Sartorius Group

First-Half Financial Report from January to June 2014

2014

Key Figures for the First Half of 2014

in millions of € unless otherwise specified

	Group			Bioprocess Solutions			Lab Products & Services			Industrial Technologies		
	6-mo. 2014	6-mo. 2013	Δ in %	**6-mo. 2014**	6-mo. 2013	Δ in %	**6-mo. 2014**	6-mo. 2013	Δ in %	**6-mo. 2014**	6-mo. 2013	Δ in %
Order Intake and Sales												
Order intake	488.6	458.1	6.7	304.9	278.7	9.4	132.3	130.4	1.4	51.4	49.0	4.9
Sales revenue	466.3	441.3	5.7	291.1	255.9	13.7	128.5	135.4	–5.1	46.7	49.9	–6.4
- Europe[1]	239.1	228.4	4.7	139.6	123.7	12.8	68.4	72.1	–5.2	31.2	32.7	–4.5
- North America[1]	110.2	93.4	18.0	87.1	69.2	25.9	19.6	20.5	–4.8	3.5	3.6	–2.5
- Asia | Pacific[1]	102.0	100.7	1.2	56.5	52.0	8.6	35.0	36.9	–4.9	10.4	11.8	–11.9
- Other Markets[1]	14.9	18.7	–20.3	7.9	11.0	–28.3	5.5	5.9	–7.3	1.5	1.8	–14.0
Results												
EBITDA[2]	88.8	84.8	4.8	66.9	58.1	15.1	18.1	22.7	–20.3	3.9	4.0	–2.4
EBITDA margin[2] in %	19.1	19.2		23.0	22.7		14.1	16.8		8.3	8.0	
EBITA[2]	70.0	68.4	2.3	55.6	48.9	13.7	11.6	16.5	–30.1	2.8	2.9	–4.3
EBITA margin[2] in %	15.0	15.5		19.1	19.1		9.0	12.2		5.9	5.8	
Relevant net profit[3]	31.3	32.3	–3.2									
Earnings per ordinary share[3] in €	1.82	1.88	–3.2									
Earnings per preference share[3] in €	1.84	1.90	–3.2									

Key Figures for the Second Quarter of 2014

in millions of € unless otherwise specified

	Group			Bioprocess Solutions			Lab Products & Services			Industrial Technologies		
	Q2 2014	Q2 2013	Δ in %	**Q2 2014**	Q2 2013	Δ in %	**Q2 2014**	Q2 2013	Δ in %	**Q2 2014**	Q2 2013	Δ in %
Order Intake and Sales												
Order intake	242.2	218.3	10.9	146.8	125.8	16.7	66.9	66.7	0.3	28.5	25.8	10.4
Sales revenue	243.1	226.9	7.1	153.4	136.0	12.8	64.8	66.7	–2.9	25.0	24.2	3.1
- Europe[1]	122.0	116.7	4.5	71.1	66.0	7.7	34.2	35.2	–2.7	16.7	15.5	7.5
- North America[1]	59.9	49.5	21.0	47.1	37.8	24.4	10.8	10.0	8.4	2.0	1.7	18.8
- Asia | Pacific[1]	53.4	52.4	2.0	30.7	27.6	11.3	17.2	18.7	–7.8	5.6	6.2	–10.3
- Other Markets[1]	7.7	8.3	–6.6	4.5	4.6	–2.2	2.5	2.9	–12.1	0.7	0.8	–12.2
Results												
EBITDA[2]	48.7	45.4	7.2	37.0	33.1	11.8	9.2	10.7	–14.1	2.5	1.6	54.1
EBITDA margin[2]	20.0	20.0		24.1	24.3		14.2	16.0		10.0	6.7	
EBITA[2]	39.1	37.0	5.7	31.2	28.6	9.2	5.9	7.4	–19.9	1.9	1.0	98.4
EBITA margin[2]	16.1	16.3		20.4	21.0		9.1	11.1		7.8	4.0	
Relevant net profit[2][3]	17.4	17.5	–0.3									
Earnings per ordinary share[3] in €	1.02	1.03	–0.3									
Earnings per preference share[3] in €	1.02	1.03	–0.3									

[1] Acc. to customers' location
[2] Underlying (adjusted for extraordinary items)
[3] Relevant net profit for the Group and the earnings per share are calculated by adjusting for extraordinary items, eliminating non-cash amortization and fair value adjustments of hedging instruments, including the corresponding tax effects for each of these items, as well as by taking non-controlling interest into account

Interim Management Report

Economic Report

Macroeconomic Environment

The global economy continued to rebound in the first quarter of 2014 (most recent data) and, according to the information provided by the OECD, grew overall by 2.1%. In particular, positive development in the industrialized countries drove this improved growth momentum.

Euro-zone growth accelerated in the first quarter, up 1.4%. While this recovery was primarily fueled by Great Britain (+3.1%) and Germany (+2.3%), the second largest euro-zone economy, France, grew 0.8%. The economies in Greece and Italy continued to contract, at -1.1% and -0.5%, respectively.

