



Our Brand – Our Values

Annual Report 2011

Key Financials (IFRS)

		2007	2008	2009	2010	2011	Change in %
Total net sales	€'000	346,016	410,262	433,210	483,967	477,760	-1.3
North/Latin America	%	43.6	41.9	42.0	41.7	37.4	
Europe	%	39.5	41.0	38.0	36.9	38.7	
Asia/Pacific/Africa	%	16.9	17.1	20.0	21.4	23.9	
Operating profit	€'000	65,829	71,683	77,934	93,594	96,444	3.0
Operating profit	%	19.0	17.5	18.0	19.4	20.2	
EBIT	€'000	62,506	71,906	72,163	85,960	91,038	5.9
EBIT margin	%	18.1	17.5	16.7	17.8	19.1	
Net income ¹	€'000	39,142	45,706	49,097	59,307	61,887	4.4
Net income ¹	%	11.3	11.1	11.3	12.3	13.0	
Cash flow	€'000	60,913	62,771	69,810	79,507	74,974	-4.2
Equity ratio ¹	%	53.7	49.1	55.3	58.0	60.6	
Total assets	€'000	363,818	372,747	396,632	471,882	530,528	12.1
R&D expenses	€'000	19,861	24,123	23,876	23,950	24,838	3.7
Earnings per share	€	0.71	0.85	0.94	1.14	1.20	5.3
Number of employees, annual average		2,036	2,448	2,490	2,575	2,585	0.4

¹ Incl. non-controlling interests

Profile

Liquid handling, cell handling, and sample handling – Eppendorf is a life science company that develops, produces, and distributes systems for use in laboratories worldwide. Its product range includes pipettes and automated pipetting systems, dispensers, centrifuges, and mixers, as well as consumables such as tubes and pipette tips. In addition, Eppendorf is a provider of ultra-low temperature freezers, fermentors, bioreactors, CO₂ incubators, shakers, DNA amplification equipment, spectrometers, and cell manipulation systems.

Eppendorf products are aimed at academic and commercial research laboratories, e.g., in pharmaceutical and biotechnology companies as well as the chemical and food industries. They are also used in clinical and environmental analysis laboratories, in forensics, and in industrial laboratories performing process analysis, production, and quality assurance.

@ Reference to website

i Further information

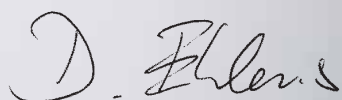
Ladies and Gentlemen,

Last year brought many changes, including further expansion of our sales footprint, a project aimed at sharpening our brand profile and the bundling of our US operating activities at a single location. At the same time, market growth decelerated significantly, especially in Europe and the US, a trend that did not pass us by either. The main reasons behind this development were cost cuts in the pharmaceutical industry and the funding bottlenecks faced by the public sector, where our premium brand has traditionally boasted an above-average presence. Against this backdrop, the 4.6 percent growth rate we generated after adjustment for currency and portfolio effects is a great success. And we expect the reductions in these areas to be only temporary. Life sciences are still one of the most important research and investment areas – not only in mature economies. Our growth targets remain unchanged.

To support our growth, we have launched a number of additional initiatives. They include intensified marketing efforts, also in application areas such as the chemical and food industries, and enhancement of our Internet presence. Our acquisition of DASGIP AG, the Jülich-based market leader in parallel bioreactor systems, after the close of fiscal year 2011, will also strengthen our position in this segment, among others.

However, the key to our success is still our employees, our first-rate products, and the globally uniform and correct positioning of our brand. We will try to explain what we mean by sharpening our brand in the following pages.

Yours sincerely,



Dirk Ehlers
Chairman of the Management Board



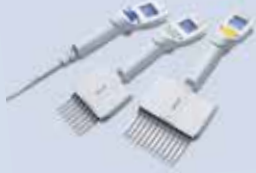
Eppendorf Core Competencies in the Life Science Laboratory



LIQUID HANDLING



Manual pipettes



Electronic pipettes



Pipette tips



Automated pipetting systems



CELL HANDLING



CO₂ incubators



Biological shakers



Micromanipulators



Microinjectors



SAMPLE HANDLING



Centrifuges



Mixers



PCR devices



Ultra-low temperature freezers

Industrial research and application

- New drugs and therapies
- New diagnostic methods
- New chemicals and food technologies
- New agricultural and environmental technologies

Academic research

- Enhancing the scientific knowledge base for fundamental research and biological/chemical applications



Dispensers



Combitips®



Bottle-top dispensers



Microcapillaries



Electroporators



Fermentors/bioreactors



Spectrometers



PCR and deepwell plates



Test tubes

epServices
for premium performance

- **Application Support**
Our specialists are here to help.
- **Technical Support**
Contact your local Technical Support.
- **Quality and Regulatory Support**
Clarify all questions regarding quality or regulatory matters.
- **Training**
Increase your knowledge and abilities.
- **Installation and Operational Qualification (IQ/OQ)**
Be prepared for your audits.
- **Preventive Maintenance**
Keep your instruments in top working order.
- **Calibration and Validation**
Ensure that your instruments are functioning precisely and accurately.



Health care system and governmental labs

- Reliable diagnostics
- Efficient testing and supervision
- Forensic evidence

Management

Heinz Gerhard Köhn
Chief Technology & Production
Officer | Master of Chemistry | PhD



Detmar Ammermann
Chief Financial Officer | Master
of Business Administration

Dirk Ehlers
Chairman of the Management
Board | Master of Physics | PhD

Michael Schroeder
Chief Marketing & Sales Officer |
Master of Agricultural Biology | PhD



More Stringency and Clarity

Eppendorf products enjoy popularity and are renowned in laboratories around the world and the company intends to keep things that way. To achieve this aim, Eppendorf is currently sharpening its brand profile, says Dr. Dirk Ehlers, Chairman of the Management Board, in this interview ...

Dr. Ehlers, the Eppendorf brand is very strong and also has a long tradition. Nevertheless, a branding project was initiated last year. Why? What goals is the company pursuing here?

