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Sartorius Group

First-Quarter Report from January to March 2010

turning science into solutions

Business Development and Outlook

- **Further gains in sales revenue and earnings for the Biotechnology Division**
- **Substantially improved order situation and positive earnings for the Mechatronics Division**
- **Double-digit operating earnings margin at Group level**
- **Forecast for 2010 confirmed**

Order Intake and Sales Revenue

In the Biotechnology Division, order intake for the period from January to March 2010 rose 5.8% from €104.4 million a year ago to €110.4 million (in constant currencies: +6.7%). As expected, we reported a rise in demand for bioreactor and fermentation systems in our equipment business, primarily in the Asia | Pacific region. During the first three months of 2010, sales revenue climbed 3.7% from €96.6 million to €100.1 million (in constant currencies: +4.8%). North America and, in particular, the Asia | Pacific region contributed to the Division's growth, whereas development in Europe proved to be more restrained.

In the first three months, the Mechatronics Division received orders valued at €56.8 million, up from €52.6 million a year ago, and thus significantly boosted its order volume by 7.9% (currency-adjusted: +9.2%). While demand for industrial weighing and control equipment was still flat, orders for laboratory instruments took off. Growth in sales revenue reflects only part of the gains achieved in order intake. For the Mechatronics Division, sales revenue rose 1.8% (currency-adjusted: +2.8%) to €50.4 million, up from €49.5 million a year earlier. Sales growth reported for the Mechatronics Division was also fueled by the regions of North America and Asia | Pacific.

At Group level, order intake climbed 6.5% to €167.2 million from €157.0 million a year ago, which equates to an increase of 7.6% in constant currencies. The Group increased its sales revenue 3.0% to €150.4 million from €146.0 million a year earlier (currency-adjusted: +4.1%).

Key Figures

€ in millions (unless otherwise specified)	Group				Biotechnology				Mechatronics			
			Change in %				Change in %				Change in %	
	3 months 2010	3 months 2009	Actual rates	Const. rates	**3 months 2010**	3 months 2009	Actual rates	Const. rates	**3 months 2010**	3 months 2009	Actual rates	Const. rates
Sales revenue	**150.4**	146.0	3.0	4.1	**100.1**	96.6	3.7	4.8	**50.4**	49.5	1.8	2.8
- Europe[1]	**84.2**	85.0	–0.9	–1.2	**56.5**	56.7	–0.4	–0.6	**27.7**	28.3	–2.1	–2.4
- North America[1]	**32.3**	30.7	5.2	11.6	**25.3**	23.7	6.5	12.9	**7.0**	7.0	0.9	7.0
- Asia | Pacific[1]	**28.4**	24.9	13.7	13.3	**14.7**	12.1	21.1	19.2	**13.7**	12.8	6.8	7.8
- Other Markets[1]	**5.6**	5.4	3.5	3.8	**3.6**	4.0	–9.1	–9.1	**2.0**	1.4	38.1	39.3
EBITA[2]	**16.4**	10.9	50.4		**14.6**	12.8	13.6		**1.8**	–1.9	196.6	
EBITA margin[2]	**10.9%**	7.5%			**14.6%**	13.3%			**3.7%**	–3.9%		
Net profit[2)3)]	**6.9**	2.4	189.4									
Earnings per share in €[2)3)]	**0.41**	0.14	189.4									

[1] Acc. to customers' location
[2] Underlying (adjusted for extraordinary expenses)
[3] Excluding the non-cash expenses for amortization, and for 2009, additionally excluding interest for share price warrants

Earnings Development

Within the first three months, the Biotechnology Division increased its operating earnings (earnings before interest, taxes and amortization and adjusted for extraordinary expenses = underlying EBITA) from €12.8 million to €14.6 million. The respective margin improved from 13.3% to 14.6%, which can be primarily attributed to the economies of scale resulting from the rise in sales revenue. First-quarter extraordinary expenses amount to €0.3 million (previous year: €0.3 million).

Following losses of €1.9 million in the prior-year quarter, the Mechatronics Division generated positive operating earnings (underlying EBITA) of €1.8 million for the first quarter of 2010. Its EBITA margin rose accordingly from -3.9% to 3.7%. First-quarter extraordinary expenses amount to €0.5 million (previous year: €0.7 million).

At the Group level, first-quarter underlying EBITA increased year on year from €10.9 million to €16.4 million. Its underlying EBITA margin rose from 7.5% to 10.9%.

Including all extraordinary expenses of €0.9 million (previous year: €0.9 million), consolidated EBITA totals €15.6 million, up from €10.0 million in the prior-year quarter. The corresponding EBITA margin is at 10.3%, up from 6.9% a year ago.

