



sartorius stedim  
biotech

Sartorius Stedim Biotech Group  
First-Half Financial Report  
from January to June 2019

2019

## Key Figures for the First Half and Second Quarter of 2019

in millions of € unless otherwise specified	6 months 2019	6 months 2018	Δ in % reported	Δ in % cc <sup>1)</sup>
<b>Sales Revenue and Order Intake</b>				
Order intake	778.1	630.1	23.5	21.5
Sales revenue	709.3	585.7	21.1	19.0
- EMEA <sup>2)</sup>	288.0	252.1	14.2	14.1
- Americas <sup>2)</sup>	251.8	202.0	24.7	19.8
- Asia   Pacific <sup>2)</sup>	169.6	131.6	28.9	27.1
<b>Results</b>				
EBITDA <sup>3)</sup>	205.3	162.8	26.2	
EBITDA margin <sup>3)</sup> in %	28.9	27.8		
Net profit <sup>4)</sup>	131.1	103.7	26.4	
<b>Financial Data Share</b>				
Earnings per share <sup>4)</sup>	1.42	1.12	26.4	
	<b>June 30, 2019</b>	<b>Dec. 31, 2018</b>		
<b>Balance Sheet   Financials</b>				
Balance sheet total	1,693.8	1,571.5		
Equity	1,107.2	1,044.9		
Equity ratio in %	65.4	66.5		
Net debt	145.3	125.7		
Ratio of net debt to underlying EBITDA	0.4	0.4		

in millions of € unless otherwise specified	Q2 2019 <sup>5)</sup>	Q2 2018 <sup>5)</sup>	Δ in % reported	Δ in % cc <sup>1)</sup>
<b>Sales Revenue and Order Intake</b>				
Sales revenue	366.4	304.6	20.3	18.7
Order intake	396.8	316.3	25.4	24.2
<b>Results</b>				
EBITDA <sup>3)</sup>	107.2	88.7	20.9	
EBITDA margin <sup>3)</sup> in %	29.3	29.1		
Net profit <sup>4)</sup>	68.5	56.6	21.1	
<b>Financial Data Share</b>				
Earnings per share <sup>4)</sup>	0.74	0.61	21.1	

<sup>1)</sup> cc = in constant currencies

<sup>2)</sup> According to customer location

<sup>3)</sup> Underlying EBITDA = earnings before interest, taxes, depreciation and amortization, and adjusted for extraordinary items

<sup>4)</sup> Underlying net profit = net profit after non-controlling interest; adjusted for extraordinary items, amortization and based on a normalized financial result and tax rate

<sup>5)</sup> Figures have not been audited or reviewed

## Sector Environment

The Sartorius Stedim Biotech Group serves customers mainly in the biopharmaceutical industry. Thus, the development of this sector provides important impulses to the Group's business performance.

### Continued Highly Positive Sector Development

The international market research institute IQVIA estimates that the global pharmaceutical market has grown annually by around 6% on average over the past five years. Within the pharmaceutical market, the segment for medications and vaccines manufactured using biotech methods has been growing faster than the rest of the market. In 2018, the biopharmaceutical market was projected at a volume of around €217 billion, an increase of approximately 8% to 9% over the previous year. The steadily growing significance and acceptance of biopharmaceutical compounds is reflected in their increasing share of the sales revenue in the global pharmaceutical market and the development activities of the pharmaceutical industry. For example, biopharmaceutical compounds account for more than 40% of the R&D pipeline.

Market growth fundamentally depends more on medium- to long-term trends than on short-term economic developments. The major growth driver for the global expansion of biopharmaceutical production capacities is the increasing need for medications by the growing world population and by the average aging communities in industrialized nations. In addition, rising incomes in emerging-market economies are leading to improved access to healthcare. Beyond this, growth is boosted by the development and approval of new biopharmaceuticals, which include a growing number of active pharmaceutical compounds to treat rare diseases that have been incurable until now. Recent progress has also been made, for example, in cell and gene therapies. Biosimilars, i.e., biotherapeutic products similar to original reference biologics that are going off-patent, are playing an increasingly important role on the biotechnology market as well.

Sources: IQVIA Institute: The Global Use of Medicine in 2019 and Outlook to 2023, January 2019; EvaluatePharma: World Preview 2019, Outlook to 2025; June 2019.

# Group Business Development

- Very dynamic growth in sales revenue, order intake and profit
- Strong demand across all product categories and regions
- Forecast for the full year of 2019 raised

## Double-Digit Gains in Sales Revenue and Order Intake

Sartorius Stedim Biotech expanded very dynamically in the first half of 2019 in a continued positive market environment. Driven by high demand both for single-use technologies and equipment, sales revenue surged 19.0% in constant currencies to €709.3 million (reported: +21.1%). The strong dynamics seen at the beginning of the year therefore continued in the second quarter.

### Sales Revenue and Order Intake

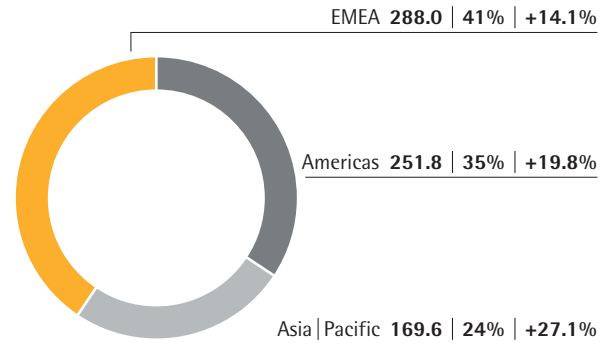
in millions of €	6 months 2019	6 months 2018	Δ in %	Δ in % cc <sup>1</sup>
Sales revenue	709.3	585.7	21.1	19.0
Order intake	778.1	630.1	23.5	21.5

<sup>1)</sup> In constant currencies

Order intake also developed exceptionally positive. In the first half of 2019, orders increased more strongly than sales, and were up 21.5% to €778.1 million (reported: +23.5%). Important drivers were a surging projects business and a very dynamic development in Asia | Pacific.

