BDF ●●●●

Beiersdorf

Annual Report 2004

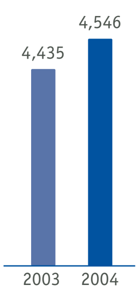
Execution Counts

Putting Words into Action: Execution Counts

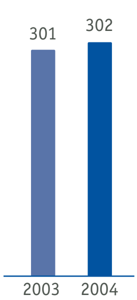
As a leading international branded consumer goods company, we are experts in all skin-related areas, we concentrate on a selected number of strong international brand families – and we focus on consumers' needs. Our Annual Report this year addresses one theme that is of prime importance and forms the basis of our success: the consistent execution of our strategy. Using specific examples from our business process, we want to show how our strategy results in the right actions.

Beiersdorf at a Glance

Group sales
(in € million)



Group profit after tax
(in € million)



in € million (unless otherwise stated)	2003	2004
Sales	**4,435**	**4,546**
Change in % (nominal)	-1.3	2.5
Change in % (adjusted*)	4.2	4.5
Consumer	3,739	3,840
tesa	696	706
EBITDA	**614**	**656**
Operating result (EBIT)	**455**	**483**
Profit after tax	**301**	**302**
Return on sales (after tax) in %	6.8	6.6
Earnings per share in €	3.50	3.88
Total dividend	**121**	**121**
Dividend per share in €	1.60	1.60
Gross cash flow	**377**	**493**
Capital expenditure (incl. financial assets)	**162**	**165**
Research and development expenses	**97**	**101**
Employees (as of Dec. 31)	**16,664**	**16,492**

* adjusted for currency translation effects; 2004 after adjustment for the sale of a small part of the tesa US business

Throughout this report the figures of the previous year were restated to reflect the new reporting structure (BSN medical at equity). A detailed comparison of the old and new structure is printed on pages 58 and 59.

The Year in Review

NIVEA: First place in "Reader's Digest Most Trusted Brands 2004"

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

Beiersdorf AG concludes share buyback program

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

The Beiersdorf Group invests in Hamburg

The foundation stone for the new logistics center in Hamburg was laid on June 18, 2004. Total investments amount to around €10 million. Beiersdorf's growth strategy requires the expansion of its warehouse capacity to ensure that the Company's products continue to be delivered to customers quickly and efficiently in the future.

Beiersdorf wins IR award

On July 7, 2004, Beiersdorf was recognized for the best investor relations services out of 198 companies examined by the German business magazine Capital and the DVFA – the German Society of Financial Analysis and Asset Management. Scoring 492.7 out of a possible 500 points, Beiersdorf set a new record. The timeliness, credibility and quality of reporting, as well as the soundness of the Company's corporate governance were the criteria used for evaluation.

Opening of the new Beiersdorf skin research center

On August 30, 2004, Beiersdorf opened Germany's largest and most modern skin research center in the presence of Hamburg's Mayor Ole von Beust and many guests from business and politics. The Company has invested €38 million in the 16,000 m^2 building complex, in which around 650 scientists from all over the world work on basic dermatological research and product development.

Beiersdorf Annual Report wins award

Recognition for Beiersdorf's Annual Report 2003: on September 1, 2004, it was ranked first in the MDAX category by the judges of manager magazin's "Best Annual Report" competition. The competition is the most comprehensive comparison of annual reports in Germany and one of the largest in Europe. The reports were assessed on content, financial communication, reporting effectiveness, design, and language.

Austria: NIVEA is the top brand of 2004

Appeal, quality, and value for money were the criteria used by Austrian consumers to select their top brands in a brand study. The clear winner was NIVEA – the traditional Creme, as well as NIVEA VISAGE and NIVEA bath care.

la prairie SWITZERLAND

Australia: "2004 Beauty Award" for la prairie

Recognition for la prairie CELLULAR NIGHT REPAIR CREAM: the cream was voted the best anti-aging skin care product by "New Woman" – the most successful Australian women's lifestyle magazine.

Sweden: Kungsbacka Environmental Award 2004

Beiersdorf Nordic was awarded the Kungsbacka Environmental Award 2004 on November 20 – "Environmental Day." This is primarily due to the company's exemplary wastewater treatment which limits contaminants to a minimum and thus substantially reduces exposure to the environment.

New generation in Beiersdorf's Executive Board

Beiersdorf AG's Supervisory Board announced after its January 20, 2005 meeting a rejuvenated Executive Board as Rolf Kunisch and Uwe Wölfer will retire.

Thomas-Bernd Quaas (52) will become Chairman of the Executive Board (CEO) effective with the Annual General Meeting on May 18, 2005. He started his career in 1979 with Beiersdorf and has been an Executive Board member since 1999.

Responsibility for "Brands" will be taken over by Pieter Nota (40) as of May 1, 2005, an experienced marketing manager from Unilever. Markus Pinger (41), up to then General Manager Beiersdorf Nordic, will assume responsibility for "Supply Chain" as of April 1, 2005.

Pieter Nota

Markus Pinger

To further profit from Rolf Kunisch's industrial experience, he will be proposed to the Annual General Meeting to be elected into the Supervisory Board.

The Beiersdorf Group Annual Report 2004

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The Executive Board of Beiersdorf AG

Dr. Rolf Kunisch

Born in 1941 in Arolsen
Member of the Executive Board since 1991

Chairman of the Executive Board since 1994

Corporate Development/
Corporate Communication

Letter from the Chairman

Ladies and Gentlemen,

2004 was a difficult year, but Beiersdorf again generated record sales and earnings. The Executive Board and Supervisory Board will be proposing a dividend of €1.60 for each share entitled to dividend to the Annual General Meeting, the same as last year.

Our worldwide sales rose by 2.5 %. On a comparable basis, the increase was 4.5 %. A number of European markets were weak, but we exceeded our long-term target of 8 % growth in all other regions. With a profit after tax of €302 million we also achieved a new record level despite the financing cost for the share buyback.

The power of our innovations, the strength of our brands, and the expertise of our employees make me confident that we will meet our further sales targets while further improving our earnings margins. Not only do we pursue a clear strategy, but we also work hard on executing it well in all countries worldwide.

This successful execution is largely due to the commitment and expertise of our employees. They use our global strategy as a basis for their work in all parts of the world, implement it by using their local knowledge, and are proud of the success in their countries.

Pride in our local success, the quality of our strategic brand management, and the expertise and desire for innovation of our research and development people guarantee the long-term success of our brands. If the secret to “eternal youth” were ever found, then it would be by us ...

On a personal note: after eleven years as Chairman of the Executive Board of Beiersdorf AG, I will be retiring at the end of the 2005 Annual General Meeting. My successor, Thomas-Bernd Quaas, has been an Executive Board member since 1999 and will bring new ideas and fresh energy for the future while preserving the continuity that distinguishes our Company. This will generate Beiersdorf’s further continuous growth.

The Executive Board wants to extend its thanks to all employees and their representatives around the world for their constructive cooperation. We thank our customers and our shareholders for their loyalty, and our business partners for their support.

Sincerely,

Rolf Kunisch
Chairman of the Executive Board

Peter Kleinschmidt

Born in 1950 in Rostock
Member of the Executive Board since 2003

Human Resources: HR/Administration/Environmental Protection

Thomas-Bernd Quaas

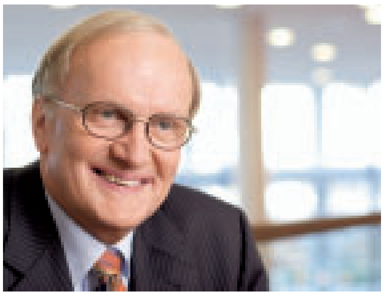
Born in 1952 in Glauchau
Member of the Executive Board since 1999

Supply Chain: Procurement/Production/Logistics

Rolf-Dieter Schwalb

Born in 1952 in Giessen
Member of the Executive Board since 2000

Finance: Finance/Controlling/IT



Uwe Wölfer

Born in 1943 in Berlin
Member of the Executive Board since 1994

Brands: Marketing/Research & Development/Sales

Execution Counts

Doing the Right Thing: Systematically Executing Our Strategy.

To gain consumers' trust, we have to know and meet their needs. Something that we are devoting every effort to.

We focus on a selected number of strong international brands: NIVEA, Eucerin, Labello, 8x4, atrix, la prairie, JUVENA, Florena, FUTURO, and Hansaplast/ Elastoplast. tesa develops adhesive applications for industrial customers and consumers. We manage our brands on a continuous basis and orient them towards consumers.

We base our work on our corporate strategy, in which we clearly pledge to focus our actions on consumers' needs. We put this commitment into practice every day. We are measured by our deeds, not our words.

We have one key goal at all stages of our business process: to achieve the best possible results. On the following pages, we will show you how we do this step by step: starting with our consumers' needs and moving on to our retail partnerships and supply chain management before finishing up with research and development and the commitment of our employees.

Meeting Needs

Getting Close to Our Consumers.

To be close to consumers, we develop products with compelling features – products that are useful, appealing, trustworthy, and reliable. Products that enhance daily life. That is our goal, and our benchmark for quality.

We want to know exactly what consumers want. With the help of our market research we can turn these needs into products. One example is NIVEA Bath Care Firming Massage Shower: an innovative massaging head that stimulates the circulation and firms the skin, combined with a moisturizing shower gel that prevents skin from drying out. The product, which was awarded the 2004 German Packaging Prize, is impressing consumers throughout the whole of Europe. The new silver plasters from Hansaplast med and Elastoplast are also fully tailored to what consumers want. They prevent infections and aid wound healing.

Along with product quality, customer service also plays an important role for us. We seek direct contact with our consumers – and use various opportunities to keep in contact on an ongoing basis.

For example:

- www.NIVEA.com: a number of interactive features, such as hair care tips, a portal especially for men, or NIVEA's expertise in providing care and advice. A real success: the number of visitors to the website has quadrupled over the past three years.

Daily companion

Beiersdorf products are an integral part of everyday life. Cream? Naturally, you think of NIVEA. Lip care? Labello! Plasters? Elastoplast! Success that is based on systematic consumer orientation.

Close to the consumer with ten international brands

- Customer correspondence: many Eucerin consumers receive mail four to five times a year with samples and scientific background and other product information.
- Customer Service Hotline: skilled personnel handle telephone and e-mail queries from consumers at our communication center. In most cases, the highly trained staff can help immediately.

Through ongoing contact, we become better and better acquainted with consumers and can strategically cater to their needs. As a result of this personal contact, we ensure customer closeness and establish trust.

This trust is also strengthened by the fact that consumers can buy our products everywhere they expect to – another form of closeness that is part of customer loyalty and customer management. This is facilitated and supported by intensive cooperation with our retail partners.

One-stop shopping

The new NIVEA shops present our entire range of around 500 products in a single location. In a consumer survey, 97 % of the respondents enjoyed being able to find all of the products in one place, while 98 % praised the visual layout of the shops.

Experiencing Success Together

Achieving Cooperation: Our Retail Partners. Whether in supermarkets, drugstores, perfume retailers, or pharmacies: the number of sales channels is high. Our products can be found in the environment that is appropriate for each of them.

We maintain intensive cooperation with our retail partners and we count on a fair partnership that leads to success for both parties. Our dedicated sales team forms the key basis for this. Our sales force act as contacts for the retail trade, providing service and advising them at the same time.

Our sales consultants have long been doing more than just introducing new products and selling to retailers. Take the example of Eucerin and pharmacies: in addition to evening classes about skin care and the product range, pharmacists are also given advice on positioning and decoration. This category management approach which we adopt for our brands helps consumers to orient themselves.

Sales promotion campaigns in supermarkets and drugstores, for example, form another successful component of our cooperation. Retailers set aside space for us to present our brands, thereby boosting sales for them.

NIVEA: per capita sales in 2004

NIVEA's per capita sales (at retail prices) show that the world's largest body care brand still has substantial growth potential.

The NIVEA shops in large German department stores are the most recent example of this cooperation. The entire NIVEA range is presented in an exclusive format covering an area of around 30 m². This is the ideal platform to acquire new consumers and establish consumer loyalty through professional advice and special activities such as skin tests. This can prove decisive in times of increasing price competition. Our retail partners also benefit from the increased attractiveness of their offerings and new buying impulses. We pursue similar concepts in Austria with the NIVEA Club Center and in South Africa with the NIVEA Care Center, for example.

But wherever our products are sold, a successful partnership depends on a sufficient amount of our products being on the shelves. But how do the products get there from the factory?

Fast and flexible

In 2004, 350,000 pallets were moved in Beiersdorf's Hamburg logistics center. 60 % of the products went to international affiliales. In 99 % of cases in Germany, deliveries to customers are effected within 72 hours.

From the Factory to the Retailer

Realizing Our Potential: Our Supply Chain Management.

Many tasks, but only one area: since 2003, all global procurement, production, logistics and quality management activities have been bundled into the newly-established Supply Chain function.

The requirements are very broad. Which is why it is all the more important to link the various processes in such a way that the journey from the factory to the shelf runs smoothly. More than a third of all Beiersdorf employees worldwide work on a daily basis to:

- reduce production costs,
- keep inventories as low as possible throughout the entire supply chain, and
- continuously increase service and product quality.

We invest heavily in the continuous improvement of our supply chain management. For instance, new production facilities in Brazil were opened in 2003. We opened a new logistics center in France in 2004 with an area of 20,000 m^2, 28,500 pallet spaces, state-of-the-art technology and the highest safety standards. Total capital expenditure: €19 million. In the same year, we laid the foundation stone for a new high-bay warehouse in Hamburg with space for 15,500 pallets, in addition to the 60,000 spaces already available.

This new high-bay warehouse is equipped with state-of-the-art technology and connected with the old warehouses at the materials handling level – for even shorter distances and more efficient routes.

This integration is exemplary. We also implement it on a global level with the help of our SAP system, which is designed for utilization worldwide and is being used at more and more affiliates. It shows the respective inventories of the production facilities and calculates what is needed in each case to be able to supply our products in line with customer requirements.

Our production and logistics structure, which also integrates our retail partners, guarantees high availability of our products on shelves worldwide.

However, before a product can be delivered at all, it first has to be researched, developed, and marketed. Let’s take a look at our research and development activities, as well as at our marketing.

Research. Develop. Market.

Perfecting Our Ideas: Our Strong Brands.

We generate a substantial portion of our sales with products that were launched within the past five years. Our ongoing research and development activities are geared to launching innovative products and meeting consumers' needs.

Innovation is our growth driver. It is what makes us stand out from a strong crowd, especially when compared with private label brands. Our innovations are based on our intensive research and development activities, which enable us to contribute our unique skills: 120 years' experience of skin research, 100 years of emulsion technology know-how, and 120 years of knowledge in developing plasters.

In 2004, our research and development center in Hamburg was expanded to include a new 16,000 m^2 building. Total capital expenditure: €38 million. This means that we own Germany's largest and most modern skin research center, allowing us to translate our outstanding achievements in research and development into innovative products even faster.

For example JUVENA: our long-term cooperation with the Laboratoire des Substituts Cutanés at the Hôpital Edouard Herriot in Lyon, France, resulted in a combination of skin-renewing active ingredients. It is based on the same technology that is also used to heal burned skin. This SKIN NOVA TECHNOLOGY makes the JUVEDICAL skin care range an outstanding innovation that substantially improves skin structure in a short space of time.

Outstanding achievements

Around 650 scientists work on basic research and product development at Beiersdorf's state-of-the-art skin research center. Cooperation with renowned universities and institutes is particularly important for product ideas to be put into practice even more rapidly.

Our growth model

Three-dimensional growth

- Increase in market share
- New countries
- New market segments

In addition to research and development, the right marketing is a key aspect of our brands' success. We focus on ten strong brand families, where we are global leaders in all skin-related areas. The secret to our success lies in the "perfect local execution" of our uniform international strategy by our affiliates – for example by changing either the models or the language used in classic advertising campaigns. This means that our brands are often seen as local brands, as is the case with NIVEA in Mexico or 8x4 in Japan.

No matter what we do, we do it out of a responsibility to people. We call it "care for people." We want to care for consumers with useful products that make them feel good. However, "care for people" also has a second dimension – our employees. After all, it is their passion and performance that form the basis of our success.

Getting Better and Better

Promoting Our Strengths: Our Employees. "Passion for success" – that is the name given to Beiersdorf's new Management Commitments, which were developed and discussed with all managers in 2004. These executives are now spreading the guidelines throughout the Company and are responsible for ensuring they are put into practice in our day-to-day work.

The guidelines are a suitable instrument for promoting new ideas, for supporting employees so that they can deliver their best performance every day, and for establishing an open corporate culture that enables employees to deal with one another in a fair and inspiring manner.

In this context, commitment is a key success factor for our work. Thanks to this commitment, we have managed to drive forward and complete Beiersdorf's restructuring from a divisional-based company to a function-based one.

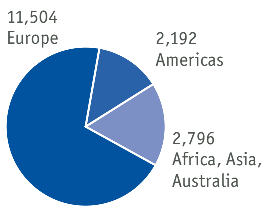
Our special strength is international knowledge exchange and the systematic development of potential managers. For instance, our "Beyond Borders" trainee program benefits from 25 years of experience and has constantly been refined over the years. The program offers practical experience in key business areas such as marketing, finance, or supply chain management. A six-month placement at an international affiliate is also an integral part of the program. Most of the 248 participants to date – from all parts of Europe, Canada, the USA, Japan, China, India, Egypt, Uzbekistan, and Pakistan – still work for our Company.