The Eppendorf brand was built over many years. And the process was not always a systematic one, as awareness of the fact that a brand has to be developed and nurtured was gained only over time. Last year, a global Internet survey confirmed how well-known our brand is today. In the life science sector, it ranks among the three brands mentioned most frequently in unaided brand awareness questions. This is important to us, not least because we generate a large share of our sales via specialist dealers, where it is especially necessary for customers to specifically and deliberately request our products. A strong brand is very helpful in this respect. Despite this excellent starting position, we decided to launch a branding project in order to achieve more stringency and clarity in communications and a more uniform public perception – not only today, but also in the long term and sustainably. The fact that New Brunswick products are still being positioned and presented separately obviously puts a special issue on our agenda.

Can you already provide details on New Brunswick?

Well, the integration of the sales organization has now been largely completed in most markets. However, branding still has to be harmonized. This will involve using Eppendorf consistently as our umbrella brand in order to highlight our premium-quality claim to the public and ensure constant

visibility of the Eppendorf umbrella brand. New Brunswick will be retained as part of the product name for the product lines affected, but not as a stand-alone brand.



We know exactly where we want to go.«

Brand management revamping usually takes time. What time frame have you set yourself for this task?

Last year, we laid a lot of the groundwork for brand sharpening and more integrated brand communications. We know exactly where we want to go. At present, we are focusing on gradually changing the design of our communications in line with our redefined corporate identity. This will take about twelve to eighteen months. For a handful of products and media, the process might take slightly longer.

Three terms are used frequently in discussions about the branding process: brand core, positioning, and differentiation. How important are these catchwords for the company?

Together, these three elements describe Eppendorf's brand profile quite well. Brand core is the basis our company can use to differentiate and position itself in the competitive environment. Brand core in conjunction with positioning and differentiation form the brand platform. An organization will never be able to speak with one voice if this brand platform



is not clearly defined. The brand profile will become fuzzy and will no longer be understood by customers.

And what is Eppendorf's brand platform like at present?

The core is what drives us, shapes our behavior, and defines our objectives. First, our goal is to offer our customers **premium products**. Second, our behavior is characterized by **sincerity**, which is based on our tradition, corporate culture, and style and on our commitment to fulfilling customers' high quality requirements. Third, it is our aspiration to design and provide **comprehensive solutions** for complex day-to-day laboratory work. Creative and application-oriented systems that simplify difficult laboratory processes and make it easier for our customers to do their job.

We believe that our differentiation and positioning can be summed up rather accurately with the Eppendorf brand goal: We want to serve as expert partners and advisors to life science laboratories. And we strive to make our customers feel confident and proud when they use our products and services.

How do you achieve this?

A very important part of this positioning – in addition to many other aspects – is certainly our outstanding support that helps to give our customers the feeling, prior to their purchase, and the certainty, after their purchase, that they are doing the right thing. This »peace of mind«, this confi-

dence that they have taken the correct decision, is supported by products that consistently offer supreme quality and contribute to reliable and reproducible laboratory results, and by a design that never goes out of fashion. Some of our differentiation is also based on the fact that we began at a very early

» We want to serve as expert partners and advisors to life science laboratories.«

stage to attach importance to developing products that are easy to operate and reduce fatigue or health hazards in routine laboratory work. However, this also involves addressing the issue of sustainability. Long durability and high energy efficiency of products and sustainability in consumables and production processes are becoming increasingly important purchasing criteria.

Is it possible to convey all of this to customers before they make their purchase decisions?

Certainly not all the details. Our brand must therefore serve as a guide; it must be so strong that even customers who are unable or unwilling to make detailed product



comparisons and have no direct contact with our employees know what to expect when they opt for the Eppendorf premium brand. They choose us because they are confident that they are buying certainty at the same time. They are certain they do not need to worry about details. They are certain they can trust the results our products deliver. There is no need to wonder about whether the product in question is really the best. This certainty gives them what we call »peace of mind« – something akin to basic trust in the Eppendorf brand.

Where do you see the link between brand positioning and the three competence areas of liquid handling, cell handling, and sample handling?

These core competences describe what we do best and what our solutions are about. These three terms – liquid handling, cell handling, and sample handling – have the word »handling« in common, i.e., processes that can be found in virtually every laboratory, irrespective of the type of analysis performed there or accompanying the job. This brings us right back to the brand core: we do not merely supply devices and consumables and provide services, but also simplify laboratory processes and help our customers achieve a high level of economic efficiency. We try to think our product through »to the end«. The breadth of the portfolio reflected in the three competence areas underpins our ability to offer across-the-board optimization and our credibility as a reliable partner offering the right products for first-rate laboratory processes.

For a company like Eppendorf, the brand element known as »employer branding« undoubtedly also plays a key role. Eppendorf needs excellent employees in all areas – from product development to on-site service. What will shape this area in the next few years?

The quality of our employees and our corporate culture are certainly hallmarks of our company, and I noticed this immediately when I joined Eppendorf. Corporate culture is not something you can copy, but it is also something that takes



These core competences describe what we do best and what our solutions are about.«

a long time to grow. This unique culture and our already mentioned special access to our customers undoubtedly set us apart. Long-term realization of our premium-brand claim requires finding the best and also the most suitable employees at all times, and the Eppendorf brand helps us achieve this. Our brand core appeals not only to our customers, but also to our current and future employees. Last year, we initially updated our employer brand profile by way of a separate



Dirk Ehlers, Chairman of the Management Board of Eppendorf AG, explains the branding project aimed at sharpening Eppendorf's brand profile

project, but subsequently incorporated this initiative into the redefinition of our brand core. Today, employer branding is an integral part of the group-wide branding project.

Outstanding and award-winning design is also one of Eppendorf's hallmarks. The number of awards for good product design is constantly on the increase. What role does design play for the Eppendorf brand? Is it more than just one of many differentiating factors?

Design has been important for Eppendorf and the brand for a very, very long time – and in many cases we have taken the right steps in this area. Things must stay like this, because our customers are often also proud to have the opportunity to work with Eppendorf products and surround themselves with the aesthetics of our design. Some of our

There are two more important elements that probably play a considerable role in the success of the Eppendorf brand: products that are always in line with the state of the art and extremely close ties to the scientific community – worldwide. Is this assessment correct?

We do not follow every technological avenue and fad, but focus on aspects of genuine relevance for our customers – on overall alignment of realized technical solutions, as it were. We always endeavor to find out how our customers work and what they really need for their job, and this is why in-depth exchange is so important. We collect ideas and subsequently prioritize them. We are also assisted in this task by our Scientific Advisory Committee, our research awards and the associated contacts to successful young researchers, our key accounts, and, of course, customers who regularly collaborate with us in field tests and applications development.

