

# Structure and Management of the Group

## Group Legal Structure

Sartorius Stedim Biotech is a globally operating company with subsidiaries in more than 20 countries and more than 4,700 employees worldwide. The parent company of the Sartorius Stedim Biotech Group is Sartorius Stedim Biotech S.A., headquartered in Aubagne, France.

Sartorius Stedim Biotech S.A. is listed on the Euronext stock exchange in Paris. Approximately 74% of the share capital and around 85% of the voting rights of Sartorius Stedim Biotech S.A. are held by Sartorius AG.

Sartorius AG is a leading international bioprocess and laboratory technology provider headquartered in Goettingen, Germany. It is listed on the German Stock Exchange and runs two divisions: the bioprocess business as a subgroup under its parent corporation Sartorius Stedim Biotech S.A. and the laboratory business as a further subgroup.

The consolidated financial statements of the Sartorius Stedim Biotech Group include Sartorius Stedim Biotech S.A. and of all affiliates in which Sartorius Stedim Biotech S.A. has a controlling interest pursuant to IFRS 10.

The list of affiliates is shown on page 130.

## Organization and Management of the Group

The Sartorius Stedim Biotech Group is largely organized by function on a worldwide basis. Accordingly, the respective management responsibilities are performed along the company's core functions across all sites and regions.

This global functional organization forms an effective platform for central strategic control and for fast, efficient collaboration and execution within the Group. It enables the company to realize its total solution provider strategy and position itself effectively in respect of global customers.

The Board of Directors of Sartorius Stedim Biotech S.A. is composed of ten members, four executive and six non-executive directors. Four of the non-executive directors are members of the Group's Audit and Remuneration Committees. On an operating level, the Group is managed by its four executive members (Executive Committee).

Implementing the Group's various strategies and initiatives at the local level is the responsibility of the national affiliates. The management bodies of the local companies manage their organizations in accordance with applicable statutory provisions, articles of association and rules of procedure and in keeping with the principles of corporate governance that apply throughout the Sartorius Stedim Biotech Group worldwide. Please see details of the Board of Directors in the section "Corporate Governance."

## Changes in the Group Portfolio

In July 2016, Sartorius Stedim Biotech acquired kSep Holdings, Inc., a young technology company based in Morrisville, North Carolina. kSep develops and markets fully automated single-use centrifuges used for manufacturing biopharmaceuticals, thus complementing the product portfolio of the Sartorius Stedim Biotech. In 2015, the company generated sales revenue of around U.S.\$5 million. It was initially consolidated upon completion of the acquisition at the end of July 2016.

## Financial Controlling and Key Performance Indicators

The Sartorius Stedim Biotech Group is managed using a number of key performance indicators, which are

also decisive for the determination of the variable remuneration component for the Executive Committee and managers.

The key management parameter that Sartorius Stedim Biotech uses to measure the development of its size is currency-adjusted growth of sales revenue.

The key performance measure for profitability is EBITDA adjusted for extraordinary items, i.e. underlying EBITDA, and the corresponding margin. For a definition of this term and more information on its presentation, see the Glossary at page 215.

Regarding the debt capacity of the Sartorius Stedim Biotech Group, a further key indicator is the ratio of net debt to underlying EBITDA for the last twelve months.

Moreover, the capex ratio, i.e. capital expenditures relative to sales revenue, represents a key control parameter.

The following financial and non-financial indicators are also reported on a regular basis:

- Order intake
- Underlying net profit | Earnings per share
- Net profit | Earnings per share
- Equity ratio
- Net working capital
- Net cash flow from operating activities
- Number of employees

The annual financial forecast published at the beginning of a fiscal year for the Group generally refers to the development of sales revenue and of underlying EBITDA margin. The expected capex ratio, as well as a directional forecast for the ratio of net debt to underlying EBITDA, is also indicated for the Group.