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B. Braun Melsungen Aktiengesellschaft

Melsungen

Annual financial statements for the business year from 01/01/2017 to 12/31/2017

Management report for the 2017 financial year

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1. Basics of B. Braun Melsungen AG

1.1 business model

B. Braun Melsungen AG develops, produces and sells products and services for medicine. The focus is on clinics, medical practices, pharmacies, nursing and emergency services as well as home care. We have supplemented our product portfolio with services and advice, making us a system provider who, in close partnership with customers, offers the best solution in each case in 18 different therapeutic areas designed for patients. The operative business of B. Braun Melsungen AG is divided into the divisions Hospital Care, Aesculap (Vascular Systems) and Out Patient Market. In addition to its operational activities, B. Braun Melsungen AG also takes on central functions for the B. Braun Group and holds significant investments. Therefore, the distributable net profit is one of our key performance indicators.

Hospital Care Division

Products and services for infusion therapy in intensive medicine and basic care form the global core business of the Hospital Care division. The core business is supplemented by products for anesthesia and other selected fields of treatment. Products for safe infusion therapy, clinical nutrition and automatic infusion systems form the division's central business areas. The main product lines include standard infusion solutions, solutions for volume replacement and parenteral nutrition, infusion devices and accessories, intravenous cannulas and infusion pump systems. Medical single-use products and pharmaceuticals for specific areas of application complete the range.

Aesculap division

The Aesculap division produces products for interventional and diagnostic cardiology, radiology, hemodynamics and vascular surgery at locations in Germany (Berlin and Melsungen), Poland, France and China. These include vascular prostheses, catheters and uncoated and drug-coated stents (drug eluting stents) of various types. Furthermore, customized kits are offered as a complete solution for cardiac catheter laboratories in hospitals.

Out Patient Market (OPM) division

The Out Patient Market (OPM) division focuses on the care of patients outside the hospital as well as long-term patients. The clientele includes, among other things, resident doctors, outpatient and inpatient nursing services and pharmacies.

With a holistic approach to advice and care, the division pursues the goal of offering patients care that combines high quality and cost-effectiveness. Core topics are inpatient-outpatient transfer concepts, outpatient infusion therapies, diabetes, skin and wound management, stoma and incontinence care as well as infection protection.

In addition, OPM offers a wide range of services for the outpatient sector. The aim is a cross-regional transfer of knowledge, for example when transferring parenterally fed patients from the inpatient to the outpatient area. The experienced employees relieve patients, relatives, hospitals, resident doctors and nursing services from administrative tasks and ensure that the therapy is of the highest quality.

1.2 Research and Development

The Hospital Care division focuses its research and development activities on increasing patient and user safety and improving hospital processes. In the field of infusion therapy, the focus is on integrative product and technology development for a new generation of infusion containers and closed transfer systems. Networking with hospital IT is the main focus of intelligent infusion systems. In addition, Hospital Care is further developing the products for clinical nutrition in flexible single and multi-chamber bags.

The Aesculap division focuses its research and development in the field of vascular systems on coronary and peripheral angioplasty as well as access port systems in Berlin, Chasseneuil and Pforzheim. We want to provide products for holistic treatment concepts that can be supplemented by customer-specific and process-oriented package solutions. In 2017 we expanded our product portfolio with innovative new approvals in the field of catheter-based drug delivery systems. We will maintain our market leadership in drug coated balloons in the long term with new variants (e.g.

In the Out Patient Market division, we concentrate on the continuous development of the product areas of infection prevention and diabetology.

2. Economic report

2.1 Course of business and situation

2.1.1 Course of business

With a sales increase of 6.9 percent, we are above the forecast target corridor of four to six percent for the 2017 financial year. The Hospital Care division in particular once again showed pleasing volume increases. The persistently high competitive and price pressure in the German market continues to weigh on the earnings situation, but was offset by volume increases. The result of business activities increased by 80.2 percent to 120.9 million euros (previous year: 67.1 million euros), which was largely due to the one-time addition of the complete difference from the transition to the Accounting Law Modernization Act of 65.9 million euros is justified in the pension provisions. The annual surplus amounts to 101.4 million euros after 54.0 million euros in the previous year.

Overall, B. Braun Melsungen AG is in a stable economic condition. We currently do not see any influencing factors that will have a materially negative impact on the company's position.

2.1.2 Profit situation

Sales development of B. Braun Melsungen AG

B. Braun Melsungen AG achieved sales of EUR 2,085.3 million in the 2017 financial year (previous year: EUR 1,950.9 million). This corresponds to an increase of 6.9 percent compared to the previous year.

The Hospital Care and OPM divisions increased their sales by 5.1 percent and 2.4 percent, respectively. Aesculap was able to increase sales to 193.3 million euros (previous year: 164.2 million euros). This corresponds to an increase of 17.7 percent. The sales of the B. Braun Avitum division grew by 4.6 percent to 96.7 million euros (previous year: 92.4 million euros).

Almost all regions were able to exceed the previous year's sales. We increased sales in our home market of Germany by 1.8 percent to 782.5 million euros (previous year: 768.6 million euros). Europe (excluding Germany) showed a positive development with sales growth of 6.4 percent to 741.6 million euros (previous year: 697.3 million euros). The sales development in the Asia-Pacific region developed very well with an increase of 26.7 percent to 309.2 million euros (previous year 244.1 million euros). Demand from Latin America also increased by 14.6 percent to 92.0 million euros (previous year: 80.2 million euros). Sales in the Africa and Middle East region declined at a high level by -1.3 percent to 82.6 million euros (previous year: 83.7 million euros). In the North America region, we recorded stable sales growth in the reporting year with an increase of 0.4 percent. Sales reached 77.3 million euros (previous year: 77.0 million euros)

Sales development of the Hospital Care division

In the 2017 financial year, the Hospital Care division achieved sales of EUR 1,356.7 million (previous year: EUR 1,291.4 million) with a growth rate of 5.1 percent. Large-volume infusion solutions and automatic infusion systems showed a pleasing sales trend.

Sales development of the Out Patient Market (OPM) division

The sales revenue of the OPM division increased by 2.4 percent to 270.1 million euros in the 2017 financial year (previous year: 263.8 million euros). While business in the areas of infection prevention, urinary care and wound management developed very positively in the reporting year, basic care fell short of our expectations.

Sales development of the Aesculap division

With a sales increase of 17.7 percent, the Aesculap (Vascular Systems) division achieved sales of 193.3 million euros in the reporting year (previous year: 164.2 million euros). The decisive factor for this development was the very good volume development in exports, which was able to more than compensate for the sustained decline in domestic prices. In the German market, too, volume increases more than compensated for the fall in prices. Sales developed particularly well in the angioplasty area. Sales revenues from port catheters are also higher than last year due to increasing sales volumes.

Development of the gross profit

In the year under review, we increased gross profit by 4.1 percent to 469.5 million euros (previous year: 451.1 million euros). At the same time, the gross margin fell to 22.5 percent (previous year: 23.1 percent). Volume increases at Vascular Systems and Injectable Drugs as well as the positive price development for large-volume infusion solutions were unable to compensate for the ongoing price pressure in Germany.

Development of functional costs

Distribution costs increased by 3.1 percent to EUR 265.4 million (previous year: EUR 257.4 million). Higher personnel costs and increased logistics costs led to this development. The freight costs reported under logistics costs reinforced this development. On the other hand, the sales commissions could be reduced compared to the previous year. The administrative costs amount to 76.9 million euros after 71.6 million euros in the previous year. This mainly results from external consulting costs for various IT projects as well as increases in personnel costs. The expenditures for research and development of 110.0 million euros were practically at the high level of the previous year of 110.3 million euros.

Development of other comprehensive income

The negative balance of other operating income and expenses decreased significantly in the reporting year by 66.8 million euros to -7.5 million euros (previous year: -74.3 million euros). The high negative balance of the previous year was significantly influenced by the recording of the entire remaining difference from the changed valuation regulations for pension obligations according to the Accounting Law Modernization Act of 65.9 million euros. The balance also includes an expense from exchange rate hedging transactions (including the effects of changes in exchange rates) of EUR -5.8 million (previous year: EUR -6.3 million). B. Braun Melsungen AG takes part within the B. Braun Group performs financing tasks and provides foreign B. Braun companies with loans in local currencies. Hedging transactions are concluded to reduce the resulting currency risk. In addition, cash flow hedges are concluded in accordance with our hedging strategy.

Development of the financial result

The financial result including investment income decreased in the 2017 financial year by 18.4 million euros to 111.2 million euros (previous year: 129.6 million euros). At 94.4 million euros, interest expenses were 44.2 million euros higher than the previous year (50.2 million euros). The interest portion from the pension provisions, due to the lower actuarial interest rate, was 55.2 million euros after 10.5 million euros in the previous year. At 184.0 million euros, the investment result was 12.3 percent higher than in the previous year (163.8 million euros). The financial result also includes EUR 0.1 million (previous year EUR 2.5 million) depreciation on securities held as fixed assets.

Development of the key earnings figures

The key figure EBIT including investment income¹ reached 193.6 million euros in the reporting year, which is significantly higher than the previous year (98.8 million euros) and our forecast (175 to 185 million euros). A gross profit improved by EUR 18.4 million is offset by a EUR 13.0 million increase in functional costs. The operating result of the previous year was also negatively impacted by the one-time recording of the complete difference in pension obligations of 65.9 million euros. The investment result, which improved by 20.2 million euros, has a further positive effect. At 85.6 million euros, depreciation is 13.5 percent above the previous year (75.4 million euros) and leads to an EBITDA of 279, 2 million euros (forecast 255 to 265 million euros) over. The EBITDA increased by 60.3 percent compared to the previous year (174.2 million euros). At 13.4 percent, the EBITDA margin is 4.5 percentage points higher than the previous year (8.9 percent).

The result of business activities reached 120.9 million euros (previous year: 67.1 million euros) and was therefore 80.2 percent higher. In the 2017 reporting year, the tax expense amounted to 19.5 million euros (previous year: 13.1 million euros). The annual surplus of B. Braun Melsungen AG increased by 87.8 percent to 101.4 million euros (previous year: 54.0 million euros) and is therefore well above our forecast due to higher investment income.

2.1.3 Financial position

Capital structure

The total assets of B. Braun Melsungen AG increased by 8.7 percent to EUR 4,310.5 million as of December 31, 2017 (previous year: EUR 3,965.9 million). The asset structure changed in favor of the long-term tied assets with a share of the balance sheet total of 60.3 percent after 51.3 percent in the previous year, which results from the sustained high investments, especially in financial assets. In terms of capital structure, the share of long-term borrowed capital (including special items and profit participation rights) in total assets increased from 20.8 percent to 28.3 percent. In addition to the increase in provisions for pensions by 51, 0 million euros, this results from a borrower's note transaction for 400 million euros and the conclusion of a bilateral loan for 100 million euros. With an absolute increase in equity of 69.4 million euros, the equity ratio decreased by 0.4 percentage points to 25.1 percent of the increased balance sheet total.

On the assets side, fixed assets increased by 27.7 percent to 2,597.8 million euros (previous year: 2,033.9 million euros). This results mainly from the partial conversion of our intercompany financing to long-term loans, which at the same time led to a significant reduction in short-term receivables from affiliated companies. In addition to further investments in participations, we have also maintained the high level of investment in the field of property, plant and equipment, particularly in technical systems and machines. As a result of the change in financing, current assets (including prepaid expenses) decreased by a total of 11.4 percent to 1,712.7 million euros (previous year: 1,932.0 million euros). At 379.8 million euros on the balance sheet date, inventories were 5.7 percent above the previous year (359.3 million euros). Trade accounts receivable increased by 15.2 percent to 83.5 million euros (previous year: 72.5 million euros) above the previous year's figure. Receivables from affiliated companies decreased by 17.3 percent to 1,192.6 million euros (previous year: 1,442.2 million euros) due to lower short-term loans. Liquid funds decreased by 10.4 million euros to 1.3 million euros (previous year: 11.7 million euros). 7 percent above the previous year (359.3 million euros). Trade accounts receivable increased by 15.2 percent to 83.5 million euros (previous year: 72.5 million euros) above the previous year's figure. Receivables from affiliated companies decreased by 17.3 percent to 1,192.6 million euros (previous year: 1,442.2 million euros) due to lower short-term loans. Liquid funds decreased by 10.4 million euros to 1.3 million euros (previous year: 11.7 million euros). Receivables from affiliated companies decreased by 17.3 percent to 1,192.6 million euros (previous year: 1,442.2 million euros) due to lower short-term loans. Liquid funds decreased by 10.4 million euros to 1.3 million euros (previous year: 11.7 million euros). Receivables from affiliated companies decreased by 17.3 percent to 1,192.6 million euros (previous year: 1,442.2 million euros) due to lower short-term loans. Liquid funds decreased by 10.4 million euros to 1.3 million euros (previous year: 11.7 million euros). Receivables from affiliated companies decreased by 17.3 percent to 1,192.6 million euros (previous year: 1,442.2 million euros) due to lower short-term loans. Liquid funds decreased by 10.4 million euros to 1.3 million euros (previous year: 11.7 million euros).

On the liabilities side, the balance sheet equity increased by 6.9 percent to 1,080.8 million euros (previous year: 1,011.4 million euros). The provisions for pensions and similar obligations increased by 8.9 percent to EUR 622.6 million (previous year: EUR 571.6 million). Liabilities to banks rose by 28.7 percent to 1,498.1 million euros (previous year: 1,163.8 million euros). Of this, 275.8 million euros (previous year: 344.3 million euros) are short-term liabilities with a remaining term of less than one year. Most of the loans are in euros. In addition, there are two foreign currency hedged loans totaling US \$ 148 million. As of the balance sheet date, 77 percent (previous year: 70 percent) of financial liabilities to banks have a fixed interest rate and 23 percent (previous year: 30 percent) have a variable interest rate. In addition, there are 682.3 million euros (previous year: 670.4 million euros) committed but unused credit lines with our banks. With a decrease of 3.6 percent to EUR 77.6 million (previous year: EUR 80.5 million), trade payables were almost at the previous year's level. Liabilities to affiliated companies decreased by 6.7 percent to 664.8 million euros (previous year: 712, 4 million euros) in particular from lower borrowing. The other liabilities also decreased due to the reduction of financial liabilities by 33.2 percent to 127.9 million euros after 191.5 million euros in the previous year.

All of the key financial figures agreed with our banks, which we have committed to adhere to, have been met.

Investments

In the 2017 financial year, additions to property, plant and equipment, intangible assets and financial assets amounted to EUR 666.9 million (previous year: EUR 164.1 million).

The Hospital Care division invests in the production of high-quality infusion solutions based on amino acids. At the Pfieffewiesen plant in Melsungen, investments were made in expanding the capacities for transfer systems for infusion therapy. The further development of the infusion pumps continued. In Melsungen, the conversion of office space was completed and the building in the Stadtwaldpark was moved into. At the Berlin location, we invested in the production of infusion solutions in small-volume glass and plastic containers. Further investments were made in smaller replacement and expansion investments at various B. Braun Melsungen AG locations. The additions to the financial assets in the amount of 546, 1 million euros (previous year: 50.9 million euros) mainly results from long-term loans to affiliated companies that were 397.7 million euros higher, the expansion of our stake in Rhön-Klinikum AG (61.9 million euros) and the acquisition of a Majority stake in a Canadian manufacturer of injectables. In addition, we carried out capital increases in foreign group companies as well as smaller share acquisitions. 9 million euros) as well as the acquisition of a majority stake in a Canadian manufacturer of injectables. In addition, we carried out capital increases in foreign group companies as well as smaller share acquisitions.

As of the balance sheet date, there were also investment obligations amounting to 20.5 million euros. These are mainly related to replacement and expansion investments that have already started at our locations in Melsungen.

liquidity

The cash flow from operating activities amounted to 38.3 million euros (previous year: 71.1 million euros) and was thus 32.8 million euros lower than in the previous year. The reason for this is, with an increase in the gross cash flow of 17.0 million euros, mainly the commitment of funds by increasing the net working capital by 22.3 million euros after an additional release of funds of 27.5 million euros in the previous year. From investing activities² There was a cash outflow of 66.0 million euros in the reporting year (previous year: cash inflow of 8.4 million euros). The cash outflow of 267.2 million for investments in property, plant and equipment and financial assets contrasts with cash inflows of 201.2 million from investment income and the disposal of property, plant and equipment and financial assets. The net borrowing in the year under review amounted to 263.8 million euros (previous year: net borrowing of 113.2 million euros). At the same time, higher short-term loans to affiliated companies led to a cash outflow of 213.0 million euros (previous year: cash outflow of 155.2 million euros).

2.1.4 Personnel report

Development of the number of employees

As of December 31, 2017, B. Braun Melsungen AG employed 7,315 people. This is 4.1 percent more than in the previous year with 7,029 employees.

