



NIVEA Hair Care: Set for Success in a Growth Market



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With a large number of product innovations, the hair care market is extremely dynamic. For men and women around the globe, hair care and styling play a key role in their personal appearance. The ongoing development of NIVEA Hair Care is strengthening Beiersdorf's international positioning as a skin and beauty care company. In the beauty care market, the hair care segment recorded a significant global sales growth. For NIVEA Hair Care, currently available in 25 countries, this area offers enormous growth potential. Therefore, the following years will see the continuation of NIVEA Hair Care's expansion strategy into further markets.

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Business Developments – Overview

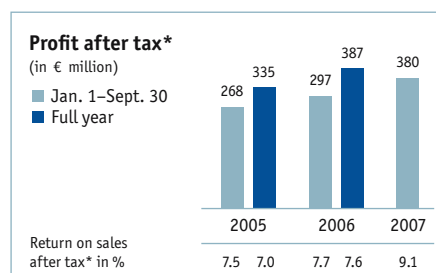
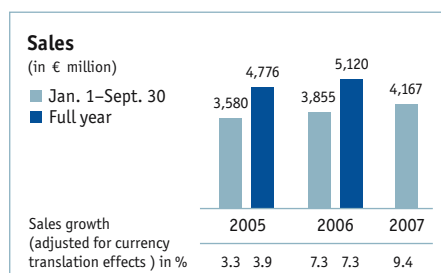
Strong Sales Growth Continues

- Sales growth of 9.4% (adjusted for currency translation effects)
- Operating result (EBIT)* up by 14.8%
- EBIT margin* increases to 12.7%
- Profit after tax* €380 million

Outlook for Fiscal Year 2007

- Sales growth will significantly outstrip the market at around 8%
- EBIT margin* will top 12%
- Continued improvement in return on sales after tax to above 8%*

Beiersdorf at a Glance		
in € million (unless otherwise stated)	Jan. 1–Sept. 30, 2006	Jan. 1–Sept. 30 2007
Sales	3,855	4,167
Change (nominal)	7.7%	8.1%
Change (adjusted for currency translation effects)	7.3%	9.4%
Consumer	3,260	3,531
tesa	595	636
Operating result (EBIT)	365	467
Operating result (EBIT, excluding special factors)	462	531
Profit after tax**	592	338
Profit after tax (excluding special factors)**	297	380
Return on sales after tax**	15.4%	8.1%
Return on sales after tax (excluding special factors)**	7.7%	9.1%
Earnings per share in €	2.59	1.49
Earnings per share in € (excluding special factors)	1.29	1.68
Gross cash flow	319	361
Capital expenditure (incl. financial assets)	74	74
Research and development expenses	82	91
Employees (as of September 30)	17,303	17,285



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

**Profit after tax in 2007 includes a positive effect amounting to €19 million of the recalculation of deferred taxes as a result of the reduction of tax rates starting in Germany in 2008. This effect was not classified as a special factor.

Segment Overview

Business Developments by Business Segment

Sales									
(in € million)	July 1–Sept. 30, 2006 % of total		July 1–Sept. 30, 2007 % of total		Jan. 1–Sept. 30, 2006 % of total		Jan. 1–Sept. 30, 2007 % of total		Change in % nominal adj. for curr. trans. effects
Consumer	1,048	84.1	1,105	83.9	3,260	84.6	3,531	84.7	8.3
tesa	198	15.9	212	16.1	595	15.4	636	15.3	7.0
Total	1,246	100.0	1,317	100.0	3,855	100.0	4,167	100.0	8.1

EBITDA									
(in € million)	% of sales		% of sales		% of sales		% of sales		Change in % nominal
Consumer	137	13.1	143	12.9	432	13.2	467	13.2	8.2
tesa	26	13.3	30	13.9	76	12.9	88	13.8	14.4
Total	163	13.1	173	13.1	508	13.2	555	13.3	9.2

Operating Result (EBIT)									
(in € million)	% of sales		% of sales		% of sales		% of sales		Change in % nominal
Consumer	82	7.8	129	11.6	308	9.4	397	11.2	29.0
<i>Consumer (excluding special factors)*</i>	<i>121</i>	<i>11.6</i>	<i>135</i>	<i>12.2</i>	<i>405</i>	<i>12.4</i>	<i>461</i>	<i>13.0</i>	<i>13.7</i>
tesa	20	10.1	23	11.1	57	9.7	70	11.0	22.1
Total	102	8.2	152	11.5	365	9.5	467	11.2	27.9
<i>Total (excluding special factors)*</i>	<i>141</i>	<i>11.3</i>	<i>158</i>	<i>12.0</i>	<i>462</i>	<i>12.0</i>	<i>531</i>	<i>12.7</i>	<i>14.8</i>

