



# Serving the World – Advancing Customers

Annual Report 2018

# Our Competence Areas in the Life Science Laboratory

Liquid Handling



Pipettes



Pipette tips



Automated liquid handling



Dispensers



Combitips®




Pipette controllers



Bottle-top dispensers and burettes


Cell Handling




Fermentors and bioreactors




Single-use reactors




Cell culture and imaging consumables




CO<sub>2</sub> incubators



Biological shakers



Micromanipulators and injectors



Electroporators

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, microtiter plates and single-use bioreactor vessels complement the range of highest-quality premium products.



## Sample Handling



Centrifuges  
and vacuum concentrators



Rotors and accessories



Mixers and  
temperature control  
systems



Thermal cyclers



Photometers



Ultra-low  
temperature freezers



Multiwell plates



Sample prep tubes

**epServices**  
for premium performance



### 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/OQ) and to meet your quality and legal requirements.

# Key Financials

## (IFRS)

		2014	2015	2016	2017	2018	+/- previous year
<b>Total net sales</b>	in € thousand	<b>531,080</b>	<b>629,141</b>	<b>651,544</b>	<b>690,336</b>	<b>729,170</b>	<b>+5.6%</b>
North/South America	%	35.8	38.5	37.8	37.7	36.8	
Europe	%	40.5	36.7	35.7	36.3	36.1	
Asia/Pacific/Africa	%	23.7	24.8	26.5	26.0	27.1	
<b>EBITDA</b>	in € thousand	<b>122,777</b>	<b>152,617</b>	<b>172,323</b>	<b>177,392</b>	<b>185,657</b>	<b>+4.7%</b>
EBITDA margin	%	23.1	24.3	26.4	25.7	25.5	
<b>EBIT</b>	in € thousand	<b>95,658</b>	<b>119,256</b>	<b>139,619</b>	<b>145,511</b>	<b>153,717</b>	<b>+5.6%</b>
EBIT margin	%	18.0	19.0	21.4	21.1	21.1	
<b>Profit for the year<sup>1</sup></b>	in € thousand	<b>65,746</b>	<b>80,835</b>	<b>96,265</b>	<b>92,112</b>	<b>106,356</b>	<b>+15.5%</b>
Profit for the year <sup>1</sup>	%	12.4	12.8	14.8	13.3	14.6	
<b>Cash flow</b>	in € thousand	<b>90,577</b>	<b>111,085</b>	<b>125,509</b>	<b>131,448</b>	<b>138,819</b>	<b>+5.6%</b>
Equity ratio <sup>1</sup>	%	60.8	65.2	63.2	67.5	69.4	
<b>Total assets</b>	in € thousand	<b>716,784</b>	<b>810,877</b>	<b>846,465</b>	<b>869,981</b>	<b>974,071</b>	<b>+12.0%</b>
R&D expenses	in € thousand	29,369	31,911	34,787	36,489	45,265	+24.1%
Earnings per share	in €	1.28	1.58	1.87	1.79	2.07	+15.6%
Number of employees, annual average		2,880	2,969	3,029	3,134	3,292	+5.0%

<sup>1</sup> incl. non-controlling interests

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# Foreword

*Dear ladies and gentlemen,*

2018 was a very good year for Eppendorf. The company increased its Group sales by 8.2% (in local currencies) compared with the previous year. Eppendorf experienced broad-based growth, with improved results in all divisions and all market regions. North America, in particular, contributed to our above-average growth compared with the rest of the market. Overall, we even outperformed our dynamic industry as well: 2018 was probably one of the best years in the life science market by far.

In fiscal year 2018, we also continued to invest heavily in our company, particularly in research and development and additional human resources. EBIT at the Eppendorf Group climbed 5.6% above the level generated in the previous year while the EBIT margin remained unchanged at 21.1%.

The ability of Eppendorf to once again accelerate growth in comparison with the previous robust year of 2017 is a remarkable achievement. This is especially the case as we not only made great financial strides, but also rapidly accelerated the transformation of our company that had begun in 2017. We intend to draw on the initiatives launched under the **be Eppendorf 2021** program to position our company for continued successful development over the long term. Our main goal is to achieve organic growth well above the market average over the coming years. In practical terms, we have defined three strategic subject areas to address: sales, (product) innovation and our corporate culture. We succeeded in taking important steps forward in all three areas during 2018: Within the framework of the "Going-to-Market" initiative, we continued to work on our sales and marketing organization to strengthen our market presence and customer proximity. Under the "innovation" initiative, we accelerated our product development by introducing the agile methodology, which is also geared toward meeting current customer needs. And as part of the third initiative, we have continued to further enhance our already very good corporate culture to create a dynamic and flexible work environment. In 2018, we also started worldwide efforts to optimize the way we cooperate within the company. The new approach draws on our vision, mission and values, which we have presented to all employees worldwide. Feedback, critical self-reflection, and improved measurability of the goals we set ourselves are key elements we intend to use to measure our performance in the future.



**New organization successfully established**

On January 1, 2018, we implemented more new organizational structures. The two newly created Management Board mandates, Commercial Organization (sales, service, and marketing) and Business Portfolio (business divisions), successfully realized a large number of projects during the reporting year. Our geographical realignment was a particularly important step in setting the course for Sales. Today, Eppendorf has four equal market regions: Europe, Americas, China, and Asia/Pacific/Africa. This structure allows us to boost our customer orientation and efficiency in each of these markets. The remarkable acceleration in growth during the reporting year is due, in part, to the realignment of Sales and Marketing and their new, innovative approach to work. This change includes close collaboration between the newly created global key account management teams and Regional Sales, particularly for customers in the pharmaceutical and biotech industry. Another involves the continuous international harmonization of approaches to customers that are being designed more effectively and efficiently as well. This also includes the use of new e-commerce channels and inside sales.

In the area of Business Portfolio, we drafted and defined our strategies for the individual product groups and began implementing them over the course of 2018. Emerging Business Opportunities and Global Business Intelligence and Development were established as two new business units to support the Business Portfolio product divisions in developing new product ideas and successfully bringing them to market.

In connection with this, the first-ever Key Opinion Leader Panel will take place in 2019. The panel will comprise a changing set of Eppendorf Group management team members who will exchange information on new trends and technologies with important interdisciplinary life science stakeholders from both industry and science. Our new Key Opinion Leader Panel replaces, among other things, the Scientific Advisory Committee, whose members we would like to sincerely thank for their many years of service.

**Innovative products and processes**

As part of our innovation initiative, agile product development took significant steps forward in 2018. After having carried out approximately ten pilot projects, we implemented the agile development process as standard in January this year. We have, as a result, created a framework that enables us to prepare products for the market faster and more flexibly. One example of a successfully launched product that was developed entirely with agile methods is the *epMotion*® 5075 NGS solution workstation for gene sequencing. Other product launches in market segments that are very important to us include the *Innova*® S44i shaker, the universal centrifuge 5910 R and the microcentrifuge 5425. In addition, we brought the freezer *CryoCube*® F740hi and the CO<sub>2</sub> incubator *CellXpert*® C170i to the market. And in the area of consumables, there was strong demand for Eppendorf pipette tips for highly viscous liquids; the *ViscoTip*®.

Digitalization and networking are future-oriented topics that are growing more and more important to the success of our products as their use in everyday lab work is increasing. We therefore also worked intensively on these two topics in 2018.

#### **Initiatives for quality assurance and more extensive market communication**

During the reporting year, we commissioned external specialists to conduct a broad-based worldwide customer survey. The survey indicated our customers very much appreciate our long-lasting, high-quality laboratory instruments and the good advising services provided by our account managers. But we also received feedback showing we could improve how we address our customers' needs in certain areas. As a result, in 2019 we will restructure our complaint management and launch various initiatives to enhance our communication within the market.

#### **Outlook for 2019**

We will continue to drive our innovation initiatives forward in 2019. For the first half of the year, numerous product launches are planned that will contribute to the further positive development of our sales. In general, we expect the fundamental economic confidence in our industry to remain intact, particularly in the United States. Our achievements in 2018 and the investments made to strengthen our performance do, however, leave us confident that we will be able to continue to grow sustainably.

We will continue to invest strongly during 2019 in line with our strategic objectives and thereby lay the groundwork for further profitable and sustainable growth. In view of the higher costs planned for this, we estimate that our operating profit adjusted for currency effects will remain at the same level as the year before.

#### **Thanks**

The implementation of our new organizational structure, the promotion of agile development, and the large number of successfully implemented projects have, along with our day-to-day business, demanded a great deal of commitment and flexibility from our employees around the world. We would like to thank them all for their great dedication, their readiness to embrace new ideas and their willingness to change. And we would also like to thank our customers, in particular for their loyalty to our products, for their valuable suggestions, and for the positive, trusting cooperation.



Thomas Bachmann



Detmar Ammermann



Eva van Pelt



Dr. Wilhelm Plüster





**Dr. Wilhelm Plüster**  
Chief Technology Officer

**Detmar Ammermann**  
Vice Chairman of the  
Management Board and  
Chief Financial Officer

**Eva van Pelt**  
Chief Commercial Officer

**Thomas Bachmann**  
President &  
Chief Executive Officer



# Serving the World – Advancing Customers

MARKET PRESENCE AND  
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»Our future-oriented initiative be Eppendorf 2021 has a central goal, which we will continue to rigorously pursue in 2019: the continuous, long-term improvement of the premium quality of all our products and services – exactly as our customers want and need. Through the measures and expertise we have already implemented and will continue to systematically improve, we will deliver even greater added value to laboratories around the world in the future.«

Thomas Bachmann, President & Chief Executive Officer

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# In Focus: Market Presence and Customer Proximity



MARKET PRESENCE AND  
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»Our stronger market presence and improved customer proximity contributed to our excellent results in 2018. We achieved this by taking such steps as further developing our customer channels and intensifying the dialogue with customers – far beyond the classic sales process and dialogue. Value creation for customers generated by the application of agile working methods plays a central role in optimizing and organizing the pathways to our customers.«

Eva van Pelt, Member of the Management Board and Chief Commercial Officer

# Market Presence and Customer Proximity





»Working with the Eppendorf eProcurement team for the past 3 years has been a pleasure. The initial integration with our software was seamless, and we have since onboarded over 70 mutual customers. As a procurement service provider, it is important to have these tools in place promptly, and the technical specialists at Eppendorf have always delivered.«

Jim Bukartek

Senior Manager – Client Technical Services, BioProcure, Inc., Woburn, Massachusetts, USA

# 2018

- > The new sales and marketing organization is being implemented
- > A large number of customer-oriented innovations are being introduced in Sales

Our healthy sales growth and noticeable gains in market share in the past fiscal year are fueled in particular by new, innovative ways of reaching our customers with the right offer at the right time. This enhanced approach to addressing customers results from the Going-to-Market initiative, which was launched in 2017 as part of **be Eppendorf 2021**. The initiative aims to strengthen the alignment of our global sales, service and marketing activities with the changing needs of our customers.

