



sartorius stedim
biotech

Sartorius Stedim Biotech Group
Nine-Month Report from January to September 2011

2011

Business Development and Outlook

- Double-digit increase in sales revenue
- Underlying EBITA soared 22.0%
- Guidance for fiscal 2011 raised yet again

Order Intake and Sales Revenue

For the first nine months of fiscal 2011, the Sartorius Stedim Biotech Group reported dynamic growth. Order intake for the reporting period thus rose 10.5% from €331.1 million to €366.0 million. Adjusted for currency effects, order intake grew 12.4%. This was primarily fueled by strong demand from our customers for single-use products. Sales revenue rose 10.9% to €353.8 million from €319.0 million a year ago. In constant currencies, sales revenue improved 12.7%.

With sales revenue up 37.8% in constant currencies, the Asia | Pacific region continued to report the highest growth dynamics in the Group. This development was driven both by its equipment business and strong growth with single-use products. Following moderate performance in the first half, momentum in North America increased as expected, where nine-month sales revenue in constant currencies was up 7.4%. Development in the European region continued to be excellent, where an increase of 8.2% based on constant currencies was reported. Especially our business with single-use products contributed to this gain.

Earnings Development

In the period under review, the Group once again reported a substantial increase in earnings, driven by rapid expansion of sales revenue and an improved product mix. Consolidated operating earnings (underlying EBITA = earnings before interest, taxes and amortization and adjusted for extraordinary items) surged 22.0% from €50.0 million to €60.9 million. The respective margin improved from 15.7% to 17.2%.

Extraordinary items for the first nine months totaled -€3.6 million, relative to -€0.9 million a year earlier. These mainly relate to provisions for the relocation of our U.S. manufacturing site for single-use bags from Concord, California, to Yauco, Puerto Rico, in 2012. Including all extraordinary items, EBITA amounted to €57.3 million, up from €49.1 million a year ago. The Group's respective EBITA margin is at 16.2%, compared with 15.4% for the year-earlier period.

The relevant net profit for the reporting period totaled €38.9 million, up from €31.0 million in the year before. This profit figure is calculated by adjusting for extraordinary items, eliminating non-cash amortization of €5.8 million (9M 2010: €5.3 million) and by taking tax effects into account. The corresponding earnings per share are at €2.54, up from €1.91 in the previous year.

Key Figures

€ in millions (unless otherwise specified)	9 months 2011	9 months 2010	Change in %	Change in % (in constant currencies)
Sales revenue	353.8	319.0	+10.9	+12.7
- Europe ¹⁾	183.7	169.9	+8.1	+8.2
- North America ¹⁾	85.4	85.0	+0.5	+7.4
- Asia Pacific ¹⁾	70.8	51.0	+38.9	+37.8
- Other Markets ¹⁾	13.9	13.1	+6.1	+6.1
EBITA ²⁾³⁾	60.9	50.0	+22.0	
EBITA margin in % ²⁾	17.2	15.7		
Net profit ²⁾⁴⁾	38.9	31.0	+25.2	
Earnings per share in € ²⁾⁴⁾	2.54	1.91	+32.7	

¹⁾ Acc. to customers' location

²⁾ Underlying (see the definition on page 12)

³⁾ For more information, see page 12

⁴⁾ Excluding amortization

Statements of Financial Position and of Cash Flows

The balance sheet total for the Sartorius Stedim Biotech Group rose to €709.8 million as of September 30, 2011, from €656.3 million as of December 31, 2010. The increase in the balance sheet total primarily resulted from the buildup in working capital entailed by the gain in sales revenue.

Equity was up from €365.1 million as of December 31, 2010, to €381.8 million as of the reporting date. At 53.8%, the equity ratio eased slightly from the figure reported as of December 31, 2010 (55.6%), yet still has continued to remain at a very comfortable level.

Gross debt rose from €132.4 million as of December 31, 2010, to €153.9 million as of September 30, 2011. At the same time, cash and cash equivalents increased from €29.7 million as of December 31, 2010, to €51.3 million as of September 30, 2011. Accordingly, net debt amounted to €102.6 million (December 31, 2010: €102.8 million). In addition to the buildup in net working capital totaling €21.1 million, this figure reflects, inter alia, dividends of €13.8 million paid in the second quarter. The gearing ratio, or ratio of net debt to equity, remained at 0.3 as on December 31, 2010.

Cash flows from operating activities in the first nine months were €33.4 million relative to €50.1 million a year ago. The higher profit contribution was more than offset by the buildup of working capital entailed by sales revenue growth. As planned, cash flows from investing activities of -€18.5 million were higher than the year-earlier level of -€10.5 million, due to the relatively large investment projects currently in progress. Cash flows from financing activities were €5.6 million, where the comparative year-ago figure of -€66.0 million included the acquisition of treasury shares as part of a share buyback program.

