



Statement

Kasper Rorsted

Chairman of the Management Board

Annual General Meeting of April 20, 2009

Embargo – April 20, 2009 – 10.00 am (CET)

**Statement by Kasper Rorsted,
Chairman of the Henkel Management Board
Annual General Meeting on April 20, 2009**

Esteemed shareholders,
guests,
and friends of the Henkel company,

I cordially welcome you to our Annual General Meeting for fiscal 2008.

I am delighted to be standing here before you for the first time as Chairman of the Management Board. Fiscal 2008 was a real challenge for Henkel and also for many other companies operating in the marketplace. The world economy finds itself in a major crisis that has developed with incredible rapidity. It has known – and still knows – no national boundaries and has swept across virtually every industry and sector. Nevertheless, all things considered, fiscal 2008 was a successful year for Henkel. And these were the major developments:

- Our three business sectors again managed to outpace our markets.
- In the tremendously important growth regions where we now generate some 37 percent of our sales, we achieved an organic growth rate of 13 percent.
- We adapted very early on to an increasingly difficult market environment by launching a program that will enhance our efficiency.
- The integration of the National Starch businesses acquired in April 2008 has progressed very well and the synergies achieved are well above plan.

- In selling our Ecolab investment, we have significantly reduced our debt ratio and created for ourselves a comfortable liquidity cushion.
- Finally, in 2008, we defined our strategic priorities and medium-term financial targets for 2012. The implementation is in full swing. But more of that later.

Ladies and Gentlemen, I would like first to give you an overview of the key facts and figures that characterized our performance last year.

Our consolidated sales increased last year by 8.1 percent to 14.1 billion euros. This significant increase is primarily due to the acquisition of the National Starch businesses.

In organic terms, that is to say adjusted for foreign exchange and acquisitions and divestments, sales rose by 3 percent, with all three business sectors posting growth.

Operating profit adjusted for one-time gains and charges, and also restructuring costs, rose by 9.1 percent to around 1.5 billion euros. Not included in this figure is the 35 million euros in amortization of intangible assets arising from the acquisition of the National Starch businesses. With this amortization charge, EBIT rose by 6.6 percent to 1,460 million euros.

Adjusted return on sales decreased from 10.5 percent to 10.3 percent. Before amortization of intangible assets arising from the acquisition of the National Starch businesses, the EBIT margin rose 0.1 percentage points to 10.6 percent, which means that our margin remains double-digit. Given the adversity of the market environment, this is a pretty solid result.

We are, to a large extent, managing to compensate for the substantial price rises encountered in the commodity markets through price adjustments and cost-reducing measures.

Net earnings for the year after minority interests rose by over 30 percent to 1.22 billion euros. However, this was primarily due to the sale of our Ecolab stake.

After adjusting for all one-time effects and exceptional items, earnings per preferred share amounted to 2.19 euros, the same figure as achieved in 2007. And it is to this EPS result that we align our dividends. Consequently, we would like to propose today that we distribute unchanged dividends of 53 eurocents per preferred share and 51 eurocents per ordinary share. With this, Ladies and Gentlemen, we will be able once again to maintain continuity in our distribution policy.

Allow me now to say a few words on our share performance: Developments on the stock exchanges in the past year have not been very good – and we too have not been spared from these adverse developments. However, for investors in for the long term, Henkel remains a very attractive investment. Since going public 24 years ago, the Henkel preferred share has, on average, generated returns 2 percentage points per annum higher than the German stock exchange index – the DAX.

Before I come to the current situation, however, I am sure you expect me to say a few words about the performance of our business sectors.

In nominal terms, sales of our **Laundry & Home Care** business sector rose by 0.6 percent to 4.17 billion euros, having been heavily impacted by negative foreign exchange effects. Organically, sales increased by 3.8 percent.

The strong rise in raw material and energy prices caused an unprecedented burden on results until well into the second half of the year. Consequently, we introduced a raft of measures aimed at reducing costs and increasing efficiency. And our results already began to improve significantly from the second half of the year. Overall, however, the operating profit of this business sector fell by 4.2 percent to 439 million euros.

The **Cosmetics/Toiletries** business sector turned in a strong performance throughout the year with encouraging market share gains. Sales rose by 1.5 percent in nominal terms to 3.02 billion euros. Organic growth came in at 4.7 percent. We substantially expanded our market positions with respect to hair cosmetics in Western Europe. And we again made great progress in North America in the body care segment. Operating profit increased by around 1 percent to 376 million euros.

