posted positive sales performance in the third quarter. This was supported by successful innovations leading to further expansion of our market positions.

In Hair Colorants, we strengthened the Perfect Mousse brand by launching Miracle Blonds. These new blond shades, which are as easy to use as shampoo, are the first products to both lighten and simultaneously provide perfect gray coverage. We expanded the portfolio under the Palette brand with the launch of our semi-permanent colorant Perfect Gloss Color. This is the first ammonia-free care colorant from Palette offering maximum color vibrancy and glossy color reflection.

In Hair Care, we modernized the Gliss Kur brand with an innovative design and formula relaunch. Specially developed for dull, thinning hair, Syoss Full Hair 5 imparts thickness, volume and strength. It protects against hair loss and stimulates the roots. Under the brand Smooth 'N Shine, we introduced the first line of hair care, hair styling and relaxer products developed specifically for the needs of afro-textured hair. The high-performance formula with African moringa and olive oil provides nourishing care for healthier looking hair and prevents hair breakage.

In Hair Styling, we introduced Taft Perfect Flex, the first product line offering supreme flexibility and styling control. Matching the new launch in the Hair Care business, Syoss Styling was expanded to include the new Full Hair 5 range for greater volume and an anti-dulling effect.

Body Care saw the launch of Fa Frozen Fruities. This range of shower gels and deodorants offers a cooling effect with a fruity fragrance for the ultimate feeling of freshness. The Dial Acne Control line was also introduced. The oil-free formula with powerful salicylic acid was developed in cooperation with dermatologists.

In Skin Care, Diadermine celebrated 110 years of skin expertise with the successful Falten Expert 3D line – skin care products that activate the skin's own production of hyaluronic acid over a period of 24 hours. In Oral Care, new Vademecum ProVitamin Repair with natural plant extracts provides an optimal solution for damaged teeth and tooth enamel.

In our *Hair Salon* business, sales remained below the level of the prior-year quarter in a persistently declining market environment. Igora Vibrance Gloss & Tone was launched, the first ammonia-free, semi-permanent tone-on-tone gel hair color with an acid base. The transparent, fragrant formulations provide natural, glossy color and superior care even for delicate hair.

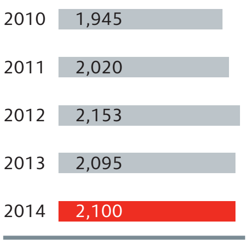
Top brands

Schwarzkopf Dial syoss

Adhesive Technologies

Sales third quarter

in million euros



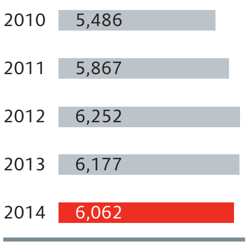
Key financials [1]

in million euros	Q3/2013	Q3/2014	+/–	1–9/2013	1–9/2014	+/–
Sales	2,095	**2,100**	0.3 %	6,177	**6,062**	– 1.9 %
Proportion of Henkel sales	50 %	**49 %**		49 %	**49 %**	
Operating profit (EBIT)	365	**354**	– 3.1%	1,012	**1,031**	1.9 %
Adjusted operating profit (EBIT) [2]	373	**373**	0.2 %	1,055	**1,055**	0.0 %
Return on sales (EBIT)	17.4 %	**16.9 %**	– 0.5 pp	16.4 %	**17.0 %**	0.6 pp
Adjusted return on sales (EBIT) [2]	17.8 %	**17.8 %**	0.0 pp	17.1 %	**17.4 %**	0.3 pp
Return on capital employed (ROCE)	21.5 %	**20.7 %**	– 0.8 pp	19.7 %	**20.6 %**	0.9 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 first nine months

in million euros



Sales development [1]

in percent	Q3/2014	1–9/2014
Change versus previous year	0.3	– 1.9
Foreign exchange	– 1.9	– 5.0
Adjusted for foreign exchange	2.2	3.1
Acquisitions/divestments	– 0.5	– 0.4
Organic	2.7	3.5
of which price	1.3	1.0
of which volume	1.4	2.5

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

The **Adhesive Technologies** business unit again generated solid organic growth in the third quarter. At 17.8 percent, adjusted return on sales once again attained the high level of the prior-year quarter. Thus we were able to continue our path of profitable growth in the third quarter of 2014.

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

Organic sales growth (i.e. adjusted for foreign exchange and acquisitions/divestments) was 2.7 percent. This increase was driven by volume and price increases in roughly equal measure.

Our emerging markets again posted a strong performance. The Africa/Middle East region recorded double-digit growth, Asia (excluding Japan) showed very strong performance, and we achieved solid sales growth in the Latin America region. Performance in Eastern Europe was also solid, despite the difficult political situation in parts of the region.

Sales in the mature markets remained slightly below the level of the prior-year quarter, although developments were mixed. The North America region posted positive sales performance while sales in Western Europe failed to match the third quarter of 2013. By contrast, business performance in the mature markets of the Asia-Pacific region was solid.

Innovation

Aquence XP

The new synthetic high-performance adhesives under the Aquence XP brand offer a wide spectrum of labeling applications for glass bottles. They give our customers in the beverage industry an efficiency advantage through optimized machine run times, high reliability, and easier label removal in the cleaning process. The innovative casein-free formula enables greater independence from fluctuating commodity prices.

www.henkel-adhesives.com/aquence-xp-42166.htm

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

At 373 million euros, adjusted operating profit (EBIT) again attained the high level of the prior-year quarter. Adjusted return on sales also matched the high level of the third quarter 2013 at 17.8 percent. Ongoing measures to reduce costs and enhance production and supply chain efficiency enabled us to partially offset the effects on gross margin of rising direct material costs. At 20.7 percent, return on capital employed (ROCE) was below the level of the third quarter of 2013. Net working capital as a percentage of sales was low at 12.4 percent, albeit higher than the third quarter of 2013.

The *Packaging and Consumer Goods Adhesives* business posted solid sales growth. Our adhesives business for flexible laminates was particularly successful. In adhesives for packaging and labeling, the introduction of our range of innovative high-performance Aquence XP adhesives enables more efficient and more sustainable production processes for our customers in the beverage industry.

In the *Transport and Metal* business, we posted a strong increase in sales year on year. Our adhesives and acoustic solutions for the automotive industry posted double-digit growth. This growth continues to be driven by our solutions-oriented product innovations, which we develop in close cooperation with our customers.

The *General Industry* business again achieved the highest levels of growth, recording a strong increase in sales compared to the prior-year quarter. Our businesses serving customers in industrial assembly as well as the vehicle repair and maintenance business recorded above-average growth. In the latter business, we expanded our support and service portfolio specifically for automotive repair shops and dealers of vehicle repair materials to include a new online portal with an impressive range of customized services, comprehensive application advice, and useful product information.

The *Electronics* business also achieved solid sales growth. The strongest growth was posted by our businesses serving the consumer electronics industry. With the planned acquisition of all shares in The Bergquist Company, a leading supplier of thermal management solutions for the global electronics industry, we will reinforce Adhesive Technologies' worldwide leading position and build on our strong positions in the growing markets of the electronics sector.

The *Adhesives for Consumers, Craftsmen and Building* business posted positive sales growth. Products for household and repair recorded above-average growth. Sales to the building industry, however, were negatively impacted by the ongoing difficult political situation in parts of Eastern Europe. We underscored our leading role in sustainability with new products under the Pritt brand, where we increased the proportion of recycled plastic used in the product packaging.

Top brands

LOCTITE TEROSON TECHNOMELT

Financial report January through September 2014

Underlying economic conditions

The general economic conditions described here are based on data published by Feri EuroRating Services.

The world economy grew by 2.5 percent in the first nine months of 2014 compared to the prior-year period. Industrial production grew by approximately 3 percent. Private consumption rose moderately by approximately 2 percent.

The North American economy grew by around 2 percent in the first nine months of 2014. The Japanese and Western European economies grew by approximately 1 percent. Economic development in Germany showed growth of approximately 1.5 percent.

The emerging region of Asia (excluding Japan) increased its economic output by approximately 6 percent. Latin America registered growth of around 1 percent. Economic growth in Eastern Europe was only modest at approximately 2 percent.

The euro appreciated against the US dollar, from 1.32 to 1.35 US dollars, in the first nine months of 2014 versus the prior-year period. Around the world, consumer prices rose by around 3 percent. Global unemployment was below the prior-year period at approximately 6 percent.

Sectors of importance for Henkel

With a rise of approximately 2 percent, private consumption in the first nine months of 2014 remained moderate. Consumers in North America increased their spending by around 2 percent versus the prior-year period. In Western Europe, consumer spending grew by approximately 1 percent compared to the prior-year period. The emerging markets demonstrated a higher propensity to spend, with consumption increasing by 4 percent.

