



EBITDA

975.0

EUR MILLION
(+11.0%)

GROUP MANAGEMENT REPORT

38

FIVE-YEAR OVERVIEW

39

ABOUT THE B. BRAUN GROUP

Business model

Corporate governance and controlling

Group strategy

Securing the future

46

ECONOMIC REPORT

Macroeconomic and industry-
specific environment

Performance and financial position

64

RISK AND OPPORTUNITIES REPORT

Risk management and controlling

Risks

Opportunities

Overall statement on the group's
risk and opportunity situation

69

OUTLOOK

Expected macroeconomic and industry-
specific environment

Outlook for the health care market

Business and earnings outlook

Expected financial position

Overall statement on the outlook for the group

FIVE-YEAR OVERVIEW

	2012 € million	2013 € million	2014 € million	2015 € million	2016 € million
Sales	5,047.8	5,169.5	5,429.6	6,129.8	6,471.0
Cost of goods sold	2,752.7	2,824.8	3,041.6	3,447.1	3,608.1
Functional expenses	1,817.9	1,860.0	1,950.0	2,150.3	2,250.6
Selling, general and administrative expenses	1,626.5	1,641.4	1,721.2	1,887.9	1,959.2
Research and development expenses	191.4	218.6	228.8	262.4	291.4
Interim profit	477.2	484.8	437.9	532.4	612.3
Operating profit	469.2	478.5	422.7	482.9	582.2
Profit before taxes	403.1	422.5	407.6	445.5	527.8
Consolidated net income	288.6	315.5	316.3	319.7	396.0
EBIT	478.3	487.8	480.3	516.9	597.4
EBITDA	757.5	784.9	798.4	878.1	975.0
Assets	5,483.5	6,079.5	6,766.8	7,266.1	7,981.8
Intangible assets (incl. goodwill)	337.5	385.7	514.6	566.6	623.3
Property, plant, and equipment	2,736.8	2,896.6	3,302.6	3,642.3	3,987.3
Other financial investments	45.1	471.6	30.3	46.0	50.3
Inventories	873.6	901.5	1,005.7	1,056.7	1,135.4
Trade receivables	952.2	971.1	993.7	1,034.7	1,089.1
Equity	2,259.2	2,445.0	2,564.0	2,900.4	3,172.0
Liabilities	3,224.3	3,634.5	4,202.8	4,365.8	4,809.9
Pension obligations	816.7	798.5	1,098.5	1,079.7	1,300.8
Financial liabilities	1,368.9	1,773.8	1,870.2	1,923.4	1,992.1
Trade accounts payable	243.0	273.4	311.9	348.6	442.9
Investments in property, plant, and equipment, intangible assets and financial investments incl. business acquisitions	588.5	1,029.4	931.3	787.0	806.7
Depreciation and amortization of property, plant, and equipment and intangible assets	279.1	297.2	318.1	361.1	377.7
Personnel expenditures	1,834.4	1,885.3	2,031.3	2,259.9	2,388.1
Employees (annual average)	45,381	48,264	52,196	54,770	56,849
Employees (as of December 31)	46,607	49,889	54,017	55,719	58,037

ABOUT THE B. BRAUN GROUP

BUSINESS MODEL

B. Braun is one of the leading manufacturers of medical technology and pharmaceutical products worldwide, as well as a provider of medical services. The company employs over 58,000 people in 64 countries. B. Braun is a system provider that develops effective solutions and trendsetting standards in 18 therapy fields of the health care industry in close partnership with users and partners. Its goal is the sustainable protection and improvement of people's health around the world. The B. Braun product range comprises a total of 5,000 products, 95 percent of which are manufactured by the company. These include solutions and the consumable materials required for infusion, nutrition and pain therapy, infusion pumps and systems, surgical instruments, suture materials, hip and knee implants, dialysis equipment and accessories, and stoma and wound care products. Also included are services and consulting for optimizing hospital processes and making them safer and more efficient. B. Braun prepares patients and their

families for at-home care. All 18 B. Braun therapy fields and applications are managed across four divisions – B. Braun Hospital Care, B. Braun Aesculap, B. Braun Out Patient Market, and B. Braun Avitum.

