
Beiersdorf A/S

**Sydhavnsgade 16, 2nd floor, DK-2450
Copenhagen**

CVR no. 55 64 63 17

Annual report for 2018

Adopted at the annual general meeting
on 10 May 2019



Patrick Greve
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Beiersdorf A/S for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

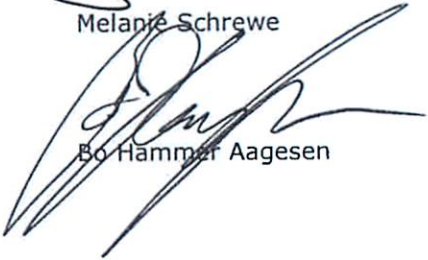
Copenhagen, 10 May 2019


Executive board

Patrick Greve

Supervisory board


Melanie Schrewe


Bo Hammer Aagesen


Patrick Greve


Ellen Agnetha Susanne
Haggberg Sahlgaard

Independent auditor's report

To the shareholder of Beiersdorf A/S

Opinion

We have audited the financial statements of Beiersdorf A/S for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. 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 financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 opinion. 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 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 the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements 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 our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. 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 continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.


In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 10 May 2019

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Martin Alsbæk
State Authorised Public Accountant
MNE no. mne28627


Allan Nørgaard
State Authorised Public Accountant
MNE no. mne35501

Company details

Beiersdorf A/S

Sydhavnsgade 16, 2nd floor
DK-2450 Copenhagen

Website: www.beiersdorf.com

CVR-no. 55 64 63 17

Financial year: 1 January - 31 December 2018

Domicile: Copenhagen

Supervisory Board

Melanie Schrewe
Patrick Greve
Ellen Agnetha Susanne Häggberg Sahlgaard
Bo Hammer Aagesen

Executive Board

Patrick Greve

Auditors

ERNST & YOUNG
Godkendt Revisionspartnerselskab
c/o Postboks 250, Osvald Helmutths Vej 4
DK-2000 Frederiksberg

Bankers

SEB Bank

Consolidated financial statements

The Company is included in the consolidated financial statements of the parent company (smallest & largest group):

The consolidated financial statements of may be obtained at the following address:

Beiersdorf AG
Unnastrasse 48
DE-20245 Hamburg
Germany

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit/loss	31.142	23.388	25.994	26.264	31.942
Profit/loss before net financials	20.376	12.550	5.196	4.846	6.469
Net financials	-47	-15	-153	-152	-256
Profit/loss for the year	15.849	9.480	4.226	3.653	4.620
Balance sheet					
Balance sheet total	59.484	53.693	42.423	39.458	43.519
Equity	28.704	22.631	17.377	15.403	18.957
Number of employees	14	16	21	28	36
Financial ratios					
Return on assets	36,0%	26,1%	12,7%	11,7%	14,5%
Solvency ratio	48,3%	42,1%	41,0%	39,0%	43,6%
Return on equity	61,7%	47,4%	25,8%	21,3%	25,3%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business activities

The company's activities comprise sale and marketing of skin and body care products, including the brands Nivea, Atrix, Labello and Dobbeldusch, as well as nursing requisites and hospital articles, such as Hansaplast.

Business review

Significant events during the financial year:

- Strong development across key customers and across several categories led to growth in market
- Strong SUN sales helped the topline further
- Launch of new products on core categories fueled growth
- Optimization of cost structure and other savings improved the profitability
- Stronger digital appearance and engagement has led to higher and improved consumer awareness

Expected future developments, along with risk exposures and uncertainties

Beiersdorf operates in a market situation that for the grocery trade as well as the specialist retailers, is characterized by relatively low growth and fierce competition. At the same time, the pace of innovation among the suppliers is rapid and the product launches are relentless, with one quickly replacing another. Strong development in Denmark in products that are considered natural and "Free From" challenge Beiersdorfs current market position.

We are also seeing an increase in the customers' introduction of the proprietary brands, known as "private label products" or distributor's brand products.

Beiersdorf has a very strong position in the market with our Nivea and Labello, and is a market leader or 2nd in many of the categories where we are present. The focus of the Company on maintaining its position in the market, as well as profitability, which imposes high demands it for innovation and efficiency in all sub-processes. Beiersdorf is continuously working with improvement projects, both on global as well as local level, in order to explore, analyse and improve working methods, productivity and profitability.

Financial review

The company's income statement for the year ended 31 December shows a profit of TDKK 15.849, and the balance sheet at 31 December 2018 shows equity of TDKK 28.704.

