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**Beiersdorf**

Interim Report  
January – June 2007



Eucerin: Highly Effective Products. An International Success.



## Eucerin: Highly Effective Products. An International Success.

More and more consumers have sensitive skin. They need well-tolerated products that offer effective solutions for their special needs. For this reason the medical skin care market is growing strongly.

Eucerin is a leading brand in the area of dermocosmetics and the first choice of consumers in several countries. The products' excellent tolerance and effectiveness are continuously tested in clinical studies. We are expanding Eucerin's market position all over the world with successful innovations and an optimal presentation of our products.

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## Business Developments – Overview

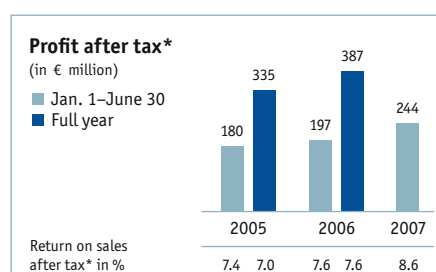
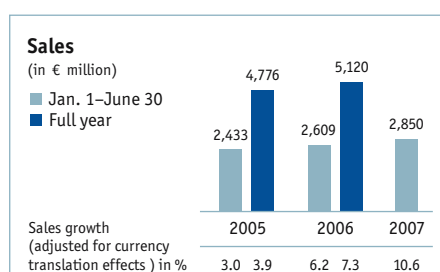
### Strong Sales Growth Continues

- Sales growth of 10.6% (adjusted for currency translation effects)
- Operating result (EBIT)\* up by 16.0%
- EBIT margin\* increases to 13.1%
- Profit after tax\* €244 million

### Outlook for Fiscal Year 2007

- Sales to grow faster than the market
- EBIT margin\* up on previous year
- Continued improvement in return on sales after tax\*

Beiersdorf at a Glance		
in € million (unless otherwise stated)	Jan. 1–June 30, 2006	Jan. 1–June 30, 2007
<b>Sales</b>	<b>2,609</b>	<b>2,850</b>
Change (nominal)	7.2%	9.2%
Change (adjusted for currency translation effects)	6.2%	10.6%
Consumer	2,212	2,426
tesa	397	424
Operating result (EBIT)	263	315
<b>Operating result (EBIT, excluding special factors)</b>	<b>321</b>	<b>373</b>
Profit after tax	518	206
<b>Profit after tax (excluding special factors)</b>	<b>197</b>	<b>244</b>
Return on sales after tax	19.8%	7.2%
<b>Return on sales after tax (excluding special factors)</b>	<b>7.6%</b>	<b>8.6%</b>
Earnings per share in €	2.27	0.90
<b>Earnings per share in € (excluding special factors)</b>	<b>0.86</b>	<b>1.07</b>
Gross cash flow	234	251
Capital expenditure (incl. financial assets)	49	46
Research and development expenses	54	61
Employees (as of June 30)	17,076	16,990



\*Excluding special factors. For details on the special factors, please refer to our selected explanatory notes on page 18.

# Segment Overview

## Business Developments by Business Segment

Sales									
(in € million)	Apr. 1–June 30, 2006 % of total		Apr. 1–June 30, 2007 % of total		Jan. 1–June 30, 2006 % of total		Jan. 1–June 30, 2007 % of total		Change in % nominal    adj. for curr. trans. effects
Consumer	1,137	85.2	1,252	85.6	2,212	84.8	2,426	85.1	9.7    11.1
tesa	197	14.8	211	14.4	397	15.2	424	14.9	6.6    7.9
<b>Total</b>	<b>1,334</b>	<b>100.0</b>	<b>1,463</b>	<b>100.0</b>	<b>2,609</b>	<b>100.0</b>	<b>2,850</b>	<b>100.0</b>	<b>9.2    10.6</b>

EBITDA									
(in € million)	% of sales		% of sales		% of sales		% of sales		Change in % nominal
Consumer	127	11.1	154	12.3	295	13.3	324	13.4	10.1
tesa	24	12.5	29	14.1	50	12.7	58	13.7	15.3
<b>Total</b>	<b>151</b>	<b>11.3</b>	<b>183</b>	<b>12.5</b>	<b>345</b>	<b>13.2</b>	<b>382</b>	<b>13.4</b>	<b>10.9</b>

Operating Result (EBIT)									
(in € million)	% of sales		% of sales		% of sales		% of sales		Change in % nominal
Consumer	83	7.3	119	9.5	226	10.2	268	11.1	18.9
Consumer (excluding special factors)*	141	12.4	167	13.3	284	12.8	326	13.4	14.9
tesa	18	9.2	24	11.3	37	9.4	47	11.0	24.3
<b>Total</b>	<b>101</b>	<b>7.6</b>	<b>143</b>	<b>9.8</b>	<b>263</b>	<b>10.1</b>	<b>315</b>	<b>11.1</b>	<b>19.7</b>
<b>Total (excluding special factors)*</b>	<b>159</b>	<b>11.9</b>	<b>191</b>	<b>13.0</b>	<b>321</b>	<b>12.3</b>	<b>373</b>	<b>13.1</b>	<b>16.0</b>

