

Speech

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Chairman of the Executive Board of Beiersdorf AG

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**“2011: A Transition Year –
The Foundation for Future Growth”**

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Check against delivery

Ladies and Gentlemen,

On behalf of the entire Executive Board, I would like to warmly welcome you to Beiersdorf AG's Annual General Meeting here at the Hamburg Congress Centrum. We are delighted that so many of you have again shown such an interest in our company and our work by attending today.

We achieved a lot at Beiersdorf in 2011 and made a large number of necessary changes. However, we held on to many of the things that make an important contribution to the company's success. We enjoyed two major celebrations, with NIVEA and tesa reaching their 100th and 75th anniversaries, respectively. Remarkable anniversaries like these give the whole company and its employees the strength, resources and confidence needed to build a successful future. Our tesa business performed superbly and we were able to reposition and strengthen the Consumer business with our key strategic decisions, comprehensive product streamlining, and powerful global marketing measures. We also implemented major decisions – such as starting the roll-out of the last phase of our “Focus on Skin Care. Closer to Markets.” Consumer Business Strategy, for example, which I presented at last year's AGM. In 2012, we will continue to systematically bring our business structures into line with our new business model. As already reported, this model is based on expanding the role played by the regions and the associated implementation of new structures and processes, as well as new roles and responsibilities. This has allowed us to set the course for future success.

So my key message when reporting on the past fiscal year today is that we are confident that our decisions and actions in 2011, a transition year for Beiersdorf, laid an excellent foundation for positive business development and, in turn, strong growth. We achieved this in two ways: We successfully implemented both a new strategy and the generation change at the head of the company. After this Annual General Meeting, I will hand over the role of CEO to Stefan Heidenreich, who will briefly introduce himself to you later on in the meeting.

Dear Shareholders,

Following the economic and financial crisis and the difficult fiscal year in 2009 it was clear that we had to strategically realign Beiersdorf in order to ensure our long-term success and to continue to profitably grow the company.

We needed to develop a business model that would allow us to make optimal use of the major opportunities open to us, particularly in world's fastest growing markets. At the same time, we required a concept to defend and expand our excellent position in saturated markets such as Europe. And we were well aware that we would need 2010 and 2011 as a transitional phase for this fundamental process.

Overall, we met all of our major targets for fiscal year 2011. Targets that we set internally and promised you that we would achieve.

Allow me to now explain how our business developed in 2011 with the help of some key figures.

Let's start with the Consumer business segment. Our largest business segment registered organic sales growth of 1.1% in 2011, rising to €4,696 million. This was exactly in line with our planning and expectations. However, these figures also reflect the anticipated negative effect of our product streamlining in 2011, particularly in Europe. Overall performance in the global markets was again very mixed. We experienced very strong growth in Latin America and Eastern Europe, while the German and Western European business declined slightly due to market stagnation coupled with the product streamlining already mentioned.

The operating result, or EBIT excluding special factors, amounted to €537 million compared with €599 million a year earlier. The operating margin was 11.4% after 12.7% in 2010.

We already succeeded in partially offsetting the increased investment in the NIVEA brand under the new strategy and the comprehensive product streamlining measures, so the 11.4% margin achieved was actually slightly above our original expectations.

Our second business segment, tesa clearly outperformed what had been by far the best fiscal year in its history to date in 2011. Sales grew organically by 7.9% to

€937 million. The EBIT margin rose from 11.4% to 11.6%. This was thanks in large part to the business providing technologically sophisticated adhesive tape solutions for the Asian electronics industry and products for the automotive industry, which experienced strong growth in the USA in particular. This highly encouraging performance clearly shows that the tesa business segment's focus and strategy are the right ones.

tesa's competitiveness has been sustainably enhanced through systematic investment in forward-looking technologies with the aim of establishing attractive new business areas as well as through the expansion of business structures, particularly in growth regions, and through our newly acquired capacity to react flexibly to changing market conditions. I am therefore upbeat about the business segment's future.

For the Beiersdorf Group as a whole, the key figures for fiscal year 2011 were as follows: Organic sales grew by 2.1% to €5,633 million (*a good €5.6 billion*). The operating result, or EBIT excluding special factors, amounted to €646 million. The corresponding return on sales was 11.5% and the profit after tax excluding special factors increased to €434 million from €425 million in fiscal year 2010.

