

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, 2018	Depreciation, amortization and provisions Dec. 31, 2018	Net at Dec. 31, 2018	Net at Dec. 31, 2017
Intangible assets	552	-117	435	463
Property, plant and equipment	19,176	-12,022	7,155	12,384
Financial investments	128,749	0	128,749	128,138
Total non-current assets	148,478	-12,139	136,339	140,985
Inventories and work in progress	0	0	0	0
Trade receivables to third parties	0	0	0	0
Other receivables	66,066	0	66,066	23,812
Deposits and cash equivalents	62		62	96
Total current assets	66,128	0	66,128	23,908
Prepaid expenses	231		231	49
Currency translation adjustment	482		482	0
Total assets	215,319	-12,139	203,180	164,942

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

	At Dec. 31, 2018	At Dec. 31, 2017
Share capital	18,436	18,436
Share premium	12,609	12,609
Reserves	2,434	2,434
Retained earnings carried forward	34,346	27,286
Profit for the period	49,521	49,463
Regulated provisions	4,088	4,088
Total equity	121,434	114,316
Provisions for liabilities and charges	482	0
Total provisions for liabilities and charges	482	0
Loans and borrowings	0	0
Trade payables	881	455
Tax and social charges payable	63	96
Liabilities for non-current assets	313	0
Other liabilities	79,705	50,075
Total liabilities	80,962	50,626
Currency translation adjustment	301	0
Total equity and liabilities	203,180	164,942

Parent Company: Income Statement (in thousands of €)

	At Dec. 31, 2018	At Dec. 31, 2017
Sales revenue	1,999	2,198
Inventory movements	0	0
Capitalized production costs	0	0
Depreciation or amortization reversals	0	0
Other operating income and expense reallocation	1,490	130
Purchases consumed	0	0
External charges for services	-3,775	-3,453
Tax and duties	-411	-830
Personnel costs	0	0
Additions to amortization, depreciation and provision	-816	-825
Other operating expenses	-857	-417
Operating profit (EBIT)	(2,371)	(3,197)
Net financing income (expense)	48,576	47,108
Profit (loss) from ordinary activities	46,205	43,911
Exceptional income (expense)	0	0
Income tax	3,316	5,552
Net profit (loss)	49,521	49,463

1. Materiel Events during the Year

None

2. Materiel Events after the Reporting date

None

3. Accounting Principles and Methods

The parent company's financial statements for the year ended December 31, 2018, 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, 2018. Sartorius Stedim Biotech S.A. is consolidated by Sartorius A.G.

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."

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

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.

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

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.

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, 2017	Increase in 2018	Decrease in 2018	At Dec. 31, 2018
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	89	28	0	117
Net amount	463	-28	0	435

4.2. Property, Plant and Equipment

Gross values	At Dec. 31, 2017	Increase in 2018	Decrease in 2018	At Dec. 31, 2018
Land	496	0	0	496
Buildings	15,561	154	0	15,715
Plant and equipment	0	0	0	0
Other	2,127	145	0	2,272
Property, plant and equipment in progress	5,434	559	-5,300	693
Total	23,618	858	-5,300	19,176
Amortization and depreciation	At Dec. 31, 2017	Addition	Release	At Dec. 31, 2018
Buildings	10,388	516	0	10,904
Plant and equipment	0	0	0	0
Other	846	271	0	1,117
Total	11,234	788	0	12,022
Property, plant and equipment, net	12,384	70	-5,300	7,154

The increase in tangible assets includes fixtures and fittings for a net amount of €299K and assets under construction for an amount of €559K.

4.3. Financial Investments

Investments	At Dec. 31, 2017	Increase in 2018	Decrease in 2018	At Dec. 31, 2018
Shareholdings	127,977	0	0	127,977
Write-down of shareholdings	0	0	0	0
Deposits and guarantees	160	0	-25	135
Treasury shares	0	637	0	637
Write-down of treasury shares	0	0	0	0
Other non-current assets	0	0	0	0
Total	128,137	637	-25	128,749

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: €1.0 K.

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

A new liquidity contract between the entity Sartorius Stedim Biotech S.A. and the brokerage company Gilbert Dupont began the 20th of April 2018. Therefore, Sartorius Stedim Biotech holds 3,416 shares of SSB S.A. in portfolio at the closing.

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	772	772	
Non-current assets	772	772	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	1,784	1,784	0
Group	64,282	64,282	0
Other receivables	0	0	0
Current assets	66,066	66,066	0
Prepaid expenses	231	231	0
Total receivables	67,069	67,069	0

The "Group" item for receivables from Group subsidiaries (€64,282 K) relates to current account cash advances provided to Sartorius Stedim France, Sartorius Stedim Aseptics, Sartorius Stedim FMT SAS and Sartorius Stedim Bioprocess Tunisia.

The "Taxes and duties" (€1,784 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	881	881	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	63	63	0	0
Liabilities for non-current assets	313	313	0	0
Group and associates	79,322	79,322	0	0
Other	384	384	0	0
Total liabilities	80,962	80,962	0	0

The "Group" item for liabilities from Group subsidiaries (€79,322 K) relates to cash-pooling liabilities and current account cash advances provided by Sartorius AG, Sartorius Stedim Biotech GmbH, Sartorius Stedim France SAS, Sartorius Stedim FMT SAS and Sartorius Stedim Aseptics SA.