Gross Cash Flow									
(in € million)	% of sales		% of sales		% of sales		% of sales		Change in % nominal
Consumer	72	6.3	95	7.6	197	8.9	209	8.6	6.6
tesa	21	10.9	22	10.1	37	9.3	42	9.8	12.6
<b>Total</b>	<b>93</b>	<b>7.0</b>	<b>117</b>	<b>8.0</b>	<b>234</b>	<b>8.9</b>	<b>251</b>	<b>8.8</b>	<b>7.5</b>

## Business Developments by Region

Sales									
(in € million)	Apr. 1–June 30, 2006 % of total		Apr. 1–June 30, 2007 % of total		Jan. 1–June 30, 2006 % of total		Jan. 1–June 30, 2007 % of total		Change in % nominal    adj. for curr. trans. effects
Europe	1,027	77.0	1,077	73.6	1,961	75.2	2,084	73.1	6.2    6.1
Americas	160	12.0	188	12.8	343	13.1	375	13.2	9.5    15.9
Africa/Asia/Australia	147	11.0	198	13.6	305	11.7	391	13.7	28.3    34.3
<b>Total</b>	<b>1,334</b>	<b>100.0</b>	<b>1,463</b>	<b>100.0</b>	<b>2,609</b>	<b>100.0</b>	<b>2,850</b>	<b>100.0</b>	<b>9.2    10.6</b>

Operating Result (EBIT)									
(in € million)	% of sales		% of sales		% of sales		% of sales		Change in % nominal
Europe	95	9.3	123	11.4	240	12.2	275	13.2	14.6
Europe (excluding special factors)*	153	14.9	171	15.8	298	15.2	333	16.0	11.6
Americas	1	0.4	5	2.8	5	1.6	11	3.0	106.7
Africa/Asia/Australia	5	3.4	15	7.5	18	5.8	29	7.4	62.4
<b>Total</b>	<b>101</b>	<b>7.6</b>	<b>143</b>	<b>9.8</b>	<b>263</b>	<b>10.1</b>	<b>315</b>	<b>11.1</b>	<b>19.7</b>
<b>Total (excluding special factors)*</b>	<b>159</b>	<b>11.9</b>	<b>191</b>	<b>13.0</b>	<b>321</b>	<b>12.3</b>	<b>373</b>	<b>13.1</b>	<b>16.0</b>

\*For details on the special factors, please refer to our selected explanatory notes on page 18.

Figures in percent are calculated based on thousands of euros.

## News

APRIL

### For a Limited Time Only NIVEA Temporary Shop in Milan



The NIVEA Temporary Shop opened its doors in Milan from April 14 to May 13, offering a beauty area in which consumers received advice from experts on topics such as styling, and makeup. This short-term shop is a project from the creative NIVEA Lab, which implements unusual ideas and projects in order to set and develop new trends.

### New Sustainability Report: Our Responsibility



Beiersdorf's new Sustainability Report has been available on the Internet since April. It shows in detail how the Company is fulfilling its economic, ecological, and social responsibilities, and answers key questions posed by stakeholders – from investors to consumers. A print version also summarizes the most important facts and figures.

### 11th Paul Gerson Unna Prize Awarded

Prof. W. H. Irwin McLean (Scotland) and Dr. Alan Irvine (Ireland) have been awarded this year's renowned Paul Gerson Unna Prize for their research into important genetic causes of neurodermatitis. The prize is awarded by Beiersdorf AG every two years for outstanding work in the field of basic dermatological research. Worth €25,000, it is one of the biggest scientific prizes in the field.

MAY

### International Awards for Beiersdorf and NIVEA

In the United States, retail group Wal-Mart presented Beiersdorf with its "Supplier of Excellence" award for the first quarter of 2007. In Greece, NIVEA SUN was awarded the "Prix de Beauté 2007" as the best sun care product. In addition, the launch of NIVEA VISAGE DNAge day cream in Portugal won the "Master of Distribution 2007" prize in the "cosmetics and perfume products" category.

### NIVEA India Gives First Press Conference



NIVEA India detailed the brand's plans for expansion in a press conference with top finance and lifestyle journalists. The main topic was the launch of the NIVEA FOR MEN range, with the goal of driving forward sales growth in the men's care segment. The press conference is part of the PR activities specifically designed to raise awareness of NIVEA in the Indian media.

### NIVEA Websites: Record Number of Hits



A record number of Internet users visited NIVEA websites worldwide in April 2007. NIVEA now has local Internet presences featuring a uniform brand design in 48 countries. The newest version is the Indian website, which opens up the world of NIVEA to visitors using interactive advice modules, among other things.

JUNE

### NIVEA More and More Popular in China



Over the past two years, Beiersdorf has invested heavily in the growth of NIVEA in China – with great success: NIVEA VISAGE increased its sales in 2006 by more than 50%. Within just three years, NIVEA FOR MEN has become number one in the men's face care segment.

### G8 Summit with tesa scribos

In the course of a discussion forum tesa presented its innovative Holospot technology to international leaders at the G8 Summit in Heiligendamm (Germany). This provides effective protection against brand and product counterfeiting, an important topic at the summit. tesa Holospot allows a product's authenticity to be conclusively verified. Its features range from those that can be seen to digitally encrypted information.

### Further Step in Realignment of Consumer Supply Chain

Beiersdorf is planning to transfer its production from Italy to Spain, Germany, and Poland. This measure is another step in the realignment of the Consumer Supply Chain. The Italian facility, located in Brembate near Milan, has 190 employees and primarily manufactures special products for NIVEA VISAGE, NIVEA body, and NIVEA SUN.

