



*A Brand like a friend*

## Press release

Düsseldorf, September 28, 2007

Big price increase for raw material casein sends cost of conventional labeling adhesives spiraling upward. Beverage industry switches to alternatives.

### Henkel anticipates run on casein-free adhesives

Numerous breweries and mineral water bottlers are indirectly affected by higher world market prices for dairy products. Traditionally used labeling adhesives contain casein obtained from cow's milk. The price of casein has recently risen dramatically and, in the opinion of raw materials experts, is unlikely to decrease shortly. As an alternative, Henkel supplies innovative casein-free adhesives that perform equally well.

Casein, a milk protein, has been in use for decades in the production of industrial adhesives for beverage bottle labeling. For a long time, there were no alternatives to this natural raw material that serves as the main ingredient of water-based adhesives. Acting with foresight, Henkel began to develop casein-free adhesives in the late 1990s, and in 2001 launched a range of synthetic products called Optal® LG offering equivalent bonding and processing properties. For the beverage industry they are highly attractive, as casein is becoming increasingly costly and there is still no end to the upward price trend.

#### From low price to luxury raw material

In the 1990's, the price of casein fluctuated between 2.50 and 4.50 euros per kilogram. The price of casein adhesives varied accordingly, as did the adhesive budget in the beverage industry. Accustomed to these fluctuations, bottlers have always expected a price increase to be followed by a decrease. This is why many bottling firms initially saw no reason to switch to the newly developed casein-free adhesives. However, since 2005, the price of casein has gone through the ceiling. After three price increases in 2007 alone, it has now reached 8,90 euros/kg, and the top grades of this much-coveted raw material are even more expensive. Smaller and medium-size bottlers in particular have now been hit badly by the resultant extra burden from the cost of labeling adhesives.



### **Long-term price stability for casein-free adhesives**

As a consequence of this, Henkel's sales department has recently been noting a growing interest in casein-free labeling adhesives and a greater willingness to switch to them. With up to 20 percent savings per kilogram, they are now significantly more economical than casein adhesives. Furthermore, Henkel is promising better long-term price stability, which will enable bottlers to calculate with firmer prices. And casein-free labeling adhesives are also just as reliable in terms of processing and performance.

### **Smooth changeover to Optal® LG adhesives**

The performance profile of casein-free adhesives is comparable to that of conventional products, as it has been proven in breweries and bottling plants all over the world. Casein-free adhesives satisfy the usual requirements in terms of bonding performance and machinability while featuring additional advantages such as longer shelf life and ice-water resistance. Seasonal and source-related quality fluctuations, which are inevitable with a natural raw material like casein, are now a thing of the past, because the quality of casein-free adhesive remains constant. Another benefit is the ease of changeover: Optal® LG adhesives can be processed without difficulty on existing labeling machines, and the changeover can be accomplished without any investment whatsoever.

For more than 130 years, Henkel has been a leader with brands and technologies that make people's lives easier, better and more beautiful. Henkel operates in three business areas – Home Care, Personal Care, and Adhesives Technologies – and ranks among the Fortune Global 500 companies. In fiscal 2006, Henkel generated sales of 12.740 billion euros and operating profit of 1,298 million euros. Our 52,000 employees worldwide are dedicated to fulfilling our corporate claim, "A Brand like a Friend," and ensuring that people in more than 125 countries can trust in brands and technologies from Henkel.

### Contact

Henkel KGaA

Peter Lienkamp

Brand & Business Unit Communications

Phone +49 211 797 - 1458

Fax +49 211 798 - 11458

[press@henkel.com](mailto:press@henkel.com)

[www.henkel.com/press](http://www.henkel.com/press)