



A global team – winning together

Henkel

A Brand Like a friend

**Status FY 2009 &
Outlook FY 2010**

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Press Conference for Fiscal 2009

Duesseldorf, February 25, 2010

Disclaimer



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Agenda



1 Market Environment and Highlights FY 2009

2 Progress on Strategic Priorities

3 Financials Q4/2009

4 Financials FY 2009

5 Update on Restructuring Measures

6 Outlook FY 2010

Market Environment 2009



- **Abrupt decline in all regions**
- **World trade: -10%**
- **Global insolvencies: +35%**
- **Unemployment rate worldwide:**
increased by more than 10%
- **National deficit: +2,000 billion US\$**

→ Strongest Recession Since 80 Years

Impact on Henkel



Industry segments much more severely affected than consumer goods business:

- Transportation: -17 %
- Machinery: -16 %
- Electronics: -11 %
- Private consumption: -0.4 %
- Retail: -2 %

Source: FERI

→ Extremely challenging times for our global team

Achievements FY 2009



- **Strong growth of Laundry & Home Care and Cosmetics/Toiletries**
- **Continuous improvement of Adhesive Technologies**
- **Emerging Markets** with positive development
- Significant progress made on **Strategic Priorities**
- All-time low of **NWC (7.8%)**
- Reduction of **Net financial debt (-1.0 bill.€)**
- **Global Excellence** completed ahead of plan
- **Strong Q4 EBIT Margin at 12.4% (adjusted)**

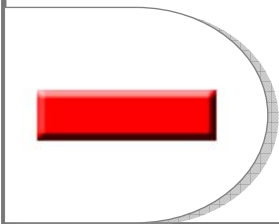


→ **Strong performance 2009 – an important step towards 2012**

Challenges FY 2009



- **Volume decrease in Adhesive Technologies but recovering steadily quarter on quarter**
- **Mature Markets strongly affected by recession**
- **Intensified competition and increase of Private Label**



→ Despite challenges in 2009 first positive indicators for 2010

Highlights 2009

Laundry & Home Care



- Strong **organic sales** growth
- **Emerging Markets** with double-digit growth rates [excl. exit China]
- **Increased market shares** in key regions
- **EBIT** and **EBIT margin** on **all-time high** level despite **increased marketing spendings**
- High innovation rate of ~ 40%
- 54% of sales with top 10 brands / 80% with top 10 brand clusters



→ **Strong profitable growth**

Highlights 2009

Cosmetics/Toiletries



- Strong **organic sales growth** despite declining markets
- **Emerging markets** with double-digit growth rates
- **Record market shares** in Europe
- **Continuously high EBIT** and **EBIT margin**
- High innovation rate of ~ **40%**
- **87% of sales** with top 10 brands



→ **Confirming profitable long-term growth trend**

Highlights 2009

Adhesive Technologies



- Swift and successful **adjustment of business to downturn**: cost, capacities, capital
- Strong **quarter-by-quarter improvement in organic sales and EBIT**
- Continued **positive signs of bottoming out in our markets** in H2
- **Strong market positions** maintained
- **Integration of National Starch** accelerated and ahead of schedule
- **Customer focused organization** implemented