Gross Cash Flow									
(in € million)	% of sales		% of sales		% of sales		% of sales		Change in % nominal
Consumer	72	6.9	84	7.6	269	8.3	293	8.3	9.0
tesa	13	6.5	26	12.4	50	8.4	68	10.7	36.6
Total	85	6.8	110	8.4	319	8.3	361	8.7	13.3

Business Developments by Region

Sales									
(in € million)	July 1–Sept. 30, 2006 % of total		July 1–Sept. 30, 2007 % of total		Jan. 1–Sept. 30, 2006 % of total		Jan. 1–Sept. 30, 2007 % of total		Change in % nominal adj. for curr. trans. effects
Europe	882	70.8	910	69.1	2,844	73.8	2,994	71.8	5.3
Americas	188	15.1	197	14.9	530	13.8	572	13.8	7.8
Africa/Asia/Australia	176	14.1	210	16.0	481	12.4	601	14.4	25.2
Total	1,246	100.0	1,317	100.0	3,855	100.0	4,167	100.0	8.1

Operating Result (EBIT)									
(in € million)	% of sales		% of sales		% of sales		% of sales		Change in % nominal
Europe	76	8.7	125	13.7	316	11.1	400	13.4	26.3
<i>Europe (excluding special factors)*</i>	<i>115</i>	<i>13.1</i>	<i>131</i>	<i>14.4</i>	<i>413</i>	<i>14.5</i>	<i>464</i>	<i>15.5</i>	<i>12.0</i>
Americas	11	5.6	8	4.3	16	3.0	20	3.5	23.6
Africa/Asia/Australia	15	8.5	19	8.9	33	6.8	47	7.9	45.6
Total	102	8.2	152	11.5	365	9.5	467	11.2	27.9
<i>Total (excluding special factors)*</i>	<i>141</i>	<i>11.3</i>	<i>158</i>	<i>12.0</i>	<i>462</i>	<i>12.0</i>	<i>531</i>	<i>12.7</i>	<i>14.8</i>

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

Figures in percent are calculated based on thousands of euros.

News

JULY

Fresh Air for the Skin: NIVEA VISAGE Oxygen Power



For the first time, researchers at Beiersdorf have managed to stabilize 15% pure oxygen in a cream: the innovative, NIVEA VISAGE Oxygen Power is available as a day cream, a night cream, and a cleansing gel in 20 European countries and Australia. There are plans to expand the product range and launch it in other countries in 2008.

Hansaplast's Social Responsibility in Indonesia

A school destroyed by an earthquake in Central Java has been rebuilt, thanks to the involvement of Beiersdorf. The money-raising project was undertaken with local aid organization Titian Foundation under the motto "Hansaplast peduli" ("Hansaplast cares"). The governor of the region opened the new buildings at a ceremony in July.

Launch of NIVEA Hair Care Straight & Easy



In July, NIVEA Hair Care launched the new Straight & Easy hair care and styling products to great success, providing long-awaited help for wavy and frizzy hair. The innovative product range will be launched in around 20 European countries in the course of 2008.

AUGUST

Start of the Umbrella Brand Campaign "Beauty is..."



NIVEA's global umbrella brand campaign started in Germany on August 27. By the end of 2008, the campaign will introduce NIVEA's globally uniform brand appearance in over 60 countries. "Beauty is..." something different for everyone: This is Beiersdorf's response to the changing self-image and individual beauty needs of women worldwide.

NIVEA VISAGE in India



Beiersdorf has launched the NIVEA VISAGE essential line into India's fiercely competitive face care market. Accompanied by an extensive media campaign, NIVEA is mainly targeting women in India's metropolitan areas who seek care and protection for their skin: "Puts back into your skin what the city takes out of it".

Ground-Breaking Ceremony in Shanghai

China's rapid growth is the reason for the new factory being built in Shanghai for NIVEA products, which are becoming increasingly popular in the Chinese market. The foundation stone was laid in August, paving the way for an expansion in production capacity. The motto for the ceremony was taken from an ancient legend, according to which a fish that leaps over the Dragon's Gate turns into a dragon, symbolizing growth and advancement in quality.

SEPTEMBER

20 Years of Luxury Skin Care from la prairie



la prairie Caviar Collection is marking its 20th anniversary with a special edition of the Skin Caviar Luxe Cream. For a short period, the traditional blue jar will be concealed within handmade packaging encrusted with glittering Swarovski crystals. The use of the luxury ingredient caviar inside the jar is therefore reflected in the product's external look as well.