The U.S. economy expanding at 2.3% showed a higher growth rate than in the year-earlier quarter (Q1 2013: +1.3%). This growth was driven particularly by private consumer spending.

According to the OECD, expansion in the emerging-market nations slowed at the beginning of 2014 compared with a year ago. Economic growth in China was thus 7.4%, down from 7.7% in the first quarter of 2013. The cyclical downturn in a few industries, among other factors, dampened expansion.

In the first quarter, Japan's economy saw a substantial gain of 2.7%, primarily fueled by a sharp increase in investments and private consumer spending before consumption tax was due to rise as of April 1.

Geopolitical risks, such as those associated with the crisis in the Ukraine, increased on the whole; however, they did not have any significant impact in the reporting period. The exchange rate of the euro to the U.S. dollar, at 1.37 as of June 30, 2014, remained unchanged from the year-end. In the reporting period, the global average interest rates continued to stay at historically low levels.

Sources: Sources: OECD: Quarterly National Accounts, May 2014; Eurostat: Flash estimate for the first quarter of 2014, May 2014; European Central Bank.

Sector Situation for the Divisions of Bioprocess Solutions, Lab Products & Services and Industrial Technologies

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

According to the international market research institute, IMS Health, the global pharmaceutical market grew 3% to 4% in the past year and will expand by around 4% in 2014. Emerging-market countries are expected to contribute an above-average proportion to this growth.

Within the pharmaceutical market, biotechnology continues to be the segment that is projected to expand overproportionately, driven by many newly approved biopharmaceuticals and the extension of indications for medications already available. Thus, experts estimate that the proportion of sales generated by biomanufactured medicines has doubled over approximately the past ten years to around 23% in the current year. In the same period, the share of biologics among the top 100 drugs has increased from 17% to 39%.

Biotech production methods are more complex than are conventional chemical processes and, so far, have also proved more cost-intensive. This is why manufacturers and suppliers are continuously working on enhancing the efficiency and effectiveness of these biomanufacturing processes by providing more productive process engineering solutions. Single-use products enabling greater flexibility are playing a decisive role in this effort because they are capable of significantly reducing production costs by approximately 15% to 40%.

During the current fiscal year, many alliances and acquisitions have again shaped the global pharmaceutical industry. The major objectives of such transactions have been to accelerate the development of new medications, open up additional fields of business activity or to improve market position.

Basically, the ongoing consolidation of the pharmaceutical industry can have an impact on certain suppliers. For instance, the supplier structures of newly merged companies come under review and the number of suppliers may be reduced. Particularly those suppliers that have a strategically relevant product portfolio, strong application expertise, a global presence and an excellent track record have a favorable starting position.

Apart from the pharmaceutical industry, the chemical sector, the food industry and the public research sector are among the major customer groups of our two divisions Lab Products & Services and Industrial Technologies.

After a moderate decline in production in 2013, the chemical industry in Europe reported an increase in production of 2.8% in the first quarter according to data most recently available from the European Chemical Industry Council (Cefic). In view of falling prices, however, sales remained approximately at their year-earlier level.

In the public sector, growth in R&D spending in the OECD member nations has slowed on the whole over recent years. While some countries raised their research spending as part of their economic stimulus programs, other nations cut back on these expenses. The emerging-market nations have been fueling growth in the public sector as their investments in research and development have recently risen.

Sources: IMS Health: The Global Use of Medicines: Outlook through 2017, November 2013; EvaluatePharma: World Preview 2018, September 2013); Cefic: Chemicals Trends Report, June 2014

- Significant gains in order intake and sales revenue

- Currency effects slightly dampen earnings growth; yet underlying EBITDA up 4.8%

- Group forecast for the full year of 2014 confirmed; division guidance updated

Business Development

Order Intake and Sales Revenue

In the first half of 2014, the Sartorius Group reported considerable gains in order intake and sales revenue. Order intake rose by 8.9% in constant currencies (cc) from €458.1 million to €488.6 million (reported: +6.7%). At €466.3 million, Group sales were up 7.8% (cc) from €441.3 million a year earlier (reported: +5.7%). While order intake and sales revenue at the Group level were in line with our expectations, the divisions showed quite different development.

Compared with a strong prior-year base, the Bioprocess Solutions Division increased its order volume by 11.5% (cc) from €278.7 million to €304.9 million (reported: +9.4%). The division's sales revenue rose 15.8% to €291.1 million (reported: +13.7%). The initial consolidation of TAP Biosystems, the cell culture business and AllPure Technologies contributed around 11 percentage points overall to this sales growth. All newly acquired business activities showed positive development. Organic growth of the division was primarily driven by strong business with single-use products.

All regions contributed to the positive business performance of the Bioprocess Solutions Division, reporting double-digit gains in sales revenue. Regionally, North America reported the highest growth momentum with an increase of 30.3%, which was mainly driven by recent acquisitions.