Sartorius Stedim Biotech increased its sales revenue by double digits in all business regions. Revenue in EMEA rose considerably by 14.1% in constant currencies to €288.0 million (reported: +14.2%). The region accounted for the largest share of Group sales, 41%.

Sales Revenue, Share and Growth<sup>1)</sup> by Region<sup>2)</sup>  
in millions of €



<sup>1)</sup> In constant currencies

<sup>2)</sup> Acc. to customers' location

The Americas region, which contributed about 35% to total Group sales, saw significant growth of 19.8% in constant currencies to €251.8 million (reported: +24.7%), against a strong prior-year base.

The Asia | Pacific region accounting for around 24% of total consolidated sales showed the highest dynamics and reported a 27.1% revenue surge in constant currencies to €169.6 million (reported: +28.9%).

### Profitability Further Enhanced

Sartorius Stedim Biotech uses earnings before interest, taxes, depreciation and amortization (EBITDA) as the key profitability measure. To provide a complete and transparent presentation of the Group's profitability, SSB reports earnings adjusted for extraordinary items (underlying EBITDA).

In the first half of 2019, Sartorius Stedim Biotech strongly boosted its earnings. Underlying EBITDA grew by 26.2% to €205.3 million. The corresponding margin rose to 28.9% from 27.8% in the same period of the previous year due to economies of scale and despite a higher share of project business. As expected, around half of a percentage point of this increase was attributed to changes in the IFRS 16 Standard to be applied for the first time in 2019.

#### Reconciliation between EBIT and underlying EBITDA

in millions of €	6 months 2019	6 months 2018	Δ in %
EBIT (operating result)	167.2	129.7	28.9
Extraordinary items	6.0	6.3	-5.1
Depreciation & amortization	32.1	26.7	20.0
Underlying EBITDA	205.3	162.8	26.2

Consolidated EBIT, including extraordinary items of -€6.0 million (H1 2018: -€6.3 million), depreciation and amortization, amounted to €167.2 million compared with €129.7 million in the previous year. Extraordinary items were primarily related to expenses incurred for various corporate projects and the introduction of new IT systems. The consolidated EBIT margin rose in the reporting period from 22.1% a year ago to 23.6%.

The financial result was -€2.8 million in the first half of 2019, relative to -€5.2 million for the prior-year period. This change is essentially attributable to valuation effects related to foreign currency liabilities and hedging instruments.

In the period under review, the net profit attributable to shareholders of Sartorius Stedim Biotech S.A. rose sharply by 32.9% from €91.0 million to €120.9 million. The tax rate for the Group remained constant at 26.0%.

### Strong Increase in Underlying Net Profit

The underlying net profit after non-controlling interest increased significantly by 26.4% from €103.7 million to €131.1 million. This profit figure is calculated by adjusting for extraordinary items, eliminating non-cash amortization and valuation adjustments from hedging instruments, and is based on the normalized financial result, as well as the corresponding tax effects for each of these items. Underlying earnings per share correspondingly rose from €1.12 to €1.42.

in millions of €	6 months 2019	6 months 2018
EBIT (operating result)	167.2	129.7
Extraordinary effects	6.0	6.3
Amortization   IFRS 3	6.9	8.4
Normalized financial result <sup>1)</sup>	-2.1	-2.8
Normalized income tax (2019: 26%, 2018: 26%) <sup>2)</sup>	-46.3	-36.8
Underlying net result	131.8	104.8
Non-controlling interest	-0.7	-1.1
Underlying net result after non-controlling interest	131.1	103.7
Underlying earnings per share (in €)	1.42	1.12

<sup>1)</sup> Financial result excluding fair value adjustments of hedging instruments, as well as currency effects from foreign currency loans

<sup>2)</sup> Income tax considering the average group tax rate, based on the underlying profit before tax

### Operating Cash Flow Rises Significantly

In the first six months of the current fiscal year, Sartorius Stedim Biotech increased its cash flow from operating activities: this figure stood at €140.0 million relative to €106.1 million a year ago, which equates to growth of 32.0%. This development essentially reflects the increase in earnings.

Cash flow from investing activities decreased in the reporting period by 30.3% to €63.8 million. First-half capital expenditures were related to the expansion of the plant in Yauco, Puerto Rico, as well as to additional filter manufacturing capacities created at the site in Göttingen, Germany. In the reporting period, new production facilities were completed and opened at both sites. In the year-earlier period, Sartorius Stedim Biotech had acquired software-related assets from Sartorius AG after implementing major parts of a new ERP system. Due to this transaction, prior-year capital expenditures were temporarily elevated and were projected to decline in the course of the year. As expected, the capex ratio in the first half of 2019

decreased considerably to 9.0% compared with 15.9%<sup>1)</sup> in the previous year.

### Financial Position Remains Strong

The balance sheet total for the Sartorius Stedim Biotech Group rose to €1,693.8 million as of the period ended June 30, 2019, from €1,571.5 million as of December 31, 2018. This rise was primarily due to investments into manufacturing capacities, higher inventories and trade receivables.

Equity increased from €1,044.9 million to €1,107.2 million between December 31, 2018, and the reporting date. At 65.4%, the equity ratio remained at a comfortable level (66.5% as of December 31, 2018).