Launch of NIVEA Hair Care in France



In France, the main event in September was the market launch of NIVEA Hair Care. Because the hair care and styling segment still has enormous growth potential, the French affiliate is expecting the newly launched products to bring a sharp rise in sales and market share.

Corporate Sustainability in Brazil

The Brazilian affiliate's new corporate sustainability program was presented to the public at a celebratory event in September. In addition to its long-standing commitment to society through Casa NIVEA, it is now cooperating with the "Institut Ayrton Senna", which each year aims to offer 2,700 teenagers from the region a better education and therefore better future prospects.

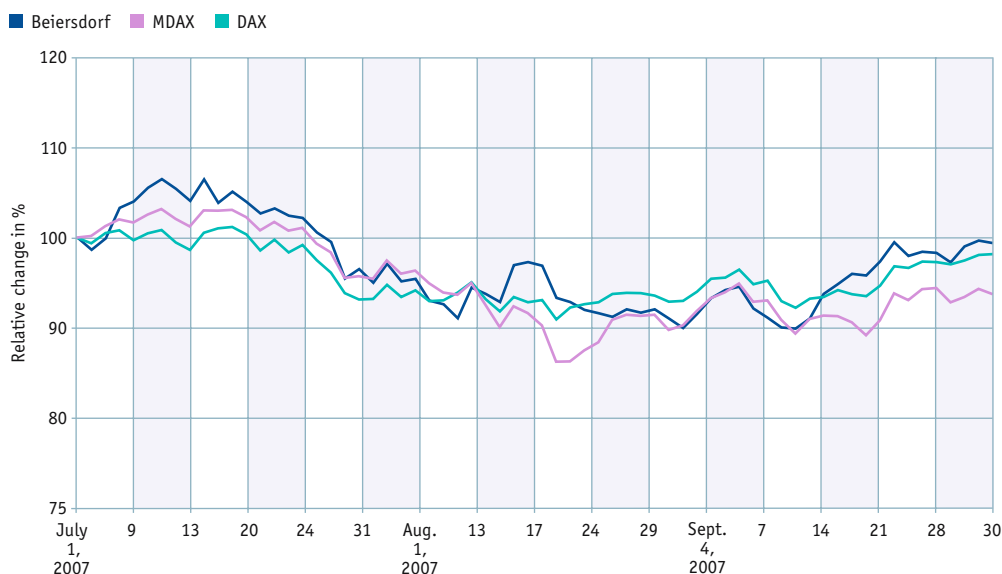
The Beiersdorf Share

From the end of May until well into the third quarter, prices on the international stock markets fell sharply, reflecting investors' concerns over the strained situation in the US subprime mortgage market. The re-pricing of credit risk led to increased risk aversion and had a significant impact on share prices worldwide. Observers believe that both the US and the European stock markets came under heavy pressure not so much because the positive profit forecasts of companies in the eurozone were revised, but primarily because investors were demanding higher risk premiums in return for holding shares. These losses were partly reversed in September as, despite the turbulence, many market participants expect the economy to remain robust overall over the coming years. The DAX also fell sharply until the middle of the quarter, but then rose slightly again and ended the quarter at 7,862 points.

In the European HPC (Household and Personal Care) sector, the reporting season largely confirmed the forecasts for 2007; on this basis, the index turned in a slightly better performance than the market as a whole, and rose sharply at the end of the quarter.

The Beiersdorf share made a strong start to the third quarter and outperformed the German indices in July. The results published for the second quarter met market expectations; in a conference call on August 7, the Executive Board reported on the implementation of the Consumer Business Strategy. During direct discussions with the capital market, the CEO and CFO explained Beiersdorf's business development, and were available to answer the financial community's questions. After moving up for a short period following the publication of the results, the price of our share moved sideways along with the indices for several weeks. The capital market responded well to the launch of the NIVEA umbrella brand campaign at the end of August. At a roadshow through Italy and Switzerland, management explained this important further development in marketing the largest Beiersdorf brand. At the end of September, our share was ahead of the DAX and the MDAX. It closed at EUR 52.52, the price at the beginning of the quarter.

Beiersdorf Share Price Performance July – September 2007



Interim Management Report – Group

Results of Operations – Group

Sales growth of 9.4%

EBIT margin (excluding special factors) climbs to 12.7%

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

Until the third quarter, the Group achieved sales growth of 9.4% (adjusted for currency translation effects). The Consumer business segment contributed to this strong result with sales up 9.6%, while tesa sales rose by 8.2%. At current exchange rates, sales rose by 8.1% to €4,167 million (previous year: €3,855 million).

