



Statement by Kasper Rorsted
Chairman of the Management Board
Conference-Call
May 6, 2009, 10.00 a.m.

Ladies and Gentlemen:

Welcome to our conference call.

As you are aware, we published our provisional figures for the first quarter of 2009 already on April 8.

Today I would like to give you a more detailed review of this quarter. And I will also be talking about our expectations for the full fiscal year. Our CFO Lothar Steinebach and I will then be happy to answer your questions.

Ladies and Gentlemen:

The current economic environment is anything but good. And the difficult situation in which the world economy finds itself has also left its mark on us.

Actually, our businesses turned in a very mixed set of results for this first quarter.

Our Laundry & Home Care and Cosmetics/Toiletries business sectors – which make up around 50 percent of our total business – continued to perform very well. By contrast, the sales and operating profits posted by the Adhesive Technologies business sector reflected the difficulties being encountered in major customer industries worldwide.



We particularly felt this from the automotive and electronics as well as from the metal industries.

And that brings me specifically to the key facts and figures characterizing this first quarter.

Overall, the effects of the global economic crisis meant that, in the first quarter of 2009, we experienced an organic sales decrease of seven percent.

By contrast, total sales increased by 3.1 percent to around 3.26 billion euros.

This rise is primarily attributable to Henkel's acquisition of the National Starch businesses in April 2008.

Operating profit decreased from 320 million euros to 218 million euros. However, this drop in EBIT was essentially due to developments in our adhesives business. After allowing for restructuring charges and one-time gains and charges, adjusted EBIT declined from 318 million euros to 235 million euros.

Due to this lower EBIT figure, net earnings for the quarter decreased from 223 million euros to 121 million euros.

Adjusted quarterly net earnings after minority interests amounted to 130 million euros compared to 218 million euros in the first quarter of last year.

Earnings per preferred share fell from 51 eurocents to 28 eurocents. The adjusted figure was 31 eurocents compared to 51 eurocents in the prior-year quarter.

So how did our individual business sectors perform?



As already mentioned, we had a successful start to 2009 with our Laundry & Home Care and Cosmetics/Toiletries business sectors.

In this first quarter, Laundry & Home Care achieved an organic growth rate of 0.4 percent, with sales coming in at 1,013 million euros. Growth was particularly well supported by good performance in our growth regions.

We increased operating profit by around 8 percent to 107 million euros. This underpinned the positive developments that had already begun in the fourth quarter of 2008, with contributions coming both from successful measures to reduce cost and enhance efficiency, and from price adjustments.

Our Cosmetics/Toiletries business sector posted an impressive set of figures for the first quarter. With an organic sales growth of 3.5 percent, we were able to continue the positive trend of recent years.

In nominal terms, sales rose by 1.7 percent to 720 million euros, with growth remaining strong particularly in Eastern Europe, Asia and Latin America. Yet, in the mature economies too, our businesses again outperformed their respective markets.

Our top three brands in this business sector – Schwarzkopf, Fa und Dial – also performed above average, posting an organic growth rate of more than 5 percent.

We increased operating profit by around 4 percent to 91 million euros.

Things were different at our Adhesive Technologies business sector. Although sales rose by some 8 percent to 1,469 million euros, this was due solely to the acquisition of the National Starch businesses. In organic terms, sales were 18.2 percent below the figure for the prior-year quarter.



Operating profit decreased from 150 million euros to 47 million euros. This decline is due particularly to the low level of capacity utilization prevailing at our facilities. And that in turn is due to a significant decline in volumes, a situation that has been exacerbated by many of our customers running down their inventories.

In considering the figures for the first quarter, however, there is one thing that we should not forget:

In this difficult period, we have succeeded in achieving a profit for the quarter – a claim that many companies are unable to make.

We have managed this because we responded very early to the gloomier economic outlook.

We have initiated a number of cross-divisional projects in order to improve our processes and structures.

The implementation of our efficiency enhancement program and the integration of the National Starch businesses are both still proceeding well, and indeed more quickly than originally planned.

Consequently, from the efficiency enhancement program, we were already able to generate savings of 27 million euros in this first quarter of 2009. We still expect to realize savings of 100 million euros for the year as a whole.

The synergies arising from the integration of the National Starch businesses also brought us economies of 30 million euros in this first quarter. Overall, we expect synergies to generate savings of around 125 million euros during fiscal 2009.

These will help support our earnings in this difficult year.



We see our strategic alignment as a central pillar of our future success.

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

In order to make these improvements, we have defined three clear strategic priorities for Henkel, which we are pursuing with due urgency and resolution:

- To achieve our full business potential
- To focus more on our customers
- And to strengthen our global team

In this last quarter, we again made good progress in these endeavors.

Now there is a current issue that I would like to mention at this juncture.

In July 2008 we announced that we wanted to cease operations at our Genthin site. Due above all to the logistic benefits that will accrue, our production of liquid detergents in Germany is to be merged at our site in Düsseldorf.

For almost a year now, we have been making the utmost effort to develop viable future prospects for the employees affected, our objective being to provide as many of them as possible with paid work.

Since Monday of last week we can now say: We have succeeded in this endeavor. At the end of April we signed contracts with four companies securing employment – and hence the jobs of the employees – in Genthin.

We promised we would do this, and we have kept our word. And that despite the fact that it is anything but easy to find investors in the current economic climate.



Now I would like to come to our outlook for full fiscal 2009.

The current difficult market conditions are likely to stay with us through the course of 2009. This has been underpinned by the current forecasts of all the experts.

But 2009 will not be a lost year for us. Because we have taken precautions and made preparations:

- Henkel is benefiting in the current situation from the fact that more and more customers are carefully scrutinizing their suppliers, preferring to put their trust in companies that are likely to remain reliable partners even in times of crisis. And that means Henkel.
- Henkel is also well positioned on the cost side. In particular due to the savings made through our efficiency enhancement program and the synergies arising from the integration of the National Starch businesses.
- Added to this are the initiatives that we have put in place with respect to our Adhesive Technologies business sector, through which Henkel intends to make significant savings.
- We are also adopting a rigorous, yet measured and responsible approach in adapting our capacities to demand. Should it be necessary, we remain ready to deploy all the instruments available to us as part of our flexible response capability.
- These measures are to be supplemented by a cautious approach to hiring and also to developments in wages and salaries.

And that brings me to our targets for 2009.



We are confident, that our organic growth rate will again outpace the performance of our markets as a whole.

We expect positive impetus to derive from the measures that we have already introduced. Further relief is also likely to ensue from a relaxation in raw material prices.

Taken together, this will support the development of our operating profit and earnings per preferred share.

As soon as the markets allow properly reasoned assumptions, we will, of course, communicate quantified expectations for full fiscal 2009.

For the second quarter of 2009 we expect our consumer businesses to continue their strong development of the first quarter. For our Adhesive Technologies business sector we anticipate a slight improvement compared to the first quarter of 2009.

Those, then, are my remarks relating to the first quarter of 2009. Allow me now just to summarize:

Even though we may have done well in relative terms, we cannot allow ourselves to be satisfied with our start to a 2009, albeit with all the adversities arising from the world economic crisis.

We have introduced the necessary measures and have the financial strength to emerge from this immensely challenging economic environment stronger than before.

So we remain firmly convinced that 2009 will not be a lost year for us, but rather an important stepping stone in the achievement of our long-term objectives.



Ladies and Gentlemen:

That brings me to the end of my statement.

Lothar Steinebach and I are now ready for your questions.

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