



Statement by **Ulrich Lehner**,  
Chairman of the Management Board of Henkel KGaA

Annual General Meeting of April 14, 2008

– Check against delivery –

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Chairman of the Management Board of Henkel KGaA  
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Ladies and Gentlemen, Esteemed Shareholders and Guests, Dear Friends of Henkel,

Welcome to our Annual General Meeting for fiscal 2007

The 131st year of our company's history was another successful year for Henkel. Founded on strong organic growth, we were able to further increase both sales and profits – despite an often difficult environment.

We see this achievement as further proof of the quality of our strategy and of our innovative products as well as of the strength of our corporate brand.

However, once again it was the skills, talents, capabilities and commitment of our employees that contributed to this success. So let me single out our own people here and now for a special word of thanks.

Ladies and Gentlemen, I would like in the following to detail the economic developments undergone in our regions and markets, and then to inform you of our business performance and the developments of our individual business sectors.

I will also be talking in greater detail on certain selected topics and then end by giving you our expectations for the current fiscal year.

First, therefore, an overview of the developments in the markets and regions of relevance for our business.

Overall, the world economy in 2007 showed itself to be in robust shape – despite the fact that raw material prices further increased, and the US real estate crisis coupled with the falling US dollar had an unsettling effect on our markets. In general, this resulted in only a slight easing of economic growth.

The majority of the national economies of Western Europe, including Germany, continued their moderate upward climb. Most of the countries of Eastern Europe maintained a dynamic rate of growth. In contrast, the US economy cooled further in the course of the year.

Asia, and particularly China and India, continued to exhibit a good level of economic expansion. Japan's economy once again grew only moderately. There was a further acceleration in the growth rates exhibited by Latin America.

A glance at private consumer spending revealed moderate growth worldwide. However, there were significant regional differences. In the USA, consumers remained relatively keen to spend, despite the dampened confidence. There was a moderate increase in private consumption in Western Europe, with the increase in value-added tax in Germany resulting in a slight decline. The propensity to consume in Eastern Europe was more pronounced, and high growth rates in private consumption were also registered by most countries of Latin America. In Asia, too, there was an increase in private consumption. However, the rate of growth lagged behind the good overall development in the region.

Again in 2007, industrial development worldwide was stronger than that of private consumption, although it tailed off slightly toward the end of the year and developments in the individual sectors and regions were very disparate.

Hence, the results achieved with our customer industries show a correspondingly heterogeneous picture.

Growth in the automotive industry roughly matched that of the global economy, with the further decline in the USA and sluggish improvement in Western Europe contrasting with very strong growth rates in Eastern Europe, Asia and Latin America.

The electronics industry developed very positively, with the information and communication technology segment deserving particular mention. The packaging industry likewise posted tangible increases, as did the metals sector.

In the construction industry, a further decline in building activity in the USA was offset by a development boom in Eastern Europe. Western Europe also experienced encouraging growth.

So how did Henkel fare in this economic environment?

We were again able to continue our good business performance in 2007 and were encouraged both by the rate of organic sales growth and the further increase in profits, to which all our business sectors contributed.

We also continued to register dynamic rates of sales expansion in our growth regions.

Consolidated sales increased by 2.6 percent, exceeding for the first time the 13 billion euro mark. This achievement was due in particular to our continuing strong

organic growth which, at a rate of 5.8 percent, almost reached the high level of the previous year.

This meant, Ladies and Gentlemen, that we were at the top end of the range indicated as our organic growth target – that is the growth generated from within – for 2007.

Once more, all our business sectors and all our regions contributed to this development.

I would now like to deal briefly with our performance in the individual regions:

We succeeded in significantly increasing sales in the Europe/Africa/Middle East region – by 5.4 percent to around 8.5 billion euros.

Although the rate of growth in Eastern Europe and Africa/Middle East was disproportionately high, we were also able to increase sales in Western Europe including Germany. Organic sales growth was 7.4 percent. In all, the share of sales accounted for by this region increased from 63 to 65 percent.

