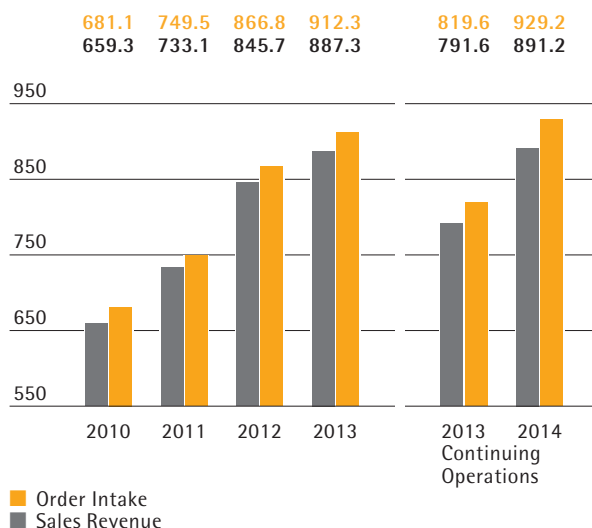


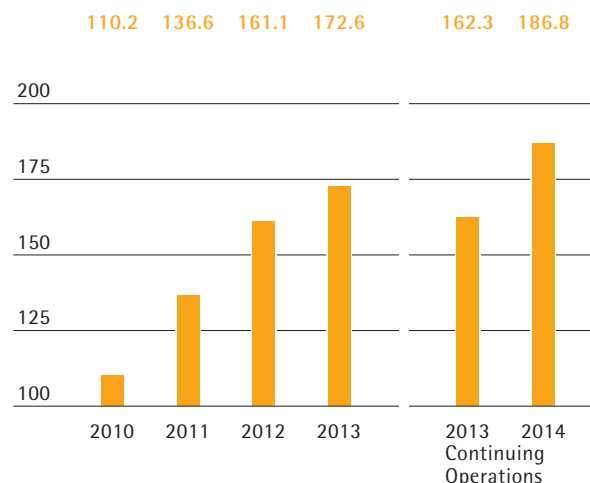
Sartorius Group  
2014 Annual Report

2014

## Order Intake and Sales Revenue in € million



## Underlying EBITDA<sup>1)</sup> in € million



## Key Figures

All figures are given in millions of € according to the IFRS, unless otherwise specified	2014	2013 restated	2013	2012	2011	2010
<b>Order intake, sales revenue and earnings</b>						
Order intake	929.2	819.6	912.3	866.8	749.5	681.1
Sales revenue	891.2	791.6	887.3	845.7	733.1	659.3
Underlying EBITDA <sup>1)</sup>	186.8	162.3	172.6	161.1	136.6	110.2
Underlying EBITDA <sup>1)</sup> as % of sales revenue	21.0	20.5	19.5	19.0	18.6	16.7
Relevant net profit for continuing operations <sup>2)</sup>	66.1	59.2	-	-	-	-
Relevant net profit <sup>2)</sup>	73.7	64.8	64.8	63.0	52.8	39.0
Research and development costs	50.4	47.7	53.8	49.0	44.3	42.6
<b>Financial data per share</b>						
Earnings per share for continuing operations <sup>2)</sup>						
per ordinary share (in €)	3.87	3.46	-	-	-	-
per preference share (in €)	3.89	3.48	-	-	-	-
Earnings per share <sup>2)</sup>						
per ordinary share (in €)	4.31	3.79	3.79	3.69	3.09	2.28
per preference share (in €)	4.33	3.81	3.81	3.71	3.11	2.30
Dividends						
per ordinary share (in €)	1.06 <sup>3)</sup>	1.00	1.00	0.94	0.80	0.60
per preference share (in €)	1.08 <sup>3)</sup>	1.02	1.02	0.96	0.82	0.62
<b>Balance Sheet</b>						
Balance sheet total	1,272.4	1,181.3	1,176.6	1,070.9	960.2	807.7
Equity	497.1	450.3	450.3	404.4	366.1	327.2
Equity ratio (in %)	39.1	38.1	38.3	37.8	38.1	40.5
<b>Financials</b>						
Capital expenditures (excluding financial assets and goodwill)	80.9	60.6	62.9	74.2	51.8	24.4
Capital expenditures as a % of sales	9.1	7.7	7.1	8.8	7.1	3.7
Amortization   depreciation	52.7	45.8	47.7	40.6	32.8	31.9
Net cash flow from operating activities	125.7 <sup>4)</sup>	97.0 <sup>4)</sup>	103.3	53.2	79.0	96.0
Net debt	335.6 <sup>5)</sup>	345.1 <sup>5)</sup>	345.1	303.8	264.8	196.9
Ratio of net debt to underlying EBITDA	1.7 <sup>5)</sup>	2.0 <sup>5)</sup>	2.0	1.9	1.9	1.8
<b>Total number of employees as of December 31</b>	5,611	5,158 <sup>6)</sup>	5,863 <sup>6)</sup>	5,491	4,887 <sup>7)</sup>	4,515

<sup>1)</sup> Underlying = adjusted for extraordinary items

<sup>2)</sup> After non-controlling interest, adjusted for extraordinary items as well as non-cash amortization, and based on the normalized financial result

<sup>3)</sup> Amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG

<sup>4)</sup> Continuing operations

<sup>5)</sup> Including discontinued operation

<sup>6)</sup> Excluding TAP Biosystems

<sup>7)</sup> Excluding Biohit



## 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 further 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 globally operating company with over 5,500 employees worldwide and subsidiaries based in more than 30 countries. Our business is subdivided into two divisions: Bioprocess Solutions offers integrated solutions for biopharmaceutical manufacture, and Lab Products & Services provides instruments, consumables and services for laboratories. We report on the business development of the two divisions starting on page 42, and provide insights into their strategies on pages 24 and 25.



### Bioprocess Solutions Page 42

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

### Key Figures

€ in millions	<b>2014</b>	2013 <sup>1)</sup>	Δ in %
Order intake	<b>652.7</b>	549.7	18.3 <sup>2)</sup>
Sales revenue	<b>615.6</b>	517.8	18.5 <sup>2)</sup>
Underlying EBITDA	<b>145.6</b>	118.9	22.5
as a % of sales	<b>23.7</b>	23.0	
Employees <sup>3)</sup>	<b>3,527</b>	3,115	13.2



## Lab Products & Services Page 46

With its premium laboratory instruments, consumables and excellent services, the Lab Products & Services Division is positioned as a broad-based laboratory supplier. It concentrates on laboratories of both the research and quality assurance units in pharmaceutical and biopharmaceutical companies and 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	<b>2014</b>	2013 <sup>1)</sup>	Δ in %
Order intake	<b>276.5</b>	270.0	3.2 <sup>2)</sup>
Sales revenue	<b>275.5</b>	273.8	1.4 <sup>2)</sup>
Underlying EBITDA	<b>41.2</b>	43.4	-5.1
as a % of sales	<b>15.0</b>	15.9	
Employees <sup>3)</sup>	<b>2,084</b>	2,043	2.0

<sup>1)</sup> Restated <sup>2)</sup> In constant currencies <sup>3)</sup> As of Dec. 31

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This annual report contains 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.

This is a translation of the original German-language annual report. Sartorius shall not assume any liability for the correctness of this translation. The original German annual report is the legally binding version. Furthermore, Sartorius reserves the right not to be responsible for the topicality, correctness, completeness or quality of the information provided. Liability claims regarding damage caused by the use of any information provided, including any kind of information which is incomplete or incorrect, will therefore be rejected.

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

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To Our Shareholders

01

# Report of the Executive Board

Dear Shareholders and  
Business Partners,

Fiscal 2014 was yet another successful year for Sartorius. We met and, to some extent, even exceeded our sales and earnings targets. In addition, we implemented important elements of our long-term strategy, Sartorius 2020. The growth initiatives in our two core divisions have made strong headway, and the long planned sale of our smallest Group division, Industrial Technologies, was completed with effect from year end. For this business, we have found a strong new owner in the Japanese Minebea Group, which offers good potential synergies and promising growth plans. Looking beyond, we are also well on track with our multi-year infrastructure projects, such as those for IT systems and production capacities.

Let us now briefly review the key business figures for 2014. In this context, I will refer to our continuing operations; in other words, the Sartorius Group with its two divisions: Bioprocess Solutions and Lab Products & Services.

The growth engine driving our overall dynamic performance was again our largest division, Bioprocess Solutions, which focuses on single-use products for the manufacture of biopharmaceuticals. With a gain of 18.5% in sales revenue and an underlying EBITDA margin of 23.7%, the division expanded in all product segments and in all regions. Our two acquisitions, TAP Biosystems and the cell culture media business, also showed exceptionally positive development. By acquiring the majority stake in the U.S. startup AllPure Technologies, we additionally extended our portfolio by another innovative group of single-use products.

As expected, the phase-out of a few non-strategic product lines still continued to have a noticeable impact on the business of Lab Products & Services that supplies premium laboratory instruments and lab consumables, especially in the first three quarters. With momentum picking up at year-end, this division grew 1.4%, achieving an underlying EBITDA margin of 15.0%.

In 2014, consolidated order intake on the whole jumped 13.4%, while sales revenue climbed 12.6% to €891 million euros. We achieved a further increase in our underlying EBITDA margin, to 21.0% after 20.5% in the previous year.

Based on this positive development, the Supervisory Board and the Executive Board will submit a proposal at the Annual Shareholders' Meeting on April 9, 2015, to raise dividends to €1.08 per preference share and €1.06 per ordinary share. In this connection, we are also pleased to report that share prices increased again in double digits based on our performance over the past fiscal year.

In 2015 and beyond, we will continue to execute on our Sartorius 2020 agenda that provides the roadmap for creating profitable growth in our strategic core businesses. The most important element is to generate substantial organic sales growth. We plan to achieve this by gaining further market share in North America and also by expanding overproportionally in Asia. Moreover, we have the potential in both divisions to acquire suitable companies that will add complementary products to our product range and that will make



us even more attractive for our customers. Regarding profitability, we are striving to continue our successful performance over the past years and further increase our underlying EBITDA margin step by step.

In line with these strong business prospects, we have set ambitious targets for 2015 as well. Specifically, we plan to increase sales revenue in constant currencies by around 4% to 7% and our underlying EBITDA margin to about 21.5%. Both divisions and all regions are expected to contribute to this development. While the general economic conditions and trends for the Bio-process Solutions Division are highly stable and scarcely dependent on business cycles, some degree of uncertainty currently surrounds the projections for our lab division, however, due to the economic imponderables in a few key markets, especially in the European Union, China and Russia.

Besides focusing on our strategic and operational targets described, we will further implement our multi-year investment projects and therefore expect that our investment ratio will be slightly above our long-term average in the coming years. In the current year, we thus plan to invest a sum equal to approximately 10% of sales, primarily to expand production capacities at our various sites and to combine the two largest plants at our headquarters in Goettingen, Germany.

At this point, I would like to sincerely thank all our staff: They have made it possible for us to achieve our strong results in fiscal 2014 based on their expertise, motivation and dedication.

Dear shareholders, customers and business partners, I would like to express my appreciation to you again for your trust, often extending back many years, and for your open dialogue at all times. We cordially invite 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, the members of the Executive Committee of the subgroup Sartorius Stedim Biotech 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 of the Board of Directors of Sartorius Stedim Biotech S.A., and lay the groundwork for the boards' legally binding decision-making.

## Joachim Kreuzburg

Chairman

Corporate Strategy, Legal, Compliance,  
Communications

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

With Sartorius for 16 years



## Oscar-Werner Reif

Research and Development

Member of the Board of Directors of  
Sartorius Stedim Biotech S.A.

With Sartorius for 20 years



## Jörg Pfirrmann

Finance, Human Resources,  
Information Technology

Member of the Executive Board of  
Sartorius AG

With Sartorius for 16 years





### **Volker Niebel**

Procurement, Production,  
Supply Chain Management,  
Business Process Management

Member of the Board of Directors of  
Sartorius Stedim Biotech S.A.

With Sartorius for 13 years



### **Reinhard Vogt**

Marketing, Sales, Services,  
Business Development of the  
Bioprocess Solutions Division

Member of the Executive Board of  
Sartorius AG

Member of the Board of Directors of  
Sartorius Stedim Biotech S.A.

With Sartorius for 31 years



### **Michael Melingo**

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

With Sartorius since April 1, 2014

# Report of the Supervisory Board

Dear Shareholders,

To summarize the opinion of the Supervisory Board, we look back upon 2014 as another successful fiscal year for Sartorius. The company succeeded yet again in growing in all regions and further expanding its earnings – despite facing a challenging market situation in some areas. Besides reaching its financial targets, Sartorius has also made strategic headway. Its growth initiatives designed to strengthen its core businesses were consistently pursued. Shortly before year end, the company implemented an important component of its long-term strategic approach by signing an agreement to sell its Industrial Weighing Technologies Division.

In fiscal 2014, the Supervisory Board intensively dealt with the situation and prospects of the company. We advised the Executive Board 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 Executive Task Committee or the Audit Committee respectively 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, which the Executive Board also attended, provided the meetings did not concern

the latter board's matters. These regular conferences primarily revolved around the development of sales revenue, earnings and employment for the Group, the financial situation of the company and of its affiliates and strategic projects.

At its meeting on February 25, 2014, the Supervisory Board fully discussed the annual and consolidated financial statements for fiscal 2013 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 conferred upon and approved the agenda, along with the proposed resolutions, for the 2014 Annual Shareholders' Meeting and the proposal for appropriation of the annual profit. In addition, we resolved to adjust Executive Board remuneration in 2014. Prior to this decision, we intensively reviewed whether this compensation was in line with the usual market conditions, both at the level paid by peer companies and at that in place within other areas of our company, based on the Executive Task Committee's prior report prepared. Furthermore, the Executive Board informed us about the status of negotiations for a contemplated acquisition of the startup company, AllPure, as well as about the results of the employee survey that had been conducted at the end of 2013.

Various strategic projects were at the focus of the meeting on April 10, 2014. After receiving thorough information from the Executive Board, we approved the acquisition of AllPure. In addition, the Executive Board provided an overview on the operational measures designed to support the strong growth of the Bioprocess Solutions Division in the Fluid Management area, and reported on the status of investment projects in progress.

At our meeting on September 2, 2014, we obtained information on project strategy and various sales initiatives of the Lab Products & Services Division. The Executive Board additionally gave a detailed status report on the Sartorius 2020 strategy. Based on this





report, we ascertained that the Group was on track, especially in view of its organic growth targets and earnings development. Moreover, the compliance system in place at Sartorius was presented and discussed.

In the meeting on December 16, 2014, the Supervisory Board thoroughly dealt with the planned sale of the Industrial Technologies Division to the Minebea Group and consented to this transaction. Further, we decided to extend Dr. Joachim Kreuzburg's appointment as Chairman and CEO of the Executive Board ahead of time for another five years up to November 10, 2020. The Supervisory Board is pleased to have gained Dr. Kreuzburg for a further term and thanks the Executive Task Committee for the successful negotiations held. During this meeting as well, the Supervisory Board agreed to commission the law office Hengeler Mueller, whose partner is Prof. Gerd Krieger, a member of our Supervisory Board, to draft the resolution, which will be voted on at the next Annual Shareholders' Meeting, on the authorization to use the company's own shares to finance acquisitions and as a remuneration component for Executive Board members. On recommendation by the Audit Committee, we also agreed to conclude a new, long-term syndicated loan agreement, based upon which Sartorius replaced and consolidated two existing loans ahead of schedule. In addition, we also approved the budget submitted by the Executive Board for 2015.

Topics on corporate governance were further items on the agenda that were discussed in detail. After our consultations, we decided upon the wording of the Declaration of Compliance in accordance with the German Corporate Governance Code. This declaration confirms that Sartorius complies with the recommendations of the current code to the full extent. We additionally dealt with the process of re-tendering for external auditors to review the financial statements of our company, which was initiated by the Audit Committee due to a new EU audit reform regulation; a decision on the auditors to recommend at the Annual Shareholders' Meeting is scheduled to be made at the

next Supervisory Board meeting on February 24, 2015. In a further item on our agenda, we dealt with the company's risk management system and the current risk situation, and determined that there were no discernible risks that could jeopardize the future existence of the Group. Furthermore, we examined the results of our efficiency review of our work.

### **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 chairmen reported regularly to the Supervisory Board on the details of their committee work.

The Executive Task Committee met at an above-average rate, nine times, during the reporting year. It conferred intensively on various strategic measures of the company, among them the sale of the Industrial Technologies Division. In addition, the committee dealt with matters involving the Executive Board and prepared for decisions on the latter's remuneration, as well as with the extension of the contract with the current Executive Board Chairman and CEO. The committee also received information on the progress of the project for the rollout of a Group-wide ERP system and thoroughly discussed succession planning for top managers.

In the year under review, the Audit Committee held five meetings. The committee prepared for the full Supervisory Board's conference on endorsement and approval of the consolidated annual financial statements for fiscal 2013 and discussed the quarterly and first-half financial reports of 2014. A further focus was on monitoring the effectiveness of the Group-wide risk management and internal control system, as well as on in-house auditing and compliance. The committee also conferred on the subjects of the

Group financing, particularly the consolidation of two separate loan agreements and the terms of the new syndicated loan contract that was signed in December 2014. Beyond these items, the committee reviewed the Internal Audit 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 2014, the committee confirmed the independence of the auditors and conferred in detail on the selection of auditors to recommend at the Annual Shareholder's Meeting for appointment, commissioning these appointed auditors to perform an audit review as well as on defining and monitoring the audit procedure and the focal points of the audit. A further focus of the reporting year was the tender offer for audits as of fiscal 2015, which the Audit Committee monitored for the Supervisory Board in fulfillment of its obligation. Following thorough consultation on the results of the tender offer, the committee recommended to suggest to the Supervisory Board at its meeting on February 24, 2015, that the KPMG AG auditing company be proposed for appointment at the Annual Shareholders' Meeting.

The Nomination Committee did not meet in the past year. The Conciliation Committee pursuant to Section 27, Subsection 3, of the German Codetermination Law ("MitBestG") likewise did not have to be convened.

### **Audit of the Annual and Consolidated Financial Statements**

The annual and consolidated financial statements prepared by the Executive Board for fiscal 2014 and the management report of Sartorius AG were reviewed by the independent auditing company Deloitte & Touche GmbH, 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 10, 2014. The independent auditors issued an unqualified audit certificate. They attended the Audit Committee meeting on February 23, 2015, and the Supervisory Meeting on February 24, 2015, 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 Deloitte & Touche and, at

the meeting on February 24, 2015, 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 9, 2015, that shareholders be paid dividends of €1.08 per preference share and €1.06 per ordinary share from the retained profit.

### **Composition of the Supervisory Board and the Executive Board**

In fiscal 2014, there was a personnel change on the Supervisory Board. On February 28, 2014, Mr. Gerd-Uwe Boguslawski, employees' representative and Vice Chairman of the Supervisory Board, left this board after reaching retirement age. On behalf of the entire board, I would like to thank Mr. Boguslawski for his many years of valuable service. Upon recommendation of the German metalworkers' union, IG Metall, the local court appointed Mr. Manfred Zaffke to succeed him as a member of the Supervisory Board. Effective March 1, 2014, Mr. Zaffke was elected by the Supervisory Board as its Vice Chairman and a member of its various committees. There were no changes to the membership of the Executive Board in the reporting year. The position held by Dr. Joachim Kreuzburg as Executive Board Chairman and CEO was extended ahead of time for a further term of five years up to November 10, 2020.

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.

Munich, February 2015

For the Supervisory Board



Prof. Dr. Dres. h.c. Arnold Picot

Chairman



# Sartorius Shares

## Share Markets in a State of High Volatility

In the reporting year, the German DAX share index showed volatile performance on the whole. While this index was supported primarily by the expansionist ECB policy during the first half of the year, geopolitical tensions and worsening economic prospects fueled uncertainty. As a consequence, the leading German stock index fell to an annual low of 8,571 points on October 15. Driven by liquidity, the DAX reached its all-time high of 10,084 points on December 4. At year-end, the index was at 9,806 points, which represented an overall gain of 2.7% compared with a year earlier. The German technology index, TecDAX, to which Sartorius also belongs, rose in the same period by 17.5%, much more dynamically than the DAX, closing at 1,371 points on December 31, 2014.

## Double-digit Increase in Sartorius Share Prices

In the reporting year, Sartorius shares performed overall well yet again. Sartorius ordinary shares thus rose 15.3%, closing at €98.00 at year-end 2014. The company's preference shares gained 17.0% in the reporting year, closing at €101.25.

Sartorius ordinary shares hit their low of €86.00 at the beginning of the reporting period on January 2, 2014. The company's preference shares reached their low of €76.83 on October 16, 2014. Both the ordinary and the preference shares peaked on December 22, 2014, at €103.55 (ord.) and €104.45 (prf.), respectively.

The criteria for admission to the TecDAX are free-float market capitalization and turnover for the last twelve months on the Frankfurt Stock Exchange. At year-end, Sartorius preference shares ranked 14th based on the criterion of market capitalization and 28th under the stock-exchange turnover criterion.

## Facts about the Shares

ISIN	DE0007165607 (ordinary shares)
	DE0007165631 (preference shares)
Designated sponsor	Oddo Seydler Bank AG   HSBC Trinkaus & Burkhardt AG
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	18,720,000 no-par individual share certificates with a calculated par value of €1 per share
Of which	9,360,000 ordinary shares
	9,360,000 preference shares
Of which shares outstanding	8,528,056 ordinary shares
	8,519,017 preference shares

## Trading Volume and Share Price Development

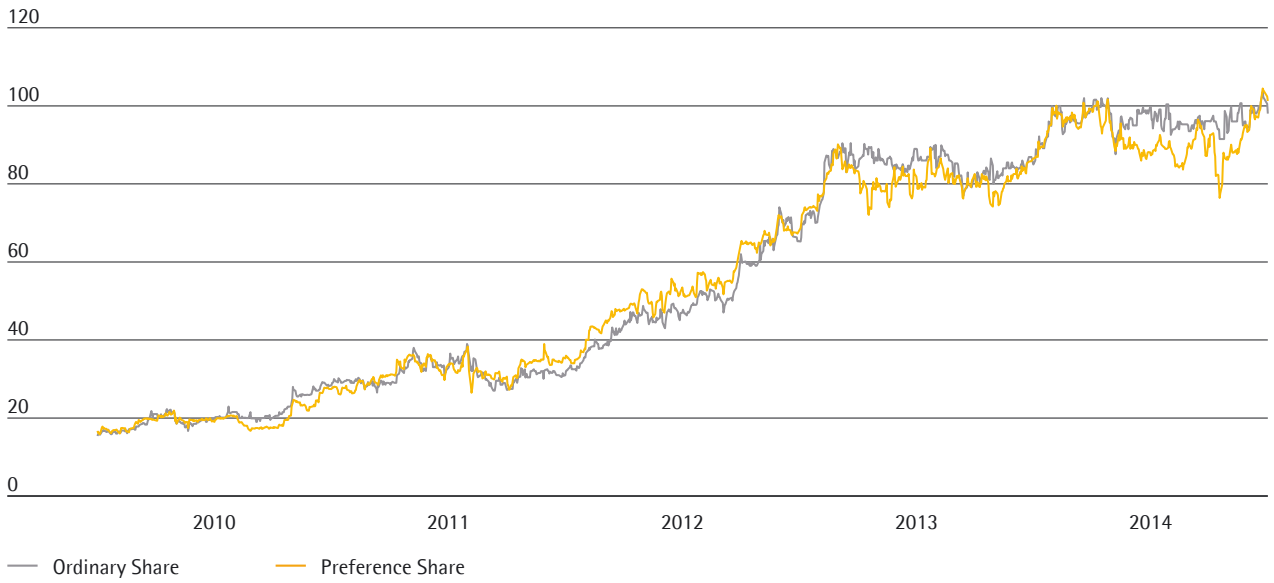
	2014	2013	Change in %
Preference share in € (Xetra year-end closing price)	101.25	86.52	17.0
Ordinary share in € (Xetra year-end closing price)	98.00	84.98	15.3
Market capitalization in millions of € <sup>1)</sup>	1,698	1,461.8	16.2
Average daily trading volume of preference shares	8,324	14,243	-41.6
Average daily trading volume of ordinary shares	592	929	-36.3
Trading volume of preference shares in millions of €	192.4	287.3	-33.0
Trading volume of ordinary shares in millions of €	10.7	19.5	-45.2
<b>Total trading volume in millions of €</b>	<b>203.1</b>	<b>306.8</b>	<b>-33.8</b>
TecDAX	1,371	1167	17.5
DAX	9,806	9,552	2.7

<sup>1)</sup> without treasury shares

Sources: Bloomberg, Deutsche Börse AG

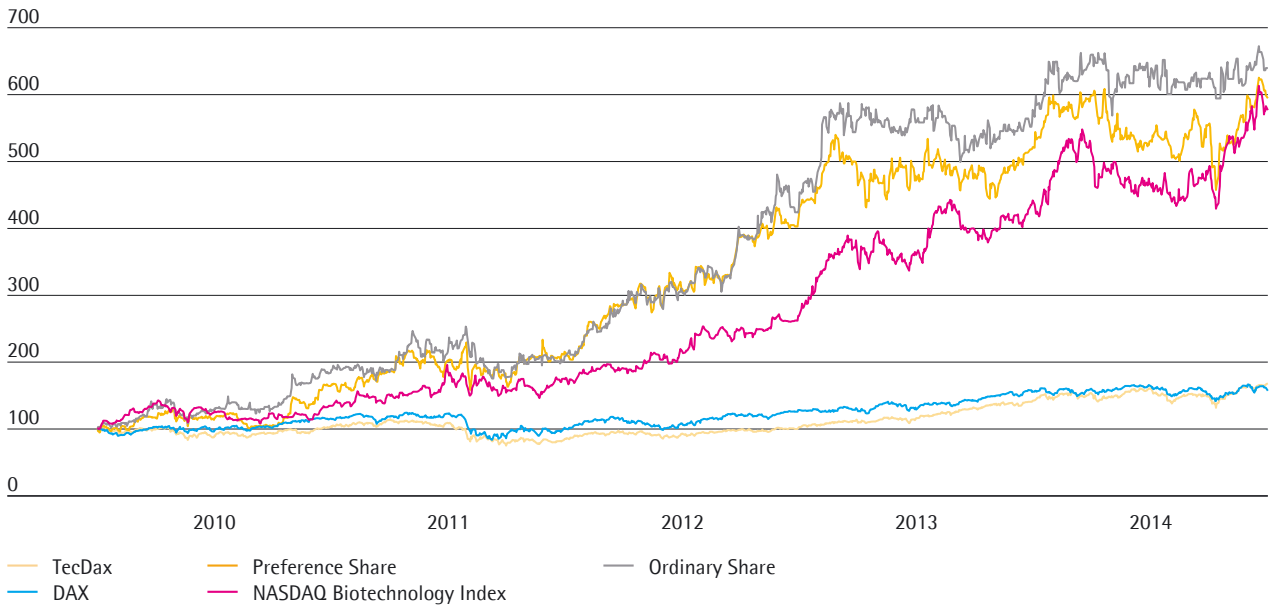
**Sartorius Shares in €**

January 4, 2010 to December 31, 2014



**Sartorius Shares in Comparison to the DAX, TecDAX and NASDAQ Biotechnology Index**

January 4, 2010 to December 31, 2014



## Market Capitalization and Trading Volume

The market capitalization of the Sartorius ordinary and preference shares was €1.7 billion as of December 31, 2014. Compared with the prior-year figure of €1.5 billion, this equates to an increase of 16.2%.

The average number of preference shares traded daily on the Frankfurt Stock Exchange (Xetra and trading floor) decreased in the reporting year from 14,243 to 8,324 shares. Among the reasons for this decline was the increase in trading on alternative securities platforms. The corresponding trading volume for Sartorius preference shares was €192.4 million.

The average number of ordinary shares traded daily was 592 relative to 929 in the previous year due to the low free float.

## Investor Relations Activities

Sartorius' investor relations activities focus on maintaining an ongoing, open dialogue with shareholders, potential investors and financial analysts.

Besides providing quarterly, first-half and annual reports as well as holding quarterly telephone conferences, we also regularly published press releases presenting the significant company business developments and other material events in the reporting year of 2014. Moreover, our management team was available to capital market participants at our sites in Goettingen, Germany, and in Aubagne, France, and at conferences and roadshows conducted in the financial market centers in London, Paris, Frankfurt am Main and New York, to hold one-on-one meetings. During our first Capital Market Day hosted in September in Goettingen, we also provided an in-depth view of the Group strategy, business models and positioning of our divisions as well as of their future business potential.

All information and publications about our company and its shares are provided on our website at [www.sartorius.com](http://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. In the reporting year, we maintained an ongoing dialogue with eight institutions total.

## Research Coverage

Institute	Date	Recommended
Deutsche Bank	January 28, 2015	Hold
DZ Bank	January 28, 2015	Buy
Nord LB	January 28, 2015	Hold
Oddo Seydler	January 28, 2015	Buy
Berenberg	January 27, 2015	Buy
Commerzbank	January 23, 2015	Buy
HSBC Trinkaus & Burckhardt	October 21, 2014	Buy
Chevreurx	July 22, 2014	Hold

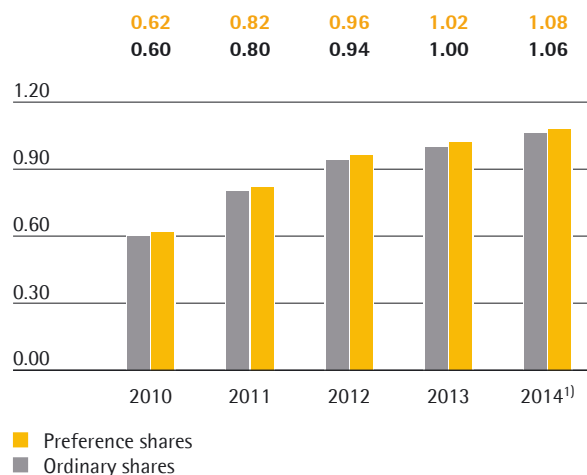
## Dividends

The Sartorius Group applies a dividend policy intended to ensure that shareholders are adequately rewarded for the company's success. In line with this policy, we endeavor in principle to distribute between 25% and 30% of our underlying net profit (see page 34 for this definition).

The Supervisory Board and the Executive Board will submit a proposal to the Annual Shareholders' Meeting on April 9, 2015, on paying dividends of €1.08 (previous year: €1.02) per preference share and €1.06 (previous year: €1.00) per ordinary share for fiscal 2014.

### Dividends

in €



<sup>1)</sup> Amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG

This would increase the total profit distributed by 5.9% from €17.2 million to €18.2 million. The total profit distributed, based on the relevant net result would be 24.7% compared to 26.6% a year earlier. Based on the 2014 year-end share prices of the Sartorius preference and ordinary shares, this would give a dividend yield of 1.1% for each share class (previous year: 1.1%). Treasury shares held by the company are not entitled to dividend payments.

## Shareholder Structure

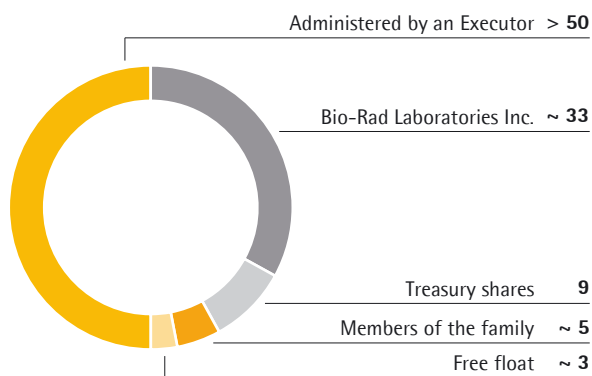
Sartorius AG's issued capital comprises 9.36 million ordinary shares and the same number of preference shares, each with a calculated par value of €1 per share. A good 50% of the ordinary shares are held by the Sartorius family and are under the management of an executor. Approximately 5% are owned directly by members of the family and approximately 9% are held as treasury shares by the corporation. According to the

most recent information available, the U.S. company Bio-Rad Laboratories Inc. holds around 33% of the company's ordinary shares. According to our current information, the remaining portion, comprising around 3% of the ordinary shares, is 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.

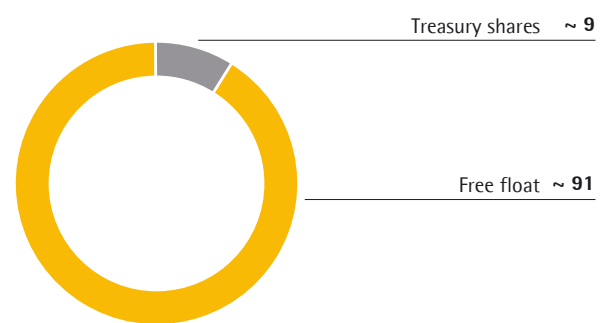
### Shareholder Structure: Ordinary Shares

in %



### Shareholder Structure: Preference Shares

in %



## Key Figures for Sartorius Shares

		2014	2013	2012	2011	2010
Ordinary shares <sup>1)</sup> in €	Reporting date	98.00	84.98	65.30	30.83	28.21
	High	103.55	90.48	74.00	39.00	29.20
	Low	86.00	65.25	30.95	26.50	15.40
Preference shares <sup>1)</sup> in €	Reporting date	101.25	86.52	67.25	35.50	27.45
	High	104.45	90.15	72.05	39.00	27.87
	Low	76.38	68.70	34.00	26.00	15.84
Market capitalization <sup>2)</sup> in millions of €		1,698.3	1,461.8	1,129.8	565.3	474.4
Dividend per ordinary share <sup>3)</sup> in €		1.06	1.00	0.94	0.80	0.60
Dividend per preference share <sup>3)</sup> in €		1.08	1.02	0.96	0.82	0.62
Total dividends <sup>3) 4)</sup> in millions of €		18.2	17.2	16.2	13.8	10.4
Payout ratio <sup>3) 5)</sup> in %		24.7	26.6	25.7	26.2	26.7
Dividend yield per ordinary share <sup>6)</sup> in %		1.1	1.1	1.4	2.6	2.1
Dividend yield per preference share <sup>6)</sup> in %		1.1	1.1	1.4	2.3	2.3

<sup>1)</sup> Xetra daily closing price

<sup>2)</sup> Without treasury shares

<sup>3)</sup> For 2014, amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG

<sup>4)</sup> Calculated on the basis of the number of shares entitled to dividends

<sup>5)</sup> 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

<sup>6)</sup> 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 parent company of the Sartorius Group is Sartorius AG, which, as a holding company, controls the Group's direct and indirect affiliates. Sartorius AG is headquartered in Goettingen, Germany, and is listed on the Frankfurt Stock Exchange.

Sartorius Stedim Biotech is run as a legally independent subgroup, which focuses especially on the bioprocess business. As of December 31, 2014, Sartorius AG has held approximately 74% of the shares and around 85% of the voting rights in the parent company Sartorius Stedim Biotech S.A., which is listed on the Paris Bourse. Sartorius Stedim Biotech S.A. is headquartered in Aubagne in southern France.

Further sales and manufacturing companies, in which the laboratory business is operated, are legally owned, as a rule by 100%, by Sartorius AG. Cross-divisional controlling and administrative functions such as finance, human resources and IT, are combined in a service company.

### Changes in the Group Portfolio

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

In April 2014, Sartorius Stedim Biotech acquired a majority stake in AllPure Technologies LLC. The start-up company headquartered in New Oxford, Pennsylvania, USA, specializes in single-use products for aseptic sampling in biopharmaceutical applications and complements the product portfolio of the Bioprocess Solutions Division. AllPure was initially consolidated on the reporting date of the transaction on April 28, 2014.

On December 19, 2014, Sartorius concluded a contract with the Japanese Minebea Group and its partner, the Development Bank of Japan, to sell the Industrial Technologies Division. Additional information is given in the Report on Material Events on page 67.



## Organization and Management of the Group

The Sartorius Group is consistently organized by function worldwide and is accordingly controlled through its core operating functions.

After the sale of its industrial weighing operation previously mentioned, Sartorius' operating business has been conducted in two divisions: Bioprocess Solutions and Lab Products & Services. The divisions each combine their respective businesses for the same customer groups and fields of application, and share certain infrastructure and central services. Based on the organization described, Sartorius has suitable structures in place that meet the prerequisites for the flexible and successful further development of the Group.

The Group's central management entity is the Sartorius Group Executive Committee (GEC), which currently has a membership of six: the members of the Executive Board of Sartorius AG, the executive members of the Board of Directors of Sartorius Stedim Biotech S.A. and one further senior manager with cross-divisional responsibility.

Functional responsibility is also assigned at a global level across all sites and regions in the senior management tiers immediately beneath the GEC. 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 manage 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.

## 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.

Key management parameters that Sartorius uses to measure the development of its volume are currency-adjusted growth of order intake and sales revenue.

The key profitability measure is EBITDA adjusted for extraordinary items, i.e. underlying EBITDA, and the corresponding margin. Beyond these indicators, EBIT, relevant net profit for the year, net profit and earnings per share are reported.

A further important indicator is the ratio of net debt to underlying EBITDA.

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

- Capex ratio
- Equity ratio
- Net working capital
- Net cash flow from operating activities
- Number of employees

As a rule, the annual financial forecast that is published by management at the beginning of a fiscal year for the Group and the divisions refers to the development of sales revenue and of underlying EBITDA. 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. Sales revenue and order intake are mostly at a similar level at Sartorius due to its structure, but generally do not show any considerable timing differences and are subject to similar growth assumptions. For this reason, order intake is usually not budgeted separately and is not a component of the financial forecast.

## Strategy and Goals

Sartorius Group business is organized according to two divisions: Bioprocess Solutions and Lab Products & Services. The division setup and strategy are as follows:

### Bioprocess Solutions

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 our strategy as a total solutions provider, we offer the biopharmaceutical industry a product portfolio that covers nearly all steps of their production processes. These encompass cell culture media for seed fermentation and cultivation in various bioreactor sizes for cell propagation, as well as a range of technologies and equipment, such as filters and aseptic bags, for cell harvesting, purification and concentration, all the way to final filling.

In this business, Sartorius focuses in particular on single-use products, which represent around three quarters of the division's sales revenue. For our customers, single-use products are an innovative alternative to conventional reusable stainless steel systems: they provide considerable cost and time savings and reduce the risk of contamination. Sartorius has the most extensive portfolio of single-use technologies in the industry.

With its products, the division addresses an attractive market with above-average growth potential. Its sales and distribution activities are carried out globally by its own field force. As our customers' manufacturing processes are validated by the respective authorities, product quality and assurance of supply are essential.