Following the purchase of the National Starch businesses, **Adhesive Technologies** accounts for almost half our Group sales. As a result of this acquisition, we are now the undisputed world number one in our markets for adhesives, sealants and surface treatment products and systems. Sales increased last year by 17.3 percent to 6.7 billion euros. Organic growth came in at 1.3 percent. Operating profit increased by around 6 percent to 658 million euros.

Due to its marked industrial alignment and the poor state of the world economy, this business sector experienced – and still does - the strongest headwinds. Many markets in which Adhesive Technologies is active contracted and will continue to contract. As a consequence, in organic terms sales in this business sector fell by around 9 percent in the fourth quarter.

The difficult development experienced by many of our industrial customers has continued to prevail. Consequently, for us too, the start into the new year was

anything but easy. We already released some preliminary figures for the first quarter at the beginning of this month.

These revealed how differently our businesses are currently developing. Our consumer businesses, Laundry & Home Care and Cosmetics/Toiletries, which make up about 50 percent of our total business, continue to be very successful.

In our adhesives business, by contrast, we are feeling the impact of the difficult global situation affecting major customer industries of importance for us. As I say, these had already started to significantly cut back production by the fourth quarter of last year.

In organic terms, the effects of the world economic crisis led to a decrease in our total sales of some 7 percent in the first quarter of 2009 compared to the prior-year quarter. Operating profit decreased from 320 million euros to around 215 million euros. Overall, sales increased in the first quarter by about 3 percent to around 3.25 billion euros, mainly due to the acquisition of the National Starch businesses.

Even though the substantial decline in EBIT is primarily attributable to the development of our adhesives business, I would like to particularly stress one thing: Despite the challenging economic conditions, our Adhesive Technologies business sector is operating profitably and performing better than its relevant markets. This means that we can continue to view the future with confidence. Adhesive Technologies enjoys a unique market position, both with respect to its product portfolio and its geographic presence.

When analyzing our figures for the first quarter we should not forget one thing: Even in these very challenging times we have still generated 215 million euros in operating profit. Many companies have not managed this.

We have achieved this, because we reacted to the changing economic environment very early on by introducing a raft of cost-reducing measures. Needless to say, we will continue to keep all our managerial options open so as to weather the economic crisis and its effects to the best possible effect.

We will provide more detailed information on Henkel's performance in the first quarter when we release our Q1 report on May 6 this year as scheduled.

Ladies and Gentlemen, the economic situation around the world is fraught with difficulty. Nevertheless, Henkel will also overcome this particular crisis. In the 133 years of our corporate history, we have always emerged from such phases stronger than before. And that is how it is going to be this time as well. Within this challenging environment, we intend to strengthen our basis for profitable growth even further. For, in times of crisis particularly, it is important to adopt targets for the long term.

In doing so, we provide our employees with effective orientation and a clear perspective of the future. And that is something that you, our shareholders, also have every right to expect from us. The prospects at Henkel for profitable growth going forward are excellent.

We are of the firm conviction that the potential that lies in our company and our employees is very high. And we know what we can do even better and more efficiently – and therefore more successfully.

Consequently, we have defined three clear, strategic priorities for Henkel, which we intend to fulfill with the utmost speed and resolution:

- to achieve our full business potential,
- to focus more on our customers, and
- to strengthen our global team

I would like to begin by telling you about the progress that we have made in the implementation of measures aligned to achieving our full business potential. These include, among others, optimizing our portfolio, focusing on our top brands, reinforcing our innovative strengths and improving our processes and structures.

The development of our market shares has been impressive. In Eastern Europe, for example, the market shares of all three of our business sectors are higher than ever. Although the world recession has led to many a growth region in this world suffering a setback, such a development is only temporary in nature.

The demographics and the future directions of the market economy suggest that many emerging nations in Asia, Latin America, Eastern Europe and the Middle East will develop very well over the longer term.

The locomotive that has been set in motion in these growth regions will not be brought to a halt by this world recession, it will just be temporarily decelerated. Countries such as China, India, Brazil and Russia will continue to pick up speed as they make up lost ground.

Ladies and Gentlemen, I am convinced that, in just a few decades, we will no longer be making a distinction between mature and emerging economies.

Therefore, for us, it is tremendously important that we make good early and sustainable progress in these markets. Here, we intend to invest disproportionately in our business operations.