As of the reporting date, the ratio of net debt to underlying EBITDA (based on the past 12 months) slightly decreased to 1.1 from 1.2 as of December 31, 2010. The interest coverage ratio, calculated as underlying EBITDA divided by cash interest expense (both based on the past 12 months), also remained at a very comfortable level, at 22.9 (December 31, 2010: 25.8).

Future Business Development in 2011

Based on the strong business performance in the first nine months, management raised its guidance again for 2011 as follows:

Sales revenue is expected to grow between 10% and 11% in constant currencies, compared with the previous guidance of 8% to 10%. The Group's underlying operating margin outlook for 2011 remains unchanged at 17% to 18%.

Furthermore, management continues to expect that operating cash flow will be significantly positive.



Statement of Financial Position

Assets	Sept. 30, 2011		Dec. 31, 2010 Audited	
	€ in mn	%	€ in mn	%
Non-current assets				
Goodwill	250.3	35.3	250.3	38.1
Intangible assets	98.4	13.9	102.1	15.6
Property, plant and equipment	116.6	16.4	112.7	17.2
Investments	2.2	0.3	2.2	0.3
	467.5	65.9	467.3	71.2
Receivables and other assets	0.6	0.1	0.8	0.1
Deferred tax assets	11.8	1.7	11.9	1.8
	479.9	67.6	480.0	73.1
Current assets				
Inventories	68.8	9.7	50.8	7.7
Trade receivables	91.0	12.8	82.5	12.6
Current tax assets	4.2	0.6	3.4	0.5
Other assets	14.6	2.1	10.1	1.5
Cash and cash equivalents	51.3	7.2	29.7	4.5
	229.8	32.4	176.4	26.9
Total assets	709.8	100.0	656.3	100.0

Equity and liabilities	Sept. 30, 2011		Dec. 31, 2010 Audited	
	€ in mn	%	€ in mn	%
Equity				
Issued capital	10.4	1.5	10.4	1.6
Capital reserves	278.3	39.2	278.2	42.4
Retained earnings (including net profit)	93.1	13.1	76.5	11.7
Non-controlling interest	0.0	0.0	0.0	0.0
	381.8	53.8	365.1	55.6
Non-current liabilities				
Pension provisions	16.7	2.4	16.0	2.4
Deferred tax liabilities	31.7	4.5	34.2	5.2
Other provisions	3.9	0.5	3.9	0.6
Loans and borrowings	110.1	15.5	92.1	14.0
Other liabilities	0.9	0.1	0.1	0.0
	163.4	23.0	146.4	22.3
Current liabilities				
Provisions	5.9	0.8	4.8	0.7
Trade payables	51.4	7.2	46.0	7.0
Loans and borrowings	43.8	6.2	40.3	6.1
Current tax liabilities	18.7	2.6	16.1	2.5
Other liabilities	44.8	6.3	37.7	5.8
	164.6	23.2	144.9	22.1
Total equity and liabilities	709.8	100.0	656.3	100.0

Income Statement

	3rd quarter 2011		3rd quarter 2010		9 months 2011		9 months 2010	
	€ in mn	%	€ in mn	%	€ in mn	%	€ in mn	%
Sales revenue	124.2	100.0	109.7	100.0	353.8	100.0	319.0	100.0
Cost of sales	-62.8	-50.6	-55.0	-50.1	-175.8	-49.7	-160.4	-50.3
Gross profit on sales	61.4	49.4	54.8	49.9	177.9	50.3	158.6	49.7
Selling and distribution costs	-24.8	-20.0	-23.7	-21.6	-73.2	-20.7	-69.6	-21.8
Research and development costs	-7.4	-5.9	-7.1	-6.5	-22.1	-6.3	-20.8	-6.5
General administrative expenses	-6.6	-5.3	-6.3	-5.7	-19.7	-5.6	-18.7	-5.8
Other operating income and expenses	-0.9	-0.8	0.5	0.4	-5.5	-1.6	-0.5	-0.2
Earnings before interest, taxes and amortization linked to the business combinations (EBITA)¹⁾	21.6	17.4	18.1	16.5	57.3	16.2	49.1	15.4
Amortization ²⁾	-1.9	-1.6	-1.8	-1.6	-5.8	-1.6	-5.3	-1.7
Earnings before interest and taxes (EBIT)	19.7	15.8	16.4	14.9	51.5	14.6	43.7	13.7
Interest and similar income	-0.4	-0.3	0.1	0.1	0.5	0.2	0.3	0.1
Interest and similar expenses	-1.7	-1.4	-1.0	-1.0	-4.6	-1.3	-3.1	-1.0
Financial result	-2.1	-1.7	-1.0	-0.9	-4.1	-1.2	-2.7	-0.9
Profit before tax	17.6	14.2	15.4	14.0	47.4	13.4	41.0	12.9
Deferred tax income expenses	0.9	0.7	0.4	0.4	1.6	0.5	1.4	0.5
Income tax expenses	-6.0	-4.9	-5.2	-4.7	-15.5	-4.4	-14.1	-4.4
Other taxes	-0.4	-0.3	-0.5	-0.5	-1.2	-0.3	-1.6	-0.5
Taxes	-5.5	-4.5	-5.3	-4.8	-15.0	-4.3	-14.2	-4.5
Net profit for the period	12.1	9.7	10.1	9.2	32.4	9.2	26.8	8.4
Attributable to:								
Equity holders of Sartorius Stedim Biotech	12.1	9.7	10.1	9.2	32.4	9.2	26.8	8.4
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings per share (€)	0.79		0.64		2.11		1.65	
Diluted earnings per share (€)	0.79		0.64		2.11		1.64	