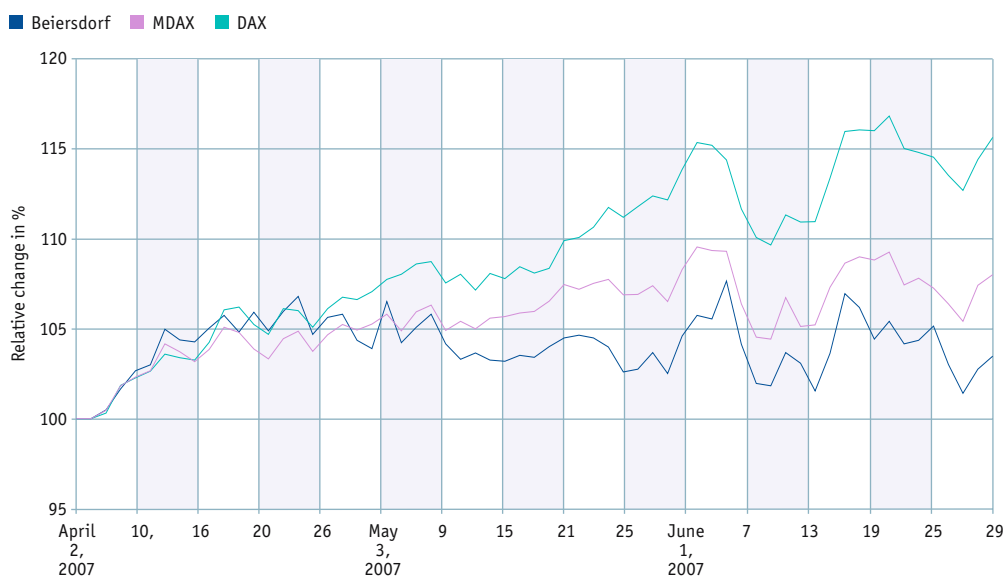
## The Beiersdorf Share

In the second quarter of 2007, shares in the eurozone and the United States increased significantly in value despite the clear rise in long-term investment returns. Against a backdrop of stable and in fact accelerating worldwide economic growth, many companies reported positive business developments in the first months of the year. In spite of the upheavals in February, this positive news flow and the high level of merger and acquisition activity led to greater risk appetite among investors, and hence to rising share prices. This was reflected on the German stock market by strong growth in the DAX, which broke through the 8,000 point mark for the first time, closing the quarter slightly above that level.

The stocks in the European HPC (household and personal care) sector to which Beiersdorf belongs performed much less dynamically than the total market index for Germany. After initially developing in line with the total market index, the HPC index turned in a more neutral performance, closing the first half of the year at a level that was improved but moderate in comparison.

Beiersdorf's share price outperformed the index at the beginning of the quarter. The Executive Board provided the financial community with information about the Company's business development and the implementation of its Consumer Business Strategy at the Annual General Meeting in April and on publication of the first quarter results in May. The rapid acceleration in growth and the continuing success of the launch of NIVEA VISAGE DNage and the relaunch of NIVEA Hair Care were received very positively by the market, and caused our share price to climb temporarily to a new all-time high. In June, the CEO and the CFO held numerous discussions at an investors' conference in Paris. Management provided the market with additional information at road shows in London and Paris about Beiersdorf's strategy and business development. The Beiersdorf share closed the quarter on June 29 at €52.84, above its opening price.

### Beiersdorf Share Price Performance April – June 2007





# Interim Management Report – Group

## Results of Operations – Group

Sales growth of 10.6%

EBIT margin (excluding special factors) climbs to 13.1%

Profit after tax (excluding special factors) up significantly on previous year

In the first half of the year, the Group achieved sales growth of 10.6% (adjusted for currency translation effects). The Consumer business segment contributed to this excellent result with sales up 11.1%, while tesa sales increased by 7.9%. At current exchange rates, sales rose by 9.2% to €2,850 million (previous year: €2,609 million).

Income Statement			
(in € million)	Jan. 1–June 30, 2006	Jan. 1–June 30, 2007	Change in %
<b>Sales</b>	<b>2,609</b>	<b>2,850</b>	<b>9.2</b>
Cost of goods sold	–864	–920	6.4
<b>Gross profit</b>	<b>1,745</b>	<b>1,930</b>	<b>10.6</b>
Marketing and selling expenses	–1,217	–1,342	10.3
Research and development expenses	–54	–61	14.0
General and administrative expenses	–118	–126	6.3
Other operating expenses (net)	–35	–28	–17.7
<b>Operating result (EBIT, excluding special factors)</b>	<b>321</b>	<b>373</b>	<b>16.0</b>
Expenses for the realignment of the Consumer Supply Chain	–58	–58	-
<b>Operating result (EBIT)</b>	<b>263</b>	<b>315</b>	<b>19.7</b>
Income from the sale of BSN medical	371	-	-
Other financial result	–2	14	-
<b>Profit before tax</b>	<b>632</b>	<b>329</b>	<b>–48.0</b>
Taxes on income	–114	–123	7.7
<b>Profit after tax</b>	<b>518</b>	<b>206</b>	<b>–60.3</b>
<b>Basic/diluted earnings per share (in €)</b>	<b>2.27</b>	<b>0.90</b>	<b>–60.5</b>

The operating result excluding special factors increased from €321 million to €373 million. The corresponding EBIT margin rose from 12.3% to 13.1%. Expenses for the realignment of the Consumer Supply Chain in Europe were €58 million, as in the previous year, and include all measures announced to date or currently being implemented.

