



**Statement by Kasper Rorsted  
Chairman of the Management Board  
Conference-Call  
August 5, 2009, 10.00 a.m.**

Ladies and Gentlemen:

Welcome to our conference call.

Today, I would like to give you an overview of Henkel's second quarter performance and will then move on to our expectations for the full fiscal year. Our CFO Lothar Steinebach and I will then be happy to answer your questions.

Ladies and Gentlemen:

There has been little change in the economic situation since we presented our figures for the first quarter to you three months ago.

The world economy is still firmly in the grips of a recession. Even though the downturn has slowed somewhat and private consumption is supporting the economy, there was little in the way of relief in the second quarter.

So it is all the more pleasing to report that, even in these difficult times, we have again managed to achieve a positive quarterly earnings result. Indeed, we were able to clearly exceed the figures for the first quarter in all our businesses.

Our top brands Persil, Schwarzkopf and Loctite have again made a significant contribution to this gratifying development.

When, at the beginning of May, I presented to you our financials for the first quarter, I also informed you of our expectations for the second quarter.



We anticipated that the good performance shown in the first three months by our consumer businesses would continue. And we predicted a slight improvement for our Adhesive Technologies business sector compared to the first quarter of 2009.

Today I can tell you that these forecasts have proven completely correct.

Laundry & Home Care actually succeeded in surpassing its good results for the first quarter, while Cosmetics/Toiletries continued its very positive development.

We also registered a gratifying improvement at Adhesive Technologies compared to the first quarter.

Nevertheless, we still have to cope with the persistently difficult economic situation and the resultant heavy decline in demand encountered in major customer industries. As a consequence, both sales and earnings of our adhesives business are still below the prior-year levels.

And that brings me specifically to the key facts and figures characterizing this second quarter of 2009.

Consolidated sales fell by 5 percent to around 3.5 billion euros. In organic terms, that is to say after adjusting for acquisitions, divestments and foreign exchange, the decline was 5.3 percent.

Operating profit increased from 113 million euros to 279 million euros. However, this substantial rise of 145 percent has only come about because the prior-year quarter was heavily burdened by high restructuring charges.

After adjusting for restructuring charges and one-time gains and charges, operating profit declined from 372 million euros to 308 million euros. That is a drop of 17.2 percent, largely attributable to the decrease in earnings at Adhesive Technologies.



Due to the increased EBIT, net earnings for the quarter improved from 42 million euros to 150 million euros.

Adjusted quarterly net earnings after minority interests were 162 million euros compared to 227 million euros in the prior-year quarter.

Earnings per preferred share rose from 9 eurocents to 33 eurocents. The adjusted figure was 37 eurocents compared to 52 eurocents in the prior-year quarter.

We were able to make good progress in the management of our net working capital. Our efforts to further reduce inventories and receivables led to a decrease of 1.4 percentage points to a working capital ratio of 11.7 percent of sales.

Now I would like to discuss the development of our business sectors in a little more detail.

As in the first three months of this financial year, the performance of our businesses in the second quarter was very mixed.

Sales of the Laundry & Home Care business sector increased by 4.4 percent to around 1.05 billion euros. Organic sales growth of this business sector actually came in at 6.3 percent – the largest rise since the first quarter of 2007.

Growth was again particularly well supported by good performance in the emerging economies, and we were able to achieve double-digit rates of increase in Eastern Europe and Africa/Middle East.

Operating profit rose by almost 30 percent to 119 million euros, which means that we have once again clearly exceeded the results achieved in an already pretty good first quarter.



Aside from a further relaxation in raw material prices, this is due primarily to the efficiency enhancement measures that we have introduced.

Our innovations such as Purex Complete 3-in-1, now successfully launched onto the North American market, and Persil Actic Power marketed in Western European, also made an important contribution to the good results achieved.

Cosmetics/Toiletries continued to follow the upward trend of past years.

In nominal terms, sales rose by 1.5 percent to 790 million euros. With an organic growth rate of 3.5 percent, we once again outperformed the relevant markets, as in the first quarter.

Business development remained strong, particularly in the growth regions of Eastern Europe, Asia and Latin America. We were able to further expand our market positions in the Hair Cosmetics segment. Indeed, our market shares in this sector are higher than they have ever been. And the successful performance of our new hair care brand Syoss is worthy of particular mention in this regard.

