

Interim Report  
January – September 2006



## Skin Care for the Future

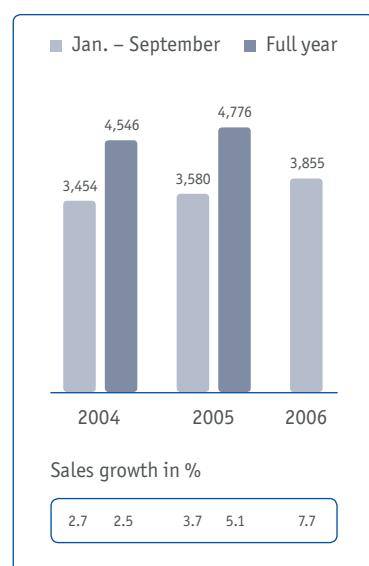


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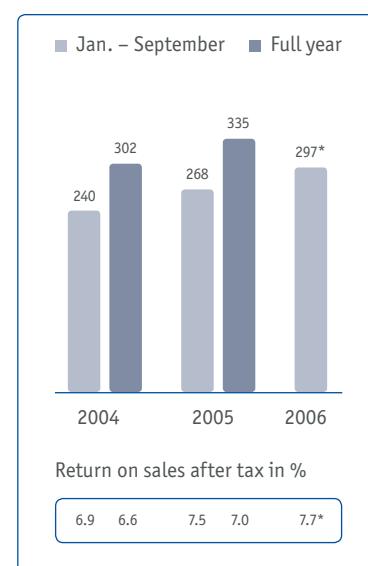
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# Business Developments – Overview

## Sales (in € million)



## Profit after tax (in € million)



\*excluding income from the sale of BSN medical and expenses for the realignment of the Consumer Supply Chain



## Our cover image: Skin Care for the Future

In order to better meet consumer needs, we are researching today for the skin and beauty care of tomorrow. This quarter, we unveiled NIVEA VISAGE DNAge, an innovative anti-ageing skin care system for the future. The combination of cell-active folic acid and creatine has been proven to improve cell turnover. Even deep wrinkles are reduced.



## Strong sales growth

- Sales growth of 7.3 % (adjusted for currency translation effects)
- Operating result (EBIT)<sup>1)</sup> up 12.6 %
- EBIT margin<sup>1)</sup> increases to 12.0 %
- Profit after tax<sup>2)</sup> of €297 million

## Outlook for fiscal year 2006

- Sales over €5,000 million
- EBIT margin approximately 11.5 %<sup>1)</sup>
- Return on sales after tax over 7 %<sup>2)</sup>

<b>Beiersdorf at a Glance</b>		Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2006
	in € million (unless otherwise stated)		
<b>Sales</b>		<b>3,580</b>	<b>3,855</b>
Change in % (nominal)		3.7	7.7
Change in % (adjusted for currency translation effects)		3.3	7.3
<b>Consumer</b>		<b>3,035</b>	<b>3,260</b>
tesa		545	595
Operating result (EBIT)		411	365
<b>Operating result (EBIT, excluding special factors)</b>		<b>411</b>	<b>462<sup>1)</sup></b>
Profit after tax		268	592
<b>Profit after tax (excluding special factors)</b>		<b>268</b>	<b>297<sup>2)</sup></b>
Return on sales after tax in %		7.5	15.4
<b>Return on sales after tax in % (excluding special factors)</b>		<b>7.5</b>	<b>7.7<sup>2)</sup></b>
Earnings per share in €		1.16 <sup>3)</sup>	2.59 <sup>3)</sup>
<b>Earnings per share in € (excluding special factors)</b>		<b>1.16<sup>3)</sup></b>	<b>1.29<sup>2;3)</sup></b>
<b>Gross cash flow</b>		<b>369</b>	<b>319</b>
<b>Capital expenditure (incl. financial assets)</b>		<b>91</b>	<b>74</b>
<b>Research and development expenses</b>		<b>79</b>	<b>82</b>
<b>Employees (as of September 30)</b>		<b>16,880</b>	<b>17,303</b>

<sup>1)</sup>excluding expenses for the realignment of the Consumer Supply Chain

<sup>2)</sup>excluding income from the sale of BSN medical and expenses for the realignment of the Consumer Supply Chain

<sup>3)</sup>calculated on the basis of the weighted average number of shares carrying dividend rights after adjustment for the stock split (226,818,984 bearer shares)



