ANNUAL REPORT

2014

Beiersdorf

Beiersdorf 2014

KEY FIGURES – OVERVIEW

		2013	2014
Group sales	(in € million)	**6,141**	**6,285**
Change (organic)	(in %)	7.2	4.7
Change (nominal)	(in %)	1.7	2.3
Consumer sales	(in € million)	**5,103**	**5,209**
Change (organic)	(in %)	7.0	4.8
Change (nominal)	(in %)	1.1	2.1
tesa sales	(in € million)	**1,038**	**1,076**
Change (organic)	(in %)	8.5	4.4
Change (nominal)	(in %)	4.7	3.6
Operating result (EBIT, excluding special factors)	(in € million)	**814**	**861**
Operating result (EBIT)	(in € million)	820	796
Profit after tax	(in € million)	543	537
Return on sales after tax	(in %)	8.8	8.5
Earnings per share	(in €)	2.35	2.33
Total dividend	(in € million)	159	159
Dividend per share	(in €)	0.70	0.70
Gross cash flow	(in € million)	**648**	**598**
Capital expenditure	(in € million)	**227**	**301**
Research and development expenses	(in € million)	**154**	**168**
Employees	(as of Dec. 31)	**16,708**	**17,398**

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1.
TO OUR SHAREHOLDERS

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Letter from the Chairman

Ladies and Gentlemen,

Beiersdorf continued on its profitable growth path in 2014 in both the Consumer and tesa business segments. We achieved this despite the fact that political and macroeconomic conditions in many countries deteriorated increasingly in the course of the financial year.

We recorded a further increase in our sales, earnings, and return on sales in financial year 2014. We have become more innovative and competitive and have gained additional market share in our relevant markets.

This positive performance is based on the systematic and disciplined implementation of our Blue Agenda. We have significantly strengthened the visibility of our core brands – NIVEA, Eucerin, and La Prairie – and continued to successfully position them in the markets for the long term. At the same time, we have increased our business focus on the Labello, 8x4, Hidrofugal, and Florena brands. Our newly created "Pearl Brands" unit aims to leverage the potential of these brands again and to further strengthen our brand portfolio.

Growth is also being driven by the significant increase in our innovation power. Beiersdorf's research and development work centers around fulfilling consumers' wishes and expectations, and concentrates on true innovations. At the same time, we use long-term marketing to support our major innovations and extend our innovation cycles. The success of this strategy can be seen from the double-digit growth rates for NIVEA Deo Black & White, NIVEA Body In-Shower, and NIVEA Face Cellular Anti-Age – innovations with which we set sustainable trends and established new market segments. Another trendsetting innovation is NIVEA Q10 Pearls, a new, highly effective anti-wrinkle serum that was launched on the market at the end of 2014. This is the first product to make pearl technology accessible to the mass market.

The third pillar of our company's success is the expansion of our presence in the emerging markets. We have systematically extended our production and development capacities in these regions. As a result, we are in a better position to incorporate specific regional consumer wishes into our product portfolio. The opening of our production facility and regional laboratory in Silao, Mexico, in July 2014 takes account of the growing demand in Latin America. We also began constructing a production facility and a development laboratory in Sanand, India, in order to strengthen our local footprint on the subcontinent. At the same time, we remain focused on the saturated European markets. In Europe we also further strengthened our long-term market position and extended our market share in 2014.

These corporate goals were implemented and achieved by our highly qualified and dedicated employees. At Beiersdorf, we are all committed to a corporate culture that has shaped the company for over 130 years, and to our core values: Care, Simplicity, Courage, and Trust. In the past financial year, employees and managers worked together to reinterpret our common understanding of these core values and developed ways of anchoring them in our day-to-day business.

The tesa Business Segment continued its positive performance of the prior year, again contributing significantly to the company's success. tesa meets the specific requirements for self-adhesive products and systems solutions of an extremely wide range of customer groups in all sectors. As a result, tesa has held a leading position on the international markets for many years, something that it is consistently expanding.

The success of our business strategy as set out in our Blue Agenda is reflected in our results for 2014: organic Group sales rose by 4.7%. Taking into account exchange rate effects, we achieved nominal growth of 2.3% to €6,285 million. The operating result (EBIT, excluding special factors) increased by 5.9% to €861 million. The consolidated EBIT margin improved to 13.7%, up from 13.2% in the previous year. The Consumer Business Segment recorded organic sales growth of 4.8%. In nominal terms, sales increased by 2.1% to €5,209 million. Organic sales at tesa rose by 4.4%, while nominal growth of 3.6% to €1,076 million was achieved. The EBIT margin was 13.0% for the Consumer Business Segment and 17.0% for tesa.

Ladies and gentlemen, these key figures for financial year 2014 show that our company is in a strong position. Our business strategy has shown itself to be weatherproof in a more challenging market environment as well. Beiersdorf is able to continue on its profitable growth path even during weaker economic periods. We have built a solid foundation that allows us to be confident about financial year 2015. We are determined to continue Beiersdorf's success story.

On behalf of the entire Executive Board, I would like to extend my thanks to all our employees for their hard work. I would also like to thank our consumers, shareholders, business partners, and friends of Beiersdorf for their trust and support in us.

Sincerely,

STEFAN F. HEIDENREICH
Chairman of the Executive Board

Beiersdorf's Shares and Investor Relations

The international stock markets experienced severe volatility over the course of the year. Market events were impacted in particular by the US Federal Reserve's continued loose monetary policy, the European Central Bank's key interest rate decisions, as well as the political conflict between Russia and Ukraine. Beiersdorf's shares were also affected by this challenging market environment, which was dominated by economic and political uncertainty.

The stock markets initially started 2014 on an encouraging note. Driven by the World Bank's positive outlook for global development in the year to come, the indices continued their upward trend from the previous year – something that Beiersdorf's shares also profited from. However, markets then fell significantly as a result of the decline in Chinese exports and uncertainty surrounding developments in Ukraine. Beiersdorf's annual financial analyst meeting was held in Hamburg at the end of the first quarter. At the meeting, the Executive Board reported on the progress made in implementing the Blue Agenda and commented on the results for the previous fiscal year.

At the beginning of the second quarter, stock markets were impacted by geopolitical tensions in Crimea and the escalation of the conflict in Iraq. Nevertheless, a largely positive reporting season for European companies triggered a turnaround. The European Central Bank's decision to reduce its key interest rate to a new record low of 0.15% lifted the stock markets and saw the DAX break the 10,000-point barrier for the first time in its history. Beiersdorf's shares largely tracked the DAX in the first half of the year but were unable to keep pace with the benchmark index towards the end of this period. Capital market communications in the second quarter focused on the Annual General Meeting and the publication of the company's results for the first three months.

The second half of the year was dominated by severe volatility, with the stock markets suffering heavy setbacks in the summer months. The main trigger was the expansion of the sanctions imposed by the USA and Europe against Russia. Besides the Ukraine conflict, market indices were impacted by disappointing economic data from the eurozone and renewed military conflict in Iraq and Syria. A recovery was short-lived despite the European Central Bank continuing its expansionary monetary policy, with the markets rising only briefly before returning to negative territory. In August, Beiersdorf presented its figures for the first half of the year and reported a decline in market and sales growth. This company-specific news subsequently depressed the share price.

The fourth quarter again opened with market corrections. These were mainly attributable to worse than expected international economic indicators, which intensified stock market concerns about the economy. This led to a clear drop in the DAX, which fell to its low for the year of under 8,600 points. The ECB, the Fed, and the Chinese and Japanese central banks all responded with fiscal policy measures in November, triggering a strong recovery in share prices. The German benchmark index recorded an all-time high of over 10,000 points in December. However, it was unable to hold on to these gains in the period up to the end of the year, as investors' concerns about the stability of the eurozone, among other issues, resumed. Beiersdorf's shares underperformed the DAX index in the period up to the end of the year, closing at €67.42.

For more information on Beiersdorf's shares please visit
WWW.BEIERSDORF.COM/SHARES

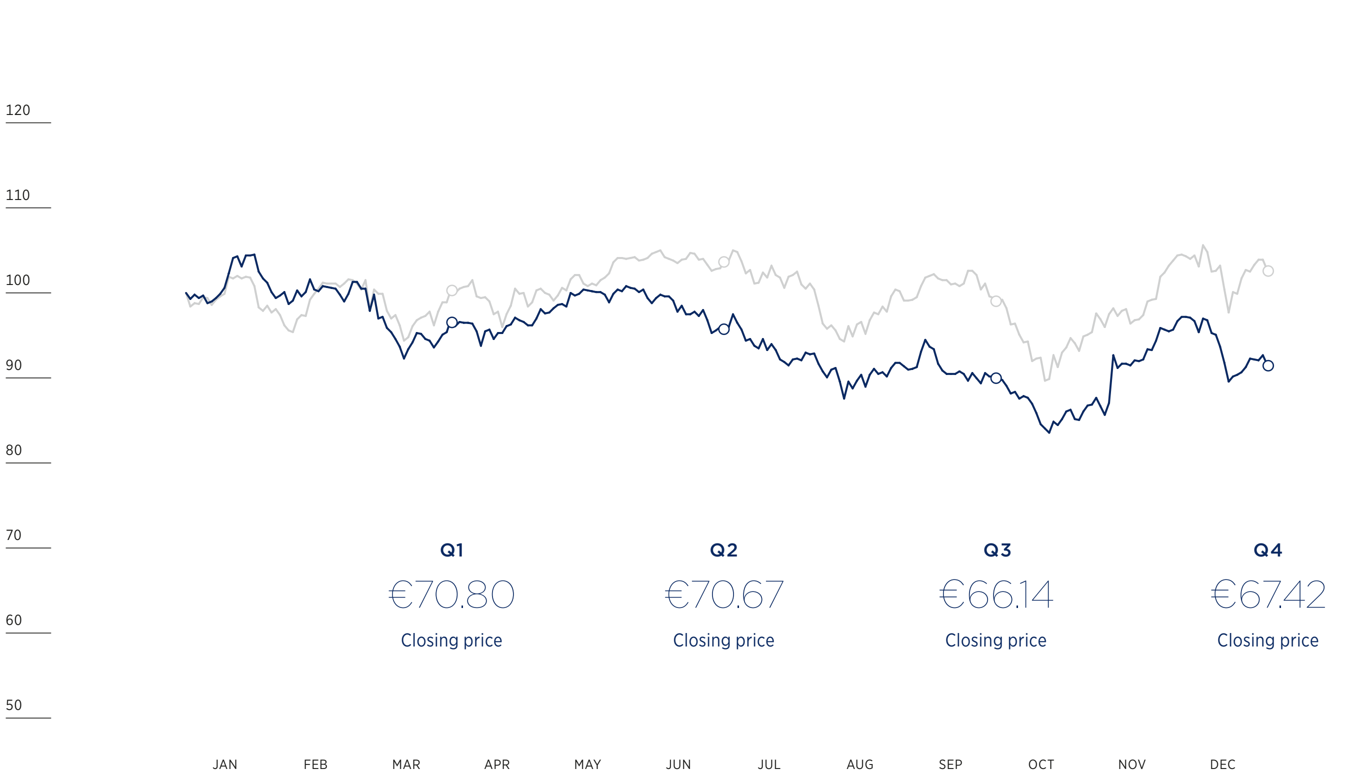
For more information on Investor Relations please visit
WWW.BEIERSDORF.COM/INVESTORS

KEY FIGURES – SHARES

		2013	**2014**
Earnings per share as of Dec. 31	(in €)	2.35	2.33
Market capitalization as of Dec. 31	(in € million)	18,557	16,990
Closing price as of Dec. 31	(in €)	73.64	67.42
High for the year	(in €)	75.25	76.93
Low for the year	(in €)	60.86	61.59

BEIERSDORF'S SHARE PRICE PERFORMANCE 2014

Jan. 1–Dec. 31 / relative change in %

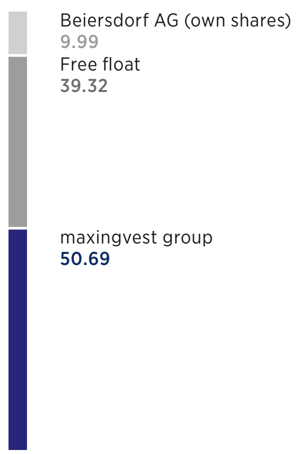


BASIC SHARE DATA

Company name	Beiersdorf Aktiengesellschaft
WKN	520000
ISIN	DE 0005200000
Stock trading venues	**Official Market:** Frankfurt / Main and Hamburg **Open Market:** Berlin, Düsseldorf, Hanover, Munich, and Stuttgart
Number of shares	252,000,000
Share capital in €	252,000,000
Class	No-par-value bearer shares
Market segment / index	Prime Standard / DAX
Stock exchange symbol	BEI
Reuters	BEIG.DE
Bloomberg	BEI GR

SHAREHOLDER STRUCTURE (IN %)

As of Dec. 31, 2014



Report by the Supervisory Board

The Supervisory Board supervised and advised the Executive Board, focusing particularly on the course of business and business policies, corporate planning, accounting, the company's position, risk management, and material business transactions. The Executive Board reported to us regularly, both in writing and orally. The company offered the Supervisory Board training on the liability of members of governing bodies, risk management, the Internal Audit function, corporate governance, and accounting and consolidation. There were no indications of conflicts of interest relating to Executive Board or Supervisory Board members.

Supervisory Board Meetings

The **Supervisory Board meetings** regularly covered business developments, the interim financial statements, and significant individual transactions. After careful examination and discussion, we approved the proposals for decision presented to us. No Supervisory Board members attended fewer than half of the meetings held.

On **January 13, 2014,** we addressed the results of the Supervisory Board's efficiency review.

On **February 3, 2014,** we discussed the Group's preliminary results, determined the extent to which the Executive Board had met its targets in 2013 and its total remuneration, and confirmed the Executive Board's targets for 2014.

On **February 20, 2014,** we approved the 2013 annual financial statements and consolidated financial statements, which are therefore adopted. We resolved the report by the Supervisory Board and the corporate governance report and approved the remuneration report. We endorsed the agenda and the motions proposed for the 2014 Annual General Meeting, as well as the proposal for the utilization of the net retained profits.

On **April 17, 2014,** we met **before the Annual General Meeting** in order to prepare it. **After the meeting,** the new Supervisory Board held its constituting meeting and elected its chairman, deputy chairmen, and the members of the committees.

In the extraordinary meeting on **June 12, 2014,** we appointed Thomas Ingelfinger, Stefan De Loecker, and Zhengrong Liu as new members of the Executive Board as of July 1, 2014. In addition, we addressed the issue of the company's real estate planning.

On **September 4, 2014,** we discussed the Chinese business, our corporate strategy, the revised bylaws for the Executive Board and the Supervisory Board, and corporate governance. We approved an intragroup reorganization.

On **December 12, 2014,** we approved the company's annual planning for 2015 and resolved the targets for the Executive Board members for 2015. We discussed the Chinese business, the antitrust proceedings in France and Belgium, and the company's master real estate planning. We resolved targets for the Supervisory Board's composition, the declaration of compliance with the recommendations of the German Corporate Governance Code, and the bylaws for the Executive Board and the Supervisory Board.

In early **2015**, we resolved the extent to which the Executive Board had reached its targets in 2014, along with its remuneration. We also approved the 2014 annual financial statements and consolidated financial statements, and the related reports, and adopted the proposals for resolution for the Annual General Meeting.

Committees

Five **committees** made decisions in individual cases in place of the Supervisory Board, to the extent permitted. The chairs of the committees reported in detail to the full Supervisory Board on the work performed in the committees.

The **Presiding Committee** (four meetings) discussed business developments and strategy, the remuneration of the Executive Board and the Supervisory Board, and personnel issues relating to the Executive Board, as well as preparing meetings of the full Supervisory Board.

The **Audit Committee** (seven meetings) primarily performed the preliminary examination of the annual and interim financial statements and management reports, verified the independence of, and appointed, the auditors, specified the areas of emphasis for the 2014 audit, and dealt with the regular audit by the German Financial Reporting Enforcement Panel. In addition, business developments, the internal control system, risk management, and the Internal Audit function were regularly discussed.

The **Finance Committee** (two meetings) discussed compliance management, accounting transparency, and the investment strategy.

The **Nomination Committee** (one meeting) discussed the election of shareholder representatives by the Annual General Meeting 2014.

The **Mediation Committee** did not meet.

Annual Financial Statements and Audit

The **auditors** audited the **annual financial statements** and **management reports for 2014** for Beiersdorf AG and the Group, and issued unqualified audit opinions for them. The Executive Board's report on dealings among Group companies required by § 312 *Aktiengesetz* (German Stock Corporation Act, *AktG*) due to the majority interest held by maxingvest ag, Hamburg, received the following 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 compensation paid by the company 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 Supervisory Board received the 2014 annual financial statements and management reports for Beiersdorf AG and the Group, the report on dealings among Group companies, and the auditors' reports immediately after their **preparation.** The auditors reported on the key findings of their audit to the Audit Committee and to the full Supervisory Board. Our examination of the annual financial statements and management reports for Beiersdorf AG and the Group, the report on dealings among Group companies including the concluding declaration by the Executive Board, and the auditors' reports did not raise any objections. We concurred with the auditors' findings and approved the annual financial statements of Beiersdorf AG and the consolidated financial statements for the year ending December 31, 2014. The annual financial statements of Beiersdorf AG are thus **adopted.** We endorsed the Executive Board's proposal on the appropriation of net profit.

We would like to thank our employees, the employee representatives, and the Executive Board for their contribution to the company's success. We would like to thank our shareholders, business partners, and in particular our consumers for their continued trust in us.

Hamburg, February 12, 2015
For the Supervisory Board

Reinhard Pöllath

REINHARD PÖLLATH
Chairman

2.
CORPORATE GOVERNANCE

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Corporate Governance Report 2014

Corporate governance – good corporate management and supervision – has always been a high priority at Beiersdorf. Close, efficient cooperation between the Executive and Supervisory Boards, a focus on shareholder interests, open corporate communication, proper accounting and auditing, compliance with statutory provisions and corporate guidelines, and responsible risk management are the basis of the company's success in this area.

Beiersdorf welcomes the German Corporate Governance Code (the Code). This ensures transparency with respect to the legal framework for corporate management and supervision at German listed companies and contains accepted standards for good, responsible corporate management. The Code and its amendments did not necessitate any fundamental changes at Beiersdorf. Corporate governance is an ongoing process, above and beyond the Code as well. We will continue to track developments carefully.

Declaration of Compliance

At the end of December 2014, the Executive Board and the Supervisory Board issued the Declaration of Compliance with the recommendations of the Code for fiscal year 2014 in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*). Beiersdorf AG fulfills all the recommendations made in the Code with one exception, as well as a large number of the suggestions.

The 2014 Declaration of Compliance was also made permanently accessible to the public on the company's website at WWW.BEIERSDORF.COM/DECLARATION_OF_COMPLIANCE.

Declaration by the Executive Board and the Supervisory Board of Beiersdorf Aktiengesellschaft on the Recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with § 161 of the Aktiengesetz (German Stock Corporation Act, AktG)

In fiscal year 2014, Beiersdorf Aktiengesellschaft complied with, and continues to comply with, all recommendations of the "Government Commission on the German Corporate Governance Code" in the versions dated May 13, 2013, and June 24, 2014, respectively, with one exception:

In accordance with section 4.2.3 (2) sentence 6 of the German Corporate Governance Code, the amount of remuneration of Executive Board members should be capped, both overall and with respect to the variable remuneration components.

The remuneration of the Executive Board members is limited by such a cap. The Enterprise Value Component granted to the members of the Executive Board, alongside the regular, variable remuneration, which is based on voluntary personal investment by the Executive Board members concerned *(Covered Virtual Units)*, participates in positive and negative changes in the enterprise value and is not capped in respect of increases in value. The Supervisory Board considers it appropriate that members of the Executive Board who contribute their own money – comparable to an investment – should be allowed to participate in positive changes in enterprise value without restriction. The Supervisory Board and Executive Board have resolved, as a precautionary measure, to declare a corresponding deviation from the recommendation of the German Corporate Governance Code.

Hamburg, December 2014

For the Supervisory Board	For the Executive Board	
PROF. DR. REINHARD PÖLLATH	STEFAN F. HEIDENREICH	DR. ULRICH SCHMIDT
Chairman of the Supervisory Board	Chairman of the Executive Board	Member of the Executive Board

General Information on Beiersdorf's Management Structure

Beiersdorf AG is governed by German stock corporation, capital market, and codetermination law, among other things, as well as by its Articles of Association. The company has a dual management and supervisory structure consisting of the Executive Board and the Supervisory Board, as is customary in Germany. The Annual General Meeting acts as the decision-making body for shareholders and is responsible for taking fundamental decisions by the company. These three bodies are all dedicated in equal measure to the good of the company and the interests of the shareholders.

1. THE SUPERVISORY BOARD

Beiersdorf AG's Supervisory Board consists of twelve members. Half of these are elected by the Annual General Meeting in accordance with the *Aktiengesetz* (German Stock Corporation Act, *AktG*) and half by the employees in accordance with the *Mitbestimmungsgesetz* (German Co-Determination Act, *MitbestG*); all members are elected for a period of five years. Their term of office ends at the end of the Annual General Meeting resolving on the approval of their activities for fiscal year 2018.

The Supervisory Board appoints the Executive Board, advises it on the management of the company, and supervises the conduct of the company's business as laid down by the law, the Articles of Association, and the bylaws. The Supervisory Board and the Executive Board work closely together for the good of the company and to achieve sustainable added value. Certain decisions require Supervisory Board approval in accordance with the law and the bylaws of the Supervisory Board.

As a rule, the Supervisory Board makes decisions at its meetings on the basis of detailed documents. In accordance with the bylaws of the Executive Board, the Supervisory Board is informed in a regular, timely, and comprehensive manner about all relevant matters. In addition, the Chairman of the Executive Board informs the Chairman of the Supervisory Board regularly and in a timely manner about important transactions and liaises with him on important decisions.

The Supervisory Board regularly evaluates its work and resolves measures for improvement, most recently as part of the efficiency review in fall 2013.

The members of the Supervisory Board are personally responsible for ensuring they receive the necessary training and further education. The company provides them with appropriate support in this area, such as by organizing internal training events on topics that are of relevance to Supervisory Board work.

The company has also taken out a D&O insurance policy for the members of the Supervisory Board. The deductible amounts to 10% of any damage incurred, up to one-and-a-half times the fixed annual remuneration of the Supervisory Board member.

a) Specification and Achievement of Objectives

The Supervisory Board again resolved concrete company-specific objectives for its composition in December 2014. These reflect the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members, an age limit for Supervisory Board members, and diversity – especially an appropriate degree of female representation. The objectives initially apply until the end of 2018. They will also be taken into account by the Nomination Committee when proposing candidates for election. The Supervisory Board as a whole must possess the knowledge, ability, and specialist experience required to perform its tasks properly.

International Focus

All members of the Supervisory Board must be open to the company's international orientation. At least three members should embody this in concrete terms and should therefore have particular international experience due to their activities abroad or their background, for example. At least two members with international experience should be shareholder representatives. Efforts are being made to further increase the Supervisory Board's international orientation.

Representation of Women

Diversity of composition requires an appropriate degree of female participation. The Supervisory Board's goal is therefore to further strengthen the number and position of women on the Supervisory Board and to achieve four female members (30%). At least two women should be shareholder representatives. The aim is to regularly increase the number of women on the Supervisory Board in the company's interests when changes are made to its composition, taking into account the legal framework.

Age Limit

According to the Supervisory Board bylaws, members should generally retire at the Annual General Meeting following their 72nd birthday.

Independent Focus

The Supervisory Board should include what it considers to be an appropriate number of independent members. A Supervisory Board member is not considered to be independent in particular if he / she has personal or business relations with the company, its governing bodies, a controlling shareholder, or an enterprise associated with the latter which may cause a material and not merely temporary conflict of interests. The Supervisory Board considers it to be adequate if at least eight of its members are independent. In this context, it assumes that the employee representatives are to be considered independent within the meaning of the Code. With respect to the shareholder representatives, considering the fact that Beiersdorf Aktiengesellschaft is a dependent company within the meaning of § 17 (1) *AktG,* the Supervisory Board considers it to be adequate if two of its members are independent.

Potential Conflicts of Interest

The Supervisory Board's objective with respect to independence also takes potential conflicts of interest on the part of its members into account to an appropriate extent. In a dependent company, the Supervisory Board considers it to be good corporate governance if the Supervisory Board also includes a significant number of representatives of the majority shareholder.

Notwithstanding this, all members of the Supervisory Board must inform the Supervisory Board, by way of communication addressed to the Chairman of the Supervisory Board, of any conflicts of interest, in particular those relating to a consulting function or directorship with clients, suppliers, lenders, or other third parties or competitors of the company. Members of the Supervisory Board must resign their office if faced with material and not merely temporary conflicts of interest.

Diversity Officers

Additionally, two Supervisory Board members have been appointed as diversity officers in order to advance and further promote these objectives: Prof. Dr.

Eberhartinger (until April 17, 2014) / Dr. Dr. Martel (from April 17, 2014) and Professor Rousseau. Their role is to support the Supervisory Board at every intended election of a shareholder representative to the Supervisory Board, or of a committee member, and to issue a statement together with the Chairman of the Supervisory Board regarding the proposals for election made by the Nomination Committee responsible for this, after consultation with the remaining members of the Supervisory Board.

In addition to a balanced mix of professional skills within the Supervisory Board as a whole, diversity is an important criterion for the selection of Supervisory Board and committee members. Diversity is in the company's interest. Following the Supervisory Board elections in 2009, women made up 25% of the Supervisory Board; this figure rose to 33% as from April 2011. Since January 1, 2011, the chair of the Audit Committee has also been female. Following the Supervisory Board elections in 2014, a total of three members of the Supervisory Board are now women (Professor Rousseau as an employee representative, and Dr. Dr. Martel and Ms. Parize as shareholder representatives.) The Supervisory Board has at least four shareholder representative members – Dr. Dr. Martel, Ms. Parize (from April 17, 2014), Mr. Weihrauch (from April 17, 2014), and Prof. Dr. Pöllath – who, in addition to their particular professional skills, embody the idea of international orientation due to their background or their extensive international experience.

Following Mr. Thomas-B. Quaas' departure from the Supervisory Board on April 17, 2014, three-quarters of the members of the Supervisory Board as a whole are independent, and at least one-half of the shareholder representatives. The Supervisory Board assumes, as a highly precautionary measure, that a Supervisory Board member with relations to the controlling shareholder should not be regarded as independent. Notwithstanding this, the Supervisory Board believes that relations to the controlling shareholder do not necessarily pose the risk of a material and permanent conflict of interest; rather, it assumes that the company's interests will largely coincide with those of its majority shareholder in those cases in which their business activities do not overlap.

The age limit and the rules governing the potential conflicts of interest were complied with.

b) Committees

The work of the Supervisory Board is performed at, and outside of, the meetings of the full Board as well as in the committees. The Supervisory Board has formed the following five committees:

Presiding Committee

The Presiding Committee is composed of the Chairman of the Supervisory Board, two additional shareholder representatives, and one employee representative. The Committee prepares meetings and human resources decisions and resolves – subject to the resolution of the full Board specifying the total remuneration – instead of the full Board on the contracts of service and pension agreements for members of the Executive Board and on other issues involving the Executive Board. It regularly discusses long-term succession planning for the Executive Board. Finally, it can make decisions on transactions requiring Supervisory Board approval in those cases in which the Supervisory Board cannot pass a resolution in time.

Audit Committee

The Audit Committee is composed of the Chairman of the Supervisory Board, two shareholder representatives, and two employee representatives. At least one member of the Audit Committee is an independent member of the Supervisory Board who has expertise in either accounting or auditing. These statutory requirements are met in particular by the chair of the Audit Committee, Dr. Dr. Martel, head of the Nescafé Dolce Gusto Nordics business area, Nestlé Danmark A / S. The Audit Committee prepares the decisions of the Supervisory Board on the annual and consolidated financial statements, the proposal to the Annual General Meeting on the election of the auditors, and the agreement with the auditors (issuing the audit engagement, stipulating the areas of emphasis of the audit, and agreeing the fee). It verifies the auditors' independence and conducts the preliminary examination for additional services that they provide. It advises and supervises the Executive Board on questions relating to accounting and the effectiveness of the internal control system, the risk management system, and the internal audit system. In addition, it discusses the interim reports with the Executive Board before they are published.

Finance Committee

The Finance Committee is composed of the Chairman of the Supervisory Board, two additional shareholder representatives, and two employee representatives. It monitors corporate policy in the areas of finance, financial control, tax, and insurance. It decides in place of the Supervisory Board on raising and granting loans, on the assumption of liability for third-party liabilities, and on investment transactions. In addition, the Finance Committee advises and supervises the Executive Board on compliance and on all items assigned to it by the full Board in general or in individual cases.

Mediation Committee

The Mediation Committee required under codetermination law consists of the Chairman of the Supervisory Board and the Deputy Chairman, as well as one member elected from among the employee representatives and one member elected from among the shareholder representatives by a simple majority in each case. It makes proposals to the Supervisory Board on the appointment of Executive Board members if the requisite two-thirds majority is not reached during the first ballot.

Nomination Committee

The Nomination Committee is composed of the Chairman of the Supervisory Board and three additional shareholder representatives. It suggests candidates to the Supervisory Board for proposal for election to the Annual General Meeting.

The composition of the Supervisory Board and its committees can be found on our website at WWW.BEIERSDORF.COM/BOARDS and on page 82 f. of this report.

2. THE EXECUTIVE BOARD

The Executive Board manages the company on its own responsibility and conducts the company's business. It is obliged to act in the company's best interests and is committed to increasing its sustainable enterprise value. It performs its management duties as a collegiate body with collective responsibility for the company's business.

The members of the Executive Board are appointed by the Supervisory Board. The Supervisory Board also takes diversity aspects into account when determining the composition of the Executive Board. All current Executive Board members embody the notion of international orientation due to their years of working abroad or to their special expertise in Beiersdorf's key international markets. The Supervisory Board aims to ensure appropriate representation of women as part of succession planning for the Executive Board.

The duties of the Executive Board are broken down by functions and regions. The allocation of areas of responsibility to the individual Executive Board members is set out in the schedule of responsibilities, which constitutes part of the bylaws for the Executive Board.

The Executive Board develops the corporate goals and the Group's strategy, agrees them with the Supervisory Board, ensures their implementation, and regularly discusses their implementation status with the Supervisory Board. It is responsible for managing and monitoring the Group, for corporate planning including the annual and multi-year planning, and for preparing the quarterly, annual, and consolidated financial statements as well as for Group financing. The Executive Board is also responsible for ensuring adequate risk management and risk control, and for ensuring that all statutory provisions and internal corporate guidelines are observed, and works to ensure that Group companies abide by them (compliance). It provides the Supervisory Board with regular, timely, and comprehensive reports on all questions that are of relevance for the company, including explanations for discrepancies between the actual course of business and the planning and targets. Certain Executive Board measures and transactions that are of material significance for the company require the approval of the Supervisory Board.

The Executive Board also takes diversity aspects into account when filling executive positions within the company, particularly with regard to ensuring an appropriate degree of female representation. The aim is for women to account for around 30% of senior executive positions in the Consumer Business Segment in Germany by 2020.

The Executive Board passes resolutions in regular meetings that are chaired by the Chairman of the Executive Board. The members of the Executive Board work together in a collegial manner and inform one another on an ongoing basis about important measures and events in their areas of responsibility.

Executive Board members disclose potential conflicts of interest to the Supervisory Board without delay and inform their colleagues on the Executive Board of them. Material transactions between the company and members of the Executive Board and their related parties require the approval of the Supervisory Board; such transactions must comply with the standards customary in the sector. Sideline activities also require the approval of the Supervisory Board.

The company has taken out a D&O insurance policy for the members of the Executive Board that provides for a deductible in the amount of 10% of any damage incurred, up to one-and-a-half times the fixed annual remuneration of the Executive Board member concerned.

3. THE ANNUAL GENERAL MEETING

In accordance with the Articles of Association, shareholders exercise their rights both at the Annual General Meeting and outside it. Each share entitles the holder to one vote.

Among other things, the Annual General Meeting passes resolutions on the appropriation of net retained profits, on the formal approval of Executive Board and Supervisory Board members' actions, on the election of the auditors, and on amendments to the Articles of Association.

The Ordinary Annual General Meeting takes place each year, generally during the first five months of the fiscal year. The notice convening the Annual General Meeting and its agenda are also published on the company's website, together with the reports and documentation required for the Annual General Meeting, including the annual report and forms for postal voting. It can also be dispatched electronically together with the associated documents with the consent of the individual shareholder. To assist shareholders in personally exercising their rights, the company offers them the services of a voting representative who votes in accordance with their instructions. The invitation explains how shareholders can issue instructions for exercising their voting rights. In addition, shareholders are free to appoint a proxyholder of their choice as their representative at the Annual General Meeting. Since the 2011 Annual General Meeting, shareholders have also been able to submit postal votes. Since the 2014 Annual General Meeting, it has also been possible to submit postal votes, and to issue, change, and revoke proxy instructions to the company's representative, via the Internet before and during the Annual General Meeting.

Directors' Dealings and Shareholdings of the Executive and Supervisory Boards

1. DIRECTORS' DEALINGS (§ 15A *WERTPAPIERHANDELSGESETZ* (GERMAN SECURITIES TRADING ACT, *WPHG*))

In accordance with § 15a *WpHG,* the members of the Executive Board and the Supervisory Board are required to report transactions involving shares in Beiersdorf AG or related financial instruments (directors' dealings) to the company and Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – the Federal Financial Supervisory Authority) within five business days. This also applies to related parties of such persons. This requirement does not apply in cases in which the aggregate amount of transactions involving a member of the Executive Board or the Supervisory Board and the related party of such a person is less than a total of €5,000 in a single calendar year.

The notifications received by Beiersdorf AG for the past fiscal year were published in a due and proper manner and are available on the company's website at WWW.BEIERSDORF.COM/DIRECTORS_DEALINGS.

2. SHAREHOLDINGS (SECTION 6.3 OF THE GERMAN CORPORATE GOVERNANCE CODE)

The ownership of shares of the company or related financial instruments must be reported by Executive Board and Supervisory Board members if they directly or indirectly exceed 1% of the shares issued by the company (section 6.3 of the German Corporate Governance Code). If the entire holdings of all members of the Executive Board and the Supervisory Board exceed 1% of the shares issued by the company, these shall be reported separately for the Executive Board and the Supervisory Board.