All sales channels are being examined. The company continuously monitors and constantly enhances all of its sales channels as part of an efficient multichannel sales strategy. This holistic improvement process always starts by posing the same key questions: Which Eppendorf products are best sold to which customers in which markets using which channels and which specialists? To find the right answers to these questions, we ensure close collaboration between users and decision-makers in the market and product developers and market managers at Eppendorf.

The new sales and marketing organization we established on January 1, 2018, proved its worth in the year under review. The organization guarantees a uniform global structure for cooperation between Eppendorf and its customers. At the same time, it monitors regional and local market conditions. In 2018, we introduced a large number of

customer-oriented sales innovations and laid important strategic groundwork for the future while at the same time provided excellent support of the ongoing day-to-day business. As part of our geographical realignment, we created the Americas region, a new market region that combines the countries of Latin America with those of North America. In a reflection of its importance, China was established as an independent region. The four equal regions of Europe, Americas, China, and Asia/Pacific/Africa (APA) provide a framework for Eppendorf to boost customer orientation and efficiency when serving markets in the future.

## **Sales: Agile methods support greater customer proximity**

Agility is known as a working method that allows products to be developed faster and in closer cooperation with the customer. This is also the case for modern, market-focused and customer-centric approaches in sales, marketing and service. Thanks to agility, process innovations are provided to the customer and added value is generated.

Eppendorf is therefore working to establish agile methods and processes that will lead to a deeper understanding of customers. With this knowledge in mind, we are continuously enhancing our sales structures and channels in all regions. This optimized customer dialogue is conducted in addition to and independently of the classic sales process.

The results of the customer dialogue are promptly evaluated and used to react to market dynamics and to seize the arising opportunities for the customers' benefit. This is where Eppendorf benefits from its excellent, long-term customer relationships. They provide the basis for extensive discussions and exchanges that benefit both sides.

Disruptive technologies are also considered and analyzed within the framework of the agile sales approach. One question forms the focal point of the evaluations: To what degree will new technologies at the customers' place of business lead to new working practices and buying behavior? This can already be observed with the help of smart channels like e-commerce.

Eppendorf supports our customers' link to different e-commerce channels in accordance with the requirements and needs of our customer groups in their particular market segments.

We use our own e-shop and external e-procurement platforms to provide our customers with a choice of online sales channels, and we work continuously to optimize them.

For the current year, the sales organization has set itself the objective of achieving commercial excellence. To continuously take our sales processes to an even higher level for the benefit of the customer, a team of commercial excellence experts is working closely with all the departments involved. Among their tasks, the team is reviewing the global and regional sales channel mix and supporting the introduction of a new customer relationship management (CRM) system. This innovative platform is set to be implemented in summer 2019, and will also involve social media; this also enables real-time digital dialogue with customers and partners to be increasingly encouraged.

## Worldwide Growth in 2018\*

11.5 %

China

7.0 %

Asia/Pacific/Africa



9.0 %

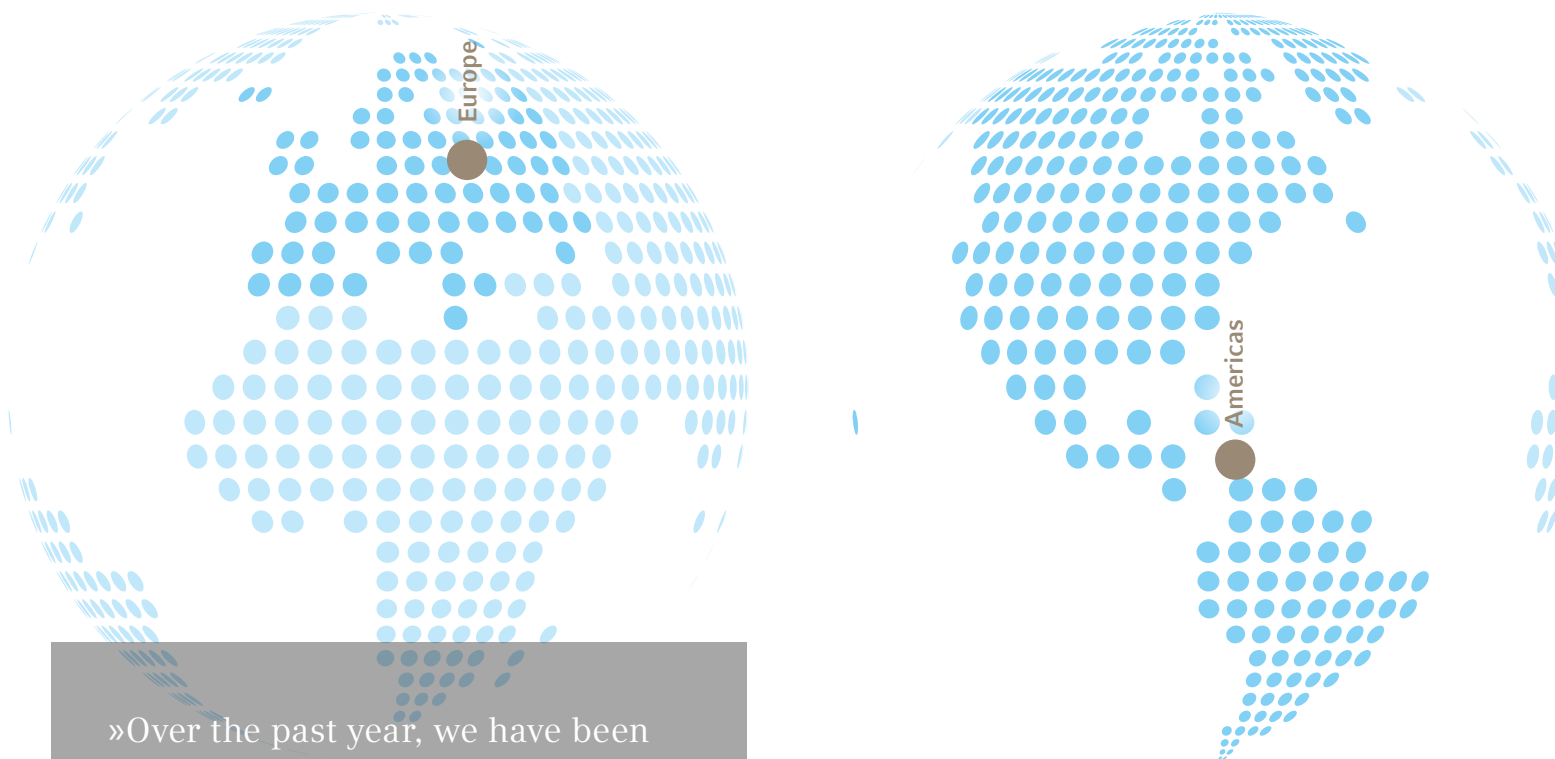
Americas

5.7 %

Europe

\*In local currencies





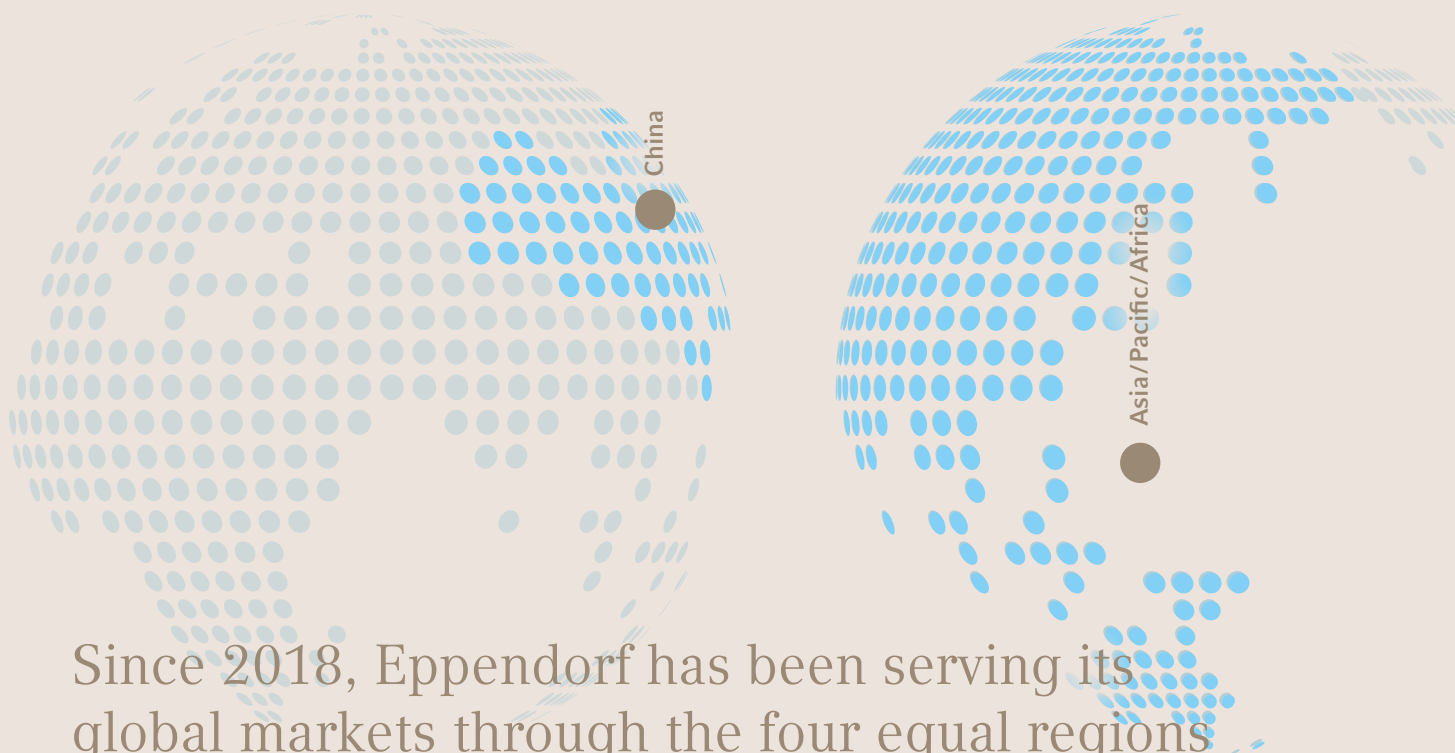
»Over the past year, we have been able to triple our product output using the Eppendorf BioFlo® 120s. The easy-to-use data acquisition system of these reactors has also allowed us to improve our fermentation metrics. Our Eppendorf rep John has been extremely attentive since the start of our correspondence and was a huge help in our decision to purchase the BioFlo 610, which completes our company's milestone of achieving a run at the pilot scale.«

