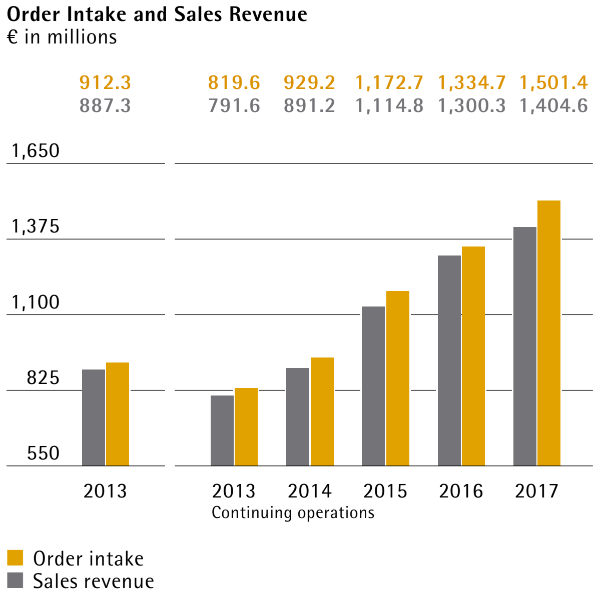
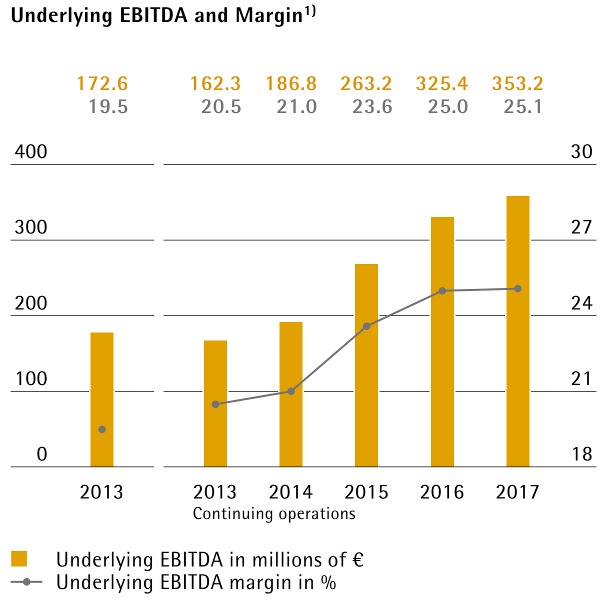
Sartorius Group

2017 Annual Report

2017





Key Figures

All figures are given in millions of € according to the IFRS, unless otherwise specified	**2017**	2016	2015	2014	2013 restated	2013
Order intake, sales revenue and earnings						
Order intake	1,501.4	1,334.7	1,172.7	929.2	819.6	912.3
Sales revenue	1,404.6	1,300.3	1,114.8	891.2	791.6	887.3
Underlying EBITDA[1]	353.2	325.4	263.2	186.8	162.3	172.6
Underlying EBITDA[1] as a % of sales revenue	25.1	25.0	23.6	21.0	20.5	19.5
Relevant net profit for continuing operations[2]	144.0	132.6	107.4	66.1	59.2	–
Relevant net profit[2]	144.0	132.6	107.4	73.7	64.8	64.8
Research and development costs	68.8	59.4	52.5	43.6[3]	47.7	53.8
Financial data per share[4]						
Earnings per share, continuing operations[2]						
per ordinary share (in €)	2.10	1.93	1.57	0.96	0.86	–
per preference share (in €)	2.11	1.94	1.58	0.97	0.87	–
Earnings per share[2]						
per ordinary share (in €)	2.10	1.93	1.59	1.07	0.95	0.95
per preference share (in €)	2.11	1.94	1.60	1.08	0.96	0.96
Dividends						
per ordinary share (in €)	0.50[5]	0.45	0.37	0.26	0.25	0.25
per preference share (in €)	0.51[5]	0.46	0.38	0.27	0.26	0.26
Balance sheet						
Balance sheet total	2,297.7	1,753.0	1,437.2	1,273.0	1,181.3	1,176.6
Equity	806.6	736.8	644.8	497.7	450.3	450.3
Equity ratio (in %)	35.1	42.0	44.9	39.1	38.1	38.3
Financials						
Capital expenditures	209.4	152.1	113.1	80.9	60.6	62.9
Capital expenditures as a % of sales	14.9	11.7	10.1	9.1	7.7	7.1
Depreciation and amortization	98.3	75.7	58.9	52.7	45.8	47.7
Net cash from operating activities	206.5	170.4	124.4	129.7	97.0	103.3
Net debt	895.5	485.9	344.0	335.6[6]	345.1[6]	345.1
Gearing (underlying)	2.5	1.5	1.3	1.7[6]	2.0[6]	2.0
Total number of employees as of December 31	7,501	6,911	6,185	5,611	5,158[7]	5,863[7]

[1] Underlying = excluding extraordinary items
[2] After non-controlling interest, adjusted for extraordinary items and non-cash amortization, as well as based on the normalized financial result, including the corresponding tax effects for each of these items
[3] Restated
[4] Adjusted for stock split; rounded values
[5] Amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG
[6] Including discontinued operation
[7] Excluding TAP Biosystems

Our Mission

Sartorius is a leading international pharmaceutical and laboratory equipment supplier. With our wide array of products, we help our customers in the biopharmaceutical industry to manufacture innovative medications safely and economically. In laboratories for research and quality assurance, the name Sartorius is synonymous with premium lab instruments, consumables and services that make sophisticated tasks easier and more efficient. As partners, we understand our customers' requirements down to the last detail and are already working on solutions to meet their needs, both today and tomorrow.

We will seek to systematically expand our position as an application-oriented technology group in the future as well. Based on our clear-cut strategy, we will continue to sustainably create value for customers and shareholders alike and translate our growth into high profitability.

Our Divisions at a Glance

Sartorius is a leading international technology partner of the biopharmaceutical industry and research laboratories, with around 7,500 employees worldwide and Group companies in more than 30 countries. We offer integrated solutions for biopharmaceutical process development and manufacture. With our bioanalytics systems, premium instruments, consumables and services, we primarily serve the needs of laboratories performing research and quality control. We report on the business development of our two divisions, Bioprocess Solutions and Lab Products & Services, starting on page 42, and provide insights into their strategies on pages 25 and 26.

Bioprocess Solutions Page 42

Bioprocess Solutions concentrates on the bioprocessing business with pharmaceutical customers. With its extensive product portfolio, the division helps customers to manufacture biotech medications and vaccines safely and efficiently. Its major goal is to optimize pharmaceutical production processes and preliminary process development steps, primarily by increasing the deployment of single-use products and solutions and by providing innovative software applications. The division is a global leader in filtration, fermentation, cell cultivation, membrane chromatography and in fluid management.

Key Figures

€ in millions	2017	2016	Δ in %
Sales revenue	1,010.3	975.0	4.9 [1]
Order intake	1,091.3	1,006.5	9.7 [1]
Underlying EBITDA	282.4	273.5	3.3
as a % of sales	28.0	28.0	
Employees as of Dec. 31	4,980	4,584	8.6

[1] In constant currencies

Lab Products & Services Page 46

Positioned as a broad-based laboratory equipment supplier, the Lab Products & Services Division focuses on providing premium instruments, consumables and services. With its innovative solutions for bioanalytics, the division is increasingly concentrating on laboratories performing research and quality control at pharmaceutical and biopharmaceutical companies, as well as on academic research institutes. The division serves further customers in the chemical and food industries. Its Sartorius brand laboratory products enable reliable and efficient analyses in the lab, helping to drive and accelerate scientific progress. The division is among the market leaders in laboratory balances, pipettes and lab consumables.

Key Figures

€ in millions	2017	2016	Δ in %
Sales revenue	394.2	325.3	22.0[1)]
Order intake	410.1	328.1	25.8[1)]
Underlying EBITDA	70.8	51.9	36.3
as a % of sales	18.0	16.0	
Employees as of Dec. 31	2,521	2,327	8.3

1) In constant currencies

01 To Our Shareholders

Throughout the Annual Report, differences may be apparent as a result of rounding during addition.

Contents

02 Combined Group Management Report

Non-Financial Declaration

03 Consolidated Financial Statements and Notes

04 Supplementary Information

To Our Shareholders

01

Report of the Executive Board

Dear Shareholders and Business Partners,

I am pleased to report that Sartorius continued on its profitable growth track in 2017, with sales up a good 9% to around €1.4 billion and with an underlying EBITDA margin of 25.1%. Our company executed two strategically important acquisitions, moved forward on its extensive investment program and created a considerable number of new jobs.

As in the previous years, we intend to have our shareholders participate adequately in the success of our company. Accordingly, the Supervisory Board and the Executive Board will submit a proposal to the Annual General Shareholders' Meeting on April 5, 2018, to raise dividends to €0.51 per preference share and €0.50 euros per ordinary share. If approved, this would be the eighth dividend increase in succession. Sartorius share prices also showed positive development in the reporting year, with preference shares up 12.8% and ordinary shares rising by 3.6%.

Growth in the Bioprocess Solutions Division, which specializes in single-use products for the manufacture of biopharmaceuticals, normalized as expected following two exceptionally strong years of expansion in 2015 and 2016. Sales development was additionally dampened by several simultaneous effects that, however, were of a temporary nature and weighed particularly on the Americas region. After a strong year-end quarter, the division's full-year sales increased by 4.9% and, despite headwinds due to exchange rates, its underlying EBITDA margin reached the very strong prior-year level of 28.0%.

We expanded the division's portfolio by an attractive component through our acquisition of Umetrics. This Swedish software company is a highly specialized, globally leading provider of data analytics software for modeling and optimizing biopharmaceutical development and manufacturing processes. The acquisition perfectly matches our existing portfolio and comes at the right time: Our biopharmaceutical customers are increasingly driving the automation of their processes by integrating data analytics software to better monitor, automatically control and predict their biomanufacturing processes. Umetrics is a market leader for such applications, and we are highly confident of harnessing the power of this software over the medium term for use in a number of additional process steps beyond its existing applications.

Our Lab Products & Services Division, which offers products and technologies for laboratories primarily in the pharma sector and in life science research, recorded exceptionally dynamic growth due to its strong organic development and to a further key acquisition in the area of bioanalytics. The division's sales revenue rose by 22.0% and its earnings margin climbed to 18.0%. All regions and product areas contributed to this strong growth.

The acquisition of Essen BioScience in bioanalytics sharpened the strategic positioning of the division as a partner to biopharma research yet again and also contributes toward substantially strengthening the division's growth and profitability profile. Faster, more powerful procedures for cell analysis are considered essential prerequisites for achieving further medical progress, for example, in immuno-oncology and in stem cell research. Essen offers a platform of instruments, software and reagents for fully automated, real-time analysis of biological processes in live cells. Based on the data obtained, our customers can now gain new insights into the mechanisms in diseased and healthy cells that will help considerably accelerate the often very time-intensive discovery of new medical drugs.

We continued to move forward on our extensive, multi-year investment program. Besides extending our Group headquarters in Göttingen, Germany, we focused in 2017 on expanding our filter and single-use bag production facility in Yauco, Puerto Rico, which we plan to complete at the end of 2018. Hurricane Maria that hit the country in September of the past year, hardly did any damage to the site's existing

buildings or those under construction. We are happy that our staff survived the hurricane without sustaining any physical injuries, and are impressed by, and proud of, how much hard work all contributed toward getting our facility back up and running just after four weeks.

In the reporting year, we created 600 jobs, including substitutes for staff on extended leave, and even more than 1,000 new employees have joined us. Although the majority of our sites are not located in large cities, we continue to succeed in attracting creative, talented and, often, highly specialized, bright people who appreciate the professional level, the freedom and the flexibility at Sartorius and who share our ambitions. It is precisely because of this strong team that I look confidently toward the future.

Which targets has Sartorius set for 2018 and beyond?

The growth prospects for our products are excellent in view of the great innovation dynamics in the biopharmaceutical sector, the high numbers of approvals for new biologics and the scientific progress, such as in cell and gene therapies. The market for replica products of biologics, so-called biosimilars, is making significant strides and is expected to lead to an increase in the quantities of biopharmaceuticals produced over the medium term and thus to an expansion of the market we are addressing.

Looking at our financial targets for the full year of 2018, we plan to increase consolidated sales revenue in constant currencies by about 9% to 12% and our underlying EBITDA margin by about half of a percentage point. Our capex ratio as part of our mid-range expansion plans is projected to be around 15%, at approximately the prior-year level, and thus over our long-term average.

I would like to congratulate our staff members on yet another successful year, despite facing a number of considerable challenges, and to thank them for their extraordinary commitment and important personal contribution they have made to the company's success. Dear shareholders, customers and business partners, I would like to express my appreciation to you for your trust, often extending back many years. We look forward to having you to continue with us on our road to further success as an innovative and highly profitable technology group.

Yours sincerely,

Dr. Joachim Kreuzburg
CEO and Executive Board Chairman

Sartorius Group Executive Committee

The Group Executive Committee (GEC) consists of the members of the Executive Board of Sartorius AG and additional top managers appointed by the Executive Board as necessary. The GEC is the key management committee of the Sartorius Group and serves to coordinate and control global business activities and functions. The GEC's activities supplement those of the Executive Board of Sartorius AG and lay the groundwork for the board's legally binding decision-making.

Joachim Kreuzburg

Chairman

Corporate Strategy, Legal, Compliance, Communications, Human Resources

CEO of Sartorius AG
Chairman of the Board of Directors and CEO of Sartorius Stedim Biotech S.A.

With Sartorius for 19 years

Oscar-Werner Reif

Research and Development

With Sartorius for 23 years

Rainer Lehmann

Finance, Information Technology, Business Processes

Member of the Executive Board of Sartorius AG

Seniority of 13 years accumulated at Sartorius

Volker Niebel

Production, Procurement,
Business Operations

With Sartorius for 16 years

Reinhard Vogt

Marketing, Sales & Services of the
Bioprocess Solutions Division

Member of the Executive Board
of Sartorius AG

With Sartorius for 34 years

John Gerard MacKay

Marketing, Sales & Services of the
Lab Products & Services Division

With Sartorius for 3 years

Report of the Supervisory Board

Dear Shareholders and Business Partners,

For the first time, I am reporting to you as Supervisory Board Chairman about the work of this board in 2017. The change in the office of Chairman had become necessary following the unexpected death of my predecessor, Professor Arnold Picot, Ph.D., in July 2017. Arnold Picot shaped the development of Sartorius throughout more than two decades and was a major driving force in propelling the transformation of the company into one of the most innovative global partners of the biopharmaceutical sector. It is a great honor and, at the same time, a great commitment for me to take up where Dr. Picot left off, both as administrator of Horst Sartorius' estate and as Chairman of the Supervisory Board.

Again, we look back upon a highly successful fiscal year for Sartorius. The company impressively continued its strategic realignment that it had begun in the prior year in the Lab Products & Services Division and strengthened this process by a further promising acquisition. The Bioprocess Solutions Division also saw robust development, with normalized growth following the two exceptionally strong years of growth in 2015 and 2016 and despite a few temporary, dampening effects. This division's strategic positioning was likewise reinforced by a relatively small acquisition.

In fiscal 2017, the Supervisory Board intensively dealt with the situation and prospects of the company. We advised the Executive Board concerning corporate management and performed the tasks assigned by German corporate law and the company's Articles of Association. The Executive Board kept us informed by providing regular, prompt and detailed reports, both written and verbal, about all relevant corporate planning and strategic development issues, the progress of business in the divisions, the situation of the Group, including its risk situation, risk management and internal control systems, and about compliance. All of the company's significant transactions were discussed in depth by the respective committee responsible, as well as by the full Supervisory Board, on the basis of the reports provided by the Executive Board. Following thorough review of the Executive Board's reports and proposed resolutions, we voted on these to the extent that our vote was required.

Cooperation between the Supervisory Board and the Executive Board was always characterized by openness, constructive dialogue and trust.

Focus of the Supervisory Board's Conferences

In the reporting year, the Supervisory Board convened at four ordinary meetings and three extraordinary conferences, which the Executive Board also attended, provided these meetings did not concern the latter board's matters. We regularly conferred on the development of sales revenue, earnings and employment for the Group; the financial situation of the company and of its affiliates; and on strategic projects.

The first extraordinary meeting of the Supervisory Board took place on January 30, 2017, which focused on the presentation and discussion of various acquisition projects.

At our meeting on February 21, 2017, we fully reviewed the annual and consolidated financial statements for fiscal 2016 and endorsed them based on the reports given by the Audit Committee and the independent auditors who were present during this item of the agenda. Moreover, we thoroughly discussed and approved the agenda, along with the proposed resolutions, for the 2017 Annual Shareholders' Meeting and the proposal for appropriation of the annual profit. In addition, the Executive Board gave us an oral report on the progress of negotiations for the acquisition projects. We also thoroughly dealt with staffing of the Executive Board and issues concerning remuneration of this board; both topics had been prepared by the Executive Task Committee. Effective March 1, 2017, the Supervisory Board appointed Rainer Lehmann to succeed Executive Board member Jörg Pfirrmann, who had already announced at the end of 2016 that he

would no longer extend his mandate. Furthermore, the distribution of the areas of responsibility within the Executive Board was slightly altered, and Executive Board Chairman Dr. Joachim Kreuzburg was appointed Executive for Labor Relations, effective March 1. Following in-depth deliberations, the Supervisory Board also established the compensation of the Executive Board for 2017.

A topic of the extraordinary Supervisory Board meeting on February 27 was the planned acquisition of the U.S. live-cell analysis company Essen BioScience as well as the purchase of the software company Umetrics headquartered in Sweden. The Supervisory Board approved both transactions.

After the previous regular reelections of the shareholder and employee representatives to the Supervisory Board in March and April 2017, the new Supervisory Board was constituted at its meeting on April 6, 2016 and elected the chairman, the vice chairman as his deputy and the members of the committees. We also dealt with topics of Group financing and gave our approval to sign an agreement for a note loan ("Schuldscheindarlehen").

The Supervisory Board also held a further extraordinary meeting following the death of its Chairman, Professor Arnold Picot. Dr. Lothar Kappich was elected to succeed him as Chairman; the necessary supplementary elections of members to the respective committees were also held.

As part of the Supervisory Meeting on August 29, the Executive Board gave us an oral report on the progress of the various investment projects, digitalization initiatives and further Group projects. Beyond this, we also conferred on the subjects of staffing diversity, especially with the development of the percentage of women at the various hierarchy levels of the company. A further topic of our discussion was the implementation of the new law on sustainability reporting at Sartorius. In this context, we decided to enlist the support of an external auditor to perform the required review of the non-financial data.

At the meeting on December 7, 2017, the corporate governance and compliance topics on the agenda were also discussed in depth. After our consultations, the Supervisory Board adopted the wording of the Declaration of Compliance in accordance with the German Corporate Governance Code, with this Declaration confirming that Sartorius complies in full with the recommendations of the current Code. Also, the Supervisory Board reviewed the efficiency of its work, established a gender quota for the Executive Board and, in compliance with the new regulations, also formally approved a competence profile for the Supervisory Board. This profile provides information on the expertise and experience considered necessary, which had already been applied before being set forth in writing. In further items on the agenda, we reviewed the Non-Financial Group Declaration and approved the 2018 budget submitted by the Executive Board.

Activity Report of the Committees

Four committees support the work of the Supervisory Board. They prepare topics that are then dealt with by the full Supervisory Board and, in individual cases, take decisions in lieu of the full board, as far as permitted. The committee chairpersons reported regularly to the Supervisory Board on the details of their committee work.

The Executive Task Committee met three times during the reporting year. These meetings revolved around various strategic measures for the company. In addition, this committee dealt with Executive Board and personnel matters, preparing, in particular, for the pending appointment of a new member to the Executive Board and for decisions to be made about Executive Board remuneration. The committee also received information on the progress of various Group projects.

Furthermore, the Executive Task Committee thoroughly considered succession planning for top managers, as well as amendments to the Corporate Governance Code, to prepare resolution proposals to be approved by the full Supervisory Board.

In the year under review, the Audit Committee held four meetings. The committee prepared for the full Supervisory Board's conference on endorsement and approval of the consolidated annual financial statements for fiscal 2016 and discussed the quarterly and first-half financial reports of 2017. A further focus was on monitoring the effectiveness of in-house auditing and the Group-wide risk management and internal control system, as well as on measures for further improvement of compliance. The committee also conferred on the subjects of Group financing.

Beyond these items, the committee reviewed the Internal Auditing department report, which did not indicate any material discrepancies in business transactions, and also considered the department's plans for the upcoming months. With respect to the audit of the annual financial statements for fiscal 2017, the committee confirmed the independence of the auditors and deliberated in detail on selecting auditors to recommend at the Annual Shareholders' Meeting for appointment and commissioning to perform an audit review, as well as on defining and monitoring the audit procedure and the focal points of the audit.

The Nomination Committee that draws up election proposals to be submitted to the Annual Shareholders' Meeting for shareholder representatives on the Supervisory Board met four times in the year under review. With respect to the required appointment to succeed Professor Arnold Picot who had passed away, the committee prepared a corresponding proposal for an appointment by the court.

Audit of the Annual and Consolidated Financial Statements; Review of the Non-Financial Group Declaration

The annual and consolidated financial statements prepared by the Executive Board for fiscal 2017 and the management report of Sartorius AG were reviewed by the independent auditing company KPMG Wirtschaftsprüfungsgesellschaft based in Hanover, Germany. This company had been commissioned by the Audit Committee of the Supervisory Board pursuant to the resolution passed at the Annual Shareholders' Meeting on April 6, 2017. The independent auditors issued an unqualified audit certificate.

They attended the Audit Committee meeting on February 19, 2018, and the Supervisory Board Meeting on February 20, 2018, and reported on the essential results of their audits. Sufficient time was allotted for discussion of all issues with the auditors. Written information and audit reports had been sent to all Supervisory Board members on time and were discussed in detail during the meetings mentioned. On the basis of its own examination of the annual Sartorius AG and consolidated financial statements, the Sartorius AG management report and the Group management report, the Supervisory Board concurred with the results of the audit conducted by KPMG and, at the meeting on February 20, 2018, endorsed the financial statements of Sartorius AG and the Group on recommendation by the Audit Committee. The annual financial statements were thus approved. The Supervisory Board and the Executive Board will submit a proposal at the Annual Shareholders' Meeting on April 5, 2018, to pay dividends of €0.50 per preference share and €0.51 per ordinary share from the retained profit to shareholders.

Moreover, due to the German Transparency Directive Implementation Act (European CSR Directive requiring implementation) in the reporting year, the Executive Board extended the combined Group Management Report to include a Non-Financial Group Declaration for the first time. This Declaration was voluntarily submitted as a limited assurance engagement to a full content review by the independent auditing company KPMG AG Wirtschaftsprüfungsgesellschaft. Based on this review, KPMG issued an unqualified opinion. The auditing company attended the Supervisory Board meeting on February 20 and reported on the results of the audit review. Following intensive discussions and examination, the non-financial Group report was endorsed by the Supervisory Board members. Composition of the Supervisory Board and the Executive Board.

Composition of the Supervisory Board and the Executive Board

In fiscal 2017, regular new elections of the shareowner and employee representatives to the Supervisory Board were held. Representing the shareholders, Dr. Dirk Basting and Professor Gerd Krieger, Ph.D., retired from the Supervisory Board at the end of the Annual General Shareholders' Meeting on April 6, 2017, on the grounds of age. We would like to thank Dr. Basting and Professor Krieger for their many years of dedicated service on this board. We gained the services of Ms. Hildegard Panzer and Dr. Daniela Favoccia as their successors, who took up their new posts at the Supervisory Board meeting on April 6. The other shareholder representatives as well as all employee representatives were reelected. Furthermore, after Professor Picot had passed away, Dr. Guido Oelkers was appointed a member of the Supervisory Board by the court, effective November 6.

Regarding the Executive Board, Jörg Pfirrmann resigned from office on the best of terms and by mutual agreement as of February 28, 2017. At its meeting on February 21, 2017, the Supervisory Board appointed Rainer Lehmann as his successor to the Executive Board, who took office effective March 1, 2017. In addition, Executive Board Chairman Dr. Joachim Kreuzburg was appointed the Executive for Labor Relations as of March 1.

The Supervisory Board would like to thank the Executive Board and all employees across the globe for their great commitment and successful hard work throughout the fiscal year ended. In addition, the Supervisory Board expresses its appreciation to its shareholders for the confidence they have shown yet again in the company.

Hamburg, February 2018

For the Supervisory Board

Dr. Lothar Kappich

Chairman

Sartorius Shares

Global Stock Markets Reach Record Heights

Almost without exception, the world's stock markets chalked up substantial price increases during the reporting year against a backdrop of good global economic data and the continuation of expansive fiscal policy on the part of the the most important central banks. New highs on the U.S. stock market drove the leading German stock index DAX to reach a record high in early November at 13,505 points, and end the year at 12,917 points – a plus of 12.5%. The German technology index TecDAX, to which the Sartorius preference shares also belong, bounced back from its 2016 decline to chart a significant gain of 39.6% in 2017, and the industry-specific index NASDAQ Biotechnology registered a plus of 21.1% following significantly above-average development the years before.

Sartorius Share Price Continues Positive Development

The prices of both classes of Sartorius AG shares developed positively during the reporting year, even if the above-average value growth of the years before was not achieved completely. The price of the preference shares rose year on year by 12.8% to €79.5, and ordinary shares gained in value as well. Shares ended trading on December 29, 2017, at €75.4 and thus 3.6% higher than their closing price the year before.

At the end of the reporting year, the position of the Sartorius preference share in the TecDAX was about the same as the year before. In terms of market capitalization, the preference share was ranked 8th at the end of 2017 compared with 7th the previous year. With respect to trading volume – that is, the volume traded on the Frankfurt Stock Exchange over the preceding twelve months – the company's share certificates took 14th place (previous year: 12th).

Facts about the Shares

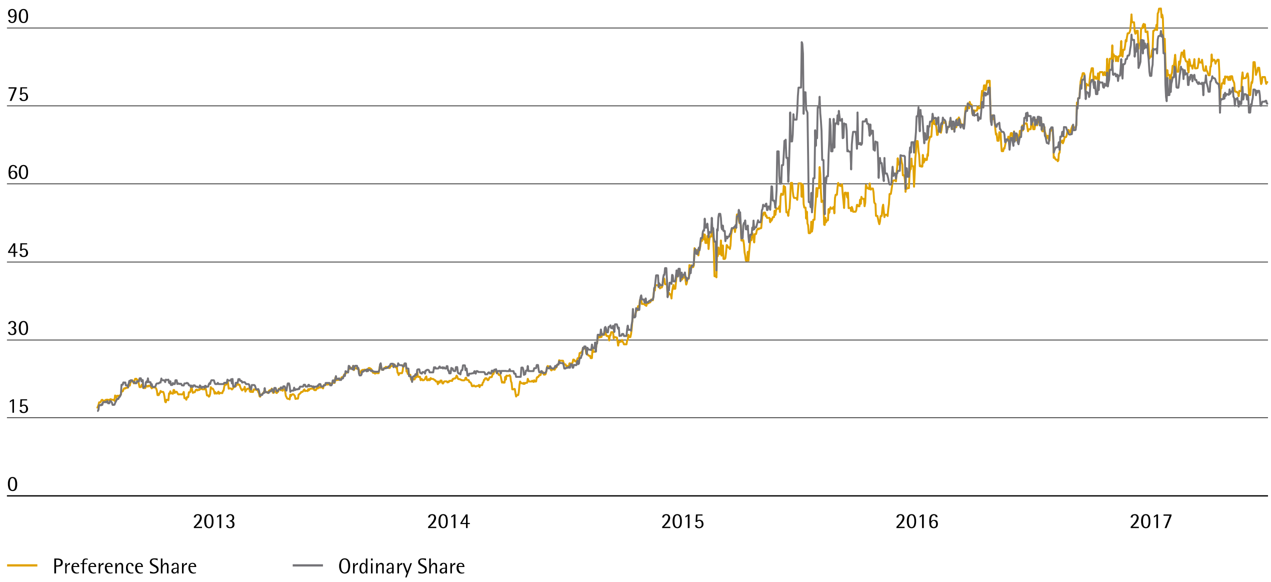
ISIN	DE0007165607 (ordinary shares)
	DE0007165631 (preference shares)
Designated sponsor	Oddo Seydler Bank AG | M.M. Warburg & Co. (AG & Co.) KGaA
Market segment	Prime Standard
Indexes	TecDAX | CDAX | Prime All Share Index | Technology All Share Index | NISAX20
Stock exchanges	Xetra | Frankfurt | Hanover | Duesseldorf | Munich | Berlin | Hamburg | Bremen | Stuttgart
Number of shares	74,880,000 no-par individual share certificates with a calculated par value of €1 per share
Of which	37,440,000 ordinary shares
	37,440,000 preference shares
Of which shares outstanding	34,212,224 ordinary shares
	34,176,068 preference shares

Trading Volume and Share Price Development

	2017	2016	Change in %
Preference share in € (Xetra year-end closing price)	79.54	70.50	12.8
Ordinary share in € (Xetra year-end closing price)	75.42	72.80	3.6
Market capitalization in millions of €[1)]	5,298.7	4,900.1	8.1
Average daily trading volume of preference shares	82,434	72,605	13.5
Average daily trading volume of ordinary shares	1,605	2,631	–39.0
Trading volume of preference shares in millions of €	1,655.0	1,172.3	41.2
Trading volume of ordinary shares in millions of €	30.0	44.4	–32.4
Total trading volume in millions of €	**1,685.0**	**1,216.7**	**38.5**
TecDAX (Jahresschlusskurse XETRA)	2,529.0	1,811.7	39.6
DAX (Jahresschlusskurse XETRA)	12,917.6	11,481.1	12.5

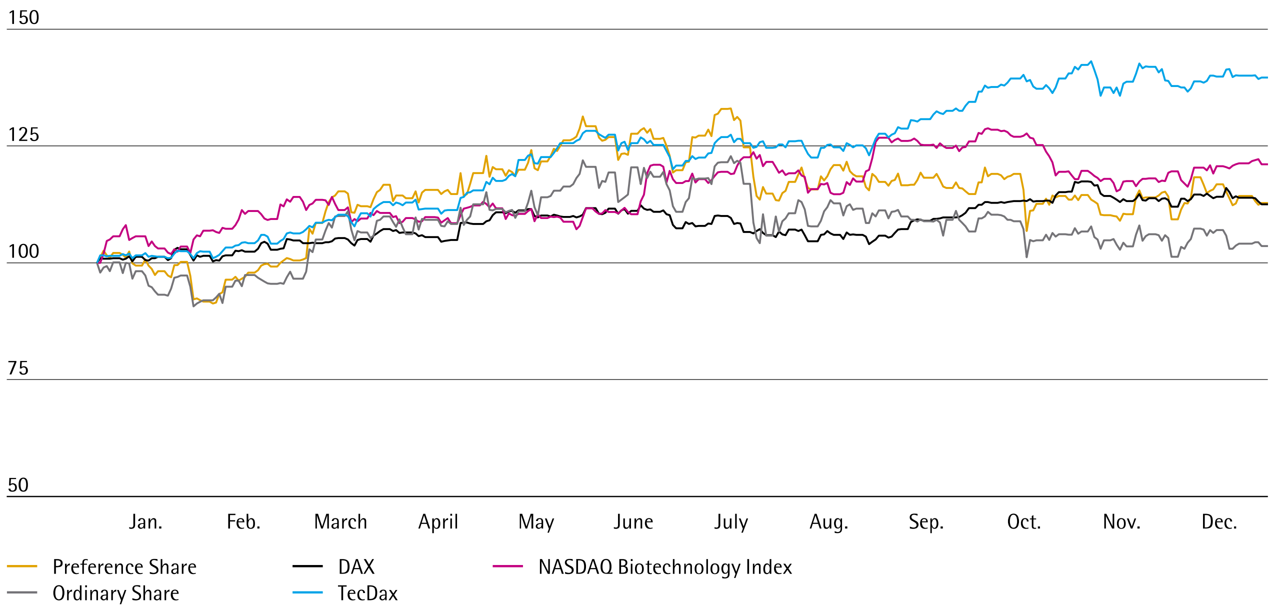
[1)] without treasury shares
Sources: Bloomberg, Deutsche Börse AG

Sartorius Share[1)] in €
January 1, 2013 to December 31, 2017



[1)] Sartorius share prices from January 1, 2013, to June 13, 2016, adjusted for stock split

Sartorius Shares in Comparison to the DAX, TecDAX and NASDAQ Biotechnology Index
January 1, 2017, to December 31, 2017



Market Capitalization and Trading Volume

The market capitalization of the Sartorius ordinary and preference shares rose by around 8.1% in the reporting year and stood at €5.3 billion as of December 31, 2017, up from €4.9 billion in 2016.

The average number of preference shares traded daily on the Frankfurt Stock Exchange (Xetra and trading floor) increased substantially during the year under review from 72,605 to 82,434 shares. Trading volume in euros rose even more strongly in the reporting year, reaching €1.7 billion, up from €1.2 billion a year earlier.

Due to the low free float of Sartorius' ordinary shares, they are traded only to a limited extent. Thus, the average number of ordinary shares traded daily was 1,605 compared with 2,631 the previous year. The corresponding trading volume was around €30 million (previous year: €44 million).

The 2016 figures of the average number of Sartorius shares traded daily were adjusted in accordance with the stock split.

Investor Relations

Sartorius investor relations activities follow the objective of making the current and future development of the company transparent for its stakeholders. To achieve this objective, Sartorius maintains an ongoing, open dialog with shareholders, potential investors and financial analysts.

Besides providing quarterly, first-half and annual reports, we inform the capital market and the interested public at quarterly teleconferences and in regularly published press releases about the current development of our business and other material events at the company. Moreover, our management team was available to capital market participants at our sites in Göttingen, Germany, and in Aubagne, France, and took part regularly in conferences and roadshows conducted in international financial market centers, such as London, Paris, Frankfurt am Main and New York. During the reporting year, our communication focused on the extension of our portfolio through acquisitions, the implementation of our Group and division strategies and general industry developments. In November 2017, Sartorius received the Investors' Darling prize, which is awarded yearly by Manager Magazin in conjunction with the HHL Leipzig Graduate School of Management.

All information and publications about our company and its shares are available on our website at www.sartorius.com.

Analysts

The assessments and recommendations of financial analysts serve as an important foundation for the decisions of private and institutional investors when acquiring shares. During the reporting year, we maintained an ongoing dialog with a total of eighteen institutions.

Research Coverage

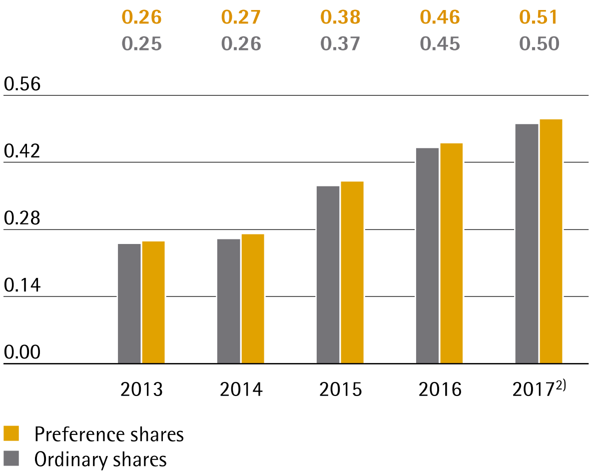
Date	Institute	Price target in €	Recommend ation
Feb. 01, 2018	Metzler	110.00	Buy
Feb. 01, 2018	ODDO BHF	81.00	Sell
Jan. 31, 2018	Deutsche Bank	90.00	Hold
Jan. 31, 2018	Janney	100.00	Hold
Jan. 31, 2018	Kepler Cheuvreux	78.00	Hold
Jan. 31, 2018	Mainfirst	110.00	Buy
Jan. 31, 2018	M.M. Warburg	90.00	Buy
Jan. 31, 2018	Equita	79.00	Hold
Jan. 31, 2018	Berenberg	85.00	Buy
Oct. 26, 2017	Hauck & Aufhäuser	60.00	Sell
Oct. 26, 2017	HSBC	78.00	Hold
Oct. 25, 2017	UBS	85.00	Hold
Oct. 25, 2017	Nord LB	70.00	Sell
Oct. 18, 2017	Commerzbank	76.00	Hold
Oct. 17, 2017	DZ Bank	59.00	Sell
Oct. 17, 2017	LBBW	88.00	Buy
Aug. 10, 2017	AlphaValue	77.70	Sell
Feb. 01, 2017	EQUI.TS	68.00	Hold

Dividends Raised

The Sartorius Group strives to enable its shareholders to participate adequately in the company's success and has continuously raised dividends over the past years. Our dividend policy is basically oriented toward distributing an approximately stable share of relevant net profit (see definition on page 35) to our shareholders.

The Supervisory Board and the Executive Board will submit a proposal to the Annual Shareholders' Meeting on April 5, 2018, to pay dividends of €0.51 per preference share and €0,50 per ordinary share for fiscal 2017.

Dividends[1)]
in €



1) 2013 to 2015 adjusted for stock split; rounded values

2) Amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG

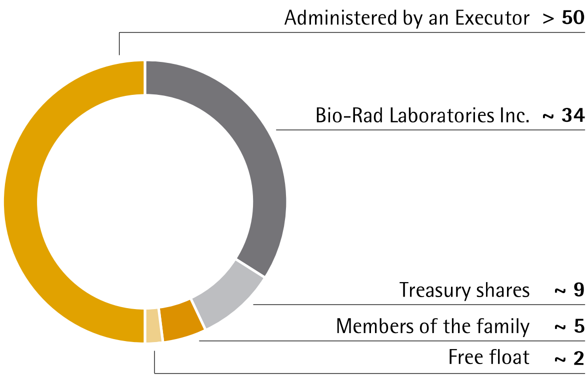
This would substantially increase the total profit distributed by 11% from €31.1 million the previous year to €34.5 million. The corresponding dividend payout ratio would be 24.0% relative to 23.5% a year earlier. Based on the 2017 year-end prices of the Sartorius preference and ordinary shares, this would result in a dividend yield of 0.7% for ordinary shares (previous year: 0.6%) and 0.6% for preference shares (previous year: 0.7%). Treasury shares held by the company are not entitled to dividend payments.

Shareholder Structure

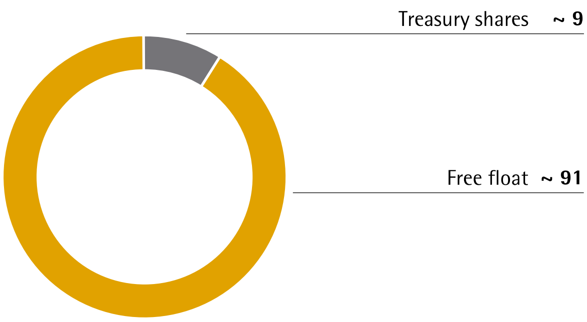
After implementation of the stock split, Sartorius AG's issued capital comprises 37,440,000 million ordinary shares and the same number of preference shares, each with a calculated par value of €1 per share. A good 50% of the ordinary shares are held by the Sartorius families and are under the management of an executor. Approximately 5% are held directly by members of the Sartorius families, and approximately 9% are owned as treasury shares by the corporation itself. According to the most recent information available, the U.S. company Bio-Rad Laboratories Inc. holds around 34% of the ordinary shares. To our knowledge, the remaining approximately 2% of the ordinary shares are in free float.

Around 91% of the company's preference shares are in free float; roughly 9% are held as treasury shares by the corporation.

Shareholder Structure: Ordinary Shares
in %



Shareholder Structure: Preference Shares
in %



Key Figures for Sartorius Shares[1]

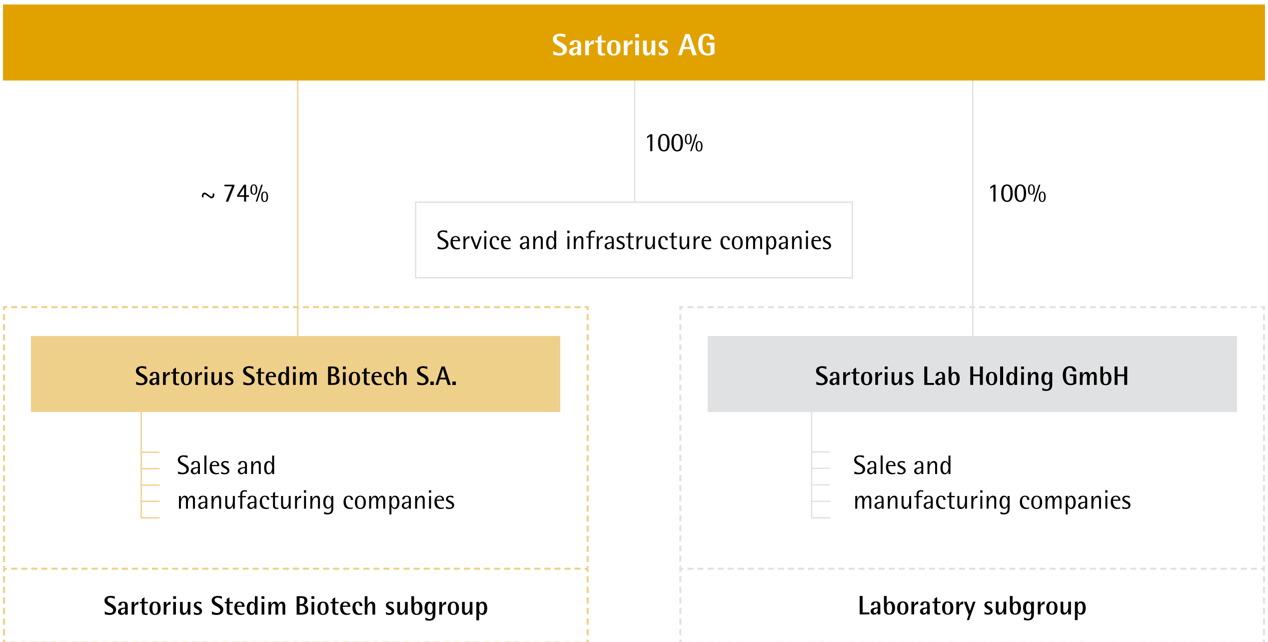
		2017	2016	2015	2014	2013
Ordinary shares[2] in €	Reporting date	75.42	72.80	78.50	24.50	21.25
	High	89.41	87.50	78.50	25.89	22.62
	Low	73.66	54.50	24.63	21.50	16.31
Preference shares[2] in €	Reporting date	79.54	70.50	60.11	25.31	21.63
	High	93.73	79.85	60.19	26.11	22.5375
	Low	64.35	50.54	24.75	19.10	17.18
Market capitalization[3] in millions of €		5,298.7	4,900.1	4,740.1	1,698.3	1,461.8
Dividend per ordinary share[4] in €		0.50	0.45	0.38	0.27	0.25
Dividend per preference share[4] in €		0.51	0.46	0.38	0.27	0.26
Total dividends[4] [5] in millions of €		34.5	31.1	25.8	18.2	17.2
Payout ratio[4] [6] in %		24.0	23.5	24.0	24.7	26.6
Dividend yield per ordinary share[7] in %		0.7	0.6	0.5	1.1	1.1
Dividend yield per preference share[7] in %		0.6	0.7	0.6	1.1	1.1

[1] Share prices and dividends for 2013 to 2015 adjusted for stock split; rounded values
[2] Xetra daily closing price
[3] Without treasury shares
[4] For 2017, amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG
[5] Calculated on the basis of the number of shares entitled to dividends
[6] Based on the relevant net profit: net profit adjusted for extraordinary items and non-cash amortization, based on the normalized financial result, including the corresponding tax effects
[7] In relation to the closing price in the year concerned

Combined Group Management Report

02

Structure and Management of the Group



Group Legal Structure

Sartorius is a globally operating company with subsidiaries in more than 30 countries. The holding company Sartorius AG is the parent corporation of the Sartorius Group. The corporation is headquartered in Göttingen, Germany, and is listed on the German Stock Exchange.

Sartorius manages its bioprocess business as a legally independent subgroup whose parent corporation is Sartorius Stedim Biotech S.A., which is listed on Euronext Paris. As of December 31, 2017, Sartorius AG held around 74% of the shares of Sartorius Stedim Biotech S.A. The Group's lab business is legally combined in a further subgroup whose parent company is Sartorius Lab Holding GmbH, in which Sartorius AG holds a 100% stake.

The consolidated financial statements include Sartorius AG and all major affiliates in which Sartorius AG has a controlling interest pursuant to IFRS 10.

Organization and Management of the Group

The Sartorius Group conducts its operating business in two divisions: Bioprocess Solutions and Lab Products & Services. The divisions each combine their respective businesses for the same fields of application and user groups, and share part of the infrastructure and central services.

The Group's central management entity is the Sartorius Group Executive Committee (GEC), which currently has six members. These are the Executive Board members of Sartorius AG and further senior managers with global responsibility.

The Sartorius Group is largely organized by function worldwide. Accordingly, the respective managerial responsibilities for the individual functions at the top management levels are performed across all sites and regions. Implementing the Group's various strategies and projects at the local level is the responsibility of the national affiliates. The management bodies of the local companies run their organizations in accordance with the applicable statutory provisions, articles of association and rules of procedure and in keeping with the principles of corporate governance that apply throughout the Sartorius Group worldwide.

Changes in the Group Portfolio

In the reporting year, Sartorius acquired three companies.

The portfolio of the Lab Products & Services Division was expanded in the area of bioanalytics in March 2017 by the acquisition of Essen BioScience Inc. Headquartered in Ann Arbor, Michigan, USA, this company develops and markets innovative real-time live-cell imaging and analysis systems for drug research.

Sartorius through its subgroup Sartorius Stedim Biotech additionally acquired MKS Instruments AB (Umetrics) based in Umeå, Sweden. This company, a leading specialist in data analytics software for modeling and optimizing biopharmaceutical development and manufacturing processes, had already been cooperating with Sartorius for around five years before the takeover. Umetrics was initially consolidated upon completion of the acquisition in April 2017.

Financial Controlling and Key Performance Indicators

The Sartorius Group is managed using a number of key performance indicators, which are also decisive for the determination of the variable remuneration component for the Executive Board and managers.

A key management parameter that Sartorius uses to measure the development of its size is currency-adjusted growth of sales revenue. The key profitability measure is EBITDA adjusted for extraordinary items, i.e. underlying EBITDA, and the corresponding margin.

Regarding the debt financing potential of the Sartorius Group, the key indicator is the ratio of net debt to underlying EBITDA for the last twelve months. Furthermore, the capex ratio, i.e., capital expenditures in proportion to sales revenue, represents a key control parameter.

In addition, the following financial and non-financial indicators are reported on a regular basis:

- Order intake
- Relevant net profit | Earnings per share
- Annual net profit | Earnings per share
- Equity ratio
- Net working capital
- Net cash flow from operating activities
- Number of employees

As a rule, the annual financial forecast that is published at the beginning of a fiscal year for the Group and the divisions refers to the development of sales revenue and of the underlying EBITDA margin. The expected capex ratio, as well as a directional forecast for the ratio of net debt to underlying EBITDA, is additionally indicated for the Group.

Strategy and Goals

The Sartorius Group is a leading international supplier of products and services covering a range from research and development to safe and efficient production of medications and vaccines using biotech methods.

Sartorius is increasingly focusing on the attractive biopharma market that is characterized by long-term and stable trends. For years, the global pharmaceutical market has been showing positive development primarily driven by the so-called pharmerging markets such as China, India and Russia in which access to medications was fueled by the expansion of national healthcare as well as higher private-sector spending. Additional significant trends are the demographic development in the Western industrialized countries and increasing life expectancy, which entail a greater need for medications.

The market for biotechnologically produced medications and vaccines has been expanding overproportionately for many years within the growing pharmaceutical market as a result of the introduction of new biopharmaceuticals and their further market penetration, among others. Biosimilars, or biological medications highly similar to already approved reference medicines, are considered factors for continued positive development in the future.

As part of its strategy as a total solutions provider, Sartorius has built up a broad and innovative portfolio of products and technologies across the entire value-added chain of its biopharmaceutical customers, both through the company's proprietary research and acquisitions. With this range, Sartorius aims to make complex, lengthy and expensive development of biopharmaceuticals and their production more efficient and less expensive for its customers. Moreover, Sartorius addresses the needs of laboratories of public research, defined as "academia."

The Sartorius Group conducts its operating business in two divisions: Bioprocess Solutions and Lab Products & Services. The divisions' market positioning and strategy are outlined as follows:

Bioprocess Solutions

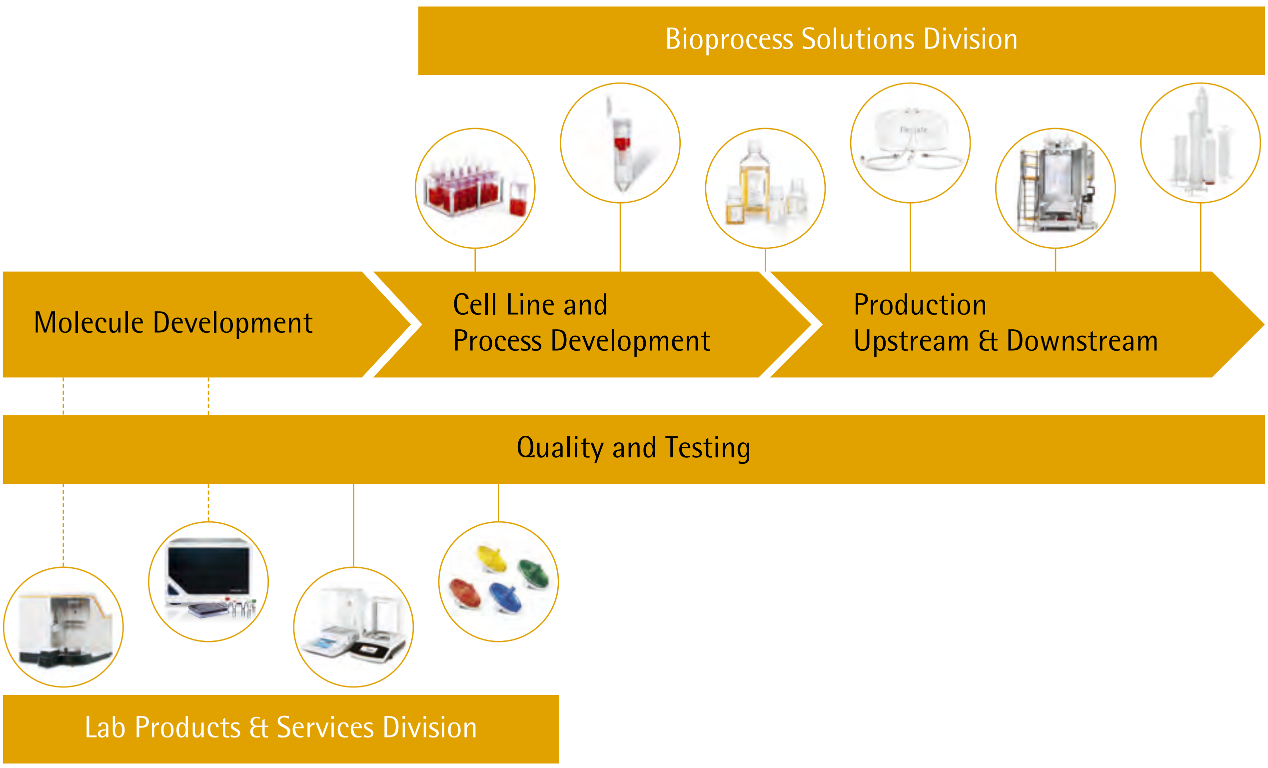
In the Bioprocess Solutions Division, Sartorius offers its customers innovative and efficient technologies and products extending from the development of cell lines and processes to manufacturing. These essentially cover cell culture media, cell line technologies, bioreactors, a wide range of products for separation, purification and concentration, as well as solutions for storage and transportation of intermediate and final biological products.

The division generates around three-quarters of its sales revenue with single-use products. Due to their cost advantages and higher flexibility compared with reusable technologies, such single-use products are increasingly being employed by the pharmaceutical industry. Through the acquisition of Umetrics, Sartorius is now a globally leading specialist in data analytics software for modeling and optimizing biopharmaceutical development and manufacturing processes.

With its global, specialized sales force, Bioprocess Solutions addresses an attractive market with above-average growth rates. As our customers' manufacturing processes are validated by the respective health authorities, product quality and assurance of supply are essential. We see the leading international market positions of this division as good stepping stones for sustained dynamic and profitable growth in the future. Beyond realizing our organic growth potential coupled with a continuous increase in profitability, we also aim to further expand the division's portfolio through complementary acquisitions and alliances.

Details on this division are provided in the chapter on Business Development of Bioprocess Solutions.

Strategic Focus on Biopharma Applications from Molecule Development to Production of Biopharmaceuticals



Lab Products & Services

In the laboratory business, Sartorius is positioned as a premium supplier of a wide array of instruments, consumables and services for sophisticated analyses, particularly in the laboratories of the pharmaceutical and. The division mainly addresses laboratories in the research and quality assurance sectors of the pharmaceutical and biopharmaceutical industries, as well as academic research institutes.

Primarily used in cell analysis and sample preparation, the product range of Lab Products & Services covers instruments such as laboratory balances, pipettes, bioreactors and lab water systems, as well as laboratory consumables, for example, filters and microbiological tests.

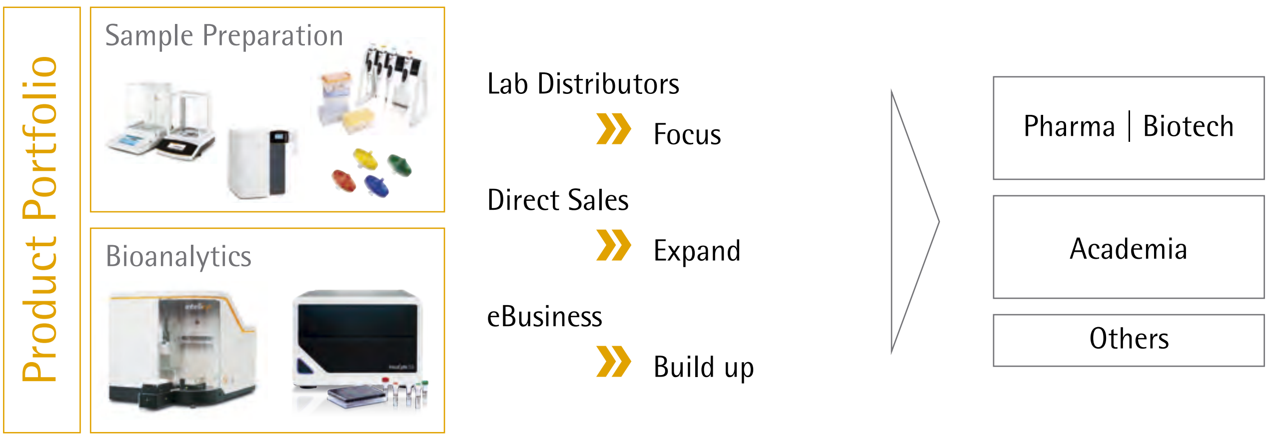
Based on its existing core expertise and considering its key customer requirements and the face-paced innovation in the industry, Sartorius decided in 2016 to expand its portfolio into the field of bioanalytics and to offer innovative technologies for the early phase of molecule development. More powerful procedures for analysis of cells are considered essential prerequisites for further medical progress, for example, in immuno-oncology and in antibody discovery and stem cell research. Apart from high growth in this segment, customers' digitalization efforts are expected to further propel progress in order to drive down R&D costs.

It was in this context that Sartorius acquired Essen BioScience in the reporting year. The innovative real-time live-cell imaging and data analysis systems designed by this U.S.-based company can contribute toward significantly accelerating discovery and development of new drugs as these automate steps, making high volumes of high-quality data available much faster for analysis. Essen BioScience offers high growth and margin potential.

The Lab Products & Services Division has a strong global market share in major product segments. Based on the company's history, market shares vary in part, depending on the region and product group. To realize its organic growth potential, the division is continuously expanding its direct sales organization.

With its comprehensive portfolio for sample preparation and innovative products for bioanalytics, the Lab Products & Services Division has a strong foundation for continuing strong organic growth. Based on the scalability of the division's business, this growth is projected to be accompanied by a steady increase in profitability. In addition, Sartorius plans to extend the lab division's portfolio by acquisitions.

Details on this division are provided in the chapter on Business Development of Lab Products & Services.



Sartorius 2020 Strategy

In 2011, Sartorius defined its strategy and long-term targets for 2020 to achieve profitable growth. At the beginning of 2016, close to the mid-point of this timeline, this 2020 plan was reviewed and updated.

The company's sales target of around €2 billion has been maintained despite the divestiture of the Industrial Technology Division in the interim. Growth is predominantly expected to be generated by Sartorius' existing portfolio, i.e., organically, and supplemented by acquisitions. In view of its profitability, Sartorius upgraded its margin target related to underlying EBITDA from around 23% to about 26% to 27% for 2020. This is assuming that the profitability of any future acquisitions would be at a level comparable to that of the existing business and that no significant changes in key exchange rates would occur.

Sartorius' 2020 targets are being implemented by various growth initiatives with the following areas of focus:

Regional Growth Initiatives

Regionally, North America and selected countries in Asia are at the focus of Sartorius' growth strategy.

North America is the world's largest market for the manufacture of biopharmaceuticals and laboratory products. Because North America is home to the main competitors for both company divisions, Sartorius has historically lower market shares in this region than in Europe and Asia. Accordingly, the company is striving to further gain market share, primarily by strengthening its sales and service capacities. Our second regional focus is on Asia, especially on China, South Korea and India. These markets have tremendous growth potential due to their expanding healthcare systems and increased spending by private households. Moreover, major production facilities for biosimilars are being set up in these countries, and contract manufacturers are strengthening their presence in this region. To participate in the momentum of the Asian markets in the best possible way, Sartorius already invested substantially in its sales infrastructure in this region.