» We focus on aspects of genuine relevance for our customers.«

customers even want their peer group, colleagues, and guests to see this, too. The fact that the appearance of our products makes them immediately recognizable also helps here. The design awards mentioned are of course a gratifying validation of the work of our designer and developer teams.

Our Brand – Our Values

- > Quality is our focus. Our products are **premium:** they are future-oriented and of outstanding quality; they set standards.
- > Our behavior is **sincere:** personal relations are important to us; commitment, openness, and competence characterize our actions.
- > Our aspiration and approach are **comprehensive:** we design interdisciplinary, creative, and application-oriented solutions.

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For us Good is not Good Enough.

» Our products have to be **premium**, because our customers' work requires the highest possible quality – with no compromises. Our numerous innovations have enabled us to set industry standards in the last few decades, win an outstanding reputation as a creative technology leader, and provide substantial support to research. Our key focus in all these endeavors is quality. This is why Eppendorf is the premium brand in the life science sector – worldwide. «



30 years of competence in cell handling ...

It all began with successful cell microinjections, back in the 1980s. Those very cautious and tentative initial steps have become an indispensable part of modern day-to-day scientific work – as have Eppendorf's cell handling products.

With the acquisition of New Brunswick in 2007 and DASGIP in January 2012, Eppendorf has expanded its competencies in this area even further, adding shakers, incubators, and fermentors.

We ensure excellent research

As a premium manufacturer, Eppendorf has been designing first-rate solutions for tomorrow's research for decades. Our future-oriented systems comprise top-quality devices and the associated consumables with the highest purity levels. Numerous patents reflect our innovative capabilities and motivate our developer teams worldwide. Our premium products thus enable us to ensure that our customers always have the perfect tools for excellent research results at their disposal.

State of the art

Not every technological fad makes sense. Decisions on the technical solutions our customers will need for their future work must be based on an in-depth exchange with our customers and partners. We are also assisted in this task by our Scientific Advisory Committee. It is a team of selected and high-profile scientists covering the areas of medical diagnostics, analytical biotechnology, stem cell research, cell culture technology, nutrition research, as well as industrial and environmental biotechnology. We maintain close contact with young researchers by inviting applications for two research awards: the Eppendorf Award for Young European Investigators and the Eppendorf & *Science*® Prize for Neurobiology. These intensive ties to the scientific community ensure that Eppendorf products conform to the state of the art.

@ www.eppendorf.com/prize
www.eppendorf.com/award

Always one step ahead

»The Eppendorf PiezoXpert® is a good example of our global technology leadership in many areas. The way in which the PiezoXpert operates is well illustrated by its application in mouse egg cells. The cell membrane of these microscopically small egg cells is very elastic and thus difficult to pierce with normal microcapillaries. The PiezoXpert penetrates the cell membrane with high-speed impulses without causing lasting damage to the cell. What makes this device unique is the fact that impulses are mainly transferred to the capillaries in one direction only, thus protecting the cell membrane against unnecessarily severe damage that might have a negative impact on the experiment.«

Dr. Heide Niesalla, Global Product Manager Cell Technology, Eppendorf AG





Cutting-edge technology with superb quality and a unique mode of operation: Eppendorf PiezoXpert®

Sincere and at Eye Level

» Appreciation of the importance of personal relations with our customers and partners in our role as experts and advisors is an integral part of our company's long history. These relations are characterized by commitment and openness. We treat each other as equals, and our products and services fulfill what we promise. This makes us **SINCERE** and reassures our customers. «



Trailblazer in liquid handling for 50 years ...

In 1961, Eppendorf launched the first piston-stroke pipette. Today, our broad product offerings in liquid handling range from manual pipettes to electronic pipettes, dispensers, and burettes to automated pipetting systems. Eppendorf

products are associated with state-of-the-art technology, outstanding ergonomics, and award-winning design. This applies to both devices and the requisite consumables such as pipette tips and Combitips®.

We are always there for you

Customers who purchase Eppendorf products are not left to their own devices. We provide comprehensive support and are available to them as personal experts and advisors whenever they have questions or need training. Alongside our extensive epServices program, our offerings include our newsletter, our BioNews customer magazine, and our customer hotline. Eppendorf customers can thus feel confident that they can always rely on us.

@ www.eppendorf.com/epservices
www.eppendorf.com/bionews
www.eppendorf.com/newsletter

Committed to an agreeable working environment

There are things money cannot buy, one of them being a company's culture. Ever since its establishment, Eppendorf has been committed to the idea of improving human living conditions. This applies not only to our customers and their research, but also to our employees around the world. We call this the »Eppendorf spirit«. You can feel it right from the start, and it designates committed and open dealings with one another, fair and agreeable collaboration, cooperation as equals, and the value the company attaches to its employees.



Peace of mind

»We specialize in human identification through forensic DNA analysis. We are kept very busy: we run around 6,000 different samples per month. Eppendorf's epMotion® allows us to perform our job without getting sore hands from pipetting. But the most important thing is that we can go home with a safe feeling, knowing we can rely on the quality of the results. For me, that's peace of mind.«

Nicole Bolin, Director, Chromosomal Labs • Bode Technology, Phoenix, Arizona (USA)

@ www.eppendorf.com/youtube



Eppendorf pipettes fulfill their premium brand promise: top-quality, user-friendly work processes that are reliable in every respect

We See the Big Picture.

» Providers of application-oriented solutions in the life science sector must think proactively. Otherwise they will not be in a position to simplify the relevant processes, which are often complex. We at Eppendorf say that the sum of our acquired knowledge and our experience are important in this connection but not enough on their own. Our **comprehensive** approach allows us to design the interdisciplinary, creative, and application-oriented solutions for which we are so well-known. «



Technology leader in sample handling for 60 years ...

Eppendorf products set standards in a wide variety of laboratory areas at an early stage – standards that still serve as yardsticks for others today. Sample handling encompasses many different work processes and steps: centrifugation,

heating, freezing, mixing, amplification, and analysis of samples. Eppendorf offers the devices and consumables needed for each of these steps and allows users to feel assured that the work they perform is of the highest quality.

