



sartorius stedim
biotech

Sartorius Stedim Biotech Group First-Quarter Report from January to March 2010



Business Development and Outlook

- Further gains in order intake and sales revenue and overproportionate growth in profitability
- Strong financial position
- Positive forecast for 2010 confirmed

Order Intake and Sales Revenue

In the Sartorius Stedim Biotech Group, order intake for the period from January to March 2010 rose 5.5% from €104.7 million a year ago to €110.5 million (in constant currencies: +6.5%). 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 3.5% from €96.8 million to €100.2 million (in constant currencies: +4.7%). North America and, in particular, the Asia | Pacific region contributed to the Group's growth, whereas development in Europe proved to be more restrained.

Earnings Development

Within the first three months, the Sartorius Stedim Biotech Group increased its operating earnings (earnings before interest, taxes and amortization and adjusted for extraordinary expenses = underlying EBITA) from €12.9 million to €14.7 million. The respective margin improved from 13.3% to 14.6%, which can be primarily attributed to the economies of scale resulting from the increase in sales revenue. First-quarter extraordinary expenses amount to €0.3 million (2009: €0.3 million).

Including all extraordinary expenses, EBITA of the Sartorius Stedim Biotech Group thus totals €14.3 million, up from €12.6 million a year earlier. The corresponding EBITA margin is at 14.3%, up from 13.0% a year ago.

The relevant net profit for the Group is €9.0 million, up from €6.7 million for the prior-year quarter. This figure is yielded by adjustment for extraordinary expenses and elimination of non-cash amortization of €1.8 million (previous year: €1.8 million). The corresponding earnings per share are at €0.53, up from €0.39 a year earlier.

Key Figures

€ in millions	3 months 2010	3 months 2009	Change in %	Change in % (in constant currencies)
Sales revenue	100.2	96.8	+3.5	+4.7
- Europe ¹⁾	56.6	57.0	-0.7	-0.9
- North America ¹⁾	25.3	23.7	+6.5	+12.9
- Asia Pacific ¹⁾	14.7	12.1	+21.1	+19.2
- Other Markets ¹⁾	3.6	4.0	-9.1	-9.1
EBITA ²⁾³⁾	14.7	12.9	+13.8	
EBITA margin ²⁾	14.6	13.3		
Net profit ²⁾⁴⁾	9.0	6.7	+33.2	
Earnings per share in € ²⁾³⁾	0.53	0.39	+33.2	

¹⁾ Acc. to customers' location

²⁾ Underlying

³⁾ For more information see the first footnote on page 6

⁴⁾ Excluding amortization

Balance Sheet and Cash Flow

The balance sheet total of the Sartorius Stedim Biotech Group rose from €667.9 million as of December 31, 2009, to €686.0 million as of March 31, 2010, essentially because of a slight buildup in inventories and trade receivables resulting from the increase in sales, while trade payables simultaneously climbed. As a result of positive earnings development, equity also rose to €404.2 million (December 31, 2009: €393.2 million). Thus, as of March 31, 2010, the equity ratio at 58.9% remains unchanged from December 31, 2009, at a very comfortable level. Gearing has also remained unchanged at 0.2 compared with December 31, 2009.

Despite a slight buildup in net working capital, first-quarter cash flows from operating activities increased from €9.4 million to €10.1 million. Cash flows from investing activities are at -€3.4 million (previous year: -€4.8 million), while cash flows from financing activities stand at €1.9 million (previous year: -€8.4 million). As gross debt slightly rose from €142.5 million reported on December 31, 2009, to €144.1 million, and cash and cash equivalents concurrently increased considerably from €54.8 to €63.5 million, net debt is €80.6 million (December 31, 2009: €87.6 million). Accordingly, the ratio of net debt to underlying EBITDA (based on the past 12 months) improved from 1.2 as of December 31, 2009, to 1.0 as of March 31, 2010. At the same time, the interest coverage ratio, calculated as underlying EBITDA divided by cash interest expense of the past 12 months, also further improved from 12.6 to 17.7.