Our objective is to generate in the next few years around 45 percent of our sales in the growth regions. These currently contribute 37 percent to our total sales. Particularly pleasing is the fact that, for several years, we have been able to significantly increase the profitability of our activities in these markets.

Achieving our full business potential also demands that, due to the ever increasing level of globalization of our businesses, we further unify and integrate our brand concepts, formulations and marketing activities.

We intend to invest heavily in our strong brands to make them even stronger. Our three top brands – Schwarzkopf, Persil and Loctite – grew almost twice as fast as the company as a whole in 2008. Currently, these three brands represent one quarter of our consolidated sales.

I would like to mention here just two success stories by way of example – there are many more that I could cite:

The Schwarzkopf brand is now 111 years young. Today it is Europe's fastest growing hair cosmetics brand. Last year alone we generated sales of 1.7 billion euros with Schwarzkopf. That is more than half the total sales realized by our Cosmetics/Toiletries business sector.

The second example comes from North America. Here, our brand Dial is now the market leader in body wash products. That too is a tremendous success story because just one year previously we were still ranked fifth in that market arena.

Ladies and Gentlemen, the better we manage our complexity, the more competitive we will become. And that applies not only to our product and brands portfolio but also to our internal processes. And I still see a great deal of earnings potential for Henkel in optimizing our structures and processes.

What we are endeavoring to achieve internally under the heading of "Operational Excellence" remains largely detached from external market circumstances. It is up to us alone to develop first-class processes. No competitor, no market development can interfere with this. The opportunities are there. And we

intend to grab them. Because what we save here immediately improves our bottom line.

Within the company we have therefore initiated a number of cross-divisional projects in order to improve our processes and structures. The cost savings that can be expected are very promising.

In Purchasing alone, initiatives have been launched with which we anticipate making savings of some 400 million euros by the year 2012. This includes, for example, the introduction of a global sourcing capability, the establishment of strategic partnerships with selected suppliers or the purchase of raw materials where they are cheapest.

We also intend to further streamline our production network. Last year, after acquiring the National Starch businesses, we closed a number of production facilities around the world in order to optimize our manufacturing structures in the adhesives business and adapt our operations to our markets. And we have also consolidated production of our Laundry & Home Care business sector. Decisions such as these are important if we want to remain competitive in the long term. They are however never easy.

In particular, the closure of our production center in Genthin, in the province of Saxony-Anhalt, was debated long and hard. But there was no economic alternative. In keeping with our traditions, we are searching hard for a solution that will give this facility a future outside the Henkel organization.

This is part of our community-aligned approach. And I feel that here too there are good prospects for a socially viable outcome.

As I say, being successful in business means being prepared to continually adjust the structures of that business to the changing environment. Our markets

have undergone dramatic change in the last few years. Henkel has profited from these shifts, as our strong market position in the growth regions demonstrates.

In addition to achieving our full business potential, focusing more on our customers is also part of our agenda. It is because of this that we have adopted the slogan "Year of the Customer" for 2009. Placing the customer at the center of a company's entrepreneurial endeavor is, of course, a given. But in recent time we have also been much concerned with ourselves – due to the integration of the National Starch businesses and the internal process improvements implemented.

By declaring this our "Year of the Customer", we are making a deliberate attempt to sharpen the focus on our customers of all our employees – and I want to emphasize "all our employees" – because at the end of the day, profits can only be made if our customers are willing to buy into our brands and technologies.

Therefore, we want to get even closer to our customers at all levels of the company. The deeper and more extensive our relationships are with our customers, the more we can grow with them. Our sales to many of our key customers are today expanding twice as quickly as total consolidated sales.

Although we have always regarded customer support as one of Henkel's strengths, we have to realize that we have leveraged this strength on too decentralized a basis. We are very strong – as we have always been – at the local level in the individual countries in which we operate. And we have made sure that we have very strong customer relations at the purchasing level. However, discussions between Sales and Purchasing invariably home in very quickly on prices and conditions, in other words our day-to-day business.

In the future we intend to cooperate more effectively with our customers on the international and strategic levels. Hence, we are striving to forge more contacts at the strategic management level.

We have now established meetings with our biggest customers at board level. This way, we get an early indication of how our customers are developing and what expectations they have of us. For, the better our strategic goals can be reconciled with those of our customers, the more opportunities will arise for us to jointly generate profitable growth and develop new markets.