Michael Herz, a member of the Supervisory Board, has notified the company that 50.69% of the shares in the company are attributable to him. Following the attribution of the 9.99% of the shares held by the company itself, which do not bear voting or dividend rights in accordance with § 71b *AktG,* his share of the voting rights amounts to 60.69%. As of December 31, 2014, the remaining members of the Supervisory Board did not directly or indirectly hold shares of the company or related financial instruments. Consequently, members of the Supervisory Board held a total of 50.69% of the shares as of December 31, 2014; this corresponds to 60.69% of the voting rights, taking into account the shares held by the company itself. As of December 31, 2014, the members of the Executive Board held a total of significantly less than 0.1% of the shares.

Further Information on Corporate Governance

Detailed information on the work of the Supervisory Board and its committees, as well as on the cooperation between the Supervisory Board and the Executive Board, can be found in the report by the Supervisory Board on page 6 of this report.

The consolidated financial statements and interim reports are prepared in accordance with International Financial Reporting Standards (IFRSs). The annual financial statements of Beiersdorf AG are prepared in accordance with the *Handelsgesetzbuch* (German Commercial Code, *HGB).* The Annual General Meeting on April 17, 2014, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the auditors for Beiersdorf AG and the Beiersdorf Group for fiscal year 2014.

Transparency and our goal of informing our shareholders and the public quickly, comprehensively, and simultaneously are top priorities for us. That is why current developments and key company information are published on our website, WWW.BEIERSDORF.COM, as soon as possible. As well as detailed disclosures on corporate governance at Beiersdorf, this features additional information on the Executive Board, the Supervisory Board, and the Annual General Meeting, the company's reports (annual reports, annual financial statements, management reports, and interim reports), as well as a financial calendar with all key events and publications, ad hoc disclosures, and directors' dealings.

The Corporate Governance Statement in accordance with § 289a *HGB* has been made publicly available on the company's website at WWW.BEIERSDORF.COM/CORPORATE_GOVERNANCE_STATEMENT. It includes the Declaration of Compliance in accordance with § 161 *AktG,* information on key corporate governance practices and on Executive and Supervisory Board working practices, as well as details of the composition and working practices of their committees.

Hamburg, February 12, 2015
Beiersdorf Aktiengesellschaft

The Supervisory Board The Executive Board

Remuneration Report

The Remuneration Report explains the structure and amount of the remuneration paid to the members of the Executive Board and the Supervisory Board. It takes into account the legal requirements and the recommendations of the German Corporate Governance Code and is a component of the annual financial statements of, and the management reports for, Beiersdorf AG and the Group.

1. REMUNERATION OF THE EXECUTIVE BOARD

a) Supervisory Board Resolutions

The Supervisory Board addressed the structure and appropriateness of Executive Board remuneration, as well as individual remuneration questions, on February 3 and 20, June 12, September 4, and December 12, 2014. On February 12, 2015, the Supervisory Board will finally determine the remuneration of the Executive Board for fiscal year 2014. Remuneration decisions were prepared by the Presiding Committee.

b) Overview

The remuneration system for the Executive Board takes into account the tasks and performance of the individual members of the Executive Board and the Executive Board as a whole, the company's economic and financial situation, its performance and outlook, as well as its relevant peer group under stock corporation law and the German Corporate Governance Code. The remuneration structure is geared towards sustainable enterprise development.

The remuneration of the Executive Board in fiscal year 2014 comprised the following four components:

- A fixed basic remuneration component,
- A Variable Bonus linked to the achievement of annual targets, consisting of a short-term Bonus and a Multi-year Bonus spanning a period of three years,
- A long-term bonus based on enterprise value performance (Enterprise Value Component / LTP), as well as
- Customary ancillary benefits.

c) Remuneration of the Executive Board for 2014 in More Detail

aa) Fixed Remuneration

The fixed annual remuneration is paid in twelve equal installments. It is reviewed for appropriateness every two years.

bb) Variable Bonus

For fiscal year 2014, the members of the Executive Board receive a Variable Bonus for 2014 that is based on the performance of the Consumer Business Segment. This is designed to promote sustainable enterprise performance and is based largely on a multi-year assessment. As specified by the Supervisory Board, 15% of the Variable Bonus for fiscal year 2014 is determined by the EBIT margin (EBIT component), 20% by sales growth (sales component), 30% by market share, 15% by the achievement of human resources goals, and 20% by the achievement of specific personal goals by individual Executive Board members (personal component). The size of the EBIT component is calculated on the basis of the return on sales. In the process, the Supervisory Board makes adjustments for special factors and changes in marketing and research and development expenses. The sales component is calculated on the basis of sales growth, with the Supervisory Board again taking special factors into account. The personal component is mostly composed of two personal goals, which depend on the functional and, if applicable, regional responsibilities of each individual Executive Board member. These are set annually by the Supervisory Board for each individual Executive Board member. Following due assessment of the circumstances, the Supervisory Board lays down percentages for target achievement for each of the components, with intermediate figures being extrapolated on a straight-line basis. The individual components lapse if the knockout thresholds set by the Supervisory Board for the specific component are not reached. No further increases are made for any of the components if the goals are exceeded by more than 200% (cap).

49% of the Variable Bonus will be paid as the short-term variable remuneration component once the 2015 Annual General Meeting has approved the actions of the Executive Board (2014 Bonus). The remaining 51% (Multi-year Bonus for 2014) depends on the enterprise value performance over two years after the initial year 2014. The enterprise value is calculated by adding together sales and EBIT as reported in the consolidated financial statements and applying a multiplier. If the enterprise value in fiscal year 2014 is matched or exceeded in the two subsequent fiscal years, the Multi-year Bonus for 2014 will be paid out in two equal installments once the actions of the respective Executive Board member have been approved by the Annual General Meetings in the years 2016 and 2017. If the enterprise value for fiscal year 2014 is not reached in a particular fiscal year, the corresponding installment lapses unless the average enterprise value in fiscal years 2015 and 2016 corresponds at least to the enterprise value for fiscal year 2014. In this case, the installment that lapsed in the first instance will be paid out at the same time as the final installment following the 2017 Annual General Meeting. The final installment is increased or decreased corresponding to the percentage change in the enterprise value as of the end of fiscal year 2016 as against fiscal year 2014. This may not increase to more than double the last installment (cap). The Supervisory Board may increase or decrease the Variable Bonus for 2014 by up to 20% in order to take extraordinary developments into account, or may adjust it for inflation. Bonus entitlements can also be transferred to the long-term virtual Enterprise Value Component (see section cc) below).

cc) Enterprise Value Component

Since 2011, Executive Board members have shared in the increase in the enterprise value for the Consumer Business Segment. For this purpose, each Executive Board member is (or was) allocated a notional share of the enterprise value (Enterprise Value Component or Base Virtual Units) at the start of his period of appointment or reappointment (January 1, 2011, for current appointments). The Supervisory Board may, following due assessment of the circumstances, increase the Enterprise Value Component. The Executive Board member will be paid his share of the percentage increase in the Enterprise Value Component during his term of office once his period of appointment or reappointment has ended and following a set one-year vesting period (together the "bonus period"). The enterprise value is calculated by adding together sales and EBIT as reported in the consolidated financial statements and applying a multiplier.

The increase in value is the increase in enterprise value from the beginning to the end of the bonus period. In each case, this is calculated as an average over three years. The increase in enterprise value corresponds to the percentage share of the Executive Board member's (notionally allocated) Enterprise Value Component that will be paid to him, with the amount being prorated by the ratio of his term of office to the bonus period. The payment is dependent on the Annual General Meeting approving the Executive Board member's actions during and after the expiration of the bonus period. In individual cases, the Supervisory Board is entitled to make adjustments following due assessment of the circumstances, for instance by adjusting the performance indicators for special factors or for inflation (where this exceeds 10% in the reference period), or by increasing or decreasing the Enterprise Value Component for objective reasons by up to 20%.

In addition, the Executive Board members can share in the enterprise's performance by making a personal investment and acquiring Covered Virtual Units. This personal investment is made by retaining bonus payments due under the Variable Bonus, by the Executive member providing collateral by pledging assets of a suitable value, or by way of allocation[1]. The Covered Virtual Units, which are similar to an investment, participate in positive and negative percentage changes in the value of the Enterprise Value Component. They vest immediately. If they are retained or allocated, they are paid out in full or in part, or not paid out, after being adjusted on the basis of the enterprise value performance. For Covered Virtual Units, the Executive Board member receives a further Enterprise Value Component (Matching Virtual Unit), corresponding to the Base Virtual Units. The payment from Matching Virtual Units was linked to specific market shares in the core skin care categories for the key European markets being reached or exceeded.

As a rule, the Enterprise Value Component is limited to a maximum amount for each member of the Executive Board (200% cap, corresponding to around 10% p.a.). This does not apply to Covered Virtual Units, since the Executive Board member is also exposed to a risk of loss in this case. If an Executive Board member is active for a period shorter than his period of appointment, the Supervisory Board should reduce his Enterprise Value Component pro rata. There is no legal entitlement to payment of the corresponding increase in value in the event that an Executive Board member's contract is terminated prematurely at the request of the Executive Board member, or by the company for good cause.

dd) Other

The remuneration of the Executive Board for fiscal year 2014 did not contain any stock option program or comparable securities-based incentives. Equally, the members of the Executive Board did not receive any additional remuneration for their membership of supervisory bodies of Group companies and investees. Private use of company cars and accident insurance are taxed as non-cash benefits. There were no ongoing pension commitments for the Executive Board members active in fiscal year 2014.

In the event that an Executive Board member's term of office is terminated prematurely for reasons for which the Executive Board member concerned is not responsible, the contracts of service limit the severance payment to two annual salary payments (severance pay cap). Each member of the Executive Board receives a lump-sum payment of their Variable Bonus (with the amount depending on what they are entitled to) on premature termination of his office other than for good cause for which the Executive Board member is responsible; in this case, the Enterprise Value Component is calculated up until the date of departure and paid on a pro rata basis. No other commitments exist in relation to the premature termination of membership of the Executive Board. Members of the Executive Board did not receive any loans or advances from the company, nor were any contingent liabilities entered into in their favor.

[1] Annually: Ralph Gusko €50 thousand; Thomas Ingelfinger €60 thousand; Zhengrong Liu €75 thousand; Stefan De Loecker €50 thousand; Dr. Ulrich Schmidt €60 thousand.

Mr. Peter Feld, who left the Executive Board by mutual agreement effective July 31, 2013, received his fixed monthly remuneration until June 30, 2014, in the contractually agreed amount. In addition, following the 2014 Annual General Meeting, his pro rata Bonus for 2013 was paid in the contractually agreed amount; target achievement was set at 140%. The Variable Bonus for the period from August 1, 2013, to June 30, 2014, was paid as a lump sum of €295 thousand, and other claims were settled by a lump-sum payment of €145 thousand.

As laid down in his contract, Mr. Thomas-B. Quaas' total annual remuneration will continue to be paid at a flat rate of €965 thousand for the period since his departure from the Executive Board on April 26, 2012, until the expiration of his contract on March 31, 2015, whereby any other remuneration within the Group (including Supervisory Board remuneration) will be offset against this. His pension entitlements remain unaffected by this.

ee) Overviews of Individual Executive Board Remuneration

TOTAL REMUNERATION OF THE EXECUTIVE BOARD FOR ACTIVITIES IN FISCAL YEAR 2014 (IN € THOUSAND)

			Variable Bonus					
	Fixed basic remuneration		Bonus		Multi-year Bonus		Total variable remuneration	
	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**
Stefan F. Heidenreich (Chairman of the Executive Board)	1,000	1,000	776	676	808	704	1,584	1,380
Ralph Gusko	500	500	306	260	319	270	625	530
Thomas Ingelfinger (from July 1, 2014)	–	225	–	114	–	118	–	232
Zhengrong Liu (from July 1, 2014)	–	238	–	95	–	99	–	194
Stefan De Loecker (from July 1, 2014)	–	210	–	119	–	123	–	242
Dr. Ulrich Schmidt	500	500	308	257	320	267	628	524
Total	**2,292**[7]	**2,673**	**1,880**[7]	**1,521**	**1,447**[7]	**1,581**	**3,327**[7]	**3,102**

[2] Other remuneration includes the costs of / non-cash benefits arising from non-cash remuneration components and other ancillary benefits, such as the provision of a company car, insurance in line with standard market terms, and accommodation / relocation expenses, including any taxes assumed on these items.
[3] Payment of the amounts set aside for Enterprise Value Components included in the total remuneration is linked to a number of preconditions, and in particular to a corresponding sustainable increase in the company's enterprise value and to approval of the Executive Board member's actions (see page 13, section cc)).
[4] Stefan F. Heidenreich was granted an additional Matching Virtual Unit in the amount of €30,000 thousand following his reappointment for the period beginning January 1, 2015. The provision in the amount of €3,996 thousand established for this purpose is included in this figure.

The following table shows the development of the Multi-year Bonuses, as well as the amount of the tranche to be paid out in each case following the 2015 Annual General Meeting.

MULTI-YEAR BONUS (IN € THOUSAND)

	Multi-year bonus 2012			Multi-year bonus 2013		
	Present values as of Dec. 31, 2013	Present values as of Dec. 31, 2014	Payment following 2015 AGM	Present values as of Dec. 31, 2013	Present values as of Dec. 31, 2014	Payment following 2015 AGM
Stefan F. Heidenreich (Chairman of the Executive Board)	909	469	469	817	867	409
Ralph Gusko	295	152	152	317	336	158
Thomas Ingelfinger (from July 1, 2014)	–	–	–	–	–	–
Zhengrong Liu (from July 1, 2014)	–	–	–	–	–	–
Stefan De Loecker (from July 1, 2014)	–	–	–	–	–	–
Dr. Ulrich Schmidt	313	162	162	317	336	158
Total	**1,517**	**783**	**783**	**1,451**	**1,539**	**725**

Other remuneration[2]		Sum		Additions to provisions for Enterprise Value Component		Total[3]		
2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	
73	44	2,657	2,424	1,668	5,167[4]	4,325	7,591[4]	Stefan F. Heidenreich (Chairman of the Executive Board)
88	155	1,213	1,185	501	522	1,714	1,707	Ralph Gusko
–	57	–	514	–	182	–	696[5]	Thomas Ingelfinger (from July 1, 2014)
–	6	–	438	–	272	–	710	Zhengrong Liu (from July 1, 2014)
–	52	–	504	–	210	–	714[6]	Stefan De Loecker (from July 1, 2014)
14	15	1,142	1,039	659	843	1,801	1,882	Dr. Ulrich Schmidt
185[7]	**329**	**5,804**[7]	**6,104**	**2,828**[7]	**7,196**	**8,632**[7]	**13,300**	**Total**

[5] €38 thousand of this amount was granted to Thomas Ingelfinger as remuneration for his activities at Group companies.
[6] €689 thousand of this amount was granted to Stefan De Loecker as remuneration for his activities at Group companies.
[7] These totals additionally include the following payments made to members of the Executive Board who left in 2013 for activities in fiscal year 2013: Peter Feld – fixed: €292 thousand, Bonus: €490 thousand, Multi-year Bonus: €0 thousand, total variable remuneration: €490 thousand, other: €10 thousand, total: €792 thousand, addition to provisions for Enterprise Value Component: €0 thousand.

The following table shows the Virtual Units allocated to the Executive Board members and the amounts set aside in the years since they were granted in each case.

VIRTUAL UNITS AND PROVISIONS (IN € THOUSAND)

	2013				2014			
	Base Virtual Unit	Covered Virtual Unit[8]	Matching Virtual Unit	Total amount set aside in fiscal year 2013	Base Virtual Unit	Covered Virtual Unit[8]	Matching Virtual Unit	Total amount set aside in fiscal year 2014
Stefan F. Heidenreich (Chairman of the Executive Board)	10,000	10,000	10,000	2,826	10,000	10,000	40,000[9]	7,993[10]
Ralph Gusko	7,500	1,125	1,125	1,009	7,500	1,275	1,275	1,663[11]
Thomas Ingelfinger (from July 1, 2014)	–	–	–	–	5,500	530	530	182
Zhengrong Liu (from July 1, 2014)	–	–	–	–	9,000	38	–	272
Stefan De Loecker (from July 1, 2014)	–	–	–	–	7,500	25	25	210
Dr. Ulrich Schmidt	10,000	1,180	1,180	1,809[11]	20,000	2,240	2,240	2,663[11]
Total	**27,500**	**12,305**	**12,305**	**5,644**	**59,500**	**14,108**	**44,070**	**12,983**

[8] This figure includes both the Covered Virtual Units acquired by way of personal investment and the Covered Virtual Units granted by way of allocation (see footnote 1).
[9] This figure includes the additional Matching Virtual Unit in the amount of €30,000 thousand granted to Stefan F. Heidenreich following his reappointment for the period beginning January 1, 2015.
[10] This figure includes a provision in the amount of €3,996 thousand for the additional Matching Unit in the amount of €30,000 thousand (see footnote 4).
[11] This figure includes the personal investments made in the form of retained bonus payments due under the Variable Bonus.

The following tables show the benefits granted for each member of the Executive Board in fiscal year 2014, including ancillary benefits; in the case of variable remuneration components, the maximum and minimum remuneration achievable have been added (in accordance with model table 1 for section 4.2.5 para.3 (bullet point 1) of the German Corporate Governance Code).

BENEFITS GRANTED (IN € THOUSAND)

	Stefan F. Heidenreich Chairman of the Executive Board Date joined: January 1, 2012 (Chairman since April 26, 2012)			
	2013 Target amount	**2014 Target amount**	**2014 (min. p.a.)**	**2014 (max. p.a.)**
Fixed remuneration	1,000	1,000	1,000	1,000
Fringe benefits / ancillary benefits[12]	73	44	44	44
Total	**1,073**	**1,044**	**1,044**	**1,044**
One-year variable remuneration (49% Variable Bonus: Bonus)	490	490	–	980
Multi-year variable remuneration				
Multi-year-Bonus 2011 (term January 1, 2012–December 31, 2013)	–	–	–	–
Multi-year-Bonus 2012 (term January 1, 2013–December 31, 2014)	–	–	–	–
Multi-year-Bonus 2013 (term January 1, 2014–December 31, 2015)	510	–	–	–
Multi-year-Bonus 2014 (term January 1, 2015–December 31, 2016)	–	510	–	1,020
LTP – Base Virtual Unit[13]	500	500	–	1,000
LTP – Covered Virtual Unit[13/14]	500	500	–	1,000
LTP – Matching Virtual Unit[13]	500	2,000[15]	–	4,000[15]
Total fixed and variable remuneration	**3,573**	**5,044**	**1,044**	**9,044**
Service cost	–	–	–	–
Total remuneration	**3,573**	**5,044**	**1,044**	**9,044**

	Thomas Ingelfinger Member of the Executive Board Date joined: July 1, 2014			
	2013 Target amount	**2014 Target amount**	**2014 (min. p.a.)**	**2014 (max. p.a.)**
Fixed remuneration	–	225	225	225
Fringe benefits / ancillary benefits[12]	–	57	57	57
Total	**–**	**282**	**282**	**282**
One-year variable remuneration (49% Variable Bonus: Bonus)	–	86	–	172
Multi-year variable remuneration				
Multi-year-Bonus 2011 (term January 1, 2012–December 31, 2013)	–	–	–	–
Multi-year-Bonus 2012 (term January 1, 2013–December 31, 2014)	–	–	–	–
Multi-year-Bonus 2013 (term January 1, 2014–December 31, 2015)	–	–	–	–
Multi-year-Bonus 2014 (term January 1, 2015–December 31, 2016)	–	89	–	178
LTP – Base Virtual Unit[13]	–	138	–	275
LTP – Covered Virtual Unit[13/14]	–	44	–	58
LTP – Matching Virtual Unit[13]	–	14	–	28
Total fixed and variable remuneration	**–**	**653**	**282**	**993**
Service cost	–	–	–	–
Total remuneration	**–**	**653[16]**	**282[16]**	**993[16]**

[12] The ancillary benefits include the costs of / non-cash benefits arising from non-cash remuneration components and other ancillary benefits (see footnote 2).
[13] The planned terms of the Virtual Units are as follows: for Stefan F. Heidenreich from 2012 to after the 2021 Annual General Meeting; for Ralph Gusko from 2011 to after the 2019 Annual General Meeting; for Thomas Ingelfinger from 2014 to after the 2019 Annual General Meeting; for Zhengrong Liu from 2014 to after the 2020 Annual General Meeting; for Stefan De Loecker from 2014 to after the 2020 Annual General Meeting; for Dr. Ulrich Schmidt from 2011 until after the 2016 and 2018 Annual General Meetings.

Ralph Gusko
Member of the Executive Board
Date joined: July 1, 2011

2013 Target amount	**2014 Target amount**	**2014 (min. p.a.)**	**2014 (max. p.a.)**	
500	500	500	500	Fixed remuneration
88	155	155	155	Fringe benefits / ancillary benefits[12]
588	**655**	**655**	**655**	**Total**
196	196	–	392	One-year variable remuneration (49% Variable Bonus: Bonus)
				Multi-year variable remuneration
–	–	–	–	Multi-year-Bonus 2011 (term January 1, 2012–December 31, 2013)
–	–	–	–	Multi-year-Bonus 2012 (term January 1, 2013–December 31, 2014)
204	–	–	–	Multi-year-Bonus 2013 (term January 1, 2014–December 31, 2015)
–	204	–	408	Multi-year-Bonus 2014 (term January 1, 2015–December 31, 2016)
375	375	–	750	LTP – Base Virtual Unit[13]
106	214	–	278	LTP – Covered Virtual Unit[13/14]
56	64	–	128	LTP – Matching Virtual Unit[13]
1,525	**1,708**	**655**	**2,611**	**Total fixed and variable remuneration**
–	–	–	–	Service cost
1,525	**1,708**	**655**	**2,611**	**Total remuneration**

Zhengrong Liu
Member of the Executive Board / Labor Relations Director
Date joined: July 1, 2014

2013 Target amount	**2014 Target amount**	**2014 (min. p.a.)**	**2014 (max. p.a.)**	
–	238	238	238	Fixed remuneration
–	6	6	6	Fringe benefits / ancillary benefits[12]
–	**244**	**244**	**244**	**Total**
–	74	–	147	One-year variable remuneration (49% Variable Bonus: Bonus)
				Multi-year variable remuneration
–	–	–	–	Multi-year-Bonus 2011 (term January 1, 2012–December 31, 2013)
–	–	–	–	Multi-year-Bonus 2012 (term January 1, 2013–December 31, 2014)
–	–	–	–	Multi-year-Bonus 2013 (term January 1, 2014–December 31, 2015)
–	76	–	153	Multi-year-Bonus 2014 (term January 1, 2015–December 31, 2016)
–	225	–	450	LTP – Base Virtual Unit[13]
–	39	–	41	LTP – Covered Virtual Unit[13/14]
–	–	–	–	LTP – Matching Virtual Unit[13]
–	**658**	**244**	**1,035**	**Total fixed and variable remuneration**
–	–	–	–	Service cost
–	**658**	**244**	**1,035**	**Total remuneration**

[14] Covered Virtual Units are not capped because the Executive Board member is also exposed to a risk of loss. For presentation reasons, however, the minimum values are shown as €0 and the maximum values are capped at 200%.
[15] This figure includes corresponding provisions for the additional Matching Virtual Unit in the amount of €30,000 thousand granted to Stefan F. Heidenreich following his reappointment for the period beginning January 1, 2015.
[16] €38 thousand of these total amounts was granted to Thomas Ingelfinger in each case as remuneration for his activities at Group companies.

BENEFITS GRANTED (IN € THOUSAND, CONTINUED)

	Stefan De Loecker Member of the Executive Board Date joined: July 1, 2014			
	2013 Target amount	**2014 Target amount**	**2014 (min. p.a.)**	**2014 (max. p.a.)**
Fixed remuneration	–	210	210	210
Fringe benefits / ancillary benefits[12]	–	52	52	52
Total	**–**	**262**	**262**	**262**
One-year variable remuneration (49% Variable Bonus: Bonus)	–	86	–	172
Multi-year variable remuneration				
Multi-year-Bonus 2011 (term January 1, 2012–December 31, 2013)	–	–	–	–
Multi-year-Bonus 2012 (term January 1, 2013–December 31, 2014)	–	–	–	–
Multi-year-Bonus 2013 (term January 1, 2014–December 31, 2015)	–	–	–	–
Multi-year-Bonus 2014 (term January 1, 2015–December 31, 2016)	–	89	–	178
LTP – Base Virtual Unit[13]	–	188	–	375
LTP – Covered Virtual Unit[13/14]	–	26	–	28
LTP – Matching Virtual Unit[13]	–	1	–	3
Total fixed and variable remuneration	**–**	**652**	**262**	**1,018**
Service cost	–	–	–	–
Total remuneration	**–**	**652[17]**	**262[17]**	**1,018[17]**

[12] The ancillary benefits include the costs of / non-cash benefits arising from non-cash remuneration components and other ancillary benefits (see footnote 2).
[13] The planned terms of the Virtual Units are as follows: for Stefan F. Heidenreich from 2012 to after the 2021 Annual General Meeting; for Ralph Gusko from 2011 to after the 2019 Annual General Meeting; for Thomas Ingelfinger from 2014 to after the 2019 Annual General Meeting; for Zhengrong Liu from 2014 to after the 2020 Annual General Meeting; for Stefan De Loecker from 2014 to after the 2020 Annual General Meeting; for Dr. Ulrich Schmidt from 2011 until after the 2016 and 2018 Annual General Meetings.

The following table shows the allocations for each member of the Executive Board in / for fiscal year 2014, comprising fixed remuneration, short-term variable and long-term remuneration, broken down by the relevant years of receipt (in accordance with model table 2 for section 4.2.5 para. 3 (bullet point 2) of the German Corporate Governance Code).

ALLOCATION (IN € THOUSAND)

	Stefan F. Heidenreich Chairman of the Executive Board Date joined: January 1, 2012 (Chairman since April 26, 2012)		Ralph Gusko Member of the Executive Board Date joined: July 1, 2011		Thomas Ingelfinger Member of the Executive Board Date joined: July 1, 2014	
	2013	**2014**	2013	**2014**	2013	**2014**
Fixed remuneration	1,000	1,000	500	500	–	225
Fringe benefits / ancillary benefits[18]	73	44	88	55	–	57
Total	**1,073**	**1,044**	**588**	**555**	**–**	**282**
One-year variable remuneration (49% Variable Bonus: Bonus)	781	776	253	306	–	–
Multi-year variable remuneration						
Multi-year-Bonus 2011 (term January 1, 2012–December 31, 2013)	–	–	47	45	–	–
Multi-year-Bonus 2012 (term January 1, 2013–December 31, 2014)	–	406	–	–[19]	–	–
Multi-year-Bonus 2013 (term January 1, 2014–December 31, 2015)	–	–	–	–	–	–
Multi-year-Bonus 2014 (term January 1, 2015–December 31, 2016)	–	–	–	–	–	–
LTP – Base Virtual Unit[20]	–	–	–	–	–	–
LTP – Covered Virtual Unit[20]	–	–	–	–	–	–
LTP – Matching Virtual Unit[20]	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total fixed and variable remuneration	**1,854**	**2,226**	**888**	**906**	**–**	**282**
Service cost	–	–	–	–	–	–
Total remuneration	**1,854**	**2,226**	**888**	**906**	**–**	**282[21]**

[18] The ancillary benefits include the costs of / non-cash benefits arising from non-cash remuneration components and other ancillary benefits (see footnote 2).
[19] This figure does not include / disclose payments due under the Variable Bonus that were retained as the personal investment for the respective Covered Virtual Units.
[20] The planned terms of the Virtual Units are as follows: for Stefan F. Heidenreich from 2012 to after the 2021 Annual General Meeting; for Ralph Gusko from 2011 to after the 2019 Annual General Meeting; for Thomas Ingelfinger from 2014 to after the 2019 Annual General Meeting; for Zhengrong Liu from 2014 to after the 2020 Annual General Meeting; for Stefan De Loecker from 2014 to after the 2020 Annual General Meeting; for Dr. Ulrich Schmidt from 2011 until after the 2016 and 2018 Annual General Meetings.

	Dr. Ulrich Schmidt Member of the Executive Board / CFO Date joined: January 1, 2011			
	2013 Target amount	**2014 Target amount**	**2014 (min. p.a.)**	**2014 (max. p.a.)**
Fixed remuneration	500	500	500	500
Fringe benefits / ancillary benefits[12]	14	15	15	15
Total	**514**	**515**	**515**	**515**
One-year variable remuneration (49% Variable Bonus: Bonus)	196	196	–	392
Multi-year variable remuneration				
Multi-year-Bonus 2011 (term January 1, 2012–December 31, 2013)	–	–	–	–
Multi-year-Bonus 2012 (term January 1, 2013–December 31, 2014)	–	–	–	–
Multi-year-Bonus 2013 (term January 1, 2014–December 31, 2015)	204	–	–	–
Multi-year-Bonus 2014 (term January 1, 2015–December 31, 2016)	–	204	–	408
LTP – Base Virtual Unit[13]	500	1,000	–	2,000
LTP – Covered Virtual Unit[13/14]	119	172	–	284
LTP – Matching Virtual Unit[13]	59	112	–	224
Total fixed and variable remuneration	**1,592**	**2,199**	**515**	**3,823**
Service cost	–	–	–	–
Total remuneration	**1,592**	**2,199**	**515**	**3,823**

[14] Covered Virtual Units are not capped because the Executive Board member is also exposed to a risk of loss. For presentation reasons, however, the minimum values are shown as €0 and the maximum values are capped at 200%.
[15] This figure includes corresponding provisions for the additional Matching Virtual Unit in the amount of €30,000 thousand granted to Stefan F. Heidenreich following his reappointment for the period beginning January 1, 2015.
[16] €38 thousand of these total amounts was granted to Thomas Ingelfinger in each case as remuneration for his activities at Group companies.
[17] €627 thousand (target amount), €237 thousand (min. p.a.), and €993 thousand (max. p.a.) of these total amounts were granted to Stefan De Loecker as remuneration for his activities at Group companies.

	Zhengrong Liu Member of the Executive Board / Labor Relations Director Date joined: July 1, 2014		Stefan De Loecker Member of the Executive Board Date joined: July 1, 2014		Dr. Ulrich Schmidt Member of the Executive Board / CFO Date joined: January 1, 2011	
	2013	**2014**	2013	**2014**	2013	**2014**
Fixed remuneration	–	238	–	210	500	500
Fringe benefits / ancillary benefits[18]	–	6	–	52	14	15
Total	**–**	**244**	**–**	**262**	**514**	**515**
One-year variable remuneration (49% Variable Bonus: Bonus)	–	–	–	–	–[19]	308
Multi-year variable remuneration						
Multi-year-Bonus 2011 (term January 1, 2012–December 31, 2013)	–	–	–	–	–[19]	86[19]
Multi-year-Bonus 2012 (term January 1, 2013–December 31, 2014)	–	–	–	–	–	140
Multi-year-Bonus 2013 (term January 1, 2014–December 31, 2015)	–	–	–	–	–	–
Multi-year-Bonus 2014 (term January 1, 2015–December 31, 2016)	–	–	–	–	–	–
LTP – Base Virtual Unit[20]	–	–	–	–	–	–
LTP – Covered Virtual Unit[20]	–	–	–	–	–	–
LTP – Matching Virtual Unit[20]	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total fixed and variable remuneration	**–**	**244**	**–**	**262**	**514**	**1,049**
Service cost	–	–	–	–	–	–
Total remuneration	**–**	**244**	**–**	**262[22]**	**514**	**1,049**

[21] €38 thousand of this amount was paid to Thomas Ingelfinger as remuneration for his activities at Group companies.
[22] €237 thousand of this amount was paid to Stefan De Loecker as remuneration for his activities at Group companies.

ff) Former Members of the Executive Board and Their Surviving Dependents
Payments to former members of the Executive Board and their surviving dependents totaled €2,267 thousand (previous year: €2,324 thousand). Provisions for pension commitments to former members of the Executive Board and their dependents totaled €40,402 thousand (previous year: €37,797 thousand).

2. REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board (§ 15 of the Articles of Association) takes into account the responsibilities and scope of tasks of the individual members of the Supervisory Board as well as the company's economic situation.

In addition to being reimbursed for cash expenses, Supervisory Board members also receive a fixed and a variable dividend-based remuneration component, which is geared towards sustainable enterprise performance, and attendance fees for Supervisory Board and committee meetings. The Chairman of the Supervisory Board receives two-and-a-half times the standard Supervisory Board remuneration and his two deputies each receive one-and-a-half times the standard Supervisory Board remuneration. Members of committees – with the exception of the Nomination Committee and the committee set up in accordance with § 27 (3) *Mitbestimmungsgesetz* (German Co-Determination Act, *MitbestG*) – receive additional compensation for their work in these committees. If a member of the Supervisory Board simultaneously holds several offices for which increased remuneration is granted, he or she shall only receive the remuneration for the highest-paying office.

The fixed remuneration component per Supervisory Board member is €40,000 for each full fiscal year. The variable remuneration is €1,000 for each cent by which the dividend per share exceeds 25 cents. 40% of this will be paid out after the actions of the Supervisory Board member in question have been approved by the Annual General Meeting for the fiscal year for which remuneration is being paid (initial year). The remaining amount will be paid out following the Annual General Meeting to which the annual financial statements for the third fiscal year following the initial year are submitted, insofar as the average dividend for the initial year and the three following fiscal years is not lower than the dividend for the initial year. Interest in line with current market rates will be paid on this amount until such time as it is paid out. Furthermore, members of the Supervisory Board and committees receive an attendance fee of €1,000 for participating in full at a meeting of the Supervisory Board or committee and €500 for participating in the majority of a meeting.

