

Beiersdorf delivers strong results in first year of C.A.R.E.+ strategy

- Organic Group sales increase by 4.1% (nominal 5.8%)
- Underlying* EBIT margin at 14.5%
- Consumer generates organic sales growth of 4.8% (nominal 6.5%)
- tesa lifts organic sales by 0.8% (nominal 2.7%)
- Positive outlook for 2020: Sales growth expected to outperform market

Hamburg, March 3, 2020 – Beiersdorf AG, Hamburg, increased its sales organically by 4.1% in fiscal year 2019. In nominal terms, sales rose by 5.8%, from €7,233 million to €7,653 million. The Consumer Business Segment increased organic sales by 4.8%. tesa achieved organic sales growth of 0.8% in a difficult market environment. At Group level, underlying earnings before interest and taxes (EBIT) declined from €1,113 million in the previous year to €1,108 million. This was due to additional strategic investments that were announced as part of the C.A.R.E.+ strategy. The corresponding underlying EBIT margin was 14.5%, compared with the previous year's 15.4%. Thanks to an improved effective tax rate and financial result, underlying profit after tax increased by 5.1% from €756 million to €795 million. Underlying earnings per share therefore rose from €3.26 to €3.42.

"We delivered a strong 2019 financial year and high-quality competitive growth. We made significant progress in implementing the priorities of the C.A.R.E.+ strategy, always with our consumers in focus. We are increasing consumer centricity through new digital technologies, and we are gaining consumers' trust with outstanding skin care innovations and a strong brand portfolio. We are tapping into new growth markets and business areas and fulfilling our consumers' expectations by making a decisive contribution to more sustainability. However, we are also aware that there is still a lot to do. In some markets, competition will further intensify. While the situation of the coronavirus remains dynamic, its impact on our business is not quantifiable yet. We therefore expect stronger headwinds in 2020. But we are optimistic that, with C.A.R.E.+, we have set the right path to follow through on our development potential in the future with targeted measures and a greater willingness to invest," said Stefan De Loecker, CEO of Beiersdorf AG.

"It is clear from the positive development of the business, and by looking at the financial results of the past year, that we are on track with our C.A.R.E.+ strategy. We have successfully made the first step on the path to achieving our mid-term plans for 2023 across the key financial indicators. The EBIT development of our Consumer business reflects the increased investments announced as part of C.A.R.E.+. Alongside our sales growth and EBIT performance, we also delivered on our targets for improvements in gross margin, working capital, effective tax rate, and positive net financial results, which gives us confidence for 2020 and beyond," said CFO Dessi Temperley.

Strong growth in the Consumer Business Segment

The Consumer Business Segment substantially increased its sales again in 2019. Organic sales growth was 4.8%. Exchange rate effects lifted growth by 1.7 percentage points. The positive structural effect of the acquisition of COPPERTONE was offset by the divestment of the Chinese hair care brand SLEK. In nominal terms, sales therefore rose by 6.5%, from €5,890 million to €6,274 million. NIVEA increased its sales by 3.0%. The derma brands EUCERIN and AQUAPHOR achieved a growth rate of 7.5%. The healthcare brands HANSAPLAST and ELASTOPLAST posted sales growth of 3.1%. The selective cosmetics brand LA PRAIRIE again achieved strong sales growth of 20.0%.

All regions contributed to the rise in sales. In the Europe region, the growth rate stood at 2.3%, driven by strong growth in Germany and the continued good performance of the travel retail business at LA PRAIRIE. In Western Europe, sales were up 2.2% on the previous year's figure, while in Eastern Europe they rose by 3.0%. In the Americas region, sales increased by 5.3% due in particular to the strong performance in Brazil and Mexico. Sales rose by 3.8% in North America and by 6.4% in Latin America. The Africa/Asia/Australia region performed especially positively again with sales growth of 8.4%. This was thanks in part to double-digit growth at a range of Asian and African companies.

* From ongoing operations and excluding special factors.

Underlying EBIT stood at €896 million (previous year: €903 million). The underlying EBIT margin was 14.3% (previous year: 15.3%). This was influenced by the investment initiatives announced in the previous year as part of the C.A.R.E.+ strategy.