We see the leading market positions of the division in process filtration, fluid management, fermentation and membrane chromatography as good stepping stones for sustained dynamic and profitable growth in the future. Besides realizing its organic growth potential, the division also plans to continue expanding through complementary acquisitions and alliances.



### Lab Products & Services

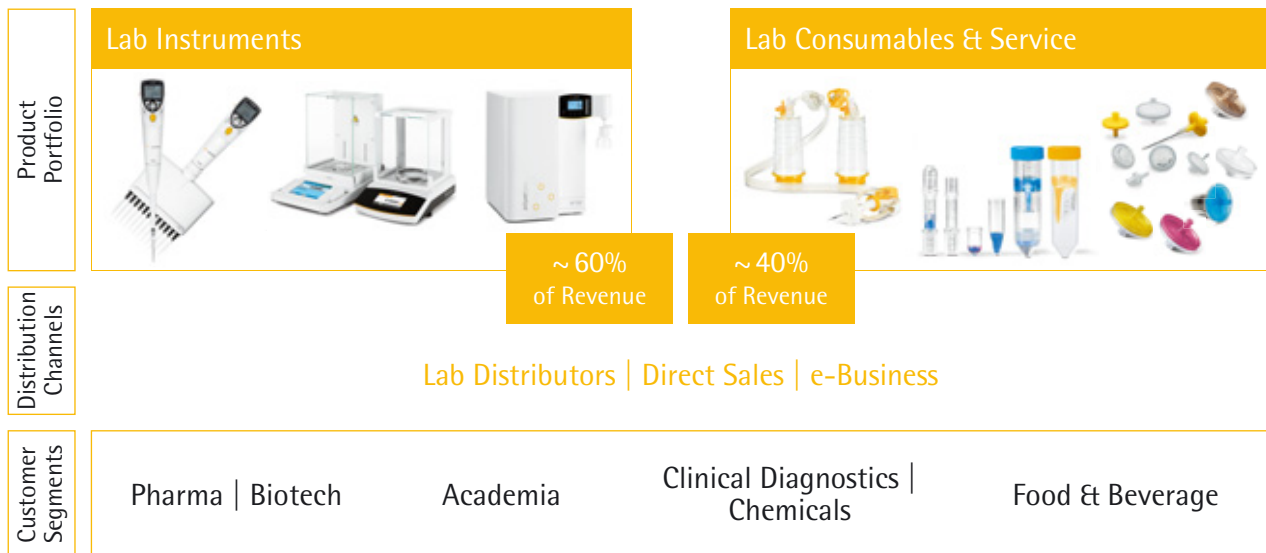
The Lab Products & Services Division focuses on research and quality assurance laboratories in pharmaceutical and biopharmaceutical companies and on academic research institutes. The division additionally serves customers in the chemical and food & beverage industries. Its product portfolio covers instruments and consumables that laboratories require, for instance, in sample preparation, or use in other standard applications. Laboratory instruments, such as lab balances, pipettes and laboratory water systems, contribute around 60% to the division's sales revenue, and consumables such as products for microbiological tests, pipette tips and services account for 40% of its total sales.

At the beginning of 2012, three formerly separate activities comprised of the laboratory weighing business, the laboratory consumables unit and the liquid handling entity were combined into one business. Subsequently, the division's product portfolio was streamlined to focus on applications in both quality

assurance and research laboratories. For the same reason, a few non-strategic product lines were phased out over the past two years.

Lab Products & Services sells its products through three distribution channels: specialized dealers and distributors, direct sales and e-business. While the distributor channel has long been well-established, its direct sales and e-business channels are being further expanded to strengthen the division's market position.

With a double-digit share in some markets, Sartorius is a well-known laboratory brand in the premium segment. Based on the company's history, its market positions differ quite considerably depending on the region and product group, however. Against this background, we see significant potential for the Lab Products & Services Division to grow organically. Due to economies of scale, this growth is projected to be accompanied by a further increase in margins. Beyond these targets, the division aims to expand its offering by complementary laboratory products, both through alliances and acquisitions.



### Strategic Planning for Sartorius 2020

Sartorius aims to grow sustainably and profitably in the future as well. The Group thus plans to generate sales revenue of around €2 billion by 2020. Approximately two-thirds of this growth is to be achieved organically; around one third, through acquisitions. Moreover, Sartorius plans to increase its underlying EBITDA margin to around 23%. Sartorius has executed on its 2020 strategic plan developed in 2011 by implementing a number of initiatives related to regional growth, product portfolio and infrastructure.

In view of our organic growth and continued improvement of profitability, we are on track to achieve these goals. However, the sales revenue that can be contributed by acquisitions substantially depends on the availability of appropriate takeover targets.

Regionally, North America is a focus of Sartorius' growth strategy. Both for the manufacture of biopharmaceuticals and laboratory products, North America is the world's largest market. Sartorius still has below-average market share in this region, also because the USA is the home market for the vast majority of our competitors. To gain market share, we have strengthened our capacities primarily in sales, distribution and services and enhanced our sales processes.

Our second regional focus is on Asia, especially on China and India. These markets have tremendous potential and are growing at higher-than-average rates. To participate in this momentum in the best possible way, Sartorius considerably invested in its sales infrastructure in this region as well.

In addition, acquisitions primarily focused on complementary technologies and products are to contribute to our future growth. Over the past years, we successfully expanded our wide array of products and services through several small and medium-sized acquisitions.

To make business processes more efficient, Sartorius is globally introducing a new ERP system, which is already in use at Group headquarters in Goettingen, Germany. Moreover, we are continuously expanding capacity at our manufacturing sites. In Goettingen, we are combining our plant sites still located in separate areas into one location as part of a multi-year project. At the same time, we are extending our local production capacities.

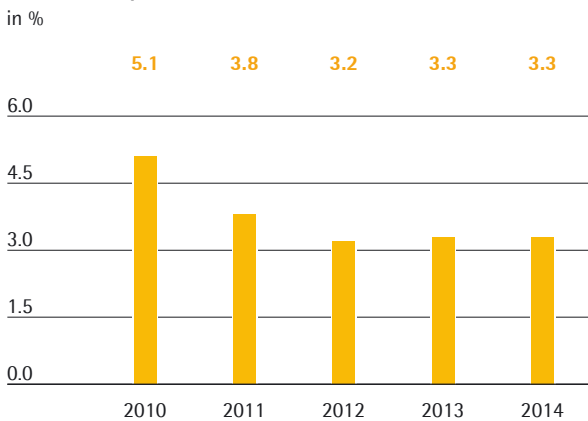
# Macroeconomic Environment and Conditions in the Sectors

The two divisions of the Sartorius Group operate in sectors with different economic sensitivities. The Bio-process Solutions Division is active in an environment that is largely unaffected by economic fluctuations. The Lab Products & Services Division, by contrast, conducts its business activities also in sectors that are more dependent on economic developments.

## Macroeconomic Environment

The global economy expanded at the same rate as in the previous year, 3.3%, according to the International Monetary Fund (IMF). In view of an overall weak start into the year, this pace of expansion is slightly less than the 3.6% rate originally forecasted.

Global Development GDP (2010 to 2014)



Source: International Monetary Fund

Following a sluggish start into 2014 that was mainly weather induced, the U.S. economy performed robustly during the latter course of the year. On balance, growth in the U.S. was 2.2% in 2014 and thus at the previous year's level, driven primarily by rising government spending besides strong private consumption.

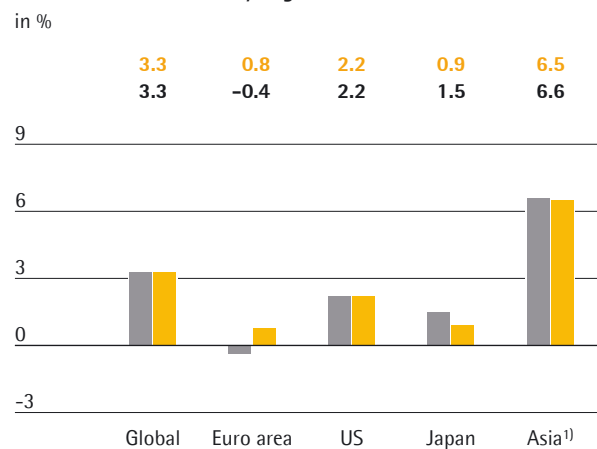
The national economies in Europe showed quite uneven development again in the reporting year. The euro zone continued to be affected by the consequences of the financial crisis: The overall high sovereign debt of the member nations and their comparably high unemployment rate had a negative impact yet again. After contracting for several years, the euro-zone economy, however, did record a slight increase of 0.8% in the

reporting year. The pace of expansion in Germany and France slowed relative to the first half, attaining 1.4% and 0.4%, respectively, while the Italian economy continued to shrink (-0.2%).

Fueled by strong private consumption and rising investments, the U.K. economy grew 3.2%. The political crisis in Ukraine and the associated sanctions led to stagnation of the Russian economy in 2014.

Economic growth in Asia was 6.5%, nearly at the prior-year level. Momentum in the Chinese economy slowed slightly in the reporting period, with a gain of 7.4% recorded following growth of 7.7% in the previous year. By contrast, momentum of the Indian economy improved due to rising exports and investments. Its economy gained 5.6% compared with 2013. Japan's economic performance rose in the reporting year by 0.9%.

Gross Domestic Product by Region



■ 2014  
■ 2013

<sup>1)</sup> Asia = China, India and Asean-5 (Indonesia, Malaysia, Philippines, Thailand, Vietnam)

Source: International Monetary Fund

### Exchange Rate Trends

Important currencies for the Sartorius Group besides the euro include especially the U.S. dollar as well as other currencies like the Chinese yuan and the Indian rupee.

The exchange rate of the euro to the U.S. dollar was impacted in the reporting year by the continuing weak economy in Europe and by the robust economic development in the USA. As a result, the European single currency sharply depreciated during the course of the year, hitting its annual low of 1.21 U.S. dollars on December 31.

### Interest Rate Trends

In the year under review, average interest rates dropped to new historic lows. The European Central Bank cut its base rate in two steps in the reporting year from 0.25% to a record low of 0.05%. The 3-month EURIBOR rate – the rate of interest on fixed-term deposits denominated in euros in interbank business – was still at the very low level of 0.08% as of December 31, 2014, relative to 0.29% in the previous year.

Sources: International Monetary Fund: World Economic Outlook October 2014; Bloomberg; ECB; de.euribor-rates.eu.

### Sector Conditions

The key customers that the Sartorius Group serves are from the biopharmaceutical and pharmaceutical industries, public research institutes and from the chemical and food sectors. Accordingly, the trends in these specific sectors considerably influence the business development of the Sartorius Group.

#### Strong Growth in the Pharmaceutical Markets

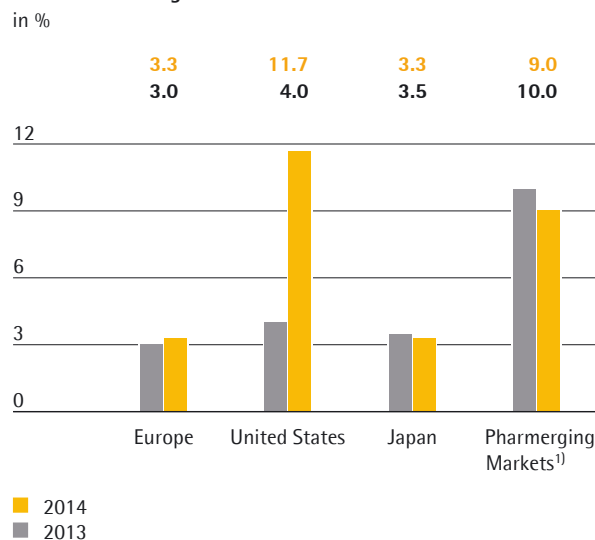
The international market research institute IMS Health estimates that the global pharmaceutical market has grown by around 7% in 2014, compared with a gain of about 4% to 5% in 2013<sup>1)</sup>.

This significant acceleration in growth can be primarily attributed to a comparably low number of patent expirations in the developed markets and to many new medical drugs approved. In addition, the introduction of government health insurance in the USA had a positive impact.

<sup>1)</sup> Prior-year figures adjusted; discounts and rebates not considered

Pharmerging markets continued to expand dynamically on the whole in the reporting period. Growth in these markets was driven by the expansion of state healthcare and by higher private spending.

#### Growth of the Regional Pharma Markets



<sup>1)</sup> China, Brazil, Russia, India, Algeria, Argentina, Columbia, Egypt, Indonesia, Mexico, Nigeria, Pakistan, Poland, Romania, Saudi Arabia, South Africa, Thailand, Turkey, Ukraine, Venezuela, Vietnam

Source: IMS Health

#### Continued Above-Average Growth in the Biotechnology Market

The global market for pharmaceuticals manufactured using biotech methods grew overproportionately in the reporting year by around 9%, again outperforming the global pharmaceutical market. This is attributable mainly to the launch of many new biopharmaceuticals over the past years and to expanded indications for existing medicines. The proportion of sales revenue accounted for by biologically produced medications has risen continuously over the past years, and in 2014 stood at around 22% to 23%. Currently, therapeutic proteins, which play an important role in the treatment of conditions including diabetes and chronic anemia, still make up the largest category of active pharmaceutical ingredients manufactured using biotech methods. Monoclonal antibodies are also continuing to gain importance. These are used, for instance, for the treatment of cancer, HIV and autoimmune diseases, such as multiple sclerosis and rheumatism. According to a study conducted by the Boston Consulting Group, there were over 330 monoclonal antibodies undergoing clinical development (Phases I–III) in 2013, significantly more than in 2012.

### Strong Trend Towards Single-Use Systems in Biopharmaceutical Production

Compared with classic procedures, biotechnological production processes are vastly more complex and cost-intensive. For this reason, manufacturers and suppliers are intensively working to develop more efficient production technologies. Single-use products are playing a crucial role in this effort. They require significantly less capital expenditure and, moreover, reduce costs for cleaning and validation and minimize downtime. Beyond these advantages, single-use products provide considerable flexibility and help accelerate time to market. Thanks in particular to their cost efficiency, single-use products are already well established in many process steps.

### Continued Soft Demand in the Public Research Sector

A proportion of the demand for our laboratory products comes from the public research sector. In many countries, research budgets have been declining as a result of excessive public debt. According to Frost & Sullivan, demand from the public research sector in the reporting year was slightly below the prior-year level.

### Chemical Sector with Moderate Growth

Industry experts estimate that the chemical industry in Europe has made moderate progress in 2014, increasing production by 2.0%. According to the European Chemical Industry Council (Cefic), this can be attributed in particular to the rise in demand from the automotive industry. In addition, stabilization in the building sector had a positive effect. North America and Asia also saw increasing demand for chemical products.

### Competitive Position

The competitive environment varies in each of our two core divisions.

The Bioprocess Solutions Division operates as a total solutions provider, covering the core process steps in biopharmaceutical manufacture. It holds a leading global position in key technological fields, offering the most extensive portfolio of single-use technologies in the sector. The division's main competitors include EMD Millipore, Pall, General Electric and Thermo Fisher.

The Lab Products & Services Division is positioned as a premium provider of products along with excellent services, and serves both research and quality assurance laboratories across many industries. Our product range covers laboratory balances and pipettes as well as a wide array of consumables, to name a few examples. In these segments, the division ranks among the leading providers worldwide. Its main competitors include Mettler Toledo, Thermo Fisher, EMD Millipore, Pall and Eppendorf.

Sources: The Boston Consulting Group: Medizinische Biotechnologie in Deutschland 2014 (Medical Biotechnology in Germany 2014); IMS: Global Outlook for Medicines Through 2018; Evaluate Pharma: World Preview 2018, June 2013; Frost & Sullivan: 2014 Mid-year Report: Forecast and Analysis of the Global Market for Laboratory Products; VCI: Quartalsbericht Q3 2014; Cefic: Chemical Industry benefits from general economic recovery, June 2014.

## Assessment of the Economic Position

### Sartorius in Fiscal 2014

Sartorius enjoyed another year of strong progress in fiscal 2014, achieving and, in some cases, exceeding the financial targets set by management at the beginning of the year. Moreover, Sartorius further focused its portfolio, as envisaged in the Sartorius 2020 strategic plan, with the sale of Industrial Technologies, the smallest of the Group's divisions. The two remaining divisions, Bioprocess Solutions and Lab Products & Services, both sharpened their strategic focus on their core customers in the biopharmaceutical industry and in laboratories, respectively. The Bioprocess Solutions product range gained another innovative strand in 2014 with the acquisition of a majority stake in AllPure Technologies.

Given that the Industrial Technologies Division was included in the Group's guidance for 2014 published at the beginning of the year, it is accordingly also retained in the following comparison of our financial targets and actual performance. The subsequent parts of the Group Management Report, however, report only on continuing operations in accordance with the presentation in the consolidated financial statements and notes.

Sartorius grew considerably yet again in 2014. Sales revenue rose by 11.3% in constant currencies, thus slightly exceeding the forecast range of 8% to 10% announced at the beginning of the year. The profit margin based on underlying EBITDA rose to 20.2%, slightly above our forecast of approximately 20%.

To facilitate future growth, Sartorius expanded capacities in several production facilities and invested in its IT systems in the reporting year. The capex ratio relative to sales revenue amounted to 8.6%, well in line with the 8% to 10% range forecasted at the beginning of the year.

The Group's financial position remained broadly unchanged and stable. The equity ratio was 39.1% after 38.1% in 2013, and thus remained at a comfortable level. The ratio of net debt to underlying EBITDA for the last twelve months was 1.7, following on from 2.0 in 2013, and thus developed slightly better than forecasted at the start of the year.

As the application of IFRS 5 had only a minor effect on the particular division results, a comparison with the respective forecasts is provided in the chapters on the divisions.

### Industrial Technologies Division a Discontinued Operation

In December 2014, a contract for the sale of the Industrial Technologies Division was concluded with the Minebea Group and its partner, the Development Bank of Japan. In accordance with IFRS 5, this division is consequently reported in the consolidated financial statements and Group Management Report as a discontinued operation. This means that order intake, sales revenue, earnings, assets, liabilities, including borrowings, and cash flows of the Industrial Technologies Division are shown separately in the financial reporting. The original statement of profit or loss for 2013 was accordingly restated. In line with IFRS 5, by contrast, the statement of financial position was not restated.

The section on the discontinued operation on page 51 provides information about the business development of Industrial Technologies in fiscal 2014.



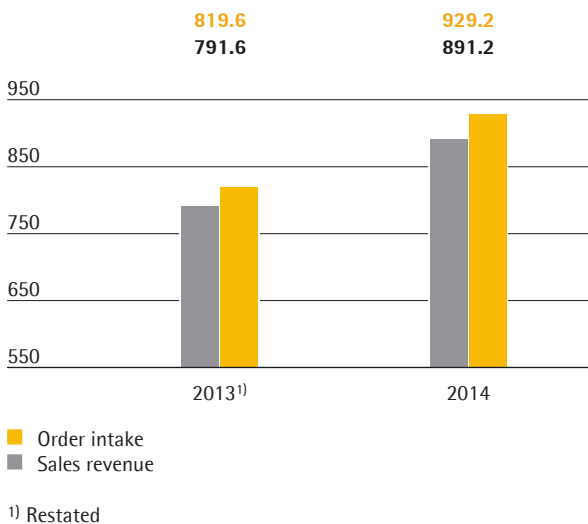
# Group Business Development

The Sartorius Group business development is presented for continuing operations; i.e., for the divisions of Bioprocess Solutions and Products & Services.

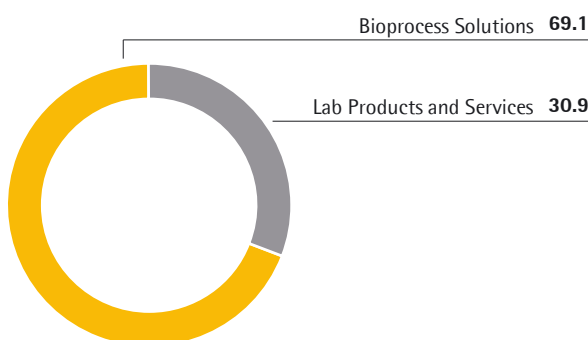
## Order Intake and Sales Revenue

Business performance for the Sartorius Group was positive on the whole for the year under review, with significant double-digit gains reported in order intake and sales revenue. Order intake rose 13.4% to €929.2 million. In the same period, Group sales revenue increased 12.6% to €891.2 million. (All rates of change in constant currencies.)

**Order Intake and Sales Revenue**  
€ in millions



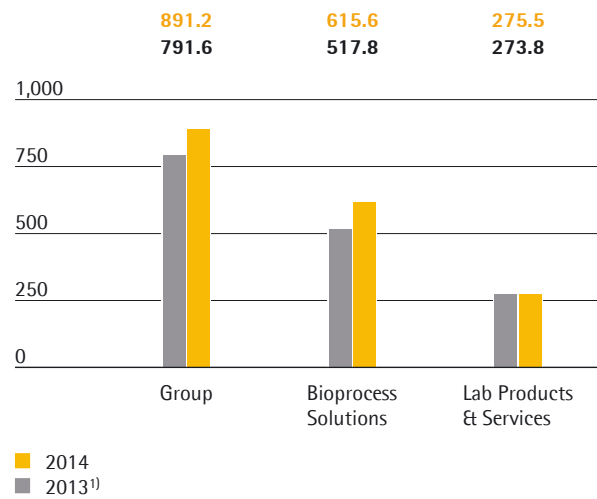
**Sales Revenue by Division**  
in %



Regarding division performance, the Bioprocess Solutions Division was again the major growth driver in the reporting year, achieving double-digit gains. The division's order intake climbed 18.3% to €652.7 million. Its sales revenue surged 18.5% to €615.6 million. The division's organic growth was around 10%, which means that acquisitions are excluded. (All rates of change in constant currencies)

## Sales Revenue and Growth

€ in millions, unless otherwise specified



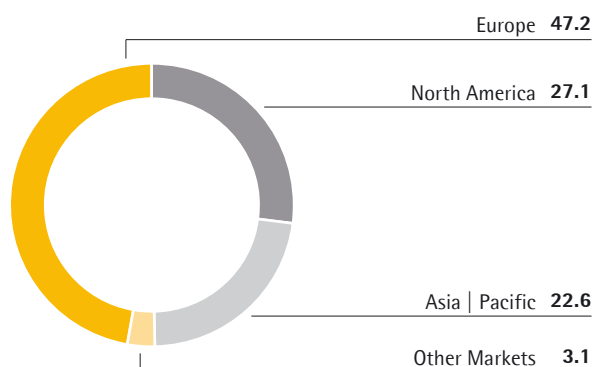
	Sales revenue € in millions	Growth in %	Growth <sup>1)</sup> in %
<b>Group</b>	<b>891.2</b>	<b>12.6</b>	<b>12.6</b>
Bioprocess Solutions	615.6	18.9	18.5
Lab Products & Services	275.5	0.6	1.4

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

In the reporting year, the Lab Products & Services Division received orders amounting to €276.5 million relative to €270.0 million a year ago. This equals an increase of 3.2%. Division sales revenue rose 1.4% to €275.5 million, up from €273.8 million in 2013. (All rates of change in constant currencies)

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.

Sales Revenue by Region<sup>1)</sup>  
in %



<sup>1)</sup> Acc. to customers' location

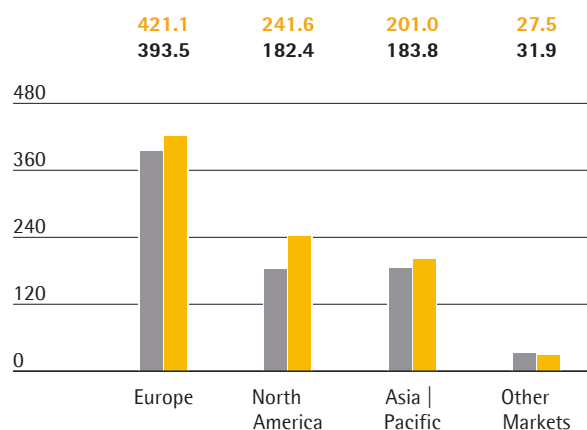
In Europe, the region that accounts for around 47% of the Sartorius Group's business and thus the highest sales share, sales revenue was 6.6% above the high base of the previous year. While the Bioprocess Solutions Division reported a double-digit sales gain of 11.3%, sales revenue for the Lab Products & Services Division was slightly below the prior-year level, at -1.2%, primarily due to the phase-out of non-strategic products. (All rates of change in constant currencies.)

North America, which represented approximately 27% of Group revenue in the reporting year, grew very dynamically, recording a gain of 32.0% that was fueled by both divisions. The Bioprocess Solutions Division reported a surge in sales of 37.1%, which was partly induced by acquisitions. In addition, the business expanded also organically at a significant pace. Driven by strong demand in all product segments, sales revenue for Lab Products & Services likewise increased sharply, by 13.3%. (All rates of change in constant currencies.)

For the Asia | Pacific region, which accounts for around 23% of consolidated sales, we saw a double-digit gain again, 10.9%, in the year under review. The key growth driver was the Bioprocess Solutions Division, which boosted its sales revenue by 17.4%. Performance was driven by both large equipment orders and strong demand for our single-use products. Given the weak market environment, especially at the beginning of the year, the Lab Products & Services Division reported sales growth of 1.4%. (All rates of change in constant currencies.)

Group Sales Revenue by Region<sup>1)</sup>

€ in millions, unless otherwise specified



■ 2014  
■ 2013<sup>2)</sup>

<sup>1)</sup> Acc. to customers' location

<sup>2)</sup> Restated

	Sales revenue € in millions	Growth in %	Growth <sup>2)</sup> in %
<b>Group</b>	<b>891.2</b>	<b>12.6</b>	<b>12.6</b>
Europe	421.1	7.0	6.6
North America	241.6	32.5	32.0
Asia   Pacific	201.0	9.3	10.9
Other Markets	27.5	-13.9	-13.9

<sup>1)</sup> Acc. to customers' location

<sup>2)</sup> In constant currencies

### Development of Costs and Earnings

In the reporting year, the cost of sales was at €461.6 million. The rise of 13.4% is primarily due to the increase in production volumes, the complete consolidation of the media business and to higher depreciation related to the expansion of production capacities. The cost of sales ratio was 51.8% relative to 51.4% a year ago.

Functional costs for the Sartorius Group developed in fiscal 2014 as follows: Selling and distribution costs rose underproportionately by 10.2% relative to sales revenue, to €200.2 million. The ratio of selling and distribution costs to sales revenue was 22.5% compared with 22.9% in the previous year.

Expenses for research and development rose in the reporting year in both Group divisions. On the whole, R&D costs increased 5.7% to €50.4 million. This equates to 5.7% of sales revenue, compared with 6.0% in the prior year.

Concerning general administrative expenses, we reported a 17.3% increase to €58.3 million, which can be primarily attributed to recent acquisitions. In relation to sales revenue, general administrative expenses were at 6.5% relative to 6.3% in the previous year.

In fiscal 2014, the balance of other operating income and expenses was €5.5 million relative to €4.4 million a year earlier.

Overall, Group operating expenses rose 12.2% year over year. Accordingly, EBIT increased overproportionately with respect to sales revenue by 14.7% to €126.2 million. The Group's EBIT margin was 14.2% (2013: 13.9%).

The significant change in the financial result (-€29.9 million in 2014 relative to -€14.6 million in 2013) especially reflects the valuation effects of hedging instruments, such as in connection with the refinancing of our syndicated loans. This effect amounted to approximately €8 million. In the reporting year, income taxes totaled €32.4 million (2013: €29.3 million). The company's tax rate was 33.6% after 30.7% in the year before.

As already mentioned, the Industrial Technologies Division was reported as a discontinued operation. Net profit after tax for this activity was €4.5 million, at the previous year's level.

In the reporting year, net profit attributable to shareholders of Sartorius AG was €48.5 million relative to €52.4 million a year earlier. Non-controlling interest stood at €19.9 million (2013: €18.2 million), which essentially reflected shares in Sartorius Stedim Biotech S.A. not held by the Sartorius Group.

### Statement of Profit or Loss

€ in millions	2014	2013 <sup>1)</sup>	in %
Sales revenue	891.2	791.6	12.6
Cost of sales	-461.6	-407.0	-13.4
<b>Gross profit on sales</b>	<b>429.6</b>	<b>384.6</b>	<b>11.7</b>
Selling and distribution costs	-200.2	-181.6	-10.2
Research and development costs	-50.4	-47.7	-5.7
General administrative expenses	-58.3	-49.7	-17.3
Other operating income and expenses	5.5	4.4	24.7
<b>Earnings before interest and taxes (EBIT)</b>	<b>126.2</b>	<b>110.0</b>	<b>14.7</b>
Financial income	3.4	2.0	67.7
Financial expenses	-33.3	-16.6	-100.5
<b>Financial result</b>	<b>-29.9</b>	<b>-14.6</b>	<b>-105.0</b>
<b>Profit before tax</b>	<b>96.3</b>	<b>95.4</b>	<b>0.9</b>
Income taxes	-32.4	-29.3	-10.5
<b>Profit after tax from continuing operations</b>	<b>63.9</b>	<b>66.1</b>	<b>-3.3</b>
<b>Profit after tax from discontinued operation</b>	<b>4.5</b>	<b>4.5</b>	<b>-0.2</b>
<b>Net profit for the period</b>	<b>68.4</b>	<b>70.6</b>	<b>-3.1</b>
Attributable to:			
Equity holders of Sartorius AG	48.5	52.4	-7.4
Non-controlling interest	19.9	18.2	9.4

<sup>1)</sup> Restated according to IFRS 5

## 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. More information on extraordinary items is provided on page 115.

### Reconciliation from EBIT to Underlying EBITDA

€ in millions	2014	2013 <sup>1)</sup>
EBIT	126.2	110.0
Extraordinary items	8.3	6.5
Amortization   depreciation	52.3	45.8
Underlying EBITDA	186.8	162.3

<sup>1)</sup> restated

In fiscal 2014, the Sartorius Group increased its earnings overproportionately yet again. Underlying EBITDA thus rose 15.1% to €186.8 million. The Group's respective underlying EBITDA margin improved from 20.5% to 21.0%.

	Underlying EBITDA € in millions	Underlying EBITDA margin in %
<b>Group</b>	<b>186.8</b>	<b>21.0</b>
Bioprocess Solutions	145.6	23.7
Lab Products & Services	41.2	15.0

The Bioprocess Solutions Division increased its underlying EBITDA by 22.5% from €118.9 million to €145.6 million. This overproportionate increase relative to sales revenue was driven by economies of scale. The division's margin rose from 23.0% to 23.7%. The Lab Products & Services Division reported an underlying EBITDA of €41.2 million vs. €43.4 million a year ago. At 15.0%, the division's margin remained below the previous year's level of 15.9%, which was mainly induced by sales.

Consolidated EBIT including extraordinary items of –€8.3 million (2013: –€6.5 million) mainly related to the integration of TAP Biosystems, severance payments and to various cross-divisional projects, depreciation and amortization reached €126.2 million (2013: €110.0 million). The Group's respective EBIT margin was 14.2% (previous year: 13.9%).

## Relevant Net Profit

The relevant net profit attributable to the shareholders of Sartorius AG was €73.7 million, up from €64.8 million a year ago. This figure is calculated by adjusting for extraordinary items, eliminating non-cash amortization and fair value adjustments of hedging instruments and is based on the normalized financial result as well as the corresponding tax effects for each of these items. The respective underlying earnings per ordinary share amounted to €4.31, up from €3.79 a year earlier, and per preference share, to €4.33 euros, up from €3.81 euros a year ago.

€ in millions	2014	2013 <sup>1)</sup>
EBIT	126.2	110.0
Extraordinary items	8.3	6.5
Amortization	14.0	12.5
Normalized financial result <sup>2)</sup>	–20.2	–15.2
Normalized income tax (2014: 30%, 2013: 30%) <sup>3)</sup>	–38.5	–34.1
Underlying earnings	89.8	79.6
Non-controlling interest	–23.7	–20.5
Underlying earnings after taxes and non-controlling interest	66.1	59.2
Underlying earnings per share		
per ordinary share (in €)	3.87	3.46
per preference share (in €)	3.89	3.48
Relevant net profit after non-controlling interest <sup>4)</sup>	73.7	64.8
Underlying earnings per share		
per ordinary share (in €)	4.31	3.79
per preference share (in €)	4.33	3.81

<sup>1)</sup> Restated

<sup>2)</sup> Financial result excluding fair value adjustments of hedging instruments and non-periodic expenses and income

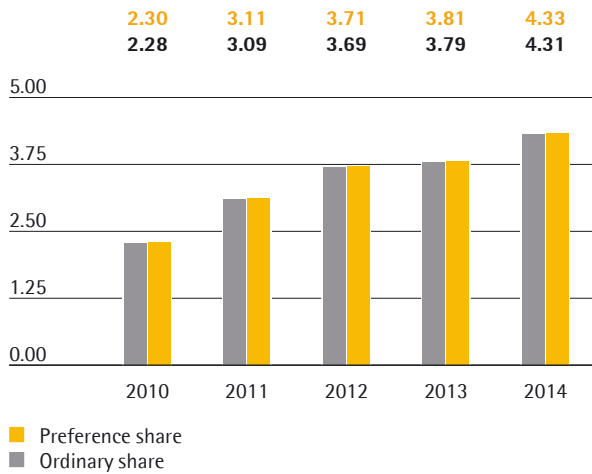
<sup>3)</sup> Underlying income tax, based on the underlying profit before taxes and non-cash amortization

<sup>4)</sup> 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.

**Underlying Earnings per Share<sup>1)2)</sup>**

in €



<sup>1)</sup> Adjusted for extraordinary items and non-cash amortization, based on the normalized financial result, including the corresponding tax effects

<sup>2)</sup> Including discontinued operations

**Appropriation of Profits**

The Supervisory Board and the Executive Board will submit a proposal at the Annual Shareholders' Meeting on April 9, 2015, to raise dividends for fiscal 2014. According to this proposal, dividends are set to increase from €1.02 a year ago to €1.08 per preference share, and from €1.00 a year earlier to €1.06 per ordinary share. The total amount disbursed under this proposal would thus rise 5.9% from €17.2 million to €18.2 million.

**Research and Development**

Spending on research and development (R&D) across the Sartorius Group amounted in the reporting year to €50.4 million, which represents a year-on-year increase of 5.7% (2013: €47.7 million). The ratio of R&D costs to sales revenue stood at 5.7% (2013: 6.0%).

Development investments significantly increased in the reporting period driven by the successful completion of several larger projects. They amounted to €13.7 million compared to €8.6 million in 2013, which equates to a share of 21.4% (2013: 15.2%) of the Group's total R&D expenses. The depreciation related to capitalized development costs amounted to €8.5 million in the reporting year (2013: €6.8 million).

With our research and development activities we aim at providing innovative products and solutions that help our customers run their production and lab operations efficiently in terms of both time and costs. We endeavor to expand our range of products continuously both via our own research and development and by integrating technologies through alliances.

Sartorius operates a strategic property rights policy across our divisions to protect our expertise. This entails a systematic program to detect any infringements of our rights plus reviews based on a cost|benefit approach to determine which specific individual rights need to be maintained.

We filed a total of 167 applications for property rights in 2014 (2013: 182) and were issued 228 patents and trademarks also as a result of past applications (previous year: 172). As of the balance sheet date, we had a total of 2,987 patents and trademarks in our portfolio (2013: 2,721).

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

## Capital Expenditures

We increased capital expenditures considerably in the reporting year, as planned, to €80.9 million (2013: €60.6 million).

In fiscal 2014, a substantial part of our capital expenditures related to investments in the expansion of our production capacities, in particular, to our filter manufacture at the Goettingen site.

We completed preparations for the international rollout of our new ERP system in the reporting year and began implementation at our sites in the USA.

Moreover, Sartorius started a multi-year project in 2014 to consolidate and expand its headquarters in Goettingen.

## Employees

The following numbers of employees include all staff members apart from vocational trainees, interns, employees on extended leaves of absence and those participating in an early retirement plan. These numbers are recorded as head counts, meaning that all employees are counted regardless of whether they work full or part time.

As of December 31, 2014, the Sartorius Group employed 5,611 people in its continuing business segments, 453 more than in the previous year. The 173 employees of the British company TAP Biosystems that Sartorius had acquired at the end of 2013 and the 31 staff members of Sartorius' most recent acquisition, AllPure Technologies, were included for the first time in fiscal 2014 reporting.

### Employees

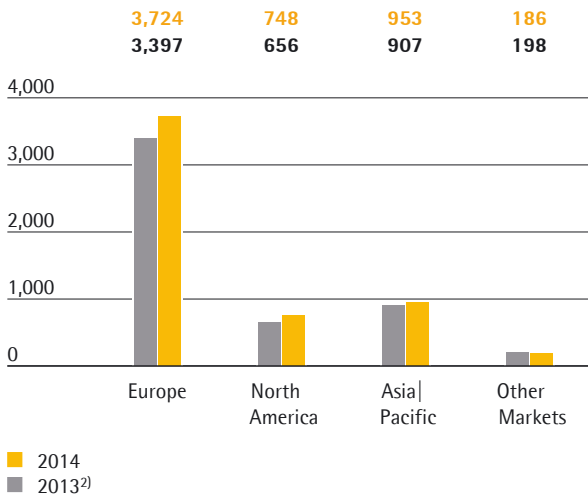
	2014	2013 <sup>1)2)</sup>	Growth in %
Bioprocess Solutions	3,527	3,115	13.2
Lab Products & Services	2,084	2,043	2.0
<b>Continuing operations</b>	<b>5,611</b>	<b>5,158</b>	<b>8.8</b>
Discontinued operation	707	705	0.3
<b>Total group</b>	<b>6,318</b>	<b>5,863</b>	<b>7.8</b>

<sup>1)</sup> Restated

<sup>2)</sup> Excluding TAP Biosystems

At 2014 year-end, the majority of the total Group workforce, 62.9%, was employed in the Bioprocess Solutions Division; 37.1% worked in the Lab Products & Services Division. Both divisions reported gains in their respective workforces, with headcount increases of 13.2% and 2.0%, respectively. Employees in central administrative functions were reported according to the continuing division for which they performed their tasks.

