

Henkel

A Brand Like a friend

Q3/2008 Financials

Dr. Lothar Steinebach, CFO

Fall Press Conference

London, November 6, 2008

Disclaimer



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Highlights Q3/2008

Key Financials



- **Strong sales growth of 12.0 percent**
- **Growth regions: sales plus 24.1 percent**
- **Organic sales growth: 3.5 percent**
- **Adjusted operating profit (EBIT): plus 6.3 percent**
- **Adjusted earnings per preferred share: plus 3.5 percent**

➔ Solid Performance in a Challenging Environment

Agenda



1. Sales and EBIT Performance

2. Financials

3. Update on Global Excellence / National Starch

4. Updated Outlook 2008

Sales Growth by Business Sector Q3/2008 vs. Q3/2007



in %	Total	FX adjusted	Organic
Laundry & Home Care	1.4	3.5	3.4
Personal Care	0.3	3.3	3.4
Adhesive Technologies	26.2	31.8	3.6
Total Henkel	12.0	15.8	3.5

Sales Growth by Business Sector Q3/2008 vs. Q3/2007



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Total Henkel			

- Hair and body as growth drivers
- Continuing strong growth in emerging markets and North America

Sales Growth by Business Sector Q3/2008 vs. Q3/2007

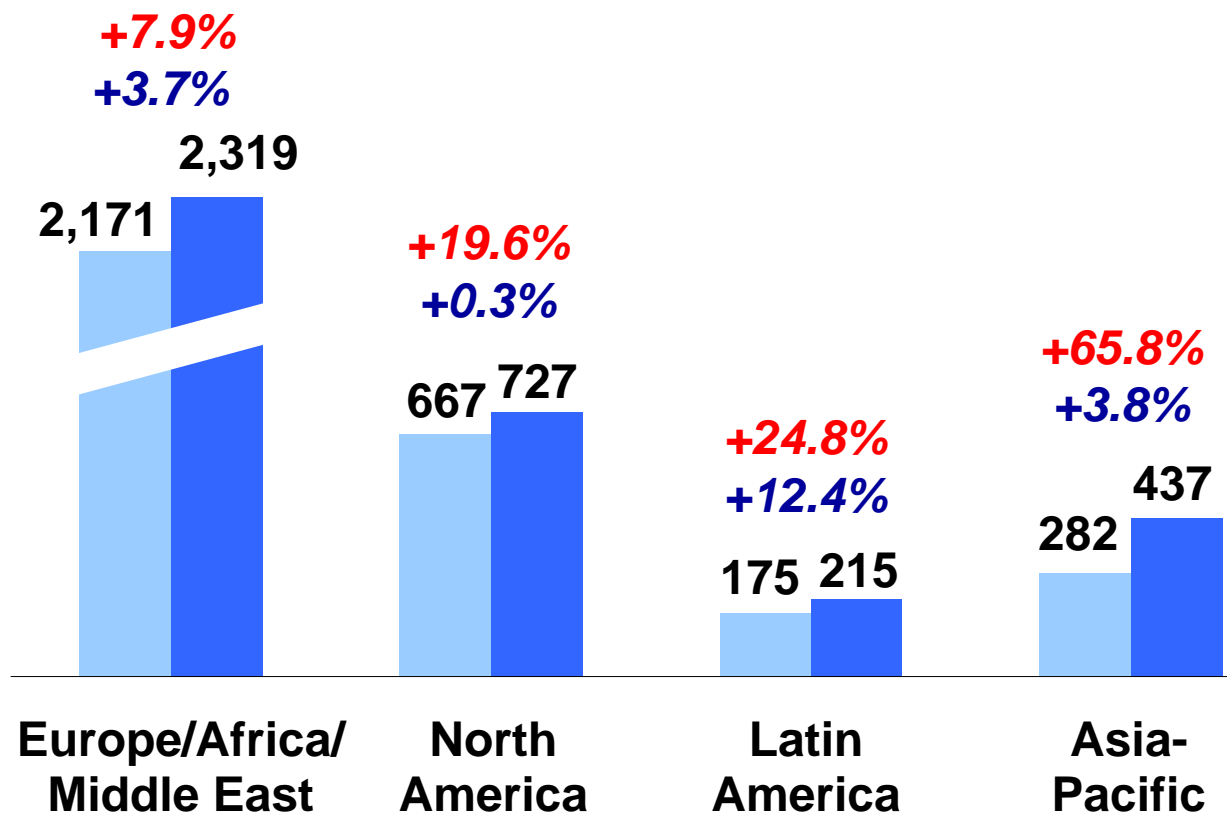


in %		FX Adjusted	Organic
Laundry & Home Care	<ul style="list-style-type: none"> Industrial business weakening Building with robust growth Emerging markets strong, North America and Western Europe weaker 		3.4
Personal Care			3.6
Adhesive Technologies		26.2	31.8
Total Henkel		12.0	15.8

