## eppendorf



## Our Products – Our Passion

Annual Report 2013

## Key Financials

		2009	2010	2011	2012	2013	Change in %
Total net sales	in € thousand	433,210	483,967	477,760	520,239	502,677	-3.4 <sup>2</sup>
Europe	%	38.0	36.9	38.7	38.1	39.9	
North/South America	%	42.0	41.7	37.4	37.2	35.2	
Asia/Pacific/Africa	%	20.0	21.4	23.9	24.7	24.9	
Operating profit	in € thousand	77,934	93,594	96,444	109,431	101,813	-7.0
Operating profit	%	18.0	19.4	20.2	21.0	20.3	
EBIT	in € thousand	72,163	85,960	91,038	101,543	93,768	7.7
EBIT margin	%	16.7	17.8	19.1	19.5	18.7	
Net income <sup>1</sup>	in € thousand	49,097	59,307	61,887	70,582	67,461	-4.4
Net income <sup>1</sup>	%	11.3	12.3	13.0	13.6	13.4	
Cash flow	in € thousand	69,810	79,507	74,974	94,246	82,221	-12.8
Equity ratio <sup>1</sup>	%	55.3	58.7	60.5	60.3	63.6	
Total assets	in € thousand	396,632	471,882	530,528	601,617	630,006	4.7
R&D expenses	in € thousand	23,876	23,950	24,838	27,500	28,177	2.5
Earnings per share	in €	0.94	1.14	1.20	1.37	1.31	-4.4
Number of employees, annual average		2,490	2,575	2,585	2,650	2,798	5.6

1 incl. non-controlling interests

2 adjusted for currency effects -0,4 %

►

## Our Competence Areas in the Life Science Laboratory



### **O** Sample Handling



Centrifuges and vacuum concentrators



Rotors and accessories



Thermomixer



PCR devices



Ultra-low temperature freezers







Test tubes



eppendorf
Performance tested on
Model:
Serial no.:
Serviced by:
Service no.:
Next service:
Date:
ep <u>Service</u> s

- > Application support Our specialists are here to help
- > Technical support Contact your local technical support.
- > Quality and regulatory support Clarify all questions on 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.

## Contents

## Our Products – Our Passion

2	Foreword by the Bo	bard
6	Management	
8	Our products	
10	Liquid Handling	New possibilities for the laboratory
14	Cell Handling	Everything's growing – from the laboratory to production
18	Sample Handling	Perfectly meshed
22	International prese	nce
24	Report on the finan	icial situation
32	Consolidated finan	cial statements
35	Report of the Supe	rvisory Board
36	Boards and commi	ttees

»Our investments in our organization, products, infrastructure and brand will pay off: they will return us to a solid course for growth and position our employees over the long term as recognized expert partners to life science laboratories around the world.«

## Foreword by the Board

## Ladies and Gentlemen,

In spite of increasingly difficult market conditions, particularly in the USA, in 2013 we were essentially able to match the previous year's revenues when adjusted for currency effects. The U.S. market was marked by freezes in public spending and budget cuts, in particular for capital goods such as laboratory instruments. As a premium provider, we are especially dependent on universities and publicly financed research institutes. This factor, in combination with particularly fierce competition for the tight purchasing budgets of our customers, resulted in our product sales declining more strongly than those of our more broadly positioned competitors. At the same time, market dynamics in large parts of Europe and in China continued to be weak owing to economic conditions and the change of government in Beijing. As a result, we were not able to compensate completely last year for the weakness in the U.S. market.

Nonetheless, we continued to pursue our growth strategy and growth investments nearly unchanged. We added more than 100 employees alone in our sales companies in all regions: Asia, the Americas and Europe. In Brazil and Australia, we are preparing for a multi-channel sales model with our own local warehouses. And we continue to develop new eShop models and software tools for customer relationship management in sales and service, and to introduce them in more and more countries, step by step, at a steady pace. Another significant investment area is our products: we increased our research and development expenditures once again in 2013, and have moved forward with the complete renewal of our product portfolio. And we launched or are about to launch a host of new products onto initial markets. Given the significance of best-in-class products for us as a premium provider, this is an exciting time for our company. This is why we are presenting some examples of new products in this year's Annual Report. Among them are the Eppendorf Reference 2 pipette, the new Thermomixer family, our fluorescence spectrometer, the 5 mL reaction vessel and our BioBLU<sup>®</sup> 0.3 single-use bioreactors. All of them demonstrate our competence in the development of safe, user-friendly systems that make laboratory work easier, better and thus ultimately more efficient.

But in other respects, too, 2013 was a very intensive year. With the integration of the DASGIP<sup>®</sup> organization and the merger of the New Brunswick<sup>™</sup> marketing and logistics organizations in the USA and the Netherlands into other Eppendorf units, we have created a solid foundation for a truly comprehensive, integrated presentation of our portfolio and our sales. On the regional level, we established bioprocess teams to complement our local sales and service know-how on New Brunswick and DASGIP bioprocess systems in the different countries, where necessary. The pan-European team operates from Jülich, Germany, the Asian team from Kuala Lumpur, Malaysia, and the pan-American team from Enfield, Connecticut.

At the same time, last summer we made the decision to close the development and manufacturing center for CO<sub>2</sub> incubators in Scotland and to integrate its products into our instrument factory in Hamburg. And since European applications and service support for the New Brunswick laboratory product lines is now also being provided from Hamburg, the completion of the new office and laboratory building in Hamburg enabled us to create a new training lab: it can host essentially all our product groups and allows the synergies and interplay between them to be demonstrated in new training concepts. Moreover, in 2013 two more Eppendorf companies were founded: the Norwegian sales company and Eppendorf Lab Technologies (Shanghai) as the first competence center in Asia. Both are clear evidence of our commitments to local markets and global value creation.