Share of female employees in management positions

At B. Braun Melsungen AG, the proportion of female employees on the balance sheet date was 38 percent (previous year: 37 percent), the proportion of male employees was 62 percent (previous year: 63 percent). Within the first management level, the proportion of women is 13.6 percent (previous year: 15.0 percent) and within the second management level 7.1 percent (previous year: 7.4 percent). By improving the compatibility of work and family, an increase in the proportion of women in management positions should be made possible in the medium term. There are already several initiatives within the company for this purpose. The new family part-time agreement is intended to offer further options for flexible working time models, to enable women to advance to the first two management levels. In addition, measures are being developed within the "Women in Leadership" project that are intended to create improved framework conditions for women in leadership positions. Targeted promotion of female employees who have the potential to become managers, as well as increasing the attractiveness of technical and scientific training occupations, should also help to increase the proportion of women within the company, which are intended to create improved framework conditions for women in management positions. Targeted promotion of female employees who have the potential to become managers, as well as increasing the attractiveness of technical and scientific training occupations, should also help to increase the proportion of women within the company.

Site security

The company management and the works council have concluded a contract to secure employment and improve the competitiveness of B. Braun Melsungen AG for the Melsungen and Spangenberg locations. The contract entered into force on January 1, 2015 and ends on December 31, 2020. It thus follows on from the contracts to secure the location and future, which have been in effect since October 1, 2004. The core element of the agreements is the establishment of a time account in which working hours can be flexibly increased and decreased. In addition, layoffs for operational reasons are excluded and the employees participate in the company's earnings development.

Vocational training

With a continuously increasing number of apprenticeships and the creation of modern concepts, B. Braun has been involved in vocational training for many years. This is a central part of the personnel strategy. We consider the qualification of young professionals against the background of demographic change as a core task and count this among the most important tasks of the next few years. B. Braun's apprenticeship was awarded the Germany seal of approval "Germany's best training companies 2017" as the test winner in the medical technology sector.

In 2017, 151 (previous year: 156) graduates successfully completed their training. We filled 154 (previous year: 146) trainee positions. At B. Braun Melsungen AG there are currently 435 (previous year: 420) young people in training. The combination of in-company training with a degree at a university or vocational academy is interesting for many of our trainees: 60 (previous year: 60) trainees are currently studying dual studies. In order to meet the future challenges of digitization in a qualified manner, training in IT professions has been strengthened, including in the profession of IT specialist.

In addition to traditional training, B. Braun works with local associations to help integrate refugees into communities and young people into the labor market. In Melsungen, B. Braun's vocational training, the support association for a sustainable Melsungen eV, the city's integration office and the Radko-Stöckl vocational school have launched the "Initiative for the professional orientation of refugees". This in turn has developed the pilot project "Vocational Qualification Technology for Refugees" (QuaTeF), which aims to prepare refugees for the demands of the job market with internships for professional orientation at B. Braun, school education and language lessons.

Success-based remuneration

As part of the B. Braun Incentive Scheme, B. Braun Melsungen AG is issuing a series of profit participation rights that executives with subscription rights can acquire on a voluntary basis. The term of the profit participation rights is 10 years each. The interest on the profit participation rights is linked to the dividend payment by B. Braun Melsungen AG and the repayment amount to the group equity.

3. Risk and opportunity report

3.1 Risks

The risks listed below that could affect B. Braun do not always describe all risks to which B. Braun is or can be exposed. Risks that are not known at the time the management report is prepared or that are assessed to be insignificant can, however, also influence the earnings and financial position of B. Braun Melsungen AG.

Risk management and controlling

At B. Braun, all strategic and operational decisions of major importance are made taking into account the associated opportunities and risks. We basically pursue a cautious corporate strategy and avoid uncontrollable risk potential. Risk management and controlling are a central management task and an integral part of corporate management. The comprehensive risk management at B. Braun Melsungen AG helps ensure that risks can be identified, recorded, assessed, monitored and controlled. Risks that arise directly from business development are recognized and assessed promptly by our systematic controlling processes. In addition, we identify and control risks that do not arise directly from operational business. Our risk management is completed by the internal audit and, ultimately, the annual audit.

Macroeconomic risks ³

The political decisions due in 2018 and their consequences, which have not yet been assessed, pose a major risk to the global economy. This has significantly increased uncertainty worldwide, so that negative effects on investment behavior and the purchase of durable consumer goods are possible. Overall, this can weaken the development of the world economy over the long term.

The negotiations so far between Great Britain and the European Union on the upcoming exit in March 2019 have been a challenge for both sides. So far, it is unclear what a new agreement might look like. The creation of new barriers to trade in goods and capital would have a noticeably negative impact on Europe's economic performance in the medium term. The monetary union crisis has not been completely resolved either. Some member states are still highly indebted, their economic output is growing only marginally and there are no signs of a solution to their structural problems. Accordingly, this is also reflected in the high levels of non-performing loans on bank balance sheets. In addition, the formation of a government in Germany is difficult. This delays the resolution of the conflicts at European level. The continued existence of the European Union in its current form could therefore be called into question and economic trade within Europe would change massively. This would have particularly dramatic consequences for export-oriented economies such as Germany. Furthermore, the economic, foreign and security policy orientation of the USA is associated with great uncertainty. In the medium term, the reform passed at the end of 2017 to lower income taxes for US-based companies could have a negative impact on the relative competitiveness of companies outside the country. A possible transition to more protectionism is also fraught with the risk that global economic growth will be negatively impacted in the future and the potential for technological spill-overs in other regions of the world will decline. This can also further reduce the already slowing growth of the emerging countries, especially in China, and represents a risk for global economic development. If the efforts of the USA are implemented, loosening the laws regulating the financial market will make the global financial system more vulnerable to crises again. This could also lead to a burden on international cooperation, since global control functions are weakened in their effectiveness.

A possible reduction in the United States' participation in security policy within NATO or in international crises and conflicts could also have a negative impact on the global economy. This would lead to increasing uncertainty in the affected countries and reduce investment activity within these regions. In addition, the tension towards geopolitical crises has increased recently. Among other things, the trend towards more protectionism in the industrialized nations could lead to an outflow of capital from the developing countries and be a reason for further international disputes.

Industry risks

In principle, the healthcare market is only subject to economic fluctuations to a small extent. Accordingly, our consumer goods sector is generally less dependent on macroeconomic developments. In contrast, the capital goods produced by B. Braun are more cyclical. As a rule, there is also a dependency on economic development where patients have to pay for health services themselves. As a result of serious austerity measures in some countries, there are budget cuts within the state health systems. These cuts can have a negative impact on the demand for our entire range of products and services. Added to this are the expansion of payment terms in individual countries and the introduction or increase of compulsory discounts and other taxes.

In some markets it can be seen that foreign manufacturers will have no or only limited access to tenders as soon as domestic manufacturers can offer comparable products. This applies to Russia, among others. Here, the tendering and import regulations for German manufacturers are still characterized by protectionism. We are intensifying our cooperation with local manufacturers and expanding our regional presence in order to have permanent access to global growth markets.

In Germany, according to the current "Hospital Rating Report" by the RWI Leibniz Institute for Economic Research, around ten percent of hospitals are in acute danger of insolvency and around a quarter of clinics are making losses. Too high a density of hospitals, too little specialization and too many small clinics are named as causes. Consolidation in the German hospital landscape can change the purchasing behavior of clinics and, in particular, increase price pressure on medical consumables and capital goods. In addition, there may be an increased bad debt risk for suppliers.

Increased formalization of the international product approval process can be observed, which is associated with increased effort for B. Braun. The "Medical Device Regulation (MDR)" passed in Europe in 2017 will bring with it new clinical requirements as well as reporting and documentation obligations. Longer processing times and additional requirements for documentation and study materials will delay product launches and make them more expensive. In addition, an expected move of the European Medicines Agency as a result of Brexit from London to Amsterdam could cause further delays in drug approval. This increases the overall research and development risk. The bundling of purchasing volumes through purchasing groups strengthens the market power of the demand side. This increases the risk of further price pressure and the dependency on individual customers. There is a risk of comprehensive vertical integration of hospitals or other customers by pharmaceutical or medical technology companies. This could lead to a deterioration in market access for other companies. There is a risk of comprehensive vertical integration of hospitals or other customers by pharmaceutical or medical technology companies. This could lead to a deterioration in market access for other companies. There is a risk of comprehensive vertical integration of hospitals or other customers by pharmaceutical or medical technology companies. This could lead to a deterioration in market access for other companies.

The structural risks for companies operating in the healthcare market therefore remain. The occurrence of risks can have an impact on B. Braun's earnings development.

Procurement risks

Risks generally arise from raw material price developments and supply bottlenecks on the procurement markets. The occurrence of these potential risks can have an impact on the supply of production and thus on B. Braun's ability to deliver. In the year under review, there were market-related supply bottlenecks in some cases. In all cases it was possible to avert potential supply interruptions. Through the implemented purchasing processes as well as a further developed product group management, countermeasures and strategies were developed that led to the averting of the risks so that there were no production delays or interruptions at any time. Our long, trusting and cooperative partnership with our suppliers is an essential basis for ensuring continuous supply. Building on this, we will strive for further partnerships with suppliers in the future. Wherever possible, we use strategies for long-term price hedging as part of active price management. For example, we bundle our purchasing requirements, conclude long-term supply contracts to secure raw material prices for primary products and agree framework agreements. The aim is to reduce the price and delivery risks while maintaining the same high quality. To minimize the risks of supplier failures, risk assessments of our suppliers are carried out on a regular basis. If a high risk of failure is identified with a supplier, we can ensure continuous supply with established processes and instruments. These include disaster recovery plans, an inventory build-up at B. Braun or the supplier, "second and dual sourcing" as well as a notarial deposit of documents on production processes and recipes. The existing risk management with regard to the supplier base will be expanded further. we can ensure continuous supply with established processes and instruments. These include disaster recovery plans, an inventory build-up at B. Braun or the supplier, "second and dual sourcing" as well as a notarial deposit of documents on production processes and recipes. The existing risk management with regard to the supplier base will be expanded further. we can ensure continuous supply with established processes and instruments. These include disaster recovery plans, an inventory build-up at B. Braun or the supplier, "second and dual sourcing" as well as a notarial deposit of documents on production processes and recipes. The existing risk management with regard to the supplier base will be expanded further.

The situation in individual areas of the procurement markets continued to be challenging. With the established processes, our purchasing organization was able to keep our requirements for quality, availability, risk and costs at a consistently good level, so that no significant procurement risks are discernible.

Product risks

We counter risks from side effects or interactions when using our products with sophisticated quality management systems in our production units. These are based on international standards and ensure compliance with all legal requirements. A regular review of the quality management systems with the help of internal and external audits in connection with ongoing employee training rounds off our quality management. Running processes do not pose any risks to the company's continued existence.

Personnel risks

In the personnel area, the main risks lie in demographic change and the lack of regional availability of sufficiently qualified specialists and managers. B. Braun counters these developments with various measures to increase the attractiveness as an employer, so that in the medium term no significant negative effects from personnel risks are discernible.

Comprehensive personnel development programs aim to bind employees to B. Braun at an early stage and to increase their identification with the company. The aim is to reduce risks from fluctuation and loss of knowledge. Succession planning is also an integral part of B. Braun's personnel strategy. This means that vacant positions can be filled at an early stage by suitable managers. The compatibility of family and work, a high level of commitment in training and further education as well as performance-based remuneration and flexible working time models are exemplary elements of the personnel strategy.

IT risks

Important business processes are based on IT systems. A failure of essential IT systems or a major loss of data could lead to serious interruptions in business operations, including in the production area. These risks are minimized through constant investments in the IT infrastructure and a redundant system architecture. Regular data backups and employee training are further measures to reduce the risks. Protection against data misuse is guaranteed by a coordinated user rights concept, compliance with which is checked by the internal auditing and data protection officer. This brings us to the new EU data protection regulation (GDPR), which comes into force on May 1, 2018, prepared. We deliberately restrict local administrator rights to prevent the installation of malware. The use of different protection programs also supports the defense against malware. The stronger networking in the context of digitization and Industry 4.0 as well as increasing hacker attacks and especially CEO fraud indicate an increase in IT risks. For this reason we are strengthening and expanding the measures that have already been taken. This includes the introduction of an information security office and the establishment of an information security management system (ISMS). The classification of documents is supported by appropriate software solutions. Defined incident management in conjunction with global response teams also enables a quick response in the event of a cyber attack. Due to these measures, we do not expect any significant negative effects from IT risks. However, the challenges of ensuring IT security are increasing continuously. Reducing IT risks will continue to be an essential task in the future in order to ensure that internal group processes run smoothly - especially in light of the fact that individual B. Braun locations in Germany have been subject to the IT Security Act since June 1, 2017 Protection of critical infrastructures (KRITIS) fall.

Financial risks

Due to its international orientation, B. Braun is exposed to currency risks, which are reduced through currency hedging transactions with derivative financial instruments. With a rule-based, rolling hedging strategy ("layered hedging"), we achieve an average exchange rate for the period of our hedging horizon and reduce the influence of exchange rate changes on the annual result. In the event of a permanent shift in currency parities, however, these risks can arise if price adjustments cannot be implemented due to market conditions. The trading and administration of derivative financial instruments are regulated by internal guidelines and are subject to constant risk control.

To reduce the risk of changes in interest rates, interest rate hedges ("payer swaps") are sometimes used for variable-interest bank loans.

We counter liquidity risk by holding a sufficient reserve of short-term and long-term approved credit lines. This includes in particular a syndicated loan agreement currently worth 520 million euros.

Another risk is a possible deterioration in the payment behavior of our customers or public payers. Limited financing options can have a negative impact on the liquidity and solvency of individual customers. Risks can also exist with our suppliers in the form that their liquidity situation is heavily burdened and, in the worst case, the continued existence of the supplier could be endangered.

Due to our participation in listed companies, we are exposed to market price fluctuations which, in the event of permanent devaluation, can lead to a decrease in value. With our active investment controlling and the established processes in risk management and controlling, we continuously monitor and analyze the development of our investments. This enables us to identify risks at an early stage and to take the necessary measures.

In some cases, costs are capitalized in the context of development projects. At the moment there are no identifiable risks that go beyond the usual level.

3.2 Opportunities

In addition to the risks, B. Braun regularly identifies and evaluates the company's opportunities. In principle, opportunities can arise from the further development of medical standards or the launch of new products.

Opportunities through positive economic development

The general economic conditions have an impact on B. Braun's business development. Our statements on the further development of the company are based on the expected macroeconomic environment described in the forecast report. Should the global economy develop more dynamically than currently assumed, our forecasts for sales, earnings and financial position may be exceeded.

Opportunities through growth strategy

Capacity expansions enable us to participate in the increasing demand for health care and medical technology products. The new, ultra-modern production processes further improve our competitiveness. In addition, thanks to our extensive product range and our many years of experience, we can offer efficient solutions for our customers. Should the international healthcare markets develop faster than currently expected, this could have a positive effect on our sales, earnings and cash flows.

Opportunities through research and development

Innovations at product and process level are the basis of our growth strategy. In close cooperation with our customers and users, we work on bringing new and improved products and therapy concepts to the market. If our research and development projects are ready for the market earlier than currently expected, this could improve our sales, earnings and cash flows.

Opportunities through employees

Our employees are the engine for our innovations and create added value for B. Braun through the close exchange with customers, users and patients. Their high level of identification with the company promotes their motivation and personal responsibility, which we want to further strengthen through personnel development measures. Should our measures and methods make better progress than currently expected, this could strengthen our competitive position above average. This can have positive effects on sales, earnings and cash flows.

3.3 Overall statement on the risk and opportunity situation

From today's perspective, there are no identifiable risks or dependencies that could jeopardize the continued existence of B. Braun Melsungen AG in the foreseeable future. The net risk position has not changed significantly compared to the previous year, and again no risks that could jeopardize the continued existence of the company were identified. However, increasing uncertainty can be observed in individual areas. The volatility in the currency markets is expected to be higher in 2018. In addition, the economic effects of the current political and economic developments in the USA and Great Britain cannot be assessed. The ongoing trouble spots on the Korean peninsula and in the Middle East can also have a destabilizing effect. While the risks in the procurement markets remain unchanged, we are observing a significant increase in IT risks. It must be assumed that the advancing networking and digitization, both on the user side and in the productions, can lead to a further increase in IT risks. The EU regulation "Medical Device Regulation (MDR)" passed in 2017 will make it much more difficult to bring new medical technology products onto the market and thus increase the development risk for B. Braun. While the risks in the procurement markets remain unchanged, we are observing a significant increase in IT risks. It must be assumed that the advancing networking and digitization, both on the user side and in the productions, can lead to a further increase in IT risks. The EU regulation "Medical Device Regulation (MDR)" passed in 2017 will make it much more difficult to bring new medical technology products onto the market and thus increase the development risk for B. Braun. that advancing networking and digitization, both on the user side and in production, can lead to a further increase in IT risks. The EU regulation "Medical Device Regulation (MDR)" passed in 2017 will make it much more difficult to bring new medical technology products onto the market and thus increase the development risk for B. Braun. that advancing networking and digitization, both on the user side and in production, can lead to a further increase in IT risks. The EU regulation "Medical Device Regulation (MDR)" passed in 2017 will make it much more difficult to bring new medical technology products onto the market and thus increase the development risk for B. Braun.