I would like to take this opportunity to highlight our **encouraging share price performance**. Our shares significantly outperformed the equity market as a whole, and the DAX in particular, in 2011. In particular, they turned in a relatively stable performance during the months of the euro and sovereign debt crisis in the fall of last year. Our share price has fluctuated sharply in recent years as a result of numerous market and company events, but Beiersdorf's shares are now stable and are currently around the €50 mark.

All in all, we maintained our key performance indicators, such as EBIT and profit after tax, at a high level during the second year of our transitional phase, despite all the changes we were making at the company. This is why the Executive Board and the Supervisory Board are proposing to the Annual General Meeting to pay a dividend of €0.70 per share carrying dividend rights for fiscal year 2011, as in the previous year. This is designed to ensure that you are able to share in the company's success in a consistent manner.

Dear Shareholders,

Following this brief overview, I would now like to look at 2011 in greater detail and show you where your company Beiersdorf currently stands. I will focus on our strategy, the measures taken in 2011, and the cornerstones for the future.

First let's look at our "Focus on Skin Care. Closer to Markets." strategy that already guided our actions last year.

What does "Focus on Skin Care." mean? Beiersdorf's products are centered consistently on skin care. That is our strength, our heritage, and this is where we have the longest standing expertise researching and developing great products. Naturally, we will also continue our hair care business in those areas in which it is strong, but the clear focus will be on skin care.

What does "Closer to Markets." mean? We want our business to do even greater justice to the differences between, and opportunities offered by, the local markets in future, so that we can cater more closely to consumers' needs. Our aim is to share successfully in the rapid growth of the emerging markets and defend our superb market position in the industrialized countries' saturated markets with their enormous purchasing power.

This focus on skin care meant that difficult decisions had to be implemented during the last fiscal year. We discontinued NIVEA Make-up, as it was no longer in line with our strategic focus. In selected markets, including Italy and Scandinavia, we no longer offer hair care products. We also disposed of brands that we had previously acquired, such as Juvena and Marlies Möller. In addition, we systematically streamlined our product range, actively removing a number of products across all categories from the shelves. In Europe alone, we reduced the number of our products on offer by 19%.

We have now completed this product pruning process and the outcome is clear. We have replaced products with weaker growth potential with ones offering better market prospects. Our stated objective is always to be a market leader everywhere and in all categories in which we are present.

This optimized portfolio gives us the best possible foundation for faster growth and higher profits. It is also a strong argument in our discussions with our customers in the retail segment: We are taking weaker products off the shelves in favor of

stronger ones, and by doing so are optimizing the basis for successful cooperation with our retail partners all over the world.

My first conclusion for the Consumer business segment in 2011 is therefore: We now have a crystal clear focus – skin care. We systematically decided where we wanted to use our resources, what businesses we want to be in, and what are best left behind.

Ladies and Gentlemen,

The second question we addressed in our strategy – this time under the “Closer to Markets.” motto – was: How can we become even more attuned to our markets, customers, and consumers worldwide. At the end of last year, the Executive Board and Supervisory Board made the decisions required for the final phase of the strategy’s implementation. The regions were strengthened significantly and responsibilities within and for the markets redefined, in order to allow us to react more quickly and flexibly to the varying wishes of consumers and market opportunities in the various regions. Beiersdorf’s headquarters in Hamburg will in future concentrate more on strategic and overarching, global tasks. This represents a fundamental and far-reaching change in how the regions and headquarters work together.

Unfortunately, this realignment of the corporate structures and processes, as well as the redefined responsibilities, also impacts jobs. Our aim was and still is to make the necessary redundancies on a voluntary basis. We are trying to offset the economic disadvantages as far as possible for the employees concerned and to offer them career prospects. We are taking this very seriously because, in a situation such as this, acting responsibly and sensitively, and striving to find equitable solutions is extremely important. I can now report that the redundancy process in Germany is now almost completed and all the groundwork has been done in Europe.

Beiersdorf’s new strategic direction is also reflected in its management structure.