Ongoing communication

Eppendorf is in constant contact with the global research community, using a wide variety of channels for exchanging ideas with scientists. Apart from the assistance provided by our Scientific Advisory Committee, this naturally includes attendance at major international conferences and fairs and numerous user training events around the world. In addition, our sales representatives conduct in-depth discussions with scientists from a wide range of application areas in order to obtain critical knowledge about today's and tomorrow's laboratory processes. Our Eppendorf teams then draw on this awareness of our customers' requirements to develop application-oriented solutions for future research.

Creative, user-friendly solutions

User-friendly premium products with a sophisticated design – this is our developer teams' goal. Our smart solutions not only relieve users of monotonous routine work and enhance laboratory efficiency, but are also intended to make our customers feel proud of using Eppendorf products. This is why we attach great value to the aesthetics of our design. Numerous design awards and prizes for user-friendly design are a gratifying validation of the success of our comprehensive approach.

Attention to every detail

Last year, Eppendorf won the Useware Prize, awarded by VDI/VDE-GMA (German Society for Measurement and Automatic Control) for excellent user-friendly design of innovative technology:

»We award the Useware Prize to companies that design their hardware and software technology with people in mind. In this context, we never single out individual products, but instead award our prize to entire product families only. Eppendorf AG is exemplary in this respect, because all of its laboratory devices are designed with their users in mind at all times. This is particularly praiseworthy in an environment characterized by complex tasks such as laboratory operation.«

Prof. Dr. Detlef Zühlke, Scientific Director, German Research Center for Artificial Intelligence and Chairman of the VDI/VDE-GMA Useware Prize Jury



Precise, durable, well designed, and so user-friendly that it was awarded the Useware Prize, together with other Eppendorf products: the Eppendorf BioSpectrometer®



i You can order the BioSpectrometer brochure from us under code number 242.

International Presence

- Head Office
- Services and Administration
- Sales Subsidiaries
- Centers of Excellence
- Competence Centers

Europe

- **Eppendorf AG,**
Hamburg/Germany
- **Eppendorf Austria GmbH,**
Vienna/Austria
- **Eppendorf Belgium N.V.,**
Rotselaar/Belgium
- **Eppendorf Czech & Slovakia s.r.o.,**
Prague/Czech Republic
- **Eppendorf France S.A.S.,**
Paris/France
- **Eppendorf Ibérica S.L.U.,**
Madrid/Spain
- **Eppendorf Nederland B.V.,**
Nijmegen/Netherlands
- **Eppendorf Nordic ApS,**
Copenhagen/Denmark
- **Eppendorf Poland Sp. z o.o.,**
Warsaw/Poland
- **Eppendorf s.r.l.,**
Milan/Italy
- **Eppendorf UK Ltd.,**
Cambridge/UK
- **Eppendorf Vertrieb Deutschland GmbH,**
Cologne/Germany
- **Vaudaux-Eppendorf AG,**
Basel/Switzerland
- **DASGIP Information and Process Technology GmbH,**
Jülich/Germany
- **Eppendorf Array Technologies S.A.,**
Namur/Belgium
- **Eppendorf Instrumente GmbH,**
Hamburg/Germany
- **Eppendorf Liquid Handling GmbH,**
Hamburg/Germany
- **Eppendorf Polymere GmbH,**
Oldenburg in Holstein/Germany
- **Eppendorf Zentrifugen GmbH,**
Leipzig/Germany
- **New Brunswick Scientific England Ltd.,**
Tollesbury/UK
- **New Brunswick Scientific Scotland Ltd.,**
Irvine/UK



America

- **Eppendorf Inc.,**
Enfield/USA
- **DASGIP Biotools, LLC,**
Shrewsbury/USA
- **Eppendorf Canada Ltd.,**
Toronto/Canada
- **Eppendorf do Brasil Ltda.,**
São Paulo/Brazil
- **Eppendorf North America, Inc.,**
Hauppauge/USA
- **USA Scientific, Inc.,**
Ocala/USA
- **New Brunswick Scientific Co., Inc.,**
Enfield/USA
- **Eppendorf Manufacturing Corp.,**
Enfield/USA

Asia/Pacific

- **Eppendorf Asia Pacific Sdn. Bhd.,**
Kuala Lumpur/Malaysia
- **Eppendorf (Shanghai) International Trade Co., Ltd.,**
Shanghai/China
- **Eppendorf China Ltd.,**
Hong Kong/China
- **Eppendorf Co., Ltd.,**
Tokyo/Japan
- **Eppendorf India Ltd.,**
Chennai/India
- **Eppendorf Korea, Ltd.,**
Seoul/South Korea
- **Eppendorf Middle East FZ-LLC,**
Dubai/United Arab Emirates
- **Eppendorf South Pacific Pty. Ltd.,**
Sydney/Australia
- **Eppendorf Thailand Co., Ltd.,**
Bangkok/Thailand

Report on the Financial Situation of the Eppendorf Group

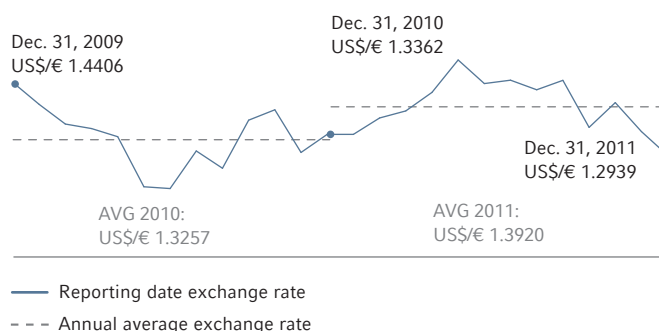
Economic environment

After the economic recovery in the previous year, global economic growth waned in fiscal year 2011. The earthquake in Japan and rising oil prices in the wake of the political upheaval in the Arab region placed a burden on economic performance. The debate over the European debt crisis hampered growth additionally. While industrialized nations saw their rates of expansion decline in this environment, Asian markets, in particular, benefited from capital inflows and continued to generate comparatively high growth rates.

Overall, the life science sector grew in sync with the global economy. Growth stimuli mainly originated in the industrial sector, where investment volumes expanded by a rate in the mid single digits. By contrast, the public sectors in the euro area and the US made hardly any contribution to market growth due to strained budgets.