The Group's relevant net profit for the period totals €6.9 million, up from €2.4 million a year earlier. This figure is yielded by adjustment for extraordinary expenses and elimination of non-cash amortization of €1.8 million (previous year: €2.1 million, which additionally includes non-cash interest expense for share price warrants granted to Sartorius Stedim Biotech shareholders). The respective earnings per share are at €0.41, up from €0.14 a year earlier.

Balance Sheet and Cash Flow

The balance sheet total of the Sartorius Stedim Biotech Group rose from €820.4 million as of December 31, 2009, to €838.0 million as of March 31, 2010, essentially because of the buildup in inventories and trade receivables resulting from the increase in sales, while trade payables simultaneously climbed.

At 37.8%, the Group's equity ratio is slightly below the figure reported as of December 31, 2009 (38.9%) because of the increase in the balance sheet total, among other things; however, it continues to remain at a comfortable level.

Gross debt for the Group rose from €283.3 million as of December 31, 2009, to €294.0 million as of March 31, 2010. At the same time, cash and cash equivalents marginally increased from €58.6 as of December 31, 2009, to €60.1 million as of March 31, 2010. Accordingly, net debt amounts to €234.0 million (December 31, 2009: €224.7 million). Gearing continues to be at 0.7 as on December 31, 2009.

Cash flows from operating activities are at €11.9 million (previous year: €14.9 million). At -€15.4 million, cash flows from investing activities were higher than in the prior-year quarter (-€7.8 million). This can be essentially attributed to the acquisition of a package of 500,000 Sartorius Stedim Biotech (SSB) shares, which was offered in the first quarter to Sartorius AG, the majority shareholder of SSB S.A. However, nearly the entire package was sold to SSB within the scope of SSB's share buyback program shortly after the interim period ended. The loans and borrowings raised, among others, as part of this acquisition of shares resulted in cash flows from financing activities of €4.2 million (previous year: -€12.3 million).

The ratio of net debt to underlying EBITDA (based on the past 12 months) is 2.6 as of the reporting date and thus unchanged compared with December 31, 2009. The interest coverage ratio, calculated as the underlying EBITDA divided by cash interest expense of the past 12 months, improved from 8.6 as of December 31, 2009, to 11.0.

Dividends

For fiscal 2009, the Annual Shareholders' Meeting of Sartorius AG on April 21, 2010, approved the resolution to pay dividends to the company's shareholders in the same amounts as for the previous fiscal year, €0.42 per preference share and €0.40 per ordinary share.

The dividends were disbursed on April 22, 2010, and totaled €7.0 as in the previous year. With respect to underlying net profit reported for fiscal 2009, which excludes the two non-cash items of amortization and interest expense incurred for share price warrants, this disbursement equates to a dividend payout ratio of 33.7% (previous year: 38.4%).

Assessment and Outlook

The present results for the first three months meet our expectations and confirm our outlook for the current fiscal year.

This outlook forecasts that for the Biotechnology Division, revenue growth in constant currencies will likely be in the upper single-digit percentage range. As no extraordinary business with the vaccine industry is expected and, compared with the previous year, equipment business is expected to contribute a relatively high percentage to sales growth, the division's operating EBITA margin is anticipated to rise rather slightly, following the strong increase in 2009.

For the Mechatronics Division, we project that sales growth in constant currencies will be in the lower single-digit percentage range. Given the division's significantly reduced cost base as a result of extensive restructuring measures, it should achieve an operating EBITA margin of around 5%.

For the entire Group, we accordingly expect sales growth in constant currencies to be slightly above 5% and the operating EBITA margin to continue to improve by one to two percentage points for the full year of 2010. Furthermore, we forecast a significantly positive operating cash flow.

Balance Sheet

	March 2010		December 2009	
Assets	**€ in mn**	%	€ in mn	%
Non-current Assets				
Goodwill	**291.9**	**34.8**	291.9	35.6
Intangible assets	**113.4**	**13.5**	114.6	14.0
Property, plant and equipment	**151.6**	**18.1**	150.9	18.4
Financial assets	**5.7**	**0.7**	5.7	0.7
	562.6	**67.1**	563.0	68.6
Non-current trade and other receivables	**2.8**	**0.3**	3.0	0.4
Deferred tax assets	**22.5**	**2.7**	21.5	2.6
	587.8	**70.1**	587.5	71.6
Current Assets				
Inventories	**78.0**	**9.3**	69.6	8.5
Trade receivables	**89.1**	**10.6**	83.0	10.1
Current tax assets	**6.5**	**0.8**	6.2	0.7
Other assets	**16.5**	**2.0**	15.6	1.9
Cash and cash equivalents	**60.1**	**7.2**	58.6	7.1
	250.1	**29.9**	233.0	28.4
Total Assets	**838.0**	**100.0**	820.4	100.0

