



sartorius stedim
biotech

Sartorius Stedim Biotech Group
Nine-Month Report from January to September 2010



Business Development and Outlook

- Strong growth in Asia | Pacific and North America
- Further increase in profitability
- Outlook for 2010 specified: Growth slightly lower, operating margin slightly higher

Order Intake and Sales Revenue

For the nine-month period ended September 30, 2010, the Sartorius Stedim Biotech Group posted a gain in order intake of 8.9% (in constant currencies: +6.2%) from €304.1 million to €331.1 million. As expected, relatively large orders for bioreactors in equipment business, particularly from Asia, and double-digit growth rates in business with single-use products in Asia | Pacific and North America contributed to this rise in order intake. These regions also generated double-digit rates of increase in sales revenue with single-use products. On the whole, Group sales revenue in the first nine months rose 6.8% (in constant currencies: +4.4%) to €319.0 million from €298.7 million a year ago. In Europe, growth turned out to be more moderate, especially due to the expected phase-out of extraordinary business with producers of H1N1 vaccines. Adjusted for this special item in the previous year, business with single-use products increased overall in the upper single-digit percentage range.

Earnings Development

In the first nine months of 2010, the Sartorius Stedim Biotech Group achieved operating earnings (underlying EBITA = earnings before interest, taxes and amortization and adjusted for extraordinary expenses) of €50.0 million, up from €46.4 million in the year-earlier period. The respective EBITA margin improved from 15.5% to 15.7%.

Including all extraordinary expenses of €0.9 million (previous year: €1.8 million), which essentially entail severance payments, EBITA of the Sartorius Stedim Biotech Group thus totals €49.1 million, up from €44.6 million a year earlier. The corresponding EBITA margin is at 15.4%, up from 14.9% a year ago.

The relevant underlying net profit after minority interest for the Group is €31.0 million, up from €26.5 million for the prior-year period. This figure is yielded by adjustment for extraordinary expenses and elimination of non-cash amortization, related to business combinations, of €5.3 million. The corresponding underlying earnings per share are at €1.91, up from €1.56 a year earlier.

Key Figures

€ in millions	9 months 2010	9 months 2009	Change in %	Change in % (in constant currencies)
Sales revenue	319.0	298.7	+6.8	+4.4
- Europe ¹⁾	169.9	173.6	-2.1	-2.5
- North America ¹⁾	85.0	72.5	+17.3	+13.0
- Asia Pacific ¹⁾	51.0	40.5	+25.8	+17.5
- Other Markets ¹⁾	13.1	12.1	+8.0	+8.0
EBITA ²⁾³⁾	50.0	46.4	+7.6	
EBITA margin ²⁾	15.7	15.5		
Net profit ²⁾⁴⁾	31.0	26.5	+16.9	
Earnings per share in € ²⁾⁴⁾	1.91	1.56	+22.2	

¹⁾ Acc. to customers' location

²⁾ Underlying

³⁾ For more information, see the first footnote on page 5.

⁴⁾ Excluding amortization

Cash Flow and Financing

In the first three quarters of the current fiscal year, cash flows from operating activities were clearly positive at €50.1 million. The decrease from the previous year's figure, €65.5 million, was due to a buildup in net working capital in line with our sales growth. Cash flows from investing activities at -€10.5 million (previous year: -€11.0 million) developed at a relatively stable level.

In the second quarter of 2010, Sartorius Stedim Biotech S.A. (SSB S.A.) initiated a share buyback program under which it repurchased treasury shares, valued at €48.6 million. In the third quarter, no further shares were purchased. The cash flows from financing activities include these payments, as well as a doubled dividend payment of €10.2 million, and therefore stand at -€66.0 million, compared with -€11.1 million for the previous year.

Hence, this entailed an increase in net debt, which rose from €87.6 million as of December 31, 2009, to €108.4 million as of September 30, 2010. As a result, the ratio of net debt to underlying EBITDA based on the past 12 months is 1.4 relative to 1.2 as of December 31, 2009. Therefore, it still remains at an exceptionally low level. The interest coverage ratio, calculated as underlying EBITDA divided by cash interest expense of the past 12 months, improved from 12.6 at December 31, 2009, to 22.3, also underscoring the company's solid financial position.



