



sartorius stedim
biotech

Sartorius Stedim Biotech Group
First-Half Financial Report from January to June 2010



Economic Report

Macroeconomic Environment

In the first half of 2010, global recovery from the financial and economic crisis during 2008 and 2009 continued to progress, albeit at different rates in the individual regions. Although the economic dynamics in the industrialized countries were moderate, despite extensive support provided by government-backed economic stimulus programs, a few emerging markets, most notably in Asia, showed particularly strong expansion. Though production in the Asian region also saw a sharp downturn in the fall of 2008, the effects of the financial crisis had a less severe impact on the medium-term growth path taken by the emerging markets thanks to their mostly solid financial sectors, a hardly overindebted private sector and a generally favorable macroeconomic environment.

In Europe and the USA, by contrast, the situation on the financial markets had already considerably eased in the summer of 2009, but has seen little improvement since then, however. In addition, substantial differences among the member states of the euro zone became apparent. While economic performance in France and Germany noticeably perked back up, some euro-zone countries, primarily Greece, yet also including Spain, Portugal and Italy, came under increasing pressure because of their high national debt.

This also hurt confidence in the euro, which has been increasingly depreciating against the U.S. dollar since the beginning of the year. Thus, the euro hit an interim low of U.S. \$1.19. However, the dollar to euro exchange rate remained fairly constant on average during the first half of this year compared with the year-earlier period (U.S. \$1.33 | €).

For the industrialized countries, the IMF expects economic growth to reach 2.3% in 2010 following a decline of 3.2% in 2009. According to the IMF's forecasts so far for 2010, the emerging markets are set to expand by an overall 6.3% (2009: +2.4%), with growth estimated to be the highest for China and India, at 10.0% (2009: +8.7%) and 8.8% (2009: +5.7%), respectively. Based on the IMF's prognosis, global economic performance is likely to pick up by 4.2% (2009: -0.6%).

The prime rates of key central banks remained stuck at their historic lows during the past six months (the Fed's rate at 0 - 0.25%; the ECB's at 1.0%), with the central banks expected to retain their expansive interest rate policy for the time being. Currently, it is

anticipated that the emerging nations will swiftly return to a tighter monetary policy. During the first half, China and India have already initiated measures to limit credit expansion.

Compared with the year-earlier period, global interest levels lowered, which benefited the Group's financing costs. For instance, the 3-month Euribor decreased on average from 1.7% during the first six months of 2009 to 0.7% in the first half of 2010.

(Sources: IMF, World Economic Outlook April 2010; Joint Economic Forecast Group; Joint Economic Forecast Spring 2010 prepared for the German Federal Ministry of Economics and Technology)

Sector Situation

Sartorius Stedim Biotech is a leading supplier of products and services for development, quality assurance and production processes to the pharmaceutical and biopharmaceutical industry.

The pharmaceutical industry, which has so far proven to be largely immune to the economic crisis, grew 7.0% in 2009. For the full year of 2010, the international market research institute IMS Health expects sales growth in the industry to continue at a steady pace between 4.0% and 6.0%. While the pharmaceutical markets in the western industrialized countries have been expanding at rates in the low single-digit percentage range, those in the emerging economies of Asia, Eastern Europe and Latin America are enjoying overproportionately strong growth.

The biopharmaceutical industry, which has been experiencing especially dynamic expansion and reporting rates of growth that are as high as double those of the overall market, currently accounts for a share of around only 15% of the pharmaceutical market. This share is bound to increase substantially in the future. Furthermore, growing economic and technological challenges are fueling the considerable trend towards employing innovative single-use products in biomanufacturing.

Group Business Development

Order Intake and Sales Revenue

The strong development of the Sartorius Stedim Biotech Group continued during the first six months of the current fiscal year. Thus, order intake rose 8.6% (in constant currencies: +7.2%) from €204.0 million a year ago to €221.6 million, with order volume for the equipment business comprising bioreactors, in particular, increasing as expected. First-half sales revenue grew 5.5% (in constant currencies: +4.4%) from €198.3 million a year earlier to €209.3 million. Primarily the Asia | Pacific region, and also the North American region, specifically contributed to this growth in revenue, whereas development in Europe was flat due to the phase-out of extraordinary business with producers of H1N1 vaccines.