Among the areas of common interest is the issue of sustainability – or corporate social responsibility. Our customers are appreciative of the fact that we count among the pioneers in our sector with respect to the sustainability issue. Sustainability is all about how we earn our money. As you well know, sustainability and corporate social responsibility have been permanent components of our corporate culture for more than 130 years now. By constantly combining first-class performance with maximum possible responsibility toward people and the environment, we are able to set new quality standards.

Our performance in the field of traditional sustainability, i.e. corporate social responsibility, is also highly regarded by external experts and observers. In December last year, for example, Henkel was declared “Germany’s most sustainable brand”. In the USA, we received the “Global Sustainability Award” from Walmart, our biggest customer, in recognition of our wide-ranging activities in this domain.

These are encouraging successes that add to our determination to dedicate to this issue the serious effort that it deserves. And they will have certainly been instrumental in Henkel acquiring the status of Germany’s most admired company according to a recent survey conducted by the US business magazine Fortune.

Our capabilities in the field of sustainability are comprehensively detailed in the Sustainability Report that we have provided for you together with the Annual Report. Due to the economic crisis, this issue seems to have taken something of a back seat in recent public discussions. However, I can assure you that this is not the case at Henkel. We are convinced that sustainable development provides an indispensable platform for entrepreneurial success.

Part of this responsibility includes the voluntary activities of our employees and retirees within the framework of our charitable MIT initiative. With Henkel's assistance they have been supporting people in need throughout the world for more than 10 years now. Especially children. In all, we have provided funds of around 13 million euros in support of over 7,000 projects. And 2009 will see another 1.6 million euros added to that total.

And that brings me to the most important factor for success of any company: its employees. The more international our business becomes, the more diversified and international our team also becomes. Working in our German headquarters alone we have people from 40 different countries.

More than half our top managers are international in origin. And among these – as you can probably tell from my accent – the CEO. The proportion of women in senior managerial positions now stands at over 26 percent – with the trend upward.

The great diversity of our global team gives us a competitive advantage, one that we intend to further extend. We want to attract and retain talent from all over the world. And, believe me, these are not empty words.

The strengthening of our global team is our third major strategic priority. Ultimately, it is our employees who hold the key to our success. And that means that we need to give our people all the support we can in reconciling their pro-

fessional commitments with their personal plans and circumstances. One example of what we are doing in this area is the new Henkel child day care center in Düsseldorf. This opened last October and is capable of providing care for a total of 85 children from 4 months to 6 years.

Another is the continuous investment in the training and professional development of our employees. In Germany alone, the training activities we offer attracted 19,000 participants last year. Our investment in this domain – just in Germany – was 10 million euros.

Why, you may ask, am I focusing my presentation so much on our strategic priorities? - Well, because my management team and I are convinced that the consistent implementation of these priorities will bring us the economic success that we all desire. I also want to make it perfectly clear to you that, despite the enormous difficulties that we are likely to face in 2009, we do not intend to write it off as a lost year. We will continue to house-keep. We need long-term objectives. And, yes, we have realistic yet ambitious targets. As you know, we were unable to reach the return of sales figure of 12 percent envisaged for 2008. This was primarily due to the rise in raw material prices and the turmoil these caused to our budgets.

However, in the fall of last year, we defined new, ambitious financial targets:

- We want to generate organic sales growth averaging 3 to 5 percent per year between now and 2012.
- Again by 2012, we aim to have raised adjusted return on sales to 14 percent.
- And we want to increase our adjusted earnings per preferred share by an average of more than 10 percent per year.

These are ambitious goals. But we regard them as realistic and we are well equipped to achieve them. We will also not allow ourselves to be discouraged by the current state of the world economy.

We are certain in our belief that for every downturn there is an upturn. And with our strategic priorities we are already making ready for our success.

And that, Ladies and Gentlemen, brings me to the outlook for the coming year. As I said at the beginning of my presentation, we – like everyone else – had little idea of the magnitude of this recession. But we are glad that we adjusted so soon to the deteriorating market environment. When, back in February 2008, we announced at our press conference for the previous financial year that we were instituting a global efficiency enhancement program, there was a flood of criticism. Today we are praised for our far-sightedness. It was the right step taken at the right moment.

And what we said at that time is still valid: The objective of this program is, above all, to adapt our processes and structures so that we can remain competitive into the future. The program comprises a great number of individual measures affecting all our business sectors, regions and functions. Overall, we invested a good half billion euros in these measures last year.

This compares with annual savings of 150 million euros accruing as from 2011. In addition, we also expect by then to have realized synergies to the value of 250 million euros from the integration of the National Starch businesses. In all, therefore, we anticipate annual savings of 400 million euros from 2011.

