A global team – winning together

Annual Report 2009
Summary

Henkel at a glance

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

Highlights of 2009

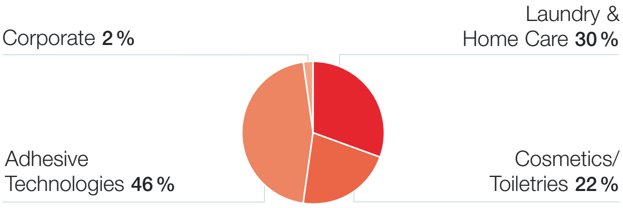
» Organic sales performance: –3.5 percent
  » Laundry & Home Care: +2.9 percent
  » Cosmetics/Toiletries: +3.5 percent
  » Adhesive Technologies: –10.2 percent
» Share of sales accounted for by our growth regions: increase of 1 percentage point to 38 percent
» Adjusted return on sales (EBIT): 10.0 percent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

Key financials

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

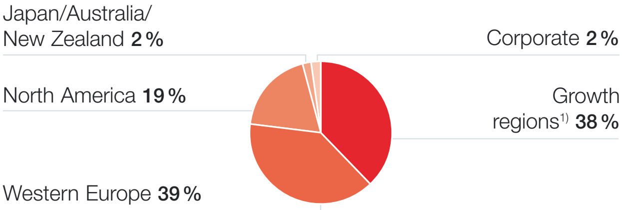
[1] Adjusted for one-time charges/gains and restructuring charges
[2] Includes restructuring charges of 52 million euros (2008) and 13 million euros (2009)
[3] Proposed
pp = percentage points

Sales by business sector



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

Sales by region



[1] Eastern Europe, Africa/Middle East, Latin America, Asia excluding Japan

Laundry & Home Care

Leading market positions worldwide

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

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

Key financials

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

pp = percentage points
[1] Adjusted for one-time charges/gains and restructuring charges

Major brands

Persil, Purex, Pril

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

Cosmetics/Toiletries

Leading market positions worldwide

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

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

Key financials

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

pp = percentage points
[1] Adjusted for one-time charges/gains and restructuring charges

Major brands

Schwarzkopf, Dial, Fa

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

Adhesive Technologies

Leading our markets worldwide

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

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

Key financials

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

pp = percentage points
[1] Adjusted for one-time charges/gains and restructuring charges

Major brands

Loctite, Teroson, Ceresit

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

Major innovations
Laundry & Home Care

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

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

Marketed in the USA, innovative **Purex Complete 3-in-1** laundry sheets combine the performance of a detergent with a fabric softener while also preventing the build-up of wash static in the drier. Plus: CO_2 emissions attributable to transportation are reduced by almost 70 percent and packaging materials by some 45 percent.
www *www.purex.com*

Major innovations
Cosmetics/Toiletries

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

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

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

Major innovations
Adhesive Technologies

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

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

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

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

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Our three strategic priorities

Kasper Rorsted
Chairman of the Management Board

Dear Friends of the Company,

2009 was a challenging year both for Henkel and for the world economy as a whole, as the largest economic crisis in many decades took its toll on us all. Despite the difficult business environment, we continued to advance toward our targets, making this anything but a lost year. We were able to convincingly demonstrate, even under adverse market conditions, that we can act quickly and decisively, allowing nothing to stand in the way of our continuing successful growth.

Laundry & Home Care and Cosmetics/Toiletries exhibited strong growth, expanding their market positions in the process; and as the year progressed, our Adhesive Technologies business also began to rebound from the effects of the crisis.

Industrial production experienced a significant decline in demand in a number of important segments, causing the industrial businesses under our Adhesive Technologies umbrella to suffer. However, private consumption was less affected by the economic downturn. Due to the recession, the price of crude oil fell during the first half of 2009; with this, the cost of the related commodity prices also decreased, reducing our own raw material costs. However, as the general economic situation stabilized in the second half of the year, raw material prices picked up again.

We responded consistently and effectively in all areas of our company to the recessive market environment. Unfortunately, this involved some difficult decisions regarding redundancies. This was painful for us but nevertheless important in order to secure the long-term competitiveness of our businesses.

The most important facts relating to fiscal 2009 are as follows:

» Sales fell nominally by 3.9 percent to 13,573 million euros, and organically by 3.5 percent.
» Adjusted[1)] operating profit came in at 1,364 million euros compared to 1,460 million euros in the previous year.
» Adjusted[1)] net earnings after minority interests fell by 13.0 percent to 822 million euros; and adjusted[1)] earnings per preferred share decreased by 12.8 percent to 1.91 euros.
» There were excellent developments with respect to our net working capital which decreased to 7.8 percent of sales – the first time we have managed to bring this metric down to below 10 percent.
» We were able to reduce our net debt by 1.0 billion euros to 2.8 billion euros.
» The Management Board, Shareholders' Committee and Supervisory Board propose that the Annual General Meeting approve an unchanged dividend of 0.53 euros per preferred share and 0.51 euros per ordinary share.

In recognition of this exceptional team performance, I would like to extend my heartfelt thanks to all our employees for their undoubted commitment and hard work!

Significant progress was made in 2009 in pursuit of our three strategic priorities:

1. Achieve our full business potential
2. Focus more on our customers
3. Strengthen our global team

Innovations make strong brands even stronger. We generate more than 30 percent of our sales with products launched

1) Adjusted for one-time charges/gains and restructuring charges within the preceding three years. This makes us one of the strongest innovators in our markets. Again in 2009, we introduced numerous new product ideas into the marketplace, enabling us to score heavily with our customers and consumers. In addition to the sustainability initiatives relevant to the entire company, we are focusing in our consumer businesses on the ever more important aspects of care and convenience. In the Adhesive Technologies business sector, many of our innovations are aligned to new trends in materials, and applications in lightweight construction – for example in the automotive and aircraft industries.

As part of our active portfolio management, we are aiming in particular to further strengthen our leading brands. Today, we already generate around 25 percent of our sales with our three top brands – Schwarzkopf, Loctite and Persil. And our ten largest brands account for more than 40 percent of our revenues. Again last year, we eliminated a number of marginal activities. In spring 2009, for example, we sold our business with adhesive tapes under the brands Duck and Painter's Mate Green in North America. We also divested a number of smaller brands from our Cosmetics/Toiletries business sector in the United States.

The "Global Excellence" efficiency enhancement program, initiated in February 2008 in order to secure the long-term profitability and competitiveness of the Henkel Group, was implemented significantly faster than initially planned. Originally, our aim was to achieve annual savings of around 150 million euros starting in 2011. Following the accelerated execution of the program, we now expect to achieve or exceed these savings as of this year.

The integration of the National Starch businesses we acquired also proceeded more rapidly than originally planned. Here, we exceeded the synergies anticipated for 2009.

Our customers are at the center of everything we do. In order to further cement our employees' awareness in this regard, we made 2009 our Year of the Customer, reviewing our organizational structures in order to determine where and how we might achieve greater customer focus. And we were able to augment our customer contacts at the highest management level with our "Top-to-Top" initiative, with the objectives of achieving a common strategic alignment, creating tangible added value for our customers and fully and consistently utilizing our own competences – such as our recognized leadership in the field of sustainability/corporate social responsibility (CSR).

Sustainability and responsibility are among the salient features of Henkel's operations. But here too, we want to further improve. The importance of this field of competence becomes particularly apparent in periods of crisis. Hence we again invested a great deal of time and effort pursuing our ambitious sustainability targets in 2009, further reducing energy and water consumption, decreasing waste volumes and cutting the number of occupational incidents at our sites. By reducing energy consumption in production and by manufacturing energy-efficient products, we are able to reduce the CO_2 emissions – the carbon footprint – attributable to our sphere of influence. Henkel's corporate philosophy dictates that every newly introduced product must make a contribution to sustainable development.