Positive growth in the tesa Business Segment amid a difficult market environment

Organic sales growth in the tesa Business Segment was 0.8%. Sales by companies acquired in 2018 (+0.8 percentage points) and exchange rate effects (+1.1 percentage points) added 1.9 percentage points to sales. In nominal terms, sales therefore rose by 2.7%, from €1,343 million in the previous year to €1,379 million. The Trade Markets division, which includes the retail consumer business, contributed strongly to the business segment's positive performance. Sales in the Direct Industries division remained stable overall. The electronics business showed a positive performance in 2019. However, the automotive business experienced a setback in sales in an uncertain market environment.

Underlying EBIT increased to €212 million (previous year: €210 million). The underlying EBIT margin was 15.3% (previous year: 15.7%).

Strong balance sheet

Beiersdorf continues to maintain its very sound balance sheet in 2019. Capital expenditure on property, plant, and equipment, and investment in intangible assets amounted to €765 million (previous year: €463 million). Of this amount, €700 million (previous year: €320 million) related to the Consumer Business Segment and €65 million (previous year: €143 million) to the tesa Business Segment. A major part of the Consumer investment is attributable to the COPPERTONE acquisition (€445 million). Other capital expenditures are primarily related to the plants of the two business segments, Consumer and tesa, as well as the construction of the new Group headquarters in Hamburg. The first-time application of IFRS 16 increased property, plant, and equipment by €177 million. Net liquidity stood at €4,250 million and the equity ratio was 61%.

Guidance for 2020

In the Consumer Business Segment, Beiersdorf expects organic sales growth of 3–5% in fiscal year 2020. The underlying EBIT margin is expected to be in the range of 14.0–14.5%.

In the tesa Business Segment, we are predicting slightly positive organic sales growth in 2020. The underlying EBIT margin is expected to remain on last year's level.

Based on the forecasts of the two business segments, Group organic sales growth is expected to be around 3–5%. We expect the consolidated underlying EBIT and underlying profit after tax margins to remain on last year's level.

Any potential impact from the coronavirus epidemic in China on our business is not quantifiable yet and is thus not reflected in this business outlook.

The Beiersdorf Group's performance in 2019 at a glance

GROUP

| | | 2018 | 2019 | Change in % nominal / organic |
|--|-----------------------|---------------|---------------|----------------------------------|
| Sales | (in € million) | 7,233 | 7,653 | +5.8 / +4.1 |
| Consumer | (in € million) | 5,890 | 6,274 | +6.5 / +4.8 |
| tesa | (in € million) | 1,343 | 1,379 | +2.7 / +0.8 |
| Operating result (EBIT)* | (in € million) | 1,113 | 1,108 | -0.5 |
| Consumer* | (in € million) | 903 | 896 | -0.8 |
| tesa* | (in € million) | 210 | 212 | +1.0 |
| EBIT margin* | (in %) | 15.4 | 14.5 | -90 bp |
| Consumer* | (in %) | 15.3 | 14.3 | -100 bp |
| tesa* | (in %) | 15.7 | 15.3 | -40 bp |
| Profit after tax* | (in € million) | 756 | 795 | +5.1 |
| Earnings per share* | (in €) | 3.26 | 3.42 | +5.1 |
| Dividend per share | (in €) | 0.70 | 0.70 | |
| Net liquidity | (in € million) | 4,402 | 4,250 | -3.5 |
| Equity | (in € million) | 5,647 | 6,093 | +7.9 |
| Working capital to sales ratio (Consumer, rolling 12-month period)* | (in %) | 9.9 | 9.2 | -70 bp |
| Employees | (as of Dec. 31, 2019) | 20,059 | 20,654 | |

* Underlying: From ongoing operations and excluding special factors.

About Beiersdorf AG

Beiersdorf AG is a leading provider of innovative, high-quality skin care products and has over 135 years of experience in this market segment. The Hamburg-based company has around 20,000 employees worldwide and is listed on the DAX, the German benchmark equities index. Beiersdorf generated sales of €7.6 billion in fiscal year 2019. Its product portfolio comprises strong, international leading skin and body care brands including NIVEA – the world’s largest skin care brand* – Eucerin, Hansaplast/Elastoplast, and La Prairie. Millions of people around the world choose these Beiersdorf brands every day for their innovative, high-quality products. Further renowned brands such as Labello, Aquaphor, Florena, 8x4, Hidrofugal, arix, Maestro, and Coppertone round off the extensive portfolio. Beiersdorf’s wholly owned affiliate tesa SE, another globally leading manufacturer in its field, supplies self-adhesive products and system solutions to industry, craft businesses, and consumers.

* Source: Euromonitor International Limited; NIVEA by umbrella brand name in the categories Body Care, Face Care, and Hand Care; in retail value terms, 2018.

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