

# Shaping the Future

Annual Report 2019

Key Financials

(IFRS)

		2015	2016	2017	2018	2019	+/- prior year
Total net sales	in € thousand	629,141	651,544	690,336	729,170	803,891	+10.2%
Americas	%	38.5	37.8	37.7	36.8	38.0	
Europe	%	36.7	35.7	36.3	36.1	35.0	
Asia/Pacific/Africa	%	12.4	13.4	12.7	13.1	12.2	
China	%	12.4	13.1	13.3	14.0	14.8	
EBITDA	in € thousand	152,617	172,323	177,392	185,657	189,053	+1.8%
EBITDA margin	%	24.3	26.4	25.7	25.5	23.5	
EBIT	in € thousand	119,256	139,619	145,511	153,717	144,213	-6.2%
EBIT margin	%	19.0	21.4	21.1	21.1	17.9	
Net income*	in € thousand	80,835	96,265	92,112	106,356	97,399	-8.4%
Net income*	%	12.8	14.8	13.3	14.6	12.1	
Cash flow	in € thousand	111,085	125,509	131,448	138,819	136,238	-1.9%
Equity ratio*	%	65.2	63.2	67.5	69.4	66.5	
Total assets	in € thousand	810,877	846,465	869,981	974,071	1,105,124	+13.5%
R&D expenses	in € thousand	31,911	34,787	36,489	45,265	50,324	+11.2%
Earnings per share	in €	1.58	1.87	1.79	2.07	1.89	-8.7%
Number of employees, annual average		2,969	3,029	3,134	3,292	3,576	+8.6%

\* incl. non-controlling interests

Content

Foreword	3
Product Innovations and Digitalization	6
Customer Proximity and Global Presence	13
Transformation and Culture	19
Sustainability	24
International Presence	32
Management Report	34
Consolidated Financial Statements	44
Report of the Supervisory Board	47
Boards	48

# Our Competence Areas in the Life Science Laboratory

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. In addition, Eppendorf offers ultra-low temperature freezers, fermentors, bioreactors, CO<sub>2</sub> incubators, shakers and cell manipulation systems. Consumables such as pipette tips, test tubes, microplates and single-use bioreactor vessels complement the range of highest-quality premium products.



## Application Support

Our specialists advise you if you have application questions about Eppendorf instruments or consumables.



## Seminars and Training

Expand your laboratory expertise in theory and practice.



## Technical Support

Contact your local service organization with all your technical questions.



## Maintenance and Certification Service

We offer services for maintenance, calibration, verification, Installation Qualification and Operational Qualification (IQ and OQ) and to meet your quality and legal requirements.

### Liquid Handling

Pipettes

Automated liquid handling

Bottle-top dispensers and burettes

Pipette tips

Dispensers

Combitips®

Pipette controllers

### Cell Handling

Electroporators

Cell culture and imaging consumables

Micromanipulators and injectors

CO<sub>2</sub> incubators

Biological shakers

Single-use reactors

Fermentors and bioreactors

### Sample Handling

Multiwell plates

Sample prep tubes

Rotors and accessories

Thermal cyclers

Photometers

Ultra-low temperature freezers

Mixers and temperature control systems

Centrifuges and vacuum concentrators





**Dr. Wilhelm Plüster**  
Chief Technology Officer

**Eva van Pelt**  
Co-CEO & Chief Commercial Officer

**Dr. Peter Fruhstorfer**  
Co-CEO & Chief Business Officer

# Foreword

*Ladies and Gentlemen,*

Fiscal year 2019 was a strong year for the global life science market, and Eppendorf was able to take advantage of the positive dynamic growth in this sector. Overall, the Eppendorf Group's business development was very good. The company was once again able to participate in the global growth trend in the life science and diagnostics industry, and in many places even managed to exceed the market trend by a wide margin and thus gain additional market share.

Nearly all of the Group's divisions and all regions developed positively, generating total sales of €803.9 million (prior year: €729.2 million). In comparison with the same period last year, this corresponds to an increase of 10.2% (prior year: 5.6%). EBIT at the Eppendorf Group dropped 6.2% below the level generated in the previous year with an EBIT margin of 17.9% as a result of increased project costs and restructuring expenses.

## On course for global growth

The remarkable acceleration in growth during the reporting year shows that Eppendorf's global realignment in the areas of sales and marketing is taking effect and gaining more and more momentum. This is particularly evident in the challenging markets of the Americas region, where the exceptional sales growth of 14.0% was well above the industry average, indicating that Eppendorf has also succeeded in 2019 in gaining market share in this region. One of the main reasons for this is our improved multichannel distribution, which has also involved further expanding and realigning our existing dealer structure.

The region China also achieved above-average growth. This confirms that the decision to establish China as an independent region was the right one. With its own regional sales strategy, which is geared very specifically to the needs of the Chinese market, the region achieved growth of 16.9% in comparison with the previous year. The new Chinese e-shop, increased cooperation with dealers, and implementation of inside sales to specifically address small and medium-sized customers were all factors that contributed to this growth.

As a region, Europe likewise developed well, with a sales plus of 6.7%. This means Eppendorf was able to gain market share here, too. Despite the uncertainties caused by Brexit, Germany and the United Kingdom in particular recorded strong growth. Furthermore, Eppendorf has gained new partners in eastern Europe, putting us in an even better position to serve this highly differentiated market in the future.

The Asia/Pacific/Africa region only grew by 2.4%, thus falling short of expectations. This was due to external factors such as the elections in India and Australia, which resulted in delays in the release of government budgets, as well as financial and storage-related effects at a number of sales partners. The healthy growth achieved in other countries of the region could not fully compensate for this development.

#### Successful transformation for future success

The positive development of the Eppendorf Group during the past fiscal year shows that Eppendorf has succeeded in implementing its growth strategy. At the heart of this growth is a consistent focus on the needs of the market and the wishes of Eppendorf's customers.

Over the past 12 months, dedicated teams have been pushing ahead with numerous projects and initiating new ones as part of the **be Eppendorf 2021** initiative. They also completed a number of measures to ensure that Eppendorf continues to significantly exceed market expectations in the future.

Notable examples are Eppendorf's digitalization initiative with the Connecting the Digital Dots project as well as further development of the Emerging Business Opportunities (EBO) unit, the Pharma Initiative in the Business Unit Centrifugation and closer cooperation between the Competence Centers, the development departments and the Business Portfolio division resulting from our new organizational structure. Eppendorf has completed its rollout of the new sales structure in Asia and has reorganized Complaint Management. In addition, 2019 was the first year in which the company systematically drew up a strategic medium-term plan for all its business units and began with its implementation.

#### Expansion of worldwide locations

In the past fiscal year, Eppendorf again invested heavily in many of its worldwide locations with a view to either expanding or modifying them. Most notably, this Competence Center in Oldenburg, Germany, was expanded by adding two new production halls that will go into operation in 2020. Further investments were made in a new building at the Hamburg location, which will provide additional capacity for the Liquid Handling area. Eppendorf also invested in its locations in Kuala Lumpur, Shanghai, Enfield, Seoul, Leipzig and Jülich.

#### Ongoing renewal of the product portfolio

As part of the innovation initiative, agile product development was implemented as a standard throughout Eppendorf's global operations in 2019. And it is proving increasingly successful, with a total of about 20 new products launched last year. These include, for example, the new *epMotion*® 5073m, which can be used to prepare NGS libraries for up to 32 samples (see chapter 1, page 10); the 16/24 multichannel pipette, which is proving very popular with customers; and the Eppendorf Conical Tubes 25 mL, which close another gap in the handling of sample sizes between 15 mL and 50 mL.

By redesigning the compact CryoCube® F101h ultra-low temperature freezer (230 V) using environmentally friendly cooling liquids and insulating foams (see chapter 1, page 12), Eppendorf has also taken a further step in its sustainability efforts, which are of central importance within the entire Group – with ongoing work on new environmentally friendly products and greater reliance on holistic, sustainable laboratory solutions. Ergonomics plays just as important a role as the use of digital opportunities and the services portfolio (see chapter 4, page 24).

#### Outlook for the new fiscal year

As a result of the rapid spread of the coronavirus since the beginning of 2020, the entire world has been experiencing significant economic upheaval. The ultimate dimension of the pandemic is unclear. However, we can say with certainty that the spread of the coronavirus will have a negative impact on the world's economic development. Even so, Eppendorf is well and strongly positioned with competitive products for a variety of markets and applications. In line with the company's mission, the Eppendorf Group will do its part to support research aiming to combat the corona pandemic through its devices, consumables and services. It is not possible at this time to issue a statement projecting the effect of the corona pandemic on the results of the Eppendorf Group.

#### Thanks

The company's success in the past fiscal year is also the success of its approximately 3,500 employees and its partner brands worldwide. Their willingness to change and their dedication to the company's further development enabled us to continue the transformation in parallel with the expansion of Eppendorf's market position and to implement measures for the company's continued healthy development in the long term. The entire Management Board would like to thank you all for your remarkable commitment, your willingness to embrace new ideas and your flexibility.

Eppendorf would also like to thank Thomas Bachmann, former board colleague and former president and CEO, for the friendly and fruitful cooperation. With **be Eppendorf 2021**, he laid an important foundation for Eppendorf's future success. One of the Group's key objectives is to continue this transformation in a way that is appropriate for Eppendorf.

Detmar Ammermann, Vice Chairman and Chief Financial Officer, retired after working successfully for Eppendorf for more than 27 years. He, too, is deserving of the entire Management Board's gratitude for the trustful and very good cooperation over the years.

Finally, special thanks are due to all Eppendorf's customers – for their loyalty, their enthusiasm for Eppendorf products and their valuable suggestions as well as for the excellent and trustful cooperation.

Dr. Peter Fruhstorfer

Eva van Pelt

Dr. Wilhelm Plüster



# Chapter

# 1

## Product Innovations and Digitalization

*“The reproducibility of results is still one of the most important success factors for our customers. Our devices and consumables are therefore always distinguished by simple and intuitive handling, top quality and maximum elimination of the human factor.”*

**Dr. Peter Fruhstorfer**  
Co-CEO & Chief Business Officer

## The Laboratory of the Future Is Digital

Innovation is one of the three focal points of the future initiative **be Eppendorf 2021**, so Eppendorf launched many new products once again in 2019 to make laboratory work safer, better and more efficient for users.

Since the beginning of last year, all Eppendorf devices and consumables have been developed using agile methods. This means Eppendorf is aligning new products even more closely with the needs and specific requirements of its customers. At defined development stages, prototypes are made available to a selected group of customers so they can be tested in practice. Eppendorf and these customers then jointly examine and evaluate which further developments or changes are needed to ensure the products are easy to handle and fulfill all the requirements.

Carrying this out calls for challenging conventional ideas, listening closely to the customers and precisely reproducing their work steps in the laboratory: What

can be done to support their work even more, to make it even more efficient and easier? How can Eppendorf take work off its customers' hands so they can focus fully on their research and not have to deal with the operation or functionality of devices and consumables?

