



Statement
Kasper Rorsted
Chairman of the Management Board
Annual General Meeting – April 19, 2010

- Check against delivery -

Statement by Kasper Rorsted, Chairman of the Henkel Management Board Annual General Meeting of April 19, 2010

Esteemed shareholders,
dear guests and friends of the company,

On behalf of the Management Board and all Henkel employees, welcome to our Annual General Meeting.

One year ago, almost to the day, I stood here before you, addressing you as I am now. I assured you then of our confidence in the successful further development of Henkel. I also asked you to keep faith with us as we pursued further growth.

Looking back now, it appears that this was not too much to promise.

Since that time, some 50,000 Henkel employees have continued to work with their fullest commitment on the further development of our company – with appreciable success. Indeed, Henkel has performed very well in an extremely difficult market environment. Our 2009 performance is well worth a second look:

- Despite the recession, our Laundry & Home Care and Cosmetics/Toiletries business sectors achieved new highs with respect to operating profit and return on sales, our so-called EBIT margin. They were also able to further expand their market shares within a particularly challenging environment.
- Our Adhesive Technologies business exhibited continuous improvement in the course of the year.
- With an adjusted EBIT margin of 12.4 percent, we were able to post a new record high in the fourth quarter.
- We reduced our net debt by 1 billion euros.
- We were able to complete our global efficiency enhancement program one year earlier than originally planned.
- And we have made significant progress in the pursuit of our three strategic priorities.

Ladies and gentlemen,

we can all be proud of what we have achieved. You will not find many companies of our size that fared so well during the **financial and economic crisis** of last year. In 2009, the world economy suffered its greatest decline since the Second World War. German economic output alone shrunk by around 5 percent.

For most of us, this was a completely new experience. Never before had we seen such a dramatic collapse in economic activity within such a short period of time.

Global trade decreased by 10 percent and around 34 million jobs were lost around the world. Nevertheless, most companies remained reasonable in their response.

In Germany particularly, the feared wave of redundancies failed to materialize – due in no small degree to the concerted action of politicians, trade unions and employers that has, so far, spared us from more severe consequences.

The world economy has now restabilized. However, we are still far from the situation that we had prior to the crisis. It is therefore much too early to return to a “business as usual” approach.

The financial institutions are still in the process of reducing the risks besetting their balance sheets. Added to this is the general problem of ever-increasing competitive pressures affecting all sectors and regions.

Therefore, it is all the more important for Henkel to consistently ensure our competitiveness by taking the right decisions and implementing the right measures in this and in coming years.

Ladies and gentlemen,

all this is taking place against the background of a more enduring challenge. We find ourselves confronted by structural risks. The high level of indebtedness of the western community of nations represents a mortgage that is likely to be a substantial obstacle to growth in the years to come.

Future generations are going to have to pay for the affluence enjoyed by their parents and grandparents. This is a situation that we cannot and must not accept.

The financial crisis has made it clear to all of us what needs to be done:

- We need a greater sense of responsibility in the business and financial world
- We need to think more in the longer term
- And we need to act in a more sustainable manner

Certainly, there is no lack of regular expressions of commitment to sustainable development. However, this is still not enough. As a case in point, the outcome of the climate conference in Copenhagen was a major disappointment compared to the expectations invested in it.

The many declarations of intent have to be followed up with deeds. And this is a challenge to all of us – politicians, companies and, in the final analysis, each and every individual.

We at Henkel have always focused on ensuring healthy, sustainable growth aligned to the long term – while always maintaining our capability to react flexibly on changing market conditions. We are convinced that sustainable development will contribute to a lasting increase in the value of our company. Committing to sustainable development and thinking for the long term are integral to our responsibility as a company. Selecting the right and most effective means always involves considering the consequences of ones own actions.

This is reflected in the decisions taken by management and in the behavior of our employees – and it also represents a decisive advantage in this competitive environment.

We therefore intend to further extend our leadership in the sustainability domain.

I think it is important once again to emphasize that the way in which we conduct our business activities, generate profit and meet our corporate social responsibilities constitutes a decisive prerequisite for continuing to generate successful growth in the future.

