



## Investor Relations News

Düsseldorf, May 7, 2008

Henkel maintains high pace of innovation

# Good start for Henkel in a challenging environment

- Robust organic sales growth of 3.3 percent
- Operating profit (EBIT) adjusted for foreign exchange: plus 2.5 percent
- Earnings per preferred share (EPS): plus 6.3 percent
- Growth regions: 16.2 percent organic sales growth

“We made a good start to the fiscal year within a challenging economic environment. Our robust organic sales growth, achieved despite a sluggish US market and a strong prior-year quarter, is encouraging. All our business sectors have contributed to this,” said Kasper Rorsted, Chief Executive Officer of Henkel. “Development in our growth regions was again dynamic. I am very confident that we will meet the targets we have set ourselves for fiscal 2008. We expect the acquisition and integration of the National Starch businesses to further boost growth. In addition, the implementation of our ‘Global Excellence’ efficiency enhancement program is proceeding on schedule.”

In the first quarter of 2008, Henkel increased sales adjusted for foreign exchange by 1.7 percent. **Organic** sales, i.e. adjusted for foreign exchange and acquisitions/divestments, increased by 3.3 percent and was within the 3 to 4 percentage range of Henkel’s guidance given at the beginning of the year. All business sectors



contributed to this performance. Overall, **sales** fell slightly to 3,162 million euros in the first quarter of 2008, mainly as a result of unfavorable movements in foreign exchange.

At 320 million euros, **operating profit (EBIT)** was roughly at the high level of the previous year (-0.9 percent). After adjusting for foreign exchange, EBIT growth amounted to 2.5 percent. The substantial increase in raw material costs, which Henkel was unable to completely offset, had a particularly negative influence.

**Return on sales (EBIT)** amounted to 10.1 percent, 0.1 percentage points above the level of the prior-year quarter. Income from participations remained constant at 19 million euros. The net interest result improved by 11 million euros from –49 million euros to –38 million euros, due to lower net debt. The overall **financial result** therefore improved by 11 million euros to –19 million euros. The **tax rate** decreased from 28.3 percent to 25.9 percent.

Due to the improved financial result and lower taxes, **net earnings for the quarter** increased by 6.2 percent to 223 million euros. After minority interests amounting to 4 million euros, net earnings for the quarter were 219 million euros (+6.8 percent). **Earnings per preferred share** increased by 6.3 percent to 0.51 euros.

### **Business Sector Performance**

The **Laundry & Home Care** business sector achieved organic growth of 2.8 percent despite the exceptionally high growth rate of 11.9 percent achieved in the prior-year quarter thanks to the Persil brand centennial. At 1,031 million euros, total sales were 3.5 percent below the prior-year figure, reflecting the 6.3 percent negative impact of foreign exchange and divestments. Operating profit decreased from 117 million euros to 104 million euros. This was mainly due to the substantial increase in raw material costs, which even countermeasures were unable to offset. The *Laundry* segment experienced further organic expansion despite the strong prior-year base. This was due particularly to an increase in fabric softener sales following the successful launch of a range of new fragrances. Universal detergents continued to perform well in Eastern Europe. The *Home Care* segment posted significant growth with its

European dishwashing detergents undergoing significant expansion. Air fresheners also proved to be a growth driver in North America, with sales benefiting from a successful product innovation featuring automatically alternating fragrances.