Including all extraordinary expenses of €0.5 million (previous year: €1.6 million), which essentially entail severance payments, EBITA of the Sartorius Stedim Biotech Group thus totals €30.9 million, up from €26.5 million a year earlier. The corresponding EBITA margin is at 14.8%, up from 13.4% a year ago.

The relevant underlying net profit for the Group is €19.5 million, up from €15.4 million for the prior-year period. This figure is yielded by adjustment for extraordinary expenses and elimination of non-cash amortization, related to business combinations, of €3.5 million. The corresponding underlying earnings per share are at €1.18, up from €0.91 a year earlier.

Earnings Development

In the first six months of 2010, the Sartorius Stedim Biotech Group increased its operating earnings (earnings before interest, taxes and amortization and adjusted for extraordinary expenses = underlying EBITA) from €28.1 million in 2009 to €31.5 million. The respective EBITA margin improved from 14.2% to 15.0%, which can be primarily attributed to the economies of scale resulting from the increase in sales revenue.

Employees

As of June 30, 2010, the Sartorius Stedim Biotech Group employed 2,445 people. The number of employees thus rose by approximately 2.7% from 2,381 as of December 31, 2009.

The increase in the workforce focused on the European region, where 1,659 people were employed as of the end of the first half (December 31, 2009: 1,621) and North America, where headcount rose relatively the highest by 16 employees, from 349 as of December 31, 2009, to 365.

Key Figures

€ in millions	1st half 2010	1st half 2009	Change in %	Change in % (in constant currencies)
Sales revenue	209.3	198.3	+5.5	+4.4
- Europe ¹⁾	113.5	113.2	+0.3	-0.1
- North America ¹⁾	55.6	51.8	+7.3	+7.0
- Asia Pacific ¹⁾	31.9	25.3	+25.9	+19.6
- Other Markets ¹⁾	8.3	8.1	+3.2	+3.2
EBITA ²⁾³⁾	31.5	28.1	+11.8	
EBITA margin ²⁾	15.0%	14.2%		
Net profit ²⁾⁴⁾	19.5	15.4	+26.0	
Earnings per share in € ²⁾⁴⁾	1.18	0.91	+29.4	

¹⁾ Acc. to customers' location

²⁾ Underlying (see the definition on pp. 16 and 17)

³⁾ For more information, see pp. 16 and 17.

⁴⁾ Excluding amortization

Net Worth and Financial Position

Cash Flow and Financing

In the first six months, cash flows from operating activities were clearly positive at €24.9 million. The decrease from the previous year's figure, €36.5 million, was due to a buildup in net working capital. Cash flows from investing activities at -€6.5 million (previous year: -€7.6 million) developed at a relatively stable level.

In the second quarter of 2010, Sartorius Stedim Biotech S.A. (SSB S.A.) initiated a share buyback program under which it repurchased treasury shares, valued at €48.6 million, as of the reporting date. The cash flows from financing activities include these payments, as well as a doubled dividend payment of €10.2 million and therefore stand at -€48.1 million, compared with -€11.1 million for the previous year.

Hence, this entailed an increase in net debt, which rose from €87.6 million as of December 31, 2009, to €127.5 million as of June 30, 2010. As a result, the ratio of net debt to underlying EBITDA based on the past 12 months is 1.6 relative to 1.2 as of December 31, 2009. Therefore, it still remains at an exceptionally low level. The interest coverage ratio, calculated as underlying EBITDA divided by cash interest expense of the past 12 months, improved from 12.6 at December 31, 2009, to 16.5, also underscoring the company's solid financial position.

Consolidated Balance Sheet

The balance sheet total for the Sartorius Stedim Biotech Group declined slightly from €667.9 million as of December 31, 2009, to €660.3 million as of June 30, 2010.

On the assets side, the balance sheet reflects a buildup in inventories and trade receivables resulting from the increase in sales revenue, while cash and cash equivalents decreased within the scope of the share buyback program.

On the equity and liabilities side, equity declined from €393.2 million as of December 31, 2009, to €359.8 million as of June 30, 2010; this was triggered by the share buyback program and the dividend payment made in the second quarter of 2010. However, the equity ratio at 54.5% (December 31, 2009: 58.9%) is still at a very comfortable level. Taken together with the increase in gross debt from €142.5 million as of December 31, 2009, to €154.0 million as of June 30, 2010, this raised the gearing ratio from 0.2 to 0.4.