→ **Significant structural improvements!**

Key Financials 2009



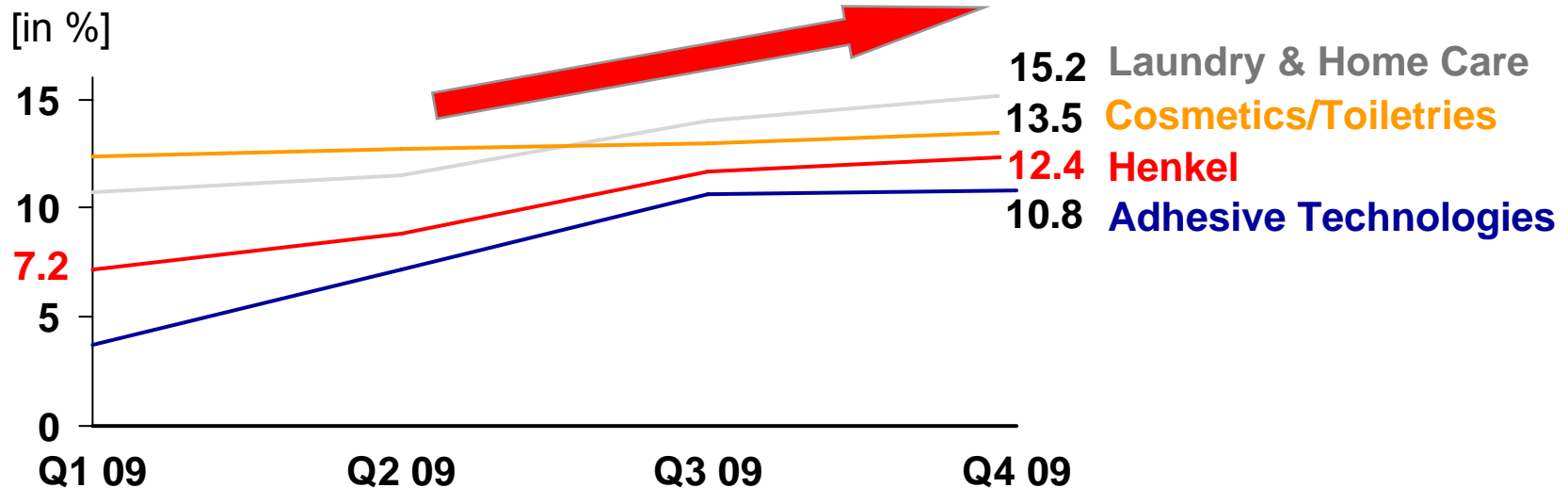
	2008	2009	Change
Sales (m€) (OSG in %)	14,131	13,573	- 3.9% (- 3.5%)
Adjusted Gross margin (%)	44.7	46.2	+ 1.5 pp
Adjusted EBIT (m€)	1,460	1,364	- 6.6%
Adjusted EBIT margin (%)	10.3	10.0	- 0.3 pp
Free Cash Flow (m€)	457	1,462	>+100%
NWC / sales (%)	11.7	7.8	- 3.9 pp

→ Strong performance in a challenging environment

Adjusted EBIT-Margin Development 2009

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Laundry & Home Care

- Significant margin improvement

Cosmetics/Toiletries

- Continuous strong performance

Adhesive Technologies

- Fast recovery

➔ All businesses with positive development in the course of 2009

Objectives 2009 (Analyst Meeting)



Strategic Priorities

- Start implementation

Growth drivers

- Leading brands (2x organic sales growth)
- Innovation (accretive to gross margin)
- Emerging markets (profit and revenue driver)
- Top customers (1.5x organic sales growth)

Cost base

- Reduction of €225m from Global Excellence and NSC-integration in 2009

Recession countermeasures

- Implementation

Liquidity

- Strong position

→ We acted quickly and decisively

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Strategic Priorities: Overview

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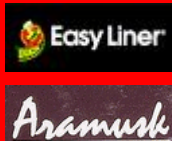
- Portfolio
- Brands
- Innovation
- Operational Excellence

- Relationship Management
- Sustainability/CSR
- People and Diversity
- Performance Orientation

Achieve Our Full Business Potential Portfolio



Integration of National Starch businesses ahead of plan



Reduction of complexity

- 46 brands divested / discontinued



Emerging markets – growth engine

- 38% sales share



→ Optimization of portfolio mix

Achieve Our Full Business Potential Leading Brands



Laundry & Home Care

Persil

Purex

Dixan

Top 3: 32% of sales
Top 10: 54%/80%* of sales

Cosmetics/ Toiletries


Schwarzkopf

Dial

Fa

Top 3: 74% of sales
Top 10: 87% of sales

Adhesive Technologies

LOCTITE

Teroson

Ceresit

Top 3: 23% of sales
Top 10: 44% of sales

→ Top 3 brands ~25% / Top 10 ~40% (Top 10 brand cluster ~45%)*

Achieve Our Full Business Potential Innovation

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Purex 3 in 1



**Persil
ActiPower**



**Somat 9/
Somat Gel**



Syoss



**Schwarzkopf
Essential
Color**



**Dial Anti-Ox
Shower Gel**



**Technomelt
Supra Cool
130 (lower
temperatures)**



**Loctite 5188
(for engines)**



**Ablestik Self-
Filleting (for
elect. semi-
conductors)**

➔ **New product launches accretive to gross margin**

Achieve Our Full Business Potential Operational Excellence



Purchasing



Global sourcing, strategic suppliers, new business models
→ 100 m€ p.a. savings

Production & Supply Chain



Streamlined manufacturing footprint and supply chain
→ 40 out of 60 projects finalized