Gross debt increased from €149.6 million as of December 31, 2018, to €170.8 million as of June 30, 2019; net debt also edged up from €125.7 million as of December 31, 2018, to €145.3 million at the end of the reporting period.

The ratio of net debt to underlying EBITDA was at 0.4 compared with 0.4 at year-end 2018.

### Personnel Further Increased

As of June 30, 2019, the Sartorius Stedim Biotech Group employed a total of 5,947 people worldwide. Compared with December 31, 2018, headcount thus rose by 310 or around 5.5%. From a geographical perspective, personnel increased at the highest rate in Asia|Pacific, by 7.3% to 799. The number of employees in EMEA was up by around 5.0% to 4,214 in the reporting period. Sartorius Stedim Biotech employed 934 people in the Americas region as of the end of the reporting period (December 31, 2018: 879).

<sup>1)</sup> As of 2019, CAPEX is based on cash flow instead of balance sheet computation; CAPEX ratio restated: 15.6% for H1 2018, 14.6% for FY 2018.

# Opportunity and Risk Report

The opportunities and risk situation of the Sartorius Stedim Biotech Group has not materially changed since the publication of its 2018 Annual Report. For this reason, please refer to a detailed description of the opportunities and risks as well as the risk management system for the Sartorius Stedim Biotech Group on pp. 35 et seq. of the Annual Report called Reference Document 2018.

# Forecast Report

## Continued Positive Sector Environment

The trends described on pages 47–49 of our 2018 Annual Report have remained unchanged with respect to their impacts on the development of the Sartorius Group.

Most recent estimates project that the global pharmaceutical market will expand at a compound annual growth rate of 3% to 6% during the period of 2019 to 2023. For the biopharma subsegment, market observers continue to expect overproportionate annual growth of around 8% to 9% on average, which will be driven by the rising demand worldwide for biopharmaceuticals. This growth will also be fueled by the ongoing penetration of the market by biopharmaceuticals already approved, the expansion of their areas of indication and the industry's strong research and development pipelines.

Sources: The Global Use of Medicine in 2019 and Outlook to 2023, January 2019; EvaluatePharma: World Preview 2019, Outlook to 2025.

## Full-Year 2019 Guidance Raised

Based on the first-half business performance and strong order intake, management of the Sartorius Stedim Biotech Group upgraded its forecast for the full year of 2019.

Sales revenue is now expected to increase by about 12% to 16% in constant currencies versus previous guidance of about 7% to 11%. Regarding profitability, management confirms that the company's underlying EBITDA margin is expected to increase by slightly more than one percentage point over the prior-year figure of 28.2%. Approximately half a percentage point is forecasted to be an operational increase, whereas the remainder will result from changes to the IFRS accounting rules.<sup>1)</sup>

The guidance for the ratio of capital expenditures to sales remains unchanged at around 11%, down from the year-earlier figure of 14.6%.<sup>2)</sup>

Regarding its financial position, management continues to expect that the ratio of net debt to underlying EBITDA will be slightly below the previous year's level of 0.4 reported.

A disorderly exit of the United Kingdom from the EU and exacerbation of international trade disputes could impact our supply chain to a certain extent, despite the measures already taken to counteract this development. A reliable prognosis concerning possible effects cannot be made at the current time.

<sup>1)</sup> IFRS 16 is required to be applied as of 2019 and regulates accounting of lease contracts. This has resulted in reporting longer-term lease payments as depreciation and, accordingly, in a somewhat higher EBITDA.

<sup>2)</sup> As of 2019, CAPEX is based on cash flow instead of balance sheet computation; CAPEX ratio restated: 15.6% for H1 2018; 14.6% for FY 2018.



## Report on Subsequent Events

No material events occurred after the end of the first half of 2019.

# Statement of Profit or Loss and Other Comprehensive Income

	2nd quarter 2019 € in mn <sup>1)</sup>	2nd quarter 2018 € in mn <sup>1)</sup>	6 months 2019 € in mn	6 months 2018 € in mn
Sales revenue	366.4	304.6	709.3	585.7
Cost of sales	- 177.8	- 145.5	- 343.4	- 279.3
<b>Gross profit on sales</b>	<b>188.6</b>	<b>159.1</b>	<b>365.9</b>	<b>306.3</b>
Selling and distribution costs	- 59.7	- 54.1	- 117.0	- 104.3
Research and development costs	- 19.0	- 15.0	- 36.7	- 32.0
General administrative expenses	- 18.6	- 15.9	- 38.1	- 32.2
Other operating income and expenses	- 4.2	- 2.0	- 6.9	- 8.1
<b>Earnings before interest &amp; taxes (EBIT)</b>	<b>87.2</b>	<b>72.1</b>	<b>167.2</b>	<b>129.7</b>
Financial income	2.1	- 0.5	3.9	2.1
Financial expenses	- 1.2	- 3.0	- 6.8	- 7.3
<b>Financial result</b>	<b>0.9</b>	<b>- 3.6</b>	<b>- 2.8</b>	<b>- 5.2</b>
<b>Profit before tax</b>	<b>88.0</b>	<b>68.5</b>	<b>164.4</b>	<b>124.5</b>
Income taxes	- 22.9	- 17.8	- 42.7	- 32.4
<b>Net profit for the period</b>	<b>65.2</b>	<b>50.7</b>	<b>121.7</b>	<b>92.1</b>
Attributable to:				
Shareholders of Sartorius Stedim Biotech	64.8	50.1	120.9	91.0
Non-controlling interest	0.3	0.6	0.7	1.1
Earnings per share (€)	0.70	0.54	1.31	0.99
Diluted earnings per share (€)	0.70	0.54	1.31	0.99