TOTAL REMUNERATION OF THE SUPERVISORY BOARD FOR ACTIVITIES IN FISCAL YEAR 2014 (IN €)[23/24]

	Fixed[25]		Total Variable		Long term Variable (60%)		Total	
	2013	**2014**	2013[26]	**2014[27]**	2013	**2014**	2013	**2014**
Dr. Andreas Albrod	67,000	71,000	45,000	45,000	27,000	27,000	112,000	116,000
Prof. Dr. Eva Eberhartinger (until April 17, 2014)	90,000	25,452	45,000	13,192	27,000	7,915	135,000	38,644
Elke Gabriel (until April 17, 2014)	45,000	15,726	45,000	13,192	27,000	7,915	90,000	28,918
Frank Ganschow (from April 17, 2014)	–	32,384	–	31,932	–	19,159	–	64,316
Michael Herz	67,500	68,500	45,000	45,000	27,000	27,000	112,500	113,500
Thomas Holzgreve (Deputy Chairman)	74,000	74,000	67,500	67,500	40,500	40,500	141,500	141,500
Thorsten Irtz (Deputy Chairman)	66,000	68,000	67,500	67,500	40,500	40,500	133,500	135,500
Matthias Locher (from April 17, 2014)	–	32,384	–	31,932	–	19,159	–	64,316
Dr. Dr. Christine Martel	44,500	76,384	45,000	45,000	27,000	27,000	89,500	121,384
Tomas Nieber	45,000	64,192	45,000	45,000	27,000	27,000	90,000	109,192
Isabelle Parize (from April 17, 2014)	–	30,884	–	31,932	–	19,159	–	62,816
Prof. Dr. Reinhard Pöllath (Chairman)	114,000	114,000	112,500	112,500	67,500	67,500	226,500	226,500
Thomas-B. Quaas (until April 17, 2014)[28]	–	–	–	–	–	–	–	–
Prof. Manuela Rousseau	44,000	47,000	45,000	45,000	27,000	27,000	89,000	92,000
Volker Schopnie (until April 17, 2014)	67,000	22,589	45,000	13,192	27,000	7,915	112,000	35,781
Poul Weihrauch (from April 17, 2014)	–	30,884	–	31,932	–	19,159	–	62,816
Total	**724,000**	**773,379**	**607,500**	**639,804**	**364,500**	**383,881**	**1,331,500**	**1,413,183**

[23] Subject to the resolution of the Annual General Meeting on March 31, 2015, concerning the dividend to be distributed for 2014 in accordance with the proposal for a dividend of €0.70 per share.
[24] Presented exclusive of value added tax.
[25] Fixed remuneration component and remuneration for membership of Supervisory Board committees (including attendance fees).
[26] The figure contains the long-term portion (60% – see separate column) of the variable Supervisory Board remuneration that will be paid out after the 2017 Annual General Meeting if the preconditions for payment are met (plus interest in accordance with § 15 (1) of the Articles of Association, if applicable).
[27] The figure contains the long-term portion (60% – see separate column) of the variable Supervisory Board remuneration that will be paid out after the 2018 Annual General Meeting if the preconditions for payment are met (plus interest in accordance with § 15 (1) of the Articles of Association, if applicable).
[28] As contractually agreed, Thomas-B. Quaas' Supervisory Board remuneration was offset against continuing entitlements from his former Executive Board activities.

Members of the Supervisory Board did not receive any loans or advances from the company, nor were any contingent liabilities entered into in their favor. In addition, members of the Supervisory Board did not receive any compensation or benefits for services provided on a personal basis, such as advisory or agency services.

3. GROUP MANAGEMENT REPORT

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Beiersdorf's Brands

Every day, millions of consumers trust Beiersdorf's innovative, high-quality skin and body care products. Our successful international brand portfolio is tailored to meet the individual needs and wishes of consumers, as well as regional requirements. The ongoing development of our strong brands is the basis for this closeness to consumers and markets, and hence for Beiersdorf's success.

tesa provides innovative self-adhesive products and system solutions. The manufacturer is a global market leader in a large number of application areas due to its many years of experience in coating technology and developing adhesive masses.

Our Brand Portfolio

Business and Strategy

Beiersdorf is a global leader in the consumer goods industry with a total of over 17,000 employees in more than 150 affiliates. It is divided into two business segments:

- The Consumer Business Segment, whose strong brands focus on the international skin and body care markets, is the main business.
- The tesa Business Segment is a pioneering manufacturer of self-adhesive products and solutions for industry, craft businesses, and consumers.

Consumer Business Segment

BLUE AGENDA – THE STRATEGIC COMPASS

Beiersdorf aims to be the No. 1 skin care company in its relevant categories and markets. The company's Blue Agenda clearly defines the way to achieve this long-term objective. It consists of the following strategic focuses:

- Strengthening our brands – first and foremost NIVEA
- Increasing our innovation power
- Expanding our presence in the emerging markets and consolidating our market position in Europe
- The people at Beiersdorf

Beiersdorf continued to make substantial progress towards these objectives in the year under review – something that is also reflected in the key figures for fiscal year 2014. Beiersdorf recorded sustainable, profitable growth and saw a further increase in sales and earnings excluding special factors. This was achieved by increasing our share of a market that grew by about 3%.

STRONG BRANDS

Beiersdorf's consistently disciplined brand strategy further increased its brand presence in 2014, as can be seen from the positive performance by our three core brands – NIVEA, Eucerin, and La Prairie. The rollout of the new NIVEA logo and design, which began in 2013, was successfully completed in the year under review. This created a more consistent and eye-catching brand image, which has significantly strengthened the brand's identity and positioned NIVEA successfully and sustainably. In addition, Beiersdorf's newly created "Pearl Brands" unit generated new momentum for the Labello, 8x4, Hidrofugal, and Florena brands. Beiersdorf's goal is to strengthen their brand profile and hence leverage their economic potential, and in doing so further strengthen the company's brand portfolio.

INNOVATION POWER

The significant increase in Beiersdorf's innovation capacity substantially contributed to its success in the year under review. Beiersdorf focuses both on developing and launching new products and on systematically enhancing and supporting existing major innovations. Beiersdorf's NIVEA Deo Black & White, NIVEA Body In-Shower, and NIVEA Face Cellular Anti-Age set long-term trends in different segments, enabling the company to consistently extend its market position in the relevant categories and countries in 2014.

For example, NIVEA Face Cellular Anti-Age was also successfully launched in Latin America in the year under review. The NIVEA Body In-Shower product line, which is a big hit in Europe and Brazil, was expanded in 2014 and will be available worldwide in 2015. Moreover, Beiersdorf again set new standards in the mass market in the important face care category with its NIVEA Q10 pearls. A special pearl technology makes it possible to blend innovative Q10 plus serum pearls with hydrogel in a patented anti-wrinkle serum. This is the first time that this type of technology has been made accessible to a wider consumer group.

Beiersdorf's research and development expertise plays a key role in its continuous innovation strength. Dr. May Shana'a, Head of R&D at Beiersdorf since fall 2014, will continue to strategically enhance the efficacy of the company's R&D activities and deepen the growing focus on localization.

CLOSEST TO MARKETS

Each and every innovation begins with the specific needs of consumers in the different regions. Being close to consumers at a local level is crucial to being able to incorporate changing expectations into product development flexibly and quickly, and hence to secure our market share in the long term. In the year under review, Beiersdorf sustainably increased its brand presence and impact in the emerging markets with targeted investments in regional development and production capacities, and strengthened its position on the established European markets.

In July 2014, Beiersdorf opened a production facility and a regional laboratory in Silao, Mexico, in order to meet growing demand in Latin America. The factory was the first facility in the cosmetics industry ever to be awarded Leadership in Energy and Environmental Design (LEED) platinum standard. Beiersdorf also began constructing a production facility in Sanand in order to strengthen its local footprint in India. Production is expected to start in early 2015.

DEDICATED BEIERSDORF PEOPLE – A STRONG CORPORATE CULTURE

Beiersdorf's corporate culture is inextricably bound up with dedicated and motivated employees, who make a crucial contribution to the company's success. In 2014, employees and managers worked together to reinterpret Beiersdorf's core values – which have shaped the company for over 130 years – and documented these in a common understanding.

- Care – at the heart of Beiersdorf's business. The company's responsibility towards its employees, consumers, and brands as well as to society and the environment.
- Simplicity – making clear, consistent, and quick decisions and always remaining focused on priorities.
- Courage – setting ambitious targets, taking the initiative, and approaching change as an opportunity.
- Trust – genuine, respectful, and reliable relationships with employees and consumers.

In order to ensure the Core Values are lived both now and in the future, Beiersdorf will integrate them even more strongly into its employees' day-to-day working practices in the future. In addition, Beiersdorf continued actively encouraging employees to make decisions and take an entrepreneurial approach in the year under review, systematically enhancing the company's speed and flexibility even further.

tesa Business Segment

INNOVATIVE PRODUCT SOLUTIONS

The tesa Business Segment is an independent part of the Beiersdorf Group that develops, produces, and markets self-adhesive products and system solutions for industry, craft businesses, and consumers. Consistently high quality, extremely innovative thinking, and the use of state-of-the-art technology are core elements of its brand philosophy and strategy. tesa's priorities lie in finding effective solutions and high-quality products with a focus on the following customer groups:

- tesa primarily provides system solutions for the automotive, electronics, printing and paper, and construction industries. In the electronics industry, tesa's adhesive systems are used in mobile devices such as smartphones, tablet PCs, and MP3 players.
- tesa's affiliate tesa Labtec GmbH develops and produces transdermal systems, also called pharmaceutical plasters, for the pharmaceutical industry. It also focuses on medicated oral films that dissolve in the mouth without the need for additional fluids.
- tesa offers specialist dealers a broad and constantly expanding product range that is continuously optimized and adapted to meet the changing needs of customers in crafts businesses, such as construction.

- The tesa umbrella brand provides consumers in Europe and Latin America with a comprehensive range of innovative products for use in the home, office, and garden. In addition to the classic tesafilm adhesive tape, these include innovative solutions for insulation, painting and masking, repairing, packaging, and mounting, as well as household insect protection products.

- In the Craftsmen business area, tesa focuses on customized product ranges for professional craftsmen, such as painters and varnishers.

Highly qualified employees and ongoing business process optimization enable tesa to respond quickly and flexibly to market changes, to design new solutions to problems, and to develop needs-based products. tesa's knowledge of production processes, analysis of current industry trends, and wide range of high-quality, market-driven products provide competitive advantages, ensuring the long-term success of the business segment.

Management and Control

The Executive Board manages the company and is dedicated to sustainably increasing its value. In addition to the functional areas of responsibility within the Executive Board – Finance and Supply Chain, Human Resources, Consumer Brands and R&D, and Pharmacy – there are regional areas of responsibility. This regional allocation of responsibilities is a key factor in ensuring the Executive Board is closely involved in the company's operational business. The Chairman of the Executive Board is responsible at an overarching level for corporate development and the Internal Audit function. The tesa Business Segment is managed as an independent subgroup.

Information on the remuneration of the Executive Board and the Supervisory Board as well as on incentive and bonus systems is provided in the remuneration report, which forms part of the Group management report. The Corporate Governance Statement in accordance with § 289a *Handelsgesetzbuch* (German Commercial Code, *HGB*) has been made publicly available on the company's website at WWW.BEIERSDORF.COM/CORPORATE_GOVERNANCE_STATEMENT. Additional information regarding management and control, the general management structure, and the Declaration of Compliance in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*) is also provided in the Corporate Governance Report.

Value Management and Performance Management System

The goal of Beiersdorf's business activities is to sustainably increase the company's market share by achieving qualitative growth and at the same time to expand its earnings base. The long-term key performance indicators – sales growth in conjunction with market share, EBIT, and the EBIT margin (the ratio of EBIT to sales) – are derived from this. The goal is to generate internationally competitive returns through systematic cost management and the highly efficient use of resources.

The company has created an efficient management system in order to meet these strategic goals. Corporate management derives the business performance targets for the individual units in the Group for the coming year from the Group's strategic business goals. This planning covers all segments and affiliates. Generally, the Executive Board and Supervisory Board formally adopt the Group's planning for the following year in the fall.

Actual key performance indicators are compared with target values and with the current forecast for the year as a whole at regular intervals during the fiscal year. These comparisons are used to manage the business in line with the objectives.

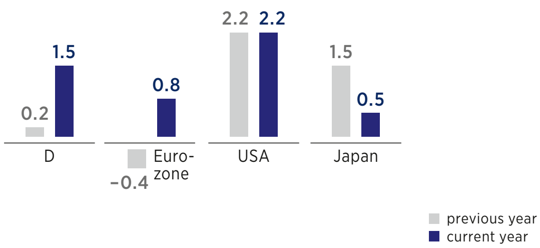
The tesa Business Segment forms a separate, independent unit within the Group. It is also managed on the basis of sales growth, the operating result (EBIT), and the EBIT margin.

Economic Environment

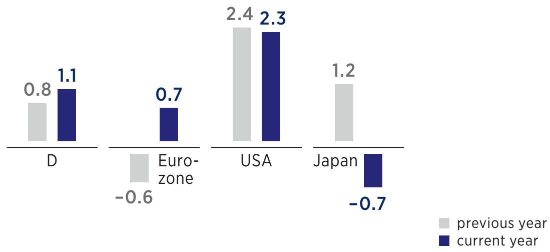
General Economic Situation

Positive **global** growth was recorded in 2014, slightly above the previous year; however, the outlook deteriorated increasingly in the course of the year due to the geopolitical crises. While the mature economies continued on their modest path to recovery, growth rates in some emerging countries declined.

GROSS DOMESTIC PRODUCT (IN %)*
Change versus previous year



CONSUMER SPENDING (IN %)*
Change versus previous year



* Commerzbank Research

The economy in **Europe** stagnated in 2014. The unrest in Ukraine in particular dampened investor appetite and led to continuing high levels of uncertainty in the markets. Interest rate cuts and a new ECB securities purchase program led to a fall in the euro, improving eurozone companies' competitiveness and helping to mitigate adverse effects on exports. Positive growth was achieved, although the optimistic expectations voiced at the beginning of the year failed to materialize.

The **German** economy recorded moderate growth in 2014. Although Germany has consistently served as an economic motor in recent years, recording the highest growth rates in the eurozone, growth declined in 2014. The EU's economic sanctions against Russia slowed both exports and capital investment. Low unemployment, low interest rates, low inflation, and the weaker euro all helped to support the economy.

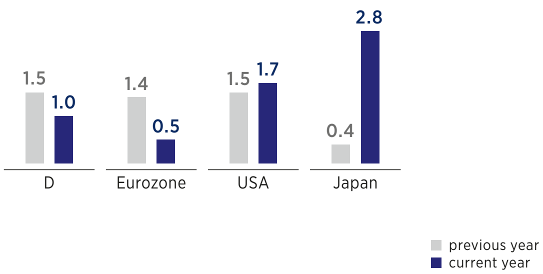
The economy in the **United States** recorded a positive performance in 2014. Results for the first quarter were lower than in the previous year due to adverse weather conditions. After that, economic momentum improved and was reflected in increased capital expenditure and consumer spending.

Capital expenditure and consumer spending in **Japan** declined following an increase in sales tax in April 2014. The government introduced an economic package aimed at countering the negative effects on consumer demand. Exports declined despite the fall in the yen.

Economic growth in **China** fell short of forecast targets in 2014. The country's industrial sector recorded its lowest growth since 2008 and domestic demand remained stubbornly low. The Chinese central bank and the government are pursuing a policy of reform in order to achieve sustainable long-term growth instead of high short-term growth rates.

The situation in the **other emerging markets** was mixed. Reforms in India had a positive effect on economic development and boosted exports. On the other hand, Brazil experienced reform gridlock. Russia is under pressure due to the conflict with Ukraine. The economic sanctions and the slump in oil prices led to a fall in the ruble and to lower capital expenditure.

INFLATION RATE (IN %)*
Change versus previous year



*Commerzbank Research

Sales Market Trends

The growth rate in the cosmetics market – the market relevant for Beiersdorf – remained flat year-on-year at a global level. The Asia, South Africa, Middle East, and Latin America regions were the main growth drivers although the pace of growth has slowed. The saturated markets in Western Europe and North America continued last year's growth path, while Eastern Europe was unable to match its prior-year growth. The industrial sales markets experienced a recovery in Europe and further strong growth in Asia and America in 2014. A slight positive trend emerged in Europe as the year progressed. Asia and North America continued to benefit from a strong economic performance, while Latin America in contrast suffered domestic currency instability and a slowdown in real growth.

Procurement Market Trends

In 2014, raw material and packaging prices were overall, relatively flat as forecast. The significant reduction in global crude oil prices seen in the last quarter was not anticipated, but has not significantly affected prices of either plastics or fossil fuel-based raw materials.

Overall Assessment of the Economic Environment

Macroeconomic growth in 2014 was positive, despite momentum slowing in the course of the year. The global cosmetics market maintained the previous year's level of growth, although growth rates in some individual markets eased. The Consumer Business Segment recorded another increase in sales in this challenging economic environment. Sales by the tesa Business Segment rose again on the back of the recovery in its industrial sales markets in Europe as well as further growth in Asia and the Americas. The consumer business and the distribution business aimed at craftsmen also performed well in Europe.

Results of Operations, Net Assets, and Financial Position

Results of Operations – Group

INCOME STATEMENT (IN € MILLION)

	2013	2014	% change
Sales	**6,141**	**6,285**	**2.3**
Cost of goods sold	–2,255	–2,367	5.0
Gross profit	**3,886**	**3,918**	**0.8**
Marketing and selling expenses	–2,605	–2,604	0.0
Research and development expenses	–154	–168	9.0
General and administrative expenses	–312	–330	6.0
Other operating result (excluding special factors)	–1	45	–
Operating result (EBIT, excluding special factors)	**814**	**861**	**5.9**
Special factors	6	–65	–
Operating result (EBIT)	**820**	**796**	**–2.9**
Financial result	–5	15	–
Profit before tax	**815**	**811**	**–0.5**
Income taxes	–272	–274	0.9
Profit after tax	**543**	**537**	**–1.2**

Percentage changes are calculated based on thousands of euros.

SALES

Organic Group sales in 2014 were up 4.7% on the prior-year figure. The Consumer Business Segment grew by 4.8%, while tesa generated a sales increase of 4.4%. Nominal Group sales rose by 2.3% as against the previous year, to €6,285 million (previous year: €6,141 million).

In **Europe**, organic sales were up 2.4% on the prior year. In nominal terms, sales amounted to €3,421 million (previous year: €3,390 million), 0.9% higher than the prior-year figure.

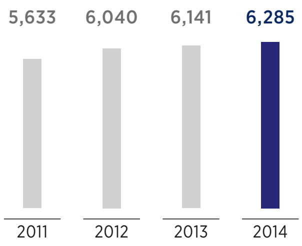
Organic growth in the **Americas** amounted to 5.6%. In nominal terms, sales rose by 2.2% to €1,116 million (previous year: €1,092 million).

The **Africa / Asia / Australia** region reported organic growth of 9.0%. In nominal terms, growth of 5.4% to €1,748 million was achieved (previous year: €1,659 million).

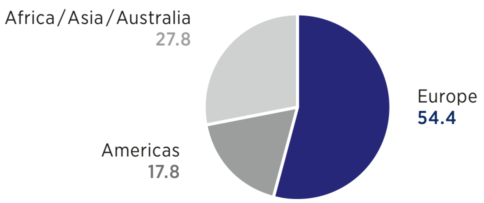
EXPENSES / OTHER OPERATING RESULT

Cost of goods sold rose by 5.0%, and hence faster than sales. This change was mainly due to the stronger increase in Consumer sales in the emerging markets, which generally entail a higher ratio of product costs to sales, and a change in the product mix. In some countries, exchange rate changes also had a negative impact on the companies' procurement costs. Advertising and trade marketing expenses declined to €1,461 million (previous year: €1,495 million) without reducing support for the brands, thanks to efficient use of the marketing budget. At €2,604 million, total expenses remained constant (previous year: €2,605 million), due to further investment in marketing and sales. Following the realignment of the Research and Development area in the Consumer Business Segment, Consumer expenses were increased again in order to further improve our innovation capacity. tesa also invested more in research and development; the total expenses of €168 million were up 9.0% on the prior-year value of €154 million. The increase in general and administrative expenses to €330 million (previous year: €312 million) reflects the work carried out to improve the existing

GROUP SALES (IN € MILLION)



GROUP SALES BY REGION (IN %)



software systems in the Consumer Business Segment in particular. The other operating result (excluding special factors) amounted to €45 million (previous year: €–1 million). The change in the other operating result was dominated by the reversal of provisions, income from the sale of fixed assets, and lower other operating expenses.

OPERATING RESULT (EBIT, EXCLUDING SPECIAL FACTORS)

The Beiersdorf Group's results of operations are assessed on the basis of the operating result (EBIT) excluding special factors. This figure is not part of IFRSs and should be treated merely as voluntary additional information. The special factors listed are one-time, non-operating transactions.

EBIT excluding special factors rose to €861 million (previous year: €814 million), while the EBIT margin was 13.7% (previous year: 13.2%). The Consumer Business Segment generated EBIT excluding special factors of €678 million (previous year: €638 million); the EBIT margin reached 13.0% (previous year: 12.5%). EBIT in the tesa Business Segment rose from €176 million in the prior year to €183 million in the past fiscal year; the EBIT margin was 17.0% (previous year: 16.9%).

The Group operating result before special factors in **Europe** was €589 million (previous year: €542 million). The EBIT margin was 17.2% (previous year: 16.0%).

The operating result before special factors in the **Americas** amounted to €80 million (previous year: €82 million). The EBIT margin was 7.1% (previous year: 7.5%).

In **Africa / Asia / Australia**, EBIT excluding special factors amounted to €192 million (previous year: €190 million). The EBIT margin was 11.0% (previous year: 11.5%).

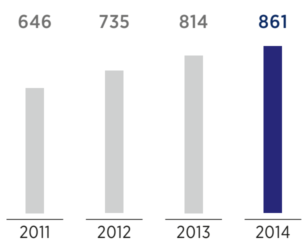
SPECIAL FACTORS

Special factors of €–65 million (previous year: €6 million) related to the Consumer Business Segment. Due to an adjustment to the long-term sales and earnings outlook for our Chinese hair care business, we performed an impairment test as of September 30, 2014. This led to our hair care brands being written down by €67 million to a residual carrying amount of €21 million. In addition, provisions that had been recognized in connection with the realignment of our corporate structures in the past but were no longer required were reversed. Prior-year special factors related to both business segments. In the Consumer Business Segment, expenses of €12 million were incurred in the previous year as part of the realignment of corporate structures and processes, mainly resulting from the reorganization of the business in China. In the tesa Business Segment, income of €18 million was generated in the previous year in connection with the closure of a production facility in Singapore.

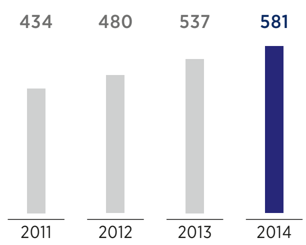
RECONCILIATION TO EBIT EXCLUDING SPECIAL FACTORS

	in € million	in % of sales
Group		
Operating result (EBIT) for 2014	796	12.7
Special factors included in the other operating result	*–65*	–
Operating result (EBIT, excluding special factors) for 2014	861	13.7
Operating result (EBIT, excluding special factors) for 2013	814	13.2
Consumer		
Operating result (EBIT) for 2014	613	11.8
Special factors included in the other operating result	*–65*	–
Operating result (EBIT, excluding special factors) for 2014	678	13.0
Operating result (EBIT, excluding special factors) for 2013	638	12.5
tesa		
Operating result (EBIT) for 2014	183	17.0
Special factors included in the other operating result	–	–
Operating result (EBIT, excluding special factors) for 2014	183	17.0
Operating result (EBIT, excluding special factors) for 2013	176	16.9

GROUP EBIT (IN € MILLION)
Excluding special factors



GROUP PROFIT AFTER TAX (IN € MILLION)
Excluding special factors



OPERATING RESULT (EBIT)

EBIT including special factors was €796 million (previous year: €820 million). This corresponds to an EBIT margin of 12.7% (previous year: 13.4%).

FINANCIAL RESULT

The financial result amounted to €15 million (previous year:€–5 million). The increase was due to income of €9 million in connection with a tax refund; interest income from financial assets remained stable. In addition, improvements in currency effects and in net income from investments were generated in the other financial result.

INCOME TAXES

Income taxes amounted to €274 million (previous year: €272 million). The tax rate was 33.8% (previous year: 33.4%).

PROFIT AFTER TAX

Profit after tax decreased to €537 million (previous year: €543 million); the return on sales after tax was 8.5% (previous year: 8.8%). Excluding special factors, profit after tax amounted to €581 million (previous year: €537 million). The corresponding return on sales after tax was 9.2% (previous year: 8.7%).

EARNINGS PER SHARE – DIVIDENDS

Earnings per share amounted to €2.33 (previous year: €2.35). Excluding special factors, earnings per share amounted to €2.53 (previous year: €2.33). These figures were calculated on the basis of the weighted number of shares bearing dividend rights (226,818,984). The Executive Board and Supervisory Board will propose a dividend of €0.70 per no-par value share bearing dividend rights to the Annual General Meeting (previous year: €0.70). For further information on the number, type, and notional value of the shares, please refer to note 17 "Share Capital" in the notes to the consolidated financial statements.

Results of Operations – Business Segments

CONSUMER

SALES – CONSUMER BUSINESS SEGMENT

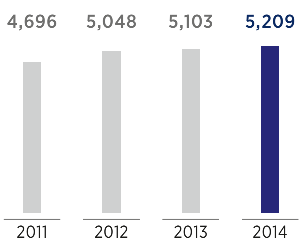
		Europe	Americas	Africa / Asia / Australia	**Total**
Sales 2014	(in € million)	2,799	973	1,437	5,209
Sales 2013	(in € million)	2,787	950	1,366	5,103
Change (organic)	(in %)	2.0	6.2	9.6	4.8
Change (nominal)	(in %)	0.4	2.4	5.2	2.1

Sales by the **Consumer** Business Segment grew organically by 4.8% in 2014. The strong euro on average during the year led to a reduction of 2.6 percentage points in this figure as a result of negative effects from currency translation. Structural changes reduced growth by 0.1 percentage points. In nominal terms, sales therefore increased by 2.1% to €5,209 million (previous year: €5,103 million).

The healthy organic sales trend is proof of the systematic implementation of our corporate strategy as set out in our internal Blue Agenda program. Thanks to our strong innovations and outstanding marketing concepts, we increased our market share in both the saturated markets of Europe and the emerging markets, where we achieved double-digit growth rates in some cases. Our three core brands – NIVEA, Eucerin, and La Prairie – once again achieved very encouraging growth rates.

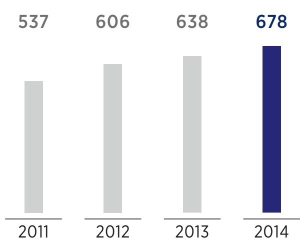
NIVEA achieved global organic growth of 6.2% in 2014. The key growth drivers were NIVEA Deo, NIVEA Shower, and NIVEA Body. In the NIVEA Deo category, Stress Protect – introduced in the previous year – and the launch of Powder Touch were particularly successful. The category was boosted by strong growth in the emerging markets. The launch of NIVEA Creme Care and Original Care was a significant growth driver for NIVEA Shower. Growth at NIVEA Body came from the successful expansion of the In-Shower product range.

CONSUMER SALES (IN € MILLION)



CONSUMER EBIT (IN € MILLION)

Excluding special factors



Overall, we gained market share in our core categories and a large majority of our key markets. In the NIVEA Deo category, we extended our market share in particular in Brazil and Australia. Growth in Brazil, Russia and Spain had a positive impact on our market share in the NIVEA Men category. In contrast, our market share in the NIVEA Sun category experienced a negative trend, with year-on-year declines in Switzerland, Germany, and Italy in particular. At the country level, our market share showed a particularly positive trend in Japan, Australia, Spain, and Brazil, whereas Poland experienced a negative development.

Our **Eucerin** brand generated organic growth of 6.0%. The Eucerin Body Care and the Eucerin Aquaphor categories made particularly strong contributions to this positive performance. Sales growth in the USA, Thailand, and France was particularly strong.

In the exclusive cosmetics segment, our **La Prairie** brand recorded an organic increase in sales of 5.1%. Growth was driven in particular by the launch of the Cellular Swiss Ice Crystal Collection and the continued positive performance of the Skin Caviar Collection. Sales growth in the USA, China, Russia, and Japan was particularly strong.

Results of operations in the European markets were very stable. Further investments in brand building and strengthening our position were made in the emerging markets, even though this led to losses in some markets.

EBIT excluding special factors was €678 million (previous year: €638 million), while the corresponding EBIT margin increased to 13.0% (previous year: 12.5%).

EUROPE

CONSUMER SALES IN EUROPE

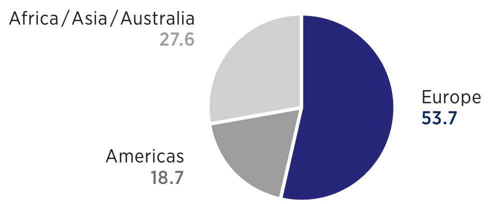
		Western Europe	Eastern Europe	**Total**
Sales 2014	(in € million)	2,244	555	2,799
Sales 2013	(in € million)	2,196	591	2,787
Change (organic)	(in %)	1.6	3.6	2.0
Change (nominal)	(in %)	2.2	–6.2	0.4

Organic sales in **Europe** were up 2.0% on the previous year. In nominal terms, sales increased by 0.4% to €2,799 million (previous year: €2,787 million).

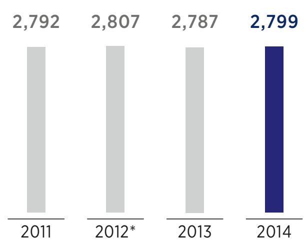
Sales in **Western Europe** rose 1.6% on the prior year. While strong sales growth was achieved in Germany, Spain, and the United Kingdom in particular, some of the markets in this region were unable to repeat their prior-year performance. Sales growth was largely due to our successful innovations. Sales of NIVEA Shower and NIVEA Deo performed well. Eucerin also saw strong growth.

Sales in **Eastern Europe** rose by 3.6%. Growth was mainly driven by the healthy trend in Russia, which recorded a rise in both sales and market share. In contrast, Poland experienced a decline in sales. La Prairie saw extremely strong growth in the region.

CONSUMER SALES BY REGION (IN %)



CONSUMER SALES IN EUROPE (IN € MILLION)



*The Turkish affiliate was reclassified from Western Europe to A/A/A in 2013 and the prior-year figures adjusted accordingly.

AMERICAS

CONSUMER SALES IN THE AMERICAS

		North America	Latin America	**Total**
Sales 2014	(in € million)	349	624	973
Sales 2013	(in € million)	334	616	950
Change (organic)	(in %)	4.6	7.1	6.2
Change (nominal)	(in %)	4.3	1.4	2.4

Organic sales in the **Americas** region rose by 6.2%. At €973 million, nominal sales were up 2.4% on the prior year (€950 million), largely due to exchange rate changes for the key South American currencies.

Sales in **North America** were up 4.6% on the previous year. NIVEA Body performed well and Eucerin saw strong growth.

Latin America saw sales growth of 7.1%, driven by excellent growth rates in Brazil and strong increases in most other key markets. NIVEA Deo, NIVEA Sun, and NIVEA Shower in particular performed extremely well across all markets. Growth rates were negatively impacted by developments in Venezuela and Argentina.

AFRICA / ASIA / AUSTRALIA

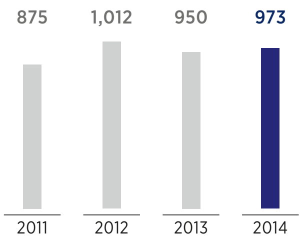
CONSUMER SALES IN AFRICA / ASIA / AUSTRALIA

		Total
Sales 2014	(in € million)	1,437
Sales 2013	(in € million)	1,366
Change (organic)	(in %)	9.6
Change (nominal)	(in %)	5.2

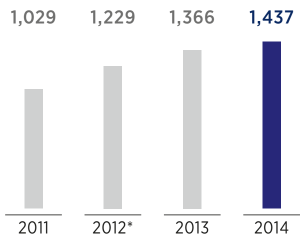
The **Africa / Asia / Australia** region recorded a 9.6% increase in organic sales. The nominal increase was 5.2%, largely due to exchange rate changes affecting the Japanese yen, the Thai baht, and the South African rand. Sales amounted to €1,437 million (previous year: €1,366 million).

Although economic growth eased in a number of markets, including Thailand, Japan and China, many markets in this region, such as the Middle East and South Africa, generated good or extremely good growth rates. Weak sales growth by our Chinese hair care brands in China negatively impacted the region's growth rate. By contrast, sales of NIVEA Deo and NIVEA Body performed particularly well. Eucerin saw extremely good growth.

CONSUMER SALES IN THE AMERICAS (IN € MILLION)



CONSUMER SALES IN AFRICA / ASIA / AUSTRALIA (IN € MILLION)



*The Turkish affiliate was reclassified from Western Europe to A/A/A in 2013 and the prior-year figures adjusted accordingly.

tesa

SALES – tesa BUSINESS SEGMENT

		Europe	Americas	Africa / Asia / Australia	Total
Sales 2014	(in € million)	622	143	311	1,076
Sales 2013	(in € million)	603	142	293	1,038
Change (organic)	(in %)	4.0	2.0	6.4	4.4
Change (nominal)	(in %)	3.1	0.5	6.3	3.6

Organic sales by the **tesa** Business Segment were up 4.4% on the previous year. Exchange rate effects reduced this figure by 0.8 percentage points. In nominal terms, sales therefore rose by 3.6% to €1,076 million (previous year: €1,038 million). EBIT increased to €183 million (previous year: €176 million). The EBIT margin was 17.0% (previous year: 16.9%).

tesa INDUSTRIAL BUSINESS

The industrial business performed very well in the past fiscal year, achieving organic sales growth of 4.5%. Both the direct customer business and the distribution business in all regions played a role in this. Business growth was significant in Asia, the USA, and Europe. In nominal terms, sales rose by 3.8% to €793 million (previous year: €764 million). The share of total sales accounted for by the industrial business amounted to 73.7% (previous year: 73.6%).

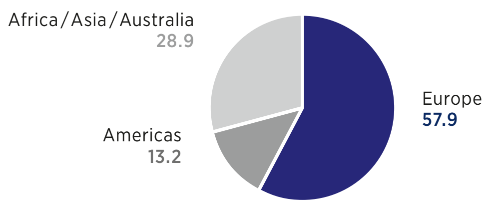
In the electronics industry business, tesa again generated significant growth, driven in particular by special adhesive strips and functional adhesive tapes. These products are essential in the industrial manufacturing process for mobile devices. For example, removable adhesive strips are used to mount batteries so that they can be changed easily and quickly. Functional adhesive tapes are used to shield and ground different voltages in the latest smartphones and tablets.

In the automotive area, there was a further increase from demand in Asia, North and South America, and Europe. Laser technology-based identification systems that are resilient against heat, abrasion, and chemicals – and that leave visible traces if there is any attempt at tampering – were particularly successful. Tape die cuts for hole covering in vehicle production also experienced high demand. These customer-specific bonding solutions optimize the production process and thus lower costs. tesa launched new products worldwide for cable fastening in vehicle interiors.

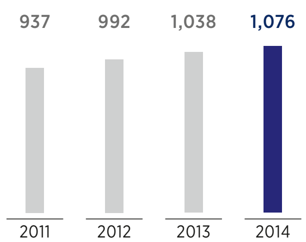
Sales of printing industry products showed encouraging growth. They were driven in particular by new variants of tesa's softprint solutions for flexographic printing. These softprint products are used to secure the printing plates to the printing cylinder. They are easy to fit and can be secured particularly soundly at critical points, thus ensuring the quality of the printing process. At the same time, these new product variants can now be removed more easily once the printing process is complete.

