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biotech

Sartorius Stedim Biotech Group
First-Half Financial Report January to June 2012

2012

Macroeconomic Environment and Sector Conditions

Macroeconomic Environment

The global economy continued to grow in the first quarter of 2012, according to the latest data available from the International Monetary Fund, and was primarily fueled by the emerging-market countries, the USA and Japan. For the full year, experts project that global growth will ease slightly from 3.9% a year ago to about 3.5%.

Regionally, the euro zone showed the weakest performance, at -0.1%, in the first quarter of 2012 on account of the sovereign debt crisis and the associated austerity measures. Within the euro-zone countries, economic development continued to be disparate. While the economic output of the third largest European economy, Italy, contracted by -1.4%, the largest and the second-largest economies, Germany and France, increased their gross domestic product in the same period by 1.7% and 0.3%, respectively. However, compared with the previous year, the economies of these countries also substantially cooled down (Germany +4.7%; France +2.1%).

The U.S. economy has remained largely unaffected by the developments in Europe at the outset of the year. Economic output in the USA rose 2.0% in the first quarter of 2012, compared with 2.2% in the year-earlier period. This performance was buoyed primarily by private consumer spending.

Growth in many emerging-market economies of Asia (China, India and the ASEAN countries) remained brisk, at 5.0%, but slowed slightly year over year (+6.0%) due to the weakening demand from the euro zone and the USA.

For the first three months of 2012, the Japanese economy reported robust growth, at 2.2% (previous year: -0.2%), which was predominantly driven by pent-up demand released in the wake of the natural catastrophe that occurred in March of last year. In addition to government investments, strong private consumer spending also considerably contributed to growth in this country as well.

In line with the development in Europe, the euro slightly depreciated against the U.S. dollar in the first half of 2012 compared to December 31, 2011, from 1.30 to 1.26 U.S. dollars.

The global average interest rate continued to remain at a historically low level.

(Sources: IMF, World Economic Outlook April 2012; IMF, Regional Economic Outlook April 2012; IMF, Global Financial Stability Report April 2012; German Federal Ministry of Economics and Technology (BMWi), monthly report "Monatsbericht" 07/2012).

Sector Situation

The key customers that Sartorius Stedim Biotech serves are from the biopharmaceutical and pharmaceutical industries, the chemical and food sectors and from public research institutes. Accordingly, the trends in these specific sectors are important catalysts for the business development of the Sartorius Stedim Biotech Group.

In the past, the global pharmaceutical market grew at a steady pace of 4-5% (IMS Health; 2010: 4.1%; 2011, 4-5%). Emerging-market economies contributed an above-average proportion to this growth.

Within the pharmaceutical market, biotechnology is the segment that has been expanding at an especially strong rate for years, as seen against the backdrop of many newly approved biopharmaceuticals and the extension of indications for medications already available. For instance, experts estimate that the proportion of sales generated by biomanufactured medicines has risen from about 13% in 2005 to around 19% in 2011.

Biotech production methods are much more complex than are conventional chemical processes and, so far, have also proved more cost-intensive. This is why manufacturers and suppliers are working intensively on enhancing the efficiency and effectiveness of these biomanufacturing processes by providing more productive process engineering solutions. Single-use products enabling greater flexibility are playing a decisive role in this effort because they are capable of significantly reducing production costs by approximately 15% to 40%. As around 75% of sales revenue is earned with single-use products, Sartorius Stedim Biotech substantially benefits from this trend.

In view of the public sector, which is likewise a customer group served by Sartorius Stedim Biotech, growth in R&D spending in the OECD member nations has slowed on the whole over the past years. While some countries, such as the USA, Germany and South Korea, raised their research spending as part of their economic stimulus programs, other nations cut back on these expenses. The emerging-market nations have been fueling growth in the public sector as their investments in research and development have recently risen.