<sup>1)</sup> Data not audited or reviewed

## Statement of Comprehensive Income

	2nd quarter 2019 € in mn <sup>1)</sup>	2nd quarter 2018 € in mn <sup>1)</sup>	6 months 2019 € in mn	6 months 2018 € in mn
Net profit for the period	65.2	50.7	121.7	92.1
Cash flow hedges	1.0	-9.4	-2.0	-6.9
- of which effective portion of changes in fair value	3.6	-6.7	-0.5	-1.2
- of which reclassified to profit or loss	-2.6	-2.7	-1.4	-5.7
Income tax on cash flow hedges	-0.3	2.8	0.6	2.1
Foreign currency translation differences	-10.9	8.5	-2.0	1.3
<b>Items that are or may be reclassified subsequently to profit or loss</b>	<b>- 10.2</b>	<b>1.9</b>	<b>- 3.4</b>	<b>- 3.5</b>
Remeasurements of the net defined benefit liabilities	-3.6	0.0	-3.6	0.0
Income tax on remeasurements of the net defined benefit liability	1.3	0.0	1.3	0.0
<b>Items that will not be reclassified in profit or loss</b>	<b>- 2.3</b>	<b>0.0</b>	<b>- 2.3</b>	<b>0.0</b>
<b>Other comprehensive income for the period</b>	<b>- 12.6</b>	<b>1.9</b>	<b>- 5.7</b>	<b>- 3.5</b>
<b>Total comprehensive income for the period</b>	<b>52.6</b>	<b>52.6</b>	<b>115.9</b>	<b>88.6</b>
Attributable to:				
Shareholders of Sartorius Stedim Biotech	52.5	51.9	115.5	87.6
Non-controlling interest	0.1	0.7	0.5	1.0

<sup>1)</sup> Data not audited or reviewed

# Statement of Financial Position

Assets	June 30, 2019	Dec. 31, 2018
	€ in mn	€ in mn
<b>Non-current assets</b>		
Goodwill	383.3	384.7
Other intangible assets	179.5	177.5
Property, plant and equipment	498.7	436.0
Financial assets	5.9	5.6
Other assets	0.7	0.6
Deferred tax assets	16.6	14.5
	<b>1,084.6</b>	<b>1,018.9</b>
<b>Current assets</b>		
Inventories	285.9	252.0
Trade receivables	247.4	220.2
Other financial assets	10.8	22.0
Current tax assets	8.6	13.0
Other assets	30.9	21.3
Cash and cash equivalents	25.5	24.0
	<b>609.1</b>	<b>552.5</b>
<b>Total assets</b>	<b>1,693.8</b>	<b>1,571.5</b>
<b>Equity and liabilities</b>	<b>June 30, 2019</b>	<b>Dec. 31, 2018</b>
	€ in mn	€ in mn
<b>Equity</b>		
Attributable to SSB S.A. shareholders	1,099.2	1,036.4
Share capital	18.4	18.4
Reserves	231.5	231.5
Retained earnings (including net profit)	849.2	786.4
Non-controlling interest	8.0	8.5
	<b>1,107.2</b>	<b>1,044.9</b>
<b>Non-current liabilities</b>		
Pension provisions	39.6	35.6
Other provisions	3.2	2.9
Loans and borrowings	42.0	43.1
Lease liabilities	39.3	15.0
Other financial liabilities	9.0	8.9
Deferred tax liabilities	37.3	39.1
	<b>170.4</b>	<b>144.6</b>
<b>Current liabilities</b>		
Provisions	11.5	12.3
Trade payables	173.2	154.6
Loans and borrowings	79.7	89.8
Lease liabilities	9.8	1.7
Employee benefits	42.4	39.3
Other financial liabilities	16.6	14.3
Current tax liabilities	41.9	33.1
Other liabilities	41.1	36.9
	<b>416.2</b>	<b>382.0</b>
<b>Total equity and liabilities</b>	<b>1,693.8</b>	<b>1,571.5</b>

## Statement of Cash Flows

	<b>6 months 2019 € in mn</b>	6 months 2018 € in mn
Profit before tax	164.4	124.5
Financial result	2.8	5.2
Depreciation   amortization of fixed assets	32.3	26.7
Change in provisions	-0.4	-2.2
Change in receivables and other assets	-27.6	-21.8
Change in inventories	-33.5	-29.2
Change in liabilities (excl. loans and borrowings)	33.5	33.8
Income taxes paid	-31.7	-31.6
Other non-cash items	0.1	0.7
<b>Cash flow from operating activities</b>	<b>140.0</b>	<b>106.1</b>
Capital expenditures	-63.8	-91.6
<b>Cash flow from investing activities and acquisitions</b>	<b>-63.8</b>	<b>-91.6</b>
Interest received	0.6	0.1
Interest paid and other financial charges	-5.0	-0.5
Dividends paid to:		
- Shareholders of Sartorius Stedim Biotech SA	-52.5	-42.4
- Non-controlling interest	-1.0	-0.8
Loans and borrowings repaid	-17.4	-4.9
Loans and borrowings raised	0.7	27.8
<b>Cash flow from financing activities</b>	<b>-74.6</b>	<b>-20.6</b>
Increase   decrease in cash and cash equivalents	1.6	-6.1
Cash and cash equivalents at the beginning of the period	24.0	32.6
Effect of currency translation on cash and cash equivalents	0.0	-0.7
<b>Cash and cash equivalents at the end of the period</b>	<b>25.5</b>	<b>25.8</b>