As far as possible and appropriate, we are insured against liability risks and natural hazards as well as other risks. Despite the high coverage of our insurance coverage, it is not possible to fully cover the potential risks from product liability. Overall, however, we are convinced that the development of B. Braun Melsungen AG will not be burdened to an above-average extent by the constant market risks. These market risks are offset by significant opportunities that can enable the company to develop successfully.

4. Forecast report

The statements made here about the development of the overall economy and the company are forward-looking statements. The actual results can therefore differ significantly (both in a positive and in a negative way) from the expectations of the probable development. Our forecasts contain all significant events that were known to us when the management report was being drawn up and that could influence the business development of B. Braun Melsungen AG. The expectations are based, among other things, on the overall economic and sector-related development described.

4.1 Expected macroeconomic and industry-specific framework conditions

Expected development of the overall economy ⁴

For 2018, the International Monetary Fund (IMF) is forecasting a marginal increase in global economic growth of 0.2 percentage points to 3.9 percent. Both the industrialized nations and the emerging countries will contribute to this development to the same extent. In the industrialized countries, demographic change will prevent faster growth in the future. The nations are faced with the challenge that in the future more workers will reach retirement age than the required young people will be available. The trend slowdown in growth in China and the course of the Japanese government towards a more restrictive monetary policy will also weigh on the global economy. The development of Brazil and Russia will have a positive impact on global economic output. Due to the stabilization of the oil price and the rise in further raw material prices, both countries expect positive growth in 2018 after the end of the recession in 2017. World trade will remain one of the most important drivers for the growth of the global economy. Accordingly, it remains to be seen which protectionist measures will be implemented by the USA and which consequences will result from the negotiations on Britain's exit from the European Union. Due to the stabilization of the oil price and the rise in further raw material prices, both countries expect positive growth in 2018 after the end of the recession in 2017. World trade will remain one of the most important drivers for the growth of the global economy. Accordingly, it remains to be seen which protectionist measures will be implemented by the USA and which consequences will result from the negotiations on Britain's exit from the European Union. Due to the stabilization of the oil price and the rise in further raw material prices, both countries expect positive growth in 2018 after the end of the recession in 2017. World trade will remain one of the most important drivers for the growth of the global economy. Accordingly, it remains to be seen which protectionist

measures will be implemented by the USA and which consequences will result from the negotiations on Britain's exit from the European Union. World trade will continue to be one of the most important drivers of global economic growth. Accordingly, it remains to be seen which protectionist measures will be implemented by the USA and which consequences will result from the negotiations on Britain's exit from the European Union. World trade will continue to be one of the most important drivers of global economic growth. Accordingly, it remains to be seen which protectionist measures will be implemented by the USA and which consequences will result from the negotiations on Britain's exit from the European Union.

Expected development of the health market

The global healthcare market will continue to grow in 2018. Health spending will increase positively in the industrialized nations, but the greatest growth will come from the health care markets of the emerging countries. Chronic illnesses will increase as lifestyles change. It can therefore be assumed that by 2020 around half of global health care expenditures will be for the treatment of cardiovascular, cancer and respiratory diseases. As life expectancy increases, the proportion of the population over 65 is increasing. This leads to an increase in other age-related diseases such as dementia, incontinence, osteoarthritis and chronic wounds. In addition, there is a noticeable trend that some diseases place a particular burden on regional health systems. The spread of the HI virus will continue to have an impact on the African health system in the future and the consequences of the Zika virus will cause further costs in Latin America. In the future, expensive, innovative treatment options will also increase healthcare spending.

B. Braun can increase sales both for the existing product portfolio and through product innovations and product differentiations. This will have a positive effect on a large number of our product areas. The dialysis market is also expected to continue growing. The reason for this is the increased number of diabetes cases in recent years. Since these can lead to chronic kidney failure, the need for dialysis will continue to increase. The highest growth is expected in China and India, as more than a third of diabetes patients come from the two countries.

In the future, those companies will have a competitive advantage that can increase process efficiency for customers with their products. Topics such as application security, ease of use and targeted product improvements will come to the fore. In addition, digital innovations are increasingly helping to make diagnoses and choose the right treatment. The new technologies create a better connection between individual actors in the health care system, which means that processes can be designed more efficiently and costs can be reduced. In the context of advancing globalization, a further increase in price transparency is expected, which,

Digitalization and Industry 4.0 occupy manufacturing companies in the healthcare sector in a variety of ways. The company's internal processes will be influenced in particular by changed production options and the collection and analysis of mass data (big data). These include, for example, preventive maintenance and an automated "machine to machine" (M2M) exchange of information along the value chain. A higher flexibility in production as well as a faster reaction to customer and market requirements appear possible. In addition, medical technology products increasingly contain digital components and are integrated into networks. This can result in new diagnostic and therapeutic options. Cognitive IT solutions such as IBM Watson will support diagnosis in the future. This should improve the success of the treatment and the safety of the treatment. At the same time, the demands on IT security are increasing, since health services are classified as "Critical Infrastructures" (KRITIS). Protection against unauthorized access to medical components within a network must therefore already be taken into account during product development. For companies that consider digitization both in internal processes and in products,

Expected business and earnings development

We expect B. Braun Melsungen AG to grow profitably in the 2018 financial year. Sales will range between 2,170 and 2,220 million euros (2017: 2,085.3 million euros). All divisions will contribute to the sales development. On the earnings side, we expect EBIT including investment income between 155 and 170 million euros for 2018 (2017: 193.6 million euros). We assume that depreciation will be slightly higher than in the previous year, which can lead to an EBITDA of between 258 and 268 million euros (2017: 279.2 million euros). Due to the expected significant increase in interest expenses from the valuation of our pension obligations, we assume that we will significantly undercut the company's net income compared to 2017 (101.4 million euros). Further intensifying price competition as well as more difficult approval of new medical and pharmaceutical products or similar measures can have an impact on profitability. There is also a dependency on the income from investments.

4.2 Overall statement on the likely development of B. Braun Melsungen AG

Based on the assumptions presented about the development of the global economy and the healthcare market, we expect B. Braun Melsungen AG to develop positively. We expect rising sales and stable results beyond 2018 as well.

5. Relationships with Affiliated Companies

The report on the relationship with affiliated companies prepared in accordance with Section 312 of the AktG concludes with the following declaration:

"Our company received appropriate consideration for every legal transaction listed in the report on relationships with affiliated companies. Discriminatory measures at the instigation or in the interest of the controlling company were not taken or omitted. This assessment is based on the circumstances at the time of the reportable events were known."

Melsungen, February 26, 2018

The board of directors

¹ EBIT including investment result = operating result + income from investments - depreciation on financial assets - expenses for loss absorption

² The difference between the addition to fixed assets and the cash outflow from investing activities results from the cash effectiveness of investments and from conversion effects in foreign currencies. ³ Ifo Institute: Ifo Economic Forecast 2017/2018, June 2017 ⁴ International Monetary Fund: World Economic Outlook, October 2017 / ifo Institut; ifo Economic Forecast 2017/2018, June 2017

Balance sheet as of December 31, 2017

assets

		December 31, 2017	December 31, 2016
	attachment	T €	T €
Intangible assets	(8th)	174,877	145,969
Property, plant and equipment	(9)	632,773	626,718
Financial assets	(10)	1,790,195	1,261,197
Capital assets		2,597,845	2,033,884
Stocks	(11)	379,791	359,345
Receivables and other assets	(12)	1,321,465	1,554,706
Cash and cash equivalents	(13)	1,309	11,684
Current assets		1,702,565	1,925,735
Prepaid expenses	(14)	10,124	6,248
		4,310,534	3,965,867

	attachment	December 31, 2017 T €	December 31, 2016 T €
liabilities			
	attachment	December 31, 2017 T €	December 31, 2016 T €
Subscribed capital	(15)	800,000	800,000
Capital reserve		10,226	10,226
Retained earnings	(16)	153,999	128,928
retained profit		116,564	72,216
Equity		1,080,789	1,011,370
Special items with an equity portion	(17)	5,147	6,450
Profit participation capital	(18)	120,688	111,435
Provisions for pensions and similar obligations	(19)	622,583	571,567
Other provisions	(20)	102,127	106,153
accruals		724,710	677,720
Liabilities to banks		1,498,126	1,163,813
Other liabilities		881,074	995,079
liabilities	(21)	2,379,200	2,158,892
		4,310,534	3,965,867

Income statement for the period from January 1 to December 31, 2017

	attachment	2017 T €	2016 T €
Sales	(1)	2,085,273	1,950,902
Cost of sales	(2)	1,615,771	1,499,776
Gross profit on sales		469,502	451,126
Distribution costs		265,415	257,399
general administrative costs		76,878	71,606
Research and development costs		110,040	110,345
Other company income	(3)	151,119	138,899
Other operating expenses	(4)	158,623	213,180
Operating profit		9,665	-62,505
Financial result	(5)	111,210	129,610
Result of business activity		120,875	67,105
Taxes on income and earnings	(6)	19,456	13,073
Earnings after taxes / annual surplus		101,419	54,032
Profit carried forward		40,216	40,886
Settings in the legal reserve		-5,071	-2,702
Allocations to the other retained earnings		-20,000	-20,000
retained profit		116,564	72,216
Earnings per share in €	(7)	5.23	2.78

The Annual General Meeting on March 28, 2017 resolved to distribute T € 32,000 from the retained earnings as of December 31, 2016 and to carry T € 40,216 forward to new account.

Appendix for the 2017 financial year

General principles and information

The annual financial statements of B. Braun Melsungen AG, based in Melsungen, are prepared in accordance with the provisions of the Commercial Code in the version of the Accounting Directive Implementation Act (BilRUG) and the supplementary provisions of the Stock Corporation Act. It covers the period from January 1 to December 31, 2017. Due to its importance, the structure of the income statement has been expanded to include the item "research and development costs" and that of the balance sheet to include the item "profit participation capital". The accounting and valuation methods applied in the previous year were retained.

B. Braun Melsungen AG is registered under this company in the commercial register at the Fritzlar District Court (HR B 11000).

In order to improve the clarity of the presentation in the balance sheet and income statement, individual items have been combined. These items are shown separately in the notes.

The company is included in the consolidated financial statements of B. Braun Holding GmbH & Co. KG, Melsungen, as of December 31, 2017, which prepares the consolidated financial statements for both the smallest and largest group of companies. In addition, the company prepares consolidated financial statements. The consolidated financial statements are submitted to the electronic Federal Gazette.

The Management Board of B. Braun Melsungen AG approved the annual financial statements for submission to the Supervisory Board on February 26, 2018.

Currency conversion

Short-term receivables and liabilities in foreign currencies are valued at the mean rate on the balance sheet date. Medium and long-term currency receivables and liabilities are valued at the rates on the day they arise or at a lower (receivables) or higher (liabilities) rate on the balance sheet date.

Explanations of the income statement

(1) Sales

2017

2016

+ -

Sales by division	T €2017	%	T €2016	%	±%
Hospital Care	1,356,668	65.4	1,291,394	66.2	5.9
OPM	270,054	13.0	263,750	13.5	2.4
Aesculap	193,277	9.2	164,224	8.4	17.7
B. Braun Avitum	96,740	4.6	92,449	4.8	4.6
Other sales	168,534	8.1	139,085	7.1	21.2
	2,085,273	100.0	1,950,902	100.0	6.9
Sales by region	T €	%	T €	%	
inland	782,538	37.5	768,555	39.4	1.8
Europe	741,639	35.6	697,327	35.7	6.4
Asia and Australia	309,229	14.8	244,120	12.5	26.7
Latin America	91,952	4.4	80,204	4.1	14.6
Africa and Middle East	82,618	4.0	83,702	4.3	-1.3
North America	77,297	3.7	76,994	4.0	0.4
	2,085,273	100.0	1,950,902	100.0	6.9

(2) Cost of sales

The cost of sales includes the manufacturing costs of the products sold and the acquisition costs of the merchandise sold, as well as other expenses in connection with the generation of sales.

(3) Other operating income

	2017 T €	2016 T €
Currencies	133,073	120,138
Income from the reversal of value adjustments	75	1,671
Income from financial investments	0	0
Profits from asset disposals	81	334
Income from compensation payments	888	906
Income from the liquidation of special items with an equity portion	1,303	2,696
Income from the valuation of derivative financial instruments	3,886	1,709
Income from the release of provisions	2,698	1,657
Income from write-ups	0	0
income for other accounting periods	2,065	2,389
Rest	7,050	7,399
	151,119	138,899

The income unrelated to the accounting period mainly contains credits for previous years and reimbursements of insurance premiums.

(4) Other operating expenses

	2017 T €	2016 T €
Currencies	138,436	124,745
Addition of difference to pension obligations	0	65,882
Out-of-period expenses	1,443	3,430
Losses from impairment of current assets	513	150
Losses from the valuation of derivative financial instruments	4,341	3,385
Losses from asset disposals	281	612
Allocations to provisions	69	265
Rest	13,540	14,711
	158,623	213,180

The statement "Addition of difference to pension obligations" in the previous year resulted exclusively from adjustments to the opening balance of provisions for pensions and similar obligations in accordance with the provisions of the Accounting Law Modernization Act (expenses under Article 67 Paragraphs 1 and 2 EGHGB). In the previous year, the remaining adjustment amount from the changed valuation was added to the pension provisions.

(5) Financial result

	2017 T €	2016 T €
Income from profit transfer agreements	97,429	97,395
Income from investments	89,402	73,040
of which from affiliated companies	(67,424)	(62,085)
Depreciation on financial assets	-107	-2,519
Expenses from the assumption of losses	-2,823	-6,600
Income from other securities and loans from financial assets	4,141	4,088
of which from affiliated companies	(4,128)	(4,075)
Other interest and similar income	17,463	14,343
of which from affiliated companies	(17,337)	(14,159)
Interest income from discounting	55	37
Interest and similar expenses	-37,756	-37,875
of which to affiliated companies	(1,611)	(1,002)
of which from profit participation capital	(10,717)	(10,368)

	2017 T €	2016 T €
Interest expense for pension provisions and other long-term personnel provisions	-56,531	-12,216
Other interest expense from compounding	-63	-83
	111,210	129,610

(6) Income taxes and deferred taxes

Corporate income tax and trade income tax are reported as income taxes. These relate to previous years with an expense of T € 754.

The other taxes of € 3,190 thousand (previous year: € 2,398 thousand) are allocated to the operational functions and are reported under the corresponding items. These relate to previous years with an expense of € 342 thousand (previous year: € 120 thousand).

Deferred taxes are applied to the differences in the balance sheet items in the commercial balance sheet and the tax balance sheet, provided that these are likely to be reduced in later financial years.

According to the formal approach, the sole tax debtor is the company as the controlling company, ie actual and deferred taxes of the controlling companies must also be shown in full in the controlling company's annual financial statements, since they alone affect the taxation consequences. Accordingly, the temporary differences between the subsidiaries are recorded in the company's financial statements. In the event of an excess of deferred taxes as of the balance sheet date, the option to capitalize under Section 274, Paragraph 1, Clause 2 of the German Commercial Code (HGB) is not used.

The calculation of deferred taxes is based on an effective tax rate of 29.22% (15.83% for corporation tax including solidarity surcharge and 13.39% for trade tax), which is expected to arise when the differences are reduced. The tax rate for trade tax results from the average trade tax multiplier of 382.48%.

As of the balance sheet date, after offsetting the deferred tax assets and liabilities (total differences consideration), there is an excess of deferred tax assets of € 113,344 thousand. The company does not make use of the option to capitalize under Section 274, Paragraph 1, Clause 2 of the German Commercial Code (HGB), so that overall there is no disclosure of deferred taxes in the balance sheet. The deferred tax liabilities determined result mainly from special tax depreciation not reproduced under commercial law or deviating depreciation on property, plant and equipment (land and buildings as well as technical equipment and machines).

(7) Earnings per share

The earnings per share are calculated by dividing the annual net income by the number of shares issued. As in the previous year, the number of shares entitled to dividends is 19,404,000. There were no outstanding shares as of December 31, 2017 or December 31, 2016 that could dilute earnings per share. The earnings per share are € 5.23 (previous year € 2.78).