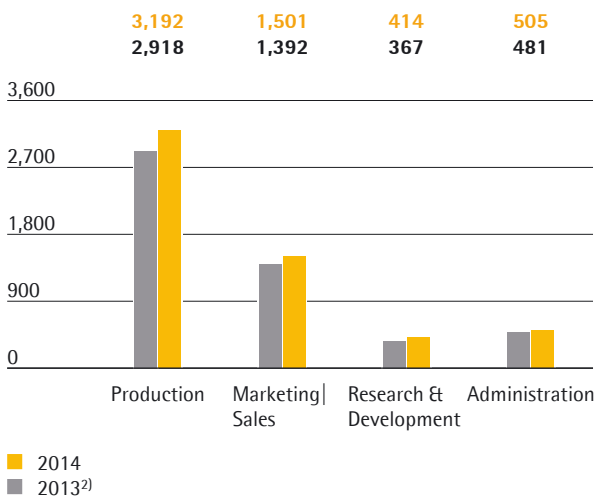
Employees by Region<sup>1)</sup>



<sup>1)</sup> Continuing operations  
<sup>2)</sup> Restated

Head count increased in all three core regions in the reporting year. At 2014 year-end, around two-thirds of the total workforce were employed in Europe, where head count grew 9.6%. This gain was 2.9% at the German Group sites, where we employ 40.1% of our total staff. North America recorded the highest staff increase by 14.0%. The number of people employed in the Asia|Pacific region at the end of the fiscal year rose 5.1%, representing 17.0% of the total Group workforce at year-end.

Employees by Function<sup>1)</sup>



<sup>1)</sup> Continuing operations  
<sup>2)</sup> Restated

The numbers of employees by function show that the Production unit accounted for the largest share, 56.9%, of the Group's total workforce. Head count increased by 9.4%, which primarily resulted from Sartorius' expanded personnel capacity at its French and Puerto Rican manufacturing sites in response to sustained strong demand for single-use products. In addition, the majority of staff at TAP Biosystems, which was acquired in the previous year, work in Production. A good quarter of the total Group workforce was employed in Marketing and Sales functions. As part of its sales initiatives, Sartorius strengthened its sales teams in all regions. This led to an increase in head count by 7.8% compared with the prior year. At 12.8%, the percentage gain in the number of employees was the highest in the Research & Development unit. In this area, the Bioprocess Solutions Division hired most of our new staff. At the end of the reporting year, 9.0% of the workforce was employed in administrative units, which include Finance, Human Resources and IT, among other units. This functional area recorded the lowest rate of increase, with a gain of 5.0%.

Employees by Age

	Number	2014 in %	Number	2013 <sup>1)</sup> in %
16 –20 years	24	0.4	21	0.4
21 –30 years	1,184	21.1	1,145	22.2
31 –40 years	1,666	29.7	1,516	29.4
41 –50 years	1,472	26.2	1,367	26.5
51 –60 years	1,092	19.5	962	18.6
61 years and above	173	3.1	147	2.9

<sup>1)</sup> Restated

The Sartorius Group employed 3,549 men and 2,062 women as of December 31, 2014, meaning that men make up 63.2% of the total workforce (2013: 62.7%) and women 36.8% (2013: 37.3%). More than half of our employees are between the ages of 31 and 50. The average employee age across the entire workforce in the reporting period was virtually unchanged at 40.8 years (2013: 40.4 years).

### New Hires, Attrition Rate, Average Seniority and Absenteeism

	2014	2013 <sup>1)</sup>
New hires	731	844
Departures <sup>2)</sup>	75	66
Attrition rate (in %) <sup>3)</sup>	8.6	9.3
Average seniority (in years)	9.8	9.8
Absence rate (in %)	3.6	3.9

<sup>1)</sup> Restated

<sup>2)</sup> Departures are all company-driven dismissals or layoffs, recorded for the first time in 2013 for the Group as a whole

<sup>3)</sup> The number of people leaving the company as a percentage of the average head count (2014: 5,571), including expired fixed-term contracts, contracts terminated by either the employee or the employer, retirements and other reasons for employees leaving the company

The attrition rate, which expresses the number of people leaving the company as a percentage of the average head count, fell to 8.6% for the Group in the reporting year (previous year: 9.3%). The attrition rate generally varies from region to region, and this is also true at Sartorius. At our German sites, this rate is typically low. In 2014, it stood at 4.4% after 3.9% in the previous year. In countries with a high average attrition rate, such as China and India, Sartorius successfully lowered this rate through various employee retention and motivation activities. As a result, the attrition rate in Asia dropped considerably, from 11.9% to 8.4% in the fiscal year under review.

The absence rate, or the proportion of planned working time that is not worked due to general absences, decreased in the reporting year across the Group. Even the average time missed per employee due to illness dropped from 7.1 days in 2013 to 6.6 in fiscal 2014.

For detailed information on Sartorius as an employer and on our human resources strategy and people development, please see the chapter on "Sustainable Corporate Management" starting on page 87.



## Net Worth and Financial Position

### Cash Flow

In the reporting year, net cash flow from operating activities for the Sartorius Group rose from €103.3 million to €129.7 million, especially due to the positive development of earnings. Of these cash inflows, the discontinued operation accounted for €4.0 million in 2014 and €6.3 million in 2013.

As planned, investments in 2014 were higher than in the previous year. Net cash outflow from investing activities increased to €82.0 million from €56.2 million in 2013. Our investment activities focused on the expansion of production capacities at various sites, the rollout of new IT systems and on measures related to the combination of two separate plants into one at Group headquarters in Goettingen, Germany. The discontinued operation accounted for investments of €3.6 million, following on €2.2 million in the year before.

Cash outflows related to acquisitions amounted to €4.3 million for the takeover of the majority stake in AllPure Technologies. This figure was significantly below the amount of €45.1 million in the prior year, in which Sartorius had acquired the Lonza cell culture media business and TAP Biosystems.

Thus, the Sartorius Group financed its investments and acquisitions entirely from operating cash flows, as in the previous year.

#### Cash Flow Statement Summary

€ in millions	2014	2013
Net cash flow from operating activities	129.7	103.3
Of which discontinued operation	4.0	6.3
Net cash flow from investing activities and acquisitions	-86.3	-101.3
Of which discontinued operation	-3.6	-2.2
Net cash flow from financing activities	-41.9	10.3
Of which discontinued operation	0.0	0.0
Cash and cash equivalents	40.6	51.9
Gross debt	392.1	397.0
Net debt	335.6	345.1

### Consolidated Statement of Financial Position

In accordance with IFRS 5, the prior-year statement of financial position is not required to be adjusted concerning the disclosure of assets and liabilities of discontinued operations. The material impacts of this discontinuation are described in the following.

The balance sheet total of the Sartorius Group rose by €91.1 million to €1,272.4 million as of the reporting date on December 31, 2014. This figure includes assets and liabilities of €75.9 million and €30.6 million, respectively, of the discontinued Industrial Technologies Division. These amounts are to be disclosed as current items.

Non-current assets slightly rose by €23.3 million to €836.4 million. This increase can be mainly attributed to the expansion of our production capacities. For the Group's discontinued operation, assets originally reported as non-current items of €20.1 million for the year ended December 31, 2014, were disclosed as current assets.

Current assets increased from €368.3 million to €436.1 million, inter alia, due to the change in the disclosure mentioned above.

#### Key Figures for Working Capital

in days		2014	2013 <sup>1)3)</sup>
<b>Rate of turnover for inventories</b>			
Inventories   Sales revenue	x 360	59	57
<b>Rate of turnover for receivables</b>			
Trade receivables   Sales revenue	x 360	57	52
<b>Rate of turnover for net working capital</b>			
Net working capital <sup>2)</sup>   Sales revenue	x 360	79	76

<sup>1)</sup> Restated

<sup>2)</sup> Sum of inventories and trade receivables less the trade payables

<sup>3)</sup> Including pro forma sales revenue of TAP Biosystems

## Key Balance Sheet Figures

	2014	2013
<b>Equity ratio</b>		
Equity   Balance sheet total	39.1%	38.1%
<b>Long-term-capital-to-fixed-assets ratio</b>		
Long-term capital   Fixed assets	126.0%	122.1%

Equity increased, driven by earnings, from €450.3 million to €497.1 million. The equity ratio for the Sartorius Group rose from 38.1% in 2013 to 39.1% in 2014.

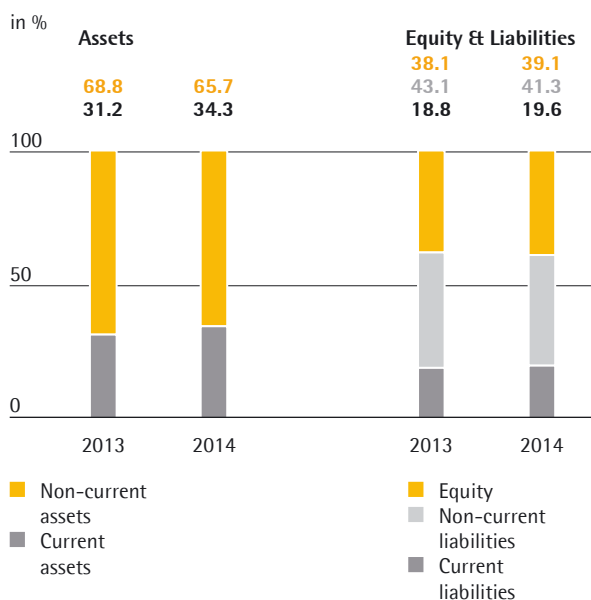
Non-current liabilities were up year over year from €509.2 million to €526.5 million. For the Group's discontinued operation, liabilities originally reported as non-current items of €9.6 million for the year ended December 31, 2014, were disclosed as current liabilities.

Current liabilities rose from €221.9 million in 2013 to €248.9 million in the reporting year. This figure includes liabilities totaling €30.6 million for the discontinued operation of the Sartorius Group.

Gross debt, which is comprised of liabilities to banks including a note loan ("Schuldscheindarlehen") and finance leases, stood at €392.1 million, slightly below the prior-year figure of €397.0 million. Net debt, defined as gross debt less cash and cash equivalents, slightly decreased from €345.1 million to €335.6 million.

The ratio of long-term capital to fixed assets marginally increased to 126.0% as of the reporting date relative to 122.1% at December 31, 2013.

## Balance Sheet Structure



## Financing | Treasury

Financing for the Sartorius Group consists of various elements and was largely renewed in the reporting year to benefit from the attractive market environment and increase our flexibility.

A major pillar of this financing is the syndicated credit line of €400 million concluded in December 2014 with a maturity term of five years. With this new financing arrangement, Sartorius has replaced two syndicated credit lines ahead of schedule and has consolidated its financing within the Group.

An additional component of the company's financing is the note loan ("Schuldscheindarlehen") placed in 2012 with a volume of €100 million and maturities of five to ten years.

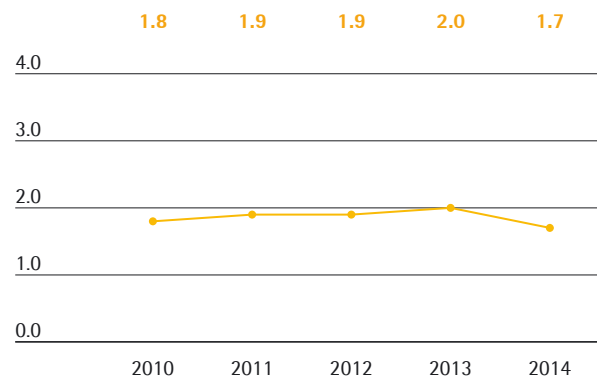
In addition, several long-term loans totaling around €100 million are available to expand our production capacities, among other projects.

Beyond these components, we have diverse working capital and guaranteed credit lines totaling approximately €60 million and a factoring program with a volume of up to €50.0 million.

The Sartorius Group is financed on a long-term, well-diversified basis. Our financing components comprise instruments with both fixed and variable interest rates. Some of our variable interest-rate bank loans are hedged against an increase in the general interest rate level.

The ratio of net debt to underlying EBITDA decreased as of December 31, 2014, to 1.7 against the year-earlier ratio of 2.0. These ratios include the discontinued operation of the Sartorius Group.

Ratio of Net Debt to Underlying EBITDA<sup>1)2)</sup>



<sup>1)</sup> Underlying

<sup>2)</sup> Including discontinued operation

As a consequence of its global business activities, the Sartorius Group is exposed to fluctuations in foreign exchange rates. The main foreign currencies include the U.S. dollar, Japanese yen and 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 approximately two-thirds of our remaining net currency exposure over a period of up to 1.5 years through suitable currency transactions.

# Business Development of Bioprocess Solutions

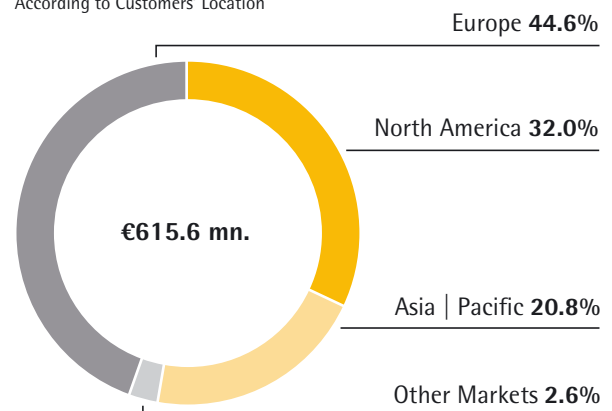
- > Significant growth across all product ranges and regions
- > Performance slightly stronger than expected, both in organic growth and acquisition-led sales
- > Further increase in earnings margin due to economies of scale

## Key Figures

€ in millions	2014	2013 <sup>1)</sup>	Δ in %
Order intake	<b>652.7</b>	549.7	18.3 <sup>2)</sup>
Sales revenue	<b>615.6</b>	517.8	18.5 <sup>2)</sup>
Underlying EBITDA	<b>145.6</b>	118.9	22.5
as a % of sales	<b>23.7</b>	23.0	
Employees <sup>3)</sup>	<b>3,527</b>	3,115	13.2

## Sales Revenue by Region

According to Customers' Location



## Products for Biopharmaceutical Manufacture



Filters for sterilization of biopharmaceutical media



Single-use bags for fermentation and storage in any scale-up level



Culture media and buffers for cell cultivation



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



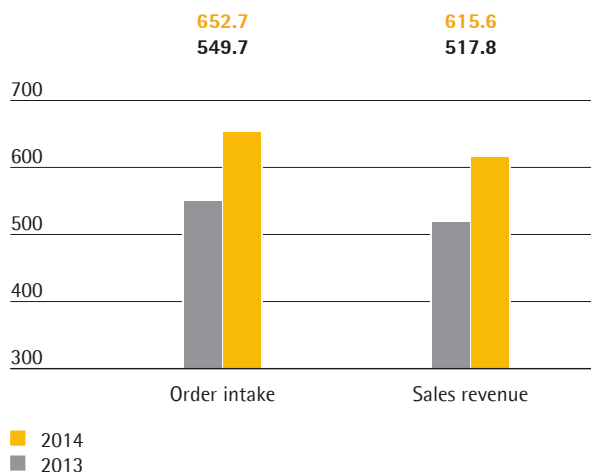
Membrane chromatography for safe and efficient purification in bioprocesses

## Order Intake and Sales Revenue

The Bioprocess Solutions Division increased its order intake in the reporting year by 18.3% to €652.7 million in constant currencies compared with a high prior-year base.

### Bioprocess Solutions: Order Intake and Sales Revenue

€ in millions

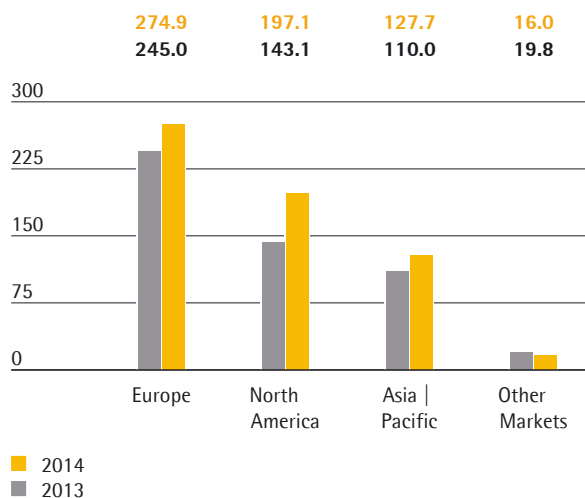


Sales revenue rose during the same period by 18.5% in constant currencies to €615.6 million, thus surpassing the 12% to 15% range predicted at the beginning of the year. Organic growth of around 10% exceeded our expectations and was driven by all product lines. Also, our recent acquisitions of the cell culture media business and TAP Biosystems developed dynamically in the reporting period and performed better than anticipated at the beginning of the year.

In 2014, all main regions reported double-digit gains in sales revenue. Especially in Europe and North America, the acquisitions mentioned above contributed significantly to growth. Europe, the region generating the highest sales and accounting for around 45% of the division's revenue, reported an increase in sales revenue of 11.3% to €274.9 million. North America, which represented 32% of the division's sales revenue, registered the highest growth dynamics in the reporting period. Sales in this region significantly increased by 37.1% to €197.1 million. Asia | Pacific accounted for around 21% of total sales in 2014, recording a gain of 17.4% to €127.7 million. (All rates of change in constant currencies)

### Bioprocess Solutions: Sales Revenue by Region<sup>1)</sup>

€ in millions, unless otherwise specified



<sup>1)</sup> Acc. to customers' location

	Sales revenue <sup>1)</sup> € in millions	Growth in %	Growth <sup>2)</sup> in %
<b>Bioprocess Solutions</b>	<b>615.6</b>	<b>18.9</b>	<b>18.5</b>
Europe	274.9	12.2	11.3
North America	197.1	37.7	37.1
Asia   Pacific	127.7	16.1	17.4
Other Markets	16.0	-19.3	-19.3

<sup>1)</sup> Acc. to customers' location

<sup>2)</sup> In constant currencies

## Earnings

Earnings of the Bioprocess Solutions Division advanced significantly in the reporting period based on strong growth in sales revenue. Due to economies of scale, underlying EBITDA increased overproportionally by 22.5% to €145.6 million. The division's respective margin rose from 23.0% to 23.7%, thus slightly exceeding our guidance of around 23.5% communicated at the outset of the year.

### Bioprocess Solutions: Underlying EBITDA and EBITDA Margin

	2014	2013 <sup>1)</sup>
Underlying EBITDA	145.6	118.9
Underlying EBITDA margin in %	23.7	23.0

<sup>1)</sup> Restated

The division recorded extraordinary items of -€5.9 million in the reporting year relative to -€3.9 million a year ago.

## Products and Sales

The Bioprocess Solutions Division provides products that cover virtually all steps in biopharmaceutical production processes, from media for cell cultivation, bioreactors in various sizes for cell propagation and filters for purifying cell material to systems for the storage and transport of intermediate and finished products. This offering is complemented by a range of services including consulting, validation and application-specific packages.

The division launched new generations of existing product lines in the reporting year and added several completely new products, most notably in the areas of fluid management and fermentation.

### New Generation of Single-Use Bags

Together with a cooperation partner, we developed a new polyethylene film based on which we launched new single-use bags for fermentation applications in the reporting year. One of the main benefits of this new film is that it does not interact with the cell material, so that stable cell growth is ensured. The new film combines both robustness and flexibility at the same time, meaning that it can also be used for large-volume cultivation, fermentation and storage processes and in a wide range of applications. Another advantage for customers is that now only a single film material has to be validated, which paves the way to significant reductions in validation time and costs.

## Acquisitions Strengthen the Product Range

The acquisition of the British company TAP Biosystems at the end of 2013 added two small-volume single-use bioreactor systems for process development applications to our product range. These innovative systems enable our customers to perform a large number of cell culture experiments simultaneously, providing a quick and cost-effective way to determine the optimal development conditions for their cell cultures. It allows us to begin working with the customer at an early stage in process development.

The product range gained new sampling systems too with the acquisition of a majority stake in U.S. startup AllPure Technologies. The AllPure system, which is based on single-use technology, allows samples to be taken from the bioreactor in a sterile, closed environment. The technology replaces traditional reusable sampling systems, which pose a greater risk of contamination.

## Extensive Range of Services

The sophisticated manufacturing processes employed by our customers are subject to strict regulations on quality control and quality assurance. Compliance with these regulations is subject to regular checks by the relevant authorities. We offer an extensive range of services encompassing validation and consulting activities as well as equipment installation, maintenance and repair to help customers comply with the applicable regulatory requirements.

## Sales and Distribution Activities Expanded

The Bioprocess Solutions Division markets its product portfolio exclusively through the direct channel. It maintains its own team of field sales representatives and also has a global key account management team to coordinate and support sales and distribution activities for key accounts. In the reporting year, Sartorius began to introduce a new global CRM system to provide further support for sales and distribution activities. It also stepped up sales and distribution activities in Asia once again in the reporting year in connection with the implementation of the 2020 strategy. The new application center opened in Shanghai, for example, allows the presentation of all of the key products plus demonstrations of a variety of different applications to customers.

## Research and Development

Our research and development activities encompass as in-house development in the area of our own core technologies as well as the integration of products through alliances with partners from universities and industry.

In-house research and development at Sartorius focuses in particular on the following technologies areas: membranes, which are the core component of all types of filter products; several base technologies for a broad spectrum of applications in bioprocesses like single-use containers and sensors; as well as control technologies, e.g. for fermentation. Moreover, we have extensive expertise in bioprocess application development.

From a regional perspective, the largest R&D site is located in Goettingen. We have additional key R&D activities in Aubagne, Guxhagen, Bangalore and Royston. Overall, our research and development activities are becoming increasingly international.

One of our R&D priorities for the reporting year was to develop additional applications for our new polyethylene film. Thus, we continued our efforts to bring the new film to market in areas such as storage or freeze-thaw applications.

In connection with the acquisition of AllPure Technologies, we began work in the reporting year to develop new standardized products for taking samples from bioreactors.

We are also collaborating with industrial and university partners on the development of new control technologies for manufacturing processes of active medical ingredients, so-called process analytical tools.

Spending on research and development at the Bioprocess Solutions Division amounted to €36.5 million in the reporting year. The corresponding ratio of R&D costs to sales revenue was 5.9% compared with 6.6% in the prior year.

## 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. Sartorius also has manufacturing operations in Switzerland, the UK, Tunisia and India.

Each of our production sites generally serves as a center of competence for particular technologies. The Group's largest plant in Goettingen, for example, concentrates chiefly on the production of membrane filters; the Aubagne and Mohamdia sites primarily manufacture single-use bags. Our plant in Yauco supplies 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 Bangalore site, which mainly manufactures stainless steel units for these systems.

### Production Capacity Expanded

Sartorius expanded its production capacity at various sites in the reporting year in response to the dynamic growth of the bioprocess business. Thus, new bag production systems were commissioned at the Yauco, Aubagne and Mohamdia plants. Sartorius installed a new casting machine for the production of filter membranes at the Goettingen site too in the reporting year. It is scheduled to be commissioned in 2015. Production capacity has also been expanded at the Bangalore plant for fermentation.

### Central Distribution Centers

Sartorius and a joint venture partner built a new, highly automated logistics center at the Goettingen site in the reporting year. The facility handles product shipping as well as supplying production units at all of the Goettingen plants. Sartorius intends to implement a central distribution center for the Asian markets too in the future, which will be based at the Suzhou site in China.

# Business Development of Lab Products & Services

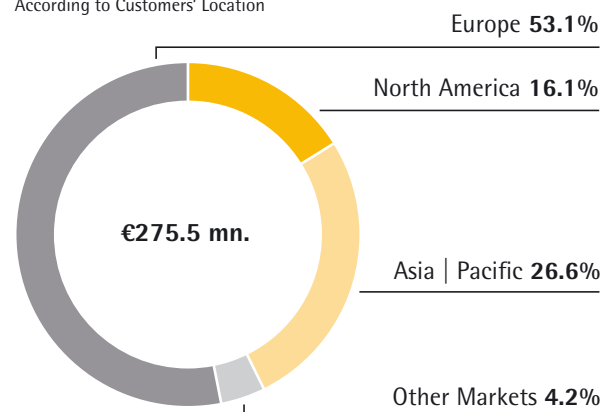
- > Development of sales revenue and earnings impacted by portfolio cleaning
- > New products featuring user-friendliness and data management
- > Focus on direct sales with key accounts and e-business

## Key Figures

€ in millions	2014	2013 <sup>1)</sup>	Δ in %
Order intake	<b>276.5</b>	270.0	3.2 <sup>2)</sup>
Sales revenue	<b>275.5</b>	273.8	1.4 <sup>2)</sup>
Underlying EBITDA	<b>41.2</b>	43.4	-5.1
as a % of sales	<b>15.0</b>	15.9	
Employees <sup>3)</sup>	<b>2,084</b>	2,043	2.0

## Sales Revenue by Region

According to Customers' Location



## Products for Laboratories in Quality Assurance and Research



Laboratory balances for reliable and convenient weighing processes



Lab water systems with single-use bag system for storage of purified water



The lightest and smallest electronic pipette on the market



Innovative membrane transfer and agar system for microbiological testing



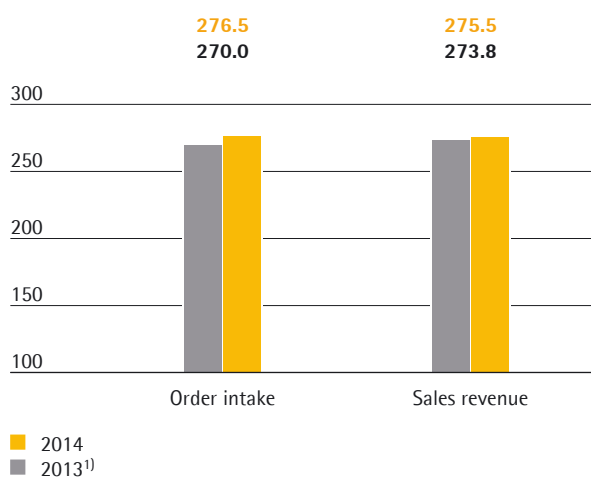
Mass comparators with a climate module that automatically measures environmental parameters



## Order Intake and Sales Revenue

In the reporting year, order intake of the Lab Products & Services Division rose 3.2% in constant currencies from €270.0 million to €276.5 million. The phase-out of non-strategic products, such as merchandise articles and laboratory balances in the low-end basic segment, had only a marginal impact on order intake.

**Lab Products & Services: Order Intake and Sales Revenue**  
€ in millions



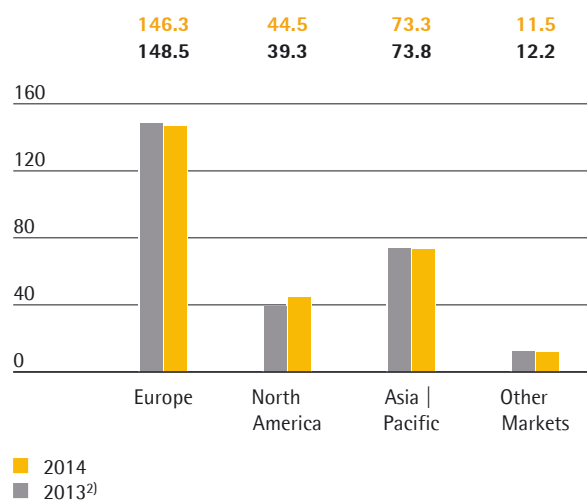
<sup>1)</sup> Restated

By contrast, the portfolio adjustment mentioned above continued to have a deferred impact on sales of about 2 percentage points, as expected. Accordingly, sales revenue in the reporting period rose 1.4% in constant currencies from €273.8 million to €275.5 million and was thus at the lower end of our growth forecast of 1% to 4%.

In Europe, the region contributing the highest share of sales revenue of more than 50%, sales revenue did not quite reach the high prior-year level (-1.2%). Here, the discontinuation of non-strategic products still had a noticeable impact on sales in the year under review. In Asia|Pacific, which accounts for around 27% of business for the Lab Products & Services Division, sales revenue grew 1.4%. This figure was affected by the weak market environment at the beginning of the year, particularly in China. In North America that generated approximately 16% of the division's revenues, sales revenue climbed significantly by 13.3%. The strong demand for our laboratory instruments as well as our consumable products and services contributed to this growth. (All rates of change in constant currencies)

## Lab Products & Services: Sales Revenue by Region<sup>1)</sup>

€ in millions, unless otherwise specified



<sup>1)</sup> Acc. to customers' location

<sup>2)</sup> Restated

	Sales revenue <sup>1)</sup> € in millions	Growth in %	Growth <sup>2)</sup> in %
<b>Lab Products &amp; Services</b>	<b>275.5</b>	<b>0.6</b>	<b>1.4</b>
Europe	146.3	-1.5	-1.2
North America	44.5	13.2	13.3
Asia   Pacific	73.3	-0.8	1.4
Other Markets	11.5	-5.2	-5.2

<sup>1)</sup> Acc. to customers' location

<sup>2)</sup> In constant currencies

## Earnings

In the reporting period, the Lab Products & Services Division achieved an underlying EBITDA of €41.2 million relative to €43.4 million a year ago. This development was essentially due to the moderate expansion of sales revenue as a result of portfolio cleaning. Accordingly, the division's underlying EBITDA margin was 15.0% compared with 15.9% a year earlier, and thus reached our guidance adjusted toward the middle of the year based on actual sales progress. The margin was originally projected to reach approximately 16.5%.

### Lab Products & Services: Underlying EBITDA and EBITDA margin

	2014	2013 <sup>1)</sup>
Underlying EBITDA	41.2	43.4
Underlying EBITDA margin in %	15.0	15.9

<sup>1)</sup> Restated

In the reporting year, extraordinary items amounted to -€2.4 million (2013: -€2.6 million).

## Products and Sales

The Lab Products & Services Division's extensive range of premium laboratory instruments, consumables and services make it an attractive partner for research and quality assurance laboratories in both industrial and academic sectors. The division has consolidated its range over the past two years by phasing out a few non-strategic product lines from its portfolio, and has also streamlined its brand strategy.

The division sells its products through three channels: While sales and distribution through specialized laboratory dealers is already well established, its direct sales and e-business activities are being further expanded.

## User-Friendly Operating Concepts

Sartorius develops and refines its products, helping laboratories to work more efficiently and comply with official regulatory requirements. Automated data management plays an essential role in this context. The new generation of electronic pipettes, for example, consequently records measurement results, maintenance history entries and other similar data that laboratories in the regulatory sector have to submit for regular verification. These pipettes can be integrated into all common laboratory information systems, too, so that measurement results are automatically available centrally. The new devices, moreover, eliminate certain manual – and hence error-prone – steps altogether. New devices are typically equipped with intuitive user guidance and assistance systems that make operation easier, more efficient and even less susceptible to errors.

## Services for a Competitive Edge

Sartorius offers a wide range of services covering the entire life cycle of its products, from device installation and commissioning to verification and calibration, to regular maintenance and repair. Its services are not limited to Sartorius instruments, but include devices from other manufacturers as well. This extensive range is in the interest of many customers looking to minimize the number of service providers they use to reduce complexity and costs. Most of the impetus for growth in our service business comes from sectors like the pharmaceutical industry where quality standards are high and regulatory requirements are increasing.

Sartorius opened two additional calibration labs for pipettes and laboratory balances in India and Singapore in the reporting year, as well as commissioned a new application laboratory in Shanghai in which customers can test all products and take training courses.

### Expanding Direct Sales and E-Business

Sartorius enjoys a strong presence in the lab equipment market overall with a double-digit market share in some instances, but for historical reasons its share does still vary considerably by product group and region. This situation presents significant potential for growth with the existing portfolio, and the division has accordingly launched a series of multi-year initiatives addressing different areas.

Over the past two years, Sartorius has integrated the sales and service teams of its formerly separate business activities, and has trained sales staff in promoting the entire product range. The company also began rolling out a new CRM system covering all regions and divisions in 2014 to provide access to a uniform database for the sales teams.

The lab division's efforts to build up direct sales to key accounts are benefiting substantially in the pharmaceutical and biotech sectors from the close customer relationships and established contacts developed by the Bioprocess Solutions Division. Major research institutions are also served directly. Field sales staff members have been relieved of a number of administrative duties, enabling them to focus more closely on contact with customers.

Sartorius is building up its e-business activities too, enhancing the quantity and quality of the product information it provides through electronic channels as well as boosting electronic sales. This expansion of our e-business is intended primarily to simplify the ordering process for lab distributors and help us reach customers not directly served by our sales operations.

### Research and Development

The lab division's core areas of technical expertise include weighing technology, mechatronics and software development for laboratory instrument manufacturing as well as membrane technology and injection molding processes for consumables. Additional, complementary expertise in technologies such as liquid handling has come aboard as a result of acquisitions. Most of the division's R&D team is centrally located at the Goettingen site, but the R&D activities of companies acquired have been kept at their original sites. This approach brings Sartorius the benefits of collaboration across technologies and between sites.

Product development priorities for Sartorius in the fiscal year ended included standardized, intuitive user interfaces for all laboratory equipment. The associated new concept has already been implemented for balances, moisture analyzers and laboratory water purification systems; this design work for the other instruments is in progress. Other fields of particular interest include data management and process automation. Examples of activities in this area include the ongoing development of Q-Apps, special programs – some of them customer-specific – that guide lab staff through weighing processes and send the corresponding data to laboratory management systems.

Sartorius collaborates closely with industrial and academic technology partners in addition to pursuing its own R&D. The Fraunhofer Application Center for Plasma and Photonics joined the extensive research network in Germany in the reporting year. Sartorius is also involved, as a member of the SmartLab working group, in the design of the laboratory of the future to be presented at lab technology trade fair LABVOLUTION 2015. Sartorius is stepping up collaboration with international partners too, most notably with universities in China.

Sartorius invested €13.9 million in R&D in the Lab Products & Services Division in the reporting year (2013: €13.5 million). The R&D ratio increased to 5.1% from 4.9% a year ago.

## 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 also serve as centers of competence and consequently tend to focus on one product group or a small set of product groups. Laboratory balances are manufactured in Goettingen and Beijing, for example, while pipettes are made at our Helsinki and Suzhou sites. Kits for microbiological tests are produced in Stonehouse, and most membrane-based products are manufactured in Goettingen.

### Capacity Expanded

Sartorius invested in creating additional production capacity at a number of sites in the reporting year. New machinery and enhanced processes for pipette tip manufacturing have been in place since the summer of 2014 at its Kajaani plant in Finland.

In addition, construction of a new laboratory instrument production facility began in October at the Goettingen site, where two plants from separate sites in Goettingen are being combined in this new building as part of the Sartorius Campus project. A calibration center, prototype manufacturing unit and a training workshop will also be integrated.

Sartorius has invested in more efficient logistics too. Like the Bioprocess Solutions Division, Lab Products & Services uses the logistics center that Sartorius along with a joint venture partner built in Goettingen for shipping products and supplying manufacturing operations. In the future, the division will deliver products to customers in Asia centrally through its distribution hub in Suzhou, China.

# Discontinued Operation

## Industrial Technologies

The Industrial Weighing Division is a leading supplier of industrial weighing and control equipment, focusing on premium segments such as the pharmaceutical and food industries. Sartorius decided in 2011 to examine all options including the sale of this business because high investments would have been necessary to ensure the sustained positive development of the division, especially outside Europe. In the reporting year, this business was therefore carved out as a legally independent subgroup. In December 2014, we signed a contract to sell the Industrial Technologies Division. Accordingly, this business is reported as a discontinued operation under the requirements of IFRS, the international financial reporting standards.

### Key Figures for Industrial Technologies

€ in millions	2014	2013 <sup>1)</sup>
Order intake	108.0	100.2
Sales revenue	103.8	103.2
Underlying EBITDA	12.9	10.3
- as a % of sales revenue	12.4	10.0
Employees as of Dec. 31	707	705

<sup>1)</sup> Restated

## Order Intake and Sales Revenue

Following a weak start into fiscal 2014, the Industrial Technologies Division recorded positive performance as the year progressed. Order intake thus increased 8.3% from €100.2million to €108.0million. Growth in sales revenue was slightly less dynamic due to timing effects related to completion of contracts. On the whole, sales revenue of the Industrial Technologies Division rose 1.0% from €103.2million to €103.8million and thus reached the lower end of the guidance range of 1% to 4%. (All rates of change in constant currencies)

In Europe, the region contributing the highest share of around 65% to the division's sales, revenue was up 0.5% from the very strong prior-year base. Sales revenue in Asia|Pacific, which accounted for around 24% of Industrial Technologies business, was 1.8% down in the reporting year from the previous year's figure, and was attributable to soft demand, particularly at the beginning of the year under review. Business expanded briskly in North America, which generated around 9% of the division's total sales. In this region, sales revenue surged 17.1%. (All rates of change in constant currencies)

## Earnings

In the reporting year, the Industrial Technologies Division significantly increased its earnings, with positive product mix effects primarily contributing to this result. Therefore, the division's underlying EBITDA surged 24.9% from €10.3million to €12.9million. Its earnings margin improved accordingly from 10.0% to 12.4% and was higher than our forecast of 10.5%.

# Annual Financial Statements of Sartorius AG (Notes Based on HGB)

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 2014 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 remarks concerning business operations, corporate strategy, corporate management and oversight, as well as the overview of business development, presented on pages 22 et. seq. of the combined management report of Sartorius AG and the Group.

## **Earnings**

Sales revenue of Sartorius AG consists essentially of cost transfers to affiliated companies within the Group for management services rendered.

The item "Other operating expenses" includes consulting expenses of €2.1 million related to the contract to sell the Industrial Technologies Division that was signed in the reporting year, among other expenses.

Income from investments of €16.0 million, relative to €11.2 million in 2013, concerns dividends paid out for the French subsidiary Sartorius Stedim Biotech S.A. as well as Sartorius Mechatronics T&H based in Hamburg, Germany. The profit and loss transfer agreement with Sartorius Lab Holding GmbH and Sartorius Corporate Administration GmbH resulted in the receipt of a profit of €9.6 million compared with €8.3 million in 2013.

## **Net Worth and Financial Position**

The balance sheet total of Sartorius AG rose by €179.4 million in the reporting year to €691.8 million. This increase can primarily be attributed to the conclusion of a new syndicated loan agreement. As part of this agreement, Sartorius AG has now taken over financing for the entire Group. Since this transaction, borrowed funds are also transferred to the companies of the Sartorius Stedim Biotech subgroup by internal Group loan agreements or by cash pooling accounts.

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, amounted to €483.0 million (previous year: €475.4 million). Accordingly, fixed assets account for 69.8% of the balance sheet total (previous year: 92.8%). The equity ratio decreased due to the increase in the balance sheet total to 38.8% after 53.8% in the previous year.