B. Braun Hospital Care

The Hospital Care division views itself as customers' first choice for products and services which offer the best-possible care for patients, especially for infusion therapy, nutrition therapy and pain therapy. Its products include infusion and nutrition solutions, as well as specific medications. Products for preparing medications, patient access, the administration process, and discharge management products round out its unique system offering. Hospital Care supplies infusion equipment and supplies, infusion and injection solutions, intravenous catheters, products for clinical nutrition, and pumps and their associated systems for inpatient and outpatient care. It focuses on improving the safety and efficiency of therapy and optimizing treatment results in the interest of patients and partners.

THERAPY FIELDS AND APPLICATIONS

Acute Dialysis	Hemodialysis	Neurosurgery
Apheresis	Incontinence	Nutrition Therapy
Cardio-Thoracic Surgery	Infection Prevention	Orthopedic Joint Replacement
Degenerative Spine Surgery	Infusion Therapy	Pain Therapy
Diabetes	Interventional Vascular Diagnostics & Therapy	Stoma
General Open Surgery	Laparoscopy	Wound Management

Hospital Care is a leading supplier in all essential therapy fields around the globe. We have particularly benefited from the growing market for medical safety products, and therefore continue to increase our presence in this area. There is growing interest in system partnership concepts. Product networking across divisions gives our customers added benefit.

B. Braun Aesculap

The Aesculap division specializes in all treatment concepts for surgery, orthopedics and interventional vascular medicine. The extensive product range of the B. Braun Group enables the development of comprehensive cost-effective solutions, allowing us to build strategic partnerships as a result. Aesculap focuses on classic surgery, orthopedic joint replacement and regenerative therapy, neurosurgery, laparoscopy, interventional vascular diagnostics and therapy, degenerative spine surgery and cardio-thoracic surgery.

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

B. Braun Out Patient Market

The focus of the Out Patient Market division is on meeting the needs of patients with chronic diseases outside the hospital setting. Our customers include physicians in private practice, outpatient and inpatient care services and pharmacies. The division Out Patient Market focuses on five strategic therapy fields: infection prevention, diabetes, incontinence and urology, stoma and wound management.

Adopting a holistic approach to consulting and care-giving, the division strives to provide patients with a combination of high-quality and cost-effective health care. We have techniques for transferring patients from inpatient to outpatient care, and we organize outpatient care for patients. In addition to these products, we offer a broad range of outpatient services. A major objective is to share expertise across all areas, for example, when transferring parenterally fed patients from inpatient to outpatient care. Our experienced employees relieve patients, relatives, hospitals, private practice physicians, and nursing services of administrative tasks and ensure that the quality and progress of treatment is optimized.

B. Braun Avitum

B. Braun's Avitum division is one of the world's leading providers of products and services for people with chronic and acute kidney failure. As a system partner in dialysis, B. Braun Avitum focuses on three therapy fields: hemodialysis, acute dialysis and apheresis, and offers products and services along the entire value chain. This breadth, combined – with the complete B. Braun portfolio and the expertise of all divisions – makes it possible to provide holistic care to patients with renal insufficiency. Locally adapted treatment concepts help us to optimally balance first-class care and affordability, enabling us to make necessary dialysis treatments accessible to more and more people around the world.

We also operate a network of more than 350 dialysis centers in Europe, Asia, Latin America and South Africa, providing care for over 27,000 patients. Physicians and nursing staff are available in our hospital to assist and advise dialysis patients with chronic kidney and metabolic disorders.

