

# ANNUAL FINANCIAL STATEMENTS OF BEIERSDORF AG

AS OF DECEMBER 31, 2017

**Beiersdorf**

# Our Brands

With strong, internationally leading brands as well as innovative, high-quality products, Beiersdorf inspires millions of consumers all over the world each day.

Our range is centered on our successful skin and body care brands, each serving different segments: NIVEA is aimed at the mass market, Eucerin at the dermocosmetics segment, and La Prairie at the premium cosmetics market. With the Hansaplast and Elastoplast brands, Beiersdorf is also globally positioned in the area of plasters and wound care. Further renowned brands such as Labello, Florena, 8x4, Hidrofugal, arix, Aquaphor, SLEK, and Maestro round off our extensive portfolio. Beiersdorf's brands are specially geared towards local markets, individual consumer needs, and specific areas of application. Their continuous further development is the foundation for Beiersdorf's long-term success.



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## ANNUAL FINANCIAL STATEMENTS

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# Income Statement – Beiersdorf AG

(IN € MILLION)

	Note	2016	2017
<b>Sales</b>	01	<b>1,190</b>	<b>1,229</b>
Other operating income	02	41	27
Cost of materials	03	-269	-278
Personnel expenses	04	-252	-252
Depreciation and amortization of property, plant, and equipment, and intangible assets	05	-19	-11
Other operating expenses	06	-545	-573
<b>Operating result</b>		<b>146</b>	<b>142</b>
Net income from investments	07	174	226
Net interest expense	08	12	-15
Other financial result	09	21	-45
<b>Financial result</b>		<b>207</b>	<b>166</b>
<b>Profit before tax</b>		<b>353</b>	<b>308</b>
Income taxes	10	-84	-65
<b>Profit after tax</b>		<b>269</b>	<b>243</b>
Transfer to other retained earnings	30	-93	-67
<b>Net retained profits</b>		<b>176</b>	<b>176</b>

# Balance Sheet – Beiersdorf AG

<b>(IN € MILLION)</b>			
	Note	Dec. 31, 2016	<b>Dec. 31, 2017</b>
<b>Assets</b>			
Intangible assets	12	2	1
Property, plant, and equipment	13	96	99
Financial assets	14	2,436	3,362
<b>Fixed assets</b>		<b>2,534</b>	<b>3,462</b>
Inventories		5	3
Receivables and other assets	15	615	612
Securities	16	2,033	1,517
Cash and cash equivalents	17	133	99
<b>Current assets</b>		<b>2,786</b>	<b>2,231</b>
<b>Prepaid expenses</b>		<b>5</b>	<b>6</b>
<b>Deferred tax assets</b>	10	<b>16</b>	<b>26</b>
<b>Excess of plan assets over post-employment benefit liability</b>	19	<b>1</b>	<b>–</b>
		<b>5,342</b>	<b>5,725</b>
<b>Equity and liabilities</b>			
Share capital		252	252
Own shares		–25	–25
Issued capital		227	227
Additional paid-in capital		47	47
Retained earnings		2,095	2,179
Net retained profits		176	176
<b>Equity</b>	18	<b>2,545</b>	<b>2,629</b>
Provisions for pensions and other post-employment benefits	19	469	486
Other provisions	20	236	294
<b>Provisions</b>		<b>705</b>	<b>780</b>
<b>Liabilities</b>	21	<b>2,092</b>	<b>2,316</b>
<b>Deferred tax liabilities</b>		<b>–</b>	<b>–</b>
		<b>5,342</b>	<b>5,725</b>

# Basis of Preparation of Beiersdorf AG's Financial Statements

## Information on the Company

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

Beiersdorf AG is an internationally leading branded consumer goods company developing and distributing skin and body care products in the Consumer Business Segment. It is responsible for the German consumer business and provides typical holding company services to its affiliates. In addition to its own operating activities, Beiersdorf AG manages an extensive investment portfolio and is the direct or indirect parent company of over 160 subsidiaries worldwide. The Company also performs central planning/financial control, treasury, and human resources functions, as well as a large proportion of research and development activities for the consumer business.

As a parent company, Beiersdorf AG prepares its own consolidated financial statements. Beiersdorf's consolidated financial statements are also included in the consolidated financial statements of maxingvest ag, Hamburg, which prepares the consolidated financial statements for the largest group of companies. Both sets of consolidated financial statements are published in the *Bundesanzeiger* (Federal Gazette).

## General Notes to the Annual Financial Statements

The annual financial statements of Beiersdorf AG are prepared in accordance with the provisions of the *Handelsgesetzbuch* (German Commercial Code, *HGB*) and the *Aktiengesetz* (German Stock Corporation Act, *AktG*). The recommendations of the German Corporate Governance Code that are relevant to the annual financial statements were taken into account.

The financial statements comprise the balance sheet, the income statement, and the notes. The income statement was prepared using the total cost (nature of expense) method. Where items in the balance sheet and the income statement have been summarized to aid clarity, they are disclosed and explained separately in the notes. The annual financial statements are prepared in euros (€); amounts are given in millions of euros (€ million). The accounting policies used in the previous year have not changed in the reporting year.

The management report of Beiersdorf AG and the Group management report have been combined in accordance with § 315 (3) *HGB* in conjunction with § 298 (2) *HGB* and published in the 2017 annual report.

The annual financial statements of Beiersdorf AG combined with the Group management report for the 2017 fiscal year are published digitally in the *Bundesanzeiger* (Federal Gazette).

## Estimates and Assumptions

Preparation of the annual financial statements requires management to make estimates and assumptions to a limited extent that affect the amount and presentation of recognized assets and liabilities, income and expenses, and contingent liabilities. Such estimates and assumptions reflect all currently available information. Significant estimates and assumptions were made in particular in relation to the following accounting policies: impairment testing of investments in affiliated companies (Note 14 "Financial Assets"), write-downs of doubtful receivables (Note 15 "Receivables and Other Assets"), the actuarial assumptions for the defined benefit expense as well as for the present value of pension commitments (Note 19 "Provisions for Pensions and Other Post-employment Benefits"), the determination of the amount of eligible deferred tax assets (Note 10 "Income Taxes"), and the recognition of other provisions (Note 20 "Other Provisions"). Specifically when recognizing the legal risks from the claims for damages (Note 22 "Contingent Liabilities"), existing uncertainty calls for significant discretion in evaluating whether and to what extent potential damages have arisen and the scale on which claims under joint and several liability may be met. In determining the amount of possible damages, particular discretion must be used in determining the emphasis on "overcharge" and "pass-on rate" factors used in the calculation. Furthermore, estimates and assumptions are made in particular when determining the useful lives of intangible assets and property, plant, and equipment, and when measuring inventories.

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

# Notes to the Income Statement

## 01 Sales

Sales revenue includes sales of products and services, rental and lease income, and royalty income from affiliated companies. Sales revenue is recognized when the goods and products are delivered or the service is provided and the risk is transferred. Beiersdorf AG uses different terms of delivery to specify the contractual transfer of risk. Discounts, customer bonuses, and rebates are directly deducted from revenue as sales reductions. The probability of returns is reflected in the recognition and measurement of sales.

Beiersdorf AG is responsible for business in Germany with branded consumer products for skin and body care, which are bundled in the Consumer Business Segment. It also provides typical holding company services to affiliates in the course of its activities. Beiersdorf AG's sales increased by €39 million to €1,229 million (previous year: €1,190 million).

### SALES BY REGION (IN € MILLION)

	2016	2017
Germany	925	945
Rest of Europe	138	149
Americas	51	52
Africa/Asia/Australia	76	83
	<b>1,190</b>	<b>1,229</b>

## 02 Other Operating Income

### (IN € MILLION)

	2016	2017
Income from reversals of write-downs on receivables	2	–
Income from the reversal of provisions	24	16
Currency translation gains on trade receivables and payables	3	2
Income from services provided to affiliated companies	5	6
Other income	7	3
	<b>41</b>	<b>27</b>

Other operating income declined by €14 million compared with the previous year. This decline was primarily due to a decrease of €8 million in income from the reversal of provisions.

## 03 Cost of Materials

The cost of materials of €278 million (previous year: €269 million) includes the acquisition cost of the goods sold.

## 04 Personnel Expenses

### (IN € MILLION)

	2016	2017
Wages and salaries	215	218
Social security contributions and other benefits	25	26
Pension expenses	12	8
	<b>252</b>	<b>252</b>

## 05 Depreciation and Amortization of Property, Plant, and Equipment, and Intangible Assets

In addition to depreciation and amortization, no significant impairment losses were recognized on property, plant, and equipment in the fiscal year (previous year: also €0 million).