The financial markets also responded to political events. The widening sovereign debt crisis resulted in a pronounced devaluation of the euro towards the end of the year. In the last two months, it depreciated by almost 8 percent against the US dollar. Nevertheless, the average exchange rate was 5 percent above the prior year.

Exchange rate fluctuations



Financial summary

The Eppendorf Group continued to chart a successful course in fiscal year 2011. Despite noticeable restraint in the public research sector, we increased our sales by 4.6 percent adjusted for currency and portfolio effects.

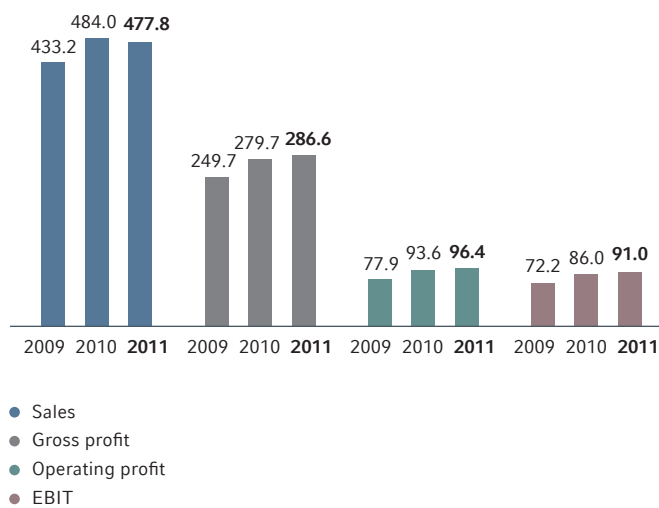
Business performance was gratifying in Asia, where we again generated double-digit growth rates. In Europe and America, by contrast, we posted only slight growth adjusted for currency and portfolio effects.

In mid-2011, we sold a non-core equity holding in North America. This resulted in a decline in sales of € 18.6 million.

Another major event in the fiscal year under review was the consolidation of two US locations. This measure involved capital expenditure in property, plant, and equipment and intangible assets amounting to € 13.4 million. The costs incurred due to the relocation resulted in a change to earnings of € 9.7 million.

Key performance data

in millions of €



Strategy

The Eppendorf brand assures success with innovative, high-quality products. We occupy leading positions in our product areas. We plan to protect our strong position in the global market in the future, too, by steadily continuing our expansion, with a focus on rapidly growing and innovative segments of the life science markets. Major elements of our strategy are the continuous renewal and expansion of our product portfolio, the systematic enhancement of our technological expertise, and the strengthening of our global market position through clearly targeted investments in our sales structure. Our core competences are the areas of liquid handling, sample handling, and cell handling.

We are investing in the expansion of our US production capacities and intensifying our US dollar purchasing activities to reduce currency risks.

Results of operations

Sales trend

Adjusted for currency and portfolio effects, we posted an increase in sales of 4.6 percent in the fiscal year under review. Growth rates in the individual regions differed widely.

The most buoyant growth was generated in the Asia/Pacific/Africa region, where we expanded sales by € 10.3 million to € 114.0 million. This corresponds to an increase of nearly 10 percent. Adjusted for currency effects, the growth rate came to 12.6 percent and was thus again in the double digits. Asia now contributes nearly one fourth of our sales, with China and India accounting for the largest shares.

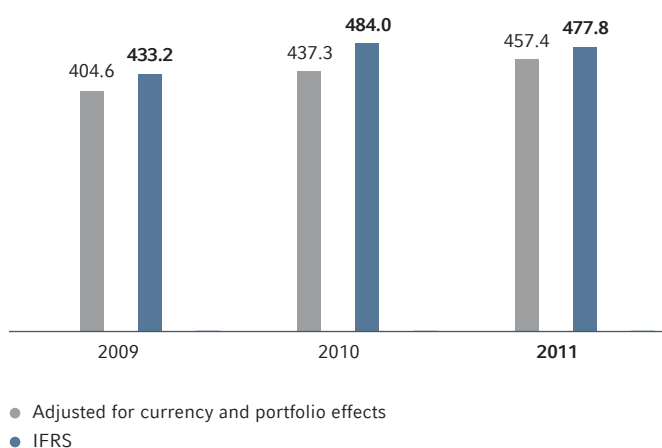
By contrast, purchase restraint in the public research sector permitted only comparatively low rates of expansion in Europe and North America. In the European market, we generated sales growth of 3.6 percent (2.8 percent adjusted for currency effects). This corresponds to an increase of € 6.4 million to € 184.9 million.

The sale of an equity holding in North America resulted in a decline in sales of € 18.6 million in this region. Sales were also reduced by the 5 percent depreciation of the US dollar. Adjusted for these effects, we posted sales growth of 1.8 percent, or € 2.9 million.

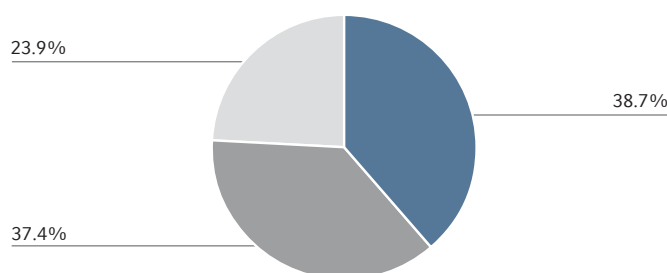
All in all, we were able to largely offset the negative currency and portfolio effects through organic growth, thus recording a relatively minor decrease in sales of 1.3 percent.

Sales development

in millions of €



Sales by region 2011



in millions of €	2010	2011	%
● Europe	178.5	184.9	3.6
● North/Latin America	201.8	178.9	-11.3
● Asia/Pacific/Africa	103.7	114.0	9.9
Total	484.0	477.8	-1.3

Selected financial data

<i>in millions of €</i>	2010	%	2011	%
Net sales	484.0	100.0	477.8	100.0
Cost of sales	-204.3	-42.2	-191.2	-40.0
Gross profit	279.7	57.8	286.6	60.0
Selling and marketing expenses	-118.8	-24.6	-123.4	-25.8
Research and development expenses	-24.0	-4.9	-24.9	-5.2
Administrative expenses	-43.3	-8.9	-41.9	-8.8
Operating profit	93.6	19.4	96.4	20.2
Other expenses/income	-7.6	-1.6	-5.4	-1.1
Income from operations (EBIT)	86.0	17.8	91.0	19.1

Gross profit increased by 2.5 percent to € 286.6 million (prior year: € 279.7 million). The associated gross profit margin increased to 60.0 percent (prior year: 57.8 percent).