The **Cosmetics/Toiletries** business sector continued its very positive performance, with organic sales growth of 6.1 percent once again significantly outperforming the relevant markets. Compared to the prior-year quarter, sales increased nominally by 0.6 percent to 708 million euros, and by 4.4 percent after adjusting for foreign exchange. In addition to further good development in Eastern Europe, Latin America and Asia-Pacific, strong growth was registered particularly in the large Western European and US markets. After adjusting for foreign exchange, operating profit significantly increased by 13.4 percent, in nominal terms it improved by 8.0 percent to 89 million euros. As a result, the EBIT margin also strongly increased by 0.8 percent to 12.5 percent. The *Hair Cosmetics* segment again reported strong growth. The major relaunch of the Schauma brand and the première of the Taft Power line contributed significantly to this development. Market positions in all three categories – Colorants, Care and Styling – were further markedly expanded. The *Body Care* segment again performed well with strong support coming from the two major brands Fa and Dial. The *Skin Care* segment developed very well, supported by the Diadermine brand with its new product lines. The *Oral Care* segment underwent further growth, particularly as a result of the launch of Theramed Titan Fresh. The *Hair Salon* segment also posted a very good growth rate in all regions.

Organic sales of the **Adhesives Technologies** business sector increased 2.4 percent. The comparable figure in the previous year was a very high 9.1 percent, arising from strong growth in the construction sector. This in turn was due to the mild weather at the time. Negative foreign exchange effects and the divestment of the water treatment business resulted in sales declining to 1,364 million euros, 3.0 percent below the comparable prior-year figure. Despite the significant increase in raw material costs, operating profit rose 2.3 percent to 153 million euros. After adjusting for foreign exchange, the increase was 6.4 percent. This development was due primarily to implemented countermeasures and an increased focus on businesses offering higher levels of profitability. In the *Craftsmen and Consumer* segment, sales in Western Europe and North America were below the levels of the

previous year due to declining markets. The strongest growth was again achieved by the *Building Adhesives* segment, with the business performing particularly well in Eastern Europe and Middle East/North Africa. Henkel is further expanding its production capacities in these regions in order to be able to cover the growing demand encountered there. The *Industry* segment developed well overall. The one exception was the North America business which turned in a weaker performance due to prevailing market conditions. Particularly strong results were achieved with products for industrial maintenance, repair and overhaul applications under the Loctite brand. The packaging adhesives business received a boost through the innovative hotmelt adhesives under the Technomelt Supra brand.

### **Regional Performance**

Organic sales in the **Europe/Africa/Middle East** region increased by 4.2 percent, with all the business sectors contributing. Foreign exchange and divestments had a negative impact of 4.1 percent. Overall, sales remained roughly at the level of the previous year with a total of 2,119 million euros. In Eastern Europe, sales once again underwent a double-digit percentage increase, but Western Europe including Germany was unable to maintain the good growth momentum of the prior-year quarter. Overall, the region accounted for a 67 percent share of total sales. Sales in the **North America** region decreased by 3.1 percent in organic terms. Due to the prevailing market conditions, Adhesives Technologies and Laundry & Home Care experienced only sluggish growth. The weakness of the US dollar led to a negative foreign exchange effect of 11.1 percent. With sales of 559 million euros, this region accounted for an 18 percent share of total sales. The **Latin America** region posted a sales increase of 3.1 percent to 169 million euros, with growth after adjusting for foreign exchange coming in at 8.8 percent. Organic sales rose by 8.9 percent, with all business sectors contributing. The share of sales of the region remained unchanged at 5 percent. Business in the **Asia-Pacific** region likewise developed well. Sales increased by 3.8 percent to 256 million euros, and organic growth, again supported by all the business sectors, amounted to 9.4 percent. The region's share of total sales was 8 percent.

In the **growth regions** of Eastern Europe, Africa, Middle East, Latin America and Asia (excluding Japan), sales rose by 10.0 percent to 1,101 million euros. This corresponds to a share of total sales of 35 percent. After adjusting for foreign exchange, sales rose by 14.6 percent. Organic growth amounted to 16.2 percent, with all business sectors contributing.

### **Major Participation**

— Ecolab Inc., St. Paul, Minnesota, USA, in which Henkel has a 29.4 percent stake, reported sales of 1,458 million US dollars in the first quarter of 2008, an increase of 16.2 percent compared to the previous year. Net earnings for the quarter rose by 15.0 percent to 102.9 million US dollars. The market value of this participation as of March 31, 2008, amounted to around 2.0 billion euros.