## Statement of Changes in Equity

€ in millions	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Retained earnings	Foreign currency translation reserves	Group equity	Non-controlling interest	Total equity
<b>Balance at Dec. 31, 2017</b>	<b>18.4</b>	<b>231.5</b>	<b>11.4</b>	<b>- 11.2</b>	<b>612.7</b>	<b>9.1</b>	<b>872.0</b>	<b>7.4</b>	<b>879.5</b>
Adjustment on adoption of IFRS 9	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.3
<b>Balance at Jan. 1, 2018</b>	<b>18.4</b>	<b>231.5</b>	<b>11.4</b>	<b>- 11.2</b>	<b>613.0</b>	<b>9.1</b>	<b>872.3</b>	<b>7.4</b>	<b>879.8</b>
Net profit for the period	0.0	0.0	0.0	0.0	91.0	0.0	91.0	1.1	92.1
Cash flow hedges	0.0	0.0	- 6.9	0.0	0.0	0.0	- 6.9	0.0	- 6.9
Remeasurements of the net defined benefit liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign currency translation differences	0.0	0.0	0.0	0.0	0.0	1.4	1.4	- 0.1	1.3
Deferred taxes	0.0	0.0	2.1	0.0	0.0	0.0	2.1	0.0	2.1
<b>Other comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>- 4.8</b>	<b>0.0</b>	<b>0.0</b>	<b>1.4</b>	<b>- 3.4</b>	<b>- 0.1</b>	<b>- 3.5</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>- 4.8</b>	<b>0.0</b>	<b>91.0</b>	<b>1.4</b>	<b>87.6</b>	<b>1.0</b>	<b>88.6</b>
Dividends	0.0	0.0	0.0	0.0	- 42.4	0.0	- 42.4	- 0.8	- 43.2
Other changes in equity	0.0	0.0	0.0	0.0	- 0.2	0.0	- 0.2	0.0	- 0.3
<b>Balance at June 30, 2018</b>	<b>18.4</b>	<b>231.5</b>	<b>6.6</b>	<b>- 11.1</b>	<b>661.4</b>	<b>10.5</b>	<b>917.3</b>	<b>7.6</b>	<b>924.9</b>
<b>Balance at Jan. 1, 2019</b>	<b>18.4</b>	<b>231.5</b>	<b>3.4</b>	<b>- 10.9</b>	<b>778.4</b>	<b>15.5</b>	<b>1,036.4</b>	<b>8.5</b>	<b>1,044.9</b>
Net profit for the period	0.0	0.0	0.0	0.0	120.9	0.0	120.9	0.7	121.7
Cash flow hedges	0.0	0.0	- 2.0	0.0	0.0	0.0	- 2.0	0.0	- 2.0
Remeasurements of the net defined benefit liabilities	0.0	0.0	0.0	- 3.6	0.0	0.0	- 3.6	0.0	- 3.6
Foreign currency translation differences	0.0	0.0	0.0	0.0	0.0	- 1.8	- 1.8	- 0.2	- 2.0
Deferred taxes	0.0	0.0	0.6	1.3	0.0	0.0	1.9	0.0	1.9
<b>Other comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>- 1.4</b>	<b>- 2.3</b>	<b>0.0</b>	<b>- 1.8</b>	<b>- 5.5</b>	<b>- 0.2</b>	<b>- 5.7</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>- 1.4</b>	<b>- 2.3</b>	<b>120.9</b>	<b>- 1.8</b>	<b>115.5</b>	<b>0.5</b>	<b>115.9</b>
Dividends	0.0	0.0	0.0	0.0	- 52.5	0.0	- 52.5	- 1.0	- 53.5
Other changes in equity	0.0	0.0	0.0	0.0	- 0.1	0.0	- 0.1	0.0	- 0.1
<b>Balance at June 30, 2019</b>	<b>18.4</b>	<b>231.5</b>	<b>2.0</b>	<b>- 13.2</b>	<b>846.7</b>	<b>13.7</b>	<b>1,099.2</b>	<b>8.0</b>	<b>1,107.2</b>

## Operating Segments

Internal control and reporting within Sartorius Stedim Biotech is based on the approach of operating as a "total solutions provider" for our customers. Accordingly, one reportable operating segment has been identified by Sartorius Stedim Biotech: Biopharm.

The segment result that is the key profitability measure used internally is "underlying EBITDA," or earnings before interest, taxes and depreciation and amortization, and adjusted for extraordinary income

and expenses. Therefore, taxes and financing expenses and income are not included in the segment's measure of profit or loss. The accounting and measurement principles for the segments correspond to the general Group accounting principles.

### Segment Information

	<b>6 months 2019 € in mn</b>	6 months 2018 € in mn
Sales revenue	709.3	585.7
Underlying EBITDA of the segment	205.3	162.8
Depreciation and amortization	- 32.1	- 26.7
Extraordinary items	- 6.0	- 6.3
<b>EBIT</b>	<b>167.2</b>	<b>129.7</b>
Financial result	- 2.8	- 5.2
<b>Profit before tax</b>	<b>164.4</b>	<b>124.5</b>

### Supplementary Information by Region

The revenues from contracts with customers according to IFRS 15 are disaggregated into the categories below. This categorization follows the approach of operating as a "total solutions provider" for our customers in the

Biopharm segment. The revenues are disaggregated into geographical regions, and the basis for the regional allocation of revenues is the customers' location.