Where we used to have a combination of functional and regional responsibilities, we now have defined responsibilities focus solely on the markets in the regions allocated to them.

Economic conditions differ considerably between these regions. Unfortunately, although it has some dynamic markets, Europe – where we have a broad and very,

very strong business base – essentially offers only moderate growth potential. And I am convinced that this will not change much in the near future.

At the other end of the scale are large, dynamic regions such as Latin America, Southeast Asia, and China, which offer significant growth opportunities. We need to take a differentiated approach in these markets if we want to be successful. The task is therefore to react flexibly to the respective market situations, to recognize regional opportunities, and to systematically apply the relevant measures.

Mistakes and setbacks can never be avoided entirely in such a process. We had some painful experiences and had to overcome major problems in China in 2010/2011. The key lies in accepting the facts, taking corrective measures, and applying the lessons learned to be better prepared for the future.

Dear Shareholders,

My second conclusion is as follows: We not only streamlined our product portfolio in fiscal year 2011, but also completely restructured our organization. At the same time we invested heavily in our brands, and particularly in our strongest brand, NIVEA. NIVEA's 100th anniversary provided the perfect occasion and framework for this. It was an ideal opportunity to realign the brand and shine a spotlight on the values that NIVEA has embodied for generations. Values such as trust, quality, and family.

You may remember: In recent years, we may have used too many different advertising themes for NIVEA, depending on whether the advertisements were destined for magazines, television, or outdoors. It was difficult to identify NIVEA as a single brand that clearly stands for skin care.

We wanted to change that. And to do so in line with our objectives: uniformly, systematically, and globally. We launched the new brand platform in May 2011 on NIVEA's 100th anniversary. The themes focus on skin care and show moments of closeness between people of different ages, genders, and nationalities. People like you and me.

The aim is to present NIVEA as a single brand that is viewed as trustworthy and accessible, a quality product within everyone's reach. We now use the same visual

language all over the world and across all media, meaning that NIVEA is again instantly recognizable.

We have also adopted new approaches and massively increased our online presence. As a result, NIVEA generated around one billion Internet hits, with more than 200 million coming from social networks such as Facebook. This is an overwhelming response, particularly from the younger generation.

We also launched a skin consultation initiative in 52 countries worldwide. Our consultants provided consumers with help and advice at more than 75,000 promotional stands in retail stores. More than 1.6 million individual consultations were held. Here, too, NIVEA presented itself as a brand that is close to consumers, understands their needs and offers practical solutions.

Naturally, this extraordinary marketing initiative also cost a great deal in 2011. However, I can confidently say that this investment has paid off. This is borne out both by our own research, as we track the effect of such activities very closely, and by neutral external sources.

According to market research by *A.C. Nielsen*, NIVEA and Labello ranked number one globally in 171 categories in 2011. A year earlier, we topped the rankings in 166 categories. We have therefore improved our market position, despite systematically pruning our product portfolio and parting with a number of brands. The clear conclusion to be drawn from the survey is that NIVEA is the undisputed market leader in the field of skin care in Europe and the largest skin care brand worldwide.

Of course, an impressive brand presence and excellent brand image are important factors for success, but ultimately this comes down to us successfully selling our products. We need to reach consumers, and they must be convinced that our products satisfy their wishes. This is the only way that they will keep coming back as loyal customers.

Allow me to present two examples that highlight how well this is working. There are several others, but I have chosen these two because they also embody our new philosophy: We want to offer fewer products on the market, but if we launch something new it must be strong, achieve a leading position among the competition, and really win over consumers.

The first example is “NIVEA Deodorant Invisible for Black & White” – a new generation of deodorants that we launched on the market at the start of 2011. This innovation is the result of seven years of intensive research and represents the most successful launch in Beiersdorf’s entire 130-year history. After just nine months on sale, the new product with its versions for men and women had attracted more buyers than all of the strongest competing products. This is confirmed by GfK, the neutral consumer research company. Alongside Germany, “Invisible for Black & White” is also the market leader in Poland, Thailand, Mexico, and the Middle East. Black & White is a prime example of a perfect innovation that chimed exactly with customers’ wishes.