We increased operating profit by around 3 percent to 100 million euros.

As expected, things were somewhat different in the Adhesive Technologies business sector. Although we did a little better than in the first quarter, we were unable to match the figures of the prior-year quarter in either sales or profits.

Although certain major markets have stabilized somewhat, the demand being generated by major industrial customers remains significantly below the prior-year level. This is particularly so in the case of the automotive and electronics sectors, and also the metals industry, with the associated markets having shrunk, in some cases, by up to 20 percent.



The effects of the recession are particularly noticeable in Western Europe and North America. Within our Adhesives business, the consumer-related segments such as Adhesives for Craftsmen and Consumers, or Packaging, Consumer Goods and Construction Adhesives exhibited more stability overall.

Taken as a whole, these developments resulted in the Adhesive Technologies business sector suffering a decline in sales of some 13 percent to around 1.6 billion euros. Organic sales were around 15 percent below the figure for the prior-year quarter.

Because of this fall in sales, operating profit fell from 192 million euros in the previous year to 95 million euros this time. Compared to the first quarter of 2009, however, we were able to double our profits. This is also due to the fact that our cost-reduction measures are beginning to take effect.

In order to adapt capacities to the decline in demand, we have – for example – introduced a raft of flexible working models together with short-time working in certain areas. In Germany, we extended the Easter break in April by four days.

Aside from adapting our capacities, we have also cut back our capital expenditures and postponed those investment projects that are not absolutely necessary at this time.

We are also being cautious with new hirings and are making sure that developments in wages and salaries reflect market performance.

Irrespective of the economic constraints currently prevailing, we have been working continuously on improving the structures and processes of our Adhesives business. At the moment we are concentrating on reorganizing Adhesive Technologies' operations in Europe.



We want to focus our business even more on the needs of our customers. To this end, the various operations within Adhesive Technologies are being reorganized so that they are more distinctly aligned to their market segments and customer requirements.

The strategic business units are also being given more operational responsibility and are being strengthened through the integration of major functions such as production and supply chain management.

However, enabling greater customer dedication is not the only point of focus in this undertaking. With the new structure, we are also reducing complexity, simplifying decision-making processes and redefining responsibilities to create more clarity than has previously existed.

In short: We are adapting the structures of Adhesive Technologies to the exigencies of the market. The reasons for this do not lie in the current crisis. However, this has increased the necessity for us to act quickly.

Overall, we are also on plan with the other measures that we have introduced.

Consequently, we continue to make good progress in realizing savings from our efficiency enhancement program and the synergies arising from the integration of the National Starch businesses.

In the second quarter, our efficiency enhancement program yielded economies of 33 million euros. For the current fiscal year we now expect to realize savings in the range of 125 million euros. To date, our estimates were for 100 million euros.

The synergies arising from the integration of the National Starch businesses brought us economies of 35 million euros in the second quarter.



Today we expect synergies from this merger to generate savings of around 150 million euros in fiscal 2009, 25 million euros more than we expected to date. This also proves that we are making good progress.

The economies yielded from both projects will support our earnings in this difficult year.

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

There is still no clear sign of any imminent upturn in activity, even though some early indicators are suggesting that we could be bottoming out. We therefore continue to expect 2009 to be a year of severe recession.

Therefore, we will further consider all options in order to be able to react flexibly on the economic developments of the markets.

But what does that mean for Henkel?

Well, we are confident that our organic growth rate will again outpace the performance of our markets.

We expect further positive momentum to derive from the measures that we have already introduced in order to reduce costs and adapt our structures. The easing price situation in the raw materials markets as compared to the previous year will also have a positive effect.

This will all help to support the development of our operating profit and earnings per preferred share.

We expect our consumer businesses to continue to perform well in the third quarter of 2009, albeit with a degree of deceleration. Our expectation for the Adhesive



Technologies business sector is that it will perform similarly to or slightly better than in the second quarter of 2009.

We are firmly convinced that 2009 will not be a lost year. Rather, it will be an important staging post in the achievement of our long-term objectives.

Ladies and Gentlemen:

Thank you for listening.

Lothar Steinebach and I are now ready for your questions.

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