



**sartorius stedim**  
biotech

Sartorius Stedim Biotech Group  
First-Half Financial Report from January to June 2016

2016

## Key Figures for the First Half of 2016

in millions of € unless otherwise specified

	6 months 2016	6 months 2015	Change in %	Change in % cc <sup>1</sup>
<b>Sales Revenue and Order Intake</b>				
Sales revenue	508.8	422.0	20.6	22.3
Order intake	558.8	467.4	19.6	21.6
<b>Results</b>				
EBITDA <sup>2</sup>	136.4	106.5	28.0	
EBITDA margin <sup>2</sup> in %	26.8	25.2		
Net profit <sup>3</sup>	83.5	62.9	32.6	
<b>Financial Data per Share</b>				
Earnings per share <sup>3</sup>	0.91	0.68 <sup>4</sup>	32.6	
	<b>June 30, 2016</b>	<b>December 31, 2015</b>		
<b>Balance Sheet   Financials</b>				
Balance sheet total	1,143.8	1,066.1		
Equity	677.2	647.2		
Equity ratio in %	59.2	60.7		
Net debt	108.6	86.4		
Ratio of net debt to underlying EBITDA	0.4	0.4		

## Key Figures for the Second Quarter of 2016<sup>5</sup>

in millions of € unless otherwise specified

	2nd Quarter 2016	2nd Quarter 2015	Change in %	Change in % cc <sup>1</sup>
<b>Sales Revenue and Order Intake</b>				
Sales revenue	263.0	217.6	20.9	23.5
Order intake	284.7	243.3	17.0	20.2
<b>Results</b>				
EBITDA <sup>2</sup>	71.8	55.7	28.7	
EBITDA margin <sup>2</sup> in %	27.3	25.6		
Net profit <sup>3</sup>	44.1	33.3	32.3	
<b>Financial Data per Share</b>				
Earnings per share <sup>3</sup>	0.48	0.36 <sup>4</sup>	32.4	

<sup>1</sup> cc = in constant currencies

<sup>2</sup> Underlying EBITDA = earnings before interest, taxes, depreciation and amortization, and adjusted for extraordinary items

<sup>3</sup> Underlying net profit = net profit after non-controlling interest; adjusted for extraordinary items, amortization and based on a normalized financial result and tax rate

<sup>4</sup> Adjusted for stock split

<sup>5</sup> Figures are not audited nor reviewed

# Sector Environment

## Positive Sector Development Continues

The Sartorius Stedim Biotech Group serves customers mainly in the biopharmaceutical industry. Thus, the development of this industry provides important impulses to the Group's business performance.

The international market research institute IMS Health estimates that the global pharmaceutical market has grown by around 6% on average over the past years. The regions comprising Asia and Latin America contributed an above-average proportion to this increase due to the expansion of their public healthcare systems and rising consumer spending.

The market for pharmaceuticals manufactured using biotech methods has been expanding overproportionately for quite some years within the global pharma marketplace and is currently showing especially dynamic growth. This is primarily attributable to a high number of new drug approvals and additional market penetration by existing medicines. Overall, the proportion of sales related to the biotech market has nearly doubled over the last ten years, recently attaining around 24% of the global pharmaceutical market. Meanwhile, six biologics are among the Top 10 best-selling pharmaceuticals.

Biosimilars, which are biotherapeutic products similar to originally patented reference biologics, are expected to gain significance, considering the number of patents due to expire. For instance, seven biosimilars alone were submitted for approval in the key U.S. market at the end of last year, and the first biosimilar antibody drug was approved by the U.S. Food and Drug Administration, FDA, in the period under review.

Biotech production methods are much more complex and cost-intensive than conventional methods. This is why the industry is continuously looking to develop more efficient production technologies. Single-use products play a decisive role in this effort. They significantly reduce production costs, offer greater flexibility and help accelerate time to market.

Sources: IMS Health: Delivering on the Potential of Biosimilars Medicines, March 2016; Global Medicines Use in 2020, November 2015; TOP 20 Global Products, December 2015; EvaluatePharma: World Preview 2015, Outlook to 2020, June 2015; [www.gabionline.net](http://www.gabionline.net), 8.4.2016.

# Group Business Development

- Continued strong performance in a dynamic market environment
- Strong double-digit top line and earnings growth; order intake performance ahead of expectations
- Forecast for the full year of 2016 raised

## Strong Double-Digit Sales Growth

In the first half of 2016, Sartorius Stedim Biotech Group reported strong growth rates in a continued dynamic market environment.

### Sales Revenue and Order Intake

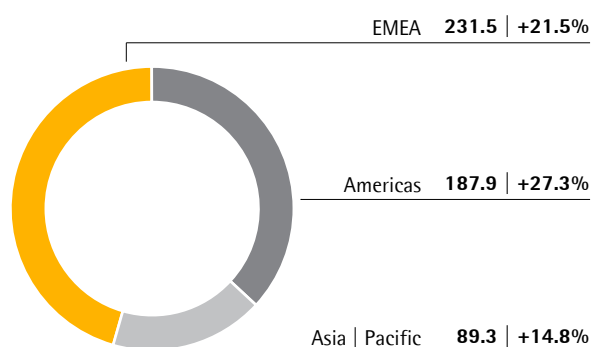
in millions of €	6 months 2016	6 months 2015	Δ in %	Δ in % cc <sup>1</sup>
Sales revenue	508.8	422.0	20.6	22.3
Order intake	558.8	467.4	19.6	21.6

<sup>1</sup> cc = in constant currencies

Sales revenue thus rose substantially by 22.3% (cc) from €422.0 million to €508.8 million (reported +20.6%), driven by strong demand for both single-use products and equipment. Besides a very dynamic organic performance, BioOutsource and Cellca, consolidated since April and July 2015 respectively, contributed approximately 3 percentage points of non-organic growth in the period under review.

