sartorius

Sartorius Group

Interim Report from January to September 2015

2015

Key Figures for the First Nine Months of 2015

in millions of € unless otherwise specified	Group			Bioprocess Solutions			Lab Products & Services		
	9-mo. 2015	9-mo. 2014	Δ in %	9-mo. 2015	9-mo. 2014	Δ in %	9-mo. 2015	9-mo. 2014	Δ in %
Order Intake and Sales									
Order intake	**856.6**	658.1	30.2	**637.2**	460.3	38.4	**219.5**	197.8	11.0
Sales revenue	**830.3**	645.5	28.6	**604.3**	444.7	35.9	**226.0**	200.8	12.5
- EMEA[1]	**379.0**	320.2	18.3	**263.9**	209.7	25.8	**115.1**	110.6	4.1
- Americas[1]	**278.7**	187.7	48.5	**232.4**	149.6	55.3	**46.3**	38.1	21.5
- Asia | Pacific[1]	**172.6**	137.5	25.5	**108.0**	85.4	26.5	**64.6**	52.1	23.8
Results									
EBITDA[2]	**193.8**	131.9	46.9	**158.7**	103.0	54.1	**35.1**	29.0	21.1
EBITDA margin[2] in %	**23.3**	20.4		**26.3**	23.2		**15.5**	14.4	
Relevant net profit[3]	**78.9**	46.6	69.2						
Earnings per ordinary share[3] in €	**4.62**	2.73	69.5						
Earnings per preference share[3] in €	**4.64**	2.75	69.0						

Key Figures for the Third Quarter of 2015

in millions of € unless otherwise specified	Group			Bioprocess Solutions			Lab Products & Services		
	Q3 2015	Q3 2014	Δ in %	Q3 2015	Q3 2014	Δ in %	Q3 2015	Q3 2014	Δ in %
Order Intake and Sales									
Order intake	**278.9**	217.5	28.2	**209.3**	155.4	34.7	**69.6**	62.1	12.0
Sales revenue	**294.9**	222.5	32.5	**219.4**	153.6	42.9	**75.5**	68.9	9.6
- EMEA[1]	**133.1**	104.0	27.9	**94.6**	67.6	39.8	**38.5**	36.4	5.8
- Americas[1]	**106.3**	71.7	48.2	**89.9**	56.8	58.3	**16.4**	14.9	9.9
- Asia | Pacific[1]	**55.6**	46.8	18.8	**35.0**	29.2	19.8	**20.6**	17.6	17.1
Results									
EBITDA[2]	**72.6**	47.1	54.1	**60.9**	36.6	66.6	**11.7**	10.6	10.9
EBITDA margin[2] in %	**24.6**	21.2		**27.8**	23.8		**15.5**	15.3	
Relevant net profit[3]	**31.1**	17.3	79.5						
Earnings per ordinary share[3] in €	**1.82**	1.01	79.5						
Earnings per preference share[3] in €	**1.82**	1.01	79.5						

[1] Acc. to customers' location
[2] Adjusted for extraordinary items
[3] Continued operations after non-controlling interest, adjusted for extraordinary items and non-cash amortization, and based on the normalized financial result and tax rate

After the Sartorius Group sold its Industrial Technologies Division with economic effect as of January 1, 2015, reporting of its business development is based on continuing operations, i.e., the divisions of Bioprocess Solutions and Lab Products & Services.

Interim Management Report

- Strong double-digit gains in order intake and sales revenue
- Expansion of the Bioprocess Solutions Division stronger than expected yet again; business performance of the Lab Products & Services Division also positive
- Significant overproportionate increase of underlying EBITDA
- Guidance for the full year of 2015 raised

Group Business Development

Order Intake and Sales Revenue

In the first nine months of the current fiscal year, the Sartorius Group achieved significant gains in order intake, sales revenue and earnings. Order intake surged 19.9% in constant currencies (cc) from €658.1 million to €856.6 million (reported: +30.2%). In the same period, sales revenue rose 18.5% (cc), from €645.5 million to €830.3 million (reported: +28.6%).

The Bioprocess Solutions Division reported above-average growth rates yet again, which were higher than expected. This development was driven by both stronger than forecasted growth of the biopharma market as well as market share gains. All product segments reported strong growth, especially single-use technologies. Order volume thus increased sharply by 26.5% (cc) to €637.2 million (reported: +38.4%). The division's revenue rose by 24.2% (cc) to €604.3 million (reported: +35.9%). BioOutsource Ltd. and Cellca GmbH acquired in the reporting year developed positively and contributed around 1 percentage point (cc) to the division's sales revenue growth.

