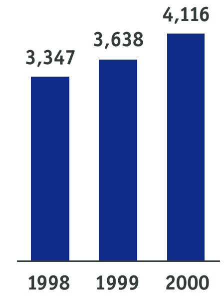
BDF

Beiersdorf

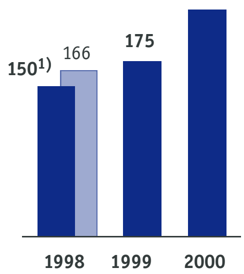
Annual Report 2000

Beiersdorf at a Glance

Group sales
(in million €)



Group profit for the year
(in million €)



[1)] Excluding the release of tesa provisions and sale of operations

All numbers in € (unless otherwise stated)		1999 in €	2000 in €
Sales	**million**	**3,638**	**4,116**
Change from previous year	%	8.7	13.1
of which:			
cosmed	million	2,242	2,590
medical	million	768	858
tesa	million	628	668
Operating result (EBIT)	**million**	**339**	**389**
EBITDA*	**million**	**468**	**538**
Profit after tax	**million**	**175**	**226**
Return on sales	%	4.8	5.5
Earnings per share**		2.04	2.61
Total dividend	**million**	**60**	**84**
Dividend per share		0.72	1.00
Gross cash flow	**million**	**359**	**386**
Capital investment	**million**	**129**	**249**
Research and Development	**million**	**79**	**88**
Employees (reporting date)	**number**	**16,065**	**16,590**

* Operating result (EBIT) before depreciation and amortization
** Calculated in accordance with International Accounting Standards (IAS) excluding minority interests

Beiersdorf Group
Report on the Financial Year 2000

Boards of Beiersdorf AG

Honorary Chairman of the Company
Georg W. Claussen

Supervisory Board
Dr. Hans Meinhardt, Wiesbaden
Chairman

Chairman of Supervisory Board,
Linde AG

Chairman of Supervisory Board
Karstadt Quelle AG
Karstadt Warenhaus AG (since 01/2000)
Linde Gas AG (since 05/2000)
Varta AG (until 03/2000)

Deputy Chairman of Supervisory Board
Nv W.A. Hoek's Machine- en
Zuurstoffabriek, Schiedam/NL

Member of Supervisory Board
MAN AG (until 01/2000)

Jürgen Krause, Hamburg
Deputy Chairman

Full-time works councillor of
Beiersdorf AG

Günter Herz, Hamburg
Deputy Chairman

Chairman of Executive Board,
TCHIBO Holding AG

Chairman of Supervisory Board
Reemtsma Cigarettenfabriken GmbH
H.F. & Ph.F. Reemtsma GmbH
TCHIBO Frisch-Röst-Kaffee GmbH

Wilfried Boysen, Hamburg
Member of Executive Board,
Reemtsma Cigarettenfabriken GmbH
and H.F. & Ph.F. Reemtsma GmbH

Member of Supervisory Board
TCHIBO Frisch-Röst-Kaffee GmbH

Dr. Diethart Breipohl, Icking
Member of Supervisory Board,
Allianz AG

Member of Supervisory Board
Bayerische Hypo- und Vereinsbank AG
(since 01/2000)
Continental AG
Karstadt Quelle AG
KM Europa Metal AG
Metallgesellschaft AG
(since 13.04.2000 mg technologies ag)

Member of Conseil d'Administration
Crédit Lyonnais, Paris/F
Les Assurances Générales de France (AGF), Paris/F

Member of Consejo de Administración
Banco Popular Español, Madrid/E
(since 06/2000)

Member of Board of Directors
BPI Banco Portugues de Investimento, Porto/PT
(since 07/2000)

Margret Buhse, Hamburg
Head of Corporate Communication,
Beiersdorf AG

Member of Supervisory Board
MDR-Werbung GmbH (until 12/2000)

Dr. Carl Albrecht Claussen, Berlin
General Manager,
UFA Entertainment GmbH

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

Rainer Holland, Hardebek
Machine Fitter, Beiersdorf AG

Norbert Ranft, Bochum
Executive Committee Secretary,
IG Bergbau, Chemie, Energie

Deputy Chairman of Supervisory Board
DBE (Deutsche Gesellschaft zum Bau und Betrieb von Endlagern für Abfallstoffe mbH)
RAG Umwelt GmbH (since 01/2000)
Wintershall AG

Manuela Rousseau, Halstenbek
Head of PR Programmes,
Beiersdorf AG

Professor at the Academy of Music and Theatre, Hamburg

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

Member of Supervisory Board
Philips GmbH
Fielmann AG
AON Jauch & Hübener GmbH

Chairman of Administrative Board,
Stulz Holding GmbH

Deputy Chairman of Advisory Board,
AON Jauch & Hübener Holding GmbH

Executive Board

Dr. Rolf Kunisch
Chairman

Deputy Chairman of Supervisory Board
Hermes Kreditversicherungs-AG

Member of Supervisory Board
Hamburg-Mannheimer Sachversicherungs-AG
Hamburg-Mannheimer Versicherungs-AG (since 03/2000)

Dr. Werner Opgenoorth
Human Resources/Administration/
Environmental Protection

Thomas-Bernd Quaas
medical division

Dr. Peter Schäfer
(until 31.12.2000)
Finance/Controlling

Rolf-Dieter Schwalb
(since 01.10.2000)
Finance/Controlling

Dieter W. Steinmeyer
tesa division

Uwe Wölfer
cosmed division

Report by the Supervisory Board

Dr. Hans Meinhardt
Chairman of the Supervisory Board

During the financial year 2000 we continuously supervised the management of the business by the Executive Board. At the four regular meetings of the Supervisory Board we were thoroughly informed about all major business matters relating to the Group. We also received regular written reports from the Executive Board about the results for the past quarter, supplemented by an outlook for the year. In close and constant contact with the Chairman of the Executive Board, the Chairman of the Supervisory Board was kept informed about all major business transactions and decisions made by the Executive Board.

At the Supervisory Board meetings we discussed in detail, on the basis of presentations and supplementary verbal reports provided by the Executive Board, the latest business developments of the Beiersdorf Group and the three divisions, and also the business forecast for the current year. We were provided with timely written information on all Executive Board measures requiring our consent. We examined the individual requests at our meetings and gave the necessary consent.

In March we approved the major changes in tesa and medical divisions that are important for the strategic development of the Group in the direction of consumer-oriented branded goods business. At the subsequent meetings we received detailed information about the progress of these projects. In November we reviewed the Group's detailed medium-term planning.

In addition to the committee pursuant to Section 27 para. 3 of the German Codetermination Act, the Supervisory Board has an "Executive Board Committee" for dealing with matters, including personal aspects, relating to Executive Board members. Two meetings of the Executive Board Committee were held.

Following the Annual General Meeting on 20 June 2000 at which BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft were appointed as the Company's auditors, we engaged them to audit the financial statements of Beiersdorf AG and the Beiersdorf Group for the financial year 2000.

The Annual Financial Statements of Beiersdorf AG, the Consolidated Financial Statements and the Joint Management Report for Beiersdorf AG and the Beiersdorf Group were audited by the Company's auditors and given their unqualified opinion. In compliance with the provisions of the Business Control and Transparency Act, the risk management system of Beiersdorf AG was also included in the audit.

Immediately upon completion, the financial statements and the auditors' reports were submitted to all members of the Supervisory Board. At our meeting on 20 March 2001 they were discussed in detail and subjected to a final review. This meeting was also attended by our auditors, who reported on the key findings of the audit and answered questions.

We concur with the auditors' findings, have no objections and endorse the Financial Statements of Beiersdorf AG for the year ending 31 December 2000, which are thus adopted. We also endorse the Executive Board's recommendation on the appropriation of profit.

There were no changes in the composition of the Supervisory Board during the year 2000.

Report by the Supervisory Board

After 21 years as Financial Director, Dr. Peter Schäfer reached retirement age and ceased to be a member of the Executive Board of Beiersdorf AG with effect from 31 December 2000. We wish to express our sincere thanks to him for his extremely successful work. Effective 1 October 2000, Mr. Rolf-Dieter Schwalb was appointed a full member of the Executive Board of Beiersdorf AG and he took over Dr. Schäfer's responsibilities as of 1 January 2001.

We wish to thank the Executive Board and all the Group's employees for their great dedication and successful work during the financial year 2000.

Hamburg, 20 March 2001

for the Supervisory Board
Dr. Hans Meinhardt
Chairman

Foreword by the Executive Board

Ladies and Gentlemen,

Dr. Rolf Kunisch
Chairman of the Executive Board

The year 2000 was the best year in the more than 115-year history of the Beiersdorf Group.

Sales grew by 13.1 % to € 4.12 billion. After-tax profit was up by 29.8 % to € 226 million or 5.5 % of sales. These are all new record figures.

The Executive Board will recommend to the Annual General Meeting to approve a dividend of € 1.00 per share. Including the full corporation tax credit of € 0.43 this means a gross dividend of € 1.43 per share, also an all-time high.

For the past 10 years, we have pursued the strategy of investing into a small number of strong consumer brands. This has paid off: NIVEA, for example, reached worldwide sales of over € 2 billion, four times its 1990 level. In the same period there was a fivefold increase in sales of la prairie.

Our business with mainly professional customers is currently being transferred to separate companies within the Beiersdorf Group: tesa AG is becoming a reality, and beginning in April 2001 professional wound care will be handled by BSN medical GmbH & Co. KG, a joint venture with the leading British company Smith & Nephew plc. The Beiersdorf Group is thus well prepared for future growth:

1. We know how to grow from within by cultivating strong brands. All our consumer brands achieved double-digit sales growth in the year 2000.

2. Professional businesses will exploit new opportunities for growth in dedicated companies. They are worldwide leaders in their individual businesses.

Foreword by the Executive Board

3. Strategic acquisitions will ensure additional growth. Their synergies will improve existing strengths: geographically and in our core competencies. Acquisitions must be profitable – the financial resources are available.

The Executive Board would like to thank all employees and their representatives around the world for their constructive cooperation. We thank our customers for their trust, our business partners for their assistance, and our shareholders for their loyalty.

Dr. Rolf Kunisch
Chairman of the Executive Board

The Executive Board of Beiersdorf AG

(January 2001)

Dr. Rolf Kunisch

Chairman

Thomas-Bernd Quaas

medical division

Dieter W. Steinmeyer

tesa division

Uwe Wölfer

cosmed division

Dr. Werner Opgenoorth

Human Resources
Administration
Environmental Protection

Rolf-Dieter Schwalb

Finance/Controlling

Growth from strong brands

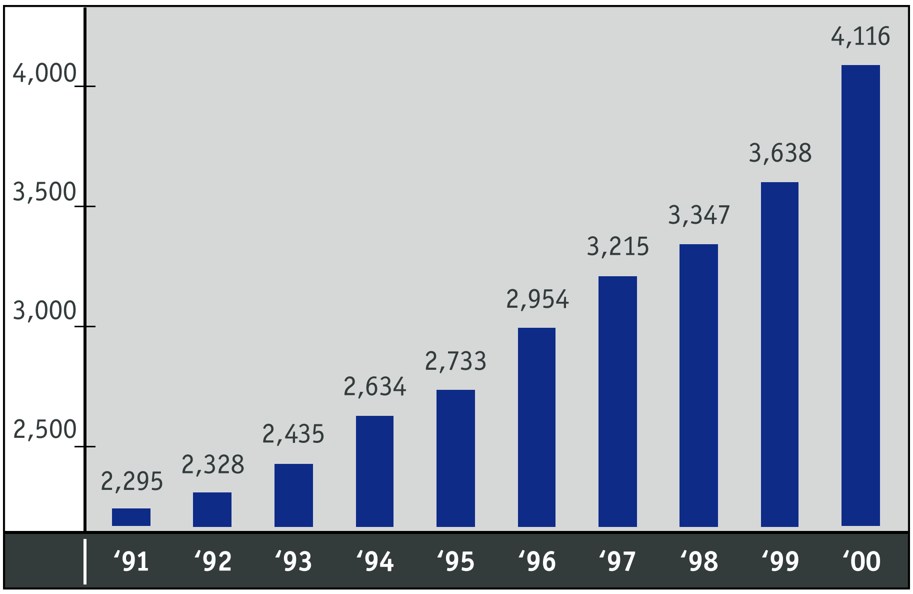
Our business success in the last 10 years – reliable growth in sales and profits.

We achieve continuously high sales growth rates, primarily through the organic growth of our brands.

We strengthen our position through synergistic acquisitions. In 2000, we bought the plaster brand Elastoplast, the market leader in the United Kingdom and many Commonwealth countries. With Hansaplast, CURAD and CURITAS we already had a leading position in many countries. By taking over Elastoplast, we move into a leading global position.

GROUP SALES

Figures in million €



Acquisitions:
Strengthening the brand strategy.

1990 JUVENA OF SWITZERLAND

1991 la prairie SWITZERLAND

1996 CURAD

1996 FUTURO

1999 CURITAS

2000 Elastoplast

New brands are developed and improved by Beiersdorf employees worldwide.

International leaders – through brand care

Our brands are successful worldwide.

They hold strong positions and achieve steady organic growth.

We concentrate on big brands: NIVEA, 8x4, atrix, Eucerin, Labello, la prairie, JUVENA, FUTURO, and the group of plaster brands – Hansaplast, Elastoplast, CURAD and CURITAS. Every single one of our brand groups achieved double-digit growth worldwide in the year 2000.