Such corporate social responsibility needs to be visible throughout the entire value chain. Consequently, the sustainability aspect also constitutes an essential component of our innovation process.

We have made a commitment to ensuring that all new products from Henkel make a contribution to sustainable development – for example, by conserving resources or helping to reduce emissions.

Above all, we are concentrating on the development of products and technologies that help save energy in use. One example is detergents that are capable of effectively cleaning even at low temperatures.

Through this approach, we are helping to conserve energy and protect the climate.

Within the company itself, Henkel has reduced energy consumption per ton of production by 26 percent from 2005 to 2009.

This corresponds to the annual energy consumption of more than 20,000 German households.

Water consumption over the same period has decreased by an even more notable 37 percent. The volume saved is enough to fill 2,000 Olympic-sized swimming pools. We have also reduced the amount of waste generated by 12 percent since 2005. This corresponds to the annual amount of waste generated by about 30,000 people.

However, we are still not satisfied with these achievements and have therefore set ourselves further ambitious savings targets for the future.

As in the previous year, we published both our Annual Report and our Sustainability Report on the same day.

There you will find numerous examples and explanations as to how sustainability is pursued at Henkel.

The sustainability credentials exhibited by a company in its business activities are also becoming an increasingly important selection criterion for investors around the world. For the third year in a row, Henkel has been declared the “Sustainability Leader” in the Consumer Goods sector of the Dow Jones Sustainability Index.

We are also listed in a number of other recognized international indexes as well as being regularly awarded for our achievements in the sustainability domain.

Ladies and gentlemen,

I would now like to give you an overview of the key financials that characterized our performance in the 2009 financial year.

Our sales decreased by 3.9 percent to 13.6 billion euros. Organically, that is to say adjusted by foreign exchange effects, acquisitions and divestments, the decline amounted to 3.5 percent. Hidden behind this figure is a weak first half year followed by a better second half year.

The business performance of our three business sectors was very mixed. The consumer businesses once again grew substantially despite the economic crisis. Given the tough economic situation described at the beginning, and the effect this had on the consumer markets, this constitutes an outstanding achievement.

Laundry & Home Care increased sales organically by 2.9 percent, while Cosmetics/Toiletries achieved an even more notable 3.5 percent rise. By contrast, the global recession impacted heavily on the Adhesive Technologies business sector where organic sales fell by 10.2 percent.

Operating profit adjusted for one-time charges and gains and for restructuring charges decreased by 6.6 percent to 1.36 billion euros. This is primarily attributable to the development of the Adhesive Technologies business sector.

Nevertheless, thanks to numerous countermeasures instigated, we succeeded in maintaining adjusted return on sales, our EBIT margin, with 10 percent almost at the level of the previous year – in a very difficult economic environment, that is.

If we look at the change in the adjusted EBIT margin in the course of the year and for the individual business sectors, we see that all our businesses developed positively. In the fourth quarter, Laundry & Home Care posted a significant increase in adjusted EBIT margin to 15.2 percent. Cosmetics/Toiletries showed a consistently strong performance and posted 13.5 percent in the final quarter.

At Adhesive Technologies, we succeeded in increasing the adjusted EBIT margin from around 4 percent in the first quarter to 10.8 percent in the final quarter.

For Henkel overall, therefore, this meant a substantially improved EBIT margin of 12.4 percent in the final quarter of the year under review.

This is an excellent result in an extremely difficult year and gives us confidence that we will achieve our financial targets for 2012.

At 628 million euros, **net earnings for the year** decreased by almost half. However, it is worth remembering that the comparative result of fiscal 2008 included the one-time gain arising from the sale of our Ecolab stake.

Earnings per preferred share decreased from 2.83 euros to 1.40 euros.

EPS after adjusting for exceptional items amounted to 1.91 euros compared to 2.19 euros in the previous year – a decrease of around 13 percent.

We attach great importance to ensuring continuity in our dividends policy. The Management Board, Supervisory Board and Shareholders' Committee therefore propose an **unchanged dividend** of 53 eurocents per preferred share and 51 eurocents per ordinary share. That means that – for the third time in a row – we will be distributing a total of 227 million euros.

We again strengthened the financial position of the company last year. We have made great progress especially in the management of our net working capital, by which we mean inventories and current receivables less current payables.