Due to negative foreign exchange effects, sales in the North America region fell by 6.8 percent to around 2.6 billion euros. Sales after adjusting for foreign exchange increased by 1.4 percent with organic growth at 0.7 percent. The

Cosmetics/Toiletries business sector made a particularly important contribution in this regard. The region made up 20 percent of total consolidated sales.

The Latin America region posted an increase in sales of 4.3 percent to around 700 million euros. After adjusting for foreign exchange, sales in the region increased by 9.4 percent, and by 7.7 percent in organic terms. The region's share of sales remained unchanged at 5 percent.

Business in the Asia-Pacific region was similarly encouraging. Sales rose by 6.0 percent to 1.1 billion euros. After adjusting for foreign exchange, the increase was 9.7 percent.

Organic sales growth was 7.7 percent. Our Adhesives Technologies business sector was able to benefit particularly from the strong growth dynamics of the region. Asia-Pacific's share of sales remained unchanged at 8 percent.

Developments in our growth regions of Eastern Europe, Africa, the Middle East, Latin America and Asia-Pacific were once again particularly gratifying with above-average sales growth of 12.7 percent to 4.4 billion euros. After adjusting for foreign exchange, the growth rate was even 15.3 percent with organic growth coming in at 15.1 percent.

In the year under review, the regions mentioned accounted for 34 percent of our total sales, significantly exceeding our long-term target of a 30 percent share of sales.

We see in this success an obligation to continue making the utmost effort in order to drive the further development of our businesses in these growth regions. We will, however, not neglect Western Europe and our domestic market of Germany.

Now how did fiscal 2007 look in terms of the other key financials?

We were able to increase operating profit - our EBIT figure – by 46 million euros to 1,344 million euros. This represents a rise of 3.5 percent, with all our business sectors contributing. After adjusting for foreign exchange, the improvement was 5.8 percent.

We increased net earnings for the year from 871 to 941 million euros. After deducting minority interests, net earnings came in at 921 million euros.

Return on sales increased by 0.1 percentage points to 10.3 percent.

At the end of February, on the occasion of the publication of our business results for 2007, we conceded that we no longer expected to achieve the return on sales figure of 12 percent originally targeted for 2008. In order to enable you to put this statement in its proper context, I would like to remind you that we set this return target back in 2004 as part of a planning aligned to identifying our long-term financial objectives.

However, particularly in the last two years, we have been exposed on the cost side to a wave of developments, the gravity of which was not foreseeable when these targets were being considered. I am talking here in particular about the significant rise in raw material and energy prices which we have not been able to absorb sufficiently through our internal measures.

Last year alone, the cost of crude oil increased by 57 percent, a serious development given that half of our raw materials are petroleum-based products. Despite this, however, we have succeeded in continuously increasing our return ratios. In terms of achieving all our other financial targets, we are well on schedule and, in many cases, actually ahead of plan.

Allow me now to come back to my presentation of the key financials characterizing fiscal 2007.

We were able to improve return on capital employed – ROCE – by 0.9 percentage points to 15.4 percent.

Earnings per preferred share increased by 7.5 percent, from 1 euro 99 cents to 2 euros 14 cents.

Given this positive development, we would like to propose to you today that you approve an increase in the dividend payout of 3 eurocents per share. This yields a dividend of 53 eurocents per preferred share and a dividend of 51 eurocents per ordinary share.

This proposal represents true continuity in our distribution policy. Since going public in 1985, we have been able to increase our dividend almost every year – and have never needed to decrease it.

Our distribution ratio ensures both that our shareholders receive an appropriate share of the profits generated in each financial year, and that we appropriately strengthen our investment capability with a concomitant increase in shareholder value.

The market capitalization of our ordinary and preferred shares increased in the year under review from 15.1 billion euros to 15.9 billion euros.

After two years of above-average price increases, Henkel shares rose in value again in 2007. The preferred share improved by a further 3.4 percent and the ordinary share increased by 6.8 percent. In January 2007, the preferred share reached a new record high of 40 euros 15 cents.