Eppendorf continues to transform in order to meet the market's constantly changing challenges. This includes the intensification of our personnel development on both the local and global levels. Our investments in our organization, products, infrastructure and brand will pay off: they will return us to a solid course for growth and position our employees over the long term as recognized expert partners to life science laboratories around the world, whether in academic research or industrial development and production, and regardless of the purchasing channel our customers use to maintain contact with us.

D'Ellens 6

Month

H.L. Uch

Dr. Dirk Ehlers

Detmar Ammermann

Dr. Michael Schroeder Dr. Heinz Gerhard Köhn

## Management



Heinz Gerhard Köhn Chief Technology & Production Officer Dr. rer. nat. Michael Schroeder Chief Marketing & Sales Officer Dr. sc. agr.



**Dirk Ehlers** Chairman of the Executive Board Dr. rer. nat.

**Detmar Ammermann** Chief Financial Officer Diplom-Kaufmann

## Our Product Highlights 2013









## Eppendorf shall be a synonym for customer-focused processes, innovative technologies, premium products and services to improve human living conditions.

Eppendorf's mission statement since 1945





## Liquid handling is a core process in nearly every life science laboratory. That is why it's a core focus at Eppendorf. Our absolutely reliable instruments and consumables are indispensable in today's laboratories.

» The Reference 2 is the latest chapter in the success story of the Eppendorf Reference pipettes. It is characterized above all by its safety and robustness. For the user, this means absolute reliability and precision of pipetting results. And since the Reference 2 is made of pure polypropylene and stainless steel, it's also extremely robust and durable. These materials are resistant to chemicals and solvents, and withstand heat and pressure too. That's a big advantage in laboratory work, especially when you're working under those conditions – or with those particular liquids. «

Peter S., Product Line Manager at Eppendorf

## 14.3 bathtubs

is the volume that the Reference 2 can pipette, error-free.\*

\*Within the tolerance range of +/-0.6% systematic and +/-1.5% random errors.

## 0.000025 mL

is the maximum allowable measurement deviation. It corresponds to approximately 1/1000 of a drop of water.\*

\* Maximum admissible volume error in the Reference 2 10  $\mu L$  variable at a dose of 1  $\mu L$ 

## Eppendorf Reference<sup>®</sup> 2

## 4245 Newton ≙ 432 kg

is the force that the Reference 2's stainless steel head can withstand. That protects it from blows and increases its life span in the rough conditions of everyday laboratory work.

## New Possibilities for the Laboratory

Fifty years ago, Eppendorf introduced the pistonstroke pipette and the reaction tube to laboratory work, and since then liquid handling has been unthinkable without them. Before the piston-stroke pipette was invented, liquids had to be sucked by mouth into glass tubes – a procedure fraught with the risk of contamination for both the user and the material to be analyzed. Moreover, the volumes of liquid used in analysis could not be measured precisely. Today, devices and consumables from Eppendorf are used everywhere where precision, absolute reliability and safety are necessary. And Eppendorf's flexible systems offer a variety of options for meeting different laboratory requirements and applicational demands.

#### Safe and reliable

A good example of repetitive liquid handling processes is the diagnosis of virological diseases such as hepatitis C. The viral pathogens can be detected with the help of enzyme-linked immunosorbent assays (ELISA) that use specific antibodies to reveal the presence of the virus in the blood. Naturally, the liquid handling products used in this type of analysis must be absolutely precise and reliable in use and protect the laboratory worker from infection through the sample material. Eppendorf's Multipette<sup>®</sup> M4 hand dispenser provides advanced safety: together with the matching Eppendorf Combitips advanced®, the hand dispenser and tips form a closed liquid handling system. And the Multipette M4 offers a particularly comfortable feature for applications such as ELISA in which liquids are dispensed many times in a short period: it has an integrated step counter that helps the user avoid errors during the dispensing process.

#### epMotion<sup>®</sup> 5070 und epMotion<sup>®</sup> 5075



The automatic helper for routine pipetting

With the epMotion, repetitive workflows can be performed with greater precision and reproducibility. It automates fatiguing tasks, making it indispensable especially for laboratories with high-quality standards and mid-range sample throughput. Ease of use and the option of programming automated methods offer additional support for users, and free up time for scientific work.

#### Multipette<sup>®</sup> M4



## Serial pipetting with unique functions

The Multipette is the only mechanical dispenser to date with a volume spectrum ranging from 1  $\mu$ L-10 mL and the option of dispensing the same volume up to 100 times. Difficult liquids with a high density, viscosity, or volatility can be dosed correctly owing to the system's positive displacement principle. The integrated step counter supports stress-free, accurate work, even after interruptions.

#### Less effort despite large sample throughput

Tests for pathogens are a standard procedure in diagnostics for humans or animals as well as in the pharmaceutical and food industries. When dealing with a high level of sample throughput, the automatic liquid handling station epMotion from Eppendorf offers the advantage that several work steps can be performed fully automatically, one after another. The result is an increase in the reproducibility of results, since the potential for human error is diminished. The user benefits from optimal support in terms of safety and precision, and also gains more time for significant tasks such as the analysis of test results and the planning of new series of tests. Laboratories in regulated areas such as the pharmaceutical industry must additionally comply with strict requirements in their work. Through its software, epMotion can track bar-coded samples during the analysis process and thus ensure complete electronic documentation of every work step.

#### Consumable articles with the greatest purity

As in many areas, the highest degree of purity takes top priority in the production of vaccines. For this and similar tasks, Eppendorf manufactures liquid handling consumables that are tailored to specific purity requirements. For example, in vaccine production the use of consumable articles with the highest grade of purity – Biopur<sup>®</sup> – can exclude the possibility of contamination through inflammatory substances. Every batch of these products is tested by an independent laboratory for its conformity to specific properties such as sterility. Eppendorf provides the customer with certificates that demonstrate the corresponding purity grade.

Whether in safety, ease of use, documentation requirements, or purity, Eppendorf sets industry standards in liquid handling and offers comprehensive systems that make workflows in laboratories more efficient and noticeably ease the burden of routine tasks.