Expansion of Product Portfolio

Regarding the further development of our portfolio, the 2020 strategy also provides for making acquisitions for both Group divisions. Such acquisitions will be primarily focused on adding complementary technologies and products that enhance the attractiveness of the company's portfolio even more from a customer perspective.

Infrastructure

The foundation for future profitable growth is constituted by efficient business processes, a powerful IT infrastructure and sufficient production capacities. Based on standardized business processes worldwide, Sartorius will be rolling out a new ERP system up to 2019 and is additionally investing continuously in the digitalization of its processes. Moreover, the company is considerably extending its production capacities at various locations, especially for filter and bag products. At the end of 2017, the two sites located in separate areas were combined for the most part into one location at the company's headquarters in Göttingen, Germany. This consolidation is expected to be completed by the end of 2018.

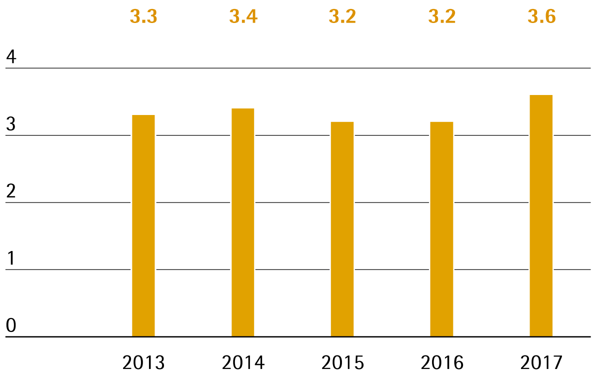
Macroeconomic Environment and Conditions in the Sectors

The sectors in which the Sartorius Group is active differ in their dependence on the economy. The Bioprocess Solutions Division, for instance, operates in an environment that is largely independent of economic fluctuations. The Lab Products & Services Division, in contrast, is active in sectors whose development is more strongly affected by economic factors.

Macroeconomic Environment

According to the International Monetary Fund (IMF), growth of the global economy accelerated in 2017. Gross domestic product rose by 3.6% worldwide, an increase of approximately 0.4 percentage points over the prior year figure representing the most significant growth of the past five years. Whereas the industrialized countries reported a gain of 2.2%, growth in the emerging markets was at 4.6%.

Global Development GDP (2013 to 2017)
in %



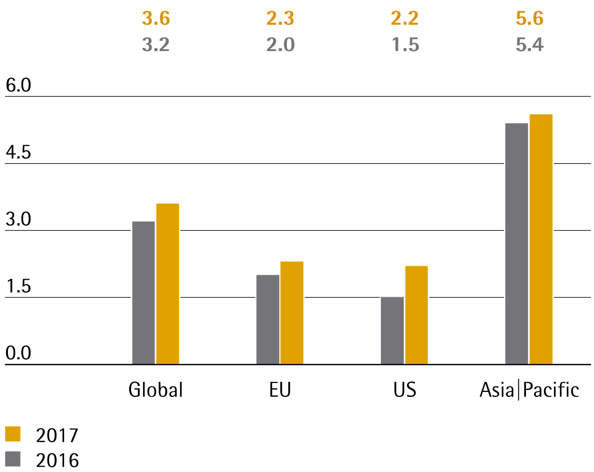
Source: International Monetary Fund

Nearly all regions participated in the global economic upturn. In the European Union, the increase amounted to 2.3%, a rise of around 0.3 percentage points on the previous year's figure. Growth in the reporting period was driven by the general revival in global trade and sustained strong domestic demand. France benefited in particular from the positive effects with growth of 1.6% in 2017 – significantly above the prior-year figure of 1.2%. In Germany, which is Sartorius' most important European market in terms of revenue, growth rose slightly to 2.0%. In the United Kingdom, consumer spending suffered from the depreciation of the British pound. Thus, the increase of 1.7% fell just below the prior-year level of 1.8%.

The United States experienced an upturn in growth after the prior year's weak performance. Economic output rose approximately 2.2%, up from 1.5% in 2016. Growth was fueled by favorable financing conditions and rising business investments.

The Asia-Pacific economic area likewise registered an upward trend with an overall increase of 5.6% (previous year: 5.4%). Growth in the region received a boost from the revival in import demand in China. The world's biggest economy proved once again to be driving global growth with a rise of approximately 6.8% in total economic output. Sartorius also achieved significant revenue in South Korea, India and Japan. While economic output in South Korea grew by 3.0% (previous year: 2.8%), India posted a decline of 0.4 percentage points to 6.7%. In Japan, fiscal stimulus programs pushed up growth to 1.5% (previous year: 1.0%).

Gross Domestic Product by Region
in %



Source: International Monetary Fund

Exchange Rate Trends

In addition to the euro, the currencies relevant to the Sartorius Group include the U.S. dollar in particular as well as the South Korean won, the Chinese renminbi, the Swiss franc and the British pound.

The U.S. dollar lost considerable ground against the euro in the year under review. The exchange rate for the currency pair rose sharply in the second and third quarters of 2017 to reach a multi-year high of U.S. $ 1.20 in September. The EUR/USD exchange rate fell back slightly after the U.S. Federal Reserve announced, as expected, plans to reduce its bond buying program, thus taking the first concrete steps towards initiating a reversal in monetary policy. Over the course of December the temporary drop was fully recovered. The exchange rate for the currency pair ended the year at U.S. $ 1.20 as of December 31, 2017 compared with U.S. $ 1.06 at the end of 2016.

The euro also made headway during the reporting year against the other currencies of relevance for Sartorius. For instance, it gained 1.2% on the South Korean won year-on-year. Compared with the Chinese renminbi and the Swiss franc, the euro rose 7.3% and 9.0%, respectively. The British pound fell 4.3% against the euro in 2017.

Interest Rate Trends

Interest rates remained at a very low level on average throughout the reporting year. The European Central Bank kept its key interest rate at 0.00%. The 3-month EURIBOR – i.e., the rate of interest on fixed-term deposits denominated in euros in interbank business – stood at -0.33% on December 31, 2017 (December 31, 2016: -0.32%).

Sources: International Monetary Fund: World Economic Outlook October 2017; Bloomberg.

Conditions in the Sectors

Sartorius' key customer groups include the biopharmaceutical and pharmaceutical industries as well as public research institutions. In addition, the company counts quality assurance laboratories in the chemicals and food industries among its customers. The progress of the Group's business accordingly depends on developments in these industries.

Continued Growth in the World's Pharmaceutical Markets

According to estimates from several market observers, the global pharmaceutical showed a positive development once again in 2017, with growth of approximately 4% to 5%. The market was again fueled by better access to health services in emerging markets and rising median ages in industrial countries, which led to an increasing demand for medications. By contrast, growth of the pharmaceutical market was dampened by government initiatives directed at reducing health spending as well as expiring patents for high-margin pharmaceutical products.

All the regions contributed to sector growth in the year under review. The United States continues to represent the biggest single market, followed by China, Japan and Germany. The strongest growth, though with a slower tempo, took place as in previous years in the "pharmerging markets", which include China, India, Brazil and Russia, among others. Performance of the European pharmaceutical market was impacted by increased efforts to control costs in the health sector. In the United States, expiring patents and tough competition among pharmaceutical manufacturers led to a moderate slowdown in market growth. Rising expenditures for newly launched medications had a positive impact.

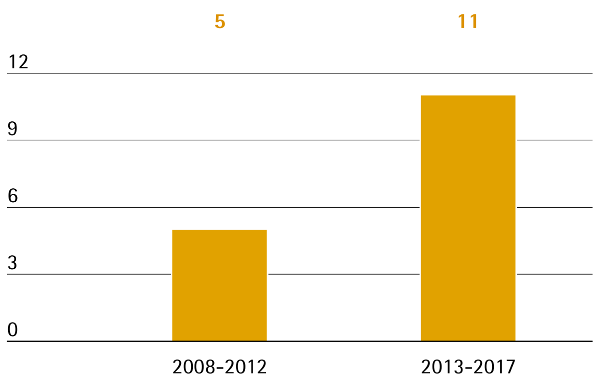
Above-Average Growth in the Biopharmaceutical Market

Given the company's highly specialized product portfolio, the trend in the biopharmaceutical market is especially relevant for Sartorius. The market for medications and vaccinations manufactured using biotech methods has grown faster than the rest of the pharmaceutical market for many years now. In 2017, the biopharmaceutical market was estimated by industry observers to have a volume of €214 billion, an increase of approximately 6% over the previous year. Overall, the proportion of sales revenue of the world's pharmaceutical market from medications manufactured using biotech methods rose from around 25% to approximately 26%.

This growth is especially attributable to the launch of new biopharmaceutical drugs as well as additional market penetration of existing medicines, in part through expanded indications. A growing number of active substances manufactured using biotech production methods is being approved for the treatment of rare illnesses that have been untreatable thus far. Development activities in the pharmaceutical industry also reflect the steadily growing significance and rising acceptance of biopharmaceutical substances. For example, biopharmaceutical compounds account for more than 40% of the R&D pipeline.

In spite of market prospects that continue to be very positive, several large biopharmaceutical manufacturers reduced their inventories during the reporting year. The supply industry thus charted temporarily more subdued demand in North America and parts of Europe following several dynamic years.

Average Number of New Approvals of Biotech Medications in the USA per Year



Biosimilars, which are biological copycat medications, continued to play only a minor role in the growth of the biotechnology market in 2017. However, the market still advanced in the reporting year as new biosimilars were approved and launched on the market. At the time of this report, nine such drugs had already been approved in the United States and 36 in the European Union. China has currently approved 96 biosimilars and India 66. The biosimilars market is expected to see continual growth throughout the coming years due to expiration of the patents for a number of high-margin biopharmaceuticals. In addition, the regulatory, patent law-related and marketing hurdles that have hindered faster market penetration of biosimilars to date are likely to decrease step by step.

Single-Use Systems for Biopharmaceutical Production Continue to Gain Importance

Biotech production methods are much more complex and cost-intensive than traditional methods for producing medications. Consequently, manufacturers and suppliers are continuously looking to develop more efficient technologies. Single-use products play a decisive role in this effort: They require significantly less capital expenditure, reduce costs for cleaning and validation and minimize downtime. They also offer greater flexibility in production and help accelerate time to market.

Owing to these advantages, single-use technologies are already an established part of many process steps. Single-use systems are primarily employed in precommercial development activities and production phases and in small batch manufacturing. It can be expected that single-use technologies will become increasingly used for the production of high-volume commercial quantities. This is particularly relevant to the production of biotech substances whose clinical development takes place in single-use systems.

Moderate Growth in the Global Laboratory Market

Demand for laboratory instruments and supplies primarily stems from the biopharmaceutical and pharmaceutical industries as well as from public research initiatives. Laboratory products from Sartorius are also used by quality assurance laboratories in the chemicals and food sectors.

The global laboratory market grew by approximately 2.8% in the reporting year according to Frost & Sullivan. Europe reported higher growth of 1.9% thanks to the increased rate of economic growth. The United States, the largest market for laboratory products, registered growth of 3.2%. On the demand side, uncertainty regarding both planned legislation and the trend in government spending for academic and public research activities led to weak demand in the first quarter of 2017 in particular. These factors became increasingly less significant as the year progressed, however, resulting in a positive overall trend for the entire year – especially due to strong demand from the biopharmaceutical industry.

Significant growth was once again reported in Asian countries such as China and India, in which the laboratory market enjoyed an above-average expansion of 7.6% (China) and 8.6% (India).

Competitive Position

The competitive environment in each of our two divisions is as follows:

The Bioprocess Solutions Division operates as a total solution provider, covering the core process steps in biopharmaceutical production and upstream process development. It holds a leading global position in key technological fields, and offers the sector's most extensive portfolio of single-use technologies. The Bioprocess Solutions Division's principal competitors include Merck KGaA, Danaher, General Electric and Thermo Fisher.

The Lab Products & Services Division is positioned as a premium provider of laboratory instruments along with excellent services, and serves both R&D laboratories and quality assurance laboratories, with a focus on the biopharmaceutical industry. The product range includes laboratory balances, pipettes, and instruments for bioanalytics as well as a wide range of consumables. The division ranks among the leading providers worldwide in most of these areas. Principal competitors include Mettler Toledo Intl. Inc., Thermo Fisher Inc., Merck KGaA, Danaher Corp. and Eppendorf AG.

Sources: QuintilesIMS Institute: Outlook for Global Medicines through 2021, December 2016; Evaluate Pharma: World Preview 2017, Outlook to 2022, June 2017; BioPlan: 14th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2017; Deloitte: 2017 Global Life Science Outlook, October 2016; Frost & Sullivan: 2017 Mid-year Report: Forecast and Analysis of the Global Market for Laboratory Products, October 2017; www.fda.gov; FDA-Approves-Fifth-Biosimilar-in-US-First-for-Amgens-Blockbuster-Enbrel, www.raps.org

.

Group Business Development

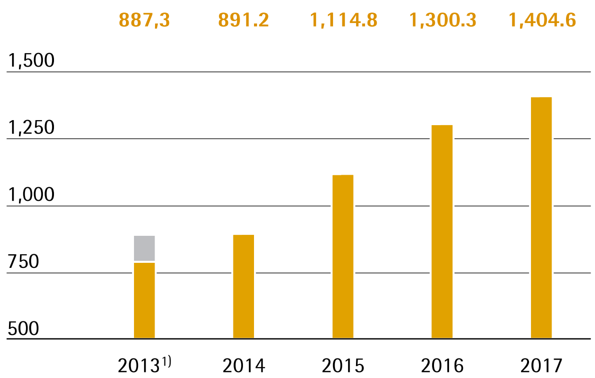
Sales Revenue and Order Intake

In the reporting year, the Sartorius Group continued to show positive development. Sales revenue thus rose 9.3% in constant currencies to €1,404.6 million, with the amounts contributed by organic growth and by acquisitions being approximately equal. On a reported basis, i.e., including currency effects, sales grew by 8.0%. Sartorius therefore reached its adjusted forecast for the third quarter of 2017.

Order intake also showed positive development in the reporting period, considerably exceeding sales. In 2017, orders increased 13.7% in constant currencies to €1,501.4 million. On a reported basis, this gain was 12.5%.

For a full comparison of the Group's business development with its forecast, see page 50.

Sales Revenue 2013 – 2017
€ in millions



1) Including sales revenue of discontinued operations

Sales Revenue and Order Intake

€ in millions	**2017**	2016	in % reported	in % wb[1]
Sales revenue	1,404.6	1,300.3	8.0	9.3
Order intake	1,501.4	1,334.7	12.5	13.7

1) In constant currencies

Sales Driven by Both Divisions

After two years of exceptionally high growth in 2015 and 2016, sales revenue for the Bioprocess Solutions Division increased in the reporting year at a slightly more moderate rate of 4.9% to €1,010.3 million. The division's business performance was impacted by several simultaneous, temporary effects, primarily in the Americas region. Therefore, transient bottlenecks in the business for cell culture media, inventory destocking by a few relatively large customers and interruption of production at the plant in Puerto Rico in the wake of Hurricane Maria all had a dampening effect. As a result of these impacts, the division's growth was lower than originally expected. Acquisitions of the two companies kSep and Umetrics contributed around one percentage point to the division's growth.

The Lab Products & Services Division also saw exceptionally dynamic growth due to strong development of organic sales and the expansion of its portfolio into bioanalytics. Sales revenue rose year over year by 22.0% to €394.2 million, with around 14 percentage points attributable to the consolidation of IntelliCyt and ViroCyt acquired in 2016, as well as of Essen BioScience taken over in 2017. Growth was driven by all regions and all product areas.

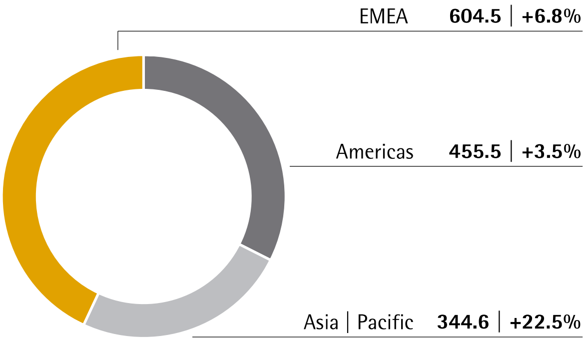
Sales by Division

€ in millions	**2017**	2016	in % reported	in % cc
Bioprocess Solutions	1,010.3	975.0	3.6	4.9
Lab Products & Services	394.2	325.3	21.2	22.0

Further information on the business development of the Group divisions is given on pages 42 et seq. for the Bioprocess Solutions Division and on pages 46 et seq. for the Lab Products & Services Division.

Significant Gains in All Regions

Sales Revenue and Growth[1] by Region[2]
€ in millions unless otherwise specified



[1] In constant currencies
[2] Acc. to customers' location

In the reporting year, Sartorius recorded gains in all regions. In EMEA, the region contributing the highest share of revenue of around 43%, sales rose 6.8% to €604.5 million. While the Bioprocess Solutions Division achieved a gain of 2.5%, sales revenue for the Lab Products & Services Division was up 17.7% year over year.

The Americas region, in which sales grew at an especially strong rate over the past years, accounted for around 32% of consolidated revenue in 2017. Sales were up 3.5% to €455.5 million. Development of the Bioprocess Solutions Division was especially impacted by the temporary effects mentioned above; as a result, the division reported that sales decreased by 3.3% to €357.1 million. By contrast, the Lab Products & Services Division showed exceptionally dynamic development. Fueled by strong organic growth and by the acquisition of Essen BioScience, the division's sales were up 39.5%.

Business development for the Asia | Pacific region, which accounted for around 25% of Group revenue, showed the highest dynamics in the reporting year, with sales growing by 22.5% to €344.6 million. Sales revenue for the Bioprocess Solutions Division rose sharply by 25.3%, partly due to equipment shipments to fill relatively large orders. The Lab Products & Services Division also reported a double-digit gain of 16.6%. All growth rates are in constant currencies unless otherwise stated.

Sales by Region

€ in millions	**2017**	2016	in % reported	in % cc
EMEA	604.5	569.1	6.2	6.8
Americas	455.5	445.4	2.3	3.5
Asia | Pacific	344.6	285.8	20.6	22.5

Development of Costs and Earnings

In the reporting year, the cost of sales stood at €697.7 million. In comparison with sales revenue growth of 8.0%, the cost of sales increased underproportionately by 4.4%, which was due to product mix effects and economies of scale. The cost of sales ratio was 49.7% relative to 51.4% a year ago.

Selling and distribution costs rose overproportionately relative to sales revenue, by 15.7% to €296.8 million. Accordingly, the ratio of selling and distribution costs to sales revenue increased from 19.7% in the previous year to 21.1%.

Expenses for research and development rose year over year by 15.8% to €68.8 million. The ratio of R&D expenses to sales revenue was 4.9%, slightly above the prior-year level of 4.6%.

Concerning general administrative expenses, Sartorius reported an 11.5% increase to €83.3 million, which can be primarily attributed to the expansion of the IT functional area. In relation to sales revenue, general administrative expenses rose from 5.7% in the previous year to 5.9% in the reporting year.

In fiscal 2017, the balance of other operating income and expenses was -€38.6 million relative to -€20.6 million a year earlier. This year-on-year change was driven, inter alia, by extraordinary items that totaled -€35.5 million in the reporting year (2016: -€30.7 million). These items were essentially incurred due to various cross-divisional projects, expenses related to the most recent acquisitions and to the consequences of Hurricane Maria.

In the year under review, the Group's EBIT edged down slightly by 0.5% to €219.4 million, especially due to higher PPA amortization in connection with the acquisition of Essen BioScience. The Group's EBIT margin was 15.6% because of higher depreciation as well as extraordinary items (2016: 17.0%).

The financial result was -€20.8 million in 2017 relative to -€16.4 million in 2016. This was essentially attributable to increased interest expenses.

In the reporting year, tax expenses of €39.3 million were substantially lower than the prior-year total of €59.1 million. This can essentially be attributed to the U.S. tax reform recently approved, which in the Sartorius Group resulted in positive extraordinary items due to reclassification of deferred tax liabilities of around €16 million in the USA. Because of this effect, the company's tax rate was just below 19.8%, down from 29.0% in the year before.

Net profit for the period rose 9.9% to €159.3 million (2016: €145.0 million).

Net profit attributable to shareholders of Sartorius AG amounted to €114.7 million in the reporting year relative to €102.9 million in 2016. Non-controlling interest stood at €44.6 million (2016: €42.1 million), which essentially reflected shares in Sartorius Stedim Biotech S.A. not held by the Sartorius Group.

Statement of Profit or Loss

€ in millions	**2017**	2016	in %
Sales revenue	1,404.6	1,300.3	8.0
Cost of sales	–697.7	–668.5	–4.4
Gross profit on sales	**706.8**	**631.8**	**11.9**
Selling and distribution costs	–296.8	–256.6	–15.7
Research and development costs	–68.8	–59.4	–15.8
General administrative expenses	–83.3	–74.7	–11.5
Other operating income and expenses	–38.6	–20.6	–87.3
Earnings before interest and taxes (EBIT)	**219.4**	**220.5**	**–0.5**
Financial income	11.0	5.7	93.5
Financial expenses	–31.7	–22.0	–44.1
Financial result	**–20.8**	**–16.4**	**–27.0**
Profit before tax	**198.6**	**204.1**	**–2.7**
Income taxes	–39.3	–59.1	33.6
Net profit for the period	**159.3**	**145.0**	**9.9**
Attributable to:			
Equity holders of Sartorius AG	114.7	102.9	11.5
Non-controlling interest	44.6	42.1	6.0

Underlying EBITDA

The Sartorius Group uses underlying EBITDA – earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items – as its key profitability indicator to provide a better picture of its operating development, also in an international comparison. More information on extraordinary items is provided on page 138.

Reconciliation from EBIT to Underlying EBITDA

€ in millions	**2017**	2016
EBIT	219.4	220.5
Extraordinary items	35.5	30.7
Amortization | depreciation	98.3	74.2
Underlying EBITDA	353.2	325.4

In fiscal 2017, the Sartorius Group increased its earnings yet again. Its underlying EBITDA thus rose by 8.5% to €353.2 million. The Group's respective underlying EBITDA margin was 25.1% (2016: 25.0%), thus reaching our forecast adjusted for the third quarter.

	Underlying EBITDA € in millions	Underlying EBITDA margin in %
Group	**353.2**	**25.1**
Bioprocess Solutions	282.4	28.0
Lab Products & Services	70.8	18.0

Underlying EBITDA for the Bioprocess Solutions Division totaled €282.4 million, up 3.3% from €273.5 million a year ago. These earnings would have been even slightly higher without unfavorable currency effects. Moreover, the product mix effects in the reporting year also dampened underlying earnings. The division's margin reached the previous year's level of 28.0%. The Lab Products & Services Division substantially increased its earnings: its underlying EBITDA rose 36.3% from €51.9 million a year earlier to €70.8 million. The division's earnings margin of 18.0% was higher than the prior-year figure of 16.0% due to the positive effects resulting from the acquisition of Essen BioScience.

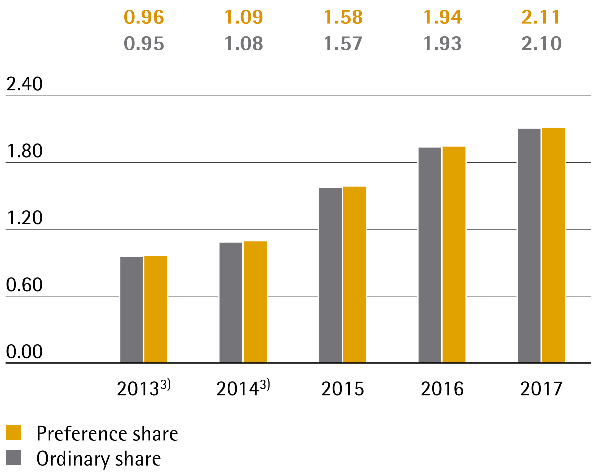
Relevant Net Profit

The relevant net profit attributable to the shareholders of Sartorius AG rose 8.6% from €132.6 million in 2016 to €144.0 million in 2017. This figure is the basis for determining the profit to be appropriated and is calculated by adjusting for extraordinary items and eliminating non-cash amortization, and is based on the normalized financial result as well as the corresponding tax effects for each of these items. The underlying earnings per ordinary share climbed by 8.6% to €2.10, up from €1.93 a year earlier, and by 8.6% per preference share to €2.11 euros, up from €1.94 euros a year ago.

€ in millions	**2017**	2016
EBIT	219.4	220.5
Extraordinary items	35.5	30.7
Amortization	34.8	19.9
Normalized financial result[1]	–17.7	–13.6
Normalized income tax (2016: 30%, 2015: 30%)[2]	–78.9	–77.3
Underlying earnings	193.1	180.3
Non-controlling interest	–49.1	–47.7
Underlying earnings after taxes and non-controlling interest	144.0	132.6
Underlying earnings per share		
per ordinary share (in €)	2.10	1.93
per preference share (in €)	2.11	1.94

[1] Financial result excluding fair value adjustments of hedging instruments and non-periodic expenses and income
[2] Underlying income tax, based on the underlying profit before taxes and non-cash amortization

Underlying Earnings per Share[1)2)]
in €



[1)] Adjusted for extraordinary items and non-cash amortization, based on the normalized financial result, including the corresponding tax effects
[2)] 2013-15 adjusted for stock split; arounded values
[3)] Including discontinued operation

Further information on earnings development and extraordinary items for the Group divisions is given on pages 42 et seq. and 46 et seq.

Research and Development

Sartorius continually invests in both new and further development of its products as well as the integration of new products through alliances. In 2017, the Sartorius Group spent €68.8 million on R&D, corresponding to an increase of 15.8% over the previous year's investment of €59.4 million. Owing to significantly higher sales, the ratio of R&D costs to sales revenue stood at 4.9%, slightly above last year's 4.6%.

The IFRS require that certain development costs be capitalized on the balance sheet and then amortized over subsequent years. During the reporting year, these development investments amounted to €27.4 million compared with €18.3 million the year before. This equates to a share of 28.5% (previous year: 23.5%) of the Group's total R&D expenses. Amortization related to capitalized development costs totaled €8.4 million during the reporting period (previous year: €9.4 million). These expenses are disclosed in the cost of sales.

We pursue a strategic intellectual and industrial property rights policy across our divisions to protect our expertise. Sartorius systematically monitors compliance with these rights on a cost | benefit basis to determine which specific individual rights are to be maintained.

In 2017, we filed a total of 161 applications for intellectual and industrial property rights (2016: 158). As a result of these applications, including those of prior years, we were issued 263 patents and trademarks during the reporting year (2016: 257). As of the balance sheet date, we had a total of 3,699 patents and trademarks in our portfolio (2016: 3,416).

Further information is provided in the sections covering the individual divisions on pages 42 et seq. and 46 et seq.

Capital Expenditures

Against a backdrop of strong organic growth in recent years, Sartorius is currently making above-average investments in the development of new capacity. In the reporting year, these development investments amounted to €209.4 million compared with €152.1 million the year before. At 14.9% (previous year: 11.7%), the ratio of investment to sales revenue was at the upper end of the forecast.

Our largest investment project is the expansion of our Group headquarters in Göttingen. As part of the consolidation of two formerly separate sites, our capacities for the production of filters and laboratory instruments will be extended there. New administration buildings were also opened during the reporting year.

And at our location in Yauco, Sartorius is investing in the expansion of its production capacities for filters and single-use bags. (Further information is provided in the sections covering the individual divisions on page 45.)

To extend the capacities in cell line development that we gained when Cellca was acquired in 2015, we began construction during the reporting year on a new building in Ulm.

Sartorius also made progress on the implementation of a new ERP system: in 2017 it was introduced at further sites in German, Switzerland and India and implementation is scheduled to be completed in 2019.

Employees

The numbers of employees reported include all staff members of the Sartorius Group, except for vocational trainees, interns, employees on extended leaves of absence and those participating in an early retirement plan. Numbers are reported as head counts.

On December 31, 2017, the Sartorius Group employed 7,501 people in 29 countries – 590 or 8.5% more than in the previous year. These figures include 214 employees who joined the Group in the reporting year through the acquisitions of the two companies Essen BioScience and Umetrics.

Employees

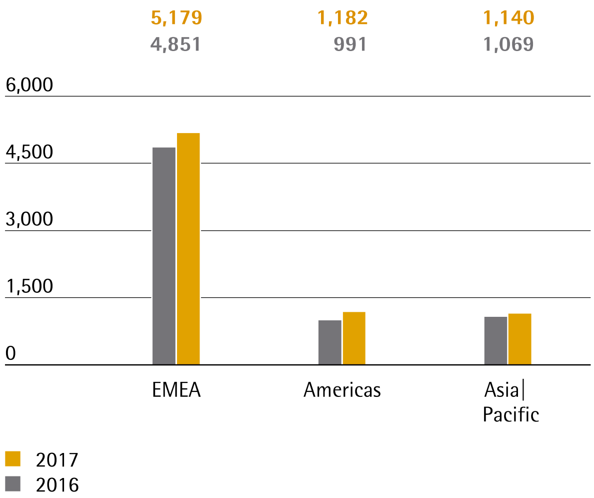
	2017	2016	Growth in %
Group	**7,501**	**6,911**	**8.5**
Bioprocess Solutions	4,980	4,584	8.6
Lab Products & Services	2,521	2,327	8.3

In the Bioprocess Solutions Division, 4,980 people were employed as of the end of the reporting year, 386 or 8.6% more than at year-end 2016. The acquisition of Umetrics resulted in a gain of 36 new staff.

The Lab Products & Services Division employed 2,521 people as of the year ended December 31, 2017; this was an increase of 194 or 8.3% compared with the year-earlier period. The acquisition of Essen BioScience contributed significantly to this growth of the workforce, with 178 new people joining Group staff.

Employees in central administrative functions were allocated to the divisions in proportion to cost of the services they performed during the year.

Employees by Region

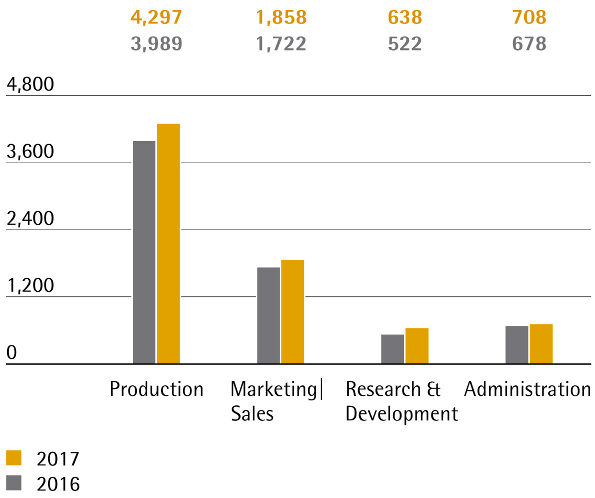


Regionally, EMEA with the highest number of employees added 6.8% or 328 new people. As of the end of the reporting year, Sartorius employed 2,807 people in Germany, or 37.4% of the total Group workforce, of which most staff members work at the Göttingen-based headquarters.

The Americas region charted an increase of 19.3% or 191 new people, again reporting the highest percentage of staff hired in the year under review.

The number of employees in the Asia | Pacific region grew by 6.6% or 71 people.

Employees by Function



Most employees at Sartorius work in production; at the end of 2017, they numbered 4,297, thus 7.7% more than at the end of 2016. In our production head count, we also include service staff and employees who perform services such as testing as part of our customers' core processes.

In marketing and sales, 1,858 people were employed at year-end, close to 8% more than a year ago.

In R&D, head count was 638 for the year ended December 31, 2017, thus around 22% higher than twelve months earlier. In this case, the company's acquisitions considerably increased the workforce, with 39 employees from Essen BioScience and 17 staff members from Umetrics joining the Sartorius Group.

As of the reporting date, 708 employees worked in administration, 4.4% more than in the prior year.

Expressed in percentages, 57.3% of Sartorius employees worked in production, close to 25% in marketing and sales, 8.5% in research and development and slightly more than 9% in administration (nearly 10% in 2016) at the end of 2017.

For more information on employees, see the Non-financial Group Declaration starting on page 86.

Net Worth and Financial Position

Cash Flow

In fiscal 2017, Sartorius reported a net cash flow from operating activities of €206.5 million relative to €170.4 million a year ago. This equates to growth of €21.2% and essentially reflects the increase in underlying EBITDA.

Cash outflows from investing activities were €199.1 million, 33.8% higher than a year ago. The investments in the reporting period were related, inter alia, to the expansion of production capacities at our site in Yauco, Puerto Rico, and to consolidation and extension of Group headquarters in Göttingen, Germany.

Cash outflows of €356.0 million were related to acquisitions of the companies Essen BioScience and Umetrics in the fiscal year ended December 31, 2017 (December 31, 2016: €119.5 million). In the prior year, cash outflows were due to the acquisitions of the three companies IntelliCyt, ViroCyt and kSep.

On the whole, net cash flow from investing activities and acquisitions | divestitures was - €555.1 million relative to - €268.2 million in the comparable period.

Net cash flow from financing activities, which amounted to €347.9 million (2016: €104.7 million), is predominantly attributable to the financing of the acquisitions mentioned above. Furthermore, this figure includes payment of dividends for fiscal 2016.

Cash Flow Statement
Summary

€ in millions	**2017**	2016
Net cash flow from operating activities	206.5	170.4
Net cash flow from investing activities and acquisitions	–555.1	–268.2
Net cash flow from financing activities	347.9	104.7
Cash and cash equivalents	59.4	62.0
Gross debt	955.0	547.9
Net debt	895.5	485.9

Consolidated Statement of Financial Position

The balance sheet total of the Sartorius Group was €2,297.7 million as of the end of fiscal 2017 or €544.7 million above the previous year's figure of €1,753.0 million. This increase is predominantly attributable to the acquisitions of Essen BioScience and Umetrics.

Non-current assets rose €460.3 million to €1,625.7 million due to investments and acquisitions made in the reporting year.

Current assets at €672.0 million were €84.4 million higher than in the previous year, particularly because of the buildup in working capital.

Key Figures for Working Capital

in days		2017	2016
Days inventory outstanding			
Inventories | Sales revenue	x 360	63	61
Days sales outstanding			
Trade receivables | Sales revenue	x 360	72	66
Days payables outstanding			
Trade payables | Sales revenue	x 360	35	33
Net working capital days			
Net working capital[1] | Sales revenue	x 360	99	94

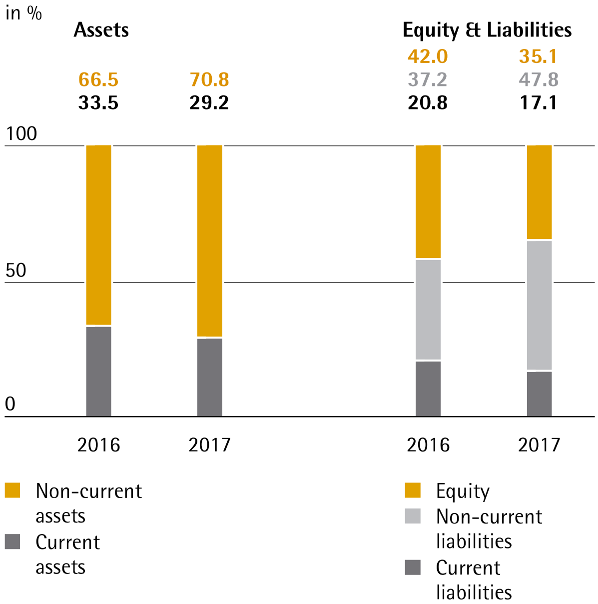
[1] Sum of inventories and trade receivables less the trade payables

Equity increased, driven by earnings, from €736.8 million to €806.6 million. The equity ratio for the Sartorius Group of 35.1% (2016: 42.0%) continued to remain at a comfortable level.

Current and non-current liabilities for the Sartorius Group rose from €1,016.2 million a year ago to €1,491.2 million in the reporting year. Above all, the acquisitions previously mentioned, as well as the mainly growth-induced increase in working capital, contributed to this figure.

Balance Sheet Structure

in %

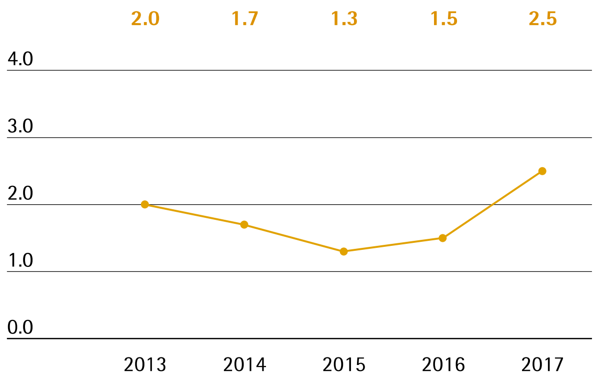


At the end of fiscal 2017, gross debt stood at €955.0 million relative to €547.9 million in fiscal 2016 and is comprised of liabilities to banks, including note loans ("Schuldscheindarlehen"), as well as liabilities from finance leases. The year-over-year increase is essentially attributable to the acquisitions of Umetrics and Essen BioScience, which were refinanced by placement of a note loan. Net debt, defined as gross debt less cash and cash equivalents, rose from €485.9 million a year ago to €895.5 million.

Ratio of Net Debt to Underlying EBITDA

Regarding the Sartorius Group's debt financing capacity, the ratio of net debt to underlying EBITDA is a key financial ratio that is calculated as the quotient of net debt and underlying EBITDA. As of December 31, 2018, it was 2.5 relative to 1.5 a year earlier and thus within the range of our forecast adjusted to allow for acquisitions.

Ratio of Net Debt to Underlying EBITDA[1,2]

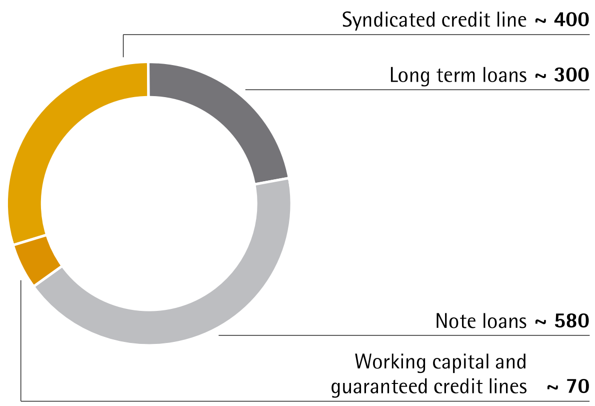


[1] Underlying
[2] Including discontinued operation 2013 and 2014

Financing | Treasury

The Sartorius Group is financed on a well-diversified basis, which covers both its short-term cash requirements and its long-term strategy.

Main Financing Instruments
€ in millions



A major pillar of this financing is the syndicated credit line of €400 million, whose maturity date will run until December 2021.

In addition to note loans ("Schuldscheindarlehen") that were placed in 2012 and 2016 and had a 2017 year-end volume of around €230 million, the company extended its financing in 2017 by a further €350 million note loan with maturities of 5, 7 and 10 years. In addition, several long-term loans totaling around €300 million are available to expand the company's production capacities, among other projects. Beyond these loans, Sartorius has diverse working capital and guaranteed credit lines totaling around €70 million.

The financing instruments mentioned above for the Sartorius Group comprise those with both fixed and variable interest rates. We pursue the strategy of using floating rate bank liabilities to hedge in part against an increase in the general interest rate level.

As a consequence of its global business activities, the Sartorius Group is exposed to fluctuations in foreign exchange rates. The Group's main currencies include the U.S. dollar as well as several others, such as the South Korean won, the Chinese renminbi, the Swiss franc and the British pound. Using its global manufacturing network with production facilities in North America, the U.K., China and India, among other places, Sartorius can compensate for the majority of currency fluctuations by natural hedging.

We generally hedge around two-thirds of our remaining net currency exposure over a time horizon of up to about 1.5 years through suitable currency transactions.

Business Development of Bioprocess Solutions

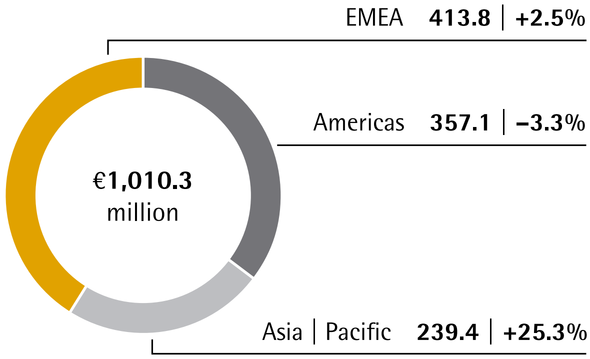
- 4.9% sales growth relative to a very high revenue base
- Development impacted by temporary effects in America
- Portfolio expanded by the acquisition of Umetrics

Key Figures

€ in millions	2017	2016	Δ in %
Sales revenue	1,010.3	975.0	4.9 [1]
Order intake	1,091.3	1,006.5	9.7 [1]
Underlying EBITDA	282.4	273.5	3.3
as a % of sales	28.0	28.0	
Employees as of Dec. 31	4.980	4,584	8.6

Sales Revenue and Growth [1] by Region [2]

€ in millions, unless otherwise specified



[1] In constant currencies
[2] Acc. to customers' location

Products for Biopharmaceutical Manufacture

Filters for sterilization of biopharmaceutical media

Single-use bag for cell cultivation and storage of biopharmaceuticals

Single-use-based, multi-parallel bioreactor system for process development

Culture media and buffers for cell cultivation

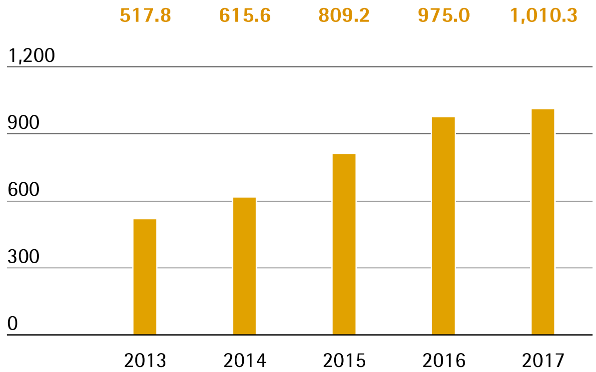
Fully automated single-use centrifuge for cell harvesting

Single-use bioreactor systems for cell cultivation processes of up to 2,000 L

Sales Revenue and Order Intake

After two years of exceptionally strong growth in 2015 and 2016, the Bioprocess Solutions Division recorded sales growth in constant currencies of 4.9% to €1,010.3 million in the reporting year. Therefore, revenue was slightly lower than originally expected, but at the level of the sales forecast adjusted for the third quarter. In fiscal 2017, the division's development was impacted by a few simultaneous, temporary effects. For the year under review, the division thus reported relatively soft demand in North America and in parts of Europe, which was caused by inventory destocking by various customers. Moreover, no deliveries were meanwhile possible from the company's production facility in Puerto Rico due to Hurricane Maria, and ongoing bottlenecks in a partner's delivery capacity that lasted longer than expected impacted business performance in cell culture media. Consolidation of the acquisitions of kSep and Umetrics contributed around one percentage point in the reporting year to sales growth.

Sales Revenue 2013 to 2017
€ in millions



Sales Revenue and Order Intake

€ in millions	2017	2016	in % reported	in % cc
Sales revenue	1,010.3	975.0	3.6	4.9
Order intake	1,091.3	1,006.5	8.4	9.7

The division's sales development was quite different in the regions. EMEA, the region generating the highest revenue for the division and representing around 41% of its total sales, recorded a gain of 2.5% to €413.8 million. In the Americas region, which represented around 35% of revenue, sales decreased slightly by 3.3% to €357.1 million due to the temporary effects already mentioned above. The Asia | Pacific region, which accounted for around 24% of the division's sales, performed very dynamically. Partly driven by equipment shipments to fill relatively large orders, sales for this region rose significantly by 25.3% to €239.4 million.

Order intake showed positive development in the reporting year. Orders rose more strongly than division sales, and were up 9.7% in constant currencies to €1,091.3 million. On a reported basis, this increase was 8.4%.

Sales by region

€ in millions	2017	2016	in % reported	in % cc
EMEA	413.8	406.9	1.7	2.5
Americas	357.1	374.6	–4.7	–3.3
Asia | Pacific	239.4	193.5	23.7	25.3

Overproportionate Increase in Earnings

In the reporting year, the Bioprocess Solutions Division yet again slightly increased its underlying EBITDA, which rose by 3.3% from €273.5 million to €282.4 million. The division's respective margin was at the previous year's level of 28.0%.

Underlying EBITDA and EBITDA Margin

	2017	2016
Underlying EBITDA in € millions	282.4	273.5
Underlying EBITDA margin in %	28.0	28.0

The division recorded extraordinary items of - €21.6 million in the reporting year, relative to - €20.1 million a year ago.

Product and Sales

The product portfolio of the Bioprocess Solutions Division covers virtually all steps in biopharmaceutical production process, and increasingly its upstream process development as well. The portfolio includes cell culture media, cell lines, bioreactors, a wide range of products for separation, purification and concentration, and systems for the storage and transport of intermediate and finished biological products. We also offer an extensive range of services to support our customers in complying with regulatory requirements.

Well-Developed Portfolio Supports Customers

The Bioprocess Solutions Division expanded its portfolio in the reporting year via product upgrades and new generations of existing product lines as well as through the acquisition of Umetrics.

Furthermore, Umetrics provides software solutions that enable biopharmaceutical customers to increase efficiency as well as assisting them in digitalizing their processes, especially during scale-up.

In the product area, Sartorius presented the second generation of its BIOSTAT STR single-use bioreactor series in the year under review. The second generation is designed for the new single-use bags and can handle a working volume of 12.5 to 2,000 liters. The scalable series saves customers a significant amount of time in developing production processes.

In addition, a newly developed single-use system offers users an innovative, comprehensive solution for the filtration of biopharmaceutical media on a large scale. The new system makes filtration processes even easier and less time consuming.

The area of membrane chromatography was expanded as well. Now also available as cassettes, membrane adsorbers can be combined on a large scale to form a production system for the purification of biopharmaceutical media, thus eliminating the previous limitations inherent in the smaller sizes.

Sales Activities Expanded

The Bioprocess Solutions Division markets its product portfolio directly through its own field sales representatives. Sales activities for key accounts are coordinated and supported by global key account management. As part of our regional initiatives for implementing our mid-term strategy, we stepped up our sales activities in North America during the year under review.

Research and Development

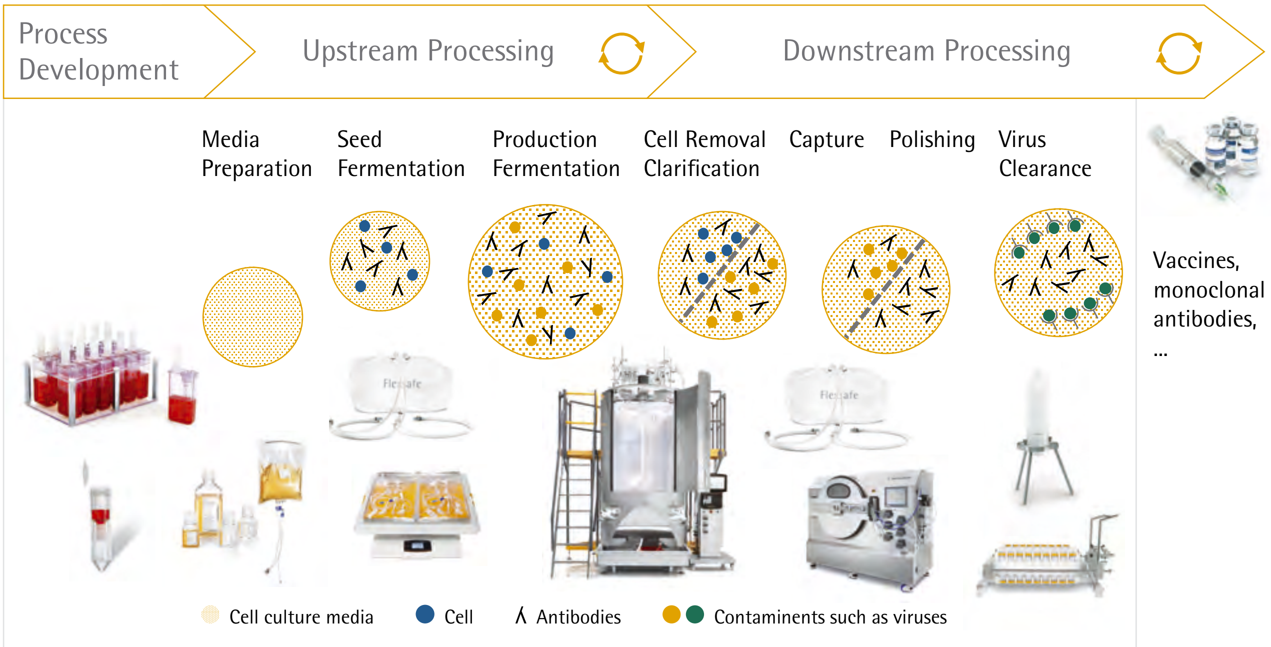
The Division's research and development (R&D) activities encompass both new and advanced in-house product developments in our own core technologies as well as the integration of new products through alliances and acquisitions. Sartorius aims to help customers continually optimize their processes and steadily increase their efficiency.

Development activities at Sartorius focus in particular on the following technology areas: membranes, which are the core component of all types of filter products; various base technologies such as single-use containers and sensors; and control technologies, for instance for fermentation.

During the reporting year, one focus of the R&D activities was the development of a new software platform for the control of individual process steps. It enables the generation of consistent data in real time for optimized monitoring and control of both upstream and downstream processes from laboratory scale all the way to commercial production.

Another key task is ongoing integration of the software portfolio acquired in the takeover of Umetrics. Even prior to the acquisition, Sartorius had already spent several years working with Umetrics data analysis specialists for the purpose of modeling and optimizing biopharmaceutical development and production processes. Additional data-based software analysis tools are planned for the future to enable customers to work more efficiently and cost-effectively.

From a regional perspective, the largest R&D site is located at our headquarters in Göttingen, with other key R&D activities taking place in Aubagne (France) Guxhagen (Germany) and Bangalore (India) as well as Bohemia (USA), Royston (UK) and Umeå (Sweden).



Simplified diagram

Production and Supply Chain Management

The Bioprocess Solutions Division operates a well developed global production network with plants in Europe, North America and Asia. The largest production sites are located in Germany, France and Puerto Rico. Moreover, Sartorius has manufacturing operations in the UK, Switzerland, Tunisia, India and the USA.

Expansion of Production Capacity

Against the backdrop of the dynamic growth of the bioprocess business in recent years, Sartorius increased and accelerated the expansion of its production capacities compared to its initial plans. Membrane production in Göttingen was further expanded.

In September, Hurricane Maria hit Puerto Rico. Thanks to the Yauco site's high construction standards, both existing buildings and those under construction suffered only minor damage. Heavy infrastructure damage made deliveries from the plant impossible for around four weeks, however. Even so, Sartorius considers the Yauco location to be highly suitable. In the future, however, production will focus more strongly on standard products that can be stored on the U.S. mainland to reduce possible future disruptions in the supply chain.

Business Development of Lab Products & Services

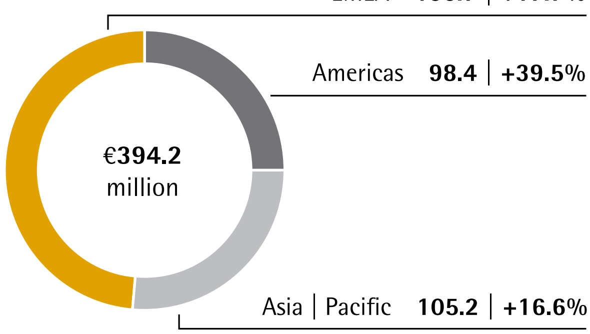
- Exceptionally dynamic business development
- Strong growth in all product areas and regions
- Bioanalytics portfolio extended by the acquisition of Essen BioScience

Key Figures

€ in millions	2017	2016	Δ in %
Sales revenue	394.2	325.3	22.0[1]
Order intake	410.1	328.1	25.8[1]
Underlying EBITDA	70.8	51.9	36.3
as a % of sales	18.0	16.0	
Employees as of Dec. 31	2,521	2,327	8.3

Sales Revenue and Growth[1] by Region[2]

€ in millions, unless otherwise specified



[1] In constant currencies
[2] Acc. to customers' location

Products for Laboratories in Quality Assurance and Research

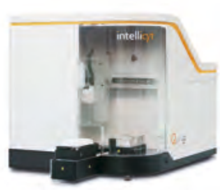
Laboratory balances for reliable and convenient weighing processes

Syringe filters for analytical sample preparation and sterile filtration

The lightest and smallest electronic pipette on the market

Real-time live-cell imaging system for cell analysis

Filter membranes for microbiological testing in the lab

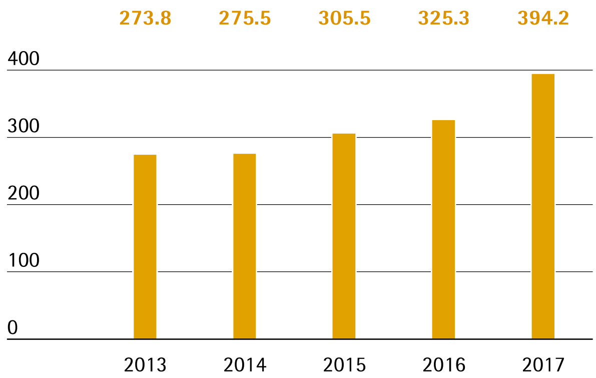


Cell screening platform that has already won several awards

Sales Revenue and Order Intake

In the reporting year, the Lab Products & Services Division recorded a substantial increase in sales revenue by 22.0% to €394.2 million. The division's portfolio expansion into bioanalytics by the acquisition of Essen BioScience at the end of March 2017, as well as of IntelliCyt and ViroCyt in 2016 contributed close to 14 percentage points to this increase. Driven by strong demand in all regions and in all product areas, organic growth for the division was around 8%. Therefore, sales development was within the range of the company's forecast that was adjusted in April 2017 due to its acquisitions.

Sales Revenue 2013 to 2017
€ in millions



Sales Revenue and Order Intake

€ in millions	2017	2016	in % reported	in % cc
Sales revenue	394.2	325.3	21.2	22.0
Order intake	410.1	328.1	25.0	25.8

In EMEA, the region contributing the highest share of revenue of around 48%, the division achieved a 17.8% increase in sales to €190.7 million. The Americas region, whose share of revenue rose to around 25%, reported the highest growth dynamics due to the acquisition of Essen BioScience, recording an uptick of 39.5% in sales to €98.4 million. Besides the division's excellent organic performance, the acquisitions previously mentioned contributed an above-average proportion to the region's growth. The Asia | Pacific region, which accounts for a good 27% of business for the Lab Products & Services Division, reported a double-digit gain of 16.6% to €105.2 million.

During the reporting period, order intake showed especially encouraging development and grew to €410.1 million at a considerably stronger rate, 25.8%, than did the division's sales revenue. On a reported basis, this growth rate was 25.0%.

Sales by region

€ in millions	**2017**	2016	in % reported	in % cc
EMEA	190.7	162.2	17.6	17.7
Americas	98.4	70.8	39.0	39.5
Asia | Pacific	105.2	92.3	14.0	16.6

Earnings

The Lab Products & Services Division increased its underlying EBITDA in the reporting period by 36.3%, from €51.9 million a year ago to €70.8 million, which was due to economies of scale in connection with the division's strong organic growth, as well as to growth contributed by its acquisitions. Despite unfavorable currency effects, the division's corresponding margin improved from 16.0% in the previous year to 18.0%. This increase was likewise attributable to economies of scale related to strong organic growth as well as growth contributed by acquisitions.

Underlying EBITDA and EBITDA Margin

	2017	2016
Underlying EBITDA in € millions	70.8	51.9
Underlying EBITDA margin in %	18.0	16.0

The division recorded extraordinary items of -€13.9 million in the reporting year relative to -€10.6 million a year ago.

Products and Sales

The Lab Products & Services Division focuses on both research laboratories and quality assurance laboratories in the pharmaceutical and biopharmaceutical sectors, as well as on academic research institutes.

Significant additions were made to the division's portfolio in the area of bioanalytics in the year under review. The remaining product portfolio is used especially for sample preparation and other standard applications, and includes instruments such as laboratory balances, pipettes and bioreactors, in addition to consumables like laboratory filters and microbiological tests. Extensive services round out the portfolio.

The division sells its products through three channels: laboratory dealers, direct sales and e-business. The dealer sales channel is already well established; direct sales and the digital channels are being expanded continually.

Expanded Bioanalytics Portfolio

Sartorius significantly extended its expertise in the field of bioanalytics through the acquisition of Essen BioScience, which further improves the company's positioning among biopharmaceutical customers and life science research institutes in particular. The acquisition will lead to growing synergies between the Lab Products & Services and Bioprocess Solutions divisions.

Essen BioScience offers a platform consisting of instruments, software and reagents for fully automated, real-time analysis and visual depiction of biological processes using high-resolution imaging. The data obtained provides new insight and understanding into the mechanisms of healthy and diseased cells, which helps to significantly accelerate the often time-consuming development process for new substances.

Range of Services and Test Laboratories in All Regions

The Lab Products & Services Division offers a wide range of services covering the entire life cycle of laboratory products, from device installation and commissioning to verification, calibration, regular maintenance and repair. Our services are not limited to Sartorius instruments; they are offered for devices from other manufacturers as well. This extensive range enables our customers to minimize the number of service providers they use and to reduce complexity and costs.

Our application laboratories in all regions offer customers the opportunity to test Sartorius products, even using their own samples, and to take training courses.

Growing Importance of Bioanalytics

Sartorius enjoys a strong presence in the lab market in essential product areas, but for historical reasons, its market share varies by product group and region. This situation offers significant potential for growth. In particular, the company's products in the area of bioanalytics offer strong unique selling points. We aim to use our global sales platform to accelerate the penetration of these technologies across the laboratory market.