Forecast Report

Future Macroeconomic Environment

Assessment of the economic situation remains inconsistent and is therefore difficult. Despite signs of an upturn in the economy, basic concerns about numerous risks weigh down on the current development prospects, according to estimates made by economic research institutes. In the western industrialized countries, economic recovery has not yet gained a solid footing; rather, expansive economic policy measures will play a major role in shoring up this recovery. The ability of the financial markets to absorb risks is bound to have weakened ever since the crisis. As a consequence, another crisis of confidence in the western industrialized countries cannot be entirely ruled out. Moreover, as a corollary to the financial crisis, private households are likely to remain reluctant to spend for quite some time. In addition, national debt is burgeoning nearly everywhere, which will force governments to enter a tight consolidation phase from a mid-term perspective. In the emerging nations, by contrast, their high pace of expansion is even increasing the risk of overheating their economies.

Overall, economic momentum in the industrialized countries is expected to remain moderate in the second half of 2010 and well into 2011. The IMF estimates that economic growth in these countries in 2010 will attain 2.3% and in 2011 2.4%. As the emerging market nations have suffered less from the financial and economic crisis on the whole than have the industrialized countries, the former are projected by the IMF to continue to expand quite considerably, at a rate of 6.3% in 2010 and 6.5% in 2011. Based on the IMF's analysis, the emerging Asian economies are likely to post the highest rates of growth at 8.7% in each of the two upcoming years.

According to the IMF's estimates, global economic growth is expected to reach 4.2% this year and 4.3% in the coming year.

Future Business Development in 2010

The present first-half results for 2010 meet our expectations and confirm our outlook for the current year.

This outlook forecasts currency-adjusted growth of sales revenue in the upper single-digit percentage range. As no extraordinary business with the vaccine industry is expected and, compared with the previous year, equipment business is likely to contribute a relatively high percentage to sales growth, we anticipate a slight increase in the operating EBITA margin following the strong increase in 2009. Furthermore, operating cash flow is targeted to be significantly positive.



Risk and Opportunities Report

Assessment of Risks that Could Jeopardize the Company's Existence

The risk and opportunities situation of the Sartorius Stedim Biotech Group has not materially changed since the publication of its 2009 annual report "Reference Document." For this reason, please refer to a detailed description of the Group's risk management system and of the risks and opportunities for the Sartorius Stedim Biotech Group on pp. 41 ff. of the Reference Document 2009.

After thorough analysis of the entire risk situation and according to our current review, there are no discernible risks that could jeopardize the existence of the company. Similarly, based on our present review, there are no discernible future risks that could threaten the further existence of the company.



Statement of Financial Position

Assets	June 30, 2010		Dec. 31, 2009	
	€ in mn	%	€ in mn	Audited %
Non-current assets				
Goodwill	250.3	37.9	250.3	37.5
Intangible assets	104.9	15.9	106.6	16.0
Property, plant and equipment	113.1	17.1	111.8	16.7
Financial assets	2.2	0.3	2.2	0.3
	470.5	71.3	470.9	70.5
Receivables and other assets	1.1	0.2	1.4	0.2
Deferred tax assets	12.1	1.8	10.0	1.5
	483.7	73.2	482.3	72.2
Current assets				
Inventories	56.6	8.6	46.7	7.0
Trade receivables	76.9	11.7	70.5	10.5
Current tax assets	5.1	0.8	3.4	0.5
Other assets	11.5	1.7	10.2	1.5
Cash and cash equivalents	26.5	4.0	54.8	8.2
	176.6	26.8	185.6	27.8
Total assets	660.3	100.0	667.9	100.0
	June 30, 2010		Dec. 31, 2009	
	€ in mn	%	€ in mn	Audited %
Equity and liabilities				
Equity				
Issued capital	10.4	1.6	10.4	1.6
Capital reserves	290.7	44.0	338.8	50.7
Retained earnings (including net profit)	58.7	8.9	44.0	6.6
Minority interest	0.0	0.0	0.0	0.0
	359.8	54.5	393.2	58.9
Non-current liabilities				
Pension provisions	13.7	2.1	12.9	1.9
Deferred tax liabilities	35.1	5.3	34.6	5.2
Other provisions	3.3	0.5	3.2	0.5
Loans and borrowings	112.6	17.0	104.1	15.6
Other liabilities	0.1	0.0	0.2	0.0
	164.8	25.0	155.0	23.2
Current liabilities				
Provisions	4.9	0.7	4.9	0.7
Trade payables	40.9	6.2	32.7	4.9
Loans and borrowings	41.5	6.3	38.4	5.8
Current tax liabilities	15.3	2.3	10.8	1.6
Other liabilities	33.2	5.0	32.8	4.9
	135.7	20.6	119.7	17.9
Total equity and liabilities	660.3	100.0	667.9	100.0

