SHARING EXPERTISE

Annual Report 2014

B | BRAUN
SHARING EXPERTISE

SELECTED B. BRAUN KEY FIGURES

	2013	2014	Change in %
Sales (in € million)	5,169.5	5,429.6	5.0
Hospital Care (in € million)	2,474.4	2,527.8	2.2
Aesculap (in € million)	1,444.2	1,497.7	3.7
Out Patient Market (in € million)	609.0	643.9	5.7
B. Braun Avitum (in € million)	612.5	737.9	20.5
Sales (in € million)	5,169.5	5,429.6	5.0
Germany (in € million)	952.2	999.6	5.0
Europe (in € million)	1,851.7	1,921.2	3.8
North America (in € million)	1,045.6	1,090.1	4.2
Latin America (in € million)	351.4	373.1	6.2
Asia & Australia (in € million)	810.8	869.9	7.3
Africa & the Middle East (in € million)	157.9	175.7	11.3
EBITDA (in € million)	784.9	798.4	1.7
EBITDA Margin (in percent)	15.2	14.7	
Consolidated Net Income (in € million)	315.5	316.3	0.3
Net Debt (in € million)	1,715.8	1,762.3	2.7
Net Debt to EBITDA Ratio	2.2	2.2	
Research and Development Costs (in € million)	218.6	228.8	4.7
Investments in Tangible, Intangible and Financial Assets (in € million)	1,029.4	931.3	-9.5
Depreciation & Amortization (in € million)	297.2	318.1	7.0
Employees (as of December 31)	49,889	54,017	8.3

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: Together with the chief resident and the head of nursing, B. Braun Vascular Systems' Senior Product Manager Angiography & Kits, Ralf Weidemann, defines the contents of a customer-specific set for minimally-invasive radiology.

WHAT UNITES US

If your goal is to improve human health you have to face and master challenges. You must create continuous understanding, identify new opportunities and promote effective solutions with passion and enthusiasm.

These actions unite us at B. Braun. These drive us every day to seek constructive interaction combined with continuous encouragement of and support to our partners and our customers to jointly develop solutions that exceed expectations.

www.bbraun.com/ar2014

MANAGEMENT

JOURNAL

GROUP MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

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

FOREWORD

Sharing Expertise

Dear Reader,

Innovation is our driving force. Innovation happens when people work together. The efforts of our 54,000 employees have helped B. Braun to achieve many of its corporate objectives in the anniversary year of 2014.

In 2014, B. Braun achieved record sales of € 5.4 billion – an increase of 5 percent in comparison with the previous best year, 2013. However, our earnings remained stable at € 316 million. There are several reasons for this: budget cuts within the governmental health systems of some countries had an impact on B. Braun which resulted in lower margins and increasingly complex approval processes for medical devices led to higher costs. In 2014, we once again invested in the expansion of our production locations worldwide to further strengthen our market position and safeguard our competitiveness.

For the 2015 to 2020 period, we have further developed our business strategy with input from all areas of the company: customer closeness remains our guiding principle. We see ourselves as a strong partner that not only understands the processes that take place in healthcare facilities, but also provides advice on how to further optimize those processes. "Sharing Expertise" expresses this constructive exchange with our customers and users, which is shaped by transparency, trust, and recognition. Through effective solutions, we strive to help our customers continue to provide high quality healthcare.

This annual report illustrates what this type of collaboration can look like. B. Braun has entered into a system partnership with several hospitals. This partnership includes therapies, as well as innovative buying processes, consultancy, training, and cooperation in research. Examples from the fields of infusion therapy and cardiology show what it means for us to protect and improve the health of people all over the world.

An essential pillar of our strategy is the promise to remain a family company in order to secure and expand sales and earnings in a dynamic healthcare market using our own resources. Our goal is to achieve sales growth of five to seven percent per year, as well as an EBITDA margin of 16 to 18 percent in 2020. In order to achieve this goal, we intend to invest up to four billion euros in our locations over the coming six years and to structure our processes even more efficiently.

On behalf of the Management Board, I would like to thank our employees for their hard work and dedication and our customers for their longstanding support and trust. In 2015, we hope to continue being a reliable partner!

With kind regards,

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

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PARTNERSHIP WITH A SYSTEM

It is like squaring the circle: Hospitals – large and small alike – are expected to improve performance and the quality of healthcare while reducing costs. This goal can only be achieved if all participants work together efficiently. B. Braun's role is that of a "system partner:" it supports clinics and hospitals in achieving optimization of their processes in the areas of healthcare and administration.

Hospitals all over the world are feeling the effects of increasing challenges in the field of healthcare. For example, as life expectancy increases, so too does the number of chronic illnesses and geriatric patients. Expectations of inpatient treatment quality are growing together with medical advancements. At the same time, many clinics and hospitals are struggling with extremely limited financial resources and huge investment gaps. The German health system enjoys a very good reputation on an international standard. However, the economic situation in which many hospitals find themselves is alarming: nearly half of clinics and hospitals are in the red. The reasons for this are varied and complex. For some time, various stakeholders – such as hospital associations and health insurance funds – have been discussing topics such as economic efficiency, organization, reimbursement, personnel costs, investments, and the need for innovation. High cost pressure also affects the purchasing of all necessary supplies and healthcare products, therefore, impacting hospital suppliers.

Hospitals have a keen interest in optimizing their processes through external support and continually reducing fixed costs.

Despite the current economic challenges, all those involved share one common objective: ensuring high-quality patient care in the long term. This goal is also being pursued at B. Braun through its holistic "Sharing Expertise" approach. For many years, the company has been growing successful partnerships and has implemented numerous projects with the goal to continually improve structures and processes in hospitals. In this context, the broad product range that B. Braun offers is extremely helpful. The company supplies the global healthcare market with products and product systems for anesthesia, intensive care, cardiology, extracorporeal blood treatment and surgery. It also provides a great many services for hospitals, practicing physicians and the homecare sector.

The continuous exchange of knowledge and constructive dialog with users, customers and partners are also at the core of innovative healthcare products that harmonize perfectly with one another and facilitates clinical routine. Based on the trust that has been established over many years, the Melsungen-based company is now committing to a new level of quality through the targeted formation of system partnerships. "System partnership helps our customers achieve their goals in a wide variety of fields. Medical treatment is as important as realizing optimal clinical and business processes," says Prof. Dr. Heinz-Walter Große, Chairman of the B. Braun Management Board.

Advantages for hospitals and B. Braun

B. Braun has already succeeded in realizing aspects of this innovative concept at Frankfurt University Hospital under a project titled "Reducing costs through controlling consumption". This joint project began with an in-depth analysis of the initial situation: the type and number of disease patterns, prescription habits, existing clinical standards, procedures, quality of the products used, staff education and training levels. Step by step, the project partners then identified and implemented measures to optimize cost by clearly streamlining and changing the range of products used. One of many examples of this is the product change to the B. Braun Intrafix® SafeSet infusion device (see page 18), which not only ensured the required level of quality, but also considerably reduced costs. "We want to offer cost–effective quality products and services at the right time, at the right place and at the right quantity. Rather than focusing on prices of individual products, we are acquiring valuable knowledge and complete medical processes from B. Braun," says Axel Kudraschow, Head of the Department of Material Management and Services at Frankfurt University Hospital.

In addition to Frankfurt University Hospital, B. Braun is also cooperating with other hospitals as part of a system partnership. Thanks to its broad range of products and services, the company has been a one of the top suppliers to many hospitals for decades. "System partnership will enable us to build on our many years of successful collaboration through standardization and through defining the

H.E.L.P. apheresis can form part of a system partnership. The extracorporeal blood purification process was developed with the help of B. Braun for the treatment of serious lipometabolic disorders.

product portfolio together," says Harald Gerlach, Key Account Manager at B. Braun. Hospitals have a keen interest in optimizing their processes through external support and continually reducing fixed costs by means of a homogeneous supplier structure. For its part, B. Braun benefits from larger order volumes and improved customer retention. But how exactly does this system partnership work?

Savings through electronic data management

We have been living in the digital age for quite some time. The exchange, processing, and storage of electronic information and data in all areas of operations is becoming increasingly important – and the medical field is no exception. B. Braun is setting new standards through the development of modern, electronically networked devices and software solutions, such as those used in dialysis and infusion therapy. The company also offers clinics and hospitals expertise in the areas of purchasing, procurement, and logistics. In 2013, B. Braun launched an e-business project together with the University Hospital in Heidelberg. The goal was to transition ordering by fax or phone to an electronic process. As a pilot partner, B. Braun organized a workshop where participants analyzed the situation and agreed upon next steps in the project. Afterwards, both sides harmonized the master data from the orders to facilitate the electronic exchange of data. "The advantages of electronic data management with automatic processes are obvious: time and cost savings, error reduction, easier stock management, and, last but not least, the conservation of resources," says Vera Schormann, Head of Distribution Process Management at B. Braun. For Heidelberg University Hospital, switching to an electronic ordering system lays the foundation for establishing new strategic steps in the procurement process in the future.

B. Braun is a consultant for hospitals, for example, in helping to prevent infections caused by multi drug resistant organisms (MDRO). The company offers a comprehensive concept with a broad product portfolio for patients and clinics.

Holistic treatment concepts

B. Braun works closely with hospitals in a variety of treatment areas. In outpatient lipid management, "H.E.L.P. aphaeresis" is often used. This is an extracorporeal blood purification process jointly developed by B. Braun for the treatment of serious lipometabolic disorders. The acronym “H.E.L.P.” stands for "heparin-induced extracorporeal LDL precipitation." B. Braun is one of the world's largest system suppliers for extracorporeal blood treatment and offers an extensive product range relating to acute renal replacement therapy, chronic dialysis treatment, and aphaeresis performed as part of lipid therapy. Therapy support, educational events, and joint studies complete the collaboration.

The portfolio also includes numerous hygiene products, such as wall dispensers for hand disinfection. Since thousands of patients die of infections caused by multi drug resistant organisms (MDRO) every year, ensuring consistent hygiene in hospitals is an increasing priority. Particularly after procedures, such as hip surgery, there is a risk that bacteria could make their way into the wound and attach themselves to the artificial joint. Pre-operative screenings aid in the recognition of bacterial attacks at an early stage and can help prevent infection. Pilot projects have definitively confirmed this – like the one carried out at the Red Cross Hospital in Bremen, which uses hygiene products by B. Braun. "Several hospitals have had very good experiences with our integrated approach to risk reduction and MDRO prevention. Now we are offering this concept to other customers," says Sonja Kiehle, Account Manager at B. Braun.

Sets reduce infection risk, procedure time and cost

During cardiological examinations in the cardiac catheter laboratory, it is common practice to combine standardized components to form what are known as procedure sets. All components, from the sterile surgical covering and syringes to the invasive pressure measurement are contained in sterile packaging. Depending on the customer's requirements, the set may contain up to 40 individual components. The benefits: huge time savings during surgical preparation, a lower risk of contamination, and a reduction in process costs. For instance, Charité Berlin is currently purchasing approximately 8,000 cardiology diagnostic sets in three versions; sets for other indications are in preparation. In a joint project with the Clinic for Radiology, B. Braun has analyzed potential standards and developed three procedure sets as an initial step. "With the new sets, over 1,000 working hours can be saved per year, and surgery utilization times can be optimized," says Ulrich Struszewski, Key Account Manager for Vascular Systems at B. Braun. In addition, Angelika Wehner, Manager of Radiology Nursing Services at Charité, confirms: "Previously, we had to collect everything we needed from the warehouse and open them, which was rather time-consuming. That took approximately 15 minutes per treatment. Now, we have all the instruments we need on hand – and of course, that is important, especially in emergencies."

The overall economic conditions require increased outsourcing of treatment by hospitals to the outpatient sector. Patients and their relatives also welcome the higher

In preparing for operations every move counts: B. Braun procedure sets include up to 40 individual components, depending on customer requirements. This bundling of components not only reduces the risk of contamination, but saves ordering and application time.

quality of life that comes with treatment in a familiar environment. B. Braun TravaCare is an experienced specialist in home parenteral nutrition treatment and ensures continued high-quality outpatient follow-up care. "Our professional transition management ensures the success of the hospital treatment and continues it in an outpatient setting with advice, care, and extensive support," explains Dr. Peter Adamczyk, Managing Director of B. Braun TravaCare. Patient care managers oversee of the planning and organization required for care at home. Various services, including help with treatment plans, the drafting of documentation, as well as consulting and training and education are included. B. Braun TravaCare typically collaborates with hospitals' oncology and surgery departments.

> In 2014, the Aesculap Academy trained 80,000 healthcare experts worldwide.

Collaboration with clinical studies and continuing education

There are few professions in which continuing education is as important as in the field of medicine. Doctors and nurses have many choices when it comes to satisfying their thirst for knowledge – with the support of B. Braun. In neurosurgery, for example, event series held in university hospitals – with cooperation from B. Braun – offer lectures and hands-on courses by established specialists. "The passing on of knowledge by renowned neurosurgeons to young, committed doctors is a key aspect," says Rainer Ruppel, Vice President of Global Marketing, Spine and Neuro Surgery. Furthermore, experts from the hospitals help the company design courses and symposia to train and further educate other neurosurgeons and B. Braun employees. "This professional exchange underscores our principle of Sharing Expertise," Ruppel emphasizes.

This also applies to the close scientific collaboration between hospitals and B. Braun. The goal is to research and optimize new products and therapeutic concepts together. The numerous clinical trials are implemented either as interventional clinical examinations or non-interventional observational studies. "Specific aspects on which we have focused to date have included the development of patients with home parenteral nutrition with a new lipid emulsion containing omega-3 fatty acids. We have also examined the application of various peripheral vein catheters with and without an injection port," explains Dr. Elke von Kleist, Head of Clinical Development at Medical Scientific Affairs at B. Braun.

Additional training and scientific knowledge can both be found under one roof at B. Braun: In 2014, the Aesculap Academy trained 80,000 healthcare experts worldwide through a total of 1,800 courses held at 40 locations. The seminars and workshops equip doctors, medical professionals from hospitals and private practices, and hospital administrators for the future. Since 1995, the Aesculap Academy has contributed to interdisciplinary dialog in medicine through its extensive continuing education offerings.

System partnership means even more intensive exchange in the future in order to continuously improve patient care. "On the basis of contractual agreements, we promise our clients that we will actively contribute our extensive knowledge of procurement, logistics and application processes – with the aim of sustainably increasing efficiency in hospitals," says Frank Kirchner, the Head of Sales and Marketing at B. Braun Hospital Care Germany. Conclusion: System partnership is a model for success that can be applied to many clinics and hospitals worldwide.

"VALUABLE IMPETUS TO OPTIMIZE OUR CLINICAL AND BUSINESS PROCESSES"

Hospitals and especially university hospitals are under tremendous financial pressure. What is Charité's economic situation?

Dr. Hewer: After the Berlin Wall fell, four formerly independent university hospitals merged under the Charité umbrella. Today, there are 17 Charité centers distributed across 100 clinics and institutes in four locations. The merger was and is a major challenge – including in terms of logistics and purchasing. However, it offers many opportunities and synergistic effects that have a positive impact on the economic situation. With more than 13,000 employees and more than 3,000 beds, Charité is now the largest university hospital in Europe. 2014 was our fourth consecutive year in a row of being in the black.

What points are you focusing on in order to reduce costs?

Dr. Hewer: First of all, Charité's top priority is always first-class patient care. Added to this is the fact that our third-party funds provide the best possible way to develop our research. But of course financial consolidation through efficiency in science, health care and management are also of paramount importance to us. We use a wide variety of measures to increase efficiency. Purchasing is particularly important – our annual purchasing volume is approximately 200 million euros. Therefore, we consider all options in order to save on costs.

Which options are you referring to exactly?

Dr. Hewer: There are many approaches throughout all areas of the hospital where costs can be reduced through favorable conditions and standardization. For example: We obtain more attractive pricing when we have a homogeneous supplier structure in place across our multiple locations and standardize our product groups. This creates enormous potential, but product quality remains our uppermost priority. It's not just about products, price negotiations and discounts, however: Our goal is to use new strategies to increase the quality of the processes on an ongoing basis and B. Braun is an innovative and reliable partner in this.

Dr. Alexander Hewer,
Head of Finance and Purchasing at the Charité University Hospital in Berlin.

What are the core issues in this partnership?

Dr. Hewer: We are currently implementing several joint projects and pursuing a holistic approach. We are scrutinizing existing structures and processes in close consultation with the hospital staff. An experienced, outside perspective is very helpful. We define specific suggestions for improvement, examine the feasibility and integrate the optimized processes in everyday clinical practice. One important point for example is electronic data management, which greatly simplifies and accelerates the entire ordering process. Equally useful is the more efficient configuration of medical treatments, such as through the use of tailored diagnostic sets.

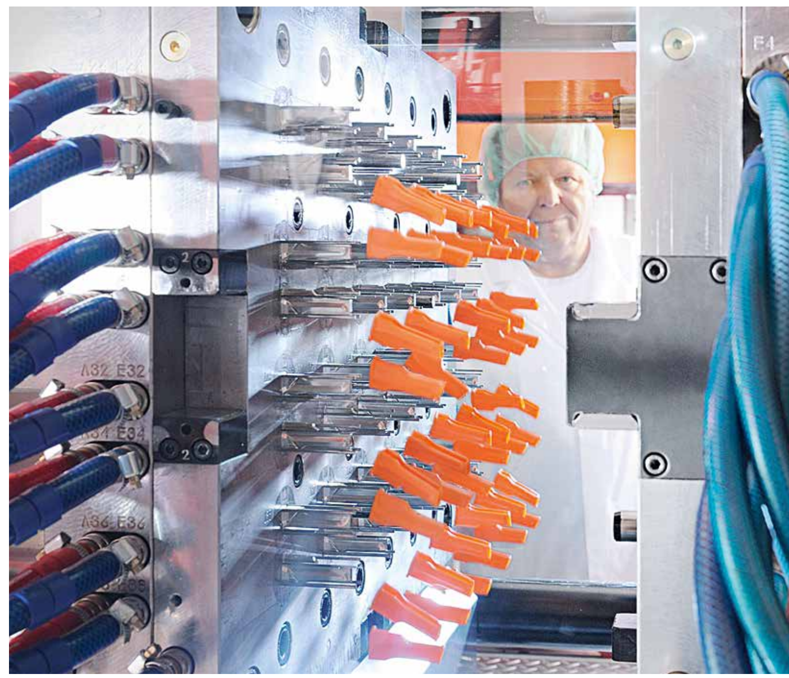
Are there any measurable results yet?

Dr. Hewer: We have already achieved considerable cost savings by working with B. Braun. It gives us valuable impetus to optimize our clinical and business processes. This stable, long-term partnership is a classic win-win situation.

IS IT ALL JUST PLASTIC?

From a small pellet to an indispensable medical device: Infusion therapies are of primary importance when it comes to medical care. Thanks to its innovations, B. Braun makes an important contribution to the increased safety of infusions – for example with the infusion administration set Intrafix® SafeSet. But how is this medical device actually produced? Join us on a trip to the futuristic world of automated production.

1 The process begins with small, transparent color-coded pellets. The Intrafix® SafeSet is produced from plastic granules in several production steps.



2 This production machine heats the granules to approximately 250 degrees Celsius and injects the material into the tool. Roller clamp housings are produced in just a few seconds. The roller clamps are later used to set the infusion drip rate.

During the 20th century, infusion therapy developed into an established medical standard that can save lives. Approximately 90 percent of all inpatients receiving treatment are administered infusions – from nutritional solutions to analgesics. With a wide product portfolio of infusion solutions, administration sets, accessories, pumps, and venous access products, B. Braun covers the complete spectrum of infusion therapy. All products are fully compatible in terms of functionality, providing perfect interaction in their medical application. With our philosophy of "Sharing Expertise", the company shares its extensive knowledge within the area of infusion therapy. "The sharing of knowledge is hugely important not only for us, but also for the users and patients, who also benefit from it", explains Markus Reiß, Key Account Manager at B. Braun Hospital Care. To bring together that knowledge for specific product groups, B. Braun relies on the integrated approach of its Centers of Excellence (CoEs). In the CoEs, employees from the areas of development, machine and tool technology and production work closely together. The goal is to produce a large number of units while keeping quality high and costs low.

When it comes to development and the provision of customer advice, the focus is on risk prevention. "Structured risk management in the area of infusion therapy is one of our main concerns. Through close consultation with our customers, we determine potential risks, assess them, and then develop prevention strategies. The reduction and prevention of known risks significantly increases patient safety and also improves hospital efficiency", says Markus Reiß.

3 An extrusion machine produces 210 meters of PVC tubing every minute. The amount of tubing produced annually in Melsungen could encircle the globe many times.

With its numerous innovative products for the complete scope of applications, B. Braun is greatly reducing the risks associated with the treatment. After all, despite the advancements, infusion therapy has a multitude of risks, from needle-stick injuries and contamination to medication errors. If an infusion device is not properly applied, there is also the risk that air will travel through the tube into the patient's body and cause an air embolism.

Since the market launch of the safe infusion administration set Intrafix® SafeSet approximately ten years ago, the care staff no longer needs to worry – thanks to the AirStop membrane, which prevents the infusion line from emptying. Moreover, the PrimeStop membrane prevents contamination due to medication leakage during priming. Today, Intrafix® SafeSet is the industry standard and is used daily in hospitals around the world. The medical device, which is made from plastic, is produced alongside other products at our company headquarters in Melsungen, Germany. Let us show you how:

Valuable bulk goods

1 The production of the Intrafix® SafeSet begins with millions of small, transparent pellets, called plastic granulate. This is the typical supply form of thermoplastics, and the kind used by B. Braun in manufacturing the Intrafix® SafeSet. Granules are a bulk good like sand or gravel and therefore easy to transport. Large chemical companies make multiple weekly deliveries of the granules by truck to the Pfieffewiesen plant at the B. Braun headquarters in Melsungen. The trucks dock at large aluminum silos, which

4a The individual parts of the infusion administration sets are produced from the pellets: protective cap, drip chamber, tube, and roller clamp.

4b The DIVA, a fully automatic assembly machine, assembles the infusion administration set.

can hold up to 40 tons each, and they empty their loads into the containers located on the outside wall of the production hall. From there, the various types of granules travel through vacuum pipes into the inside of the building. To trace the path of the pellets, we need a professional operator, like Stephan Holzhauer. This 36-year old mechanical engineering technician has been with the company for 20 years. "I kind of know my way around here", he grins, which is a huge understatement. Holzhauer knows every corner of the 7,000 square meter production hall, which adheres to cleanroom conditions as stipulated by the Good Manufacturing Practice guidelines. These conditions are key to ensuring the safe, high-quality production of medical devices. "Hygiene is our top priority", stresses Holzhauer. "After all, we are dealing with people's health". Wearing green caps, overalls, and disposable overshoes, and with disinfected hands, we go deep into the futuristic world of automated production. A few technicians walk through the walkways of the brightly-lit hall, checking measurement data on the monitors and carrying out the necessary procedures. "A total of approximately 270 employees work here in four shifts, six days a week", explains Holzhauer. He walks through the impressive fleet of machines over to a modern injection molding machine and points upward. There it is again, the granules. Tubes suck the material out of the silos and transport it to the injection molding machines.

Injection molding in seconds

2 The roller clamp, which contains a wheel used to set the infusion drip rate, is a key component of the infusion system. One funnel is filled with transparent pellets, another

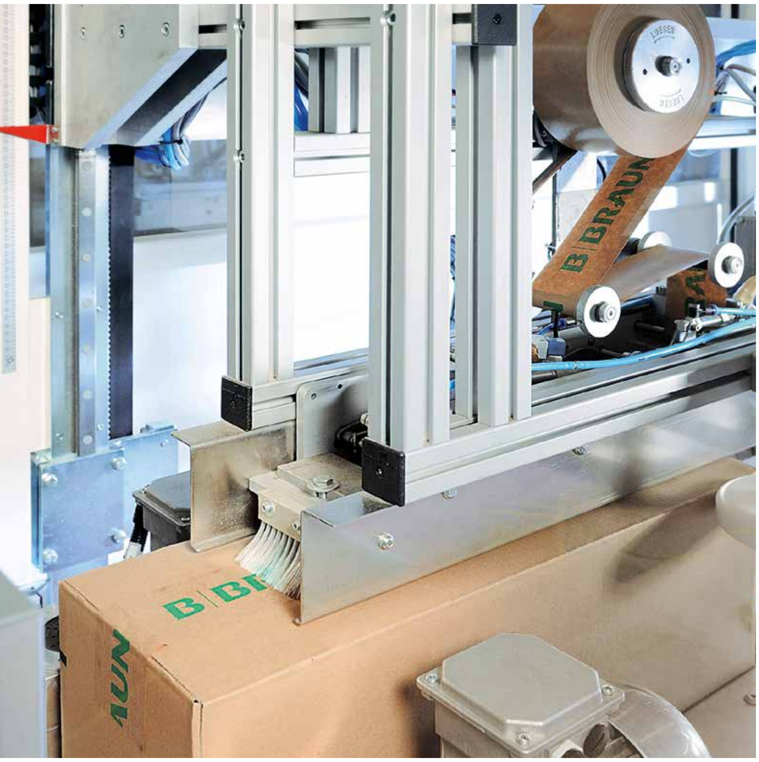
4c The individual parts of the Intrafix® SafeSet are transported to the final assembly area on conveyor belts. They are glued and welded together under continuous quality control.

with orange pellets. These give the roller clamp its eye-catching color as the "master batch". "The injection molding machine heats the granules to approximately 250 degrees Celsius, mixes it all to a homogeneous mass using a screw conveyor, and injects it under high pressure into the tool", explains Holzhauer. The injection molding tools used are highly precise and one-of-a-kind. They are designed and constructed in the facility's own tool shop to meet production requirements. The tool machine for the roller clamp functions in a similar way to bakeware. It contains several dozen "cavities" which give the components their shape. Immediately after the injection of the plastic mass, the newly-created product is kept in the tool and cooled. After a few moments, finished roller clamp housings tumble out. "This process only takes a few seconds", says Holzhauer. This means that several thousand roller clamps are produced in an hour. They make their way to the next production step on elevator conveyor belts. Other components of the Intrafix® SafeSet are produced in a similar fashion, for example, protective caps, air vents, connectors and drip chambers.

3 A special feature is the production of tubing. It is manufactured using an extrusion machine in a continuous process: many thousands of meters per hour, hundreds of thousands of kilometers per year – it would encircle the globe several times. Wound up onto coils, the tube is taken from the machine by a worker and put in interim storage to cool down for the next work step.

From machine to hospital

4 "Now it's time for our DIVA", says Holzhauer with a wink. By this, he doesn't mean a temperamental woman.



5 In the final packaging area, 100 administration sets are packed into each box. A packing robot stacks these onto pallets.

6 WLAN-controlled transport vehicles take the pallets to the high-bay storage area. En route, the boxes are gamma sterilized.

but the centerpiece of production – the Double IV-Set Assembly Machine – a fully automatic assembly system. Currently, there are six "DIVAs" serving in Melsungen. The infusion administration sets are assembled in an area of 80 square meters per machine. All components are transported into the final assembly area via feeding systems. Various grapplers and grip tongs quickly assemble the individual components of the Intrafix® SafeSet. Flexible and rigid components are permanently joined together – a technical production challenge. Camera systems, therefore, continuously conduct quality checks. Ongoing image monitoring means that faulty sets can be identified, sorted out and discarded. Employees also conduct spot checks, to identify such things as scratches, small cracks, and leaks. A fully automatic packaging line is connected seamlessly to the assembly area, sealing and printing the infusion sets. The label identification numbers link the product to the production report, which precisely documents each individual production step in detail.

5 Now we're almost at the end. The final packaging area is located one floor down. "Here, ten so-called 'ward bags' each containing ten sets, are placed into boxes", explains Reinhard Vaupel from warehouse logistics. Each box therefore contains one hundred infusion administration sets. A packing robot then stacks 48 boxes onto dispatch-ready pallets which are then shrink-wrapped.
6 Afterwards, driverless transport systems, controlled by WLAN, perform their task almost silently. En route, in the high bay storage area, every pallet undergoes gamma sterilization to ensure that every Intrafix® SafeSet meets the requirements for sterile use in patients.
7 Order picker David Schäfer then arranges the products according to customer and delivery date, before they leave the warehouse and then to the shipping area.