### Sales Revenue and Growth<sup>1</sup> by Region<sup>2</sup>

in millions of € unless otherwise specified



<sup>1</sup> In constant currencies

<sup>2</sup> Acc. to customers' location

All regions contributed to positive business performance by achieving considerable double-digit gains in sales revenue. The Americas, which accounted for around 37% of sales revenue, again showed the highest growth momentum, recording an upsurge of 27.3% to €187.9 million (reported +25.9% compared to €149.3 million).

Sales in the EMEA region, representing around 45% of sales revenue, grew by 21.5% to €231.5 million (reported +20.3% compared to €192.5 million), supported by the acquisitions of BioOutsource and Cellca.

In the region Asia | Pacific, which accounted for around 18% of total sales, Sartorius Stedim Biotech advanced by 14.8% to €89.3 million in the first half-year of 2016 (reported +11.3% compared to €80.3 million).

All regional changes are in constant currencies, unless otherwise specified.

Order intake climbed 21.6% in constant currencies and exceeded our expectations in particular due to some bigger equipment orders.

## Profitability Further Enhanced

At the Sartorius Stedim Biotech Group, earnings before interest, taxes, depreciation and amortization (EBITDA) is used as the key profitability measure. To provide a complete and transparent presentation of the Group's profitability, we report earnings adjusted for extraordinary items (underlying EBITDA).

In the first half of 2016, Sartorius Stedim Biotech's underlying EBITDA soared 28.0% from €106.5 million to €136.4 million. In particular, economies of scale induced by dynamic sales growth contributed to this overproportionate increase in earnings. Accordingly, the Group's earnings margin increased from 25.2% to 26.8%.

### Reconciliation between EBIT and underlying EBITDA

in millions of €	6 months 2016	6 months 2015	Δ in %
EBIT	110.3	87.1	26.7
Extraordinary items	4.8	1.5	224.7
Depreciation & Amortization	21.2	17.9	18.4
Underlying EBITDA	136.4	106.5	28.0

Extraordinary items for the reporting period amounted to -€4.8 million (H1 2015 -€1.5 million) and were related to various corporate projects. Consolidated EBIT, including extraordinary items, depreciation and amortization, climbed from €87.1 million to €110.3 million; the EBIT margin reached 21.7% compared to 20.6% a year earlier.

The financial result of the Sartorius Stedim Biotech Group was -€2.1 million in the first half of 2016 relative to -€12.6 million a year earlier. This change is due to valuation effects related to foreign currency liabilities and hedging instruments.

In the period under review, the net profit attributable to shareholders of Sartorius Stedim Biotech S.A. rose by 47.4% from €51.4 million to €75.7 million.

#### Underlying Net Profit up by 32.6%

The underlying net profit after non-controlling interest soared by 32.6% from €62.9 million to €83.5 million. This profit figure is calculated by adjusting for extraordinary items, eliminating non-cash amortization and valuation adjustments from hedging instruments, and is based on the normalized financial result, as well as the corresponding tax effects for each of these items. Underlying earnings per share correspondingly climbed to €0.91 from €0.68. The prior-year figure has been adjusted for the share split, which became effective on May 10, 2016.

in millions of €	6 months 2016	6 months 2015
EBIT (operating result)	110.3	87.1
Extraordinary effects	4.8	1.5
Amortization   IFRS 3	7.0	5.4
Normalized financial result <sup>1</sup>	-2.9	-3.2
Normalized income tax (2016: 29%, 2015: 29%) <sup>2</sup>	-34.6	-26.3
Underlying net result	84.6	64.5
Non-controlling interest	-1.1	-1.5
Underlying net result after non-controlling interest	83.5	62.9
Underlying earnings per share in €	0.91	0.68 <sup>3</sup>

<sup>1</sup> Financial result excluding fair value adjustments of hedging instruments, as well as currency effects from foreign currency loans

<sup>2</sup> Underlying income tax, based on the underlying profit before taxes and non-cash amortization

<sup>3</sup> Adjusted for stock split

#### Robust Cash Flow Performance

In the first half of 2016, the Sartorius Stedim Biotech Group reported a net cash flow from operating activities of €43.3 million relative to €56.8 million a year ago. The seasonal as well as growth related increase in funds allocated to working capital especially influenced this figure.

Net cash flow from investing activities was -€32.1 million, up from the year-earlier figure of -€20.9 million, as planned. This increase mainly reflects higher investments for the expansion of our production capacities.

As there were no acquisitions in the first half of 2016, net cash flow from investing activities and acquisitions was -€32.1 million relative to the prior-year figure of -€50.1 million, that reflected the takeover of BioOutsource. Thus, the Sartorius Stedim Biotech Group financed its investments entirely from operating cash flows.

#### Financial Position Remains Strong

The balance sheet total for the Sartorius Stedim Biotech Group rose to €1,143.8 million as of the period ended June 30, 2016, from €1,066.1 million as of December 31, 2015. This rise was primarily due to the increase of working capital.