## 06 Other Operating Expenses

### (IN € MILLION)

	2016	2017
Marketing expenses	323	327
Maintenance costs	8	7
Outgoing freight	7	7
Write-downs of receivables	1	–
Currency translation losses on trade receivables and payables	5	5
Third-party services	25	28
Legal and consulting costs	20	27
Other personnel expenses	17	19
Costs of services invoiced by affiliated companies	89	91
Other taxes	1	1
Other expenses	49	61
	<b>545</b>	<b>573</b>

## 07 Net Income from Investments

### (IN € MILLION)

	2016	2017
Income from investments	100	179
(thereof from affiliated companies)	(100)	(179)
Income from profit transfer agreements	74	62
Write-downs of financial assets and securities classified as current assets	–	–15
	<b>174</b>	<b>226</b>

## 08 Net Interest Expense

(IN € MILLION)		
	2016	2017
Other interest and similar income	27	33
(thereof from affiliated companies)	(6)	(9)
Interest and similar expenses	-3	-8
(thereof to affiliated companies)	(-3)	(-4)
Expenses from unwinding of discounts on provisions for pensions and other long-term obligations	-12	-40
	<b>12</b>	<b>-15</b>

Expenses from unwinding of discounts on provisions for pensions and other long-term obligations includes €22 million in expenses from the change in the discount rate for post-employment benefit obligations (previous year: income of €7 million).

## 09 Other Financial Result

(IN € MILLION)		
	2016	2017
Other financial income	162	140
Other financial expenses	-141	-185
	<b>21</b>	<b>-45</b>

Other financial income comprises currency translation gains on financial items of €134 million (previous year: €141 million) and income from the sale of securities of €5 million (previous year: €20 million). Other financial expenses comprise currency translation losses on financial items of €164 million (previous year: €128 million) and miscellaneous financial expenses of €21 million (previous year: €13 million).

## 10 Income Taxes

Corporation tax, the solidarity surcharge, trade tax, and paid withholding tax are reported as income tax expenses. Deferred tax expenses and income are also included in this item. Any aggregate tax liability resulting from differences between the carrying amounts in the financial statements of assets, liabilities, or items of prepaid expenses and deferred income, and their tax base that are expected to reverse in future fiscal years must be recognized as deferred tax liabilities. Any resulting aggregate tax benefit may be recognized as deferred tax assets. The amounts are measured using the company's individual tax rate of 31.9% (previous year: 31.8%).

Beiersdorf AG is the consolidated income tax group parent of various consolidated tax group subsidiaries. A consolidated income tax group exists if a consolidated tax group subsidiary within the meaning of § 14 (1) sentence 1 in conjunction with § 17 (1) sentence 1 *Körperschaftsteuergesetz* (German Corporate Income Tax Act, *KStG*) undertakes by way of a profit transfer agreement within the meaning of § 291 (1) *AktG* to transfer its entire profit to a single other commercial enterprise. As a result, the income of the consolidated tax group subsidiary is attributable to the entity's parent (consolidated tax group parent). Future tax liabilities or benefits resulting from temporary differences between the carrying amounts of assets and liabilities or items of prepaid expenses and deferred income in the annual financial statements of the consolidated tax group subsidiaries and their corresponding tax base are therefore recognized in Beiersdorf AG's annual financial statements.

Deferred tax assets of €30 million (previous year: €24 million) were recognized for pension provisions as a result of the higher liabilities recognized in the financial statements as against the tax base. Other deferred tax assets of €7 million (previous year: €4 million) were due to certain other provisions not being recognizable for tax purposes, or to lower values being recognized. Deferred tax liabilities mainly result from differences in the carrying amounts of fixed assets of €13 million (previous year: €14 million).

Overall, Beiersdorf AG expects an aggregate future tax benefit of €26 million (previous year: €16 million) from its own temporary accounting differences and those relating to companies in its consolidated tax group as of December 31, 2017. The tax result for the fiscal year includes income of €10 million from deferred taxes (previous year: expenses of €3 million).

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

## 11 Other Taxes

Other taxes are reported under other operating expenses. They amounted to €1 million (previous year: €1 million).



# Notes to the Balance Sheet

## 12 Intangible Assets

(IN € MILLION)

	Purchased patents, licenses, trademarks, and similar rights and assets	Advance payments	Total
<b>Cost</b>			
<b>Opening balance Jan. 1, 2017</b>	<b>390</b>	<b>–</b>	<b>390</b>
Additions	–	–	–
Disposals	–30	–	–30
Transfers	–	–	–
<b>Closing balance Dec. 31, 2017</b>	<b>360</b>	<b>–</b>	<b>360</b>
<b>Amortization</b>			
<b>Opening balance Jan. 1, 2017</b>	<b>388</b>	<b>–</b>	<b>388</b>
Write-downs	2	–	2
Reversals of write-downs	–	–	–
Disposals/transfers	–31	–	–31
<b>Closing balance Dec. 31, 2017</b>	<b>359</b>	<b>–</b>	<b>359</b>
<b>Carrying amount Dec. 31, 2017</b>	<b>1</b>	<b>–</b>	<b>1</b>
Carrying amount Dec. 31, 2016	2	–	2

Purchased intangible assets are carried at cost less straight-line amortization. Intangible assets are generally amortized over a period of five years, and in exceptional cases over three to ten years. Internally generated intangible assets and research and development expenses are not capitalized.

Write-downs for impairment are recognized if more than temporary impairments in value are likely to occur. Write-downs are reversed up to amortized cost if the reasons for the impairment no longer apply.

### 13 Property, Plant, and Equipment

(IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
<b>Cost</b>					
<b>Opening balance Jan. 1, 2017</b>	<b>201</b>	<b>2</b>	<b>120</b>	<b>6</b>	<b>329</b>
Additions	1	–	10	2	13
Disposals	–10	–	–7	–	–17
Transfers	4	–	1	–5	–
<b>Closing balance Dec. 31, 2017</b>	<b>196</b>	<b>2</b>	<b>124</b>	<b>3</b>	<b>325</b>
<b>Depreciation</b>					
<b>Opening balance Jan. 1, 2017</b>	<b>131</b>	<b>2</b>	<b>100</b>	<b>–</b>	<b>233</b>
Depreciation	3	–	7	–	10
Disposals/transfers	–10	–	–7	–	–17
<b>Closing balance Dec. 31, 2017</b>	<b>124</b>	<b>2</b>	<b>100</b>	<b>–</b>	<b>226</b>
<b>Carrying amount Dec. 31, 2017</b>	<b>72</b>	<b>–</b>	<b>24</b>	<b>3</b>	<b>99</b>
Carrying amount Dec. 31, 2016	70	–	20	6	96

Property, plant, and equipment is carried at cost and reduced by straight-line depreciation over the assets' expected useful lives. Buildings are depreciated on a straight-line basis over a useful life of 25 to 50 years. Assets acquired since 2010 are depreciated on a straight-line basis as the principle that tax dictates financial accounting no longer applies. In the years prior to that, additions were generally depreciated using the declining-balance method at first to the extent permitted by law and subsequently using the straight-line method of depreciation. The useful life of technical equipment and machinery, and office and other equipment, is generally ten years, and in exceptional cases three to 15 years.

Low-value assets up to €150 are written off in full in the year of acquisition. Assets costing between €150 and €1,000 are pooled and written down over five years.

Write-downs for impairment are recognized if more than temporary impairments in value are likely to occur. Write-downs are reversed up to amortized cost if the reasons for the impairment no longer apply.

## 14 Financial Assets

(IN € MILLION)

	Investments in affiliated companies	Other equity investments	Long-term securities	Total
<b>Cost</b>				
<b>Opening balance Jan. 1, 2017</b>	<b>1,631</b>	<b>–</b>	<b>807</b>	<b>2,438</b>
Additions	56	–	905	961
Disposals	–28	–	–	–28
Transfers	–	–	2	2
<b>Closing balance Dec. 31, 2017</b>	<b>1,659</b>	<b>–</b>	<b>1,714</b>	<b>3,373</b>
<b>Write-downs</b>				
<b>Opening balance Jan. 1, 2017</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>2</b>
Write-downs/reversals of write-downs	7	–	–	7
Disposals/transfers	–	–	2	2
<b>Closing balance Dec. 31, 2017</b>	<b>9</b>	<b>–</b>	<b>2</b>	<b>11</b>
<b>Carrying amount Dec. 31, 2017</b>	<b>1,650</b>	<b>–</b>	<b>1,712</b>	<b>3,362</b>
Carrying amount Dec. 31, 2016	1,629	–	807	2,436

Investments in affiliated companies are recognized at cost. Write-downs to a lower value at the balance sheet date are recognized if the impairment is expected to be more than temporary. Write-downs are reversed up to cost if the reasons for permanent impairment no longer apply.