SG&A



Standardization and automation of processes

- Signed outsourcing agreements for IT services
- Extended use of shared service centers in Bratislava & Manila for administrative tasks

→ Ahead of plan on all cost-savings initiatives

Focus More on Our Customers

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Top-to-Top-Contacts



Strategy: from "Selling" to "Customer Development"



Sustainability Awards



Deliver Business Solutions / Services



2009 - our "Year of the Customer"

→ Make Henkel the preferred supplier for our customers

Strengthen Our Global Team



Talent Management Focus



Internal Promotions and External Hirings



Pay for performance concept



Harvard-Business Programs



"A global team – winning together"

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Sales Growth by Business Sector Q4/2009 vs. Q4/2008



in %	Total	FX adjusted	Organic
Laundry & Home Care	-3.7	2.5	2.5
Personal Care	-3.0	2.4	3.3
Adhesive Technologies	-7.0	-2.4	-0.7
Total Henkel	-5.5	-0.4	0.6

Sales Growth by Business Sector Q4/2009 vs. Q4/2008



in %	Total	FX adjusted	Organic
Laundry & Home Care	-3.7	2.5	2.5
Personal Care			3.3
Adhesives			0.7
Total Henkel		0.4	0.6

- Strong performance in Germany, EE and MENA
- Both segments contributing

Sales Growth by Business Sector Q4/2009 vs. Q4/2008



in %	Total	FX adjusted	Organic
Laundry & Home Care	-3.7	2.5	2.5
Personal Care	-3.0	2.4	3.3
Adhesive Technologies	-7.0		-0.7
Total H			0.6

- Driven by retail business
- Strong performance in WE and Emerging Markets

Sales Growth by Business Sector Q4/2009 vs. Q4/2008



in %					Organic
Laundry					2.5
Personal Care	Q1	Q2	Q3	Q4	3.3
	-23%	-21%	-14%	-2%	
Adhesive Technology					-2.4
					-0.7
Total Henkel					-5.5
					-0.4
					0.6

- Transportation/metal and electronics with strong growth
- Further sequential improvement in volumes:

Adjusted EBIT by Business Sector Q4/2009 vs. Q4/2008



	Adjusted EBIT		Adjusted EBIT margin	
	in m€	Chg. in %	in %	Chg. in pp
Laundry & Home Care	155	15.7	15.2	2.6
Personal Care	99	1.0	13.5	0.6
Adhesive Technologies	166	13.7	10.8	2.0
Total Henkel	414	9.2	12.4	1.7

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Sales Growth by Business Sector 2009 vs. 2008



in %	Total	FX adjusted	Organic
Laundry & Home Care	-1.0	2.9	2.9
Personal Care	-0.2	2.5	3.5
Adhesive Technologies	-7.1	-5.7	-10.2
Total Henkel	-3.9	-1.5	-3.5

Sales Growth by Business Sector 2009 vs. 2008



in %	Total	FX adjusted	Organic
Laundry & Home Care	-1.0	2.9	2.9
Personal Care			3.5
Adhesive			10.2
Total Henkel	-3.9	-1.5	-3.5

- Strong growth in EE and MENA
- Both segments contributing

Sales Growth by Business Sector 2009 vs. 2008



in %	Total	FX adjusted	Organic
Laundry & Home Care	-1.0	2.9	2.9
Personal Care	-0.2	2.5	3.5
Adhesive Technology			-10.2
Total Henkel			-3.5

