

Sartorius Group
First-Half Financial Report
from January to June 2018

2018

Key Figures for the First Half and Second Quarter of 2018

in millions of € unless otherwise specified	Group				Bioprocess Solutions				Lab Products & Services			
	6-mo. 2018	6-mo. 2017 ¹⁾	Δ in % reported	Δ in % cc ²⁾	6-mo. 2018	6-mo. 2017 ¹⁾	Δ in % reported	Δ in % cc ²⁾	6-mo. 2018	6-mo. 2017 ¹⁾	Δ in % reported	Δ in % cc ²⁾
Sales Revenue and Order Intake												
Sales revenue	758.4	702.5	8.0	11.9	550.3	510.1	7.9	11.9	208.1	192.4	8.1	12.0
- EMEA ³⁾	324.4	301.8	7.5	8.4	229.5	208.5	10.0	10.7	94.9	93.3	1.8	3.3
- Americas ³⁾	249.6	228.5	9.3	16.6	195.8	181.3	8.0	15.4	53.9	47.2	14.1	20.9
- Asia Pacific ³⁾	184.4	172.2	7.1	12.2	125.1	120.3	4.0	8.9	59.3	51.9	14.2	19.9
Order intake	807.6	741.9	8.9	12.7	594.6	546.9	8.7	12.6	213.0	195.0	9.2	13.1
Results												
EBITDA ⁴⁾	189.5	172.9	9.6		153.9	140.0	10.0		35.5	33.0	7.8	
EBITDA margin ⁴⁾ in %	25.0	24.6			28.0	27.4			17.1	17.1		
Net result ⁵⁾	79.8	69.9	14.1									
Financial data per share												
Earnings per ordinary share ⁵⁾ in €	1.16	1.02	14.1									
Earnings per preference share ⁵⁾ in €	1.17	1.03	14.0									
	300618	311217										
Balance Sheet Financials												
Balance sheet total	2,418.6	2,297.7										
Equity	845.2	806.6										
Equity ratio in %	34.9	35.1										
Net debt	955.3	895.5										
Net debt to underlying EBITDA	2.6	2.5										

in millions of € unless otherwise specified	Group				Bioprocess Solutions				Lab Products & Services			
	Q2 2018 ⁶⁾	Q2 2017 ^{1,6)}	Δ in % reported	Δ in % cc	Q2 2018 ⁶⁾	Q2 2017 ^{1,6)}	Δ in % reported	Δ in % cc	Q2 2018 ⁶⁾	Q2 2017 ^{1,6)}	Δ in % reported	Δ in % cc
Sales Revenue and Order Intake												
Sales revenue	393.5	359.4	9.5	12.4	286.9	258.9	10.8	13.8	106.6	100.4	6.2	8.9
Order intake	402.8	365.0	10.4	13.0	299.4	263.4	13.7	16.4	103.4	101.6	1.8	4.3
Results												
EBITDA ⁴⁾	100.9	88.3	14.2		83.6	71.6	16.8		17.2	16.7	3.1	
EBITDA margin ⁴⁾ in %	25.6	24.6			29.2	27.7			16.1	16.6		
Net result⁵⁾	42.6	35.5	19.9									
Financial data per share												
Earnings per ordinary share ⁵⁾ in €	0.62	0.52	19.9									
Earnings per preference share ⁵⁾ in €	0.62	0.52	19.9									

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017

²⁾ In constant currencies

³⁾ Acc. to customers' location

⁴⁾ Adjusted for extraordinary items

⁵⁾ After non-controlling interest, adjusted for extraordinary items as well as non-cash amortization, and based on the normalized financial result as well as the corresponding tax effects for each of these items

⁶⁾ Figures have not been audited or reviewed

Interim Management Report

Economic and Sector Report

The sectors in which the Sartorius Group is active differ in their dependence on the economy. The Bioprocess Solutions Division, for instance, operates in an environment that is largely independent of economic fluctuations. The Lab Products & Services Division, in contrast, conducts its business activities in sectors that are more strongly affected by economic factors.

Global Economy Continues Robust Development

According to the most recent data of the OECD, the global economy continued to grow at a high level in the first quarter of 2018.

In the European Union, the gross domestic product rose from 2.3% in the prior-year quarter to 2.4%. In particular, the French economy grew considerably faster at 2.2% (previous year: 1.4%), and growth in Germany was also slightly above the previous year's rate of 2.1%, at 2.3%. The British economy's pace of expansion eased to 1.2% (previous year: 2.1%).

Driven by positive momentum from the tax reform enacted at the beginning of the year, the world's largest economy, the USA, gained significantly in the first quarter, rising from 2.0% a year ago to 2.8%. Higher corporate investments and strong domestic demand promoted this growth.

The Asian-Pacific economic area proved to be a key growth driver yet again. China's gross domestic product thus rose by 6.7%, relative to 6.9% in the year before. Sartorius additionally earned significant sales shares in South Korea, India and Japan. While South Korea's economic performance grew by 2.8% (previous year: 2.9%), the expansion rate of India's economy rose year over year from 6.0% to around 7.4%. Japan reported an increase of 1.1% (previous year: 1.3%).

Sources: OECD: Quarterly National Accounts, May 2018; Reuters, April 2018

Continued Positive Sector Development

Sartorius' key customer groups include the biopharmaceutical and pharmaceutical industries as well as public research institutions. In addition, the company counts quality assurance laboratories in the chemical and food industries among its customers. Accordingly, the trends in these specific sectors considerably influence the business development of Sartorius.

The international market research institute IQVIA, formerly IMS Health, estimates that the global pharmaceutical market has grown annually by around 6% on average over the past five years. This positive development was mainly fueled by better access to health services in emerging countries and rising median ages in industrialized countries, which led to an increasing demand for medications. By contrast, growth of the pharmaceutical market was dampened by government initiatives directed at reducing health spending, as well as by expiring patents for high-revenue pharmaceuticals.

The market for medications manufactured using biotech methods has already been growing faster than the global pharmaceutical market for years and is therefore especially important for Sartorius' business growth. Its rapid expansion is primarily due to many new approvals of medicines and additional market penetration by existing biologics. Overall, the proportion of sales revenue of the world's pharmaceutical market from medical drugs manufactured using biotech methods rose from around 21% in 2013 to approximately 25% in 2017.

Biosimilars, or biotherapeutic products similar to originally patented reference biologics, used to play only a minor role in the growth of the biotechnology market in 2017 due to their small revenue base. Yet the biosimilars market is expected to see substantial growth throughout the coming years due to expiration of patents for a number of high-revenue pharmaceuticals. In addition, the regulatory, patent-law-related and marketing hurdles that have hindered faster penetration of biosimilars to date are likely to further decrease.

Demand for laboratory instruments and consumables is generated also by public research and the chemical and food sectors other than by just the biopharmaceutical and pharmaceutical industries alone.

According to data provided by Frost & Sullivan, the global laboratory market grew by about 3.4%. In view of higher-than-expected economic growth, Europe reported an increase of 3.5%. Sales revenue in the USA, the largest market for laboratory products, likewise rose solidly by 3.1%. Significant growth was once again reported in Asian countries, such as China and India, in which the laboratory market saw above-average expansion of 7.8% (China) and 8.0% (India).

Sources: IQVIA Institute: 2018 and Beyond: Outlook and Turning Points, March 2018; EvaluatePharma: World Preview 2018, Outlook to 2024, June 2018; Frost & Sullivan: 2018 Mid-year Report, May 2018

Group Business Development

- Significant growth in sales and profit
- Both divisions report dynamic business performance
- Sales forecast for the full year of 2018 raised

Sartorius with Double-Digit Gains in Sales and Order Intake

Sartorius grew dynamically, recording significant increases in sales revenue and earnings in the first half of 2018. Thus, sales in constant currencies rose by 11.9% from €702.5 million to €758.4 million; the reported increase was 8.0%. Essentially, this revenue growth was due to the strong organic business development of both Group divisions, while sales contributed by acquisitions were around 2 percentage points.

Order intake in the reporting period also rose slightly more strongly than sales, by 12.7% in constant currencies to €807.6 million. The reported gain was 8.9%.