Digitalization offers a number of opportunities to make everyday laboratory work even safer and more efficient. Device networking and the processing and analysis of data are particularly important in this context. In the year under review, Eppendorf therefore once again devoted a great deal of attention to digitalization and the laboratory of the future and defined requirements together with its customers. Data security, full control over work processes, increased efficiency due to higher throughput and smaller

## Eppendorf 4.0 DIGITALIZATION „Polarstar“

From Sample to Intelligence –  
Connecting the virtual & physical world

### External Success Factors:

Partnering

M&A

#### Go-to-Market

Creating holistic Go-to-Market approach



#### Digital Enablers

Creation of the technological digital foundation



#### Value Proposition/ Business Model

Digitalization models which enable new revenue streams based on digital platform & services

be Eppendorf 2021  
Future initiative: Realignment & Transformation of Eppendorf

#### Operational Excellence

Creation of seamless automated End-to-End processes and value chain



#### People Know-How

Securing sufficient & qualified resources / talents for a digital world



#### Organic Growth

Process Automation

Customer Centric Marketing

Customer Intimacy

Focus on Customer Segments

Dealing with Ambiguity

Speed

Agility

Willingness to cannibalize our own Business

### Internal Success Factors:

Clear prioritization of Business Goals and corresponding Initiatives / Projects

Leverage Brand Image

eppendorf

ECOSYSTEM

Lab as a Service

Information Management for Labs

Sensors & Actors | Connectivity | Data | Analytics | Predictions

Virtual Lab

Control Line Cases

Logistics | Service | Support | Compliance

Process Control

Documentation | Workflow Optimization | Data

3rd party accessibility | Validation

Sample

Sample Prep

Customer

Analytics

Wet Lab

Devices | Consumables | Reagents | Services

Lab Infrastructure & Logistics

Lab on Premise

VIRTUAL  
PHYSICAL

eppendorf

The Eppendorf "Polarstar" guides implementation of Eppendorf's digitalization strategy.

volumes, data processing and analysis, maintenance and documentation are all key issues that feature prominently in the company's projects.

With VisioNize®, Eppendorf already offers a cloud solution to monitor and control its devices and consumables. Moreover, the Eppendorf devices that form part of a workflow interact with each other optimally. Customers benefit twice from this approach: First Eppendorf devices and consumables are designed to work in perfect unison, and second Eppendorf offers its customers the option of integrating devices from other suppliers via open interface management.

In addition, the approach ensures that Eppendorf solutions are compatible with customers' IT landscapes and can be integrated easily.

Another innovation launched in 2019 was the Eppendorf SafeCode™ system. This system furnishes samples with

barcodes that can be scanned with Eppendorf RackScan, exported to the Eppendorf eLABJournal® and documented there.

These innovative new possibilities have been developed specifically to network Eppendorf devices with each other and enable experiments to be seamlessly planned, performed and documented. The system ensures significantly improved reproducibility, making laboratory work even more efficient.

Very simple solutions such as the Eppendorf Conical Tubes 25 mL, which were also launched in 2019, offer considerable added value as well. These new "Eppis®" from Eppendorf – as such reaction tubes are known in laboratories around the world – close another gap in the handling of sample volumes between 15 mL and 50 mL. And while they offer various advantages to users, it is above all the environment that benefits from them thanks to the lower material input required.

## CellXpert® C170i Honored Three Times

Released on the market in 2018, the CellXpert C170i was awarded three well-respected design prizes last year.

In Australia, the incubator won the prestigious Good Design Award Australia; in Germany, the German Design Award; and in the U.S., the GOOD DESIGN® Award of The Chicago Athenaeum.

All three are among the world's most prestigious honors in the design industry. In making the awards, the judges especially praised the CellXpert C170i's clear design and the outstanding interplay between the device's design and user interface. Their praise also highlighted the ergonomics of the incubators, the intuitive VisioNize touch interface and the robust door handle as well as the inner door's innovative magnetic locking mechanism.



More about the GOOD DESIGN Award issued by The Chicago Athenaeum:  
[good-designawards.com](http://good-designawards.com)



More about the German Design Award:  
[german-design-award.com](http://german-design-award.com)



Information about the Good Design Award Australia can be found here:  
[good-design.org](http://good-design.org)



*“Eppendorf’s approach  
to digitalization is to think  
holistically.”*

**Dr. Wilhelm Plüster**  
Chief Technology Officer





The new epMotion 5073m NGS solution enables automated creation of NGS libraries.

### Strong demand

The Business Unit Automation was one of the company's growth drivers in 2019. Thanks to a customer-oriented and application-specific strategy for the Eppendorf epMotion, the Business Unit was able to participate in the sharp rise in global demand. Automation posted a remarkable 18.3% increase in revenue over the previous year, growing well above the market average.

The products' strongly application-driven positioning plays a particularly important role in this development. In 2019, the Business Unit again focused specifically on the emerging and fast-growing next-generation sequencing (NGS) market and provided customers with tailored automation solutions consisting of epMotion systems, consumables and ready-made application solutions.

One of the revenue drivers in the year under review was the new epMotion 5073m NGS solution for laboratories switching from manual to automated NGS sample preparation. The system combines intuitive operation with maximum precision and flexibility for an easy transition to the automated preparation of NGS libraries. Together with a team of well-trained application and sales specialists, Eppendorf offers its customers an all-around service.

*“Our customers come from the field of molecular biology and perform cancer or microbiome research, for example. Wherever genetic material is processed, you'll find Eppendorf epMotions in action. This type of research requires a great many work steps, so an automated system is simply more effective and extremely useful.”*

**Dr. Jochen Müller-Ibeler**  
Head of the Business Unit Automation



VisioNize is used to monitor and control Eppendorf devices.

### Collaborative innovation

Through continuous collaboration with strategic partners such as Illumina®, Inc., as well as closely cooperating application and sales teams both on a regional and global level, Eppendorf can offer a variety of validated methods and kits to meet customer needs.

The company also draws on the expertise of partners to enhance its future product-development capabilities. In 2019, for example, Eppendorf and the U.S. biotechnology

company Promega® launched a project for the development of an innovative next-generation PCR device.

In addition, agile development methods are playing an increasingly important role at the Competence Centers in Oldenburg, Jülich, Leipzig and Hamburg: Development and production have, for instance, been even more closely interlinked by realigning organizational structures and processes.





More information:  
Sustainability  
p. 24



#### Secure tracking of sample vials

The new Eppendorf CryoStorage vials use the SafeCode® system's three-level coding to ensure reliable sample identification. Up to 96 prelabeled vials are supplied complete with lids and placed in racks so they are ready for use. They can store samples of varying volume ranges at temperatures down to -80 °C and help users meet the highest standards of sample safety, management and traceability.

#### CryoCube® F101h – smart and environmentally friendly at -80 °C

The Cryocube F101h and the new members of the Cryocube F740 series feature environmentally friendly cooling as well as the VisioNize user interface and VisioNize connectivity. Laboratory applications and sample management can be securely documented in the eLABJournal, thus offering further building blocks for a smart cryo solution for valuable samples.

With the redesign of the compact F101h ultra-low temperature freezer, Eppendorf has made a further contribution toward an innovative and sustainable laboratory. The cooling liquid and insulation foam for temperature control are environmentally friendly; the freezer achieves energy savings of some 17 percent over the predecessor model.

Eppendorf has more than 10 years of experience in research and development, production, logistics and service in the area of sustainable ultra-low temperature freezers with environmentally friendly coolants.

## Chapter

# 2

## Customer Proximity and Global Presence

*“Our proximity to our customers, our understanding of their needs and the ongoing optimization of our sales setup made 2019 another very successful year for the entire Eppendorf Group.”*

**Eva van Pelt**  
Co-CEO & Chief Commercial Officer

## Strong Positioning – Global Operations

The Eppendorf Group can look back at 2019 as a successful business year worldwide. Despite sometimes difficult market conditions and political challenges in various countries, all regions recorded an increase in revenue. Various strategic measures with a clear customer focus contributed to this success.

The year 2019 was challenging, with the Eppendorf Group's sales force highly active worldwide. The realignment of the Commercial Organization was brought to a successful conclusion with a new and significantly more differentiated structure. Eppendorf's newly defined sales channels were fully utilized for the first time, and all vacant management positions in the Americas, China and Europe were filled. These additional tasks, measures and projects were carried out in parallel with day-to-day business, which was also extremely successful.

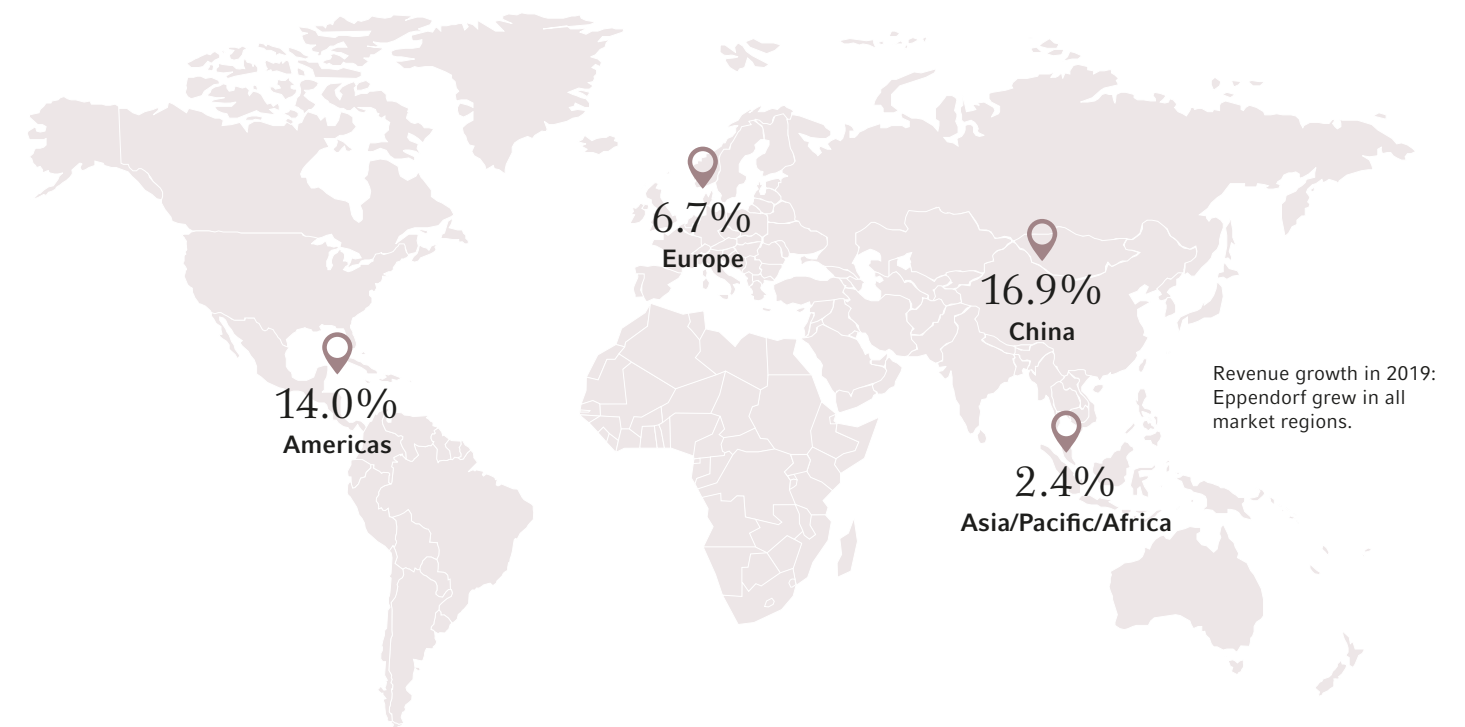
One of the main priorities was to optimize the points of contact with customers. With four additional e-shops, Eppendorf now offers its customers the opportunity to order goods digitally in over 30 countries. In addition, Eppendorf further expanded its e-procurement channels in the year under review as well as its inside sales management system, which is now in use worldwide. Although digitally addressing customers and digital sales channels have become increasingly relevant, personal contact with customers remains as important as ever. Eppendorf was again represented at numerous trade fairs in 2019 with its new Meet Eppendorf trade fair stand concept featuring a modern presentation of the company and its products.

