

**Statement by Kasper Rorsted
Chairman of the Management Board
Conference-Call
August 10, 2011, 10.30 a.m.**

Ladies and Gentlemen:

Welcome to our teleconference today.

You will have seen the details of Henkel's business performance in the second quarter of 2011 from both our press release and our Q2 financial report which we published this morning.

I would therefore like to briefly inform you about the most important developments of the past quarter and then talk 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 growth of the global economy showed signs of a slowdown in the second quarter of 2011 compared to the beginning of the year.

While global gross domestic product rose by more than 3 percent in the first three months, the growth rate during the second quarter was lower.

In Europe, the economic situation varied among the countries, with Germany maintaining its position as the primary growth driver. The US economy saw moderate expansion, while economic development in the growth regions was again characterized by strong increases.

Once again, the strongest growth momentum came from the industrial sector. Private consumption, on the other hand, was rather sluggish in general.

The second quarter of 2011 was also characterized by a high level of political and economic uncertainty. The political unrest in the Middle East continued to negatively affect economic development in the region in the second quarter.

Japan has slipped into recession as a consequence of the devastating natural catastrophe that it suffered and the ensuing nuclear reactor incident.

Europe and the eurozone are affected by the debt burden, particularly in certain countries. Added to this are growing uncertainties regarding the further development of the global economy.

Raw material prices remain high and intense competition continued in the consumer goods markets.

Those are the current and very challenging market conditions.

Now, how did Henkel do against this background in the second quarter of 2011?

Following a successful start to the financial year, Henkel continued its solid performance in the second quarter. We achieved high organic sales growth, once again outperforming our relevant markets and with all our business sectors contributing.

With continued double-digit growth rates we were able to further expand our market positions in the growth regions. Their aggregate share of Group sales rose by one percentage point to 42 percent.

Despite higher raw material prices, we improved profitability in all our business sectors.

In addition to the increase in our selling prices, achieved with our strong brands and innovations in all business sectors, this success was also driven by our ongoing efforts to enhance efficiency and increase flexibility.

We continue to adapt our structures to market requirements, driving forward the standardization of our work processes and maintaining strict cost control.

Key drivers for the overall solid performance in the second quarter further included rising sales volumes, innovative products, the strengthening of our top brands, and maintaining a sharp focus on the needs and wishes of our customers.

We therefore see ourselves well on our way to achieving our financial targets for 2012.

That brings me specifically to the key figures characterizing the second quarter of 2011.

Our **sales** rose by 1.6 percent to around 4 billion euros. In **organic** terms, which exclude the impact of foreign exchange, acquisitions and divestments, sales once again rose substantially by 6.3 percent, with all three business sectors gaining share in their relevant markets.

Operating profit adjusted for one-time gains, one-time charges and restructuring charges rose by 8.0 percent to 514 million euros.

Adjusted return on sales increased significantly, by 0.8 percentage points to 13.0 percent, with all three business sectors contributing. In the Cosmetics/Toiletries and Adhesive Technologies business sectors, adjusted return on sales actually exceeded the 14 percent mark for the first time.

Operating profit rose to 537 million euros, compared to 421 million euros in the prior-year quarter. The significant increase of 27.5 percent is also due to a one-time effect arising from the disposal of our branded consumer goods business in India. The gain from this transaction amounted to around 50 million euros.

Net income for the quarter improved by 33.9 percent to 375 million euros. Adjusted net income for the quarter increased by 9.3 percent to 352 million euros.

And **adjusted earnings per preferred share** rose from 0.73 euros to 0.79 euros – an improvement of 8.2 percent.

Following the dividend payout in the second quarter, our **net debt** increased slightly. However, at around 2.2 billion euros as of the mid-year point, it was still more than 100 million euros below the figure at the end of 2010, underscoring our financial strength.

With the improvement in our financial profile arising from the reduction of our net debt and our solid business performance, the three leading ratings agencies – Standard and Poor's, Moody's and Fitch – all raised Henkel's credit rating, with the outlook quoted as "stable."

In regaining our target rating, we have seen Henkel's high credit quality and thus our access to the capital markets further improve.

Now before I talk about our outlook, I would like to say a few words about the situation in Japan and in the MENA region.

The political unrest in North Africa is particularly affecting our detergents business. In the second quarter, the situation had already significantly improved as far as our activities are concerned. Although some markets in this region have not yet fully recovered, we have nevertheless seen a substantial revival of our business. However, in Tunisia and Egypt we could not fully return to the double-digit growth rates of the past.

We anticipate that these developments will cause a decrease in sales in the Africa/Middle East region of around 34 million euros for fiscal 2011.

How long the difficulties in Japan will continue, and what the specific economic effects of the situation on Henkel will be, cannot be fully assessed at this point in time.

Some important manufacturing segments in the electronics sector in Japan have been affected, the decline of which will have consequences for automobile manufacturers, for example. This could potentially impact on us indirectly via our customers, and to a lesser extent also directly – for example, where we supply adhesives for the production of electronic components.

The events in Japan could adversely affect our sales for the full year to the tune of 40 million euros.

Irrespective of the specific impact on our business, these developments clearly show how quickly and unexpectedly the economic conditions prevailing in our markets can change.

Indeed, major volatility in our markets is increasingly becoming the norm.

Against this background, it remains key for us that we keep all our options open so that we can respond flexibly as our markets develop. We therefore want to continuously improve our competitiveness. We intend to further develop our existing structures and work processes, to drive forward innovation and to generally become more efficient and faster.

Ladies and Gentlemen,

I would now like to come to our **outlook** for full fiscal 2011.

In developing this guidance, we have assumed that the global economy will expand this year by approximately 3 percent.

We anticipate stagnation in the relevant markets for our Laundry & Home Care and Cosmetics/Toiletries business sectors, while expecting the adhesive markets to expand by between 3 and 4 percent.

The economic environment is likely to remain challenging, characterized by intense competition and high material costs. We continue to expect prices for raw materials, packaging and traded goods to increase in the low teens percentage range.

We may again encounter supply shortages with respect to certain raw materials. This would affect the Adhesive Technologies business sector in particular.

Following this solid first half year, we are confident that, for the fiscal year 2011, Henkel will once again outperform its relevant markets.

We now expect an increase in organic sales of around 5 percent. We confirm our previous guidance with respect to return on sales and earnings per share – we expect return on sales to increase to around 13 percent, and we expect to increase adjusted earnings per preferred share by around 10 percent.

Due to the increase in raw material prices, which we will not be able to absorb entirely by further optimizing our structures and processes, we aim to further implement price increases in the second half of the year. We intend to maintain our strict cost control and to continue adapting our structures to changing market conditions.

By pursuing these measures, we hope to more than offset the effects of the rise in raw material costs on our earnings.

Ladies and Gentlemen,

Despite the challenges mentioned, we feel we are well equipped for 2011.

We expect further growth for all three business sectors, driven by our top brands and successful innovations. We also intend to further expand our positions in the emerging markets.

We remain firmly focused on our strategic priorities and are confident of being able to achieve our 2012 targets.

Thank you

Lothar Steinebach and I are now ready for your questions.

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.