Equity edged up from €647.2 million to €677.2 million between December 31, 2015, and the reporting date. At 59.2%, the equity ratio remained at a comfortable level (60.7% as of December 31, 2015).

Gross debt rose from €118.3 million as of December 31, 2015, to €147.1 million as of June 30, 2016. In addition to the buildup in net working capital, dividend payments are reflected in this figure. Net debt amounted to €108.6 million relative to €86.4 million as of December 31, 2015.

The ratio of net debt to underlying EBITDA based on the past 12 months was unchanged compared to year-end 2015 at 0.4.

#### Personnel Further Expanded

As of June 30, 2016, the Sartorius Stedim Biotech Group employed a total of 4,493 people worldwide. Compared with December 31, 2015, headcount thus rose by 291 or around 7%. From a regional perspective, the dominant portion of this increase was attributed to the EMEA region. Here, the Group employed 211 additional staff.

# Opportunity and Risk Report

The opportunities and risk situation of the Sartorius Stedim Biotech Group has not materially changed since the publication of its 2015 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 Stedim Biotech Group on pp. 52 et seq. of the Annual Report called Reference Document 2015.

The outcome of the recent referendum of the U.K. to leave the European Union is not expected to materially influence our overall risk situation, given that Sartorius Stedim Biotech addresses comparatively robust markets.

## Forecast Report

### Sector Environment Expected to Remain Positive

The trends described on pages 61–62 of our 2015 Annual Report have remained unchanged with respect to their impacts on the development of the Sartorius Stedim Biotech Group.

According to most recent estimates, a compound average growth rate (CAGR) of between 4% and 7% is forecasted for the global pharmaceutical industry in the period of 2015 to 2020. For the biopharma subsegment, market observers are projecting a CAGR of around 8% to 9% in view of the further penetration of biopharmaceuticals already approved, the expansion of their areas of indication and the industry's strong research and development pipelines.

Sources: IMS Health: Delivering on the Potential of Biosimilars Medicines, March 2016; Global Medicines Use in 2020, November 2015 EvaluatePharma: World Preview 2015, Outlook to 2020, June 2015 and June 2014.

### Full-Year 2016 Guidance Raised

Based on its strong first-half business performance, some bigger equipment orders and the positive overall business outlook, management of the Sartorius Stedim Biotech Group upgraded its forecast for the full year of 2016 as follows:

Sales revenue is now forecasted to increase by about 17% to 20% in constant currencies, which includes around 2 percentage points of growth related to last

years' acquisitions of BioOutsource and Cellca, as well as our latest acquisition of kSep (for more information see below). The previous guidance was about 12% to 16%, which included approximately 1.5 percentage points to be contributed by acquisitions.

The company's underlying EBITDA margin is projected to rise about 1.5 percentage point in constant currencies compared with the prior-year figure of 26.2% (previous guidance: plus about 1 percentage point).

For 2016, the Sartorius Stedim Biotech Group continues to plan on investing about 6% to 8% of sales revenue, mainly in the expansion of production capacities.

Regarding its financial position, the Group expects the ratio of net debt to underlying EBITDA to edge down slightly from the level of 0.4 reported for 2015, including the acquisition of kSep (previous guidance: below 0.4 excluding any acquisitions). Any potential further acquisitions are not reflected in this guidance.

## Report on Subsequent Events

On July 6, 2016, Sartorius Stedim Biotech signed a contract to acquire U.S. start-up kSep Holdings, Inc., based in Morrisville, North Carolina, USA. kSep develops and markets fully automated single-use centrifugation systems utilized for manufacturing biopharmaceuticals, thus complementing the product portfolio of Sartorius Stedim Biotech. kSep is expected to achieve significant double-digit growth and to generate around U.S.\$7 million in sales revenue and a strong double-digit EBITDA margin in fiscal 2016. The transaction values kSep at around U.S.\$28 million and is expected to be closed by the end of July 2016. Therefore Sartorius Stedim Biotech expects to consolidate kSep for about 5 months in fiscal 2016.

# Statement of Profit or Loss and Other Comprehensive Income

	2nd quarter 2016 € in mn <sup>1</sup>	2nd quarter 2015 € in mn <sup>1</sup>	6 months 2016 € in mn	6 months 2015 € in mn
Sales revenue	263.0	217.6	508.8	422.0
Cost of sales	-131.7	-103.2	-252.0	-205.8
<b>Gross profit on sales</b>	<b>131.3</b>	<b>114.4</b>	<b>256.8</b>	<b>216.2</b>
Selling and distribution costs	-47.1	-40.2	-92.8	-79.6
Research and development costs	-12.5	-10.2	-24.1	-20.0
General administrative expenses	-13.4	-12.1	-26.8	-23.0
Other operating income and expenses	1.1	-6.1	-2.8	-6.5
<b>Earnings before interest &amp; taxes (EBIT)</b>	<b>59.5</b>	<b>45.8</b>	<b>110.3</b>	<b>87.1</b>
Financial income	1.4	-0.3	5.0	1.7
Financial expenses	-4.8	1.6	-7.1	-14.2
<b>Financial result</b>	<b>-3.4</b>	<b>1.3</b>	<b>-2.1</b>	<b>-12.6</b>
<b>Profit before tax</b>	<b>56.1</b>	<b>47.1</b>	<b>108.2</b>	<b>74.5</b>
Income taxes	-16.3	-13.7	-31.4	-21.6
<b>Net profit for the period</b>	<b>39.8</b>	<b>33.4</b>	<b>76.9</b>	<b>52.9</b>
Attributable to:				
Shareholders of Sartorius Stedim Biotech	39.3	32.7	75.7	51.4
Non-controlling interest	0.5	0.8	1.1	1.5
Earnings per share (€)	0.43	0.35	0.82	0.56
Diluted earnings per share (€)	0.43	0.35	0.82	0.56

1) Data not audited nor reviewed

The previous year's figures have been adjusted as follows:

- The classification of amortization of capitalized development cost has been changed from research and development costs to cost of sales (6-month impact: 1.8 million).
- The finalization as of Dec. 31, 2015 of the purchase price allocation of BioOutsource has been reflected (minor impact during HY 15).

