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MarketLine Industry Profile

Skincare in Germany

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EXECUTIVE SUMMARY

Market value

The German skincare market grew by 1.5% in 2009 to reach a value of \$4,166.8 million.

Market value forecast

In 2014, the German skincare market is forecast to have a value of \$4,551.3 million, an increase of 9.2% since 2009.

Market volume

The German skincare market shrank by 0.7% in 2009 to reach a volume of 373.4 million units.

Market volume forecast

In 2014, the German skincare market is forecast to have a volume of 365.1 million units, a decrease of 2.2% since 2009.

Category segmentation

Facial care is the largest segment of the skincare market in Germany, accounting for 55% of the market's total value.

Geography segmentation

Germany accounts for 17.8% of the European skincare market value.

Market share

Beiersdorf AG is the leading player in the German skincare market, generating a 25.6% share of the market's value.

Market rivalry

The German skincare market is less concentrated, with three leading players accounting for 46% of the market value.

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MARKET OVERVIEW

Market definition

The skincare market consists of the retail sale of facial care, body care, suncare, hand care, depilatories and make-up remover products. The market is valued according to retail selling price (RSP) and includes any applicable taxes. Any currency conversions used in the creation of this report have been calculated using constant 2009 annual average exchange rates.

For the purpose of this report Europe comprises Belgium, the Czech Republic, Denmark, France, Germany, Hungary, Italy, Netherlands, Norway, Poland, Romania, Russia, Spain, Sweden, the Ukraine and the United Kingdom.

Market analysis

The German skincare market grew at a slow but steady rate between 2005 and 2009, as a result of steady sales growth in the facial care category. However, the growth rate in this market is forecast to decelerate in the forthcoming five years.

The German skincare market generated total revenues of \$4.2 billion in 2009, representing a compound annual growth rate (CAGR) of 2.8% for the period spanning 2005-2009. In comparison, the French and UK markets grew with CAGRs of 2.5% and 3.1% respectively, over the same period, to reach respective values of \$5 billion and \$2.4 billion in 2009.

Market consumption volumes decreased with a compound annual rate of change (CARC) of -0.1% between 2005-2009, to reach a total of 373.4 million units in 2009. The market's volume is expected to fall to 365.1 million units by the end of 2014, representing a CARC of -0.4% for the 2009-2014 period.

Germany is a mature FMCG market, and the moderate rates of growth for skincare sales are as expected. Certain segments are growing more rapidly, however. One is organic and natural skincare. This promises enhanced revenue growth for players that can enter this segment, although one barrier to entry is the need to meet the "Certified Natural Cosmetics" standards of the relevant industry association, BDIH.

Facial care sales proved the most lucrative for the German skincare market in 2009, generating total revenues of \$2.3 billion, equivalent to 55% of the market's overall value. In comparison, sales of body care generated revenues of \$1.1 billion in 2009, equating to 26.1% of the market's aggregate revenues.

The performance of the market is forecast to decelerate, with an anticipated CAGR of 1.8% for the five-year period 2009-2014, which is expected to lead the market to a value of \$4.6 billion by the end of 2014. Comparatively, the French and UK markets will grow with CAGRs of 3% and 4.2% respectively, over the same period, to reach respective values of \$5.8 billion and \$2.9 billion in 2014.

MARKET DATA

Market value

The German skincare market grew by 1.5% in 2009 to reach a value of \$4,166.8 million.

The compound annual growth rate of the market in the period 2005–09 was 2.8%.

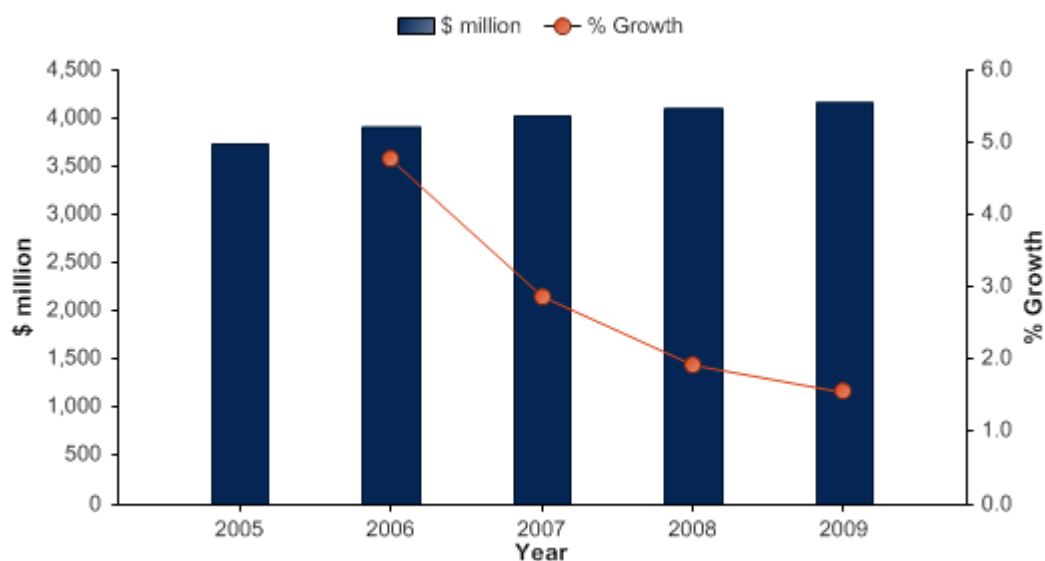
Table 1: Germany skincare market value: \$ million, 2005–09

Year	\$ million	€ million	% Growth
2005	3,735.3	2,686.3	
2006	3,913.2	2,814.2	4.8%
2007	4,025.7	2,895.1	2.9%
2008	4,103.3	2,950.9	1.9%
2009	4,166.8	2,996.6	1.5%
CAGR: 2005–09			2.8%

SOURCE: MARKETLINE

MARKETLINE

Figure 1: Germany skincare market value: \$ million, 2005–09



SOURCE: MARKETLINE

MARKETLINE

Market volume

The German skincare market shrank by 0.7% in 2009 to reach a volume of 373.4 million units.

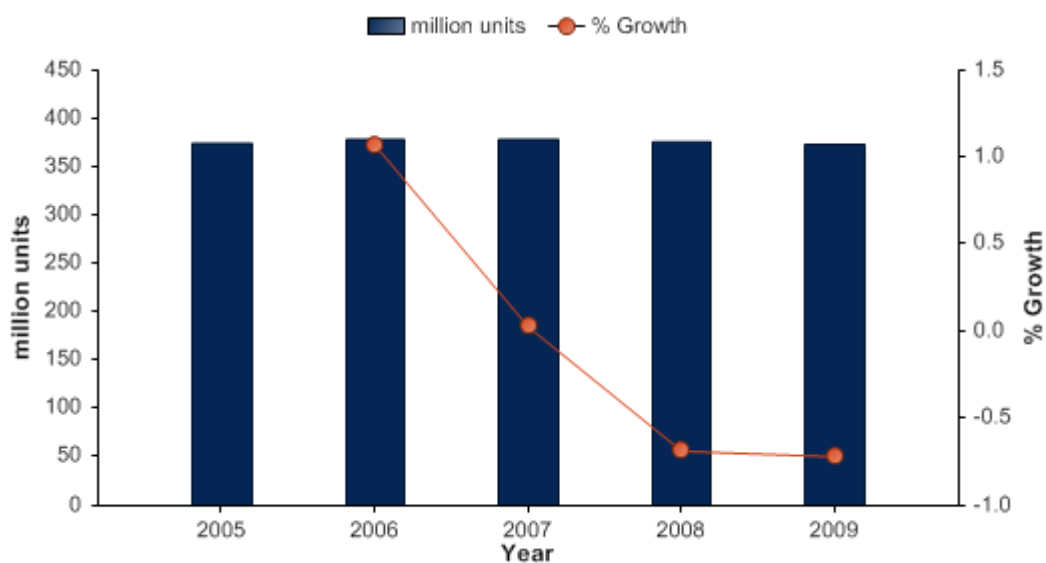
The compound annual rate of change of the market in the period 2005–09 was -0.1%.

Table 2: Germany skincare market volume: million units, 2005–09

Year	million units	% Growth
2005	374.6	
2006	378.6	1.1%
2007	378.7	0.0%
2008	376.1	(0.7%)
2009	373.4	(0.7%)
CAGR: 2005–09		(0.1%)

SOURCE: DATAMONITOR

Figure 2: Germany skincare market volume: million units, 2005–09



SOURCE: MARKETLINE

DATAMONITOR

MARKET SEGMENTATION

Category segmentation

Facial care is the largest segment of the skincare market in Germany, accounting for 55% of the market's total value.

The body care segment accounts for a further 26.1% of the market.