Our employees have been the foundation of our success for 133 years, and it is to them that we are dedicating this year's annual report with the motto: A global team – winning together. With open feedback, clear recognition of individual performance and tailored development plans – in short, the right mix of challenge and reward – we are engaging and enhancing the motivation and capabilities of our people. In this way, we are able to ensure that our global team is always a match for the challenges it encounters, providing us with true competitive advantage as we take our businesses forward.

The past financial year saw us redefine our personnel strategy, restructure our human resources organization and further simplify our processes. Using a modern talent management system, we are able to identify high potentials who we then systematically prepare with individual development programs for the assumption of new and more challenging responsibilities.

With the great progress that we have made in implementing our three strategic priorities, we are well on the way to achieving our financial targets for 2012: namely an average of 3 to 5 percent per year in organic sales growth, increasing our adjusted return on sales to 14 percent and generating average growth of more than 10 percent per year in adjusted earnings per preferred share. We set these targets following very careful analysis of the potential of our portfolio, and the crisis has done nothing to change this potential.

2010 will also not be an easy year. We intend to further refine and align our portfolio and to expand our businesses in the growth regions through selective investment. Strict cost control, the adaptation of our structures in the mature markets, and measures to increase efficiency and competitiveness in our corporate functions are expected to make important contributions to improving our return on sales. Securing our liquidity will also remain a focal point. And we will continue to respond flexibly to the economic developments of our markets, boldly committing to the necessary decisions that result.

On behalf of the Management Board, I would like to thank the Supervisory Board and the Shareholders' Committee for their carefully considered advice and valuable support. I would especially like to express our thanks to Dipl.-Ing. Albrecht Woeste who, as Chairman of the Supervisory Board and of the Shareholders' Committee of many years' standing, was a powerful driving force in Henkel's development until his departure in September 2009. We are now looking forward to a continuation of this successful collaboration with Dr. Simone Bagel-Trah, who has taken over the helm from Mr. Woeste.

And speaking for the entire company, I would like to extend our gratitude to our shareholders for their confidence in us and for the support they have shown for our actions. We are likewise grateful to our customers around the world for their continuing loyalty and their trust in our company, in our brands and in our technologies. As always, our customers remain the focus of our every effort. Finally, we must once again express our thanks to our employees who, in the past year, delivered exceptional performance under irrefutably difficult conditions.

We are confident that we are well equipped to meet the challenges that lie before us. We have a healthy financial base, our businesses are strongly positioned in their respective markets, we have successful brands and we have established a strong presence in the growth regions. We are determined to deliver innovations that offer clear added value for our customers, we shall continue to focus on securing our liquidity, and we have our costs under control.

In short, we are definitely on track and heading for a bright future. With our global team, we can all look forward to winning together in 2010!

Düsseldorf, January 29, 2010

Kasper Rorsted
Chairman of the Management Board

Our 133rd year

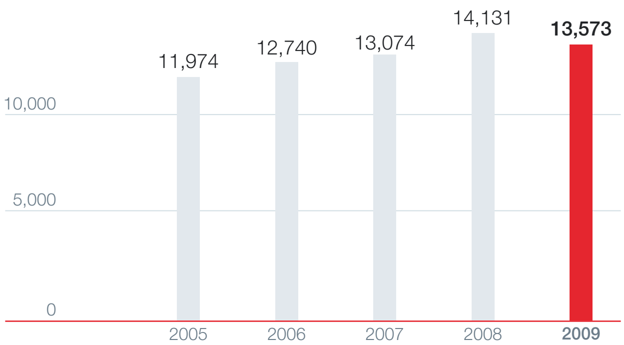
Business performance

Sales and profits

Henkel Group sales in 2009 amounted to 13,573 million euros, a fall of 3.9 percent compared to prior year. After adjusting for foreign exchange, the decline in sales was 1.5 percent. Due to the difficult market environment in 2009, organic sales development (i.e. sales adjusted for foreign exchange and acquisitions/divestments) declined by 3.5 percent. Positive pricing was more than offset by volume decreases, particularly in the Adhesive Technologies business sector.

After a first quarter heavily impacted by the economic crisis, the subsequent quarters were characterized by a gradual recovery. With a decline of 1.0 percent overall, organic sales performance in the second half of the year was an improvement on developments during the first six months, which saw a 6.1 percent decrease.

Sales
in million euros



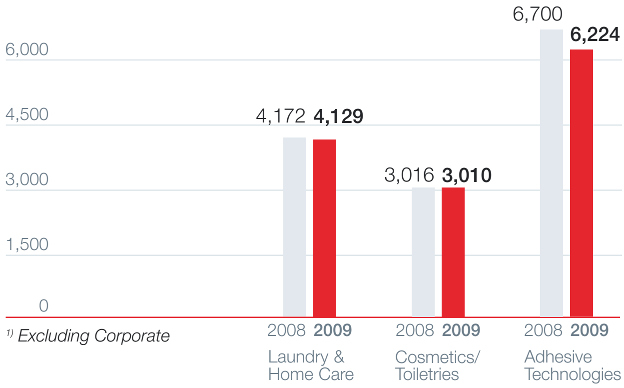
Sales development [1]

in percent	2009
Change versus previous year	**–3.9**
Foreign exchange	–2.4
After adjusting for foreign exchange	**–1.5**
Acquisitions/Divestments	2.0
Organic	**–3.5**

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

The performance of our business sectors varied considerably: while the consumer businesses Laundry & Home Care and Cosmetics/Toiletries continued to perform well during fiscal 2009 with organic growth rates of 2.9 percent and 3.5 percent respectively, sales of the Adhesive Technologies business sector decreased organically by 10.2 percent due to the globally difficult situation being experienced by important customer industries.

Sales by business sector [1]
in million euros



[1] *Excluding Corporate*

In the regional breakdown too, the worsening economic environment predominantly led to sales declines:

At 8,335 million euros, sales of the Europe/Africa/Middle East region decreased organically by 1.9 percent compared to prior year. While the consumer businesses achieved a gratifying increase in organic sales, Adhesive Technologies posted a decline in the double-digit percentage range. Sales in Western Europe decreased, while in Eastern Europe we achieved a single-digit increase in organic sales, and the Africa/Middle East subregion once again posted a double-digit growth rate. Overall, the share of sales of the region fell from 63 percent to 61 percent.

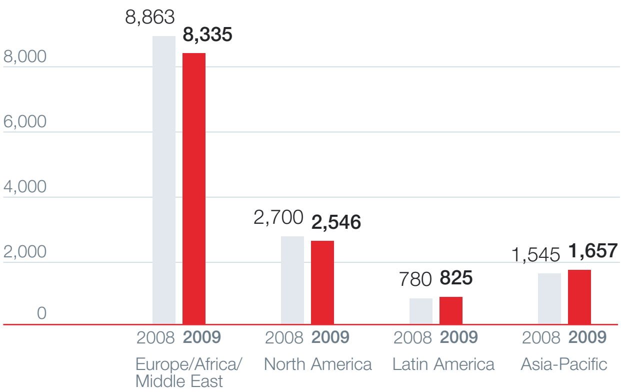
Sales in the North America region decreased organically by 8.6 percent to 2,546 million euros. All our business sectors suffered considerably from the underlying economic conditions, particularly during the first half of the year. The share of sales accounted for by the North America region remained constant at 19 percent.

The Latin America region continued to perform very encouragingly, posting an organic sales growth of 5.0 percent to 825 million euros, with all our business sectors contributing. The share of sales attributable to Latin America increased from 5 to 6 percent.

Like Europe and North America, the Asia-Pacific region felt the effects of the economic crisis, with sales declining organically by 5.8 percent. Reported sales amounted to 1,657 million euros. An increase in sales posted by Cosmetics/Toiletries was offset by a decline in Laundry & Home Care which resulted from the discontinuation of operations in

China at the end of 2008. The organic sales performance of the Adhesive Technologies business sector likewise underwent a downturn, although there was already a return to positive growth in the second half of the year. The share of sales accounted for by Asia-Pacific increased to 12 percent compared to 11 percent in the previous year.