# Statement of Comprehensive Income

	2nd quarter 2016 € in mn <sup>1</sup>	2nd quarter 2015 € in mn <sup>1</sup>	6 months 2016 € in mn	6 months 2015 € in mn
Net profit for the period	39.8	33.4	76.9	52.9
Cash flow hedges	1.6	6.7	1.0	-1.2
of which effective portion of changes in fair value	1.1	7.4	-0.5	-3.3
of which reclassified to profit or loss	0.4	-0.7	1.5	2.1
Income tax on cash flow hedges	-0.5	-2.0	-0.3	0.4
Net investment in a foreign operation	-1.6	2.5	1.3	-4.9
Income tax on net investment in a foreign operation	0.5	-0.8	-0.4	1.5
Foreign currency translation differences	2.7	-6.7	-13.5	20.5
<b>Items that are or may be reclassified subsequently to profit or loss</b>	<b>2.7</b>	<b>-0.2</b>	<b>-11.9</b>	<b>16.2</b>
Remeasurements of the net defined benefit liabilities	-3.8	2.5	-3.8	2.5
Income tax on remeasurements of the net defined benefit liability	1.0	-0.7	1.0	-0.7
<b>Items that will not be reclassified in profit or loss</b>	<b>-2.8</b>	<b>1.8</b>	<b>-2.8</b>	<b>1.8</b>
<b>Other comprehensive income for the period</b>	<b>-0.1</b>	<b>1.6</b>	<b>-14.7</b>	<b>18.0</b>
<b>Total comprehensive income for the period</b>	<b>39.7</b>	<b>35.0</b>	<b>62.1</b>	<b>70.9</b>
Attributable to:				
Shareholders of Sartorius Stedim Biotech	39.1	34.6	61.0	68.9
Non-controlling interest	0.6	0.4	1.1	2.0

<sup>1)</sup> Data not audited nor reviewed



# Statement of Financial Position

Assets	June 30, 2016	Dec. 31, 2015
	€ in mn	€ in mn
<b>Non-current assets</b>		
Goodwill	332.3	337.0
Other intangible assets	135.7	143.3
Property, plant and equipment	235.7	222.9
Financial assets	1.5	1.3
Other assets	0.8	0.8
Deferred tax assets	10.8	10.0
	<b>716.9</b>	<b>715.3</b>
<b>Current assets</b>		
Inventories	170.3	147.0
Trade receivables	184.3	142.3
Other financial assets	10.0	8.4
Current tax assets	9.3	9.8
Other assets	14.4	11.5
Cash and cash equivalents	38.6	31.8
	<b>426.9</b>	<b>350.8</b>
<b>Total assets</b>	<b>1,143.8</b>	<b>1,066.1</b>
<b>Equity and liabilities</b>	<b>June 30, 2016</b>	<b>Dec. 31, 2015</b>
	€ in mn	€ in mn
<b>Equity</b>		
Attributable to SSB S.A. shareholders	671.1	641.4
Issued capital	18.3	15.4
Capital reserves	231.5	235.2
Retained earnings (including net profit)	421.2	390.8
Non-controlling interest	6.1	5.8
	<b>677.2</b>	<b>647.2</b>
<b>Non-current liabilities</b>		
Pension provisions	36.1	31.7
Other provisions	3.3	3.3
Loans and borrowings	11.3	12.6
Finance lease liabilities	17.0	16.9
Other financial liabilities	52.8	51.5
Deferred tax liabilities	29.4	30.2
	<b>149.9</b>	<b>146.2</b>
<b>Current liabilities</b>		
Provisions	10.3	8.0
Trade payables	113.7	100.6
Loans and borrowings	117.2	87.2
Finance lease liabilities	1.6	1.5
Other financial liabilities	38.7	41.3
Current tax liabilities	19.9	20.0
Other liabilities	15.2	14.1
	<b>316.7</b>	<b>272.7</b>
<b>Total equity and liabilities</b>	<b>1,143.8</b>	<b>1,066.1</b>