#### Eppendorf TrackIT

Traceability made easy

Many Eppendorf pipettes and hand dispensers feature a chip that stores instrument data. The Eppendorf TrackIT system allows the user to read out this data. Depending on the product, other data, such as the due date for the the next calibration, can also be stored. In the event of an audit, important information can then be read directly from the instrument. Eppendorf Reference<sup>®</sup> 2 – multi-channel pipette



## The only one-button multi-channel pipette in the world

The multi-channel variant of the Reference 2 stands for the greatest possible precision, just like the whole Reference 2 family. It offers an optimized design, low weight, minimized operating force, and high application safety, making the Reference 2 the first choice when you cannot compromise on quality or reproducibility.

## From manipulation to cultivation, in microbiology and cell culture – our cell handling products are the daily choice of more and more scientists, from research to production.

» We enjoy breaking new ground. With the BioBLU 0.3f, we've developed the first single-use bioreactor in the Eppendorf portfolio that is especially designed to meet the demands of microbial applications. Now users who cultivate bacteria, yeasts or fungi can benefit from shorter development times and lower costs. High-quality materials and an innovative product design ensure outstanding process conditions and the best possible growth of microorganisms in bioprocess laboratories around the world. «

Claudia H.-F., Marketing and Communications Manager, Eppendorf Bioprocess Center Europe

## 2.5 trillion

*E. coli* bacterial cells grow on average during a single fermentation (at maximum work volume) in the BioBLU 0.3f.

## 134 times

as fast as an offshore wind turbine is how fast the high-performance agitation drive rotates, ensuring optimal mixing.

# > 50 watts per liter

is the heat that bacteria can produce when growing. But the cooling system in the BioBLU bioreactors ensures that the defined cultivation temperature nonetheless remains constant. It has even been registered for patent protection.

## BioBLU<sup>®</sup> 0.3f

## Everything's Growing – From the Laboratory to Production

Cell and microbiological processes are among the key technologies in many branches of the biosciences – whether molecular biology, genetic engineering, biotechnology, or reproductive biology. Eppendorf offers a broadly based portfolio of products and system solutions for research, development, and production that are suitable for cell manipulation and analysis as well as for the cultivation of cells and bacteria.

#### Efficient cell cultivation

The new BioBLU 0.3f was developed especially for the cultivation of bacteria, yeasts, and fungi. It is a fully instrumented single-use bioreactor that contains both the necessary sensors and an agitation drive to meet all the demands of microbiological culture or fermentation. It complements Eppendorf's BioBLU c product line, which currently represents the market's most comprehensive offer of rigid wall single-use bioreactors for the cultivation of animal and human cells. In biopharmaceutical product development, modern therapeutics are produced with the help of microorganisms or cells. BioBLU 0.3f simplifies the development of new microbial procedures, since its ease of use, minimum set-up time, and the elimination of cleaning and sterilization processes all save time and costs.

In addition to the wide assortment of cell culture consumables scheduled for introduction in 2014, there are also shakers, CO<sub>2</sub> incubators, and bioreactor control systems available for the cultivation of cells. For example, the parallel DASbox<sup>®</sup> bioreactor system is particularly suitable for screenings and process development, while the bioreactors in the New Brunswick BioFlo<sup>®</sup> series can be used all the way to production scale. Additional support for the user is provided by specially developed software products. The DASware<sup>®</sup> suite enables the remote

# New Products

#### **BioSpectrometer fluorescence**



Thanks to its integrated fluorescence unit, the Eppendorf BioSpectrometer<sup>®</sup> fluorescence can extend the measuring range by a factor of 1,000, for example when determining DNA concentration. This enables the detection of even the lowest concentrations. Users can thus quantify DNA well below the photometric detection limit without having to dispense with standard photometric applications.

#### PlateReader AF2200



## The most reliable measurements in plate format

The PlateReader AF2200 is the ideal device for quantifying biomolecules such as nucleic acids and proteins, or performing special analyses such as those of cells. Its preprogrammed applications deliver absolutely reliable results simply and easily and streamline time-consuming laboratory work. Special requirements are quickly met through the reader's large selection of filters and freely programmable workflows. control of bioprocesses, design of experiments (DOE), and further information management in addition to extended bioprocess control and analysis, and can also be used with bioreactors from third parties.

## Precise micromanipulation with a "real-time feeling"

Frequently it is necessary to change the properties of cells. Cell manipulation can be carried out with the Eppendorf micromanipulation systems TransferMan<sup>®</sup> 4r or 4m, which allow cells to be manipulated by the injection of DNA, for example. This technique is used in a wide variety of applications, such as the generation of transgenic animals and plants or in vitro fertilization. The combination of the electronic microiniectors with the Eppendorf PiezoXpert<sup>®</sup> offers the user system solutions that simplify and speed up workflows. For example, they enable semi-automatic serial injections. And the new electronic connection to the PiezoXpert also enables Piezo-supported cell penetration, which is useful, for example, for successful injections into plant cells for which a greater distance must be covered owing to the characteristics and thickness of the cell wall.

#### Detection: simple yet flexible

Eppendorf's detection products, such as the BioSpectrometer fluorescence or the PlateReader AF2200, support very precise determination of the quantity and quality of DNA or proteins after isolation from cells. All the detection devices feature ease of use through pre-programmed methods, enabling routine applications to be carried out very quickly. Owing to its compatibility with plates in 6- to 384-well formats and the options of filter kit configuration and freely programmable parameters, the Eppendorf PlateReader AF2200 offers the greatest possible flexibility. It can be used to cover a wide range of applications, from colorimetric protein assays to the determination of the survival rate of cells in a cell biological assay.

From its beginnings as a pioneer in the area of cell manipulation, Eppendorf has consistently extended its solution expertise in recent years to encompass many cell handling processes, with new system solutions that make working with cells safer and more intuitive so that microorganisms and cells can develop optimally.