Explanation of the balance sheet

For the development of the individual items of fixed assets, we refer to the schedule of fixed assets, which is attached as an attachment.

In addition, we provide the following explanations for the individual items.

(8) Intangible Assets

Purchased intangible assets are valued at cost and amortized on a straight-line basis over their respective useful lives (5 to 15 years). Investment grants received are deducted from the acquisition costs. Long-term reductions in value are taken into account through unscheduled depreciation. If the reasons for unscheduled depreciation no longer exist, corresponding write-ups are made.

(9) Property, plant and equipment

Tangible assets are valued at acquisition or production cost less the accumulated depreciation and depreciation carried out in the financial year. Investment grants and allowances received are deducted from the acquisition or production costs of the subsidized assets.

The scheduled depreciation of property, plant and equipment is essentially based on the following useful lives:

building	25 to 50 years
Technical systems and machines *	10 to 15 years
vehicles	3 to 5 years
Factory and office equipment	3 to 15 years

* including shift factor

Unscheduled depreciation is carried out in the event of expected permanent impairment. Property, plant and equipment is depreciated using the straight-line method.

In accordance with the 2008 corporate tax reform, from January 1, 2008, all low-value assets of the calendar year with acquisition / production costs of more than € 150 net and up to € 1,000 net are summarized in an annual collective item. The collective item is depreciated uniformly over five years with 20% each. If an asset leaves the business assets prematurely, the collective item is not reduced. Due to the overall subordinate importance of the collective item, such a collective item is also formed for low-value assets, despite the reversal of the reversed relevance by the Accounting Law Modernization Act.

Additional depreciation according to tax regulations that occurred before January 1, 2010 is shown under the special item with an equity portion. These are resolved pro rata during the period of use.

In addition to the directly allocable costs, the production costs of the self-constructed systems also include proportional overheads and depreciation.

For property, plant and equipment (spare parts for technical systems and machines), a fixed value of € 7,154 thousand was established in the 2017 financial year in accordance with Section 240 (3) of the German Commercial Code (HGB).

(10) Financial Assets

Financial assets are reported at acquisition cost or the lower applicable value. Loans to affiliated companies and other loans are reported at acquisition cost or the lower applicable value.

Unscheduled depreciation is carried out in the event of a decrease in value that is expected to be permanent. If the reasons for unscheduled depreciation no longer exist, corresponding write-ups are made.

Shares reported under fixed asset securities were written down by T € 107 to T € 2,379 due to an expected permanent impairment in value.

The addition to the shares in affiliated companies results primarily from the acquisition of a company in Canada.

The changes in loans to affiliated companies are due to the change in financing at subsidiaries.

The changes in the investments relate in particular to the acquisition of further shares in Rhön-Klinikum AG.

With regard to shareholdings, we refer to the separate list in the appendix to the notes.

(1 1) Inventories

	December 31, 2017 T €	December 31, 2016 T €
Raw materials and supplies	63,016	66,370

	December 31, 2017 T €	December 31, 2016 T €
Unfinished products	119,438	100,878
Finished products, goods	197,337	192,097
	379.791	359.345

The inventories of raw materials, consumables and supplies as well as merchandise are valued at the actual or average acquisition cost or at the lower replacement cost. The product inventories are capitalized at production cost. In addition to production material and production wages, material and production overheads are also taken into account in the production costs. In the income statement, the costs of the services sold are valued at full cost.

When valuing the inventories, the lower fair value on the balance sheet date was taken into account in all inventory groups. In connection with this, the risks that arise in particular from the storage period, reduced usability, etc., are taken into account through devaluations.

The emission allowances are shown under inventories at a memorable value. The fair value of the emission allowances as of the reporting date is T € 623.

(1 2) Receivables and other assets

	December 31, 2017 Total T €	thereof remaining term> 1 year T €	thereof remaining term> 1 year T €	December 31, 2016 Total T €	thereof remaining term> 1 year T €
Requests from deliveries and services	83,530	3.817	0	72,500	1,426
Receivables from affiliated companies	1,192,622	11.802	0	1,442,212	580
thereof trade receivables	(215,594)	(580)	(0)	(206,159)	(580)
Claims against companies with which there is a participation relationship	2,024	0	0	784	0
thereof trade receivables	(353)	(0)	(0)	(441)	(0)
Other assets	43,289	0	0	39,210	0
of which tax refund claims	(32,962)	(0)	(0)	(32,586)	(0)
	1,321,465	15,619	0	1,554,706	2.006

Trade accounts receivable are stated at acquisition cost less appropriate individual devaluations. The general credit risk is adequately taken into account by means of a blanket write-down on receivables. The other receivables and assets are valued at their nominal values less appropriate individual devaluations.

B. Braun concluded an Asset Backed Securities (ABS) program with a volume of up to € 75 million in 2004, which was increased in November 2009 by € 25 million to € 100 million. In September 2017 the program was extended for another year. As part of this program, B. Braun Melsungen AG sold receivables in the amount of € 33.0 million as of December 31, 2017 (previous year: € 35.6 million). The basis for the transaction is a non-recourse sale of trade receivables to a special purpose vehicle.

(13) Cash and cash equivalents

Cash and cash equivalents include cash on hand and credit balances at banks that are valued at their nominal value.

(14) Prepaid expenses

The prepaid expenses include expenses for rents, insurance premiums, capital procurement costs and maintenance work, insofar as they relate to the following year as an expense.

(15) Subscribed capital

With effect from April 2, 2014, B. Braun Melsungen AG increased the share capital from company funds from € 600 million to € 800 million without issuing new shares. The share capital is divided into 19,404,000 no-par value bearer shares. A no-par value share corresponds arithmetically to a share in the subscribed capital of € 41.23.

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to € 100 million by December 31, 2018 by issuing new no-par value bearer shares against cash contributions.

(16) Retained earnings

	December 31, 2017 T €	December 31, 2016 T €
legal reserve	56,929	51,858
Other retained earnings	97,070	77,070
	153,999	128,928

The balance sheet profit for the reporting year of T € 116,564 includes a profit carried forward of T € 40,216.

According to Section 253 (6) HGB, an amount of T € 102,099 is blocked for distribution.

(1 7) Special items with an equity portion

	December 31, 2017 T €	December 31, 2016 T €
Value adjustments to fixed assets in accordance with Section 3 (2) ZRFG, Section 14 BerlinFG, Section 4 Development Area Act	5,147	6,450
	5,147	6,450

(1 8) Profit participation capital

As part of the B. Braun Incentive Scheme, B. Braun Melsungen AG issues a series of profit participation rights that executives who are entitled to subscribe can acquire on a voluntary basis. With the issue of profit participation rights, the company grants the employee, as the holder of profit participation rights, property rights in the form of a participation in the profit and loss of B. Braun Melsungen AG for the transfer of capital in return.

The term of the profit participation rights is 10 years each. The interest on the profit participation rights is linked to the dividend payment by B. Braun Melsungen AG and the repayment amount to the group equity. The profit participation rights item contains the nominal amount of the profit participation rights issued in the amount of T € 3,782, the premium achieved on issue of T € 72,766 and the repayment amount, which is T € 44,140 higher.

The profit participation capital increased by a total of T € 9,253. Of this, T € 8,405 is attributable to the premium and T € 859 to the current increase in value. As of December 31, 2017, a total of 687,716 shares had been issued.

In the 2016 financial year, the profit participation rights conditions were changed with the result that they were no longer shown in equity under commercial law. The expense from profit participation rights is shown separately at € 10,717 thousand (previous year: € 10,368 thousand) as the result from profit participation capital in the financial result.

The tranches were distributed over the years as follows:

Year of issue	piece
---------------	-------

Year of issue	piece
2002	49,625
2008	79,149
2009	52,951
2010	80,217
2011	69,202
2012	54,071
2013	69,276
2014	62,481
2015	64,761
2016	75,228
2017	80,380
	687,716

The profit participation rights have the following remaining terms:

	December 31, 2017 T €	December 31, 2016 T €
up to 1 year	17,329	13,319
> 1 year	103,359	98,116
(of which > 5 years)	(57,656)	(47,884)
	120,688	111,435

(19) Provisions for pensions and similar obligations

The statutory regulation on the discounting of provisions in Section 253 (2) HGB was changed in March 2016. In the case of pension obligations, discounting is carried out from the 2016 financial year onwards at the average market interest rate for the last 10 years (previously 7 years) published by the Deutsche Bundesbank in accordance with the Provision Discounting Ordinance (RückAbzinsV).

According to Section 253 (6) of the German Commercial Code (HGB), from the 2016 financial year onwards, the difference between the recognition of provisions based on the corresponding average market interest rate from the past 10 financial years and the calculation of provisions based on the corresponding average market interest rate from the past 7 financial years must also be determined. Profits may only be distributed if the freely available reserves remaining after the distribution plus a profit carryforward and minus a loss carryforward are at least equal to this difference.

B. Braun Melsungen AG's pension obligations are measured using a projected unit credit method. With this method, the pensions in progress on the reference date and the part of the entitlements (so-called earned) attributable to the previous period of service are assessed. In addition, the related, expected future increases due to salary increases or pension adjustments are also taken into account. The present value of the obligation (DBO) is determined by discounting the expected future pension benefits (the settlement amount within the meaning of Section 253 (1) sentence 2 HGB) in accordance with Section 253 (2) HGB using the average market interest rate of the past 10 years.

Pledged reinsurance policies exist for some pension commitments (deferred compensation), which represent plan assets within the meaning of Section 246 (2) sentence 2 of the German Commercial Code (HGB) and are therefore offset against the pension obligation. Since a fair value for life insurance contracts cannot be reliably determined, the reinsurance policies are valued at the tax asset value.

Since the corresponding pension commitments are based on the benefits from the reinsurance policies with the exception of a committed minimum benefit, they are securities-linked pension commitments within the meaning of Section 253 (1) sentence 3 of the German Commercial Code (HGB). The obligations were therefore also valued at the asset value of the corresponding reinsurance policy.

Expenses and income from the plan assets are offset against expenses and income from the discounting of provisions; the result is shown in the financial result. This also includes changes in the present value of the obligations due to changes in the average market interest rate compared to the previous year. The remaining expenses are shown as expenses for pensions in the operating result.

The value of the pension obligations developed as follows:

	2017 T €	2016 T €
Pension obligation at the beginning of the year	572,995	569,506
Interest expense (including the effect of interest rate changes)	55,204	10,515
Pension expenses	14,348	12,382
Transfer payments due to a change of company	691	-356
Utility payments	-19,253	-19,052
Pension obligation at the end of the year	623,985	572,995

The value of the reinsurance policies that are to be classified as cover assets after the transition to the BilMoG has developed as follows:

	2017 T €	2016 T €
Asset value at the beginning of the year	1,428	1,597
Revenue from the reinsurance	42	43
Contributions	0	37
Insurance benefits paid out	-68	-249
Asset value at the end of the year	1,402	1,428

The obligation from deferred compensation on the side of the reinsurance policies amounted to € 1,402 thousand as of December 31, 2017.

Accordingly, the pension provision is as follows:

	December 31, 2017 T €	December 31, 2016 T €
Value of pension obligations	623,985	572,995
Value of the reinsurance	1,402	1,428
Pension provisions	622,583	571,567

If the average market interest rate from the past 7 financial years (2.80%) had been applied, the provisions for pensions and similar obligations would have been T € 102,099 higher.

The expenses in connection with the company pension scheme are broken down as follows:

	2017 T €	2016 T €
Pension expenses	14,348	12,382
of which transfer payments due to a change of company	-691	356
of which pension payments	19,253	19,052
of which other changes in pension obligations	-4,214	-7,026
Interest and similar expenses	55,162	10,472
of which expenses from the compounding of obligations	22,554	21,751
of which income / expense due to a change in the actuarial interest rate	32,650	-11,236
of which income from the plan assets	42	43
Effort due to the transition to the BilMoG	0	65,881
	69,510	88,735

The following assumptions were used to determine the pension obligations:

	December 31, 2017	December 31, 2016
Discount rate	3.68%	4.01%
Salary increases	3.00%	3.00%
Pension increases	1.75%	1.75%
fluctuation	25% Mercer standard turnover	25% Mercer standard turnover

The assessment of the pension provision of B. Braun Melsungen AG was based on the "2005 G mortality tables" by Klaus Heubeck.

(20) Other provisions

The main groups of provisions have developed as follows:

	Taxes T €	Personnel expenses T €	Uncertain liabilities of T €	Warranties T €	Remaining T €	Total T €
01/01/2016	6,840	50,580	39,632	1,333	6,859	105,244
Feed	1,479	40,191	32,066	1,429	8,734	83,899
consumption	-6,446	-34,565	-33,251	-1,333	-5,344	-80,939
resolution	-394	-648	-811	0	-198	-2,051
December 31, 2016 / January 1, 2017	1,479	55,558	37,636	1,429	10,051	106,153
Feed	2,618	37,987	33,520	1,148	6,949	82,222
consumption	-1,342	-38,545	-32,588	-1,429	-9,624	-83,528
resolution	-22	-1,383	-1,251	0	-64	-2,720
December 31, 2017	2,733	53,617	37,317	1,148	7,312	102,127

The other provisions total T € 99,394 (previous year: T € 104,674).

Recognizable risks and uncertain liabilities have been adequately taken into account when forming the remaining provisions. They are set at the settlement amount and are measured in the amount that is necessary according to a reasonable commercial assessment.

In addition to amounts for the reporting year, the tax provisions also contain amounts for past financial years and the period not yet subject to the external tax audit.

The provisions for personnel expenses essentially relate to obligations for annual bonuses, severance payments, remaining vacation, partial retirement, preparatory work and anniversary bonuses.

Provisions for anniversaries (€ 18.3 million, previous year: € 16.6 million) are recognized on the basis of an actuarial report. The "2005G mortality tables" by Klaus Heubeck were used as the biometric calculation basis. The salary trend was assumed to be 3.0%. The discount rate is 2.81% pa. The calculation is based on the same fluctuation assumptions as the calculation of the pension provisions (25% Mercer standard fluctuation).

The provisions with a remaining term of more than one year were discounted using the average market interest rate for the past seven financial years corresponding to their remaining term. The interest rates determined by the Deutsche Bundesbank were used for this.

The remaining other provisions contain amounts for impending losses from contracts, for subsequent expenses from services already billed, for legal and consultancy costs and expenses relating to the past financial year. T € 110 (previous year: T € 95) was set aside for maintenance that was not carried out and carried out within three months of the balance sheet date.

(2 1) Liabilities

	December 31, 2017 Total T €	thereof remaining term of up to 1 year T €	thereof remaining term > 1 year T €	thereof remaining term thereof > 5 years T €	December 31, 2016 Total T €	thereof remaining term of up to 1 year T €
Liabilities to credit institutions	1,498,126	275,774	1,222,352	508,500	1,163,813	344,282
Advance payments received on orders	5,882	5,882	0	0	5,829	5,829
liabilities from goods and services	77,606	77,606	0	0	80,511	80,511
Liabilities to affiliated companies	664,789	664,789	0	0	712,406	712,406
of which from deliveries and services	(160,734)	(160,734)	(0)	(0)	(152,380)	(152,380)
of this received down payments on orders	(33,730)	(33,730)	(0)	(0)	(21,087)	(21,087)
Liabilities to companies with which there is a participation relationship	4,926	4,926	0	0	4,821	4,821
of which from deliveries and services	(1,948)	(1,948)	(0)	(0)	(2,039)	(2,039)
Other liabilities	127,871	93,388	34,483	26,591	191,512	163,805
of which in the context of social security	(2769)	(681)	(2,088)	(2,088)	(2191)	(678)

	December 31, 2017 Total T €	thereof remaining term of up to 1 year T €	thereof remaining term > 1 year T €	thereof remaining term thereof > 5 years T €	December 31, 2016 Total T €	thereof remaining term of up to 1 year T €
of which from taxes	(6,134)	(6,168)	(0)	(0)	(5,594)	(5,594)
	2,379,200	1,122,365	1,256,835	535,091	2,158,892	1,311,654

The liabilities are recognized at the settlement amount.

Other liabilities include liabilities from borrowing from non-banks in the amount of € 35.3 million (previous year: € 57.6 million).

