Sartorius Group

First-Half Financial Report January to June 2020

Simplifying Progress

Key Figures for the First Half of 2020

	Group				Bioprocess Solutions				Lab Products & Services			
in millions of € unless otherwise specified	**6-mo. 2020**	6-mo. 2019	Δ in %	Δ in % cc[1]	**6-mo. 2020**	6-mo. 2019	Δ in %	Δ in % cc[1]	**6-mo. 2020**	6-mo. 2019	Δ in %	Δ in % cc[1]
Sales Revenue and Order Intake												
Order intake	1,244.8	974.3	27.8	27.5	984.9	735.6	33.9	33.5	259.9	238.8	8.9	8.9
Sales revenue	1,056.8	894.7	18.1	17.9	809.3	665.8	21.6	21.3	247.5	228.9	8.1	8.1
▪ EMEA[2]	419.5	362.0	15.9	16.0	310.9	263.9	17.8	17.9	108.6	98.0	10.8	11.0
▪ Americas[2]	373.1	308.2	21.1	19.7	304.8	246.2	23.8	22.2	68.3	62.0	10.2	9.7
▪ Asia | Pacific[2]	264.2	224.5	17.7	18.4	193.7	155.7	24.4	25.5	70.5	68.8	2.4	2.5
Results												
EBITDA[3]	293.5	237.6	23.5		247.2	191.5	29.1		46.4	46.2	0.4	
EBITDA-Margin[3] in %	27.8	26.6			30.5	28.8			18.7	20.2		
Net result[4]	124.3	101.5	22.4									
Financial data per share												
Earnings per ordinary share[4] in €	1.81	1.48	22.5									
Earnings per preference share[4] in €	1.82	1.49	22.3									

	June 30, 2020	**Dec. 31, 2019**
Balance Sheet | Financials		
Balance sheet total	3,850.4	2,868.5
Equity	1,157.4	1,093.2
Equity ratio in %	30.1	38.1
Net debt	1,669.6	1,014.0
Net debt to underlying EBITDA	2.8	2.1

1 In constant currencies

2 Acc. to customers' loaction

3 Adjusted for extraordinary items

4 After non-controlling interest, adjusted for extraordinary items and non-cash amortization, and based on the normalized financial result and tax rate.

Key Figures for the Second Quarter of 2020

	Group				Bioprocess Solutions				Lab Products & Services			
in millions of € unless otherwise specified	**Q2 2020**[1]	Q2 2019[1]	Δ in %	Δ in % cc[2]	**Q2 2020**[1]	Q2 2019[1]	Δ in %	Δ in % cc[2]	**Q2 2020**[1]	Q2 2019[1]	Δ in %	Δ in % cc[2]
Sales Revenue and Order Intake												
Order intake	615.4	491.5	25.2	25.3	478.8	374.9	27.7	27.7	136.6	116.6	17.1	17.7
Sales revenue	546.9	459.0	19.1	19.2	415.0	345.1	20.3	20.2	131.9	113.9	15.8	16.1
▪ EMEA[3]	212.5	184.0	15.5		157.1	136.2	15.3		55.4	47.8	16.0	
▪ Americas[3]	192.5	155.8	23.5		155.0	124.3	24.7		37.4	31.5	18.7	
▪ Asia | Pacific[3]	141.9	119.2	19.1		102.9	84.6	21.6		39.0	34.6	12.9	
Results												
EBITDA[4]	155.7	123.6	25.9		127.3	100.6	26.6		28.4	23.0	23.2	
EBITDA-Margin[4] in %	28.5	26.9			30.7	29.1			21.5	20.2		
Net result[5]	68.0	52.9	28.5									
Financial Data per Share												
Earnings per ordinary share[5] in €	0.98	0.77	27.0									
Earnings per preference share[5] in €	0.98	0.77	27.0									

1 Figures are not audited nor reviewed

2 In constant currencies

3 Acc. to customers' loaction

4 Adjusted for extraordinary items

5 After non-controlling interest, adjusted for extraordinary items and non-cash amortization, and based on the normalized financial result and tax rate.

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 operates in an environment that is largely independent of economic fluctuations. By contrast, the Lab Products & Services Division conducts its business activities in sectors in which development is more strongly affected by economic factors.

Coronavirus Pandemic with Strong Impact on the Global Economy Since the First Quarter

According to the most recent data of the OECD, the world economy considerably weakened in the first quarter of 2020, compared with the same period last year, due to the global impact of the coronavirus pandemic. The reasons behind this development have been the lockdowns imposed by governments to contain the spread of the pandemic. First introduced in China in January, these shelter-in-place rules were extended to many other countries by the end of the first quarter and directly or indirectly curtailed economic activities to a strong degree.

In the European core markets of Sartorius, this caused a significant decline in gross domestic product (GDP). While economic output in Germany decreased by an estimated 2.2% (2019: +0.5%), the French and Italian economies shrank by 5.3% (2019: +0.5% and +0.2%, respectively). Economic activity in the U.K. declined 2.2% (2019: +0.7%). On the whole, the GDP of the entire European Union dropped by 3.2% (2019: +0.6%). The USA, the world's largest economy, saw economic output fall by 1.3% in the first quarter (2019: +0.8%) due to the delayed effects of the coronavirus pandemic. In the Asia | Pacific economic region, only India was able to report moderate economic growth of 0.7% (2019: +1.4%) while in China, the country first affected on a larger scale by restrictions due to coronavirus, the decline compared with the same quarter of the previous year was 9.8% (2019: +1.4%). Sartorius also generates significant shares of sales revenue in South Korea and Japan. While South Korean GDP was down 1.3% (2019: -0.3%), the decline in Japan was 0.6% (2019: +0.6%).

Sources: OECD: Quarterly National Accounts, June 2020.

Biopharmaceutical Market Growing Considerably

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 chemicals and food industries among its customers. Accordingly, the progress of the Group's business depends on developments in these industries.

In 2019, the period to which the most recent data available refer, analyses of various market observers showed that the global pharmaceutical market developed positively yet again, recording an increase of approximately 4% to 5%. Within this market, the segment for medications and vaccinations manufactured using biotech methods has grown faster than the rest of the pharmaceutical market for many years. The biopharmaceutical market was estimated at a volume of €235 billion, an increase of approximately 8% to 9% over 2018. The steadily growing significance and acceptance of biologics is reflected in the increasing share of sales revenue in the global pharmaceutical market and the development activities of the pharmaceutical industry. For example, biopharmaceutical compounds account for more than 40% of the R&D pipeline.

Growth of the biopharmaceutical market fundamentally depends more on medium- to long-term trends than on short-term economic developments. In the process, significant impetus is provided by the world's rising demand for medications and the approval and market launch of innovative biopharmaceuticals. The expanded range of indications for approved medications and their further market penetration are also growth factors. Against this backdrop, significant impacts of the coronavirus pandemic on first-half market growth are not to be expected. Yet market watchers assume that in the current year, the pandemic will cause pharmaceutical companies to partially delay carrying out their clinical trials, which are prerequisite to new drug approvals. This could lead to delayed market approvals for some medical drugs.