**Reader Microplates** 

First-class light transmission and clear signals

Black Eppendorf microplates are ideal for fluorescence detection. Their excellent signal-to-noise ratio enables low detection limits in assays for clear signals even with low-concentration samples. White Eppendorf microplates maximize reflection for high sensitivity when detecting luminescence or weak fluorescence signals. Nothing goes undetected.

#### TransferMan<sup>®</sup> 4



## Highest precision for micromanipulation

The TransferMan 4 combines an easy-to-use interface with outstanding precision, enabling simple and precise microinjection and manipulation. The exceptionally direct transmission of movement in all directions offers users a "real-time feeling" and makes the TransferMan 4 an ideal platform for a wide spectrum of applications, for instance in reproductive biology. Samples are a scientist's most valuable asset. Eppendorf understands that – and it fuels us to ensure secure sample handling and develop innovated system solutions for processing the widest variety of samples.

» Our Eppendorf Tube 5.0 mL is the missing link in sample processing. Before we launched it, users who processed samples with mid-sized volumes had to use disproportionately large tubes with screw caps. Besides being impractical, that increases the danger of contamination. The Eppendorf Tube 5.0 mL is the latest evolutionary stage of our Eppendorf tubes: it's ergonomic to use, extremely robust, and naturally it's available in different certified purity grades. And since we think in terms of entire systems, we've developed matching racks and adapters for use in a wide variety of laboratory devices – because our approach is always comprehensive.«

Dr. Nils G., Product Manager Eppendorf AG

## Up to 25,000 g

is how fast you can centrifuge an Eppendorf Tube 5.0 mL. In comparison, a rollercoaster reaches a maximum of 4.5 g (g=acceleration of gravity).

## Zero

is the amount of softeners, mold release agents, or biocides in the high-purity source material used for these tubes – and they are not added during production.

# eppendorf

## Eppendorf Tubes<sup>®</sup> 5.0 mL system

## 166 °C

is the temperature range in which the tubes can be used (from -86°C to +80°C).

Pendorf

## Perfectly Meshed

Every laboratory works with samples, regardless of whether its focus is medical research, biotechnology development, or laboratory analysis, to name a few examples. Different work steps – such as separating, mixing, amplifying and quantifying – must be carried out with a wide spectrum of types and quantities of sample material. From extraction to the final analysis, sample processing requires vessels of different formats and sizes. So everything – from consumables to instrument – must fit together perfectly to ensure an efficient, reliable process flow.

#### The right size for every application

An example is nucleic acid purification from bacteria, a routine molecular biological application very frequently used in research and industry. Micro test tubes in 1.5–2.0 mL sizes are generally used here, but until recently, when larger amounts of DNA were needed for follow-up applications it was necessary to use the next larger size – a 15 mL screw cap tube. Changing the tube format in this way is not merely impractical; it also increases the risk of contamination. Eppendorf has closed this gap by introducing the 5 mL tube, making the workflow not only safer and more efficient, but also more space-saving, since 5 mL tubes are also very well suited for sample storage.

#### Controlled conditions and reproducible experiments

Many biological laboratory techniques require the use of enzymes, which are substances that influence and speed up biochemical reactions. Enzymatic processes demand one thing above all: controlled conditions. They begin with the right choice of consumables, which should not release any leachables – such as softeners – into the sample material. With its precise heating and cooling rates, the Eppendorf ThermoMixer<sup>®</sup> C ensures maximum temperature accuracy during mixing. A variety of SmartBlocks is available, depending on sample size and tube format.



#### Eppendorf ThermoMixer<sup>®</sup> family



#### A Thermomixer for nearly every laboratory requirement

The Thermomixer family offers a variety of flexible solutions for the optimal heating, cooling and mixing of liquid samples. Its unique mixing technology uses circular movement to ensure that liquids are optimally blended – without splashing and thus without the danger that samples become mixed with each other. The system features a large selection of SmartBlocks that are child's play to insert and remove, and enable the use of a wide variety of tube and plate formats.

#### Eppendorf ThermoTop®



## Optimal reaction conditions for best results

The ThermoTop is an accessory for the Thermomixer that supports precise temperature control through additional heat from above, which reliably prevents the formation of condensation droplets on tube lids or the sides of plates and tubes. All of the liquid sample thus remains at the bottom of the tube. This ensures optimal reaction conditions and eliminates the need for subsequent centrifugation to »pull down« condensation droplets. They can be changed easily and are automatically recognized by the Thermomixer. The reproducible mixing of samples at precise temperatures is important, for example, when introducing DNA into bacteria (transformation) or cutting isolated bacterial DNA at specific sites (restriction). These applications benefit additionally from the Eppendorf ThermoTop: beyond the precise temperature control provided by the Thermomixer, the ThermoTop warms the samples from above and prevents the formation of condensation droplets in the sample tubes.

#### Consumables that fit perfectly

A perfect fit between consumables and laboratory instruments is especially critical when samples remain in the same vessel for several steps of a workflow – as they do, for example, when preparing, carrying out and storing a polymerase chain reaction (PCR). Eppendorf developed the new Mastercycler<sup>®</sup> nexus GSX1 especially for laboratories that frequently apply the PCR method. The high thermal conductivity of its silver block enables faster changes in temperature and thus speeds up the reaction. And the Eppendorf twin.tec<sup>®</sup> PCR LoBind plates are a perfect match for the Mastercycler nexus GSX1: they fit precisely in the thermocycler block and their special surface structure improves recovery and sensitivity when carrying out PCR. If the samples are needed for additional reaction steps following PCR, matching SmartBlocks from the Thermomixer family are available for the plates, as is the corresponding rotor adapter for our Eppendorf centrifuges.

Laboratory requirements can differ widely. This is why Eppendorf develops comprehensive solutions and flexible systems, for example with a range of attachable or insertable accessories for a wide variety of instruments. Intuitive operation, simple menu navigation, and predefined programs reduce complexity and actively support users in their daily work with samples, whether in traditional or cutting-edge applications in life science laboratories.



