



Press Release
Düsseldorf, August 1, 2007

Organic sales growth again outpaces market developments

Henkel holds course in second quarter

- Sales increased by 1.9 percent to 3,293 million euros
- Organic sales grew 4.3 percent
- Adjusted operating profit (EBIT) up 6.4 percent to 345 million euros
- Continued dynamic expansion in the growth regions

“We have continued our good start to the current fiscal year with further success in the second quarter. All our business sectors reported organic growth outpacing developments in our markets. We were also able to harness the continuing dynamism prevalent in the growth regions in order to further expand our market positions,” said Ulrich Lehner, Chairman of the Management Board of Henkel KGaA. “Thanks to successful developments in the first half year, we anticipate achieving an increase in organic sales of 4 to 5 percent for full fiscal 2007. We also continue to expect an increase in operating profit – adjusted for foreign exchange – in excess of organic sales growth.”

Düsseldorf – In the second quarter of 2007, Henkel reported **sales** of 3,293 million euros, an increase of 1.9 percent compared to the prior-year quarter. The rise in **organic sales**, i.e. growth adjusted for foreign exchange and acquisitions/divestments, was 4.3 percent, with all business sectors contributing. Following a very strong first quarter which was boosted by special marketing activities initiated to celebrate the Persil centennial, organic growth in the Laundry &



Home Care business sector normalized at 3.1 percent. Sales growth at Cosmetics/Toiletries amounted to 4.3 percent. Adhesives Technologies, which had benefited from building sector activity in the first quarter due to favorable weather conditions, turned in the strongest performance with a rise of 4.8 percent. This business sector was established on April 1, 2007, as a result of the merger of the previously separately run Consumer and Craftsmen Adhesives and Henkel Technologies business sectors.

Operating profit (EBIT) decreased by 5.5 percent to 339 million euros, and by 3.6 percent after adjusting for foreign exchange. The figure for the prior-year quarter included one-time gains amounting to 41 million euros arising from the divestment of the insulating glass sealant and rubber-to-metal bonding chemicals businesses, while this quarter's results included a gain of 8 million euros from the sale of land in Turkey. In addition, Henkel increased its restructuring charges from 6 million euros in the prior-year quarter to 14 million euros in this quarter. After adjusting for these items, EBIT rose by 6.4 percent, from 324 million euros to 345 million euros.

At 10.3 percent, **return on sales (EBIT)** fell by 0.8 percentage points below the level of the previous year's quarter. After adjusting for the above items, return on sales increased by 0.5 percentage points, from 10.0 percent to 10.5 percent. **Return on capital employed (ROCE)** amounted to 15.4 percent. Net income from participations increased by 3 million euros to 24 million euros, due primarily to the results of our Ecolab participation. Net interest expense improved by 11 million euros to -37 million euros, mainly due to higher income from the fund assets covering our German pension obligations. Overall, **net financial items** increased by 14 million euros to -13 million euros. The **tax rate** was 26.7 percent.

Due to lower EBIT, **quarterly net earnings** fell by 3.6 percent to 239 million euros. After minority interests amounting to 5 million euros, net earnings for the quarter were 234 million euros (-3.7 percent). **Earnings per preferred share** amounted to 0.54 euros (-5.3 percent).

Business Sector Performance

Organic sales of the **Laundry & Home Care** business sector rose by 3.1 percent, while foreign exchange rates and acquisitions/divestments had a negative effect of -3.4 percent. Registering double-digit percentage growth rates, sales in Eastern Europe remained very buoyant, while in Western Europe the exceptionally high growth rate of the first quarter normalized as expected. Operating profit increased by 2.8 percent to 111 million euros; after adjusting for foreign exchange, the rise was 5.7 percent. The growth in sales in the *Laundry* segment was largely the result of the good performance generated by heavy-duty detergents and fabric softeners. As part of the campaign to celebrate the Persil centennial, new “Persil 100 – Better than ever!” was launched onto the German market. In Eastern Europe, the aromatherapy line of the fabric softener Silan was expanded through the inclusion of new fragrances. The *Home Care* segment benefited from a number of successful innovations. Europe, for example, saw the launch of new gel toilet cleaner Bref Jumbo with anti-bacterial cleaning power, and a further variant was added to the Clin range of window cleaners. In North America, the first bath cleaner under the Soft Scrub brand was introduced into the market.