Sales revenue and order intake

in millions of €	6-mo. 2018	6-mo. 2017 ¹⁾	Δ in % reported	Δ in % cc ²⁾
Sales revenue	758.4	702.5	8.0	11.9
Order Intake	807.6	741.9	8.9	12.7

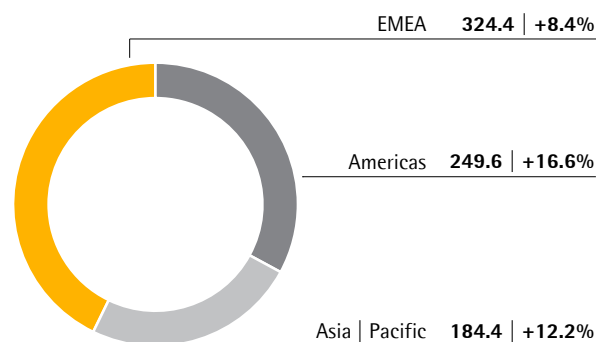
¹⁾ The previous year's figures have been restated due to the finalization of the purchase price allocations for the acquisitions of 2017

²⁾ In constant currencies

All regions contributed to growth of the Sartorius Group in the first half of 2018. Sales revenue in the Americas region, which accounted for around 33% of total Group sales, gained the highest momentum relative to a moderate revenue base in the previous year, and was up 16.6% to €249.6 million (reported: +9.3% compared with €228.5 million a year ago).

Sales revenue and growth¹⁾ by region²⁾

in millions of € unless otherwise specified



¹⁾ In constant currencies

²⁾ Acc. to customers' location

The EMEA region, which generates the company's highest share of revenue representing around 43% of total Group sales, recorded a gain of 8.4% to €324.4 million (reported: +7.5%, compared with €301.8 million).

Sales revenue in the Asia | Pacific region, which accounted for around 24% of total consolidated sales, also showed positive development against exceptionally strong prior-year growth, with sales up 12.2% to €184.4 million (reported: +7.1% compared with €172.2 million).

All changes given for regional development are in constant currencies, unless otherwise specified.

Underlying EBITDA Increases Robustly

Sartorius uses underlying EBITDA (earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items) as the key profitability indicator.

In the first half of 2018, the Sartorius Group substantially increased its earnings. Operating EBITDA rose by 9.6% from €172.9 million to €189.5 million despite negative currency effects. The Group's respective EBITDA margin climbed from 24.6% in the year-earlier period to 25.0%. Growth in earnings was particularly dampened in the first quarter of the current fiscal year as a result of the depreciation of the U.S. dollar against the euro.

Underlying EBITDA and EBITDA margin, Group

in millions of €	6-mo. 2018	6-mo. 2017 ¹⁾	Δ in %
Underlying EBITDA	189.5	172.9	9.6
Underlying EBITDA margin	25.0	24.6	

¹⁾ The previous year's figures have been restated due to the finalization of the purchase price allocations for the acquisitions of 2017

Consolidated EBIT, including extraordinary items of –€13.9 million (H1 2017: –€14.7 million), depreciation and amortization, amounted to €123.3 million compared with €111.5 million in the previous year. Extraordinary items were primarily related to various cross-divisional projects and expenses in connection with the Group's prior-year acquisitions. Despite an acquisition-driven increase in amortization, the consolidated EBIT margin improved in the reporting period from 15.9% a year ago to 16.3%.

The financial result was –€11.0 million in the first half of 2018, relative to –€14.9 million for the prior-year period. This change is essentially attributable to positive valuation effects related to foreign currency liabilities and hedging instruments.

Tax expenses in the reporting period stood at –€30.3 million relative to –€28.0 million in the first half of 2017. The tax rate for the Sartorius Group decreased from 29.0% in the previous year to 27.0%, as expected.

Net profit for the first six months of 2018 was €82.0 million, substantially higher than the year-earlier figure of €68.6 million. Net profit after non-controlling interest totaled €57.3 million relative to €46.1 million in the comparable prior-year period, with non-controlling interest accounting for €24.7 million (H1 2017: €22.6 million).

Relevant Net Profit Rises Significantly

The relevant net profit attributable to the shareholders of Sartorius AG rose by 14.1% from €69.9 million to €79.8 million. This profit figure is calculated by adjusting for extraordinary items and eliminating non-cash amortization, and is based on the normalized financial result as well as the corresponding tax effects for each of these items. Underlying earnings per ordinary share totaled €1.16 (H1 2017: €1.02) and €1.17 per preference share (H1 2017: €1.03).

€ in millions	6-mo. 2018	6-mo. 2017 ¹⁾
EBIT	123.3	111.5
Extraordinary items	13.9	14.7
Amortization	18.4	15.7
Normalized financial result ²⁾	– 8.3	– 8.3
Normalized income tax (2018: 27% 2017: 29%) ³⁾	– 39.8	– 38.8
Underlying net result after tax	107.5	94.9
Non-controlling interest	– 27.8	– 25.0
Underlying earnings after taxes and non-controlling interest	79.8	69.9
Underlying earnings per share		
per ordinary share in €	1.16	1.02
per preference share in €	1.17	1.03

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017

²⁾ Financial result excluding fair value adjustments of hedging instruments and currency effects relating to financing activities

³⁾ Income tax considering the average group tax rate, based on the underlying profit before tax

Operating Cash Flow Considerably Enhanced

In the first six months of the current fiscal year, the Sartorius Group reported a net cash flow from operating activities of €92.0 million relative to €54.3 million a year ago. This development primarily reflects the increase in underlying EBITDA.

Net cash flow from investing activities was –€97.4 million, above the year-earlier figure of –€79.5 million. Capital expenditures in the reporting period were related to, inter alia, the expansion of production capacity at our site in Puerto Rico as well as the consolidation and expansion of Group headquarters and extension of production capacities in Göttingen, Germany. The ratio of capital expenditures relative to sales in the first half of 2018 was 13.2% compared with 12.9% in the previous year.

The net cash flow from investing activities and acquisitions was also -€97.4 million relative to -€436.1 million in the same period of the previous year. The considerably higher cash outflows in the year earlier were due to the acquisitions of Essen BioScience and Umetrics, whereas there were no acquisitions in the first half of 2018.

Key Balance Sheet and Financial Indicators Remain at Robust Levels

The balance sheet total for the Sartorius Group stood at €2,418.6 million in the period ended June 30, 2018, compared to €2,297.7 million as of December 31, 2017. This increase is mainly attributable to higher figures for property, plant and equipment as well as growth-related increases in inventories and trade payables.

The Sartorius Group's equity rose from €806.6 million to €845.2 million between December 31, 2017, and the reporting date. The equity ratio continued to remain at a robust level at 34.9% (December 31, 2017: 35.1%).

While gross debt increased from €955.0 million as of December 31, 2017, to €1,006.5 million as of June 30, 2018, net debt was €955.3 million at the end of the reporting period relative to €895.5 million as of December 31, 2017.

The ratio of net debt to underlying EBITDA based on the past 12 months was 2.6 for the period ended June 30, 2018, relative to 2.5 at year-end 2017.

Number of Employees Increases

As of June 30, 2018, the Sartorius Group employed a total of 7,738 people worldwide. Compared with December 31, 2017, head count thus rose by 237 or around 3.2%. From a geographical perspective, personnel increased at the highest rate in the EMEA region, by 4.6%. The number of employees in the Americas region rose in the reporting period by around 3.6% to 1,225. Following consolidation of local production activities, Sartorius employed 1,096 people in Asia | Pacific as of the end of the reporting period (December 31, 2017: 1,140).

Business Development of the Divisions

The Bioprocess Solutions Division Continues to Grow Dynamically

The Bioprocess Solutions Division recorded double-digit growth in sales revenue and earnings in the first half of 2018. Following relatively moderate development in the prior-year, which was impacted by a few temporary effects, momentum considerably picked up again for the Bioprocess Solutions Division in the reporting period. The division's sales revenue rose year over year by 11.9% to €550.3 million in constant currencies (reported: +7.9%), fueled by a high demand for single-use products and equipment; in addition, the division's cell culture media business also contributed to sales expansion. Consolidation of Umetrics acquired in April 2017 contributed close to one percentage point of non-organic growth.