Promoting quality

Broad-based employee development programs are a fundamental element of our human resources policy. We specifically develop employees who demonstrate initiative and achievement – regardless of whether they are trainees or top managers. It is the quality of their work that counts.

Employees by region

as of December 31, 2004, Total: 16,492



Along with initial training, continuing education is a central theme. Not just with career-related seminars, but also with cross-functional offerings – such as our "Continuing Education Initiative" program, which has been in place for ten years. Employees have the opportunity to expand or deepen their knowledge, from communication skills to PC knowledge. Attendance is voluntary, the courses are free of charge, and take place in employees' free time.

Our innovative and flexible human resources policies offer our employees room to develop. We motivate them to take responsibility and work independently.

This completes the circle to a certain extent. Our brands are made by people for people. All Beiersdorf employees all over the world work systematically and wholeheartedly to make consumers' lives more pleasant, again and again. And to meet their needs.

The Beierstorf Share

Share Information

		2003	2004
Number of shares in million		84	84
Market capitalization as of Dec. 31	€ million	8,081	7,190
Share price as of Dec. 31	€	96.20	85.60
(Relative index 2003 = 100)		(100)	(89)
High	€	117.65	99.65
Low	€	92.51	70.28
Earnings per share	€	3.50	3.88
(Relative index 2003 = 100)		(100)	(111)
Dividend per share	€	1.60	1.60
(Relative index 2003 = 100)		(100)	(100)
DAX		3,965	4,256
(Relative index 2003 = 100)		(100)	(107)
MDAX		4,469	5,376
(Relative index 2003 = 100)		(100)	(120)

ISIN	DE 0005200000
SCN	520000
Symbol	BEI.ETR

Share Buyback Program Information

Offer volume: A total of up to 8.4 million no-par value bearer shares (10 % of the share capital)
Offer period: Dec. 23, 2003 – Jan. 23, 2004
Offer price: €113.76 per share
Allocation ratio: 10.41 %
Repurchased: 8,393,672 shares

The stock markets moved upwards at the beginning of 2004. However, following the Madrid terror attacks on March 11 they fell sharply, and volatility increased. Although share prices picked up again thanks to rising company profits, inflation and interest rate fears and the constant rise in oil prices slowed recovery. In addition, the US economy led to overall instability on the stock markets due to uncertainty about economic growth and increases in the federal fund rate. The DAX temporarily dropped below 4,000 points.

The rising oil price, rising interest rates, and uncertainty about the global economic upturn had an overall negative influence on the capital markets. The consumer goods sector was no exception. A large number of stocks in this sector lost ground on weaker company data. The European HPC (Household and Personal Care) index sank to annual lows from July to October.

In the year 2003, Beiersdorf's share price of up to almost €118 had been significantly influenced by takeover rumors. After the changes to our shareholder structure and the successful conclusion of our share buyback program on January 23, 2004, the Beiersdorf share price increasingly reverted to following the market trend. In Q2 it moved sideways for a long period. The share was able to buck the negative trend experienced by individual stocks and the effects of portfolio restructurings in the summer, but was heavily influenced later by negative developments in the consumer goods sector. With the publication of our half-year report in August, valuation levels came into line with the negative trend in the sector, which continued until the autumn.

The positive impact of the strong earnings generated in the subsequent quarter led to a clear rise in the share price in November and an upward trend at year-end.

In contrast to the volatility of our share price on the stock markets, our business developments remained steady. Thanks to our strong results in 2004, we are proposing to distribute a dividend of €1.60 per share. Earnings per share amounted to €3.88 due to our high profit after tax and the decrease in our share base following our share buyback program, as against €3.50 for 2003.

Beiersdorf Investor Relations

Following the conclusion of our share buyback program, the financial community has shown renewed interest in our Company's strategy and brands. We met this need with our new Group reporting structure and the breakdown of our activities into the Consumer and tesa business sectors as of the beginning of 2004.

Our Financial Analyst Meetings in March and November focused on a number of different topics. For example, we provided specific information about Beiersdorf's research and development activities. Analysts were able to visit our new research center and talk to research and development staff. More than 20 analysts currently provide regular coverage of Beiersdorf in the form of market studies and individual commentaries.

Our top management has held in-depth discussions with institutional investors at various investor conferences on an ongoing basis. Topics included current market trends and the critical importance of innovations for Beiersdorf's continued growth.

We were presented with the Capital business magazine's 2004 Investor Relations Award for our work in this area. In the opinion of capital market experts Beiersdorf ranked first out of 198 companies.

All Beiersdorf's roadshow and analyst conference presentations are available on the Investor Relations section at www.Beiersdorf.com, along with the Annual Reports and Interim Reports for the last few years. There you can find comprehensive information about the Beiersdorf share, as well as the current financial calendar.

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

Report by the Supervisory Board

Dieter Ammer
Chairman of the Supervisory Board

The Executive Board kept us informed in fiscal year 2004 in a timely and comprehensive manner in our meetings and via written reports. We advised the Executive Board and supervised the management of the Company in accordance with the duties assigned to us by law, the Articles of Association, and the bylaws. The Chairman of the Supervisory Board was kept informed about all important matters. He also held regular discussions with the Chairman of the Executive Board regarding the Group's strategy and risk management.

Four regular Supervisory Board meetings and the constituent meeting of the newly elected Supervisory Board following the Annual General Meeting were held in the year under review. At these meetings, we discussed current business developments, important business transactions and Executive Board measures requiring Supervisory Board approval. All necessary approvals were granted, in particular we approved follow-up financing for the Company's share buyback program. In November, we held in-depth discussions about the Company's medium-term planning, including its financial, investment, and human resources planning.

We issued the declaration of compliance with the German Corporate Governance Code for fiscal year 2004 at the end of December 2004 and made it accessible to shareholders on the Company's website. Additional information on corporate governance at Beiersdorf can be found in the joint report by the Executive and Supervisory Boards on the following pages.

The Executive Committee of the Supervisory Board met three times. Among other things, the Executive Committee addressed the issues of succession planning for the Executive Board and the latter's compensation, which consists of a fixed and a variable component. It was not necessary for the Mediation Committee, set up in accordance with § 27 (3) *Mitbestimmungsgesetz* (German Co-Determination Act), to meet. The Audit Committee met twice, in March and in September 2004.

BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, which was appointed as the Company's auditors by the Annual General Meeting on June 3, 2004 and engaged by the Supervisory Board, audited the annual financial statements of Beiersdorf AG and the consolidated financial statements as of December 31, 2004, as well as the joint management report for Beiersdorf AG and the Group, and issued an unqualified audit opinion on them. In addition, they audited the report regarding dealings among Group companies drawn up by the Executive Board in connection with the majority interest held by TCHIBO Holding AG, Hamburg, as required by § 312 *Aktiengesetz* (German Stock Corporation Act) for fiscal year 2004, and issued the following unqualified audit opinion:

"Following the completion of our audit, which was carried out in accordance with professional standards, we confirm: 1. that the information contained in this report is correct; 2. that the Company's compensation with respect to the transactions listed in the report was not inappropriately high; and 3. that there are no circumstances which would justify, in relation to the measures specified in the report, a materially different opinion than that held by the Executive Board."

The annual financial statements, the joint management report, the report regarding dealings among Group companies, and the auditors' report were distributed to all members of the Supervisory Board immediately after their preparation. The Audit Committee of the Supervisory Board performed a preliminary review of the financial statements, the reports, and the proposal on the utilization of the net retained profits.

In the meeting convened to adopt the annual financial statements on March 10, 2005, the above-mentioned financial statements and reports were discussed at length in the presence of the auditors, who reported on the key results of their audit. Our review of the financial statements, the joint management report, the report regarding dealings among Group companies including the concluding declaration by the Executive Board, and the auditors' report did not raise any objections. Therefore, we concur with the auditors' findings and approve the annual financial statements of Beiersdorf AG and the Group as prepared by the Executive Board for the year ending December 31, 2004; the annual financial statements of Beiersdorf AG are thus adopted. We endorse the Executive Board's proposal on the utilization of the net retained profits.

The Annual General Meeting on June 3, 2004, elected new shareholder representatives to the Supervisory Board. Dr. Meinhardt, Dr. Claussen, and Mr. Wöbcke did not run again. Along with the shareholder representatives who had previously served on the Supervisory Board, Mr. Ammer, Dr. Breipohl, and Mr. Pöllath, the Annual General Meeting also elected Mr. Herz, Dr. Mahlert, and Dr. Sälzer to the Supervisory Board.

In the election of the employee representatives that had already taken place, Prof. Rousseau, Mr. Krause, Dr. Diembeck, and Mr. Nieber were re-elected, while Mr. Ganschow and Mr. Plechinger were elected to the Supervisory Board to replace the departing members, Ms. Buhse and Mr. Holland.

We thank the departing members of the Supervisory Board for their service to this body. Our particular thanks go to Dr. Meinhardt for his special contribution as the long-standing Chairman of Beiersdorf's Supervisory Board.

Immediately after the Annual General Meeting the Supervisory Board elected Mr. Ammer as Chairman and Mr. Krause and Mr. Pöllath as Deputies in its constituent meeting. In addition, the Mediation Committee was set up and the members of the Executive and Audit Committees were elected.

We would like to thank the Executive Board and all employees for their hard work and achievements over the past fiscal year in what was a particularly difficult environment for Beiersdorf.

Hamburg, March 10, 2005

On behalf of the Supervisory Board

Dieter Ammer
Chairman

Corporate Governance at Beiersdorf

Good Management has a Name: Corporate Governance

Beiersdorf AG welcomes the German Corporate Governance Code presented by the Government Commission and last updated in May 2003. The Code not only creates transparency as regards the legal framework for corporate management and supervision in Germany, but also establishes generally accepted standards for good and responsible company management.

Good corporate governance was a high priority at Beiersdorf even before the publication of the Code. Close, efficient cooperation between the Executive and Supervisory Boards, a focus on shareholder interests, open corporate communication, proper accounting and auditing, and responsible risk management have always been the basis of the Company's success. As a result, compliance with the Code and its amendments did not necessitate any fundamental changes at Beiersdorf.

We consider corporate governance to be an ongoing process and will continue to track future developments carefully.

Declaration of Compliance

At the end of December 2004, the Executive Board and Supervisory Board of the Company issued the declaration of compliance with the recommendations of the Code for fiscal year 2004 in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act). The election of the new Supervisory Board in 2004 has eliminated the deviation reported in the declaration of compliance for the previous year, to the effect that one member of the Supervisory Board had reached the age limit for Supervisory Board members, and this year's declaration of compliance was adjusted accordingly.

The following declaration was made permanently accessible to the shareholders on the Company's website at www.Beiersdorf.com:

"In fiscal year 2004, Beiersdorf Aktiengesellschaft complied with, and continues to comply with, the recommendations of the 'Government Commission on the German Corporate Governance Code' in the version dated May 21, 2003, with the following exceptions:

An individualized breakdown of the compensation paid to our Executive Board and Supervisory Board is not provided (sections 4.2.4 sentence 2 and 5.4.5 (3) sentence 1 of the Code). One member of our Supervisory Board reached the current age limit for Supervisory Board members (section 5.4.1 sentence 2 of the Code). This deviation no longer applies since a new Supervisory Board was elected, effective as of June 3, 2004."

Remuneration of the Executive and Supervisory Boards

The remuneration of individual Executive Board members consists of a fixed and a variable, dividend-based component. In addition, all Executive Board members have been granted pension commitments, and each Executive Board member is also provided with a company car. Remuneration for the Executive Board mainly depends on the respective Executive Board member's tasks, personal performance, and the entire Executive Board's performance, as well as the economic situation and the Company's success and future prospects, including in comparison with its peer group. The Executive Committee regularly discusses and reviews the remuneration system for the Executive Board. Further details on the remuneration of the Executive Board for fiscal year 2004 can be found on page 77 of the Group notes.

According to the Articles of Association the remuneration paid to individual Supervisory Board members consists of a fixed and a variable, dividend-based component. In addition, Supervisory Board members are reimbursed for cash expenses. By way of a resolution passed by the Ordinary General Meeting in 2004, remuneration for the Supervisory Board was reduced with effect from fiscal year 2004: the fixed component was increased slightly and the variable component reduced considerably, as this had increased substantially due to the dividend increases of previous years, particularly in comparison with many companies on the DAX. This move also redressed the imbalance between the fixed and variable components somewhat. The remuneration for the Chairman of the Supervisory Board was increased slightly in relation to the basic remuneration for the Supervisory Board, due to the greater amount of time and greater responsibility associated with this position. This move is in line with the recommendation by the Code that allowances should be made for the responsibility assumed and scope of the duties performed by the respective member of the Supervisory Board, and that in particular the Chairmanship of the Supervisory Board should be taken into consideration. The Chairman of the Supervisory Board now receives two and a half times the basic remuneration for the Supervisory Board while his two Deputies each receive one and a half times this amount. Members of the Executive and Audit Committees also receive additional compensation for their work in these committees. More information on the remuneration of our Supervisory Board members can be found on page 76 of the Group notes, as well as on our website, www.Beiersdorf.com.

In its current version, the German Corporate Governance Code recommends individualized breakdowns of Executive Board and Supervisory Board remuneration. To protect our Executive and Supervisory Board members' rights of privacy, we have decided – along with other major listed corporations – to report the Executive and Supervisory Boards' remuneration as a total amount, in accordance with the statutory provisions. In our opinion, this adequately addresses the public's and our shareholders' information requirements with regard to the extent of the Company's remuneration obligations towards its executive bodies.

Up to the minute, informative, concise:
our website: www.Beiersdorf.com.

Further Information on Corporate Governance at Beiersdorf

More detailed information on the duties of the Supervisory Board and its committees, as well as on the cooperation between the Executive Board and Supervisory Board, can be found in the Report by the Supervisory Board on the previous pages.

Transparency and our goal of informing our shareholders and the public quickly, comprehensively, and simultaneously are top priorities for our corporate communication. That is why current developments and key company information are announced on our website (www.Beiersdorf.com) as soon as possible. In addition to detailed information and updates on corporate governance at Beiersdorf, the Company's reports (annual and interim reports), as well as a financial calendar with all key events and publications, ad hoc disclosures, and directors' dealings, are published there.

Beiersdorf was presented with the "Capital 2004 Investor Relations Award" by the German business magazine Capital and the DVFA – the German Society of Financial Analysis and Asset Management, in July 2004. The excellent rating given to corporate governance at Beiersdorf along with grades for the timeliness, credibility, and quality of the Company's reporting led to its outstanding result in competition with 198 other listed companies.

Hamburg, March 10, 2005

Beiersdorf Aktiengesellschaft

The Supervisory Board The Executive Board

Auditors' Report

"We have audited the consolidated financial statements of Beiersdorf Aktiengesellschaft, comprising the balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement, and notes to the financial statements, for the fiscal year from January 1, 2004 to December 31, 2004. The preparation and the content of the consolidated financial statements are the responsibility of the Company's management. Our task is to express an opinion, based on our audit, on whether the consolidated financial statements comply with International Financial Reporting Standards (IFRS).

We conducted our audit in accordance with German auditing regulations and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW, German Institute of Auditors), as well as in accordance with the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. The evidence supporting the amounts and disclosures in the consolidated financial statements is examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations, and cash flows of the Group for the fiscal year in accordance with IFRS.

Our audit, which also extends to the management report on the Group and the Company prepared by the management for the fiscal year from January 1, 2004 to December 31, 2004, did not give rise to any objections. In our opinion, on the whole the combined Group management report/management report of Beiersdorf Aktiengesellschaft provides a suitable understanding of the position of the Group and the Company, and suitably presents the risks of future development.

In addition, we confirm that the consolidated financial statements and the Group management report for the fiscal year from January 1, 2004 to December 31, 2004, satisfy the conditions required for the Company's exemption from its obligation to prepare consolidated financial statements and a Group management report in accordance with German law."

Hamburg, February 22, 2005

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rohardt	zu Inn- u. Knyphausen
Wirtschaftsprüfer	Wirtschaftsprüfer

Business and Strategy

As a leading international company with over 130 affiliates and joint ventures, we focus on branded consumer goods, and have ten strong international brands: NIVEA, Eucerin, Labello, 8x4, atrix, la prairie, JUVENA, Florena, FUTURO, and Hansaplast/Elastoplast. tesa develops and markets adhesive applications for industrial customers and consumers.

We have more than 120 years of expertise in skin research, 100 years in emulsion technology, and 120 years in developing plasters. Our NIVEA brand is the best-selling global brand on the skin care market. With our focused brand portfolio, we have taken leading positions in a series of different market segments over the last few years (skin care, men's care, deodorants, etc.).