In its new Pharma business area, tesa more than doubled sales in the area of contract manufacturing of medicated plasters and fast-dissolving oral films, albeit from a still low base. New contracts were signed with customers, securing additional sales potential for the coming years. Moreover, tesa recorded a remarkable increase in order intake, both for development projects for patentable original pharmaceuticals and for generics for well-known customers. The Pharma business area's Transfilm®, Rapidfilm®, and Mucofilm® technologies have been well received by customers.

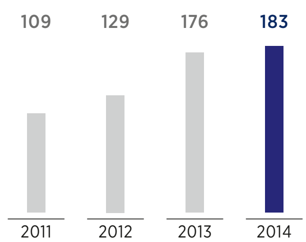
tesa SALES BY REGION (IN %)



tesa SALES (IN € MILLION)



tesa EBIT (IN € MILLION)
Excluding special factors



Sales of our global anti-counterfeiting and anti-tampering products in the tesa scribos® business area saw a clear increase.

In the Building Supply business area, the products based on our patented ACX-plus technology continued their success story. The focus is on high-performance, weather-resistant, and particularly durable bonding solutions that can be used by the building industry both indoors and outdoors.

tesa CONSUMER BUSINESS

The consumer products and professional craftsmen business, which is focused on Europe and Latin America, performed well, with organic sales growth of 4.6%. In nominal terms, sales increased by 3.6% to €257 million (previous year: €248 million). As a result, the consumer business contributed 23.8% (previous year: 23.9%) of total sales by the tesa Business Segment in the period under review.

tesa expanded its market share in the two strategic business areas making up the consumer & craftsmen segment. This applied both to its DIY solutions and products for the office supplies and stationery sector in the consumer business and to its offering for professional craftsmen in the craftsmen business area.

Net Assets – Group

NET ASSETS (IN € MILLION)

Assets	Dec. 31, 2013	Dec. 31, 2014
Non-current assets	1,900	2,340
Inventories	733	786
Other current assets	2,181	2,228
Cash and cash equivalents	984	976
	5,798	**6,330**

Equity and liabilities	Dec. 31, 2013	Dec. 31, 2014
Equity	3,405	3,640
Non-current provisions	470	700
Non-current liabilities	142	73
Current provisions	527	466
Current liabilities	1,254	1,451
	5,798	**6,330**

Non-current assets increased by €440 million to €2,340 million (previous year: €1,900 million). Long-term securities were reclassified to current assets due to shorter maturities and new purchases were made. This item increased by €247 million to €1,041 million (previous year: €794 million). Capital expenditure on property, plant, and equipment, and intangible assets amounted to €301 million (previous year: €227 million). Of this amount, €201 million (previous year: €147 million) related to the Consumer Business Segment and €100 million (previous year: €80 million) to the tesa Business Segment. The change is mainly attributable to investment in the Consumer Business Segment's new factory in Mexico and tesa's new headquarters. Group depreciation, amortization, and impairment losses amounted to €179 million (previous year: €106 million). This includes impairment losses of €67 million on our Chinese hair care brands.

FINANCING STRUCTURE (IN %)

Inventories rose by €53 million to €786 million (previous year: €733 million). Other current assets increased to €2,228 million (previous year: €2,181 million). This item includes short-term securities of €562 million (previous year: €791 million). Trade receivables increased by €173 million to €1,275 million (previous year: €1,102 million). Income tax receivables rose by €58 million to €113 million, while other current assets increased by €33 million to €170 million.

Cash and cash equivalents declined to €976 million (previous year: €984 million). Net liquidity (cash, cash equivalents, and long- and short-term securities less current liabilities to banks) remained almost constant at €2,527 million (previous year: €2,529 million). Current liabilities to banks rose by €12 million to €52 million (previous year: €40 million).

Total non-current provisions and liabilities increased year-on-year to €773 million (previous year: €612 million). This change was caused by two offsetting effects. Provisions for pensions and other post-employment benefits rose to €627 million (previous year: €388 million) due to the lower discount rate, while deferred tax liabilities declined to €69 million (previous year: €134 million). Total current provisions and liabilities rose by €136 million to €1,917 million (previous year: €1,781 million) as a result of an increase in trade payables due to operational factors. The equity ratio was 58% (previous year: 59%). Non-current liabilities accounted for 12% (previous year: 10%) and current liabilities for 30% (previous year: 31%).

Financial Position – Group

CASH FLOW STATEMENT – GROUP (IN € MILLION)

	2013	**2014**
Gross cash flow	648	598
Change in working capital	–119	–201
Net cash flow from operating activities	529	397
Net cash flow from investing activities	–139	–230
Free cash flow	390	167
Net cash flow from financing activities	–195	–192
Other changes	–45	17
Net change in cash and cash equivalents	150	–8
Cash and cash equivalents as of Jan. 1	**834**	**984**
Cash and cash equivalents as of Dec. 31	**984**	**976**

Gross cash flow amounted to €598 million in the period under review, down €50 million on the prior-year value.

The change in working capital led to an outflow of €201 million (previous year: €119 million). This comprised a €213 million increase in receivables and other assets and a €65 million increase in trade payables and current provisions. Inventories rose by €53 million.

The net cash outflow from investing activities amounted to €230 million in the period under review (previous year: €139 million). Net cash outflows from securities of €17 million, €55 million in interest and other financial income received, and proceeds of €33 million from the sale of property, plant, and equipment, and intangible assets were offset by capital expenditure of €301 million on property, plant, and equipment, and intangible assets.

Free cash flow was €167 million, down €223 million on the prior-year value (€390 million). The net cash outflow of €192 million from financing activities (previous year: €195 million) mainly comprised the Beiersdorf AG dividend payment of €159 million, and interest and other financing expenses paid in the amount of €42 million.

Cash and cash equivalents amounted to €976 million (previous year: €984 million).

Financing and Liquidity Provision

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 cash flow planning are used to establish liquidity requirements.

Overall Assessment of the Group's Economic Position

Business developments in 2014 show that Beiersdorf is on the right track. The **Group's** two business segments performed extremely well. Both the Consumer Business Segment and the tesa Business Segment recorded encouragingly strong growth rates. Group sales amounted to €6,285 million (previous year: €6,141 million). Organic growth amounted to 4.7% (previous year: 7.2%). After adjustment for special factors, EBIT amounted to €861 million (previous year: €814 million). The EBIT margin excluding special factors amounted to 13.7% (previous year: 13.2%).

The **Consumer** Business Segment made successful progress thanks to the systematic implementation of the corporate strategy, which is based on the Blue Agenda. This strategic compass aims to make Beiersdorf more competitive and to enhance its economic success. Its success can be seen particularly in the performance recorded by the emerging markets and the launch of new, high-selling products.

The **tesa** Business Segment further expanded its business both in the industrial markets and in the consumer business.

COMPARISON OF ACTUAL AND FORECAST BUSINESS DEVELOPMENTS

		Forecast for 2014 in 2013 Annual Report	Forecast for 2014 in H1 2014 Report	Forecast for 2014 in 9M 2014 Report	**Result in 2014**
Sales growth (organic)					
Consumer	(in %)	4–6	4–6	4–6	4.8
tesa	(in %)	slightly above market (2–3)	4	4	4.4
Group	(in %)	4–6	4–6	4–6	4.7
EBIT margin (excluding special factors)					
Consumer	(in %)	slight improvement	approx. 13	approx. 13	13.0
tesa	(in %)	slightly below prior year (16.9)	approx. 16	approx. 16	17.0
Group	(in %)	slightly above prior year (13.2)	above 13	above 13	13.7

At 4.8%, sales growth in the **Consumer** Business Segment was in the middle of the target range of 4–6% that was forecast for fiscal year 2014. The expansion of our impact and presence in the emerging markets was a particular contributing factor. The operating result (EBIT, excluding special factors) and the EBIT margin both increased in fiscal year 2014 as forecast.

The **tesa** Business Segment again recorded a positive performance in the past fiscal year. With sales growth of 4.4%, tesa outperformed the forecasts, due in particular to the healthy trend in the automotive and electronics growth markets. Expectations for the operating result (EBIT, excluding special factors) and the EBIT margin were exceeded in fiscal year 2014.

Judgments by Management

No accounting policies were applied and no related options were exercised in the consolidated financial statements that differ from those in prior years and that, if applied or exercised differently, would have had a material effect on the results of operations, net assets, and financial position. Information on the effects of the use of estimates, assumptions, and judgments by management can be found in the notes to the consolidated financial statements.

Research and Development

Beiersdorf's expertise in the area of research and development has driven the company's success for more than 130 years.

- The Consumer Business Segment develops innovative skin care products that are tailored to meet the needs and wishes of consumers worldwide.
- The tesa Business Segment develops top-quality self-adhesive system and product solutions, and is a world leader in its field.

At the end of 2014, 1,071 people were employed in Beiersdorf's Research and Development area (previous year: 990), 602 (previous year: 554) of whom were in the Consumer Business Segment and 469 (previous year: 436) in the tesa Business Segment.

Consumer

LEADING-EDGE SKIN CARE EXPERTISE

Beiersdorf is globally known for its leading-edge skin care expertise. Beiersdorf's scientists continually expand their knowledge of the complex skin processes using the latest internal and external scientific findings.

Research and development activities focused on skin aging processes and the development of ways to improve skin elasticity and firmness. The scientists discovered two major aging forces. One relates to the importance of the interaction between skin cells and the connective tissue (e.g. collagen) and skin aging. The other is the role of the protein Periostin in the formation of collagen and the effect of UV exposure on periostin activity, which in turn reduces collagen formation and ultimately causes skin sagging.

Product safety and tolerability are of utmost importance. This is why Beiersdorf's scientists collaborate with external research groups to develop new methods of monitoring skin sensitization and preventing side effects. In 2014, a research consortium consisting of the Charité hospital in Berlin, a Berlin-based start-up, and Beiersdorf created the first functioning model of skin and liver. This model mimics the interaction between skin and liver cells by reproducing how substances are absorbed via the skin, transported by the blood, and broken down by the liver. The skin / liver organ model is an important first step on the way to producing a complex multi-organ model that could deliver an alternative toxicity screening method in the future.

Beiersdorf's scientists advance their research using pioneering scientific methodologies that push the limits of visualization and measurements of the skin and its properties. One good example is overcoming the limits of conventional microscopy by collaborating with Dr. Stefan Hell, the renowned Nobel Prize winner for Chemistry.

IN-DEPTH DIALOG WITH EXTERNAL INNOVATORS

Beiersdorf's Research and Development unit has integrated third-party knowledge since its inception. The Open Innovation initiative allows the company to involve leading research institutes, universities, and suppliers in its research and development activities at an early stage. Open Innovation combines two approaches:

- Technology scouting, a targeted search for ideas and solutions for Beiersdorf's unsolved research and development problems.
- The Pearlfinder initiative, launched in 2011. Researchers, institutes, and companies can present innovations on a secure online platform. This initiative enables Beiersdorf to build relationships with a growing number of new partners from a variety of industry sectors.

Pearlfinder staged the first Beiersdorf Innovation Pitch in 2014. This competition, organized in cooperation with the "in-cosmetics" trade fair, resulted in proposals from 67 exhibitors. The winning three ideas became active development projects for Beiersdorf and its chosen partners.

Further information on Pearlfinder can be found at
WWW.PEARLFINDER.BEIERSDORF.COM.

EXPANSION OF REGIONAL DEVELOPMENT LABORATORIES

In order to get even closer to consumers in its relevant markets, Beiersdorf continued its systematic regionalization of its production and development activities. In 2014, Beiersdorf expanded the Far East development laboratory in Wuhan, China, opened a new laboratory in Silao, Mexico, to meet the growing demand in the Latin American region, and laid the foundations for a new regional laboratory in Sanand, India, that will open in 2015.

RECOGNIZING AND MEETING CONSUMERS' NEEDS

Beiersdorf's top priority is to fulfill consumers' needs and ensure their safety. For this purpose, Beiersdorf uses state-of-the-art consumer research methods. The data and information gathered from consumer feedback are used to supplement the company's scientific work when developing new products and adapting them to meet regional conditions and requirements. All products are subjected to intensive safety and efficacy testing before they are launched on the market. In the year under review, Beiersdorf conducted about 1,600 studies with approximately 36,000 participants in all regions.

INNOVATIONS

The Consumer Business Segment filed patents for 76 innovations in the year under review (previous year: 65) and its products repeatedly set significant new market trends. Key 2014 innovations included the following:

- **NIVEA Q10 plus Anti-Wrinkle Serum Pearls:** The use of this product's innovative pearl technology helps replenish the skin's own Q10 stores. The pearls' formula combines coenzyme Q10, hyaluronic acid, and creatine – three ingredients that are naturally present in skin – in a hydrogel suspension. The patented serum formula is freshly activated on dispensing the product: The pearls melt into the hydrogel to form a highly effective anti-aging serum that takes active anti-wrinkle skin care to a whole new level.
- **NIVEA In-Shower** products are among the most popular body care products. New varieties were added to the successful product range in 2014, including In-Shower Soft Milk and In-Shower Body Lotion Cocoa Indulging. To meet specific consumer needs in Asia, additionally two In-Shower Whitening products were launched.
- **NIVEA Sun In-Shower Refreshing After Sun Lotion** offers an innovative way to nourish and refresh the skin directly in the shower after sunbathing. The formula with cucumber extract supplies long-lasting moisture to skin stressed by exposure to the sun's rays, leaving it feeling refreshed and silky but non-sticky.
- Beiersdorf's **Eucerin Sensitive Skin In-Shower Body Lotion** is the first product of its kind in the pharmacy market. It was specially developed for sensitive skin. Used daily in the shower, its mild fragrance-free formula with 5% dexpanthenol strengthens the skin's natural protection. The result is easy-to-use sensitive skin care with an immediate moisturizing effect that makes the skin feel pleasantly soft.
- The products in the new **Eucerin UltraSENSITIVE** care range have been specially developed to treat hypersensitive facial skin. The formulas containing the innovative active ingredient SymSitive* have an immediate, long-lasting effect on unpleasant feelings of stinging or itchiness. The formulas are preservative-, alcohol-, and fragrance-free, soothe the skin, and strengthen its protective function. Special anti-contamination vacuum packaging provides additional protection for the pure formulas in the product range.

* Registered trademark of SYMRISE, Germany

- **Hansaplast Aqua Protect** is a waterproof Hansaplast plaster that keeps wounds 100% dry during washing and showering, bathing and swimming. The plaster's waterproof backing material is flexible and adapts itself to movement, so that it is very comfortable to wear. The new, especially strong adhesive material reliably protects the skin against water in particular, so that wounds can heal freely.

- In 2014, the **La Prairie Group AG** in Zurich, Switzerland, launched its unique, innovative **Cellular Swiss Ice Crystal Collection**. The product range consists of Cellular Swiss Ice Crystal Cream and Cellular Swiss Ice Crystal Dry Oil. The products contain extracts from especially robust Alpine plants. The formulas supply the skin with moisture and increase its resilience, helping it to protect itself against everyday stress factors and harmful environmental effects.

tesa

SOLVENT-FREE MANUFACTURING PROCESSES

In fiscal year 2014, research at tesa continued to focus on solvent-free manufacturing processes for adhesive tapes. tesa developed a process that allows reactive components to be incorporated into adhesive tapes without the need for solvents. These reactive adhesive tapes reach the required strength even at very low temperatures. This process, followed by subsequent hardening, means that it is now possible to bond even sensitive plastics and coated materials that previously could not be processed at normal temperatures.

ADHESIVE MASSES FOR TECHNOLOGICAL PROGRESS

Technological progress in mobile devices is leading to more stringent requirements for speaker membranes in smartphones and tablet PCs. In response, tesa developed laminates in fiscal year 2014 which combine outstanding acoustics with a long product life by bonding together multiple layers of special films with new types of adhesive masses that have special damping properties. In addition, mobile phone solutions were developed that stop housings from coming apart even when the phone is dropped and prevent water penetration.

ADHESIVE TAPES WITH ECOLOGICAL PROPERTIES

Products with special ecological properties require adhesive tapes that also possess the same properties. For example, new adhesive masses for use in compostable packaging systems were created in tesa's laboratories in the year under review. These can be combined with compostable film substrates to form a high-performance adhesive tape.

INNOVATIVE ADHESIVE TAPE SYSTEMS FOR THE AUTOMOTIVE INDUSTRY

Modern design technologies such as those employed in automotive engineering use materials that offer improved strength with less weight. However, traditional bonding techniques such as welding are no longer suitable for some of these materials. tesa has developed adhesive tape system technologies that can be used in supporting structures and that meet customers' requirements for strength, combinations of materials, and lightweight construction processes. These innovations are already being tested in initial concept studies for new car models.

For more information on research and development at Beiersdorf please visit WWW.BEIERSDORF.COM/RESEARCH.

Sustainability

For Beiersdorf, "care" is a core value and part of its core business. This encompasses not only skin care and protection, but also responsibility towards our fellow human beings and our environment. Sustainability is a living component of Beiersdorf's corporate culture and is strategically anchored in all its business processes. Beiersdorf's goal is to continue to combine success and responsibility.

Consumer

CORPORATE SUSTAINABILITY

The "We care." sustainability strategy that Beiersdorf developed in 2011 focuses on the following fields of activity: "Products," "Planet," and "People." The company has defined clear, long-term objectives for each field of activity. By 2020, Beiersdorf aims to:

- generate 50% of its sales from products with a significantly reduced environmental impact (base year 2011),

- have reduced its CO_2 emissions by 30% per product sold (base year 2005),

- reach and improve the lives of one million families (base year 2013).

In 2014, Beiersdorf continued to drive forward the implementation of projects in all three strategic areas throughout the company.

For example, Beiersdorf introduced a new global sustainability management system – "susy" (sustainability system) – in the year under review to measure progress towards its ambitious sustainability goals on an even broader basis and to facilitate reporting in accordance with GRI (Global Reporting Initiative) standards, among other things. Efficient and transparent data management enables Beiersdorf to respond dynamically to and accommodate constantly changing stakeholder demands, new European directives, and developments in the field of sustainability. In addition, improved control mechanisms ensure that these are optimally integrated with its internal processes.

PRODUCTS

Beiersdorf uses life cycle assessments (LCAs) to measure and reduce the environmental impact associated with each stage of the product life cycle. The assessment model complies with the independent ISO standards for LCAs (14040 and 14044) and covers raw materials, in-house manufacturing processes, transportation, product use, recycling, and disposal.

Beiersdorf made important progress in the year under review using LCAs: The new packaging for NIVEA Face Care products achieves CO_2 savings throughout the entire product life cycle since the jars are made out of two plastics, polyethylene terephthalate (PET) and polypropylene (PP). The LCA found that switching from glass to PET reduces the product's carbon footprint by up to 16%, and switching from glass to PP by as much as 28%.

Beiersdorf has also made further progress in transitioning to sustainable palm kernel oil. In addition to participating in the Roundtable on Sustainable Palm Oil (RSPO), the company is also active in the "Forum für nachhaltiges Palmöl"

(FONAP – the German Forum for Sustainable Palm Oil). By 2020, Beiersdorf intends to have converted the raw materials concerned to segregated or at least mass balanced palm (kernel) oil and derivatives. Until the changeover is complete, it will offset the share of raw materials that have not yet been converted with Green Palm certificates.

PLANET

In 2014, Beiersdorf rolled out a software program to calculate and manage its logistics emissions in Europe. The software is linked to susy, the new sustainability management system. Among other functions, it presents emissions for annual reporting purposes in accordance with the GRI and the Carbon Disclosure Project (CDP).

The new factory in Silao (Mexico) was awarded platinum Leadership in Energy and Environmental Design (LEED) certification, the highest sustainability standard for buildings, in the year under review. So far, only four production facilities worldwide have received platinum certification – the one in Silao is the only one to date in the Latin American region and the only one to date in the cosmetics industry. Beiersdorf aims to achieve gold LEED certification for the expansion of its factories in Chile and Thailand. The company has also been extending its “Blue Production Center” initiative to its production facilities in the Far East since 2013. The initiative focuses on energy and water efficiency, water treatment, and waste management.

Water is an increasingly scarce resource, not least in light of climate change and global population growth. This is why Beiersdorf attaches great importance to using water efficiently in its business activities and to continually reducing its water consumption. Unlike CO_2 emissions, water consumption is a regional issue. Some regions of the world do not have adequate access to drinking water. Beiersdorf has therefore launched its first local projects to assess water supply system risk and to implement appropriate measures.

PEOPLE

Beiersdorf aims to further improve workplace safety and to reduce the number of work-related accidents with its company-wide “zero accidents” initiative. For example, behavioral based safety (BBS) principles are being drawn up to make employees aware of possible sources of danger in the workplace and safe working practices – such as by defining clear behavioral patterns expressed in terms of “I will” and “I will not” rules. The concept was extended to include additional countries in 2014.

NIVEA supports families all over the world with long-term, locally relevant projects through its global “NIVEA cares for family” initiative. The initiative focuses on three areas:

- developing children’s skills,
- supporting mothers,
- giving families the opportunity to spend time with each other.

The idea of strengthening families reflects Beiersdorf’s tradition of social engagement and the core values of all of Beiersdorf’s brands, especially NIVEA.

Children’s experiences in the first few years of life are central to their development. NIVEA Brazil has launched a partnership with children’s charity Plan International that aims to help around 85,000 families in Brazil by 2020. Among other measures, the initiative offers workshops for parents on topics such as motivation, and gives women the opportunity to obtain advice on income security. It is also building recreational facilities to encourage families to play together. Many of these projects are being supported by NIVEA volunteers. The partnership is scheduled to last for seven years and is initially starting in São Paulo and Itatiba before being extended to northeast Brazil. It will be reviewed annually for efficiency and sustainability.

Hansaplast / Elastoplast cooperates with local Red Cross organizations around the world to strengthen everyday first aid under the motto “Bringing First Aid Home.” Germany, France, the United Kingdom, Canada, the Netherlands, Austria, and Spain are already participating in the initiative. Hansaplast has been working with the German Red Cross since September 2014 under the motto “Erste Klasse – Erste Hilfe” (“First Grade – First Aid”). The partnership aims to familiarize elementary school children with basic first aid measures and to foster a desire to help at an early age.

Additional information can be found at WWW.BEIERSDORF.COM/SUSTAINABILITY.

tesa

HIGH LEVEL OF ENVIRONMENTAL PROTECTION

In 2014, tesa’s priorities were again to make a significant contribution to social development and to enhance the company’s environmental management system. tesa has been systematically establishing its environmental management system since 2001 and regularly exceeds its environmental protection goals. For example, its production locations around the world have cut emissions of volatile organic compounds (VOCs) by more than half since 2001 and have significantly reduced the amount of waste produced, CO_2 emissions, and solvent usage. All of the company’s production facilities are certified in accordance with ISO 14001, the international environmental standard.

tesa’s environmental management activities continued to focus on reducing energy consumption and CO_2 emissions in the year under review. Energy management at tesa’s Hamburg and Offenburg locations was boosted by the installation of state-of-the-art energy monitoring systems. Offenburg has generated its own environmentally friendly electricity from a combined heat and power plant since July 2014, and Hamburg is expected to follow suit starting in 2015. The energy management systems at both locations are to be certified according to ISO 50001 in the first quarter of 2015.

tesa actively identifies and determines the ecological value drivers in the production process. The eco-balance method is used to analyze the environmental impact of individual products throughout their life cycle in order to further enhance their environmental compatibility. In the process, tesa constantly searches for more environmentally friendly alternatives for certain product components or packaging.

SPONSORSHIP OF UNESCO BIOSPHERE RESERVE AND COOPERATION IN SOCIAL PROJECTS

tesa completely refocused its social engagement in the year under review following an employee survey. The company provides donations, financial support, and sponsorship under the motto “tesa connects.” In addition, employees support charitable projects outside of their day-to-day work: In 2014, tesa employees contributed to social causes (“tesa helps” and “tesa donates”), education (“tesa fosters”), and environmental protection (“tesa protects”):

- For example, “tesa helps” aids social causes by supporting social, environmental, and cultural organizations in cooperation with the Hamburg association “Initiative tatkräftig e.V.” Seven teams with a total of around 100 employees participated in this initiative in 2014.

- “tesa donates” contributes to causes such as Typhoon Haiyan in the Philippines or the “Heroes Race” (“Course de Héros”) in France with donations in kind and with money.

- Under “tesa fosters,” the company contributes its technical expertise for educational purposes by cooperating with the “Initiative Naturwissenschaft und Technik” (Science and Technology Initiative, NAT). tesa’s experts give pupils in Hamburg an insight into different vocational fields and career paths at the company.

- Under “tesa protects,” tesa volunteers help to protect the UNESCO biosphere reserve in Lower Saxony’s Elbe Valley as part of a long-term partnership (corporate volunteering). tesa employees are helping to maintain this highly biodiverse, environmentally sensitive floodplain landscape with a range of activities.

All tesa’s activities are documented in an annual progress report that is available at WWW.TESA.COM/RESPONSIBILITY.

Employees

ONE TEAM WHERE EVERYONE COUNTS

The Beiersdorf Group employed 17,398 people worldwide at the end of 2014 (previous year: 16,708). Of this figure, 5,860 (previous year: 5,696) or 34% (previous year: 34%) were employed in Germany. 13,317 people worked in the Consumer Business Segment (previous year: 12,890), and 4,081 in the tesa Business Segment (previous year: 3,818).

Consumer

THREE BASIC PRINCIPLES OF GLOBAL PEOPLE PRACTICES

Beiersdorf’s Human Resources practices follow three basic operating principles. Firstly, the continuous strengthening of global HR standards and processes. Secondly, the delegation of decision-making to the lowest possible level, encouraging local HR professionals to take ownership and initiative. Thirdly, building and sustaining a long-term trustful relationship with the company’s employees and their representatives.

STRENGTHENING THE FUNDAMENTALS OF AN ENGAGING WORKING ENVIRONMENT

The Blue Agenda emphasizes the importance of the people at Beiersdorf for the company’s long-term success: they manage strong brands, develop innovative products and inspire consumers around the world. Therefore, strengthening an engaging working environment remained a top priority also in 2014, including the following focus areas:

- Introducing Beiersdorf’s Core Values as long-term company culture project
- Sustaining the efforts to foster an open feedback culture
- Extending diversity engagement
- Supporting company-wide social collaboration
- Improving Beiersdorf’s global talent management system
- Introducing a new leadership development architecture

INTRODUCING BEIERSDORF’S CORE VALUES AS A LONG-TERM COMPANY CULTURE PROJECT

Beiersdorf’s four Core Values – Care, Simplicity, Courage and Trust – are deeply rooted in its more than 130 years of corporate history. The employees’ high level of identification with these values provides an excellent opportunity to debate, review, and improve leadership quality and management effectiveness. 2014 marked the starting year of this long-term culture project with the active participation of all units and all employees. The Core Values have also already been incorporated into Beiersdorf’s continuous Employee Dialog process and its global leadership development programs.

SUSTAINING THE EFFORTS TO FOSTER AN OPEN FEEDBACK CULTURE

Beiersdorf conducted its global employee engagement survey for the second time in 2014. This year, a record 92% of employees took part in the survey and the overall employee engagement index increased significantly against the previous year. Results were openly presented throughout the company and discussed in more than 1,000 teams, with follow-up activities being facilitated and their implementation monitored by the local HR departments.

EXTENDING DIVERSITY ENGAGEMENT

Diversity is a strong asset that contributes to Beiersdorf's global success. In 2014, Beiersdorf continued its systematic global diversity action program launched in 2013.

On gender diversity, Beiersdorf's mentoring and networking programs promoting women's career development continued into a second wave. In practice, the first examples of job sharing at managerial level have been progressing successfully. Beiersdorf is well on its way to increasing the percentage of women in management positions in Germany to 30% by 2020: At the end of 2014, this figure stood at 27.5% (previous year: 25.5%).

On international diversity, Beiersdorf further increased the number of international employees at its Hamburg headquarters to 13% by the end of 2014 (previous year: 12%). The number of senior managers with international experience remained on a high level: about half of them have long-term overseas working experience.

SUPPORTING COMPANY-WIDE SOCIAL COLLABORATION

In 2013, Beiersdorf created BluePlanet – an internal platform for communication and collaboration that makes cross-border and cross-functional teamwork more efficient. In its first full year, BluePlanet has already become a vital part of employees' work life, with an average of 6,000 active users per month.

IMPROVING BEIERSDORF'S GLOBAL TALENT MANAGEMENT SYSTEM

Global talent management is a strategic priority: talent and people development is an integral part of every Executive Board meeting. Talent development at Beiersdorf consists of a variety of face-to-face exchanges such as coaching, mentoring, or round table events. In addition, annual "Talent Days" are held in which young executives discuss current business issues directly with the Executive Board. In 2014, process integration was the centerpiece of improvement initiatives: Firstly, the integration of all essential aspects of career development into one documented process chain covering performance, potential, individual development, and career planning. Secondly, the integration of local, regional, and global activities, creating a single, streamlined global process.

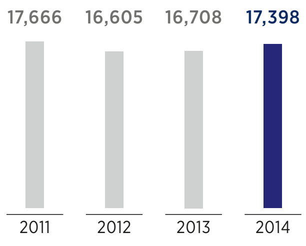
INTRODUCING A NEW LEADERSHIP DEVELOPMENT ARCHITECTURE

Beiersdorf's leadership development concept consists of on-the-job learning, mentoring and coaching, and classroom training elements. It puts particular emphasis on authenticity and self-reflection, decoding leadership into the management of human relationships. In 2014, two newly-designed development programs were launched in conjunction with the Core Value initiative: a "Base Camp" for first-time leaders and a "Step-up Camp" for middle and senior level managers. Both programs combine face-to-face modules with complementary coaching and experiential learning in-between over a total period of six months, and also closely involve the participants' team leaders.

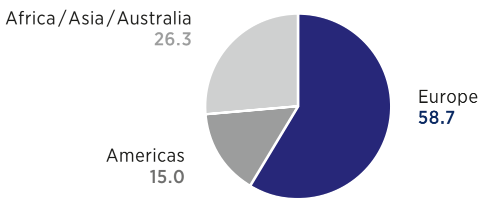
PEOPLE-ORIENTED WORKFORCE MANAGEGEMENT DAY-BY-DAY

Throughout 2014, many remarkable local and regional people initiatives brought Beiersdorf's philosophy of care and trust to life. In view of the high youth unemployment rate in southern Europe, Beiersdorf set up a program to hire 30 young academics in addition to its business plan. More than 70% of this group were offered permanent contracts in 2014 to continue their work. Many countries were hit hard by economic, political, and public health crises in 2014. Beiersdorf was able to maintain a high level of organizational stability in these cases through responsive and responsible HR practice. In Wuhan, China, Beiersdorf further extended its regional development capacities. In Brazil, Beiersdorf was one of the country's TOP 150 employers* for the third year in a row. In Mexico, the construction of a new production facility and the relocation of the existing plant from Vallejo to Silao affecting more than 900 employees, was successfully completed. In Germany, 30 students out of about 400 applicants from all over Europe came to Hamburg in November 2014 to participate in Beiersdorf's first "International Internship Challenge" for three fully sponsored internship positions at Beiersdorf affiliates worldwide. This marked a successful shift towards a new approach in communicating with young talents: Instead of simply giving presentations on university campuses, Beiersdorf opens its offices, labs, canteen, and kindergarten and establishes an open dialog between employees and students.

GROUP EMPLOYEES
as of Dec. 31



EMPLOYEES BY REGION (IN %)
as of Dec. 31; total 17,398 employees



* Voce S/A Guide – Best Companies to Work for, FIA – Fundacao Instituto de Administracao (October 2014)

tesa

tesa KEY COMPETENCIES MODEL

The focus of Human Resources work in the year under review was the launch of the new competency model. For the first time this took the form of a uniform competency model for all tesa employees and managers worldwide that will serve as the basis for recruitment, training, succession planning, and promotion in the future. It was developed with extensive international involvement from many employees and was met with great interest across the company. tesa intends to use the model to further professionalize succession planning and to promote and enhance the company's open culture in line with the tesa Strategy 2020. Together with its employees, tesa identified the key competencies required in order to achieve its corporate goals going forward and to clearly differentiate tesa from the competition. In order to ensure that these new ideas are also incorporated into employee management, the competency model will be integrated into the annual employee dialog worldwide.

TALENT MANAGEMENT AND SUCCESSION PLANNING

Under the heading of "inpat management" – part of its internationalization policy – tesa aims to enable a growing number of high flyers from its international affiliates to learn about tesa's corporate culture at Group headquarters for a period of six months to three years. Employees receive a systematic program featuring comprehensive support and culture-specific induction, so that they quickly adapt to the different conditions at their new workplace and place of residence. The number of employees who are taking advantage of or are interested in this offer is rising all the time, and the feedback from the program is extremely positive.

CONSTRUCTION OF NEW tesa HEADQUARTERS

In the year under review, tesa SE's employees in Hamburg prepared for the upcoming move to the company's newly constructed headquarters in Norderstedt, which also features an integrated research and technology center (the "one tesa" project). The move is scheduled to take place in 2015 and is a milestone in the company's long-term growth. Consolidating the business units and the Research and Development function in a single space should significantly contribute to tesa's ability to respond more quickly and flexibly to market requirements from 2015 onwards. A large number of design details regarding the new working environment were agreed with employee representatives in the year under review. The design and layout of the building was based on a modern employer branding concept, which positions tesa as an attractive employer.

Risk Report

Integrated Risk and Opportunity Management

Entrepreneurial success cannot be achieved without consciously taking risks. Risk management helps us to master the risks associated with the strategic objectives of the business and to maximize our strategic potential. Regular strategy reviews ensure that opportunities and risks are reasonably balanced. We incur risks only if there is a corresponding opportunity for an appropriate increase in value and if they can be managed using established methods and measures within our organization. Relevant risks are identified and captured in a structured manner. They are classified based on the estimated probability of occurrence and the potential financial impact if they were to occur.

Risk management is an integral part of central and local planning, management, and control processes, and conforms to consistent standards across the Group. Our open communications policy, the risk inventory carried out at regular intervals, and the planning and management system ensure that our risk situation is presented transparently. Risk management is coordinated at Group headquarters. Our risk management structures and workflows are documented in a dedicated manual.

Accounting-related Internal Control System

An accounting-related internal control system is used to ensure the correctness of the bookkeeping and accounting as well as the reliability of the financial reporting in the consolidated financial statements and the Group Management Report. This integral element of the consolidated accounting process comprises preventive, monitoring, and detective measures designed to ensure security and control in accounting and the operational functions. The security measures and controls reduce the probability of errors occurring and uncover any that are made at an early stage. Among other things, the measures include the separation of functions, manual and IT-based approval processes using the dual control principle, IT checks, access restrictions and authorization concepts for the IT system, and systems-based processes for handling Group accounting data. Procedural instructions, standardized reporting formats, and IT-based reporting and consolidation processes support Group accounting and financial reporting for the companies included in the consolidated financial statements.