Table 3: Germany skincare market category segmentation : % share, by value, 2005 - 2009

Category	2005	2006	2007	2008	2009
Facial care	54.9%	55.0%	55.0%	54.9%	55.0%
Body care	26.9%	26.8%	26.6%	26.4%	26.1%
Make-up remover	5.7%	5.9%	6.1%	6.2%	6.4%
Suncare	5.5%	5.3%	5.2%	5.1%	5.0%
Hand care	4.3%	4.2%	4.2%	4.3%	4.4%
Depilatories	2.6%	2.8%	2.9%	3.0%	3.1%
Total	99.9%	100%	100%	99.9%	100%

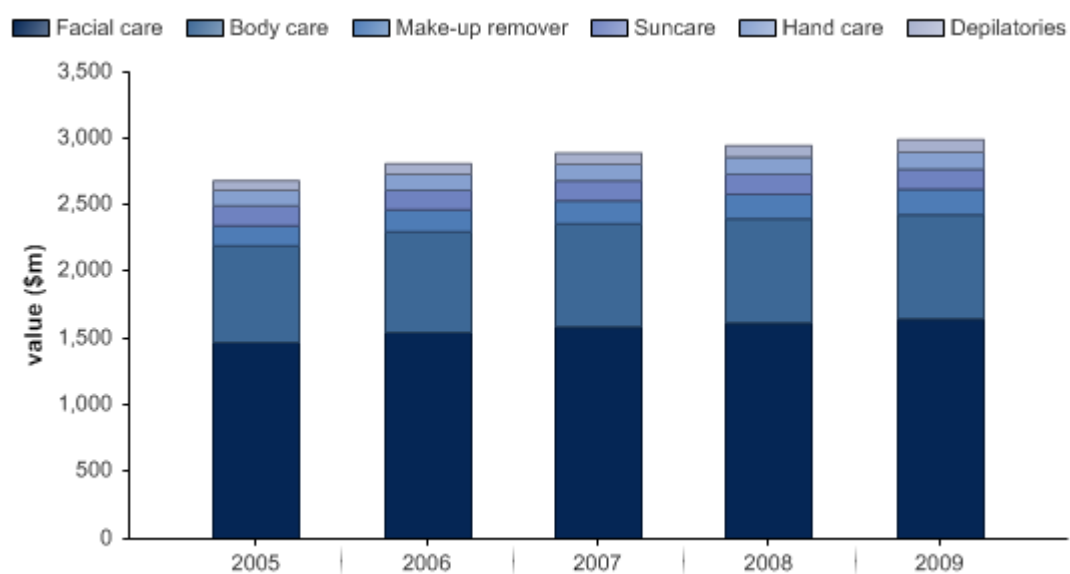
SOURCE: MARKETLINE

Table 4: Germany skincare market category segmentation : \$million, by value, 2005 - 2009

Category	2005	2006	2007	2008	2009
Facial care	1,473.9	1,548.0	1,591.7	1,620.3	1,648.9
Body care	723.5	754.4	771.0	780.3	780.9
Make-up remover	153.2	165.7	175.2	183.6	191.9
Suncare	148.3	149.0	150.7	151.0	150.2
Hand care	116.5	118.7	122.3	126.7	130.8
Depilatories	70.9	78.4	84.2	89.0	93.9
Total	2,686.3	2,814.2	2,895.1	2,950.9	2,996.6

SOURCE: MARKETLINE

Figure 3: Germany skincare market category segmentation : \$million, by value, 2005 - 2009



SOURCE: MARKETLINE

Geography segmentation

Germany accounts for 17.8% of the European skincare market value.

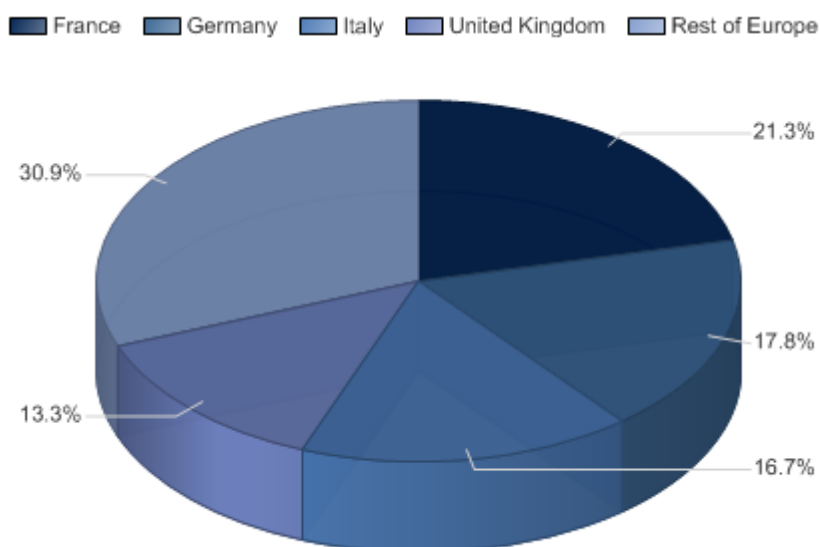
France accounts for a further 21.3% of the European market.

Table 5: Germany skincare market geography segmentation : \$million, by value, 2009

Geography	2009	%
France	4,917.9	21.3
Germany	4,107.6	17.8
Italy	3,848.9	16.7
United Kingdom	3,055.4	13.3
Rest of Europe	7,121.1	30.9
Total	23,050.9	100%

SOURCE: MARKETLINE

Figure 4: Germany skincare market geography segmentation : % share, by value, 2009



SOURCE: MARKETLINE

Market share

Beiersdorf AG is the leading player in the German skincare market, generating a 25.6% share of the market's value.

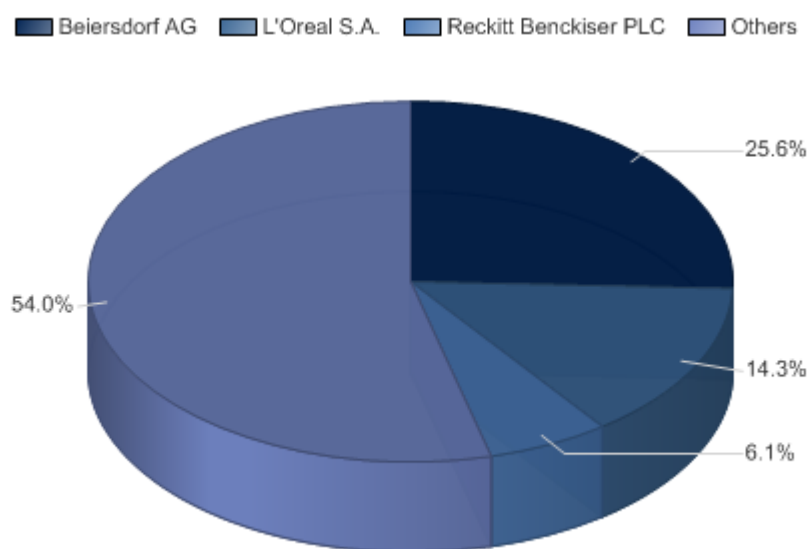
L'Oreal S.A. accounts for a further 14.3% of the market.

Table 6: Germany skincare market share: % share, by value, 2009

Company	% Share
Beiersdorf AG	25.6%
L'Oreal S.A.	14.3%
Reckitt Benckiser PLC	6.1%
Others	54.0%
Total	100%

SOURCE: MARKETLINE

Figure 5: Germany skincare market share: % share, by value, 2009



SOURCE: MARKETLINE

Market distribution

Pharmacies/drugstores form the leading distribution channel in the German skincare market, accounting for a 60.1% share of the total market's value.

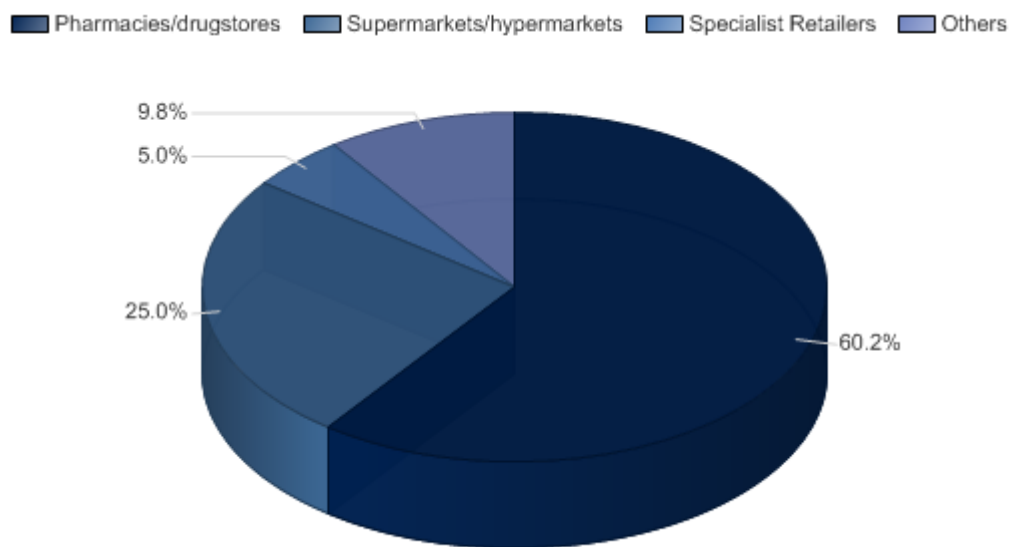
Supermarkets/hypermarkets accounts for a further 25% of the market.