We care for these brands, focus and transfer our experience. We create new categories for our growth and for the benefit of our customers.

Our brands represent our strength in organic growth.

We are an international leader in branded consumer goods.

NIVEA Blue Harmony campaign:
"What the skin needs to live"

Double-digit growth of all brand groups in 2000.

+11% +18% +16% +18% +24%

+12% +31% +21% +10%

New structures

Markets are constantly changing. We quickly identify new opportunities and adapt our organisational structures to exploit them.

We have created tesa AG. It is designed to meet the special needs of our industrial business in pressure-sensitive adhesive tapes.

It will develop innovations and new technologies and is well prepared for future growth.

It will achieve greater flexibility through lean structures and systematically mirror the global structures of our industrial customers.

We have transferred medical division's professional business to a joint venture with Smith & Nephew plc. This new company, BSN medical GmbH & Co. KG, focuses on casting, bandages, professional wound care and phlebology/compression stockings.

This new worldwide organisation ensures profitable growth. Its new platform of approx. € 490 million in sales ensures a top position in the world market.

Positive future – Beiersdorf a reliable growth stock

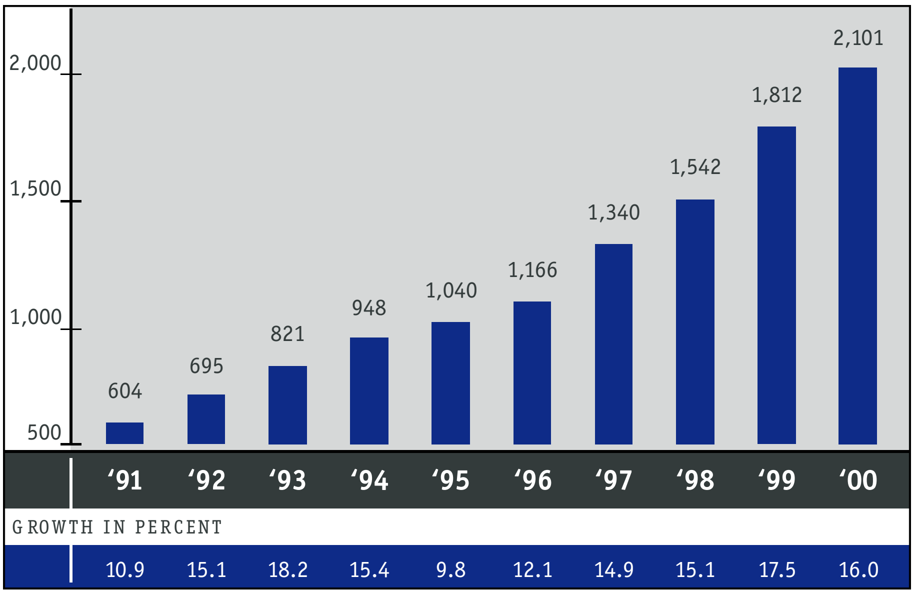
Our growth opportunities remain unlimited. We develop our potential by further expanding our brands into top positions. We consistently increase our market shares.

We open up new countries and we open up new product categories. Country after country – brand after brand. NIVEA is an outstanding example of profitable growth worldwide. Its sales have quadrupled in only 10 years. Our 1991 acquisition la prairie has grown fivefold since then. We will maintain this strength.

Our company will create further value – we are and will continue to be a reliable growth stock. For the benefit of our customers, our employees and our shareholders.

NIVEA TOTAL SALES

Figures in million €



MARKET SHARE GROWTH

e.g. NIVEA Sun in France

1996	19.6 %
1997	20.1 %
1998	23.2 %
1999	26.0 %
2000	30.0 %

Source: A.C. Nielsen

NEW PRODUCT CATEGORIES

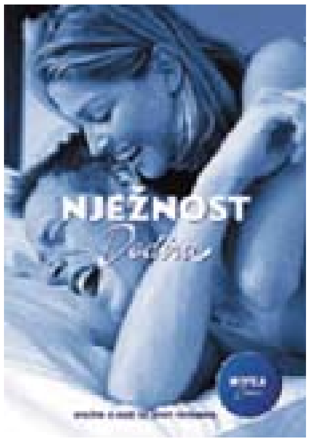
e.g. NIVEA Beauté

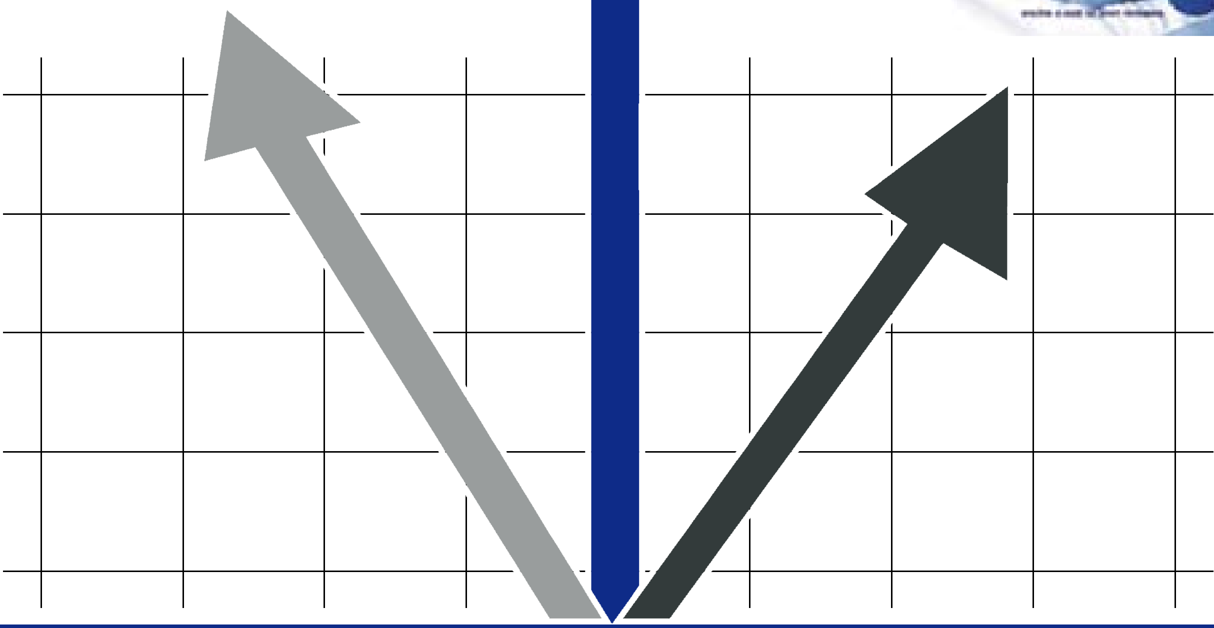
Decorative cosmetics were launched very successfully as a new category under the NIVEA label. NIVEA Beauté – the colors of care

OPENING UP NEW COUNTRIES

e.g. Croatia

We systematically open up new countries with our internationally successful brands. For example, our new affiliate established in Croatia in 2000 is already operating very successfully.



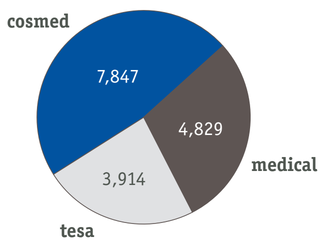


Growth in 3 dimensions

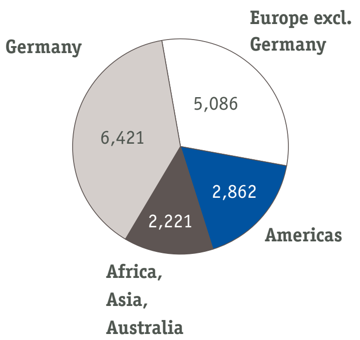
Human Resources

Total employees on 31.12.2000: 16,590

Personnel by divisions 2000



Personnel by regions 2000



We are developing towards a future in which we can compete.

We have established tesa AG and adapted our structure to our customers' international business.

We have established a joint venture with Smith & Nephew plc. This will strengthen our positions worldwide and develop our potentials on the basis of partnership.

And we cultivate our strong brands with worldwide success.

This successful and continuous development is due to dedicated employees. We encourage their commitment through individual opportunities and with social responsibility.

In Germany, the chemical industry has introduced one of the most progressive and flexible pay systems. In many areas we actually go further.

Employees at a Hansaplast information event

Flexible working hours and group work models are everyday reality.

Our top managers worldwide are encouraged to contribute to steady improvements of the value of our company by long-term incentives.

Our employees work constantly to improve their competence and creativity. We support this development – we encourage life-long learning and offer targeted educational programmes. We supplement these offerings with special training programmes for managers as well.

Our employees are the driving force for the successful ongoing development of our brands.

They act internationally and understand the principle of organic growth from within – now and in the future.

Hamburg head office

Research laboratory

Beiersdorf Share/Investor Relations

Number of shares: 84 million Prices: based on XETRA	
End of 1999	€ 66.66
End of 2000	€ 111.50
High 2000	€ 140.00
Low 2000	€ 59.85
Recommended dividend 2000	€ 1.00
Incl. corporation tax credit	€ 1.43
Total dividend	€ 84.0 million

Ten-Year Comparsion		1990	2000[2]
Market capitalisation on 31.12.	**million €**	**1,608**	**9,366**
Share price on 31.12.	€	**19.15**[1]	**111.50**
(Relative Index 1990=100)		(100)	(582)
Profit per share	€	**0.73**[1]	**2.61**
(Relative Index 1990=100)		(100)	(358)
Dividend per share	€	**0.31**[1]	**1.00**
(Relative Index 1990=100)		(100)	(362)
DAX		**1,398**	**6,434**
(Relative Index 1990=100)		(100)	(460)
MDAX		**2,104**	**4,675**
(Relative Index 1990=100)		(100)	(222)

[1] Translated from DM to € and based on number of shares in 2000
[2] Based on International Accounting Standards (IAS)

Beiersdorf Share

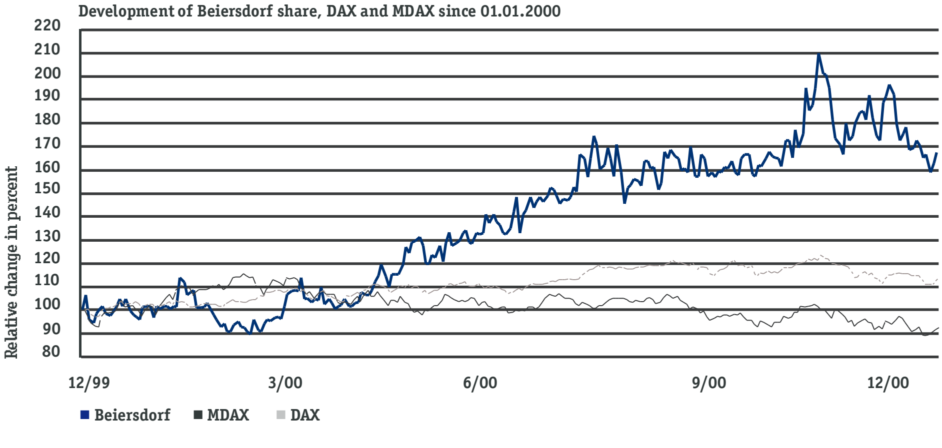
The first three months of the year 2000 saw a continuation of the rapid rise in the DAX from the end of the year before, essentially based on shares in the telecommunications, media and technology industries. As the year went on, however, this trend was reversed. Looking at the year as a whole, the DAX was actually down 7.5% on the year before. The MDAX, by contrast, rose by 13.9%.

For the Beiersdorf share, 2000 was another record year. The announcement of our good business results for 1999 and especially the comprehensive statements on strategic orientation reinforced the positive trend of recent years.

Our company's share developed considerably better than many competitors. With a plus of +67.3 % over the year before, it not only achieved the highest relative growth of the last 10 years, but also reached a new record year-end price of € 111.50. This corresponds to a market capitalisation of € 9.4 billion.

The proposed dividend represents another record, both in absolute terms and with regard to the +38.9 % increase on the year before.

Development of Beiersdorf share, DAX and MDAX since 01.01.2000



Investor Relations

With the adoption of International Accounting Standards (IAS) in 1999, we made a substantial improvement in the transparency of our accounting. This year, as a systematic continuation of these efforts, we stepped up our intermediate reporting. Thus in 2000 we satisfied the extensive publication requirements of Deutsche Börse AG which do not become mandatory until 2001.

Interim Reports 2000

Our continuous growth of sales and profits is resulting in growing interest in our company by international investors and well-known financial analysts.

Our biannual financial analyst conferences are an important and successful instrument of communication. The numerous publications about our share and the many and various contacts with shareholders and financial analysts indicate that our corporate strategy is understood and highly regarded by the market.

We have made further additions to the content available at our web sites **(www.Beiersdorf.de** and **www.Beiersdorf.com).** A clear structure permits direct access to our data. The Investor Relations section contains all the information of special relevance to investors. We make every effort to provide accurate and reliable information about the future business development of the Beiersdorf Group.