The Americas region, in particular, saw significant sales growth, which was up 15.4% against a low prior-year base, while the EMEA region also achieved a highly solid increase in sales revenue of 10.7%. In the Asia | Pacific region, sales were up 8.9%, after strong growth in the previous year. (All rates of change for regional development in constant currencies.)

Bioprocess Solutions

in millions of €	6-mo. 2018	6-mo. 2017 ¹⁾	Δ in % reported	Δ in % cc ²⁾
Sales revenue	550.3	510.1	7.9	11.9
- EMEA ³⁾	229.5	208.5	10.0	10.7
- Americas ³⁾	195.8	181.3	8.0	15.4
- Asia Pacific ³⁾	125.1	120.3	4.0	8.9
Order intake	594.6	546.9	8.7	12.6

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017

²⁾ In constant currencies

³⁾ Acc. to customers' location

The division's first-half order intake in 2018 rose substantially as well, also due to larger equipment projects and slightly more strongly than expected, by 12.6% to €594.6 million in constant currencies.

Underlying EBITDA of the Bioprocess Solutions Division increased by 10.0% to €153.9 million due to economies of scale and despite negative currency effects. Its respective margin was 28.0%, up from 27.4% in the year-earlier period.

Underlying EBITDA and EBITDA margin, Bioprocess Solutions

in millions of €	6-mo. 2018	6-mo. 2017 ¹⁾	Δ in %
Underlying EBITDA	153.9	140.0	10.0
Underlying EBITDA margin in %	28.0	27.4	

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions executed in 2017

Lab Products & Services Continues Positive Business Development

In the first half of 2018, the Lab Products & Services Division increased its sales revenue within the range expected, by 12.0% in constant currencies to €208.1 million (reported: +8.1%). While the division's organic growth was around 7%, the prior-year acquisition of Essen BioScience, a specialist in cell analysis, contributed non-organic growth of around 5 percentage points.

Lab Products & Services

in millions of €	6-mo. 2018	6-mo. 2017 ¹⁾	Δ in % reported	Δ in % cc ²⁾
Sales revenue	208.1	192.4	8.1	12.0
- EMEA ³⁾	94.9	93.3	1.8	3.3
- Americas ³⁾	53.9	47.2	14.1	20.9
- Asia Pacific ³⁾	59.3	51.9	14.2	19.9
Order Intake	213.0	195.0	9.2	13.1

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017

²⁾ In constant currencies

³⁾ Acc. to customers' location

The Americas and Asia | Pacific regions reported the highest growth dynamics due to the prior year's acquisition and to significant organic growth, recording a strong double-digit uptick of 20.9% and 19.9%, respectively. In the EMEA region, sales rose relatively moderately by 3.3%. (All rates of change for regional development in constant currencies.)

Order intake for the division increased in the first half by 12.6% in constant currencies (reported: 8.7%), also within the range expected.

Underlying EBITDA of the Lab Products & Services Division rose in the six months of 2018 by 7.8% from €33.0 million to €35.5 million. Despite positive economies of scale, the division's earnings margin was at the previous year's level of 17.1% in relation to the unfavorable currency environment.

Underlying EBITDA and EBITDA margin, Lab Products & Services

in millions of €	6-mo. 2018	6-mo. 2017 ¹⁾	Δ in %
Underlying EBITDA	35.5	33.0	7.8
Underlying EBITDA margin in %	17.1	17.1	

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017

Opportunity and Risk Report

The opportunities and risk situation of the Sartorius Group has not materially changed since the publication of its 2017 Annual Report. For this reason, please refer to a detailed description of the opportunities and risks as well as the risk management system for the Sartorius Group on pp. 54 et seq. and on pp. 68 et seq. of the 2017 Annual Report.

Forecast Report

Global Economy Set to Further Expand

According to the most recent forecast of the International Monetary Fund (IMF) of April 2018, the global economy is expected to continue expanding at a high level this year. Economic growth is projected to reach 3.9%, slightly up from 3.8% a year earlier.

The growth rate for the European Union is forecasted to level off slightly this year and is estimated at 2.5%, compared with 2.7% in 2017. While economic growth for the United Kingdom is projected to decline to 1.6% (previous year: 1.8%) due to lower corporate investments, a solid increase of 2.1% is expected for France (previous year: 1.8%) because of rising domestic demand. Germany, Europe's largest economy, is likely to see a continued upturn, with growth at 2.5%, the same rate as in the previous year.

For the U.S. market, the IMF continues to predict that economic activity will grow significantly at a rate of 2.9% compared with 2.3% a year ago. The primary reasons this market is picking up momentum are the tax reform that entered into force at the beginning of the year, rising corporate investments and strong domestic demand.

The Asia | Pacific economic area is likely to grow by around 5.6% this year and thus at approximately the prior-year level. This expected growth will be driven especially by the expansion of the economy in India. Here, the forecasted increase of 7.4% is projected to substantially exceed the year-earlier rate of 6.7%. Despite experiencing a slight downturn by 0.3 percentage points to 6.6%, China will continue to be the growth engine of the Asia | Pacific region as well. By contrast, the Japanese economy is forecasted to see a decline from 1.7% in the previous year to 1.2%.

Sources: International Monetary Fund, World Economic Outlook, April 2018

Continued Positive Sector Environment

The trends described on pages 63–65 of our 2017 Annual Report have remained unchanged with respect to their impacts on the development of the Sartorius Group.

Most recent estimates project that the global pharmaceutical market will expand at a compound annual growth rate of 4% to 7% during the period of 2018 to 2022. For the biopharma subsegment, market observers continue to expect overproportionate annual growth of around 9% on average. This growth will be fueled essentially by the ongoing penetration of the market by biopharmaceuticals already approved, the expansion of their areas of indication and the industry's strong research and development pipelines.

Based on Frost & Sullivan estimates, global demand for laboratory products is predicted to show exceptionally positive development in the next few years. Therefore, growth of around 3.6% is projected for 2018. While the markets in the USA and Europe are likely to expand robustly at rates of 3.3% and 3.1%, respectively, market analysts continue to expect the highest growth rates in Asian countries, for instance, 7.5% for China and 8.5% for India.

Sources: IQVIA Institute: 2018 and Beyond: Outlook and Turning Points, March 2018; EvaluatePharma: World Preview 2018, Outlook to 2024, June 2018; Frost & Sullivan: 2018 Spring Mid-year Report; May 2018.

Guidance for Fiscal 2018 Raised

In view of good business performance in the first half of 2018 and strong order intake, management has raised its full-year sales forecast for the Bioprocess Solutions Division and thus for the entire Group as follows:

Group

Based on constant currencies, management projects that Group sales revenue will grow by about 12% to 15%, up from its earlier growth forecast of about 9% to 12%. As projected so far, the Group's underlying EBITDA margin is still expected to increase by approximately half a percentage point compared with the year-earlier figure of 25.1%.

For 2018, Sartorius continues to plan on investing about 15% of sales revenue.

Regarding its financial position, Sartorius further expects that its ratio of net debt to underlying EBITDA will be slightly below the prior-year figure of 2.5 by the end of the current fiscal year. Any further potential acquisitions are not reflected in this guidance.

Divisions

Given the higher-than-expected growth dynamics for the Bioprocess Solutions Division, management has raised its sales forecast for this division from 8% to 11% to about 12% to 15%. The division's underlying EBITDA margin remains projected to rise by about half a percentage point over the prior-year figure of 28.0%.

For the Lab Products & Services Division, guidance remains unchanged. Under the assumption of an overall stable economic environment, sales are forecasted to increase by about 12% to 15%. The division's underlying EBITDA margin is expected to rise by about one percentage point compared with the prior-year figure of 18.0%.

All forecasts are based on constant currencies. Due to the latest developments in the foreign exchange rates, especially between the U.S. dollar and the euro, these figures may need to be reviewed during the remaining part of the year.

Report on Material Events

No material events occurred after June 30, 2018.