#### Mastercycler® nexus GSX1

Fast, quiet, and energy-efficient – PCR the way you want it.

The Mastercycler nexus GSX1 is easy to use and offers complete flexibility: up to three cyclers can be connected with each other. E-mail notification simplifies process control. The newly integrated silver block ensures outstanding results through faster sample heating and cooling. This also reduces electrical consumption, which saves money and protects the environment.

#### twin.tec® PCR Plate LoBind



### Maximum recovery in DNA analysis

Next-generation sequencing, PCR, and other DNA analysis procedures only work as well as the quality and quantity of the DNA used allow them to work. The twin.tec LoBind PCR plate has an optimal surface structure to prevent DNA from adhering to the plate, ensuring that the greatest possible amount of DNA is available for analysis. This is a significant benefit for laboratories that work with smallest amounts of DNA.

## International Presence

#### Europe

- Eppendorf AG Hamburg/Germany
- Eppendorf Austria GmbH Vienna/Austria
- Eppendorf Belgium NV/SA Rotselaar/Belgium
- Eppendorf Czech & Slovakia s.r.o. Říčany (Prague)/Czech Republic
- Eppendorf France SAS Le Pecq (Paris)/France
- Eppendorf Ibérica S.L.U.
   San Sebastian de los Reyes (Madrid)/Spain
- Eppendorf Nederland B.V. Nijmegen/Netherlands
- Eppendorf Nordic ApS Hørsholm (Copenhagen)/Denmark
- Eppendorf Norge AS Oslo/Norway

- Eppendorf Poland sp. z o.o. Warsaw/Poland
- Eppendorf Russia ooo Moscow/Russia
- Eppendorf s.r.l. Milan/Italy
- Eppendorf UK Ltd. Stevenage/GB
- Eppendorf Vertrieb
   Deutschland GmbH
   Wesseling/Germany
- Vaudaux-Eppendorf AG Schönenbuch (Basel)/ Switzerland

- DASGIP Information and Process Technology GmbH Jülich/Germany
- Eppendorf Application 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
- Eppendorf CryoTech Ltd. Maldon/GB

#### America

- Eppendorf, Inc. Enfield, Connecticut/USA
- Eppendorf Canada Ltd. Mississauga (Toronto)/Canada
- Eppendorf do Brasil Ltda. São Paulo/Brasil
- Eppendorf North America, Inc. Hauppauge, New York/USA
- USA Scientific, Inc Ocala, Florida/USA
- Eppendorf Manufacturing Corp. Enfield, Connecticut/USA

#### Asia/Pacific

- Eppendorf Asia Pacific Sdn. Bhd Kuala Lumpur/Malaysia
- Eppendorf (Shanghai) International Trade Co., Ltd. Shanghai/China
- Eppendorf China Ltd. Hongkong/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. North Ryde (Sydney)/Australia
- Eppendorf (Thailand) Co., Ltd. Bangkok/Thailand
- Eppendorf Lab Technologies (Shanghai) Co., Ltd.
   Shanghai/China

- Head Office
- Sales Subsidiaries
- Center with global functions
- Competence Centers

## Report on the Financial Situation

#### **Economic environment**

After a weak first half-year in 2013, the global economy stabilized slightly in the second half, resulting in global economic growth of 2.4 % according to the World Bank. From the middle of the year onward, Europe was slowly able to free itself from the recession. Contributing to this improvement were the positive development of the German economy, boosted by consumption, as well as a slight recovery in other European countries. The USA charted an increase in production during the second half of the year after only marginal growth in the gross domestic product during the first half. Growth rates in the emerging economies corresponded approximately to the levels of the previous year; as in 2012, China in particular was unable to reach the high growth rate of prior years.

Economic recovery was bolstered strongly by an expansive fiscal policy on the world's financial markets. Even so, the sovereign debt crisis in the euro countries does not appear to have been overcome: many countries continue to cope with high public funding deficits. However, the debt crisis has increased public awareness that a further climb in government debt is no longer seen as a viable option. In some countries, this requires even more restrictive fiscal policy and correspondingly tight budgets for government-funded research. The efforts of the European Central Bank have contributed to stabilizing the euro over the last few months, but this has led to a significant devaluation of numerous currencies against the euro. The U.S. dollar also dropped slightly in value against the euro: the average exchange rate for the USD was 3.4 % over the previous year's rate.

The development of large segments of the life science industry is comparable with the course of the global economy. However, reduced public budgets have resulted in continued cost pressures for publicly financed research institutes. In contrast, demand from the industrial sector, particularly for environmental and food analytics, rose slightly above the previous year's levels.



U.S. dollar exchange rate development against the euro 2012 - 2013

25

#### **Operating activities**

Eppendorf develops, produces and sells premium products and services for academic and industrial laboratories around the world. As a premium provider in the life science industry, we play a leading role on the world's laboratory products market, particularly in the public sector. It is our goal to strengthen our position with a focus on diversification in the strongly growing areas of the life science markets. In the process, we will concentrate on the continual development and enlargement of our product portfolio and the expansion of our customer base, especially in the industrial sectors. Among the pillars of our business strategy are the consolidation of our global market position through targeted investments in our sales structure, but also the expansion of our training and service portfolio. These measures serve the objective of offering our customers high-quality, comprehensive support wherever they work.

#### **Financial summary**

For Eppendorf the 2013 fiscal year was largely stable, even if sales and earnings did not quite reach the levels of the previous year. Spending restraint among publicly financed research institutes affected Eppendorf disproportionately, in particular our business in capital goods. Consumables business, on the other hand, was significantly more positive.

Exchange rates likewise had a negative effect on business: if the exchange rate in 2013 had remained the same as in 2012, Eppendorf's sales would have been nominally  $\in$  15.4 million higher – and thus nearly at the level of the previous year.