Table 7: Germany skincare market distribution: % share, by value, 2009

Channel	% Share
Pharmacies/drugstores	60.1%
Supermarkets/hypermarkets	25.0%
Specialist Retailers	5.0%
Others	9.8%
Total	100%

SOURCE: MARKETLINE

Figure 6: Germany skincare market distribution: % share, by value, 2009



SOURCE: MARKETLINE

MARKET OUTLOOK

Market value forecast

In 2014, the German skincare market is forecast to have a value of \$4,551.3 million, an increase of 9.2% since 2009.

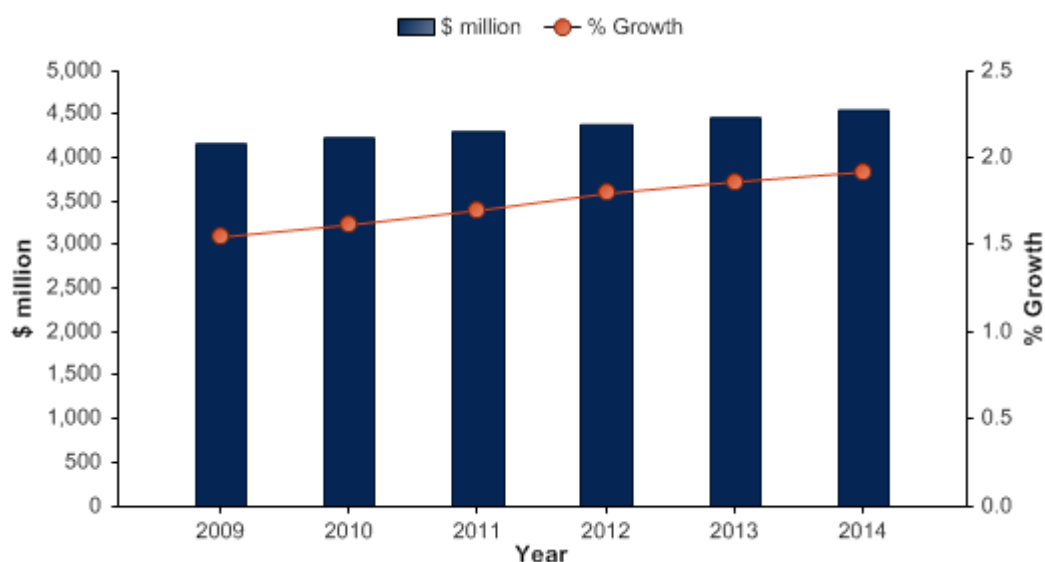
The compound annual growth rate of the market in the period 2009–14 is predicted to be 1.8%.

Table 8: Germany skincare market value forecast: \$ million, 2009–14

Year	\$ million	€ million	% Growth
2009	4,166.8	2,996.6	1.5%
2010	4,234.2	3,045.1	1.6%
2011	4,306.3	3,096.9	1.7%
2012	4,383.7	3,152.6	1.8%
2013	4,465.5	3,211.4	1.9%
2014	4,551.3	3,271.1	1.9%
CAGR: 2009–14			1.8%

SOURCE: MARKETLINE

Figure 7: Germany skincare market value forecast: \$ million, 2009–14



SOURCE: MARKETLINE

Market volume forecast

In 2014, the German skincare market is forecast to have a volume of 365.1 million units, a decrease of 2.2% since 2009.

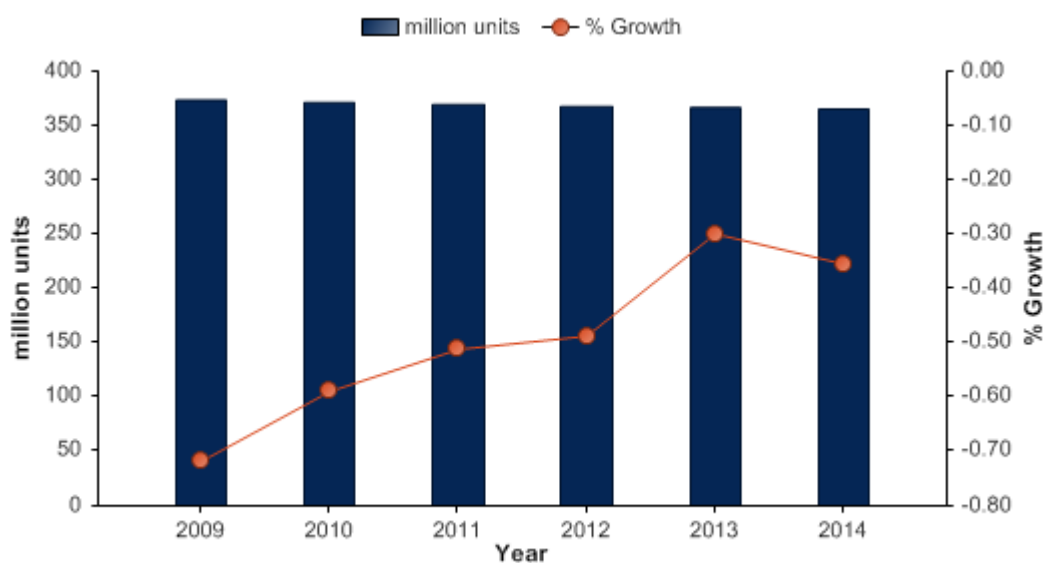
The compound annual rate of change of the market in the period 2009–14 is predicted to be -0.4%.

Table 9: Germany skincare market volume forecast: million units, 2009–14

Year	million units	% Growth
2009	373.4	(0.7%)
2010	371.2	(0.6%)
2011	369.3	(0.5%)
2012	367.5	(0.5%)
2013	366.4	(0.3%)
2014	365.1	(0.4%)
CAGR: 2009–14		(0.4%)

SOURCE: MARKETLINE

Figure 8: Germany skincare market volume forecast: million units, 2009–14



SOURCE: MARKETLINE

FIVE FORCES ANALYSIS

The skincare market will be analyzed taking manufacturers of body care, depilatories, facial care, hand care, make-up remover and sun care products as players. The key buyers will be taken as retailers, while manufacturers of fine chemicals, vegetable oils, and other ingredients needed for cosmetic production will be viewed as the key suppliers.

Summary

Figure 9: Forces driving competition in the skincare market in Germany, 2009

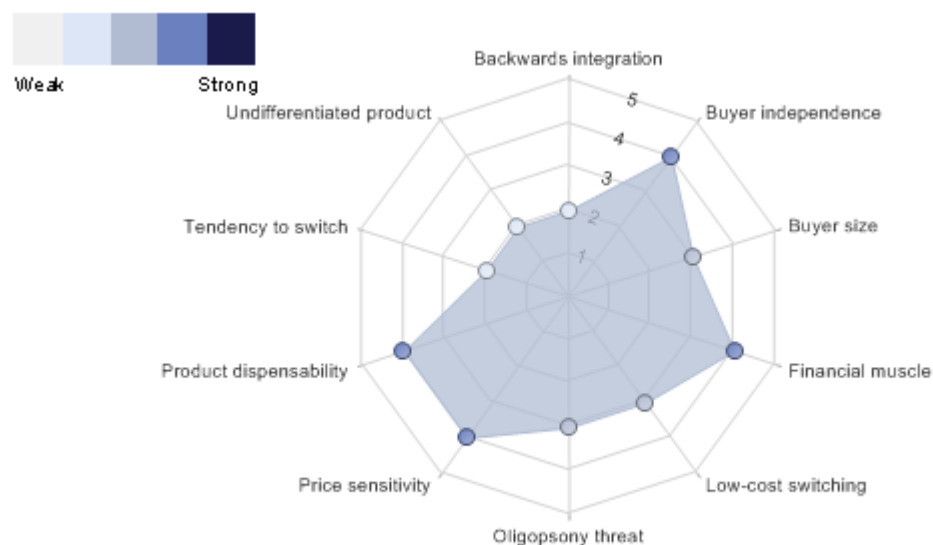


SOURCE: MARKETLINE

The German skincare market is moderately concentrated, with three leading players accounting for 46% of the market value.

However, the strong brand identities built by the main players lead to end-user brand loyalty, which weakens the effective buyer power of retailers. Most raw materials are fine- and specialty chemicals, which are available from several suppliers. The availability of effective alternatives weakens supplier power. However, the high standard of the raw materials required adds to supplier power. The likelihood of new entrants is moderate as the market players are well established big companies with a portfolio of strong brands. Additionally, the EU has regulations in place to ensure that skincare products are of a particular standard and between them the EU and manufacturers have agreed on a code to ensure more transparent information on labels. Overall, the German skincare market is assessed as moderate.