Income Statement

	2nd quarter 2010		2nd quarter 2009		1st half 2010		1st half 2009	
	€ in mn	%	€ in mn	%	€ in mn	%	€ in mn	%
Sales revenue	109.1	100.0	101.5	100.0	209.3	100.0	198.3	100.0
Cost of sales	-54.4	-49.8	-51.9	-51.1	-105.4	-50.4	-102.7	-51.8
Gross profit on sales	54.7	50.2	49.6	48.9	103.8	49.6	95.6	48.2
Selling and distribution costs	-23.5	-21.5	-21.6	-21.3	-45.9	-21.9	-42.8	-21.6
Research and development costs	-6.8	-6.2	-5.7	-5.7	-13.7	-6.5	-11.7	-5.9
General administrative expenses	-6.1	-5.6	-6.3	-6.2	-12.4	-5.9	-12.8	-6.4
Other operating income and expenses	-1.7	-1.6	-2.1	-2.1	-1.0	-0.5	-1.8	-0.9
Earnings before interest, taxes and amortization (EBITA)¹⁾	16.6	15.2	13.9	13.7	30.9	14.8	26.5	13.4
Amortization ²⁾	-1.8	-1.6	-1.8	-1.7	-3.5	-1.7	-3.5	-1.8
Earnings before interest and taxes (EBIT)	14.8	13.6	12.2	12.0	27.4	13.1	23.0	11.6
Interest and similar income	0.1	0.1	0.0	0.0	0.2	0.1	0.1	0.0
Interest and similar expenses	-1.0	-0.9	-2.0	-1.9	-2.0	-1.0	-4.5	-2.3
Financial result	-0.9	-0.8	-1.9	-1.9	-1.8	-0.9	-4.5	-2.3
Profit before tax	14.0	12.8	10.2	10.1	25.6	12.2	18.5	9.3
Deferred tax income expenses	0.7	0.6	0.2	0.2	1.0	0.5	0.1	0.1
Income tax expenses	-5.0	-4.6	-3.3	-3.2	-8.9	-4.2	-5.7	-2.9
Other taxes	-0.5	-0.5	-0.6	-0.6	-1.1	-0.5	-1.1	-0.6
Taxes	-4.8	-4.4	-3.7	-3.6	-8.9	-4.3	-6.7	-3.4
Net profit for the period	9.1	8.4	6.5	6.4	16.7	8.0	11.9	6.0
Attributable to:								
Equity holders of Sartorius Stedim Biotech	9.1	8.4	6.6	6.5	16.7	8.0	12.0	6.0
Minority interest	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.1	-0.1
Earnings per share (€)	0.57		0.39		1.01		0.71	
Diluted earnings per share (€)	0.57		0.39		1.01		0.70	

¹⁾ The Sartorius Stedim Biotech Group uses earnings before interests, taxes, and amortization (EBITA) as the key figure for measuring performance and profitability of the Group.

²⁾ Amortization refers only to amortization of goodwill (if applicable) and of intangible assets recognized in connection with purchase price allocation (PPA) according to IFRS 3.

Statement of Comprehensive Income

	2nd quarter 2010 € in mn	2nd quarter 2009 € in mn	1st half 2010 € in mn	1st half 2009 € in mn
Net profit for the period	9.1	6.5	16.7	11.9
Net (loss) gain on cash flow hedges	-0.7	1.3	-1.0	0.8
Actuarial gains losses from pension provisions	0.0	0.0	-0.4	0.0
Currency translation differences	5.5	-1.6	9.1	-0.3
Net investment in a foreign operation	-0.2	0.1	-0.4	0.0
Deferred taxes	0.4	-0.4	0.5	-0.3
Total income and expenses recognized directly in equity	5.0	-0.6	7.9	0.3
Comprehensive income	14.1	5.9	24.6	12.1
Equity holders of Sartorius Stedim Biotech	14.1	6.0	24.6	12.3
Minority interest	0.0	-0.1	0.0	-0.2