# Segment Overview

## Business developments by business segment

Sales		July 1 – Sept. 30, 2005		July 1 – Sept. 30, 2006		Jan. 1 – Sept. 30, 2005		Jan. 1 – Sept. 30, 2006		nominal	Change in % adj. for curr.-trans. effects
		(in € million)		% of total		% of total		% of total			
Consumer	964	84.0	1,048	84.1	3,035	84.8	3,260	84.6	7.4	7.0	
tesa	183	16.0	198	15.9	545	15.2	595	15.4	9.0	8.7	
<b>Total</b>	<b>1,147</b>	<b>100.0</b>	<b>1,246</b>	<b>100.0</b>	<b>3,580</b>	<b>100.0</b>	<b>3,855</b>	<b>100.0</b>	<b>7.7</b>	<b>7.3</b>	
EBITDA											
(in € million)	% of sales		% of sales		Change in % nominal						
Consumer	142	14.7	137	13.1	458	15.1	432	13.2			-5.7
tesa	22	12.1	26	13.3	64	11.7	76	12.9			19.8
<b>Total</b>	<b>164</b>	<b>14.3</b>	<b>163</b>	<b>13.1</b>	<b>522</b>	<b>14.6</b>	<b>508</b>	<b>13.2</b>			<b>-2.6</b>
Operating result (EBIT)											
(in € million)	% of sales		% of sales		Change in % nominal						
Consumer	113	11.7	82	7.8	366	12.1	308	9.4			-15.9
<i>Consumer (excluding special factors)</i> * 113	11.7	121	11.6	366	12.1	405	12.4				10.7
tesa	15	8.5	20	10.1	45	8.2	57	9.7			28.2
<b>Total</b>	<b>128</b>	<b>11.2</b>	<b>102</b>	<b>8.2</b>	<b>411</b>	<b>11.5</b>	<b>365</b>	<b>9.5</b>			<b>-11.1</b>
<i>Total (excluding special factors)</i> * 128	11.2	141	11.3	411	11.5	462	12.0				12.6
Gross cash flow											
(in € million)	% of sales		% of sales		Change in % nominal						
Consumer	95	9.9	72	6.9	324	10.7	269	8.3			-17.0
tesa	17	9.5	13	6.5	45	8.3	50	8.4			10.1
<b>Total</b>	<b>112</b>	<b>9.8</b>	<b>85</b>	<b>6.8</b>	<b>369</b>	<b>10.3</b>	<b>319</b>	<b>8.3</b>			<b>-13.7</b>

\*excluding expenses for the realignment of the Consumer Supply Chain

Figures in percent are calculated based on thousands of euros.

## Business developments by region

Sales		July 1 – Sept. 30, 2005		July 1 – Sept. 30, 2006		Jan. 1 – Sept. 30, 2005		Jan. 1 – Sept. 30, 2006		nominal	Change in % adj. for curr.-trans. effects
		(in € million)		% of total		% of total		% of total			
Europe	823	71.8	882	70.8	2,667	74.5	2,844	73.8	6.6	6.5	
Americas	171	14.9	188	15.1	484	13.5	530	13.8	9.6	7.1	
Africa/Asia/Australia	153	13.3	176	14.1	429	12.0	481	12.4	11.9	12.2	
<b>Total</b>	<b>1,147</b>	<b>100.0</b>	<b>1,246</b>	<b>100.0</b>	<b>3,580</b>	<b>100.0</b>	<b>3,855</b>	<b>100.0</b>	<b>7.7</b>	<b>7.3</b>	
Operating Result (EBIT)											
(in € million)	% of sales		% of sales		Change in % nominal						
Europe	109	13.3	76	8.7	361	13.5	316	11.1			-12.3
<i>Europe (excluding special factors)</i> * 109	13.3	115	13.1	361	13.5	413	14.5				14.6
Americas	7	4.0	11	5.6	14	2.8	16	3.0			16.9
Africa/Asia/Australia	12	7.8	15	8.5	36	8.4	33	6.8			-9.3
<b>Total</b>	<b>128</b>	<b>11.2</b>	<b>102</b>	<b>8.2</b>	<b>411</b>	<b>11.5</b>	<b>365</b>	<b>9.5</b>			<b>-11.1</b>
<i>Total (excluding special factors)</i> * 128	11.2	141	11.3	411	11.5	462	12.0				12.6

\*excluding expenses for the realignment of the Consumer Supply Chain

Changes in percent are calculated based on thousands of euros.



# News

This selection of news from the third quarter illustrates the consistent implementation of our "Passion for Success" Consumer Business Strategy, which is enabling us to continually grow our global market share.

## JULY >

### Successful relaunch of NIVEA Hair Care

NIVEA Hair Care has featured a new look and new products internationally since July. The relaunch was successfully implemented in 20 countries and was



backed by a comprehensive marketing campaign featuring two international television ads, as well as print advertisements and billboards.

### Sale of Hirtler GmbH planned

As part of the realignment of our Consumer Supply Chain and the implementation of the Consumer Business Strategy, Beiersdorf AG is considering the sale of the soap factory Hirtler. The Company is currently searching for a suitable investor who will continue activities.