The second example is the “NIVEA Pure & Natural” care range, which was launched in January 2011. Consumers are increasingly looking for natural ingredients, but do not want to make any compromises in terms of effectiveness.

Beiersdorf has embraced this trend, and in doing so is systematically continuing one of the company’s traditions, as nature has always been a source of inspiration for our researchers.

The successful sales figures for these new products, as well as the feedback from consumers regarding their quality, clearly indicate that our strategy of focusing on our core skin care business was the right choice, and that it is now bearing fruit.

This not only applies to NIVEA in the global mass market, but also to Beiersdorf’s second major brand that offers major opportunities in the field of skin care: **Eucerin**, the leading medical skin care brand in German pharmacies. Eucerin is clearly positioned, and is also a very well established brand with major strengths and significant potential.

A quick look at the figures shows how strong Eucerin’s position already is. From 1995 to 2011, the brand achieved average growth of 12% per year. The outlook for the future is also extremely bright: According to Euromonitor’s market researchers, the skin care segment in the pharmacy business will grow by an average of just under 7% in the coming years. This means that we are both in the right race and well in the running.

Europe doubtless offers the greatest growth potential in this area due to the size of its dermocosmetics market. Alongside Germany, Spain, France, and Italy are

leading the pack here, but other European countries such as Switzerland and Austria are also developing very well. What is more, Eucerin offers Beiersdorf very strong market opportunities in Latin America and Asia, and particularly in Thailand, as we are already seeing.

We have an additional competitive advantage in the pharmacy business: We also offer them Hansaplast/Elastoplast, which is the market leader in many countries and one of two global market leaders overall. The sale of two strong brands by one company creates a solid basis for our business with pharmacies.

We have also been exploring new avenues for Eucerin. In February 2012, we opened the new Eucerin Skin Institute here in Hamburg, where our consumers are able to experience the brand up close with scientific skin diagnosis, detailed personal consultations, and individual treatments. At the same time, the Eucerin Skin Institute is a center of excellence providing a platform for dermatologists and pharmacists to enter into detailed dialog.

To complete the picture, I would like to touch on our third iconic global skin care brand: **La Prairie**. In the premium segment, La Prairie is the leader in exclusive anti-aging skin care business and a pioneer in cellular therapy for skin aging. With a 3.4% rise in the La Prairie Group's sales and almost double-digit growth, the La Prairie brand also turned in a very encouraging performance in fiscal year 2011.

Ladies and Gentlemen, allow me to briefly sum up what we have covered so far: We at Beiersdorf have been setting the standard in skin and body care for 130 years. Our global brands NIVEA, Eucerin, and La Prairie cover all the relevant market segments – the mass market, dermocosmetics, and the premium segment. We should be proud of that. We need to live up to the trust and confidence that our consumers around the world have in us. Day after day – with high-quality products, targeted innovations, and an excellent understanding of the market.

As you can see, we are on the right track with the realignment of our Consumer business segment. We are successfully focusing on our core competency, skin care, and have a clear grasp of conditions and requirements in the different international markets. I am therefore confident that our Consumer business growth will be at least in line with the market growth this year and that the return on sales will continue to improve.

I am also optimistic because our business is supported by three other sturdy pillars in addition to our strategy and strong brands.

First and foremost, we have excellent employees whose motivation and expertise are a guarantee for a successful presence on the global markets.

Secondly, we have leading-edge research and development expertise that consistently allow us to produce innovations. And thirdly, we ensure that our products and production processes are designed to be as sustainable as possible.

Without the hard work and dedication of our **employees** worldwide, we would never have been able to manage the far-reaching changes made over the past two years so successfully. We owe them our profound thanks, as their loyalty and commitment despite the extraordinary workload and uncertainties associated with these changes made it possible to smoothly and successfully implement the new processes.

This is something of which we can all be truly proud. However, if we want to respond even more closely to the varying demands of the different regional markets in future with innovative products, we shall be even more dependent on having people with a variety of skills, talents, goals, and interests.

Labor market globalization and demographic change are creating new challenges for us in this area. As an attractive employer with strong international brands, Beiersdorf is already well positioned in the battle for the best creative minds. However, in addition to looking for highly educated, versatile and committed employees, one of the main aims of our current HR strategy is to make even more effective use of our employees' strengths, and to systematically develop them.