Our systematically implemented and continuously developed business model is the basis for our many years of economic success:

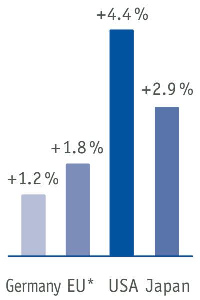
- Research and development form the basis for innovation, and innovation is our growth driver. We invest heavily in research and development to constantly satisfy our consumers with new product ideas. We generate a large proportion of sales with products that were launched within the past five years.
- High-quality brand growth in three dimensions: we continually increase our market share, establish new market segments, and expand the range of products available in new countries.
- Synergy effects from brand families: grouping a number of products under one umbrella brand allows us to leverage potential synergies – using NIVEA's uniform brand communication, for example – and to utilize the strength of the umbrella brand for all the products.
- Global strategies, local execution: we develop international strategies that are then implemented and, if necessary, adapted locally. This means that our brands are often seen as local brands, thus building trust in our products.

We aim to double our sales every ten years. The emphasis is on organic growth, whereby we aim to continuously increase profitability. We will make acquisitions whenever opportunities arise that fit in with our strategy.

Economic Environment

General Economic Situation

Growth in real gross domestic product
in 2004 compared to previous year



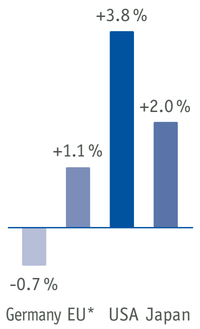
The global economic upturn continued in 2004 despite the tight energy and raw materials markets. Once again, the strongest growth was recorded in the North American and Asian markets.

In the USA in particular, the economy remained dynamic. Private consumption delivered the largest growth, while capital expenditure was significantly increased.

The Japanese economy recorded a solid rate of growth over the course of the year on the back of an increase in exports. The sustained high rate of expansion in the emerging Asian economies was largely due to strong growth in China. The risk of the Chinese economy overheating recently led to a more restrictive economic policy.

The situation in the economies of Latin America has continued to improve. The upturn in Brazil was due in particular to an increase in exports. The Central and Eastern European countries also recorded robust growth.

Growth in private consumer spending
in 2004 compared to previous year



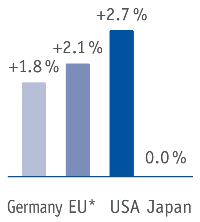
The euro zone continued to lag behind the global economy. An increase in demand from abroad led to a slight economic upturn, as exports increased despite the strength of the euro. In contrast, domestic demand in particular in Germany, France, Italy, and other key European countries remained weak.

Sales Market Developments

The cosmetics market, the key market for us, recorded average global growth last year of around 3 %. However, developments differed greatly from region to region. Demand stagnated in Western Europe and the USA, but showed above-average growth in Latin America and in particular in Asia.

Procurement Market Developments

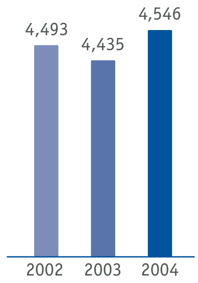
Inflation in 2004
compared to previous year



*EU 12 euro zone

The general decline in demand on the procurement market led to increased pricing pressure. In addition, the rise of the euro against the US dollar had a positive effect on the cost of imported materials, particularly at our production facilities within the euro zone. We improved our position on the procurement market by systematically standardizing the raw materials and packaging used. In addition, medium and long-term contractual agreements led to material price reductions averaging 2 % within the Group.

Business Developments – Group



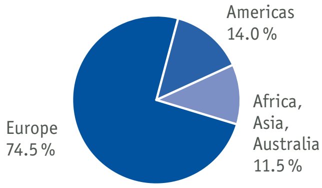
*2002 and 2003 were restated to reflect the new reporting structure (BSN medical at equity)

The management report presents the development of the Group in line with its new structure, comprising the Consumer and tesa business segments. Our investment in BSN medical GmbH & Co. KG has been included at equity since January 1, 2004. The previous year's figures have been adjusted, allowing a better analysis of developments in 2004. A reconciliation to the figures in the last Annual Report can be found on pages 58 and 59.

Group Income Statement

Jan. 1 – Dec. 31 (in € million)	2003	2004	% change
Sales	**4,435**	**4,546**	**2.5 %**
Cost of goods sold	-1,584	-1,613	1.8 %
Gross profit	**2,851**	**2,933**	**2.9 %**
Marketing and selling expenses	-2,025	-2,087	3.1 %
Research and development expenses	-97	-101	4.1 %
General and administrative expenses	-230	-233	1.7 %
Other operating result	-44	-29	-35.6 %
Operating result (EBIT)	**455**	**483**	**6.2 %**
Financial result	36	9	-74.2 %
Profit before tax	**491**	**492**	**0.3 %**
Taxes on income	-190	-190	0.1 %
Profit after tax	**301**	**302**	**0.5 %**

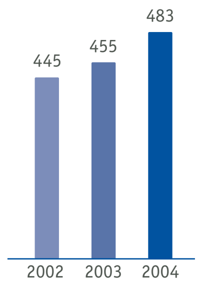
Sales



Our sales grew by 4.5 % after adjustment for currency translation effects and the sale of a small part of our tesa business in the USA, thus topping the growth rate of the previous year. The Consumer business segment grew by 4.3 %, while tesa, after adjustment, by 5.4 %. At current exchange rates, we achieved growth of 2.5 % to reach €4,546 million.

Group sales in Europe, which were dominated by the continued muted development on the consumer markets, grew by 1.8 % (adjusted for currency translation effects). At current exchange rates, we also achieved growth of 1.8 % to €3,388 million. Growth in the Americas amounted to 10.4 % (adjusted) thanks to the relaunch of NIVEA VISAGE in the USA and Canada, and positive sales trends on the Latin American markets. At current exchange rates, this amounts to a decline of 0.4 %. Sales in the Americas totaled €635 million. Sales growth in the Africa/Asia/Australia region was highly satisfactory at 15.4 % (adjusted for currency translation effects). At current exchange rates, sales rose by 11.8 % to €523 million.

Group operating result (EBIT)*
(in € million)



*2002 and 2003 were restated to reflect the new reporting structure (BSN medical at equity)

Operating Result (EBIT)

EBIT increased to €483 million (previous year: €455 million). The EBIT margin rose to 10.6 % (previous year: 10.3 %). The Consumer business segment generated EBIT of €433 million (previous year: €420 million). The return on sales was 11.3 % (previous year: 11.2 %). EBIT of the tesa business segment improved to €50 million (previous year: €35 million), and the return on sales to 7.1 % (previous year: 5.0 %).

In Europe we generated a result of €426 million (previous year: €396 million). The return on sales rose to 12.6 % (previous year: 11.9 %). Due to increased marketing expenditure on the North American market in particular, the result in the Americas fell to €10 million (previous year: €15 million). The return on sales amounted to 1.5 % (previous year: 2.3 %). EBIT in Africa/Asia/Australia climbed to €47 million (previous year: €44 million). The return on sales amounted to 9.1 % (previous year: 9.3 %).

Expenditure

At 1.8 %, the cost of goods sold increased more slowly than sales. Increases in production efficiency, reduced purchase prices for raw materials and packaging, as well as an improved product range mix, had a positive effect on costs.

The 3.1 % rise in marketing expenses enabled us to further expand our market positions. The expenditure on advertising, retail marketing, and similar items included in this line item increased to €1,334 million (previous year: €1,297 million).

We increased research and development expenses by 4.1 % to €101 million, in line with our planning. The opening of our new research center in Hamburg further improved the basis for our innovation potential.

At 1.7 %, general and administrative expenses rose disproportionately slowly, thus reducing their share of sales.

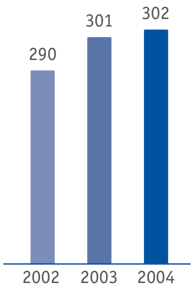
Other Operating Result

At -€29 million, the other operating result (previous year: -€44 million) was up €15 million on the previous year. Provisions that were recognized in previous years for potential patent infringements were reversed, while other provisions were recognized for new patent risks that arose.

Financial Result

The financing costs for the share buyback program and lower interest income from pensions led to a reduction in the financial result to €9 million (previous year: €36 million). Income from our equity investment, BSN medical, climbed to €22 million (previous year: €18 million).

Group profit after tax
(in € million)



Profit after Tax

Group profit after tax totaled €302 million (previous year: €301 million), despite the lower financial result. The return on sales after tax therefore totaled 6.6 % (previous year: 6.8 %).

Earnings per Share/Dividends

Earnings per share increased to €3.88 (previous year: €3.50). This figure was calculated on the basis of an average of 76,375,748 shares.

The Executive Board and Supervisory Board will be proposing a dividend of €1.60 for each share entitled to dividend to the Annual General Meeting.

Expertise and knowledge guarantee the quality of Beiersdorf's products.

Business Developments – Business Segments

Consumer

(in € million)	Europe	Americas	Africa/ Asia/ Australia	**Total**
Sales 2004	2,852	557	431	3,840
Change (adjusted for currency translation effects)	1.8 %	9.9 %	14.6 %	4.3 %
Change (nominal)	1.7 %	1.7 %	11.5 %	2.7 %
EBIT 2004	384	11	38	433
EBIT margin 2004	13.5 %	1.9 %	8.9 %	11.3 %
EBIT 2003	368	17	35	420
EBIT margin 2003	13.1 %	3.0 %	9.1 %	11.2 %

The Consumer business segment develops, produces, and markets cosmetic body care and skin care products worldwide, as well as consumer products for wound and health care. We were able to leverage a wide range of synergy effects by focusing on our strong international brands – NIVEA, Eucerin, Labello, la prairie, JUVENA, atrix, 8x4, Florena, FUTURO, and the plaster brands Hansaplast/Elastoplast.

We managed to increase sales, adjusted for currency translation effects, by 4.3 % despite the difficult market environment. At current exchange rates, sales rose by 2.7 % to €3,840 million.

EBIT totaled €433 million (previous year: €420 million). The EBIT margin was 11.3 % (previous year: 11.2 %).

In various European countries, the competitive situation was characterized by contracting cosmetics markets, subdued consumer spending, and increasing pressure from a growing number of private label brands and product imitations. However, NIVEA achieved growth of 4.4 % adjusted for currency translation effects. The NIVEA subbrands NIVEA Sun, NIVEA FOR MEN, NIVEA VITAL, NIVEA Deo, NIVEA Lip Care, and NIVEA VISAGE performed particularly well.

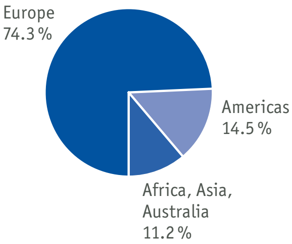
NIVEA sales increased in all regions. Along with sales growth, the success of the brand is determined by the number of markets where NIVEA is the market leader. NIVEA was able to increase the number of its market leadership positions in the year under review, for example with NIVEA Hand in Belgium, the Netherlands, Switzerland, and Portugal.

Eucerin again achieved strong growth, increasing sales by 7.0 % adjusted for currency translation effects. The products in the dry skin segment were particularly successful. The growth resulted both from the existing range, as well as from successful innovations such as Eucerin Calming Cream and Eucerin Urea Hand Cream.

In the area of exclusive authorized dealer cosmetics, our successful global brand la prairie recorded an increase of 12.2 % as against the previous year. Japan and the USA in particular recorded strong growth.

The plaster brands Hansaplast and Elastoplast were successful in a stagnant market with an increase of 5.4 %, adjusted for currency translation effects. Our main growth drivers were the introduction of our innovative silver plaster, the new Hansaplast Heat Pad, and our Hansaplast insect products.

Consumer sales by region



In **Europe,** sales in the Consumer business segment grew by 1.8 %, adjusted for currency translation effects. At current exchange rates, sales rose by 1.7 % to €2,852 million (previous year: €2,804 million).

In Germany, we increased sales by 1.2 %. Sales generated by customers in Germany were up 0.9 % on the previous year, while exports surged 3.5 %. Despite sustained muted consumer spending, we made a strong showing with a large number of innovative product launches. NIVEA face care and NIVEA Beauté make-up products were particularly successful. The innovative Hansaplast med silver plaster met with a very good reception from consumers. We achieved significant growth with Eucerin in the pharmacies market.

Sales in the UK were extremely encouraging with an increase of 14.3 %, adjusted for currency translation effects. In addition, we recorded strong growth rates in other major European markets such as Scandinavia, Spain, Switzerland, and Portugal. However, sales in Russia and certain other countries in Eastern Europe did not meet expectations due to the difficult market situation.

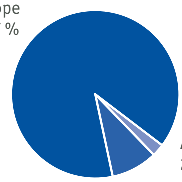
EBIT for the Consumer business segment in Europe climbed to €384 million (previous year: €368 million), and the EBIT margin rose to 13.5 % (previous year: 13.1 %).

We work together closely with our retail partners.

In the **Americas,** we achieved sales growth of 9.9 %, adjusted for currency translation effects. In the USA and Canada, this growth was particularly due to the relaunch of NIVEA VISAGE. In addition, we achieved double-digit growth with la prairie products in the USA. Our positive sales trends in most countries in Latin America also contributed to the growth in this region. At current exchange rates, sales rose by 1.7 % to €557 million (previous year: €548 million).

EBIT for the Consumer business segment in this region fell to €11 million (previous year: €17 million) due to the substantial marketing expenses for the relaunch in the USA. The EBIT margin totaled 1.9 % (previous year: 3.0 %).

Consumer operating result (EBIT) by region



Africa/Asia/Australia continued to enjoy double-digit sales growth at 14.6 % adjusted for currency translation effects. The high double-digit growth recorded in Australia and China was particularly satisfactory. In Japan, the successful relaunch of 8x4 led to a significant increase in sales of 7.1 %. At current exchange rates, sales grew by 11.5 % to €431 million (previous year: €387 million).

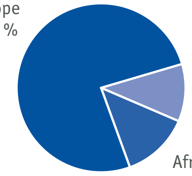
EBIT for the Consumer business segment in this region amounted to €38 million (previous year: €35 million), while the EBIT margin was 8.9 % (previous year: 9.1 %).

tesa

(in € million)	Europe	Americas	Africa/ Asia/ Australia	**Total**
Sales 2004	536	78	92	706
Change (adjusted*)	2.0 %	14.9 %	18.9 %	5.4 %
Change (nominal)	2.0 %	-13.1 %	13.5 %	1.4 %
EBIT 2004	42	-1	9	50
EBIT margin 2004	7.8 %	-0.9 %	9.8 %	7.1 %
EBIT 2003	28	-2	9	35
EBIT margin 2003	5.4 %	-2.0 %	10.5 %	5.0 %

*after adjustment for the sale of a small part of the US business; adjusted for currency translation effects

tesa sales
by region



tesa develops, produces, and markets adhesive applications for industrial customers and consumers. The focus is on three areas:

- fastening and bonding systems using double-sided adhesive tape (Fastening)
- protective and masking systems (Masking)
- inner and outer packaging systems (Packaging)

tesa lifted its sales by 5.4 % after adjustment for the effect of the sale of a small part of its US business and adjusted for currency translation effects. At current exchange rates, sales increased by 1.4 % to €706 million (previous year: €696 million). Despite a difficult market environment, tesa increased its EBIT to €50 million (previous year: €35 million). The EBIT margin rose to 7.1 % (previous year: 5.0 %).

In the area of fastening technology, we substantially expanded our successful range of die-cuts for attaching electronic components. Besides digital cameras, cell phones, and PDAs, the focus is now also on the fast-growing LCD screen segment.

In the area of protective and masking systems (Masking) sales of products for the automotive supply industry performed particularly well. In the USA we were able to increase our market share with system solutions for cable harnessing. A new system for securing flat cables in cars helps customers to rationalize production, and has met with an enthusiastic response.

We recorded significant sales growth in the area of inner and outer packaging systems with our Tamper Evident security packaging tape and labels. The system prevents the manipulation of packaging throughout the supply chain, and has been extended to include new products.

The retail consumer business performed satisfactorily despite ongoing low levels of consumer spending, with a slight increase in sales and a significant improvement in earnings. The introduction of a new range of handy adhesive and correction rollers has met with a very positive reception by retailers and consumers.

Business Developments – BSN medical GmbH & Co. KG

BSN medical GmbH & Co. KG is a global joint venture between Beiersdorf AG and Smith & Nephew plc. Its main areas of business are professional wound care, orthopedics and phlebology. Sales totaled €504 million in the year under review (previous year: €490 million). This was achieved primarily through the acquisition of DePuy Orthopaedics, Inc., USA. The new orthopedics business was successfully integrated. On a comparable basis, we were able to generate the same level of sales as last year despite a stagnant market. Profit after tax amounted to €45 million (previous year: €37 million). The company was included at equity in the consolidated financial statements.

Balance Sheet Structure – Group

Balance Sheet

Assets (in € million)	**Dec. 31, 2003**	**Dec. 31, 2004**
Fixed assets	1,064	1,038
Inventories	629	558
Other assets	789	815
Cash and cash equivalents	828	290
	3,310	2,701

Shareholders' Equity and Liabilities (in € million)	**Dec. 31, 2003**	**Dec. 31, 2004**
Shareholders' equity	1,831	1,033
Provisions for pensions	376	366
Other provisions	463	480
Liabilities	640	822
	3,310	2,701

The structure of the balance sheet has changed considerably over the past fiscal year. The buyback of own shares decreased shareholders' equity by €955 million. The decrease in cash and cash equivalents and the increase in liabilities are also largely due to the share buyback.

