



BDF ●●●●  
**Beiersdorf**

Interim Report  
January 1 to March 31, 2004

DISCOVER THE  
**NATURAL BOOST**  
AGAINST THE FIRST  
SIGNS OF AGEING.

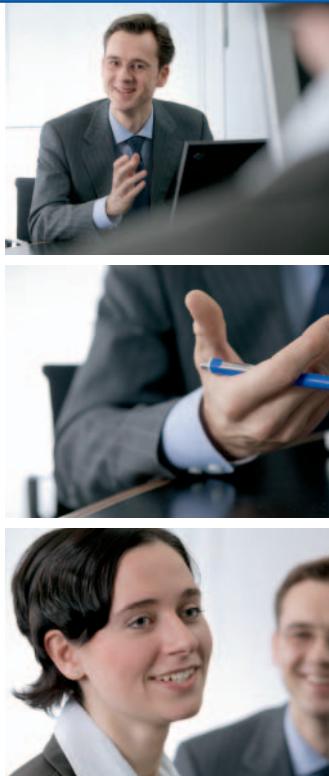
NEW!

NIVEA VISAGE  
NATURAL BOOSTER  
Multi-Active Anti-Ageing Day Cream  
with skin's own CREATINE

**NIVEA**  
VISAGE

International NIVEA VISAGE NATURAL BOOSTER advertisement.  
The cream, which harnesses creatine – the natural energy  
store found in cells – strengthens the skin's own defense  
and repair functions and counteracts skin aging.

# Business Developments Overview



## Successful start into 2004:

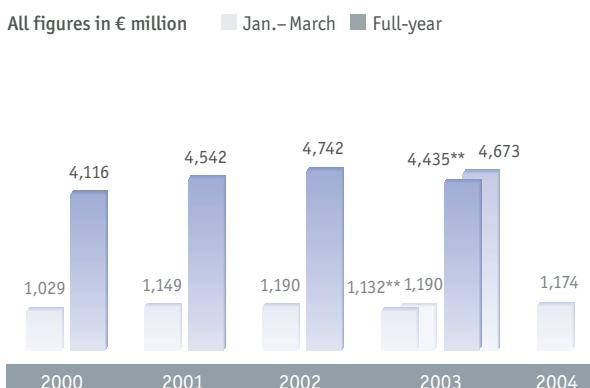
- Sales up 6.5 %\*
- EBIT margin climbs to 11.7 %
- Profit after tax significantly up on year ago

## Outlook for 2004:

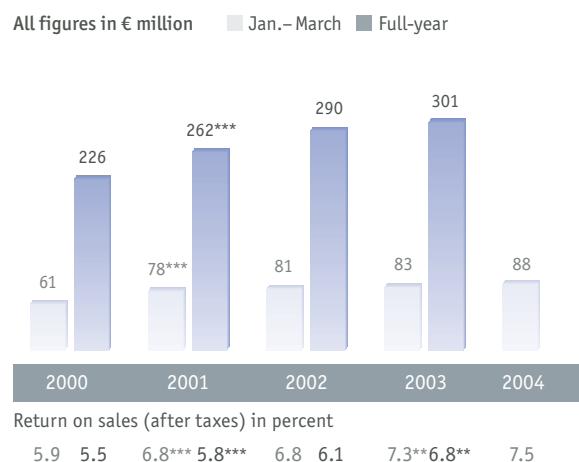
- Sales growth rate significantly higher than last year
- EBIT margin to exceed 10 %
- Return on sales after taxes above 6 %

## Developments – Beiersdorf Group

### Sales



### Profit after tax



\* adjusted for currency translation effects; restated to reflect the new structure

\*\* restated to reflect the new structure (BSN medical at equity)

\*\*\* excluding non-recurring income of €23 million after taxes from the sale of the advanced wound care business

# News



NIVEA – the “most trusted brand” in Germany and eleven other European countries

## NIVEA: first place in “Reader’s Digest Trusted Brand 2004”

NIVEA has been voted the most trusted brand in Germany in the skin care product category for the fourth successive year. The brand also took first place in another eleven European countries. NIVEA thus inspires more trust in Europe than any other German brand.