However, ongoing improvements in sales efficiency are just as important as expanded sales structures. The Lab Products & Service Division is also benefiting from the customer access established for biopharmaceutical customers by the Bioprocess Solutions Division.

Research and Development

Within the scope of its laboratory business, Sartorius has extensive technological expertise in the area of laboratory instruments and laboratory consumables. A further technology focus is bioanalytics.

Most of the division's R&D takes place centrally at the Göttingen site, but additional R&D activities are pursued at our facilities in Helsinki, Stonehouse, Ann Arbor and Albuquerque.

Products and services from Sartorius help users make laboratory processes more productive, efficient as well as safer. Compliance with regulatory requirements is critical. Product development priorities for Sartorius therefore include data management, connectivity and process automation.

As part of its increasing focus on the biopharmaceutical sector, Sartorius develops weighing technology and equipment optimized for pharmaceutical applications. In further development stages, its instruments are specially adapted to these applications, for example, by combining a comparatively high weighing capacity and exceptionally high accuracy.

For example, special software routines already guide laboratory employees through work processes and transfer measurement and process data to laboratory management systems. Intuitive user interfaces in laboratory instruments enable safer and faster work.

Production and Supply Chain Management

The Lab Products & Services Division operates plants in Germany, China, Finland, the U.K. and the U.S. The plants serve as centers of competence and tend to focus on one product group or a small set of product groups. Laboratory balances are manufactured in Göttingen and Beijing, for example, while pipettes are made at our Helsinki and Souzhou sites. Microbiological tests kits are produced in Stonehouse, and most membrane-based products are manufactured in Göttingen.

Assessment of the Economic Position

The Sartorius Group's Business Performance

Sartorius made further progress in fiscal 2017 and grew profitably yet again. In line with the ongoing implementation of Sartorius' strategic plan, the company expanded its product portfolio during the year under review through two acquisitions. The business of the Bioprocess Solutions Division was extended in the area of data analysis through the acquisition of Umetrics, and the Lab Products & Services Division strengthened its position in the high-growth segment of bioanalytics by the takeover of Essen BioScience. Due to consolidation of these acquisitions, Sartorius raised its forecast in April 2017 for the current fiscal year.

The Lab Products & Services Division saw exceptionally dynamic growth due to its strong organic development and to the expansion of its portfolio into bioanalytics. All regions and product areas contributed to this strong growth.

Business development of the Bioprocess Solutions Division was slightly lower than we had originally expected, especially in the second half, due to several simultaneous and temporary effects. Primarily impacting the Americas region, these were temporary bottlenecks in supply for the division's business with cell culture media, inventory destocking by a few large customers and an interruption in production at the plant in Puerto Rico following Hurricane Maria.

Because of the temporary effects previously mentioned, Sartorius adjusted its annual forecast for the Bioprocess Solutions Division and the Group in October 2017. The company's forecast for the Lab Products & Services Division remained unchanged.

Consolidated sales revenue rose during 2017 by 9.3% in constant currencies to €1,404.6 million. The Group's earnings margin, based on underlying EBITDA, increased to 25.1%, also meeting our expectations adjusted in the third quarter.

The ratio of net debt to underlying EBITDA for the last twelve months stood at 2.5 as of December 31, 2017 (2016: 1.5), which was in the range of our adjusted forecast. As a result, the Sartorius Group continues to have significant financing flexibility to further implement its strategy.

In the context of its 2020 strategy, Sartorius is making above-average investments in the expansion of its manufacturing capacities, its IT systems, and in the consolidation and expansion of its Group headquarters in Göttingen, Germany. Capital expenditures accordingly rose in the reporting year from €152.1 million to €209.4 million.

Projected | Actual Comparison for the Year 2017

	Actual 2016	Guidance January 2017	Guidance July 2017	Prognose October 2017	Actual 2017
Sartorius Group					
Sales growth[1]	18.2%	~8% –12%	~12% –16%	~9%	9.3%
Underlying EBITDA margin in %	25.0%	~+0.5%[1]	~+0.5%[1]	~25%[3]	25.1%
Gearing (underlying)	1.5	< 1.5[2]	~2.4	~2.4	2.5
CAPEX ratio	11.7%	~12% –15%	~12% –15%	~12% –15% (upper end)	14.9%
Sartorius Sparten					
Bioprocess Solutions					
Sales growth[1]	22.1%	~9% –13%	~9% –13%	~4%	4.9%
Underlying EBITDA margin in %	28.0%	~+0.5%[1]	~+0.5%[1]	~28%[3]	28.0%
Lab Products & Services					
Sales growth[1]	7.9%	~6% –10%	~20% –24%	~22%	22.0%
Underlying EBITDA margin in %	16.0%	~+1%[1]	Close to +2pp	~18%[3]	18.0%

[1] In constant currencies
[2] Possible acquisitions are not considered
[3] In actual currencies

Annual Financial Statements of Sartorius AG

The retained profit of Sartorius AG is the key reference value for the payment of dividends to our shareholders. Whereas the Sartorius Group financial statements are drawn up according to the International Financial Reporting Standards (IFRS), the annual financial statements for Sartorius AG are prepared by applying the rules and regulations of the German Commercial Code (HGB).

The Management Report of Sartorius AG and the Group Management Report for fiscal 2017 are combined. The HGB annual financial statements of Sartorius AG and the combined management report are published simultaneously in the German Federal Gazette (Bundesanzeiger).

Business Operations, Corporate Strategy, Corporate Management and Oversight, Overview of Business Development

Sartorius AG has exercised only the functions of the strategic, group-leading management holding entity for the Sartorius Group since the beginning of fiscal 2011, and we refer in this connection to the explanatory reports concerning business operations, corporate strategy, corporate management and oversight, as well as the overview of business development, presented on pages 21 et seq. of the combined management report of Sartorius AG and the Group.

Earnings

Sales revenue of Sartorius AG essentially consists of cost transfers to affiliated companies within the Group for management services rendered as well as of the rental of buildings on Sartorius Campus.

Income from investments of €28.7 million relative to €22.8 million a year ago concern dividends paid out for the French subsidiary Sartorius Stedim Biotech S.A.

The total loss accepted under profit and loss transfer agreements was €40.0 million. Of this amount, €0.1 million was transferred to Sartorius Corporate Administration GmbH (2016: profit of €1.4 million) and €39.9 million to Sartorius Lab Holding GmbH, compared with a profit of €4.1 million that the latter had accepted in 2016.

The loss incurred by Sartorius Lab Holding GmbH essentially resulted from the non-cash valuation of a U.S. dollar-denominated loan needed for acquisitions executed in the USA.

Net Worth and Financial Position

The balance sheet total of Sartorius AG rose in the reporting year by €384.1 million to €1,225.3 million. This increase was primarily due to the acquisitions executed in the USA and investments made at the Göttingen site.

The balance sheet structure of Sartorius AG reflects its function as the management holding entity for the Sartorius Group. Fixed assets consist essentially of financial assets and, in the reporting year, stood at €507.4 million (2016: €474.8 million). Accordingly, fixed assets accounted for 41.4% of the balance sheet total (2016: 56.4%). The equity ratio for fiscal 2017 was 22.5% relative to 38.4% in 2016.

Statement of Profit and Loss of Sartorius AG
Based on the total cost accounting method according to Section 275, Subsection 2, of HGB[1]

€ in K	**2017**	2016
1. Sales revenue	6,930	6,023
2. Other operating income	9,833	3,226
3. Employee benefits expense	–5,611	–5,108
4. Depreciation and amortization	–1,116	–879
5. Other operating expenses	–14,129	–7,228
6. Income from investments	28,749	22,817
7. Profit received under a profit and loss transfer agreement	0	5,569
8. Loss accepted under a profit and loss transfer agreement	–39,979	0
9. Interest and similar income	11,252	7,449
10. Interest and similar expenses	–12,964	–7,198
11. Income tax expense	–1,000	–2,135
12.Profit after tax	**–18,035**	**22,536**
13. Other taxes	–23	–23
14. Net profit for the period	**–18,058**	**22,513**
15. Profit brought forward	159,923	168,527
16. Retained profits incl. net profit for the period	**141,865**	**191,040**

[1)] HGB = German Commercial Code

Balance Sheet of Sartorius AG
According to HGB[1)], € in K

Assets	**Dec. 31, 2017**	Dec. 31, 2016
A. Fixed Assets		
I. Property, plant and equipment	63,731	33,190
II. Financial assets	443,622	441,622
	507,353	**474,812**
B. Current Assets		
I. Trade and other receivables	713,536	363,981
II. Cash on hand, deposits in banks	2,099	278
	715,635	**364,259**
C. Prepaid Expenses	**2,298**	**2,109**
	1,225,286	**841,180**

Equity and Liabilities	**Dec. 31, 2017**	Dec. 31, 2016
A. Equity		
I. Subscribed capital	74,880	74,880
Nominal value of treasury shares	–6,492	–6,492
Issued capital	**68,388**	**68,388**
II. Capital reserves	54,065	52,823
III. Earnings reserves	10,867	10,867
IV. Retained profits incl. net profit for the period	141,865	191,040
	275,185	**323,118**
B. Provisions	**27,559**	**30,937**
C. Liabilities	**922,542**	**487,125**
	1,225,286	**841,180**

[1)] HGB = German Commercial Code

Proposal for Appropriation of Profits

The Executive Board will submit a proposal to the Annual Shareholders' Meeting to appropriate the retained profit of €141,864,793.40 reported by Sartorius AG for the year ended December 31, 2017, as follows:

	in €
Payment of a dividend of €0.50 per ordinary share	17,106,112.00
Payment of a dividend of €0.51 per preference share	17,429,794.68
Unappropriated profit carried forward	107,328,886.72
	141,864,793.40

Research and Development

Detailed information about the research and development activities of the Sartorius Group and of its divisions is given on pages 42 et seq. and 46 et seq.

Employees

Sartorius AG as a holding company does not employ any staff to be disclosed pursuant to Section 285, No. 7, of HGB.

Risks and Opportunities

The opportunities and risks affecting the business development of Sartorius AG as the management holding entity are essentially equivalent to those of the Sartorius Group. Sartorius AG shares in the risks to which its investments and subsidiaries are exposed in proportion to the extent of its investment. Where expedient and feasible, we adopted countermeasures and | or arranged for balance sheet measures during the reporting year to cover all discernible risks within Sartorius AG that had the potential to negatively impact our net worth, financial position and profitability.

A detailed Opportunity and Risk Report for the Sartorius Group is provided on pages 54 to 62; a description of the internal control and risk management system, on pages 67 to 68.

Report on Material Events

Please refer to page 64 to read the Report on Material Events for Sartorius AG and the Sartorius Group.

Forecast Report

Earnings trends for Sartorius AG depend substantially on the progress of its subsidiaries and, hence, on the Sartorius Group.

The development of the Sartorius Group's business is discussed in the Forecast Report on pages 63 to 65.

Opportunity and Risk Report

Principles

Every business activity entails opportunities and risks, which have to be managed. The skill with which this is done goes a long way in determining the future development of a company's shareholder value. The central element of risk management is systematic identification and realization of opportunities, as well as avoidance of risks that could jeopardize the success of the company.

In managing risks and opportunities, Sartorius aims to identify and use business opportunities systematically, as well as to recognize and evaluate risks at an early stage and take measures to counter them where possible. It is not the task of risk management to eliminate all risks: rather, our approach is to intentionally to take a certain measure of risk in our business activities in order to be successful in unlocking opportunities. However, in this endeavor, it is important to keep risks contained within acceptable limits and to control them carefully. Through appropriate guidelines, we ensure that risk assessments are taken into account in the decision-making processes from the very beginning.

Sartorius has no single organizational unit tasked with identifying and managing opportunities and risks. Instead, it prefers to make this a cross-functional component of Group management. To this extent, our risk management organization reflects a global functional matrix organization in which individuals heading a functional area, so-called "risk owners," are each responsible for their own management of opportunities and risks. The Finance & Controlling department is responsible for the organization of the respective reporting process, including the further development of the Group's risk management system.

Managing Opportunities

Our opportunity management centers on the analysis of target markets and sector environments, as well as the assessment of trends, both of which give strong indications as to future business opportunities. The identification of the potential for development in this context is one of the key roles of the relevant managers and initially takes place at the local rather than the central level. The market-facing functions, such as strategic marketing and product management in the individual divisions, play a leading role in this respect. The central Business Development unit additionally supports these areas with market monitoring, data analysis and the implementation of strategic projects.

As part of strategy reviews, the members of the Group Executive Committee regularly meet with the managers having operational responsibility and with the Business Development unit to discuss short-, medium- and long-term opportunity potential for the various business areas. The subsequent steps of prioritizing the opportunities and evaluating them from a business management perspective, deriving strategic measures and allocating resources proceed in accordance with a standardized decision-making process that applies throughout the Group. If the opportunities are short-term in nature, they are considered in annual budget planning. Medium- and longer-term opportunities are tracked systematically as part of strategic planning. The status of opportunity management as a permanent fixture of the corporate management system means that it also features in the discussions and decision-making processes of top-level management, such as the Executive Board and the Supervisory Board.

Key areas of opportunity are presented below. Where appropriate, reference is made to the relevant section of the Group Management Report in order to avoid repetition. Most of the risks we describe in the section on specific risks represent opportunities, should events develop in the opposite, positive direction. For this reason, we discuss these opportunities in the section on specific risks and opportunities at the end of this chapter.

Areas of Opportunity

As a supplier for the pharmaceutical and laboratory industries, Sartorius operates in future-oriented and high-growth sectors. The significant opportunities generated by the various market and technology trends are described in detail in the sections entitled "Sector Conditions" and "Outlook for the Sectors" on pages 29 and 63, respectively.

Our assessments rank the company as one of the global market leaders in many subsegments and product areas. We believe the high quality of our products, our strong brand recognition and our established customer relationships give us strong opportunities to continue extending our market leadership. The corresponding division strategies and the growth opportunities and initiatives based on them are discussed in the section on the strategy of the Bioprocess Solutions Division, which begins on page 25, and in the section on the strategy of the Lab Products & Services Division, which starts on page 26.

Strict management of processes and costs provides opportunities to further increase our profitability. Key target areas in this respect include continued enhancements of our procurement chain and ongoing efforts to optimize production, which we present on pages 45 and 49.

Other opportunities are discussed in the context of the presentation of specific risks and opportunities beginning on page 56.

Risk Management

Just as for opportunity management, overall responsibility for the maintenance of an effective risk management system ensuring comprehensive and consistent management of all material risks rests with the Executive Board. Coordinating and developing this system and combined risk reporting are the responsibilities of the Finance & Controlling department, while the particular functional areas are responsible for identifying and reporting risks, as well as for assessing their potential impact and for taking the appropriate countermeasures.

The Supervisory Board of Sartorius AG monitors the effectiveness of the risk management system, with the preparatory work necessary for it to do so being performed by the Audit Committee of this board. Furthermore, while carrying out their statutory audit mandate for the annual financial statements and consolidated financial statements, the independent auditors examine whether the early warning system in place is capable of prompt identification of risks that could jeopardize the future of the company.

Risk Management System and Risk Reporting

At the heart of the risk management system is the Sartorius Group Risk Management Handbook, which applies throughout the entire Group organization. The Handbook, which includes definitions of the framework, the structural organization, processes, risk reporting and monitoring and control of the effectiveness of the risk management system, is based on the internationally recognized COSO standard. There are also a number of other sources that contain stipulations for handling risks, including the articles of association and rules of procedure of the Group companies and other internal guidelines.

The Group-wide risk reporting system forms the cornerstone of internal risk communication. The object is to make it possible to address risks in a structured, continuous manner and to document them in accordance with the relevant statutory and regulatory requirements. The strong growth of the Group over the past years and the rising demands of customers and regulators meanwhile require that we continue to adapt our guidelines and rules.

A key element of our internal communication of risks is Group-wide risk reporting. The objective of this is to enable structured, continuous tracking of risks and to document them in compliance with legal and regulatory requirements.

The prescribed reporting process in the risk categories subsequently described establishes the rules for the ongoing review of and information on risk situations. Those responsible for functional areas at the Group subsidiaries continually review and assess their respective risk situations. If any specific risks are discernible, these are documented with respect to their assessment, probability of occurrence and measures to be taken to eliminate such risks or to mitigate their impact. In addition, as soon as these risks reach defined size criteria, they are reported to the central risk management system. Appropriate insurance policies are taken out to reduce any remaining risk situations, where feasible. New organizational units joining the consolidated Group companies are successively integrated into our risk reporting process.

We have an urgent reporting procedure in place to ensure that when a new or emerging significant risk to our net worth, financial position and profitability is identified and estimated as involving €2.5 million or higher, the Executive Board of Sartorius AG receives all of the necessary details without undue delay.

Risk Classification

The first level of risk management relates to the four main risk categories defined by Sartorius: external risks, operating risks, financial risks and corporate governance risks.

The second level consists of additional subcategories that we classify within these main categories, such as supply chain risks, sales and distribution risks, and quality risks.

We categorize risks according to the scale of their implications too, and also perform a specific evaluation in which all risks are assigned the value of their maximum impact at the time of risk analysis. In other words, we record the maximum risks without considering the probability of occurrence or the effects of risk mitigation measures.

For the purposes of this report, we have assessed the probability of the risks as shown below and, in the adjacent columns, classify their particular significance for the entire Group.

Probability of Occurrence	
Low	< 5%
Medium	5% - 20%
High	> 20%

Significance in thousands of €	Impact on Earnings*	Impact on Assets*
Of limited significance	< 1,000	< 5,000
Significant	> 1,000	> 5,000

Explanation of Principal Risks and Opportunities

General and Macroeconomic Risks and Opportunities

General Risks

In principle, our ability to foresee and mitigate the direct and indirect effects of risks entailed by life in general is limited, but we proactively take measures, whenever feasible, to ensure that we can respond appropriately and at short notice or are insured against any damage entailed by such risks that include, for instance, force majeure, natural catastrophes and their associated damage to commercially significant and critical infrastructure. After severe hurricances hit Puerto Rico in the past fiscal year, we deployed a task force that defined the immediate measures to take, thus limiting the economic damage to the Group. At the same time, a project for updating our production network strategy was launched.

Political developments, such as the referendum on the United Kingdom's leaving the European Union or the change in politics in the USA, can basically have an impact on the Group's business. To cite such examples, such developments may involve changes to the tax system or customs duties, as well as impacts on the exchange rate of the euro to the British pound or the U.S. dollar (for more on the subject of exchange rates, see the section below on Exchange Rate Risks and Opportunities). These further developments are being closely observed so that measures can be taken to reduce such risks, as necessary.

Business Cycle Risks

The nature of our various business areas means that Sartorius as a whole is insulated to a certain extent from the full force of wider cyclical effects. While macroeconomic effects have very little bearing on the progress of the Bioprocess Solutions Division, they are particularly relevant to the Lab Products & Services Division and can represent a risk to the latter's growth in this context. If economic developments prove more positive than expected, this, in turn, can additionally stimulate stronger growth for Lab Products & Services.

Supply Chain Risks and Opportunities

Our supply chain extends from procurement to production to sales and distribution. Problems within this workflow can have consequential effects, including delays in deliveries. The global supply chain management system we have instituted throughout our production processes to prevent such problems largely minimizes the associated risks by analyzing and controlling all of the operations involved. The strongly international alignment of our organization opens up a whole series of opportunities too. The various risks and opportunities encountered within our supply chain are explained in detail below.

Procurement Risks and Opportunities

We purchase a wide range of raw materials, components, parts and services from suppliers and are consequently exposed to the risks of unexpected delivery bottlenecks and | or price increases.

Over the past years, we have implemented powerful tools and robust processes in our Materials Management unit to manage risks arising from critical materials. These means enable us to meet the needs of our customers with respect to assurance of supply and transparency. This represents a significant competitive advantage. Important measures in this respect are to maintain security stock and to define alternative suppliers as part of our second supplier policy.

In addition, we conduct regular supplier reviews and also use early warning systems.

Risks arising from raw material prices play a rather subordinate role in our business. On the one hand, the proportion of raw materials in our production costs is comparatively low. On the other hand, we purchase a wide range of materials so that price increases for certain materials do not represent any significant factor.

Opportunities can arise in the area of procurement when our growth enables us to increase order quantities and thereby strengthen our position with our suppliers, such as by receiving price discounts or preferential treatment as a "preferred customer." In addition, we maintain a list of preferred suppliers in parallel, which permits us to enter into long-term business relationships with key suppliers to our mutual benefit.

Increased globalization of our supplier pool holds the prospect of purchasing on more favorable terms, moreover, and there is also a possibility of our expanded purchasing activities in the international markets leading us to identify suppliers with special product and technical expertise that could eventually enhance our own competitive edge.

Production Risks and Opportunities

Based on our core technology expertise, we ourselves manufacture a large proportion of the products that involve a high level of vertical integration. Examples include filters and laboratory balances. Other products, such as reusable fermenters and bioreactors, are manufactured in collaboration with suppliers so that some of the production risks are transferred to external third parties. When we manufacture products ourselves, we also bear the associated risks of capacity bottlenecks or overcapacity, production downtimes, excessive reject rates and high levels of tied-up working capital, as well as dependency on individual manufacturig sites. We contain and reduce these risks by planning production capacities carefully, using versatile machines, semi-automated individual workstations and flextime work schedules, and by continuously monitoring production processes. Moreover, our global manufacturing network enables us to compensate for any capacity bottlenecks by shifting production to other regional plants and to minimize our dependency on individual local manufacturing sites.

Furthermore, we have taken out policies for business interruption insurance to compensate for any possible losses due to production downtimes.

Beyond this, we work closely together with our customers to gain a better understanding of their needs and to schedule our production capacities optimally.

We consider it an opportunity that our investments in infrastructure and production resources, among other things, have given us high flexibility in our manufacturing operations and that we are capable of meeting our customers' requirements and regulatory standards with respect to business continuity concepts. In addition, this approach ensures that our individual production sites can concentrate on specific manufacturing technologies, gaining added efficiency as a result. Our international manufacturing network also makes it possible to capitalize on the cost advantages offered by individual sites. Furthermore, continuous improvements in production, such as simplifying processes and increasing levels of automation, help drive manufacturing efficiency even higher.

Over the past years, we have substantially enhanced our production workflows at our largest production facility at Göttingen corporate headquarters by consolidating individual manufacturing sites at Sartorius Campus and by optimizing process sequences when operations were started up at the new laboratory production building, thus minimizing the associated risks.

Sales and Distribution Risks and Opportunities

We use a variety of channels to sell and distribute our products around the world. The potential risks entailed are unexpected changes in the demand structure, growing price pressure and non-compliance with supply agreements concluded with customers. We employ targeted market analyses to identify emerging demand trends in individual segments early on so that we have time to respond appropriately. Our technical innovations and our focus on less price-sensitive sales markets, such as products for validated production processes in the biopharmaceutical industry, reduce our exposure to the risk of growing price pressure. We have minimized our risk exposure in the area of logistics in recent years by setting up and using central warehouses to optimize distribution logistics.

Opportunities arise in the area of sales and distribution when the increasing breadth of our product range – in both bioprocess and lab segments – puts us in a position to sell new products to existing customers. Our business relationships, most of which are established for the long term, and our global presence provide opportunities, moreover, and our ongoing project to strengthen direct sales, especially in the lab segment, also promises to enhance our sales prospects.

With our acquisitions in cell analytics, we have strengthened the synergies between both divisions and offer our biopharmaceutical customers comprehensive solutions for research laboratories all the way to production processes.

Quality Risks and Opportunities

Our customers use Sartorius products in a wide range of critical production processes, including the manufacture of pharmaceuticals, foods and chemicals, and in research and development laboratories. The main risk encountered in these areas is non-compliance with agreed quality criteria, which can lead to losses for our customers, or their customers, for which we may be made liable through compensation claims. We employ rigorous quality checks and advanced production methods and processes, such as cleanroom technology, to ensure that our products satisfy the most stringent quality standards and high regulatory requirements. These manufacturing methods and processes are subject to constant review under our continuous improvement processes, moreover, and are optimized as requirements evolve. Our successful completion of a host of annual audits by customers and our certification under ISO 9001 and ISO 13485 together document the high level of quality achieved in Sartorius products and processes. Irrespective of these measures, we also maintain significant insurance coverage against product liability risks. Sartorius has established a traceability system that enables us to recall an entire production batch immediately, if necessary, and minimize any adverse consequences in the event of defects being discovered in a product.

We have installed a complaints management system to deal with customer requests and to ensure full documentation.

Quality requirements are growing more and more stringent all the time, not least as a result of increasing requirements on protection of medical patients and on product safety by regulatory authorities, so we regard this first and foremost as an opportunity that opens up new market prospects. Also, challenging quality demands represent a considerable barrier to entry for potential new competitors and provide stimulus for further technical innovation to which we actively respond.

R&D Risks and Opportunities

We devote a considerable share of our resources to research and development. Potential risks in this area may arise from development results that diverge from market needs and application requirements and from exceeding planned development deadlines. Our advanced project management, intensive R&D controlling and early involvement of our customers in the development process substantially limit these R&D risks. Patents and continuous tracking of the technologies and competitors relevant to us secure our technology and marketing position.

On the other hand, the R&D sphere also offers a number of opportunities. Our intensive collaboration with partners that rank among the global market leaders in their own fields opens up the opportunity for us to jointly develop products with an especially high level of innovation. In areas such as membrane technology and plastics technology, sensorics and biopharmaceutical process engineering, as well as weighing technology, in turn, the expertise of our own specialists puts us at the very forefront of global research and development, presenting us with an opportunity to turn this technical knowledge into potential sales and an even stronger position on the market.

Customer Risks and Opportunities

Sartorius sources its key customers from the pharmaceutical, chemical and food industries and from research and educational institutions of the public sector. These customers are usually relatively large organizations that have been in existence for some time and have strong credit ratings. Most of our business areas have a highly diversified customer base, so the Group as a whole is not dependent on individual key accounts to any significant degree.

Competitive Risks and Opportunities

Sartorius has a leading competitive position in most of its markets and competes with mainly larger rivals sharing our status as a globally operating company. As we serve a large number of customers from highly regulated sectors like the pharmaceutical and food industries, and the technology barriers to market entry are substantially high, we regard the probability of new competitors emerging within the short term as low. Overall, the competitive environment is therefore very stable.

The fact that many of our products are used in validated processes, especially those in the biopharmaceutical industry, ensures a robust revenue stream, reducing the risk of losing significant market share within a short timeframe. At the same time, it is not possible for us to quickly force out the competition that serves customers in this area.

Changes in the competitive environment, for example, consolidation in the markets, can pose opportunities. Our sectors find themselves in an ongoing process of change in which Sartorius has been actively participating. We have been continuously making acquisitions in recent years to reinforce our market position and open up new potential synergies.

Acquisition Risks and Opportunities

By nature, acquisitions provide many opportunities, such as sales growth, extension of our product portfolio and development of new markets. By contrast, the purchase and sale of companies or parts of companies entail a number of typical risks, such as incorrect valuation assumptions or insufficient usage of anticipated synergy effects. To prevent these risks, we take various measures, such as performing a standard due diligence review of important areas and carrying out comprehensive analysis of the market concerned. In addition, we involve external consultants and experts in the purchase or sales process as required. We especially focus on drafting transaction contracts so that they adequately counter such risks, especially by clauses assuring specific characteristics or by contractual warranty or guarantee provisions, as well as agreements on mechanisms for adjustment of the purchase price and on liability clauses or by taking out the appropriate insurance policies. Immediately after an acquisition has taken place, an integration phase is initiated in which any potential risks can likewise be detected as early as possible and prevented or minimized by taking the appropriate counteractions.

Personnel Risks and Opportunities

As an innovative technology group, Sartorius employs a large percentage of highly qualified people. We counter the risks of a possible scarcity of required specialists, especially those in key positions, and of demographic change by offering performance-related remuneration models, targeted continuing professional development options, further attractive social benefits, continuous education and training for junior staff members within our organization and interesting people development opportunities.

The success of these measures is apparent in the low attrition rates of recent years and the many years of seniority our people accumulate on average. Employment contracts in certain cases contain a clause prohibiting any move to a direct competitor.

Opportunities for Sartorius primarily arise in that it can further qualify its staff by offering its own training courses and retain such staff over the long term, thus covering company needs for qualified personnel particularly well.

Financial Risks and Opportunities

The global nature of the Sartorius Group's operations means that its business activities are inevitably exposed to financial risks. The most significant of these, aside from risks associated with Group accounting, are exchange rate risks, interest rate risks and liquidity risks, all of which are described below and addressed in detail in the Notes to the Consolidated Financial Statements. Vice versa, financial risks, most notably exchange rate risks and interest rate risks, are balanced by opportunities of approximately equal magnitude.

Risks Associated with Group Accounting

Except for the general, typical risks inherent in any accounting process, no specific risks concerning Group accounting are discernible. Typical accounting errors in this connection are, for example, incorrect discretionary decisions in the measurement of assets and liabilities. The use of various standardized, partially automated control mechanisms largely ensures that such errors are recognized and corrected at an early stage. A highly detailed monthly reporting and analysis process, as well as regular legal audits, essentially contributes to these targets.

Exchange Rate Risks and Opportunities

As we generate around half of consolidated sales revenue in foreign currencies and two-thirds of this total revenue in U.S. dollars or in currencies pegged to the U.S. dollar, we are positively or negatively impacted by currency effects, especially when converting the currencies of balance sheet items and profit or loss items, respectively. To largely compensate for the general risk resulting from the impact of individual foreign currencies, we have taken a number of measures besides hedging currencies. Our global production network thus enables us to offset the lion's share of sales revenues received in foreign currency within the Group against costs likewise incurred in foreign currency. For example, we manufacture many of our products for the North American market locally, and are not disadvantaged in competition with our U.S. rivals, insofar as this general currency risk is concerned. We continuously monitor both exchange rates and our net currency exposure – i.e. that proportion of our foreign currency sales revenue that remains after we have settled our costs, likewise in a foreign currency – and use derivative financial instruments for hedging. These instruments are primarily spot, forward and swap transactions, on the basis of current and anticipated net currency exposure and foreign currency levels. We make it a policy to hedge up to 70% of our exposure in advance for the following 18 months. Hedging transactions are set up by one group of staff and monitored by another, separate group.

Interest Rate Risks and Opportunities

We have concluded fixed interest agreements for approximately two-thirds of our outstanding loans to eliminate the risk posed by variable interest payments. The remaining portion of the financial instruments outstanding on the reporting date is subject to variable interest based on the market rate. Almost one-third of these is currently covered by interest rate swaps. We monitor interest rate trends and our interest rate exposure constantly and have the facility to arrange for additional hedging transactions where we consider it necessary and economically advisable to do so for individual loans.

Liquidity Risks and Opportunities

The Sartorius Group actively manages liquidity centrally in order to check and minimize liquidity risks and optimize liquidity management within the organization. For this purpose, we use various long- and short-term financial instruments. Regarding the maturities of our loans, we make it a policy to take a risk-averse approach.

For short-term liquidity procurement, we also employ various instruments. In addition to the syndicated credit line that can be accessed and repaid at short notice, we have a number of bilateral credit lines in place on a smaller scale for individual Group companies. Furthermore, we use cash pooling agreements between selected Group companies as the primary tool to manage liquidity within the Group.

Under the present loan agreements, the Group is required to comply with standard financial key ratios, or covenants. In this context, the ratio of net debt to underlying EBITDA may not be greater than 3.25 and 4.00, respectively. There is a basic risk in this connection that the Group might not comply with these covenants, which could lead to a termination of the loan agreements. Based on the current information available, this is considered unlikely.

Regulatory Risks

Our role as a supplier to the biopharmaceutical industry and health care providers means that Sartorius can also be affected by underlying developments in these areas. The possibility of the regulatory authorities (FDA, EMA) adopting a more restrictive approach to the approval of new medications remains the principal source of risk in this context. Such a move would reduce the number of new pharmaceutical products to be marketed and would consequently downgrade future prospects for Sartorius over the medium term.

Environmental Risks

Sartorius has established an environmental management system that encompasses, and is integrated into, all divisions and covers a whole series of environmentally relevant regulations to minimize environmental risks. This management system has been certified for compliance with ISO 14001 at a number of the company's relatively large manufacturing sites. The respective company organizational units ensure at the particular sites that the laws and regulations relating to environmental protection are observed and that further technical possibilities for limiting environmental risks are identified on an ongoing basis.

The increasing importance of sustainability considerations in many industries represents an opportunity. That is why this aspect is a key element in our supplier selection process for assessing the suitability of a particular company as a business partner. For further information on this group of topics, please refer to our Non-Financial Group Declaration.

IT Risks and Opportunities

Besides the risks already described, the Sartorius Group is exposed to potential risks in the area of IT as a result of its pronounced dependence on these systems, since their error-free operation is essential for the smooth functioning of the company's business processes. We reduce IT security risks by continuously enhancing and implementing IT security guidelines and policies. These rules and measures are based on the requirements of ISO 27001 and the standards of the German Federal Office for Information Security (BSI Standards). Furthermore, our company's existing IT applications and IT systems are checked for potential risks in regular external and internal IT audits, and appropriate measures are taken to minimize any risks identified. Continuous alignment of our IT strategy and business strategy, tracking of new technical developments and the use of advanced hardware and software minimize the risk inherent in the operation of our IT system environment. A new ERP system commissioned by Sartorius at its Göttingen Group headquarters in 2012 has been successively rolled out to the Group sites around the world. Up to the end of 2017, approximately 75% of the Group's global sales transactions have been processed using the new system. In conducting this IT project, we have continued to focus on controlling the risks involved, such as by maintaining a precautionary backup system. The implementation of the new system brings with it a whole series of opportunities, especially in relation to efficiency gains and the standardization and harmonization of business processes worldwide.

Process Risks

Process risks for Sartorius can arise from pending or forthcoming legal disputes or from administrative proceedings. All judicial or extrajudicial disputes are attended to by the company's own attorneys and legal experts, who engage external lawyers as needed.

At present, there are no pending or discernible legal disputes or proceedings that lack any cost coverage allowances in the statement of financial position or that could have a substantial negative impact on Group.

Insurance

We have taken out insurance policies to cover a wide range of risks where possible and economically advisable. These insurance policies include coverage against liability, property damage, business interruption, transport, material and pecuniary damages and other risks, and provide comprehensive coverage for legal costs. An independent department working in conjunction with an external insurance broker regularly reviews the nature and extent of our insurance protection and makes any adjustments necessary.

When choosing our insurers, we particularly consider the credit rating of these entities as potential contractual partners, as well as aim to achieve a high degree of diversity in order to mitigate the related risks.

Assessment of the Overall Risk Situation and Risk Outlook

Where feasible, we adopted countermeasures and | or arranged for balance sheet measures during the reporting year to cover all discernible risks within the Sartorius Group, and those of a defined probability of occurrence, that had the potential to damage our net worth, financial situation and profitability.

For the purposes of this report, we have assessed the probability of occurrence of the risks as shown below and, in the adjacent columns, classify their particular significance for the entire Group.

Risk Category	Probability of Occurrence	Significance
General and macroeconomic risks		
Business cycle risks	Medium	Significant
General risks	Low	Significant
Supply chain risks		
Procurement risks	Low	Of limited significance
Produktion risks	Low	Significant
Sales and distribution risks	Medium	Significant
Quality risks	Low	Significant
R&D risks	Low	Significant
Customer risks	Low	Of limited significance
Competitive risks	Low	Of limited significance
Acquisition risks	Low	Significant
Personnel risks	Low	Of limited significance
Financial risks		
Risks associated with Group accounting	Low	Of limited significance
Exchange rate risks	Medium	Significant
Interest rate risks	Medium	Significant
Liquidity risks	Low	Significant
Regulatory risks	Low	Of limited significance
Environmental risks	Low	Of limited significance
IT risks	Low	Significant
Process risks	Low	Of limited significance

After thorough analysis of the entire risk situation and according to our current review, there are no discernible risks at present that could jeopardize the continued existence of the Group.

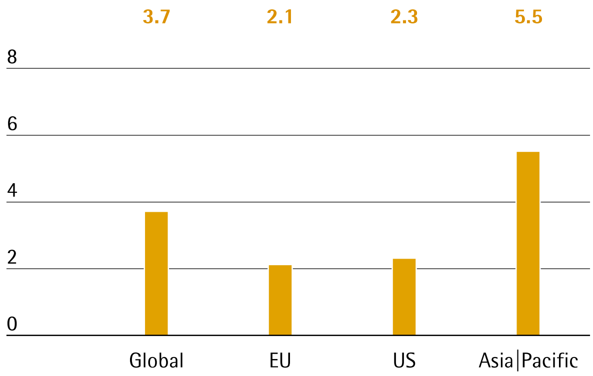
Similarly, based on our current review, there are no discernible risks that could jeopardize the future existence of the Group.

Forecast Report

Future Macroeconomic Environment

According to the October 2017 outlook by the International Monetary Fund (IMF), the global economy is expected to continue expanding at a high level in 2018. Economic growth is projected to reach 3.7%, up from 3.6% a year earlier, with the upswing supported by pickups in investment, global trade and industrial production.

Forecasted GDP Growth Rates for 2018
in %



Source: International Monetary Fund

The growth forecast for the European Union is moderate this year. Estimates call for growth of 2.1%, down from 2.3% in 2017. Medium-term growth could be negatively impacted by the overall weak productivity trend as well as excess levels of both public and private debt in some countries. The German economy in particular is expected to see a slight decline in 2018 compared with the historically high growth rates recently experienced. The IMF currently predicts growth of 1.8%, a decrease of around 0.2 percentage points on the prior year. Economists are projecting a similar decline for the United Kingdom, with growth forecast to drop to 1.5%. The depreciation of the British pound continues to negatively impact consumer spending.

For the U.S. economy, the IMF forecasts economic expansion of 2.3% in 2018, compared with 2.2% in the previous year. That projection does not account for possible effects resulting from planned corporate tax cuts by the U.S. administration. Economic researchers view the high confidence levels evidenced by both consumers and companies as fundamentally positive.

The Asia-Pacific economic area is likely to grow by around 5.5% in 2018, or approximately at the same level as the prior year. Growth will be fueled by a revival of China's import demand. The world's largest economy is expected to expand by roughly 6.5% on the back of fiscal support programs (previous year: 6.8%). The Japanese economy is forecast to see a sharp decline in growth of around 0.8 percentage points to 0.7%, due to phase-outs of economic stimulus packages and decreasing consumer spending.

Future Exchange and Interest Rate Trends

Experts predict that base interest rates will remain at a very low level in 2018, as they did last year.

Market forecasts of the euro-U.S. dollar exchange rate for the course of 2018 range between 1.08 euro | U.S. dollar and 1.30 euro | U.S. dollar.

Sources: International Monetary Fund, World Economic Outlook October 2017; Reuters Forex Poll, December 2017

Outlook for the Sectors

Pharmaceutical Industry Continues to Grow

Strong, long-term trends are driving growth in the global pharmaceutical industry. Major growth factors include the growing and aging global population, combined with increasing access to healthcare, especially in the emerging and developing countries. However, the expiration of patents and measures aimed at limiting national healthcare expenditures will have a dampening impact. Market observers estimate growth of the world's pharmaceutical market to come in at between 4% and 7% per year during the period up to 2021.

The U.S. pharmaceutical market – the world's largest – is expected to grow at a rate of 6% to 9% on average during the period between 2017 and 2021. Expansion will be driven principally by new, innovative medications, while moderating effects will result from expiring patents for lucrative medications and increased use of biosimilars.

Growth in the European pharmaceutical market is likely to remain moderate over the next few years as continuing austerity measures affect its national healthcare systems. Thus, average growth of between 1% and 4% is projected for the region until 2021.

It is to be expected that the "pharmerging markets" and especially China will continue to expand at an above-average rate. Market observers estimate growth at around 6% to 9% annually from 2017 to 2021 owing to demographic trends, rising investment in government-led healthcare systems and increased private spending.

Biotech Sector Enjoys Above-Average Growth

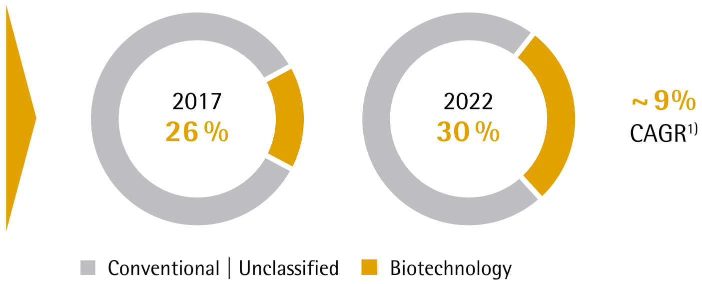
Market observers forecast that the biopharma segment of the pharmaceutical market, which has been enjoying particularly strong growth for years, will continue to outperform the market. Forecasts call for the global biotechnology market to grow by an average of around 9% annually during the period from 2017 to 2022, which would increase the market volume from the current €214 billion to €326 billion. The share of biological medications and vaccines in the total revenue generated by the pharmaceutical market is expected to rise from roughly 26% at present to around 30% in 2022.

This dynamic trend will be driven largely by the increasing market penetration of already approved biopharmaceuticals and an expanded range of indications. Thanks to technical and medical advances, the field of applications for substances manufactured using biotech production methods is growing steadily. For example, biopharmaceuticals are increasingly being used in yet-to-be fully explored therapeutic areas and in the treatment of rare diseases that have thus far been untreatable. This relatively young market segment is driving sector growth with its high innovate power, as reflected in the strong research and development pipelines. Overall, around 40% of the medications in R&D pipelines are based on biological manufacturing processes. These include more than 800 biosimilars and 500 "biobetters," i.e. generic versions of biologic agents with better efficacy or fewer side effects than the original compounds.

The high level of innovation and R&D productivity in the biotechnology sector are mirrored by the rising number of new product approvals. In the USA for example, the number of newly approved biological medications during the last five years was approximately 120% higher than the number of approvals from the period 2008 to 2012.

Strong Growth in the Biopharma Market

- Growing & aging population
- Increasing access to healthcare
- Strong R&D pipelines
- Emerging biosimilars market



[1)] Source: Evaluate Pharma®: World Preview 2017, Outlook to 2022, June 2017; CAGR 2017 to 2022.

Biosimilars which are biological copycat medications, will continue to increase in importance during the years to come. They are less expensive than the reference compound, while having similar properties in terms of their application, dosage and efficacy. Increased use of biosimilars thus brings the prospect of lower individual treatment costs and financial relief for national healthcare systems. This is a goal likely to be pursued by the industrialized countries, where aging populations are leading to rising demand for medications and notably higher expenditures. In many developing countries, biosimilars offer the initial access to biopharmaceutical substances. The development of national production capacities is receiving political support. Regulatory requirements are generally much less strict in developing countries than in the industrialized countries, thus the biosimilars market could experience substantial growth in the emerging economies over the next few years.

Eight of the strongest selling biopharmaceuticals are due to lose their patent protection in the United States and Europe by the year 2020. Various pharmaceutical manufacturers have therefore announced the market launch of those biosimilars that have already been approved. At present, around 30 companies are actively working on the development of biopharmaceutical copycat products for 16 different molecules. At the same time, the biosimilars market will also see a gradual decline in regulatory and patent-related barriers and challenges to marketing the products – factors that have thus far slowed development of the market. Against this backdrop, current estimates call for accelerated growth over the next few years. By 2020, sales of biosimilars could multiply to between U.S. $25 billion and U.S. $35 billion.

Furthermore, some spectacular achievements have been made in the field of cell therapy lately. The goal of cell therapy is to prevent, treat, heal or mitigate human disease or injury through the use of autologous, allogenic or xenogenic cells that have been manipulated ex vivo or otherwise altered. Regardless of the type of cell therapy, the production technologies used for the manufacturing of the respective therapeutic products are similar to those used for the manufacturing of biopharmaceuticals. The growing number of cell-based therapies currently in clinical development and the rising number of approved cell therapies already in use could lead to increasing demand for the corresponding production capacities in the future.

Stable Growth Expected in the World's Laboratory Market

According to Frost & Sullivan, global demand for laboratory products is likely to remain stable, with growth of 2.8% in 2018. The key U.S. market is expected to generate growth of 3.0%, in part due to the sustained strength of the biopharmaceutical industry and the business-friendly climate. In Europe, experts anticipate an increase of just 1.7% owing to the comparatively moderate economic growth and as a result of uncertainties in the wake of the Brexit referendum. However, the European Union's increased budget for academic research will likely spur mid-term growth. As before, market observers expect the highest growth rates in Asian countries such as China and India, in which the individual labor markets are likely to grow around 7.5% to 8.8% in 2018.

Sources: QuintilesIMS Institute: Outlook for Global Medicines through 2021, December 2016; Evaluate Pharma: World Preview 2017, Outlook to 2022, June 2017; BioPlan: 14th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2017; Deloitte: 2017 Global Life Science Outlook, October 2016; Frost & Sullivan: 2017 Mid-year Report: Forecast and Analysis of the Global Market for Laboratory Products, May 2017

Outlook for 2018

The outlook for 2018 considers the sector environment, economic trends and the opportunities and risks outlined in this Annual Report. The following forecast is provided under the assumption that we have accurately anticipated the relevant trends for Sartorius:

Sartorius Group

Sartorius expects to grow profitably again in 2018. Specifically, management projects that Group sales revenue for the full year will grow by about 9% to 12% in constant currencies. Regarding profitability, management forecasts that the company's underlying EBITDA margin will increase by around half a percentage point over the prior-year figure of 25.1%.

In view of continued strong organic growth, Sartorius had already started in 2016 to expand its production capacities earlier and to a greater extent than initially planned. Accordingly, the Group projects that it will invest overproportionately in its worldwide infrastructure in 2018 as well, at a ratio of capital expenditures to sales revenue of around 15%. The focal areas of its investments will be to extend the Yauco site for manufacturing single-use filters and bags, as well as to combine and expand Group headquarters in Göttingen, Germany.

With regard to our financial position, we forecast that our ratio of net debt to underlying EBITDA will be slightly below the previous year's level (Dec. 31, 2017: 2.5) at the end of 2018. This ratio does not take any potential acquisitions into account.

Division Forecasts

For the Bioprocess Solutions Division, management expects significant increases for the full year of 2018 as well. The division's sales revenue is projected to grow by about 8% to 11%. The division's underlying EBITDA margin is anticipated to rise by around 0.5 of a percentage point over the prior-year figure of 28.0%.

The Lab Products & Services Division in some parts of its portfolio depends on general economic cycles. For this division, management projects that, assuming an overall stable economic environment, sales will increase by about 12% to 15%. The division's underlying EBITDA margin is forecasted to rise by about one percentage point from 18.0% in the previous year.

All forecasted figures are given in constant currencies. Due to the latest currency developments, especially in the exchange rate between the U.S. dollar and the euro, our reported figures in actual currencies might differ from our constant currency guidance in which we will provide additional details during the full year of 2018.

Sustained Reduction in Tax Rate

Sartorius' corporate tax rate is expected to be reduced by about 2 percentage points to around 27% from 2018 onwards as a future effect of the U.S. tax reform approved in December 2017, which essentially lowers the U.S. corporate tax rate from 35% to 21%. Since the changes in American tax legislation are very extensive, and further explanations and instructions for application by the U.S. tax authorities are still pending, this estimate is to be considered tentative.

Report on Material Events

No material events occurred after the close of fiscal 2017.

Description of the Key Features of the Internal Control Management System

In relation to the Group Accounting Process (Section 289, Subsection 4, and Section 315, Subsection 4, of the German Commercial Code [HGB])

Definitions and Elements of the Internal Control Management System at the Sartorius Group

The internal control system of Sartorius AG and the Sartorius Group encompasses all of the principles, procedures and measures adopted to ensure the organizational implementation of management decisions. The main priority of the system as it relates to Sartorius AG's and the Group's accounting process is to make sure that accounting is effective, cost-efficient and formally correct and that it complies with the pertinent legal provisions.

The internal control system of the Sartorius AG and the Sartorius Group consists of a combination of process-integrated and non-process-integrated monitoring measures. The process-integrated safeguarding measures are subdivided, in turn, into organizational measures and other control measures. The Supervisory Board, specifically in this case the Audit Committee of Sartorius AG, and the Legal Affairs & Compliance unit with its Group Auditing department are involved in the Sartorius Group's internal control system through their non-process-integrated audit activities. The Audit Committee regularly reviews quarterly reports besides the annual financial statements of the parent corporation and of the consolidated annual financial statements.

Moreover, to ensure systematic, early identification of risks across the entire Group, a "monitoring system for early group-wide detection of risks with the potential to jeopardize the company's continued existence" as defined in Section 91, Subsection 2, of the German Stock Corporation Law (AktG) is in place at the Sartorius Group. The efficacy of the early risk detection system, which the Sartorius Group adapts promptly in response to any relevant changes in circumstances, is assessed by the independent auditors of Sartorius AG in accordance with Section 317, Subsection 4, of the German Commercial Code (HGB). An integral component of this system is also operational risk management, which involves activities such as the transfer of risk to insurance companies through coverage for damage and liability risks and the arrangement of suitable hedges to limit currency and interest rate risks.

Organizational Measures

Accounting processes are strictly organized according to the principle of segregation of functions, taking into account the "four-eyes" principle – i.e. review by two individuals. Duties and responsibilities are clearly assigned to different specialized units, companies and regional units. The separation of administrative, executive, settlement and approval functions reduces the possibility of fraud. It also continues to play a significant role in ensuring that any possible errors are discovered early and any potential misconduct is prevented.

The IT applications used in the company's accounting processes have access restrictions, which allow only authorized persons to have controlled access to the accounting system and data. Each access right is assigned specifically according to the tasks to be performed and will be subject to annual review in the future. Furthermore, the four-eyes principle is also applied in IT process designing and assignment of access rights.

In addition, defined written local and global operating procedures exist, particularly the Group accounting guidelines, which are regularly updated and communicated throughout the Group. The scope of regulation at Group level also extends to the central definition of measurement rules and parameters, among other factors. Additional data for the presentation of external information in the notes to the financial statements and in the Group management report is also prepared and aggregated at Group level.

Continuous coordination of internal accounting during the year for planning and control with external accounting significantly contributes to the quality of Group financial reporting. Reporting itself is done through a standardized management reporting system implemented throughout the Group. This system visualizes all consolidation processes. Internal controls, on the one hand, and the Group auditors of Sartorius AG, on the other hand, ensure that Group financial reports are accurately generated from the consolidated Group companies' financial statements.

The employees involved in the accounting process meet qualitative standards and receive regular training. The Group Financial Reporting department assists the local units in resolving complex accounting issues, such as measuring fair value, to ensure consistent and accurate reporting in the consolidated financial statements. Complex evaluations, such as actuarial reports and company valuations or purchase price allocations, are assigned to specialized service providers who involve the respectively qualified in-house staff.

Control Measures

Comprehensive control activities are performed by managers and staff to ensure effective and reliable accounting. As a result, this ensures compliance with legal requirements and internal guidelines, as well as properly conducted business transactions. Examples of such control activities include the analysis of situations and developments with reference to specific key indicators. Moreover, individual reporting units monthly comment on and explain special characteristics or variances using Group-wide standardized analytical tools as the basis. Further specific control activities performed to ensure effective and reliable Group accounting encompass the analysis and, where applicable, correction of the individual financial statements submitted by the Sartorius Group companies. A large number of control mechanisms already incorporated into the consolidated reporting system enable erroneous information to be identified and corrected at Group level. Impairment tests are conducted centrally for the specific cash-generating units, known as CGUs, from the Group's perspective to ensure that consistent, standardized evaluation criteria are applied.

The Legal Affairs & Compliance unit annually draws up a risk-based audit plan and reviews in spot checks whether basic legal requirements and internal group guidelines are complied with for the entire control and risk management system of the Group. This monitoring function covers, in particular, auditing the functional efficiency and effectiveness of defined control measures. The results of these audits are reported directly to the Executive Board and enable any deficiencies determined to be corrected and the company's internal control system (ICS) to be further enhanced.

A manual on the company's internal control system that focuses on the business processes of our company further contributes toward strengthening ICS. As a result, this manual combines all ICS-relevant requirements that we consider of material importance into one standardized document and will be supplemented by further appropriate rules as necessary.

Qualifying Statements

The internal control and risk management system enables the complete recording, processing and evaluation of company-related matters, on the basis of the organizational, control and monitoring structures defined in the Sartorius Group, as well as their accurate presentation in Group accounting.

In particular, decisions based personal judgment, erroneous controls, criminal acts and other circumstances that can impair the efficacy and reliability of the internal control and risk management system in place cannot be ruled out, however, so even the application throughout the Group of the systems adopted cannot provide an absolute assurance as to the accurate, complete and timely recording of matters in Group accounting.

The statements made relate solely to the subsidiaries included in the consolidated financial statements of Sartorius AG, whose financial and business policies Sartorius AG can directly or indirectly determine in order to obtain benefits from their activities.

Explanatory Report of the Executive Board

On the Disclosures Pursuant to Section 289a, Subsection 1, and Section 315a, Subsection 1, of the German Commercial Code (HGB)

Composition of the Issued Capital | Limitations to Voting Rights

Sartorius AG's capital stock totals €74,800,000. It comprises 74,800,000 no par value individual bearer shares, 37,440,000 of which are ordinary shares and 37,440,000 of which are non-voting preference shares. Each share certificate represents a calculated proportion of €1 of the issued capital.

The rights and obligations associated with these shares are governed by the provisions of the German Stock Corporation Law (Aktiengesetz, abbreviated "AktG"). According to the company's Articles of Association, preference shares are entitled to a dividend payment that is one euro cent higher per share than that for ordinary shares. However, this entitlement to receive dividends shall be at least two euro cents per preference share. Apart from the cases provided for in Sections 140 and 141 of AktG, preference shares are non-voting. Beyond this, preference shares grant all other rights to which every shareholder is entitled.

The company holds 3,227,776 ordinary shares and 3,263,932 preference shares; these do not entitle the company to any membership rights.

Direct or Indirect Equity Ownership Exceeding 10% of Voting Rights

The community of heirs consisting of Mrs. U. Baro, resident of Munich, Germany; Mrs. C. Franken, resident of Bovenden, Germany; Mr. A. Franken, resident of Riemerling, Germany; Mr. K.-C. Franken, resident of Göttingen, Germany; and Mrs. K. Sartorius-Herbst, resident of Northeim, Germany, holds a voting percentage of approximately 50.1% in Sartorius AG (18,754,160 votes; source: according to the list of attendees at the Annual Shareholders' Meeting on April 6, 2017). The decedent Horst Sartorius ordered that his will be administered by an executor. Dr. Lothar Kappich, resident of Hamburg, Germany, was appointed executor to succeed Prof. Dr. Dres. h.c. Arnold Picot who unexpectedly passed away on July 9, 2017. The executor exercises the specified voting rights at his own discretion as defined by Section 22, Subsection 1, sentence 1, item no. 6, of the German Securities Trading Act (Wertpapierhandelsgesetz, abbreviated "WpHG").

According to a mandatory announcement dated April 1, 2011, Bio-Rad Laboratories Inc., 1000 Alfred Nobel Drive, Hercules, California 94547, USA, to which the voting rights of Bio-Rad Laboratories GmbH, Heidemannstr. 164, 80939 Munich, Germany, are ascribed according to Section 22, Subsection 1, sentence 1, item no. 1, of WpHG, holds 30.01% of the voting rights in Sartorius AG (11,237,196 votes, taking into account the share capital increase from retained earnings that went into effect as of June 1, 2016).

Appointment and Dismissal of Executive Board Members | Amendment to the Articles of Association

Executive Board members of Sartorius AG are nominated and | or appointed as well as removed from office in accordance with Sections 84 et seq. of the German Stock Corporation Law (AktG) and Sections 31 and 33 of the German Codetermination Law (Mitbestimmungsgesetz, abbreviated "MitBestG"). Amendments to Sartorius AG's Articles of Association are regulated by Sections 133 and 179 of the German Stock Corporation Law (AktG).

Powers of the Executive Board to Issue Shares

Subject to approval by the Supervisory Board, the Executive Board is authorized to sell treasury shares held by the corporation, including selling them through channels other than the stock exchange or by tendering an offer to all shareholders in proportion to their participation in the company, provided that these shares are transferred to third parties as contribution in kind, particularly in the (indirect) acquisition of companies, in return. Under these circumstances, the preemptive rights of the shareholders are excluded.

Material Agreements with Clauses Regulating the Event of a Change of Control

Sartorius AG has material loan agreements containing customary market clauses regulating the possible event of a change of control and giving the participating lenders the option of extraordinary termination of a particular agreement or to request complete repayment of the respective loan:

These are a syndicated loan agreement concluded in 2014 for a current volume of €400 million and a term until December 2021; two note loans ("Schuldscheindarlehen"), for the amount of €200 million placed in 2016 and 2017, respectively; and a €350 million note loan for a maturity term of five to ten years; two promotional loans, each for €90 million, concluded in 2015 and 2016 for maturity terms of 8 years; and a note loan originally for €100 and placed in 2012 for a maturity term of five to ten years. The repayment sum outstanding for these material loan agreements stands at approximately €760 million as of December 31, 2017.

Report and Declaration on Corporate Governance

Corporate Governance Report

Corporate government aligned with the interests of stakeholders, lawful and responsible conduct, and constructive cooperation between the managerial bodies and within the company in a spirit of mutual trust constitute the essential cornerstones of Sartorius' corporate culture.

The Executive Board and the Supervisory Board report in the following declaration on the key aspects of corporate management and governance pursuant to § 289f of the German Commercial Code ("HGB") and to Article 3.10 of the German Corporate Governance Code.

Declaration of Compliance with Corporate Governance

Declaration of the Executive Board and of the Supervisory Board of Sartorius AG Concerning the Recommendations of the Government Commission on the German Corporate Governance Code Pursuant to § 161 of the German Stock Corporation Law ("Aktiengesetz"):

The Executive Board and the Supervisory Board declare that full compliance will be achieved with the recommendations made by the Government Commission on the German Corporate Governance Code and published by the German Federal Ministry of Justice in the official section of the German Federal Gazette ("Bundesanzeiger"), as amended on February 7, 2017.

