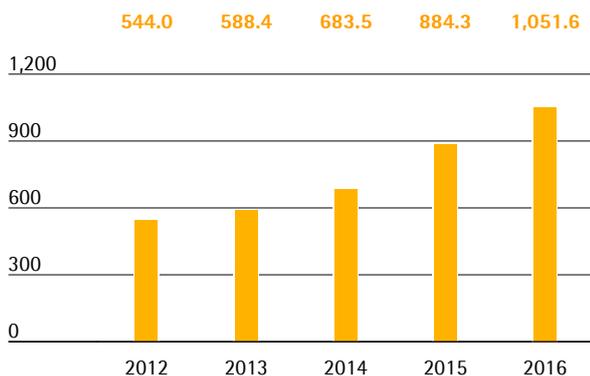


Group Business Development

Sales Revenue

In fiscal 2016, Sartorius Stedim Biotech showed especially strong growth yet again, with sales increasing by 20.4% to €1,051.6 million. The company thus reached the upper end of its full-year forecast that was raised at mid-year partly due to some larger equipment orders (initial forecast: about 12% to 16% in constant currencies). Sartorius Stedim Biotech recorded double-digit growth across the entire portfolio within an ongoing dynamic market. Business expansion was mainly driven by organic growth of around 19%, whereas acquisitions contributed approximately 2 percentage points.

Sales Revenue 2012 to 2016
in € million

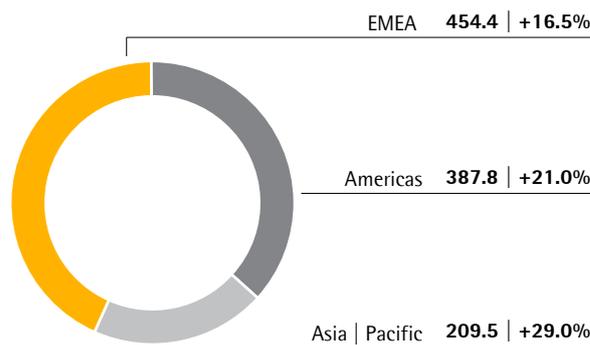


Sales Revenue and Order Intake

in € millions	2016	2015	in % reported	in % const. fx
Sales Revenue	1051.6	884.3	18.9	20.4
Order Intake	1080.8	946.4	14.2	15.6

All regions reported double-digit growth rates and thus contributed to the expansion of the Group's revenue. EMEA, the geography generating the highest sales accounting for around 43% of the company's revenue, reported an increase in sales by 16.5% to €454.4 million. In the Americas region, which represented around 37% of sales revenue, we gained further market share with our single use portfolio according to our estimates, with an overall increase in sales by 21.0% to €387.8 million. The Asia | Pacific region, which accounted for around 20% of sales, also performed very dynamically. Partly driven by strong demand for equipment, sales for this region rose significantly by 29.0% to €209.5 million. (All regional figures in constant currencies)

Sales Revenue and Growth¹⁾ by Region²⁾
in € millions unless otherwise specified



¹⁾ In constant currencies

²⁾ Acc. to customers' location

Development of Costs and Earnings

In the reporting year, the cost of sales stood at €524.8 million and thus rose slightly overproportionately by 21.3% compared to sales revenues. This was mainly due to product mix effects and higher depreciation owing to investments in capacity expansion. The cost of sales ratio was 49.9% relative to 48.9% a year ago.

Selling and distribution costs rose more slowly than sales by 11.6% to €186.6 million. Accordingly, the ratio of selling and distribution costs to sales revenue decreased from 18.9% in the previous year to 17.7%.

Expenses for research and development rose in the reporting year by 14.5% to €47.5 million. This equates to 4.5% of sales revenue, compared with 4.7% in the prior year.

Concerning general administrative expenses, we reported a 15.5% increase to €56.5 million, which can be attributed especially to the expansion of specific functional areas, such as IT in connection with the implementation of our mid-term strategy. In relation to sales revenue, general administrative expenses were at 5.4% relative to 5.5% in the previous year.

In fiscal 2016, the balance of other operating income and expenses was -€10.3 million relative to -€9.6 million a year earlier. It includes extraordinary items, which amounted to -€18.1 million (previous year -€7.4 million). They related, inter alia, to various corporate projects and expenditures in connection with our recent acquisitions.

The Group's EBIT increased overproportionately with respect to sales revenue by 22.4% to €225.9 million. Its EBIT margin was 21.5% (2015: 20.9%).

The financial result slightly improved to -€12.9 million in 2016 from -€14.9 million in 2015. This was essentially attributable to lower negative valuation effects from hedging transactions.

Income taxes totaled €57.1 million (2015: €50.2 million). The company's tax rate was 26.8% after 29.6% in the year before.

In the reporting year, net profit attributable to shareholders of Sartorius Stedim Biotech S.A. was €153.7 million relative to €118.0 million a year earlier.