Ian Graves  
Bio-process Engineer, Ecovia Renewables Inc.,  
Ann Arbor, Michigan, USA



#### **Service: Potential for more in-depth customer relationships**

Eppendorf also sees considerable potential for the future in the service arena. In 2018, the strategic foundation was laid to fuel dynamic further development. Potential that is identified and tapped through systematic analysis forms the foundation for this. It is also important to learn about customer needs that extend beyond existing offers – including, for example, application support, seminars and training sessions, technical support, and maintenance and certification services – in order to develop and offer other services. Particularly in terms of labs that place a high priority on stable operations and valid, reproducible research results, Eppendorf sees opportunities to generate more value for its customers by providing service and in the



Since 2018, Eppendorf has been serving its global markets through the four equal regions of Europe, Americas, China, and Asia/Pacific/Africa. This setup enables the company to operate even closer to its customers and more efficiently in its markets.

process significantly intensifying collaboration. Here, too, digitalized solutions can improve the connection with the customer through, for instance, the use of smart channel solutions and digital lab networks and the automatic signaling of maintenance requirements.

#### **Marketing: Optimized approach to the customer for a closer exchange**

The further development of our global marketing organization progressed according to plan in 2018. All marketing instruments were systematically upgraded, improved and altered to meet our customers' needs. Its positive reception by our customers was evident in the greater reach and marked increase in inquiries from potential buyers. Eppendorf also responds to the needs of younger users,

both over the established channels and through social media. Practical examples are used to show how Eppendorf products and services can make everyday laboratory life easier for customers – in a vivid, personal and relevant way. Posts on social media enable a broad and animated discussion. But even the classic trade show has not lost its relevance. It continues to offer customers and others from the science community a valued platform for discussions and personal exchange. Eppendorf enjoyed great success at several major international trade shows in the year under review, including Pittcon® in Philadelphia (Pennsylvania, USA), Analytica® in Munich (Germany) and Shanghai (China),ACHEMA® in Frankfurt (Germany), World of Technology and Science in Utrecht (Netherlands), and Neuroscience in San Diego (California, USA).



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# Shaping Tomorrow with Innovations

»During the year under review, three memorable milestones stand out in terms of our processes, products and production facilities: We worked closely with our customers and switched our product development approach to agile methodologies. In addition, we introduced more than a dozen new, innovative products, including two in our key segment of centrifuges. And in a third area, we made significant investments to establish modern manufacturing and logistics capacities. All of these efforts help us to provide even faster and better service to our customers worldwide.«

Dr. Wilhelm Plüster, Member of the Management Board and Chief Technology Officer

## Innovation



»The equipment that we use with the students in the practicals is a key element for ensuring that they have the right educational experience.«

Dr. David Guiliano  
Head of Department for Bioscience and Sport,  
University of East London, London, Great Britain



»One of the things that is really important is to have a piece of equipment that is robust and reliable but also easy to use.«

Dr. José Saldaña  
Lecturer in Immunology,  
University of East London, London, Great Britain



The life-science and diagnostics markets grew considerably in 2018. This development reflects the general growth trend in both sectors. Demand for good products and services is greater than ever and continues to increase. As a result, market players have many opportunities to benefit from this trend. Only those companies with suitable offers to meet the changing needs of customers, for example those dealing with digitalization, will, however, be able to participate in this trend.





# 2019

At the beginning of the year, the agile development process was implemented as a global standard.

«I have been a consistent user of Eppendorf products since 2007, from my PhD days in Japan. Eppendorf hasn't stopped innovation in their products. They also create new channels for the exchange of knowledge between them and their customers to keep pace with scientific development.»

Dr. Santosh B. Satbhai,  
Assistant Professor, Department of Biological Sciences, Indian Institute of Science  
Education and Research (IISER), Punjab, India



Eppendorf is a brand that industries know and appreciate worldwide. The company offers a wide range of devices, consumables and services that are fixtures in many laboratories around the world. In the year under review, Eppendorf once again saw strong demand for its products in all regions of the world, and the company is overall in a very good position to achieve profitable growth over the long term.

To reach this goal, the company promotes the topic of innovation as one of three central strategic measures within the framework of the future-oriented initiative **be Eppendorf 2021**. As the initiative focuses on the rapid development of new products that offer customers tangible added value, the area of innovation is closely linked to the other two measures of **be Eppendorf 2021**, Going-to-Market and Corporate Culture.

### Agile development: From pilot projects to the standard process

A core element of the innovation initiative is agile product development. This method originates from the IT and software industry and focuses on speed, flexibility and extensive exchange with customers. Using prototypes, feedback can be collected from customers at an early stage in the process and applied to making improvements. The aim of this process is to develop market-oriented products with an even higher frequency and even greater benefit to the customer – all the while maintaining the consistently high quality that Eppendorf customers have come to expect.

In the year under review, Eppendorf successfully moved forward with its introduction of agile development processes, carrying out around ten pilot projects and implementing the agile development process as standard at the beginning of 2019.



Which aspects customers appreciate about the Eppendorf products and services is reflected in a series of awards the company won in 2018. Eppendorf was, for example, recognized at the prestigious international Life Science Industry Awards, winning gold in the category “Most responsive customer service” and silver in the category “Most environmentally friendly life science company.” Eppendorf received two additional awards for its pipette holder system: the 2018 German Design Award and the 2018 Red Dot Design Award. In addition, the Eppendorf Research® plus pipette was awarded the bronze SelectScience® quality seal, which places it in the top 0.1% of lab products with the highest customer ratings.



reddot design award



The new Eppendorf conical tubes ensure maximum specimen recovery, especially for specimens with a limited initial concentration. Tinted in white amber, the conical tubes feature an innovative material with significant transparency that also effectively protects the specimen from light in the low wavelength spectrum.



#### New products with significant customer benefit

The accelerated processes enabled Eppendorf to introduce more than a dozen new products last year. With the *epMotion 5075* NGS solution workstation for gene sequencing, we successfully launched our very first product developed entirely with agile methods. This workstation ensures fast and particularly user-friendly sample preparation for applications such as those in the promising field of next-generation sequencing.

The universal centrifuge 5910 R and the microcentrifuge 5425 represent two key product launches for Eppendorf. Our refrigerated universal centrifuge 5910 R sets new standards for flexibility in the laboratory. No other centrifuge has so few rotors and adapters while remaining able to accommodate a maximum number of different vessels. Our microcentrifuge 5425 works extremely quietly and can be used universally. And the *Innova S44i* shaker also saw a successful market launch in an important segment for Eppendorf.





This photo of ISS Commander Alexander Gerst was taken on November 26, 2018. It shows him using an Eppendorf Research Plus pipette in a scientific experiment to combat Parkinson's disease.  
© Photo: ESA

»We utilize the power of genetics in *Drosophila melanogaster* as a tool to study fundamental molecular principles underlying animal development and disease. The 2D-gradient function of the Mastercycler® X50s has made our CRiSPR/Cas9 transgenic screening robust and efficient. With the machine's faster ramp speeds, we could generate data faster.«

Amar Soory

Graduate student, Ratnaparkhi lab, Biology, Indian Institute of Science Education and Research, Pune, India

In the area of Cell Handling, Eppendorf expanded its portfolio with the CO<sub>2</sub> incubator CellXpert C170i, which creates ideal growth conditions for cells. Another innovation was the BioBLU® 10c adapter kit, a system for cell cultivation that the customer can use immediately. The CryoCube F740hi, a new ULT freezer, was also newly launched on the market in 2018.

The ViscoTip, innovative pipette tips for highly viscous liquids, opened up new market segments for Eppendorf and were in strong demand among users.

Digitalization is increasingly changing everyday laboratory life. Not least because of its broad product range, Eppendorf is predestined to play a leading role, especially when it comes to digital networking in laboratories. The VisioNize® device networking system, which was successfully tested with reference customers in the previous year, attracted a great deal of interest among users in its adapted version with an extended range of functions.

### Strengthening the infrastructure and further developing our sites

In 2018, we also systematically pushed ahead with investments in our infrastructure. For example, a fully automated, state-of-the-art, high-bay storage facility was put into operation at the competence center for research, development and the production of consumables in Oldenburg in Holstein (Germany). This investment enables Eppendorf to improve product availability and its logistics processes for customers worldwide. Through our cooperation with a leading, globally active diagnostics company as well as existing OEM customers, further expansion measures and production increases are planned at this site for 2019.