Bioprocess Solutions

in millions of € unless otherwise specified	**6-mo. 2014**	6-mo. 2013	Δ in %	Δ in % const. fx
Order intake	304.9	278.7	9.4	11.5
Sales revenue	291.1	255.9	13.7	15.8
- Europe[1]	139.6	123.7	12.8	12.3
- North America[1]	87.1	69.2	25.9	30.3
- Asia | Pacific[1]	56.5	52.0	8.6	14.0
- Other Markets[1]	7.9	11.0	–28.3	–28.3
EBITDA[2]	66.9	58.1	15.1	
EBITDA margin[2] in %	23.0	22.7		
EBITA[2]	55.6	48.9	13.7	
EBITA margin[2] in %	19.1	19.1		

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

Order intake of the Lab Products & Services Division was up by 4.0% (cc) to €132.3 million (reported: +1.4%), only marginally impacted by the phase-out of a few non-strategic product lines. By contrast, the division's sales revenue was €128.5 million, down 2.7% (cc) from a year ago (reported: -5.1%), which was primarily due to this portfolio effect. In addition, the challenging market environment, particularly in Asia, dampened the division's development.

Lab Products & Services

in millions of € unless otherwise specified	**6-mo. 2014**	6-mo. 2013	Δ in %	Δ in % const. fx
Order intake	132.3	130.4	1.4	4.0
Sales revenue	128.5	135.4	–5.1	–2.7
- Europe[1]	68.4	72.1	–5.2	–4.8
- North America[1]	19.6	20.5	–4.8	–0.7
- Asia | Pacific[1]	35.0	36.9	–4.9	0.8
- Other Markets[1]	5.5	5.9	–7.3	–7.3
EBITDA[2]	18.1	22.7	–20.3	
EBITDA margin[2] in %	14.1	16.8		
EBITA[2]	11.6	16.5	–30.1	
EBITA margin[2] in %	9.0	12.2		

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

Following a weak start into the year, the Industrial Technologies Division reported that its business significantly picked up. At €51.4 million, its order intake was thus 6.9% up in constant currencies (cc) from the year-earlier level.

The division's sales revenue was €46.7 million, still down 4.8% (cc) from a year ago due to timing effects related to completion of projects.

Industrial Technologies				
in millions of € unless otherwise specified	**6-mo. 2014**	6-mo. 2013	Δ in %	Δ in % const. fx
Order intake	51.4	49.0	4.9	6.9
Sales revenue	46.7	49.9	–6.4	–4.8
- Europe[1]	31.2	32.7	–4.5	–4.8
- North America[1]	3.5	3.6	–2.5	1.5
- Asia | Pacific[1]	10.4	11.8	–11.9	–5.3
- Other Markets[1]	1.5	1.8	–14.0	–14.0
EBITDA[2]	3.9	4.0	–2.4	
EBITDA margin[2] in %	8.3	8.0		
EBITA[2]	2.8	2.9	–4.3	
EBITA margin[2] in %	5.9	5.8		

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

Earnings Development

The Sartorius Group uses underlying EBITDA (earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items) as the key profitability indicator. In addition, we report EBITA adjusted for extraordinary items (underlying EBITA), where amortization in this context refers exclusively to the purchase price allocation to intangible assets acquired, as specified by IFRS 3.

Unfavorable effects from foreign exchange rates slightly dampened all earnings figures. Yet the Sartorius Group increased its underlying EBITDA in the first six months of the current fiscal year by 4.8% from €84.8 million to €88.8 million. Its respective margin was thus 19.1% relative to 19.2% a year ago. The Bioprocess Solutions increased its underlying EBITDA by 15.1% to €66.9 million. The division's margin was 23.0% compared with 22.7% in the prior year. The Lab Products & Services Division reported an underlying EBITDA of €18.1 million relative to €22.7 million a year earlier, which was due to sales performance and currency effects. The earnings margin was accordingly 14.1% compared with 16.8% in the first half of 2013. Following a weak start into the year, the Industrial Technologies Division achieved an underlying EBITDA of €3.9 million, which was nearly at the prior-year level of €4.0 million; the division's margin was 8.3% (H1 2013: 8.0%).

At Group level, underlying EBITA was €70.0 million (margin: 15.0%), up 2.3% from €68.4 million in the previous year (margin: 15.5%). Extraordinary items for the reporting period were -€3.4 million relative to -€3.2 million a year ago. These items were related to, inter alia, the integration of TAP Biosystems and various cross-divisional projects. Consolidated EBIT, including all extraordinary items, depreciation and amortization, was €59.6 million (H1 2013: €59.1 million). The Group's respective EBIT margin was 12.8% after 13.4% in the prior year, reflecting higher depreciation as planned.