Investor Relations page of www.beiersdorf.com

Your contact with Investor Relations

Tel: +49 (0)40 4909 5000
Fax: +49 (0)40 4909 18 5000
E-mail: Investor.Relations@Beiersdorf.com

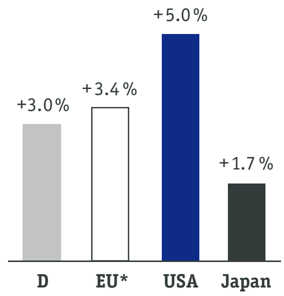
Business context

The marked expansion of the world economy in 2000 had a positive impact on Beiersdorf's sales. The economic upswing in Europe brought a continuous rise in consumer spending, though in Germany the trend was subdued. In the USA the growth in consumer spending stabilised at the previous year's high level. The up-and-coming markets, especially Eastern Europe, profited from the positive global developments and recorded high economic growth. In Japan the economic recovery made slow progress.

In 2001 we expect the upswing in Europe to stabilise. The biggest boost will come from increased domestic demand stimulated by an ongoing improvement in the employment situation and by tax reforms in many parts of Europe. In North America we expect the pace of growth to slacken in the first half of the year. The interest rate reductions by the Federal Reserve Bank and the tax cuts could give growth in the USA a new lease of life towards the end of 2001. The developing markets should profit from this too. For Japan, however, we again expect a difficult year with little growth. Overall, the positive economic situation will result in further growth for our business.

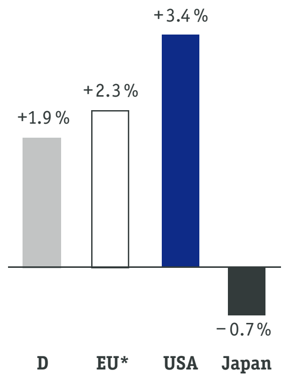
The worldwide economic growth in 2000 led to an increase in demand for raw materials, and hence to a rise in prices on source markets. In particular the rise in oil prices combined with the strength of the US dollar resulted – as expected – in price increases for raw materials and packaging materials in Europe. Thanks to targeted operational and strategic measures, the increase in material costs within the group, at around 2 %, remained below the general trend in purchasing prices. In 2001 we expect the price situation on Beiersdorf's main source markets to stabilise.

Growth of gross domestic product 2000 compared with 1999



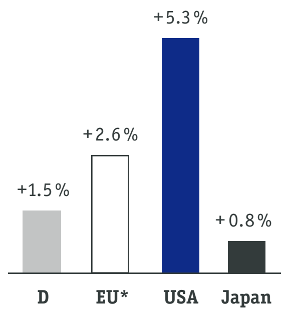
* EU 11 "Euroland"

Inflation rate 2000 compared with 1999



* EU 11 "Euroland"

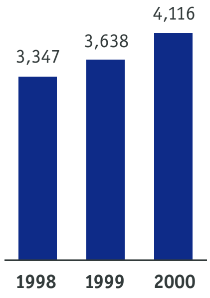
Growth of real private consumer spending in 2000 compared with 1999



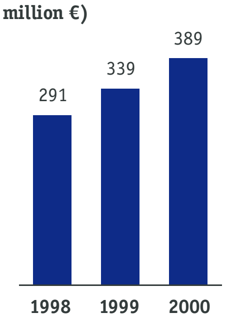
* EU 11 "Euroland"

Development of Business

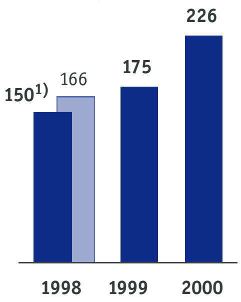
Group sales
(in million €)



Group operating result
(EBIT)
(in million €)



Group profit for the year
(in million €)



1) Excluding the release of tesa provisions and sale of operations

Group

Group sales rose by 13.1 % to the record level of € 4,116 million. At constant exchange rates the growth would have been 8.5 %. The 2 % increase in sales due to the establishment of new companies and initial consolidation of existing Beiersdorf companies was offset by an adjustment in the sales figures*. In the year under review Beiersdorf acquired the Elastoplast brand and took over from Smith & Nephew the distribution of NIVEA products for the United Kingdom, Canada, Ireland, South Africa and Australia. This increased sales by € 20 million. Thus Beiersdorf's growth was once again essentially internal.

With an increase of +14.8 %, the operating result (EBIT) grew faster than sales to reach € 389 million. This result includes non-recurring expenditures of € 27 million for the structural changes in medical and tesa divisions. The positive earnings trend of recent years was thus maintained. The operating result (EBIT) totalled 9.5 % of sales.

Profit for the year increased from € 175 million to € 226 million. As a result, the net return on sales rose from 4.8 % to 5.5 %. € 13 million of this increase was due to the recalculation of deferred taxes in view of the reduction in future income tax rates.

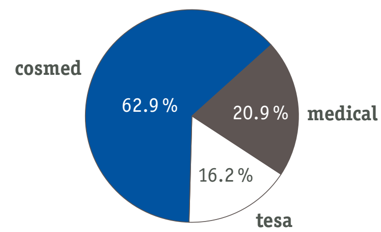
*Note: In the year under review payments by our French affiliate to trade organisations without any direct service rendered in return were charged against sales as sales allowances. This procedure is in line with International Accounting Standards. In the past these amounts have been shown in the marketing budget. Without this adjustment the increase in Group sales would have been +15.2%.

Development of business by divisions

cosmed

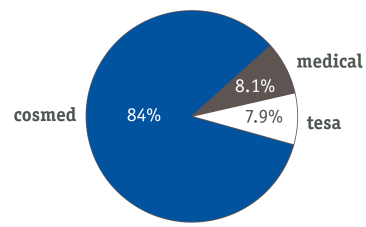
cosmed division develops, produces and markets cosmetic products for the care of healthy skin. The policy of focusing on a limited number of strong international brands that has been pursued for many years again proved extremely successful in 2000.

Divisional shares of Group sales 2000



With an increase of 15.5 % the division maintained its double-digit growth to reach sales of € 2,590 million. At constant exchange rates the rise was a solid 11.1 %. In a keenly fought market, this result was achieved from within by systematically expanding the global brands NIVEA and la prairie and the international brands atrix, Labello, 8x4 and JUVENA. In addition to the entry into new regional markets, a continuous stream of product updates and product innovations ensured further growth. The 50 % increase in patent applications compared with the year before will safeguard cosmed's innovative strength and growth dynamic for the future.

Divisional shares of Group operating profit (EBIT) 2000

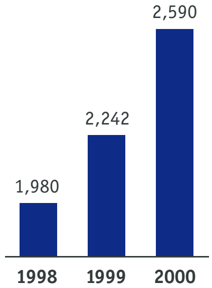


With a sales increase of 16 % to € 2.1 billion, NIVEA expanded its position as the world's largest personal care brand. The organic growth from within took place in all countries and in all NIVEA brand groups. Labello , atrix and 8x4 also displayed double-digit growth, as did the international JUVENA/la prairie business in the exclusive sector.

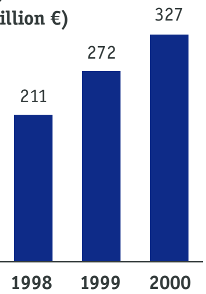
In the skin care field, the proven NIVEA creams (NIVEA Creme, NIVEA Soft, NIVEA Hand) made substantial market share gains in a generally slow-growing market. NIVEA Hand was successfully launched in the Netherlands, Italy and the United Kingdom. There were also launches of new products in the NIVEA body family: Body-Spray in Europe and the USA, Firming Lotion with Q10 in the USA and Whitening Creme in China.

Development of Business

cosmed sales
(in million €)



cosmed operating result
(EBIT)
(in million €)



With the launch of NIVEA Sun-Spray with SPF 20 and the innovative NIVEA sun-tan sprays, the brand expanded its leading position in the European sun protection market. The dynamic growth of NIVEA Sun in Brazil, Mexico and Argentina brought a considerable improvement in market position in Latin America.

In the facial care market, the NIVEA VISAGE Q10 line again made substantial gains. The newly launched products NIVEA VISAGE α-ALPHA FLAVON and NIVEA VITAL TEINT OPTIMAL also developed very well. NIVEA thus became the world's largest facial care brand.

la prairie maintained its impressive trend of recent years in the exclusive cosmetics sector. High-class innovations here were skin rejuvenation products such as "Age Management Retexturing Booster" and the additions to the "Skin Caviar Collection".

In the decorative cosmetics segment NIVEA Beauté further improved its market position in Europe, with innovative products such as "Strong & Pastel" nail varnish and "All Day Aqua Foundation". The range was launched in Norway and Brazil.

The dynamic development of the NIVEA FOR MEN range continued. The sensitive line and the facial care series met with a growing demand for products for sensitive skin. In 2001 NIVEA FOR MEN will be launched in the USA.

The deodorants segment also showed a very encouraging development. With innovative additions to its range, such as deodorant tissues and body-shower, 8x4 expanded its leading position in Japan. NIVEA deodorant maintained its leading market position in Europe despite considerably keener competition.

An extensive relaunch programme brought an improvement in market shares in the bath/shower products sector. The new skin-caring and moisture-giving formulas were launched in 40 countries.

The NIVEA Hair Care range was also completely revised. The calcium vitamin complex incorporated in all the products gives hair much more strength and shine. The new blue design ensures a typical high-class NIVEA profile for the entire range, which is to be launched in Italy in spring 2001.

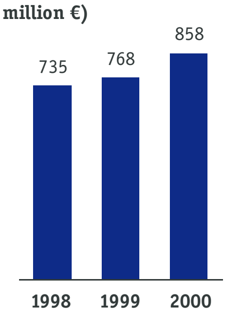
The division's EBIT figure showed a substantial rise from € 272 million to € 327 million. As a result, cosmed improved its EBIT return on sales to 12.6 % (previous year: 12.1 %).

medical

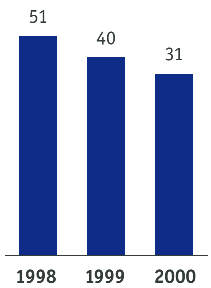
medical division develops, manufactures and markets products in the fields of Dermatology (medicinal skin care), Personal Health Care (consumer products for wound care and physical complaints), Professional Wound Care and Orthopaedics/Phlebology (management of varicose veins). The division is increasingly concentrating on retail consumer business in branded products. The focus of activities here is on further development of the international plaster brands Hansaplast, Elastoplast, CURAD and CURITAS, the medicinal skin care brand Eucerin, and FUTURO, the consumer brand for bandages.

Last year the division grew by 11.8 % to € 858 million. At constant exchange rates the growth figure came to 6.2 %. The acquisition of the Elastoplast brand from Smith & Nephew increased sales by € 15 million.

medical sales (in million €)



medical operating result (EBIT) (in million €)



Development of Business

The consumer-oriented plaster business recorded double-digit growth.

In Europe bandages and wound cleansing tissues were launched under the Hansaplast label, and in the USA plasters with Pokémon pictures were launched under the CURAD label under a licence agreement. With the aid of these measures and the acquisition of Elastoplast, Beiersdorf succeeded in further expanding its market position in the field of consumer-oriented wound and healing care and achieved a leading global position with a market share of 30 %.

Eucerin, with growth of more than 20 %, made record sales in the financial year. International business in particular developed well. All product lines contributed equally to this growth. A successful new launch in the USA was Eucerin Daily Sun Defense, a product for preventing sun allergies. In the pharmacy sector the new product line Eucerin IMPURE SKIN took second place in its first year, closing the gap on the market leader. Eucerin VITAL RETINOL, an anti-wrinkle cream specially for mature skin, was successfully launched on the German market.

The marked expansion of FUTURO product marketing to new sales channels in the USA resulted in double-digit sales growth and further market share gains. The addition of new products to the range made the brand the market leader in the pharmacy sector in Germany, Austria and Belgium. The FUTURO business was successfully expanded in Asia and Australia too. Worldwide sales of FUTURO brand products increased by 31 %.

Sales in the Professional Wound Care sector developed well despite the continuing pressure on prices. The growth was achieved primarily in the international sector. Special mention must be made here of the brands Fixomull and Cutinova.

November saw the signing of agreements with Smith & Nephew plc. under which the conventional professional business with the sectors wound care, casting, bandages and compression stockings will be contributed into a joint venture known as BSN medical GmbH & Co. KG. The advanced wound care sector will be sold to Smith & Nephew in 2001.

The EBIT figure for medical division, at € 31 million, was down as compared to the year before (€ 40 million). The EBIT return on sales for the year under review was 3.7 % (previous year: 5.2 %). The non-recurring costs due to restructuring of the division came to € 25 million. Initial depreciation of the brand rights acquired and of the Elastoplast goodwill totalled € 10 million.

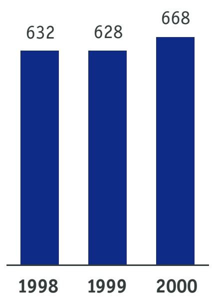
tesa

tesa division develops, manufactures and markets innovative problem-solving ideas for industrial applications and retail consumers. As one of the leading suppliers of self-adhesive products, tesa concentrates on three areas of application: fixing and joining systems using double-sided adhesive tape (fastening), protection and covering systems (masking), and systems for internal and external packaging (packaging).

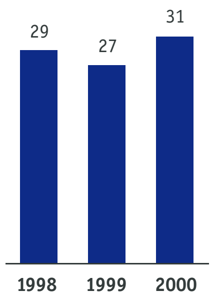
Whereas sales in the preceding years were influenced by consolidation measures, tesa division achieved encouraging growth last year. Sales increased by 6.4 % to € 668 million. At constant exchange rates the growth would have been 2.4 %.