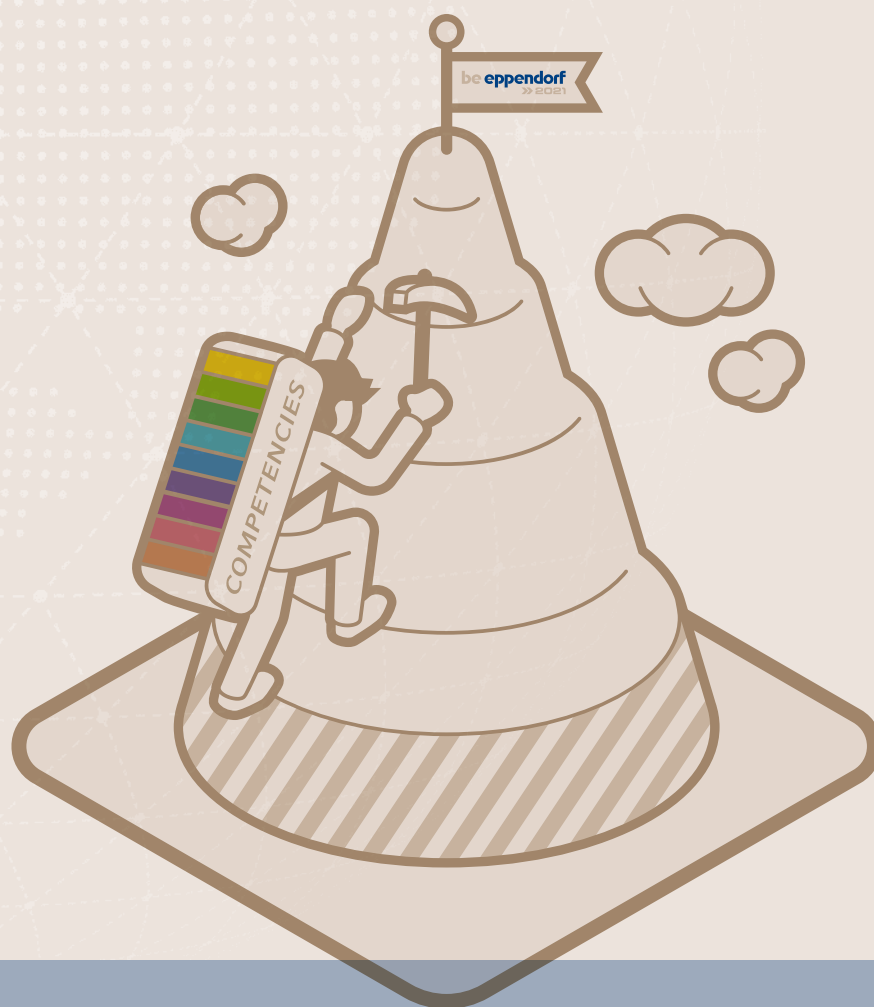
### Next steps

In 2019, Eppendorf will continue to drive the innovation initiative forward. Numerous product launches are planned for the first half of the year, particularly in the areas of Liquid and Sample Handling. And the company will also make further substantial investments in modernizing its infrastructure, for example at its headquarters in Hamburg (Germany) as well as in Enfield (Connecticut, USA).

# Our Culture – Our Strengths

»New objectives make it necessary to change our behavior. The new Eppendorf Competence Model helps us to make our progress measurable and to define targeted development measures.«

Thomas Bachmann, President & Chief Executive Officer



# Further Development



»I absolutely love working for Eppendorf. I believe in the strength of our employees and our brand, and I'm delighted to be a part of the company during such a critical phase. I believe working with the culture team will give me the opportunity to improve myself, strengthen the team spirit within the company, and inspire trust in Eppendorf's future.«

Sarah Paxton, Eppendorf, USA



# 2018

saw the formation of regional culture teams to firmly anchor the corporate culture in our everyday working lives and to establish habits conducive to achieving the defined goals.



The further development of Eppendorf's corporate culture is a cornerstone of our future-oriented initiative **be Eppendorf 2021**. By purposefully changing and strengthening the way all our employees collaborate around the world, we will be able to seize the many opportunities offered by the global markets and take advantage of them. The vision, mission and values of the company underlie this cultural change.

Some central points include: Eppendorf employees assume responsibility, act reliably, show respect and appreciation for each other, and ask for and provide feedback. They have the courage to drive forward changes, are motivated and demand excellence.

In the reporting year, the new mission statement was introduced at all of our companies worldwide. Eppendorf sees intensive exchange and collaborative learning as decisive

factors in supporting change. For this reason, we established new regional culture teams in 2018 to anchor the corporate culture firmly in our everyday working life as well as to integrate effective habits into all that we do. Team members moderate workshops and develop measures and projects; but, above all, they serve as ambassadors and points of contact for their local colleagues.

### **Systematically strengthening employee competencies**

To remain on the path to success with the cultural transformation we set out on as part of **be Eppendorf 2021**, we need managers with strong leadership skills who are willing to assume responsibility. The annual global management meeting in 2018 was therefore dedicated to the topic of "taking the lead and assuming responsibility." At the meeting, Eppendorf managers worked together in several workshops to develop a globally applicable competency





»When the vision, mission and values were announced in India, I was involved in organizing the rollout. I view this as a great opportunity to work together with the other team members and to serve as an ambassador for anchoring the vision, mission and values in our daily work.«

Priya Sundararajan, Eppendorf, India

»We all spend a lot of time at our workplaces and with our colleagues, so making this environment as positive as possible is in my own interest. What I'm promising myself by joining the culture team is the chance to help shape my environment.«

Tobias Dehde, Eppendorf, Germany



model for all employees using the company's strategic goals and values as a basis. The resulting model provides guidance on the nine competencies that are critical to our success. All Eppendorf employees should regularly ask themselves: Where do I stand? What competencies do I need to strengthen? As a manager, how do I assess the competencies of my team? Thanks to transparent requirements and opportunities, employees are able to continuously advance their personal development. Managers use this model to systematically nurture the development of their team members.

#### **Joint professional advancement**

To further develop professional competencies, Eppendorf once again organized major internal meetings in 2018. For example, colleagues from the global Commercial Organization met at the International Sales Meeting, which was

dedicated to the global sales, service and marketing organization's transformation. In line with the guiding topic of commercial excellence, the organization is to become even more powerful, customer oriented and agile. Colleagues working in product development also exchanged ideas across the boundaries of the individual competence centers. An important topic here was the continuation of the Operational Excellence initiatives. In addition, numerous training sessions were held on the new innovation process and agile development. Since the summer of 2018, Eppendorf also has two internal coaches who actively work to develop agile expertise and support product development projects.

# Sustainability

Social, Ecological  
and Corporate Aspects



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The topic of sustainability has significant influence on all of our business decisions. At Eppendorf, sustainability generally encompasses social, ecological and corporate aspects. It is expressed in many small steps in our daily business and is apparent in all of our processes – from product development to production and sales all the way to the product's disposal. And Eppendorf expects the same from its suppliers and sales partners around the world. We apply stringent ecological standards throughout the company, not just where they are required. In terms of social sustainability, commitment at Eppendorf takes a variety of forms depending on the facility and country in question.

# Sustainability





Eppendorf supports the innovation Truck of the German Federal Ministry of Education and Research by providing products in this mobile exhibition format that enable students and adults to experience research firsthand. [www.innotruck.de](http://www.innotruck.de)

### Social sustainability

Eppendorf cares greatly about its social commitment. One of our focal points in this regard concerns promoting future generations of scientists. Eppendorf has been recognizing young scientists with awards for more than twenty years. Specifically, the company supports the research community with the "Eppendorf Award for Young European Investigators" and the "Eppendorf & Science Prize for Neurobiology," both of which are presented annually to applicants under the age of 35. The award-winning projects from 2018 are described on page 27.

But Eppendorf also takes part in smaller initiatives to get young people interested in science and the company, such as the international student competition "Biology Olympiad," the German initiative "InnoTruck" and the Science Slam, which has become immensely 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.

# 20+

Eppendorf has been recognizing young scientists with awards for more than twenty years.



»Right from the start of my work, I was pleased about how much Eppendorf values sustainability in all aspects and areas as well as about how many ideas and commitments already existed or have been implemented. The current challenge is to pull together all the activities and make them visible and measurable for the public.«

Sarina Meister,  
Project Director at uniconsult GmbH, Hannover, Germany;  
she works for Eppendorf as the company's environmental officer.

Andrea Ablasser,  
winner of the 2018  
Eppendorf Award



Every year, young scientists engaged in biomedical and neurobiological research can apply for two prizes for their work. Eppendorf awards these prizes on the basis of strict criteria and in cooperation with well-respected scientific journals.



**eppendorf**  
& Science  
**PRIZE FOR**  
**NEURO**  
**BIOLOGY**

Young scientist Dr. Johannes Kohl, won the 2018 Eppendorf & Science Prize for Neurobiology for his work on the neuronal mechanisms underlying parental care. The work shows how a small population of genetically defined neurons controls the motor, motivational, hormonal and social aspects of parental behavior in male and female mice. This discovery provides a new model for how specific components

of social behavior are generated at the level of neuronal excitation circuits. Decoding the functional structure of such excitation circuits will advance our understanding of how the brain coordinates complex behaviors.

The 2018 Eppendorf Award for Young European Investigators was awarded to Prof. Dr. Andrea Ablasser, Assistant Professor at the Swiss Federal Institute of Technology in Lausanne, Switzerland. She received the award for her research on a crucial phase in innate immune system defense mechanisms in which a defense response is triggered as soon as cells are attacked by microorganisms. In essence, her work provides an explanation for mechanisms responsible for cells receiving information about the intrusion of foreign DNA. She was recently able to prove that the same mechanism is triggered in aging cells and therefore contributes to senescence. Her work will potentially contribute to the development of new therapeutic approaches for treating both microbial infections and autoinflammatory syndromes.

