

Annual Financial Statements of
Sartorius Stedim Biotech S.A. and Notes

05

Annual Financial Statements

Parent Company Balance Sheet: Assets (in thousands of €)

| | Gross at Dec. 31, 2017 | Depreciation, amortization and provisions Dec. 31, 2017 | Net at Dec. 31, 2017 | Net at Dec. 31, 2016 |
|------------------------------------|---------------------------|------------------------------------------------------------------|-------------------------|-------------------------|
| Intangible assets | 552 | -89 | 463 | 492 |
| Property, plant and equipment | 23,618 | -11,234 | 12,384 | 7,225 |
| Financial investments | 128,138 | 0 | 128,138 | 128,825 |
| Total non-current assets | 152,308 | -11,323 | 140,985 | 136,542 |
| Inventories and work in progress | 0 | 0 | 0 | 0 |
| Trade receivables to third parties | 0 | 0 | 0 | 0 |
| Other receivables | 23,812 | 0 | 23,812 | 15,979 |
| Deposits and cash equivalents | 96 | | 96 | 3,371 |
| Total current assets | 23,907 | 0 | 23,907 | 19,350 |
| Prepaid expenses | 49 | | 49 | 0 |
| Currency translation adjustment | 0 | | 0 | 0 |
| Total assets | 176,264 | -11,323 | 164,942 | 155,892 |

Parent Company Balance Sheet: Equity and Liabilities (in thousands of €)

| | At Dec. 31, 2017 | At Dec. 31, 2016 |
|-----------------------------------------------------|------------------|------------------|
| Share capital | 18,436 | 18,436 |
| Share premium | 12,609 | 12,609 |
| Reserves | 2,434 | 2,127 |
| Retained earnings carried forward | 27,286 | 11,982 |
| Profit for the period | 49,463 | 54,324 |
| Regulated provisions | 4,088 | 4,088 |
| Total equity | 114,316 | 103,566 |
| Provisions for liabilities and charges | 0 | 0 |
| Total provisions for liabilities and charges | 0 | 0 |
| Loans and borrowings | 0 | 0 |
| Trade payables | 455 | 170 |
| Tax and social charges payable | 96 | 240 |
| Liabilities for non-current assets | 0 | 0 |
| Other liabilities | 50,075 | 51,916 |
| Total liabilities | 50,626 | 52,327 |
| Currency translation adjustment | 0 | 0 |
| Total equity and liabilities | 164,942 | 155,892 |

Parent Company: Income Statement (in thousands of €)

| | At Dec. 31, 2017 | At Dec. 31, 2016 |
|-------------------------------------------------------|------------------|------------------|
| Sales revenue | 2,198 | 1,843 |
| Inventory movements | 0 | 0 |
| Capitalized production costs | 0 | 0 |
| Depreciation or amortization reversals | 0 | 0 |
| Other operating income and expense reallocation | 130 | 1 |
| Purchases consumed | 0 | 0 |
| External charges for services | -3,453 | -3,364 |
| Tax and duties | -830 | -824 |
| Personnel costs | 0 | 0 |
| Additions to amortization, depreciation and provision | -825 | -768 |
| Other operating expenses | -417 | -502 |
| Operating profit (EBIT) | (3,197) | (3,613) |
| Net financing income (expense) | 47,108 | 53,394 |
| Profit (loss) from ordinary activities | 43,911 | 49,781 |
| Exceptional income (expense) | 0 | 0 |
| Income tax | 5,552 | 4,543 |
| Net profit (loss) | 49,463 | 54,324 |

1. Materiel Events during the Year

None

- Software: One to three years
- Patents: Twenty years
- Leasehold: Eighteen years (Based on the period of use).

2. Materiel Events after the Reporting date

None

As part of the implementation of integrated software, the direct labor costs concerned are included in the amount capitalized as cost, as a function of the time elapsed.

3. Accounting Principles and Methods

The parent company's financial statements for the year ended December 31, 2017, were prepared and presented in accordance with French accounting rules in compliance with the principles of prudence, reporting on distinct financial years and the presumption of going concern.

The annual financial statements have been prepared in accordance with the clauses of the CRC Regulation 2014-03 of September 8, 2014 on the French chart of accounts.