	<b>6 months 2019 € in mn</b>	<b>Sales revenue</b> 6 months 2018 € in mn
EMEA	288.0	252.1
Americas	251.8	202.0
Asia   Pacific	169.6	131.6
<b>Group</b>	<b>709.3</b>	<b>585.7</b>

# Notes to the Interim Financial Statements

## 1. Reporting Entity

Sartorius Stedim Biotech is a leading international supplier of products and services that enable the biopharmaceutical industry to develop and manufacture drugs safely and efficiently. As a total solutions provider, Sartorius Stedim Biotech offers a portfolio covering nearly all steps of biopharmaceutical manufacture. The company focuses on single-use technologies and value-added services to meet the rapidly changing technology requirements of the industry it serves. With its own manufacturing and R&D sites in Europe, North America and Asia and an international network of sales companies, Sartorius Stedim Biotech has a global reach.

Headquartered in Aubagne, France, Sartorius Stedim Biotech is listed on the Euronext Paris (ISIN code: FR 0013154002).

The interim condensed consolidated financial statements of the Group for the period from January 1, 2019, to June 30, 2019, were authorized for issue by the Board of Directors on July 18, 2019.

## 2. Basis of Accounting

The interim consolidated financial statements of the Sartorius Stedim Biotech Group for the period ended June 30, 2019, were prepared in accordance with IAS 34 "Interim financial reporting." They do not include all the information required for a complete set of IFRS financial statements and must be read in relation to the consolidated annual financial statements of the Sartorius Stedim Biotech Group for the year ended December 31, 2018. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended December 31, 2018.

The accounting principles retained for preparing the consolidated first-half statements are in conformity with the IFRS Standards and Interpretations as adopted by the European Union on June 30, 2019, and are available on the website:

[https://ec.europa.eu/commission/index\\_fr](https://ec.europa.eu/commission/index_fr)

The accounting principles applied are generally identical to those used to prepare the annual

consolidated financial statements for the year ended December 31, 2018. Standards that were applied for the first time in the current reporting period are described in Section 4 below.

The Reference Document 2018 provides a list of subsidiaries (see page 101). No additional entities were included in the scope of consolidation as of June 30, 2019.

For the calculation of income tax expenses, the provisions of IAS 34.30c) were adopted; i.e., the best estimate of the weighted average annual income tax rate expected for the full financial year was applied (26%).

## 3. Use of Judgments and Estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty have remained the same as those applied to the consolidated financial statements for the year ended December 31, 2018. New significant judgements related to lessee accounting under IFRS 16 are described in Section 4 below.

## 4. Initial Application of New Standards

The Group applied the following new accounting rules that were mandatory for the reporting period:

- Annual Improvements to IFRSs – Cycle 2015–2017 (issued in Dec. 2017), Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23
- Amendments to IAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures
- Amendments to IFRS 9, Prepayment Features with Negative Compensation



- IFRIC 23, Uncertainty over Income Tax Treatments
- IFRS 16, Leases

Except for IFRS 16, the application of the new rules did not have an impact on the consolidated financial statements. IFRS 16 eliminates the distinction between operating and finance leases for lessees. Instead, IFRS 16 introduces a standardized accounting model according to which leases are generally to be recognized on the lessee's balance sheet. A lessee recognizes a right-of-use asset as well as a liability resulting from the lease, which represents its obligation to make lease payments.

The Group makes use of the exemptions for short-term leases and leases of low-value assets, and recognizes the lease payments for such leases as an expense generally on a straight-line basis over the contract period. Accordingly, no right-of-use assets and lease liabilities are recognized for these leases. In addition, no right-of-use assets and lease liabilities are recognized for leases between Group entities. Furthermore, the Group does not apply the standard to leases of intangible assets.

In the statement of financial position, the Group presents the right-of-use assets according to the nature of the underlying lease assets within "Property, plant and equipment." The right-of-use assets are recognized at cost less accumulated depreciation and any impairments. The cost of the right-of-use assets comprises the present value of the future lease payments, any payments paid upon or before commencement of the lease, any initial direct costs, and costs for dismantling or removing the lease asset. The right-of-use assets are typically depreciated over the lease term. If the transfer of legal ownership of the lease asset is planned at the end of the lease term, the right-of-use asset is depreciated over the economic useful life of the lease asset. In the statement of profit or loss, depreciation is recognized within functional costs.

The lease liabilities are presented separately on the face of the statement of financial position. Lease liabilities are initially recognized at an amount equal to the present value of the future lease payments. In general, the incremental borrowing rate of the Group specific to the respective country and lease term is used for discounting. Subsequently, the carrying amount of the lease liabilities is increased by the interest expenses and reduced by the lease payments. Interest expenses are reported in the financial result.

Accounting for the lessor is comparable to that of the previous standard IAS 17; i.e., lessors continue to classify leases as finance or operating leases.

The transition method and the effects from the initial application of the standard on the interim financial report are described below.

### **Initial Application of IFRS 16, Leases**

The Group has initially applied IFRS 16 in the 2019 reporting period. Accordingly, the date of initial application is January 1, 2019. In accordance with IFRS 16, the Group applies this standard using the modified retrospective transition approach. Therefore, the cumulative effect of initially applying the standard is recognized on January 1, 2019. There was no material transition effect to be recognized in retained earnings. In line with the transition regulations, the Group does not adjust the prior-year figures.

The Group is mainly affected by the new standard in its role as a lessee as its lessor activities are not material. For leases that were previously classified as operating leases under IAS 17, the Group recognized a lease liability on January 1, 2019. The liabilities were measured at the present value of the remaining lease payments discounted using the respective incremental borrowing rate of the Group as of the date of initial application. The weighted average incremental borrowing rate was 2.1%. On the same date, for each of these leases, a right-of-use asset was recognized at an amount equal to the corresponding lease liability, adjusted for any prepaid or deferred lease payments. At the date of initial application, initial direct costs were not taken into consideration when the right-of-use assets were measured. Furthermore, the Group did not perform an impairment review, but relied on its assessment of whether a lease was onerous in accordance with IAS 37 immediately before the date of initial application of IFRS 16. On this basis, no adjustments were necessary on the date of initial application.