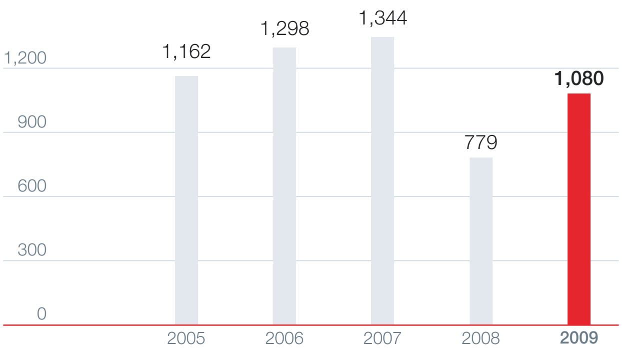
Sales by region[1)]
in million euros



[1)] *Excluding Corporate*

Sales of our growth regions Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan) fell by 1.0 percent to 5,114 million euros. Organic growth amounted to 3.7 percent, with continuous recovery in the course of the year following a weak start. The consumer businesses made a particularly important contribution to this improvement, registering growth rates close to the double-digit percentage mark, while developments at Adhesive Technologies remained slightly regressive. The share of sales of the growth regions increased from 37 to 38 percent.

EBIT
in million euros



The following is a discussion of our operating performance without one-time charges/gains and restructuring charges:

Adjusted EBIT

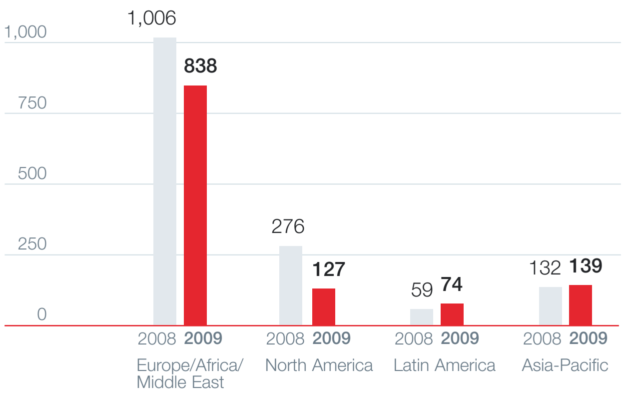
in million euros	2008	2009	%
EBIT (as reported)	779	1,080	38.6
One-time gains	–30	–9	
One-time charges	48	134	
Restructuring charges	663	159	
Adjusted EBIT	**1,460**	**1,364**	**–6.6**

At 1,364 million euros, adjusted operating profit ("adjusted EBIT") fell below the prior-year figure of 1,460 million euros due to the decline suffered by the Adhesive Technologies business sector. However, we succeeded in avoiding a greater decrease thanks to the savings generated from our "Global Excellence" program and the integration of the National Starch businesses. Adjusted return on sales fell by 0.3 percentage points to 10.0 percent due to the margin decline at Adhesive Technologies from 10.1 percent to 8.1 percent. The consumer businesses Laundry & Home Care and Cosmetics/Toiletries were able to increase their adjusted return on sales figures to an encouraging 12.8 percent (previous year: 10.8 percent) and 12.9 percent (previous year: 12.6 percent) respectively.

The difficult market conditions also affected the profit performance of our regions:

In Europe/Africa/Middle East, operating profit decreased by 16.7 percent (–9.8 percent after adjusting for foreign exchange). While the consumer businesses saw their currency-adjusted EBIT rise, there was a significant decline at Adhesive Technologies. At 10.1 percent, the region's return on sales was below the prior-year level of 11.4 percent.

EBIT by region[1)]
in million euros



[1)] *Excluding Corporate. Effective 2009, we assign the centrally incurred cost of our regional business management activities to the individual regions; the figures for 2008 have been adjusted accordingly*

In North America, operating profit fell by 54.1 percent (−56.2 percent after adjusting for foreign exchange). Due to the difficult market environment, there was a substantial decrease in profits at Adhesive Technologies, while the consumer businesses Laundry & Home Care and Cosmetics/Toiletries suffered only a slight decline. The return on sales decreased correspondingly, from 10.2 percent to 5.0 percent.

Operating profit in the Latin America region improved by 25.1 percent. After adjusting for foreign exchange, profits rose by 37.1 percent, with the encouraging results of Laundry & Home Care and Adhesive Technologies making a major contribution. Return on sales increased by 1.4 percentage points to 9.0 percent.

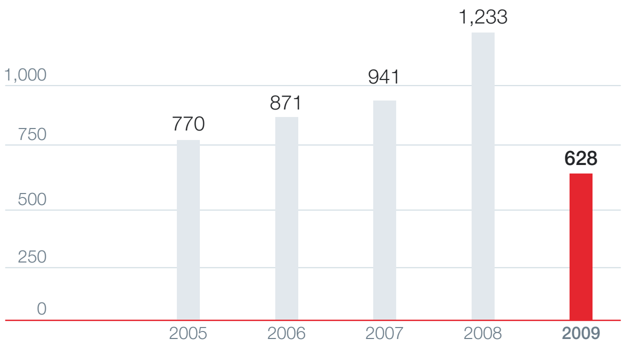
The operating profit of the Asia-Pacific region rose by 5.6 percent (−0.9 percent after adjusting for foreign exchange). This is primarily due to the discontinuation of the detergents business in China. The region's return on sales decreased slightly from 8.5 percent to 8.4 percent.

Net earnings

Earnings before tax decreased by 45.6 percent to 885 million euros due to the gain recognized in the previous year from the sale of our Ecolab stake. Taxes on income amounted to 257 million euros. The tax rate was 29.0 percent. The lower tax rate of 24.2 percent that applied in the previous year was due in part to the lower rate payable on the at-equity income from our Ecolab investment, and to the subsequent sale of said investment.

Net earnings for the year decreased by 605 million euros to 628 million euros. After deducting minority interests of 26 million euros, net earnings totaled 602 million euros. Adjusted net earnings after minority interests, i.e. the figure after allowing for one-time charges/gains and restructuring charges, declined by 123 million euros to 822 million euros.

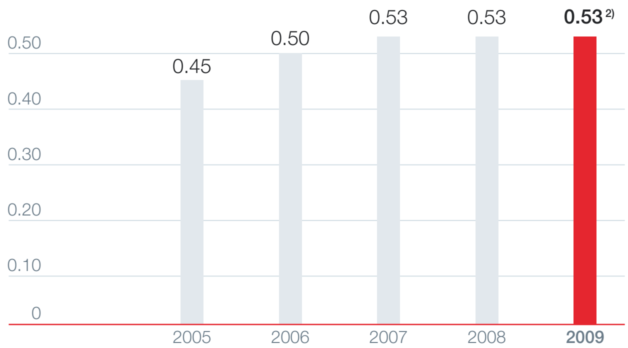
Net earnings
in million euros



Dividends and distribution policy

The level of dividend distribution is primarily aligned to earnings after deducting minority interests and exceptional items. The payout ratio should be around 25 percent. We intend to propose to the Annual General Meeting that the dividends payable on both classes of share remain unchanged. This will yield payouts of 0.53 euros per preferred share and 0.51 euros per ordinary share, giving a payout ratio of 27.6 percent.

Preferred share dividends[1]
in euros



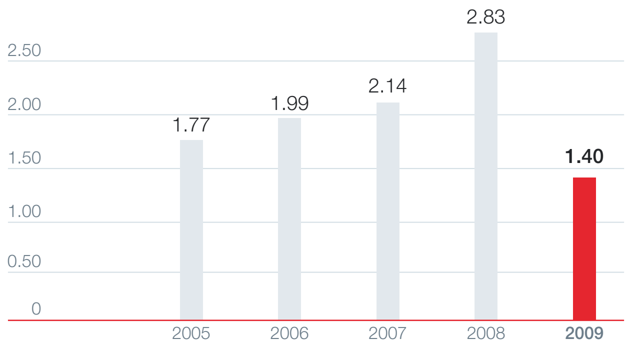
[1] Basis: share split (1:3) of June 18, 2007
[2] Proposal

Earnings per share (EPS)

Basic earnings per share are calculated by dividing earnings after minority interests by the weighted average number of shares outstanding during the reporting period. Earnings per preferred share decreased from 2.83 euros to 1.40 euros and earnings per ordinary share fell from 2.81 euros to 1.38 euros. Adjusted earnings per preferred share amounted to 1.91 euros (previous year: 2.19 euros).