Other Information

(22) Cost of materials

The following cost of materials are included in the cost of sales and functional costs:

	2017 T €	2016 T €
Cost of raw materials and supplies	1,232,132	1,174,706
Expenses for purchased services	211,736	218,844
	1,443,868	1,393,550

(23) Personnel expenses / employees

The following personnel expenses are offset in the expense items of the income statement:

	2017 T €	2016 T €
Personnel expenses		
Wages and salaries	408,068	380,505
social taxes	69,542	63,454
Pension and support expenses	14,477	12,425
of that for pensions	(14,348)	(12,382)
	492,087	456,384
Employees by function (annual average, including temporary workers)		
production	3,826	3,547
Marketing and Sales	1,497	1,464
Research and Development	710	670
Technology and administration	1,178	1,151
	7,211	6,832
of which part-time employees	1,165	1,066

(24) Contingent Liabilities

	December 31, 2017 T €	December 31, 2016 T €
Provision of collateral for third-party liabilities	274,192	302,847
of which in favor of affiliated companies	(274,192)	(302,847)
Contract performance guarantees	41,290	41,781
of which in favor of affiliated companies	(41,290)	(41,781)

The collateral for third-party liabilities consists of letters of comfort and credit guarantees to banks in favor of affiliated companies. The risks of claims resulting from the provision of collateral for third-party liabilities as well as from the contract performance guarantees are viewed as low due to the good economic situation of our subsidiaries.

(25) Other financial commitments

	December 31, 2017 T €	December 31, 2016 T €
Obligations from rental and leasing contracts		
due up to 1 year	22,578	21,723
due 1 to 3 years	25,836	30,687
due over 3 years	15,625	24,025
	64,039	76,435
(of which to affiliated companies)	(40,227)	(53,643)
Purchase commitments	20,486	33,654
Total amount	84,525	110,089

Obligations of € 13.4 million result from service contracts (previous year: € 17.0 million).

In addition, there are obligations from the leasing of other movables and hardware. The hardware leasing obligations are mainly based on sale-and-lease-back transactions.

A process steam and heat supply contract still results in an annual purchase obligation of currently € 3.0 million. The contract runs until December 31, 2034.

(26) Off-balance sheet transactions

With regard to off-balance-sheet transactions, reference is made to numbers 12 and 25. Off-balance sheet transactions are usually used to improve liquidity and reduce total assets. No particular risks are taken with them.

(27) Derivative financial instruments

Derivative financial instruments are used to hedge against currency and interest rate risks from business operations, cash investments and other financing transactions.

These include, in particular, currency forwards and interest rate swaps. Internal group guidelines regulate their use. At B. Braun, derivative financial instruments are only used for hedging purposes. The risk management policy provides for the hedging of foreign currency risks from recognized assets and debts as well as a rolling hedge of up to 60 percent of the net inflows and outflows of major currencies expected in the following 12 months ("transactions expected with a high degree of probability")

The transactions are only concluded with banks that were generally assessed as having good creditworthiness at the time the contract was concluded. In addition, transactions are passed on to group companies. The general credit risk from the derivative financial instruments used is not considered to be material.

Valuation losses from primary and derivative financial instruments are recognized immediately as expenses. As of the reporting date, financial instruments are essentially combined into valuation units (underlying and hedging transaction). For valuation units formed in this way, the freezing method is not used to record the hedging transactions in the balance sheet until the underlying transaction occurs. Once the underlying transaction has occurred, the underlying transaction and the hedging transaction are recorded using the direct booking method. For financial instruments not designated in valuation units, a provision is made for impending losses from pending transactions.

The derivative financial instruments are recorded in the balance sheet items "Receivables and other assets" (T € 2,455, previous year: T € 2,813), "Other provisions" (T € 4,780, previous year: T € 6,911) and "Other liabilities" (T € 2,278, previous year: T € 50). In the case of financial instruments that are part of a valuation unit, the valuation loss exceeding the positive market values is taken into account through the formation of a provision for potential losses. A valuation gain does not affect income until it is realized.

Valuation units are created in the respective currency (macro hedges) to hedge against foreign currency risks from transactions that are expected with a high degree of probability. The transactions that are expected with a high degree of probability are determined on the basis of the B. Braun Melsungen AG business model and past experience. In addition, valuation units are formed from hedging transactions that are concluded externally and passed on to group companies as part of the group treasury. In all cases, the hedging relationships are very effective on the reporting date,

Valuation units (micro-hedges) are also formed to hedge interest rate risks from existing financing with variable interest rates. These hedging relationships are accounted for using the freezing method. The very high effectiveness of the hedging relationships is given on the balance sheet date, since the essential risk-determining parameters between the underlying and the hedging transaction match (critical terms match method).

The market values refer to the liquidation amounts (surrender value) of the financial derivatives on the balance sheet date. The determination is made using recognized valuation methods based on current market data, whereby these are determined at the value on the balance sheet date without taking into account the opposite development in value from the underlying transaction. For reasons of materiality, this determination is made without taking into account the own credit risk or the counterparty credit risk.

Doing business with banks	Nominal volume		Market values	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	T €	T €	T €	T €
Foreign exchange forwards with banks	769.034	769.933	-1,110	-20,106
Interest rate hedges with banks	100,000	125,000	-1,383	-2,782
Derivative transactions with banks	869.034	894.933	-2,493	-22,888
Forward exchange transactions with group companies	313,315	319,563	-4,083	15,603

The market values are the balance of positive and negative values. Market values from forward exchange transactions with banks in the amount of T € 1,666 (previous year: T € -19,360) were included in valuation units. From interest rate hedges, market values of T € -1,383 (previous year: T € -2,782) were included in valuation units. Forward exchange transactions with Group companies result in market values of T € -4,099 (previous year: T € 15,628), which were included in valuation units.

The nominal volumes of the following basic transactions were combined into valuation units with hedging transactions:

	Nominal volume	Nominal volume
	12/31/2017	12/31/2016
	T €	T €
Foreign currency risks from expected with high probability		
Transactions from our operational business	91,999	81,029
Foreign currency risks from receivables	12,782	7,786
Foreign currency risks from liabilities	7,143	7,335
Foreign currency risks from pending foreign currency transactions with Group companies	307,483	313,093
Interest rate risks from existing financing with variable interest rates	100,000	125,000
	519,407	534,243

It is expected that the cash flows and changes in value of the hedged risks for foreign currency transactions in the 2018 to 2019 financial years and for interest rate hedges in the 2019 financial years will each fully offset each other.

In addition to the valuation units mentioned above, a valuation unit is also formed from two USD loans to secure the foreign currency risk (micro-hedge). The nominal amount of the bank loan taken out or the intercompany loan granted is USD 108 million each. The loans have a term until 2019. This hedging relationship is accounted for using the freezing method. The hedging relationship is very effective on the balance sheet date, as the key risk-determining parameters between the underlying and the hedging transaction match (critical terms match method).

As of December 31, 2017, the amount of the risks hedged with all valuation units was T € 23,498 (previous year: T € 46,811).

(28) Transactions with related companies and persons

Transactions with related companies and persons were carried out on customary market terms.

(29) Total auditor's fee

B. Braun Melsungen AG has made use of the exemption provision in Section 285 No. 17 of the German Commercial Code (HGB), as the total fee of the auditor is stated in the consolidated financial statements.

(30) Total remuneration of the Board of Management and the Supervisory Board

The total remuneration of the Board of Management for the financial year was € 10,299 thousand. Of this, the CEO received € 680 thousand in fixed remuneration and € 905 thousand in variable remuneration from profit-sharing schemes. We spent an amount of T € 688 on the Supervisory Board in the financial year. A total of T € 23,248 has been set aside for pension obligations to former members of the Management Board and their surviving dependents; their total remuneration amounted to T € 4,122.

(31) Proposal for the appropriation of the retained earnings of B. Braun Melsungen AG

The Management Board proposes to the Annual General Meeting that the resulting balance sheet profit, after transferring T € 5,071 to the statutory reserve and T € 20,000 to the other revenue reserves, be used as follows:

	T €
Payment of a cash dividend	32,000
Allocation to the other revenue reserves	0
Carry forward on a new account	84,564
	116,564

(32) Supplementary report

From the end of the financial year up to the date of preparation of the annual financial statements, there were no matters with a material impact on the earnings, financial and asset position of the 2017 financial year.

(33) Notifications in accordance with Section 20 Paragraphs 1, 3 and 4 of the German Stock Corporation Act

B. Braun Holding GmbH & Co. KG, Melsungen, registered in the commercial register of the Fritzlar Local Court under HRA 14 031, has informed us in accordance with Section 20 Paragraphs 1 and 4 of the German Stock Corporation Act that it owns a majority stake in B. Braun Melsungen AG.

BraHo Verwaltungsgesellschaft mbH, Melsungen, registered in the commercial register of the Fritzlar Local Court under HRB 11 305, has informed us in accordance with Section 20 Paragraphs 1, 3 and 4 of the German Stock Corporation Act that it owns an indirect majority stake in B. Braun Melsungen AG.

Supervisory board**Prof. Dr. hc Ludwig Georg Braun**

Chairman

Former CEO of B. Braun Melsungen AG, Melsungen

Peter Hohmann *

deputy chairman

Group Works Council Chairman of the B. Braun Group

Germany

Chairman of the works council of the Melsungen site of B. Braun Melsungen AG, Melsungen

Barbara Braun-Lüdicke

Clerk, Melsungen

Prof. Dr. Dr. hc mult. Markus Büchler

Heidelberg University Hospital

Medical Director Department of General,

Visceral and transplant surgery

Kathrin Dahnke

Member of the board of directors of Wilh. Werhahn KG, Neuss

Alexandra Friedrich *

Deputy Chairwoman of the Works Council of the Melsungen site of B. Braun Melsungen AG, Melsungen

Edeltraud Glänzer *

Member of the executive board

of the IG BCE, Hanover

Michael Guggemos *

Hans Böckler Foundation, Management Spokesman, Düsseldorf

Hans-Carsten Hansen

former President Human Resources at BASF SE, Ludwigshafen

Rainer Hepke *

Chairman of the General Works Council of B. Braun

Melsungen AG, Melsungen

Manfred Herres *

Director of Production, B. Braun Avitum AG, Melsungen

Dr. Ing. Joachim Rauhut

former member of the Board of Management of Wacker Chemie AG, Munich

Ekkehard Rist *

Deputy Group Works Council Chairman of the

B. Braun Group Germany

Chairman of the Works Council of Aesculap AG, Tuttlingen

Prof. Dr. rer. pole. Thomas Rödder

Tax consultants and auditors,

Partner of the law firm Flick Gocke Schaumburg, Bonn

Prof. Dr. med. Oliver Schnell

Founder and managing director of Sciaro GmbH, Baierbrunn

Mike Black *

Exempt works council of B. Braun Melsungen AG,

Melsungen

* elected by the employees

Board**Prof. Dr. rer. pole. Heinz-Walter Große**

Chairman of the Board of Directors

Central HR and Legal Department

Labor Director

Dr. rer. pole. Annette Beller

Central Finance, Taxes and Controlling department

Central area Central service areas

Anna Maria Braun

Asia / Pacific region

Otto Philipp Braun (until February 21, 2017)

Iberian Peninsula and Latin America region

OPM division

Prof. Dr. med. Hanns-Peter Knaebel (until April 11, 2017)

Chairman of the Board of Aesculap AG, Tuttlingen

Aesculap division

Dr.-Ing. Joachim Schulz (from August 1, 2017)

Chairman of the Board of Aesculap AG, Tuttlingen

Aesculap division

Dr. rer. nat. Meinrad Lugan

Hospital Care Division

OPM division (from February 22, 2017)

Caroll H. Neubauer, LL.M.

Chairman of the Board of Management of B. Braun of America Inc., Bethlehem / USA

North America region

Markus Strotmann

Chairman of the Board of Management of B. Braun Avitum AG,

Melsungen

B. Braun Avitum division

Melsungen, February 26, 2018

The board of directors

Prof. Dr. rer. pole. Heinz-Walter Große

Dr. rer. pole. Annette Beller

Anna Maria Braun

Dr. rer. nat. Meinrad Lugan

Caroll H. Neubauer

Dr.-Ing. Joachim Schulz

Markus Strotmann

Development of fixed assets in the 2017 financial year

	Acquisition or manufacturing costs			
	01/01/2017 T €	Additions T €	Transfer bookings T €	Compounding of T €
Intangible assets				
Acquired concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	128,500	8,803	33,705	0
Advance payments made	95,478	31,526	-29,275	0
	223,978	40,329	4,430	0
Property, plant and equipment				
Land, leasehold rights and buildings, including buildings on third-party land	388.303	8,789	22,464	0
Technical equipment and machinery	712,588	27,632	95,563	0
Other equipment, factory and office equipment	115.602	6,783	2,757	0
Payments on account and assets under construction	156.031	37,261	-125,214	0
	1,372,524	80,465	-4,430	0
Financial assets				
Shares in affiliated companies	744.144	66,518	0	0
Loans to affiliated companies	168,809	401.709	0	0
Holdings	345.835	77,520	0	0
Fixed asset securities	4,634	371	0	0
Other loans	1,062	0	0	0
	1,264,484	546.118	0	0
	2,860,986	666.912	0	0
	Acquisition or manufacturing costs			

	Grants and allowances	Acquisition or capitalization	Post-manufacturing costs Disposals	December 31, 2017
	T €	T €	T €	T €
Intangible assets				
Acquired concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	0	0	57	170,951
Advance payments made	0	0	0	97,729
	0	0	57	268,680
Property, plant and equipment				
Land, leasehold rights and buildings, including buildings on third-party land	0	0	719	418,837
Technical equipment and machinery	0	0	8,802	826.981
Other equipment, factory and office equipment	0	0	1,639	123.503
Payments on account and assets under construction	0	0	1,706	66,372
	0	0	12,866	1,435,693
Financial assets				
Shares in affiliated companies	0	0	0	810,662
Loans to affiliated companies	0	0	4,000	566,518
Holdings	0	0	12,793	410,562
Fixed asset securities	0	0	0	5,005
Other loans	0	0	220	842
	0	0	17,013	1,793,589
	0	0	29,936	3,497,962
Accumulated depreciation				
	01/01/2017	Additions	Write-up of	Transfer bookings
	T €	T €	T €	T €
Intangible assets				
Acquired concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	78.009	15,732	0	116
Advance payments made	0	0	0	0
	78.009	15,732	0	116
Property, plant and equipment				
Land, leasehold rights and buildings, including buildings on third-party land	218.232	9,486	0	335
Technical equipment and machinery	440.153	49,982	0	-335
Other equipment, factory and office equipment	87,421	8,673	0	-116
Payments on account and assets under construction	0	0	0	0
	745.806	68.141	0	-116
Financial assets				
Shares in affiliated companies	738	0	0	0
Loans to affiliated companies	0	0	0	0
Holdings	30th	0	0	0
Fixed asset securities	2,519	0	0	0
Other loans	0	0	0	0
	3,287	0	0	0
	827.102	83,873	0	0
Accumulated depreciation				
	Unscheduled	Post-capitalization	Disposals	December 31, 2017
	T €	T €	T €	T €
Intangible assets				
Acquired concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	0	0	54	93,803
Advance payments made	0	0	0	0
	0	0	54	93,803
Property, plant and equipment				
Land, leasehold rights and buildings, including buildings on third-party land	0	0	646	227,407
Technical equipment and machinery	0	0	8,660	481.140
Other equipment, factory and office equipment	0	0	1,605	94,373
Payments on account and assets under construction	1,610	0	1,610	0
	1,610	0	12,521	802.920
Financial assets				
Shares in affiliated companies	0	0	0	738
Loans to affiliated companies	0	0	0	0
Holdings	0	0	0	30th
Fixed asset securities	107	0	0	2,626
Other loans	0	0	0	0

	Accumulated depreciation			December 31, 2017 T €
	Unscheduled T €	Post- capitalization T €	Disposals T €	
	107	0	0	3,394
	1,717	0	12,575	900.117
	Book values			
	December 31, 2017 T €		December 31, 2016 T €	
Intangible assets				
Acquired concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values		77,148		50,491
Advance payments made		97,729		95,478
		174,877		145.969
Property, plant and equipment				
Land, leasehold rights and buildings, including buildings on third-party land		191,430		170.071
Technical equipment and machinery		345.841		272,435
Other equipment, factory and office equipment		29,130		28,181
Payments on account and assets under construction		66,372		156.031
		632.773		626.718
Financial assets				
Shares in affiliated companies		809.924		743,406
Loans to affiliated companies		566,518		168,809
Holdings		410,532		345,805
Fixed asset securities		2,379		2.115
Other loans		842		1,062
		1,790,195		1,261,197
		2,597,845		2,033,884

SHAREHOLDINGS

OF B. BRAUN MELSUNGEN AG AND THE GROUP

(AS OF 12/31/2017, AMOUNTS IN T €)