Consolidated Cash Flow Statement

	1st half 2010 € in mn	1st half 2009 € in mn
Cash flows from operating activities		
Net result	16.7	12.0
Minority interest	0.0	-0.1
Tax expenses	8.9	6.7
Financial expenses	1.8	4.5
Depreciation amortization of fixed assets	11.5	11.5
Increase decrease in provisions	0.0	-1.8
Increase decrease in receivables	-4.7	2.9
Increase decrease in inventories	-7.6	3.5
Increase decrease in liabilities	4.4	2.2
Income taxes paid	-6.2	-4.8
Net cash flow from operating activities	24.9	36.5
Cash flows from investing activities		
Payments for financial assets	0.0	-0.2
Payments for property, plant and equipment	-4.6	-5.8
Income from the disposal of fixed assets	0.3	0.6
Payments for intangible assets	-2.2	-2.4
Effects from business combinations	0.0	0.2
Net cash flow from investing activities	-6.5	-7.6
Cash flows from financing activities		
Changes in capital	0.5	0.4
Interest received	0.2	0.1
Interest paid	-1.3	-5.6
Other financial charges	0.0	-0.2
Dividends paid to:		
- Shareholders of the parent company	-10.2	-5.1
- Minority shareholders	0.0	0.0
Changes in minority interest	0.0	0.0
Share buyback program ¹⁾	-48.6	0.0
Loans and borrowings repaid (-) raised (+)	11.3	-0.8
Net cash flow from financing activities	-48.1	-11.1
Net increase decrease in cash and cash equivalents	-29.7	17.8
Cash and cash equivalents at the beginning of the period	54.8	13.2
Net effect of currency translation on cash and cash equivalents	1.4	0.1
Cash and cash equivalents at the end of the period	26.5	31.1
Gross debt owed to banks	154.0	162.5
Net debt owed to banks	127.5	131.5

¹⁾ See specific paragraph in the Notes to the Interim Financial Statements

Consolidated Statement of Changes in Equity

€ in millions	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Retained earnings	Foreign currency translation reserves	Group equity	Minority interest	Total equity
Balance at Jan. 1, 2009	10.3	338.4	-0.5	0.2	26.1	-4.7	369.8	1.9	371.6
Comprehensive income	0.0	0.0	0.6	0.0	12.0	-0.3	12.3	-0.2	12.1
Stock options	0.0	0.4	0.0	0.0	0.0	0.0	0.4	0.0	0.4
Change in minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	-5.1	0.0	-5.1	0.0	-5.1
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at June 30, 2009	10.4	338.7	0.0	0.2	33.0	-4.9	377.4	1.7	379.1
Balance at Jan. 1, 2010	10.4	338.8	-0.1	-0.2	49.7	-5.4	393.2	0.0	393.2
Comprehensive income	0.0	0.0	-0.7	-0.2	16.5	9.1	24.6	0.0	24.6
Stock options	0.0	0.5	0.0	0.0	0.0	0.0	0.5	0.0	0.5
Change in minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	-10.2	0.0	-10.2	0.0	-10.2
Share buyback program ¹⁾	0.0	-48.6	0.0	0.0	0.0	0.0	-48.6	0.0	-48.6
Other changes	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.3
Balance at June 30, 2010	10.4	290.7	-0.8	-0.4	56.2	3.7	359.8	0.0	359.8

¹⁾ See specific paragraph in the Notes to the Interim Financial Statements

Operating Segments

According to IFRS 8, Business Segments, applicable in the reporting period, the identification of reportable segments is based on the "management approach", i.e. the determination of segments follows the internal governance and reporting structures of the entity. A reportable segment is therefore a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (=the Executive Committee of the Board of Directors) to make decisions about the allocation of resources and to assess its performance and for which discrete financial information is available. The internal management and reporting within Sartorius Stedim Biotech is based on the approach to act as a "total solution provider" for our customers.

The segment result that is relevant for the assessment of performance is EBITA, the earnings before tax, interest and amortization. Therefore, taxes and interest expenses and income are not included in the segment's measure of profit or loss. The accounting and measurement principles for the segments correspond to the general Group Accounting Principles. Segment liabilities are not provided regularly to the chief operating decision maker, thus no respective disclosures are made in the segment report.