Sales Growth by Region Q3/2008 vs. Q3/2007*



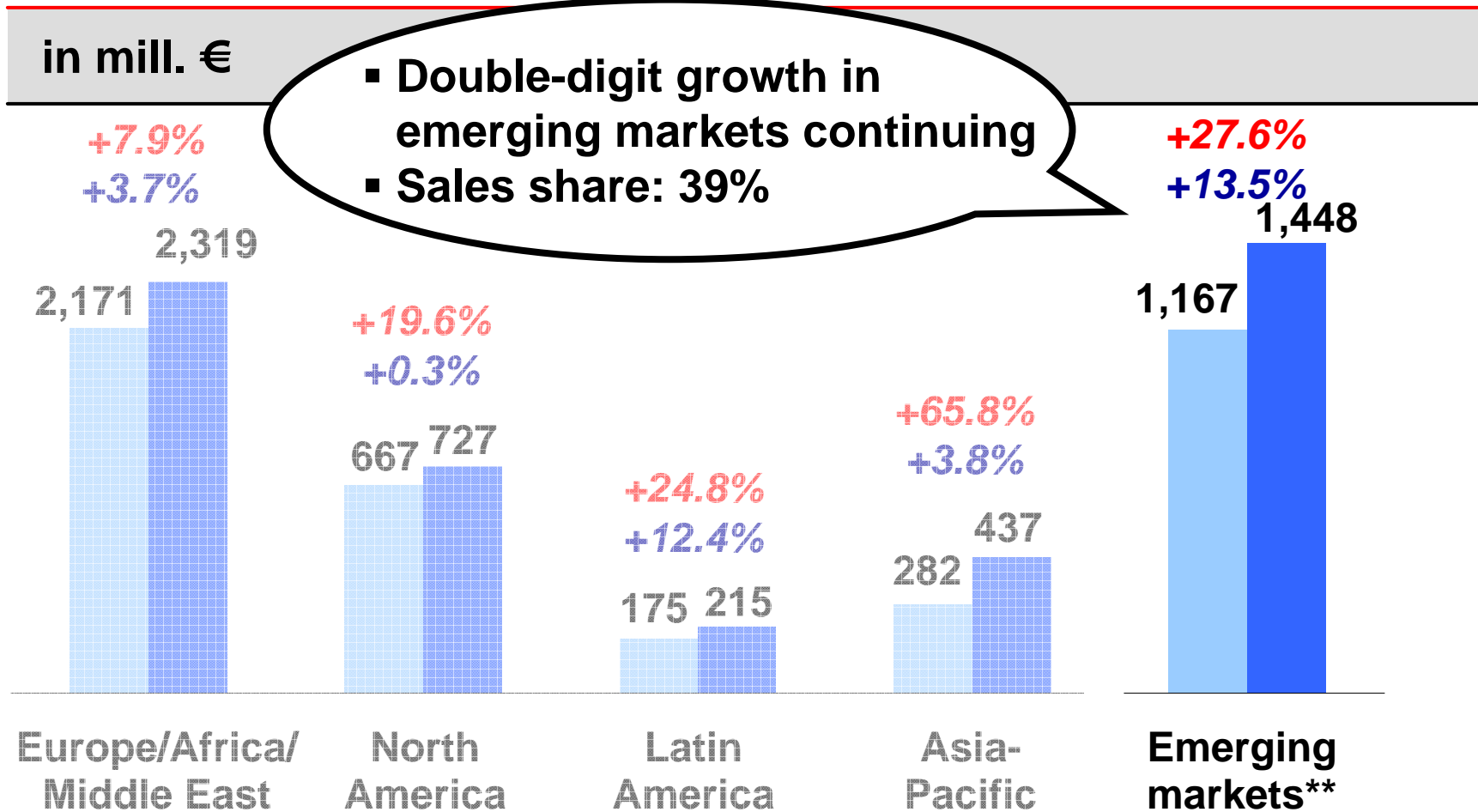
in mill. €



* adj. for foreign exchange / organic

Sales Growth by Region

Q3/2008 vs. Q3/2007*



* adj. for foreign exchange / organic

** Eastern Europe, Middle East/Africa, Latin America, Asia excl. Japan

EBIT Growth by Business Sector

Q3/2008 vs. Q3/2007



	in mill. €	EBIT		EBIT margin	
		Change in %	Change w/o FX in %	in %	Change in bp
Laundry & Home Care	117	-6.4	-4.5	11.0	-90
Personal Care	96	0.7	4.1	12.5	0
Adhesive Technologies	169	2.9	8.1	9.1	-200
Total Henkel	191	-46.8	-44.8	5.1	-560

EBIT Growth by Business Sector

Q3/2008 vs. Q3/2007



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Laundry & Home Care	117	-6.4	-4.5	11.0	-90
Personal Care				2.5	0
Adhesive T					-200
Total Henkel	191	-46.6	-44.8	5.1	-560

▪ Significant raw material cost increase not fully offset
 ▪ But: 160 bp improvement vs Q2/08

EBIT Growth by Business Sector

Q3/2008 vs. Q3/2007



	EBIT			EBIT margin	
	in mill. €	Change in %	Change w/o FX in %	in %	Change in bp
Laundry & Home Care				11.0	-90
Personal Care					0