€163 million was invested in fixed assets (intangible assets and property, plant, and equipment). This figure is in contrast to €173 million in depreciation and amortization, of which €36 million relates to brand names and goodwill. Inventories could be reduced significantly by €71 million. Primarily higher trade receivables led to an increase in other assets to €815 million (previous year: €789 million).

The provisions for pensions changed predominantly due to the amortization of actuarial gains. Other provisions grew slightly to €480 million. Provisions for risks by patent infringements that were no longer required were reversed and provisions for new risks were recognized. The rise in other provisions is mainly due to increased tax provisions.

Financial Position – Group

Cash Flow Statement

(in € million)	2003	2004
Cash and cash equivalents at the beginning of the year	**701**	**828**
Gross cash flow	377	493
Change in working capital	19	58
Net cash flow from operating activities	396	551
Net cash flow from investing activities	-95	-104
Free cash flow	301	447
Share buyback	–	-955
Change in other financing activities	-150	-24
Other changes	-24	-6
Net change in cash and cash equivalents	127	-538
Cash and cash equivalents at the end of the year	**828**	**290**

Gross cash flow climbed €116 million to €493 million due to higher EBIT and lower income tax payments (the previous year had been impacted by tax payments in arreas totaling €56 million). The sharp reduction in inventories (down €71 million) raised the net cash flow from operating activities to €551 million. Net cash from investing activities amounted to -€104 million. At €447 million, free cash flow was up €146 million on the previous year. €955 million was paid out for the share buy-back. The dividend and interest payments, together with an increase in financial liabilities, led to a further cash outflow in the amount of €24 million. On December 31, 2004, cash and cash equivalents amounted to €290 million.

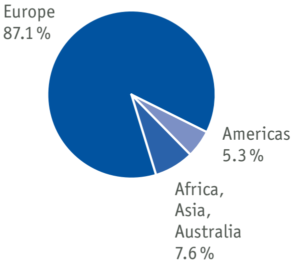
Financing and Liquidity Provisions

The primary goal of financial management at Beiersdorf is to safeguard liquidity. The type and volume of transactions are in line with the Group's basic operating and financial business. Scenarios and rolling 12-month planning are used to establish liquidity requirements. The share buyback program concluded in January 2004 amounting to €955 million was initially financed by Group funds and a short-term bank loan. In addition, the existing €200 million multicurrency commercial paper program was utilized temporarily as a cost-effective alternative financing method. A substantial portion of the loan was paid down over the course of the year from free cash flow. In December 2004, a syndicated loan was taken out to ensure follow-up financing and to cover general financing requirements. This took the form of a club deal of €500 million.

The credit line was provided by eight banks in total, and has a term of five years. This financing measure ensures the Group has adequate liquidity, even in the case of a short-term increase in financial requirements. €110 million of the available amount had been utilized as of the balance sheet date.

Capital Expenditure – Group

Group capital expenditure by region



We invested €163 million (previous year: €161 million) in intangible assets and property, plant, and equipment in the year under review. €134 million of this amount was attributable to the Consumer business segment (previous year: €131 million) and €29 million to tesa (previous year: €30 million).

The opening of our state-of-the-art skin research center in Hamburg, with a total capital investment of €38 million, strengthened the excellent position of our research and development.

We have also invested in logistics. We laid the foundation stone for a new logistics center in Hamburg with a total capital investment of around €10 million. Our French company built a new logistics center with a capital expenditure of €19 million. This has enabled us to optimize logistics processes and make them more cost-efficient.

tesa started construction work on its new production facilities in China. The initial phase of the plant will feature two coating lines and will manufacture special products for the fast-growing Chinese electronics and automotive industries. The total cost of the project is around €20 million. At the same time, extensive modernization measures were implemented to expand tesa's production capacity in Hamburg.

The financial investments amounting to €2 million relate primarily to capitalization measures at unconsolidated affiliates.

We are planning a similar total level of capital expenditure for fiscal year 2005.

Along with the projects started in 2004, we are concentrating capital expenditure on the further modernization of our production and logistics facilities.

In the medium term, capital expenditure will remain at the current level. Financial investments and investments in trademarks will be made whenever opportunities arise that fit in with our corporate strategy.

Business Developments – Beiersdorf AG

The Beiersdorf Group prepares the reports on its business developments in accordance with International Financial Reporting Standards (IFRS). However, Beiersdorf AG's annual financial statements as shown below, which are prepared in accordance with the provisions of the Handelsgesetzbuch (German Commercial Code), are decisive for proposal of the dividend.

Income Statement of Beiersdorf AG

(in € million)	Dec. 31, 2003	Dec. 31, 2004
Sales	**1,249**	**1,247**
Operating income	101	78
Cost of materials	-414	-400
Personnel expenses	-237	-225
Depreciation and amortization on property, plant, and equipment and intangible assets	-47	-51
Other operating expenses	-514	-514
Operating result	**138**	**135**
Financial result	267	230
Result from ordinary activities	**405**	**365**
Taxes	-73	-75
Profit after tax	**332**	**290**

Sales by Beiersdorf AG fell slightly by €2 million to €1,247 million (previous year: €1,249 million). At €135 million, the operating result was down marginally compared to the previous year. The financial result contained special effects from intra-Group restructuring and the share buyback. In 2004, the financial result was influenced by a high level of income from investments as well as write-downs on investments in affiliated companies and own shares. The result from ordinary activities amounted to €365 million while profit after tax was €290 million.

Balance Sheet of Beiersdorf AG

Assets (in € million)	**Dec. 31, 2003**	**Dec. 31, 2004**
Fixed assets	**1,285**	**1,267**
Inventories	104	81
Trade receivables	85	86
Other receivables and other assets	210	220
Cash and cash equivalents	583	767
Current assets	**982**	**1,154**
	2,267	**2,421**

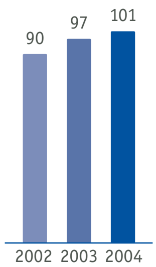
Shareholders' Equity and Liabilities (in € million)	**Dec. 31, 2003**	**Dec. 31, 2004**
Shareholders' equity	**1,151**	**1,321**
Special tax allowable reserves	**2**	**-**
Provisions for pensions and other employee benefits	341	345
Other provisions	357	221
Provisions	**698**	**566**
Trade payables	35	48
Other liabilities	381	486
Liabilities	**416**	**534**
	2,267	**2,421**

The cash and cash equivalents item includes own shares of Beiersdorf AG amounting to €718 million. Other provisions of €147 million were recognized in the previous year for evaluation allowance of own shares. This amount was utilized in 2004. The increase in other liabilities is mainly the result of funding in connection with the share buyback program.

The Executive Board and Supervisory Board will be proposing a dividend for fiscal year 2004 of €1.60 for each share entitled to dividend to the Annual General Meeting.

Research and Development

Research and development expenses (in € million)



In 2004, we invested €101 million (previous year: €97 million) or 2.2 % (previous year: 2.2 %) of sales in research and development.

Consumer

We opened our new research center in Hamburg in August 2004. Along with 6,500 m² of additional laboratory space, it houses a self-contained, fully air-conditioned test center and a state-of-the-art auditorium for up to 500 people. It provides us with the best possible conditions to continue with our innovative research and development work.

Our skin research activities focus systematically on fulfilling consumer wishes. We make use of processes that occur naturally in the skin. Our main aim is to have a positive influence on skin aging.

For example, NIVEA body Milk & Lotion contains ingredients that stimulate the skin to produce more moisture.

The systematic further development of the Q10 concept led to the new Q10 plus range of products. The skin needs energy in order to slow down the aging process. That's why the new Q10 plus products contain both Q10 and creatine, which provide and store energy respectively. This highly effective combination reduces the depth of existing wrinkles and prevents new ones from forming.

Our intensive research and development activities aim to provide customers with compelling, innovative products.

In the area of sun protection, we developed a new process that allows the anti-aging factor of sun protection products to be determined. This process has been recognized by experts worldwide and is soon to be published by DIN (the German industry standards body) as an official method. We are using the UVA balance to increase the protection offered by our sun protection products. This means we can offer consumers an adequate, improved level of protection against long-term skin damage from sunbathing.

We introduced a new heat plaster in wound care – the Hansaplast Heat Pad. The plaster contains iron powder, which oxidizes in the presence of oxygen, thus emitting heat and easing tense muscles.

We further improved our polyurethane plaster by adding silver, which plays a major role in wound disinfection. For this reason, a selection of plasters in the Hansaplast/Elastoplast range now contain silver, which reduces the risk of infection.

tesa

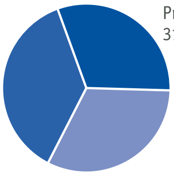
tesa's research activities in 2004 continued to focus on the development of environmentally friendly coating systems for the production of adhesive tape. We added further product variants to the solvent-free latex systems for masking tape already being used successfully in production. Another key achievement was the implementation of solvent-free acrylate systems. Special applications in the automotive industry developed with a radiation curing system have already established themselves on the market. With the help of a new curing system, we tested formulas for the electronics industry based on solvent-free acrylates that improve production processes considerably for customers.

In the case of double-sided adhesive tape, our focus is on the development of pure acrylate systems based on conventional technology to supplement the successful range available for the electronics industry. One of the benefits of the new optically functional self-adhesive products for LCD screens is longer battery life, as the light source of the appliances can be used more efficiently. New heat-activatable films are now also used to glue digital camera casings. The main area of use for these had previously been in the production of smartcards. In the area of one-sided adhesive tape, we developed a new generation of film-based halogen-free cable harnessing tapes to market readiness.

Our Holospot technology for forgery protection was successfully tested on the market in initial applications and was supplemented with new visible and invisible features. We concluded development of the tesa ROM for bit-based data storage on schedule, and are now in the licensing phase.

Environmental Protection and Occupational Safety

Group environmental protection expenditure



Environmental protection and occupational safety are central concerns at Beiersdorf. We spent €46 million (previous year: €46 million) on these areas worldwide. The focus of our work is on:

- reducing resource consumption,
- reducing the number of accidents in the workplace,
- reducing the amount of waste and cutting waste management costs, and
- exchanging cross-border experiences.

Our tried and trusted three-tier environmental protection and occupational safety concept is integrated in all business processes from product development through production to environmentally friendly waste management. This concept commits us to putting the principles of responsible care into practice while helping to turn our vision of "zero accidents at work" into reality.

In 2003, we started to expand our communication on the subject of sustainability. The breakdown into a printed sustainability report and a constantly updated, media-friendly online version proved its value in 2004. We will also actively continue our dialog with customers, suppliers, public authorities, our neighbors, and other stakeholders in the future.

We also intensified our internal environmental protection and occupational safety audits, which we performed in accordance with internationally recognized standards (DIN/ISO 14001). We are including all our global production sites in future audit planning. Audits were carried out in Brazil, France, and Italy in 2004. In addition to reviewing standards, improving processes and workflows are key goals of the audits. Furthermore we facilitate the intensive exchange of experiences between Group companies around the globe.

This includes the meeting of safety engineers from German production sites that took place in 2004. The goals: making cross-departmental contacts and exchanging experiences about new developments in occupational safety.

We developed and implemented innovative fire safety concepts in close cooperation with the relevant authorities during the construction of our new high-bay warehouse in Hamburg. We also improved preventative safety measures in aerosol manufacturing in Hamburg, by installing fire extinguishing systems at critical locations.

Risk Management Report

Beiersdorf is exposed to a wide variety of risks that are inextricably linked with its entrepreneurial activities as part of its global business. Our risk policy therefore aims to maximize existing opportunities and to incur risks only if they offer the prospect of a corresponding increase in value. Part of our fundamental risk policy is that we only take risks that can be managed using established methods and measures within our organization.

Risk management is thus an integral part of company management and business process design at Beiersdorf. Management of operating risks is largely decentralized. Cross-functional international risks associated with brand management, production and safety standards, financing, and value development within the Group are monitored centrally. Integrated controlling and regular strategy reviews ensure that opportunities and risks are well balanced when entrepreneurial decisions are made, and that they are identified in good time. Our internal audit department monitors compliance with the internal control system and ensures the integrity of our business processes. The risk management system is examined as part of our annual financial statement audit.

Maintaining and increasing the value of our major consumer brands – especially NIVEA – is of central importance for Beiersdorf's business development and continued existence. We have therefore geared our risk management system towards protecting the value of our brands and utilizing the associated opportunities.

Our compliance with high standards of product quality and safety is the basis for our customers' continued trust in our brands. We therefore perform in-depth safety assessments when developing new products. Our products are subject to a high-quality assurance system throughout the entire procurement, production, and distribution process.

We counter procurement risks relating to the availability and price of raw materials, merchandise, and services by continuously monitoring the relevant markets, ensuring careful supplier selection, and concluding long-term master agreements. Occupational safety, environmental, and business interruption risks in our production and logistics activities are minimized by process control checks. We also transfer selected risks to insurance companies, when appropriate.

The steady expansion of our patent and trademark position plays a key role in safeguarding the value of our brands. In particular, the systematic registration of our intellectual property rights prevents the imitation and counterfeiting of our products and thus contributes to ensure the potential earnings from investments made in the field of marketing and innovation.

Beiersdorf's economic development is crucially dependent on the market acceptance of our products, which is why continuous innovation and prudent brand management based on intensive market and competitive analyses are of key importance. Strong brands based on innovation and expertise are our response to the intensive global competition in terms of price, quality, and innovation. They also counteract the risks arising from growing retail concentration and from the regional emergence of private label products.

Our project management successfully supported and dealt with changes in Group organization and processes in 2004 as part of the reorganization of responsibilities within the Executive Board. The experience we gained through this will help us to continue efficient development of our organization in the future.

We minimize risks relating to the availability, reliability, and efficiency of our IT systems through continuous monitoring, process improvements, as well as emergency trainings.

Foreign exchange, interest rate, and liquidity risks are subject to active treasury management based on global guidelines. In most cases they are managed and hedged centrally. In this context, the specific requirements for the organizational separation of the trading, settlement, and controlling functions are taken into account. Derivative financial instruments serve solely to hedge operational activities and financial transactions essential to the business. They do not expose the Group to any additional risks.

We maintain close contact with universities to recruit and retain qualified specialists and management personnel. We develop management trainees and employees internally using dedicated international support programs and further education measures. The new management guidelines strengthen our managers' and employees' commitment to Beiersdorf and help us to remain an attractive employer.

At present, Beiersdorf is not exposed to any risks that could endanger its continued existence.

Report by the Executive Board regarding Dealings among Group Companies

In accordance with § 312 *Aktiengesetz* (German Stock Corporation Act), the Executive Board has issued a report regarding dealings among Group companies which contains the following concluding declaration: "According to the circumstances known to us at the time the transactions were executed, or measures were implemented or omitted, Beiersdorf Aktiengesellschaft received appropriate consideration for every transaction and has not been disadvantaged by the implementation or omission of any measures."

Report on Post-Balance Sheet Date Events

No significant events occurred after the end of the fiscal year that had a material effect on the Group's business development.

Outlook 2005

Expected Macroeconomic Developments

We do not expect to see any major change in the economy as a whole over the next few years. Our planning is based on existing growth rates. We expect growth in Europe to be relatively moderate, while we are foreseeing higher growth rates for America and Asia/Australia.

According to our estimates, the global cosmetics market will continue its long-term growth to date of around 3 %. There will still be substantial regional differences. In Europe, muted consumer spending will continue to dampen market growth over the next year, while we expect Asia to enjoy above-average growth.

We predict a trend towards price increases on the procurement market due to, for example, developments on the crude oil markets.

Expected Business Developments

The Consumer business segment is again planning higher organic sales growth for 2005 (adjusted for currency translation effects) than in 2004. The EBIT margin is expected to increase further. tesa is aiming to repeat its growth of the previous year on a like-for-like basis, while its EBIT margin should continue to improve.

For the Group in total, we are forecasting sales growth (adjusted for currency translation effects) in excess of that achieved in 2004. The EBIT margin should rise to around 11 % and the return on sales (after tax) to almost 7 %.

Income Statement – Group

(in € million)	Notes	2003	2004
Sales	(1)	**4,435**	**4,546**
Cost of goods sold	(2)	-1,584	-1,613
Gross profit		**2,851**	**2,933**
Marketing and selling expenses	(3)	-2,025	-2,087
Research and development expenses	(4)	-97	-101
General and administrative expenses	(5)	-230	-233
Other operating income	(6)	95	117
Other operating expenses	(7)	-139	-146
Operating result (EBIT)		**455**	**483**
Result from equity investments (BSN medical)		18	22
Interest result	(8)	20	-7
Other financial result	(9)	-2	-6
Financial result		**36**	**9**
Profit before tax		**491**	**492**
Taxes on income	(10)	-190	-190
Profit after tax		**301**	**302**
Minority interests	(11)	-7	-6
Net profit		**294**	**296**
Earnings per share (in €)	(12)	**3.50**	**3.88**
Diluted earnings per share (in €)	(12)	**3.50**	**3.88**

We use leading-edge technologies to manufacture our products.