With an increase of approximately 3 percent in the first nine months of 2014, growth in industrial production was slightly higher than the overall economy. The electronics and transport sectors were able to expand production by around 4 percent and the metal industry by around 5 percent. The automobile industry increased production by around 6 percent. Growth was subdued in consumer-related sectors, such as the global packaging industry, which recorded limited growth of approximately 2 percent.

Global construction recorded an increase in output of around 5 percent in the first nine months of this year.

Effects on Henkel

In conditions characterized by modest private spending, we managed to increase organic sales in our consumer businesses.

Organic sales in the Adhesive Technologies business unit grew in the first nine months of 2014 by 3.5 percent, thus outpacing the global economy.

Through selective price increases, continued strict cost discipline and efficiency improvements in production and supply chain, we were able to partially offset the effects on gross margin of significantly increased promotional activity and the slightly higher prices of direct materials.

Business performance January through September 2014

Key financials[1]

in million euros	1–9/2013	1–9/2014	+/–
Sales	12,503	**12,302**	– 1.6 %
Operating profit (EBIT)	1,821	**1,800**	– 1.1 %
Adjusted[2] operating profit (EBIT)	1,932	**1,986**	2.8 %
Return on sales (EBIT)	14.6 %	**14.6 %**	0.0 pp
Adjusted[2] return on sales (EBIT)	15.5 %	**16.1 %**	0.6 pp
Net income – attributable to shareholders of Henkel AG & Co. KGaA	1,269	**1,330**	4.8 %
Adjusted[2] net income – attributable to shareholders of Henkel AG & Co. KGaA	1,354	**1,459**	7.8 %
Earnings per preferred share in euros	2.93	**3.07**	4.8 %
Adjusted[2] earnings per preferred share in euros	3.13	**3.37**	7.7 %

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

With currencies continuing to depreciate, particularly the US dollar and emerging market currencies, sales in the first nine months of 2014 were 1.6 percent below their prior-year level at 12,302 million euros. Adjusted for foreign exchange effects, sales improved by 3.6 percent. At 3.3 percent, organic sales growth (i.e. adjusted for foreign exchange effects and acquisitions/divestments) showed a solid rate of increase compared to the first nine months of 2013.

Sales development[1]

in percent	1–9/2014
Change versus previous year	– 1.6
Foreign exchange	– 5.2
Adjusted for foreign exchange	3.6
Acquisitions/divestments	0.3
Organic	3.3
of which price	0.4
of which volume	2.9

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

All three business units contributed to this performance with solid sales growth. The Laundry & Home Care business unit recorded organic sales growth of 4.6 percent based on volume increases. Beauty Care increased sales organically by 2.0 percent, mainly driven by higher volume. The Adhesive Technologies business unit increased its organic sales by 3.5 percent. This was achieved through increases in both price and volume.

Price and volume effects first nine months 2014

in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	**4.6**	– 0.5	5.1
Beauty Care	**2.0**	0.2	1.8
Adhesive Technologies	**3.5**	1.0	2.5
Henkel Group	**3.3**	**0.4**	**2.9**

The scope of our business activities and competitive positions, as described in the Annual Report 2013 on page 47, did not change materially in the first nine months of 2014.

To continuously adapt our structures to our markets and customers, we spent 146 million euros on restructuring (prior-year period: 76 million euros). In order to create a scalable business model, we are – among other things – expanding our shared services and continuing to optimize our production network.

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 consolidated statement of income can be found on page 28.

Compared to the first nine months of 2013, the cost of sales declined by 0.7 percent to 6,404 million euros. Gross profit decreased by 2.5 percent to 5,898 million euros. At 47.9 percent, gross margin

Sales first nine months

in million euros

Adjusted gross margin first nine months

in percent of sales

Reconciliation from sales to adjusted operating profit[1]

in million euros	1–9/2013	%	1–9/2014	%	Change
Sales	**12,503**	**100.0**	**12,302**	**100.0**	**– 1.6 %**
Cost of sales	– 6,452	– 51.6	– 6,404	– 52.1	– 0.7 %
Gross profit	**6,051**	**48.4**	**5,898**	**47.9**	**– 2.5 %**
Marketing, selling and distribution expenses	– 3,268	– 26.1	– 3,080	– 25.0	– 5.8 %
Research and development expenses	– 309	– 2.4	– 309	– 2.5	0.0 %
Administrative expenses	– 575	– 4.6	– 541	– 4.4	– 5.9 %
Other operating income/charges	33	0.2	18	0.1	–
Adjusted operating profit (EBIT)	**1,932**	**15.5**	**1,986**	**16.1**	**2.8 %**

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

came in 0.5 percentage points lower year on year. We were able to partially offset the effects of significantly increased promotional activity and slightly higher prices for direct materials through selective price increases, savings from cost-reduction measures, and improvements in production and supply chain efficiency.

At 3,080 million euros, marketing, selling and distribution expenses were below the figure from the prior-year period of 3,268 million euros. This reflects both a shift in marketing activities toward price promotions as a result of increased pricing pressure in our consumer goods businesses, and a reduction in selling and distribution expenses. The ratio to sales declined by 1.1 percentage points to 25.0 percent. We spent a total of 309 million euros on research and development, slightly increasing the ratio to sales to 2.5 percent. Administrative expenses accounted for 4.4 percent of sales, which was below the level for the first nine months of 2013.

At 18 million euros, the balance of other operating income and charges remained similarly low as in the prior-year period.

Adjusted operating profit (EBIT) increased by 2.8 percent from 1,932 million euros to 1,986 million euros. We increased adjusted return on sales for the Group from 15.5 to 16.1 percent, driven by all three business units. The Laundry & Home Care business unit recorded an excellent improvement in margin with an increase of 1.3 percentage points from 15.4 to 16.7 percent. This was primarily due to a solid organic sales performance combined with ongoing strict cost management. The Beauty Care business unit achieved a very strong increase of 0.8 percentage points in return on sales, from 14.9 to 15.7 percent, attributable to strict cost management. In the Adhesive Technologies business unit, the focus of our portfolio on innovative customer solutions, together with efficiency improvements, enabled us to record a solid improvement in margin of 0.3 percentage points to 17.4 percent.

At –37 million euros, our financial result in the first nine months of 2014 improved from the –82 million euros reported in the first nine months of 2013, mainly attributable to an improvement in net interest result. The improvement in net interest result was due in part to the repayment of our senior bonds in June 2013 and March 2014, as well as the maturing interest rate fixings in March 2014. The tax rate was 23.3 percent (adjusted: 24.0 percent).

Net income for the first nine months increased by 3.7 percent, from 1,304 million euros to 1,352 million euros. After deducting 22 million euros attributable to non-controlling interests, net income for the first nine months was 1,330 million euros (first nine months 2013: 1,269 million euros). Adjusted net income for the first nine months after deducting

Adjusted EBIT first nine months

in million euros

Guidance versus performance 2014

	Updated guidance for 2014	Performance first nine months 2014
Organic sales growth	Henkel Group: 3–5 percent Laundry & Home Care: 3–5 percent Beauty Care: approximately 2 percent Adhesive Technologies: 3–5 percent	Henkel Group: 3.3 percent Laundry & Home Care: 4.6 percent Beauty Care: 2.0 percent Adhesive Technologies: 3.5 percent
Percentage of sales from emerging markets	Slight increase	At prior-year level
Adjusted return on sales	Increase to just under 16.0 percent	Increase to 16.1 percent
Adjusted earnings per preferred share	Increase in the high-single digits	Increase of 7.7 percent

non-controlling interests was 1,459 million euros compared to 1,354 million euros in the prior-year period. We increased earnings per preferred share (EPS) from 2.93 euros to 3.07 euros. After adjustment, EPS amounted to 3.37 euros versus 3.13 euros in the prior-year period.

Comparison between actual business performance and guidance

In our report for fiscal 2013, we published guidance for fiscal 2014 indicating that we expect to achieve organic sales growth of between 3 and 5 percent. In line with our Strategy 2016, we furthermore expected a slight increase in the share of sales from our emerging markets. For adjusted return on sales (EBIT), we forecasted an increase to around 15.5 percent, and for adjusted earnings per preferred share, we anticipated a rise in the high-single digits (2013: 4.07 euros).

We continue to expect organic sales growth of 3 to 5 percent for the Henkel Group in fiscal 2014. In line with our Strategy 2016, we also continue to expect a slight increase in the share of sales from our emerging markets. We specify our guidance for adjusted return on sales (EBIT) as follows: We now expect adjusted return on sales to be just under 16.0 percent. We confirm the forecast of an increase in adjusted earnings per preferred share in the high-single digits (2013: 4.07 euros).