Consolidated Balance Sheet

The balance sheet total for the Sartorius Stedim Biotech Group reported in the Statement of Financial Position declined from €667.9 million as of December 31, 2009, to €651.6 million as of September 30, 2010.

On the assets side, the balance sheet reflects a buildup in inventories and trade receivables resulting from the increase in sales revenue, while cash and cash equivalents decreased within the scope of the share buyback program.

On the equity and liabilities side, equity declined from €393.2 million as of December 31, 2009, to €365.4 million as of September 30, 2010; this was triggered by the share buyback program and the dividend payment made in the second quarter of 2010. However, the equity ratio at 56.1% (December 31, 2009: 58.9%) is still at a very comfortable level.

Gross debt fell from €142.5 million on December 31, 2009, to €136.5 million on September 30, 2010. The gearing ratio, the ratio of net debt to equity, slightly increased from 0.2 as of December 31, 2009, to 0.3.

Future Business Development in 2010

Management of Sartorius Stedim Biotech specified its financial outlook for fiscal 2010: Due to moderate business development in Europe, sales growth is expected to be slightly below previous forecasts, at approx. 5% in constant currencies (earlier within the upper half of the single-digit percentage range), while profitability will be slightly above former guidance. The operating EBITA margin is thus anticipated to increase to approx. 16% (earlier slightly above the previous year's figure of 15.0%). Furthermore, operating cash flow is targeted to be significantly positive.

Statement of Financial Position

Assets	September 30, 2010		Dec. 31, 2009 Audited	
	€ in mn	%	€ in mn	%
Non-current assets				
Goodwill	250.3	38.4	250.3	37.5
Intangible assets	103.3	15.9	106.6	16.0
Property, plant and equipment	111.6	17.1	111.8	16.7
Financial assets	2.2	0.3	2.2	0.3
	467.4	71.7	470.9	70.5
Receivables and other assets	1.0	0.1	1.4	0.2
Deferred tax assets	11.6	1.8	10.0	1.5
	479.9	73.7	482.3	72.2
Current assets				
Inventories	55.3	8.5	46.7	7.0
Trade receivables	75.4	11.6	70.5	10.5
Current tax assets	2.2	0.3	3.4	0.5
Other assets	10.7	1.6	10.2	1.5
Cash and cash equivalents	28.1	4.3	54.8	8.2
	171.7	26.3	185.6	27.8
Total assets	651.6	100.0	667.9	100.0
	September 30, 2010		Dec. 31, 2009 Audited	
Equity and liabilities	€ in mn	%	€ in mn	%
Equity				
Issued capital	10.4	1.6	10.4	1.6
Capital reserves	290.7	44.6	338.8	50.7
Retained earnings (including net profit)	64.4	9.9	44.0	6.6
Minority interest	0.0	0.0	0.0	0.0
	365.4	56.1	393.2	58.9
Non-current liabilities				
Pension provisions	13.9	2.1	12.9	1.9
Deferred tax liabilities	34.9	5.4	34.6	5.2
Other provisions	3.2	0.5	3.2	0.5
Loans and borrowings	97.6	15.0	104.1	15.6
Other liabilities	0.1	0.0	0.2	0.0
	149.7	23.0	155.0	23.2
Current liabilities				
Provisions	4.2	0.7	4.9	0.7
Trade payables	42.1	6.5	32.7	4.9
Loans and borrowings	38.9	6.0	38.4	5.8
Current tax liabilities	15.9	2.4	10.8	1.6
Other liabilities	35.4	5.4	32.8	4.9
	136.5	20.9	119.7	17.9
Total equity and liabilities	651.6	100.0	667.9	100.0