Segment Information by Division

€ in millions	1st half 2010	Biopharm Group	
		1st half 2009	Change
Order intake	221.6	204.0	9%
Sales revenue	209.3	198.3	6%
- as a total %	100.0%	100.0%	
EBITDA	38.9	34.5	13%
- as a % of sales revenue	18.6%	17.4%	
Depreciation and amortization	7.9	7.9	0%
EBITA	30.9	26.5	17%
- as a % of sales revenue	14.8%	13.4%	
Amortization	3.5	3.5	1%
EBIT	27.4	23.0	19%
- as a % of sales revenue	13.1%	11.6%	
R&D costs	13.7	11.7	17%
No. of employees at June 30	2,445	2,415	1%

Additionally, group-wide figures are presented on the level of geographical regions. The European region includes the markets of Western and Eastern Europe. The North American region reflects the U.S. marketplace and the Canadian market. Japan, China, Australia and India, among other countries, were allocated to the Asia | Pacific region. The Other Markets segment primarily consists of Latin America and Africa. The key figures of the regional segments refer to the company location, except for sales revenue, which is also reported according to the customer's location.

Supplementary Information by Region

€ in millions	Europe			North America		
	1st half 2010	1st half 2009	Change	1st half 2010	1st half 2009	Change
Sales revenue						
- acc. to customers' location	113.5	113.2	0%	55.6	51.8	7%
- as a total %	54.2%	57.1%		26.6%	26.1%	
- acc. to company location	134.1	132.5	1%	55.4	51.6	7%
EBITA	20.6	17.8	16%	6.8	6.7	1%
- as a % of sales revenue	15.3%	13.4%		12.3%	13.0%	
No. of employees at June 30	1,659	1,666	0%	365	357	2%

€ in millions	Asia Pacific			Other Markets			Group		
	1st half 2010	1st half 2009	Change	1st half 2010	1st half 2009	Change	1st half 2010	1st half 2009	Change
Sales revenue									
- acc. to customers' location	31.9	25.3	26%	8.3	8.1	3%	209.3	198.3	6%
- as a total %	15.2%	12.8%		4.0%	4.1%		100.0%	100.0%	
- acc. to company location	19.8	14.2	40%	0.0	0.0		209.3	198.3	6%
EBITA	3.0	1.8	70%	0.6	0.3	115%	30.9	26.5	17%
- as a % of sales revenue	15.0%	12.3%		0.0%	0.0%		14.8%	13.4%	
No. of employees at June 30	328	314	4%	93	78	19%	2,445	2,415	1%

Key Figures

All figures are given in millions of €, unless otherwise specified	1st half 2010	1st half 2009	Change in %
Results			
Order intake	221.6	204.0	8.6
Sales revenue	209.3	198.3	5.5
EBITDA	38.9	34.5	12.7
EBITA	30.9	26.5	16.5
EBIT	27.4	23.0	19.0
Profit before tax	25.6	18.5	38.0
Net profit for the period	16.7	12.0	39.5
Earnings per share (in €)	1.01	0.71	43.2
As a % of sales revenue			
EBITDA	18.6	17.4	
EBITA	14.8	13.4	
EBIT	13.1	11.6	
Net profit for the period	8.0	6.0	
Balance sheet			
Balance sheet total	660.3	661.7	
Equity	359.8	379.1	
Equity ratio (in %)	54.5	57.3	
Gearing	0.4	0.3	
Financials			
Capital expenditures	6.8	8.2	-17.1
- as a % of sales revenue	3.3	4.1	
Depreciation and amortization	11.5	11.5	0.3
Net cash flow from operating activities	24.9	36.5	-31.9
Net debt	127.5	131.5	-3.0
Total number of employees as of June 30	2,445	2,415	1.2
R&D			
R&D costs	13.7	11.7	17.1
- as a % of sales revenue	6.5	5.9	

Notes to the Interim Financial Statements

Corporate Information

Sartorius Stedim Biotech is a leading provider of cutting-edge equipment and services for the development, quality assurance and production processes of the pharmaceutical industry. Its integrated solutions covering fermentation, filtration, purification, fluid management and lab technologies are supporting the biopharmaceutical industry around the world to develop and produce drugs safely, timely and economically. For next generation processes, Sartorius Stedim Biotech focuses on single-use technologies and added-value services to meet and define the rapidly changing technology requirements of the industry it serves. Strongly rooted in the scientific community and closely allied with customers and technology partners, the company is dedicated to its philosophy of "Turning science into solutions."