Global presence through sales organizations that are close to the customer is a key success factor for our positive performance. Overall, we spent € 123.4 million (prior year: € 118.8 million) on **sales and marketing activities**.

Innovations are the driver of future growth. In fiscal year 2011, we expanded our **research and development** spending and invested € 24.9 million (prior year: € 24.0 million) in the development of new products and the ongoing optimization of our product portfolio.

With an **operating profit** of € 96.4 million, we continued the steady improvement in profitability and increased return on sales from 19.4 to 20.2 percent.

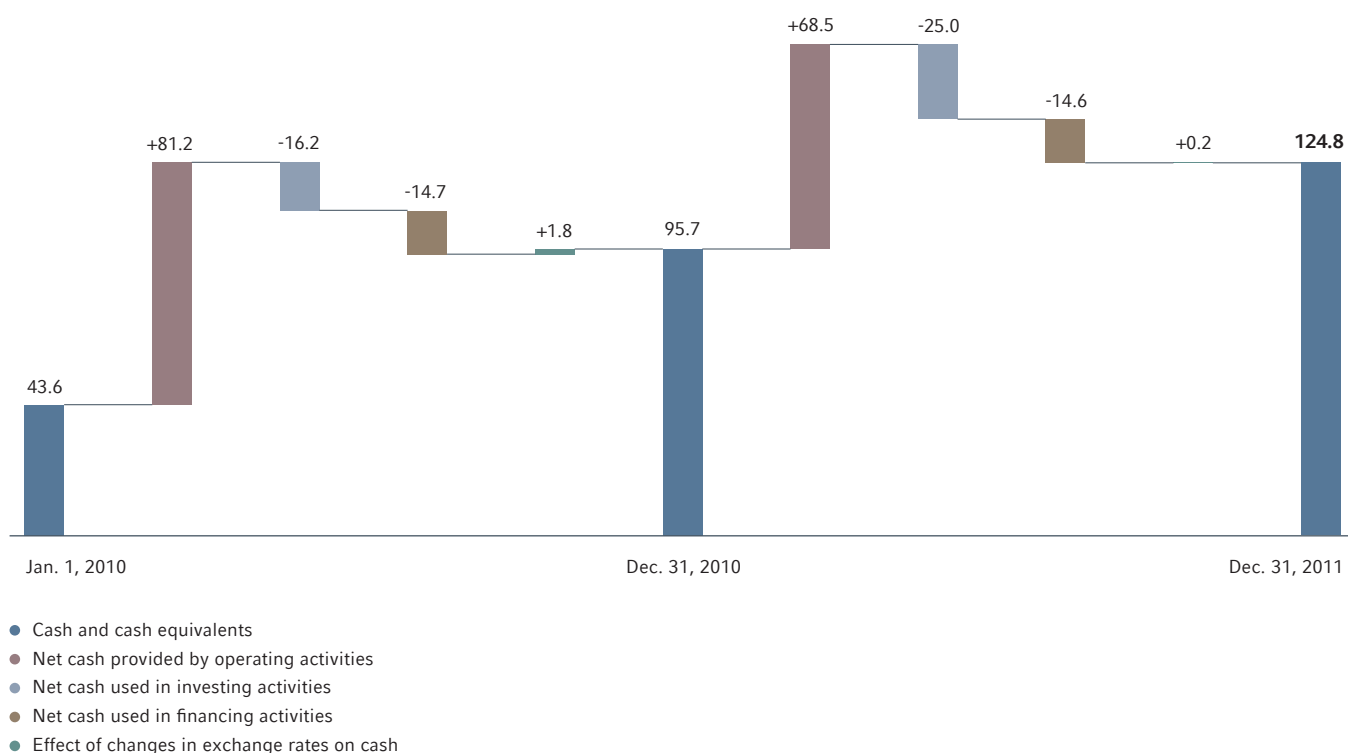
Other expenses/income mainly included non-recurring extraordinary expenditure of € 9.7 million resulting from the restructuring measures in the US and amortization of intangible assets from acquisitions of € 3.6 million (prior year: € 3.7 million). These expenses were partially offset by the profit from the sale of an equity holding in North America and reporting-date-related currency gains.

Income from operations (EBIT) exceeded the prior-year level by 5.8 percent and increased by € 5.0 million to € 91.0 million. The EBIT margin improved by an additional 1.3 percentage points and now stands at 19.1 percent.

Financial position and capital expenditure

Change in cash position 2010–2011

in millions of €



Excellent liquidity and high internal funding have opened up new opportunities for future growth.

In 2011, the consolidation of two US sites and the decline of the average US dollar exchange rate resulted in a slightly reduced gross cash flow of € 75.0 million (prior year: € 79.5 million). Net cash provided by **operating activities** (net cash flow) amounted to € 68.5 million (prior year: € 81.2 million). The decrease was mainly due to an increase in working capital used.

We made substantial capital investments in the expansion and modernization of our production capacities in the US and Germany. In fiscal year 2011, we spent € 32.1 million (prior year: € 15.7 million) on the acquisition of new property, plant, and equipment. Cash used in **investing activities** thus increased by € 8.8 million to € 25.0 million (prior year: € 16.2 million).

Overall, net bank deposits increased by € 29.1 million to € 124.8 million (prior year: € 95.7 million).

Assets – Equity and liabilities

Assets

<i>in millions of €</i>	2010	%	2011	%
Cash and cash equivalents	95.7	20.3	124.8	23.5
Trade accounts receivable	84.0	17.8	90.7	17.1
Inventories	101.7	21.6	106.0	20.0
Property, plant, equipment, and intangible assets	76.5	16.2	92.5	17.4
Goodwill and intangible assets from equity investments	67.5	14.3	63.1	11.9
Investments in associates	3.6	0.8	3.6	0.7
Other assets	42.9	9.0	49.8	9.4
Total assets	471.9	100.0	530.5	100.0

The company's assets, equity and liabilities are analyzed using figures based on the exchange rates valid on the respective reporting date. Overall, exchange rate trends increased the value of the assets of the subsidiaries headquartered abroad by € 8.8 million, while liabilities went up by only € 1.7 million.