Since last year's Declaration of Compliance was issued, Sartorius AG has complied with the recommendations in the valid version of the Government Commission on the German Corporate Governance Code to the full extent.

Göttingen, December 7, 2017

For the Supervisory Board For the Executive Board

Dr. Lothar Kappich Dr. Joachim Kreuzburg

Further Remarks Concerning Corporate Governance

Sartorius AG is a joint stock corporation founded under German law and headquartered in Göttingen, Germany. With the Annual General Shareholders' Meeting, Supervisory Board and Executive Board, it has three corporate managerial bodies whose tasks and powers are essentially derived from the German Stock Corporation Law ("Aktiengesetz") and the company's Articles of Association.

As owners of the company, the shareholders exercise their rights at its Annual General Shareholders' Meeting, where they decide, in particular, on the appropriation of profits, measures concerning share capital, amendments to the Articles of Association, discharge of the Supervisory Board and the Executive Board and on the appointment of statutory auditors, as well as elect shareholder representatives to the Supervisory Board. The Annual General Shareholders' meeting is held at least once a year within the first eight months of the respective fiscal year. Any shareholder who registers in due time may attend the Annual General Shareholders' Meeting in person or can be represented by a proxy according to the various options provided by law.

In managing the company, the Supervisory Board and the Executive Board perform their tasks in a two-tier board structure, each with separate duties and powers.

The Supervisory Board appoints members to the Executive Board, determines their remuneration and monitors and advises the Executive Board in its management of the company. The Supervisory Board is not authorized to take any operational management measures for the business.

The Executive Board is responsible for independently managing the company. In particular, it defines corporate strategy, coordinates and agrees on this approach with the Supervisory Board and implements such corporate strategy. In line with established reporting obligations, the Executive Board regularly informs the Supervisory Board promptly and comprehensively, and requests the latter's approval for certain key business transactions.

Composition and Operating Mode of the Supervisory Board and Its Committees

The Supervisory Board has an equal number of shareholder representatives and employee representatives:

six shareowner representatives elected by the Annual General Shareholders' Meeting and six employee representatives elected according to the German Codetermination Law ("Mitbestimmungsgesetz"). Details on the members of the Supervisory Board and its committees are provided on pages 180 to 181.

The Supervisory Board Chairman coordinates the work within this board, as well as convokes and conducts Supervisory Board meetings. Furthermore, he is the first individual for the Executive Board to contact and externally represents the matters of the Supervisory Board.

The Supervisory Board holds at least two meetings every six months; as a rule, four or more conferences take place, as required. This board has established four committees: the Executive Task Committee, the Audit Committee, the Conciliation Committee and the Nomination Committee. The Executive Task Committee, Audit Committee and Conciliation Committee each have four members and have an equal number of shareholder representatives and employee representatives. The Executive Task Committee and Audit Committee hold regular meetings; the Conciliation Committee and the Nomination Committee meet only as necessary.

The Executive Task Committee carries out preparatory work for resolutions and issues to be addressed in the meetings of the Supervisory Board. It also oversees the preparations for appointments, including the remuneration and employment contract conditions of members of the Executive Board. The Audit Committee supports the Supervisory Board in performing its supervisory function. The chairperson of the Audit Committee is an independent member of the Supervisory Board and has detailed knowledge and extensive experience in the application of accounting standards and internal control systems from his or her own professional practice. The Conciliation Committee meets if the majority required in connection with the appointment of members to the bodies authorized to represent the company for legal purposes is not reached. The Nomination Committee comprises representatives of the shareholders only. Its function is to propose suitable candidates to the Supervisory Board for the latter's election proposals submitted to the Annual Shareholders' Meeting. More information on the individual meetings held in the reporting year by the Supervisory Board and its committees is given in the Report of the Supervisory Board on pages 12 to 15.

The Supervisory Board regularly reviews the efficiency of its work based on a questionnaire sent in advance and by a discussion of the results of this questionnaire in a plenary session.

Appointment Objectives for the Supervisory Board; Diversity Policy and Competence Profile

Members of the Supervisory Board of Sartorius AG are to be appointed such that they, on the whole, have the knowledge, skills and experience that are necessary to perform the board's duties properly.

For this purpose and based on the recommendations of the German Corporate Governance Code, the Supervisory Board decided on the following appointment objectives:

- Independent members shall account for no less than 25% of the Supervisory Board.

- The upper age limit of 70 at the time of election should be taken into consideration, but may be waived in exceptional cases, provided there are no reservations about the suitability of the persons proposed and their election is expedient to the interests of the company in spite of the age limit being exceeded.

- As a matter of principle, no member may serve on the Supervisory Board for longer than five elected terms. This limit can be exceeded in individual cases if the Supervisory Board does not have any reservations about the suitability of an individual for serving longer and election of this person is apparently in the interest of the company.

- Care must be taken to ensure that each Supervisory Board member has sufficient time available to perform his or her mandate.

In addition, the Supervisory Board also defined a competence profile for itself. This also covers aspects such as diversity, for example, with regard to professional background and international experience. In view of achieving an appropriate gender balance, the legal quotas of at least 30% women and at least 30% men apply to the Sartorius Supervisory Board. The shareholder representatives and the employee representatives decided to fulfill these legal targets separately.

- In its election proposals for membership, the Supervisory Board is required to consider whether candidates have international experience or an international background within the scope of its current members.

- The Supervisory Board must have members with expertise in one or several of the international markets relevant for Sartorius.

- Members of the Supervisory Board need to bring in knowledge of technologies and products relevant to the Group, as well as of digitalization, and experience in research and development, particularly in the biopharmaceutical industry.

- The Supervisory Board must have members who have expertise in setting up and developing innovative business models, as well as knowledge of corporate strategies.

- Members of the Supervisory Board need to have in-depth knowledge of financial business processes and competences in financial controlling and risk management; at least one independent member of the Supervisory Board must have expert knowledge of accounting or auditing (§ 100, Subsection 5, of AktG).

- Members of the Supervisory Board must have expertise in law, corporate governance and compliance.

- The Supervisory Board needs to have in-depth knowledge and a thorough background in issues concerning human resources.

According to the Supervisory's self-assessment, the members on its board meet the diversity and competency requirements. The appointment objectives previously mentioned regarding independence and the age and membership limits are also met:

Concerning the criterion of independence, this is met by all members of the Supervisory Board with one exception in the past and the present: the executor of Horst Sartorius' estate. This individual was Dr. Arnold Picot, Ph.D., until July 9, 2017, who was also the Chairman of the Supervisory Board, and is now Dr. Lothar Kappich, likewise its current Chairman. In the opinion of the Supervisory Board, an appointment as an employee representative to this board or an existing employment contract with the company alone does not preclude the independence of this member because an employee is protected by the laws in force in performing his or her duties on the Supervisory Board.

In one instance, the company diverged from the established statutory retirement age and the statutory limit of five elected terms when Dr. Arnold Picot was reelected. There were no doubts about his suitability, and his reelection was also in interest of the company in the context of his capacity as executor of Horst Sartorius' estate. Currently, there are no Supervisory Board members over the age of 70 or who have served for more than five elected terms.

In view of achieving an equal balance of gender, the Supervisory Board meets the quota of 30% set for the underrepresented gender. Since the election of members to the Supervisory Board in April 2017, seven men total (around 58%) are on the board, of whom four are shareholder representatives and three employee representatives. In addition, five women (around 42%) are members of this board, among them two representatives of the share owners and three representatives of the employees. As a result, the gender quota requirements are met on both sides of Supervisory Board representation and on the full Supervisory Board itself.

The proposal of the Supervisory Board submitted to the Annual General Shareholders' Meeting for election of shareholder representatives to this board was based on the target quotas stated above.

To facilitate comparison of the appointment objectives, brief resumés of the Supervisory Board members are available on the Sartorius website.

Composition and Operating Mode of the Executive Board

The Executive Board of Sartorius AG manages the company under its own responsibility, with the goal of increasing the company's sustainable value. It develops the company's strategy, coordinates it with the Supervisory Board and ensures implementation of this strategy. Beyond that, the rules of procedure for the Executive Board define the legal transactions requiring approval by the Supervisory Board in order for such transactions to be effected. The Executive Board is responsible for compliance with all provisions of the law and the company's internal policies, as well as for appropriate risk management.

Decision-making by the Executive Board is done at its regular meetings, which are convoked and conducted by the Chairman. As a rule, the members of the Group Executive Committee attend these meetings, and, if required, further specialists and mangers are invited to provide advice.

The Executive Board members are jointly responsible as a collegiate body for matters of special significance. As for the board's remaining responsibilities, each member independently manages the area assigned to him or her according to the plan for allocation of areas of responsibilities, and is required to notify the Chairman of all material transactions and events.

Composition of the Executive Board, Diversity and Competency Requirements

In the opinion of the Supervisory Board, the basic qualification criteria for appointments to positions on the Executive Board are professional qualifications for heading each particular area of responsibility, a proven track record in the individual's career path and convincing managerial skills. In addition, the Supervisory Board also considers the aspect of diversity in its appointment decisions. Therefore, the Supervisory Board strives to appoint people with complementary profiles, professional and personal life experiences and in different age brackets to the Executive Board. Moreover, the latter board is required to have broad international experience.

Pursuant to the German Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sectors (abbreviated as "German Act on Equal Participation of Women and Men" below), the Supervisory Board defined a target quota for the Executive Board that is defined in the following section.

Disclosures Concerning the German Act on Equal Participation of Women and Men

The Sartorius Executive Board is a committee that presently consists of three members and is therefore relatively small so establishment of a rigid gender quota can be problematic. The current members of this board of Sartorius AG are male. Given that the Executive Board contracts are still in force, the Supervisory Board had defined a quota of 0% up to June 30, 2022. For the current target achievement deadline by June 30, 2022, the Supervisory Board decided to appoint at least one woman to the Executive Board.

Also regarding the appointment of women to the Executive Board of Sartorius AG, the Supervisory Board supports the activities of the Executive Board to further increase the percentage of female executives at the first two management levels in the company. The Executive Task Committee responsible and the full Supervisory Board regularly receive reports on the development of the proportions of women in senior-level management positions.

First and Second Management Levels Below the Executive Board

Disclosures Concerning the German Act on Equal Participation of Women and Men

Over the past years, the percentage of women at the first two management levels below the Executive Board has considerably increased on the whole and is already at a comparably high level. To achieve the intended communications effect, the Executive Board had deliberately set ambitious targets for the first target achievement deadline by June 30, 2017, despite this short time horizon and the risk that these targets might not be completely met. Thus, this quota for the first management level was set at 25% and for the second level, at around 30%.

Although the percentage of women at these levels increased, both targets were not quite reached. At the end of June 2017, the proportion of women at the first management level was around 19%; that at the second level, around 28%. The reasons these targets were not met were the low fluctuation in the management team and, therefore, a lower number of positions to be filled, on the one hand, and consolidation of the companies acquired slightly diluted the progress achieved, on the other hand.

For the next deadline by June 30, 2022, the Executive Board resolved in the reporting year to increase the proportion of women at both levels of management below this board to around 30%.

Further Corporate Governance Practices

Risk Management

Conscientious management of commercial risks is a key principle of good corporate governance. Sartorius AG and the Group have at their disposal enterprise-wide and company-specific reporting and control systems designed to facilitate the recording, assessment and management of commercial risks. These systems are developed and adapted continuously as conditions evolve. The Executive Board informs the Supervisory Board regularly of existing risks and their development. The Audit Committee is concerned, in particular, with monitoring of the following: the accounting process including reporting; the efficacy of the internal control system; risk management and the internal auditing system; compliance; and the independent statutory audit. Details on risk management are presented in the Opportunity and Risk Report.

Transparency

Sartorius AG places great importance on disclosing consistent and complete information promptly. Information about the economic position of the Group and new developments is consequently released regularly, without delay, as it becomes known in order to inform participants in the capital market and interested members of the public at large. The annual report, first-half financial report and quarterly reports are published within the timeframes specified for this purpose. Current developments and material events are publicized as press releases and, where appropriate, ad hoc announcements. This information is usually made available in German and English simultaneously and published via suitable media and on the internet.

The chief recurring events and publications, such as the Annual General Shareholders' Meeting, the annual report and the interim reports, are listed on a financial calendar that may be viewed at any time on the Group website.

Share Trading Activities of Supervisory and Executive Board Members

We did not receive any reports, under the applicable mandatory disclosure requirements, of any purchases or sales of shares in Sartorius AG or related financial instruments made by the members of the Executive Board and the Supervisory Board or other persons with management responsibilities or their related parties.

Supervisory Board Chairman Dr. Lothar Kappich in his capacity as executor of the estate of Horst Sartorius holds approximately 50.1% of the ordinary shares issued by the company, but otherwise no member of the Executive Board or Supervisory Board has any holding of shares or financial instruments subject to the mandatory reporting requirements that directly or indirectly exceeds 1% of the shares issued by the company.

Considering the share capital increase, by use of retained earnings, that became effective June 1, 2016, the CEO and Chairman of the Executive Board Dr. Joachim Kreuzburg holds 100,000 ordinary shares and 100,000 preference shares in the company. These were transferred to him based on a corresponding agreement arising from his employment contract of December 18, 2015, and are subject to a minimum holding period of four years. For further information on this transfer, please see the Remuneration Report on pp. 76 et seq.

Accounting and Independent Statutory Audit

The consolidated financial statements and the Group Management Report, as well as the consolidated interim financial statements and reports, are prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied within the EU, and according to the commercial law regulations to be applied under Section 315a, Subsection 1, of the German Commercial Code, HGB. The annual financial statements of Sartorius AG are prepared in accordance with German commercial law, HGB. The consolidated financial statements and the annual financial statements are prepared by the Executive Board, audited by the independent auditors elected by the Annual General Shareholders' Meeting and approved by the Supervisory Board.

It has been agreed with the independent auditors that they will notify the Supervisory Board directly of any potential disqualification or bias issues and any material findings and incidents identified during the audit. This also encompasses the corporate governance reporting duties pursuant to § 161 of the German Stock Corporation Law (Aktiengesetz).

Basic Principles of Our Compliance Management System | Code of Conduct

With its compliance management system that is valid worldwide, Sartorius ensures that the members of its individual boards, executives and employees comply with all legal regulations and codes, and perform their activities in accordance with the company's internal rules and guidelines. Targeted training and awareness-raising prevent any misconduct, as well as economic damage and loss of image.

Sartorius makes every effort to ensure optimal risk management by using a combination of approaches: a preventive compliance approach designed to proactively stop any potential breaches before they occur and a repressive compliance approach intended to continuously monitor compliance with the company's rules. These processes are closely intermeshed, creating a standardized compliance management system that aims to offer the best possible protection against potential violations of rules and regulations. Sartorius has developed a Code of Conduct as a preventive component of its compliance management system and has committed to an Anti-Corruption Code. An internal system is available for reporting any suspicious circumstances involving potential compliance violations.

Further information is given in the Sustainability Report on pp. 68 et seq. and on the company's internet website at www.sartorius.com.

The Supervisory Board | The Executive Board

Remuneration Report

1. Main Features of the Remuneration Plan for the Executive Board

General Information

The full Supervisory Board is responsible for establishing the remuneration paid to members of the Executive Board of Sartorius AG. The total value of the remuneration of an Executive Board member reflects the scope of the responsibilities of the Executive Board member concerned, the Executive Board member's personal performance, the company's economic situation and sustainable progress. In addition, the extent to which this amount of remuneration is typical is considered, taking into account peer companies and the remuneration structure in place in other areas of the company and in similar companies.

Remuneration is comprised of both fixed non-performance-based components and of variable performance-based components, and is reviewed annually to ensure that it remains appropriate. The variable performance-based remuneration components consist of those to be paid annually and of multi-year components intended to have a long-term incentive. Fixed non-performance-based remuneration is paid in the year in which it is granted. For 100% target achievement, the variable annual and long-term performance-based components generally represent half of total remuneration, which excludes pension commitments under a defined benefit plan as well as fringe benefits.

Variable Performance-Based Remuneration

The portion of the variable performance-based remuneration that is paid annually is based on the following weighted components: sales revenue | order intake, underlying EBITDA and the ratio of net debt to EBITDA. Minimum target achievement is required for these components. The amount to be paid out depends on the degree to which the target is achieved, which the Supervisory Board defines by setting each individual subordinate target. A cap is provided for each variable component to be paid out. Variable performance-based remuneration is calculated upon approval of the company's annual financial statements for the respective fiscal year and not settled and paid out until the following fiscal year.

Multi-year Components as Long-term Incentives

Weighted components determined by multi-year assessment depend on the development of consolidated net profit in a multi-year period, on the one hand, and on the development of the company's share prices, on the other hand. Multi-year components providing a long-term incentive are based on a three-year average of consolidated net profit and on a four-year average of share prices, respectively. These components are paid out after two fiscal years for net profit and at the earliest after three fiscal years for share prices.

a) Consolidated Net Profit

For this subordinate target, the basis for assessment is the consolidated net profit after non-controlling interest excluding amortization (impairment of the value of intangible assets due to business combinations pursuant to IFRS 3). Target achievement for assessing annual variable remuneration in the particular year under review is based on the average taken over a period of three fiscal years, beginning with the particular year under review. To smooth the amounts to be paid out, a partial payment amounting to 50% of the target achievement for the first fiscal year of each respective average period will be effected. Any overpayments as a result of these partial payments will be offset against other remuneration components once the total target achievement has been determined after the third fiscal year of an average period. A cap for this component is provided as well.

b) Phantom Stock Plan

Through the issue of shadow shares, called phantom stock, Executive Board members are treated as if they were owners of a certain number of shares in Sartorius AG, without, however, being entitled to receive dividends. The development of the value of this phantom stock is linked with the development of the Sartorius share; both increases and decreases in the share price are taken into account. Later, the value of this phantom stock is assessed based on the share price at the time, and its equivalent is paid out, provided that the associated conditions are met. Phantom stock cannot be traded and does not entail any share subscription rights.

According to the Sartorius phantom stock plan, each Executive Board member is credited at the beginning of every year with phantom stock units valued at an agreed monetary sum. The value of this phantom stock can be paid out only as an entire annual tranche. Payment can be requested, at the earliest, after a period of four years and no later than after eight years.

An Executive Board member is entitled to receive payment for phantom stock units only if the share price at the time of such payment request has appreciated at least 7.5% per year relative to the time the phantom stock was assigned or if the share price outperformed the TecDAX as a comparative index. The phantom stock plan rules out subsequent changes to the parameters used for comparative stock valuation. The amount to be paid is capped at a maximum of 2.5 times the share price at the time the phantom stock was assigned, based in each case on the actual annual tranche concerned.

Assignment of this phantom stock and later payment of its monetary equivalent depend on the mean value calculated from the average prices of both classes of Sartorius AG share, up to the year 2015, and as of the year 2016, on the mean value calculated from the average prices of the preference share, with said prices quoted in the closing auction of Xetra trading on the Frankfurt Stock Exchange over the last 20 days of trading of the previous year or over the last 20 days of trading prior to submission of a payment request. This serves to compensate for any short-term fluctuations in the share prices.

Payment for phantom stock is blocked for the four weeks preceding the scheduled publication date of quarterly and preliminary year-end results and for 20 days of trading on the stock exchange following the actual publication of quarterly and preliminary year-end results. These blackout periods are intended to prevent Executive Board members' profiting from their insider knowledge.

Pension Commitments

According to the company's remuneration policy, Executive Board members of Sartorius AG receive performance-related benefit commitments under a defined benefit plan when reappointed for the first time. In addition to including a basic pension, these commitments provide for the Executive Board member to make his own contribution from his variable earnings and for the company to match this contribution by a bonus amount. An Executive Board member may choose to receive such defined benefits in the form of a retirement pension for old age or as a one-time payment to cover the member's retirement pension for old age and invalidity as well as in the form of survivor's benefits for the surviving spouse and children of the decedent.

Beyond such commitments, an Executive Board member is additionally entitled under a former company pension scheme to receive performance-based retirement benefits based on the salary of a German federal civil servant classified as grade 10 of salary class B for ministry officials according to the Federal Civil Service Remuneration Act (Bundesbesoldungsgesetz). Such benefits are paid in the form of a retirement pension or old age and invalidity as well as in the form of survivors' benefits for the surviving spouse and children of the decedent.

After a member has turned 65, this shall be considered the regular age limit at which this member shall automatically be entitled to receive all such benefits.

Other Remuneration Components

The remuneration system provides that the Supervisory Board of Sartorius AG at its discretion may grant an Executive Board member special compensation based on that member's exceptional performance.

Early Termination of Executive Board Duties

In the event of any early termination of Executive Board duties, the employment contracts of Executive Board members provide for severance to be capped to a maximum of two annual salaries.

Non-competition Clause

The employment contracts provide for a post-contractual non-competition clause for a duration of two years upon termination of employment with the company. In the event that this non-competition clause is not waived or is nullified, half of the remuneration last paid shall be granted for the duration of the non-competition period.

Fringe Benefits

Beyond the remuneration components stated above, the members of the Executive Board are each entitled to use a company car, reclaim expenses incurred on business travel and to be covered by accident insurance and D&O insurance as fringe benefits. D&O insurance provides for the application of a deductible or excess in the amount required by law.

Share-based Payment

As a rule, the remuneration policy for Executive Board members does not provide for the transfer of Sartorius AG shares as compensation for members. An exception to this policy rule was made in December 2014 for Dr. Kreuzburg, who was granted entitlement to receive share-based remuneration due to the third extension of his appointment as a member of the Executive Board and as its Chairman and CEO; please refer to Section 3 in this chapter.

2. Remuneration of the Executive Board Members in the Reporting Year

In 2017, the total remuneration for active service provided by all Executive Board members totaled €3,492 K relative to €3,299 K in 2016. Of this aggregate total, €1,892 K accounted for non-performance-based components as "fixed remuneration" (2016: €1,672 K) and €1,600 K for variable performance-based components and multi-year components with a long-term incentive (2016: €1,627 K). Furthermore, as part of the pension commitments to the Executive Board members, the pension service cost totaling €430 K in the reporting year was expensed, following on €393 K in the prior year.

Total Remuneration of the Executive Board Pursuant to § 314, Subsec. 1, No. 6, of the German Commercial Code (HGB)

	Executive Board (total)		Dr. Joachim Kreuzburg		Rainer Lehmann (as of March 1, 2017)		Jörg Pfirrmann (until Feb. 28, 2017)		Reinhard Vogt	
€ in K	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Fixed remuneration	1,739	1,625	832	800	333	0	54	325	520	500
Fringe benefits[1]	153	47	15	15	117	0	2	13	19	19
Fixed remuneration	**1,892**	**1,672**	**847**	**815**	**450**	**0**	**56**	**338**	**539**	**519**
Variable performance-based remuneration (1 year)[2]	759	850	363	418	145	0	24	170	227	262
Variable multi-year components w/ long-term incentive										
Consolidated net profit (3 years)[3]	375	371	184	182	0	0	79	78	112	111
Phantom stock plan (4 - 8 years)[4]	466	406	208	200	83	0	45	81	130	125
	1,600	**1,627**	**755**	**800**	**228**	**0**	**148**	**329**	**469**	**498**
Total remuneration	**3,492**	**3,299**	**1,602**	**1,615**	**678**	**0**	**204**	**667**	**1,008**	**1,017**

[1] The amounts contributed to D&O insurance totaling €161 K (2016: €171 K) are not included as these refer to the executive bodies of all companies of the Sartorius Group and are not allocated to the individual insurees.
[2] Amount corresponds to actual target achievement
[3] Amount corresponds to actual target achievement of the plan in which a fiscal year ended; i.e., for 2017, consolidated net profits for 2015 –2017 (2016: consolidated net profits for 2014–2016)
[4] Fair value at the time granted

As part of the remuneration component based on the consolidated net profit of three consecutive fiscal years, each Executive Board member receives a partial compensation payment of 50% of his respective target achievement for the first fiscal year under review. Once the total target achievement has been determined after the third fiscal year, final payment is then effected by deducting the particular partial payment already made. The amounts of the partial payments made in total at the end of the reporting year are shown as follows:

	2017 € in K	2016 € in K
Balance as of Jan. 1 of a fiscal year	387	311
Partial payments deducted	–165	–146
Partial payments effected	169	222
Balance as of Dec. 31 of a fiscal year	**391**	**387**

3. Disclosures on Share-based Payments

For multi-year components with a long-term incentive, the phantom stock plan must be generally classified as share-based payment just as is the share-based payment agreed to be granted to Dr. Kreuzburg in December 2014 in connection with the third extension of his appointment as a member of the Executive Board and its Chairman and CEO. Since December 18, 2015, Dr. Kreuzburg has held 100,000 ordinary shares and 100,000 preference shares. These shares transferred to him are subject to a holding period that will end on November 10, 2019. Should Dr. Kreuzburg leave the company prior to November 11, 2019, at his own request, he shall be required to transfer half of the shares granted to him back to the company.

The amount resulting since December 16, 2014, for the shares granted are to be spread as an employee benefits expense over the full vesting period and recognized as such in profit or loss. In fiscal 2017, an amount of €1,241 K was accordingly recognized as an employee benefits expense resulting from the grant of shares.

The employee benefits expense recognized in profit or loss in connection with the share-based payments is summarized as follows:

	2017 € in K	2016 € in K
Executive Board (total)		
Share-based payments	**1,607**	**1,746**
Phantom stock units	366	390
Shares granted	1,241	1,356

	2017 € in K	2016 € in K
Dr. Joachim Kreuzburg		
Share-based payments	**1,404**	**1,548**
Phantom stock units	163	192
Shares granted	1,241	1,356

	2017 € in K	2016 € in K
Rainer Lehmann (as of March 1, 2017)		
Share-based payments	**65**	**0**
Phantom stock units	65	0
Shares granted	0	0

	2017 € in K	2016 € in K
Jörg Pfirrmann (until Feb. 28, 2017)		
Share-based payments	**36**	**78**
Phantom stock units	36	78
Shares granted	0	0

	2017 € in K	2016 € in K
Reinhard Vogt		
Share-based payments	**102**	**120**
Phantom stock units	102	120
Shares granted	0	0

Disclosure of Phantom Stock Units

	Number of phantom stock units	Price on assignment in €	Fair value when granted on Jan. 1 of the particular year € in K	Fair value at year-end on Dec. 31, 2016 € in K	**Fair value at year-end on Dec. 31, 2017 € in K**	Paid in fiscal 2017 € in K	Change in value in fiscal 2017 € in K	Status
Dr. Joachim Kreuzburg								
Tranche for fiscal 2013	9,156	17.34	159	397	0	397	0	Paid out in 2017
Tranche for fiscal 2014	8,032	21.01	169	422	422	0	0	Not exercisable
Tranche for fiscal 2015	7,360	24.70	182	454	454	0	0	Not exercisable
Tranche for fiscal 2016	3,484	57.41	200	192	225	0	33	Not exercisable
Sum of the tranches from the previous years	**28,032**		**710**	**1,465**	**1,101**	**397**	**33**	
Tranche for fiscal 2017	2,950	70.51	208	0	163	0	–45	Not exercisable
Total sum of tranches	**30,982**		**918**	**1,465**	**1,264**	**397**	**–12**	
Rainer Lehmann								
Tranche for fiscal 2017	1,182	70.51	83	0	65	0	–18	Not exercisable
Total sum of tranches	**1,182**		**83**	**0**	**65**	**0**	**–18**	
Jörg Pfirrmann								
Tranche for fiscal 2013	3,960	17.34	69	172	0	172	0	Paid out in 2017
Tranche for fiscal 2014	3,452	21.01	73	181	181	0	0	Not exercisable
Tranche for fiscal 2015	3,140	24.70	78	194	194	0	0	Not exercisable
Tranche for fiscal 2016	1,416	57.41	81	78	91	0	13	Not exercisable
Sum of the tranches from the previous years	**11,968**		**301**	**625**	**466**	**172**	**13**	
Tranche for fiscal 2017	644	70.51	45	0	36	0	–9	Not exercisable
Total sum of tranches	**12,612**		**346**	**625**	**502**	**172**	**4**	
Reinhard Vogt								
Tranche for fiscal 2013	5,588	17.34	97	242	0	242	0	Paid out in 2017
Tranche for fiscal 2014	4,880	21.01	103	256	256	0	0	Not exercisable
Tranche for fiscal 2015	4,456	24.70	110	275	275	0	0	Not exercisable
Tranche for fiscal 2016	2,176	57.41	125	120	140	0	20	Not exercisable
Sum of the tranches from the previous years	**17,100**		**435**	**893**	**671**	**242**	**20**	
Tranche for fiscal 2017	1,844	70.51	130	0	102	0	–28	Not exercisable
Total sum of tranches	**18,944**		**565**	**893**	**773**	**242**	**–8**	

The number of phantom stock units granted as well as the particular grant prices were adjusted to the proportions following the stock split executed in 2016.

4. Pension Commitments

The retirement plan for Executive Board members provides for an old age and disability pension for Dr. Kreuzburg and for an old age pension for Messrs. Lehmann, Pfirrmann and Vogt. To cover such pensions, a benefit contribution amounting to one percent of each pensionable income and of each pensionable bonus is paid into a reinsurance policy. The benefit contribution for Dr. Kreuzburg is 10%; for Messrs. Pfirrmann and Vogt, 14% of their respective pensionable income; and for Mr. Lehmann, 9%, which equals their fixed remuneration.

If an Executive Board member elects to convert a portion of his salary to accrued retirement benefits by paying his own contribution into the reinsurance policy, Sartorius matches this by paying a corresponding additional benefit contribution on the reporting date. This amount matched by the company is 5% of the pensionable bonus earned by Dr. Kreuzburg and 7% of the same earned by Messrs. Pfirrmann and Vogt. This pensionable bonus is comprised of their respective one-year variable remuneration and of their respective multi-year remuneration based on the consolidated net profit. The amount of the retirement benefits that Sartorius will pay later to each Executive Board member and his surviving dependents is dependent on the maturity payment of the insurance policy accrued up to the maturity date, including the policyholders' bonuses earned by the insurance company. An Executive Board member does not acquire any rights to the reinsurance policy; Sartorius shall be solely vested with such rights at all times.

Furthermore, an earlier pension agreement granted to Dr. Kreuzburg provides that he will receive a monthly pension of 70% of the basic salary of a German federal civil servant classified as grade 10 of salary class B for ministry officials according to the Federal Civil Service Remuneration Act (Bundesbesoldungsgesetz) in the respective version applicable. With each full year of service, 5% of his full pension is vested until after his full pension will have been reached after 20 years. Arrangements for pensions of surviving dependents basically provide for a widow's pension of 60% and an orphan's pension for each child amounting to 20% of his pension.

The projected pension payments, the present value of pension obligations and service cost are shown in the following table:

	Projected pension payment	**Present value of the obligation (IFRS)**		**Service cost (IFRS)**	
€ in K	p.a.	**Dec. 31, 2017**	Dec. 31, 2016	**2017**	2016
Dr. Joachim Kreuzburg	238	2,989	2,741	258	233
Rainer Lehmann	26	27	0	30	0
Jörg Pfirrmann	84	442	375	43	64
Reinhard Vogt	40	604	475	99	96
	388	**4,062**	**3,591**	**430**	**393**

5. Disclosures Required by the German Corporate Governance Code (DCGK)

The following table shows the benefits granted for the year 2017, including the fringe benefits and the attainable maximum and minimum remuneration for the variable remuneration components in line with the requirements of the DCGK of lit. 4.2.5 of February 2017:

	Dr. Joachim Kreuzburg				Rainer Lehmann (as of March 1, 2017)				Jörg Pfirrmann (until Feb. 28, 2017)				Reinhard Vogt			
Benefits granted € in K	2017 (min)	2017 (max)	**2017**	**2016**	2017 (min)	2017 (max)	**2017**	**2016**	2017 (min)	2017 (max)	**2017**	**2016**	2017 (min)	2017 (max)	**2017**	**2016**
Fixed remuneration	832	832	832	800	333	333	333	0	54	54	54	325	520	520	520	500
Fringe benefits	15	15	15	15	117	117	117	0	2	2	2	13	19	19	19	19
Total non-performance-based remuneration	**847**	**847**	**847**	**815**	**450**	**450**	**450**	**0**	**56**	**56**	**56**	**338**	**539**	**539**	**539**	**519**
Variable performance-based remuneration (1 year)	0	499	416	400	0	200	167	0	0	32	27	163	0	312	260	250
Variable multi-year components w/ long-term incentive																
Consolidated net profit (2017 - 2019)	0	250	208		0	100	83		0	54	45		0	156	130	
Consolidated net profit (2016 - 2018)				200				0				81				125
Phantom stock plan 2017 (holding period 2017 - 2020)	0	520	208		0	208	83		0	113	45		0	325	130	
Phantom stock plan 2016 (holding period 2016 - 2019)				200				0				81				125
	847	**2,116**	**1,679**	**1,615**	**450**	**958**	**783**	**0**	**56**	**255**	**173**	**663**	**539**	**1,332**	**1,059**	**1,019**
Post-employment benefits	258	258	258	233	30	30	30	0	43	43	43	64	99	99	99	96
Total remuneration	**1,105**	**2,374**	**1,937**	**1,848**	**480**	**988**	**813**	**0**	**99**	**298**	**216**	**727**	**638**	**1,431**	**1,158**	**1,115**

The inflows of the various remuneration components in the reporting year are shown in the following table:

	Dr. Joachim Kreuzburg		Rainer Lehmann (as of March 1, 2017)		Jörg Pfirrmann (until Feb. 28, 2017)		Reinhard Vogt	
Benefits received € in K	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Fixed remuneration	832	800	333	0	54	325	520	500
Fringe benefits [1]	15	15	117	0	2	13	19	19
Total non-performance-based remuneration	**847**	**815**	**450**	**0**	**56**	**338**	**539**	**519**
Variable performance-based remuneration (1 year)[1]	363	418	145	0	24	170	227	262
Variable multi-year components w/ long-term incentive								
Consolidated net profit (2015 - 2017)[1]	184		0		79		112	
Consolidated net profit (2014 - 2016)[1]		182		0		78		111
Phantom stock plan 2013[2]	397		0		172		242	
Phantom stock plan 2012[2]		365		0		160		223
	1,791	**1,780**	**595**	**0**	**331**	**746**	**1,120**	**1,115**
Post-employment benefits	258	233	30	0	43	64	99	96
Total remuneration	**2,049**	**2,013**	**625**	**0**	**374**	**810**	**1,219**	**1,211**

[1] Amount equal to actual target achievement
[2] Paid out in the fiscal year

6. Main Features of the Remuneration Plan for the Supervisory Board

The remuneration for Supervisory Board members is defined in the Articles of Association of Sartorius AG and comprises fixed remuneration, meeting attendance fees and reimbursement of out-of-pocket expenses. Members serving as chairperson and vice chairperson of the Supervisory Board receive higher fixed remuneration.

Members and chairpersons of Supervisory Board committees are entitled to receive additional annual fixed amounts and meeting attendance fees and reimbursement of their out-of-pocket expenses. These amounts do not apply in relation to the Nomination Committee or to the committee pursuant to Section 27, Subsection 3, of the German Codetermination Law (MitBestG).

7. Remuneration of the Supervisory Board Members

	2017 € in K	2016 € in K
Remuneration for the Supervisory Board Members		
Total remuneration	**922**	**957**
Fixed remuneration	587	600
Compensation for committee work	80	80
Meeting attendance fee	165	184
Total remuneration for the Sartorius Stedim Biotech subgroup	90	93
Remuneration from Sartorius Stedim Biotech GmbH, Göttingen	10	38
Remuneration from Sartorius Stedim Biotech S.A., Aubagne	80	55

	2017 € in K	2016 € in K
Dr. Lothar Kappich (Chairman as of July 19, 2017)		
Total remuneration	**142**	**49**
Fixed remuneration	76	40
Compensation for committee work	13	0
Meeting attendance fee	15	9
Vergütung von der Sartorius Stedim Biotech S.A., Aubagne	38	0

	2017 € in K	2016 € in K
Manfred Zaffke[1] (Vice Chairman)		
Total remuneration	**118**	**125**
Fixed remuneration	81	80
Compensation for committee work	16	16
Meeting attendance fee	21	29

	2017 € in K	2016 € in K
Annette Becker[1]		
Total remuneration	**51**	**49**
Fixed remuneration	40	40
Meeting attendance fee	11	9

	2017 € in K	2016 € in K
Uwe Bretthauer[1]		
Total remuneration	**77**	**85**
Fixed remuneration	40	40
Compensation for committee work	16	16
Meeting attendance fee	21	29

	2017 € in K	2016 € in K
Michael Dohrmann[1]		
Total remuneration	**51**	**49**
Fixed remuneration	40	40
Meeting attendance fee	11	9

	2017 € in K	2016 € in K
Dr. Daniela Favoccia (as of April 6, 2017)		
Total remuneration	**36**	**0**
Fixed remuneration	30	0
Meeting attendance fee	6	0

	2017 € in K	2016 € in K
Petra Kirchhoff		
Total remuneration	**51**	**49**
Fixed remuneration	40	40
Meeting attendance fee	11	9

	2017 € in K	2016 € in K
Karoline Kleinschmidt[1)]		
Total remuneration	**51**	**49**
Fixed remuneration	40	40
Meeting attendance fee	11	9

	2017 € in K	2016 € in K
Dr. Guido Oelkers (as of November 11, 2017)		
Total remuneration	**8**	**0**
Fixed remuneration	6	0
Meeting attendance fee	2	0

	2017 € in K	2016 € in K
Ilke Hildegard Panzer (as of April 6, 2017)		
Total remuneration	**36**	**0**
Fixed remuneration	30	0
Meeting attendance fee	6	0

	2017 € in K	2016 € in K
Prof. Dr. Thomas Scheper		
Total remuneration	**51**	**48**
Fixed remuneration	40	40
Meeting attendance fee	11	8

	2017 € in K	2016 € in K
Prof. Dr. Klaus Trützschler		
Total remuneration	**78**	**71**
Fixed remuneration	40	40
Compensation for committee work	20	16
Meeting attendance fee	18	15

1) The employee representatives declared that they donate their Supervisory Board remuneration to the foundation Hans-Böckler-Stiftung according to the guidelines of the German Trade Union Association.

Beyond their Supervisory Board remuneration, the employee representatives who are employees within the Sartorius Group receive compensation that is not related to their service on the Supervisory Board.

Former Supervisory Board Members

	2017 € in K	2016 € in K
Prof. Dr. Dres. h.c. Arnold Picot (Chairman until July 9, 2017)		
Total remuneration	**139**	**266**
Fixed remuneration	62	120
Compensation for committee work	13	24
Meeting attendance fee	12	29
Total remuneration for the Sartorius Stedim Biotech subgroup	52	93
Remuneration from Sartorius Stedim Biotech GmbH, Göttingen	10	38
Remuneration from Sartorius Stedim Biotech S.A., Aubagne	42	55

	2017 € in K	2016 € in K
Dr. Dirk Basting (until April 6, 2017)		
Total remuneration	**14**	**49**
Fixed remuneration	11	40
Meeting attendance fee	3	9

	2017 € in K	2016 € in K
Prof. Dr. Gerd Krieger (until April 6, 2017)		
Total remuneration	**19**	**68**
Fixed remuneration	11	40
Compensation for committee work	2	8
Meeting attendance fee	6	20

8. Remuneration of Former Managing Directors

	2017 € in K	2016 € in K
Remuneration of Former Managing Directors		
Remuneration of former managing directors and members of the Executive Board as well as their surviving dependents	871	498
Retirement benefits and pension obligations to former managing directors and members of the Executive Board as well as their surviving dependents	8,098	7,485

Any circumstances beyond the disclosures made above and required to be reported according to Section 289, Subsection 4, nd Section 315, Subsection 4, of the German Commercial Code "HGB" do not exist or are unknown.

Our Approach to Sustainability

Sartorius is an internationally leading partner to the pharmaceutical industry. Our technologies play a significant role in helping the industry to promote human health.

We contribute in many different ways to deliver benefits to society: our laboratory instruments and consumables are used in research, where they support scientific progress. Beyond this, our products are used in the biopharmaceutical industry to produce medical drugs safely and efficiently as well as to ensure their quality.

We want to advance scientific progress by recognizing new trends in our industry and by combining and further developing technologies, thus contributing to the acceleration of development and production processes in pharmaceutical companies. In this way, innovative medications can be launched on the market more quickly and made available to larger groups of people. Biopharmaceutical drugs, in particular, present new therapy options, especially for individuals with serious or rare diseases.

Apart from our own development work, which focuses primarily on our core technologies, we have traditionally relied on development partnerships with other companies and research institutions. This enables us to integrate new technologies and products into our portfolio quickly and to bring our experience and knowledge to bear in furthering general scientific progress.

Ensuring that our manufacturing operations and our products also meet ecological sustainability criteria is a key aspect underpinning our long-term financial success. Sartorius designs its manufacturing processes and products with resource efficiency in mind. We implement our objective of achieving growth coupled with an underproportional use of natural resources at various levels. The expansion of our infrastructure also reflects the importance we place on environmental sustainability and adding value to society.

From a customer perspective, our flexible, cost-optimized single-use technologies contribute to the environmental element of our sustainability strategy. Not only do such technologies reduce the risk of contamination, but they also negate the need for chemicals-based cleaning – which enables manufacturers to save significant resources in production while reducing the use of hazardous materials.

We maintain an open, constructive dialog with our stakeholders, whose perspectives and opinions offer us valuable input that enables us to continuously improve our business workflows, implement our sustainability strategy and achieve our goals.

Our business is built on a desire to shape the future combined with reliability and a commitment to quality, and our sustainability strategy reflects those qualities.

We want use our pioneering spirit to **shape the future** by turning science and innovation into solutions tailored precisely to our customers' needs. We also want to advance scientific progress in society and improve access to medical care and innovative pharmaceutical products. Our employees are the key factor in ensuring our future viability. We appreciate them and support them in their professional development.

We want to be a **reliable partner**. This means managing the Group responsibly, maintaining high standards of environmental protection and serving the needs of society.

For the Sartorius Group, a company nearing its 150th year in business, sustainability is an inherent value embedded in its DNA. Our business model is one that supports sustainability and delivers benefits to society. One of the factors in our success is our ability to closely interweave social and environmental objectives with the company's financial targets on a lasting basis. We have established indicators for our key action areas designed to measure our business performance and help plan for the future.

Sartorius has made sustainability a responsibility of the Chief Executive Officer in recognition of its overarching importance for the company.

About the Non-financial Group Statement

In addition to the key financial performance indicators used to manage the Sartorius Group, we have defined non-financial indicators that enable us to assess the impact of our business activities on stakeholders, the environment and society.

This non-financial Group statement was prepared in accordance with the disclosures set out in Section 315b and 315c in conjunction with Sections 289c to 289e of the German Commercial Code (HGB). Pursuant to Section 315b, Subsection 1, Sentence 3 HGB, reference is also made to individual non-financial aspects contained elsewhere in the Group Management Report.

For the "non-financial group statement," we orient ourselves toward the reporting framework developed by the Global Reporting Initiative (GRI) – the Sustainability Reporting Standards – using the "in accordance" (core) option. Our goal is to conform to the GRI Standard "core" as of next year so that we can ensure transparency and comparability. The GRI Content Index that starts on page 114 offers an overview of the standard disclosures in addition to economic, environmental and social performance indicators.

The reporting period for the non-financial Group statement is the fiscal year. Unless otherwise indicated, the employee-related data covers all Sartorius companies. Unless otherwise specified, the environmental indicators encompass all our production companies, representing 73.3% of the total headcount. Most of the data has been gathered internally; in addition, data on consumption is provided by our utility companies.

This non-financial group statement was audited by KPMG in the form of an audit with limited assurance. A sustainability report for our subgroup Sartorius Stedim Biotech S.A. accounting for over two-thirds of all Sartorius activities is an integral part of the audit of the former's annual financial statements.

Organizational Profile

Please refer to page 22 - 27, sections "Structure and Managementof the Group" and "Strategy and Goals" of the Management Report.

Stakeholder Involvement

The Global Reporting Initiative guidelines focus in particular on identifying relevant stakeholders and material topics.

We define stakeholders as those persons, companies, institutions and interest groups that are able to influence the success of the Sartorius Group or that are impacted by the actions of our company.

Due to its business model, Sartorius engages in a very close ongoing dialog with its stakeholders. The company takes advantage of this exchange to identify the specific aspects of sustainability and responsible corporate governance that are most relevant to the various groups.

With respect to sustainability, we view our customers, employees, investors and society as our most important stakeholders. Beyond these, suppliers and business partners have a stake in the prosperous development of our company and in our responsible conduct.

As we earn around 80% of our revenue through direct sales, we are in close contact with our **customers**. We also obtain ongoing information about our customers' current requirements and priorities through audits, product demonstrations and tests that we perform in our application laboratories as well as through cooperation with customers in product development.

Motivated and efficient **employees** are indispensable in ensuring our business success. Regional and Groupwide employee surveys, annual performance reviews and an open working atmosphere help us discover what our employees find satisfying about the company, and where they see potential for improvement. The results of these surveys suggest relevant topics that we implement as specific plans of action at our local sites.

Investor relations activities at Sartorius aim to create transparency and continuity for our **investors**. We engage in a dialog with our investors about our environmental and social responsibility as well as corporate governance topics at investor conferences and roadshows and as part of capital market days. Sartorius participates in sustainability analyses and ratings to gauge its performance with respect to its environmental, social and governance-related business practices (ESG). MSCI ESG Research, for example, one of the world's largest rating agencies in this field, rated Sartorius as AA with respect to sustainability aspects in 2016 – the second best evaluation.

Sartorius maintains good relationships with local residents and public authorities, and considers their interests and expectations of our business activities. Such interests and expectations relate, in particular, to paying our fair share of taxes, maintaining job security, complying with legal requirements, conserving and protecting environmental resources and promoting infrastructure.

To us, potential employees are a special social group. Young and qualified employees in particular appreciate companies that take social responsibility. A value-oriented corporate culture and sustained employee commitment help convey a positive image of Sartorius **to social communities**, thus increasing our attractiveness as an employer.

Materiality Analysis

Materiality identification process

Topics material to the business activities of the Sartorius Group were first discussed with the Executive Board and risk management.

Thanks to the close dialog we maintain with our stakeholders, we have gained a good understanding of their needs and their views. We took these views into account in deciding on materiality.

Finally, experts from Sartorius identified topics of particular relevance in two workshops attended by the functions of Research and Development, Sales, Marketing, Corporate Communication, Investor Relations, Human Resources Management, Purchasing, Legal Affairs and Compliance along with the employees' council.

The topics defined as material were those that are important for the business activities of Sartorius and the resultant outcomes.

To determine which environmental, social and governance (ESG) topics are material for Sartorius, we conducted a survey of 87 potentially relevant topics. We consulted a number of sources in compiling the list of topics, including

- various reporting standards, such as the GRI and the German Sustainability Code;
- input from our stakeholders gained from many contacts (see "Stakeholder Involvement");
- content from ESG ratings questionnaires;
- web research and CSR reports from our peer group; and
- internal expert report, including assessments by the Executive Board and managers

In a structured, online survey, participants were able to rate the proposed topics as "not relevant," "relevant," or "highly relevant" or to leave the question unanswered.

The final step was to discuss the outcome of this process with the Executive Board for validation purposes. The results of the workshops confirmed the assessment of the Executive Board and risk management with respect to the relevance of the topics.

Stakeholder expectations for companies are constantly evolving. We therefore survey our stakeholders regularly in order to ensure that our prioritization of topics is in line with their own ideas.

Material areas

We have classified all areas as "material" that were rated as "material" or "highly material" by more than 50% of those surveyed.

The following areas have been identified as material:

Access to and Availability of Medical Care

Research and Development

Innovation and the setting of technological standards, knowledge management, and measures to combat product piracy/counterfeiting/illicit trade

Acquisitions

Company market presence, long-term increase in enterprise value, job security, innovation and setting technology standards

Cooperations and Partnerships

Research alliances and cooperations, knowledge management in the company, performance of workshops and seminars, cooperations with schools and universities

Digitalization and Automation

Application Orientation and Service

Technology partnerships, meeting our customers' needs, steadily improving service quality, trust and reputation, responsible marketing, clear and transparent customer information, customer health and safety

Product Quality and Safety

Lifecycle Management and Recycling

Identifying Talent

Offering Opportunities

Career promotion, leadership programs, performance evaluations and feedback, lifelong learning, vertical and global mobility

Diversity and Equal Opportunity

Discrimination-free workplace, diversity and equal opportunity, social dialog and employee co-determination, transparent remuneration system, value-driven corporate culture

Health & Safety

Workplace safety, maintaining employability

Life Balance and Job Satisfaction

Maintaining a life balance (personal and professional), flexible working time models

Corporate Governance and Compliance

Adhering to laws and regulations, safeguarding customer data, fair contract practices, complaint processing and management, observing human rights, following ethical principles, anti-corruption measures, supplier management

High Environmental Protection Standards

Waste avoidance and waste separation, waste management in the production chain, hazardous substances management in R&D and production, emissions in production and operations, emissions management in the supply chain

Social Commitment

Promotion of education and scientific research

Ongoing Dialog with Stakeholders

Shaping the Future

Access to and Availability of Medical Care

Why it's important

Many people in industrialized countries suffer from diseases for which there is as yet no effective treatment. These include types of cancer, Alzheimer's disease, autoimmune diseases and congenital metabolic disorders, as well as infectious diseases.

At the same time, many diseases that would have proved fatal just a few generations ago can now be cured or treated effectively. Falling death rates coupled with declining birth rates have resulted in an aging population in the industrialized nations. Healthy aging and social participation into old age are particularly desirable social objectives. The availability and affordability of innovative biopharmaceutical drugs for the treatment of serious and sometimes rare diseases is consequently hugely important.

In developing and emerging countries, the availability and affordability of any form of healthcare is fraught with problems: more than half the world's population has either no or inadequate access to medical care. Every day, people die of entirely preventable diseases. One in every ten children did not receive the vaccines recommended by the WHO in 2016.

We want to live up to our responsibility for the good of the community and contribute to the innovative treatment methods offered by modern medicine.

Our approach

The manufacture of biopharmaceuticals is complex, time-consuming and cost-intensive. The aim of our two divisions is to render research and development in this field faster and more efficient and to make manufacture safe and more affordable. Our diverse technologies enable us to offer our customers an integrated approach and to optimize the interplay of many individual steps in the process of developing and manufacturing medicines. This ensures that innovative medications reach the market faster, in greater numbers and at lower prices, giving more people access to medicine.

As one of the leading companies in our sector, our approach is to function not just as a developer and manufacturer, but also to bring experts together with a view to promoting dialog and networking. This is conducive to the generation of new and creative ideas and thus supports scientific progress.

We obtain the know-how required for the development of our product range also through cooperations and acquisitions. We are actively approaching new, attractive partners and also organize our own events with experts to this end.

Our performance

With its Research Xchange Forum, Sartorius has created a platform for interdisciplinary exchanges between industry and science. The first event in February 2017 focused on trends and challenges in oncology. The core issue was how to improve and accelerate the transfer of knowledge from basic research to the commercial manufacture of products – and thus its translation to patient therapy. This question has technical, legal and economic backgrounds, but it also highlights a challenge facing society in general. More intensive communication and a regular exchange of ideas will offer a foundation for progress on this issue.

The second Research Xchange Forum in March 2018 will focus on the interdisciplinary exchange between industry and science on the topics of regenerative medicine and cell therapy.

Our Approach to Innovation

Innovation at the Sartorius Group rests on three pillars: our own specialized research and development activity, the integration of innovations via acquisitions, and cooperations and partnerships in complementary fields.

Own R&D Activity

Why it's important

We are one of the market leaders in our sector because we pursue intensive in-house R&D in our core technologies and continually develop our products further.

One of the decisive success factors at Sartorius is the use of technology to differentiate ourselves from our competitors, including spotting trends at an early stage and combining them in innovative ways.

Our above-average R&D performance results from our bringing know-how into the company in systematic fashion and extending, keeping and protecting it, but also from being fast and agile.

Our approach

Research and development has overarching importance in the Sartorius Group, and is overseen by a specially appointed member of the Group Executive Committee. The department is in a good financial position: the Sartorius Group spent €68.9 million on R&D in the reporting year. A total of 638 people worked in R&D during 2017, 116 more than in the previous year. This represents an increase of 22%, while the total headcount grew by 8.5%.

Our R&D activities concentrate on our core competencies, such as membrane and cell culture technology, and the automation and control of instruments in laboratory and process scale. Knowledge and technologies that the company gains through cooperations or acquisitions are developed further within the company and thus lead to new and differentiating technologies.

Each of our production sites fundamentally serves as a center of competence for particular technologies. The Group's plant in Göttingen, for example, concentrates chiefly on the production of membrane filters, whereas the Aubagne and Mohamdia sites primarily manufacture single-use bags. Our facility in Yauco supplies both membrane filters and single-use bags principally for the U.S. market. The Guxhagen site specializes in bioreactors and other systems for bioprocess applications. It collaborates closely with the plant in Bangalore (India), which mainly produces stainless steel components for those systems.

In Ulm, construction has begun on a new Cell Culture Technology Center for the purpose of expanding the development of cell lines and protein production processes. The new laboratory building is scheduled for completion at the end of 2019 and will approximately double present capacities.

Regenerative medicine is a relatively new biomedical field which uses the body's own self-healing powers to replace or restore diseased tissue or cells and establish normal function. We see high growth opportunities in this field and have consequently set up our own research and development team to look into it with the aim of expanding our product portfolio for relevant customers. A global sales team for regenerative medicine applications was also established in the reporting year.

In general, we are increasingly pursuing the approach of linking our individual technologies as a basis for the development of new products and solutions. Owing to our broad product portfolio, we have extensive expertise in the development of bioprocess applications.

We pursue a targeted intellectual and industrial property rights policy to protect our knowledge and systematically check for infringements of those rights.

Our performance

Sartorius pursues strong R&D in its core technologies. Our experts play a significant role in the industry and ensure that the Sartorius Group maintains a leading position around the world.

In 2017, more than 85% of our revenue was generated in areas in which Sartorius is among the top three players.

Complementary Acquisitions

Why it's important

We operate in a rapidly developing and expanding industry. The biopharmaceutical market is an area in which breakthroughs leading to new therapies come at a rapid pace. Production processes and technologies are also subject to ongoing innovation.

Against this backdrop, we are constantly looking to expand our portfolio, among other things through acquisitions. We constantly scour the market for innovative and differentiating technologies to help our customers develop and manufacture their drugs even more quickly and efficiently.

We operate in an environment in which consolidation is a crucial factor. As one of the smaller competitors, our differentiating acquisition strategy is what enables us to succeed in business.

Our approach

We want to grow through acquisitions, particularly when it comes to innovative technologies that complement our own expertise. We buy and develop key technologies with a view to entering into lines of business that will differentiate us from the competition. These technologies develop their full potential once Sartorius takes over ongoing development, including combining the technologies into new products.

When deciding on an acquisition, we always keep our basic strategic approach in mind: we want to position ourselves more broadly along the value chains of our biopharmaceutical customers and become involved in their development processes at an increasingly early stage.

Start-ups are frequently at the forefront of innovation. These fledgling companies not only provide us with new technologies, but also deliver inspiration. We attempt to retain our start-up company founders at Sartorius, to keep their abilities and expertise within the Group.

Such collaboration is also beneficial for the acquired companies, which gain financing capacity, an international network, access to customers and a variety of other resources, all of which translates into a future within the Sartorius Group

Because we take a long-term approach, we don't merely aim to gain a differentiating technology from a market leader in the field when acquiring a company, but also set great store by finding a good fit in terms of corporate culture. The valuation of the company also has to be fair: we expect it to reach Sartorius' level of profitability within two to three years.

Due diligence

With respect to acquisitions, Sartorius' standard policy is to include non-financial aspects in the due diligence process. These include compliance with legal standards and maintaining effective compliance systems, among other things. Moreover, we include HR and environmental aspects in our assessment of risks and opportunities of such potential takeover candidates.

Our performance

Acquisitions and mergers have been major milestones in Sartorius' corporate development. In 2000, the company took a significant step into the biopharmaceutical industry with its acquisition of B. Braun Biotech, the world's leading manufacturer of fermenters and cell culture systems. Bioprocess Solutions now accounts for approximately 75% of Sartorius' revenue and 85% of its underlying EBITDA. The merger with Stedim Biosystems' biotechnology business in 2007, which saw Sartorius combine its biotechnology division with Stedim, resulted in the creation of Sartorius Stedim Biotech S.A.

Since 2011, we have acquired and successfully integrated eleven companies. In these cases, as well as those that preceded them, major locations have been expanded and additional jobs created in the wake of the acquisitions. Our approach to acquisitions also includes offering the employees of acquired companies career and development opportunities in the Group – this extends all the way to membership of the Group Executive Committee (GEC), to which a manager from an earlier acquisition was appointed in 2017.

Sartorius has complemented its existing portfolio with miniature bioreactors, cell culture media and cell lines, thereby making it even more valuable to customers.

Furthermore, the addition of bioanalytics to the company's portfolio has given customers a tool with which they can speed up their product developments considerably.

The acquisitions of IntelliCyt in 2016 and Essen BioScience in 2017 enabled Sartorius to gain a solid foothold in this field.

kSep was also purchased in 2016 and Umetrics in 2017.

Cooperations and Partnerships

Why it's important

The integration of external innovations is one of the factors that has enabled Sartorius to evolve from a small mechanics' shop into an international undertaking boasting more than 7,500 employees. What makes Sartorius special is its close cooperation with customers and business partners, and these are qualities that the Group has kept intact.

Thanks to its close alliances with scientific research institutions and universities, Sartorius is a technology leader that sets standards in many market segments. The company has worked to maintain an open exchange with the scientific community ever since its formation. In this way, it has driven forward scientific insight and precisely tailored product development.

Our approach

We see ourselves not just as a supplier, but as a partner and problem solver for our customers. This is an approach best implemented via direct partnerships.

We have access to the latest research via joint projects designed to study specific issues, and can incorporate this research in our product development.

In addition to research alliances, technology partnerships are another important component of our research and development work. We also maintain technology partnerships with our suppliers to promote common learning and development processes.