## AUGUST >

### NIVEA campaign in India



From July, NIVEA India has aired the first Indian commercial on TV and in cinemas. NIVEA Creme being an extremely well known product to the con-

sumers, the integrated campaign already shows uplifting results: NIVEA Creme sales like-for-like showed a strong increase from July to September. Overall, the NIVEA brand as such also recorded strong sales growth during this period.

### International Beauty Award for Eucerin

Some 4,000 experts from Cosmetic Executive Women Inc. honored the Eucerin



Redness Relief daily perfecting lotion with the CEW Beauty Award 2006 in New York. The innovative care product for sensitive skin conceals redness and soothes the skin. This is the first time Eucerin has won this important award.

## SEPTEMBER >

### Revolution in Anti-Age care

In September, Beiersdorf introduced a groundbreaking innovation in anti-age



care with NIVEA VISAGE DNAge. The formula contains a highly effective combination of cell-active folic

acid and creatine, and protects the skin's DNA from external damage. The VISAGE

### Change in the Executive Board



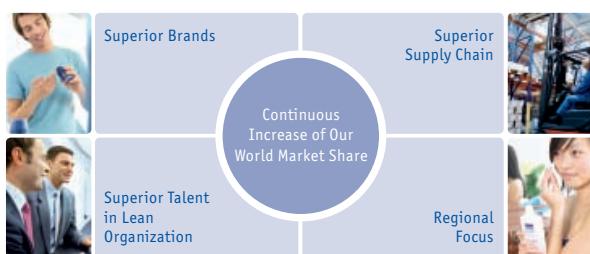
Previously, Dr. Düttmann was employed in the same position at tesa AG, where

CFO Rolf-Dieter Schwalb left the Company at his own request as of September 30, 2006. Dr. Bernhard Düttmann has been the new CFO of Beiersdorf AG since October 1, 2006.

his responsibilities also included the Consumer business.

### Beiersdorf France plans sale of production and logistics

In September, Beiersdorf France announced the planned sale of its production and logistics facilities. This measure is intended to restore the competitiveness of the French affiliate and to reduce structural overcapacities. The potential sale is in line with Beiersdorf's Consumer Business Strategy and the realignment of the Consumer Supply Chain.

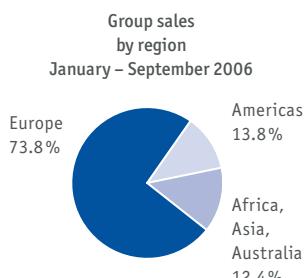


### "Passion for Success"

Visit [www.Beiersdorf.com](http://www.Beiersdorf.com) for our Consumer Business Strategy along with full background information and additional current news.



## Business Developments – Group



**Sales growth of 7.3 %**

**EBIT margin (excluding special factors) climbs to 12.0 %**

**Profit after tax (excluding special factors) up significantly**

In the first nine months, the Group achieved sales growth of 7.3 % (adjusted for currency translation effects). The Consumer business segment contributed a 7.0 % sales increase to this excellent organic growth, while tesa sales increased by 8.7 %. At current exchange rates, sales rose by 7.7 % to €3,855 million (previous year: €3,580 million).

### Income Statement

(in € million)	Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2006	Change in %
<b>Sales</b>	<b>3,580</b>	<b>3,855</b>	<b>7.7</b>
Cost of goods sold	-1,235	-1,299	5.2
<b>Gross profit</b>	<b>2,345</b>	<b>2,556</b>	<b>9.0</b>
Marketing and selling expenses	-1,648	-1,789	8.6
Research and development expenses	-79	-82	3.7
General and administrative expenses	-165	-181	9.5
Other operating result	-42	-42	-
<b>Operating result (EBIT, excluding special factors)</b>	<b>411</b>	<b>462</b>	<b>12.6</b>
Expenses for the realignment of the Consumer Supply Chain	-	-97	-
<b>Operating result (EBIT)</b>	<b>411</b>	<b>365</b>	<b>-11.1</b>
Income from the sale of BSN medical	-	371	-
Other financial result	10	1	-92.6
<b>Profit before tax</b>	<b>421</b>	<b>737</b>	<b>74.9</b>
Taxes on income	-153	-145	-5.1
<b>Profit after tax</b>	<b>268</b>	<b>592</b>	<b>120.4</b>
<b>Basic/diluted earnings per share (in €)*</b>	<b>1.16</b>	<b>2.59</b>	<b>123.2</b>

\*calculated on the basis of the weighted average number of shares carrying dividend rights after adjustment for the stock split (226,818,984 bearer shares)

The Group's operating result (EBIT) amounted to €365 million. This figure includes €97 million in expenses for the realignment of the Consumer Supply Chain in Europe. Expenses grew due to the accelerated implementation of the planned measures in this period. Primarily, they relate to personnel expenses and depreciations of fixed assets. The operating result excluding these special factors amounted to €462 million (previous year: €411 million). The corresponding EBIT margin was 12.0 % (previous year: 11.5 %).