"Intrafix® is a global product. We supply the entire European market from Melsungen. Other production plants in Vietnam and Brazil supply those regions," says Thorsten Nöll, Vice President Logistic Operations. The output from the

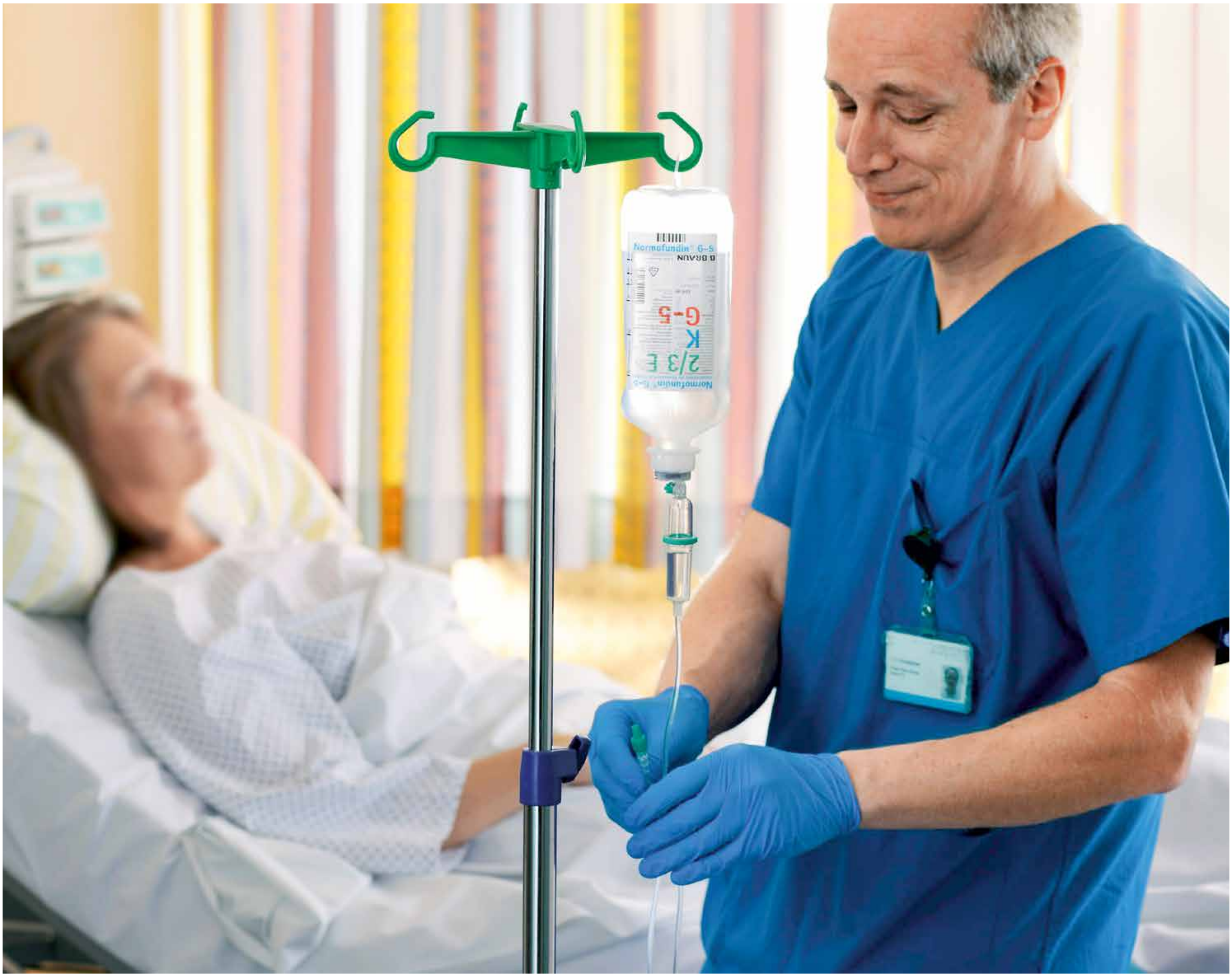
7 To ensure the Intrafix® SafeSets are delivered to the customer on time, order picker David Schäfer arranges the ordered goods as required. They then head off to the shipping area.

8a Once delivered to Kassel Hospital, the products are distributed to the hospital rooms and storage cabinets, so that the nursing staff knows exactly where the SafeSets are.

8b Lars Richebächer, head nurse in the intermediate intensive care unit: "Infusion and transfusion therapies play a central role in many treatments."

Pfieffewiesen plant alone is very significant: Hundreds of thousands of infusion administration sets per day, hundreds of millions of units per year – all of the highest quality. The full pallets leave the plant by truck to make their way to wholesalers and hospitals, including Kassel Hospital.

8 Here, the incoming goods are approved and accepted by hospital receiving and distributed with the packing slip to the various hospital rooms, storage cabinets and drawers. The intermediate intensive care unit is particularly busy. Because the patients in this unit require comprehensive care, it is especially important that the staff is able to work efficiently. For Lars Richebächer, head nurse in the intensive care unit, every move has to be just right. The many important tasks he has to perform naturally include the administration of infusions – dozens of times a day. "Infusion and transfusion therapies play a central role in many treatments", explains Richebächer while taking a bag of ten Intrafix® SafeSets out of a drawer.



9 Lars Richebächer prepares infusions for his patients multiple times a day. "The automatic automatic air elimination feature saves a lot of time in our hectic day," says Richebächer. This helps contribute to safer infusion therapy.

9 Quickly, skillfully and, at the same time, highly focused, he gives a patient an analgesic infusion with the administration set. "The automatic air elimination feature saves a lot of time in our hectic day. That in itself is a very useful invention", says Richebächer. B. Braun, of course, likes to hear this kind of positive feedback from an experienced head nurse, proving once again that the intensive exchange of knowledge and experience between users, customers, and partners is worthwhile. This is also confirmed by Professor Michael Tryba, Director of the Anesthesiology, Intensive Medicine and Pain Therapy Clinic at Kassel Hospital: "Many of the ideas for improving products, structures, and processes which arose from everyday life in the clinic have been developed and optimized by B. Braun in close collaboration with our staff".

GLOBAL INFUSION THERAPY


RUBÍ, SPAIN

In the development area of the "Pharmaceuticals" Center of Excellence, B. Braun researchers develop special ready-to-use solutions. Infusion solutions with the drug paracetamol have been offered in 50 ml and 100 ml Ecoflac® plus containers in Spain since 2012. They are particularly suitable for the treatment of moderate pain after surgery. The benefit in hospital practice: To get an analgesic used every day in an innovative container that combines the advantages of glass and plastic bottles, is user and environmentally friendly, and collapsible.

BETHLEHEM, USA

"Enterprise Initiatives" is a strategic undertaking by B. Braun USA to capitalize on the knowledge, relationships and solutions our company offers. Leveraging the full force of our collective offering, Aesculap, B. Braun and CAPS present a combined platform, and market leading portfolio, to major health systems across the United States. This effort allows customers, at the highest levels, to see B. Braun's commitment to improve patient outcomes, reduce costs and minimize risks. In infusion therapy, for example, B. Braun's safety IV catheter not only helps protect hospital staff, but is also cost effective in minimizing waste and reducing the likelihood of inadvertent needle sticks. "This approach has been welcomed by the industry and we are beginning to see the positive long-term impact Enterprise Initiatives will have on our customer relationships and marketplace presence," says Scott Quilty, Corporate Vice President at B. Braun.

NAIROBI, KENYA

With the "B. Braun for Africa" project, the company is committed to increasing safety in hospitals and reducing risks to the patient. In cooperation with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Strathmore Business School, B. Braun has developed five- to ten-day training programs for managers and nursing staff in Kenyan hospitals, in which, for example, the specialist preparation of infusions is taught. One milestone was the establishment of the B. Braun subsidiary in Nairobi in September 2014. Reliable products for infusion therapy – for example, infusion pumps and IV catheters – were in high demand from the very start (see page 153).

RIO DE JANEIRO, BRAZIL

In the Clinica São Vicente da Gávea, only B. Braun infusion pumps are used in order to ensure safety in patient treatment. Since 2012, the medical staff has been working with the software solution Space OneView, a central alarm management system that provides an overview of the infusion data for all B. Braun Space infusion pumps. Doctors and nurses are able to use a traffic light system to see the status of the relevant infusion and are informed in advance of the end of infusion. This can result in reducing administrative effort for the staff and increasing patient safety.

MELSUNGEN, GERMANY

The storage, order picking and shipping of all B. Braun products is performed in the European distribution center. It is the heart of the company's logistics operation. Every day, 50 trucks deliver approximately 1,500 pallets of goods, over half of which carry infusion therapy products. There are also approximately 400 pallets of infusion sets and infusion solutions which are produced in Melsungen. The products are sorted in the fully automated high-bay storage racks with its more than 60,000 pallet spaces. B. Braun Melsungen receives thousands of orders for infusion therapy products on a daily basis. An efficient logistics network takes the goods quickly and safely to customers – across Europe.

PENANG, MALAYSIA

In its Asia Pacific headquarters on the island of Penang, B. Braun manufactures, among other things, infusion solutions, elastomeric infusion pumps, IV catheters, venipuncture kits and other cannulas. The disposable products for venipuncture are innovations of the "IV Access" Center of Excellence (CoE), a recognition given to the Penang site in 2006. With the responsibility to develop and manufacture venipuncture products, Penang focuses its competence on the development and production of cannula systems, and expansion of the range of products which incorporates additional safety features. This has resulted, for example, in the new Introcan Safety® 3 – the latest development of the IV catheter.

MANILA, THE PHILIPPINES

"Intravenous Therapy Updates" is a course held in Aesculap Academy in collaboration with the Association of Nursing Service Administrators of the Philippines (ANSAP). The update is a venue for nurses to learn about various topics including the reduction of risks associated with infusion therapy: For example, needle-stick injuries can result in the worst-case scenario in infections such as HIV or hepatitis B and C – a significant risk for medical staff. The penetration of particles into the infusion fluid, microbial and chemical contamination of infusions, drug incompatibility, medication error and air embolism are also discussed, since they lead to risks for the patient and compromise therapeutic success. "We consider our partnership as diamonds, made more precious with our access to B. Braun's infrastructure and expertise for our training courses. Like diamonds, we hope it's forever", says ANSAP President Dr. Maria Linda Buhat.

A MATTER OF THE HEART

In recent decades, modern heart surgery has faced a special set of challenges – an aging patient population and diseases that are oftentimes fatal. Medical science, however, is making huge strides using innovations such as B. Braun's stent and balloon catheters. These advances saved Günter Preiss' life.

"Pain like you can't imagine," says Günter Preiss. The 81-year-old Berlin resident not only grimaces at the memory, but also involuntarily places his hand on his heart. And no wonder, because that's the point — this is his personal "matter of the heart," which has plagued him for nearly 30 years. Preiss was 56 when he had his first heart attack, although he was not your typical patient. He is a non-smoker, slim, and athletic. He used to ski regularly and won numerous trophies as an amateur sailor. Preiss did not exhibit any of the usual risk factors for cardiovascular disease, such as dyslipidemia, hypertension, cigarette smoking, obesity, or diabetes. In his job as chief engineer of a large body shop, he was always dedicated and fully committed to his work. "Twelve- to fourteen-hour days were the norm, and I often worked on the weekends, too," Preiss recalls.

Mentally and physically, he felt up for the task, but at a certain point his heart could no longer keep up. During one particularly stressful situation in 1988, he began experiencing severe chest pain, couldn't take a deep breath, and felt as though "the ground had been ripped out from under his feet." His wife immediately rushed him to the emergency room. Diagnosis: heart attack.

When heart attack threatens

Heart attack is the undisputed number one cause of death worldwide. Heart attacks are caused by a stenosis, a reduction or even an interruption in the blood supply to the heart due to a narrowing or blockage of the coronary arteries. In healthy hearts, the coronary arteries supply the heart muscle with oxygen and nutrients. Stenoses are usually caused by atherosclerosis. This widespread hardening of the arteries involves the formation of plaque, which is deposits of fat and other substances that adhere to the vascular wall. A heart attack can occur when a section of plaque ruptures: the result is a blood clot, which can completely block the affected vessel. Atherosclerosis is a chronic, progressive – and ultimately incurable – disease. Günter Preiss is alive. And he gives a cheerful wink to one of the people he owes his life to: Dr. Eckart Fleck, longtime director of the Medical Clinic for the German Heart Institute Berlin and board member of the German Society of Cardiology.

Bypass surgery as a rescue

Despite his heart attack, Preiss was lucky. Successful bypass surgery followed his stabilization phase. The heart surgeon bridged the vasoconstriction using a vein that he harvested from elsewhere in the patient's body – usually the legs. Although it has become routine, bypass surgery continues to be a serious procedure that is performed under general anesthesia. During this type of surgery, the chest is opened and the heart function is often replaced by a heart-lung machine for the duration of the operation.

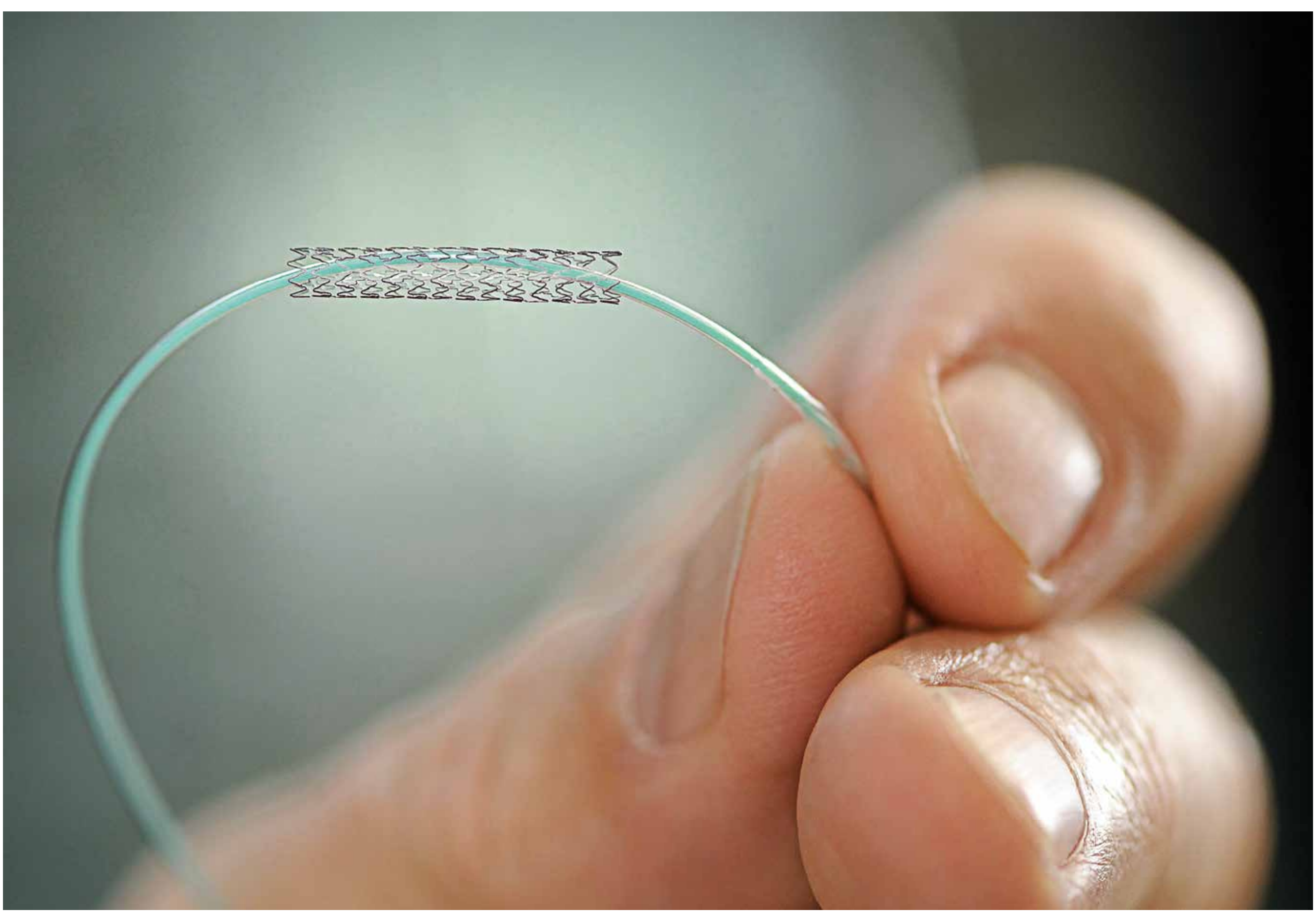
Günter Preiss' operation took seven hours. Three bypasses were created. His doctor advised him to avoid stress in the future and to start working significantly fewer hours. "But the board at my company did not need to do much convincing to get me back in the production hall after just a few months," the diehard engineer recalls. He felt really well for 10 years, eating a healthy diet and getting plenty of exercise. Preiss suffered a setback in 1998 after he retired. "We were in Warnemünde on vacation, and I suddenly dropped to my knees." At first, Günter Preiss did not want to admit that he was experiencing symptoms again and drove all the way back to Berlin himself. He was admitted to the intensive care unit and underwent his second bypass surgery.

Stents and balloon catheters — advances in medicine

Günter Preiss suffered from the same, recurrent complaints over the next several years. Today, however, he increasingly benefits from medical advances: stents and balloon catheters provide a less invasive treatment.

"You need to have the right touch to do this properly. Because until you reach the stenosis, you often have to navigate sharp curves, all while the heart is beating and moving."

Dr. Eckart Fleck,
Long-time director of the Medical Clinic for the German Heart Institute Berlin and board member of the German Society of Cardiology.



Milestone in cardiology: the drug-eluting stent Coroflex® ISAR by B. Braun. Its coating allows for a controlled delivery of the drug to the vessel in order to prevent a narrowing of the coronary artery.

Cardiac patient Günther Preiss has benefited from medical advances. In recent years, the 81-year-old Berlin resident has had numerous minimally-invasive procedures. Today, he is looking forward to his next sailing excursion on Berlin's Stößensee lake.

“I’m not particularly interested in the details of medical innovations. I’m happy that today I’m able to lead a good life.”

Günther Preiss,
Cardiac patient from Berlin, Germany

Dr. Fleck is a recognized expert in this form of therapy. The focus of angioplasty is to prevent the blood vessels from narrowing again — a restenosis. The stent itself offers no guarantee that it will keep blood vessels open and the blood flowing, and it can even cause the blood vessels to narrow. B. Braun helps reduce the risks of such narrowing by coating stents with medications. B. Braun's latest innovation in this arena is the polymer-free coated drug-eluting stent called Coroflex® ISAR. B. Braun developed it in close cooperation with the German Heart Center in Munich, Germany. "This product releases the drug sirolimus on a controlled basis in order to prevent restenoses. The coating, together with the drug, is completely absorbable within three months, which should significantly reduce the risk of later inflammatory reactions," explains Dr. Jorge Calisse, who is responsible for stent development at B. Braun Vascular Systems in Berlin. Over the years, this area of the Aesculap Division has established itself as one of the leading European manufacturers of products for interventional angioplasty.

For up to twelve months, the patient must also take medication that keeps platelets from clumping in order to prevent dangerous blood clots from forming in the stent. If this is contraindicated, then it makes sense, depending on the disease, not to implant a stent in the first place. Instead, the doctor can place and inflate the drug-coated SeQuent® Please balloon catheter along the vascular occlusion — another innovation by B. Braun. The balloon surface then releases a growth-inhibitory drug, thereby achieving sustained vasodilatation without the implantation of a stent.

"It is a minimally-invasive, non-surgical technique used to dilate narrowed or blocked blood vessels mechanically," explains Dr. Fleck. The treatment is performed under local anesthesia and the patient can leave the hospital soon after the procedure. In balloon dilation, the physician guides a tiny balloon that is positioned on the tip of a thin catheter through a small incision in the skin and guides it into a larger artery, pushing the balloon and catheter into the narrowed coronary artery.

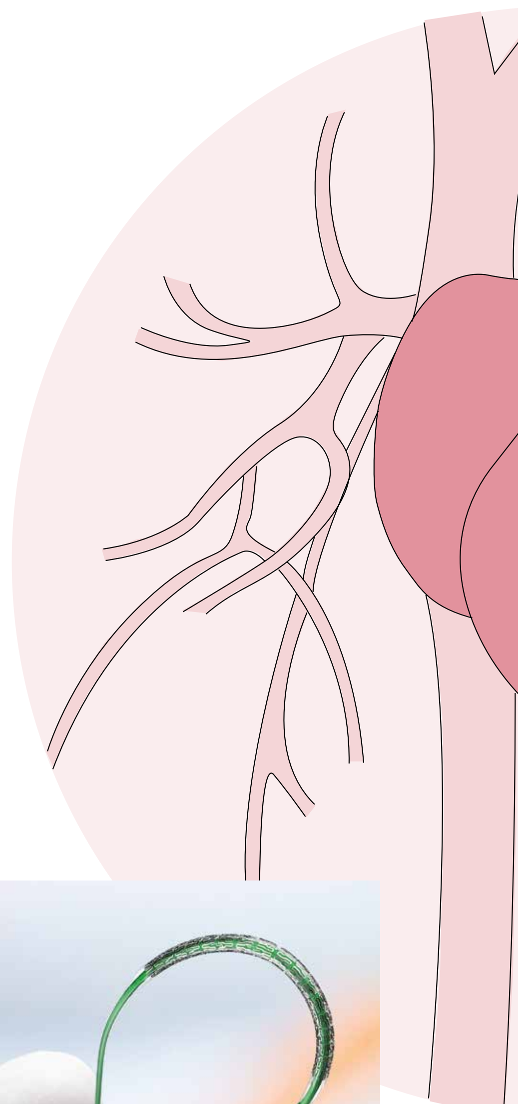
"You need to have the right touch to do this properly. That's because before you reach the stenosis, you often have to navigate sharp curves while the heart is beating," says Dr. Fleck. At the narrow point, the balloon is inflated using high pressure – the vessel expands, and blood can flow again.

Günter Preiss has what you might call a close relationship with his stent: over time, he has had numerous minimally-invasive procedures. He has been Dr. Fleck's patient for about the past twelve years and you can tell right away that the two men get along well. They sit together comfortably in the building housing the German Society of Cardiology near the Brandenburg Gate, and recap Preiss' long medical history.

The heart specialist was the one who advised Preiss against having an additional difficult bypass surgery in 2005 and instead wanted to treat him with particularly well-placed stents. "I guide the stent with the balloon catheter exactly to the point where the constriction is located and then use the balloon to dilate the vessel. Then I release the pressure from the balloon and remove the catheter while the stent remains in the coronary artery and keeps it open. Within a month, the stent is completely surrounded by tissue," the physician states.

But Günter Preiss is not particularly interested in the details of medical innovations. He is happy that today he is able to lead a good life and is already looking forward to his next sailboat excursion on Berlin's Stößensee.

B. BRAUN AS A SYSTEM PARTNER IN CARDIOLOGY

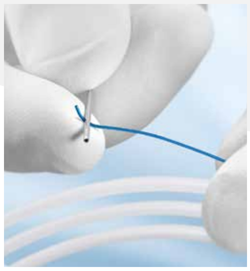


BALLOON CATHETER IN ANGIOPLASTY

In 2009, B. Braun first introduced an innovative drug-coated balloon (DCB), SeQuent® Please, to the market. From that point forward, SeQuent® Please offered patients and doctors significantly improved chances for a symptom-free life even without an implant.

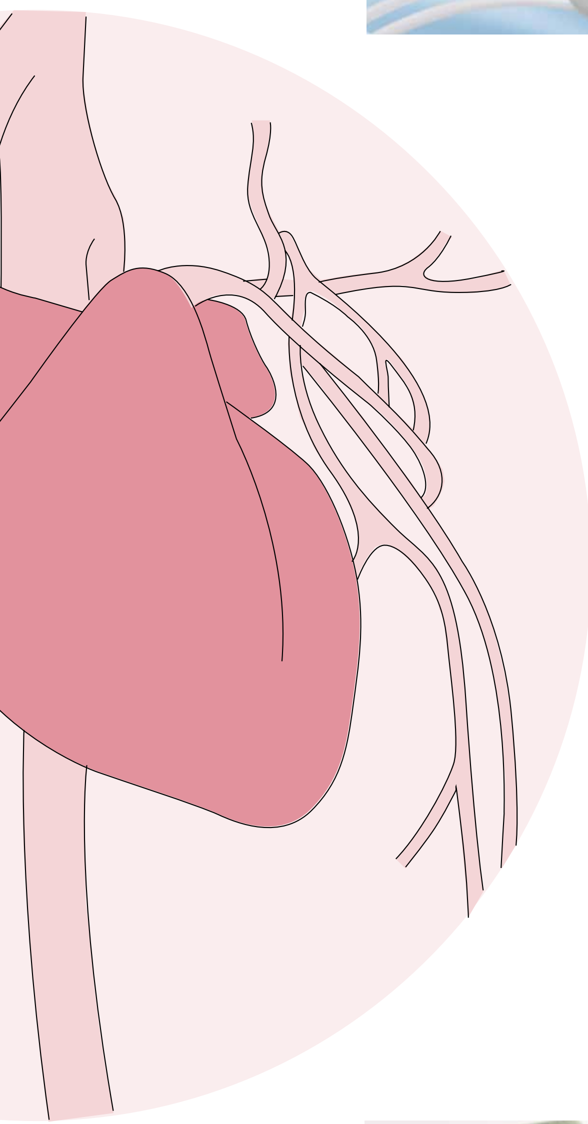
STENT CATHETER IN ANGIOPLASTY

With the launch of the innovative, polymer-free coating technology of the Coroflex® ISAR drug eluting stent (DES) in 2014, B. Braun set itself apart from its competitors with its focus on the future. All of B. Braun's interventional drug application systems avoid the use of polymer as a drug carrier. This keeps the rate of complications following use to a minimum.



ANGIOPLASTY & ANGIOGRAPHY ACCESSORIES

For successful vascular therapy, B. Braun Vascular Systems offers indispensable accessories such as diagnostic and guide catheters, guidewires, inflation devices and therapeutic core products for coronary interventions.



HEMODYNAMIC MONITORING

Based on hygiene requirements in the catheter laboratory, B. Braun provides customers with transducer sets for invasive blood pressure readings and products to determine heart rate.

CUSTOMER-SPECIFIC SETS

Depending on the customer's needs, surgical drapes, bowls, syringes, scalpels, wires, and many more products from B. Braun's extensive portfolio can be compiled into customer-specific sets (see also page 12).

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT

Five-Year Overview

	2010 € million	2011 € million	2012 € million	2013 € million	2014 € million
Sales	**4,422.8**	**4,609.4**	**5,047.8**	**5,169.5**	**5,429.6**
Cost of Goods Sold	**2,341.7**	**2,469.7**	**2,752.7**	**2,824.8**	**3,041.6**
Functional Expenses	**1,595.9**	**1,686.5**	**1,817.9**	**1,860.0**	**1,950.0**
Selling, General and Administrative Expenses	1,440.5	1,506.9	1,626.5	1,641.4	1,721.2
Research & Development Expenses	155.4	179.6	191.4	218.6	228.8
Interim Profit	**485.2**	**453.1**	**477.2**	**484.8**	**437.9**
Operating Profit	**456.2**	**435.0**	**469.2**	**478.5**	**422.7**
Profit before Taxes	**389.6**	**363.0**	**403.1**	**422.5**	**407.6**
Consolidated Net Income	**277.4**	**257.7**	**288.6**	**315.5**	**316.3**
EBIT	**462.2**	**435.4**	**478.3**	**487.8**	**480.3**
EBITDA	**700.5**	**691.3**	**757.5**	**784.9**	**798.4**
Assets	**4,686.1**	**5,140.5**	**5,483.5**	**6,079.5**	**6,766.8**
Intangible Assets (incl. Goodwill)	218.6	268.0	337.5	385.7	514.6
Property, Plant, and Equipment	2,305.0	2,541.7	2,736.8	2,896.6	3,302.6
Other Financial Investments	22.0	38.9	45.1	471.6	30.3
Inventories	780.0	833.4	873.6	901.5	1,005.7
Trade Receivables	933.5	1,016.3	952.2	971.1	993.7
Equity	**1,984.0**	**2,101.2**	**2,259.2**	**2,445.0**	**2,564.0**
Liabilities	**2,702.0**	**3,039.2**	**3,224.3**	**3,634.5**	**4,202.8**
Pension Obligations	513.3	650.3	816.7	798.5	1,098.5
Financial Liabilities	1,233.4	1,401.7	1,368.9	1,773.8	1,870.2
Trade Accounts Payable	216.8	219.7	243.0	273.4	311.9
Investments in Property, Plant, and Equipment, Intangible Assets, and Financial Investments, including Business Acquisitions	**601.2**	**573.3**	**588.5**	**1,029.4**	**931.3**
Depreciation and Amortization of Property, Plant and Equipment and Intangible Assets	**238.2**	**252.9**	**279.1**	**297.2**	**318.1**
Personnel Expenditures	**1,581.7**	**1,648.9**	**1,834.4**	**1,885.3**	**2,031.3**
Employees (annual average)	**40,316**	**42,736**	**45,381**	**48,264**	**52,196**

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 total, the B. Braun product range comprises 5,000 products, 95 percent of which are manufactured by the company. By offering supplementary services and consulting, B. Braun is a system supplier that develops the best solution for patients in close partnership with customers, 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, among others, with infusion equipment and supplies, infusion and injection solutions, intravenous catheters, products for clinical nutrition, as well as pumps and their 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 product portfolio, Hospital Care provides hospitals with a unique 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, and regional anesthesia. Globally, we rank second in the field of intravenous catheters. The division is also the European market leader in automated infusion systems and standard IV solutions. We continue to grow our 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 presence in this area.