Dividends

On April 19, 2010, the Annual General Shareholders' Meeting of Sartorius Stedim Biotech S.A. resolved to pay a dividend of €0.60 per share to its shareholders for fiscal 2009. Compared with the year-earlier figure of €0.30, dividends have doubled. The total profit distributed has thus increased from €5.1 million a year ago to €10.2 million. Based on the underlying net profit excluding non-cash amortization, this equates to a dividend payout ratio of 29.4% as in the previous year.



Outlook

The present first-quarter results for 2010 meet our expectations and confirm our positive outlook given earlier for the current year.

This outlook forecasts currency-adjusted growth of sales revenue 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 likely to contribute a relatively high percentage to sales growth, we anticipate a rather slight increase in the operating EBITA margin following the strong increase in 2009. Furthermore, operating cash flow is targeted to be significantly positive.

Material Events after the End of the Interim Period

On April 19, 2010, the Annual General Shareholders' Meeting approved a share buyback program. Pursuant to the AGM resolution, Sartorius Stedim Biotech S.A. may purchase a volume of up to 10% of the shares outstanding up to a maximum price of €45.00. The share buyback program covers a period of 18 months and will end on October 19, 2011.



Income Statement

	1st quarter 2010		1st quarter 2009	
	€ in mn	%	€ in mn	%
Sales revenue	100.2	100.0	96.8	100.0
Cost of sales	-51.1	-51.0	-50.8	-52.5
Gross profit on sales	49.1	49.0	46.0	47.5
Selling and distribution costs	-22.4	-22.4	-21.2	-21.9
Research and development costs	-6.9	-6.8	-5.9	-6.1
General administrative expenses	-6.3	-6.3	-6.5	-6.7
Other operating income and expenses	0.7	0.7	0.2	0.3
Earnings before interest, taxes and amortization (EBITA)¹⁾	14.3	14.3	12.6	13.0
Amortization ²⁾	-1.8	-1.8	-1.8	-1.8
Earnings before interest and taxes (EBIT)	12.5	12.5	10.9	11.2
Interest and similar income	0.1	0.1	0.0	0.0
Interest and similar expenses	-1.1	-1.1	-2.6	-2.7
Financial result	-0.9	-0.9	-2.5	-2.6
Profit before tax	11.6	11.6	8.3	8.6
Deferred tax income expenses	0.3	0.3	0.0	0.0
Income tax expenses	-3.9	-3.9	-2.5	-2.5
Other taxes	-0.5	-0.5	-0.5	-0.5
Taxes	-4.1	-4.1	-3.0	-3.1
Net profit for the period	7.5	7.5	5.3	5.5
Attributable to:				
Equity holders of Sartorius Stedim Biotech	7.5	7.5	5.4	5.5
Minority interest	0.0	0.0	0.0	0.0
Earnings per share (€)	0.44		0.32	
Diluted earnings per share (€) (17,065,948 shares)	0.44		0.31	

¹⁾ The Sartorius Stedim Biotech Group uses earnings before interests, taxes, and amortization (EBITA) as the key figure for measuring performance and profitability of the Group.

²⁾ Amortization refers only to amortization of goodwill (if applicable) and of intangible assets recognized in connection with purchase price allocation (PPA) according to IFRS 3 (see note 8 of the Reference Document 2009)

Statement of Comprehensive Income

	3 month 2010 € in mn	3 month 2009 € in mn
Net profit for the period	7.5	5.3
Net (loss) gain on cash flow hedges	-0.3	-0.5
Actuarial gains losses from pension provisions	-0.3	0.0
Currency translation differences	3.5	1.3
Net investment in a foreign operation	-0.1	-0.1
Deferred taxes	0.2	0.2
Total income and expenses recognized directly in equity	3.0	0.9
Comprehensive income	10.5	6.2
Equity holders of Sartorius Stedim Biotech	10.5	6.3
Minority interest	0.0	-0.1