### **Updated Sales and Profit Forecast 2008**

— Henkel is confident it will be able to meet the previously announced sales and profit targets excluding the National Starch businesses.

Taking into account the National Starch businesses acquired as of April 3, 2008, Henkel's sales and profit forecast now reads as follows:

Henkel expects to achieve organic sales growth (after adjusting for foreign exchange and acquisitions/divestments) of 3 to 4 percent.

— Henkel expects to increase operating profit adjusted for restructuring charges and one-time gains and charges ("adjusted EBIT") in the mid-teen percentage range (2007 base: 1,370 million euros).

Henkel expects earnings per preferred share adjusted for restructuring charges and one-time gains and charges ("adjusted EPS") to increase in the mid single-digit percentage range (2007 base: 2.19 euros).

Included in this forecast are initial savings arising from the “Global Excellence” efficiency enhancement program and the integration of the National Starch businesses.

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.

Contact:

Oliver Luckenbach  
☎ +49-2 11-7 97 16 31  
Fax: +49-2 11-7 98 28 63  
oliver.luckenbach@henkel.com

Sabine Katterbach  
☎ +49-2 11-7 97 36 09  
Fax: +49-2 11-7 98 136 09  
sabine.katterbach@henkel.com

Tim Lange  
☎ +49-2 11-7 97 15 10  
Fax: +49-2 11-7 98 115 10  
tim.lange@henkel.com

Andrea Haschke  
☎ +49-2 11-7 97 21 66  
Fax: +49-2 11-7 98 121 66  
andrea.haschke@henkel.com

Maria Dominguez Parra  
☎ +49-2 11-7 97 72 78  
Fax: +49-2 11-7 98 172 78  
maria.dominguezparra@henkel.com

Ines Göldner  
☎ +49-2 11-7 97 39 37  
Fax: +49-2 11-7 98 127 77  
ines.goeldner@henkel.com

## Key figures Q1/2008

in million euros
<b>Laundry &amp; Home Care</b>
2008
2007
change versus previous year
after adjusting for foreign exchange
organic
<b>Cosmetics/Toiletries</b>
2008
2007
change versus previous year
after adjusting for foreign exchange
organic
<b>Adhesives Technologies</b>
2008
2007
change versus previous year
after adjusting for foreign exchange
organic
<b>Corporate</b>
2008
2007
<b>Henkel</b>
2008
2007
change versus previous year
after adjusting for foreign exchange
organic

Sales	EBIT
1,031	104
1,069	117
-3.5%	-11.2%
-0.3%	-8.4%
2.8%	
708	89
704	82
0.6%	8.0%
4.4%	13.4%
6.1%	
1,364	153
1,406	149
-3.0%	2.3%
1.8%	6.4%
2.4%	
59	-26
58	-25
3,162	320
3,237	323
-2.3%	-0.9%
1.7%	2.5%
3.3%	

Henkel
Return on sales (EBIT) in %
Net earnings in million euros
Earnings after minority interests in million euros
Earnings per preferred share in euros*
ROCE in %

Q1/2007	Q1/2008	Change
10.0	10.1	10 bps
210	223	6,2%
205	219	6,8%
0.48	0.51	6,3%
14.6	15.3	70 bps

<b>EBIT in million euros</b>
- One-time gains in million euros
+ One-time charges in million euros
+ Restructuring charges in million euros
<b>= Adjusted EBIT in million euros</b>
<b>Adjusted EBIT margin in %</b>
<b>Adjusted EPS per preferred share in euros*</b>

Q1/2007	Q1/2008	Change
323	320	-0.9%
-	8	-
-	-	-
9	6	-
332	318	-4.2%
10.3	10.1	-20 bps
0.50	0.51	2.0%

Changes on the basis of figures in thousand euros

bps = basis points

\* basis: share split (1:3) implemented June 18, 2007