Name and seat of the company	Share of capital in% 1)	Equity	Result	Sales	Employees 6)
Germany					
0102 AESCULAP AG, Tuttlingen 2)	100.0	159,713	8,753	794.101	3,618
0179 AESCULAP AKADEMIE GMBH, Tuttlingen 2)	100.0	26	0	0	0
0108 AESCULAP INTERNATIONAL GMBH, Tuttlingen 2)	100.0	205,777	0	0	0
0180 AESCULAP SUHL GMBH, Suhl 2)	100.0	3,727	46	15.123	116
0103 ALMO products E. Busch GmbH, Bad Arolsen	60.0	26,896	4.130	68,433	386
0147 BBM Group Insurance Broker GmbH, Melsungen 2)	100.0	75	8th	2,300	10
0189 B. Braun Avitum AG, Melsungen 2)	94.0	90.395	159	462.050	968
0155 B. Braun Avitum Saxonia GmbH, Radeberg 2)	94.0	14,765	833	96.271	834
0171 B. Braun Facility Services GmbH & Co. KG, Melsungen	100.0	-2,517	-16	21,318	87
0172 B. Braun Facility Services Verwaltungs GmbH, Melsungen	100.0	33	0	0	0
0106 B. Braun International GmbH, Melsungen 2)	100.0	25th	0	0	0
0159 B. Braun IT Service GmbH, Melsungen 2)	100.0	-671	-23	0	8th
0144 B. Braun Medical AG, Melsungen 2)	100.0	13,714	719	5,656	0
0758 B. Braun Miethke GmbH & Co. KG, Potsdam	75.1	1,498	-3	0	0
0759 B. Braun Miethke Verwaltungs GmbH, Potsdam	75.1	23	-2	0	0
0170 B. Braun Mobilien GmbH, Melsungen 2)	100.0	125	0	0	0
0120 B. Braun North America Verwaltungsgesellschaft mbH, Melsungen 2)	100.0	148,899	-410	0	0
0142 B. Braun Petzold GmbH, Melsungen 2)	100.0	26	0	0	0
0755 B. Braun prolabor GmbH, Hilter aTW.	100.0	2,964	-24	13,251	108
0105 B. Braun Surgical GmbH, Melsungen 2)	100.0	154.410	-36	0	0
0157 B. Braun TravaCare GmbH, Hallbergmoos 2)	100.0	47	3	38,935	62
0136 B. Braun Vertriebs GmbH, Melsungen 2)	100.0	24	0	0	0
0177 B. Braun Vet Care GmbH, Tuttlingen 2)	100.0	74	68	15,211	20th
0711 B. Braun via medis GmbH, Melsungen	94.0	3,444	-868	268	4th
0761 B & S Analytik GmbH, Dortmund	100.0	290	0	0	0
0146 Bibliomed Med. Verlagsges.mbH., Melsungen 2)	100.0	43	5	7,074	0
0732 DTZ Dialyse Training Centers GmbH, Nuremberg 2)	94.0	36,972	-6	21,847	280
0737 DTZ Sigmaringen MVZ GmbH, Sigmaringen 2)	94.0	187	162	488	9
0709 Hansepharm GmbH & Co. KG, Roth	100.0	1,636	47	394	0
0735 Hubertus Immobilien GmbH & Co. KG, Nuremberg	94.0	7th	0	0	0

	Name and seat of the company	Share of capital in% 1)	Equity	Result	Sales	Employees 6)
0734	Hubertus Immobilien Verwaltungs GmbH, Nuremberg	94.0	11	0	0	0
0702	Inko Internationale Handelskontor GmbH, Roth 2)	100.0	4,560	-2	14,246	23
0128	Invitec GmbH & Co. KG, Duisburg 2)	100.0	2.015	811	4,610	48
0127	Invitec Verwaltungs GmbH, Duisburg	100.0	22nd	-0	0	0
0116	Kultur-Fabrik Melsungen GmbH & Co. Betriebs KG, Melsungen 3)	51.0	14th	-9	87	2
0117	Kultur-Fabrik Melsungen Verwaltungs GmbH, Melsungen 3)	50.4	47	1	0	0
0175	Langenbeck -Virchow-Haus- Veranstaltungen GmbH, Berlin 3)	100.0	59	45	793	2
0176	Langenbeck -Virchow-Haus-Verwaltung GmbH, Berlin 3)	50.8	121	20th	618	0
0752	Lauer Membrane Wassertechnik GmbH, Wittlingen	94.0	3,006	353	16,535	57
0131	medical experts online GmbH & Co. KG, Melsungen	100.0	996	125	884	0
0132	medical experts online Verwaltungs-GmbH, Melsungen	100.0	26	0	0	0
0731	medicut Stent Technology GmbH, Pforzheim	100.0	-255	-1,127	3,120	37
0717	Medical supply center ViaMedis Remscheid GmbH, Remscheid 2)	94.0	59	-3	1,835	14th
0726	MVZ Hagenow GmbH, Hagenow 2)	94.0	165	-62	1,702	18th
0727	MVZ Ludwigslust GmbH, Ludwigslust 2)	94.0	250	-99	1,539	15th
0724	MVZ Medical Supply Center Saarbrücken GmbH, Saarbrücken 2)	94.0	2,973	-231	6,742	72
0728	MVZ Parchim GmbH, Parchim 2)	94.0	327	-134	2,199	23
0729	MVZ Schwerin Ost GmbH, Schwerin 2)	94.0	39	9	1,062	12th
0730	MVZ Schwerin West GmbH, Schwerin 2)	94.0	904	-355	6.703	106
0753	Neuroloop GmbH, Freiburg	60.2	9,328	-1,102	0	15th
0169	Kidney Center Bad Kissingen MVZ GmbH, Bad Kissingen 2)	94.0	1,854	309	1,944	24
0130	Noah Beteiligungs GbR, Melsungen	100.0	1,682	0	0	0
0701	Nutrichem diät + pharma GmbH, Roth 2)	100.0	30.173	358	52,612	336
0152	Paul Müller Technical Products GmbH, Melsungen 2)	100.0	337	-36	10,029	44
0150	PNS Professional Nutrition Services GmbH, Melsungen 2)	100.0	302	34	2,837	16
0163	REVIUM Rückversicherung AG, Melsungen	100.0	16,754	2,515	4,526	0
0186	SteriLog GmbH, Tuttligen	100.0	224	190	6,242	34
0192	TETEC Tissue Engineering Technologies AG, Reutlingen	92.5	-20,142	-4,988	8,355	82
0149	TransCare Gesundheitsservice GmbH, Melsungen 2)	100.0	-160	-59	0	0
0126	TransCare Service GmbH, Neuwied	77.4	3,353	218	13,746	112
0710	Management company Hansepharm GmbH, Roth	100.0	68	0	0	0
0719	via medis Medical Supply Center Südharz GmbH, Herzberg am Harz 2)	94.0	444	151	3,555	48
0738	via medis Kidney Center Bad Zwischenahn MVZ GmbH, Bad Zwischenahn 2)	94.0	70	45	280	3
0712	via medis Kidney Center Braunschweig MVZ GmbH, Braunschweig 2)	94.0	533	67	5,855	51
0713	via medis Kidney Center Bremerhaven MVZ GmbH, Bremerhaven 2)	94.0	190	66	2,913	36
0714	via medis Kidney Center Bremerhaven- Speckenbüttel MVZ GmbH, Bremerhaven 2)	94.0	-1,087	383	1,851	25th
0716	ViaMedis Kidney Center Gifhorn MVZ GmbH, Gifhorn 2)	94.0	514	-171	3,450	34
0739	via medis Kidney Center Neu-Ulm MVZ GmbH, Neu-Ulm 2)	94.0	25th	0	0	0
0723	via medis Kidney Center Oldenburg MVZ GmbH, Oldenburg 2)	94.0	1,067	516	3,194	30th
0718	via medis Kidney Center Riesa MVZ GmbH, Riesa 2)	94.0	86	260	4,225	44
0721	via medis Kidney Center Südpfalz MVZ GmbH, Landau in der Pfalz 2)	94.0	1,492	1,202	4,848	49
0722	via medis Kidney Center Suhl MVZ GmbH, Suhl 2)	94.0	595	314	4,713	40
0736	via medis Kidney Center Wolfenbüttel MVZ GmbH, Wolfenbüttel 2)	94.0	879	822	2,649	27
Europe						
0248	ACC Beruhazo Kft., Budapest / Hungary	94.0	1,548	33	853	6th
0552	AESULAP AKADEMIJA doo., Zagreb / Croatia	36.0	-13	3	0	0
0236	Aesculap Chifa Sp. Z oo., Nowy Tomysl / Poland	98.9	123.743	8,607	169,542	2.114
0237	Aesculap SAS, Chaumont / France	100.0	12,413	1,743	15,826	120
0673	Aide au Traitement de l'Insuffisante Rénale en Rhône Alpes SAS, Gradignan / France	94.0	902	240	3,768	34
0670	ANDRA, Gradignan / France	94.0	438	-189	2,972	30th
0648	Asociatia Aesculap Pentru Educatie, Remetea Mare / Romania	72.0	30th	39	0	0
0659	ATS Italia Srl. Milano / Italy	65.0	1,029	121	871	5
0635	Avitum Srl., Timisoara / Romania	94.0	3,756	3,050	23,550	482
0650	B. Braun Adria doo., Zagreb / Croatia	36.0	11,116	2,171	14,322	37
0562	B. Braun Adria BH doo., Sarajevo / Bosnia-Herzegovina	36.0	1	0	0	0
0651	B. Braun Adria RSRB doo., Novi Beograd / Serbia	36.0	2,565	1,195	7,809	23
0220	B. Braun Austria Ges. MbH., Maria Enzersdorf / Austria	60.0	65,239	12,562	61,763	148
0631	B. Braun Avitum Ankara Diyaliz Hizmetleri AS, Ankara / Turkey	93.2	-882	-368	987	32
0297	B. Braun Avitum Austerlitz sro., Slavkov and Brna / Czech Republic	93.7	1,828	54	4.166	88
0283	B. Braun Avitum Austria Ges. MbH, Maria Enzersdorf / Austria	62.1	11,085	26	0	3
0625	B. Braun Avitum Bulgaria EOOD, Sofia / Bulgaria	94.0	4th	0	0	0
0641	B. Braun Avitum Cedival SL, Valencia / Spain	96.4	1,692	180	1,848	24
0287	B. Braun Avitum Croatia doo., Zagreb / Croatia	94.0	767	0	0	0

	Name and seat of the company	Share of capital in% 1)	Equity	Result	Sales	Employees 6)
0205	B. Braun Avitum Espana SA, Rubi / Spain	96.4	2,591	-1,172	0	11
0202	B. Braun Avitum France SAS, Gradignan / France	94.0	16,747	4,486	2	0
0241	B. Braun Avitum Hungary Egeszsegügyi Szolgáltató Zrt., Budapest / Hungary	94.0	20,266	384	29,956	703
0691	B. Braun Avitum Ireland Ltd., Dublin / Ireland	94.0	-259	253	0	0
0231	B. Braun Avitum Italy SpA., Mirandola / Italy	94.0	31,669	4,903	68,877	277
0227	B. Braun Avitum Nefrovall SL, Vall D'Uixó / Spain	96.4	2,433	253	2,135	28
0680	B. Braun Avitum Oy, Helsinki / Finland	94.0	2,576	-279	2,501	26
0285	B. Braun Avitum Poland Sp. z o.o., Nowy Tomysl / Poland	95.1	10,998	1,385	32,129	515
0694	B. Braun Avitum Russia Clinics OOO, Saint-Petersburg / Russia	94.0	6,197	-362	31,135	708
0687	B. Braun Avitum Russia OOO, Saint-Petersburg / Russia	94.0	69,740	14,077	70,525	52
0207	B. Braun Avitum Servicios Renales SA, Rubí (Barcelona) / Spain	96.4	11,027	1,548	15,427	211
0636	B. Braun Avitum SRL, Timisoara / Romania	94.0	1,558	178	6,824	8th
0286	B. Braun Avitum sro., Bratislava / Slovakia	93.7	1,515	1,102	14,132	224
0284	B. Braun Avitum sro., Prague / Czech Republic	93.7	9,612	2,238	28,775	383
0267	B. Braun Avitum Turkey Sanayi Ticaret Anonim Sirketi, Ankara / Turkey	94.0	6,230	4th	4,248	17th
0684	B. Braun Avitum UAB, Vilnius / Lithuania	94.0	-234	633	3,936	91
0683	B. Braun Avitum (UK) Ltd., Sheffield / England	94.0	4,663	473	29,687	259
0642	B. Braun Avitum Valnefron SL, Valencia / Spain	96.4	2,722	344	2,513	30th
0235	B. Braun Healthcare Ltd., Sheffield / England	100.0	476	0	0	0
0265	B. Braun Hospicare Ltd., Co. Sligo / Ireland	100.0	788	-2,875	18,005	128
0279	B. Braun Logistics SL, Santa Oliva / Tarragona / Spain	100.0	1,310	455	19,655	61
0252	B. Braun Medical AB, Danderyd / Sweden	100.0	2,660	1,542	50,447	59
0276	B. Braun Medical AG, Sempach / Switzerland	51.0	233,000	13,059	298,915	960
0223	B. Braun Medical A / S, Frederiksberg / Denmark	100.0	3,171	1,478	24,604	33
0214	B. Braun Medical A / S, Vestskogen / Norway	100.0	1,611	515	21,705	34
0211	B. Braun Medical BV, Oss / Netherlands	100.0	8,957	1,845	61,931	159
0626	B. Braun Medical EOOD, Sofia / Bulgaria	60.0	4,954	1,326	15,126	67
0201	B. Braun Medical International SL, Rubi / Spain	100.0	166,444	-2,354	7,203	25th
0627	B. Braun Medical Kazakhstan LLP, Almaty / Kazakhstan	100.0	833	-560	4,940	45
0240	B. Braun Medical Kft., Budapest / Hungary	60.0	35,269	-517	79,579	1,198
0257	B. Braun Medical Lda., Barcarena / Portugal	100.0	34,795	2,437	54,873	147
0299	B. Braun Medical LLC, Saint-Petersburg / Russia	100.0	41,144	7,296	139,101	458
0213	B. Braun Medical Ltd., Dublin / Ireland	100.0	5,016	2,011	29,650	52
0288	B. Braun Medical Ltd., Sheffield / England	100.0	51,466	4,682	159,990	558
0219	B. Braun Medical NV, Diegem / Belgium	100.0	1,983	-992	34,804	77
0242	B. Braun Medical OÜ, Tallinn / Estonia	100.0	1,620	136	6,679	24
0222	B. Braun Medical Oy, Helsinki / Finland	100.0	4,837	3,133	42,447	51
0225	B. Braun Medical SA, Rubi / Spain	100.0	264,223	16,298	276,353	1,361
0209	B. Braun Medical SAS, Boulogne-Billancourt / France	100.0	97,388	20,255	335,403	1,292
0243	B. Braun Medical SIA, Riga / Latvia	100.0	3,220	594	10,481	25th
0254	B. Braun Medical sro., Bratislava / Slovakia	70.0	8,563	534	25,687	29
0253	B. Braun Medical sro., Prague / Czech Republic	70.0	25,995	1,607	66,239	195
0244	B. Braun Medical UAB, Vilnius / Lithuania	100.0	1,172	263	5,302	14th
0629	B. Braun Medical Ukraine LLC, Kiev / Ukraine	100.0	962	180	5,912	41
0296	B. Braun Medikal Dis Ticaret AS, Sariyer Istanbul / Turkey	100.0	5,399	-3,673	22,937	121
0221	B. Braun Milano SpA., Milano / Italy	100.0	36,710	3,870	128,431	231
0638	B. Braun Pharmaceuticals SA, Timisoara / Romania	60.0	18,649	436	8,101	173
0612	B. Braun Sterilog (Birmingham) Ltd., Sheffield / England	100.0	-3,901	724	13,059	212
0611	B. Braun Sterilog Ltd., Sheffield / England	100.0	-10,153	-921	0	10
0613	B. Braun Sterilog (Yorkshire) Ltd., Sheffield / England	100.0	-3,518	452	9,079	154
0224	B. Braun Surgical SA, Rubi / Spain	100.0	141,223	11,708	178,846	901
0658	B. Braun Trading Kft., Budapest / Hungary	60.0	2,621	1,512	18,482	39
0640	B. Braun VetCare SA, Rubi / Spain	100.0	8,917	1,261	13,113	26
0692	B. Braun Wellstone Ltd., Dublin / Ireland	94.0	2,125	376	2,619	26
0675	Center de Néphrologie d'Antibes SAS, Gradignan / France	94.0	380	404	5,391	48
0663	Center d'Hémodialyse des Alpes SAS, Gradignan / France	94.0	510	238	4,879	46
0666	Center de Néphrologie de Châteauroux SAS, Gradignan / France	94.0	306	546	6,649	55
0669	Center de Néphrologie de Montargis SAS, Gradignan / France	94.0	493	254	6,049	47
0203	CIRAD SAS, Gradignan / France	94.0	854	694	5,385	42
0560	DIALCORP sro., Rychnov nad Kneznou / Czech Republic	93.7	3,156	-386	1,066	17th
0682	Dializes Centrs SIA, Jelgava / Latvia	94.0	198	76	729	11
0668	Dialysis Services GIE, Gradignan / France	94.0	-369	-62	0	39
0564	"Dialis MC" LCC, Moscow / Russia	94.0	8,316	-2,234	0	1