Shared service centers provide uniform processing of the core accounting processes at Beiersdorf AG and most of its affiliates. The basic principles and processes and the reporting structure for Group accounting are documented in an accounting and financial control manual. Legislation, accounting standards, and pronouncements are analyzed for their relevance and impact and taken into account as necessary.

Independent Monitoring

Our Internal Audit department – which serves as the Executive Board's financial control function – monitors risk management and the internal control system by means of systematic and regular audits. The department is independent of the Group's operating activities, and uses a risk-based approach to reviewing our business processes and the systems and controls we have put in place. In addition, the external auditors audit the risk early warning and monitoring system. Both the Internal Audit department and the external auditors regularly report their audit findings to the Supervisory Board and in particular to its Audit Committee.

Our Risk Profile

STRATEGIC AND SECTOR-SPECIFIC RISKS

Maintaining and increasing the value of our major consumer brands with their broad appeal is of central importance for Beiersdorf's business development. We have geared our risk management system towards protecting the value of our brands. Our compliance with high standards of product quality and safety is the basis for our consumers' continued trust in our brands. We therefore perform in-depth safety assessments, which take into account consumer feedback on earlier products, when developing new products. Our products are subject to the strict criteria of our quality management system throughout the entire procurement, production, and distribution process.

Innovations based on strong research and development are a precondition for consumer acceptance of our products, and for the latter's appeal. Prudent brand management captures consumer trends as well as the results of in-depth market and competitive analyses, and at the same time ensures that the brand's core remains intact and is carefully enhanced.

Strong brands that balance innovation and continuity are our response to fierce global competition on price, quality, and innovation. We have laid the groundwork for identifying consumer wishes and reflecting them in the products we develop even faster by developing and implementing the "Consumer Insights" process. This also counteracts the growing retail concentration and the regional emergence of private label products.

Since expertise-based brands require a high degree of upfront investment in innovation and marketing, the continuous expansion of our trademark and patent portfolio plays a key role. In particular, the systematic registration and enforcement of our intellectual property rights prevents imitations and counterfeiting of our products, and thus helps safeguard and further increase the earnings potential previously created. Third-party intellectual property rights are identified and respected when developing new products.

Our management focus on the long-term success of our market activities ensures that we invest in promising markets in terms of both products and regions. At the same time, we ensure that we are generating the funds needed for this in the long term.

SUPPLY CHAIN AND IT RISKS

We counter procurement risks relating to the availability and price of raw materials, merchandise, and services by continuously monitoring our markets and suppliers and ensuring active management of our supplier portfolio, as well as by appropriate contract management. Procurement strategies are reviewed regularly and adjusted to reflect internal and external requirements. We counter compliance risks by providing clear management structures and through efficient organizational measures. Occupational safety, environmental, and business interruption risks in our production and logistics activities are minimized by process control checks and location-specific audits. We minimize risks relating to the availability, reliability, and efficiency of our IT systems through continuous monitoring and improvements, as well as through the establishment of a continuity management system that is an integrated part of our IT operations. We counter selected risks by transferring them to insurance companies.

Cooperation and contacts with universities enable us to build early links to qualified new employees, for whom we have special trainee programs to prepare them for a career at Beiersdorf. Our uniform global talent management process identifies and develops talented specialists and management personnel at all levels and supports the appointment of qualified staff in key positions throughout the company as these become vacant.

FINANCIAL RISKS

We counter the risk of bad debts through detailed monitoring of our customer relationships, active receivables management, and the selective use of trade credit insurance.

Currency, interest rate, and liquidity risks are subject to active treasury management based on global guidelines. They are managed and hedged centrally to a very large extent, whereby the specific requirements for the organizational separation of the trading, settlement, and controlling functions are taken into account. Derivative financial instruments serve primarily to hedge operational activities and financial transactions essential to the business. They do not expose the Group to any material additional risks.

We limit currency risks from intragroup deliveries of goods and services using currency forwards. Generally, 75% of forecasted annual net cash flows are hedged (cash flow hedges on forecasted transactions). Currency risks from cross-border intragroup financing are generally hedged in the market by the central Treasury department using currency forwards.

Potential default risks relating to the investment of the Group's liquid funds are limited by only making investments with defined, reliable counterparties. Counterparty risk is monitored on the basis of ratings and the counterparties' liable capital as well as continuously updated risk indicators. These parameters are used to determine maximum amounts for investments with partner banks and securities issuers (counterparty limits), which are compared regularly with the investments actually made throughout the Group. We have invested the majority of our liquidity in low-risk investments (such as government/corporate bonds and Pfandbriefe).

We use liquidity concentration methods and tools at our affiliates in order to optimally manage our investments. Appropriate systems ensure we have transparency concerning our affiliates' remaining funds. Positive balances are registered with central counterparty risk management. Our financial risk management is characterized by the clear allocation of responsibilities, central rules for limiting financial risks as a matter of principle, and the conscious alignment of the instruments deployed with the requirements of our business activities.

Further information on the extent of the currency, interest rate, default, and liquidity risks described above can be found in Note 27 of the consolidated financial statements, "Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments."

LEGAL RISKS

Along with other international companies, the Beiersdorf Consumer Business Segment's Brazilian affiliates are involved in tax proceedings on a national level. However, no conclusive assessment of the risk from the Group perspective is possible at present.

External tax audits can result in additional tax payments at individual companies, potentially with additional financial penalties and interest payments.

Further information on the extent of the legal risks described above can be found in Note 28 of the consolidated financial statements, "Contingent Liabilities, Other Financial Obligations, and Legal Risks."

Overall Assessment of the Group's Risk Situation

Our assessment of the risk situation is the result of our examination of all material individual risks listed above. There have been no structural changes in the risk situation compared with the previous year. Based on our current assessment, the Beiersdorf Group is not exposed to any risks that could endanger its continued existence.

Report by the Executive Board on Dealings among Group Companies

In accordance with § 312 *Aktiengesetz* (German Stock Corporation Act, *AktG),* the Executive Board has issued a report on 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 taken or not taken, Beiersdorf Aktiengesellschaft received appropriate consideration for every transaction and has not been disadvantaged by the fact that measures were taken or not taken."

Report on Post-Balance Sheet Date Events

No significant events occurred after the end of the fiscal year.

Disclosures Required by Takeover Law

The disclosures required under § 315 (4) *Handelsgesetzbuch* (German Commercial Code, *HGB*) are presented below.

Please refer to the notes to the consolidated financial statements for the disclosures on the composition of the subscribed capital and the disclosures on direct or indirect interests in the share capital exceeding 10% of the voting rights. In addition to this Michael Herz, Germany, has informed the Executive Board that further shares in Beiersdorf Aktiengesellschaft are attributable to him and that he directly holds shares in Beiersdorf Aktiengesellschaft. In total, the share of voting rights held by Michael Herz in Beiersdorf Aktiengesellschaft amounts to 60.69% (including 9.99% own shares held by Beiersdorf Aktiengesellschaft, which do not bear voting or dividend rights).

The appointment and removal from office of members of the Executive Board are governed by §§ 84 and 85 *Aktiengesetz* (German Stock Corporation Act, *AktG),* § 31 *Mitbestimmungsgesetz* (German Codetermination Act, *MitbestG),* and § 7 of the Articles of Association. In accordance with § 7 of the Articles of Association, the Executive Board consists of at least three persons; apart from this provision, the Supervisory Board determines the number of members of the Executive Board. The Articles of Association may be amended in accordance with §§ 179 and 133 *AktG* and with § 16 of the Articles of Association. Under § 16 of the Articles of Association, the Supervisory Board is authorized to resolve amendments and additions to the Articles of Association that concern the latter's wording only. Under § 5 (6) of the Articles of Association, the Supervisory Board is authorized in particular to amend and reformulate § 5 of the Articles of Association (Share Capital) following each utilization of authorized or contingent capital.

The Annual General Meeting on April 29, 2010, authorized the Executive Board, with the approval of the Supervisory Board, to increase the share capital in the period until April 28, 2015, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 million) by issuing new no-par-value bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) *AktG.*

Shareholders shall be granted preemptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive 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 Aktiengesellschaft or companies in which it holds a direct or indirect majority interest, rights to subscribe for 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. if the total amount of share capital attributable to the new shares for which preemptive rights are to be disapplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or, in the event that this amount is lower, at the time the new shares are issued and the issue price of the new shares is not materially lower than the quoted market price of the 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. In the context of the restriction of this authorization to a total of 10% of the share capital, those shares must be included for which the preemptive rights of shareholders have been disapplied since April 29, 2010, in accordance with § 186 (3) sentence 4 *AktG* when the authorization to sell own shares is utilized and / or when the authorization to issue convertible bonds and / or bonds with warrants is utilized (Authorized Capital II);

4. in the case of capital increases against non-cash contributions, for the purpose of acquiring companies, business units of companies, or equity interests in companies (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.

In addition, the Annual General Meeting on April 29, 2010, resolved to contingently increase the share capital by up to a total of €42 million, composed of up to 42 million no-par-value bearer shares. The contingent capital increase will be implemented only to the extent that:

1. the holders or creditors of conversion and / or option rights attached to convertible bonds and / or bonds with warrants issued in the period until April 28, 2015, by Beiersdorf Aktiengesellschaft, 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 April 28, 2015, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation, and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

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

The Executive Board was authorized to determine the further details of the implementation of a contingent capital increase.

The Annual General Meeting on April 29, 2010, also authorized the company in accordance with § 71 (1) no. 8 *AktG* to purchase own shares in the total amount of up to 10% of the existing share capital in the period up to April 28, 2015. The shares shall be purchased via the stock exchange or via a public purchase offer addressed to all shareholders. The Annual General Meeting authorized the Executive Board, with the approval of the Supervisory Board, to sell in whole or in part the own shares purchased on the basis of the above-mentioned or a prior authorization while disapplying the shareholders' preemptive rights, including in a way other than via the stock exchange or via a purchase offer to all shareholders, to the extent that these shares are sold for cash at a price that does not fall materially below the market price of the same class of shares of the company at the time of the sale. The Executive Board was also authorized, with the approval of the Supervisory Board, to utilize the above-mentioned own shares in whole or in part as consideration or partial consideration in the context of a merger or the acquisition of companies, equity interests in companies (including increases in equity interests), or business units of companies, while disapplying the preemptive rights of shareholders. Moreover, the Executive Board is authorized, with the approval of the Supervisory Board, to utilize these own shares in whole or in part, while disapplying the preemptive rights of shareholders, in order to satisfy the subscription and / or conversion rights from convertible bonds and / or bonds with warrants issued by the company or companies in which it holds a direct or indirect majority interest. Finally, the Executive Board was authorized, with the approval of the Supervisory Board, to retire the above-mentioned own shares without requiring an additional resolution by the Annual General Meeting.

The creation of the authorized and contingent capital is intended to put the company in the position of being able to react to growth opportunities and capital market situations quickly and flexibly. The authorization to purchase and utilize own shares enables the company in particular to also offer shares of the company to institutional or other investors and / or to expand the shareholder base of the company, as well as to utilize the purchased own shares as consideration for the acquisition of companies or equity interests in companies (including increases in equity interests), or as part of a merger, i.e. against non-cash consideration.

Report on Expected Developments

Expected Macroeconomic Developments

The **global** economic situation looks set to see only moderate improvement in 2015. We expect that this trend will be driven mainly by the industrialized nations, while growth in the emerging markets will continue to lose momentum. Tapering of bond sales and a planned increase in key interest rates by the US Federal Reserve, coupled with developments in the current crisis regions, are causing substantial uncertainty as regards global economic growth.

In **Europe,** we expect growth in 2015 to be up slightly on the prior year. Since the economic recovery in the eurozone is only progressing slowly, necessary reforms and structural adjustments will continue to restrict the potential for growth in some countries. Besides the uncertain effects of tapering by the US Federal Reserve, factors that could put the recovery at risk include ongoing high unemployment in many countries, the lack of appetite for reform in certain European countries, and geopolitical unrest. Overall, we anticipate a relatively muted trend due to the still weak economy in some countries.

In **Germany**, we expect growth to outstrip that in the rest of Europe in the coming year, and that it will continue to be driven by consumer spending and increasing investment as a result of the expansionary monetary policy.

We expect slightly higher growth in the **United States** economy in 2015. Consumer spending is set to rise as a result of the further decline in unemployment. The increased confidence of American companies and the favorable economic environment are likely to be reflected in an increase in capital expenditure. However, tapering of bond sales and the planned increase in interest rates are a source of uncertainty for the economy and the financial markets.

In **Japan**, we expect growth to be on a level with the previous year. The Bank of Japan's continued expansionary monetary policy and the cheap yen are likely to have a positive impact on foreign trade.

In **China**, we expect growth to be down slightly on the prior-year level. Fiscal policy and the uncertain effects of the social and environmental reforms that have been announced are particular sources of uncertainty.

Conditions in the **remaining emerging markets** will probably be more challenging. In India, we expect to see slightly higher growth than in the previous year, with continued high single-digit inflation. We anticipate slight growth in the emerging markets of Southeast Asia. Given the highly protectionist tendencies in many Latin American countries, particularly in Venezuela, Ecuador, and Argentina, developments are difficult to forecast for this area. The Russian economy is being impacted by the fall in oil prices, the fall of the ruble, and the results of sanctions.

Procurement Market Trends

Lower oil prices will cut purchase costs for the oil refining industries. However, as the prices of the refined materials are most strongly affected by supply and demand in their respective markets, we expect only a limited positive impact on procurement costs. The current weakness of the euro on the currency market is countering this trend slightly. In 2014, Beiersdorf stepped up its efforts across all its functions to identify and implement cost reduction opportunities. These activities will be continued in 2015, with the aim of largely keeping purchase costs constant.

Sales Market Trends

We believe that the global growth rate in the cosmetics market – the market relevant for Beiersdorf – will remain at the prior-year level in 2015. We continue to expect low but stable growth in the major European and North American markets. The emerging markets will make a positive contribution to overall performance, although momentum is likely to ease year-on-year.

Geopolitical risks and their impact on macroeconomic sentiment will dominate tesa's markets for the long term, especially in Europe. However, we expect stable growth in Europe overall, although the Ukraine conflict may continue to have a negative effect on Eastern European markets in particular. By contrast, North America is expected to gain significant momentum from the automotive industry in particular, while the growth of the electronics industry in Asia should also have a positive impact.

Our Market Opportunities

Market performance will remain mixed in 2015 and competition will continue to increase in some markets. The corporate strategy set out in the Blue Agenda will allow us to meet the challenges of tomorrow and hence to achieve our objectives. We see strong opportunities both in systematically expanding our presence in the emerging markets and in consolidating our position in our European markets. We aim to drive this process by strengthening our brands – especially NIVEA, Eucerin, and La Prairie – and boosting our innovation power. This analysis underpins our planning for 2015.

We will build on our sound financial structure and strong earnings position together with our dedicated and highly qualified employees to continue exploiting future opportunities with our internationally successful brand portfolio. Extensive research and development activities resulting in successful, consumer-driven innovations will be flanked by targeted marketing measures, strengthening our brand core and creating enduring confidence among our consumers.

In tesa's opinion its electronics industry business will remain attractive, with significant growth rates predicted again for 2015. However, its project-based nature means that the risks involved also remain. The automotive area will maintain its status as a second growth market for global customers. The Pharma business will also continue to perform well.

Business Developments

Our assessment of business developments in the coming year is based on the above assumptions.

In light of the macroeconomic forecasts, Beiersdorf is expecting sales growth in the **Consumer** Business Segment to outperform the market in fiscal year 2015, at 3–5%. A comparatively weak start to fiscal 2015 is expected given the strong first quarter in 2014. The EBIT margin from operations is expected to slightly exceed the prior-year figure.

In the **tesa** business segment, we are also predicting sales growth of 3–5% for 2015. The EBIT margin from operations is expected to be slightly below the prior-year level.

Building on the forecasts for the two business segments, we are expecting **Group** sales to grow by 3–5%. The consolidated EBIT margin from operations should slightly exceed the prior-year figure.

We firmly believe that we are well positioned for the future thanks to our internationally successful brand portfolio, our innovative and high-quality products, and our dedicated employees.

Hamburg, February 3, 2015
Beiersdorf AG

The Executive Board

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Income Statement

(IN € MILLION)

	Note	2013	2014
Sales	**01**	**6,141**	**6,285**
Cost of goods sold	02	–2,255	–2,367
Gross profit		**3,886**	**3,918**
Marketing and selling expenses	03	–2,605	–2,604
Research and development expenses		–154	–168
General and administrative expenses	04	–312	–330
Other operating income	05	171	183
Other operating expenses	06	–166	–203
Operating result (EBIT)		**820**	**796**
Interest income	07	23	32
Interest expense	07	–6	–7
Net pension result	07	–12	–12
Other financial result	07	–10	2
Financial result	**07**	**–5**	**15**
Profit before tax		**815**	**811**
Income taxes	08	–272	–274
Profit after tax		**543**	**537**
Of which attributable to			
– Equity holders of Beiersdorf AG		534	529
– Non-controlling interests		9	8
Basic / diluted earnings per share (in €)	**09**	**2.35**	**2.33**

Statement of Comprehensive Income

(IN € MILLION)

	2013	2014
Profit after tax	**543**	**537**
Remeasurement gains and losses on cash flow hedges	2	–10
Deferred taxes on remeasurement gains and losses on cash flow hedges	–1	4
Remeasurement gains and losses on cash flow hedges recognized in other comprehensive income	*1*	*–6*
Remeasurement gains and losses on available-for-sale financial assets	14	5
Deferred taxes on remeasurement gains and losses on available-for-sale financial assets	–4	–2
Remeasurement gains and losses on available-for-sale financial assets recognized in other comprehensive income	*10*	*3*
Exchange differences	–122	35
Other comprehensive income that will be reclassified subsequently to profit or loss	**–111**	**32**
Remeasurements of defined benefit pension plans	–8	–243
Deferred taxes on remeasurements of defined benefit pension plans	3	77
Remeasurements of defined benefit pension plans recognized in other comprehensive income	*–5*	*–166*
Other comprehensive income that will not be reclassified subsequently to profit or loss	**–5**	**–166**
Other comprehensive income net of tax	**–116**	**–134**
Total comprehensive income	**427**	**403**
Of which attributable to		
– Equity holders of Beiersdorf AG	421	395
– Non-controlling interests	6	8

Balance Sheet

(IN € MILLION)

Assets	Note	Dec. 31, 2013	**Dec. 31, 2014**
Intangible assets	10	176	119
Property, plant, and equipment	11	785	964
Non-current financial assets / Securities	14	804	1,059
Other non-current assets		2	3
Deferred tax assets	08	133	195
Non-current assets		**1,900**	**2,340**
Inventories	12	733	786
Trade receivables	13	1,102	1,275
Other current financial assets		96	108
Income tax receivables		55	113
Other current assets		137	170
Securities	14	791	562
Cash and cash equivalents	15	984	976
Current assets		**3,898**	**3,990**
		5,798	**6,330**

Equity and liabilities	Note	Dec. 31, 2013	**Dec. 31, 2014**
Share capital	17	252	252
Additional paid-in capital	20	47	47
Retained earnings	21	3,209	3,413
Accumulated other comprehensive income	22	–115	–83
Equity attributable to equity holders of Beiersdorf AG		**3,393**	**3,629**
Non-controlling interests		12	11
Equity		**3,405**	**3,640**
Provisions for pensions and other post-employment benefits	24	388	627
Other non-current provisions	25	82	73
Non-current financial liabilities	26	5	1
Other non-current liabilities	26	3	3
Deferred tax liabilities	08	134	69
Non-current liabilities		**612**	**773**
Other current provisions	25	527	466
Income tax liabilities		87	130
Trade payables	26	973	1,022
Other current financial liabilities	26	104	135
Other current liabilities	26	90	164
Current liabilities		**1,781**	**1,917**
		5,798	**6,330**

Cash Flow Statement

(IN € MILLION)

	2013	2014
Operating result (EBIT)	**820**	**796**
Income taxes paid	–261	–335
Depreciation and amortization	106	179
Change in non-current provisions (excluding interest components and changes recognized in OCI)	–13	–25
Gain / loss on disposal of property, plant, and equipment, and intangible assets	–4	–17
Gross cash flow	**648**	**598**
Change in inventories	1	–53
Change in receivables and other assets	–53	–213
Change in liabilities and current provisions	–67	65
Net cash flow from operating activities	**529**	**397**
Investments in property, plant, and equipment, and intangible assets	–227	–301
Proceeds from the sale of property, plant, and equipment, and intangible assets	14	33
Payments to acquire securities	–971	–816
Proceeds from the sale / final maturity of securities	1,008	799
Interest received	29	39
Proceeds from dividends and other financing activities	8	16
Net cash flow from investing activities	**–139**	**–230**
Free cash flow	**390**	**167**
Proceeds from loans	46	56
Loan repayments	–29	–47
Interest paid	–6	–7
Other financing expenses paid	–41	–26
Cash dividends paid (Beiersdorf AG)	–159	–159
Cash dividends paid (non-controlling interests)	–6	–9
Net cash flow from financing activities	**–195**	**–192**
Effect of exchange rate fluctuations and other changes on cash held	–45	17
Net change in cash and cash equivalents	150	–8
Cash and cash equivalents as of Jan. 1	**834**	**984**
Cash and cash equivalents as of Dec. 31	**984**	**976**

Statement of Changes in Equity

(IN € MILLION)

				Accumulated other comprehensive income					
	Share capital	Additional paid-in capital	Retained earnings *	Currency translation adjustment	Hedging instruments from cash flow hedges	Available-for-sale financial assets	Total attributable to equity holders	Non-controlling interests	**Total**
Jan. 1, 2013	**252**	**47**	**2,839**	**–9**	**2**	**–**	**3,131**	**12**	**3,143**
Total comprehensive income for the period	–	–	529	–119	1	10	421	6	427
Dividend of Beiersdorf AG for previous year	–	–	–159	–	–	–	–159	–	–159
Dividend of non-controlling interests for previous year	–	–	–	–	–	–	–	–6	–6
Dec. 31, 2013 / Jan. 1, 2014	**252**	**47**	**3,209**	**–128**	**3**	**10**	**3,393**	**12**	**3,405**
Total comprehensive income for the period	–	–	363	35	–6	3	395	8	403
Dividend of Beiersdorf AG for previous year	–	–	–159	–	–	–	–159	–	–159
Dividend of non-controlling interests for previous year	–	–	–	–	–	–	–	–9	–9
Dec. 31, 2014	**252**	**47**	**3,413**	**–93**	**–3**	**13**	**3,629**	**11**	**3,640**

* The cost of treasury shares amounting to €955 million has been deducted from retained earnings.

Segment Reporting

(IN € MILLION)

Business segments 2013		Consumer	tesa	Group
Net sales		**5,103**	**1,038**	**6,141**
Change (nominal)	(in %)	1.1	4.7	1.7
Change (organic)	(in %)	7.0	8.5	7.2
Share of Group sales	(in %)	**83.1**	**16.9**	**100.0**
EBITDA		**701**	**225**	**926**
Operating result (EBIT)		**626**	**194**	**820**
as % of sales		12.3	18.7	13.4
Operating result (EBIT, excluding special factors)*		**638**	**176**	**814**
as % of sales		12.5	16.9	13.2
Gross operating capital*		**2,361**	**595**	**2,956**
Operating liabilities*		**1,485**	**185**	**1,670**
EBIT return on net operating capital*	(in %)	71.5	47.3	63.8
Gross cash flow		**486**	**162**	**648**
Capital expenditure**		**147**	**80**	**227**
Depreciation and amortization		**75**	**31**	**106**
Impairment losses on trademarks and goodwill		**–**	**–**	**–**
Research and development expenses		**112**	**42**	**154**
Employees	(as of Dec. 31)	**12,890**	**3,818**	**16,708**

Business segments 2014		Consumer	tesa	Group
Net sales		**5,209**	**1,076**	**6,285**
Change (nominal)	(in %)	2.1	3.6	2.3
Change (organic)	(in %)	4.8	4.4	4.7
Share of Group sales	(in %)	**82.9**	**17.1**	**100.0**
EBITDA		**766**	**209**	**975**
Operating result (EBIT)		**613**	**183**	**796**
as % of sales		11.8	17.0	12.7
Operating result (EBIT, excluding special factors)*		**678**	**183**	**861**
as % of sales		13.0	17.0	13.7
Gross operating capital*		**2,626**	**704**	**3,330**
Operating liabilities*		**1,534**	**203**	**1,737**
EBIT return on net operating capital*	(in %)	56.1	36.6	50.0
Gross cash flow		**455**	**143**	**598**
Capital expenditure**		**201**	**100**	**301**
Depreciation and amortization		**83**	**26**	**109**
Impairment losses on trademarks and goodwill		**70**	**–**	**70**
Research and development expenses		**122**	**46**	**168**
Employees	(as of Dec. 31)	**13,317**	**4,081**	**17,398**

* See the disclosures contained in the section entitled "Notes to the Segment Reporting."
** Figures comprise investments in intangible assets and property, plant, and equipment.

Regional Reporting

(IN € MILLION)

Regions 2013		Europe	Americas	Africa / Asia / Australia	Group
Net sales		**3,390**	**1,092**	**1,659**	**6,141**
Change (nominal)	(in %)	–0.8	–4.9	12.5	1.7
Change (organic)	(in %)	1.1	9.0	19.8	7.2
Share of Group sales	(in %)	**55.2**	**17.8**	**27.0**	**100.0**
EBITDA		**619**	**92**	**215**	**926**
Operating result (EBIT)		**544**	**82**	**194**	**820**
as % of sales		16.0	7.5	11.7	13.4
Operating result (EBIT, excluding special factors)*		**542**	**82**	**190**	**814**
as % of sales		16.0	7.5	11.5	13.2
Capital expenditure**		**147**	**55**	**25**	**227**
Depreciation and amortization		**75**	**10**	**21**	**106**
Impairment losses on trademarks and goodwill		**–**	**–**	**–**	**–**
Employees	(as of Dec. 31)	**9,888**	**2,224**	**4,596**	**16,708**

Regions 2014		Europe	Americas	Africa / Asia / Australia	Group
Net sales		**3,421**	**1,116**	**1,748**	**6,285**
Change (nominal)	(in %)	0.9	2.2	5.4	2.3
Change (organic)	(in %)	2.4	5.6	9.0	4.7
Share of Group sales	(in %)	**54.4**	**17.8**	**27.8**	**100.0**
EBITDA		**663**	**92**	**220**	**975**
Operating result (EBIT)		**586**	**80**	**130**	**796**
as % of sales		17.1	7.1	7.4	12.7
Operating result (EBIT, excluding special factors)*		**589**	**80**	**192**	**861**
as % of sales		17.2	7.1	11.0	13.7
Capital expenditure**		**196**	**64**	**41**	**301**
Depreciation and amortization		**75**	**12**	**22**	**109**
Impairment losses on trademarks and goodwill		**3**	**–**	**67**	**70**
Employees	(as of Dec. 31)	**10,206**	**2,619**	**4,573**	**17,398**

* See the disclosures contained in the section entitled “Notes to the Segment Reporting.”
** Figures comprise investments in intangible assets and property, plant, and equipment.

Significant Accounting Policies

Information on the Company and on the Group

The registered office of Beiersdorf AG is at Unnastrasse 48 in Hamburg (Germany), and the company is registered with the commercial register of the Hamburg Local Court under the number HRB 1787. The ultimate parent of the company is maxingvest ag, Hamburg (Germany).

The activities of Beiersdorf AG and its affiliates ("Beiersdorf Group") consist primarily of the manufacture and distribution of branded consumer goods in the area of skin and body care, and of the manufacture and distribution of technical adhesive tapes.

The consolidated financial statements of Beiersdorf AG for the fiscal year from January 1 to December 31, 2014, were prepared by the Executive Board on February 3, 2015, and subsequently submitted to the Supervisory Board for examination and approval.

General Principles

The consolidated financial statements of Beiersdorf AG have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), including the IFRS Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the supplementary provisions of German commercial law required to be applied under § 315a (1) *Handelsgesetzbuch* (German Commercial Code, HGB). All IFRSs and IFRICs endorsed by the European Commission and required to be applied as of December 31, 2014, were applied.

The consolidated financial statements were prepared using the historical cost convention. Exceptions to this rule relate to financial instruments assigned to the "available for sale" and "at fair value through profit or loss" categories and derivative financial instruments, which are all measured at fair value where such fair value can be reliably determined.

The consolidated income statement was prepared using the cost of sales method. 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.

Estimates and Assumptions

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. Such estimates and assumptions reflect all currently available information. Significant estimates and assumptions were made in particular in relation to the following accounting policies: impairment testing of goodwill and indefinite-lived intangible assets (Note 10 "Intangible Assets"), write-downs of doubtful receivables (Note 13 "Trade Receivables"), the actuarial assumptions for the defined benefit expense as well as for the present value of pension commitments (Note 24 "Provisions for Pensions and Other Post-Employment Benefits"), the determination of the amount of eligible deferred tax assets (Note 08 "Income Taxes"), and the recognition of other provisions (Note 25 "Other Provisions"). Furthermore, estimates and assumptions are made in particular when determining the useful lives of intangible assets and property, plant, and equipment, and when measuring inventories.

Actual amounts may differ from these estimates. Changes to estimates are recognized in profit or loss when more recent knowledge becomes available.

Consolidation Principles

Acquisition accounting uses the purchase method, under which the cost of the business combination is allocated to the identifiable assets acquired and identifiable liabilities and contingent liabilities assumed, measured at their fair values at the acquisition date. The cost of an acquisition is the sum of the consideration transferred, measured at fair value at the acquisition date, and the non-controlling interests in the acquiree. For each business combination, the non-controlling interests in the acquiree are measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Any excess of the cost of the business combination over the acquirer's interest in the net fair values of identifiable assets, liabilities, and contingent liabilities is recognized as goodwill. Costs incurred in the course of the business combination are recognized as an expense.

Profit and equity of subsidiaries attributable to non-controlling interests are presented separately in the consolidated income statement and as a component of equity in the consolidated balance sheet. Losses at a subsidiary are attributed to the non-controlling interests even if this results in a negative balance. In the case of successive purchases of the shares of subsidiaries, the difference between the cost of the new shares and the non-controlling interests previously recognized in the Group for these shares is recognized in other comprehensive income. In a business combination achieved in stages, the effects from acquisition-date fair value remeasurement of previously held equity interests in the acquiree are recognized in the income statement. Subsequent adjustments of contingent consideration are recognized in the income statement.

All intercompany balances, transactions, income, and expenses, and gains and losses on intragroup transactions that are contained in the carrying amounts of assets are eliminated in full.

The consolidated financial statements include Beiersdorf AG and the subsidiaries over which it has control within the meaning of IFRS 10. Control over an investee exists if Beiersdorf AG has direct or indirect power over the investee, is exposed to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

Currency Translation

The consolidated financial statements have been prepared in euros. The euro is Beiersdorf AG's functional and presentation currency. Unless otherwise indicated, all amounts are rounded to millions of euros (€ million). Each company in the Group defines its own functional currency. As the foreign subsidiaries operate as financially, economically, and organizationally independent entities, their functional currency is always the local currency. The items contained in the financial statements of the company concerned are measured using this functional currency. Foreign currency transactions are initially translated at the spot rate at the transaction date. Non-monetary items that are measured at cost in a foreign currency are translated at the exchange rate at the transaction date. Exchange differences from the translation of monetary items are recognized in income. Monetary assets and liabilities in foreign currency are translated into the functional currency at the closing rate.

At the balance sheet date, the assets and liabilities of foreign subsidiaries whose functional currency is not the euro are translated into euros at the closing rate. Income and expenses are generally translated at average exchange rates for the fiscal year. Exchange differences arising on this are recognized as a separate component of equity.

The following table shows the changes in the exchange rates for the currencies material to the consolidated financial statements:

EXCHANGE RATE CHANGES (€1 =)

	Average rates		Closing rates	
	2013	**2014**	2013	**2014**
Swiss franc (CHF)	1.2291	1.2127	1.2276	1.2024
Chinese yuan (CNY)	8.1733	8.1543	8.3491	7.5358
Pound sterling (GBP)	0.8501	0.8031	0.8337	0.7789
Japanese yen (JPY)	130.1817	140.5025	144.7200	145.2300
Russian ruble (RUB)	42.6203	51.9326	45.3246	72.3370
Brazilian real (BRL)	2.8937	3.1093	3.2576	3.2207
US dollar (USD)	1.3308	1.3211	1.3791	1.2141

Changes in Accounting Policies

The new standards on consolidation (IFRS 10 "Consolidated Financial Statements," IFRS 11 "Joint Arrangements," IFRS 12 "Disclosure of Interests in Other Entities," and the resulting changes to IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates") have been applicable since January 1, 2014. Their initial application had no effects on the Beiersdorf Group's net assets, financial position, and results of operations.

In addition, although further minor amendments to existing standards and interpretations required initial application in 2014, these did not result in material amendments to the consolidated financial statements.

The other accounting policies correspond to those applied in the previous year.

The following standards and interpretations relevant for the Beiersdorf Group's business operations have been issued as of December 31, 2014, but are not yet required to be applied for the fiscal year then ended:

- IFRS 9 "Financial Instruments" (on/after January 1, 2018)
  The IASB published the final version of IFRS 9 "Financial Instruments" in July 2014. The new standard harmonizes the guidance on the classification and measurement of financial assets and financial liabilities, and introduces a new impairment model for financial assets. In addition, the new hedge accounting requirements published in November 2013 were included in the final version of IFRS 9. These replace the requirements of IAS 39. The effects of the standard are currently being analyzed.

- IFRS 15 "Revenue from Contracts with Customers" (on/after January 1, 2017)
  The IASB issued IFRS 15 in May 2014. The new standard includes a five-step model that must be applied when recognizing revenue from all contracts with customers. It determines the point in time (or period over time) and amount in which revenue must be recognized. The standard also introduces new, extensive disclosures in the notes. The effects of the standard on the consolidated financial statements are currently being analyzed.

- "Annual Improvements 2010–2012 Cycle" (on/after July 1, 2014)
  This resulted in amendments to seven IFRSs. The idea behind the Annual Improvements Project is to make non-urgent but necessary amendments to existing IFRSs that are not implemented in other major projects. It was issued in December 2013.

- "Annual Improvements 2011–2013 Cycle" (on/after July 1, 2014)
  This resulted in amendments to four IFRSs. The idea behind the Annual Improvements Project is to make non-urgent but necessary amendments to existing IFRSs that are not implemented in other major projects. It was issued in December 2013.

