



sartorius stedim
biotech

Sartorius Stedim Biotech Group
First-Quarter Report from January to March 2011

Q1 2011

Business Development and Outlook

- Further gains in order intake and sales revenue, primarily with single-use products
- Overproportionate growth in earnings
- Outlook for 2011 confirmed by first-quarter results

Order Intake and Sales Revenue

From January to March 2011, order intake and sales revenue showed highly dynamic development. The Sartorius Stedim Biotech Group thus increased order intake by 16.8%, or 15.1% in constant currencies, to €129.0 million from €110.5 million in the year-earlier quarter. Strong demand from our customers for single-use products, especially filters, for biopharmaceutical manufacturing processes primarily fueled these gains. Sales revenue rose 10.6%, or 9.0% in constant currencies, year on year from €100.2 million to €110.8 million.

All business regions posted positive growth rates, both in order intake and in sales revenue. The Asia | Pacific region again generated the highest growth momentum. There, the Group achieved double-digit rates of increase in sales for both its single-use products and equipment business. In particular, substantial growth in equipment business continued to be buoyed by relatively large orders received in fiscal 2010 for bioreactor systems. In Europe, the Group reported a double-digit gain in order intake, which was especially due to strong demand for single-use products and was not yet completely reflected by its sales revenue figure.

Earnings Development

During the first quarter of 2011, the Sartorius Stedim Biotech Group again increased its operating earnings (underlying EBITA = earnings before interest, taxes and amortization and adjusted for extraordinary items) overproportionately in relation to sales growth, by 20.1% from €14.7 million to €17.6 million. Its respective EBITA margin improved predominantly as a result of economies of scale from 14.6% to 15.9%.

The European region contributed the highest share of the Group's operating earnings, generating €11.8 million, up from €9.4 million in the year-earlier quarter. At the same time, Europe proved to be the region with the highest profitability. The operating margin in this region climbed from 14.4% to 17.0%. In the North American region, operating EBITA rose from €2.9 million to €3.7 million. The respective margin for this region increased from 11.3% a year ago to 13.7%. Asia | Pacific contributed the same amount of earnings as in the previous year, €1.8 million. At 13.1%, this region's operating margin was down from the year-earlier figure of 20.3% because of the comparably high proportion of revenue resulting from equipment business.

Including all extraordinary items of +€0.8 million (Q1 2010: -€0.3 million), EBITA for the Group totals €18.4 million, up from €14.3 million in the year-ago quarter. Its respective EBITA margin is at 16.6% compared with 14.3% reported for the year-earlier quarter.

The relevant underlying net profit for the first-quarter period amounts to €11.5 million, up from €9.0 million in the year before. This profit figure is calculated by adjusting for extraordinary items, eliminating non-cash amortization of €1.9 million for business combinations (Q1 2010: €1.8 million) and by taking tax effects into account. The corresponding earnings per share are at €0.75, up from €0.53 in 2010.



Key Figures

€ in millions (unless otherwise specified)	3 months 2011	3 months 2010	Change in %	Change in % (in constant currencies)
Sales revenue	110.8	100.2	+10.6	+9.0
- Europe ¹⁾	58.4	56.6	+3.2	+2.9
- North America ¹⁾	27.1	25.3	+7.5	+6.4
- Asia Pacific ¹⁾	21.0	14.7	+43.1	+35.3
- Other Markets ¹⁾	4.2	3.6	+14.9	+14.9
EBITA ²⁾³⁾	17.6	14.7	+20.1	
EBITA margin ²⁾ in %	15.9	14.6		
Net profit ²⁾⁴⁾	11.5	9.0	+28.7	
Earnings per share ²⁾⁴⁾ in €	0.75	0.53	+42.8	

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 for the Sartorius Stedim Biotech Group rose to €668.5 million as of March 31, 2011, from €656.3 million as of December 31, 2010. This was primarily due to the buildup in inventories and trade receivables resulting from the increase in sales as well as to the increase in equity on account of positive earnings development.

Equity climbed from €365.1 million at December 31, 2010, to €375.9 million. At 56.2%, the Group's equity ratio as of March 31, 2011, was higher than the figure reported as of December 31, 2010 (55.6%), and thus continues to remain at a very comfortable level.

Gross debt rose slightly to €133.8 million as of March 31, 2011, from €132.4 million as of December 31, 2010. Cash and cash equivalents at €29.4 million as of March 31, 2011, were approximately the same compared with the figure reported as of December 31, 2010 (€29.7 million). Net debt is thus at €104.5 million (December 31, 2010: €102.8 million). The gearing ratio, or the ratio of net debt to equity, is at 0.3, as on December 31, 2010.