(Sources: IMS Health: IMS Market Prognosis April 2011, IMS Market Prognosis Global (200 markets worldwide), IMS MIDAS (73 markets worldwide), IMS Featured Insight: January 2012; IMS Pharmerging Markets June 2011; PhRMA sector reports; Pharmaceutical Technology Europe Vol. 22 No. 10, Oct. 2010; Frost & Sullivan, VFA: Medizinische Biotechnologie in Deutschland 2012; 2010 Annual Forecast and Analyses of the Global Market for Laboratory Products; WestLB: Konjunktur- und Branchenausblick 2012/2013; EU Industrial R&D Investment Scoreboard; Booz & Company; Kalorama; OECD Science Technology and Industry Outlook 2011; OECD Science, Technology and Industry Scoreboard 2011; Business Insights: The Future of the Biologicals Market)

Business Development and Outlook

- Double-digit gains in order intake and sales revenue
- Underlying EBITA up 26.3%
- Guidance raised for fiscal 2012

In the reporting period, business expansion was driven by all regions. Reporting a jump of 30.5% and 16.8% respectively, in currency-adjusted sales revenue, North America and Asia | Pacific generated the highest momentum, primarily driven by single-use products.

Order Intake and Sales Revenue

In the first half of 2012, the Sartorius Stedim Biotech Group reported dynamic growth in order intake, sales revenue and profit. Order intake thus rose 11.0% from €251.6 million to €279.3 million; adjusted for currency effects, this figure was up 7.5%. Sales revenue substantially increased by 18.7% to €272.6 million, relative to a comparably low base in the first half of 2011 (€229.6 million). This gain was primarily fueled by strong demand from our customers for single-use products, such as filters and bags. In constant currencies, sales revenue was up 15.0%.

Key Figures

In millions of € unless otherwise specified	1st half 2012	1st half 2011	Change in %	Change in % (in constant currencies)
Order intake	279.3	251.6	11.0	7.5
Sales revenue	272.6	229.6	18.7	15.0
- Europe ¹⁾	133.4	123.4	8.1	7.7
- North America ¹⁾	76.3	54.0	41.1	30.5
- Asia Pacific ¹⁾	53.2	43.6	22.0	16.8
- Other Markets ¹⁾	9.6	8.5	13.3	13.3
EBITA ²⁾³⁾	48.8	38.6	26.3	
EBITA margin ²⁾	17.9%	16.8%		
Net profit ²⁾⁴⁾	31.2	24.7	26.6	
Earnings per share in € ²⁾⁴⁾	2.04	1.61	26.6	

¹⁾ Acc. to customers' location

²⁾ Underlying (see the definition on p. 18)

³⁾ For more information, see p. 18

⁴⁾ Excluding amortization and fair value adjustments of hedging instruments

Earnings Development

Along with the increase in sales revenue, profitability rose significantly during the first six months of 2012. Consolidated operating earnings (underlying EBITA = earnings before interest, taxes and amortization linked to business combinations and adjusted for extraordinary items) jumped 26.3% from €38.6 million to €48.8 million. The respective margin improved substantially, predominantly driven by economies of scale, from 16.8% to 17.9%.

Extraordinary items for the first half totaled -€3.9 million, relative to -€2.9 million a year earlier. These essentially related to expenses for the relocation of our U.S. manufacturing site for single-use bags from Concord, California, to Yauco, Puerto Rico, as well as other corporate projects. Including all extraordinary items, EBITA amounts to €44.9 million, up from €35.7 million a year ago. The Group's respective EBITA margin is at 16.5%, compared with 15.5% for the first half a year earlier.

The relevant net profit for the first-half period totals €31.2 million, up from €24.7 million in the year before. This profit figure is calculated by adjusting for extraordinary items, eliminating non-cash amortization of €3.9 million (H1 2011: €3.8 million) and valuation adjustments from hedging instruments and by taking tax effects into account. The corresponding earnings per share are at €2.04, up from €1.61 in the previous year.

Employees

As of June 30, 2012, the Sartorius Stedim Biotech Group employed 3,013 people worldwide. Compared with December 31, 2011, head count thus rose by 155 or 5.4%. The increase in the workforce was focused on the North American region where we hired 92 additional employees (22.7%).