The relevant net profit attributable to the shareholders of Sartorius AG for the reporting period totaled €31.3 million (H1 2013: €32.3 million). This profit figure is calculated by adjusting for extraordinary items, eliminating non-cash amortization and valuation adjustments from hedging instruments, as well as the corresponding tax effects for each of these items. Underlying earnings per ordinary share were €1.82 (H1 2013: €1.88) and per preference share €1.84 (H1 2013: €1.90).

Employees

As of June 30, 2014, the Sartorius Group employed a total of 6,237 people worldwide. Compared with December 31, 2013, head count thus rose by 179 or around 3.0%. From a regional perspective, the Sartorius Group employed 4,348 people in Europe, including Tunisia; 755 in North America; and 1,134 in Asia | Pacific as of the reporting date.

Assets and Financial Position

Cash Flow

In the first half of 2014, the Sartorius Group significantly increased its net cash flow from operating activities to €33.0 million from €22.9 million a year ago. This gain was driven particularly by reduced tax payments and by the more moderate increase in funds tied up in net working capital than that for the prior year.

As planned, net cash flow from investing activities was -€30.9 million, up from the year-earlier figure of -€23.1 million. Thus, the Group financed its investments entirely from operating cash flows.

Acquisition activities in the reporting period accounted for -€4.3 million for the purchase of the majority stake in AllPure Technologies LLC. The previous year's figure of -€14.9 million was related to the acquisition of the cell culture media business.

Accordingly, net cash flow from investing activities and acquisitions was -€35.2 million, slightly below the prior-year figure of -€38.0 million.

Consolidated Statement of Financial Position

The balance sheet total for the Sartorius Group rose to €1,207.5 million as of the period ended June 30, 2014, from €1,174.4 million as of December 31, 2013. This increase was primarily due to seasonal buildup of working capital and investments in fixed assets.

Equity edged up slightly from €450.3 million to €453.1 million between December 31, 2013, and the reporting date. The equity ratio continued to remain at a comfortable level, at 37.5% (December 31, 2013: 38.3%).

Gross debt rose from €397.0 million as of December 31, 2013, to €411.2 million as of June 30, 2014. In addition to the seasonal buildup in net working capital, dividend payments are reflected in this gross debt figure. Net debt was €374.9 million relative to €345.1 million as of December 31, 2013.

The gearing ratio, which is calculated as the ratio of net debt to equity, remained unchanged at 0.8.

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The ratio of net debt to underlying EBITDA based on the past 12 months rose slightly between December 31, 2013, and the reporting date from 2.0 to 2.1. The interest coverage ratio – the ratio of underlying EBITDA to interest payable in the past 12 months – continued to remain at a comfortable level, at 11.8 (December 31, 2013: 13.7).

Opportunity and Risk Report

The opportunities and risk situation of the Sartorius Group has not materially changed since the publication of its 2013 Annual Report. For this reason, please refer to a detailed description of the opportunities and risks as well as the risk management system for the Sartorius Group on pp. 56 et seq. of the 2013 Annual Report.

Forecast Report

Future Macroeconomic Environment

Based on its most recent forecast, the International Monetary Fund (IMF) continues to expect the global economy to grow 3.6% in the current year. Therefore, global business activity is likely to recover further compared with 3.0% a year ago.

Economic expansion in the USA, where growth is projected at 2.8% due to strong exports and increases in inventory demand, will be higher than forecasted by the IMF back in October 2013. While the robust development of the euro-zone economy, especially in Germany and the U.K., have slightly raised growth expectations for 2014 to 1.2%, the IMF currently anticipates that the emerging and developing economies will expand 4.9% (October forecast: +5.1%).

The Japanese economy will see GDP growth of 1.0% relative to 1.2% in the previous year according to IMF projections.

Concerning the interest rate and exchange rate environment, there have been no material changes to the information we provided in our 2013 Annual Report.

Future Sector Environment

The trends described on pages 64-65 of our 2013 Annual Report continue to remain unchanged with respect to their impacts on the development of the Sartorius Group.

Overall growth of between 3% and 6% is thus forecasted for the global pharmaceutical industry in the period of 2012 to 2017. For the biopharma subsegment, market observers are projecting a CAGR of 6% to 8% in view of the further penetration of approved biopharmaceuticals, the expansion of their areas of indication and the industry's strong research and development pipelines.

Market analysts continue to expect that growth momentum for the global chemical industry will pick up in the current year compared with 2013. For Europe, the European Chemical Industry Council (Cefic) forecasts that production will slightly increase to around 1.5%.

With respect to R&D spending in the overall public sector, experts anticipate a further reduction as a result of widespread consolidation for national budgets.

Sources: IMF: World Economic Outlook, April 2014; IMS: The Global Use of Medicines: Outlook through 2017, November 2013; Evaluate Pharma: Returning to Growth, June 2013; chemicalweek: Outlook 2014: Looking Forward, April 2014; Frost & Sullivan: 2014 Mid-year Report, April 2014

Assessment and Outlook

Based on the Group's strong first-half business performance on the whole, Sartorius confirms its sales and earnings forecast for the current fiscal year.