B. Braun Aesculap

The Aesculap Division develops and distributes products and services for surgical, orthopedic and interventional treatment processes in the medical field. The extensive product range of the B. Braun Group enables the development of comprehensive cost-effective solutions, allowing us to build strategic partnerships as a result. We provide added value to our customers by helping them improve internal efficiency through process optimization.

Aesculap is the global market leader in surgical instruments and sterile container systems and a major global supplier in the fields of neurosurgery and wound closure. For degenerative knee and hip conditions, we have developed advanced product concepts for specific market segments. This includes instruments for minimally invasive procedures, short-stem hip prostheses and abrasion-optimized, anti-friction surfaces for knee implants. With the Einstein Vision® 3-D camera and bipolar "seal and cut" instruments, Aesculap offers innovative products for precise 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 in endoscopic vascular surgery. In the area of spinal surgery, we provide surgeons with innovative surgical solutions based on exclusive treatment concepts. Our suture portfolio focuses on specific applications, such as cardiovascular surgery or monofilament suture thread for abdominal wall closure.

B. Braun Out Patient Market (OPM)

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.

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

B. Braun Avitum

B. Braun Avitum is one of only a few full-range suppliers in the field of extracorporeal blood treatment worldwide. The division provides 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.

We also operate a network of more than 290 dialysis centers in Europe, Asia, Latin America and South Africa, and provide care for over 22,000 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 consistent 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 create new and efficient treatment processes.

Aesculap Academy

Through the 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 2014, the Aesculap Academy once again delivered training to approximately 80,000 medical experts worldwide. We are continuing to expand the range of indication-related workshops. In the field of laparoscopy, we have further expanded our virtual simulation techniques using a haptic simulation trainer. In cooperation with the Surgical Working Group for Minimally Invasive Surgery (CAMIC), e-learning units have also been integrated into the training courses.

In Germany, for example, Aesculap Academies offer training on standard approaches in trauma surgery and modules in cardiothoracic surgery. There are also seminars in visceral surgery and intensive care. Our unique offering covers a wide range of indications and enable subject-specific training.

Globally, we are consistently implementing strategic objectives and business priorities above all by means of standardized course concepts. The Hand Hygiene Excellence Award addresses the important issue of hygiene in hospitals, in Asia and Europe and now in Latin America. In order to make the latest scientific knowledge available globally, in 2014, we utilized modern technologies to webcast lectures from the European Society for Clinical Nutrition and Metabolism congress in Geneva, Switzerland to Russia, Mexico, Argentina, Thailand, South Africa and Pakistan. In addition, workshops with international speakers were conducted in Europe on "IV therapy and IV access" and broadcast to Asia and Latin America.

Corporate governance and control

Besides its own operating activities, B. Braun Melsungen AG also provides central services for the Group. In addition to the Group's management, several other areas are located here performing functions for the Group. In particular, these include Group accounting and controlling, international human resources, purchasing, IT and logistics, the legal and tax departments, and 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 efficiently 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 controls systems, accounting processes, and financial statement audits.

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. In addition, we evaluate the development of working capital from the key figures of Days Sales Outstanding (DSO) and Coverage in Weeks (CIW).

B. Braun's commitment to the principles of responsible corporate governance and control reflects its adherence to recognized standards. The ultimate objective is the long-term success of B. Braun as a family-owned company. Our "Code of Conduct" has defined how we conduct ourselves toward customers since it was established 1996. For us, corporate governance and compliance are not only our duty, they are a basic requirement for the sustainable management of our business. The legal and ethical conduct of our employees is central to our value system. Compliance with national and international regulations regarding product registration, production validation and product safety is an important obligation. B. Braun has a global compliance management system that, in addition to legal compliance, also includes ethical values such as fairness, integrity and sustainability. An overall Group Compliance Office and local Compliance Officers ensure that all employees conduct themselves in accordance with consistent standards.

Through its subsidiaries and holdings, B. Braun operates in 62 countries. The B. Braun Group includes 252 (previous year: 227) fully consolidated companies. 21 (previous year: 16) holdings are consolidated using the equity method of accounting.

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

Group strategy

Our five-year strategy period ended with the year under review. During this period, we have been able to achieve key strategic objectives. With an average annual sales growth rate of 6.2 percent, we have exceeded our strategic range of 5 to 6 percent. We increased EBITDA, which is an important key performance indicator for us, by € 178 million between 2009 and 2014. The EBITDA margin was at a level of 15 percent during the strategy period. We were not able to achieve our strategic objective of an EBITDA margin of 17 percent of sales. In particular, external factors, such as a drop in prices due to an intensification of competition and reimbursement cuts in the public sector have prevented an increase in profitability. Start-up and integration costs related to our extensive expansion activities are also currently having a profit-reducing effect. More costly approval processes for medical and pharmaceutical products and additional requirements by the Food and Drug Administration (FDA) for existing production lines are also affecting profit margins. The company is not listed on any stock exchange and is wholly-owned by the family. The equity ratio was sustained above 40 percent, adjusted for the effects of the amendments to IAS 19 regarding the recognition of actuarial gains and losses, and at the end of the strategy period reached 42.9 percent. Therefore, we have not yet fully achieved our strategic goal of increasing the equity ratio to 45 percent; we have, however, already realized a significant step in this direction. We increased equity by more than € 940 million within the five-year strategy period. We had intended to invest between € 2 to 2.5 billion to expand production capacities and to develop new markets. These investments were to be financed primarily from our own resources. We have actually invested € 3.2 billion in tangible assets, intangible assets and company acquisitions. We have financed approximately 80 percent of these from our own resources. This laid the important groundwork for future volume growth and improved profitability.

After the successful completion of the 2014 strategy period, we have developed the strategy for the period 2015 – 2020. The B. Braun Group's strategy remains founded on the values 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 activities underscore our intention to maintain our position as one of the leading healthcare companies in the future. We won a number of awards and distinctions in 2014, which again validated our Group strategy. The B. Braun subsidiary Aesculap received the "International Neurobionic Award 2014" for developing a basic set for neurosurgical instruments. This basic set also allows hospitals in economically deprived regions access to an instrument set that meets the global standard. The B. Braun IV catheter Introcan Safety® 3 and the IV needle Venofix Safety® have been awarded the prestigious "Good Design Award." The jury was impressed by the unique combination of innovative technology and product design. The B. Braun participation in CeGaT received the "Founder Champions 2014" KfW award and also won second place in the "Technology Fast 50 Award 2014" sponsored by the consulting firm Deloitte. Both awards honor B. Braun's innovative approach to decoding genetic information in connection with the medical interpretation of the data and the dynamic growth of the company.

By structuring our divisional organization into Centers of Excellence (CoE), we are able to respond rapidly to changes in the market and ensure the fast and efficient sharing of expertise within our Group. B. Braun intends to increase the benefits to its customers by combining products and services as a holistic system provider. In everything we do, we focus on the creation of sustainable value. We are well aware of our responsibilities to our customers, patients, employees, and, not least, society as a whole, and also take these into account in our decisions.

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 focus on improving safety for patients and staff and simplifying hospital processes. In the infusion therapy business segment, we want to expand the portfolio of infusion pumps with new products and features, as well as continue developing existing product generations. The Pharma sector is developing products for clinical nutrition and infusion containers from the Ecoflac® plus container generation. We have also relaunched the elastomeric infusion pumps. This single-use infusion pump enables medication to be safely and easily infused, independent of external power sources; this can even be performed at home.

The research and development activities of the Aesculap Division focus on endoscopy, orthopedics, spinal surgery, vascular systems, and modern wound closure technologies. The continued development of existing knee, hip and spine implants, the development of new implants, and the development of the necessary surgical instruments and devices are the main activities in the field of orthopedics. The Excia® hip arthroplasty, in conjunction with the Excia® implantation instruments, permit less invasive patient care. In addition, coating orthopedic implants with Plasmapore® provides solid secondary stability in the bone.[1] In April 2014, our Einstein Vision® system, a 3D endoscopy system, was also approved

[1] Tropiano / Diop / Dejou / Bronsard / Poitout: Interbody arthrodesis using a plasmapore titanium block. Mechanical and histological experimental study in sheep. Chirurgie. 1999; 124(1): 58 – 65 and Cheng: Biomechanical Pullout Strength and Histology of Plasmapore®XP Coated Implants: Ovine Multi Time Point Survival Study. Investigational Report 2013.

for use in cardiac surgery. The Vascular Systems business area focuses on developing catheter-based drug delivery systems and access port systems. The drug-eluting balloon catheter SeQuent® Please shows a significant reduction in restenosis and complication rates. A variety of medical studies have confirmed this[2].

The OPM Division concentrated on expanding its stoma care portfolio. For example, a new generation of a two-part ostomy pouch that uses a mechanical coupling has been developed. In addition, we have also acquired patents and rights related to innovative ostomy products from an Israeli company. Further developing urological products, hand disinfection and wound care has been another focus.

The aim of research and development within the B. Braun Avitum Division is to improve treatment quality and efficiency for dialysis. One focus is to further develop dialysis machines for hemodialysis and acute dialysis. In the area of consumables, our development efforts have been focused on optimizing ease of use and efficiency. We are concentrating on continuously optimizing hollow fiber membranes in the xevonta and Diacap® dialyzer families.

[2] For example: Unverdorben / Kleber / Heuer / Figulla / Vallbracht / Leschke / Cremers / Hardt / Buerke / Ackermann / Boxberger / Degenhardt / Scheller: Treatment of small coronary arteries with a paclitaxel-coated balloon catheter. Clin Res Cardiol. 2010 Mar; 99(3): 165 – 74 and Wöhrle / Zadura / Möbius-Winkler / Leschke / Opitz / Ahmed / Barragan / Simon / Cassel / Scheller: SeQuentPlease World Wide Registry: Clinical results of SeQuent please paclitaxel-coated balloon angioplasty in a large-scale, prospective registry study. J Am Coll Cardiol. 2012 Oct 30; 60(18): 1733 – 8.

Economic report

Macroeconomic and industry-specific environment

Performance of the global economy[3]

The global economy continued to recover throughout 2014. However, this recovery did not match the forecasts. Developed countries achieved slightly higher growth over the previous year. After a decline in the previous year, the eurozone's development improved slightly. The emerging markets again showed lower growth rates than in the previous year, failing to live up to expectations and resulting in a lack of stimuli for the recovery of the world economy. The consequences of the public debt crisis continued to have a negative effect on the economic climate. Geopolitical conflicts in Ukraine and in the Middle East reduced growth in the affected regions. This had a negative impact on exports in industrialized nations.

Change in gross domestic product in %	2013	2014
Europe	**0.5**	**1.5**
Germany	0.2	1.5
Spain	−1.2	1.4
Portugal	1.5	1.0
Greece	−3.9	0.6
Italy	−1.9	−0.4
Ireland	0.2	3.6
Turkey	4.0	3.0
Poland	1.6	3.2
Hungary	1.1	2.8
Russia	1.3	0.6
North America	**2.1**	**2.2**
USA	2.2	2.4
Latin America	**2.8**	**1.2**
Brazil	2.5	0.1
Argentina	2.9	−1.7
Asia & Australia	**5.5**	**5.5**
China	7.8	7.4
India	5.0	5.8
Indonesia	5.8	5.2
Malaysia	4.7	5.9
Australia	2.3	2.8
Japan	1.5	0.9

Germany's growth benefited from strong domestic demand and construction output. The German labor market remained stable with unemployment significantly below the average for the eurozone.

Countries affected by the public debt crisis continued their recovery. The measures introduced to promote fiscal consolidation began to take effect and stimulated growth in Spain, Portugal and Greece. In Italy, there was less decline in economic output than in the previous year. The reforms that were introduced in Ireland took effect, which in turn led to a significant improvement in economic growth.

The recovery of Turkey's economy benefited from growth in consumer spending and a more relaxed monetary policy. Poland was able to increase growth through robust domestic demand. In Hungary, growth was also stronger than in the previous year driven by private consumption.

Development in Russia was negatively impacted for a number of reasons and growth rates declined significantly. Investor confidence was affected by the conflict in Ukraine and the sharp devaluation of the ruble, and resulted in an outflow of capital. Sanctions imposed by Western countries reduced economic growth, and the sharp decline in oil prices led to a decline in export revenues.

After a weak start to the year, the US economy increased its growth significantly from the second quarter onwards. Positive effects were due in particular to an improvement in the housing market and greater investments. In addition, wage increases improved the economic situation for private households. The positive momentum of an expansionary monetary policy took hold and ensured stable development. In October, the Federal Reserve decided to terminate the program of buying bonds in light of continued recovery. Overall, however, the growth momentum remained stable.

Latin America's economy showed lower growth than in the previous year. This was due to weak export growth and inflation that continued to rise. In Brazil, a lack of investor confidence and stricter monetary policy led to a decline in investments. The increase in interest rates and a less expansionary monetary policy from the central bank compounded

[3] International Monetary Fund: World Economic Outlook, October 2014 & Update January 2015

the trend. These factors, together with poor international industrial competitiveness, caused a significant decline in economic growth. In Argentina, the uncertainty regarding the repayment of government debt and an increasingly unstable public budget caused the investment climate to deteriorate. Together with rising unemployment, this signified that the Argentine economy was sliding into a recession.

In contrast, growth in Asia was stable in 2014. Increased investments in infrastructure and public housing in China also ensured stable development. In addition, small and medium-sized enterprises benefited from tax relief. India increased its economic growth through increased exports and investments. Indonesia's performance was weaker than in 2013, whereas Malaysia improved its economic performance. In Australia, the economy grew due to an increase in exports, among other things. Japan was hard hit in the second quarter due to its consumption tax raise.

Performance of the healthcare market

In 2014, the global healthcare market performed strongly. The impact the public debt crisis had on public budgets is declining, but was still felt around the world. The German healthcare industry grew slightly, benefiting from the overall economic situation. The price freeze imposed by the federal government continued through 2014, and continues to put a strain on B. Braun's margins in the German market.

The recovery of the healthcare market faltered in the southern European countries most affected by the sovereign debt crisis. Health expenditures declined slightly in Italy, Spain and Portugal. Public spending budgets remain depressed, which is a result of the continuing effects of the sovereign debt crisis. High unemployment and declining pensions continue to take their toll on private healthcare spending.

The development of the Russian healthcare market is dominated by political events. The healthcare provision is limited, and foreign companies are increasingly disadvantaged in public tenders.

In the US, the healthcare market experienced strong growth in 2014. The Affordable Health Care Act, however, puts greater pressure on all areas of the healthcare system to be more efficient. In particular, there was a significant price drop in the orthopedics business segment. Private healthcare spending increased overall however, driven by the continued growth of the US economy.

The healthcare industry in Latin America showed positive growth. In Brazil, health spending increased. One reason for this is the government's goal to provide lower income groups with better access to healthcare.

Within the Chinese healthcare market, the growth trend of recent years continued, moving well into double figures in the reporting year. The further opening of the healthcare market continued. Private capital is being increasingly used to expand healthcare, particularly in the hospital sector. In addition, the government increased its investment in hospital construction. Thus, in comparison with the overall healthcare sector, the hospital sector grew significantly above average. The healthcare industry in India again showed increased growth, and was clearly very dynamic. The factors driving growth in the Asian healthcare markets continue to be population growth combined with an aging society, and the expansion of the healthcare systems resulting from increasing prosperity. Due to budgetary constraints, healthcare spending increased only slightly in Japan.

The supply side was characterized by a strong wave of consolidation in the pharmaceutical and medical device industry. Major manufacturers are beginning to focus on individual fields of therapy. This is intended to stabilize and re-expand achievable margins despite price pressure and mandatory discounts.

Business performance and financial position

Business performance

Within the 2014 reporting year, performance of the B. Braun Group was satisfactory. With an increase in sales at constant exchange rates of 7.3 percent, we exceeded our anticipated range of three to seven percent. As expected, the B. Braun Avitum business performance was the most dynamic. At constant exchange rates, the other divisions show increased sales within our strategic goals, but to a certain extent are heavily impacted by fluctuations in the exchange rate. In local currencies, the regions Latin America as well as Asia & Australia achieved strong sales growth. This is in line with our expectations from the previous year. However, these increases are significantly reduced when converted to euros. The European (including Germany) and North American markets developed well. The negative effects of fluctuating exchange rates again influenced sales development for the year under review, meaning that sales in euros increased by 5.0 percent.

As of December 31, 2014, we have invested € 931.3 million (previous year: € 1,029.4 million) in building new factories, dialysis centers and holdings. This helped further strengthen our position within the global healthcare market and pave the way for future growth.

The development of the EBITDA performance indicator within the reporting year is in line with our expectations. We generated an EBITDA of € 811.8 million at constant exchange rates. Therefore, EBITDA was 3.3 percent above the previous year and reached the target range of € 800 – 840 million. However, our key performance indicators used to manage operations, interim profit and EBIT, missed the target range of € 490 – 530 million. At constant exchange rates, these performance indicators are € 448.3 million or € 488.7 million and were thus 7.5 percent below and 0.2 percent above the previous year. Price competition in the healthcare market has continued to increase and has had an above-average effect on our earnings. In addition, statutory regulations on marketing medical and pharmaceutical products have be-

Key performance indicators	2013	2014	Change in %
Sales (in € million)	5,169.5	5,429.6	5.0
Gross Margin (in %)	45.4	44.0	
Net Margin after Taxes (in %)	6.1	5.8	
EBITDA (in € million)	784.9	798.4	1.7
EBITDA Margin (in %)	15.2	14.7	
Equity Ratio (in %)	40.2	37.9	
Equity Ratio including Loans from Shareholders (in %)	40.9	38.4	
Equity Ratio Net of Effects of IAS (in %)	42.8	42.9	
Net Financial Debt (in € million)	1,715.8	1,762.3	2.7
Net Financial Debt / EBITDA	2.2	2.2	
Research and Development Expenses (in € million)	218.6	228.8	4.7
Investments in Property, Plant, and Equipment and Intangible Assets (in € million)	1,029.4	931.3	– 9.5
Depreciation of Property, Plant, and Equipment and Intangible Assets (in € million)	297.2	318.1	7.0
Working Capital (in € million)	1,575.9	1,667.7	5.8
Personnel Expenditures (in € million)	1,885.3	2,031.3	7.7
Employees (as of December 31)	49,889	54,017	8.3

come stricter worldwide. Due to start-up and integration costs, our investments and acquisitions have not yet reached their full earnings potential. To increase our earnings, we have taken steps to reduce costs and increase internal efficiency. These measures did not however fully compensate for the negative factors that influenced our earnings for the year under review.

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
In fiscal year 2014, sales of the B. Braun Group overall amounted to € 5,429.6 million (previous year: € 5,169.5 million), representing year-on-year growth of 5.0 percent.

The B. Braun Avitum Division reported particularly good sales growth (20.5 percent). The OPM Division also achieved solid growth (5.7 percent). In contrast, sales in our Hospital Care Division (2.2 percent) and our Aesculap Division (3.7 percent) were only slightly higher than the previous year.

The regions Latin America (18.3 percent) as well as Asia & Australia (10.3 percent) recorded a high level of sales growth in their local currencies. In euros, however, as a result of the in some cases heavily devalued local currencies, growth rates were more moderate: Latin America at 6.2 percent and Asia & Australia at 7.3 percent. Europe (excluding Germany) experienced stable growth of 3.8 percent, despite the market environment continuing to be challenging. Germany achieved a solid sales growth of 5.0 percent. In US dollars, the North America region generated growth of 4.3 percent over the previous year. A stronger US Dollar at the end of the reporting year contributed to a sales increase in euros of 4.2 percent. In the region Africa & the Middle East, growth was very dynamic at 11.3 percent.

Sales development | IN € BILLION

Business performance of the B. Braun Hospital Care Division
The Hospital Care Division increased sales by 2.2 percent (4.7 percent at constant exchange rates) to € 2,527.8 million (previous year: € 2,474.4 million). During the period under review, the demand by hospitals for basic care products used in infusion therapy, such as intravenous catheters and infusion devices, was particularly strong. Volume replacement therapy has been negatively affected by the restriction of therapy indications for HES (hydroxyethyl starch).

The countries in Europe that primarily contributed to sales growth were Great Britain, Germany and Spain. Sales in North America grew at a steady rate. While China and South Korea achieved good sales growth, other Asian markets showed different trends. Latin America achieved good growth rates in local currencies; this did not, however, lead to any growth momentum due to adverse fluctuations in exchange rates.

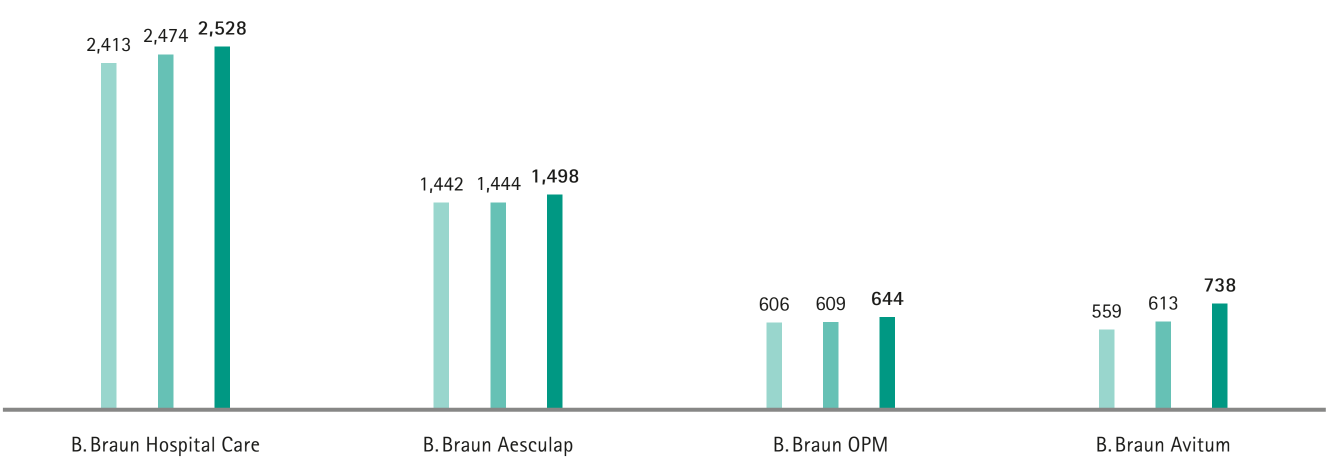
Business performance of the B. Braun Aesculap Division
In the reporting year, the Aesculap Division reported sales of € 1,497.7 million (previous year: € 1,444.2 million) and is therefore 3.7 percent (5.8 percent at constant exchange rates) above the previous year. The strength of the euro in the first half of the year compared to many other currencies, including in particular the sharply devalued yen, negatively impacted sales performance in all business areas within the division. Growth came from the Closure Technologies and Surgery sectors. The Orthopedics sector fell slightly below the previous year due to a difficult market environment.

There were mixed results in Europe, including a decline in sales in Eastern Europe in some areas. Asia exhibited good development. Double-digit growth rates were achieved in China and in other markets. Sales also increased in North America.

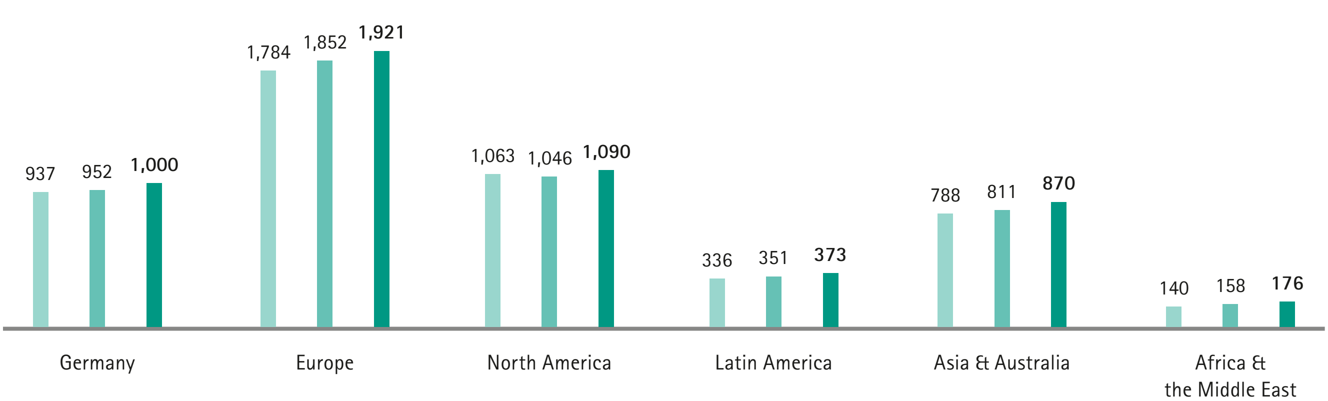
Business performance of the B. Braun Out Patient Market (OPM) Division
Our OPM Division reported sales of € 643.9 million (previous year: € 609.0 million), posting a 5.7 percent increase over the previous year (6.2 percent at constant exchange rates). Wound care and incontinence care achieved above-average growth.

The strong growth in the US was a major contributor to the division's sales development. Europe, Germany, Great Britain and Spain also showed positive growth. In Asia, double-digit

Sales by division | IN € MILLION



Sales by region | IN € MILLION



growth rates were achieved in major markets, and sales development in China was especially dynamic.

Business performance of the B. Braun Avitum Division
In the reporting year, sales in the B. Braun Avitum Division increased by 20.5 percent (23.9 percent at constant exchange rates) to € 737.9 million (previous year: € 612.5 million). The product business segment posted a good sales performance. Dialyzers, filters and dialysis machines were particularly successful.

The division achieved double-digit growth rates in all regions. Germany, Russia, Colombia and the Netherlands, where additional dialysis clinics were acquired, were the primary growth drivers in the provider business segment. We also treated more patients than in the previous year in existing centers. In the product business segment, China in particular as well as the direct business in the region Africa & the Middle East contributed to the increase in sales.

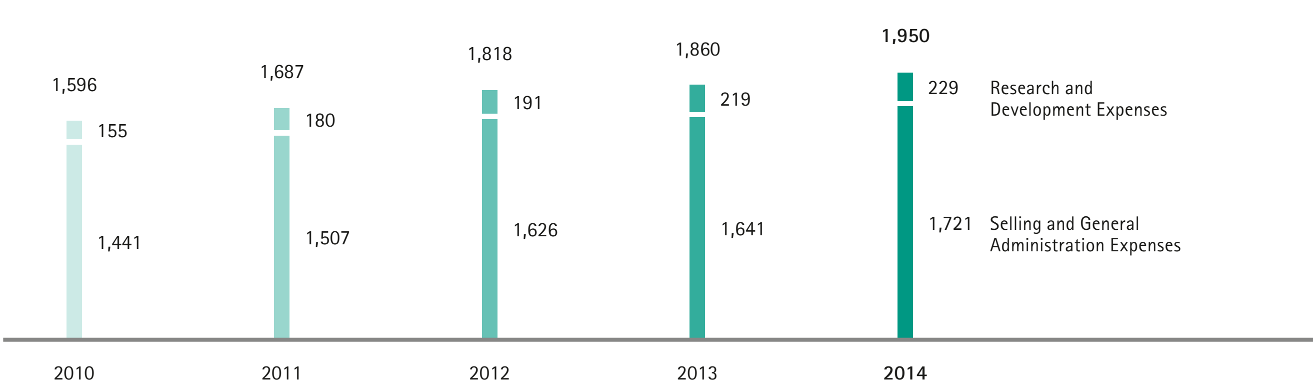
Development of the gross profit
In the reporting year, gross profit increased by 1.8 percent to € 2,388.0 million (previous year: € 2,344.8 million). At the same time, the gross margin fell by 1.4 percentage points to 44.0 percent (previous year: 45.4 percent). Startup costs for new production sites and a difficult market environment in Germany negatively impacted the gross margin. In addition, fluctuations in currency rates reduced gross profit by € 44.3 million. The medical device excise tax, which took effect in the US in 2013, caused an expense of approximately 9 million US Dollars for the Group.

Development of functional expenses
Selling expenses rose 4.0 percent to € 1,437.0 million (previous year: € 1,381.1 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 increased to € 284.2 million (previous year: € 260.3 million), an increase of 9.2 percent over the previous year. This is due to higher IT, legal and consulting costs, as well as project costs for expanding central purchasing.

In 2014, we did not achieve our strategic objective of keeping the relative increase in selling and administrative expenses significantly below the relative increase in gross profit.

We further increased spending on research and development in 2014. Non-capitalized research and development expenses rose 4.7 percent to € 228.8 million (previous year: € 218.6 million). Furthermore, development expenditures totaling € 10.7 million (previous year: € 8.3 million) were capitalized as internally generated intangible assets.