	March 2010		December 2009	
Equity and Liabilities	**€ in mn**	%	€ in mn	%
Equity				
Issued capital	**17.0**	**2.0**	17.0	2.1
Capital reserves	**87.0**	**10.4**	87.0	10.6
Retained earnings (including net profit)	**168.4**	**20.1**	168.5	20.5
Minority interest	**44.2**	**5.3**	46.7	5.7
	316.6	**37.8**	319.2	38.9
Non-current Liabilities				
Pension provisions	**37.6**	**4.5**	37.0	4.5
Deferred tax liabilities	**37.8**	**4.5**	37.9	4.6
Other provisions	**8.0**	**1.0**	7.9	1.0
Loans and borrowings	**275.5**	**32.9**	261.4	31.9
Other liabilities	**0.2**	**0.0**	0.2	0.0
	359.1	**42.9**	344.3	42.0
Current Liabilities				
Provisions	**21.0**	**2.5**	23.1	2.8
Trade payables	**48.1**	**5.7**	42.2	5.1
Loans and borrowings	**18.5**	**2.2**	21.9	2.7
Current tax liabilities	**13.5**	**1.6**	14.0	1.7
Other liabilities	**61.2**	**7.3**	55.6	6.8
	162.2	**19.4**	156.9	19.1
Total Equity and Liabilities	**838.0**	**100.0**	820.4	100.0

Income Statement

	1st quarter 2010		1st quarter 2009	
	€ in mn	**%**	€ in mn	%
Sales revenue	**150.4**	**100.0**	146.0	100.0
Cost of sales	**–79.6**	**–52.9**	–80.0	–54.8
Gross profit on sales	**70.8**	**47.1**	66.0	45.2
Selling and distribution costs	**–35.6**	**–23.7**	–36.0	–24.7
Research and development costs	**–10.3**	**–6.8**	–10.0	–6.9
General administrative expenses	**–9.6**	**–6.4**	–10.3	–7.1
Other operating income and expenses[1]	**0.2**	**0.2**	0.4	0.3
	–55.3	**–36.7**	–56.0	–38.4
Earnings before interest, taxes and amortization (EBITA)	**15.6**	**10.3**	10.0	6.9
Amortization[2]	**–1.8**	**–1.2**	–1.8	–1.2
Earnings before interest and taxes (EBIT)	**13.8**	**9.2**	8.2	5.6
Interest and similar income	**0.1**	**0.1**	0.1	0.1
Interest and similar expenses	**–2.3**	**–1.6**	–4.3	–3.0
Financial result	**–2.2**	**–1.5**	–4.2	–2.9
Profit before tax	**11.6**	**7.7**	4.0	2.7
Income tax expense	**–4.4**	**–2.9**	–3.2	–2.2
Deferred tax income | expenses	**0.6**	**0.4**	2.1	1.4
Other taxes	**–0.7**	**–0.5**	–0.6	–0.4
	–4.5	**–3.0**	–1.7	–1.2
Net result for the period	**7.1**	**4.7**	2.3	1.6
Attributable to:				
Equity holders of the parent	**5.1**	**3.4**	0.8	0.5
Minority interest	**1.9**	**1.3**	1.5	1.0
Earnings per ordinary share (€)	**0.30**		0.05	
Earnings per preference share (€)	**0.30**		0.05	

[1] The item "Other operating income and expenses" includes extraordinary expenses amounting to €0.9 million (previous year: €0.9 million) for the three-month period of 2010.

[2] Amortization refers to goodwill and to the purchase price allocation (PPA) to intangible assets according to IFRS 3.

Statement of Comprehensive Income

	3 months 2010 € in mn	3 months 2009 € in mn
Net result for the period	**7.1**	2.3
Cash flow hedges	**–0.4**	–1.0
Actuarial gains | losses from pension provisions	**–0.3**	0.0
Currency translation differences	**6.4**	2.3
Net investment in a foreign operation	**–0.1**	–0.1
Tax effects due to net income recognized directly in equity	**0.2**	0.3
Net income recognized directly in equity	**5.8**	1.6
Total recognized income and expense	**12.8**	3.9
Equity holders of the parent	**10.2**	2.1
Minority interest	**2.7**	1.7