Condensed Interim Financial Statements

Statement of Profit or Loss

	2nd quarter ¹⁾ 2018 € in mn	2nd quarter ¹⁾ 2017 € in mn	6-month 2018 € in mn	6-month ²⁾ 2017 € in mn
Sales revenue	393.5	359.4	758.4	702.5
Cost of sales	- 192.0	- 182.0	- 368.5	- 354.3
Gross profit on sales	201.5	177.3	389.9	348.2
Selling and distribution costs	- 84.5	- 77.6	- 162.1	- 147.5
Research and development expenses	- 19.5	- 18.4	- 41.1	- 34.9
General administrative expenses	- 23.3	- 19.8	- 46.3	- 41.3
Other operating income and expenses ³⁾	- 6.6	- 7.0	- 16.9	- 13.0
Earnings before interest and taxes (EBIT)	67.5	54.5	123.3	111.5
Financial income	- 0.4	1.6	3.1	2.8
Financial expenses	- 6.5	- 12.8	- 14.1	- 17.6
Financial result	- 6.9	- 11.2	- 11.0	- 14.9
Profit before tax	60.6	43.2	112.3	96.6
Income taxes	- 16.4	- 12.5	- 30.3	- 28.0
Net profit for the period	44.3	30.7	82.0	68.6
Attributable to:				
Shareholders of Sartorius AG	30.7	19.4	57.3	46.1
Non-controlling interest	13.6	11.3	24.7	22.6
Earnings per ordinary share (€) (basic)	0.45	0.28	0.83	0.67
Earnings per preference share (€) (basic)	0.45	0.28	0.84	0.68
Earnings per ordinary share (€) (diluted)	0.45	0.28	0.83	0.67
Earnings per preference share (€) (diluted)	0.45	0.28	0.84	0.68

¹⁾ The 2nd quarter figures were not included in the auditors' review.

²⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017.

³⁾ The item "Other operating income and expenses" includes extraordinary expenses for Group projects and acquisition and integration costs of €13.9 million for the six-month period of 2018 (6-mo. 2017: €14.7 million).

Statement of Comprehensive Income

	2nd quarter ¹⁾ 2018 € in mn	2nd quarter ¹⁾ 2017 € in mn	6-month 2018 € in mn	6-month ²⁾ 2017 € in mn
Net profit for the period	44.3	30.7	82.0	68.6
Cash flow hedges	- 12.3	19.1	- 9.7	24.8
- of which effective portion of the change in fair value	- 8.8	18.3	- 2.1	22.7
- of which reclassified to profit or loss	- 3.5	0.8	- 7.6	2.1
Income tax on cash flow hedges	3.6	- 5.7	2.8	- 7.4
Net investment in a foreign operation	20.9	- 27.3	10.7	- 25.6
Income tax on net investment in a foreign operation	- 5.7	2.7	- 2.9	2.2
Currency translation differences	7.4	- 18.4	1.2	- 17.0
Items that may be reclassified in the profit or loss statement, net of tax	14.0	- 29.6	2.2	- 23.1
Remeasurements of the net defined benefit liability	0.2	2.0	0.2	2.0
Income tax on items that will not be reclassified in the profit or loss statement	0.0	- 0.5	0.0	- 0.5
Items that will not be reclassified in the profit or loss statement, net of tax	0.2	1.5	0.2	1.5
Other comprehensive income after tax	14.2	- 28.2	2.4	- 21.6
Total comprehensive income	58.4	2.5	84.3	47.0
Attributable to:				
Shareholders of Sartorius AG	44.3	- 6.6	60.6	25.2
Non-controlling interest	14.2	9.1	23.7	21.8

¹⁾ The 2nd quarter figures were not included in the auditors' review.

²⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017.

Statement of Financial Position

	June 30, 2018	December 31, 2017 ¹⁾
	€ in mn	€ in mn
Assets		
Non-current assets		
Goodwill	657.6	653.9
Other intangible assets	420.3	427.3
Property, plant and equipment	569.3	508.0
Financial assets	13.7	20.1
Other assets	0.8	0.0
Deferred tax assets	16.1	16.2
	1,677.9	1,625.7
Current assets		
Inventories	282.3	246.1
Trade receivables	312.5	282.2
Other financial assets	23.5	28.2
Current tax assets	24.1	26.2
Other assets	41.3	24.7
Cash and cash equivalents	51.2	59.4
Assets held for sale	5.9	5.2
	740.8	672.0
Total assets	2,418.6	2,297.7
Equity and liabilities		
	June 30, 2018	December 31, 2017 ¹⁾
	€ in mn	€ in mn
Equity		
Equity attributable to Sartorius AG shareholders	644.4	617.8
Issued capital	68.4	68.4
Capital reserves	39.9	39.7
Other reserves and retained earnings	536.1	509.7
Non-controlling interest	200.8	188.8
	845.2	806.6
Non-current liabilities		
Pension provisions	65.1	64.9
Other provisions	7.9	7.7
Loans and borrowings	894.0	869.8
Finance lease liabilities	16.8	17.6
Other financial liabilities	50.8	51.4
Deferred tax liabilities	82.1	86.0
	1,116.6	1,097.5
Current liabilities		
Provisions	10.7	13.4
Trade payables	167.8	139.2
Loans and borrowings	92.9	64.6
Finance lease liabilities	2.7	3.0
Employee benefits	57.3	53.9
Other financial liabilities	39.5	44.1
Current tax liabilities	34.3	35.4
Other liabilities	51.5	40.1
	456.8	393.7
Total equity and liabilities	2,418.6	2,297.7

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017.

Statement of Cash Flows

	6-month 2018 € in mn	6-month ¹⁾ 2017 € in mn
Profit before tax	112.3	96.6
Financial result	11.0	14.9
Earnings before interest and taxes (EBIT)	123.3	111.5
Depreciation amortization of intangible and tangible assets	52.3	46.7
Increase decrease in provisions	- 2.8	- 0.9
Gains losses from the disposal of fixed assets	- 2.0	0.0
Income taxes paid	- 34.0	- 28.7
Other non-cash items	1.1	1.0
Gross cash flows from operating activities	138.0	129.6
Increase decrease in receivables and other assets	- 44.1	- 35.6
Increase decrease in inventories	- 34.8	- 14.6
Increase decrease in liabilities (without loans and borrowings)	32.9	- 25.0
Net cash flow from operating activities	92.0	54.3
Capital expenditures	- 99.0	- 79.5
Proceeds from the disposal of fixed assets	2.0	0.0
Other payments	- 0.3	0.0
Net cash flow from investing activities	- 97.4	- 79.5
Payments for acquisitions of consolidated subsidiaries and other business operations, net of cash acquired	0.0	- 356.6
Net cash flow from investing activities, acquisitions and disposals	- 97.4	- 436.1
Interest received	0.1	0.2
Interest paid and other financial charges	- 6.9	- 10.2
Dividends paid to:		
- Shareholders of Sartorius AG	- 34.5	- 31.1
- Non-controlling interest	- 11.7	- 10.7
Gross cash flows from financing activities	- 53.0	- 51.9
Loans repaid	- 19.6	- 70.8
Loans raised	71.1	515.0
Net cash flow from financing activities	- 1.4	392.4
Net increase decrease in cash and cash equivalents	- 6.9	10.6
Cash and cash equivalents at the beginning of the period	59.4	62.0
Net effect of currency translation on cash and cash equivalents	- 1.3	- 0.2
Cash and cash equivalents at the end of the period	51.2	72.4

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017.

