

**Statement by Prof. Dr. Ulrich Lehner,  
Chairman of the Management Board of Henkel KGaA  
Q3/2006 Analyst and Investor Meeting, November 8, 2006**

- Check against delivery –

Ladies and Gentlemen:

Welcome to this year's analysts' conference during which we will be reviewing with you Henkel's third quarter 2006 financial performance.

I am particularly delighted that we have been able to meet this year in St. Petersburg, giving us an opportunity to provide you with an insight into our business successes in Russia.

I will be giving you an overview of our business performance together with key facts and figures relating to our third quarter and an update of our guidance for the full fiscal year.

Our CFO Lothar Steinebach will then supplement my summary with further details and the key financial indicators.

We are focusing this conference on our Consumer and Craftsmen Adhesives. Alois Linder, the Executive Vice President responsible for this business sector, will be providing you with an overview of this successful business.

Ladies and Gentlemen, we have seen a continuation of the positive trends observed in Q1 and Q2, enabling us to present to you again some very good results this quarter.

- **Sales** increased 3.8 percent to 3.26 billion euros this reporting period.
- The **growth in organic sales** was a very encouraging 5.6 percent, which means we have outpaced our markets and have again exceeded our target range of 3 to 4 percent. And once again all our business sectors were able to contribute to this favorable improvement.
- **Operating profit** rose by 7.0 percent to 321 million euros.
- **Earnings per preferred share** in the third quarter were 1 euro 47, an increase of 7.9 percent.

In his presentation, Lothar Steinebach will address in detail the effects of the reinvestment of the gains arising in the second quarter from the sale of the insulating glass sealant and rubber-to-metal bonding chemicals businesses.

Once again, our **innovations** made a substantial contribution to the successes of this quarter. We are delighted to say that this is a focus pervading the entire Henkel organization – with all our business sectors in all our countries participating. Throughout the company, there is clear evidence that we are dedicating ourselves to a central theme this year, namely the task of strengthening our innovative power. And we intend to continue along the same committed lines next year as well.

We want to offer our customers true added value with our innovative products. To ensure that this is achievable, we need to be fully aware of their wishes, needs and requirements – and the earlier, the better.

Such requirements may differ considerably on the global plane. For example, washing machines and their operating modes vary substantially from country to country or may not even be available in some markets. Therefore, the demands on a laundry detergent also differ regionally.

Another example is provided by the hair cosmetics segment. Here we have to adjust to the different hair types that prevail in the individual regions of the world. And people's preferences with respect to fragrances also vary considerably around the globe.

We respond to these differences through product developments and, wherever and whenever possible, through joint development work conducted in cooperation with our customers.

Russia is a good case in point: from October to April, the average temperature in this country is below freezing and can sink to double-digit minus values. Outside the cities, moreover, goods are sometimes sold in outdoor street markets and we also have to consider the long transportation distances between the individual markets.

Special solutions are therefore required, such as our frost-resistant fabric softener concentrate for the Russian laundry market, which is able to withstand temperatures even down to minus 20 degrees Celsius.

This is just one of many examples where we have succeeded in gaining market share and winning people with very specialized product solutions.

The success of our product developments is also reflected in the continuation of our highly encouraging performance in the growth regions of the world. Aside from Asia-Pacific, which once again developed positively, Latin America, the Middle East and Eastern Europe likewise again delivered double-digit growth in the third quarter.

The Eastern European growth region has, for many years now, been a success story for Henkel. And its economic prospects – measured by GDP growth – remain highly favorable.

Our businesses in Eastern Europe have performed very well in recent years, and we remain very optimistic about our future prospects here.

I would like to make particular mention of our business in Russia which accounts for around 30 percent of our sales in Eastern Europe. Our average annual rate of growth in Russia is an excellent 26 percent.

We began operating in Russia at a very early stage. Having concluded a joint venture in the Laundry & Home Care business sector back in 1990, we became the first western corporation to offer detergents manufactured in Russia.

Further acquisitions and joint ventures followed, with the result that all our business sectors are now actively involved in local manufacturing within the Russian market.

Today there are over 2000 Henkel employees working in Russia. We have five production sites, one of which is in Tosno, very close to St. Petersburg.

In 2005 we generated sales of around 400 million euros in Russia and all our business sectors are either the market leader or at least number two in their respective Russian markets.

In Russia we have at our disposal a very good mix of well-known and successful global brands supplemented by strong local brands. We call this branding strategy, with which we have long been successful and which incidentally is taught at Harvard as the 'Henkel Case Study', our 'Glocal Strategy'.

We are very pleased with our business in Russia. Within the so-called BRIC countries, that is Brazil, Russia, India and China, the Russian market is by far the most important for us. Overall, Russia is in the top ten countries for Henkel in terms of both sales and operating profit.

The highly positive development of Russia and Eastern Europe constitutes an important pillar supporting the success of Henkel in general. This is also apparent from the strong quarterly results we are reporting today.

This brings me to the overall outlook for Henkel in full fiscal 2006.

We intend to once again grow faster than our markets.

Due to our positive business performance so far in 2006, we expect

- organic sales growth to be around 5 percent;
  - an increase in operating profit – after adjusting for foreign exchange – of around 10 percent;
- and
- an increase in earnings per preferred share of likewise around 10 percent.

Ladies and Gentlemen, I would now like to hand over to Lothar Steinebach for his additional explanations, and ask Alois Linder to then follow with his presentation of our Consumer and Craftsmen Adhesives business sector.

<p>This document contains forward-looking statements which are based on the current estimates and assumptions made by the corporate management of Henkel KGaA. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. 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 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.</p>
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