By April 2001 tesa division will be transformed into an independent corporation. In this way tesa will gear its structures and business processes to the success factors of the adhesive tape business. These are different from the core business of Beiersdorf AG. The new business-specific structure will enable tesa to make better and faster use of growth potentials and innovations.

tesa sales (in million €)



tesa operating result (EBIT) (in million €)



Development of Business

In the field of fastening systems, sales were stepped up in the industrial sector in particular. Product innovations that allow customers to improve quality and productivity achieved high growth rates. In the paper and printing industry, innovative adhesive tapes for flying splices when changing paper reels recorded a sales increase that was well above average. These products increase process reliability and reduce cost levels at the customer.

The focus on uses of double-sided adhesive tapes in mobile telephones resulted in appreciable market share gains worldwide. In conjunction with the fast-growing sales volume of this industry, this product sector is a major source of growth for the future. Much the same is true of the expansion of uses in the smart card industry. Here tesa, with its heat-activated films (HAF), offers the right technical solutions for adhesive bonding. For the first time ever, the new tesa products permit the use of conductive antenna systems on smart cards.

In the field of protection and covering systems (masking), tesa achieved double-digit growth in sales to the car and components industries despite a worldwide downturn in the industry's fortunes. The sales trend in the USA was particularly encouraging. The tesa product families as a whole succeeded in considerably increasing their market share. This applies to tesa Bodyguard (transport and assembly protection for car bodies), tesa Glassguard (highly transparent scratch-resistant windscreen protection films), tesa Fineline (tapes for painting bumpers) and tesa cable harness tapes. Since the beginning of December, tesa Extra Power, an inexpensive fabric-reinforced tape for repair applications, has joined the retail consumer range throughout Europe.

In the packaging sector, the environmentally friendly water-soluble packaging tapes contributed to the positive sales trend. At the end of the year the new tesa tamper evident packaging tape for industrial customers was presented. This packaging system makes it possible to identify opened packages even after they have been re-sealed. tesa tamper evident thus detects unauthorised manipulation during a product's logistical chain – from packaging by the manufacturer to arrival at the consumer. This form of theft control was very well received by the market and will ensure a growth thrust for tesa in the future.

In the consumer packaging systems sector, the launch of tesa's triangular Easy Stick in Germany and the rest of Europe resulted in distribution gains. When it comes to the accurate sticking of points, corners and edges, tesa Easy Stick is much better suited than the conventional round glue sticks. The launch of the new product generation of tesafilm table dispensers and single-handed dispensers with new cutting-edge technology for a smooth cut gave a fresh boost to the retail consumer business. This offset the downward market trend in sales of tesafilm.

At € 31 million, tesa division's EBIT figure was up 12.7 % on the year before. The division's EBIT return on sales for the year under review was 4.6 % (previous year: 4.3 %). Expenditure in connection with the establishment of the new company tesa AG reduced the result by € 2 million.

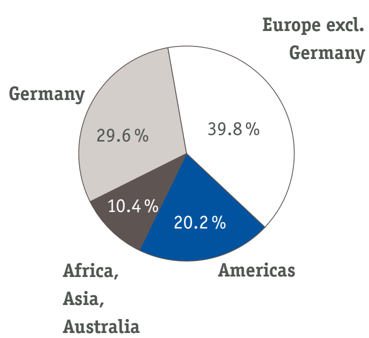
Development of business by regions

Sales in **Germany**, at € 1,217 million, showed an increase of 1.9 %. Germany's share of Group sales fell to 29.6 % compared with 32.8 % the year before.

Sales by cosmed division were up by 2.2 % to € 735 million. medical division also recorded a positive sales trend to reach a total of € 269 million (+3.3 %). Sales by tesa division declined by 0.7 % to € 213 million.

The EBIT operating result for Germany grew faster than sales, with an increase of 4.1 % to € 158 million. With a 40.6 % share of the Group's EBIT, Germany remained

Regional shares of Group sales 2000



Development of Business

the most profitable region. The EBIT return on sales was 13 % (previous year: 12.8 %).

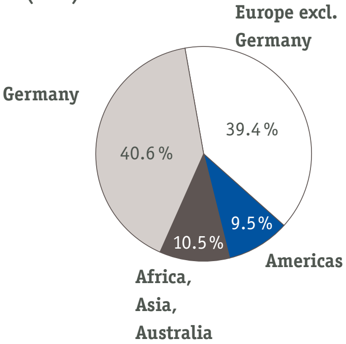
This trend was largely determined by the development of Beiersdorf AG's business.

Sales in **Europe excluding Germany** increased by 9.7 % to € 1,638 million. At constant exchange rates the growth would have been 8.6 %. The region's share of Group sales reached 39.8 %.

Sales by cosmed division grew by 11.6 % to € 1,157 million. Sales by medical division were up by 4.1 % to € 216 million. tesa division also performed well with an increase of 6.2 % and achieved sales of € 265 million. A substantial contribution to this sales growth in Europe was made by the companies in Eastern and Southeast Europe. Double-digit growth was also achieved in other major markets such as Austria, France and the United Kingdom.

The EBIT operating result for Europe grew faster than sales, increasing by 12.9 % to € 153 million, and with a 39.4 % share of Group EBIT, has almost drawn level with the figure for Germany.

Regional shares of Group operating result (EBIT) 2000



In the **Americas** sales developed especially well, rising by 32.1 % to € 832 million. The growth figures in this region are strongly influenced by the exchange rate situation, but even at constant exchange rates the growth in this region was a solid 16 %. The region's share of Group sales increased to 20.2 % (previous year: 17.3 %). With a rise of 46 % to € 406 million, cosmed division achieved the highest growth here too. Particularly good trends were achieved in Colombia, Venezuela and Brazil with growth of over 40 % at constant exchange rates. medical division stepped up its sales by 23.8 % and reached € 305 million. tesa succeeded in raising its sales by 15.2 % to € 121 million.

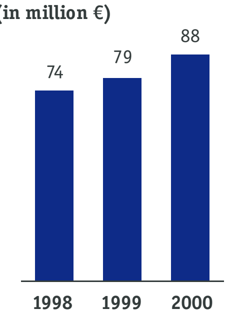
The EBIT operating result in the Americas grew faster than sales, increasing by 55.4 % from € 24 million to € 37 million. The EBIT return on sales was 4.4 % (previous year: 3.8 %).

With a sales increase of 33.6 %, **Africa/Asia/Australia** displayed the strongest growth to record total sales of € 429 million. The exchange rate situation had a considerable influence on the growth figures in this region too. At constant exchange rates the growth would still have been a very good 18.1 %. The region's share of Group sales reached 10.4 % (previous year: 8.9 %). The strongest growth in this region was achieved by cosmed with +40 % to € 292 million. The initial consolidation of the affiliate established in Korea in 1999 and the positive development of business in China and Thailand made substantial contributions to this growth. Very good growth in this region was displayed by medical division with +27.1 % and tesa division with +17 %.

With an increase of +51.9 %, the EBIT result grew faster than sales, rising to € 41 million from € 27 million the year before. The EBIT return on sales was 9.5 % (previous year: 8.5 %).

Research and Development

Research and development expenditure (in million €)



Non-contact investigation of anti-wrinkle effect using the latest optical measuring technology

Production of the "Active Gel Strip" on a newly developed plaster machine

The success of the Group's research and development work lies in its focus on the core competencies – skin care, wound care and adhesive tapes – in the interest of further development of our brands.

Expenditure on research and development in 2000 (excluding quality assurance costs) came to € 88 million (2.1 % of sales).

One key area of research and development by cosmed division was the study of the causes of premature skin ageing, especially under the influence of UV light. It was found that collagenase, an enzyme that breaks down collagen, plays a significant role in skin ageing. This discovery made it possible to develop a new approach to prophylactic skin care.

In addition, new and improved test methods were developed. Here special mention must be made of the measurement of DNA repair processes, non-invasive optical methods for studying skin surface structures, and impression methods for rapid testing of active substances.

Numerous innovative products were developed and launched:
- A sun spray with a sun protection factor of 20 and a self-tan spray.
- Skin creams with the new active substance Alpha Flavon as a means of preventing skin ageing
- A hair care range with the new calcium vitamin active ingredient complex.

One focal point of medical research was the development of a plaster for reducing scars on the basis of the polyurethane technology established by Beiersdorf. A new process makes it possible for the first time to produce individual polyurethane plasters. The "Active Gel Strip" is the first product to be manufactured and put on the market on the basis of this new technology.

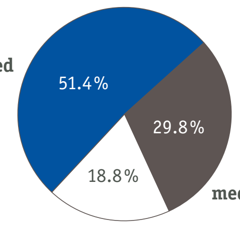
Another key area was the development of a production method implementing the findings in relation to plaster manufacture using solvent-free hotmelt technology.

A further significant event was the successful development of a new compound with improved properties for a self-adhesive ABC-type plaster that received simultaneous marketing authorisation in nine European countries under the "mutual recognition procedures" system.

In the research and development section of tesa division, substantial progress was made with the large-scale implementation of new solvent-free production processes for adhesive tapes. A new production facility for one of the most important pressure-sensitive adhesive systems will go into service during 2001. tesa aims to achieve a decisive improvement in its competitive position with the new technology platforms.

Further crucial development steps were also made in the field of optical data storage on adhesive tapes. With this technology we are now in a position to store microholograms on adhesive tape. These holograms offer considerably more information than barcodes, are more difficult to fake, and can be used as evidence of authenticity. This technology strengthens tesa's position in the growing market for anti-theft and anti-forgery products. For example, tesa has already launched new laser-markable labels for vehicle identification that leave behind information on a metallic background, e.g. an engine block.

Divisional shares of research and development expenditure 2000



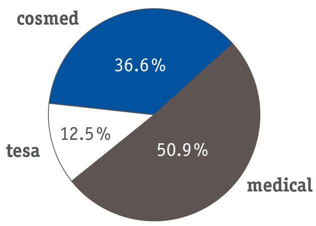
The new foundation "All Day Aqua" is a successful development that was awarded the Prix Maquillage by the magazine "marie claire"

The tesa laboratories are working at full pressure on further developments of optical storage technology

Source tesa-ROM: European Media Laboratory GmbH, Dr. Steffen Noehte

Capital Investment

Divisional shares of
Group investment 2000 in tangible
and intangible assets



On 01.07.2000 Beiersdorf acquired the brand Elastoplast, the number one in the plaster business in Great Britain, Ireland, Canada, South Africa and Australia

Uwe Wölfer, cosmed director, at the laying of the foundation stone for the new production facility of the Polish affiliate in Poznan, Poland

In the year under review € 237 million was invested in tangible and intangible assets. € 99 million of this figure relates to the acquisition of the Elastoplast business and the early transfer of NIVEA distribution rights from Smith & Nephew plc. These investments substantially strengthened the retail consumer business of medical and cosmed divisions.

The divisional figures for investment in tangible and intangible assets were: cosmed € 87 million, medical € 120 million and tesa € 30 million.

The main focus of capital spending on fixed assets was on the expansion of production facilities in Germany and Poland. In Brazil a start was made on the construction of a new production facility.

Capital investment in Germany came to € 127 million, most of it in Beiersdorf AG. Capital expenditure came to € 78 million in Europe excluding Germany, € 21 million in the Americas and € 11 million in Africa/Asia/Australia.

Plans for 2001 include the virtual completion of work on expanding the production facility in Poland and substantial progress with the building of the new facility in Brazil.

The investment programmes initiated by tesa division in the year under review to safeguard its technological leadership in the field of solvent-free production of adhesive tapes will be continued and stepped up in 2001. The two major investment projects will probably be completed in 2002.

Financial investments totalled € 12 million and related primarily to increases of capital in non-consolidated participating interests of Beiersdorf AG.

Environmental Protection and Safety

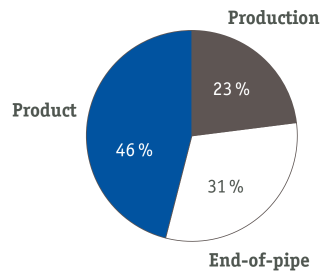
Our commitment to acting responsibly to conserve resources is combined with a high degree of safety for our employees and the environment. For this reason we have been working for years on the principle of sustainable development keyed to the future – in both a national and an international context.

Our safety and environmental protection management is therefore integrated in all business processes. The three-stage environmental protection strategy begins as early as the product development stage. It pervades all production workflows, and continues through to environmentally sound waste management. We also make constant efforts to improve operational safety in production. Our approach is thus in line with the international principle of ”responsible care“.

In order to maintain our high safety standards and continue introducing improvements, we made further progress in 2000 with the internationalisation of our internal environmental protection and safety audits throughout the Group. These rules were applied during audits of the production facilities at Concagno (Italy), Middletown (USA) and Hamburg. The international composition of the audit teams underlines the broad acceptance and hence the significance of these audits. The internal safety audits carried out on an international scale are also recognised by our authorities in Germany. This has led to excellent appraisals of our factories and to an extension of the intervals between official inspections. Independent external institutions confirm that the implementation of the three-stage environmental strategy (environment-oriented production, production-integrated environmental protection, environmentally sound waste management) has resulted in advances, especially in the ecological assessment of products.

In 2000 we succeeded in further reducing the accident rate from its already low level. In the interests of our employees’ safety, we continue to pursue the goal of a ”zero accident“ scenario.