Since its issuance in 1985, the Henkel preferred share has generated an average annual yield – subject to the dividend being reinvested each time – of 11.5 percent. Over the same period, DAX tracking would have provided an annual yield of 9.2 percent.



Even taking into account the latest developments on the capital markets, the Henkel share remains an attractive investment. At the end of trading on March 31, 2008, the average yield from Henkel shares was 10 percent, two percentage points above the DAX return figure of 8.1 percent.

Now let me provide you with some information on the performance of our business sectors.

The world market for laundry and home care products underwent further expansion in 2007. Growth in our markets amounted to 3 percent. However, market growth was extensively volume-driven with average price levels stagnating.

The tough competitive pressures and the reluctance of our retail customers to increase prices meant that – unlike in the previous year – selling prices could not be easily adjusted in order to reflect material cost increases.

We were particularly encouraged by the further growth achieved in our most important region of Western Europe, and here especially in Germany. We enjoyed particular success with our “Best Ever” campaign which, in addition to our Persil centennial activities, also entailed brand relaunches for our other premium laundry detergents in Europe. Under the slogan “Rein in die Zukunft” [For a cleaner future], we further improved our best-known laundry detergent brand in terms of its performance, fragrance appeal and design aesthetics. As a result, we were able to gain a million new households for Persil and significantly further expand its market share.

In the North American market, on the other hand, our performance was significantly dampened by intensified price competition.

In all, we were able to increase sales by 0.8 percent to around 4.2 billion euros, despite the fact that certain marginal activities had been divested or discontinued in the previous fiscal year.

Organic growth amounted to 5.5 percent, generated primarily by the Europe/Africa/Middle East region, with the highest growth rates being achieved in Eastern Europe.

Operating profit rose by 2.1 percent to 459 million euros.

Return on sales improved by 0.2 percentage points to 11.1 percent.

And we were able to significantly increase return on capital employed by 1.5 percentage points to 16.7 percent.

Our global cosmetics market grew by around 2.5 percent in fiscal 2007. Although growth in Western Europe and North America was below this figure, we succeeded in achieving disproportionate growth in these markets and, enabling us to substantially expand our positions and gain further market share.

The markets in Eastern Europe underwent strong expansion, and in Latin America we were able to outstrip the growth of the overall market thanks to our selective regional presence.

The international hair salon market also developed positively, driven in particular by the dynamics of the markets in Eastern Europe and Latin America.

As a globally aligned, innovative hair salon specialist, we enjoyed above-average participation in these developments and were able to further expand our position as the number three in the world market.

Sales improved in the year under review by 3.7 percent to around 3 billion euros. At 5.8 percent, organic sales growth reached a new high.

Totaling 372 million euros, operating profit was 3.8 percent above the comparable prior-year figure. Thanks to further cost-reducing measures, we succeeded in limiting the burden arising from the increase in raw material prices.

At 12.5 percent, return on sales remained at the high level of the previous year.

Return on capital employed improved by 1.3 percentage points to 16.7 percent.

Our market for adhesives, sealants and surface treatment products grew by 3 to 4 percent in 2007, albeit with mixed developments within the individual businesses and regions.

There was a small degree of growth in consumer adhesives within our traditional Western European and North American core markets, yet very strong expansion in building adhesives in Eastern Europe and Asia.

The industrial markets exhibited good growth across all sectors. This also applies to automobile production which, despite the difficult situation in the US market, increased on an international scale with particularly strong growth in the Asian market.

With organic growth of 6.5 percent, the Adhesives Technologies business sector was able to further strengthen and expand its world-leading position, again outstripping the market.

Sales rose in the year under review by 3.6 percent to 5.7 billion euros.

We succeeded in increasing operating profit by 7.3 percent to 621 million euros.

Return on sales improved compared to the previous year by 0.4 percentage points to 10.9 percent.

Return on capital employed rose by 1 percentage point to 16.9 percent.

With regard to our adhesives business, I would like to just deal with the other two events of particular importance to us in the year under review:

On April 1, 2007, we merged our two business sectors Consumer and Craftsmen Adhesives and Henkel Technologies to create a new business sector under the name Adhesives Technologies. This enables us to develop our markets in an even more uniform and effective manner.