Adjusted for currency effects, net working capital increased by € 1.2 million.

We invested € 33.9 million in property, plant, equipment, and intangible assets in 2011 (prior year: € 17.5 million). The expansion of our production capacities in the US and Germany accounted for the largest share. Depreciation amounted to € 17.2 million (prior year: € 18.3 million).

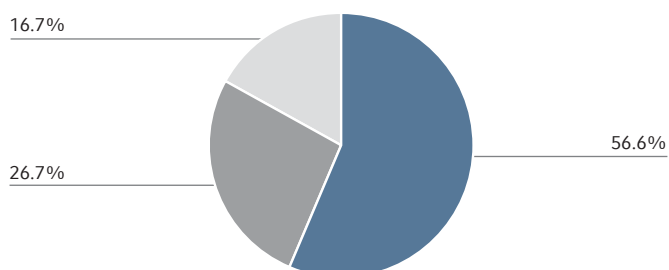
Goodwill accounted for € 34.8 million (prior year: € 35.7 million) of the company's intangible assets from equity investments, and € 28.3 million (prior year: € 31.9 million) were attributable to acquired customer bases, brands, and technologies.

Equity and liabilities

<i>in millions of €</i>	2010	%	2011	%
Short-term borrowings from banks	0.0	0.0	0.0	0.0
Trade accounts payable	17.7	3.8	18.3	3.5
Short-term provisions	47.3	10.0	52.6	9.9
Provisions for pensions	92.6	19.6	94.3	17.8
Other liabilities	40.5	8.6	43.6	8.2
Total equity	273.8	58.0	321.7	60.6
Total equity and liabilities	471.9	100.0	530.5	100.0

Employees

Employees by region 2011
(average)

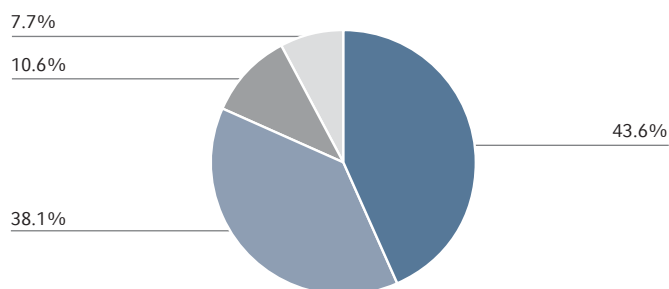


<i>Number (average)</i>	2010	2011
● Europe	1,428	1,462
● North/Latin America	762	691
● Asia/Pacific/Africa	385	432
Total	2,575	2,585

Eppendorf has emphasized the importance of employee development for many years. To meet the increasing requirements in the life science sector, we are complementing our training and skills-acquisition programs by encouraging international employee exchanges.

On an annual average, Eppendorf employed 2,585 persons throughout the group (prior year 2,575 persons).

Employees by function 2011
(average)



<i>Number (average)</i>	2010	2011
● Sales and marketing	1,102	1,126
● Manufacturing	994	985
● Administration	279	275
● Research and development	200	199
Total	2,575	2,585

Eppendorf's workforce thus exceeded the prior-year level slightly. Job creation mainly focused on Europe and Asia. The decline in North and Latin America was primarily due to the sale of a North American equity holding.

In Germany, the average number of employees stood at 1,024 in the year under review (prior year: 1,019).

Risk management

Apart from the general business risk, Eppendorf is exposed to specific risks largely associated with its global business, its customer base, technological developments, and its products.

As a globally operating company with a high share of exports, we are exposed to the risk of exchange rate fluctuations. A relatively large share of our sales transactions is billed in US dollars. Increased product manufacturing in dollar-denominated territories partially compensates for the exchange rate risk. We enter into currency hedging transactions on a case-by-case basis.

In addition, economic and political changes in individual country-specific markets may adversely affect the company's profitability. Our regional sales management constantly monitors local market trends in order to initiate any necessary measures. Dealer bonus systems also have a stabilizing and minimizing effect.

Our customers are mainly active in life science research. Reductions in R&D budgets, capital expenditure, or public/private funding may adversely affect our sales.

It is part of Eppendorf's strategy to continuously introduce innovative products into the market. This often involves new cutting-edge technologies with limited available experience of use. If these products are lacking in maturity and quality, this may result in warranty and product liability obligations. New technologies from competing products may render our own technology ineffective. Third-party patents may delay our own product development or the introduction of new products. To minimize such risks, Eppendorf has introduced a comprehensive quality assurance and project management system.

Subsequent events

On January 2, 2012, Eppendorf acquired the DASGIP Group, a technology leader in the fields of bioprocess and information technology. DASGIP manufactures parallel bioreactor systems and innovative control and analysis software, and is thus a strategically important addition to the Eppendorf Group.

Outlook

The global economic setting for 2012 is comparable to that recorded in fiscal year 2011.

According to projections presented by the Kiel Institute for the World Economy, emerging markets such as China and India will post the most buoyant growth rates, with slightly decelerating momentum. The trend in the euro area will mainly be affected by the ongoing debt crisis. A relatively low growth rate is forecast for this region. North America is expected to see a slow, but steady recovery.

For life science markets, we anticipate a similar, but somewhat more favorable, development. The rate of growth might differ from region to region.

Due to our excellent positioning in the market, we are confident that we will be able to continue our profitable growth path in fiscal years 2012 and 2013. Adjusted for currency and portfolio effects, we expect both sales and operating profit to increase further.

Consolidated Financial Statements According to IFRS (abbreviated version)

The information below provides an overview of the consolidated financial statements in accordance with IFRS, which were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft Stuttgart, Hamburg office, and received an unqualified auditor's opinion.