More information about the Eppendorf prizes is available  
at [www.eppendorf.com/prize](http://www.eppendorf.com/prize) and [www.eppendorf.com/award](http://www.eppendorf.com/award)

## Promoting young talents early on: Cooperation with the Louisenlund Foundation

Eppendorf has always felt especially committed to promoting future generations of scientists. A career in science requires great personal commitment and a lot of staying power. It's important to recognize and promote the talent of young people as early as possible so they can realize their full potential during their later studies and career.

Eppendorf has always been particularly committed to the promotion of young talent. Against this backdrop, Eppendorf entered into a cooperation with the Louisenlund Foundation in spring 2017. The charitable foundation runs a boarding school in the German state of Schleswig-Holstein that helps students develop not just their intellectual abilities but also personal responsibility and social and intercultural competencies. In 2016, the Louisenlund boarding school introduced a training course for students who have a special gift for what is known in Germany as MINT subjects (MINT: mathematics, IT, natural sciences, technology). The training is supported by science, research, industry and political partners, and the learning objectives are defined in accordance with the nationwide plus-MINT program. A scholarship fund has been set up to enable young students to take part in the program regardless of their family's social status.

Since 2017, Eppendorf has made a commitment to support the four-year training course with a financial contribution that provides funding for a full scholarship and has enabled students to attend the boarding school. In addition, the partnership also enables a broad range of exchanges between Eppendorf and the school, including students invited to participate in internships, Eppendorf helping with entries to competitions and employees offering to serve as personal mentors.

[www.louisenlund.de](http://www.louisenlund.de), [www.plus-mint.de](http://www.plus-mint.de)



**MINT**  
INTERNAT LOUISENLUND  
+



© Louisenlund Foundation





The children of our employees can take part in the Eppendorf school holiday exchange program.

## Intercultural exchange: The Eppendorf Family Network

Eppendorf is an international company and has found a home in numerous countries throughout the world. Mutual cultural understanding is therefore of special interest to the company. The Eppendorf Family Network exchange program enables our employees' children to get to know other cultures, improve their language skills and become part of another family for a while. Every year since 2013, the company has offered young people between the ages of 14 and 18 the opportunity to participate in this international program. The young people then spend two to four weeks of their vacation with an Eppendorf family in another country. Participants must have a sufficient knowledge of English and agree to a two-way exchange; that is, every family benefiting from another family's hospitality later serves as a host family itself. In this way, the families of colleagues can get to know each other, and the young people can have their first experiences abroad in a family environment. In 2019, the program will be extended to our American cooperation partner Promega for the first time, giving even more young people the opportunity to participate in the exchange program.

The program enjoys great popularity. In 2018, a total of eighteen children from five different countries applied for a stay abroad. In cooperation with the outside organization CoFam, Eppendorf brings suitable employee families together in a transparent process and bears the costs for the exchange.

### Ecological sustainability

Aware of its responsibility for people and the environment, Eppendorf strives for active, comprehensive, and innovative environmental protection. This is why for years Eppendorf has had an environmental management system that conforms to the ISO 14001 international standard. Our goal is to optimize this system continually and thus improve the environmental performance of the company over the long term. That includes, for example, reducing waste and hazardous substances in production through process optimization, lowering our energy consumption per square meter through energy-efficiency upgrades at our sites, using renewable energies both for our office buildings and in our plants, and, as a result, reducing overall annual CO<sub>2</sub> emissions throughout the company. But we also attach value to smaller measures, such as the use of electric cars. The first charging station for electric cars at the site in Hamburg is scheduled for installation in 2019, for example.

Our employees are the foundation of our environmental management system, so the company promotes their environmental awareness through targeted information, training and continuing education, joint activities, integration and leadership.

Wherever it is economically feasible, Eppendorf orients itself toward the goals of sustainable business. We continuously identify measures that help reduce environmental damage and implement them rigorously – and that applies equally to all areas of the company. The high quality and efficiency of our products as well as their long service life and appropriately sized packaging help us make a contribution to the careful use of resources. Eppendorf ensures that environmental requirements are defined and considered as early as the development process for each stage of the product life cycle. This also allows us to exploit synergies between ecological and economic sustainability. In our competence centers all over the world, we focus on two main sustainability issues: increasing energy efficiency and reducing the carbon footprint of our products.

In 2018, our ongoing efforts were recognized by a panel of renowned international experts: Eppendorf won the Life Science Industry Award in silver as the “most environmentally friendly company” (see also page 18).



# 25%

reduction in energy consumption compared with the predecessor of the F740h ULT freezer.



One example of a particularly environmentally friendly product is the new generation of ultralow temperature freezers introduced in 2018. The CryoCube F740 series works exclusively with future-proof, environmentally friendly coolants. In addition, the F740h model, for example, saves up to 25% energy compared with its predecessor. This has enabled Eppendorf to reach yet another milestone in the area of sustainability. The company now has ten years of experience in the field of environmentally friendly ULT freezers. And the criterion of sustainability is taken into account during the devices' entire life cycle: from research and development through production and logistics to customer service.

# Total Net Sales

2008 – 2018 (in € thousands)



## Corporate sustainability

Eppendorf was founded in 1945 by Dr. Heinrich Netheler and Dr. Hans Hinz and is still in the hands of the founding families today. In this stable ownership culture, the focus of Eppendorf has always been on long-term thinking and sustainable growth rather than short-term success. And all along, Eppendorf has relied on premium quality. We apply a holistic view of processes in the laboratory to develop application- and solution-oriented devices and consumables designed for a long service life and top quality. As a result, laboratories all over the world use Eppendorf devices that have long since ceased to be produced, but still work perfectly and do their jobs.

Maximum functionality, optimal sample handling, intuitive operation: All this is just the visible part of high-quality laboratory devices. As a manufacturer, Eppendorf can only be satisfied when the materials and manufacturing processes the company employs uphold the highest standards of sustainability. And this is also reflected in our customers' increasing focus on sustainability when buying lab equipment.

Further information on sustainability at  
[Eppendorf: corporate.eppendorf.com/  
en/company/sustainability/](https://corporate.eppendorf.com/en/company/sustainability/)