- "Annual Improvements 2012–2014 Cycle" (on/after January 1, 2016)
  This resulted in amendments to four IFRSs. The idea behind the Annual Improvements Project is to make non-urgent but necessary amendments to existing IFRSs that are not implemented in other major projects. It was issued in September 2014.

With the exception of additional or modified disclosure requirements, we do not expect any material effects on the consolidated financial statements to arise from first-time application of the annual improvements to the IFRSs.

Where the amendments or changes have already been adopted by the EU, the date of initial application given relates to the date they are required to be applied for the first time in the EU. Otherwise it relates to the date on which they are required to be applied for the first time that has been specified by the IASB. The standards will be applied at the latest in the year in which they are first required to be applied for entities in the EU.

The IASB has also issued further standards and interpretations that must be applied in future. However, these will have no material effects on the consolidated financial statements.

Significant Accounting Policies

Sales are recognized when goods and products are delivered and the significant risks and rewards incidental to ownership have been transferred to the buyer. Discounts, customer bonuses, and rebates are deducted from sales, as is consideration payable to trading partners in those cases in which the consideration is not matched by a distinct product or service supplied whose fair value can be estimated reliably. The probability of returns is reflected in the recognition and measurement of sales.

Cost of goods sold comprises the cost of internally produced goods sold 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, as well as production overheads, including depreciation of production facilities. The cost of goods sold also includes write-downs of inventories.

Marketing and selling expenses comprise the cost of marketing, the sales organization, and distribution logistics. The item includes expenditure on advertising, retail (point of sale) marketing, and similar items. This item also includes write-downs of trade receivables.

Research costs are recognized in profit or loss for the period. Development costs for new products are capitalized if the recognition criteria laid down in IAS 38 are met. This is normally not the case, as the expected future economic benefits cannot be measured reliably until the products are market ready. **Other development costs** (e.g., for information systems) are capitalized as intangible assets if the recognition criteria laid down in IAS 38 are met. Once capitalized, they are amortized using the straight-line method over their expected useful lives.

Purchased **intangible assets** such as patents, trademarks, and software are measured at cost. The carrying amounts of finite-lived intangible assets are reduced by straight-line amortization over their expected useful lives. The useful lives, residual values, and amortization methods are reviewed regularly. Goodwill and indefinite-lived intangible assets are not amortized.

Property, plant, and equipment is carried at cost and reduced by straight-line depreciation over the assets' expected useful lives. The useful lives, residual values, and depreciation methods are reviewed annually. The following useful lives are generally applied to the depreciation of items of property, plant, and equipment:

USEFUL LIVES OF PROPERTY, PLANT, AND EQUIPMENT

Buildings	10 to 33 years
Technical equipment and machinery	5 to 15 years
Office and other equipment	3 to 15 years

Production costs of internally manufactured items of property, plant, and equipment are calculated on the basis of attributable direct costs plus an appropriate share of production-related overheads. Interest on borrowings is recognized as a current expense where this does not relate to the production of qualifying assets. Repair and maintenance costs for property, plant, and equipment are also expensed as incurred. Substantial renewals or enhancements that materially increase production capacity or significantly extend the economic life of an asset are capitalized. Correspondingly, components that were previously capitalized and have been replaced by new expenditures to be capitalized are accounted for as disposals. Government grants and subsidies reduce historical cost.

Goodwill and indefinite-lived intangible assets are **tested for impairment** at least once a year; such impairment tests are only conducted for finite-lived intangible assets and property, plant, and equipment if there are indications of impairment. An impairment loss is recognized in profit or loss if the recoverable amount of the asset is lower than its carrying amount. Recoverable amount is identified separately for each asset. If an asset does not generate cash inflows that are largely independent from other assets, recoverable amount is identified on the basis of a group of assets designated as the cash-generating unit. Recoverable amount is the higher of net realizable value and value in use. Net realizable value is the amount obtainable from the sale of an asset in an arm's length transaction, less the costs of disposal. Value in use is calculated on the basis of estimated future cash flows expected to arise from the continuing use of an asset and its disposal at the end of its useful life, using the discounted cash flow method. Cash flows are derived from the business plans and reflect current developments. They are discounted to the date of the impairment test using capitalization rates for equivalent risks.

If the reasons for an impairment loss recognized in previous years no longer apply, the impairment loss (except for goodwill) is reversed up to a maximum of amortized cost.

Inventories are carried at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is measured using the average cost method. Production cost is calculated as the direct costs plus an appropriate allocation of materials and production overheads, as well as production-related depreciation. It also includes the proportionate costs of company pension arrangements and voluntary social benefits, as well as production-related administrative expenses.

Cash comprises bank balances, cash-on-hand, and checks. **Cash equivalents** are short-term liquid investments that can be converted into a specified amount of cash at any time and are exposed to no more than insignificant fluctuations in value. In accordance with IAS 39, cash and cash equivalents are classified as "loans and receivables."

Non-current assets and **disposal groups** held for sale and directly associated provisions and liabilities are presented as separate items in the balance sheet if their sale is highly probable and the assets are available for immediate sale in their present condition. Non-current assets held for sale are recognized at the lower of their carrying amount and fair value less costs to sell.

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability of another entity. Financial assets and financial liabilities are measured at fair value on initial recognition. In the Beiersdorf Group, financial instruments are allocated to the "loans and receivables" (LaR), "held to maturity" (HtM), "available for sale" (AfS), "other financial liabilities" (OFL), and "at fair value through profit or loss" (FVPL) categories. In accordance with IAS 39, derivative financial instruments used for hedges are not assigned to a separate category; within the Beiersdorf Group, they are subsumed under "derivative financial instruments" (DFI).

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Following initial recognition they are valued at amortized cost less any impairment losses using the effective interest method.

Held to maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities. They are carried at amortized cost using the effective interest method.

Financial assets available for sale are those non-derivative financial assets that do not fall under other categories and that were classified as "available for sale." They are measured at fair value. The resulting gains and losses are recognized in other comprehensive income. When these financial assets are sold or written down for impairment, the cumulative gains and losses recognized in other comprehensive income are recognized in the income statement. They are measured on the basis of appropriate market prices or by applying suitable valuation techniques. Financial investments in equity instruments for which there is no active market and whose fair value cannot be reliably determined are measured at historical cost.

Financial assets are **tested for impairment as** of each reporting date. Any impairment established or any reversal of impairment losses in subsequent periods is generally recognized immediately in profit or loss. For financial assets available for sale, an impairment loss is recognized in the case of significant or permanent impairment. Reversals of impairment losses on equity instruments are recognized directly in other comprehensive income. Appropriate valuation allowances are charged for identifiable risks relating to trade receivables and other financial assets that are classified as "loans and receivables." The estimated valuation allowance on receivables is based primarily on the results of previous payment behavior and reflects the age structure, any substantial deterioration in creditworthiness, or a high probability of debtor insolvency, as well as changes in the political and macroeconomic environment.

Other financial liabilities are carried at amortized cost using the effective interest method after their initial recognition. Gains and losses resulting from amortization using the effective interest method and from derecognition of liabilities are recognized in income. Liabilities with remaining contractual maturities of more than one year are classified as non-current.

Financial assets and financial liabilities are derecognized when control of the contractual rights is lost, when the obligation specified in the contract is discharged or canceled, or when it has expired.

The Beiersdorf Group uses **derivative financial instruments** to manage current and future currency risks. The instruments concerned are mainly currency forwards. Derivative financial instruments are recognized at fair value. They are reported in the balance sheet in other financial assets or other financial liabilities.

The recognition of changes in the fair values of derivative financial instruments depends on whether these instruments are used as hedging instruments and meet the criteria for hedge accounting under IAS 39. If the criteria are not met despite the existence of an economic hedge, changes in the fair values of derivative financial instruments are recognized immediately in profit or loss.

Derivatives classified as fair value hedges are measured at their fair value. Any resulting changes in fair value are recognized in profit or loss. The carrying amount of the hedged asset or liability is adjusted for the changes in fair value attributable to the hedged risk. Gains or losses resulting from changes in fair value are recognized in profit or loss for the period.

For derivative financial instruments designated as hedging instruments that qualify for hedging accounting as a cash flow hedge, the effective portion of the change in the fair value is recognized in other comprehensive income, net of the related tax effect. The ineffective portion is recognized in profit or loss. When the hedged item (underlying) is settled, the effective portion is also recognized in the income statement.

The **fair value of financial instruments** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, it is assumed that the underlying transaction on which the price is based takes place in either the principal market or the most advantageous market that the Beiersdorf Group has access to. The price is measured using the assumptions that market participants would base pricing on. All financial instruments recognized at fair value in the financial statements are categorized into the following hierarchy levels in accordance with IFRS 13:

- Level 1: Fair values that are measured using quoted prices in active markets.
- Level 2: Fair values that are measured using valuation techniques whose significant inputs are based on directly or indirectly observable market data.
- Level 3: Fair values that are measured using valuation techniques whose significant inputs are not based on observable market data.

Financial instruments regularly measured at fair value are reassessed at the end of the fiscal year to determine whether reclassifications have to be made between the levels of the hierarchy. The fair value of financial instruments carried at amortized cost is determined on the basis of the expected future cash flows, using the benchmark interest rates for matching risks and maturities at the balance sheet date.

Provisions for pensions and other post-employment benefits comprise the provisions for defined benefit plans within the Group. Obligations are measured using the projected unit credit method. The expected benefits are spread over the entire length of service of the employees. The actuarial computation of the pension provisions is based on market rates of interest as well as projected wage/salary and pension increases, and staff turnover trends. Measurement is performed using the relevant local inputs. In Germany, the mortality rate was based on Heubeck's 2005 mortality tables, while international rates were based on locally recognized mortality tables. The various discount rates used are based on the yields of high-quality corporate bonds with appropriate maturities and currencies and a minimum of an AA rating. Actuarial reports are prepared annually. All assumptions are reviewed for appropriateness at each reporting date.

The amount recognized as a provision comprises the total present value of the defined benefit obligation less the fair value of plan assets available for immediate settlement of obligations. If the fair value of plan assets exceeds the present value of the defined benefit obligation, net assets are only recognized up to the amount of the asset ceiling.

Past service cost is recognized as a component of EBIT in line with the principle of functional allocation, while net interest income is recognized in the financial result. Actuarial gains and losses resulting from changes in actuarial assumptions and deviations between earlier actuarial assumptions and actual developments, as well as from changes in the return on plan assets, are recognized immediately and in full under retained earnings in consolidated equity. They are not recognized in profit or loss later on, but rather remain in consolidated equity.

In the case of defined contribution plans, contributions are made on a statutory, contractual, or voluntary basis to public or private pension insurance plans. The Group does not have any other payment obligations above and beyond the contributions. The contributions are recognized in profit or loss as a component of EBIT.

Other provisions take account of all identifiable future payment obligations, risks, and uncertain obligations of the Group resulting from current legal or constructive obligations arising from past events where the amount of the obligation can be measured reliably. Such other provisions are mainly due within one year. Non-current provisions expected to be settled after more than one year are discounted as far as the interest effect is material.

Provisions are recognized for restructurings if there is a detailed, formal restructuring plan and there is a valid expectation on the part of those affected that the restructurings will be implemented. Measurement of restructuring provisions only includes expenses that are necessarily entailed by the restructuring and are not associated with the ongoing activities of the entity.

Current **income tax** assets and liabilities for current and future periods are recognized at the expected amount. The tax rates and tax legislation enacted at the reporting date are used to calculate the amount.

Deferred taxes result from temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS balance sheet, and from tax loss carryforwards. 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. No deferred taxes are recognized for differences arising on the initial recognition of assets and liabilities that are not the result of business combinations and do not affect either accounting or taxable profit.

Deferred tax assets in respect of temporary differences, tax loss carryforwards, and tax credits are recognized where it is probable that sufficient taxable profit will be available in future periods against which they can be utilized. Recognized deferred taxes are tested for recoverability every year. Income taxes relating to items recognized in other comprehensive income are not recognized in the income statement but in other comprehensive income.

Current tax assets and liabilities, and deferred tax assets and liabilities, are offset against each other if the Group has a legally enforceable right to offset the current tax assets against current tax liabilities and these relate to income taxes levied on the same taxable entity by the same taxation authority.

Substantially all the risks and rewards incidental to ownership of the assets for which leases have been entered into and the Group is the lessee remain with the lessor. The leases are therefore classed as operating leases. Lease payments for operating leases are recognized on a straight-line basis over the term of the lease as expenses for the period in the consolidated income statement.

SUMMARY OF SELECTED MEASUREMENT POLICIES

Balance sheet item	Measurement policy
Assets	
Goodwill	Lower of cost or recoverable amount
Other intangible assets	
indefinite-lived	Lower of cost or recoverable amount
finite-lived	(Amortized) costs
Property, plant, and equipment	(Amortized) costs
Financial assets	
“Loans and receivables” (LaR)	(Amortized) costs
“Held to maturity” (HtM)	(Amortized) costs
“Available for sale” (AfS)	At fair value in other comprehensive income
“At fair value through profit or loss” (FVPL)	At fair value through profit or loss
Inventories	Lower of cost or net realizable value
Trade receivables	(Amortized) costs
Cash and cash equivalents	Nominal amount
Non-current assets and disposal groups held for sale	Lower of (amortized) cost or net realizable value
Equity and liabilities	
Provisions	
Provisions for pensions and other post-employment benefits	Projected unit credit method
Other provisions	Settlement amount (best estimate)
Financial liabilities	(Amortized) costs
Trade payables	(Amortized) costs
Other liabilities	Settlement amount

Notes to the Cash Flow Statement

The cash flow statement has been prepared in accordance with IAS 7 and is classified into net cash flows from operating, investing, and financing activities.

Net cash flow from operating activities is determined using the indirect method, while net cash flows from investing and financing activities are determined using the direct method.

Cash funds are composed of cash and cash equivalents that can be converted into cash at any time and that are exposed to no more than insignificant fluctuations in value.

Notes to the Segment Reporting

Segment reporting in the Beiersdorf Group is based on the management of business operations. The breakdown of the Group into the Consumer and tesa business segments reflects the internal organizational structure and the reporting to the Executive Board and the Supervisory Board.

The Beiersdorf Group measures the success of its segments on the basis of sales growth and the operating result (EBIT, excluding special factors) in conjunction with the EBIT margin.

In order to show the global breakdown of business activities in the Beiersdorf Group, information on the geographic regions is presented in addition to the operating segments. The external sales shown for the regions are based on the domiciles of the respective companies.

Group companies domiciled in Germany generated sales of €1,325 million in 2014 (previous year: €1,285 million) and reported non-current assets (not including financial instruments, deferred taxes, and plan assets) of €664 million (previous year: €572 million).

Organic sales growth is the nominal sales growth adjusted for exchange rate effects and structural effects from acquisitions and divestments.

EBIT excluding special factors represents the operating result (EBIT), adjusted for non-operating one-off business transactions. A reconciliation of the operating result to EBIT excluding special factors is given in the section of the Group Management Report entitled "Results of Operations, Balance Sheet Structure, and Financial Position."

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

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

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

Net operating capital of €1,593 million (previous year: €1,286 million) consists of gross operating capital less operating liabilities. The following table shows the reconciliation of net operating capital to the balance sheet items:

RECONCILIATION OF NET OPERATING CAPITAL TO BALANCE SHEET ITEMS (IN € MILLION)

Assets	Dec. 31, 2013	**Dec. 31, 2014**
Intangible assets	176	119
Property, plant, and equipment	785	964
Inventories	733	786
Trade receivables	1,102	1,275
Other receivables and other assets (not including tax receivables)	160	186
Gross operating capital	**2,956**	**3,330**
Gross non-operating assets	2,842	3,000
Total balance sheet assets	**5,798**	**6,330**

Equity and liabilities	Dec. 31, 2013	**Dec. 31, 2014**
Other provisions (not including tax provisions)	609	539
Trade payables	973	1,022
Other liabilities (not including tax liabilities)	88	176
Operating liabilities	**1,670**	**1,737**
Equity	3,405	3,640
Non-operating liabilities	723	953
Total balance sheet equity and liabilities	**5,798**	**6,330**

Consolidated Group, Acquisitions, and Divestments

Consolidated Group

In addition to Beiersdorf AG, the consolidated financial statements include 17 (previous year: 18) German and 146 (previous year: 148) international companies whose financial and business policies Beiersdorf AG is able to control either directly or indirectly, and from whose activities it can derive economic benefits.

Two newly established companies were included in Beiersdorf AG's consolidated financial statements for the first time in the year under review. In addition, three companies were wound up and two companies were merged.

Beiersdorf AG's Shareholdings

The following list shows those companies / equity interests in which Beiersdorf AG holds 5% or more of the shares and / or voting rights.

GERMANY

Name of the company	Registered office	Equity interest (in %)
La Prairie Group Deutschland GmbH	Baden-Baden	100.00
Produits de Beauté Logistik GmbH	Baden-Baden	100.00
Produits de Beauté Produktions GmbH	Baden-Baden	100.00
Beiersdorf Manufacturing Berlin GmbH	Berlin	100.00
GUHL IKEBANA GmbH	Darmstadt	10.00
Beiersdorf Beteiligungs GmbH	Gallin	100.00
Beiersdorf Customer Supply GmbH	Hamburg	100.00
Beiersdorf Hautpflege GmbH	Hamburg	100.00
Beiersdorf Immo GmbH	Hamburg	100.00
Beiersdorf Immobilienentwicklungs GmbH	Hamburg	100.00
Beiersdorf Manufacturing Hamburg GmbH	Hamburg	100.00
Beiersdorf Shared Services GmbH	Hamburg	100.00
NOIMMO Erste Projekt GmbH & Co. KG	Hamburg	100.00
One tesa Bau GmbH	Hamburg	100.00
Phanex Handelsgesellschaft mbH	Hamburg	100.00
Tape International GmbH	Hamburg	100.00
tesa Converting Center GmbH	Hamburg	100.00
tesa Grundstücksverwaltungsges. mbH & Co. KG	Hamburg	100.00
tesa SE	Hamburg	100.00
tesa Werk Hamburg GmbH	Hamburg	100.00
Ultra Kosmetik GmbH	Hamburg	100.00
tesa scribos GmbH	Heidelberg	100.00
tesa Labtec GmbH	Langenfeld	100.00
tesa Werk Offenburg GmbH	Offenburg	100.00
Beiersdorf Manufacturing Waldheim GmbH	Waldheim	100.00

EUROPE

Name of the company	Registered office	Equity interest (in %)
Beiersdorf CEE Holding GmbH	AT, Vienna	100.00
Beiersdorf Ges mbH	AT, Vienna	100.00
La Prairie Group Austria GmbH	AT, Vienna	100.00
tesa GmbH	AT, Vienna	100.00
SA Beiersdorf NV	BE, Brussels	100.00
SA tesa	BE, Brussels	100.00
Beiersdorf Bulgaria EOOD	BG, Sofia	100.00
tesa tape Schweiz AG	CH, Bergdietikon	100.00
Beiersdorf AG	CH, Reinach	100.00
La Prairie Group AG	CH, Volketswil	100.00
Laboratoires La Prairie SA	CH, Volketswil	100.00
Beiersdorf spol. s.r.o.	CZ, Prague	100.00
tesa tape s.r.o.	CZ, Prague	100.00
tesa A/S	DK, Birkerød	100.00
Beiersdorf A/S	DK, Copenhagen	100.00
Beiersdorf Manufacturing Argentona, S.L.	ES, Argentona	100.00
tesa tape, S.A.	ES, Argentona	100.00
La Prairie Group Iberia S.A.U.	ES, Madrid	100.00
Beiersdorf Holding SL	ES, Tres Cantos	100.00
Beiersdorf Manufacturing Tres Cantos SL	ES, Tres Cantos	100.00
Beiersdorf SA	ES, Tres Cantos	100.00

EUROPE (continued)

Name of the company	Registered office	Equity interest (in %)
Beiersdorf Oy	FI, Turku	100.00
tesa Oy	FI, Turku	100.00
La Prairie Group France S.A.S.	FR, Boulogne-Billancourt	100.00
Beiersdorf Holding France Sarl	FR, Paris	100.00
Beiersdorf s.a.s.	FR, Paris	99.91
tesa s.a.s.	FR, Savigny-le-Temple	100.00
BDF Medical Ltd.	GB, Birmingham	100.00
Beiersdorf UK Ltd.	GB, Birmingham	100.00
La Prairie (UK) Limited	GB, London	100.00
tesa UK Ltd.	GB, Milton Keynes	100.00
Beiersdorf Hellas AE	GR, Gerakas	100.00
tesa tape AE	GR, Gerakas	100.00
Beiersdorf d.o.o.	HR, Zagreb	100.00
Beiersdorf Kft.	HU, Budapest	100.00
Tartsay Beruházó Kft.	HU, Budapest	100.00
tesa tape Ragasztószalag Termelö ès Kereskedelmi Kft.	HU, Budapest	100.00
Beiersdorf ehf	IS, Reykjavik	100.00
Comet SpA	IT, Concagno Solbiate	100.00
Beiersdorf SpA	IT, Milan	100.00
La Prairie S.p.A.	IT, Milan	100.00
tesa SpA	IT, Vimodrone	100.00
Beiersdorf Kazakhstan LLP	KZ, Almaty	100.00
tesa tape UAB	LT, Vilnius	100.00
Guhl Ikebana Cosmetics B.V.	NL, Almere	10.00
Beiersdorf Holding B.V.	NL, Amsterdam	100.00
Beiersdorf NV	NL, Amsterdam	100.00
tesa Western Europe B.V.	NL, Amsterdam	100.00
tesa BV	NL, Hilversum	100.00
Beiersdorf AS	NO, Oslo	100.00
tesa AS	NO, Oslo	100.00
Beiersdorf Manufacturing Poznan Sp. z.o.o.	PL, Poznan	100.00
NIVEA Polska sp. z.o.o.	PL, Poznan	100.00
tesa tape Sp. z.o.o	PL, Poznan	100.00
Beiersdorf Portuguesa, Limitada	PT, Queluz	100.00
tesa Portugal – Produtos Adhesivos, Lda.	PT, Queluz	100.00
Beiersdorf Romania SRL	RO, Bucharest	100.00
tesa tape SRL	RO, Cluj-Napoca	100.00
Beiersdorf d.o.o. Beograd	RS, Belgrade	100.00
Beiersdorf LLC	RU, Moscow	100.00
La Prairie Group (RUS) LLC	RU, Moscow	100.00
tesa tape OOO	RU, Moscow	100.00
Beiersdorf Aktiebolag	SE, Gothenburg	100.00
Beiersdorf Nordic Holding AB	SE, Gothenburg	100.00
tesa AB	SE, Kungsbacka	100.00
Beiersdorf d.o.o.	SI, Ljubljana	100.00
tesa tape posrednisto in trgovina d.o.o.	SI, Ljubljana	100.00
Beiersdorf Slovakia, s.r.o.	SK, Bratislava	100.00
tesa Bant Sanayi ve Ticaret A.S.	TR, Istanbul	100.00
Beiersdorf Ukraine LLC	UA, Kiev	100.00

AMERICAS

Name of the company	Registered office	Equity interest (in %)
Beiersdorf S.A.	AR, Buenos Aires	100.00
tesa tape Argentina S.R.L.	AR, Buenos Aires	99.75
Beiersdorf S.R.L.	BO, Santa Cruz de la Sierra	100.00
tesa Brasil Limitada	BR, Curitiba	100.00
Beiersdorf Industria e Comercio Ltda.	BR, Itatiba	100.00
BDF NIVEA LTDA.	BR, São Paulo	100.00
Beiersdorf Canada Inc.	CA, Saint-Laurent	100.00
Beiersdorf Chile S.A.	CL, Santiago de Chile	100.00
Beiersdorf S.A.	CL, Santiago de Chile	100.00
tesa tape Chile S.A.	CL, Santiago de Chile	100.00
Beiersdorf S.A.	CO, Bogotá	100.00
tesa Tape Colombia Ltda	CO, Santiago de Cali	100.00
BDF Costa Rica, S.A.	CR, San José	100.00
Beiersdorf, SRL	DO, Santo Domingo	100.00
Beiersdorf S.A.	EC, Quito	100.00
BDF Centroamérica, S.A.	GT, Guatemala City	100.00
tesa tape Centro America S.A.	GT, Guatemala City	100.00
BDF Corporativo, S.A. de C.V.	MX, Mexico City	100.00
BDF México, S.A. de C.V.	MX, Mexico City	100.00
Technical Tape Mexico SA de CV	MX, Mexico City	100.00
tesa tape Mexico SRL de CV	MX, Mexico City	100.00
Beiersdorf Manufacturing México, S.A. de C.V.	MX, Silao	100.00
Beiersdorf Manufacturing México Servicios, S.A. de C.V.	MX, Silao	100.00
BDF Panamá S.A.	PA, Panama City	100.00
HUB LIMITED S.A.	PA, Panama City	100.00
Beiersdorf S.A.C.	PE, Lima	99.81
Beiersdorf S.A.	PY, Asunción	100.00
BDF El Salvador, S.A. de C.V.	SV, San Salvador	100.00
tesa tape inc.	US, Charlotte, NC	100.00
LaPrairie.com LLC	US, Edison, NJ	100.00
La Prairie, Inc.	US, New York City, NY	100.00
Beiersdorf, Inc.	US, Wilton, CT	100.00
Beiersdorf North America Inc.	US, Wilton, CT	100.00
Beiersdorf S.A.	UY, Montevideo	100.00
Beiersdorf S.A.	VE, Caracas	100.00

AFRICA / ASIA / AUSTRALIA

Name of the company	Registered office	Equity interest (in %)
Beiersdorf Middle East FZCO	AE, Dubai	100.00
Beiersdorf Near East FZ-LLC	AE, Dubai	100.00
Beiersdorf Australia Ltd	AU, North Ryde, NSW	100.00
La Prairie Group Australia Pty. Ltd.	AU, North Ryde, NSW	100.00
tesa tape Australia Pty. Ltd.	AU, Sydney, NSW	100.00
Beiersdorf Daily Chemical (Guangzhou) Co., Ltd.	CN, Guangzhou	100.00
La Prairie Hong Kong Ltd.	CN, Hong Kong	100.00
tesa tape (Hong Kong) Ltd.	CN, Hong Kong	100.00
La Prairie (Shanghai) Co. Ltd.	CN, Shanghai	100.00
NIVEA (Shanghai) Company Limited	CN, Shanghai	100.00
tesa (Shanghai) Trading Co. Ltd.	CN, Shanghai	100.00
tesa Plant (Suzhou) Co. Ltd.	CN, Suzhou	100.00
Beiersdorf Daily Chemical (Wuhan) Co., Ltd.	CN, Wuhan	100.00
Beiersdorf Personal Care (China) Co., Ltd.	CN, Xiantao	100.00
Beiersdorf Ghana Limited	GH, Accra	100.00
P.T. Beiersdorf Indonesia	ID, Jakarta	80.00
Beiersdorf India Pvt. Limited	IN, Mumbai	51.00
Nivea India Pvt. Ltd.	IN, Mumbai	100.00
tesa Tapes (India) Private Limited	IN, Navi Mumbai	100.00
Beiersdorf Holding Japan Yugen Kaisha	JP, Tokyo	100.00
La Prairie Japan K.K.	JP, Tokyo	100.00
Nivea-Kao Co., Ltd.	JP, Tokyo	60.00
tesa tape K.K.	JP, Tokyo	100.00
Beiersdorf East Africa Limited	KE, Nairobi	100.00
Alkynes Co. Ltd.	KR, Gyeonggi-do	25.01
Beiersdorf Korea Ltd.	KR, Seoul	100.00
La Prairie Korea Ltd	KR, Seoul	100.00
tesa tape Korea Ltd.	KR, Seoul	100.00
Beiersdorf S.A.	MA, Casablanca	100.00
tesa tape (Malaysia) Sdn. Bhd.	MY, Kajang	100.00
tesa tape Industries (Malaysia) Sdn. Bhd.	MY, Kajang	99.99
Beiersdorf (Malaysia) SDN. BHD.	MY, Petaling Jaya	100.00
Medical-Latex (DUA) SDN. BHD.	MY, Senai	100.00
Beiersdorf Philippines Incorporated	PH, Bonifacio Global City	100.00
Beiersdorf Singapore Pte Limited	SG, Singapore	100.00
Singapore Plastic Products Pte. Ltd.	SG, Singapore	100.00
tesa Plant (Singapore) Pte. Ltd.	SG, Singapore	100.00
tesa tape Asia Pacific Pte. Ltd.	SG, Singapore	100.00
Beiersdorf (Thailand) Co., Ltd.	TH, Bangkok	100.00
tesa tape (Thailand) Limited	TH, Bangkok	90.10
Nivea Beiersdorf Turkey Kozmetik Sanayi ve Ticaret A.S.	TR, Istanbul	100.00
NIVEA (Taiwan) Ltd.	TW, Taipei	100.00
Beiersdorf Vietnam LLC	VN, Ho Chi Minh City	100.00
Beiersdorf Consumer Products (Pty.) Ltd.	ZA, Umhlanga	100.00

Significant Acquisitions

The Beiersdorf Group did not make any significant acquisitions in the period under review.

Significant Divestments

The Beiersdorf Group did not make any significant divestments in the period under review.

Exercise of Exemption Options

The following German affiliates included in the consolidated financial statements of Beiersdorf AG exercised the exemption option under § 264 (3) *HGB* in fiscal year 2014:

- Beiersdorf Manufacturing Hamburg GmbH, Hamburg
- Beiersdorf Manufacturing Berlin GmbH, Berlin
- Beiersdorf Manufacturing Waldheim GmbH, Waldheim
- La Prairie Group Deutschland GmbH, Baden-Baden
- Produits de Beauté Logistik GmbH, Baden-Baden
- Produits de Beauté Produktions GmbH, Baden-Baden
- Beiersdorf Shared Services GmbH, Hamburg
- Phanex Handelsgesellschaft mbH, Hamburg

Notes to the Income Statement

01 Sales

Sales amounted to €6,285 million in fiscal year 2014 (previous year: €6,141 million). A breakdown of sales and their development can be found in the segment reporting and reporting by region sections of the management report.

02 Cost of Goods Sold

The inventories expensed in the reporting period correspond largely to the cost of goods sold for the fiscal year in the amount of €2,367 million (previous year: €2,255 million).

03 Marketing and Selling Expenses

Marketing and selling expenses were €2,604 million (previous year: €2,605 million). The item includes expenditure on advertising, retail (point of sale) marketing, and similar items amounting to €1,461 million (previous year: €1,495 million).

04 General and Administrative Expenses

General and administrative expenses amounted to €330 million in the past fiscal year (previous year: €312 million). This item comprises personnel expenses and other administration costs, as well as the cost of external services that are not allocated internally to other functions.

05 Other Operating Income

(IN € MILLION)

	2013	**2014**
Income from the reversal of provisions	75	77
Gains on disposals of plant and equipment and other assets	8	21
Miscellaneous other income	88	85
	171	**183**

Income from the reversal of provisions was due among other things to restructuring provisions that are no longer required and to the reassessment of litigation risks and of personnel-related and other provisions. €10 million of the gains from the disposal of plant and equipment and other assets were attributable to the sale to Beiersdorf's pension fund of office buildings held and used. Miscellaneous other income includes prior-period income and income from the reversal of valuation allowances on receivables, among other things.

06 Other Operating Expenses

(IN € MILLION)

	2013	2014
Exchange losses on operating activities	2	8
Restructuring expenses	24	19
Amortization and impairment of intangible assets	7	73
Losses on disposal of non-current assets	2	2
Miscellaneous other expenses	131	101
	166	**203**

Exchange losses on operating activities include a loss of €5 million (previous year: loss of €3 million) representing the net gain on the fair value measurement of derivative financial instruments that was previously recognized in other comprehensive income. Restructuring expenses were largely attributable to ongoing restructurings. The amortization and impairment losses on intangible assets related primarily to write-downs of €67 million on the Chinese hair care brands. Miscellaneous other expenses include additions to provisions for litigation and other risks, as well as miscellaneous other operating expenses.

07 Financial Result

(IN € MILLION)

	2013	2014
Interest income	23	32
Interest expense	–6	–7
Net pension result	–12	–12
Other financial result	–10	2
	–5	**15**

Interest income primarily results from the “cash and cash equivalents,” “securities,” and “non-current financial assets / securities” positions. The net income from held-to-maturity financial assets contained in this item amounted to €13 million (previous year: €13 million). This figure contains €9 million in interest income relating to a tax refund. Interest expense primarily results from financial liabilities. The net pension result contains expenses from unwinding the discount on the net pension obligation incurred in previous years. The other financial result contains currency gains and losses and effects resulting from net income from investments.

08 Income Taxes

Income tax expense including deferred taxes can be broken down as follows:

(IN € MILLION)

	2013	2014
Current income taxes		
Germany	110	100
International	165	220
	275	**320**
Deferred taxes	**–3**	**–46**
	272	**274**

RECONCILIATION TO EFFECTIVE TAX EXPENSE

Given an effective tax rate of 33.8% (previous year: 33.4%), the effective tax expense is €59 million (previous year: €57 million) higher 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 26.5% (previous year: 26.4%).

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

EFFECTIVE TAX EXPENSE (IN € MILLION)

	2013	2014
Expected tax expense given a tax rate of 26.5% (previous year: 26.4%)	215	215
Prior-year taxes	–2	29
Tax deductions due to tax-free income	–3	–5
Tax increases due to other non-deductible expenses	47	47
Tax decreases due to the utilization / recognition of previously unrecognized tax loss carryforwards	–1	–19
Tax increase due to non-recognition of tax loss carryforwards	7	14
Other tax effects	9	–7
Effective tax expense	**272**	**274**

No deferred tax assets have been recognized for tax loss carryforwards and unused tax credits of €151 million (previous year: €247 million), whose expiration dates are given below.

EXPIRATION DATES OF TAX LOSS CARRYFORWARDS AND UNUSED TAX CREDITS (IN € MILLION)

	Dec. 31, 2013	Dec. 31, 2014
Expiration date within		
1 year	24	15
2 years	45	44
3 years	52	20
more than 3 years	106	55
Unlimited carryforward period	20	17
	247	**151**

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. Given the positive assessments of future business development, it is assumed there is a reasonable probability that future taxable income will be sufficient to allow utilization of the deferred tax assets.