# Statement of Cash Flows

	6 months 2016 € in mn	6 months 2015 € in mn
Profit before tax	108.2	74.5
Financial Result	2.1	12.6
<b>Earnings before interest &amp; taxes (EBIT)</b>	<b>110.3</b>	<b>87.1</b>
Depreciation   amortization of intangible and tangible assets	21.2	17.9
Increase   decrease in provisions	1.6	0.7
Income taxes paid	-31.7	-21.8
Other non-cash items	0.0	0.1
<b>Gross cash flows from operating activities</b>	<b>101.4</b>	<b>84.0</b>
Increase   decrease in receivables and other assets	-46.9	-20.1
Increase   decrease in inventories	-25.2	-23.3
Increase   decrease in liabilities	14.0	16.1
<b>Net cash flow from operating activities</b>	<b>43.3</b>	<b>56.8</b>
Acquisitions of intangible and tangible assets	-32.3	-21.2
Proceeds from the disposal of fixed assets	0.2	0.4
Other payments	0.0	-0.1
<b>Net cash flow from investing activities</b>	<b>-32.1</b>	<b>-20.9</b>
Payments for acquisitions of consolidated subsidiaries and other business operations; net of cash acquired	0.0	-29.3
<b>Net cash flow from investing activities and acquisitions</b>	<b>-32.1</b>	<b>-50.1</b>
Changes in capital	0.0	0.2
Interest received	0.1	0.0
Interest paid and other financial charges	-1.1	-1.3
Dividends paid to:	0.0	0.0
- Shareholders of Sartorius Stedim Biotech SA	-30.7	-20.0
- Non-controlling Interest	-0.8	-0.5
<b>Gross cash flows from financing activities</b>	<b>-32.5</b>	<b>-21.5</b>
Repayments of loans and borrowings	-1.6	-11.7
Proceeds from loans and borrowings raised	30.0	37.6
Changes in non-controlling interest	0.0	-1.5
<b>Net cash flow from financing activities</b>	<b>-4.1</b>	<b>2.8</b>
Net increase   decrease in cash and cash equivalents	7.1	9.4
Cash and cash equivalents at the beginning of the period	31.8	18.5
Net effect of currency translation on cash and cash equivalents	-0.4	1.5
<b>Cash and cash equivalents at the end of the period</b>	<b>38.6</b>	<b>29.4</b>

## Statement of Changes in Equity

€ in millions	Issued capital	Capital Reserves	Hedging reserves	Pension reserves	Retained earnings	Foreign currency translation reserves	Group equity	Non-controlling interest	Total equity
<b>Balance at Jan. 1, 2015</b>	<b>15.4</b>	<b>235.0</b>	<b>-2.3</b>	<b>-9.5</b>	<b>279.5</b>	<b>14.3</b>	<b>532.4</b>	<b>6.7</b>	<b>539.1</b>
Net profit for the period	0.0	0.0	0.0	0.0	51.4	0.0	51.4	1.5	52.9
<b>Other comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.9</b>	<b>1.7</b>	<b>-3.4</b>	<b>20.1</b>	<b>17.5</b>	<b>0.5</b>	<b>18.0</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.9</b>	<b>1.7</b>	<b>47.9</b>	<b>20.1</b>	<b>68.9</b>	<b>2.0</b>	<b>70.9</b>
Stock options	0.0	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.2
Dividends	0.0	0.0	0.0	0.0	-20.0	0.0	-20.0	-0.5	-20.4
Change in non-controlling interest	0.0	0.0	0.0	0.0	0.5	0.0	0.5	-0.5	0.0
<b>Balance at June 30, 2015</b>	<b>15.4</b>	<b>235.2</b>	<b>-3.2</b>	<b>-7.8</b>	<b>307.9</b>	<b>34.4</b>	<b>582.0</b>	<b>7.7</b>	<b>589.8</b>
<b>Balance at Jan. 1, 2016</b>	<b>15.4</b>	<b>235.2</b>	<b>-3.3</b>	<b>-9.5</b>	<b>367.9</b>	<b>35.7</b>	<b>641.4</b>	<b>5.8</b>	<b>647.2</b>
Net profit for the period	0.0	0.0	0.0	0.0	75.7	0.0	75.7	1.1	76.9
<b>Other comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>	<b>-2.8</b>	<b>0.9</b>	<b>-13.5</b>	<b>-14.7</b>	<b>0.0</b>	<b>-14.7</b>
<b>Total comprehensive income for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>	<b>-2.8</b>	<b>76.6</b>	<b>-13.5</b>	<b>61.0</b>	<b>1.1</b>	<b>62.1</b>
Dividends	0.0	0.0	0.0	0.0	-30.7	0.0	-30.7	-0.8	-31.5
Capital Increase	2.9	-3.7	0.0	0.0	0.0	0.0	-0.8	0.0	-0.8
Other changes in equity	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1
<b>Balance at June 30, 2016</b>	<b>18.3</b>	<b>231.5</b>	<b>-2.6</b>	<b>-12.4</b>	<b>413.9</b>	<b>22.3</b>	<b>671.0</b>	<b>6.1</b>	<b>677.2</b>

For the details on the item „capital increase“, please refer to chapter 7.

# Operating Segments

Internal management and reporting within Sartorius Stedim Biotech is based on the approach of operating as a "total solution provider" for our customers. Accordingly, one reportable operating segment has been identified by Sartorius Stedim Biotech: Biopharm.

The segment result that is the key profitability measure used internally is "underlying EBITDA", or earnings before interest, taxes and depreciation and amortiza-

tion and adjusted for extraordinary expenses. Therefore, taxes and financing expenses and income are not included in the segment's measure of profit or loss. The accounting and measurement principles for the segments correspond to the general Group accounting principles.