**Statement of Profit and Loss of Sartorius AG**Based on the total cost accounting method according to Section 275, Subsection 2, of HGB<sup>1)</sup>

€ in K	2014	2013
1. Sales revenue	4,285	2,921
2. Other operating income	1,726	333
	<b>6,011</b>	<b>3,254</b>
3. Employee benefits expense	-3,746	-2,992
4. Depreciation and amortization	-262	-240
5. Other operating expenses	-8,663	-4,263
6. Income from investments	16,013	11,222
7. Profit received under a profit and loss transfer agreement	9,604	8,306
8. Loss accepted under a profit and loss transfer agreement	0	-1,474
	<b>12,946</b>	<b>10,559</b>
9. Earnings before interest and taxes	18,957	13,813
10. Interest and similar income	507	471
11. Interest and similar expenses	-9,933	-6,454
	<b>-9,426</b>	<b>-5,983</b>
12. Profit before tax	9,531	7,830
13. Income tax expense	837	-4,351
14. Other taxes	-24	-31
	<b>813</b>	<b>-4,382</b>
15. Net profit for the period	10,344	3,448
16. Profit brought forward	129,027	142,797
<b>17. Retained profits incl. net profit for the period</b>	<b>139,371</b>	<b>146,245</b>

<sup>1)</sup> HGB = German Commercial Code

**Balance Sheet of Sartorius AG**  
According to HGB<sup>1)</sup>, € in K

Assets	Dec. 31, 2014	Dec. 31, 2013
<b>A. Fixed Assets</b>		
I. Property, plant and equipment	14,527	7,161
II. Financial assets	468,510	468,253
	<b>483,037</b>	<b>475,414</b>
<b>B. Current Assets</b>		
I. Trade and other receivables	206,120	35,493
II. Cash on hand, deposits in banks	689	296
	<b>206,809</b>	<b>35,789</b>
<b>C. Prepaid Expenses</b>	<b>1,905</b>	<b>1,109</b>
	<b>691,751</b>	<b>512,312</b>
<b>Equity and Liabilities</b>	<b>Dec. 31, 2014</b>	<b>Dec. 31, 2013</b>
<b>A. Equity</b>		
I. Subscribed capital	18,720	18,720
Nominal value of treasury shares	-1,673	-1,673
<b>Issued capital</b>	<b>17,047</b>	<b>17,047</b>
II. Capital reserves	101,453	101,397
III. Earnings reserves	10,867	10,867
IV. Retained profits incl. net profit for the period	139,371	146,245
	<b>268,738</b>	<b>275,556</b>
<b>B. Provisions</b>	<b>26,941</b>	<b>23,582</b>
<b>C. Liabilities</b>	<b>396,072</b>	<b>210,252</b>
<b>D. Deferred Tax Liabilities</b>	<b>0</b>	<b>2,922</b>
	<b>691,751</b>	<b>512,312</b>

<sup>1)</sup> 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 €139,370,149.84 reported by Sartorius AG for the year ended December 31, 2014, as follows:

	in €
Payment of a dividend of €1.06 per ordinary share	9,039,739.36
Payment of a dividend of €1.08 per preference share	9,200,538.36
Unappropriated profit carried forward	121,129,872.12
	<b>139,370,149.84</b>

### 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 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 damage our net worth, financial position and profitability.

A detailed Opportunity and Risk Report for the Sartorius Group is provided on pages 56 to 62; a description of the internal control and risk management system, on pages 68 to 70.

### Report on Material Events

Please refer to page 67 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 66.

# Opportunity and Risk Report

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. 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 unrealistic to expect risk management to eliminate all risks: rather, our approach is to intentionally 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.

Sartorius has no single unit tasked with identifying and managing opportunities and risks. Instead, it prefers to make this function an integral component of the Group-wide planning and control system described below. The Internal Control Systems & Compliance department is responsible for the further development of the Group's risk management system, including the organization of the respective reporting process.

## 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 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 presented 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 27 et seq. and pages 63 et seq.

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 24 and in the section on the strategy of the Lab Products & Services Division, which starts on page 25.

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 page 68.

Other opportunities are discussed in the context of the presentation of specific risks and opportunities beginning on page 57.

## 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 is the responsibility of the central Internal Control Systems & Compliance department. 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. 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 put the future of the company in jeopardy.

### 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 the handling of 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 prescribed reporting process requires the heads of the central departments and the managing directors of all Group companies to review the risk situation within their area of responsibility on an ongoing basis and to report on their findings every quarter. New organizational units joining the consolidated Group companies are successively integrated into this reporting process, which involves evaluating specific risks by probability of occurrence and scale of potential impact, as well as reporting cases to the central risk management unit whenever defined thresholds are breached.

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 within these main categories, such as legal risks, production risks, receivables risks and organizational risks.

The process also includes allocation to functional categories, for example, supply chain, sales and distribution or human resources, in accordance with the Group's structural organization.

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 risk without considering the probability of occurrence or the effects of risk mitigation measures.

## Specific Risks and Opportunities

### General and Macroeconomic Risks and Opportunities

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.

Our ability to foresee and mitigate the direct and indirect effects of risks in the broader sense, for example, currency crises or natural disasters and associated damage to commercially significant and critical infrastructure, is limited.

For the risks discussed in this section, we consider the probability of their occurrence low to medium, it being the case that their occurrence can be significant for the Sartorius Group as a whole or for individual Group companies.

### Supply Chain Risks and Opportunities

Our supply chain extends all the way from procurement to production to sales and distribution. Problems within this sequence 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. Our global supply chain management system reduces these risks by enabling us to monitor and supervise procurement activities. Moreover, we conduct regular supplier reviews and also use early warning systems. We continued to increase the number of framework agreements concluded to safeguard supplies with suppliers of strategically important raw materials in fiscal 2013. In addition, we always maintain reserve inventories for strategic raw materials and work with alternative suppliers where possible.

At present, we see a low probability of occurrence for the risks described here. If such risks happen to occur, they are likely to have only limited significance for the Sartorius Group.

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. 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

We ourselves manufacture a large proportion of the products that belong to our core areas of technical expertise and 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 risk is transferred to external third parties. When we manufacture products ourselves, we also bear the associated risks of capacity bottlenecks | overcapacity, production downtimes, excessive reject rates and high levels of tied-up working capital. 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.

We regard the probability of occurrence concerning the risks described here as low. If such risks happen to occur, they can be significant for individual Group companies.

We consider it an opportunity that the various production facilities are able to concentrate on specific production technologies and, as a result, enhance their production operations for greater efficiency. Our international production 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, can help to drive efficiency even higher.

### 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.

In this area as well, the probability of such risks occurring is low to medium according to our estimates, it being the case that their occurrence can be significant for the Sartorius Group as a whole or for individual Group companies.

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.

### 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 for which we may be made liable through compensation claims. We employ rigorous quality checks and state-of-the-art production methods and processes, such as cleanroom technology, to ensure that our products satisfy the most stringent quality requirements. These manufacturing methods and processes are subject to constant review under our continuous improvement processes, moreover, and are refined appropriately as requirements evolve. Our successful completion of a host of annual audits by customers and our accreditation 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 consider that the probability of occurrence of the risks described here is low, it being the case that their occurrence can be significant for the Sartorius Group as a whole or for individual Group companies.

Quality requirements are growing more and more stringent all the time, not least as a result of regulatory pressure, so we actually regard this first and foremost not as a risk but 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, exceeding planned development deadlines or unintentional transfer of know-how to competitors. 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 position.

For this reason, we see only a low probability at present that the risks described here might occur, in the case of which they could be significant for the Sartorius Group as a whole.

On the other hand, the R&D sphere also offers a number of potential 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 innovative products with an especially high level of innovation. In areas such as membrane technology as well as weighing technology, in turn, the expertise of our own specialists puts us at the very forefront of global research and development and presents 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. Above all, the factoring program we additionally have in place keeps

our risk exposure to trade receivables from customers at a constant, low level, and we work continuously to improve our receivables management.

This is why at present, we see a low probability that risks associated with customers might occur, it being the case that their occurrence would likely have limited significance for the Sartorius Group as a whole or for individual Group companies.

### Competitive Risks and Opportunities

Sartorius has a leading competitive position in most of its markets. Some of our competitors are larger than us, and most share our status as a globally operating company. Examples include EMD Millipore, Pall and Mettler-Toledo. 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 risk of new competitors emerging as low. Furthermore, our global presence significantly mitigates regional risks.

Changes in the competitive environment, for example, consolidation in the markets, can pose both opportunities and risks. Our sectors find themselves in an ongoing process of change in which Sartorius remains an active participant. We have made acquisitions continuously in recent years to reinforce its market position and open up new potential synergies.

We consider that the probability of occurrence for the risks described here is low, it being the case that their occurrence is likely to have limited significance for the Sartorius Group. However, it cannot be entirely ruled out that such risks might be significant for individual Group companies.

### 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 inherent risks, such as incorrect valuation assumptions or insufficient usage of anticipated synergy effects. To prevent these risks, we take various measures during each particular acquisition process, such as performing a standard due diligence review. In addition, we involve external consultants and experts in the purchase or sales process as early as possible. We especially focus on drafting transaction contracts so that they adequately counter such risks, especially by clauses assuring specific characteristics or contractual warranty or guarantee provisions, as well as agreements on mechanisms for adjustment of the purchase price and liability clauses. 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.

We consider that the probability of occurrence of the risks described here is low, it being the case that their occurrence can be significant for the Sartorius Group as a whole or for individual Group companies.

### Personnel Risks and Opportunities

As an innovative technology group, Sartorius employs a large number of highly qualified people. A possible scarcity of required specialists represents an opportunity as well as a risk if, for instance, the company proves to be particularly good at training and retaining its own staff. We counter the threat of demographic change and of losing employees, especially those in key positions, 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.

For this reason, we regard the probability of such risks occurring as low. If these risks happen to occur, they are likely to be of limited importance for the Sartorius Group as a whole.



### 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, some financial risks, most notably exchange rate risks and interest rate risks, are balanced by opportunities of approximately equal magnitude.

We consider that the probability of occurrence for the risks described in the following is low. If these risks happen to occur, they can be significant for the Sartorius Group as a whole or for individual Group companies.

### 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 common and standardized control mechanisms integrated into our accounting process ensures that such errors are recognized and corrected at an early stage.

### 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 therefore not disadvantaged in any way in competition with our U.S. rivals. 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 – and use derivative financial instruments, most notably 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 a portion of our outstanding loans to eliminate the risk posed by variable interest payments. However, most of the financial instruments outstanding on the reporting date are subject to interest based on the market rate. Almost two-thirds of these are currently covered by interest rate swaps, so interest rate risks and opportunities apply only to the remainder. We monitor interest rate trends and our interest rate exposure constantly and have the facility to arrange 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. We use various long- and short-term financial instruments for this purpose.

The syndicated credit facilities in place so far for Sartorius AG and the Sartorius Stedim Biotech subgroup were refinanced ahead of schedule in December 2014 based on the highly attractive market conditions prevailing. At the same time, the financing structure was converted to that of a holding company for Group-wide financing. Sartorius AG subsidiaries are financed primarily through financing contracts within the Group.

For short-term liquidity procurement, we also employ various measures. In addition to the 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.

### 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, EMEA) 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 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.

We assess the probability of occurrence of environmental risks as low, it being the case that their occurrence can be significant for the Group company affected.

### 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 Goettingen Group headquarters in 2012 is to be successively rolled out to the Group sites around the world starting in 2014. 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.

We believe there is a low probability of occurrence for the risks mentioned above, it being the case that their occurrence can be significant for the Sartorius Group as a whole.

### Process Risks

There are no legal disputes or proceedings that could have a substantial negative impact on Group results, and allowances have been made on our balance sheet to cover the cost of any such potential proceedings.

### 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, 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.

### Assessment of the Overall Risk Situation and Risk Outlook

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

We judge the probability of occurrence of the risks presented here to be low, it being the case that their occurrence can be significant for the Sartorius Group as a whole or for individual Group companies.

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.

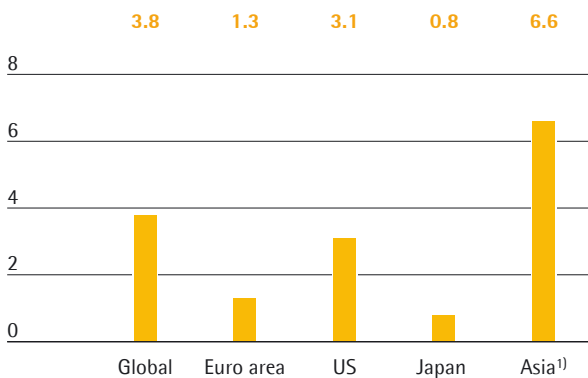


# Forecast Report

## Future Macroeconomic Environment

Based on forecasts provided by the IMF, the global economy will gain momentum in 2015. The growth forecast of 3.8%, up from 3.3% in 2014, is based in large part on anticipated economic progress in the U.S. This positive outlook, the IMF cautions, is subject, though, to a high level of risk, not least in connection with geopolitical tensions.

**Forecasted GDP Growth Rates for 2014**  
in %



<sup>1)</sup> Asia = China, India, Asean-5 (Indonesia, Malaysia, Philippines, Thailand, Vietnam)

Source: International Monetary Fund

The IMF expects the rate of economic growth in the U.S. to pick up strongly, from 2.2% in the 2014 to 3.1% in 2015, fueled by continued expansionary monetary policy and an ongoing recovery in the U.S. real estate market.

The euro zone is expected to register only minor gains, with economists predicting moderate growth of 1.3% in 2015 (2014: 0.8%). The IMF predicts that the even more expansionary monetary policy now adopted in the euro zone will have a slight positive impact. Germany is expected to see growth of 1.5% (2014: 1.4%). Economic activity in France is forecast to pick up, with an increase of 1.0% as compared with 2014 (+0.4%). Italy, which saw economic output contract by 0.2%, is expected to register growth of 0.8% in 2015.

The IMF forecast for the Asia region suggests 6.6% growth in 2015 compared to 6.5% in the prior year, helped in part by developments in China, where the economy is expected to expand by 7.1% (2014: 7.4%). Growth in the economy of India is forecast to increase from 5.6% to 6.4%.

Japan can expect another year of moderate expansion in economic output in 2015 according to the IMF, which indicates a growth rate of 0.8% (2014: 0.9%).

## Future Exchange and Interest Rate Trends

Expert assessments suggest 2015 will be another year of low base rates. Additional measures, such as the provision of liquidity through bond repurchase programs in the euro zone, for example, have also been mooted.

Forecasts for the euro-U.S. dollar exchange rate over the course of 2015 range between 1.10 euro | U.S. dollar and 1.35 euro | U.S. dollar.

Sources: International Monetary Fund, World Economic Outlook October 2014; Reuters Forex Poll, November 2014

## Outlook for the Sectors

### Strong Growth Prospects for the Pharmaceutical Industry

The future of the global pharmaceutical industry will be driven in large part by the constantly expanding and aging global population, increasing access to healthcare in the emerging and developing countries and a general increase in the prevalence of lifestyle and chronic diseases. New medications, especially those targeting conditions that are currently difficult to treat, will also fuel significant growth. The expiry of patents and austerity measures to cut healthcare spending, in particular in the industrialized countries, on the other hand, will tend to slow future growth in the industry.

Market researchers at IMS Health are forecasting overall growth of between 4% and 7% for the global pharmaceutical industry in the period 2014 to 2018.

**U.S. Pharmaceutical Market Expected to Post Solid Growth**

The U.S. pharmaceutical market – the world's largest – is expected to register growth of between 5% and 8% on average in the period 2014 through 2018. This expansion will be driven principally by the continuous rollout of state health insurance, demographic change and price increases.

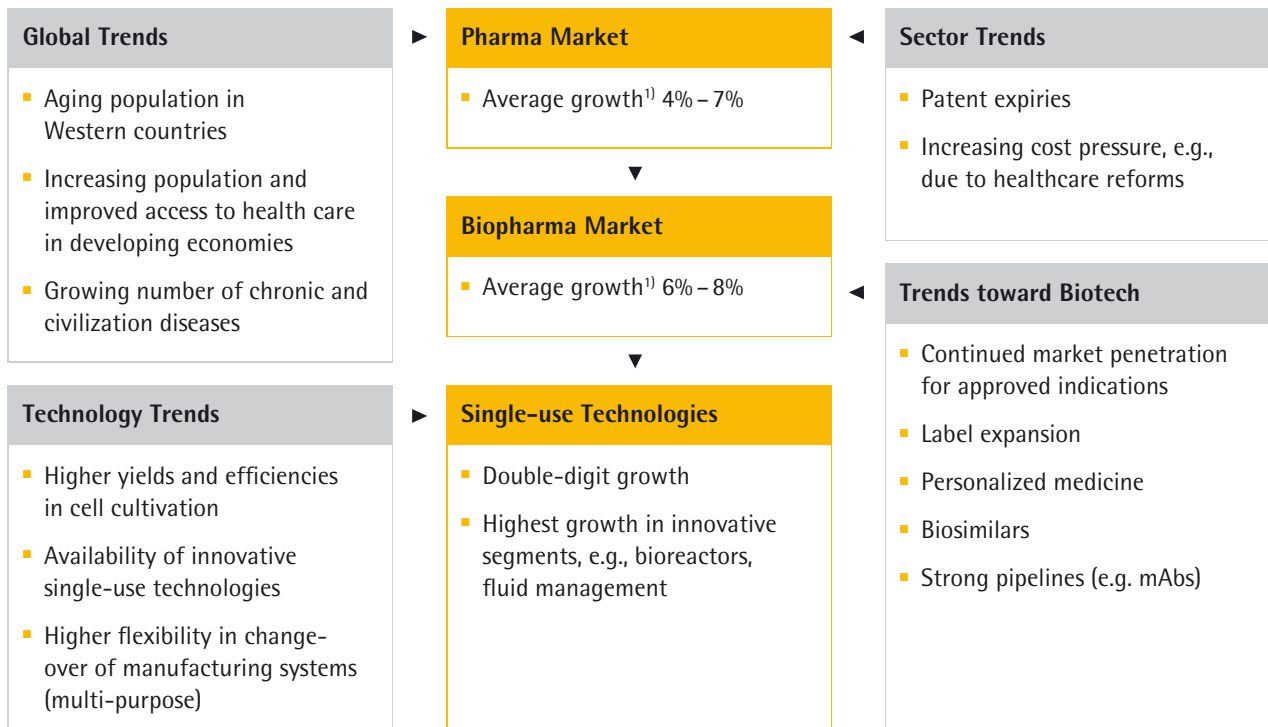
**Moderate Growth for Europe and Japan**

Growth in the European and Japanese pharmaceutical markets is likely to remain moderate at between 1% and 4% over the next few years as continuing austerity measures impact on the respective healthcare systems.

**Emerging Countries Still Driving Growth**

Expansion in the pharmerging markets, in contrast, will remain above average at around 8% to 11% per annum over the 2014 - 2018 period. This rapid growth will be driven not only by demographic trends, but also, most notably, by rising levels of state investment in healthcare systems and increased private spending, especially among the fast-expanding middle class. Thus, the share of the global pharmaceutical market accounted for by the pharmerging markets will likely increase again over the next five years to approximately 30%.

**Pronounced long-term trends deliver better than average growth for the biopharmaceutical industry**



<sup>1)</sup>Source: IMS: The Global Use of Medicines: Outlook Through 2017 | 2018; Evaluate Pharma: World Preview 2014, Outlook to 2020, June 2014; BioPlan: 10<sup>th</sup> Annual Report, April 2013

**Biotech Sector Still Growing Faster than the Market as a Whole**

Expert forecasts suggest the biopharma segment of the pharmaceutical market, which has been enjoying particularly strong growth for years, should continue to outperform the market as a whole going forward too: the proportion of sales revenue accounted for by

medications and vaccines manufactured using biotech methods is expected to rise from today's figure of around 22% to 23% to approximately 26% in the period through 2018.

This continued exceptional growth will be driven in part by biopharmaceuticals that have already gained approval increasing their market penetration and

expanding their range of indications and in part by the segment's persistently strong research and development pipeline (the proportion of new developments based on biological manufacturing processes is particularly high at around 40%).

The expiry of patents, a significant factor in the traditional market, is likely to have an increasing effect on growth of the biotechnology market. Noting the expiry

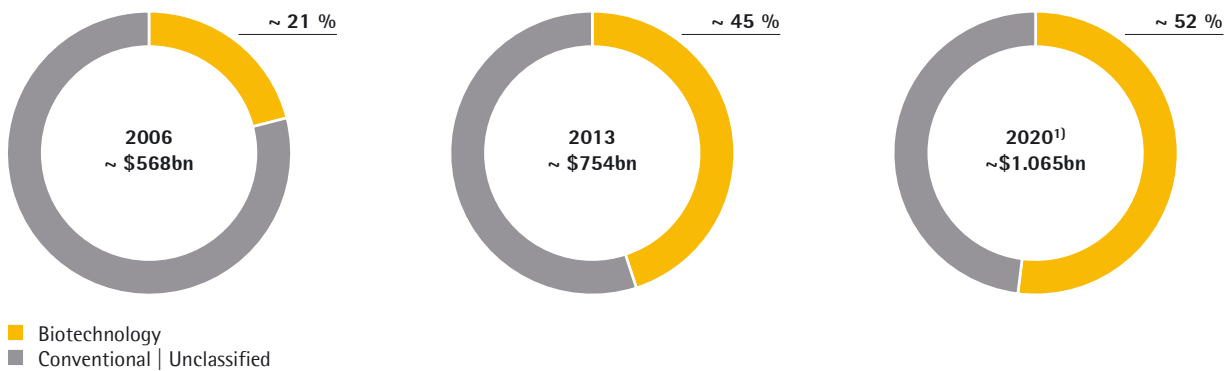
of a whole series of patents, IMS Health reports that sales of what have come to be known as biosimilars and biobetters are likely to swell to more than U.S. \$ 10 billion by 2020.

Experts expect the biotechnology market as a whole to grow by around 6% to 8% on average between 2014 and 2018.

### Biopharma: a Growth Market

#### Proportion of Global Pharmaceuticals Sales Revenue in the Rx and OTC Areas: Biotechnology and Conventional Production Technology Compared

##### Biotech Share within Top 100 Products



<sup>1)</sup> 2020 Split: Biotech: n=45 (avg. \$3.6bn), Conv.: n=55 (avg. \$2.7bn)

Source: Evaluate Pharma®, World Preview 2014, Outlook to 2020; June 2014

### Public-sector Research: Demand Stabilizes

Ongoing widespread reductions in national budgets are likely to affect overall levels of demand from the public sector again in 2015. However, according to Frost & Sullivan, the important U.S. market is likely to stabilize in the current year. Thus, global demand of the public sector may be broadly flat in 2015.

### Slight Growth in the Chemical Industry

The European Chemical Industry Council (Cefic) expects the chemical industry in Europe to expand by 1.5% in 2015 following a moderate 2.0% increase in production in 2014. This slightly lower growth can be attributed to a tailing-off of inventory-building activity.

Sources: IMS: The Global Use of Medicines: Outlook Through 2017 | 2018; IMS: Searching for Terra Firma in the Biosimilars and Non-Original Biologics Market; Evaluate Pharma: Preview 2013 and 2014; June 2013 and 2014; BioPlan: 10<sup>th</sup> Annual Report, April 2013; 2014 Mid-year Report: Forecast and Analysis of the Global Market for Laboratory Products; Cefic: Chemical Industry benefits from general economic recovery, June 2014

## Outlook for 2015

The outlook for 2015 incorporates the potential opportunities and risks outlined in this Annual Report. The following forecast is provided under the assumption that economic activity, relevant sectors and other trends will develop as described:

### Sartorius Group

Management expects that the Sartorius Group will achieve significantly profitable growth for the year 2015 as well. We thus anticipate that full-year sales will grow 4% to 7% and the Group's underlying EBITDA margin will increase to around 21.5%. (All figures in constant currencies)

Moreover, in 2015 we are planning to invest around 10% of sales revenue. These investments will include the multi-year project to consolidate and extend Group headquarters in Goettingen, as well as to expand production capacities and to continue the international rollout of our new ERP system.

With regard to our financial position, we forecast that by the end of 2015, the ratio of net debt to underlying EBITDA will remain below the level of 2014 at year end, provided that the targets mentioned earlier are achieved. The proceeds from the sale of Industrial Technologies will help contribute to this decrease, without any possible further changes to our product portfolio being considered.

### Sartorius Divisions

For the Bioprocess Solutions Division, we forecast that sales revenue for the full year of 2015 will rise significantly, assuming that the trends toward biomanufacturing of pharmaceuticals and increasing utilization of single-use technologies will continue (see pages 64 et seq.). Accordingly, we project that sales revenue will increase by about 5% to 8% relative to a strong comparative base in the prior year. We also plan to increase the division's underlying EBITDA margin to around 24.5%. (All figures in constant currencies)

The Lab Products & Services Division serves sectors whose dependency on economic cycles varies. Therefore, this division partly depends on the general development of the economy. Due to strained public budgets and geopolitical risks, the outlook for Europe is surrounded by an exceptionally high level of uncertainty. For the Lab Products & Services Division, we expect that sales will increase by approximately 2% to 5% on the whole, assuming that economic momentum picks up slightly (see page 63). In view of profitability, we are striving to achieve an underlying EBITDA margin of around 15.5%. (All figures in constant currencies)

## Report on Material Events

The sale of the Industrial Technologies Division to the Japanese Minebea Co., Ltd. and their partner, the Development Bank of Japan Inc., was completed on February 6, 2015, and has become economically effective as of January 1, 2015. The cash proceeds resulting from this transaction total approximately €90 million.

# Description of the Key Features of the Internal Control and Risk Management System

In relation to the Group Accounting Process (Section 289, Subsection 5, and Section 315, Subsection 2, No. 5, of the German Commercial Code [HGB])

## Definitions and Elements of the Internal Control and Risk 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, such as the "four eyes principle" for double verification and access restrictions in relation to IT, and control measures, such as manual target|actual checks and programmed plausibility checks in the software used. The Supervisory Board, in this case specifically the Audit Committee of Sartorius AG, and the Internal Control Systems & 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 independent Group auditors and other auditing authorities also play a role in the control environment of the Sartorius Group through their non-process-integrated audit activities. In particular, the review of the consolidated financial statements by the independent Group auditors and the audit of the individual financial statements of the Sartorius Group companies included in the consolidated financial statements constitute the key non-process-integrated monitoring measures in relation to the Group accounting process.

The Finance unit represents another important element of the internal control system through its analysis of the monthly reports from the subsidiaries.

The risk management system concentrates in the context of Group accounting primarily on the risk of mis-

statements in the Group's bookkeeping and in external reporting. It includes both 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, and the monitoring system operated by the Sartorius Group 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). 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 Group auditors in accordance with Section 317, Subsection 4, of the German Commercial Code (HGB). Regular system reviews are also carried out to verify that the system remains functional and effective.

## Use of IT Systems

Most transactions of relevance for accounting are recorded in the individual financial statements of the subsidiaries of Sartorius AG using software systems that are used worldwide. For the process of preparing the consolidated financial statements of Sartorius AG, Group companies add supplementary information to their individual financial statements to create standardized reporting packages, which are then submitted by all Group companies to the consolidated reporting system. Sartorius AG's consolidated financial statements are then prepared using the consolidation routines in the consolidated reporting system, most of which have been developed by Sartorius AG itself and are supplemented by manual adaptation. Both in-house auditors and the independent Group auditors of Sartorius AG regularly verify that the reporting packages submitted to the consolidated reporting system concur with the individual companies' financial statements on which the audit is based in each case. All of the consolidation procedures necessary to prepare the consolidated financial statements of Sartorius AG, such as the consolidation of investments, the elimination of intercompany payables and receivables and the elimination of intercompany revenue and expense, are performed using, and documented in, the consolidated reporting system. All components of Sartorius AG's consolidated financial statements, including the details presented in the notes, are developed using the consolidated reporting system, which also provides a wide range of analysis options.

### Key Supervision and Control Activities to Ensure Proper and Reliable Group Accounting

The internal control system measures designed to maintain proper and reliable Group accounting ensure that transactions are recorded in full and in a timely manner in accordance with the applicable provisions of the law and the articles of association. In addition, these measures ensure that inventories are taken properly and that assets and liabilities are recognized, assessed and reported appropriately in the consolidated financial statements.

The employees involved in the accounting process meet qualitative standards and receive regular training. Duties and responsibilities are clearly assigned to different specialized units, companies and regional units. This segregation of duties and the four-eyes principle – i.e., review by two individuals – are strictly implemented. Complex evaluations, such as actuarial reports and company valuations or purchase price allocations are assigned to specialized service providers who involve specially qualified in-house staff.

Examples of the control activities performed to ensure proper and reliable accounting include the analysis of situations and developments with reference to specific key indicators. The separation of administrative, executive, settlement and approval functions reduces the possibility of fraud. The organizational measures are also intended to record company- or Group-wide restructuring steps or changes in the nature of the operations of individual business areas promptly and accurately in Group accounting. Finally, the internal control system also ensures that changes in the Sartorius Group's economic or legal environment are mapped and that new or amended legal provisions are applied in Group accounting.

The Sartorius Group accounting principles govern the standard recognition and measurement principles for the German and non-German companies included in the Sartorius consolidated financial statements. In addition to the general recognition principles and methods, the rules applied to the statement of financial position, statement of profit or loss, notes, Group management report, statement of cash flows and to the segment reports have been established in compliance with EU legislation and are primarily those of the IFRS and German commercial law.

The Sartorius Group accounting rules also govern specific formal requirements placed on consolidated financial statements. These include the mandatory use of a standardized and complete reporting package. The Group Accounting 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.

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 and Group management report is also prepared and aggregated at Group level.

The specific control activities performed to ensure proper and reliable Group accounting encompass the analysis and, where applicable, correction of the individual financial statements submitted by the Sartorius Group companies, in line with the reports authored by the independent auditors. Reporting packages containing errors are identified and, corrected at Group level on the basis of a large number of control mechanisms already incorporated into the consolidated reporting system. 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.

A manual on the company's internal control system focusing on the company's business processes, which is being drafted by involving Group financial auditors, will further contribute toward strengthening the internal control (ICS) system. Based on the current rules, this manual will combine all ICS-relevant requirements on the business processes we define into one standardized document for the first time and be supplemented by further appropriate controls 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 on 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 289, Subsections 4, and Section 315, Subsection 4, of the German Commercial Code (HGB)

## Composition of the Issued Capital | Limitations to Voting Rights

Sartorius AG's capital stock totals €18,720,000. It comprises 18,720,000 no par value individual bearer shares, 9,360,000 of which are ordinary shares and 9,360,000 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 higher than the dividend payment for ordinary shares, by an amount equal to 2% of each preference share's calculated proportion of the issued capital (i.e., two euro cents per share). In any case, the dividend entitlement shall be at least 4% of each preference share's calculated proportion of the issued capital (i.e., four euro cents per share). Apart from the cases provided for in Sections 140 and 141 of the German Stock Corporation Law (AktG), preference shares are non-voting. However, they do grant all other rights to which every shareholder is entitled.

The company holds 831,944 ordinary shares and 840,983 preference shares; these do not entitle the company to any membership rights.

## Direct or Indirect Equity Ownership Exceeding 10.0% 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 Goettingen, Germany; and Mrs. K. Sartorius-Herbst, resident of Northeim, Germany, holds a voting percentage of approximately 50.1% in Sartorius AG (4,688,540 votes according to the list of attendees at the Annual Shareholders' Meeting on April 10, 2014). The decedent Horst Sartorius ordered that his will be executed. The appointed executor of the will is Prof. Dr. Dres. h.c. Arnold Picot, resident of Gauting, Germany, who exercises the specified voting rights at his own discretion as defined by Section 22, Subsection 1, Sentence 1, 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, No. 1, of the German Securities Trading Act (WpHG), holds 30.01% (2,809,299 votes) of the voting rights in Sartorius AG.

## 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 dismissed 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 offered within the scope of acquiring companies or shareholdings in 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 two material agreements containing clauses regulating the possible event of a change of control. One is a syndicated loan agreement concluded in 2014 for a current volume of €400 million and a term until December 2019, and the other is a note loan "Schuldscheindarlehen" placed in 2012 with a volume of €100 million and for a maturity term of five to ten years. The respective clauses that are customary for the market give the participating lenders the option of extraordinary termination in the event of a change of control.

Circumstances beyond the disclosures made pursuant to § 289, Subsection 4, and § 315, Subsection 4, of HGB do not exist or are not known.

# Corporate Governance Report

The executive and supervisory bodies of Sartorius AG are guided in their actions by the principles of transparent and responsible corporate governance. The Executive Board and the Supervisory Board report here on corporate governance pursuant to Article 3.10 of the German Corporate Governance Code.

## 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 electronic German Federal Gazette ("Elektronischer Bundesanzeiger"), as amended on June 24, 2014.

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.

Goettingen, December 16, 2014

For the Supervisory Board

Prof. Dr. Dres. h.c.  
Arnold Picot

For the Executive Board

Dr. Joachim Kreuzburg

## Further Remarks Concerning Corporate Governance

In the reporting year, the Executive Board and the Supervisory Board dealt with the issues raised by the revised version of the German Corporate Governance Code dated June 24, 2014. The changes to this Code, which essentially referred to the model tables for Management Board Members' remuneration, were implemented to the full extent. Furthermore, the Supervisory Board reviewed whether the compensation of the Executive Board members was appropriate by taking into account both the level of compensation paid by peer companies and the compensation in place within other areas of the company. The Supervisory Board determined that the Executive Board members' remuneration is appropriate.

The targets for the composition of the Supervisory Board defined in 2010 continue to apply:

- Women are to make up no less than 25% of the Supervisory Board.
- Independent members shall account for no less than 25% of the Supervisory Board.
- The aim of selecting candidates having international experience or an international background is to be considered, as previously, when making appointments to 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.

The company already meets these targets. The target for the proportion of women on the Supervisory Board is somewhat higher than the proportion of women in management positions within the Sartorius Group.

## Corporate Governance Statement in Accordance with Section 289a of the German Commercial Code (HGB)

The following presents details concerning the mode of operation of the Executive Board and the Supervisory Board and other governance measures employed by the company in accordance with Section 289a of the German Commercial Code (HGB).

## Mode of Operation of the Executive Board and Supervisory Board

Sartorius AG is a company under German law founded on the dual management system with an Executive Board and a Supervisory Board, each of which has its own independent competencies.

The Supervisory Board comprises twelve members as defined in the German Codetermination Law (*Mitbestimmungsgesetz*) and has an equal number of shareholder representatives and employee representatives. The Supervisory Board monitors and advises the Executive Board in its management of the company. Details on the members of the Supervisory Board are provided in the Chapter "Executive Board and Supervisory Board" on pages 154-157.

The Supervisory 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 looks after the preparations for appointments, including the remuneration and employment contract conditions of members of the Executive Board. The Audit Committee assists the Supervisory Board with the performance of 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 12-14.

The Executive Board of Sartorius AG currently consists of three members. This board has full responsibility for its actions in managing the company in the latter's

interest, with the aim of creating sustainable value. The Executive Board provides the Supervisory Board with regular, prompt and detailed reports, both written and oral, about all relevant corporate planning and strategic development issues and the progress of the Group's business. Significant transactions are discussed in depth by the full Supervisory Board in accordance with the rules of procedure of the Executive Board. The rules of procedure of the Executive Board additionally define the legal transactions that may not be effected without the approval of the Supervisory Board. The Executive Board and the Supervisory Board work closely together in a spirit of mutual trust on the management and supervision of the company.

## Shareholders and Shareholders' Meeting

Sartorius AG shareholders exercise their rights at the company's Shareholders' Meeting. The Shareholders' Meeting is held at least once a year within the first eight months of the fiscal year. The Shareholders' Meeting decides on all of the matters for which it is responsible under the law.

Any shareholder who registers in due time may attend the Shareholders' Meeting. Shareholders who are unable to participate in the Shareholders' Meeting in person may arrange to have their vote cast by a bank, by a shareholders' union, by the proxies who are appointed by Sartorius AG and are bound to follow the instructions issued to them, or by a different proxy of their choice.

## 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 notifies 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 of risk management are presented in the Risk and Opportunities 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 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 Prof. Dr. Dres. h.c. Arnold Picot holds approximately 50.1% of the ordinary shares issued by the company in his capacity as executor of the estate of Horst Sartorius, 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.

## Accounting and Independent Statutory Audit

The consolidated financial statements and consolidated interim financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied within the EU. The annual financial statements of Sartorius AG are prepared in accordance with German commercial law (the German Commercial Code or 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 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 Section 161 of the German Stock Corporation Law (Aktiengesetz).

## Code of Conduct

Central to the corporate culture of Sartorius AG is the understanding that we always conduct our business in a sustainable manner compatible with the pertinent economic, environmental and social imperatives. A uniform Code of Conduct applies across the entire Group in order to ensure that our actions are consistent throughout the organization. This Code of Conduct, which applies equally to all of the Group's people, whether they are members of the Executive Board, managing directors, managers or other employees, establishes defined standards formulated to help users successfully navigate ethical and legal challenges in everyday operations. It is in the interest of all employees and of the company for breaches of the Code of Conduct to be investigated, through the Internal Control Systems & Compliance department established for this purpose, and for their causes to be eliminated.

Further information is given in the Sustainability Report on pp. 86 et seq. and on the company's internet website at [www.sartorius.com](http://www.sartorius.com).

The Supervisory Board | The Executive Board

# Remuneration Report

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

### General and Fixed Remuneration

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 and variable components and is reviewed annually to ensure that it remains appropriate. The variable remuneration components paid in addition to the fixed base salary represent approximately half of the total remuneration, excluding pension commitments and fringe benefits, in the case of 100% target achievement.

### Variable Remuneration

The variable portion of this remuneration contains components that are paid annually and those determined by multi-year performance assessment, with each category of these components making up one half of the target achievement that is possible.

#### a) Annually paid variable remuneration

The portion of the variable 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.

#### b) Variable remuneration based on multi-year assessment

On the one hand, weighted components determined by multi-year assessment depend on the degree to which the target is achieved, which the Supervisory Board defines by setting the subordinate target constituted

by consolidated net profit. On the other hand, these multi-year components depend on the value of the monetary sum ascribed to the Executive Board member at the beginning of each year.

### 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 (fixed or variable) 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.

### 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 appre-

ciated 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 payment of its monetary equivalent depend on the mean value calculated from the average prices of both classes of Sartorius AG share 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

for 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.

### 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. The 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 2 in this chapter.



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

In 2014, the total remuneration for active service provided by all Executive Board members totaled €7,767 K relative to €2,501 K in 2013. Of this aggregate total, €1,424 K accounted for non-performance-related components (2013: €1,346 K) and €6,343 K for performance-related components (2013: €1,155 K). The performance-related components include the transfer of shares agreed in December 2014 to be granted to Dr. Kreuzburg, but will be actually possible to grant on November 11, 2015 at the earliest and, therefore, have not yet been granted. Furthermore, as part of the pension commitments to the Executive Board members, the pension service cost totaling €503 K in the reporting year was expensed, following on €210 K in the prior year.

According to the Executive Board remuneration policy, non-performance-related components are paid out in the year they are granted. Variable remuneration components based on annual performance assessment are determined after the consolidated annual financial statements are approved and are therefore accounted for and paid out only in the following year. Variable remuneration components based on multi-year performance assessment accrue during a period lasting three or at least four years and are thus not paid out until after two or, at the earliest, three years after the respective reporting year will have ended. Minimum target achievements and caps are provided for all variable remuneration components.