Statement of Changes in Equity

€ in millions	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Earnings reserves and retained profits	Difference resulting from currency translation	Equity attributable to Sartorius AG shareholders	Non-controlling interest	Total equity
Balance at January 1, 2017	68.4	38.4	- 7.3	- 17.7	473.6	24.3	579.7	157.1	736.8
Net profit for the period	0.0	0.0	0.0	0.0	46.1	0.0	46.1	22.6	68.6
Cash flow hedges	0.0	0.0	19.8	0.0	0.0	0.0	19.8	5.0	24.8
Remeasurements of the net defined benefit liability	0.0	0.0	0.0	1.7	0.0	0.0	1.7	0.3	2.0
Currency translation differences	0.0	0.0	0.0	0.0	0.0	- 12.5	- 12.5	- 4.4	- 17.0
Net investment in a foreign operation	0.0	0.0	0.0	0.0	- 25.6	0.0	- 25.6	0.0	- 25.6
Tax effects	0.0	0.0	- 5.9	- 0.4	2.2	0.0	- 4.2	- 1.6	- 5.7
Other comprehensive income after tax	0.0	0.0	13.9	1.3	- 23.4	- 12.5	- 20.9	- 0.7	- 21.6
Total comprehensive income	0.0	0.0	13.9	1.3	22.6	- 12.5	25.2	21.8	47.0
Share-based payment	0.0	0.7	0.0	0.0	0.0	0.0	0.7	0.0	0.7
Dividends	0.0	0.0	0.0	0.0	- 31.1	0.0	- 31.1	- 10.7	- 41.8
Other changes in equity	0.0	0.0	0.0	0.0	- 0.4	0.0	- 0.4	0.1	- 0.3
Balance at June 30, 2017¹⁾	68.4	39.1	6.6	- 16.4	464.7	11.7	574.1	168.3	742.4
Balance at December 31, 2017	68.4	39.7	11.4	- 19.1	513.3	4.1	617.8	188.8	806.6
Adjustment on adoption of IFRS 9					0.4		0.4		0.4
Balance at January 1, 2018									
Net profit for the period	0.0	0.0	0.0	0.0	57.3	0.0	57.3	24.7	82.0
Cash flow hedges	0.0	0.0	- 7.9	0.0	0.0	0.0	- 7.9	- 1.8	- 9.7
Remeasurements of the net defined benefit liability	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.2
Currency translation differences	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.2	1.2
Net investment in a foreign operation	0.0	0.0	0.0	0.0	10.7	0.0	10.7	0.0	10.7
Tax effects	0.0	0.0	2.4	- 0.1	- 2.9	0.0	- 0.6	0.5	0.0
Other comprehensive income after tax	0.0	0.0	- 5.5	0.1	7.8	1.0	3.4	- 1.0	2.4
Total comprehensive income	0.0	0.0	- 5.5	0.1	65.1	1.0	60.6	23.7	84.3
Share-based payment	0.0	0.3	0.0	0.0	0.0	0.0	0.3	0.0	0.3
Dividends	0.0	0.0	0.0	0.0	- 34.5	0.0	- 34.5	- 11.7	- 46.2
Other changes in equity	0.0	0.0	0.0	0.0	- 0.2	0.0	- 0.2	0.1	- 0.1
Balance at June 30, 2018	68.4	39.9	5.9	- 18.9	544.1	5.1	644.4	200.8	845.2

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017.

Segment Reports

According to IFRS 8, Operating Segments, the identification of reportable operating segments is based on the "management approach"; i.e., the segments are defined analogously to the internal control and reporting structure of an entity. Accordingly, the divisions called Bioprocess Solutions and Lab Products & Services are to be considered operating segments.

"Underlying EBITDA" is the key performance indicator of the operating segments of the Sartorius Group. EBITDA corresponds to earnings before interest (financial result), taxes, depreciation and amortization.

"Underlying EBITDA" means EBITDA adjusted for extraordinary items. In this connection, extraordinary items are expenses and income that are of an exceptional or a one-time nature and accordingly distort the sustainable profitability of a segment and, from the Group's perspective, have a material impact on the net worth, financial position and earnings of the Group.

Apart from that, the recognition and measurement methods for the reportable segments conform to the general Group accounting principles.

€ in millions	Sales revenue		Underlying EBITDA	
	6-mo. 2018	6-mo. 2017 ¹⁾	6-mo. 2018	6-mo. 2017 ¹⁾
Bioprocess Solutions	550.3	510.1	153.9	140.0
Lab Products & Services	208.1	192.4	35.5	33.0
Total continuing operations	758.4	702.5	189.5	172.9
Reconciliation to the profit before tax				
Depreciation and amortization			- 52.3	- 46.7
Extraordinary items			- 13.9	- 14.7
Earnings before interest and taxes (EBIT)			123.3	111.5
Financial result			- 11.0	- 14.9
Profit before tax from continuing operations			112.3	96.6

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017.

Disaggregation of Revenue: Geographical Information by Segment

Under IFRS 15, revenue recognized from contracts with customers are disaggregated into the categories of the "nature of products and type of customer" as well as "geographical regions" and presented in the following table. The categorization by "nature of products and type of customer" corresponds to the

reportable segments as the identification of the reportable segments is based in particular on the different products sold and on customer groups. Regional disaggregation of revenue is according to the customer's location.

€ in million	Group	6-mo. 2018			6-mo. 2017 ¹⁾	
		Bioprocess Solutions	Lab Products & Services	Group	Bioprocess Solutions	Lab Products & Services
Sales revenue	758.4	550.3	208.1	702.5	510.1	192.4
- EMEA	324.4	229.5	94.9	301.8	208.5	93.3
- Americas	249.6	195.8	53.9	228.5	181.3	47.2
- Asia Pacific	184.4	125.1	59.3	172.2	120.3	51.9

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017.

Notes to the Condensed Interim Financial Statements

1. General Information

Sartorius AG is a listed joint stock corporation established according to German law and is the highest-level parent company of the Sartorius Group. The corporation is recorded in the German Commercial Register of the District Court of Göttingen (HRB 1970) and is headquartered at Otto-Brenner-Str. 20 in Göttingen, Federal Republic of Germany.

The Sartorius Group organizes its business in two divisions: Bioprocess Solutions and Lab Products & Services. With its Bioprocess Solutions Division, Sartorius is a leading international supplier of products and technologies for the manufacture of medications and vaccines on a biological basis, so-called biopharmaceuticals. As part of its total solutions provider strategy, the Bioprocess Solutions Division offers the biopharmaceutical industry a product portfolio that covers nearly all process steps of the industry's manufacture. These products encompass cell culture media for the cultivation of cells, bioreactors of various sizes for cell propagation, and different technologies, such as filters and bags for cell harvesting, purification and concentration, all the way to filling.

The Lab Products & Services Division focuses on laboratories in the research and quality assurance sectors of pharmaceutical and biopharmaceutical companies and on academic research institutes. It serves further customers in the chemical and food industries. The division's portfolio covers instruments and consumables that laboratories use, for example, in sample preparation or in other standard applications.

2. Significant Accounting Policies

The consolidated annual financial statements of Sartorius AG for the period ended December 31, 2017, were prepared in accordance with the accounting standards of the International Accounting Standards Board (IASB) – the International Financial Reporting Standards (IFRS) – as they are to be applied in the EU. In the present interim financial statements that were prepared in conformance with the requirements of IAS 34 "Interim financial reporting," basically the same accounting and measurement principles were applied on which the past consolidated financial statements of fiscal 2017 were based.

Furthermore, all interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) to be applied effective June 30, 2018, were observed. An explanation of the individual accounting and measurement principles applied is given in the Notes to the Financial Statements of the Group for the year ended December 31, 2017. The material Standards applied for the first time and the amended significant accounting policies are explained in Section 4 below.

A list of the companies included in the scope of consolidation for the Group financial statements is provided in our 2017 Annual Report.

A list of the consolidated companies is provided in the 2017 Annual Report. In the current fiscal year, the newly founded Sartorius Ventures GmbH was included in the consolidated financial statements for the first time in the current fiscal year.

In the previous year, the U.S. company Essen BioScience Inc. headquartered in Ann Arbor, Michigan, USA, was acquired. The purchase price allocation was finalized in present the reporting period. The respective details are provided in Section 5 below.

For calculation of the income tax expenses, the rule of IAS 34.30c was applied to the interim financial statements; i.e., the best estimate of the weighted average annual income tax rate expected for the full financial year, 27%, is applied as a matter of principle.

3. Use of Judgments and Estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions, based on their best knowledge of the current and future situation, that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates, however. The significant judgments and estimates and the key sources of estimation uncertainty have remained the same as those applied to the consolidated financial statements for the year ended December 31, 2017.