Headquartered in Aubagne, France, Sartorius Stedim Biotech is listed on the Euronext Paris (ISIN code: FR 0000053266).

The interim condensed consolidated financial statements of the Group for the six months ended June 30, 2010, were approved by the Board of Directors on July 21, 2010.

Accounting Rules and Methods

The consolidated financial statements of the Sartorius Stedim Biotech Group for the period ended June 30, 2010, were prepared in conformance with the IAS 34 Standard "Interim financial reporting," of the IFRS reference system as adopted by the European Union. These first-half statements are condensed statements that do not include all the information required by the IFRS reference system and must be read in relation to the consolidated annual financial statements of the Sartorius Stedim Biotech Group for the year ended December 31, 2009.

The accounting principles retained for preparing the consolidated half-year statements are in conformance with the IFRS Standards and Interpretations as adopted by the European Union on June 30, 2010, and are available on the website:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

These accounting principles maintained are identical to those used to prepare the annual consolidated financial statements for the year ended December 31, 2009, except for the new Standards and Interpretations adopted below as these are obligatory for the Group at the end of June 2010:

- IFRS 3 Revised): Business Combinations
- Amendments to IFRS 2: Group cash-settled Share-based Payment Transactions (Applicable to accounting periods beginning on January 1, 2010);
- Amendments to IFRS 5 (IFRS Improvements - 2008)
- Amendments to IAS 27: Consolidated & Separate Financial Statements
- Amendments to AS 32: Puttable Financial Instruments and Obligations Arising on Liquidation;
- IFRIC 15: Agreements for the Construction of Real Estate (applicable to accounting periods beginning on January 1, 2009);

Adoption of these Standards and Interpretations did not have any significant impact on the first-half consolidated financial statements for the period ended June 30, 2010.

The Group did not anticipate the Standards and Interpretations whose application was not obligatory as of June 30, 2010.

- IAS 24 Related Party Disclosures (applicable to accounting periods beginning on January 1, 2011);
- IFRIC 14: Prepayments of a Minimum Funding requirement (applicable to accounting periods beginning on January 1, 2011);

The Group did not anticipate the Standards and Interpretations in adoption process by the European Commission.

- Amendments to IAS 32: Classification of Right Issues,
- Improvements to IFRS (May 2010),
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (applicable to accounting periods beginning on July 1, 2010).

The process of measuring the potential impact of these Standards and Interpretations on the consolidated financial statements of the Sartorius Stedim Biotech Group is in progress. The Group does not anticipate, at this stage of analysis, any significant impact on its consolidated accounts.

The Reference Document 2009 presents the list of subsidiaries (see page 103).

For calculation of income tax expenses, the provisions of IAS 34.30c) were adopted; i.e., the best estimate of the weighted average annual income tax rate expected for the full financial year was applied.

Related Parties

The majority shareholder of Sartorius Stedim Biotech S.A. is Sartorius AG, which holds, either directly or indirectly through its subsidiary VL Finance S.A.S., a controlling stake in the company of 75% in equity capital (78% of the voting rights). Shares in free float are 25%.

Transactions between Sartorius Stedim Biotech S.A. and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in these Notes to the Interim Financial Statements.

Several service and sublease agreements have been in place between the companies of the Sartorius Group (Mechatronics Division) and the Sartorius Stedim Biotech Group. The reason is that until Sartorius had carved out its Biotechnology Division, its so-called "support" activities were provided by mixed companies (Biotech and Mechatronics). From the period after the carve-out and onwards, service functions devolved upon the one or the other company. As a consequence, the former cost allocations were replaced by service and sublease contracts on arm's length terms.

These contracts include a sublease for office space and central administrative functions, such as accounting and controlling, human resource management and IT. In this respect, the relevant companies charge rent, salaries, social security costs and other expenses for such services as consulting as well as a pro-rated profit margin for the services they provide.

The most important contract in place is the one between Sartorius Stedim Biotech GmbH, Germany, and Sartorius Corporate Administration GmbH, Germany, a 100% affiliate of Sartorius AG. This company provides all central service and administrative functions to Sartorius Stedim Biotech GmbH as well as to Sartorius AG on arm's length terms.

Impairment Test

Although we did not observe any indication that goodwill might be impaired, we performed an impairment test on the reporting date. This impairment test did not lead to significant changes in comparison to the financial year ended December 31, 2009, and therefore we did not recognize any impairment losses.