The third term of Dr. Kreuzburg as a member of the Executive Board and its Chairman and CEO will expire on November 10, 2015. 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. Due to Dr. Kreuzburg's excellent performance in developing the company since the start of his tenure on the Executive Board on November 11, 2002, the company wished to continue this successful cooperation with him, despite alternative offers that were made to him. The new remuneration agreement therefore 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. The following basic structure has been agreed upon: The transfer of the shares granted shall be effected at the time to be determined by Dr. Kreuzburg, but no earlier than on November 11, 2015, however. The shares granted shall

be subject to a holding period that will end on November 10, 2019. Should Dr. Kreuzburg leave the company prior to November 11, 2017, at his own request, his entitlement to be granted said shares by transfer shall lapse in its entirety. If Dr. Kreuzburg leaves the company after November 11, 2017, and before November 11, 2019, at his own request, half of his entitlement to be granted said shares shall lapse. Shares already transferred and for which his entitlements have lapsed shall be returned to the company. This remuneration component is to be included in his total remuneration at fair value as of the grant date of these shares. This respective fair value is to be derived from the number of shares granted and the price of each class of share on the grant date and amounts to €4,950 K. 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 2014, an amount of €56 K was accordingly recognized as an employee benefits expense resulting from the grant of shares.

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

€ in K	Executive Board (total)		Dr. Joachim Kreuzburg		Jörg Pfirrmann		Reinhard Vogt	
	2014	2013	2014	2013	2014	2013	2014	2013
Fixed remuneration	1,375	1,298	675	635	290	275	410	388
Fringe benefits <sup>1)</sup>	49	48	18	19	15	13	16	16
<b>Fixed remuneration</b>	<b>1,424</b>	<b>1,346</b>	<b>693</b>	<b>654</b>	<b>305</b>	<b>288</b>	<b>426</b>	<b>404</b>
Annually paid variable remuneration <sup>2)</sup>	759	548	373	268	160	116	226	164
<b>Variable remuneration with multi-year components</b>								
Consolidated net profit (3 years) <sup>3)</sup>	289	282	141	136	62	62	86	84
Phantom stock plan (4-8 years) <sup>4)</sup>	345	325	169	159	73	69	103	97
Shares granted <sup>4)</sup>	4,950	0	4,950	0	0	0	0	0
<b>Variable remuneration</b>	<b>6,343</b>	<b>1,155</b>	<b>5,633</b>	<b>563</b>	<b>295</b>	<b>247</b>	<b>415</b>	<b>345</b>
<b>Total remuneration</b>	<b>7,767</b>	<b>2,501</b>	<b>6,326</b>	<b>1,217</b>	<b>600</b>	<b>535</b>	<b>841</b>	<b>749</b>

<sup>1)</sup> The amounts contributed to D&O insurance totaling €263 K (2013: €235 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 insureds.

<sup>2)</sup> Recognized amount corresponds to actual target achievement

<sup>3)</sup> Recognized amount corresponds to actual target achievement of the plan in which a fiscal year ended; i.e., for 2014, consolidated net profits for 2012 –2014 (2013: consolidated net profits for 2011–2013)

<sup>4)</sup> Fair value at the grant date. For shares granted to Dr. Kreuzburg in fiscal 2014, this is derived from the number of shares granted (25,000 ordinary shares and 25,000 preference shares) and their respective price on the stock exchange on the grant date (€100 and €98, resp.). Due to the share-based payment arrangement, expected dividends are not to be included in the measurement of these shares.

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:

	2014 € in K	2013 € in K
Balance as of Jan. 1 of a fiscal year	306	310
Partial payments deducted	-150	-160
Partial payments effected	146	156
<b>Balance as of Dec. 31 of a fiscal year</b>	<b>302</b>	<b>306</b>



### 3. Disclosures on Share-based Payments

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

	2014 € in K	2013 € in K
<b>Executive Board (total)</b>	<b>617</b>	<b>539</b>
Phantom stock units	561	539
Shares granted	56	0
<b>Dr. Joachim Kreuzburg</b>	<b>330</b>	<b>260</b>
Phantom stock units	274	260
Shares granted	56	0
<b>Jörg Pfirrmann</b>	<b>121</b>	<b>121</b>
Phantom stock units	121	121
Shares granted	0	0
<b>Reinhard Vogt</b>	<b>166</b>	<b>158</b>
Phantom stock units	166	158
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, 2013 € in K	Fair value at year-end on Dec. 31, 2014 € in K	Paid in fiscal 2014 € in K	Change in value in fiscal 2014 € in K	Status
<b>Dr. Joachim Kreuzburg</b>								
Tranche for 2010	8,715	15.78	138	344	0	344	0	Paid out in 2014
Tranche for 2011	5,165	26.62	138	333	344	0	11	Not exercisable
Tranche for 2012	4,416	33.12	146	344	365	0	21	Not exercisable
Tranche for 2013	2,289	69.36	159	175	224	0	49	Not exercisable
<b>Sum of the tranches from the previous years</b>	<b>20,585</b>		<b>581</b>	<b>1,196</b>	<b>933</b>	<b>344</b>	<b>81</b>	
Tranche for 2014	2,008	84.03	169	0	193	0	24	Not exercisable
<b>Total sum of tranches</b>	<b>22,593</b>		<b>750</b>	<b>1,196</b>	<b>1,126</b>	<b>344</b>	<b>105</b>	
<b>Jörg Pfirrmann</b>								
Tranche for 2010	3,334	15.78	53	132	0	132	0	Paid out in 2014
Tranche for 2011	2,348	26.62	63	152	156	0	4	Not exercisable
Tranche for 2012	1,937	33.12	64	147	160	0	13	Not exercisable
Tranche for 2013	990	69.36	69	76	97	0	21	Not exercisable
<b>Sum of the tranches from the previous years</b>	<b>8,609</b>		<b>249</b>	<b>507</b>	<b>413</b>	<b>132</b>	<b>38</b>	
Tranche for 2014	863	84.03	73	0	83	0	10	Not exercisable
<b>Total sum of tranches</b>	<b>9,472</b>		<b>322</b>	<b>507</b>	<b>496</b>	<b>132</b>	<b>48</b>	
<b>Reinhard Vogt</b>								
Tranche for 2010	4,754	15.78	75	187	0	187	0	Paid out in 2014
Tranche for 2011	3,193	26.62	85	206	212	0	6	Not exercisable
Tranche for 2012	2,699	33.12	90	210	223	0	13	Not exercisable
Tranche for 2013	1,397	69.36	97	107	137	0	30	Not exercisable
<b>Sum of the tranches from the previous years</b>	<b>12,043</b>		<b>347</b>	<b>710</b>	<b>572</b>	<b>187</b>	<b>49</b>	
Tranche for 2014	1,220	84.03	103	0	117	0	14	Not exercisable
<b>Total sum of tranches</b>	<b>13,263</b>		<b>450</b>	<b>710</b>	<b>689</b>	<b>187</b>	<b>63</b>	

#### 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. 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, 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 past service cost are shown in the following table:

€ in K	Projected pension payment p.a.	Present value of the obligation (IFRS)		Current service cost (IFRS)	
		31.12.2014	31.12.2013	2014	2013
Dr. Joachim Kreuzburg	214	2,091	1,241	174	166
Jörg Pfirrmann	82	221	158	53	44
Reinhard Vogt	20	268	0	276	0
<b>Total</b>	<b>316</b>	<b>2,580</b>	<b>1,399</b>	<b>503</b>	<b>210</b>

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

The following table shows the benefits granted for the year 2014, including the fringe benefits and the at-

tainable maximum and minimum remuneration for the variable remuneration components in line with the requirements of the DCGK of lit. 4.2.5 of June 2014:

	Dr. Joachim Kreuzburg				Jörg Pfirrmann				Reinhard Vogt			
	2014 (min)	2014 (max)	2014	2013	2014 (min)	2014 (max)	2014	2013	2014 (min)	2014 (max)	2014	2013
Benefits granted € in K												
Fixed remuneration	675	675	675	635	290	290	290	275	410	410	410	388
Fringe benefits <sup>1)</sup>	18	18	18	19	15	15	15	13	16	16	16	16
<b>Total</b>	<b>693</b>	<b>693</b>	<b>693</b>	<b>654</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>288</b>	<b>426</b>	<b>426</b>	<b>426</b>	<b>404</b>
Annually paid variable remuneration <sup>1)</sup>	0	405	338	318	0	174	145	138	0	246	205	194
<b>Variable remuneration with multi-year components</b>												
Consolidated net profit 2014 (2014-2016) <sup>1)</sup>	0	203	169		0	87	73		0	123	103	
Consolidated net profit 2013 (2013-2015) <sup>1)</sup>				159				69				97
Phantom stock plan 2014 (holding period 2014-2017) <sup>2)</sup>	0	422	169		0	181	73		0	256	103	
Phantom stock plan 2013 (holding period 2013-2016) <sup>2)</sup>				159				69				97
Shares granted <sup>2)</sup>	0	4,950	4,950	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>693</b>	<b>6,673</b>	<b>6,318</b>	<b>1,289</b>	<b>305</b>	<b>747</b>	<b>595</b>	<b>563</b>	<b>426</b>	<b>1,051</b>	<b>836</b>	<b>792</b>
Post-employment benefits	174	174	174	166	53	53	53	44	276	276	276	0
<b>Total remuneration</b>	<b>867</b>	<b>6,847</b>	<b>6,492</b>	<b>1,455</b>	<b>358</b>	<b>800</b>	<b>648</b>	<b>607</b>	<b>702</b>	<b>1,327</b>	<b>1,112</b>	<b>792</b>

<sup>1)</sup> Recognized amount for 100% target achievement

<sup>2)</sup> Fair value on the grant date

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

	Dr. Joachim Kreuzburg		Jörg Pfirrmann		Reinhard Vogt	
	2014	2013	2014	2013	2014	2013
Benefits received € in K						
Fixed remuneration	675	635	290	275	410	388
Fringe benefits <sup>1)</sup>	18	19	15	13	16	16
<b>Total</b>	<b>693</b>	<b>654</b>	<b>305</b>	<b>288</b>	<b>426</b>	<b>404</b>
Annually paid variable remuneration <sup>1)</sup>	373	268	160	116	226	164
<b>Variable remuneration with multi-year components</b>						
Consolidated net profit 2014 (2014-2016) <sup>1)</sup>	141		62		86	
Consolidated net profit 2013 (2013-2015) <sup>1)</sup>		136		62		84
Phantom stock plan 2014 (holding period 2014-2017) <sup>2)</sup>	344		132		187	
Phantom stock plan 2013 (holding period 2013-2016) <sup>2)</sup>		249		0		0
Shares granted <sup>2)</sup>	0	0	0	0	0	0
<b>Total</b>	<b>1,551</b>	<b>1,307</b>	<b>659</b>	<b>466</b>	<b>925</b>	<b>652</b>
Post-employment benefits	174	166	53	44	276	0
<b>Total remuneration</b>	<b>1,725</b>	<b>1,473</b>	<b>712</b>	<b>510</b>	<b>1,201</b>	<b>652</b>

<sup>1)</sup> Amount equal to actual target achievement

<sup>2)</sup> Paid out or transferred to 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

	2014 € in K	2013 € in K
<b>Remuneration for the Supervisory Board Members</b>		
<b>Total remuneration</b>	<b>926</b>	<b>888</b>
Fixed remuneration	600	600
Compensation for committee work	80	80
Meeting attendance fee	154	104
Remuneration from Sartorius Weighing Technology GmbH, Goettingen	0	13
<b>Total remuneration for the Sartorius Stedim Biotech subgroup</b>	<b>92</b>	<b>91</b>
Remuneration from Sartorius Stedim Biotech GmbH, Goettingen	38	38
Remuneration from Sartorius Stedim Biotech S.A., Aubagne	54	53

	2014 € in K	2013 € in K
<b>Prof. Dr. Dres. h.c. Arnold Picot (Chairman)</b>		
<b>Total remuneration</b>	<b>265</b>	<b>262</b>
Fixed remuneration	120	120
Compensation for committee work	24	24
Meeting attendance fee	29	14
Remuneration from Sartorius Weighing Technology GmbH, Goettingen	0	13
<b>Total remuneration for the Sartorius Stedim Biotech subgroup</b>	<b>92</b>	<b>91</b>
Remuneration from Sartorius Stedim Biotech GmbH, Goettingen	38	38
Remuneration from Sartorius Stedim Biotech S.A., Aubagne	54	53

	2014 € in K	2013 € in K
<b>Dr. Dirk Basting</b>		
<b>Total remuneration</b>	<b>46</b>	<b>46</b>
Fixed remuneration	40	40
Meeting attendance fee	6	6

	2014 € in K	2013 € in K
<b>Annette Becker<sup>1)</sup></b>		
<b>Total remuneration</b>	<b>46</b>	<b>46</b>
Fixed remuneration	40	40
Meeting attendance fee	6	6

	2014 € in K	2013 € in K
<b>Uwe Bretthauer<sup>1)</sup></b>		
<b>Total remuneration</b>	<b>82</b>	<b>70</b>
Fixed remuneration	40	40
Compensation for committee work	16	16
Meeting attendance fee	26	14

	2014 € in K	2013 € in K
<b>Michael Dohrmann<sup>1)</sup></b>		
<b>Total remuneration</b>	<b>46</b>	<b>46</b>
Fixed remuneration	40	40
Meeting attendance fee	6	6

	2014 € in K	2013 € in K
<b>Dr. Lothar Kappich</b>		
<b>Total remuneration</b>	<b>46</b>	<b>46</b>
Fixed remuneration	40	40
Meeting attendance fee	6	6

	2014 € in K	2013 € in K
<b>Petra Kirchoff</b>		
<b>Total remuneration</b>	<b>46</b>	<b>46</b>
Fixed remuneration	40	40
Meeting attendance fee	6	6

	2014 € in K	2013 € in K
<b>Karoline Kleinschmidt<sup>1)</sup></b>		
<b>Total remuneration</b>	<b>45</b>	<b>46</b>
Fixed remuneration	40	40
Meeting attendance fee	5	6

	2014 € in K	2013 € in K
<b>Prof. Dr. Gerd Krieger</b>		
<b>Total remuneration</b>	<b>66</b>	<b>58</b>
Fixed remuneration	40	40
Compensation for committee work	8	8
Meeting attendance fee	18	10

	2014 € in K	2013 € in K
<b>Prof. Dr. Thomas Scheper</b>		
<b>Total remuneration</b>	<b>46</b>	<b>46</b>
Fixed remuneration	40	40
Meeting attendance fee	6	6

	2014 € in K	2013 € in K
<b>Prof. Dr. Klaus Trützschler</b>		
<b>Total remuneration</b>	<b>68</b>	<b>66</b>
Fixed remuneration	40	40
Compensation for committee work	16	16
Meeting attendance fee	12	10

	2014 € in K	2013 € in K
<b>Manfred Zaffke<sup>1)</sup> (as of March 1, 2014) (Vice Chairman)</b>		
<b>Total remuneration</b>	<b>103</b>	<b>0</b>
Fixed remuneration	67	0
Compensation for committee work	13	0
Meeting attendance fee	23	0

	2014 € in K	2013 € in K
<b>Gerd-Uwe Boguslawski<sup>1)</sup> (until Feb. 28, 2014)</b>		
<b>Total remuneration</b>	<b>21</b>	<b>110</b>
Fixed remuneration	13	80
Performance-related remuneration	3	16
Meeting attendance fee	5	14

<sup>1)</sup> 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.

## 8. Remuneration of Former Managing Directors

	2014 € in K	2013 € in K
<b>Remuneration of Former Managing Directors</b>		
Remuneration of former managing directors and members of the Executive Board as well as their surviving dependents	405	394
Retirement benefits and pension obligations to former managing directors and members of the Executive Board as well as their surviving dependents	6,768	7,065



Sustainability Report

03

# Sustainability at Sartorius

Sustainability is one of the core values on which our corporate culture at Sartorius is founded. Our primary commercial mission is to offer attractive products and solutions to our customers, which entails both being highly innovative and achieving and maintaining strategic and operational excellence. Doing this sustainably, we believe, means taking a broad-based, long-term view of our business that includes social and ecological considerations. We take our responsibilities toward our various stakeholders seriously and believe in long-term relations that deliver benefits to all parties involved. Sartorius has elected to make sustainability a responsibility of the Chief Executive Officer in recognition of its overarching importance for the company.

## Dimensions of Sustainability



Based on our sustainable approach, it is important for us to comply with legal and ethical standards, manufacture our products in an environmentally responsible way and to consider environmental impacts when developing product innovations. Similarly, our HR policy aims to protect the rights and interests of employees and to actively utilize and develop the potential of our global workforce. Sartorius helps to shape the regional environment around its sites worldwide as an employer and customer.

We have defined relevant performance indicators supplementary to our financial indicators to be used in assessing the impact of our commercial activities on the economy, the environment our employees and society. These indicators have been designed with great care to ensure that they incorporate, as far as possible, the expectations and demands of our most important stakeholders – customers, employees, suppliers, investors, the communities in which we operate and society as a whole. Surveys of employees and customers and regular meetings with investors are just some of the methods we use to track stakeholder views and priorities.

Sartorius conducts its reporting activities in line with the guidelines of the Global Reporting Initiative (GRI) to ensure transparency and facilitate ready comparison. The Sustainability Report is published annually as part of the Group Annual Report. The reporting period is the fiscal year. Unless otherwise indicated, the employee-related data covers all Sartorius companies including those of the discontinued operation Industrial Technologies. The data does not include the 31 employees of U.S. start-up AllPure, which was acquired in 2014. The environmental indicators encompass all production companies unless otherwise indicated. The coverage rate here based on total head count amounts to 76.5%. Most of the data has been gathered internally; in addition, data on consumption used is provided by our utility companies.

This report was not externally audited.



# Sustainable Corporate Management

## Compliance with Legal and Ethical Standards

Our activities are based on our corporate values: sustainability, openness and enjoyment. These values govern how we interact with our customers, business partners and investors every day as well as how we work together within our company. At the same time, these corporate values guide us in the direction in which we intend to further develop our company in the future.

Sartorius conducts its business in compliance with the legal regulations of individual countries and with globally accepted ethical standards. Our actions follow the principles of responsible corporate governance and control focused on sustainable value added. This includes compliance with legal and Group-internal regulations, consideration of our stakeholders' interests, transparent corporate communications, appropriate risk management and proper accounting and auditing. Sartorius complies with the stipulations and recommendations of the German Corporate Governance Code in the most recent version published on June 24, 2014. Further information on this topic is given in the Corporate Governance Report on page 72.

Sartorius operates a global compliance system intended to ensure that members of the executive bodies, managers and employees comply with all legal regulations, codes and internal guidelines. We systematically raise awareness of relevant compliance issues among our people to prevent misconduct, financial losses and damage to our image. The Internal Control Systems | Compliance department is responsible for internal auditing, corporate security, environmental management, data protection, risk management, anti-corruption and export control.

The Sartorius Code of Conduct and Sartorius Anti-Corruption Code set out and expand on the minimum standards for legally compliant and ethical behavior. The Sartorius Code of Conduct helps employees to act ethically and in accordance with the law in their daily work. Its provisions and the specific rules of conduct to counter corruption are binding on all employees. All of our employees around the globe complete a training course about how to deal with ethically or legally problematic situations. A whistleblower portal and a telephone hotline enable employees, suppliers, customers and partners to report any dubious conduct.

Sartorius adheres to the principles of the United Nations Universal Declaration of Human Rights, the International Labor Organization (ILO) and the United Nations

Global Compact. The company categorically rejects all forms of forced, compulsory and child labor and explicitly expects its suppliers to do the same. We act with integrity in our dealings with competitors, suppliers and customers and aim to work in trusting partnership with relevant employee representative bodies.

The remuneration paid by Sartorius for regular working hours, overtime and compensation for hours worked in excess of contract or regular work schedules either meets or, where an additional variable remuneration component applies, exceeds industry standards and/or the legal minimum wage. The level of the variable component is linked to both the progress of the company and the attainment of personal targets defined by employees and their line manager in annual target agreements.

## Employee Survey Confirms Key Issues

The global employee survey conducted in 2013 yielded above-average scores on the whole for Sartorius. Respondents were especially satisfied with their roles and tasks, with their managers and with the nature of cooperation within the company. The findings also confirmed that continuing professional development and opportunities for advancement are very important to our employees. This topic was therefore one of the focal points of HR activities in the reporting year.

## Applying Different Perspectives

Our workforce reflects the diversity of the markets, business regions and customers served by our international operation. We take care when assembling teams to ensure that the different perspectives and experiences contributed by our people combine productively. Similarly we aim to achieve a mix of nationalities, genders and age groups when filling management vacancies. As of December 31, 2014, 58.3% of the Group's employees were employed outside Germany. This represents a year-on-year increase of 1.7 percentage points. More than half of the company's managers originated outside Germany. The proportion of women in our total workforce decreased slightly from 35.0% to 34.6% in 2014, but the proportion of women holding posts in the two tiers of management immediately below the Executive Board increased worldwide from 20.0% to 22.3%. We regard making our management team even more international and further increasing the proportion of women in managerial positions as significant priorities for the medium term.

Sartorius employed 163 people in the reporting period who are registered as disabled, 133 of them in Germany and 25 in France.

### Further Developing the Potential of Employees Worldwide

Our employees attach great importance to continuing professional development and we have been offering corresponding programs in a wide range of fields for many years. We made a particular effort in 2014 to make the international strand of our HR development work even stronger. We improved the training available locally at the South American sites, for example, and set up an electronic platform for internal job advertisements at our sites in the U.S.A. Globally, we are developing a structured talent management system and improving support options to help employees working outside their own field or away from their home site, be it temporarily or permanently, to continue their professional and personal development.

The annual performance reviews held between employee and manager provide a forum to discuss specific development opportunities as well as targets and performance. Sartorius conducts all annual performance reviews worldwide in line with the same set of criteria.

Sartorius fills most management vacancies from within its own ranks. We help junior managers to build up their management skills through specific projects directly related to the company's business. Sartorius also provides a separate development program for experienced management staff. Designed with reference to our management guidelines, this program helps to strengthen the common management culture.

Particularly for R&D scientists and engineers, Sartorius offers a structured expert career path to complement the traditional management careers. This program enhances the visibility of our experts both internally and externally and builds staff loyalty. In the reporting year we, together with our experts, introduced further refinements to the program.

The Sartorius College offers all employees a diverse range of training and continuing personal development opportunities in a number of different languages to help improve linguistic and methodological skills. Specialist courses and targeted on-the-job training pass on essential skills and expertise.

### Finding and Developing Talented Young Staff

Sartorius enjoys a reputation as an attractive employer, as evidenced by, among other indicators, the large number of applicants who respond to our job advertisements. We provide an extensive range of information about the company for applicants through the careers section of our website.

Sartorius offers young people rigorous initial professional training. In Germany, the Group provides training and education in a total of 22 different professions and eight work-study programs. Sartorius had a total of 157 trainees and students in its employment as of the December 31, 2014 reporting date, a year-on-year increase of eight people. Of these 111 were male and 46 female. Two trainees had disabilities. As in previous years, a large proportion of trainees entered into continuing employment with the company after successfully completing their final examination.

Sartorius runs foreign exchange programs for trainees that enable those with an interest in gaining international experience to spend a number of weeks at a Group site in another country as part of their training. This option is offered in addition to the standard technical program. Promising young individuals at Sartorius also have the opportunity to prepare themselves for specific future roles through highly practical work-study programs in the natural sciences and business administration.

The company regularly avails itself of EU funding programs, including the Marie Curie scheme for young scientists and the Leonardo da Vinci scheme for international vocational education. We enable our interns to take part in a variety of training initiatives. Interns at the Aubagne site, for example, have the opportunity to attend the Master of Business Administration courses offered by the Kedge Business School in Marseille, with which we have an alliance.

Our own international Sartorius Scholarship program, meanwhile, supports talented students and graduates in scientific and technical disciplines not just financially, but also, through the provision of a mentor from within our own organization, technically and personally. The program is intended to attract appropriately qualified young people from the global growth markets to our organization and enhance international project activities at Sartorius.

## Certified Vocational Training and Work-study Programs at Sartorius in Germany

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

Recognized professions in commerce
Event manager
Industrial business administrator
Office management assistant
IT application specialist
IT system integration specialist
Warehouse logistics specialist
Warehouse operator
Recognized professions in the natural sciences
Skilled chemistry technician
Physics laboratory assistant
Chemical laboratory assistant
Recognized professions in skilled trades and skilled technical jobs
Mechatronics engineer
Electronics technician for automation technology
Electronics technician for equipment and systems
Milling machine operator
Industrial mechatronics engineer
Construction technician
Skilled machine and plant operator
Plant technician
Technical product designer
Certified production technician
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, Physical Engineering Technologies
Bachelor of Engineering, Precision Machinery
Bachelor of Engineering, Production Technology
Bachelor of Science, Biotechnology
Bachelor of Science, Information Technology
Bachelor of Science, Business Information Management Systems

## Freedom and Flexibility at Work

Sartorius sets its employees demanding tasks and delegates responsibility to them at an early stage. It also gives them freedom to arrange their daily work in recognition of their desire for more flexible working arrangements that allow a better balance between work and family life. Our working time model gives employees at the German sites the option to arrange their working hours flexibly, for example through flextime, part-time work or teleworking. The Sartorius Group had 314 people or 5.0% of employees in part-time employment in the reporting year, most of them in Germany. This represents an increase of 0.6 percentage points on the 2013 figure. Sartorius has already garnered a number of awards for its family-friendly policies.

## Culture of Open Dialog

Sartorius seeks to maintain a culture of open and constructive dialog with its employees. We share information about our financial progress, our strategic objectives and any changes within the company promptly and regularly with internal notices, newsletters and an employee magazine.

The specifics of the relationship between employees and their employer vary from region to region, but Sartorius always works together with the relevant employee representative bodies in a spirit of mutual confidence. The involvement of employees at management and operational level in Germany is governed by provisions including the German Codetermination Law ("MitBestG") and the German Works Constitution Act ("BetrVG"). Employees in Germany are represented by a total of twelve works councils. The 17 works agreements concluded at the German sites in 2014, which cover matters such as health and incentive systems, apply to a good 90% of employees.

## Health Protection and Safety

Sartorius operates a corporate health management policy covering both the physical and the psychosocial elements of health in order to enhance employee performance and motivation and reduce the costs associated with illness. Special action days and sports opportunities are held at different sites to raise health awareness among employees. Senior managers in Germany have access to an annual medical checkup at a selected partner clinic. An advisory and travel service introduced in 2014 assists Sartorius employees on business trips or international deployments in the event of a medical emergency, accident or security threat, for example.

Sartorius strives to improve its working conditions continuously to bring about further reductions in job-related medical conditions, risks to health and potential causes of industrial accidents. The company also provides regular employee training in occupational health and safety and in environmental protection. We continuously adapt job safety and work organization conditions in line with the applicable laws and regulations, for example, with the provisions and guidance issued by the German Occupational Health and Safety Agency.

The 68 accidents recorded at Sartorius worldwide in the reporting year led to 1,411 days missed. The great majority of accidents were minor in nature. Up to the reporting date, the company recorded 56 work-related accidents at its largest production site in Goettingen (previous year: 36), 18 of which occurred not on company premises, but rather during the employee's commute between home and work. We review the effectiveness of our accident prevention measures regularly with reference to accident analyses.

#### Accident statistics 2014

	2014	2013
Work-related accidents	68	77
Days missed due to accidents	1,411	1,270
Accident rate <sup>1)</sup>	6.4	7.8
Accident severity <sup>2)</sup>	132.3	128.5

<sup>1)</sup> Work-related accidents per million working hours

<sup>2)</sup> Number of days lost due to work accidents per million working hours

### Strong Cooperation with Suppliers

Sartorius maintains a broad product range and purchases a correspondingly diverse range of materials for use in its manufacturing operations. Service providers and suppliers all contribute to value creation. We expect our suppliers and service providers to comply with internationally recognized social and environmental standards, to respect the law and to uphold the tenets of fair competition. We have formalized the corresponding requirements in a Code of Conduct for Suppliers and Service Providers. Sartorius has standardized its procurement channels worldwide, with contracts being awarded in a transparent process that complies with all current regulations.

Sartorius has a total of approximately 6,000 suppliers and service providers worldwide. The cost of purchases consumed and purchased services amounted in the reporting year to €145.9 million, which equates to 16% of sales revenue. Please refer to the Notes to the Statement of Financial Position on page 130. Sartorius operates with a high level of vertical integration overall. There were no material changes.

## Ecological Sustainability

Sustainable manufacturing and sustainable products are key to our long-term financial success. Sartorius designs its manufacturing processes to conserve resources and offers customers products that are not only efficient and safe, but also provide environmental benefits. When planning our operations, we look beyond our own immediate use of resources to understand the entire life cycle of our products, including our customer's processes. Our suppliers are also required to meet the specifications of our green approach. Sartorius seeks to grow its business without a commensurate increase in its consumption of natural resources and has made this a formal objective at various levels.

No specific environmental risks requiring provisions to be set up were identified in the reporting year.

### High Standards in Quality and Environmental Protection

Sartorius is certified under the internationally recognized standards for quality (ISO 9001) and environmental protection (ISO 14001). These two management systems ensure that we comply with quality requirements in the manufacture of our products, that we are prudent in our use of resources and that we avoid environmental risks. Tagelswangen, where we employ around 40 people, is the only one of our manufacturing sites not to be certified for compliance with the ISO 9001 quality standard. The ISO 14001 environmental management system has been introduced in three companies in Goettingen, at the Hamburg, Beijing and Bangalore sites and at both of our pipette production sites (Kajaani in Finland and Suzhou in China). We operate an energy management system as specified in ISO 50001 for our single-use products manufacturing operations at Goettingen and at the nearby Guxhagen site, where we manufacture equipment and systems for biopharmaceutical production. The energy management system was first certified in 2014. The relevant local organizational units ensure compliance with all applicable laws and regulations at our international sites. Sartorius has established a working group incorporating representatives from a number of different countries to improve and harmonize processes across the three areas of action in environment, health and safety.

Sartorius supplies its products to pharmaceutical, food and chemical manufacturers and to research and development laboratories. A high level of product quality and delivery reliability are critical for our customers in these strictly regulated industries. The company employs rigorous quality checks and advanced manufacturing methods and processes to ensure that when used as intended, these products comply with the requirements of the highly regulated sectors concerned and pose no risk to health or safety. A traceability system makes it possible to recall an entire production batch immediately in the event of defects being discovered in a product.

### Emissions Monitoring in Accordance with the Greenhouse Gas Protocol

Sartorius has been recording greenhouse gas emissions in line with the Greenhouse Gas (GHG) Protocol since 2013 and accordingly considers – and reports in CO<sub>2</sub> equivalents (CO<sub>2eq</sub>) – emissions not just of CO<sub>2</sub> but of all of the gases of relevance to climate change. We currently report direct emissions of relevance to climate change caused by our production sites (Scope 1) and energy indirect emissions that arise in the course of power generation by external energy suppliers (Scope 2). Other greenhouse gas emissions, such as those associated with the manufacture of precursor products and distribution operations (Scope 3), are at the moment only assessed at our main production site for single-use bags in Aubagne, but we are considering phased integration of Scope 3 greenhouse gas emissions.

Greenhouse gas emissions at the Sartorius Group developed as follows in 2014:

#### Energy consumption and greenhouse gases

	2014	2013
<b>Total energy consumption (in MWh)</b>	<b>103,858</b>	<b>86,301</b>
- of which electricity Strom	52,785	50,242
- of which natural gas	47,808	32,746
- of which fuels <sup>1)</sup>	2,009	2,685
- of which other energy sources	1,256	628
<b>Total Greenhouse Gas Emissions (in t CO<sub>2eq</sub>)<sup>2)</sup></b>	<b>29,110</b>	<b>31,083</b>
- Scope 1 <sup>3)</sup>	9,462	7,937
- Scope 2	19,648	23,146
<b>Key Indicators</b>		
CO <sub>2eq</sub> -Emissions per employee (in t)	6.3	7.5
CO <sub>2eq</sub> -Emissions per sales revenue (in t/Mio. €)	32.7	35.0

<sup>1)</sup> Diesel for generators only

<sup>2)</sup> CO<sub>2eq</sub> calculated by HAWK, the University of Applied Sciences and Arts in Goettingen, using the "GaBi" analytical software package for greenhouse gas emissions

<sup>3)</sup> Scope 1 emissions excluding fuel consumption of the vehicle pool

Scope 2 emissions from the consumption of electricity, which account for almost 75% of the company's total emissions, represent the main source of emissions of relevance to climate change at Sartorius. The other quarter can be attributed largely to the combustion of fossil fuels (Scope 1).

Scope 1, 2 and 3 emissions at the Aubagne site are assessed according to the "Bilan Carbone" method developed by the French Environment and Energy Management Agency (ADEME). Results for 2013, the most recent year analyzed, show that business and work-related travel by employees accounts for around 22% of the environmental footprint and the raw materials obtained by Sartorius from its suppliers make up a further approximately 19%. Other significant sources of CO<sub>2</sub> include freight transport (18%) and packaging (10%). The site has drawn up a plan of action to reduce its CO<sub>2</sub> emissions further based on these findings.

Solvent emissions, which occur principally in filter production at the Goettingen and Yauco sites, amounted to 51.6 metric tons in the reporting year. The share of the total carbon figure of relevance in terms of greenhouse gas emissions is taken into account in calculating the CO<sub>2eq</sub> measure.

## Efficient Use of Energy

Sartorius is adapting to the negative consequences of climate change and endeavoring to reduce the greenhouse gas emissions associated with its business operations. Energy efficiency is one of the main areas we are targeting in this connection. Accounting for approximately 59% of our total energy consumption, our largest site in Goettingen plays a key role in this effort. The adoption of advanced technology, including an energy-efficient combined heat and power (CHP) plant and a compressed air center for controlling production equipment, has brought reductions in annual carbon dioxide emissions of around 5,600 metric tons. Intelligent control systems pave the way to annual energy savings of up to 1,300 MWh. A second CHP plant, which will cut emissions by an additional 400 metric tons of carbon dioxide a year, came online in 2014. These measures have enabled us to break the link between consumption and output at the Goettingen site, with the result that overall energy consumption here has increased at a much slower rate than sales revenue over the last few years. Our energy management system will make it possible to identify additional energy-saving potential in specific areas.

We continue to improve existing production processes and buildings at our international sites too in order to reduce our resource consumption. Increasing the proportion of renewable energy sources in our energy mix is a key aspect of this effort, especially in our new builds: solar energy meets around 3% of our total energy requirements at the Yauco site, for example, while the Guxhagen and Tagelswangen sites both have their own photovoltaic plant and make use of geothermal energy.

Sartorius supplies the various markets directly from its production facilities in most cases and works to minimize business travel, for example by making greater use of videoconferencing. Measures such as these avoid emissions-generating transport operations and staff travel.

## Minimizing Water Consumption

The rinsing processes that follow the precipitation bath procedure in filter membrane production are the largest consumer of water at Sartorius. Modern casting machines help to make water use as efficient as possible. Sartorius operates its own waste water treatment plants on company premises at its Goettingen, Bangalore and Beijing sites in the interests of sustainable water management. Our new building at



Yauco consumes around 85% less fresh water than conventional factories thanks in part to an intelligent concept for the use of rain water.

#### Water Consumption

	2014	2013
Total water consumption (in m <sup>3</sup> )	330,956	310,797
Water consumption per employee (in m <sup>3</sup> )	72	75
Waste water (in m <sup>3</sup> ) (biochemical oxygen demand - BOD) <sup>1)</sup> (in metric tons)	201	177

<sup>1)</sup> Contaminated waste water only, excludes waste water from sanitary facilities

#### Return of Recyclable Materials

Sartorius endeavors to reduce waste volumes and employs waste separation systems to help ensure that recyclable materials can be recycled and reduce the proportion of waste sent to landfill.

#### Waste

	2014	2013
<b>Total quantity of waste (in metric tons)</b>	<b>3,614</b>	<b>4,101</b>
- of which waste for reuse/recycling (in metric tons)	2,018	2,273
- of which waste for disposal (in metric tons)	1,596	1,828
Quantity of waste per employee (in metric tons)	0.78	0.99
Recycling rate (in %)	56	55

Sartorius applies the relevant regulations on environmentally compatible reuse and recycling in force around the world to its own electronic products, such as balances and other laboratory equipment. This ensures that materials such as heavy and precious metals are recovered for reuse rather than landfilled. The Sartorius sites in Germany have been using an electronic signature system for hazardous waste items, for example, caustic solutions and oils, since 2010. This ensures that the generation and disposal of hazardous waste products are documented digitally and can be traced in full. The proportion of waste that counts as hazardous waste is recorded only in Germany. The corresponding figure in 2014 was 524 metric tons.

Organic solvents, which Sartorius needs for manufacturing membranes for filter cartridges, are recovered and recycled. The Goettingen facility, which accounts for most of our solvent use, has a solvent reprocessing plant on site so that solvents can be used, recovered and fed back into production operations again without

ever leaving our premises. This enables us simultaneously to close material cycles, minimize transport requirements and reduce water consumption and the volume of waste water produced. Thanks to the results of our own research and development, moreover, we have been able to reduce the relative quantity of solvents required in membrane manufacture.

We have switched delivery of polypropylene, which we use to manufacture injection-molded components required for single-use products, from sack to silo to reduce consumption of polythene packaging.

Sartorius has little scope to use recycled plastics due to the safety regulations applying to its products. It does, however, use small amounts of such materials in certain functional components of its balances, for instance.

#### Environmentally Compatible Infrastructure Development

Sartorius' new builds and plant expansions are completed to comply with local legislation and regulations on land use. Our production facilities utilize dedicated industrial areas away from nature conservation areas and green spaces. We maintain extensive green spaces within our sites too, avoiding unnecessary artificial ground coverings that prevent water entering the soil. Generally we believe our activities have no material impact on biodiversity. We remain acutely aware of the special sensitivity of the biodiversity hot spots in which our Tunisia and Puerto Rico sites are located, however, and take care to act accordingly. The Yauco site, for example, which expanded in 2012 to become our main production and logistics facility for the North American market, meets the most stringent U.S. standards for sustainable, environmentally-compatible and resource-friendly construction. The production building at Yauco actually achieved Platinum status under LEED, the U.S. certification system for green buildings, making Sartorius the first pharmaceutical industry supplier in the world to receive this award. Our advanced building technology often exceeds the requirements of national environmental protection regulations at other sites too.