Moderate Growth in the Lab Market; Indicators Point to a Slowdown

The global laboratory market reached a volume of around €54 billion in the past year and, according to the estimates of several market observers, has been growing annually by 3% to 4.5%. Market growth is related to the levels of research and development spending in the individual end markets, among other factors. Parts of the laboratory market are influenced by economic cycles. Macroeconomic indicators for the first half of 2020 suggest that growth is likely to have slowed down overall, compared with the same period a year earlier, in connection with the global economic consequences of the coronavirus pandemic.

Sources: IQVIA Institute: Global Medicine Spending and Usage Trends. Outlook to 2024, March 2020; Evaluate Vantage 2020 Preview, December 2019; BioPlan: 17th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2020; Daedal Research: Global Biologics Market: Size, Trends & Forecasts, December 2019; BioPlan: Covid 19: Impact on Bioprocessing and Outsourcing, May 2020

Group Business Development

- Sales revenue, order intake and earnings with double-digit growth rates
- Strong performance of the Bioprocess Solutions Division (BPS); moderate growth in the Lab Products & Services Division (LPS)
- Growth and earnings forecast for the full year of 2020 raised

Strong First Half in 2020 for Sartorius; High Demand for Products of the BPS Division

Sartorius closed the first half of 2020 with significant double-digit growth in sales revenue and order intake. Based on constant currencies, Group sales revenue rose 17.9% to €1,056.8 million; the reported increase was 18.1%. Order intake surged 27.5% in constant currencies (reported: +27.8%) to €1,244.8 million. Growth was mainly driven by the very dynamic business performance of the Bioprocess Solutions Division. The Lab Products & Services Division developed moderately in an economic environment weakened by the coronavirus pandemic. As expected, close to 4 percentage points of sales growth were contributed by the most recent acquisitions, namely selected Danaher life science businesses, which have been consolidated since May 2020, as well as a majority stake purchased in the cell culture media specialist Biological Industries, consolidated since December 2019.

Sales Revenue and Order Intake

in millions of €	**6-mo. 2020**	6-mo. 2019	Δ in % reported	Δ in % cc[1]
Sales revenue	1,056.8	894.7	18.1	17.9
Order intake	1,244.8	974.3	27.8	27.5

1 In constant currencies

All business regions of the Group increased their revenues by double digits. In EMEA, the region that contributed the highest share of sales of around 40%, revenue stood at €419.5 million, up 16.0% in constant currencies (reported: +15.9%). The Americas region, which accounted for some 35% of total consolidated sales, recorded the highest momentum, with business rising 19.7% in constant currencies (reported: 21.1%) to €373.1 million. The Asia | Pacific region, which generated around 25% of total Group sales, saw revenue rise by 18.4% in constant currencies (reported: +17.7%) to €264.2 million.

Overproportionate Increase in Underlying Earnings

The Sartorius Group 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 2020, underlying EBITDA of the Sartorius Group rose overproportionately with respect to sales, by 23.5% year over year to €293.5 million. The corresponding Group margin increased from 26.6% to 27.8%. While the most recent acquisitions did not have any significant impact on earnings as expected, foreign currencies had a slightly negative impact of close to 0.5 percentage points.

Underlying EBITDA and EBITDA Margin, Group

in millions of €	**6-mo. 2020**	6-mo. 2019	Δ in %
Underlying EBITDA	293.5	237.6	23.5
Underlying EBITDA margin	27.8	26.6	

Consolidated EBIT, including extraordinary items of -€26.1 million (H1 2019: -€10.6 million), depreciation and amortization, amounted to €188.3 million compared with €166.6 million in the previous year. Extraordinary items were primarily related to the integration of the company's most recent acquisitions, as well as for expenses incurred for various cross-divisional projects, restructurings and refocusing of the company's brand identity. The consolidated EBIT margin amounted to 17.8% (H1 2019: 18.6%).

The financial result was -€20.3 million for the first half of 2020, relative to -€9.9 million for the prior-year period. This change is essentially due to financing of the company's most recent acquisitions.

Net profit for the first six months of 2020 rose by 2.8% to €117.6 million relative to €114.4 million a year ago. The Group's net profit after non-controlling interest totaled €81.1 million compared to €82.3 million in the prior-year period, with non-controlling interest accounting for €36.5 million (H1 2019: €32.1 million). The expected tax rate of the Sartorius Group for fiscal 2020 will be around 30% (previous year: 27%). This increase by around 3 percentage points is essentially due to the accounting treatment of tax risks. The higher tax rate was already applied to first-half accounting.

Relevant Net Profit Substantially Up Year over Year

The relevant net profit attributable to the shareholders of Sartorius AG rose by 22.4% from €101.5 million to €124.3 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 €1.81 (H1 2019: €1.48) and €1.82 per preference share (H1 2019: €1.49).

	6 months 2020 € in mn	6 months 2019 € in mn
EBIT	188.3	166.6
Extraordinary items	26.1	10.6
Amortization	24.5	17.1
Normalized financial result[1]	–9.6	–7.7
Normalized income tax (2020: 27% | 2019: 27%)[2]	–61.9	–50.4
Underlying net result after tax	**167.3**	**136.2**
Non-controlling interest	–43.0	–34.7
Underlying earnings after taxes and non-controlling interest	**124.3**	**101.5**
Underlying earnings per share		
per ordinary share in €	1.81	1.48
per preference share in €	1.82	1.49

1 Financial result excluding fair value adjustments of hedging instruments and currency effects relating to financing activities
2 Income tax considering the average group tax rate, based on the underlying profit before tax.

Operating Cash Flow Significantly Increased

In the first six months of the current fiscal year, the Sartorius Group significantly increased its cash flow from operating activities. This figure stood at €215.4 million, up from €165.1 million a year ago, which equates to a gain of 30.4%. The development essentially reflects the rise in earnings; in addition, the sale of trade receivables of approximately €88.7 million within the scope of a factoring program had a positive effect.

Cash flows from investing activities decreased in the reporting period by 19.5% to -€93.3 million. The ratio of capital expenditures (CAPEX) to sales in the first half of 2020 was 8.5% relative to 12.8% in the previous year.

Key Balance Sheet and Financial Indicators Remain Robust; Influenced by Acquisitions

The balance sheet total of the Sartorius Group stood at €3,850.4 million for the period ended June 30, 2020, and was thus €981.8 million higher than the figure of €2,868.5 million reported as of December 31, 2019. This increase is mainly attributable to the acquisition of life science businesses from Danaher, which have been consolidated since May 2020.