The Bioprocess Solutions Division reported double-digit gains in sales revenue for all regions. The Americas region showed the highest growth momentum, recording an upsurge in sales of 29.6%. In the regions of EMEA and Asia|Pacific, revenue grew 23.5% and 16.2%, respectively. (All changes in constant currencies)

Bioprocess Solutions

in millions of € unless otherwise specified	**9-mo. 2015**	9-mo. 2014	Δ in %	Δ in % const. fx
Order intake	**637.2**	460.3	38.4	26.5
Sales revenue	**604.3**	444.7	35.9	24.2
- EMEA[1]	**263.9**	209.7	25.8	23.5
- Americas[1]	**232.4**	149.6	55.3	29.6
- Asia | Pacific[1]	**108.0**	85.4	26.5	16.2
EBITDA[2]	**158.7**	103.0	54.1	
EBITDA margin[2] in %	**26.3**	23.2		

[1] Acc. to customers' location
[2] Underlying (adjusted for extraordinary items)

The Lab Products & Services Division increased its order intake by 4.6% (cc) relative to the prior year, to €219.5 million (reported: +11.0%). The division's revenue rose 6.0% (cc) to €226.0 million (reported: +12.5%).

Business expansion for the Lab Products & Services Division was driven by all regions. In Asia|Pacific, sales revenue climbed 12.1%, partly due to the launch of new products. The EMEA region saw robust growth, up 4.2%, whereas sales revenue in the Americas region rose by 3.1% against high comparables. (All changes in constant currencies)

Lab Products & Services

in millions of € unless otherwise specified	9-mo. 2015	9-mo. 2014	Δ in %	Δ in % const. fx
Order intake	**219.5**	197.8	11.0	4.6
Sales revenue	**226.0**	200.8	12.5	6.0
- EMEA[1]	**115.1**	110.6	4.1	4.2
- Americas[1]	**46.3**	38.1	21.5	3.1
- Asia | Pacific[1]	**64.6**	52.1	23.8	12.1
EBITDA[2]	**35.1**	29.0	21.1	
EBITDA margin[2] in %	**15.5**	14.4		

[1] Acc. to customers' location
[2] Underlying (adjusted for extraordinary items)

Earnings Development

The Sartorius Group uses underlying EBITDA (earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items) as the key profitability indicator.

In the first nine months of the current year, the Sartorius Group reported a substantial overproportionate increase in earnings. Underlying EBITDA soared 46.9% from €131.9 million to €193.8 million. The respective EBITDA margin climbed from 20.4% to 23.3%, especially due to economies of scale. The favorable currency environment during the reporting period also had a positive effect on the development of this margin.

The Bioprocess Solutions Division significantly boosted its underlying EBITDA by 54.1% from €103.0 million to €158.7 million. Economies of scale induced by the substantial increase in sales revenue mainly contributed to this gain. The division's margin rose accordingly from 23.2% to 26.3%. The Lab Products & Services Division also considerably increased its underlying EBITDA – driven by higher sales and currency effects – by 21.1%, from €29.0 million to €35.1 million. Its respective margin improved from 14.4% to 15.5%.

Extraordinary items for the first nine months of fiscal 2015 were -€6.7 million following on -€4.0 million in the previous year. Consolidated EBIT, including all extraordinary items, depreciation and amortization, jumped from €90.1 million to €146.6 million; the Group's EBIT margin climbed from 14.0% to 17.7%.

In the reporting period, the Group financial result was -€13.5 million relative to -€16.3 million a year ago. This change was especially due to lower tax expenses.

Net profit for the period soared from €52.1 million to €132.1 million. The Industrial Technologies Division reported as a discontinued operation accounted for €39.0 million in the reporting period (9M 2014: €3.4 million). This figure includes the proceeds resulting from the sale of this operation in the first quarter.

Net profit after non-controlling interest jumped from €37.8 million to €106.5 million, with non-controlling interest accounting for €25.6 million (9M 2014: €14.3 million).

Relevant Net Profit

The relevant net profit attributable to the shareholders of Sartorius AG for its continuing operations increased from €46.6 million to €78.9 million. This profit figure 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. Underlying earnings per ordinary share were €4.62 (9M 2014: €2.73) and per preference share €4.64 (9M 2014: 2.75).

in millions of € unless otherwise specified	**9-mo. 2015**	9-mo. 2014
EBIT	**146.6**	90.1
Extraordinary effects	**6.7**	4.0
Amortization	**10.4**	10.6
Normalized financial result[1)]	**-10.3**	-14.4
Normalized income tax (2015: 30% | 2014: 30%)[2)]	**-46.0**	-27.1
Underlying net result	**107.3**	63.3
Non-controlling interest	**-28.4**	-16.6
Underlying earnings after taxes and non-controlling interest	**78.9**	46.6
Underlying earnings per share		
per ordinary share in €	**4.62**	2.73
per preference share in €	**4.64**	2.75
Relevant net profit after non-controlling interest[3)]	**80.3**	50.6
Underlying earnings per share		
per ordinary share in €	**4.70**	2.96
per preference share in €	**4.72**	2.98

[1)] Financial result excluding fair value adjustments of hedging instruments and currency effects relating to financing activities
[2)] Underlying income tax, based on the underlying profit before taxes and non-cash amortization
[3)] Including discontinued operation

Net Worth and Financial Position

Cash Flow

Driven by its positive earnings development, the Sartorius Group substantially improved its net cash flow from operating activities. This nine-month figure was €88.9 million compared with €58.8 a year earlier. The mainly sales-induced increase in funds tied up in working capital also influenced this figure. The discontinued operation accounted for €1.1 million (9M 2014: -€4.0 million).