Adhesive Technologies	109	2.9	8.1	9.1	-200
Total Henkel	191	-46.8	-44.8	5.1	-560

- Significant raw material cost increase not fully offset
- Integration cost of 19 mill. € (100bp)

EBIT Margin Impact R&D Expenses



EBIT margin	Q3/2008 as reported in %	Change in bp	w/o R&D in %
Laundry & Home Care	11.0	30bp	11.3
Personal Care	12.5	20bp	12.7
Adhesive Technologies	9.1	10bp	9.2
Total BU	10.3	20bp	10.5

Adjusted Earnings

Q3/2008 vs. Q3/2007



in mill. €	Q3/2007	Q3/2008	Change in %
Reported EBIT	359	191	-46.8
One-time charges	-	19	
Normal restructuring charges	9	4	
Extraordinary restructuring charges	-	177	
Adjusted EBIT	368	391	6.3
Adjusted EBIT margin (in %)	11.0	10.4	-60 bp
Adjusted net earnings after min.	245	251	2.4
Adjusted EPS (in €)	0.57	0.59	3.5

Adjusted Earnings

Q3/2008 vs. Q3/2007



in mill. €	Q3/2007	Q3/2008	Change in %
Reported EBIT	250	191	-46.8
One-time	<ul style="list-style-type: none"> ▪ Global Excellence 168 mill. € ▪ National Starch 9 mill. € 		
Normal restructuring charges		4	
Extraordinary restructuring charges	-	177	
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Income Statement