The additions to investments in affiliated companies stem from capital increases at existing subsidiaries, especially Beiersdorf CEE Holding GmbH, Vienna, and Beiersdorf S.A., Buenos Aires.

Write-downs on investments in affiliated companies are attributable to a foreign investment due to lower net asset value and income value.

Long-term securities include long-term government and corporate bonds with a remaining maturity of more than four years at the time of their acquisition. Long-term securities are measured at net book value. Write-downs for impairment to the lower fair value on the balance sheet date are recognized even if the impairment is expected to be temporary.

Long-term government and corporate bonds with an investment volume totaling €905 million were purchased in the past fiscal year. These listed securities have remaining maturities of between four and eight years.

## 15 Receivables and Other Assets

<b>(IN € MILLION)</b>	Dec. 31, 2016	<b>Dec. 31, 2017</b>
Trade receivables	57	69
(thereof due after more than one year)	(–)	(–)
Receivables from affiliated companies	451	446
(thereof due after more than one year)	(–)	(–)
Other assets	107	97
(thereof due after more than one year)	(–)	(–)
	<b>615</b>	<b>612</b>

Receivables and other assets are carried at their nominal value. Appropriate individual valuation adjustments are charged for identifiable individual risks. General valuation adjustments are charged to take account of general credit risk.

Receivables and assets in foreign currency due within one year are translated at the middle spot rate on the balance sheet date. Hedged foreign currency receivables are carried at the hedge rate. There are no receivables and assets in foreign currency due after more than one year.

Receivables from affiliated companies comprise financial receivables of €307 million (previous year: €329 million) and trade receivables of €139 million (previous year: €122 million).

In addition to a large number of individual items, such as payroll receivables and advance payments, the other assets item largely comprises a deposit guarantee, tax receivables, and interest receivables on securities.

## 16 Securities

As of December 31, 2017, Beiersdorf AG had invested a total of €1,517 million (previous year: €2,033 million) in short-term listed government and corporate bonds, near-money market retail funds, equities, and equity funds. These investments classified as current assets are carried at the lower of amortized cost and fair value. €310 million (previous year: €565 million) of the bonds have a remaining maturity of up to one year, and €1,106 million (previous year: €1,202 million) have a remaining maturity of between one and four years. As of the balance sheet date, bonds lent to banks in short-term securities lending transactions amounted to €157 million (previous year: €148 million). The sale of shares in equity funds resulted in gains of €5 million (previous year: €20 million).

## 17 Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances, cash-on-hand, checks, and short-term liquid investments such as overnight funds and short-term deposits.

## 18 Equity

The following changes in equity were recorded in fiscal year 2017:

(IN € MILLION)

	Dec. 31, 2016	Utilization of 2016 net retained profits	2017 profit after tax	Dec. 31, 2017
Share capital	252	–	–	252
Own shares	–25	–	–	–25
Issued capital	227	–	–	227
Additional paid-in capital	47	–	–	47
Legal reserve	4	–	–	4
Other retained earnings	2,091	17	67	2,175
Net retained profits	176	–176	176	176
	<b>2,545</b>	<b>–159</b>	<b>243</b>	<b>2,629</b>

### SHARE CAPITAL

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

### AUTHORIZED CAPITAL

The Annual General Meeting on March 31, 2015, authorized the Executive Board, with the approval of the Supervisory Board, to increase the share capital in the period until March 30, 2020, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 million) by issuing new no-par value bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) *AktG*.

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

1. to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);
2. to the extent necessary to grant the holders / creditors of convertible bonds or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, rights to subscribe for new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation (Authorized Capital I, II, III);
3. if the total amount of share capital attributable to the new shares for which preemptive rights are to be disappplied does

not exceed 10% of the share capital existing at the time this authorization comes into effect or, in the event that this amount is lower, at the time the new shares are issued and the issue price of the new shares is not materially lower than the quoted market price of the existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed. If, during the term of the authorized capital, other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights pursuant to or in accordance with § 186 (3) sentence 4 *Aktiengesetz* (German Stock Corporation Act, *AktG*), this must be counted toward the above-mentioned 10% limit (Authorized Capital II);

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

The Executive Board may only exercise the above authorizations to disapply preemptive rights to the extent that the total proportionate interest in the share capital attributable to the shares issued while disapplying preemptive rights does not exceed 20% of the share capital at the time these authorizations become effective or at the time these authorizations are exercised. If other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights during the term of the authorized capital until such time as it is utilized, this must be counted toward the above-mentioned limit.

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

### CONTINGENT CAPITAL

In addition, the Annual General Meeting on March 31, 2015, resolved to contingently increase the share capital by up to a total of €42 million, composed of up to 42 million no-par value bearer shares. In accordance with the resolution by the Annual General Meeting, the contingent capital increase will be implemented only if:

1. the holders or creditors of conversion and / or option rights attached to convertible bonds and / or bonds with warrants issued in the period until March 30, 2020, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights, or
2. the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until March 30, 2020, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation,

and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

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

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

### ADDITIONAL PAID-IN CAPITAL

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

### RETAINED EARNINGS

The Annual General Meeting on April 20, 2017, resolved to transfer €17 million from net retained profits for fiscal year 2016 to other retained earnings. €67 million of the profit after tax for fiscal year 2017 was transferred to other retained earnings.

### DISCLOSURES ON AMOUNTS SUBJECT TO RESTRICTIONS ON DISTRIBUTION

An amount of €2 million subject to a restriction on distribution in accordance with § 268 (8) HGB was produced on the difference resulting from the measurement of assets whose fair value exceeds cost, after deduction of the deferred tax liabilities recognized for this purpose.

The difference between provisions for post-employment benefit obligations based on the average market interest rate of the past

ten fiscal years and provisions based on the average market interest rate of the past seven fiscal years amounting to €63 million is banned from distribution in accordance with § 253 (6) HGB.

The excess of deferred tax assets over deferred tax liabilities shown in the balance sheet (excluding the deferred tax liability recognized in accordance with § 246 (2) HGB) totaling €27 million is also subject to a restriction on distribution in accordance with § 268 (8) HGB.

This total amount of €92 million in non-distributable funds stands in contrast to the freely available reserves of €2,175 million. Consequently, the net retained profits of €176 million are not subject to any restrictions on distribution.

## 19 Provisions for Pensions and Other Post-employment Benefits

Pension provisions cover benefit obligations to former and current employees.

Pension obligations are measured using the projected unit credit method, taking into account future wage, salary, and pension increases. In accordance with § 253 (2) HGB, provisions for post-employment benefit obligations are to be discounted at the average market interest rate of the past ten years. The ten-year average interest rate is calculated and published by the Deutsche Bundesbank based on an assumed remaining maturity of 15 years. The applied discount rate was 3.68% (previous year: 4.01%), the wage and salary growth figure 3.5% (previous year: 3.5%), and the pension growth figure 1.75% (previous year: 1.75%). Heubeck's 2005 G mortality tables were used as a basis for calculation.

The amount needed for the provisions for post-employment benefit obligations at the average market interest rate of the past seven fiscal years (2.80%) exceeded the applied amount needed for pension provisions at the average market interest rate of the past ten fiscal years (3.68%) by €63 million. This difference is subject to a restriction on distribution in accordance with § 253 (6) HGB (new version).

Assets that serve solely to settle liabilities from post-employment benefit obligations and that are exempt from attachment by all other creditors are offset against the provisions at their fair values. If the fair value of the assets exceeds the amount of liabilities, the excess amount is reported as an "excess of plan assets over postemployment benefit liability" (previous year: €1 million). The fair value of assets invested in mixed-use funds, which has been offset against the amount needed to satisfy the obligations, was €40 million as of the balance sheet date (previous year: €32 million; cost: €38 million).

## 20 Other Provisions

(IN € MILLION)		
	Dec. 31, 2016	Dec. 31, 2017
Provisions for taxes	23	19
Miscellaneous provisions	213	275
(thereof for personnel expenses)	(92)	(96)
(thereof for marketing and selling expenses)	(66)	(83)
(thereof other)	(55)	(96)
	<b>236</b>	<b>294</b>

Other provisions include all identifiable future payment obligations, risks, and uncertain obligations of the company. They are measured using the settlement amount dictated by prudent business judgment to fund future payment obligations. Provisions expected to be settled after more than one year are discounted at the average market interest rate for the past seven years corresponding to their remaining maturity.

Provisions for personnel expenses primarily comprise provisions for obligations relating to flextime account balances, annual bonuses, vacation pay, severance agreements, and anniversary payments. Obligations relating to flextime account balances are offset against the corresponding dedicated asset – mixed-use funds of €19 million (previous year: €16 million) – in this item.

The provisions for marketing and selling expenses relate in particular to cooperative advertising allowances, rebates, and returns.