Consolidated Cash Flow Statement

	3 month 2010 € in mn	3 month 2009 € in mn
Cash flows from operating activities		
Net result	7.5	5.4
Minority interest	0.0	0.0
Tax expenses	4.1	3.0
Financial expenses	0.9	2.5
Depreciation amortization of fixed assets	5.6	5.5
Increase decrease in provisions	-0.4	-0.9
Increase decrease in receivables	-1.0	-6.8
Increase decrease in inventories	-4.9	0.7
Increase decrease in liabilities	3.0	0.8
Income taxes paid	-4.7	-0.9
Net cash flow from operating activities	10.1	9.4
Cash flows from investing activities		
Payments for financial assets	0.0	-0.2
Payments for property, plant and equipment	-2.6	-3.8
Income from the disposal of fixed assets	0.2	0.4
Payments for intangible assets	-1.1	-1.2
Effects from business combinations	0.0	0.0
Net cash flow from investing activities	-3.4	-4.8
Cash flows from financing activities		
Changes in capital	0.5	0.0
Interest received	0.0	0.0
Interest paid	-0.2	-4.5
Other financial charges	0.0	-0.2
Dividends paid to:		
- Shareholders of the parent company	0.0	0.0
- Minority shareholders	0.0	0.0
Changes in minority interest	0.0	0.0
Loans and borrowings repaid (-) raised (+)	1.5	-3.8
Net cash flow from financing activities	1.9	-8.4
Net increase decrease in cash and cash equivalents	8.6	-3.9
Cash and cash equivalents at the beginning of the period	54.8	13.2
Net effect of currency translation on cash and cash equivalents	0.1	0.1
Cash and cash equivalents at the end of the period	63.5	9.4
Gross debt owed to banks	144.1	159.5
Net debt owed to banks	80.6	150.1

Operating Segments

It is the core strategy of the Sartorius Stedim Biotech Group to operate as a total solution provider along the process chain of our customers. Consequently, we provide a complete range of products to our customers, covering all product groups and product combinations. For this reason, the key performance indicator for the Group, EBITA, is reviewed by the chief operating decision-maker primarily at the level of the Biopharma business segment. The segment reportable under IFRS 8 is thus the Biopharma segment. Additionally, the Group presents regional figures in order to provide more transparency about its business.

Segment Information by Division

€ in millions	Biopharma			Group		
	3 months 2010	3 months 2009	Change	3 months 2010	3 months 2009	Change
Order intake	110.5	104.7	6%	110.5	104.7	6%
Sales revenue	100.2	96.8	3%	100.2	96.8	3%
- as a total %	100.0%	100.0%		100.0%	100.0%	
EBITDA	18.1	16.3	11%	18.1	16.3	11%
- as a % of sales revenue	18.1%	16.9%		18.1%	16.9%	
Depreciation and amortization	3.8	3.7	3%	3.8	3.7	3%
EBITA	14.3	12.6	13%	14.3	12.6	13%
- as a % of sales revenue	14.3%	13.0%		14.3%	13.0%	
Amortization	1.8	1.8	0%	1.8	1.8	0%
EBIT	12.5	10.9	16%	12.5	10.9	16%
- as a % of sales revenue	12.5%	11.2%		12.5%	11.2%	
R&D costs	6.9	5.9	16%	6.9	5.9	16%
No. of employees at March 31	2 409	2 386	1%	2 409	2 386	1%

Supplementary Information by Region

€ in millions	Europe			North America		
	3 months 2010	3 months 2009	Change	3 months 2010	3 months 2009	Change
Sales revenue						
- acc. to customers' location	56.6	57.0	-1%	25.3	23.7	7%
- as a total %	56.5%	58.9%		25.2%	24.5%	
- acc. to company location	65.8	66.5	-1%	25.3	23.6	7%
EBITA	9.2	9.3	-1%	2.8	2.7	1%
- as a % of sales revenue	14.0%	14.0%		10.9%	11.6%	
No. of employees at March 31	1,642	1,653	-1%	345	351	-2%