Sales to Gross Profit

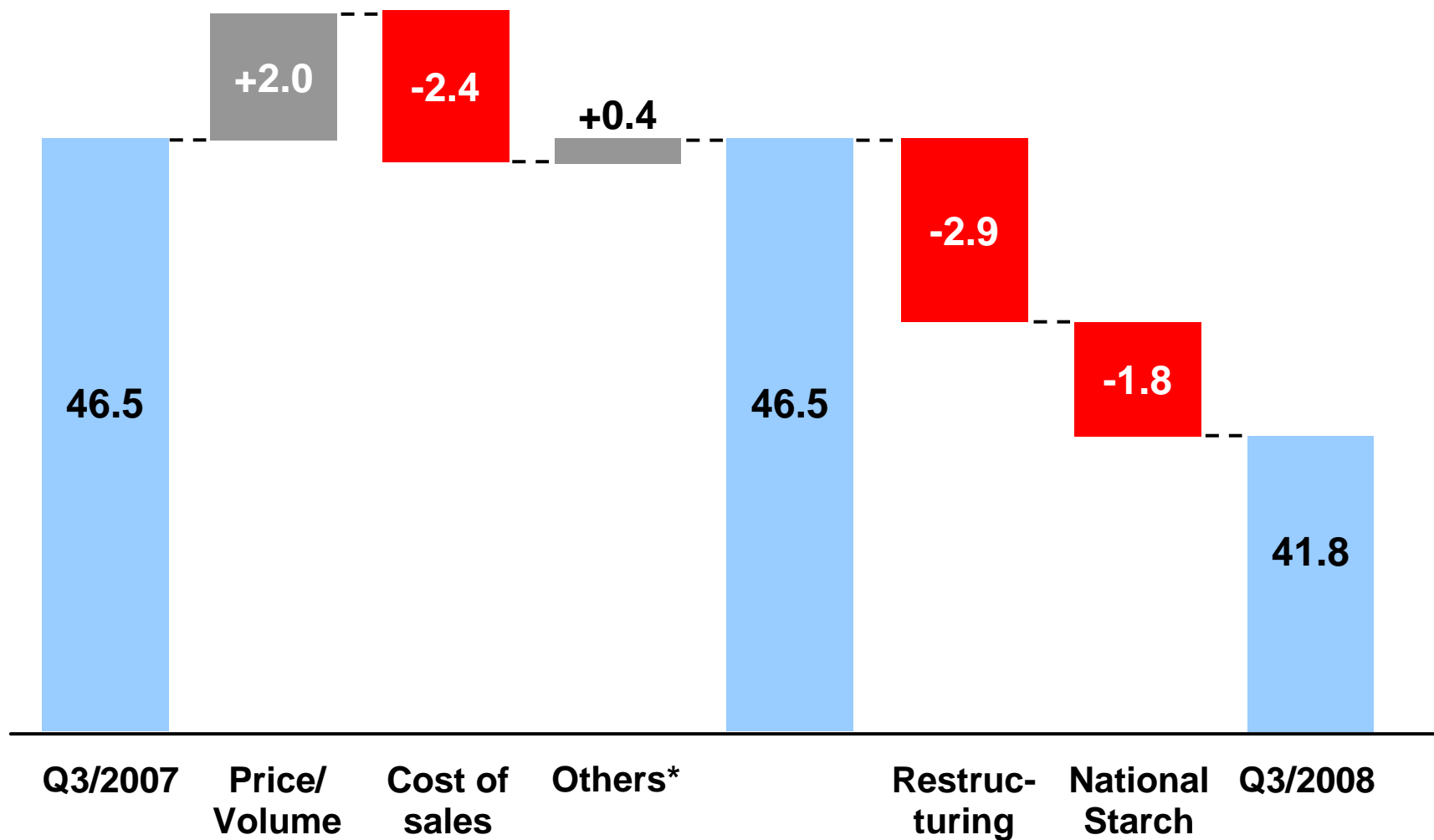


in mill. €	Q3/2007	Q3/2008	Change in %
Sales	3,358	3,760	12.0
Cost of sales	-1,797	-2,188	21.8
Gross profit	1,561	1,572	0.7
Gross margin (in %)	46.5	41.8	-470 bp