Functional expenses | IN € MILLION



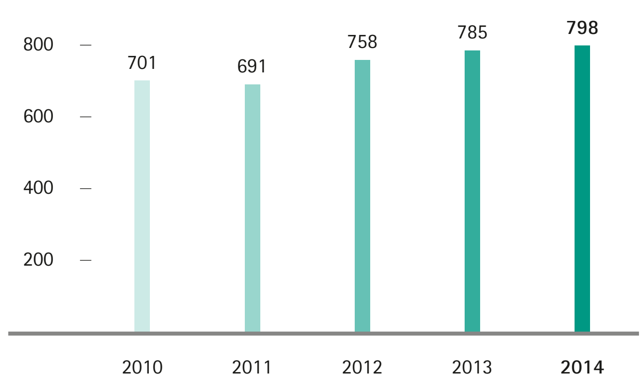
Development of other net income
The balance of other operating income and expenses changed by € 8.9 million to € – 15.2 million (previous year: € – 6.3 million). There was an € 7.8 million increase in currency translation losses, which stood at € – 19.4 million in the reporting year (previous year: € – 11.6 million). Compared to last year, insurance reimbursements were lower in connection with a fire in our Thai manufacturing plant, and reduced other operating income. Due to the Rhön-Klinikum AG share repurchase program, we received income similar to dividends in the amount of € 12.1 million from put options.

Development of net financial income
In the financial year 2014, net financial income including income from investment increased by € 40.9 million to € – 15.1 million (previous year: € – 56.0 million). The interest expenses were € 45.4 million, € 5.6 million above the previous year (€ 39.8 million). Interest income decreased by € 2.1 million and amounted to € 3.1 million (previous year: € 5.2 million). In addition, investment income increased by € 4.6 million and amounts to € 13.9 million (previous year: € 9.4 million). Through our investment in Rhön-Klinikum AG, we received a dividend of € 6.2 million. In addition, the use of the equity method of accounting for this investment led to an increase in income of € 3.3 million. We reduced our investment in Rhön-Klinikum AG to keep our ownership interest constant. This was necessary due to Rhön-Klinikum AG's share repurchase program related to the distribution of proceeds from the sale of 43 hospitals. As a result, we realized income similar to dividends in the amount of € 44.5 million. The interest component of pension provisions amounted to € 30.4 million for the reporting year, compared to € 30.7 million the previous year.

Development of EBIT and EBITDA
Interim profit amounted to € 437.9 million for the reporting year, compared to € 484.8 million the previous year. EBIT of € 480.3 million in the reporting year was lower than in the previous year by 1.5 percent (€ 487.8 million). Increased production costs that we were not able to pass on to the market in addition to falling prices in some markets due to the intensification of competition, put pressure on gross profit margin. Functional expenses are developing slightly more slowly than sales and have increased by 4.8 percent compared with the previous year. Depreciation and amortization increased 7.0 percent to € 318.1 million (previous year: € 297.2 million), resulting in an EBITDA of € 798.4 million. Therefore, EBITDA increased by 1.7 percent compared to the previous year which stood at € 784.9 million. At 14.7 percent, the EBITDA margin is lower by 0.5 percentage points (previous year: 15.2 percent).

Profit before taxes decreased by 3.5 percent to € 407.6 million (previous year: € 422.5 million). Income taxes in the reporting year were € 91.3 million, € 15.7 million below the previous year's level (€ 107.0 million). The tax rate in 2014 was 22.4 percent (previous year: 25.3 percent). Consolidated net income totaled € 316.3 million, and is at the level of the previous year (€ 315.5 million).

EBITDA | IN € MILLION



Financial position

Investments
Production capacities were once again expanded in the reporting year to meet the sustained demand for B. Braun products. In addition, we selectively expanded our global market presence through strategic acquisitions.

Additions to fixed assets, intangible assets, and financial investments, as well as additions to investments in associates and acquisitions of fully consolidated companies, amounted to € 931.3 million (previous year: € 1,029.4 million). At the same time, depreciation and amortization totaled € 318.1 million (previous year: € 297.2 million).

In Malaysia, we have continued our cross-divisional expansion of our Penang site. The Hospital Care Division is undertaking a global investment initiative to expand capacities for IV sets. We have continued modernizing the Tuttlingen (Germany) site of our Aesculap Division. Sections of it were completed and dedicated in 2014. The OPM Division acquired rights and patents for innovative ostomy products from an Israeli manufacturer. We further expanded the B. Braun Avitum provider business by acquiring hospitals in Germany, Russia, Colombia and the Netherlands.

Investment commitments of € 274.8 million were already made as of the reporting date, which were primarily attributable to ongoing replacement and expansion investments at our locations in Malaysia and Germany.

Liquidity

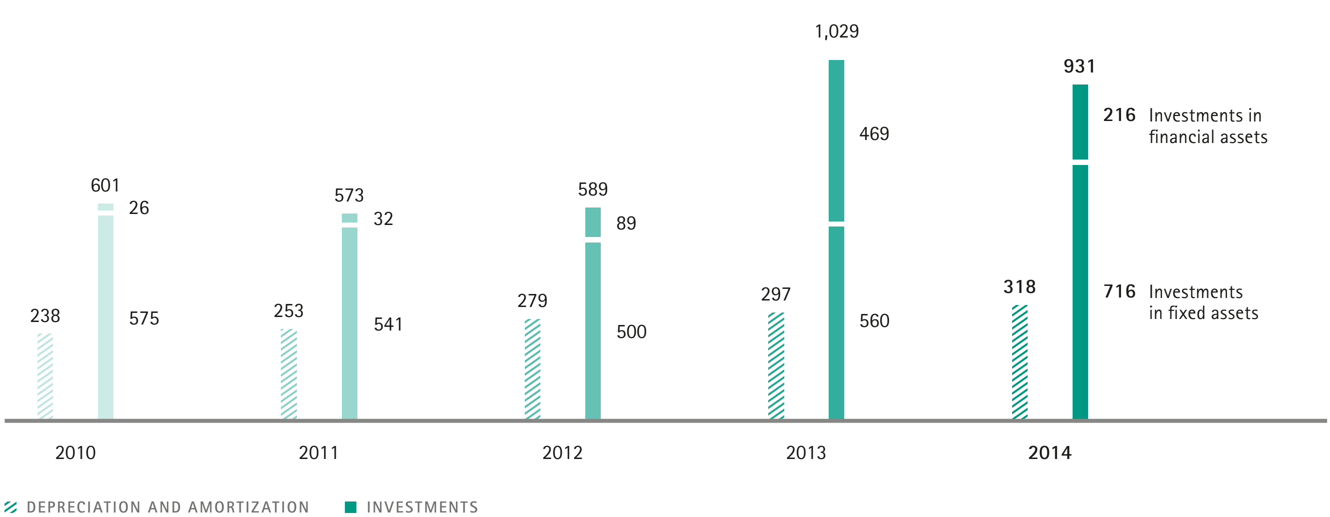
Cash flows from operating activities totaled € 520.7 million (previous year: € 534.1 million), € 13.4 million lower than in the previous year. Net cash used for investing activities[4] was lower in the reporting year by € 499.1 million to € 515.6 million (previous year: € 1,014.8 million) and in conjunction with a higher operating cash flow, resulted in a free cash flow of € 5.1 million (previous year: € – 480.7 million). Cash outflows for investments in property, plant, and equipment and intangible assets amounted to € 662.9 million (previous year: € 566.7 million) and for investments in financial assets and company acquisitions € 185.9 million (previous year: € 456.6 million). At the same time, we received dividends and cash inflows similar to dividends of € 315.5 million (previous year: € 6.8 million). Net borrowing amounted to € 74.8 million for the reporting year (previous year: € 412.9 million). Total cash and cash equivalents as of the reporting date increased € 45.4 million to € 84.3 million (previous year: € 38.9 million).

Asset structure

As of December 31, 2014, total assets of the B. Braun Group rose to € 6,766.8 million (previous year: € 6,079.5 million). This increase of 11.3 percent reflects the fact that investments in property, plant, and equipment were higher than depreciation and amortization.

Non-current assets increased by 11.7 percent to € 4,436.9 million (previous year: € 3,971.5 million). Due to continuing high levels of investment, property, plant and equipment increased again in the reporting year, rising 14.0 percent (11.8 percent at constant exchange rates) to € 3,302.6 million (previous year: € 2,896.6 million). Initial recognition of our participation in Rhön-Klinikum AG under the equity method

Investments / Depreciation and Amortization | IN € MILLION



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

led to a reduction of other financial assets to € 30.3 million (previous year: € 471.6 million) and, at the same time, an increase in investments accounted for using the equity method by € 283.6 million to € 331.5 million (previous year: € 47.9 million). With € 1,005.7 million, inventories at the balance sheet date are 11.6 percent (8.6 percent at constant exchange rates) above the previous year (€ 901.5 million). The inventory range for the reporting date was 17.2 weeks (previous year: 16.6 weeks), which is above our target range. Trade accounts payable increased by 2.3 percent (1.2 percent at constant exchange rates) to € 993.7 million (previous year: € 971.1 million). The trade receivables DSO by 3 days to 71 days (previous year: 74 days), surpassing our strategic goal of no more than 75 days. Receivables in Italy, Portugal, and Spain were reduced, but remain at a high level. There was an increase in cash and cash equivalents, which rose by € 45.4 million to € 84.3 million (previous year: € 38.9 million).

Financing structure

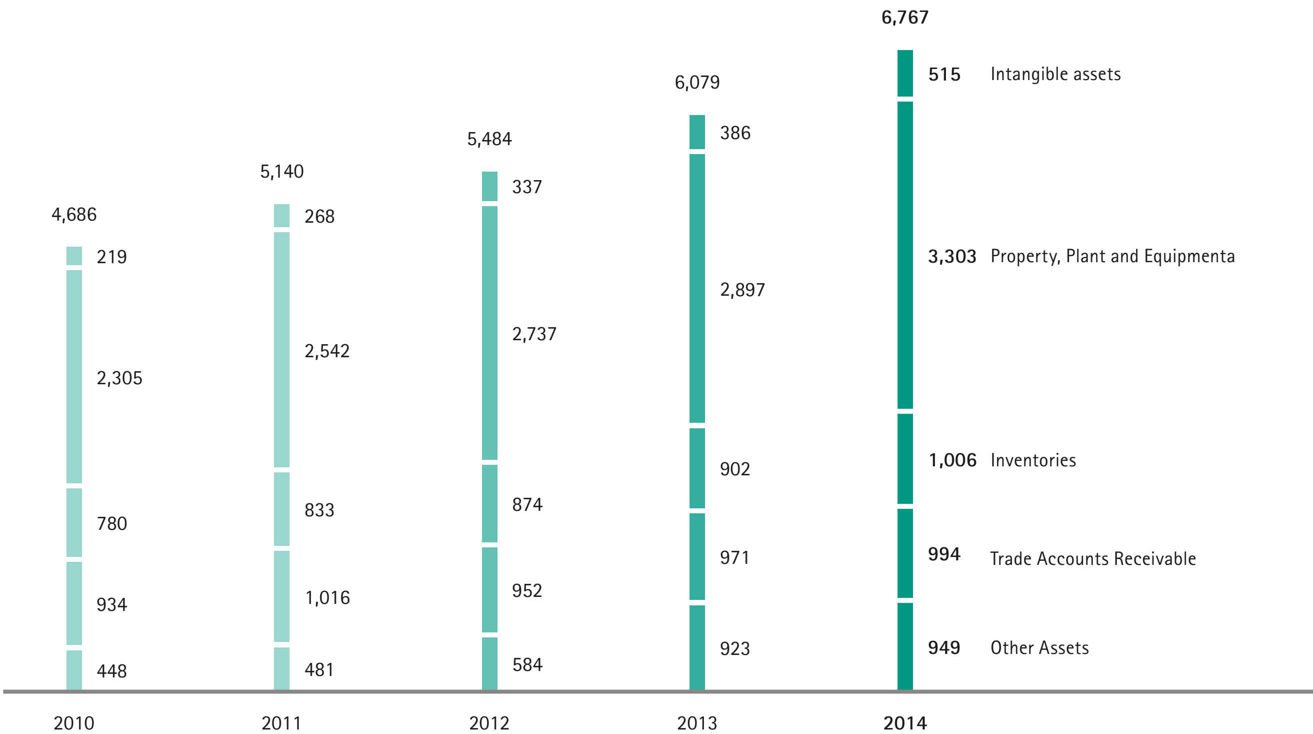
Shareholders' equity increased by 4.9 percent (1.5 percent at constant exchange rates) to € 2,564.0 million (previous year: € 2,445.0 million). The equity ratio, at 37.9 percent (37.3 percent at constant exchange rates) lower than the previous year (40.2 percent) by 2.3 percentage points. This is attributable both to the balance sheet expansion resulting from our investment activities and the increase in financial liabilities. In addition, the low interest rates made an increase in pension provisions by € 269 million necessary in the year under review. In addition, the deferred rates affected a decrease in equity capital of € 196 million. However, we are confident that we will be able to increase the equity ratio continuously over the next few years. In total, provisions for pensions and similar obligations increased 37.6 percent to € 1,098.5 million (previous year: € 798.5 million). Financial expenses rose 5.4 percent to € 1,870.2 million (previous year: € 1,773.8 million). Non-current liabilities increased by 27.8 percent to € 1,284.4 million (previous year: € 1,004.9 million). Current liabilities amounted to € 585.7 million as of the reporting date, compared to € 768.8 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, 59.6 percent (previous year: 46.9 percent) of bank borrowings carried a fixed interest rate and 40.4 percent (previous year: 53.1 percent) carried a variable interest rate. As a result of increased financial liabilities and simultaneously higher level of cash and cash equivalents, net financial debt fell by € 46.5 million to € 1,762.3 million (previous year: € 1,715.8 million). Trade accounts payable increased by 14.1 percent to € 311.9 million (previous year: € 273.4 million).

In 2014, 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 € 1,164.6 million (previous year: € 859.1 million). We have met all of the required financial performance benchmarks agreed upon with our banks.

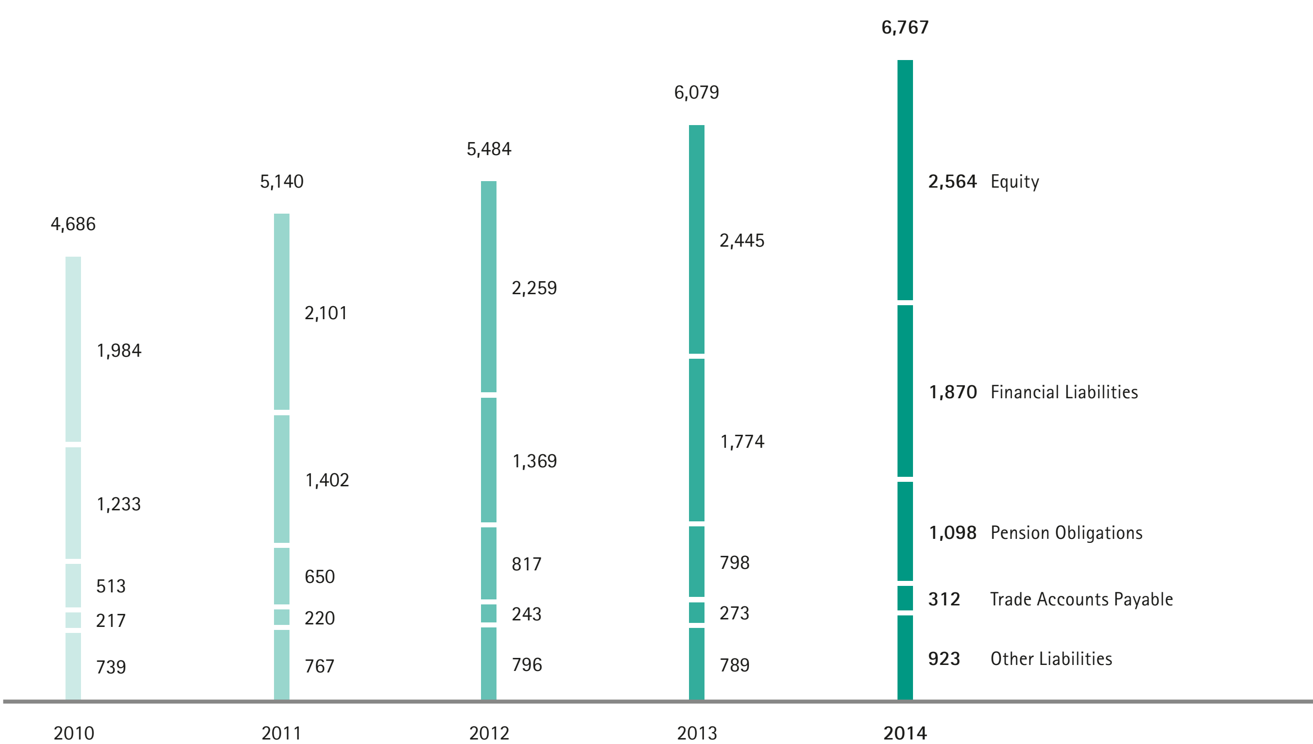
Regarding financing measures for the reporting year, the issuance of promissory notes are part of a total of € 400 million. The promissory notes are equipped with fixed or variable interest rates and have maturities of three (€ 23 million), five (€ 115 million), seven (€ 187 million) and ten (€ 75 million) years. The funds raised are used to refinance short-term liabilities in order to secure the currently attractive market conditions in the longer term.

This "asset-backed securities" program was financed primarily by the back-up liquidity line in the reporting year.

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



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



Personnel report

Through active HR management and a trust-based relationship with social partners, B. Braun is protecting jobs within our company. This calls for a proactive and forward-looking approach to shaping employment throughout the different stages of people's lives and their changing occupational requirements. We consider it our duty to help employees 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 our employees and our customers.

Since 2010, B. Braun has provided the staff employed under the terms of a collective agreement in Berlin, Melsungen and Glandorf with the option of working part-time up to four years before their retirement. Compensation for this option is 80 percent of the original gross earnings. This is based on the collective agreement, "Working life and demography" in conjunction with the corresponding bargaining agreements. Labor councils and management have thus created an innovative program that has garnered a great deal of attention, especially in the chemical industry. More than 100 employees have accepted the offer of a smooth transition into retirement by means of the "60Plus" part-time model.

Number of employees

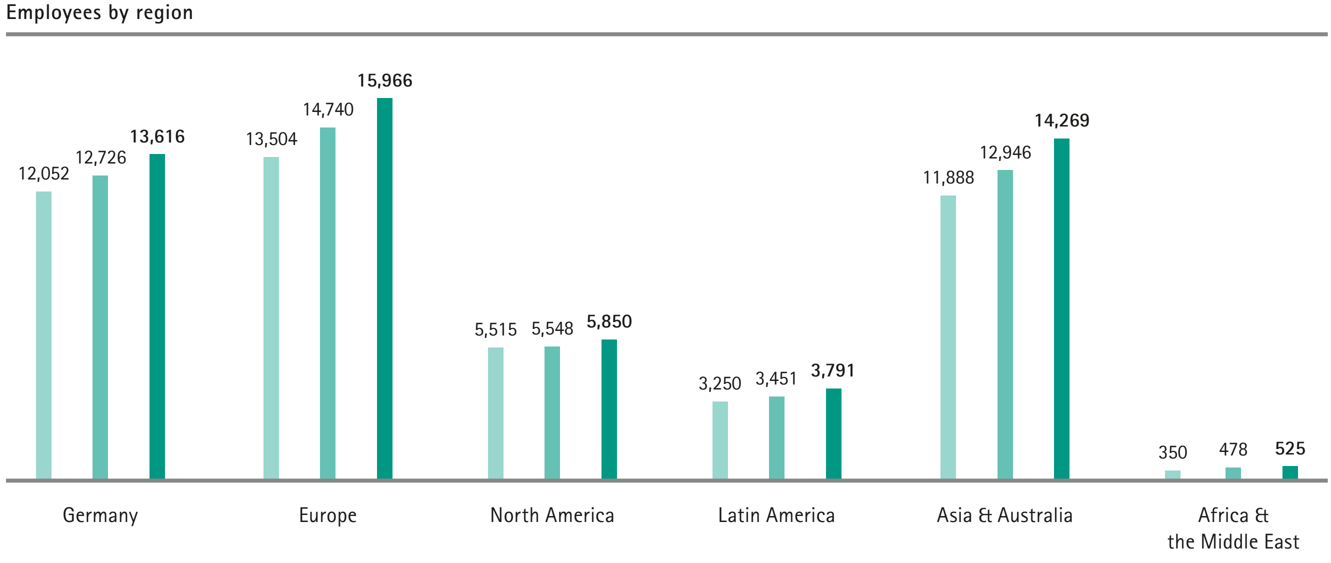
As of December 31, 2014, the B. Braun Group had 54,017 employees globally, representing an increase of 8.3 percent over the previous year's 49,889. The main reason for this increase is the expansion of production capacities in all regions. This includes new distribution companies and the acquisition and founding of companies. Adjusted for the effects of acquisitions and the foundation of new companies, the number of employees would have risen 6.9 percent.

In Germany, the number of employees increased by 7.0 percent to 13,616 (previous year: 12,726). This increase was largely the result of new hires in the area of production and the acquisition of additional dialysis centers.

In Europe excluding Germany, the number of employees increased by 8.3 percent to 15,966 (previous year: 14,740). This increase was mainly due to the expansion and acquisition of dialysis centers in Russia as well as recruitment for the production facilities in Spain, Hungary, Poland, Switzerland and the Czech Republic.

The expansion of production capacity in Malaysia at the Penang location and the opening of a new production facility in China resulted in a 10.2 percent increase in the number of employees in Asia & Australia, bringing the number to 14,269 (previous year: 12,946).

Employees by region



At year end, there were 5,850 employees in North America (previous year: 5,548). This represents an increase of 5.4 percent in comparison with 2013. This is partly due to the increase in production capacity for medical devices.

In Latin America, the workforce grew by 9.9 percent to 3,791 (previous year: 3,451) primarily due to production capacity expansions in Brazil, Peru and Mexico.

In Africa & the Middle East, the workforce grew to 525 employees (previous year: 478). This represents an increase of 9.8 percent over 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. 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. 6,532 employees in Melsungen, 3,445 employees in Tuttlingen and 805 employees in Berlin currently benefit from this agreement. Since the location retention agreements have been in effect, we have invested almost € 2 billion among the three locations.

The location retention agreements for Melsungen and Berlin, ended in the year under review, and have been renegotiated with comparable terms for the period from January 1, 2015 to December 31, 2020. In the future, up to 75 hours per year can be paid through profit sharing.

Profit-sharing pay-outs depend on the number of hours worked by the individual employee and for fiscal year 2014 were capped at € 1,136 (previous year: up to € 1,345).

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 obligations in the coming years as a result of the demographic shift.

300 (previous year: 420) trainees successfully completed their training at our German, Polish, and Swiss locations. In the reporting year, the company accepted 224 new trainees (previous year: 217).

In Brazil, Germany, Poland, and Switzerland, there are currently 1,149 (previous year: 1,002) young people in training with us; an increase of 14.7 percent year on year. For many young people, combining vocational training with university studies or studies at a university of cooperative education is an attractive option. 111 (previous year: 116) trainees are currently pursuing 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. Thus trainees are optimally prepared for their future careers and also receive a salary from B. Braun while becoming fully qualified.

B. Braun also supports the development and implementation of innovative training approaches 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 57 young people in the reporting year in cooperation with the Penang Skills Development Center and the University of Malaysia Perlis. In 2014, we continued our mechatronics curriculum at our site in Vietnam in cooperation with the Society for International Cooperation and the University of Technology Hung Yen. The first class of twelve students graduated from the program.

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 financial year 2014, 62,481 profit-sharing rights were issued (previous year: 69,276). 47 percent (previous year: 50 percent) of the profit participation rights offered to eligible employees were subscribed. As of December 31, 2014, a total of 699,893 profit-sharing rights had been issued (previous year: 696,349).

Thank you to our employees
Together, we achieved many successes in 2014, a year characterized by a variety of challenges. The B. Braun Group has seen stable development thanks to our employees' competence and commitment. We would like to take this opportunity to thank our employees for their work. We look forward to achieving our future strategic goals collaboratively and we will continue to rely on the knowledge and dedication of our employees.

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 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 and Tuttlingen), France (Nogent-le-Rotrou, Chaumont, and Boulogne), Spain (Rubí and Jaén), Switzerland, Romania (Timisoara), Russia (Tver), Malaysia and Brazil, as well as B. Braun Avitum in Italy, is certified for compliance with the international OHSAS 18001 standard. Our Melsungen site has also obtained the "Seal of Approval – Systematic Safety" (German: "Sicher mit System") mark 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" certificate.

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.

Corporate social responsibility
To B. Braun, assuming social responsibility means sharing knowledge and creating opportunities. As a corporate citizen, the company is involved around the world in activities that extend beyond its own core business, and is particularly committed to educational projects in regions in which B. Braun conducts business.

Children are at the heart of the global "B. Braun for Children" initiative founded in 2004. Therefore, it is important to us that we invest in our young people and begin encouraging even the youngest of our children to take an interest in science and technology, and provide them with career prospects. B. Braun's 14-day Children's and Youth Weeks, which take place in Melsungen, are a sustainable education project for the region. The company invites Melsungen nursery schools and schools to workshops set up in research tents on the premises. Since 2008, more than 13,000 children and families have participated in the event. Over 3,000 visitors attended the event in 2014. Since 2012, B. Braun has sponsored the program "A taste ride" at its location in France. "Chef of the Year" Anne-Sophie Pic helps children between three and nine years old, who until recently could only be drip-fed, to rediscover their sense of taste and the joy of eating. B. Braun has helped children in more than 30 countries. One example is in Rodriguez, in the Philippines, where B. Braun has launched a lunch program for 100 malnourished students. At our location in Allentown, Pennsylvania (USA) 220 teenagers and young adults participated in a "Career Awareness Course," which provides training in how to choose and apply for jobs, and equips attendees with practical skills, preparing them for the workplace.

The company chose to make the future of children and young people a cornerstone of its social commitment on the tenth anniversary of the "B. Braun for Children" initiative: in 2014, B. Braun donated approximately € 6.2 million to modernize the secondary school in Melsungen, where open and accessible spaces have been created so that all children can learn together.

In 2013, the extensive renovations to Kloster Haydau, a monastery near Melsungen, were completed, and in 2014, B. Braun launched the "kitchen garden" integration project in collaboration with "bdks – Baunataler diakonia Kassel" on a site next to the "Hotel Kloster Haydau" seminar and training center. Here, twelve employees with and without disabilities grow organic fruits and vegetables following old gardening traditions. Beginning in 2015, they will sell their produce in a new store located within the historic walls.

Worldwide, B. Braun is focused on innovation and as such invests in science. This is not only a matter of training qualified specialists, but also a matter of developing the next generation of employees. In 2014, the company was the main sponsor of the Penang International Science Fair, where leading companies presented their technologies to inspire young people to pursue a career in science. With 50,000 visitors annually, the Penang International Science Fair has turned into the largest science fair in Malaysia after only three years.

The quality of care in hospitals and raising public awareness regarding issues related to hygiene and healthcare are the mission of "B. Braun for Africa" in Kenya. Since 2010, children, teachers and parents in 80 schools have been learning to become health conscious and how to prevent disease. As part of the joint project with the German Agency for International Cooperation (GIZ), more than 1,000 nurses and medical students have been trained in patient and user safety. The newly-founded B. Braun subsidiary in Kenya will continue to support the campaigns and activities that have been launched there.

B. Braun opened an account for donations for the employees who wanted to help the victims of Typhoon Haiyan in the Philippines, which killed more than 7,000 people on November 8, 2013, and inflicted catastrophic damage. As has been done before in the face of other disasters, such as those that befell Haiti, Pakistan and Japan, the company matched employee donations and in June 2014 presented the donations to Diakonie Katastrophenhilfe (DKH), which funds a psychosocial program for traumatized typhoon victims, among other activities.

Subsequent events

On January 15, 2015, the Swiss National Bank announced that it no longer would purchase foreign currencies that held the Swiss franc at a fixed exchange rate with the euro. At the same time, it further reduced its prime interest rate. Following this decision, the Swiss franc soared, followed by large currency fluctuations. The reason the Swiss National Bank provided for giving up the minimum exchange rate was the devaluation of the euro against the US dollar and the associated weakening of the Swiss franc. Forecasts regarding the exact exchange rate have been mixed, but an exchange rate that is below the previous minimum exchange rate is generally expected.

For the B. Braun Group in 2015, we expect a negative effect on income – in the millions – assuming exchange rate parity between the euro and the Swiss franc and the previous volume of the affected commodity flows. In 2014, completed hedging transactions are already taken into account, and these reduce the negative impact on earnings. In the medium term, a strong franc is burdening the international competitiveness of our Swiss production location.

Besides this event, no other 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 2014.