## New Beiersdorf logistics center opened in Kenya

On January 20, 2004, German Chancellor Gerhard Schröder officially opened Beiersdorf East Africa’s new logistics center in Nairobi, Kenya. The investment project, the first stage of which ended with the completion of the warehouse, also includes modernizing the production facilities and hence laying the foundations for Beiersdorf’s further expansion in the East African region.



The new Beiersdorf website: up-to-date, comprehensive and informative

## Beiersdorf website relaunched

Since February 2004, the Beiersdorf website ([www.Beiersdorf.com](http://www.Beiersdorf.com)) has had a new virtual design. The structure, graphics, and content of the Group’s platform have been improved. The website offers a comprehensive overview of the Company and its ten brand families.

## Beiersdorf AG concludes share buyback program

On January 23, 2004, Beiersdorf AG concluded a share buyback program for Beiersdorf shares of up to 10 % of the Company’s share capital. The offer was addressed to all shareholders and offered them a purchase price of €113.76 per share. With the settlement of the share buyback program on February 3, 2004, Beiersdorf AG acquired own shares totaling 9.99 % of the share capital.

## New organizational structure

As announced in the Annual Report for 2003, we have adjusted our reporting to reflect the Group’s new organizational structure. The Consumer business segment reflects the branded consumer goods business of the former medical and cosmed divisions. A second business segment represents the tesa business. In future, BSN medical GmbH & Co. KG, a joint venture with Smith & Nephew plc., will be reported as a financial investment using the equity method. The adjusted quarterly figures for the previous year can be found on the Beiersdorf website. In addition, the former reporting regions of Germany and Europe excluding Germany were combined to form a regional segment for the entire Group in line with the ongoing integration and harmonization of these markets. The numbers for the same period of the previous year were adjusted to reflect these new structures and hence to make business developments more transparent.

# Segment Information

## Business developments by business segment

Sales (in € million)	Jan. 1 – Mar. 31, 2003		Jan. 1 – Mar. 31, 2004		Change in %	
	% of total		% of total		nominal	adjusted for currency translation effects
Consumer	954	84.3	994	84.7	4.2	6.9
tesa	178	15.7	180	15.3	1.4	4.5
	<b>1,132</b>	<b>100.0</b>	<b>1,174</b>	<b>100.0</b>	<b>3.8</b>	<b>6.5</b>

Operating result before depreciation and amortization (EBITDA) (in € million)	% of sales		% of sales		Change in % nominal	
Consumer	146	15.3	155	15.6		5.9
tesa	18	9.9	20	11.0		13.0
	<b>164</b>	<b>14.5</b>	<b>175</b>	<b>14.9</b>		<b>6.6</b>

Operating result (EBIT) (in € million)	% of sales		% of sales		Change in % nominal	
Consumer	116	12.1	124	12.4		7.3
tesa	11	6.4	13	7.4		17.7
	<b>127</b>	<b>11.2</b>	<b>137</b>	<b>11.7</b>		<b>8.2</b>

Gross cash flow (in € million)	% of sales		% of sales		Change in % nominal	
Consumer	125	13.1	131	13.2		4.7
tesa	16	9.1	19	10.8		21.1
	<b>141</b>	<b>12.5</b>	<b>150</b>	<b>12.8</b>		<b>6.6</b>

## Business developments by region

Sales (in € million)	Jan. 1 – Mar. 31, 2003		Jan. 1 – Mar. 31, 2004		Change in %	
	% of total		% of total		nominal	adjusted for currency translation effects
Europe	854	75.4	883	75.2	3.5	4.4
Americas	163	14.4	161	13.7	-1.4	9.9
Africa/Asia/Australia	115	10.2	130	11.1	13.6	17.5
	<b>1,132</b>	<b>100.0</b>	<b>1,174</b>	<b>100.0</b>	<b>3.8</b>	<b>6.5</b>

Operating result (EBIT) (in € million)	% of sales		% of sales		Change in % nominal	
Europe	111	13.0	117	13.3		5.6
Americas	4	2.7	5	3.3		22.2
Africa/Asia/Australia	12	9.9	15	11.2		28.1
	<b>127</b>	<b>11.2</b>	<b>137</b>	<b>11.7</b>		<b>8.2</b>

The prior-year figures were restated to reflect the new structure. Figures in percent are calculated based on thousands of euros.