€ in millions	Asia Pacific			Other Markets			Group		
	3 months 2010	3 months 2009	Change	3 months 2010	3 months 2009	Change	3 months 2010	3 months 2009	Change
Sales revenue									
- acc. to customers' location	14.7	12.1	21%	3.6	4.0	-9%	100.2	96.8	3%
- as a total %	14.7%	12.5%		3.6%	4.1%		100.0%	100.0%	
- acc. to company location	9.0	6.7	35%	0.0	0.0		100.2	96.8	3%
EBITA	1.8	0.4	310%	0.5	0.2	238%	14.3	12.6	13%
- as a % of sales revenue	20.3%	6.7%		0.0%	0.0%		14.3%	13.0%	
No. of employees at March 31	326	304	7%	96	78	23%	2,409	2,386	1%

Consolidated Statement of Changes in Equity

€ in millions	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Retained earnings	Foreign currency translation reserves	Group equity	Minority interest	Total equity
Balance at Jan. 1, 2009	10.3	338.4	-0.5	0.2	26.1	-4.7	369.8	1.9	371.6
Comprehensive income	0.0	0.0	-0.4	0.0	5.3	1.4	6.3	-0.1	6.2
Stock options	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
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at March 31, 2009	10.3	338.4	-0.9	0.2	31.3	-3.3	376.0	1.8	377.8
Balance at Jan. 1, 2010	10.4	338.8	-0.1	-0.2	49.7	-5.4	393.2	0.0	393.2
Comprehensive income	0.0	0.0	-0.2	-0.2	7.4	3.5	10.5	0.0	10.5
Stock options	0.0	0.5	0.0	0.0	0.0	0.0	0.5	0.0	0.5
Change in minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at March 31, 2010	10.4	339.3	-0.3	-0.4	57.1	-1.8	404.2	0.0	404.2

Key Figures

All figures are given in millions of €, unless otherwise specified	3 months 2010	3 months 2009	Change in %
Results			
Order intake	110.5	104.7	5.5
Sales revenue	100.2	96.8	3.5
EBITDA	18.1	16.3	11.0
EBITA	14.3	12.6	13.4
EBIT	12.5	10.9	15.6
Profit before tax	11.6	8.3	39.8
Net profit for the period	7.5	5.3	42.0
Earnings per share (in €)	0.44	0.32	40.1
As a % of sales revenue			
EBITDA	18.1	16.9	
EBITA	14.3	13.0	
EBIT	12.5	11.2	
Net profit for the period	7.5	5.5	
Balance sheet			
Balance sheet total	686.0	654.5	
Equity	404.2	377.8	
Equity ratio (in %)	58.9	57.7	
Gearing	0.2	0.4	
Financials			
Capital expenditures	3.6	5.0	-27.8
- as a % of sales revenue	3.6	5.2	
Depreciation and amortization	5.6	5.5	1.9
Net cash flow from operating activities	10.1	9.4	8.2
Net debt	80.6	150.1	-46.3
Total number of employees as of March 31	2,409	2,386	1.0
R&D			
R&D costs	6.9	5.9	15.9
- as a % of sales revenue	6.8	6.1	

Notes to the Interim Financial Statements

Accounting Rules and Methods

The annual consolidated financial statements of the Sartorius Stedim Biotech Group 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 first-quarter report has not been reviewed by independent, certified auditors.

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Financial Schedule

May 11 - 12, 2010

European Midcap Event in London, UK

May 18, 2010

8th Midcap Healthcare Conference in Paris, France

July 2010

Publication of first-half figures for 2010

September 20 - 21, 2010

Euronext Midcap Event in Paris, France

October 2010

Publication of nine-month figures for 2010

January 6 - 7, 2011

Oddo Midcap Forum in Lyon, France

February 2011*

Publication of preliminary full-year figures for 2010

April 2011*

General Annual Shareholders' Meeting in Aubagne, France

April 2011*

Publication of first-quarter figures for 2011

* Tentative date

This is a translation of the original French-language first-quarter financial report "Information financière trimestrielle." 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 interim 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.