The ratio of **net working capital** to sales has improved from 11.7 percent to 7.8 percent. And at 1.46 billion euros, **free cash flow** has actually tripled compared to the previous year.

As a result, we have been able to reduce our **net debt** by 1 billion euros to 2.8 billion euros. We intend to continue to pursue this conservative debt management policy.

And we are endeavoring to achieve a one-notch improvement in our ratings with the leading agencies Standard & Poor's and Moody's.

Before I now move on to our strategic priorities and outlook, perhaps you will allow me to say a few words on the **performance of our business sectors**.

Laundry & Home Care achieved strong organic growth amounting to 2.9 percent. The growth markets in the emerging economies developed particularly well. After allowing for our exit from the Chinese market at the end of 2008, sales in these regions underwent growth in the double-digit percentage range.

We also generated market share gains in our core regions. Both operating profit and EBIT margin rose to record levels despite a further increase in our advertising spend.

Adjusted EBIT margin for the year as a whole amounted to 12.8 percent, two percentage points more than in the previous year.

Our **innovations** made an important contribution to this success. These included, for example, Persil ActicPower which is able to develop its full laundry power at just 15 degrees Celsius and with just half the conventional detergent dosage.

Around 40 percent of sales generated by the Laundry & Home Care business sector were achieved last year with products that have been in the marketplace for less than three years. We realized 54 percent of our sales in Laundry & Home Care with our top ten brands, while our top ten brand families accounted for a notable 80 percent of sales.

The **Cosmetics/Toiletries** business sector also continued to generate strong organic sales growth, building on the profitable growth trend of previous years.

Despite a slightly recessive global cosmetics market, our business sector succeeded in increasing organic sales by 3.5 percent.

With double-digit percentage rates of increase, the growth markets of the emerging economies made a substantial contribution to this achievement.

Our market shares in Europe also reached new record levels.

Operating profit and return on sales likewise increased to new highs. And adjusted return on sales improved by 0.3 percentage points to 12.9 percent for the year.

The main growth drivers were the Hair Care and Colorants businesses. For example, the introduction of our Syoss brand – Europe’s most successful cosmetics launch of last year – was very successful. We intend to further expand Syoss into a mega hair brand.

As regards our colorants, the introduction of the Schwarzkopf Essential Color brand – a permanent colorant without ammonia – enabled us to expand our market shares in this category as well.

The innovation rate in this business sector has remained high at around 40 percent, with our focus on development and on growing our top brands having paid off handsomely.

Our top ten brands in the Cosmetics/Toiletries business sector increased their share of total sales to a current 87 percent.

And that brings me to **Adhesive Technologies**, our largest business sector. This experienced a difficult start last year with production at important customer industries having declined substantially and our clients purchasing correspondingly lower product volumes from us. However, sales and operating profit both stabilized in the course of the year.

Taking the year as a whole, therefore, Adhesive Technologies posted a decline in organic sales of 10.2 percent. Because of the low level of capacity utilization, adjusted return on sales decreased by two percentage points to 8.1 percent.

However, the markets for our adhesives business bottomed out in the course of the first half of 2009. After 4 percent in the first quarter, return on sales had already returned to almost 11 percent by the final quarter.

Despite very difficult underlying conditions, we succeeded in consolidating our strong market position, helped by the fact that we responded quickly to the changing market environment by appropriately adjusting our costs, capacities and capital requirements.

And, last but not least, we also made good progress in the integration of National Starch – our major acquisition from 2008 – with the process advancing significantly faster than was originally planned.

By the end of last year, we had already realized savings of 160 million euros – versus the originally planned 150 million euros.

The integration process is expected to be completed by the end of this year. The originally targeted savings of 250 million euros will then be fully available as from 2011. And here again we have achieved our goal earlier and to greater effect than initially announced.

Ladies and gentlemen,

we are regularly asked – against the background of the difficult economic situation – whether the purchase of National Starch was the right decision. My answer has always been a clear “yes” – without any reservations whatsoever.

The recession has changed nothing in terms of the economic and strategic logic of this takeover. Today, we are clearly the world market leader in adhesives and are optimally positioned in this sector. National Starch offers an outstanding fit with our existing portfolio. And the presence it provides in regions where we were previously not or only poorly represented helps us to balance out the effects of geographic market downturns.