The other financial result rose by €16 million to €14 million (previous year: €–2 million).

Profit after tax amounted to €206 million (previous year: €518 million). Profit after tax excluding special factors amounted to €244 million (previous year: €197 million); the corresponding return on sales after tax was 8.6% (previous year: 7.6%).

Earnings per share amounted to €0.90 (previous year: €2.27). Earnings per share excluding special factors rose to €1.07 (previous year: €0.86).



## Results of Operations – Business Segments

### Consumer

Consumer business segment up 11.1%

Consumer EBIT margin (excluding special factors) climbs to 13.4%

Consumer (Jan. – June) (in € million)	Europe	Americas	Africa/Asia/ Australia	Total
Sales 2007	1,763	332	331	2,426
Change (adjusted for currency translation effects)	5.8%	18.0%	38.9%	11.1%
Change (nominal)	5.9%	11.5%	32.8%	9.7%
EBIT 2007*	298	7	21	326
EBIT margin 2007*	16.9%	2.2%	6.2%	13.4%
EBIT 2006*	268	3	13	284
EBIT margin 2006*	16.1%	1.0%	5.0%	12.8%

\*Excluding expenses for the realignment of the Consumer Supply Chain (Europe only).

Sales rose significantly by 11.1% (adjusted for currency translation effects) in the first half of the year. At current exchange rates, the Consumer business segment achieved sales growth of 9.7% to €2,426 million (previous year: €2,212 million). Strong double-digit growth was again seen in the Eastern Europe, Latin America, and Africa/Asia/Australia regions in particular.

Global NIVEA sales rose by 13.0%. This positive development was driven primarily by strong sales growth for NIVEA body, NIVEA deodorant, NIVEA VISAGE, and NIVEA FOR MEN. The successful relaunch of NIVEA Hair Care continued. NIVEA products generated sales of €1,800 million in the first half of the year. Sales growth for the Eucerin and la prairie brands remained above average.

At €326 million (previous year: €284 million), Consumer EBIT (excluding special factors) increased faster than sales. The operating EBIT margin rose to 13.4% (previous year: 12.8%).



<b>Consumer Sales in Europe</b> (Jan. – June) (in € million)				
	Germany	Western Europe (not including Germany)	Eastern Europe	<b>Total</b>
Sales 2007	496	985	282	1,763
Change (adjusted for currency translation effects)	–3.1%	4.5%	33.0%	5.8%
Change (nominal)	–3.1%	4.3%	34.8%	5.9%

In **Europe**, sales in the Consumer business segment grew by 5.8% in comparison with the previous year (adjusted for currency translation effects). At current exchange rates, sales rose by 5.9% to €1,763 million (previous year: €1,665 million).

Sales to customers in **Germany** were 4.3% above the previous year. Our NIVEA body, NIVEA deodorant, and NIVEA Bath Care brands accounted for a significant share of sales growth. NIVEA body continued to benefit from the successful launch of NIVEA Good-bye Cellulite, and NIVEA Summer Beauty also performed well. Our Eucerin brand again enjoyed above-average growth in the pharmacy business. Beiersdorf AG's export sales, to the Middle East and the member countries of the Commonwealth of Independent States (CIS) in particular, were transferred to our affiliates in Dubai and Russia respectively starting in the third quarter of 2006. This led to a corresponding decrease in exports from Germany to these countries.

Sales in **Western Europe** rose by 4.5% (adjusted for currency translation effects). The La Prairie Group (+17.3%), Greece (+15.5%), and the UK/Ireland Group (+7.4%) made particularly strong contributions to this. NIVEA deodorant, NIVEA VISAGE – among other products the strong performance of the NIVEA VISAGE DNAGE skin care range – and NIVEA Hair Care contributed positively to sales growth. Our la prairie and Eucerin brands again generated double-digit growth rates.

Sales growth in **Eastern Europe** remained extremely strong with a rise of 33.0%. We recorded double-digit growth rates in Russia, Poland, and in all other major Eastern European markets.

In Russia, NIVEA FOR MEN, NIVEA Hair Care, and NIVEA deodorant were the main growth drivers. In Poland, NIVEA deodorant, NIVEA body, and NIVEA Hair Care performed particularly well. The transfer of Beiersdorf AG's (Germany) export sales to the Russian affiliate contributed approximately six percentage points to this region's growth rate.

At €298 million (previous year: €268 million), Consumer EBIT in Europe (excluding special factors) increased faster than sales. The corresponding EBIT margin rose to 16.9% (previous year: 16.1%).

Consumer Sales in the Americas (Jan. – June) (in € million)			
	North America	Latin America	Total
Sales 2007	168	164	332
Change (adjusted for currency translation effects)	9.9%	28.1%	18.0%
Change (nominal)	2.0%	23.3%	11.5%

In the **Americas** region, sales increased by 18.0% (adjusted for currency translation effects). At current exchange rates, sales amounted to €332 million, up 11.5% on the previous year (€298 million).