Deferred taxes relate to the following balance sheet items and matters:

ALLOCATION OF DEFERRED TAXES (IN € MILLION)

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014
Non-current assets	36	39	68	45
Inventories	24	24	–	–
Receivables and other current assets	12	12	16	18
Provisions for pensions and other post-employment benefits	6	27	65	12
Other provisions	38	42	24	23
Liabilities	53	60	2	2
Retained earnings	–	–	13	14
Loss carryforwards	18	36	–	–
	187	**240**	**188**	**114**
Offset deferred taxes	–54	–45	–54	–45
Deferred taxes recognized in the balance sheet	**133**	**195**	**134**	**69**

The deferred taxes recognized in the balance sheet include a cumulative amount of €141 million (previous year: €62 million) recognized as an increase in equity in other comprehensive income. This resulted from income of €145 million (previous year: €68 million) from the remeasurement of defined benefit obligations, an income of €2 million (previous year: expense of €2 million) from the fair value measurement of cash flow hedges, and an expense of €6 million (previous year: €4 million) from the fair value measurement of available-for-sale financial assets. Consequently, deferred taxes in the amount of €79 million (previous year: €–2 million) were recognized in other comprehensive income in the fiscal year.

Deferred taxes are not recognized for retained earnings at foreign affiliates, as these profits are intended to be reinvested indefinitely in those operations from today's perspective. Where distributions are planned, their tax consequences are deferred. The liability is calculated based on the withholding tax rates applicable in each case, taking into account the German tax rate applicable to distributed corporate dividends, where appropriate. Deferred tax liabilities of €14 million (previous year: €13 million) were recognized for this in the reporting period.

09 Basic / Diluted Earnings per Share

Earnings per share for 2014 amounted to €2.33 (previous year: €2.35). The basis for the calculation is the profit after tax excluding profit attributable to non-controlling interests. Beiersdorf AG holds 25,181,016 treasury shares (unchanged). These were deducted from the total of 252,000,000 shares when calculating earnings per share, which resulted in earnings being calculated on the unchanged basis of 226,818,984 shares. As there are no outstanding financial instruments that can be exchanged for shares, there is no difference between diluted and basic earnings per share.

Notes to the Balance Sheet

10 Intangible Assets

COST (IN € MILLION)

	Finite-lived intangible assets	Indefinite-lived intangible assets	Goodwill	Total
Opening balance Jan. 1, 2013	**390**	**151**	**249**	**790**
Currency translation adjustment	–4	–	–10	–14
Additions	10	–	–	10
Disposals	–24	–	–	–24
Transfers	1	–	–	1
Closing balance Dec. 31, 2013/Opening balance Jan. 1, 2014	**373**	**151**	**239**	**763**
Currency translation adjustment	4	–	3	7
Additions	18	–	–	18
Disposals	–9	–	–163	–172
Transfers	6	–	–	6
Closing balance Dec. 31, 2014	**392**	**151**	**79**	**622**

AMORTIZATION / IMPAIRMENT LOSSES (IN € MILLION)

	Finite-lived intangible assets	Indefinite-lived intangible assets	Goodwill	Total
Opening balance Jan. 1, 2013	**359**	**63**	**183**	**605**
Currency translation adjustment	–1	–	–7	–8
Additions	14	–	–	14
Disposals	–24	–	–	–24
Transfers	–	–	–	–
Closing balance Dec. 31, 2013/Opening balance Jan. 1, 2014	**348**	**63**	**176**	**587**
Currency translation adjustment	3	–	2	5
Additions	12	67	3	82
Disposals	–8	–	–163	–171
Transfers	–	–	–	–
Closing balance Dec. 31, 2014	**355**	**130**	**18**	**503**

CARRYING AMOUNTS (IN € MILLION)

	Finite-lived intangible assets	Indefinite-lived intangible assets	Goodwill	Total
Dec. 31, 2013	**25**	**88**	**63**	**176**
Dec. 31, 2014	**37**	**21**	**61**	**119**

INDEFINITE LIVED INTANGIBLE ASSETS

The indefinite-lived intangible assets include the Chinese hair care brands that were acquired when the shares of the Beiersdorf Hair Care China Group were purchased. These have been recognized with an indefinite useful life since it is planned to continue using them for an unlimited period.

The Chinese business was revalued in the third quarter of 2014 due to the current negative trend on the Chinese hair care market. The measurement parameters were also adjusted. As a result, the hair care brands were written down by €67 million, to €21 million.

The value of the Beiersdorf Hair Care China's trademarks was calculated on the basis of fair value less costs to sell derived from the relief from royalty method, which was higher than the corresponding value in use. Costs to sell were assumed to be 1.0% of the brand value (previous year: 1.0%). The calculation was based on a discount rate of 8.8% (previous year: 9.6%). The royalty rate was reduced to 1.5% of sales due to the trend in sales and market share (previous year: 4.0%). The growth rate outside the planning horizon (growth discount) was cut to 1.0% (previous year: 2.0%) in line with the easing growth rate in the market in which the company operates. The asset has been allocated to the Consumer Business Segment.

If the actual performance of the Chinese hair care business is lower or higher than the assumptions used in the calculation, it may be necessary to charge impairment losses or reversals of impairment losses on Beiersdorf Hair Care China's trademarks in the future.

GOODWILL

The carrying amounts of goodwill decreased by €2 million compared with the previous year to €61 million (previous year: €63 million).

Goodwill primarily comprises the goodwill of €49 million (previous year: €48 million) attributable to Beiersdorf AG (Switzerland) and the goodwill of €12 million (previous year: €12 million) attributable to NIVEA Beiersdorf Turkey (Turkey). The goodwill is attributable in full to the Consumer Business Segment. Goodwill that had been written off in full was derecognized in the current fiscal year.

For the purpose of impairment testing, goodwill resulting from business combinations is allocated to the cash-generating units of the Group that are to profit from the synergy effects of the business combination, starting at the acquisition date. The cash-generating units for the items of goodwill mentioned above correspond to the respective legal units.

The recoverable amounts of the cash-generating units were determined using cash flow projections based on the calculation of the value in use for Beiersdorf AG (Switzerland) and the fair value less costs to sell of NIVEA Beiersdorf Turkey (Turkey). Expected costs to sell were assumed to be 1.0% of the fair value (previous year: 1.0%). The estimated future cash flows used for impairment testing are based on the financial planning, with a planning horizon of three years being used in the case of Beiersdorf AG (Switzerland) and of eight years for NIVEA Beiersdorf Turkey (Turkey). Cash flows outside the planning period are extrapolated using individual growth rates, taking relevant market information into account. The growth rate outside the planning horizon (growth discount) for Beiersdorf AG (Switzerland) was 1.0% (previous year: 1.0%). The weighted average discount rate before tax used to discount the estimated cash flows was 6.5% (previous year: 6.6%). In the case of NIVEA Beiersdorf Turkey (Turkey), a growth rate outside the planning horizon (growth discount) of 2.0% (previous year: 2.0%) and a discount rate after tax of 13.6% (previous year: 13.7%) were assumed. Based on the inputs to the valuation techniques used, the fair value measurement was classified as a Level 3 fair value in accordance with IFRS 13.

Planning for the cash-generating units is based on assumptions regarding the significant estimation parameters. The latter included gross margins, discount rates, commodity price trends, market share, and growth rates.

The impairment tests performed on the goodwill allocated to Beiersdorf AG (Switzerland) and NIVEA Beiersdorf Turkey (Turkey) did not reveal any evidence of impairment. In the case of both cash-generating units, the Group assumes that, although changes in these parameters are possible in principle in line with reasonable estimates, the recoverable amount will exceed the carrying amount of the goodwill.

As in the previous year, no internally generated intangible assets were recognized in the fiscal year under review, since the conditions for recognition set out in IAS 38 "Intangible Assets" were not met for the development projects.

11 Property, Plant, and Equipment

COST (IN € MILLION)

	Land, land rights and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Opening balance Jan. 1, 2013	**681**	**762**	**512**	**65**	**2,020**
Currency translation adjustment	–9	–9	–11	–5	–34
Additions	10	29	44	134	217
Disposals	–28	–39	–51	–5	–123
Transfers	–	15	12	–29	–2
Closing balance Dec. 31, 2013/Opening balance Jan. 1, 2014	**654**	**758**	**506**	**160**	**2,078**
Currency translation adjustment	9	7	5	2	23
Additions	63	49	64	107	283
Disposals	–15	–16	–27	–2	–60
Transfers	3	17	10	–36	–6
Closing balance Dec. 31, 2014	**714**	**815**	**558**	**231**	**2,318**

DEPRECIATION / IMPAIRMENT LOSS (IN € MILLION)

	Land, land rights and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Opening balance Jan. 1, 2013	**367**	**568**	**397**	**3**	**1,335**
Currency translation adjustment	–4	–6	–9	–1	–20
Additions	20	34	40	–2	92
Disposals	–27	–38	–49	–	–114
Transfers	–	–	–	–	–
Closing balance Dec. 31, 2013/Opening balance Jan. 1, 2014	**356**	**558**	**379**	**–**	**1,293**
Currency translation adjustment	4	3	4	–	11
Additions	18	39	40	–	97
Disposals	–9	–12	–24	–	–45
Transfers	–	–1	–1	–	–2
Closing balance Dec. 31, 2014	**369**	**587**	**398**	**–**	**1,354**

CARRYING AMOUNTS (IN € MILLION)

	Land, land rights and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Dec. 31, 2013	**298**	**200**	**127**	**160**	**785**
Dec. 31, 2014	**345**	**228**	**160**	**231**	**964**

The carrying amounts of property, plant, and equipment amounted to €964 million (previous year: €785 million). Investments in property, plant, and equipment totaled €283 million (previous year: €217 million). Capital expenditures primarily related to the new Consumer facility in Mexico and tesa's new headquarters. Depreciation and impairment losses amounted to €97 million (previous year: €92 million).

12 Inventories

(IN € MILLION)

	Dec. 31, 2013	**Dec. 31, 2014**
Raw materials, consumables, and supplies	150	164
Work in progress	50	52
Finished goods and merchandise	525	560
Advance payments	8	10
	733	**786**

Inventories increased by €53 million compared with the previous year to €786 million, €115 million of which (previous year: €111 million) was carried at net realizable value. Write-downs of inventories amounted to €61 million as of the reporting date (previous year: €58 million).

13 Trade Receivables

(IN € MILLION)

	Dec. 31, 2013	**Dec. 31, 2014**
Carrying amount	**1,102**	**1,275**
Of which neither individually impaired nor past due	982	1,132
Of which past due but not individually impaired	105	132
1 to 30 days	81	100
31 to 60 days	6	10
61 to 90 days	2	–
91 to 120 days	4	6
more than 120 days	12	16

The trade receivables are classified as "loans and receivables" in accordance with IAS 39. Write-downs of doubtful receivables entail estimates and as-sessments of individual receivables, which are based on the credit quality of the individual customers, current economic developments, and analyses of historical defaults. The following changes in specific valuation allowances on trade receivables were recorded:

CHANGES IN SPECIFIC VALUATION ALLOWANCES (IN € MILLION)

	2013	**2014**
as of Jan. 1	**14**	**20**
Currency translation adjustment	1	1
Additions	11	6
Utilized	–1	–1
Reversals	–5	–6
as of Dec. 31	**20**	**20**

14 Securities

In total, the Beiersdorf Group holds €1,603 million (previous year: €1,585 million) in government and corporate bonds, commercial paper, near-money market retail funds, and equity funds. All bonds are listed. Securities with a carrying amount of €562 million (previous year: €791 million) are expected to be realized within 12 months after the reporting date; securities with a carrying amount of €1,041 million (previous year: €794 million) are expected to be realized more than 12 months after the reporting date. The majority of the government and corporate bonds and commercial paper are assigned to the "held to maturity" (HtM) category, while the near-money market retail funds, the equity funds, and certain government bonds are assigned to the "available for sale" (AfS) category. Please refer to Note 27 "Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments."

15 Cash and Cash Equivalents

(IN € MILLION)

	Dec. 31, 2013	**Dec. 31, 2014**
Cash	880	899
Cash equivalents	104	77
	984	**976**

Cash comprises bank balances, cash-on-hand, and checks. Cash equivalents are short-term liquid investments, such as overnight funds and money market funds, that can be converted into cash at any time and are exposed to no more than insignificant fluctuations in value.

16 Capital Management Disclosures

The Beiersdorf Group aims to sustainably secure its capital base and generate an appropriate return on its invested capital. As of December 31, 2014, the equity ratio was 58% (previous year: 59%), while the EBIT return on average net operating capital was 50% (previous year: 64%). The total dividends distributed in fiscal year 2014 amounted to €168 million (previous year: €165 million). In the case of the dividend of €159 million (previous year: €159 million) paid by Beiersdorf AG, this corresponds to a distribution of €0.70 per no-par value share bearing dividend rights (previous year: €0.70).

17 Share Capital

The share capital amounts to €252 million (previous year: €252 million) and is composed of 252 million no-par value bearer shares, each with a equal share of the company's share capital. Since the settlement of the share buyback program on February 3, 2004, and following implementation of the share split in 2006, Beiersdorf Aktiengesellschaft has held 25,181,016 no-par value shares, corresponding to 9.99% of the company's share capital.

18 Authorized Capital

The Annual General Meeting on April 29, 2010, authorized the Executive Board, with the approval of the Supervisory Board, to increase the share capital in the period until April 28, 2015, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 million) by issuing new bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) *Aktiengesetz* (German Stock Corporation Act, *AktG*).

Shareholders shall be granted preemptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive 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 Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, rights to subscribe for 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. If the total amount of share capital attributable to the new shares for which preemptive rights are to be disapplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or, in the event that this amount is lower, at the time the new shares are issued and the issue price is not materially lower than the quoted market price of the 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. In the context of the restriction of this authorization to a total of 10% of the share capital, those shares must be included for which the preemptive rights of shareholders have been disapplied since April 29, 2010, in accordance with § 186 (3) sentence 4 *AktG* when the authorization to sell own shares is utilized and/or when the authorization to issue convertible bonds and/or bonds with warrants is utilized (Authorized Capital II);

4. In the case of capital increases against non-cash contributions for the purpose of acquiring companies, business units of companies, or equity interests in companies (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.

19 Contingent Capital

In addition, the Annual General Meeting on April 29, 2010, resolved to contingently increase the share capital by up to a total of €42 million, composed of up to 42 million no-par value bearer shares. In accordance with the resolution by the Annual General Meeting, the contingent capital increase will be implemented only if:

1. The holders or creditors of conversion and/or option rights attached to convertible bonds and/or bonds with warrants issued in the period until April 28, 2015, by Beiersdorf Aktiengesellschaft, 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 April 28, 2015, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation, and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

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

The Executive Board was authorized to determine the further details of the implementation of a contingent capital increase.

20 Additional Paid-in Capital

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

21 Retained Earnings

Retained earnings comprise the net profit for the fiscal year and undistributed profits generated in prior periods by companies included in the consolidated financial statements. In addition, this item contains the actuarial gains and losses on remeasurements of defined benefit pension plans in previous years. The retained earnings are reduced by the cost of the 25,181,016 treasury shares held by Beiersdorf AG amounting to €955 million.

22 Accumulated Other Comprehensive Income

CURRENCY TRANSLATION ADJUSTMENT

The currency translation adjustment equity account serves to recognize differences resulting from the translation of the financial statements of affiliates that do not have the euro as their functional currency.

DIFFERENCE FROM THE FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The equity account for the fair value measurement of financial instruments contains the changes in the fair value of financial derivatives designated as hedging instruments of €–3 million (previous year: €3 million), and changes in the fair value of available-for-sale financial instruments in the amount of €13 million (previous year: €10 million), which are recognized in other comprehensive income after deduction of deferred taxes.

23 Dividends

Under German stock corporation law, dividends are distributed from the net retained profits reported in the single-entity financial statements of Beiersdorf AG. The Executive Board and Supervisory Board will propose a dividend of €0.70 per share bearing dividend rights to the Annual General Meeting. The proposed distribution must be approved by the shareholders at the Annual General Meeting and therefore is not reported as a liability in the consolidated financial statements.

In accordance with the resolution by the Annual General Meeting on April 17, 2014, a dividend of €0.70 per no-par value share bearing dividend rights was distributed in 2014 from the net retained profits for fiscal year 2013.

24 Provisions for Pensions and Other Post-employment Benefits

Group companies provide retirement benefits under both defined contribution and defined benefit plans. With the exception of the net interest income, the defined benefit and defined contribution expenses are included in the costs of the respective functions. Unwinding of the discount on the net pension obligation that was incurred in previous years is reported in the financial result.

Defined contribution expenses also contain contributions to statutory or state pension insurance funds. There was no material income or expense from the termination of pension plans or the curtailment and transfer of pension benefits in the year under review.

PENSION BENEFIT EXPENSES (IN € MILLION)

	2013			2014		
	Germany	Other countries	Group	Germany	Other countries	Group
Current service cost	23	8	31	22	8	30
Past service cost	–	–	–	–	–1	–1
Defined benefit expense (EBIT)	**23**	**8**	**31**	**22**	**7**	**29**
Net interest income attributable to defined benefit plans (pension expense (+)/pension income (–))	**11**	**1**	**12**	**12**	**–**	**12**
Total expenses for defined benefit plans	**34**	**9**	**43**	**34**	**7**	**41**
Defined contribution expense (EBIT)	29	18	47	32	18	50
Total pension benefit expense	**63**	**27**	**90**	**66**	**25**	**91**

DEFINED BENEFIT PENSION PLANS

The structure of the plans varies depending on the legal, economic, and tax situation in the country in question, and the plans are generally based on the employees' length of service, salary, and status, as well as their own contributions. The largest plans are to be found at the German companies.

International defined benefit plans are largely spread across the following countries: the Netherlands, the United Kingdom, Switzerland, and the USA. The present value of the defined benefit obligations and the balance sheet provisions were attributable to Germany and the other countries as follows as of the reporting date:

RECOGNIZED PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (IN € MILLION)

	Dec. 31, 2013			Dec. 31, 2014		
	Germany	Other countries	Group	Germany	Other countries	Group
Present value of defined benefit obligations	1,026	229	1,255	1,278	276	1,554
Fair value of plan assets	–663	–214	–877	–681	–256	–937
Net obligation	**363**	**15**	**378**	**597**	**20**	**617**
Amounts not recognized due to asset ceiling	–	–	–	–	1	1
Other recognized amounts	–	10	10	–	9	9
Recognized provisions for pensions and other post-employment benefits	**363**	**25**	**388**	**597**	**30**	**627**

A majority of the defined benefit obligations within the Beiersdorf Group relate to employees in Germany. These are primarily obligations in relation to retirement pensions, disability pensions, and surviving dependents' pensions granted as a supplement to the statutory pension insurance. Pension commitments in Germany largely consist of direct and indirect commitments by Beiersdorf AG and direct commitments by tesa SE. The benefits depend on the employees' length of service and their average salary over the three years immediately preceding the date on which the pension becomes payable. The pension payments to the beneficiaries are adjusted for inflation by at least 1% per annum; this is performed annually in some cases or at the latest every three years.

Defined benefit obligations are funded exclusively by employer payments. Although there is no minimum funding requirement in Germany, both Beiersdorf AG and tesa SE have transferred plan assets to a separate entity. In addition, the benefit plans are protected against the consequences of insolvency in accordance with the *Gesetz zur Verbesserung der betrieblichen Altersversorgung* (*BetrAVG*, German Occupational Pensions Improvement Act); annual contributions are made to the *Pensions-Sicherungs-Verein* (German Pension Protection Fund) for this.

Beiersdorf AG has transferred plan assets to an entity with the legal form of a foundation (TROMA Alters- und Hinterbliebenenstiftung, Hamburg). The board of trustees of the foundation is composed of representatives of the company and of the Works Council. The board of trustees delegates the setting and implementation of the investment strategy to an investment committee and reviews it at regular intervals. The investment committee also consists of company representatives and members of the Works Council.

tesa SE's plan assets are invested and managed by an independent trustee via a contractual trust agreement (CTA). An investment committee consisting of representatives of the company and of the Works Council sets the investment strategy. Portfolio performance and the current situation are analyzed at regular intervals and, where necessary, the investment strategy is amended to reflect changed conditions.

To mitigate the risk of changes in capital market conditions and demographic developments, the old pension plans were closed to tesa employees in 2005 and to Beiersdorf employees in 2008. Employees joining the companies after this date can join employee-financed benefit plans. Under these plans, they can save part of their pensionable pay and also receive an employer contribution.

The plan assets are invested and managed by independent trustees via a contractual trust agreement (CTA). The employer guarantees a minimum return on contributions of 3.25% per annum until retirement. The pension can be paid in the form of an annuity or as a lump sum.

The expenses for defined benefit plans and the present value of pension commitments are determined on the basis of actuarial calculations.

Measurement is based on the following assumptions:

ACTUARIAL ASSUMPTIONS (IN %)

	2013		**2014**	
	Germany	Other countries	**Germany**	**Other countries**
Discount rates	3.50	3.53	2.15	2.64
Projected wage and salary growth	3.49	2.75	3.49	2.68
Projected pension growth	2.01	2.00	1.75	2.05
Projected staff turnover	2.12	8.54	2.13	5.82

The figures given are averages. The local parameters were weighted using the present values of the relevant defined benefit obligations.

During the period under review, the present value of the defined benefit obligations changed as follows:

CHANGE IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS (IN € MILLION)

	2013			**2014**		
	Germany	Other countries	Group	**Germany**	**Other countries**	**Group**
Present value of defined benefit obligations, opening balance	986	237	1,223	1,026	229	1,255
Current service cost	23	8	31	22	8	30
Net interest expense	34	8	42	35	8	43
Actuarial gains (–) and losses (+)	18	–10	8	229	34	263
of which experience adjustments	–3	–1	–4	1	1	2
of which due to changes in financial assumptions	21	–9	12	227	36	263
of which due to changes in demographic assumptions	–	–	–	1	–3	–2
Contributions by plan participants	5	–8	–3	6	1	7
Pension benefits paid	–40	–6	–46	–40	–10	–50
Currency translation adjustment	–	1	1	–	7	7
Other changes	–	–1	–1	–	–1	–1
Present value of defined benefit obligations, closing balance	**1,026**	**229**	**1,255**	**1,278**	**276**	**1,554**

The funded status of the present value of the Group's defined benefit obligations as of the reporting date was as follows:

FUNDED STATUS OF PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS (IN € MILLION)

	Dec. 31, 2013			**Dec. 31, 2014**		
	Germany	Other countries	Group	**Germany**	**Other countries**	**Group**
Partly or wholly funded defined benefit obligations	1,019	216	1,235	1,271	261	1,532
Unfunded defined benefit obligations	7	13	20	7	15	22
Present value of defined benefit obligations	**1,026**	**229**	**1,255**	**1,278**	**276**	**1,554**

The change in plan assets during the period under review was as follows:

CHANGES IN FAIR VALUE OF PLAN ASSETS (IN € MILLION)

	2013			2014		
	Germany	Other countries	Group	Germany	Other countries	Group
Fair value of plan assets, opening balance	646	202	848	663	214	877
Return on plan assets	23	7	30	23	8	31
Actuarial gains (+) and losses (–)	–7	7	–	–6	27	21
Actual return on plan assets	**16**	**14**	**30**	**17**	**35**	**52**
Employer contributions	6	8	14	5	6	11
Contributions by plan participants	3	2	5	4	2	6
Pension benefits paid	–8	–7	–15	–8	–8	–16
Currency translation adjustment	–	–5	–5	–	8	8
Other changes	–	–	–	–	–1	–1
Fair value of plan assets, closing balance	**663**	**214**	**877**	**681**	**256**	**937**

In fiscal year 2015, employer additions to plan assets are expected to amount to €10 million. The breakdown of the plan assets as of the reporting date was as follows:

CATEGORIES OF FAIR VALUE OF PLAN ASSETS (IN € MILLION)

	Dec. 31, 2013			Dec. 31, 2014		
	Germany	Other countries	Group	Germany	Other countries	Group
Equity instruments	158	65	223	155	73	228
Debt instruments	368	117	485	383	156	539
Real estate	41	15	56	96	17	113
Cash and cash equivalents	94	5	99	44	7	51
Other	2	12	14	3	3	6
Fair value of plan assets	**663**	**214**	**877**	**681**	**256**	**937**

The plan assets serve exclusively to meet the benefit obligations. The funding provided for these benefit obligations represents a provision for future cash outflows. The overarching investment policy and investment strategy are based on the goal of generating a return on plan assets in the medium term which, taken together with the contributions, is sufficient to meet the pension obligations. The plan assets are invested in a variety of different asset classes so as to avoid risk clusters.

The equity instruments comprise investments in equity funds and direct investments. In general, these have quoted market prices in a liquid market. Passive index tracker equities funds may contain a limited number of Beiersdorf shares. No Beiersdorf shares are held directly. Of the equity instruments in Germany, 86% are attributable to the mature markets and 14% to the growth markets.

Debt instruments may comprise investments in funds and direct investments in bonds. In general, these have quoted market prices in a liquid market. In Germany 38% are attributable to corporate bonds and 62% to government bonds.

The real estate consists of residential and commercial properties. Investments can take the form of both investments in listed real estate funds and directly held properties. Directly held properties are valued annually using expert appraisals. The portfolio included buildings held and used in the amount of €12 million as of the reporting date.

Cash and cash equivalents comprise both cash at banks and units in money market funds.

The following overview provides a breakdown of the weighted average duration of the present values of the defined benefit obligations and a maturity analysis of expected pension payments:

DURATION AND MATURITY ANALYSIS

	Dec. 31, 2013			**Dec. 31, 2014**		
	Germany	Other countries	Group	**Germany**	**Other countries**	**Group**
Duration of the present value of the pension obligations (in years)	**16**	**17**	**16**	**15**	**17**	**16**
Maturity analysis of the expected pension payments (in € million)						
up to 1 year	41	7	48	42	7	49
more than 1 and up to 2 years	43	7	50	42	7	49
more than 2 and up to 5 years	133	22	155	134	23	157
more than 5 and up to 10 years	242	46	288	244	43	287

The following sensitivity analysis shows the effect of individual changes in assumptions on the present value of the defined benefit obligations:

SENSITIVITY OF THE DEFINED BENEFIT OBLIGATIONS (IN € MILLION)

Change in present value of defined benefit obligations

	Dec. 31, 2013			**Dec. 31, 2014**		
	Germany	Other countries	Group	**Germany**	**Other countries**	**Group**
Discount rate						
+0.50%	–75	58	–17	–101	–20	–121
–0.50%	85	–67	18	116	22	138
Projected wage and salary growth						
+0.25%	4	–3	1	7	1	8
–0.25%	–	3	3	–6	–1	–7
Projected pension growth						
+0.25%	24	–20	4	31	4	35
–0.25%	–23	20	–3	–30	–2	–32
Projected staff turnover						
+0.25%	–1	–	–1	–1	–	–1
–0.25%	1	–	1	1	–	1
Life expectancy						
Increase of one year	39	–34	5	51	5	56
Decrease of one year	–37	33	–4	–49	–5	–54

The sensitivity analysis is based on realistic potential changes as of the end of the reporting period. It was performed using a methodology that extrapolates the effect of realistic changes in the key assumptions at the end of the reporting period on the defined benefit obligation. Each change in the key actuarial assumptions was analyzed separately. No interdependencies were taken into account.

25 Other Provisions

(IN € MILLION)

	Personnel expenses	Marketing and selling expenses	Restructuring	Miscellaneous	Total
Opening balance Jan. 1, 2014	**169**	**137**	**17**	**286**	**609**
Of which non-current	*37*	*1*	–	*44*	*82*
Currency translation adjustment	4	11	–1	7	21
Additions	146	104	2	109	361
Utilized*	108	125	8	134	375
Reversals	17	11	5	44	77
Closing balance Dec. 31, 2014	**194**	**116**	**5**	**224**	**539**
Of which non-current	*48*	–	–	*25*	*73*

* The miscellaneous other provisions utilized include a reclassification to other provisions.

Provisions for personnel expenses primarily comprise provisions for annual bonuses, vacation pay, anniversary payments, and severance agreements. The provisions for marketing and selling expenses relate in particular to cooperative advertising allowances and returns. The miscellaneous other provisions include provisions for patent risks amounting to €19 million (previous year: €31 million) and for risks relating to other legal disputes of €62 million (previous year: €128 million); these mainly relate to disputes with antitrust and other authorities.

26 Liabilities

The contractually agreed undiscounted interest payments on and repayments of non-current liabilities (not including deferred taxes) are as follows:

NON-CURRENT LIABILITIES (IN € MILLION)

2013	Non-current financial liabilities	Other non-current liabilities	Total
Contractual maturities			
2015–2018	5	1	6
After 2018	1	2	3
Carrying amount Dec. 31, 2013	**5**	**3**	**8**
2014			
Contractual maturities			
2016–2019	1	1	2
After 2019	–	2	2
Carrying amount Dec. 31, 2014	**1**	**3**	**4**

Non-current financial liabilities include financial instruments of €1 million (previous year: €5 million) assigned to the “other financial liabilities” (OFL) category.

The following table gives a breakdown of current liabilities:

CURRENT LIABILITIES (IN € MILLION)

	Dec. 31, 2013	Dec. 31, 2014
Trade payables (OFL)	**973**	**1,022**
Other current financial liabilities	**104**	**135**
Other financial liabilities (OFL)	94	112
Negative fair value of derivatives (DFI)	10	23
Other current liabilities	**90**	**164**
Other tax liabilities	71	73
Social security liabilities	11	11
Other miscellaneous liabilities	8	80
	1,167	**1,321**

Other financial liabilities primarily relate to short-term bank loans amounting to €52 million (previous year: €40 million) as well as other financial obligations in the amount of €60 million (previous year: €54 million). The other miscellaneous liabilities include liabilities arising from antitrust proceedings. As the current liabilities have remaining contractual maturities of less than 12 months as of the reporting date, their carrying amounts at the balance sheet date correspond approximately to their fair value.

27 Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments

The following table shows the carrying amounts and fair values of the Group's financial instruments:

(IN € MILLION)

		Measurement category under IAS 39			
2013	Carrying amount Dec. 31	Amortized cost	Fair value recognized in OCI	Fair value through profit or loss	**Fair value Dec. 31**
Assets					
Loans and receivables (LaR)	*2,176*	*2,176*	–	–	*2,176*
Non-current financial assets	7	7	–	–	7
Trade receivables	1,102	1,102	–	–	1,102
Other current financial assets	83	83	–	–	83
Cash and cash equivalents	984	984	–	–	984
Available-for-sale financial assets (AfS)	*304*	*3*	*301*	–	*304*
Non-current financial assets	3	3	–	–	3
Securities	301	–	301	–	301
Held-to-maturity financial investments (HtM)	*1,284*	*1,284*	–	–	*1,286*
Securities	1,284	1,284	–	–	1,286
Derivative financial instruments used for hedges (DFI)	*13*	–	*10*	*3*	*13*
Liabilities					
Other financial liabilities (OFL)	*1,072*	*1,072*	–	–	*1,072*
Non-current financial liabilities	5	5	–	–	5
Trade payables	973	973	–	–	973
Other current financial liabilities	94	94	–	–	94
Derivative financial instruments used for hedges (DFI)	*7*	–	*5*	*2*	*7*
Derivative financial instruments not included in a hedging relationship (FVPL)	*3*	–	–	*3*	*3*

2014					
Assets					
Loans and receivables (LaR)	*2,345*	*2,345*	–	–	*2,345*
Non-current financial assets	8	8	–	–	8
Trade receivables	1,275	1,275	–	–	1,275
Other current financial assets	86	86	–	–	86
Cash and cash equivalents	976	976	–	–	976
Available-for-sale financial assets (AfS)	*334*	*10*	*324*	–	*334*
Non-current financial assets	10	10	–	–	10
Securities	324	–	324	–	324
Held-to-maturity financial investments (HtM)	*1,279*	*1,279*	–	–	*1,352*
Securities	1,279	1,279	–	–	1,352
Derivative financial instruments used for hedges (DFI)	*19*	–	*16*	*3*	*19*
Derivative financial instruments not included in a hedging relationship (FVPL)	*3*	–	–	*3*	*3*
Liabilities					
Other financial liabilities (OFL)	*1,135*	*1,135*	–	–	*1,135*
Non-current financial liabilities	1	1	–	–	1
Trade payables	1,022	1,022	–	–	1,022
Other current financial liabilities	112	112	–	–	112
Derivative financial instruments used for hedges (DFI)	*23*	–	*21*	*2*	*23*

The following overview shows the IFRS 13 fair value hierarchy levels used to classify financial instruments that are measured at fair value on a recurring basis.

(IN € MILLION)

	Fair value hierarchy under IFRS 13			
Dec. 31, 2013	Level 1	Level 2	Level 3	**Total**
Assets				
Available-for-sale financial assets (AfS)	*301*	–	–	*301*
Securities	301	–	–	301
Derivative financial instruments used for hedges (DFI)	–	*13*	–	*13*
Liabilities				
Derivative financial instruments used for hedges (DFI)	–	*7*	–	*7*
Derivative financial instruments not included in a hedging relationship (FVPL)	–	*3*	–	*3*
Dec. 31, 2014				
Assets				
Available-for-sale financial assets (AfS)	*324*	–	–	*324*
Securities	324	–	–	324
Derivative financial instruments used for hedges (DFI)	–	*19*	–	*19*
Derivative financial instruments not included in a hedging relationship (FVPL)	–	*3*	–	*3*
Liabilities				
Derivative financial instruments used for hedges (DFI)	–	*23*	–	*23*

In the Beiersdorf Group, securities carried at fair value are allocated to fair value hierarchy Level 1 and are measured at quoted prices on the balance sheet date.

Derivative financial instruments are assigned to fair value hierarchy Level 2. The fair values of currency forwards are calculated using the exchange rate as of the reporting date and discounted to the reporting date on the basis of their respective yield curves.

No transfers between hierarchy levels took place in the fiscal year.

Financial instruments that are not measured at fair value predominantly have remaining contractual maturities of less than 12 months as of the reporting date. Therefore, their carrying amounts at the balance sheet date correspond approximately to their fair value. Securities classified as “held to maturity (HtM)” are an exception. The fair values for this item have been assigned to fair value hierarchy Level 1.

RISK MANAGEMENT PRINCIPLES

As a result of its operations, the Beiersdorf Group is exposed to various risks such as currency risk, interest rate risk, and default risk.

Derivative financial instruments are used to hedge the operational business and material financial transactions. The transactions are conducted exclusively with marketable instruments. IFRS 7 requires sensitivity analyses, which show the effects of hypothetical changes in relevant risk variables on profit or loss and equity, to be used in presenting market risk. For the Beiersdorf Group, this mainly relates to currency risk. The effects are ascertained by applying the hypothetical changes in risk variables to the portfolio of financial instruments as of the balance sheet date. It is assumed that the portfolio at the reporting date is representative for the year as a whole.

CURRENCY RISK

Currency risk is the risk of fluctuations in the fair value or future cash flows of a financial instrument as a result of changes in exchange rates.