Figure 10: Drivers of buyer power in the skincare market in Germany, 2009



SOURCE: MARKETLINE

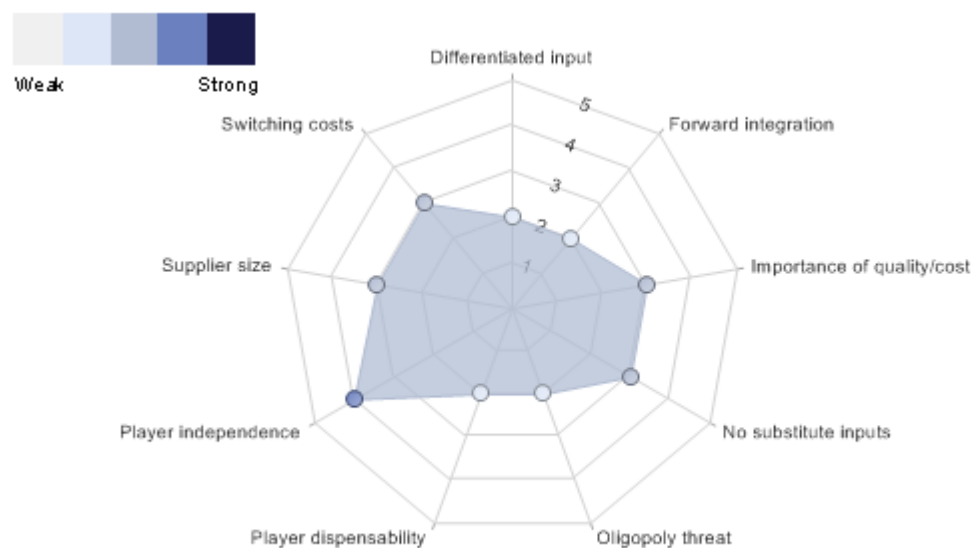
The buyers in the German skincare market are retailers, with the main distribution channel being pharmacies / drugstores (60.1%).

The major retailers in the German market have considerable bulk-purchasing power, and their private-label brands can be viewed as a form of backwards integration. Both of those factors increase buyer power considerably.

However, the main players have also invested in research and development to create new skincare products catering for demand triggered by changes in the lifestyle and the purchasing power of the customers. Such strategies serve to differentiate manufacturers in the market, and weaken buyer power. Retailers also need to stock products made by particular players because of end-user loyalty to well-known brands.

Buyer power is strengthened by the fact that skincare products do not constitute a major part of business of large retailers such as supermarkets, as these offer a very diverse range of products. Overall, buyer power is assessed as moderate.

Figure 11: Supplier power Drivers of supplier power in the skincare market in Germany, 2009



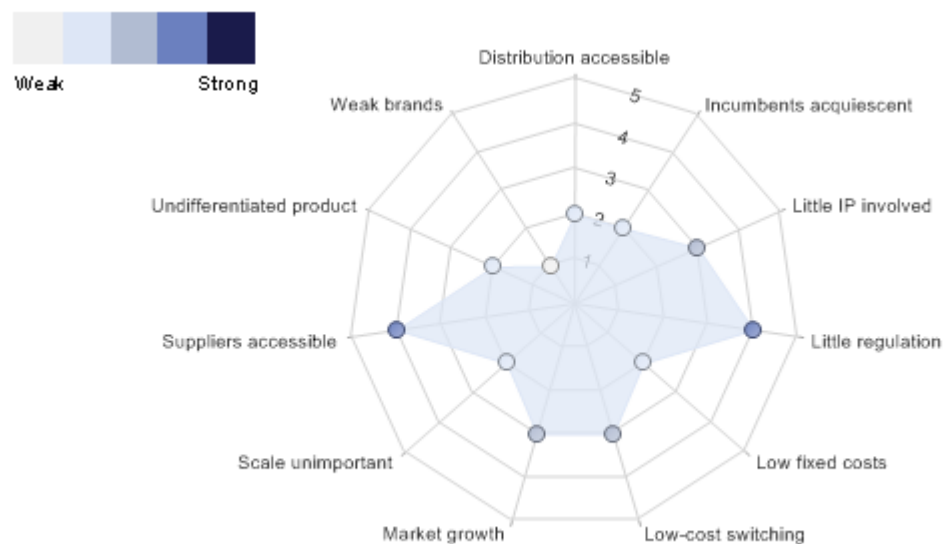
SOURCE: MARKETLINE

Suppliers in the skincare market include manufacturers of fine chemicals, vegetable oils, and other ingredients needed for production of cosmetics. The quality of many of the raw materials is highly important. Chemicals used in these products must be of a standard suitable for manufacturing consumer products. For some chemicals there are no substitutes, which increase supplier power. However, there are generally several alternative products within each ingredient category, which reduces players' dependence on any particular supplier.

Plastic, glass and metal packaging is an additional input for this market and companies. Cosmetics are a relatively small market for packaging manufacturers in Germany, who on an industry-wide basis sell most of their volume to food and beverage manufacturers. For example, German glass packaging manufacturers generate around 68% of their sales from drinks packaging, 27% from the food sector, and only about 5% from cosmetics. The lack of dependence on cosmetics packaging means that they have stronger supplier power relative to skincare product manufacturers.

Overall, supplier power is assessed as moderate.

Figure 12: Factors influencing the likelihood of new entrants in the skincare market in Germany, 2009



SOURCE: MARKETLINE

The main manufacturers are large, international companies which invest heavily in both product innovation and building of brand portfolios. For example, Beiersdorf spends around EUR100 mn annually on R&D, and up to EUR 1 bn on marketing. Thus, new entrants face formidable competition from incumbents.

There is also the need to persuade stores to stock their products. Major retailers are aware of their own importance in the distribution chain and may be unwilling to take the risk of displacing existing well-established brands for new ones.

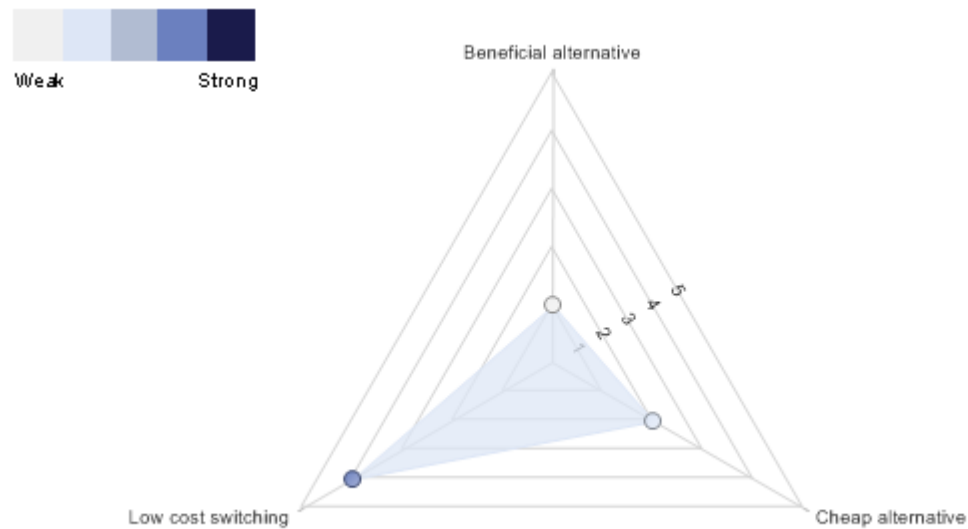
EU countries, including Germany, have regulations in place to ensure that skincare products are of a particular standard. These must implement at a national level the requirements of the EU Cosmetics Directive. The EU and manufacturers have also agreed on a code to ensure more honest information on labels. Such regulations act as barriers for potential market entrants.

Entering the German skincare market may also require a new player to establish production facilities, which means significant capital outlay on machinery and factories. Skincare products are generally sold in high volume to a large number of consumers. Additionally, the reasonably high level of consolidation seen in most skincare markets, suggests that scale economies in manufacturing are likely to be important to the margins of players. New entrants may be able to start on a small scale as niche companies or introducing new technologies.

Overall, there is a weak likelihood of new entrants.

Threat of substitutes

Figure 13: Factors influencing the threat of substitutes in the skincare market in Germany, 2009



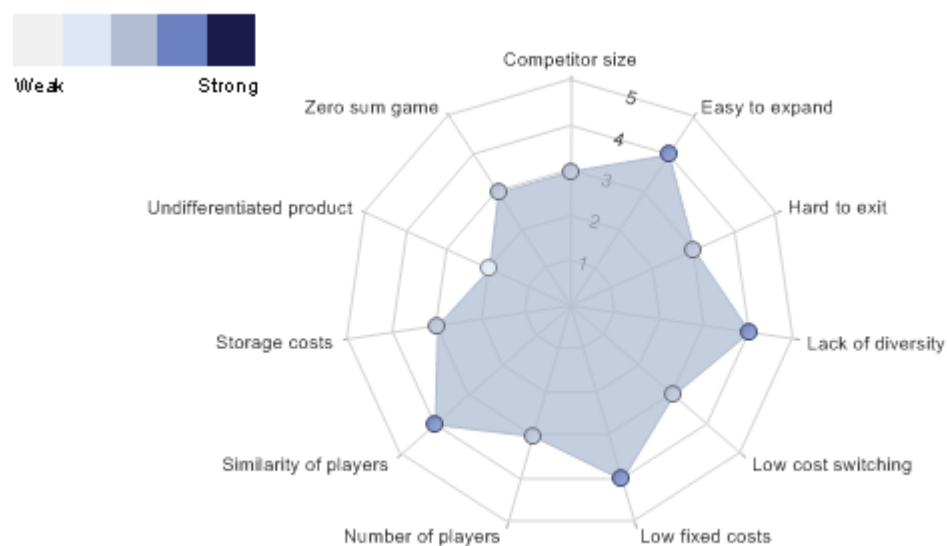
SOURCE: MARKETLINE

Substitutes for consumer skincare products include traditional or homemade products. The usage of homemade products may be significant in some undeveloped markets. However, such alternatives require time and specific knowledge of product composition for preparation. Furthermore substitutes may not offer the same effect as the ones provided by commercial cosmetics and may only fulfill the basic requirements.