In general, Eppendorf significantly improved its approach to addressing customers over the course of implementing its Going-to-Market strategy. One key factor in achieving this was placing a stronger focus on different customer needs by splitting the formerly three regions into four in 2018 and making China a region of its own. As a result, the company can now be more responsive to specific market conditions and address customers more effectively through individual strategies and a regionalized approach.

### Successful approach to addressing customers in all regions

Thanks to its new sales setup, Eppendorf was able to gain significant market share in China, growing by 16.9% or a total of €119.1 million. The new region thus contributed 14.8% to the company's total revenue in its first year. It accomplished this not only by optimizing the Sales Organization, but also by redefining its customer focus and revising the dealer strategy. Specific growth drivers included the new Chinese e-shop, a new inside sales management system for small to medium-sized customers and improved, more broadly based services for the products.

The Americas region was similarly successful, with revenue of €305.7 million – an increase of 14.0% over the







At LABVOLUTION® 2019, Eppendorf showcased a new trade fair stand concept.



The Meet Eppendorf app was developed especially for the trade fair experience, guiding visitors through the topics on display

previous year. The sustained growth in this region can also be attributed to a targeted regionalization of sales, an expansion of services and e-procurement, and the focused implementation of the multichannel strategy. In addition, the region intensified its existing sales partnerships and significantly strengthened cooperation through a targeted realignment. Growth was spread across nearly the entire Eppendorf product portfolio. One area of particular note is the bioprocess sector, which was one of the growth drivers in the Americas region with a plus of 18.6% (currency-adjusted).

In 2019, Eppendorf laid the foundation for continued positive growth in the region by making preparations for relocating the Americas headquarters to an area known as the Boston Belt. The move to Framingham, Massachusetts, in the U.S. will be completed in 2020. Eppendorf is thus taking a further systematic step under its Going-to-Market strategy in this region: The company is moving physically closer to its customers located in the life science and pharmaceutical hub in and around Boston.

Remarkably, Eppendorf also succeeded in gaining market share in Europe. At 6.7%, revenue growth was unchanged from the previous year and again well above the industry average. Germany and the UK in particular saw a satisfactory rise in revenue despite the uncertainties caused by Brexit. In the very diverse eastern European markets, Eppendorf entered into strong new sales partnerships, which already delivered good results in 2019. Additionally, preparations were made throughout the region for the implementation of a powerful multichannel strategy.

The Asia/Pacific/Africa (APA) region also recorded overall growth at 2.4%. However, it fell short of expectations due to the very difficult market environment in India. The size of the region and its great diversity complicated matters further, so that implementation of the various measures have been taking more time.

All regions saw revenue growth spread evenly over the entire year. This, along with the fact that the Eppendorf Group's revenue growth was above the market average, is a sure sign that the company has set the right course with its Going-to-Market strategy. Eppendorf will therefore remain on this course and continue to focus all its efforts on responding to the wishes and individual requirements of its customers.

#### Successful as part of a group of companies – partner brands

The two partner brands of the Eppendorf Group also performed very well in 2019. USA Scientific grew by 12.7% year-on-year and once again outpaced the market average. This was due to a renewed improvement in customer focus, effective communication of the products' high quality and the added value they provide as well as the successful implementation of a new e-shop under the Group's multichannel strategy. A particular success was the introduction of the new Microcentrifuge 24, which was well received by customers right from the outset. The company's presence in Canada and Latin America was strengthened.

In the past financial year, a large share of total revenue was generated with environmentally friendly products. USA Scientific hopes to further increase this share.

The same is true of Starlab Europe, which is based in Hamburg, Germany. It achieved revenue growth of 6.8% in 2019 – a rate far above the market average for life sciences in Europe. At Starlab, too, the reasons for the increase in revenue lie in the successful implementation of the growth strategy with its focus on customer benefit and the restructuring of the company's organization.

Starlab is also concentrating on ecologically sustainable solutions. All future innovations must meet the criterion of being more environmentally friendly than the Starlab products already on the market. With its specially defined



Get Green with Starlab initiative, the company has set itself an environmental agenda. In this context, it also created the new position of green officer – who is to take a holistic view and further promote the topic of ecological sustainability at Starlab.

“Feedback from our customers is very important to us. If we know their needs and their concerns, we can help and thereby also improve ourselves.”

**Monika Schneider**  
Head of Global Quality Management and Regulatory Affairs

**Listening and implementing what’s important to the customer**

As part of a global assessment of potential in 2018, Eppendorf conducted a worldwide customer survey to systematically determine how customers view the company and its partner brands as well as its products and services. During the past financial year, the company began processing the results of the assessment and either rolling out the derived measures in the regions or initiating and prioritizing derived projects. One example is the complete revision and redesign of Eppendorf’s website.

The website will be even more customer-friendly and clearly arranged following a comprehensive relaunch, which the company worked on intensively in 2019. For its new front-end structure, Eppendorf evaluated concrete customer feedback and adopted some of the ideas, impulses and suggestions it had received.

Furthermore, the complaint management system was reorganized in an effort to rigorously improve customer relations and fully tailor products and services to customer needs. This includes above all the introduction of a new customer relationship management system, which has been in use since the end of 2019. It enables systematic analyses of global customer feedback, which will be used in the future to correct errors in a targeted manner and then avoid them altogether if possible.

The sales teams’ ongoing training, which was further intensified in 2019, will also help to provide even better customer support. The training courses were aligned much more closely with customers’ needs and gradually rolled out throughout the world. A particular focus was placed on product training for bioprocess devices and consumables. In addition, Eppendorf significantly enhanced its Service Organization, which is constantly engaged in a lively and intensive exchange with customers. To achieve this, the company not only implemented a new global service strategy to ensure uniformly high standards, but also further expanded its workforce in all regions.



Customer needs are at the heart of Eppendorf’s product development.

# Chapter

# 3

## Transformation and Culture





The **be Eppendorf 2021** initiative attaches great importance to the company's special corporate culture and its further enhancement.

## For a Successful Future

Eppendorf is determined to continue its success story together with all its employees and to position the company for a profitable and sustainable future. To achieve this, Eppendorf relies on a strong corporate culture and employer brand, the ongoing refinement of existing processes and continued investment in its locations.

Under the **be Eppendorf 2021** initiative, the company is repositioning itself to ensure it will grow further and become even more competitive in the future. Important elements in this process are the successful implementation of the Going-to-Market strategy (see chapter 2), the development of innovative products that meet customer needs (see chapter 1) and the targeted enhancement of Eppendorf's strong corporate culture. A number of measures have been developed and introduced worldwide to more firmly anchor the corporate culture and the initiative within the entire Eppendorf Group.

### Team spirit as the basis for business success

The corporate culture is reflected both through mutual support among the employees of the company and through the familial character of how they treat each other – an aspect that sets Eppendorf apart from other companies. This team spirit makes the change process throughout the company easier and faster and plays a key role in Eppendorf's success, both past and future.

The sense of community that has bound the employees of Eppendorf ever since the company was founded should be put into practice, preserved and further strengthened

*“Only companies that adapt and have the courage to venture into unfamiliar territory will be successful in the long term. Close and interdisciplinary cooperation is one of the most important conditions for this and thus for our continued success.”*

**Dr. Peter Fruhstorfer**  
Co-CEO & Chief Business Officer

on a global scale, especially in times of significant personnel growth. Eppendorf's goal is to not lose this important success factor during the transformation and to make it accessible to new employees. To this end, work began on formulating the company's shared vision, mission and values right after the launch of **be Eppendorf 2021**.

As part of this, four international Culture Teams were also established. They play an important role in the cultural development process, as they steer, accompany and support the further enhancement of the community culture and help roll it out on the basis of an international roadmap. Their measures and activities are designed to promote dialogue, knowledge transfer, an exchange of experiences, networking and understanding throughout Eppendorf.

### Corporate culture – part of the employer brand

The corporate culture is also clearly visible in the employer brand, an area on which Eppendorf has specifically worked over the past fiscal year. Especially in times of change and the company's further development, it is important to provide guidance to future employees as well as those already working for the company. A clearly positioned employer brand and a definite employer promise are essential in this context, since they help Eppendorf

strengthen its sense of belonging and meet the demand for new employees as the company grows.

In the course of a global project, Eppendorf defined its new employer brand: Eppendorf – Collaborate on new ideas. International workshops and a global survey involving all Eppendorf employees helped identify many different topics that will also strengthen the corporate culture and contribute to defining the new employer brand. This will be particularly apparent on the company's new career site: **career.eppendorf.com**.

### Successfully intensified transformation

2019 was also a good year for Eppendorf in terms of the transformation of the company's organization. Over the past 12 months, Eppendorf has made a great deal of progress and reached several milestones. Examples include the digitalization initiative (specifically, the project Connecting the Digital Dots), the further development of the Emerging Business Opportunities (EBO) unit, the Pharma Initiative, and the closer teamwork between the Competence Centers, Development and the Business Portfolio resulting from the new organizational structure.

