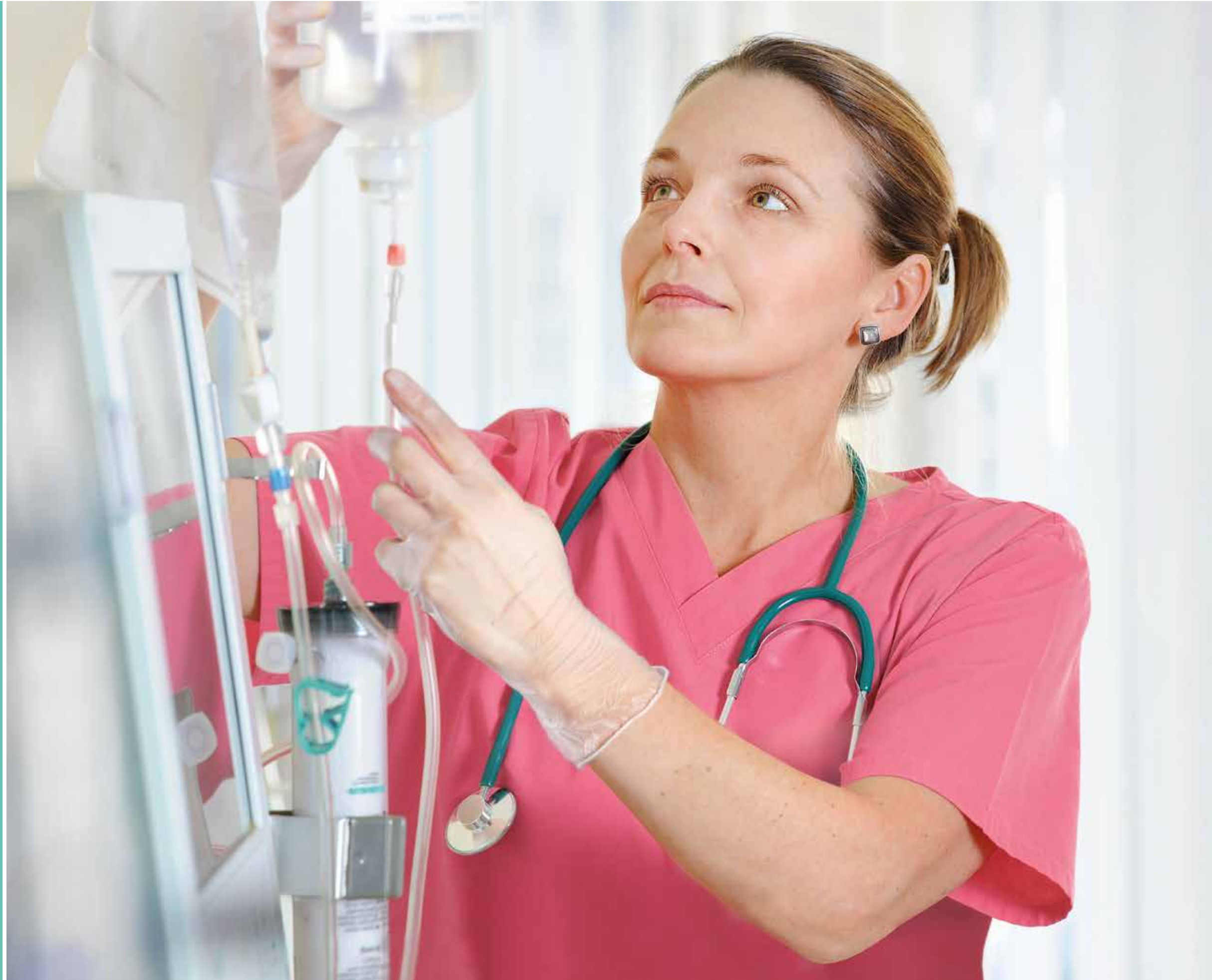
Valuing our Past. Shaping our Future.

Annual Report 2013



175 YEARS

B|BRAUN
SHARING EXPERTISE

COMPANY PROFILE

B. Braun is one of the world's leading providers of healthcare solutions. Through its Hospital Care, Aesculap, Out Patient Market, and B. Braun Avitum Divisions, the company supplies medical products and services to hospitals, physicians in private practice, and the homecare market.

Cover picture: Janina Krzykowska provides care to patients of the Golub-Dobrzyn dialysis center in Poland using innovative B. Braun products.

From the past to the future

Melsungen, located in central Germany, has been home to the family-owned B. Braun Group for 175 years. This is where Julius Wilhelm Braun acquired the Rosen-Apotheke pharmacy back in 1839. Over six generations, the company has grown to become one of the world's leading providers of healthcare solutions with subsidiaries in 60 countries, many of which operate their own production facilities.

Today, 50,000 employees on every continent belong to the B. Braun family. Through their ideas and creativity, they epitomize the values of innovation, efficiency, and sustainability that continue to drive the company forward.

We have enjoyed "175 years of leading innovation" and will continue to shape the future of medicine. A number of examples in this report illustrate how we are achieving this goal.

8

16

20

24

32

38
B BRAUN

Management

4 Foreword
6 Management Board

Journal

8 Shaping progress
Innovations in medical technology help to improve patient safety and efficiency. B. Braun provides three of the latest examples from research and development.

16 Mobility without pain
Providing patients with safe, long-lasting hip prostheses and hip joint systems is becoming an increasingly important issue worldwide. In response, the Aesculap Division developed the innovative Plasmafit® press-fit acetabular cup system with Vitelene®.

20 The first plastic IV catheter in the world
The Braunüle® catheter from B. Braun has been part of standard clinical practice for more than 50 years. In Germany, the Braunüle® has become a generic term in the healthcare sector for plastic peripheral IV catheters.

24 Safe therapy
Patient safety is always the top priority for B. Braun. We highlight three examples of innovative systems in dialysis, infusion therapy, and urology that are used internationally.

32 "We have to preserve the pioneering spirit"
They know B. Braun inside and out: Former Chairman of the Management Board and current Chairman of the Supervisory Board, Prof. Dr. h. c. Ludwig Georg Braun, discusses the history of the family-owned company with long-standing colleagues.

38 A family company in every sense
"Once B. Braun, always B. Braun!" It is clear from the statistics that employee satisfaction is high. The company also employs multiple generations of the same families.

Group Management Report

46 Five-Year Overview
47 About the B. Braun Group
51 Economic report
63 Subsequent events
63 Risk and opportunities report
66 Outlook

Consolidated Financial Statements

72 Consolidated Statement of Income
73 Consolidated Statement of Financial Position
79 Notes
143 Independent Auditors' Report

148 Supervisory Board Report
150 Glossary
152 Imprint
153 Highlights 2013

152 Information about our app: Experience all articles of our journal in a new dimension!

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Prof. Dr. Heinz-Walter Große, Chairman of the Management Board.

Foreword

Valuing our Past. Shaping our Future.

Dear Reader,

2013 was another successful year for the family-owned B. Braun Group. Sales reached a record € 5.2 billion and profit levels confirmed our continuing growth course as well. All four divisions contributed to these positive developments.

The B. Braun Group now employs nearly 50,000 people. Thanks to their commitment and dedication, we are achieving our company objectives despite challenging market environments. To accommodate the rising demand for our medical devices, we further expanded production capacities in the reporting year. In addition, we made a number of strategic acquisitions to further strengthen our global presence.

Continued investment in research and development is a key part of our Group strategy. Innovation, one of the core values of our Group, is of fundamental importance to securing our competitiveness and future success. Our products also contribute toward advancing medicine in accordance with our philosophy of "Sharing Expertise."

In this report, you will find examples of our ability to engage in continuous innovation. We are particularly focused on improving patient and healthcare professional safety, whether in infusion therapy, dialysis, or the prevention of nosocomial infections. Sustainability, another of our core values, is highlighted in an article in this report. Many employees work for us for decades and share their knowledge and pass on their positive experiences. And it is so that, we are fortunate at times to have multiple generations of the same families working for B. Braun.

Sustainability has a long tradition at B. Braun: in 2014, we celebrate our 175th anniversary. The origins of our company lie in the Rosen-Apotheke, a pharmacy in Melsungen, Germany that was acquired in June 1839 by Julius Wilhelm Braun. This pharmacy has developed into a global company. As we look back to our many achievements, we also recognize that much work lies ahead. Our goal is to further strengthen and expand our market position.

On behalf of the Management Board, I would like to thank our employees for their hard work and dedication and our customers for their long-standing support and trust. We are confident that we will continue to be successful in 2014, our 175th anniversary year.

Yours sincerely,

Prof. Dr. Heinz-Walter Große
Chairman of the Management Board of B. Braun Melsungen AG

Management Board

"Working together for the future success of the company: For 175 years, B. Braun employees have been ambassadors for the company and its philosophy of 'Sharing Expertise'."

Prof. Dr. Heinz-Walter Große
Chairman of the Management Board,
Human Resources, Legal Affairs and Director of Labor Relations

"Investing in innovation will allow B. Braun to continue to grow and maintain its leading position in the healthcare industry."

Dr. Annette Beller
Finance, Taxes and Controlling, Central Service Departments

"Sustainability is a tradition that continues on through the sixth generation: With the new industrial park, the family-owned company is investing in the Brazil production site."

Otto Philipp Braun
Region Iberian Peninsula and Latin America

"The success of the Aesculap Division rests on innovations and on the inspiration and extraordinary commitment of our employees."

Prof. Dr. Hanns-Peter Knaebel
Aesculap Division

"Sharing Expertise – B. Braun is synonymous with advances in medicine. Our Hospital Care Division continues to improve products and hospital processes."

Dr. Meinrad Lugan
Hospital Care and OPM Divisions

"Very few companies are able to look back on a 175-year success story that contains so many important milestones. One example in the US is the first new container for standard IV solutions in 30 years."

Caroll H. Neubauer, LL.M.
Region North America

"Innovation is the driving force behind our actions and guarantees efficient and safe forms of dialysis treatment through which we improve the quality of life of seriously ill patients worldwide."

Markus Strotmann
B. Braun Avitum Division

Shaping progress

Innovations in medical technology help to improve patient safety and application efficiency. Research and development are integral to the B. Braun corporate strategy – as the three following examples illustrate.

In cooperation with experts, B. Braun subsidiary TETEC in Reutlingen, Germany is developing intelligent biomaterial specifically designed to regenerate damaged intervertebral disc and cartilage tissue. Autologous cells are harvested from the patient, cultivated in a laboratory, and embedded within a hydrogel matrix, which is injected back into the intervertebral disc of the patient.

A computer-assisted method for producing a laboratory prototype of a biochemical carrier material: the joint research project in cooperation with Graz Technical University and Joanneum Research GmbH's HEALTH research institute is exploring new avenues in the field of clinical diagnostics.

Omnitest Center
OMNITEST CENTER | DIABETES
Diabetes Management mit B.
Erfolgreiches Diabetes- und Gesundheitsmanagement
Login für registrierte Nutzer
Benutzername *
Passwort *

The Omnitest® glucose monitor from B. Braun delivers reliable blood glucose readings for diabetics, quickly and on the go. Patients can access their data at any time using mobile devices.

Prof. Dr. Claudius Thomé,
Director of Neurosurgery at Innsbruck University Hospital, Austria.

Dr. Martin Ellmerer,
Director of the B. Braun development office in Graz, Austria.

Associate Professor Dr. Klaus Hartmann,
Director of the Pediatric and Adolescent Medical Center for Endocrinology and Diabetes in Frankfurt am Main, Germany.

Shaping progress

Example 1

New opportunities through biotechnology

A herniated disc is an extremely painful back condition. Degeneration of the intervertebral disc often leads to chronic back pain, which can eventually require surgical treatment such as spinal fusion or prosthetic intervertebral disc replacement. A new procedure, called autologous disc cell transplantation (ADCT) however, offers new hope for a more curative treatment. Together with an expert team of scientists and orthopedics specialists, the B. Braun subsidiary TETEC is developing innovative technologies in this field. TETEC is already a leading provider of ACT (autologous chondrocyte transplantation) matrices designed to support the biological repair of cartilage defects in the knee. The transplantation of in-vitro cultivated chondrocytes from autologous disc tissue that has been harvested from the patient can help prevent further degeneration. A biopsy of the disc prolapse tissue is taken in a minimally invasive surgical procedure. The cartilage cells that have been isolated from the biopsy material are then cultivated and propagated in a laboratory. After several weeks, the cultivated cells are embedded

within an innovative biomaterial that is then injected into the patient's intervertebral disc. A hydrogel with cartilage tissue-like properties then forms within the intervertebral disc – a market-ready TETEC product. Under the supervision of the Natural and Medical Sciences Institute (NMI) at the University of Tübingen in Germany, this new procedure for intervertebral disc regeneration is currently being trialed on patients. The lead study site is Innsbruck University Hospital in Austria. According to Professor Claudius Thomé, Director of Neurosurgery at Innsbruck University Hospital: "This combination of cells and intelligent biomaterials represents the dawn of a new era in the treatment of intervertebral disc disorders."

Example 2

From infusion to therapy system

Infusion pumps play an integral role in drug therapy for seriously ill patients. Today, the doses to be delivered by the pumps are set based on the experience of doctors and nursing staff. It is possible, however, for sensors that measure the patient's vital signs or generate diagnostic signals bedside to be used in intelligent algorithms that control the infusion pumps directly, significantly improving therapy.

This is an area that B. Braun is currently researching in cooperation with Graz Medical University, Graz Technical University, and the HEALTH research institute operated by Joanneum Research GmbH, also located in Graz, Austria. Dr. Martin Ellmerer, Director of the B. Braun development office in Graz, is responsible for coordinating the project: "The results provide a good starting point for the next innovative steps in the area of infusion therapy with the goal of creating a new form of patient management transitioning from infusion technology to a diagnostic therapy system."

Example 3

Monitoring on the go

Regular self-monitoring of blood glucose is an important part of diabetes management and supports the provision of optimum insulin therapy. The quick, easy-to-use, and precise Omnitest® 3 blood glucose monitor from B. Braun makes life much easier for diabetics. A very small blood sample of 0.3 µl is all the compact device requires. The test strips absorb the blood automatically and provide a reliable reading after just three seconds. An ejector button allows the used test strips to be discarded without coming into contact with skin, increasing safety for the nursing staff performing the measurement. Omnitest® 3 also has a marking function that allows the user to see how food or medication influences the readings. In addition, the device stores up to 365 test results with the date and time, and calculates three different average values. The results are then graphically analyzed online by Omnitest® Center, an Internet-based electronic diary. Diabetics are therefore able to use mobile devices, such as tablets and smartphones, to monitor their blood glucose levels from any place at any time.

The latest advance in this field is the Omnitest® 5D blood glucose monitor, which is currently under development. Thanks to a GSM connection, data – including important additional information such as the insulin units injected – can be uploaded from the new monitor to the Omnitest® Center in real time. With the appropriate permission, this allows parents to track the glucose levels of diabetic children and physicians to monitor their patients. "This monitoring is one aspect of telemedicine. It allows diabetes treatment to be optimized and saves time for practitioners," explains Associate Professor Dr. Klaus Hartmann, Director of the Pediatric and Adolescent Medical Center for Endocrinology and Diabetes in Frankfurt am Main, Germany.

Centers of Excellence

B. Braun's research and development activities are accomplished in 19 Centers of Excellence (CoE). The Hospital Care Division focuses on improving safety for patients and healthcare professionals and streamlining hospital processes. The primary areas of focus of R&D activities within the Aesculap Division is endoscopy, orthopedics, spinal surgery, and vascular systems. The OPM Division concentrates on diabetes products, catheterization, hand disinfection, and stoma care. The focus of the B. Braun Avitum Division is the continuing development of its entire range of hemodialysis and acute dialysis products.

Mobility without pain

Providing patients with safe, long-lasting hip prostheses and hip joint systems is becoming an increasingly important issue worldwide. The innovative Plasmafit® press-fit acetabular cup system with Vitelene®, a vitamin E-stabilized, highly cross-linked polyethylene insert, was developed by the Aesculap Division to minimize wear and tear on the implant.

Jane Praetor is not a physician, she is a media consultant. However, she is an expert in one medical field: replacement arthroplasty, or joint replacement surgery, a procedure in which a damaged joint is partially or completely replaced with a permanent orthopedic prosthesis. Jane Praetor's knowledge stems from her own medical history: She suffers from congenital bilateral hip dysplasia, or a misalignment of the hip joint. "As soon as I started to walk, my parents realized something wasn't right," explains the 49-year-old from Reutlingen, Germany.

Irreversible damage

Typical early symptoms of hip dysplasia include unevenness in the appearance of the folds of skin on the inside of the thighs and restricted movement when kicking and, later, when walking. Untreated, the condition can cause irreversible damage to the hip joint, as well as an abnormal gait and pain, and can even lead to severe osteoarthritis. In early childhood, Jane Praetor had to spend two years in a plaster cast in order to counteract the misalignment. The treatment was initially a success. "As a child and teenager, I experienced almost no pain," Ms. Praetor recalls, "I even played sports and enjoyed swimming and horseback riding." At 18, however, following a routine check-up, her physician recommended immediate surgery.

The specialists at the Paulinenhilfe Orthopedic Center in Stuttgart perform more than 2,300 joint replacement procedures every year.

Increasing surgeries

In human anatomy, the hip joint is the joint between the femur and acetabulum of the pelvis. Muscles cause the femoral head to rotate within the acetabulum in different directions, permitting movement. Due to the various directions in which the head moves, the hip joint is also often referred to as a ball joint. Both the femoral head and the acetabulum originally have a protective layer of cartilage, which, together with the synovial fluid, helps to keep the joint lubricated, ensuring smooth movement.

Nowadays, in the majority of cases, replacement with an artificial hip joint is a routine procedure. Since its introduction in the 1960s, there has been a veritable boom in the number of hip replacements. Every year, approximately two million patients undergo this procedure worldwide, 800,000 in Europe and 200,000 in Germany. Jane Praetor, however, consulted with another doctor and was advised against the surgery at that time. "He said that it made absolutely no sense to have an operation as long as I wasn't in any pain," explains Ms. Praetor, "which I was very glad to hear." And, in fact, she continued to experience very little pain until she had her third child at the age of 40.

Top: Patient Jane Praetor underwent bilateral hip replacement surgery performed by Prof. Dr. Peter Aldinger, Medical Director of the Paulinenhilfe Orthopedic Center at the Diakonie Klinikum Stuttgart.

Left: The Plasmafit® press-fit acetabular cup system with Vitelene® and ceramic head replaces the femoral head part of the hip joint, rotating within the acetabulum in different directions.

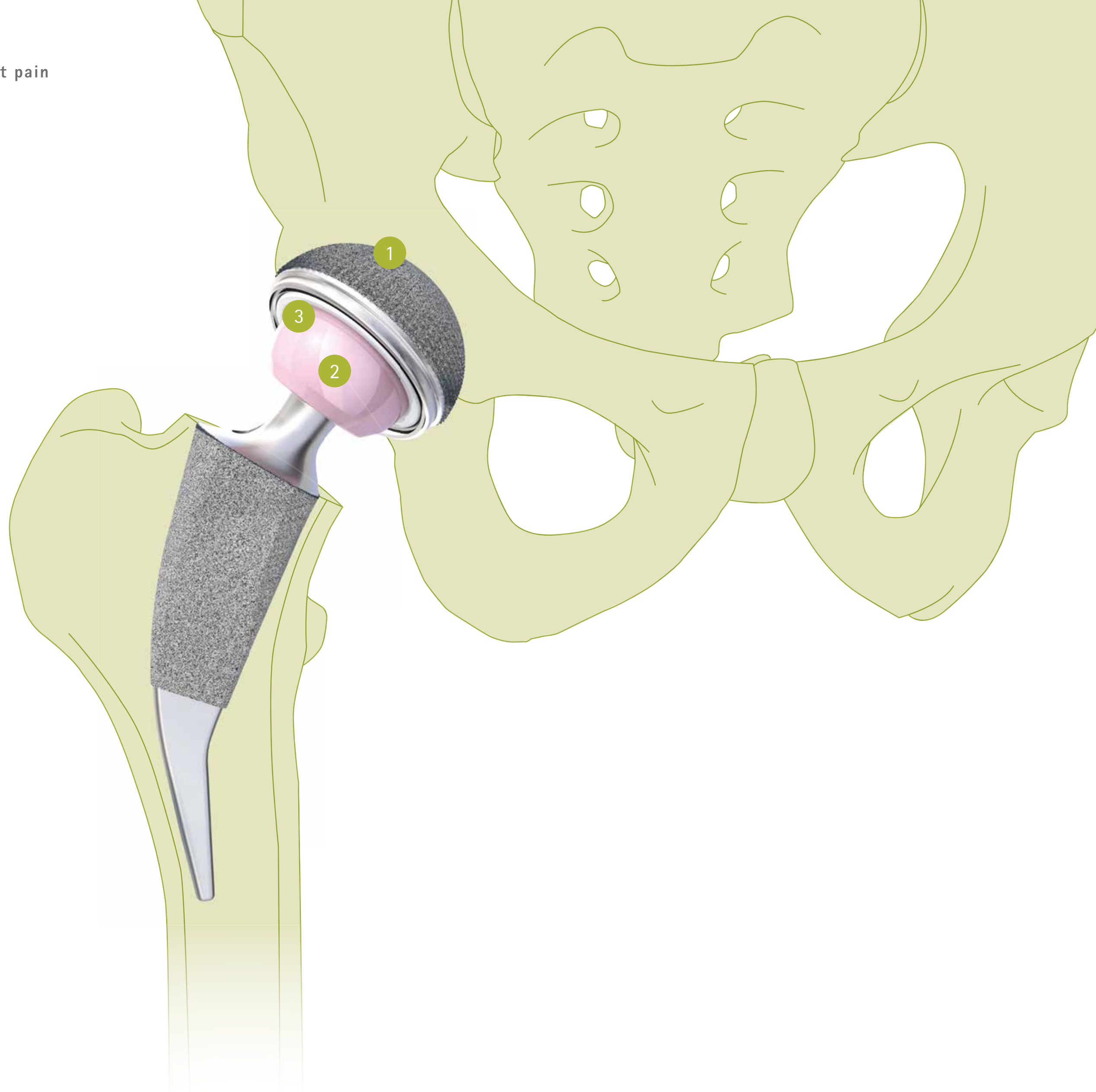
"The fine profile structure of the Plasmafit® surface means that there is usually no need to first implant a trial cup, which makes the surgery simpler and safer."

Prof. Dr. Peter Aldinger,
Medical Director of the Paulinenhilfe Orthopedic Center at the Diakonie Klinikum Stuttgart.

Pain with every step

Over time, however, walking any distance became a challenge. "I got to the point where I would always try to park my car as close as I could to my destination to walk as short a distance as possible. The pain in my hips became so great that I began to limp and had to adopt a protective posture at all times," Ms. Praetor continues. By this time, the thought of an operation that might be able to relieve her suffering was never far from her mind. After a number of consultations with different physicians, all with varying treatment and surgery recommendations, she finally spoke to Prof. Dr. Peter Aldinger, Medical Director of the Paulinenhilfe Orthopedic Center at the Diakonie Klinikum Stuttgart in Germany.

He said with assurance: "We can fix it!" This is no surprise, given that Paulinenhilfe performs more than 2,300 joint replacement procedures every year, making it one of the largest arthroplasty centers in Germany. Of all the doctors Ms. Praetor spoke to, Prof. Aldinger was the only one who offered to replace both of her hips at the same time. "Why should a patient



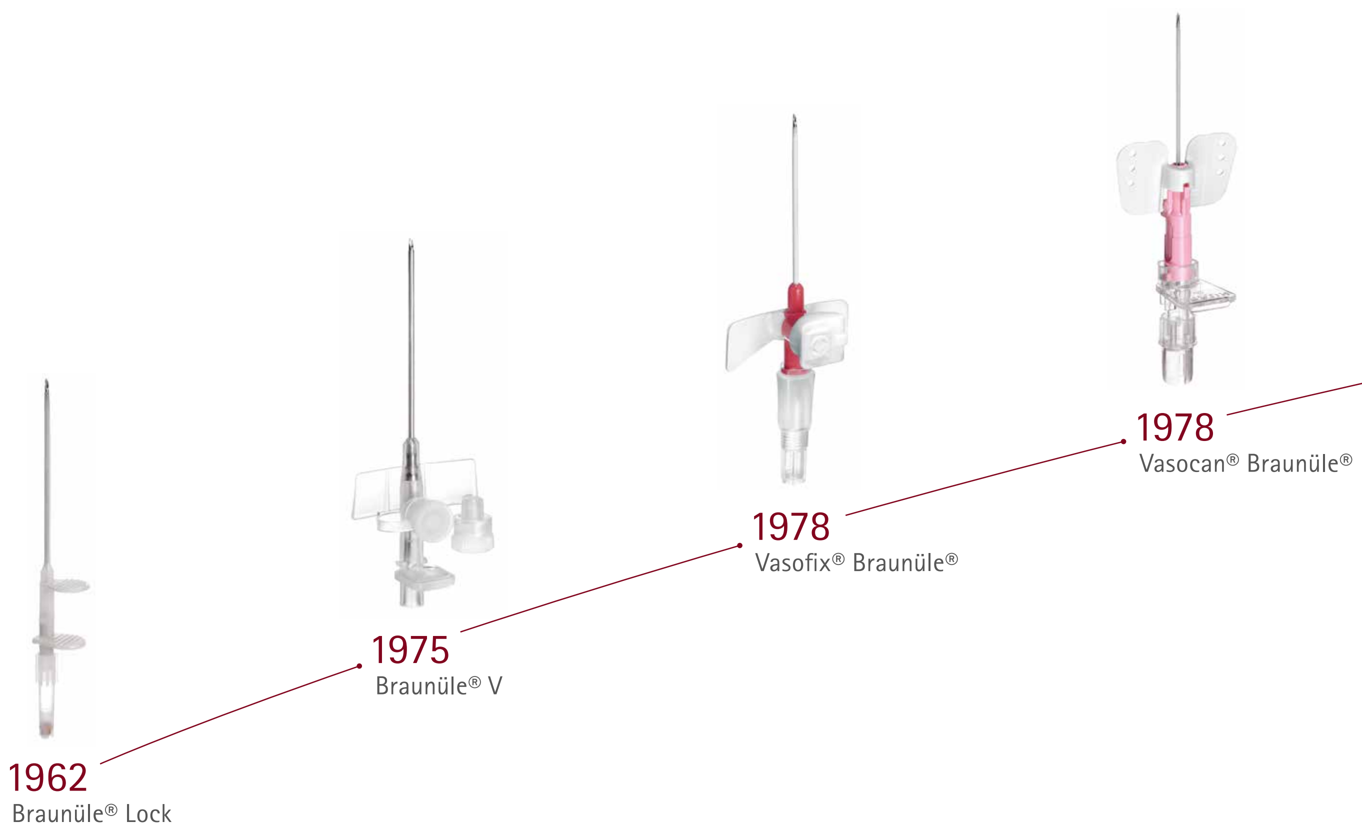
have to undergo two operations, when one will do? I have a lot of experience in this area," explained the orthopedic surgeon.

Easy to implant and low wearing

Prof. Aldinger also assisted Aesculap in the development of its new Plasmafit® acetabular cup system. Until just a few years ago, cemented hip prostheses were the standard, but these are increasingly being replaced by more modern forms of fixation. One of Aesculap's key objectives was to develop a high-quality cementless acetabular cup system that was easy to implant. "The precise and fine tooth geometry profile structure of the Plasmafit® surface means that there is usually no need to first implant a trial cup, which makes the surgery simpler and safer," explains Prof. Aldinger. This structure, combined with the micro-porous pure titanium Plasmapore® coating (1), creates a very rough implant surface, which gives the implant high primary stability and also means that there is usually no need for additional fixation screws. One of the challenges during the development stage was to reduce wear in the ceramic-on-polyethylene bearing surface (2) to an absolute minimum.

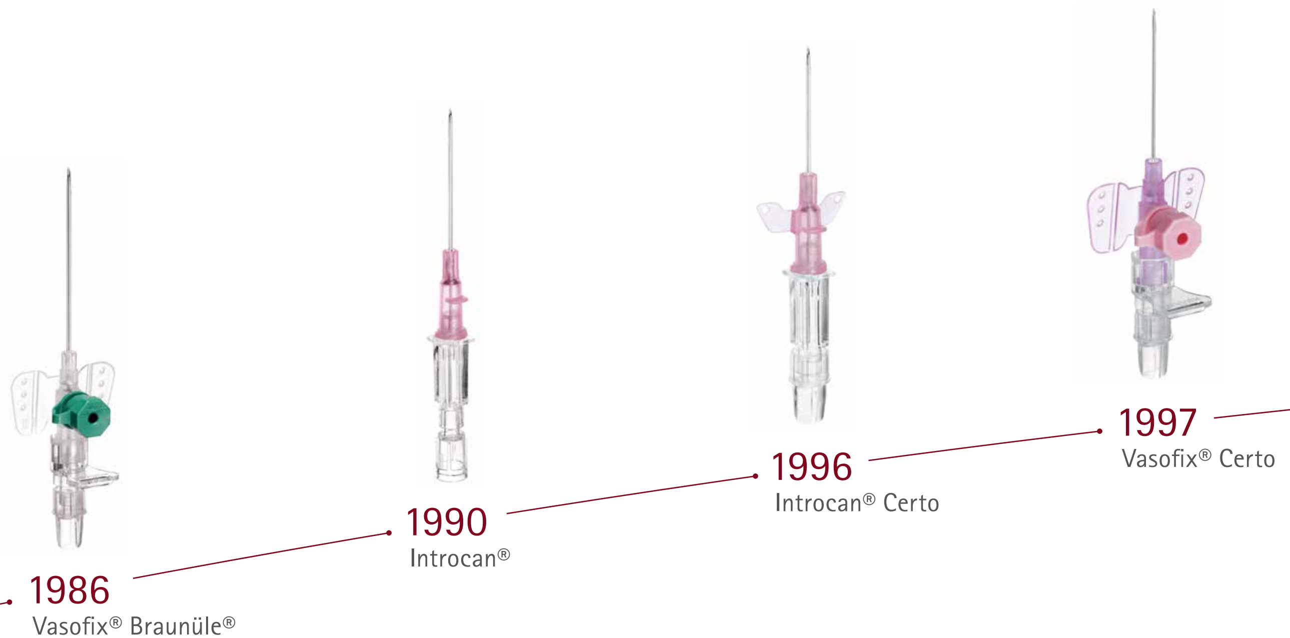
New material with vitamin E

The bearing surface material plays a key role. Polyethylene has a high wear resistance, which is further enhanced by antioxidants. There is a direct correlation between wear and oxidation. Aesculap developed Vitelene® (3), a highly cross-linked polyethylene, in cooperation with the Clinic for Orthopedics at the University Hospital Essen in Germany. "Adding vitamin E promotes an antioxidant response that should counteract premature material aging following implantation. Vitelene® is a new material that offers high wear and oxidation resistance for joint replacement surgery," explains Clinic Director Prof. Dr. Marcus Jäger. Since June 2012, a total of 8,200 patients have received the Plasmafit® system as part of their hip replacement surgery, the majority in combination with the Vitelene® cup insert. Jane Praetor is one such patient. Her minimally-invasive hip arthroscopy was successful. After only one day of bed rest, she was able to walk again – with no pain whatsoever. "I'm finally mobile again and can do anything I want. It's such a relief and has greatly improved my quality of life," Ms. Praetor concludes with satisfaction.



The first plastic IV catheter in the world

For over 50 years, the Braunüle® catheter has simplified IV therapy as a standard part of clinical practice. In Germany, Braunüle® has become a generic term in the healthcare sector for plastic peripheral IV catheters. It is a true success story.



1962 was an eventful year: the world held its breath during the Cuban Missile Crisis, the Beatles recorded their first single, and the mini skirt caused quite a stir after its debut in a fashion magazine. History was also written in the field of medical technology with B. Braun's launch of the world's first plastic single-use catheter, the Braunüle®. This pioneering innovation marked the beginning of an impressive success story: The company has manufactured more than 4.1 billion Braunülen® to date. In the early 1960s, as a result of medical advances, the importance of IV fluid administration was growing. Over time, electrolyte therapy, volume replacement, and parenteral nutrition became routine hospital treatments. However, the necessary venous access remained a major problem.

High risk of injury

"Since patients had to remain on a drip for several days or even weeks, they required frequent needlesticks, which often caused irritation to their veins," explains Prof. Dr. Michael Möllmann. The senior consultant and Medical Director of the Anesthesia and Intensive Care Unit at St. Franziskus Hospital in Münster, Germany, has more than 40 years of experience in IV therapy. He can also remember a time before the Braunüle® was widely used. "The arm was held in a fixed position, but there was still a significant risk of injuring the patient with the sharp steel needle at the slightest movement," Prof. Möllmann recalls. There was also a risk of infection from the repeated use of the steel needle. In addition, not only was the traditional treatment uncomfortable for the patient, it also created significantly more work for hospital staff.

Pain-free treatment

This all changed thanks to the work of Dr. Bernd Braun, Scientific Director at B. Braun Melsungen from 1936 to 1972, and his team, who developed the Braunüle®, a combined metal and plastic catheter. The metal cannula is used to puncture the vein and insert the plastic catheter. The metal cannula is then removed, while the flexible, plastic, single-piece capillary tube remains inside the vessel.

This innovation, which forms the basis of modern peripheral venous puncture, provides gentle, pain-free treatment, allowing the patient much greater freedom of movement without the risk of injury. Furthermore, the longer indwelling time of the Braunüle® as opposed to steel needles significantly increases efficiency during the clinical workday. In light of these benefits and its memorable name, success was quickly achieved.

A major development in medical technology

"In Germany, the Braunüle® became a generic term for a plastic IV catheter, which is any marketing manager's dream!" says Artur Wolfschmitt. From 1977 to 2013, Artur Wolfschmitt worked in the Sales department of the Hospital Care Division at B. Braun, most recently as Key Account Manager. "As the world's first plastic peripheral IV catheter, the Braunüle® represented a major advancement in medical technology, which explains why it quickly became such a bestseller," concludes Artur Wolfschmitt.

According to Mr. Wolfschmitt, healthcare professionals were particularly impressed by the ideal ratio between the inner and outer diameter of the capillary tubing. To facilitate correct size selection, the different catheter sizes are color coded; for example, pink for an outer diameter of 1.1 mm. "In some cases, physicians will choose a catheter based on their favorite color," adds Prof. Möllmann with a wink. The most commonly used peripheral IV catheter diameters are the pink and green colored ones.

Continuous development

Since its introduction more than 50 years ago, B. Braun has continued to develop the Braunüle®. In 1975, for example, the "Braunüle® V," which was made of highly transparent plastic, made successful placement of the catheter much easier. Another major advancement was the world's first ported peripheral IV catheter, which greatly simplifies medication administration. Thanks to the integrated port, medications can be administered quickly without requiring repeated venipuncture. Since 1978, all peripheral IV catheters manufactured by B. Braun have also been radiopaque, permitting the detection of inadvertently cut catheter pieces ("Vasofix®"). The Vasocan® Braunüle® from the same year features a movable wing that simplifies all puncture techniques while enabling secure fixation after insertion in the vein. In 1986, the proven Vasofix® Braunüle® was redesigned to optimize safety and handling.

Different approaches

It is interesting to note that different regions of the world favor different peripheral IV catheters. While European healthcare professionals tend to prefer peripheral IV catheters with an injection port, the preference within the United States, South America, and Asia is for no injection port. Healthcare professionals, therefore, become accustomed to a specific type of catheter and the technique it requires (for example, the pencil grip for a straight catheter).

To accommodate these geographical differences in usage, B. Braun introduced Introcan® peripheral IV catheters without an injection port in 1990. "If you are used to one method, it is not that easy to change over to the other," Prof. Möllmann knows from experience. He regularly works as a physician for aid programs in countries like India.

B. Braun developed the Introcan® Safety and Vasofix® Safety catheters to protect against needlestick injuries. After use, a metal clip self-activates to shield the sharp needle tip the instant it is withdrawn from the vein, helping to significantly improve workplace safety for healthcare staff.

Dr. Bernd Braun,
Scientific Director at B. Braun from 1936 to 1972 and inventor of the Braunüle® catheter.

Prof. Dr. Michael Möllmann,
Chief of Medicine and Medical Director of the Anesthesia and Intensive Care Unit at St. Franziskus Hospital, Münster, Germany.

Protection from needlestick injuries

In 1996, B. Braun introduced the Introcan® Certo, which featured a new thermoelastic material with polyurethane that is especially gentle on veins. In 1998 and 2003 respectively, B. Braun developed the Introcan® Safety und Vasofix Safety catheters to prevent needlestick injuries and the associated risk of infection. After use, a specially-engineered metal clip, which cannot be bypassed, self-activates to shield the sharp needle tip the instant it is withdrawn from the vein, helping to significantly improve workplace safety for nursing staff. The most recent development offers additional safety features to optimize peripheral venous puncture: Introcan® Safety 3 has an integrated flow control septum to prevent blood leakage and minimize the risk of infection, thereby allowing the user to focus entirely on the vascular access procedure and reducing cleanup time. "In our hospital we call it the NMM catheter, or 'no more mess', catheter," adds Prof. Möllmann with a smile.

Safe therapy

Patient safety is always the top priority for B. Braun. We offer a wide range of innovative systems that support safe and efficient treatment in dialysis, infusion therapy, and urology. Three examples are highlighted in this section.

Learning from experience

Despite the use of modern technology, dialysis continues to carry an element of risk. A new reporting system at B. Braun dialysis centers in Poland is helping to increase patient safety.

In Golub-Dobrzyn, Poland dialysis center staff communicate regularly to ensure patient safety.

“We employ highly qualified staff for whom guaranteeing patient safety is the number one priority.”

Dr. Ryszard Trafny,
Medical Director at B. Braun Avitum Poland and Director of the Golub-Dobrzyn dialysis center.

The kidneys are responsible for eliminating waste from the body and regulating the balance of fluids and electrolytes. They also produce important hormones. For patients with chronic renal failure, which can occur as a result of diabetes, a build-up of waste products in the bloodstream results in uremia, a toxic condition. Dialysis is a treatment that replicates many of the kidneys' functions: It filters the blood, regulates blood pressure, and restores the chemical balance of electrolytes such as sodium, potassium, and chloride. There are three main treatments available for chronic renal failure – hemodialysis, peritoneal dialysis, and a kidney transplant.

In the case of hemodialysis, the blood is filtered via tubes through a special apparatus known as a dialyzer. Vascular access must be surgically created for this procedure. Most patients have to undergo hemodialysis three times a week, with each session lasting around four hours. In the case of the much less common peritoneal dialysis, the patient's peritoneum in the abdomen is used as the membrane across which the blood is filtered.

B. Braun has a wide range of innovative dialysis systems to safely meet all of a patient’s treatment needs. The company also operates more than 200 ultramodern dialysis centers around the world. 18 of these are in Poland, serving approximately 1,400 hemodialysis and 60 peritoneal dialysis patients. Dr. Ryszard Trafny, the Medical Director at B. Braun Avitum Poland and Director of the Golub-Dobrzyn dialysis center, says: “Our facilities may be state of the art, but the fact that most of the patients we see are elderly, with complex medical histories, means that the treatment still carries a number of risks. Our aim is to limit these to the greatest extent possible.” One potential complication of hemodialysis is an infection or blockage of the vascular access site as a result of thrombosis. Additional side effects include weakness, low blood pressure, circulatory disturbances or nausea – which can increase the risk of falling. The most common complication associated with peritoneal dialysis is peritonitis. To protect patients from contracting serious infections, such as hepatitis or HIV, while undergoing treatment, dialysis facilities are subject to the most stringent infection control requirements. “We employ highly qualified staff for whom guaranteeing patient safety is the number one priority,” emphasizes Dr. Trafny. For instance, the centers have been carefully documenting the disease progression of all patients for the past two years. In order to improve patient safety, we developed an online reporting system to which all of the centers B. Braun Avitum operates globally are connected. Every side effect and medically relevant event that occurs during and after dialysis is documented precisely to ensure that all practitioners have the latest information and are able to learn from experience,” explains Paul Challinor, Director of Nursing at B. Braun Avitum. The system has proven successful: In 2013, the number of adverse events occurring during 2,000 dialysis treatments fell from 15 to 10 at the centers in Poland.