Cash Flow Statement

	3 months 2010 **€ in mn**	3 months 2009 € in mn
Cash flows from operating activities		
Net result for the period	**5.1**	0.8
Minority interest	**1.9**	1.5
Tax expenses	**4.5**	1.7
Financial expenses	**2.2**	4.2
Depreciation | amortization of fixed assets	**7.7**	7.8
Increase | decrease in provisions	**–2.6**	–0.9
Increase | decrease in receivables and other assets	**–3.2**	–0.4
Increase | decrease in inventories	**–7.0**	–0.6
Increase | decrease in liabilities (without loans and borrowings)	**8.5**	–3.0
Income taxes received | paid	**–5.3**	3.8
Net cash flow from operating activities	**11.9**	14.9
Cash flows from investing activities		
Payments for financial assets	**0.0**	–0.3
Payments for property, plant and equipment	**–3.2**	–5.5
Income from the disposal of fixed assets	**0.3**	0.5
Payments for intangible assets	**–1.7**	–2.5
Effects from business combinations	**0.0**	0.0
Acquisition of additional shares in subsidiaries	**–10.7**	0.0
Net cash flow from investing activities	**–15.4**	–7.8
Cash flows from financing activities		
Changes in capital	**0.0**	0.0
Interest received	**0.1**	0.1
Interest paid	**–1.7**	–5.3
Other financial charges	**0.0**	–0.4
Dividends paid to:		
- Shareholders of the parent company	**0.0**	0.0
- Minority shareholders	**0.0**	0.0
Changes in minority interest	**–4.8**	0.2
Loans and borrowings repaid | raised	**10.6**	–6.9
Net cash flow from financing activities	**4.2**	–12.3
Net increase | decrease in cash and cash equivalents	**0.8**	–5.2
Cash and cash equivalents at the beginning of the period	**58.6**	21.9
Net effect of currency translation on cash and cash equivalents	**0.7**	–0.3
Cash and cash equivalents at the end of the period	**60.1**	16.5
Gross debt owed to banks	**294.0**	232.7
Net debt owed to banks	**234.0**	216.2

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	**Total**	Minority interest	**Total equity**
Balance at Jan. 1, 2009	**17.0**	**87.0**	**–0.6**	**–1.3**	**200.2**	**–12.6**	**289.7**	**43.7**	**333.4**
Total recognized income and expense	**0.0**	**0.0**	**–0.6**	**0.0**	**0.7**	**2.0**	**2.1**	**1.7**	**3.9**
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Acquisition of additional shares in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Change in minority interest	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Other changes in equity	0.0	0.0	0.0	0.0	–0.1	0.0	**–0.1**	0.0	**–0.1**
Balance at March 31, 2009	**17.0**	**87.0**	**–1.2**	**–1.3**	**200.8**	**–10.6**	**291.8**	**45.4**	**337.1**

€ in millions	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Earnings reserves and retained profits	Difference resulting from currency translation	**Total**	Minority interest	**Total equity**
Balance at Jan. 1, 2010	**17.0**	**87.0**	**0.2**	**–1.9**	**184.0**	**–13.8**	**272.6**	**46.7**	**319.2**
Total recognized income and expense	**0.0**	**0.0**	**–0.2**	**–0.2**	**5.0**	**5.5**	**10.2**	**2.7**	**12.8**
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Acquisition of additional shares in subsidiaries	0.0	0.0	0.0	0.0	–10.7	0.0	**–10.7**	–5.3	**–16.0**
Change in minority interest	0.0	0.0	0.0	0.0	–0.1	0.0	**–0.1**	0.1	**0.0**
Other changes in equity	0.0	0.0	0.0	0.0	0.5	0.0	**0.5**	0.0	**0.5**
Balance at March 31, 2010	**17.0**	**87.0**	**0.0**	**–2.1**	**178.7**	**–8.2**	**272.4**	**44.2**	**316.6**

Segment Reports

Operating Segments

€ in millions	Biotechnology 3 months 2010	3 months 2009	Change	Mechatronics 3 months 2010	3 months 2009	Change	Group 3 months 2010	3 months 2009	Change
Order intake	**110.4**	104.4	6%	**56.8**	52.6	8%	**167.2**	157.0	6%
Sales revenue	**100.1**	96.6	4%	**50.4**	49.5	2%	**150.4**	146.0	3%
– as a total %	**66.5%**	66.1%		**33.5%**	33.9%		**100.0%**	100.0%	
EBITDA	**18.0**	16.3	11%	**3.5**	–0.2	–1526%	**21.5**	16.0	34%
– as a % of sales revenue	**18.0%**	16.9%		**6.9%**	–0.5%		**14.3%**	11.0%	
Depreciation and amortization	**5.6**	5.5	2%	**2.2**	2.3	–7%	**7.7**	7.8	–1%
EBITA	**14.2**	12.6	13%	**1.3**	–2.6	–151%	**15.6**	10.0	55%
– as a % of sales revenue	**14.2%**	13.0%		**2.6%**	–5.2%		**10.3%**	6.9%	
EBIT	**12.5**	10.8	15%	**1.3**	–2.6	–151%	**13.8**	8.2	67%
– as a % of sales revenue	**12.5%**	11.2%		**2.6%**	–5.2%		**9.2%**	5.6%	
R&D costs	**6.9**	5.9	16%	**3.4**	4.1	–17%	**10.3**	10.0	2%
No. of employees at March 31	**2,409**	2,382	1%	**1,907**	2,253	–15%	**4,316**	4,635	–7%