The company concluded the rollout of the new sales structure in Asia, reorganized Complaint Management and developed its Going-to-Market strategy further in the

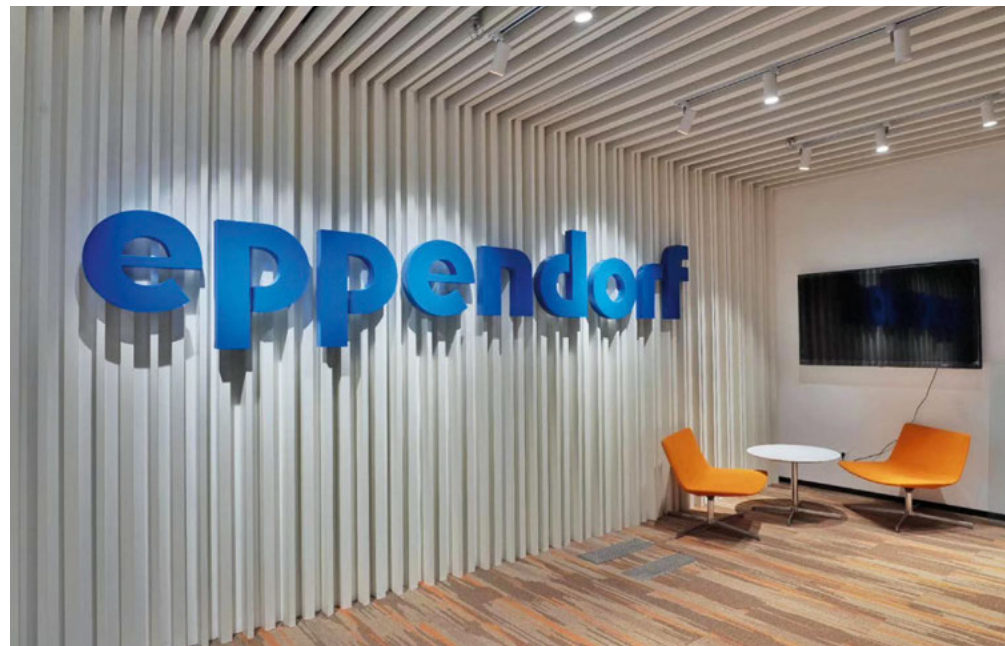
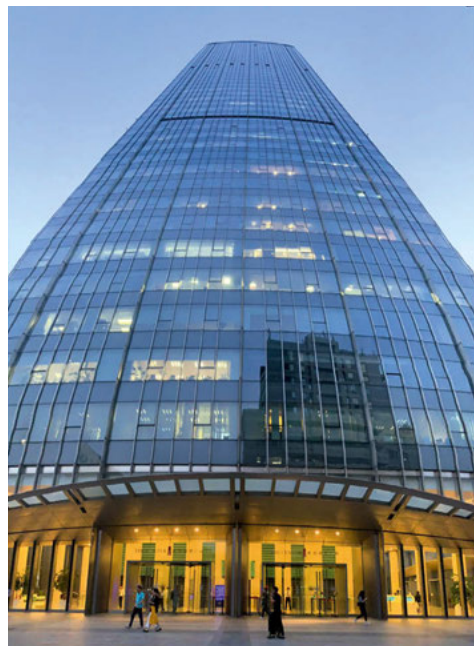


*“To make our company even more successful moving forward, we must create room for new growth. The ongoing and currently high investments in our locations lay the foundation for this.”*

**Dr. Wilhelm Plüster**  
Chief Technology Officer



All over the world, Eppendorf has invested in its locations, built new facilities or moved into new premises, thus laying the foundation for further growth.



The first of the two new production halls at the Eppendorf location in Oldenburg in Holstein, Germany, is going into operation in March 2020.

<sup>A</sup>  
**30 %**  
increase in production hall capacity at the Oldenburg location is planned by 2021.



Americas and Europe, enhancing them worldwide with the Inside Sales setup. In addition, employees improved their sales skills through targeted training. Eppendorf also drew up its first strategic medium-term plan, supplemented by targeted strategies developed for all Business Units and already successfully implemented in 2019.

All these are important projects and measures that Eppendorf will continue to work on intensively over the long term. The initiative for the future and the company's transformation are key to its future success. The decision made at the end of the year to refocus the further implementation of **be Eppendorf 2021** in no way diminishes this.

#### Global infrastructure expansions

Over the past fiscal year, Eppendorf invested heavily in many of its worldwide locations with a view to expanding or modifying them. In Oldenburg in northern Germany, the foundations were laid for two new production halls that will increase capacity there by around 30% by 2021. The expansion measures will create around 60 new jobs.

Capacity in Hamburg is also being expanded:

Construction of House 10 will create new space for development and production as well as administration at Eppendorf Liquid Handling GmbH. The new building at the company's headquarters will be ready for use in the course of 2020. In addition, the design phase for an additional new building is underway: House 11 will provide space for, among other things, corporate functions and a new company restaurant.

Infrastructural changes also occurred at the Eppendorf Group's global locations during the reporting period: In October 2019, Eppendorf moved into new, more spacious premises in Shanghai, China, and also rented additional storage space. Eppendorf Korea moved into a new and, above all, larger logistics facility in October 2019 in order to continue to meet the rapidly growing demand for Eppendorf products in the country. Additionally, a service workshop was added there.

The production and administration areas at the location in Enfield, Connecticut in the U.S. have been undergoing refurbishment since fall 2019. They are scheduled to be ready and occupied in fall 2020. The company also decided to move from Hauppauge, New York, to Framingham, Massachusetts, near Boston at the beginning of 2020 in order to be closer to its customers and have a presence in this important region for the life science and biotech industry.



# Chapter

---

# 4

---

## Sustainability

---

*“Sustainability is a matter close to our hearts and our understanding of ourselves as a responsible corporate citizen.”*

**Eva van Pelt**  
Co-CEO and Chief Commercial Officer

---

To achieve sustainable success, we consider not only financial but also ecological and social aspects in our business activities and strive to harmonize these three dimensions. Sustainability has always been an integral part of our company: Our products are becoming ever more sustainable and help ensure that research can be carried out optimally all over the world. We are continuously working on protecting the environment and are aware of our significant responsibility as an employer toward our employees. Our commitment to society manifests itself in many ways and is closely linked to our core competencies.

Compliance with laws and regulations is more than a matter of course for us: We actually exceed them by setting even higher standards for ourselves. But our commitment does not end at the boundaries of our company. We also commit our suppliers and service providers to standards that exceed the legal requirements and apply to us globally.

From the ergonomic design of Eppendorf products to their adaptation to an ergonomic workstation and all the way to support for the optimal workflow in the laboratory, Eppendorf's Physio-Care Concept offers a holistic approach to sustainable work in the laboratory.



## Sustainable Laboratory Solutions

Environmentally friendly, durable, ergonomic: Eppendorf products are sustainable in many ways. A wide range of services and an increasing focus on digital solutions are proof that Eppendorf is shaping the laboratory of the future on a number of fronts.

**W**e are continually working on the sustainability of our products and services, and Eppendorf products have long stood for quality, precision and durability. That is the standard the company sets for itself in developing every product. By keeping this promise, Eppendorf is conserving valuable resources.

### Environmentally friendly product features

Our products have become increasingly environmentally friendly. One milestone was the ultra-low temperature (ULT) freezer CryoCube F101h (230 V), which has a capacity of 101 liters and can keep up to 60 freezer boxes at a temperature of -80 °C. Compared with its predecessor, the CryoCube F101h, this innovation saves up to 17% energy (see chapter 1, page 12).

### Durable and holistic

All Eppendorf products and services are designed with a view to ensuring a long service life, allowing users to maintain efficient routines and reducing the workload during laboratory procedures. Eppendorf therefore offers its customers integral laboratory solutions such as epServices and the PhysioCare Concept® to ensure its products deliver excellent performance. This conserves valuable resources and ensures maximum safety for the devices and their applications. The epServices portfolio includes a comprehensive range of applications, training and technical support available to all Eppendorf customers worldwide. The PhysioCare Concept makes use of the entire spectrum of product ergonomics. Products that bear this logo have been designed from a holistic perspective. Examples include the Eppendorf pipette tips epT.I.P.S.® 384 and ep Dualfilter T.I.P.S.® 384, which were launched in 2019 and help make pipetting more ergonomic and comfortable for the user while increasing throughput as well.



Learn more about the PhysioCare Concept at:  
[eppendorf.com/PhysioCare](https://eppendorf.com/PhysioCare)

### Digitalization as a driver of sustainability

With VisioNize Digital Lab Space and Services, Eppendorf also took a major step in the direction of the digital lab in 2019, offering completely new solutions for digital working and cross-device monitoring in the laboratory. Reliable backup of results, reduced errors and waste, and greater flexibility provide substantial added value.

One of these solutions is the epMotion 5073m NGS solution, which was also launched on the market in 2019. It was developed specifically for NGS library generation where sample numbers are small and laboratory space is limited. Our enhanced epBlue™ software enables intelligent use of the single- and multi-channel dispensing tools and optimizes pipetting steps and tip consumption. As a result, users benefit from using fewer pipette tips and saving time (see page 10 for more information).

Networked laboratories thus offer more than just data integrity, automation and increased efficiency. They enable users to conserve resources and work more safely.



The PhysioCare Concept makes pipetting more ergonomic for the user.



VisioNize Digital Lab Space: a big step toward the digital laboratory.





Environmental protection is very important at Eppendorf. Many large and small measures help in this respect.

## Active Environmental Protection at the Company

At Eppendorf, environmental protection plays a major role across all corporate divisions. We believe that only companies that act responsibly toward the environment will have a chance to grow further in the future.

Climate change, the progressive loss of biological diversity and the increasing amount of waste are considered the most pressing challenges at the moment. As a company, Eppendorf has an influence on these factors through its business operations. With the help of an environmental management system in accordance with the international ISO 14001 standard, Eppendorf has already begun to systematically optimize the environmental performance of many parts of the company and will aim to continuously implement and expand this system across the entire Eppendorf Group.

But we also take action on a smaller scale. In 2019, for example, we installed charging stations for electric cars at our Hamburg site and also decided to switch to green electricity in Germany. This alone reduces the company's carbon footprint in Germany by up to 7,200 tons per year.

From 2020, as much as 98% of the Group's total electricity consumption in Germany will consist of 100% green electricity. Eppendorf raises its employees' environmental awareness in various ways and encourages them to identify and realize opportunities for improvement.



# 7,200

fewer tons of carbon dioxide are produced each year through the switch to green electricity by Eppendorf in Germany.

## Working at Eppendorf

More revenue, more locations, more growth: Eppendorf is successful in the life science market and knows it has its employees to thank for this. They are essential to ensuring Eppendorf's success story continues in the future. It is very important to us to be their employer of choice.

Eppendorf saw a sizable increase in staff numbers in the 2019 fiscal year. To be sure, that is a logical consequence of the company's continuous growth, but the low staff turnover rate and large number of new hires also speak for Eppendorf as an attractive and reliable employer.

Eppendorf is committed to making the welfare of all employees a central priority. After all, highly qualified specialists and managers and motivated employees are the driving force behind our success as an innovative life science company.



