Henkel KGaA
Fiscal 2007, Divestiture Ecolab, Efficiency Enhancement Program

I. Fiscal 2007
Henkel increases sales and profits

- Sales up 2.6 percent to 13.07 billion euros
- Organic sales growth of 5.8 percent
- Operating profit (EBIT): up 3.5 percent to 1,344 million euros
- Net earnings for the year: up 8.0 percent to 941 million euros

Düsseldorf – Today Henkel published its annual report for fiscal 2007. Sales improved by 2.6 percent to 13,074 million euros, with all the company’s business sectors contributing. Organic sales, i.e. sales after adjusting for foreign exchange and acquisitions/divestments, were increased by a 5.8 percent.

The operating profit (EBIT) improved by 3.5 percent to 1,344 million euros, thus outstripping sales growth. After adjusting for foreign exchange, the increase was 5.8 percent, again with all the business sectors contributing. Return on sales (EBIT) increased by 0.1 percentage points to 10.3 percent. After adjusting for exceptional gains and restructuring charges, operating profit (EBIT) rose by 8.2 percent to 1,370 million euros with the corresponding return on sales figure improving 0.6 percentage points to 10.5 percent.

Net earnings for the year increased by 8.0 percent to 941 million euros. After deducting minority interests of 20 million euros, net earnings were 921 million euros (+7.7 percent). Earnings per preferred share increased from 1.99 euros to 2.14 euros (+7.5 percent).

In view of the earnings performance, the Management Board, the Supervisory Board and the Shareholders’ Committee will be proposing to the Annual General Meeting that it approve an increase in dividends from 0.50 euros to 0.53 euros per preferred share and from 0.48 euros to 0.51 euros per ordinary share.

Outlook
Henkel intends once again to grow stronger than its markets and expects to achieve organic sales growth (i.e. after adjusting for foreign exchange and acquisitions/ divestments) of 3 to 4 percent in 2008. Henkel expects 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 outlook does not take into account the effects of the planned acquisition of the Adhesives and Electronic Materials businesses of National Starch.
II. Divestiture of the stake in Ecolab intended
The Management Board decided – with the approval of the Shareholder's Committee as of February 27 - to undertake the divestiture of all or part of its stake in Ecolab Inc., St. Paul, Minnesota, USA. No final decision has been taken at this time as to the size, the timing and the method of any such divestiture, which would be carried out in accordance with the Stockholder's Agreement between Henkel and Ecolab.

Ecolab, in which Henkel holds a 29.4 percent stake, reported sales of 5,470 million US dollars for fiscal 2007. As of December 31, 2007 the market value of this interest amounted to approx. 3,723 million US dollars (approx. 2.5 bn euros), though no assurance can be given that a divestiture of the stake would yield proceeds in this amount.

III. Measures to increase long-term profitability initiated
Against the background of changing market conditions, especially with regard to ever stronger competition and increasing cost pressure, the Henkel Management Board has decided, with the approval of the Shareholders’ Committee as of February 27, 2008, the basics of an efficiency enhancement program.

The program, which will be initiated on a worldwide level, is to define projects in all business sectors, regions and functions with the aim to sustainably strengthen both Henkel’s profitability and long-term competitiveness. The initiative, with a volume of about 500 million euros, is designed to generate annual savings of around 150 million euros from 2011. Based on experience from similar programs carried through in the past, these measures could result in the reduction of about 3,000 jobs.

Henkel will finalize the details of the program, following the development of single project ideas and the subsequent discussion with both the works councils and the employees likely to be affected.

Please note that the measures pointed out under II. and III. are not considered in the outlook referred to under I.

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