# Business Developments



- Sales up 6.5 %
- EBIT margin climbs to 11.7 %
- Profit after tax significantly up on year ago



Adjusted for currency translation effects, Group sales increased by 6.5 %. The ongoing weakness of the US dollar (down 12 % on the same period of the previous year) and of other currencies led to substantial exchange rate differences. At current exchange rates, sales amounted to €1,174 million, a 3.8 % growth on year ago.

The Group's operating result (EBIT) experienced overproportionate growth, climbing to €137 million (previous year: €127 million). The EBIT margin rose to 11.7 % (previous year: 11.2 %).

Profit after tax totaled €88 million (previous year: €83 million). The return on sales after taxes grew to 7.5 % (previous year: 7.3 %).

## **6.9 % sales growth of Consumer business segment EBIT margin climbs to 12.4 %**

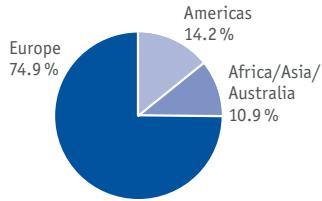
Strong growth rates in all regions contributed to the sales growth of +6.9 %, adjusted for currency translation effects. The double-digit growth rates in the Americas and the Africa/Asia/Australia regions are particularly impressive, demonstrating that our innovations and product launches were well received by the markets. The NIVEA brand achieved growth of 8.1 % worldwide. At current exchange rates, the Consumer business segment generated sales of €994 million and sales growth of 4.2 %.

EBIT for the Consumer business segment grew overproportionately on year ago to €124 million (previous year: €116 million). The EBIT margin rose to 12.4 % (previous year: 12.1 %).

In the **Europe** region, the Consumer business segment again generated extremely positive sales growth of 4.5 % (adjusted for currency translation effects). At current exchange rates, sales increased by 3.5 % to €745 million (previous year: €719 million).

# Business Developments

Breakdown of sales in the Consumer business segment by region  
January – March 2004



At +5.3 %, Group sales for the quarter in Germany resumed growth, as planned, despite the ongoing weak economy. This growth was based on both increased sales to customers in Germany (+3.6 %) and a rise in exports (+27.0 %). This was due to the successful launch of a large number of innovative products, including NIVEA VISAGE NATURAL BOOSTER, NIVEA VISAGE NEW SKIN, NIVEA Bath Care Firming Massage Shower and many new products in the NIVEA Sun and Eucerin Sun ranges. New additions to the Hansaplast/Elastoplast range were Hansaplast med silver/Elastoplast SILVER HEALING (wound dressings with antiseptic properties) and the new Hansaplast INSECT products (prevention against and treatment of mosquito bites).

At +22 % (adjusted for currency translation effects), sales in the UK – where NIVEA Sun products in particular met with a positive response in the shops – were particularly encouraging. Double-digit growth rates were also recorded in Spain, where NIVEA gained market share in a large number of segments. Our companies in northern Europe also achieved double-digit growth of almost +14 %. In Russia, sales continued to be impacted by product imitations and were thus down year-on-year. The other major European countries recorded good sales growth.

The Consumer business segment experienced overproportionate EBIT growth in Europe, reaching a level of €106 million (previous year: €101 million) thanks to strong sales. The EBIT margin climbed to 14.3 % (previous year: 13.9 %).

In the **Americas** region, sales grew by +12.5 % after adjustment for currency translation effects. This growth was particularly due to the relaunch of NIVEA VISAGE in the USA and Canada. La prairie products also achieved double-digit growth in the USA, while positive sales trends in many countries in Latin America, especially Mexico, Brazil and Argentina, also helped growth in this region. At current exchange rates, sales increased by 1.0 % to €141 million (previous year: €140 million).

EBIT for the Consumer business segment in this region totaled €6 million (previous year: €5 million), despite high marketing investment in the US. The EBIT margin rose to 3.9 % (previous year: 3.7 %).