Cash flows from operating activities amounted to €2.5 million (Q1 2010: €10.1 million), mainly due to the buildup of inventories and trade receivables resulting from sales growth. Cash flows from investing activities were at -€2.9 million (Q1 2010: -€3.4 million). Cash flows from financing activities totaled €1.2 million (Q1 2010: €1.9 million).

The ratio of net debt to underlying EBITDA (based on the past 12 months) is at 1.2 as of the reporting date and thus unchanged compared with December 31, 2010. The interest coverage ratio, calculated as underlying EBITDA divided by cash interest expense of the past 12 months, reached 25.7, nearly the same figure as of December 31, 2010 (25.8). The key financials have therefore remained at a very solid level.

Dividends

On April 18, 2011, the Annual General Shareholders' Meeting of Sartorius Stedim Biotech S.A. resolved to pay a dividend of €0.90 per share to its shareholders for fiscal 2010. Compared with the year-earlier figure of €0.60, this represents a gain of 50%. The total profit distributed has increased from €10.2 million a year ago to €13.8 million. On the basis of underlying net profit excluding non-cash amortization for business combinations, this equates to a dividend payout ratio of 30.5%, nearly the same level as in the previous year (29.4%).



Outlook

Based on the first-quarter results of 2011, management confirms its full-year forecast for 2011 given earlier.

This outlook forecasts currency-adjusted growth of sales revenue between 6% and 8%. Business with single-use products is expected to grow more strongly again than equipment business. Along with the increase in sales revenue, the company's underlying EBITA margin is projected to increase in constant currencies to around 17%. Furthermore, operating cash flow is targeted to be significantly positive.

Statement of Financial Position

Assets	March 31, 2011		Dec. 31, 2010	
	Unaudited financial data		Audited	
	€ in mn	%	€ in mn	%
Non-current assets				
Goodwill	250.3	37.4	250.3	38.1
Intangible assets	100.3	15.0	102.1	15.6
Property, plant and equipment	111.4	16.7	112.7	17.2
Investments	2.2	0.3	2.2	0.3
	464.2	69.4	467.3	71.2
Receivables and other assets	0.7	0.1	0.8	0.1
Deferred tax assets	10.6	1.6	11.9	1.8
	475.5	71.1	480.0	73.1
Current assets				
Inventories	59.7	8.9	50.8	7.7
Trade receivables	83.6	12.5	82.5	12.6
Current tax assets	4.1	0.6	3.4	0.5
Other assets	16.3	2.4	10.1	1.5
Cash and cash equivalents	29.4	4.4	29.7	4.5
	193.1	28.9	176.4	26.9
Total assets	668.5	100.0	656.3	100.0

Equity and liabilities	March 31, 2011		Dec. 31, 2010	
	Unaudited financial data		Audited	
	€ in mn	%	€ in mn	%
Equity				
Issued capital	10.4	1.6	10.4	1.6
Capital reserves	278.3	41.6	278.2	42.4
Retained earnings (including net profit)	87.2	13.0	76.5	11.7
Non-controlling interest	0.0	0.0	0.0	0.0
	375.9	56.2	365.1	55.6
Non-current liabilities				
Pension provisions	16.1	2.4	16.0	2.4
Deferred tax liabilities	34.9	5.2	34.2	5.2
Other provisions	3.9	0.6	3.9	0.6
Loans and borrowings	92.1	13.8	92.1	14.0
Other liabilities	0.1	0.0	0.1	0.0
	147.1	22.0	146.4	22.3
Current liabilities				
Provisions	5.0	0.8	4.8	0.7
Trade payables	45.4	6.8	46.0	7.0
Loans and borrowings	41.8	6.2	40.3	6.1
Current tax liabilities	14.9	2.2	16.1	2.5
Other liabilities	38.5	5.8	37.7	5.8
	145.5	21.8	144.9	22.1
Total equity and liabilities	668.5	100.0	656.3	100.0