With sales amounting to 5.7 billion euros, Adhesives Technologies is now the largest of Henkel's business sectors. One year after this reorganization, we can confidently state today that our expectations – in terms of the progress achieved through improved cooperation in market research, in the pooling of competences and experience, in innovation and in customer support – have been met in full.

The second event with a far-reaching effect is the acquisition, completed just a few days ago, of the Adhesives and Electronic Materials businesses that previously belonged to National Starch.

This takeover is a milestone in our 130-year corporate history and points the way forward to further profitable growth for Henkel.

In terms of the market segments, the technological strengths and the regional presence of the various operations, the National Starch businesses acquired offer an excellent fit with our existing Adhesives Technologies portfolio.

Within the Adhesives Technologies business sector, the acquisition will have a particularly strong impact on our packaging and wood adhesives businesses, and on our operations serving the electronics industry. Henkel, for example, holds particularly good market positions with respect to laminating adhesives as used in the manufacture of flexible packaging for the food industry. National Starch, on the other hand, is a leader in the field of pressure-sensitive adhesives such as those used for diapers and medical plasters.

This merger will enable such technologies to be made available to a greater number of customers and new fields of application to be developed. In the electronics segment, National Starch offers a specialty adhesive with which, for example, electronic chips can be bonded to credit cards. Henkel offers solutions for the protection of these sensitive chips against adverse environmental conditions such as heat and sun radiation. The combination of the two businesses enables us to offer the relevant customers both solutions on a single-source basis.

In regional terms, too, there is a significant strengthening of Henkel's market positions. With this takeover of the National Starch businesses, the share of sales of the Asia-Pacific region will increase from 8 percent to around 12 percent, and related to the Adhesives business, sales in this region will – thanks to the already strong positions of both companies – actually double. Conversely, Henkel's strong market position in Europe, particularly in the growth region of Eastern Europe, can be leveraged to further accelerate growth with the brands and technologies of National Starch being marketed via the established Henkel sales and distribution network in the region.

The two National Starch businesses generated sales of around 1.8 billion euros in 2007. Following the merger, sales of the Adhesives Technologies business sector are expected to rise to around 7.5 billion euros, which will be about half of Henkel's total external sales.

The acquisition gives Henkel a clear lead as the manufacturer of adhesives for virtually every application. And our innovation and advisory potential will constitute a real challenge to our competitors.

We will do everything we can in order to quickly and smoothly integrate this excellent company with its outstanding employees and products.

The purchase price of 3.7 billion euros will initially be covered by a bridging loan, the conditions of which were agreed with a syndicate of banks back in December 2007. Within the context of this financing requirement, we have also decided to divest part or all of our participation in Ecolab. The process for this has already been put in train.

The scope, timing and the method of divestment, which will be conducted on the basis of the Shareholder Agreement that exists between ourselves and Ecolab, have yet to be finalized.

The Adhesives Technologies business sector in its expanded form – i.e. with the former National Starch businesses incorporated – will be headed by a new Executive Vice President as from October this year. I am delighted that we have been able to attract with Thomas Geitner a top manager to this post. With his comprehensive international management experience, his expert knowledge and his excellent leadership qualities, Mr. Geitner is ideally suited to his new position.

Thomas Geitner has been with us since the beginning of March, familiarizing himself with our company, and from October 1 will assume responsibility for the Adhesives Technologies business sector, taking over the helm from Alois Linder.

To Mr. Linder, we would like to express our heart-felt thanks for his almost 30 years of successful service for Henkel.

Fiscal 2007 was once again characterized by our innovations. We will continue our innovation offensive, initiated in 2006, through 2008.

Our goal is to become the innovation leader in all our markets.

In 2007, the initiative focused on simplifying, aligning and optimizing the processes that had been instituted, enabling us to select and pursue the best innovation projects from the large number of ideas submitted. In the meantime, our so-called "Henkel Inno Gate" process has been established for this purpose. Through it we have succeeded in making our innovation projects more transparent across the company, enabling them to be more systematically analyzed and effectively prioritized. This year, the emphasis will be on further increasing the quality of our innovations.