## Segment Information

€ in millions	6 months 2016 € in mn	6 months 2015 € in mn
Sales revenue	508.8	422.0
Underlying EBITDA of the segment	136.4	106.5
Depreciation and amortization	-21.2	-17.9
Extraordinary effects	-4.8	-1.5
<b>EBIT</b>	<b>110.3</b>	<b>87.1</b>
Financial result	-2.1	-12.6
<b>Profit before tax</b>	<b>108.2</b>	<b>74.5</b>

## Supplementary Information by Region

€ in millions	Sales revenue	
	6 months 2016 € in mn	6 months 2015 € in mn
<b>EMEA</b>	<b>231.5</b>	<b>192.5</b>
<b>Americas</b>	<b>187.9</b>	<b>149.3</b>
<b>Asia   Pacific</b>	<b>89.3</b>	<b>80.3</b>
<b>Group</b>	<b>508.8</b>	<b>422.0</b>

# Notes to the Interim Financial Statements

## 1. Reporting Entity

Sartorius Stedim Biotech is a leading provider of cutting-edge equipment and services for the development, quality assurance and production processes of the pharmaceutical industry. Its integrated solutions covering fermentation, filtration, purification, fluid management, cell culture media and lab technologies are supporting the biopharmaceutical industry around the world to develop and produce drugs safely, timely and economically. For next-generation processes, Sartorius Stedim Biotech focuses on single-use technologies and added-value services to meet and define the rapidly changing technology requirements of the industry it serves. Strongly rooted in the scientific community and closely allied with customers and technology partners, the company is dedicated to its philosophy of "Turning science into solutions."

Headquartered in Aubagne, France, Sartorius Stedim Biotech is listed on the Euronext Paris (ISIN code: FR 0000053266).

The interim condensed consolidated financial statements of the Group for the period from January 1, 2016, to June 30, 2016, were authorized for issue by the Board of Directors on July 19, 2016.

## 2. Basis of Accounting

The interim consolidated financial statements of the Sartorius Stedim Biotech Group for the period ended June 30, 2016, were prepared in accordance with IAS 34 "Interim financial reporting." They do not include all the information required for a complete set of IFRS financial statements and must be read in relation to the consolidated annual financial statements of the Sartorius Stedim Biotech Group for the year ended December 31, 2015. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statement as at and for the year ended December 31, 2015.

The accounting principles retained for preparing the consolidated half-year statements are in conformity with the IFRS Standards and Interpretations as adopted by the European Union on June 30, 2016, and are available on the website:

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

The accounting principles applied are identical to those used to prepare the annual consolidated financial statements for the year ended December 31, 2015.

The Reference Document 2015 presents the list of subsidiaries (see page 127). The company Sartorius Stedim RUS LLC was included in the scope of consolidation from January 1, 2016.

For calculation of income tax expenses, the provisions of IAS 34.30c) were adopted; i.e., the best estimate of the weighted average annual income tax rate expected for the full financial year was applied (29%).

## 3. Use of Judgments and Estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statement as at and for the year ended December 31, 2015.

## 4. Initial Application of New Standards

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:

- Amendments to IAS 19, Employee Contributions
- Annual improvements to IFRSs 2010-2012 Cycle - various standards
- Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 1, Disclosure Initiative
- Amendments to IAS 16 and IAS 41, Agriculture: Bearer Plants

- Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 27, Equity Method in Separate Financial Statements
- Annual Improvements to IFRSs 2012-2014 Cycle – various standards

The Group did not yet apply those particular Standards and Interpretations that were not yet mandatory for the reporting period. The following amendments will be applicable in 2018 and 2019 respectively:

IFRS 15, Revenue from Contracts with Customers, defines a comprehensive framework for determining whether, in which amount and at which point in time revenue is to be recognized.

IFRS 15 will essentially have an impact on the accounting of construction contracts as defined by IAS 11. Based on the latter, revenue is currently recognized according to the percentage of completion (PoC method) under which the progress of the project work performed is measured according to the costs incurred (cost-to-cost method). Under IFRS 15, control of an asset is the decisive criterion for recognition of revenue. Compared with the former recognition method according to IAS 11, IFRS 15 principles may prompt changes in the recognition of revenue.

The new standards for the accounting for leases, IFRS 16, eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases under IAS 17. Leases are capitalized by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment.

As a consequence of the application of IFRS 16 the Group expects an increase in lease assets and financial liabilities. Overall the impact on key ratios like equity ratios or net-debt-to-EBITDA is expected to be rather low.

Finally, IFRS 9 changes the rules for the classification and valuation of financial instruments, the framework for impairment testing of those instruments as well as the guidelines for hedge accounting.

The impact of all mentioned and other expected changes is still under consideration and analysis. Currently it is not expected that the changes will significantly influence the Group's consolidated financial statements.

## 5. Acquisition of BioOutsource Ltd.

On April 17, 2015 Sartorius Stedim Biotech acquired 100% of the voting rights in the company BioOutsource headquartered in Glasgow, Scotland. BioOutsource tests the safety and quality of biologic drugs and vaccines for pharmaceutical clients, and has become specialized in offering a comprehensive range of services for the growing biosimilar industry.

The purchase price allocation was finalized in 2016 (no change compared to Dec. 31, 2015):

	Preliminary purchase price allocation € in mn	Final purchase price allocation € in mn
Intangible assets	11.4	11.4
Property, plant and equipment	1.5	1.5
Inventories	0.8	0.8
Trade receivables and other assets	2.6	2.6
Cash and cash equivalents	1.4	1.4
Loans and borrowings	-0.7	-0.7
Provisions and liabilities	-2.1	-2.1
Deferred tax	-2.3	-2.3
<b>Net assets acquired</b>	<b>12.6</b>	<b>12.6</b>
Purchase price	30.6	30.6
<b>Goodwill</b>	<b>18.0</b>	<b>18.0</b>

The purchase price of approx. €30.6 million was paid in cash.