We are firmly convinced that the market for industrial adhesives has considerable growth potential. The growth in consumption occurring in the world's emerging economies alone is bound to lead to higher demand levels for adhesives.

Moreover, the increased usage of lightweight construction materials, and measures geared to improving the thermal insulation of buildings likewise necessitate the use of modern adhesive systems.

And then there is the trend of the future with welding and screw fasteners being increasingly replaced by adhesive bonding. Today, a mid-range automobile has 4,000 spot welds. We can replace 1,000 of these spot welds with adhesives. Crash tests prove that an autobody that is adhesive-bonded between its spot welds is significantly safer. The aircraft industry also intends to use adhesives technologies to an even greater degree in the future. And this again gives rise to interesting growth possibilities for our business.

Ladies and gentlemen,

I would now like to get back to looking at the company as a whole.

Taken in total, we were able to exceed by quite a margin the planned savings of 225 million euros from the implementation of our worldwide efficiency enhancement program and the integration of the National Starch businesses.

We also further increased our already strong liquidity level, the main contributors being the very successful management of net working capital, strict expenditure discipline and, not least, the non-pursuit of acquisitions.

We intend to further reduce our net debt this year. Major purchases are therefore not currently in our planning.

The generally good development of our businesses in conjunction with our efforts on the cost side is also reflected in our share price. Naturally, I am delighted that our shares recovered so well last year.

The price of the preferred share rose 61 percent in the course of the year, far outperforming the DAX which improved over the same period by 24 percent.

Henkel is also an attractive investment for those looking more toward the long term. Since we went public 25 years ago, the Henkel preferred share has, on average, yielded 3 percentage points more in terms of returns generated than the DAX.

Evaluating our share price lies in the hands of the investors and professional analysts. Nevertheless, we regard our share price performance of last year as a positive assessment of our operational progress by the capital market.

These advancements will all help us to meet our financial targets for 2012 as previously advised, these being:

- To achieve an annual average of 3 to 5 percent in organic sales growth
- To achieve an adjusted return on sales of 14 percent
- And to achieve annual growth in adjusted earnings per preferred share averaging more than 10 percent.

Although many analysts and investors still regard these targets as ambitious, we have already taken great strides toward them. This has been widely recognized and is generating confidence.

I truly believe that we are on the right track to reaching our financial targets for 2012. Despite the special challenges that confronted us in fiscal 2009, it was a year of further advancement.

We attained almost all of the targets that we set ourselves one year before:

- We made good progress in the pursuit of our three strategic priorities, with which I will deal in more detail in a minute.
- We wanted to further increase our focus on innovations and generate further profitable growth in the emerging economies. And we were successful on both counts.
- And our objective of generating twice the rate of growth with our leading brands compared to the company as a whole was also largely fulfilled.

Esteemed shareholders,

as you can see, Henkel – our company – held its own very well in 2009 despite an extremely difficult market environment. This was due primarily to the great progress that we made in the pursuit of our three long-term strategic priorities.

Specifically, these are:

First

- to achieve our full business potential

Second

- to focus more on our customers

And third

- to strengthen our global team.

First I would like to explain to you what advances we have made in the achievement of our full business potential.

And let me start with the optimization of our portfolio. It is our declared aim to generate over the next few years around 45 percent of our sales in the growth regions, in which around half Henkel's employees are currently employed.

Although the worldwide recession did not leave these regions unaffected, we nevertheless made good progress there last year. After several years of double-digit growth rates, we were still able to increase organic sales attributable to the growth regions by a further 3.7 percent in 2009.

We now generate more than 5 billion euros in these markets. That equates to 38 percent of our consolidated sales. Excluding foreign exchange effects, the figure already amounts to 40 percent.

In order to achieve our full business potential, we also need to make our strong brands even stronger. Our top 3 brands – Schwarzkopf, Persil and Loctite – account

for a quarter of our sales. Our top ten brands represent around 40 percent of sales and are major drivers when it comes to increasing our profitability – not least due to our resolve to standardize our brand concepts, formulations and marketing measures on an international scale.