No lease liabilities and no right-of-use assets were recognized in the course of the initial application of IFRS 16 for short-term leases and leases of low value assets that were previously classified as operating leases. Instead, in accordance with this standard, the lease payments for these leases are recognized as an expense on a straight-line basis over the lease term. Regardless of their original lease term, leases for which the remaining lease term did not exceed 12 months from the date of initial application onwards were generally not considered lease liabilities and right-of-use assets. Accounting for such leases follows the general accounting rule for short-term leases. The

remaining lease terms of the leases were determined based on the knowledge of the Group as of January 1, 2019.

For leases that were previously classified as finance leases and thus already reflected on the Group's statement of financial position, the carrying amounts of the corresponding assets and liabilities as of December 31, 2018, were considered carrying amounts of the right-of-use assets and lease liabilities on the date of initial application of IFRS 16 without any adjustments.

In the course of the transition to IFRS 16, right-of-use assets of €47 million (including €15 million related to leases previously classified as finance leases), as well as lease liabilities of €49 million (including €17 million

related to leases previously classified as finance leases) were recognized as of January 1, 2019. As expected, the new standard led to an increase in total assets of about €32 million on the date of initial application. This corresponds to a reduction in the equity ratio of a little more than one percentage point.

Based on the financial commitments from operating leases according to IAS 17 as of December 31, 2018, reconciliation with the opening balance of the lease liabilities as of January 1, 2019, is presented in the table below.

€ in millions	
<b>Financial obligations from operating lease commitments according to IAS 17 as of December 31, 2018</b>	<b>42</b>
- of which short-term leases	-2
- of which lease of low value assets	-1
Other	-5
<b>Relevant financial obligations from operating leases (undiscounted)</b>	<b>34</b>
Discounting	-2
<b>Relevant financial obligations from operating leases (discounted)</b>	<b>32</b>
Carrying amount of lease liabilities from finance leases in accordance with IAS 17 as of December 31, 2018	17
<b>Carrying amount of lease liabilities in accordance with IFRS 16 as of January 1, 2019</b>	<b>49</b>

As of June 30, 2019, lease liabilities stood at €49 million, which includes lease liabilities from finance leases existing as of December 31, 2018, amounting to €16 million. The composition of the right-of-use assets included in "Property, plant and equipment" as of the date of initial application as well as of June 30, 2019, is presented in the table below. Assets of €14 million related to finance leases that already existed as of December 31, 2018, are included in these right-of-use assets as of June 30, 2019. The total depreciation of right-of-use assets amounted to €5 million in the first half of fiscal 2019.

Right-of-use assets	€ in millions	
	January 1, 2019	June 30, 2019
Land, buildings and improvements	42	42
Technical machinery and equipment	2	2
Factory and office equipment and other equipment	3	3
<b>Carrying amount right-of-use assets</b>	<b>47</b>	<b>48</b>

## 5. Related Parties

The majority shareholder of Sartorius Stedim Biotech S.A. is Sartorius AG, which holds a controlling stake in the company of 74.3% in equity capital and 85.5% of the voting rights. Shares in free float are 26%.

The Sartorius Group itself is organized in two divisions: Bioprocess Solutions (mainly run by the Sartorius

Stedim Biotech Group) and Lab Products & Services (mainly run by the other companies of Sartorius Group). This structure explains why the Group holds two subsidiaries in most of the countries, and these companies partially share space, staff and other resources.

Furthermore, the German Group companies carry out various central functions and accordingly deliver services to the worldwide entities (e.g., IT support). Sartorius Corporate Administration GmbH, a 100%

subsidiary of Sartorius AG, has departments that perform numerous functions for the Sartorius Group. These include, for example, Group Finance, HR, IT, Investor Relations, Legal and Central Marketing. The expenses for these services performed are further invoiced within the Sartorius Group and, to a significant extent, to Sartorius Stedim Biotech as well.

The structure described above has resulted in various relations and transactions with related parties. These include sales, purchases and commissions, management fees and shareholder costs as well as loans, administrative services and shared costs. For further details, please refer to the Reference Document 2018 (pp. 132 and 133).

## 6. Financial Instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities by category of financial instrument according to IFRS 9 as of June 30, 2019, and as of December 31, 2018.

€ in millions	Categories (IFRS 9)	June 30, 2019 Carrying amount	June 30, 2019 Fair value	December 31, 2018 Carrying amount	December 31, 2018 Fair value
Investments in non-consolidated subsidiaries	n/a	0.1	0.1	0.1	0.1
Financial assets	Equity instruments at fair value through profit or loss	0.0	0.0	0.1	0.1
Financial assets	Debt instruments at fair value through profit or loss	0.8	0.8	0.7	0.7
Financial assets	Measured at amortized cost	4.9	4.9	4.8	4.8
<b>Financial assets (non-current)</b>		<b>5.9</b>	<b>5.9</b>	<b>5.6</b>	<b>5.6</b>
Amounts due from customers for contract work (contract assets)	n/a	8.0	8.0	3.9	3.9
Trade receivables	Measured at amortized cost	239.4	239.4	216.3	216.3
<b>Trade receivables</b>		<b>247.4</b>	<b>247.4</b>	<b>220.2</b>	<b>220.2</b>
Receivables and other assets	Measured at amortized cost	9.9	9.9	19.2	19.2
Derivative financial instruments designated as hedging instruments*	n/a	0.9	0.9	2.8	2.8
<b>Other financial assets (current)</b>		<b>10.8</b>	<b>10.8</b>	<b>22.0</b>	<b>22.0</b>
<b>Cash and cash equivalents</b>	<b>Measured at amortized cost</b>	<b>25.5</b>	<b>25.5</b>	<b>24.0</b>	<b>24.0</b>
<b>Loans and borrowings</b>	<b>Financial liabilities at cost</b>	<b>121.7</b>	<b>121.9</b>	<b>132.9</b>	<b>133.2</b>
Trade payables	Financial liabilities at cost	106.8	106.8	103.6	103.6
Trade payables   payments received for orders	n/a	66.4	66.4	51.0	51.0
<b>Trade payables</b>		<b>173.2</b>	<b>173.2</b>	<b>154.6</b>	<b>154.6</b>
Derivative financial instruments designated as hedging instruments*	n/a	0.5	0.5	1.3	1.3
Other financial liabilities	Financial liabilities at cost	25.1	25.0	21.9	21.3
<b>Other financial liabilities</b>		<b>25.6</b>	<b>25.5</b>	<b>23.2</b>	<b>22.6</b>