Net assets

Compared to year-end 2013, total assets rose by 0.8 billion euros to 20.1 billion euros.

Under **non-current assets**, intangible assets increased as a result of acquisitions and foreign exchange effects. Assets in property, plant and equipment rose slightly with capital expenditures of 291 million euros partially offset by depreciation of 211 million euros.

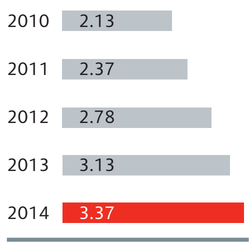
Current assets declined from 8.0 billion euros to 7.6 billion euros. On one hand, inventories and trade accounts receivable increased this figure, while other financial assets decreased as a result of the partial sale of our securities and time deposits. Cash and cash equivalents increased by 160 million euros in the reporting period.

Compared to the end of fiscal 2013, **equity** including non-controlling interests increased by 1,065 million euros to 11,223 million euros. The individual components influencing equity development are shown in the table on page 29. The increase is essentially due to the net income for the first nine months in the amount of 1.4 billion euros. The dividend payment of Henkel AG & Co. KGaA reduced the overall increase, however. The equity ratio rose once again versus year-end 2013, by 3.3 percentage points to 55.8 percent, and continues to reflect the high financial strength of the Group.

Non-current liabilities rose by 0.4 billion euros to 3.5 billion euros. Our pension obligations increased significantly compared to the end of fiscal 2013 as a consequence of lower discount rates.

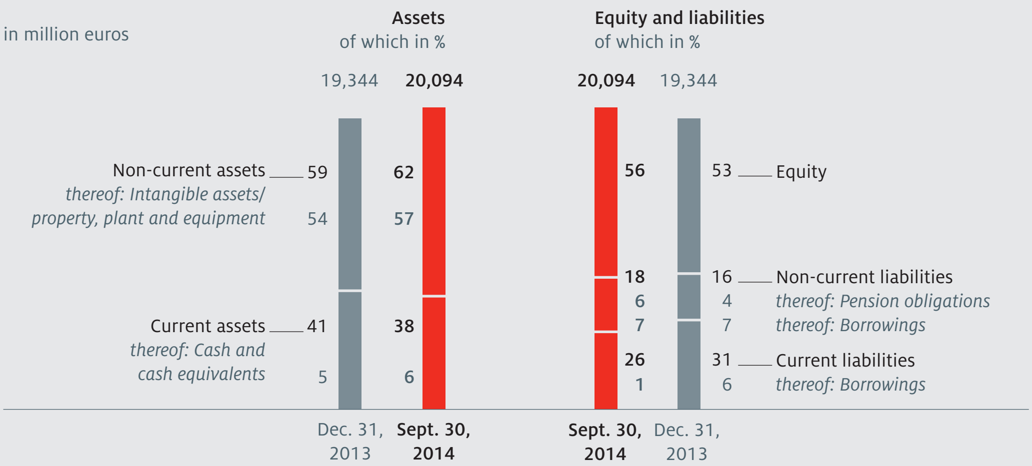
Adjusted earnings per preferred share first nine months

in euros



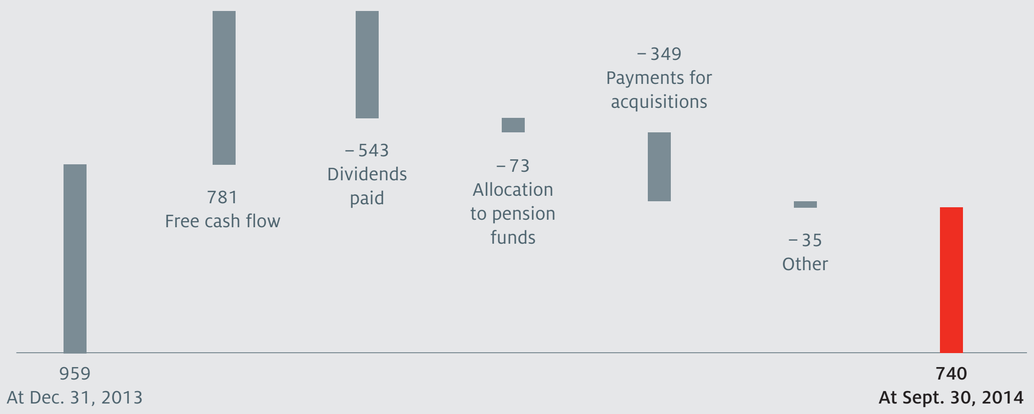
Financial structure

in million euros



Net financial position

in million euros



Current liabilities decreased by 0.8 billion euros to 5.3 billion euros. The decline is attributable to the repayment of our 1.0 billion euro senior bond that matured in March 2014. The repayment was partially financed through our commercial paper program.

Effective September 30, 2014, our **net financial position** [1] amounted to 740 million euros (December 31, 2013: 959 million euros) and was mainly affected by dividends paid and payments for acquisitions.

As was also the case at the end of fiscal 2013, we do not currently calculate an operating debt coverage ratio due to our positive net financial position. Our interest coverage ratio further improved, aided by the lower net interest result.

Net financial position

in million euros	
Q3/2013	485
Q4/2013	959
Q1/2014	923
Q2/2014	156
Q3/2014	**740**

Key financial ratios

	Dec. 31, 2013	Sept. 30, 2014
Operating debt coverage ratio [1] (net income + amortization, depreciation, impairment and write-ups + interest portion of pension obligations) / net borrowings and pension obligations	not calculable [2]	**not calculable** [2]
Interest coverage ratio EBITDA / interest result including interest portion of pension obligations	23.9	**48.7**
Equity ratio equity / total assets	52.5 %	**55.8 %**

[1] Hybrid bond included on 50 percent debt basis.
[2] Figure cannot be calculated due to a negative divisor.

Financial position

The development of our financial position is indicated in detail in the consolidated statement of cash flows on page 30.

Cash flow from operating activities of 1,155 million euros in the first nine months of 2014 remained below the high level of the prior-year period (1,374 million euros). Slightly lower operating profit and lower outflows for inventories were offset by higher payments for income taxes and lower inflows for trade accounts payable.

Net working capital [2] relative to sales increased year on year by 1.1 percentage points to 5.6 percent.

The **cash outflow from investing activities** (–682 million euros) was higher than in the first nine months of 2013 (–217 million euros) due to increased investments in subsidiaries and other business units compared to the prior-year period.

Despite the redemption of our senior bond that matured in March 2014 and higher dividend payments, **cash outflow from financing activities** was lower at –358 million euros than in the prior-year period (–1,298 million euros). This was mainly affected by cash inflows from the partial sale of our securities and time deposits reported under other financing transactions.

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

[2] Inventories plus payments on account, receivables from suppliers and trade accounts receivable, less trade accounts payable, liabilities to customers, and current sales provisions.

Cash and cash equivalents rose compared to December 31, 2013, by 160 million euros to 1,211 million euros.

Free cash flow of 781 million euros represented a decline compared to the first nine months of 2013 (1,048 million euros), mainly due to lower cash flow from operating activities.

Capital expenditures

Capital expenditures on property, plant and equipment for continuing operations totaled 291 million euros, following 267 million euros in the first nine months of 2013. We invested 40 million euros in intangible assets (prior-year period: 26 million euros). Around three-quarters of the expenditure was channeled into expansion projects and rationalization measures, which included introducing innovative product lines and optimizing our production structure and business processes.

Major individual projects in 2014 to date:
- Construction of an automated high-bay warehouse as the central storage facility for Germany in Düsseldorf (Laundry & Home Care)
- Expansion of production capacity for liquid and powder detergents in Toluca, Mexico (Laundry & Home Care)
- Expansion of WC rim block production in Kruševac, Serbia (Laundry & Home Care)
- Installation of a filling line for innovative packaging for hair colorants in Viersen, Germany (Beauty Care)
- Consolidation of production footprint and expansion of production capacities in Shanghai, China (Adhesive Technologies)
- Building of a factory for the manufacture of construction products in Marusino, Russia (Adhesive Technologies)
- Consolidation and optimization of our IT system architecture for managing business processes in the Asia-Pacific region.

In regional terms, capital expenditures on continuing operations focused primarily on Europe, Asia-Pacific and North America.

Capital expenditures first nine months 2014

in million euros	Continuing operations	Acquisitions	Total
Intangible assets	40	330	370
Property, plant and equipment	291	2	293
Total	331	332	663

Acquisitions and divestments

Effective June 5, 2014, we signed an agreement to acquire all shares in Spotless Group SAS, Neuilly-sur-Seine, France, which operates in the laundry and home care business. The purchase price, including debt, is 940 million euros. This acquisition is part of our global strategy to invest in attractive country category positions in mature markets. Closing of the acquisition took place on October 14, 2014. An audited closing balance sheet for Spotless Group SAS was not available at the time these financial statements were prepared. Therefore, further disclosures in accordance with IFRS 3 cannot be made.