Income Statement

	1st quarter 2011		1st quarter 2010	
	€ in mn	%	€ in mn	%
Sales revenue	110.8	100.0	100.2	100.0
Cost of sales	-54.4	-49.1	-51.1	-51.0
Gross profit on sales	56.3	50.9	49.1	49.0
Selling and distribution costs	-24.4	-22.0	-22.4	-22.4
Research and development costs	-7.4	-6.7	-6.9	-6.8
General administrative expenses	-6.6	-5.9	-6.3	-6.3
Other operating income and expenses	0.3	0.3	0.7	0.7
Earnings before interest, taxes and amortization (EBITA)¹⁾	18.4	16.6	14.3	14.3
Amortization ²⁾	-1.9	-1.7	-1.8	-1.8
Earnings before interest and taxes (EBIT)	16.5	14.9	12.5	12.5
Interest and similar income	0.6	0.5	0.1	0.1
Interest and similar expenses	-1.3	-1.2	-1.1	-1.1
Financial result	-0.7	-0.7	-0.9	-0.9
Profit before tax	15.8	14.2	11.6	11.6
Deferred tax income expenses	-0.8	-0.7	0.3	0.3
Income tax expenses	-3.8	-3.4	-3.9	-3.9
Other taxes	-0.4	-0.3	-0.5	-0.5
Taxes	-5.0	-4.5	-4.1	-4.1
Net profit for the period	10.8	9.7	7.5	7.5
Attributable to:				
Equity holders of Sartorius Stedim Biotech	10.8	9.7	7.5	7.5
Non-controlling interest	0.0	0.0	0.0	0.0
Earnings per share (€)	0.70		0.44	
Diluted earnings per share (€)	0.70		0.44	

¹⁾ The Sartorius Stedim Biotech Group uses earnings before interests, taxes and amortization (EBITA) as the key figure for measuring the 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 9 of the Reference Document 2010).

Statement of Comprehensive Income

	3 months 2011 € in mn	3 month 2010 € in mn
Net profit for the period	10.8	7.5
Net gains (losses) on cash flow hedges	3.6	-0.3
Actuarial gains (losses) from pension provisions	0.0	-0.3
Currency translation differences	-3.5	3.5
Net investment in a foreign operation	1.2	-0.1
Deferred taxes	-1.5	0.2
Net income recognized directly in equity	-0.1	3.0
Comprehensive income	10.7	10.5
Equity holders of Sartorius Stedim Biotech	10.7	10.5
Non-controlling interest	0.0	0.0

Cash Flow Statement

	3 months 2011 € in mn	3 month 2010 € in mn
Cash flows from operating activities		
Net profit for the period	10.8	7.5
Tax expenses	5.0	4.1
Financial expenses	0.7	0.9
Depreciation amortization of fixed assets	5.6	5.6
Increase decrease in provisions	0.4	-0.4
Increase decrease in receivables	-4.9	-1.0
Increase decrease in inventories	-9.7	-4.9
Increase decrease in liabilities	1.2	3.0
Gains from the disposal of fixed assets	-0.9	0.0
Income taxes paid	-5.8	-4.7
Net cash flow from operating activities	2.5	10.1
Cash flows from investing activities		
Payments for financial assets	0.0	0.0
Payments for property, plant and equipment	-3.3	-2.6
Income from the disposal of fixed assets	1.6	0.2
Payments for intangible assets	-1.2	-1.1
Net cash flow from investing activities	-2.9	-3.4
Cash flows from financing activities		
Changes in capital	0.1	0.5
Interest received	0.1	0.0
Interest paid	-0.3	-0.2
Other financial charges	-0.1	0.0
Dividends paid to:		
- Shareholders of the parent company	0.0	0.0
- Minority shareholders	0.0	0.0
Loans and borrowings repaid (-) raised (+)	1.5	1.5
Net cash flow from financing activities	1.2	1.9
Net increase decrease in cash and cash equivalents	0.8	8.6
Cash and cash equivalents at the beginning of the period	29.7	54.8
Net effect of currency translation on cash and cash equivalents	-1.1	0.1
Cash and cash equivalents at the end of the period	29.4	63.5
Gross debt owed to banks	133.8	144.1
Net debt owed to banks	104.5	80.6

Operating Segments

According to IFRS 8 ,Operating Segments, the identification of reportable operating segments is based on the "management approach", i.e. segments are defined according to the internal governance and reporting structures of an entity. A reportable operating segment is therefore a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (= the Executive Committee of the Board of Directors) to make decisions about the allocation of resources and to assess its performance and for which discrete financial information is available. Internal management and reporting within Sartorius Stedim Biotech is based on the approach of operating as a "total solution provider" for our customers. Accordingly, the identification of reportable operating segments remains unchanged in comparison with IAS 14: Sartorius Stedim Biotech's reportable segment is Biopharm.

The segment result that is the key profitability measure used internally is EBITA, or earnings before interest, taxes and amortization. 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 liabilities are not provided regularly to the chief operating decision maker; thus, no respective disclosures are made in the segment information.