The Stock Incentive Plan introduced in 2000 resulted in no dilution of earnings per ordinary or preferred share as of December 31, 2009.

Earnings per preferred share[1]
in euros



[1] Basis: share split (1:3) of June 18, 2007

Employees (at December 31[1])	2005	%	2006	%	2007	%	2008	%	2009	%
Europe/Africa/Middle East	33,267	63.8	33,326	64.3	33,687	64.0	33,485	60.7	30,933	62.8
North America	7,271	14.0	6,651	12.8	6,438	12.2	7,360	13.4	5,714	11.6
Latin America	4,208	8.1	4,297	8.3	4,268	8.1	4,293	7.8	4,002	8.1
Asia-Pacific	7,355	14.1	7,545	14.6	8,235	15.7	10,004	18.1	8,613	17.5
Total	**52,101**	**100.0**	**51,819**	**100.0**	**52,628**	**100.0**	**55,142**	**100.0**	**49,262**	**100.0**

[1] Prior-year figures adjusted; base: permanent employees excluding apprentices

Assets and financial analysis

Acquisitions and divestments

The **Laundry & Home Care** business sector acquired the remaining minority shares in a Tunisian joint venture for a total of around 8 million euros.

As part of its ongoing portfolio streamlining operation, the **Cosmetics/Toiletries** business sector disposed of a number of minor brands in the USA.

The **Adhesive Technologies** business sector increased its shareholding in joint venture companies in Turkey and China, expending a total of around 19 million euros. Its major disposal in the year under review was of the North American consumer adhesives business operated under the Duck brand. The proceeds of the sale amounted to around 87 million euros.

Capital expenditures

Capital expenditures (excluding financial assets) amounted to 415 million euros in the year under review. Investments in property, plant and equipment for our continuing operations totaled 344 million euros, 129 million euros below the level of the previous year. A major portion of these fixed asset investments relates to the integration of the production and IT facilities of the acquired National Starch sites (Adhesive Technologies). A further portion of the expenditure went on establishing and expanding production capacities and on structural improvements such as the merger of our administrative and production sites.

Capital expenditures 2009 in million euros	Continuing operations	Acquisitions	Total
Intangible assets	28	40	68
Property, plant and equipment	344	3	347
Total	**372**	**43**	**415**

In regional terms, the emphasis of our capital expenditures in 2009 lay in North America and Europe.

Employees

The number of people employed by Henkel at the end of the reporting period was 49,262. In the course of the year, headcount decreased by 5,880. Per capita sales increased further to 264,300 euros. Henkel Group payroll costs decreased by 54 million euros to 2,382 million euros. The decrease in the number of employees is due both to the “Global Excellence” program and the synergies arising from the integration of the National Starch businesses, with economic developments also exerting an influence. We responded to the latter with specific countermeasures, for example with a highly selective hiring policy and organizational adjustments. The reductions in personnel in 2009 affected all our regions and hierarchical levels; and as ever, they were implemented in a socially responsible manner.

Shares

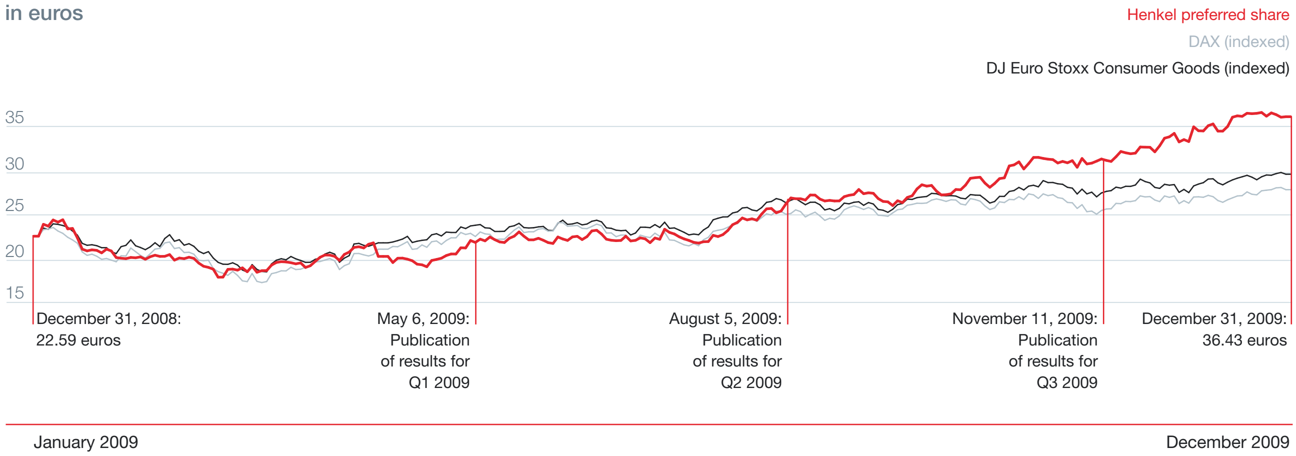
Henkel share prices experienced above-average increases in 2009. Thanks to signs of an end to the global recession and the first positive growth forecasts for the world economy in 2010, the DAX rose 23.9 percent compared to the closing price at the end of 2008. The industry benchmark in the form of the Dow Jones Euro Stoxx Consumer Goods index increased by 31.5 percent. In this strong market environment, the price of Henkel’s preferred shares even outpaced that increase, closing the year at 36.43 euros, 61.3 percent above the prior-year level, while our ordinary shares closed at 31.15 euros, a gain of 66.1 percent.

In the first three months of 2009, Henkel shares initially weakened slightly, as did the market as a whole. Then there was a further dip in Henkel share prices as a response to our ad-hoc announcement of April 9, 2009. However, our shares gained steadily in value thereafter and for the remainder of the year. This price rise was boosted by the fact that an increasing number of analysts and investors appeared to feel that, although ambitious, our financial targets for 2012 were becoming increasingly achievable. Toward the end of the year, our preferred shares began to consistently improve on their year-high prices, completing a generally gratifying performance for 2009 and substantially outperforming the relevant benchmark indexes.

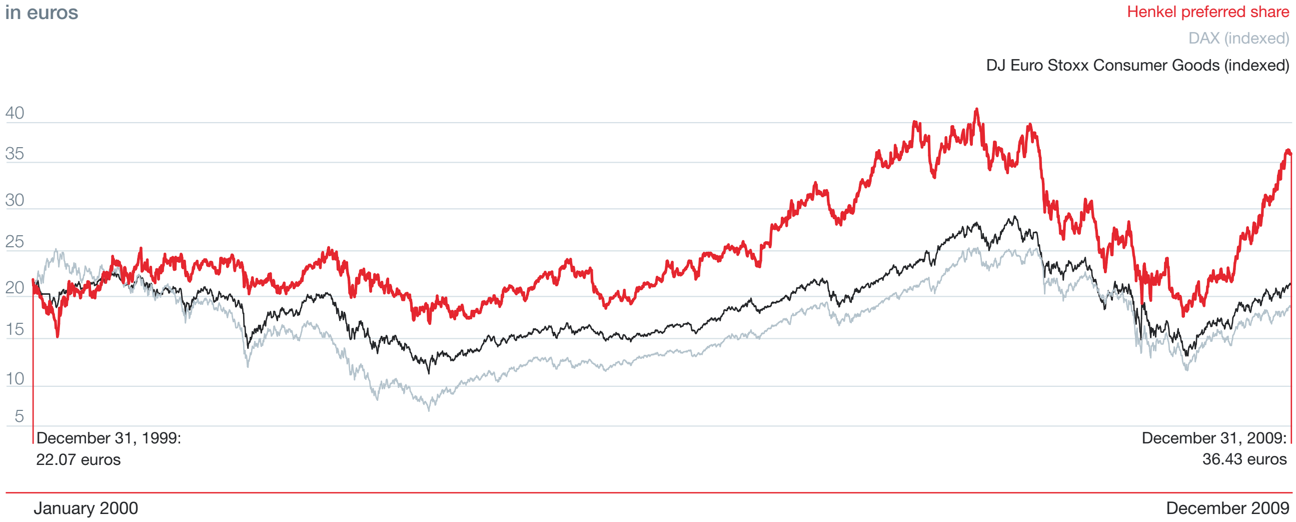
Trading volumes decreased compared to the previous year, as did the average trading volume figures for the DAX as a whole. Each trading day saw an average of 1.0 million preferred shares changing hands (previous year: 1.7 million). The average volume in the case of our ordinary shares decreased to 200,000 per trading day (previous year: 330,000). Due to the increase in price levels, the market capitalization of our ordinary and preferred shares combined rose from 8.9 billion euros to 14.6 billion euros.