- Driven by strong retail business
- Double-digit growth in Emerging Markets

Sales Growth by Business Sector 2009 vs. 2008



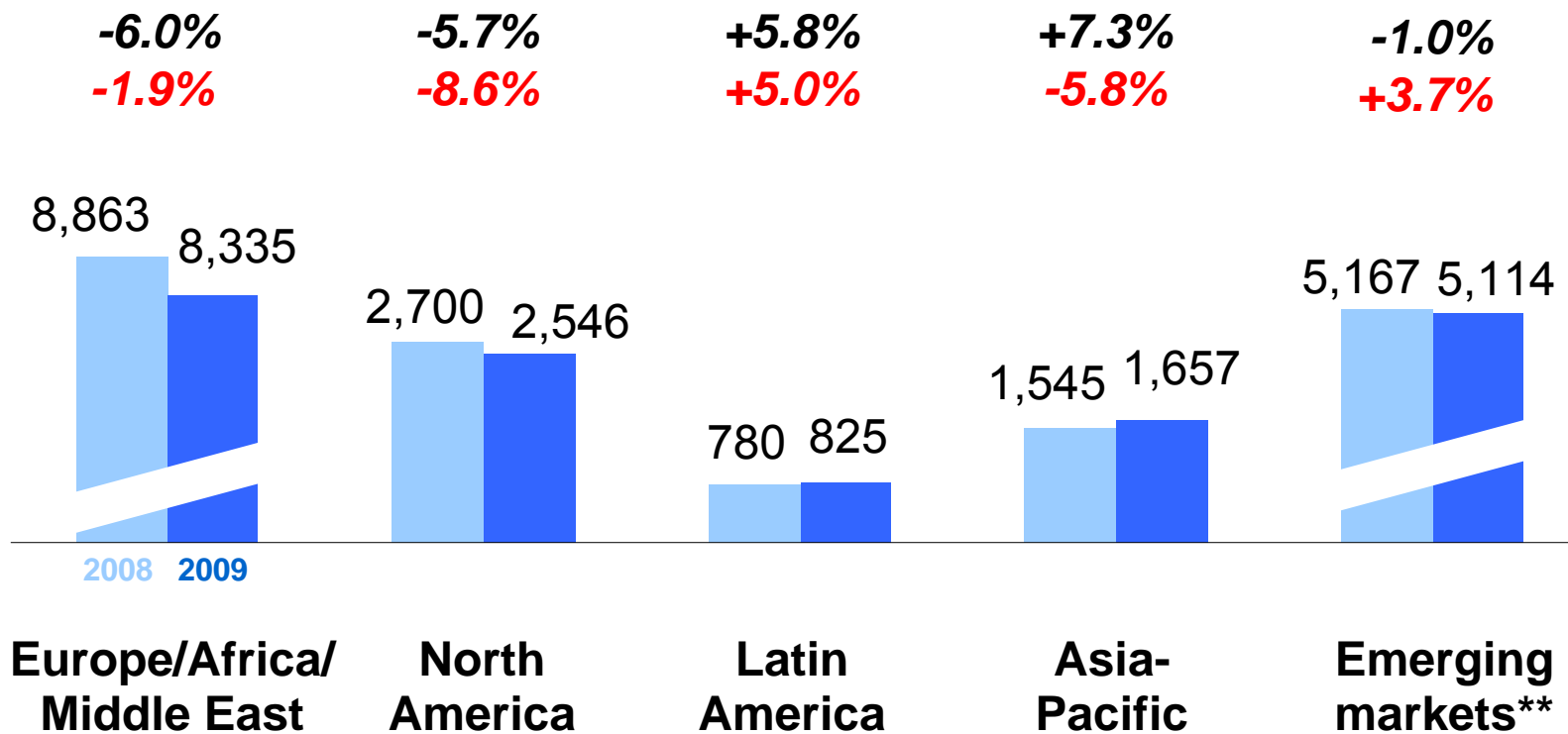
in %		FX	Organic
		Adjusted	
Laundry			2.9
Personal Care			3.5
Adhesive Technologies	-7.1	-5.7	-10.2
Total Henkel	-3.9	-1.5	-3.5

- All businesses and regions (except for LA) negatively affected
- Strong sequential improvement during the year