*"I think it's great we have a company kindergarten at the Hamburg site. That makes it easier for my wife and me to balance work and family. In addition, Eppendorf supports me with flexible working hours and the possibility of working from home."*

**Adam Zemba**  
Global Supply Chain Integration



*"I value Eppendorf as an employer because many extras are quite normal here. Our daughter's participation in the company's global exchange program, the Eppendorf FamilyNetwork, which is for Eppendorf employees' children between the ages of 14 and 18, was a great experience for the whole family."*

**Sabine Bakschis**  
Assistance Market Region APA



*"I've worked at Eppendorf for 24 years, and the company values me highly as an experienced employee. Training courses and seminars enable me to keep up to date with the latest developments."*

**Bernd Zimmermann**  
Health, Safety & Environment

# For the Benefit of All of Us

Social commitment is a matter Eppendorf cares about greatly. The company's activities in this regard are closely linked to its core competencies and make a further contribution to fulfilling Eppendorf's mission to improve people's living conditions.

One of the company's focal points is to promote scientific talent. Through awards, scholarships and the provision of products, Eppendorf supports above all young researchers and those who aspire to become one. For more than 20 years, the company has been awarding prizes to young scientists under 35 years of age, such as the Eppendorf Award for Young European Investigators and the Eppendorf & Science Prize for Neurobiology. In 2017, Eppendorf also established a scholarship fund that enables young people with special talents in mathematics, IT, the natural sciences and technology to take part in a four-year course at Louisenlund boarding school on a full scholarship.



eppendorf  
& Science  
PRIZE FOR  
NEURO  
BIOLOGY

Every year, Eppendorf joins forces with renowned scientific journals to award two prizes to young scientists working in biomedical and neurobiological research.



## The 2019 Freezer Challenge

As a gold sponsor of the Freezer Challenge, Eppendorf promoted sustainable work in the laboratory for the third consecutive time in 2019. This competition honors the best concept for improving chilled storage from a sustainability perspective.

After all, even environmentally friendly and energy-efficient freezers consume a lot of energy, since they maintain extremely low temperatures 24 hours a day, seven days a week for years on end.

The 2019 Freezer Challenge was organized by the International Institute for Sustainable Laboratories (I<sup>2</sup>SL®) and My Green Lab. Competitors earn points by adopting measures from the categories of good management practices or temperature tuning, among others, and by exchanging information on best practices. Awards are given to those who have done the most to save energy and improve their sample storage.

More information on the topic:  
[freezerchallenge.org](http://freezerchallenge.org)

### Sparking enthusiasm

But Eppendorf also tries to get young people excited about science and the company through smaller promotion efforts. These include, for example, the international student competition "Biology Olympiad," the German "InnoTruck" initiative and the "Science Slam," which has become popular not just among scientists. In addition, Eppendorf supports schools and school projects at many locations by donating devices and consumables to make science instruction more concrete and practice-oriented.



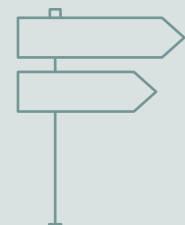
Not only do Eppendorf employees have to adhere to a company-wide code of conduct, suppliers are also subject to special standards.

# Responsible Conduct

With company-wide codes of conduct, Eppendorf has established a uniform standard for employees and suppliers around the world.

Eppendorf considers compliance with legal requirements to be a matter of course. That is why we set standards for ourselves that exceed what is required by law. When joining the company, every employee of Eppendorf AG and its majority-owned subsidiaries in Germany and other countries agrees to comply with the Code of Conduct. This code includes guidelines on how to behave in accordance with the company's ethical standards – for example, when using company resources or with regard to occupational safety.

Eppendorf also ensures the standards it has defined are observed in its supplier relationships. To this end, the company imposes the Code of Conduct for Suppliers.



### Code of Conduct

The Code of Conduct is binding for all employees of the Eppendorf Group:  
[eppendorf.com/eppendorfag\\_coc](http://eppendorf.com/eppendorfag_coc)

Suppliers are subject to the Code of Conduct for Suppliers:  
[eppendorf.com/coc\\_for\\_suppliers](http://eppendorf.com/coc_for_suppliers)



- Head office
- Entity with regional/global sales, marketing, service, and product portfolio functions
- Sales subsidiary
- Sales office
- Distribution company and pipette calibration lab
- Distribution company and pipette calibration lab
- Calibration lab
- Competence center for research, development, and production

# International Presence

## Americas

- Eppendorf Holding, Inc.  
Enfield, Connecticut/USA
  - Eppendorf, Inc.  
Enfield, Connecticut/USA
  - Eppendorf North America, Inc.  
Hauppauge, New York/USA
  - Cambridge, Massachusetts/USA
  - Framingham, Massachusetts/USA
  - San Diego, California/USA
  - Shrewsbury, Massachusetts/USA
  - USA Scientific, Inc.  
Ocala, Florida/USA
  - Eppendorf Canada Ltd.  
Mississauga (Toronto)/Canada
  - Eppendorf do Brasil Ltda.  
São Paulo/Brazil
  - Puebla/Mexico
  - Eppendorf Manufacturing Corp.  
Enfield, Connecticut/USA
- ## Europa
- Eppendorf AG  
Hamburg/Germany
  - Eppendorf Belgium N.V. - S.A.  
Aarschot/Belgium
  - Eppendorf Ibérica S.L.U.  
San Sebastián de los Reyes (Madrid)/Spain
  - Eppendorf Nederland B.V.  
Nijmegen/Netherlands
  - Eppendorf Nordic A/S  
Hørsholm (Copenhagen)/Denmark
  - Eppendorf Norge AS  
Oslo/Norway
  - Eppendorf Russia ooo  
Moscow/Russia
  - Eppendorf Vertrieb Deutschland GmbH  
Wesseling/Germany
  - Berlin/Germany
  - Heidelberg/Germany
  - Penzberg/Germany
  - Starlab France S.a.r.l.  
Orsay/France
  - Starlab International GmbH  
Hamburg/Germany
  - Starlab s.r.l.  
Milan/Italy
  - Starlab (UK) Limited  
Milton Keynes/UK

- Eppendorf Austria GmbH  
Vienna/Austria
- Tata/Hungary
- Eppendorf Czech & Slovakia s.r.o.  
Říčany (Prague)/Czech Republic
- Brno/Czech Republic
- Bratislava/Slovakia
- Eppendorf France SAS  
Montesson (Paris)/France
- Eppendorf Poland sp. z o.o.  
Warsaw/Poland
- Eppendorf s.r.l.  
Milan/Italy
- Eppendorf UK Ltd.  
Stevenage/UK
- Vaudaux-Eppendorf AG  
Schönenbuch (Basel)/Switzerland
- Calibration Technology Ltd.  
Limerick/Ireland
- Bio-ITech B.V.  
Groningen/Netherlands
- DASGIP Information and Process Technology GmbH  
Jülich/Germany
- Eppendorf Application Technologies S.A.  
Namur/Belgium

- Eppendorf CryoTech Ltd.  
Maldon/UK
- Eppendorf Instrumente GmbH  
Hamburg/Germany
- Eppendorf Liquid Handling GmbH  
Hamburg/Germany
- Eppendorf Polymere GmbH  
Oldenburg in Holstein/Germany
- Eppendorf Zentrifugen GmbH  
Leipzig/Germany

## China

- Eppendorf China Ltd.  
Hong Kong/China
- Taipei/China
- Eppendorf (Shanghai) International Trade Co., Ltd.  
Shanghai/China
- Beijing/China
- Guangzhou/China
- Hangzhou/China
- Jinan/China
- Nanjing/China
- Wuhan/China
- Eppendorf Lab Technologies (Shanghai) Co., Ltd.  
Shanghai/China

## Asia/Pacific/Africa

- Eppendorf Asia Pacific Sdn. Bhd.  
Kuala Lumpur/Malaysia
- Jakarta/Indonesia
- Eppendorf Co., Ltd.  
Tokyo/Japan
- Fukuoka/Japan
- Osaka/Japan
- Eppendorf India Pvt. Ltd.  
Chennai/India
- Ahmadabad/India
- Bangalore/India
- Chandigarh/India
- Hyderabad/India
- Calcutta/India
- Lucknow/India
- Mumbai/India
- New Delhi/India
- Pune/India
- Eppendorf Korea Ltd.  
Seoul/South Korea
- Daejeon/South Korea
- Eppendorf Middle East & Africa FZ-LLC  
Dubai/UAE
- Eppendorf South Pacific Pty. Ltd.  
Macquarie Park (Sydney), New South Wales/Australia
- Eppendorf (Thailand) Co., Ltd.  
Bangkok/Thailand

# Management Report

### Overall economic developments

According to the World Bank, growth in global gross domestic product (GDP) slowed last year to an estimated 2.4%. Growth was hampered above all by the trade disputes between the United States and China and by the UK's Brexit negotiations. The uncertainty associated with this contributed to a slowdown in global trade. The monetary policy stimuli provided by the key interest rate cuts of the European Central Bank and the U.S. Federal Reserve could not fully compensate for these effects.

GDP growth in the United States fell from 2.9% in the previous year to 2.3% in 2019. The main driver of growth was the private sector, mainly due to the persistently high level of consumer spending fueled by an expansionary fiscal policy. In contrast, exports and corporate investment activities were in decline.

Within the euro zone, gross domestic product dropped to 1.1% – down 0.8% on the previous year. The reasons for this were the long-running negotiations on the UK's departure from the European Union, lower productivity growth and negative effects from demographic developments.

The U.S. dollar gained around 5.2% against the euro, averaging 1.12 U.S. dollars per euro over the year. In addition, it appreciated by 1.9% year-on-year to 1.12 U.S. dollars per euro as of December 31, 2019.

### Industry developments

In 2019, the relevant segments of the life science industry grew by about 5% when adjusted for currency effects. This means that the industry developed significantly better than the global economy. An increase in research projects that boosted demand from both state and private laboratories contributed positively to this trend. World-wide environmental expenditures further intensified the beneficial development.

