

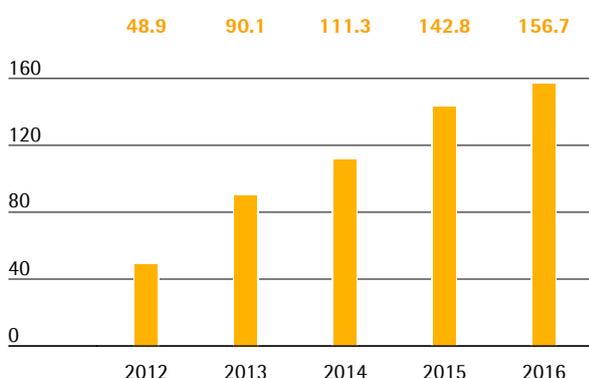
Net Worth and Financial Position

Cash Flow

The net cash flow from operating activities of the Sartorius Stedim Biotech Group increased from €142.8 million to €156.7 million in the reporting period. This represents a gain of 9,7% that was primarily driven by higher earnings. The mainly growth-related increase in net working capital as well as higher tax payments had an opposing effect in fiscal 2016.

Net Cash Flow from Operating Activities

€ in millions



Net cash outflows from investing activities increased by 52.0% to €79.7 million. During the reporting year, Sartorius Stedim Biotech started to increase production capacities earlier and to a greater extent than initially planned. Thus, we began to significantly expand our production capacities for single-use bags and filters at our plant in Yauco and extended our membrane production at our Goettingen site.

Cash outflows of €23.0 million related to acquisitions in the reporting period were attributable to the purchase of kSep Systems. Prior-year figure of -€53.9 million reflected the acquisitions of BioOutsource and Cellca.

On a whole, net cash outflow from investing activities and acquisitions thus amounted to €102.7 million compared with €106.3 million in 2015. Accordingly, the Group has again financed its entire investments and acquisitions from operating cash flows.

Net cash flow from financing activities of -€50.1 million essentially reflects the payment of dividends for fiscal 2015 paid in April 2016 of €31.5 million as well as the repayment of debt.

Cash Flow Statement Summary

€ in millions	2016	2015
Net cash flow from operating activities	156.7	142.8
Net cash flow from investing activities and acquisitions	-102.7	-106.3
Net cash flow from financing activities	-50.1	-27.2
Cash and cash equivalents	34.8	31.8
Gross debt	102.3	118.3
Net debt	67.6	86.4

Consolidated Balance Sheet

The balance sheet total of the Sartorius Stedim Biotech Group increased by €129.7 million to €1,195.8 million between year-end 2015 and the reporting date on December 31, 2016.

Non-current assets rose from €715.3 million in 2015 to €764.1 million in 2016, primarily due to investments in our production capacities.

Current assets amounted to €431.7 million compared to €350.8 million in the prior year. This increase was mainly driven by the aforementioned buildup in working capital.

Key Working Capital Figures
in days

		2016	2015
Days inventories outstanding			
Inventories			
Sales revenue	x 360	58	60
Days sales outstanding			
Trade receivables			
Sales revenue	x 360	63	58
Days payables outstanding			
Trade payables	x 360	37	41
Sales revenue			
Net working capital days			
Net working capital ¹⁾			
Sales revenue	x 360	84	77

¹⁾ Sum of inventories and trade receivables less the trade payables

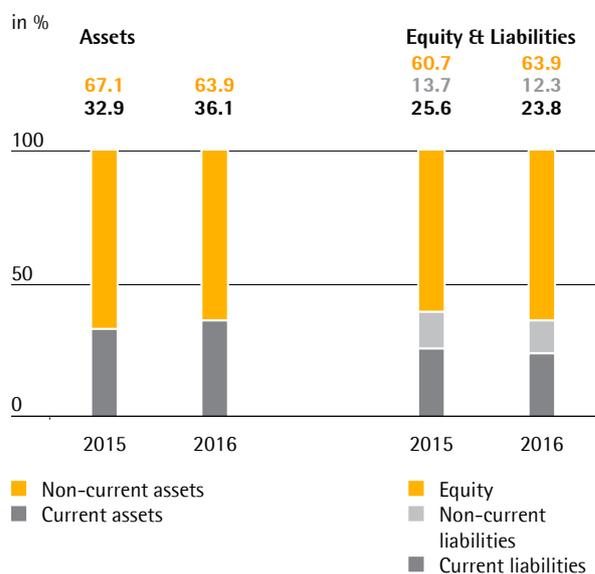
Driven by strong earnings, equity of the Sartorius Stedim Biotech Group grew from €647.2million in 2015 to €763.6million in 2016. Its equity ratio rose markedly to 63.9% (December 31, 2015: 60.7%).

Current and non-current liabilities were up modestly by €13.4 million, reaching €432.3 million.

Overall, gross debt was €102.3million as of December 31, 2016, compared with €118.3million for the year ended December 31, 2015. Net debt as of the reporting date was at €67.6million relative to €86.4million a year ago. This figure excludes the liability for the remaining purchase price for acquisitions amounting to €49.6million in 2016.