#### Avoidance of Environmentally Problematic Materials

Sartorius employs a materials management system that checks all of the raw materials used to ensure they comply with the applicable environmental and health and safety regulations. Pertinent regulations in this context include the Directive on the restriction of

the use of certain hazardous substances in electrical and electronic equipment (RoHS) and the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) in Europe as well as other similar standards around the world. Safety data sheets, product safety notices and instructions in the user manuals reliably inform customers of any hazardous materials contained in products that cannot be replaced. Having been steadily reducing the amount of lead-containing solder used in the production of electronic components and circuit boards for some time, Sartorius was able to implement the corresponding RoHS regulations in full in 2014 and now only uses lead-free solder.

Sartorius has classified three raw material types as critical for the manufacture of its products: chemicals for the production of filter membranes, plastics for single-use products and stainless steel for reusable bioreactors and systems. We began a phased introduction of indicators for bought-in raw materials in 2013. Sartorius procured 3,448 metric tons of chemicals in the reporting year (2013: 2,995 metric tons). The corresponding figure for plastics, which we report for the first time for 2014, is 1,157 metric tons.

### Sustainable Product Innovations

Our efforts to improve the environmental performance of our products and production methods begin as early as the development stage. We aim to increase our use of renewable raw materials and reduce packaging whenever this can be done without compromising safety and functionality. Sartorius also collaborates with industrial and academic partners in this connection and is currently exploring possibilities including sourcing the polymers for membranes and capsules from renewable or recycled raw materials.

### High-Performance Products Improve Customers' Environmental Footprint

Single-use products are becoming increasingly widespread in the manufacture of innovative, effective pharmaceuticals. While this is essentially due to the economic advantages they offer, single-use products also completely eliminate the resource-intensive cleaning processes with ultrapure water and associated waste-water processing required with conventional steel and glass equipment. Studies confirm that single-use products made of plastic are far superior to complex reusable systems in their consumption of energy, water and chemicals over the product life cycle: a typical industrial manufacturing process for monoclonal antibodies using predominantly single-use prod-

ucts, for example, requires around 80% less water and 30% less energy than the equivalent process using predominantly reusable solutions. Using single-use solutions makes for smaller production units too, reducing the manufacturing space required by 30% and consequently shrinking energy and material consumption as well. Other research has confirmed that the energy consumption associated with sterilization, cleaning and materials in processes based on single-use products is around half that of conventional processes.<sup>1)</sup>

Although single-use products have clear environmental benefits in terms of energy and water consumption, their use does generate more waste. Here too, however, consistent reuse and recycling can significantly improve environmental performance: the ultrapure plastics we use to manufacture various single-use products contain around 80% to 90% of the energy of pure crude oil and are thus a valuable secondary raw material. The high energy content of polymers, for example, means that they can be reused as fuel in heat and | or power generation.

The integrated solutions of the Sartorius FlexAct product line combine the fundamental environmental advantages of single-use technologies with the benefits of lower material consumption due to the reduced need for permanently installed systems. The versatile central control unit, for example, can be used in a number of different biopharmaceutical processes.

Technical refinements to its membrane filters have enabled Sartorius to slash consumption of ultrapure water for wetting and rinsing the membranes by up to 95%. The improved filters waste less highly-valuable protein solution too due to their significantly lower absorption, enabling pharmaceutical manufacturers simultaneously to reduce resource consumption considerably and obtain higher yields.

Our Sartorius process monitoring and control technology also reduces material consumption and helps to prevent defective batches. Sartorius Service analyzes customer processes in the round and identifies areas harboring potential economic and environmental improvements.

<sup>1)</sup> Sources: Sinclair A., Lindsay I., et al.: The Environmental Impact of Disposable Technologies. BioPharm Int. November 2, 2008. <http://www.biopharmservices.com/docs/EnvironmentImpactDisposables.pdf>; Rawlings B., Pora H.: Environmental Impact of Single-use and Reusable Bioprocess Systems. BioProcess Int. February 2009: 18 - 25.



## Contributing to Society

Our business operations have many positive effects on the progress of the cities and communities in which we are based, the great majority of which have been home to Sartorius for many years. We are often one of the largest private employers and customers in the area, especially at our main manufacturing sites, and consequently play a significant role in increasing growth and purchasing power. Sartorius and its partners are actively involved in shaping the economic and social environment around its sites. The company also helps to make the regions in which it operates more attractive for current and future employees alike by providing financial support to projects in the spheres of education, culture, social affairs and sports.

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.

### Contributing to Regional Economic Development

Many of our Sartorius production facilities, among them the Goettingen, Guxhagen, Aubagne and Yauco sites, are located in small to medium-sized cities and communities and rank as important employers in their region. Our Group headquarters site in the university city of Goettingen, for example, is the largest private employer in the area with over 2,000 employees. The company is also a major force in the local economy of the rural region surrounding nearby Guxhagen, while in Aubagne and Yauco, both medium-sized cities with a population of around 40,000, we provide attractive jobs for 550 and 350 people respectively. Each site also supports additional jobs with local service providers and suppliers.

Our local subsidiaries are involved alongside representatives of the political, industrial and social spheres in initiatives to make the region more competitive. We concentrate in this connection on issues that directly or indirectly affect the company's operations, such as infrastructure, logistics, environmental protection and education, and make a priority of long-term cooperation and reliable partnerships. We maintain an open and constructive dialog with the various local stakeholder groups and notify them promptly and in full of activities and developments touching upon their area of concern. Several examples from Goettingen and Yauco are presented below.

At the Goettingen 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 CO<sub>2</sub> emissions, collaborate with Goettingen's Georg-August University, are an industrial partner to several Goettingen high schools and feature among the sponsors of the internationally renowned Goettingen Handel Festival, the city's "Literaturherbst" fall literature festival and the men's team of local basketball club BG Göttingen, which currently plays in Germany's top division. We also made a donation in support of local children's cancer charity "Elternhilfe für das krebskranke Kind" in 2014.

In Yauco, Sartorius has been supporting public schools and universities for many years and awards around 20 scholarships annually to pupils and students from low-income families. We also sponsored equipment for sports groups and a charity performance in support of breast cancer research in 2014.

### Alliances with Research and Educational Institutions

Promoting academic excellence and interdisciplinary communication are key aspects of our long-term alliances with research and educational institutions. The Florenz Sartorius Prize we created to recognize outstanding academic achievement is awarded twice a year to the best in class in the Faculty of Economic Sciences at Goettingen's Georg-August University. Sartorius provides financial support to around 20 outstanding students from seven different universities every year through its involvement with the German federal government's "Deutschlandstipendium" national scholarship program and also supports the International Graduate School of Metrology in Brunswick, Germany.

The Sartorius site in Aubagne has for many years been collaborating with highly-regarded schools and universities, including 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 make a start in their career. Sartorius also awards two scholarships every year in Hong Kong to especially high-achieving young geologists, biologists and

chemists at the University of Hong Kong, the Chinese University of Hong Kong and the Hong Kong University of Science and Technology.

The French Muscular Dystrophy Association (AFM-Téléthon), a charity with which we have been working for several years, received a Christmas donation of €80,000 from Sartorius. This will be used to help fund research in rare nervous system and muscle disorders and the development of gene and stem cell therapies. The company also provided laboratory equipment worth €50,000 to support the Goettingen Experimental Laboratory for Young People (XLAB).

### **Supporting Events for the Scientific Community**

Sartorius regularly takes part in symposiums, conventions, annual conferences and events for the scientific community, primarily involving the bioprocess industry, in addition to maintaining long-term alliances with scientific institutions. It supported the international and regional annual conferences of the U.S.-based Parenteral Drug Association (PDA) and the International Society for Pharmaceutical Engineering (ISPE) in 2014, for example. ISPE is an independent not-for-profit association dedicated to employee education and information sharing across the pharmaceutical industry worldwide. Sartorius was also involved in symposiums presented by the Chinese Academy of Inspection and Quarantine (CAIQ), whose areas of expertise include quality assurance in the lab.

# GRI G4 Index

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# Consolidated Financial Statements and Notes

04

# Statement of Profit or Loss | Other Comprehensive Income

	Notes	2014 € in K	2013 € in K
Sales revenue	[10]	891,168	791,559
Cost of sales	[11]	-461,551	-406,957
<b>Gross profit on sales</b>		<b>429,617</b>	<b>384,602</b>
Selling and distribution expenses	[11]	-200,224	-181,630
Research and development expenses	[11]	-50,413	-47,710
General administrative expenses	[11]	-58,280	-49,688
Other operating income and expenses	[12]	5,489	4,402
<b>Earnings before interest and taxes (EBIT)</b>		<b>126,188</b>	<b>109,976</b>
Financial income	[13]	3,360	2,004
<b>Financial expenses</b>	[13]	<b>-33,256</b>	<b>-16,585</b>
<b>Financial result</b>		<b>-29,897</b>	<b>-14,581</b>
<b>Profit before tax</b>		<b>96,291</b>	<b>95,395</b>
Income taxes	[14]	-32,378	-29,294
Profit after tax from continuing operations		63,913	66,101
Profit after tax from discontinued operation	[33]	4,530	4,538
<b>Net profit for the period</b>		<b>68,443</b>	<b>70,639</b>
Attributable to:			
Equity holders of Sartorius AG		48,524	52,424
Non-controlling interest		19,919	18,215
Earnings per ordinary share (€) (basic = diluted)	[15]	2.84	3.07
Of which continuing operations		2.57	2.80
Of which discontinued operation		0.27	0.27
Earnings per preference share (€) (basic = diluted)	[15]	2.86	3.09
Of which continuing operations		2.59	2.82
Of which discontinued operation		0.27	0.27

## Statement of Comprehensive Income

	2014 € in K	2013 € in K
<b>Net profit for the period</b>	<b>68,443</b>	<b>70,639</b>
Cash flow hedges <sup>1)</sup>	-2,295	2,681
Income tax on cash flow hedges	688	-563
Net investment in a foreign operation	-5,697	1,432
Income tax on net investment in a foreign operation	1,709	-429
Currency translation differences	23,044	-9,168
<b>Items that may be reclassified to profit or loss, net of tax</b>	<b>17,449</b>	<b>-6,047</b>
Actuarial gains   losses on defined benefit obligations	-14,355	1,733
Income tax on actuarial gains   losses	3,985	267
<b>Items that will not be reclassified to profit or loss, net of tax</b>	<b>-10,370</b>	<b>2,000</b>
<b>Other comprehensive income after tax</b>	<b>7,079</b>	<b>-4,047</b>
<b>Total comprehensive income</b>	<b>75,522</b>	<b>66,592</b>
Attributable to:		
Equity holders of Sartorius AG	53,024	49,393
Non-controlling interest	22,499	17,199

<sup>1)</sup> The amounts reclassified in the statement of profit or loss are listed in Section 31.

The Notes to the Consolidated Financial Statements are an integral part of these statements.

## Statement of Financial Position

	Notes	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
<b>Non-current Assets</b>			
Goodwill	[16]	382,438	378,995
Other intangible assets	[16]	168,638	169,435
Property, plant and equipment	[17]	254,936	229,538
Financial assets		7,736	7,731
Other assets		715	995
Deferred tax assets	[18]	21,891	26,374
		<b>836,354</b>	<b>813,068</b>
<b>Current Assets</b>			
Inventories	[19]	145,941	138,956
Trade receivables	[20]	140,365	138,893
Other financial assets	[21]	11,755	15,843
Current tax assets		11,045	14,108
Other assets		10,550	8,574
Cash and cash equivalents		40,559	51,877
Assets classified as held for sale	[33]	75,878	0
		<b>436,093</b>	<b>368,252</b>
		<b>1,272,447</b>	<b>1,181,320</b>
<b>Equity</b>			
<b>Equity attributable to Sartorius AG shareholders</b>		<b>397,957</b>	<b>367,632</b>
Issued capital	[22]	17,047	17,047
Capital reserves	[23]	87,044	86,988
Other reserves and retained earnings	[23]	293,866	263,597
<b>Non-controlling interest</b>		<b>99,121</b>	<b>82,618</b>
		<b>497,078</b>	<b>450,251</b>
<b>Non-current Liabilities</b>			
Pension provisions	[25]	61,182	54,265
Other provisions	[26]	7,259	8,594
Loans and borrowings	[27]	359,875	349,226
Finance lease liabilities	[27]	18,790	19,599
Other financial liabilities	[27]	49,608	41,814
Deferred tax liabilities	[18]	29,755	35,657
		<b>526,468</b>	<b>509,156</b>
<b>Current Liabilities</b>			
Provisions	[28]	8,880	9,884
Trade payables	[29]	90,497	84,435
Loans and borrowings		11,106	26,167
Finance lease liabilities		2,304	2,025
Other financial liabilities	[29]	78,789	72,680
Current tax liabilities		11,056	8,902
Other liabilities	[29]	15,687	17,821
Liabilities associated with assets classified as held for sale	[33]	30,583	0
		<b>248,901</b>	<b>221,914</b>
		<b>1,272,447</b>	<b>1,181,320</b>

The year-earlier figures were restated because of the final purchase price allocation for the acquisition of TAP Biosystems (Section 9).



## Statement of Cash Flows

	2014 € in K	2013 € in K
Profit before tax	103,927	101,508
Financial result	29,647	14,800
<b>Earnings before interest and taxes (EBIT)</b>	<b>133,574</b>	<b>116,308</b>
Depreciation   amortization of intangible and tangible assets	54,905	47,728
Increase   decrease in provisions	-734	345
Income taxes paid	-32,320	-37,258
<b>Gross cash flows from operating activities</b>	<b>155,425</b>	<b>127,123</b>
Increase   decrease in receivables	-23,942	-12,730
Increase   decrease in inventories	-13,981	-8,669
Increase   decrease in liabilities	12,186	-2,464
<b>Net cash flow from operating activities</b>	<b>129,688</b>	<b>103,260</b>
<b>Net cash flow from operating activities - continuing operations</b>	<b>125,689</b>	<b>97,000</b>
<b>Net cash flow from operating activities - discontinued operation</b>	<b>3,999</b>	<b>6,260</b>
Capital expenditures	-86,144	-56,006
Proceeds from the disposal of fixed assets	900	1,682
Other payments	3,262	-1,884
<b>Net cash flow from investing activities</b>	<b>-81,982</b>	<b>-56,207</b>
Payments for acquisitions of consolidated subsidiaries and other business operations; net of cash acquired	-4,291	-45,090
<b>Net cash flow from investing activities and acquisitions</b>	<b>-86,273</b>	<b>-101,297</b>
<b>Net cash flow from investing activities - continuing operations</b>	<b>-82,637</b>	<b>-99,059</b>
<b>Net cash flow from investing activities - discontinued operation</b>	<b>-3,636</b>	<b>-2,238</b>
Interest received	421	367
Interest paid and other financial charges	-13,985	-12,528
Dividends paid to:		
- Shareholders of Sartorius AG	-17,217	-16,195
- Non-controlling interest	-5,117	-4,664
<b>Gross cash flows from financing activities</b>	<b>-35,899</b>	<b>-33,020</b>
Changes in non-controlling interest	144	10
Loans and borrowings raised	138,010	143,909
Loans and borrowings repaid	-144,201	-100,606
<b>Net cash flow from financing activities</b>	<b>-41,945</b>	<b>10,293</b>
<b>Net cash flow from financing activities - continuing operations</b>	<b>-41,945</b>	<b>10,293</b>
<b>Net cash flow from financing activities - discontinued operation</b>	<b>0</b>	<b>0</b>
Net increase   decrease in cash and cash equivalents	1,470	12,256
Cash and cash equivalents at the beginning of the period	51,877	39,549
Net effect of currency translation on cash and cash equivalents	3,090	72
Less cash and cash equivalents of the discontinued operation	-15,879	0
<b>Cash and cash equivalents at the end of the period</b>	<b>40,559</b>	<b>51,877</b>

## Statement of Changes in Equity

€ in K	Issued capital	Capital reserves	Cash flow hedging reserves	Pension reserves	Retained earnings	Foreign currency translation reserves	Equity attributable to Sartorius AG shareholders	Non-controlling interest	Total equity
<b>Balance at Jan. 1, 2013</b>	<b>17,047</b>	<b>86,988</b>	<b>-3,087</b>	<b>-11,890</b>	<b>247,443</b>	<b>-2,118</b>	<b>334,383</b>	<b>70,048</b>	<b>404,431</b>
Net profit for the period	0	0	0	0	52,424	0	52,424	18,215	70,639
Other comprehensive income after tax	0	0	1,734	1,956	674	-7,395	-3,031	-1,016	-4,047
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>1,734</b>	<b>1,956</b>	<b>53,098</b>	<b>-7,395</b>	<b>49,393</b>	<b>17,199</b>	<b>66,592</b>
Dividends	0	0	0	0	-16,195	0	-16,195	-4,663	-20,858
Other changes in equity	0	0	0	0	51	0	51	35	86
<b>Balance at Dec. 31, 2013   Jan. 1, 2014</b>	<b>17,047</b>	<b>86,988</b>	<b>-1,353</b>	<b>-9,934</b>	<b>284,397</b>	<b>-9,513</b>	<b>367,632</b>	<b>82,619</b>	<b>450,251</b>
Net profit for the period	0	0	0	0	48,524	0	48,524	19,919	68,443
Other comprehensive income after tax	0	0	-821	-9,430	-2,565	17,316	4,500	2,579	7,079
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-821</b>	<b>-9,430</b>	<b>45,960</b>	<b>17,316</b>	<b>53,024</b>	<b>22,499</b>	<b>75,523</b>
Share-based payments	0	56	0	0	0	0	56	0	56
Dividends	0	0	0	0	-17,217	0	-17,217	-5,117	-22,334
Purchase price liability forward for non-controlling interest	0	0	0	0	-5,243	0	-5,243	-1,816	-7,059
Change in non-controlling interest	0	0	0	0	225	0	225	1,046	1,271
Other changes in equity	0	0	0	0	-520	0	-520	-110	-630
<b>Balance at Dec. 31, 2014</b>	<b>17,047</b>	<b>87,044</b>	<b>-2,174</b>	<b>-19,364</b>	<b>307,602</b>	<b>7,802</b>	<b>397,957</b>	<b>99,121</b>	<b>497,078</b>

The dividends paid per share are as follows:

	Per share in €	2014 total € in K	Per share in €	2013 total € in K
Dividend for ordinary shares	1.00	8,528	0.94	8,016
Dividend for preference shares	1.02	8,689	0.96	8,178
		<b>17,217</b>		<b>16,195</b>

# 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 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 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. The Industrial Technologies Division (formerly Industrial Weighing) had been classified as assets held for sale since December 2014 (see also Section 33).

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, 2014, 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:

[http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

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 24, 2015 to the Supervisory Board.

## 2. Sale of the Industrial Technologies Division

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

For the Group, this sale is an important milestone in its medium-term strategy to focus on its two core divisions of Bioprocess Solutions and Lab Products & Services. These offer higher growth and earnings potential than Intec. To unlock this potential, however, a high degree of focus and further investments are required. The proceeds from the sale of the Intec Division will strengthen the financing potential for this further expansion of our core businesses.

The pending 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 are disclosed in the item "Profit after tax from discontinued operation." The assets and liabilities attributable to this operation are reported in the items "Assets held for sale" and "Liabilities associated with assets classified as held for sale," respectively, in the statement of financial position. The disclosures in the Notes to the Financial Statement accordingly refer to the continuing operations, unless otherwise specified. The prior-year disclosures in the statement of profit or loss were correspondingly adjusted. In line with the rules of IFRS 5, by contrast, the amounts reported in the statement of financial position were not reclassified.

### 3. Effects of New or Revised Financial Reporting Standards

Compared to the year-earlier consolidated financial statements, the following new or amended accounting standards were to be obligatorily applied for the first time:

- IFRS 10 (Consolidated Financial Statements)
- IFRS 11 (Joint Arrangements)
- IFRS 12 (Disclosure of Interests in Other Entities)
- Amendments to IAS 27 (Separate Financial Statements)
- Amendments to IAS 28 (Investments in Associates and Joint Ventures)

IFRS 10 contains a new definition of the term "control" that must be considered in determining the companies to be included in the consolidated financial statements. IFRS 11 establishes the rules for financial reporting by entities that have an interest in arrangements that are controlled jointly; i.e. joint arrangements. IFRS 12 combines the disclosure obligations of interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities into one standard.

First-time application of IFRS 10, 11 and 12 in 2014 did not result in any material impacts, as there are no special purpose entities, associates or jointly controlled entities. IFRS 12 led to further disclosures in the consolidated financial statements (see Section 24).

The following revised accounting standards and interpretations were generally required to be applied for the first time and did not result in any material impacts on the consolidated financial statements:

- Amendment to IAS 32 Financial Instruments: Presentation: Offsetting a financial asset and a financial liability
- Amendments to IFRS 10, 11, 12 - Transition
- Amendment to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets
- Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The standards, interpretations or revisions and amendments on the following page 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 2014:

Standard   Interpretation	Title	Applicable for financial years from	Endorsement by the EU Commission
<b>Standard</b>			
Amendments to IAS 19	Employee Contributions	February 1, 2015 <sup>1)</sup>	Yes
Various	Annual Improvements to IFRSs 2010–2012 Cycle (issued in Dec. 2013)	February 1, 2015 <sup>1)</sup>	Yes
Various	Annual Improvements to IFRSs 2011–2013 Cycle (issued in Dec. 2013)	January 1, 2015 <sup>1)</sup>	Yes
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	January 1, 2016	No
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between its Investor and its Associate or Joint Venture	January 1, 2016	No
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016	No
IFRS 14	Regulatory Defferral Accounts	January 1, 2016	No
Amendments to IAS 1	Disclosure Initiative	January 1, 2016	No
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	January 1, 2016	No
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016	No
Amendments to IAS 27	Equity Method in Separate Financial Statements	January 1, 2016	No
Various	Annual Improvements to IFRSs 2012–2014 Cycle (issued in Sep. 2014)	January 1, 2016	No
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	No
IFRS 9	Financial Instruments	January 1, 2018	No
<b>Interpretation</b>			
IFRIC 21	Levies	June 17, 2014 <sup>1)</sup>	Yes

<sup>1)</sup> Application mandatory as adopted by the EU Commission. The standards themselves require earlier compulsory application.

The process of measuring the potential impact of these standards and interpretations on the consolidated financial statements of the Sartorius Group is in progress. 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.

#### 4. 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 1, 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. 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.

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 profit or loss.

For certain defined loans granted on a long-term basis, 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.

The exchange rates for major currencies against the euro were considered as follows

	Year-end exchange rates		Average annual exchange rates	
	2014	2013	2014	2013
USD	1.21410	1.37910	1.32881	1.32806
GBP	0.77890	0.83370	0.80619	0.84938
CHF	1.20240	1.22760	1.21466	1.23105
JPY	145.23000	144.72000	140.30709	129.58904
INR	76.71900	85.36600	81.06162	77.93433
CNY	7.53580	8.34910	8.18674	8.16496

### 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. Sales are 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.

### 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 and marketing organization, distribution, advertising and market research.

Research and development costs 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 period of at least 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 except for changes recognized in other comprehensive income directly in equity.

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. 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.

If the Group is a lessor in a finance lease, sales revenue equal to its net investment in the lease and a lease receivable are recognized. The leasing rates the Group receives are also apportioned between the finance charge and the reduction of liability according to the effective interest method.

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.

## Trade Receivables

Trade and other receivables 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.

## 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, 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.

### 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 actuarial gains and losses are recognized in other comprehensive income directly in equity (pension reserves) according to the IAS 19R 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. 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.

### Cash and Cash Equivalents

The Group considers all highly liquid investments with less than 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.

### 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 foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. Derivative financial instruments are classified as held for trading unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized either in profit or loss or, in the case of a hedge, 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 financial result. 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.

### 5. 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 life.

### **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 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 25 "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.

## 6. 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. 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. 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.

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		Underlying EBITDA	
	2014	2013	2014	2013
Bioprocess Solutions	615,643	517,792	145,625	118,896
Lab Products & Services	275,525	273,767	41,199	43,393
<b>Total continuing operations</b>	<b>891,168</b>	<b>791,559</b>	<b>186,824</b>	<b>162,289</b>
<b>Reconciliation to the profit before tax</b>				
Depreciation and amortization			-52,328	-45,817
Extraordinary effects			-8,308	-6,497
<b>Earnings before interest and taxes (EBIT)</b>			<b>126,188</b>	<b>109,976</b>
Financial result			-29,897	-14,581
<b>Profit before tax from continuing operations</b>			<b>96,291</b>	<b>95,395</b>

€ in K	Depreciation and amortization		Capital expenditure	
	2014	2013	2014	2013
Bioprocess Solutions	-34,895	-30,126	42,686	30,601
Lab Products & Services	-17,763	-15,691	38,234	30,014
<b>Total continuing operations</b>	<b>-52,659</b>	<b>-45,817</b>	<b>80,920</b>	<b>60,615</b>

## Geographical Information

The European region includes the markets of Western and Eastern Europe. The North American region is comprised of the U.S. marketplace and the Canadian market. Japan, China, Australia, South Korea and India, among other countries, were allocated to the Asia | Pacific region. The Other Markets segment primarily consists of Latin America and Africa.

The following applies to the regional key figures: 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 of the Group affiliates that are to be allocated to these various regions. Goodwill resulting from reverse acquisition of Stedim and the associated intangible assets were regionally allocated to France.

In fiscal 2014 and the prior year, none of our customers accounted for more than 10% of sales revenue.

€ in K	Sales revenue		Non-current assets	
	2014	2013	2014	2013
<b>Europe</b>	<b>421,128</b>	<b>393,455</b>	<b>740,323</b>	<b>721,054</b>
of which Germany	128,221	118,992	291,273	266,487
of which France	61,949	59,385	344,669	348,947
<b>North America</b>	<b>241,559</b>	<b>182,359</b>	<b>35,583</b>	<b>28,191</b>
of which USA	240,801	174,725	35,581	28,182
<b>Asia   Pacific</b>	<b>201,008</b>	<b>183,824</b>	<b>28,360</b>	<b>27,630</b>
of which China	61,051	49,019	11,663	11,637
<b>Other Markets</b>	<b>27,473</b>	<b>31,921</b>	<b>1,747</b>	<b>1,094</b>
<b>Group</b>	<b>891,168</b>	<b>791,559</b>	<b>806,012</b>	<b>777,968</b>

## 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
<b>Europe</b>		
Sartorius Stedim Belgium N.V., Vilvoorde, Belgium	100.0	X
Sartorius Stedim Nordic A/S, Herlev, Denmark	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 Systems GmbH, Guxhagen, Germany	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
Sartorius Stedim FMT S.A.S., Aubagne, France	100.0	X
Sartorius Stedim France S.A.S., Aubagne, France	100.0	X
Sartorius Stedim Financière S.A.S., Aubagne, France	100.0	
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., Rotterdam, 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
OOO Sartorius ICR, St. Petersburg, Russia	100.0	
Sartorius Stedim Switzerland AG, Tagelswangen, Switzerland	100.0	X
Sartorius Stedim Spain S.A., Madrid, Spain	100.0	X
Sartorius Stedim Hungaria Kft., Budapest, Hungary	100.0	
<b>North America</b>		
Sartorius Stedim Filters Inc., Yauco, Puerto Rico	100.0	X
Sartorius Stedim North America Inc., Wilmington, Delaware, USA	100.0	X
AllPure Technologies LLC, New Oxford, Pennsylvania USA	50.0	X
<b>Asia   Pacific</b>		
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 <sup>1)</sup>	49.0	X
Sartorius Stedim Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.0	X
Sartorius Stedim Singapore Pte. Ltd., Singapore	100.0	X
<b>Other Markets</b>		
Sartorius Stedim Bioprocess S.A.R.L., M'Hamdia, Tunisia	100.0	X

	Ownership in %	Consolidated
<b>Europe</b>		
Sartorius Belgium N.V., Vilvoorde, Belgium	100.0	X
Sartorius Nordic A/S, Herlev, Denmark	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 UK Ltd., Epsom, UK	100.0	X
Sartorius Biohit Liquid Handling Oy, Helsinki, Finland	100.0	X
Sartorius France S.A.S., Dourdan, France	100.0	X
VL Finance S.A.S., Aubagne, France	100.0	X
Sartorius Ireland Ltd., Dublin, Ireland	100.0	X
Sartorius Italy S.r.l., Florence, Italy	100.0	X
Sartorius Netherlands B.V., Rotterdam, Netherlands	100.0	X
Sartorius Austria GmbH, Vienna, Austria	100.0	X
Sartorius Poland Sp. z o.o., Kostrzyn, Poland	100.0	X
000 Sartogsm, St. Petersburg, Russia	100.0	
000 Biohit, St. Petersburg, Russia	100.0	X
Sartorius Spain S.A., Madrid, Spain	100.0	X
Sartorius Hungaria Kft., Budapest, Hungary	100.0	
Sartorius Intec Belgium B.V.B.A., Vilvoorde, Belgium	100.0	X
Sartorius Mechatronics T&H GmbH, Hamburg, Germany	100.0	X
Sartorius Mechatronics C&D GmbH & Co. KG, Aachen, Germany, including Sartorius-Verwaltungs-GmbH	100.0	X
Sartorius Industrial Scales GmbH & Co. KG, Bovenden, Germany	100.0	X
Sartorius Industrial Weighing Verwaltungs GmbH, Bovenden, Germany	100.0	X
Sartorius Intec UK Ltd., Epsom, UK	100.0	X
Sartorius Intec France S.A.S., Les Ulis, France	100.0	X
Sartorius Intec Italy S.r.l., Muggiò, Italy	100.0	X
Sartorius Intec Netherlands B.V., Rotterdam, Netherlands	100.0	X
Sartorius Intec Austria GmbH, Vienna, Austria	100.0	X
Sartorius Intec Poland Sp. z o.o., Kostrzyn, Poland	100.0	X
Sartorius Mechatronics Switzerland AG, Tagelswangen, Switzerland	100.0	X
Sartorius Intec Spain S.L., Madrid, Spain	100.0	X
<b>North America</b>		
Sartorius North America Inc., Wilmington, Delaware, USA	100.0	X
Sartorius Corporation, Wilmington, Delaware, USA	100.0	X
Sartorius Canada Inc., Mississauga, Canada	100.0	X



	Ownership in %	Consolidated
<b>Asia   Pacific</b>		
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 Weighing India Pvt. Ltd., Bangalore, India	100.0	X
Biohit Biotech Systems (India) Pvt. Ltd., Chennai, India	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 <sup>1)</sup>	49.0	X
Sartorius Industrial Weighing Equipment (Beijing) Co. Ltd., Beijing China	100.0	X
Sartorius Mechatronics India Pvt. Ltd., Bangalore, India	100.0	X
Sartorius Intec K.K., Tokyo, Japan	100.0	X
Sartorius Mechatronics Philippines Inc., Makati City, Philippines	100.0	X
<b>Other Markets</b>		
Sartorius Argentina S.A., Buenos Aires, Argentina	100.0	X
Sartorius do Brasil Ltda., São Paulo, Brazil	100.0	X
Sartorius de México S.A. de C.V., Naucalpan, Mexico	100.0	X

<sup>1)</sup> The companies Sartorius Korea Biotech and Sartorius Thailand are included in the scope of consolidation due to contractual agreements (see Section 24).

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 total assets of the non-consolidated companies taken as a whole are approximately 1% of the Group figures. No associates or joint ventures were consolidated; all companies identified by an "X" are fully consolidated.

In fiscal 2014, there were no material changes in the capital and voting share rights of the companies listed above with respect to the prior year.

The following companies were included for the first time in fiscal 2014 in the scope of consolidation:

- Sartorius Intec Poland Sp. z o.o.
- Sartorius Poland Sp. z o.o.
- Sartorius Stedim Poland Sp. z o.o.

as well as AllPure Technologies LLC acquired in April 2014. The companies in Poland were not consolidated in the Group financial statements due to the Polish companies' minor importance. They were consolidated

as of January 1, 2014, and the difference resulting from initial consolidation was deducted from the retaining earnings.

## 8. 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, and is equal to the amount reported in the statement of financial position.

In 2014 the Group received a grant related to assets in connection with the purchase and construction of production facilities in Puerto Rico in the amount of €4.1 million. This cash inflow is reported under other payments in cash flow from investing activities.

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 €485K in 2014 and €3,057K in 2013.

## 9. Business Acquisitions

### Acquisition of TAP Biosystems Group plc.

In December 2013, Sartorius acquired the British company TAP Biosystems Group plc. This company primarily specializes in the design and development of small-scale, multi-parallel fermentation systems. In addition, the company's array of products covers automated cell culture systems for bioprocessing and other benchtop equipment for biotech applications.

With this acquisition, Sartorius Stedim Biotech has extended the current Bioprocess Solutions portfolio in the fermentation business by multi-parallel, mini-bioreactors in the range of 15 milliliters and 250 milliliters. The TAP portfolio stands to gain substantial market penetration based on Sartorius' greater sales strength and global reach, as well as to benefit from the synergies with the related products in Sartorius Group's Fluid Management and Cell Culture Media businesses.

Purchase price allocation for this business was finalized at the end of 2014; the following table compares the final purchase price allocation to the preliminary allocation measured in 2013:

	<b>Final purchase price allocation € in K</b>	Preliminary purchase price allocation € in K
Other intangible assets	15,945	22,105
Property, plant and equipment	6,960	6,989
Inventories	6,442	3,681
Trade receivables	7,254	7,610
Other assets	816	748
Cash and cash equivalents	2,846	2,846
Deferred taxes - net	-2,155	-3,475
Provisions	-208	-208
Loans and borrowings	-7,413	-7,413
Other liabilities	-18,474	-14,963
<b>Net assets acquired</b>	<b>12,013</b>	<b>17,920</b>
<b>Purchase price</b>	<b>33,050</b>	<b>33,050</b>
<b>Goodwill</b>	<b>21,037</b>	<b>15,130</b>

The intangible assets identified within the scope of purchase price allocation and measured essentially are comprised of technologies acquired and customer relationships.

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 relevant biopharmaceutical market are to be named, among other benefits that this acquisition will bring. Goodwill may not be amortized with a corresponding effect on taxable income.

The purchase price was paid in cash. The acquisition-related costs of €0.4 million were included in 2013 in the other operating expenses in the statement of profit or loss.

### Acquisition of AllPure Technologies LLC

On April 25, 2014, Sartorius through its subgroup Sartorius Stedim Biotech acquired a 50.01% stake in the U.S. startup AllPure Technologies LLC at a price of U.S. \$6 million. The purchase price was paid in cash. The latter company based in New Oxford, Pennsylvania, USA, has been operating on the market for four years and in 2013 earned revenue of around U.S. \$3 million with 25 employees. 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, depend on the future business performance of the entity purchased. 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 overall preliminary purchase price allocation was as follows:

	Preliminary purchase price allocation € in K
Intangible and tangible assets	2,068
Inventories	468
Trade receivables and other assets	307
Cash and cash equivalents	41
Provisions and liabilities	-484
<b>Net assets acquired</b>	<b>2,400</b>
<b>Of which 50.01%</b>	<b>1,200</b>
<b>Purchase price</b>	<b>4,332</b>
<b>Goodwill</b>	<b>3,132</b>
<b>Non-controlling interest</b>	<b>1,200</b>

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 relevant biopharmaceutical market are to be named, among other benefits. Goodwill is expected to be tax-deductible in full.

The Sartorius Stedim Biotech Group has elected to recognize the amount of non-controlling interest at the level of the pro-rated share of net identifiable assets (partial goodwill method).

In the reporting year, the company acquired earned sales revenue of approximately €3 million and a slightly positive annual profit. For this reason, there were no material effects on the Group financial statements since AllPure's initial consolidation as of May 1, 2014.

Transaction costs of €0.2 million are disclosed in other operating expenses.

## Notes to the Statement of Profit or Loss

### 10. Sales Revenue

Sales revenue, which is broken down by operating segments and geographical markets (according to the customers' location), consists of the following:

2014	Bioprocess Solutions € in K	Lab Products & Services € in K	Total € in K
Germany	72,357	55,864	128,221
All other countries	543,285	219,662	762,947
	<b>615,643</b>	<b>275,525</b>	<b>891,168</b>

2013	Bioprocess Solutions € in K	Lab Products & Services € in K	Total € in K
Germany	63,120	55,872	118,992
All other countries	454,672	217,895	672,566
	<b>517,792</b>	<b>273,767</b>	<b>791,559</b>

An amount of €13.5 million was earned with affiliated companies (2013: €15.6 million). In addition, the company earned sales revenue of €6.8 million from its discontinued operation (2013: €6.3 million). A sum of approximately €65 million was earned by providing services (2013: €55 million).

### 11. Functional Costs

The statement of profit and 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:

	2014 € in K	2013 € in K
Purchases consumed	213,911	192,262
Cost of purchased services	46,273	20,898
	<b>260,184</b>	<b>213,160</b>

#### Employee Benefits Expense

This item can be broken down as follows:

	2014 € in K	2013 € in K
Wages and salaries	264,938	227,748
Social security	51,850	46,276
Expenses for retirement benefits and pensions	6,816	4,142
	<b>323,604</b>	<b>278,165</b>

**12. Other Operating Income and Expenses**

	2014 € in K	2013 € in K
Currency translation gains	15,043	14,362
Income from the decrease in allowances for bad debts	1,451	3,353
Income from release and use of provisions and liabilities	3,742	1,855
Income from grants	2,223	2,292
Other income	9,666	7,160
<b>Other operating income</b>	<b>32,125</b>	<b>29,023</b>
Extraordinary expenses	-8,308	-6,497
Currency translation losses	-10,692	-13,836
Allowances for bad debts	-1,834	-1,730
Other expenses	-5,802	-2,558
<b>Other operating expenses</b>	<b>-26,636</b>	<b>-24,621</b>
<b>Other operating income and expenses</b>	<b>5,489</b>	<b>4,402</b>

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.

Other income in fiscal 2014 includes income from the cell culture media business, as well as income in connection with services provided for our discontinued operation.

Extraordinary items for fiscal 2013 and 2014 essentially were incurred for various strategic Group projects and for integration and acquisition costs.

**13. Financial Result**

	2014 € in K	2013 € in K
Interest and similar income	118	176
- of which from affiliated companies	0	39
Income from derivative financial instruments	105	899
Other financial income	3,136	929
<b>Financial income</b>	<b>3,360</b>	<b>2,004</b>
Interest and similar expenses	-11,533	-9,901
- of which from affiliated companies	0	-6
Expenses for derivative financial instruments	-13,270	-2,993
Interest for pensions and other retirement benefits	-1,624	-1,591
Other financial charges	-6,830	-2,100
<b>Financial expenses</b>	<b>-33,256</b>	<b>-16,585</b>
	<b>-29,897</b>	<b>-14,581</b>

The expenses for derivative financial instruments essentially include effects in connection with the dissolution of hedging relationships as a consequence of refinancing (see Section 27).