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

Aesculap Academy

In 2016, more than 70,000 medical experts attended the Aesculap Academy's advanced training courses all over the world. Its therapy-specific and application-specific courses are based on innovative and interdisciplinary course concepts and are offered globally at the highest quality level. One example is the Aesculap Academy in Great Britain, which works closely with the Royal College of Surgeons and celebrated its 20th anniversary in 2016. The Aesculap Academy is also setting the tone in Asia, where it oversees the global conference on Dengue fever in Malaysia and has hosted over 50 courses on hemodialysis in the Philippines. The newly formed scientific advisory council of the Aesculap Academy in Indonesia combines science with practical training. The opening of a medical training center in Suzhou, China, was another milestone. As part of its Sharing Expertise program, the Aesculap Academy relies on an active, global network for growing ideas and providing fresh momentum. The new courses in laparoscopy are one example that has been positively received by instructors and participants. The Aesculap Academy has also become an established partner for cooperation models with hospitals and their simulation centers, and has, for example, entered into strategic cooperation with the regional hospitals of Ludwigsburg. As part of our 2020 strategy, we plan

to continuously develop the global concept of the Aesculap Academy.

CORPORATE GOVERNANCE AND CONTROLLING

In addition to its operational activities, B. Braun Melsungen AG also provides centralized services for the Group. Aside from Group management, other units which perform Group-wide tasks are based here. These include Group accounting and controlling, international human resources, purchasing, IT, logistics, the legal and tax department, the Group treasury and the Group Compliance Office. The company, which is not publicly traded, is completely family-owned. The corporate bodies are the Management Board, the Supervisory Board and the annual Shareholders' meeting. The Management Board members have clearly assigned spheres of responsibility and are jointly responsible for the company's success. Since April 1, 2016, Anna Maria Braun has represented the Management Board and has been responsible for the Asia-Pacific region. Otto Philipp Braun has resigned as member of the Management Board on best and mutual terms, effective February 21, 2017. The Supervisory Board expresses its thankful appreciation to Mr. Braun for his nine years of service to the B. Braun organization. The Supervisory Board consists of 16 members, half of whom are selected by the company's shareholders and the other half of whom are elected by the employees. Committees have been established to efficiently support the work of the Supervisory Board. The Personnel Committee is responsible for such matters as the Management Board members' employment contracts and compensation. The Audit Committee monitors internal controls systems, the integrated compliance management system accounting processes, and financial statement audits. B. Braun wants to stay a private and independent family-owned company. The Braun family has made a long-term commitment to achieving

this goal. Prof. Dr. h.c. Ludwig Georg Braun, who managed the company for 34 years, has served as Chairman of the Supervisory Board since 2011. Barbara Braun-Lüdicke has been a member of this board since 1992. The sixth generation of the founding family has leading positions at various locations.

Sustainable handling of economic, environmental and social resources is a decisive issue for us, in that it promotes a values-based corporate culture, one which is cognizant of our responsibility for current and future generations. We are convinced that sustainable practices strengthen our company's organization, stimulate growth and play a key role in ensuring that we can remain an independent family business in the future as well.

Key performance indicators for management purposes include Sales, EBITDA and defined balance sheet ratios. The key performance indicators interim profit and EBIT are used primarily to manage operations. In addition, we evaluate the development of working capital based on Days Sales Outstanding (DSO), Days Payables Outstanding (DPO) and Coverage in Weeks (CIW).

Our divisional organizations, integrated into Centers of Excellence (CoE), enable a rapid response to changes in the market and ensure that know-how can be exchanged in a short period of time. As a provider of complete systems, B. Braun intends to add value for customers by combining products and services. We are conscious of our obligations to our customers, patients, employees and, ultimately, the company. We take these obligations into account in our day-to-day and strategic decisions.

B. Braun's commitment to the principles of responsible corporate governance and control is reflected in its adherence to recognized standards. The ultimate objective is the long-term success of B. Braun as a family-owned company. Our "Code of Conduct" has defined how we conduct ourselves toward customers since it was established 1996. For us,

corporate governance and compliance are not merely obligations, but a self-evident prerequisite for sustainable management. The legal and ethical conduct of our employees is central to our value system. Compliance with national and international regulations regarding product registration, production validation and product safety is an important obligation. B. Braun has a global compliance management system that, in addition to compliance with statutory requirements, also includes ethical values such as fairness, integrity, mutual

We are convinced
that sustainable
practices play a key
role in ensuring that
we can remain
an independent
family business in
the future.

openness and sustainability. An overarching Group Compliance Office and local compliance officers ensure that all employees conduct themselves in accordance with consistent standards.