Income Statement			
(in € million)	Jan. 1–Sept. 30, 2006	Jan. 1–Sept. 30, 2007	Change in %
Sales	3,855	4,167	8.1
Cost of goods sold	–1,299	–1,362	4.9
Gross profit	2,556	2,805	9.8
Marketing and selling expenses	–1,789	–1,963	9.7
Research and development expenses	–82	–91	11.2
General and administrative expenses	–181	–185	2.2
Other operating expenses (net)	–42	–35	–15.7
Operating result (EBIT, excluding special factors)	462	531	14.8
Expenses for the realignment of the Consumer Supply Chain	–97	–64	–34.6
Operating result (EBIT)	365	467	27.9
Income from the sale of BSN medical	371	–	–
Other financial result	1	21	–
Profit before tax	737	488	–33.8
Taxes on income	–145	–150	3.3
Profit after tax	592	338	–42.9
Basic/diluted earnings per share (in €)	2.59	1.49	–42.5

The operating result excluding special factors increased from €462 million to €531 million. The corresponding EBIT margin rose from 12.0% to 12.7%. Expenses for the realignment of the Consumer Supply Chain in Europe were €64 million (previous year: €97 million).

The other financial result rose, based on higher interest income, by €20 million to €21 million (previous year: €1 million).

Taxes include a positive effect of the recalculation of deferred taxes amounting to €19 million, resulting from the reduction of tax rates in Germany starting in 2008. Profit after tax amounted to €338 million (previous year: €592 million). Profit after tax excluding special factors amounted to €380 million (previous year: €297 million); the corresponding return on sales after tax was 9.1% (previous year: 7.7%).

Earnings per share amounted to €1.49 (previous year: €2.59). Earnings per share excluding special factors rose to €1.68 (previous year: €1.29).



Results of Operations – Business Segments

Consumer

Consumer business segment up 9.6% on previous year
Consumer EBIT margin (excluding special factors) climbs to 13.0%

Consumer (Jan. – Sept.) (in € million)	Europe	Americas	Africa/Asia/ Australia	Total
Sales 2007	2,520	503	508	3,531
Change (adjusted for currency translation effects)	4.7%	14.9%	33.7%	9.6%
Change (nominal)	4.8%	9.1%	28.7%	8.3%
EBIT 2007*	414	13	34	461
EBIT margin 2007*	16.4%	2.6%	6.6%	13.0%
EBIT 2006*	372	10	23	405
EBIT margin 2006*	15.5%	2.2%	5.8%	12.4%

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

Sales rose significantly by 9.6% (adjusted for currency translation effects) in the first nine months of the year. At current exchange rates, the Consumer business segment increased sales by 8.3% to €3,531 million (previous year: €3,260 million). Double-digit growth was again seen in the Eastern Europe, Latin America, and Africa/Asia/Australia regions.

Global NIVEA sales rose by 11.7%. This positive development was driven primarily by strong sales growth for NIVEA body, NIVEA deodorant, NIVEA VISAGE, and NIVEA FOR MEN. On the other hand, NIVEA SUN recorded lower growth rates as a result of the bad weather. The very successful relaunch of NIVEA Hair Care continued. Sales growth for the Eucerin and la prairie brands remained above average.

At €461 million (previous year: €405 million), Consumer EBIT (excluding special factors) increased faster than sales. The operating EBIT margin rose to 13.0% (previous year: 12.4%).

Consumer Sales in Europe (Jan. – Sept.) (in € million)				
	Germany	Western Europe (not including Germany)	Eastern Europe	Total
Sales 2007	723	1,387	410	2,520
Change (adjusted for currency translation effects)	–5.0%	4.3%	30.1%	4.7%
Change (nominal)	–5.0%	4.0%	32.2%	4.8%

In **Europe**, sales in the Consumer business segment grew by 4.7% in comparison with the previous year (adjusted for currency translation effects). At current exchange rates, sales rose by 4.8% to €2,520 million (previous year: €2,404 million).

The export sales of Beiersdorf AG (Germany), 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 during the third quarter of 2006. This led to a corresponding decrease in exports from Germany to these countries; total sales in Germany declined by 5.0%.

Sales to customers within **Germany** were 1.0% up on the previous year. Our NIVEA body, NIVEA deodorant, and NIVEA Bath Care brands all contributed significantly to this result. NIVEA Good-bye Cellulite has become very well established following the relaunch. Our Eucerin brand again enjoyed above-average growth in the pharmacy business.