Net cash flow from investing activities was -€64.6 million, above the prior-year figure of -€49.3 million, as planned. The Group therefore financed its investments entirely from operating cash flows.

The sale of the Industrial Technologies Division in the reporting period resulted in a gross cash inflow of around €90 million. Cash outflows related to acquisitions reflect the purchase of BioOutsource Ltd. in April 2015 and of Cellca GmbH in July of this year. Overall, net cash flow from investing activities and acquisitions | divestitures was -€46.1 million relative to -€53.6 million a year ago.

Consolidated Statement of Financial Position

The balance sheet total for the Sartorius Group rose to €1,392.7 million as of September 30, 2015, from €1,273.0 million as of December 31, 2014. The predominantly sales-induced increase in working capital and investments in fixed assets were offset by the disposal of the Industrial Technologies Division, with its assets amounting to €75.9 million.

Driven by earnings, equity increased from €497.7 million to €625.7 million between December 31, 2014, and the reporting date. The equity ratio rose accordingly from 39.1% to 44.9%.

Gross debt decreased from €392.1 million at the end of 2014 to €368.0 million as of September 30, 2015. Net debt was €324.1 million relative to €335.6 million as of December 31, 2014.

The ratio of net debt to underlying EBITDA based on the past 12 months improved from 1.7 as of December 31, 2014, to 1.3.

Opportunity and Risk Report

The opportunities and risk situation of the Sartorius Group has not materially changed since the publication of its 2014 Annual Report. For this reason, please refer to a detailed description of the opportunities and risks as well as the risk management system for the Sartorius Group on pp. 56–62 and on pp. 68–70 of the 2014 Annual Report.

Forecast

Outlook for 2015

Based on the company's excellent performance for the first nine months, management raised its forecast for full year of 2015 as follows:

For the Bioprocess Solutions Division, the company expects, based on the outstanding performance in the first nine months, that sales revenue will increase by approx. 20% in constant currencies (previous guidance: approx. 15%). This sales figure includes around 1.5 percentage points projected to be contributed by the acquisitions of BioOutsource and Cellca. The division's underlying EBITDA margin in constant currencies is anticipated to rise to around 26% (previous guidance: around 25.5%).

Management confirms its forecast for the Lab Products & Services Division. Assuming an overall stable economic environment, we expect that for this division, currency-adjusted sales revenue will increase by approx. 5% and its underlying EBITDA margin in constant currencies will rise to around 15.5%.

On the basis of these division forecasts, management now projects that for the Sartorius Group, sales will grow by approx. 15% in constant currencies (previous guidance: approx. 12%). This figure includes around 1 percentage point to be contributed by recent acquisitions. The consolidated underlying EBITDA margin is forecasted to increase to around 23% in constant currencies (previous guidance: around 22.5%).

For fiscal 2015, Sartorius continues to plan on investing around 10% of sales revenue in projects that include the consolidation and extension of Group headquarters in Goettingen, Germany, which are scheduled to cover several years; expansion of production capacities; and the international rollout of its new ERP system.

Regarding our financial position, we continue to project that if the above targets are reached at year-end 2015, our ratio of net debt to underlying EBITDA will be slightly below the previous year's level. Any further acquisitions have not been considered in these projections.

Report on Material Events

No material events occurred after the period ended September 30, 2015.

Condensed Interim Financial Statements

Statement of Profit or Loss | Statement of Comprehensive Income

	3rd quarter 2015 € in mn	3rd quarter 2014 € in mn	**9-month 2015 € in mn**	9-month 2014 € in mn
Sales revenue	294.9	222.5	830.3	645.5
Cost of sales	-143.3	-114.7	-411.2	-333.3
Gross profit on sales	**151.6**	**107.9**	**419.0**	**312.2**
Selling and distribution costs	-55.2	-48.9	-164.9	-147.2
Research and development expenses	-15.0	-12.9	-42.8	-38.2
General administrative expenses	-16.7	-14.0	-48.4	-41.9
Other operating income and expenses[1]	-8.8	0.1	-16.3	5.2
Earnings before interest and taxes (EBIT)	**55.8**	**32.2**	**146.6**	**90.1**
Financial income	1.8	0.3	6.7	0.4
Financial expenses	-0.1	-6.6	-20.3	-16.8
Financial result	**1.6**	**-6.3**	**-13.5**	**-16.3**
Profit before tax	**57.5**	**25.9**	**133.1**	**73.8**
Income taxes	-17.2	-7.3	-39.9	-25.1
Profit after tax from continuing operations	**40.2**	**18.5**	**93.1**	**48.7**
Profit after tax from discontinued operation	**0.1**	**1.8**	**39.0**	**3.4**
Net profit for the period	**40.3**	**20.3**	**132.1**	**52.1**
Attributable to:				
Shareholders of Sartorius AG	29.6	15.0	106.5	37.8
Non-controlling interest	10.8	5.3	25.6	14.3
Earnings per ordinary share (€) (basic)	**1.73**	**0.88**	**6.24**	**2.21**
Of which from continuing operations	1.73	0.77	3.95	2.01
Of which from discontinued operation	0.01	0.11	2.29	0.20
Earnings per preference share (€) (basic)	**1.73**	**0.88**	**6.26**	**2.23**
Of which from continuing operations	1.73	0.77	3.97	2.03
Of which from discontinued operation	0.01	0.11	2.29	0.20
Earnings per ordinary share (€) (diluted)	**1.73**	**0.88**	**6.22**	**2.21**
Of which from continuing operations	1.72	0.77	3.94	2.01
Of which from discontinued operation	0.01	0.11	2.28	0.20
Earnings per preference share (€) (diluted)	**1.73**	**0.88**	**6.24**	**2.23**
Of which from continuing operations	1.72	0.77	3.96	2.03
Of which from discontinued operation	0.01	0.11	2.28	0.20