Income of €371 million (after tax: €361 million) was generated by the sale of Beiersdorf's share in BSN medical in February 2006. The other financial result was €1 million (previous year: €10 million). In the previous year, this position still included returns from investment in BSN medical (€18 Mio.).

Profit after tax amounted to €592 million. Profit after tax excluding special factors amounted to €297 million (previous year: €268 million); the corresponding return on sales after tax was 7.7 % (previous year: 7.5 %).

Earnings per share for the Company's 226,818,984 shares (following the stock split, excluding treasury shares) rose to €2.59. The basic and diluted earnings per share were the same. Earnings per share excluding special factors rose to €1.29 (previous year: €1.16).



## Business Developments – Business Segments

**Consumer business segment up 7.0 %  
EBIT margin Consumer climbs to 12.4 %**

Consumer (Jan. – Sept.)	Europe	Americas	Africa/ Asia/ Australia	Total
(in € million)				
Sales 2006	2,404	461	395	3,260
Change (adjusted for currency translation effects)	6.3 %	6.5 %	12.3 %	7.0 %
Change (nominal)	6.4 %	9.1 %	11.7 %	7.4 %
EBIT 2006*	372	10	23	405
EBIT margin 2006*	15.5 %	2.2 %	5.8 %	12.4 %
EBIT 2005	325	12	29	366
EBIT margin 2005	14.4 %	2.9 %	8.0 %	12.1 %

\*excluding expenses for the realignment of the Consumer Supply Chain (€97 million exclusively in Europe)

Sales rose by 7.0 % (adjusted for currency translation effects). At current exchange rates, the Consumer business segment achieved sales growth of 7.4 % to €3,260 million (previous year: €3,035 million). Strong double-digit growth was seen in particular in the Eastern Europe, Latin America, and Africa/Asia/Australia regions. NIVEA global sales rose by 8.4 %. This positive development was driven primarily by NIVEA SUN, NIVEA deodorant, NIVEA FOR MEN and NIVEA body. Eucerin and la prairie also generated above-average growth rates.

At €405 million (previous year: €366 million), the operating result (EBIT) excluding special factors increased faster than sales. The operating EBIT margin rose to 12.4 % (previous year: 12.1 %).

Consumer Sales in Europe (Jan. – Sept.)	Germany	Western Europe (excluding Germany)	Eastern Europe	Total
(in € million)				
Sales 2006	761	1,333	310	2,404
Change (adjusted for currency translation effects)	0.9 %	6.9 %	19.1 %	6.3 %
Change (nominal)	0.9 %	6.7 %	21.3 %	6.4 %

In **Europe**, sales in the Consumer business segment increased by 6.3 % in comparison to the previous year, adjusted for currency translation effects. At current exchange rates, sales rose by 6.4 % to €2,404 million (previous year: €2,259 million).

Sales to customers in **Germany** were 1.3 % above the previous year. NIVEA BEAUTÉ and NIVEA SUN performed extremely well. Our Eucerin brand achieved above-average sales growth in the pharmacy business. The successful introduction of the face care Eucerin Hyaluron Filler contributed significantly to this result. Exports from Germany to customers in countries where Beiersdorf does not have affiliates fell by 3.0 %, since Beiersdorf AG's export sales to the Middle East and the member countries of the Commonwealth of Independent States (CIS) were transferred to our subsidiaries in Dubai and Russia respectively at the beginning of the third quarter.



**Western Europe** achieved excellent sales growth of +6.9 % (adjusted for currency translation effects). The Nordic group (+11.9 %), the la prairie group (+11.0 %), the UK/Ireland group (+10.1 %) and Greece (+10.3 %) made particularly strong contributions to this. However, all other major Western European markets also generated clear growth. Development of the sales figures for the NIVEA SUN and NIVEA body brands was particularly encouraging. Across the region the launch of NIVEA body Good-bye Cellulite contributed to this positive development.

In **Eastern Europe**, our strong growth continued with a rise of 19.1 %. We recorded double-digit growth rates in Poland, Russia and in almost all other major eastern European markets. In Russia, NIVEA FOR MEN, NIVEA deodorant and NIVEA Hair Care performed particularly well. In Poland, sales of NIVEA VISAGE and NIVEA FOR MEN as well as the introduction of NIVEA Hair Care Styling contributed significantly to growth.