Henkel shares remain an attractive investment for long-term investors. Shareholders who invested 1,000 euros when Henkel's preferred shares were issued in 1985, and then re-invested the dividends received (excluding taxes) in the stock, would have had a portfolio value of about 11,070 euros by the end of 2009. This represents investment growth of 1,007 percent or an average yield of 10.4 percent per year. Over the same period, DAX tracking would have provided an annual yield of 7.0 percent. And over the last five and ten years, the Henkel share has shown an average yield of 13.4 and 7.0 percent per year respectively.

Henkel preferred share performance versus market in 2009
in euros



Henkel preferred share performance versus market 2000 to 2009
in euros



Key data on Henkel shares 2005 to 2009

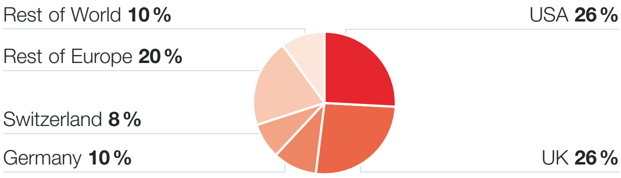
in euros[1]		2005	2006	2007	2008	2009
Earnings per share						
Ordinary share		1.75	1.97	2.12	2.81	1.38
Preferred share		1.77	1.99	2.14	2.83	1.40
Share price at year-end[2]						
Ordinary share		26.18	32.73	34.95	18.75	31.15
Preferred share		28.33	37.16	38.43	22.59	36.43
High for the year[2]						
Ordinary share		26.18	33.14	37.50	34.95	31.60
Preferred share		28.37	37.82	41.60	38.43	36.87
Low for the year[2]						
Ordinary share		20.32	25.66	29.96	16.68	16.19
Preferred share		21.46	28.21	33.70	19.30	17.84
Dividends						
Ordinary share		0.43	0.48	0.51	0.51	0.51[3]
Preferred share		0.45	0.50	0.53	0.53	0.53[3]
Market capitalization[2]	**in bn euros**	**11.8**	**15.1**	**15.9**	**8.9**	**14.6**
Ordinary share	in bn euros	6.8	8.5	9.1	4.9	8.1
Preferred share	in bn euros	5.0	6.6	6.8	4.0	6.5

[1] *Comparable based on share split (1:3) of June 18, 2007*
[2] *Closing share prices, Xetra trading system*
[3] *Proposed*

International shareholder structure

According to notices of disclosure received by the company, the Henkel family owns a majority of the ordinary shares amounting to 52.57 percent. Silchester International Investors Limited headquartered in London, UK, holds 3.01 percent of our ordinary shares. We have received no further notices of disclosure from other shareholders indicating a notifiable shareholding in excess of 3 percent of the voting shares. The ownership pattern of our preferred shares – the significantly more liquid class of stock – shows a free float of 100 percent. A majority of these shares are owned by institutional investors with globally distributed shareholdings.

Shareholder structure:
Institutional investors holding Henkel preferred shares



Source: Thomson Reuters

In the period up to 2007, Henkel repurchased around 7.5 million preferred shares to fund the Stock Incentive Plan operated for our senior executive personnel. As of December 31, 2009, this treasury stock amounted to 4.5 million preferred shares.

Employee shares

Since 2001, Henkel has been operating a share ownership plan for all employees worldwide. For each euro invested by an employee (limited to 4 percent of salary up to a maximum of 5,000 euros per year), Henkel added an additional 33 cents in 2009. The number of participants in this Employee Share Program (ESP) decreased in the year under review with around 9,500 employees in 56 countries buying Henkel shares within the framework of the 2009 tranche. At year-end, around 14,000 employees held a total of some four million shares within the ESP, representing roughly 2.2 percent of the total preferred shares outstanding. The vesting period for newly acquired ESP shares is three years.

Forecast

General economic development

Overview

The world economy is, in our view, likely to return to moderate growth in 2010 compared to the previous year. However, we do not anticipate a sustained upturn or any major growth dynamic.

There are still risks threatening economic development. The Dubai crisis at the beginning of December 2009 has shown how susceptible the financial markets are to the threat of credit defaults. Growth could also be inhibited by the expected slight increase in unemployment with corresponding effects on consumer demand, the credit-granting practice of the banks, already regarded as restrictive, and cessation of the worldwide state-sponsored financial stimulus programs. Moreover, it remains uncertain whether economic policy will be geared to reducing debt and combating potential inflation or to supporting economic strength with a sustained, expansive monetary and fiscal policy.

Regions

We expect North America to grow faster than Western Europe this year. Within Western Europe, export-oriented countries such as Germany may develop somewhat more dynamism than those states with more domestically aligned economies. Growth in the majority of the emerging nations is likely to outpace the increases experienced by the developed countries. This applies particularly to Asia and Latin America. The rate of expansion in Eastern Europe may be somewhat lower. Nevertheless, Russia is set to return to growth after a very weak 2009.

Raw material prices

In the event of further economic revival and expanding demand, raw material prices are likely to rise further. We expect the price of crude oil to increase versus prior year.

Currencies

We anticipate that the average exchange rate for the US dollar will remain stable in terms of the year-on-year comparison. We also expect the European currencies to stabilize at their present levels; and in the event of economic recovery in Western Europe, we see opportunities for further appreciation of the Eastern European currencies versus the euro.

Inflation

In our estimate, prices are likely to rise slightly in the course of 2010. Individual countries – such as Japan – will however continue to be exposed to the risk of deflation.

Interest rate policy

We anticipate that the central banks will gradually increase the currently very low short-term interest rates during the second half of the year. Overall, however, we expect the interest rate environment to remain benign.

Unemployment

In our view, unemployment is likely to increase slightly worldwide, despite political attempts to ease the situation such as the short-time working regulations introduced in Germany.

Outlook for the Henkel Group in 2010

In our opinion, the mildly encouraging market conditions prevailing in the real economy and on the financial markets are still fragile. Consequently, we are unable to accurately gage the overall economic situation and the further developments that are likely to take place.

Our guidance for the current financial year is based on the assumption of moderate economic growth overall. We do not expect to see a sustained upturn or any major growth dynamic.

It is against this background that our expectations for the development of the Henkel Group for 2010 should be considered:

We are confident of again outperforming our relevant markets in terms of organic sales growth (i.e. after adjusting for foreign exchange and acquisitions/divestments). The basis for this confidence is provided by our strong competitive position. This we have consolidated and further extended in recent years through our innovative strength, our strong brands, our leading market positions and the quality of our portfolio.