The other provisions relate in particular to outstanding invoices, litigation risks, and provisions for expected losses from derivatives.

## 21 Liabilities

(IN € MILLION)		
	Dec. 31, 2016	Dec. 31, 2017
Trade payables	55	60
Liabilities to affiliated companies	2,031	2,250
Other liabilities	6	6
(thereof tax liabilities)	(4)	(5)
(thereof social security liabilities)	(1)	(1)
	<b>2,092</b>	<b>2,316</b>

Liabilities are recognized at their settlement amount at the balance sheet date.

Liabilities in foreign currency due within one year are translated at the middle spot rate on the balance sheet date. Non-current foreign currency liabilities are recognized at the closing rate on the balance sheet date or at the higher rate at the transaction date. Hedged foreign currency liabilities are carried at the hedge rate. There are no liabilities in foreign currency due after more than one year (previous year: €0 million).

Liabilities to affiliated companies comprise financial liabilities of €2,193 million (previous year: €1,987 million) and trade payables of €57 million (previous year: €44 million).

Of the other liabilities, none (previous year: €0 million) are due in more than one year. The liabilities are not collateralized.

# Other Disclosures

## 22 Contingent Liabilities, Other Financial Obligations, and Legal Risks

(IN € MILLION)	Dec. 31, 2016	Dec. 31, 2017
<b>Contingent liabilities</b>		
Obligations under guarantees and letters of comfort	36	1
(thereof for affiliated companies)	(36)	(1)
<b>Other financial obligations</b>		
Obligations under rental agreements and leases	7	11
Obligations under purchase commitments for investments	1	2
Obligations under purchase commitments subject to condition precedent	–	35
	<b>8</b>	<b>48</b>

### OTHER FINANCIAL OBLIGATIONS

Obligations from rental agreements and leases are reported at the total amount due until the earliest termination deadline.

The risk of contingent liability claims being asserted is considered to be low.

### LEGAL RISKS

In October 2016, Beiersdorf AG was served with a claim for damages from the liquidator of Anton Schlecker e. K. in connection with German antitrust proceedings already concluded. Claims have been made against six other companies in addition to Beiersdorf. The claim, which involves joint and several liability of all defendants, totals approximately €200 million plus interest. Further claims for damages are pending or claims have been made out of court against Beiersdorf AG in connection with these antitrust proceedings. Beiersdorf contests these claims.

Assessments of the course and results of legal disputes are associated with considerable difficulty and uncertainty. Based on the currently available information, we do not expect these disputes to result in significant charges for Beiersdorf AG.

## 23 Derivative Financial Instruments

Beiersdorf AG's Corporate Treasury department is responsible for central currency and interest rate management within the Beiersdorf Group, and hence for all transactions involving financial derivatives. Derivative financial instruments are used to hedge the operating business and significant financial transactions that are important to the company. Beiersdorf AG is not exposed to any additional risks as a result. The transactions are conducted exclusively with marketable instruments.

Because of the small volume of non-current financial liabilities, interest rate risk is of no more than minor significance for the Beiersdorf Group. As a result, no interest rate hedges are entered into at present.

Beiersdorf AG uses currency forwards to hedge the risk of changes in exchange rates. Currency hedges relate primarily to intragroup deliveries of goods and services. In general, 75% of the planned net cash flows are hedged externally using currency forwards around three to six months before the start of the year; these currency forwards are then largely passed on at matching maturities to Group companies. As a matter of principle, currency risks relating to cross-border intragroup financing are hedged centrally in full and at matching maturities using currency forwards.

All these transactions are centrally recorded, measured, and managed in the treasury management system.

The notional value of the currency forwards at the balance sheet date was €2,242 million (previous year: €2,455 million). Of this amount, €2,242 million is due within one year. The notional values represent the aggregate of all purchase and selling amounts for derivatives. The notional values shown are not netted.

The fair value of the currency forwards at the balance sheet date was €–24 million (previous year: €–6 million). The fair value is calculated by measuring the outstanding items at market prices at the balance sheet date. At Beiersdorf AG, the derivatives entered into with banks and the offsetting transactions passed on to the subsidiaries or the contracts representing the underlying transactions constitute hedges. Provisions of €28 million (previous year: €8 million) were established at the balance sheet date for expected losses from negative market values for derivative financial instruments that are not included in hedge accounting.

The positive fair values of derivatives are exposed in principle to default risk relating to the non-fulfillment of contractual obligations by counterparties. Our external counterparties are banks for which we consider the risk of default to be extremely low.



## 24 Employees by Function

AVERAGE NUMBER DURING THE YEAR		
	2016	2017
Research and development	555	609
Supply chain	318	303
Sales and marketing	521	538
Other functions	589	634
	<b>1,983</b>	<b>2,084</b>

## 25 Disclosures on the Supervisory and Executive Boards

For fiscal year 2017, the members of the Supervisory Board received remuneration totaling €1,414 thousand (previous year: €1,431 thousand) and the Executive Board received total remuneration (including additions to provisions for Enterprise Value Components) totaling €17,811 thousand (previous year: €17,797 thousand). For information on the system of Executive and Supervisory Board remuneration and the amount of members' individual remuneration, please refer to the remuneration report. Total remuneration to former members of the Executive Board and their surviving dependents totaled €2,412 thousand (previous year: €2,500 thousand). Provisions for pension commitments to former members of the Executive Board and their surviving dependents totaled €39,047 thousand (previous year: €43,568 thousand).

Members of the Executive and Supervisory Boards did not receive any loans from the company.

Beiersdorf AG discloses details on the components of Executive and Supervisory Board remuneration in its remuneration report. The remuneration report is part of the combined management report and can be accessed online at [WWW.BEIERSDORF.COM](http://WWW.BEIERSDORF.COM).

## 26 Auditors' Fees

The Annual General Meeting on April 20, 2017, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditors for fiscal year 2017. The total fees invoiced by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for the fiscal year are contained in the relevant notes to the consolidated financial statements.

## 27 List of Shareholdings

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

### BEIERSDORF AG'S SHAREHOLDINGS

Germany

Name of the company	Registered office	Equity interest (in %)	Equity as of Dec. 31, 2017 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2017 (in accordance with IFRSs) in € thousand
La Prairie Group Deutschland GmbH <sup>1</sup>	Baden-Baden	100.00	3,701	0
Produits de Beauté Logistik GmbH <sup>1</sup>	Baden-Baden	100.00	33,374	0
Produits de Beauté Produktions GmbH <sup>1</sup>	Baden-Baden	100.00	12,748	0
Beiersdorf Manufacturing Berlin GmbH <sup>1</sup>	Berlin	100.00	4,109	0
GUHL IKEBANA GmbH <sup>3</sup>	Darmstadt	10.00	29,458	13,892
Beiersdorf Beteiligungs GmbH	Gallin	100.00	652,740	57,176
Tape International GmbH	Gallin	100.00	64	8
Beiersdorf Customer Supply GmbH	Hamburg	100.00	109,249	10,928
Beiersdorf Dermo Medical GmbH <sup>5</sup>	Hamburg	100.00	328	174
Beiersdorf Hautpflege GmbH <sup>2</sup>	Hamburg	100.00	0	0
Beiersdorf Health Care AG & Co. KG	Hamburg	100.00	-171	-44
Beiersdorf Immo GmbH <sup>3</sup>	Hamburg	100.00	38	2
Beiersdorf Immobilienentwicklungs GmbH <sup>5</sup>	Hamburg	100.00	1,419	809
Beiersdorf Manufacturing Hamburg GmbH <sup>1</sup>	Hamburg	100.00	20,466	0
Beiersdorf Shared Services GmbH <sup>1</sup>	Hamburg	100.00	28,990	0
Next Commerce Accelerator Beteiligungsgesellschaft mbH & Co. KG <sup>2</sup>	Hamburg	9.90	0	0
Phanex Handelsgesellschaft mbH <sup>1</sup>	Hamburg	100.00	28	0
tesa Converting Center GmbH <sup>1</sup>	Hamburg	100.00	781	0
tesa Grundstücksverwaltungsgesellschaft mbH & Co. KG	Hamburg	100.00	16,712	7,631
tesa Werk Hamburg GmbH <sup>1</sup>	Hamburg	100.00	17,974	0
Ultra Kosmetik GmbH	Hamburg	100.00	89	0
W5 Immobilien GmbH & Co. KG	Hamburg	100.00	5,118	-35
tesa nie wieder bohren GmbH	Hanau	100.00	1,105	-1,440
tesa scribos GmbH <sup>1</sup>	Heidelberg	100.00	1,996	0
tesa Labtec GmbH	Langenfeld	100.00	-6,974	-3,291
one tesa Bau GmbH	Norderstedt	100.00	127	-195
tesa SE	Norderstedt	100.00	549,896	76,264
tesa Werk Offenburg GmbH <sup>1</sup>	Offenburg	100.00	704	0
Beiersdorf Manufacturing Waldheim GmbH <sup>1</sup>	Waldheim	100.00	20,457	0