Equity of the Sartorius Group rose in the reporting period from €1,093.2 million as of December 31, 2019, to €1,157.4 million. The equity ratio of the Group continued to remain at a very robust level of 30.1%, even after the closing of the acquisitions (December 31, 2019: 38.1%).

In the reporting period, gross debt rose due to the company's acquisitions from €1,068.5 million as of December 31, 2019, to €1,860.3 million as of June 30, 2020. Net debt stood at €1,669.6 million at the end of the reporting period, relative to €1,014.0 million as of December 31, 2019. The ratio of net debt to underlying EBITDA for the past 12 months increased as expected, from 2.0 at year-end 2019 to 2.8 for the period ended June 30, 2020.

Number of Employees Increases

As of June 30, 2020, the Sartorius Group employed a total of 9,729 people worldwide. Compared with December 31, 2019, head count thus rose by 693 or around 7.7%. The number of employees in EMEA increased in the reporting period by around 5.5% to 6,497. In the Americas, Sartorius employed 1,727 people as of the end of the reporting period (December 31, 2019: 1,554), equaling an increase of 11.1%. From a geographical perspective, the Asia | Pacific region reported the highest staff increase by 13.8% to 1,505 people.

Business Development of the Divisions

Bioprocess Solutions Division Continues Very Dynamic Growth

Based on high demand across all product categories, the Bioprocess Solutions Division grew significantly in the first half of 2020 at a double-digit rate, by 21.3% in constant currencies (reported: +21.6%), to €809.3 million. Initial consolidation of the Danaher businesses and of Biological Industries accounted for a good 2 percentage points of growth.

First-half order intake in 2020 surged at an even slightly stronger rate, by 33.5% in constant currencies (reported: +33.9%), to €984.9 million. The coronavirus pandemic had a positive effect on growth and resulted in additional demand for Sartorius products used to manufacture vaccines and antiviral medications. Strong project business, particularly in the Asia | Pacific region, also contributed to substantial order intake.

Regionally, sales in the EMEA were up 17.9% year over year, and the Americas region again saw significant revenue growth, up 22.2% against a strong prior-year base. The Asia | Pacific region showed the highest momentum, with sales rising by 25.5%. (All rates of regional change in constant currencies).

Bioprocess Solutions

in millions of €	**6-mo. 2020**	6-mo. 2019	Δ in % reported	Δ in % cc[1]
Sales revenue	809.3	665.8	21.6	21.3
▪ EMEA[2]	310.9	263.9	17.8	17.9
▪ Americas[2]	304.8	246.2	23.8	22.2
▪ Asia | Pacific[2]	193.7	155.7	24.4	25.5
Order intake	984.9	735.6	33.9	33.5

1 In constant currencies
2 Acc. to customers' loaction

Underlying EBITDA of the division grew by 29.1% to €247.2 million and thus at a significantly overproportionate rate in relation to sales. Despite slight dilution by currency effects and the most recent acquisitions, the division’s margin was driven by economies of scale, rising to 30.5%.

Underlying EBITDA and EBITDA Margin, Bioprocess Solutions

in millions of €	**6-mo. 2020**	6-mo. 2019	Δ in %
Underlying EBITDA	247.2	191.5	29.1
Underlying EBITDA margin in %	30.5	28.8	

Regarding the corresponding customer groups and to optimize the sales structure, two businesses were reallocated between the two divisions in the first quarter of 2020, leading to a slight adjustment in the divisions’ prior-year figures. There were no adjustments at the Group level.

Lab Products & Services with Moderate Growth

In the first half of 2020, the Lab Products & Services Division increased its revenue by 8.1% (reported: +8.1%) against a strong prior-year base to €247.5 million. While the softer economic environment that was negatively affected by the pandemic had a dampening effect on demand, primarily for laboratory instruments, the most recent acquisitions contributed close to 9 percentage points to sales growth.

Order intake also developed positively, rising by 8.9% in constant currencies (reported: + 8.9%) to €259.9 million.

Lab Products & Services

in millions of €	**6-mo. 2020**	6-mo. 2019	Δ in % reported	Δ in % cc[1]
Sales revenue	247.5	228.9	8.1	8.1
▪ EMEA[2]	108.6	98.0	10.8	11.0
▪ Americas[2]	68.3	62.0	10.2	9.7
▪ Asia | Pacific[2]	70.5	68.8	2.4	2.5
Order intake	259.9	238.8	8.9	8.9

1 In constant currencies

2 Acc. to customers' loaction

Growth in the regions of EMEA and the Americas was 11.0% and 9.7%, respectively. The Asia | Pacific region was particularly hard hit economically by the timing of the coronavirus pandemic and increased its sales revenue by 2.5%. (All rates of regional change in constant currencies.)

Because of lower capacity utilization at the beginning of the year and a negative currency impact of a good 0.5 percentage points, underlying EBITDA of the Lab Products & Services Division after the first six months was at the prior-year level of €46.4 million (+0.4%). In the reporting period, initial consolidation of the Danaher businesses had an overall slightly positive effect. The division's underlying EBITDA margin was 18.7%.

Underlying EBITDA and EBITDA Margin, Lab Products & Services

in millions of €	**6-mo. 2020**	6-mo. 2019	Δ in %
Underlying EBITDA	46.4	46.2	0.4
Underlying EBITDA margin in %	18.7	20.2	

Regarding the corresponding customer groups and to optimize the sales structure, two businesses were reallocated between the two divisions in the first quarter of 2020, leading to a slight adjustment of the divisions' prior-year figures. There were no adjustments at the Group level.

Opportunity and Risk Report

The opportunities and risk situation of the Sartorius Group has not materially changed since the publication of its 2019 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 pages 57 et seq. and 65 et seq. of the 2019 Annual Report.

Forecast Report

Global Economy Strongly Impacted by the Coronavirus Pandemic

With the global spread of coronavirus, economic development has substantially weakened worldwide, a trend that according to data provided by the International Monetary Fund (IMF) is likely to continue as the current year progresses. In its most recent forecast from June 2020, the research institute expects global economic output to decline by 4.9% (previous year: +2.9%), with the second quarter projected to be most impacted. In the opinion of experts, the global economy is likely to recover gradually by the end of 2021, with further outbreaks of the virus possibly leading to delays in this economic rebound. According to the IMF, the accuracy of forecasts on the whole has deteriorated due to economic and pandemic uncertainties. For example, both the further course of the pandemic and the effectiveness of fiscal stimulus packages are unclear.

Overall, the sharpest declines are forecasted for the European Economic Area. For instance, the IMF expects economic output in the European Monetary Union to drop by 10.2% in 2020 (2019: +1.3%). In the largest European economy, Germany, this decrease is projected to amount to 7.8% (2019: +0.6%) and in France, which was harder hit by the pandemic, economic output is forecasted to be an estimated 12.5% lower (2019: +1.5%). For the U.K., a minus of 10.2% is predicted (2019: +1.4 %).

In the world's largest economy, the USA, GDP is projected to drop 8.0% year over year (2019: +2.3%).