A safe solution

Infusion therapy is often essential to support the patient's healing process. However, it is not without risk. B. Braun is committed to improving the long-term safety of infusion therapy worldwide – in Malaysia, for example.

With its towering skyscrapers, a culturally diverse population of 1.5 million, and busy street traffic, Kuala Lumpur meets all the criteria of a modern metropolis. Medical standards at the hospitals in Malaysia's capital are equally modern; as evidenced by the centrally situated Pantai Hospital, a multi-award winning, 332-bed hospital, which offers the full range of healthcare services. Dr. Syuhada Ahmad, Quality and Risk Manager at Pantai Hospital: "Safety, of both our patients and our staff, is of paramount importance to us." Accordingly, the hospital is also committed to minimizing the risks associated with infusion therapy.

Worldwide, the intravenous administration of substances and fluids, such as electrolytes, nutrition solutions and medications, is a long-established medical standard of practice. Nevertheless, if not done correctly, infusions can endanger the health of both patients and nursing staff. "Needlestick injury, in particular, is a risk that has to be taken very seriously," explains Datin Punithavathy Navaratnam, Director of Nursing at Pantai Hospital, Kuala Lumpur. There are an estimated several million needlestick and sharps injuries (for instance from needles or scalpels) worldwide in the healthcare industry every year. In most countries, it is required to put used needles in special disposal containers. Since May 2013, for example, an EU Directive has been in place in all European Union countries pertaining to the prevention of needlestick and sharps injuries in the healthcare industry. Nonetheless, in practice physicians and nursing staff will often injure themselves when replacing the protective cap over the sharp or needle. "This can inadvertently lead to the risk of transmission of a number of infectious pathogens, such as HIV or hepatitis," adds Datin Punithavathy Navaratnam.

These are not the only risks associated with infusion. For example, the infusion solution could be accidentally administered into the extravascular space/tissue around the infusion site instead of the intended vein. "Known as extravasation, this can cause irritation and pain at the infusion site, and can even lead to necrosis of the tissue," Dr. Syuhada Ahmad explains. Other potential risks associated with infusion treatment include venous air embolism caused by the introduction of air into the bloodstream, and different types of contamination by particles or pathogenic microorganisms.

It has always been a core mission of B. Braun to identify risks in the healthcare industry and reduce these risks through high-quality products. The company has increased patient and healthcare staff safety through numerous innovations especially in infusion therapy. The extensive product range includes IV solutions, IV sets and accessories, volumetric infusion pumps, syringe pumps, and peripheral IV catheters, as well as special disposal containers. Its wide range of safety technologies includes needle-free valves, safety IV sets to prevent venous air embolism,

Dr. Syuhada Ahmad, Quality and Risk Manager, and Datin Punithavathy Navaratnam, Director of Nursing of the Pantai Hospital in Kuala Lumpur, Malaysia.

Nursing staff at Pantai Hospital inform patients about safe infusion therapy using B. Braun systems.

safety peripheral IV catheters to prevent needlestick injuries, IV filters to prevent microbial and particle contamination, and closed systems for medication preparation. The Advanced Care concept of the B. Braun Hospital Care Division supports the company's commitment to safety. Uwe Erik Schneider, Vice President of Marketing & Sales, Basic Care, explains; "Advanced Care is about increasing safety for patients and healthcare professionals while at the same time optimizing clinical processes." A number of brochures together with the website www.safeinfusiontherapy.com aim to further the knowledge of healthcare professionals who use our products and offer safer product solutions for our customers. As a partner to medical societies and associations, Aesculap Academy is committed to sharing expertise in the medical field. Aesculap Academy, which is part of the B. Braun Group, offers comprehensive and proven continuing medical education (CME) for doctors and staff in hospitals, clinics and hospital management.

"B. Braun's worldwide initiatives to improve the safety of patients and healthcare professionals are significant and in this, Malaysia has a pioneering role in the region," says Anna Maria Braun, President of the Asia Pacific region headquartered in Penang. Harbans Kaur Dhillon, Senior Pharmacist at the University Malaya Medical Center in Kuala Lumpur confirms this: "We work very closely with B. Braun. By listening carefully and taking our feedback regarding our experience with the products into consideration, B. Braun helps bring about further improvements in quality, function, and safety," she concludes.

Helping to reduce hospital-acquired UTIs

Urinary tract infections are often acquired in hospital through the use of indwelling catheters. The Actreen SafeSet® is designed to offer protection against these infections.

The sterile catheter Actreen SafeSet® helps prevent the risk of urinary tract infection in patients suffering from urinary retention.

In Europe alone, approximately 25 million people suffer from urinary disorders. Although most commonly affecting the elderly, younger people can also suffer from temporary or permanent incontinence. In many cases, the incontinence (temporary or permanent) develops concomitantly with other diseases. It is also very common for patients who are confined to bed to be fitted with a urinary catheter during their hospital stay. "Up to 30 percent of our patients are catheterized," explains Prof. Dr. Pascal Bilbault, Director of Emergency Medicine at Strasbourg University Hospital in France, "However, the increasing use of indwelling urinary catheters is certainly not ideal." The problem is that patients with an indwelling urinary catheter are at an increased risk of contracting a UTI. Urinary tract infections represent a very large proportion, approximately 30 percent, of all nosocomial (hospital-acquired) infections. In most cases, the indwelling urinary catheter is the cause – there is a high risk of bacteria

entering the body via the catheter as a result of inadequate hygiene. "UTIs can have serious complications, such as sepsis," explains Prof. Bilbault. Experts believe that UTIs are the primary cause of hundreds of thousands of hospital mortalities around the world every year. Studies have shown, however, that viable alternatives to indwelling urinary catheters do exist. Dr. Florence Pospisil, Head of the Nosocomial Infection Prevention Department at Avignon Hospital in France: "We have conducted a number of point prevalence surveys of catheter-associated nosocomial UTIs, including one in a labor and delivery unit. The results have shown that single-use intermittent catheters help significantly reduce the incidence of such infections."

In discussions with customers and through its Actreen® product line, B. Braun offers a wide variety of customized systems, as well as remedies and aids for patients with incontinence. All Actreen® products feature a protective sleeve that protects the sterile catheter from direct contact with the hands, helping to optimize catheter hygiene and patient safety. The Actreen SafeSet® is particularly beneficial in the prevention of catheter-associated UTIs. This ready-to-use, closed system with anti-reflux valve permits swift and reliable urinalysis sampling using a needle-free sample port, significantly reducing the risk of needlestick injury for healthcare staff. The catheter's fully lubricated gel coating also makes application more comfortable for the patient. Prof. Bilbault: "Preventing nosocomial infections is our goal. Actreen SafeSet® is helping us achieve this."

"Up to 30 percent of our patients are catheterized. However, the increasing use of indwelling urinary catheters is certainly not ideal."

Prof. Dr. Pascal Bilbault,
Director of Emergency Medicine at Strasbourg University Hospital.

“We have to preserve the pioneering spirit”

They know B. Braun inside and out and have a combined professional experience of almost 175 years: Former Chairman of the Management Board and current Chairman of the Supervisory Board, Prof. Dr. h. c. Ludwig Georg Braun, joins fellow retirees and former senior management colleagues of many years: Doris Pöllmann, former Deputy Chair of the B. Braun Melsungen AG Works’ Council, Hans-Dieter Fröhlich, former Head of the Medical Production facility, and Otmar Wawrik, former Aesculap Sales Director.

Each one first joined B. Braun more than 40 years ago. What was different back then?

PROF. BRAUN: Absolutely everything. I joined the company in 1968, so I'm a child of 68, as it were. The revolutionary spirit of 1968 changed society as a whole and also helped to shape me personally. (Smiling:) Pushing boundaries and confronting the older generation is the privilege of youth.

PÖLLMANN: I first joined the company as a production employee and soon adopted a certain rebelliousness, in a positive sense. Like a great many at the time, I wanted change for the better; in the educational system, working conditions, workers' participation, equality between men and women.

WAWRIK: As young people at the time, we were able to try out new things. Introducing fresh ideas into the different areas led to a great many advances, major and minor – which also benefited older people.

FRÖHLICH: My father also worked for B. Braun for 40 years. Times were completely different in the first decades after the war. People wanted to work hard and create a better life for themselves. And, even at that time, B. Braun offered good prospects and job security.

PROF. BRAUN: The company was much smaller than it is today, however.

PÖLLMANN: At that time, you really did know everyone. It was a very family-like atmosphere.

PROF. BRAUN: Let us not idealize the past though – working conditions are certainly much better today. And even in such a large corporation, you still know the names of all of your coworkers.

PÖLLMANN: Cooperation between the works council and management has, over time, brought about a great many commendable improvements. One example is the improved work/life balance.

PROF. BRAUN: That is a key issue. When you consider the demographic shift that is currently underway in our society, it is vital that enterprises have a long-term, sustainable philosophy and approach. This is partly to support more people in their decision to have children, and also to make returning to work as easy as possible for highly educated women.

How did you experience B. Braun's rapid rise to becoming a global player?

FRÖHLICH: It was amazing to be involved in the considerable growth of the company, both in Germany and around the world. Our work in South America, Asia, the US, and many other markets brought tremendous momentum to the company. This was especially true in production, which we have expanded and modernized over the years by introducing automation, improving flexibility, and increasing efficiency.

WAWRIK: One of the most important acquisitions was that of Aesculap – from a majority holding in 1976 to its eventual integration in 1998. There was of course some initial uncertainty in Tuttlingen about how everything would go. However, B. Braun Management has approached all acquisitions with the greatest sensitivity and always endeavored to keep everyone informed and on board. This has meant that every integrated company has become a genuine part of the B. Braun family, resulting in a win-win situation for all concerned.

PÖLLMANN: The company's international success has a promoted regional growth. The capacity expansions abroad therefore did not jeopardize any jobs at German locations. In fact, the internationalization gave many employees the opportunity to advance even further.

PROF. BRAUN: We do not pursue growth for growth's sake. The important thing is to see the world with your eyes open, to understand the markets and the people who live there, and to identify trends early on. For example, we saw an opportunity to significantly improve hygiene by using plastic and single-use products. If you seize such opportunities, financial success is the logical outcome. We have to preserve this pioneering spirit.

In an interview, (from left) former Aesculap Sales Director, Otmar Wawrik, former Chairman of the Management Board and current Chairman of the Supervisory Board, Prof. Dr. h.c. Ludwig Georg Braun, former Deputy Chair of the B. Braun Melsungen AG Works' Council, Doris Pöllmann, and former Head of the Melsungen Medical Production facility, Hans-Dieter Fröhlich discuss how B. Braun has changed over the years.

Is it important that B. Braun is a family-owned company?

FRÖHLICH: It is very important. The Braun family puts its values into practice as an entrepreneur and through its varied corporate sponsored activities within local communities.

PÖLLMANN: This encourages employees to identify with the company and provides a sense of security.

WAWRIK: It also encourages you to take personal responsibility and live up to these values through your own conduct.

PROF. BRAUN: In addition to family values, I have always been driven by the ethos of the "honorable merchant": "Only do honest business so you can sleep with a clear conscience!" This ethos has always been important to our family and shapes the entire company.

The company is now 175 years old. Is tradition important?

PÖLLMANN: Every future needs a past. It is important to learn from the past in order to shape the future.

FRÖHLICH: For me, B. Braun's history is associated with many groundbreaking innovations. Every employee can be proud of this. My personal story is very closely tied with the company – and I am grateful for that.

WAWRIK: Tradition has its place, but should not stand in the way of the future. A backward-looking, conservative approach will not achieve anything.

PROF. BRAUN: You should certainly be aware of your past, but it is much more important to look forward. There is so much potential, new trends and exciting challenges that lie before us.

"You should certainly be aware of your past, but it is much more important to look forward."

Prof. Dr. h.c. Ludwig Georg Braun

Prof. Dr. h.c. Ludwig Georg Braun (above), Otmar Wawrik (left), Doris Pöllmann (right), and Hans-Dieter Fröhlich (below) all witnessed and helped shape B. Braun's success.

From a pharmacy to a global company

For 175 years, the B. Braun brand has been synonymous with innovation and expertise in the field of medical technology: Milestones of a truly unique success story.

A step back in time to 1839: Horse-drawn carriages clatter down bumpy roads, rail transportation is still in its infancy, and automobiles are but a distant dream. Even major advances in medicine, such as the work of the 'father of pathology,' Rudolf Virchow, are still a number of years away. It is in this historic setting that Julius Wilhelm Braun spends 14,000 Thaler on the purchase of the Rosen-Apotheke, a small pharmacy in the village of Melsungen located in the North Hesse region of Germany. No doubt he would have smiled in disbelief had anyone told him at the time just what the future had in store for his pharmacy. In 1864, his son Bernhard Braun commences production of bandages and migraine sticks. In 1898, Carl Braun assumes control of the pharmacy and the company. In 1908, under his leadership, the medical device business really starts to take off with the manufacture of catgut, a sterile, absorbable suture material made from the intestines of sheep. The customers were pharmacies, hospitals, and physicians. The popularity of the product prompts the building of a factory. In the years that follow, the company also starts to manufacture splints to treat bone fractures and blood pressure meters. The company begins to expand and, in 1925, opens its first production facility outside of Germany, in Milan, Italy. In 1930, the company begins manufacturing Sterofundin®, which forms the basis for all future balanced electrolyte solutions. Another milestone occurs in 1951 with the launch of the Perfusor®, a syringe pump designed for the intravenous delivery of medication. During this time, the medical device world is revolutionized by the introduction of plastic: a lightweight, robust, low-cost, and modern material. In 1956, B. Braun further improves the long-term success of its business with the launch of plastic infusion containers. The next quantum leap comes in 1962 with the Braunüle® (see page 20), the world's first single-piece plastic IV catheter. Like the Perfusor® before it, this innovation spawned a new generation of catheters, all of which bear its name. B. Braun continues to develop its innovative products up to the present day. 1997, for example, saw the launch of the Ecoflac® plus solution container and 1998 the Introcan® Safety IV catheter. Additional product highlights include the OrthoPilot® computer-aided navigation system for knee and hip arthroplasty procedures in 1998, the Dialog+® hemodialysis machine in 2003, and the SeQuent® Please balloon catheter in 2009. Through multiple acquisitions, the company has continued to pursue an international growth course, for example in Brazil in 1967, in Malaysia in 1972, and in the United States in 1979. B. Braun has also invested heavily in capacity expansions throughout Germany. One significant milestone occurred in 1976 with the acquisition of a majority interest in Aesculap AG. In 1977, Ludwig Georg Braun joined the Management Board as Spokesman. He went on to lead the steadily growing family-owned company until the appointment of Heinz-Walter Große as Chairman of the Board in 2011. Otto Philipp Braun also joined the Board in this year, becoming the first member of the family's sixth generation to do so. With approximately fifty thousand employees in 61 countries worldwide, the family-owned B. Braun Group is today one of the world's leading providers of healthcare solutions.

B|BRAUN

A family company in every sense

"Once B. Braun, always B. Braun!" This statement is borne out by the statistics of high employee satisfaction and low staff turnover. It's little surprise then that many of our employees also recommend the company to their family and friends. There are a number of families working at B. Braun. This article features five examples.

Jason, Gus and Joe Griffith, B. Braun Allentown, Pennsylvania / USA

"When my two boys were young, I often raved about the company that I worked for," recalls Gus Griffith, 61, an injection molding coordinator at the B. Braun plant in Allentown, Pennsylvania. That was almost 30 years ago, but his words must have made a lasting impression. Both of his sons, long since grown, have now worked at B. Braun for many years. Jason, 41, followed in his father's footsteps in 1991, joining the injection molding department as a mechanic. "I see my dad every day because we work in the same department. We have been through a lot together," Jason comments. In 1996, his younger brother Joe, 31, also joined the company in the quality assurance department, which is based in the same building. "I'm very grateful to my dad for opening our eyes to the opportunities at B. Braun. It's really something to work for a global corporation," he concludes. Gus has the final say: "Joining B. Braun in 1985 was one of the best decisions of my life. Integrity, respect, and team spirit are genuinely valued here. And, of course, being able to work with my boys is really fantastic."

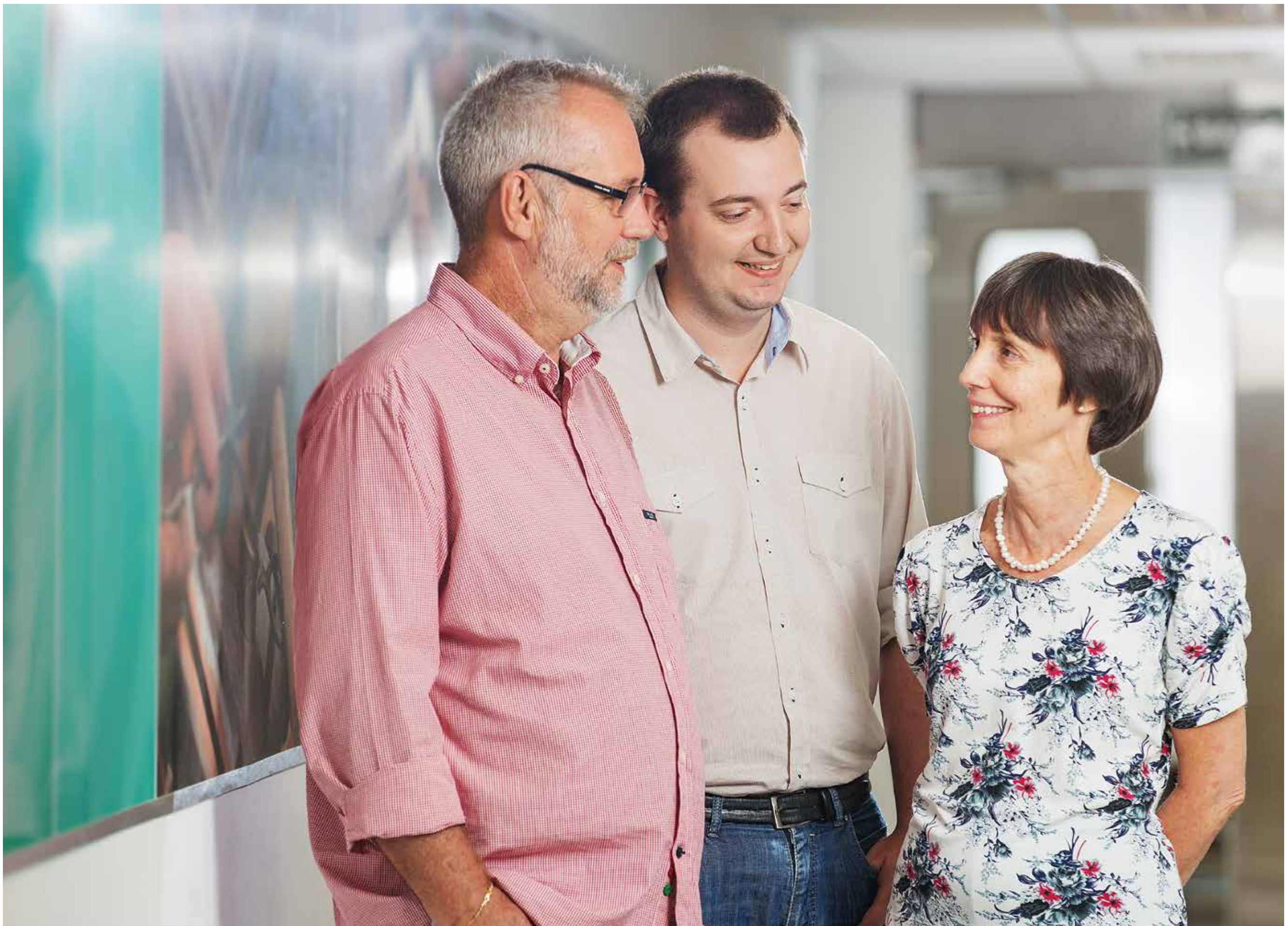
"I love numbers!," laughs Silvia Rachner. Fortunately, the 50-year-old has the opportunity to live out her passion in her role in Logistics at B. Braun. The deputy group leader for the Incoming Goods department first joined the company 35 years ago as an administrative assistant. After initially working in research, her role soon changed to involve inventory management and all related activities. For Ms. Rachner, her hometown of Melsungen and B. Braun are inextricably linked: "The company does a great deal for the town, for example by supporting local clubs and associations." A number of Ms. Rachner's friends and relatives also work at B. Braun, including her husband Ingo and son Patrick. Ingo Rachner has been a loyal employee of the company for 25 years. Originally a trained car mechanic, Mr. Rachner, 47, is today responsible for processing returns: "It was my wife who first suggested I apply to B. Braun; it was clearly an attractive employer, offering job security and interesting work, so it didn't take me long to take up her suggestion!" Their son Patrick, 26, also initially trained to become an automotive mechatronic engineer, graduating as the best student in his class. In 2009, he too decided to apply to B. Braun. "It's great that I still get to work with cars," he comments. He works in the company's own auto repair shop, as well as providing chauffeur services.

Silvia, Ingo and Patrick Rachner, B. Braun Melsungen / Germany

Noelia, Presen and Antonio Sánchez, B. Braun Rubí / Spain

By working for B. Braun, a family company steeped in tradition, the Sánchez family is preserving a tradition of its own. Presen Sánchez, 58, works in the payroll department. Ms. Sánchez has worked at B. Braun's Rubí site near Barcelona since the age of 15, when she took her father's suggestion and applied for a position with the company. Ever since joining the company, she has encountered many of her relatives in the course of her daily work. She keeps matters very professional: "At work, we are first and foremost colleagues." Do her niece Noelia and cousin Antonio agree? Noelia, 29, who works in customer service and particularly appreciates the opportunities B. Braun offers for individual professional development, responds: "Working with so many members of my family is great." And, her father, warehouse foreman Antonio Sánchez, 53, who has been with B. Braun for almost 40 years, concurs: "My parents worked here and today at least 15 of my relatives work here. The security and stability of the company has benefited our entire family."

Werner, Rafael and Monica Mohrstedt, B. Braun São Gonçalo / Brazil



"I always wanted to work for a German company," says Monica Mohrstedt, 57, an administrative assistant in the sales department of B. Braun's Brazilian plant in São Gonçalo. As one might guess from her last name, this desire had partly to do with her German roots. "It's really great that I have so much contact with my coworkers in Tuttlingen and Melsungen," she comments. She achieved her goal back in 1981 and has been with the company ever since. Werner Mohrstedt, Monica's brother, has worked for B. Braun for almost as long, after acting on his sister's advice. Werner works as an architect and project coordinator for projects such as the Guaxindiba plant, which is currently under construction. "I enjoy having the opportunity to use my German during meetings," explains the 58-year-old. His son Rafael is also an architect and joined B. Braun in 2006. "When I first started, it was strange having my dad as my supervisor. Most of my coworkers simply referred to me as 'Werner's son.' Now, however, I have earned their trust and they all call me by my real name," says 27-year-old Rafael with a wink.

"I hope that B. Braun remains as successful as it is today. Partly because it makes great products, but also of course for my own benefit and that of my family," comments Suria Bakar, 49. A loyal production employee of B. Braun in Penang, Malaysia, for more than 30 years, Ms. Bakar urged her daughter to follow suit. She did so in 2006 – and has never looked back. Ms. Bakar's daughter, Noorhassu Diyana Bt Basir, 26, explains: "B. Braun is without a doubt one of the best employers in the north of Malaysia. And I love being able to work with my mom and spend break times together." Suria Bakar's younger sister and a number of other relatives also work at the Penang site. "I really hope that future generations will also have the good fortune of finding a position here," she concludes with a smile.

Noorhassu Diyana Bt Basir and Suria Bakar, B. Braun Penang / Malaysia

Group Management Report

Five-Year Overview	46
About the B. Braun Group	47
Economic report	51
Subsequent events	63
Risk and opportunities report	63
Outlook	66

GROUP MANAGEMENT REPORT

Five-Year Overview

	2009 € million	2010 € million	2011 € million	2012 € million	2013 € million
Sales	**4,028.2**	**4,422.8**	**4,609.4**	**5,047.8**	**5,169.5**
Cost of Goods Sold	**2,151.4**	**2,341.7**	**2,469.7**	**2,752.7**	**2,824.8**
Functional Expenses	**1,432.3**	**1,595.9**	**1,686.5**	**1,817.9**	**1,860.0**
Selling, General and Administrative Expenses	1,293.2	1,440.5	1,506.9	1,626.5	1,641.4
Research & Development Expenses	139.1	155.4	179.6	191.4	218.6
Interim Profit	**444.5**	**485.2**	**453.1**	**477.2**	**484.8**
Operating Profit	**410.6**	**456.2**	**435.0**	**469.2**	**478.5**
Profit before Taxes	**336.1**	**389.6**	**363.0**	**403.1**	**422.5**
Consolidated Annual Net Profit	**239.6**	**277.4**	**257.7**	**288.6**	**315.5**
EBIT	**411.9**	**462.2**	**435.4**	**478.3**	**487.8**
EBITDA	**620.5**	**700.5**	**691.3**	**757.5**	**784.9**
Assets	**3,975.1**	**4,686.1**	**5,140.5**	**5,483.5**	**6,079.5**
Intangible Assets (incl. Goodwill)	167.9	218.6	268.0	337.5	385.7
Property, Plant, and Equipment	1,926.8	2,305.0	2,541.7	2,736.8	2,896.6
Other Financial Investments	17.3	22.0	38.9	45.1	471.6
Inventories	708.8	780.0	833.4	873.6	901.5
Trade Receivables	790.1	933.5	1,016.3	952.2	971.1
Equity	**1,620.0**	**1,984.0**	**2,101.2**	**2,259.2**	**2,445.0**
Liabilities	**2,355.1**	**2,702.0**	**3,039.2**	**3,224.3**	**3,634.5**
Pension Obligations	491.8	513.3	650.3	816.7	798.5
Financial Liabilities	1,006.4	1,233.4	1,401.7	1,368.9	1,773.8
Trade Accounts Payable	210.3	216.8	219.7	243.0	273.4
Investments in Property, Plant, and Equipment, Intangible Assets, and Financial Investments, including Business Acquisitions	**465.9**	**601.2**	**573.3**	**588.5**	**1,029.4**
Depreciation and Amortization of Property, Plant and Equipment and Intangible Assets	**208.6**	**238.2**	**253.2**	**279.1**	**297.2**
Personnel Expenditures	**1,424.9**	**1,581.7**	**1,648.9**	**1,834.4**	**1,885.3**
Employees (annual average)	**38,512**	**40,316**	**42,736**	**45,381**	**48,264**

About the B. Braun Group

Business model

B. Braun develops, manufactures, and markets medical products and services, and is one of the world's leading suppliers of equipment to the healthcare industry. Hospitals, physician practices, pharmacies, nursing and emergency services, as well as homecare are our focus. The product range includes IV solutions, syringe pumps, and accessories for IV therapy, intensive care and anesthesia, as well as surgical instruments, sutures, hip and knee endoprostheses, equipment and accessories for dialysis, and wound care products. In all, the B. Braun product range comprises 5,000 products[1], 95 percent of which are manufactured by the company. B. Braun's expanded portfolio includes consulting and other services, making it a service provider that works closely with its customers to determine the best solution for each and every patient, thereby making a significant contribution to medical advancements. The company's operations are organized into four divisions – Hospital Care, Aesculap, Out Patient Market, and B. Braun Avitum.

B. Braun Hospital Care

The Hospital Care Division supplies hospitals with such products as IV sets and accessories, IV and injection solutions, peripheral IV catheters, products for clinical nutrition, as well as pumps and associated systems. In addition, the division offers an extensive range of disposable medical and wound drainage products, as well as pharmaceuticals and products for drug admixture and regional anesthesia. With its infusion therapy and drug admixture portfolio, Hospital Care provides hospitals with a unique product system offering, focusing on continually improving efficiency, safety, and documentation of hospital procedures.

Hospital Care is the worldwide market leader for IV sets and accessories, peripheral IV catheters, and regional anesthesia. The division is also the European market leader in automated infusion systems and standard IV solutions. We continue to grow our market position in the area of primary care products for hospitals and automated infusion systems. We have particularly benefited from the growing market for medical safety products, and therefore continue to increase our market presence in this area.

The B. Braun Aesculap Division

The Aesculap Division, which is based in Tuttlingen (Baden-Württemberg, Germany), develops and markets products and services for surgical, orthopaedic and interventional procedures in operative medicine. The extensive product range of the B. Braun Group enables us to develop cost-effective comprehensive solutions and build strategic partnerships as a result. We provide added value to our customers by helping them to improve internal efficiency and processes.

Aesculap is the global market leader in surgical instruments and sterilization technology and a major global supplier in the fields of neurosurgery and wound closure. The division offers state-of-the-art product concepts for specific market segments to treat degenerative knee and hip conditions, including instruments for minimally invasive procedures, short-stem hip prostheses and abrasion-optimized, anti-friction coatings for knee implants. With innovative products such as the Einstein Vision® robot-assisted 3D camera system and bipolar seal and cut instruments, we facilitate precision in endoscopic procedures. Our key areas of focus in the field of endoscopic surgery include general and visceral surgery, gynecology, urology, thoracic surgery, trauma surgery, arthroscopy, and minimally-invasive vascular surgery. In the area of spinal surgery, we provide surgeons with innovative surgical solutions based on exclusive treatment concepts. Our suture material portfolio focuses on specific applications, such as cardiovascular surgery or monofilament suture thread for abdominal wall closure.

The B. Braun Out Patient Market (OPM) Division

The focus of the Out Patient Market (OPM) Division is on meeting the needs of patients outside the hospital setting and of long-term patients. Our customers include physicians in private practice, outpatient and inpatient care services, and pharmacies.

Adopting a holistic approach to consulting and care giving, the division strives to provide patients with a combination of high-quality and cost-effective healthcare. The key areas on which it focuses are the transfer of patients from one setting of care to another, outpatient IV therapy, diabetes, skin and wound management, stoma and incontinence care and infection protection.

[1] In 2013, B. Braun redefined its product concept and recorded the number of products based on a cross-divisional product information system. As a result, instead of distinguishing between 30,000 products, as was previously the case, the company now distinguishes between 5,000 products and 120,000 salable items. Under this new definition, items with similar or identical properties or functions fall under a single product. This new classification is also reflected in the company's presentation of its products within catalogs or on websites.

In addition to these products, OPM offers a broad range of outpatient services. A major objective is the sharing of expertise across all areas, for example when transferring parenterally-fed patients from inpatient to outpatient care. Our experienced employees relieve patients, hospitals, private practice physicians, and care services of administrative tasks and ensure that the quality and progress of treatment is optimized.

The B. Braun Avitum Division

B. Braun Avitum is one of only a few full-range suppliers in the field of extracorporeal blood treatment worldwide. We provide dialysis centers with all of the products and services necessary for the blood cleansing processes involved in dialysis and apheresis. Hemodialysis products and systems are the division's core business.

The division has a network of 230 dialysis centers in Europe, Asia, and South Africa, caring for more than 15,000 patients. Physicians and nursing staff are available in our clinics to assist and advise dialysis patients with chronic kidney and metabolic disorders.

We set ourselves apart from our competitors through reliable product quality and supply, as well as an extensive range of user training courses, technical support, and IT solutions. We aspire to improve patients' quality of life and to design new and efficient treatment processes.

Aesculap Academy

Through Aesculap Academy, we have established a global forum specializing in training and continuing professional development for hospital-based physicians, surgeons, healthcare professionals as well as hospital management.

In 2013, the Academy provided training to approximately 80,000 medical experts worldwide. We have broadened the scope of our practical workshops and added more virtual simulation techniques, with a number of the Academy's international locations now offering laparoscopic simulation trainers. In cooperation with Swedish development partner Surgical Skills, the system has been enhanced to support more indications and offer haptic feedback.

The Aesculap Academy has increased its presence in Germany with the opening of a new facility in Bochum. Plans are currently underway to build similar state-of-the-art training sites based on this model in China, Chile, and the UK.

Standardized training course content, combined with the new website, facilitate fast sharing of the latest knowledge and information as well as interactive dialog between experts via social media.

Corporate governance and control

In addition to its own business operations, B. Braun Melsungen AG performs centralized functions for the Group. It is both the headquarters for the Group and the center for areas that perform group-wide functions. In particular, these include group-wide accounting and controlling, international human resources, IT and logistics, the legal and tax department, and the Group treasury. The company is wholly family-owned and is not listed on any stock exchange. The company's statutory agents include the Management Board, the Supervisory Board, and the Annual Shareholders' Meeting. The Management Board is comprised of seven members, each with specific individual responsibilities and joint responsibility for the company's performance. The Supervisory Board consists of 16 members, half of whom are elected by the Annual Shareholders' Meeting and half by the company's employees. Committees have been established to support the work of the Supervisory Board. The Personnel Committee is responsible for such matters as the Management Board members' employment contracts and compensation. The Audit Committee monitors the internal audit systems, the accounting process, and the auditing of financial statements.

Key strategic indicators for management purposes include EBITDA and defined balance sheet ratios. The key performance indicators interim profit and EBIT are used primarily to manage operations. We also use the key performance indicators DSO and CIW to track the development of working capital.

B. Braun's commitment to the principles of responsible corporate governance and oversight is reflected in its adherence to recognized standards. The ultimate objective is the long-term success of B. Braun as a family-owned company. The rules governing how we conduct ourselves toward customers have been defined in our Code of Conduct since 1996. For us, corporate governance and compliance are not only our duty, they are a basic requirement for the sustain-

able management of our business. The legal and ethical conduct of our employees is central to our value system. Ensuring strict compliance with all national and international regulations on product registration, production validation, and product safety is an important part of this. B. Braun operates a global Compliance Management System that, in addition to legal conformity, also encompasses ethical values such as fairness, integrity, and sustainability. An Group Compliance Office and local Compliance Officers ensure that all employees adhere to consistent standards.

Through its subsidiaries and holdings, B. Braun operates in 61 countries. The B. Braun Group includes 227 (previous year: 211) consolidated companies and three (previous year: three) jointly-owned companies in which we do not have a majority interest. 16 (previous year: 18) holdings are consolidated using the equity method of accounting. Detailed information about major shareholdings can be found in the tables on pages 144 to 147.

Major manufacturing sites are located in Melsungen (Germany), Tuttlingen (Germany), São Gonçalo (Brazil), Suzhou (China), Boulogne (France), Penang (Malaysia), Nowy Tomyśl (Poland), Sempach (Switzerland), Rubí (Spain), Budapest (Hungary), Allentown (US), Dallas (US), Irvine (US), Santo Domingo (Dominican Republic) and Hanoi (Vietnam), among others.

Group strategy

The Group strategy remains focused on continued growth and further increasing profitability. The Group strategy remains focused on continued growth, further increasing profitability, and increasing the EBITDA margin to between 17 and 18 percent of sales. We aim to reduce manufacturing costs through improvements in production efficiency and to keep administrative expenses low. Managing selling expenses is an additional area of focus, as is the continuous optimization of our working capital cycle.

Our product offerings are organized into core business areas of the healthcare industry and specific focus business areas for individual sectors of the healthcare industry. Our goal is that the core business areas within each division have a significant global market share. We select the specific focus business areas based on regional market characteristics.

The B. Braun Group's strategy is founded on the three pillars of innovation, efficiency, and sustainability. Innovation, in this context, refers not only to the development and continuous improvement of new products, but also to innovative manufacturing processes and service offerings for our customers. Extensive investment and development efforts underscore our intention to maintain our position as one of the leading healthcare companies into the future. We received a number of awards and distinctions in 2013, which validated our Group strategy. In Brazil, for example, for the second year running, B. Braun was named one of the top five companies in the 360° business ranking of the business monthly Época Negócios, taking first place in the "Future Vision" category. In Hungary, B. Braun was named an "Excellent Medical Technology Company." The B. Braun Annual Report 2012 also took second place in the Private Public Award, recognizing it as one of the best annual reports published by the 250 largest family-owned companies in Germany. The reports were assessed according to 90 evaluation criteria, which included comprehensiveness and coherence of the financial statements, transparency of the management report, and communication of the corporate message in the journal section. In addition, the Annual Report received the LACP Award in Bronze, the ARC Award in Bronze, and special distinction from the Deutsche Standards Editionen Verlag.

By structuring our divisional organization into Centers of Excellence, we are able to respond rapidly to changes in the market and ensure the swift and efficient sharing of expertise within our Group. This supports B. Braun's aim to better benefit its customers by being a full-range supplier of products and services. In all that we do, we focus on the creation of sustainable value. We are well aware of our responsibilities to our customers, patients, employees, and, last but not least, society as a whole, and take these into account in our decisions, whether on day-to-day business or strategy.

Research and development

Within the B. Braun Group, research and development activities are carried out at various Centers of Excellence (CoEs), at which research, development, production, and marketing activities for specific product groups are brought together, providing a forum for close collaboration. Major Centers of Excellence (CoEs) are situated in Melsungen (Germany),

Tuttlingen (Germany), Boulogne (France), Penang (Malaysia), Sempach (Switzerland), Rubí (Spain), and Allentown (US).

Research and development activities at the Hospital Care Division center around improving safety for patients and staff and simplifying hospital processes. In the Infusion Therapy business area, our efforts are largely focused on completing the product range for closed infusion systems and systems for medication preparation. Through the use of integrated product and process innovations, we are working toward the market launch of a new generation of IV sets. Another area of focus is the expansion and continuous improvement of our range of safety products to protect against needlestick injuries. We are also currently working on an optimized glucose control system for intensive care patients. In the Pharma business area, our focus is on the development of products for parenteral nutrition and a variety of injectables.

The research and development activities of the Aesculap Division focus on endoscopy, orthopedics, spinal surgery, vascular systems and modern technologies of wound closure. Our Einstein Vision® robot-assisted 3D laparascopic camera system can now also be utilized for abdominal surgery and we have made further developments to our bipolar cut and seal instruments. In the area of spinal implants, the Arcadius^{XP} series represents another innovation from Aesculap, with the additional osteoconductive PLASMAPORE^{XP}® coating helping to improve the stability of the intracoporeal implant as well as its imaging properties. In the Wound Closure business area, we have received approval for the internal application of Histoacryl® Flexible, a flexible topical skin adhesive that joins our long-established and successful Histoacryl® product line. This adhesive can therefore now be used for mesh fixation in abdominal wall surgery. In the Vascular Systems business area, work has been focused on the development of a new generation of drug-eluting stents. A well-balanced combination of thinner walls and, consequently smaller diameters, together with a hydrophilic surface coating, facilitate penetration of the catheter through the stenosis. The new polymer-free drug-eluting stents help to prevent adverse foreign body reactions and promote faster stent healing within the natural vascular tissue.

This year, the Diabetes Care business area within the OPM Division is focusing on the new generation of pen needles. In addition, we continue to develop our range of hand disinfection products. In the area of Continence Care & Urology, we have added new single-use catheters to our Actreen® product range and we have also developed a number of new solutions for our Stoma Care business area. In the area of skin and wound management, we expanded the polyhexanide-based range of the Prontosan® product family.