Accrued expenses included in these accounts represented €411 K and concerned the following items:

Type of expense	At Dec. 31, 2018
Accrued banking charges	0
Suppliers' invoices to be received	411
Paid vacation including social charges	0
Bonuses, including social charges and profit sharing	0
Social security payable	0
Taxes payable	0
Employee profit sharing	0
Total charges payable	411

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

7.1. Equity

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

At December 31, 2018, 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 3, 2018, approved the appropriation of the net profit for the year of €49,463 K, as follows:

- Allocation to the retained earnings carried forward: -€7,060 K
- Paid into the legal reserves: None

A dividend total of €42,403 K, or a net dividend per share of €0.46, was paid.

	Appropriation of profit in 2017			Movements 2018		Equity before appropriation of profit in 2018
	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	1,844		1,844			1,844
Other reserves	591		591			591
Balance carried forward	27,286	7,060	34,346			34,346
Dividends paid	0	42,403	42,403		(42,403)	0
Net profit to be appropriated	49,463	(49,463)	0			0
Profit for the reporting year			0	49,521		49,521
Regulated provisions	4,088		4,088			4,088
Total	114,317	0	114,317	49,521	-42,403	121,435

7.2. Stock Options

None

8. Risks and Provisions (in thousands of €)

8.1. Provisions

Type of provision	Provisions at Dec. 31, 2017	Additions 2018	Releases 2018	Provisions at Dec. 31, 2018
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	482	0	482
Other costs	0	0	0	0
Taxation	0	0	0	0
Subtotal (2)	0	482	0	482
Grand total	4,088	482	0	4,570

8.2. Market Risk Exposure

Operating Cash Flow risks

At December 31, 2018, the impacts on net amount in foreign currency in current assets and liabilities are respectively of €482 K and €301 K.

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 2018, the net impact according to the consolidation rules of the French tax integration regime for tax relief is an income of €3,316 K. Taking into account the tax credits not yet compensated, the company SSB holds a receivable from the State of €1,633 K.

9. Operating Income (in thousands of €)

9.1. Sales Revenue by Operating Segment

Operating segment	At Dec. 31, 2018		At Dec. 31, 2017	
Services	1,999	100%	2,198	100%
Total	1,999	100%	2,198	100%

9.2. Sales Revenue by Geographical Region

Geographical region	At Dec. 31, 2018		At Dec. 31, 2017	
France	1,999	100%	2,198	100%
Export	0		0	0%
EU and other countries	0		0	
North American continent	0		0	
Total	1,999	100%	2,198	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, 2018			At Dec. 31, 2017		
	Profit before tax	Income tax charge	Profit after tax	Profit before tax	Income tax charge	Profit after tax
Gross taxable income	46,205	0	46,205	43,911	2,206	46,117
Exceptional income (expense)	0	0	0	0	0	0
French tax integration relief	0	3,316	3,316	0	3,346	3,346
Net taxable income	46,205	3,316	49,521	43,911	5,552	49,463

11. Information on Directors' Remuneration

Remuneration allocated and paid to members of the Board of Directors as directors' meeting attendance fees amounted to €313.0K. These fees related to the 2017 fiscal year and were paid in 2018.

No meeting attendance fees were paid by Sartorius Stedim Biotech S.A. to the general management of the company in fiscal 2018. A Part of the Executive Board's remuneration has been recharged by Sartorius AG to Sartorius Stedim Biotech S.A. for an amount of €1,312K.

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

Type of commitment	Comment	At Dec. 31, 2018	At Dec. 31, 2017
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	267	770	0	1,037	0
Total	267	770	0	1,037	
Leasing	Historical value	Payments for the Year	Cumulatives Payments	Depreciation for the Year	Cumulative Depreciation
Buildings and Improvements	2,391	272	1,500	245	679
Total	2,391	272	1,500	245	679

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, 2018	At Dec. 31, 2017
Investments	127,977	127,977
Trade receivables	0	896
Other receivables	64,282	14,372
Trade payables	0	0
Other liabilities	79,322	49,960
Income from investments	49,007	48,409
Other financial income	336	15
Finance expense	939	1,727

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

At Dec. 31, 2018	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	370,416		79,949	79,949	-46,029	0	559,070	121,563	45,000
Sartorius Stedim FMT S.A.S.			100.00%							
(Euros)	42,940	-7,597		42,940	42,940	-2,885	0	173,918	859	0
Sartorius Stedim Bioprocess SARL			99.99%							
(Dinars)	5,950	779						78,366	2,534	3,462
(Euros)				3,132	3,132	5,832	0	25,173	814	1,007
Sartorius Stedim RUS			100.00%							
(Rubles)	8,000	38,292						321,051	32,738	0
(Euros)	100	480		109	109	0	0	4,027	411	0
Sartorius Stedim Aseptics S.A.			100.00%							
(Euros)	448	5,145		1,848	1,848	-6,999	0	13,515	3,971	3,000
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	3,342	0
(Euros)				3,132	3,132	5,832	0	22,493	1,198	0
Sartorius Stedim RUS			100.00%							
(Rubles)	8,000	5,554						154,151	-5,851	0
(Euros)	115	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

The previous list contains only information on transactions in Company shares received in accordance with the Article 19 MAR (Operations realized by

Executive Directors). Therefore, we are not aware of all transactions whose cumulative trade volumes have remained below the notification threshold of €20,000 per calendar year.