At the same time, we are further reducing the total number of brands in our portfolio by selling or discontinuing smaller brands and further expanding our strong brands. Last year alone, we disposed of, transferred or discontinued more than 40 brands. And we will continue our stringent efforts to further strengthen our top brands.

Another major driver in our effort to increase profitability is our potential to innovate. In a difficult environment, price increases can only be justified to our customers through innovations – new products and ideas that provide added value or offer a completely new solution to a problem.

Last year, we succeeded on the innovation front in the Laundry & Home Care business with our new Purex 3-in-1 laundry sheets. These combine the performance of a laundry and fabric softener while at the same time preventing the build-up of electrostatic charge in the wash while in the drier. A further example, this time from our Cosmetics segment, is our new Syoss brand. With Syoss we were able to gain significant market shares within a short period of time.

At Adhesive Technologies, we have developed with Technomelt Supra Cool 130 an industrial hotmelt adhesive for packaging production which, with its lower processing temperature, significantly reduces energy consumption during application. And incidentally, this innovation is directly attributable to pooling the know-how and competences of the acquired National Starch businesses with those already available at Henkel.

We are continuously working on simplifying our structures and accelerating our procedures. This applies as much to our product and brand portfolio as it does to our internal processes. And there is still further earnings potential in the optimization of our structures and methods.

In a challenging market environment in which consumers are very much influenced in their purchasing decisions by value-for-money considerations, and industrial customers are only slowly rediscovering their confidence in the future, we intend to work assiduously on guaranteeing smooth and efficient processes. Only in this way can we secure our competitiveness and our business success over the long term.

We completed the efficiency enhancement program launched in 2008 by the end of 2009, one year earlier than planned. We will therefore be able to realize the full volume of savings in excess of 150 million euros from this year on.

Now we are concentrating more on the issues of “strategic suppliers” and “global sourcing”.

We are also working hard on improving our supply chain and consolidating our production capacities, as well as on achieving even greater process standardization and automation.

In the field of IT, for example, we have concluded contracts with three strategic partners where previously we had to deal with around 120 external service-providers.

Aside from achieving our full business potential, also on our agenda is the commitment to focus more on our customers. This is why we made 2009 our “Year of the Customer”, deliberately aimed at further sharpening the customer focus of all our employees.

The deeper and more multi-faceted the relationships with a customer are, the more we are able to also grow with this customer.

Our so-called Top-to-Top initiative, in which we engage with our customers at senior management level, is geared to forging a stronger strategic partnership with those key accounts. Hence we have made this process of close and continual exchange with our major clients a permanent part of our Board and senior management team.

This approach enables us not only to learn a great deal about our customers but also to hear earlier where and how they intend to develop and what expectations they have of us. At the same time, we also learn from them a great deal about ourselves – our strengths and our weaknesses. This provides valuable insights that help us to adjust more effectively to the requirements of our customers.

We have meanwhile begun to extend this Top-to-Top initiative from the initial group of 20 global customers to regional and local key accounts. The better we coordinate our strategic objectives with those of our customers, the greater the possibilities there are for us to develop new solutions on a joint basis and to grow profitably together. Ultimately, we want to make Henkel the preferred supplier for every one of our customers.

Naturally, our employees play a decisive role. Consequently, we will be focusing even more intently on our people in 2010. Our motto this year reads: “A global team – winning together”. The innovative capabilities, the commitment and the knowledge of our employees are and will remain the basis of our success – particularly in a challenging market environment.

The issue of diversity is an important aspect in this regard, one which we – ahead of many other companies – have already recognized as a factor for success.

Henkel currently employs around 50,000 people. Some 80 percent of these employees work outside Germany. Around the world, there are people from more than 115 different nations working for Henkel. And the internationality and experience of this global team constitutes an important competitive advantage for us.

In promoting diversity, it is important also to note that we have significantly increased the proportion of women in managerial positions in recent years. While women accounted for less than 22 percent of these senior positions in 2003, the global figure now exceeds 27 percent.

That means that we have improved year on year by around one percentage point, and we are currently among the leaders in this domain.

Nevertheless, we are well aware that there is still a great deal to do.