Sales Growth by Region 2009 vs. 2008*



in m€



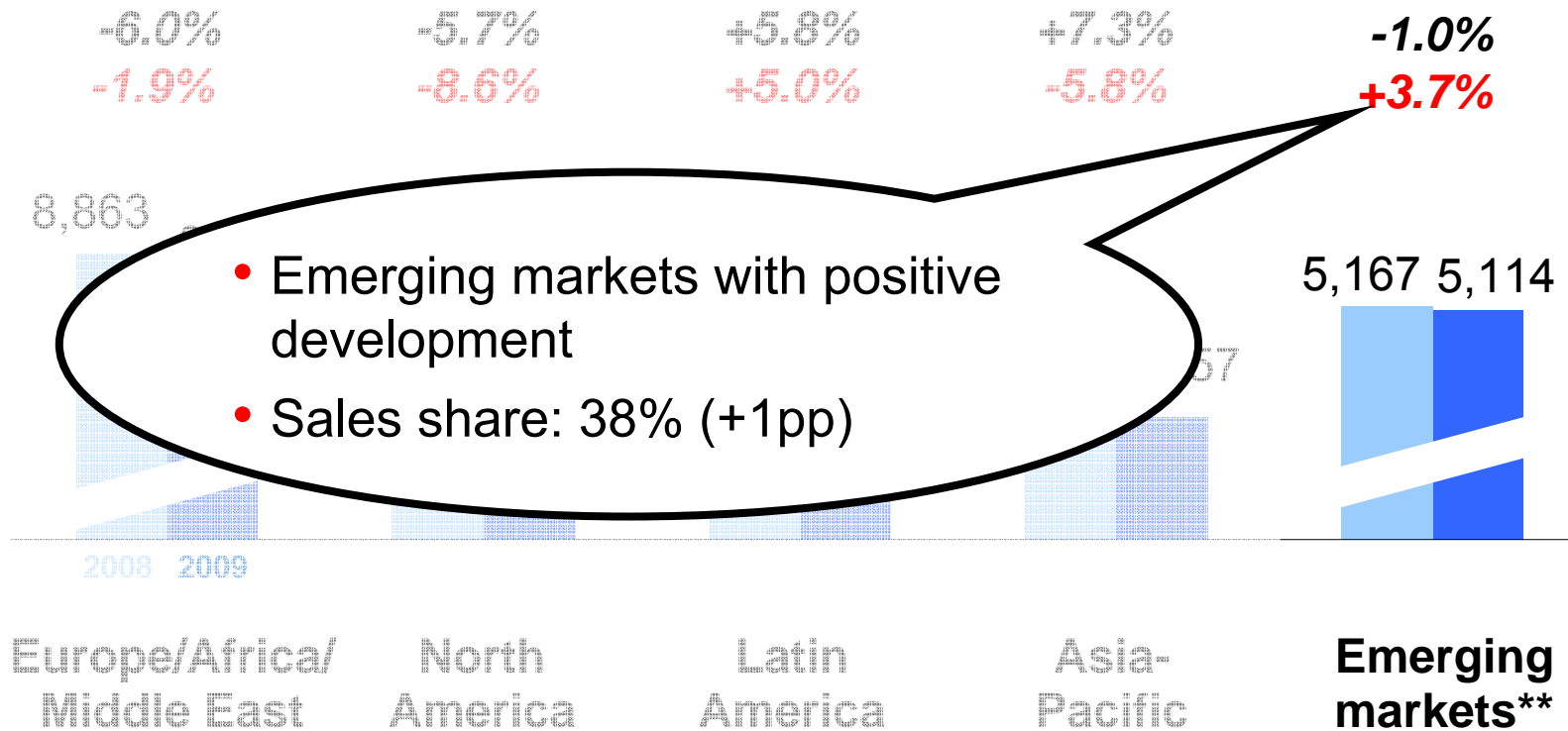
* total / organic

** Eastern Europe, Middle East/Africa, Latin America, Asia excl. Japan

Sales Growth by Region 2009 vs. 2008*



in m€



* total / organic

** Eastern Europe, Middle East/Africa, Latin America, Asia excl. Japan

Adjusted EBIT by Business Sector 2009 vs. 2008



	Adjusted EBIT		Adjusted EBIT margin	
	in m€	Chg. in %	in %	Chg. in pp
Laundry & Home Care	530	17.8	12.8	2.0
Personal Care	387	2.1	12.9	0.3
Adhesive Technologies	506	-25.6	8.1	-2.0
Total Henkel	1,364	-6.6	10.0	-0.3