Overall, the threat of substitutes in the German skincare market is assessed as weak.

Degree of rivalry

Figure 14: Drivers of degree of rivalry in the skincare market in Germany, 2009



SOURCE: MARKETLINE

The three leading players collectively hold a market share of approximately 46%. This is less concentrated than some personal product markets, and retailers with their private-label offerings, as well as some smaller manufacturers, are correspondingly more significant.

However, despite this rather moderate degree of concentration, the major market players are large, international companies and have the ability to compete more intensely on price. Rivalry is intensified by the fact that a significant proportion of market players produce mass-market goods, which implies high fixed costs along with high exit barriers. However, the diverse product range produced by some major players, including not just other personal care products, but also household products and food, reduces their reliance on the skincare market, which eases rivalry.

Overall, rivalry is assessed as moderate.

LEADING COMPANIES

Beiersdorf AG

Table 10: Beiersdorf AG: key facts

Head office:	Unnastrasse 48, D-20245 Hamburg, GER
Telephone:	49 40 4909 0
Fax:	49 40 4909 3434
Website:	www.beiersdorf.com
Financial year-end:	December
Ticker:	BEI
Stock exchange:	Frankfurt

SOURCE: COMPANY WEBSITE

Beiersdorf is a global consumer goods company principally engaged in the development of health and beauty products. The major brands of the company include Nivea, Eucerin, la prairie, Juvena, and Hansaplast/Elastoplast. Beiersdorf operates in more than 100 countries across the globe and has around 150 affiliates.

The company operates its business activities through two segments: consumer and Tesa.

The consumer segment focuses on the development, manufacture, and marketing of skin and beauty care products. The segment offers baby care; bath and shower products; deodorants; depilatories; fragrances; hair care; men's grooming products; oral hygiene products; skin care; and bandages. The segment also offers professional wound care products.

These products are marketed across the globe under various brand names such as: 8X4 (personal hygiene products in Germany and Japan); Nivea (skin creams, sun protection creams, personal hygiene and baby products); Atrix (moisturizers); Eucerin (cleansing and care products for different skin types); Labello (lip care products); Juvena (a Swiss brand providing facial care and sun protection products, as well as cosmetic make-up); Florena (natural skin care products); and Hansaplast (wound care products).

The company's key skincare products include facial toners, body creams, eye makeup remover, cleansing milk, sun sprays and lotions, face wash, face mask, and revitalizing body lotions among others. Its key skincare brands offering include Nivea Visage, Nivea Crème, Nivea Soft, Nivea Hand, Eucerin, and La Prairie.

Tesa, a subsidiary of Beiersdorf, is a manufacturer of self-adhesive system and product solutions for industrial customers and consumers. It focuses on the electrical and electronics, automotive, as well as printing and paper industries. Tesa also provides security solutions for product protection and identification through security labels and other security technologies.

Key Metrics

Beiersdorf generated revenues of \$8 billion in the financial year (FY) ended December 2009, a decrease of 3.7% as compared to 2008. The company's net income totaled \$520.1 million in FY2009, a decrease of 33.5% as compared to 2008.

During FY2009, the consumer segment recorded revenues of \$7 billion, a decrease of 2.2% as compared to 2008. The decline in the consumer segment sales was primarily attributable to the sluggish performance in the key markets, including North America and Europe, during 2009.

Europe (including Germany), the company's largest geographic market, accounted for 65.5% of the total revenues in FY2009. Revenues from Europe reached \$5.2 billion in 2009, a decrease of 7.9% over 2008.

Table 11: Beiersdorf AG: key financials (\$)

\$ million	2005	2006	2007	2008	2009
Revenues	6,641.1	7,119.4	7,657.5	8,302.7	7,992.7
Net income (loss)	457.5	923.3	607.7	781.5	520.1
Total assets	4,042.2	4,861.2	5,424.4	6,212.8	6,388.0
Total liabilities	2,244.3	2,372.2	2,546.0	2,792.1	2,722.6
Employees	16,769	17,172	21,101	21,766	20,346

SOURCE: COMPANY FILINGS

Table 12: Beiersdorf AG: key financials (€)

€ million	2005	2006	2 07	2008	2009
Revenues	4,776.0	5,120.0	5,507.0	5,971.0	5,748.0
Net income (loss)	329.0	664.0	437 0	562.0	374.0
Total assets	2,907.0	3,496.0	3,901.0	4,468.0	4,594.0
Total liabilities	1,614.0	1, 06.0	1,831.0	2,008.0	1,958.0

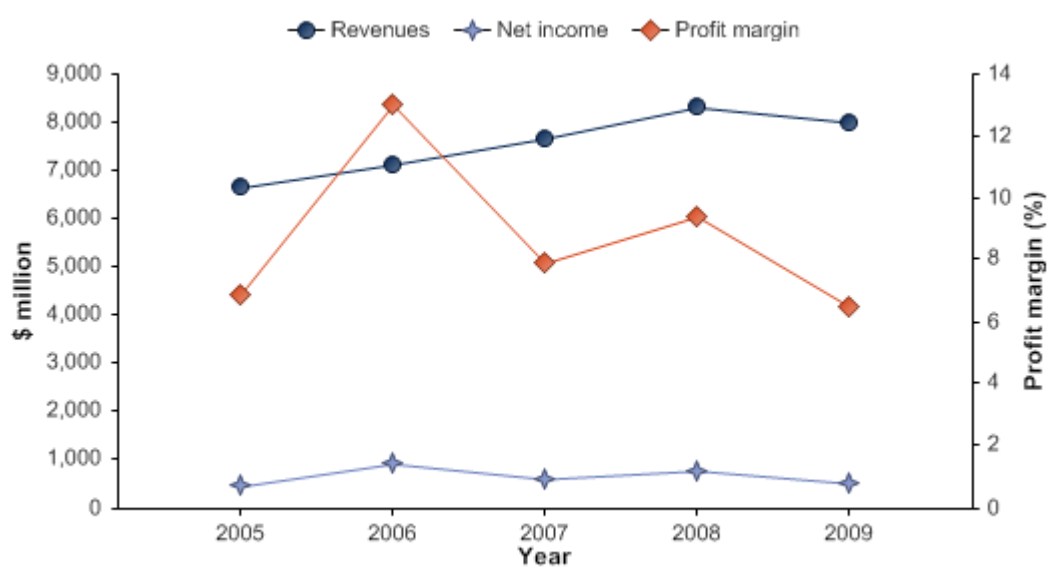
SOURCE: COMPANY FILINGS

Table 13: Beiersdorf AG: key financial ratios

Ratio	2005	2006	2007	2008	2009
Profit margin	6.9%	13.0%	7.9%	9.4%	6.5%
Revenue growth	5.1%	7.2%	7.6%	8.4%	(3.7%)
Asset growth	7.6%	20.3%	11.6%	14.5%	2.8%
Liabilities growth	(3.2%)	5.7%	7.3%	9.7%	(2.5%)
Debt/asset ratio	55.5%	48.8%	46.9%	44.9%	42.6%
Return on assets	11.7%	20.7%	11.8%	13.4%	8.3%
Revenue per employee	\$396,033	\$414,595	\$362,900	\$381,455	\$392,837
Profit per employee	\$27,281	\$53,768	\$28,797	\$35,903	\$25,560

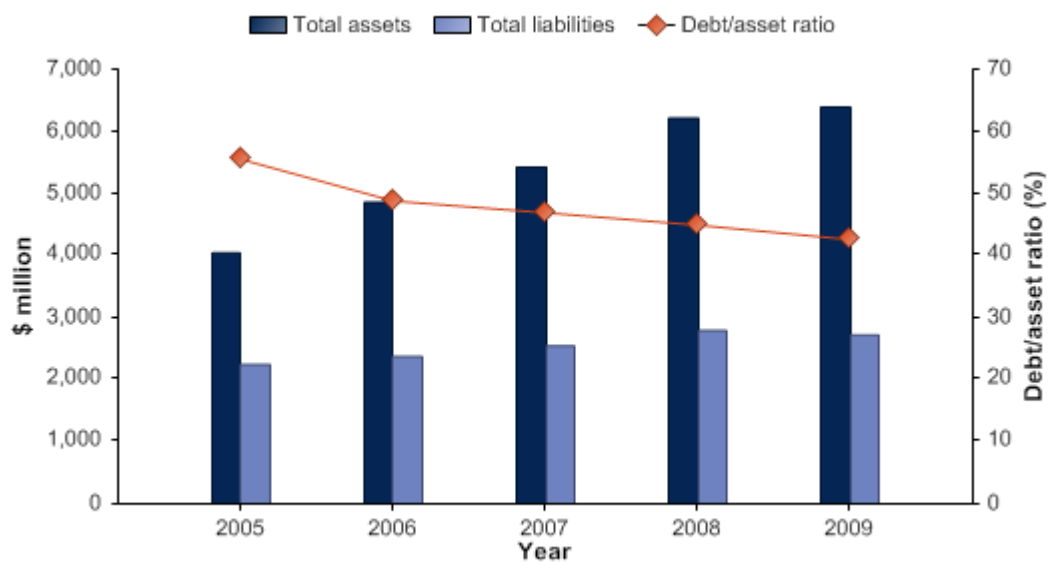
SOURCE: COMPANY FILINGS

Figure 15: Beiersdorf AG: revenues & profitability



SOURCE: COMPANY FILINGS

Figure 16: Beiersdorf AG: assets & liabilities



SOURCE: COMPANY FILINGS

L'Oreal S.A.