Gross Margin Development



in %



* FX, A&D, Various

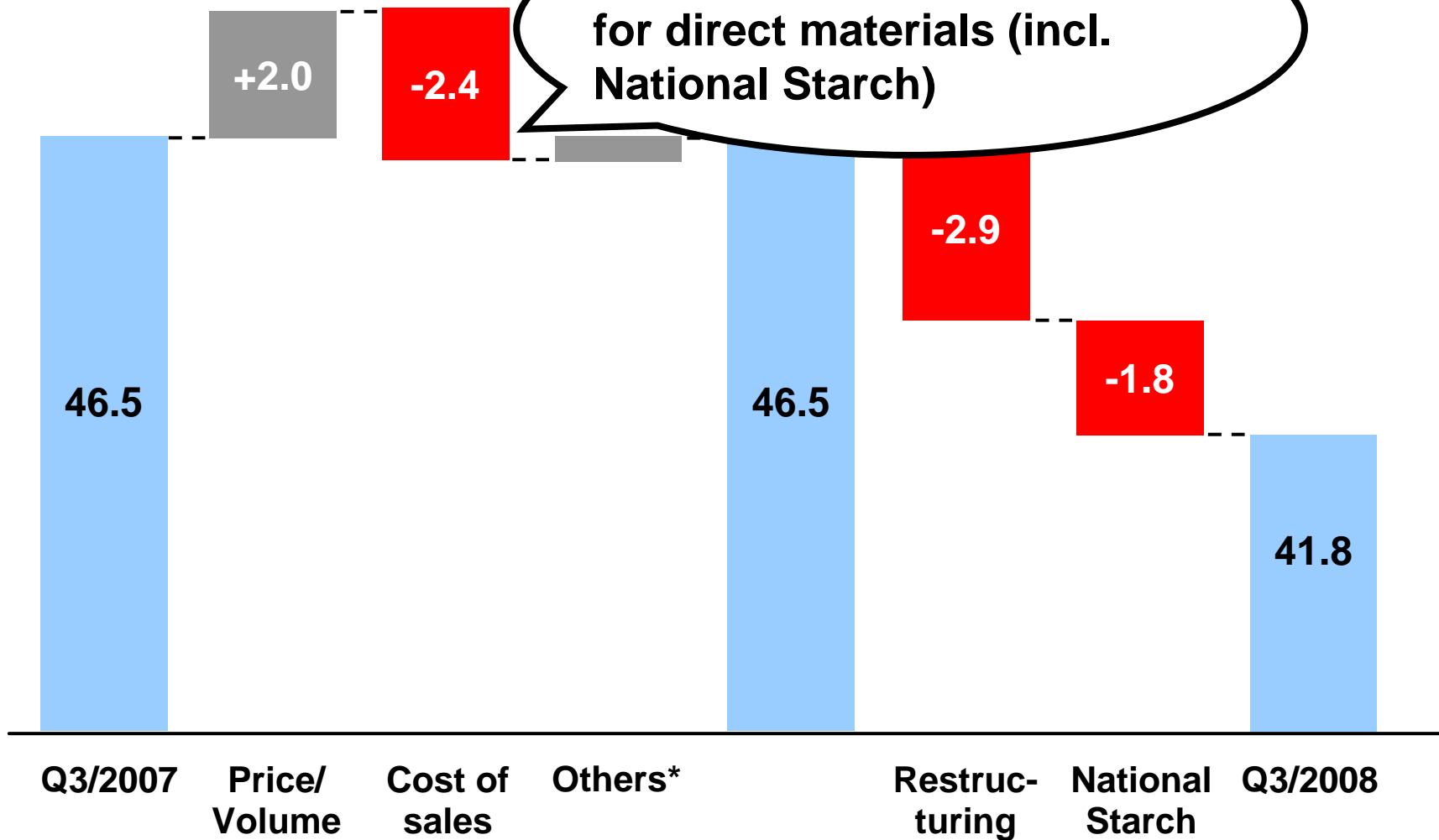
Gross Margin Development



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in %

Price increases of >120 mill. € for direct materials (incl. National Starch)



* FX, A&D, Various

Income Statement

EBIT to Net Earnings



in mill. €	Q3/2007	Q3/2008	Change in %
EBIT (reported)	359	191	-46.8
Financial result	-22	-48	>100
Earnings before tax	337	143	-57.6
Taxes on income	-92	-36	-60.9
<i>Tax rate (in %)</i>	27.3	25.2	-210 bp
Net earnings after minority interests	238	101	-57.6
EPS pref. (in €)	0.55	0.23	-58.2