Sales in **Western Europe** rose by 4.3% (adjusted for currency translation effects). The La Prairie Group (+13.6%), Greece (+15.1%) and Spain (+8.9%) made particularly positive contributions. NIVEA deodorant, NIVEA Hair Care and NIVEA VISAGE, again supported by the success of the NIVEA VISAGE DNAge skin care range, all performed very well. Our la prairie and Eucerin brands again generated double-digit sales growth.

Sales growth in **Eastern Europe** remained very strong with a rise of 30.1%. Russia, Poland, and all the other major Eastern European markets again generated double-digit sales growth.

In Russia, growth was driven primarily by NIVEA FOR MEN, NIVEA deodorant, and NIVEA Hair Care. In Poland, NIVEA deodorant, NIVEA VISAGE, and NIVEA body were the key drivers of growth. The transfer of the export sales of Beiersdorf AG (Germany) to the affiliate in Russia increased the growth rate in this region by around five percentage points.

At €414 million (previous year: €372 million), Consumer EBIT in Europe (excluding special factors) increased faster than sales. The corresponding EBIT margin rose to 16.4% (previous year: 15.5%).

Consumer Sales in the Americas (Jan. – Sept.) (in € million)			
	North America	Latin America	Total
Sales 2007	240	263	503
Change (adjusted for currency translation effects)	7.2%	23.3%	14.9%
Change (nominal)	–0.4%	19.5%	9.1%

In the **Americas** region, sales increased by 14.9% (adjusted for currency translation effects). At current exchange rates, sales amounted to €503 million, up 9.1% on the previous year (€461 million).

In **North America**, sales (adjusted for currency translation effects) were up 7.2% on sales in the prior-year period. The success of the NIVEA body relaunch continued to be the key growth driver. Our Eucerin brand also performed extremely well.

In **Latin America**, we again achieved excellent, double-digit growth with sales up 23.3% (adjusted for currency translation effects). All major markets contributed to this. In addition to the key markets of Mexico (+19.3%) and Brazil (+19.2%), Venezuela (+49.5%) and Argentina (+46.9%) in particular recorded strong growth rates. NIVEA deodorant, NIVEA Bath Care, and NIVEA VISAGE performed especially well in this region.

Consumer EBIT in America rose to €13 million (previous year: €10 million). The EBIT margin was 2.6% (previous year: 2.2%).

Consumer Sales in Africa/Asia/Australia (Jan. – Sept.) (in € million)	
	Africa/Asia/ Australia
Sales 2007	508
Change (adjusted for currency translation effects)	33.7%
Change (nominal)	28.7%

At 33.7%, **Africa/Asia/Australia** achieved excellent sales growth (adjusted for currency translation effects). At current exchange rates, sales amounted to €508 million, up 28.7% on the previous year (€395 million).

Our companies in South Africa (+56.2%), China (+39.0%), and Thailand (+21.1%) recorded particularly strong growth rates. In South Africa, NIVEA deodorant and NIVEA body were the key growth drivers. In China, growth was driven primarily by the performance of NIVEA VISAGE and NIVEA FOR MEN. Thailand recorded double-digit sales growth in almost all product categories. In Japan, sales increased by 4.0% (adjusted for currency translation effects), thanks to our 8x4 brand's excellent positioning on the Japanese deodorant market, but also to high double-digit sales growth for NIVEA SUN and NIVEA FOR MEN.



The transfer of export sales from Beiersdorf AG (Germany) to our company in Dubai, formed in 2006, contributed approximately 15 percentage points of the growth in this region.

Consumer EBIT for this region climbed to €34 million (previous year: €23 million). The EBIT margin was 6.6% (previous year: 5.8%).

tesa

tesa business segment grows by 8.2%

tesa EBIT margin climbs to 11.0%

tesa (Jan. – Sept.) (in € million)	Europe	Americas	Africa/Asia/ Australia	Total
Sales 2007	474	69	93	636
Change (adjusted for currency translation effects)	7.6%	5.2%	13.8%	8.2%
Change (nominal)	7.8%	–0.4%	8.9%	7.0%
EBIT 2007	50	6	14	70
EBIT margin 2007	10.5%	9.5%	14.8%	11.0%
EBIT 2006	42	6	9	57
EBIT margin 2006	9.5%	8.8%	11.1%	9.7%

tesa sales were up 8.2% (adjusted for currency translation effects) on the previous year. At current exchange rates, tesa achieved sales of €636 million, an increase of 7.0% in comparison with the previous year.