Henkel signed an agreement to acquire all the shares in The Bergquist Company based in Chanhassen, Minnesota (USA). The agreement took effect on September 17, 2014. The purchase price before adjustment based on provisions of the purchase agreement amounts to 570 million US dollars. This acquisition strengthens the position of Adhesive Technologies as a global market and technology leader. The acquisition is still subject to regulatory approval under antitrust law, which is expected in the fourth quarter of 2014.

Further details can be found in the selected explanatory notes on page 34. There were no changes to our business and organizational structure. For a detailed description of our organization and business activities, please refer to the information provided in our Annual Report 2013 on page 47.

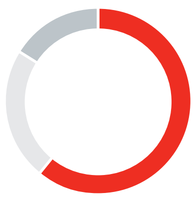
Our long-term ratings remain at “A flat” (Standard & Poor’s) and “A2” (Moody’s). These are also our target ratings. Looking forward, we intend not to jeopardize these when assessing possible acquisitions.

Employees by region

- 30 % Western Europe
- 21 % Eastern Europe
- 20 % Asia-Pacific
- 11 % North America
- 10 % Africa/Middle East
- 8 % Latin America

At Sept. 30, 2014

R&D expenditures by business unit



- 61 % Adhesive Technologies
- 23 % Laundry & Home Care
- 16 % Beauty Care

Employees

As of September 30, 2014, we had 48,100 employees (December 31, 2013: 46,850).

In the first nine months of the fiscal year, we further expanded our shared service centers and, as part of our strategy, increased the number of our employees in emerging markets, particularly in Asia-Pacific, Eastern Europe and Africa/Middle East. In addition, the number of employees in the North America region increased with the integration of the three acquired hair professional companies.

Research and development

In the first nine months of the fiscal year, research and development expenditures amounted to 311 million euros (adjusted for restructuring charges: 309 million euros) compared to 312 million euros (adjusted: 309 million euros) in the prior-year period. Relative to sales, research and development expenditures remained constant versus the same period in the previous year. The ratio was 2.5 percent (adjusted: 2.5 percent).

The development of innovative products is of key importance to our business model. The research and development strategy described in our Annual Report 2013 (starting on page 72) has remained unchanged.

Outlook

Our assessment of future world economic development is based on data provided by Feri EuroRating Services.

We continue to expect the global economy to register only moderate growth in 2014 and assume that gross domestic product will increase by approximately 2.5 percent.

We expect the mature markets to grow by approximately 2 percent. The North American economy is likely to grow by approximately 2 percent, with Japan's expanding by around 1 percent. For Western Europe we expect growth of around 1 percent for 2014 after a flat year in 2013.

The emerging markets will once again achieve comparatively strong economic growth of around 4 percent in 2014. In the case of Asia (excluding Japan), we expect economic output to increase by approximately 5 percent, with Latin America likely to post a plus of around 1 percent. Eastern Europe should grow by approximately 1 percent. For the Africa/Middle East region, we expect economic growth of around 3 percent.

Global inflation should be approximately 3 percent in 2014. While we can continue to expect a high degree of price stability for the mature markets, with inflation at approximately 1.5 percent, the inflation rate in the emerging regions is likely to average approximately 5.5 percent.

We anticipate that worldwide private consumption will rise by approximately 2.5 percent in 2014. In the mature markets, consumers are likely to spend approximately 1.5 percent more than in the previous year. The emerging markets will again demonstrate a higher propensity to spend with an increase of around 4 percent in 2014.

Industrial production will grow globally by approximately 4.5 percent compared to the previous year and, as such, faster than the overall economy. We expect the transport, electronics and metal industries to register a plus of approximately 5 percent. Growth in consumer-related sectors, such as the global packaging industry, is likely to be stronger than in the previous year, with a figure in the low single-digit range.

We expect global construction to expand at the same rate as the previous year, namely by around 3 percent.

Moreover, it is to be expected that the developments in the conflict between Russia and Ukraine and the persisting political turmoil in the Middle East will continue to have a negative impact on the market environment.

Opportunities and risks

As noted in our report on subsequent events in the Annual Report 2013 on page 101, the action we filed against the French antitrust authorities' decision relating to the fine of 92 million euros that was imposed on, and paid by, Henkel was turned down by the court of first instance on January 30, 2014. We have decided not to appeal this ruling.

With respect to proceedings brought by various antitrust authorities in Europe in which Henkel and other consumer goods manufacturers are involved, please see the risk report in our Annual Report 2013 on page 95. In 2014, we built a provision in the amount of 39 million euros in connection with these proceedings.

An assessment of the opportunities and risks in the first nine months of the year did not produce any substantial changes compared to our statements in the Annual Report 2013. The current estimate of the risk from legal disputes is taken into account in these financial statements. For an explanation of the opportunities and risks, please consult the risk report beginning on page 92 and the opportunities section on page 98 in our Annual Report 2013.

At the time this report was prepared, there were no identifiable risks related to future developments that could endanger the existence either of Henkel AG & Co. KGaA, or a material subsidiary included in the consolidation, or the Group as a going concern.

Outlook for the Henkel Group 2014

We continue to expect organic sales growth for the Henkel Group of 3 to 5 percent in fiscal 2014. As before, we expect growth in the Laundry & Home Care and Adhesive Technologies business units to be within this range. In the Beauty Care business unit, we now expect organic growth of approximately 2 percent. In line with our Strategy 2016, we continue to expect a slight increase in the share of sales from our emerging markets.

We are specifying our guidance for adjusted return on sales (EBIT) in more detail. Compared to the 2013 figure, we now expect an increase to just under 16.0 percent (2013: 15.4 percent), and we further project that all business units will contribute to this improvement. As before, we expect an increase in adjusted earnings per preferred share in the high-single digits (2013: 4.07 euros).

The starting point for this is our strong competitive position, which we will continue to consolidate and foster through our innovative strength, our strong brands, our leading market positions and the quality of our portfolio. Our market position and the adaptation of our structures to constantly changing market conditions, coupled with the expected increase in sales, will have a positive impact on our earnings performance.

We now also expect the following developments in 2014:
- Moderate increase in the prices for raw materials, packaging, and purchased goods (unchanged)
- Restructuring charges of approximately 200 million euros (previous guidance: at the level of the previous year)
- Investments in property, plant and equipment and intangible assets of approximately 500 million euros (previous guidance: between 500 and 550 million euros)

Subsequent events

With the exception of the acquisitions described on page 23, there were no notifiable events after September 30, 2014 that are likely to materially affect the net assets, financial position or results of operations of the Group.

Interim consolidated financial statements

Consolidated statement of financial position

Assets

in million euros	Sept. 30, 2013	%	Dec. 31, 2013	%	Sept. 30, 2014	%
Intangible assets	8,353	42.8	8,189	42.3	9,082	45.2
Property, plant and equipment	2,267	11.6	2,295	11.9	2,383	11.9
Other financial assets	210	1.1	148	0.8	179	0.9
Income tax refund claims	6	–	6	–	6	–
Other assets	107	0.6	116	0.6	121	0.6
Deferred tax assets	517	2.7	606	3.1	716	3.6
Non-current assets	**11,460**	**58.8**	**11,360**	**58.7**	**12,487**	**62.2**
Inventories	1,580	8.1	1,494	7.7	1,689	8.4
Trade accounts receivable	2,695	13.8	2,370	12.3	2,922	14.5
Other financial assets	2,294	11.8	2,664	13.8	1,373	6.8
Income tax refund claims	130	0.7	128	0.7	138	0.7
Other assets	252	1.3	241	1.2	255	1.3
Cash and cash equivalents	1,041	5.3	1,051	5.4	1,211	6.0
Assets held for sale	48	0.2	36	0.2	19	0.1
Current assets	**8,040**	**41.2**	**7,984**	**41.3**	**7,607**	**37.8**
Total assets	**19,500**	**100.0**	**19,344**	**100.0**	**20,094**	**100.0**