Table 14: L'Oreal S.A.: key facts

Head office:	41, Rue Martre, 92117 Clichy Cedex, FRA
Telephone:	33 1 47 56 70 00
Fax:	33 1 47 56 86 42
Local office:	L'Oreal Deutschland GmbH, Georg-Glock Strasse 18, D 40474 Dusseldorf, GER
Telephone:	49 211 43 78 01
Website:	www.loreal.com
Financial year-end:	December
Ticker:	OR
Stock exchange:	Euronext Paris

SOURCE: COMPANY WEBSITE

L'Oreal is a France-based global cosmetics company, engaged in the production and marketing of a range of perfume, make-up, hair and skin care products. The company operates in over 130 countries. It markets 23 international brands such as L'Oreal Paris, Garnier, Maybelline, SoftSheen Carson, CCB Paris, L'Oreal Professional, Kerastase, Redken, Matrix, Mizani, Lancome, Biotherm, Helena Rubinstein, Kiehl's, Shu Uemura, and Giorgio Armani.

In addition, the company has financial stake in Sanofi-Aventis, a pharmaceutical company specializing in therapeutic areas of cardiovascular, thrombosis, central nervous system, oncology, metabolic disorders, internal medicine, and vaccines.

L'Oreal operates through three business segments: cosmetics, The Body Shop, and dermatology.

The cosmetics segment of L'Oreal functions through four sub-segments: professional products, consumer products, luxury products, and active cosmetics.

The professional products sub-segment markets hair care products to professional hairdressers, who use or sell these products in their hair salons. The sub-segment offers differentiated brands to improve the quality of services in hair colorants, permanent waves, styling and haircare. The professional products sub-segment comprises four brands: L'Oreal Professionnel, Kerastase, Redken, Matrix, Mizani, Shu Uemura Art of Hair and Keraskin Esthetics. Play Ball and Texture Expert, two sub brands under L'oreal Professionnel and Kerastase are doing extremely well in the US. Pureology is the leading color care brand in the US. Redken 5th Avenue is the popular haircare brand in Latin American countries. The brands L'oreal Professionnel, Kerastase and Matrix are the major growth drivers.

The consumer products sub-segment sells products through mass-market retailing channels. The consumer products range includes hair care, skin care and make-up; and perfume products. The leading brands in this sub-segment include L'Oreal Paris, Garnier, Maybelline New York, Softsheen-Carson and Le Club des Createurs. Softsheen Carson is the major growth driver in the South Africa.

The luxury products sub-segment markets premium products and services to consumers through selected retail outlets, such as department stores, perfumeries, travel retail and the group's own boutiques. The company's luxury products include skin-care, make-up and fragrances. With the acquisition of YSL Beauté in mid-2008, the company enhanced its luxury products portfolio. The luxury products portfolio includes leading brands such as Lancome, Helena Rubinstein, Biotherm, Shu Uemura, YSL Beauté, and Kiehl's. The sub-segment also includes perfume brands: Giorgio Armani, Ralph Lauren, Cacharel, Diesel and Viktor & Rolf.

The active cosmetics sub-segment sells dermo-cosmetic skin care products through pharmacies and specialist retailers. Pharmacists and dermatologists also offer advice on using the company's products at the point of sale. The brands in this segment include: Vichy, La Roche-Posay, Inneov, Sanoflore and Skinceuticals. Aminexil Energy, a brand under Vichy is popular in the premature hair loss market.

The cosmetics segment also includes various product categories such as skincare (facial skincare, body care and sun protection), hair care products, make-up, hair colorants, perfumes, and other products. The company offers make-up products under the brand names L'Oreal Paris, Le Club Des Createurs, Maybelline New York, Helena Rubinstein, Shu Uemura and YSL Beaute among others.

L'Oreal acquired The Body Shop International in 2006. The Body Shop operates a chain of cosmetics stores specializing in skin and hair care products made from natural ingredients. The Body Shop sells over 1,200 health and beauty products, across 59 countries. Its traditional emphasis has been on shampoos, bath products, soaps, skin creams and conditioners made from natural ingredients. The company also sells beauty and personal care accessories including exfoliating bath gloves, mitts, body buffers, foot files, and muscle toning, relaxing and invigorating massagers. In addition, it also markets men's toiletry ranges, perfumes and seasonal products.

The dermatology segment includes dermatological and pharmaceutical activities of the company. Galderma Laboratories (dermatological company), a joint venture with Nestle, specializes in skin diseases such as rosacea, psoriasis, eczema, and skin infections such as acne.

In April 2009, the company's subsidiary, L'Oreal USA, signed an agreement to acquire Idaho Barber and Beauty Supply (IBB), a distributor of professional products to hair salons in several states in the North West of the US, particularly Idaho, Montana and Washington. Furthermore, in December 2009, L'Oreal USA acquired Maly's Midwest and Marshall Salon Services, distributors of professional products to hair salons across eight states in the US Midwest region.

Key Metrics

L'Oreal generated revenues of \$24.3 billion in the financial year (FY) ended December 2009, a decrease of 0.4% as compared to 2008. The company's net income totaled \$2.5 billion in FY2009, a decrease of 8% as compared to 2008.

The cosmetics segment recorded revenues of \$22.6 billion in FY2009, a decrease of 0.6% as compared to 2008. The decline in the revenues was primarily due to declining sales of the cosmetics products in the Western Europe, Latin America and Eastern Europe.

The Body Shop segment recorded revenues of \$1 billion in FY2009, a decrease of 3.9% over 2008.

Western Europe (including Germany), L'Oreal's largest geographical market, accounted for 43.6% of the total revenues in FY2009. Revenues from Western Europe reached \$10.6 billion in FY2009, a decrease of 4.6% over 2008.

Table 15: L'Oreal S.A.: key financials (\$)

\$ million	2005	2006	2007	2008	2009
Revenues	20,207.6	21,956.3	23,725.7	24,392.1	24,295.8
Net income (loss)	2,742.5	2,865.8	3,693.2	2,709.1	2,492.1
Total assets	33,213.9	34,461.0	32,164.9	31,852.3	32,387.1
Total liabilities	12,832.9	14,125.9	13,444.9	15,774.5	13,478.4
Employees	52,403	60,851	63,358	67,662	64,643

SOURCE: COMPANY FILINGS

Table 16: L'Oreal S.A.: key financials (€)

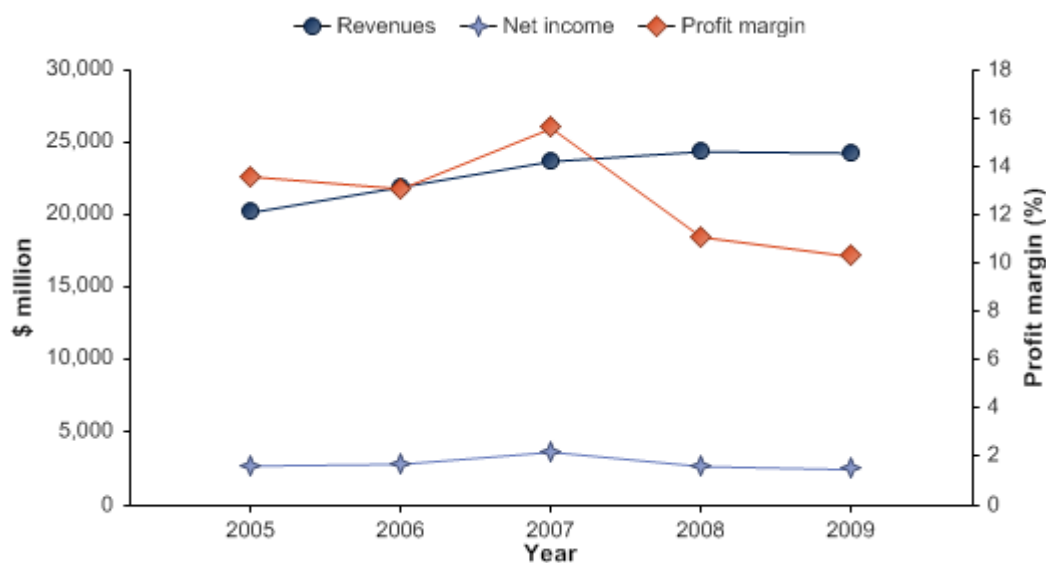
€ million	2005	2006	2007	2008	2009
Revenues	14,532.5	15,790.1	17,062.6	17,541.8	17,472.6
Net income (loss)	1,972.3	2,061.0	2,661.8	1,948.3	1,792.2
Total assets	23,886.1	24,783.0	23,131.7	22,06.9	23,291.5
Total liabilities	9,228.9	10,158.8	9,669.0	11,344.4	9,693.1