The aim of research and development within the B. Braun Avitum Division is to improve treatment quality and efficiency for hemodialysis and acute dialysis. In the ongoing development of our dialysis machines, our main areas of focus have been improving ease of use, increasing the number of therapies supported, and optimizing treatment quality with the help of innovative sensor technologies (such as Adimea, which stands for "**A**ccurate **D**ialysis **Mea**surement"). An additional focus has been on expanding networking capabilities (Nexadia) to simplify day-to-day processes and to improve the quality of dialysis treatment. In the area of consumables, our development efforts have been focused on optimizing ease of use and efficiency. A particular focal point has been the continuous improvement of the hollow-fiber membranes used in the xevonta and Diacap® dialyzer families.

Economic report

Macroeconomic and industry-specific environment

Performance of the global economy[2]

In 2013, the global economy continued to lose momentum. In industrialized nations, this resulted in weaker year-on-year growth. Negative effects were once again seen from the eurozone. Growth in emerging markets was also weaker than in the previous year, failing to live up to expectations and resulting in a lack of stimulus for the world economy. The sovereign debt crisis continued to have a negative impact on the macroeconomic climate. As a result, southern European countries in particular continued to see weak or even negative economic growth.

In 2013, global output grew by 2.7 percent, compared to 3.1 percent in 2012. The slowdown in the industrialized countries continued, with growth falling from the previous year's low of 1.4 percent to 1.3 percent in 2013. The economies of emerging and developing countries also lacked momentum, experiencing growth of 4.7 percent compared to 4.9 percent in the previous year. World trade volume grew by 2.7 percent as in the previous year. In the eurozone, economic output fell by 0.4 percent (previous year: – 0.7 percent).

In Germany, the positive growth of 0.5 percent was weaker than that of the previous year (0.9 percent). A major factor in this trend was the decline in exports, which was driven primarily by continuing problems in Southern Europe and the resulting decline in demand for German-made products. The German labor market remained stable with unemployment significantly below the eurozone's average.

Once again in 2013, fallout from the sovereign debt crisis continued to have an impact on the development of the economies of Greece (– 4.2 percent, previous year: – 6.4 percent), Portugal (– 1.8 percent, previous year: – 3.2 percent), Spain (– 1.2 percent, previous year: – 1.6 percent), and Italy (– 1.8 percent, previous year: – 2.5 percent), leading to a decline in economic output, albeit less pronounced than that of 2012. Ireland, which had been similarly affected by the sovereign debt crisis, succeeded in improving its international competitiveness in 2013, culminating, at the end of the year, in the country's exit from the European bailout rescue program. Its economy grew by 0.6 percent compared to 0.2 percent in the previous year.

Growth in Eastern Europe (including Turkey) stood at a healthier 2.3 percent in 2013 (previous year: 1.4 percent). The recovery of Turkey's economy benefited from growth in consumer spending and a more relaxed monetary policy. In Poland, growth slowed to 1.3 percent compared to 1.9 percent the previous year, largely as a result of higher unemployment. Hungary experienced marginal positive growth of 0.2 percent, following the negative growth (– 1.7 percent) of the previous year. Russia's economy grew by 1.5 percent (previous year: 3.4 percent). This slowdown was a result of the outflow of capital and a lack of external stimuli.

In 2013, the US economy experienced 1.9 percent growth (previous year: 2.8 percent), with the budget crisis and government shutdown negatively affecting investor confidence.

Latin America continued the positive growth trend of recent years, surpassing that of the previous year (2013: 3.2 percent, 2012: 2.6 percent). Inflation rose again to 8.0 percent (previous year: 6.8 percent). In Brazil, economic growth climbed 1.3 percentage points to 2.3 percent (previous year: 1.0 percent). Devaluation of the real improved the competitiveness of the country's exports.

Asia experienced stable growth in 2013. China's economy grew by 7.7 percent (previous year: 7.7 percent). A stronger second half of the year helped China's economy maintain the growth trend of the previous year. In India, economic growth stood at 4.4 percent, which was marginally higher than the 3.2 percent seen in 2012. Indonesia's economy grew by 5.3 percent, falling short of the 6.2 percent of 2012. Malaysia also failed to reach the levels of the previous year, with growth of 4.7 percent compared to 5.6 percent in 2012. Australia's economic growth of 2.5 percent also lagged behind that of the previous year (3.7 percent). A modest recovery was seen in the Japanese economy, which achieved growth of 1.7 percent (previous year: 1.4 percent). Japanese exports benefited from the devalued yen and an increase in foreign demand.

Performance of the healthcare market

In 2013, the global healthcare market performed strongly, although there was continuing fallout from the sovereign debt crisis. The German healthcare market experienced marginal growth, which benefited from the recovery of the economy as a whole.

[2] International Monetary Fund: World Economic Outlook, October 2013 & Update January 2014

A recovery of the healthcare market was seen in the Southern European countries most affected by the sovereign debt crisis. Italy experienced a rise in healthcare spending following the decline of 2012. In Spain too, healthcare spending, which had stagnated in the previous year, also increased. Public spending budgets remain depressed, as a result of the continuing effects of the sovereign debt crisis. High unemployment and benefit cuts continue to take their toll on private healthcare spending. In Southern Europe, public administration receivables remain at a high level.

Driven by the positive development of the national economy, the Russian healthcare market experienced healthy growth. Poland saw a rise in healthcare spending, following a marked decline in the previous year.

In the US, the healthcare market experienced strong growth in 2013. The new medical device excise tax, which took effect in 2013, cost medical device manufacturers approximately $ 2.3 billion. Private healthcare spending increased, driven by the continued growth of the US economy.

Increased private and public healthcare spending in 2013 helped drive growth in the healthcare markets of Latin America. The continuing professionalization of the healthcare industry in this region has prompted a rise in demand for medical technology and pharmaceutical products.

In the Chinese healthcare market, the growth trend of recent years continued, moving well into double digits in the reporting year.

Healthcare spending also increased in India and Malaysia. Drivers in these markets remain population growth and increasing wealth, combined with an aging demographic and improvements to the local healthcare systems. Japan, on the other hand, witnessed a slowdown in healthcare spending.

Business performance and financial position

Business performance

Within the 2013 reporting year, performance of the B. Braun Group was satisfactory. Sales growth at constant currency rates stood at 5.8 percent, which is within the targeted five to seven percent range. The most dynamic growth was seen in the Hospital Care and B. Braun Avitum Divisions, although OPM and Aesculap also achieved sales improvements at constant currency rates compared to the previous year. Currency fluctuations did, however, have a negative impact on the Group's performance, meaning that the sales in euro entered in the balance sheet put growth at 2.4 percent.

In 2013, we invested a record € 1 billion (previous year: € 0.6 billion) in new factories, dialysis centers, and strategic holdings, which helped us to further strengthen our posi-

Key performance indicators	2012	2013	Change in %
Sales (in € million)	5,047.8	5,169.5	2.4
Gross Margin (in %)	45.5	45.4	
Net Margin after Taxes (in %)	5.7	6.1	
EBITDA (in € million)	757.5	784.9	3.6
EBITDA Margin (in %)	15.0	15.2	
Equity Ratio (in %)	41.2	40.2	
Equity Ratio including Loans from Shareholders (in %)	41.8	40.9	
Net Financial Debt (in € million)	1,245.9	1,715.8	37.7
Net Financial Debt/EBITDA	1.6	2.2	
Research and Development Expenses (in € million)	191.5	218.6	14.1
Investments in Property, Plant, and Equipment and Intangible Assets (in € million)	588.5	1,029.4	74.9
Depreciation of Property, Plant, and Equipment and Intangible Assets (in € million)	279.1	297.2	6.5
Working Capital (in € million)	1,569.7	1,577.9	0.5
Personnel Expenditures (in € million)	1,834.4	1,885.3	2.8
Employees (as of December 31)	46,607	49,889	7.0

tion within the global healthcare industry and pave the way for future growth.

In line with our forecast, we succeeded in improving EBITDA, though the increase of 3.6 percent (+ 6.8 percent at constant currency rates) was not yet in line with our strategic targets. Our management-relevant key performance indicators, interim profit and EBIT, improved by 1.6 percent (+ 5.1 percent at constant currency rates) and 2.0 percent respectively (+ 5.1 percent at constant currency rates). The market environment continues to be affected by public spending cuts and increasingly stricter legislation regulating the placement of medical and pharmaceutical products on the market. Competitive pricing within the healthcare industry is also intensifying, which impacts our profitability. We have been able to counter this through continued cost-cutting measures and internal efficiency improvements, and, as a result, have improved the EBITDA margin to 15.2 percent (previous year: 15.0 percent). We are therefore another step closer to achieving our target of 17 to 18 percent.

Overall, the B. Braun Group is in a good, stable financial condition. At the present time, we are not aware of any factors that could significantly impact the Group's position.

Results of operations

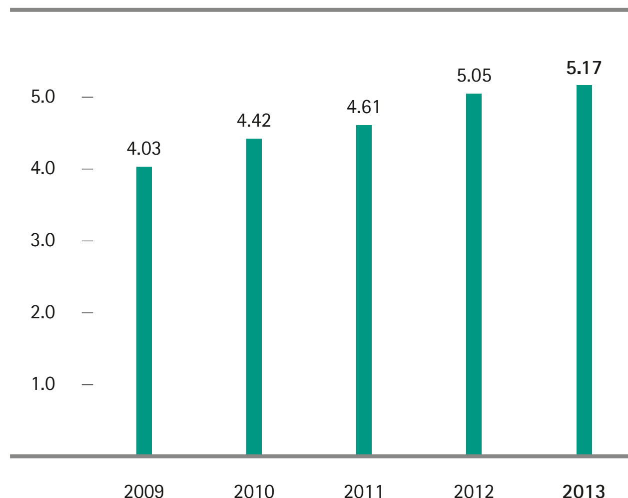
Sales development of the B. Braun Group[3]

In fiscal year 2013, sales of the B. Braun Group overall amounted to € 5,169.5 million (previous year: € 5,047.8 million), representing year-on-year growth of 2.4 percent.

Sales in the core business areas increased by 3.0 percent to € 2,918.1 million (previous year: € 2,833.1 million), a slightly better performance than the specific focus business areas, where revenues increased by 1.7 percent to € 2,251.4 million (previous year: € 2,214.7 million).

The Hospital Care and B. Braun Avitum Divisions reported healthy sales growth of + 2.6 percent and + 9.5 percent respectively. By contrast, sales of our Aesculap Division (+ 0.1 percent) and OPM Division (+ 0.5 percent) were only up slightly over the previous year. In their local currencies, the Latin America and Asia and Australia regions achieved very strong growth of + 15.7 and + 10.7 percent respectively. In our functional currency, however, as a result of the, in some cases, heavily devalued local currencies, growth rates in euro were more moderate: Latin America + 4.7 percent and Asia and Australia + 2.9 percent. Europe (excluding Germany) experienced stable growth of 3.8 percent, despite the persistently challenging market environment. We do not, however, consider the 1.7 percent sales growth seen in Germany to be satisfactory. In US dollars, the North America region saw sales grow by + 1.6 percent, representing a slight year-on-year increase. In euro, however, as a result of exchange rate effects, sales declined slightly by – 1.6 percent. The Africa and the Middle East regions experienced a particularly dynamic growth of 12.4 percent.

Group Sales | IN € BILLION



Sales development in the B. Braun Hospital Care Division

Sales in the Hospital Care Division climbed 2.6 percent to € 2,474.4 million (previous year: € 2,412.7 million). Sales of products from the core business areas increased by 3.1 percent to € 1,471 million (previous year: € 1,427.2 million). Sales in the specific focus business areas rose by 1.7 percent to € 1,002.6 million (previous year: € 985.5 million). During the period under review, demand for infusion therapy primary care products for hospitals (for example, parenteral nutrition solutions and injectables) was particularly strong.

[3] In the reporting year, we restructured the reporting regions and now present sales according to where the recipient is based (rather than the payer, as was previously the case). The previous year's figures have been adjusted accordingly for comparison purposes. Sales for Africa were previously reported under the Europe region and sales for the Middle East were previously reported under the Asia and Australia region.

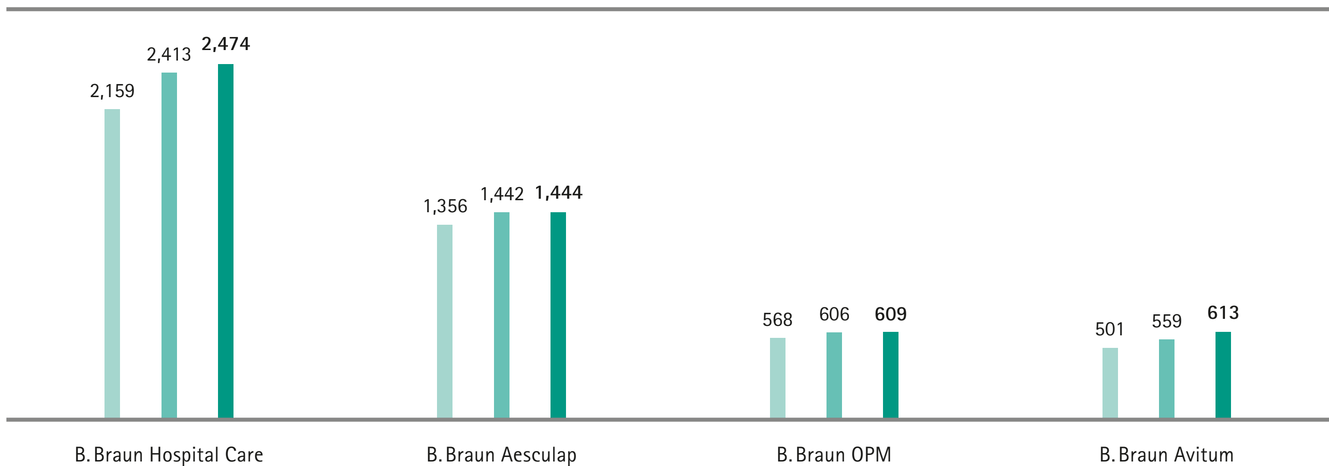
Sales development in the B. Braun Aesculap Division

In fiscal year 2013, the Aesculap Division reported sales of € 1,444.2 million (previous year: € 1,442.5 million), remaining on par with the previous year. The strength of the euro compared to many other currencies, in particular the sharply devalued yen, negatively impacted sales performance in all business areas within the Division. The core business areas experienced a marginal decline in sales of 0.2 percent to € 585.5 million (previous year: € 586.4 million). Sales of € 858.7 million (previous year: € 856.1 million) were achieved in the specific focus business areas, which represents a slight increase of 0.3 percent compared to 2012. The Closure Technologies business area remained almost stable while Surgical Technologies experienced a slight decline. The remaining business areas performed slightly below the previous year's levels due to foreign currency effects.

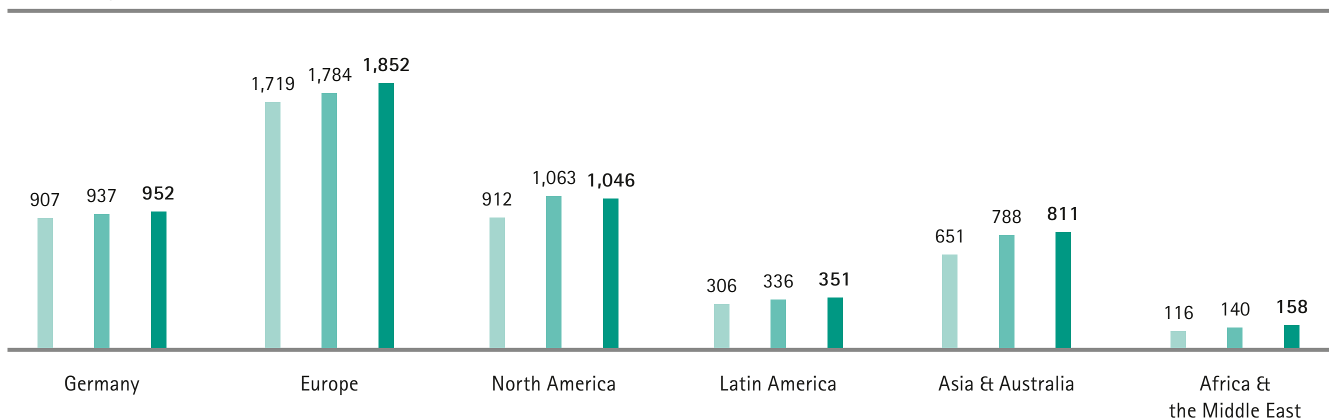
Sales development in the B. Braun Out Patient Market (OPM) Division

Our OPM Division reported sales of € 609.0 million (previous year: € 606.2 million) and represents a slight increase of 0.5 percent compared to the previous year, nearly compensating for the discontinuation of insulin production and the transfer of veterinary business to the Aesculap Division. Core business areas experienced slight positive growth of 2.3 percent, whereas specific business areas finished significantly weaker at – 15.3 percent. The core business areas generated sales of € 554.6 million (previous year: € 542.0 million), and the specific focus business areas € 54.4 million compared to € 64.2 million in the previous year. The business areas of Wound Care and Incontinence Care achieved above-average growth.

Sales by division | IN € MILLION



Sales by region | IN € MILLION



Sales development in the B. Braun Avitum Division
In the reporting year, sales in the B. Braun Avitum Division increased by 9.5 percent to € 612.5 million (previous year: € 559.2 million). Considerable growth was once again achieved in the product business. As a result of acquisitions, we further increased the number of patients in our dialysis provider business in Germany and Russia.

Development of gross profit
In the reporting year, gross profit increased by 2.2 percent to € 2,344.7 million (previous year: € 2,295.1 million). At the same time, the gross margin fell by 0.1 percentage points to 45,4 percent (previous year: 45.5 percent). The gross margin was negatively affected by start-up expenses for new production facilities and cuts to reimbursements in the area of dialysis. In addition, currency fluctuations had negative effects. The new medical device excise tax, which took effect in the US in 2013, caused an additional expense for the Group of approximately $ 11.3 million. A drop in demand for HES (Hydroxyethyl Starch) prompted by discussions concerning the future of this product, had a disproportionate effect on gross profit. The gross margin was positively affected, however, by higher sales of our three-chamber bags for parenteral nutrition (NuTRIflex®).

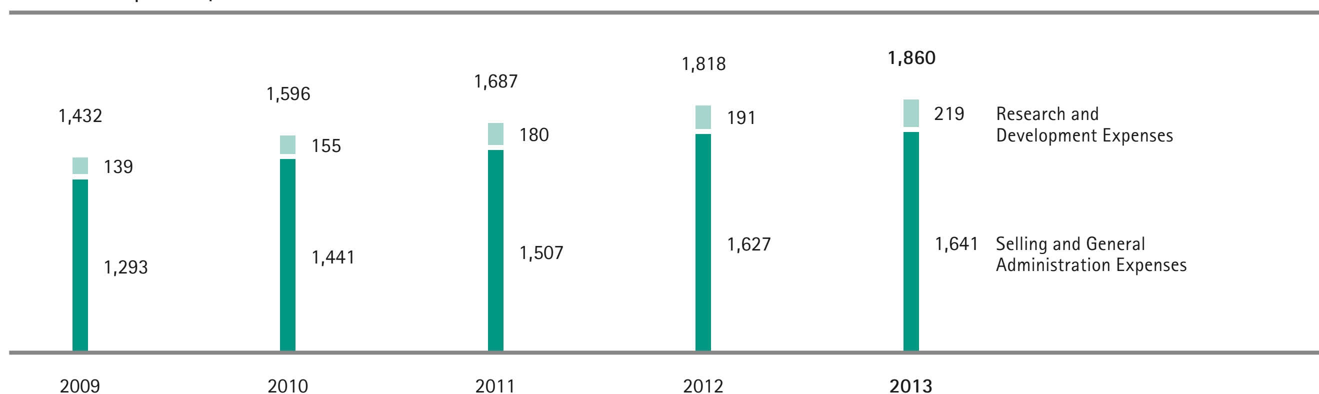
Development of functional expenses[4]
Selling and administrative expenses rose 0.6 percent to € 1,381.1 million (previous year: € 1,372.3 million). This development was attributable to an increased allocation of sales resources to growth markets, as well as higher logistics costs as a result of increased business volume. General and administrative expenses in the fiscal year amounted to € 260.3 million (previous year: € 254.2 million), 2.4 percent above the expenses in the previous year.

In 2013, we achieved our strategic objective of keeping increases in selling and administrative expenses to an absolute minimum while improving gross profit.

We further increased spending on research and development in 2013. Non-capitalized research and development expenses climbed 14.1 percent to € 218.6 million (previous year: € 191.5 million), while capitalized development expenses amounted to € 10.0 million (previous year: € 11.0 million).

Development of other net income
The balance of other operating income and expenses improved in the reporting year by € 1.7 million to € – 6.3 million (previous year: € – 8.0 million). There was a € 3.3 million decrease in currency translation losses, which stood at € 11.6 million in the reporting year (previous year: € – 14.9 million). At the same time, insurance settlements in connection with fire damage at our production facilities in Thailand resulted in an increase in other operating income. In 2012, the recognition of badwill from an acquisition was reported in other operating income; in the reporting year, no such comparable event occured.

Functional expenses | IN € MILLION



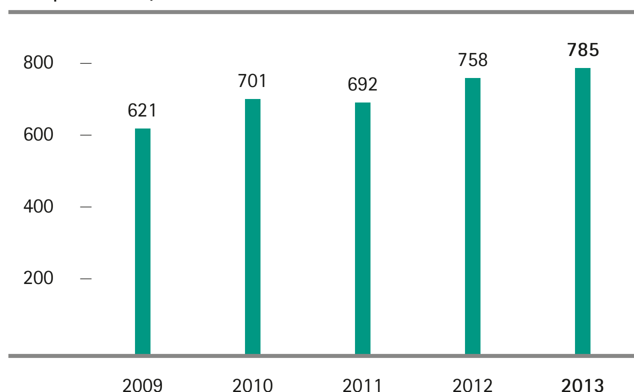
[4] In the reporting year, proportionate finance expenses that had previously been allocated to selling expenses were reassigned to general and administrative expenses because the expenses in question do not primarily promote or generate product sales. The previous year's figures have been adjusted accordingly for comparison purposes.

Development of net financial income
In fiscal year 2013, net financial income improved by € 10.1 million to € – 56.0 million (previous year: € – 66.1 million). At € 39.8 million, interest expenses were considerably below the previous year's level (€ 49.4 million). At the same time, interest income increased by € 0.5 million to € 5.2 million (previous year: € 4.7 million). Income from investments increased by € 0.2 million to € 9.3 million (previous year: € 9.1 million). The interest portion of pension provisions was € 30.7 million in the reporting year, compared to € 30.5 million in the previous year.

Development of EBIT and EBITDA
Interim profit amounted to € 484.8 million for the reporting year, compared to € 477.2 million the previous year. In the reporting year, EBIT reached € 487.8 million, a 2.0 percent increase compared to the previous year (€ 478.3 million). Increasing effects from our sales growth were partially offset by slightly disproportionate increases in manufacturing costs. Functional expenses, attributable in particular to increased research and development expenses, were also higher than in the previous year (+ 2.3 percent). Amortization increased 6.5 percent to € 297.2 million (previous year: € 279.1 million), resulting in EBITDA of € 784.9 million. EBITDA increased by 3.6 percent compared to the previous year (€ 757.5 million) and the EBITDA margin increased 0.2 percentage points to 15.2 percent (previous year: 15.0 percent).

Profit before taxes rose 4.8 percent to € 422.5 million (previous year: € 403.1 million). Income taxes in the fiscal year reached € 107.0 million, € 7.5 million below the previous year's level (€ 114.5 million). The tax rate in 2013 fell to 25.3 percent (previous year: 28.4 percent). Consolidated annual net profit improved 9.3 percent to € 315.5 million (previous year: € 288.6 million).

Group EBITDA | IN € MILLION



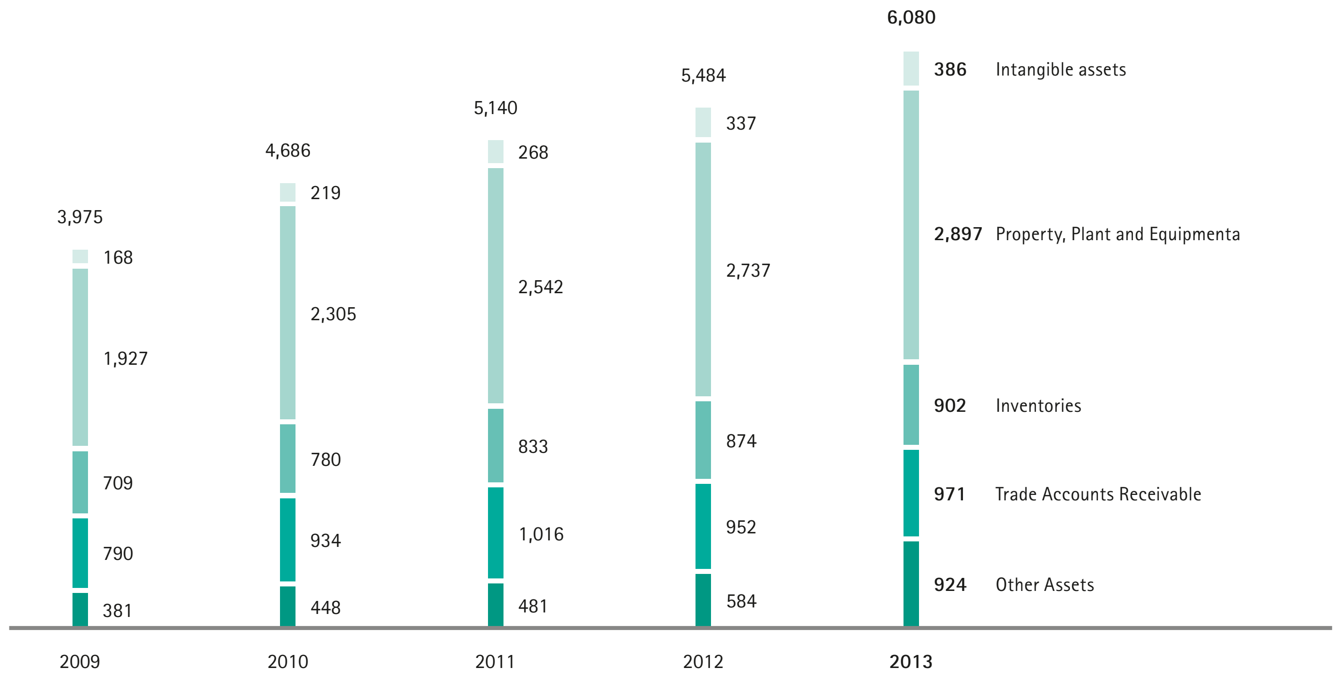
Financial position

Capital structure
As of December 31, 2013, total assets of the B. Braun Group rose to € 6,079.5 million (previous year: € 5,483.5 million). This increase of 10.9 percent reflects the fact that investments in property, plant, and equipment were higher than depreciation and amortization, as well as the higher level of financial investments.

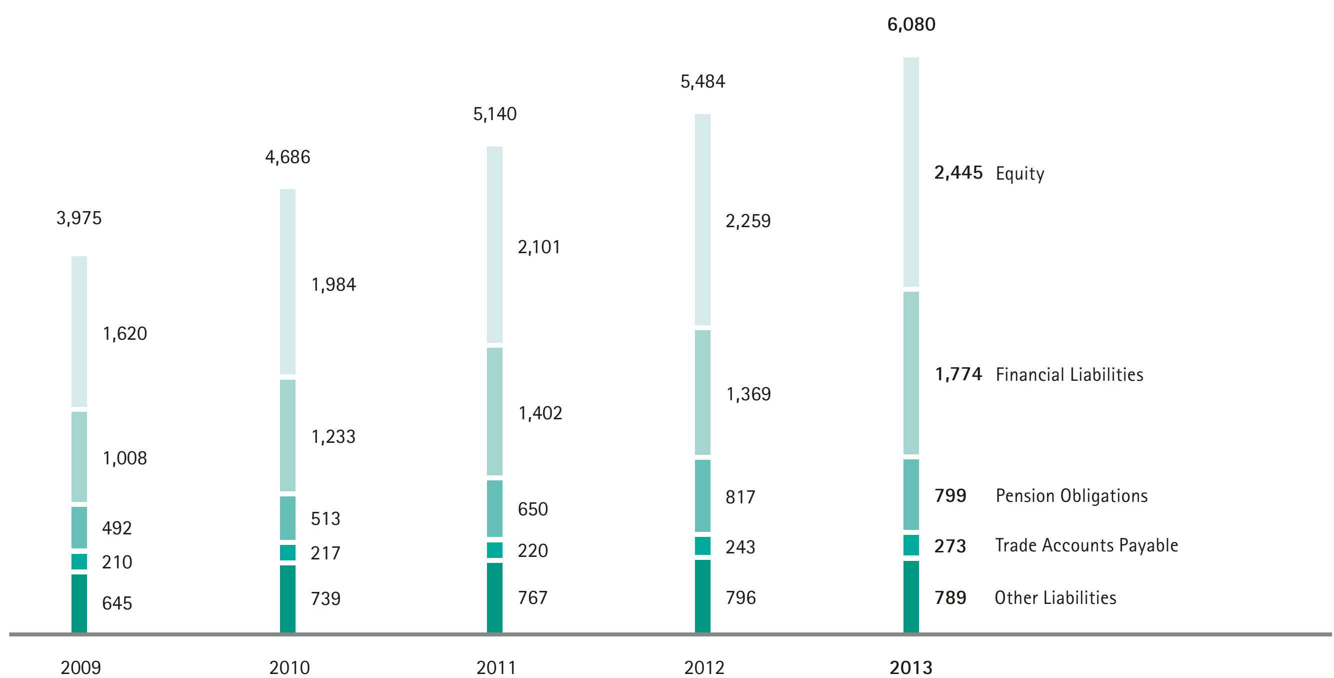
In total assets, the non-current assets increased by 18.0 percent to € 3,971.5 million (previous year: € 3,365.6 million). Due to continuing high levels of investment, property, plant, and equipment increased again in the reporting year, rising 5.8 percent (at constant currency rates + 9,7 percent) to € 2,896.6 million (previous year: € 2,736.8 million). The holding we acquired in Rhön-Klinikum AG significantly increased our financial investments to € 471.6 million (previous year: € 45.1 million). As of the reporting date, inventories amounted to € 901.5 million, an increase of 3.2 percent (at constant currency rates + 8,6 percent) compared to the previous year (€ 873.6 million). There were 16.6 weeks of supply (previous year: 16.5 weeks) as of the reporting date, which is slightly above our target range. Trade receivables also increased by 2.0 percent (at constant currency rates + 7,7 percent) to € 971.1 million (previous year: € 952.2 million). The days of outstanding trade receivables fell by one day to 74 days in 2013 (2012: 75 days) and lies within our strategic goal of not exceeding 75 days. Receivables in Italy, Portugal, and Spain remain at a high level. Cash and cash equivalents declined by € 70.3 million to € 38.9 million (previous year: € 109.2 million).

In total liabilities and equity, there was a 8.2 percent (at constant currency rates + 14,6 percent) increase in equity to € 2,445.0 million (previous year: € 2,259.2 million).
At 40.2 percent (at constant currency rates: 41,0 percent), the equity ratio was one percentage point below that of the previous year (41.2 percent), which is attributable both to the balance sheet expansion resulting from our investment activities and the increase in financial liabilities. We are confident that, in the coming years, we will succeed in bringing our equity ratio closer to our strategic target of 45 percent. Provisions for pensions and similar obligations decreased by 2.2 percent to € 798.5 million (previous year: € 816.7 million). Financial liabilities rose 29.6 percent to € 1,773.8 million (previous year: € 1,368.9 million). Non-current liabilities increased 13.4 percent to € 1,004.9 million

Structure of Statement of Financial Position: Assets | IN € MILLION



Structure of Statement of Financial Position: Equity and Liabilities | IN € MILLION



(previous year: € 886.1 million). Current liabilities amounted to € 768.9 million as of the reporting date, compared to € 482.8 million in the previous year. The majority of the loans were agreed in euros and US dollars. However, a number of smaller loans also exist in various foreign currencies. As of the reporting date, 46.9 percent (previous year: 65.7 percent) of bank borrowings carried a fixed interest rate and 53.1 percent (previous year: 34.3 percent) carried a variable interest rate. As a result of increased financial liabilities and lower cash and cash equivalents, net financial debt increased by € 469.9 million to € 1,715.8 million (previous year: € 1,245.9 million). Trade accounts payable increased by 12.5 percent to € 273.4 million (previous year: € 243.0 million).

Investments

Production capacities were once again expanded in the reporting year in order to meet the sustained demand for B. Braun products. In February 2013, A.T. Kearney, in cooperation with the trade magazine "Produktion", named B. Braun's Medical Production facility in Melsungen, Germany "Factory of the Year" in the high-volume production category of its benchmarking competition. We also selectively expanded our global market presence through a number of strategic acquisitions.

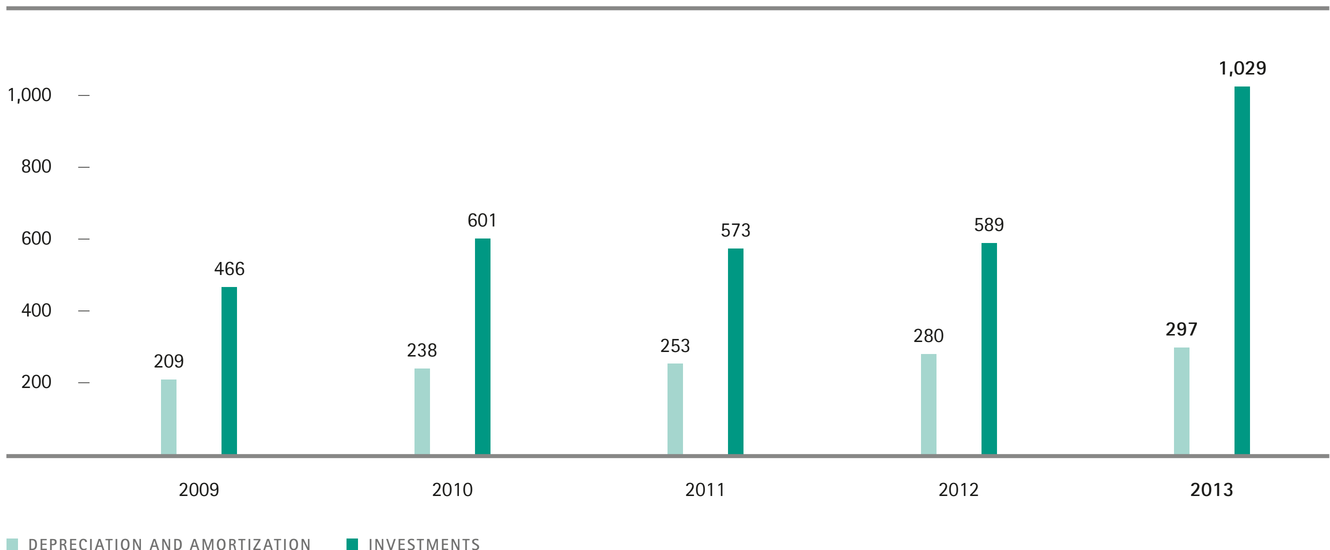
Additions to fixed assets and intangible assets, as well as additions to investments in associates and acquisitions of fully consolidated companies amounted to € 1,029.4 million (previous year: € 588.5 million). This was net of depreciation and amortization totaling € 297.2 million (previous year: € 279.1 million).

In Malaysia, we are completing a cross-divisional modernization and expansion of our Penang site. The Hospital Care Division is undertaking a global investment initiative to expand capacities for IV sets. In Berlin (Germany), we are ramping up production of small volume parenterals. We also modernized and expanded our Tuttlingen (Germany) site in our Aesculap Division. In Sempach (Switzerland), construction is underway for a new production facility to increase wound closure and disinfection product capacities for the OPM Division. The acquisition of fifteen dialysis centers in Russia and eleven in Germany helped us to further expand the dialysis provider business of B. Braun Avitum during the reporting year.

We also acquired a 15.08 percent holding in Rhön-Klinikum AG. Rhön-Klinikum AG is an operator of private hospitals in Germany.

There were an additional € 218.6 million in investment obligations as of the reporting date, which were primarily attributable to ongoing replacement and expansion investments at our locations in Malaysia, Germany, and Brazil.

Investments / Depreciation and Amortization | IN € MILLION



Liquidity

Operating cash flow of € 534.1 million (previous year: € 711.7 million) was € 177.6 million lower than in the previous year. This was attributable to smaller changes in non-cash items as well as increases in inventories and trade receivables. In the reporting year, cash flow[5] from investing activities increased by € 446.1 million to € 1,014.8 million (previous year: € 568.7 million) and, together with the lower operating cash flow, resulted in free cash flow falling to € – 480.7 million (previous year: € 143.0 million). Cash outflows for investments in property, plant, and equipment and intangible assets amounted to € 566.7 million (previous year: € 502.0 million) and € 425.0 million for investments in financial assets (previous year: € 13.6 million). In the reporting year, there was a € 412.9 million net increase in borrowing (previous year: € 49.0 million net decrease in borrowing). Total cash and cash equivalents as of the reporting date decreased € 70.3 million to € 38.9 million (previous year: € 109.2 million).

Financing

In 2013, we were able to make all of our planned refinancing arrangements. Debt financing activities are conducted only with banks considered reliable. The range of measures includes syndicated and bilateral credit lines, promissory notes, and an asset-backed securities program. As of the reporting date, B. Braun has available lines of credit in the amount of € 785 million (previous year: € 980 million). We have met all of the required financial performance benchmarks agreed upon with our banks.

The financing measures undertaken in the reporting year included eight bilateral loan agreements totaling € 343.6 million. The loans have fixed or variable interest rates and reach maturity between 2017 and 2019. They were also agreed to under flexible terms. The funds raised are being used to refinance expiring loans and to finance specific research and development projects, as well as the current capital requirements of individual Group companies.

In the reporting year, an additional B. Braun company was included in our asset-backed securities program. This program was financed primarily by the back-up liquidity line in the reporting year.

Personnel report

B. Braun is a corporate member of the steering committee for the "Initiative for Employment!" ("Initiative für Beschäftigung!" (IfB)) and, alongside such companies as Deutsche Bank and Deutsche Bahn, has contributed toward the joint charter of the initiative. Through active HR management and a trust-based relationship with social partners, we are protecting jobs within our company. This calls for a proactive and forward-looking approach to shaping employment throughout the various stages of people's lives and their changing occupational requirements. We consider it our duty to help workers take personal responsibility to preserve their long-term employability. Through innovative forms of employment and preventive healthcare, we are facilitating longer working lives. Our actions are based on a corporate culture that appreciates and balances the business interests of the company with the interests of its employees and customers.

Number of employees

As of December 31, 2013, the B. Braun Group had 49,889 employees worldwide, representing an increase of 7.0 percent over the previous year's 46,607. This increase is primarily attributable to an expansion of production in a number of countries, to acquisitions, and to the establishment of new companies. Adjusted for the effects of acquisitions and the establishment of new companies, the number of employees would have risen 5.5 percent.

In Germany, the number of employees increased by 5.6 percent to 12,726 (previous year: 12,052). This increase was largely the result of new hires in production and the acquisition of ViaMedis Nierenzentren GmbH. On October 29, 2013, B. Braun received the "Hesse Champion" award for innovation and growth in the "Job Creator" category for larger corporations.