Through its subsidiaries and holdings, B. Braun operates in 64 countries. The B. Braun Group includes 263 (previous year: 262) fully consolidated companies. 25 (previous year: 22) holdings are consolidated using the equity method of accounting.

Major manufacturing sites are located in Melsungen (Germany), Tuttlingen (Germany), Berlin (Germany), Glandorf (Germany), Radeberg (Germany), São Gonçalo (Brazil), Suzhou (China), Santo Domingo (Dominican Republic), Boulogne (France), New Delhi (India), Mirandola (Italy), Tochigi (Japan),

Penang (Malaysia), Nowy Tomysl (Poland), Timisoara (Romania), Crissier (Switzerland), Escholzmatt (Switzerland), Sempach (Switzerland), Rubí (Spain), Gyöngyös (Hungary), Allentown and Irvine (USA), and Hanoi (Vietnam).

GROUP STRATEGY

The strategic period that started in 2015 includes the period through to 2020. System partnerships, collaboration and profitability are the core themes which are to be pursued in all divisions and regions, with the support of the centralized units and departments. The goal is to grow together in order to ensure that our company will be able to operate independently over the long term. This will allow us to continue to contribute in the future to protecting and improving the health of people all over the world.

As a system partner, we aim to provide our customers with the best-possible comprehensive service. In many cases, added value for our customers is created through the synergies of several different B. Braun products and services. This is due to our broad portfolio and the resulting combinations of products and services. This is a particular strength of ours. We are convinced that high quality at fair prices, products which are customized to align with treatment methods and customer processes, as well as the reliable ability to supply offer the added value which is in demand today and in the future. By aligning our products and services based on the goals and processes of our customers, we increase the beneficial value of our work, reduce costs for our partners and help them succeed. Relationships within the company and with patients, users and suppliers are characterized by transparency, trust and appreciation.

We have set a goal of increasing sales by five to seven percent per year through 2020. In that case, annual sales can be increased to about € 8 billion at the end of the strategic period. We expect

B. Braun Avitum to achieve very strong growth. The Asia-Pacific region and Latin America are also important growth regions. The EBITDA margin should climb to at least 16 percent in 2020. We plan to further improve structures and processes, as well as standardizing processes, in order to improve the efficiency and effectiveness of our administrative and production activities, and therefore profitability as well. We expect key contributions in this regard from all divisions and regions.

We have set a goal
of increasing sales
by five to seven percent
per year through 2020.

In the current strategic period, our target equity ratio remains at 45 percent. Through increased profitability and controlled development of working capital, we can fund major investments from our own resources. We will support B. Braun's growth within the strategic period through investments in the amount of about € 4 billion.

SECURING THE FUTURE

In 2016, we also invested over € 1 billion in new productions as well as research and development projects to grow and secure our business activities. Our German locations received 44.2 percent of this investment.

We expended € 291.4 million (previous year: € 262.4 million) in research and development activities. Financial assets and property, plant and equipment for the fiscal year grew to € 806.7 million (previous year: € 787.0 million) due to Group-wide investment activities.