Sartorius Stedim Biotech S.A. is listed in Compartment A of the Euronext Paris Stock Exchange (ISIN FR code 0000053266) and also prepares consolidated financial statements in accordance with IFRS standards, as adopted by the European Union on December 31, 2017.

Sartorius Stedim Biotech S.A. is consolidated by Sartorius A.G.

Intangible assets are valued at acquisition cost less amortization and impairments reported, on an ongoing basis.

3.1.2. Property, Plant and Equipment

Property, plant and equipment (PPE) are recognized at their acquisition value, including the installation cost of these assets.

Depreciation is calculated over the standard and economic life of the assets using the straight-line method.

All these non-current assets are depreciated on a straight-line basis using the following indicative periods of use:

- Buildings: Twenty to forty years
- Improvements, fixtures and fittings: Ten to fifteen years
- Plant and equipment: Four to ten years
- Office and IT equipment: Three to five years
- Motor vehicles: Four to five years

3.1. Non-current Assets

Non-current intangible and tangible assets are valued at their acquisition costs, excluding costs incurred for their acquisition.

For intangible assets and property, plant and equipment, the Company applied the French Regulation CRC No. 2002-10, recodified by Article 2-4 of Regulation CRC No. 2004-06 relative to the amortization, depreciation and impairment of assets according to the "Component approach."

Property, plant and equipment are valued at acquisition cost less depreciation and impairments reported, on an ongoing basis.

3.1.3. Financial Investments

Investments relate mainly to shareholdings in subsidiaries and other treasury shares held within the scope of the share buyback program; they are recorded at their acquisition cost, including fees linked to their acquisition.

3.1.1. Intangible Assets

The following is thus valued under this heading: incorporation costs, patents and software.

All these assets are amortized on a straight-line basis using the following indicative useful lives:

- Incorporation costs: One to five years

An impairment provision may be recorded to take into account, in particular, either the stock exchange price or the underlying assets of these subsidiaries, their financial position and their prospects.

Shareholdings in subsidiaries are subject to impairment tests.

3.2. Receivables and Payables

Receivables and payables are recorded at their nominal value.

Receivables whose collection is doubtful are subject to a provision for doubtful debts.

4. Non-Current Assets (in thousands of €)

4.1. Intangible Assets

| Gross values | At Dec. 31, 2016 | Increase in 2017 | Decrease in 2017 | At Dec. 31, 2017 |
|-------------------------------|------------------|------------------|------------------|------------------|
| Incorporation costs | 4 | 0 | 0 | 4 |
| Patents | 0 | 0 | 0 | 0 |
| Software, licenses | 0 | 0 | 0 | 0 |
| Business goodwill | 548 | 0 | 0 | 548 |
| Intangible assets in progress | 0 | 0 | 0 | 0 |
| Total | 552 | 0 | 0 | 552 |
| Amortization and depreciation | 61 | 28 | 0 | 89 |
| Net amount | 492 | -28 | 0 | 464 |

4.2. Property, Plant and Equipment

| Gross values | At Dec. 31, 2016 | Increase in 2017 | Decrease in 2017 | At Dec. 31, 2017 |
|-------------------------------------------|------------------|------------------|------------------|-------------------------|
| Land | 496 | 0 | 0 | 496 |
| Buildings | 15,043 | 517 | 0 | 15,561 |
| Plant and equipment | 0 | 0 | 0 | 0 |
| Other | 1,809 | 318 | 0 | 2,127 |
| Property, plant and equipment in progress | 313 | 5,944 | -823 | 5,434 |
| Total | 17,662 | 6,779 | -823 | 23,618 |
| Amortization and depreciation | At Dec. 31, 2016 | Addition | Release | At Dec. 31, 2017 |
| Buildings | 9,874 | 514 | 0 | 10,388 |
| Plant and equipment | 0 | 0 | 0 | 0 |
| Other | 563 | 283 | 0 | 846 |
| Total | 10,437 | 797 | 0 | 11,234 |
| Property, plant and equipment, net | 7,225 | 5,982 | -823 | 12,384 |

The increase in tangible assets includes fixtures and fittings for a net amount of €12K and assets under construction for an amount of €5,944K including a prepayment paid for the purchase of assets in the frame of the activity's development.