Net Worth and Financial Position

Statements of Financial Position and of Cash Flows

The balance sheet total for the Sartorius Stedim Biotech Group rose to €763.3 million as of June 30, 2012, from €720.7 million as of December 31, 2011. The rise in the balance sheet total predominantly resulted from the increase in fixed assets due to investments, as well as from the buildup in working capital, which was induced by sales growth.

Equity rose from €395.6 million as of December 31, 2011, to €407.2 million as of the reporting date. At 53.4%, the equity ratio continues to remain at a very comfortable level (December 31, 2011: 54.9%).

Gross debt increased from €146.9 million as of December 31, 2011, to €187.0 million as of June 30, 2012. In addition to investments of €23.1 million in fixed assets, this figure reflects, inter alia, dividends totaling €15.3 million that were paid in the second quarter. At the same time, cash and cash equivalents rose slightly from €46.8 million as of December 31, 2011, to €40.8 million as of June 30, 2012. Accordingly, net debt amounted to €146.2 million (December 31, 2011: €100.1 million). The gearing ratio, or ratio of net debt to equity, is at 0.4 relative to 0.3 reported as of December 31, 2011.

First-half cash flows from operating activities were €6.8 million relative to €13.8 million a year ago. This development predominantly resulted from substantially higher tax payments, partly related to preceding years. At -€23.0 million, cash flows from investing activities were substantially higher than the year-earlier level of -€8.9 million as planned, due to the relatively large investment projects. Cash flows from financing activities were €8.4 million compared with €7.3 million in the same period of previous year.

As of the reporting date, the ratio of net debt to underlying EBITDA (based on the past 12 months) increased to 1.3 relative to 1.0 in December 31, 2011, but remained at a very comfortable level. The interest coverage ratio, calculated as underlying EBITDA divided by cash interest expense (both based on the past 12 months), was at 24.8 (December 31, 2011: 22.5).

Forecast Report

Macroeconomic Forecast

The International Monetary Fund, IMF, estimates that despite the sovereign debt crisis in Europe, the global economy is likely to grow at around 3.5% in 2012. In this prognosis, however, the economic institute points out the above-average risks entailed by the euro-zone development that is difficult to predict.

In the IMF's opinion, economic output in the euro area will be especially impacted by the austerity measures taken by several euro-zone countries. Against this backdrop, the European economy is expected to contract 0.3% (2011: 1.4%). Within the euro-zone countries, economic performance will probably continue to show widely diverging patterns. Thus, economic output is expected to drop 1.9% in Italy, whereas it is projected to grow slightly in Germany and France by 0.6% and 0.5%, respectively.

For the U.S., the IMF forecasts that GDP will grow 2.1%. The reason for this anticipated upturn in growth compared with the previous year (1.7%) is that the dampening effects associated with the natural catastrophe that occurred in Japan in March 2011 have receded.

Experts project that Asia will continue to achieve robust, dynamic growth of 7.3% for 2012, albeit at a lower rate than in 2011 (7.8%). Above all, weaker demand from Europe, China's largest trading partner, is likely to dampen this rate.

In Japan, the economy is expected to grow at 2.0%, up from -0.7% in 2011. This figure must be considered in the context of Japan's development in the previous year, which was considerably affected by the earthquake and ensuing tsunami.

According to the experts, the most important central banks are bound to further cut key interest rates. After the Chinese central bank had already lowered its benchmark interest rate, the European Central Bank also followed suit at the beginning of July by lowering its benchmark interest rate from 1.0% to 0.75%.

Sources : IMF, World Economic Outlook April 2012; IMF, Regional Economic Outlook April 2012; IMF, Global Financial Stability Report April 2012; German Federal Ministry of Economics and Technology (BMWi), monthly report "Monatsbericht" 07/2012).

Future Business Development in 2012

Based on the strong results for the first six months, management has raised its 2012 full-year guidance as follows:

Sales revenue is expected to grow by around 10% in constant currencies, compared with the previous guidance of 6% to 8%. Provided that currency exchange rates remain favorable as in the first half of 2012, underlying EBITA is forecasted to grow by around 15% compared with the previous year. According to our former guidance, this figure was projected to rise 6% to 8%.