\*The amounts include the non-designated part of the contracts.

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the financial instruments were determined on the basis of the market information available on the reporting date and are to be allocated to one of the three levels of the fair value hierarchy in accordance with IFRS 13.

Level 1 financial instruments are measured on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are measured on the basis of input factors which are derivable from observable market data or on the basis

of market prices for similar instruments. Level 3 financial instruments are measured on the basis of input factors that cannot be derived from observable market data.

The financial instruments to be recognized at fair value on the reporting date are mainly derivatives in the form of forward contracts. They were measured on the basis of their quoted exchange rates and market yield curves (Level 2).

The fair values to be disclosed for financial liabilities recognized at amortized cost, especially liabilities to banks and finance leases, were measured on the basis

of the market interest rate, taking the current indicative credit spreads into account (Level 2).

The fair values of the remaining financial assets and liabilities to be disclosed approximate the carrying amounts on account of their predominantly short-term maturity.

The maximum credit loss risk is reflected by the carrying amounts of the financial assets recognized in the statement of financial position.

The Group recognizes transfers between the levels of the fair value hierarchies at the end of the reporting period during which a change has occurred. In the current reporting period, there were no transfers between the levels.

## 7. Other Disclosures

### Impairment Test

As of June 30, 2019, no asset impairments were identified. Generally, impairment tests need to be performed for goodwill and other assets with indefinite useful lives.

### Earnings Reporting

Sartorius Stedim Biotech uses the indicator "underlying EBITDA" as the key figure for measuring earnings. The key indicator "EBITDA" refers to earnings before interest, taxes, depreciation and amortization. The key indicator "underlying EBITDA" corresponds to the key indicator EBITDA adjusted for extraordinary income and expenses recorded during the relevant period.

### Material Events after the Reporting Date

No material events occurred after the reporting date.

### Dividend

In the reporting period, Sartorius Stedim Biotech S.A. paid a total dividend of €52.5 million.

## Audit

Level of audit procedures:

– December 31, 2018: audit

– June 30, 2019: limited review

– Quarterly information: not audited; not reviewed

# Statutory Auditors' Review Report on the 2019 Half-yearly Financial Information

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

## SARTORIUS STEDIM BIOTECH S.A.

Société Anonyme  
Z.I. Les Paluds - Avenue de Jouques  
C.S. 91051  
13781 Aubagne cedex

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Sartorius Stedim Biotech S.A., for the period from January 1, 2019 to June 30, 2019,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

## I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion set out above, we draw your attention to note 4 which sets out the change of accounting method relating to the application of IFRS 16 "Leases" as of January 1, 2019

## II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Marseille, July 18, 2019

KPMG Audit  
A division of KPMG S.A.

Deloitte & Associés

John Evans

Philippe Battisti

## Information on the First-Half Financial Report

### **Declaration of Responsibility for the First-Half Financial Report**

I certify, to the best of my knowledge, that the condensed financial statements for the first half ended June 30, 2019, have been prepared in accordance with the applicable accounting standards and give a fair view of the assets, the financial position and the results of the company and of the group of companies included in the consolidation, and that the first-half financial report on pages 2 to 20 presents a fair review of the important events that occurred during the first six months of the financial year, including their effects on the accounts, and of the major transactions between the related parties, as well as of the description of the main risks and uncertainties for the remaining six months of the financial year.



Joachim Kreuzburg  
CEO of the Sartorius Stedim  
Biotech Group

# Financial Schedule

Publication of nine-month figures for 2019	October 22, 2019
Publication of preliminary results for fiscal 2019	January 2020
Annual General Shareholders' Meeting   Aubagne, France	March 24, 2020
Publication of first-quarter figures for 2020	April 2020

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This is a translation of the original French-language first-half financial report "Rapport financier semestriel." Sartorius Stedim Biotech S.A. shall not assume any liability for the correctness of this translation. The original French interim report is the legally binding version. Furthermore, Sartorius Stedim Biotech S.A. reserves the right not to be responsible for the topicality, correctness, completeness or quality of the information provided. Liability claims regarding damage caused by the use of any information provided, including any kind of information which is incomplete or incorrect, will therefore be rejected.

## Forward-looking Statements Contain Risks

This Sartorius Group Interim Report for the period from the beginning of January 2019 to the end of June 2019 contains various statements concerning the Sartorius Group's future performance. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we cannot guarantee that they will actually apply. This is because our assumptions harbor risks and uncertainties that could lead to actual results diverging substantially from the expected ones. It is not planned to update our forward-looking statements. Throughout the entire report, differences may be apparent as a result of rounding during addition.