4. Accounting Rules Applied for the First Time in the Current Fiscal Year

Standards to Be Applied for the First Time in 2018

The Group initially applied the following new accounting rules for the reporting period:

- Annual Improvements to IFRSs – Cycle 2014-2016 (issued in Dec. 2016), Amendments to IFRS 1, IFRS 12 and IAS 28
- Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions
- IFRS 9, Financial Instruments
- IFRS 15, Revenue from Contracts with Customers
- Clarifications to IFRS 15, Revenue from Contracts with Customers
- Amendments to IAS 40, Transfers of Investment Property
- IFRIC 22, Foreign Currency Transactions and Advance Consideration

Initial Application of IFRS 9, Financial Instruments

The initial date of application of IFRS 9, Financial Instruments, is January 1, 2018. The Group has applied IFRS 9 retrospectively, without restating the prior-year figures. Therefore, the comparative period is presented in line with previous rules. The aggregated effects from the transition to IFRS 9 are accounted for in equity by an adjustment to the opening balance of retained earnings (earnings reserves and retained profits) as of the initial date of application. The effect from the initial application of IFRS 9 results from the adjustment of the credit impairment approach for trade receivables and amounts to about €0.4 million. As a result, this increased retained earnings from €513.3 million as of December 31, 2018, to €513.7 million as of January 1, 2018.

IFRS 9 replaces the existing guidelines in IAS 39, Financial Instruments: Recognition and Measurement. IAS 9 contains the revised guidance for classification and measurement of financial instruments, including a new model of expected credit losses for calculation of the impairment of financial assets, as well as the new, general guidelines for hedge accounting. This Standard also adopts the guidance of IAS 39 for recognition and derecognition of financial instruments.

Under IFRS 9, the new classification and measurement approach for financial assets reflects both the entity's business model (held-to-collect, held-to-collect-and-sell, other) within the scope of which assets are held and the contractual cash flow characteristics (SPPI criterion). The following table shows the categories according to IAS 39 and IFRS 9, as well as the respective carrying amounts at the date of initial application of IFRS 9.

Carrying amounts of financial assets at the date of initial application of IFRS 9	Category acc. to IAS 39	Carrying amount acc. to IAS 39 Dec. 31, 2017 € in mn	Reclassification € in mn	Remeasurement € in mn	Carrying amount acc. to IFRS 9 Jan. 1, 2018 € in mn	Category acc. to IFRS 9
Cash and cash equivalents	Loans and receivables	59.4			59.4	Measured at amortized cost
Receivables and other assets	Loans and receivables	19.3			19.3	Measured at amortized cost
Derivative financial instruments in hedge relationships	n/a	9.0			9.0	n/a
Other financial assets (current)		28.2			28.2	
Trade receivables	Loans and receivables	275.2		0.4	275.7	Measured at amortized cost
Amounts due from customers for contract work	n/a	7.0		0.0	7.0	n/a
Trade receivables		282.2		0.4	282.6	
Financial assets	Loans and receivables	6.5	- 2.3		4.2	Measured at amortized cost
Financial assets	Available for sale	1.7	1.9		3.6	Debt instruments at fair value through profit or loss
Financial assets	Available for sale	2.1			2.1	Equity instruments at fair value through profit or loss
Financial assets (investments in non-consolidated subsidiaries)	n/a	1.3			1.3	n/a (investments in non-consolidated subsidiaries)
Derivative financial instruments in hedge relationships	n/a	8.6			8.6	n/a
Financial assets (non-current)		20.1	- 0.4		19.8	

There were no effects on the Group's financial liabilities. The few reclassifications of financial assets were determined on the basis of individual assessments of the financial instruments, especially with regard to the contractual cash flow characteristics. For equity instruments that existed as of the date of initial application of the Standard and that were not held for trading, the Group decided to recognize future changes in the fair value of these instruments in profit or loss. This choice is generally to be made on an instrument-by-instrument basis upon initial recognition of the instrument. Reclassification did not lead to measurement effects. The measurement effects presented result from the adjustment of the impairment approach for trade receivables.

IFRS 9 replaces the incurred loss model for impairment measurement by the expected loss model. Financial assets are generally regarded as credit-impaired when there are objective indications that cast doubt about the full recoverability of the cash flows of the respective financial assets. In the Sartorius Group, the simplified impairment approach is used, in particular, to measure trade receivables. The new impairment model starts with an analysis of the actual historical credit loss rates. These are adjusted, taking into con-

sideration forward-looking information, by the effects of current changes in the macroeconomic environment, if significant. The Group currently determines the expected credit losses for the Group's portfolio of trade receivables as a whole based on the immaterial level of past credit losses. Historical loss rates are analyzed in more detail to apply different loss rates to different portfolios, where appropriate. On the date of initial application of IFRS 9, the allowance for expected credit losses amounted to €0.1 million. This amount includes the expected credit loss in relation to contract assets that do not contain a significant financing component according to IFRS 15. In the course of the transition to IFRS 9, the Group also analyzed and revised its approach for recognition of incurred losses, given its low level of historical losses. Defaults are determined on the basis of individual assessments in which past due status (days overdue) is an important criterion in this context. The opposite effect resulting upon the date of initial application of IFRS 9 led to a total effect of about €0.4 million, which increased the Group's retained earnings as of January 1, 2018. The following table shows the effects resulting from the adjustments to the Group's impairment approach for trade receivables:

Valuation allowances at the date of initial application of IFRS 9	Category acc. to IAS 39	Closing loss allowances acc. to IAS 39 Dec. 31, 2017 € in mn	Remeasurement due to implementation of IFRS 9 € in mn	Opening loss allowances acc. to IFRS 9 Jan. 1, 2018 € in mn	Category acc. to IFRS 9
Trade receivables	Loans and receivables	- 5.5	0.4	- 5.1	Measured at amortized cost
Amounts due from customers for contract work	n/a	0.0	0.0	0.0	n/a
Trade receivables		- 5.5	0.4	- 5.1	

Besides trade receivables, cash and cash equivalents are the most significant financial assets on the Group's statement of financial position at the date of initial application of IFRS 9 and as of the reporting date, June 30, 2018. Due to the high creditworthiness of the Group's counterparties and to short-term maturities, the impairment that would have had to be recognized for these financial assets is immaterial. Therefore, no impairment is recognized for cash and cash equivalents.

For the remaining financial assets measured at amortized cost, no impairment is recognized as of the date of initial application of IFRS 9 and for the period ended June 30, 2018, for the 12-month expected credit losses, given the Group's immaterial historical losses. In the event of a significant increase in credit risk, which is generally presumed when a payment is more than 30 days past due, the lifetime expected credit losses are recognized for the respective financial asset. A default is generally presumed when there is no reasonable expectation of recovering a financial asset. This is generally presumed when payments are more than 90 days past due.

The Group applies the new hedge accounting rules of IFRS 9 prospectively. As part of its hedge accounting, the Group uses forward transactions to hedge cash flow risks that result from changes in foreign exchange rates in relation to sales of products and the procurement of materials, and designates only the spot element of the hedging instrument. No transition effects result from the application of the new hedge accounting requirements.

Initial Application of IFRS 15, Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers, defines a comprehensive model to determine when to recognize revenue and which amount. It replaces existing guidelines for recognition of revenue, including IAS 18, Revenue; IAS 11, Construction Contracts; and IFRIC 13, Customer Loyalty Programmes.

The Sartorius Group applied IFRS 15 for the first time as of January 1, 2018, on the basis of the modified retrospective method. Accordingly, the prior-year figures were not restated, and the comparative period is presented in line with previous standards. Any effects of the initial application of IFRS 15 are recorded as an adjustment to the opening balance of retained earnings as of January 1, 2018. Furthermore, upon initial adoption, the Group has been applying IFRS 15 only to contracts that are not considered completed contracts at the date of initial application. Moreover, the Group used the practical expedients offered regarding contract modifications that occurred prior to the date of initial application of IFRS 15 and did not retrospectively restate such contracts. As the impact of the new Standard on the Group's consolidated financial statements is low, the use of this practical expedient is expected not to have a material impact.

The Group uses the practical expedient regarding the existence of a significant financing component. This means that a financing component is only taken into consideration when the length of time between transfer and receipt of consideration is expected to exceed one year and the effect is material. Revenue is recognized when or as control of goods or services is transferred to the customer. If revenue is recognized over time, the progress toward complete satisfaction of a performance obligation is generally measured accord-

ing to the costs actually incurred in proportion to the total planned costs, unless another method reflects the transfer of goods or services to a customer more appropriately.