In the **Africa/Asia/Australia** region, sales growth of 17.3 % (adjusted for currency translation effects) continued the extremely strong growth momentum of the previous year. The high double-digit growth recorded in Australia and Thailand was particularly pleasing. In Japan, the successful relaunch of 8x4 led to a significant increase in sales of 6.2 %. At current exchange rates, sales surged 14.5 % to €108 million (previous year: €95 million).

The EBIT for the Consumer business segment in this region amounted to €12 million (previous year: €10 million). The EBIT margin rose to 11.0 % (previous year: 10.2 %).

# Business Developments

## **tesa sales up 6.8 % on comparable basis tesa EBIT margin climbs to 7.4 %**

tesa continued its strong growth of the past fiscal year. After adjustment for the effect of the sale of a small part of its US business, growth in the first quarter was 6.8 %. At current exchange rates, tesa achieved growth of 1.4 % (+4.5 % after adjustment for currency translation effects), with sales amounting to €180 million. The dynamic growth of the previous year in the Africa/Asia/Australia region continued, with sales up 18.5 % at constant exchange rates. This was due to a focused market approach featuring innovative products for the automotive and electronics industries.

The other regions also contributed to overall growth. tesa achieved sales growth of 1.3 % in Germany despite the decline in the automotive business and general muted consumer spending. New products in the pollen protection and fly screen range contributed to tesa's growth in addition to its industrial activities.

tesa generated EBIT of €13 million (previous year: €11 million), thus lifting its EBIT margin to 7.4 % (previous year: 6.4 %).

## **Capital Expenditure**

Beiersdorf invested €36 million (previous year: €33 million) in property, plant, and equipment and intangible assets. €30 million of this was attributable to the Consumer business segment (previous year: €28 million) and €6 million to tesa (previous year: €5 million).

## **Employees**

The number of employees increased by 71 since December 31, 2003 to total 16,735. As of the reporting date, 13,341 people were employed in the Consumer business segment and 3,394 in the tesa business segment.

## **Outlook for 2004: Sales and earnings targets confirmed**

The Consumer business segment is planning clearly higher sales growth (adjusted for currency translation effects) in 2004 than in 2003, despite the ongoing difficult economic environment. Germany is expected to generate positive full-year sales growth, supported by strong growth in the other European markets and a double-digit growth rate in all other regions. The EBIT margin is expected to again reach its year ago level.

tesa is aiming to continue the sales growth of the previous year on a comparable basis i.e. after adjustment for the effect of the sale of a small part of its US business and adjusted for currency translation effects. The EBIT margin will continue to improve.

For the Group, we are forecasting sales growth (adjusted for currency translation effects) clearly ahead of that in 2003. The Group's EBIT margin and return on sales (after taxes) are expected to reach the year ago level.



# The Beiersdorf Share



The stock markets continued their recovery in the first two months of 2004. However, the Madrid terror attacks on March 11 ended the rally, which had lasted almost a year. As a result, world stock markets fell sharply, while volatility increased. At the end of March, share prices began to recover, driven mainly by technical reasons.



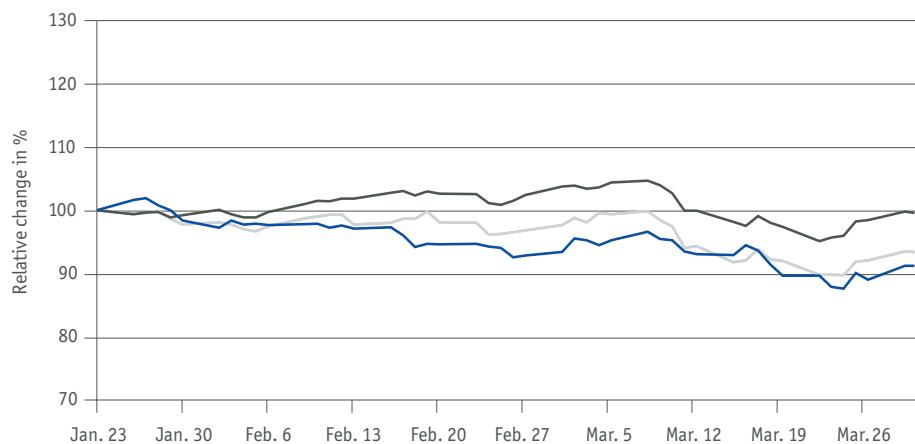
The changes in the shareholder structure in the fall of last year marked the end of a relatively long period during which Beiersdorf shares were disconnected from the trend on the stock markets due to the known takeover speculations. Final price corrections related to these incidents occurred after the share buyback program was successfully concluded on January 23, 2004.