Statement of Profit or Loss

€ in millions	2016	2015	in %
Sales revenue	1051.6	884.3	18.9
Cost of sales	-524.8	-432.5	-21.3
Gross profit on sales	526.8	451.8	16.6
Selling and distribution costs	-186.6	-167.2	-11.6
Research and development costs	-47.5	-41.5	-14.5
General administrative expenses	-56.5	-48.9	-15.5
Other operating income and expenses	-10.3	-9.6	-7.0
Earnings before interest and taxes (EBIT)	225.9	184.5	22.4
Financial income	1.9	2.9	-34.0
Financial expenses	-14.8	-17.7	16.3
Financial result	-12.9	-14.9	12.9
Profit before tax	213.0	169.7	25.5
Income taxes	-57.1	-50.2	-13.8
Net result	155.9	119.5	30.4
Attributable to:			
Equity holders of SSB S.A.	153.7	118.0	30.2
Non-controlling interest	2.2	1.5	47.1

Earnings

At the Sartorius Stedim Biotech Group, earnings before interest, taxes, depreciation and amortization (EBITDA) are used as the key profitability measure. To provide a complete and transparent picture of the Group's profitability, also in an international comparison, we report earnings adjusted for extraordinary items (underlying EBITDA). For more information about definitions, please refer to the Glossary on page 214. The underlying presentation is reconciled with the EBITDA key indicator (see Glossary) as follows:

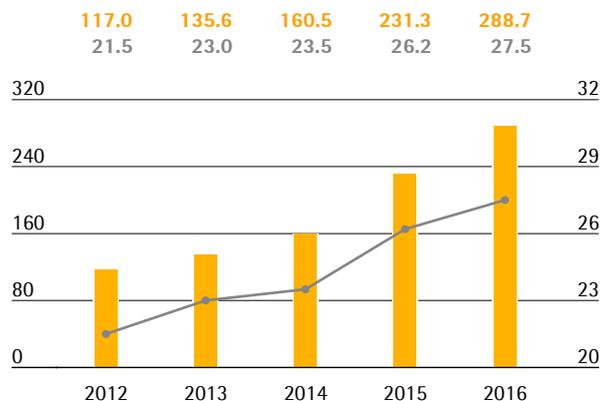
Reconciliation between EBIT and underlying EBITDA

€ in millions	2016	2015
EBIT	225.9	184.5
Extraordinary items	18.1	7.4
Depreciation and amortization	44.7	39.4
Underlying EBITDA	288.7	231.3

In the reporting year, Sartorius Stedim Biotech increased its underlying EBITDA overproportionately relative to sales by 24.8% to €288.7 million. This gain was primarily driven by sales-related economies of scale. The respective margin rose from 26.2% to 27.5%, thus reaching our forecast raised at mid-year (initial forecast: about +1 percentage point compared to 2016 in constant currencies).

Underlying EBITDA and margin¹⁾

in €



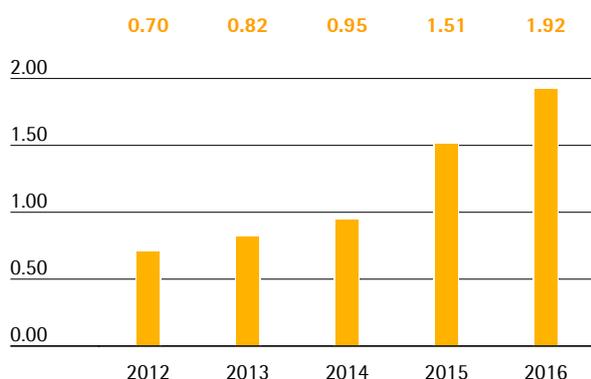
■ Underlying EBITDA in millions of €
 — Underlying EBITDA margin in %

¹⁾ Adjusted for extraordinary items

The underlying net result after non-controlling interest for the Group surged from €139.3 million a year ago to €176.6 million in fiscal 2016. This figure is the basis for calculating the profit to be appropriated and is calculated by adjusting for extraordinary items, eliminating non-cash amortization of €14.3 million (previous year: €12.9 million), and is based on the normalized financial result (see Glossary), as well as the corresponding tax effects for each of these items. Underlying earnings per share surged by 26.8% from €1.51 a year earlier to €1.92. The prior-year figure has been adjusted for the share split, which became effective on May 10, 2016.

Underlying Earnings per Share¹⁾²⁾

in €



1) Excluding extraordinary items

2) 2012 to 2015 adjusted for stock split; rounded values

€ in millions	2016	2015
EBIT (operating result)	225.9	184.5
Extraordinary items	18.1	7.4
Amortization IFRS 3	14.3	12.9
Normalized financial result¹⁾	-6.5	-6.3
Normalized income tax (2016: 29%, 2015: 29%) ²⁾	-73.0	-57.5
Underlying net result	178.8	140.8
Non-controlling interest	-2.2	-1.5
Underlying net result after non-controlling interest	176.6	139.3
Underlying earnings per share (in €)	1.92	1.51

1) Financial result excluding fair value adjustments of hedging instruments, as well as currency effects from foreign currency loans

2) Underlying income tax, based on the underlying profit before taxes and non-cash amortization

See Glossary for the definitions of the totals listed above.