Risk and opportunities report

Risk management and controlling

All key strategic and operational decisions at B. Braun are made taking into account the associated risks and opportunities. We have a fundamentally cautious corporate strategy and avoid any uncontrollable potential risks. Risk management and controlling are key management tasks and an essential part of Group management. The B. Braun Group's comprehensive risk management ensures that risks can be identified, documented, assessed, monitored, and controlled. Risks resulting directly from business operations are quickly identified and assessed in monthly reports using our systematic controlling processes, which extend throughout the Group in all business areas, companies, and regions. We also identify and control risks that do not result directly from business operations. The divisional and Group risk committees assess these risks and document appropriate countermeasures. Our risk management is complemented by an internal audit department and the annual audit of financial statements.

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[5]

The main risk for the global economy is increasing geopolitical tensions, particularly in the Ukraine and the Middle East. How things progress in these regions will decide whether the sanctions that have already been imposed need to be tightened. In Russia, there is the risk of government interventions, such as expropriations or moratoria. To protect ourselves against these politically motivated events, we have taken out a guarantee from the Federal Republic of Germany for direct investments abroad. The guarantee applies to our subsidiary B. Braun Avitum Russia and covers losses from capital contributions, investment-like loans and related earnings.

[5] International Monetary Fund: World Economic Outlook, October 2014 & Update January 2015

An additional risk facing the US is of a relapse into crisis as they taper their expansionary monetary policies. The eurozone also shows declining inflation rates that are significantly below the targets of the European Central Bank. The decline in oil prices could increase this further and lead to a deflationary trend. The slowdown seen in emerging economies represents an additional serious concern. The IMF also perceives the risk of unsustainable growth models, particularly in China. The increasing use of monetary policy instruments increases the vulnerability of economic development. This fact, combined with the sluggish Western economies, would mean that the global economy was 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 greatly 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 must pay for healthcare services themselves. Far-reaching austerity measures in some countries have resulted in cuts to public healthcare budgets, which may have a negative influence on demand for our entire product and service offering. This is compounded by the fact that some countries are also greatly extending payment periods and introducing or increasing compulsory discounts and other levies.

In some markets, it is becoming evident that foreign manufacturers will have no or only limited opportunity to participate in the bidding process if domestic manufacturers offer comparable products. This trend has been observed in particular in Russia in the reporting year. 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. In China, legal proceedings were initiated against several foreign manufacturers of dialysis machines for price dumping and then ceased without any findings. There is a risk in the dialysis provider business segment that the privatization of clinics will be reversed. Overall, the structural risks for businesses operating within the healthcare market remain at an elevated level. We expect that these risks will continue in the medium term, and that this may impact the financial performance of B. Braun.

Increased formalization of the international product approval process is evident, and this entails 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 for high volume purchasing is strengthening the market power of customers, 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 an additional 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

Risks generally result from commodity price changes and supply shortages in the procurement markets. The occurrence of these potential risks could have an effect on our ability to produce and deliver and, ultimately, on B. Braun's sales and earnings development.

After successfully establishing a Corporate Procurement department for the Group in 2013, we introduced a Procurement Performance Management system (PPM) during the reporting period. Using the PPM, we have global transparency for all expenditure and suppliers, as well as uniform measuring methods. This means that we are able to control and monitor the Group-wide purchasing volume effectively. This forms the basis for collaboration in purchasing across locations and for reducing procurement risks. Wherever possible, we use strategies for long-term price hedging in the context of active price management: for example, globally pooling our demand, entering into long-term supply contracts in connection with hedging commodity prices on intermediate goods, and master agreements with a term 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, holding inventory either at B. Braun or at the supplier's location, second and dual sourcing, as well as the preservation of notarized documents about production processes and formulations.

Our purchasing organization and our established processes to secure price and supply reduce our net risk position significantly and, therefore, we do not foresee any major risks from procurement.

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 that all regulatory requirements are observed. Regular reviews of our quality management systems utilizing internal and external audits, together with continuous 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. As a result no significant effects from HR risks have been identified in the medium term.

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 in 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 to protect against data misuse and compliance is assured through the internal audit department and data security officers. Our systems are also protected by robust anti-malware programs. Due to these measures, we do not anticipate any significant negative effects from IT risks.

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 net income. Trading and management of derivative financial instruments are regulated by internal guidelines and are subject to continuous risk control.

Payer swaps are at times used 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 with a volume of € 400 million. We extended this loan agreement in 2014.

There is also the risk of a possible deterioration in the payment performance of our customers or public sector purchasers. Limited financing options can have a negative impact on liquidity and individual customers' ability to pay. But we believe that this is less likely. There is also a risk that our suppliers' liquidity position could remain strained such that it could, in the worst case scenario, 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 create new sales opportunities.

Opportunities arising from positive economic development

Economic conditions influence the business performance of B. Braun. Our statements regarding the further development of the Group are based on the economic environment to be expected as described in the forecast 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. The 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 quicker 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 Africa, 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

Our employees are the driving force behind our innovations and, through close exchange with customers, users and patients, they 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 also improve our competitiveness and result 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 net risk position in 2014 and, once again, no risks were identified that could jeopardize the company's continued existence. However, we have observed increasing volatility in some areas. Examples are the increased political risk in the Russian market and the distortions on the foreign exchange markets.

To the extent possible and appropriate, we have insured ourselves against liability risks and natural hazards, as well as other risks. Despite higher liability coverage, it is not feasible to fully insure ourselves against 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 statements on economic and company performance are forward-looking statements. Actual results may therefore be materially different (positively or negatively) from the expectations as they relate to future developments. Our forecasts contain all material events that were known at the time of drafting the Group management report and 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[6]

For 2015, the IMF forecasts further recovery in the global economy, driven by significant growth in the emerging markets. Improvement in domestic demand and overcoming structural barriers to growth are expected. The effects of the public debt crisis are still noticeable. Although economic growth can be achieved in the majority of countries, the economic dynamics in many countries are not at the same level they were prior to the crisis.

The development of the European economy will be stabilized through the consolidation of public finances. For 2015, a slight uptick in growth is expected, supported by a continued favorable monetary environment. The German economy will benefit from increased external demand and a weaker euro.

The countries affected by the public debt crisis will continue their recovery; the crisis appears to be over. Spain's and Portugal's growth will stabilize at the level of the other eurozone countries. Forecasts for Greece are currently subject to high levels of uncertainty due to the results of the elections. However, it is to be assumed that Greece's economic performance will continue to remain at a low level and that the unemployment rate will remain among the highest in Europe. For the first time since the crisis, Italy is forecast to again see an increase in economic output. Positive development of the labor market will again be a major driver.

Change in gross domestic product in %	2014	2015
Europe	**1.5**	**1.9**
Germany	1.5	1.3
Spain	1.4	2.0
Portugal	1.0	1.5
Greece	0.6	n/a
Italy	–0.4	0.4
Poland	3.2	3.3
Hungary	2.8	2.3
Turkey	3.0	3.0
Russia	0.6	–3.0
North America	**2.2**	**3.1**
USA	2.4	3.6
Latin America	**1.2**	**1.3**
Brazil	0.1	0.3
Argentina	–1.7	–1.5
Asia & Australia	**5.5**	**5.6**
China	7.4	6.8
India	5.8	6.3
Australia	2.8	2.9
Japan	0.9	0.8

The labor market will stabilize in Poland, signifying that the economy will continue its growth virtually unchanged from the previous year. In Hungary, rising inflation will cause a slight downturn in economic growth. Turkey's economic output will increase based on the impetus provided by the country's monetary policy.

In Russia, the IMF expects a decline in economic output in 2015. This expectation is strongly influenced by the continuing crisis in Ukraine. This uncertainty will have a negative impact on the business climate and lead to less investment. This development could be enhanced if the devaluation of the ruble continues and Russia encounters a permanent monetary crisis. A low oil price would be an additional burden on Russia.

The US economy will continue to gain growth momentum in 2015. Positive effects are resulting from further improvements in the financial position of private households and

[6] International Monetary Fund: World Economic Outlook, October 2014 & Update January 2015

a decline in the unemployment rate. In 2015, the Federal Reserve is expected to back away from its low interest rate policy. Currently, the economic situation seems stable enough not to fall back into recession. Excessive rate hikes could also lead to higher risk premiums worldwide due to a rise in the price of government bonds.

Growth will increase slightly in Latin America. Gains from structural reforms are conducive to investment. However, recovery will be slowed by less favorable trading conditions. The region's high dependency on commodity price developments, however, remains a risk. Brazil's economic performance will improve. Another economic downturn is expected in Argentina. The inflation rate is expected to remain high. This, together with uncertainties about the development of the currency, leads to renewed deterioration in the investment climate.

Asia & Australia will achieve stable growth in 2015. Solid economic development is forecast for China. A slowdown in private construction activity will result in last year's growth not being achieved. The IMF is expecting economic growth to stabilize at this level, as well as the transition of the Chinese economy to a more sustainable growth model. In India, the dynamic trend will continue and a slight decline is expected in the inflation rate. A stabilization of the Australian labor market will provide the necessary impetus to maintain the rate of increase in economic output equal to that of the previous year. Japan will continue to be affected by its consumption tax raise.

Outlook for the healthcare market

The global healthcare market in 2015 will continue to increase in momentum, which affects all regions. The growth stimuli in emerging and developing countries will be population growth, increasing prosperity and the expansion of social security systems. Demand for higher quality healthcare services will grow as incomes continue to rise. In industrialized countries, the demand for health services is increasing, mainly due to the rise in diseases of civilization, the aging population and the associated increase in morbidity.

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.

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. Within the context of progressive globalization, increasingly transparent prices are once again expected, which may also lead to mounting professionalization of buying behavior, and also to a decline in price and therefore margin.

The European healthcare markets are expected to show good growth. The health budgets in southern Europe are no longer burdened by the debt crisis, and Italy, Spain and Portugal are expected to increase spending. In general, it can be assumed that measures to limit the cost increase will be effected in national health systems.

It is expected that in 2015, there will be a dip in the Russian medical technology market. Among other things, hospitals will close and workers will be released. The state is currently severely cutting back on providing capital goods. Prospects are worsened further by the policy of import substitution in the public health sector. Domestic products are targeted for preferential selection in the government bidding process. This is intended to support the development of an effective national medical device industry. This rule applies to all imports, whereas products manufactured by foreign investors in Russia are not affected. Whether this discrimination against foreign companies in the government bidding process continues or increases depends on the future course of political conflicts.

The healthcare market in the US will continue to grow, but at a slower pace. The measures introduced to limit healthcare costs are among the reasons for this slowdown.

In Latin America, the healthcare market is expected to see good growth. However, some countries are facing the challenge of improving care and stabilizing public finances at the same time. Good prospects are seen mainly in Chile, Colombia and Mexico.

It is further assumed that the Asian healthcare market will continue to develop dynamically. China will remain the primary driver of growth in the region and will achieve double-digit growth rates. Demand for better healthcare services is expected to continue to rise as the sustained economic growth is maintained. The growth rates for medical technology imports has in the past lost some of its momentum. One reason for this is that more and more medical technology is being manufactured in China, not the least of which by subsidiaries or joint ventures of Western corporations. Strong growth is expected in India. The government's objective to improve the care of the rural population provides additional impetus. The Japanese healthcare market is affected by the tense situation of public finances and will be weak in the coming years.

Business and earnings outlook

For fiscal year 2015, we expect the B. Braun Group's sales and earnings will continue to grow. At constant exchange rates, sales development will range from four to six percent (2014: € 5,429.6 million). The B. Braun Avitum Division, which focuses on dialysis, is expected to again experience stronger growth than the rest of the Group. The global healthcare market will continue to be divided. Volume growth is expected in the regions Latin America and Asia & Australia. 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 exchange rates, to be between € 450 million and € 480 million by the end of 2015. At constant exchange rates, we expect EBITDA to rise to between € 810 million and € 840 million (2014: € 798.4 million). We consider a slight improvement of the EBITDA margin to be possible. All divisions will contribute to the improvement in earnings. The increase in profitability will result from, among others, the completion of major investment projects and capacity expansions and the associated improved production utilization. In addition, introducing new products will have a positive impact on earnings. With regards to our active working capital management, we expect that trade receivable DSOs will remain at current levels in 2015 and that it is possible to improve the inventory coverage in weeks (CIW) performance indicator. The strategic target for DSO, at constant rates, is less than 75 days (2014: 71 days) and for CIW less than 17 weeks (2014: 17.2 weeks).

Risks are posed by the politically problematic areas in Ukraine and the Middle East. Increasing volatility in the global financial and currency markets must also be taken into account. In connection with a possible slowdown in global economic recovery, it is possible that there will be more budget cuts, mandatory discounts and similar measures in the coming years, and these may also influence B. Braun's sales and earnings growth.

Expected financial position

In the future, B. Braun will continue to pursue its robust fiscal policy of recent years. For 2015, we are aiming to achieve an equity ratio of 40 percent. At the same time, we will continue to pursue our existing dividend policy.

Our long-term refinancing volume is € 149 million for the next year and € 179 million for 2016. 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.

We do not perceive any significant risk to B. Braun in this regard. The planned capital investments over the next few years will predominantly be funded by cash flows from operating activities.

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 2015. We also expect continued sales growth beyond 2015 and believe that our earnings growth will return to previous levels. Our investments in capacity expansions and the continuous improvement of our products and processes will allow us to expand our position in the global healthcare markets. Improving patient quality of life and the safety of healthcare professionals remain our primary objectives.

Melsungen, March 4, 2015
The Management Board

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

	Notes	2014 € '000	2013 € '000
Sales	1)	5,429,574	5,169,545
Cost of Goods Sold	2)	– 3,041,622	– 2,824,771
Gross Profit		**2,387,952**	**2,344,774**
Selling Expenses	3)	– 1,437,010	– 1,381,132
General and Administrative Expenses		– 284,194	– 260,257
Research and Development Expenses	4)	– 228,822	– 218,586
Interim Profit		**437,926**	**484,799**
Other Operating Income	5)	245,616	211,118
Other Operating Expenses	6)	– 260,816	– 217,403
Operating Profit		**422,726**	**478,514**
Profit from Financial Investments / Equity Method	7)	7,294	4,981
Financial Income		3,099	5,201
Financial Expenses		– 75,780	– 70,493
Net Financial Income (Loss)	8)	– 72,681	– 65,292
Other Financial Income (Loss)	9)	50,300	4,278
Profit before Taxes		**407,639**	**422,481**
Income Taxes	10)	– 91,326	– 106,986
Consolidated Net Income		**316,313**	**315,495**
Attributable to: B. Braun Melsungen AG Shareholders		295,144	293,762
Non-controlling Interests		21,169	21,733
		316,313	**315,495**
Earnings per Share (in €) for B. Braun Melsungen AG Shareholders in the Fiscal Year (diluted and undiluted)	11)	15.21	15.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014 € '000	2013 € '000
Consolidated Net Income	**316,313**	**315,495**
Items not Reclassified as Profits or Losses		
Revaluation of Pension Obligations	– 269,340	40,311
Income Taxes	73,623	– 12,431
Changes in Amount Recognized in Equity	**– 195,717**	**27,880**
Items Potentially Reclassified as Profits or Losses		
Changes in Fair Value of Securities	– 18,277	18,303
Income Taxes	0	0
Changes in Amount Recognized in Equity	**– 18,277**	**18,303**
Changes in Fair Value of Financial Derivatives	– 3,907	99
Income Taxes	948	– 140
Changes in Amount Recognized in Equity	**– 2,959**	**– 41**
Changes Due to Currency Translation	72,827	– 142,694
Income Taxes	0	0
Changes in Amount Recognized in Equity	**72,827**	**– 142,694**
Changes Recognized Directly in Equity (after Taxes)	– 144,126	– 96,552
Comprehensive Income in the Reporting Year	**172,187**	**218,943**
Attributable to: B. Braun Melsungen AG Shareholders	157,962	198,351
Non-controlling Interests	14,225	20,592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000
Assets			
Non-current Assets			
Intangible Assets	14) 16)	514,626	385,736
Property, Plant, and Equipment	15) 16)	3,302,552	2,896,628
Financial Investments (Equity Method)	17)	331,483	47,933
Other Financial Investments	17)	30,319	471,591
of which Financial Assets		(30,319)	(471,591)
Trade Receivables	18)	19,836	23,450
Other Assets	19)	25,309	23,826
of which Financial Assets		(20,587)	(20,113)
Income Tax Receivables		2,216	2,607
Deferred Tax Assets		210,523	119,743
		4,436,864	**3,971,514**
Current Assets			
Inventories	20)	1,005,716	901,521
Trade Receivables	18)	973,853	947,691
Other Assets	19)	227,795	191,012
of which Financial Assets		(130,100)	(102,941)
Income Tax Receivables		38,226	28,835
Cash and Cash Equivalents	21)	84,332	38,924
		2,329,922	**2,107,983**
Total Assets		**6,766,786**	**6,079,497**
Equity			
Subscribed Capital	22)	800,000	600,000
Capital Reserves and Retained Earnings	23)	1,667,528	1,823,699
Effects of Foreign Currency Translation		– 83,947	– 151,025
Equity Attributable to B. Braun Melsungen AG Shareholders		**2,383,581**	**2,272,674**
Non-controlling Interests	24)	180,436	172,311
Total Equity		**2,564,017**	**2,444,985**
Liabilities			
Non-current Liabilities			
Provisions for Pensions and Similar Obligations	25)	1,098,474	798,464
Other Provisions	26)	79,658	73,783
Financial Liabilities	27)	1,284,435	1,004,929
Trade Accounts Payable	29)	6,323	2,048
Other Liabilities	29)	41,937	28,448
of which Financial Liabilities		(21,434)	(12,497)
Deferred Tax Liabilities		84,113	80,646
		2,594,940	**1,988,318**
Current Liabilities			
Other Provisions	26)	39,630	37,201
Financial Liabilities	27)	585,718	768,846
Trade Accounts Payable	29)	305,591	271,305
Other Liabilities	29)	640,022	529,293
of which Financial Liabilities		(247,882)	(186,043)
Current Income Tax Liabilities		36,868	39,549
		1,607,829	**1,646,194**
Total Liabilities		**4,202,769**	**3,634,512**
Total Equity and Liabilities		**6,766,786**	**6,079,497**

CONSOLIDATED ASSET ANALYSIS

	Costs of Acquisition and Manufacture					
	Dec. 31, 2013 € '000	Foreign Currency Translation € '000	Additions to Scope of Consolidation € '000	Disposals from Scope of Consolidation € '000	Additions € '000	Transfers € '000
Intangible Assets						
Acquired Goodwill	123,544	–6,007	51,980	0	0	0
Licenses, Trademarks, and Other Similar Rights	363,293	9,872	34,321	–247	18,177	14,777
Internally Created Intangible Assets	63,703	8,197	0	0	13,805	0
Advance Payments	79,801	–22	4	0	39,948	–10,741
Total	**630,341**	**12,040**	**86,305**	**–247**	**71,930**	**4,036**
Property, Plant, and Equipment						
Land and Buildings	1,507,142	25,105	9,691	0	80,185	147,920
Technical Plants and Machinery	2,250,829	65,887	2,128	–2,720	121,799	180,372
Other Plants, Operating and Office Equipment	774,720	15,390	10,528	–1,076	75,772	28,263
Advance Payments and Assets Under Construction	615,756	15,726	250	0	366,031	–360,591
Total	**5,148,447**	**122,108**	**22,597**	**–3,796**	**643,787**	**–4,036**
Financial Investments						
Financial Investments (Equity Method)	47,933	0	1,722	0	7,057	274,771
Other Holdings	20,157	0	3	–102,189	104,179	0
Loans to Companies in which the Groups Holds an Interest	1,715	14	0	0	63	0
Securities	443,901	0	0	0	99,779	–274,771
Other Loans	5,869	2	0	0	4,520	0
Total	**519,575**	**16**	**1,725**	**–102,189**	**215,598**	**0**
	6,298,363	**134,164**	**110,627**	**–106,232**	**931,315**	**0**

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

				Depreciation and Amortization				Carrying Amounts	
	Disposals	Changes in Fair Value	Dec. 31, 2014	Accumulated 2013	Fiscal year 2014	Other Changes*	Accumulated 2014	Dec. 31, 2014	Dec. 31, 2013
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
	0	0	169,517	503	0	0	503	169,014	123,041
	−18,665	0	421,528	233,649	32,277	−9,245	256,681	164,847	129,644
	0	0	85,705	10,453	2,024	1,333	13,810	71,895	53,250
	−120	0	108,870	0	113	−113	0	108,870	79,801
	−18,785	**0**	**785,620**	**244,605**	**34,414**	**−8,025**	**270,994**	**514,626**	**385,736**
	−19,609	0	1,750,434	441,722	46,898	5,360	493,980	1,256,454	1,065,420
	−38,920	0	2,579,375	1,306,246	162,161	5,000	1,473,407	1,105,968	944,583
	−39,103	0	864,494	503,660	73,603	−19,697	557,566	306,928	271,060
	−3,121	0	634,051	191	984	−326	849	633,202	615,565
	−100,753	**0**	**5,828,354**	**2,251,819**	**283,646**	**−9,663**	**2,525,802**	**3,302,552**	**2,896,628**
						0			
	0	0	331,483	0	0	0	0	331,483	47,933
	−3,744	0	18,406	29	0	0	29	18,377	20,128
	0	0	1,792	0	0	0	0	1,792	1,715
	−249,792	−18,394	723	1	0	−1	0	723	443,900
	−944	0	9,447	20	700	−700	20	9,427	5,849
	−254,480	**−18,394**	**361,851**	**50**	**699**	**−700**	**49**	**361,802**	**519,525**
	−374,018	**−18,394**	**6,975,825**	**2,496,474**	**318,760**	**−18,389**	**2,796,845**	**4,178,980**	**3,801,889**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

see Notes 22–24	Subscribed Capital € '000	Capital Reserves € '000
January 1, 2013	600,000	10,226
Dividend of B. Braun Melsungen AG	0	0
Increase in Subscribed Capital	0	0
Consolidated Net Income	0	0
Changes Recognized Directly in Equity (after Taxes)		
Changes in Fair Value of Securities	0	0
Cash Flow Hedging Instruments	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 / January 1, 2014	600,000	10,226
Dividend of B. Braun Melsungen AG	0	0
Increase in Subscribed Capital	200,000	0
Consolidated Net Income	0	0
Changes Recognized Directly in Equity (after Taxes)		
Changes in Fair Value of Securities	0	0
Cash Flow Hedging Instruments	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, 2014	800,000	10,226

Retained Earnings € '000	Other Reserves € '000	Equity Attributable to Owners € '000	Non-controlling Interests € '000	Equity € '000
1,504,459	**–14,994**	**2,099,691**	**159,485**	**2,259,176**
–24,000	0	–24,000	0	–24,000
0	0	0	0	0
293,762	0	293,762	21,733	315,495
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**
–1,368	0	–1,368	–7,766	–9,134
1,797,036	**–134,588**	**2,272,674**	**172,311**	**2,444,985**
–32,000	0	–32,000	0	–32,000
–200,000	0	0	0	0
295,144	0	295,144	21,169	316,313
0	–18,277	–18,277	0	–18,277
0	–2,871	–2,871	–88	–2,959
–184,141	0	–184,141	–11,576	–195,717
0	68,107	68,107	4,720	72,827
111,003	**46,959**	**157,962**	**14,225**	**172,187**
–15,055	0	–15,055	–6,100	–21,155
1,660,984	**–87,629**	**2,383,581**	**180,436**	**2,564,017**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2014 € '000	2013 € '000
Operating Profit		422,726	478,514
Income Tax Paid		–115,958	–105,412
Depreciation and Amortization of Property, Plant, and Equipment and Intangible Assets (Net of Appreciation)		318,060	297,171
Change in Non-current Provisions		286,192	–10,644
Interest Received and Other Financial Income		1,938	2,275
Interest Paid and Other Financial Expenditure		–40,927	–34,160
Other Non-cash Income and Expenses		–297,347	22,901
Gain/Loss on the Disposal of Property, Plant, and Equipment and Intangible or other Assets		–8,747	554
Gross Cash Flow	34)	**565,937**	**651,199**
Change in Inventories		–75,781	–71,450
Change in Receivables and Other Assets		–31,090	–106,131
Change in Liabilities, Current Provisions and Other Liabilities (excluding Financial Liabilities)		61,639	60,457
Cash Flow from Operating Activities (Net Cash Flow)	34)	**520,705**	**534,075**
Investments in Property, Plant, and Equipment and Intangible Assets		–662,877	–566,680
Investments in Financial Assets		–108,011	–424,960
Acquisitions of Subsidiaries, Net of Cash Acquired		–77,865	–31,619
Proceeds from Sale of Subsidiaries and Holdings		4,727	929
Proceeds from Sale of Property, Plant, and Equipment, Intangible Assets, and Other Financial Assets		12,884	785
Dividends and similar revenues Received		315,507	6,766
Cash Flow from Investing Activities	35)	**–515,635**	**–1,014,779**
Free Cash Flow		**5,070**	**–480,704**
Capital Contributions		–85	281
Dividends Paid to B. Braun Melsungen AG Shareholders		–32,000	–24,000
Dividends Paid to Non-controlling Interests		–10,008	–8,528
Deposits and Repayments for Profit-Sharing Rights		–653	407
Loans		566,025	637,242
Loan Repayments		–491,239	–224,314
Cash Flow from Financing Activities	36)	**32,040**	**381,088**
Change in Cash and Cash Equivalents		**37,110**	**–99,616**
Cash and Cash Equivalents at the Start of the Year		38,924	109,184
Exchange Gains (Losses) on Cash and Cash Equivalents		8,298	29,356
Cash and Cash Equivalents at Year End	37)	**84,332**	**38,924**

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, 2014 have been prepared in compliance with Section 315a (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 March 4, 2015. The Audit Committee of the Supervisory Board plans to discuss the consolidated financial statements at its meeting on March 13, 2015, and the Supervisory Board shall approve the consolidated financial statements at its meeting on March 24, 2015.

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 used consistently for all periods referred to 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 January 1, 2014 (IAS 8.28)

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 shall be applied by EU entities for the first time in the initial period of a fiscal year starting on or after January 1, 2014. The B. Braun Group has reviewed the scope of consolidation based on the new rule. The first application of the new standard shall not result in any changes.

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 shall be applied by EU entities for the first time in the initial period of a fiscal year starting on or after January 1, 2014. This new regulation will not have any major impact on the net assets, financial position, and earnings situation of the B. Braun Group. A retroactive application of the new rule with corresponding reconciliation was omitted for this reason.

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 shall be applied by EU entities for the first time in the initial period of a fiscal year starting on or after January 1, 2014. As the amendment merely results in an extension of the disclosures, it has no impact on the recognition of net assets, financial position, and earnings situation of the Group within the financial statements. It does, however, lead to extensive new disclosures.

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. EU entities shall apply the new standard for the first time during the initial period of a fiscal year starting on or after January 1, 2014. This standard is not relevant for 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 has, therefore, been renamed IAS 28, Investments in Associates and Joint Ventures. EU entities (revised 2011) shall apply IAS 28 for the first time during the initial period of a fiscal year starting on or after January 1, 2014. The amendment will not have any major impact on the net assets, financial position, and earnings situation of the B. Braun 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. The amendment will not have any impact on the net assets, financial position, and earnings situation of the B. Braun Group.

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. This interpretation is 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 forth 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 amended guidelines refer to the expansion of disclosures applicable as of January 1, 2013, and should be applied retroactively to those fiscal years beginning on or after January 1, 2014. The amendment will not have any major impact on the net assets, financial position, and earnings situation of the B. Braun 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. The amendment does not have any major impact on the net assets, financial position, and earnings situation of the B. Braun 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. Therefore, under certain conditions, companies are forced to switch derivatives to central counterparties (CCP); according to 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 has been required by a law or regulation. 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. The amendment does not have any major impact on the net assets, financial position, and earnings situation of 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, 2014 (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 June 17, 2014. Voluntary early application of these requirements is permitted, but the B. Braun Group does not elect to do this. The amendment is expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

Amendments to IAS 19, Employee Benefits – Employee Contributions
The amendment to IAS 19R (2011) adds an option to the standard with regard to accounting for defined benefit pension plans in which employees (or third parties) are involved through mandatory contributions. IAS 19R (2011) provides for assigning employee contributions, which are set out in the formal terms of a defined benefit plan and linked to job performance, to the service periods as negative benefits. Taking into account the now-published amendment to IAS 19R (2011), it is permissible to continue recognizing employee contributions linked to job performance that are not linked to the number of years of service during that period in which the corresponding work is done without applying the calculation-and-distribution method using the "projected unit credit method." However, if the employee contributions – depending on the number of years of service – vary, it is mandatory that the calculation-and-distribution method using the "projected unit credit method" be followed. This amendment should be applied for fiscal years beginning on or after February 1, 2015. Voluntary early application of these requirements is permitted, but the B. Braun Group does not elect to do this. The amendment is expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

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 account, with some limited changes, for "regulatory deferral account balances" in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and 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 interpretation is not relevant for the B. Braun Group.