**14. Income Taxes**

	2014 € in K	2013 € in K
Current income taxes	-32,665	-29,009
Deferred taxes	286	-285
	<b>-32,378</b>	<b>-29,294</b>

As a matter of principle, domestic income taxes are calculated at 30.0% of the estimated taxable profit for fiscal 2014. Income generated outside Germany is taxed at the particular rates that are valid in the corresponding country.

Considering the German average tax rates and the impact of other tax legislations, the expected tax rate for the Group is roughly 30%. The following table describes the differences between the tax expense to be expected and the income tax expenses reported for the particular financial year.

	2014 € in K	2013 € in K
Expected tax rate	30%	30%
Expected tax expense	-28,887	-28,618
Difference from the Group average income tax rate	5,160	2,518
Effects from losses and interest carried forward and from temporary differences for which no deferred taxes were accrued	-1,825	378
Tax-free income and tax credits	1,708	1,021
Expenses not deductible for tax purposes	-1,686	-2,002
Adjustments from previous years	-2,938	-932
Withholding and similar taxes	-2,044	-1,748
Other	-1,866	90
	<b>-32,378</b>	<b>-29,294</b>
<b>Effective tax rate</b>	<b>33.6 %</b>	<b>30.7 %</b>

In the item "Effects from losses and interest carried forward and from temporary differences for which no deferred taxes were accrued," include (negative) effects due to the lack of foreseeability of future taxable profits as well as opposite (positive) effects from the use of interest and losses carried forward for which no deferred tax assets had yet been recognized.

## 15. Earnings per Share

According to IAS 33, Earnings per Share, the earnings per share for each class must be determined separately. In this case, the higher dividend entitlement of currently two euro cents for preference shares must be taken into account. The undiluted earnings per share (basic EPS) are calculated on the basis of the number of shares outstanding during the period. Diluted earnings per share (diluted EPS) were not calculated because there are no option or conversion rights to be exercised on Sartorius shares. In this regard, the share subscription rights granted to an Executive Board member on December 16, 2014, did not change the computed result.

Treasury shares may not be included for calculating the average number of shares outstanding.

	2014	2013
<b>Ordinary shares</b>		
Basis for calculating basic earnings per ordinary share (net profit after minority interest) € in K	24,190	26,141
Of which from continuing operations, € in K	21,923	23,870
Of which from discontinued operation, € in K	2,266	2,270
Weighted average number of shares outstanding	8,528,056	8,528,056
<b>Basic earnings per ordinary share in €</b>	<b>2.84</b>	<b>3.07</b>
Of which from continuing operations, in €	2.57	2.80
Of which from discontinued operation, in €	0.27	0.27
<b>Preference shares</b>		
Basis for calculating basic earnings per preference share (net profit after minority interest) € in K	24,335	26,283
Of which from continuing operations, € in K	22,070	24,015
Of which from discontinued operation, € in K	2,264	2,268
Weighted average number of shares outstanding	8,519,017	8,519,017
<b>Basic earnings per preference share in €</b>	<b>2.86</b>	<b>3.09</b>
Of which from continuing operations, in €	2.59	2.82
Of which from discontinued operation, in €	0.27	0.27

## Notes to the Statement of Financial Position

### 16. Goodwill and Intangible Assets

#### Goodwill

	Goodwill <sup>1)</sup> € in K
<b>Gross book values at Jan. 1, 2013</b>	<b>358,095</b>
Currency translation	-597
Change in the scope of consolidation and other acquisitions	21,497
<b>Gross book values at Dec. 31, 2013</b>	<b>378,995</b>
<b>Amortization and impairment losses at Jan. 1, 2013</b>	<b>0</b>
Currency translation	0
Amortization and impairment losses in 2013	0
Amortization and impairment losses at Dec. 31, 2013	0
<b>Net book values at Dec. 31, 2013</b>	<b>378,995</b>
<b>Gross book values at Jan. 1, 2014</b>	<b>378,995</b>
Currency translation	2,801
Change in the scope of consolidation and other acquisitions	3,146
Reclassification in "held for sale"	-2,504
<b>Gross book values at Dec. 31, 2014</b>	<b>382,438</b>
<b>Amortization and Impairment losses at Jan. 1, 2014</b>	<b>0</b>
Currency translation	0
Amortization and impairment losses in 2014	0
Amortization and impairment losses at Dec. 31, 2014	0
<b>Net book values at Dec. 31, 2014</b>	<b>382,438</b>

<sup>1)</sup> The year-earlier figures were adjusted on account of the final purchase price allocation of TAP Biosystems.

The item reported as goodwill in the amount of €382,438K (2013: €378,995K) is the capitalized difference in assets resulting from capital consolidation, which to some extent also covers asset deals. The increase in fiscal 2014 refers to the acquisition of All-Pure Technologies LLC (see Section 9). The goodwill attributable to Intec was reclassified in accordance with IFRS 5. According to 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 Bioprocess Solutions and Lab Products & Services and our respective positioning as a total solutions provider, we regard each of these segments as cash-generating units. Thus, goodwill is distributed to the segments as follows:

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Bioprocess Solutions	329,725	324,243
Lab Products & Services	52,713	52,279
Industrial Technologies	0	2,473
	<b>382,438</b>	<b>378,995</b>

The impairment tests conducted for fiscal 2014 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 the Executive Board for a period of three to five years. For the Bioprocess Solutions Division, calculations were based on an average terminal growth rate of 2.5% for the fiscal years after 2018. 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 after 2018.

The discount rates of the cash-generating units correspond to their weighted average cost of capital (WACC) and were recognized as follows:

	Before tax	2014 after tax	Before tax	2013 After tax
Bioprocess Solutions	8.4%	6.5%	8.8%	6.8%
Lab Products & Services	9.1%	6.7%	9.8%	7.1%
Industrial Technologies			9.9%	7.1%

In fiscal 2014, 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. Upon classification of the Intec Division as a discontinued operation, the criterion for testing its (reclassified) goodwill for impairment must be applied according to fair value less costs to sell. As of the reporting date, there was no need to recognize any impairment loss based on the expected selling price.

### 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, 2013	72,044	14,887	112,762	55,672	192	255,557
Currency translation	-356	0	-522	-40	0	-919
Change in the scope of consolidation and other acquisitions	6,904	0	7,414	1,656	0	15,974
Capital expenditures	11,237	0	0	9,338	66	20,641
Disposals	-7,679	0	0	-27	0	-7,706
Transfers	121	0	0	0	-28	93
<b>Gross book values at Dec. 31, 2013</b>	<b>82,271</b>	<b>14,887</b>	<b>119,653</b>	<b>66,599</b>	<b>230</b>	<b>283,640</b>
Amortization and impairment losses at Jan. 1, 2013	-30,551	-413	-38,204	-29,353	0	-98,521
Currency translation	200	0	131	18.4	0	349
Amortization and impairment losses in 2013	-6,486	-411	-9,381	-7,456	0	-23,735
Disposals	7,677	0	0	27	0	7,704
Transfers	-2	0	0	0	0	-2
Amortization and impairment losses at Dec. 31, 2013	-29,163	-824	-47,453	-36,764	0	-114,205
<b>Net book values at Dec. 31, 2013</b>	<b>53,108</b>	<b>14,063</b>	<b>72,200</b>	<b>29,835</b>	<b>230</b>	<b>169,435</b>



	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	<b>Total € in K</b>
Gross book values at Jan. 1, 2014	82,271	14,887	119,653	66,599	230	283,640
Currency translation	1,215	-1	599	233	0	2,046
Change in the scope of consolidation and other acquisitions	1,478	0	437	134	0	2,049
Capital expenditures	14,217	0	0	14,955	257	29,429
Disposals	-1,556	0	0	-67	-122	-1,746
Transfers	167	0	0	0	-96	71
Reclassification in "held for sale"	-2,674	0	0	-9,273	0	-11,947
<b>Gross book values at Dec. 31, 2014</b>	<b>95,118</b>	<b>14,885</b>	<b>120,689</b>	<b>72,581</b>	<b>269</b>	<b>303,542</b>
Amortization and impairment losses at Jan. 1, 2014	-29,163	-824	-47,453	-36,764	0	-114,204
Currency translation	-435	1	-77	-48	0	-559
Amortization and impairment losses in 2014	-8,510	-412	-9,732	-10,108	0	-28,762
Disposals	1,549	0	0	0	0	1,549
Transfers	0	0	0	0	0	0
Reclassification in "held for sale"	894	0	0	6,177	0	7,071
Amortization and impairment losses at Dec. 31, 2014	-35,664	-1,235	-57,262	-40,743	0	-134,904
<b>Net book values at Dec. 31, 2014</b>	<b>59,454</b>	<b>13,650</b>	<b>63,427</b>	<b>31,838</b>	<b>269</b>	<b>168,638</b>

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 brand names acquired in conjunction with the Biohit Liquid Handling business, their limited periods of useful life are estimated as ten years on average.

The customer relationships obtained as part of the acquisition of Stedim likewise constitute a material intangible asset. The book value of these customer relationships amounted to €40.5 million (2013: €45.9 million) for the year ended December 31, 2014; the remaining period of useful life is eight years.

In fiscal 2014, the development costs of €14,955 K (2013: €9,338 K) were recognized as assets. Both figures also include our discontinued operation. 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 and loss. For capitalized development costs, amortization is disclosed in the research and development costs.

In fiscal 2014, impairment expenses of €2.5 million were recognized in the capitalized development costs (2013: €0 million).

The intangible assets attributable to the Intec Division were reclassified according to IFRS 5.

## 17. 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, 2013	177,334	114,780	108,741	10,343	411,198
Currency translation	-2,026	-1,117	-1,211	-43	-4,397
Change in scope of consolidation	5,565	1,221	202	0	6,988
Capital expenditures	4,720	12,114	12,561	12,816	42,212
Disposals	-416	-2,585	-9,267	-106	-12,374
Transfers	646	3,743	1,285	-5,422	251
<b>Gross book values at Dec. 31, 2013</b>	<b>185,823</b>	<b>128,156</b>	<b>112,311</b>	<b>17,588</b>	<b>443,878</b>
Depreciation and impairment losses at Jan. 1, 2013	-51,990	-72,421	-78,288	0	-202,699
Currency translation	389	655	773	0	1,817
Depreciation and impairment losses in 2013	-5,977	-7,649	-10,361	-6	-23,993
Disposals	214	1,911	8,752	0	10,877
Transfers	0	13	-356	0	-342
Depreciation and impairment losses at Dec. 31, 2013	-57,363	-77,491	-79,480	-6	-214,340
<b>Net book values at Dec. 31, 2013</b>	<b>128,460</b>	<b>50,665</b>	<b>32,831</b>	<b>17,582</b>	<b>229,538</b>

	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, 2014	185,823	128,156	112,311	17,588	443,878
Currency translation	4,504	2,094	1,955	98	8,651
Change in the scope of consolidation	5	23	316	16	360
Grants related to assets	-4,060	0	0	0	-4,060
Capital expenditures	4,353	8,413	10,844	31,516	55,127
Disposals	-747	-4,879	-10,437	-435	-16,497
Transfers	3,548	5,259	871	-9,775	-97
Reclassification in "held for sale"	-354	-6,479	-7,947	0	-14,779
<b>Gross book values at Dec. 31, 2014</b>	<b>193,072</b>	<b>132,588</b>	<b>107,915</b>	<b>39,008</b>	<b>472,584</b>
Depreciation and impairment losses at Jan. 1, 2014	-57,363	-77,491	-79,480	-6	-214,340
Currency translation	-811	-1,272	-1,170	0	-3,253
Depreciation and impairment losses in 2014	-6,407	-8,790	-10,944	-2	-26,143
Disposals	710	5,230	9,799	0	15,739
Transfers	0	-1	21	6	26
Reclassification in "held for sale"	245	3,727	6,352	0	10,325
Depreciation and impairment losses at Dec. 31, 2014	-63,627	-78,596	-75,422	-2	-217,647
<b>Net book values at Dec. 31, 2014</b>	<b>129,446</b>	<b>53,992</b>	<b>32,493</b>	<b>39,006</b>	<b>254,936</b>

Depreciation is included in the statement of profit and 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.

For 2014, as in the year before, no material impairment losses for plant, property and equipment were recognized.

Capitalized property, plant and equipment include assets held under finance leases amounting to €18,457 K (2013: €19,023 K). The cost of acquisition of these assets totals €21,397 K (2013: €20,562 K).

In fiscal 2014, rental payments amounting to €11.8 million (2013: €10.2 million) were made for assets leased under operating leases.

## 18. Deferred Taxes

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Other intangible assets	994	6,494	23,486	28,594
Tangible assets	0	0	6,695	4,777
Inventories	4,706	3,882	974	2,281
Receivables and other current assets	1,179	963	345	959
Provisions	12,247	9,703	0	0
Liabilities	3,711	3,827	0	575
<b>Gross amount</b>	<b>22,837</b>	<b>24,869</b>	<b>31,500</b>	<b>37,186</b>
Taxable losses carried forward	5,326	6,861	0	0
Tax on non-distributed earnings of subsidiaries	0	0	4,527	3,827
Offset	-6,272	-5,356	-6,272	-5,356
	<b>21,891</b>	<b>26,374</b>	<b>29,755</b>	<b>35,657</b>

### Deferred Tax Assets

On the reporting date, the Group had unused tax loss amounts carried forward of about €28 million (2013: around €34 million) to be deducted from future taxable profits. A deferred tax amount was reported on approx. €13 million (2013: approx. €21 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.

Deferred tax assets of approximately €4 million (2013: around €3 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 €7 million (2013: €8 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 refer to assets acquired in business combinations and, consequently, are mainly linked to customer relationships.

The company has taxable temporary differences of €147 million (2013: €113 million) with respect to its investments in subsidiaries. Deferred tax liabilities of €4.5 million (2013: €3.8 million) were recognized on these temporary differences, which include any withholding tax, as the realization of such liabilities can be expected within the foreseeable future. For temporary differences in conjunction with retained earnings of subsidiaries in the amount of €154 million (2013: €174 million), no deferred tax liabilities were measured as their realization was not foreseeable or planned. 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. Determination of the tax effect would entail unreasonable expense and effort.

In fiscal 2014, as in the previous years, a tax effect was yielded by reporting derivative financial instruments recognized outside the statement of profit and 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 deferred and current income taxes recognized directly in equity are disclosed as follows in the table:

	2014 € in K	2013 € in K
Cash flow hedges	688	-563
Actuarial gains   losses on defined benefit obligations	3,985	267
Net investment in a foreign operation	1,709	-429
<b>Total</b>	<b>6,382</b>	<b>-725</b>

## 19. Inventories

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Raw materials and supplies	45,241	45,813
Work in progress	41,327	33,068
Finished goods and merchandise	57,497	58,227
Payments on account	1,876	1,848
	<b>145,941</b>	<b>138,956</b>

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Gross amount inventories	159,660	152,144
Write-downs	-13,720	-13,188
<b>Net amount of inventories</b>	<b>145,941</b>	<b>138,956</b>

## 20. Current Trade and Other Receivables

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Trade receivables from third parties	129,201	124,136
Amounts due from customers for contract work	2,076	7,767
Receivables from non-consolidated affiliates	9,088	6,989
<b>Trade receivables</b>	<b>140,365</b>	<b>138,893</b>

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 €12,423 K were earned (2013: €21,901 K). The aggregate amount of costs incurred and profits|losses recognized for projects in progress on the reporting date is €17,426 K (2013: €29,938 K). For these projects, advance payments of €17,613 K (2013: €25,551 K) 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 12 concerning the expenses and income resulting from these allowances that are reported on the statement of profit and loss. The book values of trade receivables and other receivables approximate the receivables' fair value due to their short terms.

Within the scope of implementing our factoring program, we retained part of the risks (essentially credit risks) associated with these assets. The carrying amount of this continuing involvement stood at €2.5 million at the end of fiscal 2014 (2013: €2.5 million); that of the associated liabilities, €3.1 million (2013: €3.1 million). The total amount of the original assets was €31.9 million (2013: €29.1 million).

In the reporting year, valuation allowances developed as follows:

	2014 € in K	2013 € in K
Valuation allowances at the beginning of the year	-7,714	-10,101
Increases during the fiscal year	-2,387	-2,006
Derecognition and consumption	1,179	580
Recoveries of amounts previously impaired	2,159	3,590
Currency translation differences	-200	222
Reclassification in "held for sale"	1,147	0
<b>Valuation allowances at the end of the year</b>	<b>-5,816</b>	<b>-7,714</b>

The following table shows the maturity structure of the receivables that are past due, but not impaired:

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
1-30 days	18,874	14,832
31-90 days	11,023	11,489
91-180 days	2,218	5,351
181-360 days	1,004	855
More than 360 days	251	639
<b>Total</b>	<b>33,370</b>	<b>33,165</b>

For trade receivables of €33,370K that were past due on the reporting date (2013: €33,165 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.

## 21. Other Assets

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Derivative financial instruments	120	4,303
Miscellaneous other financial assets	11,635	11,540
<b>Other financial assets</b>	<b>11,755</b>	<b>15,843</b>

## 22. Issued Capital

Sartorius AG's capital stock is divided into 9,360,000 bearer-type ordinary shares and 9,360,000 non-voting preference shares, each having a calculated par value of €1.00. According to the company's Articles of Association, preference shares are entitled to a dividend payment that is higher than the dividend payment for ordinary shares, by an amount equal to 2.0% of each preference share's calculated proportion of the issued capital (i.e., two euro cents per share). In any case, dividend entitlement shall be at least 4.0% of each preference share's calculated proportion of the issued capital (i.e., four euro cents per share). All shares have been paid in full.

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 840,983 preference shares at an average price of €7.98. This corresponds to a portion of €1,673 (8.9%) of the capital stock. In fiscal 2013, no treasury shares were purchased. The shares were deducted from the company's issued capital and capital reserves.

## 23. Reserves

### Capital Reserves

The capital reserves include the amounts generated in the previous years beyond the nominal amount when Sartorius AG issued shares. Within the scope of the purchase of treasury shares (see above), €14,464 K was deducted from the capital reserves.

In fiscal 2014, the capital reserves increased by €56 K due to the use of shares as part of share-based payments (see Section 32 and details provided in the Remuneration Report).

### Cash Flow Hedging Reserves

Amounts recognized in other comprehensive income as part of an effective hedging relationship are transferred to the cash flow hedging reserves. In particular, these are fluctuations in the fair value of interest and currency hedges as well as their respective tax effects.

### Pension Reserves

Actuarial gains and losses from defined benefit plan commitments, including their respective tax effects, are included in the pension reserves.

## 24. 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 75% 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, and Sartorius Thailand located in Bangkok (each with a 49% share in capital). These companies are consolidated due to an available call option that can be exercised at any time or to comparable contractual arrangements.

– AllPure Technologies LLC, New Oxford, USA (50.01%)

	2014 € in K	2013 € in K
<b>Cumulative non-controlling interest as of Dec. 31</b>		
Sartorius Stedim Biotech	92,668	78,781
Other	6,453	3,838
	<b>99,121</b>	<b>82,618</b>
<b>Profit or loss allocated to non-controlling interest</b>		
Sartorius Stedim Biotech	18,625	16,980
Other	1,294	1,235
	<b>19,919</b>	<b>18,215</b>
<b>Dividends paid to non-controlling interest</b>		
Sartorius Stedim Biotech	4,716	4,322
Other	401	341
	<b>5,117</b>	<b>4,663</b>

The following summarized financial information refers to the Sartorius Stedim Biotech Group:

### Condensed Statement of Financial Position

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Non-current assets	630,593	612,503
Current assets	276,166	260,912
	<b>906,758</b>	<b>873,415</b>
Equity	538,512	481,838
Non-current liabilities	138,662	233,685
Current liabilities	229,584	157,891
	<b>906,758</b>	<b>873,415</b>

### Condensed Statement of Profit or Loss and Other Comprehensive Income

	2014 € in K	2013 € in K
Sales revenue	683,524	588,378
Profit before tax	105,112	94,445
Income taxes	-31,378	-26,970
<b>Net profit for the period</b>	<b>73,734</b>	<b>67,474</b>
Other comprehensive income after tax	8,131	-3,470
<b>Total comprehensive income</b>	<b>81,865</b>	<b>64,004</b>

### Condensed Statement of Cash Flows

	2014 € in K	2013 € in K
Net cash flow from operating activities	111,312	90,107
Net cash flow from investing activities and acquisitions	-46,813	-73,408
Net cash flow from financing activities	-84,208	-8,010
<b>Net increase   decrease in cash and cash equivalents</b>	<b>-19,709</b>	<b>8,689</b>
Cash and cash equivalents at the beginning of the period	35,605	27,807
Net effect of currency translation on cash and cash equivalents	2,648	-891
<b>Cash and cash equivalents at the end of the period</b>	<b>18,544</b>	<b>35,605</b>

## 25. 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 some countries, the percentage the companies pay as social security contributions, or national insurance contributions, for old-age retirement benefits cannot be reliably determined. In fiscal 2014, an amount of €21.5 million was recognized for defined contribution plans (2013: €18.8 million) for the remaining Group companies.

## 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 revised IAS 19R Standard. The actuarial losses, which were transferred to the pension reserves, essentially resulted from a change in the discount rate and totaled €30,295 K (2013: €15,895 K).

An amount of €52,745 K (2013: €46,757 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:

	2014	2013
Discount rate	1.90%	3.50%
Future salary increases	3.00%	3.00%
Future pension increases	2.00%	2.00%

The following parameters were used for the French companies:

	2014	2013
Discount rate	1.80%	3.50%
Future salary increases	3.00%	3.00%
Future pension increases	2.00%	2.00%

The amounts reported in the statement of profit and loss and in the statement of comprehensive income consist of the following:

	2014 € in K	2013 € in K
Service cost	1,207	1,561
Net interest cost	1,722	1,672
<b>Components of defined benefit costs recognized in profit or loss</b>	<b>2,929</b>	<b>3,233</b>
Return on plan assets (excl. interest)	3	-32
Actuarial gains   losses	14,352	-1,700
<b>Components of defined benefit costs recognized in other comprehensive income</b>	<b>14,355</b>	<b>-1,733</b>
<b>Total defined benefit costs</b>	<b>17,284</b>	<b>1,500</b>

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, 2014 € in K	Dec. 31, 2013 € in K
Present value of obligations	67,176	60,908
Fair value of the plan assets	5,994	6,643
<b>Net liability</b>	<b>61,182</b>	<b>54,265</b>

**Defined Benefit Obligation**

	2014 € in K	2013 € in K
<b>Present value of obligations as of Jan. 1</b>	<b>60,908</b>	<b>61,547</b>
Current service cost	1,535	1,561
Past service cost	-328	0
Interest cost	1,887	1,810
Actuarial gains   losses	14,340	-1,709
Currency translation differences	287	-397
Retirement benefits paid in the reporting year	-3,031	-2,566
Employer contributions	487	0
Employee contributions	194	194
Contributions by the plan participants	411	391
Reclassification in "held for sale"	-10,093	0
Other changes	578	77
<b>Present value of obligations as of Dec. 31</b>	<b>67,176</b>	<b>60,908</b>

The actuarial gains and losses of the defined benefit obligation are allocated as follows:

	2014 € in K	2013 € in K
Experience adjustments	1,052	-412
Changes in demographic assumptions	154	78
Changes in financial assumptions	13,137	-1,365
<b>Total</b>	<b>14,343</b>	<b>-1,700</b>

**Plan Assets**

	2014 € in K	2013 € in K
<b>Plan assets at Jan. 1</b>	<b>6,643</b>	<b>6,063</b>
Interest income	165	138
Return on plan assets (excl. interest)	-3	32
Actuarial gains   losses	-12	-9
Group contribution & payments	-824	-595
Employee contributions	205	194
Currency translation differences	202	-94
Employer contributions	564	536
Contributions by the plan participants	459	391
Reclassification in "held for sale"	-1,404	0
Other changes	0	-14
<b>Plan assets as of Dec. 31</b>	<b>5,994</b>	<b>6,643</b>

**Composition of Plan Assets**

Plan assets essentially consist of insurance contracts with insurance companies in Germany and Switzerland. An amount of €0.9 million is held by local banks as securities for a subsidiary in South Korea.

**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, 2014:

<b>Demographic assumptions</b>		
Change in life expectancy	-1 year	+1 year
Effect	-1,696	1,726
<b>Financial assumptions</b>		
Change in discount rate	-100 bps	+100 bps
Effect	11,597	-9,143
Change in future salary increase	-50 bps	+50 bps
Effect	-827	882
Change in future pension increase	-25 bps	+25 bps
Effect	-1,701	1,785



Present value of the defined benefit obligations for the year ended December 31, 2013:

<b>Demographic assumptions</b>		
Change in life expectancy	-1 year	+1 year
Effect	-1,299	1,389
<b>Financial assumptions</b>		
Change in discount rate	-100 bps	+100 bps
Effect	8,425	-6,757
Change in future salary increase	-50 bps	+50 bps
Effect	-543	574
Change in future pension increase	-25 bps	+25 bps
Effect	-1,370	1,432

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).

## 26. Other Non-current Provisions

	Payments to employees on early retirement plan € in K	Other € in K	Total € in K
Balance at Jan. 1, 2013	5,878	3,850	9,728
Currency translation	0	-395	-395
Consumption	-1,975	-335	-2,310
Reversals   Utilization	-64	-737	-801
Additions	1,457	916	2,373
<b>Balance at Dec. 31, 2013</b>	<b>5,296</b>	<b>3,298</b>	<b>8,594</b>

	Payments to employees on early retirement plan € in K	Other € in K	Total € in K
Balance at Jan. 1, 2014	5,296	3,298	8,594
Currency translation	0	37	37
Consumption	-1,998	-219	-2,217
Reversals   Utilization	0	-1,630	-1,630
Additions	1,437	1,917	3,354
Reclassification in "held for sale"	-285	-593	-878
<b>Balance at Dec. 31, 2014</b>	<b>4,450</b>	<b>2,809</b>	<b>7,259</b>

The non-current provisions comprise mainly provisions for partial retirement, a type of early retirement plan,

## Maturity Analysis

The undiscounted cash flows from defined benefit obligations can be allocated to maturities as follows:

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
<1 year	2,853	2,557
1-5 years	11,005	11,893
6-10 years	16,531	16,293
>10 years	83,272	84,992

The weighted average duration of the defined benefit obligations is 15.9 years (2013:13.5 years).

For fiscal 2015, payments of €2.6 million for defined benefit plan commitments are expected (2013: €2.6 million). These cover contributions to plan assets and payment of retirement benefits.

and employee anniversary bonuses. These obligations arise mainly in German Group companies.

The early retirement plans are partial retirement plans that permit employees to work part-time for 3 to 5 years before they reach their actual retirement age.

According to IAS 19R, the treatment of severance payments to be earned in future periods must be recognized in profit or loss 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.

## 27. Non-current Liabilities

### Loans and Borrowings and Finance Lease Liabilities

	Balance at Dec. 31, 2014 € in K	Of which non- current € in K	Balance at Dec. 31, 2013 € in K	Of which non- current € in K
Loans and borrowings	370,980	359,875	375,393	349,226
Finance lease liabilities	21,094	18,790	21,624	19,599
	<b>392,074</b>	<b>378,665</b>	<b>397,017</b>	<b>368,825</b>

Financing for the Sartorius Group consists of various elements and was largely renewed in the reporting year to benefit from the attractive market environment and increase our flexibility.

A major pillar of this financing is the syndicated credit line of €400 million concluded in December 2014 with a maturity term of five years. With this new financing arrangement, Sartorius has replaced two syndicated credit lines ahead of schedule and has consolidated its financing within the Group.

An additional component of the company's financing is the note loan ("Schuldscheindarlehen") placed in 2012 with a volume of €100 million and maturities of five to ten years.

In addition, several long-term loans totaling around €100 million are available to expand the company's production capacities, among other projects.

Beyond these components, the company has diverse working capital and guaranteed credit lines totaling

Non-current provisions are reported at their present value on the reporting date. The discount interest rate for employees on the early retirement plan and for provisions accrued for company anniversaries is 0.3% (2013: 0.8%). In fiscal 2014, the effect from compounding non-current provisions, including the effects of changes in the interest rate, was €0.1 million (2013: €0.1 million). 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.

approximately €60 million and a factoring program with a volume of up to €50.0 million.

### Other Non-current Liabilities

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Derivative financial instruments	6,765	7,049
Other liabilities	42,843	34,765
<b>Total</b>	<b>49,608</b>	<b>41,814</b>

The derivative financial instruments represent the fair value of interest rate swap agreements.

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 AllPure (see Section 9).

**28. Current Provisions**

	Warranties € in K	Other € in K	Total € in K
Balance at Jan. 1, 2013	3,783	4,945	8,727
Currency translation	-103	-220	-323
Change in the scope of consolidation	208	0	208
Consumption	-552	-1,714	-2,266
Reversals   Utilization	-518	-4,135	-4,653
Additions	1,997	6,194	8,191
<b>Balance at Dec. 31, 2013</b>	<b>4,815</b>	<b>5,069</b>	<b>9,884</b>

	Warranties € in K	Other € in K	Total € in K
Balance at Jan. 1, 2014	4,815	5,069	9,884
Currency translation	155	193	349
Change in the scope of consolidation	0	0	0
Consumption	-1,153	-1,319	-2,472
Reversals   Utilization	-1,738	-673	-2,411
Additions	3,047	1,352	4,398
Reclassification in "held for sale"	-636	-232	-868
<b>Balance at Dec. 31, 2014</b>	<b>4,489</b>	<b>4,390</b>	<b>8,880</b>

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.

The other provisions essentially include those for pending losses on onerous contracts and for uncertain obligations concerning employee benefits.

**29. Current Liabilities****Trade Payables**

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Payments received on account of orders	33,864	17,366
Trade payables to third parties	56,387	66,339
Payables to participations	85	411
Payables to non-consolidated subsidiaries	160	320
<b>Trade payables</b>	<b>90,497</b>	<b>84,435</b>

**Other Financial Liabilities**

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Derivative financial instruments	6,555	106
Personnel-related liabilities	39,079	31,217
Other	33,156	41,357
<b>Other financial liabilities</b>	<b>78,789</b>	<b>72,680</b>

**Other Liabilities**

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Tax and social security	13,197	15,335
Other	2,490	2,485
<b>Other liabilities</b>	<b>15,687</b>	<b>17,821</b>

**30. Other Financial Obligations | Contingent Assets and Liabilities**

Other financial obligations in conjunction with operating leases consist of the following:

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
<b>Operating leases</b>		
-due within one year	9,082	11,112
-due within 2 to 5 years	12,127	18,431
-due thereafter	2,309	2,522

**31. 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 determined according to the marking-to-market method in which recognized mathematical methods are used. The fair values are based on the market data available at the time the value of these derivatives is calculated and reflect the estimates of the market conditions at the end of the year.

## Classes of Financial Instruments

The following tables compare the carrying amounts and the fair values of all categories of financial instruments and reconcile these with the items on the statement of financial position.

	Category acc. to IAS 39	Carrying amount Dec. 31, 2014 € in K	Fair value Dec. 31, 2014 € in K	Carrying amount Dec. 31, 2013 € in K	Fair value Dec. 31, 2013 € in K
Financial investments	Available for sale	6,067	6,067	6,294	6,294
Financial assets	Loans and receivables	1,669	1,669	1,437	1,437
<b>Financial assets (non-current)</b>		<b>7,736</b>	<b>7,736</b>	<b>7,731</b>	<b>7,731</b>
<b>Trade receivables</b>	<b>Loans and receivables</b>	<b>140,365</b>	<b>140,365</b>	<b>138,893</b>	<b>138,893</b>
Receivables and other assets	Loans and receivables	11,635	11,635	11,540	11,540
Derivative financial instruments	Held for trading	13	13	0	0
Derivative financial instruments	Hedging instruments	107	107	4,303	4,303
<b>Other financial assets (current)</b>		<b>11,755</b>	<b>11,755</b>	<b>15,843</b>	<b>15,843</b>
<b>Cash and cash equivalents</b>	<b>Loans and receivables</b>	<b>40,559</b>	<b>40,559</b>	<b>51,877</b>	<b>51,877</b>
<b>Loans and borrowings</b>	<b>Financial liabilities at cost</b>	<b>370,980</b>	<b>380,859</b>	<b>375,393</b>	<b>377,796</b>
<b>Finance lease liabilities</b>	<b>IFRS 7</b>	<b>21,094</b>	<b>24,221</b>	<b>21,624</b>	<b>21,308</b>
Trade payables	Financial liabilities at cost	56,632	56,632	67,070	67,070
Trade payables	Not IFRS 7	33,864	33,864	17,366	17,366
<b>Trade payables</b>		<b>90,497</b>	<b>90,497</b>	<b>84,435</b>	<b>84,435</b>
Derivative financial instruments	Held for trading	8,957	8,957	785	785
Derivative financial instruments	Hedging instruments	4,363	4,363	6,370	6,370
Other financial liabilities	Financial liabilities at cost	77,114	80,187	76,122	82,082
Other financial liabilities	Not IFRS 7	37,964	37,964	31,217	31,217
<b>Other financial liabilities</b>		<b>128,398</b>	<b>131,471</b>	<b>114,494</b>	<b>120,454</b>

The aggregate carrying amounts of the financial instruments for each IAS 39 category are shown in the following table:

	Dec. 31, 2014 € in K	Dec. 31, 2013 € in K
Available-for-sale assets	6,067	6,294
Loans and receivables	194,228	203,748
Held for trading assets	13	0
Financial liabilities at cost	504,726	518,586
Held for trading liabilities	8,957	785

## Fair Value Hierarchy

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 7.

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.

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. It is assumed that the carrying amounts correspond to the fair values as of the reporting date.

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"), 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 3).

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.

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.

## Net Result for Financial Instruments

The net gains and losses of the various categories of financial instruments are presented in the following table:

	2014 € in K	2013 € in K
Available-for-sale assets	1,166	0
Loans and receivables	3,626	-5,215
Financial assets and liabilities held for trading	-779	1,113
Financial liabilities at cost	-185	1,719

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:

	2014 € in K	2013 € in K
Interest income	413	655
Interest expenses	-13,781	-10,567

## 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 27 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 is centrally focused at Sartorius Corporate Administration GmbH. This centralized Treasury Management unit performs services for all companies of the Sartorius Group and 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. Hedging measures are regularly reviewed to adapt them 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.

In addition, structured hedges, so-called target profit forwards, are used to optimize hedging transactions. These transactions secure the right and create the obligation to swap an agreed amount in a foreign currency for the corresponding euro amount at a fixed exchange rate on several target dates as long as the profit resulting from these exchange transactions does not exceed a contractually defined limit.

As of the reporting date, the company had forward contracts for a total volume of U.S. \$82 million (2013: \$76 million) to hedge against the risk of fluctuation in the EUR | USD exchange rate. Furthermore, Japanese yen for a total volume of ¥260 million (2013: ¥1,450 million) was hedged as forward exchange transactions and ¥300 million in the form of target profit forwards as of the end of the reporting date.

December 31, 2013				Fair value € in K
	Currency	Volume	Maturity	
Forward contract	USD	16,500,000	Q1 2014	1,031
	USD	25,500,000	Q2 2014	850
	USD	24,500,000	Q3 2014	765
	USD	9,500,000	Q4 2014	14
	<b>USD</b>	<b>76,000,000</b>		<b>2,660</b>
Forward contract	JPY	400,000,000	Q1 2014	931
	JPY	250,000,000	Q2 2014	169
	JPY	400,000,000	Q3 2014	271
	JPY	400,000,000	Q4 2014	272
	<b>JPY</b>	<b>1,450,000,000</b>		<b>1,644</b>

December 31, 2014				Fair value € in K
	Currency	Volume	Maturity	
Forward contract	USD	29,000,000	Q1 2015	-1,839
	USD	20,000,000	Q2 2015	-1,160
	USD	17,000,000	Q3 2015	-1,075
	USD	9,000,000	Q4 2015	-442
	USD	7,000,000	Q1 2016	-108
	<b>USD</b>	<b>82,000,000</b>		<b>-4,624</b>
Forward contract	JPY	130,000,000	Q2 2015	55
	JPY	130,000,000	Q3 2015	30
	<b>JPY</b>	<b>260,000,000</b>		<b>85</b>
Target profit forward	JPY	150,000,000	Q4 2015	16
	JPY	150,000,000	Q4 2015	16
	<b>JPY</b>	<b>300,000,000</b>		<b>32</b>

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 ineffective portion of the gain or loss is recognized in the financial result.

In fiscal 2014, an amount of -€4,256 K (2013: -€4,303) was recognized in other comprehensive income; the ineffective portion of -€252 K was recognized in the result for the period. An amount of €4,303 K was reclassified in the reporting year from equity to the statement of profit and loss (2013: €1,725 K) and was disclosed under other operating income (2013: expenses).

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 5% against the euro, equity would have been €5.6 million higher (2013: €5.1 million) than actually reported and

annual profit before tax would have been up €1.4 million (2013: €0.4 million) from the currently disclosed figure. Vice versa, if the U.S. dollar would have appreciated 5% against the euro, the resulting impact on the annual profit before tax would have been -€1.6 million (2013: -€0.4 million) and the impact on equity -€6.1 million (2013: -€5.6 million). These impacts include effects from the Group's inter-company 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 -€1.9 million or +€1.7 million, respectively, on this measurement.



## Interest Risk Management

After the refinancing arrangements were implemented in December 2014, the entire Sartorius Group has been financed exclusively 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.

If the interest hedge transactions concluded serve to hedge against interest rate risk and an effective hedg-

ing relationship meets the requirements for cash hedge accounting according to the requirements of IAS 39, the valuation adjustments for the portion determined to be effective are recognized in other comprehensive income. The ineffective portion of the gain or loss is recognized in the financial result. As the hedging relationship was dissolved due to the replacement of the former syndicated loans, an amount of -€7.4 million was reclassified in the reporting year from other comprehensive income to the statement of profit or loss. Earlier during the year, an amount of -€1.1 million was recorded in other comprehensive income.

The following table provides an overview of the interest hedging contracts available on the reporting date:

Instrument	Hedged volume at Dec. 31, 2014 € in K*	Hedged volume at Dec. 31, 2013 € in K	End of term	Hedged interest rate	Fair value Dec. 31, 2014 € in K*	Fair value Dec. 31, 2013 € in K
Swaps	170,000	140,000	Sept. 15 - Mar. 16	1.83% -2.89%	-4,732	-5,346
Forward swaps	80,000	110,000	Aug. 18 - Mar. 19	1.68% -2.02%	-3,959	-1,702
					<b>-8,691</b>	<b>-7,049</b>

As of the reporting date on December 31, 2014, the volume of variable interest loans was around €220 million. The hedging volume for the next five years is €80 million and €170 million so that approximately half to two-thirds of the company's exposure to interest rate risks is hedged (2013: debt of €260 million vs. a hedging volume of €110 million to €140 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 -€2.3 million resulting from the variable interest loan (2013: -€2.1 million). The opposite effect would have been yielded by the valuation of the interest rate

swaps of €4.1 million so that an amount of €1.8 million would have been recorded in the annual profit. There is no effect on other comprehensive income in conjunction with market valuation of financial instruments used for hedging as an effective hedging relationship does not exist (2013: €4.6 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 impact on profit before tax would have been -€0.5 million (+€0.6 million). In the previous year, this additionally had an impact of -€4.9 million on other comprehensive income.