Balance Sheet – Group

Assets (in € million)	Notes	**Dec. 31, 2003**	**Dec. 31, 2004**
Intangible assets	(14)	94	58
Property, plant, and equipment	(15)	876	887
Equity investments (BSN medical)	(16)	72	72
Other financial assets	(16)	22	21
Fixed assets		**1,064**	**1,038**
Inventories	(17)	629	558
Trade receivables	(18)	651	669
Other receivables and other assets	(18)	93	94
Cash and cash equivalents	(19)	828	290
Current assets		**2,201**	**1,611**
Deferred tax assets	(10, 20)	**23**	**24**
Prepaid expenses	(21)	**22**	**28**
		3,310	**2,701**

Shareholders' equity and liabilities (in € million)	Notes	**Dec. 31, 2003**	**Dec. 31, 2004**
Share capital	(22)	215	215
Additional paid-in capital	(25)	47	47
Retained earnings	(26)	1,374	592
Net profit		294	296
Gains and losses recognized directly in equity	(27)	-111	-129
Shareholders' equity (Beiersdorf AG) excl. minority interests		**1,819**	**1,021**
Minority interests	(28)	12	12
Shareholders' equity		**1,831**	**1,033**
Provisions for pensions and other employee benefits	(29)	376	366
Other provisions	(30)	463	480
Provisions		**839**	**846**
Financial liabilities	(31)	66	204
Trade payables	(31)	293	308
Other liabilities	(31)	150	167
Liabilities		**509**	**679**
Deferred tax liabilities	(10, 20)	**122**	**134**
Deferred income		**9**	**9**
		3,310	**2,701**

Cash Flow Statement – Group

(in € million)	2003	2004
Cash and cash equivalents at beginning of year	**701**	**828**
Operating result (EBIT)	**455**	**483**
Income taxes paid	-228	-155
Depreciation and amortization	159	173
Change in long-term provisions (excluding interest)	-11	-9
Gain/loss on disposal of property, plant, and equipment and intangible assets	2	1
Gross Cash Flow	**377**	**493**
Change in inventories	4	71
Change in trade receivables and other assets	-12	-29
Change in liabilities and short-term provisions	27	16
Net cash flow from operating activities	**396**	**551**
Investment in fixed assets	-162	-165
Proceeds from the sale of fixed assets	10	18
Proceeds from interest, dividends, and other financing activities	57	43
Net cash flow from investing activities	**-95**	**-104**
Free cash flow	**301**	**447**
Change in financial liabilities	10	138
Interest and other financing expenses paid	-42	-41
Share buyback	-	-955
Cash dividends paid (Beiersdorf AG)	-118	-121
Net cash flow from financing activities	**-150**	**-979**
Effect of exchange rate fluctuations on cash held	-24	-6
Net change in cash and cash equivalents	**127**	**-538**
Cash and cash equivalents as of Dec. 31	**828**	**290**

Statement of Changes in Shareholders' Equity – Group

(in € million)	Share capital	Additional paid-in capital	Retained earnings	Net profit	Changes recognized directly in equity: Currency translation adjustment	Changes recognized directly in equity: Other changes	Minority interests	Total
Jan. 1, 2003	**215**	**47**	**1,209**	**283**	**-53**	**6**	**20**	**1,727**
Transfer to retained earnings	-	-	165	-165	-	-	-	-
Dividend of Beiersdorf AG for previous year	-	-	-	-118	-	-	-	-118
Profit after tax	-	-	-	294	-	-	7	301
Remeasurement of derivatives directly in equity	-	-	-	-	-	-4	-	-4
Currency translation adjustment	-	-	-	-	-55	-	-2	-57
Other changes	-	-	-	-	-	-5	-13	-18
Dec. 31, 2003	**215**	**47**	**1,374**	**294**	**-108**	**-3**	**12**	**1,831**
Transfer to retained earnings	-	-	173	-173	-	-	-	-
Dividend of Beiersdorf AG for previous year	-	-	-	-121	-	-	-	-121
Own shares	-	-	-955	-	-	-	-	-955
Profit/loss after tax	-	-	-	296	-	-	6	302
Remeasurement of derivatives directly in equity	-	-	-	-	-	-2	-	-2
Currency translation adjustment	-	-	-	-	-9	-	-1	-10
Other changes	-	-	-	-	-	-7	-5	-12
Dec. 31, 2004	**215**	**47**	**592**	**296**	**-117**	**-12**	**12**	**1,033**

Segment Reporting – Group

Business segments 2004 (in € million)	Consumer	tesa	Group
Net sales	3,840	706	4,546
Change in % (nominal)	2.7 %	1.4 %	2.5 %
Change in % (adjusted*)	4.3 %	5.4 %	4.5 %
Share of Group sales	84.5 %	15.5%	100.0 %
EBITDA	575	81	656
Operating result (EBIT)	433	50	483
(as % of sales)	11.3 %	7.1 %	10.6 %
Gross operating capital	1,771	463	2,234
Operating liabilities	716	115	831
EBIT return on capital employed	41.1 %	14.4 %	34.4 %
Gross cash flow	420	73	493
Capital expenditure (excl. financial assets)	134	29	163
Depreciation (excl. financial assets)	142	31	173
Research and development expenses	85	16	101
Employees (as of Dec. 31, 2004)	13,013	3,479	16,492

*adjusted for the sale of a small part of the tesa US business, adjusted for currency translation effects

Business segments 2003 (in € million)	Consumer	tesa	Group
Net sales	3,739	696	4,435
Change in % (nominal)	-1.6 %	0.4 %	-1.3 %
Change in % (adjusted for currency translation effects)	3.9 %	5.7 %	4.2 %
Share of Group sales	84.3 %	15.7 %	100.0 %
EBITDA	552	62	614
Operating result (EBIT)	420	35	455
(as % of sales)	11.2 %	5.0 %	10.3 %
Gross operating capital	1,848	467	2,315
Operating liabilities	702	111	813
EBIT return on capital employed	36.7 %	9.8 %	30.3 %
Gross cash flow	332	45	377
Capital expenditure (excl. financial assets)	131	30	161
Depreciation (excl. financial assets)	132	27	159
Research and development expenses	83	14	97
Employees (as of Dec. 31, 2003)	13,073	3,591	16,664

Regions 2004 (in € million)	Europe	Americas	Africa/ Asia/ Australia	**Group**
Net sales	3,388	635	523	4,546
Change in % (nominal)	1.8 %	-0.4 %	11.8 %	2.5 %
Change in % (adjusted*)	1.8 %	10.4 %	15.4 %	4.5 %
Share of Group sales	74.5 %	14.0 %	11.5 %	100.0 %
EBITDA	577	21	58	656
Operating result (EBIT)	426	10	47	483
(as % of sales)	12.6 %	1.5 %	9.1 %	10.6 %
Gross operating capital	1,773	275	186	2,234
Operating liabilities	675	69	87	831
EBIT return on capital employed	38.8 %	4.8 %	47.9 %	34.4 %
Gross cash flow	437	17	39	493
Capital expenditure (excl. financial assets)	142	9	12	163
Depreciation (excl. financial assets)	151	11	11	173
Research and development expenses	97	1	3	101
Employees (as of Dec. 31, 2004)	11,504	2,192	2,796	16,492

*adjusted for the sale of a small part of the tesa US business, adjusted for currency translation effects

Regions 2003 (in € million)	Europe	Americas	Africa/ Asia/ Australia	**Group**
Net sales	3,329	638	468	4,435
Change in % (nominal)	2.2 %	-15.8 %	-2.0 %	-1.3 %
Change in % (adjusted for currency translation effects)	4.0 %	1.9 %	8.7 %	4.2 %
Share of Group sales	75.1 %	14.4 %	10.5 %	100.0 %
EBITDA	534	28	52	614
Operating result (EBIT)	396	15	44	455
(as % of sales)	11.9 %	2.3 %	9.3 %	10.3 %
Gross operating capital	1,840	297	178	2,315
Operating liabilities	676	68	69	813
EBIT return on capital employed	34.1 %	6.5 %	40.3 %	30.3 %
Gross cash flow	321	20	36	377
Capital expenditure (excl. financial assets)	136	15	10	161
Depreciation (excl. financial assets)	138	13	8	159
Research and development expenses	93	1	3	97
Employees (as of Dec. 31, 2003)	11,751	2,371	2,542	16,664

Significant Accounting Policies

General Principles

The consolidated financial statements of Beiersdorf AG have been prepared in accordance with the standards issued by the International Accounting Standards Board (IASB), London, effective at the balance sheet date, and reflect the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). They comply with the European Union Group Accounts Directive (Directive 83/349/EEC) as interpreted by the *Deutscher Standardisierungsrat* (German Accounting Standards Board – GASB). The criteria set out in § 292a of the *Handelsgesetzbuch* (German Commercial Code, "HGB") for the Company's exemption from the requirement to prepare consolidated financial statements in accordance with German law have been satisfied.

The consolidated financial statements contain the following departures from the accounting policies and valuation methods as applicable under German law:

- Pension provisions are measured using the projected unit credit method and reflect future compensation trends in accordance with IAS 19 (Employee Benefits)
- Deferred tax assets and liabilities are accounted for and measured using the balance sheet liability method as defined by IAS 12 (Income Taxes), and deferred taxes are capitalized where loss carryforwards are considered to be realizable
- Securities and financial instruments are accounted for and measured at fair value in accordance with IAS 39 (Financial Instruments: Recognition and Measurement)
- The acquisition price under the share buyback is deducted from shareholders' equity on the face of the balance sheet

New standards issued by the IASB are applied from their effective date. No use was made of the opportunities for early adoption. Their application and any changes in accounting policies are detailed in the notes to the financial statements under the respective item.

Individual line items have been summarized in the income statement and the balance sheet to aid clarity of presentation. These items are disclosed and explained separately in the notes.

Preparation of the consolidated financial statements requires management to make estimates and assumptions to a limited extent that affect the amount and presentation of recognized assets and liabilities, income and expenses, and contingent liabilities. Actual amounts may differ from those estimates.

Currency Translation

The financial statements of foreign affiliates are translated using the functional currency method. As these companies operate as financially, economically, and organizationally independent entities, their assets and liabilities are translated at the middle rates prevailing at the balance sheet date, while income and expenses are translated at average rates for the year. Exchange differences from the translation of asset and liability items compared with currency translation in the previous year and translation differences between the balance sheet and the income statement are taken directly to equity.

In the single-entity financial statements of these foreign companies, receivables and liabilities in foreign currencies that are not hedged are measured at the rate prevailing at the balance sheet date. The following tables show the development of the exchange rates of the currencies material to the consolidated financial statements:

	ISO Code	Average rates	
€1 =		2003	2004
Swiss franc	CHF	1.5230	1.5442
Pound sterling	GBP	0.6932	0.6798
Japanese yen	JPY	131.7390	133.8430
Mexican peso	MXN	12.3600	14.1150
US dollar	USD	1.1419	1.2463

	ISO Code	Closing rates	
€1 =		2003	2004
Swiss franc	CHF	1.5590	1.5437
Pound sterling	GBP	0.7070	0.7071
Japanese yen	JPY	134.8500	139.8300
Mexican peso	MXN	14.1500	15.2400
US dollar	USD	1.2610	1.3640

Consolidation Principles

The financial statements of the companies included in the consolidated financial statements are prepared uniformly as of the reporting date of December 31, in accordance with the accounting policies applied by the Beiersdorf Group. The financial statements included in consolidation are audited by independent auditors.

Capital consolidation uses the purchase method of accounting. The cost of acquisition of the purchased interests is eliminated against the proportionate equity attributable to the parent company at the date of acquisition. Any excess is partly or wholly allocated to the assets of the affiliate and amortized over the useful life of the respective assets. The remaining excess of cost of acquisition over net assets acquired is recognized as goodwill and amortized over its useful life. Amortization of goodwill is reported under other operating expenses.

Any write-downs of intragroup receivables and of interests in consolidated companies in the individual single-entity financial statements are reversed.

Intercompany profits and losses, income and expenses, as well as receivables and liabilities, are eliminated. Deferred taxes on consolidation adjustments are recognized as necessary.

The same consolidation principles apply to proportionately consolidated joint ventures. Any necessary consolidation adjustments arising from relations with proportionately consolidated companies are recognized in proportion to the interests held.

Consolidated Group

In addition to Beiersdorf AG, the consolidated financial statements include 16 German and 124 foreign companies in which Beiersdorf AG holds a majority of the voting rights, either directly or indirectly, and which fall under Beiersdorf AG's uniform management. The number of companies consolidated increased by seven year-on-year. They relate to the first-time consolidation of newly formed or existing companies. Two companies in which Beiersdorf holds an interest of 50 % and which it manages as joint ventures together with the other venturers are proportionately consolidated in accordance with IAS 31 (Financial Reporting of Interests in Joint Ventures).

The two joint ventures account for €70 million of the income and €60 million of the expenses reported in the income statement, and thus €10 million of the operating result. €8 million of fixed assets and €24 million of current assets are attributable to the proportionately consolidated companies, as well as €15 million of liabilities and provisions.

Eleven German and 14 foreign companies are not included in consolidation as, both individually and taken together, they are not material for the presentation of a true and fair view of the net assets, financial position, and results of operations of the Group.

The investment in BSN medical GmbH & Co. KG, a joint venture with Smith & Nephew plc., is no longer consolidated proportionately. Instead, it is included at equity in the consolidated financial statements.

Comparison of Old/New Reporting Structure 2003

To ensure comparability with the previous year, the figures for fiscal year 2003 were restated to reflect the new structure (BSN medical GmbH & Co. KG at equity) in this report. In the old reporting structure the Company was consolidated on a pro-rata basis. The differences to the reporting in the Annual Report 2003 are summarized in the comparison below.

Income Statement

(in € million)	2003 Old structure	2003 New structure
Sales	**4,673**	**4,435**
Cost of goods sold	-1,698	-1,584
Gross profit	**2,975**	**2,851**
Marketing and selling expenses	-2,093	-2,025
Research and development expenses	-100	-97
General and administrative expenses	-251	-230
Other operating result	-47	-44
Operating result (EBIT)	**484**	**455**
Result from equity investments (BSN medical)	-	18
Interest and other financial income/expense (net)	15	18
Financial result	**15**	**36**
Profit before tax	**499**	**491**
Taxes on income	-198	-190
Profit after tax	**301**	**301**
Minority interests	-7	-7
Net profit	**294**	**294**

Exchanging knowledge and close cooperation are some of our strengths.

Balance Sheet

Assets (in € million)	**Dec. 31, 2003 Old structure**	**Dec. 31, 2003 New structure**
Intangible assets and property, plant, and equipment	1,009	970
Equity investments (BSN medical)	-	72
Other financial assets	22	22
Fixed assets	**1,031**	**1,064**
Inventories	672	629
Receivables and other assets	782	744
Cash and cash equivalents	842	828
Current assets	**2,296**	**2,201**
Deferred tax assets	**28**	**23**
Prepaid expenses	**23**	**22**
	3,378	**3,310**

Shareholders' Equity and Liabilities (in € million)	**Dec. 31, 2003 Old structure**	**Dec. 31, 2003 New structure**
Shareholders' equity	**1,831**	**1,831**
Provisions for pensions and other employee benefits	380	376
Other provisions	479	463
Provisions	**859**	**839**
Liabilities	**555**	**509**
Deferred tax liabilities	**124**	**122**
Deferred income	**9**	**9**
	3,378	**3,310**

Notes to the Income Statement

1 Sales

Sales are recognized when goods are delivered or services performed and the risk incident to the goods or services is transferred. Discounts, customer bonuses and rebates are deducted from sales. A breakdown of sales and their development by business segment and region can be found in the segment reporting on pages 54 and 55.

2 Cost of Goods Sold

This item comprises the cost of internally produced goods and the purchase price of merchandise sold. The cost of internally produced goods includes directly attributable costs such as the cost of direct materials, direct labor, and energy costs, as well as production overheads, including depreciation of production facilities. The cost of goods sold include the write-downs on inventories.

3 Marketing and Selling Expenses

Marketing and selling expenses comprise the cost of marketing, the sales organization, as well as distribution logistics and write-downs of trade receivables. Marketing expenses for advertising, trade marketing, and similar items amounted to €1,334 million (previous year: €1,297 million).

4 Research and Development Expenses

In accordance with IAS 38 (Intangible Assets), research and development expenses comprise the cost of research and of product and process development, including expenses for third-party services. Development expenditures are expensed fully in the period in which they occur, as the risks in the period up to their market launch mean that the criteria for capitalization are not fulfilled.

5 General and Administrative Expenses

This item comprises the personnel expenses and other costs of administration, as well as the cost of external services that are not allocated internally to other functions.

6 Other Operating Income

(in € million)	2003	2004
Gains on disposal of fixed assets	3	6
Exchange gains	14	13
Income from release of provisions	23	49
Miscellaneous other income	55	49
	95	**117**

Miscellaneous other income includes income from license agreements, prior-period income, income from the reversal of valuation allowances on receivables, and other miscellaneous income.

7 Other Operating Expenses

(in € million)	2003	2004
Restructuring costs	10	7
Losses on disposal of fixed assets	4	6
Exchange losses	18	14
Amortization of goodwill and trademarks acquired	32	36
Miscellaneous other expenses	75	83
	139	**146**

Miscellaneous other expenses include provisions for risks and other miscellaneous expenses.