We also endeavor to fill the majority of our senior management posts with candidates from within the company. Using a new talent management process, we identify highly qualified employees who we then systematically develop on the basis of individualized programs.

Part of this further development involves rotation within the company in accordance with our “Triple Two” philosophy – encouraging employees to work in two business sectors, two countries and two functions.

In order to increase the incentives for our employees and remunerate performance in a more differentiated way, we also intend in the future to introduce to a greater degree performance-related components in our remuneration structures.

Ladies and gentlemen,

as you can see, we have made progress in all areas of our strategic priorities, laying the foundation for a successful 2010. We regard the current financial year as a further important step toward achieving our 2012 financial targets.

I would like to once again list our priorities for the current financial year:

- We want to expand our business in the growth regions.
- We intend to strengthen our top brands.
- We will intensify our customer relationships.
- We will be concentrating in particular on the development of our employees and on strengthening our global team in order to enhance the individual performance potential of every single employee.
- We will continue to maintain our cost discipline coupled with ongoing optimization of our processes.
- And we are aiming to further improve our financial ratios.

Ladies and gentlemen, esteemed shareholders,

I would now like to come to our outlook for the current financial year. As I have already said, we regard the recovery of the world economy as still rather shaky. 2010 will therefore also not be an easy year.

In the real economy, the partly dramatic declines in activity that occurred last year are still having an effect and have left a sustainable impression on the competitive environment. The effects of the crisis on the banks are still clearly discernible and have not yet been completely eradicated from their respective balance sheets.

It therefore remains difficult to reliably assess the overall economic situation and the further development of our markets.

According to the experts, the world economy is likely to grow this year by somewhere in the region of 2 to 3 percent. However, it is too early to speak of a sustained upturn or any imminent acceleration in growth.

That said, it does appear likely that the classic industrial segments will undergo stronger growth this year – compared to last – than the consumer goods industry.

Henkel has made a good start to the year – with all three business sectors making good progress right from the off. We will present you with the precise figures on May 5 when we publish the report covering the first quarter of 2010.

Already at our recent annual press conference we said that we were confident of once again outpacing the markets of relevance to us over the year as a whole.

In other words, we want to gain further market shares in all three of our business sectors.

And as we have also already said, we expect our consumer businesses – Laundry & Home Care and Cosmetics/Toiletries – to generate a slight improvement in their adjusted operating profit.

As regards the Adhesive Technologies business sector, we anticipate seeing a significant increase there in adjusted operating profit.

For Henkel as a whole, therefore, we anticipate an appreciable improvement in earnings. As things stand at the moment, we expect adjusted operating profit and adjusted earnings per preferred share to be more than 10 percent above the figures for 2009.

Ladies and gentlemen,

we have our focus firmly set on our targets for 2012 and on our strategic priorities:

There is no question that the recession of 2009 presented us with quite a headwind as we advanced down this road. However, we were able to master the challenges very well. Now, our focus is shifting to successfully shaping the current year. Although this is going to be another challenging year, we feel that we are well prepared – because we have done our homework. However, just like at school, no sooner have you done today's homework than you are faced with another load.

Yet, there is no need for us to be fearful. My confidence is founded in particular on the 50,000 Henkel employees willing to dedicate their energy, their creativity and their team spirit to the service of this company.

And for this I would like to specifically thank each individual – a gesture of gratitude which I am sure you will approve.

Ladies and gentlemen,

allow me now to offer a brief résumé:

- 2009 saw us perform remarkably well in an extremely adverse market environment.
- We are emerging from this recession stronger than before.
- We have expanded our market positions in all three of our business sectors.

- We expect to significantly increase our profitability this year.
- And we are well on course to achieving our 2012 targets and successfully delivering on our strategic priorities.

To you, our esteemed shareholders, I would like – on behalf of myself and my colleagues on the Management Board – to express our heartfelt thanks for your confidence in us.

We will continue to do all we can in order to take this company forward.

And we would be delighted if you too would continue to accompany us along the way with your confidence and trust.

Ladies and gentlemen, thank you for your attention!

This information contains forward-looking statements which are based on the current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate, etc. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Henkel AG & Co. KGaA and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Henkel's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Henkel neither plans nor undertakes to update any forward-looking statements.