Risk and Opportunities Report

The risk and opportunities situation of the Sartorius Stedim Biotech Group has not materially changed since the publication of its Reference Document 2011. 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 2011.

Assessment of Risks that Could Jeopardize the Company's Future Existence

After thorough analysis of the entire risk situation and according to our current review, there are no discernible risks that could jeopardize the future existence of the Sartorius Stedim Biotech Group. Similarly, based on our current review, there are no discernible risks that could jeopardize the existence of the Group in the future.

Statement of Financial Position

Assets	June 30, 2012		Dec. 31, 2011	
	€ in mn	%	€ in mn	Audited %
Non-current assets				
Goodwill	254.8	33.4	254.4	35.3
Intangible assets	95.9	12.6	98.7	13.7
Property, plant and equipment	159.6	20.9	131.6	18.3
Investments	2.8	0.4	2.8	0.4
	513.1	67.2	487.5	67.6
Receivables and other assets	0.3	0.0	0.6	0.1
Deferred tax assets	12.6	1.7	12.4	1.7
	526.0	68.9	500.5	69.5
Current assets				
Inventories	78.0	10.2	66.4	9.2
Trade receivables	100.1	13.1	92.5	12.8
Current tax assets	6.0	0.8	3.4	0.5
Other assets	12.4	1.6	11.0	1.5
Cash and cash equivalents	40.8	5.3	46.8	6.5
	237.3	31.1	220.2	30.5
Total assets	763.3	100.0	720.7	100.0

Equity and liabilities	June 30, 2012		Dec. 31, 2011	
	€ in mn	%	€ in mn	Audited %
Equity				
Issued capital	10.4	1.4	10.4	1.4
Capital reserves	278.6	36.5	278.4	38.6
Retained earnings (including net profit)	116.1	15.2	105.2	14.6
Non-controlling interest	2.2	0.3	1.7	0.2
	407.2	53.4	395.6	54.9
Non-current liabilities				
Pension provisions	18.1	2.4	17.6	2.4
Deferred tax liabilities	29.2	3.8	29.9	4.2
Other provisions	3.6	0.5	3.7	0.5
Loans and borrowings	139.3	18.3	103.9	14.4
Other liabilities	2.8	0.4	1.6	0.2
	193.0	25.3	156.8	21.8
Current liabilities				
Provisions	4.4	0.6	5.4	0.7
Trade payables	56.8	7.4	55.9	7.8
Loans and borrowings	47.6	6.2	43.0	6.0
Current tax liabilities	10.6	1.4	19.1	2.7
Other liabilities	43.5	5.7	44.8	6.2
	163.0	21.4	168.2	23.3
Total equity and liabilities	763.3	100.0	720.7	100.0