8 Interest Result

(in € million)	2003	2004
Interest income	22	11
(thereof from affiliated companies)	(-)	(-)
Interest expense	-2	-18
(thereof to affiliated companies)	(-)	(-)
	20	**-7**

The interest expense on pension and other entitlements acquired in previous years is netted against any return on plan assets and the amortization of unrecognized actuarial gains and losses. This results in net interest income in the amount of €1 million (previous year: €5 million).

9 Other Financial Result

(in € million)	2003	2004
Other financial income	30	12
Other financial expense	-32	-18
	-2	**-6**

Other financial income primarily comprises exchange gains on financial items denominated in foreign currencies. Other financial expense consists of exchange losses on such financial items.

10 Taxes on Income

Taxes on income comprise the taxes paid or owed on income in the individual countries, as well as deferred taxes. Income tax expense including deferred taxes can be broken down as follows:

(in € million)	2003	2004
Taxes on income		
Germany	81	83
International	108	103
	189	**186**
Deferred taxes	1	4
	190	**190**

Taxes on income include tax refunds attributable to prior periods in the amount of €2 million (previous year: tax refunds of €1 million).

Our strong brands have substantial growth potential.

Allocation of deferred taxes

(in € million)	Deferred tax assets Dec. 31, 2003	Deferred tax assets Dec. 31, 2004	Deferred tax liabilities Dec. 31, 2003	Deferred tax liabilities Dec. 31, 2004
Fixed assets	4	2	103	103
Inventories	11	9	-	-
Receivables and other assets	7	6	6	5
Provisions for pensions and other employee benefits	14	14	44	53
Other provisions	16	21	-	-
Liabilities	7	5	7	7
Loss carryforwards	2	1	-	-
	61	**58**	**160**	**168**
Offset deferred taxes	-38	-34	-38	-34
Deferred taxes reported in the balance sheet	**23**	**24**	**122**	**134**

Deferred taxes result from temporary differences between the carrying amounts in the tax accounts of the Group companies and the carrying amounts in the consolidated balance sheet. Deferred taxes are measured using the balance sheet liability method on the basis of the tax rates expected to be enacted in the individual countries when the temporary differences reverse. These rates are based on the legislation in force at the balance sheet date. Deferred tax receivables and deferred tax liabilities are offset if they are for the same tax authorities.

Calculation of the actual tax expense

With an effective tax rate of 38.6 %, the actual tax expense is €18 million more than the expected tax expense. The expected tax rate is calculated as the weighted average of the tax rates of the individual Group companies, and amounts to 34.9 % (previous year: 35.8 %). The change in this tax rate is due largely to the discontinuation of the solidarity charge in favor of the flood victims in Germany and tax cuts in several European countries.

The following table shows the reconciliation of expected to actual tax expense:

(in € million)	2003	2004
Expected tax expense at a tax rate of 34.9 % (previous year: 35.8 %)	176	172
Tax increases due to non-deductible expenses	17	9
Other tax effects	-3	9
Actual tax expense	**190**	**190**

11 Minority Interests

€6 million of profit after tax is attributable to minority interests (previous year: €7 million). These minority interests relate primarily to shareholdings in Nivea-Kao Co., Ltd., Japan, PT. Beiersdorf Indonesia, Beiersdorf India Limited, and Bode Chemie GmbH & Co., Hamburg.

12 Earnings per Share

Earnings per share for 2004 amounted to €3.88 (previous year: €3.50). Since the settlement of the share buyback program on February 3, 2004, Beiersdorf AG has held 8,393,672 own shares. These were deducted when calculating the earnings per share, which resulted in a pro rated weighted number of shares of 76,375,748. As there are no outstanding financial instruments that can be exchanged for shares, the diluted earnings per share do not deviate from earnings per share.

13 Other Disclosures

Cost of materials

The cost of raw materials, consumables, and supplies, and of purchased goods and services, amounted to €1,113 million (previous year: €1,149 million).

Personnel expenses

(in € million)	2003	2004
Wages and salaries	647	644
Social security contributions and other benefits	130	131
Pension expenses	31	29
	808	**804**

Employees

The breakdown of employees by function is as follows:

	2003	2004
Production	6,131	6,145
Sales and Marketing	6,378	6,385
Other functions	4,155	3,962
	16,664	**16,492**

Employees of consolidated joint ventures are included in the total number of employees in proportion to the interest held. A total of 190 people are employed by these companies (previous year: 179).

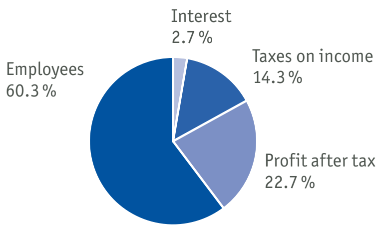
A breakdown of employees by Beiersdorf Group segment can be found in the segment reporting on pages 54 and 55.

Value-added calculation

Output method (in € million)

Sales	4,546
Cost of materials	1,113
Depreciation	173
Other expenses	1,972
Financial income	45
Enterprise income	**1,333**

Income received method (in %)



Notes to the Balance Sheet

14 Intangible Assets

(in € million)	Patents, licenses, trademarks, and similar rights and assets	Goodwill	Advance payments	**Total**
Cost of acquisition				
Opening balance Jan. 1, 2004	**354**	**51**	**-**	**405**
Currency translation adjustment	1	-	-	1
Changes in consolidated Group	-	-	-	-
Additions	10	-	-	10
Disposals	-3	-	-	-3
Transfers	5	-	-	5
Closing balance Dec. 31, 2004	**367**	**51**	**-**	**418**
Amortization				
Opening balance Jan. 1, 2004	**280**	**31**	**-**	**311**
Currency translation adjustment	-	-	-	-
Changes in consolidated Group	-	-	-	-
Amortization	42	10	-	52
Disposals/transfers	-3	-	-	-3
Closing balance Dec. 31, 2004	**319**	**41**	**-**	**360**
Carrying amount Dec. 31, 2004	**48**	**10**	**-**	**58**
Carrying amount Dec. 31, 2003	74	20	-	94

Purchased intangible assets such as patents, trademarks, and software are measured at cost and amortized on a straight-line basis over their useful lives. Intangible assets are generally amortized over a period of five years. Additional write-downs are made for permanent impairment. If the reasons for impairment no longer apply, write-downs are reversed accordingly.

Goodwill arising upon consolidation and acquired goodwill reported in the single-entity financial statements of Group companies are capitalized and amortized on a straight-line basis over a useful life of five to a maximum of 20 years. Goodwill is regularly tested for impairment and is written down as required.

Goodwill from capital consolidation arising prior to January 1, 1995, is not capitalized, but instead is charged directly to equity.

15 Property, Plant, and Equipment

(in € million)	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	**Total**
Cost of acquisition/manufacture					
Opening balance at Jan. 1, 2004	**697**	**830**	**474**	**78**	**2,079**
Currency translation adjustment	-1	-6	-2	–	-9
Changes in consolidated Group	3	–	–	–	3
Additions	37	30	41	45	153
Disposals	-12	-41	-37	-1	-91
Transfers	40	23	9	-77	-5
Closing balance Dec. 31, 2004	**764**	**836**	**485**	**45**	**2,130**
Depreciation					
Opening balance at Jan. 1, 2004	**344**	**517**	**341**	**1**	**1,203**
Currency translation adjustment	-1	-5	-2	–	-8
Changes in consolidated Group	1	–	–	–	1
Depreciation	25	53	43	–	121
Disposals/transfers	-8	-35	-31	–	-74
Closing balance Dec. 31, 2004	**361**	**530**	**351**	**1**	**1,243**
Carrying amount Dec. 31, 2004	**403**	**306**	**134**	**44**	**887**
Carrying amount Dec. 31, 2003	353	313	133	77	876

Property, plant, and equipment is carried at cost and reduced by straight-line depreciation over the assets' expected useful lives. Production costs of internally manufactured items of property, plant, and equipment are calculated as the direct costs plus an appropriate share of attributable overheads. Interest on borrowings is recognized as current expense in accordance with IAS 23 (Borrowing Costs). Repair and maintenance costs for property, plant, and equipment are expensed as incurred. They are capitalized in exceptional cases where the measures result in the extension of, or a significant improvement to, the asset concerned. Third-party grants and subsidies reduce the historical cost.

Property, plant, and equipment is depreciated on a straight-line basis. The following useful lives are generally applied:

Residential and production buildings	25 to 33 years
Other buildings	10 to 25 years
Technical equipment and machinery	5 to 15 years
Vehicles	4 years
Office and other equipment	3 to 15 years

16 Financial Assets

(in € million)	Investments in affiliated companies	Equity invest-ments (BSN medical)	Other investments	Investment securities	Other loans	**Total**
Cost of acquisition						
Opening balance Jan. 1, 2004	**9**	**72**	**1**	**16**	**1**	**99**
Currency translation adjustment	-	-1	-1	-	-	-2
Changes in consolidated Group	-1	-	-	-	-	-1
Additions	1	1	-	1	-	3
Disposals	-1	-	-	-	-	-1
Transfers	-	-	-	-	-	-
Closing balance Dec. 31, 2004	**8**	**72**	**-**	**17**	**1**	**98**
Impairment write-downs						
Opening balance Jan. 1, 2004	**4**	**-**	**-**	**1**	**-**	**5**
Currency translation adjustment	-	-	-	-	-	-
Changes in consolidated Group	-	-	-	-	-	-
Impairment write-downs	-	-	-	-	-	-
Disposals/transfers	-	-	-	-	-	-
Closing balance Dec. 31, 2004	**4**	**-**	**-**	**1**	**-**	**5**
Carrying amount Dec. 31, 2004	**4**	**72**	**-**	**16**	**1**	**93**
Carrying amount Dec. 31, 2003	5	72	1	15	1	94

Investments in unconsolidated affiliated companies and other investments are carried at cost in line with the principle of individual valuation. Write-downs are charged where there is evidence of permanent impairment. If the reasons for impairment no longer apply, write-downs are reversed accordingly. Interest-free or low-interest loans are carried at their present value; other securities and loans are carried at their fair value. Changes in fair value are recognized directly in a separate component of equity after deduction of deferred taxes. As a company valued at equity, our interest in BSN medical GmbH & Co. KG has been carried at our proportionate interest in its equity since the beginning of 2004.

17 Inventories

(in € million)	2003	2004
Raw materials, consumables, and supplies	120	116
Work in progress	37	40
Finished goods and merchandise	470	400
Advance payments	2	2
	629	**558**

Inventories are carried at the lower of cost or net realizable value in accordance with IAS 2 (Inventories). They are measured using the first-in, first-out (FIFO) or weighted average cost methods. The cost of inventories is calculated as the direct costs plus an appropriate allocation of materials and production overheads, including production-related depreciation of assets. They also include the proportionate costs of company pension arrangements and voluntary social benefits, as well as production-related administrative expenses.

18 Receivables and Other Assets

(in € million)	2003	2004
Trade receivables	651	669
Receivables from affiliated companies	6	5
Receivables from associated companies	6	5
Tax receivables	14	19
Other assets	67	65
	744	**763**

Receivables and other assets are carried at their nominal value. Bills receivable and interest-free or low-interest loans are carried at their present value. Appropriate allowances have been made for identifiable individual risks, and the overall risk is provided for by an allowance for doubtful accounts.

19 Cash and Cash Equivalents

(in € million)	2003	2004
Marketable securities	49	31
Cash	779	259
	828	**290**

Marketable securities largely comprise short-term investments. Cash balances comprise bank balances, cash-on-hand and checks.

20 Deferred Taxes

Deferred taxes result primarily from temporary differences between the carrying amounts in the IFRS financial accounts and in the tax accounts of the individual Group companies, and from consolidation adjustments. Further information can be found under note 10, Taxes on income.

21 Prepaid Expenses

A large portion of the prepaid expenses is expected to be utilized in 2005.

22 Share Capital

The share capital amounts to €215,040,000 and is composed of 84,000,000 no-par value bearer shares.

Since the settlement of the share buyback program on February 3, 2004, the Company has held 8,393,672 no-par value bearer shares (totaling 9.99 % of the Company's share capital).

23 Authorized Capital

The Annual General Meeting on June 20, 2000, authorized the Executive Board, with the approval of the Supervisory Board, to increase the share capital in the period until June 19, 2005 by up to a total of €87 million (Authorized Capital I: €45 million; Authorized Capital II: €21 million; Authorized Capital III: €21 million) by issuing new bearer shares on one or several occasions. For this purpose, the dividend rights for new shares may be determined differently to the provisions of § 60 (2) *Aktiengesetz* (German Stock Corporation Act).

Shareholders shall be granted pre-emptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights in the following cases:

1. to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);
2. to the extent necessary to grant the holders/creditors of convertible bonds or bonds with warrants issued by Beiersdorf AG, or companies in which it holds a direct or indirect majority interest, pre-emptive rights to new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation (Authorized Capital I, II, III);
3. to issue new shares at an issue price that is not materially lower than the quoted market price of existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed (Authorized Capital II);
4. in the case of capital increases against non-cash contributions, for the purpose of acquiring enterprises or equity interests in enterprises (Authorized Capital III).

The Executive Board was also authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation.

24 Contingent Capital

The Annual General Meeting on June 20, 2000, also resolved to contingently increase the share capital by up to a total of €40 million. In accordance with the resolution by the Annual General Meeting, the contingent capital increase will be implemented only if:

Our supply chain management features optimally coordinated workflows.

1. the holders or creditors of conversion rights and/or options attached to convertible bonds and/or bonds with warrants issued in the period until June 19, 2005, by Beiersdorf AG, or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights, or
2. the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until June 19, 2005, by Beiersdorf AG, or companies in which it holds a direct or indirect majority interest, comply with such obligation.

The new shares carry dividend rights from the beginning of the fiscal year in which they are created via the exercise of conversion or option rights, or as a result of compliance with conversion obligations.

25 Additional Paid-in Capital

Additional paid-in capital comprises the premium arising from the issue of shares by Beiersdorf AG.

26 Retained Earnings

Retained earnings contain the undistributed profits generated in prior periods by companies included in the consolidated financial statements.

The amount for the share buyback of €955 million has been deducted from retained earnings on the face of the balance sheet.

27 Changes Recognized Directly in Equity

This position comprises the exchange differences arising from the translation of the annual financial statements of Group companies into euros, as well as changes in the valuation of financial derivatives and other changes in derivatives recorded directly in equity. Changes in the value of financial derivatives amounted to -€2 million (previous year: -€4 million).

28 Minority Interests

Minority interests include adjustments for the interests of non-Group shareholders in the equity of fully-consolidated affiliates. This primarily relates to Nivea-Kao Co., Ltd., Japan, PT. Beiersdorf Indonesia, Beiersdorf India Limited, and Bode Chemie GmbH & Co., Hamburg.

29 Provisions for Pensions and Other Employee Benefits

The Group provides for post-employment benefits for entitled employees either directly or through payments to legally independent pension and welfare funds (at Beiersdorf AG, this refers to TROMA Alters- und Hinterbliebenenstiftung, Hamburg). The benefits vary depending on the legal, economic, and tax situation in the country in question, and are generally based on length of service, salary, and the position held within the Company. The direct and indirect obligations comprise obligations arising from existing pensions, as well as future pension and retirement obligations.

The pension obligations covered by the legally independent foundation TROMA Alters- und Hinterbliebenenstiftung, Hamburg, include the assets of this foundation. These assets include 3 % of the shares of Beiersdorf AG. Group companies provide retirement benefits under defined contribution and defined benefit plans. The related expenses are included in the costs of the respective functions. Interest expense on obligations acquired in previous years, the return on plan assets, and the amortization of unrealized actuarial gains and losses are reported in the income statement under interest income/expense.

In accordance with IAS 19 (Employee Benefits), pension obligations under defined benefit plans are calculated using the projected unit credit method. The expected benefits are spread over the entire length of service of the employees. There was no extraordinary income or expense from the termination of pension plans or the curtailment and transfer of pension benefits in the year under review.

Pension obligations are calculated on the basis of market rates of interest and projected wage/salary and pension growth, and fluctuations. The following assumptions were applied in measuring pension obligations for the German Group companies:

Actuarial assumptions

	Dec. 31, 2003	Dec. 31, 2004
Discount rate	5.50 %	5.25 %
Projected wage/salary growth	2.75 %	2.50 %
Projected pension growth	1.75 %	1.50 %
Fluctuation	2.50 %	2.50 %
Projected return on plan assets	5.50 %	5.25 %

These parameters also apply to each following year when calculating the costs of the obligations acquired and the expected return on plan assets.

For non-German Group companies, these rates vary depending on specific local conditions.

The new NIVEA shops present the brand's entire range of products.

The total expense for commitments under defined benefit plans can be broken down as follows:

(in € million)	2003	2004
Cost of obligations acquired in the year under review	21	22
Interest cost on present value of pension obligations*	36	36
Expected return on plan assets*	-29	-27
Amortization of unrecognized actuarial gains*	-12	-10
Total expense for commitments under defined benefit plans	**16**	**21**

* the sum of these amounts is reported in the income statement under interest income/expense

The provision for pensions is calculated as follows:

(in € million)	2003	2004
Present value of unfunded obligations	547	567
Present value of funded obligations	146	157
Present value of pension obligations	693	724
Fair value of plan assets	-506	-493
Present value of pension obligations less plan assets	187	231
Unrecognized actuarial gains	189	135
Provision in accordance with IAS 19	**376**	**366**

According to the corridor method actuarial gains and losses are recognized only to the extent that they exceed the greater of 10 % of the present value of the obligations or of the fair value of plan assets. Gains and losses beyond this corridor are amortized over the average remaining working lives of the employees, beginning the following year.