The Asia | Pacific economic region is likely to contract by around 0.8% this year. Based on the IMF forecast of 1.0% (2019: +6.1%), China will be the only major economy to see positive growth in 2020. The economy in India, by contrast, is expected to decrease 4.5% (2019: +4.2%) and South Korea is projected to experience an economic decline of 3.6% (2019: +0.4%), while Japanese GDP is estimated to fall 5.8% (2019: +0.7%).

Sources: International Monetary Fund, World Economic Outlook Update, June 2020.

Further Growth of the Biopharmaceutical Market Expected

The trends affecting the development of the Sartorius Group that are described in its 2019 Annual Report on pages 67 to 68 remain in place, while the coronavirus pandemic and its economic repercussions are expected to lead to overall higher forecasting uncertainty.

Most recent estimates project that the global pharmaceutical market will expand at a compound annual growth rate of between 3% and 6% during the period up to 2024. Market analysts predict that the biopharma segment of the pharmaceutical market, against the backdrop of growing demand worldwide, will continue to outperform the market, with a compound annual growth rate between approximately 8% and 9% on average. Also fueling this growth are the higher market penetration of already approved biopharmaceuticals, the expansion of their areas of indication, and strong research and development pipelines. The global biopharmaceutical market as a whole is largely independent of fluctuations in the economy, and this is also likely to apply to the economic impact of the coronavirus pandemic. Nevertheless, experts anticipate that given the pandemic, market approval of some medical drugs could be delayed by a few quarters because clinical trials had to be postponed during the peak phase. By contrast, the areas of COVID-19 vaccines and therapeutics could create positive momentum.

Due to the economic impact of the coronavirus pandemic, expansion in the laboratory market will probably remain below the growth corridor of about 3% to 4.5% per year expected by market observers, at least in the short term. Overall, the greatest demand should continue to come from the pharmaceutical and biopharmaceutical industries, whereas industries whose development is more strongly influenced by economic factors are expected to show weaker demand dynamics.

Sources: IQVIA Institute: Global Medicine Spending and Usage Trends. Outlook to 2024, March 2020; Evaluate Vantage 2020 Preview, December 2019; BioPlan: 17th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2020; Daedal Research: Global Biologics Market: Size, Trends & Forecasts, December 2019; BioPlan: Covid 19: Impact on Bioprocessing and Outsourcing, May 2020

Forecast for the Full Year of 2020 Raised

Based on the strong performance of the Bioprocess Solutions Division in the first half of 2020 as well as on high demand also expected to continue for the rest of the current fiscal year, Sartorius raised its full-year sales and earnings guidance for this division and thus for the entire Group.

Group

Management now expects consolidated sales revenue to increase by 22% to 26% (previously 15% to 19%) and the Group's underlying EBITDA margin to reach around 28.5% (previously about 27.5%). Compared with the previous forecast, a significant part of the additionally expected business is attributable to the current coronavirus pandemic as Sartorius products are used for development and manufacturing of both vaccines and antiviral medications. As projected so far, initial consolidation of Biological Industries is expected to contribute close to 1.5 percentage points and inclusion of the portfolio acquired from Danaher a good 5 percentage points to sales growth.

The ratio of capital expenditures (CAPEX) to sales revenue continues to be forecasted at around 10%, relative to 12.3% a year earlier. Net debt to underlying EBITDA is expected to be slightly below 2.75 by year end 2020 (previously around 2.75; 2019: 2.0%).

Divisions

For the Bioprocess Solutions Division, management now forecasts sales growth of 26% to 30% (previously 17% to 21%). As projected so far, consolidation of Biological Industries is expected to contribute around 1 percentage point and that of the Danaher portfolio around 3.5 percentage points. The division's underlying EBITDA margin is projected to be approximately 31% (previously around 30%), which includes slightly dilutive effects due to consolidation of the acquisitions.

The outlook for Lab Products & Services remains unchanged, with sales revenue expected to grow by 10% to 14% at an underlying EBITDA margin of approximately 20%. Consolidation of Biological Industries continues to be forecasted to contribute 2.5 percentage points and that of the Danaher portfolio around 10 percentage points to growth. While consolidation of the Danaher portfolio is likely to increase the division's margin by 1.5 percentage points, consolidation of Biological Industries is anticipated to result in slight dilution of the margin.

Due to the ongoing pandemic, this guidance is subject to greater uncertainty than usual. In particular, these updated projections are based on the assumptions that logistics chains will continue to be stable and production lines remain in operation. All forecasts are based on constant currencies, as in the past years.

Medium-Term Forecast Unchanged

Despite the currently increased demand, Sartorius does not see any need to adjust its medium-term forecast up to 2025 at the moment. The company continues to expect to achieve sales revenue of around €4 billion at an underlying EBITDA margin of about 28% in 2025. This is based on the fact that the medium-term fundamentals of the biopharmaceutical industry have remained unchanged. Therefore, it is currently not foreseeable whether the current additional demand for vaccines and antiviral drugs will lead to a sustained increase in demand in these areas. In addition, signs are becoming apparent that the market approval of some biopharmaceuticals could be delayed due to postponed clinical trials as a result of the pandemic. It is currently not possible to quantify the impact of these various effects concerning monetary amounts or timing.

Report on Material Events

No material events occurred after the reporting period ended on June 30, 2020.

Condensed Interim Financial Statements

Statement of Profit or Loss

	2nd quarter 2020[1] € in mn	2nd quarter 2019[1] € in mn	**6 months 2020 € in mn**	6 months 2019 € in mn
Sales revenue	546.9	459.0	1,056.8	894.7
Cost of sales	–262.3	–222.9	–508.0	–435.5
Gross profit on sales	**284.6**	**236.1**	**548.8**	**459.2**
Selling and distribution costs	–108.3	–93.3	–211.0	–182.6
Research and development expenses	–24.3	–22.7	–49.9	–45.3
General administrative expenses	–30.7	–25.0	–60.6	–52.3
Other operating income and expenses	–21.9	–8.1	–39.1	–12.4
Earnings before interest and taxes (EBIT)	**99.5**	**87.0**	**188.3**	**166.6**
Financial income	–0.3	1.8	12.3	4.5
Financial expenses	–20.4	–4.4	–32.6	–14.4
Financial result	**–20.7**	**–2.5**	**–20.3**	**–9.9**
Profit before tax	**78.8**	**84.5**	**168.0**	**156.7**
Income taxes	–26.3	–22.8	–50.4	–42.3
Net profit for the period	**52.5**	**61.7**	**117.6**	**114.4**
Attributable to:				
Shareholders of Sartorius AG	35.3	44.5	81.1	82.3
Non-controlling interest	17.2	17.1	36.5	32.1
Earnings per ordinary share (€) (basic)	**0.52**	**0.65**	**1.18**	**1.20**
Earnings per preference share (€) (basic)	**0.52**	**0.65**	**1.19**	**1.21**
Earnings per ordinary share (€) (diluted)	**0.52**	**0.65**	**1.18**	**1.20**
Earnings per preference share (€) (diluted)	**0.52**	**0.65**	**1.19**	**1.21**