For the large majority of the Group's businesses, there are no material effects as a result of the application of this new Standard. Meanwhile, as of the date of initial application, adjustments related to construction contracts in progress need to be made in the Group's project business as a result of this Standard. Revenue of approximately €5 million that used to be recognized over time is now required by IFRS 15 to be rec-

ognized at a point in time as the new criteria it introduced for recognition over time for contracts on the construction of customer-specific goods are no longer fulfilled. As a result, these adjustments have led to a balance sheet extension by about €2 million. There were no effects to be recognized in equity. The effects of applying the modified retrospective method on the opening statement of financial position as of January 1, 2018, are shown in the table below.

Effects from the application of IFRS 15 on the opening balances of the statement of financial position as of Jan. 1, 2018	Carrying amount Dec. 31, 2017 € in mn	Adjustments on adoption of IFRS 15 € in mn	Carrying amount Jan. 1, 2018 € in mn ³⁾
Inventories	246.1	4.1	250.3
Amounts due from customers for contract work ¹⁾	7.0	- 1.9	5.0
Trade receivables	275.2		275.2
Trade receivables	282.2	- 1.9	280.3
Trade payables payments received for orders ²⁾	47.5	2.2	49.7
Trade payables	91.7		91.7
Trade payables	139.2	2.2	141.4

¹⁾ Contracts assets according to IFRS 15

²⁾ Contract liabilities according to IFRS 15

³⁾ Carrying amounts without adjustments for the new credit impairment model according to IFRS 9

If the Group would have applied the previous IAS 18 and IAS 11 Standards, sales revenue and the cost of sales would have been higher by about €0.5 million, while there would have not been any impact on the net result. In this case, the balance sheet total would have been lower by about €2 million. As for initial application of IFRS 15, these effects have resulted from the revised criteria for revenue recognition over time, which now require that revenue for individual projects be recognized at a point in time instead of over time as in the past.

The following table presents the impacts on the consolidated statement of financial position as of June 30, 2018, that the continued application of the previous Standards would have had in comparison with IFRS 15.

Effects from the application of IFRS 15 on the consolidated financial statements as of June 30, 2018	Carrying amount June 30, 2018 (IFRS 15) € in mn	Adjustments on adoption of IFRS 15 € in mn	Carrying amount June 30, 2018 (IAS 11, IAS 18) € in mn
Inventories	282.3	- 4.9	277.3
Amounts due from customers for contract work ¹⁾	2.5	2.7	5.2
Trade receivables	310.0		310.0
Trade receivables	312.5	2.7	315.2
Trade payables payments received for orders ²⁾	55.8	- 2.2	53.6
Trade payables	112.0		112.0
Trade payables	167.8	- 2.2	165.6

¹⁾ Contracts assets according to IFRS 15

²⁾ Contract liabilities according to IFRS 15

Significant New Standards That Have Not Yet Been Applied

IFRS 16, Leases

The Group did not yet apply IFRS 16, Leases, as the application of this Standard was not yet mandatory for the reporting period and will be not be required until 2019 and onwards. IFRS 16 introduces a standardized accounting model according to which leases are generally to be recognized on the lessee's balance sheet. A lessee recognizes a right-of-use asset representing its right to use a lease asset, as well as a liability resulting from the lease, which represents its obligation to make lease payments. There are exemptions for short-term leases and leases of low-value assets. Accounting for the lessor is comparable to that of the current Standard; i.e., lessors continue to classify leases as financial or operating leases.

The Group is currently analyzing the effects of this new Standard on the consolidated financial statements and does not plan to apply it earlier than 2019. The company is planning to recognize the effect from initially applying IFRS 16 in consolidated retained earnings, but not to apply this Standard retrospectively in accordance with IAS 8. Based on the current stage of analysis, the Group plans to use the exemptions for short-term leases and leases of low-value assets and to recognize the corresponding lease payments as an expense generally on a straight-line basis over the particular lease term.

IFRS 16 will likely lead to an increase in fixed assets and financial liabilities. Based on its present level of knowledge, the Group does not expect any significant impacts overall on its key figures, such as equity ratio or underlying EBITDA. On the basis of a survey of rele-

vant lease contracts conducted across the Group in the first half of 2018, a balance sheet extension by about €55 million would be yielded for the period ended June 30, 2018. This would correspond to a reduction in the equity ratio by about 1%. Based on the survey, the calculated full-year EBITDA margin would approximately increase by about 1%. Analysis of these effects has not yet been completed so the information provided above can be considered an update of that given in the 2017 consolidated financial statements.

5. Business Acquisitions and Divestitures in the Previous Year

Acquisition of Essen BioScience

On March 24, 2017, the Group acquired the U.S. company Essen BioScience Inc. headquartered in Ann Arbor, Michigan, purchasing 100% of the voting rights in this company. The acquisition has been strengthening the bioanalytics portfolio of the Lab Products & Services Division, considerably increasing the synergies between the two divisions as a result.

Essen BioScience develops and markets novel cell imaging and analysis systems for medical drug research, which are increasingly becoming standard equipment in pharmaceutical laboratories. These systems represent a platform of instrumentation, software and reagents for real-time live-cell imaging and fully automated data analysis. The information delivered by these systems provides new insight and understanding into the mechanisms of healthy and diseased cells, which helps significantly accelerate often time-consuming discovery and development of new drugs.

Founded in 1996, the company currently employs approximately 200 people and, in addition to its headquarters in the USA, has sales companies in the U.K. and Japan.

Determination of the acquisition-date fair values of the assets acquired and liabilities assumed had not yet been completed when the 2017 consolidated financial statements were prepared. Therefore, the purchase price allocation was preliminary based on the current knowledge of management for the prior-year statements and has now been finalized for the reporting period. The final valuations are presented as follows:

	Final purchase price allocation € in mn
Other intangible assets	173.1
Property, plant and equipment	1.3
Inventories	12.5
Trade receivables	9.9
Other assets	0.7
Cash and cash equivalents	14.9
Deferred taxes - net	- 50.4
Other liabilities	- 18.5
Net assets acquired	143.6
Purchase price	312.2
Goodwill	168.6

Based on the final measurement, the deferred tax liabilities were approximately €9.4 million lower than the provisional amount. Apart from this, an additional purchase price liability of about €9.4 million was included at the time of acquisition and did not have to be repaid until the periods following the acquisition. After considering the U.S. tax reform announced at the end of 2017, deferred tax liabilities were approximately €6 million lower and other financial liabilities were higher in the reporting period than were reported on the consolidated statement of financial position for the period ended December 31, 2017. The finalized purchase price allocation did not impact consolidated earnings in 2017.

The converted total purchase price primarily paid in cash was now calculated at €312.2 million. The expenses of €1.1 million directly attributable to the acquisition were recognized as other operating expenses in the year-earlier period. Expenses resulting from hedging of the foreign currency risk exposure related to payment of the purchase price were €5.9 million, which was recognized in the previous year in the financial result. Goodwill is not tax-deductible. The intangible assets to be recognized were primarily technology-based, customer-related and brand-based.

Besides being attributable to the synergies realized by the acquiree's use of the Group's sales and distribution network, the resulting goodwill of the Essen BioScience acquisition recorded is attributed to extension of the product portfolio of the Lab Products & Services Division and expansion of the Group's position with respect to biopharmaceutical customers. It is expected that this positioning of the Group will primarily benefit the Bioprocess Solution Division's business in early-stage biopharmaceutical discovery and development.

6. Financial Instruments

The two following tables present the carrying amounts and fair values of the Group's financial instruments as of June 30, 2018, according to IFRS 9 and as of December 31, 2017, according to IAS 39.