Pension plan assets and obligations are measured at regular intervals, and at least every three years. Actuarial valuations are performed annually for all major pension plans.

Obligations of individual Group companies, particularly in the USA, to provide post-employment medical benefits for employees are also disclosed in provisions for pensions, as they are similar in character to pension obligations.

Similar obligations also include obligations for severance pay and early retirement benefits. These are calculated in accordance with actuarial principles on the basis of the standard local rates of interest.

30 Other Provisions

(in € million)	Taxes	Personnel expenses	Marketing and selling expenses	Restructuring measures	Miscellaneous	Total
Opening balance Jan. 1, 2004	**49**	**133**	**121**	**8**	**152**	**463**
Currency translation adjustment	-1	-	-1	-	-	-2
Changes in consolidated Group	-	-	-	-	-	-
Additions	58	72	110	2	121	363
Usage	31	61	107	4	86	289
Release	6	9	3	2	35	55
Closing balance Dec. 31, 2004	**69**	**135**	**120**	**4**	**152**	**480**

Other provisions include all identifiable future payment obligations, risks, and uncertain obligations of the Group. They are carried at the likely amount of the liability incurred, and mostly have a residual maturity of less than one year.

Provisions for personnel expenses relate primarily to expenses for part-time schemes for employees approaching retirement, annual bonuses, vacation pay, severance agreements, and anniversary payments.

Miscellaneous provisions relate to litigation risks and other risks.

31 Liabilities

(in € million)	2003	Residual maturity up to 1 year	Residual maturity between 1 to 5 years	2004	Residual maturity up to 1 year	Residual maturity between 1 to 5 years
Financial liabilities	**66**	**56**	**3**	**204**	**185**	**9**
Trade payables	**293**	**293**	**-**	**308**	**308**	**-**
Liabilities to affiliated companies	6	6	-	5	5	-
Liabilities to associated companies	2	2	-	1	1	-
Tax liabilities	40	40	-	50	50	-
Social security liabilities	18	18	-	19	19	-
Miscellaneous liabilities	84	84	-	92	91	1
Other liabilities	**150**	**150**	**-**	**167**	**166**	**1**
	509	**499**	**3**	**679**	**659**	**10**

Liabilities are carried at the higher of their nominal value or redemption amount. Financial liabilities in the amount of €10 million (previous year: €7 million) are due after more than five years.

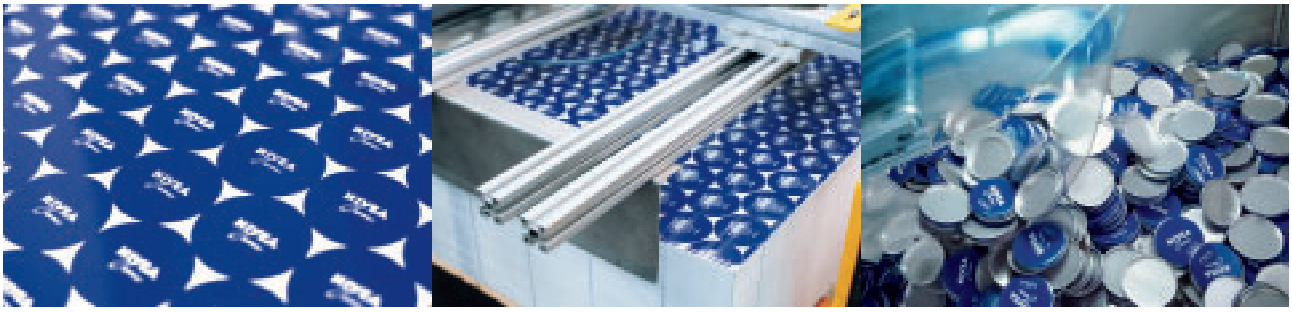
Financial liabilities include all of the Beiersdorf Group's interest-bearing liabilities. These relate primarily to liabilities to banks. A credit line from a syndicated loan amounts to more than €500 million and has a term of five years. €110 million of this was utilized as of the balance sheet date. No bonds were issued.

Trade payables include liabilities on bills accepted and drawn in the amount of €1 million (previous year: €1 million).

32 Contingent Liabilities and Other Financial Obligations

(in € million)	2003	2004
Contingent liabilities		
Liabilities under bills	1	1
Liabilities under guarantees	2	2
Other financial obligations		
Obligations under rental and lease agreements:		
due within the next year	19	14
due between 2 to 5 years	33	26
due after more than 5 years	10	5
Obligations under purchase commitments:		
due within the next year	24	28
due between 2 to 5 years	26	17
Obligations under share buyback program	955	-

Beiersdorf has potential obligations arising from legal actions and from claims brought against the Company in the course of its normal business activities. Estimates of possible future expenses are subject to a large number of uncertainties. Beiersdorf does not expect any such expenses to have a material adverse effect on the Beiersdorf Group's economic and financial situation.



A classic: the blue NIVEA tin.

33 Derivative Financial Instruments

Derivative financial instruments are employed in the Beiersdorf Group to help manage current and future currency and interest rate risks. The instruments are used to hedge the Group's underlying operating business and essential financial transactions. The Group is not exposed to any additional risks as a result. The transactions are performed exclusively using standard market instruments (e.g. forward transactions, swaps, options).

Currency hedges relate primarily to intragroup deliveries and services. In general, 75 % of the planned net cash flows are hedged using currency forwards around two to four months before the start of the year; deviations from forecasts in the course of the year lead to hedging adjustments at regular intervals in the form of additional forward contracts. As a matter of principle, cross-border intragroup financing does not entail any currency risk for affiliates. Here, too, currency forwards are concluded on a regular basis. All these transactions are centrally recorded, measured and managed in the treasury management system. The use of interest rate derivatives is limited to interest rate hedges relating to long-term financing and short-term interest rate optimization through options on a case-by-case basis.

The nominal values represent the total of all purchase and selling amounts for derivatives. The nominal values shown are not offset.

The fair values shown are calculated by valuing the outstanding items at market rates at the balance sheet date, ignoring any offsetting change in the fair value of the hedged items. Changes in fair value are recognized in the balance sheet under other receivables and other assets, or in other provisions. In the case of cash flow hedges, any gains and losses are accrued directly in equity after deduction of deferred taxes.

The positive fair values of derivatives include the default risk relating to the nonfulfillment of contractual obligations by counterparties. Beiersdorf's counterparties are prime-rated banks; the default risk is therefore considered to be extremely low.

	Fair value		Nominal value		Residual maturity	
(in € million)	**2003**	**2004**	**2003**	**2004**	up to 1 year	over 1 year
Currency forwards	7	5	363	405	399	6
Currency options	-	-	-	2	2	-
Interest rate swaps	1	-	13	-	-	-
Interest rate options	-	-	-	-	-	-
	8	**5**	**376**	**407**	**401**	**6**

Segment Reporting

Segment reporting in the Beiersdorf Group is based primarily on the products manufactured and sold by the business segments. The breakdown of the Group into the Consumer and tesa business segments also reflects the internal organizational structure. The classification by region shows the global breakdown of business activities in the Beiersdorf Group.

The business segments, as well as business developments in the business segments and the regions, are presented in the management report.

The **net sales** shown for the regions are based on the domiciles of the respective companies.

EBITDA represents the operating result (EBIT) before depreciation and amortization.

The **EBIT return** on capital employed is the ratio of the operating result (EBIT) to capital employed.

Gross cash flow is the excess of operating income over operating expenses before any further appropriation of funds.

Capital employed consists of **gross operating capital** less operating liabilities. The following tables show the reconciliation of capital employed to the balance sheet items:

Assets (in € million)	2003	2004
Intangible assets	94	58
Property, plant, and equipment	876	887
Inventories	629	558
Trade receivables	651	669
Other receivables and other assets (operating portion) [1]	65	62
Gross operating capital	**2,315**	**2,234**
Non-operating assets	995	467
Total balance sheet assets	**3,310**	**2,701**

Shareholders' Equity and Liabilities (in € million)	2003	2004
Other provisions (operating portion) [2]	412	407
Trade payables	293	308
Other liabilities (operating portion) [2]	108	116
Operating liabilities	**813**	**831**
Shareholders' equity	1,831	1,033
Non-operating liabilities	666	837
Total balance sheet shareholders' equity and liabilities	**3,310**	**2,701**

[1] not including tax receivables or the positive fair values of derivatives, among other things
[2] not including tax provisions and liabilities or the negative fair values of derivatives, among other things

Other Disclosures

Related Party Information in Accordance with IAS 24

The implementation on December 22, 2003, of the share purchase agreement dated October 23, 2003, increased TCHIBO Holding AG's interest in Beiersdorf AG from 30.36 % of the share capital to 49.96 % of the share capital. Since March 30, 2004, TCHIBO Holding AG directly or indirectly holds 50.46 % of Beiersdorf AG's share capital. In accordance with this, Beiersdorf AG is a dependent company within the meaning of § 312 (1) sentence 1 in conjunction with § 17 (2) *Aktiengesetz* (German Stock Corporation Act, *AktG*). Since no control agreement exists between Beiersdorf AG and TCHIBO Holding AG, the Executive Board of Beiersdorf AG prepares a report regarding dealings among Group companies in accordance with § 312 (1) sentence 1 *AktG*. In the period under review, Beiersdorf AG or its affiliates and TCHIBO Holding AG or its affiliates pooled purchase quotas to cut costs, as well as sourcing products from each other at standard market terms. Product samples from Beiersdorf AG were also distributed via the Tchibo branch network for advertising purposes.

In addition, goods and services are traded on a small scale between the Beiersdorf Group and non-consolidated Beiersdorf companies, as well as BSN medical GmbH & Co. KG, which is consolidated at equity, in the course of normal business. Business transactions with related parties are conducted on an arm's length basis.

Declaration of Compliance with the German Corporate Governance Code

The Executive Board and Supervisory Board of Beiersdorf AG submitted their declaration of compliance with the recommendations of the Government Commission on the German Corporate Governance Code in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act) at the end of December 2004, and made this declaration permanently accessible to shareholders on the Company's website at www.Beiersdorf.com. The declaration of compliance is also reproduced in the Corporate Governance section on page 25.

Disclosures Relating to the Executive Board and Supervisory Board

Total compensation

Total compensation for members of the Supervisory Board for 2004 amounted to €1,130 thousand (previous year: €1,624 thousand). In accordance with the Articles of Association, this consists of a fixed component of €433 thousand (previous year: €328 thousand) and variable, dividend-based compensation of €697 thousand (previous year: €1,296 thousand).

We focus on the development and management of our strong international brands.

The members of the Supervisory Board did not receive any compensation or benefits for services provided individually, such as advisory or agency services.

Total compensation for members of the Executive Board for 2004 totaled €4,884 thousand (previous year: €5,844 thousand). This amount consists of a fixed component of €1,620 thousand (previous year: €1,823 thousand) and a variable, dividend-based component of €3,264 thousand (previous year: €4,021 thousand).

Payments to former members of the Executive Board and their dependants amounted to €1,487 thousand (previous year: €1,407 thousand). Total provisions for pension commitments to former members of the Executive Board and their dependants amounted to €13,592 thousand (previous year: €13,615 thousand).

Loans

No loans have been granted to members of the Executive Board and Supervisory Board.

Shareholdings

At year end the members of the Executive Board of Beiersdorf AG held a combined total of significantly less than 0.01 % of the shares issued by the Company.

Michael Herz, member of the Supervisory Board of Beiersdorf AG since June 3, 2004, informed us according to §§ 21 (1), 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *Wertpapierhandelsgesetz* (German Securities Trading Act, *WphG*) that his share of voting rights in our Company has amounted to 50.46 % since March 30, 2004. The other members of the Supervisory Board held no shares in the Company as of the balance sheet date.

Directors' Dealings

In accordance with § 15a of the *WpHG*, the members of the Company's Executive Board and Supervisory Board were legally obliged to promptly disclose the acquisition or disposal of shares in Beiersdorf AG in fiscal year 2004 to the Company. No such transactions were reported to us in the past fiscal year.

Shareholdings of Beiersdorf AG

A list of Beiersdorf AG's shareholdings is filed with the commercial register of Hamburg Local Court (HRB 1787). The significant Group companies are listed on pages 82 and 83 of this Annual Report.

Shareholdings in Beiersdorf AG

In line with the provisions of the *Wertpapierhandelsgesetz* (German Securities Trading Act, *WphG*), Beiersdorf AG received disclosures from several shareholders of the Company by the balance sheet date which it has published in accordance with § 25 (1) *WpHG*:

HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsverwaltung mbH, Hamburg, informed us in accordance with § 21 (1) *WpHG* that its share of voting rights in our Company exceeded the threshold of 5 % on December 22, 2003, and reached the threshold of 10 %, and that its precise share of the voting rights since that date has been 10.0 %.

The Free Hanseatic City of Hamburg informed us in accordance with § 21 (1) *WpHG* that its share of voting rights in our Company exceeded the threshold of 5 % on December 22, 2003, and is now 10.0 %. These voting rights are fully attributable to the Free Hanseatic City of Hamburg in accordance with § 22 (1) sentence 1 no. 1 *WpHG*. The Free Hanseatic City of Hamburg does not have any other direct interest in our Company.

Allianz AG, Munich, informed us in accordance with § 21 (1) *WpHG* that its share of voting rights in our Company fell below the threshold of 10 % on February 3, 2004 and that it has amounted to 7.85 % as of this date. 0.82 % of these rights are attributable to Allianz AG in accordance with § 22 (1) sentence 1 no. 1 *WpHG*.

TCHIBO Holding AG, Hamburg, informed us in accordance with § 21 (1) *WpHG* that its share of voting rights in our Company has exceeded the threshold of 50 % since March 30, 2004, and that it has held 50.46 % of voting rights as of this date. TCHIBO Holding AG also announced that it held a direct share of 20.10 % of the voting rights and that an unchanged total of 30.358 % of voting rights was still attributable to it in accordance with § 22 (1) sentence 1 no. 1 (3) *WpHG*. TCHIBO Holding AG, Hamburg, also informed us in accordance with § 21 (1) *WpHG* that it had transferred the voting rights from 20.10 % of shares in our Company to Tchibo Beteiligungsgesellschaft mbH, Hamburg, on December 22, 2004. However, TCHIBO Holding AG's share of voting rights still amounts to 50.46 %, as these voting rights are attributable to the company in accordance with § 22 (1) sentence 1 no. 1 (3) *WpHG*. TCHIBO Holding AG also informed us that Tchibo Beteiligungsgesellschaft mbH acquired 20.10 % of the voting rights in our Company on December 22, 2004. As a result, the share of voting rights held by Tchibo Beteiligungsgesellschaft mbH in our Company exceeded the threshold of 50 % on December 22, 2004, and now amounts to 50.46 %. 30.358 % of these voting rights are attributable to Tchibo Beteiligungsgesellschaft mbH in accordance with § 22 (1) sentence 1 no. 1 (3) *WpHG*. TCHIBO Holding AG also informed us that the share of voting rights held by Vanguard Grundbesitz GmbH, Hamburg, in our Company remained unchanged, at 29.99 %.

In addition, the following persons and companies listed below informed us in accordance with § 21 (1) *WpHG* that their share of voting rights had each exceeded the threshold of 50 % on March 30, 2004, and that they were entitled to the share of voting rights of 50.46 % each which are fully attributable to them in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*:

- SPM Beteiligungs- und Verwaltungs GmbH, Norderstedt
- EH Real Grundstücksgesellschaft mbH & Co. KG, Norderstedt
- EH Real Grundstücksverwaltungsgesellschaft mbH, Norderstedt
- Scintia Vermögensverwaltungs GmbH, Norderstedt
- Trivium Vermögensverwaltungs GmbH, Norderstedt
- Michael Herz, Germany
- Wolfgang Herz, Germany
- Agneta Peleback-Herz, Germany
- Ingeburg Herz GbR, Norderstedt
- Max und Ingeburg Herz Stiftung, Norderstedt
- Ingeburg Herz, Germany
- CORO Vermögensverwaltungsgesellschaft mbH, Hamburg
- Joachim Herz, Germany

In accordance with § 25 (1) sentence 3 in connection with § 21 (1) sentence 1 *WpHG*, Beiersdorf AG also announced that it had exceeded the threshold of 5 % of the voting rights in its own company on February 3, 2004, and that a share of 9.99 % has been attributable to it since then. The own shares held by the Company do not carry voting or dividend rights in accordance with § 71b *Aktiengesetz* (German Stock Corporation Act, *AktG*).