Income Statement

	2nd quarter 2012		2nd quarter 2011		1st half 2012		1st half 2011	
	€ in mn	%	€ in mn	%	€ in mn	%	€ in mn	%
Sales revenue	139.1	100.0	118.8	100.0	272.6	100.0	229.6	100.0
Cost of sales	-69.7	-50.1	-58.6	-49.3	-136.2	-50.0	-113.0	-49.2
Gross profit on sales	69.4	49.9	60.2	50.7	136.3	50.0	116.6	50.8
Selling and distribution costs	-28.5	-20.5	-24.1	-20.3	-57.2	-21.0	-48.4	-21.1
Research and development costs	-7.6	-5.4	-7.4	-6.3	-15.5	-5.7	-14.8	-6.4
General administrative expenses	-7.2	-5.2	-6.5	-5.5	-14.7	-5.4	-13.1	-5.7
Other operating income and expenses	-2.9	-2.1	-4.9	-4.1	-4.2	-1.5	-4.5	-2.0
Earnings before interest, taxes and amortization linked to business combinations (EBITA)¹⁾	23.3	16.7	17.3	14.6	44.9	16.5	35.7	15.5
Amortization ²⁾	-1.9	-1.4	-1.9	-1.6	-3.9	-1.4	-3.8	-1.7
Earnings before interest and taxes (EBIT)	21.3	15.3	15.4	12.9	41.0	15.0	31.9	13.9
Interest and similar income	0.0	0.0	0.3	0.3	1.9	0.7	0.9	0.4
Interest and similar expenses	-3.2	-2.3	-1.7	-1.4	-4.6	-1.7	-3.0	-1.3
Financial result	-3.2	-2.3	-1.3	-1.1	-2.7	-1.0	-2.1	-0.9
Profit before tax	18.2	13.1	14.0	11.8	38.3	14.0	29.8	13.0
Deferred tax income expenses	0.5	0.4	1.6	1.3	0.4	0.1	0.8	0.3
Income tax expenses	-5.8	-4.1	-5.7	-4.8	-11.6	-4.2	-9.5	-4.1
Other taxes	-0.6	-0.4	-0.4	-0.4	-1.0	-0.4	-0.8	-0.3
Taxes	-5.9	-4.2	-4.5	-3.8	-12.2	-4.5	-9.5	-4.1
Net profit for the period	12.3	8.8	9.5	8.0	26.1	9.6	20.3	8.8
Attributable to:								
Equity holders of Sartorius Stedim Biotech	12.0	8.6	9.5	8.0	25.6	9.4	20.3	8.8
Non-controlling interest	0.3	0.2	0.0	0.0	0.5	0.2	0.0	0.0
Earnings per share (€)	0.81		0.62		1.70		1.32	
Diluted earnings per share (€)	0.81		0.62		1.70		1.32	

¹⁾ The Sartorius Stedim Biotech Group uses earnings before interest, taxes and amortization linked to business combinations (EBITA) as the key figure for measuring the 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 (see note 9 of the Reference Document 2011).

Statement of Comprehensive Income

	2nd quarter 2012 € in mn	2nd quarter 2011 € in mn	1st half 2012 € in mn	1st half 2011 € in mn
Net profit for the period	12.3	9.5	26.1	20.3
Net gains (losses) on cash flow hedges	-3.1	-0.4	-1.6	3.2
Actuarial gains (losses) from pension provisions	0.0	0.0	0.0	0.0
Currency translation differences	5.3	-0.7	2.8	-4.1
Net investment in a foreign operation	-2.3	0.5	-1.6	1.7
Deferred taxes	1.6	0.0	0.9	-1.5
Net income recognized directly in equity	1.6	-0.6	0.6	-0.7
Comprehensive income	13.9	8.9	26.8	19.6
Equity holders of Sartorius Stedim Biotech	13.5	8.9	26.3	19.6
Non-controlling interest	0.4	0.0	0.5	0.0

Statement of Cash Flow

	1st half 2012 € in mn	1st half 2011 € in mn
Cash flows from operating activities		
Net result	26.1	20.3
Tax expenses	12.2	9.5
Financial expenses	2.7	2.1
Depreciation amortization of fixed assets	12.2	12.8
Increase decrease in provisions	-1.1	1.4
Increase decrease in receivables	-8.2	-12.5
Increase decrease in inventories	-11.1	-12.7
Increase decrease in liabilities	-3.3	2.1
Gains from the disposal of fixed assets	0.0	-0.9
Income taxes paid	-22.7	-8.2
Net cash flow from operating activities	6.8	13.8
Cash flows from investing activities		
Payments for financial assets	0.0	0.0
Payments for property, plant and equipment	-20.6	-8.2
Income from the disposal of fixed assets	0.3	1.9
Payments for intangible assets	-2.6	-2.6
Effects from business combinations	-0.2	0.0
Net cash flow from investing activities	-23.0	-8.9
Cash flows from financing activities		
Changes in capital	0.2	0.1
Interest received	0.3	0.9
Interest paid	-2.4	-2.1
Other financial charges	-0.1	-0.2
Dividends paid to:		
- Shareholders of Sartorius Stedim Biotech SA	-15.3	-13.8
- Non-controlling Interest	0.0	0.0
Changes in non-controlling interest	0.0	0.0
Share buyback program ¹⁾	0.0	0.0
Loans and borrowings repaid (-) raised (+)	25.8	22.3
Net cash flow from financing activities	8.4	7.3
Net increase decrease in cash and cash equivalents	-7.8	12.2
Cash and cash equivalents at the beginning of the period	46.8	29.7
Net effect of currency translation on cash and cash equivalents	1.8	-1.6
Cash and cash equivalents at the end of the period	40.8	40.3
Gross debt owed to banks	187.0	154.7
Net debt owed to banks	146.2	114.4