Assuming constant exchange rates and an overall stable economic environment, the company projects that full-year sales for 2014 will grow 8% to 10% and the underlying EBITDA margin will increase year over year from 19.5% to around 20.0%.

For 2014, Sartorius continues to plan on investing approximately 8% to 10% of sales revenue in projects including the consolidation and extension of its Group headquarters in Goettingen, expansion of production capacities and the international rollout of its new ERP system.

Regarding the company's financial position, the Group maintains its expectations for year-end 2014: if the targets previously mentioned are achieved, the ratio of net debt to underlying EBITDA will remain approximately at the year-end level of 2013 or edge down slightly, without any potential portfolio changes considered.

In light of first-half development in 2014, the divisions' guidance communicated at the beginning of the year is updated as follows:

For the Bioprocess Solutions Division, sales growth is forecasted to reach the upper end of the 12% to 15% range projected in constant currencies. The division's underlying EBITDA margin remains projected to reach round 23.5% in constant currencies (previous year: 23.0%).

For the Lab Products & Services Division, sales revenue in constant currencies is forecasted to reach the lower end of the previously communicated growth corridor of 1% to 4%. The division's underlying EBITDA margin is expected to be at around 15.0% in constant currencies for the full year of 2014 (previous guidance: around 16.5%).

Currency-adjusted sales revenue for the Industrial Technologies Division is also projected to attain the lower end of the growth range (1% to 4%) already announced. Its underlying EBITDA margin remains forecasted at around 10.5% in constant currencies in the current fiscal year (previous year: 10.1%).

Report on Material Events

No material events occurred after the end of the first half of 2014.

Interim Financial Statements

Statement of Profit or Loss

	2nd quarter 2014 € in mn	2nd quarter 2013 € in mn	**1st half 2014 € in mn**	1st half 2013 € in mn
Sales revenue	243.1	226.9	466.3	441.3
Cost of sales	–125.1	–113.7	–240.6	–223.3
Gross profit on sales	**118.0**	**113.3**	**225.7**	**217.9**
Selling and distribution costs	–56.0	–53.4	–111.0	–104.0
Research and development costs	–13.5	–13.0	–28.2	–26.2
General administrative expenses	–14.6	–12.7	–29.4	–26.1
Other operating income and expenses[1)]	–0.3	–2.7	2.5	–2.5
Earnings before interest and taxes (EBIT)	**33.6**	**31.5**	**59.6**	**59.1**
Financial income	–0.1	0.6	0.1	1.8
Financial expenses	–5.6	–3.9	–10.3	–8.3
Financial result	**–5.7**	**–3.2**	**–10.2**	**–6.5**
Profit before tax	**27.8**	**28.3**	**49.4**	**52.6**
Income taxes	–11.5	–8.0	–18.0	–15.8
Net profit for the period	**16.3**	**20.3**	**31.4**	**36.8**
Attributable to:				
Shareholders of Sartorius AG	11.4	14.3	22.4	27.1
Non-controlling interest	4.9	6.0	9.0	9.7
Earnings per ordinary share (€) (basic = diluted)	0.67	0.84	1.31	1.58
Earnings per preference share (€) (basic = diluted)	0.67	0.84	1.33	1.60

[1)] The item "Other operating income and expenses" includes extraordinary expenses of €3.4 million for the six-month period of 2014 (H1 2013: €3.2 million).

Statement of Comprehensive Income

	2nd quarter 2014 € in mn	3nd quarter 2013 € in mn	1st half 2014 € in mn	1st half 2013 € in mn
Net profit for the period	**16.3**	**20.3**	**31.4**	**36.8**
Cash flow hedges	**–3.0**	2.7	–5.3	2.4
Income tax on cash flow hedges	**0.9**	–0.8	1.6	–0.7
Net investment in a foreign operation	**–0.4**	0.7	–0.4	–0.2
Income tax on net investment in a foreign operation	**0.0**	–0.2	0.0	0.3
Currency translation differences	**3.7**	–5.0	3.7	–1.9
Items that will be reclassified in the profit or loss statement, net of tax	**1.2**	**–2.5**	**–0.4**	**–0.1**
Actuarial gains | losses on defined benefit obligations	**0.0**	0.0	0.0	0.0
Income tax on items that will not be reclassified in the profit or loss statement	**0.0**	0.0	0.0	0.0
Items that will not be reclassified in the profit or loss statement, net of tax	**0.0**	**0.0**	**0.0**	**0.0**
Other comprehensive result after tax	**1.2**	**–2.5**	**–0.4**	**–0.1**
Total comprehensive income	**17.5**	**17.7**	**31.0**	**36.7**
Attributable to:				
Shareholders of Sartorius AG	**12.0**	12.4	21.6	27.3
Non-controlling interest	**5.5**	5.4	9.4	9.4