Proposal on the Utilization of Beiersdorf AG's Net Retained Profits

(in € million)	2004
Profit after tax of Beiersdorf AG	290
Transfer to retained earnings	145
Net retained profits of Beiersdorf AG	**145**

The Executive Board and Supervisory Board will propose to the Annual General Meeting that the net retained profits from fiscal year 2004 in the amount of €145 million be utilized as follows:

(in € million)	2004
Distribution of a dividend totaling €1.60 per no-par value bearer share entitled to dividend (75,606,328 no-par value bearer shares)	121
Transfer to retained earnings	24
Net retained profits of Beiersdorf AG	**145**

The shares carrying dividend rights at the time of the Executive Board's proposal on the utilization of the net retained profits have been reflected in the amounts specified for the total dividend and for the transfer to retained earnings. The own shares held by the Company do not carry dividend rights in accordance with § 71b *Aktiengesetz* (German Stock Corporation Act, *AktG*).

If the number of own shares held by the Company at the time of the resolution by the Annual General Meeting on the utilization of the net retained profits is higher or lower than at the time of the Executive Board's proposal on the utilization of the profits, the total amount to be distributed to the shareholders shall be reduced or increased by the portion of the dividend attributable to the difference in the number of shares. The amount to be appropriated to the other retained earnings shall be adjusted inversely by the same amount. In contrast, the dividend to be distributed per no-par value bearer share entitled to dividend shall remain unchanged. If necessary, an appropriately modified draft resolution will be presented to the Annual General Meeting.

Hamburg, February 21, 2005

The Executive Board

Boards of Beiersdorf AG

Honorary Chairman of the Company

Georg W. Claussen

Supervisory Board

Dieter Ammer, Bremen
Chairman
(since June 3, 2004)

Chairman of the Executive Board of TCHIBO Holding AG

Chairman of the Supervisory Board
- Conergy AG
- Interbrew Deutschland Holding GmbH (until December 31, 2004)

Member of the Supervisory Board
- IKB Deutsche Industriebank (since July 1, 2004)
- mg technologies ag

Deputy Chairman of the Board of Directors
- Sparkasse Bremen

Jürgen Krause, Hamburg
Deputy Chairman

Chairman of the Works Council of Beiersdorf AG

Reinhard Pöllath, Munich
Deputy Chairman
(since June 3, 2004)

Lawyer
Pöllath + Partner

Chairman of the Supervisory Board
- Deutsche Woolworth GmbH & Co. OHG
- TCHIBO Holding AG

Deputy Chairman of the Supervisory Board
- SinnerSchrader AG

Member of the Supervisory Board
- TA Triumph-Adler AG
- Tchibo GmbH

Dr. Diethart Breipohl, Icking
Former member of the Executive Board of Allianz AG

Chairman of the Supervisory Board
- KM Europa Metal AG

Member of the Supervisory Board
- Allianz AG
- Continental AG
- Karstadt Quelle AG

Member of the Conseil d'Administration
- Crédit Lyonnais, Paris
- EULER & Hermes, Paris
- Les Assurances Générales de France (AGF), Paris

Member of the Consejo de Administración
- Banco Popular Español, Madrid (until April 20, 2004)

Member of the Board of Directors
- BPI Banco Portugues de Investimento, Porto (until April 21, 2004)

Dr. Walter Diembeck, Hamburg
Head of Biocompatibility, Research & Development, Beiersdorf AG

Frank Ganschow, Kiebitzreihe
(since June 3, 2004)
Chairman of the Works Council of tesa AG

Member of the Supervisory Board
- tesa AG (intragroup)

Michael Herz, Hamburg
(since June 3, 2004)
Merchant

Chairman of the Supervisory Board
- Tchibo GmbH

Member of the Supervisory Board
- TCHIBO Holding AG

Dr. Arno Mahlert, Hamburg
(since June 3, 2004)

Member of the Executive Board of TCHIBO Holding AG

Deputy Chairman of the Supervisory Board
- GfK AG (since December 16, 2004)
- Saarbrücker Zeitung GmbH

Member of the Supervisory Board
- GfK AG (since June 15, 2004)
- Tchibo GmbH (since May 10, 2004)

Chairman of the Board
- Springer Science & Business Media S.A., Luxemburg

Tomas Nieber, Bad Münder
Trade Union Secretary
IG Bergbau, Chemie, Energie

Member of the Supervisory Board
- BP Refining & Petrochemicals GmbH

Member of the Advisory Board
- Qualifizierungsförderwerk Chemie GmbH

Ulrich Plechinger, Hamburg
(since June 3, 2004)
Head of Corporate Pension and Insurance Management, Beiersdorf AG

Manuela Rousseau, Rellingen
Head of PR Programs, Beiersdorf AG

Professor at the Academy of Music and Theater, Hamburg

Dr. Bruno E. Sälzer, Reutlingen
(since June 3, 2004)

Chairman of the Executive Board of HUGO BOSS AG

Members leaving the Supervisory Board on June 3, 2004:

Dr. Hans Meinhardt, Wiesbaden
Chairman

Former Chairman of the Executive Board of Linde AG

Chairman of the Supervisory Board
- Karstadt Quelle AG (until June 30, 2004)

Margret Buhse, Hamburg
Head of Group Communications of Beiersdorf AG

Dr. Carl Albrecht Claussen, Berlin
Lawyer
Taylor Wessing Rechtsanwälte

Rainer Holland, Hardebek
Engineer, tesa Werk Hamburg GmbH

Hans-Otto Wöbcke, Hamburg
Former Chairman of the Executive Board of Beiersdorf AG

Member of the Supervisory Board
- AON Jauch & Hübener GmbH (until September 12, 2004)
- Fielmann AG

Deputy Chairman of the Advisory Board
- AON Jauch & Hübener Holdings GmbH

Supervisory Board Committees

(since June 3, 2004)

Members of the Mediation Committee

Dieter Ammer (Chairman)
Jürgen Krause
Ulrich Plechinger
Reinhard Pöllath

Members of the Executive Committee

Dieter Ammer (Chairman)
Michael Herz
Jürgen Krause
Reinhard Pöllath

Members of the Audit Committee

Dr. Arno Mahlert (Chairman)
Dieter Ammer
Dr. Walter Diembeck
Reinhard Pöllath

Executive Board

Dr. Rolf Kunisch
Chairman

Chairman of the Supervisory Board
- tesa AG (intragroup)

Member of the Supervisory Board
- Hamburg-Mannheimer Sachversicherungs-AG
- Hamburg-Mannheimer Versicherungs-AG
- Hermes Kreditversicherungs-AG
- Lufthansa Technik AG

Peter Kleinschmidt
Human Resources
Human Resources/Administration/Environmental Protection

Thomas-Bernd Quaas
Supply Chain
Procurement/Production/Logistics

Rolf-Dieter Schwalb
Finance
Finance/Controlling/IT

Deputy Chairman of the Supervisory Board
- tesa AG (intragroup)

Uwe Wölfer
Brands
Marketing/Research & Development/Sales

Significant Group Companies

	Location	Share of capital (%)	Sales[1] 2004 (in € million)	Result[2] 2004 (in € million)	Employees as of Dec. 31, 2004
Europe					
Beiersdorf Gesellschaft m.b.H.	AT, Vienna	100.0	129	12	194
SA Beiersdorf NV	BE, Brussels	100.0	82	7	115
Bandfix AG	CH, Bergdietikon	100.0	39	3	169
Beiersdorf AG[3]	CH, Münchenstein	50.0	52	8	71
Juvena (International) AG	CH, Volketswil/Zurich	100.0	64	4	126
Beiersdorf AG	DE, Hamburg		1,101	388	2,841
Bode Chemie GmbH & Co.	DE, Hamburg	75.0	66	1	297
Cosmed-Produktions GmbH	DE, Berlin	100.0	47	2	140
Juvena Produits de Beauté GmbH	DE, Baden-Baden	100.0	93	9	450
Florena Cosmetic GmbH	DE, Waldheim	100.0	63	2	328
tesa AG	DE, Hamburg	100.0	476	18	728
tesa-Werke Offenburg GmbH	DE, Offenburg	100.0	110	2	451
tesa Werk Hamburg GmbH	DE, Hamburg	100.0	89	5	454
BDF Nivea S.A.	ES, Tres Cantos (Madrid)	100.0	150	10	263
Beiersdorf, S.A.	ES, Argentona (Barcelona)	100.0	45	4	289
Beiersdorf s.a.	FR, Savigny-le-Temple	99.9	334	16	641
Beiersdorf UK Ltd.	GB, Birmingham	100.0	189	12	210
Beiersdorf Hellas AE	GR, Gerakas/Attikis	100.0	54	4	145
Beiersdorf d.o.o.	HR, Zagreb	100.0	30	2	42
Beiersdorf Vegyészeti Termelö és Forgalmazó KFT	HU, Budapest	100.0	30	3	76
Beiersdorf SpA	IT, Milan	100,0	317	15	378
Comet SpA	IT, Solibate-Concagno	100.0	61	2	205
Beiersdorf N.V.	NL, Almere	100.0	149	13	257
Beiersdorf-Lechia S.A.	PL, Poznan	99.9	94	8	342
Beiersdorf Portuguesa, Lda.	PT, Queluz de Baixo	100.0	56	6	86
Beiersdorf ooo	RU, Moscow	100.0	60	0	95
Beiersdorf AB	SE, Kungsbacka	100.0	96	5	243

	Location	Share of capital (%)	Sales[1] 2004 (in € million)	Result[2] 2004 (in € million)	Employees as of Dec. 31, 2004
Americas					
BDF Nivea Ltda.	BR, São Paulo	100.0	60	-4	130
BDF México, S.A. de C.V.	MX, Mexico City	100.0	71	3	346
Beiersdorf, Inc.	US, Wilton, CT	100.0	270	2	630
La Prairie, Inc.	US, New York, NY	100.0	44	2	71
tesa tape, inc.	US, Charlotte, NC	100.0	64	-1	152
Africa/Asia/Australia					
Beiersdorf Australia Ltd.	AU, North Ryde, NSW	100.0	67	1	182
Nivea-Kao Co., Ltd.	JP, Tokyo	60.0	145	11	70
BDF Singapore Ltd.	SG, Singapore	100.0	30	2	43
Beiersdorf (Thailand) Co., Ltd.	TH, Bangkok	100.0	81	12	322
Subgroup BSN medical GmbH & Co. KG[4]	DE, Hamburg	50.0	504	45	3,262

[1] these figures also include intragroup sales and do not reflect the contribution to the consolidated financial statements
[2] profit after tax in accordance with the Group's accounting policies before consolidation
[3] joint ventures, consolidated pro rata; amounts reflect share of interest held
[4] recognized at equity in the Beiersdorf Group; figures for the BSN medical subgroup are included in full

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Ten-year Overview

(in € million unless otherwise stated)	1995	1996	1997	1998[1]	1999	2000	2001	2002	2003	2003[5]	2004
Sales[2]	**2,733**	**2,954**	**3,215**	**3,347[2]**	**3,638**	**4,116**	**4,542**	**4,742**	**4,673**	**4,435**	**4,546**
Change from prior year in %	3.7	8.1	8.8	4.1	8.7	13.1	10.3	4.4	-1.5	-1.3	2.5
cosmed	1,488	1,573	1,751	1,980	2,242	2,590	2,955	3,167	3,136	-	-
medical	593	711	753	735	768	858	915	882	841	-	-
Consumer	-	-	-	-	-	-	-	-	-	3,739	3,840
tesa	652	670	711	632	628	668	672	693	696	696	706
Europe	2,080	2,196	2,329	2,550	2,687	2,855	3,183	3,410	3,475	3,329	3,388
Americas	347	455	556	544	630	832	903	819	692	638	635
Africa/Asia/Australia	306	303	330	253	321	429	456	513	506	468	523
EBITDA	**357**	**364**	**377**	**424**	**468**	**538**	**620**	**633**	**648**	**614**	**656**
Operating result (EBIT)	**240**	**235**	**248**	**291**	**339**	**389**	**466**	**472**	**484**	**455**	**483**
Profit before tax	**235**	**226**	**132**	**265**	**323**	**382**	**468**	**478**	**499**	**491**	**492**
Profit after tax	**116**	**120**	**72**	**166**	**175**	**226**	**285**	**290**	**301**	**301**	**302**
Return on sales (after tax) in %	4.2	4.0	2.2	5.0	4.8	5.5	6.3	6.1	6.4	6.8	6.6
Earnings per share in €	1.30	1.34	1.31	1.93	2.04	2.61	3.32	3.37	3.50	3.50	3.88
Total dividend	37	43	43	52	60	84	109	118	121	121	121
Dividend per share in €	0.43	0.51	0.51	0.61	0.72	1.00	1.30	1.40	1.60	1.60	1.60
Cost of materials	**845**	**901**	**964**	**981**	**995**	**1,112**	**1,196**	**1,205**	**1,192**	**1,149**	**1,113**
Personnel expenses	**648**	**673**	**716**	**701**	**713**	**786**	**817**	**863**	**872**	**808**	**804**
Capital expenditure (incl. financial assets)[4]	**204**	**123**	**144**	**138**	**129**	**249**	**241**	**242**	**169**	**162**	**165**
Depreciation (incl. financial assets)	**117**	**133**	**133**	**154**	**129**	**149**	**154**	**162**	**164**	**159**	**173**
Research and development expenses	**90**	**94**	**97**	**74**	**79**	**88**	**92**	**93**	**100**	**97**	**101**
as % of sales	3.3	3.2	3.0	2.2	2.2	2.1	2.0	2.0	2.1	2.2	2.2
Employees as of Dec. 31	**17,975**	**17,881**	**16,777**	**16,417**	**16,065**	**16,590**	**17,749**	**18,183**	**18,249**	**16,664**	**16,492**

(in € million unless otherwise stated)	1995	1996	1997	1998[1]	1999	2000	2001	2002	2003	2003[5]	2004
Fixed assets	**780**	**756**	**751**	**861**	**864**	**950**	**1,027**	**1,067**	**1,031**	**1,064**	**1,038**
Intangible assets	118	105	91	79	56	118	138	128	97	94	58
Property, plant, and equipment	634	628	617	751	782	808	871	917	912	876	887
Financial assets	28	23	43	31	26	24	18	22	22	94	93
Current assets	**1,023**	**1,108**	**1,253**	**1,545**	**1,838**	**2,031**	**2,220**	**2,231**	**2,347**	**2,246**	**1,663**
Inventories	388	401	394	484	515	595	695	677	672	629	558
Receivables and other assets	456	497	510	618	701	804	811	832	833	789	815
Cash and cash equivalents	**179**	**210**	**349**	**443**	**622**	**632**	**714**	**722**	**842**	**828**	**290**
Shareholders' equity	**774**	**853**	**877**	**1,122**	**1,289**	**1,458**	**1,636**	**1,727**	**1,831**	**1,831**	**1,033**
Share capital	107	215	215	215	215	215	215	215	215	215	215
Reserves	650	622	647	890	1,051	1,219	1,400	1,492	1,604	1,604	806
Minority interests	17	16	15	17	23	24	21	20	12	12	12
Liabilities	**1,029**	**1,011**	**1,127**	**1,284**	**1,413**	**1,523**	**1,611**	**1,571**	**1,547**	**1,479**	**1,668**
Provisions	553	578	666	691	772	828	863	908	859	839	846
Financial liabilities	130	91	80	66	61	83	129	96	96	66	204
Other liabilities	346	342	381	527	580	612	619	567	592	574	618
Total equity and liabilities	**1,803**	**1,864**	**2,004**	**2,406**	**2,702**	**2,981**	**3,247**	**3,298**	**3,378**	**3,310**	**2,701**
Equity ratio in %	42.9	45.7	43.8	46.8	47.7	48.9	50.4	52.4	54.2	55.3	38.2
Return on equity (after tax) in %	15.4	14.7	8.3	14.7	14.5	16.4	18.5	17.3	16.9	16.9	21.1
Return on capital employed (before tax) in %	14.5	12.8	7.3	13.1	13.7	14.2	15.5	14.9	15.1	14.9	17.0
Beiersdorf share Year-end closing price[3]	**25.69**	**38.91**	**39.88**	**58.80**	**66.66**	**111.50**	**127.50**	**106.10**	**96.20**	**96.20**	**85.60**
Market capitalization as of Dec. 31[3]	2,158	3,268	3,350	4,939	5,599	9,366	10,710	8,912	8,081	8,081	7,190

[1] figures up to and including 1997 prepared in accordance with *Handelsgesetzbuch* (German Commercial Code – *HGB*); figures from 1998 onwards prepared in accordance with International Financial Reporting Standards (IFRS)

[2] sales changed from "based on customers' domicile" to "based on companies' domicile" as from 1998

[3] based on Frankfurt floor trading until 1998 and on the XETRA trading system from 1999 onwards

[4] excluding changes in figures resulting from measurement at equity

[5] restated to reflect the new structure

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Financial Calendar

Annual Accounts Press Conference Financial Analyst Meeting	March 30, 2005
Interim Report January to March 2005	May 12, 2005
Annual General Meeting	May 18, 2005
Dividend Payment	May 19, 2005
Interim Report January to June 2005	August 9, 2005
Interim Report January to September 2005 Financial Analyst Meeting	November 10, 2005
Publication of Preliminary Group Results	January 2006
Key Company Data for Fiscal Year 2005	February 2006
Annual Accounts Press Conference Financial Analyst Meeting	March 2006
Interim Report January to March 2006	May 2006
Annual General Meeting	May 17, 2006
Interim Report January to June 2006	August 2006
Interim Report January to September 2006 Financial Analyst Meeting	November 2006

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