Management considers the company's financial performance in the year satisfactory. The performance is consistent with management's expectations.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Income statement 1 January - 31 December

	Note	2018 TDKK	2017 TDKK
Gross profit		31.142	23.388
Staff expenses	1	-10.733	-10.819
Depreciation, amortisation and impairment of property, plant and equipment		-33	-19
Profit/loss before net financials		20.376	12.550
Financial income	2	188	160
Financial expenses	3	-235	-175
Profit/loss before tax		20.329	12.535
Tax on profit/loss for the year	4	-4.480	-3.055
Profit/loss for the year		15.849	9.480
Distribution of profit	5		

Balance sheet 31 December

	Note	2018 TDKK	2017 TDKK
Assets			
Other fixtures and fittings, tools and equipment		92	23
Tangible assets	6	92	23
Other receivables	7	436	436
Fixed asset investments		436	436
Total non-current assets		528	459
Finished goods and goods for resale		0	137
Stocks		0	137
Trade receivables		12.492	17.080
Receivables from group companies		40.197	29.054
Other receivables		265	281
Deferred tax asset		44	55
Receivables		52.998	46.470
Cash at bank and in hand		5.958	6.627
Total current assets		58.956	53.234
Total assets		59.484	53.693

Balance sheet 31 December

	Note	2018 TDKK	2017 TDKK
Equity and liabilities			
Share capital		10.000	10.000
Retained earnings		2.855	2.855
Proposed dividend for the year		15.849	9.776
Equity	8	28.704	22.631
Trade payables		17.582	16.438
Payables to group companies		3.006	6.586
Corporation tax		7.181	2.713
Other payables		3.011	5.325
Total current liabilities		30.780	31.062
Total liabilities		30.780	31.062
Total equity and liabilities		59.484	53.693
Significant events occurring after end of reporting period	9		
Rent and lease liabilities	10		
Contingent assets, liabilities and other financial obligations	11		
Related parties and ownership structure	12		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Equity at 1 January 2018	10.000	2.855	9.776	22.631
Ordinary dividend paid	0	0	-9.776	-9.776
Net profit/loss for the year	0	0	15.849	15.849
Equity at 31 December 2018	<u>10.000</u>	<u>2.855</u>	<u>15.849</u>	<u>28.704</u>

Notes

	2018	2017
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	9.262	9.104
Pensions	824	855
Other social security costs	32	34
Other staff costs	615	826
	10.733	10.819
	<hr/>	<hr/>
Average number of employees	14	16
	<hr/>	<hr/>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

There is no remuneration to members of the Supervisory Board

2 Financial income		
Financial income, group companies	184	64
Exchange adjustments	4	96
	188	160
	<hr/>	<hr/>
3 Financial expenses		
Financial expenses, group companies	10	13
Other financial costs	19	27
Exchange adjustments costs	206	135
	235	175
	<hr/>	<hr/>

Notes

	<u>2018</u>	<u>2017</u>
	TDKK	TDKK
4 Tax on profit/loss for the year		
Current tax for the year	4.468	2.713
Deferred tax for the year	12	48
Adjustment of tax concerning previous years	0	294
	<u>4.480</u>	<u>3.055</u>
5 Distribution of profit		
Proposed dividend for the year	15.849	9.776
Retained earnings	0	-296
	<u>15.849</u>	<u>9.480</u>
6 Tangible assets		<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 January 2018		389
Additions for the year		<u>102</u>
Cost at 31 December 2018		<u>491</u>
Impairment losses and depreciation at 1 January 2018		366
Depreciation for the year		<u>33</u>
Impairment losses and depreciation at 31 December 2018		<u>399</u>
Carrying amount at 31 December 2018		<u>92</u>

Notes

7 Fixed asset investments

	Other receiv- ables
Cost at 1 January 2018	436
Cost at 31 December 2018	436
Carrying amount at 31 December 2018	436

8 Equity

The share capital consists of 10.000 shares of a nominal value of TDKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

9 Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

10 Rent and lease liabilities

Operating lease liabilities.
Total future lease payments:

	2018 TDKK	2017 TDKK
Between 1 and 5 years	1.131	1.885
	1.131	1.885

11 Contingent assets, liabilities and other financial obligations

The company is jointly taxed with its affiliate, tesa A/S. The company has joint and several unlimited liability with tesa A/S for payment of Danish income taxes.

Notes

12 Related parties and ownership structure

Controlling interest

Beiersdorf Nordic Holding AB
Gullbergs Strandgate 4
SE-41104 Gothenburg
Sweden

Transactions

Transactions with related parties in 2018:

Sale of goods to group companies: t.DKK 0

Sale of services to group companies: t.DKK 2.240

Purchase of goods from group companies: t.DKK 44.599

Purchase of services from group companies: t.DKK 6.641

Cost to management fee/royalties: t.DKK 5.548

Financial income group companies: t.DKK 184

Financial expenses group companies: t.DKK10

Receivables from group companies: t.DKK 40.197

Payables to group companies: t.DKK 3.006

Besides the above listed transaction, no other transactions were carried out with shareholders or other group companies in the year.

Accounting policies

The annual report of Beiersdorf A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2018 is presented in TDKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Accounting policies

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of property, plant and equipment.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff expenses

Staff expenses include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

The item comprises amortisation/depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Accounting policies

Tax on profit/loss for the year

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed entities to a tax refund are, as a minimum, reimbursed by the administration company accounting to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge accounting to the current rates applicable to interest surcharges to the administration company.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of other and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Impairment of fixed assets

The carrying amount of property, plant and equipment is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Accounting policies

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Equity

Dividends

Dividend proposed for the financial year are presented as a separate item under "Equity".

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Accounting policies

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Cash flow statement

In pursuance of section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the company, as the cash flows are included in the consolidated cash flow statement of the parent company.

Accounting policies

Financial highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
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Solvency ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
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Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
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