## Europe

Name of the company	Registered office	Equity interest (in %)	Equity as of Dec. 31, 2017 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2017 (in accordance with IFRSs) in € thousand
Beiersdorf CEE Holding GmbH	AT, Vienna	100.00	504,485	161,115
Beiersdorf Ges mbH	AT, Vienna	100.00	28,576	12,641
La Prairie Group Austria GmbH	AT, Vienna	100.00	846	247
Skin Care Emerging Markets GmbH	AT, Vienna	100.00	1	-34
tesa GmbH	AT, Vienna	100.00	795	440
SA Beiersdorf NV	BE, Brussels	100.00	132,600	11,045
tesa sa-nv	BE, Brussels	100.00	2,798	808
Beiersdorf Bulgaria EOOD	BG, Sofia	100.00	3,265	1,589
tesa tape Schweiz AG	CH, Bergdietikon	100.00	2,031	309
Beiersdorf AG	CH, Reinach	100.00	26,797	19,717
La Prairie Group AG	CH, Volketswil	100.00	106,744	38,984
Laboratoires La Prairie SA	CH, Volketswil	100.00	18,717	10,519
Beiersdorf spol. s.r.o.	CZ, Prague	100.00	8,286	5,382
tesa tape s.r.o.	CZ, Prague	100.00	2,546	605
tesa A/S	DK, Birkerød	100.00	4,204	168
Beiersdorf A/S	DK, Copenhagen	100.00	3,040	1,314
Beiersdorf Manufacturing Argenton, S.L.	ES, Argenton	100.00	19,315	1,862
tesa tape S.A.	ES, Argenton	100.00	2,631	637
La Prairie Group Iberia S.A.U.	ES, Madrid	100.00	1,224	691
Beiersdorf Holding, S.L.	ES, Tres Cantos	100.00	143,022	32,513
Beiersdorf Manufacturing Tres Cantos, S.L.	ES, Tres Cantos	100.00	32,746	6,877
Beiersdorf S.A.	ES, Tres Cantos	100.00	21,802	14,781
Beiersdorf Oy	FI, Turku	100.00	5,368	3,232
tesa Oy	FI, Turku	100.00	414	192
La Prairie Group France S.A.S.	FR, Boulogne-Billancourt	100.00	2,905	-711
Beiersdorf Holding France	FR, Paris	100.00	126,380	21,195
Beiersdorf s.a.s.	FR, Paris	99.91	60,111	16,690
tesa s.a.s.	FR, Savigny-le-Temple	100.00	2,065	648
BDF Medical Ltd.	GB, Birmingham	100.00	5	0
Beiersdorf UK Ltd.	GB, Birmingham	100.00	43,025	32,273
La Prairie (UK) Limited	GB, London	100.00	2,211	1,632
tesa UK Ltd.	GB, Milton Keynes	100.00	3,968	154
Beiersdorf Hellas A.E.	GR, Iraklis	100.00	23,347	3,702
tesa tape A.E.	GR, Iraklis	100.00	1,500	348
Beiersdorf d.o.o.	HR, Zagreb	100.00	4,938	2,780
Beiersdorf Kft.	HU, Budapest	100.00	8,481	4,069
Tartsay Beruházó Kft.	HU, Budapest	100.00	1,256	49
tesa tape Ragasztószalag Termelő és Kereskedelmi Kft.	HU, Budapest	100.00	1,795	188
Beiersdorf ehf	IS, Reykjavik	100.00	975	709
Comet SpA	IT, Concagno Solbiate	100.00	20,540	5,010
Beiersdorf SpA	IT, Milan	100.00	27,410	14,974
La Prairie SpA	IT, Milan	100.00	6,111	978
tesa SpA	IT, Vimodrone	100.00	4,001	700
Beiersdorf Kazakhstan LLP	KZ, Almaty	100.00	5,280	5,579
tesa tape UAB	LT, Vilnius	100.00	914	132
Guhl Ikebana Cosmetics B.V.	NL, Almere	10.00	1,602	1,037
Beiersdorf Holding B.V.	NL, Amsterdam	100.00	1,153,589	59,101

Europe (continued)

Name of the company	Registered office	Equity interest (in %)	Equity as of Dec. 31, 2017 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2017 (in accordance with IFRSs) in € thousand
Beiersdorf NV	NL, Amsterdam	100.00	23,728	19,931
tesa Western Europe B.V.	NL, Amsterdam	100.00	418	403
tesa BV	NL, Hilversum	100.00	806	423
Beiersdorf AS <sup>3</sup>	NO, Oslo	100.00	29	8
tesa AS	NO, Oslo	100.00	678	290
Beiersdorf Manufacturing Poznan Sp. z o.o.	PL, Poznan	100.00	35,992	6,036
NIVEA Polska Sp. z o.o.	PL, Poznan	100.00	42,378	23,120
tesa tape Sp. z o.o.	PL, Poznan	100.00	1,429	347
Beiersdorf Portuguesa, Limitada	PT, Queluz	100.00	12,752	6,958
tesa Portugal - Produtos Adesivos, Lda.	PT, Queluz	100.00	752	150
Beiersdorf Romania s.r.l.	RO, Bucharest	100.00	5,579	4,342
tesa tape s.r.l.	RO, Cluj-Napoca	100.00	697	262
Beiersdorf d.o.o.	RS, Belgrade	100.00	4,842	3,564
Beiersdorf LLC	RU, Moscow	100.00	16,086	16,999
La Prairie Group (RUS) LLC	RU, Moscow	100.00	1,865	224
tesa tape OOO	RU, Moscow	100.00	1,640	533
Beiersdorf Aktiebolag	SE, Gothenburg	100.00	11,316	7,790
Beiersdorf Nordic Holding AB	SE, Gothenburg	100.00	117,648	10,814
tesa AB	SE, Kungsbacka	100.00	947	409
Beiersdorf d.o.o.	SI, Ljubljana	100.00	121,001	4,209
tesa tape posrednistvo in trgovina d.o.o.	SI, Ljubljana	100.00	893	318
Beiersdorf Slovakia, s.r.o.	SK, Bratislava	100.00	5,245	3,467
tesa Bant Sanayi ve Ticaret A.S.	TR, Istanbul	100.00	4,967	2,362
Beiersdorf Ukraine LLC	UA, Kiev	100.00	1,385	2,963

## Americas

Name of the company	Registered office	Equity interest (in %)	Equity as of Dec. 31, 2017 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2017 (in accordance with IFRSs) in € thousand
Beiersdorf S.A.	AR, Buenos Aires	100.00	27,699	7,899
tesa tape Argentina S.R.L.	AR, Buenos Aires	100.00	1,346	545
Beiersdorf S.R.L.	BO, Santa Cruz de la Sierra	100.00	3,531	1,734
tesa Brasil Ltda.	BR, Curitiba	100.00	1,284	-150
Beiersdorf Indústria e Comércio Ltda.	BR, Itatiba	100.00	31,693	-230
BDF NIVEA LTDA.	BR, São Paulo	100.00	73,211	7,778
Beiersdorf Canada Inc.	CA, Saint-Laurent	100.00	19,521	5,266
Beiersdorf Chile S.A.	CL, Santiago de Chile	100.00	16,664	4,622
Beiersdorf S.A.	CL, Santiago de Chile	100.00	28,193	-99
tesa tape Chile SA	CL, Santiago de Chile	100.00	1,926	830
Beiersdorf S.A.	CO, Bogotá	100.00	9,736	2,858
tesa tape Colombia Ltda.	CO, Santiago de Cali	100.00	2,137	-113
BDF Costa Rica, S.A.	CR, San José	100.00	4,129	1,958
Beiersdorf, SRL	DO, Santo Domingo	100.00	1,337	422
Beiersdorf S.A.	EC, Quito	100.00	4,544	2,211
BDF Centroamérica, S.A.	GT, Guatemala City	100.00	6,626	4,569
tesa tape Centro América S.A.	GT, Guatemala City	100.00	1,678	533
BDF Corporativo, S.A. de C.V.	MX, Mexico City	100.00	2,851	522
BDF México, S.A. de C.V.	MX, Mexico City	100.00	15,570	-1,939
tesa tape México, S.A. de C.V.	MX, Mexico City	100.00	5,197	1,754
Beiersdorf Manufacturing México, S.A. de C.V.	MX, Silao	100.00	28,666	-4,926
Beiersdorf Manufacturing México Servicios, S.A. de C.V.	MX, Silao	100.00	1,231	346
BDF Panamá, S.A.	PA, Panama City	100.00	2,905	1,848
HUB LIMITED S.A.	PA, Panama City	100.00	-2,471	-718
Beiersdorf S.A.C.	PE, Lima	99.81	2,996	-823
Beiersdorf S.A.	PY, Asunción	100.00	4,813	2,592
BDF El Salvador, S.A. de C.V.	SV, San Salvador	100.00	-121	251
tesa tape inc.	US, Charlotte, NC	100.00	23,484	15,137
LaPrairie.com LLC	US, Edison, NJ	100.00	0	0
La Prairie, Inc.	US, New York City, NY	100.00	10,368	2,377
tesa Plant Sparta LLC	US, Sparta, MI	100.00	21,387	273
Beiersdorf, Inc.	US, Wilton, CT	100.00	84,612	25,643
Beiersdorf North America Inc.	US, Wilton, CT	100.00	159,820	20,949
Beiersdorf S.A.	UY, Montevideo	100.00	1,966	419
Beiersdorf S.A.	VE, Caracas	100.00	46	139