### Operating activities

Eppendorf develops, produces and sells first-class products and services primarily for academic and industrial laboratories around the world. As a premium provider in the life science industry, Eppendorf plays a leading role on the world's laboratory products market, particularly in the public sector. The company's goal is to strengthen this leadership through ongoing development with a focus on expansion in the strongly growing areas of the life science markets. In the process, we will focus on the continual development and expansion of the product portfolio and the steady broadening of the customer base through greater customer access, especially in the industrial sectors. Among the cornerstones of Eppendorf's business strategy is the consolidation of the company's global

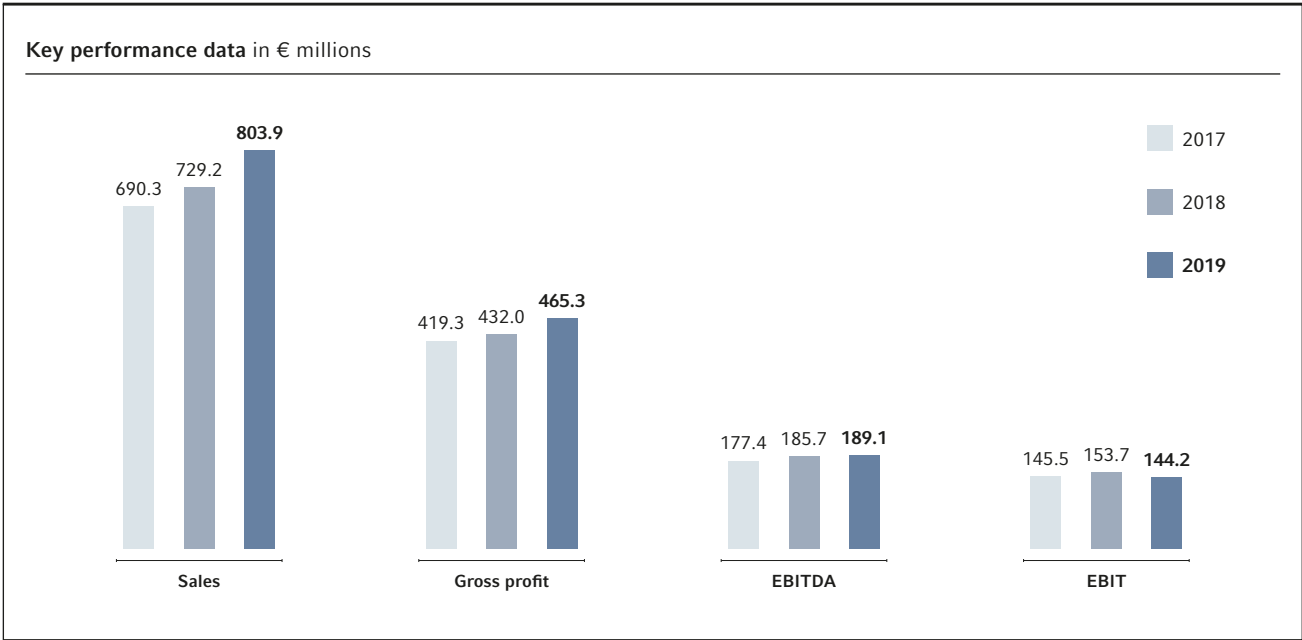
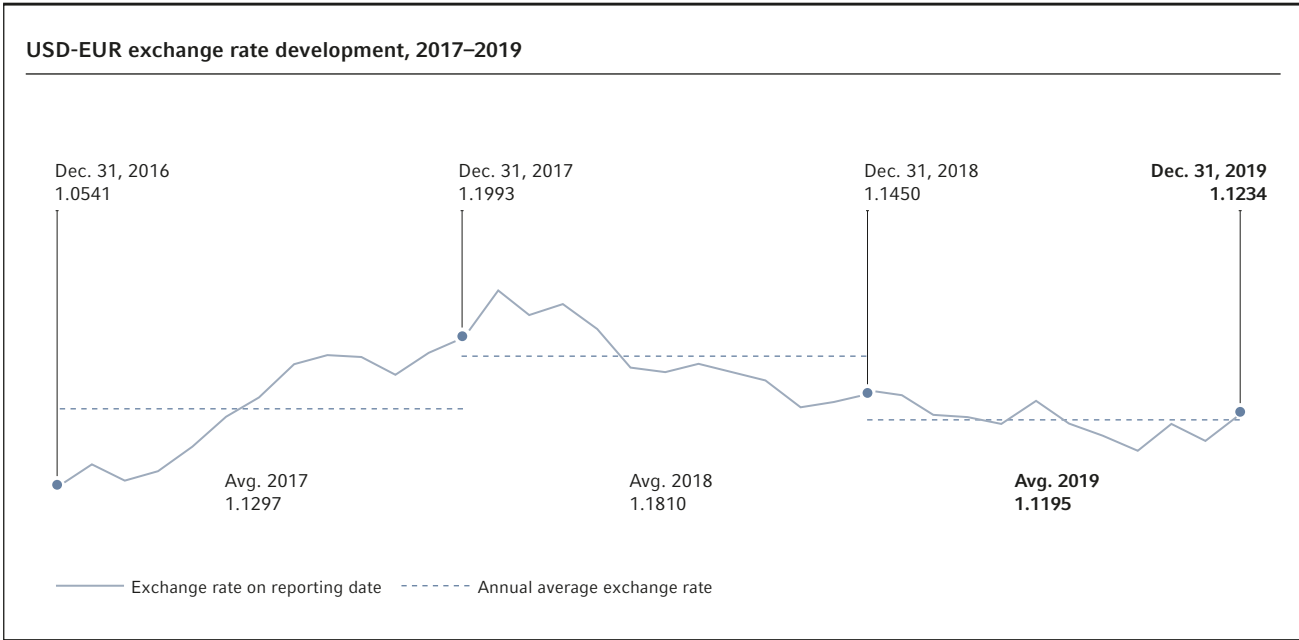
market position through targeted investments in various sales structures and channels and in the expansion of the training and service portfolio – with the goal of offering customers high-quality, comprehensive support wherever they work.

### Financial summary

The 2019 fiscal year was a very successful one for Eppendorf, with all regions contributing to the company's positive business development. Consolidated revenue increased by a total of 10.2%. Measured in local currencies, the Group achieved growth of 7.2%, which is above the global industry's growth. The goal of achieving growth in the mid-single-digit range and slightly above the industry average was therefore quite successfully met.

Last year's EBIT was negatively affected above all by restructuring measures in the areas of sales and general administration. Moreover, higher project expenditures for the modernization of the IT infrastructure contributed to an increase in the general cost level.

Key business development figures are presented in the graphic below:





Revenue performance

Consolidated revenue rose by 10.2% to €803.9 million in the 2019 fiscal year (prior year: €729.2 million). In local currencies, this corresponds to an increase in revenue of 7.2%. All sales regions successfully contributed to the improvement in revenue.

A rise in public spending in North America had a particularly positive impact on market development in the Americas region. With overall revenue growth of 14.0 %, the region even surpassed the success of the previous year.

Growth rates in Europe continued to develop positively during the reporting year, with an increase in revenue of 6.9% over the previous year when measured in local currencies. The region thus continues to enjoy very good growth.

After highlighting the positive revenue performance in China and India in the previous year, Eppendorf decided to split China off from the Asia/Pacific/Africa region and report its revenue separately. In 2019, China was able to improve its revenue by 16.9% over the previous year.

Selected financial data

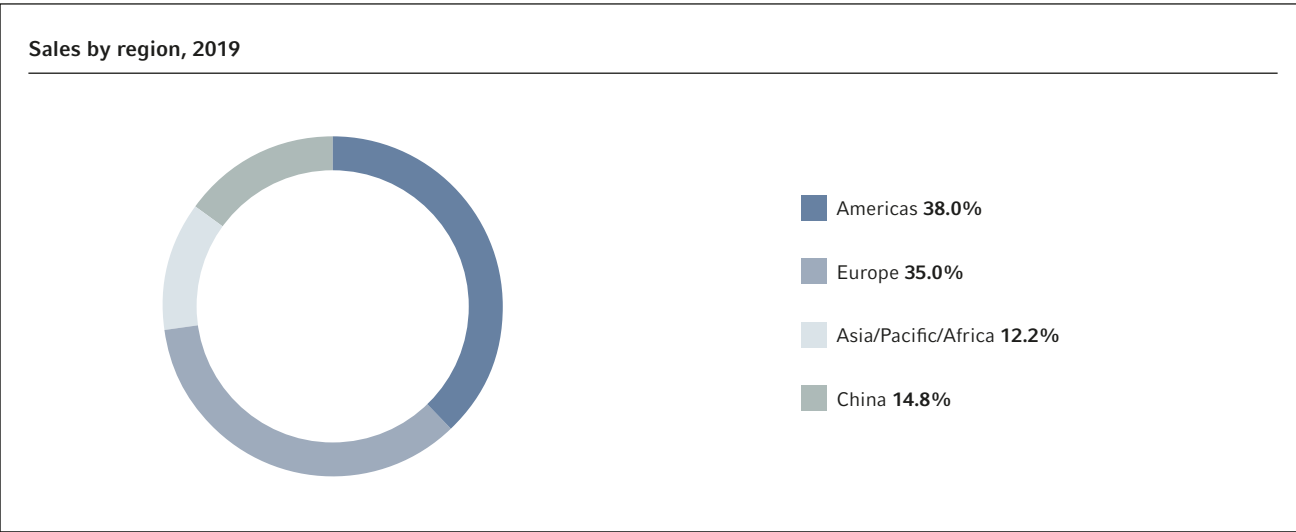
In fiscal year 2019, gross profit increased to €465.3 million (prior year: €432.0 million) and the gross profit margin declined slightly to 57.9% (prior year: 59.2%).

Operating expenses rose by 14.1% to a total of €311.1 million (prior year: €272.6 million).

Other expenses/income during the reporting year consisted mainly of reorganization expenses of

€9.1 million (prior year: €4.3 million), government grants of €0.4 million (prior year: €1.9 million), net income from currency translation of €1.9 million (prior year: net income of €1.6 million) and income from the reversal of provisions amounting to €1.0 million.

Net profit for the period amounted to €97.4 million (prior year: €106.4 million), representing a drop of 8.5%.



Revenue by region					
in € millions	+/- prior year	2019	2018	2017	+/- prior year in local currencies
Americas	+14.0%	305.7	268.2	260.1	+19.1%
Europe	+ 6.7%	281.2	263.6	250.4	+ 6.9%
Asia/Pacific/Africa	+2.4%	97.8	95.5	87.6	+ 3.7%
China	+16.9%	119.1	101.9	92.2	+17.5%
Total revenue	+10.2%	803.9	729.2	690.3	+ 7.2%

Selected financial data						
in € millions	2019*	%	2018	%	2017	%
Revenue	803.9	100.0	729.2	100.0	690.3	100.0
Cost of sales	-338.6	-42.1	-297.2	-40.8	-271.0	-39.3
Gross profit	465.3	57.9	432.0	59.2	419.3	60.7
Distribution and marketing expenses	-189.1	-23.5	-171.7	-23.6	-171.1	-24.8
Research and development expenses	-50.3	-6.3	-45.3	-6.2	-36.5	-5.3
General and administrative expenses	-71.7	-8.9	-55.6	-7.5	-55.3	-8.0
Operating expenses	-311.1	-38.7	-272.6	-37.4	-262.9	-38.1
Amortization of intangible assets from business combinations	-4.4	-0.5	-4.5	-0.6	-4.7	-0.6
Other expenses/income	-5.5	-0.7	-1.2	-0.2	-6.2	-0.9
Operating profit (EBIT)	144.2	17.9	153.7	21.1	145.5	21.1
Net income	97.4	12.1	106.4	14.6	92.1	13.3
* First-time adoption of IFRS 16; prior-year figures have not been adjusted.						
For information only						
EBITDA	189.1	23.5	185.7	25.5	177.4	25.7
Depreciation, amortization and impairment	-40.5	-5.0	-27.5	-3.8	-27.2	-3.9