The **Cosmetics/Toiletries** business sector achieved organic sales growth amounting to 4.3 percent. This was once again significantly above the relevant market growth rate, re-affirming the successful trend of preceding quarters. Aside from continuing good developments in Western Europe, the business sector performed particularly well in Eastern Europe and Latin America. This was also reflected in the operating profit figure which showed an increase of 3.0 percent to 98 million euros; after adjusting for foreign exchange, the rise was 4.7 percent. The *Hair Cosmetics* business continued to achieve significant growth. The company’s market positions in all the relevant categories – colorants, care and styling – were further expanded through the launch of numerous innovations, achieving record levels in Europe. The *Body Care* business showed further appreciable growth, due in particular to the good development of the two major brands Fa and Dial, both of which increased sales thanks to successful innovations and portfolio extensions. The *Skin Care* business profited from the market debut of the anti-age innovation Diadermine 3D Wrinkle Filler Pen and the relaunch of the Aok brand in Germany. In the *Oral Care* segment,

the focus was on the launch of the new Freshness variants to the Theramed line. The *Hair Salon* business also continued to develop very positively, benefiting from the introduction into the market of various new products plus a range of relaunch activities.

With organic sales growing by 4.8 percent, **Adhesives Technologies** continued its positive development. Double-digit percentage growth rates were again registered in Eastern Europe, Africa/Middle East and Asia-Pacific, with Western Europe and Latin America also performing well. Business developments in North America were rather more sluggish due to market conditions, especially in the construction sector. Operating profit for the prior-year quarter included one-time divestment gains amounting to 41 million euros. Compared to that quarter EBIT fell by 13.7 percent, or by 11.7 percent after adjusting for foreign exchange. Without this exceptional item, however, a substantial rise in operating profit was achieved, with positive results particularly from strict cost management, economies of scale arising from the strong organic sales growth achieved, and implemented price increases. In the *Consumer and Craftsmen* segment, the company's instant adhesives were again its strongest performers. As in the recent past, growth in the *Building Adhesives* segment was again above average, benefiting both from further brisk building activity in Eastern Europe and sustained recovery in important Western European sales markets. The *Industry* segment also continued to exhibit very good growth. The business operating under the Loctite brand for industrial maintenance, repair and overhaul performed very well. In our North American automotive business, weakening due to the sluggish market, the measures initiated brought their first successes. Business activities involving the aircraft and steel industries continued to exhibit strong growth. Here, Henkel was able to both expand its market positions with innovative surface treatment products, and implement price increases.

Regional Performance

Sales in the **Europe/Africa/Middle East** region came in at 2,111 million euros, a rise of 4.3 percent or 4.4 percent after adjusting for foreign exchange. All business sectors contributed to this growth. In Eastern Europe, sales again increased in the double-digit percentage range, while in Western Europe the growth dynamism of the first quarter slackened somewhat. There was also an absence of sales volume due to the divestment of various marginal business activities. At 64 percent, the share of sales accounted for by this region remained at roughly the same level as in the previous year. Due primarily to foreign exchange effects, sales of the **North America** region fell by 7.7 percent; after adjusting for foreign exchange, the decline was just 1.1 percent. The cosmetics business in North America exhibited gratifying growth supported by successful innovations. With sales of 646 million euros, the region's share of total sales amounted to 20 percent. The **Latin America** region registered sales of 178 million euros, an increase of 5.2 percent or 7.8 percent after adjusting for foreign exchange. This growth was generated primarily by the Cosmetics/Toiletries and Adhesives Technologies business sectors. The share of sales attributable to the region remained unchanged at 5 percent. Henkel's businesses in the **Asia-Pacific** region performed exceptionally well. At 298 million euros, sales rose significantly by 8.4 percent, increasing further to 11.4 percent after adjusting for foreign exchange. Here, the Adhesives Technologies business sector exhibited a particularly high growth rate. The region's share of total sales increased slightly to 9 percent.