Since then, and especially following the Annual Accounts Press Conference and Financial Analyst Meeting on March 30, our share price has increased on the basis of improved estimates of our business success by the financial community. This is also reflected in a growing number of buy recommendations and increasing share price targets.

## Beiersdorf's share price performance since the end of the offer period for the share buyback program

■ Beiersdorf ■ DAX ■ MDAX



# Financial Information

## Income Statement

(in € million)	Jan. 1 – Mar. 31, 2003	Jan. 1 – Mar. 31, 2004	Change in %
<b>Sales</b>	<b>1,132</b>	<b>1,174</b>	<b>3.8</b>
Cost of goods sold	-398	-397	-0.2
<b>Gross profit</b>	<b>734</b>	<b>777</b>	<b>5.9</b>
Marketing and selling expenses	-512	-539	5.4
Research and development expenses	-22	-23	4.4
General and administrative expenses	-60	-58	-3.6
Other operating expenses (net)	-13	-20	52.0
<b>Operating result (EBIT)</b>	<b>127</b>	<b>137</b>	<b>8.2</b>
Financial result	8	4	-56.7
<b>Profit before tax</b>	<b>135</b>	<b>141</b>	<b>4.3</b>
Taxes on income	-52	-53	1.6
<b>Profit after tax</b>	<b>83</b>	<b>88</b>	<b>6.0</b>
Minority interests	-2	-2	4.2
<b>Net profit</b>	<b>81</b>	<b>86</b>	<b>6.0</b>
<b>Earnings per share (in €)</b>	<b>0.96</b>	<b>1.09 *</b>	<b>13.2</b>

\* Calculated on the basis of the weighted number of shares (78,684,008).

## Balance Sheet

Assets (in € million)	Dec. 31, 2003	Mar. 31, 2003	Mar. 31, 2004
Intangible assets	94	117	93
Property, plant, and equipment	876	871	870
Financial assets	94	94	89
<b>Fixed assets</b>	<b>1,064</b>	<b>1,082</b>	<b>1,052</b>
Inventories	629	640	647
Trade receivables	651	762	833
Other receivables and other assets	93	105	82
Cash and cash equivalents	828	720	278
<b>Current assets</b>	<b>2,201</b>	<b>2,227</b>	<b>1,840</b>
Deferred tax assets	23	22	24
Prepaid expenses	22	38	39
	<b>3,310</b>	<b>3,369</b>	<b>2,955</b>
<b>Shareholders' equity and liabilities (in € million)</b>	<b>Dec. 31, 2003</b>	<b>Mar. 31, 2003</b>	<b>Mar. 31, 2004</b>
<b>Shareholders' equity (Beiersdorf AG) excl. minority interests</b>	<b>1,819</b>	<b>1,650</b>	<b>832</b>
Minority interests	12	17	10
<b>Shareholders' equity</b>	<b>1,831</b>	<b>1,667</b>	<b>842</b>
Provisions for pensions and other employee benefits	376	381	373
Other provisions	463	567	557
<b>Provisions</b>	<b>839</b>	<b>948</b>	<b>930</b>
Financial liabilities	66	56	459
Trade payables	293	284	270
Other liabilities	150	291	313
<b>Liabilities</b>	<b>509</b>	<b>631</b>	<b>1,042</b>
Deferred tax liabilities	122	110	127
Deferred income	9	13	14
	<b>3,310</b>	<b>3,369</b>	<b>2,955</b>

The prior-year figures were restated to reflect the new structure. Figures in percent are calculated based on thousands of euros.