Group expenditure on environmental protection 2000



Risk Management

Risk management is an integral part of the management of Beiersdorf. It consists of maintaining an ongoing balance between making the most of business opportunities and taking precautions against structural risks of our company. The management of operational risks is largely decentralised, with responsibility resting in the individual operating sectors and companies.

Overlapping international risks such as brand management, production and safety standards, financing and development of shareholder value are centrally monitored. Internal auditing, targeted controlling with detailed planning and steering processes, and regular strategy reviews ensure a coordinated balance of opportunities and risks. The efficiency and reliability of the system is regularly examined by our external auditors.

We attach special importance to eliminating risks for the consumer. The safety and compatibility of the products sold by Beiersdorf are constantly monitored and reviewed in accordance with uniform international standards and rules. The raw materials and packaging materials used and the finished products are constantly checked for suitability as part of our quality assurance process.

Furthermore, continuous risk management for all our products is guaranteed by constant inspections, regular controls, protected processes and permanent documentation during development, production and distribution.

An intensive safety evaluation is an integral part of the release process for new products. In particular it ensures the toxicological safety of the constituents and checks the finished products for complete compatibility. Extensive quality assurance measures throughout the entire production process ensure that our products offer reliable safety and quality.

With the aid of suitable information systems, we ensure that product deviations from the defined standard, wherever they occur, can be instantly detected and identified and promptly corrected. Systematic evaluation of the mail we receive from consumers – including by Internet – yields valuable information here.

The restructuring processes in medical and tesa divisions offer considerable opportunities for the further development of our business. Here we have set up project teams to plan the necessary projects with competence and high priority and ensure professional implementation. Project progress is regularly and systematically monitored by expert bodies and the Executive Board.

The process of centralising financial risk management that was begun in 1999 was continued and largely completed in 2000 in the fields of Group company financing and foreign exchange management. To this end a new treasury information system was introduced throughout the Group. It supplies the basic information for decisions by central risk management. The aim of safeguarding the results of Group companies as far as possible against foreign exchange risks is to be achieved in 2001. Here the use of derivative financial instruments is intended solely to safeguard basic operating business and financial transactions essential to the business. It does not give rise to any additional risks within the Group (see also Group Notes, Section 32).

Further Prospects / Forecast

In the financial year 2001 Beiersdorf will implement the announced changes in the structure of the business. In April 2001, the tesa business was hived off as an independent corporation ("Aktiengesellschaft") with retrospective effect from 1 January. This gives tesa the organisational and legal structures appropriate to the requirements of the market and form the basis for further successful development in the future.

The joint venture BSN medical GmbH & Co. KG has also commenced operations, beginning 1 April. This company brings together the professional businesses of Beiersdorf and Smith & Nephew in the field of conventional wound care. With annual sales of around € 490 million, BSN medical will occupy a leading position worldwide in its competence areas: professional wound care, casting, bandages and compression stockings.

These two projects have high priority for Beiersdorf. We are confident that with these changes we have taken the right steps to ensure successful development of medical's professional business and tesa's business in the future.

In our core business we will concentrate entirely on retail consumer sales of big brands.

We expect 2001 to bring a worldwide continuation of the generally good economic situation. In Germany and Western Europe, however, the growth of our sales markets will be slow. We also expect a slackening of the pace of growth in North America. International competition and the trend to concentration among our customers will continue to increase. We will counteract these developments by focusing on our strong brands. This will further increase our attractiveness as a strong partner for the distributive trade.

In 2001 we plan to increase our sales by some 8 to 10 % to around € 4,500 million. These figures include 50 % of sales by BSN medical and also take account of the sale of the advanced wound care business to Smith & Nephew. We also expect that, after allowing for all remaining restructuring measures, we will achieve an EBIT operating result of around € 450 million. The profit for the year will come to about € 270 million. Thus Beiersdorf will probably achieve a net return on sales of 6 % in 2001.

Income Statement – Beiersdorf Group

(in million €)	Notes	1999	2000
Sales	(1)	**3,638**	**4,116**
Cost of goods sold	(2)	−1,412	−1,579
Gross profit		**2,226**	**2,537**
Selling expenses	(3)	−1,577	−1,793
Research and development expenses	(4)	−79	−88
General administration expenses	(5)	−167	−185
Other operating income	(6)	61	81
Other operating expenses	(7)	−125	−163
Operating result (EBIT)		**339**	**389**
Interest income/expense (net)	(8)	−6	5
Other financial income/expense	(9)	−10	−12
Financial result		**−16**	**−7**
Profit before tax		**323**	**382**
Taxes on income	(10)	−148	−156
Profit after tax		**175**	**226**
Minority interests	(11)	−4	−6
Changes in retained earnings		−111	−136
Net profit (Dividend of Beiersdorf AG)		**60**	**84**
Earnings per share (in €)	(12)	**2.04**	**2.61**

Balance Sheet – Beiersdorf Group

ASSETS (in million €)	Notes	**31.12.1999**	**31.12.2000**
Intangible assets	(14)	56	118
Property, plant and equipment	(15)	782	808
Financial assets	(16)	26	24
Fixed assets		**864**	**950**
Inventories	(17)	515	595
Trade accounts receivable	(18)	544	610
Other receivables and other assets	(18)	116	150
Cash and cash equivalents	(19)	622	632
Current assets		**1,797**	**1,987**
Deferred taxes	(10, 20)	**21**	**19**
Prepaid expenses	(21)	**20**	**25**
		2,702	**2,981**

SHAREHOLDERS' EQUITY AND LIABILITIES (in million €)			
Capital stock	(22)	215	215
Additional paid-in-capital	(25)	47	47
Retained earnings	(26)	902	1.039
Net profit		60	84
Translation differences		42	49
Minority interests	(27)	23	24
Shareholders' equity		**1,289**	**1,458**
Provisions for pensions and other postemployment benefits	(28)	409	417
Other provisions	(29)	363	411
Provisions		**772**	**828**
Financial liabilities	(30)	61	83
Trade accounts payable	(30)	322	356
Other liabilities	(30)	164	147
Liabilities		**547**	**586**
Deferred taxes	(10, 20)	**88**	**103**
Deferred income	(21)	**6**	**6**
		2,702	**2,981**

Cash Flow Statement – Beiersdorf Group

(in million €)	Notes	1999	2000
Cash and cash equivalents at beginning of the year	(19)	**443**	**622**
Operating result (EBIT)		**339**	**389**
Income taxes paid		−116	−148
Depreciation and amortization		129	149
Change in long-term provisions (excluding interest)		0	−5
Profit/loss on disposal of property, plant and equipment		7	1
Gross cash flow		**359**	**386**
Change in inventories	(17)	−27	−76
Change in trade accounts receivable and other assets		−99	−106
Change in liabilities and short-term provisions		108	66
Net cash from operating activities		**341**	**270**
Investment in fixed assets		−130	−249
Proceeds from the sale of fixed assets		9	19
Interest, dividends and other financial income received		37	39
Net cash from investing activities		**−84**	**−191**
Free cash flow		**257**	**79**
Change in financial liabilities	(30)	−7	21
Interest and other financial expense paid		−37	−34
Cash dividends paid (Beiersdorf AG)		−52	−60
Net cash from financial activities		**−96**	**−73**
Change in cash and cash equivalents due to exchange rate movements		14	2
Change in cash and cash equivalents due to changes in companies consolidated		4	2
Change in cash and cash equivalents		**179**	**10**
Cash and cash equivalents at end of the year	(19)	**622**	**632**

Segment Reporting – Beiersdorf Group

Divisions (in million €)	**cosmed**	**medical**	**tesa**	**Group**
Net sales	**2,590**	**858**	**668**	**4,116**
Change on previous year	+15.5 %	+11.8 %	+6.4 %	+13.1 %
Share of Group sales	62.9 %	20.9 %	16.2 %	100.0 %
Operating result (EBIT)	**327**	**31**	**31**	**389**
in % of sales	12.6 %	3.7 %	4.6 %	9.5 %
EBITDA	**396**	**81**	**61**	**538**
Capital employed	**653**	**380**	**365**	**1,398**
Return on capital employed	**50.1 %**	**8.2 %**	**8.5 %**	**27.8 %**
Gross cash flow	**271**	**68**	**47**	**386**
Capital expenditure (excl. financial assets)	**87**	**120**	**30**	**237**
Depreciation and amortization	**69**	**50**	**30**	**149**
Research and development expenses	**45**	**26**	**17**	**88**
Number of employees (31.12.00)	**7,847**	**4,829**	**3,914**	**16,590**

Regions (in million €)	**Germany**	**Europe excl. Germany**	**Americas**	**Africa, Asia, Australia**	**Group**
Net sales*	**1,217**	**1,638**	**832**	**429**	**4,116**
Change on previous year	+1.9 %	+9.7 %	+32.1 %	+33.6 %	+13.1 %
Share of Group sales	29.6 %	39.8 %	20.2 %	10.4 %	100.0 %
Operating result (EBIT)	**158**	**153**	**37**	**41**	**389**
in % of sales	13.0 %	9.4 %	4.4 %	9.5 %	9.5 %
EBITDA	**240**	**194**	**56**	**48**	**538**
Capital employed	**446**	**544**	**309**	**99**	**1,398**
Return on capital employed	**35.4 %**	**28.1 %**	**12.0 %**	**41.4 %**	**27.8 %**
Gross cash flow	**169**	**139**	**50**	**28**	**386**
Capital expenditure (excl. financial assets)	**127**	**78**	**21**	**11**	**237**
Depreciation and amortization	**82**	**41**	**19**	**7**	**149**
Number of employees (31.12.00)	**6,421**	**5,086**	**2,862**	**2,221**	**16,590**

* Based on company domicile

Consolidated Statement of Shareholders' Equity – Beiersdorf Group

(in million €)	Capital stock	Additional paid-in capital	Retained earnings	Net profit	Minority interests	Translation differences	Total
01.01.1999	**215**	**47**	**791**	**52**	**17**	**0**	**1,122**
Dividend of Beiersdorf AG for previous year	0	0	0	−52	0	0	−52
Transfer to retained earnings	0	0	111	0	4	0	115
Group profit	0	0	0	60	0	0	60
Currency movements	0	0	0	0	2	42	44
Other changes	0	0	0	0	0	0	0
31.12.1999/01.01.2000	**215**	**47**	**902**	**60**	**23**	**42**	**1,289**
Dividend of Beiersdorf AG for previous year	0	0	0	−60	0	0	−60
Transfer to retained earnings	0	0	136	0	2	0	138
Group profit	0	0	0	84	0	0	84
Currency movements	0	0	0	0	−1	7	6
Other changes	0	0	1	0	0	0	0
31.12.2000	**215**	**47**	**1.039**	**84**	**24**	**49**	**1,458**

Summary of Accounting, Valuation and Consolidation Policies

General principles

The Group financial statements of Beiersdorf AG are, pursuant to Section 292a of the German Commercial Code, prepared in accordance with the provisions of the rules of the International Accounting Standards Committee (IASC), London, in force on the balance sheet date. They conform to the European Union rules for consolidated accounts (Directive 83/349/EEC). As of 01.01.2000 the figures in the financial statements are reported in €. The figures were translated at the official rate of 1 € = 1.95583 DEM.

In the interest of clearer presentation, individual items have been aggregated in the income statement and the balance sheet. These items are explained and shown separately in the Notes.

Consolidated Group

In addition to Beiersdorf AG, the Group financial statements include 10 German and 76 international companies in which Beiersdorf AG directly or indirectly holds a majority of the voting rights and which are under its unified management. Three companies in which Beiersdorf has a share of 50 % and which are run jointly with the other shareholders are consolidated pro rata in accordance with IAS 31 (Financial Reporting of Interests in Joint Ventures). The companies consolidated pro rata account for € 71 million of the income and € 57 million of the expenses shown in the income statement, and hence € 14 million of the result. In addition they account for € 8 million of the fixed assets, € 30 million of current assets and € 15 million of the liabilities and provisions.

11 German and 21 international companies which individually and in overall terms are of only minor importance for presenting a true and fair view of the Group's assets, liabilities and financial position are not included in the Consolidated Financial Statements.

In the year under review the following companies were consolidated for the first time: Hegela BDF OÜ, Estonia; Beiersdorf Romania SRL, Romania; Beiersdorf d.o.o., Croatia; Beiersdorf S.R.L., Bolivia; Beiersdorf S.A., Ecuador; Beiersdorf Canada Inc., Canada; Beiersdorf-Jobst Canada Inc., Canada; Beiersdorf S.A., Uruguay; Beiersdorf East Africa Ltd., Kenya; Beiersdorf Consumer Products (Pty) Ltd., South Africa; NIVEA Seoul Ltd., South Korea; tesa tape (Shanghai) Co., Ltd., Shanghai; BDF Holding Japan Yugen Kaisha, Japan.

Summary of Accounting, Valuation and Consolidation Policies

These companies are all newly established or existing Beiersdorf companies.

The changes in the consolidated Group in 2000 did not have a significant impact on the items in the Group balance sheet or the Group's profit for the year.

Consolidation principles

The individual company financial statements consolidated in the Group accounts are all prepared as at the same closing date of 31 December and in accordance with the accounting and valuation principles for the Beiersdorf Group. The accounts included have all been audited by independent auditors.