The Consumer business segment's EBIT in Europe (excluding special factors) rose faster than sales to €372 million (previous year: €325 million). The corresponding EBIT margin rose to 15.5 % (previous year: 14.4 %).

#### Consumer Sales in the Americas (Jan. – Sept.)

(in € million)	North America	Latin America	Total
Sales 2006	241	220	461
Change (adjusted for currency translation effects)	-2.3 %	18.5 %	6.5 %
Change (nominal)	-1.1 %	23.1 %	9.1 %

In the **Americas**, sales increased by 6.5 % (adjusted for currency translation effects). At current exchange rates, sales amounted to €461 million, up 9.1 % on the previous year (€423 million).

In **North America** sales (adjusted for currency translation effects) were down 2.3 %. We generated a clear rise in sales in the last quarter, at 9.8 % (adjusted for currency translation effects). The expected recovery in our US activities began with the relaunch of NIVEA body. In addition, NIVEA FOR MEN and our la prairie and Eucerin brands performed well. With planned sustained marketing measures we aim to match last year's sales figures by the end of the year.

Sales in **Latin America** rose by 18.5 % (adjusted for currency translation effects). We achieved double-digit growth rates in all major markets. In addition to the key markets of Mexico (+14.9 %) and Brazil (+14.7 %), Colombia (+53.4 %) and Venezuela (+35.5 %) contributed to this strong growth. NIVEA Bath Care, NIVEA SUN and NIVEA body performed extremely well in this focus region.

EBIT for the Consumer business segment in America amounted to €10 million (previous year: €12 million). The EBIT margin was 2.2 % (previous year: 2.9 %).

#### Consumer Sales in Africa/Asia/Australia (Jan. – Sept.)

(in € million)	Africa/Asia/ Australia
Sales 2006	395
Change (adjusted for currency translation effects)	12.3 %
Change (nominal)	11.7 %



**Africa/Asia/Australia** achieved growth of 12.3 % (adjusted for currency translation effects). At current exchange rates, sales amounted to €395 million, up 11.7 % on the previous year (€353 million). NIVEA sales rose by 44.1 % in China. The primary drivers for this were NIVEA VISAGE and NIVEA FOR MEN. In Thailand (+17.5 %) market shares increased clearly in all segments. NIVEA deodorant's market leadership continued to expand. In Japan sales were down slightly compared with the previous year. Growth in NIVEA FOR MEN was unable to compensate for the decline in sales in the NIVEA body and NIVEA SUN segments. 8x4 remains the market leader in deodorants in Japan and was able to lift sales slightly.

EBIT for the Consumer business segment in this region amounted to €23 million (previous year: €29 million). The EBIT margin was 5.8 % (previous year: 8.0 %).

### **tesa business segment grows by 8.7 % EBIT margin tesa climbs to 9.7 %**

<b>tesa</b> (Jan. – Sept.)	Europe	Americas	Africa/ Asia/ Australia	<b>Total</b>
(in € million)				
Sales 2006	440	69	86	<b>595</b>
Change (adjusted for currency translation effects)	7.7 %	11.2 %	12.1 %	<b>8.7 %</b>
Change (nominal)	7.7 %	13.2 %	12.7 %	<b>9.0 %</b>
EBIT 2006	42	6	9	<b>57</b>
EBIT margin 2006	9.5 %	8.8 %	11.1 %	<b>9.7 %</b>
EBIT 2005	36	1	8	<b>45</b>
EBIT margin 2005	8.7 %	2.5 %	9.9 %	<b>8.2 %</b>

Adjusted for currency translation effects, tesa sales were up significantly on the previous year at +8.7 %. At current exchange rates, tesa achieved sales of €595 million, an increase of 9.0 % in comparison to the previous year.

This positive trend was achieved in both tesa's industrial and consumer businesses. Almost all regions recorded substantial year-on-year increases in the consumer business.

tesa's industrial business continued its extremely positive sales trend in the third quarter. Business with specialty products for the paper and printing industry in particular contributed to this positive development. Products for the electrical and electronics industry as well as automobile industry solutions also generated double-digit growth rates.

All regions experienced positive development in the tesa business segment. In addition to Eastern Europe (+21.8 % adjusted for currency translation effects) and North America (+15.7 % adjusted for currency translation effects), Africa/Asia/Australia also recorded growth of 12.1 % (adjusted for currency translation effects). Sales in Latin America reached the previous year's level.

EBIT rose to €57 million (previous year: €45 million), while the EBIT margin increased to 9.7 % (previous year: 8.2 %).