Segment Information by Division

€ in millions (unless otherwise specified)	Biopharma Group		
	3 months 2011	3 months 2010	Change
Order intake	129.0	110.5	17%
Sales revenue	110.8	100.2	11%
- as a total %	100.0%	100.0%	
EBITDA	22.1	18.1	22%
- as a % of sales revenue	20.0%	18.1%	
Depreciation and amortization	3.7	3.8	-2%
EBITA	18.4	14.3	29%
- as a % of sales revenue	16.6%	14.3%	
Amortization	1.9	1.8	8%
EBIT	16.5	12.5	31%
- as a % of sales revenue	14.9%	12.5%	
R&D costs	7.4	6.9	7%
No. of employees at March 31	2,638	2,409	10%

Supplementary Information by Region

€ in millions (unless otherwise specified)	Europe			North America		
	3 months 2011	3 months 2010	Change	3 months 2011	3 months 2010	Change
Sales revenue						
- acc. to customers' location	58.4	56.6	3%	27.1	25.3	7%
- as a total %	52.8%	56.5%		24.5%	25.2%	
- acc. to company location	69.5	65.8	6%	27.3	25.3	8%
EBITA	11.8	9.2	28%	3.7	2.8	35%
- as a % of sales revenue	17.0%	14.0%		13.7%	10.9%	
No. of employees at March 31	1,718	1,642	5%	397	345	15%

€ in millions (unless otherwise specified)	Asia Pacific			Other Markets			Group		
	3 months 2011	3 months 2010	Change	3 months 2011	3 months 2010	Change	3 months 2011	3 months 2010	Change
Sales revenue									
- acc. to customers' location	21.0	14.7	43%	4.2	3.6	15%	110.8	100.2	11%
- as a total %	19.0%	14.7%		3.7%	3.6%		100.0%	100.0%	
- acc. to company location	13.9	9.0	54%	0.0	0.0		110.8	100.2	11%
EBITA	2.6	1.8	44%	0.2	0.5	-55%	18.4	14.3	29%
- as a % of sales revenue	19.0%	20.3%					16.6%	14.3%	
No. of employees at March 31	403	326	24%	120	96	25%	2,638	2,409	10%

Statement of Changes in Equity

€ in millions (unless otherwise specified)	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Retained earnings	Foreign currency translation reserves	Group equity	Non- controlling interest	Total equity
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 non- controlling 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
Balance at Jan. 1, 2011	10.4	278.2	0.7	-1.7	77.6	-0.1	365.1	0.0	365.1
Comprehensive income	0.0	0.0	2.5	0.0	11.6	-3.5	10.7	0.0	10.7
Stock options	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Change in non- controlling 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, 2011	10.4	278.3	3.2	-1.7	89.2	-3.6	375.9	0.0	375.9

Key Figures

All figures are given in millions of €, unless otherwise specified	3 months 2011	3 months 2010	Change in %
Results			
Order intake	129.0	110.5	16.8
Sales revenue	110.8	100.2	10.6
EBITDA	22.1	18.1	22.1
EBITA	18.4	14.3	28.5
Profit before tax	15.8	11.6	35.6
Net profit for the period	10.8	7.5	42.8
Earnings per share (in €)	0.70	0.44	58.5
As a % of sales revenue			
EBITDA	20.0	18.1	
EBITA	16.6	14.3	
Net profit for the period	9.7	7.5	
Statement of financial position			
Balance sheet total	668.5	686.0	
Equity	375.9	404.2	
Equity ratio (in %)	56.2	58.9	
Gearing ratio	0.3	0.2	
Financials			
Capital expenditures	4.5	3.6	25.5
- as a % of sales revenue	4.1	3.6	
Depreciation and amortization	5.6	5.6	1.2
Net cash flow from operating activities	2.5	10.1	-75.7
Net debt	104.5	80.6	29.6
Total number of employees as of March 31	2,638	2,409	9.5
R&D			
R&D costs	7.4	6.9	7.5
- as a % of sales revenue	6.7	6.8	

Notes to the Interim Financial Statements

Accounting Rules and Methods

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 2010 were based.

The consolidated annual financial statements of the Sartorius Stedim Biotech Group for the period ended December 31, 2010, were prepared in accordance with the accounting standards of the International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRS).

Furthermore, all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) to be applied effective March 31, 2011, 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, 2010.

Other Disclosures

This consolidated first-quarter report has not been reviewed by independent, certified auditors.

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Financial Schedule

May 17, 2011

9th Midcap Healthcare Forum in Paris, France

July 2011

Publication of first-half year figures for 2011

July 2011

Analysts Conference (SFAF) in Paris, France

September 22 - 23, 2011

Euronext Midcap Event in Paris, France

October 2011

Publication of nine-month figures for 2011

February 2012*

Publication of preliminary full-year figures for 2011

April 2012*

Annual General Shareholders' Meeting in Aubagne, France

April 2011

Publication of first-quarter figures for 2012

* 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.