And more than half these savings, namely 225 million euros, will take effect for the first time during this current year. Of this figure, around 100 million euros will be realized from our efficiency enhancement program and a total of 125 million

euros will come from the integration of the National Starch businesses. Both programs are progressing well and running ahead of the original schedule.

The savings mentioned will help shore up our earnings in this difficult year. However, this will probably not be sufficient in order to completely offset the hefty downturn that we are currently suffering in our markets.

In addition, we need to adopt a rigorous, albeit measured and responsible approach in adapting our structures and capacities to demand. And, unfortunately, demand has slumped considerably in recent time, especially in the industrial sector. If it should prove necessary, therefore, we would apply all the instruments available to us in a flexible manner.

While mindful that we must not jeopardize our own growth, we have already decided to reduce our capital expenditures compared to 2008 by around 30 percent to 330 million euros. And we have frozen our acquisitions budget. This should demonstrate to you the importance we attach to generating cash flow within this difficult environment.

In addition, the sale of our Ecolab stake means that our liquidity situation is very comfortable. In the final quarter of 2008, we were able to reduce net debt by 1.5 billion euros to 3.9 billion euros. Our financial solidity provides us with a large measure of security in this tough economic climate. The Group's equity ratio equates to a good 40 percent.

And we placed a 1 billion euro Senior Bond in March 2009. Offering excellent terms, this was more than six-fold oversubscribed. This confirms once again Henkel's high credit standing. With this placement we can adjust the maturity structure of our debt instruments toward long-term borrowings.

Ladies and Gentlemen, costs and cash flow are variables that we can readily plan and over which we have a relatively good degree of control. This is also normally the case with revenues. But at the moment, nothing is normal. I cannot remember a time when economic forecasts have carried such short expiry dates.

No one knows when the downward spiral is likely to end. Many observers hope that the downturn will bottom-out in the course of this very year. Such hopes are founded primarily on the economic stimulus packages instituted by the world's governments. The central banks are also flooding the markets with liquidity. These are all promising signs. However, these developments are not enough for us to be able to offer reliable estimates or specific forecasts of what the future holds.

In view of the considerable uncertainty as to how the economic environment is likely to pan out, we have decided for the time being not to make any quantified forecasts for the current financial year.

On the operating side, we have introduced a raft of measures on many levels that will exert a positive influence on our profitability. And we are also being helped to some extent by external factors:

The recent substantial decreases in the cost of raw materials and also the low interest rates will support the development of our earnings per share. As soon as the markets allow properly reasoned assumptions, we will once again return to providing specific guidance.

Nevertheless, we can offer you a qualitative outlook: We are confident that we will once again outperform the markets in which we are engaged. In other words: we want to see all three of our business sectors gaining further market share in 2009.

Ladies and Gentlemen, I am sure that you will agree when I say that Henkel does not need to worry too much about its future. As a major company with a rich tradition, we will see off this economic crisis as we have so many before.

People throughout the world trust in our products because they make their lives easier, better and more beautiful. This applies in the good times, and is even more pertinent in the bad times.

We should also not forget that, while the economic environment has changed for everyone, the scope for action has not. We have it in our hands and are well equipped to be pro-active in shaping our future.

Let me summarize once again what I said before:

- 2008 was a challenging but successful year.
- 2009 is going to be a difficult year.
- However, we responded very early on to the economic crisis.
- We have successful brands in all our business sectors and occupy leading market positions throughout the world.
- With our detergents and cosmetics businesses, we have two strong pillars that are largely immune to developments in other industries.
- Our Adhesive Technologies business sector is the world market leader in its field and will emerge from the crisis stronger than before.
- And we have defined a set of clear priorities, the implementation of which will help us achieve our 2012 financial targets.

Let me repeat them once more – we want to:

- Achieve our full business potential
- Focus more on our customers
- Strengthen our global team

That brings me to my concluding remarks: Our 55,000 employees once again performed exceptionally well last year. For this reason, I would like to extend a special word of thanks to all our people.

Their commitment, their creativity and their team spirit provide a guarantee that this great company can look forward to a successful future.

On behalf of myself and my colleagues on the Management Board, I would also like to thank you, our esteemed shareholders, for your continued faith in the company. Please be assured that we are working with all our strength and with great confidence on securing the enduring, successful development of Henkel. We would be delighted to have you accompany us as we continue to drive profitable growth.

Ladies and Gentlemen, thank you for listening.

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.