We have also sharpened our focus on the issue of "Consumer Insights" as a major driver in the search for new ideas and the right approach in their development.

Only if we can identify at an early stage and properly understand what our customers want, will we be able to win them over with our innovations.

In the consumer business, therefore, we are in constant contact with both our consumers and our retail customers.

On the industrial side of our business, we are putting even greater emphasis on collaboration with our customers in order to drive forward innovative system solutions. In the development process, we specifically incorporate the capabilities and knowledge of so-called “lead users” or develop tailored concepts in concert with our most important customers.

As part of this open innovation approach, we also intend to intensify our collaboration with external partners. With a worldwide network of R&D alliances involving universities, research companies and other commercial sources, we intend to further utilize such avenues. We see the future in project-specific cooperation, the guiding principle being to acquire knowledge from whatever sources come to light.

The success of our efforts in this area is demonstrated by the fact that our share of sales from products that have been in the market for less than three years already today exceeds our initial target of 30 percent.

Expenditure on research and development during fiscal 2007 amounted to 350 million euros compared to 340 million euros in the previous year. Of this figure, 36 million euros went into corporate research and 314 million euros were spent on the product and process development activities of the business sectors.

You will find a comprehensive overview of our 2007 innovations in the Annual Report.

Innovations also make an important contribution to sustainability. Early on in the research and development cycle, we lay the foundation for the creation of sustainable products for both consumers and for our trade and industry customers.



At Henkel, we understand CSR and sustainability – two terms that we regard as synonymous – as being the core of our business.

For it is the products, technologies and services of a company that provide its main contribution to social welfare and social prosperity. So it is essential that companies act responsibly along the entire value chain.

The central message conveyed by our new sustainability report is therefore: “Our Responsibility”. We at Henkel have constantly been aware of, and met, our responsibilities to humankind and the environment, and we intend to further reinforce this commitment in the future. We are, of course, also well aware that such a commitment has to be permanent.

Many rankings and awards indicate that we count among the global leaders in matters of CSR. And while we have been committed to this concept for decades, we are also working on solutions to the problems of our time – for example the advent of climate change. Ecological improvement, while benefiting people and the environment, can also have a positive economic effect.

This is why we are optimizing all our brands and technologies in three phases, namely:

- their formulation,
- their manufacture and
- their usage.

As an example, our adhesives are already helping to make modern automobiles lighter, thereby reducing fuel consumption and CO<sub>2</sub> emissions. The crash behavior of the body shell is also greatly improved by our technologies.

According to a current study published by the Munich Fraunhofer Institute, such systems increase auto body stiffness by 30 percent. A major contribution, reflected in the marked decrease of the number of the number of fatal car accidents. Even though, in the last 15 years, passenger traffic in Germany has increased by 40 percent, the number of road fatalities has been cut in half: from more than 10,000 to 5,000.

Another example in this context: In laundry applications, the greatest economic and ecological relevance lies not with the manufacturing process but rather with product usage because this is when most of the energy and most of the water is consumed.

We have realized this many years ago and have therefore continually optimized our laundry products not only in terms of their manufacture but also and particularly in terms of their performance – specifically by improving the laundry power at ever lower temperatures.

And in this way, we have also, since 1970, succeeded in cutting energy consumption per wash load in half and thus reduced CO<sub>2</sub> emission in Germany alone by 1.5 million metric tons. This equals annual carbon dioxide emissions of around 500,000 cars.

The energy saved equals annual consumption of more than half a million households. And these are just some of many examples of intelligent solutions being provided by Henkel.

With our new slogan “Quality and Responsibility”, we are now in the process of launching a comprehensive and globally aligned quality and sustainability initiative, with all the laundry and cleaning products from Henkel offering highest product performance combined with the best possible environmental compatibility.

This means, for example, the maximum possible economy in water and energy consumption, both during production and when used by consumers.

Needless to say, this will also entail the use of renewable raw materials, recycled materials for product packaging and specifically designed metering aids.