Statement of Financial Position

Assets	June 30, 2014 € in mn	December 31, 2013 € in mn
Non-current assets		
Goodwill	377.1	373.1
Intangible assets	178.1	175.6
Property, plant and equipment	235.2	229.5
Financial assets	8.4	7.7
Deferred tax assets	28.2	26.4
Other assets	1.0	1.0
	828.0	**813.3**
Current assets		
Inventories	155.8	136.2
Trade receivables	139.7	134.5
Other financial assets	14.5	15.8
Current tax assets	13.6	14.1
Other assets	19.7	8.6
Cash and cash equivalents	36.2	51.9
	379.5	**361.1**
Total assets	**1,207.5**	**1,174.4**

Equity and liabilities	June 30, 2014 € in mn	December 31, 2013 € in mn
Equity		
Equity attributable to shareholders of Sartorius AG	366.8	367.6
Issued capital	17.0	17.0
Capital reserves	87.0	87.0
Other reserves and retained earnings	262.8	263.6
Non-controlling interest	86.3	82.6
	453.1	**450.3**
Non-current liabilities		
Pension provisions	55.2	54.3
Other provisions	8.6	8.6
Loans and borrowings	377.8	368.8
Other financial liabilities	51.7	41.8
Deferred tax liabilities	35.2	37.0
	528.4	**510.5**
Current liabilities		
Provisions	8.3	9.9
Trade payables	83.4	76.2
Loans and borrowings	33.4	28.2
Other financial liabilities	66.8	72.7
Current tax liabilities	14.0	8.9
Other liabilities	20.2	17.8
	226.1	**213.7**
Total equity and liabilities	**1,207.5**	**1,174.4**

Statement of Cash Flows

	1st half 2014 € in mn	1st half 2013 € in mn
Profit before tax	49.4	52.6
Financial result	10.2	6.5
Earnings before interest and taxes (EBIT)	**59.6**	**59.1**
Depreciation | amortization of intangible and tangible assets	25.9	22.4
Increase | decrease in provisions	–1.8	1.6
Income taxes paid	–14.4	–19.5
Gross cash flows from operating activities	**69.2**	**63.7**
Increase | decrease in receivables and other assets	–16.4	–17.6
Increase | decrease in inventories	–18.3	–13.0
Increase | decrease in liabilities (without loans and borrowings)	–1.6	–10.2
Net cash flow from operating activities	**33.0**	**22.9**
Capital expenditures	–35.2	–23.3
Proceeds from the disposal of fixed assets	1.2	0.4
Other payments	3.1	–0.2
Net cash flow from investing activities	**–30.9**	**–23.1**
Payments for acquisitions of consolidated subsidiaries and other business operations; net of cash acquired	–4.3	–14.9
Net cash flow from investing activities and acquisitions	**–35.2**	**–38.0**
Interest received	0.1	0.2
Interest paid and other financial charges	–5.0	–5.3
Dividends paid to:		
- Shareholders of Sartorius AG	–17.2	–16.2
- Non-controlling interest	–5.1	–4.7
Gross cash flows from financing activities	**–27.2**	**–26.0**
Changes in non-controlling interest	0.0	0.0
Loans and borrowings repaid | raised	13.6	35.8
Net cash flow from financing activities	**–13.6**	**9.8**
Net increase | decrease in cash and cash equivalents	–15.8	–5.3
Cash and cash equivalents at the beginning of the period	51.9	39.5
Net effect of currency translation on cash and cash equivalents	0.2	1.6
Cash and cash equivalents at the end of the period	**36.2**	**35.9**

Statement of Changes in Equity

€ in millions	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Earnings reserves and retained profits	Difference resulting from currency translation	Equity attributable to shareholders of Sartorius AG	Non-controlling interest	Total equity
Balance at Jan. 1, 2013	**17.0**	**87.0**	**–3.1**	**–11.9**	**247.4**	**–2.1**	**334.4**	**70.0**	**404.4**
Net profit for the period			0.0	0.0	27.1	0.0	27.1	9.7	36.8
Other comprehensive result after tax			1.6	0.1	–0.1	–1.5	0.2	–0.3	–0.1
Total comprehensive income			**1.6**	**0.1**	**27.0**	**–1.5**	**27.3**	**9.4**	**36.7**
Dividends					–16.2		–16.2	–4.7	–20.9
Other changes in equity					0.0		0.0	0.1	0.1
Balance at June 30, 2013	**17.0**	**87.0**	**–1.5**	**–11.8**	**258.3**	**–3.6**	**345.4**	**74.9**	**420.3**