## Africa/Asia/ Australia

Name of the company	Registered office	Equity interest (in %)	Equity as of Dec. 31, 2017 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2017 (in accordance with IFRSs) in € thousand
Beiersdorf Middle East FZCO	AE, Dubai	100.00	34,695	27,064
Beiersdorf Near East FZ-LLC	AE, Dubai	100.00	6,188	5,617
Beiersdorf Australia Ltd.	AU, North Ryde, NSW	100.00	35,412	22,747
Beiersdorf Health Care Australia Pty. Ltd.	AU, North Ryde, NSW	100.00	0	0
La Prairie Group Australia Pty. Ltd.	AU, Rosebery, NSW	100.00	5,764	2,113
tesa tape Australia Pty. Ltd.	AU, Sydney, NSW	100.00	2,797	381
Beiersdorf Daily Chemical (Guangzhou) Co., Ltd.	CN, Guangzhou	100.00	3,548	-290
Beiersdorf Hong Kong Limited	CN, Hong Kong	100.00	332	549
La Prairie Hong Kong Limited	CN, Hong Kong	100.00	9,293	5,454
tesa tape (Hong Kong) Limited	CN, Hong Kong	100.00	26,983	10,390
Beiersdorf Trading (Shanghai) Co., Ltd.	CN, Shanghai	100.00	0	0
La Prairie (Shanghai) Co., Ltd.	CN, Shanghai	100.00	4,476	2,525
NIVEA (Shanghai) Company Limited	CN, Shanghai	100.00	-32,517	4,003
tesa tape (Shanghai) Co., Ltd.	CN, Shanghai	100.00	63,168	57,451
tesa Plant (Suzhou) Co., Ltd.	CN, Suzhou	100.00	26,121	2,222
Beiersdorf Daily Chemical (Wuhan) Co., Ltd.	CN, Wuhan	100.00	-3,182	2,194
Beiersdorf Personal Care (China) Co., Ltd.	CN, Xiantao	100.00	-43,595	-14,208
Beiersdorf Nivea Egypt LLC	EG, Cairo	100.00	2,062	97
Beiersdorf Ghana Limited	GH, Accra	100.00	435	-439
P.T. Beiersdorf Indonesia	ID, Jakarta	80.00	-432	681
Beiersdorf India Pvt. Limited	IN, Mumbai	51.00	2,893	1,132
NIVEA India Pvt. Ltd.	IN, Mumbai	100.00	34,789	194
tesa tapes (India) Private Limited	IN, Navi Mumbai	100.00	2,518	817
Beiersdorf Holding Japan Yugen Kaisha	JP, Tokyo	100.00	86,110	20,476
La Prairie Japan K.K.	JP, Tokyo	100.00	-3,738	628
Nivea-Kao Co., Ltd.	JP, Tokyo	60.00	39,780	38,304
tesa tape K.K.	JP, Tokyo	100.00	6,854	2,062
Beiersdorf East Africa Limited	KE, Nairobi	100.00	4,084	912
Alkynes Co. Ltd <sup>3</sup>	KR, Gyeonggi-do	25.01	18,827	1,372
Beiersdorf Korea Limited	KR, Seoul	100.00	3,079	1,314
La Prairie Korea Limited	KR, Seoul	100.00	11,447	7,920
tesa tape Korea Limited	KR, Seoul	100.00	7,588	3,854
Beiersdorf S.A.	MA, Casablanca	100.00	3,266	937
tesa tape (Malaysia) Sdn. Bhd.	MY, Kajang	100.00	4,848	96
tesa tape Industries (Malaysia) Sdn. Bhd.	MY, Kajang	99.99	1,519	140
Beiersdorf (Malaysia) SDN. BHD.	MY, Petaling Jaya	100.00	-4,790	736
Beiersdorf Nivea Consumer Products Nigeria Limited	NG, Lagos	100.00	5,286	-1,892
Beiersdorf Philippines Incorporated	PH, Bonifacio Global City	100.00	3,966	964
Turath Al-Bashara for Trading Limited (Skin Heritage for Trading)	SA, Jeddah	70.00	11,300	4,488
Beiersdorf Singapore Pte. Ltd.	SG, Singapore	100.00	-1,449	255
tesa tape Asia Pacific Pte. Ltd.	SG, Singapore	100.00	45,852	40,666
Beiersdorf (Thailand) Co., Ltd.	TH, Bangkok	100.00	108,110	29,760
tesa tape (Thailand) Limited	TH, Bangkok	90.57	1,029	699
NIVEA Beiersdorf Turkey Kozmetik Sanayi ve Ticaret A.S.	TR, Istanbul	100.00	20,525	4,226
NIVEA (Taiwan) Ltd.	TW, Taipei	100.00	-927	-182
Beiersdorf Vietnam Limited Liability Company	VN, Ho Chi Minh City	100.00	-1,433	-1,355
Beiersdorf Consumer Products (Pty.) Ltd.	ZA, Umhlanga	100.00	26,808	22,226

1 Since these companies have entered into a profit and loss transfer agreement, the accounting profit is presented after the transfer of profit and loss.

2 Figures for 2016 were not available at the date of publication.

3 Preliminary data

## 28 Shareholdings in Beiersdorf AG

Beiersdorf AG received the following notifications in accordance with the provisions of the *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*), by the preparation date of the balance sheet (February 6, 2018).\* In each case, the disclosures represent the disclosers' most recent notification to the company, to the extent that additional notifications are not required to be provided for reasons of transparency.

1.

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

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

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

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

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

\*\* Due to a change in the administrative practice of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority, *BaFin*) in December 2014 concerning the attribution of own shares, own shares held by the issuer are no longer counted towards a shareholder's share of voting rights.

## The chains of controlled companies are as follows:

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

\* The following parties have since disclosed that they hold 0% (0 voting rights): EH Real Grundstücksgesellschaft mbH & Co. KG (Norderstedt, Germany); Agneta Peleback-Herz (Germany); Joachim Herz, represented by the Joachim Herz Stiftung as his legal successor (Hamburg, Germany); Coro Vermögensverwaltungsgesellschaft mbH (Hamburg, Germany); Ingeburg Herz GbR (Norderstedt, Germany). Ingeburg Herz passed away during financial year 2015.

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

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

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

\*\* Due to a change in the administrative practice of the *Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)* – the Federal Financial Supervisory Authority) in December 2014 concerning the attribution of own shares, own shares held by the issuer are no longer counted towards a shareholder's share of voting rights.



- c) Voting right notification in accordance with § 21 (1) *WpHG* (former version) dated April 16, 2009. EH Real Grundstücksverwaltungsgesellschaft mbH's voting right notification dated March 11, 2008, has been hereby revoked. EH Real Grundstücksverwaltungsgesellschaft mbH's share of voting rights also exceeded the 3, 5, 10, 15, 20, 25, 30, and 50% thresholds as of January 15, 2007, and continued to do so thereafter and, including the 9.99% held by Beiersdorf Aktiengesellschaft (25,181,016 own shares after adjustment for the increase of the share capital from retained earnings without the issue of new shares and the 1:3 reclassification of the share capital (share split) in 2006), continued to amount to 60.45% in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version) (152,340,216 voting rights after the adjustment for the increase of the share capital from retained earnings without the issue of new shares and the 1:3 reclassification of the share capital (share split) in 2006).\*\*
2. In accordance with § 25 (1) sentence 3 in conjunction with § 21 (1) sentence 1 *WpHG* (former version), Beiersdorf Aktiengesellschaft also announced that it had exceeded the threshold of 5% of the voting rights in its own company on February 3, 2004, and that a share of 9.99% has been attributable to it since then. The own shares held by the company do not bear voting or dividend rights in accordance with § 71b *AktG*.