To achieve this, our understanding of leadership and performance needs to be standardized internationally and we must create a highly motivational, high-performance working environment.

A highly motivational working environment also requires a healthy work-life balance. As an attractive employer, Beiersdorf has been making a contribution to this for many years. Since 1910, we have essentially offered flexible working hours, part-time working models, and an in-house day care center. Since March this year, we have also made it possible to combine working with childcare by establishing parent-and-child offices for when there are childcare problems at home.

Highly motivated and committed employees are the foundation for enhanced competitiveness and, therefore, for the company's success.

Another crucial factor in Beiersdorf's market success is our **comprehensive research expertise in all areas of skin and body care**. Ladies and gentlemen, ground-breaking innovation, excellent quality, and, naturally, outstanding product tolerability are the foundation for the popularity of our products the world over.

Our Skin Research and Product Development Center is one of the largest and most advanced in Europe and has been the source of the dermatological expertise and high degree of innovation shown by Beiersdorf and its brands for more than 100 years. Not least because of this, Beiersdorf is internationally recognized as an attractive employer in the field of dermatological research.

Attached to the Skin Research Center is Beiersdorf's Test Center, where the effectiveness and tolerability of new products is rigorously tested. Speaking directly to test participants also gives us important insights into the needs and wishes of our consumers.

Dear Shareholders,

We now come to the third pillar of our business, alongside our strategy and markets – sustainability.

Today, in times of resource shortages and climate change, employees, customers, and consumers expect companies not just to be economically successful, but also to **act in a socially and ecologically responsible manner**. We strive to meet this challenge every day and have done so for 130 years. For us, sustainability means managing social and environmental risks, living our brand values, and at the same time leveraging new market opportunities.

We have now implemented a new organizational and strategic direction in this area in order to react to these changes even better and more quickly. Sustainability has been the responsibility of the CEO since 2010, a clear reflection of its particular importance.

Over the past fiscal year, we proactively enhanced our sustainability strategy under the "We care." motto. For us, "care" is more than just the central component of our skin care business – it is the key value that represents our responsibility to people and the environment.

We used a relevancy analysis to carefully identify the issues that are of primary importance to our stakeholders and that contribute to the success of the company. The results are as follows:

1. By 2020, we aim to generate 50% of our sales from products with a significantly reduced environmental impact.
2. By 2020, we also aim to reduce our CO₂ emissions by 30% per product sold.

We have already taken significant steps toward achieving these goals in recent years. For example, we have reduced energy consumption in our factories by 32%, CO₂ emissions by 35%, and water consumption by 25% since 2005.

And, last but not least, there are our social responsibility activities. We are continuing to focus on our long-standing, traditional commitment to the German Life Saving Society, as well as on individual, highly specific projects, including supporting children's development organization Plan International. Our goal here is to help give half a million children the power to determine their own through education.

Ladies and Gentlemen,

Let's now turn to **tesa**. As I mentioned at the beginning in my outline of last year's figures: tesa enjoyed an excellent fiscal year. The further increase in its return on sales from last year's level is particularly clear evidence of this.

The company's success can be traced back to the significant recovery in the automotive and electronics industry, as well as to its focus on new, innovative products and new markets.

In addition to its innovative strength, the secret to tesa's continued success lies in its comprehensive knowledge of its target markets and of the complex value chains involved in car or smartphone manufacture, for example. Building on this foundation, tesa is getting better and better at working closely with industrial customers to develop and market outstanding technological solutions, such as tailor-made adhesive products for the electronics industry. Among other things, it has produced the thinnest double-sided tape in the world.

These are used in the assembly of electronic components and displays in increasingly small and light mobile phones, smartphones, and tablet computers, for example. Adhesive tape solutions of this type meet the most rigorous requirements with regard to precision and performance. Increasingly, these solutions are "intelligent". This means that they are no longer merely used for mounting, but also to perform important additional technical functions in the device, such as dissipating

processor heat, managing display lighting, or conducting electricity. Products of this sort not only allow tesa to gradually move out of the mass market with its fierce price competition, but also mean it can differentiate itself against regional competitors that do not have the required technological capabilities.

tesa is currently in the process of establishing a presence in a totally new, challenging and attractive market – that of pharmaceutical products manufactured in its new clean room production unit. Using this facility, drugs can be manufactured in new, innovative dosage forms.