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

Statement of Comprehensive Income

	2nd quarter 2020[1] € in mn	2nd quarter 2019[1] € in mn	**6 months 2020 € in mn**	6 months 2019 € in mn
Net profit for the period	**52.5**	**61.7**	**117.6**	**114.4**
Cash flow hedges	7.8	1.7	5.4	–2.2
of which effective portion of the change in fair value	6.8	4.7	4.7	–0.5
of which reclassified to profit or loss	1.0	–3.0	0.8	–1.7
Income tax on cash flow hedges	–2.2	–0.3	–1.5	0.8
Net investment in a foreign operation	–25.2	–5.1	–16.1	2.2
Income tax on net investment in a foreign operation	7.1	1.4	4.7	–0.6
Currency translation differences	–5.9	–12.3	–13.0	–1.6
Items that may be reclassified in the profit or loss statement, net of tax	**–18.3**	**–14.6**	**–20.5**	**–1.3**
Remeasurements of the net defined benefit liability	0.5	–6.8	0.5	–6.8
Income tax on items that will not be reclassified in the profit or loss statement	–0.2	2.0	–0.2	2.0
Items that will not be reclassified in the profit or loss statement, net of tax	**0.4**	**–4.7**	**0.4**	**–4.7**
Other comprehensive income after tax	**–17.9**	**–19.4**	**–20.1**	**–6.1**
Total comprehensive income	**34.6**	**42.3**	**97.5**	**108.3**
Attributable to:				
Shareholders of Sartorius AG	18.1	28.6	63.9	77.9
Non-controlling interest	16.5	13.7	33.5	30.5

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

Statement of Financial Positions

Assets	June 30, 2020 € in mn	Dec. 31, 2019[1] € in mn
Non-current assets		
Goodwill	991.7	695.8
Other intangible assets	839.1	431.6
Property, plant and equipment	866.1	832.9
Financial assets	30.1	30.0
Other assets	1.4	1.5
Deferred tax assets	29.1	25.8
	2,757.5	**2,017.5**
Current assets		
Inventories	503.8	412.7
Trade receivables	297.8	302.7
Other financial assets	30.7	21.6
Current tax assets	14.1	16.4
Other assets	55.8	43.1
Cash and cash equivalents	190.7	54.4
	1,092.8	**851.0**
Total assets	**3,850.4**	**2,868.5**

Equity and liabilities	June 30, 2020 € in mn	Dec. 31, 2019[1] € in mn
Equity		
Equity attributable to Sartorius AG shareholders	**850.0**	**810.4**
Issued capital	68.4	68.4
Capital reserves	41.4	40.7
Other reserves and retained earnings	740.3	701.3
Non-controlling interest	307.4	282.8
	1,157.4	**1,093.2**
Non-current liabilities		
Pension provisions	77.0	76.6
Other provisions	8.5	8.4
Loans and borrowings	1,609.8	822.2
Lease liabilities	60.7	58.8
Other financial liabilities	55.7	56.1
Deferred tax liabilities	84.8	90.7
	1,896.4	**1,112.8**
Current liabilities		
Provisions	23.0	15.4
Trade payables	242.0	225.2
Loans and borrowings	170.4	168.9
Lease liabilities	19.3	18.6
Employee benefits	86.4	68.1
Other financial liabilities	104.3	51.7
Current tax liabilities	68.0	57.5
Other liabilities	83.1	57.2
	796.5	662.6
Total equity and liabilities	**3,850.4**	**2,868.5**

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

Statement of Cash Flows

	6 months 2020 € in mn	6 months 2019 € in mn
Profit before tax	168.0	156.7
Financial result	20.3	9.9
Depreciation | amortization of intangible and tangible assets	80.4	60.8
Change in provisions	7.3	–0.8
Change in receivables and other assets	–12.9	–23.3
Change in inventories	–58.1	–45.5
Change in liabilities (without loans and borrowings)	52.9	40.2
Income taxes paid	–44.2	–33.9
Other non-cash items	1.9	1.0
Cash flows from operating activities	**215.4**	**165.1**
Capital expenditures	–89.6	–114.7
Other payments	–3.8	–1.3
Cash flow from investing activities	**–93.3**	**–116.0**
Payments for acquisitions of consolidated subsidiaries and other business operations, net of cash acquired	–756.1	0.0
Cash flow from investing activities, acquisitions and disposals	**–849.5**	**–116.0**
Interest received	4.7	0.8
Interest paid and other financial charges	–12.2	–12.2
Dividends paid to:		
- Shareholders of Sartorius AG	0.0	–42.1
- Non-controlling interest	–0.8	–14.5
Changes in non-controlling interest	–1.0	0.0
Loans repaid	–209.1	–41.3
Loans raised	988.2	67.2
Cash flow from financing activities	**769.8**	**–41.9**
Net increase | decrease in cash and cash equivalents	**135.7**	**7.2**
Cash and cash equivalents at the beginning of the period	54.4	45.2
Change in scope of consolidation	0.0	2.2
Net effect of currency translation on cash and cash equivalents	0.5	–0.8
Cash and cash equivalents at the end of the period	**190.7**	**53.8**

Statement of Changes in Equity

€ in millions	Issued capital	Capital reserves	Hedging reserves
Balance at January 1, 2019	**68.4**	**40.2**	**3.3**
Net profit for the period	0.0	0.0	0.0
Cash flow hedges	0.0	0.0	–1.7
Remeasurements of the net defined benefit liability	0.0	0.0	0.0
Currency translation differences	0.0	0.0	0.0
Net investment in a foreign operation	0.0	0.0	0.0
Tax effects	0.0	0.0	0.5
Other comprehensive income after tax	**0.0**	**0.0**	**–1.2**
Total comprehensive income	**0.0**	**0.0**	**–1.2**
Share-based payment	0.0	0.3	0.0
Dividends	0.0	0.0	0.0
Change in scope of consolidation	0.0	0.0	0.0
Other changes in equity	0.0	0.0	0.0
Balance at June 30, 2019	**68.4**	**40.4**	**2.2**
Balance at January 1, 2020	**68.4**	**40.7**	**1.4**
Net profit for the period	0.0	0.0	0.0
Cash flow hedges	0.0	0.0	4.4
Remeasurements of the net defined benefit liability	0.0	0.0	0.0
Currency translation differences	0.0	0.0	0.0
Net investment in a foreign operation	0.0	0.0	0.0
Tax effects	0.0	0.0	–1.3
Other comprehensive income after tax	**0.0**	**0.0**	**3.1**
Total comprehensive income	**0.0**	**0.0**	**3.1**
Share-based payment	0.0	0.7	0.0
Dividends	0.0	0.0	0.0
Other changes in non-controlling interest	0.0	0.0	0.0
Other changes in equity	0.0	0.0	0.0
Balance at June 30, 2020	**68.4**	**41.4**	**4.5**