In **North America**, sales (adjusted for currency translation effects) were up 9.9% on the prior-year period. The continuing success of the NIVEA body relaunch is largely responsible for this. In addition, our Eucerin brand performed extremely well. The sale of the low-margin, slow-growing Curad brand plaster business in the United States in April 2007 slightly reduced the strong growth rate in North America.

We recorded 28.1% sales growth in **Latin America** (adjusted for currency translation effects). All major markets contributed to this development with double-digit growth. In addition to the key markets of Mexico (+19.3%) and Brazil (+38.3%), Argentina (+55.1%) and Venezuela (+45.3%) in particular recorded strong growth rates. NIVEA deodorant, NIVEA VISAGE, and NIVEA Bath Care performed especially well in this region.

Consumer EBIT in America rose to €7 million (previous year: €3 million). The EBIT margin was 2.2% (previous year: 1.0%).

Consumer Sales in Africa/Asia/Australia (Jan. – June) (in € million)	
	Africa/Asia/ Australia
Sales 2007	331
Change (adjusted for currency translation effects)	38.9%
Change (nominal)	32.8%

At 38.9%, **Africa/Asia/Australia** achieved excellent sales growth (adjusted for currency translation effects). At current exchange rates, sales amounted to €331 million, up 32.8% on the previous year (€249 million).

South Africa (+57.2%), China (+40.1%), and Thailand (+28.7%) made particularly strong contributions to our rapid sales growth. NIVEA body and NIVEA deodorant recorded significant growth increases in South Africa. In China, growth was driven primarily by the performance of NIVEA VISAGE and NIVEA FOR MEN. Thailand recorded high sales growth in almost all product categories. In Japan, sales increased by 5.5% (adjusted for currency translation effects), thanks especially to our 8x4 brand's excellent positioning on the Japanese deodorant market, but also to increases in sales of NIVEA SUN and NIVEA FOR MEN. In India, we are building our business as planned and recording high growth rates, although these are still based on relatively small sales figures in absolute terms.



The transfer of export sales from Beiersdorf AG (Germany) to our company in Dubai, formed in 2006, contributed approximately 18 percentage points of the growth in this region.

Consumer EBIT for this region climbed to €21 million (previous year: €13 million). The EBIT margin was 6.2% (previous year: 5.0%).

## tesa

tesa business segment grows by 7.9%

tesa EBIT margin climbs to 11.0%

tesa (Jan. – June) (in € million)	Europe	Americas	Africa/Asia/ Australia	Total
Sales 2007	320	44	60	424
Change (adjusted for currency translation effects)	7.8%	1.9%	13.4%	7.9%
Change (nominal)	8.0%	–3.8%	8.1%	6.6%
EBIT 2007	35	4	8	47
EBIT margin 2007	10.8%	9.0%	13.7%	11.0%
EBIT 2006	30	2	5	37
EBIT margin 2006	10.0%	5.8%	9.4%	9.4%

tesa sales were up 7.9% (adjusted for currency translation effects) on the previous year. At current exchange rates, tesa achieved sales of €424 million, an increase of 6.6% in comparison with the previous year.

This positive trend continued in both tesa's industrial and consumer businesses in the second quarter. In the consumer business, all regions recorded increases as against 2006, with both Northern Europe and Eastern Europe achieving double-digit sales growth.

tesa also performed extremely well in the industrial business. Both its industrial customer business and its direct business grew impressively, with the largest sales growth again attributed to electrical and electronics industry customers.

The Eastern European (+19.3%) and Africa/Asia/Australia (+13.4%) regions in particular recorded double-digit sales growth in the tesa segment (adjusted for currency translation effects). The positive development in the industrial sector (+7.8%) and in the consumer business (+5.9%) in the Central European region is also encouraging.

EBIT climbed to €47 million (previous year: €37 million), while the EBIT margin increased to 11.0% (previous year: 9.4%).

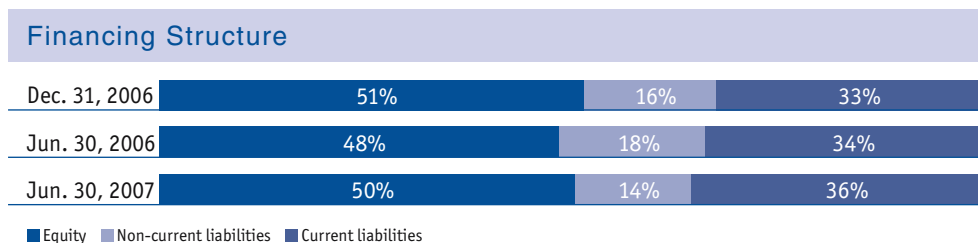


## Balance Sheet Structure – Group

Balance Sheet			
Assets (in € million)	Dec. 31, 2006	Jun. 30, 2006	Jun. 30, 2007
Non-current assets	814	904	792
Inventories	548	560	570
Other current assets	904	1,006	1,137
Cash and cash equivalents	1,230	938	1,217
	<b>3,496</b>	<b>3,408</b>	<b>3,716</b>
Equity and liabilities (in € million)	Dec. 31, 2006	Jun. 30, 2006	Jun. 30, 2007
Equity	1,790	1,640	1,850
Non-current liabilities	547	599	527
Current liabilities	1,159	1,169	1,339
	<b>3,496</b>	<b>3,408</b>	<b>3,716</b>

At €792 million, non-current assets as of June 30 were significantly below the previous year's level, as well as below the figures at the end of 2006. As part of the realignment of the Consumer Supply Chain, production and logistics locations were sold or impaired at fair value. In the first half of 2007, capital expenditure excluding financial assets amounted to €45 million (previous year: €44 million). €37 million (previous year: €34 million) of this figure was attributable to the Consumer business segment and €8 million (previous year: €10 million) to tesa. Depreciation and impairment losses amounted to €67 million (previous year: €82 million). At €570 million, inventories were only slightly higher than in the previous year (€560 million), despite the expansion of business activities. The positive sales trend resulted in higher trade receivables and thus to a significant increase in other current assets to €1,137 million.