	Name and seat of the company	Share of capital in% 1)	Equity	Result	Sales	Employees 6)
0652	"Dialysis Centers" Paracels ", Kingisepp / Russia	94.0	74	1	469	22nd
0617	DMP International AG, Sempach / Switzerland	51.0	119	5	0	0
0290	Downs Surgical Limited, Sheffield / England	100.0	1,578	0	0	0
0679	Dravis Sp. Z oo., Nowy Tomysl / Poland	98.9	1	0	0	0
0733	DTZ Dialyse Training Centers Austria GmbH, Nuremberg	62.1	5,336	464	5,025	19th
0615	DZW AG, Urdorf / Switzerland	51.0	255	20th	2,335	14th
0614	Elyse Gorinchem BV, Oss / Netherlands	51.0	-366	-306	384	0
0603	Elyse Holding BV, Oss / Netherlands	100.0	2,397	744	4,607	42
0693	Gematek OOO, Saint-Petersburg / Russia	100.0	15,970	686	12,129	239
0676	Hemo Holding BV, Oss / Netherlands	100.0	-1,239	85	264	0
0704	Inko Dietkost- und Sportartikel Handelsgesellschaft mbH, Maria Enzersdorf / Austria	100.0	-445	-63	1,715	2
0707	Inko SAS, Boulogne-Billancourt / France	100.0	-595	-240	2,473	6th
0705	Inko Sports AG, Bubendorf / Switzerland	100.0	925	-399	2,512	11
0556	LLC "BBN", Saint-Petersburg / Russia	47.9	3,755	2,257	8,216	22nd
0696	LLC Dialysis Center "B. Braun Avitum Russia", Saint-Petersburg / Russia	94.0	-308	-162	2,077	13th
0678	LLC "DIALIZ SP", Saint-Petersburg / Russia	94.0	7,928	-392	2,864	62
0697	LLC MCP-Medicare, Saint-Petersburg / Russia	94.0	5,383	-380	18,022	335
0654	LLC "Medical center of high technologies outpatient department Nr.1", Moscow / Russia	94.0	2,633	-201	5,464	78
0557	LLC "Nephros", Krasnodar / Russia	47.9	11,852	-1,047	12,529	216
0653	LLC "Tsentral Dializa", Chelyabinsk / Russia	94.0	1,329	-316	8,921	182
0604	Niercentrum Aan De Amstel BV (Nada), Amstelveen / Netherlands	50.0	2,084	557	2,658	0
0688	Ortopedicum Sp.zo.o., Kraków / Poland	98.9	6,568	-439	2,185	20th
0686	PDV Private Dialyse Vorarlberg GmbH, Nenzing / Austria	31.0	1,092	169	3,039	33
0295	Poliklinika za internu medicinu i dijalizu B. Braun Avitum, Zagreb / Croatia	47.9	243	241	2,626	36
0250	Référence Santé SAS, Boulogne / France	100.0	1,349	224	5,727	8th
0294	SC B. Braun Medical SRL, Remetea Mare / Romania	62.6	4,608	1,266	27,115	101
0674	SCI La Ligure, Gradignan / France	94.0	63	55	0	0
0672	SOC Franc Developpt Techniques Medi SAS, Gradignan / France	94.0	9	7th	4,392	48
0661	Société Brestoise du Rein Artificiel SAS, Gradignan / France	94.0	120	-15	2,262	22nd
0607	SOP sro., Bratislava / Slovakia	93.7	43	-1	0	0
0270	SteriLog Instrumentenmanagement GmbH, Maria Enzersdorf / Austria	60.0	480	429	603	5
0274	SteriLog Sterilgutversorgung Luzern AG, Lucerne / Switzerland	40.2	614	380	4,967	37
0602	Stichting Elyse Klinieken, CW Oss / Netherlands	100.0	2	2	7,538	0
0639	Suturex & Renodex SAS, Sarlat / France	100.0	18,087	2,610	19,250	169
0554	WBR Centro Dialitico Srl., Lana / Italy	94.0	106	0	0	0
	North America					
0333	Aesculap Biologics LLC, Center Valley / USA	95.5	2,583	5,648	0	25th
0331	Aesculap Inc., Center Valley / USA	95.5	105.810	11,217	201.326	487
0332	Aesculap Implant Systems LLC, Center Valley / USA	95.5	-30.185	-5,404	48,752	105
0368	B. Braun CeGaT US LLC, Bethlehem / USA	62.8	5,762	-358	0	1
0328	B. Braun Interventional Systems Inc., Bethlehem / USA	95.5	30,856	-3,671	36,961	46
0329	B. Braun Medical Inc., Bethlehem / USA	95.5	466.294	70,255	1,124,505	5,481
0305	B. Braun of America Inc., Bethlehem / USA	95.5	82,266	405	0	0
0367	B. Braun of Canada Ltd., Mississauga / Canada	95.5	3,091	690	19,127	21
0365	B. Braun of Delaware Inc., Wilmington / USA	95.5	36	-38	0	0
0360	Central Admixture Pharmacy Services Inc., Santa Fe Springs / USA	95.5	101.035	10,060	218.377	612
0327	SAFE bt, Inc., Wilmington / USA	95.5	-37	0	0	0
0369	Sterinova Inc., Saint-Hyacinthe Qc / Canada	79.8	25,478	-704	99	4th
	Asia Pacific					
0438	Aesculap Academy (Suzhou) Co., Ltd., Suzhou / China	100.0	44	13th	4,437	6th
0435	AESCLAP SCIENTIFIC TOOLS SDN. BHD., Petaling Jaya / Malaysia	100.0	546	-1	0	0
0436	AESCLAP SURGICAL INDUSTRIES SDN. BHD., Petaling Jaya / Malaysia	100.0	1.012	-2	0	0
0472	Ahlcon Parenterals (India) Limited., New Delhi / India	96.1	5,647	-4,141	18,100	887
0421	Anqing Bingfeng Hospital Co., Ltd., Anqing City / China	65.8	1,167	-97	2,035	67
0461	B. Braun Aesculap Japan Co. Ltd., Tokyo / Japan	100.0	52,239	4,625	130,956	600
0458	B. Braun Australia Pty. Ltd., Sydney / Australia	100.0	17,425	2,854	61.111	108
0418	B. Braun Avitum Holdings Singapore Pte. Ltd., Singapore / Singapore	94.0	-201	-57	610	8th
0492	B. Braun Avitum Korea Co., Ltd., Seoul / Korea	94.0	58	0	61	1
0462	B. Braun Avitum Philippines Inc., Taguig City / Philippines	100.0	13,939	2,850	38,755	306
0411	B. Braun Avitum Renal Services Sdn. Bhd., Petaling Jaya / Malaysia	100.0	3,430	273	2,004	58
0488	B. Braun Avitum (Shanghai) Trading Co. Ltd., Shanghai / China	94.0	19,348	8,576	136,473	275
0489	B. Braun (China) Investment Co., Ltd., Shanghai / China	100.0	23,285	1,194	0	0
0478	B. Braun Korea Co. Ltd., Seoul / Republic of Korea	100.0	14,966	986	78,778	140

	Name and seat of the company	Share of capital in% 1)	Equity	Result	Sales	Employees 6)
0491	B. Braun Lanka (Private) Limited, Colombo / Sri Lanka	100.0	2,369	323	6,165	36
0459	B. Braun Medical (HK) Ltd., Hong Kong / China	100.0	65,030	26,812	157,430	31
0475	B. Braun Medical (India) Pvt. Ltd., Mumbai / India	100.0	20,523	-1,430	61,477	969
0407	B. Braun Medical Industries Sdn. Bhd., Petaling Jaya / Malaysia	100.0	539,505	76,274	487,553	7,638
0483	B. Braun Medical Production Ltd., Bangkok / Thailand	100.0	141	-43	0	0
0493	B. Braun Medical (Shandong) Co., Ltd., Zibo (Shandong) / China	100.0	13,526	-3,354	4,296	103
0486	B. Braun Medical (Shanghai) International Trading Co. Ltd., Shanghai / China	100.0	19,841	15,650	235,912	1,018
0460	B. Braun Medical Supplies Inc., Taguig City / Philippines	100.0	11,469	1,667	28,682	174
0408	B. Braun Medical Supplies Sdn. Bhd., Petaling Jaya / Malaysia	100.0	28,736	1,729	44,757	165
0487	B. Braun Medical (Suzhou) Company Limited, Suzhou / China	100.0	15,545	1,105	43,791	460
0466	B. Braun Needle Industries Sdn. Bhd., Petaling Jaya / Malaysia	100.0	3,224	47	0	0
0457	B. Braun New Zealand Pty. Ltd., Auckland / New Zealand	100.0	734	42	3,578	5
0479	B. Braun Pakistan (Private) Ltd., Karachi / Pakistan	100.0	-187	-1,057	25,201	126
0465	B. Braun Pharmaceutical Industries Sdn. Bhd., Petaling Jaya / Malaysia	100.0	-2,409	-1	0	0
0467	B. Braun Precision Engineering Sdn. Bhd., Petaling Jaya / Malaysia	100.0	4,601	-1	0	0
0490	B. Braun Singapore Holdings Pte. Ltd., Singapore / Singapore	100.0	3,312	-121	0	0
0476	B. Braun Singapore Pte. Ltd., Singapore / Singapore	100.0	58,858	437	24,007	49
0410	B. Braun Surgical Sdn. Bhd., Petaling Jaya / Malaysia	100.0	1,509	-1	0	0
0477	B. Braun Taiwan Co. Ltd., Taipei / Taiwan	100.0	4,645	1,308	22,318	47
0482	B. Braun (Thailand) Ltd., Bangkok / Thailand	100.0	11,789	1,793	34,800	138
0481	B. Braun Vietnam Co. Ltd., Hanoi / Vietnam	100.0	61,166	8,722	82,073	1,129
0413	Harmoni Dialysis Sdn. Bhd., Petaling Jaya / Malaysia	100.0	772	-13	1,647	37
0442	Lauer Limited Hong Kong, Hong Kong / China	94.0	378	0	0	0
0474	Oyster Medisafe Private Ltd., Telangana / India	78.5	-3,434	-1,752	4,774	354
0409	Promedipharma Sdn. Bhd., Petaling Jaya / Malaysia	100.0	1,918	-1	0	0
0484	PT. B. Braun Medical Indonesia, Jakarta / Indonesia	99.0	70,810	6,158	91,315	515
0494	PT. B. Braun Pharmaceutical Indonesia, Jakarta / Indonesia	84.2	-2,895	-2,409	0	103
0419	Renal-Link Sdn. Bhd., Petaling Jaya / Malaysia	30.0	579	50	496	12th
0498	Shanghai B. Braun Avitum Hospital Management Co. Ltd., Shanghai / China	94.0	2,294	-4	0	0
0497	Siam Tai Tiem Sam Pun Co., Ltd., Bangkok / Thailand	46.1	45	-34	0	0
0416	Smart Care Dialysis Sdn. Bhd., Petaling Jaya / Malaysia	100.0	334	-43	750	19th
0439	Suturex & Renodex International Ltd., Samutprakan / Thailand	100.0	3,128	585	3,421	106
0496	Teparak Medical Center Co. Ltd., Samutprakan / Thailand	69.5	471	-31	937	30th
0463	Therapy Management Services Phils, Inc., Taguig City / Philippines	100.0	1,279	119	3,527	111
0415	TransCare Healthservices Malaysia Sdn. Bhd., Petaling Jaya / Malaysia	60.0	-653	-299	0	4th
Latin America						
0345	Aesculap Academy SpA, San Bernardo / Chile	86.1	-36	-9	0	0
0335	B. Braun Aesculap de México SA DE CV, Mun. Santa Cruz Atizapán / Mexico	100.0	12,019	2,014	33,113	256
0341	B. Braun Medical Central America & Caribe SA de CV, San Salvador / El Salvador	51.0	543	77	3,317	42
0336	B. Braun Medical de México SAPI. DE CV, Mun. Santa Cruz Atizapán / Mexico	100.0	2,902	1,682	14,127	54
0339	B. Braun Medical International Paraguay SA, Mariano Roque Alonso / Paraguay	100.0	3,627	13th	97	0
0337	B. Braun Medical Paraguay SA, Mariano Roque Alonso / Paraguay	60.0	4,805	-573	9,071	69
0324	B. Braun Medical Peru SA, Lima / Peru	100.0	17,930	357	30,800	448
0323	B. Braun Medical SA, Bogotá / Colombia	100.0	10,303	2,452	35,081	260
0307	B. Braun Medical SA, Buenos Aires / Argentina	100.0	13,627	-1,775	47,290	378
0325	B. Braun Medical SA, Quito / Ecuador	100.0	14,997	411	25,620	117
0322	B. Braun Medical SpA, Santiago de Chile / Chile	86.1	11,533	2,499	47,803	158
0346	B. Braun Surgical SAS, Mosquera / Colombia	100.0	686	-1,049	254	20th
0338	Centro de Dialisis, Quito / Ecuador	60.0	605	76	856	11
0342	Dialy Ser SAS, Bogotá / Colombia	94.0	1,210	-2,855	14,073	237
0306	Laboratorios B. Braun SA, Sao Goncalo / Brazil	100.0	132,983	1,382	163,156	1,423
Africa and Middle East						
0502	B. Braun Avitum (Pty) Ltd., Johannesburg / South Africa	100.0	2,747	820	12,300	321
0624	B. Braun Medical Gulf FZ- LLC, Dubai / United Arab Emirates	100.0	397	66	472	8th
0515	B. Braun Medical Kenya Ltd., Nairobi / Kenya	100.0	52	-184	735	7th
0501	B. Braun Medical (Pty) Ltd., Johannesburg / South Africa	100.0	7,107	-307	52,361	330
0505	B. Braun Medical Products (Pty) Ltd., Johannesburg / South Africa	100.0	-834	256	3,059	102
0506	B Braun Medical Zambia Limited, Lusaka / Zambia	74.0	83	-	-	-
0503	E. Owen and Partners, Johannesburg / South Africa	100.0	95	-175	19,102	14th
REMAINING SHARES						
Germany						
0138	AXIOS 3D Services GmbH, Oldenburg 4)	30.0	42	-38	512	7th
0129	CeGaT GmbH, Tübingen 4)	30.0	10,809	433	14,319	62

	Name and seat of the company	Share of capital in% 1)	Equity	Result	Sales	Employees 6)
0134	Christoph Miethke GmbH & Co. KG, Potsdam 4)	24.9	5,212	2.122	14,032	155
0135	Christoph Miethke Verwaltungs GmbH, Potsdam 4)	24.9	25th	0	1	0
0151	DESOTEC GmbH special machine construction, Winnenden- Hertmannsweiler 4)	56.5	353	301	13,766	47
0148	Diomedes GmbH, Melsungen 4)	25.0	207	44	694	2
0119	Findos Investor Fund I GmbH & Co. KG, Munich 3)	16.7	-	-	-	-
0199	Findos Investor Fund II GmbH & Co. KG, Munich 3)	16.7	-	-	-	-
0118	GINo Gesellschaft für Innovation Nordhessen mbH, Kassel 3) 5)	50.0	-	-	-	-
0756	INTERMEDT Medizin & Technik GmbH, Ostrhauderfehn 4)	23.5	2,444	304	4,686	19th
0750	ISYMED Society for Innovative Systems in Medicine mbH, Butzbach 4)	46.1	569	187	2.161	16
0187	Medical Service and Logistics GmbH, Recklinghausen 4)	50.0	428	-137	41,737	8th
0143	PPC project planning and consulting GmbH, Melsungen 4)	50.0	1,603	360	2,606	23
0115	Residenz-Hotel-Tagungszentrum Kassel GmbH, Kassel 3)	14.1	-	-	-	-
0114	Residenz-Hotel-Tagungszentrum Kassel GmbH & Co. Investitions KG, Kassel 3)	14.1	-	-	-	-
0799	RHÖN-KLINIKUM AG, Bad Neustadt an der Saale 4) 7)	25.2	1,115,651	26,996	902.451	16,634
0196	Schölly Fiberoptic GmbH, Denzlingen 4)	28.0	52,929	6,278	131,938	347
0109	Tuttlinger Wohnbau GmbH, Tuttlingen 3)	13.3	-	-	-	-
0184	ukb -AESCULAP InstrumentenManagement GmbH, Berlin 4)	49.0	56	22nd	3,337	51
0113	Housing association of the city of Melsungen mbH, Melsungen 3)	29.8	-	-	-	-
	Europe					
0217	Investment and financing GmbH, Sempach / Switzerland 4)	50.0	1,079	82	713	0
0249	Babolat VS, Lyon / France 4)	28.0	74,443	6,731	116,937	225
0563	B-PACK SpA, San Pietro Mosezzo (NO) / Italy 4)	25.0	10,788	26	37,818	72
0550	Cabinet néphrologique Dr. Schiele et Dr. Schmid, Forbach / France 4)	23.5	61	7th	104	3
0685	Medical device processing Vorarlberg GmbH, Rankweil / Austria 4)	29.4	1,293	321	3,900	40
0698	MPAT medical product preparation Tirol GmbH, Zirl / Austria 4)	29.4	91	-28	4,830	42
0551	Newdial Srl., Rome / Italy 3) 5)	28.2	176	-77	0	0
0232	Pigreco Omnia Salus Srl., Rome / Italy 3) 5)	32.9	1,496	513	2,947	12th
0272	SLI Sterilgut Logistik und Instrumentenmanagement GmbH, Wels / Austria 4)	25.8	2,416	638	6,100	64
0677	SteriNoord BV, Groningen / Netherlands 3)	33.0	-	-	-	-
0558	WPM Wund Pflege Management GmbH, Bad Pirawarth / Austria 4)	30.0	144	49	565	12th
0555	270 Vision Limited, Winchester / England 4)	29.5	29	-695	16	3
	Asia Pacific					
0417	Nurses At Home Sdn. Bhd., Petaling Jaya / Malaysia 4)	18.0	33	-47	364	24
0420	Trendlines Medical Singapore Pte. Ltd., Singapore / Singapore 4)	20.0	1,879	-467	0	3
0441	XINHUA SURGICAL INSTRUMENTS CO. LTD., Shandong / China 4)	40.0	11,438	1,250	23,313	397
	Africa and Middle East					
0504	B. Braun Zimbabwe (Pvt) Ltd., Harare / Zimbabwe 4)	49.0	301	245	1,507	6th
0561	Fidmi Medical Ltd., Misgav / Israel 3)	19.5	-	-	-	-

The amounts in the local currency of the foreign companies were converted using the average rate on December 31, 2017 or the average rate for the reporting year.