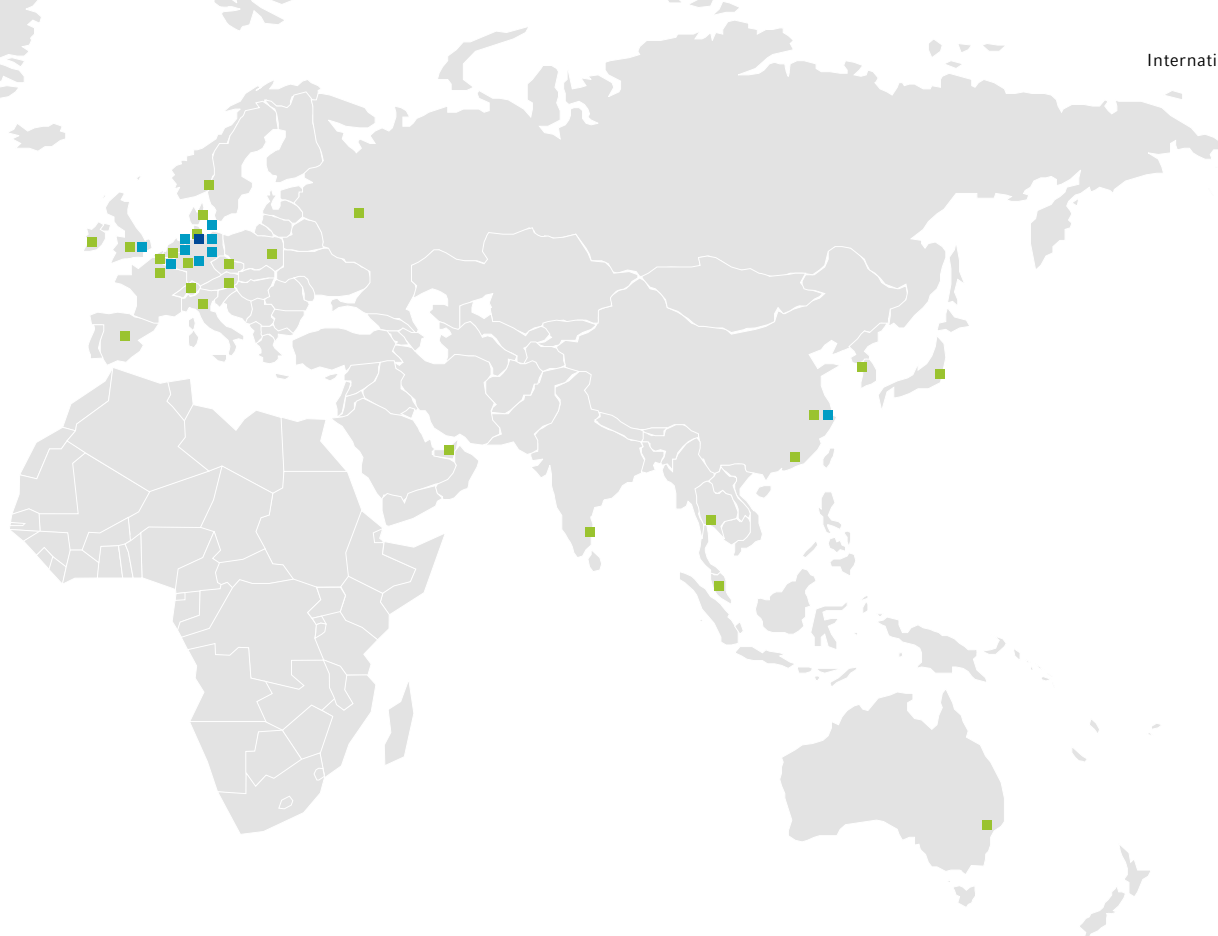
INTERNATIONAL  
PRESENCE

# 32 International Presence

## Europe

- |  |   |   |
|--|---|---|
| ■ Eppendorf AG<br>Hamburg/Germany  | ■ Eppendorf Poland sp. z o.o.<br>Warsaw/Poland                | ■ Bio-ITech B.V.<br>Groningen/Netherlands                             |
| ■ Calibration Technology Ltd.<br>Limerick/Ireland                          | ■ Eppendorf Russia ooo<br>Moscow/Russia                       | ■ DASGIP Information<br>and Process Technology GmbH<br>Jülich/Germany |
| ■ Eppendorf Austria GmbH<br>Vienna/Austria                                 | ■ Eppendorf s.r.l.<br>Milan/Italy                             | ■ Eppendorf Application<br>Technologies S.A.<br>Namur/Belgium         |
| ■ Eppendorf Belgium NV/SA<br>Aarschoot/Belgium                             | ■ Eppendorf UK Ltd.<br>Stevenage/Great Britain                | ■ Eppendorf Instrumente GmbH<br>Hamburg/Germany                       |
| ■ Eppendorf Czech & Slovakia s.r.o.<br>Říčany (Prague)/Czech Republic      | ■ Eppendorf Vertrieb<br>Germany GmbH<br>Wesseling/Germany     | ■ Eppendorf Liquid Handling GmbH<br>Hamburg/Germany                   |
| ■ Eppendorf France SAS<br>Montesson (Paris)/France                         | ■ Vaudaux-Eppendorf AG<br>Schönenbuch (Basel)/<br>Switzerland | ■ Eppendorf Polymere GmbH<br>Oldenburg in Holstein/Germany            |
| ■ Eppendorf Ibérica S.L.U.<br>San Sebastian de los Reyes<br>(Madrid)/Spain | ■ Starlab International GmbH<br>Hamburg/Germany               | ■ Eppendorf Zentrifugen GmbH<br>Leipzig/Germany                       |
| ■ Eppendorf Nederland B.V.<br>Nijmegen/Netherlands                         |   | ■ Eppendorf CryoTech Ltd.<br>Maldon/Great Britain                     |
| ■ Eppendorf Nordic A/S<br>Hørsholm (Copenhagen)/Denmark                    |   |   |
| ■ Eppendorf Norge AS<br>Oslo/Norway  |   |   |





### Americas

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

### Asia/Pacific/Africa

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

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

# Management Report

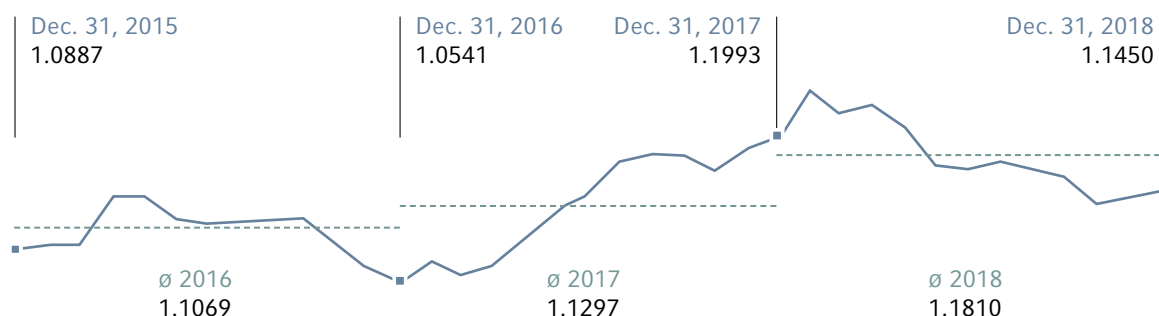
## Overall economic developments

According to the World Bank, the global gross domestic product (GDP) grew by 3.0% in 2018, falling only slightly short of expectations. This marginally lower growth is due to both fewer monetary policy stimuli in the advanced economies and to a slowdown in global trade. The global tensions in trade relations predicted in the previous year did materialize, but have so far only had a minor impact on the real economy.

The GDP of the United States developed positively thanks to stronger domestic demand related to tax incentives. However, growth in the euro area declined as exports dropped due to an average appreciation of the euro. Growth in the Asia-Pacific region also slowed, but still remains strong overall. While China's growth declined only slightly thanks to continued high consumption, Japan lost more than half the previous year's growth rate due to natural catastrophes and lower exports.

On average for the year, the U.S. dollar depreciated by 4.5% to 1.18 U.S. dollars per euro. By contrast, it appreciated by 4.7% year-on-year to 1.15 U.S. dollars per euro as of December 31, 2018. While the euro remained very strong in the first quarter, the U.S. dollar gained ground as the year progressed. In addition to the U.S. government's fiscal policy reforms, the increase in U.S. prime rates also had a positive impact on the U.S. dollar. The European Central Bank continued its relaxed monetary policy, but at the end of the year stopped buying government and corporate bonds to expand the money supply. The earliest date for an increase in the European key interest rate is fall 2019.

## USD-EUR exchange rate development, 2016 – 2018



— Exchange rate on reporting date    - - - - Annual average exchange rate

### Industry developments

In 2018, the segments of the life science industry relevant to our business grew by about 7% when adjusted for currency effects. This means the industry developed significantly better than the global economy. An increase in research projects that boosted demand from both state and private laboratories positively contributed to this trend. Worldwide 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, we play a leading role on the world's laboratory products market, particularly in the public sector. It is our goal to strengthen this leadership through ongoing development of the company 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 our product portfolio and the steady broadening of our customer base through greater customer access, especially in the industrial sectors. Among the cornerstones of our business strategy is the consolidation of our global market position through targeted investments in our various

sales structures and channels and in the expansion of our training and service portfolio. Our goal is to offer our customers high-quality, comprehensive support wherever they work.

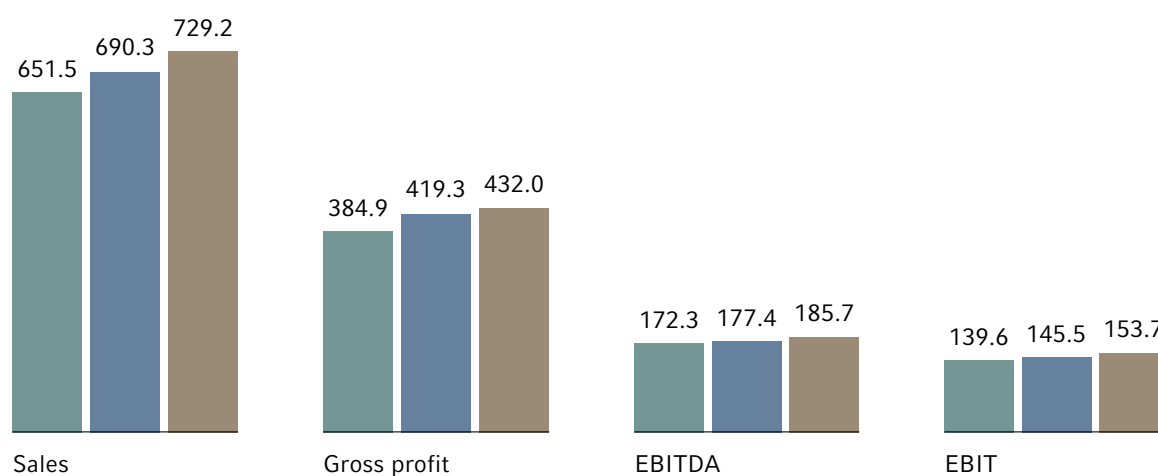
### Financial summary

The 2018 fiscal year was a very successful one for Eppendorf, with all regions contributing to the company's positive business development. Group sales increased by a total of 5.6%. Measured in local currencies, the Group achieved growth of 8.2%, which is above the global industry's growth. Our goals of achieving growth in the mid-single-digit range and slightly above the industry average were therefore quite successfully met.

In percentage terms, our EBIT remained at the previous year's level, despite significantly increased investments in the further development of our organization and infrastructure.

Key business development figures are presented in the figure below:

### Key performance data in € millions



### Sales trend

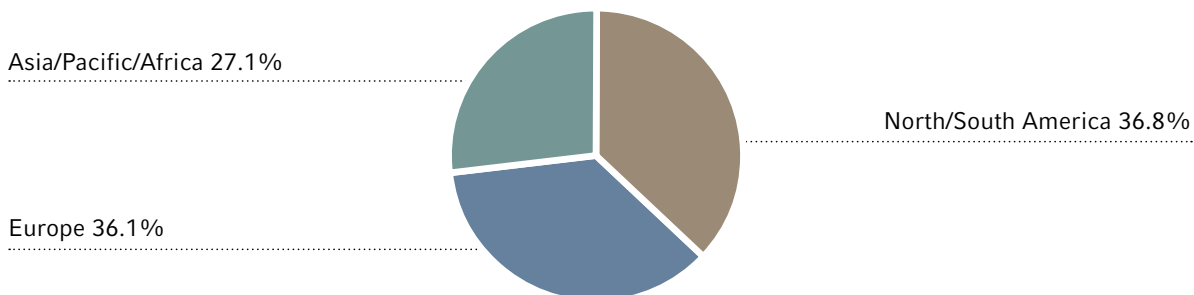
Group sales rose by 5.6% to €729.2 million in the 2018 fiscal year (prior year: €690.3 million). In local currencies, this corresponds to an 8.2% increase in sales. All sales regions successfully contributed to the improvement in net sales.

A rise in public spending in North America had a particularly positive impact on market development in the North and South America region. With overall sales growth of 9.0%, the region well exceeded average industry growth.

Growth rates in Europe continued to develop positively during the reporting year, with a sales increase of 5.7% over the previous year when measured in local currencies. The region thus continues to enjoy very good growth.

Sales in the Asia/Pacific/Africa region rose by 11.1% in local currencies. This strong sales growth was driven by all countries, with the growth rates in China and India particularly noteworthy.

### Sales by region, 2018



in € millions	+/- previous year	2018	2017	2016	+/- previous year in local currencies
North/South America	+3.1%	268.2	260.1	246.5	+9.0%
Europe	+5.3%	263.6	250.4	232.5	+5.7%
Asia/Pacific/Africa	+9.8%	197.4	179.8	172.5	+11.1%
<b>Net sales</b>	<b>+5.6%</b>	<b>729.2</b>	<b>690.3</b>	<b>651.5</b>	<b>+8.2%</b>

### Selected financial data

In fiscal year 2018, gross profit increased to €432.0 million (prior year: €419.3 million) and the gross profit margin dropped to 59.2% (prior year: 60.7%). The decline in percentage terms is largely attributable to the appreciation of the euro against other currencies on an annual average.