Our performance

Well in excess of 100 research alliances and cooperations, including partnerships with the University of Weihenstephan, the TCI at the University of Hanover, Hanover Medical University and institutes of the Fraunhofer Society, provide a steady stream of new ideas and contribute to the identification of new fields of development. Sartorius awarded its annual Sartorius & Science Prize for Regenerative Medicine and Cell Therapy for the first time in 2017. The award, which comes with €25,000 prize money, is geared toward outstanding scientists concentrating on basic or translational research in these fields.

Besides the honoring of outstanding achievements, another objective of the award is to consolidate efforts to draw attention to these research topics and their significance for the future.

At our French site in Aubagne, we have been collaborating for many years with eminent schools and universities such as the École Nationale Supérieure de Technologie des Biomolécules in Bordeaux to support the education and training of biotechnology engineers and business administrators and help young graduates ease into their careers.

Sartorius collaborates with strategic customers and suppliers in technology partnerships.

Sartorius acquired exclusive global sales and marketing rights from Lonza in 2012. Lonza has retained the manufacture of cell culture media, while both companies collaborate on product developments. Cell culture media are an ideal addition to the portfolio of Sartorius subgroup Stedim Biotech. Like bioreactors, they are of crucial importance in the safe and efficient manufacture of biopharmaceuticals, and the collaboration benefits customers by ensuring that all components interact perfectly.

Focus on Customer Benefit and Application

Application Orientation and Service

Why it's important

For us at Sartorius, customer centricity means focusing primarily on practical application. The difference between a supplier and a partner, or a seller and a solution provider, lies in the desire to understand customers, to speak their language and to be at home in their world. We operate as a partner and a problem solver for our customers.

It is imperative that we enjoy the trust of our customers and a good reputation in the market. We maintain and improve our reputation by consistently focusing on the needs of our customers and excellent service.

Our approach

If the core competency of Sartorius in the past was technology, today it is application expertise. We orient ourselves to the market, our customers, and their applications.

Instead of focusing primarily on our products, we look at our customers with their entire value creation chains – and thus the interactivity of all the systems in those chains. This is why the development of our products always begins with a stakeholder analysis that includes all the customer's demands as well as those of our own service team and sales staff. This applies to our Lab Products & Services Division and to our Bioprocess Solutions Division in equal measure. Thanks to this approach, we are able to minimize the risk of bypassing the needs of the market in our development efforts.

Over 10,000 biopharmaceuticals around the globe are in the pre-release stage, and this number is increasing. For this reason, reducing the period from the initial development to the market launch of a medication is a primary concern of our customers. Time-to-market is thus a decisive factor for the manufacturer's subsequent ROI. It is the goal of every biopharmaceuticals producer to be the fastest and best in its class.

Our objective is to accelerate our customers' development activities and make them more efficient. Developing a new pharmaceutical drug takes many years and is extremely cost-intensive. The technologies we develop for subsequent manufacture enhance quality and minimize errors, thus saving both time and money.

A key technology in this regard is bioanalytics, which improves the precision and thus the speed and efficiency of initial development processes. We have created an integrated process solution with our Connect Upstream approach, for instance, and address the entire bandwidth of our customers' expectations in the biopharmaceutical arena.

Our entry into the field of bioanalytics has increased the significance of our laboratory division for the biopharmaceutical market, a target group on which the division now focuses. This results in even more synergies between our two divisions Bioprocess Solutions and Lab Products & Services, as well as the option of offering joint solutions.

Ever since Sartorius was founded 147 years ago, the Group has steadily expanded its international presence. Today, Sartorius is a global player with some 50 production sites, distribution offices and local sales representatives around the globe to ensure geographical proximity to our customers.

Our application laboratories in all regions offer our customers the opportunity to test Sartorius products, even using their own samples, and to take training courses.

At the end of 2016, we opened a new laboratory for bioanalytical services in Boston, where biotech substances can be tested for safety and quality on behalf of our customers.

The Lab Products & Services Division offers a wide range of services covering the entire life cycle of laboratory products, from device installation and commissioning to verification, calibration, regular maintenance and repair. Our services are not limited to Sartorius instruments; they are offered for devices from other manufacturers as well. This extensive range enables our customers to minimize the number of service providers they use and thus reduce complexity and costs.

Our performance

In the biopharmaceuticals area, our Connect Upstream approach enables us to reduce the time-to-market of a biopharmaceutical significantly.

We have more than 700 customer service employees in 28 countries. This decentralized structure means that they can be on our customers' premises quickly to service their equipment and installations under real-life conditions.

Digitalization

Why it's important

For Sartorius, digitalization is critical to our success in two respects: we support our customers in digitalizing their bioprocesses, while also driving the digitalization and automation of our own internal processes forward.

At product level, digitalization has played a minor role in the pharmaceutical industry compared with other industries to date. This is gradually changing, with IT processes now having the potential to act as a differentiator in competition.

In addition to sufficient production capacities, efficient business processes and a strong IT infrastructure are the main internal factors driving profitable future growth. This is why digitalization is so crucial for internal processes too.

Our approach

It is important for the development of Sartorius to play an active role in introducing digital processes in the development of medicines as well as in manufacturing processes and the management of those processes.

Developing bioanalytics into a core competence is a declared Sartorius management objective. Close collaboration with our biopharmaceutical customers has demonstrated that bioanalytics can make a vital contribution to closing a significant gap in demand, making the first steps toward development of a new biopharmaceutical faster and more effective.

Sartorius is therefore targeting the acquisition of young companies with core competencies in the field of bioanalytics. Our approach involves integrating these companies in our portfolio with the aim of enhancing the latter. Recent months have seen Sartorius acquire both IntelliCyt and Essen BioScience with a view to expanding our cell analysis business. The key to success is the application knowledge and know-how needed to combine the companies' software expertise.

The development of biopharmaceutical medicines requires a number of trials, the majority of which have been conducted manually thus far. With respect to cell analysis, the idea is to automate the main analysis steps in order to compress drug development timelines. Cell analysis instruments can also speed up the process of establishing whether, and if so how, a specific substance will affect cells. Optical technologies can be used to evaluate experiments in petri dishes, with a software program determining when the substance has interacted with the cell.

In 2017, Sartorius also acquired Umetrics for its Bioprocess Solutions Division. The Swedish company is a leading global specialist in data analysis for the purpose of modeling and optimizing biopharmaceutical development and production processes. The software systems are used as control mechanisms in cell cultivation and purification processes in the biopharmaceutical industry. Statistical and mathematical methods make it possible to evaluate a wide range of data simultaneously and to compile analyses of the complex correlations between various types of data. The goal is to make the customer's production process as cost-efficient as possible.

In addition, Sartorius is working to digitalize and automate internal processes along our entire value chain. The company plans to introduce a new ERP and CRM system based on global business process standards.

Our performance

Sartorius was able to start building up its promising cell analysis segment with the acquisition of Intellicyt in 2016 and Essen Bioscience in 2017.

The company's products in the area of bioanalytics offer strong unique selling points, and we expect this segment to make a significant contribution to revenue in 2018. We want to use our global sales platform to accelerate the penetration of these technologies across the laboratory market. Since Sartorius enjoys a strong presence in the lab market, we see clear potential for future growth here.

Sartorius is also making progress on the implementation of its new ERP system: in 2017 it was introduced at further sites in Germany, Switzerland and India, and implementation is scheduled to be completed in 2019.

Product Quality and Safety

Why it's important

Sartorius supplies its products to manufacturers of pharmaceuticals, foods and chemicals as well as to research and development laboratories. A high level of product quality and delivery reliability is vital for our customers in these industries, which are strictly regulated in part. This is particularly true of drug manufacturers, whose production lines have to be certified.

Our approach

At Sartorius, the products and services we offer our customers are of the highest quality. We developed a global quality policy in 2014 with a view to maintaining this high level of quality around the globe. It was updated in 2017. This policy is oriented toward the interests of our stakeholders and an analysis of operational requirements, and considers our products and services. It defines three principles and is binding for all company employees. In concrete terms, it is underpinned by 32 global procedures.

Sartorius subscribes to the following principles:

- Maximization of customer satisfaction, fulfillment of industry expectations, and compliance with statutory provisions

- Recognition of ISO 9001 as a minimum standard for all company locations

- Focus on continuous improvements and innovation in our processes and products

Adherence to these principles is monitored at each location and measured on the basis of quality targets which are defined in the company's business plan.

Quality management is dealt with by two departments:

Customer Audit Management looks after audits that our customers perform at our facilities. We also carry out collaboration projects together with our customers to improve quality, for instance by optimizing complaint processing.

Supplier Management addresses the question of how suppliers should be evaluated. We carry out over 100 audits of suppliers every year, and it is our goal in the future to examine environmental and employee concerns as part of these audits, too. Sartorius has a declared interest in establishing long-term partnerships. If critical points emerge from an audit, we support our suppliers actively through an improvement process.

The company employs rigorous quality checks and advanced manufacturing methods and processes to ensure that, when used as intended, these products comply with our customers' needs and pose no risk to health or safety. Detailed application brochures and our Services unit support customers in the correct use of our products. Sartorius has established a traceability system that enables us to recall entire product batches immediately in the event of any major nonconforming items or defects.

Our efforts to enhance the environmental performance of our products and production methods begin at the research and development stage. We decrease our use of materials and increase the proportion of environmentally friendly raw materials whenever this can be done without compromising the safety or functionality of our products or packaging. Sartorius also works with partners from industry and the scientific community in this respect.

Our performance

Fully 17 of our 20 production companies are certified under ISO 9001 – an 85% certification rate. This figure does not take into account companies acquired in 2017. In addition, 23 of our 48 sales companies are certified under ISO 9001.

In 2017, a total of 195 audits were performed on our premises by our customers, 194 of which revealed no critical findings. Accordingly, we achieved an audit satisfaction or compliance rate of 99.5%.

In 2017, we performed a total of 113 audits at our suppliers, six of which were failed. This resulted in a compliance level of 94.7%.

Lifecycle Management and Recycling

Why it's important

Sartorius produces both single-use products and those with useful lives of up to 20 years. This means widely disparate challenges, but in any case it spotlights lifecycle management and recycling as part of our development activities.

Our approach

Lifecycle management and the recyclability of our products are a key aspect of our research and development activities and also involve members of the Group Executive Committee. In the case of products with long useful lives, we consider the future as early as the development phase: what should the product be able to do in 20 years? Is its design compatible with updates and upgrades? Service and spare parts must also be ensured across the product's useful life. As a rule, we guarantee service for up to seven years even after production of a product is discontinued.

On the other hand, single-use products are becoming increasingly widespread in the manufacture of biopharmaceutical medications for economic reasons. Across their product life cycles, single-use products made of plastic are far superior to complex reusable systems in their consumption of energy, water and chemicals. Although single-use products have clear environmental benefits in terms of energy and water consumption, their use generates more waste. For this reason, recycling is of central importance to both ourselves and our customers and is consequently considered as early as the product development stage.

The integrated solutions of the Sartorius FlexAct product line combine the ecological benefits fundamentally offered by single-use technologies and the advantages of lower material usage thanks to adaptable and space-saving systems. The central FlexAct control unit, for example, can be used in a number of different biopharmaceutical processes. Manufacturers no longer need to define a specific production volume in advance; they can adjust it on an ongoing basis without having to install new production facilities and decommission old ones.

Our performance

Rigorous recycling of raw materials improves the environmental performance of our single-use products. The ultrapure plastics we utilize to manufacture various single-use products contain around 80% to 90% of the energy of pure crude oil and are thus valuable secondary raw materials. The high energy content of polymers, for example, means that they can be reused as fuel in heat or power generation.

Technical refinements to its membrane filter series have enabled Sartorius to slash consumption of ultrapure water for wetting and rinsing the membranes by up to 95%. The filters' significantly lower absorption lessens the loss of expensive protein solution. As a result, pharmaceutical manufacturers can substantially reduce the use of resources, while achieving higher yields.

Staff for Unlocking Future Potential

Why it's important

Sartorius is growing strongly. We add around 1,000 new employees to our staff every year. We continually acquire talented and well-qualified employees and build their loyalty to ensure the success of the company in the future. In the process, one particular challenge all over the world is to recruit suitable and experienced specialists for the company.

Our approach

A central success factor in recruiting new employees is our worldwide employer branding. Sartorius is less well-known as an employer in the international arena as it is in Germany. This is why we are defining and communicating the things that are critical to potential employees when they make employment decisions. According to our analysis, all of them are factors that are likely to create trust in the future: the company's brand leadership, its sales growth and margin development, its internationality and innovation activities and – last but not least – the individual's opportunities for development within the company.

We specifically address people who contribute not only their expertise, but also an open attitude, a sense of responsibility and a proactive willingness to actively develop their own fields of work.

Sartorius uses digital professional networks to attract the attention of talented people, collaborates with the respective universities, institutes and organizations,and makes use of its own extensive contacts in the industry.

Promoting Young Academics

The aim of our own international Sartorius Scholarship program is to gain qualified young academics for our company, particularly from the global growth markets. For many years, we have been supporting talented students and graduates in scientific and technical disciplines. Students from sales and marketing can also apply for a Sartorius scholarship. The company aids these recipients not just financially, but also helps them technically and personally. For example, each Sartorius scholarship holder is assigned a mentor from within our own organization.

Sartorius participates regularly in European Union funding initiatives, such as the Leonardo da Vinci program for international vocational education. We enable our interns to participate in a variety of training courses. Thanks to an alliance with the Kedge Business School in Marseille, France, the interns at our Aubagne site, for example, can attend the Master of Business Administration courses offered there.

Initial Qualification of Trainees

Sartorius has traditionally attached great importance to sound initial vocational training. And because it is becoming increasingly important for the company to attract qualified staff, Sartorius launched the #Start series of events in 2017. Here, young people can obtain details of opportunities for study and training at Sartorius and enter into a dialog with in-house trainees and students on the more than 20 different vocational and study programs.

In the year under review, Sartorius offered positions with the company to all trainees after they passed their final examinations. Essentially, Sartorius gears its programs to company requirements and takes on more than 95% of the people it trains.

Alliances with schools and universities

Sartorius cooperates with local schools and universities in order to inform young people of their training options and to prepare them for their working lives by offering targeted measures such as interview training.

Our performance

The last five years has seen Sartorius take on 5,004 new recruits and thus significantly strengthen its human capital.

In Germany, the Group currently offers vocational training and education in a total of 17 different professions via five work-study programs. As of the December 31, 2017 reporting date, Sartorius had a total of 130 vocational trainees and 8 university students, of whom 96 were male and 42 female. This number also includes one trainee who is registered as disabled.

Five of the trainees are refugees, all of whom are now being trained in various professions.

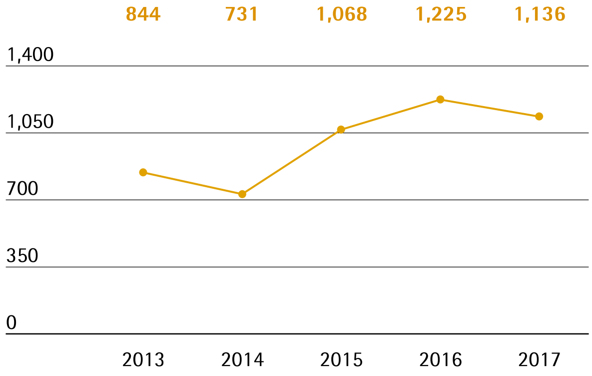
Vocational Study Programs Offered by the German Chamber of Commerce and Industry IHK

Recognized professions in commerce
Industrial business administrator
Office management assistant
IT application specialist
IT system integration specialist
Warehouse logistics specialist
Recognized professions in the natural sciences
Skilled chemistry technician
Physics laboratory assistant
Chemical laboratory assistant
Recognized professions in skilled trade and skilled technical jobs
Mechatronics engineer
Electronics technician for automation technology
Electronics technician for equipment and systems
Milling machine operator
Skilled machine and plant operator
Plant technician
Technical product designer
Machine tool technician
Process technician
Work-study programs
Bachelor of Arts, Business Administration
Bachelor of Engineering, Electrical and Electronic Engineering | Information Technology
Bachelor of Engineering, Precision Machinery
Bachelor of Science, Biotechnology
Bachelor of Science, Business Information Management Systems

In 2017, Sartorius was commended by the Hanover Chamber of Commerce and Industry for its outstanding achievements as regards the company's many years of training skilled professionals.

The following evaluations refer to everyone on the Sartorius payroll as of December 31, 2017, except for the 214 staff members of the acquisitions Essen BioScience and Umetrics.

Development of New Hires
headcount



Creating new Prospects

Why it's important

Around 7,500 employees contribute to the success of Sartorius. The company attracts individuals who appreciate having the freedom to work independently, who want to advance both their personal and their professional development and who put their hearts into their work. Moreover, motivated, well-trained employees are a significant success factor for us as a company. Being able to offer them opportunities is decisive in building their long-term loyalty to Sartorius.

Our approach

We offer our employees motivating work conditions to encourage them to apply their skills in the best possible manner. Sartorius provides its employees with all of the benefits of an international corporation: work in an international environment, attractive pay, flex-time work schedules and occupational healthcare. At the same time, our employees enjoy the benefits of a medium-sized company: short decision-making chains and fast lines of communication along with a caring, closely-knit corporate culture.

Training and Continuing Education

Continuing professional development, assumption of responsibility and opportunities to advance within the company are important for our employees' satisfaction. Such opportunities safeguard their employability and open up new professional prospects for them.

Sartorius retains its qualified employees by offering targeted continuing education courses and opportunities for development, also at its international locations.

The Sartorius continuing education program covers a broad diversity of subjects. Specialized courses and targeted on-the-job training teach required skills and expertise. Sartorius College offers all employees a wide range of training and continuing personal development opportunities in a number of different languages to help enhance their methodological and language skills. We custom-design our programs and continuously adapt them to the changing needs of our employees and the company.

Annual performance reviews between employees and their managers provide a forum for discussing performance, targets and individual development opportunities. We conduct all annual performance reviews worldwide using the same criteria.

Training Management Staff

Sartorius fills management vacancies from within its own ranks whenever possible. Four of the six members of the GEC have been with the company for 15 years or longer. We use Sartorius' leadership guidelines as the basis for a management development program in which all first-time managers participate with the goal of developing a common leadership culture. The program is already available at our companies in Germany, the U.K., France, Belgium, Italy, Spain, India and China. A development program for production managers has been established in Germany.

As an alternative to the classic manager career, Sartorius enables scientists and engineers in R&D as well as IT specialists, in particular, to pursue an expert career path that helps recognize the value of their expert knowledge for the success of the company, and offers experts and project managers adequate development prospects.

Mentorship Programs

Our mentorship programs and knowledge transfer partnerships ensure that expertise is passed on within the company efficiently and systematically. We offer conventional mentoring programs at our companies in Germany, China and India, as well as in France and Tunisia, during which the mentee is able to benefit from the know-how and expertise of his/her mentor. In contrast, knowledge transfer partnerships are a "partnership of equals" that focus on mutual learning and the sharing of expertise. For example, this enables older staff to learn from younger employees, too, and this makes sense given the demographic trend. So far, we have pursued the concept of knowledge transfer partnerships in Germany only.

Global Mobility

Sartorius encourages its employees to network within the company and to transfer temporarily to its other departments or sites. Our internal job market also offers a variety of prospects to further develop and even change jobs. The basic conditions for temporary assignments in foreign countries are transparently defined for all staff members.

We promote international opportunities for our employees' development, for instance through temporary deployment at other sites and international project work.

Sartorius continues to expand its programs to promote temporary assignments and global mobility as an investment in the company's future.

Our performance

At the company's major sites in France, Germany, India, Puerto Rico and Tunisia, where 66.9% of the workforce is employed, a total of 69,222.06 hours were invested in further training initiatives during the reporting year. On average, each employee completed 14.5 hours of further training.

Making the Most of Diversity

Why it's important

As a globally operating company, we do business in many different regions and markets. Sartorius employees cooperate across six continents in performing their work. The company's global network shapes our daily work. Many of our departments cover multiple company locations and countries, and project teams are often composed internationally.

The diversity of our procurement and sales markets is reflected in our corporate culture. The productive interplay of a variety of perspectives and experiences helps us understand our customers better, develop tailored solutions and remain competitive in a global economy. When filling management positions, we likewise aim to achieve a mix of cultures, genders and age groups.

Our approach

One of our guiding principles is respecting the value of our different employees and creating the same opportunities for all.

Our diversity and inclusion approach involves having a good mix, a common goal, an open attitude towards differences, trust and flexibility.

Entry-level opportunities and career opportunities are awarded on the basis of achievement. When filling key positions, we often search the international market for a suitable individual and, for example, look at a candidate's qualifications before considering language barriers or physical distance. At Sartorius, everyone has the same opportunities, irrespective of their origin, religion, gender, age, sexual orientation, or any physical impairment.

Our employees should be able to develop personally and professionally throughout their professional lives. To create the same opportunities for people regardless of their life situations, we have installed a flexible work scheduling model at many of our German companies. Employees are able to take advantage of flextime, part-time and teleworking options.

In addition to flexible work schedules, our response to the need for work-life balance includes child care opportunities. In Göttingen, for example, we have offers for school-age children during school vacation periods. And in 2017, Sartorius commenced construction of a new daycare center on the Sartorius Campus in Göttingen. The center is integrative, meaning it offers spots for handicapped children as well. Sartorius has already won a number of awards for its family-friendly policies. It's part of our corporate culture that fathers also take family leave at Sartorius.

In line with the German Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sectors, Sartorius has set targets for the proportion of women at the first level of management below the Executive Board. By 2022, the company plans to increase the proportion of women in the first management tier below the Executive Board from currently 19% to 25%, and the proportion in the second management tier from currently 25% to 30%. Regarding the number of women to be appointed to the Supervisory Board, the statutory quota of at least 30% applies.

Sartorius actively endeavors to integrate disabled employees into its workforce. All newly built Sartorius locations in Germany are designed to be barrier-free. A Group disability officer has represented the interests of handicapped employees in the German companies since 2014. The Group disability officer is supported by local disability officers at our German locations. While Sartorius meets the statutory requirements in all its companies, it surpasses them by some way in the German companies.

Measures that promote equal opportunity in our company include the creation of transparency on salary structures. The majority of salaries at the German companies are linked to the rates agreed with the IG Metall trade union, with some paid in accordance with rates established for IG Bergbau, Chemie, Energie. The remuneration paid to employees in France and Austria is also based on trade union rates. Using the union rates makes our remuneration more transparent.

Sartorius designs career paths for individual career fields in order to ensure that opportunities for employee development are transparent and to improve our employees' ability to manage their own personal development. The IT and R&D career paths have been established worldwide, and plans call for the introduction of corresponding career paths for other Group functions as well. This measure will likewise increase the transparency of wages and salaries.

Our performance

People from nearly 70 countries currently work well together at Sartorius. Alone our Group headquarters in Göttingen, Germany is home to employees from 42 nations. As of December 31, 2017, 62.6% of the Group's employees were employed outside Germany, 0.6 percentage points more than in the year before. Throughout its sites, Sartorius relies on local management. Almost 70% of the around 730 managers at Sartorius are not of German nationality.

The proportion of women in our workforce has been steadily increasing in recent years and, at the end of the reporting year, was 38.2%, a slight decrease 0.4 percentage points on the figure for the previous year.

In the reporting year, 5.5% or 404 people were working part-time at the Sartorius Group, 25 more than in 2016 and most of which in Germany.

In the reporting period, Sartorius employed 178 people who are registered as severely disabled, 173 in the EMEA region, 3 in the Americas and 2 in Asia/Pacific. This is an increase of 10.6% over the prior-year period.

Employees by Age

	Number	2017 as %	Number	2016 as %
16 - 20 years	20	0.3	26	0.4
21 - 30 years	1,632	22.4	1,550	22.7
31 - 40 years	2,234	30.7	2,105	30.8
41 - 50 years	1,757	24.1	1,640	24.0
51 - 60 years	1,376	18.9	1,282	18.7
Over 61 years	268	3.7	236	3.5

Offering Safety

Why it's important

Employees are a company's most valuable asset, and it is our responsibility to keep our workers safe. The health of our employees is also important to us as a company, which is why we offer support in the form of a variety of preventative health care offers.

Our approach

Sartorius has high safety standards to minimize job-related medical conditions, risks to health, and potential causes of industrial accidents. At our company, we use guidance provided by the requirements of the International Labor Organization (ILO) as well as national regulations and recommendations. Job safety and work organization conditions are continuously improved. Planned, mandatory employee training on topics of occupational health and safety and environmental protection ensure that our staff members recognize risks and avoid them accordingly.

Sartorius analyzes all accidents regularly and derives accident prevention measures from them that can also be used for other sites. At our local Group locations, work safety committees confer regularly to discuss measures that promote health and prevent work-related accidents.

The Group's corporate health management policy addresses both the physical and psycho-social elements of health to enhance employee performance and motivation, ensure their employability and reduce illness-related costs. It is compulsory for companies to provide an in-house medical service. In addition, an external provider is on hand to offer psychological help on any work-related and indeed personal matter. Staff can reach the service via a hotline.

We promote awareness of personal health among employees through special action days on topics such as cooking and health, and via sports initiatives held at individual sites.

We have advisory and assistance services in place, especially for employees on business travel or international deployment, where they can obtain help in the event of any medical emergencies, accidents or security threats. In Germany, France, and the USA, employees with work-related or personal problems can access a free external counseling service.

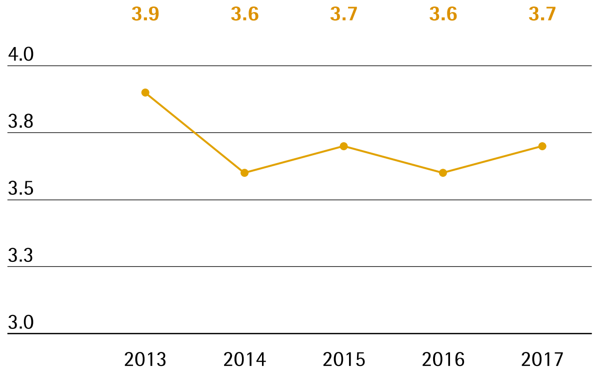
In addition, our new office designs include health-promoting lighting concepts. The new lighting has already been installed at our new building in Göttingen. The lighting is geared towards the time of day to enable employees to work comfortably, even in artificial light.

Our performance

The number of work-related accidents fell by 15 compared with the previous year to 67 in the reporting year. At the same time, the number of days lost through work-related accidents increased by 1,004 days or 65% compared to 2016. The statistics on accident severity changed correspondingly, showing a rise of 72 days per million working hours up to 205.4 days.

The absenteeism rate, defined as the proportion of scheduled working time not worked due to general absences, was 3.7% in the reporting year, around the level of the previous year. This rate is generally dependent on factors such as influenza waves. The average number of days missed per employee due to sickness was 7.1 days in the reporting year, up from 6.9 days a year earlier.

Development of Absenteeism Rate[1]
in %



1) Excluding time lost due to long-term health conditions and maternity, parental, sabbatical and unpaid leave

Statistics on Accidents at Work

	2017	2016
Number of work accidents	0	82
Number of days lost due to work accidents	0	1,543
Frequency rate[1]	0	7.1
Severity rate[2]	0.0	133.8

1) Number of accidents per 1,000,000 working hours
2) Number of days lost due to work accidents per 1,000,000 working hours

Promoting Job Satisfaction

Why it's important

We believe that a working environment of mutual trust, appreciation and respect brings the best work results and increases our employees' motivation and creativity as well as their loyalty.

Our approach

Sartorius assigns its employees demanding tasks, delegates responsibility at an early stage and gives them freedom to arrange their daily work. In Germany and other countries, we meet our employees' different needs and requirements of life situations by providing various options for structuring their employment flexibly.

Flextime, part-time work and teleworking are models that help employees find the right balance between family, work and leisure. Increasing digitalization of workplaces opens up new options for staff to set their own work schedules self-reliantly through time management. To our employees, this flexibility is critical for their satisfaction with Sartorius, and it increases our attractiveness as an employer especially for young specialists. Flextime scheduling is also available to our production employees.

Sartorius responds to the culturally based and generally higher tendency in certain Asian countries for employees to switch jobs by taking the appropriate measures. In India, Sartorius has managed to decrease the attrition rate through a variety of measures aimed at increasing employee loyalty and motivation. We succeeded in this above all by paying more attention to the needs of employees, for example, by holding employee development meetings and feedback rounds, and also involving employees more closely in the organization of their daily tasks. We have also adopted a more selective approach to recruiting staff.

Sartorius' management attaches great importance to job satisfaction among employees. A few years ago, we conducted a survey to measure employee job satisfaction at the Sartorius Group. At almost 80%, the survey participation rate was very high. The survey concluded that the job satisfaction rate was above average on a sector comparison. Similar employee surveys will be conducted in the future at regular intervals.

The design of the new office buildings in Göttingen and Puerto Rico aims to create a positive, open working atmosphere, and we requested input from our employees in advance. Their views on work organization and communication structures were taken into account in planning the buildings.

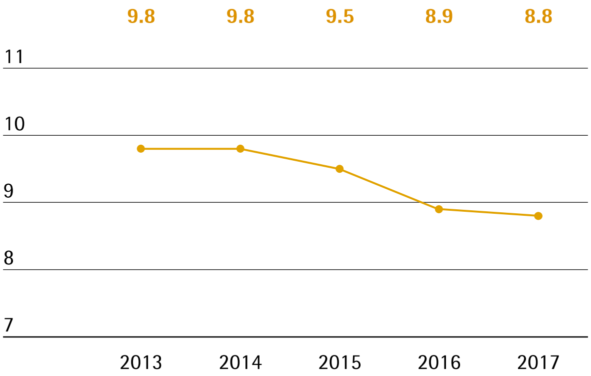
Our performance

The success of our measures to create a motivating working environment is reflected in permanently low attrition rates. Despite the large number of new hires as the result of the company's growth, seniority remains at a high level.

The attrition rate expresses the number of people leaving the company as a percentage of the average headcount. Excluding expired fixed-term contracts, this figure at Sartorius was 8.3%, 1.7 percentage points above the low level of the previous year. In general, fluctuation is subject to regional differences. Europe typically has the lowest levels of staff turnover, whereas changing employers is more common in Asia and fluctuation there is usually high. At Sartorius, too, staff turnover was very low at the Group's German sites, at 3.7%.

As a result of the consistently high number of new hires, the average seniority again decreased slightly in the reporting year. In 2017, about half of all employees had been with Sartorius for less than five years, while around a quarter had been with the company for 15 years or more.

Development of Average Seniority
in years



A Reliable Partner

Our activities are based on our corporate values: sustainability, openness and enjoyment. These values govern how we interact daily inside our company and connect us outside – with our customers, investors and society at large. In addition, they guide us in the definition of our strategies and their implementation.

Sartorius works in sectors in which high quality and safety standards are imperative. That's why benefiting from cooperative relationships with our partners, including developing longstanding trust, are key to our business.

It's important to us to be a reliable partner for all of our internal and external stakeholders.

Responsible Management

Why it's important

The trust of our customers, business partners and investors along with our reputation in the market are among our most valuable assets. That's why we place absolute priority on upholding our good reputation and conducting our business with the utmost integrity.

Corruption undermines the trust of all involved in the business cycle in the efficiency of the economic system, and also causes substantial financial losses. Condoning corruption is unacceptable given its damaging impact on the economic system.

Sartorius is highly people-focused in its values and its strategy. This not only extends to the people working for the company and its customers, but includes anyone who derives benefit from research and development or efficient production in the pharmaceutical industry. Respect for people and their dignity is embedded in our DNA. As a global organization, we hold ourselves responsible for upholding that conviction wherever we operate.

Sartorius expects all of its business partners, particularly its suppliers, to conduct themselves similarly.

Our approach

Sartorius conducts its business in compliance with globally accepted ethical standards and applicable national legal requirements. Our actions reflect the principles of responsible corporate governance and control that seeks to create sustainable added value. These principles include the protection of our stakeholders' interests, transparent communications, appropriate risk management and proper accounting and auditing. Sartorius follows the rules and recommendations of the German Corporate Governance Code in its current version of February 7, 2017.

Our globally applicable compliance system is intended to ensure that our Supervisory and Executive Board members, management and employees comply with all legal regulations and codes, and act according to our internal guidelines. We systematically raise awareness of relevant compliance issues among our staff to prevent misconduct, financial losses and damage to our image. The Legal Affairs & Compliance department is responsible for legal consulting, internal auditing, corporate security, data protection, anti-corruption, customs and export control.

Respect for Human Rights

We are committed to upholding human rights and advocate their preservation throughout our sphere of influence. As a supplier to the pharmaceutical industry, we see our greatest opportunities for influence in the area of employee rights, such as the freedom of association and the right to collective bargaining. Another important point is improvement in the availability of medical products. The company rejects all forms of forced, compulsory or child labor. As a business partner, we act with integrity and fairness in our dealings with competitors, suppliers and customers.

Sartorius adheres to the principles of the United Nations Universal Declaration of Human Rights, the conventions of the International Labor Organization (ILO) and the United Nations Global Compact – the world's largest initiative for human rights, work standards, environmental protection and anti-corruption. Our internal principles such as our Code of Conduct and our Supplier Code of Conduct have been derived from the above principles.

Code of Conduct

The Sartorius Code of Conduct defines the requirements we place on our employees with respect to responsible conduct. The code helps employees act ethically and in accordance with the law in their daily work.

In everything they do, employees are required to ask themselves the following questions: Are my actions legal? Does my conduct correspond to our values and guidelines? Is it free of personal interests (that are not covered by labor-law regulations)? Will it stand up to public scrutiny?

The Code of Conduct covers compliance with international social and environmental standards, general rules of conduct and dealing with conflicts of interest.

Supplier Code of Conduct

We expect our suppliers and service providers in particular to comply with internationally recognized social and environmental standards, to respect the law and to uphold the tenets of fair competition. The company excludes existing or new suppliers who are identified as posing a considerable risk in terms of compulsory, forced or child labor, other violations of human rights or negative effects on society. We have set out our requirements in our Code of Conduct for Suppliers and Service Providers.

Sartorius reserves the right to review its supplier requirements on a regular basis and at any time without advance notification.

Suppliers are obliged to support the review process and to disclose all information requested. If such support is not forthcoming or the requirements are not met, Sartorius looks into whether the business relationship can be maintained or not. The Purchasing department sees to it that all suppliers acknowledge and sign the Sartorius Code of Conduct for Suppliers. Not only is the code presented for signing to all new customers, but all existing customers have been contacted and are required to sign the code as well. If a supplier does not sign our Code of Conduct for Suppliers, we check whether that supplier has an equivalent code in place that can be used as the contractual basis. Should that not be the case, further action is taken.

Sartorius has standardized its procurement channels worldwide, and contracts are awarded in a transparent process that complies with all current regulations.

In 2018, we plan to expand our supplier evaluation to include the areas of environmental management, energy management and occupational health and safety as well as conformity/ethics.

Export Control

As part of good corporate governance, we keep an eye on both our upstream and downstream chains. As soon as a new customer is entered into our ERP system, a check is run in the Global Trade System against sanctions lists for the customer and embargoes for the countries in question. Products leaving the company are also checked against the goods lists of the EC Dual Use Regulation. It is important to ensure that fermentation and cross flow systems in particular are used for their legitimate purpose, as goods produced by these systems could potentially have a dual use.

Anti-Corruption Code

The Anti-Corruption Code forms the basis for raising employee awareness about corruption risks. It also serves as a guideline, instruction manual and aid in taking the necessary action to both prevent and fight corruption at specific companies or in specific sectors.

In addition to systematically following up on any incidents of corruption, the management's main objective is to counter corruption before it even occurs with the help of preventive measures and by creating and reinforcing the relevant organizational structures.

Departments are regarded as vulnerable to corruption if they are privy to information or take decisions that could present a material or immaterial advantage to a third party outside the company.

An anti-corruption officer has been appointed by Group management as a contact person for corruption prevention. This officer pursues his or her duties independently.

We ensure that each and every one of our employees is familiar with the Code of Conduct and Anti-Corruption Code by having them complete an online training course, for which they are awarded a certificate. The course teaches employees how to deal with ethically or legally problematic situations.

The application of the double-checking principle is fundamentally obligatory at the Sartorius Group as a control function that protects individual employees and their colleagues.

Data Protection

The EU General Data Protection Regulation ensures that uniform data protection legislation is in place throughout the European Union. It entered into force on May 25, 2016, largely replacing national legislation. The transition period ends on May 25, 2018, on which date the requirements of the regulation become binding.

In the departments that deal with personal data, projects are under way with a view to ensuring compliance with the requirements of the General Data Protection Regulation. Directories of procedures help to render the processing of personal data more transparent and consequently make the data more secure. Directories of this nature are currently being created at Sartorius.

When joining the company, every employee must participate in an online training course to ensure that all our employees are sensitized to the topic of data protection and are familiar with the corresponding rules of conduct.

Employee Interests

The Group Employees' Council represents the interests of our staff in Germany. Five of our six operating companies in Germany also have a local employees' council. In addition to the employee council members, numerous representatives are available to Sartorius employees. In 2017, three employee council meetings were held at which employees were provided with information and were able to voice their concerns.

Compliance Management System

Our corporate compliance team is currently being enlarged. From January 2018 onwards, a number of employees will dedicate themselves to the implementation of all Group compliance topics. A whistleblower system already ensures that those responsible for compliance can be contacted and that all instances of damaging behavior such as corruption, unequal treatment or sexual harassment can be reported. The compliance team can be contacted face-to-face, via a telephone hotline, the department's electronic mailbox or – in the case of anonymous reports – the whistleblower system. The relevant contact options are listed on the company's website and are thus available company-wide.

Our performance

Code of Conduct training takes place in 24 countries and is available in 16 languages. As of mid-2017, every new employee must complete an online Code of Conduct training course. Employees who have not yet done so will be requested to tackle the course in the coming months. Our Anti-Corruption Code training is conducted in the same manner.

No significant fines or non-monetary penalties resulting from violations of laws or regulations were imposed in the reporting year and no cases of corruption came to light.

High Environmental Protection Standards

Why it's important

Sartorius is a manufacturing company in the technology sector with 23 production sites at which we consume energy and produce greenhouse gases. Our production activities also produce waste.

We classify the environmental impact of our activities as comparatively low. However, we are also aware of our responsibility for the environment and set high standards for environmental protection. The modern building technologies installed at our sites often exceed the requirements of national environmental protection regulations.

We have identified the primary environmental concerns at Sartorius as "energy consumption and greenhouse gases" and "waste and hazardous materials."

Our approach

The focal points of our environmental sustainability management are compliance with environmental regulations, efficient handling of energy and water resources, and responsible waste and recycling management. Environmentally friendly product development is another core issue at Sartorius.

ISO Certification

The number of Sartorius manufacturing companies certified according to internationally recognized standards is increasing all the time. The majority of our manufacturing sites are certified under ISO 9001, the international standard for quality management, and additional certification is planned. An ISO 14001 environmental management system has been introduced at our two largest plants in Göttingen, Germany, as well as in Aubagne, France; Beijing, China; Bangalore, India; Kajaani, Finland; and Suzhou, China. This means that 64% of employees at our manufacturing sites meet the requirements of this international standard for environmental protection. These two standards ensure that we comply with quality requirements in the manufacture of our products, conserve the resources we use and prevent environmental risks. We also operate an energy management system pursuant to ISO 50001 at our four German facilities, corresponding to an employee compliance rate of 44% at our manufacturing sites.

EHS Officers

At our international sites, officers for the environment, health and occupational safety ensure compliance with environmental laws, regulatory requirements and standards. In 2016, Sartorius introduced a software solution to standardize and accelerate the process of global data acquisition. Data on sustainability has been fed into this central system since 2017.

Energy and Greenhouse Gases

Emissions from the consumption of electricity at Sartorius account for two-thirds of its climate-change producing emissions (Scope 2 emissions). The remaining one-third of climate-relevant emissions can be attributed to the combustion of fossil fuels (Scope 1). Most of the company's energy consumption occurs in production. Our largest site in Göttingen accounts for 58,2% of the energy used by all our manufacturing plants. For this reason, this Group headquarters site is a focal point of our energy-saving measures and plays a pioneering role. Emissions from solvents are also produced in the manufacture of filters in Göttingen and Yauco.

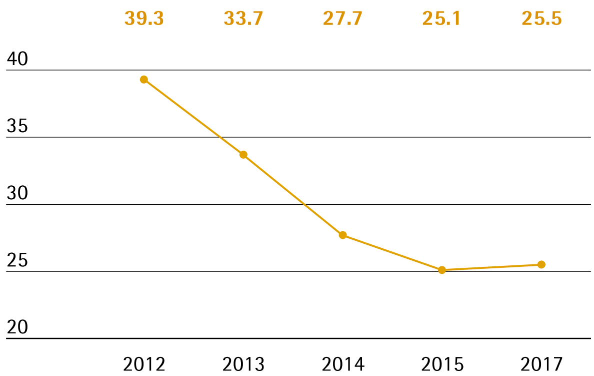
Energy Consumption and Greenhouse Gases

	2017	2016
Total energy consumption in MWh	**101,414**	**104,696**
- of which electricity	56,165	57,105
- of which ...	45,249	47,591
Total greenhouse gas emissions in t CO_{2eq}[1]	**35,767**	**32,652**
- Scope 1[2]	12,429	11,765
- Scope 2	23,338	20,887
Key indicators		
CO_{2eq} emissions per employee in t[3]	6.8	6.5

[1] Emissions in t of CO2eq were calculated by using "SoFi software supplied by Thinkstep"
[2] Excluding fuel consumption for car fleet
[3] Based on the average number of employees at the production sites; 2017: 5,291

We endeavor to steadily reduce the greenhouse gas emissions produced in our business operations. Our goal is to keep increases in energy consumption and greenhouse gas emissions at a lower level than increases in revenue.

Development of Climate -Relevant Emissions
in proportion to annual sales, in t/€ in millions



At our Göttingen site, we also produce some of our own electricity and heat using four combined eco-friendly heat and power (CHP) plants fueled by natural gas. At our largest manufacturing site in Göttingen, we put our first CHP plant into operation as early as in 2008 and introduced an additional one in 2014. These power plants make optimal use of energy with a 90% efficiency rate. As a result, this site generates 22% of its electricity needs itself, using the heat produced to cover 24% of its heating requirements. However, we purchase most of our electricity from suppliers.

We continue to further develop production processes and buildings at our international sites too in order to reduce our consumption of resources.

The primary energy sources we use include oil and natural gas. Our secondary energy, such as electricity, is mainly generated from primary energy sources and accounts for the majority of our energy consumption.

Emissions from solvents, which occur mainly in filter manufacturing at the Göttingen and Yauco sites, amounted to 25.9 metric tons total carbon in the reporting year (2016: 45.3 metric tons). This decrease can be attributed to the loss of production in Puerto Rico following Hurricane Maria. The proportion of total carbon relevant to greenhouse gas emissions has been taken into account when calculating the CO2 equivalent figure.

Emissions Monitoring in Line with the Greenhouse Gas Protocol

Sartorius has been recording greenhouse gas emissions in line with the Greenhouse Gas Protocol (GHG), a global standard, since 2013. We thus account for emissions not only of CO2 but of all gases relevant to climate change, and report them in CO2 equivalents (CO2eq). Currently, we report direct climate-relevant emissions from our production sites (Scope 1). We also report energy-indirect emissions resulting from power generation by external energy suppliers (Scope 2). At Sartorius, we presently record other greenhouse gas emissions, such as those associated with the manufacture of precursor products and distribution operations (Scope 3), only at our main production site for single-use bags in Aubagne. We are considering phased accounting of Scope 3 greenhouse gas emissions, which are time-consuming to record and calculate.

Waste

We strive to reduce waste and use sorting systems to help ensure that reusable materials can be recycled, lowering the proportion of waste stored in landfills.

Waste

	2017	2016
Total amount of waste in t	**5,293**	**4,570**
- of which waste for recycling in t	2,638	2,637
- of which waste for disposal in t	2,654	1,933
Waste per employee in t/€1)	1.00	0.91
Recycling quota in %	49.8	57.7

[1] Based on the average number of employees at the production sites; 2017: 5,291

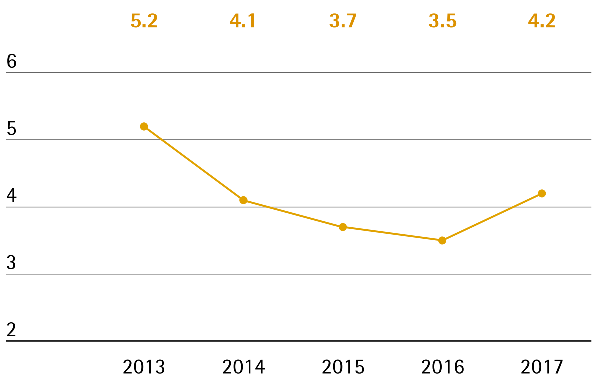
Sartorius applies the relevant regulations on environmentally compatible design and recycling in force around the world to its own electronic products, such as balances and other laboratory instruments. Materials such as heavy and precious metals have to be recovered for reuse rather than landfilled. Since 2010, the Group sites in Germany, at which 58% of all our waste is produced, have been using an electronic signature system for hazardous waste items, such as acids and substances containing oil. This ensures that the generation and disposal of hazardous waste products are documented digitally and can be traced in full. In Germany, the proportion of waste that counts as hazardous waste was 23% in the reporting year. The majority of this hazardous waste results from the production of membrane filters.

Organic solvents, which we need for manufacturing membranes for filter cartridges, are recovered and recycled. The Göttingen facility, which accounts for most of our solvent usage, has a solvent reprocessing plant on site so that solvents can be reused in production operations. In this way, we maintain closed-loop material cycles, minimize transportation requirements and reduce the quantities of water used and wastewater produced. By conducting our own research and development, we also continuously lower the relative volume of solvents needed for membrane manufacture.

The use of recycled plastics at Sartorius is limited for safety reasons; these materials are employed in small amounts in certain functional components of its balances, for instance.

We dispose of waste primarily in the country in which it is generated; thus, international waste transport does not currently apply to us.

Development of Waste
in proportion to annual sales, in t/€ in millions



Water Consumption

The company takes care to reduce water consumption and soil sealing, particularly at manufacturing plants located in baseline water risk areas according to the Aqueduct Water Risk Atlas (such as Yauco, Bangalore and Beijing), and has, for example, established an additional system for rainwater use. Most of the water used is for rinsing in the manufacture of filter membranes according to the precipitation bath method at the Göttingen site.

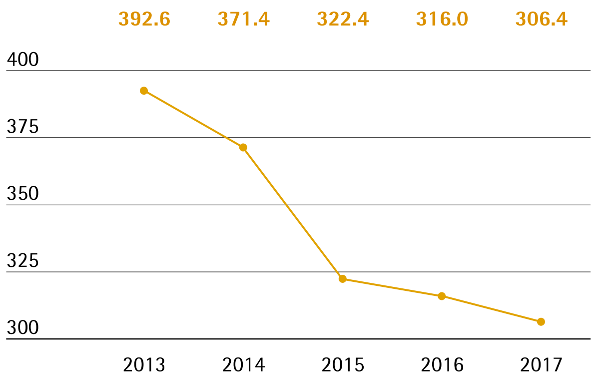
Sartorius primarily draws water from the public water supply, but also uses surface water. The total volume of water discharged into public sewage systems corresponds roughly to the company's total water consumption, plus rainwater drainage. The biochemical oxygen demand, which defines the amount of oxygen needed to break down the organic compounds in wastewater, is calculated for the proportion of production wastewater that is classified as significant.

Water Consumption

	2017	2016
Water consumption in cbm	426,789	410,919
Water consumption per employee in cbm[1]	80.7	82.0
Wastewater Biological Oxygen Demand - BDO[2] in t	271.8	213.2

[1] Based on the average number of employees at the production sites; 2016: 5,037
[2] Contaminated wastewater only; without sanitary wastewater

Development of Water Consumption
in proportion to annual sales, in cbm/€ in millions



At our Yauco manufacturing plant, we reduced consumption of water by around 85% compared with conventional factories, thanks in part to an intelligent concept for the use of rainwater. In Bangalore, we minimized sealing of the production facility grounds; extensive green spaces enable rainwater to seep into the soil. Our water consumption here has decreased considerably in proportion to sales revenue since 2012. A new wastewater concept is being drawn up in Göttingen in collaboration with the authorities and representatives of the municipal water treatment works as well as with external expert support. We have already succeeded in reducing wastewater nutrient loads at a new manufacturing area in the reporting year.

Hazardous Materials

We have defined three types of raw material as significant for product manufacturing: chemicals for filter membranes, plastics for single-use products, and stainless steel for reusable bioreactors and systems. Cooling lubricants, adhesives and casting compounds are used in the manufacture of instruments.

Membrane production is especially risky for soil and groundwater and can pose a health hazard due to the risk of leakage of hazardous materials. An initial status report on soil and groundwater was consequently compiled for all the relevant substances within the scope of an approval procedure under immission control law. No contamination of these protected assets was found in readings taken at a number of soil and groundwater measuring stations. A special monitoring concept is to supervise groundwater status in particular in the future.

Sartorius has developed a hazardous materials management system based on an international ERP software standard; this enables the chemicals to be used in the Group to be selected via an approval process. It also allows for the provision of safety data sheets for customers as well as instructions for the in-house use and handling of such hazardous substances.

Sartorius has additionally set up a global hotline for harmful and environmentally hazardous substances in collaboration with a German-British partner. Our customers can also call the hotline for immediate assistance in emergencies.

In the areas of R&D and applications, Sartorius also works with biological agents such as viruses and cytostatic agents. Unlike membrane and instrument manufacturing facilities, laboratories use numerous hazardous chemicals and biological agents. These are also subject to the hazardous materials management process governing substance approval. Since the analysis of customers' chemicals involves multiple steps, substitution testing with a view to the use of less hazardous materials can only be performed to a limited extent in such cases. Appropriate technical requirements are in place to guarantee health and environmental protection in the course of the approval process. These include a special safety workbench for handling cytostatic agents.

Environmentally Friendly Infrastructure Expansion

We invest continuously in new plants and plant expansions to accommodate our constant growth. In constructing new facilities, we follow recognized standards for sustainable building as guidance. For example, our site in Yauco, Puerto Rico, which was expanded in 2012 to serve as the central manufacturing and logistics hub for the North American market, meets the highest U.S. standards for green, resource-saving and efficient construction. We even became the first pharmaceutical industry supplier worldwide to achieve Platinum-level certification of our production building in Yauco under the U.S. Green Building Council's LEED initiative. Moreover, Sartorius considers environmental, economic and social factors when developing and expanding the Group headquarters in Göttingen. We are pursuing certification by the German Sustainable Building Council (DGNB) for the new building at which we started manufacturing operations of laboratory instruments in 2016. The primary energy needed to heat this new facility alone lies 45% below the value prescribed for Germany. With our electricity charging stations, we have also have created the infrastructure to increase electromobility.

Our performance

The success of our measures is reflected in the company's overall energy consumption and greenhouse gas emissions, which have increased at a much lower rate over the few last years than the company's expansion in terms of sales revenue. We have also steadily reduced waste production.

Climate Footprint at the Aubagne Site

For several years, Scope 1, 2 and 3 emissions at the Aubagne site for manufacturing single-use bags have been assessed according to the "Bilan Carbone" method developed by the French Environment and Energy Management Agency (ADEME). This also includes indirect greenhouse gas emissions generated by upstream and downstream steps along the value chain. The evaluation of Scope 1, 2 and 3 emissions in 2015, the most recent year analyzed, yields the following distribution: over half of our ecological footprint is caused by freight transport (29%) and

by preliminary products and raw materials that Sartorius sources from its suppliers (22%). Business travel and work-related commuting by employees contributes 20% to the generation of greenhouse gas emissions; packaging contributes 9%, and energy consumption in buildings 10%. Based on this data, the site has implemented a plan of action for the ongoing reduction of CO2 emissions.

Social Commitment

Corporate Citizenship

Together with its cooperation partners, Sartorius is actively involved in shaping the economic and social environment around its sites.

Our social outreach activities targeting areas beyond our home regions concentrate on fields linked to our core business. Promoting research and education and supporting events for the scientific community remain our chief priorities.

On a regional basis, we focus on increasing the attractiveness of the respective region. Our business operations have many positive effects on the cities and communities in which we are based, the great majority of which have been home to Sartorius for many years. We rank among the biggest private employers at our production facilities located in small to mid-sized cities and communities such as Göttingen, Aubagne and Yauco in particular and contribute to growth and purchasing power in those regions. In addition, it's important to us to be good citizens by providing financial support for projects in education, culture, social affairs and sports.

Sartorius is politically independent and does not provide financial or in-kind support to politicians or political parties.

Promoting Education and Academic Excellence

Promoting academic excellence and interdisciplinary communication are key aspects of our long-term alliances with research and educational institutions. To honor outstanding academic achievement, the Florenz Sartorius Prize is awarded twice per year to the best in class at the Faculty of Economic Sciences at Göttingen's Georg-August University. Within the scope of the German federal government's scholarship program, "Deutschlandstipendium," Sartorius also provided financial aid and practical assistance in career counseling to outstanding students in the reporting year.

At our French site in Aubagne, we have been collaborating for many years with eminent schools and universities such as the École Nationale Supérieure de Technologie des Biomolécules in Bordeaux to support the education and training of biotechnology engineers and business administrators and help young graduates ease into their careers.

As a partner to the pharmaceutical industry, Sartorius takes part in symposiums, conventions, annual conferences and events for this industry. For instance, we regularly support the international and regional annual conferences of the International Society for Pharmaceutical Engineering (ISPE), an independent not-for-profit association dedicated to employee education and information sharing across the pharmaceutical industry worldwide. In 2016, Sartorius also participated in several events on quality assurance of medications, such as the Drug Quality & Safety Conference in China and the Pharmaceutical Quality Week in Belarus.

Dedicated to the Local Environment

Together with representatives of politics, industry and society, our local subsidiaries at a number of our larger sites in Göttingen, Aubagne, Bohemia and Yauco are involved in initiatives to strengthen the competitiveness of their regions. Long-term partnerships ensure reliable business relationships for regional organizations. We maintain an open and constructive dialog with the various local stakeholder groups and notify them promptly and in full of any activities and developments that touch upon their areas of concern. Several examples from Göttingen and Yauco are presented below.

At the Göttingen Group headquarters site, we are a longstanding member of the local logistics network and the Measurement Valley business association, an alliance of small and midsize measurement technology companies established to boost the local economy. We are also involved in the local climate protection initiative to reduce CO2 emissions, collaborate with Göttingen's Georg-August University and various scientific institutions, and are an industrial partner to several Göttingen high schools. In addition, we are a sponsor of the internationally renowned Göttingen Handel Festival, the city's "Literaturherbst" fall literature festival, and the men's team of the local basketball club BG Göttingen, which currently plays in Germany's top division, as well as the women's team, which plays in the second division.

At our subsidiary in Yauco, Puerto Rico, Sartorius works with more than ten local schools, and awards around 20 scholarships annually to especially talented high-school and university students from low-income families. In addition, visits to the company are organized to motivate these young people to begin vocational training or university studies. Sartorius also sponsored a variety of youth sports teams and other local sporting events, and also supported two local organizations that look after homeless people in Yauco.

Integration Prize of the State of Lower Saxony

In 2017, Sartorius received the integration prize awarded by the German state of Lower Saxony, which is given to companies for their efforts on behalf of the integration of refugees. Since 2015, Sartorius has supported more than 30 new arrivals to Germany from eleven different countries. Their first steps consisting of "exploring" the company's operations and completing paid internships, and the interns were also supported through intensive German language courses. In addition, mentors were established and intercultural training on working with Germans was offered. Sartorius also offers support with residency issues and the official recognition of qualifications.

Of the interns who predominantly had backgrounds in natural sciences and technology, four have already become permanent employees, four have fixed-term employment and three are completing measures to prepare them for training programs.

Christmas Donations Instead of Gifts

Sartorius has been supporting internationally active non-profit organizations as part of its "Christmas Donations Instead of Gifts" initiative since 2014. In the reporting year, Sartorius again donated €75,000 to the global medical aid organization action medeor, which supplies life-saving medications to a mobile health clinic in difficult-to-access regions of northern Iraq.