## 29 Declaration of Compliance with the German Corporate Governance Code

In December 2017, Beiersdorf AG's Executive Board and Supervisory Board issued their Declaration of Compliance with the recommendations of the Government Commission on the German Corporate Governance Code for fiscal year 2017 in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*). The Declaration of Compliance was made permanently accessible to shareholders on the company's website at [WWW.BEIERSDORF.COM/DECLARATION\\_OF\\_COMPLIANCE](http://WWW.BEIERSDORF.COM/DECLARATION_OF_COMPLIANCE).

\*\* Due to a change in the administrative practice of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority, *BaFin*) in December 2014 concerning the attribution of own shares, own shares held by the issuer are no longer counted towards a shareholder's share of voting rights.

# Report on Post-Balance Sheet Date Events

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

# Proposal on the Appropriation of Beiersdorf AG's Net Retained Profits

(IN €)	2017
Profit after tax of Beiersdorf AG	242,877,506.21
Transfer to other retained earnings	66,477,506.21
<b>Net retained profits</b>	<b>176,400,000.00</b>

The Executive Board and the Supervisory Board will propose to the Annual General Meeting that the net retained profits for fiscal year 2017 of €176,400,000.00 should be appropriated as follows:

(IN €)	2017
Distribution of a dividend of €0.70 per no-par value share bearing dividend rights (226,818,984 no-par value shares)	158,773,288.80
Transfer to other retained earnings	17,626,711.20
<b>Net retained profits</b>	<b>176,400,000.00</b>

The amounts specified for the total dividend and for the transfer to other retained earnings reflect the shares bearing dividend rights at the time of the Executive Board's proposal on the appropriation of the net retained profits. The own shares held by the company do not bear dividend rights in accordance with § 71b AktG.

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

# Beiersdorf AG Boards

## SUPERVISORY BOARD

Name	Profession	Memberships
<b>Dr. Andreas Albrod</b> (until April 20, 2017)	Senior Manager Regulatory Affairs Pharmaceutical, Beiersdorf AG	
<b>Hong Chow</b> (since April 20, 2017)	General Manager, Roche Pharmaceuticals, Shanghai (China)	
<b>Beatrice Dreyfus</b> (until April 20, 2017)	Management Consultant/Investment Manager, Novum Capital Management GmbH & Co. KG	Member of the Supervisory Board: – Stylepark AG
<b>Frank Ganschow</b>	Chairman of the Works Council of tesa SE	Member of the Supervisory Board: – tesa SE (intragroup)
<b>Reiner Hansert</b> (since April 20, 2017)	Director Legal Affairs Europe and Near East, and Director Corporate Brand Protection, Beiersdorf AG	
<b>Michael Herz</b>	Member of the Executive Board of maxingvest ag	Chairman of the Supervisory Board: – Tchibo GmbH Member of the Supervisory Board: – tesa SE (intragroup)
<b>Thorsten Irtz</b> Deputy Chairman	Commercial employee, Beiersdorf AG	
<b>Matthias Locher</b>	Quality Assurance employee, tesa Werk Offenburg GmbH	Member of the Supervisory Board: – tesa SE (intragroup)
<b>Dr. Dr. Christine Martel*</b>	Business manager, Nescafé Dolce Gusto Nordics, Nestlé Danmark A/S, Denmark	
<b>Tomas Nieber</b>	Research Associate, Foundation of Labor and Environment of Industriegewerkschaft Bergbau, Chemie, Energie	Member of the Supervisory Board: – maxingvest ag Member of the Advisory Board: – Qualifizierungsförderwerk Chemie GmbH
<b>Frédéric Pflanz</b> Deputy Chairman	Member of the Executive Board of maxingvest ag	
<b>Prof. Dr. Reinhard Pöllath</b> Chairman	Lawyer, P+P Pöllath + Partners, Munich	Chairman of the Supervisory Board: – maxingvest ag Member of the Supervisory Board: – Wanzl GmbH & Co. Holding KG
<b>Prof. Manuela Rousseau*</b>	Head of Corporate Social Responsibility Headquarters, Beiersdorf AG Professor at the Academy of Music and Theater, Hamburg	Member of the Supervisory Board: – maxingvest ag
<b>Poul Weihrauch</b>	Member of the Executive Management Team, Mars Inc., United States, Global President Petcare	

\* The Supervisory Board's diversity officers.

**SUPERVISORY BOARD COMMITTEES**

Members of the Presiding Committee	Members of the Audit Committee	Members of the Finance Committee	Members of the Nomination Committee	Members of the Mediation Committee
<ul style="list-style-type: none"> <li>- Prof. Dr. Reinhard Pöllath (Chairman)</li> <li>- Michael Herz</li> <li>- Thorsten Irtz</li> <li>- Frédéric Pflanz</li> </ul>	<ul style="list-style-type: none"> <li>- Dr. Dr. Christine Martel (Chairwoman)</li> <li>- Dr. Andreas Albrod (until April 20, 2017)</li> <li>- Reiner Hansert (since April 20, 2017)</li> <li>- Tomas Nieber</li> <li>- Frédéric Pflanz</li> <li>- Prof. Dr. Reinhard Pöllath</li> </ul>	<ul style="list-style-type: none"> <li>- Frédéric Pflanz (Chairman)</li> <li>- Dr. Andreas Albrod (until April 20, 2017)</li> <li>- Reiner Hansert (since April 20, 2017)</li> <li>- Dr. Dr. Christine Martel</li> <li>- Tomas Nieber</li> <li>- Prof. Dr. Reinhard Pöllath</li> </ul>	<ul style="list-style-type: none"> <li>- Prof. Dr. Reinhard Pöllath (Chairman)</li> <li>- Hong Chow (since April 20, 2017)</li> <li>- Beatrice Dreyfus (until April 20, 2017)</li> <li>- Dr. Dr. Christine Martel</li> <li>- Frédéric Pflanz</li> </ul>	<ul style="list-style-type: none"> <li>- Prof. Dr. Reinhard Pöllath (Chairman)</li> <li>- Dr. Andreas Albrod (until April 20, 2017)</li> <li>- Reiner Hansert (since April 20, 2017)</li> <li>- Thorsten Irtz</li> <li>- Frédéric Pflanz</li> </ul>

**EXECUTIVE BOARD\***

Name	Function/Responsibilities		Memberships
<b>Stefan F. Heidenreich</b>	Chairman	Corporate Development / Internal Audit / Supply Chain (Purchasing / Production / Logistics)	
		Germany / Switzerland, Japan	
<b>Jesper Andersen</b>	Finance & Quality	Finance / Controlling / Legal / Compliance / IT	
		Quality Assurance	
<b>Stefan De Loecker</b>	Americas & Near East	North and Latin America	
		Africa, Middle East, India, Turkey, Russia	
<b>Ralph Gusko</b>	Consumer Brands & Asia Pacific	Brand Management Consumer, Research and Development / Digital	
		Northeast and Southeast Asia (excluding Japan and India), Australia	
<b>Thomas Ingelfinger</b>	Europe	Europe (excluding Germany and Switzerland)	Member of the <i>consiglio di amministrazione</i> : - Davide Campari-Milano S.p.A., Italy
<b>Zhengrong Liu</b>	Human Resources & Corporate Communications	Human Resources / Corporate Communications / Sustainability / General Services & Real Estate	
		- Labor Relations Director -	
<b>Vincent Warnery</b> (since February 15, 2017)	Pharmacy & Selective	Eucerin / Plaster / La Prairie	

\* In connection with their Group management and supervisory duties, the members of the Executive Board of Beiersdorf AG also hold offices in comparable supervisory bodies at Group companies and investees.

Hamburg, February 6, 2018  
Beiersdorf AG

The Executive Board

# Independent Auditor's Report

To Beiersdorf Aktiengesellschaft

## Report on the audit of the annual financial statements and management report

### AUDIT OPINIONS

We have audited the annual financial statements of Beiersdorf Aktiengesellschaft, Hamburg, which comprise the balance sheet as at December 31, 2017, and the income statement for the fiscal year from January 1 to December 31, 2017, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Beiersdorf Aktiengesellschaft, which is combined with the group management report of the Company, for the fiscal year from January 1 to December 31, 2017. In accordance with the German legal requirements, we have not audited the content of the information contained in the section entitled "Report on Equal Opportunities and Equal Pay in accordance with §§ 21, 22 *Entgelttransparenzgesetz* (Pay Transparency Act, *EntgTranspG*)" in the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2017 and of its financial performance for the fiscal year from January 1 to December 31, 2017 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the information contained in the section entitled "Report on Equal Opportunities and Equal Pay in accordance with §§ 21, 22 *Entgelttransparenzgesetz* (Pay Transparency Act, *EntgTranspG*)."

Pursuant to § 322 (3) sentence 1 *HGB*, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and the management report.

### BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 *HGB* and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (*IDW*). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the

management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

### KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from January 1 to December 31, 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

### Recognizing revenue from the sale of goods and products

#### REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

The annual financial statements of Beiersdorf AG recognize revenue from the sale of goods and products at the transfer of risk, less discounts, customer bonuses, and rebates, and taking into account returns. Given the large number of different contractual arrangements in relation to discounts, customer bonuses, rebates, and the judgment to be exercised in evaluating the expected discounts, customer bonuses and rebates, as well as returns, there is an elevated risk of material misstatement in the recognition of revenue from the sale of goods and products.

#### AUDITOR'S RESPONSE

As part of our audit, we walked through the process for revenue recognition implemented by the executive directors of Beiersdorf AG and the accruals for expected discounts, customer bonuses, rebates, and expected returns using individual transactions from order receipt to recognition in the financial statements, and tested the controls implemented in this process. Moreover, we performed an examination on a test basis to determine whether the contractually agreed and awarded discounts, customer bonuses, and rebates, and the actual returns were deducted from sales revenue on an accrual basis. We examined the sales revenue in the 2017 fiscal year, checking among other things for correlation with the associated trade receivables to identify irregularities in the development of sales revenue. Furthermore, in respect of the accruals principle, we obtained balance confirmations from customers. Using a comparison of plan and actual figures for the assumptions made in previous years to calculate expected returns of

goods and products, and taking into account the contractual agreements made with customers, we analyzed the calculation of still expected returns of goods and products and their deduction from sales revenue.

Our audit procedures did not give rise to any reservations in respect of the recognition of revenue from the sale of goods and products.

#### REFERENCE TO RELATED DISCLOSURES

For the accounting policies applied in relation to the recognition of revenue from the sale of goods and products and for the associated disclosures on the exercise of judgment, we refer to the information in the notes to the annual financial statements, note 01 in the chapter "Notes to the Income Statement".

### Current and deferred income taxes

#### REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

The Beiersdorf AG Group operates its business activities in different legal jurisdictions, with the associated complexity which also impacts on Beiersdorf AG and the recognition of current and deferred income taxes, specifically the transfer prices applied, intragroup financing, and changing tax laws. The calculation of provisions for income tax liabilities and the calculation of deferred tax items require the executive directors of Beiersdorf AG to exercise considerable judgment in evaluating tax-related matters and to estimate tax risks.

#### AUDITOR'S RESPONSE

As part of its assessment of tax risks, the executive directors of Beiersdorf AG regularly engage external tax experts to provide professional statements on individual matters. We involved our tax experts to evaluate the tax-related assessments made by the executive directors of Beiersdorf AG, taking into account any professional statements from external experts where these had been provided. We also examined the correspondence with the competent tax authorities and the latest status of ongoing appeal proceedings and court cases. We examined the assumptions used to calculate current income tax provisions and deferred taxes, taking particular account of the transfer prices used, on the basis of our knowledge and experience of the current application of the relevant legal provisions by authorities and courts. We also evaluated the information in the notes to the annual financial statements of Beiersdorf AG on current and deferred income taxes.

Our audit procedures did not give rise to any reservations in respect of the recognition of current and deferred income taxes.

#### REFERENCE TO RELATED DISCLOSURES

For the accounting policies applied in relation to current and deferred income taxes and for the associated disclosures on the exercise of judgment by the executive directors as well as the sources of estimation uncertainty, we refer to the information in the notes to the annual financial statements, section "General

Notes to the Annual Financial Statements" in the chapter "Basis of Preparation of Beiersdorf AG's Financial Statements" and note 10 in the chapter "Notes to the Income Statement".

### Legal disputes in connection with concluded antitrust proceedings

#### REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

In October 2016, Beiersdorf AG was served with a claim for damages from the insolvency administrator of Anton Schlecker e. K. i. I., Ehingen Donau, in connection with German antitrust proceedings already concluded. Claims have been made against six other companies in addition to Beiersdorf AG. The claim by the insolvency administrator of Anton Schlecker e. K. i. I., Ehingen Donau, which involves joint and several liability of all defendants, totals approximately €200 million plus interest. In connection with these already concluded antitrust proceedings, other customers of Beiersdorf AG filed claims for damages against Beiersdorf AG or announced claims out of court in fiscal years 2016 and 2017. Given the uncertainty that exists, accounting for the legal risks from the damages claims filed in the annual financial statements requires the executive directors of Beiersdorf AG to exercise significant judgment in evaluating whether and to what extent potential damages have arisen and the scale on which claims under joint and several liability may be enforced. In determining the amount of possible damages, there is considerable judgment in relation to the assumptions concerning the amount of the "overcharge" and the level of the "pass-on rate." The "overcharge" is the percentage difference between the prices actually observed on the market and the prices that would be expected in the absence of a cartel. The "pass-on rate" is the percentage of the supplier price increases that was passed on to customers.

#### AUDITOR'S RESPONSE

In assessing the legal risks, the executive directors of Beiersdorf AG commissioned external lawyers to provide professional statements evaluating the legal basis for the claims filed and the potential joint and several liability, as well as reports from external experts calculating the extent of potential damages. With the support of our legal experts, we examined the existing claims for damages, statements of defense, replies to the statements of defense, and other correspondence to determine whether these had been taken into account in the risk assessment by the executive directors of Beiersdorf AG. Furthermore, we obtained an understanding of the calculation of possible damages, and particularly of the assumptions based on econometric models in relation to the amount of the overcharge and the level of the pass-on rate, by discussing the external expert's methodology with the external expert and evaluating it. We also evaluated the professional qualifications of the external expert. In addition, our audit procedures involved assessing the disclosures in the notes to the annual financial statements of Beiersdorf AG on the legal risks arising from the damages claims filed.

Our audit procedures did not give rise to any reservations in respect of the accounting treatment of the legal risks arising from legal disputes in connection with antitrust proceedings already concluded.

#### REFERENCE TO RELATED DISCLOSURES

For the disclosures concerning legal risks in connection with one concluded case of antitrust proceedings, we refer to “Estimates and Assumptions” in the chapter “Basis of Preparation of Beiersdorf AG’s Financial Statements” as well as note 22 in the chapter “Other Disclosures” in the notes to the annual financial statements.

#### OTHER INFORMATION

The executive directors are responsible for the other information. Other information comprises the following information obtained on or before the date of this auditor’s report:

- in the section entitled “Report on Equal Opportunities and Equal Pay in accordance with §§ 21, 22 *Entgelttransparenzgesetz* (Pay Transparency Act, *EntgTranspG*) of the management report,
- in the chapter entitled “Responsibility Statement by the Executive Board,” the responsibility statement in accordance with §§ 264 (2) 3 and 289 (1) 5 *HGB* in Beiersdorf AG’s report on the annual financial statements,

and in other parts of Beiersdorf AG’s report on the annual financial statements, with the exception of the annual financial statements, the management report and our related auditor’s report.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

#### RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they,

in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company’s position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company’s financial reporting process for the preparation of the annual financial statements and of the management report.

#### AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company’s position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the annual financial statements and management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 *HGB* and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the *Institut der Wirtschaftsprüfer (IDW)* will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.



We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters discussed with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other legal and regulatory requirements

### FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE AUDIT REGULATION

We were elected as auditor by the Annual General Meeting on April 20, 2017. We were engaged by the Supervisory Board on April 27, 2017. We have been the auditor of Beiersdorf AG without interruption since fiscal year 2006.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Kristian Ludwig.

Hamburg, February 7, 2018

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

**LUDWIG**  
German Public Auditor

**JESCHONNECK**  
German Public Auditor

# Responsibility Statement by the Executive Board

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

Hamburg, February 6, 2018  
The Executive Board

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The Annual Financial Statements of Beiersdorf AG are also available in German.

The online versions of the Beiersdorf financial publications are available at [WWW.BEIERSDORF.COM/FINANCIAL\\_REPORTS](http://WWW.BEIERSDORF.COM/FINANCIAL_REPORTS).

# Financial Calendar

## 2018

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April 25

—  
**Annual General Meeting**

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April 30

—  
**Dividend Payment**

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May 8

—  
**Quarterly Statement  
January to March 2018**

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August 7

—  
**Half-Year Report  
2018**

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October 30

—  
**Quarterly Statement  
January to September 2018**

## 2019

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January

—  
**Publication of  
Preliminary Group Results 2018 (Sales)**

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February/March

—  
**Publication of Annual Report 2018,  
Annual Accounts Press Conference,  
Financial Analyst Meeting**

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March/April

—  
**Annual General Meeting**

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May

—  
**Quarterly Statement  
January to March 2019**

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August

—  
**Half-Year Report  
2019**

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October

—  
**Quarterly Statement  
January to September 2019**

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