[1] The item "Other operating income and expenses" includes extraordinary expenses of €6.7 million for the nine-month period of 2015 (9-mo. 2014: €4.0 million).

Statement of Comprehensive Income

	3rd quarter 2015 € in mn	3rd quarter 2014 € in mn	**9-month 2015 € in mn**	9-month 2014 € in mn
Net profit for the period	**40.3**	**20.3**	**132.1**	**52.1**
Cash flow hedges	2.1	–1.7	0.5	–7.0
Of which recognized in equity	–0.1	–1.9	–6.6	–5.8
Of which reclassified in the profit or loss statement	2.2	0.2	7.1	–1.2
Income tax on cash flow hedges	–0.6	0.5	–0.2	2.1
Net investment in a foreign operation	0.1	–3.6	–4.0	–4.0
Income tax on net investment in a foreign operation	0.0	1.2	1.4	1.2
Currency translation differences	–5.3	14.6	17.0	18.3
Items that will be reclassified in the profit or loss statement, net of tax	**–3.8**	**11.0**	**14.8**	**10.6**
Actuarial gains | losses on defined benefit obligations	0.0	0.0	5.2	0.0
Income tax on items that will not be reclassified in the profit or loss statement	0.0	0.0	–1.6	0.0
Items that will not be reclassified in the profit or loss statement, net of tax	**0.0**	**0.0**	**3.7**	**0.0**
Other comprehensive result after tax	**–3.8**	**11.0**	**18.5**	**10.6**
Total comprehensive income	**36.6**	**31.3**	**150.6**	**62.7**
Attributable to:				
Shareholders of Sartorius AG	26.9	23.9	121.0	45.8
Non-controlling interest	9.7	7.5	29.6	16.8

Statement of Financial Position

Assets	**September 30, 2015** **€ in mn**	December 31, 2014 € in mn
Non-current assets		
Goodwill	414.9	381.8
Other intangible assets	198.2	169.9
Property, plant and equipment	287.8	254.9
Financial assets	8.8	7.7
Other assets	0.8	0.7
Deferred tax assets	22.1	21.9
	932.6	**836.9**
Current assets		
Inventories	181.9	145.9
Trade receivables	196.5	140.4
Other financial assets	12.9	11.8
Current tax assets	6.3	11.0
Other assets	18.7	10.6
Cash and cash equivalents	43.9	40.6
Assets held for sale	0.0	75.9
	460.1	**436.1**
Total assets	**1,392.7**	**1,273.0**

Equity and liabilities	**September 30, 2015** € in mn	December 31, 2014 **€** in mn
Equity		
Equity attributable to Sartorius AG shareholders	**502.3**	**397.9**
Issued capital	17.0	17.0
Capital reserves	88.1	87.0
Other reserves and retained earnings	397.2	293.8
Non-controlling interest	123.4	99.7
	625.7	**497.7**
Non-current liabilities		
Pension provisions	56.5	61.2
Other provisions	7.3	7.3
Loans and borrowings	307.6	359.9
Finance lease liabilities	18.6	18.8
Other financial liabilities	52.6	49.6
Deferred tax liabilities	35.4	29.8
	478.0	**526.5**
Current liabilities		
Provisions	19.0	8.9
Trade payables	112.7	90.5
Loans and borrowings	39.6	11.1
Finance lease liabilities	2.2	2.3
Other financial liabilities	81.5	78.8
Current tax liabilities	14.6	11.1
Other liabilities	19.3	15.7
Liabilities in connection with assets held for sale	0.0	30.6
	289.0	**248.9**
Total equity and liabilities	**1,392.7**	**1,273.0**