€ in millions	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Earnings reserves and retained profits	Difference resulting from currency translation	Equity attributable to shareholders of Sartorius AG	Non-controlling interest	Total equity
Balance at Jan. 1, 2014	**17.0**	**87.0**	**–1.4**	**–9.9**	**284.4**	**–9.5**	**367.6**	**82.6**	**450.3**
Net profit for the period			0.0	0.0	22.4	0.0	22.4	9.0	31.4
Other comprehensive result after tax			–3.2	0.0	–0.3	2.6	–0.8	0.4	–0.4
Total comprehensive income			**–3.2**	**0.0**	**22.1**	**2.6**	**21.6**	**9.4**	**31.0**
Dividends					–17.2		–17.2	–5.1	–22.3
Purchase price liability Forward for non-controlling interest					–5.2		–5.2	–1.8	–7.0
Increase in non-controlling interest					0.0		0.0	1.2	1.2
Other changes in equity					0.0		0.0	–0.1	–0.1
Balance at June 30, 2014	**17.0**	**87.0**	**–4.5**	**–9.9**	**284.1**	**–6.9**	**366.8**	**86.3**	**453.1**

Segment Reports

€ in millions	Bioprocess Solutions 6-mo. 2014	Bioprocess Solutions 6-mo. 2013	Lab Products & Services 6-mo. 2014	Lab Products & Services 6-mo. 2013	Industrial Technologies 6-mo. 2014	Industrial Technologies 6-mo. 2013	Group 6-mo. 2014	Group 6-mo. 2013
Sales revenue	291.1	255.9	128.5	135.4	46.7	49.9	466.3	441.3
- as a total %	62.4%	58.0%	27.6%	30.7%	10.0%	11.3%	100.0%	100.0%
Underlying EBITDA	66.9	58.1	18.1	22.7	3.9	4.0	88.8	84.8
- as a % of sales revenue	23.0%	22.7%	14.1%	16.8%	8.3%	8.0%	19.1%	19.2%
EBIT	48.1	44.0	9.1	13.3	2.5	1.7	59.6	59.1
- as a % of sales revenue	16.5%	17.2%	7.1%	9.8%	5.3%	3.5%	12.8%	13.4%
No. of employees at June 30	3,456	2,963	2,069	2,006	712	749	6,237	5,718

€ in millions	Europe 6-mo. 2014	Europe 6-mo. 2013	North America 6-mo. 2014	North America 6-mo. 2013
Sales revenue	239.1	228.4	110.2	93.4
- as a total %	51.3%	51.8%	23.6%	21.2%
No. of employees at June 30	4,146	3,802	755	616

€ in millions	Asia | Pacific 6-mo. 2014	Asia | Pacific 6-mo. 2013	Other Markets 6-mo. 2014	Other Markets 6-mo. 2013	Group 6-mo. 2014	Group 6-mo. 2013
Sales revenue	102.0	100.7	14.9	18.7	466.3	441.3
- as a total %	21.9%	22.8%	3.2%	4.2%	100.0%	100.0%
No. of employees at June 30	1,134	1,101	202	199	6,237	5,718

Notes to the Interim Financial Statements

1. Significant Accounting Policies

The consolidated annual financial statements of Sartorius AG for the period ended December 31, 2013, were prepared in accordance with the accounting standards of the International Accounting Standards Board (IASB) – the International Financial Reporting Standards (IFRS) as they are to be applied in the EU. In the present interim financial statements that were prepared in conformance with the requirements of IAS 34 "Interim financial reporting," basically the same accounting and measurement principles were applied on which the past consolidated financial statements of fiscal 2013 were based.

Furthermore, all interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) to be applied effective June 30, 2014, were observed. An explanation of the individual accounting and measurement principles applied is given in the Notes to the Financial Statements of the Group for the year ended December 31, 2013.

2. First-time Application of Accounting Rules and Amendments to Accounting Methods

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

Standard	Title
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosures of Interests in Other Entities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition Guidance
Amendments to IFRS 10, IFRS 12 and IAS 27	Investments Entities
Revised IAS 27	Seperate Financial Statements
Revised IAS 28	Investments in Associates and Joint Ventures
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting

3. Acquisition of AllPure Technologies LLC

On April 25, 2014, Sartorius through its subgroup Sartorius Stedim Biotech acquired 50.01% in the U.S. startup AllPure Technologies LLC at a price of 6 million U.S. dollars. The latter company based in New Oxford, Pennsylvania, USA, has been operating on the market for four years and in 2013, earned revenue of around 3 million U.S. dollars 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.

The preliminary purchase price allocation was as follows:

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

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

Inclusion of AllPure in the consolidated financial statements as of January 1, 2014, would not have had any material impact on the Sartorius Group due to Allpure's low business volume. Consolidation of this business activity as of the date of acquisition likewise had only an insignificant impact on the Group figures .

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

4. Explanatory Notes to the Segment Reports

The following table restates the underlying EBITDA of the segments with respect to the Group's profit before tax:

€ in millions	**6-mo. 2014**	6-mo. 2013
Underlying EBITDA of the segments	88.8	84.8
Depreciation and amortization	–25.9	–22.4
Extraordinary effects	–3.4	–3.2
EBIT	**59.6**	**59.1**
Financial result	–10.2	–6.5
Profit before tax	**49.4**	**52.6**

5. Financial Instruments

The following table compares the carrying amounts of financial assets and liabilities for each category of financial instruments with their fair values and reconciles these with the corresponding items on the statement of financial position.