The positive trend seen in the first half of 2007 continued in both tesa's industrial business and its consumer business in the third quarter.

The highest growth rates achieved in the industrial sector were attributable to direct business with electrical and electronics industry customers and solutions for the automotive industry. The positive trend seen in the first half of the year also continued in tesa's business with industrial customers.

The consumer business again recorded excellent growth rates, to which the positive trend in the do-it-yourself segment was a primary contributor.

In the third quarter, growth in the tesa business segment continued to be driven by all regions. The Eastern Europe (+20.1%) and Africa/Asia/Australia (+13.8%) regions again achieved double-digit sales growth (adjusted for currency translation effects).

EBIT climbed to €70 million (previous year: €57 million), while the EBIT margin increased to 11.0% (previous year: 9.7%).



Balance Sheet Structure – Group

Balance Sheet			
Assets (in € million)	Dec. 31, 2006	Sept. 30, 2006	Sept. 30, 2007
Non-current assets	814	870	750
Inventories	548	593	590
Other current assets	904	914	1,071
Cash and cash equivalents	1,230	1,115	1,369
	3,496	3,492	3,780
Equity and Liabilities (in € million)	Dec. 31, 2006	Sept. 30, 2006	Sept. 30, 2007
Equity	1,790	1,720	1,972
Non-current liabilities	547	575	520
Current liabilities	1,159	1,197	1,288
	3,496	3,492	3,780

At €750 million, non-current assets as of September 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 written down to fair value. In 2007, capital expenditure excluding financial assets amounted to €72 million (previous year: €69 million). €57 million of this figure was attributable to the Consumer business segment (previous year: €54 million) and €15 million to tesa (previous year: €15 million). Depreciation, amortization, and impairment losses amounted to €88 million (previous year: €143 million). The previous year's high figure was due in particular to high depreciation, amortization, and impairment losses in connection with the realignment of the Consumer Supply Chain. At €590 million, inventories were only slightly higher than in the previous year (€593 million), despite the expansion of business activities. The positive sales trend resulted in higher trade receivables, and thus in a significant increase in other current assets to €1,071 million.

Non-current liabilities declined to €520 million because of a number of factors, including the remeasurement of deferred tax liabilities as a consequence of the 2008 business tax reform in Germany. The increase in other provisions resulting from operating activities caused current liabilities to swell to €1,288 million.

Financing Structure

Dec. 31, 2006	51%	16%	33%
Sept. 30, 2006	49%	17%	34%
Sept. 30, 2007	52%	14%	34%

■ Equity ■ Non-current liabilities ■ Current liabilities

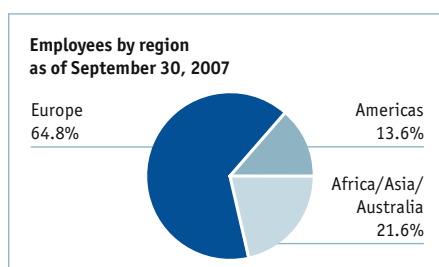
Financial Position – Group

Cash Flow Statement (in € million)	Jan. 1–Sept. 30, 2006	Jan. 1–Sept. 30, 2007
Cash and cash equivalents as of Jan. 1	483	1,230
Gross cash flow	319	361
Change in working capital	97	–44
Net cash flow from operating activities	416	317
Net cash flow from investing activities	397	–1
Free cash flow	813	316
Net cash flow from financing activities	–173	–170
Exchange rate and other changes	–8	–7
Net change in cash and cash equivalents	632	139
Cash and cash equivalents as of Sept. 30	1,115	1,369

Gross cash flow amounted to €361 million. The net cash outflow from changes in working capital amounted to €44 million. Overall, the net cash flow from operating activities amounted to €317 million. The net cash outflow from investing activities amounted to €1 million. Capital expenditure including financial assets (€74 million) was matched by €73 million in interest income 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 amounted to €316 million. The net cash outflow from financing activities amounted to €170 million, due to the dividend payment of €136 million as well as interest and other financing expenses in the amount of €34 million. Cash and cash equivalents totaled €1,369 million.

Employees

The number of employees grew by 113 to 17,285 compared to the figure on December 31, 2006. As of September 30, 13,471 employees worked in the Consumer business segment and 3,814 at tesa.