Research and Development

Our research and development (R&D) activities of Sartorius Stedim Biotech encompass both new and advanced in-house product developments in our own core technologies as well as the integration of new products through alliances. Our goal is to help our customers to continually optimize their processes and steadily increase their efficiency.

In-house research and development at Sartorius Stedim Biotech focuses in particular on the following technology areas: membranes, which are the core component of all types of filter products; various base technologies such as single-use bags and sensors; and control technologies, for instance for fermentation. We increasingly pursue the approach of linking our single technologies to develop new products and solutions. Owing to our broad product portfolio, we have extensive expertise in the development of bioprocess applications.

During the reporting year, one focus of our R&D activities was the development of a new software platform for the control of individual process steps. It enables the generation of consistent data in real time for optimized monitoring and control of upstream and downstream processes from laboratory scale all the way to commercial production.

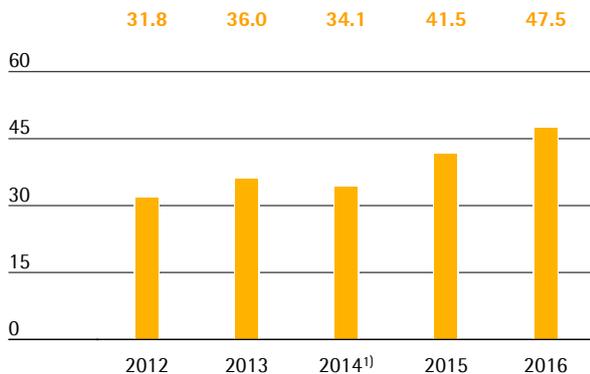
In the area of single-use fermentation, we worked on a new generation of our scalable bioreactor family STR. It allows the fermentation of volumes from 12.5 to 2,000 liters, and combines a user-friendly design with our innovative Flexsafe bags and improved sensors.

From a regional perspective, the largest R&D site is located in Goettingen, with other key R&D activities taking place in Aubagne, Guxhagen, Bangalore and Royston.

The Sartorius Stedim Biotech Group stepped up its research and development activities in the reporting year, increasing spending in this area by 14.5% to €47.5 million (previous year: €41.5 million). Owing to strong sales growth, the ratio of R&D costs to sales revenue slightly declined to 4.5% compared to 4.7% a year earlier.

Research & Development Costs

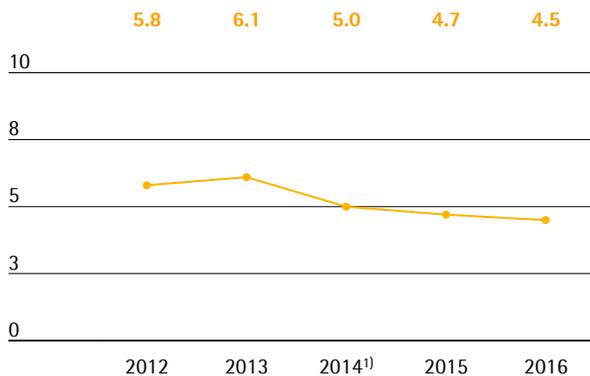
€ in millions



¹⁾ adjusted; for more information please refer to the consolidated financial statements and notes on page 121

Research & Development Ratio

In % of sales revenue



¹⁾ adjusted; for more information please refer to the consolidated financial statements and notes on page 121

IFRS require that certain development costs be capitalized on the balance sheet and then amortized over subsequent years. In the reporting year, these development investments amounted to €14.6 million compared to €8.2 million the year before. This amounts to a share of 23.5% (2015: 16.4%) of the Group's total R&D expenses. Depreciation related to capitalized development costs amounted to €5.3 million during the reporting period (2015: €5.2 million). These expenses are disclosed in the cost of sales.

To protect our know-how, we pursue a targeted intellectual and industrial property rights policy. We systematically monitor compliance with these rights and review from a cost|benefit viewpoint whether it is necessary to continue to maintain individual rights.

The number of applications for intellectual property rights filed in 2016 amounted to 107 compared to 95 in the previous year. As a result of the applications submitted in the past years, we were issued 188 patents and trademarks (previous year: 183). As of the balance sheet date, we had a total of 1,901 patents and trademarks in our portfolio (previous year: 1,959).

	2016	2015
Number of patent and trademark applications	107	95
Registered patents and trademarks	188	183

Capital Expenditures

The Sartorius Stedim Biotech Group increased capital expenditures considerably from €54.5 million in 2015 to €80.2 million in the reporting year. The ratio of capital expenditures to sales revenue was 7.6% (previous year: 6.2%), in line with our expectations specified during the year to reflect that we started to increase production capacities earlier and to a greater extent than initially planned (initial guidance: around 6% to 8%).

Owing to its strong organic growth, the company made significant investments during the reporting year in its production capacities. For instance, we expanded our filter production at our Goettingen site and began earlier than originally planned to build significant additional capacity for filters and bags at our facility in Yauco. Moreover, a new production building was put in operation in the period under review in Stonehouse.