€ in millions	Category acc. to IAS 39	**June 30, 2014 Carrying amount**	**June 30, 2014 Fair value**	Dec. 31, 2013 Carrying amount	Dec. 31, 2013 Fair value
Trade receivables	**Loans and receivables**	**139.7**	**139.7**	**134.5**	**134.5**
Investments in non-consolidated subsidiaries	Loans and receivables	15.2	15.2	13.0	13.0
Finanzanlagen	Available for sale	6.9	6.9	6.3	6.3
Derivative financial instruments	Held for trading	0.0	0.0	0.0	0.0
Derivative financial instruments	Hedging instruments	0.8	0.8	4.3	4.3
Other financial liabilities		**22.9**	**22.9**	**23.6**	**23.6**
Cash and cash equivalents	**Loans and receivables**	**36.2**	**36.2**	**51.9**	**51.9**
Loans and borrowings	Financial liabilities at cost	389.8	394.3	375.4	377.8
Finance lease liabilities	IFRS 7	21.4	22.3	21.6	21.3
Loans and borrowings		**411.2**	**416.6**	**397.0**	**399.1**
Trade payables	Financial liabilities at cost	59.8	59.8	58.8	58.8
Trade payables	Not IFRS 7	23.6	23.6	17.4	17.4
Trade payables		**83.4**	**83.4**	**76.2**	**76.2**
Derivative financial instruments	Held for trading	0.8	0.8	0.8	0.8
Derivative financial instruments	Hedging instruments	8.2	8.2	6.4	6.4
Other financial liabilities	Financial liabilities at cost	64.9	67.8	73.5	79.5
AllPure liability	IFRS 7	7.1	7.1	0.0	0.0
Other financial liabilities	Not IFRS 7	37.4	37.4	33.8	33.8
Other financial liabilities		**118.5**	**121.4**	**114.5**	**120.5**

The fair values of the financial instruments were determined on the basis of the market information available on the reporting date and are to be allocated to one of the three levels of the fair value hierarchy in accordance with IFRS 13.

Level 1 financial instruments are calculated on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are calculated on the basis of input factors which are derivable from observable market data or on the basis of market prices for similar instruments. Level 3 financial instruments are calculated on the basis of input factors that cannot be derived from observable market data.

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"), as well as finance lease liabilities, were measured on the basis of the market interest rate curve according to the zero coupon method, taking the current indicative credit spreads into account (Level 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 can 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.

6. Other Disclosures

In the reporting period, Sartorius AG paid a dividend total of €17.2 million, of which ordinary shares accounted for €8.5 million and preference shares for €8.7 million of this total disbursed.

Independent, certified auditors have performed an audit review of this consolidated first-half report.

Independent Auditors' Report

To Sartorius Aktiengesellschaft, Goettingen

We reviewed the condensed interim consolidated financial statements – comprising the condensed statement of profit or loss, condensed statement of comprehensive income, condensed statement of financial position, condensed statement of cash flows, condensed statement of the changes in equity and selected explanatory notes – and the interim Group management report of Sartorius Aktiengesellschaft (AG), Goettingen, Germany, for the period of January 1 to June 30, 2014, which are part of the first-half financial report pursuant to § 37w WpHG ("Wertpapiershandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim reporting, as adopted by the EU, and of the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of parent company's Executive Board. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim Group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim Group management report by observing the generally accepted German standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW = German Institute of Public Auditors). These standards require that we plan and perform our review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to addressing inquiries to company employees and conducting analytical assessments and, therefore, does not provide the assurance attainable in a financial statement audit. As, within the scope of our review, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements of Sartorius Aktiengesellschaft, Goettingen, have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and in accordance with the IFRS for interim financial reporting or that the interim Group management report has not been prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim Group management reports.

Hanover, Germany, July 22, 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft
(name of the independent auditing company)

Scharpenberg Auditor	Dr. Meyer Auditor

Responsibility Statement of the Legal Representatives

We declare that, to the best of our knowledge and in accordance with the applicable reporting principles for interim financial statements, the interim consolidated financial statements of the Sartorius Group for the period ended June 30, 2014, give a true and fair view of the net worth, financial position and profitability of the Group, in compliance with generally accepted accounting standards, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Goettingen, July 22, 2014

Sartorius AG

The Executive Board

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Financial Schedule

September 8, 2014

Commerzbank Sector Conference Week in Frankfurt | Main, Germany

September 9, 2014

Morgan Stanley Global Healthcare Conference in New York, USA

September 11, 2014

Sartorius Capital Markets Day in Goettingen, Germany

October 21, 2014

Publication of nine-month figures for 2014

November 25, 2014

German Equity Forum in Frankfurt | Main

January 2015

Publication of the preliminary business figures for 2014

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