## Balance Sheet Structure – Group

<b>Balance sheet</b>			
<b>Assets (in € million)</b>	<b>Dec. 31, 2005</b>	<b>Sept. 30, 2005</b>	<b>Sept. 30, 2006</b>
Non-current assets	962	990	870
Inventories	536	577	593
Other current assets	926	950	914
Cash and cash equivalents	483	371	1,115
	<b>2,907</b>	<b>2,888</b>	<b>3,492</b>

<b>Equity and Liabilities (in € million)</b>	<b>Dec. 31, 2005</b>	<b>Sept. 30, 2005</b>	<b>Sept. 30, 2006</b>
Equity	1,293	1,221	1,720
Non-current liabilities	601	659	575
Current liabilities	1,013	1,008	1,197
	<b>2,907</b>	<b>2,888</b>	<b>3,492</b>

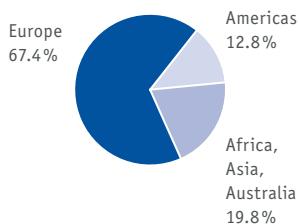
As of September 30, 2006 net-current assets were significantly below comparison values. As part of the realignment of our Consumer Supply Chain, impairment write-downs on property, plant and equipment of €51 million were made. Investments without financial assets amounted to €69 million (previous year: €88 million). €54 million of this amount is attributable to the Consumer business segment (previous year: €65 million) and €15 million to tesa (previous year: €23 million). Inventories rose to €593 million due to seasonal factors. Cash and cash equivalents increased significantly higher than cash flows from operating activities to €1,115 million due to the sale of BSN medical. Non-current liabilities changed only substantially as against the year-end. The rise in current liabilities is largely attributable to the recognition of provisions in connection with the realignment of the Consumer Supply Chain and higher provisions for marketing and selling expenses.

### Financing Structure

Dec. 31, 2005	44%	21%	35%
Sept. 30, 2005	42%	23%	35%
Sept. 30, 2006	49%	17%	34%

■ Equity ■ Non-current liabilities ■ Current liabilities

Employees by region  
as of September 30, 2006



## Employees

The number of employees grew by 534 to 17,303 compared with the figure of December 31, 2005. As of September 30 of this year, 13,600 employees worked in the Consumer business segment and 3,703 at tesa.



## Financial Position – Group

Cash Flow Statement (in € million)	Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2006
Cash and cash equivalents as of Jan. 1	290	483
Gross cash flow	369	319
Change in net current assets	11	97
Net cash flow from operating activities	380	416
Net cash flow from investing activities	-49	397
Free cash flow	331	813
Net cash flow from financing activities	-264	-173
Exchange rate and other changes	14	-8
Net change in cash and cash equivalents	81	632
<b>Cash and cash equivalents as of Sept. 30</b>	<b>371</b>	<b>1,115</b>

Gross cash flow amounted to €319 million and was below the figure for the comparative period due to the expenses relating to the realignment of the Consumer Supply Chain. Net cash flow from the change in net current assets increased by €97 million, €86 million more than in the previous year. Net cash flow from operating activities reached €416 million, €36 million more than in the previous year. Net cash flow from investing activities increased cash and cash equivalents by €397 million, which includes cash of €433 million received from the sale of our investment in BSN medical. Free cash flow reached €813 million (€380 million without the cash from the sale of BSN medical). The net cash outflow from financing activities amounted to €173 million, mainly due to the dividend payment and the change in financial liabilities. Overall, cash and cash equivalents rose to €1,115 million.

## Other Disclosures

### Stock split

On July 17, 2006 Beiersdorf AG implemented a 1:3 stock split, thus increasing the liquidity of the Beiersdorf share. The Company's capital stock was increased by €39.96 million from retained earnings to €252 million and is now divided into 252 million bearer shares. Earnings per share for the previous year were adjusted to reflect the new number of shares.

### Change in the Supervisory Board and Executive Board

Dr. Bruno E. Sälzer resigned from the Company's Supervisory Board effective July 31, 2006. Stefan Pfander, London, former Vice President International of the Wm. Wrigley Jr. Company, Chicago, USA, and former Chairman Europe of the Wrigley Group, was appointed to the Supervisory Board by the court as a new member and shareholder representative. CFO Rolf-Dieter Schwalb left the Company's Executive Board at his own request effective at the close of September 30, 2006. Dr. Bernhard Düttmann, CFO of tesa AG since April 2001 and responsible for tesa's Consumer business segment since May 2005, was appointed successor by the Supervisory Board, with effect from October 1, 2006.



## Accounting Policies

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 2005. The Interim Report was not reviewed by an auditor.

## Corporate Governance

The declaration of compliance issued by the Supervisory Board and the Executive Board for fiscal year 2005 regarding the recommendations of the German Corporate Governance Code in accordance with § 161 of the *Aktiengesetz* (German Stock Corporation Act, *AktG*) was published at the end of December 2005 and is permanently available on our website at [www.Beiersdorf.com](http://www.Beiersdorf.com).