Pension reserves	Earnings reserves and retained profits	Difference resulting from currency translation	**Equity attributable to Sartorius AG shareholders**	Non-controlling interest	**Total equity**
–19.2	**639.8**	**8.0**	**740.6**	**232.8**	**973.4**
0.0	82.3	0.0	82.3	32.1	114.4
0.0	0.0	0.0	–1.7	–0.5	–2.2
–5.8	0.0	0.0	–5.8	–0.9	–6.8
0.0	0.0	–1.0	–1.0	–0.7	–1.6
0.0	2.2	0.0	2.2	0.0	2.2
1.9	–0.6	0.0	1.8	0.5	2.3
–3.9	**1.6**	**–1.0**	**–4.5**	**–1.6**	**–6.1**
–3.9	**84.0**	**–1.0**	**77.9**	**30.5**	**108.3**
0.0	0.0	0.0	0.3	0.0	0.3
0.0	–42.1	0.0	–42.1	–14.5	–56.5
0.0	–4.8	0.0	–4.8	0.0	–4.8
0.0	–0.4	0.0	–0.4	0.0	–0.4
–23.1	**676.5**	**7.1**	**771.5**	**248.8**	**1,020.3**
–26.0	**710.0**	**15.8**	**810.4**	**282.8**	**1,093.2**
0.0	81.1	0.0	81.1	36.5	117.6
0.0	0.0	0.0	4.4	1.0	5.4
0.4	0.0	0.0	0.4	0.1	0.5
0.0	0.0	–9.6	–9.6	–3.4	–13.0
0.0	–15.6	0.0	–15.6	–0.5	–16.1
–0.1	4.7	0.0	3.3	–0.2	3.1
0.3	**–10.9**	**–9.6**	**–17.1**	**–3.0**	**–20.1**
0.3	**70.1**	**–9.6**	**63.9**	**33.5**	**97.5**
0.0	0.0	0.0	0.7	0.0	0.7
0.0	–24.3	0.0	–24.3	–8.9	–33.1
0.0	–0.9	0.0	–0.9	–0.1	–1.0
0.0	0.3	0.0	0.3	0.0	0.3
–25.7	**755.3**	**6.2**	**850.0**	**307.4**	**1,157.4**

Segment Report

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.

	Sales revenue		Underlying EBITDA	
	6 months 2020 € in mn	6 months 2019[1] € in mn	**6 months 2020 € in mn**	6 months 2019[1] € in mn
Bioprocess Solutions	809.3	665.8	247.2	191.5
Lab Products & Services	247.5	228.9	46.4	46.2
Total	**1,056.8**	**894.7**	**293.5**	**237.6**
Reconciliation to the profit before tax				
Depreciation and amortization			–79.2	–60.4
Extraordinary items			–26.1	–10.6
Earnings before interest and taxes (EBIT)			**188.3**	**166.6**
Financial result			–20.3	–9.9
Profit before tax			**168.0**	**156.7**

1 The figures for the prior-year comparative period were adjusted due to the reallocation of two small product groups.

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" as well as "geographical regions" and presented in the following table. The categorization by "nature of products" corresponds to the reportable segments as the identification of the reportable segments is based, in particular, on the different products sold. Regional disaggregation of revenue is according to the customer's location.

	6 months 2020 € in mn			6 months 2019[1] € in mn		
	Group	Bioprocess Solutions	Lab Products & Services	**Group**	Bioprocess Solutions	Lab Products & Services
Sales revenue	**1056.8**	**809.3**	**247.5**	**894.7**	**665.8**	**228.9**
▪ EMEA	419.5	310.9	108.6	362.0	263.9	98.0
▪ Americas	373.1	304.8	68.3	308.2	246.2	62.0
▪ Asia | Pacific	264.2	193.7	70.5	224.5	155.7	68.8

1 The figures for the prior-year comparative period were adjusted due to the reallocation of two small product groups.

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 is a leading international partner of life science research and the biopharmaceutical industry. With innovative laboratory instruments and consumables, the Group's Lab Products & Services Division (LPS) concentrates on serving the needs of laboratories performing research and quality control at pharma and biopharma companies and those of academic research institutes. The Bioprocess Solutions Division (BPS) with its broad product portfolio focusing on single-use solutions helps customers to manufacture biotech medications and vaccines safely and efficiently.

2. Significant Accounting Policies

The consolidated annual financial statements of Sartorius AG for the period ended December 31, 2019, 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 2019 were based with the exception of those principles that were effective in 2019 for the first time.

Furthermore, all interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) to be applied effective June 30, 2020, 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, 2019. The 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 2019 Annual Report. In the current fiscal year, the following entities were included for the first time in the consolidated financial statements of the Group:

- BI Shanghai Co. Ltd., Shanghai, China
- Biological Industries Hong Kong Ltd., Kowloon, Hong Kong
- Biological Industries USA Inc., Cromwell, Connecticut, USA
- Sartorius BioAnalytical Instruments, Inc., Dover, Delaware, USA
- Sartorius ForteBio (Shanghai) Co., Ltd., Shanghai, China
- Sartorius Stedim Chromatography Systems Ltd., Royston, UK
- Sartorius Stedim Chromatography Resins S.A.S., Cergy, France

The entities BI Shanghai Co. Ltd., Biological Industries Hong Kong Ltd., and Biological Industries USA Inc. joined the Group in the course of the acquisition of a majority stake in Biological Industries Israel Beit Haemek Ltd. in December 2019. Following the finalization of the purchase price allocation in 2020, the entities were included in the scope of consolidation as of December 15, 2019. Sartorius BioAnalytical Instruments, Inc., Sartorius Stedim Chromatography Systems Ltd. and Sartorius Stedim Chromatography Resins S.A.S. were founded for the acquisition of selected life science assets from Danaher. The assets were purchased on April 30, 2020. In the course of this acquisition, the entity Sartorius ForteBio (Shanghai) Co., Ltd. was acquired via a share deal. See Section 5 for details about the acquisition of Biological Industries and that of the selected life science businesses from Danaher.

For the calculation of income tax expenses, the provisions of IAS 34.30(c) were applied in the interim consolidated financial statements; i.e., the best estimate of the weighted average annual income tax rate expected for the full financial year was generally applied (30%). This expected tax rate includes adjustments for the consideration of tax risks.

3. Use of Judgments and Estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions, based on the conditions and expectations as of the reporting date. Actual results may differ from these estimates, however. The significant judgments and estimates have remained the same as those applied to the consolidated financial statements for the year ended December 31, 2019. However, the general level of uncertainty that is inherent in accounting estimates and assumptions increased as a result of the recent COVID-19 pandemic crisis. For a description of the impact on the global economy as well as that on the Group's Divisions please refer to the interim management report.