4.3. Financial Investments

| Investments | At Dec. 31, 2016 | Increase in 2017 | Decrease in 2017 | At Dec. 31, 2017 |
|-------------------------------|------------------|------------------|------------------|------------------|
| Shareholdings | 127,977 | | 0 | 127,977 |
| Write-down of shareholdings | 0 | 0 | 0 | 0 |
| Deposits and guarantees | 192 | -32 | | 160 |
| Treasury shares | 353 | 0 | -353 | 0 |
| Write-down of treasury shares | 0 | 0 | 0 | 0 |
| Other non-current assets | 303 | 0 | -303 | 0 |
| Total | 128,825 | -32 | -656 | 128,137 |

The following is included under "Financial investments":

- 99.99% of the share capital of Sartorius Stedim Bioprocess SARL, a Tunisian company;
- 100% of the share capital of Sartorius Stedim Biotech GmbH, a company governed by German law, following the merger of the Sartorius and the Stedim Groups in June 2007;
- 100% of the share capital of Sartorius Stedim Aseptics S.A., a French company acquired in 2004;

- 100% of the share capital of Sartorius Stedim FMT S.A.S., a French company created in connection with the Contribution Assets transfer in 2013;

- Other investments: €1.0K.

The amount now corresponds to the share of Sartorius Stedim Biotech in the Russian company Sartorius Stedim RUS.

The liquidity contract between the entity Sartorius Stedim Biotech S.A. and the brokerage company Gilbert Dupont ended the 3rd of November 2017. Therefore, Sartorius Stedim Biotech does not hold any shares of SSB S.A. in portfolio.

5. Trade Receivables (in thousands of €)

Maturity of Receivables at Year-end (in thousands of €)

| Type of receivable | Net amount | Less than 1 year | More than 1 year |
|-----------------------------|---------------|------------------|------------------|
| Deposits and guarantees | 160 | 160 | |
| Non-current assets | 160 | 160 | 0 |
| Advance payments on account | 0 | 0 | 0 |
| Trade receivables | 0 | 0 | 0 |
| Personnel | 0 | 0 | 0 |
| Social security | 0 | 0 | 0 |
| Taxes and duties | 8,533 | 8,533 | 0 |
| Group | 15,269 | 15,269 | 0 |
| Other receivables | 10 | 10 | 0 |
| Current assets | 23,812 | 23,812 | 0 |
| Prepaid expenses | 49 | 49 | 0 |
| Total receivables | 24,021 | 24,021 | 0 |

The "Group" item for receivables from Group subsidiaries (€15,269 K) relates to current account cash advances provided to Sartorius Stedim Biotech GmbH, Sartorius Stedim FMT SAS and Sartorius Stedim Bioprocess Tunisia.

The "Taxes and duties" (€8,533 K) captures primarily includes the net tax receivable relating to the tax grouping system.

6. Maturity of Liabilities at Year-end (in thousands of €)

| Type of liability | Net amount | Less than 1 year | Between 1 and 5 years | More than 5 years |
|-----------------------------------------------|---------------|------------------|-----------------------|-------------------|
| Loans and borrowings from credit institutions | | | | |
| Originally less than 2 years | 0 | 0 | 0 | 0 |
| Originally more than 2 years | 0 | 0 | 0 | 0 |
| Current bank overdrafts and accrued interest | 0 | 0 | 0 | 0 |
| Trade payables | 450 | 450 | 0 | 0 |
| - including bills of exchange | 0 | 0 | 0 | 0 |
| Advances and payments on account for orders | 0 | 0 | 0 | 0 |
| Tax and social security payable | 96 | 96 | 0 | 0 |
| Liabilities for non-current assets | 5 | 5 | 0 | 0 |
| Group and associates | 49,757 | 49,757 | 0 | 0 |
| Other | 318 | 318 | 0 | 0 |
| Total liabilities | 50,626 | 50,626 | 0 | 0 |

The "Group" item for liabilities from Group subsidiaries (€49,757 K) relates to cash-pooling liabilities and current account cash advances provided by Sartorius AG, Sartorius Stedim France SAS, Sartorius Stedim FMT SAS and Sartorius Stedim Aseptics SA.