	Category acc. to IFRS 9	Carrying amount June 30, 2018 € in mn	Fair value June 30, 2018 € in mn
Investments in non-consolidated subsidiaries	n/a	1.6	1.6
Financial assets	Equity instruments at fair value through profit or loss	2.1	2.1
Financial assets	Debt instruments at fair value through profit or loss	3.6	3.6
Financial assets	Measured at amortized cost	3.6	3.6
Derivative financial instruments in hedge relationships ¹⁾	n/a	2.8	2.8
Financial assets (non-current)		13.7	13.7
Amounts due from customers for contract work	n/a	2.5	2.5
Trade receivables	Measured at amortized cost	310.0	310.0
Trade receivables		312.5	312.5
Receivables and other assets	Measured at amortized cost	18.0	18.0
Derivative financial instruments in hedge relationships ¹⁾	n/a	5.5	5.5
Other financial assets (current)		23.5	23.5
Cash and cash equivalents	Measured at amortized cost	51.2	51.2
Loans and borrowings	Financial liabilities at cost	986.9	1,000.8
Finance lease liabilities	IAS 17	19.6	29.9
Trade payables	Financial liabilities at cost	112.0	112.0
Trade payables payments received for orders	n/a	55.8	55.8
Trade payables		167.8	167.8
Derivative financial instruments in hedge relationships ¹⁾	n/a	2.1	2.1
Derivative financial instruments	Held for trading	0.8	0.8
Other financial liabilities	Financial liabilities at cost	87.2	92.1
Other financial liabilities		90.2	95.0

¹⁾ These amounts include the non-designated part of the derivatives in the total amount of €3.5 million.

	Category acc. to IAS 39	Carrying amount Dec. 31, 2017 ¹⁾ € in mn	Fair value Dec. 31, 2017 ¹⁾ € in mn
Financial assets	Available for sale	5.0	5.0
Financial assets	Loans and receivables	6.5	6.5
Derivative financial instruments in hedge relationships ²⁾	n/a	8.6	8.6
Financial assets (non-current)		20.1	20.1
Trade receivables	Loans and receivables	282.2	282.2
Receivables and other assets	Loans and receivables	19.3	19.3
Derivative financial instruments in hedge relationships ²⁾	n/a	9.0	9.0
Other financial assets (current)		28.2	28.2
Cash and cash equivalents	Loans and receivables	59.4	59.4
Loans and borrowings	Financial liabilities at cost	934.4	945.1
Finance lease liabilities	IAS 17	20.6	31.4
Trade payables	Financial liabilities at cost	91.7	91.7
Trade payables payments received for orders	n/a	47.5	47.5
Trade payables		139.2	139.2
Derivative financial instruments in hedge relationships ²⁾	n/a	1.4	1.4
Derivative financial instruments	Held for trading	1.7	1.7
Other financial liabilities	Financial liabilities at cost	92.4	97.6
Other financial liabilities		95.5	100.7

¹⁾ The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2017.

²⁾ These amounts include the non-designated part of the derivatives in the total amount of -€4.1 million.

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the financial instruments were determined on the basis of the market information available on the reporting date and are to be allocated to one of the three levels of the fair value hierarchy in accordance with IFRS 13.

Level 1 financial instruments are calculated on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are calculated on the basis of input factors, which are derivable from observable market data or on the basis of market prices for similar instruments. Level 3 financial instruments are calculated on the basis of input factors that cannot be derived from observable market data.

The financial instruments to be recognized at fair value on the reporting date are exclusively derivatives in the form of forward contracts, interest rate swaps and structured forward contracts. They were measured on the basis of their quoted exchange rates and market yield curves (Level 2).

The fair values to be disclosed for financial liabilities recognized at amortized cost, especially liabilities to banks and those related to note loans ("Schuldscheindarlehen"), as well as finance lease liabilities, were measured on the basis of the market interest rate curve, taking the current indicative credit spreads into account (Level 2).

The fair values of the remaining financial assets and liabilities to be disclosed approximate the carrying amounts on account of their predominantly short-term maturity.

The maximum credit loss risk is reflected by the carrying amounts of the financial assets recognized in the statement of profit or loss.

The Group recognizes transfers between the levels of the fair value hierarchies at the end of the reporting period during which the change has occurred. In the current reporting period, there were no transfers between the levels.

7. Related Companies and Persons

The Group companies included in the consolidated financial statements carry out business activities and transactions in related party relationships as defined by IAS 24. In particular, this concerns transactions with non-consolidated subsidiaries and are generally concluded according to the customary market terms.

In the reporting period, sales revenue of €5.0 million (H1 2017: €4.6 million) was generated by these companies; there were liabilities from loans and borrowings as well as trade payables, both totaling €14.9 million (H1 2017: €11.9 million). A long-term service contract exists with an affiliate for which expenses of €3.8 million (H1 2017: €3.5 million) were incurred in the reporting period.

For further details, also on related companies and persons, see page 172 in our 2017 Annual Report.

8. Other Disclosures

In the interim reporting period, no asset impairments were identified. Generally, asset impairment tests need to be performed for goodwill and other assets with indefinite useful lives.

Exchange differences arising from net investments in foreign operations are recognized in other comprehensive income. In connection with the acquisitions in 2017, these net investments increased significantly, which led to a respective impact on the Group's other comprehensive income.

In the reporting period, Sartorius AG paid dividends totaling €34.5 million, of which €17.1 million were for ordinary shares and €17.4 million for preference shares.

Independent, certified auditors performed an audit review of this consolidated six-month report. The figures of the individual second quarter in the statement of profit or loss, as well as the statement of comprehensive income, were not part of this review.

9. Material Events After the Reporting Date

No material events occurred up to completion of the preparation of these interim financial statements.

Independent Auditors' Review Report

To Sartorius Aktiengesellschaft, Goettingen

We have reviewed the condensed interim consolidated financial statements of the Sartorius Aktiengesellschaft, Goettingen – comprising the condensed statement of profit or loss, statement of comprehensive income, statement of financial position, statement of cash flows, statement of the changes in equity and selected explanatory notes – together with the interim group management report of the Sartorius Aktiengesellschaft, Göttingen, for the period from 1 January to 30 June, 2018 that are part of the semi annual according to § 115 WpHG („Wertpapierhandelsgesetz“: „German Securities Trading Act“). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hanover, Germany, July 24, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Thiele
Wirtschaftsprüfer

Jacob
Wirtschaftsprüfer

Responsibility Statement of the Legal Representatives

Declaration of the Executive Board

We declare to the best of our knowledge that the condensed interim consolidated financial statements for the first half ended June 30, 2018, present a true and fair view of the actual net worth, financial situation and profitability of the Group in accordance with the accounting standards to be applied in preparing these statements. We also certify that the progress of the Group's business, including its business performance and its situation, are represented accurately in the Group interim report in all material respects and describe the most important opportunities and risks of the Group's projected development for the remaining six months of the financial year.

Goettingen, July 20, 2018

Sartorius AG

The Executive Board



Dr. Joachim Kreuzburg



Rainer Lehmann



Reinhard Vogt

Financial Schedule

Commerzbank Sector Conference Week Frankfurt	August 28, 2018
Goldman Sachs European Medtech Conference London	September 06, 2018
Morgan Stanley Global Healthcare Conference New York	September 13, 2018
Berenberg German Corporate Conference Munich	September 25, 2018
Publication of nine-month figures for 2018	October 23, 2018
Publication of preliminary results for fiscal 2018	January 2018
Annual press conference Goettingen, Germany	February 2019
Annual General Shareholders' Meeting Goettingen, Germany	March 28, 2019
Publication of first-quarter figures for 2019	April 2019

Contacts

Sartorius AG
Otto-Brenner-Straße 20
37073 Göttingen

Phone: 0551.308.0
www.sartorius.com

Petra Kirchhoff
Head of Corporate Communications & IR
Phone: +49.551.308.1686
petra.kirchhoff@sartorius.com

Ben Orzelek
Head of Investor Relations
Phone: +49.551.308.1668
ben.orzelek@sartorius.com

This is a translation of the original German-language first-half Group interim financial report (January to June 2018) entitled "Sartorius Konzern Halbjahresbericht – Januar bis Juni 2018." Sartorius AG shall not assume any liability for the correctness of this translation. The original German interim report is the legally binding version. Furthermore, Sartorius AG reserves the right not to be responsible for the topicality, correctness, completeness or quality of the information provided. Liability claims regarding damage caused by the use of any information provided, including any kind of information which is incomplete or incorrect, will therefore be rejected.

Forward-looking Statements Contain Risks

This Sartorius Group Interim Report for the period from the beginning of January 2018 to the end of June 2018 contains various statements concerning the Sartorius Group's future performance. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we cannot guarantee that they will actually apply. This is because our assumptions harbor risks and uncertainties that could lead to actual results diverging substantially from the expected ones. It is not planned to update our forward-looking statements. Throughout the entire report, differences may be apparent as a result of rounding during addition.