In focusing on the twin benefits of brand performance and environmental compatibility, Henkel sees enormous potential for the development of innovative products – all effectively driven by our commitment to society.

For this approach to be successful, however, each and every one will need to behave responsibly by choosing the more sustainable solution when making their decision to buy. This is why we at Henkel, under our slogan “Quality and Responsibility”, are providing consumers with the information they need, at the same time demonstrating that excellent product performance and environmental compatibility are aspects that – for Henkel – do very much belong together.

Ladies and Gentlemen, we at Henkel would be delighted if the principle of sustainability and corporate social responsibility were to find broad and committed acceptance by all members of society and the business world.

Only if we all behave responsibly, will we be able to retain for the future our common value system, as expressed by the principles of the market economy and democracy.

We at Henkel also want continue to make a contribution in this regard – with a promise that is also valid within this context: “Quality and Responsibility” from Henkel!

Ladies and Gentlemen, as we are talking about responsibility, allow me to direct you specifically to the Corporate Governance Report in our current Annual Report.

For us, good corporate governance means a responsible management and control system aligned to the long-term increase of shareholder value and accompanied by an active and open information policy. We provide a detailed description of our management and control structure in the report.

This report means significantly more to us than merely complying with statutory requirements.

Rather, our intention is to provide an overview of, in particular, our capital structure, including the rights and obligations associated with ownership of our shares. The rules underlying the issuance and repurchase of shares are also detailed, as are the tasks and duties of our corporate and management bodies.

At the end of the fiscal year under review, we changed our previously decentralized compliance organization to a central one and also appointed a globally responsible Chief Compliance Officer, both enabling us to act even more quickly and decisively.

Establishing such a function is one thing. However, this means nothing unless every individual is aware of the imperative requirement to comply with our rules and regulations and that infringements and violations will not be tolerated.

Of course, the recent fine imposed upon us by the Federal Cartel Office due to the exchange of price information is a case in point and one that has seriously affected us. Such things should never happen and we have strengthened our internal controls in order to ensure that there is no recurrence. It is important that

all employees are properly informed about the legal restrictions governing their actions, and we are making sure that this is the case.

Ladies and Gentlemen, it has always been and will remain an important aspect of our entrepreneurial responsibility to keep Henkel competitive and to secure the future viability of the company.

We need to prepare for a future of ever tougher competition and further increases in raw material prices; for a future of shifting markets, changing customer profiles and changing customer requirements. A future for which our competitors are already preparing – and with far more drastic measures than we have put in train. As a result, the cost pressures bearing upon us are bound to increase.

In February 2008, therefore, we established the basics of a program designed both to further enhance our efficiency and to optimize our processes and structures. The program, called “Global Excellence”, is to enhance our competitiveness over the long term.

No one likes to announce measures that are likely to result in the reduction of jobs – particularly where such measures affect the entire company, and in all countries of the world. On the other hand, we need to think of all Henkel’s employees worldwide – and of Henkel as a whole.

We are acting in an anticipatory way, initiated from a position of strength. We do not envisage any need for drastic measures, which means we can ensure that any redundancies are implemented in a socially compatible manner, taking into account all the alternatives available to us.

In keeping with our tradition and our values, we will proceed as we have always done in the last 131 years when meeting the challenges of a changing business environment.

Indeed, our success over these many years has largely stemmed from our ability to consistently adapt to such changing circumstances.

Please do not misunderstand me: We truly are well positioned! But we need to acquire, through the Global Excellence program, the means to become even more competitive and even more efficient.

I repeat: It is not just about reducing costs, but about aligning today our processes and structures to the necessities of tomorrow.

Ladies and Gentlemen, I would now like to draw your attention to the agenda of this Annual General Meeting and briefly deal with some of the points that go beyond the usual formalities.

Points 7 and 8 relate to the periodic re-election of the members of the Supervisory Board and of the Shareholders' Committee. Mr. Woeste has already presented to you the tabled proposals.

Point 9 relates to the authorization to purchase our own shares. This needs to be renewed on an annual basis.