# Financial Information

## Cash Flow Statement

(in € million)	Jan. 1 – Mar. 31, 2003	Jan. 1 – Mar. 31, 2004
<b>Cash and cash equivalents at beginning of year</b>	<b>701</b>	<b>828</b>
<b>Operating result (EBIT)</b>	<b>127</b>	<b>137</b>
Income taxes paid	-19	-22
Depreciation and amortization	37	38
Change in long-term provisions (excluding interest)	-4	-3
Gain/loss on disposal of property, plant, and equipment and intangible assets	0	0
<b>Gross cash flow</b>	<b>141</b>	<b>150</b>
Change in inventories	-8	-18
Change in trade receivables and other assets	-131	-189
Change in liabilities and short-term provisions	52	82
<b>Net cash flow from operating activities</b>	<b>54</b>	<b>25</b>
Investment in fixed assets	-33	-36
Proceeds from the sale of fixed assets	3	11
Proceeds from interest, dividends and other financing activities	8	15
<b>Net cash flow from investing activities</b>	<b>-22</b>	<b>-10</b>
<b>Free cash flow</b>	<b>32</b>	<b>15</b>
Change in financial liabilities	0	393
Interest and other financing expenses paid	-6	-7
Expenses for share buyback	0	-955
Cash dividends paid (Beiersdorf AG)	0	0
<b>Net cash flow from financing activities</b>	<b>-6</b>	<b>-569</b>
Effect of exchange rate fluctuations on cash held	-9	4
Effect of changes in Group structure and other changes on cash held	2	0
<b>Net change in cash and cash equivalents</b>	<b>19</b>	<b>-550</b>
<b>Cash and cash equivalents on March 31</b>	<b>720</b>	<b>278</b>

## Statement of Changes in Shareholders' Equity

(in € million)	Jan. 1 – Mar. 31, 2003	Jan. 1 – Mar. 31, 2004
<b>Shareholders' equity at beginning of year</b>	<b>1,727</b>	<b>1,831</b>
Profit after tax	83	88
Proposed dividend of Beiersdorf AG for previous year	-118	-121
Share buyback	0	-955
Other changes	-1	-16
Currency translation adjustments	-24	15
<b>Shareholders' equity on March 31</b>	<b>1,667</b>	<b>842</b>

The prior-year figures were restated to reflect the new structure.

# Other Disclosures

The figures disclosed in this Interim Report were prepared in accordance with International Financial Reporting Standards (IFRS). The same accounting policies were used in the Interim Report as in the Annual Financial Statements for 2003 with the following exception. In future, BSN medical GmbH & Co. KG, a joint venture with Smith & Nephew plc., will be recognized as a financial investment using the equity method and will no longer be consolidated pro rata from the beginning of 2004; instead, it will be consolidated at equity in the annual financial statements.

In the first quarter of 2004, Beiersdorf AG acquired 8,393,672 own shares at a purchase price of €113.76 per individual share in the course of its public offer. The total purchase price of €954,864,127 was deducted from consolidated equity on the face of the balance sheet.

The declaration of compliance issued by the Supervisory Board and the Executive Board of Beiersdorf AG regarding the recommendations of the German Corporate Governance Code according to § 161 *Aktiengesetz* (German Stock Corporation Act) was published at the end of December 2003 and has been made permanently available on the Internet at [www.Beiersdorf.com](http://www.Beiersdorf.com).

Hamburg, May 2004

Beiersdorf AG  
The Executive Board

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Rolf-Dieter Schwalb, Uwe Wölfer  
Supervisory Board Chairman: Dr. Hans Meinhardt

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### **Financial Calendar**

Annual General Meeting	June 3, 2004
Dividend Payment	June 4, 2004
Interim Report January to June 2004	August 11, 2004
Interim Report January to September 2004	
Financial Analyst Meeting	November 10, 2004
Publication of Preliminary Group Results	January 2005
Key Company Data for Fiscal Year 2004	End of February 2005
Annual Accounts Press Conference	
Financial Analyst Meeting	End of March 2005
Interim Report January to March 2005	Mid-May 2005
Annual General Meeting	May 18, 2005
Interim Report January to June 2005	Mid-August 2005
Interim Report January to September 2005	
Financial Analyst Meeting	Mid-November 2005