Adjusted EBIT by Business Sector 2009 vs. 2008



	Adjusted EBIT		Adjusted EBIT margin	
	in m€	Chg. in %	in %	Chg. in pp
Laundry & Home Care	530	17.8	12.8	2.0
Personal Care			12.9	30
Adhesive				-200
Total Henkel			10.0	-30

Strong performance driven by successful input cost management and strict cost control

Adjusted EBIT by Business Sector 2009 vs. 2008



	Adjusted EBIT		Adjusted EBIT margin	
	in m€	Chg. in %	in %	Chg. in pp
Laundry & Home Care	530	17.8	12.8	200
Personal Care	387	2.1	12.9	0.3
Adhesive Technology			8.1	-200
Total Henkel				-30

Profitable growth path confirmed

Adjusted EBIT by Business Sector 2009 vs. 2008



	Adjusted EBIT		Adjusted EBIT margin	
	2009	Chg. in pp	2009	Chg. in pp
Laundry & Home Care	200			
Personal Care	30			
Adhesive Technologies	506	-25.6	8.1	-2.0
Total Henkel	1,364	-6.6	10.0	-30

Stronger margin decline cushioned by successful input cost management and strict cost control

Key Financials Q1/2009 – Q4/2009

Adhesive Technologies



	Q1/2009	Q2/2009	Q3/2009	Q4/2009
Sales (m€)	1,469	1,582	1,630	1,543
Adjusted EBIT (m€)	54	114	172	166
Adjusted EBIT margin (%)	3.7	7.2	10.6	10.8

→ Sequential quarterly improvements with successful adjustment to lower business volume

Reported to Adjusted EBIT FY 2009 vs. FY 2008



in m€	2008	2009	Change in %
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