There have only been minor changes in non-current liabilities since December 31, 2006. The increase in other provisions resulting from operating activities and higher trade payables caused current liabilities to swell to €1,339 million.



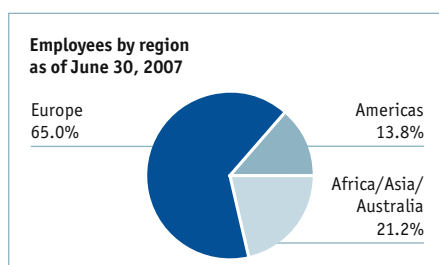
## Financial Position – Group

<b>Cash Flow Statement</b> (in € million)	<b>Jan. 1–June 30, 2006</b>	<b>Jan. 1–June 30, 2007</b>
<b>Cash and cash equivalents as of Jan. 1</b>	<b>483</b>	<b>1,230</b>
Gross cash flow	234	251
Change in working capital	–15	–101
Net cash flow from operating activities	219	150
Net cash flow from investing activities	409	–1
Free cash flow	628	149
Net cash flow from financing activities	–165	–161
Exchange rate and other changes	–8	–1
Net change in cash and cash equivalents	455	–13
<b>Cash and cash equivalents as of June 30</b>	<b>938</b>	<b>1,217</b>

Gross cash flow amounted to €251 million. The net cash outflow from changes in working capital amounted to €101 million. This was primarily due to an increase in trade receivables caused by positive business development. Overall, net cash flow from operating activities amounted to €150 million. Net cash flow from investing activities amounted to €–1 million. Capital expenditure including financial assets (€46 million) were matched by €45 million in interest receivables and other cash inflows. In the previous year, this position included cash inflows from the sale of our investment in BSN medical (€433 million). Free cash flow reached €149 million. The net cash outflow from financing activities amounted to €161 million, due to the dividend payment of €136 million as well as interest and other financing expenses in the amount of €25 million. Cash and cash equivalents totaled €1,217 million.

## Employees

The number of employees fell by 182 to 16,990 compared with the figure of December 31, 2006. As of June 30, 13,201 employees worked in the Consumer business segment and 3,789 at tesa.



## Other Disclosures

### **A Further Step in the Realignment of the Consumer Supply Chain**

As part of the realignment of the Consumer Supply Chain, Beiersdorf is planning to transfer production from the facility owned by its Italian affiliate to the existing Beiersdorf production locations in Spain, Germany, and Poland.

### **Adoption of the 2008 Corporate Tax Reform in Germany**

On July 6, 2007, after the balance sheet date, the *Bundesrat* (Upper House of the German Parliament) approved the *Unternehmensteuerreformgesetz* (Corporate Taxation Reform Act). In accordance with IFRSs, the applicable tax rates as of the balance sheet date are used to calculate the Group's deferred taxes. The tax implications of the reform are thus not yet reflected in the half-yearly financial statements. With effect from the third quarter, we expect the recalculation of deferred taxes to impact profit after tax positively.

## Opportunities and Risks

For more information on opportunities and risks, please refer to our Risk Report in the Combined Management Report of Beiersdorf AG and the Group as of December 31, 2006. There were no changes in opportunities and risks during the first half year.





## Outlook for 2007

### Expected Macroeconomic Developments

We expect the positive macroeconomic trends to continue in fiscal year 2007. Our assessment of future developments is based on the assumption that current growth rates will be maintained.

The global cosmetics market is expected to continue its long-term trend growth of 3% to 4%. Despite some positive developments, we continue to anticipate moderate growth in the major markets of Western Europe. On the other hand, we expect significant growth increases in Eastern Europe, Latin America, and Asia.

For the industry and consumer markets that are relevant to tesa, we expect growth rates to remain unchanged at 3% to 4%, although regional developments may vary substantially.

For the raw materials and procurement market, we expect raw material prices to trend upwards as the year continues, also driven by the robust global economy.

### Expected Business Developments

After an excellent first half of 2007, the **Beiersdorf Group** expects to outperform the market in terms of sales growth.

The EBIT margin (excluding special factors) should increase further. EBIT will continue to be impacted by expenses of approximately €70 million relating to the realignment of the Consumer Supply Chain this year.

We are forecasting a disproportionately high increase in profit after tax (excluding special factors), resulting in a further improvement in the return on sales after tax. Due to the 2008 corporate tax reform in Germany adopted in July 2007, we expect the recalculation of deferred taxes to have an additional positive effect on profit after tax. This effect will be recognized for the first time in the interim financial statements as of September 30, 2007.

Based on the sustained growth in the first half of the year, we expect sales growth (adjusted for currency translation effects) for the entire year in the **Consumer** business segment to be at the top end of the 7% to 8% target range. We continue to forecast especially strong growth rates in China, Russia, Brazil, and India.