In Europe, excluding Germany, the number of employees also increased by 9.2 percent to 14,740 (previous year: 13,504). This increase was mainly due to the expansion and acquisition of dialysis centers in Russia, as well as recruitment for the production facilities in Italy, Poland, Spain, and Hungary.

[5] The difference between additions to fixed assets and cash outflow from investing activities is attributable to cash relevant investments and currency translation effects.

Expansion of production capacities in Malaysia and India resulted in a 8.9 percent increase in employee numbers in the Asia and Australia region to 12,946 (previous year: 11,888).

At year end, B. Braun had 5,548 employees in North America (previous year: 5,515). This represents an increase of 0.6 percent year on year.

Latin America saw a 6.2 percent increase in employee numbers to 3,451 (previous year: 3,250), primarily as a result of the expansion of production capacities in Peru.

In Africa and the Middle East, employee numbers increased to 478 (previous year: 398). This is equivalent to an increase of 20.1 percent compared to the previous year.

Location retention

The location retention agreements in Melsungen, Berlin, and Tuttlingen (Germany) have proved an effective means of securing employment and improving competitiveness. The agreements also provide for training under overtime conditions. New agreements have been in place in Melsungen and Berlin since 2009, and in Tuttlingen since 2011, with all agreements in effect for five years. During this period, each employee may be asked to work up to 104 additional hours per year to enable the company to respond flexibly to market requirements. Employees participate in the company's success based on the latest annual results. No redundancy lay-offs are allowed for the term of the agreements.

Profit-sharing pay-outs depend on the number of hours worked by the individual employee and for fiscal year 2013 were capped at € 1,345 (previous year: € 1,092).

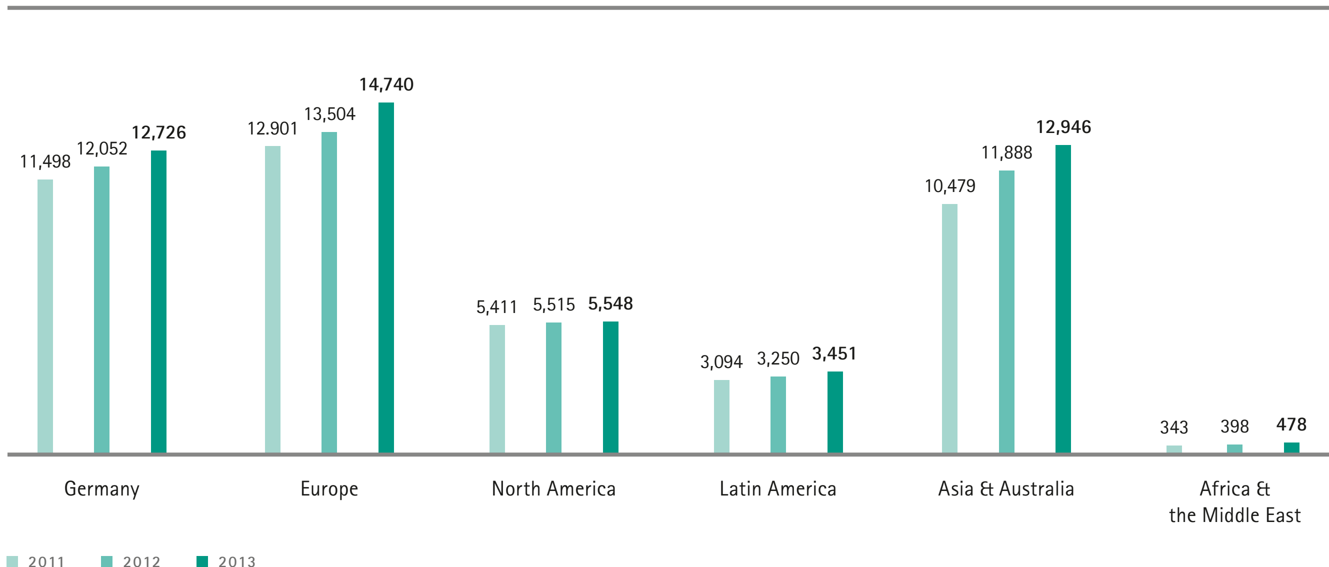
Vocational training

For many years, B. Braun has had a strong commitment to vocational training, as evidenced by a range of innovative approaches in this area and the growing number of trainee positions provided. Guaranteeing robust training for our junior staff is a key element of our HR strategy, and is one of our most important duties in the coming years as a result of shifting demographics.

420 (previous year: 359) trainees successfully completed their training at our Brazilian, German, Polish and Swiss locations. In the reporting year, 217 of the trainees (previous year: 221) were subsequently hired.

In Brazil, Germany, Poland, and Switzerland, there are currently 1,002 (previous year: 992) young people in training with us, an increase of 1.0 percent year on year. For many young people, combining vocational training with university

Employees by region



studies or studies at a university of cooperative education is an attractive option. 116 (previous year: 118) trainees are currently following Germany's dual system for vocational education. A combination of theoretical and practical training is also provided in Brazil for professions such as electrician and maintenance engineer. The trainees are therefore perfectly prepared for their future careers and also receive a salary from B. Braun while they are becoming fully qualified.

B. Braun also supports the development and implementation of innovative training concepts at a number of its other international locations. These are aligned with the dual system for vocational education, but are adapted to meet local requirements. In Malaysia, for example, we trained 50 people in the reporting year in cooperation with the Penang Skills Development Center and the University of Malaysia Perlis. In 2013, at our Vietnam site, the first 12 candidates began a mechatronics training program in cooperation with the German Agency for International Cooperation (GIZ) and the University of Technology Hung Yen.

Performance-related remuneration

Under the B. Braun Incentive Scheme, a series of profit participation rights are offered to members of the Management Board and eligible managers. The value of the profit participation rights depends on the development of the Group's equity. In fiscal year 2013, 69,276 profit-sharing rights were issued (previous year: 54,071). 50 percent (previous year: 53 percent) of the profit participation rights offered to eligible employees were subscribed. As of December 31, 2013, a total of 696,349 profit-sharing rights had been issued (previous year: 693,592).

Thank you to our employees

We are very proud of our employees and their unwavering commitment to the company. After all, it is their expertise, enthusiasm, and innovation that has put B. Braun where it is today and helped us to continue on our growth course. We would like to express our sincere gratitude to our employees for their hard work and dedication, and look forward to securing the future success of B. Braun together.

We would also like to thank the employee representatives and trade unions for their cooperation, which is always fair and constructive.

Non-financial performance indicators

Quality and environmental management

As a developer and manufacturer of medical and pharmaceutical products, B. Braun operates in highly regulated markets. Therefore, the quality and environmental management system we implement must comply with the most stringent statutory and regulatory requirements. In addition, we have established our own standards in the fields of environmental protection and health and safety in the workplace, which we subject to regular internal audits. By paying close attention to customers' needs, we have identified and standardized key processes to ensure uniformly high standards of quality. All procedures, products, and IT-related documentation are subject to a continuous improvement process, which considers environmental sustainability and productivity.

As a member of the German Chemical Industries Association (Verband der Chemischen Industrie, VCI), B. Braun adheres to the Association's guidelines on "Responsible Care" and takes responsibility for improving the protection of the environment, as well as health and safety in the workplace under the global "Responsible Care" initiative.

18 B. Braun Group locations in Europe are EN ISO 14001 certified. In addition, environmental management in Glandorf (Germany) and Rubí (Spain) has received certification under the EU's Eco-Management and Audit Scheme (EMAS). Our occupational health and safety management system at our locations in Germany (Melsungen, Tuttlingen, and Bad Arolsen), France (Nogent-le-Rotrou, Chaumont, and Boulogne), Spain (Rubí and Jaén), Switzerland, Romania, and Russia, as well as B. Braun Avitum in Italy, is certified for compliance with the international OHSAS 18001 standard. Our Melsungen site has also been awarded the "Seal of Approval – Systematic Safety" (German: "Sicher mit System") from the BG RCI (statutory accident insurer for the raw materials and chemicals industry). A number of the European dialysis centers of our B. Braun Avitum Division are certified to EN ISO 9001 and in accordance with the IEC/TR 62653 "Guideline for safe operation of medical devices used for hemodialysis treatments." Dialysis centers qualified under these standards are authorized to use the "Good Dialysis Practice" seal of approval.

All B. Braun medical devices conform to the Essential Requirements of the European Council Directive on Medical Devices and the German Medical Devices Act (Medizinproduktegesetz, MPG). In the US, we adhere to the guidelines in Title 21 of the Code of Federal Regulations, which details the requirements of the FDA (Food and Drug Administration) for pharmaceuticals and medical devices. In addition, all of our divisions comply with the specific requirements of, for example, ISO or eco-audit directives and a large number of national laws and regulations.

In the reporting year, B. Braun in Melsungen achieved ISO certification for energy management systems, serving to confirm the fact that B. Braun operates an environmentally responsible business. Within three years, the company has cut CO_2 emissions at the Melsungen location by 20 percent. Our international subsidiaries also successfully completed a number of environmental projects: B. Braun was one of the first 20 companies in Switzerland to be awarded ISO certification for energy management systems.

Corporate social responsibility

Sustainability has a long tradition at B. Braun: throughout its 175-year history, there have been many examples of the company's social commitment and its continuing support of science, culture, and the arts. For example, the company introduced its company health insurance fund back in 1923 and has been inviting physicians to join in a scientific dialog at the Kassel Symposium since 1957. In 1966, it established the B. Braun Foundation, which to this day supports research projects and continuing medical education. It also developed a part-time working model for families in order to support employees with children or relatives requiring care. All of the initiatives that have been implemented over the years continue to have an impact today and remain part of B. Braun's sustainable business philosophy. The B. Braun for Children initiative was launched in 2003 to give children around the world opportunities for a brighter future. A total of 35 B. Braun companies around the world are now actively involved in the project. In 2013, for instance, B. Braun Thailand funded the renovation of the Banklongchaomuang school building in the Pathumthani province, which had been severely damaged by catastrophic flooding, and provided scholarships to students from the school. For the 2014/15 school year, we also awarded ten scholarships to the "United World Colleges (UWC)." UWC is an international educational initiative designed to help students earn their International Baccalaureate regardless of their financial background.

B. Braun is also supporting the "AFRIKA KOMMT" initiative, which supports sustainable business development in sub-Saharan Africa. The initiative was launched in 2008 by leading German companies to give young managers from selected sub-Saharan African countries insight into German businesses. In 2013, 21 talented candidates took part in the scholarship program, which involves a language course and work experience at a German company. After returning home, many of the participants continue to work in an African subsidiary of their host company. This is also the case for the B. Braun candidate, who will continue to work for the company in her native country of Nigeria, where she will help to improve the quality of the healthcare system in the region.

Subsequent events

No new events occurred between the end of the reporting period and the date on which the consolidated financial statements were prepared that had a material effect on the results of operations, financial position or net assets for the fiscal year 2013.

Risk and opportunities report

Risks

The risks described below, which could have an impact on B. Braun, do not form an exhaustive list of all the risks to which B. Braun is exposed or may be exposed. Risks that are not known or that are considered to be insignificant at the time of creation of this annual report may still impact the earnings and financial position of the B. Braun Group.

Macroeconomic risk[6]

The effects of the worldwide sovereign debt crisis continue to represent the biggest risk to the global economy. The main challenge facing major economies such as the United States, the eurozone, and Japan in this regard is how to bring public spending budgets in line without impeding economic recovery. An additional risk facing the US and Japan is a relapse into crisis as they taper their expansionary monetary policies. The slowdown seen in emerging economies poses an additional serious concern. Although primarily attributable to cyclical factors, the IMF believes that structural factors, in Russia and China in particular, are also responsible, which would make a return to past growth rates impossible. This fact, combined with the sluggish Western economies, would signify that the global economy is lacking key drivers for growth.

Industry risk

The healthcare market remains largely immune to economic fluctuations. Consequently, the development of our disposable goods business is generally not highly dependent on macroeconomic trends. In contrast, the capital goods produced by B. Braun are cyclical. There is generally also a dependence on economic trends where patients have to pay out of pocket for healthcare services. However, far-reaching austerity measures in some countries have resulted in cuts to public healthcare budgets, which could potentially affect our entire range of products and services. This is compounded by the fact that some countries are also greatly extending payment terms and introducing or increasing compulsory discounts and other levies. In some markets, it is becoming evident that foreign manufacturers will have no or very limited opportunity to participate in the bidding process as long as domestic manufacturers offer comparable products. In response to this, we are strengthening our relationships with local manufacturers and further increasing our regional presence to ensure that we will continue to have access to global growth markets. Thus, the structural risks for businesses operating within the healthcare market have increased. We expect these risks to remain at an elevated level, at least in the medium term.

Increased formalization of the international product approval process is also evident, which means higher costs for B. Braun. Longer processing times and more extensive requirements for documentation and study submissions can delay and drive up the cost of product launches and increase the overall research and development risk.

On the demand side, the creation of group purchasing organizations to concentrate purchasing volumes is strengthening the market power of customers, and in turn increasing the risk of further price pressure and our dependence on individual customers. Aggressive price competition has also been observed in some markets. The complete vertical integration of hospitals or other customers by pharmaceutical or medical technology companies presents a further risk, which could impact market access for other companies. In addition, we have observed in some countries that the entire volume of a tender is awarded as a sole-source contract to the winning bidder, thereby eliminating other suppliers from the market.

Procurement risk

During the reporting year, we established the Corporate Procurement department at the Group headquarters. The first task of the department was to reorganize purchasing within Germany and set up a Global Procurement Board. The department was established to pool demand and to streamline procurement processes at a global or regional level. We are also using key performance indicators and globally harmonized processes to achieve transparency

[6] International Monetary Fund: World Economic Outlook, October 2013 & Update January 2014

regarding all expenses and suppliers. This department will provide the central base for cooperation in the area of purchasing across all B. Braun locations, allowing us to provide even greater added value for the Group as a whole in the future.

Prevailing uncertainties about commodity price development and supply shortages in the procurement markets make risk management a central part of our purchasing strategy. The main goal is to reduce price and supply risks while maintaining our quality standards. In adopting an active price management approach, we employ strategies that are designed to safeguard prices, wherever possible, over the long term. Such strategies include, for example, consolidating global requirements, entering into long-term supply agreements, commodity price hedging for preliminary products, and entering into framework agreements with terms of at least one year. To minimize the risk of supplier defaults, we perform risk assessments of our suppliers. If a supplier is identified as a high default risk, we have a range of processes and instruments in place to ensure continuous supply. These include disaster recovery plans, stockpiling either at B. Braun or at the supplier's location, second and dual sourcing, as well as the notarial deposition of documents about production processes and formulations.

Product risk

We counter the risk of interactions and side effects in infusion therapy, drug admixture, and orthopedics using highly developed quality management systems at our manufacturing facilities. These are modeled on international standards and assure compliance with all regulatory requirements. Regular reviews of our quality management systems utilizing internal and external audits, together with ongoing employee training, complement our quality management. There are no risks arising from ongoing legal actions that could jeopardize the company's continued existence.

HR risk

The main risks facing HR relate to the demographic shift and a lack of sufficiently qualified skilled workers and managers at a regional level. B. Braun is pursuing a number of measures to counter these trends and optimize its perceived attractiveness as an employer. Through comprehensive personnel development programs, B. Braun strives to encourage employee loyalty from an early stage and promote identification with the company to keep staff turnover to a minimum and thereby avoiding the risk of 'brain drain.' Succession planning is another integral element of B. Braun's HR strategy, its purpose being to ensure that vacant managerial positions are swiftly filled by suitable candidates. Key aspects of B. Braun's human resources strategy include, for example, initiatives to improve the work-life balance of employees, a strong commitment to staff training and continuing education, performance-related remuneration, and flexible work models.

IT risk

Important business processes rely on IT systems. A failure of essential IT systems or a large-scale loss of data could lead to a serious disruption into business operations, even in manufacturing. Our continued investment in IT infrastructure and a redundant system architecture help to minimize this risk. Other measures to reduce risk include regular data backups and employee training. A coordinated user permissions policy helps protect against data misuse and compliance is assured through internal auditing. Our systems are also protected by robust anti-malware programs.

Financial risk

B. Braun operates internationally and is therefore exposed to currency risk, which it hedges using derivative financial instruments. We pursue a rule-based strategy known as "layered hedging," which allows us to achieve coverage of average prices for the period of our hedging horizon and reduce the effects of currency translation on the consolidated annual profit. Trading and management of derivative financial instruments are regulated by internal guidelines and are subject to continuous risk control.

Payer swaps are used at times for variable-rate bank loans to minimize interest rate risk.

To manage liquidity risk, we maintain sufficient reserves of short and long-term committed credit lines, including, in particular, a syndicated loan agreement worth € 400 million that was entered into in 2012.

There is also the risk of a possible deterioration in the payment performance of our customers or public sector purchasers. In 2014, limited financing options or problems with the technical implementation of the SEPA could potentially

have a negative impact on liquidity and therefore on individual customers' ability to pay. We consider such a scenario unlikely, however, particularly given the additional SEPA transition period that has been granted. There is also a risk that our suppliers' liquidity position could become strained to the extent that it could, in the worst case, threaten their viability.

Opportunities

In addition to risk, B. Braun regularly identifies and assesses opportunities for the company. Opportunities can generally arise from the refinement of medical standards, or the launch of new products. Through close dialog with the users of our products, and thanks to the integrated research and development activities at our centers of excellence (CoEs), we will continue to respond rapidly to opportunities and in addition create new sales potential.

Opportunities arising from positive economic development

The business performance of B. Braun is affected by the prevailing economic climate. Our statements regarding the future development of the Group are based on the expected state of the macroeconomic environment described in the Outlook section of this report. Should the global economy fare better than current predictions suggest, our sales, earnings, and financial position may exceed our forecasts.

Opportunities arising from the growth strategy

Capacity expansion enables us to participate in the growing demand for healthcare and medical technology products. New, highly innovative production processes continue to improve our competitiveness. Our comprehensive product range and extensive experience enable us to offer efficient solutions to our customers. Should the international healthcare markets develop at a faster rate than is currently expected, this could have a positive impact on our sales, earnings, and cash flows.

Opportunities arising from research and development

Our growth strategy is founded on product and process innovations. In close partnership with our customers and the users of our products, we work tirelessly to bring new and improved products onto the market. If we are able to achieve a swifter time-to-market for our research and development projects than is currently expected, this too could positively affect our sales, earnings, and cash flows.

Opportunities arising from our international presence

The opening up of additional healthcare markets (in Asia or the Middle East, for example) to international medical technology companies, in addition to the trend toward privatization in the field of dialysis services, could present additional opportunities for B. Braun. Our international presence enables us to participate in such developments, which would lead to a sustained improvement in the future sales and earnings of the B. Braun Group.

Opportunities arising from employees

The innovations that we place on the market are first and foremost the result of the hard work of our employees, who maintain a constant dialog with our customers, the users of our products, and patients to create added value for B. Braun. Employees' strong identification with the company increases motivation and promotes individual responsibility. We aim to encourage this even further through the provision of personnel development opportunities. Should the associated measures and methods result in faster and better progress than currently predicted, this could improve our competitiveness significantly, also resulting in improved sales, earnings, and cash flows.

Overall statement on the Group's risk and opportunity situation

From today's viewpoint, no risks or dependencies are identifiable that could threaten the viability of the B. Braun Group for the foreseeable future. There were no material changes in the Group's risk position in 2013 and, once again, no risks were identified that could jeopardize the company's continued existence. To the extent possible and appropriate, we have insured ourselves against liability risks and natural hazards as well as other risks. Despite high liability insurance coverage, it is not feasible to fully cover every potential risk related to product liability. However, in general, we are confident that the continuing market risk will not have a negative effect on the B. Braun Group's performance. In contrast to these market risks, we see significant opportunities that may make successful business performance possible.

Outlook

The following remarks on economic and company performance are forward-looking statements. Actual results may therefore be materially different (positively or negatively) from the expectations of future developments. Our forecasts contain all material events that were known at the time of drafting the Group management report that could impact the business development of the B. Braun Group. Expectations are based in part on the macroeconomic and industry-specific developments described.

Expected macroeconomic and industry-specific environment

Expected development of the global economy[7]

The global economy is expected to continue its recovery in 2014. For 2014 as a whole, the IMF forecasts a 3.7 percent increase in global economic output following the 3.0 percent increase in 2013. A 4.5 percent increase in global trade is expected for 2014, continuing the positive trend of the previous year (2013: 2.7 percent).

As in 2013, the global economy will continue to be affected by developments in the European sovereign debt crisis. It is possible that existing austerity measures in some countries will be further increased, resulting in the economies of these countries remaining sluggish.

Europe should see a modest recovery as global demand picks up, which will benefit the export-oriented German economy. Growth is expected to be approximately 1.6 percent for 2014.

The countries that were hardest hit by the sovereign debt crisis are expected to see a very low-level recovery, with the fiscal consolidation measures starting to see some initial successes. Positive economic growth is expected across the board. 0.6 percent growth is expected for Greece. The Spanish economy is also predicted to grow by 0.6 percent. Portugal is expected to see economic output increase by 0.8 percent, while Italy's economy should grow by 0.6 percent. In Ireland, growth is expected to be stronger than in 2013, at 1.8 percent.

In 2014, Eastern European countries are also predicted to experience stronger growth than in the reporting year. Poland, for example, should experience higher growth at 2.4 percent. Turkey's economic recovery looks set to continue, with 3.5 percent growth expected. For 2014, the IMF expects a slowdown of the Russian economy, with growth of just 2.0 percent expected. The country's inadequate infrastructure, strong dependency on commodity trading, and bad business climate are all contributing factors here.

The US economy will again experience stronger growth in 2014, with an expected increase of 2.8 percent, driven by a recovery of the real estate market and a stabilization of the labor market. Rising interest rates in the United States could prompt capital repatriation from emerging countries. This would curtail development in emerging countries, resulting in a lack of key drivers for global economic growth. It therefore remains to be seen how fiscal consolidation measures will affect economic recovery over the medium term.

Latin America is predicted to experience 3.1 percent growth, attributable in particular to a recovery on the export market. However, the region's high dependency on commodity price developments remains a risk. In Brazil, economic output is expected to rise by 2.3 percent. Growth in Argentina is predicted to slow down, at 2.8 percent.

Asia is set to see stable growth of 5.3 percent in 2014. China's economic output is expected to reach 7.5 percent. The IMF expects a slackening of momentum, putting an end to double-digit growth rates over the medium term. India is expected to see 5.4 percent growth. Australia's economy is predicted to increase by a stable 2.8 percent. In Japan, the economic stimulus program is expected to offset the negative impact of the sales tax increase with the result that Japanese economic growth in 2014 is projected at 1.4 percent.

Outlook for the healthcare market

The global healthcare market is expected to continue to grow in the years ahead. High growth rates are forecast for Asia, Latin America, and also the US, while growth in Europe is expected to be low. Eastern Europe, on the other hand, is likely to continue to experience strong growth. It is assumed

[7] International Monetary Fund: World Economic Outlook, October 2013 & Update January 2014

that increasing numbers of countries will introduce or increase special levies in the healthcare sector and reduce flat-rates for treatment, reducing the achievable margins in many markets.

In emerging and developing countries, more people will have prosperity and access to medical care due to population growth, increasing wealth, and the expansion of social security systems. Demand for higher quality healthcare services will grow as incomes continue to rise. Population growth in the industrialized countries will decline or stagnate. An aging population and the associated increase in morbidity will be the main growth drivers of these health care markets.

As a result, B. Braun can expect to increase sales with existing products as well as through product innovations and product differentiation, which will benefit many of our specific focus business areas.

Continued growth is also expected in the area of dialysis. A growing global population and the rise in diabetes-related diseases in recent years, which are a major cause of chronic renal failure, mean that demand for dialysis will continue to rise. This increase will be less marked in the industrialized countries than in emerging and developing countries because of the lower population growth. Discussions about the possible re-nationalization of dialysis centers in some countries are a grave cause for concern.

As a result of the revision of the European Medical Devices Directive by the European Parliament, regulatory requirements governing the approval and surveillance of medical devices in Europe are to become even tighter. To date, the amended Directive has not been adopted and therefore has not yet been implemented on a national level, although this could take place in 2014. The adoption and enforcement of this Directive would significantly increase the time and costs involved in obtaining marketing approval and product surveillance, without guaranteeing an increase in patient safety.

In the future, as per capita healthcare budget spending cuts begin to take their toll in many countries, the competitive advantage will belong to those companies that are able to provide their customers with products that genuinely improve process efficiency, with factors such as safe operation, ease of use, and targeted product improvements increasingly taking center stage. With the growing trend toward globalization, an increase in price transparency is again expected, which like the mounting professionalization of buying behavior, may also lead to a decline in price and therefore margin.

Growth within the European healthcare markets is also expected to be weak. One of the fallouts from the sovereign debt crisis is a reduction in healthcare budgets. In Greece, Portugal, the Czech Republic, and Romania, even steeper cuts are still in the cards. It can be assumed that austerity measures will need to be continued over the upcoming years. While the German, French, and Spanish healthcare markets are expected to stagnate, relatively strong market growth is forecast for Poland and Russia. The specific focus business areas Disposable Syringes and Needles, as well as Orthopedics, are expected to see positive growth in this region.

Continued growth is predicted for the US healthcare market. The new Patient Protection and Affordable Care Act took effect on January 1, 2014. As a result, 32 million previously uninsured US citizens now have access to health insurance. This could provide an additional stimulus to the healthcare market, although there remains uncertainty over the scope of planned spending cuts.

In Latin America, and Brazil in particular, the healthcare market is expected to see moderate growth. Many countries are currently facing the challenge of improving public spending efficiency to help balance government budgets. We consider the open markets of Peru, Chile, and Mexico, in particular, to offer the best prospects for growth.

Once again, strong growth is expected within the Asian healthcare markets, except for the Japanese healthcare market, which is expected to see only modest growth in the coming years. Strong growth is expected in India, especially in the specific focus business areas Orthopedics and Surgical Sutures. The Chinese healthcare market is set to remain the main driver for growth in this region. Demand for better healthcare services is expected to rise as the sustained economic growth continues. It can also be assumed that increasing wealth will also increase the number of people with access to health care.

Business and earnings outlook

For fiscal year 2014, we expect the B. Braun Group to achieve profitable growth. Sales growth at constant currency rates is projected to be between three and seven percent (2013: € 5,169.5 million), with the strongest growth stemming from our dialysis-focused B. Braun Avitum Division. The global healthcare market will continue to be divided. Volume growth is expected in the Latin America and Asia regions. Our capacity expansions and international presence put us in a position to benefit from the rising demand anticipated in these developing and emerging markets. In the established markets of Europe and the US, we believe demand will remain constant, with products that offer added safety and efficiency becoming increasingly relevant. We are confident that by continuing to provide innovative products and continuously enhancing our product range, we will be able to capitalize on growth opportunities in these markets as well.

From an earnings perspective, we expect interim profit and EBIT, at constant currency rates, to be between € 490 million and € 530 million by the end of 2014. At constant currency rates, we expect EBITDA to reach between € 800 million and € 840 million (2013: € 784.9 million). We anticipate a slight improvement of the EBITDA margin. All divisions will contribute to the improvement in earnings. We will improve profitability through our rigorous cost management approach of minimizing cost increases while simultaneously driving forward sales growth. The completion of major investment projects, improved capacity utilization through volume growth coupled with a more advantageous product mix will also positively impact earnings. With regard to our active working capital management, we expect to see a continued improvement in DSO and CIW in 2014. The strategic target for DSO, at constant currency rates, is less than 75 days (2013: 74 days). For CIW, the strategic target is 16 weeks (2013: 16.6 weeks).

There is a continued risk from the vulnerable economic development of the countries hardest hit by the sovereign debt crisis. Additional cuts to public spending budgets, compulsory discounts, and similar measures over the next few years cannot be ruled out and could impact future sales and earnings.

Expected financial position

In the future, B. Braun will continue to pursue its robust fiscal policy of recent years. For 2014, we are aiming to achieve an equity ratio of above 40 percent. At the same time, we will continue to pursue our existing dividend policy.

Our long-term refinancing volume is € 48 million for next year and € 160 million for 2015. As a result of our refinancing activities in the reporting year, we are well-positioned to meet this financing volume in the next two years. We expect no fundamental risks in pending financing measures due to our banking relationships, which have grown over many years, and the lasting profitability of B. Braun. A deterioration in lending due to renewed difficulties with banks and national budgets could make the price of refinancing for B. Braun more difficult and, in particular, more expensive. However, the low refinancing volume arranged for the next few years means that B. Braun will not be exposed to any significant risk from a renewed deterioration of the situation on the capital markets. The planned capital investments over the next few years will be substantially funded by operating cash flow.

Systematic use of our Group-wide cash pooling system will enable us to continue to ensure optimum cash allocation within the Group in the future. In addition, our Group-wide projects related to inventory and receivables management are having a lasting effect on limiting our financing requirements.

Overall statement on the outlook for the Group

On the basis of the assumptions presented regarding the development of the global economy and of the healthcare market as a whole, we anticipate the B. Braun Group will experience positive business development in 2014. We also expect continued improvement in both sales and earnings beyond 2014. Our investments in capacity expansions and the continuous improvement of our products and processes will allow us to continue to participate in a growing healthcare market. Improving patient quality of life and the safety of healthcare professionals remain our primary objectives.

Melsungen, February 26, 2014
The Management Board

Consolidated Financial Statements

Consolidated Statement of Income 72

Consolidated Statement of Comprehensive Income 72

Consolidated Statement of Financial Position 73

Consolidated Asset Analysis 74

Consolidated Statement of Changes in Equity 76

Consolidated Statement of Cash Flows 78

Notes 79

Independent Auditors' Report 143

Major Shareholdings 144

CONSOLIDATED STATEMENT OF INCOME[1]

	Notes	2013 € '000	2012 € '000
Sales	1)	5,169,545	5,047,846
Cost of Goods Sold	2)	– 2,824,771	– 2,752,705
Gross Profit		**2,344,774**	**2,295,141**
Selling Expenses	3)	– 1,381,132	– 1,372,338
General and Administrative Expenses		– 260,257	– 254,150
Research and Development Expenses	4)	– 218,586	– 191,490
Interim Profit		**484,799**	**477,163**
Other Operating Income	5)	211,118	225,403
Other Operating Expenses	6)	– 217,403	– 233,390
Operating Profit		**478,514**	**469,176**
Profit from Financial Investments / Equity Method	7)	4,981	5,136
Financial Income		5,201	4,738
Financial Expenses		– 70,493	– 79,905
Net Financial Income (Loss)	8)	– 65,292	– 75,167
Other Financial Income (Loss)	9)	4,278	3,971
Profit before Taxes		**422,481**	**403,116**
Income Taxes	10)	– 106,986	– 114,476
Consolidated Annual Net Profit		**315,495**	**288,640**
Attributable to: B. Braun Melsungen AG Shareholders		293,762	272,646
Non-controlling Interests		21,733	15,994
		315,495	**288,640**
Earnings per Share (in €) for B. Braun Melsungen AG Shareholders in the Fiscal Year (diluted and undiluted)	11)	15.14	14.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013 € '000	2012 € '000
Consolidated Annual Net Profit	**315,495**	**288,640**
Items not Reclassified as Profits or Losses		
Revaluation of Pension Obligations	40,311	– 139,028
Income Taxes	– 12,431	39,276
Changes in Amount Recognized in Equity	**27,880**	**– 99,752**
Items Potentially Reclassified as Profits or Losses		
Changes in Fair Value of Securities	18,303	– 67
Income Taxes	0	0
Changes in Amount Recognized in Equity	**18,303**	**– 67**
Changes in Fair Value of Financial Derivatives	99	11,729
Income Taxes	– 140	– 2,924
Changes in Amount Recognized in Equity	**– 41**	**8,805**
Changes Due to Currency Translation	– 142,694	– 16,641
Income Taxes	0	0
Changes in Amount Recognized in Equity	**– 142,694**	**– 16,641**
Changes Recognized Directly in Equity (after Taxes)	– 96,552	– 107,655
Comprehensive Income in the Reporting Year	**218,943**	**180,985**
Attributable to: B. Braun Melsungen AG Shareholders	198,351	168,491
Non-controlling Interests	20.592	12.494

[1] The previous year figures have been adjusted in accordance with IAS 8. Additional information is provided in the general information in the Notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Assets			
Non-current Assets			
Intangible Assets	14) 16)	385,736	337,477
Property, Plant, and Equipment	15) 16)	2,896,628	2,736,839
Financial Investments (Equity Method)	17)	47,933	43,298
Other Financial Investments	17)	471,591	45,100
of which Financial Assets		(471,591)	(45,100)
Trade Receivables	18)	23,450	13,799
Other Assets	19)	23,826	24,548
of which Financial Assets		(20,113)	(20,594)
Income Tax Receivables		2,607	2,026
Deferred Tax Assets		119,743	162,538
		3,971,514	**3,365,625**
Current Assets			
Inventories	20)	901,521	873,608
Trade Receivables	18)	947,691	938,414
Other Assets	19)	191,012	166,607
of which Financial Assets		(102,941)	(94,865)
Income Tax Receivables		28,835	30,079
Cash and Cash Equivalents	21)	38,924	109,184
		2,107,983	**2,117,892**
Total Assets		**6,079,497**	**5,483,517**
Equity			
Subscribed Capital	22)	600,000	600,000
Capital Reserves and Retained Earnings	23)	1,823,699	1,512,902
Effects of Foreign Currency Translation		– 151,025	– 13,211
Equity Attributable to B. Braun Melsungen AG Shareholders		**2,272,674**	**2,099,691**
Non-controlling Interests	24)	172,311	159,485
Total Equity		**2,444,985**	**2,259,176**
Liabilities			
Non-current Liabilities			
Provisions for Pensions and Similar Obligations	25)	798,464	816,690
Other Provisions	26)	73,783	76,414
Financial Liabilities	27)	1,004,929	886,159
Trade Accounts Payable	29)	2,048	649
Other Liabilities	29)	28,448	27,983
of which Financial Liabilities		(12,497)	(16,665)
Deferred Tax Liabilities		80,646	110,072
		1,988,318	**1,917,967**
Current Liabilities			
Other Provisions	26)	37,201	31,620
Financial Liabilities	27)	768,846	482,768
Trade Accounts Payable	29)	271,305	242,361
Other Liabilities	29)	529,293	513,487
of which Financial Liabilities		(186,043)	(144,431)
Current Income Tax Liabilities		39,549	36,138
		1,646,194	**1,306,374**
Total Liabilities		**3,634,512**	**3,224,341**
Total Equity and Liabilities		**6,079,497**	**5,483,517**

CONSOLIDATED ASSET ANALYSIS

	Costs of Acquisition and Manufacture					
	Dec. 31, 2012	Foreign Currency Translation	Additions to Scope of Consolidation	Disposals from Scope of Consolidation	Additions	Transfers
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Intangible Assets						
Acquired Goodwill	103,331	– 9,287	29,500	0	0	0
Licenses, Trademarks, and Other Similar Rights	340,481	– 11,766	16,232	0	15,943	6,717
Internally Created Intangible Assets	56,128	– 2,401	0	0	10,021	0
Advance Payments	59,725	– 24	0	0	25,742	– 5,420
Total	**559,665**	**– 23,478**	**45,732**	**0**	**51,706**	**1,297**
Property, Plant, and Equipment						
Land and Buildings	1,410,221	– 32,097	3,055	0	48,429	83,669
Technical Plants and Machinery	2,159,534	– 66,462	1,341	0	103,925	78,878
Other Plants, Operating and Office Equipment	744,919	– 36,519	3,525	0	58,819	40,660
Advance Payments and Assets Under Construction	558,569	– 19,717	0	0	297,134	– 204,503
Total	**4,873,243**	**– 154,795**	**7,921**	**0**	**508,307**	**– 1,296**
Financial Investments						
Financial Investments (Equity Method)	44,297	0	81	0	4,856	0
Other Holdings	24,530	0	– 43,441	0	37,287	10,848
Loans to Companies in which the Groups Holds an Interest	1,582	– 70	0	0	203	0
Securities	737	0	0	0	424,786	0
Other Loans	18,301	– 19	0	0	2,289	– 10,848
Total	**89,447**	**– 90**	**– 43,360**	**0**	**469,421**	**0**
	5,522,355	**– 178,363**	**10,293**	**0**	**1,029,434**	**1**

*Other Changes includes foreign currency translation effects, changes to the consolidation scope, transfers and disposals

	Disposals	Changes in Fair Value	Dec. 31, 2013	Depreciation and Amortization Accumulated 2012	Fiscal year 2013	Other Changes*	Accumulated 2013	Carrying Amounts Dec. 31, 2013	Dec. 31, 2012
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
	0	0	123,544	503	0	0	503	123,041	102,828
	– 4,314	0	363,293	216,867	28,375	– 11,593	233,649	129,644	123,614
	– 45	0	63,703	4,818	6,127	– 492	10,453	53,250	51,310
	– 222	0	79,801	0	137	– 137	0	79,801	59,725
	– 4,581	**0**	**630,341**	**222,188**	**34,639**	**– 12,221**	**244,605**	**385,736**	**337,477**
	– 6,135	0	1,507,142	411,847	41,786	– 11,911	441,722	1,065,420	998,374
	– 26,387	0	2,250,829	1,239,190	148,540	– 81,484	1,306,246	944,583	920,344
	– 36,684	0	774,720	485,200	67,024	– 48,564	503,660	271,060	259,719
	– 15,727	0	615,756	167	5,182	– 5,158	191	615,565	558,402
	– 84,933	**0**	**5,148,447**	**2,136,404**	**262,532**	**– 147,116**	**2,251,819**	**2,896,628**	**2,736,839**
	– 1,301	0	47,933	999	0	– 999	0	47,933	43,298
	– 9,067	0	20,128	29	0	0	29	20,128	24,501
	0	0	1,715	0	0	0	0	1,715	1,582
	0	18,378	443,900	1	0	0	1	443,900	736
	– 3,854	0	5,849	20	0	0	20	5,849	18,281
	– 14,222	**18,378**	**519,525**	**1,049**	**0**	**– 999**	**50**	**519,525**	**88,398**
	– 103,736	**18,378**	**6,298,313**	**2,359,641**	**297,171**	**– 160,336**	**2,496,474**	**3,801,889**	**3,162,714**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

see Notes 22–24	Subscribed Capital € '000	Capital Reserves € '000
January 1, 2012	600,000	10,226
Dividend of B. Braun Melsungen AG	0	0
Increase in Subscribed Capital	0	0
Consolidated Annual Net Profit	0	0
Changes Recognized Directly in Equity (after Taxes)		
Changes in Fair Value of Securities	0	0
Changes in Fair Value of Financial Derivatives	0	0
Revaluation of Pension Obligations		
Changes Due to Currency Translation	0	0
Comprehensive Income over the Period	**0**	**0**
Other Changes	0	0
December 31, 2012 / January 1, 2013	600,000	10,226
Dividend of B. Braun Melsungen AG	0	0
Increase in Subscribed Capital	0	0
Consolidated Annual Net Profit	0	0
Changes Recognized Directly in Equity (after Taxes)		
Changes in Fair Value of Securities	0	0
Changes in Fair Value of Financial Derivatives	0	0
Revaluation of Pension Obligations	0	0
Changes Due to Currency Translation	0	0
Comprehensive Income over the Period	**0**	**0**
Other Changes	0	0
December 31, 2013	600,000	10,226

Retained Earnings € '000	Other Reserves € '000	Equity Attributable to Owners € '000	Non-controlling Interests € '000	Equity € '000
1,347,567	**– 5,379**	**1,952,414**	**148,830**	**2,101,244**
– 24,000	0	– 24,000	0	– 24,000
0	0	0	0	0
272,646	0	272,646	15,994	288,640
0	– 67	– 67	0	– 67
0	8,727	8,727	78	8,805
– 94,540		– 94,541	– 5,212	– 99,753
0	– 18,275	– 18,275	1,634	– 16,641
178,106	**– 9,615**	**168,490**	**12,494**	**180,984**
2,786	0	2,786	– 1,839	947
1,504,459	**– 14,994**	**2,099,690**	**159,485**	**2,259,175**
– 24,000	0	– 24,000	0	– 24,000
0	0	0	0	0
293,762	0	293,761	21,733	315,495
		0		
0	18,303	18,303	0	18,303
0	– 83	– 83	42	– 41
24,183	0	24,183	3,697	27,880
0	– 137,814	– 137,814	– 4,880	– 142,694
317,945	**– 119,594**	**198,351**	**20,592**	**218,943**
– 1,367	0	– 1,367	– 7,766	– 9,133
1,797,037	**– 134,588**	**2,272,675**	**172,311**	**2,444,985**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2013 € '000	2012 € '000
Operating Profit		478,514	469,176
Income Tax Paid		– 105,412	– 109,702
Depreciation and Amortization of Property, Plant, and Equipment and Intangible Assets (Net of Appreciation)		297,171	279,078
Change in Non-current Provisions		– 10,644	171,416
Interest Received and Other Financial Income		2,275	2,233
Interest Paid and Other Financial Expenditure		– 34,160	– 43,125
Other Non-cash Income and Expenses		22,901	– 140,330
Gain/Loss on the Disposal of Property, Plant, and Equipment and Intangible Assets		554	4,541
Gross Cash Flow	**34)**	**651,199**	**633,287**
Change in Inventories		– 71,450	– 26,858
Change in Receivables and Other Assets		– 106,131	72,413
Change in Liabilities, Current Provisions and Other Liabilities (excluding Financial Liabilities)		60,457	32,898
Cash Flow from Operating Activities (Net Cash Flow)	**34)**	**534,075**	**711,740**
Investments in Property, Plant, and Equipment and Intangible Assets		– 566,680	– 501,989
Investments in Financial Assets		– 424,959	– 13,582
Acquisitions of Subsidiaries, Net of Cash Acquired		– 31,619	– 69,591
Proceeds from Sale of Subsidiaries and Holdings		929	2,293
Proceeds from Sale of Property, Plant, and Equipment, Intangible Assets, and Other Financial Assets		785	7,828
Dividends Received		6,766	6,319
Cash Flow from Investing Activities	**35)**	**– 1,014,778**	**– 568,722**
Free Cash Flow		**– 480,703**	**143,018**
Capital Contributions		281	432
Dividends Paid to B. Braun Melsungen AG Shareholders		– 24,000	– 24,000
Dividends Paid to Non-controlling Interests		– 8,528	– 8,821
Deposits and Repayments for Profit-Sharing Rights		407	– 721
Loans		637,242	329,096
Loan Repayments		– 224,314	– 378,140
Cash Flow from Financing Activities	**36)**	**381,088**	**– 82,154**
Change in Cash and Cash Equivalents		**– 99,615**	**60,864**
Cash and Cash Equivalents at the Start of the Year		109,184	45,340
Exchange Gains (Losses) on Cash and Cash Equivalents		29,355	2,980
Cash and Cash Equivalents at Year End	**37)**	**38,923**	**109,184**

NOTES

General Information

The consolidated financial statements of B. Braun Melsungen AG – hereinafter also referred to as the B. Braun Group – as of December 31, 2013, have been prepared in compliance with Section 315 a (3) of the German Commercial Code (HGB) according to the International Financial Reporting Standards (IFRS) applicable as of the reporting date published by the International Accounting Standards Board (IASB), London, as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as stipulated by the EU, and have been published in the online edition of the German Federal Gazette (Bundesanzeiger).