Amendments to IFRS 11 Joint Arrangements – Acquisition of Shares in a Joint Operation
The amendment clarifies that acquisitions and subsequent acquisitions of interests in jointly controlled operations, which constitute a business as defined by IFRS 3, Business Combinations, should be accounted for according to the principles of accounting for business combinations under IFRS 3 and other applicable IFRS, provided these do not conflict with the provisions in IFRS 11. The changes do not apply if the reporting entity and the parties thereto are under common control of the same ultimate controlling party. The new rules apply prospectively for share purchases that take place in reporting periods beginning on or after January 1, 2016. Earlier voluntary application is permitted, but the B. Braun Group will not elect to do this. Widespread EU adoption of these rules ("endorsement") is expected for Q1 2015. The amendment is expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

Amendments to IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets – Clarification of Acceptable Methods of Depreciation
The aim of these amendments is to clarify which methods are appropriate with regard to the depreciation of property, plant, and equipment and intangible assets. In principle, the depreciation of property, plant, and equipment and intan-

gible assets shall reflect the company's expected consumption of future economic benefits generated by the asset. In this regard, the IASB has now clarified that a depreciation of property, plant, and equipment on the basis of the sales of goods that it manufactures does not follow this approach, and thus is not appropriate, because the revenues depend not only on consumption of the asset, but also on other factors, such as sales volume, price, or inflation. With some exceptions, this clarification is also included in IAS 38 for amortizing intangible assets with finite useful lives. For both property, plant, and equipment and intangible assets, the clarification also states that the decline in the sale prices of goods and services produced with them might be an indication of their economic obsolescence, and therefore an indication of a decline in the economic benefit potential of the assets that are necessary for production. This amendment applies to reporting periods beginning on or after January 1, 2016. Voluntary early application of these requirements is permitted, but the B. Braun Group does not elect to do this. Widespread EU adoption of the these rules ("endorsement") is expected for Q1 2015. The amendment is expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

Amendments to IAS 27, Separate Financial Statements – Applying the Equity Method in the Financial Statements
Due to the amendments, investments in subsidiaries, joint ventures, and associated companies in future IFRS financial statements shall be accounted for using the equity method. This amendment applies to reporting periods beginning on or after January 1, 2016. Voluntary early application of these requirements is permitted. It is currently expected that the EU will adopt these rules ("endorsement") for Q3 2015. This interpretation is not relevant for the B. Braun Group.

Amendments to IAS 16, Property, Plant, and Equipment, and IAS 41 Agriculture – Agriculture: Producing Plants
Until the date of bearer plants' production maturity, the amendments clarify that – similar to tangible assets – producing plants (bearer plants) should be accounted for either at acquisition or manufacturing cost, and should subsequently be accounted for using IAS 16 provisions, using either the acquisition cost model or the re-evaluation model. Accounting in accordance with IAS 41 will no longer be permitted. The amendment is effective for reporting periods beginning on or after January 1, 2016. An earlier voluntary application of the new rules is permitted. It is currently expected that the EU will adopt these rules ("endorsement") for Q1 2015. This interpretation is not relevant for the B. Braun Group.

IFRS 15, Revenue from Customer Contracts
On the one hand, the objective of the revised standards is, in particular, to unify the previous, less extensive regulations in the IFRS, and on the other, to standardize the very detailed and somewhat industry-specific regulations under US GAAP, thus improving the transparency and comparability of financial information. Under IFRS 15, revenue is then realized when the customer obtains control of the agreed goods and services, and can benefit from their use. The decisive factor is no longer a major transfer of risks and rewards, as under the old provisions of IAS 18, Revenue. Revenue is to be valuated as quid pro quo, that is, the compensation that the company expects to receive. The new model provides a five-step scheme for determining the revenue recognition, whereby in the first step the customer agreement and the separate performance obligations contained therein must be identified. Subsequently, the transaction price of the customer's contract shall be determined and divided up among the individual obligations. Finally, revenue should be realized according to the new model for each performance obligation at the allocated pro rata transaction price as soon as the agreed service has been performed or the customer has obtained the power of disposal over it. A distinction that is based on predefined criteria is made here between point-in-time-related and period-of-time-based performance fulfillments. The new standard does not distinguish between different job and activity types, but establishes standardized criteria for when a service that is rendered should be realized as a point-in-time or period-of-time. In the future, the IFRS 15 provisions replace both the contents of IAS 18, Revenue and IAS 11, Construction Contracts. In addition, a variety of other items are controlled for the first time and this could have implications for the current accounting policy, such as provisions for contract modifications or repurchase agreements. This amendment applies to reporting periods beginning on or after January 1, 2017. Voluntary early application of these requirements is permitted, but the B. Braun Group does not elect to do this. Widespread EU adoption of the these rules ("endorsement") is expected for Q2 2015. The B. Braun Group is currently reviewing the impact on the net assets, financial position, and earnings situation.

IFRS 9 Financial Instruments

The IASB completed its project to replace IAS 39, Financial Instruments: Recognition and Measurement in July 2014 with the publication of the final version of IFRS 9, Financial Instruments. In its final version, IFRS 9 contains in particular fundamentally revised regulations on classifying and measuring financial instruments, accounting for the depreciation of financial assets, and hedge accounting relationships. For classifying and measuring financial assets, IFRS 9 provides the models "Hold to Achieve Contractual Cash Flows," "Hold and Sell" and "Intention to Trade" as a function of the company's business model. The classification and measurement rules for financial liabilities have changed very little through IFRS 9. Due to the new rules governing accounting for depreciation, their recognition fundamentally changes, since not only incurred losses (current incurred loss model), but also expected losses (so-called expected loss model) are to be recognized, whereby the scope of recognition of expected losses is differentiated further based on whether or not the credit risk of financial assets has deteriorated markedly since their addition. The rules for hedge accounting have been completely revised. The primary aim of the new rules is to orient hedge accounting more strongly toward the company's economic risk management. According to IFRS 9, and contrary to IAS 39, dissolving a hedging relationship will no longer be possible at any time without reason. A hedging relationship must therefore be maintained for accounting purposes as long as the documented risk management objective for this hedging relationship has not changed, and the other conditions for hedge accounting are met. Furthermore, individual risk components can be considered under IFRS 9 in isolation under certain conditions, even in non-financial transactions. In addition, the requirements for demonstrating the effectiveness of hedging transactions are changing. IFRS 9 – subject to an expected EU endorsement – is effective for reporting periods beginning on or after January 1, 2018. In principle, the adoption must be applied retroactively, although various simplification options are granted. Earlier voluntary application is permitted, but the B. Braun Group will likely not elect to do this. The B. Braun Group is currently reviewing the impact on the net assets, financial position, and earnings situation.

Amendments to IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associate Corporations and Joint Ventures

The amendments have resolved a previously existing inconsistency between the two standards. IFRS 10 currently requires recognizing the full profit or loss resulting from the loss of control of a subsidiary, which is introduced in a joint venture or an associate concern. In contrast, IAS 28 only provides for profit or loss realization in the amount of shares held by other investors for non-financial assets introduced in associated companies or joint ventures. According to the published changes, in the future, the investor always has to realize a profit or loss in full if the transaction involves a business as defined in IFRS 3. If the transaction involves assets that do not constitute a business, then only the pro rata success shall be recognized. Subject to an expected EU endorsement, the changes are to be applied prospectively to corresponding transactions beginning on or after January 1, 2016. The rule is expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

Amendments to IAS 1, Presentation of Financial Statements: Information Initiative

The objective of the information initiative is to eliminate obstacles that authors are faced with while exercising discretion when presenting financial statements. With respect to materiality, the amendments clarify that information should not be obscured by aggregating, that materiality must be applied to all elements of financial statements and that even then, significance shall be taken into account when the disclosure of certain information is prescribed in a standard. With regard to the statement of financial position and the representation in the income statement or in other comprehensive income, it is clarified that the list of ID lines can be split up or combined in the components of the financial statement on grounds of relevance and that additional guidance regarding subtotals in the financial statement components apply. It is clarified that a company's share of the other comprehensive income of associates or joint ventures that is accounted for using the equity method and aggregated as single ID lines on the basis of whether they are later recycled in the income statement should be identified. In terms of information, additional examples of possible sequences of information are included to clarify that understandability and comparability should be considered when the order of the information is being determined, and that the information does not have to be given in the order that is currently shown in IAS 1,114. In addition, those rules and examples referring to naming the significant accounting and valuation methods were eliminated if they were perceived as potentially unhelpful. These amendments are effective for fiscal years beginning on or after January 1, 2016. Earlier application is permitted, but the B. Braun Group will not elect to do this. As the amendment merely affects the presentation of the financial statement, it will have no impact on the net assets, financial position and earnings situation of the B. Braun Group.

Amendments to IFRS 10, IFRS 12, and IAS 28, Investment Entities: Application of the Consolidation Exemption
The changes address issues that have arisen in connection with the application of the consolidation exemption for investment entities. With these changes, it has been confirmed that a company can also apply the consolidation exemption when its parent company accounts for its subsidiaries at fair value under IFRS 10. In addition, it is clarified that a subsidiary that provides services related to the investment activities of the parent company is not to be consolidated if the subsidiary is itself an investment entity. In applying the equity method to an associated company or joint venture that is an investment entity, an investor who is not an investment entity can maintain that valuation at fair market value that the investment entity is using for its investments in subsidiaries. With regard to disclosures, it is clarified that an investment entity valuing all its subsidiaries at fair market value shall disclose the information relating to investment entities that is prescribed by IFRS 12. These amendments are effective for fiscal years beginning on or after January 1, 2016. Earlier application is permitted. This interpretation 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.

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 64 domestic and 188 foreign subsidiaries for which B. Braun Melsungen AG is exposed to variable returns and has the ability to influence them.

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, 2014 and 2013 respectively is shown below:

	2014	2013
Included as of December 31 of Previous Year	227	211
Companies Included for the First Time	31	22
Company Consolidations Discontinued	–1	–1
Business Combinations	–5	–5
Companies now Consolidated Using the Equity Method Due to the Sale of Shares	0	0
Included as of December 31 of Reporting Year	**252**	**227**

Deconsolidated companies had no material impact on the statement of financial position or the statement of income in fiscal year 2014.

The impact of company acquisitions 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 2014 is shown below:

	Carrying Amount € '000	Fair Value € '000
Non-current Assets	29,587	62,095
Current Assets	21,023	21,024
Acquired Assets	**50,610**	**83,119**
Non-current Provisions and Liabilities	4,691	13,085
Current Provisions and Liabilities	19,046	19,046
Acquired Liabilities	**23,737**	**32,131**
Net Assets Acquired	**26,874**	**50,988**
Non-controlling Interests	5,527	8,705
Prorated Net Assets	**21,346**	**42,283**
Goodwill		47,205
Cost of Acquisition		**90,676**
of which Non-controlling Interests		2,904
Cash and Cash Equivalents Acquired		3,781
Cash Outflow from Acquisitions		**86,895**
Sales		46,228
Operating Profit		– 2,841
Consolidated Net Income		– 3,199

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

In the context of acquisitions, unrecognized assets in the amount of € 24.1 million have been recognized in the reporting year so far. Receivables amounting to € 11.7 million were acquired. The established goodwill amounted to € 47.2 million.

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

Holdings in three joint ventures and 20 associated companies are recognized in the consolidated financial statements as of the reporting date. Three 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 earnings situation of the B. Braun Group as a whole.

As part of an asset-backed securities program, trade receivables for individual Group companies are assigned to a structured unit. This structured unit shall not be consolidated in the B. Braun Melsungen AG consolidated financial statements. Please see Note 18 for further information.

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 are included in the consolidated financial statements of B. Braun Melsungen AG:

- 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,

They meet the conditions of Section 264 b of the German Commercial Code (HGB) and are thus exempted from the requirement to compile Notes and a management report as well as the publishing of financial statements.

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 as well as the publishing of financial statements:

- Aesculap AG, Tuttlingen,
- Aesculap Akademie GmbH, Tuttlingen,
- Aesculap International GmbH, Tuttlingen,
- Aesculap Suhl GmbH, Suhl,
- 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,
- SteriLog GmbH, Tuttlingen,
- Transcare Gesundheitsservice GmbH, Melsungen.

The companies listed above exercise their right to the exemptions.

Principles of Consolidation

a) Subsidiaries

Subsidiaries, that is, such corporations that are controlled by B. Braun Melsungen AG, are included in the scope of consolidation. B. Braun Melsungen AG controls an entity when it is exposed to variable returns from its involvement with the investee, has entitlements to these, and has the ability to affect those returns through its power over the investee.

Subsidiaries are initially consolidated on the first day on which B. Braun Melsungen AG assumes right of disposal of the acquired company; they are excluded from consolidation once B. Braun Melsungen AG forfeits such control. Right of disposal occurs when B. Braun Melsungen AG has the ability to direct the relevant activities of the investee because it possesses the majority of the voting rights or other contractual rights. 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-related costs for a business combination are expensed. Conditional purchase price components are recognized at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent purchase price liability are recognized in profit or loss or in other comprehensive income. 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 expenditure and income are offset 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 are, 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 no 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 adjusted 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 Agreements

Investments in joint agreements are classified as either a joint operation or a joint venture. The B. Braun Melsungen AG joint agreements represent joint ventures. These are included in the consolidated financial statements using the equity method. The shares are initially recognized at cost and subsequently updated in order to reflect the Group's share in the profits and losses in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in this 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 joint venture company. Unrealised gains arising from transactions with joint ventures are eliminated in the amount equal to the Group's share. Unrealised losses are also eliminated 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 resulting exchange differences are recognized as a separate component of equity (Effects of Foreign 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 differences formerly 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, 2014	Dec. 31, 2013	+– in %	2014	2013	+– in %
1 EUR = USD	1,216	1,377	–11.7	1,329	1,328	0.1
1 EUR = GBP	0,779	0,833	–6.5	0,806	0,849	–5.0
1 EUR = CHF	1,202	1,227	–2.0	1,215	1,231	–1.3
1 EUR = MYR	4,250	4,513	–5.8	4,347	4,185	3.9
1 EUR = JPY	145,030	144,500	0.4	140,377	129,625	8.3

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 occur. Development costs that have previously been expensed are not capitalized in subsequent years. Capitalized development costs are shown 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 (net 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 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 increased carrying amount due to reversal may not be higher than what it would have been if the impairment had not been recognized.

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. Scheduled depreciation of tangible assets is based on the straight-line method, in which the cost will be recognized over the estimated useful life until the residual value is reached. 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 are reported as expenses in the statement of income of the fiscal year in which they occur.

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 item of 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. Write-ups to a maximum of amortized acquisition or manufacturing cost are shown 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 net 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 increased or decreased annually by the share in profit, distributions, and other changes in equity. Goodwill is not reported separately, but is included in the value of participation. 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 re-evaluates 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 using the effective interest method at amortized cost 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 disposed of or is acknowledged to have an impairment, 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.

In the case of financial assets valued at amortized cost, the impairment loss corresponds to the difference between the carrying amount of the asset and the net present value of expected future cash flows determined on the basis of the original effective interest rate on 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 valuation adjustment account. If a trade receivables item is considered to be irrecoverable, it is written off against the valuation adjustment account. Changes in the carrying amount of the valuation adjustment 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 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).

Inventory

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. Related to this, the risks, in particular those arising from the storage period, reduced usability, etc., are taken into account by means of devaluations.

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 discounted present value.

Provisions are released against the expense items for which they were created. If additions to provisions were recognized under other operating expenses, the release of these amounts is shown under the corresponding other operating income item.

Financial debt

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 disbursed (less transaction costs) and the repayment amount is spread across the term of the loan using the effective interest method and recognized in the statement of income.

Liabilities from loans are recognized as current liabilities unless the Group has the unconditional right to defer repayment of the liability to at least 12 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 have a residual maturity of up to one year and are stated at their repayment or settlement amount. Non-current liabilities that are not the underlying transaction in permissible hedge accounting are recognized at the cost of acquisition.

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 their fair value on the date the contract is entered into. They are subsequently measured at their 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 hedge 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 hedge instruments is shown as a non-current asset or liability if the residual term of the hedged underlying transaction is more than 12 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 12 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 (Loss)

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 collection of the associated receivables can be assumed with sufficient likelihood.

Estimates for sales reductions are based on 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 basis.

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

Sales by Division	2014 € '000	%	2013 € '000	%	+ – in %
Hospital Care	2,527,766	46.5	2,474,437	47.9	2.2
Aesculap	1,497,729	27.6	1,444,212	27.9	3.7
OPM	643,895	11.9	608,968	11.8	5.7
B. Braun Avitum	737,922	13.6	612,524	11.8	20.5
Other Sales	22,262	0.4	29,404	0.6	– 24.3
	5,429,574	**100.0**	**5,169,545**	**100.0**	**5.0**

Sales by Region	2014 € '000	%	2013 € '000	%	+ – in %
Germany	999,571	18.4	952,226	18.4	5.0
Europe	1,921,233	35.4	1,851,663	35.8	3.8
North America	1,090,076	20.1	1,045,642	20.2	4.2
Latin America	373,088	6.9	351,385	6.8	6.2
Asia & Australia	869,906	16.0	810,771	15.7	7.3
Africa & the Middle East	175,700	3.2	157,858	3.1	11.3
	5,429,574	**100.0**	**5,169,545**	**100.0**	**5.0**

Sales by Type	2014 € '000	%	2013 € '000	%	+ – in %
Sales of Products	4,832,535	89.0	4,663,423	90.2	3.6
Sales of Services	597,039	11.0	506,122	9.8	18.0
	5,429,574	**100.0**	**5,169,545**	**100.0**	**5.0**

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 write-downs.

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

	2014 € '000	2013 € '000
Currency Translation Gains	168,020	148,850
Additional Income	26,909	13,399
Derivative Financial Instruments	9,033	5,220
Income from Other Periods	4,813	3,606
Proceeds from Appreciation of Current Financial Assets	5,134	4,568
Proceeds from the Disposal of Assets	2,002	1,883
Proceeds from the Release of Provisions	3,871	3,719
Other	25,834	29,873
	245,616	**211,118**

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.

The ancillary revenues include in particular revenues from the sale of put options, cost reimbursements from third parties and revenue from canteen 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 includes primarily payments of damages as well as government grants related to income statement and miscellaneous items. Income-related grants are recognized in the period in which the corresponding expenses occur. These amounted to T€ 1,465 (previous year: T€ 2,066). During the fiscal year, grants of T€ 1,709 (previous year: T€ 1,912) were recognized through profit and loss. 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

	2014 € '000	2013 € '000
Currency Translation Losses	181,662	161,761
Losses from Impairment of Current Financial Assets	8,578	4,810
Additions to Provisions	2,617	3,892
Losses on the Disposal of Assets	5,392	2,886
Expenses from Other Periods	7,281	4,871
Derivative Financial Instruments	14,825	3,499
Other	40,461	35,684
	260,816	**217,403**

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 refer to value adjustments to trade receivables.

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:

	2014 € '000	2013 € '000
Income from Financial Investments Recognized Using the Equity Method	7,804	5,216
Expenses from Financial Investments Recognized Using the Equity Method	– 510	– 235
	7,294	**4,981**

8 Net Financial Income

	2014 € '000	2013 € '000
Interest and Similar Income	3,099	5,201
Interest and Similar Expenses	– 45,362	– 39,807
of which to Affiliated Companies	(0)	(0)
Interest Expenses for Pension Provisions, less Expected Income from Plan Assets	– 30,418	– 30,686
	– 72,681	**– 65,292**
of which Financial Assets and Liabilities not Measured at Fair Value Through Profit and Loss:		
Interest Income from Discounting	704	282
Accrued Interest Expense	– 3,141	– 3,639

Interest and similar expenses are primarily comprised of interest expense on financial liabilities. Expenses resulting from accruing interest from non-current other provisions are also recognized here.

9 Other Net Financial Income

	2014 € '000	2013 € '000
Income from Joint Ventures (excluding Income from Financial Investments Recognized using the Equity Method)	51,186	4,893
Net Gains or Losses on:		
– Loans and Receivables	0	0
– Held-to-Maturity Financial Assets	– 700	0
– Available-for-Sale Financial Assets	– 186	– 615
– Financial Liabilities Measured at Amortized Cost	0	0
	50,300	**4,278**

Net gains or losses on available-for-sale financial assets include T € 174, which arise from the sale of securities in this category and have been taken from other reserves in equity.

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 tax assets are offset only if the company has the legal right to settle current tax assets and current tax liabilities on a net basis and they are levied by the same tax authority. Income tax expenses and deferred taxes are as follows:

	2014 € '000	2013 € '000
Actual Income Taxes	104,209	110,948
Deferred Taxes resulting from Temporary Differences	– 8,457	3,464
Deferred Taxes resulting from Losses Carried Forward	– 4,426	– 7,426
	91,326	**106,986**

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, 2014		Dec. 31, 2013	
	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000
Intangible Assets	6,786	43,823	5,055	31,945
Property, Plant, and Equipment	1,626	156,672	2,445	151,255
Financial Assets	71	8,045	1,021	1,017
Inventories	56,478	6,093	49,097	6,739
Trade Accounts Receivable	6,329	10,584	9,289	5,797
Pension Provisions	174,879	187	99,729	92
Other Provisions	18,751	1,172	15,311	1,744
Liabilities	53,555	1,330	35,491	4,662
Other Items	5	4,342	0	5,491
	318,480	**232,248**	**217,438**	**208,742**
of which Non-current	204,077	214,378	124,577	191,533
Net Balance	–148,135	–148,135	–128,095	–128,095
	170,345	**84,113**	**89,343**	**80,647**
Valuation Allowance on Deferred Tax Assets from Temporary Differences	–457	–	–1,295	–
Deferred Taxes on Tax Credits	31,844	–	25,971	–
Losses Carried Forward (Net, after Valuation Allowances)	8,791	–	5,724	–
	210,523	**84,113**	**119,743**	**80,647**

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 T€ 7,878 (previous year: T€ 10,875).

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

	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000
Within One Year	0	21
Within Two Years	0	150
Within Three Years	526	1,580
Within Four Years	4,881	1,589
Within Five Years or Longer	1,466	4,854
	6,873	**8,194**
Can be Carried Forward Indefinitely	47,866	24,519
	54,739	**32,713**

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 T€ 7,843 (previous year: T€ 4,435). Recognition of these deferred tax assets is based on relevant forecasting, which justifies the expectation that they will be utilized.

Deferred taxes of T € 140,683 (previous year: T € 62,729) were recognized directly in equity. This amount was primarily comprised of actuarial gains and losses related to pension obligations of T € 134,114 (previous year: T € 62,525), changes in the fair value of securities of T € – 11 (previous year: T € – 2) and changes in the fair value of derivative financial instruments designated as cash flow hedges of T € 1,120 (previous year: T € 206).

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

	2014 € '000	2013 € '000
Tax Rate of B. Braun Melsungen AG	28.3 %	28.3 %
Profit before Tax	407,639	422,481
Expected Income Tax at Parent Company's Tax Rate	–115,239	–119,393
Differences Due to Other Tax Rates	4,291	838
Changes to Deferred Tax Assets and Liabilities Due to Changes in Tax Rates	3,750	528
Tax Reductions Due to Tax-Exempt Income	27,715	15,769
Tax Increases Due to Non-deductible Expenses	–17,457	–18,115
Addition / Deduction of Trade Tax and Similar Foreign Tax Items	–1,459	–1,463
Final Withholding Tax on Profit Distributions	–959	–1,330
Tax Credits	4,560	16,933
Tax Expense relating to Previous Periods	1,005	–10
Change to Valuation Allowances on Deferred Tax Assets	–1,476	–164
Profit (Loss) of Financial Investments Recognized Using the Equity Method	1,367	1,036
Other Tax Effects	2,576	–1,615
Actual Tax Expense	**–91,326**	**–106,986**
Effective Tax Rate	22.4 %	25.3 %

The lower year-on-year effective tax rate is primarily due to one-off effects from tax credits for investments in manufacturing facilities in Malaysia, as well as tax-exempt income in Germany.

11 Earnings per Share

Earnings per share are calculated according to IAS 33 by dividing the consolidated net income less non-controlling interests by the number of shares in issue. 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, 2014 or December 31, 2013 that could have diluted the earnings per share. Earnings per share amounted to € 15.21 (previous year: € 15.14).

The dividends paid in 2014 for the previous fiscal year amounted to € 32 million (previous year: € 24 million). Dividends paid per share in 2014 were € 1.65 (previous year: € 1.24). The Management Board and Supervisory Board are proposing a dividend of € 1.65 per share for fiscal year 2014. The proposed dividend must be ratified by the Annual Shareholders' Meeting on March 24, 2015. 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:

	2014 € '000	2013 € '000
Expenses for Raw Materials, Supplies and Goods Purchased	2,095,815	1,941,831

In the period under review, expenses related to inventory write-downs recognized in cost of goods sold were T€ 30,860 (previous year: T€ 24,002), and reversals of write-downs from previous periods (increase in net realizable value) of T€ 9,214 (previous year: T€ 8,703).

Payments under operating leases

	2014 € '000	2013 € '000
Payments made under operating leases	81,274	70,921

Payments under operating leases include T€ 1,054 (previous year: T€ 1,073) 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:

Personnel expenses	2014 € '000	2013 € '000
Wages and Salaries	1,693,096	1,566,984
Social Security Payments	267,592	247,603
Welfare and Pension Expense	70,601	70,711
	2,031,289	**1,885,298**
Employees by Function (Average for the Year, including Temporary Employees)		
Production	33,234	30,413
Marketing and Sales	11,956	11,274
Research and Development	1,698	1,556
Technical and Administration	5,308	5,024
	52,196	**48,267**
of which Part-Time	3,187	2,827

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 697 employees was reported for 2014, compared to 339 for 2013.

13 Total Auditors' Fee

The following fees were recognized as expense for services provided worldwide by the auditors of PricewaterhouseCoopers in 2014:

	2014 € '000	2013 € '000
Audit Fees	4,541	4,162
of which PricewaterhouseCoopers AG, Germany	1,020	958
Other Certification Services	52	68
of which PricewaterhouseCoopers AG, Germany	4	4
Tax Advisory Services	1,023	939
of which PricewaterhouseCoopers AG, Germany	288	241
Other Services	613	384
of which PricewaterhouseCoopers AG, Germany	265	1
	6,229	**5,553**
of which PricewaterhouseCoopers AG, Germany	1,577	1,204

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 and its subsidiaries. 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 for company 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, 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 / January 1, 2014	**123,544**	**363,293**	**63,703**	**79,801**	**630,341**
Foreign Currency Translation	– 6,007	9,872	8,197	– 22	12,040
Additions to Scope of Consolidation	51,980	34,321	0	4	86,305
Disposals from Scope of Consolidation	0	– 247	0	0	– 247
Additions	0	18,177	13,805	39,948	71,930
Transfers	0	14,777	0	– 10,741	4,036
Appreciation	0	0	0	0	0
Disposals	0	– 18,665	0	– 120	– 18,785
December 31, 2014	**169,517**	**421,528**	**85,705**	**108,870**	**785,620**
Accumulated Amortization 2014	503	256,681	13,810	0	270,994
Accumulated Amortization 2013	503	233,649	10,453	0	244,605
Carrying Amounts December 31, 2014	**169,014**	**164,847**	**71,895**	**108,870**	**514,626**
Carrying Amounts December 31, 2013	**123,041**	**129,644**	**53,250**	**79,801**	**385,736**
Amortization in the Fiscal Year	0	32,277	2,024	113	34,414
of which Unscheduled	0	906	1,565	0	2,471

Depreciation on intangible assets for the fiscal year was € 34.4 million (previous year: € 34.6 Mio.) recognized in the statement of income via the functional costs.

The B. Braun Group capitalized € 13.8 million (previous year: € 10.0 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	Total € '000
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 %	
Dec. 31, 2014					
Carrying Amount of Goodwill	43,113	9,627	19,153	97,121	169,014
Annual Growth Rate	2.6 %	2.2 %	2.1 %	2.6 %	
Discount Rate	8.0 %	7.9 %	7.6 %	8.4 %	

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 industrial reports. The discount rates used are pre-tax rates and reflect the specific risks of the relevant cash-generating units.