Other Disclosures

Acquisition of Majority Stake in C-BONS Hair Care

On October 2, 2007, Beiersdorf AG entered into an agreement to acquire 85% of the shares of C-BONS Hair Care, a leading company in the Chinese hair care market, through its 100% Austrian affiliate Beiersdorf CEE Holding GmbH. The purchase price is based on an enterprise value (excluding financial liabilities and cash) of €317 million for 100% of C-BONS Hair Care, and therefore amounts to approximately €270 million for an 85% share. The completion of the transaction is subject to standard market conditions and is expected this year. With this purchase, Beiersdorf is expanding its existing Chinese business by adding an extensive range of hair care products with brands that are strong and well-known in China, such as “SLEK” and “Maestro”, and a very well-developed sales network.

2008 Business Tax Reform in Germany

The Business Taxation Reform Act was adopted in Germany on July 6, 2007. As a result of the reduction in tax rates starting in 2008, deferred taxes affected by the change were remeasured for the Group. This results in a positive effect on profit after tax, which was reflected for the first time in the financial statements as of September 30, 2007, in the amount of €19 million.

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 significant changes in opportunities and risks as of September 30, 2007.



Outlook for 2007

Expected Macroeconomic Developments

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

The global cosmetics market is expected to continue its long-term trend growth of 3% to 4% this year.

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 in the remaining months of the year.

Expected Business Developments

We are expecting full-year sales growth for the Group which, at approximately 8%, will significantly outperform the market.

The EBIT margin (excluding special factors) is expected to increase to over 12% (previous year: 11.7%). EBIT will continue to be impacted by expenses of approximately €70 million (previous year: €120 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 to above 8% (previous year: 7.6%). Due to the 2008 business tax reform in Germany adopted in July 2007, deferred taxes were remeasured for the Group. This will have a positive effect on profit after tax amounting to about €20 million.

Based on the sustained growth in the past nine months, we are raising our growth forecasts for the full year and are expecting growth of slightly above 8% (adjusted for currency translation effects) for the **Consumer** business segment. We continue to forecast especially strong growth rates in China, Russia, Brazil, and India.

The Consumer business segment's EBIT margin (excluding special factors) should reach approximately 12.5%, thus exceeding the previous year's figure (12.1%).

Sales in the **tesa** business segment are also expected to outpace the market at approximately 7%. The EBIT margin should reach approximately 10%, thereby exceeding the previous year's margin (9.2%).

Interim Consolidated Financial Statements

Income Statement				
(in € million)	July 1–Sept. 30, 2006	July 1–Sept. 30, 2007	Jan. 1–Sept. 30, 2006	Jan. 1–Sept. 30, 2007
Sales	1,246	1,317	3,855	4,167
Cost of goods sold	–435	–442	–1,299	–1,362
Gross profit	811	875	2,556	2,805
Marketing and selling expenses	–572	–621	–1,789	–1,963
Research and development expenses	–28	–30	–82	–91
General and administrative expenses	–63	–59	–181	–185
Other operating expenses (net)	–7	–7	–42	–35
Operating result (EBIT, excluding special factors)	141	158	462	531
Expenses for the realignment of the Consumer Supply Chain	–39	–6	–97	–64
Operating result (EBIT)	102	152	365	467
Income from the sale of BSN medical	–	–	371	–
Other financial result	3	7	1	21
Profit before tax	105	159	737	488
Taxes on income	–31	–27	–145	–150
Profit after tax	74	132	592	338
Profit attributable to equity holders	72	130	588	334
Profit attributable to minority interests	2	2	4	4
Basic/diluted earnings per share (in €)	0.32	0.59	2.59	1.49

Balance Sheet			
Assets (in € million)	Dec. 31, 2006	Sept. 30, 2006	Sept. 30, 2007
Intangible assets	30	28	26
Property, plant, and equipment	740	796	675
Other non-current assets	12	16	10
Deferred tax assets	32	30	39
Non-current assets	814	870	750
Inventories	548	593	590
Trade receivables	727	765	829
Income tax receivables	25	21	20
Other current assets	116	128	177
Cash and cash equivalents	1,230	1,115	1,369
Non-current assets and disposal groups held for sale	36	–	45
Current assets	2,682	2,622	3,030
	3,496	3,492	3,780
Equity and Liabilities (in € million)	Dec. 31, 2006	Sept. 30, 2006	Sept. 30, 2007
Equity attributable to equity holders of Beiersdorf AG	1,781	1,712	1,964
Minority interests	9	8	8
Equity	1,790	1,720	1,972
Non-current provisions	419	413	412
Non-current financial liabilities	8	23	7
Other non-current liabilities	8	6	10
Deferred tax liabilities	112	133	91
Non-current liabilities	547	575	520
Current provisions	469	595	614
Trade payables	485	383	467
Current financial liabilities	62	62	59
Other current liabilities	120	157	148
Liabilities held for sale	23	–	–
Current liabilities	1,159	1,197	1,288
	3,496	3,492	3,780