GRI Content Index[1]

Organization and Report Profile

General Standard Disclosures

		Page	Externally audited
	Organizational Profile		
102 - 1	Name of the organization	Combined Group management report, p. 22	Yes
102 - 2	Primary brands, products, and services	Strategy and Goals, pp. 24ff.	Yes
102 - 3	Location of the organization's headquarters	Combined Group management report, p. 22.	Yes
102 - 4	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Notes to the financial statements, pp. 143ff.; Supplementary information, pp. 190ff.	Yes
102 - 5	Nature of ownership and legal form	Combined Group management report, p. 22	Yes
102 - 6	Markets served	Strategy and Goals, p. 27f.	Yes
102 - 7	Scale of the organization	Combined Group management report, pp. 22ff.	Yes
102 - 8	Employees profile, total number of employees	Group Business Development, p. 37f.	Yes
102 - 9	Supply Chain	Opportunity and risk report, pp. 56ff.	Yes
102 - 10	Significant changes to the organisation and ist supply chain	Combined Group management report, p. 23	Yes
102 - 11	Precautionary principle or approach	Sustainable corporate management, p. 86.; Shaping the Future, pp. 102ff.	Yes Yes
102 - 12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	GRI Content Index, p. 112	Yes
102 - 13	Membership of associations	GRI Content Index, p. 112	Yes
	Strategy and Analysis		
102 - 14	Executive Board statement concerning the relevance of sustainability to Sartorius	Report of the Executive Board, p. 8; Sustainability at Sartorius p. 86	Yes
102 - 15	Description of the key impacts, risks, and opportunities	Opportunity and risk report, pp. 54ff.	Yes
	Ethics and Integrity		
102 - 16	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Report and declaration on corporate governance, pp. 71ff.; Sustainable corporate management, p. 86	Yes Yes
	Governance		
102 - 18	Governance structure of the organization, including committees of the highest governance body	Combined Group management report, p. 22	Yes
	Stakeholder Engagement		
102 - 40	List of stakholders groups	Sustainable corporate management, p. 87f.	Yes
102 - 41	Collective bargaining agreements	GRI Content Index, p. 107	Yes
102 - 42	Basis for identification and selection of stakeholders with whom to engage	Sustainable corporate management, p. 87f.	Yes
102 - 43	Approach to stakeholder engagement	Sustainable corporate management, p. 87f.	Yes
102 - 44	Key topics and concerns that have been raised through stakeholder engagement	Sustainable corporate management, p. 88f.	Yes

[1] Reference to additional information voluntarily provided

	Identified Material Aspects and Boundaries		
102 - 45	Entities included in the organization's consolidated financial statements or equivalent documents	Sustainable corporate management, p. 86	Yes
102 - 46	Process for defining the report content and the aspect boundaries	Sustainable corporate management, p. 86	Yes
102 - 47	Material aspects identified in the process for defining report content	Sustainable corporate management, p. 88f.	Yes
102 - 48	Restatements of information provided in previous reports	Combined Group management report, p. 23 Sustainable corporate management, p. 86	Yes Yes
102 - 49	Significant changes from previous reporting periods in the scope and aspect boundaries	Sustainable corporate management, p. 86	Yes
	Report Profile I		
102 - 50	Reporting period	Sustainable corporate management, p. 87	Yes
102 - 51	Date of the most recent previous report	Sustainable corporate management, p. 87	Yes
102 - 52	Reporting cycle	Sustainable corporate management, p. 87	Yes
102 - 53	Contact point for questions regarding the report	Supplementary information, p. 199	Yes
102 - 54	Claims of reporting in accordance with the GRI Standards	Sustainable corporate management, p. 87	Yes
102 - 55	GRI content index	GRI Content Index, pp. 114ff.	
102 - 56	External assurance	Independent auditor's report, p. 174	

Category: Economic

Specific Standard Disclosures

		Page	Externally audited
	Aspect: Economic Performance		
103	Disclosures on Management Approach	Explanatory Report of the Executive Board, p. 70	
201 - 1	Direct economic value generated and distributed	Annual Financial Statements of Sartorius AG, p. 51 Net Worth and Financial Position, p. 39 Remuneration Report, p. 76f. A Reliable Partner, p. 112	Yes Yes Yes Yes
	Aspect Indirect Economic Impacts		
103	Disclosures on Management Approach	A Reliable Partner, pp. 107ff.	Yes
203 - 1	Development and impact of infrastructure investments and services supported	A Reliable Partner, p. 111	Yes
	Aspect: Anti-corruption		
103	Disclosures on Management Approach	A Reliable Partner, p. 105f.	Yes
205 - 1	Operations assessed for risks related to corruption	A Reliable Partner, p. 105f.	Yes
205 - 2	Communication and training on anti-corruption policies and procedures	A Reliable Partner, p. 106f.	Yes
205 - 3	Confirmed incidents of corruption and actions taken	A Reliable Partner, p. 107	Yes

Category: Environmental

Specific Standard Disclosures

		Page	Externally audited
	Aspect: Materials		
103	Disclosures on Management Approach	Shaping the Future, p. 97	Yes
301 - 1	Material used by weight or volume	A Reliable Partner, p. 109f.	Yes
301 - 2	Recycled input materials used	Shaping the Future, p. 97	Yes
301 - 3	Reclaimed products and their packaging materials	Shaping the Future, p. 97	Yes
	Aspect: Energy		
103	Disclosures on Management Approach	A Reliable Partner, pp. 107ff.	Yes
302 - 1	Energieverbrauch innerhalb der Organisation	A Reliable Partner, p. 108f.	Yes
302 - 2	Energy consumption within the organization	A Reliable Partner, p. 108f.	Yes
302 - 4	Reduction of energy consumption	A Reliable Partner, p. 108f.	Yes
	Aspect: Water		
103	Disclosures on Management Approach	Shaping the Future, p. 97	Yes
303 - 1	Water withdrawal by source	A Reliable Partner, p. 110	Yes
	Aspect: Biodiversity		
103	Disclosures on Management Approach	A Reliable Partner, p. 111	Yes
304 - 2	Significant impacts of activities, products, and services on biodiversty	A Reliable Partner, p. 111	Yes
	Aspect: Emissions		
103	Disclosures on Management Approach	A Reliable Partner, pp. 107ff.	Yes
305 - 1	Direct greenhouse gas (GHG) emissions (Scope 1)	A Reliable Partner, pp. 108f.; p. 111	Yes
305 - 2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	A Reliable Partner, pp. 108f.; p. 111	Yes
	Aspect: Water Discharge and Waste		
103	Disclosures on Management Approach	Shaping the Future, p. 97 A Reliable Partner, p. 107f.	Yes
306 - 1	Total water discharge by quality and destination	A Reliable Partner, p. 110f.	Yes
306 - 2	Waste by type and disposal method	A Reliable Partner, p. 110f.	Yes
306 - 4	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	A Reliable Partner, p. 109	Yes
	Aspect: Environmental Compliance		
103	Disclosures on Management Approach	Opportunity and risk report, p. 60 A Reliable Partner, p. 105	Yes
307 - 1	Non-compliance with environmental laws and regulations	Shaping the Future, p. 94 A Reliable Partner, pp. 107ff.	Yes
	Aspect: Supplier Environmental Assessment		
103	Disclosures on Management Approach	A Reliable Partner, p. 106	Yes
308 - 1	New suppliers that were screened using environmental criteria	A Reliable Partner, p. 106f.	Yes

Category: Social

Specific Standard Disclosures

		Page	Externally audited
	Labor Practices and Decent Work		
	Aspect: Employment		
103	Disclosures on Management Approach	Shaping the Future, p. 98, p. 103	Yes
401 - 1	Total number and rates of new employee hires and employment turnover by age group, gender, and region	Shaping the Future, p. 98f., p. 103f.	Yes
	Aspect: Occupational Health and Safety		
103	Disclosures on Management Approach	Shaping the Future, p. 102	Yes
403 - 4	Health and safety topics covered in formal agreements with trade unions	Shaping the Future, p. 102f.	Yes
	Aspect: Training and Education		
103	Disclosures on Management Approach	Shaping the Future, pp. 98ff.	Yes
404 - 2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Shaping the Future, pp. 98ff.	Yes
	Aspect: Diversity and Equal Opportunity		
103	Disclosures on Management Approach	GRI Content Index, p 72; Shaping the Future, pp. 100ff.	Yes
405 - 1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	GRI Content Index, p 72; Shaping the Future, pp. 100ff.	Yes
	Human Rights		
	Aspect: Child Labor		
103	Disclosures on Management Approach	A Reliable Partner, p. 105	Yes
408 - 1	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	A Reliable Partner, pp. 105ff.	Yes
	Aspect: Forced or Compulsory Labor		
103	Disclosures on Management Approach	A Reliable Partner, p. 105	Yes
409 - 1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor and measures contribute to the elimination of all forms of forced or compulsory labor	A Reliable Partner, pp. 105ff.	Yes
	Society		
	Aspect: Supplier Social Assessment		
103	Disclosures on Management Approach	A Reliable Partner, p. 105	Yes
414 - 1	Percentage of new suppliers that were screened using criteria for impacts on society	A Reliable Partner, p. 105f.	Yes
	Aspect: Public Policy		
103	Disclosures on Management Approach	A Reliable Partner, p. 112	Yes
415 - 1	Political contributions	A Reliable Partner, p. 112	Yes
	Aspect: Customer Health and Safety		
103	Disclosures on Management Approach	Opportunity and risk report, p. 58	Yes
416 - 1	Assessment of the health and safety impacts of product and service categories	Shaping the Future, p. 96	Yes
	Aspect: Socioeconomic Compliance		
103	Disclosures on Management Approach	GRI Content Index, p. 68f.	Yes
419 - 1	Non-compliance with laws and regulations in the social and economic area	A Reliable Partner, p. 107	Yes

Report of the Independent Auditor

Limited Assurance Report of the Independent Auditor regarding the Non-financial Group Statement[1)]

To the Supervisory Board of Sartorius Aktiengesellschaft, Göttingen

We have performed an independent limited assurance engagement on the Non-financial Group Statement of Sartorius Aktiengesellschaft (further: "Sartorius") consisting of the chapter "Sustainability" in the Group Management Report as well as the sections of the Group Management Report, which have been qualified as part of the Non-financial Group Statement by reference, Group Management Report Seite 22-23 „Konzernstruktur und Unternehmensführung" and Seite 24-27 „Strategie und Ziele" (further "Statement") according to §§ 315b and 315c in conjunction with 289c to 289e for the business year from January 1 to December 31, 2017.

Management's Responsibility

The legal representatives of the entity are responsible for the preparation of the Statement in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the Statement and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, this responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Statement in a way that is free of – intended or unintended – material misstatements.

[1)] Our engagement applied to the German version of the Statement 2017. This text is a translation of the Independent Assurance Report issued in German language, whereas the German text is authoritative.

Independence and quality assurance on the part of the auditing firm

We are independent from the entity in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the national statutory provisions and professional pronouncements for quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

Our responsibility is to express a conclusion on the Statement based on our work performed within our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the Statement of the entity has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB. We do not, however, provide a separate conclusion for each disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement.

Within the scope of our engagement, we performed amongst others the following procedures:

- Inquiries of personnel on corporate level, who are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of Sartorius

- A risk analysis, including a media search, to identify relevant information on Sartorius's sustainability performance in the reporting period

- Evaluation of the design and implementation of the systems and processes for determining, processing and monitoring of disclosures relating to environmental, employee and social matters, respect for human rights, and combating corruption and bribery, including the consolidation of the data

- Inquiries of personnel on corporate level who are responsible for determining disclosures on concepts, due diligence processes, results and risks, for conducting internal controls and consolidation of the disclosures

- Evaluation of selected internal and external documentation

- Analytical evaluation of data and trends of quantitative disclosures, which are submitted by all sites for consolidation on corporate level

- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data based on a sample of the sites Sartorius Stedim Biotech GmbH in Germany and Sartorius Stedim Lab Ltd.in the United Kingdom

- Assessment of the overall presentation of the disclosures

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Statement of Sartorius, for the business year from January 1 to December 31, 2017, is not prepared, in all material respects, in accordance with §§315b and 315c in conjunction with 289c to 289e HGB.

Restriction of use / AAB clause

This assurance report is issued for purposes of the Supervisory Board of Sartorius Aktiengesellschaft, Göttingen, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of Sartorius Aktiengesellschaft and professional liability is governed by the General Conditions of Assignment for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms notice of provisions of the General Conditions of Assignment (including the limitation of our liability for negligence to EUR 4 Mio as stipulated in No. 9) and accepts the validity of the attached General Conditions of Assignment with respect to us.

Düsseldorf, February 5, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Signed by

Laue
Wirtschaftsprüfer
Auditor

ppa. Hell

Consolidated Financial Statements and Notes

03

Statement of Profit or Loss | Other Comprehensive Income

	Notes	**2017 € in K**	2016 € in K
Sales revenue	[9]	1,404,569	1,300,296
Cost of sales	[10]	–697,726	–668,501
Gross profit on sales		**706,844**	**631,795**
Selling and distribution expenses	[10]	–296,838	–256,607
Research and development expenses	[10]	–68,779	–59,416
General administrative expenses	[10]	–83,296	–74,713
Other operating income and expenses	[11]	–38,574	–20,592
Earnings before interest and taxes (EBIT)		**219,357**	**220,466**
Financial income	[12]	10,961	5,665
Financial expenses	[12]	–31,730	–22,025
Financial result		**–20,769**	**–16,360**
Profit before tax		**198,588**	**204,106**
Income taxes	[13]	–39,262	–59,104
Net profit for the period		**159,326**	**145,002**
Attributable to:			
Equity holders of Sartorius AG		114,730	102,932
Non-controlling interest		44,596	42,070
Earnings per share	**[14]**		
Earnings per ordinary share (€) (basic = undiluted)		1.67	1.50
Earnings per ordinary share (€) (diluted)		1.67	1.50
Earnings per preference share (€) (basic = undiluted)		1.68	1.51
Earnings per preference share (€) (diluted)		1.68	1.51

Statement of Comprehensive Income

	2017 € in K	2016 € in K
Net profit for the period	**159,326**	**145,002**
Cash flow hedges	33,473	−7,310
Of which effective portion of the changes in fair value	34,032	−2,580
Of which reclassified to profit or loss	−559	−4,730
Income tax on cash flow hedges	−10,042	2,193
Net investment in a foreign operation	−45,250	1,797
Income tax on net investment in a foreign operation	1,173	−539
Currency translation differences	−27,208	444
Items that may be reclassified to profit or loss, net of tax	**−47,854**	**−3,415**
Remeasurements of the net defined benefit liability	−417	−4,706
Income tax on remeasurements of the net defined benefit liability	−1,024	1,232
Items that will not be reclassified to profit or loss, net of tax	**−1,441**	**−3,474**
Other comprehensive income after tax	**−49,295**	**−6,889**
Total comprehensive income	**110,031**	**138,113**
Attributable to:		
Equity holders of Sartorius AG	67,795	97,784
Non-controlling interest	42,236	40,328

The Notes to the Consolidated Financial Statements are an integral part of these statements.

Statement of Financial Position

	Notes	**Dec. 31, 2017 € in K**	Dec. 31, 2016 € in K
Non-current assets			
Goodwill	[15]	653,929	467,831
Other intangible assets	[15]	427,346	267,409
Property, plant and equipment	[16]	507,992	394,011
Financial assets		20,145	7,508
Other assets		36	865
Deferred tax assets	[17]	16,242	27,743
		1,625,690	**1,165,366**
Current assets			
Inventories	[18]	246,124	222,184
Trade receivables	[19]	282,206	241,240
Other financial assets	[20]	28,231	15,007
Current tax assets		26,184	21,601
Other assets		24,660	21,976
Cash and cash equivalents		59,423	62,027
Assets classified as held for sale	[16]	5,201	3,584
		672,030	**587,619**
		2,297,720	**1,752,986**

	Notes	**Dec. 31, 2017 € in K**	Dec. 31, 2016 € in K
Equity			
Equity attributable to Sartorius AG shareholders		**617,793**	**579,669**
Issued capital	[21]	68,388	68,388
Capital reserves	[22]	39,657	38,415
Other reserves and retained earnings	[22]	509,748	472,866
Non-controlling interest	**[23]**	**188,766**	**157,133**
		806,559	**736,802**
Non-current liabilities			
Pension provisions	[24]	64,945	64,082
Other provisions	[25]	7,746	7,805
Loans and borrowings	[26]	869,830	433,032
Finance lease liabilities	[26]	17,568	18,917
Other financial liabilities	[26]	45,355	73,653
Deferred tax liabilities	[17]	92,050	54,327
		1,097,494	**651,816**
Current liabilities			
Provisions	[27]	13,351	18,104
Trade payables	[28]	139,201	120,371
Loans and borrowings	[26]	64,574	92,964
Finance lease liabilities	[26]	2,998	3,023
Employee benefits		53,884	49,014
Other financial liabilities	[28]	44,140	32,260
Current tax liabilities		35,400	23,634
Other liabilities	[28]	40,121	24,999
		393,668	**364,368**
		2,297,720	**1,752,986**

Statement of Cash Flows

	Notes	**2017 € in K**	2016 € in K
Profit before tax		198,588	204,106
Financial result	[12]	20,769	16,360
Earnings before interest and taxes (EBIT)		**219,357**	**220,466**
Depreciation | amortization of intangible and tangible assets	[15] [16]	98,360	75,706
Increase | decrease in provisions	[25] [27]	–4,741	–2,545
Income taxes paid	[13]	–54,591	–65,879
Other non-cash transactions		5,869	2,391
Gross cash flows from operating activities		**264,256**	**230,139**
Increase | decrease in receivables	[19] [20]	–53,479	–52,985
Increase | decrease in inventories	[18]	–20,632	–27,363
Increase | decrease in liabilities		16,364	20,630
Net cash flow from operating activities		**206,509**	**170,421**
Capital expenditures	[15] [16]	–197,104	–148,764
Other payments		–2,000	0
Net cash flow from investing activities		**–199,104**	**–148,764**
Payments for acquisitions of consolidated subsidiaries and other business operations; net of cash acquired	[8]	–355,947	–119,462
Net cash flow from investing activities and acquisitions		**–555,051**	**–268,226**
Interest received	[12]	328	234
Interest paid and other financial charges	[12]	–17,148	–9,927
Dividends paid to:			
- Shareholders of Sartorius AG		–31,116	–25,816
- Non-controlling interest		–10,708	–8,713
Gross cash flows from financing activities		**–58,644**	**–44,221**
Loans and borrowings raised	[26]	510,815	234,543
Loans and borrowings repaid	[26]	–104,304	–85,613
Net cash flow from financing activities		**347,867**	**104,709**
Net increase | decrease in cash and cash equivalents		–674	6,905
Cash and cash equivalents at the beginning of the period		62,027	52,796
Net effect of currency translation on cash and cash equivalents		–1,930	2,327
Cash and cash equivalents at the end of the period		**59,423**	**62,027**

Statement of Changes in Equity

€ in K	Issued capital	Capital reserves	Cash flow hedging reserves	Pension reserves	Retained earnings	Foreign currency trans-lation reserves	**Equity attribu-table to Sartorius AG share-holders**	Non-control-ling interest	**Total equity**
Balance at Jan. 1, 2016	**17,097**	**88,350**	**–3,129**	**–15,131**	**406,526**	**24,021**	**517,733**	**127,018**	**644,751**
Net profit for the period	0	0	0	0	102,932	0	102,932	42,070	145,002
Cash flow hedges	0	0	–5,957	0	0	0	–5,957	–1,353	–7,310
Remeasurements of the net defined benefit liability	0	0	0	–4,247	0	0	–4,247	–459	–4,706
Currency translation differences	0	0	0		0	254	254	189	444
Net investment in a foreign operation	0	0	0		2,631	0	2,631	–834	1,797
Tax effects	0	0	1,785	1,173	–787	0	2,170	716	2,886
Other comprehensive income after tax	0	0	–4,172	–3,074	1,844	254	–5,148	–1,742	–6,889
Total comprehensive income	**0**	**0**	**–4,172**	**–3,074**	**104,776**	**254**	**97,784**	**40,328**	**138,113**
Share-based payments	0	1356			0		1,356	0	1,356
Dividends					–25,816		–25,816	–8,713	–34,529
Purchase price liability Israel					–13,417		–13,417	0	–13,417
Change in non-controlling interest				–10	1,510		1,500	–1,500	0
Share split	51,291	–51,291			0			0	0
Other changes in equity				553	–24	0	529	0	529
Balance at Dec. 31, 2016 | Jan. 1, 2017	**68,388**	**38,415**	**–7,301**	**–17,663**	**473,555**	**24,275**	**579,669**	**157,133**	**736,802**
Net profit for the period	0	0	0	0	114,730	0	114,730	44,596	159,326
Cash flow hedges	0	0	26,704	0	0	0	26,704	6,769	33,473
Remeasurements of the net defined benefit liability	0	0	0	–245	0	0	–245	–172	–417
Currency translation differences	0	0	0	0	0	–20,157	–20,157	–7,051	–27,208
Net investment in a foreign operation	0	0	0	0	–45,250	0	–45,250	0	–45,250
Tax effects	0	0	–8,010	–1,149	1,173	0	–7,986	–1,907	–9,893
Other comprehensive income after tax	0	0	18,693	–1,394	–44,077	–20,157	–46,935	–2,360	–49,295
Total comprehensive income	**0**	**0**	**18,693**	**–1,394**	**70,653**	**–20,157**	**67,795**	**42,236**	**110,031**
Share-based payments	0	1,242			0		1,242	0	1,242
Dividends					–31,116		–31,116	–10,708	–41,824
Other changes in equity					203	0	203	105	308
Balance at December 31, 2017	**68,388**	**39,657**	**11,392**	**–19,057**	**513,294**	**4,118**	**617,793**	**188,766**	**806,559**

The dividends paid per share are as follows:

	Per share in €	**2017 total € in K**	Per share in €	2016 total € in K
Dividend for ordinary shares	0.45	15,396	0.37	12,830
Dividend for preference shares	0.46	15,721	0.38	12,987
		31,116		**25,816**

Notes to the Financial Statements

1. General Information

Sartorius AG is a listed joint stock corporation established according to German law and is the highest-level parent company of the Sartorius Group. The corporation is recorded in the German Commercial Register of the District Court of Göttingen (HRB 1970) and is headquartered at Otto-Brenner-Str. 20 in Göttingen, Federal Republic of Germany.

The Sartorius Group organizes its business in two divisions: Bioprocess Solutions and Lab Products & Services. With its Bioprocess Solutions Division, Sartorius is a leading international supplier of products and technologies for the manufacture of medications and vaccines on a biological basis, so-called biopharmaceuticals. As part of its total solutions provider strategy, the Bioprocess Solutions Division offers the biopharmaceutical industry a product portfolio that covers nearly all process steps of the industry's manufacture. These encompass cell culture media for the cultivation of cells, bioreactors of various sizes for cell propagation and different technologies, such as filters and bags for cell harvesting, purification and concentration, all the way to filling. The Lab Products & Services Division focuses on laboratories in the research and quality assurance sectors of pharmaceutical and biopharmaceutical companies and on academic research institutes. It serves further customers in the chemical and food industries. The division's portfolio covers instruments and consumables that laboratories use, for example, in sample preparation or in other standard applications.

In compliance with § 315a, Subsection 1, of the German Commercial Code (HGB) in conjunction with Art. 4 of the Regulation (EC) No. 1606/2002 of the European Parliament and Council, dated July 19, 2002 (OJ L243 p. 1), the consolidated financial statements of the Sartorius Group for the year ended December 31, 2017, were prepared according to the IFRS and IFRIC Standards and Interpretations of the International Accounting Standards Board (IASB) as required to be applied by the European Union. These are available on the following site:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en.

The consolidated financial statements are prepared in euros. Unless otherwise specified, all amounts are disclosed in thousands of euros (abbreviated as € in K). In some cases, the sums of the figures given in this report may not precisely equal the stated totals, and percentages may not be exact due to rounding.

The Executive Board is scheduled to submit the consolidated financial statements on February 20, 2018, to the Supervisory Board.

2. Effects from New or Amended Standards

Standards to Be Applied for the First Time in 2017

Compared to the year-earlier consolidated financial statements, the following new or revised accounting standards were generally required to be applied for the first time and did not result in any material impacts on the consolidated financial statements:

– Amendments to IAS 7, Disclosure Initiative

The objective of these Amendments is to improve information provided to users of financial statements about an entity's financing activities. Additional disclosures are intended to enable such users to assess changes in liabilities resulting from financing activities (see Section 6).

– Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses

The Amendments to IAS 12 clarify how to account for deferred tax assets for unrealized losses on debt instruments.

New Standards and Interpretations Not Yet Applied

The Standards, Interpretations and Amendments to standards in the following were not yet applied to the consolidated financial statements of the reporting year as they had not yet been adopted by the EU or their application was not obligatory for 2017:

IFRS 15, Revenue from Contracts with Customers

This Standard defines a comprehensive model to determine when to recognize revenue and at what amount. It replaces existing guidelines for measurement of revenue, including IAS 18, Revenue; IAS 11, Construction Contracts; and IFRIC 13, Customer Loyalty Programmes.

The Group conducted a project to analyze the effects arising from the application of new standards in the future. At this time, the Group does not expect any material changes regarding the amount and timing of revenue for the major part of the Group's business. However, especially in the case of construction contracts accounted for so far under IAS 11, the timing of recognition may change as a result of the new criteria of IFRS 15 for revenue recognition over time.

The Group does not use the full retrospective approach in applying this new standard. Instead, the Group recognizes the cumulative effect of applying IFRS 15 at the date of initial application as an adjustment to the opening balance of equity. Furthermore, upon initial adoption, the Group applies IFRS 15 only to contracts that are not considered completed contracts at the date of initial application. Assessment of incomplete construction contracts in our project business on the date of initial application of IFRS 15 yielded that sales revenue of approximately €5 million was not to be recognized over time according to this Standard so that revenue will now be recognized at a point in time upon completion of a project. As a result, revenue in future periods will be higher by this amount than when accounted for according to the earlier approach. If revenue in our project business is recognized over time, the progress of a project will continue to be measured according to the costs incurred in proportion to the planned project costs.

Moreover, as a result of initial application of IFRS 15, the Group has extended disclosure obligations in view of revenues from contracts with customers as defined by IFRS 15.

IFRS 9, Financial Instruments

This Standard issued in July 2014 replaces the existing guidelines in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 contains the revised guidance for classification and measurement of financial instruments, including a new model of expected credit losses for calculation of the impairment of financial assets, as well as the new, general hedge accounting requirements. The Standard also adopts the guidance from IAS 39 for measurement and derecognition of financial instruments. IFRS 9 is to be applied starting in 2018.

Classification and Measurement

IFRS 9 contains a new classification and measurement approach for financial assets, which reflects both the entity's business model (held-to-collect, held-to-collect-and-sell, other) within the scope of which assets are held and the contractual cash flow characteristics (SPPI criterion).

The Group's financial instruments were inventoried and classified according to the business models, and the measurement categories were determined according to IFRS 9. Essentially, as of the reporting date, financial assets are reported according to the hold-to-collect business model in the consolidated financial statements in order to collect contractual cash flows. Moreover, the cash flows of the financial assets essentially consist of interest and principal payments (SPPI). In the overall audit review, there are thus no material impacts due to the Amendments to IFRS 9 concerning classification and measurement of the Group's financial assets.

Impairments

The Standard replaces the incurred loss model for impairment measurement by the expected loss model. The new impairment model applies to financial assets that are measured at amortized cost or fair value with changes recognized in other comprehensive income. According to IFRS 9, loss allowances are either measured on the basis of the 12-month expected credit losses or on the basis of the full lifetime expected credit losses. Impairment in the amount of lifetime expected credit losses must be recognized for all financial instruments for which there have been significant increases in credit risk since initial recognition. The same applies irrespectively of an increase in the credit risk for trade receivables that do not contain a significant financing component in accordance with IFRS 15 (simplified approach).

In the Sartorius Group, the simplified impairment approach is used, in particular, to measure trade receivables. The new impairment model starts with an analysis of the actual historical credit loss rates. These are adjusted, if significant, and taking into consideration forward-looking information, by the effects of current changes in the macroeconomic environment. In view of insignificant past credit losses due to credit-impaired assets, it is assumed that no material additional impairment will be recognized if the economic outlook remains constant. Besides trade receivables, cash and cash equivalents represent the most significant financial assets as of the reporting date in view of the consolidated statement of financial position. Regarding the high creditworthiness of the Group's contractual partners and short-term maturities by definition and contractual periods, the impairement to be measured for these assets in the future is of an insignificant amount according to present knowledge. The impacts of the new requirements of this Standard are therefore currently assessed as low.

Hedge Accounting

For first-time application of IFRS 9, the Group may elect to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9. The Group applies the new requirements of IFRS 9. As part of its hedge accounting, the Group uses forward exchange contracts to hedge against fluctuations in cash flows in connection with changes in foreign exchange rates from product disposals and changes in the procurement of manufacturing equipment, in these cases designating only the spot element of hedging instruments. In applying IFRS 9, the Group will recognize the change in the time value component in other comprehensive income in order to amortize in parallel with the impact of the hedged underlying transaction on the revenue results. Conversion of the Group's accounting treatment of time value components is likely to result in lower profit or loss volatility. For the year ended December 31, 2017, the non-designated components in hedge accounting were about €4 million.

First-time Application

The Group intends to make use of the exception of not adjusting its comparative information concerning the disclosure and measurement (including impairment) for previous reporting periods. At the beginning of the first reporting period (January 1, 2018), differences between the carrying amounts so far and those at the beginning of the first reporting period would have to be recognized without effect on profit or loss due to the application of IFRS 9. In view of the impacts described above, this entails adjustment of the carrying value of trade receivables by the expected credit losses, as well as reclassification of the time value component of hedging instruments existing as of the reporting date to the "cost of hedging reserves." By contrast, no impairment of cash and cash equivalents is expected based on materiality considerations. Apart from this, IFRS 9 requires considerable new information, particularly for hedge accounting, as well as on credit risk and expected credit losses.

IFRS 16, Leases

IFRS 16 introduces a standardized accounting model according to which leases are to be recognized on the lessee's balance sheet. A lessee measures a right-of-use asset representing his right to use a lease asset, as well as a liability resulting from the lease, which represents his obligation to make lease payments. There are exemptions for short-term leases and leases of low-value assets. Accounting for the lessor is comparable with that of the current standard; i.e., lessors continue to classify leases as financial or operating leases.

The Group has started to analyze the effects of this new Standard and plans to use the exemptions for short-term leases and leases of low-value assets and to recognize lease payments as an expense generally on a straight-line basis over the particular lease term.

IFRS 16 will likely lead to an increase in fixed assets and financial liabilities. Based on its present level of knowledge, the Group does not expect any significant impacts overall on its key figures, such as equity ratio or underlying EBITDA. For example, on the basis of the Group's future financial obligations in relation to operating leases (see Section 29) as reported on December 31, 2017, its equity ratio would be reduced by about 1% and its underlying EBITDA margin would slighly increase.

IFRS 16 is required to be applied for the first time as of 2019. Currently, there are no plans for earlier application.

Standard | Interpretation	Title	Applicable for financial years from[1]	Endorsement by the EU Commission
IFRS 14	Regulatory Deferral Accounts	January 1, 2016	No
Amendments to IFRS 12	Annual Improvements to IFRSs 2014 - 2016 Cycle (issued in Dec. 2016)	January 1, 2017	No
Amendments to IFRS 1 and IAS 28	Annual Improvements to IFRSs 2014 - 2016 Cycle (issued in Dec. 2016)	January 1, 2018	No
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Yes
IFRS 9	Financial Instruments	January 1, 2018	Yes
Clarifications to IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Yes
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	January 1, 2018	No
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	January 1, 2018	Yes
Amendments to IAS 40	Transfers of Investmenty Property	January 1, 2018	No
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018	No
IFRS 16	Leases	January 1, 2019	Yes
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019	No
Amendments to IFRS 9	Prepayment Features with Negative Compensation	January 1, 2019	No
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	January 1, 2019	No
Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	Annual Improvements to IFRSs 2015 - 2017 Cycle (issued in Dec. 2017)	January 1, 2019	No
IFRS 17	Insurance Contracts	January 1, 2021	No
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	n/a	No

[1] Application mandatory as adopted by the EU Commission. The standards themselves require earlier compulsory application.

3. Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group are based on the principle of the historical cost of acquisition, construction or production, with the exception of the items disclosed at fair value, such as financial assets held for trading or available for sale, and derivatives.

Scope of Consolidated Financial Statements

The consolidated financial statements of Sartorius AG include the annual financial statements of all major companies, which are controlled directly or indirectly by Sartorius AG. In terms of IFRS 10, Consolidated Financial Statements, a controlling interest exists if the following criteria are met:

- Power, i.e., an investor must have existing rights that give it the current ability to direct the relevant activities of an investee with respect to the latter's returns

- Exposure, or rights, to variable returns from an investee

- Ability to use power in such a way that significantly affects the investee's returns

Such investees are included in the consolidated financial statements from the time when Sartorius AG or its subsidiaries acquire such control. They are no longer included as of the time control is transferred to an entity outside the Group.

Subsidiaries are included on the basis of their annual financial statements for the same reporting period as the parent company, using uniform Group recognition and measurement methods.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business Combinations

Business combinations are measured according to the acquisition method. The identifiable assets acquired by the Group as well as liabilities and contingent liabilities assumed are recorded at fair value on the date of combination.

For significant acquisitions, the purchase price allocation is generally carried out with the assistance of independent third-party valuation specialists. The valuations are based on the information available at the acquisition date.

Expenses directly related to business combinations are reported in the profit for the period.

Foreign Currency Translation

Subsidiaries' annual financial statements prepared in foreign currencies have been translated pursuant to IAS 21, The Effects of Changes in Foreign Exchange Rates, in accordance with the concept of a functional currency. Foreign subsidiaries are regarded as independent subdivisions of the Sartorius Group. Items on the statement of financial position are translated at the exchange rates on the reporting date. An exception to this is equity of consolidated subsidiaries, which is translated at historical cost. Income and expense items are converted at the average rates. Any translation differences resulting from the use of different exchange rates for items on the statement of financial position and the statement of profit or loss are recognized in the other comprehensive income in shareholders' equity. By contrast, currency gains and losses in connection with financing activities, for example, from loans in foreign currencies, are recognized in the financial result.

In the individual financial statements of the consolidated companies, transactions in foreign currencies are translated to the functional currency of the company at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated at the closing rate on the reporting date. Gains and losses on foreign currency transactions are recognized in other operating income or expenses. By contrast, currency gains and losses in connection with financing activities, such as loans in a foreign currency, are recognized in the financial result.

For certain defined loans granted on a long-term basis and for which repayment is neither planned nor probable, the Group applies the principle of "net investments in a foreign operation." The foreign currency translation differences resulting from these loans are recognized in other comprehensive income according to IAS 21.32. In the case of net investment repayments, the currency translation differences recorded up to such repayment are not reclassified to profit or loss as there has been no disposal of a foreign operation.

The exchange rates for major currencies against the euro were considered as follows:

	Year-end exchange rates		**Average annual exchange rates**	
	2017	2016	**2017**	2016
USD	1.19930	1.05410	1.12955	1.10659
GBP	0.88723	0.85618	0.87670	0.81952
CHF	1.17020	1.07390	1.11173	1.09004
JPY	135.01000	123.40000	126.70218	120.20024
INR	76.60550	71.59350	73.52751	74.35823
KRW	1279.6100	1269.3600	1276.62397	1283.96650
CNY	7.80440	7.32020	7.62790	7.35117

Sales Revenue

All revenues derived from the selling of products and rendering of services are recognized as sales. Other operational revenues are recognized as other operating income. Revenue from the sale of goods is recognized in the statement of profit or loss when the significant risks and rewards of ownership of the goods have been transferred to the customer, the company retains neither continuing managerial nor effective control over the goods sold, the amount of revenue and costs incurred or to be incurred can be measured reliably, and it is sufficiently probable that the economic benefits associated with the transaction will flow to the company.

Revenues derived from the rendering of services are recognized according to the stage of completion of the transaction as of the reporting date.

Construction Contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. If the outcome of a construction contract can be estimated reliably, revenues from construction-type projects are generally recognized under the percentage-of-completion method, based on the percentage of costs to date compared to the total estimated contract costs. An expected loss on the construction contract is immediately recognized as an expense.

If cumulative work (contract costs and contract result) exceeds the advance payments received in individual cases, the construction contracts are recognized under receivables as amounts due from customers for such contracts. If the balance after deduction of advance payments received is negative, this obligation from construction contracts is recognized as a liability under amounts due from customers.

Functional Costs

In general, operating expenses are assigned to the individual functions according to the functional area of the corresponding profit and cost centers. Expenses relating to cross-functional initiatives or projects are assigned to the respective functional costs based on an appropriate allocation principle.

The item "Cost of sales" reports the costs of products sold and the acquisition costs of merchandise sold. Besides the directly imputable expenses, such as raw materials and supplies, employee benefits expense and energy expenses, the cost of sales also includes overhead, which can be allocated to the manufacturing area, and the corresponding depreciation and amortization.

The selling and distribution expenses pertain, in particular, to the costs of the sales organization, distribution, advertising and marketing.

Research and development expenses comprise the costs for research and product and process development, insofar as these are not capitalized. Amortization on capitalized development costs is also indicated in this item.

The item "General administrative expenses" primarily comprises employee benefits expense and the cost of materials of the general administrative area.

All profit and loss items that cannot be allocated to one of the functional areas mentioned are recognized as other operating income and expenses. These essentially include effects from currency translation, disposal of fixed assets, allowances on trade receivables, and extraordinary expenses. Income from grants related to expenses are recognized as other income, when there is reasonable assurance that the conditions attached to the grants will be complied with and the grants will be received.

Borrowing Costs

Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction or production of a qualifying asset and are therefore part of the cost of that asset. An asset is deemed to be a qualified asset if a substantial period of time (6 or 12 months) is required to ensure that it will be in the intended state ready for use or sale.

Income Taxes

Current income taxes are determined based on the respective local taxable income of the period and local tax rules. In addition, current income taxes may include adjustments for uncertain tax payments or tax refunds for periods not yet assessed.

Deferred tax assets and liabilities are determined based on temporary differences between the carrying amounts and the tax bases of assets and liabilities, including differences from consolidation. In addition, loss carry-forwards and tax credits are considered. Measurement is based on the tax rates expected to be effective in the period in which an asset is realized or a liability is settled. Changes in deferred tax assets and liabilities are reflected in income taxes in the statement of profit or loss. Exceptions to this are changes that must be recognized in other comprehensive income directly in equity, as well as effects from acquisitions and currency effects.

On principle, the tax rates and tax rules are used which have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognized to the extent that it is probable that taxable profit at the level of the relevant tax authority will be available for the utilization of the deductible temporary differences or losses carried forward.

Goodwill

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized.

According to IAS 36, goodwill acquired in a business combination may not be amortized, but rather must be tested annually for impairment and as soon as there is any indication of asset impairment.

For the purpose of impairment testing, goodwill must be allocated to each of the acquirer's cash-generating units (CGUs). A CGU represents the lowest level within the entity at which goodwill is monitored for internal management purposes and may not be larger than a segment.

Other Intangible Assets

Intangible assets acquired are stated at cost less the accumulated, regular amortization that is calculated according to the straight-line method. The useful life of an intangible asset is the period over which this asset is expected to contribute directly or indirectly to the cash flows of that entity.

Costs incurred within the scope of the development of new products and methods are capitalized as internally generated intangible assets if the following criteria are met:

- The technical feasibility of completing the intangible assets so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The demonstration of how the intangible asset will generate probable future economic benefits;.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The capitalized development costs essentially cover the costs that were allocated to the staff involved in R&D, to raw materials and supplies, outside services and to directly attributable overhead.

If an internally generated intangible asset may not be capitalized, the development costs are recognized as expenses in the period in which they are incurred. Costs for research activities are reported as expenses in the period in which they are incurred.

Amortization of intangible assets is based on the following periods of useful life:

Software	2 to 10 years
Customer relationships and technologies	5 to 15 years
Capitalized development expenses	4 to 6 years
Brand name	10 years to an indefinite period

Property, Plant and Equipment

The item "Property, plant and equipment" is reported at cost, and if subject to depreciation, is depreciated as scheduled. The straight-line method is applied to depreciation reported in the consolidated financial statements.

Grants related to assets are generally deducted from the cost of assets.

Depreciation of fixed assets is based on the following periods of useful life:

Buildings	15 to 50 years
Machinery	5 to 15 years
Factory and office equipment	3 to 13 years

Impairment of Intangible and Tangible Assets

The book values (carrying amounts) of property, plant and equipment and intangible assets are examined on whether there is any indication that an asset might be impaired, pursuant to IAS 36, Impairment of Assets. If there is any indication that an asset is impaired, the recoverable amount of the asset is estimated. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value – less costs to sell the asset or its CGU – and its value in use. In the event

the individual asset's recoverable amount cannot be estimated, the recoverable amount of the asset's cash-generating unit (CGU) is estimated.

If the estimated recoverable amount of an asset (or a CGU) goes below its book value (carrying amount), this carrying amount must be reduced to the recoverable amount.

If the causes of the asset impairment are removed, the book value of the asset (or the CGU) is credited to the newly estimated recoverable amount (except for goodwill). However, the book value increase is limited to the value that the asset (or CGU) would have had if no asset impairment loss would have been assessed in previous financial years.

Leases

A lease is considered an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. According to IAS 17, a lease is classified as either an operating lease or a finance lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. All other leases are designated as operating leases.

If the Group is a lessee in a finance lease, the amount equal to the fair value of the leased asset, or if lower, the present value of the minimum lease payments is recognized as an asset on the statement of financial position and simultaneously recognized as a financial liability, each at the inception of the lease. The minimum lease payments essentially consist of the finance charge and the reduction of the outstanding liability. A leased asset is depreciated on a straight-line basis over the period of its expected useful life or over the shorter lease term.

For an operating lease, the lease rates to be paid by the lessee are recognized as expenses and the lease rates received by the lessor are recognized as income, respectively. The leased asset continues to be recognized on the lessor's statement of financial position as fixed assets.

Inventories

Raw materials and supplies, including merchandise, are reported under "Inventories" at average cost. On principle, finished goods and work in progress are reported at cost of conversion. This cost includes direct costs, which can be allocated to these materials, and the appropriate portion of production and materials handling overhead, general administrative expenses and fixed assets at normal depreciation and | or amortization rates, provided that these expenses are caused by production.

Inventories must be evaluated at the lower amount of cost and the net realizable value. The net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary for marketing, sales and distribution. Where inventory risks exist, such as the risk of reduced shelf life as a result of storage periods or limited usability, inventories are marked down accordingly.

Provisions for Pensions and Similar Obligations

Pension provisions and similar obligations are recognized in the consolidated financial statements of the Sartorius Group in accordance with actuarial principles. IAS 19, Employee Benefits, stipulates the Projected Unit Credit Method as the method of measurement. In addition to known pensions and life expectancies, this expected cash value method takes into account future salary and pension increases.

All effects from remeasurement of the net defined benefit liability are recognized in other comprehensive income directly in equity (pension reserves) according to the IAS 19 Standard.

Provisions

A provision is recognized when a liability to third parties has been incurred, an outflow of resources is probable and the amount of the obligation can be reasonably estimated. The amount recognized as a provision represents the best estimate of the obligation at the end of the reporting period. Provisions with a term or maturity of more than one year are discounted to the present value of the expenditures expected to settle the obligation at the end of the reporting period.

Provisions are regularly reviewed and adjusted as further information becomes available or circumstances change. The provision for warranty costs is based on expected values that reflect past experience.

Restructuring provisions are set up in connection with programs that materially change the scope of business performed by a segment or business unit or the manner in which business is conducted. In most cases, restructuring expenses include termination benefits due to the termination of employment and leases as well as and compensation payments due to agreements with suppliers and dealers. Restructuring provisions are recognized when the Group has a detailed formal plan that it has either commenced to implement or announced.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and is recognized on the trade date. Financial assets mainly include cash and cash equivalents, available-for-sale financial assets, trade and loan receivables and derivative financial instruments with a positive fair value.

Financial liabilities of the Group mainly comprise loans from banks, trade payables, finance lease payables and derivative financial instruments with a negative fair value.

Financial instruments are initially recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognized in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Financial assets and liabilities are subsequently measured according to the category to which they are assigned: cash and cash equivalents, available-for-sale financial assets, loans and receivables, financial liabilities measured at amortized cost or financial assets and liabilities classified as held for trading. The fair value option is not used.

Cash and Cash Equivalents

The Group considers all highly liquid investments with up to three months' maturity from the date of acquisition to be cash or cash equivalents. These mainly comprise checks, cash on hand and deposits in banks. Cash and cash equivalents are measured at cost.

Investments

Investments in non-consolidated subsidiaries, associates and securities are measured at cost because no active market exists for these shares and securities and the fair values of these assets cannot be reliably measured.

Trade Receivables

Trade receivables and other assets are reported so that all discernible risks are covered. The book values of trade receivables and other receivables approximate their fair value considering the maturity date and the credit risks. In determining the recoverability of trade receivables, the Group considers any change in the credit quality from the date the credit was originally granted up to the reporting date.

Loans and Receivables

Financial assets classified as loans and receivables are measured at amortized cost, less any impairment losses, by application of the effective interest method. Impairment losses on trade and other receivables are recognized using separate allowance accounts.

Financial Liabilities

Financial liabilities, except for derivative financial instruments, are measured at amortized cost using the effective interest method.

Derivative Financial Instruments

Derivative financial instruments, such as forward exchange contracts and interest rate swap contracts, are measured at fair value. Instruments not classified as hedging instruments and for which hedge accounting is not applied, are classified by the company as held for trading. Changes in the fair value of derivative financial instruments are recognized either in profit or loss or, in the case of hedges, in other comprehensive income.

Cash Flow Hedges

The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges is recognized in other comprehensive income. Any ineffective portion is recognized immediately in the profit for the period. Amounts accumulated in equity are reclassified into net income in the same periods in which the hedged item affects net income.

Statement of Cash Flows

In the statement of cash flows, cash flows are presented according to their allocation to operating activities, investing activities and financing activities.

In this instance, cash flows from operating activities are determined using the indirect method; i.e., expenses without an effect on payments are added to profit before tax, while income without an effect on payments is subtracted. The cash flows from financing activities are composed primarily of changes in equity and additions or repayments of loans.

Non-current Assets and Disposal Groups Held for Sale and Discontinued Operations

According to IFRS 5, a non-current asset (or a disposal group) must be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is the case if the asset (or disposal group) is available for immediate sale in its present condition and its sale is highly probable. A sale is considered highly probable if the appropriate level of management has committed to a plan to sell the asset; an active program to locate a buyer and complete the plan has already been initiated; an offer to sell the asset or disposal group at a reasonable price has been made; the sale is expected to be recognized as completed within twelve months from the date of classification; and if it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets (or disposal groups) classified as held for sale are to be measured at the lower of their carrying amount and fair value less costs to sell. These assets are then no longer depreciated or amortized.

A component of an entity is disclosed as a discontinued operation that either has been disposed of or is classified as held for sale and

- represents a separate major line of business or geographical area of operations, or

- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

- is a subsidiary acquired exclusively with a view to resale.

4. Critical Accounting Judgment and Key Sources of Estimation Uncertainty

During the preparation of consolidated financial statements, management uses estimates and assumptions based on their best knowledge of the current and future situation of the period. However, actual results may differ from these estimates. These estimates and assumptions are therefore revised on a regular basis, and the impact of all changes is immediately recognized in the statement of profit or loss for the period.

In addition, Group management exercises its judgment in defining the accounting treatment of specific transactions when the existing standards and interpretations do not explicitly treat the accounting problems concerned.

Assumptions and estimates primarily concern the following facts:

Business Combinations

Accounting for acquisitions requires certain estimates and assumptions to be made, especially concerning the fair value of the intangible assets and the property, plant and equipment acquired, the liabilities assumed on the acquisition date, as well as the useful lives of the intangible assets and of the property, plant and equipment acquired.

Their measurement is largely based on projected cash flows. Differences between the expected and actual cash flows may have a material impact on future Group results.

Impairment of Assets

An impairment test is conducted, if certain events lead to the assumption that an asset might be impaired. In this case, the carrying amount of the asset is compared to its recoverable amount, which is the higher of the net realizable value and the value in use. The calculation of the value in use is generally based on discounted cash flow methods that use cash flow projections of up to five years. These projections take into account past experiences and represent management's best estimates about future sales revenue and cost developments. Cash flows after the planning period are extrapolated using individual growth rates. Key assumptions on which management has based its determination of the value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates can have a material impact on the respective values and ultimately on the amount of any impairment. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized.

Intangible Assets

The capitalization of self-constructed intangible assets includes a certain level of estimates and assumptions, e.g., the evaluation of the technical feasibility of a development project, its expected market prospects and determination of its useful live.

Trade and Other Receivables

The allowance for doubtful accounts involves significant management judgment and review of individual receivables based on individual customer creditworthiness and current economic developments, as well as an analysis of historical bad debts on a portfolio basis.

Employee Benefits – Provisions for Pension Obligations

Obligations for pensions and other post-employment benefits are determined in accordance with actuarial valuations. These valuations rely on key assumptions including discount rates, expected salary increases and mortality rates. The discount rate assumptions are determined by reference to market yields on high-quality, fixed-interest corporate bonds of appropriate duration and currency at the end of the reporting period.

Due to changing market and economic conditions, the underlying key assumptions may differ from actual developments and may lead to significant changes in pension obligations and other post-employment benefit obligations.

Such differences are recognized in full directly in equity in the period in which they occur without affecting profit or loss. For a sensitivity analysis, see Section 24 "Pension and Employee Benefits Provisions."

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for legal or constructive obligations that exist with respect to third parties at the end of the reporting date. To determine the amount of the obligations, certain estimates and assumptions have to be applied, including the evaluation of the probability that this obligation will occur and the amount of costs incurred. Typically, significant uncertainties are involved in the determination of provisions related to onerous contracts, warranty costs, closure of business locations, asset retirement obligations and legal proceedings.

Income Taxes

The Group operates in various tax jurisdictions and therefore must determine tax positions under respective local tax laws and tax authorities' views, which can be complex and subject to different interpretations of taxpayers and local tax authorities.

Deferred tax assets have to be recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. As future developments are uncertain and partly beyond management's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will be recovered.

Estimates are revised in the period in which there is sufficient evidence to revise the assumption. If management considers it probable that all or a portion of a deferred tax asset cannot be realized, a corresponding valuation allowance is taken into account.

Fair Value Measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities, including Level 3 fair values (unobservable inputs).

If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

5. Operating Segments

According to IFRS 8, Operating Segments, the identification of reportable operating segments is based on the "management approach"; i.e., the segments are defined analogously to the internal control and reporting structure of an entity. Therefore, an area of activity is to be considered an operating segment if its business activities may result in revenues and expenses, its operating results are regularly reviewed by the entity's chief operating decision maker (= the Executive Board of Sartorius AG) and discrete financial information is available in its internal reporting. Consequently, the divisions called Bioprocess Solutions and Lab Products & Services are to be considered operating segments. Essential criteria for their definition are the products sold in the divisions and their particular customer groups.

"Underlying EBITDA" is the key performance indicator of the operating segments of the Group, as management uses this performance measure to control the Group and segments. EBITDA corresponds to earnings before interest (financial result), taxes, depreciation and amortization. "Underlying EBITDA" means EBITDA adjusted for extraordinary items. In this connection, extraordinary items are expenses and income that are of an exceptional or a one-time nature and accordingly distort the sustainable profitability of a segment and have a material impact on the net worth, financial position and earnings of the Group. Examples of such items are restructuring expenses, large Group projects and proceeds or losses from the disposal, sale or other transfer of financial assets or of property, plant and equipment, provided that these are not of a recurrent nature.

"Underlying EBITDA" is not a defined performance measure in IFRS. The Group's definition of underlying EBITDA might not be comparable with similarly titled performance measures and disclosures by other entities.

Apart from that, the recognition and measurement methods for the reportable segments conform to the general Group accounting principles.

For intersegment receivables and payables, internal transfer prices are set at prices corresponding to those that would have been agreed upon with external third parties in the particular situation and under the given framework conditions. Essentially, these prices are calculated by applying the cost-plus-margin method and the resale price method or a combination of the two methods. The methods for determining the internal transfer prices are documented promptly and continuously maintained. The volume of such intersegment receivables and payables is immaterial.

Segment assets and segment liabilities are not reported on a regular basis to the chief operating decision maker and are therefore not part of the segment report.

€ in K	Sales revenue 2017	Sales revenue 2016	Underlying EBITDA 2017	Underlying EBITDA 2016
Bioprocess Solutions	1,010,343	975,034	282,419	273,453
Lab Products & Services	394,227	325,261	70,789	51,949
Total	**1,404,569**	**1,300,296**	**353,208**	**325,402**
Reconciliation to the profit before tax				
Depreciation and amortization			–98,328	–74,193
Extraordinary items			–35,522	–30,743
Earnings before interest and taxes (EBIT)			**219,357**	**220,466**
Financial result			–20,769	–16,360
Profit before tax			**198,588**	**204,106**

€ in K	Depreciation and amortization 2017	Depreciation and amortization 2016	Capital expenditure 2017	Capital expenditure 2016
Bioprocess Solutions	–56,591	–48,065	133,626	75,743
Lab Products & Services	–41,769	–27,641	75,726	76,387
Total	**–98,360**	**–75,706**	**209,352**	**152,130**

Geographical Information

External revenue and non-current assets are regionally distributed as follows :

€ in K	Sales revenue 2017	Sales revenue 2016	Non-current assets 2017	Non-current assets 2016
EMEA	**604,486**	**569,147**	**1,062,194**	**905,842**
Of which Germany	165,837	162,207	502,404	428,101
Of which France	79,729	70,665	342,125	337,694
Americas	**455,496**	**445,390**	**488,315**	**193,490**
Of which USA	414,877	404,112	488,268	193,478
Asia | Pacific	**344,587**	**285,758**	**38,757**	**29,919**
Of which China	102,531	77,219	10,591	12,434
Of which South Korea	88,629	64,649	7,280	7,064
Group	**1,404,569**	**1,300,296**	**1,589,267**	**1,129,251**

The regional allocation of non-current assets refers to the particular company location; sales revenue is reported according to the customer's location. The non-current assets correspond to property, plant and equipment as well as to intangible assets (including goodwill) of the Group affiliates that are to be allocated to these various regions. Goodwill resulting from the reverse acquisition of Stedim and the associated intangible assets were regionally allocated to France.

In fiscal 2017 and the prior year, none of our customers accounted for more than 10% of sales revenue.

6. Statement of Cash Flows

The statement of cash flows shows the impact of cash inflows and outflows on the cash and cash equivalents of the Group. The cash flows are classified by operating, investing and financing activities according to IAS 7, Statement of Cash Flows.

In this context, cash equivalents are assets than can be converted into cash within a short term (generally within three months). The amount considered in the statement of cash flows primarily includes cash on hand, bank balances and similar items.

The following non-cash transactions were concluded that are not reflected in the statement of cash flows:

- Additions to the fixed assets related to financial leases amounted to €799 K in 2017 and €3,025 K in 2016.

- The expenses incurred by granting shares to the CEO and Executive Board Chairman totaled €1,242 K in 2017 and €1,356 K in 2016.

Financial liabilities resulting from financing activities developed as follows:

	Balance at Dec. 31, 2016 € in K	Cash flows	Currency effects	Other non-cash changes	**Balance at Dec. 31, 2017 € in K**
Loans and borrowings	525,996	408,520	–111	0	934,405
Finance lease liabilities	21,939	–2,009	–182	817	20,565
Liability for the acquisition of non-controlling interest in Sartorius Israel	13,809	0	–394	401	13,816
Liability for phantom units in connection with the AllPure acquisition	5,833	0	–706	155	5,282
Total financial liabilities from financing activities	**567,577**	**406,511**	**–1,394**	**1,373**	**974,067**

7. Scope of Consolidation

	Ownership in %	Consolidated
Sartorius AG, Goettingen, Germany	Parent company	X
Sartorius Stedim Biotech S.A., Aubagne, France, along with its subsidiaries:	74.3	X
EMEA		
Sartorius Stedim Belgium N.V., Brussels, Belgium	100.0	X
Distribo GmbH, Goettingen, Germany	26.0	
Sartorius Stedim Biotech GmbH, Goettingen, Germany	100.0	X
Sartorius Stedim Plastics GmbH, Goettingen, Germany	100.0	X
Sartorius Stedim North America Holding GmbH, Goettingen, Germany	100.0	X
Sartorius Stedim Systems GmbH, Guxhagen, Germany	100.0	X
Sartorius Stedim Cellca GmbH, Laupheim, Germany	100.0	X
Sartorius Stedim Nordic Oy, Helsinki, Finland	100.0	X
Sartorius Stedim FMT S.A.S., Aubagne, France	100.0	X
Sartorius Stedim France S.A.S., Aubagne, France	100.0	X
Sartorius Stedim Aseptics S.A., Lourdes, France	100.0	X
Sartorius Stedim Ireland Ltd., Dublin, Ireland	100.0	X
Sartorius Stedim Italy S.p.A., Florence, Italy	100.0	X
Sartorius Stedim Netherlands B.V., Amerfoort, Netherlands	100.0	X
Sartorius Stedim Austria GmbH, Vienna, Austria	100.0	X
Sartorius Stedim Poland Sp. z o.o., Kostrzyn, Poland	100.0	X
LLC Sartorius Stedim RUS, St. Petersburg, Russia	100.0	X
Sartorius Stedim Data Analytics AB, Umeå, Schweden	100.0	X
Sartorius Stedim Switzerland AG, Tagelswangen, Switzerland	100.0	X
Sartorius Stedim Spain S.A., Madrid, Spain	100.0	X
Sartorius Stedim Bioprocess S.A.R.L., M'Hamdia, Tunisia	100.0	X
Sartorius Stedim Hungaria Kft., Budapest, Hungary	100.0	X
Sartorius Stedim BioOutsource Ltd., Glasgow, UK	100.0	X
Sartorius Stedim UK Ltd., Epsom, UK	100.0	X
Sartorius Stedim Lab Ltd., Stonehouse, UK	100.0	X
TAP Biosystems Group Ltd., Royston, UK	100.0	X
TAP ESOP Management Ltd., Royston, UK	100.0	X
TAP Biosystems (PHC) Ltd., Royston, UK	100.0	
TAP Biosystems Ltd., Royston, UK	100.0	
The Automation Partnership Cambridge Ltd., Royston, UK	100.0	X
Americas		
Sartorius Stedim Filters Inc., Yauco, Puerto Rico	100.0	X
Sartorius Stedim North America Inc., Wilmington, Delaware, USA	100.0	X
Asia | Pacific		
Sartorius Stedim Australia Pty. Ltd., Dandenong South, Victoria, Australia	100.0	X
Sartorius Stedim Biotech (Beijing) Co. Ltd., Beijing, China	100.0	X
Sartorius Stedim (Shanghai) Trading Co. Ltd., Shanghai, China	100.0	X
Sartorius Stedim India Pvt. Ltd., Bangalore, India	100.0	X
Sartorius Stedim Japan K.K., Tokyo, Japan	100.0	X
Sartorius Korea Biotech Co. Ltd., Seoul, South Korea	69.0	X
Sartorius Stedim Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.0	X
Sartorius Stedim Singapore Pte. Ltd., Singapore	100.0	X

	Ownership in %	Consolidated
EMEA		
Sartorius Belgium N.V., Brussels, Belgium	100.0	X
Sartorius Weighing Technology GmbH, Goettingen, Germany	100.0	X
Sartorius Corporate Administration GmbH, Goettingen, Germany	100.0	X
SI Weende-Verwaltungs-GmbH, Goettingen, Germany	100.0	X
SIV Weende GmbH & Co. KG, Goettingen, Germany	100.0	X
SI Grone 1-Verwaltungs-GmbH, Goettingen, Germany	100.0	X
SIV Grone 1 GmbH & Co. KG, Goettingen, Germany	100.0	X
SWT Treuhand GmbH, Goettingen, Germany	100.0	X
Sartorius Lab Holding GmbH, Goettingen, Germany	100.0	X
Sartorius Lab Instruments GmbH & Co. KG, Goettingen, Germany	100.0	X
Sartorius Biohit Liquid Handling Oy, Helsinki, Finland	100.0	X
Sartorius Nordic Oy, Helsinki, Finland	100.0	X
Sartorius France S.A.S., Dourdan, France	100.0	X
Sartorius Ireland Ltd., Dublin, Ireland	100.0	X
Sartorius Israel Ltd, Kibbutz Beit Haemek, Israel[1)]	49.0	X
Sartorius Italy S.r.l., Florence, Italy	100.0	X
Sartorius Netherlands B.V., Amersfoort, Netherlands	100.0	X
Sartorius Austria GmbH, Vienna, Austria	100.0	X
Sartorius Poland Sp. z o.o., Kostrzyn, Poland	100.0	X
LLC Sartogosm, St. Petersburg, Russia	100.0	X
LLC Sartorius RUS, St. Petersburg, Russia	100.0	X
Sartorius Spain S.A., Madrid, Spain	100.0	X
Sartorius Hungaria Kft., Budapest, Hungary	100.0	X
EssenBioScience Ltd., Hertfordshire, UK	100.0	X
Sartorius UK Ltd., Epsom, UK	100.0	X
Americas		
Sartorius Argentina S.A., Buenos Aires, Argentina	100.0	
Sartorius do Brasil Ltda., São Paulo, Brazil	100.0	
Sartorius de México S.A. de C.V., Naucalpan, Mexico	100.0	
Sartorius Peru S.A.C., Lima, Peru	100.0	
Essen Holding Inc., Ann Arbor, Michigan, USA	100.0	X
Essen Instruments Inc., Ann Arbor,Michigan, USA	100.0	X
Essen Intermediate Holding Inc., Ann Arbor, Michigan, USA	100.0	X
Sartorius North America Inc., Wilmington, Delaware, USA	100.0	X
Sartorius Corporation, Wilmington, Delaware, USA	100.0	X
IntelliCyt Corp., Albuquerque, New Mexico, USA	100.0	X
Sartorius Canada Inc., Mississauga, Canada	100.0	X

	Ownership in %	Consolidated
Asia | Pacific		
Sartorius Australia Pty. Ltd., Dandenong South, Victoria, Australia	100.0	X
Denver Instrument (Beijing) Co. Ltd., Beijing, China	100.0	X
Sartorius Scientific Instruments (Beijing) Co. Ltd., Beijing, China	100.0	X
Sartorius (Shanghai) Trading Co. Ltd., Shanghai, China	100.0	X
Biohit Biotech (Suzhou) Co. Ltd., Shanghai, China	100.0	X
Sartorius Hong Kong Ltd., Kowloon, Hong Kong	100.0	X
Sartorius India Pvt. Ltd., Bangalore, India	100.0	X
Essen BioScience K.K., Tokyo, Japan	100.0	X
Sartorius Japan K.K., Tokyo, Japan	100.0	X
Sartorius Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.0	X
Sartorius Singapore Pte. Ltd., Singapore	100.0	X
Sartorius Korea Ltd., Seoul, South Korea	100.0	X
Sartorius (Thailand) Co. Ltd., Bangkok, Thailand[1)]	49.0	X

[1)] The company Sartorius Thailand is included in the scope of consolidation due to contractual agreements (see also Section 23).