If the actual future gross margin had been 10 percent less than the gross margin estimated by management on December 31, 2014, no impairment of goodwill would have occurred. The same holds true if the discount amount that was used to calculate the discounted cash flow had been 10 percent higher than 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, 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
Disposals	– 6,135	– 26,387	– 36,684	– 15,727	– 84,933
December 31, 2013/January 1, 2014	**1,507,142**	**2,250,829**	**774,720**	**615,756**	**5,148,447**
Foreign Currency Translation	25,105	65,887	15,390	15,726	122,108
Additions to Scope of Consolidation	9,691	2,128	10,528	250	22,597
Additions	80,185	121,799	75,772	366,031	643,787
Transfers	147,920	180,372	28,263	– 360,591	– 4,036
Disposals	– 19,609	– 38,920	– 39,103	– 3,121	– 100,753
December 31, 2014	**1,750,434**	**2,579,375**	**864,494**	**634,051**	**5,828,354**
Accumulated Depreciation 2014	493,980	1,473,407	557,566	849	2,525,802
Accumulated Depreciation 2013	441,722	1,306,246	503,660	191	2,251,819
Carrying Amounts December 31, 2014	**1,256,454**	**1,105,968**	**306,928**	**633,202**	**3,302,552**
Carrying Amounts December 31, 2013	**1,065,420**	**944,583**	**271,060**	**615,565**	**2,896,628**
Depreciation in the Fiscal Year	46,898	162,161	73,603	984	283,646
of which Unscheduled	149	1,436	94	984	2,663

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 T€ 4,713 (previous year: T€ 5,965) were capitalized in the year under review. An interest rate of 2.2 percent was utilized (previous year: 3.9 percent).

In the statement of financial position, government grants for investments in the amount of T€ 1,459 (previous year: T€ 2,483) 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 T€ 43,142 (previous year: T€ 65,504).

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, 2014 € '000	Dec. 31, 2013 € '000
Licenses, Trademarks, and Other Similar Rights	680	603
Accumulated Amortization	– 142	– 114
Buildings	133,581	135,201
Accumulated Depreciation	– 42,102	– 40,030
Technical Plants and Machinery	7,169	11,353
Accumulated Depreciation	– 4,738	– 7,045
Other Plants, Operating, and Office Equipment	11,218	10,245
Accumulated Depreciation	– 7,850	– 7,104
Net Carrying Amount	**97,816**	**103,109**

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

	Dec. 31, 2014			Dec. 31, 2013		
	Nominal Value € '000	Discount Amount € '000	Net Present Value € '000	Nominal Value € '000	Discount Amount € '000	Net Present Value € '000
Less than One Year	11,013	2,724	8,289	11,426	3,114	8,312
Between One and Five Years	30,508	7,527	22,981	36,322	9,239	27,083
Over Five Years	40,334	3,318	37,016	43,982	4,918	39,064
	81,855	**13,569**	**68,286**	**91,730**	**17,271**	**74,459**

The two largest finance leasing agreements relate to the real estate for the Hospital Care Division's LIFE facility (carrying amount € 28.2 million), and the Aesculap Division's Benchmark factory (carrying amount € 16.1 million). These agreements have varying terms and conditions, interest rate adjustment clauses, and purchase options.

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

The B. Braun Group has a 18.01 percent share in Rhön-Klinikum AG, which is headquartered in Bad Neustadt an der Saale. The Rhön-Klinikum AG is a publicly traded private operator of hospitals, clinics, and medical centers. The B. Braun Group has significant influence over the company based on its percentage of voting rights and representation on its Supervisory Board. For these reasons, the investment has been recognized using the equity method since July 1, 2014.

The company's summarized financial information breaks down as follows:

	Assets € '000	Liabilities € '000	Equity € '000	Sales € '000	Profit/Loss € '000	Total Earnings € '000	Received Dividends € '000
2014							
Rhön-Klinikum AG	3,426,182	2,203,753	1,222,429	314,809	18,756	18,756	6,223

Since the Rhön-Klinikum AG's net income for 2014 was not available at the B. Braun Group's reporting date, the net income was estimated based on third quarter earnings. The balance sheet values are based on third quarter financial statements. The fair value of the investment as of the reporting date was € 305.9 million.

The reconciliation of financial information on the carrying value of the Group's share is as follows:

	Net Carrying Amount July 1, 2014 € '000	Profit/Loss € '000	Capital Reduction € '000	Net Carrying Amount September 30, 2014 € '000	Share in Capital 18.01 % € '000	Change due to Capital Reduction € '000	Goodwill € '000	Carrying Amount Dec. 31, 2014 € '000
2014								
Rhön-Klinikum AG	2,843,112	18,309	–1,654,781	1,206,640	217,316	56,970	3,783	278,069

The Group's holdings in its other associated companies and joint ventures are as follows:

	2014 € '000	2013 € '000
Other Associated Companies		
Carrying Value of Shares	51,688	47,933
Share of Profit/Loss	1,638	3,108
Share of Other Income/Expense	0	0
Share of Net Income	1,638	3,108
Joint Ventures		
Carrying Value of Shares	1,726	1,391
Share of Profit/Loss	–38	59
Share of Other Income/Expense	0	0
Share of Net Income	–38	59

As of December 31, 2014, the goodwill of holdings in associated companies totaled € 16.5 million (previous year: € 10.6 million).

Cost of Acquisition	Financial Investments Recognized Using the Equity Method of Accounting	Other Holdings	Loans to Companies in which the Group Holds an Interest	Securities	Other Loans	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
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 / January 1, 2014	**47,933**	**20,157**	**1,715**	**443,901**	**5,869**	**519,575**
Foreign Currency Translation	0	0	14	0	2	16
Additions to Scope of Consolidation	1,722	3	0	0	0	1,725
Disposals from Scope of Consolidation	0	– 102,189	0	0	0	– 102,189
Additions	7,057	104,179	63	99,779	4,520	215,598
Transfers	274,771	0	0	– 274,771	0	0
Appreciation	0	0	0	0	0	0
Disposals	0	– 3,744	0	– 249,792	– 944	– 254,480
Fair Value Adjustments	0	0	0	– 18,394	0	– 18,394
December 31, 2014	**331,483**	**18,406**	**1,792**	**723**	**9,447**	**361,851**
Accumulated Amortization 2014	0	29	0	0	20	49
Accumulated Amortization 2013	0	29	0	1	20	50
Carrying Amounts December 31, 2014	**331,483**	**18,377**	**1,792**	**723**	**9,427**	**361,802**
Carrying Amounts December 31, 2013	**47,933**	**20,128**	**1,715**	**443,900**	**5,849**	**519,525**
Amortization in the Fiscal Year	0	0	0	– 1	700	699

18 Trade Receivables

Age Analysis of 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, 2013							
Trade Receivables	941,407	636,519	90,317	34,400	25,145	46,854	108,172
Dec. 31, 2014							
Trade Receivables	965,458	702,327	78,118	39,841	29,468	53,357	62,347

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 decrease 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 impairments 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, 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**
Dec. 31, 2014							
Trade Receivables	49,287	14,378	3,649	1,230	1,794	3,605	24,631
Impairment Provisions	–21,056	–3,380	–1,410	–611	–367	–1,122	–14,166
Carrying Amount	**28,231**	**10,998**	**2,239**	**619**	**1,427**	**2,483**	**10,465**

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:

	2014 € '000	2013 € '000
Amount of Impairment Provisions as of January 1	27,295	36,473
Foreign Currency Translation	495	– 1,288
Additions	10,865	7,973
Utilization	– 4,553	– 3,906
Releases	– 5,936	– 11,957
Amount of Impairment Provisions as of December 31	**28,166**	**27,295**
of which Specific	21,056	23,203
of which General	7,110	4,092

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:

	2014 € '000	2013 € '000
Expenses for Complete Derecognition of Trade Receivables	12,277	10,045
Income from Trade Receivables Previously Derecognized	4,253	3,374

Fair value of collateral received totaled T€ 4,139 (previous year: T€ 4,120). The collateral is mainly payment guarantees, with terms extending to December 2015.

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 one percent of all trade receivables reported.

As of December 31, 2014, B. Braun Group companies had sold receivables worth € 71.9 million under an asset-backed securities (ABS) program with a maximum volume of € 100 million (previous year: € 85.1 million). The basis for this transaction is the transfer of trade receivables of individual B. Braun subsidiaries to a structured entity within the framework of an undisclosed assignment. A structured entity should be consolidated under IFRS 10 if the criteria for control of this company have been met (IFRS 10.B2). The existence of a controlling relationship requires decision-making power and variable returns as well as a link between the two. Since B. Braun does not participate in the variability of the structured entity, this company is not to be consolidated in the consolidated financial statements.

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 structured 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 (T€ 1,381, previous year: T€ 1,687). 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 (T€ 199, previous year: T€ 340). The fair value of the guarantee/interest payments to be assumed has been estimated at T€ 91 (previous year: T€ 145) and recorded under other liabilities.

19 Other Assets

	Dec. 31, 2014		Dec. 31, 2013	
	Residual Term < 1 year € '000	Residual Term > 1 year € '000	Residual Term < 1 year € '000	Residual Term > 1 year € '000
Other Tax Receivables	46,303	0	44,726	0
Receivables from Social Security Providers	777	451	1,553	325
Receivables from Employees	3,846	349	3,932	390
Advance Payments	10,083	417	12,051	182
Accruals and Deferrals	36,686	3,505	25,809	2,816
	97,695	**4,722**	**88,071**	**3,713**
Receivables from Derivative Financial Instruments	29,474	0	14,875	0
Available-for-Sale Financial Assets	7,793	0	5,632	0
Held-for-Trading Financial Assets	15,748	0	13,421	0
Other Receivables and Assets	77,085	20,587	69,013	20,113
	130,100	**20,587**	**102,941**	**20,113**
	227,795	**25,309**	**191,012**	**23,826**

Granted loans are mainly reported under other receivables and assets.

With regard to other receivables, as of the reporting date there were no indications 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, 2014 € '000	Dec. 31, 2013 € '000
Raw Materials and Supplies	245,227	224,894
Impairment Provisions	– 14,607	– 12,866
Raw Materials and Supplies – Net	**230,620**	**212,028**
Work in Progress	163,502	144,454
Impairment Provisions	– 5,048	– 5,748
Work in Progress – Net	**158,454**	**138,706**
Finished Products, Merchandise	682,589	608,005
Impairment Provisions	– 65,947	– 57,218
Finished Products, Merchandise – Net	**616,642**	**550,787**
	1,005,716	**901,521**

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

Effective April 2, 2014, B. Braun Melsungen AG increased its subscribed capital from retained earnings from € 600 million to € 800 million without issuing new shares. The share capital is divided into 19,404,000 no-par-value bearer shares that are fully paid up. Each share without nominal value represents a calculated share of € 41.23 of the subscribed capital.

The Management Board is authorized, with the consent of the Supervisory Board, to increase the subscribed capital by up to € 100 million by issuing new bearer shares for cash on one or more occasions before December 31, 2018.

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 net income, 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, 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
Cash Flow Hedging Instruments	–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 / January 1, 2014	**–1,845**	**18,282**	**–151,025**	**–134,588**
Changes Recognized Directly in Equity (After Taxes)				
Changes in Fair Value of Securities	0	–18,277	0	–18,277
Cash Flow Hedging Instruments	–2,871	0	0	–2,871
Changes Due to Currency Translation	0	0	68,107	68,107
Total	**–2,871**	**–18,277**	**68,107**	**46,959**
December 31, 2014	**–4,716**	**5**	**–82,918**	**–87,629**

Changes in the other equity capital components 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. The summarized financial information of these subsidiaries before inter-company elimination is as follows:

	Assets € '000	Liabilities € '000	Sales € '000
2013			
Almo-Erzeugnisse E. Busch GmbH, Germany	51,556	29,462	64,680
B. Braun Austria Ges.m.b.H., Austria	64,237	22,220	59,231
B. Braun Medical AG, Switzerland	310,028	95,516	260,523
	425,821	147,198	384,434
2014			
Almo-Erzeugnisse E. Busch GmbH, Germany	56,772	34,572	65,977
B. Braun Austria Ges.m.b.H., Austria	67,211	23,810	58,112
B. Braun Medical AG, Switzerland	337,085	125,098	268,221
	461,068	183,480	392,310

25 Provisions for Pensions and Similar Obligations

	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000
Provisions for Pension Obligations	1,098,474	798,464

Payments of € 35.4 million are expected in 2015. Of this, € 10.1 million is attributable to contributions to external plans and € 25.3 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 the previous fiscal year, this amount was € 19.2 million (previous year: € 19.0 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.

	Profit/ Loss	Other Earnings	Total Earnings	Cash Flow	Non-controlling Interests	attributable to Profit/ Loss	Dividends
	€ '000	€ '000	€ '000	€ '000	%	€ '000	€ '000
	1,130	– 933	197	– 2	40	452	485
	10,513	– 532	9,981	24	40	4,205	3,200
	19,187	– 9,725	9,462	– 521	49	9,402	4,777
	30,830	– 11,190	19,640	– 499		14,059	8,462
	1,664	– 1,406	258	– 5	40	666	440
	10,419	– 1,068	9,351	37	40	4,168	3,400
	23,491	– 30,038	– 6,547	– 1,689	49	11,511	4,836
	35,574	– 32,512	3,062	– 1,657		16,344	8,676

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. A cash balance scheme applies to any earnings increase after this time.

Retirement benefits in Switzerland and the US are financed by external pension funds, as is customary for both regions. Minimum funding requirements apply in both countries, which could, in rare cases, impact the definition of future financial contributions.

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 benefits payable 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 net 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 at the reporting date. The defined benefit obligation is calculated using the projected unit credit method. The interest rate used to determine the net 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 derived as follows:

	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000
Present value of Pension Obligations	1,366,903	1,032,283
Fair Value of External Plan Assets	– 268,429	– 234,096
Excess Cover / Shortfall	**1,098,474**	**798,187**
Effect of Asset Ceiling	0	277
Pension Provision (Net)	**1,098,474**	**798,464**
of which Assets	502	8
of which Liabilities	1,098,976	798,472

Asset value limitation changed as follows in the reporting year:

	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000
Asset Ceiling at Start of Year	277	0
Interest on Effect of Asset Ceiling	13	0
Change in Asset Ceiling	– 299	272
Effects from Foreign Currency Translation	9	5
Asset Ceiling at End of Year	**0**	**277**

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

	2014 € '000	2013 € '000
Current Service Costs	36,414	35,243
Plan Changes / Past Service Costs	– 2,342	– 314
(Profit) / Losses from Plan Settlements / Lapsing	1	20
Service Costs	**34,073**	**34,949**
Interest Expense on Pension Obligations	39,050	37,487
Interest Income from External Plan Assets	– 8,645	– 6,802
Interest Income from Reimbursement Claims	0	0
Interest on Asset Ceiling	13	0
Net Interest Expense on Pension Obligations	**30,418**	**30,685**
Administrative Expenses and Taxes	721	724
Pension Expense on Defined Benefit Plans	**65,212**	**66,358**
of which Operating Profit	34,794	35,673
of which Financial Income	30,418	30,685
Pension Expense on Defined Contribution Plans	19,239	19,005
Pension Expense	**84,451**	**85,363**

Pension obligations and external plan assets are reconciled as follows:

	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000
Present value of Obligation at Start of Year	1,032,283	1,031,366
Current Service Costs	36,414	35,243
Plan Changes / (Past Service Costs)	– 2,342	– 314
Effects of Plan Settlements / Lapsing	1	20
Interest Expense on Pension Obligations	39,050	37,487
Benefits Paid Excluding Administrative Expenses	– 42,486	– 39,320
Settlement Payments	– 190	– 20
Employee Contributions	3,673	3,489
Effects of Changes in Financial Assumptions	271,362	– 21,852
Effects of Changes in Demographic Assumptions	1,189	– 676
Effects of Experience Adjustments	9,104	– 3,234
Effects of Transfers	2,306	8
Effects of Changes in Scope of Consolidation	– 1	0
Effects of Foreign Currency Translation	16,540	– 9,914
Present value of Obligation at End of Year	**1,366,903**	**1,032,283**

	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000
Fair Value of Plan Assets at Start of Year	234,096	220,776
Interest Income from External Plan Assets	8,645	6,802
Revaluation of External Plan Assets	12,441	10,043
Employer Contributions	13,045	15,896
Employee Contributions	3,673	3,489
Benefits Paid and Fund Capital Payments Made (including Administrative Expenses)	– 18,578	– 16,293
Settlement Payments	0	– 20
Effects of Changes in Scope of Consolidation and Transfers	2,259	0
Effects of Foreign Currency Translation	12,848	– 6,597
Fair Value of Plan Assets at End of Year	**268,429**	**234,096**

The plan assets consist of the following:

	Dec. 31, 2014 %	Dec. 31, 2013 %
Equities and Similar Securities	23	25
Bonds and Other Fixed-Income Securities	13	13
Real Estate	0	0
Insurance Contracts	53	53
Liquid Assets	2	1
Derivatives	0	0
Investment Funds	9	8
Other Assets	0	0
	100	**100**

The plan assets for which traded market prices exist are as follows:

	Dec. 31, 2014 %	Dec. 31, 2013 %
Equities and Similar Securities	23	25
Bonds and Other Fixed-Income Securities	13	13
Real Estate	0	0
Insurance Contracts	0	0
Liquid Assets	2	1
Derivatives	0	0
Investment Funds	9	8
Other Assets	0	0
	47	**47**

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

88 percent of the equities and similar securities are attributable to plan assets in the US. A pension committee oversees plan assets in the US and ensures an adequate investment diversification.

In fiscal years 2014 and 2013, the pension provisions changed as follows:

	2014 € '000	2013 € '000
Pension Provision (Net) January 1	798,464	810,590
Transfers	47	8
Payments	– 37,876	– 39,647
Pension Expense	65,212	66,358
Revaluations Recognized in Equity (OCI)	268,927	– 35,533
of which Effects from Changes to Financial Assumptions of the Pension Obligation	271,362	– 21,852
of which Effects from Changes to Demographic Assumptions of the Pension Obligation	1,189	– 676
of which Effects from Experiential Adjustments of the Pension Obligation	9,104	– 3,234
of which Revaluation of External Plan Assets	– 12,441	– 10,043
of which other Effects	– 287	272
Effects of Changes in Scope of Consolidation	– 1	0
Effects of Foreign Currency Translation	3,701	– 3,312
Pension Provision (Net) December 31	**1,098,474**	**798,464**

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

	Dec. 31, 2014 %	Dec. 31, 2013 %
Discount Rate	2.5	3.8
Future Salary Increases	2.9	2.9
Future Pension Increases	1.5	1.7

Pension expense was calculated using the following assumptions:

	2014 %	2013 %
Discount Rate for Calculating Interest Expense	3.8	3.7
Discount Rate for Calculating Current Service Costs	4.1	4.1
Future Salary Increases	2.9	2.9
Future Pension Increases	1.7	1.7

The Heubeck Mortality Tables 2005 G served as the basis for measuring German-defined benefit (pension) obligations.

The percentages shown are weighted average assumptions. For the eurozone, a uniform discount rate of 2.4 percent (previous year: 3.9 percent) was applied to determine the pension obligations.

The results of the sensitivity analysis were determined using the previous year's methods, 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	2014 %	2013 %
Discount Rate Reduced by 25 Basis Points	4	4
Future Salary Increases Increased by 25 Basis Points	1	1
Future Pension Increases Increased by 25 Basis Points	2	2
Life Expectancy Increased by 1 Year	3*	3*

*Effect within Germany

The obligation-reducing sensitivities have a comparable effect.

The weighted duration of the obligation is 21 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, 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 / January 1, 2014	**57,293**	**7,421**	**9,069**	**73,783**
Foreign Currency Translation	1,725	–86	–19	1,620
Changes in Scope of Consolidation	113	0	13	126
Accrued Interest	0	0	0	0
Transfers	0	0	0	0
Utilization	–3,689	–2,052	–943	–6,684
Reversals	–694	–355	–380	–1,429
Additions	9,749	1,990	503	12,242
December 31, 2014	**64,497**	**6,918**	**8,243**	**79,658**

Other Current Provisions	Personnel Expenditures	Warranties	Uncertain Liabilities	Other	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
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/January 1, 2014	**2,180**	**8,113**	**6,967**	**19,941**	**37,201**
Foreign Currency Translation	79	417	195	1,229	1,920
Transfers	0	0	0	0	0
Translation Scope of Consolidation	571	10	56	292	929
Utilization	–1,880	–7,637	–1,889	–8,794	–20,200
Reversals	–636	–91	–1,087	–4,880	–6,694
Additions	1,651	7,920	3,218	13,685	26,474
December 31, 2014	**1,965**	**8,732**	**7,460**	**21,473**	**39,630**

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 release of provisions affecting net income is primarily attributable to the release of provisions for outstanding invoices and for potential losses in Germany (T€ 1,471), for commissions and litigation in Brazil (€ 902) and for personnel expenses in Hungary (€ 706).

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

27 Financial Liabilities

	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000
Non-current Liabilities		
Profit Participation Rights	82,169	79,552
Liabilities to Banks	1,106,879	815,142
Liabilities under Finance Leases	32,793	36,132
Liabilities under Finance Leases with Affiliated Companies	27,065	30,022
Liabilities under Borrowings from Non-Banks	35,529	44,081
Other Financial Liabilities	0	0
	1,284,435	**1,004,929**
Current Liabilities		
Profit Participation Rights	9,641	7,253
Liabilities to Banks	434,786	654,333
Liabilities under Finance Leases	5,469	5,446
Liabilities under Finance Leases with Affiliated Companies	2,958	2,858
Liabilities under Borrowings from Non-Banks	95,427	66,801
Liabilities under Bills of Exchange	19,581	15,449
Other Financial Liabilities	17,856	16,706
	585,718	**768,846**
Total Financial Liabilities	**1,870,153**	**1,773,775**

Other financial liabilities include T€ 11,790 in advance payments received for orders (previous year: T€ 11,754).

Term structure of financial liabilities:

	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000
Due within One Year	585,718	768,846
Due in One to Five Years	885,615	715,865
Due in Over Five Years	398,820	289,064
	1,870,153	**1,773,775**

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, 2014, a total of 699,893 rights had been issued. Their years of issue are as follows:

Year of Issue	Number
2005	59,943
2006	61,186
2007	80,467
2008	93,927
2009	69,123
2010	80,217
2011	69,202
2012	54,071
2013	69,276
2014	62,481
	699,893

The B. Braun Melsungen AG, together with several subsidiaries and 12 banks, concluded a new syndicated loan agreement for € 400 million in March 2012. The loan may be used by the borrowers as revolving credit in EUR, or alternatively 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). In May 2014, the parties agreed to extend the term of the original credit agreement that was supposed to end on March 23, 2017 to May 21, 2019. In addition, B. Braun has been granted the right to extend the contract by one year on two separate occasions upon consent of the banks. 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 August 2014, B. Braun Melsungen AG issued bonds totaling € 400 million in a promissory note transaction. The notes mature after 3 years (€ 23 million), 5 years (€ 115 million), 7 years (€ 187 million), and 10 years (€ 75 million), and each is equipped with a fixed and a variable interest. The promissory notes were predominantly underwritten by German banks. The funds raised were used to refinance expiring loans and short-term debt.

As of December 31, 2014, the Group had unutilized credit lines in different currencies totaling € 1,164.6 million (previous year: € 859.1 million).

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, 2014 € '000	Dec. 31, 2013 € '000
EUR	1,483,267	1,424,902
USD	188,382	192,665
Other	198,504	156,208
	1,870,153	**1,773,775**

Liabilities from finance leasing are recognized at the net present value of the leasing payments. These are fully secured by property liens on leased property. Of the other liabilities, T€ 15,124 (previous year: T€ 14,950) are covered by property liens. Liabilities under borrowings from non-banks include loans from B. Braun Melsungen AG shareholders in the amount of T€ 55,661 (previous year: T€ 40,935). Loans from non-banks are unsecured.

The carrying amount of financial assets used as collateral for liabilities or contingent liabilities was T€ 33 (previous year: T€ 33). 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, 2013	Cash Outflows within one year	
	Carrying Amount € '000	Interest € '000	Repayments € '000
Profit Participation Rights	86,805	153	7,253
Liabilities to Banks	1,469,475	24,763	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
	Dec. 31, 2014		
Profit Participation Rights	91,810	154	9,641
Liabilities to Banks	1,541,665	25,184	434,786
Liabilities under Finance Leases	38,262	1,754	5,470
Liabilities under Finance Leases with Affiliated Companies	30,023	959	2,958
Liabilities under Borrowings from Non-Banks	130,956	1,450	95,426
Liabilities from ABS Transactions and Other Financial Liabilities	52,344	0	52,344
Financial Liabilities Trade Accounts Payable	311,914	0	305,591
Liabilities from Derivative Financial Instruments	26,799	1	445,107

All instruments held as of December 31, 2014 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, 2014. 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
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	24,949	9	7,267	0	612
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
138	9,977	305	32,427	187	39,765	0	0
23,999	188,510	45,578	609,806	17,780	308,563	0	0
1,546	4,508	3,221	9,338	2,216	18,216	82	730
854	3,062	1,899	9,850	1,020	14,153	0	0
824	6,284	765	24,765	0	4,166	0	315
0	0	0	0	0	0	0	0
0	1,898	0	3,397	0	1,028	0	0
3	12,489	10	13,312	0	0	0	–444,109

28 Additional Disclosures on Financial Instruments

Carrying amount and fair value by measurement category

	Assessment Category under IAS 39	Carrying Amount Dec. 31, 2014 € '000	Fair Value Dec. 31, 2014 € '000	Carrying Amount Dec. 31, 2013 € '000	Fair Value Dec. 31, 2013 € '000
Assets					
Trade Receivables	LaR	993,689	–	971,141	–
Other Receivables	LaR	114,503	–	107,123	–
Held-to-Maturity Financial Assets	HtM	0	0	0	0
Available-for-Sale Financial Assets	AfS	8,516	8,516	449,532	449,532
Other Holdings	AfS	18,377	–	20,128	–
Financial Assets Held for Trading	FAHfT	15,748	15,748	13,421	13,421
Derivatives not in a Hedge	FAHfT	16,412	16,412	8,747	8,747
Derivatives in a Hedge	N/A	13,062	13,062	6,128	6,128
Cash and Cash Equivalents	LaR	84,332	–	38,924	–
Liabilities					
Profit Participation Rights	FLAC	91,810	–*	86,805	–*
Liabilities to Banks	FLAC	1,541,665	1,576,843	1,469,474	1,486,000
Liabilities under Finance Leases	N/A	68,285	69,849	74,458	75,382
Liabilities under Borrowings from Non-Banks	FLAC	130,957	132,954	110,882	112,894
Other Financial Liabilities	FLAC	31,371	–	27,203	–
Trade Accounts Payable	FLAC	311,914	–	273,353	–
Other Liabilities	FLAC	213,817	–	182,567	–
Purchase Price Liabilities from Business Combinations	FLHfT	34,746	34,746	13,404	13,404
Derivatives not in a Hedge	FLHfT	10,120	10,120	2,796	2,796
Derivatives in a Hedge	N/A	16,679	16,679	2,182	2,182
Summary by IAS 39 Measurement Category:					
Loans and Receivables	LaR	1,192,525	1,192,540	1,117,188	1,117,188
Available-for-Sale Financial Assets	AfS	26,893	26,893	469,660	469,660
Financial Assets Held for Trading	FAHfT	32,160	32,160	22,168	22,168
Financial Liabilities measured at Amortized Cost	FLAC	2,321,534	2,362,762	2,150,284	2,168,821
Financial Liabilities measured at Fair Value	FLHfT	44,866	44,866	16,200	16,200

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 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, 2014 € '000	Dec. 31, 2013 € '000
Listed Securities	8,516	449,532
of which Non-current	723	443,901

These are reported under other financial investments and other financial assets. No available-for-sale financial assets were impaired in 2014 or 2013.

Other assets include other receivables and other financial assets in the amount of T€ 108,172 and other loans in the amount of T€ 11,219 (previous year: T€ 7,564).

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 T€ 34,744 (previous year: T€ 33,737).

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 financial liabilities and debt 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, promissory notes, financial leasing agreements and other financial liabilities are calculated as the net present value of the payments associated with the liabilities, based on the relevant yield curve in each case. In determining the fair value, the credit risk has been taken into account.

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.

The table below shows financial instruments where subsequent measurement and accounting is at fair value. 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, 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**
December 31, 2014				
Financial Assets of Category "At Fair Value Through Profit and Loss" Derivative Financial Assets not in a Hedge	0	16,412	0	16,412
Derivative Financial Assets in a Hedge	0	13,062	0	13,062
Financial Assets Held for Trading	15,748	0	0	15,748
Financial Assets of Category "Available for Sale" Financial Assets	8,516	0	0	8,516
Financial Liabilities of Category "At Fair Value Through Profit and Loss" Purchase Price Liabilities from Business Combinations	0	0	– 34,746	– 34,746
Derivative Financial Liabilities not in a Hedge	0	– 10,120	0	– 10,120
Derivative Financial Liabilities in a Hedge	0	– 16,679	0	– 16,679
	24,264	**2,675**	**– 34,746**	**– 7,807**

Purchase price liabilities from business combinations categorized as level 3 are conditional purchase price liabilities recorded at net present value, the final amount of which is partially performance dependent based on various factors. The amount stated represents the fair value that was calculated for the actual purchase price liability on the basis of the agreed adjustment parameters. A partial amount of T€ 7,748 is performance dependent based on the sales of acquired companies in the years following the acquisition. If sales turn out to be 10 percent higher (lower) than was assumed when the liability was determined, then the liability would increase (decrease) by € 775. Another partial amount of T€ 7,197 is performance dependent on the basis of the EBIT and EBITDA figures for the acquired companies in the years following the acquisition. If these earnings amounts turn out to be 10 percent higher (lower) than expected, then the liability would increase by T€ 1,841 (decrease by T€ 1,882). Another partial amount of T€ 4,400 is performance dependent based on the number of patients treated, the refund amount, and the rate of inflation. If these parameters develop 10 percent more favorably (unfavorably) than expected, then the liability would increase by T€ 1,597 (decrease by T€ 2,134). Another partial amount of T€ 15,831 is dependent on the exercise date of the agreed put option. Since this time is very likely fixed, it cannot be assumed that the liability is likely to increase or decrease.