#### Key performance data in € million

#### Earnings

#### Sales trend

In fiscal year 2013, Eppendorf achieved sales of  $\notin$  502.7 million (prior year:  $\notin$  520.2 million), which amounts to a decline of 3.4 % (-0.4 % when adjusted for currency effects).

In Europe, business developed in line with the industry average: sales grew by 3.6 % when adjusted for currency effects. The region Asia/Pacific/Africa likewise charted growth at the overall level of the life science industry, with a slight increase of 2.3 % when adjusted for currency effects. Only North and South America showed a drop in sales of 6.4 % when adjusted for currency effects – a development that can be traced mainly to cuts in public budgets and the associated restraint in research spending, in particular in the USA. These cuts primarily affected our business with long-life capital goods.

#### Sales by region in 2013



in € million	2013	2012	0/0	Currency- adjusted %
Europe	200.7	198.2	+1.2	+3.6
North/South America	176.7	193.4	-8.6	-6.4
Asia/Pacific/Africa	125.3	128.6	-2.5	+2.3
Net sales	502.7	520.2	-3.4	-0.4

#### Selected financial data

The 2013 gross profit amounted to  $\notin$  310.7 million (prior year:  $\notin$  312.1 million), with the gross profit margin improving to 61.8% (prior year: 60.0%). This increase is attributable to advantageous currency hedging transactions, a changed product mix and a slight increase in productivity at our North American manufacturing facility.

Due to the undiminished expansion of our sales and development activities, operating expenses rose by 3.1% to  $\in 208.9$  million (prior year:  $\in 202.7$ million), 5.2% when calculated in local currencies. The primary reason for this increase is the hiring of 76 new employees (full-time equivalents or FTE) purely for sales and development functions. These new hires will primarily strengthen our sales companies. In spite of the slight downturn in sales, we were able to stabilize our profitability at a high level with an operating profit of  $\in$  101.8 million (prior year:  $\in$  109.4 million). Our return on sales in 2013 amounted to 20.3 % (prior year: 21.0%).

Other expenses/income during the reporting year consisted mainly of the amortization of intangible assets from acquisitions in the amount of  $\in$  5.4 million (prior year:  $\in$  5.3 million), and exchange rate losses totaling  $\in$  1.7 million (prior year:  $\notin$  0.8 million).

Income from operations (EBIT) for 2013 reached € 93.8 million (prior year: € 101.5 million). The EBIT margin was 18.7 % (prior year: 19.5 %).

#### Selected financial data

2013	%	2012	%
502.7	100.0	520.2	100.0
-192.0	-38.2	-208.1	-40.0
310.7	61.8	312.1	60.0
-138.2	-27.5	-134.3	-25.9
-28.2	-5.6	-27.5	-5.3
-42.5	-8.4	-40.9	-7.8
-208.9	-41.5	-202.7	-39.0
101.8	20.3	109.4	21.0
-8.0	-1.6	-7.9	-1.5
93.8	18.7	101.5	19.5
	2013 502.7 -192.0 310.7 -138.2 -28.2 -42.5 -208.9 101.8 -8.0 93.8	2013       %         502.7       100.0         -192.0       -38.2         310.7       61.8         -138.2       -27.5         -28.2       -5.6         -42.5       -8.4         -208.9       -41.5         101.8       20.3         -8.0       -1.6         93.8       18.7	2013         %         2012           502.7         100.0         520.2           -192.0         -38.2         -208.1           310.7         61.8         312.1           -138.2         -27.5         -134.3           -28.2         -5.6         -27.5           -42.5         -8.4         -40.9           -208.9         -41.5         -202.7           101.8         20.3         109.4           -8.0         -1.6         -7.9           93.8         18.7         101.5

#### **Financial position and capital investments**

With lower income from operations, net cash generated by operating activities slid to  $\notin$  77.8 million (prior year:  $\notin$  85.5 million).

Net cash used in investment activities dwindled nominally by  $\in$  5.0 million to  $\in$  41.6 million (prior year:  $\in$  46.6 million). Excluding acquisitions and the disposal of assets, investments in 2013 rose

by  $\notin$  4.1 million, including  $\notin$  32.7 million for the acquisition of new property, plant, and equipment (prior year:  $\notin$  30.1 million).

Overall, net bank deposits increased by  $\notin$  14.7 million to  $\notin$  162.3 million (prior year:  $\notin$  147.6 million). This high level of liquidity enhances our maneuverability with respect to future investments even further.

#### Changes in cash position 2012-2013 in € million



Cash and cash equivalents

- Net cash provided by operating activities
- Net cash used in investing activities
- Net cash used in financing activities

Effect of changes in exchange rates on cash

#### Assets - Equity and liabilities

The company's assets, equity and liabilities are valuated using figures based on the exchange rates valid on the respective reporting date. Overall, exchange rate trends reduced the value of the assets of subsidiaries headquartered abroad by  $\notin$  17.2 million, while liabilities declined by  $\notin$  3.2 million.

We invested  $\notin$  36.2 million in property, plant, equipment, and intangible assets during the reporting year (prior year:  $\notin$  32.1 million). These additions primarily reflect investments in our domestic and foreign manufacturing capacities. Depreciation, amortization and impairment losses amounted to  $\notin$  19.6 million (prior year:  $\notin$  19.5 million).

Intangible assets from acquisitions are composed of goodwill amounting to  $\notin$  42.6 million (prior year:  $\notin$  44.0 million), and acquired customer bases, brands, and technologies amounting to  $\notin$  32.2 million (prior year:  $\notin$  38.5 million).

The decline in other liabilities is primarily attributable to a reduction in provisions for income taxes.