Statement of Cash Flows

	9-month 2015 € in mn	9-month 2014 € in mn
Profit before tax	172.7	78.9
Financial result	13.2	16.6
Earnings before interest and taxes (EBIT)	**185.9**	**95.5**
Depreciation | amortization of intangible and tangible assets	40.9	39.4
Increase | decrease in provisions	12.8	–1.7
Gains | losses from the disposal of fixed assets	–38.5	0.0
Income taxes paid	–32.6	–28.3
Other non-cash items	1.0	0.0
Gross cash flows from operating activities	**169.6**	**105.0**
Increase | decrease in receivables and other assets	–49.7	–16.9
Increase | decrease in inventories	–33.0	–26.0
Increase | decrease in liabilities (without loans and borrowings)	1.8	–3.2
Net cash flow from operating activities	**88.9**	**58.8**
Net cash flow from operating activities – continuing operations	**87.7**	**62.8**
Net cash flow from operating activities – discontinued operation	**1.1**	**–4.0**
Capital expenditures	–65.1	–53.6
Proceeds from the disposal of fixed assets	1.1	0.7
Other payments	–0.6	3.6
Net cash flow from investing activities	**–64.6**	**–49.3**
Payments for acquisitions of consolidated subsidiaries and other business operations, net of cash acquired	–54.4	–4.3
Proceeds from the disposal of consolidated subsidiaries, net of cash disposed	72.9	0.0
Net cash flow from investing activities, acquisitions and disposals	**–46.1**	**–53.6**
Net cash flow from investing activities – continuing operations	**–118.8**	**–51.1**
Net cash flow from investing activities – discontinued operation	**72.7**	**–2.4**
Interest received	0.3	0.3
Interest paid and other financial charges	–7.1	–9.8
Dividends paid to:		
- Shareholders of Sartorius AG	–18.2	–17.2
- Non-controlling interest	–5.6	–5.1
Gross cash flows from financing activities	**–30.7**	**–31.8**
Changes in non-controlling interest	–1.4	0.2
Loans repaid	–142.0	–38.1
Loans raised	116.3	51.6
Net cash flow from financing activities	**–57.8**	**–18.2**
Net cash flow from financing activities – continuing operations	**–57.8**	**–18.2**
Net cash flow from financing activities – discontinued operation	**0.0**	**0.0**
Net increase | decrease in cash and cash equivalents	–15.0	–12.9
Cash and cash equivalents at the beginning of the period	56.4	51.9
Net effect of currency translation on cash and cash equivalents	2.4	5.0
Cash and cash equivalents at the end of the period	**43.9**	**43.9**

The cash flows shown generally include those of our discontinued operation. Each item combinigthe figures from both continuing and discontinued operations for the net cash flow from operating, investing and financing activities is shown as an "of which" subitem to distinguish between the amounts.

Statement of Changes in Equity

€ in millions	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Earnings reserves and retained profits	Difference resulting from currency translation	Equity attributable to Sartorius AG shareholders	Non-controlling interest	Total equity
Balance at January 1, 2014	**17.0**	**87.0**	**–1.4**	**–9.9**	**284.4**	**–9.5**	**367.6**	**82.6**	**450.3**
Net profit for the period			0.0	0.0	37.8	0.0	37.8	14.3	52.1
Other comprehensive result after tax			–3.9	–0.1	–1.9	13.9	8.1	2.5	10.6
Total comprehensive income			**–3.9**	**–0.1**	**35.9**	**13.9**	**45.8**	**16.8**	**62.7**
Dividends					–17.2		–17.2	–5.1	–22.3
Purchase price liability forward for non-controlling interest					–5.3		–5.3	–1.8	–7.1
Change (increase) in non-controlling interest					0.0		0.0	1.8	1.8
Other changes in equity					0.1		0.1	–0.1	0.0
Balance at September 30, 2014	**17.0**	**87.0**	**–5.3**	**–10.0**	**297.9**	**4.4**	**391.1**	**94.2**	**485.3**

€ in millions	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Earnings reserves and retained profits	Difference resulting from currency translation	Equity attributable to Sartorius AG shareholders	Non-controlling interest	Total equity
Balance at January 1, 2015	**17.0**	**87.0**	**–2.2**	**–19.4**	**307.6**	**7.8**	**397.9**	**99.7**	**497.7**
Net profit for the period	0.0	0.0	0.0	0.0	106.5	0.0	106.5	25.6	132.1
Other comprehensive result after tax	0.0	0.0	0.3	3.3	–1.9	12.7	14.4	4.0	18.5
Total comprehensive income	**0.0**	**0.0**	**0.3**	**3.3**	**104.6**	**12.7**	**121.0**	**29.6**	**150.6**
Share-based payment		1.0					1.0	0.0	1.0
Dividends					–18.2		–18.2	–5.6	–23.8
Acquisition of additional shares in subsidiaries					0.4		0.4	–0.4	0.0
Reclassification pension reserve Intec				2.7	–2.7		0.0	0.0	0.0
Other changes in equity	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.0	0.2
Balance at September 30, 2015	**17.0**	**88.1**	**–1.9**	**–13.4**	**391.9**	**20.6**	**502.3**	**123.4**	**625.7**

Segment Reports

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. As a result of the classification of the Intec Division as a discontinued operation, the divisions called Bioprocess Solutions and Lab Products & Services are to be considered operating segments.