In accordance with IAS 22 (Business Combinations), acquisitions are accounted for using the purchase method. Under the purchase method, the acquisition costs of the interests acquired are set off against the share of shareholders’ equity due to the parent company at the time of acquisition. Positive differences arising from this offsetting are wholly or partially allocated to the assets of the affiliated companies and written down over the useful life of the assets. Any remaining positive difference is capitalised as goodwill and written down over the probable useful life. Negative goodwill is netted against retained earnings or allocated to other provisions.

Provisions for intragroup receivables or write-downs on shares of consolidated companies in individual company accounts are reversed, upon consolidation. Intercompany transactions and balances are eliminated upon consolidation. Deferred taxes have been provided on consolidation transactions where necessary.

The same consolidation principles apply to joint ventures consolidated pro rata. Any necessary consolidation measures arising from relations with companies consolidated pro rata are made in proportion to the shares held.

Currency translation

The accounts of foreign subsidiaries are translated in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) based on the functional currency concept. Balance sheets are translated at the mean rate in effect at the balance sheet date, and income statements at the average rate for the year, as these companies run their business independently from a financial, economic and organisational point of view. Differences arising from currency translation with regard to assets and liabilities as compared with the previous year's translation, and differences in translation between balance sheet and income statement items, are posted directly to shareholders' equity.

To better eliminate inflation effects, the accounts of major affiliates in high-inflation countries are prepared in DEM.

In the financial statements of the individual companies, accounts payable and receivable in foreign currency are translated at the rate in effect the day they arose. However, if translation of the foreign currency items at the rate for the balance sheet date results in a lower figure in the case of receivables or a high figure in the case of accounts payable, the foreign currency items are valued at the rate in effect at the balance sheet date unless they are rate-hedged.

The exchange rates for the currencies of relevance to the Group financial statements showed the following changes:

	ISO Code	Average rates		Reporting date rates	
1 € =		**1999**	**2000**	**1999**	**2000**
Swiss Francs	CHF	1.6010	1.5568	1.6048	1.5221
Pounds Sterling	GBP	0.6548	0.6076	0.6205	0.6233
Japanese Yen	JPY	118.8023	99.5121	102.6521	106.8999
Mexican Pesos	MXN	10.0988	8.7267	9.5300	8.9200
US Dollars	USD	1.0567	0.9198	1.0027	0.9305

Notes on the Income Statement

(1) Sales

A breakdown of sales and their development by division and region is given in the segment report on page 47.

(2) Cost of goods sold

This item comprises the cost of internally produced goods sold and the cost price of merchandise sold. In accordance with IAS 2 (Inventories), the cost of internally produced goods includes not only directly allocatable costs such as the cost of materials, personnel and energy, but also production-related overheads including depreciation on production plant.

(3) Selling expenses

Selling expenses include the cost of marketing, sales organisation and distribution logistics. In 2000 the marketing expenses for advertising, trade marketing and similar items came to € 1,093 million (previous year: € 957 million).

(4) Research and development expenses

In accordance with IAS 9 (Research and Development Costs), research and development expenses include the cost of research and of product and process development including expenses for third-party services. Development costs are expensed entirely because the criteria for capitalisation are not satisfied in view of the individual risks that exist until the time of market launch.

(5) General administration expenses

This item shows the personnel and other costs of administration and the cost of external services, except in cases of internal charging to other functional areas.

(6) Other operating income

(in million €)	1999	2000
Gains from disposal of fixed assets	3	4
Exchange gains	9	12
Income from release of provisions	14	25
Other income	35	40
	61	**81**

Other income consists largely of income from licence agreements, income not related to the current period, income from the release of provisions for doubtful debts and other operating income.

(7) Other operating expenses

(in million €)	1999	2000
Expenses on restructuring measures	9	24
Losses on disposal of fixed assets	10	5
Exchange losses	11	11
Other expenses	95	123
	125	**163**

Other expenses include write-downs on goodwill and trademarks acquired, provisions for miscellaneous risks, and other operating expenses.

(8) Interest income/expense (net)

(in million €)	1999	2000
Interest income (of which: from affiliated companies)	18 (-)	26 (-)
Interest expense (of which: from affiliated companies)	−24 (-)	−21 (-)
	−6	**5**

Interest income includes income of € 7 million from the special-fund units held by Beiersdorf AG. Interest expense includes expenses of € 12 million relating to the interest cost component of pension obligations acquired in previous years.

Notes on the Income Statement

(9) Other financial income/expense

(in million €)	1999	2000
Write-downs on current asset securities	0	–1
Other financial income	19	13
Other financial expense	–29	–24
	–10	**–12**

Other financial income consists of exchange gains on financial items denominated in a foreign currency. Other financial expenses include exchange losses on financial items.

(10) Taxes on income

Taxes on income comprise the taxes paid or owed on income and profit in the individual countries, as well as deferred taxes on temporary timing differences. The breakdown of expenditure on income taxes including deferred taxes is as follows:

(in million €)	1999	2000
Taxes on income Germany	79	61
International	71	78
	150	139
Deferred taxes	–2	17
	148	**156**

Taxes on income include tax expense of € 4 million (previous year: tax refunds of € 2 million) attributable to previous periods.

Deferred taxes result from differences in the timing of valuations between the fiscal accounts of the individual companies and the valuations in the Group accounts. They are determined using the balance sheet liability method by applying the tax rates expected to be in effect in the individual countries at the time of realisation. These are essentially based on the legal arrangements in force on the balance sheet date. As a result of tax rate changes in individual countries, especially in Germany, total expense on deferred taxes has been reduced by € 13 million.

Actual tax expense is € 2 million lower than the expected tax expense that would result from applying a weighted average tax rate. This tax rate is calculated from the tax rates from the individual Group companies, and totalled at 41.4 percent in 2000 (previous year: 42 percent). The following table shows the reconciliation from expected to actual tax expense:

(in million €)	1999	2000
Theoretical tax expense at a tax rate of 42 %/41.4 %	136	158
Tax reductions due to tax-free income	−1	-
Tax increases due to non-deductible expenses	5	9
Other tax effects	8	−11
Actual tax expense	**148**	**156**

Other taxes are included in the costs of the functional areas.

(11) Minority interests

€ 6 million of the profit is due to minority shareholders (previous year: profit: € 5 million; losses: € 1 million).

(12) Earnings per share

Earnings per share are determined in accordance with IAS 33 (Earnings per Share). In 2000 the figure was € 2.61 (previous year: € 2.04). The number of shares outstanding (84 million individual shares) did not change in the year under review. Since there are no outstanding financial instruments that can be exchanged for shares, there is no need to calculate diluted earnings per share.

Notes on the Income Statement

(13) Miscellaneous information

Material expenses

Expenses on raw materials, supplies, merchandise and external services came to € 1,112 million (previous year: € 995 million).

Personnel expenses

(in million €)	1999	2000
Wages and salaries	569	634
Social security contributions and assistance costs	114	122
Pension costs	30	30
	713	**786**

Employees

A breakdown of employees by functional areas is as follows:

Functional sectors (number of employees on 31.12.00)	1999	2000
Production	5,904	6,099
Sales and Marketing	4,090	5,698
Other functions	6,071	4,793
	16,065	**16,590**

The total figure includes the proportion of employees in joint ventures that corresponds to the interest held by Beiersdorf. A total of 178 persons (previous year: 161) work in these companies.

The breakdown of employees among the segments of the Beiersdorf Group can be seen from the following overview:

Divisions (number of employees on 31.12.00)	1999	2000
cosmed	7,418	7,847
medical	4,877	4,829
tesa	3,770	3,914
	16,065	**16,590**

Regions (number of employees on 31.12.00)	1999	2000
Germany	6,372	6,421
Europe excl. Germany	4,877	5,086
Americas	2,793	2,862
Africa/Asia/Australia	2,023	2,221
	16,065	**16,590**

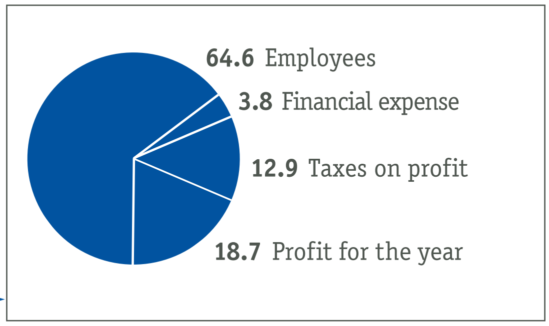
In the period under review the number of employees increased by 525 compared with 31 December 1999 to reach 16,590. Initial consolidation of companies accounted for 327 of this figure.

Value added Calculation of the Beiersdorf Group

Output method (in million €)

Sales	4,116
Material Expenses	1,112
Depreciation	149
Other expenses	1,685
Financial earnings	40
Company earnings	1,210

Income received method (in %)



Notes on the Balance Sheet

(14) Intangible Assets (in million €)	Patents, licenses, trademarks and similar rights and assets	Goodwill	Prepayments	Total
Cost of acquisition				
Opening balance 01.01.2000	203	8	3	214
Changes due to exchange rate movements	0	0	0	0
Changes in consolidated Group	0	0	0	0
Additions	81	20	1	102
Disposals	−1	−1	−1	−3
Transfers	1	0	0	1
Closing balance 31.12.2000	**284**	**27**	**3**	**314**
Depreciation				
Opening balance 01.01.2000	152	6	0	158
Changes due to exchange rate movements	0	0	0	0
Changes in consolidated Group	0	0	0	0
Depreciation 2000	36	5	0	41
Disposals / Transfers	−1	−2	0	−3
Closing balance 31.12.2000	**187**	**9**	**0**	**196**
Book value 31.12.2000	**97**	**18**	**3**	**118**
Book value 31.12.1999	51	2	3	56

Intangible assets acquired against payment are valued at acquisition cost and written down on a straight line basis over their useful lives. Impairment write-downs are made where there is a probability of a permanent reduction in value. If the reasons for impairment write-downs cease to apply, appropriate write-ups are made.

The intangible assets include the acquired trade marks NIVEA, FUTURO, CURAD and Elastoplast.

The usual depreciation period for intangible assets is 5 years. As an exception to this rule, the NIVEA trade marks are written down over a useful life of 10 years. Goodwill arising upon consolidation and derived goodwill arising from the individual company accounts is, in accordance with IAS 22 (Business Combinations), capitalised and written down on a straight line basis over a period of between 5 and 20 years depending on the useful life. The value of goodwill is reviewed at regular intervals, and where necessary, appropriate adjustments are made.

Goodwill arising from capital consolidation that took place before 01.01.1995 is not capitalised, but is set off directly against shareholders' equity, without affecting the result of the period.

(15) Property, plant and equipment (in million €)	Land and buildings	Machinery and technical equipment	Office and other equipment	Assets under construction and prepayments on accout	Total
Cost of acquisition/manufacture					
Opening balance 01.01.2000	664	731	406	30	1.831
Changes due to exchange rate movements	8	7	4	1	20
Changes in consolidated Group	1	0	2	0	3
Additions	8	39	49	39	135
Disposals	−6	−21	−27	−1	−55
Transfers	1	4	9	−15	−1
Closing Balance 31.12.2000	**676**	**760**	**443**	**54**	**1.933**
Depreciation					
Opening balance 01.01.2000	293	465	291	0	1.049
Changes due to exchange rate movements	4	3	2	0	9
Changes in consolidated Group	0	0	1	0	1
Depreciation 2000	18	47	43	0	108
Disposals/Transfers	−3	−18	−21	0	−42
Closing Balance 31.12.2000	**312**	**497**	**316**	**0**	**1,125**
Book value 31.12.2000	**364**	**263**	**127**	**54**	**808**
Book value 31.12.1999	371	266	115	30	782

Property, plant and equipment are capitalised at the cost of acquisition or manufacture and depreciated on a straight line basis in line with the probable economic life of the asset. The cost of manufacture of company-produced tangible assets is determined on the basis of directly allocatable individual costs and appropriate overheads. Repair and maintenance costs for property, plant and equipment are expensed as incurred. Such items are capitalised in exceptional cases where the measure results in an extension or substantial enhancement of the asset.

Notes on the Balance Sheet

Property, plant and equipment are depreciated on a straight line basis. Impairment write-downs are taken in cases where there is a probability of a permanent reduction in value. If the reasons for impairment write-downs cease to apply, appropriate write-ups are made. Minor assets are depreciated in full in the year of acquisition.

Depreciation on property, plant and equipment is based on the following economic useful lives:

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

(16) Financial assets (in million €)	Shares in affiliated companies	Participations	Investment securities	Other loans	Total
Cost of acquisition					
Opening balance 01.01.2000	28	2	4	1	35
Changes due to exchange rate movements	0	0	0	0	0
Changes in consolidated Group	−9	0	0	0	−9
Additions	11	0	0	1	12
Disposals	−5	0	−1	0	−6
Transfers	0	0	0	0	0
Closing balance 31.12.2000	**25**	**2**	**3**	**2**	**32**
Depreciation					
Opening balance 01.01.2000	7	2	0	0	9
Changes due to exchange rate movements	0	0	0	0	0
Changes in consolidated Group	−1	0	0	0	−1
Depreciation 2000	0	0	0	0	0
Disposals/Transfers	0	0	0	0	0
Closing balance 31.12.2000	**6**	**2**	**0**	**0**	**8**
Book value 31.12.2000	**19**	**0**	**3**	**2**	**24**
Book value 31.12.1999	21	0	4	1	26

Interests in non-consolidated affiliated companies and other participating interests, and also investment securities, are valued at acquisition cost . Impairment write-downs are taken in cases where there is a probability of a permanent reduction in value. If the reasons for impairment write-downs cease to apply, appropriate write-ups are made. Interest-free or low-interest loans are assessed at their cash value, other loans at nominal value.