The companies marked as non-consolidated in the above table were not included in the scope of consolidation, because the figures were of minor importance for assessing the actual net worth, financial position and profitability of the Sartorius Group. The sales revenue and balance sheet total of the non-consolidated companies taken as a whole are below 5% of the Group figures. No associates or joint ventures were consolidated; all companies identified by an "X" are fully consolidated.

In fiscal 2017, the following companies were included for the first time in the group of consolidation:

- Essen Holdings Inc., USA
- Essen Intermediate Holdings Inc., USA
- Essen Instruments Inc., USA
- Essen BioScience Ltd., U.K.
- Essen BioScience K.K., Japan
- Sartorius Stedim Data Analytics AB, Sweden

These were additions from acquisitions; see Section 8 for details. AllPure Technologies, LLC was merged with Sartorius Stedim North America Inc. effective November 1.

8. Business Acquisitions and Divestitures

Acquisition of Essen BioScience

On March 24, 2017, the Group acquired the U.S. company Essen BioScience Inc. headquartered in Ann Arbor, Michigan, USA, purchasing 100% of the voting rights in this company. The acquisition has been expanding the bioanalytics portfolio of the Lab Products & Services Division and is also resulting in substantially increased synergies between the Group's two divisions.

Essen BioScience develops and markets novel cell imaging and analysis systems for medical drug research, which are increasingly becoming standard equipment in pharmaceutical laboratories. These systems represent a platform of instrumentation, software and reagents for real-time live-cell imaging and fully automated data analysis. The information delivered by these systems provides new insight and understanding into the mechanisms of healthy and diseased cells, which helps significantly accelerate often time-consuming discovery and development of new drugs.

Founded in 1996, the company currently employs approximately 150 people and, besides its headquarters in the USA, has sales companies in the U.K. and Japan.

Determination of the acquisition-date fair values of the assets acquired and liabilities has not yet been completed. The reasons for this, apart from the size and complexity of this acquisition, are particularly the valuation uncertainties related to the intangible assets acquired and the tax items. Therefore, the purchase price allocation is preliminary and based on management's current knowledge. The following valuations were considered:

	Final purchase price allocation € in K
Other intangible assets	173,134
Property, plant and equipment	1,270
Inventories	12,477
Trade receivables	9,877
Other assets	721
Cash and cash equivalents	14,936
Deferred taxes - net	–59,799
Other liabilities	–18,470
Net assets acquired	**134,144**
Purchase price	302,783
Goodwill	**168,639**

The converted purchase price of €308.2 million was paid in cash. The expenses directly attributable to the acquisition and amounting to €1.1 million were recognized as other operating expenses. Expenses resulting from hedging of the foreign currency risk exposure related to the purchase price payment were €5.9 million, which were recognized in the financial result. Goodwill is not expected to be tax-deductible. The intangible assets to be recognized are essentially related to technologies, customer relationships and brands.

Besides being attributable to the synergies realized by the acquiree's access to the Group's global sales and distribution network, the resulting goodwill recorded is due to the expansion of the product portfolio of the Lab Products & Services Division and to the extension of the Group's position with respect to biopharmaceutical customers. It is expected that this positioning of the Group will primarily benefit the Bioprocess Solution Division's business in early-stage biopharmaceutical development.

Acquisition of Umetrics

On April 3, 2017, the Group acquired 100% of the voting rights in the Swedish company MKS Instruments AB (Umetrics) based in Umeå, Sweden. In the meantime, the company has been renamed "Sartorius Stedim Data Analytics AB." In addition to these shares, the Group acquired further related intangible assets through asset deals as part of the business combination. The acquisition adds complementary products to the portfolio of the Bioprocess Solutions Division.

Umetrics is a globally leading provider of data analytics software for modeling and optimizing biopharmaceutical development and manufacturing processes.

The purchase price allocation is as follows:

	Final purchase price allocation € in K
Other intangible assets	26,992
Property, plant and equipment	141
Inventories	0
Trade receivables	1,185
Other assets	277
Cash and cash equivalents	6,894
Deferred taxes - net	–4,759
Other liabilities	–1,793
Net assets acquired	**28,936**
Purchase price	74,993
Goodwill	**46,057**

The converted purchase price of €75.0 million was paid in cash. The expenses directly attributable to the acquisition and amounting to €0.2 million were recognized as other operating expenses. Goodwill is not tax-deductible. The intangible assets to be recognized are essentially related to technologies and customer relationships.

Goodwill is attributable to synergies and to non-separable intangible assets, such as the expertise of the acquiree's core workforce.

Since their initial consolidation, the entities acquired in 2017 contributed revenues of around €37 million (Essen BioScience) and €10 million (Umetrics) to consolidated sales. On the whole, the effects on consolidated earnings, including a significant extraordinary item resulting from the U.S. tax reform, amounted to approximately €13 million.

If the acquisitions had taken place as of January 1, 2017, sales revenue would have been €1,414 million and net profit would have been €155 million for the Group for the full year of 2017.

Notes to the Statement of Profit or Loss

9. Sales Revenue

Sales revenue, which is broken down by operating segments and geographical markets (according to the customers' location), consists of the following:

2017	Bioprocess Solutions € in K	Lab Products & Services € in K	**Total € in K**
Germany	99,611	66,226	165,837
All other countries	910,732	328,001	1,238,733
	1,010,343	**394,227**	**1,404,569**
2016	**Bioprocess Solutions € in K**	**Lab Products & Services € in K**	**Total € in K**
Germany	101,618	60,589	162,207
All other countries	873,417	264,672	1,138,089
	975,034	**325,261**	**1,300,296**

An amount of €9.4 million was earned with non-consolidated affiliated companies (2016: €8.4 million). A sum of approximately €83 million was earned by providing services (2016: around €74 million).

10. Functional Costs

The statement of profit or loss is prepared according to the function of expense method, also known as "cost of sales." The expenses are allocated to the respective functional areas of production, sales and distribution, research and development, as well as to general administration. The total expenses incurred by the functional areas for materials and employee benefits are represented as follows:

Raw Materials and Supplies

This item consists of the following:

	2017 € in K	2016 € in K
Expenses for raw materials and supplies and for purchased goods (incl. changes in inventories)	303,843	313,224
Cost of purchased services	85,037	73,445
	388,880	**386,668**

Employee Benefits Expense

This item can be broken down as follows:

	2017 € in K	2016 € in K
Wages and salaries	389,967	346,962
Social security	79,072	71,521
Expenses for retirement benefits and pensions	11,064	8,046
	480,104	**426,528**

Leases

In fiscal year 2017, payments of €20.3 million were made as part of operating leases (2016: €17.5 million).

11. Other Operating Income and Expenses

	2017 € in K	2016 € in K
Currency translation gains	10,515	19,442
Income from the decrease in allowances for bad debts	2,285	2,595
Income from grants	8,428	3,096
Other income	2,306	9,755
Other operating income	**23,534**	**34,887**
Extraordinary expenses	–35,522	–30,743
Currency translation losses	–18,596	–15,898
Allowances for bad debts	–1,576	–2,616
Other expenses	–6,414	–6,222
Other operating expenses	**–62,108**	**–55,479**
Other operating income and expenses	**–38,574**	**–20,592**

The item reported as income from grants discloses the grants for expenses (essentially related to research and development projects), which are recognized as income as soon as there is sufficiently reliable indication that the necessary prerequisites are met.

Extraordinary items for fiscal 2016 and 2017 essentially were incurred for various strategic Group projects and for integration and acquisition costs.

12. Financial Result

	2017 € in K	2016 € in K
Interest and similar income	340	233
- of which from affiliated companies	62	0
Income from derivative financial instruments	1,698	2,165
Other financial income	8,923	3,267
Financial income	**10,961**	**5,665**
Interest and similar expenses	–13,470	–8,299
- of which from affiliated companies	0	0
Expenses for derivative financial instruments	–3,967	–3,398
Interest for pensions and other retirement benefits	–1,084	–1,234
Other financial charges	–13,209	–9,094
Financial expenses	**–31,730**	**–22,025**
	–20,769	**–16,360**

The other financial expenses and income cover effects from discount reversals and evaluation of purchase price liabilities in connection with the acquisitions of Allpure, the Lonza media business and with the acquisition of the non-controlling interest in Sartorius Israel, as well as currency gains and losses from loans in foreign currencies.

13. Income Taxes

	2017 € in K	2016 € in K
Current income taxes	–60,230	–59,289
Deferred taxes	20,968	185
- of which from tax losses	–7,596	4,808
- of which from temporary differences	28,564	–4,623
	–39,262	**–59,104**

Considering the German average tax rate of approximately 30% and the different rates in other countries in which the Group operates, the expected tax rate for the Group is roughly 29%. The following table describes the differences between the tax expense to be expected and the income tax expenses reported for the particular financial year:

	2017 € in K	2016 € in K
Expected tax rate	**29%**	30%
Expected tax expense	–57,591	–61,232
Difference from the Group average income tax rate	9,831	11,862
Effects from intragroup dividends and other non-deductible expenses	–4,732	–5,440
Tax credits	3,628	3,790
Deductible temporary differences and tax losses not capitalized	–8,413	–8,119
Taxes from previous years and adjustments from the revised evaluation of the recoverability of deferred tax assets	2,723	1,448
Withholding and similar taxes	–1,083	–1,287
Taxes from previous years and adjustments from the revised evaluation of the recoverability of deferred tax assets	16,294	–282
Other	80	156
	–39,263	**–59,104**
Effective tax rate	**19.8%**	**29.0%**

The items from the changes in the tax rate are essentially related to the revaluation of deferred tax liabilities of U.S. companies of the Group as a result of the tax reform approved in December 2017 in the USA.

14. Earnings per Share

IAS 33, Earnings per Share, requires earnings per share to be calculated separately for each class of share. The undiluted earnings per share (basic EPS) are calculated based on the weighted average number of ordinary shares outstanding during the period. Treasury shares are not to be considered in the calculation of the average number of shares outstanding.

	2017	2016
Ordinary shares		
Basis for calculating basic earnings per ordinary share (net profit after non-controlling interest), € in K	57,224	51,322
Weighted average number of shares outstanding	34,212,224	34,212,224
Basic earnings per ordinary share in €	**1.67**	**1.50**
Weighted average number of shares outstanding for calculating the diluted earnings per share	34,212,224	34,212,224
Diluted earnings per ordinary share, in €	1.67	1.50
Preference shares		
Basis for calculating basic earnings per preference share (net profit after minority interest), € in K	57,506	51,610
Weighted average number of shares outstanding	34,176,068	34,176,068
Basic earnings per preference share in €	**1.68**	**1.51**
Weighted average number of shares outstanding for calculating the diluted earnings per share	34,176,068	34,176,068
Diluted earnings per preference share, in €	1.68	1.51

Notes to the Statement of Financial Position

15. Goodwill and Intangible Assets

Goodwill

	Goodwill € in K
Gross book values at Jan. 1, 2016	**405,377**
Currency translation	–2,502
Acquisitions through business combinations	64,956
Reclassification in "held for sale"	0
Gross book values at Dec. 31, 2016	**467,831**
Amortization and impairment losses at Jan. 1, 2016	**0**
Currency translation	0
Amortization and impairment losses in 2016	0
Amortization and impairment losses at Dec. 31, 2016	0
Net book values at Dec. 31, 2016	**467,831**
Gross book values at Jan. 1, 2017	**467,831**
Currency translation	–28,598
Acquisitions through business combinations	214,696
Gross book values at Dec. 31, 2017	**653,929**
Amortization and impairment losses at Jan. 1, 2017	**0**
Currency translation	0
Amortization and impairment losses in 2017	0
Amortization and impairment losses at Dec. 31, 2017	0
Net book values at Dec. 31, 2017	**653,929**

The item reported as goodwill in the amount of €653,929 K (2016: €467,831 K) is the capitalized difference in assets resulting from capital consolidation within the scope of business combinations. This amount also covers asset deals to some extent. The additions in fiscal 2017 are attributable to the acquisitions of Essen BioScience and Umetrics (see Section 8). Under IAS 36, goodwill may not be amortized on a scheduled basis, but rather must be tested annually for impairment.

Because of the integration of our businesses in the divisions of Bioprocess Solutions and Lab Products & Services and our respective positioning as a total solutions provider, several cash-generating units at this level are combined for the impairment test. Thus, goodwill is distributed to the segments as follows:

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Bioprocess Solutions	494,781	360,081
Lab Products & Services	159,148	107,750
	653,929	**467,831**

The impairment tests for fiscal 2017 were conducted as of Novermber 30. The calculations measure the recoverable amount on the basis of the value in use of the particular cash-generating unit. Our cash flow forecasts consider previous experiences and are generally based on the current projections of Group management for a period of four years. For the Bioprocess Solutions Division, calculations were based on an average terminal growth rate of 2.5% for the fiscal years after 2021. This terminal growth rate is derived from market expectations, which forecast medium-term growth rates in the high upper single-digit range for the biopharmaceutical market targeted by the division. The major growth drivers will be, among others, the aging population, the increase in population and improved access to pharmaceutical markets in the emerging-market countries, as well as the currently ongoing paradigm shift towards utilization of single-use products in the manufacture of biopharmaceuticals. For the Lab Products & Services Division, a terminal growth rate of 1.5% was used for the fiscal years.

The discount rates of the cash-generating units correspond to their weighted average cost of capital (WACC) and were recognized as follows:

	Before tax	**2017 after tax**	Before tax	2016 After tax
Bioprocess Solutions	8.5%	6.8%	7.9%	6.3%
Lab Products & Services	9.6%	7.4%	8.8%	6.7%

In fiscal 2017, these impairment tests did not result in the recognition of impairment losses. Even realistic changes in the basic assumptions upon which measurement of the value in use is based would not result in the carrying amount of the cash-generating units' exceeding their value in use.

Other Intangible Assets

	Patents, licenses, technologies and similar rights € in K	Brand name € in K	Customer relationships € in K	Capitalized development costs € in K	Payments on account € in K	Total € in K
Gross book values at Jan. 1, 2016	143,519	15,088	129,411	85,035	318	373,371
Currency translation	750	305	–1,418	–853	15	–1,200
Acquisitions through business combinations	45,714	7,588	11,576	0	187	65,065
Capital expenditures	13,944	10	4	18,286	123	32,367
Disposals	–190	0	–43	–5,097	0	–5,330
Transfers	129	0	0	0	–318	–189
Gross book values at Dec. 31, 2016	**203,867**	**22,992**	**139,529**	**97,371**	**325**	**464,084**
Amortization and impairment losses at Jan. 1, 2016	–47,282	–1,674	–67,525	–47,636	0	–164,117
Currency translation	60	–7	211	59	0	323
Amortization and impairment losses in 2016	–17,199	–710	–10,786	–9,444	0	–38,139
Disposals	151	0	0	5,097	0	5,248
Transfers	11	0	0	0	0	11
Amortization and impairment losses at Dec. 31, 2016	–64,260	–2,391	–78,100	–51,925	0	–196,675
Net book values at Dec. 31, 2016	**139,607**	**20,601**	**61,429**	**45,446**	**325**	**267,409**

	Patents, licenses, technologies and similar rights € in K	Brand name € in K	Customer relationships € in K	Capitalized development costs € in K	Payments on account € in K	**Total € in K**
Gross book values at Jan. 1, 2017	203,867	22,992	139,529	97,371	325	464,084
Currency translation	–16,751	–2,793	–7,646	–444	–31	–27,665
Acquisitions through business combinations	98,178	19,056	82,891	0	0	200,125
Capital expenditures	11,247	0	469	27,402	135	39,253
Disposals	–291	–1	0	–2,685	–23	–3,001
Transfers	309	0	0	155	–181	283
Gross book values at Dec. 31, 2017	**296,558**	**39,254**	**215,244**	**121,798**	**225**	**673,079**
Amortization and impairment losses at Jan. 1, 2017	–64,260	–2,391	–78,100	–51,925	0	–196,675
Currency translation	1,992	101	1,164	141	0	3,398
Amortization and impairment losses in 2017	–26,286	–1,826	–18,044	–8,935	0	–55,090
Disposals	37	0	0	2,607	0	2,644
Transfers	–9	0	0	0	0	–9
Amortization and impairment losses at Dec. 31, 2017	–88,526	–4,116	–94,979	–58,112	0	–245,733
Net book values at Dec. 31, 2017	**208,032**	**35,138**	**120,265**	**63,687**	**225**	**427,346**

The brand name acquired in the Stedim transaction (book value: €10,779 K) is considered to have an indefinite useful life as there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the company. Because of the integration of the "Stedim" brand into the "Sartorius Stedim Biotech" brand, a separate measurement of relevant cash flows is not possible, however. The recoverability of the brand name and of other intangible assets acquired within the scope of this business combination was considered at the next-higher level of the cash-generating unit (CGU), i.e., the Bioprocess Solutions Division.

For the remaining brand names acquired through the business combinations, their limited periods of useful life are estimated as up to 20 years on average.

In fiscal 2017, the development costs of €27,402 K (2016: €18,286 K) were recognized as assets. The capitalized development costs essentially covered the costs to be allocated to the projects for staff involved in the R&D effort, raw materials and supplies, outside services and directly attributable overhead. Internally generated intangible assets were amortized according to the straight-line method over their useful life.

Amortization of intangible assets is allocated to the corresponding functions in the statement of profit or loss. For capitalized development costs, amortization is disclosed in the cost of sales.

In fiscal 2017, impairment expenses of €570 K were recognized in the capitalized development costs (2016: €0 K).

16. Property, Plant and Equipment

	Land, buildings and improvements € in K	Technical machinery and equipment € in K	Factory and office equipment and other equipment € in K	Payments on account and construction in progress € in K	Total € in K
Gross book values at Jan. 1, 2016	215,924	153,055	121,796	66,015	556,789
Currency translation	–843	–614	–96	–820	–2,372
Acquisitions through business combinations	1	119	652	0	772
Capital expenditures	31,296	13,743	28,321	46,404	119,763
Disposals	–6,464	–3,037	–6,653	–160	–16,314
Reclassication in "held for sale"	–12,373	0	–1,949	–718	–15,040
Transfers	26,071	24,087	3,350	–53,322	186
Gross book values at Dec. 31, 2016	**253,613**	**187,354**	**145,421**	**57,398**	**643,785**
Depreciation and impairment losses at Jan. 1, 2016	–71,436	–89,842	–77,637	–431	–239,346
Currency translation	196	21	170	29	415
Amortization and impairment losses in 2016	–9,706	–13,101	–14,754	–2	–37,562
Disposals	6,361	2,811	6,102	0	15,274
Reclassication in "held for sale"	9,693	0	1,760	0	11,453
Transfers	1,394	–773	–1,027	398	–8
Depreciation and impairment losses at Dec. 31, 2016	–63,498	–100,885	–85,386	–5	–249,774
Net book values at Dec. 31, 2016	**190,115**	**86,469**	**60,034**	**57,393**	**394,012**

	Land, buildings and improvements € in K	Technical machinery and equipment € in K	Factory and office equipment and other equipment € in K	Payments on account and construction in progress € in K	**Total € in K**
Gross book values at Jan. 1, 2017	253,613	187,354	145,421	57,398	643,785
Currency translation	–5,690	–4,027	–2,064	–4,748	–16,529
Acquisitions through business combinations	228	653	528	2	1,411
Capital expenditures	35,376	8,848	20,700	105,173	170,098
Disposals	–542	–1,566	–7,867	–1,804	–11,778
Transfers	22,233	8,295	2,742	–33,073	198
Gross book values at Dec. 31, 2017	**305,217**	**199,558**	**159,460**	**122,949**	**787,184**
Depreciation and impairment losses at Jan. 1, 2017	–63,498	–100,885	–85,386	–5	–249,774
Currency translation	1,498	2,307	1,164	0	4,969
Depreciation and impairment losses in 2017	–10,113	–15,528	–17,627	–3	–43,271
Disposals	523	1,592	7,240	0	9,355
Transfers	–401	184	–254	0	–471
Depreciation and impairment losses at Dec. 31, 2017	–71,991	–112,329	–94,864	–9	–279,192
Net book values at Dec. 31, 2017	**233,227**	**87,229**	**64,597**	**122,940**	**507,992**

Depreciation is included in the statement of profit or loss according to use of the assets in the cost of sales, selling and distribution expenses, research and development expenses, administrative expenses and other operating expenses.

After the Lab Products & Services Division moved into the new manufacturing building at the Göttingen site, the building previously used was torn down. To this extent, an impairment loss of €1.5 million was recognized in the previous reporting year for the residual carrying amount of this building.

During the ongoing expansion project of Group headquarters in Göttingen, Sartorius concluded an agreement in 2016 to sell its original headquarters located at a different site in the same city. The property will be transferred in 2018. In this connection, property, plant and equipment with residual carrying amounts €5.2 million were classified as "held for sale"; no impairment losses were recognized.

Capitalized property, plant and equipment include assets held under finance leases that amounted to €18,771 K (2016: €20,636 K). The cost of acquisition of these assets totals €26,273 K (2016: €26,483 K).

17. Deferred Taxes

	Deferred tax assets		**Deferred tax liabilities**	
	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K	**Dec. 31, 2017 € in K**	Dec. 31, 2016 € in K
Other intangible assets	837	0	88,958	55,933
Tangible assets	185	2	7,237	6,574
Inventories	10,838	8,825	0	0
Receivables and other current assets	0	353	5,991	708
Provisions	10,010	13,682	0	0
Liabilities	1,265	3,921	2,097	582
Gross amount	**23,135**	**26,783**	**104,283**	**63,797**
Taxable losses carried forward	7,632	14,954	0	0
Tax on non-distributed earnings of subsidiaries	0	0	2,292	4,525
Offset	–14,524	–13,995	–14,524	–13,995
	16,242	**27,742**	**92,050**	**54,327**

Deferred Tax Assets

On the reporting date, the Group had unused tax loss amounts carried forward of about €85 million (2016: around €71 million) to be deducted from future taxable profits. For German companies, the average of the loss carry-forward calculated from corporate income tax and from commercial income tax was taken into account. A deferred tax amount was reported on approx. €28 million (2016: approx. €43 million) of these losses. Concerning the remaining losses to be carried forward, no deferred tax amounts were recognized because of the lack of foreseeability of future taxable profits. Of the unused tax losses, €26.4 million can still be carried forward for a limited time (2016: €8.1 million) and of this carryforward amount, €10.3 million will expire in the next five years (2016: €7.8 million).

Deferred tax assets of approximately €4 million (2016: approx. €5 million) relate to companies that reported losses in this year under review or in the earlier reporting year. These losses carried forward were reported as assets because it is assumed that taxable profits would be available in future, against which the unused tax losses and the deductible temporary differences can be offset.

In addition, the Group had unused interest carry-forwards from German companies of the Group in the amount of €3 million (2016: €7 million). Deferred tax assets were not considered for these carry-forwards in the reporting year because from today's stance, use is not sufficiently probable for the remaining amounts carried forward.

Deferred Tax Liabilities

The deferred tax liabilities in connection with intangible assets essentially refer to assets acquired in business combinations and, consequently, are mainly linked to customer relationships.

The company has taxable temporary differences of €694 million (2016: €528 million). in connection with shares in subsidiaries. Deferred tax liabilities were not recognized on these temporary differences as the realization of such liabilities is not expected or planned within the foreseeable future. If these retained earnings were to be distributed, they would be subject to taxation at a rate of 5% in Germany; in addition, foreign withholding tax might be incurred.

In fiscal 2017, as in the previous years, a tax effect was yielded by reporting derivative financial instruments recognized outside the statement of profit or loss according to IAS 39 rules for hedge accounting, and the deferred tax assets from recognition of actuarial gains and losses were recognized in other comprehensive income. Likewise, the amount of current income taxes incurred by net investment in a foreign operation was recognized in other comprehensive income. The income taxes recognized in other comprehensive income are disclosed in the following table:

	2017 € in K	2016 € in K
Cash flow hedges	–10,042	2,193
Remeasurements of the net defined benefit liability	–1,024	1,232
Net investment in a foreign operation	1,173	–539
Total	**–9,893**	**2,886**

The change in deferred tax assets and liabilities of a net amount of –€49.2 million (2016: - €12 million) includes effects from currency translations (€6.0 million; 2016: +€0.5 million) and additions related to acquisitions through business combinations (- €66.3 million; 2016: €15.5 million) in addition to the amounts recognized in the statement of profit or loss (€21 million; 2016: €0.2 million) and in the other comprehensive income (- €9.9 million; 2016: €–2.9 million).

18. Inventories

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Raw materials and supplies	81,241	76,008
Work in progress	63,566	61,893
Finished goods and merchandise	96,850	79,619
Payments on account	4,467	4,664
	246,124	**222,184**

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Gross amount inventories	265,599	237,903
Write-downs	–19,475	–15,719
Net amount of inventories	**246,124**	**222,184**

19. Current Trade and Other Receivables

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Trade receivables from third parties	267,445	230,543
Amounts due from customers for contract work	6,967	3,161
Receivables from non-consolidated affiliates	7,793	7,535
Trade receivables	**282,206**	**241,240**

In some business areas, the Group carries out long-term construction contracts to a limited extent. These customer-specific contracts are recognized by the application of IAS 11, Construction Contracts, based on the percentage of completion method.

In the reporting year, contract revenues of €43.7 million were earned (2016: €23.5 million). The aggregate amount of costs incurred and profits | losses recognized for projects in progress on the reporting date is €36.1 million (2016: €29.9 million). For these projects, advance payments of €29.2 million (2016: €26.7 million) were recorded.

Trade and other receivables were reported so that all discernible risks are covered. Allowances were recognized based on past experience with actual credit losses. Please refer to Section 11 concerning the expenses and income resulting from these allowances that are reported on the statement of profit or loss. The book values of trade receivables and other receivables approximate the receivables' fair value due to their short terms.

In the reporting year, valuation allowances developed as follows:

	2017 € in K	2016 € in K
Valuation allowances at the beginning of the year	–6,910	–7,474
Increases during the fiscal year	–1,577	–2,612
Derecognition and consumption	550	550
Recoveries of amounts previously impaired	2,285	2,593
Currency translation differences	161	43
Change in the scope of consolidation	–20	–9
Valuation allowances at the end of the year	**–5,511**	**–6,910**

The following table shows the maturity structure of the receivables that are past due, but not impaired:

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
1-30 days	40,003	34,739
31-90 days	22,200	17,006
91-180 days	10,552	6,508
181-360 days	5,135	7,029
More than 360 days	877	2,586
Total	**78,767**	**67,868**

For trade receivables of €78,767 K that were past due on the reporting date (2016: €67,868 K), no valuation allowances were made as there was no material change in the creditworthiness of the debtors and it could be expected that they would pay the amounts outstanding. The trade receivables not yet due and other financial assets were not written down as there was no indication of impairment.

20. Other Assets

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Derivative financial instruments	8,975	348
Loan receivables from affiliates	4,000	4,620
Miscellaneous other financial assets	15,256	10,039
Other financial assets	**28,231**	**15,007**

21. Issued Capital

The issued capital of Sartorius AG is divided into 37,440,000 bearer ordinary shares and the same number of non-voting preference shares, each with a calculated par value of €1.00. Preference share owners receive an increased dividend (surplus dividend of €0.01 per preference share from the distributable profit; however, the dividend must amount to at least €0.02 per preference share. All shares are fully paid up.

Sartorius AG exercised the authority granted at the Annual Shareholders' Meeting on June 21, 2000, to repurchase treasury shares in the amount of €16,082 K pursuant to § 71, Subsection 1, No. 8, of the German Stock Corporation Law (AktG). According to IAS 32, treasury shares were deducted from equity and capital reserves.

These shares are held in particular as currency for future acquisitions of companies. From October 27, 2000 to the reporting date, 831,944 ordinary shares were repurchased at an average price of €11.27 and 840,893 preference shares at an average price of €7.98 on the whole. In December 2015, 25,000 ordinary shares and 25,000 preference shares were issued to CEO and Executive Board Charmain Dr. Joachim Kreuzburg pursuant to his 2014 remuneration agreement.

Following the stock split carried out in 2016, 3,227,776 ordinary shares and 3,263,572 preference shares remain as treasury stock as part of share capital, thus constituting a proportion of €6,492 K (8.7%).

No treasury shares were purchased in fiscal 2017.

22. Reserves

Capital Reserves

Capital reserves include the amounts generated in the previous years beyond the nominal amount when Sartorius AG issued shares. As part of the stock split, an amount of €51,291 K was reclassified from the capital reserves to issued capital in fiscal 2016.

In fiscal 2017, capital reserves rose by €1,242 K (2016: €1,356 K) due to the employee benefits expense to be offset in connection with the share-based remuneration agreement with Dr. Kreuzburg.

Cash Flow Hedging Reserves

Amounts recognized in other comprehensive income as part of an effective hedgeing relationship are transferred to the cash flow hedging reserves. In particular, these are fluctuations in the fair value of currency hedges as well as their respective tax effects. The cumulative amount to be transferred to other comprehensive income as of the reporting date stands at €20,184 K (2016: –13,289 K).

Pension Reserves

Actuarial gains and losses from defined benefit plan commitments, including their respective tax effects, are included in the pension reserves.

23. Non-controlling Interest

The Sartorius Stedim Biotech subgroup headquartered in Aubagne, France, accounts for the majority of non-controlling interest in the Sartorius Group. The latter holds approximately 74% of capital shares and 85% of the voting rights in this subgroup. The following subsidiaries account for further non-controlling interest amounts:

- Sartorius Korea Biotech based in Seoul, South Korea, with a 69% share in capital

- Sartorius Thailand located in Bangkok (with a 49% share in capital

- Sartorius Israel Ltd., Kibbutz Beit Haemek, Israel (49%)

The companies in Israel and Thailand were consolidated due to contractual arrangements to ensure control purposes.

	2017 € in K	2016 € in K
Cumulative non-controlling interest as of Dec. 31		
Sartorius Stedim Biotech	180,228	150,748
Other	8,538	6,386
	188,766	**157,133**
Profit or loss allocated to non-controlling interest		
Sartorius Stedim Biotech	41,607	39,557
Other	2,989	2,513
	44,596	**42,070**
Dividends paid to non-controlling interest		
Sartorius Stedim Biotech	9,964	7,918
Other	744	795
	10,708	**8,713**

The following condensed financial information refers to the Sartorius Stedim Biotech Group:

Condensed Statement of Financial Position

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Non-current assets	913,060	764,116
Current assets	490,845	431,733
	1,403,905	**1,195,849**
Equity	879,454	763,556
Non-current liabilities	174,007	147,928
Current liabilities	350,444	284,364
	1,403,905	**1,195,848**

Condensed Statement of Profit or Loss and Other Comprehensive Income

	2017 € in K	2016 € in K
Sales revenue	1,081,033	1,051,611
Profit before tax	220,613	212,985
Income taxes	–56,849	–57,108
Net profit for the period	**163,763**	**155,877**
Other comprehensive income after tax	–8,810	–7,117
Total comprehensive income	**154,953**	**148,760**

Condensed Statement of Cash Flows

	2017 € in K	2016 € in K
Net cash flow from operating activities	**174,688**	**156,659**
Net cash flow from investing activities and acquisitions	–194,926	–102,733
Net cash flow from financing activities	16,620	–50,097
Net increase | decrease in cash and cash equivalents	**–3,618**	**3,830**
Cash and cash equivalents at the beginning of the period	34,756	31,831
Net effect of currency translation on cash and cash equivalents	1,414	–905
Cash and cash equivalents at the end of the period	**32,552**	**34,756**

24. Pension and Employee Benefits Provisions

Defined Contribution Plans

Most of the companies of the Group have defined contribution plans, frequently in the form of government-backed retirement insurance. In fiscal 2017, an amount of €28.7 million was recognized for defined contribution plans (2016: €26.5 million).

Defined Benefit Plans

Pension provisions and similar obligations have been recognized in the consolidated financial statements of the Sartorius Group in accordance with actuarial principles. All actuarial gains and losses are shown directly in other comprehensive income according to the IAS 19 Standard. The actuarial losses, which were transferred to the pension reserves, essentially resulted from a change in the discount rate and totaled -€28,712 K (2016: -€28,295 K).

An amount of €53,505 K (2016: €53,567 K) relates in particular to the net amount of pension provisions for retirement pension plans in Germany. These provisions are based on direct commitments under defined benefit pension plans. Under these commitments, the employees earn benefits for each year of service rendered to the company. The pension benefits are generally not funded with assets. A substantial portion of these provisions relate to Sartorius AG. In this case, the obligations measured pertain to the General Pension Plan ("Allgemeine Versorgungsordnung") for employees whose employment commenced prior to January 1, 1983, on the one hand. On the other, individual commitments to active and former Executive Board members and executives exist in the form of performance-based post-employment benefit plans.

The assumed discount factors reflect the interest rates that were paid on the reporting date for prime corporate (industrial) bonds with matching maturities and denominated in the relevant currencies. If such corporate bonds are not available with matching long-term maturities or are insufficiently available, their matching interest rates are determined by extrapolation.

Measurement of the post-employment benefit obligations of the German Group companies is based on the following actuarial assumptions:

	2017	2016
Discount rate	1.75%	1.68%
Future salary increases	3.00%	3.00%
Future pension increases	2.00%	2.00%

Concerning the assumptions on mortality and invalidity, the actuarial tables (RT) 2005 G compiled by Klaus Heubeck were used.

The following parameters were used for the French companies:

	2017	2016
Discount rate	1.70%	1.42%
Future salary increases	2.50%	2.50%
Future pension increases	2.00%	2.00%

The amounts reported in the statement of profit or loss and in the statement of comprehensive income consist of the following:

	2017 € in K	2016 € in K
Service cost	1,786	1,633
Net interest cost	990	1,143
Components of defined benefit costs recognized in profit or loss	**2,777**	**2,777**
Return on plan assets (excl. interest)	–57	31
Actuarial gains | losses	473	4,675
Components of defined benefit costs recognized in other comprehensive income	**417**	**4,706**
Total defined benefit costs	**3,193**	**7,482**

In the statement of profit or loss, the current service cost is disclosed according to the assignment of employees to the respective functions.

The net amount or present value included in the consolidated statement of financial position arising from the Group's obligation in respect of defined benefit plans is as follows:

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Present value of obligations	74,312	71,759
Fair value of the plan assets	9,367	7,677
Net liability	**64,945**	**64,082**

Defined Benefit Obligation

	2017 € in K	2016 € in K
Present value of obligations as of Jan. 1	**71,759**	**66,760**
Current service cost	2,194	2,003
Past service cost	–408	–370
Interest cost	1,084	1,234
Actuarial gains | losses	478	4,627
Currency translation differences	–725	180
Retirement benefits paid in the reporting year	–2,132	–2,533
Employer contributions	277	302
Employee contributions	220	208
Contributions by the plan participants	1,550	–720
Other changes	15	67
Present value of obligations as of Dec. 31	**74,312**	**71,759**

The actuarial gains and losses of the defined benefit obligation are allocated as follows:

	2017 € in K	2016 € in K
Experience adjustments	843	–207
Changes in demographic assumptions	274	–257
Changes in financial assumptions	–639	5,090
Total	**478**	**4,627**

Plan Assets

	2017 € in K	2016 € in K
Plan assets at Jan. 1	**7,677**	**6,959**
Interest income	93	90
Return on plan assets (excl. interest)	57	–31
Actuarial gains | losses	5	–48
Group contribution & payments	–709	–1,028
Employee contributions	220	208
Currency translation differences	–481	61
Employer contributions	899	957
Contributions by the plan participants	1,606	361
Other changes	0	148
Plan assets as of Dec. 31	**9,367**	**7,677**

Composition of Plan Assets

Plan assets essentially consist of insurance contracts with insurance companies in Germany and Switzerland. An amount of €1.8 million (2016: €1.4 million) is held by local banks as securities for a subsidiary in South Korea.

Risks

The defined benefit plans do not entail any significant entity-specific or plan-specific risks. Due to the rather low coverage of the defined benefit obligation by plan assets, liquidity risks basically arise, which are immaterial for the Group due to their low monetary amount.

Sensitivity Analysis

An increase or a decrease in the actuarial assumptions would have the following impacts on the defined benefit obligations for the year ended December 31, 2017 (a positive sign in front of the number means an increase in the obligation):

Demographic assumptions		
Change in life expectancy	–1 year	+1 year
Effect	–1,809	1,836
Financial assumptions		
Change in discount rate	–100 bps	+100 bps
Effect	12,069	–9,530
Change in future salary increase	–50 bps	+50 bps
Effect	–932	993
Change in future pension increase	–25 bps	+25 bps
Effect	–1,712	1,795

Present value of the defined benefit obligations for the year ended December 31, 2016:

Demographic assumptions		
Change in life expectancy	–1 year	+1 year
Effect	–1,789	1,814
Financial assumptions		
Change in discount rate	–100 bps	+100 bps
Effect	12,274	–9,621
Change in future salary increase	–50 bps	+50 bps
Effect	–1,028	1,111
Change in future pension increase	–25 bps	+25 bps
Effect	–1,726	1,808

The sensitivity analysis presented above might not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another. Furthermore, the present value of the defined benefit obligation has been calculated using the same method that was applied in calculating the defined benefit obligation liability recognized in the statement of financial position (projected unit credit method).

Maturity Analysis

The undiscounted cash flows from defined benefit obligations can be allocated to maturities as follows:

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
<1 year	2,894	2,759
1-5 years	13,434	12,658
6-10 years	19,083	18,062
>10 years	83,052	89,086

The weighted average duration of the defined benefit obligations is 16.3 years (2016: 16.6 years).

For fiscal 2017, payments of €3.2 million for defined benefit plan commitments are expected (2016: €2.8 million). These cover contributions to plan assets and payment of retirement benefits.

25. Other Non-current Provisions (25)

	Payments to employees on early retirement plan € in K	Other € in K	Total € in K
Balance at Jan. 1, 2016	4,715	3,021	7,736
Currency translation	0	25	25
Consumption	−1,043	−839	−1,882
Reversals | Utilization	0	−3	−3
Additions	1,047	882	1,929
Balance at Dec. 31, 2016	**4,719**	**3,086**	**7,805**

	Payments to employees on early retirement plan € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2017	4,719	3,086	7,805
Currency translation	0	−161	−161
Consumption	−1,964	−35	−1,999
Reclassifications	0	0	0
Additions	1,613	488	2,101
Balance at Dec. 31, 2017	**4,368**	**3,377**	**7,746**

The non-current provisions comprise mainly provisions for partial retirement, a type of early retirement plan, and employee bonuses for their company anniversaries. These obligations arise mainly at German Group companies. The early retirement plans are partial retirement plans that permit employees to work part-time for 3 to 5 years directly before they are due to retire at the legal retirement age and that are financially supported by the company.

According to IAS 19, the expenses related to severance payments to be earned in future periods must be spread over the active employee's respective remaining period of service.

Bonuses for company anniversaries are generally granted to employees who have accumulated seniorities of 20, 25, 30 and 40 years, and cover additional special vacation as well as relatively small sums of money.

Non-current provisions are reported at their present value on the reporting date. The discount interest rate for employees on the early retirement plan is 0.0% (2016: 0.0%) and for provisions accrued for company anniversaries 1.3% (2016: 1.3%). In fiscal 2016 and 2017, the effect from compounding non-current provisions, including the effects of changes in the interest rate, were immaterial. IAS 19 Rules require that such actuarial gains and losses, as well as past service costs, on these obligations be recognized as income or expense in the statement of profit or loss.

26. Non-current Liabilities

Loans and Borrowings and Finance Lease Liabilities

	Balance at Dec. 31, 2017 € in K	**Of which non-current € in K**	Balance at Dec. 31, 2016 € in K	Of which non-current € in K
Loans and borrowings	934,404	869,830	525,996	433,032
Finance lease liabilities	20,565	17,568	21,939	18,917
	954,969	**887,398**	**547,935**	**451,949**

The major pillar of financing for the Sartorius Group is the syndicated credit line of €400 million concluded in December 2014 with a maturity of up to 2021. With this financing arrangement, Sartorius has replaced two syndicated credit lines ahead of schedule and has consolidated its financing within the Group.

Further elements of the company's financing are various note loans ("Schuldscheindarlehen") placed in 2012, 2016 and 2017, respectively, with an average outstanding loan balance of around €580 million and original maturities of up to 10 years. Moreover, the company has several non-current loans in place that total around €300 million and are used in part for expansion of production capacities.

Beyond these components, the company has diverse working capital and guaranteed credit lines totaling approximately €70 million.

Other Non-current Liabilities

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Derivative financial instruments	1,147	10,211
Other liabilities	44,208	63,442
Total	**45,355**	**73,653**

The derivative financial instruments represent the negative market values of interest rate swap agreements entered into as interest rate hedges, as well as of hedging transactions for currency hedges.

Other non-current liabilities essentially include the liability for payment of the remaining purchase price for the acquisition of Lonza's cell culture media business and the liability in connection with the non-controlling interests of Sartorius Israel and the liabilities for so-called phantom units concerning the AllPure shares. Valuation of the liabilities for AllPure and Sartorius Israel is based on the forecasted sales development for each entity.

For valuation of the liability incurred for AllPure phantom units, a compound annual growth rate between 15% and 20% for sales was assumed. An increase in sales expectations by 10% in each of the following years would lead to an increase in the liability by €0.6 million; a decrease in sales expectations by the same percentage in each of the successive years would result in a reduction of this liability by the same amount of €0.6 million.

Concerning the liability for the purchase of non-controlling interest in Sartorius Israel Ltd., a compound annual growth rate of a good 15% was assumed for sales planning. An increase of sales revenue by 10% in each of the following years would lead to an increase of this liability by €1.4 million, and a decrease in sales revenue by the same percentage in each of the following years would result in a decrease of this liability by the same amount of €1.4 million. Subsequent measurement of this liability is recognized in equity due to the put option over the non-controlling interest.

27. Current Provisions

	Warranties € in K	Other € in K	Total € in K
Balance at Jan. 1, 2016	5,084	13,003	18,087
Currency translation	–93	–1	–94
Change in the scope of consolidation	61	–13	48
Consumption	–3,119	–807	–3,926
Reclassifications	1,500	–1,500	0
Reversals | Utilization	–679	–3,651	–4,329
Additions	3,667	4,651	8,318
Balance at Dec. 31, 2016	**6,421**	**11,682**	**18,103**

	Warranties € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2017	6,421	11,682	18,103
Currency translation	–135	–167	–303
Change in the scope of consolidation	0	0	0
Consumption	–1,440	–2,650	–4,090
Reclassifications	0	–709	–709
Reversals | Utilization	–929	–5,832	–6,761
Additions	2,711	4,399	7,110
Balance at Dec. 31, 2017	**6,628**	**6,723**	**13,351**

In measuring the other provisions, all recognizable obligations that are based on past business transactions or past events and are of uncertain timing or amount are recognized.

Provisions are recognized only if they result from a legal or constructive obligation with respect to third parties.

Provisions for warranties cover expected return of produts, replacement deliveries and repairs. Such provisions are set up to cover individual risks, provided that their occurrence is more probable than their non-occurrence, as well as to cover general warranty risks based upon past experience.

The other provisions essentially include those for pending losses on onerous contracts and for uncertain obligations concerning employee benefits.

28. Current Liabilties

Trade Payables

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Payments received on account of orders	47,508	44,002
Trade payables to third parties	91,639	75,625
Payables to participations	2	676
Payables to non-consolidated subsidiaries	52	68
Trade payables	**139,201**	**120,371**

Other Financial Liabilities

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Derivative financial instruments	1,991	9,127
Other	42,149	23,133
Other financial liabilities	**44,140**	**32,260**

Other Liabilities

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Tax and social security	19,963	16,518
Other	20,157	8,481
Other liabilities	**40,120**	**24,999**

29. Other Financial Obligations | Contingent Assets and Liabilities

Other financial obligations in conjunction with operating leases consist of the following:

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Operating leases		
-due within one year	15,669	14,355
-due within 2 to 5 years	26,003	23,809
-due thereafter	5,897	4,116

30. Financial Instruments | Financial Risks

General Information

This section gives an overview of the impact of financial instruments on the financial statements of the Sartorius Group and provides additional information on the items that contain financial instruments in the statement of financial position.

Derivatives are measured at fair value according to recognized mathematical methods. The fair values are based on the market data available at the time the value of these derivatives is calculated.

In the fiscal year ended, there were no reclassificatrions of financial instruments.

Carrying Amounts and Fair Values

The following table compares the carrying amounts and the fair values of all categories of financial instruments and reconciles these with the items on the statement of financial position.

	Categories	**Carrying amount Dec. 31, 2017 € in K**	**Fair value Dec. 31, 2017 € in K**	Carrying amount Dec. 31, 2016 € in K	Fair value Dec. 31, 2016 € in K
Financial investments	Available for sale	5,026	5,026	3,810	3,810
Financial assets	Loans and receivables	6,524	6,524	3,227	3,227
Derivative financial instruments in hedge relationships*	n/a	8,595	8,595	471	471
Financial assets (non-current)		**20,145**	**20,145**	**7,508**	**7,508**
Trade receivables	**Loans and receivables**	**282,206**	**282,206**	**241,240**	**241,240**
Receivables and other assets	Loans and receivables	19,256	19,256	14,659	14,659
Derivative financial instruments in hedge relationships*	n/a	8,975	8,975	348	348
Other financial assets (current)		**28,231**	**28,231**	**15,007**	**15,007**
Cash and cash equivalents	**Loans and receivables**	**59,423**	**59,423**	**62,027**	**62,027**
Loans and borrowings	**Financial liabilities at cost**	**934,404**	**945,116**	**525,996**	**536,250**
Finance lease liabilities	**IAS 17**	**20,565**	**31,376**	**21,939**	**33,488**
Trade payables	Financial liabilities at cost	91,693	91,693	76,369	76,369
Trade payables | payments received for orders	n/a	47,508	47,508	44,002	44,002
Trade payables		**139,201**	**139,201**	**120,371**	**120,371**
Derivative financial instruments in hedge relationships*	n/a	1,439	1,439	15,942	15,942
Derivative financial instruments	Held for trading	1,699	1,699	3,396	3,396
Other financial liabilities	Financial liabilities at cost	86,357	91,549	86,575	93,299
Other financial liabilities		**89,495**	**94,687**	**105,913**	**112,637**

* The amounts each contain a non-designated part of derivatives of a total of - €4.1 million (2016: - €5.2 million).

The aggregate carrying amounts of the financial instruments for each IAS 39 category are shown in the following table:

	Dec. 31, 2017 € in K	Dec. 31, 2016 € in K
Available-for-sale assets	5,026	3,810
Loans and receivables	367,409	321,153
Held for trading liabilities	1,699	3,396
Financial liabilities at cost	1,112,454	688,940

For the equity investments measured at acquisition cost (financial assets), it is not possible to determine fair values reliably due to the absence of active markets. This applies mainly to shares in non-consolidated subsidiaries. These are essentially sales companies of the Group; the calculation of fair values for their activities would therefore not be relevant for the economic decisions of the users. There is currently no intention to sell these shares in such affiliates.

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 calculated on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are calculated 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 calculated 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 derivatives in the form of forward contracts, interest rate swaps and structured forward contracts. They were measured on the basis of their quoted exchange rates and market yield curves, taking counterparty risks into account (Level 2).

The fair values to be disclosed for financial liabilities recognized at amortized cost, especially liabilities to banks and those related to note loans ("Schuldscheindarlehen"), were measured on the basis of the market interest rate curve according to the zero coupon method, 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 default risk to be disclosed is reflected by the carrying amounts of the financial assets recognized in the statement of financial position.

Measurement of Fair Value

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

Net Result for Financial Instruments

The net gains and losses of the various categories of financial instruments are presented in the following table:

	2017 **€ in K**	2016 € in K
Loans and receivables	–5,182	3,780
Financial assets and liabilities held for trading	3,602	1,209
Financial liabilities at cost	175	–5,274

The net result of available-for-sale financial assets essentially is comprised of dividends and capital gains or losses from equity investments and non-consolidated subsidiaries.

The net result of borrowings and receivables primarily includes effects from currency translation and changes in valuation adjustments.

The net result of a financial assets and liabilities held for trading is primarily comprised of changes in the market value of derivative financial instruments and of interest income and expenses for these instruments.

The net result of liabilities measured at acquisition cost mainly consists of effects from currency translation.

The total interest income and expenses for financial assets and liabilities that are not recognized at fair value through profit and loss are as follows:

	2017 **€ in K**	2016 € in K
Interest income	369	559
Interest expenses	–15,199	–10,430

Capital Management

In the Sartorius Group, capital is managed in order to maximize earnings of the company's stakeholders by optimizing the ratio of equity to liabilities. Furthermore, we ensure that all Group companies operate under the premise of the going-concern principle.

The financial liabilities described in Section 26 are regarded as managed capital and, furthermore, so are the cash and cash equivalents as well as equity capital.

Goals of Financial Risk Management

The Treasury Management unit of the Group coordinates access to national and international financial markets. In addition, the Treasury Management unit monitors and controls financial risks, which essentially entail currency, interest rate and liquidity risks.

The Sartorius Group strives to minimize the impact of currency and interest rate risks using derivative financial instruments. Hedging transactions and their controlling are carried out by different staff members. Moreover, the Group's Internal Auditing Department regularly monitors the use of such financial instruments. Trading with derivative financial instruments is done for hedging purposes only.

Management of Exchange Rate Risks

The Group is exposed to currency risks as approximately one-third of sales revenue is generated in U.S. dollars or currencies linked to the U.S. dollar and, to a lesser extent, in other foreign currencies. At the same time, Sartorius' global manufacturing network enables the company to offset the lion's share of sales revenues received in foreign currency within the Group against costs likewise incurred in foreign currency. The portion of sales revenue in foreign currency that remains after we have settled our costs, i.e., net currency exposure resulting from currency translation, is hedged to a large extent by derivative financial instruments. Our hedging strategy generally provides for hedging remaining net currency exposure up to 1.5 years ahead. These hedging measures are reviewed at regular intervals to adapt them, where necessary, to expected exchange rate fluctuations.

Using forward contracts concluded by the end of the reporting date, we secure the right, and simultaneously create the obligation, to sell an established foreign currency amount on the exercise date at a specific exchange rate against the euro, independently of the exchange rate actually valid on this date. The profit or loss resulting from the difference between the current and the previously established exchange rate is generally measured as income or an expense in the statement of profit or loss.

As of the reporting date, the company had forward contracts for a total volume of U.S. $247 million (2016: $238 million) to hedge against the risk of fluctuation in the EUR | USD exchange rate.

The remaining net currency exposure related to the U.S. dollar is approx. €50 million and €160 million for the years 2018 and 2019.

December 31, 2016	Currency	Volume	Maturity	**Fair value € in K**
Forward contract	USD	102,000	2017	–8,143
	USD	90,000	2018	–5,445
	USD	46,000	2019	–938
	USD	**238,000**		**–14,526**
Target profit forward	USD	24,000	2017	–474
	USD	15,000	2018	–153
	USD	**39,000**		**–627**
Forward contract	CHF	10,000	2017	160
	CHF	2,000	2018	40
	CHF	**12,000**		**200**
Target profit forward	JPY	–500,000	2017	–170
	JPY	**–500,000**		**–170**

December 31, 2017	Currency	Volume	Maturity	**Fair value € in K**
Forward contract	USD	150,000	2018	8,637
	USD	97,000	2019	8,595
	USD	**247,000**		**17,232**
Forward contract	CHF	–24,500	2018	–1,375
	CHF	**–24,500**		**–1,375**
Forward contract	JPY	1,000,000	2018	103
	JPY	**1,000,000**		**103**
Forward contract	GBP	7,000	2018	–64
	GBP	**7,000**	**2018**	**–64**
Forward contract	CAD	12,600	2018	227
	CAD	**12,600**	**2018**	**227**
Forward contract	HKD	4,000	2018	8
	HKD	**4,000**	**2018**	**8**

Derivative financial instruments are measured at the time of acquisition at cost and at fair value on subsequent reporting dates. The changes in value of the derivative financial instruments are recognized in the statement of profit or loss on the reporting date. If the derivative financial instruments serve to hedge against cash flow risk and a qualified hedging relationship exists based on the criteria of IAS 39, the valuation adjustments for the portion determined to be effective hedges are recognized in other comprehensive income. The non-designated portion of the gain or loss is recognized in the financial result.

Concerning the exchange rate of the U.S. dollar to the euro, the following sensitivities provide the estimated impacts: If the U.S. dollar would have depreciated 10% against the euro, equity would have been €16.4 million higher (2016: €13.7 million) than actually reported and annual profit before tax would have been decreased by €1.4 million (2016: €1.2 million) from the currently disclosed figure. Vice versa, if the U.S. dollar would have appreciated 10% against the euro, the resulting impact on the annual profit before tax would have been - €1.7 million (2016: -1.5 million) and the impact on equity +€20.0 million (2016: - €16.7 million). These impacts include effects from the Group's intercompany loans, which are partially compensated for by effects of currency reserves for translation.

A change in the Swiss franc (CHF) would have primarily affected measurement of the liability recorded in CHF resulting from the acquisition of the Lonza cell culture media business in 2012. An increase or a decrease of the CHF rate by 5% would have had an effect of –2.2 million (2016: - €2.2 million) or +€2.5 million (2016: - €2.0 million), respectively, on this measurement.

Interest Risk Management

The entire Sartorius Group is generally financed through Sartorius AG, which uses internal Group loans to ensure the financing of all Group companies.

As most of the loans are predominantly taken out at variable interest rates, the Sartorius Group is exposed to interest rate risks. To control the interest rate risk, the Group concluded interest rate hedges in the form of interest swaps, which cover part of the loans outstanding at variable interest rates. As a result, the Group receives the particular (variable) interest rate valid on the market and pays a fixed interest rate.

The following table provides an overview of the interest hedging contracts available on the reporting date:

Instrument	**Hedged volume at Dec. 31, 2017 € in K**	Hedged volume at Dec. 31, 2016 € in K	End of term	Hedged interest rate	**Fair value Dec. 31, 2017 € in K**	Fair value Dec. 31, 2016 € in K
Swaps	80,000	80,000	Mar. 19	1.68% –2.02%	–1,699	–3,396
					–1,699	**–3,396**

As of the reporting date on December 31, 2017, the volume of variable interest loans was around €300 million (2016: €140 million). The hedging volume for the next three years is €80 million so that up to one-fourth of the company's exposure to interest rate risks is hedged (2016: debt of €140 million vs. a hedging volume of €80 million).