Overall, the highly encouraging developments encountered in the growth regions of Eastern Europe, the Middle East, Africa, Latin America and Asia-Pacific continued through the second quarter, with Henkel once again achieving a double-digit percentage increase in sales in these markets.

Major Participation

Ecolab Inc., St. Paul, Minnesota, USA, in which Henkel has a 29.6 percent stake, reported sales of 1,362 million US dollars in the second quarter of 2007, an increase of 11.1 percent compared to the previous year. Net earnings for the quarter rose by 18.4 percent to 110.3 million US dollars. The market value of this participation as of June 30, 2007, amounted to around 2.3 billion euros.

Updated Sales and Profit Forecast 2007

— Taking into account the encouraging business developments observed in the first half of the year, Henkel now expects to achieve an organic growth rate (after adjusting for foreign exchange and acquisitions/divestments) of 4 to 5 percent for the full fiscal year.

— Henkel continues to expect an increase in operating profit (EBIT) – adjusted for foreign exchange – in excess of organic sales growth.

Henkel likewise expects an increase in earnings per preferred share (EPS) in excess of organic sales growth.

— 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, 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.

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Photo material available for downloading at: <http://henkel.com/press>

Further detailed information on the facts and figures for the second quarter 2007 can be found in the internet at: <http://www.henkel.com/ir>

Key figures Q2/2007 and 1-6/2007

| in million euros | |
|--------------------------------------|--|
| Laundry & Home Care | |
| 2007 | |
| 2006 | |
| change versus previous year | |
| after adjusting for foreign exchange | |
| organic | |
| Cosmetics/Toiletries | |
| 2007 | |
| 2006 | |
| change versus previous year | |
| after adjusting for foreign exchange | |
| organic | |
| Adhesives Technologies | |
| 2007 | |
| 2006 | |
| change versus previous year | |
| after adjusting for foreign exchange | |
| organic | |
| Corporate | |
| 2007 | |
| 2006 | |
| Henkel | |
| 2007 | |
| 2006 | |
| change versus previous year | |
| after adjusting for foreign exchange | |
| organic | |

| Sales | | EBIT | |
|-------|-------|--------|-------|
| Q2 | 1-6 | Q2 | 1-6 |
| 1,024 | 2,093 | 111 | 228 |
| 1,026 | 2,035 | 108 | 222 |
| -0.3% | 2.8% | 2.8% | 2.8% |
| 1.3% | 5.3% | 5.7% | 5.6% |
| 3.1% | 7.5% | | |
| 769 | 1,473 | 98 | 180 |
| 746 | 1,388 | 95 | 169 |
| 3.2% | 6.1% | 3.0% | 6.5% |
| 4.8% | 8.4% | 4.7% | 9.1% |
| 4.3% | 5.2% | | |
| 1,440 | 2,846 | 162 | 311 |
| 1,397 | 2,732 | 187 | 321 |
| 3.1% | 4.2% | -13.7% | -3.4% |
| 5.5% | 7.7% | -11.7% | -0.1% |
| 4.8% | 6.9% | | |
| 60 | 118 | -32 | -57 |
| 61 | 123 | -31 | -58 |
| 3,293 | 6,530 | 339 | 662 |
| 3,230 | 6,278 | 359 | 654 |
| 1.9% | 4.0% | -5.5% | 1.2% |
| 3.9% | 6.8% | -3.6% | 3.6% |
| 4.3% | 6.6% | | |

| Henkel | Q2/2006 | Q2/2007 | 1-6/ 2006 | 1-6/ 2007 | Change | |
|--|---------|---------|--------------|--------------|--------|--------|
| | | | | | Q2 | 1-6 |
| Return on sales (EBIT) in % | 11.1 | 10.3 | 10.4 | 10.1 | -0.8pp | -0.3pp |
| Net earnings in million euros | 248 | 239 | 433 | 449 | -3.6% | 3.7% |
| Earnings after minority interests in million euros | 243 | 234 | 424 | 439 | -3.7% | 3.5% |
| Earnings per preferred share in euros | 0.57 | 0.54 | 0.99 | 1.02 | -5.3% | 3.0% |
| ROCE in % | 15.9 | 15.4 | 14.5 | 15.0 | -0.5pp | 0.5pp |

Changes on the basis of figures in thousand euros

pp = percentage points