Accrued expenses included in these accounts represented €224 K and concerned the following items:

| Type of expense | At Dec. 31, 2017 |
|------------------------------------------------------|------------------|
| Accrued banking charges | 0 |
| Suppliers' invoices to be received | 161 |
| Paid vacation including social charges | 0 |
| Bonuses, including social charges and profit sharing | 0 |
| Social security payable | 63 |
| Taxes payable | 0 |
| Employee profit sharing | 0 |
| Total charges payable | 224 |

7. Parent Company Statement of Changes in Equity (in thousands of €)

7.1. Equity

At December 31, 2016, the share capital was €18,436 K, comprising 92,180,190 shares of a €0.20 par value.

At December 31, 2017, the share capital is €18,436 K, comprising 92,180,190 shares of a €0.20 par value.

The Annual General Shareholders' Meeting on April 4, 2017, approved the appropriation of the net profit for the year of €54,324 K, as follows:

- Allocation to the retained earnings carried forward: -€15,304 K
- Paid into the legal reserves: -€307 K

A dividend total of €38,713 K, or a net dividend per share of €0.42, was paid.

| | Appropriation of profit in 2016 | | | Movements 2017 | | Equity before appropriation of profit in 2017 |
|-------------------------------|---------------------------------|----------|----------------|----------------|----------------|-----------------------------------------------|
| | Before | Changes | After | Increases | Decreases | Total |
| Number of shares: | 92,180,190 | | 92,180,190 | | | 92,180,190 |
| Share capital | 18,436 | | 18,436 | | | 18,436 |
| Share premium | 0 | | 0 | | | 0 |
| Merger premium | 12,609 | | 12,609 | | | 12,609 |
| Legal reserve | 1,537 | 307 | 1,844 | | | 1,844 |
| Other reserves | 591 | | 591 | | | 591 |
| Balance carried forward | 11,982 | 15,304 | 27,286 | | | 27,286 |
| Dividends paid | 0 | 38,713 | 38,713 | | (38,713) | 0 |
| Net profit to be appropriated | 54,324 | (54,324) | 0 | | | 0 |
| Profit for the reporting year | | | 0 | 49,463 | | 49,463 |
| Regulated provisions | 4,088 | | 4,088 | | | 4,088 |
| Total | 103,567 | 0 | 103,566 | 49,463 | -38,713 | 114,316 |

7.2. Stock Options

None

8. Risks and Provisions (in thousands of €)

8.1. Provisions

| Type of provision | Provisions at Dec. 31, 2016 | Additions 2017 | Releases 2017 | Provisions at Dec. 31, 2017 |
|-----------------------------------------------|-----------------------------|----------------|---------------|-----------------------------|
| Regulated provisions | | | | |
| Accelerated amortization and depreciation | 4,088 | 0 | 0 | 4,088 |
| Subtotal (1) | 4,088 | 0 | 0 | 4,088 |
| Provisions for liabilities and charges | | | | |
| Exchange risk | 0 | 0 | 0 | 0 |
| Other costs | 0 | 0 | 0 | 0 |
| Taxation | 0 | 0 | 0 | 0 |
| Subtotal (2) | 0 | 0 | 0 | 0 |
| Grand total | 4,088 | 0 | 0 | 4,088 |

8.2. Market Risk Exposure

Operating Cash Flow risks

At December 31, 2017, there is no net amount in foreign currency in current assets and liabilities.

Current and Future Tax Position (in thousands of €)

As of January 1, 2008, the company chose to adopt the French tax integration regime within the framework of a tax group. The lead company of this group is Sartorius Stedim Biotech S.A. The other member companies of this tax integration group for tax relief are

Sartorius Stedim Aseptics S.A., Sartorius Stedim France S.A.S. and Sartorius Stedim FMT S.A.S.

The member companies report income tax as if there were no integration tax regime. The parent corporation benefits from tax relief related to consolidating the gains and losses of the other members companies.