Regarding point 10 on the agenda, which relates to the amended Articles of Association, allow me to pick up once again on what Mr. Woeste has already said.

Henkel is already today one of the most internationally aligned German companies. Our World of Customers encompasses more than 125 countries in which consumers and customers from trade and industry trust in our brands and technologies.

Being internationally active also means recruiting our employees and top management personnel from the international labor market.

Within this context, the current structure of our company, whereby at least one person from the Management Board must bear full and unlimited liability for the debts of the company, has proven to be no longer in keeping with our times. Against this background, it is envisaged that a joint stock entity, Henkel Management AG, will function as the personally liable partner.

Neither the identity of our company, nor the rights of the Supervisory Board, the Shareholders' Committee or our shareholders themselves will be affected by this measure. The only thing that will change will be our name: in future we will be known as "Henkel AG & Co. KGaA" instead of "Henkel KGaA".

Introducing a joint stock entity as the personally liable partner also creates a high degree of stability. In future, this measure will ensure that the company is not suddenly put into a situation whereby it can no longer function due to the lack of a personally liable partner.

The described change to our corporate structure will expand our scope of action and further enhance our competitiveness in the search for managerial talents.

For further information, I would refer you to the proposed resolutions detailed in the Invitation to the Annual General Meeting, and also the detailed reports of the Management Board.

Ladies and Gentlemen, I reported in detail on our expectations and goals for fiscal 2008 at the press conference announcing our fiscal 2007 results, held in February of this year.

We intend to continue to achieve profitable growth in the future, which means increases in operating profit – EBIT – and earnings per preferred share – EPS – in excess of sales growth.

Let me now summarize what I have presented:

2007 was another successful year for Henkel. Thanks to strong organic growth, we were able to increase both sales and profits, as well as further expand our presence in the major growth regions of the world. Moreover, we achieved all this in what was often a difficult market environment with increasingly tough competition and rising cost pressures.

Our positive performance has served to re-affirm our strategy of striving for innovation leadership in all our markets while remaining true to the concept of sustainable development right along the value chain as a core component of our corporate philosophy.

We have also made important preparations for our future. The acquisition of the National Starch businesses will substantially strengthen our portfolio.

Together with the announced measures for increasing efficiency, this move will significantly improve our competitive position as well as our prospects for growth and earnings.

Although we will not achieve our target EBIT margin of 12 percent in 2008, we have established an excellent platform for further profitable growth through the measures I have described. We are therefore optimistic as we look forward, and I am confident that we will exceed the 12 percent mark in the near future.



People throughout the world trust in our products because they make their lives easier, better and more beautiful. Our innovative brands and technologies continue to create a viable basis for our further successful development and the future viability of Henkel.

As you know, I will resign from the Management Board at the end of today's Annual General Meeting. However, I will remain closely associated to the company by becoming a member of the Shareholders' Committee, in which post I hope I will continue to enjoy your support.

The time has come for me to take my leave of you. Managing and molding Henkel has been a fascinating undertaking. My aim has always been to take Henkel further forward and I thank you for the trust and confidence that you have shown in the company.

I would like especially to express my respect and gratitude to all Henkel's employees worldwide for their commitment and hard work. It is they who are the basis of our success.

I would also like to express my gratitude to the Henkel family, particularly Mr. Woeste, for the confidence that they have shown in me and in allowing me to manage the company during my long tenure.

I am delighted to have in Mr. Rorsted a successor in whose hands I am sure Henkel will prosper.

Kasper Rorsted is an excellent man and he has an excellent team around him.

As an internationally experienced manager, he has already achieved a great deal and has gained full acceptance within a short time among both Henkel's employees and his colleagues on the Management Board.

The early decision to entrust Mr. Rorsted with the Chairmanship of the company gave us an opportunity to carefully prepare for and secure today's change-over, enabling the company to "hit the ground running". Today I hand over the baton to Kasper Rorsted who – I am certain – will lead Henkel into a successful future, enabling your expectations of the company to be fulfilled as we move forward.

This information 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, 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 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.