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

Operating Segments

According to IFRS 8, Operating Segments, the identification of reportable operating segments is based on the "management approach"; i.e. segments are defined according to the internal governance and reporting structures of an entity. A reportable operating 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. Internal management and reporting within Sartorius Stedim Biotech is based on the approach of operating as a "total solution provider" for our customers. Accordingly, the identification of reportable operating segments remains unchanged in comparison with IAS 14: Sartorius Stedim Biotech's reportable segment is Biopharm.

The segment result that is the key profitability measure used internally is EBITA, or earnings before interest, taxes and amortization linked to business combinations. Therefore, taxes and financing 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 information.

Segment information by Division

€ in millions	Biopharm Group		
	1st half 2012	1st half 2011	Change
Order intake	279.3	251.6	11%
Sales revenue	272.6	229.6	19%
- as a total %	100.0%	100.0%	
EBITDA	53.2	44.7	19%
- as a % of sales revenue	19.5%	19.4%	
Depreciation and amortization	8.3	9.0	-7%
EBITA	44.9	35.7	26%
- as a % of sales revenue	16.5%	15.5%	
Amortization	3.9	3.8	1%
EBIT	41.0	31.9	29%
- as a % of sales revenue	15.0%	13.9%	
R&D costs	15.5	14.8	5%
No. of employees at June 30	3,013	2,692	12%

Supplementary Information by Region

€ in millions	Europe			North America		
	1st half 2012	1st half 2011	Change	1st half 2012	1st half 2011	Change
Sales revenue						
- acc. to customers' location	133.4	123.4	8%	76.3	54.0	41%
- as a total %	49.0%	53.7%		28.0%	23.5%	
- acc. to company location	158.4	147.5	7%	76.4	54.3	41%
No. of employees at June 30	1,922	1,764	9%	497	398	25%

€ in millions	Asia Pacific			Other Markets			Group		
	1st half 2012	1st half 2011	Change	1st half 2012	1st half 2011	Change	1st half 2012	1st half 2011	Change
Sales revenue									
- acc. to customers' location	53.2	43.6	22%	9.6	8.5	13%	272.6	229.6	19%
- as a total %	19.5%	19.0%		3.5%	3.7%		100.0%	100.0%	
- acc. to company location	37.7	27.8	36%	0.0	0.0		272.6	229.6	19%
No. of employees at June 30	456	406	12%	138	124	11%	3,013	2,692	12%

Statement of Changes in Equity

€ in millions	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Retained earnings	Foreign currency translation reserves	Group equity	Non-controlling interest	Total equity
Balance at Jan. 1, 2011	10.4	278.2	0.7	-1.7	77.6	-0.1	365.1	0.0	365.1
Comprehensive income	0.0	0.0	2.3	0.0	21.5	-4.1	19.6	0.0	19.6
Stock options	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Dividends	0.0	0.0	0.0	0.0	-13.8	0.0	-13.8	0.0	-13.8
Share buyback program ¹⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at June 30, 2011	10.4	278.3	3.0	-1.7	85.3	-4.3	371.0	0.0	371.0
Balance at Jan. 1, 2012	10.4	278.4	-2.5	-1.8	106.4	3.1	394.0	1.7	395.6
Comprehensive income	0.0	0.0	-1.1	0.0	24.6	2.8	26.3	0.5	26.8
Stock options	0.0	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.2
Dividends	0.0	0.0	0.0	0.0	-15.3	0.0	-15.3	0.0	-15.3
Share buyback program ¹⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at June 30, 2012	10.4	278.6	-3.6	-1.8	115.6	5.9	405.1	2.2	407.2