For 2017, the net impact according to the consolidation rules of the French tax integration regime for tax relief is an income of €3,346 K. Taking into account the reimbursement by the state of the dividend tax for the years 2013 to 2017, the tax credits, the company SSB holds a receivable from the State of €8,533 K.

9. Operating Income (in thousands of €)

9.1. Sales Revenue by Operating Segment

| Operating segment | At Dec. 31, 2017 | % | At Dec. 31, 2016 | % |
|-------------------|---------------------|-------------|---------------------|-------------|
| Services | 2,198 | 100% | 1,843 | 100% |
| Total | 2,198 | 100% | 1,843 | 100% |

9.2. Sales Revenue by Geographical Region

| Geographical region | At Dec. 31, 2017 | % | At Dec. 31, 2016 | % |
|--------------------------|---------------------|-------------|---------------------|-------------|
| France | 2,198 | 100% | 1,843 | 100% |
| Export | 0 | | 0 | 0% |
| EU and other countries | 0 | | 0 | |
| North American continent | 0 | | 0 | |
| Total | 2,198 | 100% | 1,843 | 100% |

The Sale revenue corresponds to the rent invoiced to the entity Sartorius Stedim FMT S.A.S. for the use of premises located in Aubagne within its operational activity.

10. Breakdown of Income Tax (in thousands of €)

| | At Dec. 31, 2017 | | | At Dec. 31, 2016 | | |
|--------------------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|
| | Profit before tax | Income tax charge | Profit after tax | Profit before tax | Income tax charge | Profit after tax |
| Gross taxable income | 43,911 | 5,552 | 49,463 | 49,781 | 1,373 | 51,154 |
| Exceptional income (expense) | 0 | 0 | 0 | 0 | 0 | 0 |
| French tax integration relief | 0 | | 0 | 0 | 3,170 | 3,170 |
| Net taxable income | 43,911 | 5,552 | 49,463 | 49,781 | 4,543 | 54,324 |

11. Information on Directors' Remuneration

Remuneration allocated and paid to members of the Board of Directors as directors' meeting attendance fees amounted to €284.4K. These fees related to the 2016 fiscal year and were paid in 2017.

No meeting attendance fees were paid by Sartorius Stedim Biotech S.A. to the general management of the company in fiscal 2016. A Part of the Executive Board's remuneration has been recharged by Sartorius AG to Sartorius Stedim Biotech S.A. for an amount of €1,326 K.

12. Off-Balance Sheet Commitments (in thousands of €)

| Type of commitment | Comment | At Dec. 31, 2017 | At Dec. 31, 2016 |
|----------------------------------------------------|---------|---------------------|---------------------|
| Commitments given | | | |
| Guarantees for bilateral credit lines | | 0 | 0 |
| Guarantees for currency hedging contracts | | 0 | 0 |
| Commitments from renting / leasing | | 0 | 0 |
| Commitments received | | | |
| Contractual loan capacity from credit institutions | | 0 | 0 |

The commitments in connection with the lease are summarized in the following table:

| Leasing | < 1 year € in K | 1 - 5 years € in K | > 5 years € in K | Total | Buy-back value |
|----------------------------|--------------------|--------------------------|-------------------------|------------------------------|----------------------------|
| Tangible Assets | | | | | |
| Buildings and Improvements | 227 | 1,071 | 0 | 1,298 | 0 |
| Total | 227 | 1,071 | 0 | 1,298 | |
| Leasing | Historical value | Payments for the Year | Cumulatives Payments | Depreciation for the Year | Cumulative Depreciation |
| Tangible Assets | | | | | |
| Buildings and Improvements | 2,391 | 268 | 1,228 | 223 | 434 |
| Total | 2,391 | 268 | 1,228 | 223 | 434 |

The building will be operational from the 1st of January 2015.

13. Information on Related Parties (in thousands of €)

Affiliates are its parent company, Sartorius AG, and the companies owned by Sartorius Stedim Biotech S.A., and are Sartorius Stedim FMT S.A.S., Sartorius Stedim Bioprocess SARL, Sartorius Stedim Aseptics S.A. and Sartorius Stedim Biotech GmbH.

The company Sartorius Stedim Biotech S.A. is consolidated in the financial statements of Sartorius AG, Otto-Brenner-Strasse 20, 37079 Goettingen (Germany).