In recent years, we have introduced a number of measures on the operational side which we expect to generate positive momentum: for example, we anticipate additional contributions to our profitability to emanate from our "Global Excellence" efficiency enhancement program, the synergies arising from the integration of the National Starch businesses, and our strict cost discipline. All these factors will positively influence the development of our adjusted[1] operating profit (EBIT) and adjusted[1] earnings per preferred share (EPS). We expect both metrics to undergo a noticeable improvement compared to the levels of 2009.

Dividends

Our dividends and distribution policy is primarily aligned to earnings after deducting minority interests and adjusting for exceptional items. The objective is to maintain a payout ratio of around 25 percent.

Research and development

Irrespective of the current economic climate, the development of innovative products is an essential activity for our business. Consequently, we plan to invest around 2.8 percent of our gross sales in R&D.

Capital expenditures

We intend to invest around 350 million euros in the property, plant and equipment of our continuing operations during the current financial year. Major investments at the Laundry & Home Care and Cosmetics/Toiletries business sectors are to be channeled into production facilities for the manufacture of innovative, sustainable product lines, as well as into structural optimization measures. The 2010 investment focus in the case of the Adhesive Technologies business sector will be on further consolidation and rationalization of our adhesives production capability, and on production expansion in our growth markets. For structural reasons, a major portion of our capital spend on property, plant and equipment will be in Europe.

Acquisitions and financing

We do not intend to make any major acquisitions during fiscal 2010. Our primary aim is to reduce our net debt and therefore further strengthen our financial situation, one of our goals in this context being to achieve and maintain a credit rating in the "A flat" range.

Long-term sales and profits forecast: Financial targets for 2012

In placing our focus on our three strategic priorities developed in 2008, and given the progress made to date in their achievement, we have laid the foundation for future profitable growth.

We expect that after 2010, during which a degree of moderate growth is likely, the world economy will – in the course of 2011 and 2012 – return to long-term growth of around 3 to 4 percent per year.

Based on this assumption, we will be aiming in the coming years to achieve an average organic growth rate of 3 to 5 percent above the rate of growth of the markets of relevance to us. Due to the expected savings emanating from the "Global Excellence" efficiency enhancement program, the synergies arising from the integration of the National Starch businesses and numerous additional measures geared to achieving our full business potential, we are confident that, by 2012, we will also have met our targets of an adjusted[1] return on sales (EBIT) of 14 percent and an average annual increase in adjusted[1] earnings per preferred share (EPS) in excess of 10 percent per year.

Financial targets for 2012

Annual organic sales growth (average):

3–5 percent

Adjusted[1] return on sales (EBIT):

14 percent

Annual growth in adjusted[1] earnings per preferred share (average):

> 10 percent

Subsequent events

There were no notifiable events between the balance sheet date (December 31, 2009) and the preparation date (January 29, 2010).

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

Consolidated statement of income

in million euros	Note	2008	%	2009	%	Change
Sales	1	**14,131**	**100.0**	**13,573**	**100.0**	**–3.9 %**
Cost of sales[1]	2	–8,190	–58.0	–7,411	–54.6	–9.5 %
Gross profit		**5,941**	**42.0**	**6,162**	**45.4**	**3.7 %**
Marketing, selling and distribution expenses[1]	3	–3,993	–28.3	–3,926	–28.9	–1.7 %
Research and development expenses[1]	4	–429	–3.0	–396	–2.9	–7.7 %
Administrative expenses[1]	5	–825	–5.8	–735	–5.4	–10.9 %
Other operating income	6	160	1.1	140	1.0	–12.5 %
Other operating charges	7	–75	–0.5	–165	–1.2	>100.0 %
Operating profit (EBIT)		**779**	**5.5**	**1,080**	**8.0**	**38.6 %**
Investment result		**1,123**	**7.9**	**–4**	**0.0**	**>100.0 %**
Net interest		**–275**	**–1.9**	**–191**	**–1.4**	**–30.5 %**
Financial result	8	**848**	**6.0**	**–195**	**–1.4**	**>100.0 %**
Earnings before tax		**1,627**	**11.5**	**885**	**6.6**	**–45.6 %**
Taxes on income	9	**–394**	**–2.8**	**–257**	**–1.9**	**–34.8 %**
Net earnings		**1,233**	**8.7**	**628**	**4.7**	**–49.1 %**
– Attributable to minority shareholders	10	12	0.1	26	0.2	>100.0 %
– Attributable to shareholders of Henkel AG & Co. KGaA		1,221	8.6	602	4.5	–50.7 %

[1] *Restructuring charges in 2009: 159 million euros (2008: 663 million euros), of which 70 million euros (2008: 373 million euros) cost of sales, 52 million euros (2008: 111 million euros) marketing, selling and distribution expenses, 13 million euros (2008: 52 million euros) research and development expenses, 24 million euros (2008: 127 million euros) administrative expenses*

Earnings per share (basic)

in euros	Note	2008	2009	Change
Ordinary shares	46	2.81	1.38	–50.9 %
Non-voting preferred shares	46	2.83	1.40	–50.5 %

Earnings per share (diluted)

in euros	Note	2008	2009	Change
Ordinary shares	46	2.79	1.38	–50.5 %
Non-voting preferred shares	46	2.81	1.40	–50.1 %

Additional voluntary information

in million euros		2008	2009
EBIT (as reported)		**779**	**1,080**
One-time gains		–30	– 9
One-time charges[1]		48	134
Restructuring charges[2]		663	159
Adjusted EBIT		**1,460**[3]	**1,364**
Adjusted return on sales	*in %*	***10.3***	***10.0***
Gain from sale of investment in Ecolab Inc.		1,042	–
Adjusted financial result		**–194**	**–195**
Adjusted net earnings after minority interests		**945**	**822**
Adjusted earnings per preferred share	in euros	**2.19**[3]	**1.91**

[1] *2009 figure includes 8 million euros (2008: 36 million euros) in charges from the integration of the National Starch businesses*
[2] *2009 figure includes 0 million euros from "Global Excellence" (2008: 504 million euros), 44 million euros from the integration of the National Starch businesses (2008: 142 million euros), 59 million euros from the reorganization of the Adhesive Technologies businesses in Europe (2008: 0 million euros) and 56 million euros from ordinary activities (2008: 17 million euros)*
[3] *Adjusted EBIT 1,495 million euros and adjusted earnings per preferred share 2.26 euros, both before amortization of intangible assets from the acquisition of the National Starch businesses*

Consolidated balance sheet

Assets

in million euros	Note	2008[1]	%	2009	%
Intangible assets	11	8,491	52.5	8,218	52.0
Property, plant and equipment	12	2,361	14.6	2,248	14.2
Financial assets	13	24	0.1	20	0.1
Other financial assets	14	172	1.1	340	2.2
Income tax refund claims		3	–	2	–
Other non-current assets	15	4	–	12	0.1
Deferred taxes	16	305	1.9	322	2.0
Non-current assets		**11,360**	**70.2**	**11,162**	**70.6**
Inventories	17	1,482	9.2	1,218	7.7
Trade accounts receivable	18	1,847	11.4	1,721	10.9
Other financial assets	19	575	3.6	214	1.3
Other current assets	20	256	1.6	224	1.4
Income tax refund claims		202	1.2	139	0.9
Liquid funds/Marketable securities	21	338	2.1	1,110	7.0
Assets held for sale	22	113	0.7	30	0.2
Current assets		**4,813**	**29.8**	**4,656**	**29.4**
Total assets		**16,173**	**100.0**	**15,818**	**100.0**

[1] Adjusted following finalization of purchase price allocation relating to the acquisition of the National Starch businesses