(17) Inventories

(in million €)	1999	2000
Raw materials and supplies	123	138
Work in progress	36	47
Finished products, goods	352	405
Payments on account	4	5
	515	**595**

Inventories are valued at acquisition or manufacturing cost, or at a lower market value or lower realizable value. Inventories are valued using the fifo or average cost method. Manufacturing costs include not only individual costs but also apportioned material costs and production overheads and production-related depreciation. They also include the relevant share of the cost of company pension arrangements and of voluntary fringe benefits provided by the company, and production-related administration expenses.

(18) Receivables and other assets

(in million €)	1999	2000
Trade accounts receivable (of which: residual term more than 1 year)	544 (3)	610 (-)
Accounts receivable from affiliated companies (of which: residual term more than 1 year)	20 (-)	11 (-)
Accounts receivable from companies in which a participating interest is held (of which: residual term more than 1 year)	1 (-)	3 (1)
Other assets (of which: residual term more than 1 year)	96 (2)	136 (1)
	661	**760**

Notes on the Balance Sheet

Receivables and other assets are entered at their nominal value, bills receivable and interest-free or low-interest loans at their cash value. Appropriate adjustments have been made for identifiable risks, and the overall credit risk has been provided for by a lump-sum valuation adjustment. Other assets include tax refund entitlements (€ 74 million), short-term loans (€ 2 million) and other receivables.

(19) Cash and cash equivalents

(in million €)	1999	2000
Securities	319	288
Liquid funds	303	344
	622	**632**

In accordance with IAS 25 (Accounting for Investments), marketable securities are shown at acquisition cost or at lower stock exchange prices or redemption values at the balance sheet date. The option of valuing such securities at fair value has not been exercised. Special-fund units held by Beiersdorf AG totalling € 254 million (previous year: € 256 million) are shown under securities. The market value of these funds amounted to € 275 million (previous year: € 265 million).

Cash balances comprise balances at banks, petty cash balances and cheques.

(20) Deferred taxes

Deferred taxes result mainly from differences in the timing of valuations between the commercial accounts in accordance with IAS and the fiscal accounts of the individual companies, and also from consolidation processes. See also Note (10) "Taxes on income".

(21) Prepaid expenses

The greater part of the total prepaid expenses will probably be utilised in the year 2001.

(22) Capital stock

The share capital is € 215,040,000.–.

(23) Authorised capital

The following resolutions relating to capital were passed at the Annual General Meeting on 20 June 2000:

The authorisation in Article 5 para. 2 of the Articles, under which the Executive Board is empowered during the period ending 31 May 2001 to raise the share capital by up to € 42,948,518.02 with the consent of the Supervisory Board, is withdrawn.

The Executive Board is empowered to raise the share capital in three steps by up to € 87,000,000 (Authorised Capital I: € 45 million; Authorised Capital II: € 21 million; Authorised Capital III: € 21 million) by making one or more issues of new bearer shares. The shareholders are to be granted a right of subscription. The subscription right can be excluded:

1. to offset residual amounts resulting from an increase of capital;

2. if this is necessary to grant bearers/creditors of convertible bonds or warrant-linked bonds issued by Beiersdorf AG or its directly or indirectly majority-owned subsidiaries a right to subscribe to new shares on the scale to which they would be entitled after exercising the conversion or option rights or after satisfying the conversion obligation (Authorised Capital I, II, III);

3. to issue new shares at an issue price that is not substantially lower than the market price of the shares already listed at the time the issue price is finalised, which should take place as close as possible to the time of placement of the shares (Authorised Capital II);

4. in the event of increases of capital against non-cash contributions for the purpose of acquiring enterprises or interests in enterprises (Authorised Capital III).

Notes on the Balance Sheet

(24) Contingent capital

A contingent increase of up to € 40 million in share capital was resolved. The contingent capital increase will only be implemented insofar as:

1. the bearers or creditors of conversion and/or option rights attached to the convertible bonds and/or warrant-linked bonds to be issued by Beiersdorf AG or its directly or indirectly majority-owned subsidiaries by 19 June 2005 exercise their conversion or option rights, or

2. the bearers or creditors with a conversion obligation in respect of the convertible bonds issued by Beiersdorf AG or its directly or indirectly majority-owned subsidiaries by 19 June 2005 satisfy their conversion obligations.

(25) Additional paid-in-capital

The additional paid-in-capital includes the paid-in surplus from the issuance of shares by Beiersdorf AG.

(26) Retained earnings

Retained earnings contain prior years' undistributed profits of companies included in the consolidation, and the changes in the consolidation items.

(27) Minority interests

This adjustment item comprises third parties' shares in the equity of consolidated affiliates. Third-party shares exist principally in Bode Chemie GmbH & Co., Hamburg; Nivea-Kao Co., Ltd., Japan; Beiersdorf (Thailand) Co., Ltd.; PT. Beiersdorf Indonesia and Beiersdorf India Limited.

(28) Provisions for pensions and other postemployment benefits

Group companies provide retirement benefits for most of their employees, either directly or by contributing to independently administered funds (in the case of Beiersdorf AG in the form of the foundation "TROMA Alters- und Hinterbliebenenstiftung", Hamburg). The way these benefits are provided varies according to the legal, economic and fiscal conditions of each country, the benefits generally being based on the employees' remuneration, years of service and their position within the company. The direct and indirect obligations relate both to existing retirees' pensions and to pension entitlements of future retirees.

The pension obligations covered by the foundation "TROMA Alters- und Hinterbliebenenstiftung", Hamburg, are reported net of the assets of this foundation, which include real property and shares of Beiersdorf AG.

Group companies provide retirement benefits under defined contribution plans and defined benefit plans. The resulting expenses – with the exception of the interest portion of the pension entitlements acquired in prior years and the return on plan assets – are included in the costs of the functional areas.

In accordance with IAS 19 (Employee Benefits), pension provisions for defined benefit plans are calculated by the projected unit credit method. Benefits expected to be payable after retirement are spread over each employee's entire period of employment. In the year under review no exceptional income or expense arose from plan terminations, curtailments or settlements.

The calculation of pension provisions takes account of market interest rates and trends in wages/salaries and pensions. The following assumptions were made when assessing the figures for the German companies:

	31.12.99	**31.12.00**
Discount rate	5.75 %	5.75 %
Projected salary increases	3.00 %	3.00 %
Projected pension increases	2.00 %	2.00 %
Projected employee turnover	2.00 %	2.00 %
Projected return on plan assets	5.75 %	5.75 %

In the case of the international companies, these parameters vary according to the economic conditions of the country in which the retirement plans are situated.

Notes on the Balance Sheet

Total expenditure on performance oriented pension commitments can be broken down as follows:

(in million €)	1999	2000
Expenses for pension entitlements earned in the reporting year	20	19
Interest cost for pension entitlements in prior years	32	33
Return on plan assets	−16	−18
Amortization of actuarial gains/losses	−1	−3
Pension expenses	**35**	**31**

The pension provision is calculated as follows:

(in million €)	1999	2000
Present value of pension obligations not financed by funds	410	411
Present value of pension obligations financed by funds	196	199
Present value of pension obligations	606	610
Fair value of fund assets	−274	−399
Present value of pension obligations after deducting fair value of fund assets	332	211
Restatement amount due to non-recognised actuarial gains/losses	77	206
Provisions for pensions in accordance with IAS 19	**409**	**417**

Actuarial gains and losses are not recognised in the financial statement, except where they exceed 10 % of the present value of the obligations and of the fair value of the fund assets. Where they exceed 10 % they will be amortised over the expected remaining working lives of the employees concerned.

Funds and pension obligations are valued on a regular basis at intervals not exceeding three years. For all major funds the actuarial valuations are performed annually.

Provisions are also set up under this item for the obligations of certain Group companies, especially in the United States, to provide health care and certain other benefits to their retirees, since these obligations are similar in character to pension obligations.

Similar obligations also include obligations in respect of compensation payable on withdrawal and early retirement benefits. These are calculated in accordance with actuarial rules on the basis of the usual local interest rates.

(29) Other provisions

(in million €)	1999	2000
Tax provisions	82	76
Provisions for personnel expenses	89	100
Provisions for marketing and sales expenses	79	92
Provisions for restructuring measures	11	25
Miscellaneous provisions	102	118
	363	**411**

Other provisions cover all identifiable future payment obligations, risks and uncertain obligations of the Group. They are assessed at the probable amount of the liability incurred and are mostly short-term in nature.

Provisions for personnel expenses consist primarily of expense on part-time schemes for employees approaching retirement, annual supplementary payments, holiday payments, severance payments and anniversary obligations.

Miscellaneous provisions relate largely to litigation risks, environmental protection measures and other risks.

Notes on the Balance Sheet

(30) Liabilities (in million €)	1999	Residual term up to 1 year	Residual term 1 to 5 years	2000	Residual term up to 1 year	Residual term 1 to 5 years	Residual term over 5 years
Financial liabilities	**61**	52	9	**83**	67	11	5
Trade accounts payable	**322**	321	1	**356**	350	6	-
Accounts payable to affiliated companies	15	15	-	5	5	-	-
Accounts payable to companies in which a participating interest is held	-	-	-	1	1	-	-
Tax liabilities	35	32	3	32	30	-	2
Social security liabilities	17	17	-	16	16	-	-
Miscellaneous liabilities	97	96	1	93	92	1	-
Other liabilities	**164**	160	4	**147**	144	1	2
	547	533	14	**586**	561	18	7

Liabilities are shown at the higher of their nominal value or the repayment value. Financial liabilities of € 5 million (previous year: –) and other liabilities of € 2 million (previous year: –) have a residual term of more than 5 years.

Financial liabilities include all interest-bearing liabilities of the Beiersdorf Group. They consist mainly of liabilities to banks. No bonds were issued.

Trade accounts payable include liabilities in the amount of € 9 million (previous year: € 7 million) arising from bills accepted and drawn.

Secured liabilities to banks total € 1 million (previous year: € 2 million). The security provided largely takes the form of encumbrances on real property.

(31) Contingent liabilities and other financial obligations

(in million €)	1999	2000
Contingent liabilities		
Bills	-	1
Liabilities under guarantees	1	-
Other financial obligations		
Obligations under rental and leasing agreements for the next three years	16	15

Beiersdorf has potential obligations arising from a legal action and claims brought against the company. Estimates of possible future expenses are subject to numerous uncertainties. Beiersdorf does not expect this to result in any significant negative impact on the Group's business or financial situation.

(32) Derivative financial instruments

In the Beiersdorf Group, derivative financial instruments are used to manage existing and future exchange rate and interest rate risks. These instruments serve to safeguard the basic operating business and the company's essential financial transactions. The companies do not incur any additional financial risks as a result of these instruments. The transactions are conducted entirely in standard market instruments (futures, currency options, swaps, interest options).

Currency rate hedging relates largely to intra-group deliveries and loans, while interest rate hedging relates to long-term financing.

The nominal volume is the sum of all purchase and sale amounts under derivative financial transactions. In the nominal volume shown, amounts have only been netted out if the contracts are opposite in terms of nature, maturity and size.

The market values shown are calculated by valuing the outstanding items at market rates on the balance sheet date without taking account of any of the corresponding development arising on the basic transactions.

Notes on the Balance Sheet

(in million €)	Market value 1999	Market value 2000	Nominal value 1999	Nominal value 2000	Residual term 2000 up to 1 year	Residual term 2000 over 1 year
Forward exchange deals	–3	10	181	378	372	6
Currency options	1	0	29	8	8	0
Interest rate swaps	–3	–4	74	50	7	43
Interest rate options	0	0	2	3	3	0
	–5	**6**	**286**	**439**	**390**	**49**

Positive market values of derivatives represent the risk of loss arising from non-fulfilment of contract obligations by the counterparties. The contracting parties are banks of first-class credit standing. The risk of loss is therefore judged to be very low.

Notes on the Cash Flow Statement

The cash flow statement shows the changes that took place in the Beiersdorf Group's cash and cash equivalents during the year under review as a result of the inflow and outflow of funds. The effects of changes in the consolidated Group are eliminated. In accordance with IAS 7 (Cash Flow Statements), a distinction is made between payment flows from operating, investment and financing activities. The cash and cash equivalents shown in the cash flow statement comprise cash balances, cheques and balances at banks, and also short-term securities.

Notes on Segment Reporting

The definition of segments in the Beiersdorf Group is based on the products manufactured and sold by the segments of the business. The breakdown into the divisions cosmed, medical and tesa is based on internal reporting and reflects the internal organisational structure. The regional structure shows the international breakdown of business activities within the Beiersdorf Group.

The divisions and the development of the business in the divisions and regions are shown in the Management Report on pages 27–35. The sales in the regions show sales based on the location of the selling company. EBITDA is the operating result (EBIT) before depreciation and amortization. Capital employed is the result of gross operating capital less operating liabilities. The return on capital employed shows the ratio of operating result (EBIT) to capital employed. Gross cash flow shows the surplus of operating income over operating expenses before any further appropriation of funds.