# Outlook for 2006

## Expected Macroeconomic Developments

We do not anticipate any major changes in the macroeconomic situation in the last three months of 2006. Our assessment of developments continues to be based on current growth rates.

The global cosmetics market will continue its long-term growth at 3 %. Despite some positive developments, we do not anticipate sustained improvement in the cosmetic markets in the major markets of Western Europe. We continue to expect Eastern Europe, Latin America and Asia to perform well. We also expect positive performance in tesa's markets.

We do not anticipate any fundamental changes in the raw materials and procurement market for the rest of this year in comparison to recent months.

## Expected Business Development

We expect Group sales to exceed the €5 billion mark for the first time in this fiscal year. This would mean growth of over 6 % (excluding currency translation effects). We expect the two business segments, Consumer and tesa, to exceed a 6 % growth rate.

The EBIT margin of the Consumer business segment (before special factors) should reach approximately 12 %, thereby exceeding the previous year's margin (11.6 %). tesa's EBIT margin is expected to climb to about 9 % (previous year: 8.4 %). The Group's EBIT margin (excluding special factors) is expected to be about 11.5 % (previous year: 11.1 %).

We expect costs of around €120 million before tax (€80 million after tax) for 2006, from the faster progress of our measures as part of our Consumer Supply Chain realignment. The total expected cost of the optimization of our production and logistics structures in Europe over the coming years (until 2008) remains unchanged at €220 million before tax.

Profit after tax will include income of €361 million (after tax) from the sale of BSN medical.

The return on sales after tax before special factors is expected to be over 7 %, thus exceeding the previous year's figure (7.0 %). Net profit for the year (without adjustment for special factors) is expected to amount to approximately 13 % of sales.



## The Beiersdorf Share

Following heavy losses in May 2006, the international markets began showing signs of a slight upturn at the end of the second quarter, which accelerated significantly in the third quarter. The sharp fall in crude oil prices contributed to this development, after oil prices had increased to just under 80 US dollars in the course of the year. As a response to accompanying fears of inflation, interest rates increased all over the world. In the third quarter, however, positive signals outweighed the negative, producing a clear recovery on the stock markets. Observers note that in historical terms, valuations on most stock markets remain low, however. Certain factors could affect the positive development – the USA in particular seem to be losing steam as the main driving force of economic growth. The upward trend on the stock markets was very pronounced in the third quarter. In September, the DAX crossed the 6,000-point hurdle and closed the quarter at 6,004 points.

Indicators in the HPC (household and personal care) sector, which includes Beiersdorf, performed somewhat less dynamically than the overall market. While the rise was largely parallel in July, it flattened slightly in August and September.

The Beiersdorf share initially performed modestly at the beginning of the third quarter, but was able to buck the indices at the end of July and maintain this positive trend until the end of the quarter.

For the second time, Beiersdorf published a commentary by the Executive Board on August 3 to accompany the publication of the results for the first six months on the Group's website ([www.Beiersdorf.com](http://www.Beiersdorf.com)). CEO and CFO reported in detail on the first six months of 2006 and the implementation of the Consumer Business Strategy. This feature, entitled "Making the strategy work" was used intensively by investors and observers and is evidence of the continued substantial interest in Beiersdorf and its new Consumer Business Strategy. Following a good third quarter, the Beiersdorf share gained approximately 7 % in value and closed at €41.97 on September 30.

### Beiersdorf share price performance July – September 2006





# Financial Information – Overview

- **EBIT excluding special factors: €462 million<sup>1)</sup> (previous year: €411 million)**
- **Profit after tax excluding special factors: €297 million<sup>2)</sup> (previous year: €268 million)**

Income Statement		July 1 – Sept. 30, 2005	July 1 – Sept. 30, 2006	Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2006	Change in %
(in € million)						
<b>Sales</b>	1,147	1,246	3,580	3,855	7.7	
Cost of goods sold	-417	-435	-1,235	-1,299	5.2	
<b>Gross profit</b>	730	811	2,345	2,556	9.0	
Marketing and selling expenses	-523	-572	-1,648	-1,789	8.6	
Research and development expenses	-27	-28	-79	-82	3.7	
General and administrative expenses	-51	-63	-165	-181	9.5	
Other operating result	-1	-7	-42	-42	-	
<b>Operating result (EBIT, excluding special factors)</b>	128	141 <sup>1)</sup>	411	462 <sup>1)</sup>	12.6	
Expenses for the realignment of the Consumer Supply Chain	-	-39	-	-97	-	
<b>Operating result (EBIT)</b>	128	102	411	365	-11.1	
Income from the sale of BSN medical	-	-	-	371	-	
Other financial result	4	3	10	1	-92.6	
<b>Profit before tax</b>	132	105	421	737	74.9	
Taxes on income	-44	-31	-153	-145	-5.1	
<b>Profit after tax</b>	88	74	268	592	120.4	
Minority interests	-1	-2	-5	-4	-27.1	
<b>Net result</b>	87	72	263	588	123.2	
<b>Basic/diluted earnings per share (in €)<sup>3)</sup></b>	-	-	1.16	2.59	123.2	