Liabilities

in million euros	Sept. 30, 2013	%	Dec. 31, 2013	%	Sept. 30, 2014	%
Issued capital	438	2.2	438	2.3	438	2.2
Capital reserve	652	3.3	652	3.4	652	3.2
Treasury shares	– 91	– 0.5	– 91	– 0.5	– 91	– 0.5
Retained earnings	10,293	52.9	10,561	54.5	11,080	55.2
Other components of equity	– 1,313	– 6.7	– 1,516	– 7.8	– 983	– 4.9
Equity attributable to shareholders of Henkel AG & Co. KGaA	**9,979**	**51.2**	**10,044**	**51.9**	**11,096**	**55.2**
Non-controlling interests	133	0.7	114	0.6	127	0.6
Equity	**10,112**	**51.9**	**10,158**	**52.5**	**11,223**	**55.8**
Pension obligations	866	4.4	820	4.2	1,256	6.3
Income tax provisions	65	0.3	78	0.4	65	0.3
Other provisions	293	1.5	335	1.7	334	1.7
Borrowings	1,394	7.1	1,386	7.2	1,378	6.9
Other financial liabilities	1	–	2	–	2	–
Other liabilities	15	0.1	14	0.1	14	0.1
Deferred tax liabilities	386	2.0	457	2.4	498	2.5
Non-current liabilities	**3,020**	**15.4**	**3,092**	**16.0**	**3,547**	**17.8**
Income tax provisions	200	1.1	172	1.0	169	0.8
Other provisions	1,458	7.5	1,454	7.5	1,449	7.2
Borrowings	1,362	7.0	1,230	6.4	244	1.2
Trade accounts payable	2,943	15.1	2,872	14.8	3,042	15.1
Other financial liabilities	82	0.4	87	0.4	115	0.6
Other liabilities	277	1.4	230	1.2	295	1.5
Income tax liabilities	24	0.1	20	0.1	10	–
Liabilities held for sale	22	0.1	29	0.1	–	–
Current liabilities	**6,368**	**32.7**	**6,094**	**31.5**	**5,324**	**26.4**
Total equity and liabilities	**19,500**	**100.0**	**19,344**	**100.0**	**20,094**	**100.0**

Consolidated statement of income

in million euros		Q3/2013	%	Q3/2014	%	Change
Sales		4,184	100.0	4,236	100.0	1.2 %
Cost of sales [1]		– 2,175	– 52.0	– 2,245	– 53.0	3.2 %
Gross profit		2,009	48.0	1,991	47.0	– 0.9 %
Marketing, selling and distribution expenses [1]		– 1,059	– 25.3	– 1,045	– 24.7	– 1.3 %
Research and development expenses [1]		– 101	– 2.4	– 104	– 2.4	3.0 %
Administrative expenses [1]		– 202	– 4.8	– 210	– 5.0	4.0 %
Other operating income		19	0.4	23	0.5	21.1 %
Other operating charges		– 17	– 0.4	– 52	– 1.2	205.9 %
Operating profit (EBIT)		649	15.5	603	14.2	– 7.1 %
Interest income [2]		8	0.2	8	0.2	0.0 %
Interest expense [2]		– 21	– 0.5	– 9	– 0.2	– 57.1 %
Other financial result [2]		– 12	– 0.3	– 10	– 0.3	– 16.7 %
Investment result		–	–	–	–	–
Financial result		– 25	– 0.6	– 11	– 0.3	– 56.0 %
Income before tax		624	14.9	592	13.9	– 5.1 %
Taxes on income		– 155	– 3.7	– 142	– 3.4	– 8.4 %
Tax rate in %		*24.8*		*24.0*		
Net income		469	11.2	450	10.5	– 4.1 %
– Attributable to non-controlling interests		– 11	– 0.3	– 10	– 0.2	– 9.1 %
– Attributable to shareholders of Henkel AG & Co. KGaA		458	10.9	440	10.3	– 3.9 %
Earnings per ordinary share – basic and diluted	in euros	1.05		1.00		– 4.8 %
Earnings per preferred share – basic and diluted	in euros	1.06		1.01		– 4.7 %

Additional voluntary information

in million euros		Q3/2013	Q3/2014	Change
EBIT (as reported)		649	603	– 7.1 %
One-time gains		–	–	–
One-time charges		4	43 [3]	–
Restructuring charges		19	47	–
Adjusted EBIT		672	693	3.1 %
Adjusted return on sales	*in %*	*16.1*	*16.4*	*0.3 pp*
Adjusted tax rate	*in %*	*24.7*	*24.0*	*– 0.7 pp*
Adjusted net income – Attributable to shareholders of Henkel AG & Co. KGaA		476	508	6.7 %
Adjusted earnings per ordinary share	in euros	1.09	1.16	6.4 %
Adjusted earnings per preferred share	in euros	1.10	1.17	6.4 %

[1] Restructuring charges, third quarter 2014: 47 million euros (third quarter 2013: 19 million euros), of which: cost of sales 16 million euros (third quarter 2013: 9 million euros), marketing, selling and distribution expenses 11 million euros (third quarter 2013: 2 million euros), research and development expenses 1 million euros (third quarter 2013: 2 million euros), administrative expenses 19 million euros (third quarter 2013: 6 million euros).
[2] Comparable figures shown for the previous year (see notes on page 33).
[3] Includes 34 million euros for provisions related to current proceedings by antitrust authorities in Europe.

Consolidated statement of income

in million euros		1–9/2013	%	1–9/2014	%	Change
Sales		12,503	100.0	12,302	100.0	– 1.6 %
Cost of sales [1]		– 6,470	– 51.7	– 6,471	– 52.6	0.0 %
Gross profit		6,033	48.3	5,831	47.4	– 3.3 %
Marketing, selling and distribution expenses [1]		– 3,278	– 26.2	– 3,103	– 25.2	– 5.3 %
Research and development expenses [1]		– 312	– 2.5	– 311	– 2.5	– 0.3 %
Administrative expenses [1]		– 630	– 5.1	– 628	– 5.1	– 0.3 %
Other operating income		100	0.8	90	0.7	– 10.0 %
Other operating charges		– 92	– 0.7	– 79	– 0.7	– 14.1 %
Operating profit (EBIT)		1,821	14.6	1,800	14.6	– 1.1 %
Interest income [2]		23	0.2	27	0.2	17.4 %
Interest expense [2]		– 71	– 0.6	– 36	– 0.3	– 49.3 %
Other financial result [2]		– 34	– 0.3	– 34	– 0.2	0.0 %
Investment result		–	–	6	0.1	–
Financial result		– 82	– 0.7	– 37	– 0.2	– 54.9 %
Income before tax		1,739	13.9	1,763	14.4	1.4 %
Taxes on income		– 435	– 3.5	– 411	– 3.3	– 5.5 %
Tax rate in %		*25.0*		*23.3*		
Net income		1,304	10.4	1,352	11.1	3.7 %
– Attributable to non-controlling interests		– 35	– 0.3	– 22	– 0.2	– 37.1 %
– Attributable to shareholders of Henkel AG & Co. KGaA		1,269	10.1	1,330	10.9	4.8 %
Earnings per ordinary share – basic and diluted	in euros	2.91		3.05		4.8 %
Earnings per preferred share – basic and diluted	in euros	2.93		3.07		4.8 %

Additional voluntary information

in million euros		1–9/2013	1–9/2014	Change
EBIT (as reported)		1,821	1,800	– 1.1 %
One-time gains		– 10	– 28	–
One-time charges		45	68 [3]	–
Restructuring charges		76	146	–
Adjusted EBIT		1,932	1,986	2.8 %
Adjusted return on sales	*in %*	*15.5*	*16.1*	*0.6 pp*
Adjusted tax rate	*in %*	*24.9*	*24.0*	*– 0.9 pp*
Adjusted net income – Attributable to shareholders of Henkel AG & Co. KGaA		1,354	1,459	7.8 %
Adjusted earnings per ordinary share	in euros	3.11	3.35	7.7 %
Adjusted earnings per preferred share	in euros	3.13	3.37	7.7 %

[1] Restructuring charges, first nine months 2014: 146 million euros (first nine months 2013: 76 million euros), of which: cost of sales 67 million euros (first nine months 2013: 18 million euros), marketing, selling and distribution expenses 23 million euros (first nine months 2013: 10 million euros), research and development expenses 2 million euros (first nine months 2013: 3 million euros), administrative expenses 54 million euros (first nine months 2013: 45 million euros).
[2] Comparable figures shown for the previous year (see notes on page 33).
[3] Includes 39 million euros for provisions related to current proceedings by antitrust authorities in Europe.