Shareholders' equity and liabilities

in million euros	Note	2008[1]	%	2009	%
Subscribed capital	23	438	2.7	438	2.8
Capital reserve	24	652	4.0	652	4.1
Retained earnings	25	6,805	42.0	6,908	43.7
Gains and losses recognized in equity	26	–1,411	– 8.7	–1,524	–9.6
Equity excluding minority interests		**6,484**	**40.0**	**6,474**	**41.0**
Minority interests	27	51	0.3	70	0.4
Equity including minority interests		**6,535**	**40.3**	**6,544**	**41.4**
Pensions and similar obligations	28	833	5.2	867	5.5
Long-term income tax provisions	29	177	1.1	152	1.0
Other long-term provisions	29	336	2.1	241	1.5
Long-term borrowings	30	2,402	14.9	3,426	21.7
Non-current financial liabilities	31	77	0.5	88	0.5
Other non-current liabilities	32	9	0.1	20	0.1
Deferred taxes	33	413	2.5	367	2.3
Non-current liabilities		**4,247**	**26.4**	**5,161**	**32.6**
Current income tax provisions	34	343	2.1	224	1.4
Other short-term provisions	34	964	5.9	938	5.9
Short-term borrowings	35	1,817	11.2	660	4.2
Trade accounts payable	36	1,678	10.4	1,885	11.9
Current financial liabilities	37	272	1.7	145	0.9
Other current liabilities	38	306	1.9	251	1.6
Income tax liabilities		11	0.1	10	0.1
Current liabilities		**5,391**	**33.3**	**4,113**	**26.0**
Total equity and liabilities		**16,173**	**100.0**	**15,818**	**100.0**

[1] Adjusted following finalization of purchase price allocation relating to the acquisition of the National Starch businesses

Consolidated cash flow statement

in million euros	2008	2009
Operating profit (EBIT)	**779**	**1,080**
Income taxes paid	–412	–305
Amortization/depreciation/write-ups of non-current assets (excluding financial assets)	546	588
Net gains/losses on disposal of non-current assets (excluding financial assets)	3	12
Change in inventories	–78	276
Change in trade accounts receivable	108	136
Change in other receivables and miscellaneous assets	60	–15
Change in trade accounts payable	–36	208
Change in other liabilities and provisions	195	–61
Cash flow from operating activities	**1,165**	**1,919**
Purchase of intangible assets	–20	–28
Purchase of property, plant and equipment	–473	–344
Purchase of financial assets/acquisitions	–3,708	–8[1]
Proceeds on disposal of subsidiaries and business units	57	90
Proceeds on disposal of other non-current assets	1,752	51
Realization of net investment hedge	119	–
Cash flow from investing activities/acquisitions	**–2,273**	**–239**
Henkel AG & Co. KGaA dividends	–224	–224
Subsidiary company dividends (to other shareholders)	–8	–12
Interest received	90	70
Dividends received	22	–
Interest paid	–345	–206
Dividends and interest paid and received	*–465*	*–372*
Change in borrowings	757	–152
Allocation to pension funds	–262	–389
Other financing transactions	–10	8
Cash flow from financing activities	**20**	**–905**
Change in cash and cash equivalents due to movements in funds	**–1,088**	**775**
Change in cash and cash equivalents due to exchange rate movements	–14	–3
Change in liquid funds and marketable securities	**–1,102**	**772**
Liquid funds and marketable securities at January 1	1,440	338
Liquid funds and marketable securities at December 31	338	1,110

[1] *Of which: 103 million euros proceeds from the cash pool settlement from acquisition of the National Starch businesses*

Additional voluntary information
Computation of free cash flow

in million euros	2008	2009
Cash flow from operating activities	1,165	1,919
Purchase of intangible assets	–20	–28
Purchase of property, plant and equipment	–473	–344
Proceeds on disposals of other non-current assets (excluding proceeds from sale of investment in Ecolab Inc.)	40	51
Net interest paid	–255	–136
Free cash flow	**457**	**1,462**

Statement of comprehensive income

in million euros	2008	2009
Net earnings	**1,233**	**628**
Foreign exchange effects	103	–104
Financial instruments	–100	–11
Actuarial gains/losses	–186	–285
Share of net profits of associates		
Effects arising from the current financial year	33	–
Elimination of cumulative foreign exchange effects since initial inclusion	–16	–
Other comprehensive income	**–166**	**–400**
Total comprehensive income for the period	**1,067**	**228**
– Attributable to minority shareholders	16	24
– Attributable to shareholders of Henkel AG & Co. KGaA	1,051	204

Statement of changes in equity

in million euros	Ordinary shares	Preferred shares	Treasury stock	Capital reserve	Retained earnings	Gains and losses recognized in equity: Translation differences	Gains and losses recognized in equity: Financial instruments	Minority interests	Total
At January 1, 2008	**260**	**178**	**–119**	**652**	**6,082**	**–1,298**	**–112**	**63**	**5,706**
Net earnings	–	–	–	–	1,221	–	–	12	1,233
Foreign exchange effects	–	–	–	–	–	99	–	4	103
Financial instruments	–	–	–	–	–	–	–100	–	–100
Actuarial gains (+) and losses (–)	–	–	–	–	–186	–	–	–	–186
Investments in associates	–	–	–	–	17	–	–	–	17
Total comprehensive income for the period	***–***	***–***	***–***	***–***	***1,052***	***99***	***–100***	***16***	***1,067***
Distributions	–	–	–	–	–224	–	–	–8	–232
Sale of treasury stock	–	–	4	–	1	–	–	–	5
Other changes in equity	–	–	–	–	9	–	–	–20	–11
At December 31, 2008/ January 1, 2009	**260**	**178**	**–115**	**652**	**6,920**	**–1,199**	**–212**	**51**	**6,535**
Net earnings	–	–	–	–	602	–	–	26	628
Foreign exchange effects	–	–	–	–	–	–102	–	–2	–104
Financial instruments	–	–	–	–	–	–	–11	–	–11
Actuarial gains (+) and losses (–)	–	–	–	–	–285	–	–	–	–285
Total comprehensive income for the period	***–***	***–***	***–***	***–***	***317***	***–102***	***–11***	***24***	***228***
Distributions	–	–	–	–	–224	–	–	–12	–236
Sale of treasury stock	–	–	6	–	4	–	–	–	10
Other changes in equity	–	–	–	–	–	–	–	7	7
At December 31, 2009	**260**	**178**	**–109**	**652**	**7,017**	**–1,301**	**–223**	**70**	**6,544**

Group segment report by business sector [1]