Income Statement

	3rd quarter 2010		3rd quarter 2009		9 months 2010		9 months 2009	
	€ in mn	%	€ in mn	%	€ in mn	%	€ in mn	%
Sales revenue	109.7	100.0	100.4	100.0	319.0	100.0	298.7	100.0
Cost of sales	-55.0	-50.1	-51.3	-51.1	-160.4	-50.3	-154.0	-51.5
Gross profit on sales	54.8	49.9	49.1	48.9	158.6	49.7	144.8	48.5
Selling and distribution costs	-23.7	-21.6	-20.1	-20.0	-69.6	-21.8	-62.9	-21.1
Research and development costs	-7.1	-6.5	-6.3	-6.3	-20.8	-6.5	-18.0	-6.0
General administrative expenses	-6.3	-5.7	-6.0	-5.9	-18.7	-5.8	-18.8	-6.3
Other operating income and expenses	0.5	0.4	1.3	1.3	-0.5	-0.2	-0.6	-0.2
Earnings before interest, taxes and amortization (EBITA)¹⁾	18.1	16.5	18.0	17.9	49.1	15.4	44.6	14.9
Amortization ²⁾	-1.8	-1.6	-1.8	-1.7	-5.3	-1.7	-5.3	-1.8
Earnings before interest and taxes (EBIT)	16.4	14.9	16.3	16.2	43.7	13.7	39.3	13.2
Interest and similar income	0.1	0.1	0.1	0.1	0.3	0.1	0.2	0.1
Interest and similar expenses	-1.0	-1.0	-1.5	-1.5	-3.1	-1.0	-6.1	-2.0
Financial result	-1.0	-0.9	-1.4	-1.4	-2.7	-0.9	-5.8	-2.0
Profit before tax	15.4	14.0	14.9	14.8	41.0	12.9	33.4	11.2
Deferred tax income expenses	0.4	0.4	-0.2	-0.2	1.4	0.5	0.0	0.0
Income tax expenses	-5.2	-4.7	-4.5	-4.4	-14.1	-4.4	-10.2	-3.4
Other taxes	-0.5	-0.5	-0.5	-0.5	-1.6	-0.5	-1.6	-0.5
Taxes	-5.3	-4.8	-5.1	-5.1	-14.2	-4.5	-11.8	-3.9
Net profit for the period	10.1	9.2	9.8	9.8	26.8	8.4	21.7	7.2
Attributable to:								
Equity holders of Sartorius Stedim Biotech	10.1	9.2	9.7	9.7	26.8	8.4	21.7	7.3
Minority interest	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Earnings per share (€)	0.64		0.57		1.65		1.28	
Diluted earnings per share (€)	0.64		0.57		1.64		1.27	

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.

Statement of Comprehensive Income

	3rd quarter 2010 € in mn	3rd quarter 2009 € in mn	9 months 2010 € in mn	9 months 2009 € in mn
Net profit for the period	10.1	9.8	26.8	21.7
Net (loss) gain on cash flow hedges	1.4	-0.2	0.5	0.6
Actuarial gains losses from pension provisions	0.1	0.1	-0.3	0.1
Currency translation differences	-5.6	-1.5	3.4	-1.8
Net investment in a foreign operation	0.2	0.1	-0.1	0.1
Deferred taxes	-0.5	0.0	0.0	-0.3
Total income and expenses recognized directly in equity	-4.5	-1.5	3.5	-1.2
Comprehensive income	5.6	8.3	30.3	20.4
Equity holders of Sartorius Stedim Biotech	5.6	8.2	30.3	20.5
Minority interest	0.0	0.1	0.0	-0.1