"Underlying EBITDA" is the key performance indicator of the operating segments of the Group. 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.

Apart from that, the recognition and measurement methods for the reportable segments conform to the general Group accounting principles.

	Sales revenue		Underlying EBITDA	
€ in millions	**9-mo. 2015**	9-mo. 2014	**9-mo. 2015**	9-mo. 2014
Bioprocess Solutions	604.3	444.7	158.7	103.0
Lab Products & Services	226.0	200.8	35.1	29.0
Total continuing operations	**830.3**	**645.5**	**193.8**	**131.9**
Reconciliation to the profit before tax				
Depreciation and amortization			–40.5	–37.8
Extraordinary items			–6.7	–4.0
Earnings before interest and taxes (EBIT)			**146.6**	**90.1**
Financial result			–13.5	–16.3
Profit before tax from continuing operations			**133.1**	**73.8**

Geographical Information

In fiscal 2015, the presentation of the regions was slightly changed. As a result, the countries formerly allocated to "Other Markets" are now assigned to the regions defined as EMEA (Europe, the Middle East and Africa), the Americas and Asia | Pacific.

	Sales revenue	
€ in millions	**9-mo. 2015**	9-mo. 2014
EMEA	**379.0**	**320.2**
Americas	**278.7**	**187.7**
Asia | Pacific	**172.6**	**137.5**
Group	**830.3**	**645.5**

Notes to the Condensed Interim 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 Goettingen (HRB 1970) and is headquartered at Weender Landstrasse 94–108 in Goettingen, 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 products 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.

2. Significant Accounting Policies

The consolidated annual financial statements of Sartorius AG for the period ended December 31, 2014, were prepared in accordance with the accounting standards of the International Accounting Standards Board (IASB) – the International Financial Reporting Standards (IFRS) – as they are to be applied in the EU. In the present interim financial statements that were prepared in conformance with the requirements of IAS 34 "Interim financial reporting," basically the same accounting and measurement principles were applied on which the past consolidated financial statements of fiscal 2014 were based.

Furthermore, all interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) to be applied effective September 30, 2015, were observed. An explanation of the individual accounting and measurement principles applied is given in the Notes to the Financial Statements of the Group for the year ended December 31, 2014.

A list of the companies included in the scope of consolidation for the Group financial statements is provided in our 2014 Annual Report; BioOutsource Ltd. and Cellca GmbH acquired (both 100%) were consolidated for the first time in the current fiscal year.

For calculation of income tax expenses, the provisions of IAS 34.30c were adopted; i.e., the best estimate of the weighted average annual income tax rate expected for the full financial year, 30%, was applied.

3. Use of Judgments and Estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions, based on their best knowledge of the current and future situation, that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates, however.

The significant judgments and estimates made by management in applying the Group's accounting policiies and the key sources of estimation uncertainty have remained the same as those that were applied to the consolidated financial statements as at and for the year ended December 31, 2014.

4. Accounting Rules Applied for the First Time in the Current Fiscal Year

The following new accounting rules were applicable for the first time to the present interim financial statements and had no impact on the presentation of the company's net worth, financial position and profitability or earnings per share:

– Annual improvements to IFRS – cycle 2011 – 2013

– IFRIC 21: Levies

Standards or interpretations that were not yet mandatory as of September 30, 2015, were not applied in advance. According to the current audit review status, the Group does not anticipate any overall significant impact on its consolidated accounts arising from the application of new or amended standards. Presently, first-time application is planned for each reporting period in which the standards, interpretations or amendments enter into force.

5. Acquisition of AllPure Technologies LLC

On April 25, 2014, Sartorius through its subgroup Sartorius Stedim Biotech acquired 50.01% in the U.S. startup AllPure Technologies LLC at a price of 6 million U.S. dollars. The purchase price was paid in cash. AllPure specializes in single-use components for biopharmaceutical applications and provides products that are complementary to the Sartorius Group's portfolio in the Bioprocess Solutions segment.

The shares in Allpure remaining with the former owners will also be transferred to Sartorius by 2022 at the latest. The exact time of this acquisition, as well as the purchase price, depends on the future business performance of the acquired entity. The corresponding liability is disclosed in the financial liabilities as the present value of the expected future payments of €7.1 million. This liability was initially recognized in the retained earnings according to IAS 32.23; its subsequent measurement will be recognized through profit or loss in the financial result.

The purchase price allocation was finalized in the second quarter of 2015 as follows:

	Preliminary purchase price allocation € in mn	**Final purchase price allocation € in mn**
Intangible and tangible assets	2.1	3.2
Inventories	0.5	0.5
Trade receivables and other assets	0.3	0.3
Cash and cash equivalents	0.0	0.0
Provisions and liabilities	–0.5	–0.4
Net assets acquired	**2.4**	**3.7**
– of which 50.01%	**1.2**	**1.8**
Purchase price	**4.3**	**4.3**
Goodwill	**3.1**	**2.5**
Non-controlling interest	**1.2**	**1.8**

Non-controlling interest was recognized at the level of the pro-rated share of net identifiable assets (partial goodwill method).