in million euros	Laundry & Home Care	Cosmetics/ Toiletries	*Adhesives for Craftsmen and Consumers*	*Industrial Adhesives*	Total Adhesive Technologies	Operating business sectors total	Corporate	Henkel
Sales 2009	**4,129**	**3,010**	**1,738**	**4,486**	**6,224**	**13,363**	**210**	**13,573**
Change from previous year	–1.0 %	–0.2 %	–16.9 %	–2.6 %	–7.1 %	–3.8 %	–	–3.9 %
Proportion of Group sales	30 %	22 %	13 %	33 %	46 %	98 %	2 %	100 %
Sales 2008	4,172	3,016	2,092	4,608	6,700	13,888	243	14,131
EBITDA 2009	**622**	**433**	**200**	**468**	**668**	**1,723**	**–55**	**1,668**
EBITDA 2008	551	427	281	593	874	1,852	–527	1,325
Change from previous year	12.8 %	1.6 %	–29.0 %	–21.1 %	–23.6 %	–7.0 %	–	25.8 %
Return on sales (EBITDA) 2009	**15.1 %**	**14.4 %**	**11.5 %**	**10.4 %**	**10.7 %**	**12.9 %**	**–**	**12.3 %**
Return on sales (EBITDA) 2008	13.2 %	14.1 %	13.5 %	12.9 %	13.0 %	13.3 %	–	9.4 %
Amortization/depreciation and write-ups of trademark rights, other rights and property, plant and equipment 2009	**121**	**46**	**96**	**282**	**378**	**545**	**43**	**588**
of which impairment losses 2009	**10**	**1**	**32**	**105**	**137 [5]**	**148**	**27**	**175**
of which write-ups 2009	**1**	**–**	**–**	**2**	**2**	**3**	**–**	**3**
Amortization/depreciation and write-ups of trademark rights, other rights and property, plant and equipment 2008	112	51	48	168	216	379	167	546
of which impairment losses 2008	58	35	4	33	37	130	23	153
of which write-ups 2008	–	–	–	–	–	–	–	–
EBIT 2009	**501**	**387**	**104**	**186**	**290 [6]**	**1,178**	**–98 [4]**	**1,080**
EBIT 2008	439	376	233	425	658	1,473	–694	779
Change from previous year	14.0 %	3.1 %	–55.3 %	–56.3 %	–55.9 %	–20.0 %	–	38.6 %
Return on sales (EBIT) 2009	**12.1 %**	**12.9 %**	**6.0 %**	**4.2 %**	**4.7 %**	**8.8 %**	**–**	**8.0 %**
Return on sales (EBIT) 2008	10.5 %	12.5 %	11.1 %	9.2 %	9.8 %	10.6 %	–	5.5 %
Capital employed 2009 [2]	**2,562**	**2,125**	**1,161**	**5,874**	**7,035**	**11,722**	**–181**	**11,541**
Capital employed 2008 [2]	2,604	2,151	1,299	5,291	6,590	11,345	–24	11,321
Change from previous year	–1.6 %	–1.2 %	–10.7 %	11.0 %	6.8 %	3.3 %	–	1.9 %
Return on capital employed (ROCE) 2009	**19.6 %**	**18.2 %**	**10.4 %**	**3.7 %**	**4.8 %**	**10.4 %**	**–**	**9.8 %**
Return on capital employed (ROCE) 2008	16.9 %	17.5 %	17.9 %	8.0 %	10.0 %	13.0 %	–	6.9 %
Capital expenditures (excl. financial assets) 2009	**156**	**43**	**40**	**153**	**193**	**392**	**23**	**415**
Capital expenditures (excl. financial assets) 2008	169	103	137	3,624	3,761	4,033	36	4,069
Operating assets 2009 [3]	**3,838**	**2,723**	**1,470**	**6,789**	**8,259**	**14,820**	**357**	**15,177**
Operating liabilities 2009	**1,123**	**800**	**375**	**1,195**	**1,570**	**3,493**	**538**	**4,031**
Net operating assets employed 2009 [3]	**2,715**	**1,923**	**1,095**	**5,594**	**6,689**	**11,327**	**–181**	**11,146**
Operating assets 2008 [3]	3,893	2,763	1,641	6,439	8,080	14,736	398	15,134
Operating liabilities 2008	1,154	819	423	1,451	1,874	3,847	422	4,269
Net operating assets employed 2008 [3]	2,739	1,944	1,218	4,988	6,206	10,889	–24	10,865

[1] Calculated on the basis of units of 1,000 euros
[2] Including goodwill at cost prior to any accumulated amortization in accordance with IFRS 3.79 (b)
[3] Including goodwill at net book value
[4] Including restructuring charges for the National Starch businesses of 44 million euros; the ongoing restructuring costs are charged to the operating business sectors
[5] Including 46 million euros of goodwill impairment losses; see other operating charges
[6] Including 59 million euros from the reorganization of the Adhesive Technologies businesses in Europe

Group segment report by region[1)]

in million euros	Europe/ Africa/ Middle East	North America (USA, Canada)	Latin America	Asia-/ Pacific	Regions total	Corporate	Henkel
Sales by location of company 2009	**8,335**	**2,546**	**825**	**1,657**	**13,363**	**210**	**13,573**
Change from previous year	– 6.0 %	–5.7 %	5.8 %	7.3 %	–3.8 %	–	–3.9 %
Proportion of Group sales	61 %	19 %	6 %	12 %	98 %	2 %	100 %
Sales by location of company 2008	8,863	2,700	780	1,545	13,888	243	14,131
Sales by location of customer 2009	**8,267**	**2,512**	**833**	**1,751**	**13,363**	**210**	**13,573**
Change from previous year	–6.0 %	–5.8 %	5.3 %	7.3 %	–3.8 %	–	–3.9 %
Proportion of Group sales	61 %	18 %	6 %	13 %	98%	2 %	100 %
Sales by location of customer 2008	8,798	2,668	791	1,631	13,888	243	14,131
EBITDA 2009	**1,083**	**320**	**92**	**228**	**1,723**	**–55**	**1,668**
EBITDA 2008[4)]	1,228	365	79	180	1,852	–527	1,325
Change from previous year	–11.8 %	–12.4 %	17.1 %	26.4 %	–7.0 %	–	25.8 %
Return on sales (EBITDA) 2009	**13.0 %**	**12.6 %**	**11.2 %**	**13.7 %**	**12.9 %**	**–**	**12.3 %**
Return on sales (EBITDA) 2008[4)]	13.9 %	13.5 %	10.1 %	11.7 %	13.3 %	–	9.4 %
EBIT 2009	**838**	**127**	**74**	**139**	**1,178**	**–98**[3)]	**1,080**
EBIT 2008[4)]	1,006	276	59	132	1,473	–694	779
Change from previous year	–16.7 %	–54.1 %	25.1 %	5.6 %	–20.0 %	–	38.6 %
Return on sales (EBIT) 2009	**10.1 %**	**5.0 %**	**9.0 %**	**8.4 %**	**8.8 %**	**–**	**8.0 %**
Return on sales (EBIT) 2008[4)]	11.4 %	10.2 %	7.6 %	8.5 %	10.6 %	–	5.5 %
Return on capital employed (ROCE) 2009	**21.2 %**	**2.5 %**	**14.8 %**	**11.1 %**	**10.4 %**	**–**	**9.8 %**
Return on capital employed (ROCE) 2008[4)]	24.9 %	5.2 %	12.1 %	8.7 %	13.0 %	–	6.9 %
Operating assets 2009[2)]	**5,749**	**6,444**	**652**	**1,975**	**14,820**	**357**	**15,177**
Operating liabilities 2009	**2,310**	**485**	**178**	**520**	**3,493**	**538**	**4,031**
Net operating assets employed 2009[2)]	**3,439**	**5,959**	**474**	**1,455**	**11,327**	**–181**	**11,146**
Operating assets 2008[2)]	5,963	6,077	628	2,068	14,736	398	15,134
Operating liabilities 2008	2,480	597	160	610	3,847	422	4,269
Net operating assets employed 2008[2)]	3,483	5,480	468	1,458	10,889	–24	10,865

[1)] *Calculated on the basis of units of 1,000 euros*
[2)] *Including goodwill at net book value*
[3)] *Including restructuring charges for the National Starch businesses of 44 million euros; the ongoing restructuring costs are charged to the regions*
[4)] *From 2009, corporate charges incurred with respect to regional business management are to be allocated to the individual regions; the prior-year figures have been adjusted accordingly, which means the 2008 earnings result for the Europe/Africa/Middle East region is 44 million euros higher, while that of the other regions is lower: by 23 million euros for North America, by 7 million euros for Latin America and by 14 million euros for Asia-Pacific*

In the operating business sectors, affiliated companies located in Germany, including the parent company, achieved sales in 2009 of 1,909 million euros (2008: 2,020 million euros) and reported intangible assets and property, plant and equipment at December 31, 2009 of 1,087 million euros (2008: 1,123 million euros).

The affiliated companies domiciled in North America reported intangible assets, property, plant and equipment at December 31, 2009 of 5,457 million euros (2008: 5,793 million euros).

Credits

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Financial calendar

Annual General Meeting
Henkel AG & Co. KGaA 2010:
Monday, April 19, 2010

Publication of Report
for the First Quarter 2010:
Wednesday, May 5, 2010

Publication of Report
for the Second Quarter / Half Year 2010:
Wednesday, August 4, 2010

Publication of Report
for the Third Quarter / Nine Months 2010:
Wednesday, November 10, 2010

Press Conference and Analysts' Conference
for Fiscal 2010:
Thursday, February 24, 2011

Annual General Meeting
Henkel AG & Co. KGaA 2011:
Monday, April 11, 2011

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