B. Braun Melsungen AG is a globally engaged, family-owned company headquartered in Melsungen, Germany. The company's address is Carl-Braun-Straße 1, 34212 Melsungen, Germany.

B. Braun Holding GmbH & Co. KG is the parent company of B. Braun Melsungen AG, as defined in Section 290 (1) HGB, and as the chief parent company is required to produce consolidated financial statements that include the consolidated financial statements of B. Braun Melsungen AG.

B. Braun Melsungen AG and its subsidiaries manufacture, market, and sell a broad array of healthcare products and services for intensive care units, anesthesia and emergency care, extracorporeal blood treatment, and surgical core procedures. The major manufacturing facilities are located in the EU, Switzerland, the USA, Brazil, Vietnam and Malaysia. The company distributes its products via a worldwide network of subsidiaries and associated companies.

The Management Board of B. Braun Melsungen AG approved the consolidated financial statements for submission to the company's Supervisory Board on Wednesday, February 26, 2014. The Audit Committee of the Supervisory Board reviewed the consolidated financial statements at its meeting on March 4, 2014. The Supervisory Board approved the consolidated financial statements at its meeting on March 19, 2014.

The consolidated financial statements have been prepared based on historical costs, except for available-for-sale financial assets and financial assets/liabilities including derivative financial instruments measured at fair value through profit and loss. Unless otherwise indicated, the accounting policies were applied consistently in all periods presented in this report.

In the statement of financial position, a distinction is made between current and non-current assets and liabilities. The statement of income is presented using the cost-of-sales method. Using this format, net sales are compared to expenses incurred to generate these sales, classified by the expense categories Cost of Goods Sold, Selling, General and Administrative, and Research and Development. To improve the informational content of the consolidated statement of financial position and consolidated statement of income, further details on individual entries have been provided in the Notes to the consolidated financial statements. The consolidated financial statements have been prepared in euro. Unless otherwise stated, all figures are presented in thousands of euro (€ '000).

The financial statements of B. Braun Melsungen AG and its subsidiaries included in the consolidated financial statements have been prepared using standardized Group accounting policies.

New and amended International Financial Reporting Standards and Interpretations whose application is mandatory for the first time for fiscal years beginning on or after July 1, 2012 (IAS 8.28)

Amendment to IAS 1 Presentation of Financial Statements: Presentation of the items of other net income

Under the amendment, companies must in the future break down the items reported in other net income separately to show which items are reclassified to the statement of income and which ones are not recycled. Application of the amendment is mandatory for fiscal years beginning on or after July 1, 2012, and earlier voluntary application is permitted. As the amendment merely affects the presentation of the financial statements, it has no impact on the net assets, financial position, and results of operations of the Group.

New and amended International Financial Reporting Standards and Interpretations whose application is mandatory for the first time for fiscal years beginning on or after January 1, 2013 (IAS 8.28)

Amendments to IFRS 1, Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
The amendment provides an exemption from the retroactive application of all IFRS for companies preparing IFRS financial statements for the first time after a phase of severe hyperinflation. In addition, the amendment removes certain fixed dates for first-time adopters. The amended standard is first applicable for fiscal years beginning on or after July 1, 2011 (original standard). The date of mandatory application for EU entities was postponed to January 1, 2013. The provision has no impact on the net assets, financial position, and results of operations of the Group.

IFRS 13 Fair Value Measurement
The new standard establishes a single framework for fair value measurement by providing, amongst other things, its definition and guidance on its determination. In addition, IFRS 13 expands the disclosure requirements in the Notes related to fair value measurements. IFRS 13 is to be applied for the first time in the initial period of a fiscal year starting on or after January 1, 2013. The provision has no impact on the net assets, financial position, and results of operations of the Group.

Amendment to IAS 12 Income Taxes
The amendments to IAS 12 consist of a supplement to an exception for investment properties held as financial investments and measured at fair value in accordance with IAS 40, and for investment properties held as financial investments that are initially recognized in connection with the acquisition of a subsidiary, where these are subsequently to be measured at fair value. The exception stipulates that deferred tax assets and liabilities relating to the assets in question must be measured based on the tax consequences of a sale, unless the reporting company provides unequivocal evidence that it will recover the entire carrying amount of the asset through use. The amended standard is first applicable for fiscal years beginning on or after January 1, 2012 (original standard). In derogation of the date of mandatory application provided in the original standard, adoption of the standard will first be mandatory within the EU for fiscal years beginning on or after January 1, 2013. The amendment will have no impact on the net assets, financial position, and results of operations of the B. Braun Group.

IAS 19 Employee Benefits
The amended version of IAS 19, Employee Benefits, contains material changes affecting the recognition and measurement of expenses for defined benefit plans and termination benefits. The amended version also introduces enhanced disclosure requirements about employee benefits for many companies. The amended version of IAS 19 is to be applied for the first time in the initial period of a fiscal year starting on or after January 1, 2013.

IFRS 1 First-Time Adoption of the International Financial Reporting Standards – Government Loans
This amendment introduces a new exception with regard to the general requirement for the retroactive application of IFRS for first-time adopters. The amendment aligns IFRS 1 with IAS 20.10A, which requires that government loans awarded with a below-market rate of interest are valued in accordance with the provisions of IAS 39 (and, in the future, IFRS 9); in other words, at their fair value. First-time adopters should therefore apply the requirements prospectively to government loans that are awarded at a below-market rate of interest at or after the date of transition to IFRS. First-time adopters are therefore able to use their previously established carrying amounts for existing loans on transition to IFRS. The amended version of IFRS 1 is to be applied for the first time in the initial period of a fiscal year starting on or after January 1, 2013. Management can elect to apply these requirements retroactively to any government loans that originated before the date of transition to IFRS, provided that information on the fair values of previously awarded loans had been obtained at the time of initially accounting for those loans. The amendment has no impact on the net assets, financial position, and results of operations of the Group.

Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
The IASB amended the provisions for offsetting financial assets and financial liabilities, and published the results on December 16, 2011 in the form of amendments to IAS 32, Financial Instruments: Presentation (see Amendments to IAS 32), and to IFRS 7, Financial Instruments: Disclosures. Even under these amendments, however, there are still differences in the offsetting requirements in IFRS and US GAAP. To simplify comparisons between companies whose financial statements are prepared in accordance with IFRS and those whose financial statements are prepared in accordance with US GAAP, significant additional disclosures are required in the Notes for offsetting arrangements. Thus, the amendments to IFRS 7 also call for comprehensive disclosures about rights to offset that do not result in offsetting under IFRS. The disclosures are made separately for financial assets and financial liabilities. The offsetting disclosures of IFRS 7 are to be applied retroactively for fiscal years beginning on or after January 1, 2013. The amendment has no impact on the net assets, financial position, and results of operations of the Group.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
This interpretation considers how to recognize and measure the waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). It requires these costs to be accounted for on the basis of the benefit arising from the stripping activity. Voluntary early application of the new interpretation is permitted. Application is mandatory for fiscal years beginning on or after January 1, 2013. This interpretation is not relevant for the B. Braun Group.

New and amended International Financial Reporting Standards and Interpretations that have already been published but whose application is not yet mandatory for companies whose fiscal year ends on December 31, 2013 (IAS 8.30)

IFRS 10 Consolidated Financial Statements
The new standard supersedes the consolidation guidelines in the previous IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. Regulations to be applied to separate financial statements remain unchanged in IAS 27, which is renamed as "Separate Financial Statements". The focus of IFRS 10 is on the introduction of a standard consolidation model for all companies, which is based on control over a subsidiary by the parent entity. This is applicable to parent/subsidiary relations which are based on voting rights, as well as on parent/subsidiary relations which result from other contractual agreements. As a result, special purpose entities whose consolidation is currently carried out by the risk and reward concept of the SIC-12 must also be assessed under these rules. IFRS 10 is to be applied by EU entities for the first time in the initial period of a fiscal year starting on or after January 1, 2014 (within the EU, the date of mandatory application was postponed by one year compared to the original standard). Earlier application of the standard is permitted if this is stated in the Notes and provided that IFRS 11 and 12 as well as the new provisions of IAS 27 and 28 are also applied early. The B. Braun Group will not apply the amendment early. The B. Braun Group is currently determining whether the new standard will have any impact on the scope of consolidation of the Group.

IFRS 11 Joint Arrangements
The new standard supersedes IAS 31, Interests in Joint Ventures, and eliminates the previous option of proportional consolidation of joint ventures. The mandatory application of the equity method when accounting for investments in joint ventures will in the future be in accordance with IAS 28, Investments in Associates and Joint Ventures, which so far only concerned associates and has now been amended to include joint ventures. IFRS 11 is to be applied by EU entities for the first time in the initial period of a fiscal year starting on or after January 1, 2014 (within the EU, the date of mandatory application was postponed by one year compared to the original standard). Earlier application of the standard is permitted if this is stated in the Notes and provided that IFRS 10,12 as well as the new provisions of IAS 27 and 28 are also applied early. The B. Braun Group will not apply the amendment early. The amendment is expected to have no material impact on the net assets, financial position, and results of operations of the B. Braun Group.

IFRS 12 Disclosures of Interests in Other Entities
The new standard integrates the disclosure requirements relating to all interests in subsidiaries, joint ventures and associates as well as unconsolidated special purpose entities into one standard. Under the new standard, an entity must make quantitative and qualitative disclosures, which allow users of its financial statements to evaluate the nature of and risks associated with its interests in other entities and the impact of those interests on its financial statements. IFRS 12 is to be applied by EU entities for the first time in the initial period of a fiscal year starting on or after January 1, 2014 (within the EU, the date of mandatory application was postponed by one year compared to the original standard). Earlier application of the standard is permitted if this is stated in the Notes. The B. Braun Group will not apply the amendment early. As the amendment merely results in an extension of the disclosures, it will have no impact on the recognition of net assets, financial position, and results of operations of the Group within the financial statements. It will, however, lead to considerable additional disclosures in the Notes.

IAS 27 Separate Financial Statements
The consolidation guidelines contained in the previous IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities, were superseded by provisions newly incorporated in IFRS 10, Consolidated Financial Statements. As IAS 27 now therefore only contains the provisions applicable to separate financial statements, the standard was renamed IAS 27, Separate Financial Statements. The new version of the standard is to be applied by EU entities for the first time in the initial period of a fiscal year starting on or after January 1, 2014 (within the EU, the date of mandatory application was postponed by one year compared to the original standard). An earlier application is permitted if this is stated in the Notes and provided that IFRS 10, 11, and 12 and IAS 28 (revised 2011) are also applied early. The B. Braun Group will not apply the amendment early. The amendment is expected to have no material impact on the net assets, financial position and results of operations of the B. Braun Group.

IAS 28 Investments in Associates and Joint Ventures
The mandatory application of the equity method when accounting for investments in joint ventures under IFRS 11 will in the future be carried out in accordance with the provisions of the correspondingly amended IAS 28, whose area of application has now been expanded to the accounting of joint ventures and which was therefore renamed IAS 28, Investments in Associates and Joint Ventures. IAS 28 (revised 2011) is to be applied by EU entities for the first time in the initial period of a fiscal year starting on or after January 1, 2014 (within the EU, the date of mandatory application was postponed by one year compared to the original standard). An earlier application is permitted if this is stated in the Notes and provided that IFRS 10, 11, and 12 and IAS 27 (revised 2011) are also applied early. The B. Braun Group will not apply the amendment early. The amendment will have no material impact on the net assets, financial position, and results of operations of the Group.

Amendments to the Transition Provisions of IFRS 10, IFRS 11, and IFRS 12
These amendments clarify that the starting date for the first-time adoption of IFRS 10 must be the start of the reporting period in which the standard is adopted for the first time. This means that decisions about whether or not to consolidate investments in accordance with IFRS 10 must be made at the start of this period. The amendments also stipulate that, when applying the new consolidation rules for the first time with regard to the mandatory disclosure requirements of IFRS 12 in connection with subsidiaries, associates, and joint arrangements, the reporting of comparative information is mandatory only for the comparison period immediately preceding the reporting period. The amendments are to be applied by EU entities for the first time in the initial period of a fiscal year starting on or after January 1, 2014.

Amendments to IFRS 10, Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities, and IAS 27, Separate Financial Statements – Investment Entities
The amendments to IFRS 10, Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities, and IAS 27, Separate Financial Statements, introduce an exception to consolidation for "investment entities," that is entities whose only business purpose is to make investments for capital appreciation, investment income, or both, and who evaluate the performance of those investments on a fair value basis. IFRS 12 also contains new disclosure requirements for investment entities. The amendments are to be applied by EU entities for the first time in the initial period of a fiscal year starting on or after January 1, 2014. Voluntary early application of these requirements is permitted. These amendments are not relevant for the B. Braun Group.

Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
The IASB has amended the provisions for offsetting financial assets and financial liabilities. The requirements for offsetting as set out in IAS 32 were retained in principle and simply specified with additional application guidance. Therein, the standardizer emphasizes, on the one hand, expressly that an unconditional, legally enforceable right of set-off must also exist in the event of one of the parties involved being insolvent. On the other hand, examples of criteria were stated under which a gross settlement of financial assets and financial liabilities nevertheless results in an offsetting. The supplemented guidance essentially requires an extension of the disclosures (see "New and amended IFRS and interpretations whose application is mandatory for the first time for fiscal years beginning on or after January 1, 2013") and must be applied retroactively for fiscal years starting on or after January 1, 2014. The B. Braun Group is currently determining whether the amendments will have a material impact on the net assets, financial position, and results of operations of the Group.

Amendments to IAS 36, Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets
The revised standard published by the IASB, "Recoverable Amount Disclosures for Non-financial Assets," contains minor adjustments to IAS 36, Impairment of Assets. The revised standard also introduces new disclosure requirements for impaired assets or cash-generating units, or impairment reversals for assets or cash-generating units, where the recoverable amount has been determined on a fair value basis minus the costs of disposal. Application of the revised standard is mandatory for fiscal years beginning on or after January 1, 2014. The standard must be applied retroactively, but only for reporting periods for which IFRS 13 already applies. Voluntary early application of these requirements is permitted, but this will not be elected by the B. Braun Group. The amendment is expected to have no material impact on the net assets, financial position, and results of operations of the Group.

Amendments to IAS 39, Novation of Derivatives
Extensive legislative amendments have been introduced to improve the transparency and regulatory oversight of OTC (over the counter) derivatives. In accordance with these, entities are required to novate derivatives to central counterparties (CCP) under certain conditions. Under IAS 39, Financial Instruments: Recognition and Measurement, hedge accounting of a derivative must be ceased when the original derivative no longer exists in its original form. For the purposes of hedge accounting, the derivative that is now transacted with a CCP must be redesignated a hedging instrument, which in certain circumstances would result in significant ineffectiveness compared to the previously existing hedging relationship.

For this reason, the IASB issued a limited scope amendment to IAS 39, clarifying that there is no need to discontinue hedge accounting if a hedging derivative is novated to a CCP, provided certain criteria are met. One particular prerequisite for the application of this exception is that the novation was required by law or other regulations. A similar limited scope amendment has been included in IFRS 9, Financial Instruments. Application of the revised standard is mandatory for fiscal years beginning on or after January 1, 2014. Voluntary early application of these requirements is permitted, but this will not be elected by the B. Braun Group. The amendment is expected to have no material impact on the net assets, financial position, and results of operations of the Group.

New and amended International Financial Reporting Standards and Interpretations that have already been published but whose application is not yet mandatory for companies whose fiscal year ends on December 31, 2012 (IAS 8.30) and whose adoption is still pending in some EU countries

IFRIC 21, Levies
IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, excluding income taxes as defined by IAS 12 Income Taxes. Application of this interpretation is mandatory for fiscal years beginning on or after January 1, 2014. Voluntary early application of the regulations is permitted, but this will not be elected by the B. Braun Group. Widespread EU endorsement of the interpretation is expected for the second quarter of 2014. The B. Braun Group is currently determining whether the interpretation will have a material impact on the net assets, financial position, and results of operations of the Group.

IFRS 9 Financial Instruments
As part of the project to replace IAS 39, Financial Instruments: Recognition and Measurement, standard IFRS 9, Financial Instruments, was published in 2009. The new standard fundamentally changes the previous provisions on classification and measurement of financial assets. The supplement to IFRS 9 that was published in 2010 sets out the requirements for the classification and measurement of financial liabilities. The IASB is in the process of reviewing the requirements for the classification and measurement of financial assets that were proposed in a supplementary exposure draft. IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7, and IAS 39) was issued in November 2013. The amended standard therefore includes the new model for general hedge accounting, permits early adoption of the provision, and includes changes to the fair value option for financial liabilities to address the issue of the company's own credit risk, whereby the liabilities are measured at fair value through profit or loss. The originally scheduled mandatory effective date of January 1, 2015, has also been removed. Therefore, the current version of IFRS 9 does not have a mandatory effective date, although early adoption is permitted, subject to EU endorsement. At its meeting in February 2014, the IASB decided that IFRS 9 will become effective for reporting periods beginning on or after January 1, 2018, at the earliest.

IFRS 14 Regulatory Deferral Accounts
IFRS 14 permits an entity, which is a first-time adopter of the International Financial Reporting Standards, to continue to use, with some limitations, its previous accounting policies for regulatory deferral account balances, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances and their respective changes must be presented separately in the statement of financial position and the statement of income or the statement of other comprehensive income. In addition, specific disclosures are required. IFRS 14 applies to an entity's first annual IFRS financial statements for a period beginning on or after January 1, 2016. This standard is not relevant for the B. Braun Group.

As part of the ongoing improvement project of the IFRS, adjustments to wordings for clarification and changes were also made. These have no major impact on the net assets, financial position, and results of operations of the B. Braun Group.

Amendments to Accounting Policies and Estimates
On June 16, 2011, the IASB approved a new version of IAS 19, Employee Benefits, which was published in the Official Journal of the EU on June 6, 2012. The revised standard was adopted for the first time by the B. Braun Group as of January 1, 2013. The Group has elected not to present a comparative statement of financial position in accordance with IAS 1.10 (f), because the retrospective changes in accounting policies do not have a material effect on the information in the statement.

Transition to the revised standard on January 1, 2013, resulted in a reduction in pension provisions of approx. € 5.5 million, which was credited to equity. This was primarily attributable to the revaluation of pension obligations in Switzerland on account of a change in the accounting of future employee contributions (€ – 6.7 million) and the one-time transfer of past service costs to equity (€ 1.2 million). Pension expenses in 2012 were € 1.9 million higher than they would have been under the previous version of IAS 19. The main reason for this was the fact that the expected return on external plan assets is no longer calculated based on long-term expected returns; instead, the corresponding expense is now calculated by applying the discount rate to the return on plan assets.

Unlike the previous year, the discount rate used to calculate the current service costs in Germany was the discount rate based on the duration of the active population. In the past, the rate had been based on the duration of the entire population. As of 2013, the more precise method is being applied to determine current service costs. Under the new method, the discount rate for calculating the current service costs for fiscal year 2013 is 4.4 percent instead of 3.9 percent. As a result, the current service costs for 2013 are € 2.6 million lower than under the previous method. It is not possible at this point to determine the impact on future periods.

In the reporting year, we restructured the reporting regions for Group sales. Sales are now presented according to where the recipient is based (rather than the payer, as was previously the case). Sales for the region Africa and the Middle East were previously reported under the region Europe (Africa) and the region Asia and Australia (Middle East). The previous year’s figures have been adjusted accordingly for comparison purposes.

In the reporting year, proportionate finance expenses that had previously been allocated to selling expenses were reassigned to general and administrative expenses because the expenses in question do not primarily promote or generate product sales. The previous year’s figures have been adjusted accordingly for comparison purposes.

Critical Assumptions and Estimates for Accounting Policies
The preparation of financial statements in accordance with IFRS requires management to make assumptions and estimates that have an effect on the reported amounts and their related statements. While management makes these estimates to the best of its knowledge and abilities based on current events and measures, there is a possibility that actual results may differ. Estimates are necessary in particular when:

– Assessing the need for and the amount of write-downs and other value adjustments;
– Measuring pension obligations;
– Recognizing and measuring provisions;
– Establishing inventory provisions;
– Evaluating the probability of realizing deferred tax assets;
– Calculating the value in use of cash-generating units (CGU) for impairment testing.

The Group’s management determines the expected useful life of intangible assets and property, plant, and equipment, and therefore their depreciation or amortization, based on estimates. These assumptions can change materially, for example as a result of technological innovations or changes in the competitive environment. Should their actual useful life be shorter than the estimate, management adjusts the amount of depreciation or amortization. Assets that are technologically outdated or no longer usable under the current business strategy are fully or partially written off.

The net present value of pension obligations depends on a number of factors, which are based on actuarial assumptions. Any change in such assumptions will have an effect on the carrying amount of the pension provisions. Obligations from defined benefit pension plans, as well as pension expenses for the following year, are determined based on the parameters outlined under Note 25.

The recognition and measurement of other provisions is based on estimates regarding the probability of a future outflow of resources, as well as experience and known circumstances as of the reporting date. The actual liability may differ from the amounts of the provisions established.

The estimate of inventory provisions is based on the projected net realizable value (i. e. the estimated selling price, less the estimated cost of completion and the estimated selling expenses). Actual sales and actual costs incurred may differ from these estimates.

Deferred tax assets are only recognized to the extent that it is probable that taxable profit will be available in the future. The actual taxable profits in future periods may differ from the estimates made on the date such deferred tax assets are capitalized.

Goodwill is tested for impairment annually based on a three-year forecast using projections of specific annual growth rates for the subsequent period. An increase or decrease in the projected annual growth rates would alter the estimated fair value of a given cash-generating unit.

Scope of Consolidation

In addition to B. Braun Melsungen AG, the consolidated financial statements include 57 German and 170 foreign subsidiaries in which B. Braun Melsungen AG either holds a direct or indirect majority of voting rights or has control over financial and business management.

Subsidiaries are included in the consolidated financial statements effective on the day control is assumed by the Group. Consolidation is discontinued as of the day on which such control ends.

The change in the number of Group companies as of December 31, 2013 and 2012 respectively is shown below:

	2013	2012
Included as of December 31 of Previous Year	211	196
Companies Included for the First Time	22	19
Company Consolidations Discontinued	– 1	– 1
Business Combinations	– 5	– 3
Companies now Consolidated Using the Equity Method Due to the Sale of Shares	0	0
Included as of December 31 of Reporting Year	**227**	**211**

Deconsolidated companies had no material impact on the statement of financial position or the statement of income in fiscal year 2013.

The impact of major company acquisitions and additional smaller transactions on the statement of financial position at the time of initial consolidation and on the principal items in the statement of income for fiscal year 2013 is shown below:

	Carrying Amount € '000	Fair Value € '000
Non-current Assets	30,933	55,147
Current Assets	20,666	20,666
Acquired Assets	**51,599**	**75,813**
Non-current Provisions and Liabilities	26,875	32,136
Current Provisions and Liabilities	19,443	19,443
Acquired Liabilities	**46,318**	**51,579**
Net Assets Acquired	**5,281**	**24,234**
Non-controlling Interests	0	1,132
Prorated Net Assets	**5,281**	**23,102**
Goodwill		30,190
Cost of Acquisition		**56,133**
of which Non-controlling Interests		2,841
Cash and Cash Equivalents Acquired		960
Cash Outflow from Acquisitions		**55,173**
Sales		18,828
Operating Profit		783
Net Profit		852

The goodwill remaining after purchase price allocation cannot be deducted for tax purposes and represents sales and production synergies.

Acquisitions in the reporting year contributed assets in the amount of € 24.2 million that had not previously been recognized. Receivables amounting to € 7.8 million were taken over. Goodwill was valued at € 30.2 million.

On January 1, 2013, 100 percent of the shares in MCP Medicare LLP., Russia, were acquired as part of a share deal to expand global provider activities. The company operates eight dialysis centers in Russia for approximately 620 patients. Cost of acquisition amounted to € 14.2 million. The purchase price consists of a cash payment in the amount of € 9.4 million as well as a conditional purchase price liability recognized at present value in the amount of € 4.8 million. The final amount of the purchase price is partially performance dependent on the basis of revenues from treatment in the years 2013 to 2015, and the maximum purchase price adjustment is limited to € 9.6 million. The recorded amount represents the fair value that was calculated for the actual purchase price liability on the basis of the agreed upon adjustment parameters. The fair value of the tangible assets (property, plant, and equipment, inventories) acquired as of the date of acquisition was € 3.1 million, while the fair value of intangible assets (patient and customer relationships) was € 6.3 million. Receivables amounting to € 3.1 million were taken over. Synergy effects, which are expected from the incorporation into the Group, resulted in a goodwill of € 5.8 million. Group sales increased by € 14.9 million as a result of the company acquisition, while the impact on the consolidated annual net profit was not materially significant.

On December 31, 2013, 100 percent of the shares in via medis Nierenzentren GmbH., Germany, were acquired as part of a share deal to expand global provider activities. The company operates eleven dialysis centers that currently treat approximately 600 patients. Cost of acquisition amounted to € 32.8 million and the purchase price was paid in cash. The fair value of the tangible assets (property, plant, and equipment, inventories) taken over as of the date of acquisition was € 3.6 million, while the fair value of intangible assets (primarily patient relationships) calculated as a result of the preliminary purchase price allocation as of the reporting date was € 10.3 million. Receivables amounting to € 3.1 million were

taken over. Goodwill associated with the market access in Germany and the future synergy effects that are expected to arise as a result of the planned further expansion of the provider business in Germany was valued provisionally at € 23.3 million. Since the acquisition took place on December 31, 2013, it had no impact on Group sales and consolidated annual net profit.

On March 31, 2013, 100 percent of the shares in Finesse Polytech Ltd., Ireland, were acquired as part of a share deal to strengthen the chronic wound management business area. The polyurethane foam manufacturing technology that was acquired as part of this is used to create wound dressings for chronic wound management. This acquisition is intended to ensure continued access to this basic technology at competitive cost structures. Cost of acquisition amounted to € 7.6 million and the purchase price was paid in cash. The fair value of the tangible assets (property, plant, and equipment, inventories) acquired as of the date of acquisition was € 0.7 million, while the fair value of intangible assets (technology) was € 7.4 million. No receivables were taken over. Synergy effects, which are expected from the incorporation into the Group, resulted in a goodwill of € 0.4 million. The impact on Group sales and the consolidated annual net profit was not materially significant.

On January 29, 2014, 51 percent of the shares in Dialy-Ser S.A., Columbia, were acquired as part of a share deal to expand global provider activities. The company operates six dialysis centers that currently treat approximately 1,030 patients. Cost of acquisition amounted to € 21.7 million. The purchase price consists of a cash payment in the amount of € 5.3 million as well as a conditional purchase price liability in the amount of € 16.4 million. The final amount of the purchase price is partially performance dependent on the basis of operating profit achieved in the years 2014 to 2015, and the maximum purchase price adjustment is not limited to any amount. The amount stated represents the fair value that was calculated for the actual purchase price liability on the basis of the agreed upon adjustment parameters. The disclosure of other information required under IFRS 3 for company acquisitions in 2014 is currently not possible and will therefore not be carried out in accordance with IFRS 3.B66, as the necessary information was not available at the time that the consolidated financial statements were being prepared.

These changes did not adversely impact the comparability of the financial statements with those of the previous year.

Holdings in three joint ventures and 18 associated companies are recognized in the consolidated financial statements as of the reporting date. Two associated companies were not measured using the equity method on materiality grounds.

REVIUM Rückversicherung AG is included in the consolidated financial statements of B. Braun Melsungen AG as a full subsidiary. The only business purpose of REVIUM Rückversicherung AG is to arrange reinsurance with companies (primary insurers) with which B. Braun Melsungen AG has taken out insurance contracts. It does not arrange any insurance contracts with third parties that extend beyond this and does not cover risks outside of the B. Braun Group. Due to its narrowly defined business purpose, REVIUM Rückversicherung AG has no material impact on the net assets, financial position, and results of operations of the B. Braun Group as a whole.

The complete list of shareholdings belonging to the Group, and to B. Braun Melsungen AG, is provided in the Notes to the consolidated financial statements.

The following companies which are included in the consolidated financial statements of B. Braun Melsungen AG meet the conditions of Section 264b of the German Commercial Code (HGB). They are thus exempted from the requirement to compile Notes and a management report:

- B. Braun Facility Services GmbH & Co. KG, Melsungen,
- Hansepharm GmbH & Co. KG, Roth,
- Invitec GmbH & Co. KG, Duisburg,
- MAT Adsorption Technologies GmbH & Co. KG, Elsenfeld,
- medical experts online GmbH & Co. KG, Melsungen.

The following companies meet the conditions of Section 264 (3) of the German Commercial Code (HGB) and are thus also exempted from the requirement to compile Notes and a management report:

- Aesculap AG, Tuttlingen,
- Aesculap Akademie GmbH, Tuttlingen,
- Aesculap International GmbH, Tuttlingen,
- Avitum Transcare Germany GmbH, Melsungen,
- BBM Group Insurance Broker GmbH, Melsungen,
- B. Braun Medical AG, Melsungen,
- B. Braun Avitum AG, Melsungen,
- B. Braun Avitum Saxonia GmbH, Radeberg,
- B. Braun Surgical GmbH, Melsungen,
- B. Braun Petzold GmbH, Melsungen,
- B. Braun Mobilien GmbH, Melsungen,
- B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen,
- B. Braun International GmbH, Melsungen,
- B. Braun TravaCare GmbH, Hallbergmoos,
- B. Braun Vertriebs GmbH, Melsungen,
- B. Braun VetCare GmbH, Tuttlingen,
- Bibliomed medizinische Verlagsgesellschaft mbH, Melsungen,
- CoachIT GmbH, Kassel,
- Inko Internationale Handelskontor GmbH, Roth,
- Nierenzentrum Bad Kissingen MVZ, GmbH, Bad Kissingen,
- Nutrichem diät + pharma GmbH, Roth,
- Paul Müller Technische Produkte GmbH, Melsungen,
- PNS Professional Nutrition Services GmbH, Melsungen,
- Transcare Gesundheitsservice GmbH, Melsungen.

The companies listed above exercise their right to the exemptions.

Principles of Consolidation

a) Subsidiaries

Subsidiaries, i. e. companies in which B. Braun Melsungen AG directly or indirectly holds more than half of the voting rights or otherwise controls their financial and business management, are included in the scope of consolidation. For the purpose of determining whether B. Braun Melsungen AG controls another company in this manner, the existence and consequences of potential voting rights that may be exercised or converted on the reporting date are taken into consideration.

Subsidiaries are initially consolidated on the first day on which B. Braun Melsungen AG assumes control of the acquired company; they are excluded from consolidation once B. Braun Melsungen AG forfeits such control. The acquisition of subsidiaries is recognized utilizing the purchase method. The cost of acquiring a subsidiary is calculated based on payments of cash and cash equivalents, together with the fair value of assets transferred, shares issued, and/or liabilities acquired when initial control is gained. Acquisition costs that exceed the proportionate acquired share of the fair value of the subsidiary's net assets are recognized as goodwill.

Assets, debts, and contingent liabilities identifiable upon a merger of companies are valued on initial consolidation at the fair values attributable to them, regardless of the size of any non-controlling interests. For each company acquisition, it is determined on an individual basis whether the non-controlling interests in the company acquired are recognized at fair value or using the proportionate share of net assets of the acquired company. The option to recognize non-controlling interests at fair value is currently not exercised. Therefore, non-controlling interests are recognized at their proportionate share of net assets and no goodwill is recognized for non-controlling interests.

Goodwill generated by the acquisition of non-controlling interests in fully consolidated companies is offset against retained earnings. Where assets and liabilities are measured at fair value for the gradual acquisition of companies fully consolidated for the first time, the revaluation of the "old" tranches is recognized through profit or loss.

Intercompany receivables and payables, as well as expenses and revenues are netted against each other. Unrealized gains on transactions between companies within the Group are eliminated in full; unrealized losses are eliminated insofar as the resulting costs of acquisition or manufacture do not exceed the recoverable amount of the underlying asset. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use.

Subsidiary companies' accounting policies were, where necessary, adapted to those used to produce the consolidated financial statements.

b) Associated Companies
Associated companies are those companies over which the Group has significant influence but not control, generally accompanied by a holding of between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Group's investment in associated companies includes goodwill identified on acquisition (net of any accumulated impairments).

The Group's share of associated companies' post-acquisition profits or losses is recognized in the statement of income, and its share of post-acquisition changes in retained earnings is recognized in the Group's retained earnings. The cumulative post-acquisition changes are netted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealized gains from transactions between the Group and its associated companies are, where material, eliminated to the extent of the Group's share in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of associated companies were adjusted, where necessary, to align them with the policies of the Group.

c) Joint Ventures
The Group's interests in jointly controlled entities are recognized in the consolidated financial statements using proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities, and cash flows on a line-by-line basis with the corresponding items in the consolidated financial statements. The Group recognizes only that portion of gains or losses on the sale of assets to the joint venture that it is attributable to the interests of the other ventures. The Group does not recognize its share of gains or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. Losses on intercompany transactions are treated similarly unless the transferred assets are impaired.

d) Owners of Non-controlling Interests
Transactions with owners of non-controlling interests are treated in the same way as transactions with parties within the Group. Sales of shares to owners of non-controlling interests result in gains or losses being recognized in the consolidated financial statements. Reciprocally, purchases of shares from owners of non-controlling interests result in the recognition of goodwill equivalent to the difference between the purchase price and the proportional carrying amount of the subsidiary's net assets.

Foreign Currency Translation

a) Functional and reporting currency
Items included in the financial statements of each of the Group's subsidiaries are stated using the currency of the primary economic environment in which the company operates (functional currency).

The consolidated financial statements are stated in euro, that being the Group's functional and reporting currency.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the prevailing exchange rate on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing on the reporting date are recognized in the statement of income.

Translation differences on monetary items, such as equities classified as available-for-sale financial assets, where fair value changes are directly recognized in equity, are reported as part of the gain or loss from fair value measurement. Translation differences on non-monetary items, where fair value changes are directly recognized in equity, are included in the revaluation reserve in equity.

c) Subsidiaries
All items in the statements of income and statements of financial position of all Group subsidiaries that are in a currency other than the Group reporting currency are translated into the reporting currency as follows:
- Assets and liabilities are translated at the closing rate on the reporting date;
- Income and expenses are translated at average exchange rates; and
- All foreign currency translation differences are recognized as a separate component of equity (Changes Due to Currency Translation).

Goodwill and fair value adjustments arising from the acquisition of foreign companies are treated as assets and liabilities of the foreign company and translated at the closing rate.

Upon the sale of a foreign business operation, currency translation differences previously recognized in equity are taken to the statement of income as gains or losses on disposal.

Comparison of Selected Currencies

	Closing Mid-rate on Reporting Date			Average Annual Rate		
ISO Code	Dec. 31, 2013	Dec. 31, 2012	+ – in %	2013	2012	+ – in %
1 EUR = USD	1.377	1.319	4.4	1.328	1.286	3.3
1 EUR = GBP	0.833	0.816	2.1	0.849	0.811	4.7
1 EUR = CHF	1.227	1.207	1.7	1.231	1.205	2.2
1 EUR = MYR	4.513	4.032	11.9	4.185	3.969	5.4
1 EUR = JPY	144.500	113.650	27.1	129.625	102.594	26.3

Accounting Policies

Intangible Assets

a) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets and liabilities of the acquired company on the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in the carrying amount for investments in associates. Goodwill is tested for impairment at least once a year and is carried at cost less accumulated impairment losses. Write-downs of goodwill are reported under other operating expenses. Write-ups in value are not permitted. Gains and losses on the sale of companies include the carrying amount of the goodwill relating to the company sold.

b) Development Costs
The B. Braun Group invests a significant portion of its financial assets in research and development. In addition to internal research and development activities, the Group maintains numerous cooperative relationships with third parties.