Consolidated statement of comprehensive income

in million euros	Q3/2013	Q3/2014	1–9/2013	1–9/2014
Net income	469	450	1,304	1,352
Components to be reclassified to income:				
Exchange differences on translation of foreign operations	– 241	510	– 337	542
Gains from derivative financial instruments (hedge reserve per IAS 39)	4	6	14	2
Gains from financial instruments in the available-for-sale category (available-for-sale reserve)	–	–	1	1
Components not to be reclassified to income:				
Remeasurements from defined benefit plans	28	– 155	54	– 289
Other comprehensive income (net of taxes)	– 209	361	– 268	256
Total comprehensive income for the period	260	811	1,036	1,608
– Attributable to non-controlling interests	2	22	22	34
– Attributable to shareholders of Henkel AG & Co. KGaA	258	789	1,014	1,574

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	Currency translation	Hedge reserve per IAS 39	Available-for-sale reserve	Shareholders of Henkel AG & Co. KGaA	Non-controlling interests	Total
At Dec. 31, 2012 / Jan. 1, 2013	260	178	652	– 91	9,381	– 806	– 199	1	9,376	135	9,511
Net income	–	–	–	–	1,269	–	–	–	1,269	35	1,304
Other comprehensive income	–	–	–	–	54	– 324	14	1	– 255	– 13	– 268
Total comprehensive income for the period	–	–	–	–	*1,323*	*– 324*	*14*	*1*	*1,015*	*21*	*1,036*
Dividends	–	–	–	–	– 407	–	–	–	– 407	– 24	– 431
Sale of treasury shares	–	–	–	–	–	–	–	–	–	–	–
Changes in ownership interest with no change in control	–	–	–	–	– 3	–	–	–	– 3	–	– 3
Other changes in equity	–	–	–	–	– 1	–	–	–	– 1	–	– 1
At Sept. 30, 2013	260	178	652	– 91	10,293	– 1,130	– 185	2	9,979	133	10,112
At Dec. 31, 2013 / Jan. 1, 2014	260	178	652	– 91	10,561	– 1,336	– 182	2	10,044	114	10,158
Net income	–	–	–	–	1,330	–	–	–	1,330	22	1,352
Other comprehensive income	–	–	–	–	– 289	530	2	1	244	12	256
Total comprehensive income for the period	–	–	–	–	*1,041*	*530*	*2*	*1*	*1,574*	*34*	*1,608*
Dividends	–	–	–	–	– 525	–	–	–	– 525	– 18	– 543
Sale of treasury shares	–	–	–	–	–	–	–	–	–	–	–
Changes in ownership interest with no change in control	–	–	–	–	–	–	–	–	–	–	–
Other changes in equity	–	–	–	–	3	–	–	–	3	– 3	–
At Sept. 30, 2014	260	178	652	– 91	11,080	– 806	– 180	3	11,096	127	11,223

Consolidated statement of cash flows

in million euros	Q3/2013	Q3/2014	1–9/2013	1–9/2014
Operating profit (EBIT)	649	603	1,821	1,800
Income taxes paid	– 169	– 147	– 396	– 451
Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment [1]	99	99	320	295
Net gains/losses on disposal of intangible assets and property, plant and equipment, and from divestments	– 3	1	– 28	– 4
Change in inventories	– 28	9	– 187	– 130
Change in trade accounts receivable	49	– 63	– 413	– 432
Change in other assets	– 20	64	– 50	– 4
Change in trade accounts payable	52	79	379	80
Change in other liabilities and provisions	126	131	– 72	1
Cash flow from operating activities	755	776	1,374	1,155
Purchase of intangible assets and property, plant and equipment including payments on account	– 116	– 143	– 293	– 351
Acquisition of subsidiaries and other business units	– 4	–	– 4	– 349
Purchase of associated companies and joint ventures held at equity	–	–	–	–
Proceeds on disposal of subsidiaries and other business units	–	–	26	6
Proceeds on disposal of intangible assets and property, plant and equipment	18	1	54	12
Cash flow from investing activities	– 102	– 142	– 217	– 682
Dividends paid to shareholders of Henkel AG & Co. KGaA	–	–	– 407	– 525
Dividends paid to non-controlling shareholders	– 6	– 3	– 24	– 18
Interest received	16	18	146	104
Interest paid	– 20	– 19	– 173	– 111
Dividends and interest paid and received	*– 10*	*– 4*	*– 458*	*– 550*
Repayment of bonds	–	–	– 1,000	– 1,030
Other changes in borrowings	– 425	– 622	17	61
Allocation to pension funds	– 12	– 45	– 48	– 73
Other changes in pension obligations	– 17	– 4	– 60	– 28
Purchase of non-controlling interests with no change of control	–	–	– 3	– 8
Other financing transactions [2]	– 242	284	254	1,270
Cash flow from financing activities	– 706	– 391	– 1,298	– 358
Net change in cash and cash equivalents	– 53	243	– 141	115
Effect of exchange rates on cash and cash equivalents	– 31	46	– 46	35
Change in cash and cash equivalents	– 84	289	– 187	150
Cash and cash equivalents at July 1/January 1 [3]	1,135	922	1,238	1,061
Cash and cash equivalents at September 30 [3]	1,051	1,211	1,051	1,211

[1] Of which: Impairment, first nine months 2014: 18 million euros (first nine months 2013: 25 million euros); third quarter 2014: 2 million euros (third quarter 2013: 1 million euros).
[2] Other financing transactions in the first nine months 2014 include payments of – 751 million euros for the purchase of short-term securities and time deposits (the figure for the third quarter 2014 includes payments of 0 million euros).
[3] Cash and cash equivalents at January 1, 2014 and at September 30, 2013 include cash and cash equivalents of 10 million euros, which are reported in the statement of financial position as held for sale and result in the amounts shown of 1,051 million and 1,041 million euros respectively.

Additional voluntary information
Reconciliation to free cash flow

in million euros	Q3/2013	Q3/2014	1–9/2013	1–9/2014
Cash flow from operating activities	755	776	1,374	1,155
Purchase of intangible assets and property, plant and equipment including payments on account	– 116	– 143	– 293	–351
Proceeds on disposal of intangible assets and property, plant and equipment	18	1	54	12
Net interest paid	– 4	– 1	– 27	– 7
Other changes in pension obligations	– 17	– 4	– 60	– 28
Free cash flow	636	629	1,048	781

Selected explanatory notes

Group segment report by business unit[1]

Third quarter 2014 in million euros	Laundry & Home Care	Beauty Care	Adhesives for Consumers, Craftsmen and Building	Industrial Adhesives	Total Adhesive Technologies	Operating business units total	Corporate	Henkel Group
Sales July–September 2014	**1,188**	**918**	**516**	**1,584**	**2,100**	**4,206**	**30**	**4,236**
Proportion of Group sales	28 %	22 %	12 %	37 %	49 %	99 %	1 %	100 %
Sales July–September 2013	1,167	886	534	1,560	2,095	4,148	36	4,184
Change from previous year	1.8 %	3.6 %	– 3.4 %	1.5 %	0.3 %	1.4 %	– 17.0 %	1.2 %
Adjusted for foreign exchange	4.7 %	5.4 %	1.4 %	2.5 %	2.2 %	3.6 %	–	3.4 %
Organic	3.5 %	0.8 %	1.6 %	3.0 %	2.7 %	2.5 %	–	2.3 %
EBIT July–September 2014	**171**	**98**	**88**	**266**	**354**	**623**	**– 20**	**603**
EBIT July–September 2013	185	122	96	269	365	672	– 24	649
Change from previous year	– 7.1 %	– 20.0 %	– 8.4 %	– 1.2 %	– 3.1 %	– 7.3 %	–	– 7.1 %
Return on sales (EBIT) July–September 2014	**14.4 %**	**10.6 %**	**17.0 %**	**16.8 %**	**16.9 %**	**14.8 %**	**–**	**14.2 %**
Return on sales (EBIT) July–September 2013	15.8 %	13.8 %	18.0 %	17.3 %	17.4 %	16.2 %	–	15.5 %
Adjusted EBIT July–September 2014	**200**	**140**	**92**	**281**	**373**	**713**	**– 20**	**693**
Adjusted EBIT July–September 2013	186	132	99	274	373	691	– 19	672
Change from previous year	7.4 %	5.9 %	– 7.0 %	2.8 %	0.2 %	3.2 %	–	3.1 %
Adjusted return on sales (EBIT) July–September 2014	**16.8 %**	**15.2 %**	**17.8 %**	**17.8 %**	**17.8 %**	**17.0 %**	**–**	**16.4 %**
Adjusted return on sales (EBIT) July–September 2013	15.9 %	14.9 %	18.5 %	17.5 %	17.8 %	16.7 %	–	16.1 %
Capital employed July–September 2014[2]	**2,451**	**2,496**	**879**	**5,953**	**6,832**	**11,779**	**30**	**11,810**
Capital employed July–September 2013[2]	2,265	2,031	936	5,851	6,787	11,083	80	11,163
Change from previous year	8.2 %	22.9 %	– 6.1 %	1.7 %	0.7 %	6.3 %	–	5.8 %
Return on capital employed (ROCE) July–September 2014	**28.0 %**	**15.7 %**	**40.0 %**	**17.9 %**	**20.7 %**	**21.2 %**	**–**	**20.4 %**
Return on capital employed (ROCE) July–September 2013	32.6 %	24.1 %	41.0 %	18.4 %	21.5 %	24.3 %	–	23.2 %
Amortization/depreciation / impairment/ write-ups of intangible assets and property, plant and equipment July–September 2014	**24**	**17**	**10**	**45**	**55**	**96**	**3**	**99**
of which impairment losses 2014	**–**	**–**	**–**	**2**	**2**	**2**	**–**	**2**
of which write-ups 2014	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment July–September 2013	31	14	10	44	54	99	4	103
of which impairment losses 2013	–	–	–	–	–	–	–	–
of which write-ups 2013	–	–	–	–	–	–	–	–
Capital expenditures (excluding financial assets) July–September 2014	**56**	**20**	**21**	**31**	**52**	**128**	**9**	**137**
Capital expenditures (excluding financial assets) July–September 2013	43	24	17	33	50	117	3	120
Operating assets July–September 2014[3]	**4,289**	**3,542**	**1,412**	**7,184**	**8,596**	**16,426**	**399**	**16,826**
Operating liabilities July–September 2014	**1,670**	**1,245**	**584**	**1,705**	**2,288**	**5,203**	**369**	**5,572**
Net operating assets July–September 2014[3]	**2,619**	**2,297**	**828**	**5,479**	**6,307**	**11,223**	**30**	**11,253**
Operating assets July–September 2013[3]	4,028	3,233	1,488	7,117	8,604	15,865	443	16,309
Operating liabilities July–September 2013	1,589	1,401	602	1,684	2,286	5,276	363	5,640
Net operating assets July–September 2013[3]	2,439	1,832	886	5,432	6,318	10,589	80	10,669