Currency risk within the meaning of IFRS 7 arises through monetary financial instruments that are reported in a currency other than the functional currency. Exchange rate differences arising from the translation of financial statements of affiliates into the Group currency are not included. Relevant risk variables are therefore basically all non-functional currencies in which financial instruments are held by the Beiersdorf Group. As a result of the Beiersdorf Group's international orientation and emphasis on the eurozone, the euro serves as the key currency. Consequently, the Beiersdorf Group is exposed to risks through financing measures and operational activities when other currencies fluctuate against the euro.

As a matter of principle, currency risks relating to cross-border intragroup financing are hedged centrally in full and at matching maturities using currency forwards (fair value hedges). Owing to these hedging activities, the Beiersdorf Group is not exposed to any significant currency risks in its financing activities as of the balance sheet date. Gains and losses on these currency forwards are offset in full by gains and losses on the hedged items.

With regard to operations, a majority of cash flows in non-functional currencies in the Beiersdorf Group are generally hedged up to 36 months in advance using standard currency forwards. These transactions are recorded, measured, and managed centrally in the treasury management system. As a result, the Beiersdorf Group is not exposed to any significant currency risks in its operations as of the balance sheet date.

Since material non-derivative financial instruments are either denominated directly in the functional currency or transformed into the functional currency through the use of derivatives, changes in the exchange rate do not have any material effects on profit and loss or equity. Consequently, the Beiersdorf Group is primarily only exposed to currency risk arising from currency forwards which are designated as hedging instruments and which meet the criteria for recognition as cash flow hedges on forecasted transactions. Changes in market prices largely affect the hedging reserve in equity and the fair values of the hedging transactions.

The fair value of currency forwards as of the balance sheet date was €–1 million (previous year: €3 million), and their notional value was €1,167 million (previous year: €793 million). €1,144 million (previous year: €767 million) of the forward contracts have a remaining maturity of up to one year, and €23 million (previous year: €26 million) have a remaining maturity of between one and two years. The notional values represent the aggregate of all purchase and selling amounts for derivatives. The notional values shown are not netted.

If the euro had appreciated by 10% against all currencies as of December 31, 2014, the hedging reserves in equity and the fair values of the currency forwards would have increased by €38 million (previous year: €28million) and profit would have decreased by €4 million (previous year: €7 million). If the euro had depreciated by 10%, the hedging reserves in equity and the fair values of the currency forwards would have decreased by €47 million (previous year: €34 million) and profit would have increased by €5 million (previous year: €9 million).

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates.

Because of the small volume of non-current financial instruments and the absence of derivative interest rate contracts, changes in fair values are of no more than minor significance for the Beiersdorf Group. At present, financial instruments with maturities of up to four years are held. These are subject to interest rate risk within the meaning of IFRS 7 for the entire fiscal year.

If the interest rates at the quarter-ends of the fiscal year had been 100 basis points higher (lower) in each case than the yield curve, the financial result would have been €9 million (previous year: €10 million) and accumulated other comprehensive income would have been €0 million (previous year: €0 million) higher (lower).

DEFAULT RISK

The Beiersdorf Group is exposed to default risk within the scope of its financing activities and in its operations. In order to minimize this risk as much as possible, financing transactions are only entered into with counterparties with prime credit ratings. Receivables relating to operating activities are monitored continuously; potential defaults are accounted for using specific and collective valuation allowances. The maximum default risk can be seen from the carrying amount of each financial asset recognized in the balance sheet. The total carrying amount of the financial assets was €3,980 million as of December 31, 2014 (previous year: €3,777 million). In the area of trade receivables, default risks are partly covered by corresponding insurance policies.

LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulties in meeting the obligations associated with its financial liabilities. As a result of the large amount of cash and cash equivalents as well as securities held as of the balance sheet date, the Beiersdorf Group is not currently exposed to any liquidity risk. Additionally, in order to ensure the liquidity and financial flexibility of the Beiersdorf Group at all times, liquidity reserves are maintained in the form of credit lines.

Other Disclosures

28 Contingent Liabilities, Other Financial Obligations, and Legal Risks

(IN € MILLION)

	Dec. 31, 2013	Dec. 31, 2014
Contingent liabilities		
Liabilities under guarantees	22	36
Other financial obligations		
Obligations under rental and lease agreements:	78	75
– due within the next year	27	26
– due in 1 to 5 years	45	41
– due after more than 5 years	6	8
Obligations under purchase commitments:	338	297
– due within the next year	177	174
– due in 1 to 5 years	161	123

The aggregate nominal amount of the other financial obligations was €372 million (previous year: €416 million).

The state of São Paulo is demanding retroactive tax payments of approximately €150 million from our Consumer Business Segment's Brazilian subsidiaries for the years 2005 to 2009. State tax authorities allege that VAT on imports should have been paid in São Paulo state instead of the Brazilian state of landing. The authorities reached final decisions on three proceedings and the remaining decisions are expected to be made in 2015. Two cases have already been transferred to financial court proceedings; the others are expected to follow in 2015. Guarantees in the amount of the dispute must be furnished in order to initiate financial court proceedings. The court can also demand a surcharge of 20% of the value of the dispute. Further retroactive tax payment notices of a similar amount are expected for the years 2010 to 2014. We do not consider utilization to be probable in any of these cases. The Brazilian courts are not expected to reach a final decision for a number of years.

Some of our affiliates are currently undergoing tax audits. This may lead to expenses in the future. Precise information as to their amount is not yet available.

29 Employees and Personnel Expenses

The breakdown of employees by function is as follows:

EMPLOYEES (AS OF DEC. 31)

	2013	2014
Production	4,899	5,230
Marketing and sales	7,614	7,842
Other functions	4,195	4,326
	16,708	**17,398**

AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

	2013	2014
Production	4,859	5,114
Marketing and sales	7,580	7,794
Other functions	4,134	4,249
	16,573	**17,157**

A breakdown of employees by Beiersdorf Group segment can be found in the segment reporting. Personnel expenses amounted to €1,106 million (previous year: €1,025 million).

30 Auditor's Fees

The Annual General Meeting on April 17, 2014, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as the auditors of Beiersdorf AG and the Beiersdorf Group for fiscal year 2014.

The following table gives an overview of the total fee charged by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft:

FEES PAID TO THE GROUP AUDITORS (IN € THOUSAND)

	2013	2014
Audit services	1,403	1,318
Other assurance services	7	20
Tax advisory services	164	134
	1,574	**1,472**

31 Declaration of Compliance with the German Corporate Governance Code

In December 2014, Beiersdorf AG's Executive Board and Supervisory Board issued their Declaration of Compliance with the recommendations of the Government Commission on the German Corporate Governance Code for fiscal year 2014 in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*). The Declaration of Compliance was made permanently accessible to shareholders on the company's website at WWW.BEIERSDORF.COM/DECLARATION_OF_COMPLIANCE.

32 Shareholdings of the Executive Board and Supervisory Board

For the disclosures required by section 6.6 of the German Corporate Governance Code, please see subsection 2 of the Directors' Dealings and Shareholdings of the Executive and Supervisory Boards section of the corporate governance report.

33 Related Party Disclosures – Individuals

The requirements of IAS 24 apply to key management personnel of the company, their immediate family members, as well as the companies they control. In the Beiersdorf Group, this concerns the members of the Executive and Supervisory Boards.

For fiscal year 2014, the members of the Supervisory Board received remuneration totaling €1,413 thousand (previous year: €1,332 thousand) and the members of the Executive Board received remuneration totaling €13,300 thousand (previous year: €8,632 thousand). €1,581 thousand (previous year: €1,447 thousand) of the Executive Board's total remuneration relates to long-term benefits (Multi-year Bonus) and €7,196 thousand (previous year: €2,828 thousand) to additions to the provisions for Enterprise Value Components. The cash remuneration (fixed basic remuneration and Bonus) including ancillary benefits amounted to €4,523 thousand (previous year: €4,357 thousand). For information on the principles of the system governing Executive and Supervisory Board remuneration and the amount of members' individual remuneration, please refer to the remuneration report in the section entitled "Corporate Governance". The remuneration report forms part of the consolidated financial statements and the Group management report. Payments to former members of the Executive Board and their surviving dependents totaled €2,267 thousand (previous year: €2,324 thousand). Provisions for pension commitments to former members of the Executive Board and their dependents totaled €40,402 thousand (previous year: €37,797 thousand).

With the exception of the remuneration disclosed in the remuneration report, there were no material transactions between the members of Beiersdorf AG's Executive Board or Supervisory Board and the companies of the Beiersdorf Group in the fiscal year. The same applies to the immediate family members of these persons.

34 Related Party Disclosures – Entities

Since March 30, 2004, maxingvest ag has held more than 50% of Beiersdorf AG's share capital. Accordingly, Beiersdorf AG is a dependent company within the meaning of § 312 (1) sentence 1 in conjunction with § 17 (2) *AktG*. Since no control agreement exists between Beiersdorf AG and maxingvest ag, the Executive Board of Beiersdorf AG prepares a report on dealings among Group companies in accordance with § 312 (1) sentence 1 *AktG*. In fiscal year 2014, as in the previous year, Beiersdorf AG and its affiliated companies and maxingvest ag and its affiliated companies pooled purchase volumes to achieve cost benefits, as well as sourcing products from each other on a very small scale at standard market terms. There was also limited collaboration in particular with respect to marketing campaigns and in the area of market research and quality control.

Additional related party information:

- As of the balance sheet date, Beiersdorf AG and tesa SE held maxingvest ag bonds in the amount of €0 million (previous year: €26 million), which were purchased on the capital market.
- Beiersdorf AG sold real estate amounting to €14 million to Beiersdorf's pension fund (TROMA Alters- und Hinterbliebenenstiftung, Hamburg) in an arm's-length transaction.

35 Shareholdings in Beiersdorf AG

Beiersdorf AG received the following notifications in accordance with the provisions of the *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*), by the preparation date of the balance sheet (February 3, 2015).* In each case, the disclosures represent the disclosers' most recent notification to the company, to the extent that additional notifications are not required to be provided for reasons of transparency.

1.

a) Voting right notifications in accordance with § 21 (1) *WpHG* dated April 2, 2004, April 14, 2004, and April 16, 2004.
The persons subject to the disclosure requirement (the "disclosers") listed in the table below notified Beiersdorf Aktiengesellschaft on April 2, 2004, April 14, 2004, and April 16, 2004, in accordance with § 21 (1) *WpHG* that they had, for the first time, exceeded the 50% threshold and held 50.46% (42,386,400 voting rights) of Beiersdorf Aktiengesellschaft as of March 30, 2004.

After adjustment for Beiersdorf Aktiengesellschaft's share buyback program, which was implemented on February 3, 2004, and the now performed attribution of the 9.99% (8,393,672 own shares) held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*, the disclosers in accordance with § 21 (1) *WpHG* each exceeded the 50% threshold for the first time as of February 3, 2004, and each held a 59.95% share (50,360,072 voting rights) in Beiersdorf Aktiengesellschaft as of this date. This increase was solely the result of the attribution of the own shares held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*.

The disclosers' total share of voting rights as of March 30, 2004, amounted to 60.45% (50,780,072 voting rights) in each case instead of 50.46% (42,386,400 voting rights).

All shares of voting rights are attributable to the disclosers, with the exception of Tchibo Holding AG, in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*. 30.36% (25,500,805 voting rights) is attributable to Tchibo Holding AG (which now trades under the name of maxingvest ag) in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*; at the time, it directly held 20.10% (16,884,000 voting rights).

* The following disclosures do not reflect the 1 : 3 share split resolved by the company's Annual General Meeting on May 17, 2006, because they were received before this date. As a result of this share split, each no-par value share of the company with a notional interest in the share capital of €2.56 was split into three no-par value shares with a notional interest in the share capital of €1.00 each (following the increase of the share capital without the issue of new shares).

The chains of controlled companies are as follows:

Discloser*	Discloser's domicile and country of residence or of domicile	Disclosures in accordance with § 17 (2) *Verordnung zur Konkretisierung von Anzeige, Mitteilungs- und Veröffentlichungspflichten sowie der Pflicht zur Führung von Insiderverzeichnissen nach dem Wertpapierhandelsgesetz* (Regulation setting out in detail the disclosure, notification, and announcement duties as well as the duty to maintain a list of insiders in accordance with the *WpHG*, *WpAIV*) (controlled companies via which the voting rights are effectively held and whose attributed share of the voting rights amounts to 3% or more) at the time of § 17 (1) no. 6 *WpAIV*
SPM Beteiligungs- und Verwaltungs GmbH	Norderstedt, Germany	Trivium Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
EH Real Grundstücksverwaltungs-gesellschaft mbH	Norderstedt, Germany	Scintia Vermögensverwaltungs GmbH, EH Real Grundstücksgesellschaft mbH & Co. KG, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Scintia Vermögensverwaltungs GmbH	Norderstedt, Germany	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Trivium Vermögensverwaltungs GmbH	Norderstedt, Germany	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Michael Herz	Germany	SPM Beteiligungs- und Verwaltungs GmbH, Trivium Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Wolfgang Herz	Germany	EH Real Grundstücksverwaltungsgesellschaft mbH, EH Real Grundstücksgesellschaft mbH & Co. KG, Scintia Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungs-gesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Max und Ingeburg Herz Stiftung	Norderstedt, Germany	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Ingeburg Herz	Germany	Ingeburg Herz GbR, Max und Ingeburg Herz Stiftung, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
maxingvest ag (trading under the name of Tchibo Holding AG until September 12, 2007)	Hamburg, Germany	Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft

* The following parties have since disclosed that they hold 0% (0 voting rights): EH Real Grundstücksgesellschaft mbH & Co. KG (Norderstedt, Germany); Agneta Peleback-Herz (Germany); Joachim Herz, represented by the Joachim Herz Stiftung as his legal successor (Hamburg, Germany); Coro Vermögensverwaltungsgesellschaft mbH (Hamburg, Germany); Ingeburg Herz GbR (Norderstedt, Germany).

To clarify: The own shares held by Beiersdorf Aktiengesellschaft do not bear voting or dividend rights in accordance with § 71b *AktG*.

b) Voting right notification in accordance with § 21 (1) *WpHG* dated December 29, 2004. The voting right notification issued on December 29, 2004, by Tchibo Holding AG (which now trades under the name of maxingvest ag) in accordance with § 21 (1) *WpHG* disclosed that Tchibo Beteiligungsgesellschaft mbH (which now trades under the name of BBG Beteiligungsgesellschaft mbH) exceeded the 50% threshold for the first time when it acquired 20.10% of the voting rights in Beiersdorf Aktiengesellschaft from Tchibo Holding AG, and that it held 50.46% (42,386,400 voting rights) of Beiersdorf Aktiengesellschaft as of December 22, 2004.

   After adjustment for Beiersdorf Aktiengesellschaft's share buyback program, which was implemented on February 3, 2004, and the now performed attribution in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* of the 9.99% (8,393,672 own shares) acquired as part of the buy-back program, Tchibo Beteiligungsgesellschaft mbH exceeded the 50% threshold in accordance with § 21 (1) *WpHG* for the first time as of December 22, 2004, and held 60.45% of the voting rights in Beiersdorf Aktiengesellschaft (50,780,072 voting rights) as of this date. A total of 40.35% (33,894,477 voting rights) was attributable to Tchibo Beteiligungsgesellschaft mbH. The chain of controlled companies is as follows: Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft. The increase was solely the result of the attribution of the own shares held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*.

c) Voting right notification in accordance with § 21 (1) *WpHG* dated March 11, 2008. E.H. Real Grundstücksverwaltungsgesellschaft mbH's voting right notification dated March 11, 2008, is hereby revoked. E.H. Grundstücksverwaltungsgesellschaft mbH's share of voting rights also exceeded the 3, 5, 10, 15, 20, 25, 30, and 50% thresholds as of January 15, 2007, and continued to do so thereafter and, including the 9.99% held by Beiersdorf Aktiengesellschaft (25,181,016 own shares) after adjustment for the increase of the share capital from retained earnings without the issue of new shares and the 1:3 reclassification of the share capital (share split) in 2006, continues to amount to 60.45% in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (152,340,216 voting rights after the adjustment for the increase of the share capital from retained earnings without the issue of new shares and the 1:3 reclassification of the share capital (share split) in 2006).

2. On September 30, 2014, various BlackRock group companies provided us with the following notifications clarifying their share of the voting rights in Beiersdorf Aktiengesellschaft:

a) BlackRock, Inc.

Section 21, 22 *WpHG*

BlackRock, Inc., New York, NY, USA, hereby informs you pursuant to Sec. 21 para. 1 *WpHG* that its share in the voting rights of Beiersdorf Aktiengesellschaft (ISIN DE0005200000) on September 25, 2014 amounts to 2.68% (this corresponds to 6,750,050 out of a total of 252,000,000 voting rights (the "Total Voting Rights")).

1.18% of the Total Voting Rights (this corresponds to 2,985,554 voting rights) are to be attributed to BlackRock, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 *WpHG*.

0.003% of the Total Voting Rights (this corresponds to 7,880 voting rights) are to be attributed to BlackRock, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 *WpHG*.

1.31% of the Total Voting Rights (this corresponds to 3,302,776 voting rights) are to be attributed to BlackRock, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 *WpHG*.

0.18% of the Total Voting Rights (this corresponds to 461,720 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 *WpHG* as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 *WpHG*.

b) BlackRock Holdco 2, Inc.

Section 21, 22 *WpHG*

BlackRock Holdco 2, Inc., Wilmington, DE, USA, hereby informs you pursuant to Sec. 21 para. 1 *WpHG* that its share in the voting rights of Beiersdorf Aktiengesellschaft (ISIN DE0005200000) on September 25, 2014 amounts to 2.62% (this corresponds to 6,609,877 out of a total of 252,000,000 voting rights (the "Total Voting Rights")).

1.18% of the Total Voting Rights (this corresponds to 2,985,554 voting rights) are to be attributed to BlackRock Holdco 2, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 *WpHG*.

0.003% of the Total Voting Rights (this corresponds to 7,880 voting rights) are to be attributed to BlackRock Holdco 2, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 *WpHG*.

1.26% of the Total Voting Rights (this corresponds to 3,162,603 voting rights) are to be attributed to BlackRock Holdco 2, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 *WpHG*.

0.18% of the Total Voting Rights (this corresponds to 461,720 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 *WpHG* as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 *WpHG*.

c) BlackRock Financial Management, Inc.

Section 21, 22 *WpHG*

BlackRock Financial Management, Inc., New York, NY, USA, hereby informs you pursuant to Sec. 21 para. 1 *WpHG* that its share in the voting rights of Beiersdorf Aktiengesellschaft (ISIN DE0005200000) on September 25, 2014 amounts to 2.39% (this corresponds to 6,020,927 out of a total of 252,000,000 voting rights (the "Total Voting Rights")).

1.18% of the Total Voting Rights (this corresponds to 2,985,554 voting rights) are to be attributed to BlackRock Financial Management, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 *WpHG*.

0.003% of the Total Voting Rights (this corresponds to 7,880 voting rights) are to be attributed to BlackRock Financial Management, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 *WpHG*.

0.003% of the Total Voting Rights (this corresponds to 6,710 voting rights) are to be attributed to BlackRock Financial Management, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 *WpHG*.

1.02% of the Total Voting Rights (this corresponds to 2,566,943 voting rights) are to be attributed to BlackRock Financial Management, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 *WpHG*.

0.18% of the Total Voting Rights (this corresponds to 461,720 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 *WpHG* as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 *WpHG*.

3. In accordance with § 25 (1) sentence 3 in conjunction with § 21 (1) sentence 1 *WpHG* (former version), Beiersdorf Aktiengesellschaft 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 bear voting or dividend rights in accordance with § 71b *AktG*.

Beiersdorf AG Boards

SUPERVISORY BOARD

Name	Place of residence	Profession	Memberships
Dr. Andreas Albrod	Hamburg	Manager Regulatory Affairs / Quality Management, Beiersdorf AG	
Prof. Dr. Eva Eberhartinger* (until April 17, 2014)	Vienna / Austria	University Professor, Vienna University of Economics and Business	Deputy Chairwoman of the Supervisory Board: – Österreichische Bundesfinanzierungsagentur GmbH, Austria
Elke Gabriel (until April 17, 2014)	Rosengarten	Member of the Works Council of Beiersdorf AG	
Frank Ganschow (from April 17, 2014)	Kiebitzreihe	Chairman of the Works Council of tesa SE	Member of the Supervisory Board: – tesa SE (intragroup)
Michael Herz	Hamburg	Member of the Executive Board of maxingvest ag	Chairman of the Supervisory Board: – Tchibo GmbH Member of the Supervisory Board: – tesa SE (intragroup)
Thomas Holzgreve Deputy Chairman	Bad Oldesloe	Member of the Executive Board of maxingvest ag	Member of the Supervisory Board: – Tchibo GmbH
Thorsten Irtz Deputy Chairman	Stapelfeld	Chairman of the Works Council of Beiersdorf AG	
Matthias Locher (from April 17, 2014)	Offenburg	Supplier Development, tesa Werk Offenburg GmbH	Member of the Supervisory Board: – tesa SE (intragroup)
Dr. Dr. Christine Martel*	Frederiksberg / Denmark	Business Manager, Nescafé Dolce Gusto Nordics, Nestlé Danmark A/S, Denmark	
Tomas Nieber	Stade	Head of Department – Economic and Industry Policy, Industriegewerkschaft Bergbau, Chemie, Energie	Member of the Supervisory Board: – maxingvest ag Member of the Advisory Board: – Qualifizierungsförderwerk Chemie GmbH
Isabelle Parize (from April 17, 2014)	Orcq / Belgium	Chief Executive Officer of Nocibé SAS, France Managing Director, Parfümerie Douglas GmbH, Southern Europe and Private Labels (from June 30, 2014)	Member of the Conseil d'Administration: – Air France-KLM Group S.A., France (from March 27, 2014) – SOFIPOST S.A., France (until April 18, 2014) – AFII, Invest in France Agency, France (until April 18, 2014)
Prof. Dr. Reinhard Pöllath Chairman	Munich	Lawyer, P+P Pöllath + Partners, Munich	Chairman of the Supervisory Board: – maxingvest ag Member of the Supervisory Board: – Tchibo GmbH – Wanzl GmbH & Co. Holding KG
Thomas-B. Quaas (until April 17, 2014)	Hamburg	Businessman	Member of the Supervisory Board: – Euler Hermes SA, France – fischerAppelt AG – maxingvest ag (from June 26, 2014) Member of the Supervisory Board: – La Prairie Group AG, Switzerland (intragroup) (until April 30, 2014) – Wagner International AG, Switzerland (from July 4, 2014)
Prof. Manuela Rousseau*	Rellingen	Head of Corporate Social Responsibility at Beiersdorf AG Headquarters Professor at the Academy of Music and Theater, Hamburg	Member of the Supervisory Board: – maxingvest ag
Volker Schopnie (until April 17, 2014)	Halstenbek	Deputy Chairman of the Works Council of Beiersdorf AG	Member of the Supervisory Board: – maxingvest ag
Poul Weihrauch (from April 17, 2014)	Waterloo / Belgium	Member of the Management, Mars, Inc., USA, Global President Food, Drinks and Europe Multi Sales (until December 31, 2014), Global President Petcare (from January 1, 2015)	

* The Supervisory Board's diversity officers

SUPERVISORY BOARD COMMITTEES

Members of the Presiding Committee	Members of the Audit Committee	Members of the Finance Committee	Members of the Nomination Committee	Members of the Mediation Committee
– **Prof. Dr. Reinhard Pöllath** (Chairman) – **Michael Herz** – **Thomas Holzgreve** – **Thorsten Irtz**	– **Prof. Dr. Eva Eberhartinger** (Chairwoman until April 17, 2014) – **Dr. Dr. Christine Martel** (Chairwoman from April 17, 2014) – **Dr. Andreas Albrod** – **Thomas Holzgreve** – **Tomas Nieber** (from April 17, 2014) – **Prof. Dr. Reinhard Pöllath** – **Volker Schopnie** (until April 17, 2014)	– **Thomas Holzgreve** (Chairman) – **Dr. Andreas Albrod** – **Prof. Dr. Eva Eberhartinger** (until April 17, 2014) – **Dr. Dr. Christine Martel** (from April 17, 2014) – **Tomas Nieber** (from April 17, 2014) – **Prof. Dr. Reinhard Pöllath** – **Volker Schopnie** (until April 17, 2014)	– **Prof. Dr. Reinhard Pöllath** (Chairman) – **Prof. Dr. Eva Eberhartinger** (until April 17, 2014) – **Thomas Holzgreve** – **Dr. Dr. Christine Martel** – **Isabelle Parize** (from April 17, 2014)	– **Prof. Dr. Reinhard Pöllath** (Chairman) – **Dr. Andreas Albrod** (from April 17, 2014) – **Elke Gabriel** (until April 17, 2014) – **Thomas Holzgreve** – **Thorsten Irtz**

EXECUTIVE BOARD*

Name	Function / Responsibilities		Memberships
Stefan F. Heidenreich	Chairman of the Executive Board	Corporate Development / Internal Audit / Pharmacy Japan, La Prairie Group Germany / Switzerland, North America (acting)	Member of the Supervisory Board: – Coca-Cola HBC AG, Switzerland (until June 25, 2014)
Ralph Gusko	Consumer Brands and R & D	Brand Management Consumer / Research & Development Far East (Northeast and Southeast Asia (excluding Japan), Australia) (acting)	
Thomas Ingelfinger (from July 1, 2014)	Europe	Europe (excluding Germany / Switzerland)	Member of the consiglio di amministrazione: – Davide Campari-Milano S.p.A., Italy
Zhengrong Liu (from July 1, 2014)	Human Resources and Corporate Communication	Human Resources / Corporate Communication / Sustainability – Labor Relations Director –	
Stefan De Loecker (from July 1, 2014)	Near East	Africa, Middle East, India, Turkey, Russia / Ukraine / CIS	
Dr. Ulrich Schmidt	Finance and Supply Chain	Finance / Controlling / Legal / Compliance / IT / Purchasing / Production / Logistics / Quality Assurance Latin America (acting)	**

* In connection with their Group management and supervisory duties, the members of the Executive Board of Beiersdorf AG also hold offices in comparable supervisory bodies at Group companies and investees.
** Chairman of the Supervisory Board: tesa SE, Hamburg (intragroup).

Hamburg, February 3, 2015
Beiersdorf AG
The Executive Board

5. AUDITORS' REPORT AND RESPONSIBILITY STATEMENT

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p. 86 Responsibility Statement by the Executive Board

Auditors' Report

We have audited the consolidated financial statements prepared by Beiersdorf Aktiengesellschaft, Hamburg, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement, and notes to the consolidated financial statements, together with the Group Management Report for the fiscal year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the Group Management Report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law under § 315a (1) of the *Handelsgesetzbuch* (German Commercial Code, *HGB*) are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group Management Report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 *HGB* and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (Institute of Public Auditors in Germany, *IDW*). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group Management Report are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group Management Report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the annual financial statements of those entities included in the consolidated financial statements, the determination of entities to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law under § 315a (1) *HGB*, and give a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with these requirements. The Group Management Report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position, and suitably presents the opportunities and risks of future development.

Hamburg, February 4, 2015
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

GRUMMER
German Public Auditor

LUDWIG
German Public Auditor

Responsibility Statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Hamburg, February 3, 2015

The Executive Board

STEFAN F. HEIDENREICH
Chairman of the Executive Board

DR. ULRICH SCHMIDT
Member of the Executive Board

RALPH GUSKO
Member of the Executive Board

THOMAS INGELFINGER
Member of the Executive Board

STEFAN DE LOECKER
Member of the Executive Board

ZHENGRONG LIU
Member of the Executive Board

6. ADDITIONAL INFORMATION

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Annual Financial Statements of Beiersdorf AG in Accordance with the *HGB* (Condensed)*

INCOME STATEMENT – BEIERSDORF AG (IN € MILLION)

	2013	2014
Sales	**1,088**	**1,138**
Other operating income	107	114
Cost of materials	–268	–274
Personnel expenses	–232	–235
Depreciation and amortization of property, plant, and equipment, and intangible assets	–24	–25
Other operating expenses	–541	–553
Operating result	**130**	**165**
Financial result	431	281
Result from ordinary activities	**561**	**446**
Extraordinary result	**2**	**–**
Income taxes	–74	–64
Profit after tax	**489**	**382**

BALANCE SHEET – BEIERSDORF AG (IN € MILLION)

Assets	Dec. 31, 2013	Dec. 31, 2014
Intangible assets	34	20
Property, plant, and equipment	97	97
Financial assets	1,579	1,608
Non-current assets	**1,710**	**1,725**
Inventories	3	4
Receivables and other assets	432	598
Securities	1,540	1,579
Cash and cash equivalents	258	271
Current assets	**2,233**	**2,452**
Prepaid expenses	**3**	**3**
Deferred tax assets	**–**	**9**
Excess of plan assets over post-employment benefit liability	**6**	**3**
	3,952	**4,192**

Equity and liabilities	Dec. 31, 2013	Dec. 31, 2014
Equity	**2,033**	**2,257**
Provisions for pensions and other post-employment benefits	441	449
Other provisions	198	184
Provisions	**639**	**633**
Trade payables	47	54
Other liabilities	1,231	1,248
Liabilities	**1,278**	**1,302**
Deferred tax liabilities	**2**	**–**
	3,952	**4,192**

* The full version of Beiersdorf AG's annual financial statements and management report, together with the unqualified audit opinion by the auditors, is published in the *Bundesanzeiger* (Federal Gazette) and is filed with the companies register. The annual financial statements and the management report of Beiersdorf AG are also available online at WWW.BEIERSDORF.COM.

Ten-year Overview

(IN € MILLION)
(unless otherwise stated)

		2005	2006	2007[1]	2008[1]	2009[1]	2010[1/3]	2011[1]	2012[1]	2013[1]	**2014[1]**
Sales		**4,776**	**5,120**	**5,507**	**5,971**	**5,748**	**5,571**	**5,633**	**6,040**	**6,141**	**6,285**
Change against prior year (nominal)	(in %)	5.1	7.2	7.6	8.4	–3.7	7.8	1.1	7.2	1.7	2.3
Consumer		4,041	4,327	4,661	5,125	5,011	4,698	4,696	5,048	5,103	5,209
tesa		735	793	846	846	737	873	937	992	1,038	1,076
Europe[5]		3,498	3,717	3,909	4,090	3,767	3,450	3,414	3,417	3,390	3,421
Americas		687	738	782	832	851	932	993	1,149	1,092	1,116
Africa / Asia / Australia[5]		591	665	816	1,049	1,130	1,189	1,226	1,474	1,659	1,748
EBITDA		**693**	**660**	**738**	**911**	**722**	**804**	**704**	**850**	**926**	**975**
Operating result (EBIT)		**531**	**477**	**616**	**797**	**587**	**583**	**431**	**698**	**820**	**796**
Profit before tax[4]		**535**	**851**	**644**	**822**	**583**	**553**	**440**	**713**	**815**	**811**
Profit after tax[4]		**335**	**668**	**442**	**567**	**380**	**326**	**259**	**454**	**543**	**537**
Return on sales after tax	(in %)	7.0	13.0	8.0	9.5	6.6	5.9	4.6	7.5	8.8	8.5
Earnings per share[4]	(in €)	1.45	2.93	1.93	2.48	1.65	1.40	1.10	1.96	2.35	2.33
Total dividend – equity holders		129	136	159	204	159	159	159	159	159	159
Dividend per share	(in €)	0.57	0.60	0.70	0.90	0.70	0.70	0.70	0.70	0.70	0.70
Beiersdorf's shares – year-end closing price[2]		**34.64**	**49.12**	**53.00**	**42.00**	**45.93**	**41.53**	**43.82**	**61.88**	**73.64**	**67.42**
Market capitalization as of Dec. 31		8,736	12,378	13,356	10,584	11,574	10,466	11,043	15,594	18,557	16,990
Research and development expenses		**109**	**118**	**127**	**149**	**149**	**152**	**163**	**159**	**154**	**168**
as % of sales		2.3	2.3	2.3	2.5	2.6	2.7	2.9	2.6	2.5	2.7
Employees as of Dec. 31		**16,769**	**17,172**	**21,101**	**21,766**	**20,346**	**19,128**	**17,666**	**16,605**	**16,708**	**17,398**
Intangible assets		34	30	357	398	382	306	172	185	176	119
Property, plant, and equipment		882	740	699	727	725	716	635	685	785	964
Non-current financial assets		5	8	7	11	10	438	686	712	804	1,059
Inventories		536	548	598	634	561	632	699	734	733	786
Receivables and other assets[4]		967	940	1,123	2,085	2,149	2,030	2,142	2,446	2,316	2,426
Cash and cash equivalents		483	1,230	1,117	613	767	973	941	834	984	976
Equity[4]		**1,293**	**1,790**	**2,070**	**2,460**	**2,636**	**2,920**	**3,016**	**3,143**	**3,405**	**3,640**
Liabilities[4]		**1,614**	**1,706**	**1,831**	**2,008**	**1,958**	**2,175**	**2,259**	**2,453**	**2,393**	**2,690**
Provisions[4]		752	809	781	729	750	812	824	977	997	1,166
Trade payables		369	485	573	690	699	863	946	1,036	973	1,022
Other liabilities[4]		493	412	477	589	509	500	489	440	423	502
Total equity and liabilities[4]		**2,907**	**3,496**	**3,901**	**4,468**	**4,594**	**5,095**	**5,275**	**5,596**	**5,798**	**6,330**
Equity ratio[4]	(in %)	44	51	53	55	57	57	57	56	59	58

[1] Figures include special factors. For fiscal years 2013 and 2014, please refer to the disclosures in the section "Result of Operations – Group" of the Group Management Report.
[2] Figure for 2005 adjusted to the number of shares after the share split.
[3] The figures from fiscal year 2010 onwards reflect an amended definition of sales and are not fully comparable with the previous years.
[4] The figures for fiscal year 2012 have been adjusted due to the retrospective application of IAS 19 (2011).
[5] The figures for fiscal year 2012 have been adjusted due to the reclassification of the Consumer Business Segment's Turkish affiliate from Western Europe to Africa / Asia / Australia.

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Financial Calendar

2015

March 31
Annual General Meeting

April 1
Dividend Payment

May 7
Interim Report
January to March 2015

August 5
Interim Report
January to June 2015

November 4
Interim Report
January to September 2015

2016

January
Publication of
Preliminary Group Results 2015 (Sales)

February
Publication of Annual Report 2015,
Annual Accounts Press Conference,
Financial Analyst Meeting

March
Annual General Meeting

May
Interim Report
January to March 2016

August
Interim Report
January to June 2016

November
Interim Report
January to September 2016

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