Development expenses are defined as costs related to applying research findings or specialized knowledge for production planning and the manufacturing process before production or use has commenced. Development expenses are capitalized as intangible assets where it is regarded as likely that the project will be commercially successful, technically feasible, and the costs can be reliably measured. Other development costs that do not meet these criteria are expensed as they are incurred. Development costs that have previously been expensed are not capitalized in subsequent years. Capitalized development costs are reported as internally created intangible assets. Please see c) below regarding the useful life, amortization method, and review of residual carrying amounts.

c) Other Intangible Assets
Acquired intangible assets are recognized at acquisition cost. Internally developed intangible assets where future economic benefit is likely to flow to the Group and the costs of the asset can be reliably measured are recognized at the cost incurred during the development phase. This includes all costs directly related to the development process, as well as appropriate portions of relevant overhead costs. Intangible assets with finite useful lives are amortized by the straight line method over a period of four to eight years.

Residual carrying amounts and expected useful lives are reviewed at each reporting date and adjusted if necessary.

A write-down is taken at the reporting date if the recoverable amount of an intangible asset falls below its carrying amount.

Amortization expense related to other intangible assets is recognized in the functional areas that are using the respective asset. Write-ups to a maximum of amortized acquisition or manufacturing cost are shown under other operating income.

Intangible assets with indefinite useful lives, if present, are tested for impairment at least once a year. Besides goodwill, the Group did not own any intangible assets with indefinite useful lives in the reporting periods presented.

Impairment of Non-financial Assets

At each reporting date, the carrying amounts of intangible assets and property, plant, and equipment are evaluated for indications of impairment. Where there is such an indication, an impairment test is conducted by comparing the carrying amount of the asset in question with its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use (present value of expected free cash flows). The test can be conducted for a cash-generating unit (CGU) where the recoverable amount cannot be determined because the individual asset does not generate cash inflows that are largely independent of those from other assets. If an asset's recoverable amount is less than its carrying amount, an impairment is recognized through profit and loss. This impairment can be reversed through profit and loss at a later point in time if the recoverable amount of the asset is later found to be higher. However, the reversal is limited to the carrying amount the asset would have been measured at without the impairment.

Property, Plant, and Equipment

Tangible assets that are utilized during the ordinary course of business for more than one year are recognized at their acquisition or manufacturing cost less depreciation using the straight line method. The manufacturing costs include all costs directly related to the manufacturing process and appropriate portions of relevant overhead costs. The useful lives applied correspond to the expected useful lives within the Group.

The following useful lives are the basis for depreciation of property, plant, and equipment:

Buildings	25 to 50 years
Technical plant and machinery*	5 to 20 years
Vehicles	6 years
Operating and office equipment	4 to 20 years

*1-shift operation

Land is not depreciated.

Acquisition and manufacturing costs that are incurred at a later point are recognized as part of the asset or as a separate asset only when it is likely that the future economic benefits associated with the asset will flow to the Group and that the cost of the asset can be reliably measured. All other repairs and maintenance expenses recognized in the statement of income of the fiscal year in which they are incurred.

Residual values and expected useful lives are reviewed at each reporting date and adjusted if necessary.

An impairment loss is taken at the reporting date if the recoverable amount of an asset under property, plant, and equipment falls below its carrying amount.

Depreciation expense related to property, plant, and equipment is recognized in the functional areas that are using the respective asset. Reversals of impairment losses up to a maximum of the amortized cost are reported under other operating income. Gains and losses from disposals of property, plant, and equipment are recognized in the statement of income.

Government grants are recognized at fair value if receipt of the grant and the Group's compliance with any conditions associated with the grant are highly likely.

Borrowing costs directly attributable to the acquisition, construction, or development of a qualifying asset are recognized as part of its acquisition or manufacturing cost.

Finance Leasing

Leasing contracts for intangible assets and property, plant, and equipment, where the Group carries the substantial risks and rewards of ownership of the leased asset, are classified as finance leases. At commencement of the lease term, finance leases are recognized as an asset at the lower of the fair value of the asset or the present value of the minimum lease payments. Each leasing payment is apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the leasing liability. This liability is reported under financial liabilities excluding the interest payments. The interest portion of the leasing payment is recognized as expense through the statement of income. Assets held under finance leases are depreciated over the useful life of the asset. If there is no reasonable certainty that the Group will obtain ownership of an asset at the end of the lease, the asset is depreciated in full over the shorter of the lease term or the useful life of the asset.

Financial Investments Recognized Using the Equity Method of Accounting and Other Financial Investments

Equity investments are initially recognized at cost and in subsequent periods at the amortized prorated net assets. The carrying amounts are adjusted annually to reflect the investor's share of the net profit or loss of the associate, distributions, and any other equity changes. Goodwill is included in the valuation of the holding rather than being separately identified. Goodwill is not amortized. Equity investments are written down when the recoverable amount of an investment in an associate falls below its carrying amount.

Categories of Financial Assets

Financial assets are classified using the following categories:

- Financial assets at fair value through profit and loss,
- Loans and receivables,
- Held-to-maturity financial assets,
- Available-for-sale financial assets.

The categorization depends on the purpose for which the assets were acquired. Management determines the categorization of financial assets at initial recognition and reviews this categorization on each reporting date.

a) Financial assets at fair value through profit and loss
Financial assets are measured at fair value through profit and loss if the financial asset is either held for trading or designated as being measured at fair value.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of earning profits from short-term price changes. This category also includes derivatives that have not been designated as hedging instruments.

To date, the Group has not exercised the option of designating financial assets upon initial recognition as financial assets at fair value through profit and loss.

b) Loans and receivables
Loans and receivables with fixed or determinable payments that are not quoted on an active market are categorized as loans and receivables. At initial recognition, loans and receivables are measured at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairments. With the exception of current receivables, where the interest rate effect is not material, interest income is recognized using the effective interest method.

c) Held-to-maturity financial assets
Bills of exchange and debt instruments with fixed or determinable payments and fixed maturities, which the Group has the intention and ability to hold to maturity, are categorized as "held-to-maturity investments." At initial recognition, held-to-maturity investments are measured at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less impairments.

d) Available-for-sale financial assets
Listed shares and redeemable bonds held by the Group that are traded on an active market are recognized as available-for-sale financial assets and, at initial recognition, are measured at fair value plus transaction costs. Investments in unlisted shares held by the Group that are not traded on an active market are also recognized at fair value as available-for-sale financial assets, to the extent that this can be reliably measured. Otherwise, they are subsequently measured at the cost of acquisition. Gains and losses arising from changes in fair value are included directly in the revaluation reserve (equity) rather than in other net financial income. Exceptions are impairment losses, interest calculated using the effective interest method, and gains and losses from foreign currency translation of monetary items, which are recognized in the statement of income. If a financial asset is sold or impaired, its accumulated gains and losses recognized in the revaluation reserve for financial investments up to that point are reclassified as profits or losses.

Dividends from equity instruments classified as available-for-sale financial assets are recognized in the statement of income as soon as the Group has acquired a right to the dividend.

Impairment of Financial Assets

With the exception of financial assets measured at fair value through profit and loss, financial assets are examined at each reporting date for the presence of any indications of impairment. Financial assets are considered impaired if, following one or more events that occurred after the initial recognition of the asset, there is objective evidence that the estimated future cash flows of the investment have changed adversely.

In the case of listed and unlisted equity investments that were categorized as available-for-sale, any significant or prolonged reduction in the fair value of the assets below their acquisition cost must be regarded as objective evidence of impairment.

For all other financial assets, the following may be objective evidence of impairment:

- Either the issuer or the counterparty is facing significant financial difficulties,
- Default or delinquency in payments of interest or principal
- A high probability that the debtor will enter bankruptcy or financial reorganization.

For some classes of financial assets, such as trade receivables, asset values for which no impairment has been determined on an individual basis are tested for impairment on a portfolio basis. Objective evidence of impairment on a portfolio of receivables is based on the past experience of the Group regarding payments received, an increase in the frequency of payment defaults within the portfolio over the average borrowing period, and observable changes in the national or local economic environment with which the defaults can be linked.

For financial assets measured at amortized cost, the impairment loss corresponds to the difference between the carrying amount of the asset and the present value of expected future cash flows using the original effective interest rate of the asset.

An impairment leads to a direct reduction in the carrying amount of all the relevant financial assets, with the exception of trade receivables, whose carrying amount is reduced through a impairment provision account. If a trade receivables item is considered to be irrecoverable, it is written off against the impairment provision account. Changes in the carrying amount of the impairment provision account are recognized in the statement of income.

In the event that a financial asset, classified as available-for-sale, is considered to be impaired, gains and losses previously recognized in the revaluation reserve (equity) are reclassified to the statement of income in the period in which the impairment occurred.

If the level of impairment of a financial asset that is not an available-for-sale equity instrument decreases in a subsequent reporting period, and if the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment is reversed through the statement of income. The increased carrying amount due to reversal may not be higher than what the amortized cost would have been if the impairment had not been recognized.

In the case of equity instruments classified as available-for-sale, any impairments recognized in the past are not reversed. Any increase in the fair value after an impairment was recognized is recorded in the revaluation reserve (equity).

Inventories

Under IAS 2, inventories include assets that are held for sale in the ordinary course of business (finished products and merchandise), assets that are in the production process for sale in the ordinary course of business (work in progress), and assets that are consumed in the production process or performance of services (raw materials and supplies). Inventories are measured at the lower of cost and net realizable value, which is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling expenses, applying the weighted average cost formula.

In addition to direct expenses, manufacturing costs include allocated raw material and production overheads and depreciation related to production plant and equipment. Allocated costs related to pensions and voluntary social contributions made by the company are also included. Administrative expenses are included in the costs if they relate to manufacturing.

Provisions for Pensions and Similar Obligations

Our actuary calculates provisions for pensions and similar obligations using the projected unit credit method in accordance with IAS 19, taking into account future pay and pension increases and staffing fluctuations. Revaluations of net financial debt are recognized in equity in the period in which they occur.

Net interest on net financial debt is reported under financial income.

Any excess of plan assets over the pension obligations is recognized as an asset only if it represents the net present value of the economic benefits.

Other Provisions

Provisions are recognized when a present legal or constructive obligation has arisen for the Group as a result of a past event, an outflow of resources to settle the obligation is likely, and the amount can be estimated reliably. If a number of obligations of a similar type exist, the provisions are recognized at the most probable value for the population of events.

Provisions are recognized for onerous contracts if the expected benefit from the contractual claim is less than the expected costs to settle the obligation. Any associated assets are tested for impairment before such a provision is created.

Provisions due after more than one year are measured at present value.

Provisions are reversed when the expense items for which they were created are recognized. If additions to provisions were reported under other operating expenses, the reversal of these provisions is reported under the corresponding other operating income item.

Financial Liabilities

Financial liabilities are initially recognized at fair value less transaction costs. In subsequent periods, they are measured at amortized cost. Any difference between the amount received (less transaction costs) and the repayment amount is recognized over the term of the loan in the statement of income using the effective interest method.

Liabilities from loans are recognized as current liabilities unless the Group has the unconditional right to defer repayment of the liability to at least twelve months after the reporting date.

Liabilities

Financial liabilities comprise trade accounts payable and other liabilities, and are initially recognized at fair value less transaction costs.

Current liabilities are recognized at the repayable amount. Non-current liabilities that are not the underlying transaction in permissible hedge accounting are recognized at amortized cost.

Accruals and deferrals are recognized under other liabilities.

Derivative Financial Instruments

Derivative financial instruments are recognized using trade date accounting. They are initially measured at fair value on the date the contract is entered into. They are subsequently measured at fair value as of each reporting date. The method of recording gains and losses depends on whether the derivative financial instruments in question have been designated as hedging instruments and, if so, on the nature of the hedged item. B. Braun designates derivative financial instruments as a hedge against the risk of fluctuating payment flows in connection with expected future transactions that are highly likely to occur (cash flow hedge). On entering into a transaction, the Group documents the hedging relationship between the hedging instrument and the underlying transaction, the goal of its risk management, and the underlying hedging strategy. In addition, the assessment of whether the derivatives employed effectively compensate for the changes in the fair values or in the cash flows of the underlying transactions is documented at the time the hedging relationship is created and subsequently on an ongoing basis. The fair values of the various derivative financial instruments used for hedging purposes are recognized under other assets/liabilities. Changes in the valuation reserve for cash flow hedges are shown in the consolidated statement of changes in equity. The full fair value of derivative financial instruments designated as hedging instruments is shown as a non-current asset or liability if the residual term of the hedged underlying transaction is more than twelve months after the reporting date, and as a current asset or liability if it is shorter than that. Derivative financial instruments held for trading are recognized as current assets or liabilities unless the residual term is more than twelve months, in which case they are recognized as non-current assets or liabilities.

When a hedging transaction designated as a cash flow hedge expires, is sold, or the designation is deliberately reversed, or no longer meets the criteria to be accounted for as a hedging transaction, gains or losses accumulated in equity up to that point remain in equity and are only taken to the statement of income when the future transaction originally hedged occurs and is recognized in the statement of income. If the future transaction is no longer expected to occur, gains or losses accumulated in equity must be reclassed to the statement of income immediately.

Certain derivative financial instruments are not eligible for hedge accounting. Note 32 provides additional explanatory information about the use of derivative financial instruments as part of risk management.

Deferred Taxes

Deferred taxes are recognized using the liability method for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. If deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, however, it is not recognized. Deferred taxes are measured using tax rates and laws that have been enacted or substantially enacted as of the reporting date and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled.

Deferred tax assets stem primarily from temporary differences between the tax bases of individual companies and the financial statements set forth using IFRS, and from consolidation. Deferred tax assets stemming from losses carried forward and tax credits are recognized to the extent that it is likely that future taxable income will be available against which the losses carried forward can be utilized.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associates are recognized except where the timing of the reversal of the temporary differences can be controlled by the Group and it is likely that the temporary differences will not be reversed in the foreseeable future. Please also see Note 10 Income Taxes.

Notes to the Consolidated Statement of Income

1 Sales

Sales include the fair value received for the sale of goods and services excluding sales tax, rebates, and discounts, and after eliminating intercompany sales. Sales are recognized as follows:

Sales resulting from the sale of products are recorded when the main risks and rewards associated with ownership have been transferred to the buyer and the collectibility of the associated receivable is reasonably assured.

Estimates for sales reductions are based on past experience. Adjustments are made if required by a change in conditions. No significant returns were recorded in the reporting period.

Sales resulting from the sale of services are recorded in the fiscal year during which the service is performed using the percentage-of-completion method.

The following chart shows sales trends by division, region, and by type[2]:

Sales by Division	2013 € '000	%	2012 € '000	%	+ – in %
Hospital Care	2,474,437	47.9	2,412,748	47.8	2.6
Aesculap	1,444,212	27.9	1,442,459	28.6	0.1
OPM	608,968	11.8	606,164	12.0	0.5
B. Braun Avitum	612,524	11.8	559,184	11.1	9.5
Other Sales	29,404	0.6	27,291	0.5	7.7
	5,169,545	**100.0**	**5,047,846**	**100.0**	**2.4**

Sales by Region	2013 € '000	%	2012 € '000	%	+ – in %
Germany	952,226	18.4	936,561	18.6	1.7
Europe	1,851,663	35.7	1,784,389	35.3	3.8
North America	1,045,642	20.2	1,063,124	21.1	– 1.6
Latin America	351,385	6.8	335,623	6.6	4.7
Asia and Australia	810,771	15.7	787,713	15.6	2.9
Africa and the Middle East	157,858	3.1	140,436	2.8	12.4
	5,169,545	**100.0**	**5,047,846**	**100.0**	**2.4**

Sales by Type	2013 € '000	%	2012 € '000	%	+ – in %
Sales of Products	4,663,423	90.2	4,584,988	90.8	1.7
Sales of Services	506,122	9.8	462,858	9.2	9.3
	5,169,545	**100.0**	**5,047,846**	**100.0**	**2.4**

[2] The previous year figures have been adjusted in accordance with IAS 8. Additional information is provided in the general information in the Notes.

2 Cost of Goods Sold

Cost of goods sold includes the manufacturing costs of goods sold and the acquisition costs of merchandise sold. In addition to direct costs such as material, personnel and energy costs, manufacturing costs contain production-related overhead expenses including depreciation of property, plant, and equipment. Cost of goods sold also includes inventory devaluations.

3 Selling Expenses

Selling expenses include expenditures for marketing, sales organizations, and distribution. This category also contains the expenses related to customer training and consulting on technical product use.

4 Research and Development Expenses

Research and development expenses include costs for research, as well as for product and process development including expenditures for external services. All research costs are expensed at the time they are incurred.

Development costs are capitalized where all the conditions for capitalization under IAS 38 are met.

5 Other Operating Income

	2013 € '000	2012 € '000
Currency Translation Gains	148,850	142,900
Additional Income	13,399	16,419
Derivative Financial Instruments	5,220	8,593
Income from Other Periods	3,606	9,949
Proceeds from Appreciation of Current Financial Assets	4,568	6,268
Proceeds from the Disposal of Assets	1,883	1,336
Proceeds from the Release of Provisions	3,719	4,511
Other	29,873	35,427
	211,118	**225,403**

Currency translation gains mainly comprise gains from currency fluctuations between transaction and payment dates from receivables and payables denominated in foreign currencies, gains resulting from translation at the exchange rate prevailing on the reporting date, and gains resulting from forward exchange transactions in hedge accounting.

Additional income primarily includes cost reimbursements from third parties and income from cafeteria sales.

Changes in the fair value of forward foreign exchange contracts that are not designated for hedge accounting are reported under derivative financial instruments.

Other operating income mainly includes compensation payments, in addition to income-related and other government grants. Income-related grants are recognized in the period in which the corresponding expenses are incurred. They amounted to € 2.1 million (previous year: € 4.6 million). Grants of € 1.9 million (previous year: € 1.7 million) were recognized through profit and loss in the reporting year. The grants were predominantly made to support structurally weak areas in Germany.

Other income includes numerous types of income; however their individual valuations are not materially significant.

6 Other Operating Expenses

	2013 € '000	2012 € '000
Currency Translation Losses	161,761	164,279
Losses from Impairment of Current Financial Assets	4,810	16,125
Additions to Provisions	3,892	6,434
Losses on the Disposal of Assets	2,886	4,701
Expenses from Other Periods	4,871	6,731
Derivative Financial Instruments	3,499	1,327
Other	35,684	33,793
	217,403	**233,390**

Currency translation losses mainly comprise losses from currency fluctuations between transaction and payment dates from receivables and payables denominated in foreign currencies, losses resulting from translation at the exchange rate prevailing on the reporting date, and losses resulting from forward exchange transactions in hedge accounting.

Losses from impairment of current financial assets include expenses for receivable impairments.

Changes in the fair value of forward foreign exchange contracts that are not designated for hedge accounting are reported under derivative financial instruments.

Other expenses include numerous types of expenses; however their individual valuations are not materially significant.

7 Financial Investments Recognized Using the Equity Method of Accounting

Net income from investments recognized using the equity method of accounting breaks down as follows:

	2013 € '000	2012 € '000
Income from Financial Investments Recognized Using the Equity Method	5,216	5,842
Expenses from Financial Investments Recognized Using the Equity Method	– 235	– 706
	4,981	**5,136**

8 Net Financial Income

	2013 € '000	2012 € '000
Interest and Similar Income	5,201	4,738
Interest and Similar Expenses	– 39,807	– 49,402
of which to Affiliated Companies	(0)	(0)
Interest Expenses for Pension Provisions, less Expected Income from Plan Assets	– 30,686	– 30,503
	– 65,292	**– 75,167**
of which Financial Assets and Liabilities not Measured at Fair Value Through Profit and Loss:		
Interest Income from Discounting	282	372
Accrued Interest Expense	– 3,639	– 4,378

Interest and similar expenses comprise mainly interest expense on financial liabilities. Expenses resulting from accruing interest to non-current other provisions are also recognized here.

9 Other Net Financial Income

	2013 € '000	2012 € '000
Income from Joint Ventures (excluding Income from Financial Investments Recognized using the Equity Method)	4,893	4,094
Net Gains or Losses on:		
– Loans and Receivables	0	0
– Held-to-Maturity Financial Assets	0	0
– Available-for-Sale Financial Assets	– 615	– 123
– Financial Liabilities Measured at Amortized Cost	0	0
	4,278	**3,971**

Net gains and losses on available-for-sale financial assets include € 62,000 arising from the disposal of securities in this category that were deducted from equity under other reserves.

Interest on derivative financial instruments is shown under interest expense.

10 Income Taxes

Income taxes include corporation tax and trade income taxes for German companies as well as comparable income-related taxes for companies in other countries. They are calculated on the basis of the tax regulations applicable to the individual company.

Deferred taxes stem from temporary differences between the tax base of the individual companies and the consolidated statement of financial position. They are measured using the liability method based on the application of anticipated future tax rates for the individual countries as of the realization date. Generally, these are based on the regulations in effect as of the reporting date. Deferred taxes and deferred tax assets are netted only if the company has the legal right to net actual tax refunds and tax obligations and they are levied by the same tax authority.

Income tax expenses and deferred taxes are as follows:

	2013 € '000	2012 € '000
Actual Income Taxes	110,948	106,550
Deferred Taxes resulting from Temporary Differences	3,464	– 2,139
Deferred Taxes resulting from Losses Carried Forward	– 7,426	10,065
	106,986	**114,476**

Deferred tax assets and deferred tax liabilities apply to differences stemming from recognition and measurement in the following items in the statement of financial position:

	Dec. 31, 2013		Dec. 31, 2012	
	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000
Intangible Assets	5,055	31,945	2,161	27,906
Property, Plant, and Equipment	2,445	151,255	2,521	150,260
Financial Assets	1,021	1,017	745	710
Inventories	49,097	6,739	53,417	6,238
Trade Accounts Receivable	9,289	5,797	10,740	6,789
Pension Provisions	99,729	92	112,009	258
Other Provisions	15,311	1,744	14,594	1,305
Liabilities	35,491	4,662	30,928	1,427
Other Items	0	5,491	5	6,534
	217,438	**208,742**	**227,120**	**201,427**
of which Non-current	124,577	191,533	132,623	187,347
Net Balance	– 128,095	– 128,095	– 91,355	– 91,355
	89,343	**80,647**	**135,765**	**110,072**
Valuation Allowance on Deferred Tax Assets from Temporary Differences	– 1,295	–	– 47	–
Deferred Taxes on Tax Credits	25,971	–	20,262	–
Losses Carried Forward (Net, after Valuation Allowances)	5,724	–	6,558	–
	119,743	**80,647**	**162,538**	**110,072**

The amount of temporary differences related to holdings in subsidiaries and associates, as well as interests in joint ventures for which according to IAS 12.39 no deferred tax liabilities were recognized, is € 10.9 million (previous year: € 4 million).

Existing but not recognized tax losses carried forward can be utilized as follows:

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Within One Year	21	888
Within Two Years	150	188
Within Three Years	1,580	188
Within Four Years	1,589	3,362
Within Five Years or Longer	4,854	5,668
	8,194	**10,294**
Can be Carried Forward Indefinitely	24,519	22,159
	32,713	**32,453**

Deferred tax assets for which utilization depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences and where the company has incurred past losses amounted to € 4.4 million (previous year: € 5.1 million). Recognition of these deferred tax assets is based on relevant forecasting, which justifies the expectation they will be utilized.

Deferred taxes of € 62.7 million (previous year: € 72.3 million) were recognized directly in equity. Of which € 62.5 million are attributable to actuarial gains and losses associated with the measuring of pension obligations, € – 2,000 to changes in the fair value of securities, and € 206,000 to changes in the fair value of derivative financial instruments designated as cash flow hedges.

The tax rate of B. Braun Melsungen AG is 28.3 percent (previous year: 28.2 percent). The tax expense calculated using the tax rate of B. Braun Melsungen AG can be reconciled to the actual tax expense as follows:

	2013 € '000	2012 € '000
Tax Rate of B. Braun Melsungen AG	28.3 %	28.2 %
Profit before Tax	422,481	403,116
Expected Income Tax at Parent Company's Tax Rate	– 119,393	– 113,840
Differences Due to Other Tax Rates	838	– 1,941
Changes to Deferred Tax Assets and Liabilities Due to Changes in Tax Rates	528	66
Tax Reductions Due to Tax-Exempt Income	15,769	11,810
Tax Increases Due to Non-deductible Expenses	– 18,115	– 7,861
Addition/Deduction of Trade Tax and Similar Foreign Tax Items	– 1,463	– 1,530
Final Withholding Tax on Profit Distributions	– 1,330	– 1,240
Tax Credits	16,933	4,248
Tax Expense relating to Previous Periods	– 10	– 1,835
Change to Valuation Allowances on Deferred Tax Assets	– 164	– 3,095
Profit (Loss) of Financial Investments Recognized Using the Equity Method	1,036	822
Other Tax Effects	– 1,615	– 80
Actual Tax Expense	**– 106,986**	**– 114,476**
Effective Tax Rate	25.3 %	28.4 %

The lower effective tax rate compared to the previous year was largely attributable to one-time effects from tax credits for investments in production facilities in Malaysia and fiscal reform in Mexico.

11 Earnings per Share

Earnings per share are calculated according to IAS 33 by dividing the consolidated annual net profit less non-controlling interests by the number of shares issued. The number of shares entitled to receive dividends remained unchanged at 19,404,000 during the fiscal year. There were no outstanding shares as of December 31, 2013, or December 31, 2012, that could have diluted the earnings per share. Earnings per share were € 15.14 (previous year: € 14.05).

The dividend paid in 2013 and 2012 for the respective previous fiscal year was € 24 million (€ 1.24 per share). The Management Board and Supervisory Board are proposing a dividend of € 1.24 per share for fiscal year 2013. The proposed dividend must be ratified by the Annual Shareholders' Meeting on Wednesday, March 19, 2014. This dividend liability is not included in the consolidated financial statements.

12 Other Notes to the Consolidated Statement of Income

Material costs

The following material costs are included in the cost of goods sold:

	2013 € '000	2012 € '000
Cost of Raw Materials, Supplies and Merchandise	1,941,831	1,876,839

In the period under review, expenses related to inventory write-downs recognized in cost of goods sold were € 24.0 million (previous year: € 15.3 million) and reversals of write-downs from previous periods (increase in net realizable value) were € 8.7 million (previous year: € 5.1 million).

Payments under operating leases

	2013 € '000	2012 € '000
	70,921	69,114

Payments under operating leases include € 1.1 million (previous year: € 1.2 million) of payments under sub-leases. Leasing expenses are predominantly included in cost of goods sold.

Personnel Expenditures / Employees

The following personnel expenditures are recognized in the statement of income:

	2013 € '000	2012 € '000
Wages and Salaries	1,566,984	1,498,080
Social Security Payments	247,603	271,940
Welfare and Pension Expense	70,711	64,347
	1,885,298	**1,834,367**
Employees by Function (Average for the Year, including Temporary Employees)		
Production	30,413	28,133
Marketing and Sales	11,274	11,073
Research and Development	1,556	1,448
Technical and Administration	5,024	4,727
	48,267	**45,381**
of which Part-Time	2,827	2,443
of which in Proportionately Consolidated Companies	5	5

Personnel expenditures do not include interest accruing to pension provisions, which is recognized under net interest income.

The average headcount is prorated based on the date of first consolidation or final consolidation, as appropriate. Employees of joint venture companies are included in the total according to the percentage of interest.

In regard to first-time consolidated companies, an annual average of 339 employees was reported for 2013, compared to 644 for 2012.

13 Total Auditors' Fee

The following fees were recognized as expense for services provided worldwide by the auditors of PricewaterhouseCoopers in 2013:

	2013 € '000	2012 € '000
Audit Fees	4,162	4,258
of which PricewaterhouseCoopers AG, Germany	958	1,023
Other Certification Services	68	90
of which PricewaterhouseCoopers AG, Germany	4	7
Tax Advisory Services	939	977
of which PricewaterhouseCoopers AG, Germany	241	259
Other Services	384	242
of which PricewaterhouseCoopers AG, Germany	1	14
	5,553	**5,567**
of which PricewaterhouseCoopers AG, Germany	1,204	1,303

The audit fees include all fees paid and outstanding to PricewaterhouseCoopers plus reimbursable expenses for the audit of the Group's consolidated financial statements and the audit of the financial statements of B. Braun Melsungen AG. Fees for certification services mainly relate to certifications performed as part of acquisitions and divestitures, the examination of internal control systems, particularly IT systems, and expenses related to statutory or judicial requirements. The item tax advisory services mainly relates to fees for advice on completing tax returns, checking tax assessments, support during tax audits or other enquiries conducted by the tax authorities as well as tax advice related to transfer pricing.

Notes to the Consolidated Statement of Financial Position

14 Intangible Assets

Cost of Acquisition or Manufacture	Acquired Goodwill € '000	Licenses, Trademarks, and Other Similar Rights € '000	Internally Created Intangible Assets € '000	Advance Payments € '000	Total € '000
January 1, 2012	**75,252**	**307,710**	**46,698**	**40,926**	**470,586**
Foreign Currency Translation	– 49	– 2,756	– 751	– 3	– 3,559
Additions to Scope of Consolidation	28,552	667	242	0	29,461
Disposals from Scope of Consolidation	0	0	0	0	0
Additions	183	34,376	11,037	22,260	67,856
Transfers	0	5,454	– 1,098	– 3,354	1,002
Appreciation	0	0	0	0	0
Disposals	– 607	– 4,970	0	– 104	– 5,681
December 31, 2012 / January 1, 2013	**103,331**	**340,481**	**56,128**	**59,725**	**559,665**
Foreign Currency Translation	– 9,287	– 11,766	– 2,401	– 24	– 23,478
Additions to Scope of Consolidation	29,500	16,232	0	0	45,732
Disposals from Scope of Consolidation	0	0	0	0	0
Additions	0	15,943	10,021	25,742	51,706
Transfers	0	6,717	0	– 5,420	1,297
Appreciation	0	0	0	0	0
Disposals	0	– 4,314	– 45	– 222	– 4,581
December 31, 2013	**123,544**	**363,293**	**63,703**	**79,801**	**630,341**
Accumulated Amortization 2013	503	233,649	10,453	0	244,605
Accumulated Amortization 2012	503	216,867	4,818	0	222,188
Carrying Amounts December 31, 2013	**123,041**	**129,644**	**53,250**	**79,801**	**385,736**
Carrying Amounts December 31, 2012	**102,828**	**123,614**	**51,310**	**59,725**	**337,477**
Amortization in the Fiscal Year	0	28,375	6,127	137	34,639
of which Unscheduled	0	687	5,574	137	6,398

The B. Braun Group capitalized € 10.0 million (previous year: € 11.0 million) of development costs during the year under review. All the prerequisites for capitalization were met.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Each of these cash-generating units represents the Group's investment by the primary reporting segment and the country of operation.

A summary of the distribution of goodwill by cash-generating unit and the assumptions for their impairment testing are listed below:

	Hospital Care € '000	Aesculap € '000	OPM € '000	B.Braun Avitum € '000	Gesamt € '000
Dec. 31, 2012					
Carrying Amount of Goodwill	52,916	5,784	18,756	25,372	102,828
Annual Growth Rate	3.2 %	2.9 %	2.7 %	3.5 %	
Discount Rate	7.6 %	7.5 %	7.3 %	7.7 %	
Dec. 31, 2013					
Carrying Amount of Goodwill	45,218	5,130	19,153	53,540	123,041
Annual Growth Rate	3.2 %	2.9 %	2.7 %	3.5 %	
Discount Rate	7.6 %	7.5 %	7.1 %	8.1 %	

The recoverable amount of a CGU is determined by calculating its value in use. These calculations are based on projected cash flows derived from the three-year forecast approved by management.

Management has determined the budgeted gross margin based on past trends and expectations about future market trends. The weighted average growth rates largely correspond to the predictions from industry reports. The discount rates used are pre-tax rates and reflect the specific risks of the relevant cash-generating units.

If, in the future, the actual gross margin were to be 10 percent below the gross margin estimated by management as of December 31, 2013, goodwill would not be impaired. The same holds true if the discount rate that was used to calculate the discounted cash flow were to be 10 percent above management's estimates.

15 Property, Plant, and Equipment

Cost of Acquisition or Manufacture	Land and Buildings € '000	Technical Plants and Machinery € '000	Other Plants, Operating and Office Equipment € '000	Advance Payments and Assets Under Construction € '000	Total € '000
January 1, 2012	**1,304,015**	**2,003,963**	**672,425**	**506,034**	**4,486,437**
Foreign Currency Translation	– 56	– 4,976	– 7,808	– 1,336	– 14,176
Additions to Scope of Consolidation	15,020	17,583	8,207	593	41,403
Additions	39,367	104,177	55,888	232,499	431,931
Transfers	60,144	69,810	46,573	– 177,529	– 1,002
Subsequent Capitalization	0	0	0	0	0
Disposals	– 8,269	– 31,023	– 30,366	– 1,692	– 71,350
December 31, 2012 / January 1, 2013	**1,410,221**	**2,159,534**	**744,919**	**558,569**	**4,873,243**
Foreign Currency Translation	– 32,097	– 66,462	– 36,519	– 19,717	– 154,795
Additions to Scope of Consolidation	3,055	1,341	3,525	0	7,921
Additions	48,429	103,925	58,819	297,134	508,307
Transfers	83,669	78,878	40,660	– 204,503	– 1,296
Subsequent Capitalization	0	0	0	0	0
Disposals	– 6,135	– 26,387	– 36,684	– 15,727	– 84,933
December 31, 2013	**1,507,142**	**2,250,829**	**774,720**	**615,756**	**5,148,447**
Accumulated Depreciation 2013	441,722	1,306,246	503,660	191	2,251,819
Accumulated Depreciation 2012	411,847	1,239,190	485,200	167	2,136,404
Carrying Amounts December 31, 2013	**1,065,420**	**944,583**	**271,060**	**615,565**	**2,896,628**
Carrying Amounts December 31, 2012	**998,374**	**920,344**	**259,719**	**558,402**	**2,736,839**
Depreciation in the Fiscal Year	41,786	148,540	67,024	5,182	262,875
of which Unscheduled	353	97	142	5,182	5,774

On the reporting date, no unfulfilled conditions or uncertainties with regards to market success existed, which would have required a modification of recognition in the statement of financial position.

Borrowing costs of € 6 million (previous year: € 5.3 million) were capitalized in the year under review. An interest rate of 3.9 percent (previous year 3.5 percent) was utilized in the calculations.

In the statement of financial position, government grants for investments in the amount of € 2.5 million (previous year: € 881,000) have been deducted from the carrying amounts of the relevant assets. The current carrying amount of property, plant, and equipment acquired with government grants is € 65.5 million (previous year: € 56.1 million).

16 Finance Leasing

Intangible assets and property, plant, and equipment include the following amounts for which the Group is lessee under a finance lease:

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Licenses, Trademarks, and Other Similar Rights	603	610
Accumulated Amortization	– 114	– 103
Buildings	135,201	135,208
Accumulated Depreciation	– 40,030	– 37,449
Technical Plants and Machinery	11,353	10,294
Accumulated Depreciation	– 7,045	– 6,083
Other Plants, Operating, and Office Equipment	10,245	10,042
Accumulated Depreciation	– 7,104	– 6,493
Net Carrying Amount	**103,109**	**106,026**

The minimum lease payments for liabilities under finance leases have the following maturities:

	Dec. 31, 2013			Dec. 31, 2012		
	Nominal Value € '000	Discount Amount € '000	Net Present Value € '000	Nominal Value € '000	Discount Amount € '000	Net Present Value € '000
Less than One Year	11,426	3,114	8,312	11,099	3,372	7,727
Between One and Five Years	36,322	9,239	27,083	37,603	10,302	27,301
Over Five Years	43,982	4,918	39,064	51,224	6,301	44,923
	91,730	**17,271**	**74,459**	**99,926**	**19,975**	**79,951**

The two largest finance leasing agreements relate to the real estate for the Hospital Care Division's LIFE facility (carrying amount € 30.7 million), and the Aesculap Division's Benchmark factory (carrying amount € 17.3 million). These agreements have varying terms and conditions, interest rate adjustment clauses, and purchase options.

17 Financial Investments Recognized Using the Equity Method of Accounting and Other Financial Investments

The Group's holdings in its major associated companies are as follows:

	Country	Assets € '000	Liabilities € '000	Sales Income € '000	Profit/Loss € '000	Holding in %
2012						
Babolat VS	France	100,721	42,822	123,737	6,360	27.9
Schölly Fiberoptic GmbH	Germany	48,752	17,088	73,606	9,612	27.9
B. Braun Avitum Ireland Ltd.	Ireland	1,854	2,898	2,401	– 425	47.0
		151,327	**62,808**	**199,744**	**15,547**	
2013						
Babolat VS	France	97,454	35,872	128,161	4,822	28.0
Schölly Fiberoptic GmbH	Germany	49,254	13,803	74,150	6,525	28.0
		146,708	**49,675**	**202,311**	**11,347**	

As of December 31, 2013, the goodwill of holdings in associated companies totaled € 10.6 million (previous year: € 11.5 million).

Cost of Acquisition	Financial Investments Recognized Using the Equity Method of Accounting € '000	Other Holdings € '000	Loans to Companies in which the Group Holds an Interest € '000	Securities € '000	Other Loans € '000	Total € '000
January 1, 2012	**39,979**	**20,030**	**0**	**919**	**18,007**	**78,935**
Foreign Currency Translation	0	0	0	0	4	4
Additions to Scope of Consolidation	0	4	500	8	0	512
Disposals from Scope of Consolidation	0	– 73,745	0	0	0	– 73,745
Additions	4,378	80,476	1,082	724	2,044	88,704
Transfers	– 46	46	0	0	0	0
Appreciation	0	0	0	0	0	0
Disposals	– 14	– 2,281	0	– 914	– 1,754	– 4,963
Fair Value Adjustments	0	0	0	0	0	0
December 31, 2012 / January 1, 2013	**44,297**	**24,530**	**1,582**	**737**	**18,301**	**89,447**
Foreign Currency Translation	0	0	– 70	0	– 19	– 89
Additions to Scope of Consolidation	81	– 43,441	0	0	0	– 43,360
Disposals from Scope of Consolidation	0	0	0	0	0	0
Additions	4,856	37,287	203	424,786	2,289	469,421
Transfers	0	10,848	0	0	– 10,848	0
Appreciation	0	0	0	0	0	0
Disposals	– 1,301	– 9,067	0	0	– 3,854	– 14,222
Fair Value Adjustments	0	0	0	18,378	0	18,378
December 31, 2013	**47,933**	**20,157**	**1,715**	**443,901**	**5,869**	**519,575**
Accumulated Amortization 2013	0	29	0	1	20	50
Accumulated Amortization 2012	999	29	0	1	20	1,049
Carrying Amounts December 31, 2013	**47,933**	**20,128**	**1,715**	**443,900**	**5,849**	**519,525**
Carrying Amounts December 31, 2012	**43,298**	**24,501**	**1,582**	**736**	**18,281**	**88,398**
Amortization in the Fiscal Year	0	0	0	0	0	0

The following amounts represent the 50 percent share of the Group in assets, liabilities, sales, and profit in joint ventures:

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Assets		
Non-current Assets	794	1,100
Current Assets	5,347	3,957
	6,141	**5,057**
Liabilities		
Non-current Provisions and Liabilities	57	63
Current Provisions and Liabilities	4,429	3,379
	4,486	**3,442**
Net Assets	**1,655**	**1,615**

	2013 € '000	2012 € '000
Sales	8,578	8,123
Operating Profit	79	115
Net Profit	67	99

18 Trade Receivables

Aging analysis for trade receivables

a) Non-impaired trade receivables

	Total	Not yet due	Overdue up to 30 days	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 180 days	Overdue more than 180 days
Dec. 31, 2012							
Trade Receivables	914,147	632,706	93,863	37,638	29,160	59,568	61,212
Dec. 31, 2013							
Trade Receivables	941,407	636,519	90,317	34,400	25,145	46,854	108,172

A significant proportion of the non-impaired and overdue trade receivables are attributable to receivables from social security providers, government or government-sponsored companies. The increase in receivables more than 180 days overdue is primarily attributable to receivables from state-run hospitals in Spain and Portugal.

b) Trade receivables for which specific impairment provisions have been established

	Total	Not yet due	Overdue up to 30 days	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 180 days	Overdue more than 180 days
Dec. 31, 2012							
Trade Receivables	69,212	2,779	5,686	3,006	2,998	6,178	48,565
Impairment Provisions	– 31,147	– 1,807	– 1,355	– 449	– 936	– 2,274	– 24,326
Carrying Amount	**38,065**	**972**	**4,331**	**2,557**	**2,062**	**3,904**	**24,239**
Dec. 31, 2013							
Trade Receivables	52,938	14,952	3,797	1,635	699	3,099	28,756
Impairment Provisions	– 23,204	– 3,924	– 1,396	– 641	– 442	– 1,008	– 15,793
Carrying Amount	**29,734**	**11,028**	**2,401**	**994**	**257**	**2,091**	**12,963**

With regard to trade receivables that are neither impaired nor in arrears, there were no indications as of the reporting date that the debtors in question are not able to meet their payment obligations.