Calculation of net debt

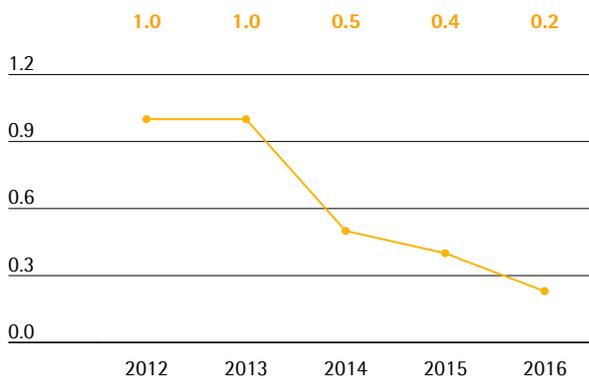
€ in millions	2016	2015
Non-current		
Loans and borrowings	9.4	12.6
Finance lease liabilities	16.7	16.9
Current		
Loans and borrowings	74.7	87.2
Finance lease liabilities	1.6	1.5
Gross debt	102.3	118.3
Cash and cash equivalents	34.8	31.8
Net debt	67.6	86.4

Balance Sheet Structure

Net Debt to Underlying EBITDA

Regarding the debt financing potential of the Sartorius Stedim Biotech Group, the ratio of net debt to underlying EBITDA represents a key management indicator. This ratio further improved from 0.4 to 0.2 for the year ended December 31, 2015, in line with our expectations.

Ratio of Net Debt to Underlying EBITDA



¹⁾ The net debt excludes the liability for the remaining purchase price for acquisitions; 2016: €49.6 million, 2015: €47.5 million, 2014: €42.8 million, 2013: €34.8 million, 2012: €34.2 million

Financing | Treasury

The Sartorius Stedim Biotech Group is financed on a long-term, well-diversified basis, which covers both its short-term cash requirements and its long-term strategy.

In December 2014 Sartorius AG has entered into a syndicated revolving credit line agreement of €400 million with a maturity that was extended in the reporting year until December 2021. Since then, Sartorius Stedim Biotech is utilizing a credit line with a volume of up to €300 million provided by Sartorius AG.

Furthermore, the Group has a long-term loan agreement with the Kreditanstalt für Wiederaufbau (KfW) for a current volume of €12.5 million relating to investments in production capacities and diverse bilateral credit lines of approximately €36 million in total.

The above mentioned financing comprise instruments with both fixed and variable interest. Financing facilities with variable interest rates are partly hedged against an increase in the general interest rate level.

The Sartorius Stedim Biotech Group conducts business across the globe and thus is affected by currency fluctuations. For the Group, the U.S. dollar represents the most important foreign currency, besides the Japanese yen, British pound and Swiss franc. Our global manufacturing network with production facilities outside Germany and France – in North America, the U.K., Switzerland and India – enables us to compensate for the majority of currency fluctuations (natural hedging).

We generally hedge the remaining net currency exposure by around two-thirds for a period of up to approximately 1.5 years ahead through suitable currency transactions.

Products and Sales

The product portfolio of Sartorius Stedim Biotech covers virtually all steps in biopharmaceutical production processes, and increasingly preceding process development as well. It includes cell cultivation media, cell lines, bioreactors, a wide range of products for separation, purification and concentration, and systems for the storage and transport of intermediate and finished products. We also offer an extensive range of services to support our customers in complying with regulatory requirements.

Portfolio Extended Further

During the reporting year, Sartorius Stedim Biotech launched new products on the market along with new generations of existing product lines.

One example is a new filter especially for viruses in cell culture media. It enables efficient virus filtration in advance of the fermentation process, thus reducing the risk of contamination.

In 2016 we also launched of a new fermentation system for process development. It allows the parallel operation of up to eight single-use bioreactors, offers a high level of predictability with regard to later large-scale production, and thus significantly increases the productivity of process development.

Moreover, the division introduced an integrated technology platform for developing cell culture processes. It consists of cell lines, cell culture media, bioreactors and analytical services, and combines these elements into a holistic solution that covers the entire upstream process of our customers.

Single-Use Portfolio complemented through Acquisition

With the acquisition of the U.S. start-up kSep Systems, the company supplemented its offering of single-use solutions with an innovative technology for cell harvesting. kSep's fully automated single-use centrifuges enable the separation and concentration of cells in a very short time.

Sales Activities Expanded

The Bioprocess Solutions Division markets its product portfolio directly through its own field sales force. Sales activities for key accounts are coordinated and supported by a global key account management. As part of our regional initiatives for implementing the mid-term strategy, we stepped up our sales activities in North America during the year under review. Thus, we opened a new laboratory for bioanalytical services in Boston, where biologic substances can be tested for safety and quality on behalf of our customers. Another laboratory in South Korea is currently in planning. Moreover, Sartorius has nearly completed the implementation of its new CRM system in Europe and North America, and thus can run its processes even more efficient.

Production and Supply Chain Management

Sartorius Stedim Biotech operates a well developed global production network with plants in Europe, North America and Asia. The largest production sites are located in Germany, France and Puerto Rico. Moreover, Sartorius has manufacturing operations in the UK, Switzerland, Tunisia, India and the USA.

Each of our production sites basically serves as a center of competence for particular technologies. The Group's plant in Goettingen, for example, concentrates chiefly on the production of membrane filters, whereas the Aubagne and Mohamdia sites primarily manufacture single-use bags. Our plant in Yauco supplies both membrane filters and single-use bags principally for the U.S. market. The Guxhagen site specializes in bioreactors and other systems for bioprocess applications. It collaborates closely with the Bangalore site, which mainly produces stainless steel components for these systems.

Expansion of Production Capacity

Against the backdrop of the dynamic growth in the bioprocess business, Sartorius Stedim Biotech increased and accelerated the expansion of its production capacities compared to its initial plans. Thus, we began to work on a significant expansion of production capacities for single-use bags and filters at our plant in Yauco. Moreover, the company expanded its membrane production at the Goettingen site.