<sup>1)</sup>excluding expenses for the realignment of the Consumer Supply Chain

<sup>2)</sup>excluding income from the sale of BSN medical and expenses for the realignment of the Consumer Supply Chain

<sup>3)</sup>calculated on the basis of the weighted average number of shares carrying dividend rights after adjustment for the stock split (226,818,984 bearer shares)

Balance Sheet		Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2006
<b>Assets (in € million)</b>				
Intangible assets		34	43	28
Property, plant and equipment		882	891	796
Non-current financial assets		5	21	7
Other non-current assets		8	2	9
Deferred tax assets		33	33	30
<b>Non-current assets</b>		962	990	870
Inventories		536	577	593
Trade receivables		732	722	765
Other current assets		194	228	149
Cash and cash equivalents		483	371	1,115
<b>Current assets</b>		1,945	1,898	2,622
		2,907	2,888	3,492
<b>Equity and Liabilities (in € million)</b>		Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2006
Shareholder's equity (Beiersdorf AG) excl. minority interests		1,280	1,210	1,712
Minority interests		13	11	8
<b>Equity</b>		1,293	1,221	1,720
Non-current provisions		430	489	413
Non-current financial liabilities		29	30	23
Other non-current liabilities		8	7	6
Deferred tax liabilities		134	133	133
<b>Non-current liabilities</b>		601	659	575
Current provisions		407	457	595
Trade payables		369	306	383
Current financial liabilities		74	57	62
Other current liabilities		163	188	157
<b>Current liabilities</b>		1,013	1,008	1,197
		2,907	2,888	3,492



<b>Cash Flow Statement</b> (in € million)	Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2006
<b>Cash and cash equivalents as of Jan. 1</b>	<b>290</b>	<b>483</b>
<b>Operating result (EBIT)</b>	<b>411</b>	<b>365</b>
Income taxes paid	-144	-167
Depreciation and amortization	111	143
Change in non-current provisions (excluding interest)	-3	-22
Gain/loss on disposal of intangible assets and property, plant, and equipment	-6	-
<b>Gross cash flow</b>	<b>369</b>	<b>319</b>
Change in inventories	-19	-57
Change in trade receivables and other assets	-65	-57
Change in liabilities and current provisions	95	211
<b>Net cash flow from operating activities</b>	<b>380</b>	<b>416</b>
Investments	-91	-74
Proceeds from divestments	15	11
Proceeds from the sale of BSN medical	-	433
Proceeds from interest, dividends, and other financing activities	27	27
<b>Net cash flow from investing activities</b>	<b>-49</b>	<b>397</b>
<b>Free cash flow</b>	<b>331</b>	<b>813</b>
Change in financial liabilities	-117	-18
Interest and other financing expenses paid	-26	-26
Cash dividends paid (Beiersdorf AG)	-121	-129
<b>Net cash flow from financing activities</b>	<b>-264</b>	<b>-173</b>
Effect of exchange rate fluctuations and other effects on cash held	14	-8
<b>Net change in cash and cash equivalents</b>	<b>81</b>	<b>632</b>
<b>Cash and cash equivalents as of Sept. 30</b>	<b>371</b>	<b>1,115</b>

<b>Statement of Changes in Equity</b> (in € million)	Jan. 1 – Sept. 30, 2005	Jan. 1 – Sept. 30, 2006
<b>Equity as of Jan. 1</b>	<b>1,033</b>	<b>1,293</b>
Profit after tax	268	592
Dividend of Beiersdorf AG for previous year	-121	-129
Other changes	-10	-10
Currency translation adjustments	51	-26
<b>Equity as of Sept. 30</b>	<b>1,221</b>	<b>1,720</b>

Hamburg, November 2006

Beiersdorf AG  
The Executive Board



## Financial Calendar

Publication of Preliminary Group Results	January 2007
Publication of Annual Report 2006	
Annual Accounts Press Conference	
Financial Analyst Meeting	March 1, 2007
Annual General Meeting	April 26, 2007
Interim Report January to March 2007	May 3, 2007
Interim Report January to June 2007	August 7, 2007
Interim Report January to September 2007	
Financial Analyst Meeting	November 6, 2007

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Pieter Nota,  
Markus Pinger,  
Dr. Bernhard Düttmann

Supervisory Board Chairman: Dieter Ammer