¹⁾ The Sartorius Stedim Biotech Group uses earnings before interest, taxes and amortization linked to the business combinations (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).

The quarterly financial statements have not been reviewed by the statutory auditors.

Statement of Comprehensive Income

	3rd quarter 2011 € in mn	3rd quarter 2010 € in mn	9 months 2011 € in mn	9 months 2010 € in mn
Net profit for the period	12.1	10.1	32.4	26.8
Net gains (losses) on cash flow hedges	-6.1	1.4	-2.9	0.5
Actuarial gains (losses) from pension provisions	0.0	0.1	0.0	-0.3
Currency translation differences	4.0	-5.6	-0.1	3.4
Net investment in a foreign operation	-1.5	0.2	0.2	-0.1
Deferred taxes	2.3	-0.5	0.8	0.0
Net income recognized directly in equity	-1.3	-4.5	-2.0	3.5
Comprehensive income	10.8	5.6	30.4	30.3
Attributable to:				
Equity holders of Sartorius Stedim Biotech	10.8	5.6	30.4	30.3
Non-controlling interest	0.0	0.0	0.0	0.0

Statement of Cash Flows

	9 months 2011 € in mn	9 months 2010 € in mn
Cash flows from operating activities		
Net result	32.4	26.8
Tax expenses	15.0	14.2
Financial expenses	4.1	2.7
Depreciation amortization of fixed assets	18.6	17.1
Increase decrease in provisions	1.1	-0.8
Increase decrease in receivables	-16.7	-2.7
Increase decrease in inventories	-18.2	-7.5
Increase decrease in liabilities	11.6	8.2
Gains from the disposal of fixed assets	-0.9	0.0
Income taxes paid	-13.7	-7.9
Net cash flow from operating activities	33.4	50.1
Cash flows from investing activities		
Payments for financial assets	0.0	0.0
Payments for property, plant and equipment	-16.1	-7.8
Income from the disposal of fixed assets	1.9	0.6
Payments for intangible assets	-4.3	-3.2
Effects from business combinations	0.0	0.0
Net cash flow from investing activities	-18.5	-10.5
Cash flows from financing activities		
Changes in capital	0.1	0.5
Interest received	0.5	0.3
Interest paid	-2.5	-1.8
Other financial charges	-0.3	0.0
Dividends paid to:		
- Shareholders of the parent company	-13.8	-10.2
- Minority shareholders	0.0	0.0
Changes in non-controlling interest	0.0	0.0
Share buyback program ¹⁾	0.0	-48.6
Loans and borrowings repaid (-) raised (+)	21.5	-6.1
Net cash flow from financing activities	5.6	-66.0
Net increase decrease in cash and cash equivalents	20.5	-26.3
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	-0.4
Cash and cash equivalents at the end of the period	51.3	28.1
Gross debt owed to banks	153.9	136.5
Net debt owed to banks	102.6	108.4

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

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 Biopharma.

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	Biopharma Group		
	9 months 2011	9 months 2010	Change
Order intake	366.0	331.1	11%
Sales revenue	353.8	319.0	11%
- as a total %	100.0%	100.0%	
EBITDA	70.1	60.8	15%
- as a % of sales revenue	19.8%	19.1%	
Depreciation and amortization	12.8	11.7	9%
EBITA	57.3	49.1	17%
- as a % of sales revenue	16.2%	15.4%	
Amortization	5.8	5.3	8%
EBIT	51.5	43.7	18%
- as a % of sales revenue	14.6%	13.7%	
R&D costs	22.1	20.8	7%
No. of employees at Sept. 30	2,776	2,533	10%