Assets				
in € million	2013	%	2012	%
Cash and cash equivalents	162.3	25.8	147.6	24.5
Trade accounts receivable	88.0	14.0	92.1	15.3
Inventories	114.6	18.2	112.7	18.7
Property, plant, equipment, and intangible assets	116.7	18.5	103.2	17.2
Goodwill and intangible assets from equity investments	74.8	11.9	82.5	13.7
Investments in associates	3.8	0.6	3.7	0.6
Other assets	69.8	11.0	59.8	10.0
Total assets	630.0	100.0	601.6	100.0

Equity and liabilities					
in € million	2013	%	2012	%	
Borrowings from banks	0.0	0.0	0.0	0.0	
Trade accounts payable	17.3	2.7	14.6	2.4	
Short-term provisions	38.3	6.1	40.7	6.8	
Provisions for pensions	129.4	20.5	123.0	20.4	
Other liabilities	44.6	7.1	60.5	10.1	
Total equity	400.4	63.6	362.8	60.3	
Total equity and liabilities	630.0	100.0	601.6	100.0	

#### Employees



#### **Employees by function**



Total	2,798	2,650	+5.6
Research and development	210	201	+4.5
Administration	288	272	+5.9
Production and service	1,060	996	+6.4
Sales and marketing	1,240	1,181	+5.0
Annual average	2013	2012	%

For many years, Eppendorf has pursued a systematic personnel development strategy, in which its brand and company values "premium, sincere and comprehensive" are expressed first and foremost through its employees. Changes in the market environment in conjunction with company growth and continued globalization demand that all our employees adapt and learn continually. Both leadership development and intensified personnel development at the local and international levels are important success factors in safeguarding the loyalty of our personnel – whether young professionals, specialists or management – over the long term, and thus contributing to sustainable company success.

The Eppendorf Group employed an average of 2,798 people worldwide in fiscal year 2013 (prior year: 2,650), corresponding to a 5.6 % increase in employee numbers (all employee figures represent full-time equivalents (FTE)). On December 31, 2013 we had 2,848 employees (FTE) worldwide (prior year: 2,706).

#### **Risk management**

Apart from general business risks, such as market changes, Eppendorf is exposed to specific risks largely associated with its global business, its customer base and sales channels, technological developments, and competitor products. The most important risks are described in the following risk categories.

As a company that operates globally, we are exposed to financial risks. A relatively large share of our sales transactions is billed in U.S. dollars. We compensate for the associated exchange rate risk in part through increased product manufacturing in dollar-denominated territories, and we enter into currency hedging transactions on a case-bycase basis. Market and business environment risks can also influence our business. Economic and political changes in individual countries can have a negative effect on the strength of the company's sales and earnings. For this reason, our regional sales management monitors local market trends and, if necessary, initiates cyclical or non-cyclical measures.

Our business is also subject to industry-specific risks. Our customers are primarily active in life science research, thus reductions in R&D budgets or public and private funding may adversely affect our sales. We are countering this risk by increasingly diversifying our customer segments.

It is part of Eppendorf's strategy to introduce innovative products and applications to the market on an ongoing basis. However, this policy is associated with a variety of product risks, since it often involves new and cutting-edge technologies for which only limited experience of use is available, and which lie at the fringes of what is technically feasible. This could negatively affect product development or delay the introduction of new products. If these products are lacking in maturity and quality, this may result in warranty and product liability obligations or delivery problems. To minimize such risks, Eppendorf has introduced a comprehensive quality assurance and project management system.

The ongoing search for suitable new products, technologies and applied fields is an integral part of our business strategy. For Eppendorf, opportunities emerge in particular through the use of our products in areas that offer great potential for growth, such as laboratories where medical and basic scientific research is performed, the biotechnology and pharmaceutical industries, and the food and health industries. These industries profit from favorable factors such as increased life expectancy, rising health demands and demands on food quality and safety as well as environmental protection. This is particularly true for strongly growing economies, whose need to catch up in these areas offers opportunities for growth. Moreover, opportunities are arising through the stabilization of the world's financial markets and positive exchange rate movements. In particular, an increase in value of the USD and important Asian currencies against the euro would have a positive influence on our business.

#### Subsequent events

No events subject to mandatory disclosure occurred after the balance sheet date.

#### Outlook

Current economic forecasts suggest that the world's economic development will strengthen, although the financial markets remain uncertain. The World Bank estimates a 3.2 % rise in the global gross domestic product in 2014, under the condition that the global financial system does not experience renewed destabilization.

We assume that a similar development will take place in the life science industry. We see our largest opportunities for growth in industrial applications, and assume that publicly financed research institutes will continue to face budget restrictions.

For the fiscal year 2014 we are confident we can achieve a moderate sales growth: the new products we introduced in 2013 and early 2014 are generating customer interest and opening up new potential. In addition, we see opportunities for marketing our established portfolio more strongly in industrial application fields. Due to expenses associated with the continuing expansion of our sales structure, we expect an operating result in 2014 at the level of 2013.

## Consolidated Financial Statements

according to the IFRS (abbreviated version)

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

#### **Consolidated income statement**

for the period from January 1 to December 31, 2013

in € thousand	2013	2012	2011
Net sales	502,677	520,239	477,760
Cost of sales	-191,986	-208,172	-191,149
Gross profit	310,691	312,067	286,611
Sales and marketing expenses	-138,193	-134,309	-123,423
Research and development expenses	-28,177	-27,500	-24,838
Administrative expenses	-42,508	-40,827	-41,906
Operating profit	101,813	109,431	96,444
Other income	-2,601	-2,628	-1,853
Amortization of intangible assets from investment activities	-5,444	-5,260	-3,553
Income from operations (EBIT)	93,768	101,543	91,038
Financial result	217	261	455
Share of profit of associates	197	194	140
Income before tax	94,182	101,998	91,633
Income taxes	-26,721	-31,416	-29,746
Net income	67,461	70,582	61,887
Thereof attributable to			
Equity holders of the parent	66,763	70,048	61,257
Non-controlling interests	698	534	630