## 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, 2013 € in K	Cash flow Dec. 31, 2013 € in K	< 1 year € in K	1 – 5 years € in K	> 5 years € in K
Loans and borrowings	375,393	407,376	30,910	313,524	62,943
Finance Leases	21,624	40,387	3,002	8,168	29,217
Trade payables	67,070	67,070	67,070	0	0
Other liabilities (excluding derivatives)	76,122	86,160	41,357	16,292	28,511
<b>Financial liabilities</b>	<b>540,209</b>	<b>600,993</b>	<b>142,339</b>	<b>337,983</b>	<b>120,671</b>

	Carrying amount Dec. 31, 2014 € in K	Cash flow Dec. 31, 2014 € in K	< 1 year € in K	1 – 5 years € in K	> 5 years € in K
Loans and borrowings	370,980	398,592	96,319	201,119	101,154
Finance Leases	21,094	39,482	2,472	9,819	27,191
Trade payables	56,632	56,632	56,632	0	0
Other liabilities (excluding derivatives)	77,114	86,448	34,271	23,069	29,108
<b>Financial liabilities</b>	<b>525,821</b>	<b>581,154</b>	<b>189,695</b>	<b>234,006</b>	<b>157,453</b>

The carrying amounts and cash flows for the derivatives are shown as follows:

	Carrying amount Dec. 31, 2013 € in K	Cash flow Dec. 31, 2013 € in K	< 1 year € in K	1 – 5 years € in K	> 5 years € in K
<b>Interest rate swaps</b>	<b>7,155</b>	<b>10,370</b>	<b>3,264</b>	<b>6,942</b>	<b>164</b>
<b>Derivatives</b>	<b>7,155</b>	<b>10,370</b>	<b>3,264</b>	<b>6,942</b>	<b>164</b>

	Carrying amount Dec. 31, 2014 € in K	Cash flow Dec. 31, 2014 € in K	< 1 year € in K	1 – 5 years € in K	> 5 years € in K
<b>Gross fulfilment</b>					
<b>Forward contracts</b>	<b>4,617</b>	<b>4,652</b>	<b>4,511</b>	<b>141</b>	
Payment obligation			63,565	5,765	
Payment claim			-59,054	-5,624	
<b>Net fulfilment</b>					
<b>Interest rate swaps</b>	<b>8,703</b>	<b>11,629</b>	<b>3,488</b>	<b>8,141</b>	<b>0</b>
<b>Derivatives</b>	<b>13,320</b>	<b>16,281</b>	<b>12,510</b>	<b>8,423</b>	<b>0</b>

The Group controls liquidity risks by maintaining credit lines and additional facilities with banks, selling receivables within the scope of a factoring program, continuously tracking the forecasted and actual cash flows and by managing the maturity profiles of financial assets and liabilities.

## Credit Lines

€ in K	Credit line at Dec. 31, 2013	<1 year	1 to 5 years	>5 years	Interest rate	Credit line used at Dec. 31, 2013	Credit line unused as of Dec. 31, 2013
Syndicated credit lines	445,000	15,000	430,000	0	Variable	245,000	200,000
Note loan (Schuldscheindarlehen)	100,000	0	49,500	50,500	Variable and fixed	100,000	0
Bilateral credit line	80,400	61,650	12,500	6,250	Variable and fixed	30,393	50,007
<b>Total</b>	<b>625,400</b>	<b>76,650</b>	<b>492,000</b>	<b>56,750</b>		<b>375,393</b>	<b>250,007</b>

€ in K	Credit line at Dec. 31, 2014	<1 year	1 to 5 years	>5 years	Interest rate	Credit line used at Dec. 31, 2014	Credit line unused as of Dec. 31, 2014
Syndicated credit lines	400,000	0	400,000	0	Variable	160,000	240,000
Note loan (Schuldscheindarlehen)	100,000	0	78,500	21,500	Variable and fixed	100,000	0
Bilateral credit line	171,441	70,016	12,500	88,925	Variable and fixed	110,980	60,461
<b>Total</b>	<b>671,441</b>	<b>70,016</b>	<b>491,000</b>	<b>110,425</b>		<b>370,980</b>	<b>300,461</b>

As explained in Section 27, the Group is essentially financed by a syndicated loan and a note loan ("Schuldscheindarlehen"). 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 2014, the Group achieved a ratio of net debt to underlying EBITDA of 1.7 compared with 2.0 in 2013 (both ratios include the company's discontinued operation). 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.

No further significant risks from financial instruments are discernible.

## 32. 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, 2014 € in K	Fair value at year-end on Dec. 31, 2013 € in K	Paid out € in K
Tranche for 2010	16,803	0	663	663
Tranche for 2011	10,706	712	691	0
Tranche for 2012	9,052	748	701	0
Tranche for 2013	4,676	458	358	0
Tranche for 2014	4,760	458	0	0
	<b>45,997</b>	<b>2,376</b>	<b>2,413</b>	<b>663</b>

In fiscal 2014, the expenses relating to granting and valuation of phantom stock units were €626 K (2013: €539 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, 4,091 units with a fair value of €345 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. Due to Dr. Kreuzburg's excellent performance in developing the company since the start of his tenure on the Executive Board on November 11, 2002, the company wished to continue this successful cooperation with him, despite alternative offers that were made to him. The new remuneration agreement 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. This remuneration component is to be included in the total remuneration at fair value on the grant date of the shares. This respective fair value is to be derived from the number of

shares granted and the price of each class of share on the grant date (ordinary shares: €100; preference shares: €98) and amounts to €4,950 K. Due to the share-based payment arrangement, expected dividends are not to be included in the measurement of these shares. 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 2014, an amount of €56 K was accordingly recognized as an employee benefits expense resulting from the grant of shares. For further details, please refer to the Remuneration Report.

The stock option plans for staff of the Sartorius Stedim Biotech Group relate to shares of Sartorius Stedim Biotech S.A. The various stock option plans outstanding or exercisable on the reporting date are shown as follows:

	Dec. 31, 2014	Dec. 31, 2013
Outstanding at the beginning of the period	23,642	24,642
Granted during the period	0	0
Forfeited during the period	0	0
Exercised during the period	-15,642	-1,000
Expired in the period	0	0
<b>Outstanding at the end of the period</b>	<b>8,000</b>	<b>23,642</b>
<b>Exercisable at the end of the period</b>	<b>8,000</b>	<b>23,642</b>

The various stock option plans are summarized as follows:

Date the General Annual Shareholders' Meeting authorized the plan	Date on which the Board granted approval	Initial number of shares to be subscribed	Number of shares to be subscribed by directors and executives	Number of directors and executives concerned	Total number of beneficiaries	Subscription price in €	Number of shares subscribed over fiscal 2013	Number of options granted and exercisable on Dec. 31, 2013	Number of options subject to target performance as of Dec. 31, 2013	Number of beneficiaries of valid options
June 23, 2000	July 23, 2004	140,000	0	0	19	9.23	1,000	15,642	0	2
June 10, 2005	Sept. 15, 2005	127,500	0	0	15	18.87	0	5,000	0	1
June 10, 2006	Nov. 10, 2006	35,000	0	0	2	29.51	0	3,000	0	1
<b>Total</b>		<b>302,500</b>	<b>0</b>	<b>0</b>	<b>36</b>		<b>1,000</b>	<b>23,642</b>	<b>0</b>	<b>4</b>

Date the General Annual Shareholders' Meeting authorized the plan	Date on which the Board granted approval	Initial number of shares to be subscribed	Number of shares to be subscribed by directors and executives	Number of directors and executives concerned	Total number of beneficiaries	Subscription price in €	Number of shares subscribed over fiscal 2014	Number of options granted and exercisable on Dec. 31, 2014	Number of options subject to target performance as of Dec. 31, 2014	Number of beneficiaries of valid options
June 23, 2000	July 23, 2004	140,000	0	0	19	9.23	15,642	0	0	0
June 10, 2005	Sept. 15, 2005	127,500	0	0	15	18.87	0	5,000	0	1
June 10, 2006	Nov. 10, 2006	35,000	0	0	2	29.51	0	3,000	0	1
<b>Total</b>		<b>302,500</b>	<b>0</b>	<b>0</b>	<b>36</b>		<b>15,642</b>	<b>8,000</b>	<b>0</b>	<b>2</b>

Sartorius Stedim Biotech share purchase options have been allocated to some of its employees and directors of this subgroup. These plans have been inactive since 2006, and no new stock options have been issued since this time. The options exercised in the reporting year were based on an average share price of €132.90 on the date of exercise. The share options still outstanding as of the reporting date for the statement of financial position will be exercisable until November 9, 2016, at the very latest. The fair value of services performed is measured by reference to the fair value of these options at the date of allocation, using a binomial-type mathematic model. The fair value thus measured is recognized as an employee benefits expense spread over the full vesting period of the plan, provided that this stock option entitlement has actually been acquired.

Cash received from the exercise of options on Sartorius Stedim Biotech shares are disclosed as cash and cash equivalents with an offsetting item in non-controlling interest reported for equity.

### 33. Disclosures on a Discontinued Operation

As the result of a comprehensive strategic analysis of company business areas, the Executive Board of Sartorius AG had already decided in 2011 to review various options for the Industrial Technologies Division, which included the possibility of selling this business. In 2013 and 2014, all necessary initial action was taken to spin off the division as separate legal entity. On December 19, 2014, Sartorius signed a contract to sell this entity to the Japanese company Minebea Ltd. and its partner, the Development Bank of Japan. For this reason, the Intec Division is reported as a discontinued operation in the consolidated financial statements. There was no need to record an impairment loss based on the measurement of the Intec disposal group at the lower of its carrying amount and fair value less costs to sell.

The assets and liabilities of the Intec Division as of the reporting date on December 31, 2014, are shown as follows:

	Dec. 31, 2014 € in K
<b>Non-current Assets</b>	
Goodwill	2,504
Other intangible assets	4,876
Property, plant and equipment	4,455
Financial assets	287
Other assets	47
Deferred tax assets	7,955
	<b>20,124</b>
<b>Current Assets</b>	
Inventories	11,905
Trade receivables	24,777
Other financial assets	262
Current tax assets	1,963
Other assets	968
Cash and cash equivalents	15,879
	<b>55,754</b>
<b>Assets classified as held for sale</b>	<b>75,878</b>
<b>Non-current Liabilities</b>	
Pension provisions	8,689
Other provisions	878
Deferred tax liabilities	60
	<b>9,627</b>
<b>Current Liabilities</b>	
Provisions	868
Trade payables	9,931
Other financial liabilities	5,076
Current tax liabilities	2,067
Other liabilities	3,014
	<b>20,956</b>
<b>Liabilities associated with assets classified as held for sale</b>	<b>30,583</b>

The financial assets are to be allocated to the loans and receivables category and the financial liabilities to the financial liabilities at cost.

Deferred tax assets of the discontinued operation relate primarily to temporary differences in the carrying amounts of intangible assets and goodwill

The pension provisions reported consist of a defined benefit obligation of €10,091 K and a plan asset amount of €1,404 K. Please see Section 25 for information on the measurement parameters.

The earnings attributable to the shareholders of Sartorius AG for the discontinued operation are as follows:

	2014 € in K	2013 € in K
Sales revenue	103,826	103,213
Expenses	-94,309	-95,539
Other operating income and expenses	-2,131	-1,342
<b>Earnings before interest and taxes (EBIT)</b>	<b>7,386</b>	<b>6,332</b>
<b>Financial result</b>	<b>250</b>	<b>-219</b>
<b>Profit before tax</b>	<b>7,636</b>	<b>6,113</b>
Income taxes	-3,106	-1,575
<b>Profit after tax from discontinued operation</b>	<b>4,530</b>	<b>4,538</b>

As the transaction date was close to the reporting date, subsequent measurement at fair value less costs to sell did not yield any impairment losses.

## 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 Goettingen, Germany, for the year ended December 31, 2014.

The exemption options provided by § 264 b of the German Commercial Code (HGB) were used in the annual financial statements reported by Sartorius Mechatronics C&D GmbH & Co. KG, Aachen, Germany, SIV Weende GmbH & Co. KG, Goettingen, Germany, SIV Grone 1 GmbH & Co. KG, Goettingen, Germany, Sartorius Lab Instruments GmbH & Co. KG, Goettingen, Germany, and Sartorius Industrial Scales GmbH & Co. KG, Goettingen, Germany, for the year ended December 31, 2014.

### Material Events after the Reporting Date

The sale of the Industrial Technologies Division to the Japanese Minebea Co., Ltd., and their partner, the Development Bank of Japan Inc., was completed on February 6, 2015, and has become economically effective as of January 1, 2015. The cash proceeds resulting from this transaction total approximately €90 million.

### 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 16, 2014, 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.

### Number of Employees

This table shows the average workforce employed during the fiscal year:

	2014	2013
Bioprocess Solutions	3,469	3,151
Lab Products & Services	2,066	1,893
<b>Continuing Operations</b>	<b>5,535</b>	<b>5,044</b>
Industrial Technologies	708	741
<b>Total</b>	<b>6,243</b>	<b>5,785</b>

### Auditors' Fee

In fiscal 2013 and 2014, the following fees were incurred by the Group for the auditors Deloitte & Touche GmbH:

	2014 € in K	2013 € in K
Audits	473	436
Other certification and verification services	98	157
Tax consultation services	57	97
Other services	82	146
	<b>710</b>	<b>836</b>

The other certification and verification services include the audit review fee of €98 K (2013: €102 K) for the first-half financial report pursuant to § 37w of the German Securities Trading Act (WpHG).

## 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 associates and are generally concluded according to the customary market terms. 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 10 and 20.

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 €926 K (2013: €888 K); that of the Executive Board €7,767 K (2013: €2,501 K). The remuneration of former managing directors and members of the Executive Board and their surviving dependents was €405 K (2012: €394 K). The pension obligations to former managing directors and members of the Executive Board and their surviving dependents totaled €6,768 K (2013: €7,065 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 and Supervisory Board members is shown in the following tables:

	2014 € in K	2013 € in K
<b>Total remuneration Executive Board</b>		
Fixed remuneration	1,375	1,298
Fringe benefits	49	48
<b>Total</b>	<b>1,424</b>	<b>1,346</b>
Annually paid variable remuneration	759	548
<b>Variable remuneration with multi-year components</b>		
Consolidated net result (3 years)	289	282
Phantom stock plan (4-8 years)	345	325
Shares granted	4,950	0
<b>Total</b>	<b>6,343</b>	<b>1,155</b>
<b>Total remuneration</b>	<b>7,767</b>	<b>2,501</b>

Partial payments on multi-year variable remuneration of the Executive Board members:

	2014 € in K	2013 € in K
Balance as of Jan. 1 of a fiscal year	306	310
Partial payments deducted	-150	-160
Partial payments effected	146	156
<b>Balance as of Dec. 31 of a fiscal year</b>	<b>302</b>	<b>306</b>

	2014 € in K	2013 € in K
<b>Remuneration for the Supervisory Board Members</b>		
<b>Total remuneration</b>	<b>926</b>	<b>888</b>
Fixed remuneration	600	600
Compensation for committee work	80	80
Meeting attendance fee	154	104
Remuneration from Sartorius Weighing Technology GmbH, Goettingen	0	13
<b>Total remuneration for the Sartorius Stedim Biotech subgroup</b>	<b>92</b>	<b>91</b>
Remuneration from Sartorius Stedim Biotech GmbH, Goettingen	38	38
Remuneration from Sartorius Stedim Biotech S.A., Aubagne	54	53



### 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 €139,370,149.84 reported by Sartorius AG for the year ended December 31, 2014, as follows:

	€
Payment of a dividend of €1.06 per ordinary share	9,039,739.36
Payment of a dividend of €1.08 per preference share	9,200,538.36
Unappropriated profit carried forward	121,129,872.12
	<b>139,370,149.84</b>

Goettingen, February 23, 2015

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 2014 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.

Goettingen, February 23, 2015

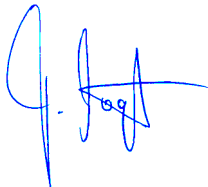
Sartorius Aktiengesellschaft  
The Executive Board



Dr. Joachim Kreuzburg



Jörg Pfirrmann



Reinhard Vogt

## Independent Auditors' Report

We audited the consolidated year-end financial statements, which consist of the consolidated statement of profit and loss along with the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes to the financial statements – as well as the management report integrated into the Group Management Report – and which Sartorius Aktiengesellschaft, Germany, prepared for the fiscal year from January 1 through December 31, 2014. Preparation of the consolidated financial statements and the Group Management Report according to the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, and according to the commercial rules to be additionally applied in conformance with §315a, Subsection 1, of the German Commercial Code (HGB), is the responsibility of the Executive Board of the parent corporation, Sartorius Aktiengesellschaft. Our responsibility is to express an opinion on the consolidated financial statements and on the Group Management Report based on our audit.

We conducted our audit in accordance with §317 HGB, taking into account the principles of proper auditing established by the German Institute of Independent Auditors, "Institut der Wirtschaftsprüfer." These principles require that we plan and perform the audit to obtain reasonable assurance that there are no misrepresentations or infractions that have a material impact on the presentation of the net worth, financial position and earnings in the consolidated financial statements, in consideration of the accounting principles to be applied, or in the Group Management Report. In determining the audit focus, information on the business activities and the economic and legal background of the Group as well as expectations on possible errors are taken into account. Within the scope of the audit, the effectiveness of the accounting-related internal control system as well as evidence supporting the amounts and disclosures made in the consolidated financial statements and the Group Management Report are predominantly examined on a test basis.

This audit covers assessment of the annual financial statements of the companies included in the consolidated financial statements, definition of the scope of consolidation, the accounting and con-solidation principles applied and the significant estimates made by the Executive Board as well as evaluation of the overall presentation of the consoli-dated year-end financial statements and the Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any objections.

According to our assessment based on the information we obtained during the audit, the consolidated financial statements of Sartorius Aktiengesellschaft, Goettingen, conform to the IFRS, as they are to be applied in the EU, and to the commercial rules to be additionally applied in compliance with §315a, Subsection 1, of HGB, and present fairly, in all material respects, the net worth, financial position and earnings of the Group. The Group Management Report is consistent with the consolidated financial statements and provides an overall true and fair view of the Group's situation, and accurately presents the opportunities and risks of its future development.

Hanover, Germany, February 23, 2015

Deloitte & Touche GmbH

Henning Scharpenberg  
Auditor

Dr. Christian Meyer  
Auditor

# Executive Board and Supervisory Board

During Fiscal 2014<sup>1)</sup>

## Executive Board

### Dr. rer. pol. Joachim Kreuzburg

Dipl.-Ingenieur (Graduate Engineer) CEO and Chairman Corporate Strategy, 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

### Jörg Pfirrmann

Dipl.-Ökonom (Graduate Economist)  
Executive for Labor Relations  
Finance, Human Resources, IT and General Administration  
Born November 30, 1972  
Resident of Noerten-Hardenberg, Germany  
Member since July 24, 2009  
Appointed until July 23, 2017

### 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

## Supervisory Board

### Prof. Dr. Dres. h.c. Arnold Picot

Dipl.-Kaufmann (Graduate in Business Administration)  
University professor  
Chairman  
Executive Director of the Institute of Information, Organization and Management, Faculty of Economics, Ludwig Maximilian University in Munich, Germany  
Resident of Gauting, 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

### Dr. Dirk Basting

Dipl.-Chemiker (Graduate Chemical Engineer)  
Resident of Fort Lauderdale, Florida, USA

### Annette Becker

Personalfachkauffrau (HR Specialist)  
Chairwoman of the Employees' Council of Sartorius Corporate Administration GmbH in Goettingen, Germany  
Chairwoman of the Group Employees' Council of Sartorius AG in Goettingen, Germany  
Resident of Goettingen, Germany

### Uwe Bretthauer

Dipl.-Ingenieur (Graduate Engineer)  
Chairman of the Employees' Council of Sartorius Lab Instruments GmbH & Co. KG in Goettingen, Germany  
Resident of Goettingen, Germany

### Michael Dohrmann

Feinmechaniker (Precision Engineer)  
Chairman of the Employees' Council of Sartorius Stedim Biotech GmbH in Goettingen, Germany  
Resident of Reinhausen, Germany

### Dr. Lothar Kappich

Dipl.-Ökonom (Graduate Economist)  
Managing Director of ECE Projektmanagement GmbH & Co. KG in Hamburg, Germany  
Resident of Hamburg, Germany

<sup>1)</sup> Information required pursuant to Sec. 285, No. 10, of the German Commercial Code (HGB)

**Petra Kirchhoff**

Dipl.-Volkswirtin (Graduate Political Economist)  
Vice President of Corporate Communications and  
Investor Relations  
Sartorius Corporate Administration GmbH in  
Goettingen, Germany  
Resident of Goettingen, 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

**Prof. Dr. Gerd Krieger**

Rechtsanwalt (Lawyer)  
Honorary Professor at the Heinrich-Heine University  
in Duesseldorf  
Resident of Duesseldorf, Germany

**Prof. Dr. Thomas Sheper**

Dipl.-Chemiker (Graduate Chemical Engineer)  
University professor and head of the Institute of  
Technical Chemistry,  
Leibnitz University in Hanover, Germany  
Resident of Hanover, Germany

**Prof. Dr. Klaus Rüdiger Trützscher**

Dipl.-Wirtschaftsmathematiker (Graduate Business  
Mathematician) and Dipl.-Mathematiker  
(Graduate Mathematician)  
Resident of Essen, Germany

**Gerd-Uwe Boguslawski**

Dipl.-Sozialwirt (Graduate Social Manager)  
Vice Chairman until February 28, 2014  
German Metalworkers' Union (IG Metall) in the South-  
ern Lower Saxony/Harz region in Northeim, Germany  
Resident of Hoeckelheim, Germany

**Committees of the Supervisory Board****Executive Task Committee**

Prof. Dr. Dres. h.c. Arnold Picot (Chairman)  
Manfred Zaffke since March 1, 2014  
Gerd-Uwe Boguslawski until February 28, 2014  
Uwe Bretthauer  
Prof. Dr. Gerd Krieger

**Audit Committee**

Prof. Dr. Klaus Rüdiger Trützscher (Chairman)  
Manfred Zaffke since March 1, 2014  
Gerd-Uwe Boguslawski until February 28, 2014  
Uwe Bretthauer  
Prof. Dr. Dres. h.c. Arnold Picot

**Conciliation Committee**

Prof. Dr. Dres. h.c. Arnold Picot (Chairman)  
Manfred Zaffke since March 1, 2014  
Gerd-Uwe Boguslawski until February 28, 2014  
Uwe Bretthauer  
Prof. Dr. Gerd Krieger

**Nomination Committee**

Prof. Dr. Gerd Krieger  
Prof. Dr. Dres. h.c. Arnold Picot  
Dr. Lothar Kappich

<sup>1)</sup> Information required pursuant to Sec. 285, No. 10, of the  
German Commercial Code (HGB)

### Positions Held by the Members of the Executive Board<sup>1)</sup> as of December 31, 2014

#### Dr. rer. pol. Joachim Kreuzburg

Président-Directeur Général (CEO) of:

– Sartorius Stedim Biotech S.A., France<sup>2)</sup>

On the Supervisory Board of:

– Sartorius Stedim Biotech GmbH, Germany, Vice Chairman<sup>2)</sup>

On the Board of Directors of:

– Sartorius North America, Inc., USA<sup>2)</sup>

– Sartorius Stedim North America, Inc., USA<sup>2)</sup>

– Sartorius Stedim Filters, Inc., Puerto Rico<sup>2)</sup>

– Sartorius Japan K.K., Japan<sup>2)</sup>

– Sartorius Stedim Japan K.K., Japan<sup>2)</sup>

– Denver Instrument (Beijing) Co. Ltd., China<sup>2)</sup>

– Sartorius Scientific Instruments (Beijing) Co. Ltd., China<sup>2)</sup>

– Sartorius Hong Kong Ltd., China<sup>2)</sup>

– Sartorius Stedim Lab Ltd., UK<sup>2)</sup>

On the Comité Exécutif (Executive Committee) of:

– Sartorius Stedim FMT S.A.S., France<sup>2)</sup>

On the Supervisory Board of:

– Carl Zeiss AG, Germany<sup>3)</sup>

On the Regionalbeirat (Regional Advisory Board) of:

– Commerzbank AG, Hamburg, Germany<sup>3)</sup>

On the Beirat (Advisory Board) of:

– Otto Bock Holding GmbH & Co. KG, Germany<sup>3)</sup>

On the Wirtschaftsbeirat (Economic Advisory Board) of:

– Norddeutsche Landesbank, Germany<sup>3)</sup>

#### Jörg Pfirrmann

On the Board of Directors of:

– Sartorius Ireland Ltd., Ireland<sup>2)</sup>

– Sartorius Stedim Ireland Ltd., Ireland<sup>2)</sup>

– Sartorius Corporation, USA<sup>2)</sup>

– Sartorius Canada Inc., Canada<sup>2)</sup>

– Sartorius Stedim Nordic A/S, Denmark<sup>2)</sup>

– Sartorius Nordic A/S, Denmark<sup>2)</sup>

– Sartorius UK Ltd., UK<sup>2)</sup>

– Sartorius Stedim UK Ltd., UK<sup>2)</sup>

– Sartorius (Shanghai) Trading Co., Ltd., China<sup>2)</sup>

– Sartorius Stedim (Shanghai) Trading Co., Ltd., China<sup>2)</sup>

– Sartorius Stedim Biotech (Beijing), Co. Ltd., China<sup>2)</sup>

On the Management Committee of:

– Sartorius France S.A.S., France<sup>2)</sup>

On the Comité Exécutif (Executive Committee) of:

Sartorius Stedim France S.A.S., France<sup>2)</sup>

On the Consiglio di Amministrazione

(Board of Management) of:

– Sartorius Italy S.r.l., Italy<sup>2)</sup>

– Sartorius Stedim Italy S.p.A., Italy<sup>2)</sup>

On the Consejo de Administración (Board of Directors) of:

– Sartorius Spain S.A., Spain<sup>2)</sup>

On the Unternehmerbeirat (Employers' Advisory Board) of:

– Gothaer Versicherungsbank WVaG, Germany<sup>3)</sup>

#### Reinhard Vogt

On the Conseil d'Administration (Board of Directors) of:

– Sartorius Stedim Biotech S.A., France<sup>2)</sup>

On the Board of Directors of:

– TAP Biosystems Group Ltd., UK<sup>2)</sup>

– Sartorius North America, Inc., USA<sup>2)</sup>

– Sartorius Stedim North America, Inc., USA<sup>2)</sup>

– Denver Instrument (Beijing) Co. Ltd., China<sup>2)</sup>

– Sartorius Scientific Instruments (Beijing) Co. Ltd., China<sup>2)</sup>

– Sartorius (Shanghai) Trading Co., Ltd., China<sup>2)</sup>

– Sartorius Stedim (Shanghai) Trading Co., Ltd., China<sup>2)</sup>

– Sartorius Stedim Malaysia Sdn. Bhd., Malaysia<sup>2)</sup>

– Sartorius Japan K.K., Japan<sup>2)</sup>

– Sartorius Stedim Japan K.K., Japan<sup>2)</sup>

– Sartorius Hong Kong Ltd., China<sup>2)</sup>

– Sartorius Korea Ltd., South Korea<sup>2)</sup>

– Sartorius Australia Pty. Ltd., Australia<sup>2)</sup>

– Sartorius Stedim Australia Pty. Ltd., Australia<sup>2)</sup>

On the Verwaltungsrat (Administrative Board) of:

– Sartorius Stedim Switzerland AG, Switzerland, Chairman<sup>2)</sup>

<sup>1)</sup> Information required pursuant to Sec. 285, No. 10, of the German Commercial Code (HGB)

<sup>2)</sup> Positions held within the Group

<sup>3)</sup> External positions held by members of the Executive Board as of December 31, 2014

### Positions Held by the Members of the Supervisory Board<sup>1)</sup> as of December 31, 2014

#### Prof. Dr. Dres. h.c. Arnold Picot

On the Conseil d'Administration (Board of Directors) of:

– Sartorius Stedim Biotech S.A., France<sup>2)</sup>

On the Supervisory Board of:

– Sartorius Stedim Biotech GmbH,

Germany, Chairman<sup>2)</sup>

– Takkt AG, Germany<sup>3)</sup>

– Wissenschaftliches Institut für Infrastruktur und Kommunikationsdienste GmbH (Scientific Institute for Communication Services) and WIK-Consult GmbH, Germany<sup>3)</sup>

#### Manfred Zaffke

On the Supervisory Board of:

– Terex MHPS GmbH, Germany<sup>3)</sup>

– GMH GUSS GmbH, Germany,

Vice Chairman<sup>3)</sup>

#### Dr. Dirk Basting

None

#### Annette Becker

None

#### Uwe Bretthauer

None

#### Michael Dohrmann

None

#### Dr. Lothar Kappich

None

#### Petra Kirchhoff

On the Supervisory Board of:

– AWO Goettingen gGmbH

#### Karoline Kleinschmidt

None

#### Prof. Dr. Gerd Krieger

On the Supervisory Board of:

– ARAG Lebensversicherungs-AG, Germany<sup>3)</sup>

– ARAG Krankenversicherungs-AG, Germany<sup>3)</sup>

#### Prof. Dr. Thomas Scheper

None

#### Prof. Dr. Klaus Rüdiger Trützschler

On the Supervisory Board of:

– Deutsche Bank AG, Germany<sup>3)</sup>

– Wuppermann AG, Germany, Chairman<sup>3)</sup>

– Zwiessel Kristallglas AG, Germany, Chairman<sup>3)</sup>

On the Verwaltungsrat (Administrative Board) of:

– Wilh. Werhahn KG, Germany<sup>3)</sup>

<sup>1)</sup> Information required pursuant to Sec. 285, No. 10, of the German Commercial Code (HGB)

<sup>2)</sup> Positions held within the Group

<sup>3)</sup> External positions held by members of the Supervisory Board as of December 31, 2014





Supplementary Information

05

# 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 fermentor 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.

### Capsule

Ready-to-use filter unit consisting of a filter housing with hose connectors and of an incorporated filter cartridge

### 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

### Mechatronics

Interdisciplinary field that combines mechanical, electrical and electronic engineering, intelligent control technology and computer science. These technologies interact to compensate for the distorting effects that material properties and ambient conditions may have on the accuracy of measured results.

### Membrane chromatography

Selective separation of mixtures of substances by adsorption to specifically modified membranes (membrane adsorbents) 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

### Pharmerging markets

According to IMS Health, these are Egypt, Argentina, Brazil, China, India, Indonesia, Mexico, Pakistan, Poland, Romania, Russia, South Africa, Thailand, Turkey, Ukraine, Venezuela and Vietnam.

### Purification

An important step in downstream processing

### Recombinant proteins

Proteins manufactured using genetically modified organisms that are used in the production of therapeutic proteins, such as insulin and vaccines

### 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.

### Sterile filter, sterilizing-grade filter

Membrane filter whose pore size is usually 0.2  $\mu\text{m}$  or smaller; product- and process-specific validation tests are required to confirm that the filter type selected delivers a sterile filtrate.

### 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

**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 in accordance with IFRS 3

**Cash flow**

The flow of funds or financial resources that are earned through day-to-day business activities; the amount of cash earned after paying all expenses and taxes; in other words, the cash balance of inflows and outflows of funds

**Compliance**

Observance of applicable laws, codes and other relevant rules and regulations

**DAX®, MDAX®, SDAX®, 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.) – also commonly referred to as the German association for financial analysis and asset management – and the Schmalenbach-Gesellschaft (SG), one of the leading scientific societies in the area of business administration and financial reporting

**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 revenue

**Equity ratio**

The ratio of equity to the balance sheet total

**ERP**

Stands for "Enterprise Resource Planning"; IT-based resource planning system

**Extraordinary items**

Exceptional or one-time expenses and income, such as restructuring costs and other non-operating expenses

**Fixed assets**

The sum of intangible assets, property, plant and equipment and financial assets

**Free float**

Proportion of a public company's shares that are freely available to the investing public (by definition at least 5%)

**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 to the parent company within the organizational hierarchy; this holding company conducts its business exclusively through these subsidiaries.

**IAS**

International Accounting Standards – internationally recognized accounting principles

**IFRS**

International Financial Reporting Standards – internationally recognized accounting principles

**Market capitalization**

The total number of shares outstanding of both classes issued by the company, multiplied by the corresponding share price

**Prime Standard**

Market segment of the Frankfurt Stock Exchange with high, internationally accepted transparency requirements; this segment is intended to meet the needs of companies seeking to attract the attention of 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)

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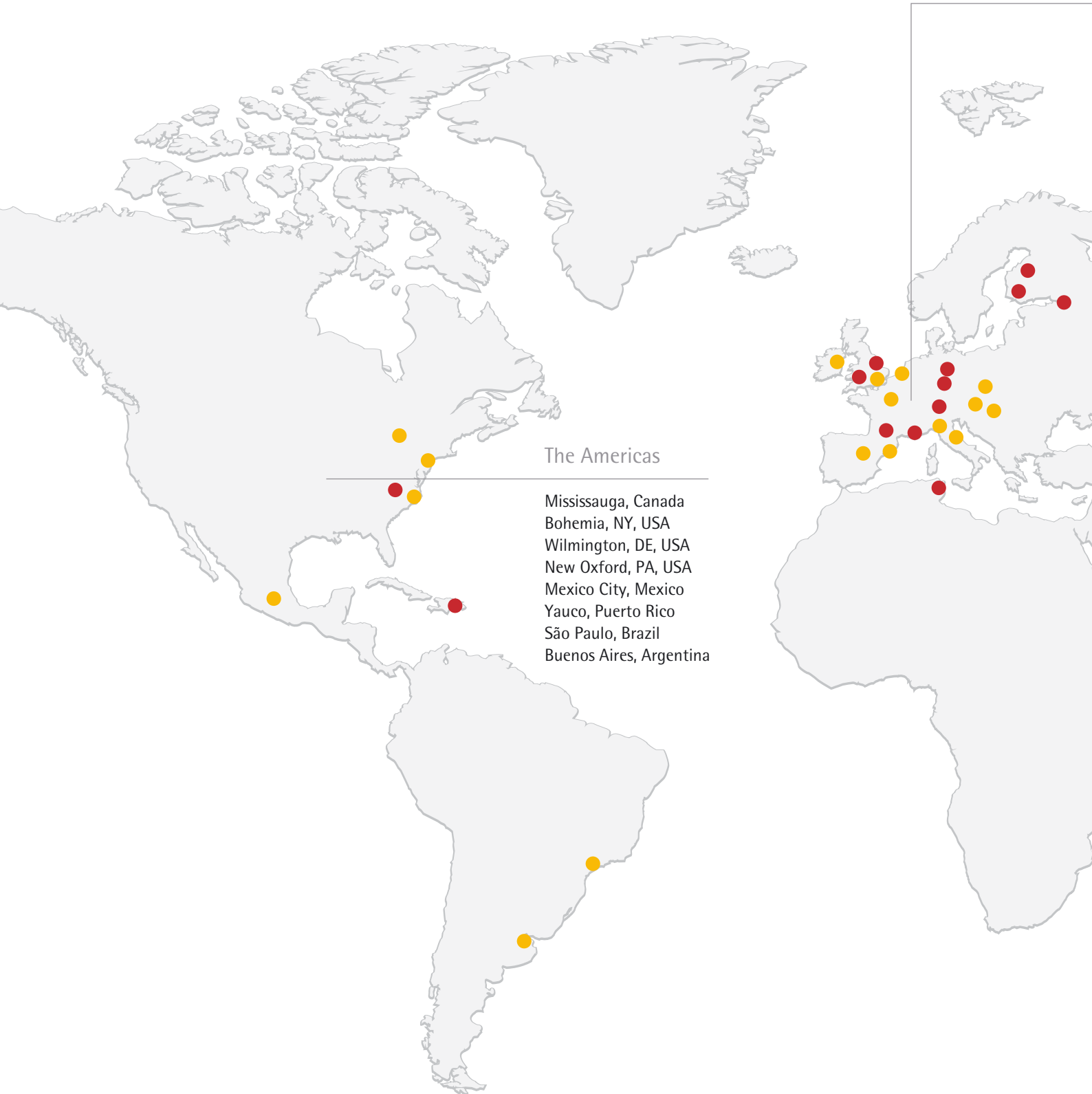
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# A Local Presence Worldwide



- Sales
- Production | Production and Sales

Europe | Africa

- |                    |                           |
|--------------------|---------------------------|
| Dublin, Ireland    | Kajaani, Finland          |
| Royston, UK        | Helsinki, Finland         |
| Stonehouse, UK     | St. Petersburg, Russia    |
| Epsom, UK          | Moscow, Russia            |
| Vilvoorde, Belgium | Goettingen, Germany       |
| Paris, France      | Guxhagen, Germany         |
| Aubagne, France    | Poznan, Poland            |
| Lourdes, France    | Budapest, Hungary         |
| Florence, Italy    | Vienna, Austria           |
| Milan, Italy       | Tagelswangen, Switzerland |
| Madrid, Spain      | Mohamdia, Tunisia         |
| Barcelona, Spain   |                           |

Asia | Pacific

- Beijing, China
- Suzhou, 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

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# Financial Schedule

Annual Shareholders' Meeting in Goettingen, Germany	April 9, 2015
Payment of dividends <sup>1)</sup>	April 10, 2015
Publication of first-quarter figures for 2015	April 20, 2015
Publication of first-half figures for 2015	July 22, 2015
Publication of nine-month figures for 2015	October 20, 2015
German Equity Forum in Frankfurt   Main, Germany	November 23, 2015
Publication of preliminary figures for fiscal 2015	January 2016
Annual press conference in Goettingen, Germany	March 2016
Annual Shareholders' Meeting in Goettingen, Germany	April 7, 2016
Publication of first-quarter figures for 2016	April 2016

<sup>1)</sup> Subject to approval by the Annual Shareholders' Meeting

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### **Published by**

Sartorius AG  
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### **Financial Reporting System FIRE.sys**

Michael Konrad GmbH  
Frankfurt | Main, Germany

### **Editorial Deadline**

February 24, 2015

### **Photography**

Peter Ginter  
Lohmar, Germany

### **Published on**

February 27, 2015

This is a translation of the original  
German-language annual report.

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