Income Statement Financial Items



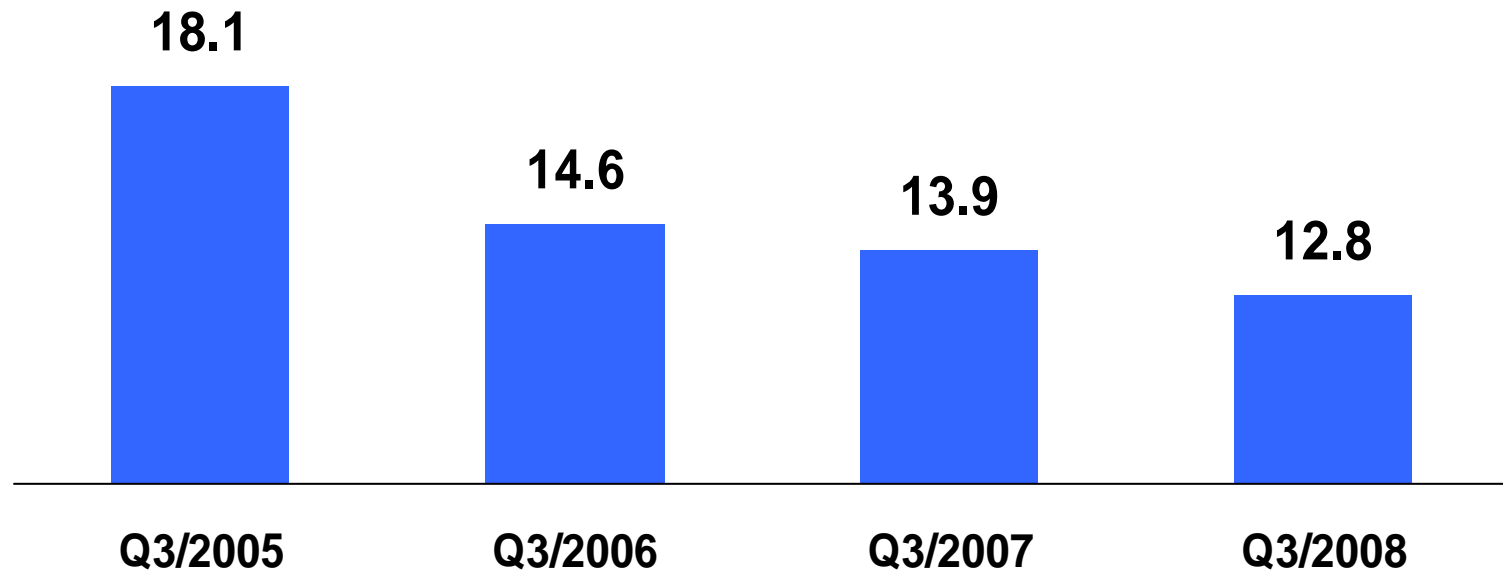
in mill. €	Q3/2007	Q3/2008	Change (%)
Financial result	-22	-48	>-100
Investment result	22	24	9.1
Net interest	-44	-72	63.6