Geographical Information

€ in millions	Europe 3 months 2010	3 months 2009	Change	North America 3 months 2010	3 months 2009	Change
Sales revenue						
– acc. to customers' location	**84.2**	85.0	–1%	**32.3**	30.7	5%
– as a total %	**56.0%**	58.2%		**21.5%**	21.0%	
– acc. to company location	**97.8**	97.9	0%	**32.6**	30.8	6%
EBITA	**9.1**	6.6	39%	**2.3**	1.8	31%
– as a % of sales revenue	**9.3%**	6.7%		**7.2%**	5.8%	
No. of employees at March 31	**2,885**	3,149	–8%	**485**	518	–6%

€ in millions	Asia | Pacific 3 months 2010	3 months 2009	Change	Other Markets 3 months 2010	3 months 2009	Change	Group 3 months 2010	3 months 2009	Change
Sales revenue									
– acc. to customers' location	**28.4**	24.9	14%	**5.6**	5.4	3%	**150.4**	146.0	3%
– as a total %	**18.9%**	17.1%		**3.7%**	3.7%		**100.0%**	100.0%	
– acc. to company location	**20.0**	17.3	15%	**0.0**	0.0		**150.4**	146.0	3%
EBITA	**3.6**	1.5	135%	**0.5**	0.1	243%	**15.6**	10.0	55%
– as a % of sales revenue	**17.8%**	8.7%					**10.3%**	6.9%	
No. of employees at March 31	**850**	890	–4%	**96**	78	23%	**4,316**	4,635	–7%

Key Figures

€ in millions (unless otherwise specified)	**3 months 2010**	3 months 2009	Change in %
Results			
Order intake	**167.2**	157.0	6.5
Sales revenue	**150.4**	146.0	3.0
EBITDA	**21.5**	16.0	34.1
EBITA	**15.6**	10.0	55.3
EBIT	**13.8**	8.2	67.2
Profit before tax	**11.6**	4.0	189.0
Net result after minority interest	**5.1**	0.8	550.6
Earnings per share (in €)	**0.30**	0.05	550.6
As a % of sales revenue			
EBITDA	**14.3**	11.0	
EBITA	**10.3**	6.9	
EBIT	**9.2**	5.6	
Profit before tax	**7.7**	2.7	
Net result after minority interest	**3.4**	0.5	
Finances			
Capital expenditures	**4.9**	8.0	–38.9
– as a % of sales revenue	**3.3**	5.5	
Depreciation and amortization	**7.7**	7.8	–0.8
Net cash flow from operating activities	**11.9**	14.9	–20.1
Net debt	**234.0**	216.2	8.2
Employees as of March 31	**4,316**	4,635	–6.9
R&D			
R&D costs	**10.3**	10.0	2.4
– as a % of sales revenue	**6.8**	6.9	

Notes to the Interim Financial Statements

Recognition and Measurement Principles

The annual financial statements of Sartorius AG for the period ended December 31, 2009, were prepared in accordance with the accounting standards of the International Accounting Standards Board (IASB) – the International Financial Reporting Standards (IFRS). 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 2009 were based.

Furthermore, all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) to be applied effective March 31, 2010, 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, 2009.

Other Disclosures

This consolidated three-month report has not been reviewed by independent, certified auditors.

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Financial Schedule

May 18, 2010

Commerzbank Geman Mid Cap Day in London, UK

July 2010

Publication of first-half figures for 2010

October 2010

Publication of nine-month figures for 2010

November 22 – 24, 2010

Equity Forum Fall 2010 in Frankfurt | Main, Germany

February 2011*

Publication of preliminary full-year figures for 2010

March 2011

Annual press conference in Goettingen, Germany

April 20, 2011*

Annual Shareholders' Meeting in Goettingen, Germany

April 2011

Publication of first-quarter figures for 2011

* Tentative date

Forward-looking Statements Contain Risks

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

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