Impairments on trade receivables have changed as follows:

	2013 € '000	2012 € '000
Amount of Impairment Provisions as of January 1	36,473	31,159
Foreign Currency Translation	– 1,288	127
Additions	7,973	19,262
Utilization	– 3,906	– 4,162
Releases	– 11,957	– 9,913
Amount of Impairment Provisions as of December 31	**27,295**	**36,473**
of which Specific	23,203	31,147
of which General	4,092	5,326

The total amount of additions consists of specific and general provisions for impairment.

The following table shows expenses for the complete derecognition of trade receivables and income from previously derecognized trade receivables:

	2013 € '000	2012 € '000
Expenses for Complete Derecognition of Trade Receivables	10,045	4,796
Income from Trade Receivables Previously Derecognized	3,374	3,674

Fair value of collateral received totaled € 4.1 million (previous year: € 4.3 million). The collateral is mainly payment guarantees, with terms extending to December 2013.

With regard to trade receivables, there is no concentration with respect to individual customers, currencies, or geographic attributes. The largest receivable from a single customer is equivalent to approximately 1.0 percent of all trade receivables reported.

As of December 31, 2013, B. Braun Group companies had sold receivables worth € 85.1 million (previous year: € 70.7 million) under an asset-backed securities (ABS) program with a maximum volume of € 100 million. The basis for this transaction is the transfer of trade receivables of individual B. Braun subsidiaries to a special purpose entity within the framework of an undisclosed assignment. The special purpose entity (SPE) is not consolidated because, under IAS 27.12, B. Braun neither holds a stake in it nor is able to control its management or finances in order to benefit from its activities. Nor is consolidation mandatory under SIC-12, as B. Braun does not bear the majority of the SPE's risks and rewards. The requirements for a receivables transfer according to IAS 39.15 are met, since the receivables are transferred according to IAS 39.18 a). Verification in accordance with IAS 39.20 shows that substantially all risks and rewards were neither transferred nor retained. The control of receivables remained with B. Braun, as a further sale of the receivables is economically detrimental for the special purpose entity. Therefore, according to IAS 39.30 B. Braun's continuing involvement must be recognized. This includes, firstly, the maximum amount that B. Braun could conceivably have to pay back under the senior and third-ranking default guarantee assumed (€ 1.7 million, previous year: € 1.6 million). Secondly, the maximum expected interest payments until payment is received for the carrying amount of the receivables transferred are recognized in the statement of financial position (€ 340,000, previous year: € 259,000). The fair value of the guarantee/interest payments to be assumed has been estimated at € 145,000 (previous year: € 129,000), taken through the statement of income and recognized under other liabilities.

19 Other Assets

	Dec. 31, 2013		Dec. 31, 2012	
	Residual Term < 1 year € '000	Residual Term > 1 year € '000	Residual Term < 1 year € '000	Residual Term > 1 year € '000
Other Tax Receivables	44,726	0	39,506	0
Receivables from Social Security Providers	1,553	325	2,080	756
Receivables from Employees	3,932	390	3,177	135
Advance Payments	12,051	182	7,265	0
Accruals and Deferrals	25,809	2,816	19,714	3,063
	88,071	**3,713**	**71,742**	**3,954**
Receivables from Derivative Financial Instruments	14,875	0	12,081	0
Available-for-Sale Financial Assets	5,632	0	4,420	0
Held-for-Trading Financial Assets	13,421	0	9,388	0
Other Receivables and Assets	69,013	20,113	68,976	20,594
	102,941	**20,113**	**94,865**	**20,594**
	191,012	**23,826**	**166,607**	**24,548**

Other receivables and assets mainly comprise loans granted and receivables under leasing agreements.

With regard to other receivables, there were no indications as of the reporting date that the debtors in question will not be able to meet their payment obligations. No material amounts of receivables were overdue or impaired as of the reporting date.

20 Inventories

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Raw Materials and Supplies	224,894	210,091
Impairment Provisions	– 12,866	– 12,144
Raw Materials and Supplies – Net	**212,028**	**197,947**
Work in Progress	144,454	140,497
Impairment Provisions	– 5,748	– 6,553
Work in Progress – Net	**138,706**	**133,944**
Finished Products, Merchandise	608,005	598,673
Impairment Provisions	– 57,218	– 56,956
Finished Products, Merchandise – Net	**550,787**	**541,717**
	901,521	**873,608**

As of December 31, 2013, inventories of € 213.1 million (previous year: € 369.9 million) were recognized at net realizable value. Reversals of prior inventory write-downs amounting to € 8.7 million (previous year: € 5.1 million) were made and recognized in income.

As in the previous year, no inventories were pledged as collateral for liabilities.

21 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, other short-term highly liquid financial assets with residual maturities of three months or less that are subject to no more than insignificant fluctuations in value, and bank overdraft facilities. In the statement of financial position, utilized bank overdraft facilities are shown under current financial liabilities as Liabilities to Banks.

Changes in cash and cash equivalents are shown in the Consolidated Statement of Cash Flows.

22 Subscribed Capital

The subscribed capital of B. Braun Melsungen AG in the amount of € 600 million consists of 19,404,000 bearer shares without nominal value, which are fully paid up. Each share without nominal value represents a calculated share of € 30.92 of the subscribed capital.

23 Capital Reserves and Retained Earnings

The capital reserve includes the premium from previous capital increases of B. Braun Melsungen AG.

Retained earnings include past earnings of consolidated companies where these were not distributed, and the consolidated annual net profit, net of the share attributable to non-controlling interests. The statutory reserve included in retained earnings amounts to € 29.4 million.

Changes in Other Provisions	Reserve for Cash Flow Hedges € '000	Fair Value of Available for Sale Financial Assets € '000	Reserve for Currency Translation Differences € '000	Total € '000
January 1, 2012	– 10,489	46	5,063	– 5,380
Changes Recognized Directly in Equity (After Taxes)				
Changes in Fair Value of Securities	0	– 67	0	– 67
Changes in Fair Value of Financial Derivatives	8,727	0	0	8,727
Changes Due to Currency Translation	0	0	– 18,274	– 18,274
Total	8,727	– 67	– 18,274	– 9,614
December 31, 2012 / January 1, 2013	– 1,762	– 21	– 13,211	– 14,994
Changes Recognized Directly in Equity (After Taxes)				
Changes in Fair Value of Securities	0	18,303	0	18,303
Changes in Fair Value of Financial Derivatives	– 83	0	0	– 83
Changes Due to Currency Translation	0	0	– 137,814	– 137,814
Total	– 83	18,303	– 137,814	– 119,594
December 31, 2013	– 1,845	18,282	– 151,025	– 134,588

Changes in the other components of equity are shown in the Consolidated Statement of Changes in Equity.

Claims of shareholders to dividend payments are reported as liabilities in the period in which the corresponding resolution is passed.

24 Non-controlling Interests

Non-controlling interests relate to third-party interests in the equity of consolidated subsidiaries. They exist in particular at Almo-Erzeugnisse E. Busch GmbH, Bad Arolsen, Germany, B. Braun Medical AG, Emmenbrücke, Switzerland, and B. Braun Austria Ges.m.b.H., Maria Enzersdorf, Austria.

25 Provisions for Pensions and Similar Obligations

a) Pension obligations

	Dec. 31, 2013 € '000	Dec. 31, 2012* € '000
Provisions for Pension Obligations	798,464	810,590

*Previous year figures have been adjusted due to transition to the new version of IAS 19.

Payments of € 38 million are expected in 2014. Of this, € 13.7 million is attributable to contributions to external plans and € 24.3 million to benefits that will be paid to beneficiaries directly by the employer.

The Group's pension obligations relate to commitments under defined contribution and defined benefit plans.

For defined contribution plans, the Group has no further payment obligations once the contributions have been paid. They are recognized as an operating expense in the amount of the contributions paid. In fiscal year 2013, this amount was € 19.0 million (previous year: € 17.7 million). In addition, the Group makes contributions to statutory basic provision plans for employees in many countries (including Germany). However, since this covers various forms of social security benefits, no precise statement can be made with regard to the part that solely relates to retirement payments. These expenses are shown under social security payments, under Note 12 "Personnel Expenditures/Employees."

Employees' claims under defined benefit plans are based on legal or contractual provisions.

Defined benefit plans based on legal regulations consist primarily of benefit obligations outside Germany at the time of employment termination and are fulfilled in the form of a capital sum. The benefit amount depends mainly on employees' length of service and final salary.

Pension commitments for employees in Germany account for approximately 70 percent of Group pension obligations. These primarily consist of annuity payments made in the event of disability, death, or an employee reaching the defined age limit. The main pension plans for employees in Germany who joined the company in 1992 or later are age-dependent defined contribution plans with a modular form. Employees who joined the company before 1992, with a small number of exceptions, received commitments linked to their final salaries.

Retirement benefits in Germany are predominantly financed by pension provisions.

Pension commitments for employees in Switzerland account for approximately 10 percent of Group pension obligations. The benefits consist of annuity payments made in the event of disability, death, or an employee reaching the defined age limit. The pension commitments are defined contribution plans with legally prescribed annuity rates based on implicit interest rate guarantees.

Pension commitments for employees in the US account for approximately 10 percent of Group pension obligations. In this case, the pensions have a lump-sum payment option. Payments are made in the event of disability, death, or an employee reaching the defined age limit. The pension amount is calculated largely on the basis of the employee's average salary up to 1998. Since then, benefits grow in form of a cash balance plan.

Retirement benefits in Switzerland and the US are financed by external pension funds, as is customary in these countries. Minimum funding requirements apply in both countries, which could, in rare cases, impact measurement of future funding amounts.

In addition to the longevity risk and the risk of future pension and salary increases, risks faced by the B. Braun Group associated with the retirement benefit promises also include capital market risks, which could impact both income from plan assets and the discount rate.

The liability recognized in the statement of financial position for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the reporting date, allowing for future trend assumptions, less the fair value of external plan assets on the reporting date. The defined benefit obligation is calculated using the projected unit credit method. The interest rate used to determine the present value is usually the yield on prime corporate bonds of similar maturity.

The amount of pension provisions in the statement of financial position is determined as follows:

	Dec. 31, 2013 € '000	Dec. 31, 2012* € '000
Present value of Pension Obligations	1,032,283	1,031,366
Fair Value of External Plan Assets	– 234,096	– 220,776
Excess Cover / Shortfall	**798,187**	**810,590**
Effect of Asset Ceiling	277	0
Pension Provision (Net)	**798,464**	**810,590**
of which Assets	8	0
of which Liabilities	798,472	810,590

*Previous year figures have been adjusted due to transition to the new version of IAS 19.

The asset ceiling changed as follows in the reporting year:

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Asset Ceiling at Start of Year	0	0
Interest on Effect of Asset Ceiling	0	0
Change in Asset Ceiling	272	0
Effects from Foreign Currency Translation	5	0
Asset Ceiling at End of Year	**277**	**0**

Pension expenses included in the statement of income consist of the following:

	2013 € '000	2012* € '000
Current Service Costs	35,243	29,696
Plan Changes / Past Service Costs	– 314	472
(Profit) / Losses from Plan Settlements / Lapsing	20	0
Service Costs	**34,949**	**30,168**
Interest Expense on Pension Obligations	37,487	38,182
Interest Income from External Plan Assets	– 6,802	– 7,572
Interest Income from Reimbursement Claims	0	0
Interest on Asset Ceiling	0	0
Net Interest Expense on Pension Obligations	**30,685**	**30,610**
Administrative Expenses and Taxes	724	601
Pension Expense on Defined Benefit Plans	**66,358**	**61,379**
of which Operating Profit	35,673	30,769
of which Financial Income	30,685	30,610
Pension Expense on Defined Contribution Plans	19,005	17,660
Pension Expense	**85,363**	**79,039**

*Previous year figures have been adjusted due to transition to the new version of IAS 19.

Pension obligations and external plan assets are reconciled as follows:

	Dec. 31, 2013 € '000	Dec. 31, 2012* € '000
Present value of Obligation at Start of Year	1,031,366	848,825
Current Service Costs	35,243	29,697
Plan Changes / (Past Service Costs)	– 314	472
Effects of Plan Settlements / Lapsing	20	0
Interest Expense on Pension Obligations	37,487	38,181
Benefits Paid Excluding Administrative Expenses	– 39,320	– 32,254
Settlement Payments	– 20	– 227
Employee Contributions	3,489	3,428
Effects of Changes in Financial Assumptions	– 21,852	138,066
Effects of Changes in Demographic Assumptions	– 676	7,319
Effects of Experience Adjustments	– 3,234	– 2,085
Effects of Transfers	8	2,229
Effects of Changes in Scope of Consolidation	0	0
Effects of Foreign Currency Translation	– 9,914	– 2,285
Present value of Obligation at End of Year	**1,032,283**	**1,031,366**

*Previous year figures have been adjusted due to transition to the new version of IAS 19.

	Dec. 31, 2013 € '000	Dec. 31, 2012* € '000
Fair Value of Plan Assets at Start of Year	220,776	201,835
Interest Income from External Plan Assets	6,802	7,572
Revaluation of External Plan Assets	10,043	8,308
Employer Contributions	15,896	10,584
Employee Contributions	3,489	3,428
Benefits Paid and Fund Capital Payments Made (including Administrative Expenses)	– 16,293	– 10,794
Settlement Payments	– 20	– 227
Effects of Changes in Scope of Consolidation and Transfers	0	953
Effects of Foreign Currency Translation	– 6,597	– 883
Fair Value of Plan Assets at End of Year	**234,096**	**220,776**

*Previous year figures have been adjusted due to transition to the new version of IAS 19.

Plan assets consist of the following:

	Dec. 31, 2013 %	Dec. 31, 2012 %
Equities and Similar Securities	25	29
Bonds and Other Fixed-Income Securities	13	13
Real Estate	0	0
Insurance Contracts	53	53
Liquid Assets	1	1
Derivatives	0	0
Investment Funds	8	0
Other Assets	0	4
	100	**100**

Plan assets for which traded market prices exist are as follows:

	Dec. 31, 2013 %	Dec. 31, 2012 %
Equities and Similar Securities	25	29
Bonds and Other Fixed-Income Securities	13	13
Real Estate	0	0
Insurance Contracts	0	0
Liquid Assets	1	1
Derivatives	0	0
Investment Funds	8	0
Other Assets	0	4
	47	**47**

Plan assets are not invested in the Group's own financial instruments.

80 percent of the equities and similar securities are attributable to plan assets in the US. The management of plan assets in the US is the responsibility of a pension committee, which ensures adequate diversification.

The change in pension provisions in 2013 and 2012 was as follows:

	2013 € '000	2012* € '000
Pension Provision (Net) January 1	810,590	646,990
Transfers	8	1,276
Payments	– 39,647	– 32,629
Pension Expense	66,358	61,379
Revaluations Recognized in Equity (OCI)	– 35,533	134,977
Effects of Changes in Scope of Consolidation	0	0
Effects of Foreign Currency Translation	– 3,312	– 1,403
Pension Provision (Net) December 31	**798,464**	**810,590**

*Previous year figures have been adjusted due to transition to the new version of IAS 19.

The calculation of pension obligations was based on the following assumptions:

	Dec. 31, 2013 %	Dec. 31, 2012 %
Discount Rate	3.8	3.7
Future Salary Increases	2.9	2.9
Future Pension Increases	1.7	1.7

Pension expense was calculated using the following assumptions:

	2013 %	2012 %
Discount Rate for Calculating Interest Expense	3.7	4.6
Discount Rate for Calculating Current Service Costs	4.1	4.6
Future Salary Increases	2.9	2.9
Future Pension Increases	1.7	1.7

The percentages shown are weighted average assumptions. For the eurozone, a uniform discount rate of 3.9 percent (previous year: 3.9 percent) was applied to determine the pension obligations.

Unlike the previous year, the discount rate applied to calculate the current service costs in Germany was the discount rate based on the duration of the active population. In the past, the rate had been based on the duration of the entire population. As of 2013, the more precise method is being applied to determine current service costs. Under the new method, the discount rate for calculating the current service costs for fiscal year 2013 is 4.4 percent instead of 3.9 percent. As a result, the current service costs for 2013 are € 2.6 million lower than under the previous method.

A sensitivity analysis was undertaken based on the original actuarial assessments, changing one assumption at a time and leaving the other assumptions unchanged. No account was taken of any possible correlations between the individual assumptions.

The results of the sensitivity analysis were as follows:

	Obligation-Increasing Effect
	%
Discount Rate Reduced by 25 Basis Points	4
Future Salary Increases Increased by 25 Basis Points	1
Future Pension Increases Increased by 25 Basis Points	2
Life Expectancy Increased by 1 Year	3*

*Effect within Germany

The obligation-reducing sensitivities have a comparable effect.

The weighted duration of the obligation is 18 years (previous year: 18 years).

26 Other Provisions

The major categories of provisions changed as follows:

Other Non-current Provisions	Personnel Expenditures € '000	Uncertain Liabilities € '000	Other € '000	Total € '000
January 1, 2012	**51,795**	**10,498**	**7,807**	**70,100**
Foreign Currency Translation	– 149	– 498	– 23	– 670
Changes in Scope of Consolidation	0	15	0	15
Accrued Interest	172	34	0	206
Transfers	0	0	0	0
Utilization	– 4,353	– 1,532	– 988	– 6,873
Reversals	– 523	– 1,949	– 25	– 2,497
Additions	11,022	1,307	3,804	16,133
December 31, 2012 / January 1, 2013	**57,964**	**7,875**	**10,575**	**76,414**
Foreign Currency Translation	– 699	– 677	– 121	– 1,497
Changes in Scope of Consolidation	0	286	0	286
Accrued Interest	– 1	0	0	– 1
Transfers	491	0	0	491
Utilization	– 5,694	– 1,946	– 3,519	– 11,159
Reversals	– 69	– 11	– 30	– 110
Additions	5,301	1,894	2,164	9,359
December 31, 2013	**57,293**	**7,421**	**9,069**	**73,783**

Other Current Provisions	Personnel Expenditures € '000	Warranties € '000	Uncertain Liabilities € '000	Other € '000	Total € '000
January 1, 2012	**1,120**	**5,666**	**5,579**	**19,389**	**31,754**
Foreign Currency Translation	2	– 69	– 9	167	91
Transfers	0	0	0	0	0
Translation Scope of Consolidation	808	134	0	730	1,672
Utilization	– 2,395	– 2,317	– 4,216	– 9,332	– 18,260
Reversals	– 368	– 222	– 734	– 6,751	– 8,075
Additions	3,544	2,560	1,674	12,486	20,264
December 31, 2012 / January 1, 2013	**3,187**	**8,186**	**5,833**	**14,414**	**31,620**
Foreign Currency Translation	– 148	– 137	– 66	– 828	– 1,179
Transfers	0	0	0	0	0
Translation Scope of Consolidation	282	16	276	49	623
Utilization	– 2,572	– 4,593	– 677	– 7,699	– 15,541
Reversals	– 236	– 281	– 642	– 1,211	– 2,370
Additions	1,667	4,922	2,243	15,216	24,048
December 31, 2013	**2,180**	**8,113**	**6,967**	**19,941**	**37,201**

Non-current provisions for personnel expenditures primarily consist of provisions for partial retirement plans and anniversary payments.

Other provisions mainly consist of provisions for other obligations in the area of personnel and social services, guarantees, possible losses from contracts, legal and consulting fees, and a number of identifiable individual risks. The additional other provisions refer predominantly to outstanding invoices, bonuses, actuarial provisions, and provisions for not yet settled insurance claims of REVIUM Rückversicherung AG, Melsungen.

The reversal of provisions through profit and loss is primarily attributable to the reversal of provisions for outstanding invoices in Vietnam (€ 789,000).

The majority of non-current provisions will result in payments within five years.

27 Financial Liabilities

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Non-current Liabilities		
Profit Participation Rights	79,552	72,407
Liabilities to Banks	815,142	699,682
Liabilities under Finance Leases	36,132	39,343
Liabilities under Finance Leases with Affiliated Companies	30,022	32,880
Liabilities under Borrowings from Non-Banks	44,081	41,847
Other Financial Liabilities	0	0
	1,004,929	**886,159**
Current Liabilities		
Profit Participation Rights	7,253	7,577
Liabilities to Banks	654,333	379,104
Liabilities under Finance Leases	5,446	4,967
Liabilities under Finance Leases with Affiliated Companies	2,858	2,761
Liabilities under Borrowings from Non-Banks	66,801	60,047
Liabilities under Bills of Exchange	15,449	15,454
Other Financial Liabilities	16,706	12,858
	768,846	**482,768**
Total Financial Liabilities	**1,773,775**	**1,368,927**

Other financial liabilities include € 11.8 million of advance payments received for orders (previous year: € 9.2 million).

Term structure of financial liabilities:

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Due within One Year	768,846	482,768
Due in One to Five Years	715,865	600,406
Due in Over Five Years	289,064	285,753
	1,773,775	**1,368,927**

Under the B. Braun Incentive Plan, B. Braun Melsungen AG offers a series of profit participation rights, which may be acquired by eligible managers on a voluntary basis. With the issuance of profit participation rights, the company grants employees profit-sharing rights in the form of participation in the profit and losses of B. Braun Melsungen AG in return for their investment of capital.

Each profit participation right has a ten-year term. Interest on the rights is linked to the dividends paid to shareholders in B. Braun Melsungen AG, and the repayment amount is linked to the Group's equity.

As an incentive for the investment made by employees, the company offers an entitlement bonus of 25 percent in the form of additionally assigned participation rights. The entitlement bonus is paid to employees two years after their investment. The additional profit participation rights are recognized in the corresponding periods through profit and loss.

As of December 31, 2013, a total of 696,349 rights had been issued. Their years of issue are as follows:

Year of Issue	Number
2004	47,996
2005	59,943
2006	72,127
2007	80,467
2008	93,927
2009	69,123
2010	80,217
2011	69,202
2012	54,071
2013	69,276
	696,349

In March 2012, B. Braun Melsungen AG, together with several subsidiaries and 12 banks, entered into a syndicated loan agreement of € 400 million. The loan may be utilized by the borrowers as a revolving credit in EUR and, optionally, in partial sums in USD and GBP, and bears a variable interest rate based on Euribor and Libor for the currency in question. In addition, the agreement allows for an adjustment to the interest margin depending on the B. Braun Group's net financial debt (leverage ratio). The term of the loan agreement expires on March 23, 2017. Under the terms of the syndicated loan agreement, B. Braun is required to comply with certain financial ratios, including in particular a minimum equity ratio, which is calculated by taking the entity's total assets and dividing them by its total equity, and maximum leverage ratio, in other words the net financial debt to EBITDA ratio. Both of these ratios will be calculated on the basis of consolidated figures for the B. Braun Group, subject to adjustments as agreed under the syndicated loan. Under the agreement, the equity ratio must not fall below 25 percent and the leverage ratio must not exceed 3.25. During the fiscal year and as of the reporting date, both ratios were fully complied with.

In fiscal year 2013, B. Braun Melsungen AG entered into two loans with one development bank and one commercial bank. The loans together have an equivalent value of € 127.6 million. One of the loans has a fixed interest rate and matures in 2019, while the second loan has a variable interest rate and must be paid off in two tranches by 2016 and 2018 respectively. Both of the loans are being used to refinance certain research and development projects of the Group. Group companies also arranged bilateral loan agreements with an equivalent value of € 216 million and maturities of up to 5 years. The loan agreements are in different currencies and have been agreed upon under flexible terms. The funds raised were used to refinance expiring loans and to finance the current capital requirements of the respective Group company.

As of December 31, 2013, the Group had unutilized credit lines in different currencies totaling € 859.1 million (previous year: € 1,017.6 billion).

Loans from non-banks are unsecured. Interest rates on EUR loans were up to 5.40 percent per annum for non-current loans, depending on the length of the interest-rate lock-in period.

The carrying amounts of the interest-bearing liabilities are as follows for the currencies below:

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
EUR	1,424,902	1,202,811
USD	192,665	56,077
Other	156,208	110,039
	1,773,775	**1,368,927**

Liabilities from finance leasing are recognized at the present value of the leasing payments. These are fully secured by property liens on leased property. Of the other liabilities, € 15.0 million (previous year: € 17.8 million) are covered by property liens. Liabilities under borrowings from non-banks include loans from B. Braun Melsungen AG shareholders in the amount of € 40.9 million (previous year: € 32.9 million).

The carrying amount of financial assets used as collateral for liabilities or contingent liabilities was € 33,000 (previous year: € 33,000). The collateral provided was assigned receivables. The following table shows the contractually agreed upon (undiscounted) interest and repayments on financial liabilities, other financial liabilities, and derivative financial instruments with negative fair value:

	Dec. 31, 2012	Cash Outflows within one year	
	Carrying Amount € '000	Interest € '000	Repayments € '000
Profit Participation Rights	79,984	152	7,577
Liabilities to Banks	1,078,786	28,431	379,104
Liabilities under Finance Leases	44,309	2,228	4,967
Liabilities under Finance Leases with Affiliated Companies	35,641	1,156	2,761
Liabilities under Borrowings from Non-Banks	101,895	1,457	60,047
Liabilities from ABS Transactions and Other Financial Liabilities	39,535	0	39,535
Financial Liabilities Trade Accounts Payable	243,010	11	242,361
Liabilities from Derivative Financial Instruments	6,166	271	207,546
	Dec. 31, 2013		
Profit Participation Rights	86,805	153	7,253
Liabilities to Banks	1,469,474	158,989	654,333
Liabilities under Finance Leases	41,578	2,057	5,446
Liabilities under Finance Leases with Affiliated Companies	32,880	1,059	2,858
Liabilities under Borrowings from Non-Banks	110,882	1,550	66,801
Liabilities from ABS Transactions and Other Financial Liabilities	46,820	0	46,820
Financial Liabilities Trade Accounts Payable	273,353	882	271,305
Liabilities from Derivative Financial Instruments	4,978	1	179,901

All instruments held as of December 31, 2013 and for which payments had already been contractually agreed upon are included. Amounts in foreign currency were each translated at the closing rate on the reporting date. The variable interest payments arising from the financial instruments were calculated using the last interest rates fixed before December 31, 2013. Financial liabilities that can be repaid at any time are always assigned to the earliest possible period.

	Cash Outflows within one to two years		Cash Outflows within two to five years		Cash Outflows within five to ten years		Cash Outflows after ten years	
	Interest € '000	Repayments € '000	Interest € '000	Repayments € '000	Interest € '000	Repayments € '000	Interest € '000	Repayments € '000
	138	6,713	326	26,803	193	38,891	0	0
	17,302	50,911	37,394	451,404	12,053	197,367	0	0
	2,003	4,498	4,689	10,755	3,800	13,571	328	10,518
	1,059	2,857	2,559	9,190	2,069	16,279	104	4,554
	1,482	1,879	2,785	35,397	116	3,627	0	945
	0	0	0	0	0	0	0	0
	0	635	0	14	0	0	0	0
	4	740	33	1,777	0	0	0	– 203,897
	140	9,145	320	32,132	189	38,275	0	0
	19,601	152,148	37,076	471,738	8,227	191,256	0	0
	1,837	4,463	4,117	10,036	3,339	15,018	132	6,615
	959	2,958	2,235	9,514	1,531	16,393	8	1,157
	1,527	11,253	1,602	24,950	9	7,267	0	611
	0	0	0	0	0	0	0	0
	0	810	0	1,238	0	0	0	0
	5	692	21	1,011	0	0	0	– 176,626

28 Additional Disclosures on Financial Instruments

Carrying amount and fair value by measurement category

	Assessment Category under IAS 39	Carrying Amount Dec. 31, 2013 € '000	Fair Value Dec. 31, 2013 € '000	Carrying Amount Dec. 31, 2012 € '000	Fair Value Dec. 31, 2012 € '000
Assets					
Trade Receivables	LaR	971,141	–	952,213	–
Other Receivables	LaR	107,123	–	114,516	–
Held-to-Maturity Financial Assets	HtM	0	0	0	0
Available-for-Sale Financial Assets	AfS	449,532	449,532	5,156	5,156
Other Holdings	AfS	20,127	–	24,501	–
Financial Assets Held for Trading	FAHfT	13,421	13,421	9,388	9,388
Derivatives not in a Hedge	FAHfT	8,747	8,747	7,075	7,075
Derivatives in a Hedge	N/A	6,128	6,128	5,006	5,006
Cash and Cash Equivalents	LaR	38,924	–	109,184	–
Liabilities					
Profit Participation Rights	FLAC	86,805	–*	79,984	–*
Liabilities to Banks	FLAC	1,469,474	1,486,000	1,078,786	1,110,542
Liabilities under Finance Leases	N/A	74,458	75,382	79,951	81,771
Liabilities under Borrowings from Non-Banks	FLAC	110,882	112,894	101,894	104,776
Other Financial Liabilities	FLAC	27,203	–	28,311	–
Trade Accounts Payable	FLAC	273,353	–	243,010	–
Other Liabilities	FLAC	182,567	–	173,343	–
Purchase Price Liabilities from Business Combinations	FLHfT	13,404	13,404	14,963	14,963
Derivatives not in a Hedge	FLHfT	2,796	2,796	3,617	3,617
Derivatives in a Hedge	N/A	2,182	2,182	2,549	2,549
Summary by IAS 39 Measurement Category:					
Loans and Receivables	LaR	1,117,188	1,117,188	1,175,914	1,175,914
Held-to-Maturity Financial Assets	HtM	0	0	0	0
Available-for-Sale Financial Assets	AfS	469,659	469,659	29,657	29,657
Financial Assets Held for Trading	FAHfT	22,168	22,168	16,463	16,463
Financial Liabilities measured at Amortized Cost	FLAC	2,150,284	2,168,821	1,701,672	1,734,875
Financial Liabilities measured at Fair Value	FLHfT	16,200	16,200	18,580	18,580

LaR Loans and Receivables | **HtM** Held-to-Maturity Financial Assets | **AfS** Available-for-Sale Financial Assets | **FAHfT** Financial Assets Held-for-Trading
FLAC Financial Liabilities measured at Amortized Cost | **FLHfT** Financial Liabilities Held-for-Trading

*Interest on the profit participation rights is linked to the dividends paid to shareholders in B. Braun Melsungen AG, and the repayment amount is linked to the Group's equity. A fair value for this instrument cannot be reliably measured.

The available-for-sale financial assets comprise:

Equities and Similar Securities	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Listed Securities	449,532	5,156
of which Non-current	443,900	736

These are reported under other financial investments and other financial assets. No available-for-sale financial assets were impaired in 2013 or 2012.

Other assets include other receivables and other financial assets in the amount of € 101.4 million and other loans in the amount of € 7.6 million (previous year: € 19.9 million).

The maximum credit risk for each measurement category of financial assets corresponds to its carrying amount. Trade receivables are partly securitized with reservation of title, which reduces the maximum default risk in this assessment category by € 33.7 million (previous year: € 33.8 million).

Cash and cash equivalents, trade receivables, and other receivables have predominantly short residual terms, thus their carrying amounts are close to fair value as of the reporting date.

The fair values of held-to-maturity financial investments with residual terms of over one year correspond to the net present values of the payments associated with the assets, taking account of the current interest rate parameters in each case, which reflect market-based changes in terms and in expectations.

Trade accounts payable and other liabilities and debts regularly have short residual terms; the values reported on the statement of financial position are close to fair value.

The fair values of liabilities to banks and other lenders, finance leases, promissory notes, and other financial liabilities are calculated as the present value of the payments associated with the liabilities, based on the relevant yield curve in each case.

To date, the Group has not exercised the option of designating financial assets and liabilities upon initial recognition as financial liabilities measured at fair value through profit and loss.

These are categorized into levels 1 to 3, depending on the extent to which fair value can be measured:

- Level 1 – Measurement at fair value based on (unadjusted) quoted prices on active markets for identical financial assets or liabilities.
- Level 2 – Measurement at fair value based on parameters, which are not quoted prices for assets or liabilities as in level 1, but which are either directly derived from them (i. e., as prices) or indirectly derived from them (i. e., derived from prices).
- Level 3 – Measurement at fair value using models that include parameters not based on observable market data to value assets and liabilities.

	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000
December 31, 2012				
Financial Assets of Category "At Fair Value Through Profit and Loss" Derivative Financial Assets not in a Hedge	0	7,075	0	7,075
Derivative Financial Assets in a Hedge	0	5,006	0	5,006
Financial Assets Held for Trading	9,388	0	0	9,388
Financial Assets of Category "Available for Sale" Financial Assets	5,156	0	0	5,156
Financial Liabilities of Category "At Fair Value Through Profit and Loss" Purchase Price Liabilities from Business Combinations	0	0	– 14,963	– 14,963
Derivative Financial Liabilities not in a Hedge	0	– 3,617	0	– 3,617
Derivative Financial Liabilities in a Hedge	0	– 2,549	0	– 2,549
	14,544	**5,915**	**– 14,963**	**5,496**
December 31, 2013				
Financial Assets of Category "At Fair Value Through Profit and Loss" Derivative Financial Assets not in a Hedge	0	8,747	0	8,747
Derivative Financial Assets in a Hedge	0	6,128	0	6,128
Financial Assets Held for Trading	13,421	0	0	13,421
Financial Assets of Category "Available for Sale" Financial Assets	449,532	0	0	449,532
Financial Liabilities of Category "At Fair Value Through Profit and Loss" Purchase Price Liabilities from Business Combinations	0	0	– 13,404	– 13,404
Derivative Financial Liabilities not in a Hedge	0	– 2,796	0	– 2,796
Derivative Financial Liabilities in a Hedge	0	– 2,182	0	– 2,182
	462,953	**9,897**	**– 13,404**	**459,446**

Purchase price liabilities from business combinations categorized as level 3 are conditional purchase price liabilities measured at present value, the final amount of which partially depends on performance on the basis of sales and earnings. The amount stated represents the fair value that was calculated for the actual purchase price liability based on the agreed upon adjustment parameters. The € – 1.6 million decrease in liabilities on the previous year is attributable to the repayment of purchase price liabilities (€ – 5.9 million), the revaluation of measurement parameters (€ – 562,000), the creation of a new liability following a business combination in the reporting year (€ 4.8 million), and discounting effects (€ 69,000).

The table below shows financial instruments that are subsequently measured at fair value, but recognized at amortized cost.

	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000
December 31, 2012				
Financial Liabilities of Category "Measured at Amortized Cost"				
Liabilities to Banks	0	1,110,542	0	1,110,542
Liabilities under Finance Leases	0	81,771	0	81,771
Liabilities under Borrowings from Non-Banks	0	104,776	0	104,776
	0	**1,297,089**	**0**	**1,297,089**
December 31, 2013				
Financial Liabilities of Category "Measured at Amortized Cost"				
Liabilities to Banks	0	1,486,000	0	1,486,000
Liabilities under Finance Leases	0	75,382	0	75,382
Liabilities under Borrowings from Non-Banks	0	112,894	0	112,894
	0	**1,674,276**	**0**	**1,674,276**

The following financial assets and liabilities are subject to offsetting arrangements:

				Corresponding Amounts that were not Offset		
	Gross Carrying Amount € '000	Offset Amount € '000	Net Carrying Amount € '000	Financial Instruments € '000	Financial Collateral Held € '000	Net Amount € '000
December 31, 2012						
Loans and Receivables (LaR)	1,175,914	0	1,175,914	– 9,215	0	1,166,699
Financial Assets Held for Trading (FAHfT)	16,463	0	16,463	– 6,519	0	9,944
Financial Liabilities measured at Amortized Cost (FLAC)	1,701,672	0	1,701,672	– 10,903	0	1,690,769
Financial Liabilities Held for Trading (FLHfT)	18,580	0	18,580	– 4,831	0	13,749
December 31, 2013						
Loans and Receivables (LaR)	1,117,188	0	1,117,188	– 2,436	0	1,114,752
Financial Assets Held for Trading (FAHfT)	22,168	0	22,168	– 13,297	0	8,871
Financial Liabilities measured at Amortized Cost (FLAC)	2,150,284	0	2,150,284	– 10,988	0	2,139,296
Financial Liabilities Held for Trading (FLHfT)	16,200	0	16,200	– 4,769	0	11,431

Offsetting of amounts that were not offset is permitted in the event of bankruptcy or default of one of the contractual parties.

29 Trade Accounts Payable and Other Liabilities

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Non-current Liabilities		
Trade Accounts Payable	2,048	649
Liabilities to Social Security Providers	1,484	1,446
Liabilities to Employees, Management, and Shareholders	14,377	9,826
Accruals and Deferrals	11	14
	15,872	**11,286**
Other Liabilities	12,576	16,697
Subtotal Other Liabilities	**28,448**	**27,983**
Current Liabilities		
Trade Accounts Payable	271,305	242,361
Liabilities to Social Security Providers	28,075	29,314
Liabilities to Employees, Management, and Shareholders	234,281	232,722
Accruals and Deferrals	11,315	9,731
Other Tax Liabilities	66,127	62,665
	339,798	**334,432**
Liabilities from Derivative Financial Instruments	4,978	6,166
Other Liabilities	184,517	172,889
	189,495	**179,055**
Subtotal Other Liabilities	**529,293**	**513,487**
Total Liabilities	**831,094**	**784,480**

The Group has designated payer interest rate swaps (“pay fix – receive variable”) as cash flow hedges in order to hedge the variable interest payments on a nominal credit volume of € 25 million (previous year: € 25 million). Changes in the cash flows of the underlying transaction resulting from changes in the reference interest rate are compensated for by the changes in the cash flows of the interest rate swap. The hedging measures are designed to hedge the cash flow from bank liabilities against an increase in the reference interest rate. Credit risks are not covered through the hedge. The related cash flows are likely to occur through fiscal year 2017. The effectiveness of the hedge was measured prospectively and retrospectively using the dollar offset method. The hedge was effective. The effective portion of changes in the fair value of the designated interest rate swap is recognized in equity and amounts to a total of € – 813,000 (previous year: € 2.2 million). The ineffective portion of changes in value is recognized directly in the statement of income under net financial income and is € 0 (previous year: € 0). Amounts accrued under equity are transferred to the statement of income as income or expense in the period in which the hedged underlying transaction is recognized in the statement of income.