Consolidated Balance Sheet

at December 31, 2011

Assets

<i>in €'000</i>	2009	2010	2011
Cash and cash equivalents	43,634	95,651	124,761
Trade accounts receivable	73,487	84,038	90,654
Inventories	91,881	101,729	106,035
Other current assets	8,622	8,850	12,422
Current assets	217,624	290,268	333,872
Property, plant, equipment, and intangible assets	75,748	76,542	92,548
Goodwill and intangible assets from equity investments	69,523	67,542	63,085
Investments in associates	362	3,627	3,647
Other non-current assets	6,318	3,441	3,066
Deferred tax assets	27,057	30,462	34,310
Non-current assets	179,008	181,614	196,656
Total assets	396,632	471,882	530,528

Equity and liabilities

<i>in €'000</i>	2009	2010	2011
Short-term borrowings from banks	0	0	0
Trade accounts payable	15,849	17,731	18,304
Provisions for income taxes	9,231	10,899	11,938
Other short-term provisions	36,459	47,299	52,564
Other current liabilities	8,402	11,983	14,763
Current liabilities	69,941	87,912	97,569
Provisions for pensions	88,851	92,612	94,350
Other non-current liabilities	1,012	1,029	1,136
Deferred tax liabilities	17,392	16,533	15,785
Non-current liabilities	107,255	110,174	111,271
Common stock	51,132	51,132	51,132
Retained earnings and other reserves	158,598	213,885	264,381
Non-controlling interests	9,706	8,779	6,175
Total equity	219,436	273,796	321,688
Total equity and liabilities	396,632	471,882	530,528

Consolidated Income Statement

for the period from January 1 to December 31, 2011

<i>in €'000</i>	2009	2010	2011
Net sales	433,210	483,967	477,760
Cost of sales	-183,495	-204,296	-191,149
Gross profit	249,715	279,671	286,611
Sales and marketing expenses	-108,771	-118,834	-123,423
Research and development expenses	-23,876	-23,950	-24,838
Administrative expenses	-39,134	-43,293	-41,906
Operating profit	77,934	93,594	96,444
Other income	-2,188	-3,889	-1,853
Amortization of intangible assets from investment activities	-3,583	-3,745	-3,553
Income from operations (EBIT)	72,163	85,960	91,038
Financial result	-62	174	455
Share of profit of associates	34	137	140
Income before tax	72,135	86,271	91,633
Income taxes	-23,038	-26,964	-29,746
Net income	49,097	59,307	61,887
Thereof attributable to			
Equity holders of the parent	47,817	58,100	61,257
Non-controlling interests	1,280	1,207	630

Consolidated Cash Flow Statement

for the period from January 1 to December 31, 2011

<i>in €'000</i>	2009	2010	2011
Cash flow	69,810	79,507	74,974
Changes in short-term assets and liabilities	1,966	1,718	-6,515
Net cash provided by operating activities	71,776	81,225	68,459
Net cash used in investing activities	-17,577	-16,223	-24,984
Net cash used in financing activities	-25,462	-14,732	-14,548
Effects of changes in exchange rates on cash	38	1,747	183
Net change in cash and cash equivalents	28,775	52,017	29,110
Cash and cash equivalents			
Beginning of year	14,859	43,634	95,651
End of year	43,634	95,651	124,761

Report of the Supervisory Board

In the year under review, the Management Board of Eppendorf AG provided the Supervisory Board with regular, timely, and comprehensive information about the company's business performance and major business transactions. The Supervisory Board continuously monitored and advised the Management Board. The Chairman of the Supervisory Board was kept constantly informed by the Chairman of the Management Board and consulted in cases of doubt or far-reaching decisions. The key areas of interest at the meetings of the Supervisory Board in fiscal 2011 were the financial situation and business development of the Group. The emphasis was on the revenue trend and earnings situation of the company and its affiliated businesses. In addition, discussions revolved around development projects, capital expenditure plans, and other business transactions that were of particular significance for the Group. Transactions requiring the approval of the Supervisory Board were reviewed in detail and discussed jointly by the Supervisory and Management Boards. The Supervisory Board convened for a total of five meetings in fiscal 2011.

The consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). These accounts as well as the annual financial statements of Eppendorf AG and the management reports for the company and Group were examined by the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart. The auditor, who was elected by the Annual General Meeting and commissioned by the Supervisory Board, issued an unqualified opinion. The annual financial statements and management report for the company, the consolidated annual financial statements and management report for the Group, and the audit reports were made available to all members of the Supervisory Board and were discussed, including the relevant reports prepared by the Management Board.

In fiscal year 2011, the Audit Committee specifically analyzed the annual and interim financial statements and obtained information about the activities of the Internal Audit Department. It performed a detailed review of the annual financial statements and management report, the consolidated annual financial statements, and Group management report of Eppendorf AG, and recommended that the Supervisory Board approve both the annual financial statements and the consolidated annual financial statements.

The auditor informed the Supervisory Board of the key findings of its audit. The Supervisory Board concurred with the audit result and the Audit Committee's review, and concluded, on the basis of its own review, that no objections had to be raised. The Supervisory Board approved the annual financial statements of Eppendorf AG and the consolidated financial statements prepared by the Management Board. The annual financial statements are hereby established. In addition, the Supervisory Board also reviewed and approved the profit appropriation resolution.

Special thanks are due to Mr. Adrian Déteindre, who successfully performed the role of Chairman of the Supervisory Board in the last three years, and Prof. Rolf D. Schmid for his dedicated contributions as a member of the same body. Prof. Schmid left the Supervisory Board at the end of the Annual General Meeting held on April 29, 2011.

The Supervisory Board would like to thank the Management Board and all employees of the Eppendorf Group in Germany and internationally for their dedicated efforts and successful work for the company in fiscal 2011.

Hamburg, March 29, 2012



Klaus Fink
Chairman of the Supervisory Board

Boards and Committees

Supervisory Board

Klaus Fink
Member and Chairman
from April 29, 2011

Adrian Déteindre
Chairman
until April 29, 2011

Philipp von Loeper
Vice Chairman

Hans Hinz

Marlis Kripke
Employee representative

Prof. Rolf D. Schmid
until April 29, 2011

Peter Schmidt
Employee representative

Management Board

Dr. Dirk Ehlers
Chairman
from April 29, 2011

Klaus Fink
Member and Chairman
until April 29, 2011

Detmar Ammermann

Dr. Heinz Gerhard Köhn

Dr. Michael Schroeder

Scientific Advisory Committee

Prof. Rolf D. Schmid
Spokesman

Prof. Konrad Beyreuther

Prof. Cornelius Knabbe

Prof. Frieder W. Scheller

As at: December 31, 2011

Credits

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