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

Key Figures

All figures are given in millions of €, unless otherwise specified	1st half 2012	1st half 2011	Change in %
Results			
Order intake	279.3	251.6	11.0
Sales revenue	272.6	229.6	18.7
EBITDA	53.2	44.7	19.1
EBITA	44.9	35.7	25.7
EBIT	41.0	31.9	28.6
Profit before tax	38.3	29.8	28.4
Net profit for the period	25.6	20.3	25.9
Earnings per share (in €)	1.70	1.32	28.6
As a % of sales revenue			
EBITDA	19.5	19.4	
EBITA	16.5	15.5	
EBIT	15.0	13.9	
Net profit for the period	9.4	8.8	
Statement of financial position			
Statement of financial position total	763.3	687.8	
Equity	407.2	371.0	
Equity ratio (in %)	53.4	53.9	
Gearing ratio	0.4	0.3	
Financials			
Capital expenditures	23.1	10.7	115.2
- as a % of sales revenue	8.5	4.7	
Depreciation and amortization	12.2	12.8	-4.7
Net cash flow from operating activities	6.8	13.8	-51.0
Net debt	146.2	114.4	27.8
Total number of employees as of June 30	3,013	2,692	11.9
R&D			
R&D costs	15.5	14.8	4.6
- as a % of sales revenue	5.7	6.4	

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, 2012, were approved by the Board of Directors on July 19, 2012.

Accounting Rules and Methods

The consolidated financial statements of the Sartorius Stedim Biotech Group for the period ended June 30, 2012, 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, 2011.

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, 2012, and are available on the website:

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

The accounting principles maintained are identical to those used to prepare the annual consolidated financial statements for the year ended December 31, 2011, except for the new Standards and Interpretations adopted below as these are obligatory for the Group at the end of June 2012:

– Amendments to IAS 12: Deferred tax: Recovery of Underlying Assets (applicable to accounting periods beginning on January 1, 2012).

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, 2012.

The Group did not anticipate the adopted Standards and Interpretations whose application was not obligatory as of June 30, 2012:

– Amendments to IAS 1: Presentation of Items of Other Comprehensive Income (applicable to accounting periods beginning on July 1, 2012),

– Amendments to IAS 19: Employee Benefits (applicable to accounting periods beginning on July 1, 2013).

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

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 2011 presents the list of subsidiaries (see page 97).

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 74% in equity capital and 85% of the voting rights (From which treasury shares were deducted in regards of the share buy back program). Shares in free float are 26%.

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.

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 2012, the number of shares held has not changed since the December 31, 2011; namely, the company Sartorius Stedim Biotech S.A. bought back 1,698,710 treasury shares for an amount of €61.3 million.

Earnings Reporting

The Sartorius Stedim Biotech Group uses earnings before interest, taxes and amortization linked to business combinations (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, 2012.

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, 2012.

Other Disclosures

In the reporting period, Sartorius Stedim Biotech S.A. paid a dividend total of €15.3 million.

Statutory Auditors' Review Report on the First-Half Year Financial Information 2012

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 Shareholders' Meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Sartorius Stedim Biotech, for the period from January 1 to June 30, 2012,
- the verification of the information contained in the interim management report.

These condensed half-yearly 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.

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 condensed half-yearly 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.

Specific verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Marseille, July 25 2012

Ernst & Young Audit Deloitte & Associés

Anis Nassif Christophe Perrau

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, 2012, 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 19 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

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Financial Schedule

September 24 – 25, 2012

12th Midcap Event, Paris, France

October 29, 2012

Publication of nine-month figures for 2012

January 2013

Publication of preliminary figures for fiscal 2012

April 2013

Annual General Shareholders' Meeting, Aubagne, France

April 2013

Publication of first-quarter figures for 2013

This is a translation of the original French-language first-half financial report "Rapport financier semestriel." 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.