In the first half of 2020 the Group achieved double-digit growth and a corresponding order intake. The biopharma industry that is of particular relevance for the Group is largely independent from economic fluctuations, a development that is expected also for the reporting year. This is especially true for the BPS Division, a total solutions provider for the biopharma industry, which may even benefit in the short term from increasing demand as a result of the expected production of vaccines. For the LPS Division that also serves other customer segments besides the biopharma industry, a more differentiated picture emerges regarding its products. The Group therefore performed a qualitative assessment to determine any potential impairment indications for the LPS Division. On this basis, no indications of impairment were observed as of June 30, 2020.

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

Standards to Be Applied for the First Time in 2020
The Group initially applied the following new accounting rules for the reporting period:

- Amendments to IFRS 3, Business Combinations, Definition of a Business

- Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material

- Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 7, Financial Instruments: Disclosures, Interest Rate Benchmark Reform

- Amendments to References to the Conceptual Framework in IFRS Standards

The application of the new rules did not have an impact on the consolidated interim financial statements.

5. Business Combinations

Acquisition of Biological Industries in 2019
On December 15, 2019, the Group acquired just above 50% of the shares in the Israeli cell culture media developer and manufacturer Biological Industries. In the course of the transaction, the Group obtained control of this company based on contractual agreements.

Biological Industries focuses on cell culture media, particularly for cell and gene therapy, regenerative medicine and other advanced therapies. Founded in 1981, the company currently employs approximately 130 people, mainly at its headquarters, R&D and manufacturing site close to Haifa, Israel, and at sales locations in the USA, Europe and China.

The determination of the acquisition-date fair values of the assets acquired and liabilities assumed was completed in 2020. Non-controlling interests are measured at their proportionate share of the net assets. The following table presents preliminary and final valuations:

	Preliminary purchase price allocation € in mn	**Final purchase price allocation € in mn**
Other intangible assets	0.0	28.5
Property, plant and equipment	5.2	8.5
Inventories	5.0	5.9
Trade receivables	5.1	4.5
Other assets	1.4	0.9
Cash and cash equivalents	3.2	3.7
Deferred taxes - net	0.0	–6.3
Loans and borrowings	–0.3	–3.6
Other liabilities	–6.6	–6.1
Net assets acquired	**12.9**	**36.0**
Non-controlling interest	6.5	18.5
Purchase price	40.6	42.4
Goodwill	**34.2**	**24.9**

The purchase price for the acquired shares equals approximately €42.4 million and was fully paid in cash with the exception of a liability amounting to around €2.2 million. The directly attributable acquisition-related costs totaled €0.3 million and were recognized in other expenses in 2019. The resulting goodwill is not deductible for tax purposes. The intangible assets recognized separately relate mainly to technologies and customer relationships.

Besides being attributable to synergies - e.g., those realized by the acquiree's access to the Group's global sales and distribution network - the resulting goodwill reflects the expansion of the product offering of the two divisions as well as intangible assets that are not recognized separately, such as the know-how of the acquired workforce. Based on expected synergy potential, goodwill was allocated in the proportions of about 60% to the Bioprocess Solutions Division and about 40% to the Lab Products & Services Division.

In the course of the acquisition, the holder of the non-controlling interest was granted a right to sell its remaining shares in Biological Industries to the Sartorius Group in several tranches up to 2027. For the obligation to purchase own equity interests, the Group recognized financial liabilities of €61.0 million against equity at the acquisition date. On the other hand, the Group has the right to purchase an additional 20% of the shares exercisable within a three-year period as of the acquisition.

In the course of the transaction, the non-controlling interests in Sartorius Israel were acquired as well, as these are held by Biological Industries. For the acquisition of these non-controlling interests, an amount of €6.9 million was considered in the determination of the consideration transferred for the business combination. The respective cash outflow is presented in the cash flow from financing activities in 2019. The financial liability that was recognized to account for the put option of the holder of the non-controlling interests was reclassified in retained earnings at the acquisition date.

Acquisition of Selected Life Science Assets from Danaher

On April 30, 2020, the Group completed the acquisition of selected life science businesses of Danaher Corporation after receiving the required regulatory approvals. The assets and liabilities related to the businesses were mainly acquired via asset deals. In the course of the transaction, about 300 employees were assimilated into the Sartorius Group workforce.

The businesses acquired by the Group generated revenue of approximately $170 million in 2019 and cover various laboratory and bioprocessing technologies, which are complementary to the product portfolio of both Divisions. The broader product offering will support customers even more comprehensively in the development of biotech medicines and vaccines, as well as in the safe and efficient production of such pharmaceuticals. Sartorius is thus extending its market position in bioanalytics as well as in key areas of the manufacture of biotech medications.

The FortéBio business for label-free biomolecular characterization includes innovative protein analysis instruments, biosensors and reagents that are used in drug discovery and will be integrated into the Bioanalytics portfolio of the Lab Products & Services Division. The products are based on patented biolayer interferometry technology and perform real-time analysis of various biomolecular interactions. FortéBio employs approximately 200 people worldwide at its production sites in Fremont, California, USA, and Shanghai, China, as well as in various sales locations worldwide.

With the chromatography systems and resins business acquired, the Group is expanding the portfolio of its Bioprocess Solutions Division in the downstream processing area. This business addresses an essential step in the purification of biopharmaceuticals and encompasses both reusable and single-use equipment, columns and resins. Furthermore, selected product groups in the areas of stainless steel hollow-fiber and single-use technology tangential flow filtration systems and single-use flow kits will additionally strengthen the Group's portfolio in downstream processing. The various units employ approximately 100 people at their sites in Portsmouth, U.K.; Cergy, France; Ann Arbor, Michigan, USA; and Hopkinton, Massachusetts, USA.

The purchase price of approximately €777.4 million was fully paid in cash. Expenses of €4.8 million directly attributable to the acquisition were recognized as other expenses in profit or loss.

Due to the size and complexity of the business combination the determination of the acquisition date fair values of the assets acquired and liabilities assumed has not yet been completed. Furthermore, the purchase price is subject to customary adjustments, e.g., for working capital. Therefore, the purchase price allocation is preliminary based on the current knowledge of management and resulted in the following valuation:

	Preliminary purchase price allocation € in mn
Other intangible assets	428.2
Property, plant and equipment	13.8
Inventories	39.4
Trade receivables	0.1
Other assets	2.2
Cash and cash equivalents	6.8
Deferred taxes - net	0.0
Loans and borrowings	–5.7
Other liabilities	–18.7
Net assets acquired	**466.1**
Purchase price	777.4
Goodwill	**311.3**

Goodwill resulting from the acquisition is expected to represent the broadening of the product offering for biopharmaceutical customers, synergies and intangible assets that are not separately recognized such as the know-how of the workforce. Due to the transaction structure, the Group expects that goodwill will mostly be deductible for tax purposes. Based on its present level of knowledge, the Group expects that the intangible assets recognized separately are primarily technology-based and customer-related intangible assets as well as brands.