In the following, you will find the table of the main amounts with the related parties:

| Items | At Dec. 31, 2017 | At Dec. 31, 2016 |
|-------------------------|------------------|------------------|
| Investments | 127,977 | 127,977 |
| Trade receivables | 896 | 766 |
| Other receivables | 14,372 | 9,860 |
| Trade payables | 0 | 0 |
| Other liabilities | 49,960 | 51,504 |
| Income from investments | 48,409 | 54,965 |
| Other financial income | 15 | 7 |
| Finance expense | 1,727 | 1,560 |

In the following, you will find the table of subsidiaries and shareholdings:

| At Dec. 31, 2017 | Share capital | Reserves, share premium and retained earnings before appropriation | Ownership in % | Book value of shares held | | Loans outstanding and advances granted | Changes in deposits and pledges | Sales (ex-VAT) - for the financial year | Net profit | Dividends received |
|-----------------------------------------|---------------|--------------------------------------------------------------------|----------------|---------------------------|--------|----------------------------------------|---------------------------------|-----------------------------------------|------------|--------------------|
| | | | | Gross | Net | | | | | |
| Sartorius Stedim Biotech GmbH | | | 100.00% | | | | | | | |
| (Euros) | 6,000 | 299,853 | | 79,949 | 79,949 | -9,806 | 0 | 496,937 | 82,637 | 45,000 |
| Sartorius Stedim FMT S.A.S. | | | 100.00% | | | | | | | |
| (Euros) | 42,940 | -7,597 | | 42,940 | 42,940 | -2,885 | 0 | 148,938 | -7,061 | 0 |
| Sartorius Stedim Bioprocess SARL | | | 99.99% | | | | | | | |
| (Dinars) | 5,950 | 779 | | | | | | 66,983 | 3,360 | 3,342 |
| (Euros) | | | | 3,132 | 3,132 | 5,832 | 0 | 22,493 | 1,128 | 1,198 |
| Sartorius Stedim RUS | | | 100.00% | | | | | | | |
| (Rubles) | 8,000 | 5,554 | | | | | | 154,151 | -5,851 | 0 |
| (Euros) | | 80 | | 109 | 109 | 0 | 0 | 2,221 | -84 | 0 |
| Sartorius Stedim Aseptics S.A. | | | 100.00% | | | | | | | |
| (Euros) | 448 | 5,145 | | 1,848 | 1,848 | -6,999 | 0 | 10,181 | 2,852 | 2,200 |
| | | | | | | | | | | |
| At Dec. 31, 2016 | Share capital | Reserves, share premium and retained earnings before appropriation | Ownership in % | Book value of shares held | | Loans outstanding and advances granted | Changes in deposits and pledges | Sales (ex-VAT) - for the financial year | Net profit | Dividends received |
| | | | | Gross | Net | | | | | |
| Sartorius Stedim Biotech GmbH | | | 100.00% | | | | | | | |
| (Euros) | 6,000 | 85,581 | | 79,949 | 79,949 | | 0 | 450,547 | 189,636 | 50,000 |
| Sartorius Stedim FMT S.A.S. | | | 100.00% | | | | | | | |
| (Euros) | 42,940 | 2,259 | | 42,940 | 42,940 | -12,626 | 0 | 145,445 | -9,856 | 1,867 |
| Sartorius Stedim Bioprocess SARL | | | 99.99% | | | | | | | |
| (Dinars) | 5,950 | 2,743 | | | | | | 40,476 | 2,228 | 0 |
| (Euros) | | | | 3,132 | 3,132 | 2,735 | 0 | 18,282 | 1,006 | 0 |
| Sartorius Stedim RUS | | | 100.00% | | | | | | | |
| (Rubles) | 8,000 | 10,231 | | | | | | 126,365 | 1,174 | 0 |
| (Euros) | 99 | 127 | | 109 | 109 | 0 | 0 | 1,566 | 15 | 0 |
| Sartorius Stedim Aseptics S.A. | | | 100.00% | | | | | | | |
| (Euros) | 448 | 3,277 | | 1,848 | 1,848 | -6,550 | 0 | 12,138 | 3,877 | 3,098 |