Cash Flow Generation

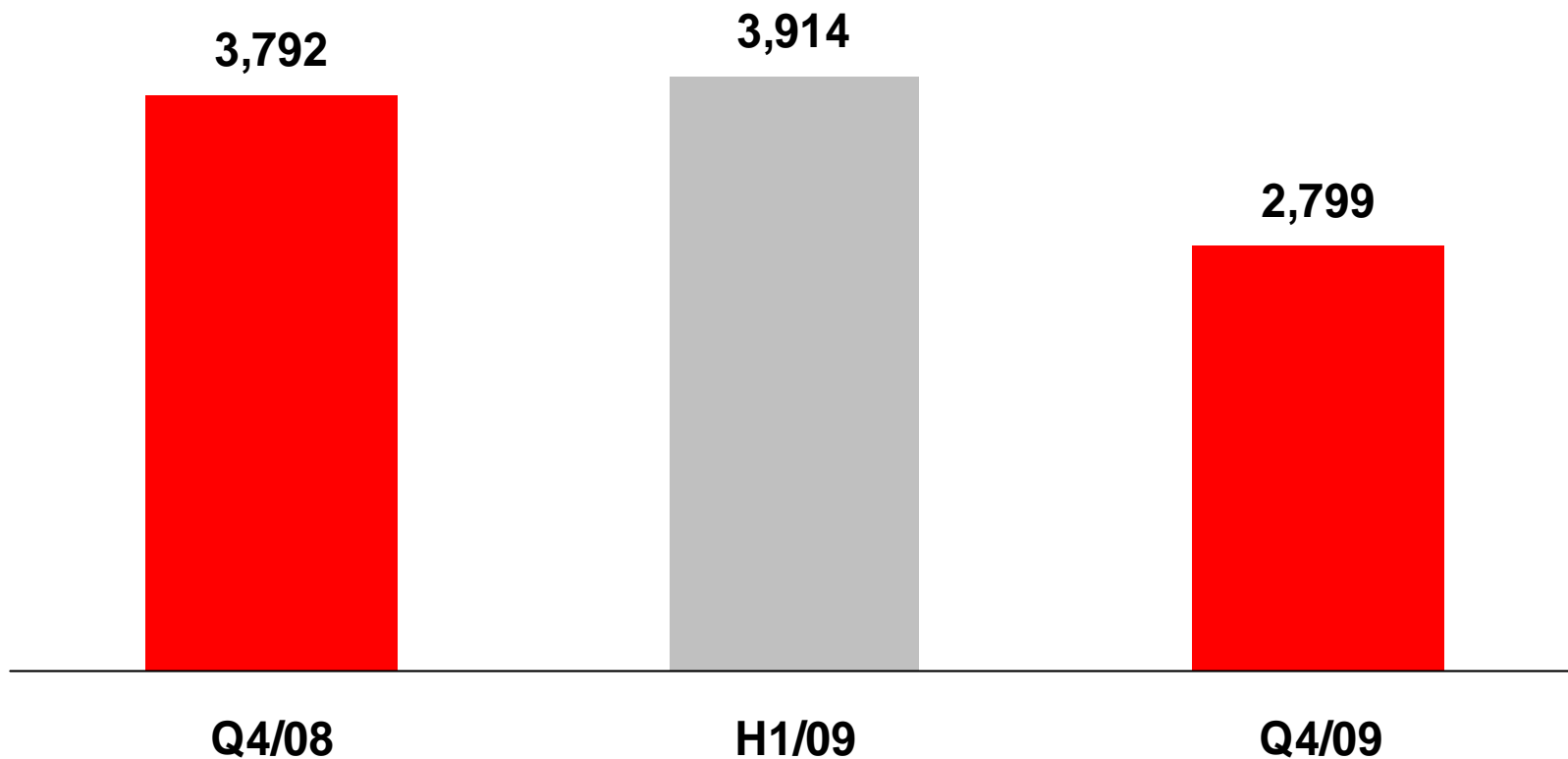


in m€	2008	2009
Cash flow from operating activities	1,165	1,919
Purchase of property, plant, equipm. & intangible assets	-493	-372
Proceeds on disp. of other non-current op. assets	40	51
Net interest paid	-255	-136
Free Cashflow	457	1,462

Net Debt Development



in m€



➔ Reduction of around 1 bill.€

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Global Excellence Finalized



- **Efficiency Enhancement Program started in 2008**
- **All projects finalized by the end of 2009 (one year ahead of schedule)**
- **Savings 2009: 133 million euros instead of 125 million euros**
- **Full savings of more than 150 million euros to be realized from 2010 onwards**

→ Savings realization ahead of plan

National Starch Integration



- National Starch businesses were acquired in 2008
- Integration to be finalized by the end of 2010
- Savings 2009: 160 million euros instead of 150 million euros
- Full savings of 250 million euros to be realized in 2011

→ Savings realization ahead of plan

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In 2009 we set the Course for a Successful Future



✓ National Starch Integration

✓ Focus on strong brands

✓ Optimized cost structures

✓ Balance sheet improvements

Achieve
Our Full
Business Potential

Winning
Culture

Focus
More On
Our Customers

Strengthen
Our Global
Team

✓ Relationship Management

✓ Sustainability/CSR

✓ Diversity & Internationality

✓ Talent Development

Objectives 2010



- Strengthen **top brands**
- Develop **growth regions**

- Execute strict **cost control**
- Further improve **financial ratios**

Achieve
Our Full
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- Intensify **relationship mgmt. & business development**

- Intensify **pay for performance**

➔ **2010 to be an important step forward to our targets 2012**

Positive GDP Growth Expected for 2010



Global GDP Growth (in %)*:



Industrial sector with higher growth rates than consumer goods business:

- Transportation: +6 %
- Machinery: +4 %
- Electronics: +8 %
- Private consumption: +1.8 %
- Retail: +1.7 %

Source: FERI

Expectations FY 2010



Organic Sales Growth

Home / Personal Care:
Outperforming our markets

Adhesive Technologies:
Outperforming our markets

Henkel:
Outperforming our markets

Adjusted EBIT

Home / Personal Care:
Slight improvement

Adhesive Technologies:
Substantial improvement

Henkel:
Noticeable improvement of 10%+
(also for adj. EPS)

2010: A Global Team – Winning Together

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- Challenging year
- Well prepared and positioned
- Continuous adaptation of structures to changing market environments

→ **Commitment to financial targets 2012**



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