#### Consolidated balance sheet

at December 31, 2013

#### Assets

in € thousand	2013	2012	2011
Cash and cash equivalents	162,348	147,554	124,761
Trade accounts receivable	88,003	92,142	90,654
Inventories	114,649	112,674	106,035
Other current assets	16,491	11,048	12,422
Current assets	381,491	363,418	333,872
Property, plant, equipment, and intangible assets	116,720	103,208	92,548
Goodwill and intangible assets from equity investments	74,849	82,473	63,085
Investments in associates	3,758	3,705	3,647
Other non-current assets	2,140	3,654	3,066
Deferred tax assets	51,048	45,159	34,310
Non-current assets	248,515	238,199	196,656
Total assets	630,006	601,617	530,528

#### Equity and liabilities

in € thousand	2013	2012	2011
Borrowings from banks	0	0	0
Trade accounts payable	17,279	14,595	18,304
Provisions for income taxes	4,175	14,749	11,938
Other short-term provisions	38,326	40,665	52,564
Other current liabilities	18,195	21,003	14,763
Current liabilities	77,975	91,012	97,569
Provisions for pensions and similar obligations	129,369	122,991	95,059
Other non-current liabilities	7,245	7,413	1,136
Deferred tax liabilities	14,988	17,446	15,555
Non-current liabilities	151,602	147,850	111,750
Common stock	51,132	51,132	51,132
Retained earnings and other reserves	343,980	305,285	263,902
Non-controlling interests	5,317	6,338	6,175
Total equity	400,429	362,755	321,209
Total equity and liabilities	630,006	601,617	530,528

#### Consolidated cash flow statement

for the period from January 1 to December 31, 2013

in € thousand	2013	2012	2011
Cash flow	82,221	94,246	74,974
Changes in short-term assets and liabilities	-4,405	-8,774	-6,515
Net cash provided by operating activities	77,816	85,472	68,459
Net cash used in investing activities	-41,599	-46,572	-24,984
Net cash used in financing activities	-18,974	-15,559	-14,548
Effects of changes in exchange rates on cash	-2,449	-548	183
Net change in cash and cash equivalents	14,794	22,793	29,110
Cash and cash equivalents at beginning of year	147,554	124,761	95,651
Cash and cash equivalents at end of year	162,348	147,554	124,761

## Report of the Supervisory Board

In the year under review, the Supervisory Board of Eppendorf AG continuously monitored and advised the Executive Board. The Executive Board provided the Supervisory Board with regular, timely, and comprehensive information about the company's business performance and major business transactions. In addition, the Chairman of the Supervisory Board was kept constantly informed by the Chairman of the Executive Board and was consulted in cases of doubt or far-reaching decisions.

The Supervisory Board convened for a total of four meetings during the fiscal year now ended. During these meetings, the Supervisory Board focused on 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, there were discussions on development projects, capital expenditure plans, and other business transactions 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 Executive Boards.

The Supervisory Board continues to have two committees that prepare the deliberations and resolutions of the Supervisory Board. The chairpersons of these committees report regularly at meetings of the Supervisory Board about the work of the committees.

The consolidated annual financial statements were prepared in accordance with the 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 ungualified 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 Executive Board.

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 the 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 there were no objections to be raised. The Supervisory Board approved the annual financial statements of Eppendorf AG and the consolidated financial statements prepared by the Executive Board. The annual financial statements are hereby established. In addition, the Supervisory Board also reviewed and approved the profit appropriation resolution.

The Supervisory Board would like to thank the Executive Board and all employees of the Eppendorf Group in Germany and internationally for their dedicated efforts and successful work for the company in fiscal year 2013.

Hamburg, March 27, 2014

Klaus Fink Chairman of the Supervisory Board

## Boards and Committees

Supervisory Board	Executive Board	Scientific advisory committe
<b>Klaus Fink</b> Chairman	<b>Dr. Dirk Ehlers</b> Chairman	<b>Prof. Rolf D. Schmid</b> Spokesman
<b>Philipp von Loeper</b> Vice Chairman	Detmar Ammermann	Prof. Konrad Beyreuther
	Dr. Heinz Gerhard Köhn	Prof. Cornelius Knabbe
Thomas Bachmann		
	Dr. Michael Schroeder	Prof. Frieder W. Scheller
Hans Hinz		
Marlis Kripke		
Employee representative		
Peter Schmidt		
Employee representative		

As at: December 31, 2013

#### Credits

Concept and design:

Scheufele Hesse Eigler Kommunikationsagentur GmbH, Frankfurt am Main, Germany

This report is also available in German.

AGB 1339020





FSC<sup>®</sup> is a registered trademark of Forest Stewardship Council, Mexico. Eppendorf<sup>®</sup>, the Eppendorf logo, epMotion<sup>®</sup>, epServices<sup>®</sup> logo, Eppendorf PhysioCare Concept<sup>®</sup>, Biopur<sup>®</sup>, BioBLU<sup>®</sup>, Eppendorf Reference<sup>®</sup>, Multipette<sup>®</sup>, Combitips advanced<sup>®</sup>, Eppendorf BioSpectrometer<sup>®</sup>, TransferMan<sup>®</sup>, Eppendorf PiezoXpert<sup>®</sup>, Eppendorf ThermoMixer<sup>®</sup>, Eppendorf ThermoTop<sup>®</sup> and Eppendorf twin.tec<sup>®</sup> are registered trademarks of Eppendorf AG, Germany. New Brunswick<sup>™</sup> is a trademark of Eppendorf AG, Germany. DASGIP<sup>®</sup>, DASbox<sup>®</sup> and DASware<sup>®</sup> are registered trademarks of DASGIP Information and Process Technology GmbH, Germany. Galaxy<sup>®</sup> and Innova<sup>®</sup> are registered trademarks of Eppendorf Inc. USA. U.S. Design Patents are listed on www.eppendorf.com/ip.

All rights reserved, including graphics and images. Copyright © 2014 by Eppendorf AG.

Eppendorf AG  $\cdot$  22331 Hamburg  $\cdot$  Germany eppendorf@eppendorf.com  $\cdot$  www.eppendorf.com