For the financial instruments held as of the reporting date, a sensitivity analysis yields the following results: If the market interest rate would have been 1.0 percentage point higher, this would have had an impact of - €3.0 million resulting from the variable interest loan (2016: - €3.1 million). The opposite effect would have been yielded by the valuation of the interest rate swaps of €0.6 million (2016: €2.4 million) so that there would have been an impact on the annual profit amounting to - €2.4 million (2016: - €0.7 million).

A decrease in the base interest rate to 0% was used to measure the sensitivities of declining interest rates. Under this condition, the corresponding effect on profit before tax would have been slightly positive (2017: €0.4; 2016: - €1.8 million).

Liquidity Risk Management

The following table shows the liquidity analysis for financial liabilities, excluding derivatives, in the form of contractually agreed undiscounted cash flows based on conditions as of the reporting date:

	Carrying amount Dec. 31, 2016 € in K	Cash flow Dec. 31, 2016 € in K	< 1 year € in K	1 - 5 years € in K	> 5 years € in K
Loans and borrowings	525,996	561,254	102,010	251,729	207,515
Finance leases	21,939	40,396	3,407	10,205	26,785
Trade payables	76,369	76,369	76,369	0	0
Other liabilities (excluding derivatives)	86,575	100,037	22,730	22,318	54,989
Financial liabilities	**710,879**	**778,057**	**204,515**	**284,252**	**289,289**

	Carrying amount Dec. 31, 2017 € in K	**Cash flow Dec. 31, 2017 € in K**	< 1 year € in K	1 - 5 years € in K	> 5 years € in K
Loans and borrowings	934,404	975,664	74,166	463,400	438,098
Finance leases	20,565	36,152	3,291	8,916	23,945
Trade payables	91,693	91,693	91,693	0	0
Other liabilities (excluding derivatives)	86,357	96,952	42,149	36,053	18,750
Financial liabilities	**1,133,019**	**1,200,461**	**211,299**	**508,369**	**480,793**

The carrying amounts and cash flows for the derivatives are shown as follows:

	Carrying amount Dec. 31, 2016 € in K	Cash flow Dec. 31, 2016 € in K	< 1 year € in K	1 - 5 years € in K	> 5 years € in K
Gross fulfillment					
Forward contracts	**14,722**	**14,555**	**8,229**	**6,326**	**0**
Payment obligation			92,399	106,747	
Payment claim			–84,171	–100,421	
Net fulfillment					
Interest rate swaps	**3,396**	**3,377**	**1,735**	**1,642**	**0**
Derivatives	**18,118**	**17,932**	**9,964**	**7,968**	**0**

	Carrying amount Dec. 31, 2017 € in K	Cash flow Dec. 31, 2017 € in K	< 1 year € in K	1 - 5 years € in K	> 5 years € in K
Gross fulfillment					
Forward contracts	**1,439**	**1,440**	**1,440**	**0**	**0**
Payment obligation			30,691		
Payment claim			–29,251		
Net fulfillment					
Interest rate swaps	**1,699**	**1,696**	**1,476**	**220**	**0**
Derivatives	**3,138**	**3,136**	**4,355**	**220**	**0**

The Group controls liquidity risks by maintaining credit lines and additional facilities with banks, continuously tracking the forecasted and actual cash flows and by managing the maturity profiles of financial assets and liabilities.

It is not expected that cash outflows will occur at materially different reporting dates or with materially different amounts.

As of December 31, 2017, offsetting potential for financial instruments due to global netting agreements amounted to €3.0 million (2016: €0.4 million (German Master Agreement for Financial Futures).

Credit Lines

€ in K	Credit line at Dec. 31, 2016	<1 year	1 to 5 years	>5 years	Interest rate	Credit line used at Dec. 31, 2016	Credit line unused as of Dec. 31, 2016
Syndicated credit lines	400,000	0	400,000	0	variabel	0	400,000
Note loan (Schuldscheindarlehen)	281,500	36,000	115,500	130,000	variabel und fix	281,500	0
Bilateral credit line	283,343	72,880	141,338	69,125	variabel und fix	265,695	17,647
Total	**964,843**	**108,880**	**656,838**	**199,125**		**547,195**	**417,647**

€ in K	**Credit line at Dec. 31, 2017**	<1 year	1 to 5 years	>5 years	Interest rate	**Credit line used at Dec. 31, 2017**	**Credit line unused as of Dec. 31, 2017**
Syndicated credit lines	400,000	0	400,000	0	variabel	20,000	380,000
Note loan (Schuldscheindarlehen)	582,000	0	222,000	360,000	variabel und fix	582,000	0
Bilateral credit line	378,943	106,103	208,435	64,405	variabel und fix	332,404	46,539
Total	**1,360,943**	**106,103**	**830,435**	**424,405**		**934,404**	**426,539**

As explained in Section 26, the Group is essentially financed by a syndicated loan, note loans ("Schuldscheindarlehen") and bilateral loans. Under these agreements, the Group is required to comply with standard financial key ratios, or covenants. In this context, the ratio of net debt to underlying EBITDA may not be greater than 3.25 and 4.00, respectively. In fiscal 2017, the Group achieved a ratio of net debt to underlying EBITDA of 2.5 compared with 1.5 in 2016 Based on the current information available, the company considers it unlikely that it would not comply with these covenants.

Other Risks Associated with Financial Instruments

As of the reporting date, the Sartorius Group had not been exposed to any significant risk of volatility in share prices; only vested portions of share-based payments are linked directly to the price development of Sartorius stock.

For details concerning further types of risk, please refer to the Group Management Report.

31. Share-based Payments

Within the Sartorius Group, share-based payments exist in the form of so-called phantom stock units at Sartorius AG and stock option plans at Sartorius Stedim Biotech S.A.

The so-called phantom stocks are virtual options on the shares of Sartorius AG. Specifically, the company's phantom stock plan credits each member of the Executive Board or GEC at the beginning of every year with phantom stock units valued at an agreed monetary sum. These phantom stock options may be exercised no earlier than four years after this sum has been credited and only if certain conditions with respect to the performance of Sartorius AG shares are met. If an Executive Board member exercises an option, the number of phantom stock units granted is evaluated at the current stock exchange price. The amount paid out is capped at 2.5 times the grant price. For further details, please refer to the Remuneration Report. The fair value of the phantom stock units was measured using a Black-Scholes model and is disclosed as follows:

Components with a long-term incentive effect	Number of phantom stock units	**Fair value at year-end on Dec. 31, 2017 € in K**	Fair value at year-end on Dec. 31, 2016 € in K	Paid out € in K
Tranche for fiscal 2013	18,704	0	811	811
Tranche for fiscal 2014	19,040	859	1,000	141
Tranche for fiscal 2015	17,992	923	1,110	187
Tranche for fiscal 2016	8,436	456	465	75
Tranche for fiscal 2017	6,620	366	0	0
	70,792	**2,604**	**3,386**	**1,214**

In fiscal 2017, the expenses relating to granting and valuation of phantom stock units were €366 K (2016: €465 K). As in the prior year, no phantom stock units were exercisable on the reporting date. Of the phantom stock units granted in the reporting year, 6,620 units with a fair value of €0 K on the grant date were attributable to members of the Executive Board. For details on phantom stock units, please refer to the Remuneration Report that is an integral part of the Group Management Report.

By resolution of the Supervisory Board on December 16, 2014, Dr. Kreuzburg was reappointed as a member of the Executive Board and as its Chairman and CEO for the term of November 11, 2015, to November 10, 2020. His employment contract, which has been in effect since November 11, 2015, provides that 25,000 ordinary shares and 25,000 preference shares of the company shall be transferred as a supplementary compensation component to Dr. Kreuzburg. This share-based payment is subject to the rules of IFRS 2 and is deemed to have been granted upon the resolution approved by the Supervisory Board on December 16, 2014. Considering the agreed conditions, the amount resulting as of December 16, 2014, is to be spread as an employee benefits expense over the full vesting period of the plan. In fiscal 2017, an amount of €1,241 K (2016: €1,356 K) was accordingly recognized as an employee benefits expense resulting from the grant of shares. For further details, please refer to the Remuneration Report.

Other Disclosures

The consolidated financial statements were prepared on a going-concern basis.

The exemptions options provided by § 264, Subsection 3, of the German Commercial Code (HGB) were applied to the annual financial statements reported by Sartorius Lab Holding GmbH, Sartorius Weighing Technology GmbH and Sartorius Corporate Administration GmbH, all based in Göttingen, Germany, for the year ended December 31, 2017.

The exemption options provided by § 264 b of the German Commercial Code (HGB) were used in the annual financial statements reported by SIV Weende GmbH & Co. KG, SIV Grone 1 GmbH & Co. KG and Sartorius Lab Instruments GmbH & Co. KG, all based in Göttingen, Germany, for the year ended December 31, 2017.

Material Events after the Reporting Date

No material events occurred up to the end of the preparation of these consolidated financial statements.

Declaration According to § 314, Subsec. 1, No. 8, of the German Commercial Code (HGB)

The declaration prescribed by § 161 of the German Stock Corporation Law (AktG) was submitted on December 7, 2017, and made available to the shareholders of Sartorius AG on the company's website "www.sartorius.com."

Members of the Supervisory Board and the Executive Board

The members of the Supervisory Board and the Executive Board are listed at the end of this section as are the further disclosures pursuant to § 285, No. 10, of the German Commerical Code (HGB).

Number of Employees

This table shows the average workforce employed during the fiscal year:

	2017	2016
Bioprocess Solutions	4,870	4,416
Lab Products & Services	2,508	2,313
Total	**7,379**	**6,729**

Auditors' Fee

In fiscal 2016 and 2017, the following fees were incurred by the Group for the auditors, KPMG AG:

	2017 € in K	2016 € in K
Audits	747	664
Tax consultation services	0	0
Other attestation services	61	13
Other services	74	5
	882	**682**

The fees for statutory audits include the audit review fee of €64 K (2016: €60 K) for the first-half financial report pursuant to § 37w of the German Securities Trading Act (WpHG), as well as other services directly prompted by the audit.

Related Companies and Persons

The Group companies included in the consolidated financial statements carry out business activities and transactions in related party relationships as defined by IAS 24. In particular, this concerns transactions with non-consolidated subsidiaries and are generally concluded according to the customary market terms. A long-term service contract exists with an affiliated company. For this contract, expenses of €7.1 million were incurred and reported in the Statement of Profit or Loss in the reporting year (2016: €5.9 million). Details on the transactions completed in the reporting year and the balances outstanding on the reporting date are provided in the relevant sections of these Notes to the Financial Statements, specifically in Sections 9 and 19.

According to IAS 24, related persons are those who are responsible for planning, management and control of a reporting entity. In particular, such persons include the members of the Executive Board and of the Supervisory Board of Sartorius AG. In particular, such persons include the members of the Executive Board and of the Supervisory Board of Sartorius AG. In the reporting year, the total remuneration of the Supervisory Board members was €922 K (2016: €957 K); that of the Executive Board, €3,492 K (2016: €3,299 K). The remuneration of former managing directors and members of the Executive Board and their surviving dependents was €871 K (2016: €498 K). The pension obligations to former managing directors and members of the Executive Board and their surviving dependents totaled €8,098 K (2016: €7,485 K). For details on remuneration, please refer to the Remuneration Report, which is an integral part of the combined Group Management Report. Beyond their Supervisory Board remuneration, the employee representatives who are employees within the Sartorius Group receive compensation that is not related to their service on the Supervisory Board.

The total remuneration of the Executive Board members according to IFRS is shown in the following table:

	2017 € in K	2016 € in K
Short-term benefits (excl. share-based remuneration)	2,651	2,522
Post-employment benefits	430	393
Other long-term benefits	375	371
Share-based payments	466	406
Total remuneration	**3,922**	**3,692**

Partial payments on multi-year variable remuneration of the Executive Board members:

	2017 € in K	2016 € in K
Balance as of Jan. 1 of a fiscal year	387	311
Partial payments deducted	–165	–146
Partial payments effected	169	222
Balance as of Dec. 31 of a fiscal year	**391**	**387**

The total remuneration of the Supervisory Board members is as follows:

	2017 € in K	2016 € in K
Short-term benefits (excl. share-based remuneration)	922	957
Post-employment benefits	0	0
Other long-term benefits	0	0
Share-based payments	0	0
Total remuneration	**922**	**957**

Proposal for Appropriation of Profits

The Supervisory Board and the Executive Board will submit a proposal to the Annual Shareholders' Meeting to appropriate the retained profit of €141,864,793.40 reported by Sartorius AG for the year ended December 31, 2017, as follows:

	€
Payment of a dividend of €0.50 per ordinary share	17,106,112.00
Payment of a dividend of €0.51 per preference share	17,429,794.68
Unappropriated profit carried forward	107,328,886.72
	141,864,793.40

Göttingen, February 5, 2018

Sartorius Aktiengesellschaft

The Executive Board

Declaration of the Executive Board

We declare to the best of our knowledge that the consolidated financial statements for fiscal 2017 present a true and fair view of the actual net worth, financial situation and profitability of the Group in accordance with the accounting standards used in preparing these statements. We also certify that the progress of the Group's business, including its business performance and its situation, are represented accurately in the Group Management Report in all material respects and present the most important opportunities and risks of the Group's future development during the fiscal year.

Göttingen, February 5, 2018

Sartorius Aktiengesellschaft
The Executive Board

Dr. Joachim Kreuzburg

Rainer Lehmann

Reinhard Vogt

Independent Auditors' Report

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Sartorius Aktiengesellschaft, Göttingen, and ist subsidiaries (the Group) – which comprise the consolidated statement of financial position as at December 31st, 2017, and the consolidated statement of comprehensive income , consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2017 to 31 December 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Sartorius Aktiengesellschaft for the financial year from 1 January 2017 to 31 December 2017. In accordance with the German legal requirements we have not audited the content of the non-financial statement and the corporate governance statement which are included in section non-financial statement and section corporate governance statement of the group management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2017, and of its financial performance for the financial year from 1 January 2017 to 31 December 2017, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the non-financial statement and the corporate governance statement mentioned above.

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

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

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

Recoverability of the carrying amount of goodwill

The accounting policies as well as the assumptions made are disclosed in the notes to the consolidated financial statements in note 15. Disclosure of the amount of goodwill is provided in the notes to the consolidated financial statements in note 15. Explanations with respect to the Acquisition of Essen BioScience Inc., USA, and MKS Instruments AB (Umetrics), Sweden, are included in the notes to the consolidated financial statements in note 8.

THE FINANCIAL STATEMENT RISK

As at 31 December 2017, goodwill totalled EUR 653,9 million thereby comprising 28,4% of the balance sheet total and a substantial portion of the assets. In financial year 2017 goodwill increased by EUR 214,7 million as a result of the aquisition of Essen BioScience Inc., USA and MKS Instruments AB (Umetrics), Sweden. The goodwill of Essen BioScience Inc., USA was allocated to operating segment Lab Products & Services and Bioprocess Solution. The goodwill of MKS instruments AB (Umetrics), Sweden, was allocated to operating segment Bioprocess Solutions.

Goodwill is tested for impairment annually at the level of the operating segments Bioprocess Solutions (goodwill of EUR 494,8 million) and Lab Products & Services (goodwill of EUR 159,1 million). The carrying amount is thereby compared with the recoverable amount of the respective operating segments. If the carrying amount exceeds the recoverable amount of the respective operating segment, an impairment is recorded. The recoverable amount is the higher of the fair value less the costs to sell and value in use of the operating segment. The impairment test was carried out as at 30 November 2017.

The goodwill impairment test is complex and is based on a number of judgemental assumptions. These include, among others, the expected business and earnings development of the operating segments for the upcoming 4 years, the assumed long-term growth rates and the discount rate used.

There is the risk for the financial statements that the required impairments were not sufficiently recorded. In addition, there is the risk that the disclosures in the notes associated herewith are not appropriate.

OUR AUDIT APPROACH

Die Zuordnung der Geschäfts- oder Firmenwerte aus den Erwerben der Essen BioScience Inc., USA und der MKS Instruments AB (Umetrics), Schweden haben wir uns von der Gesellschaft erläutern lassen, um ein Verständnis der erwarteten Synergieeffekte zu erlangen. Wir haben anhand der erwarteten Synergieeffekte die Zuordnung der Geschäfts- oder Firmenwerte aus den Erwerben der Essen BioScience Inc., USA und der MKS Instruments AB (Umetrics), Schweden beurteilt.

The Company explained the allocation of the goodwill attributable to the acquisition of Essen BioScience Inc., USA and MKS Instruments AB (Umetrics), Sweden to us and we assessed this on the basis of the expected synergies.

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions as well as the Company's valuation model. This included a discussion of the expected development of the business and results as well as of the assumed underlying long-term growth rates with those responsible for the planning process. In addition, reconciliations were made with the budget 2018 prepared by the Executive Board and which were approved by the Supervisory Board and as well with the planing for the next 4 years. Furthermore, we assessed the consistency of the assumptions with external market assessments.

We also assessed the Company's planning accuracy by comparing projections for previous financial years with the actual results realised and analysed deviations. As small changes in the discount rate can have a substantial impact on the results of the impairment test, we have compared the assumptions and parameters underlying the discount rate – in particular the risk-free rate, the market risk premium and the beta factor – with own assumptions and publicly available information.

To provide for the mathematical accuracy of the valuation model utilised, we recalculated the Company's calculations on the basis of elements selected in a risk-orientated manner.

To reflect the existing uncertainty with respect to forecasts as well as the earlier valuation date for the impairment test, we have assessed reasonably possible changes of the discount rate, the expected earnings respectively the long-term growth rate on the recoverable amount (sensitivity analysis) by calculating alternative scenarios and comparing these with the Company's valuation results.

Finally, we assessed whether the disclosures in the notes with respect to the recoverability of the carrying amount of the goodwill are appropriate.

OUR OBSERVATIONS

The allocation of the goodwill attributable to the acquisition of Essen BioScience Inc. and MKS Instruments AB (Umetrics) is appropriate.

The underlying valuation model used in the impairment test of goodwill is appropriate and consistent with the applicable accounting principles.

The Company's assumptions and parameters underlying the valuation are within an acceptable bandwidth and are, on the whole, balanced.

The disclosures in the notes associated herewith are appropriate.

The Acquisition of Essen BioScience Inc.

The accounting policies as well as the assumptions made are disclosed in the notes to the consolidated financial statements in note 8. Disclosure of the amount of goodwill is provided in the notes to the consolidated financial statements in note 8. Explanations with respect to the aquisition of Essen BioScience Inc., USA are included in the notes to the consolidated financial statements in note 8.

THE FINANCIAL STATEMENT RISK

On 24 March 2017 the Group acquired Essen BioScience Inc., Ann Arbor, Michigan, USA. The purchase price amounted to EUR 302,8 million. Giving consideration to the net assets acquired in the amount of EUR 134,1 million, goodwill totalling EUR 168,7 million resulted.

Pursuant to IFRS 3, the identifiable assets acquired and the liabilities assumed are, as a rule, recorded at their fair value on the acquisition date. The Group engaged an external expert to determine and measure the identifiable assets acquired and the liabilities assumed.

The identification and measurement of the assets acquired and the liabilities assumed is complex and based on the Executive Board's judgemental assumptions. The significant assumptions comprise the projections of the acquired business' sales and margins, the license fees utilised as well as the cost of capital.

There is the financial statement risk that the assets acquired and the liabilities assumed are insufficiently identified or incorrectly measured. In addition, there is the risk that the disclosures in the notes to the consolidated financial statements are not complete and appropriate.

OUR AUDIT APPROACH

With the support of our valuation specialists we assessed, among other things, the appropriateness of the significant assumptions as well as the identification and valuation approaches. We initially obtained an understanding of the acquisition based on inquires of employees in the finance and M&A departments as well as by assessing the relevant contracts.

We agreed the total purchase price with the underlying purchase agreement and evidence of payment.

We assessed the competency, skills and objectivity of the independent expert engaged by the Group. Furthermore, we assessed the process of the identification of the assets acquired and liabilities assumed in terms of conformity with the requirements of IFRS 3 using our knowledge of Essen BioScience Inc.'s business model. We considered the consistency of the measurement methods used and the measurement principles applicable.

We discussed the expected development of sales and margins with those responsible for planning. Furthermore, we reconciled these with the planing on which the acquisiton based and assessed the consistency of the assumptions with external market views. The license rates utilised to measure the intangible assets were compared with reference amounts from relevant data bases. The assumptions and parameters underlying the cost of capital – in particular the risk-free interest rate, the market risk premium and the beta factor – were compared with own assumptions and publicly available data.

To assess the mathematical accuracy we recalculated amounts selected using a risk-oriented approach. Finally, we assessed whether the disclosures in the notes to the consolidated financial statements with respect to the acquisition of Essen BioScience Inc. are complete and appropriate.

OUR OBSERVATIONS

The approaches underlying the identification and valuation of the assets acquired and the liabilities assumed are appropriate and consistent with the applicable accounting policies. The significant assumptions and parameters are appropriate and the disclosures in the notes to the consolidated financial statements are complete and appropriate.

Other Information

Management is responsible for the other information. The other information comprises:

- the non-financial statement and the corporate governance statement, and

- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and group management report and our auditor's report.

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

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

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 6 April 2017. We were engaged by the supervisory board on 6 April 2017. We have been the group auditor of the Sartorius Aktiengesellschaft without interruption since the financial year 2015.

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

In addition to the consolidated financial statements, we audited the annual financial statements of Sartorius Aktiengesellschaft and carried out various audits of annual financial statements of subsidiaries. Auditing-integrated reviews of interim financial statements and project-accompanying audits of IT-based accounting-related systems were performed. In addition, other statutory or contractual audits have been carried out, such as the confirmation of compliance with contractual conditions or review of the non-financial consolidated statement. In addition, we have supported quality assurance services in connection with the first-time adoption of new accounting principles such as IFRS 9, IFRS 15 and IFRS 16.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Frank Thiele.

Göttingen, Germany, February 5, 2018

KPMG AG

Wirtschaftsprüfungsgesellschaft

Leitz Wirtschaftsprüfer	Thiele Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Executive Board and Supervisory Board

During Fiscal 2017

Executive Board

Dr. rer. pol. Joachim Kreuzburg
Dipl.-Ingenieur (Graduate Engineer)
CEO and Chairman
Executive for Labor Relations
Corporate Strategy, Human Resources, Operations, Legal Affairs & Compliance and Corporate Communications
Born April 22, 1965
Resident of Hanover, Germany
Member since November 11, 2002
"Sprecher" (Spokesman) from May 1, 2003, to November 10, 2005
Chairman since November 11, 2005
Appointed until November 10, 2020

Rainer Lehmann
Dipl.-Kaufmann (Graduate in Business Administration)
Finance, IT and Business Processes
Born March 2, 1975
Resident of Brightwaters, New York, USA
Member since March 1, 2017
Appointed until February 29, 2020

Reinhard Vogt
Industriekaufmann (Industrial Business Manager)
Marketing, Sales and Services
Born August 4, 1955
Resident of Dransfeld, Germany
Member since July 24, 2009
Appointed until July 23, 2019

Jörg Pfirrmann
Dipl.-Ökonom (Graduate Economist)
Executive for Labor Relations
Finance, Human Resources, IT and General Administration
Born November 30, 1972
Resident of Göttingen, Germany
Member from July 24, 2009, until February 28, 2017

Supervisory Board

Dr. Lothar Kappich
Dipl.-Ökonom (Graduate Economist)
Chairman since July 19, 2017
Freelance Consultant, formerly Managing Director of ECE Projektmanagement GmbH & Co. KG in Hamburg, Germany
Resident of Hamburg, Germany

Manfred Zaffke
Dipl.-Volkswirt (Graduate Political Economist)
Vice Chairman
First Authorized Representative of the German Metalworkers' Union (IG Metall) in the southern Lower Saxony/Harz region in Northeim, Germany
Resident of Osterode am Harz, Germany

Annette Becker
Personalfachkauffrau (HR Specialist)
Chairwoman of the Employees' Council of Sartorius Corporate Administration GmbH in Göttingen, Germany
Chairwoman of the Group Employees' Council of Sartorius AG in Göttingen, Germany
Resident of Göttingen, Germany

Uwe Bretthauer
Dipl.-Ingenieur (Graduate Engineer)
Chairman of the Employees' Council of Sartorius Lab Instruments GmbH & Co. KG in Göttingen, Germany
Resident of Göttingen, Germany

Michael Dohrmann
Feinmechaniker (Precision Engineer)
Chairman of the Employees' Council of Sartorius Stedim Biotech GmbH in Göttingen, Germany
Resident of Reinhausen, Germany

Dr. Daniela Favoccia
Attorney and Partner of the Hengeler Mueller partnership of lawyers in Frankfurt a.M., Germany,
Member since April 6, 2017,
Resident of Frankfurt a.M., Germany

Petra Kirchhoff
Dipl.-Volkswirtin (Graduate Political Economist)
Vice President of Corporate Communications and Investor Relations
Sartorius Corporate Administration GmbH in Göttingen, Germany
Resident of Göttingen, Germany

Karoline Kleinschmidt
Dipl.-Sozialwirtin (Graduate Social Economist)
Secretary of the German Metalworkers' Union (IG Metall) of the district management of Lower Saxony and Saxony-Anhalt in Hanover, Germany
Resident of Hanover, Germany

Dr. Guido Oelkers
President and CEO of Swedish Orphan Biovitrum AB (publ) in Stockholm, Sweden
Member since November 6, 2017
Resident of Wollerau, Switzerland

Ilke Hildegard Panzer
Executive Vice President and Chief Innovation Officer of the BloodCenter of Wisconsin, part of Versiti Inc., in Milwaukee, Wisconsin, USA
Member since April 6, 2017
Resident of Fredonia, Wisconsin, USA

Prof. Dr. Thomas Scheper
Dipl.-Chemiker (Graduate Chemical Engineer)
University professor and head of the Institute of Technical Chemistry, Gottfried Wilhelm Leibnitz University in Hanover, Germany
Resident of Hanover, Germany

Prof. Dr. Klaus Rüdiger Trützschler
Dipl.-Wirtschaftsmathematiker (Graduate Business Mathematician) and Dipl.-Mathematiker (Graduate Mathematician)
Resident of Essen, Germany

Prof. Dr. Dres. h.c. Arnold Picot
Dipl.-Kaufmann (Graduate in Business Administration)
University professor
Chairman until July 9, 2017
Research Center for the Institute of Information, Organization and Management (IOM), Faculty of Economics, Ludwig-Maximilian University of Munich (LMU), Germany
Resident of Gauting, Germany

Dr. Dirk Basting
Dipl.-Chemiker (Graduate Chemical Engineer)
Member until April 6, 2017
Resident of Fort Lauderdale, Florida, USA

Prof. Dr. Gerd Krieger
Rechtsanwalt (Lawyer)
Honorary Professor at the Heinrich-Heine University in Düsseldorf, Germany
Member until April 6, 2017
Resident of Düsseldorf, Germany

Committees of the Supervisory Board

Executive Task Committee
Dr. Lothar Kappich
(Chairman since July 19, 2017)
Manfred Zaffke
Uwe Bretthauer
Prof. Dr. Klaus Rüdiger Trützschler
(Member since July 19, 2017)

Prof. Dr. Dres. h.c. Arnold Picot
(Member and Chairman until July 9, 2017)
Prof. Dr. Gerd Krieger
(Member until April 6, 2017)

Audit Committee
Prof. Dr. Klaus Rüdiger Trützschler (Chairman)
Manfred Zaffke
Uwe Bretthauer
Dr. Lothar Kappich
(Member since July 19, 2017)
Prof. Dr. Dres. h.c. Arnold Picot
(Member until July 9, 2017)

Conciliation Committee
Dr. Lothar Kappich
(Member and Chairman since July 19, 2017)
Manfred Zaffke
Uwe Bretthauer
Prof. Dr. Klaus Rüdiger Trützschler (Member since April 6, 2017)
Prof. Dr. Dres. h.c. Arnold Picot
(Member and Chairman until July 9, 2017)
Prof. Dr. Gerd Krieger
(Member until April 6, 2017)

Nomination Committee
Dr. Lothar Kappich
Dr. Daniela Favoccia
(Member since April 6, 2017)
Prof. Dr. Klaus Rüdiger Trützschler
(Member since July 19, 2017)
Prof. Dr. Gerd Krieger
(Member until April 6, 2017)
Prof. Dr. Dres. h.c. Arnold Picot
(Member until July 9, 2017)

Positions Held by the Members of the Executive Board as of December 31, 2017

Dr. rer. pol. Joachim Kreuzburg
Positions held within the Group:
Président-Directeur Général (CEO) of:
- Sartorius Stedim Biotech S.A., France

On the Supervisory Board of:
- Sartorius Stedim Biotech GmbH, Germany, Chairman

On the Board of Directors of:
- Sartorius North America, Inc., USA, Chairman
- Sartorius Stedim North America, Inc., USA, Chairman
- IntelliCyt Corporation, USA
- Sartorius Stedim Filters, Inc., Puerto Rico, Chairman
- Sartorius Stedim Japan K.K., Japan
- Denver Instrument (Beijing) Co. Ltd., China
- Sartorius Stedim Lab Ltd., UK
- Sartorius Stedim BioOutsource Ltd., UK

On the Comité Exécutif (Executive Committee) of:
- Sartorius Stedim FMT S.A.S., France, Chairman

External Positions:
On the Supervisory Board of:
- Carl Zeiss AG, Germany
- Ottobock SE & Co. KGaA, Germany, Vice Chairman

On the Regionalbeirat (Regional Advisory Board) of:
- Commerzbank AG, Germany

On the Wirtschaftsbeirat (Economic Advisory Board) of:
- Norddeutsche Landesbank, Germany

Rainer Lehmann
Positions held within the Group:
On the Board of Directors of:
- Sartorius Corporation, USA
- Essen Holdings, Inc., USA
- Sartorius North America, Inc., USA
- Sartorius Stedim North America, Inc., USA
- Sartorius Stedim Filters, Inc., Puerto Rico
- Sartorius (Shanghai) Trading Co., Ltd., China
- Sartorius Stedim (Shanghai) Trading Co., Ltd., China

External Positions:
On the Unternehmerbeirat (Employers' Advisory Board) of:
- Gothaer Versicherungsbank VVaG, Germany

Reinhard Vogt
Positions held within the Group:
On the Board of Directors of:
- TAP Biosystems Group Ltd., UK
- The Automation Partnership (Cambridge) Ltd., UK
- Sartorius Stedim BioOutsource Ltd., UK
- Sartorius North America, Inc., USA
- Sartorius Stedim North America, Inc., USA
- Sartorius (Shanghai) Trading Co., Ltd., China
- Sartorius Stedim (Shanghai) Trading Co., Ltd., China
- Sartorius Stedim Japan K.K, Japan
- Sartorius Korea Ltd., South Korea
- Sartorius Korea Biotech Co., Ltd., South Korea
- Sartorius Stedim Australia Pty. Ltd., Australia

On the Verwaltungsrat (Administrative Board) of:
- Sartorius Stedim Switzerland AG, Switzerland, Chairman

On the Comité Exécutif (Executive Committee) of:
- Sartorius France S.A.S., France, Chairman
- Sartorius Stedim France S.A.S., France, Chairman

External Positions:
None

Positions Held by the Members of the Supervisory Board as of December 31, 2017

Dr. Lothar Kappich
Positions held within the Group:
On the Conseil d'Administration (Board of Directors) of:
– Sartorius Stedim Biotech S.A., France

External Positions:
None

Manfred Zaffke
Positions held within the Group:
None

External Positions:
On the Supervisory Board of:
– Terex MHPS GmbH, Germany
– GMH GUSS GmbH, Germany, Vice Chairman

Annette Becker
None

Uwe Bretthauer
None

Michael Dohrmann
None

Dr. Daniela Favoccia
None

Petra Kirchhoff
Positions held within the Group:
None

External Positions:
On the Supervisory Board of:
– AWO Göttingen gGmbH, Germany
On the Foundation's Board of Directors of:
– SüdniedersachsenStiftung, Germany
On the Stock Exchange Council (Börsenrat) of the:
– Hanover Stock Exchange of Lower Saxony (Niedersächsiche Börse zu Hannover), Germany

Karoline Kleinschmidt
None

Dr. Guido Oelkers
None

Ilke Hildegard Panzer
None

Prof. Dr. Thomas Scheper
None

Prof. Dr. Klaus Rüdiger Trützschler
Positions held within the Group:
None

External Positions:
On the Supervisory Board of:
– Wuppermann AG, Germany, Chairman
– Zwiesel Kristallglas AG, Germany, Chairman
On the Verwaltungsrat (Administrative Board) of:
– Wilh. Werhahn KG, Germany

Supplementary Information

04

Glossary

Industrial | Product-specific Terms

Bags, single-use
Plastic disposable bag used in bioreactors and for storing liquids, such as culture media, intermediate products and biopharmaceuticals

Bioreactor
In English-speaking countries, a bioreactor is a vessel used for cultivating animal or human cells in a culture medium. In non-English-speaking countries, the term bioreactor is also used synonymously with the term fermenter to denote a system used to multiply microorganisms. In either case, the vessel is used to obtain cells, parts of these or one of their metabolites.

Disposable
Used synonymously with “single-use"

Downstream processing
Collective term for the various steps that follow fermentation or cell cultivation (upstream processing) in the production of biopharmaceuticals; for example, separation, purification and concentration

FDA – Food and Drug Administration
U.S. regulatory agency responsible for ensuring the safety and efficacy of human and veterinary pharmaceuticals, biological products, medical devices and foods

Fermentation
Technical process used to produce or transform intra- or extra-cellular substances with the help of microorganisms

Fluid management technologies
Technologies and systems for the transportation and storage of biological liquids

Membrane chromatography
Selective separation of mixtures of substances by adsorption to specifically modified membranes (membrane adsorbers) in a flowing system

Membrane (filter)
Thin film or foil made of polymers; because of the porous structure, this film is suitable for filtration applications.

Monoclonal antibodies
Synthetic antibodies used, in particular, in the treatment of cancer, HIV and autoimmune diseases

PAT – Process Analytical Technology
A strategy for the design, analysis and control of manufacturing processes according to which quality characteristics of intermediate or finished products are defined and then analyzed and monitored using the critical process parameters identified

Purification
An important step in downstream processing

Scale-up
Transfer of scale or increase in size. Used to denote the progression of a process that increases in a range from lab scale to pilot scale to process scale, while retaining the same technology, materials of construction and geometries throughout

Single-use | Reusable product
Disposable product, i.e., for one-time usage. A reusable product is designed for repeated use.

Upstream processing
In the manufacture of biopharmaceuticals, designates the various steps that take place for seeding and propagating cells that produce an active pharmaceutical ingredient

Validation
Documented verification that systems, devices and processes reproducibly deliver the desired result

Glossary

Business | Economic Terms

Amortization
Amortization relates exclusively to potential reductions in the value of goodwill and the allocation of the purchase price to intangible assets acquired as carried out according to IFRS 3

Cash flow
The amount of cash earned after paying all expenses and taxes; i.e., the cash balance of inflows and outflows of funds

Compliance
Observance of applicable laws, codes and other relevant rules and regulations

Constant currencies; currency-adjusted
In the presentation of figures, identical exchange rates are used for each of the comparative periods.

DAX®, TecDAX®
German stock indexes of the transaction service provider and marketplace organizer Deutsche Börse AG

D&O insurance
Directors' and Officers' liability insurance that covers Supervisory and Executive Board members and managerial employees

DVFA | SG
The Methods Commission of the Society of Investment Professionals in Germany (DFVA e.V.) and the Schmalenbach-Gesellschaft (SG)

EBITDA
Earnings before interest, taxes, depreciation and amortization; in this context, amortization refers exclusively to the purchase price allocation (PPA) to intangible assets acquired according to IFRS 3.

EBITDA margin
The ratio of EBITDA (earnings before interest, taxes, depreciation and amortization) to sales

Equity ratio
The ratio of equity to the balance sheet total

ERP
Stands for "Enterprise Resource Planning";
IT-based system for resource planning

Extraordinary items
Exceptional or one-time expenses and income, such as acquisition costs, restructuring costs and other non-operating expenses

Fixed assets
The sum of intangible assets, property, plant and equipment and financial assets

Goodwill
The difference between the price paid for a company or business and its net assets; a form of intangible asset

Holding company
A parent company that exists for the purpose of owning a controlling interest or shares in several legally independent subsidiaries that are subordinate within the organizational hierarchy; this holding company conducts its business exclusively through these subsidiaries.

Market capitalization
The total number of shares outstanding of both classes issued by the company, multiplied by the corresponding share price

Normalized financial result
Financial result excluding fair value adjustments of hedging instruments, as well as excluding non-periodic expenses and income.

Normalized income tax
Underlying income tax, based on underlying profit before tax and on non-cash amortization.

Prime Standard
Market segment of the Frankfurt Stock Exchange with high, internationally accepted transparency requirements to meet the needs of companies seeking to attract international investors.

Supply chain management
Setup and coordination of integrated flows of materials, information and finances (supply chains) over the entire value-added process

Treasury
Short- and medium-term liquidity management

Underlying
Adjusted to eliminate extraordinary items (see definition

Other Terms

CRM
Abbreviation for "Customer Relationship Management"; practices, strategies and technologies that companies use to manage and analyze customer interactions and data to improve customer retention and drive sales growth

EHS
Abbreviation for "Environment, Health and Safety"

EMEA
The region comprising Europe, the Middle East and Africa; one of the three reporting regions in the geographical allocation of the Sartorius Group besides the Americas and Asia / Pacific

ERP
Stands for "Enterprise Resource Planning";
IT-based resource planning system

ESG
Abbreviation for "Environment, Social and Governance"; refers to the three major factors of sustainable corporate management.

GEC
Stands for the "Group Executive Committee"; the central management body of the Sartorius Group. It currently is comprised of six members: the three Executive Board members of Sartorius AG and further executives with global responsibility

GHG
Abbreviation for "Greenhouse Gas Protocol," the international standard for measuring and managing greenhouse gas emissions, including reporting. The WHO stands for the "World Heath Organization," the coordination authority of the United Nations for international public health

Index

A Local Presence Worldwide

- Sales
- Production | Production and Sales

Europe | Africa

Dublin, Ireland
Royston, UK
Stonehouse, UK
Epsom, UK
Glasgow, UK
Brussels, Belgium
Dourdan, France
Aubagne, France
Lourdes, France
Florence, Italy
Milan, Italy
Madrid, Spain
Barcelona, Spain

Kajaani, Finland
Helsinki, Finland
Malmo, Sweden
Umeå, Sweden
St. Petersburg, Russia
Goettingen, Germany
Guxhagen, Germany
Laupheim, Germany
Poznan, Poland
Budapest, Hungary
Vienna, Austria
Tagelswangen, Switzerland
Mohamdia, Tunisia
Beit Haemek, Israel

Asia | Pacific

Beijing, China
Shanghai, China
Hong Kong, China
Seoul, South Korea
Tokyo, Japan
Hanoi, Vietnam
Bangkok, Thailand
Bangalore, India
Kuala Lumpur, Malaysia
Singapore, Singapore
Melbourne, Australia

Addresses

Europe

Germany

Sartorius AG
Otto-Brenner-Strasse 20
37079 Goettingen
Phone + 49.551.308.0
Fax + 49.551.308.3289
info@sartorius.com

Sartorius Stedim Biotech GmbH
August-Spindler-Strasse 11
37079 Goettingen
Phone + 49.551.308.0
Fax + 49.551.308.3289
info@sartorius-stedim.com

Sartorius Lab Instruments GmbH & Co. KG
Otto-Brenner-Strasse 20
37079 Goettingen
Phone + 49.551.308.0
Fax + 49.551.308.3289
info@sartorius.com

Sartorius Stedim Plastics GmbH
Karl-Arnold-Strasse 21
37079 Goettingen
Phone + 49.551.50450.0
Fax + 49.551.50450.50
info@sartorius-stedim.com

Sartorius Stedim Systems GmbH
Robert-Bosch-Strasse 5 - 7
34302 Guxhagen
Phone + 49.5665.407.0
Fax + 49.5665.407.2200
info@sartorius-stedim.com

Sartorius Stedim Cellca GmbH
Erwin-Rentschler-Strasse 21
88471 Laupheim
Phone + 49.7392.96648.0
Fax + 49.7392.96648.29
info@sartorius-stedim.com

Sartorius Corporate Administration GmbH
Otto-Brenner-Strasse 20
37079 Goettingen
Phone + 49.551.308.0
Fax + 49.551.308.3289
info@sartorius.com

Austria

Sartorius Stedim Austria GmbH
Modecenter Strasse 22
1030 Vienna
Phone + 43.1.796.5763.0
Fax + 43.1.796.5763.44
separation.austria@sartorius.com

Sartorius Austria GmbH
Modecenter Strasse 22
1030 Vienna
Phone + 43.1.796.5760.0
Fax + 43.1.796.5760.24
info.austria@sartorius.com

Belgium

Sartorius Stedim Belgium N.V.
Rue Colonel Bourg 105
1030 Schaerbeek-Brussels
Phone + 32.2.756.06.80
Fax + 32.2.756.06.81
info.belgium@sartorius.com

Sartorius Belgium N.V.
Rue Colonel Bourg 105
1030 Schaerbeek-Brussels
Phone + 32.2.756.06.80
Fax + 32.2.756.06.81
info.belgium@sartorius.com

Finland

Sartorius Biohit Liquid Handling Oy
Laippatie 1
00880 Helsinki
Phone + 358.9.75.59.51
Fax + 358.9.75.59.5.00
lhinfo.finland@sartorius.com

Sartorius Stedim Nordic Oy
Laippatie 1
00880 Helsinki
Phone + 358.9.75.59.51
Fax + 358.9.75.59.52.00
lhinfo.finland@sartorius.com

Sartorius Nordic Oy
Laippatie 1
00880 Helsinki
Phone + 358.9.75.59.51
Fax + 358.9.75.59.52.00
lhinfo.finland@sartorius.com

France

Sartorius Stedim Biotech S.A.
Zone Industrielle Les Paluds
Avenue de Jouques – CS 91051
13781 Aubagne Cedex
Phone + 33.4.42.84.56.00
Fax + 33.4.42.84.56.19
info@sartorius-stedim.com

Sartorius Stedim FMT S.A.S.
Zone Industrielle Les Paluds
Avenue de Jouques – CS 91051
13781 Aubagne Cedex
Phone + 33.4.42.84.56.00
Fax + 33.4.42.84.56.19
info@sartorius-stedim.com

Sartorius Stedim France S.A.S.
Zone Industrielle Les Paluds,
Avenue de Jouques – CS 71058
13781 Aubagne Cedex
Phone + 33.4.42.84.56.00
Fax + 33.4.42.84.65.45
info-biotech.france@sartorius-stedim.com

Sartorius Stedim Aseptics S.A.S.
Zone Industrielle de Saux, Rue Ampère
65100 Lourdes
Phone + 33.5.62.42.73.73
Fax + 33.5.62.42.08.44
info@sartorius-stedim.com

Sartorius France S.A.S.
2, rue Antoine Laurent de Lavoisier
Zone d'activité de la Gaudrée
91410 Dourdan
Phone + 33.1.70.62.50.00
Fax + 33.1.64.59.76.39
commercial.france@biohit.com

Hungary

Sartorius Stedim Hungária Kft.
Kagyló u. 5
2092 Budapest
Phone + 36.23.457.227
Fax + 36.23.457.147
ssb@sartorius.hu

Sartorius Hungária Kft.
Kagyló u. 5
2092 Budapest
Phone + 36.23.457.227
Fax + 36.23.457.147
mechatronika@sartorius.hu

Ireland

Sartorius Stedim Ireland Ltd.
Unit 41, The Business Centre
Stadium Business Park
11 Dublin
Phone + 44.1372.737100
Fax + 44.1372.726171
ne.customersupport@sartorius.com

Sartorius Ireland Ltd.
Unit 41, The Business Centre
Stadium Business Park
11 Dublin
Phone + 44.1372.737100
Fax + 44.1372.726171
ne.customersupport@sartorius.com

Italy

Sartorius Stedim Italy S.r.l.
Via dell' Antella 76/A
50012 Antella – Bagno a Ripoli (Florence)
Phone + 39.055.6340.41
Fax + 39.055.6340.526
info.italy@sartorius.com

Sartorius Italy S.r.l.
Viale Alfonso Casati 4
20835 Muggiò (Monza e Brianza)
Phone + 39.039.4659.1
Fax + 39.039.4659.88
info.italy@sartorius.com

Poland

Sartorius Stedim Poland sp. z o.o.
ul. Wrzesinska 70
62 - 025 Kostrzyn
Phone + 48.61.647.38.40
Fax + 48.61.879.25.04
biuro.pl@sartorius.com

Sartorius Poland sp z o.o.
ul. Wrzesinska 70
62 - 025 Kostrzyn
Phone + 48.61.647.38.30
Fax + 48.61.647.38.39
info.pl@sartorius.com

Russia

LLC Sartogosm
River Volkova Embankment 9,
litera A, premises 1 -N, 3 -N, 4 -N
192102 St. Petersburg
Phone + 7.812.380.25.69
Fax + 7.812.380.25.62
info@sartogosm.ru

LLC Sartorius Stedim RUS
5th line V.O. 70, litera A,
premises 110 - 120, 128 - 130 / 11N
199178 St. Petersburg
Phone + 7.812.327.53.27
Fax + 7.812.327.53.23
russia@sartorius.com

LLC Sartorius RUS
5th line V.O. 70, litera A,
premises 102 - 109, 121 - 126 / 11N
199178 St. Petersburg
Phone + 7.812.327.53.27
Fax + 7.812.327.53.23
russia@sartorius.com

Spain

Sartorius Stedim Spain S.A.
Avda. de la Industria, 32,
Edificio PAYMA
28108 Alcobendas (Madrid)
Phone +34.90.212.3367
Fax +34.91.358.9623
pedidos.sartorius@sartorius.com

Sartorius Spain S.A.
Avda. de la Industria, 32,
Edificio PAYMA
28108 Alcobendas (Madrid)
Phone +34.90.211.0935
Fax +34.91.358.9623
pedidos.sartorius@sartorius.com

Sartorius Sales Office
Carrer del Comte Borell, 210
08929 Barcelona
Phone +34.93.4510560
Fax +34.93.4513755
spain.weighing@sartorius.com

Sweden

Sartorius Stedim Data Analytics AB
Tvistevaegen 48
907 36 Umeå
Phone +46.90.184800
Fax +46.90.184899
umetrics@sartorius-stedim.com

Sartorius Stedim Data Analytics AB
Arenagatan 8b
215 33 Malmo
Phone +46.40.664.25.80
Fax +46.40.664.25.85
umetrics@sartorius-stedim.com

Switzerland

Sartorius Stedim Switzerland AG
Ringstrasse 24a
8317 Tagelswangen
Phone +41.52.354.36.36
Fax +41.52.354.36.46
biotech.switzerland@sartorius-stedim.com

UK

Sartorius Stedim UK Ltd.
Longmead Business Centre, Blenheim Road
KT19 9 QQ Epsom, Surrey
Phone +44.1372.737100
Fax +44.1372.726171
ne.customersupport@sartorius.com

Sartorius Stedim Lab Ltd.
Sperry Way, Stonehouse Park
GL10 3UT Stonehouse, Gloucestershire
Phone +44.1453.821972
Fax +44.1453.827928
ne.customersupport@sartorius.com

Sartorius UK Ltd.
Longmead Business Centre, Blenheim Road
KT19 9 QQ Epsom, Surrey
Phone +44.1372.737159
Fax +44.1372.726171
ne.customersupport@sartorius.com

The Automation Partnership (Cambridge) Ltd.
Grantham Close, York Way
SG8 5WY Royston Hertfordshire
Phone +44.1763.227200
Fax +44.1763.227201
Royston-info@sartorius.com

Sartorius Stedim BioOutsource Ltd.
1 Technology Terrace, Acre Road,
Todd Campus, West of Scotland Science Park
G20 0XA Glasgow
Phone +44.141.946.4222
Fax +44.141.946.4552
information@sartorius-stedim.com

Israel

Sartorius Israel Ltd.
Kibbutz
25115 Beit Haemek
Phone +972.4.9960.687
Fax +972.4.9960.639
info.israel@sartorius.com

North America

Canada

Sartorius Canada Inc.
1173 North Service Road West, Unit D-4
L6M 2V9 Oakville, ON
Phone +1.905.569.7977
Fax +1.905.569.7021
sales.canada@sartorius.com

Puerto Rico

Sartorius Stedim Filters Inc.
Carretera 128 Int. 376,
Barriada Arturo Lluveras Road 128
00698 Yauco,
Phone +1.787.856.5020
Fax +1.787.856.7945
marcos.lopez@sartorius.com

USA

Sartorius Stedim North America Inc.
5 Orville Dr Suite 200
11716 Bohemia, NY
Phone +1.631.254.4249
Fax +1.631.254.4264
info@sartorius-stedim.com

Sartorius North America Inc.
5 Orville Dr Suite 200
11716 Bohemia, NY
Phone +1.631.254.4249
Fax +1.631.254.4264
info@sartorius.com

Sartorius Corporation
5 Orville Dr Suite 200
11716 Bohemia, NY
Phone +1.631.254.4249
Fax +1.631.254.4252
info@sartorius.com

Essen Instruments Inc.
300 West Morgan Road
48108 Ann Arbor, MI
Phone + 1.734.769.1600
Fax + 1. 734.769.7295

IntelliCyt Corporation
5700 Pasadena Ave NE
87113 Albuquerque, NM
Phone + 1.505.345.9075
Fax + 1.866.782.3140

Latin America

Argentina

Sartorius Argentina S.A.
Int. A. Avalos 4251
B1605ECS Munro, Buenos Aires
Phone + 54.11.47.210505
Fax + 54.11.47.622333
leadsarg@sartorius.com

Brazil

Sartorius do Brasil Ltda.
Avenida Senador Vergueiro,
2962, Bairro Anchieta
CEP: 09600 – 004 São Bernardo do Campo, SP
Phone + 55.11.4362.8900
Fax + 55.11.4362.8901
leadsbr@sartorius.com

Mexico

Sartorius de México S.A. de C.V.
Libramiento Norte del Tepotzotlán,
int. 5, Tlacatego
54605 Tepotzotlán, Estado de México
Phone + 52.55.5562.1102
Fax + 52.55.5562.2942
leadsmex@sartorius.com

Peru

Sartorius Peru S.A.C.
Avda. Alberto del Campo 411, Floor 12,
The Office Magdalena del Mar
15076 San Isidro, Lima
Phone + 51.1.441.0158
Fax + 51.1.422.6100
leadspe@sartorius.com

Africa

Tunisia

Sartorius Stedim Bioprocess SARL
Km 24, Route de Zaghouan, BP 87
1145 Mohamdia
Phone + 216.79.397.014
Fax + 216.79.397.019
info@sartorius-stedim.com

Asia | Pacific

China

Sartorius Stedim Biotech (Beijing) Co., Ltd.
Westside of the 2nd Floor, No. 33 Yu An Road,
Airport Economic Zone, Shunyi District
101300 Beijing
Phone + 86.10.8042.6516
Fax + 86.10.8042.6580
enquiry.cn@sartorius-stedim.com

Sartorius Scientific Instruments
(Beijing) Co., Ltd.
Workshop Building, No. 33 Yu An Road,
Zone B, Tianzhu Airport Industry Zone,
Shunyi District
101300 Beijing
Phone + 86.10.8042.6300
Fax + 86.10.8042.6486
info.cn@sartorius.com

Sartorius Hong Kong Ltd.
Unit 1012, Lu Plaza, 2 Wing Yip Street,
Kwun Tong, Kowloon
00000 Hong Kong
Phone + 85.2.2774.2678
Fax + 85.2.2766.3526
enquiry.hongkong@sartorius.com

Sartorius Stedim (Shanghai) Trading Co., Ltd.
3 rd Floor, North Wing, Tower1,
No. 4560 Jinke Road,
Zhangjian High-Tech park, Pudong District,
201210 Shanghai
Phone + 86.21.6878.2300
Fax + 86.21.6878.2332
info.cn@sartorius.com

Sartorius (Shanghai) Trading Co., Ltd.
3 rd Floor, North Wing, Tower 1,
No. 4560 Jinke Road,
Zhangjian High-Tech park, Pudong District,
201210 Shanghai
Phone + 86.21.6878.2300
Fax + 86.21.6878.2332
info.cn@sartorius.com

India

Sartorius Stedim India Pvt. Ltd.
#69/2 & 69/3, Jakkasandra
562123 Nelamangala, Bangalore
Phone + 91.80.43505.250
Fax + 91.80.43505.253
biotech.india@sartorius.com

Sartorius India Pvt. Ltd.
#69/2 & 69/3, Jakkasandra
562123 Nelamangala, Bangalore
Phone + 91.80.43505.250
Fax + 91.80.43505.253
swi.lps@sartorius.com

Japan

Sartorius Stedim Japan K.K.
Daiwa Shinagawa North Bldg. 4F,
Kita-Shinagawa 1 - 8 - 11, Shinagawa-Ku
140 – 0001 Tokyo
Phone + 81.3.3740.5407
Fax + 81.3.3740.5406
info@sartorius.co.jp

Sartorius Japan K.K.
Daiwa Shinagawa North Bldg. 4F,
Kita-Shinagawa 1 - 8 - 11, Shinagawa-Ku
140 – 0001 Tokyo
Phone + 81.3.3740.5407
Fax + 81.3.3740.5406
info@sartorius.co.jp

Essen BioScience K.K.
301 Daiya Office, 5 - 18 - 4, Taito
110 - 0005 Tokyo
Phone + 81.3.5826 - 4795
Fax + 81.3. 5826 - 4794

Malaysia

Sartorius Stedim Malaysia Sdn. Bhd.
Lot L3 -E- 3B, Enterprise 4,
Technology Park Malaysia, Bukit Jalil
57000 Kuala Lumpur
Phone + 60.3.899.60622
Fax + 60.3.899.60755
ehtan@sartorius.com.my

Sartorius Malaysia Sdn. Bhd.
Lot L3 -E- 3B, Enterprise 4,
Technology Park Malaysia, Bukit Jalil
57000 Kuala Lumpur
Phone + 60.3.899.60622
Fax + 60.3.899.60755
ehtan@sartorius.com.my

Singapore

Sartorius Stedim Singapore Pte. Ltd.
10 Science Park Road,
The Alpha #02 – 013/14
Singapore Science Park II
117684 Singapore
Phone + 65.6872.3966
Fax + 65.6778.2494
marz.janamin@sartorius-stedim.com

Sartorius Singapore Pte. Ltd.
10 Science Park Road,
The Alpha #02 – 013/14
Singapore Science Park II
117684 Singapore
Phone + 65.6872.3966
Fax + 65.6778.2494
aishah.amat@sartorius.com

South Korea

Sartorius Korea Biotech Co., Ltd.
8F Solid Space, Pangyoyeok-Ro 220,
Bundang-Gu
463 - 400 Seongnam-Si, Gyeonggi-Do
Phone + 82.31.622.4900
Fax + 82.31.627.5790
info@sartorius.co.kr

Sartorius Korea Ltd.
8F Solid Space, Pangyoyeok-Ro 220,
Bundang-Gu
463 - 400 Seongnam-Si, Gyeonggi-Do
Phone + 82.31.622.4900
Fax + 82.31.627.5790
info@sartorius.co.kr

Thailand

Sartorius (Thailand) Co., Ltd.
129 Rama 9 Road, Huaykwang
10310 Bangkok
Phone + 66.2643.8361
Fax + 66.2643.8367
enquiry.thailand@sartorius.com

Vietnam

Sartorius Representative Office
Unit C, 17th floor, A Tower, BIG Building
18 Pham Hung Street
My Dinh, Tu Liem, Hanoi
Phone + 84.4.3795.5587
Fax + 84.4.3795.5589
sartoriusvn@hn.vnn.vn

Australia

Sartorius Stedim Australia Pty. Ltd.
Unit 5, 7 - 11 Rodeo Drive
3175 Dandenong South, Victoria
Phone + 61.3.8762.1800
Fax + 61.3. 8762.1828
info.australia@sartorius-stedim.com

Sartorius Australia Pty. Ltd.
Unit 5, 7 - 11 Rodeo Drive
3175 Dandenong South, Victoria
Phone + 61.3.8762.1800
Fax + 61.3.8762.1828
info.australia@sartorius-stedim.com

For further addresses, please visit our website on the Internet at: www.sartorius.com.

Financial Schedule

Annual Shareholders' Meeting in Goettingen, Germany	April 5, 2018
Payment of dividends[1]	April 10, 2018
Publication of first-quarter figures for 2018	April 24, 2018
Publication of first-half figures for 2018	July 24, 2018
Publication of nine-month figures for 2018	October 24, 2018
German Equity Forum in Frankfurt | Main, Germany	November 26–28, 2018
Publication of preliminary figures for fiscal 2018	January 2019
Annual press conference in Goettingen, Germany	February 2019
Annual Shareholders' Meeting in Goettingen, Germany	March 28, 2019
Publication of first-quarter figures for 2019	April 2019

[1] Subject to approval by the Annual Shareholders' Meeting

Contacts

Petra Kirchhoff
Vice President
Corporate Communications & IR
Phone: +49.551.308.1686
petra.kirchhoff@sartorius.com

Benedikt Orzelek
Director
Investor Relations
Phone: +49.551.308.1668
ben.orzelek@sartorius.com

Katharina Tillmanns-Pelzer
Senior Manager
CSR Communications
Phone: +49.551.308.2893
katharina.tillmanns@sartorius.com

About This Publication

Published by
Sartorius AG
Corporate Communications
37070 Goettingen, Germany

Editorial Deadline
February 20, 2018

Published on
February 21, 2018

Financial Reporting System firesys
firesys GmbH
Frankfurt | Main, Germany

Photography
Peter Ginter
Lohmar, Germany

Frank Stefan Kimmel
Goettingen, Germany

This is a translation of the original German-language annual report.

Sartorius AG
Otto-Brenner-Strasse 20
37079 Goettingen, Germany

Phone: +49.551.308.0
Fax: +49.551.308.3289

info@sartorius.com
www.sartorius.com

turning science into solutions