Calculations based on scenarios with different assumptions for discount rates and growth rates also came to the same result.

Share Buyback Program

The AGM held on April 19, 2010, authorized the company Sartorius Stedim Biotech S.A. to introduce its own share buyback program for a maximum duration of eighteen (18) months or until the October 19, 2011.

At the end of June 2010, the company Sartorius Stedim Biotech S.A. bought back 1,328,710 treasury shares for an amount of €48.6 million.

Earnings Reporting

The Sartorius Stedim Biotech Group uses earnings before interest, taxes and amortization (EBITA) as the key figure for measuring earnings. The term "amortization" refers only to any possible amortization of goodwill and of the intangible assets measured within the scope of purchase price allocation according to IFRS 3 (Business combinations). Thus, EBITA includes depreciation and amortization of all other intangible and tangible assets and is a suitable figure for measuring the operating profitability of the Sartorius Stedim Biotech Group.

The key indicator "EBITDA" used in the segment reports and in the key figures refers to earnings before interest, taxes, depreciation and amortization. Compared with EBITA, EBITDA excludes depreciation on tangible assets and amortization of all intangible assets.

The key indicator "underlying EBITA" corresponds to the key indicator EBITA defined above and adjusted for extraordinary expenses considered during the period ended the June 30, 2010.

The key indicator "underlying EBITDA" corresponds to the key indicator EBITDA defined above and adjusted for extraordinary expenses considered during the period ended June 30, 2010.

Other Disclosures

In the reporting period, Sartorius Stedim Biotech S.A. paid a dividend total of €10.2 million.

Statutory Auditors' Review Report on the First-half Year Financial Information 2010

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L. 451-1-2 of the Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Sartorius Stedim Biotech, for the period January 1 to June 30, 2010,
- the verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to notes:

- "Accounting Principles" which sets out the standards and applications applied by Sartorius Stedim Biotech from January 1, 2010;
- "Share buyback program" which sets out the share buyback transaction authorized by the General Meeting of April 19, 2010.

2. Specific verification

We have also verified the information given in the interim management report commenting the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Marseille, July 28, 2010

Ernst & Young Audit Deloitte & Associés

Anis Nassif Vincent Gros

Information on the First-Half Financial Report

Declaration of Responsibility for the First-Half Financial Report

I certify, to the best of my knowledge, that the condensed financial statements for the first half ended June 30, 2010, have been prepared in accordance with the applicable accounting standards and give a fair view of the assets, the financial position and the results of the company and of the group of companies included in the consolidation, and that the first-half financial report on pages 2 to 17 presents a fair review of the important events that occurred during the first six months of the financial year, including their effects on the accounts, and of the major transactions between the related parties as well as of the description of the main risks and uncertainties for the remaining six months of the financial year.



Joachim Kreuzburg
CEO of the Sartorius Stedim
Biotech Group

Contacts

Sartorius Stedim Biotech S.A.
Z.I. des Paluds
Avenue de Jouques
B.P. 1051
13781 Aubagne, France

Phone +33.442.84 56.00
Fax +33.442.84 56.19
www.sartorius-stedim.com

Investor Relations

Andreas Wiederhold
Team Leader
Phone +49.551.308 1668
andreas.wiederhold@sartorius.com

Henriette Meyer
Phone +49.551.308 3232
henriette.meyer@sartorius.com

Corporate Communications

Petra Kirchoff
Vice President
Phone +49.551.308 1686
petra.kirchoff@sartorius.com

Dominic Grone
Phone +49.551.308 3324
dominic.grone@sartorius.com

Financial Schedule

September 20 – 21, 2010

Euronext Midcap Event in Paris, France

October 2010

Publication of the nine-month figures for 2010

January 6 – 7, 2011

Oddo Midcap Forum in Lyon, France

February 2011*

Publication of the preliminary full-year figures for 2010

April 2011*

General Annual Shareholders' Meeting in Aubagne, France

April 2011*

Publication of the first-quarter figures for 2011

* Tentative dates

This is a translation of the original French-language first-half financial report "Information financière semestrielle." Sartorius Stedim Biotech S.A. shall not assume any liability for the correctness of this translation. The original French interim report is the legally binding version. Furthermore, Sartorius Stedim Biotech S.A. 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 interim report contains various statements concerning the Sartorius Stedim Biotech 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.