Consolidated Cash Flow Statement

	9 months 2010 € in mn	9 months 2009 € in mn
Cash flows from operating activities		
Net result	26.8	21.7
Minority interest	0.0	0.0
Tax expenses	14.2	11.8
Financial expenses	2.7	5.8
Depreciation amortization of fixed assets	17.1	16.8
Increase decrease in provisions	-0.8	-0.1
Increase decrease in receivables	-2.7	4.2
Increase decrease in inventories	-7.5	4.3
Increase decrease in liabilities	8.2	5.2
Income taxes paid	-7.9	-4.3
Net cash flow from operating activities	50.1	65.5
Cash flows from investing activities		
Payments for financial assets	0.0	-0.4
Payments for property, plant and equipment	-7.8	-7.9
Income from the disposal of fixed assets	0.6	0.9
Payments for intangible assets	-3.2	-3.8
Effects from business combinations	0.0	0.2
Net cash flow from investing activities	-10.5	-11.0
Cash flows from financing activities		
Changes in capital	0.5	0.4
Interest received	0.3	0.2
Interest paid	-1.8	-6.1
Other financial charges	0.0	-0.2
Dividends paid to:		
- Shareholders of the parent company	-10.2	-5.1
- Minority shareholders	0.0	0.0
Changes in minority interest	0.0	0.0
Share buyback program ¹⁾	-48.6	0.0
Loans and borrowings repaid (-) raised (+)	-6.1	-0.3
Net cash flow from financing activities	-66.0	-11.1
Net increase decrease in cash and cash equivalents	-26.3	43.3
Cash and cash equivalents at the beginning of the period	54.8	13.2
Net effect of currency translation on cash and cash equivalents	-0.4	0.1
Cash and cash equivalents at the end of the period	28.1	56.6
Gross debt owed to banks	136.5	162.9
Net debt owed to banks	108.4	106.3

¹⁾ See specific paragraph in the Notes to the Interim Financial Statements

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	21.8	-1.8	20.5	-0.1	20.4
Stock options	0.0	0.4	0.0	0.0	0.0	0.0	0.4	0.0	0.4
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	-5.1	0.0	-5.1	0.0	-5.1
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at Sept. 30, 2009	10.4	338.8	-0.1	0.2	42.8	-6.4	385.6	1.8	387.4
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	0.3	-0.2	26.7	3.4	30.3	0.0	30.3
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	-10.2	0.0	-10.2	0.0	-10.2
Share buyback program ¹⁾	0.0	-48.6	0.0	0.0	0.0	0.0	-48.6	0.0	-48.6
Other changes	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.3
Balance at Sept. 30, 2010	10.4	290.7	0.2	-0.4	66.5	-1.9	365.4	0.0	365.4

¹⁾ See specific paragraph in the Notes to the Interim Financial Statements

Operating Segments

According to IFRS 8, Business Segments, applicable as of January 2009, the identification of reportable segments is based on the "management approach", i.e. the determination of operating segments follows the internal governance and reporting structures of the entity. A reportable 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. The internal management and reporting within Sartorius Stedim Biotech is based on the approach of acting as a "total solution provider" for our customers.

The segment result that is relevant for the assessment of performance is EBITA, the earnings before tax, interest and amortization. Therefore, taxes and interest 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	Biopharm Group		
	9 months 2010	9 months 2009	Change
Order intake	331.1	304.1	9%
Sales revenue	319.0	298.7	7%
- as a total %	100.0%	100.0%	
EBITDA	60.8	56.1	8%
- as a % of sales revenue	19.1%	18.8%	
Depreciation and amortization	11.7	11.5	2%
EBITA	49.1	44.6	10%
- as a % of sales revenue	15.4%	14.9%	
Amortization	5.3	5.3	1%
EBIT	43.7	39.3	11%
- as a % of sales revenue	13.7%	13.2%	
R&D costs	20.8	18.0	16%
No. of employees at September 30	2,533	2,396	6%

Additionally, group-wide figures are presented on the level of geographical regions. The European region includes the markets of Western and Eastern Europe. The North American region reflects the U.S. marketplace and the Canadian market. Japan, China, Australia and India, among other countries, were allocated to the Asia | Pacific region. The Other Markets segment primarily consists of Latin America and Africa. The key figures of the regional segments refer to the company location, except for sales revenue, which is also reported according to the customer's location.