1) Calculated share

2) Companies with profit and loss transfer agreements

3) Unconsolidated

4) Consolidated at equity

5) Associated companies

6) average

7) Values from the published Q3 interim report

INDEPENDENT AUDITOR'S REPORT

To B. Braun Melsungen Aktiengesellschaft, Melsungen

Examination Opinions

We have prepared the annual financial statements of B. Braun Melsungen Aktiengesellschaft, Melsungen, - consisting of the balance sheet as of December 31, 2017 and the income statement for the financial year from January 1 to December 31, 2017 as well as the notes, including the presentation of the Accounting and valuation methods - checked. In addition, we have audited the management report of B. Braun Melsungen Aktiengesellschaft for the financial year from January 1 to December 31, 2017. We have not checked the content of the declaration on corporate governance in accordance with Section 289f (4) of the German Commercial Code (information on the quota of women) in accordance with German legal regulations.

In our opinion, based on the knowledge gained during the audit

- the attached annual financial statements comply in all material respects with German commercial law regulations and, in compliance with German generally accepted accounting principles, give a true and fair view of the company's assets and financial position as of December 31, 2017 and its earnings position for the financial year from January 1 to as of December 31, 2017 and
- the attached management report gives an overall accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. Our audit

opinion on the management report does not cover the content of the above-mentioned corporate governance statement.

In accordance with Section 322, Paragraph 3, Clause 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the examination results

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the generally accepted German auditing principles established by the Institute of Auditors (IDW). Our responsibility under these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the annual financial statements and the management report" of our auditor's report. We are independent of the company in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements.

Other Information

The legal representatives are responsible for the other information. The other information includes the declaration on corporate governance in accordance with Section 289f (4) of the German Commercial Code (information on the quota of women).

The other information also includes the remaining parts of the annual report - without further cross-references to external information - with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and the management report do not cover the other information and accordingly we do not issue an audit opinion or any other form of audit conclusion on them.

In connection with our audit, it is our responsibility to read the other information and, in doing so, to assess whether the other information

- have material inconsistencies with the annual financial statements, the management report or our knowledge obtained during the audit, or
- otherwise appear materially misrepresented.

Responsibility of the legal representatives and the supervisory board for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law in all essential respects, and for ensuring that the annual financial statements give a true and fair view of the assets, financial and earnings position of the in compliance with the German principles of proper bookkeeping Society mediates. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with the German principles of proper accounting to enable the preparation of the annual financial statements,

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue business operations. They are also responsible for disclosing issues relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis of accounting, unless actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides an accurate picture of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and accurately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have considered necessary to enable the preparation of a management report in accordance with the applicable German legal regulations,

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the management report.

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain sufficient certainty as to whether the annual financial statements as a whole are free from material - intended or unintentional - misrepresentation, and whether the management report as a whole gives an accurate picture of the company's position and, in all material matters, with the annual financial statements and is in line with the knowledge gained during the audit, complies with German legal regulations and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Adequate security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misrepresentation.

Misrepresentations can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions of the addressees made on the basis of these annual financial statements and management report.

During the examination, we exercise due discretion and maintain a critical attitude. Furthermore

- we identify and assess the risks of material - intentional or unintentional - misrepresentations in the annual financial statements and the management report, plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk that material misrepresentations are not detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent cooperation, falsifications, intentional incompleteness, misleading representations or the overriding of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these Systems of society.
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and the related information.
- we draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue as a going concern can raise. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities.
- We assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial statements represent the underlying business transactions and events in such a way that the annual financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the asset, financial and the company's earnings.
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient, suitable audit evidence, we particularly review the significant assumptions on which the future-oriented information is based on the legal representatives and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a significant unavoidable risk

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

Kassel, February 26, 2018

PricewaterhouseCoopers GmbH
auditing company

Dr. Bernd Roesse, auditor

ppa. Oliver Böhm, auditor

Supervisory Board Report

The Supervisory Board of B. Braun Melsungen AG performed the duties incumbent on it according to the law, the articles of association and the rules of procedure, and accompanied and monitored the management in an advisory capacity.

In three regular meetings, the Management Board informed the Supervisory Board about the company's current business development, its financial status and major investment projects.

Special topics of the supervisory board consultations were reports on ongoing major investment projects, the participation in the Rhön-Klinikum AG, the presentation of the Africa strategy and the resolution on the further implementation of the "law for equal participation of women and men in management positions in the private sector and in the Civil Service". The start-up costs of selected projects and the new product launches in the Hospital Care division were also presented. The Supervisory Board also received the 2016 personnel report. The Supervisory Board discussed and approved the 2017 earnings forecast and discussed transactions requiring approval in accordance with the Articles of Association.

In addition, the chairman of the supervisory board regularly exchanged information and ideas with the chairman of the management board about key business developments in the company and the group and upcoming decisions.

This year, too, the Supervisory Board carried out an efficiency review on a voluntary basis. This self-evaluation carried out by the supervisory board showed that the supervisory board is organized efficiently and that the cooperation between the management board and the supervisory board works very well.

The subject of the two consultations of the Audit Committee were in particular the 2017 annual and consolidated financial statements of B. Braun Melsungen AG prepared by the Management Board, the current business development as well as the processing of audit findings and the annual report of the internal audit department on the audits carried out and the audit plan and focuses. The Audit Committee also received the compliance report from B. Braun Melsungen AG and the risk report from the Executive Board. Further topics were status reports on the current situation in Brazil and Colombia. The planning of the annual audit was also presented.

The Personnel Committee of the Supervisory Board met three times in 2017. In its meeting on March 27, 2017, it proposed to the Supervisory Board the allocation of profit participation rights to the members of the Management Board under the B. Braun Incentive Scheme, a resolution on the bonus regulation and the target agreements of the individual Management Board members and a resolution on the annual fixed salaries of the Management Board members. The Supervisory Board approved the allocation and the resolutions at its meeting on March 28, 2017. At this meeting, the Personnel Committee also proposed to the Supervisory Board that Ms. Anna Maria Braun be appointed as a full member of the Management Board as of April 1, 2017; the supervisory board also approved this appointment. In its meeting on July 11, 2017, the Personnel Committee approved the appointment of Dr. Joachim Schulz recommended as a full member of the Board of Management for three years with effect from August 1, 2017; the Supervisory Board followed this recommendation in its next meeting. At its meeting on December 5, 2017, the Personnel Committee presented the Supervisory Board with the reappointment of Dr. Meinrad Lukan recommended as a full board member until September 30, 2023; the Supervisory Board passed the resolution accordingly in its subsequent meeting and confirmed the appointment.

Prof. Hanns-Peter Knaebel left the board on April 11, 2017 for personal reasons. This was confirmed by the Supervisory Board by circular resolution on the same day. The Supervisory Board thanks him for the work he has done during his eight years at B. Braun Melsungen AG.

The annual financial statements prepared by the Management Board and the management report for the 2017 financial year of B. Braun Melsungen AG, the consolidated financial statements and the group management report have been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Kassel, which was appointed auditor at the Annual General Meeting on March 28, 2017. The auditor raised no objections and confirmed this in an unqualified auditor's report.

The auditor took part in the deliberations of the Supervisory Board and the Audit Committee on the annual financial statements and the consolidated financial statements and reported on the main results of his audit. The examination of the annual financial statements, the management report and the proposal for the appropriation of the balance sheet profit of B. Braun Melsungen AG as well as the consolidated financial statements and the group management report by the Supervisory Board does not give rise to any objections in accordance with the results of the audit reports. We have therefore approved the annual financial statements prepared by the Management Board, which are thus adopted in accordance with Section 172 of the German Stock Corporation Act.

The supervisory board agrees with the management board's proposal for the appropriation of the balance sheet result.

In accordance with Section 312 of the German Stock Corporation Act (AktG), the Management Board has prepared a report on relationships with affiliated companies for the 2017 financial year. The Supervisory Board examined this report; There were no complaints. The auditor examined the report and issued the following audit certificate:

"After our dutiful examination and assessment, we confirm that

1. the factual information in the report is correct,
2. The company's performance in the legal transactions listed in the report was not inappropriately high. "

The Supervisory Board agrees with the result of the auditor's examination. After the final result of the examination by the Supervisory Board, there are no objections to be raised against the final declaration of the Management Board contained in the report.

The Supervisory Board would like to thank the Management Board for the good and successful cooperation and the employees of the B. Braun Group for their services in the reporting period.

Melsungen, March 2018

The board of directors

Our annual general meeting on March 20, 2018 decided, in accordance with the proposal for the appropriation of the result, to use the retained earnings for the 2017 financial year in the amount of € 116,564,509.19 as follows:

a) Distribution to the shareholders	€ 32,000,000.00
b) Allocation to retained earnings	0.00 €
c) Profit carried forward	€ 84,564,509.19
	€ 116,564,509.19

The annual financial statements as of December 31, 2017 were adopted on March 20, 2018.

Edition 1 | March 26th, 2018

Report in accordance with Sections 21, 22 and 25 of the Act to Promote the Transparency of Fee Structures (EntgTranspG) for the 2016 reporting period

STRUCTURE OF THE REPORT

The report includes information and details on the following content:

- A. Measures to promote equality between women and men
- B. Measures to ensure equal pay
- C. Information on the structure of employees in accordance with Section 21 (2) EntgTransG

A. MEASURES TO PROMOTE EQUALITY FOR WOMEN AND MEN

EXCELLENT FAMILY FRIENDLY

Under the motto “B. Braun for Family ”, a family-friendly personnel policy was developed with which B. Braun offers its employees an attractive, flexible environment. On June 23, 2016, B. Braun was again honored by the non-profit Hertie Foundation for its family-friendly personnel policy. For the first time, B. Braun had itself certified together with the Melsungen, Tuttlingen, Berlin and Glandorf locations last year. The award is based on common goals and measures relating to various concepts that are intended to improve the work-life balance of B. Braun employees over the next three years. The aim of the current audit was to check the sustainable implementation of the family-conscious personnel policy and to secure it in the long term. The flexible working hours and the flexible place of work remain essential elements for reconciling work and family. With a comprehensive range of flexitime and models such as alternating teleworking or homedays, employees receive a framework that offers important options for reconciling everyday life. Teleworking can be used between 2-4 days per week, home days from 1 day per week and mobile working depending on the arrangement. These measures are intended to enable employees to better combine work and family responsibilities. Homedays of 1 day per week and mobile work can be used as agreed. These measures are intended to enable employees to better combine work and family responsibilities. Homedays of 1 day per week and mobile work can be used as agreed. These measures are intended to enable employees to better combine work and family responsibilities.

FAMILY PART TIME

B. Braun employees have had the opportunity to work part-time with their families as part of raising children or caring for critically ill relatives since 2007. The prerequisites are that the employees have been employed in Germany for at least two years and return no later than one year after the expiry of their maternity leave. The employees work on a part-time basis of 50 percent and receive a supplement of 15 percent of the salary for a period of up to a total of eight years. The family part-time enables you to develop yourself professionally and at the same time to have enough time to raise children or to care for sick relatives.

THE RE-ENTRY AT A GLANCE

Returning to work after parental leave is an important issue for both the company and the young parents. In the event “The return to work in view”, comprehensive information is given on the offers for work and family, on childcare facilities and company contact persons. The events are offered several times a year and complement the company's existing services.

EVERYDAY SERVICES

B. Braun offers a variety of services that support the compatibility of family and work and simplify everyday tasks. These include take-away food from the company restaurant or a laundry and ironing service.

OUTLOOK 2017

An equal treatment check will be carried out by the federal anti-discrimination authority for 2017. A “Women in Leadership” working group is also starting. The family part-time is being revised and is intended to offer more flexibility for all employees to work part-time for child-rearing or care and to divide part-time work equally between men and women within the family.

B. MEASURES TO ESTABLISH EQUAL PAY

The collective agreements of the chemical industry in the form of the

- Federal wage agreement with IG Bergbau, Chemie, Energie dated July 18, 1987 in the version dated May 17, 2017 (BETV)
- General collective agreement with IG Bergbau, Chemie, Energie dated June 24, 1992 in the version dated May 17, 2017 (MTV)
- Remuneration regulations and training allowances for the chemical industry August 01, 2016-31. July 2018
- General collective agreement for academically trained employees in the chemical industry dated May 2nd, 2000
- Collective agreement on minimum annual salaries for academically trained employees in the chemical industry in 2016 and 2017 from August 5th, 2016

The application of and compliance with the collective wage agreement as well as the company remuneration system outside of the collective bargaining area are checked regularly.

The BETV (federal pay agreement of the chemical industry) is gender-neutral: Years in which the employee only worked part-time are considered full years of activity. In the non-tariff area, the following fee regulations apply:

In the general wage agreement for academically trained employees in the chemical industry, it is stipulated that the monthly wage appropriately exceeds the relevant tariff rate of the highest wage group and should continue to increase with corresponding activity and performance. The AT area is divided into four remuneration groups I-IV, which are the basis for the remuneration of non-tariff employees. The job evaluation process consists of the following four process steps:

- Determination of the units to be taken into account within an organization
- Determination of the type and size of the organization
- Identification of the positions and their evaluation
- Individual potential assessment for the evaluated function

The AT remuneration is checked once a year, usually on April 1st (criteria for the check are individual performance, economic situation of the company, changes in the cost of living).

REQUEST FOR INFORMATION 2016

In total, there was 1 request for information from an employee in the reporting period to compare his / her pay and a corresponding comparison group. The result of the request for information was that no disadvantageous remuneration scheme was the cause of different pay.

C. INFORMATION ON THE EMPLOYEE STRUCTURE ACCORDING TO SECTION 21, PARAGRAPH 2, ENTGTRANS G

According to the legal requirements according to § 21 Paragraph 2 EntgTransG, the employees of B. Braun Melsungen AG are to be broken down as follows:

1. AVERAGE TOTAL EMPLOYEES IN 2016

Male employees	4,290
Female employees	2,542

2. AVERAGE NUMBER OF FULL-TIME AND PART-TIME EMPLOYEES IN 2016

	Part time	Full time	total
Male	208	4,082	4,290
Female	857	1,685	2,542

	Part time	Full time	total
total	1,065	5,767	6,832

For the purposes of this report, part-time employees are all employees whose contractually agreed weekly working hours are less than 37.5 / 40 hours. If an employee reduces his / her working hours in the course of the calendar year, the employee is counted as a part-time worker. Employees whose employment relationship is suspended are taken into account with the respective working hours before the start of the period of suspension, provided that no substitute worker has been hired for the employee. Otherwise the substitute employee will be taken into account with the substitute employee's working hours.