Cash Flow Statement		
(in € million)	Jan. 1–Sept. 30, 2006	Jan. 1–Sept. 30, 2007
Cash and cash equivalents as of Jan. 1	483	1,230
Operating result (EBIT)	365	467
Income taxes paid	–167	–174
Depreciation and amortization	143	88
Change in non-current provisions (excluding interest)	–22	–9
Gain/loss on disposal of property, plant, and equipment and intangible assets	–	–11
Gross cash flow	319	361
Change in inventories	–57	–42
Change in trade receivables and other assets	–57	–134
Change in liabilities and current provisions	211	132
Net cash flow from operating activities	416	317
Investments	–74	–74
Proceeds from divestments	11	23
Proceeds from the sale of BSN medical	433	0
Proceeds from interest, dividends, and other financing activities	27	50
Net cash flow from investing activities	397	–1
Free cash flow	813	316
Change in financial liabilities	–18	–3
Interest and other financing expenses paid	–26	–31
Cash dividends paid (Beiersdorf AG)	–129	–136
Net cash flow from financing activities	–173	–170
Exchange rate and other changes	–8	–7
Net change in cash and cash equivalents	632	139
Cash and cash equivalents as of Sept. 30	1,115	1,369

Statement of Changes in Equity							
January – September 2007 (in € million)	Share capital	Additional paid-in capital	Retained earnings	Other equity		Minority interests	Total
				Currency translation adjustment	Other changes		
Jan. 1, 2007	252	47	1,587	–93	–12	9	1,790
Net result from cash flow hedges	–	–	–	–	4	–	4
Currency translation adjustment	–	–	–	–19	–	–	–19
Other changes	–	–	–7	–7	14	–5	–5
<i>Total income and expenses recognized directly in equity</i>	–	–	–7	–26	18	–5	–20
Dividend of Beiersdorf AG for previous year	–	–	–136	–	–	–	–136
Profit after tax	–	–	334	–	–	4	338
Sept. 30, 2007	252	47	1,778	–119	6	8	1,972
January – September 2006							
Jan. 1, 2006	215	47	1,096	–62	–16	13	1,293
Net result from cash flow hedges	–	–	–	–	5	–	5
Currency translation adjustment	–	–	–	–26	–	–	–26
Other changes	37	–	–37	–	–7	–4	–11
<i>Total income and expenses recognized directly in equity</i>	37	–	–37	–26	–2	–4	–32
Dividend of Beiersdorf AG for previous year	–	–	–129	–	–	–	–129
Profit after tax	–	–	588	–	–	–	588
Sept. 30, 2006	252	47	1,518	–88	–18	9	1,720

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 financial statements for the period from January 1 to September 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–Sept. 30, 2006 (in € million)	According to P&L	Special factors	Adjusted
EBIT	365	97	462
Financial result	372	–371	1
Taxes	–145	–21	–166
Profit after tax	592	–295	297

Jan. 1–Sept. 30, 2007 (in € million)	According to P&L	Special factors	Adjusted
EBIT	467	64	531
Financial result	21	–	21
Taxes	–150	–22	–172
Profit after tax	338	42	380

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 as of September 30, 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 *Aktengesetz* (German Stock Corporation Act) was published at the end of December 2006 and is permanently available on our website at www.Beiersdorf.com.

Events After the Balance Sheet Date

Apart from the acquisition of the majority interest in C-BONS Hair Care, mentioned in the Group's Interim Management Report, no further significant events occurred after the balance sheet date that would have a material effect on the Beiersdorf Group's business developments.

Hamburg, November 2007

Beiersdorf AG

The Executive Board

Additional Information

Financial Calendar

January 2008	Publication of Preliminary Group Results
February 28, 2008	Publication of Annual Report 2007, Annual Accounts Press Conference, Financial Analyst Meeting
April 30, 2008	Annual General Meeting
May 6, 2008	Interim Report January to March 2008
August 5, 2008	Interim Report January to June 2008
November 4, 2008	Interim Report January to September 2008, Financial Analyst Meeting

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Beiersdorf on the Internet: www.Beiersdorf.com



The interim report is also available in German and a digital version is available on the Internet at www.Beiersdorf.com/interim_report.

Commercial Register Hamburg HRB 1787

BDF ●●●● Beiersdorf

Passion for Skin & Beauty Care



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