[1] Calculated on the basis of units of 1,000 euros.
[2] Including goodwill at cost prior to any accumulated impairment in accordance with IFRS 3.79 (b).
[3] Including goodwill at net book value.

Group segment report by business unit[1]

January – September 2014 in million euros	Laundry & Home Care	Beauty Care	Adhesives for Consumers, Craftsmen and Building	Industrial Adhesives	Total Adhesive Technologies	Operating business units total	Corporate	Henkel Group
Sales January–September 2014	**3,474**	**2,671**	**1,428**	**4,634**	**6,062**	**12,206**	**96**	**12,302**
Proportion of Group sales	28 %	22 %	11 %	38 %	49 %	**99 %**	1 %	**100 %**
Sales January–September 2013	3,531	2,683	1,494	4,683	6,177	**12,390**	113	**12,503**
Change from previous year	– 1.6 %	– 0.4 %	– 4.4 %	– 1.0 %	– 1.9 %	**– 1.5 %**	– 15.3 %	**– 1.6 %**
Adjusted for foreign exchange	5.3 %	3.5 %	2.0 %	3.4 %	3.1 %	**3.8 %**	–	**3.6 %**
Organic	4.6 %	2.0 %	2.3 %	3.8 %	3.5 %	**3.5 %**	–	**3.3 %**
EBIT January–September 2014	**527**	**346**	**229**	**803**	**1,031**	**1,905**	**– 104**	**1,800**
EBIT January–September 2013	527	381	235	777	1,012	**1,920**	– 99	**1,821**
Change from previous year	0.1 %	– 9.1 %	– 2.8 %	3.3 %	1.9 %	**– 0.8 %**	–	**– 1.1 %**
Return on sales (EBIT) January–September 2014	**15.2 %**	**13.0 %**	**16.0 %**	**17.3 %**	**17.0 %**	**15.6 %**	**–**	**14.6 %**
Return on sales (EBIT) January–September 2013	14.9 %	14.2 %	15.7 %	16.6 %	16.4 %	**15.5 %**	–	**14.6 %**
Adjusted EBIT January–September 2014	**580**	**419**	**235**	**820**	**1,055**	**2,054**	**– 68**	**1,986**
Adjusted EBIT January–September 2013	544	400	251	804	1,055	**2,000**	– 68	**1,932**
Change from previous year	6.5 %	4.7 %	– 6.5 %	2.0 %	0.0 %	**2.7 %**	–	**2.8 %**
Adjusted return on sales (EBIT) January–September 2014	**16.7 %**	**15.7 %**	**16.5 %**	**17.7 %**	**17.4 %**	**16.8 %**	**–**	**16.1 %**
Adjusted return on sales (EBIT) January–September 2013	15.4 %	14.9 %	16.8 %	17.2 %	17.1 %	**16.1 %**	–	**15.5 %**
Capital employed January–September 2014[2]	**2,367**	**2,391**	**874**	**5,814**	**6,688**	**11,446**	**49**	**11,495**
Capital employed January–September 2013[2]	2,333	2,011	944	5,888	6,832	**11,176**	91	**11,267**
Change from previous year	1.5 %	18.9 %	– 7.4 %	– 1.3 %	– 2.1 %	**2.4 %**	–	**2.0 %**
Return on capital employed (ROCE) January–September 2014	**29.7 %**	**19.3 %**	**34.9 %**	**18.4 %**	**20.6 %**	**22.2 %**	**–**	**20.9 %**
Return on capital employed (ROCE) January–September 2013	30.1 %	25.2 %	33.2 %	17.6 %	19.7 %	**22.9 %**	–	**21.5 %**
Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment January–September 2014	**83**	**45**	**30**	**128**	**158**	**286**	**9**	**295**
of which impairment losses 2014	**16**	**–**	**–**	**2**	**2**	**18**	**–**	**18**
of which write-ups 2014	**5**	**–**	**–**	**2**	**2**	**7**	**–**	**7**
Amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment January–September 2013	99	42	34	136	170	**311**	13	**324**
of which impairment losses 2013	14	1	4	5	9	**24**	–	**24**
of which write-ups 2013	–	–	–	–	–	**–**	–	**–**
Capital expenditures (excluding financial assets) January–September 2014	**172**	**328**	**58**	**86**	**144**	**644**	**19**	**663**
Capital expenditures (excluding financial assets) January–September 2013	93	52	52	93	145	**290**	7	**297**
Operating assets January–September 2014[3]	**4,178**	**3,482**	**1,382**	**7,009**	**8,390**	**16,050**	**399**	**16,448**
Operating liabilities January–September 2014	**1,646**	**1,293**	**561**	**1,663**	**2,224**	**5,163**	**350**	**5,513**
Net operating assets January–September 2014[3]	**2,531**	**2,189**	**821**	**5,345**	**6,166**	**10,886**	**49**	**10,935**
Operating assets January–September 2013[3]	4,133	3,178	1,460	7,179	8,638	**15,949**	522	**16,471**
Operating liabilities January–September 2013	1,629	1,365	567	1,711	2,277	**5,271**	431	**5,702**
Net operating assets January–September 2013[3]	2,505	1,813	893	5,468	6,361	**10,679**	91	**10,770**

[1] Calculated on the basis of units of 1,000 euros.
[2] Including goodwill at cost prior to any accumulated impairment 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 2014, 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 proportional basis.

Earnings per share

		1–9/2013	1–9/2014
Net income – Attributable to shareholders of Henkel AG & Co. KGaA	in million euros	1,269	1,330
Number of outstanding ordinary shares		259,795,875	259,795,875
Earnings per ordinary share (basic)	in euros	2.91	3.05
Number of outstanding preferred shares[1]		174,482,305	174,482,310
Earnings per preferred share (basic)	in euros	2.93	3.07
Earnings per ordinary share (diluted)	in euros	2.91	3.05
Earnings per preferred share (diluted)	in euros	2.93	3.07

[1] Weighted average of preferred shares.

Changes in treasury shares

Treasury shares held by the Group declined compared to December 31, 2013 by six shares to 3,680,564 preferred shares at September 30, 2014. This represents 0.84 percent of the capital stock and a proportional nominal value of 3.7 million euros.

Recognition and measurement methods

The interim financial report and interim consolidated financial statements of the Henkel Group for the first nine months of the year and the third quarter 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 2013 consolidated financial statements, with the exception of the accounting pronouncements recently adopted in fiscal 2014, which are explained on pages 117 and 118 of our Annual Report 2013. These pronouncements do not exert any material influence on the presentation of the interim financial report for the first nine months of the year.

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 consolidated statement of cash flows. In accordance with IAS 8.29, we have implemented a voluntary change in the presentation of our financial result. Under other financial result, we show the interest result from pension obligations, currency results, and sundry financial items. Comparable figures are shown for the previous year.

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 fiscal year.

The interim report for the first nine months, composed 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, 2014 includes six German and 163 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.