The Consumer business segment's EBIT margin (excluding special factors) will continue to increase.

The **tesa** business segment should outperform the market in terms of sales growth, and further increase its EBIT margin.

# Interim Consolidated Financial Statements

<b>Income Statement</b>				
(in € million)	Apr. 1–June 30, 2006	Apr. 1–June 30, 2007	Jan. 1–June 30, 2006	Jan. 1–June 30, 2007
<b>Sales</b>	<b>1,334</b>	<b>1,463</b>	<b>2,609</b>	<b>2,850</b>
Cost of goods sold	–443	–486	–864	–920
<b>Gross profit</b>	<b>891</b>	<b>977</b>	<b>1,745</b>	<b>1,930</b>
Marketing and selling expenses	–627	–685	–1,217	–1,342
Research and development expenses	–27	–31	–54	–61
General and administrative expenses	–58	–62	–118	–126
Other operating expenses (net)	–20	–8	–35	–28
<b>Operating result (EBIT, excluding special factors)</b>	<b>159</b>	<b>191</b>	<b>321</b>	<b>373</b>
Expenses for the realignment of the Consumer Supply Chain	–58	–48	–58	–58
<b>Operating result (EBIT)</b>	<b>101</b>	<b>143</b>	<b>263</b>	<b>315</b>
Income from the sale of BSN medical	–	–	371	–
Other financial result	–2	8	–2	14
<b>Profit before tax</b>	<b>99</b>	<b>151</b>	<b>632</b>	<b>329</b>
Taxes on income	–43	–57	–114	–123
<b>Profit after tax</b>	<b>56</b>	<b>94</b>	<b>518</b>	<b>206</b>
Profit attributable to equity holders	55	93	516	204
Profit attributable to minority interests	1	1	2	2
<b>Basic/diluted earnings per share (in €)</b>	<b>0.24</b>	<b>0.41</b>	<b>2.27</b>	<b>0.90</b>

<b>Balance Sheet</b>			
Assets (in € million)	Dec. 31, 2006	June 30, 2006	June 30, 2007
Intangible assets	30	29	28
Property, plant, and equipment	740	830	717
Other non-current assets	12	17	13
Deferred tax assets	32	28	34
<b>Non-current assets</b>	<b>814</b>	<b>904</b>	<b>792</b>
Inventories	548	560	570
Trade receivables	727	845	937
Income tax receivables	25	23	19
Other current assets	116	138	179
Cash and cash equivalents	1,230	938	1,217
Non-current assets and disposal groups held for sale	36	–	2
<b>Current assets</b>	<b>2,682</b>	<b>2,504</b>	<b>2,924</b>
	<b>3,496</b>	<b>3,408</b>	<b>3,716</b>
Equity and liabilities (in € million)	Dec. 31, 2006	June 30, 2006	June 30, 2007
Equity attributable to equity holders of Beiersdorf AG	1,781	1,633	1,843
Minority interests	9	7	7
<b>Equity</b>	<b>1,790</b>	<b>1,640</b>	<b>1,850</b>
Non-current provisions	419	436	412
Non-current financial liabilities	8	24	7
Other non-current liabilities	8	6	10
Deferred tax liabilities	112	133	98
<b>Non-current liabilities</b>	<b>547</b>	<b>599</b>	<b>527</b>
Current provisions	469	542	619
Trade payables	485	397	518
Current financial liabilities	62	63	56
Other current liabilities	120	167	146
Liabilities held for sale	23	–	–
<b>Current liabilities</b>	<b>1,159</b>	<b>1,169</b>	<b>1,339</b>
	<b>3,496</b>	<b>3,408</b>	<b>3,716</b>

<b>Cash Flow Statement</b>		
(in € million)	Jan. 1–June 30, 2006	Jan. 1–June 30, 2007
<b>Cash and cash equivalents as of Jan. 1</b>	<b>483</b>	<b>1,230</b>
<b>Operating result (EBIT)</b>	<b>263</b>	<b>315</b>
Income taxes paid	–114	–113
Depreciation and amortization	82	67
Change in non-current provisions (excluding interest)	3	–8
Gain/loss on disposal of property, plant, and equipment and intangible assets	–	–10
<b>Gross cash flow</b>	<b>234</b>	<b>251</b>
Change in inventories	–24	–22
Change in trade receivables and other assets	–153	–246
Change in liabilities and current provisions	162	167
<b>Net cash flow from operating activities</b>	<b>219</b>	<b>150</b>
Investments	–49	–46
Proceeds from divestments	9	14
Proceeds from the sale of BSN medical	433	–
Proceeds from interest, dividends, and other financing activities	16	31
<b>Net cash flow from investing activities</b>	<b>409</b>	<b>–1</b>
<b>Free cash flow</b>	<b>628</b>	<b>149</b>
Change in financial liabilities	–16	–6
Interest and other financing expenses paid	–20	–19
Cash dividends paid (Beiersdorf AG)	–129	–136
<b>Net cash flow from financing activities</b>	<b>–165</b>	<b>–161</b>
Exchange rate and other changes	–8	–1
<b>Net change in cash and cash equivalents</b>	<b>455</b>	<b>–13</b>
<b>Cash and cash equivalents as of June 30</b>	<b>938</b>	<b>1,217</b>