Operating expenses rose by 3.7% to a total of €272.6 million (prior year: €262.9 million). This rise is largely due to increased research and development activities.

Other expenses/income during the reporting year consisted mainly of reorganization expenses of €4.3 million (prior year: €5.2 million), government grants of €1.9 million (prior year: €1.6 million) and net proceeds from currency conversion of €1.6 million (prior year: net expenses of €4.1 million).

Income from operations (EBIT) in 2018 amounted to €153.7 million (prior year: €145.5 million), thus achieving an increase of 5.6% over the year before. As in the previous year, the EBIT margin was 21.1%.

Net profit for the period rose to €106.4 million (prior year: €92.1 million). This improvement is due to the normalization of the tax rate. The previous year's rate was increased by a deferred tax effect resulting from the reduction of the federal U.S. corporate tax rate from 35.0% to 21.0%.

### Selected financial data

in € millions	2018	%	2017 <sup>1</sup>	%	2016 <sup>1</sup>	%
Net sales	729.2	100.0	690.3	100.0	651.5	100.0
Cost of sales	-297.2	-40.8	-271.0	-39.3	-266.6	-40.9
<b>Gross profit</b>	<b>432.0</b>	<b>59.2</b>	<b>419.3</b>	<b>60.7</b>	<b>384.9</b>	<b>59.1</b>
Sales and marketing expenses	-171.7	-23.6	-171.1	-24.8	-159.3	-24.5
Research and development expenses	-45.3	-6.2	-36.5	-5.3	-34.8	-5.3
Administrative expenses	-55.6	-7.5	-55.3	-8.0	-50.7	-7.8
<b>Operating expenses</b>	<b>-272.6</b>	<b>-37.3</b>	<b>-262.9</b>	<b>-38.1</b>	<b>-244.8</b>	<b>-37.6</b>
Amortization of intangible assets from investment activities	-4.5	-0.6	-4.7	-0.6	-5.6	-0.9
Other expenses/income	-1.2	-0.2	-6.2	-0.9	5.1	0.8
<b>Income from operations (EBIT)</b>	<b>153.7</b>	<b>21.1</b>	<b>145.5</b>	<b>21.1</b>	<b>139.6</b>	<b>21.4</b>
<b>Profit for the year</b>	<b>106.4</b>	<b>14.6</b>	<b>92.1</b>	<b>13.3</b>	<b>96.3</b>	<b>14.8</b>
For information only:						
EBITDA	185.7	25.5	177.4	25.7	172.3	26.4
Depreciation	-27.5	-3.8	-27.2	-3.9	-27.1	-4.2

<sup>1</sup> The prior-year figures have been adjusted to improve comparability. In absolute terms, the cost of sales is higher than in the previous year's report due to a change in the reporting of outbound freight costs. These costs were allocated to sales and marketing expenses in previous years. In the year under review, they amounted to €11.7 million (2017: €10.6 million; 2016: €9.7 million).



### Financial position and capital investments

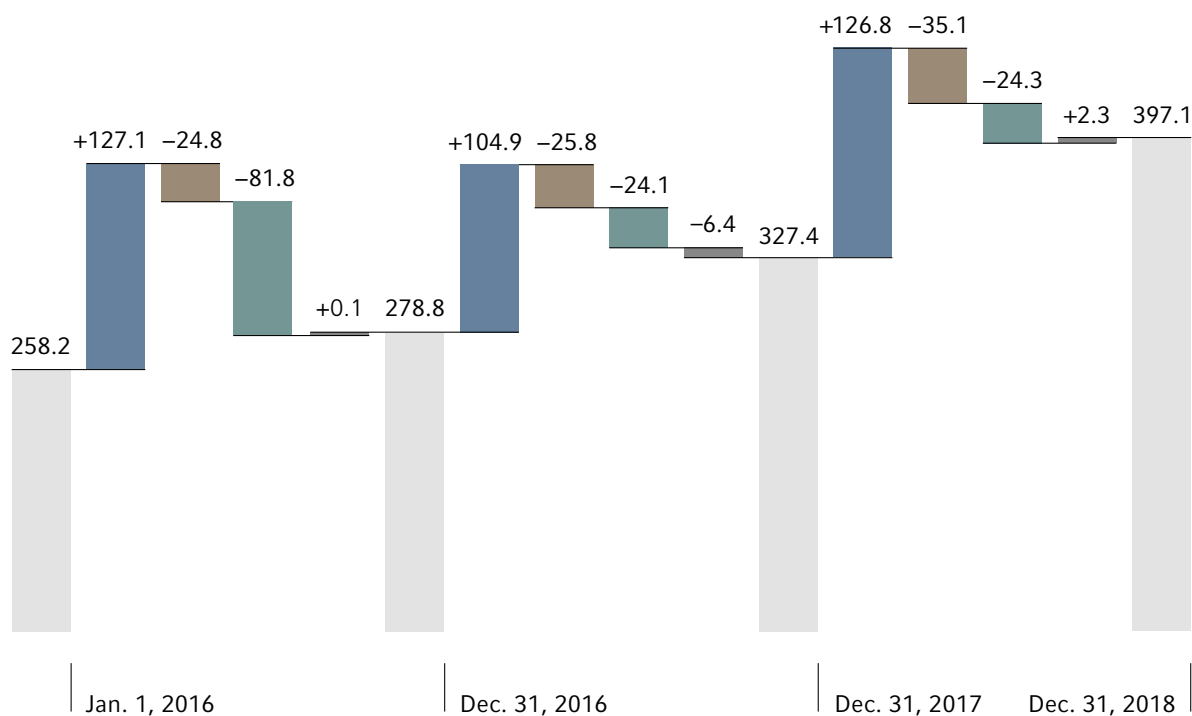
Net cash generated by operating activities increased to €126.8 million (prior year: €104.9 million). High outpayments for tax liabilities and provisions in the fourth quarter of 2017 had a negative impact on the prior-year figure.

Net cash used in investing activities increased nominally to €35.1 million (prior year: €25.8 million). We had outlays in 2018 of €30.1 million for the acquisition of new property, plant, and equipment (prior year: €23.2 million).

Net cash used in financing activities remained almost constant at €24.3 million (prior year: €24.1 million) and consisted exclusively of dividend payments.

Overall, net bank deposits increased in 2018 by €69.7 million to €397.1 million (prior year: €327.4 million).

### Changes in cash position and cash equivalents, 2016 – 2018 in € millions



- Cash and cash equivalents
- Net cash from operating activities
- Net cash used in investing activities

- Net cash used in financial activities
- Effect of exchange rate changes on cash

### 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 our foreign subsidiaries increased in value as a result of exchange rate developments.

The increase in inventories of €16.3 million is mainly due to an expansion of the inventories at our production facilities (an increase of €9.1 million over the previous year), which enables us to counter increased procurement risks on the world markets. Furthermore, inventory levels rose at our sales companies in the Asia/Pacific/Africa region and as a result of positive currency effects.

We invested €35.4 million in property, plant, equipment and intangible assets during the reporting year (prior year: €26.0 million), with 54.6% of the purchases representing investments in our manufacturing capacities. Depreciation, amortization and impairment losses amounted to €27.5 million (prior year: €27.2 million).

Intangible assets from acquisitions are composed of goodwill amounting to €49.6 million (prior year: €47.8 million), and acquired customer bases, brands and technologies amounting to €10.3 million (prior year: €14.5 million), with the increase in goodwill attributable purely to currency effects.

### Assets

in € millions	+/- previous year	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Cash and cash equivalents	+21.3%	397.1	327.4	278.8
Trade accounts receivable	+6.0%	125.5	118.4	113.9
Inventories	+11.1%	163.0	146.7	145.6
Property, plant, equipment, and intangible assets	+6.4%	145.6	136.8	143.4
Goodwill and intangible assets from equity investments	-3.9%	59.9	62.3	73.0
Investments in associates	+5.4%	1.3	1.3	1.8
Other assets	+6.0%	81.7	77.1	90.0
<b>Total assets</b>	<b>+12.0%</b>	<b>974.1</b>	<b>870.0</b>	<b>846.5</b>

### Equity and liabilities

in € millions	+/- previous year	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Borrowings from banks	+0.0%	0.0	0.0	0.0
Trade accounts payable	+15.1%	26.6	23.1	22.4
Short-term provisions	+17.4%	65.2	55.5	61.8
Provisions for pensions and similar obligations	+1.0%	168.5	166.9	172.8
Other liabilities	+2.3%	38.0	37.1	54.8
Equity	+15.1%	675.8	587.4	534.7
<b>Total equity and liabilities</b>	<b>+12.0%</b>	<b>974.1</b>	<b>870.0</b>	<b>846.5</b>

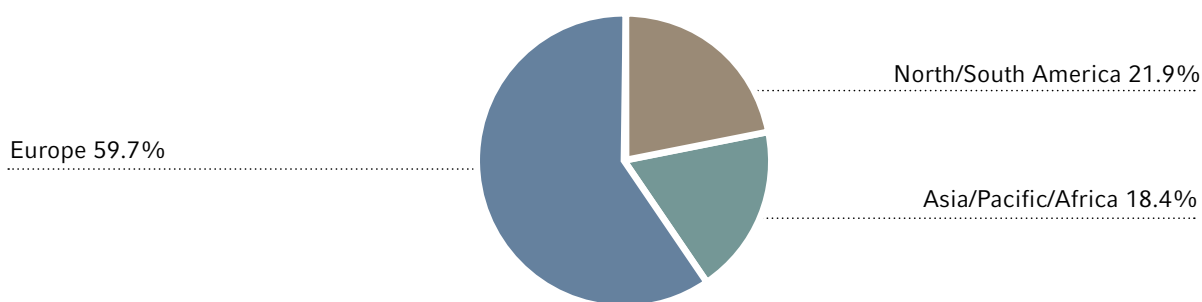
Short-term provisions rose mainly due to increased obligations to employees and customers.