From hedges that were terminated or became ineffective in the fiscal year, losses that were recognized in equity on an accumulative basis remained in the capital equity at the time of terminating this hedge, and they are recognized on entry of the originally hedged transaction through profit and loss in the statement of income. In 2013, this resulted in an expense of € – 695,000 (previous year: € – 741,000), which was transferred from equity to the statement of income.

Other liabilities mainly include remaining payments related to company acquisitions, liabilities from ABS transactions, bonus obligations, and liabilities related to outstanding invoices.

30 Contingent Liabilities

Liabilities result exclusively from obligations to third parties and consist of:

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Uncertain Liabilities	8,736	2,133
Guarantees	6,978	7,993
Warranties	5,454	4,300
Contractual Performance Guarantees	40,071	38,476
	61,239	**52,902**

All cases relate to potential future obligations, which may arise upon the occurrence of corresponding events and are entirely uncertain as of the reporting date.

31 Other Financial Liabilities

The Group leases numerous office buildings and warehouses under non-terminable operating lease agreements. These agreements have varying terms and conditions, escalation clauses, and renewal options.

Future minimum lease payments expected in connection with non-terminable sub-leases on the reporting date, amount to € 4.6 million (previous year: € 11.2 million).

The Group also leases manufacturing facilities and machinery under terminable operating lease agreements. Leasing liabilities relating to moveable assets at the LIFE facility are € 3.2 million annually until 2014 and € 2.8 million in 2015.

The minimum payments of non-discounted future lease payments under operating lease and rental agreements are due as follows:

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Obligations under Rental and Leasing Agreements		
Due within One Year	53,642	59,548
Due within One to Five Years	84,086	92,256
Due in Over Five Years	26,644	27,197
	164,372	**179,001**
Obligations from the Acquisition of Intangible Assets	21	0
Obligations from the Acquisition of Property, Plant, and Equipment	218,627	166,471
Total	**383,020**	**345,472**

Some Group companies enter into sale and leaseback agreements with B. Braun Holding GmbH & Co. KG as part of their operating activities. These agreements are intended for sales financing, not to realize profits earlier.

The portion of total obligations under rental and lease agreements accounted for by obligations under sale and lease-back agreements is provided in the table below:

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Obligations under Sale and Leaseback Agreements		
Due within One Year	4,132	4,412
Due within One to Five Years	6,280	6,442
Due in Over Five Years	0	0
	10,412	10,854

During the normal course of business, B. Braun is subject to potential obligations stemming from lawsuits and enforced claims. Estimates of possible future liabilities of this kind are uncertain. No material negative consequences for the economic or financial situation of the B. Braun Group are anticipated.

32 Financial Risk Management

Financial Risk Factors
The Group's activities expose it to a variety of financial risks. These include currency, interest rate, credit, and liquidity risks. The B. Braun Group's policy strives to minimize these risks via systematic risk management, which involves the use of derivative financial instruments.

Risk management is performed centrally by Group Treasury in accordance with policies approved by the Management Board. Group Treasury identifies, measures, and hedges financial risks in close cooperation with the Group's operating units. The Management Board provides written principles for Group-wide risk management together with written policies covering specific areas such as foreign exchange, interest rate, and credit risk and the use of derivative and non-derivative financial instruments.

a) Market Risk
Foreign Exchange Risk
The Group operates internationally and is therefore exposed to currency risk arising from fluctuations in the exchange rates between various foreign currencies, primarily the US dollar. Risks arise when future transactions or assets or liabilities recognized in the statement of financial position are denominated in a currency that is not the functional currency of the company. To hedge such risks, the Group uses forward foreign exchange contracts.

The Group's risk management policy is to hedge the assets or liabilities recognized in the statement of financial position and to hedge up to 60 percent of the net cash flow expected over the next fiscal year on a continuous basis in key currencies.

If the exchange rate of the US dollar compared to other currencies on December 31, 2013, had been 10 percent stronger (weaker), profit before taxes – with all other variables remaining constant – would have been € 37.6 million (previous year: € 4.9 million) lower (higher). This would mainly have been attributable to gains/losses from foreign currency translation relating to US dollar-based loans and trade receivables. The remaining components of equity would have been approximately € 44.8 million (previous year: € 36.6 million) higher (lower), which would have been, amongst other things, due to changes in value of cash flow hedges related to expected incoming payments in US dollars impacting equity.

Interest Rate Risk

As the Group has no significant interest-bearing assets, changes in market interest rates affect its income and operating cash flow primarily via their impact on its interest-bearing liabilities. The liabilities with variable interest rates expose the Group to cash flow interest rate risk. Fair value interest rate risk arises from fixed-interest liabilities. Group policy is to maintain approximately 50 percent of its borrowings in fixed-rate instruments.

The Group also hedges its cash flow interest rate risk using interest rate swaps. Under these interest rate swaps, the Group agrees with other parties to exchange a fixed interest rate for a floating reference rate at specified intervals based on the agreed nominal volume in each case. Interest rate swaps of this nature have the economic effect of converting variable-rate into fixed-rate loans.

If market interest rates had been 100 basis points higher or lower as of December 31, 2013, profit before taxes – with all other variables remaining constant – would have been approximately € 6.6 million lower or higher for the full year (previous year: € 1.8 million). This would have been mainly attributable to higher or lower interest expense for variable-rate interest-bearing financial liabilities. The other components of equity would have changed only slightly.

b) Credit Risk

The Group has no significant concentrations of credit risk related to trade receivables. It has organizational guidelines that ensure that products are sold only to customers with a good payment history. Contracts on derivative financial instruments and financial transactions are solely concluded with financial institutions with a good credit rating and contain, as a rule, a provision that allows mutually offsetting positive and negative fair market values in the event of the insolvency of a party.

c) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient reserves of cash, as well as ensuring the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the environment in which the Group operates, Group Treasury aims to maintain the necessary flexibility in funding by ensuring sufficient unutilized credit lines are available.

Capital Risk Management

The Group's capital management seeks to ensure continuation as a thriving, independent, family-owned company, in order to guarantee that shareholders continue to receive dividends and other interested parties receive the amounts owed them, as well as maintaining an optimal equity structure to reduce the cost of capital.

As in previous years, the strategy of the Group in 2013 was to significantly exceed an equity ratio of at least 25 percent that was agreed upon under the terms of the syndicated loan. This target was again achieved in fiscal year 2013.

Derivative Financial Instruments

The fair value of derivative financial instruments is calculated using directly observable market input factors. The fair value of interest rate swaps is calculated from the net present value of estimated future cash flows using the relevant yield curve on the reporting date. The fair value of forward foreign exchange contracts is calculated based on forward exchange rates on the reporting date. The company's own credit risk or counterparty credit risk is not included in this calculation due to a lack of materiality.

Changes in the fair value of derivative financial instruments that represent economically effective hedges under the Group strategy are recognized through profit and loss, unless they are used in hedge accounting. When applying hedge accounting for cash flow hedges, the fair market value changes from the effective portion are recognized in equity. The fair value changes in hedging instruments more or less match the fair value changes in the hedged underlying transactions.

The fair values of forward foreign exchange contracts are based on prevailing exchange rates, adjusted for forward premiums or discounts. Fair values of interest rate hedging instruments are calculated using discounted forecast future cash flows. Market rates are applied for the remaining term of the derivatives in question.

	Nominal Volume		Nominal Volume Residual Term > 1 year		Fair Value	
	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Forward Foreign Exchange Contracts	747,569	835,229	34,972	2,102	9,288	8,632
Currency Options	25,000	45,000	0	25,000	– 2,438	– 3,228
Embedded Derivatives	8,400	8,600	0	0	727	221
	780,969	**888,829**	**34,972**	**27,102**	**7,577**	**5,625**

Depending on the fair value on the reporting date, derivative financial instruments are included under other assets (if fair value is positive) or other liabilities (if fair value is negative).

Derivative financial instruments held for trading are recognized as current assets or liabilities unless the residual term is more than twelve months, in which case they are recognized as non-current assets or liabilities. The total fair value of a derivative hedging instrument is classified as a non-current asset/liability if the residual term of the hedged instrument is more than 12 months; otherwise, it is classified as a current asset/liability.

See Note 29 regarding cash flow hedges recognized under other liabilities.

The Group designates forward foreign exchange contracts to hedge future foreign currency inflows and outflows from the operating business of the B. Braun Group that are not denominated in the functional currency and are expected to arise with high probability. The purpose of the hedges is to reduce the volatility of foreign exchange income and payments (and their measurement) with respect to foreign exchange risk. The effectiveness of hedges is measured prospectively using the critical terms match method and retroactively using the dollar offset method.

As of December 31, 2013, the Group had designated forward foreign exchange contracts with a net fair value of € 3.1 million (previous year: € + 4.6 million) as cash flow hedges. All hedges were effective within the range specified under IAS 39.

Gains of € 17.4 million (previous year: € 23.1 million) and losses of € 14.3 million (previous year: € 17.3 million) arising from changes in the fair values of foreign exchange derivatives related to cash flow hedges were recognized in equity in fiscal year 2013. Gains of € 7.4 million (previous year: € 2.2 million) and losses of € 2.7 million (previous year: € 9.9 million) recognized in equity were transferred to other operating income or other operating expenses during the fiscal year. As of the reporting date, the hedging measures had no ineffective portions. B. Braun expects gains of € 5.6 million and losses of € 2.5 million recognized in equity to be transferred to the statement of income within the next twelve months.

33 Related Party Transactions

Related party transactions are presented for persons or entities not already included as consolidated companies in the consolidated financial statements. A person or a close member of that person's family is related to a reporting entity if that person has control or joint control over the reporting entity, has significant influence over the reporting entity, or is a member of the key management personnel of the reporting entity. An entity is related to a reporting entity if the entity and the reporting entity are members of the same group or one entity is an associate or joint venture of the other entity.

The B. Braun Group purchases materials, supplies, and services from numerous suppliers around the world in the ordinary course of its business. These suppliers include a small number of companies in which the Group holds a controlling interest and companies that have ties to members of B. Braun Melsungen AG's Supervisory Board. Business transactions with such companies are conducted on normal market terms. From the perspective of the B. Braun Group, these are not materially significant. The B. Braun Group did not participate in any transactions significant for it or for related entities that were in any way irregular, and does not intend to do so in the future.

The following transactions were completed with related persons and entities:

	2013 € '000	2012 € '000
Sale of Goods and Services		
Related Entities	10.558	12.036
of which B. Braun Holding GmbH & Co. KG	(8.694)	(7.830)
of which Holdings	(1.864)	(4.206)
	10.558	**12.036**
Goods and Services Purchased		
Related Entities	54.516	56.827
of which B. Braun Holding GmbH & Co. KG	(21.918)	(23.408)
of which Holdings	(16.879)	(16.297)
Key Management Personnel	(15.719)	(17.122)
	54.516	**56.827**

Outstanding items from the acquisition/sale of goods and services and from loans at the end of the fiscal year:

	Dec. 31, 2013 € '000	Dec. 31, 2012 € '000
Outstanding Items from the Sale of Goods and Services		
Related Entities	15,560	14,059
of which B. Braun Holding GmbH & Co. KG	(7,336)	(7,453)
of which Joint Ventures	(8,036)	(5,964)
of which Holdings	(188)	(642)
	15,560	**14,059**
Procurement Obligations	673	807
Outstanding Items from Goods and Services Purchased and from Loans		
Related Entities	38,408	40,056
of which B. Braun Holding GmbH & Co. KG	(32,880)	(35,703)
of which Holdings	(5,528)	(4,353)
Key Management Personnel	41,570	33,560
	79,978	**73,616**
Procurement Obligations	3,483	2,311

Key management personnel are members of the Management Board and Supervisory Board of B. Braun Melsungen AG. In addition to B. Braun Holding GmbH & Co. KG, the affiliated Group includes joint ventures and companies controlled by key management personnel or their close family members. The names of associated companies and joint ventures are listed under Major Shareholdings.

The following items in the statement of financial position contain outstanding balances with related persons and entities:

- Other Assets
- Financial Liabilities
- Other Liabilities

The loans granted by related individuals are short-term. Their interest rates are based on covered bond (Pfandbrief) yields.

Please see Note 27 for details of leasing liabilities to related entities.

Remuneration for members of the Management Board consists of a fixed and a variable, performance-related component. They also receive pension commitments and benefits in kind. Benefits in kind consist mainly of the value assigned for the use of company cars under German tax laws.

In addition to the duties and performance of Management Board members, the criteria for remuneration include the Group's financial position, results, and future projections.

The total remuneration of Management Board members consists of the following:

	2013 € '000	2012 € '000
Fixed Remuneration	3,200	2,751
Variable Remuneration	4,204	3,623
Pension Expense	865	865
Bonuses	254	200
Other	624	497
	9,147	**7,936**

Of the total, € 600,000 were attributable to the Chairman of the Board as fixed remuneration and € 722,000 as variable remuneration from profit-sharing.

Pension obligations totaling € 13.1 million exist to active members of the Management Board. Profit-sharing bonus obligations to Management Board members reported under liabilities to employees, management, and shareholders total € 4.1 million. A total of € 26.4 million has been allocated for pension obligations to former Management Board members and their surviving dependents; current pension payments total € 1.9 million. Supervisory Board remuneration totaled € 683,000.

The remuneration of Supervisory Board members is governed by the articles of incorporation and is approved at the Annual Shareholders' Meeting. The remunerations made to employee representatives on the Supervisory Board for work outside their supervisory activities are in line with the market standards.

The Group has not made any loans to current or former members of the Management Board or Supervisory Board. Liabilities stemming from profit participation rights for Management Board members were € 13.1 million (previous year: € 10.6 million). See Note 27 for detailed information about bonuses.

The members of the Supervisory Board are listed on page 149 and the Management Board on pages 6/7.

Notes to the Consolidated Statement of Cash Flows

The consolidated statement of cash flows details changes in the B. Braun Group's cash and cash equivalents during the course of the fiscal year. In accordance with IAS 7, cash flows are categorized as those from operating, investing, and financing activities. Cash flow from operating activities is calculated using the indirect method.

34 Gross Cash Flow from Operating Activities

The gross cash flow of € 651.2 million is the cash surplus from operating activities before any changes in working capital, an increase of € 17.9 million compared to the previous year. The change is due primarily to improved operating profit of € 478.5 million and the change in non-current provisions and other non-cash income and expenses.

Cash flow from operating activities of € 534.1 million represents changes in current assets, current provisions, and liabilities (excluding financial liabilities).

The increase in inventories, receivables, and other assets less the increase in liabilities and current provisions resulted in a cash outflow of € 117.1 million. As a result, the cash flow from operating activities is € 177.7 million below the previous year's level.

35 Cash Flow From Investing Activities

A total of € 1,023.3 million was spent in 2013 to acquire property, plant, and equipment, intangible assets, financial investments, and companies. This was offset by disposal of property, plant, and equipment and of holdings (€ 1.7 million), as well as dividend income received (€ 6.8 million), resulting in a cash flow from investing activities of € 1,014.8 million. Compared to the previous year, this resulted in a € 446.1 million increase in cash outflow.

Investments made during the year were not fully covered by cash flow from operations. Therefore, free cash flow was € – 480.7 million (previous year: € 143.0 million).

Additions to property, plant, and equipment and intangible assets under finance leasing do not result in cash outflows and are therefore not included under investing activities. In the reporting year, these additions totaled € 0.8 million (previous year: € 0.5 million).

36 Cash Flow from Financing Activities

In 2013, cash inflow from financing activities amounted to € 381.1 million (previous year: cash outflow of € 82.1 million). The net balance of proceeds from and repayments of loans was € 412.9 million (previous year: € – 49.0 million). Dividend payments and capital contributions by non-controlling interests resulted in a total cash outflow of € 32.2 million (previous year: € 32.4 million). The € 463.2 million change compared to the previous year is primarily due to increased borrowing.

37 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and other short-term highly liquid financial assets with residual maturities of three months or less that are subject to no more than insignificant fluctuations in value. As of December 31, 2013, restrictions on cash availability totaled € 581,000 (previous year: € 880,000). These restrictions are primarily related to security deposits and collateral for tender business.

38 Subsequent Events

No events occurred between the end of the reporting period and the date on which the consolidated financial statements were prepared that had a material effect on the results of operations, financial position or net assets for the fiscal year 2013.

INDEPENDENT AUDITORS' REPORT

The complete annual financial statements and management report for publication in the online edition of the German Federal Gazette (Bundesanzeiger) have been supplemented with the following confirmation note:

We have audited the consolidated financial statements prepared by B. Braun Melsungen AG, Melsungen, Germany, comprising the statement of financial position, statement of income (loss), statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes to the consolidated financial statements, together with the Group management report for the fiscal year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315 a (1) of the German Commercial Code (HGB), is the responsibility of the Management Board of the Company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, determining the scope of consolidation, the accounting and consolidation principles used, and significant estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315 a (1) HGB and provide a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and, as a whole, provides an appropriate view of the Group's position and appropriately presents the opportunities and risks of future development.

Kassel, Germany March 4, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Georg Kämpfer
German Public Auditor

Dr. Bernd Roese
German Public Auditor

MAJOR SHAREHOLDINGS

Company Name and Location	As of December 31, 2013			
	Holding in %[1]	Equity € '000	Sales € '000	Employees
Germany				
AESCULAP AG, Tuttlingen[2]	100.0	102,097	625,080	3,266
AESCULAP INTERNATIONAL GMBH, Tuttlingen[2]	100.0	205,777	0	0
AESCULAP SUHL GMBH, Suhl	100.0	3,870	11,342	121
ALMO-Erzeugnisse E. Busch GmbH, Bad Arolsen	60.0	22,094	64,680	342
B. Braun Avitum AG, Melsungen[2]	94.0	93,163	283,469	853
B. Braun Avitum Saxonia GmbH, Radeberg[2]	94.0	11,478	65,348	656
B. Braun Facility Services GmbH & Co. KG, Melsungen	100.0	– 1,481	18,420	82
B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen[2]	100.0	149,309	0	0
B. Braun Surgical GmbH, Melsungen[2]	100.0	154,459	0	0
B. Braun TravaCare GmbH, Hallbergmoos[2]	100.0	47	39,985	64
B. Braun Vet Care GmbH, Tuttlingen[2]	100.0	207	14,197	18
Nutrichem Diät + Pharma GmbH, Roth[2]	100.0	29,586	43,183	253
Inko Internationale Handelskontor GmbH, Roth[2]	100.0	4,523	17,054	32
SteriLog GmbH, Tuttlingen	100.0	– 128	9,745	105
TransCare Service GmbH, Neuwied	55.0	2,750	11,298	92
Europe				
AESCULAP CHIFA SP.ZO.O., Nowy Tomyśl / Poland	98.8	81,228	144,002	1,813
AESCULAP S.A.S., Chaumont / France	100.0	10,019	11,723	116
Avitum S.R.L., Timisoara / Romania	94.0	– 1,748	15,892	313
B. Braun Adria d.o.o., Zagreb / Croatia	36.0	5,179	10,435	31
B. Braun Austria Ges. m.b.H., Maria Enzersdorf / Austria	60.0	42,017	59,231	138
B. Braun Avitum France S.A.S., Gradignan / France	94.0	14,035	13,722	19
B. Braun Avitum Hungary Zrt., Budapest / Hungary	94.0	16,611	30,355	663
B. Braun Avitum Italy S.p.A., Mirandola / Italy	94.0	24,122	60,675	271
B. Braun Avitum Poland Sp.zo.o., Nowy Tomyśl / Poland	95.1	2,844	31,145	435
B. Braun Avitum Russia OOO, St. Petersburg / Russia	94.0	18,530	29,990	42
B. Braun Avitum s.r.o., Bratislava / Slovak Republic	93.7	1,604	10,309	156
B. Braun Avitum s.r.o., Prague / Czech Republic	93.7	6,478	23,220	276
B. Braun Avitum Turkey Sanayi Ticaret Anonim Sirketi, Ankara / Turkey	94.0	– 587	9,175	17
B. Braun Avitum UK Ltd., Sheffield / United Kingdom	94.0	1,072	23,923	236

	As of December 31, 2013			
Company Name and Location	Holding in %[1]	Equity € '000	Sales € '000	Employees
B. Braun Hospicare Ltd., Collooney Co Sligo / Republic of Ireland	100.0	10,149	15,421	93
B. Braun Medical AB, Dander / Sweden	100.0	2,777	44,508	46
B. Braun Medical AG, Sempach / Switzerland	51.0	217,485	260,523	855
B. Braun Medical A / S, Frederiksberg / Denmark	100.0	2,017	16,747	30
B. Braun Medical A / S, Vestskogen / Norway	100.0	1,120	22,290	33
B. Braun Medical B.V., Oss / Netherlands	100.0	4,750	53,062	155
B. Braun Medical EOOD, Sofia / Bulgaria	60.0	4,159	10,908	44
B. Braun Medical International S.L., Rubi / Spain	100.0	77,236	7,729	14
B. Braun Medical Kft., Budapest / Hungary	60.0	30,608	71,575	897
B. Braun Medical Lda., Barcarena / Portugal	100.0	44,777	53,900	141
B. Braun Medical LLC, St. Petersburg / Russia	100.0	30,974	135,281	397
B. Braun Medical Ltd., Dublin / Republic of Ireland	100.0	2,728	19,274	43
B. Braun Medical Ltd., Sheffield / United Kingdom	100.0	37,892	125,947	418
B. Braun Medical N.V. / S.A., Diegem / Belgium	100.0	3,160	32,551	74
B. Braun Medical Oy, Helsinki / Finland	100.0	4,037	37,299	50
B. Braun Medical S.A., Rubi / Spain	100.0	272,799	225,093	1,183
B. Braun Medical S.A.S., Boulogne / France	100.0	79,085	279,022	1,314
B. Braun Medical S.R.L., Timisoara / Romania	61.9	3,995	21,256	91
B. Braun Medical s.r.o., Bratislava / Slovak Republic	70.0	5,092	32,490	23
B. Braun Medical s.r.o., Prague / Czech Republic	70.0	26,493	65,263	179
B. Braun Medikal Dis Ticaret A.S., Istanbul / Turkey	100.0	6,321	15,494	71
B. Braun Milano S.p.A., Milano / Italy	100.0	30,843	113,944	213
B. Braun Sterilog (Birmingham) Ltd., Sheffield / United Kingdom	100.0	– 6,375	13,190	244
B. Braun Sterilog (Yorkshire) Ltd., Sheffield / United Kingdom	100.0	– 4,779	9,499	168
B. Braun Surgical S.A., Rubi / Spain	100.0	107,912	146,884	749
B. Braun VetCare SA, Rubi / Spain	100.0	9,634	9,911	25
Gematek OOO, St. Petersburg / Russia	100.0	10,214	12,492	273
MCP-Medicare LLC, St. Petersburg / Russia	94.0	6,271	14,890	237
Suturex & Renodex S.A.S., Sarlat / France	100.0	10,941	15,344	180

[1] Effective stake | [2] Companies with profit and loss transfer agreements | [3] Consolidated using equity method | [4] Consolidated proportionately

MAJOR SHAREHOLDINGS

Company Name and Location	Holding in %[1]	Equity € '000	Sales € '000	Employees
	As of December 31, 2013			
Americas				
AESCULAP INC., Center Valley/USA	95.5	58,847	144,224	436
Aesculap Implant Systems LLC, Center Valley/USA	95.5	–9,792	41,434	117
B. Braun Aesculap de México S.A. de C.V., México D. F./Mexico	100.0	10,146	14,529	176
B. Braun Interventional Systems Inc., Bethlehem/USA	95.5	24,529	28,028	39
B. Braun Medical Inc., Bethlehem/USA	95.5	225,250	732,644	4,337
B. Braun Medical Peru S.A., Lima/Peru	100.0	16,382	21,895	433
B. Braun Medical S.A., Bogota/Colombia	100.0	16,258	28,001	250
B. Braun Medical S.A., Buenos Aires/Argentina	100.0	10,867	40,440	360
B. Braun Medical S.A., Quito/Ecuador	100.0	8,253	19,499	94
B. Braun Medical SpA, Santiago de Chile/Chile	86.1	6,953	31,672	171
B. Braun of America Inc., Bethlehem/USA	95.5	117,556	0	0
CAPS Inc., Santa Fe Springs/USA	95.5	66,444	125,940	552
Laboratorios B. Braun S.A., São Gonçalo/Brazil	100.0	103,661	154,770	1,738
Asia and Australia				
Ahlcon Parenterals (India) Limited., New Dehli/India	75.0	12,649	15,061	638
B. Braun AESCULAP JAPAN CO. LTD., Tokyo/Japan	100.0	49,244	119,140	507
B. Braun Australia Pty. Ltd., Bella Vista/Australia	100.0	22,133	60,051	135
B. Braun Avitum Philippines Inc., Manila/Philippines	100.0	4,709	18,968	119
B. Braun Avitum (Shanghai) Trading Co. Ltd., Shanghai/China	94.0	21,676	69,613	157
B. Braun Korea Co. Ltd., Seoul/Republic of Korea	100.0	18,581	57,061	120
B. Braun Medical (H.K.) Ltd., Hong Kong/China	100.0	53,790	103,732	34
B. Braun Medical (India) Pvt. Ltd., Mumbai/India	100.0	13,383	57,038	785
B. Braun Medical Industries Sdn. Bhd., Penang/Malaysia	100.0	317,723	353,479	6,064
B. Braun Medical (Shanghai) International Trading Co. Ltd., Shanghai/China	100.0	11,401	112,273	723
B. Braun Medical Supplies Inc., Manila/Philippines	100.0	5,541	17,723	169
B. Braun Medical Supplies Sdn. Bhd., Petaling Jaya/Malaysia	100.0	26,464	50,183	160
B. Braun Medical (Suzhou) Company Limited, Suzhou/China	100.0	11,693	39,189	331
B. Braun Pakistan (Private) Ltd., Karachi/Pakistan	100.0	717	12,898	103
B. Braun Singapore Pte. Ltd., Singapore	100.0	45,020	18,870	48
B. Braun Taiwan Co. Ltd., Taipei/Taiwan	100.0	3,499	16,970	52
B. Braun (Thailand) Ltd., Bangkok/Thailand	100.0	8,485	18,033	89
B. Braun Vietnam Co. Ltd., Hanoi/Vietnam	100.0	35,176	57,363	933
PT. B. Braun Medical Indonesia, Jakarta/Indonesia	100.0	27,365	56,436	477

Company Name and Location	Holding in %[1]	Equity € '000	Sales € '000	Employees
	As of December 31, 2013			
Africa				
B. Braun Avitum (Pty) Ltd., Johannesburg / South Africa	100.0	642	7,248	190
B. Braun Medical (Pty) Ltd., Johannesburg / South Africa	100.0	3,992	29,516	154
E. Owen and Partners, Fourways / South Africa	100.0	– 282	11,411	12
Other Holdings				
Babolat VS, Lyon / France[3]	28.0	61,582	128,161	228
Medical Service und Logistik GmbH, Recklinghausen[4]	50.0	988	31,547	5
Schölly Fiberoptic GmbH, Denzlingen[3]	28.0	30,849	73,606	278

[1] Effective stake | [2] Companies with profit and loss transfer agreements | [3] Consolidated using equity method | [4] Consolidated proportionately

The figures correspond to the annual financial statements prepared in accordance with IFRS. The conversion of the amounts of the foreign companies is conducted for equity with the average rate on December 31 and for sales with the average rate of the reporting year.

SUPERVISORY BOARD REPORT

The Supervisory Board of B. Braun Melsungen AG continued to perform its statutory duties and obligations in fiscal year 2013 in accordance with the applicable laws, articles of incorporation, and by-laws, and to advise and monitor the management.

At three ordinary meetings, the Supervisory Board received reports from the Management Board regarding the company's current business performance, financial position, and significant investment plans.

Other topics discussed by the Supervisory Board included a status report on the construction project in Penang, Malaysia, presentations of the strategies of the OPM and B. Braun Avitum Divisions, proposals for entering new markets, the strategy for the Closure Technologies business area, and the medperts portal for physicians. The Supervisory Board also accepted the 2012 personnel report. The Supervisory Board discussed and approved the 2014 earnings forecast and advised on statutory business matters requiring its approval, such as the acquisition of an interest in Rhön-Klinikum AG.

A regular exchange of information and ideas took place between the Chairman of the Supervisory Board and the Chairman of the Management Board regarding significant business developments within the company and the Group, and any pending decisions.

The Supervisory Board once again conducted a voluntary self-assessment, which showed that it is efficiently organized and that the Supervisory Board and Management Board cooperate very well together.

The Audit Committee discussed the company's current business performance, the report by Internal Audit on key areas of activity and focus and their audit plan, the receivables status in Spain, Italy, and Portugal, the investment program for 2013 to 2016, and, in particular, B. Braun Melsungen AG's 2013 financial statements and the Group's consolidated financial statements presented by the Management Board. The Audit Committee also accepted the compliance report submitted by B. Braun Melsungen AG and the risk report submitted by the Management Board. It also discussed planning of the annual audit of financial statements. The Audit Committee reported on these topics at the Supervisory Board meetings and made its recommendations.

The Personnel Committee of the Supervisory Board met three times in 2013 and, at its meeting on March 19, 2013, recommended to the Supervisory Board that members of the Management Board be allocated profit-sharing rights under the B. Braun Incentive Scheme. The Supervisory Board approved this allocation during its meeting on the same date. At its meeting on July 23, 2013, the Personnel Committee recommended the reappointment of Dr. Annette Beller and Mr. Otto Philipp Braun as Ordinary Members of the Management Board through March 31, 2019. The Supervisory Board approved these appointments at the following meeting. The Personnel Committee also recommended to the Supervisory Board that the new contracts for Board members take retroactive effect as of January 1, 2013. The Supervisory Board acted on this recommendation at its meeting on July 23, 2013.

B. Braun Melsungen AG's financial statements and management report for fiscal year 2013, the Group's consolidated financial statements, and the consolidated management report have been reviewed by the auditors appointed at the Annual Meeting on March 19, 2013, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Kassel, Germany. The auditors raised no objections and issued an unqualified audit opinion.

The auditors participated in the discussions of the Supervisory Board and Audit Committee about the financial statements and the Group's consolidated financial statements, and reported on the main findings of their audit. Following its review of the financial statements, management report, proposal for the appropriation of B. Braun Melsungen AG's retained earnings, consolidated financial statements, and consolidated management report, the Supervisory Board concurred with the findings of the audit report and raised no objections. We have therefore approved the financial statements presented by the Management Board, which are hereby adopted in accordance with Section 172 of the German Stock Corporation Act (AktG).

The Supervisory Board concurs with the proposals of the Management Board concerning the utilization of retained earnings.

BELOW, FROM LEFT:

MANFRED HERRES*
Production Director, B. Braun Avitum,
B. Braun Melsungen AG, Melsungen

EDELTRAUD GLÄNZER*
Member of the Managing Board of IG BCE,
Hanover

SONJA SIEWERT*
Member of the Workers' Council of
B. Braun Melsungen AG, Melsungen

BARBARA BRAUN-LÜDICKE
Businesswoman, Melsungen

PROF. DR. H.C. LUDWIG GEORG BRAUN
Chairman, Former Chairman of the Management
Board of B. Braun Melsungen AG, Melsungen

DR. ANTONIUS ENGBERDING*
Former Member of the Executive Board of IG Metall,
Department Tariff Policy, Frankfurt / Main

PROF. DR. OLIVER SCHNELL
Managing Director of Sciarc GmbH, Baierbrunn,
Executive Member of the Board of Forschergruppe
Diabetes e.V. at Helmholtz Zentrum, Munich

HANS-CARSTEN HANSEN
President Human Resources,
BASF SE, Ludwigshafen

DR. H.C. AUGUST OETKER
Partner, Dr. August Oetker KG, Bielefeld

PROF. DR. THOMAS RÖDDER
Tax Advisor and Certified Public Accountant,
Partner, Flick Gocke Schaumburg, Bonn

CENTER, FROM LEFT:

PROF. DR. DR. H.C. MARKUS W. BÜCHLER
Heidelberg University Hospital
Medical Director, Department of General,
Visceral and Transplantation Surgery

RAINER HEPKE*
Chairman of the Workers' Council of
B. Braun Melsungen & Berlin, Melsungen

MIKE SCHWARZ*
Member of the Workers' Council of
B. Braun Melsungen AG, Melsungen

ABOVE, FROM LEFT:

DR. JOACHIM RAUHUT
Member of the Managing Board of Wacker
Chemie AG, Munich

PETER HOHMANN*
Vice Chairman, Chairman of the Workers'
Council of B. Braun Germany,
Chairman of the Workers' Council of
B. Braun Melsungen AG, Melsungen

EKKEHARD RIST*
Vice Chairman of the Workers' Council of
B. Braun Germany, Chairman of the Workers'
Council of Aesculap AG, Tuttlingen

* elected by the employees

In accordance with Section 312 of the German Stock Corporation Act (AktG), the Management Board issued a report on the relationships with affiliated companies for fiscal year 2013. The Supervisory Board examined this report and raised no objections. The auditors reviewed the report and issued the following audit opinion:

"Having conducted our mandatory audit and analysis, we hereby confirm that

1. the information contained in the report is correct,
2. payments made by the company for the legal transactions detailed in the report were not unreasonably high."

The Supervisory Board concurs with the results of the auditors' review and has raised no objections to the Management Board's conclusion.

The Supervisory Board would like to thank the Management Board for the excellent and successful collaboration, and all employees of the B. Braun Group for their contributions in the reporting year.

Melsungen, Germany, March 2014
The Supervisory Board

GLOSSARY

ARC (AWARD)
The **A**nnual **R**eport **C**ompetition Award is an international award that is presented to companies for outstanding achievement in the creation and original design of annual reports.

ARTHROSCOPY
A minimally invasive surgical procedure in which an examination of the interior of a joint is performed using an arthroscope.

ASSET-BACKED SECURITIES (ABS)
Bonds or notes secured by accounts receivable.

BG RCI
Statutory accident insurer for the chemicals industry.

CASH POOLING
A cash management technique that allows the internal balancing of liquidity within the Group.

CENTERS OF EXCELLENCE (COE)
Centers within the global B. Braun organization, incorporating research, development, manufacturing, and marketing for specific product groups.

CIW
Key performance indicator. Acronym for Coverage in Weeks. This KPI refers to the delivery capacity in weeks covered by the current stock on hand.

DRUG ELUTING STENTS
A peripheral or coronary stent that slowly releases a drug (see also "Stent").

DSO
Key performance indicator. Acronym for **D**ays **S**ales **O**utstanding. This KPI refers to the period between invoice issue and receipt of payment.

DIALYSIS
A blood cleansing process used in the treatment of kidney failure.

EBIT
Key performance indicator. Acronym for **E**arnings **b**efore **I**nterest and **T**axes.

EBITDA
Key performance indicator. Acronym for **E**arnings **b**efore **I**nterest, **T**axes, **D**epreciation, and **A**mortization.

EBITDA MARGIN
Key performance indicator. EBITDA as a percentage of sales.

EMAS
Acronym for **E**co **M**anagement and **A**udit **S**cheme, also known as the eco audit. EMAS was developed by the European Union and consists of environmental management and an environmental audit for organizations that want to improve their environmental performance.

EN ISO 9001
An international standard that establishes globally recognized requirements for quality management systems.

EN ISO 14001
An international environmental management standard that establishes globally recognized requirements for environmental management systems.

ENDOPROSTHESIS
An implant that is placed inside the body to permanently replace a missing body part.

ENTERAL NUTRITION
Supplying nutrients by sip- or tube-feeding via the gastrointestinal tract.

EXTRACORPOREAL BLOOD TREATMENT
Blood treatment taking place outside the body using an "artificial kidney" (dialysis machine) that is connected directly to the bloodstream.

FDA
Acronym for Food & Drug Administration. The FDA is the US agency that regulates the safety of food and health-related products.

HEMODIALYSIS
A special blood cleansing process that utilizes the principle of osmosis, i.e. the equalization of concentrations of small-molecule substances in two liquids separated by a semi-permeable membrane.

IEC/TR 62653
"Guideline for safe operation of medical equipment used for hemodialysis treatment."

IFB
Acronym for **I**nitiative **f**ür **B**eschäftigung (Initiative for Employment), a network of German companies that was established with the aim of securing the labor market for the future.

ILEOSTOMY
A surgical procedure to link the end of the small intestine to an opening in the abdomen (stoma) or to an internal pouch.

ISO
Acronym for International Organization for Standardization.

IV
Abbreviation for intravenous. An application technique for the administration of a drug, fluid, or suspension into a vein.

IMF
Acronym for **I**nternational **M**onetary **F**und. The IMF is a United Nations organization based in Washington, DC in the USA.

LACP (AWARD)
The League of American Communications Professionals is a US-based association. Every year, the LACP presents an award for the best quality annual reports, selecting winners from more than 5,500 corporate submissions.

LAPAROSCOPY
An operation performed in the abdomen or pelvis through small incisions with the aid of special endoscopes (rod-lens optical systems).

OHSAS 18001
Abbreviation for Occupational Health and Safety Assessment Series. OHSAS 18001 is a standard that establishes globally recognized requirements for occupational health and safety management systems.

PARENTERAL NUTRITION
Supplying nutrients intravenously by bypassing the gastrointestinal tract.

PAYER SWAP
Also known as an interest rate swap (IRS). An instrument in which a party agrees to pay a fixed interest rate and receive a floating rate.

POLYHEXANIDE
The most commonly used antiseptic used for wound care in orthopedic and trauma surgery.

SEPA
Single **E**uro **P**ayments **A**rea – an initiative of the European banking industry to standardize electronic payments across the eurozone.

STENOSIS
An abnormal narrowing in a blood vessel or other tubular organ or structure.

STENT
A small mesh tube (scaffold) that is used to hold open an artery.

THORACIC SURGERY
Surgery performed on organs inside the chest cavity.

UWC
United **W**orld **C**olleges

VCI
Verein der **c**hemischen **I**ndustrie (German Chemical Industry Association)

VISCERAL SURGERY
The surgical treatment of abdominal organs.

WORKING CAPITAL
Key performance indicator. Inventories plus current trade accounts receivable less current trade accounts payable.

B. Braun App

All the articles from the journal section, with additional information, photos, and videos, are available to view on your tablet or desktop PC at:

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DISCLAIMER

The annual report is published in German and English. In the event of a discrepancy, the German version takes precedent.

Highlights 2013

FEBRUARY B. Braun acquires DISMED with a 51 percent holding, thereby founding "B. Braun Medical Central America & Caribe S.A."

APRIL In Brazil, B. Braun begins construction of a new industrial park in the state of Rio de Janeiro. An administrative building and a medical device production facility will be completed by 2017.

OCTOBER In Mississauga, Canada, the subsidiary "B. Braun of Canada, Ltd." is founded. The goal of the new company is to expand B. Braun's sales and marketing presence in Canada.

B. Braun Avitum increases its activities in the field of dialysis by acquiring the company via medis, which operates eleven dialysis centers in Germany.

MARCH A new Ecoflac production line begins operation at the Tyver, Russia facility, increasing the production of large-volume standard infusion solutions to 34 million units.

AUGUST B. Braun Medical UK is awarded Champion status by Investors in People (IiP) for of the support and development of its personnel. To achieve this status, a company first must receive IiP Silver and Gold. B. Braun Medical UK achieved these in the previous year.

NOVEMBER In China, a new office building is opened at the Suzhou location, assuming central functions for all local production facilities. In addition to the factories for surgical instruments and IV solutions, a third production facility for cardiology products is constructed.

In Melsungen the 500,000th Space infusion pump was completed. The pump generation was launched in 2003 and remains the most compact on the market.

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