SOURCE: COMPANY FILINGS

Table 17: L'Oreal S.A.: key financial ratios

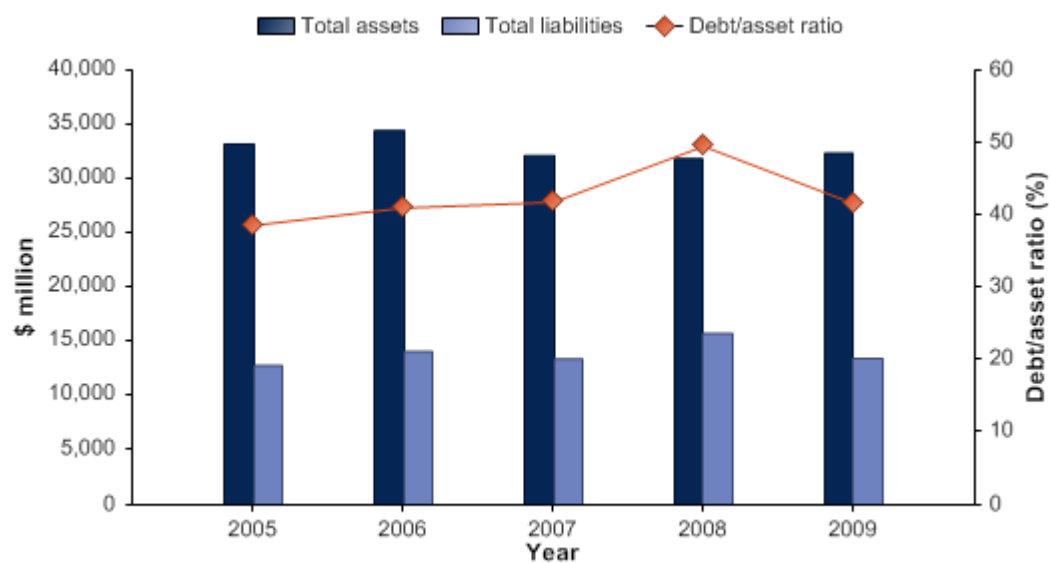
Ratio	2005	2006	2007	2008	2009
Profit margin	13.6%	13.1%	15.6%	11.1%	10.3%
Revenue growth	6.5%	8.7%	8.1%	2.8%	(0.4%)
Asset growth	17.2%	3.8%	(6.7%)	(1.0%)	1.7%
Liabilities growth	7.8%	10.1%	(4.8%)	17.3%	(14.6%)
Debt/asset ratio	38.6%	41.0%	41.8%	49.5%	41.6%
Return on assets	8.9%	8.5%	11.1%	8.5%	7.8%
Revenue per employee	\$385,619	\$360,821	\$374,471	\$360,499	\$375,846
Profit per employee	\$52,335	\$47,096	\$58,291	\$40,039	\$38,551

SOURCE: COMPANY FILINGS

Figure 17: L'Oreal S.A.: revenues & profitability

SOURCE: COMPANY FILINGS

Figure 18: L'Oreal S.A.: assets & liabilities



SOURCE: COMPANY FILINGS

Reckitt Benckiser PLC

Table 18: Reckitt Benckiser PLC: key facts

Head office:	103-105 Bath Road, Slough, Berkshire, SL1 3UH, GBR
Telephone:	44 1753 217800
Fax:	44 1753 217899
Local office:	Theodor-Heuss Anlage 12. 68165 Mannheim, GER
Telephone:	49 621 32 46 0
Fax:	49 621 32 46 500
Website:	www.reckittbenckiser.com
Financial year-end:	December
Ticker:	RB
Stock exchange:	London

SOURCE: COMPANY WEBSITE

Reckitt Benckiser is engaged in the manufacturing and distribution of household cleaning and health and personal care products. The company operates in more than 60 countries and its products are sold in 180 countries across Europe, North America, Australia, New Zealand and developing markets. It has a strong portfolio that includes global brands such as Finish, Lysol, Dettol, Vanish, Woolite, Calgon, Airwick, Harpic, Bang, Mortein, Veet, Nurofen, Clearasil, Strepsils, Gaviscon, Mucinex and French's. It is headquartered in Berkshire, the UK.

The company operates through eight business segments: fabric care, surface care, health and personal care, home care, dishwashing, pharmaceutical, food, and other household.

The fabric care segment comprises five product groups: fabric treatment, garment care, water softener, fabric softener and laundry detergents. These products are utilized for cleaning and treating fabrics. Its key brands include Vanish (fabric treatment), Woolite (garment care) and Calgon (water softener).

The surface care segment includes five product categories: disinfectant cleaners, multi-purpose cleaners, lavatory cleaners, specialty cleaners, and polishes and waxes. The key brands in this segment include Lysol (disinfectant) and Harpic (toilet), Cillit/Easy-Off Bang (multi-purpose cleaner) and Dettol (disinfectant).

The company's health and personal care segment manufactures and distributes products that relieve common health problems and offer protection against infection. The segment offers antiseptics which kill germs and prevent infection; depilatories, used for the removal of unwanted body hair; and denture care products. It also offers over-the-counter health products including analgesics used in the treatment of common cold, flu, sore throat and cough, heartburn and constipation. The key brands in this segment include Dettol (antiseptic), Veet (depilatories) and Disprin (analgesics cold/flu), Clearasil, Nurofen, Strepsils and Gaviscon.

The home care segment manufactures and distributes products for air care, pest control and shoe care. Air care products are available in various forms including auto sprays, electrical plug-ins, aerosols, gels and candles. Pest control products offer solutions to domestic infestation, minimizing the threat of disease spread through insects and pests. These products are available in the form of coils, mats, baits, traps, vaporizers and sprays. Key brands include Air Wick (home fragrance) and Target (pest control). The shoe care products offer brands such as Cherry Blossom and Nugget.

The dishwashing segment includes products used in automatic dishwashing machines and for washing dishes by hand. Its main product is detergent for cleaning dishes in the main wash cycle. These are sold in many forms: powder, liquid, gels, gelcaps and tabs. Other products include rinse agents, decalcifying salts, dishwasher cleaners, deodorizers and

glass corrosion protectors. The company's key brands in this division include Calgon, Finish, Electrasol and Jet Dry. In the additives product category, Reckitt Benckiser offers detergent performance enhancers and dishwasher enhancers.

In Germany, Reckitt Benckiser Produktions in Ladenburg produces the automatic dishwasher detergent, Calgonit, as well as the water softener, Calgon. The plant operates over 20 production lines for automatic-dishwasher detergents (tabs and powder) and water softeners.

The pharmaceuticals segment (formerly known as BBG or the Buprenorphine Business Group) is responsible for the development of the company's Subutex and Suboxone prescription drug business. Subutex is principally marketed in Europe by Schering Plough Corporation, while Suboxone is sold by Reckitt Benckiser directly in the US and Australia. Reckitt Benckiser has rights to sell the product in the US until the end of September 2009. Suboxone received marketing approval from the European Commission in 2006, for the treatment of opioid dependence, in the European Union, Norway and Iceland, with exclusivity until 2016.

The company's food segment is focused on five major products: mustard, barbecue sauce, hot sauce and French fried onions. French's is the key brand of the food division.

Key Metrics

Reckitt Benckiser generated revenues of \$12.1 billion in the financial year ended December 2009, an increase of 18.1% as compared to the previous year. The company's net income totaled \$2.2 billion in FY2009, an increase of 26.6% as compared with 2008.

Health and personal care products accounted for 26.8% of the total revenues generated by the company in FY2009. Health and personal care segment generated revenues of \$3.2 billion in FY2009, an increase of 23.5% as compared to 2008.

Europe (including Germany), Reckitt Benckiser's largest geographical market, accounted for 46.7% of the total revenues in FY2009. Revenues from Europe reached \$5.6 billion in 2009, an increase of 8.1% as compared to the previous year.