Supplementary Information by Region

€ in millions	Europe			North America		
	9 months 2011	9 months 2010	Change	9 months 2011	9 months 2010	Change
Sales revenue						
- acc. to customers' location	183.7	169.9	8%	85.4	85.0	0%
- as a total %	51.9%	53.3%		24.2%	26.7%	
- acc. to company location	225.6	202.4	11%	86.4	84.7	2%
No. of employees at Sept. 30	1,838	1,682	9%	401	383	5%

€ in millions	Asia Pacific			Other Markets			Group		
	9 months 2011	9 months 2010	Change	9 months 2011	9 months 2010	Change	9 months 2011	9 months 2010	Change
Sales revenue									
- acc. to customers' location	70.8	51.0	39%	13.9	13.1	6%	353.8	319.0	11%
- as a total %	20.0%	16.0%		3.9%	4.1%		100.0%	100.0%	
- acc. to company location	41.7	31.8	31%	0.0	0.0		353.8	319.0	11%
No. of employees at Sept. 30	405	379	7%	132	89	48%	2,776	2,533	10%

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
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 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	-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
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	-2.0	0.0	32.5	-0.1	30.4	0.0	30.4
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	-13.8	0.0	-13.8	0.0	-13.8
Share buyback program ¹⁾	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 Sept. 30, 2011	10.4	278.3	-1.3	-1.7	96.3	-0.2	381.8	0.0	381.8

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

Key Figures

All figures are given in millions of €, unless otherwise specified	9 months 2011	9 months 2010	Change in %
Results			
Order intake	366.0	331.1	10.5
Sales revenue	353.8	319.0	10.9
EBITDA	70.1	60.8	15.3
EBITA	57.3	49.1	16.8
EBIT	51.5	43.7	17.8
Profit before tax	47.4	41.0	15.7
Net profit for the period	32.4	26.8	20.9
Earnings per share (in €)	2.11	1.65	28.1
As a % of sales revenue			
EBITDA	19.8	19.1	
EBITA	16.2	15.4	
EBIT	14.6	13.7	
Net profit for the period	9.2	8.4	
Statement of financial position			
Statement of financial position total	709.8	651.6	
Equity	381.8	365.4	
Equity ratio (in %)	53.8	56.1	
Gearing ratio	0.3	0.3	
Financials			
Capital expenditures	20.4	11.0	84.8
- as a % of sales revenue	5.8	3.5	
Depreciation and amortization	18.6	17.1	8.8
Net cash flow from operating activities	33.4	50.1	-33.4
Net debt	102.6	108.4	-5.3
Total number of employees as of Sept. 30	2,776	2,533	9.6
R&D			
R&D costs	22.1	20.8	6.6
- as a % of sales revenue	6.3	6.5	

Notes to the Interim Financial Statements

Accounting Rules and Methods

In the present interim financial statements that were prepared in conformance with the IAS 34 Standard "Interim financial reporting", essentially the same accounting and measurement principles were applied on which the past consolidated financial statements of fiscal 2010 were based.

The annual consolidated 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 September 30, 2011, were observed. An explanation of the individual accounting and measurement principles applied is given in the Notes to the Financial Statements of the Sartorius Stedim Biotech Group for the year ended December 31, 2010.

Earnings Reporting

The Sartorius Stedim Biotech Group uses earnings before interest, taxes and amortization linked to the business combinations (EBITA) as the key figure for measuring earnings. The term "amortization" refers only to any possible amortization of goodwill and of the intangible assets measured within the scope of purchase price allocation according to IFRS 3 (Business combinations). Thus, EBITA includes depreciation and amortization of all other intangible and tangible assets and is a suitable figure for measuring the operating profitability of the Sartorius Stedim Biotech Group.

The key indicator "EBITDA" used in the segment reports and in the key figures refers to earnings before interest, taxes, depreciation and amortization. Compared with EBITA, EBITDA excludes depreciation on tangible assets and amortization of all intangible assets.

The key indicator "underlying EBITA" corresponds to the key indicator EBITA defined above and is adjusted for extraordinary expenses considered during the period ended September 30, 2011.

The key indicator "underlying EBITDA" corresponds to the key indicator EBITDA defined above and is adjusted for extraordinary expenses considered during the period ended September 30, 2011.

Other Disclosures

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

In the reporting period, Sartorius Stedim Biotech S.A. paid a dividend total of €13.8 million.

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 eighteen (18) months or until October 19, 2011.

At the end of September 2011, the number of shares held has not changed since the December 31, 2010; namely, the company Sartorius Stedim Biotech S.A. bought back 1,698,710 treasury shares for an amount of €61.3 million.

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Financial Schedule

January 5 - 6, 2012

Oddo Midcap Forum in Lyon, France

February 2012

Publication of preliminary full-year figures for 2011

April 2012*

Annual General Shareholders' Meeting in Aubagne, France

April 2012

Publication of first-quarter figures for 2012

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.