Financial position and capital expenditure

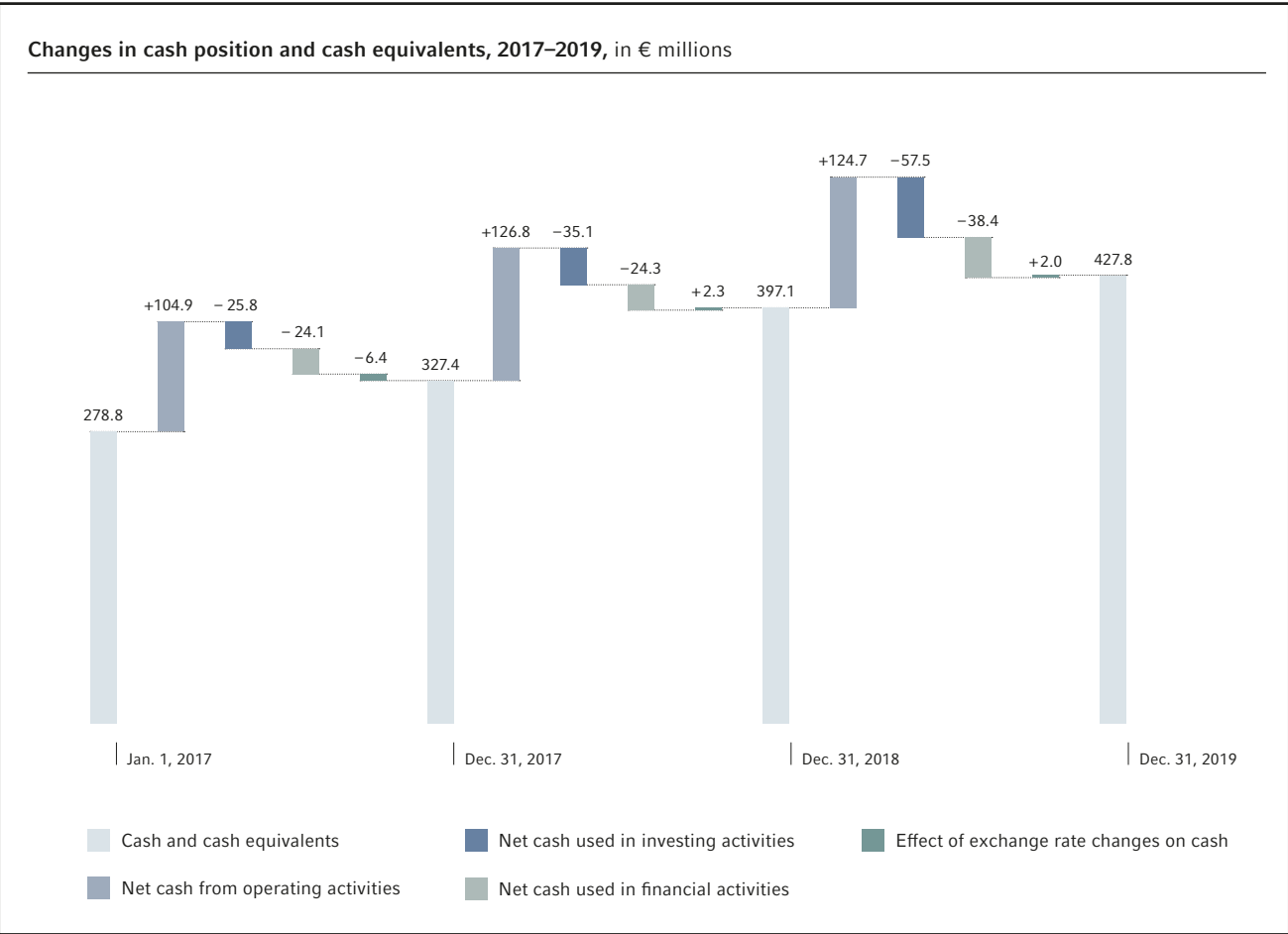
Net cash from operating activities remained almost constant at €124.7 million (prior year: €126.8 million).

Net cash used in investing activities increased nominally to €57.5 million (prior year: €35.1 million). Eppendorf had outlays in 2019 of €48.6 million for the acquisition of new property, plant and equipment (prior year: €30.1 million).

Net cash used in financing activities rose to €38.4 million (prior year: €24.3 million) and consisted of dividend payments and the principal portion of leases. Under IFRS

16, the principal portion of lease payments is no longer included in net cash from operating activities but in net cash used in financing activities.

Overall, net bank deposits increased in 2019 by €30.7 million to €427.8 million (prior year: €397.1 million).



Assets – equity and liabilities

The company’s assets, equity and liabilities are valued using figures based on the exchange rates valid on the respective reporting date. On the whole, the assets and liabilities of Eppendorf’s foreign subsidiaries increased in value as a result of exchange rate developments.

Eppendorf invested €44.7 million in property, plant, equipment and intangible assets during the reporting year (prior year: €35.4 million), €9.3 million of which was from right-of-use assets recognized in accordance with IFRS 16. Depreciation charges on property, plant and equipment amounted to €29.6 million (prior year: €27.5 million), with an additional €10.8 million in depreciation charges on leased items recognized as assets.

Intangible assets from business combinations are composed of goodwill amounting to €50.3 million (prior year: €49.6 million), and acquired customer bases, brands and

technologies amounting to €6.2 million (prior year: €10.3 million), with the increase in goodwill attributable purely to currency effects.

Current provisions rose mainly due to increased obligations to employees and customers.

Provisions for pensions and similar obligations were subject to occasionally strong fluctuations spurred by yearly changes in discount rates. The rise during the reporting year essentially corresponds to a normal increase without special actuarial effects.

The extremely high increase in other liabilities is due to the fact that, according to IFRS 16, the obligations arising from leased items recognized as assets must be reported as lease liabilities under current and non-current lease liabilities.

Assets				
in € millions	+/- prior year	Dec. 31, 2019*	Dec. 31, 2018	Dec. 31, 2017
Cash and cash equivalents	+7.7%	427.8	397.1	327.4
Trade receivables	+8.3%	135.9	125.5	118.4
Inventories	+4.8%	171.0	163.0	146.7
Property, plant, equipment, and intangible assets	+48.6%	216.4	145.6	136.8
Goodwill and intangible assets from business combinations	-5.8%	56.4	59.9	62.3
Investments in associates	+7.7%	1.4	1.3	1.3
Other assets	+17.9%	96.2	81.7	77.1
Total assets	+13.5%	1,105.1	974.1	870.0

Equity and liabilities				
in € millions	+/- prior year	Dec. 31, 2019*	Dec. 31, 2018	Dec. 31, 2017
Liabilities to banks	+0.0%	0.0	0.0	0.0
Trade payables	+19.5%	31.8	26.6	23.1
Current provisions	+6.3%	69.3	65.2	55.5
Provisions for pensions and similar obligations	+13.2%	190.7	168.5	166.9
Other liabilities	+105.5%	78.1	38.0	37.1
Equity	+8.8%	735.2	675.8	587.4
Total equity and liabilities	+13.5%	1,105.1	974.1	870.0

\* As a result of the first-time adoption of IFRS 16, rights of use in the amount of €39.6 million and lease liabilities in the amount of €42.7 million were recognized as of December 31, 2019. A retroactive adjustment of the prior-year figures was not carried out due to the application of the modified retrospective method..



Employees

Eppendorf considers itself a learning organization and creates an agile work environment where everyone embraces change and progress. In this way, the company intends to stay one step ahead in the future. Eppendorf relies on cooperation across different roles, divisions and hierarchies to search for the best possible solutions and create a dynamic learning environment in which all employees take responsibility for their actions. As a globally operating company, Eppendorf offers a variety of training and career opportunities that promote lifelong learning. These initiatives enable support for all employees on their way to reaching their personal goals. In the process,

Eppendorf’s corporate values are always at the center of its actions, making the company a reliable partner.

The Eppendorf Group employed an average of 3,576 people worldwide in fiscal year 2018, compared with 3,292 the year before (all employee figures represent full-time equivalents or FTEs). This corresponds to an 8.6% annual average increase in employee numbers.

On December 31, 2019, we had 3,683 employees (FTEs) worldwide (prior year: 3,367).

Employees by region as an annual average



Employees by region				
annual average	+/- prior year	2019	2018	2017
Europe	+11.3%	2,187	1,966	1,832
Americas	+2.9%	743	722	707
Asia/Pacific/Africa	+12.3%	399	355	347
China	−0.8%	248	250	248
Total	+8.6%	3,576	3,292	3,134

Employees by region as of December 31, 2019



Employees by region				
as of Dec. 31	+/- prior year	2019	2018	2017
Europe	+11.5%	2,265	2,033	1,875
Americas	+4.9%	760	725	698
Asia/Pacific/Africa	+15.5%	406	351	347
China	−2.3%	252	258	247
Total	+9.4%	3,683	3,367	3,167

## Risk management

Eppendorf is exposed to risks that are primarily related to its international activities, customers 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, Eppendorf is exposed to financial risks. A relatively large share of its sales transactions is billed in foreign currencies. In terms of the U.S. dollar, the company partially compensates for the resulting exchange-rate risk by undertaking manufacturing activities in dollar-denominated territories. For any open currency positions beyond this, hedging transactions are carried out in individual cases, including other currencies. Such transactions are regularly reviewed on the basis of developments expected on the international financial markets.

Market and business-environment risks can also influence Eppendorf's business. Economic and political changes, such as protectionism, can have a negative effect on the strength of the company's sales and earnings. For this reason, the divisions and regional sales management monitor market trends and, if necessary, initiate measures. In the context of economic and political changes, a preliminary analysis has shown that Brexit should have no significant direct impact on the Group's net assets, financial position and earnings.

Eppendorf's business is also subject to industry-specific risks. Its customers are primarily active in life science research, thus reductions in R&D budgets or public and private funding may adversely affect sales. This risk is countered through diversification of the company's customer segments, its large number of sales channels and the breadth of its product portfolio.

It is part of the Group'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.

Eppendorf is dependent on the use of information technologies for its worldwide operations. This harbors risks with regard to data confidentiality and availability as well as the security of IT systems. Due to the increasing threat to information security, especially through cyberattacks, fraud or data theft, risk minimization measures are becoming increasingly more important. The company keeps its security systems up to date to minimize data loss and protect systems and networks.

As an international company, Eppendorf is exposed to general business risks, such as those resulting from extreme weather conditions, natural disasters, war, terrorism and financial or government crises.

The ongoing search for suitable new products, technologies and applied fields is an integral part of Eppendorf's business strategy. Opportunities emerge in particular through the use of Eppendorf 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, the health and food industries and other industrial sectors. 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, which need to catch up in these areas.

Moreover, opportunities arise through the further stabilization of the global economy and positive exchange-rate movements. In particular, increases in the value of the U.S. dollar against the euro have a positive effect on business.

## Outlook

Eppendorf is optimistic about 2020 and assumes – despite general forecasts that expect the life-science industry to slow down this year – a positive economic mood around the world. This applies above all to the U.S., albeit not at the previous record level. The company also assumes that Europe's development will continue at its previous positive level despite Brexit, and that APA will develop better than it did in 2019, since the Indian market is expected to recover. This will have positive effects on Eppendorf's business, as will the further rigorous implementation of the company's transformation. Due to the coronavirus, a more difficult environment is anticipated in the Chinese market. Initial effects on world trade show that the spread of the virus could also have an impact on the business environment in the rest of the world.