The goodwill disclosed represents the assets that were not separately identifiable and recognized, but that will generate economic benefits. Here, the expansion of the Group's portfolio and its strengthened position in the biopharmaceutical market are to be named, among other benefits. Goodwill is expected to be tax-deductible in full.

The Group increased its stake in the company to 60% in May 2015, as planned. This acquisition was reflected in equity as a transaction between owners.

6. Acquisition of BioOutsource Ltd.

On April 17, 2015, Sartorius Stedim Biotech acquired 100% of the voting rights in BioOutsource Ltd. headquartered in Glasgow, Scotland. BioOutsource provides analytical contract testing services for pharmaceutical clients and specializes in offering a comprehensive range of services for the growing biosimilar industry. The services provided by BioOutsource are part of the core processes of Sartorius Stedim Biotech's customers and, therefore, extend the Group's current service offering. With 85 employees, BioOutsource earned sales revenue of approximately €9 million in the last twelve months. As of the balance sheet date, not all information necessary to finalize accounting for this acquisition was available. Therefore, the purchase price allocation is preliminary:

	Preliminary purchase price allocation € in mn
Intangible and tangible assets	10.4
Inventories	0.9
Trade receivables and other assets	2.6
Cash and cash equivalents	1.4
Loans and borrowings	−0.7
Provisions and liabilities	−2.1
Deferred tax	−1.7
Net assets acquired	**10.6**
Purchase price	**30.6**
Goodwill	**20.0**

The purchase price of approx. €30.6 million was paid in cash. The expenses directly attributable to the acquisition amounting to €0.2 million were recognized as other expenses in profit or loss.

Due to the transaction structure, it is assumed that the goodwill will not be deductible for tax purposes.

7. Acquisition of Cellca GmbH

On July 1, 2015, Sartorius acquired 100% of the shares in Cella GmbH based in Laupheim, Germany. Founded in 2005, this company with around 30 employees generated sales revenue of approximately 6 million euros in 2014. Cellca's major customers are biopharmaceutical companies as well as biosimilar firms that do not or only partly conduct their process development in their inhouse facilities.

The preliminary purchase price allocation is as follows:

	Preliminary purchase price allocation € in mn
Intangible and tangible assets	19.8
Trade receivables and other assets	0.8
Cash and cash equivalents	3.0
Provisions and liabilities	–2.4
Deferred tax	–5.1
Net assets acquired	**16.1**
Purchase price	**26.5**
Goodwill	**10.4**

The purchase price of approx. €26.5 million was paid in cash. The expenses directly attributable to the acquisition amounting to €0.1 million were recognized as other expenses in profit or loss.

Due to the transaction structure, it is assumed that the goodwill will not be deductible for tax purposes.

Since their initial consolidation in the Group financial statements, the acquisitions of BioOutsource and Cellca have contributed around €8 million to sales revenue and around €1 million to Group earnings. If the acquisitions had taken place as of January 1, 2015, Group sales revenue would have amounted to approx. €837 million and Group earnings to approx. €133 million.

8. Sale of the Industrial Technologies Division

On December 19, 2014, Sartorius AG signed a contract to sell the Industrial Technologies Division (Intec) to the Japanese Minebea group and its partner, the Development Bank of Japan.

For the Sartorius Group, the sale of this entity is an important milestone as part of the company's strategy to concentrate on its two core divisions Bioprocess Solutions und Lab Products & Services. These divisions offer higher growth and earnings potential. However, to unlock this potential, a high degree of focus and further major investments are necessary at the same time. The proceeds from the sale of the Intec Division are strengthening the company's financial potential for this further expansion of Sartorius' core businesses.

The sale of the Intec Division has resulted in the application of IFRS 5, "Non-current assets held for sale and discontinued operations," and thus in the disclosure of the Intec Division as a discontinued operation. Therefore, the expenses and income of this operation, including the gain on disposal, are disclosed in the item "Profit after tax from discontinued operation." The disclosures in this report accordingly refer to the continuing operations, unless otherwise specified. The prior-year disclosures in the statement of profit or loss were correspondingly adjusted.

Following legal completion of the sales transaction, the Industrial Technologies Division was deconsolidated on February 1, 2015. The gain on disposal is as follows:

	€ in mn
Assets sold	75.4
Liabilities transferred	–30.7
Net assets disposed	**44.7**
Sale price (paid in cash)	90.3
Reclassification of foreign exchange translation reserve	1.5
Directly attributable selling costs	–8.6
Gain on disposal before tax	**38.5**

The results of the discontinued operation in detail were as follows:

	9-month 2015 € in mn	9-month 2014 € in mn
Sales revenue	6.8	73.2
Expenses	–5.4	–68.3
Other operating income and expenses	37.9	0.5
Earnings before interest and taxes (EBIT)	**39.3**	**5.4**
Financial result	**0.3**	**–0.3**
Profit before tax	**39.6**	**5.1**
Income taxes	–0.6	–1.7
Profit after tax from continuing operations	**39.0**	**3.4**