Table 19: Reckitt Benckiser PLC: key financials (\$)

\$ million	2005	2006	2007	2008	2009
Revenues	6,513.5	7,671.6	8,212.4	10,229.3	12,084.0
Net income (loss)	1,042.7	1,050.5	1,462.0	1,745.7	2,210.1
Total assets	6,566.5	8,941.8	9,146.0	14,311.3	13,499.3
Total liabilities	3,673.7	6,033.4	5,428.7	9,177.2	7,242.9
Employees	20,300	21,900	23,400	24,300	24,900

SOURCE: COMPANY FILINGS

Table 20: Reckitt Benckiser PLC: key financials (£)

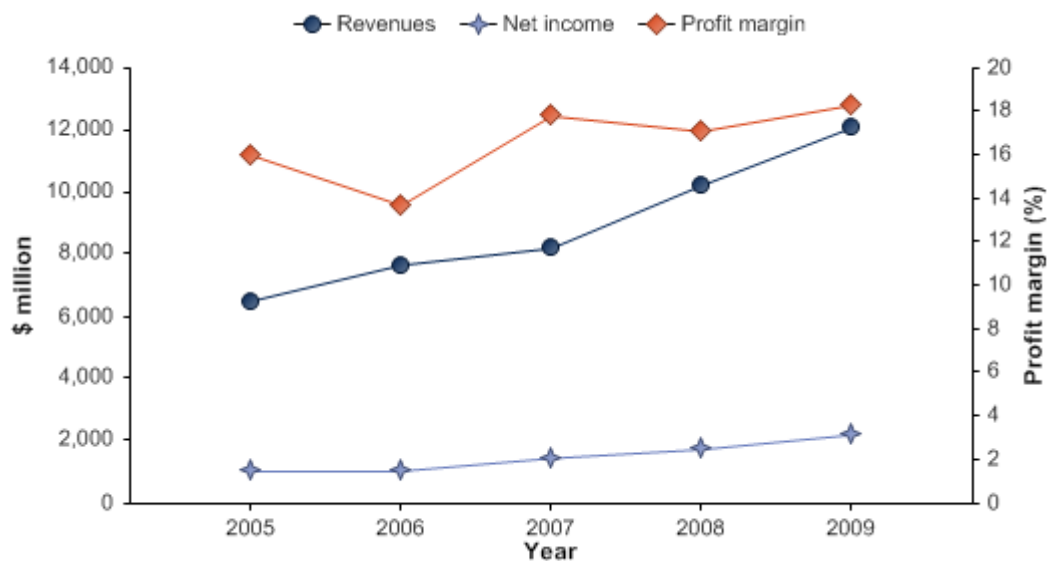
£ million	2005	2006	2007	2008	2009
Revenues	4,179.0	4,922.0	5,269.0	6,563.0	7,753.0
Net income (loss)	669.0	674.0	938.0	1,120.0	1,418.0
Total assets	4,213.0	5,737.0	5,868.0	9,182.0	8,661.0
Total liabilities	2,357.0	3,871.0	3,483.0	5,888.0	4,647.0

SOURCE: COMPANY FILINGS

Table 21: Reckitt Benckiser PLC: key financial ratios

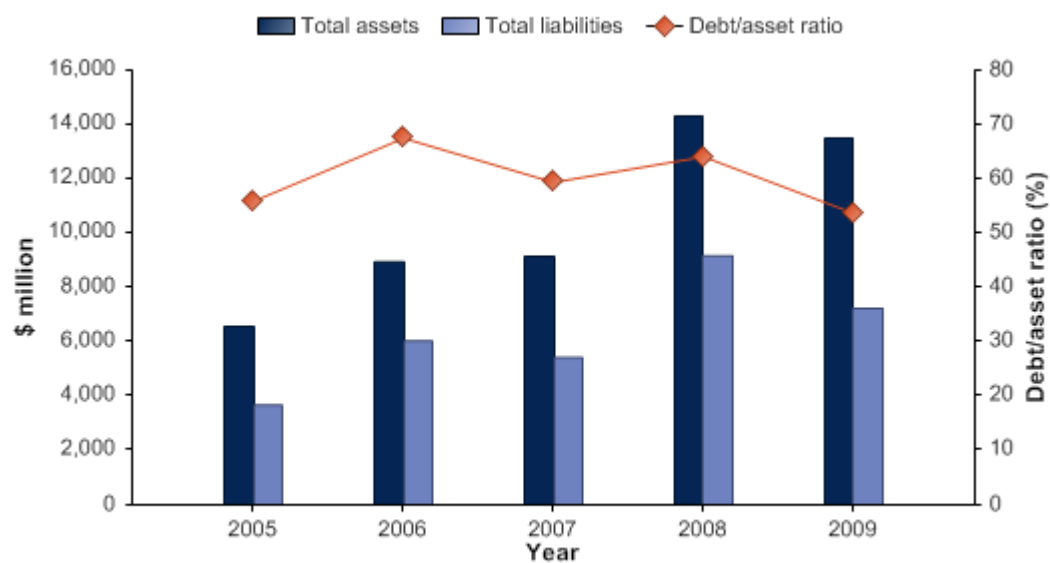
Ratio	2005	2006	2007	2008	2009
Profit margin	16.0%	13.7%	17.8%	17.1%	18.3%
Revenue growth	8.0%	17.8%	7.0%	24.6%	18.1%
Asset growth	9.4%	36.2%	2.3%	56.5%	(5.7%)
Liabilities growth	3.7%	64.2%	(10.0%)	69.0%	(21.1%)
Debt/asset ratio	55.9%	67.5%	59.4%	64.1%	53.7%
Return on assets	16.6%	13.5%	16.2%	14.9%	15.9%
Revenue per employee	\$320,862	\$350,300	\$350,958	\$420,958	\$485,303
Profit per employee	\$51,366	\$47,969	\$62,478	\$71,838	\$88,760

SOURCE: COMPANY FILINGS

Figure 19: Reckitt Benckiser PLC: revenues & profitability

SOURCE: COMPANY FILINGS

Figure 20: Reckitt Benckiser PLC: assets & liabilities



SOURCE: COMPANY FILINGS

MACROECONOMIC INDICATORS

Country Data

Table 22: Germany size of population (million), 2005–09

Year	Population (million)	% Growth
2005	82.5	(0.1%)
2006	82.4	(0.1%)
2007	82.3	(0.1%)
2008	82.1	(0.2%)
2009	81.9	(0.3%)

SOURCE: MARKETLINE

Table 23: Germany gdp (constant 2000 prices, \$ billion), 2005–09

Year	Constant 2000 Prices, \$ billion	% Growth
2005	1,963.2	0.8%
2006	2,029.3	3.4%
2007	2,096.3	3.3%
2008	2,117.0	1.0%
2009	2,009.1	(5.1%)

SOURCE: MARKETLINE

Table 24: Germany gdp (current prices, \$ billion), 2005–09

Year	Current Prices, \$ billion	% Growth
2005	2,866.4	3.0%
2006	3,036.1	5.9%
2007	3,502.0	15.3%
2008	3,902.8	11.4%
2009	3,512.8	(10.0%)

SOURCE: MARKETLINE

Table 25: Germany inflation, 2005–09

Year	Inflation Rate (%)
2005	2.0%
2006	1.7%
2007	2.3%
2008	2.8%
2009	0.2%

SOURCE: MARKETLINE

Table 26: Germany consumer price index (absolute), 2005–09

Year	Consumer Price Index (2000 = 100)
2005	108.3
2006	110.1
2007	112.6
2008	115.7
2009	116.0

SOURCE: MARKETLINE

Table 27: Germany exchange rate, 2005–09

Year	Exchange rate (\$/€)
2005	0.8045
2006	0.7970
2007	0.7308
2008	0.6834
2009	0.7192

SOURCE: MARKETLINE

APPENDIX

Methodology

MarketLine Industry Profiles draw on extensive primary and secondary research, all aggregated, analyzed, cross-checked and presented in a consistent and accessible style.

Review of in-house databases – Created using 250,000+ industry interviews and consumer surveys and supported by analysis from industry experts using highly complex modeling & forecasting tools, MarketLine's in-house databases provide the foundation for all related industry profiles

Preparatory research – We also maintain extensive in-house databases of news, analyst commentary, company profiles and macroeconomic & demographic information, which enable our researchers to build an accurate market overview

Definitions – Market definitions are standardized to allow comparison from country to country. The parameters of each definition are carefully reviewed at the start of the research process to ensure they match the requirements of both the market and our clients

Extensive secondary research activities ensure we are always fully up-to-date with the latest industry events and trends

Datamonitor aggregates and analyzes a number of secondary information sources, including:

- National/Governmental statistics
- International data (official international sources)
- National and International trade associations
- Broker and analyst reports
- Company Annual Reports
- Business information libraries and databases

Modeling & forecasting tools – MarketLine has developed powerful tools that allow quantitative and qualitative data to be combined with related macroeconomic and demographic drivers to create market models and forecasts, which can then be refined according to specific competitive, regulatory and demand-related factors

Continuous quality control ensures that our processes and profiles remain focused, accurate and up-to-date

Industry associations

Industrieverband Körperpflege- und Waschmittel

Karlstraße 21, D - 60329 Frankfurt Am Main, Germany

Tel: 49 69 2556 1321

Fax: 49 69 237 631

www.ikw.org

BIDH

(Association of Industries and Trading Firms for pharmaceuticals, health care products, food supplements and personal hygiene products)

L11, 20-22, D-68161 Mannheim, Germany

Tel: 62 1 3098 0860

Fax: 62 1 122 9172

www.bdiH.de

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