Thus, the Eppendorf Group is confident about the coming months and is striving for growth in the mid-single digits for the overall year 2020. Currency-adjusted operating profits will likely reach at least the prior-year level.

What Eppendorf achieved in 2019 is reason for optimism that the goals set for 2020 will be achieved. One contributor will be the regions, which are now well positioned, and in which the newly implemented Going-to-Market strategy will increasingly produce good results. A host of new products to be launched on the markets in 2020 will also contribute to positive revenue performance. And as part of the targeted implementation of its corporate strategy, this year as well Eppendorf will invest strongly in the infrastructure at its sites and thus solidify its foundation for additional profitable and sustainable growth.



# Consolidated Financial Statements

in accordance with 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, 2019

in € thousands	2019	2018	2017
Revenue	803,891	729,170	690,336
Cost of sales	-338,630	-297,154	-271,117
Gross profit	465,261	432,016	419,219
Distribution and marketing expenses	-189,059	-171,735	-171,103
Research and development expenses	-50,324	-45,265	-36,489
General and administrative expenses	-71,756	-55,610	-55,265
Operating profit	154,122	159,406	156,362
Other income	-5,530	-1,228	-4,702
Amortization of intangible assets from business combinations	-4,379	-4,461	-6,149
Operating profit (EBIT)	144,213	153,717	145,511
Net finance costs/income	-498	535	335
Share of profit of associates	121	106	72
Income before tax	143,836	154,358	145,918
Income taxes	-46,437	-48,002	-53,806
Net income	97,399	106,356	92,112
Thereof attributable to			
equity holders of the parent	96,553	105,623	91,464
non-controlling interests	846	733	648

## Consolidated balance sheet

as of December 31, 2019

Assets			
in € thousands	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Cash and cash equivalents	427,812	397,103	327,424
Trade receivables	135,856	125,470	118,364
Contract assets	406	243	125
Inventories	170,988	162,975	146,705
Other current assets	23,624	18,705	16,269
Current assets	758,686	704,496	608,887
Property, plant, equipment, and intangible assets	176,880	145,592	136,840
Right of use assets	39,585	-	-
Goodwill and intangible assets from equity investments	56,378	59,859	62,260
Investments in associates	1,397	1,323	1,255
Other non-current assets	566	905	472
Deferred tax assets	71,631	61,896	60,267
Non-current assets	346,438	269,575	261,094
Assets	1,105,124	974,071	869,981
Liabilities			
in € thousands	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Liabilities to banks	-	-	-
Trade accounts payable	31,789	26,558	23,081
Current contract liabilities	6,516	6,645	6,368
Current leasing liabilities	9,811	-	-
Provisions for income taxes	7,974	8,558	5,761
Other current provisions	69,265	65,120	55,472
Other current liabilities	14,910	15,498	16,898
Current liabilities	140,265	122,379	107,580
Provisions for pensions and similar obligations	190,675	168,529	166,892
Non-current contract liabilities	305	822	653
Non-current leasing liabilities	32,924	-	-
Other non-current liabilities	566	75	384
Deferred tax liabilities	5,202	6,429	7,105
Non-current liabilities	229,672	175,855	175,034
Common stock	51,132	51,132	51,132
Retained earnings and other reserves	681,263	622,095	532,737
Non-controlling interests	2,792	2,610	3,498
Total equity	735,187	675,837	587,367
Total equity and liabilities	1,105,124	974,071	869,981

\* As a result of the first-time adoption of IFRS 16, rights of use and lease liabilities were first recognized in 2019. A retroactive adjustment of the prior-year figures was not carried out due to the application of the modified retrospective method.

Consolidated cash flow statement  
for the period from January 1 to December 31, 2019

in € thousands	2019	2018	2017
Cash flow	136,238	138,819	131,448
Changes in current assets and liabilities	–11,580	–12,040	–26,599
Net cash provided by operating activities	124,658	126,779	104,849
Net cash used in investing activities	–57,485	–35,082	–25,775
Net cash used in financing activities	–38,357	–24,276	–24,102
Effects of changes in exchange rates on cash	1,894	–2,258	–6,346
Net change in cash and cash equivalents	30,710	69,679	48,626
Cash and cash equivalents at beginning of year	397,103	327,424	278,798
Cash and cash equivalents at end of year	427,812	397,103	327,424

Report of the Supervisory Board

In the year under review, the Supervisory Board of Eppendorf AG continuously monitored and advised the Management Board. The Management 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 Management Board and was consulted in cases of doubt or far-reaching decisions.

The Supervisory Board convened for a total of five 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 Management Boards.

The Supervisory Board continues to have two committees, an Audit Committee and a Compensation Committee, which 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.

At an Extraordinary General Meeting on January 25, 2019, Thomas Heydler was appointed as another member of the Supervisory Board.

During the reporting year Detmar Ammermann left the Management Board effective May 31, 2019, and Thomas Bachmann effective December 6, 2019. Dr. Peter Fruhstorfer was appointed as a new member of the Management Board effective December 6, 2019, and at the same time, Fruhstorfer and Eva van Pelt were appointed as Co-CEOs.

The consolidated annual financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). These accounts, the annual financial statements of Eppendorf AG, and the management reports for the company and the Group were

examined by the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, who was elected by the Annual General Meeting and commissioned by the Supervisory Board. On March 11, 2020, the auditor issued an unqualified opinion. The documents referred to above and the associated audit reports, including the relevant reports prepared by the Management Board, were made available to all members of the Supervisory Board and were discussed.

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 of March 6, 2020.

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 consolidated financial statements submitted by the Management Board of March 6, 2020, and the annual financial statements of Eppendorf AG. The annual financial statements are thereby established. In addition, the Supervisory Board also reviewed and approved the profit appropriation resolution.

The Supervisory Board would like to thank the Management Board and all the employees of the Eppendorf Group in Germany and internationally for their dedicated efforts and successful work for the company in fiscal year 2019.

Hamburg, March 26, 2020



Philipp von Loeper  
Chairman of the Supervisory Board



# Boards

## Supervisory Board

- Philipp von Loeper**  
Chairman
- Prof. Dr. Elmar Hinz**  
Vice Chairman
- William A. Linton**  
Vice Chairman
- Thomas Heydler**  
since January 25, 2019
- Marlis Kripke**  
Employee representative
- Peter Schmidt**  
Employee representative  
since May 17, 2019
- Dirk Höft**  
Employee representative  
until May 17, 2019

## Management Board

- Dr. Peter Fruhstorfer**  
Co-CEO & Chief Business Officer  
since December 6, 2019
- Eva van Pelt**  
Chief Commercial Officer  
Co-CEO & Chief Commercial Officer  
since December 6, 2019
- Dr. Wilhelm Plüster**  
Chief Technology Officer
- Thomas Bachmann**  
Chairman  
until December 6, 2019
- Detmar Ammermann**  
Vice Chairman and  
Chief Financial Officer  
until May 31, 2019

## Imprint

**Published by:**  
Eppendorf AG  
Barkhausenweg 1  
22339 Hamburg

**Concept and design:**  
TEMPUS CORPORATE GmbH  
Helmut-Schmidt-Haus Buceriusstraße,  
Entrance: Speersort 1  
20095 Hamburg

Picture Credits:  
Title: Designed by Freepik, p. 16 supertrampmedia/Jonas Kakó (2),  
p. 20 Franz Leuschner/Orange YC GmbH, p. 28 Romolo Tavani, p. 31 iStock

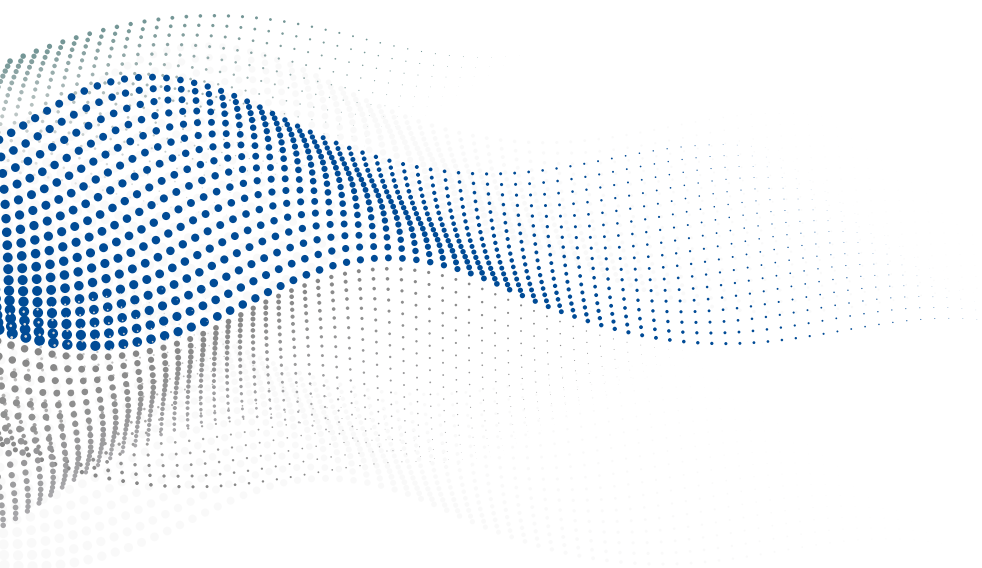
All other pictures: Eppendorf AG (Alexander Babic,  
Fabian Bimmer, Romanus Fuhrmann, Michael Wurzbach)

This report is also available in German.

AA01 010 820

The FSC logo, and Forest Stewardship Council® are registered trademarks of Forest Stewardship Council, Mexico. Ernst & Young® is a registered trademark of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Germany. The German Design Award Logo is a registered trademark of Stiftung Rat für Formgebung - Stiftung des bürgerlichen Rechts, Germany. Good Design® is a registered trademark of THE CHICAGO ATHENAEUM: THE CENTER FOR ARCHITECTURE, ART, AND URBAN STUDIES, USA. Labvolution® is a registered trademark of Deutsche Messe AG. I2SL® is a registered trademark of International Institute for Sustainable Laboratories, USA. Illumina® is a registered trademark of Illumina Inc., USA. Promega® is a registered trademark of Promega Corporation, USA.

Eppendorf®, the Eppendorf Brand Design, Eppi®, ep Dualfilter T.I.P.S.®, the epServices® logo, epMotion®, epBlue™, epT.I.P.S.®, CryoCube®, CellXpert®, PhysioCare Concept®, SafeCode™ and VisioNize® are registered trademarks of Eppendorf AG, Germany.



**Eppendorf AG**

Barkhausenweg 1

22339 Hamburg

Germany

[communications@eppendorf.de](mailto:communications@eppendorf.de)

[corporate.eppendorf.com/de](http://corporate.eppendorf.com/de)