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.

### Employees

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

#### Employees by region as an annual average (full-time equivalents)

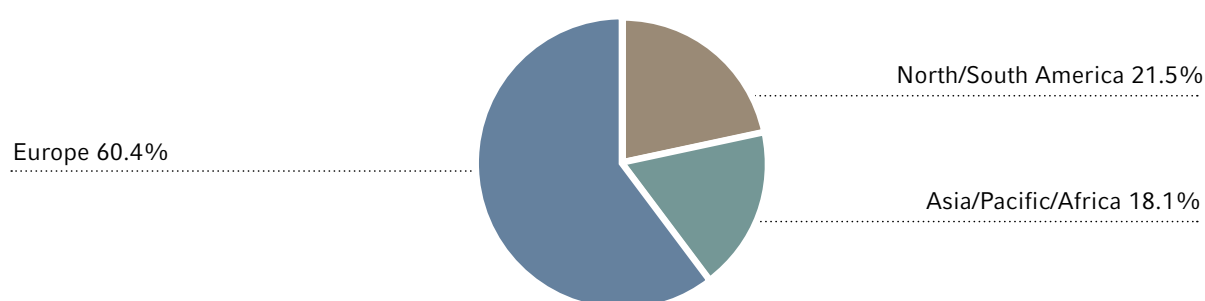


Employees by region (annual average)	+/- previous year	2018	2017	2016
Europe	+7.3%	1,966	1,832	1,731
North/South America	+2.1%	722	707	703
Asia/Pacific/Africa	+1.5%	604	595	595
<b>Total</b>	<b>+5.0%</b>	<b>3,292</b>	<b>3,134</b>	<b>3,029</b>

The Eppendorf Group employed an average of 3,292 people worldwide in fiscal year 2018, compared with 3,134 the year before (all employee figures represent full-time equivalents or FTEs). This corresponds to a 5.0% annual average increase in employee numbers.

On December 31, 2018, we had 3,367 employees (FTE) worldwide (prior year: 3,167).

#### Employees by region as of December 31 (full-time equivalents)



Employees by region (as of Dec. 31)	+/- previous year	2018	2017	2016
Europe	+8.4%	2,033	1,875	1,775
North/South America	+3.9%	725	698	703
Asia/Pacific/Africa	+2.5%	609	594	600
<b>Total</b>	<b>+6.3%</b>	<b>3,367</b>	<b>3,167</b>	<b>3,078</b>

## Risk management

Eppendorf is exposed to risks that are primarily related to our international activities, our 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 our sales transactions are billed in foreign currencies. In terms of the U.S. dollar, we partially compensate for the resulting exchange-rate risk by undertaking our own manufacturing activities in dollar-denominated territories. For any open currency positions beyond this, we carry out hedging transactions in individual cases, including in 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 our 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, our divisions and our regional sales management monitor market trends and, if necessary, initiate measures. A preliminary analysis has shown that within the context of economic and political changes, there would be no significant direct impact on the Group's net assets, financial position, and earnings should the United Kingdom leave the EU.

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 counter this risk through diversification of our customer segments, our large number of sales channels and the breadth of our product portfolio.

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 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, and data theft, risk minimization measures are becoming increasingly more important. We always keep our security systems up to date to minimize data loss and protect systems and networks.



As an international company, Eppendorf is also 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 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, 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 our business.

### Outlook

The World Bank expects global real GDP growth to slow slightly to 2.9% in 2019. This forecast is based on the further reduction of monetary policy measures in industrialized countries. A gradual decline in global trade is also expected. Noncyclical risks, such as the effects of Brexit and increasing protectionism, could have a greater impact than in the past. In addition, the World Bank predicts that the global economy will experience real GDP growth of 2.8% over the next few years.

Despite the current economic uncertainties, our expectations regarding the life science industry's development in 2019 are fundamentally optimistic. Based on observations in recent years, we expect the segments relevant to us to once again grow a little more strongly than the world's economy. In addition, we anticipate that growth rates will be stable in all regions.

Due to the outlook for the industry and despite the economic trends mentioned above, we believe our business will develop positively overall. For the 2019 fiscal year, we expect our sales in local currencies to grow slightly above the industry average in the mid-single-digit range. Further strategic investments are planned for this year. In view of the higher costs associated with these investments, we estimate our EBIT will remain at the same level as the year before, given comparable exchange rates.

# Consolidated Financial Statements

in accordance with 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, 2018

in € thousands	2018	2017	2016
Net sales	729,170	690,336	651,544
Cost of sales <sup>1</sup>	-297,154	-271,117	-266,605
<b>Gross profit<sup>1</sup></b>	<b>432,016</b>	<b>419,219</b>	<b>384,939</b>
Sales and marketing expenses <sup>1</sup>	-171,735	-171,103	-159,266
Research and development expenses	-45,265	-36,489	-34,787
Administrative expenses	-55,610	-55,265	-50,747
<b>Operating profit</b>	<b>159,406</b>	<b>156,362</b>	<b>140,139</b>
Amortization of intangible assets from investment activities	-4,461	-4,702	-5,584
Other expenses/income	-1,228	-6,149	5,064
<b>Income from operations (EBIT)</b>	<b>153,717</b>	<b>145,511</b>	<b>139,619</b>
Financial result	535	335	279
Share of profit of associates	106	72	103
<b>Income before tax</b>	<b>154,358</b>	<b>145,918</b>	<b>140,001</b>
Income taxes	-48,002	-53,806	-43,736
<b>Profit for the year</b>	<b>106,356</b>	<b>92,112</b>	<b>96,265</b>
Thereof attributable to			
Equity holders of the parent	105,623	91,464	95,766
Non-controlling interests	733	648	499

<sup>1</sup> The prior-year figures deviate from the amounts reported in the 2016 and 2017 annual reports due to a change in the reporting of outbound freight.

## Consolidated balance sheet

as of December 31, 2018

### Assets

in € thousands	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Cash and cash equivalents	397,103	327,424	278,798
Trade accounts receivable <sup>2</sup>	125,470	118,364	113,907
Contract assets <sup>2</sup>	243	125	106
Inventories	162,975	146,705	145,561
Other current assets	18,705	16,269	14,259
<b>Current assets</b>	<b>704,496</b>	<b>608,887</b>	<b>552,631</b>
Property, plant, equipment and intangible assets	145,592	136,840	143,372
Goodwill and intangible assets from equity investments	59,859	62,260	72,986
Investments in associates	1,323	1,255	1,830
Other non-current assets	905	472	785
Deferred tax assets	61,896	60,267	74,861
<b>Non-current assets</b>	<b>269,575</b>	<b>261,094</b>	<b>293,834</b>
<b>Total assets</b>	<b>974,071</b>	<b>869,981</b>	<b>846,465</b>

### Equity and liabilities

in € thousands	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Borrowings from banks	0	0	0
Trade accounts payable	26,558	23,081	22,371
Current contract liabilities <sup>2</sup>	6,645	6,368	12,333
Provisions for income taxes	8,558	5,761	13,180
Other short-term provisions <sup>2</sup>	65,120	55,472	61,833
Other current liabilities <sup>2</sup>	15,498	16,898	15,218
<b>Current liabilities</b>	<b>122,379</b>	<b>107,580</b>	<b>124,835</b>
Provisions for pensions and similar obligations	168,529	166,892	172,788
Non-current contract liabilities <sup>2</sup>	822	653	699
Other non-current liabilities <sup>2</sup>	75	384	1,103
Deferred tax liabilities	6,429	7,105	12,365
<b>Non-current liabilities</b>	<b>175,855</b>	<b>175,034</b>	<b>186,955</b>
Common stock	51,132	51,132	51,132
Retained earnings and other reserves	622,095	532,737	480,584
Non-controlling interests	2,610	3,498	2,959
<b>Total equity</b>	<b>675,837</b>	<b>587,367</b>	<b>534,675</b>
<b>Total equity and liabilities</b>	<b>974,071</b>	<b>869,981</b>	<b>846,465</b>

2 The prior-year figures deviate from the amounts reported in the 2016 and 2017 annual reports due to the initial and complete retroactive application of IFRS 15 and the adjustments resulting from this application.

## Consolidated cash flow statement

for the period from January 1 to December 31, 2018

in € thousands	2018	2017	2016
Cash flow	138,819	131,448	125,509
Changes in short-term assets and liabilities	-12,040	-26,599	1,596
<b>Net cash provided by operating activities</b>	<b>126,779</b>	<b>104,849</b>	<b>127,105</b>
Net cash used in investing activities	-35,082	-25,775	-24,840
Net cash used in financing activities	-24,276	-24,102	-81,757
Effects of changes in exchange rates on cash	2,258	-6,346	62
<b>Net changes in cash and cash equivalents</b>	<b>69,679</b>	<b>48,626</b>	<b>20,570</b>
Cash and cash equivalents at beginning of year	327,424	278,798	258,228
Cash and cash equivalents at end of year	397,103	327,424	278,798

# 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 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 Management Boards.

The Supervisory Board continues to have two committees, the 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.

The Extraordinary Annual General Meeting on January 25, 2019, appointed Mr. Thomas Heydler as another member of the Supervisory Board.

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 6,

2019, the auditor issued an unqualified opinion. The documents named 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 February 28, 2019.

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 prepared by the Management Board on February 28, 2019, and the annual financial statements of Eppendorf AG. 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 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 2018.

Hamburg, March 29, 2019



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

**Dirk Höft**  
Employee representative

**Marlis Kripke**  
Employee representative

**Dr. Michael Schroeder**  
until January 10, 2018

## Management Board

**Thomas Bachmann**  
Chairman

**Detmar Ammermann**  
Vice Chairman and  
Chief Financial Officer

**Eva van Pelt**  
Chief Commercial Officer

**Dr. Wilhelm Plüster**  
Chief Technology Officer

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