## 6. Acquisition Cella GmbH

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

The purchase price allocation is as follows (no change compared to Dec. 31, 2015):

	Preliminary purchase price allocation € in mn	Final purchase price allocation € in mn
Intangible assets	27.2	27.2
Property, plant and equipment	1.6	1.6
Trade receivables and other assets	0.9	0.9
Cash and cash equivalents	1.8	1.8
Deferred taxes - net	-7.5	-7.5
Provisions and liabilities	-1.3	-1.3
<b>Net assets acquired</b>	<b>22.6</b>	<b>22.6</b>
Purchase price	26.5	26.5
<b>Goodwill</b>	<b>3.9</b>	<b>3.9</b>

The purchase price of €26.5 million was paid in cash.

The acquisitions of BioOutsource and Cellca are focused on an extension of the product portfolio, especially in the areas of process development and validation. The recognized goodwills represent this aspect as well as other assets not separately identifiable. The goodwills are not deductible for tax purposes.

## 7. Issued Capital and Reserves

The annual ordinary shareholders' meeting on April 5, 2016 approved the following measures that are reflected in the statement of changes in equity:

- As of January 1, 2016 the company VL Finance SAS was merged into the group's parent company Sartorius Stedim Biotech S.A. Under this transaction the capital was increased by €1,638 K creating an equivalent amount of new shares with a par value of €1.00. The merger premium being the difference between the net assets contributed and the value of the capital increase was credited to a specific merger premium account within equity for an amount of €2,811 K.
- Through the merger with VL Finance SAS Sartorius Stedim Biotech S.A. has acquired 1,642,095 own shares that had to be cancelled. Consequently, the issued capital was decreased by €1,642 K and the merger premium by €2,843 K.
- After completion of the merger it was decided to reduce the par value of each share from €1.00 to €(1/6) multiplying the number of shares by 6 from 15,363,365 to 92,180,190.
- Finally the par value of each share was increased from €0.1667 (rounded amount) to €0.20 by the way of incorporation of reserves. This transaction led to

an increase in issued capital by €3,073 K and a respective reduction in reserves. The cost of the capital increase in the amount of €0.6 million was deducted from reserves.

For further details on the resolutions please refer to the Reference Document 2015 (pages 183-187).

## 8. Related Parties

The majority shareholder of Sartorius Stedim Biotech S.A. is Sartorius AG, which holds a controlling stake in the company of 74% in equity capital and 85% of the voting rights. Shares in free float are 26%.

The Sartorius Group itself is organized in two divisions: Bioprocess Solutions (mainly run by the Sartorius Stedim Biotech Group) and Lab Products & Services (mainly run by the other companies of Sartorius Group). This structure explains why the Group holds two subsidiaries in most of the countries and these companies partially share space, staff and other resources. Furthermore, the German group companies carry out various central functions and accordingly deliver services to the worldwide entities (e.g. IT support). The company Sartorius Corporate Administration GmbH, a 100% subsidiary of Sartorius AG has incorporated numerous Group functions such as Group Finance, HR, IT, Investor Relations, Legal and Central Marketing. These services are recharged within the Group and to a significant extent also to Sartorius Stedim Biotech.

The structure described above leads to various relations and transactions with related parties. These include sales, purchases and commissions, management fees and shareholder costs as well as loans, administrative services and shared costs. For further details please refer to the Reference Document 2015 (pages 154 and 155).

## 9. Financial Instruments

### Carrying Amounts and Fair Values

	Category acc. to IAS 39	Carrying amount June 30, 2016 € in K	Fair value June 30, 2016 € in K	Carrying amount Dec. 31, 2015 € in K	Fair value Dec. 31, 2015 € in K
<b>Financial Assets</b>	<b>Available for sale</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>
<b>Trade receivables</b>	<b>Loans and receivables</b>	<b>184.3</b>	<b>184.3</b>	<b>142.3</b>	<b>142.3</b>
Financial Assets	Loans and receivables	9.8	9.8	8.4	8.4
Derivative financial instruments	Held for trading	0.0	0.0	0.0	0.0
Derivative financial instruments in hedging relationship	n/a	0.2	0.2	0.0	0.0
<b>Other financial assets</b>		<b>10.0</b>	<b>10.0</b>	<b>8.4</b>	<b>8.4</b>
<b>Cash and cash equivalents</b>	<b>Loans and receivables</b>	<b>38.6</b>	<b>38.6</b>	<b>31.8</b>	<b>31.8</b>
Loans and borrowings	Financial liabilities at cost	128.5	129.6	99.8	100.9
Finance lease liabilities	IAS 17	18.6	29.9	18.4	25.2
Trade payables	Financial liabilities at cost	63.5	63.5	61.4	61.4
Trade payables	n/a	50.2	50.2	39.2	39.2
<b>Trade payables</b>		<b>113.7</b>	<b>113.7</b>	<b>100.6</b>	<b>100.6</b>
Derivative financial instruments	Held for trading	3.7	3.7	2.8	2.8
Derivative financial instruments in hedging relationship	n/a	4.0	4.0	4.7	4.7
Other financial liabilities	Financial liabilities at cost	53.1	61.4	53.9	61.5
Other financial liabilities	Fair value through profit or loss	5.4	5.4	5.4	5.4
Other financial liabilities	n/a	25.3	25.3	26.0	26.0
<b>Other financial liabilities</b>		<b>91.5</b>	<b>99.8</b>	<b>92.8</b>	<b>100.4</b>

For the equity investments measured at acquisition cost (financial assets), it is not possible to determine fair values reliably due to the absence of active markets. This applies mainly to shares in non-consolidated subsidiaries. These are mainly linked to sales affiliates of the Group; the calculation of fair values for those activities would therefore not be relevant for the economic decisions of the users. Currently, it is not planned to sell these assets.