<b>Statement of Changes in Equity</b>							
January – June 2007 (in € million)	Share capital	Additional paid-in capital	Retained earnings	Other equity		Minority interests	Total
				Currency translation adjustment	Other changes		
<b>Jan. 1, 2007</b>	<b>252</b>	<b>47</b>	<b>1,587</b>	<b>–93</b>	<b>–12</b>	<b>9</b>	<b>1,790</b>
Net result from cash flow hedges	–	–	–	–	–1	–	–1
Currency translation adjustment	–	–	–	–14	–	–	–14
Other changes	–	–	–5	–	14	–4	5
<i>Total income and expenses recognized directly in equity</i>	–	–	–5	–14	13	–4	–10
Dividend of Beiersdorf AG for previous year	–	–	–136	–	–	–	–136
Profit after tax	–	–	204	–	–	2	206
<b>June 30, 2007</b>	<b>252</b>	<b>47</b>	<b>1,650</b>	<b>–107</b>	<b>1</b>	<b>7</b>	<b>1,850</b>
<b>January – June 2006</b>							
<b>Jan. 1, 2006</b>	<b>215</b>	<b>47</b>	<b>1,096</b>	<b>–62</b>	<b>–16</b>	<b>13</b>	<b>1,293</b>
Net result from cash flow hedges	–	–	–	–	6	–	6
Currency translation adjustment	–	–	–	–31	–	–1	–32
Other changes	37	–	–37	–	–9	–7	–16
<i>Total income and expenses recognized directly in equity</i>	37	0	–37	–31	–3	–8	–42
Dividend of Beiersdorf AG for previous year	–	–	–129	–	–	–	–129
Profit after tax	–	–	516	–	–	2	518
<b>June 30, 2006</b>	<b>252</b>	<b>47</b>	<b>1,446</b>	<b>–93</b>	<b>–19</b>	<b>7</b>	<b>1,640</b>

## Selected Explanatory Notes

### Information on the Company and on the Group

The registered office of Beiersdorf AG is at Unnastrasse 48 in Hamburg (Germany) and the Company is registered with the commercial register of the Hamburg Local Court under the number HRB 1787. The activities of Beiersdorf AG and its affiliates ("Beiersdorf Group") consist primarily of the manufacture and distribution of branded consumer goods in the areas of skin and beauty care, and of the manufacture and distribution of technical adhesive tapes.

### Basis of Preparation

The interim consolidated financial statements for the period from January 1 to June 30, 2007, were prepared in accordance with IAS 34 "Interim Financial Reporting." The interim consolidated financial statements should be read in conjunction with the consolidated financial statements as of December 31, 2006.

### Accounting Policies

The figures disclosed in this interim report were prepared in accordance with International Financial Reporting Standards (IFRSs). The same accounting policies were used in the interim consolidated financial statements as in the annual consolidated financial statements for 2006. The interim report was not audited or limitedly reviewed.

### Special Factors Affecting Earnings

The following table shows a reconciliation of earnings with regard to the special factors that affected earnings in the period under review and the prior-year period:

Reconciliation of Profit After Tax			
Jan. 1–June 30, 2006 (in € million)	According to P&L	Special factors	Adjusted
EBIT	263	58	321
Financial result	369	–371	–2
Taxes	–114	–8	–122
<b>Profit after tax</b>	<b>518</b>	<b>–321</b>	<b>197</b>

Jan. 1–June 30, 2007	According to P&L	Special factors	Adjusted
EBIT	315	58	373
Financial result	14	–	14
Taxes	–123	–20	–143
<b>Profit after tax</b>	<b>206</b>	<b>38</b>	<b>244</b>

Special factors affecting EBIT relate to expenses for the realignment of the Consumer Supply Chain in Europe. The special factor affecting the financial result relates to the income from the sale of the shares of BSN medical in the prior-year period.

### Related Party Disclosures

Please refer to the consolidated financial statements as of December 31, 2006, for related party disclosures. There were no significant changes in the first half of 2007.

### Corporate Governance

The declaration of compliance issued by the Supervisory Board and the Executive Board for fiscal year 2006 regarding the recommendations of the German Corporate Governance Code in accordance with §161 *Aktiengesetz* (German Stock Corporation Act) was published at the end of December 2006 and is permanently available on our website at [www.Beiersdorf.com](http://www.Beiersdorf.com).

## Events After the Balance Sheet Date

No significant events occurred after the balance sheet date that would have a material effect on the Beiersdorf Group's business developments.

## Responsibility Statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the fiscal year.

Hamburg, August 2007

Beiersdorf AG

The Executive Board

## Additional Information

### Financial Calendar

<b>November 6, 2007</b>	Interim Report January to September 2007, Financial Analyst Meeting
<b>January 2008</b>	Publication of Preliminary Group Results
<b>February/March 2008</b>	Publication of Annual Report 2007, Annual Accounts Press Conference, Financial Analyst Meeting
<b>April 30, 2008</b>	Annual General Meeting
<b>May 2008</b>	Interim Report January to March 2008
<b>August 2008</b>	Interim Report January to June 2008
<b>November 2008</b>	Interim Report January to September 2008, Financial Analyst Meeting

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The interim report is also available in German and a digital version is available on the Internet at [www.Beiersdorf.com/interim\\_report](http://www.Beiersdorf.com/interim_report).

Commercial Register Hamburg HRB 1787

# BDF ●●●● Beiersdorf

Passion for Skin & Beauty Care



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