Supplementary Information by Region

€ in millions	Europe			North America		
	9 months 2010	9 months 2009	Change	9 months 2010	9 months 2009	Change
Sales revenue						
- acc. to customers' location	169.9	173.6	-2%	85.0	72.5	17%
- as a total %	53.3%	58.1%		26.7%	24.3%	
- acc. to company location	202.4	203.9	-1%	84.7	72.0	18%
EBITA	32.3	32.5	-1%	11.1	8.3	35%
- as a % of sales revenue	16.0%	15.9%		13.2%	11.5%	
No. of employees at September 30	1,682	1,636	3%	383	355	8%

€ in millions	Asia Pacific			Other Markets			Group		
	9 months 2010	9 months 2009	Change	9 months 2010	9 months 2009	Change	9 months 2010	9 months 2009	Change
Sales revenue									
- acc. to customers' location	51.0	40.5	26%	13.1	12.1	8%	319.0	298.7	7%
- as a total %	16.0%	13.6%		4.1%	4.0%		100.0%	100.0%	
- acc. to company location	31.8	22.8	40%	0.0	0.0		319.0	298.7	7%
EBITA	4.9	3.3	47%	0.7	0.5	60%	49.1	44.6	10%
- as a % of sales revenue	15.3%	14.5%		0.0%	0.0%		15.4%	14.9%	
No. of employees at September 30	379	322	18%	89	83	7%	2,533	2,396	6%

Key Figures

All figures are given in millions of €, unless otherwise specified	9 months 2010	9 months 2009	Change in %
Results			
Order intake	331.1	304.1	8.9
Sales revenue	319.0	298.7	6.8
EBITDA	60.8	56.1	8.4
EBITA	49.1	44.6	10.1
EBIT	43.7	39.3	11.3
Profit before tax	41.0	33.4	22.6
Net profit for the period	26.8	21.7	23.5
Earnings per share (in €)	1.65	1.28	29.0
As a % of sales revenue			
EBITDA	19.1	18.8	
EBITA	15.4	14.9	
EBIT	13.7	13.2	
Net profit for the period	8.4	7.2	
Balance sheet			
Balance sheet total	651.6	678.3	
Equity	365.4	387.4	
Equity ratio (in %)	56.1	57.1	
Gearing	0.3	0.3	
Financials			
Capital expenditures	11.0	11.7	-5.6
- as a % of sales revenue	3.5	3.9	
Depreciation and amortization	17.1	16.8	1.5
Net cash flow from operating activities	50.1	65.5	-23.4
Net debt	108.4	106.3	1.9
Total number of employees as of September 30	2,533	2,396	5.7
R&D			
R&D costs	20.8	18.0	15.7
- as a % of sales revenue	6.5	6.0	

Notes to the Interim Financial Statements

Accounting Rules and Methods

The consolidated financial statements of the Sartorius Stedim Biotech Group for the period ended September 30, 2010, were prepared in conformance with the IAS 34 Standard "Interim financial reporting," of the IFRS reference system as adopted by the European Union. These nine-month statements are condensed statements that do not include all the information required by the IFRS reference system and must be read in relation to the consolidated annual financial statements of the Sartorius Stedim Biotech Group for the year ended December 31, 2009.

Furthermore, all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) to be applied effective September 30, 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.

Share Buyback Program

The General Annual Shareholders' Meeting held on April 19, 2010, authorized the company Sartorius Stedim Biotech S.A. to introduce its own share buyback program for a maximum duration of 18 months or until the October 19, 2011.

At the end of September 2010, the company Sartorius Stedim Biotech S.A. bought back 1,328,710 treasury shares for an amount of €48.6 million.

Other Disclosures

In the reporting period, Sartorius Stedim Biotech S.A. paid a dividend total of €10.2 million.

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

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Financial Schedule

January 6 - 7, 2011

Oddo Midcap Forum in Lyon, France

February 2011*

Publication of the preliminary full-year figures for 2010

April 2011*

General Annual Shareholders' Meeting in Aubagne, France

April 2011*

Publication of the first-quarter figures for 2011

* Tentative dates

This is a translation of the original French-language nine-month 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.