Increased financial debt

Development of Net Working Capital



NWC*/sales ratio in %

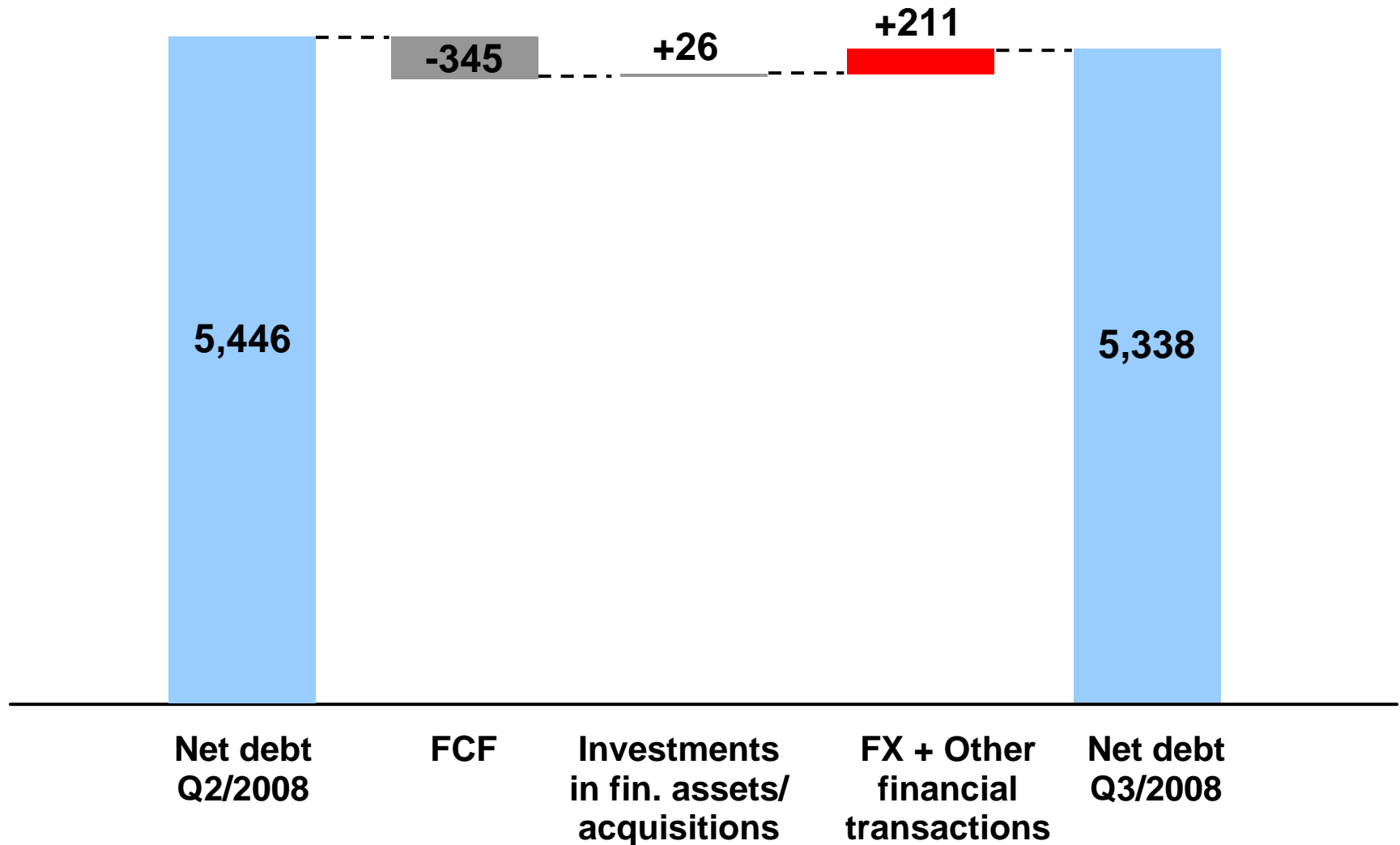


* inventories + trade accounts receivable ./ trade accounts payable

Net Debt Development Q3 vs. Q2/2008



in mill. €



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Global Excellence



- **Already 395 mill. € restructurings booked**
- **Total charge of ~ 500 mill. € in 2008**
- **Savings of 30 mill. € in 2008 confirmed (Q3: 8 mill. €)**

➔ Implementation on track

National Starch Acquisition



- **Already 32 mill. € restructurings booked**
- **Restructuring charges / one time charges of ~ 250 mill. € booked in 2008**
- **Savings of 20 mill. € in 2008 confirmed (Q3: 7 mill. €)**

➔ Integration process well underway

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Current Trading Conditions



- **Slowing markets in North America and Western Europe**
- **Emerging Markets with further expansion**
- **Consumer spending stable, industry output weakening**
- **Direct material cost increases: peaked in Q3, stabilizing at high single digit for full year**
- **Stronger US-Dollar**

➔ Overall environment remains challenging

Updated Outlook 2008*

incl. 9 Months National Starch



in mill. €	Basis 2007	Updated Outlook 2008
Sales Henkel	13,074	3-5% OSG
Reported EBIT Henkel	1,344	
One-time gains	-8	
One-time charges	-	
Restructuring charges	34	770-780
Adjusted EBIT Henkel	1,370	Around 10%
Adjusted EPS Henkel (in €)	2.19	low single-digit

* Pre potential Ecolab sale, PPA, tax implications

Looking Ahead to a Strong Finish



- **Organic sales growth driven by emerging markets and price increases**
- **Business performance:**
 - Laundry & Home Care catching up
 - Personal Care on track
 - Adhesive Technologies challenging
- **Adjusted EBIT growth in Q4 driven by**
 - One additional quarter of National Starch
 - Higher impact from own price increases
 - Savings of 35 mill. € from Global Excellence and National Starch
 - Savings of 25 mill. € from additional cost chase measures

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that make people's lives
easier, better and more beautiful.**

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