In October 2019, the Group concluded a bridge loan agreement with BNP Paribas Fortis SA/NV to finance the acquisition of selected life science businesses from Danaher. This agreement provided the Group with the financing needed at the time the acquisition was closed. This financing is still in place as of June 30, 2020 and is available to the Group until November 2021. The foreign currency exchange risk related to the financing of the acquisition has been hedged with options of a nominal value of $750 million. The value changes of the options amounting to +€4.7 million since December 31, 2019, were recognized in profit or loss in 2020.

The acquired businesses are included in the consolidated interim financial statements effective as of May 1, 2020. They have contributed sales revenue of approximately €22.9 million, the respective operating margin was on a level comparable to the Group. A reliable determination of the impact on the consolidated interim financial statements based on the assumption that the acquisition was completed on January 1, 2020, was not possible due to the transaction structure as asset deals and the effects of the COVID-19 pandemic crisis.

6. Financial Instruments

The following table presents the carrying amounts and fair values of the Group's financial instruments as of June 30, 2020, and December 31, 2019, according to IFRS 9.

	Category acc. to IFRS 9	**Carrying amount June 30, 2020 € in mn**	**Fair value June 30, 2020 € in mn**	Carrying amount Dec. 31, 2019[1] € in mn	Fair value Dec. 31, 2019[1] € in mn
Investments in non-consolidated subsidiaries	n/a	11.1	11.1	11.0	11.0
Financial assets	Equity instruments at fair value through profit or loss	4.4	4.4	4.4	4.4
Financial assets	Debt instruments at fair value through profit or loss	10.7	10.7	10.7	10.7
Financial assets	Measured at amortized cost	3.9	3.9	3.9	3.9
Financial assets (non-current)		**30.1**	**30.1**	**30.0**	**30.0**
Amounts due from customers for contract work (contract assets)	n/a	5.1	5.1	8.5	8.5
Trade receivables	Measured at fair value through other comprehensive income	106.1	106.1	38.3	38.3
Trade receivables	Measured at amortized cost	186.7	186.7	255.9	255.9
Trade receivables		**297.8**	**297.8**	**302.7**	**302.7**
Receivables and other assets	Measured at amortized cost	24.7	24.7	19.5	19.5
Derivative financial instruments	Held for trading	0.0	0.0	0.7	0.7
Derivative financial instruments in hedge relationships[2]	n/a	6.1	6.1	1.5	1.5
Other financial assets (current)		**30.7**	**30.7**	**21.6**	**21.6**
Cash and cash equivalents	**Measured at amortized cost**	**190.7**	**190.7**	**54.4**	**54.4**
Loans and borrowings	**Financial liabilities at cost**	**1,780.2**	**1,761.2**	**991.1**	**1,000.3**
Trade payables	Financial liabilities at cost	135.9	135.9	141.1	141.1
Trade payables | payments received for orders (contract liabilities)	n/a	106.1	106.1	84.0	84.0
Trade payables		**242.0**	**242.0**	**225.2**	**225.2**
Derivative financial instruments in hedge relationships[2]	n/a	0.4	0.4	1.1	1.1
Other financial liabilities	Financial liabilities at cost	159.6	159.9	106.7	106.6
Other financial liabilities		**160.0**	**160.3**	**107.8**	**107.7**

1 Figures adjusted for finalization of purchase price allocation Biological Industries

2 The amounts include the non-designated part of the contracts which amounts to -2.0mn € in total. (December 31, 2019: - 1.8mn €)

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 measured on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are measured 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 measured on the basis of input factors that cannot be derived from observable market data.

The derivatives in the form of forward contracts to be recognized at fair value on the reporting date were measured on the basis of their quoted exchange rates and market yield curves (Level 2).

The financial investments measured at fair value are measured on the basis of the most recent reliable indicators available as of the reporting date, e.g., on the basis of the most recent financing round or historical cost of acquisition.

The fair values to be disclosed for financial liabilities recognized at amortized cost, especially liabilities to banks and those related to note loans ("Schuldscheindarlehen") 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 or unchanged cost of acquisition. The maximum credit loss risk is reflected by the carrying amounts of the financial assets recognized in the statement of financial position.

The Group recognizes transfers between the levels of the fair value hierarchies at the end of the reporting period during which a change occurs. 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 €0.9 million (H1 2019: €0.3 million) was generated by sales to these companies; there were receivables from loans and borrowings as well as trade receivables, both totaling €11.7 million (H1 2019: €4.7 million). A long-term service contract exists with an affiliate for which expenses of €5.4 million (H1 2019: €3.7 million) were incurred in the reporting period.

For further details, also on related companies and persons, see page 162 in our 2019 Annual Report.

8. Other Disclosures

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

In the reporting period, the Annual Shareholders' Meeting of Sartorius AG approved dividends totaling €24.3 million, of which €12.0 million are for ordinary shares and €12.3 million for preference shares. The dividend was paid after June 30, 2020.

The condensed consolidated financial statements of the Group were authorized for issue by the Executive Board on July 20, 2020. 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, Göttingen

We have reviewed the condensed interim consolidated financial statements of the Sartorius Aktiengesellschaft AG– comprising the profit and loss statement and the statement of comprehensive income, the balance sheet, the consolidated statement of cash flows, the statement of changes in equity and notes to condensed interim consolidated financial statements – together with the interim group management report of the Sartorius Aktiengesellschaft, Göttingen, for the period from 1 January to 30 June, 2020 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 re-quire 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, July 21, 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Tonne
Wirtschaftsprüfer
German Public Auditor

Thiele
Wirtschaftsprüfer
German Public Auditor

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, 2020, 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.

Göttingen, July 21, 2020

Sartorius AG

The Executive Board

Dr. Joachim Kreuzburg

Rainer Lehmann

Dr. René Fáber

John Gerard MacKay

Financial Schedule

Publication of nine-month figures for 2020	October 20, 2020
Publication of preliminary results for fiscal 2020	January 2021
Annual press conference | Göttingen, Germany	February 2021
Annual General Shareholders' Meeting | Göttingen, Germany	March 2021
Publication of first-quarter figures for 2021	April 2021

Contacts

Sartorius AG
Otto-Brenner-Straße 20
37073 Göttingen

Phone: 0551.308.0
www.sartorius.com

Petra Kirchhoff
Head of Corporate Communications & IR
Phone: 0551.308.1686
petra.kirchhoff@sartorius.com

Ben Orzelek
Head of Investor Relations
Phone: 0551.308.1668
ben.orzelek@sartorius.com

Forward-looking Statements Contain Risks

This Sartorius Group Interim Report for the period from the beginning of January to the end of June 2020 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.