Miscellaneous Information

Total remuneration of Supervisory Board and Executive Board, loans granted

The remuneration of the members of the Supervisory Board for 2000 amounted to € 1,057 thousand (previous year: € 822 thousand). Total remuneration of the members of the Executive Board for the financial year 2000 came to € 4,300 thousand (previous year: € 3,709 thousand), while payments to former members of the Executive Board and their dependants came to € 1,140 thousand (previous year: € 1,091 thousand). Total provisions for pension commitments to former members of the Executive Board and their dependants totalled € 12,592 thousand (previous year: € 11,383 thousand).

No loans were made to members of the Supervisory Board or the Executive Board.

Significant figures for Beiersdorf AG (pursuant to the provisions of the German Commercial Code)

(in million €)	**31.12.99**	**31.12.00**
Sales	1,455	1,534
Operating result (EBIT)	113	110
Profit after tax	65	100
Shareholders' equity	779	820
Balance sheet total	1,444	1,567

Interests held by Beiersdorf AG and the Beiersdorf Group

The principal affiliated companies are listed on page 75. A full list is filed with the Commercial Register of the Hamburg District Court.

Ownership of share capital of Beiersdorf AG

AZ-BEI Beteiligungsgesellschaft mbH & Co. KG (a 100 % affiliated company of Allianz AG), Munich, and TCHIBO Beteiligungsverwaltung GmbH & Co. KG, Hamburg, each hold more than 25 % of the share capital of Beiersdorf AG.

Miscellaneous Information

Recommended use of unappropriated profit of Beiersdorf AG

(in €)	2000
Beiersdorf AG profit after tax	100,213,208.71
Transfer to retained earnings	16,213,208.71
Unappropriated profit of Beiersdorf AG	**84,000,000.00**

The Executive Board recommends to the Annual General Meeting that the unappropriated profit of Beiersdorf AG in the amount of € 84,000,000,– be used to pay a dividend of € 1.00 per share for the 84 million individual shares.

Hamburg, February 2001

The Executive Board

Unqualified Auditors’ Report

”We have audited the Consolidated Financial Statements prepared by Beiersdorf Aktiengesellschaft, consisting of the balance sheet, the related statements of income, shareholders’ equity and cash flows and notes, for the financial year ending 31 December 2000. The preparation and content of the Consolidated Financial Statements are the responsibility of the Company’s legal representatives. Our responsibility is to express an opinion, based on our audit, on whether they comply with International Accounting Standards (IAS).

We conducted our audit in accordance with both the German audit regulations, as established by the ”Institut der Wirtschaftsprüfer“ (IDW), and International Standards on Auditing (ISA). These standards require that we plan and perform our audit to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company’s legal representatives, as well as evaluating overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the Consolidated Financial Statements present a true and fair view of the Company’s net assets and financial position and of the income and cash flow situation for the financial year in accordance with International Accounting Standards (IAS).

Unqualified Auditors' Report

Our audit, which also included the Group Management Report prepared by the Executive Board for the financial year from 1 January 2000 to 31 December 2000, did not give rise to any objections. We are satisfied that the Group Management Report gives an accurate overall picture of the Group's situation and suitably presents the risks associated with its future development. We also confirm that, after consideration of our previous statement, the Consolidated Financial Statements and the Group Management Report for the financial year from 1 January 2000 to 31 December 2000 satisfy the requirements for the Company's exemption from preparing Consolidated Financial Statements and a Group Management Report in accordance with German commercial law. On the basis of the interpretation of the 7th EC Directive by the European Commission Contact Committee on Accounting Directives, we have verified the compliance of the Group Accounts with the said Directive which is a precondition of exemption from the preparation of Consolidated Financial Statements under German commercial law."

Hamburg, 26 February 2001

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. Dyckerhoff
Wirtschaftsprüfer

sgd. Dannenbaum
Wirtschaftsprüfer

Principal Group Companies

	Location	Share of capital (in %)	Sales[1] 2000 (mill. €)	Result[2] 2000 (mill. €)	Employees 31.12.2000
Germany					
Beiersdorf AG	DE, Hamburg		1,402	133	4,588
Bode Chemie GmbH & Co.	DE, Hamburg	75	58	5	261
Cosmed-Produktions GmbH	DE, Berlin	100	45	5	132
Juvena Produits de Beauté GmbH	DE, Baden-Baden	100	85	1	499
tesa-Werke Offenburg GmbH	DE, Offenburg	100	41	4	511
Europe excluding Germany					
Beiersdorf Gesellschaft m.b.H.	AT, Vienna	100	121	7	229
SA Beiersdorf NV	BE, Brussels	100	85	6	125
Bandfix AG	CH, Bergdietikon	100	33	3	144
Beiersdorf AG[3]	CH, Münchenstein	50	42	9	65
Juvena (International) AG	CH, Volketswil/Zurich	100	43	2	117
Beiersdorf A/S	DK, Birkerød	100	41	1	101
BDF Nivea SA	ES, Tres Cantos/Madrid	100	106	5	281
Beiersdorf, S.A.	ES, Argentona/Barcelona	100	70	1	339
Beiersdorf s.a.	FR, Savigny-le-Temple	99,8	300	13	727
Beiersdorf UK Ltd.	GB, Milton Keynes	100	112	−8	262
Beiersdorf Hellas AE	GR, Gerakas/Attikis	100	50	4	213
Beiersdorf KFT.	HU, Budapest	100	30	3	87
Beiersdorf SpA	IT, Milan	100	320	11	610
Beiersdorf N.V.	NL, Almere	100	152	12	330
Beiersdorf-Lechia S.A.	PL, Poznan	99,9	86	2	382
Beiersdorf Portuguesa, Lda.	PT, Queluz de Baixo	100	58	5	109
Beiersdorf ooo	RU, Moscow	100	40	5	37
Beiersdorf AB	SE, Kungsbacka	100	86	7	235
Americas					
Beiersdorf S.A.	AR, Buenos Aires	100	35	−1	64
BDF Nivea Ltda.	BR, São Paulo	100	77	−8	119
Beiersdorf SA	CL, Santiago de Chile	100	36	1	140
Beiersdorf S.A.	CO, Cali	100	22	2	188
BDF México, S.A. de C.V.	MX, Mexico City	100	94	1	343
Beiersdorf, Inc.	US, Wilton, CT	100	314	7	619
Beiersdorf-Jobst Inc.	US, Charlotte, NC	100	85	2	669
La Prairie, Inc.	US, New York	100	44	1	71
tesa tape inc.	US, Charlotte, NC	100	112	4	349
Africa/Asia/Australia					
Beiersdorf Australia Ltd.	AU, North Ryde, NSW	100	58	−1	220
Nivea-Kao Co., Ltd.	JP, Tokyo	60	181	10	60
tesa tape Asia Pacific Pte. Ltd.	SG, Singapore	100	21	−1	211
Beiersdorf (Thailand) Co., Ltd.	TH, Bangkok	90	42	4	195

1) These figures also include company sales to other Group companies, and do not show the companies' contributions to the Group Financial Statements

2) Profit after tax in accordance with the Group accounting and valuation policies (IAS) before consolidation

3) Joint venture, consolidated pro rata

Ten-Year Overview – Beiersdorf Group

(Figures in million €, unless otherwise stated)		1991	1992	1993	1994	1995	1996	1997	1998[1]	1999	2000
Sales		**2,295**	**2,328**	**2,435**	**2,634**	**2,733**	**2,954**	**3,215**	**3,347**	**3,638**	**4,116**
Change from previous year	in %	13.6	1.4	4.6	8.2	3.7	8.1	8.8	4.1	8.7	13.1
cosmed		1,070	1,145	1,280	1,424	1,488	1,573	1,751	1,980	2,242	2,590
medical		561	556	557	582	593	711	753	735	768	858
tesa		664	627	598	628	652	670	711	632	628	668
Germany		901	899	910	954	1,030	1,050	1,062	1,192	1,194	1,217
Europe excl. Germany		886	916	939	999	1,050	1,146	1,267	1,358	1,493	1,638
Americas		332	338	370	385	347	455	556	544	630	832
Africa/Asia/Australia		176	175	216	296	306	303	330	253	321	429
Material expenses		**783**	**722**	**739**	**801**	**845**	**901**	**964**	**981**	**995**	**1,066**
Personnel expenses		**638**	**648**	**638**	**662**	**648**	**673**	**716**	**701**	**713**	**786**
Depreciation		**109**	**102**	**102**	**104**	**117**	**133**	**133**	**154**	**129**	**149**
Operating result (EBIT)[2]		**182**	**188**	**206**	**212**	**240**	**235**	**248**	**291**	**339**	**389**
EBIT before depreciation (EBITDA)		**291**	**290**	**308**	**315**	**357**	**364**	**377**	**424**	**468**	**538**
Profit before tax		**162**	**173**	**186**	**207**	**235**	**226**	**132**	**265**	**323**	**382**
Profit after tax		**75**	**81**	**92**	**106**	**116**	**120**	**72**	**166**	**175**	**226**
Return on sales (after tax)	in %	3.3	3.5	3.8	4.0	4.2	4.0	2.2	5.0	4.8	5.5
Earnings per share[3) 7)]	in €	0.92	0.95	1.08	1.23	1.30	1.34	1.31	1.93	2.04	2.61
Total dividend		28	28	31	34	37	43	43	52	60	84
Dividend per share[7]	in €	0.33	0.33	0.37	0.41	0.43	0.51	0.51	0.61	0.72	1.00
Fixed assets		**632**	**694**	**706**	**743**	**780**	**756**	**751**	**861**	**864**	**950**
Intangible assets		7	53	51	50	118	105	91	79	56	118
Property, plant, equipment		617	631	640	643	634	628	617	751	782	808
Financial assets		8	11	15	50	28	23	43	31	26	24
Current assets[4]		**884**	**827**	**877**	**937**	**1,023**	**1,108**	**1,253**	**1,545**	**1,838**	**2,031**
Inventories		365	341	347	351	388	401	394	484	515	595
Other receivables and other assets[4]		412	417	434	416	456	497	510	618	701	804
Liquid assets		107	69	96	170	179	210	349	443	622	632

(Figures in million €, unless otherwise stated)		1991	1992	1993	1994	1995	1996	1997	1998[1]	1999	2000
Shareholders' equity		**551**	**597**	**667**	**736**	**774**	**853**	**877**	**1,127**	**1,289**	**1,458**
Capital stock		107	107	107	107	107	215	215	215	215	215
Reserves		413	458	509	571	605	579	604	843	991	1,135
Group profit		28	28	37	43	45	43	43	52	60	84
Minority interests		3	4	14	15	17	16	15	17	23	24
External capital		**965**	**924**	**916**	**944**	**1,029**	**1,011**	**1,127**	**1,189**	**1,413**	**1,523**
Provisions		431	433	469	491	553	578	666	691	772	828
Financial liabilities		269	235	171	138	130	91	80	66	61	83
Other liabilities		265	256	276	315	346	342	381	432	580	612
Balance sheet total		**1,516**	**1,521**	**1,583**	**1,680**	**1,803**	**1,864**	**2,004**	**2,406**	**2,702**	**2,981**
Equity ratio	in %	36.3	39.3	42.1	43.8	42.9	45.7	43.8	46.8	47.7	48.9
Return on equity (after taxes)	in %	13.8	14.1	14.5	15.1	15.4	14.7	8.3	14.7	14.5	16.4
Overall return on capital before taxes	in %	12.3	13.0	13.4	13.5	14.5	12.8	7.3	13.1	13.7	14.2
Capital investment		**176**	**175**	**131**	**157**	**204**	**123**	**144**	**138**	**129**	**249**
Research and development expenses[5]		**70**	**66**	**75**	**83**	**90**	**94**	**97**	**74**	**79**	**88**
	in % of sales	3.1	2.9	3.1	3.1	3.3	3.2	3.0	2.2	2.2	2.1
Employees (31.12.)	number	**18,079**	**16,899**	**16,796**	**17,357**	**17,975**	**17,881**	**16,777**	**16,417**	**16,065**	**16,590**
Beiersdorf share Year-end price[6) 7)]	in €	20.12	16.87	21.73	25.95	25.69	38.91	39.88	58.80	66.66	111.50
Market capitalisation at 31.12.[6]		1,690	1,417	1,825	2,180	2,158	3,268	3,350	4,939	5,599	9,366

1) Figures from accounts in accordance with International Accounting Standards; sales changed from "based on customer's domicile" to "based on company domicile"
2) Operating result (EBIT) from 1998 on in accordance with new definition
3) Beginning in 1998 based on result under International Accounting Standards
4) Including deferred taxes and prepaid expenses on the asset side
5) Beginning in 1998 research and development expenses in accordance with International Accounting Standards
6) Until 1998 based on Frankfurt floor trading, from 1999 based on XETRA trading
7) Figures recalculated in terms of number of shares in 2000

Important dates

Annual Accounts Press Conference Financial Analyst Meeting	24 April 2001
Interim Report January to March 2001	15 May 2001
Annual General Meeting	12 June 2001
Dividend Payment	13 June 2001
Interim Report January to June 2001	14 August 2001
Interim Report January to September 2001 Financial Analyst Meeting	13 November 2001
Key Company Data for the Financial Year 2001	Late February 2002
Annual Accounts Press Conference Financial Analyst Meeting Interim Report January to March 2002	Early May 2002
Annual General Meeting	4 June 2002

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This Annual Report is also available in German.
The Financial Statements of Beiersdorf AG 2000 are available on request from:
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