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

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

The financial instruments to be recognized at fair value on the reporting date are exclusively derivatives in the form of forward contracts and interest rate swaps. They were measured on the basis of their quoted exchange rates and market yield curves (Level 2).

The fair values to be disclosed for financial liabilities recognized at amortized cost, especially liabilities to banks and finance leases, were measured on the basis of the market interest rate, taking the current indicative credit spreads into account (Level 2).

The liability in connection with the forward to acquire the non-controlling interest of AllPure has been recognized at the present value of the expected future payments. These payments are derived from the expected revenues of the AllPure business at the time of the purchase taking into consideration the above mentioned risk-adjusted discount rate (level 3).

The fair values of the remaining financial assets and liabilities to be disclosed approximate the carrying amounts on account of their predominantly short-term maturity.



## Measurement of Fair Values

The Group recognizes transfers between the levels of the fair value hierarchies at the end of the reporting period during which the change has occurred. In the current reporting period there were no transfers between the levels.

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

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

€ in mn	2016	2015
Balance at Jan. 1	5.4	6.2
Interest expense included in profit or loss	0.1	0.1
Payment	0.0	-1.5
Effects from foreign exchange translation	-0.1	0.5
<b>Balance at June 30</b>	<b>5.4</b>	<b>5.2</b>

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

## 10. Other Disclosures

### Impairment Test

As of June 30, 2016, we have not identified any asset impairment. Generally impairment tests have to be performed for goodwill and other assets with indefinite useful lives.

### Earnings Reporting

Sartorius Stedim Biotech is using the indicator "underlying EBITDA" as the key figure for measuring earnings. The key indicator "EBITDA" refers to earnings before interest, taxes, depreciation and amortization. The key indicator "underlying EBITDA" corresponds to the key indicator EBITDA adjusted for extraordinary expenses recorded during the relevant period.

## Subsequent Event

On July 6, 2016 Sartorius Stedim Biotech has signed a contract to acquire U.S. centrifuge specialist kSep Holdings, Inc. The privately owned company based in Morrisville, North Carolina, has been operating on the market since 2011, and is expected to achieve significant double-digit growth and to generate around \$7 million sales revenues and a strong double-digit EBITDA margin in 2016. The transaction values kSep at around \$28 million and will be closed by the end of July 2016.

## Dividend

In the reporting period, Sartorius Stedim Biotech S.A. paid a total dividend of €30.7 million.

## Audit

Level of audit procedures:

- December 31, 2015: audit
- June 30, 2016: limited review
- Quarterly information: not audited, not reviewed

# Statutory Auditors' Review Report on the Half-yearly Financial Information

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

SARTORIUS STEDIM BIOTECH S.A.

Société Anonyme

Z.I. Les Paluds - Avenue de Jouques

C.S. 91051

13781 Aubagne cedex

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Sartorius Stedim Biotech S.A., for the period from January 1 to June 30, 2016,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

## I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Marseille, July 22, 2016

The statutory auditors

KPMG Audit

Division of KPMG S.A.

John Evans

Deloitte & Associés

Christophe Perrau

# Information on the First-Half Financial Report

## **Declaration of Responsibility for the First-Half Financial Report**

I certify, to the best of my knowledge, that the condensed financial statements for the first half ended June 30, 2016, have been prepared in accordance with the applicable accounting standards and give a fair view of the assets, the financial position and the results of the company and of the group of companies included in the consolidation, and that the first-half financial report on pages 2 to 17 presents a fair review of the important events that occurred during the first six months of the financial year, including their effects on the accounts, and of the major transactions between the related parties as well as of the description of the main risks and uncertainties for the remaining six months of the financial year.



Joachim Kreuzburg  
CEO of the Sartorius Stedim  
Biotech Group

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## Financial Schedule

### August 30, 2016

Commerzbank Sector Conference Week | Frankfurt Main

### September 7, 2016

Goldman Sachs European Medtech Conference | London

### September 13, 2016

Morgan Stanley Global Healthcare Conference | New York

### September 19–20, 2016

Berenberg German Corporate Conference | Munich

### October 24, 2016

Publication of nine-month figures for 2016

### November 21, 2016

German Equity Forum | Frankfurt Main

### December 5, 2016

Berenberg European Conference | London

### January 2017

Publication of preliminary results for fiscal 2016

### April 4, 2017

Annual General Shareholders' Meeting | Aubagne

### April 2017

Publication of first-quarter figures for 2017

This is a translation of the original French-language first-half financial report "Rapport financier semestriel." Sartorius Stedim Biotech S.A. shall not assume any liability for the correctness of this translation. The original French interim report is the legally binding version. Furthermore, Sartorius Stedim Biotech S.A. 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.

### Forward-looking Statements Contain Risks

This report contains various statements concerning the Sartorius Stedim Biotech 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.