9. Financial Instruments

Carrying Amounts and Fair Values

€ in millions	Categories	**Sept. 30, 2015 Carrying amount**	**Sept. 30, 2015 Fair value**	Dec. 31, 2014 Carrying amount	Dec. 31, 2014 Fair value
Financial assets	Held for sale	6.6	6.6	6.1	6.1
Financial assets	Loans and receivables	1.9	1.9	1.7	1.7
Financial assets (non-current)		**8.5**	**8.5**	**7.7**	**7.7**
Trade receivables	**Loans and receivables**	**196.5**	**196.5**	**140.4**	**140.4**
Receivables and other assets	Loans and receivables	12.6	12.6	11.6	11.6
Derivative financial instruments	Held for trading	0.2	0.2	0.0	0.0
Derivative financial instruments designated as hedging instruments	n/a	0.3	0.3	0.1	0.1
Other financial assets (current)		**13.1**	**13.1**	**11.8**	**11.8**
Cash and cash equivalents	**Loans and receivables**	**43.9**	**43.9**	**40.6**	**40.6**
Loans and borrowings	**Financial liabilities at cost**	**347.2**	**363.7**	**371.0**	**380.9**
Finance lease liabilities	**IAS 17**	**20.8**	**27.6**	**21.1**	**24.2**
Trade payables	Financial liabilities at cost	73.1	73.1	56.6	56.6
Trade payables	n/a	39.6	39.6	33.9	33.9
Trade payables		**112.7**	**112.7**	**90.5**	**90.5**
Derivative financial instruments	Held for trading	6.3	6.3	9.0	9.0
Derivative financial instruments designated as hedging instruments	n/a	4.1	4.1	4.4	4.4
Other financial liabilities	Financial liabilities at cost	69.9	77.3	70.9	74.0
Other financial liabilities	Fair value through profit or loss	5.3	5.3	6.2	6.2
Other financial liabilities	n/a	48.6	48.6	38.0	38.0
Other financial liabilities		**134.1**	**141.5**	**128.4**	**131.5**

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.

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 exclusively derivatives in the form of forward contracts and interest rate swaps. 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"), as well as finance lease liabilities, 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 Allpure liability is required to be disclosed in the amount of the present value of the expected purchase price payments for the non-controlling interest in this company. This present value is to be derived from the expected AllPure sales revenues as of the exercise date and from the risk-adjusted discount rate presented above (Level 3).

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.

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.

The valuation of the level 3 liability is based on a discounted cash flow technique in which the expected future payments that are discounted using a risk-adjusted discount rate are taken into account. The expected payments are determined by considering possible developments of future revenue and the amounts to be paid under each scenario. The significant unobservable input in this calculation is the future revenue which was considered at a growth rate of approximately €5 million per year on average.

The carrying amount of the liability can be reconciled as follows:

	€ in mn
Balance at January 1, 2015	6.2
Financial expenses	0.1
Payments	–1.5
Translation effects	0.5
Balance at September 30, 2015	**5.3**

An increase (decrease) of the expected sales revenue by 10% in each of the following years would lead to an increase (decrease) of the liability by €0.5 million (€0.5 million).

10. Other Disclosures

In the interim reporting period, no asset impairments were identified. Generally, asset impairment tests need to be performed for goodwill and other assets with indefinite useful lives.

In the reporting period, Sartorius AG paid dividends totaling €18.2 million, of which €9.0 million were for ordinary shares and €9.2 million for preference shares.

Independent, certified auditors have not performed an audit review of this consolidated nine-month report.

Financial Schedule

November 12, 2015
HSBC Healthcare Day in Frankfurt Main

November 23, 2015
German Equity Forum in Frankfurt Main

December 2, 2015
Berenberg European Conference in London

January 18–19, 2016
Kepler Cheuvreux German Corporate Conference in Frankfurt Main

February 2016
Publication of preliminary full-year 2015 figures

March 2016
Annual Press Conference in Goettingen, Germany

April 7, 2016
Annual General Shareholders' Meeting in
Goettingen, Germany

Contacts

Sartorius AG
Weender Landstrasse 94–108
37075 Goettingen, Germany

Phone +49.551.308.0
Fax +49(0)551.308.3289
www.sartorius.com

Group Corporate Communications

Petra Kirchhoff
Vice President
Phone +49(0)551.308.1686
petra.kirchhoff@sartorius.com

Investor Relations

Andreas Theisen
Director
Phone +49(0)551.308.1686
andreas.theisen@sartorius.com

Forward-looking Statements Contain Risks

This Sartorius Group Interim Report for the period from the beginning of January 2015 to the end of September 2015 contains various statements concerning the Sartorius Group's future performance. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we cannot guarantee that they will actually apply. This is because our assumptions harbor risks and uncertainties that could lead to actual results diverging substantially from the expected ones. It is not planned to update our forward-looking statements.

Throughout the entire report, differences may be apparent as a result of rounding during addition.