The T€ 21,342 increase in liabilities on the previous year is attributable to the repayment of purchase price liabilities (T€ – 4,997), the revaluation of measurement parameters (T€ 1,663), the creation of new liabilities following business combinations in the reporting year (T€ 24,627) and discounting effects (T€ 49).

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, 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**
December 31, 2014				
Financial Liabilities of Category "Measured at Amortized Cost"				
Liabilities to Banks	0	1,576,843	0	1,576,843
Liabilities under Finance Leases	0	69,849	0	69,849
Liabilities under Borrowings from Non-Banks	0	132,954	0	132,954
	0	**1,779,646**	**0**	**1,779,646**

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, 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
December 31, 2014						
Loans and Receivables (LaR)	1,192,525	0	1,192,525	– 7,705	0	1,184,820
Financial Assets Held for Trading (FAHfT)	32,160	0	32,160	– 25,302	0	6,858
Financial Liabilities measured at Amortized Cost (FLAC)	2,321,534	0	2,321,534	– 21,560	0	2,299,974
Financial Liabilities Held for Trading (FLHfT)	44,866	0	44,866	– 11,448	0	33,418

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, 2014 € '000	Dec. 31, 2013 € '000
Non-current Liabilities		
Trade Accounts Payable	6,323	2,048
Liabilities to Social Security Providers	1,686	1,484
Liabilities to Employees, Management, and Shareholders	18,544	14,377
Accruals and Deferrals	0	11
	20,230	**15,872**
Other Liabilities	21,707	12,576
Subtotal Other Liabilities	**41,937**	**28,448**
Current Liabilities		
Trade Accounts Payable	305,591	271,305
Liabilities to Social Security Providers	30,448	28,075
Liabilities to Employees, Management, and Shareholders	259,757	234,281
Accruals and Deferrals	12,317	11,315
Other Tax Liabilities	75,177	66,127
	377,699	**339,798**
Liabilities from Derivative Financial Instruments	26,799	4,978
Other Liabilities	235,524	184,517
	262,323	**189,495**
Subtotal Other Liabilities	**640,022**	**529,293**
Total Liabilities	**993,873**	**831,094**

The Group has designated several payer interest rate swaps ("static pay – variable receipts") as cash flow hedges in order to hedge the variable interest payments on a nominal credit volume of T€ 125,000 (previous year: T€ 25,000). 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 2019. The effectiveness of hedges was measured prospectively and retrospectively using the dollar offset method. The hedges were 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 T€ 1,585 (previous year: T€ – 813). The ineffective portion of changes in value is recognized directly in the statement of income under net financial income and is € 0 (previous year: T€ 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 the capital 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 2014, this resulted in an expense of T€ – 555 (previous year: € – 695), 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, 2014 € '000	Dec. 31, 2013 € '000
Uncertain Liabilities	33,032	8,736
Guarantees	24,077	6,978
Warranties	2,490	5,454
Contractual Performance Guarantees	43,941	40,071
	103,540	**61,239**

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 T€ 10,004 (previous year: T€ 4,643).

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, 2014 € '000	Dec. 31, 2013 € '000
Obligations under Rental and Leasing Agreements		
Due within One Year	59,515	53,642
Due within One to Five Years	83,401	84,086
Due in Over Five Years	38,785	26,644
	181,701	**164,372**
Obligations from the Acquisition of Intangible Assets	20	21
Obligations from the Acquisition of Property, Plant, and Equipment	274,777	218,627
Total	**456,498**	**383,020**

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, 2014 € '000	Dec. 31, 2013 € '000
Obligations under Sale and Leaseback Agreements		
Due within One Year	4,114	4,132
Due within One to Five Years	6,123	6,280
Due in Over Five Years	0	0
	10,237	**10,412**

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, 2014, had been 10 percent stronger (weaker), profit before taxes – with all other variables remaining constant – would have been € 34.4 million (previous year: € 37.6 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 € 55.7 million (previous year: € 44.8 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, 2014, profit before taxes – with all other variables remaining constant – would have been approximately € 7.0 million lower or higher for the full year (previous year: € 6.6 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-run 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 2014 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 also achieved in fiscal year 2014.

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. Market 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, 2014 € '000	Dec. 31, 2013 € '000	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000
Forward Foreign Exchange Contracts	1,044,981	747,569	84,149	34,972	5,379	9,288
Currency Options	125,000	25,000	0	0	– 4,180	– 2,438
Embedded Derivatives	7,000	8,400	0	0	617	727
	1,176,981	780,969	84,149	34,972	1,816	7,577

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 12 months. Otherwise, they are classified as non-current assets or liabilities. The total fair value of a hedging derivative is classified as a (more) non-current asset/liability if the residual term of the hedged instrument is more than 12 months; otherwise, it is classified as a (more) 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. In addition, the Group allocates currency hedges to certain plant construction projects and intercompany loans that are not contracted in the functional currencies of the respective Group company. 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, 2014, the Group had designated forward foreign exchange contracts with a net fair value of T€ 150 (previous year: T€ 3,128) as cash flow hedges. All hedges were effective within the range specified under IAS 39.

Gains of € 19,221 (previous year: T€ 17,390) and losses of T€ 24,164 (previous year: T€ 14,285) arising from changes in the fair values of foreign exchange derivatives related to cash flow hedges were recognized in equity in fiscal year 2014. Gains of T€ 7,112 (previous year: T€ 7,373) and losses of T€ 9,267 (previous year: T€ 2,726) recognized in equity were transferred to other operating income or other operating expenses during the fiscal year. The earnings from currency hedging on plant construction projects (T€ – 7,108) was eliminated from the currency earnings. As of the reporting date, the hedging measures had no ineffective portions. B. Braun expects gains of T€ 13,062 and losses of T€ 12,912 recognized in equity to be transferred to the statement of income within the next twelve months. The earnings from the hedges from internal commercial lending is shown in net interest income.

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 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:

	2014 € '000	2013 € '000
Sale of Goods and Services		
Related Entities	14,801	10,558
of which B. Braun Holding GmbH & Co. KG	(9,416)	(8,694)
of which Holdings	(5,385)	(1,864)
	14,801	**10,558**
Goods and Services Purchased		
Related Entities	71,190	54,516
of which B. Braun Holding GmbH & Co. KG	(22,157)	(21,918)
of which Holdings	(19,584)	(16,879)
Key Management Personnel	(29,449)	(15,719)
	71,190	**54,516**

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

	Dec. 31, 2014 € '000	Dec. 31, 2013 € '000
Outstanding Items from the Sale of Goods and Services		
Related Entities	9,606	15,560
of which B. Braun Holding GmbH & Co. KG	(7,378)	(7,336)
of which Joint Ventures	(1,672)	(8,036)
of which Holdings	(556)	(188)
	9,606	**15,560**
Procurement Obligations	216	673
Outstanding Items from Goods and Services Purchased and from Loans		
Related Entities	42,908	38,408
of which B. Braun Holding GmbH & Co. KG	(30,088)	(32,880)
of which Joint Ventures	(3,067)	–
of which Holdings	(9,753)	(5,528)
Key Management Personnel	56,296	41,570
	99,204	**79,978**
Procurement Obligations	2,052	3,483

Key management personnel are members of the Management Board and members of the 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 debt
– 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:

	2014 € '000	2013 € '000
Fixed Remuneration	3,476	3,200
Variable Remuneration	4,210	4,204
Pension Expense	1,030	865
Bonuses	164	254
Other	597	624
	9,477	**9,147**

Of the total, T€ 600 was attributable to the Chairman of the Management Board as fixed remuneration and T€ 656 as variable remuneration from profit-sharing.

Pension obligations totaling T€ 16,455 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 T€ 3,553. A total of T€ 27,438 has been allocated for pension obligations to former Management Board members and their surviving dependents; current pension payments total T€ 2,035. Supervisory Board remuneration totaled T€ 703.

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 T€ 11,979 (previous year: T€ 13,148). See Note 27 for detailed information about bonuses.

The members of the Supervisory Board are listed on page 147 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 € 565.9 million is the cash surplus from operating activities before any changes in working capital, an increase of T€ 85.3 compared to the previous year. The change is due primarily to lower operating profit of € 422.7 million and the change in non-current provisions and other non-cash income and expenses.

Cash flow from operating activities of € 520.7 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 have led to a cash outflow of € 45.2 million. Net cash from operating activities is therefore € 13.4 million below the previous year's level.

35 Cash Flow From Investing Activities

For the purchase of property, plant, and equipment, intangible assets, financial assets, and companies, a total of € 848.8 million was spent in 2014. This was offset by proceeds from the sale of property, plant, and equipment and the disposal of holdings (€ 17.6 million), as well as dividends and similar revenues received (€ 315.5 million), resulting in a net cash outflow from investing activities of € 515.6 million. Compared to the previous year, this resulted is a € 499.1 million decrease in cash outflow.

Investments made during the year were fully covered by cash flow from operating activities. The remaining free cash flow was € 5.1 million (previous year: € – 480.7 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 € 0.4 million (previous year: € 0.8 million).

36 Cash Flow from Financing Activities

In 2014, cash flow from financing activities amounted to € 32.0 million (previous year: € 381.1 million). The net balance of proceeds from and repayments of loans was € 74.8 million (previous year: € 412.9 million). Dividend payments and capital contributions by non-controlling interests resulted in a total cash outflow of € 42.1 million (previous year: € 32.2 million). The € 349.0 million change in cash inflows as compared with the previous year is primarily due to increased loan repayments.

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, 2014, restrictions on cash availability totaled T€ 711 (previous year: T€ 581). These restrictions are primarily related to security deposits and collateral for tender business.

Subsequent Events

On January 15, 2015, the Swiss National Bank decided to end foreign exchange purchases by which the minimum rate of the Swiss franc was supported against the euro. At the same time, the interest rate was further reduced. Following the decision, the Swiss franc appreciated significantly and rates began to fluctuate. Predictions regarding the exact exchange rate have been uneven, but basically an exchange rate that is below the previous minimum rate is expected. For the B. Braun Group, in 2015, we expect a negative income effect in the millions, under the assumption of the parity exchange rate between the euro and the Swiss franc and the previous volume of the affected commodity flows. In 2014, completed hedging transactions had already been accounted for and reduced the negative impact on earnings.

Furthermore, no facts came to light after completion of the financial year through to the date of preparation of the consolidated financial statements that have a material effect on the earnings, assets, and financial position for fiscal year 2014.

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, 2014. 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, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels	Dr. Bernd Roese
German Public Auditor	German Public Auditor

MAJOR SHAREHOLDINGS

Company Name and Location	As of December 31, 2014 Holding in %[1]	Equity € '000	Sales € '000	Employees
Domestic				
AESCULAP AG, Tuttlingen[2]	100.0	70,483	667,042	3,398
AESCULAP INTERNATIONAL GMBH, Tuttlingen[2]	100.0	205,777	0	0
AESCULAP SUHL GMBH, Suhl	100.0	3,809	13,163	117
ALMO-Erzeugnisse E. Busch GmbH, Bad Arolsen	60.0	22,201	65,977	343
B. Braun Avitum AG, Melsungen[2]	94.0	79,759	326,275	884
B. Braun Avitum Saxonia GmbH, Radeberg[2]	94.0	12,261	82,758	685
B. Braun Facility Services GmbH & Co. KG, Melsungen	100.0	– 1,914	19,949	88
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	46	43,756	66
B. Braun Vet Care GmbH, Tuttlingen[2]	100.0	144	14,033	18
Nutrichem Diät + Pharma GmbH, Roth[2]	100.0	29,724	42,714	276
Inko Internationale Handelskontor GmbH, Roth[2]	100.0	4,549	14,663	30
SteriLog GmbH, Tuttlingen	100.0	– 150	5,187	59
TransCare Service GmbH, Neuwied	55.0	3,111	11,764	101
Europe				
AESCULAP CHIFA SP.ZO.O., Nowy Tomysl / Poland	98.8	89,306	151,906	1,922
AESCULAP S.A.S., Chaumont / France	100.0	10,684	13,547	117
Avitum S.R.L., Timisoara / Romania	94.0	– 3,692	17,759	360
B. Braun Adria d.o.o., Zagreb / Croatia	36.0	6,211	10,683	30
B. Braun Austria Ges. m.b.H., Maria Enzersdorf / Austria	60.0	43,402	58,112	138
B. Braun Avitum France S.A.S., Gradignan / France	94.0	15,012	13,866	21
B. Braun Avitum Hungary Zrt., Budapest / Hungary	94.0	17,111	29,429	663
B. Braun Avitum Italy S.p.A., Mirandola / Italy	94.0	27,284	55,917	220
B. Braun Avitum Poland Sp.zo.o., Nowy Tomysl / Poland	95.1	4,286	32,328	419
B. Braun Avitum Russland OOO, St. Petersburg / Russia	94.0	14,578	36,787	50
B. Braun Avitum s.r.o., Bratislava / Slovak Republic	93.7	2,662	10,647	159
B. Braun Avitum s.r.o., Prague / Czech Republic	93.7	5,524	23,955	305
B. Braun Avitum Turkey Sanayi Ticaret Anonim Sirketi, Ankara / Turkey	94.0	– 967	7,754	16
B. Braun Avitum UK Ltd., Sheffield / United Kingdom	94.0	1,947	25,520	224

	As of December 31, 2014			
Company Name and Location	Holding in %[1]	Equity € '000	Sales € '000	Employees
B. Braun Hospicare Ltd., Collooney Co Sligo / Republic of Ireland	100.0	9,144	16,785	106
B. Braun Medical AB, Danderyd / Sweden	100.0	3,231	47,227	46
B. Braun Medical AG, Sempach / Switzerland	51.0	215,217	268,221	884
B. Braun Medical A / S, Frederiksberg / Denmark	100.0	2,088	17,231	32
B. Braun Medical A / S, Vestskogen / Norway	100.0	– 217	24,016	32
B. Braun Medical B.V., Oss / Netherlands	100.0	4,442	56,061	159
B. Braun Medical EOOD, Sofia / Bulgaria	60.0	4,198	11,608	49
B. Braun Medical International S.L., Rubi / Spain	100.0	173,650	6,480	14
B. Braun Medical Kft., Budapest / Hungary	60.0	33,400	73,276	964
B. Braun Medical Lda., Barcarena / Portugal	100.0	46,633	55,365	142
B. Braun Medical LLC, St. Petersburg / Russia	100.0	25,192	126,606	441
B. Braun Medical Ltd., Dublin / Republic of Ireland	100.0	3,376	22,189	46
B. Braun Medical Ltd., Sheffield / United Kingdom	100.0	50,565	145,777	458
B. Braun Medical N.V. / S.A., Diegem / Belgium	100.0	2,826	32,068	73
B. Braun Medical Oy, Helsinki / Finland	100.0	5,328	40,785	48
B. Braun Medical S.A., Rubi / Spain	100.0	207,969	237,224	1,216
B. Braun Medical S.A.S., Boulogne / France	100.0	78,003	284,335	1,318
B. Braun Medical S.R.L., Timisoara / Romania	61.9	4,131	23,608	94
B. Braun Medical s.r.o., Bratislava / Slovak Republic	70.0	6,546	35,022	23
B. Braun Medical s.r.o., Prague / Czech Republic	70.0	26,692	61,744	175
B. Braun Medikal Dis Ticaret A.S., Istanbul / Turkey	100.0	6,727	14,825	80
B. Braun Milano S.p.A., Milano / Italy	100.0	32,553	115,421	218
B. Braun Sterilog (Birmingham) Ltd., Sheffield / United Kingdom	100.0	– 5,964	14,412	244
B. Braun Sterilog (Yorkshire) Ltd., Sheffield / United Kingdom	100.0	– 4,744	9,886	168
B. Braun Surgical S.A., Rubi / Spain	100.0	103,798	161,685	899
B. Braun VetCare SA, Rubi / Spain	100.0	5,384	10,696	25
Gematek OOO, St. Petersburg / Russia	100.0	5,413	13,020	255
MCP-Medicare LLC, St. Petersburg / Russia	94.0	4,021	13,970	316
Suturex & Renodex S.A.S., Sarlat / France	100.0	12,021	16,135	173

[1] Effective share | [2] Companies with profit and loss transfer agreement | [3] Using the equity method | [4] Values from the published Q3 Interim Report

MAJOR SHAREHOLDINGS

Company Name and Location	As of December 31, 2014			
	Holding in %[1)]	Equity € '000	Sales € '000	Employees
Americas				
AESCULAP INC., Center Valley / USA	95.5	73,617	151,012	478
Aesculap Implant Systems LLC, Center Valley / USA	95.5	–15,128	41,499	114
B. Braun Aesculap de México S.A. de C.V., México D. F. / Mexico	100.0	10,771	18,226	195
B. Braun Interventional Systems Inc., Bethlehem / USA	95.5	29,396	27,547	39
B. Braun Medical Inc., Bethlehem / USA	95.5	287,630	756,198	4,522
B. Braun Medical Peru S.A., Lima / Peru	100.0	17,079	20,714	507
B. Braun Medical S.A., Bogota / Colombia	100.0	12,503	29,620	263
B. Braun Medical S.A., Buenos Aires / Argentina	100.0	12,223	37,914	371
B. Braun Medical S.A., Quito / Ecuador	100.0	11,666	22,550	109
B. Braun Medical SpA, Santiago de Chile / Chile	86.1	5,189	31,784	187
B. Braun of America Inc., Bethlehem / USA	95.5	132,518	0	0
CAPS Inc., Santa Fe Springs / USA	95.5	80,510	135,517	552
Laboratorios B. Braun S.A., Sao Goncalo / Brazil	100.0	129,198	163,711	1,794
Asia & Australia				
Ahlcon Parenterals (India) Limited., New Dehli / India	93.3	15,599	14,578	633
B. Braun AESCULAP JAPAN CO. LTD., Tokyo / Japan	100.0	49,102	112,800	600
B. Braun Australia Pty. Ltd., Bella Vista / Australia	100.0	21,230	61,415	133
B. Braun Avitum Philippines Inc., Manila / Philippines	100.0	6,121	21,583	136
B. Braun Avitum (Shanghai) Trading Co. Ltd., Shanghai / China	94.0	30,230	81,774	189
B. Braun Korea Co. Ltd., Seoul / Republic of Korea	100.0	17,963	62,533	121
B. Braun Medical (H.K.) Ltd., Hong Kong / China	100.0	55,776	119,619	34
B. Braun Medical (India) Pvt. Ltd., Mumbai / India	100.0	16,526	57,950	898
B. Braun Medical Industries Sdn. Bhd., Penang Jaya / Malaysia	100.0	381,623	381,560	6,683
B. Braun Medical (Shanghai) International Trading Co. Ltd., Shanghai / China	100.0	22,000	136,974	776
B. Braun Medical Supplies Inc., Manila / Philippines	100.0	7,111	18,586	168
B. Braun Medical Supplies Sdn. Bhd., Petaling Jaya / Malaysia	100.0	26,826	52,176	166
B. Braun Medical (Suzhou) Company Limited, Suzhou / China	100.0	13,333	33,586	357
B. Braun Pakistan (Private) Ltd., Karachi / Pakistan	100.0	951	13,201	113
B. Braun Singapore Pte. Ltd., Singapore	100.0	55,152	21,318	42
B. Braun Taiwan Co. Ltd., Taipei / Taiwan	100.0	4,199	17,454	51
B. Braun (Thailand) Ltd., Bangkok / Thailand	100.0	8,263	19,198	107
B. Braun Vietnam Co. Ltd., Hanoi / Vietnam	100.0	42,958	53,102	1,010
PT. B. Braun Medical Indonesia, Jakarta / Indonesia	100.0	33,178	56,909	528

Company Name and Location	Holding in %[1]	Equity € '000	Sales € '000	Employees
	As of December 31, 2014			
Africa				
B. Braun Avitum (Pty) Ltd., Johannesburg / South Africa	100.0	874	8,486	267
B. Braun Medical (Pty) Ltd., Johannesburg / South Africa	100.0	5,610	29,835	170
E. Owen and Partners, Fourways / South Africa	100.0	–124	13,338	12
Other Holdings				
Babolat VS, Lyon / France[3]	28.0	62,188	118,121	336
Medical Service und Logistik GmbH, Recklinghausen[3]	50.0	747	34,853	5
Rhön Klinikum AG, Bad Neustadt an der Saale[3][4]	18.0	1,200,640	278,312	15,898
Schölly Fiberoptic GmbH, Denzlingen[3]	28.0	37,764	83,100	326

[1] Effective share | [2] Companies with profit and loss transfer agreement | [3] Using the equity method | [4] Values from the published Q3 Interim Report

These values correspond to the financial statements prepared in accordance with IAS / 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 2014 in accordance with the applicable laws, articles of incorporation, and by-laws, and to advise and monitor management.

During three ordinary meetings and one extraordinary meeting, the Supervisory Board received reports from the Management Board regarding the company's current business performance, financial status, and significant investment plans.

The Supervisory Board continued to discuss topics such as current reports on the progress of major projects, e.g. LIFE N, and the investment in Penang, Malaysia, as well as the status of B. Braun's share in Rhön-Klinikum AG. Updates on the Group's strategy were also presented. The Supervisory Board also accepted the 2013 personnel report. The Supervisory Board discussed and approved the 2015 earnings forecast and advised on statutory business matters requiring its approval.

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, including 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.

Audit Committee discussions covered current business, information regarding tax reconciliation within the B. Braun Group, the 2014-2016 investment plan, the annual report by the internal audit group regarding tests that had been conducted, including the audit plan and its main focal points, and in particular, the B. Braun Melsungen AG 2014 consolidated financial statements compiled by the Management Board. The Audit Committee also received the B. Braun Melsungen AG compliance report and the Board's risk report. Other topics included the B. Braun Group's risk management system and the planning for the annual audit. The Audit Committee reported on these topics at the Supervisory Board meetings and made its recommendations.

The Personnel Committee met five times in 2014. At its meeting on March 19, 2014, the committee proposed to the Supervisory Board the allocation of profit participation rights to the members of the Management Board in accordance with the B. Braun Incentive Plan. It also proposed a decision regarding the bonus system, the target bonuses, and the objective agreements of the individual members of the Management Board. The Supervisory Board approved this allocation and the decision at the same meeting. At this meeting, the Personnel Committee further recommended that the Supervisory Board appoint Mr. Markus Strotmann a full member of the Management Board effective April 1, 2014; the Supervisory Board agreed to this appointment. Another topic discussed at the Personnel Committee meetings in 2014 was advice regarding participation in Rhön-Klinikum AG. At its meeting on July 22, 2014, the Personnel Committee recommended re-appointing Dr. Heinz-Walter Große as a regular board member, Chairman of the Management Board, and Director of Labor Relations through December 31, 2018; the Supervisory Board ratified this appointment at its next meeting.

B. Braun Melsungen AG's financial statements and management report for fiscal year 2014, the Group's consolidated financial statements, and the consolidated management report were reviewed by the PricewaterhouseCoopers AG accounting firm, Kassel, Germany, which was appointed the auditor of annual accounts at the annual meeting on March 19, 2014. The auditors raised no objections and issued an unqualified audit opinion.

The auditors participated in the discussions of the Supervisory Board and Audit Committee regarding 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.

IN THE FRONT, FROM LEFT:

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

BARBARA BRAUN-LÜDICKE
Businesswoman, 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

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

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

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

IN THE BACK, FROM LEFT:

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

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

DR. H. C. AUGUST OETKER
Chairman of the Advisory Board, Dr. August Oetker KG, Bielefeld

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

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

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

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

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

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

* 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 2014. 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 the final results of the Supervisory Board's examination did not give rise to any objections to the declaration made by the Management Board.

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 period under review.

Melsungen, Germany, March 2015
The Supervisory Board

GLOSSARY

ACCESS PORT SYSTEM
Port catheter system that uses a long-term access via veins, arteries and abdominal wall to administer medicines and nutrition and perform blood draws and transfusions.

APHERESIS
Blood purification method for removing individual components (fats, antibodies or toxins) from the blood.

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

AT EQUITY ACCOUNTING
Synonymous with the equity method.

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 **C**overage **i**n **W**eeks. This KPI refers to the delivery capacity in weeks covered by the current inventory on hand.

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

DRUG DELIVERY SYSTEM
Unit for administering drugs with the intention of achieving a therapeutic effect.

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.

DUAL SOURCING
Element of the procurement strategy, in which the same commodities are sourced from different suppliers in order to minimize the risk of supply disruptions.

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.

ELASTOMERIC INFUSION PUMPS
Infusion pumps intended for single use that can run independent of external energy sources and which allow for safe and uncomplicated infusion of medications at home.

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.

ENDOSCOPY
A method for observing body cavities and hollow organs using small, tube-shaped optical devices.

EQUITY METHOD
Accounting method for handling certain long-term investments in the financial statements of a company that has some voting share in another company. In this case, the carrying amount – as based on the acquisition costs of the investment – is constantly adapted to the development of the equity capital in the participating company.

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 **F**ood & **D**rug **A**dministration. The FDA is the US agency that regulates the safety of food and health-related products.

GOOD DESIGN AWARD
The GOOD DESIGN Award is one of the oldest international competitions for outstanding design. The Chicago Athenaeum Museum of Architecture and Design awards this prize to companies for outstanding quality in terms of design, functionality and aesthetics in annual reports.

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.

HES (HYDROXYETHYL STARCH)
Man-made polymer made from waxy maize starch or potato starch, which is used as a blood plasma substitute.

GLOSSARY

IAS
Abbreviation for **I**nternational **A**ccounting **S**tandards. International accounting standards for businesses, issued by the International Accounting Standards Board (IASB).

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

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

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.

KFW
Abbreviation for '**K**reditanstalt **f**ür **W**iederaufbau.' ('Credit Institute for Reconstruction') Development bank for SMEs that awards low-cost loans as part of federal government subsidy programs.

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

METABOLISM
Conversion of absorbed or self-produced substances by the body.

OHSAS 18001
Abbreviation for **O**ccupational **H**ealth and **S**afety **A**ssessment **S**eries. OHSAS 18001 is a standard that establishes globally recognized requirements for occupational health and safety management systems.

OSTOMY
Synonymous with stoma.

PARENTERAL NUTRITION ADMINISTERED AT HOME
Supplying nutrients intravenously by bypassing the gastrointestinal tract after discharge from the hospital.

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.

RESTENOSIS
Renarrowing of a previously treated stenosis (narrowing of blood vessels or other tubular organs or structures).

SECOND SOURCING
Designation of one or more alternative suppliers of a product that is structurally identical and compatible with another product.

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.

STOMA
Surgically created connection between a hollow organ and the skin and having an opening to the outside. A stoma is permanently or temporarily applied.

THORACIC SURGERY
Surgery performed on organs inside the chest cavity.

VCI
Verband 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

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DISCLAIMER

HIGHLIGHTS 2014

FEBRUARY B. Braun invests €56.4 million to expand the pharmaceutical production facility at the Penang location. This facility will manufacture infusion solutions in order to meet the growing demand in the Asia-Pacific region.

B. Braun Avitum intensifies its activities in the field of dialysis and acquires a 51% stake in the Colombian company Dialyser.

JUNE CeGaT and B. Braun collaborate to establish a subsidiary in the United States: B. Braun CeGaT, based in Pennsylvania. This step is a continuation of the close collaboration between CeGaT and B. Braun.

AUGUST Nutrilipid 20% is the first drug manufactured at the LIFE facility in Melsungen to receive approval from the US FDA (Food and Drug Administration) for the US market. It is the first B. Braun pharmaceutical in the American market that is not produced in the United States.

SEPTEMBER A new subsidiary is established: B. Braun Medical Kenya Ltd. Managing Director Samuel Muchiri and his team will initially focus on the markets in Tanzania, Nigeria, Rwanda, Uganda and Zambia in addition to Kenya.

NOVEMBER Ahlcon Parenterals in Bhiwadi, Rajasthan opens its expanded production facilities. In India and also abroad Ahlcon produces and markets large- and small-volume parenterals. The company is also an established manufacturer of pharmaceutical products.

DECEMBER B. Braun Vascular Systems, a unit of the Aesculap Division based in Berlin, acquires a majority stake in medicut Stent Technology, located in Pforzheim, Germany. Medicut is a full-service provider of medical devices made of Nitinol.