One example is transdermal systems – pharmaceutical plasters that release drugs into the bloodstream through the skin evenly over a long period, avoiding liver damage. Another innovative product is Rapidfilms – pharmaceutical films that dissolve quickly in the mouth without the need for additional fluids, making it easier to ingest the active ingredients. tesa reached an important milestone on the way to breaking into this exciting business area in March last year.

The new clean room production unit at tesa's Hamburg plant received official approval to manufacture pharmaceutical products. The way is now clear for the company to start production, which is scheduled to begin at the end of 2012. tesa is now in a position to market itself as a single-source provider for the development and production of pharmaceutical plasters and soluble oral films. This represents a significant advantage over most of its competitors, and one that is attracting keen interest from potential customers.

Additional momentum in the current fiscal year is expected to come from tesa's second major innovation project. The Hamburg plant also opened a new ACX production facility, a unique technology developed and patented by tesa for the environmentally-friendly production of high-performance double-sided adhesive tapes. For now, the main focus is products for the building and construction industry. tesa has already established a presence in initial business areas with new ranges manufactured using this innovative technology. The products are being used in the manufacture and assembly of illuminated outdoor signage, among other applications.

To further support tesa's growth strategy, Beiersdorf's Supervisory Board decided in February that the affiliate will run its global business from a new site near Hamburg Airport from 2015. The company's headquarters will be combined with the research

and technology center. One of the key aims is to ensure that research and development is in direct proximity to marketing. This will mean tesa is even better placed to quickly and flexibly develop market-driven solutions and to further sharpen its competitive edge. That completes our look at tesa.

Ladies and Gentlemen,

Let me conclude as always by giving a brief outlook for the business as a whole. The first four months of the 2012 fiscal year are almost over and events so far have been clearly positive. It is already clear that the restructuring measures have taken hold and are starting to bear fruit.

Following the end of the first quarter, we are already able to confirm the forecasts in our Annual Report. We expect to achieve higher sales growth and a higher EBIT margin this year than in 2011. The foundations have been laid well, and we can look forward together to a promising future. 2012 will be a year of solid growth and increased profitability for Beiersdorf.

Dear Shareholders,

I hope my report has given you a good insight into your company. 2011 was an unusual year for Beiersdorf, and a transitional year in two different ways, as I mentioned at the beginning. This AGM also represents an extraordinary event for me personally.

Today is the last time that I have had the honor and pleasure of speaking to you as the Chairman of Beiersdorf's Executive Board. As you already know, I am handing over the helm to Stefan Heidenreich as from this AGM. In line with the proposal by Beiersdorf's majority shareholder and subject to your approval today, I plan to move to the Supervisory Board. Stefan Heidenreich and I have worked together very closely over the past few months to pool my many years' experience with his ideas for the company's future.

I have worked for Beiersdorf and Beiersdorf alone with great pleasure and commitment for 33 years, 12 of these as an Executive Board member and seven as Chairman of the Executive Board. Beiersdorf has never been just about work for me, it was always been a passion in professional form. Beiersdorf is something very special. We are not the biggest company out there, but we are unique in every market in which we are present. We have special people, special brands, and particularly loyal, business-minded shareholders who take a long-term perspective. We also have a special culture, which has developed over more than 125 years. I

have never seen anything that comes close to it. These strengths will shape the company's future and allow it to withstand the competition.

Dear Shareholders, the foundations have been well laid, both strategically and personally.

I wish Mr. Heidenreich, my successor as Chairman of the Executive Board, and the Executive Board as a whole every success for the coming years. I am sure this will be forthcoming, as they will be able to build on the commitment and dedication of our employees worldwide, as the last fiscal year also showed. These great people all over the globe are the most important guarantees of our company's success.

This is why I would like to end – as always – by expressing my heartfelt thanks to all our staff. I am certain that I can also speak for you in this.

Thank you for listening