The following table shows the changes in the scope of consolidation compared to December 31, 2013:

Scope of consolidation

At January 1, 2014	**174**
Additions	5
Mergers	– 1
Disposals	– 9
At September 30, 2014	**169**

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 February 14, 2014, we concluded the takeover of PZ Cussons' Polish laundry and home care business and its associated brands. The purchase price paid was 53 million euros and primarily covered trademark rights and other rights with definite useful lives. No goodwill was recognized.

Effective March 31, 2014, we concluded the sale in the USA of our non-core rolling oil business in the Adhesive Technologies business unit.

Effective May 30, 2014, we completed an acquisition in the hair care segment in Latin America. The purchase price paid was 24 million euros. This resulted in the recognition of goodwill amounting to 18 million euros.

Effective June 30, 2014, we completed the full acquisition of the three US hair professional companies, Sexy Hair Concepts LLC, Alterna Holdings Corporation and Kenra Professional LLC, from TSG Consumer Partners. This acquisition is part of our global strategy to invest in attractive country category positions in mature markets. The allocation of the purchase price of the acquisition to acquired assets and liabilities in line with Standard IFRS 3 "Business combinations" has not yet been definitively determined as the acquisition was completed only recently. The provisional difference of 254 million euros is recognized in the statement of financial position under intangible assets. The purpose of the purchase price allocation, which has not yet been completed, is to allocate the acquisition costs to the fair values of the assets and liabilities. It also takes into account the fair values of previously unrecognized intangible assets of acquired activities, such as customer relationships, technologies and brands.

The carrying amounts of the acquired assets and liabilities are those stated in the purchase agreement and in the opening statements of financial position of the three companies available to us as at June 30, 2014. The recognition and measurement principles of the Henkel Group have been applied.

Reconciliation of the purchase price to provisional difference

in million euros	2014
Purchase price	274
Adjustment based on purchase agreement	– 4
Adjusted purchase price	270
Carrying amount of the acquired assets and liabilities	16
Provisional difference	**254**

Carrying amounts of the acquired assets and liabilities

in million euros	
Non-current assets	2
Current assets	40
Cash	5
Non-current liabilities / provisions	– 12
Current liabilities / provisions	– 19
Carrying amounts of the acquired assets and liabilities	16

Consolidated statement of comprehensive income

Of the components included in other comprehensive income, tax income relating to actuarial losses amount to 140 million euros (September 30, 2013: tax expenses of 19 million euros) and no tax income or expense from cash flow hedges (September 30, 2013: tax expenses of 7 million euros).

Assets and liabilities held for sale

Compared to December 31, 2013, assets held for sale declined by 17 million euros to 19 million euros. There are no longer any liabilities held for sale (December 31, 2013: 29 million euros). Due to the change in the overall political environment, we have decided not to further pursue the planned sale of our Iranian companies. We have therefore reclassified the associated asset and liability items back to their respective headings in the consolidated statement of financial position. This results in a reversal of the impairment recognized in the previous year in the amount of 25 million euros, which has been recognized as increased profit in the consolidated statement of income. We have also reduced our assets held for sale by successfully concluding the sale of an operation in our Adhesive Technologies business unit that is not part of our core business, and transferring the assets to the buyer.

Financial instruments

Financial instruments assigned to the valuation categories "Fair value option," "Available for sale" and "Held for trading" are generally measured at fair value. In the "Fair value option," we include fixed-interest bonds, which are recognized in other financial assets under securities and time deposits and for which we have concluded interest rate swaps in order to convert the fixed interest rate into a floating interest rate. Other securities and time deposits as well as other investments which are not measured at equity, both reported under other financial assets in the consolidated statement of financial position, are categorized as "Available for sale." Only the derivative financial instruments held by the Henkel Group which are not included in hedge accounting are designated as "Held for trading."

The following hierarchy is applied in order to determine and disclose the fair value of financial instruments:

- Level 1: Fair values which are determined on the basis of quoted, unadjusted prices in active markets.
- Level 2: Fair values which are determined on the basis of parameters for which either directly or indirectly derived market prices are available.
- Level 3: Fair values which are determined with the aid of parameters for which the input factors are not derived from observable market data.

Of the securities and time deposits measured at fair value in the Henkel Group in the categories of "Available for sale" and "Fair value option," 484 million euros of the total reported fair value of 1,018 million euros is allocated to Level 1. The fair value of the financial collateral provided in the "Available for sale" category allocated to Level 1 is 151 million euros, of which 146 million euros was netted. Securities with a reported fair value of 534 million euros as well as all derivative financial instruments are classified as Level 2. Derivative financial instruments with a positive fair value have a reported fair value of 167 million euros; derivative financial instruments with a negative fair value total 40 million euros.

The carrying amount (including accrued interest) of the bond issued by Henkel and recognized under borrowings amounted to 1,413 million euros as of the reporting date. The fair value is 1,416 million euros.

The fair value of securities and time deposits classified as Level 1 is based on the quoted market prices on the reporting date. Observable market data were used to measure the fair value of Level 2 securities. For forward exchange contracts, the fair value is determined on the basis of the reference exchange rates of the European Central Bank prevailing at the reporting date, taking into account forward premiums/forward discounts for the remaining term of the respective contract versus the contracted foreign exchange rate. Foreign exchange options are measured using price quotations or recognized models for the determination of option prices. Interest rate hedging instruments are measured on the basis of discounted cash flows expected in the future, taking into account market interest rates applicable for the remaining term of the contracts. These are indicated for the two most important currencies in the table overleaf. It shows the interest rates quoted on the interbank market on December 31 and September 30 respectively.

Interest rates in percent p. a.

as of December 31/September 30 Term	Euro 2013	Euro 2014	US Dollar 2013	US Dollar 2014
1 month	0.24	**0.01**	0.16	**0.16**
3 months	0.25	**0.08**	0.25	**0.24**
6 months	0.41	**0.18**	0.38	**0.33**
1 year	0.52	**0.34**	0.59	**0.28**
2 years	0.54	**0.19**	0.48	**0.82**
5 years	1.26	**0.45**	1.79	**1.92**
10 years	2.22	**1.14**	3.17	**2.61**

Due to the complexities involved, financial derivatives for hedging commodity price risks are primarily measured on the basis of simulation models, which are derived from market quotations. Regular plausibility checks are performed in order to ensure correct measurement.

In measuring derivative financial instruments, counterparty credit risk is taken into account with an adjustment to the fair values concerned, determined on the basis of credit risk premiums.

Contingent liabilities

Effective September 30, 2014, liabilities under guarantee and warranty agreements totaled 4 million euros. On December 31, 2013, these liabilities amounted to 4 million euros.

Operating lease commitments

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, 2014, operating lease commitments were due for payment as follows:

Operating lease commitments

in million euros	Dec. 31, 2013	Sept. 30, 2014
Due in the following year	62	**66**
Due within 1 to 5 years	119	**137**
Due after 5 years	19	**26**
Total	**200**	**229**

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 September 30, 2014 represented a total of 59.91 percent of the voting rights (155,646,598 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, 2013. For definitions of ROCE, net operating assets and capital employed, please refer to our Annual Report 2013, pages 159, 160 and 179.

Notes to the consolidated statement of cash flows

The main items of the consolidated statement of cash flows and the changes thereto are explained on pages 22 and 23. The other changes in borrowings take into account a number of cash inflows and outflows, particularly arising from short-term borrowings and redemptions of current liabilities to banks. Of the dividend of 525 million euros paid to shareholders of Henkel AG & Co. KGaA, an amount of 312 million euros was paid on ordinary shares, while an amount of 213 million euros was paid on preferred shares.

Düsseldorf, October 31, 2014

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, 2014 to September 30, 2014 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 2410 (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, October 31, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

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

Simone Fischer
Wirtschaftsprüferin
(German Public Auditor)

Report of the Audit Committee of the Supervisory Board

In the meeting of October 31, 2014, the interim consolidated financial report for the first nine months of fiscal 2014 and the report prepared by KPMG AG, Wirtschaftsprüfungsgesellschaft, on its review of the condensed interim consolidated financial statements and the interim Group management report were presented to the Audit Committee, who 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, October 31, 2014

Chairman of the Audit Committee
Prof. Dr. Theo Siegert

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Financial calendar

Publication of Report for Fiscal 2014:
Wednesday, March 4, 2015

Annual General Meeting Henkel AG & Co. KGaA 2015:
Monday, April 13, 2015

Publication of Report for the First Quarter 2015:
Thursday, May 7, 2015

Publication of Report for the Second Quarter / Half Year 2015:
Wednesday, August 12, 2015

Publication of Report for the Third Quarter / Nine Months 2015:
Wednesday, November 11, 2015

Up-to-date facts and figures on Henkel also available on the internet:

www.henkel.com

Credits

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