Research and development

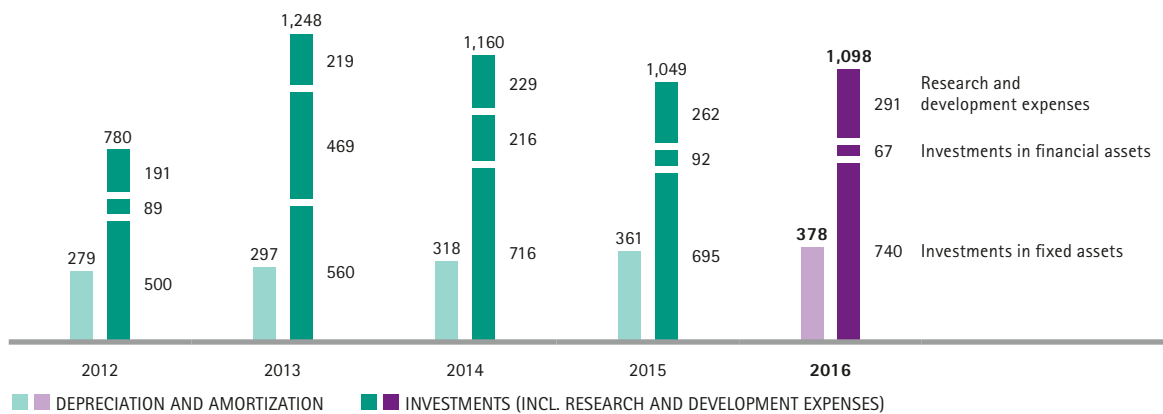
Research and development activities within B. Braun Group are concentrated in multiple CoEs, where research, development, production and marketing activities for specific product groups are combined and closely coordinated. These CoEs have global responsibility for their product groups. Key CoEs are located in Melsungen (Germany), Tuttlingen (Germany), Boulogne (France), Penang (Malaysia), Sempach (Switzerland), Rubí (Spain) and Allentown (USA).

Research and development activities of the Hospital Care division focus on improving safety for patients and staff and improving hospital processes. In the infusion therapy segment, we focus on the integrated development of products and technologies for a new generation of infusion solution containers, closed infusion systems and infusion needles. Networking intelligent infusion systems with hospital IT systems is a key focus area. In addition, Hospital Care is developing products for clinical nutrition in flexible single and multi-chamber bags. New marking and sensor technologies should make precise placement of

cannulae easier for peripheral nerve blocks. Aesculap combines internal and external innovations in its research and development activities. With this active innovation management, we tackle increasingly shorter product cycles and are able to continue to offer our partners new and economic solutions that add value. Investment in young companies and business incubators opens the door to a range of options. For example, "neuroloop" is working on a neuromodulation method against hypertension and "Advanced Osteotomy Tools" is developing a computer-supported laser system for bone surgery. Our internal development activities focus on miniaturization and biologization. With optimized, minimally invasive instruments, more powerful 3D imaging and holistic process optimization, we want to support and accelerate patient recovery as much as possible. Regenerative medicine and coated implants pave the way for new treatment concepts that can also contribute to optimal patient care. At the same time, we develop various digital product and service concepts for improving the hospital value chain and, in particular, increasing process reliability and therefore patient safety.

INVESTMENTS/DEPRECIATION AND AMORTIZATION

In € million



The Out Patient Market division is continuously optimizing urological, hand disinfection and wound care products. It is also working on a new rinsing pump for stoma and incontinence care.

The aim of research and development within the B. Braun Avitum division is to improve treatment quality and efficiency for extracorporeal blood treatment. The year 2016 saw the release of several new products, such as the Dialog iQ hemodialysis machine, the OMNI acute care system, the Diacap Pro dialysis machine and the Aquabase water treatment system. These products broaden our extensive portfolio and strengthen the position of B. Braun Avitum as a system provider. All of these products ensure safe, reliable, efficient and economical dialysis treatment.

Investments

Investments in fiscal year 2016 focused on increasing our production capacity and on new products and processes. We were also able to secure technology and market shares in strategically important business areas through targeted acquisitions.

Total additions to property, plant and equipment, intangible assets and financial assets, and additions to investments in associates and acquisitions of fully consolidated companies amounted to € 806.7 million (previous year: € 787.0 million). This was offset by depreciation totaling € 377.7 million (previous year: € 361.1 million).

The Hospital Care division expanded its global capacities for large-volume infusion solutions in Spain, Indonesia, Malaysia and the United States. This was accompanied by an increase in the pro-

duction of intravenous sets and additional accessories at various locations in order to meet growing demand. In Berlin, investment continued in the manufacturing of small-volume injection solutions during the fiscal year. In Japan, we increased capacity in regional anesthesia with a new production building while improving earthquake safety. Infusion pumps continue to be optimized to strengthen our market position. In Spain, Aesculap has begun expanding an already acquired building to meet an increasing demand for production capacity. Additional funds were invested to continue renovating the division's headquarters and build a new company restaurant in Tuttlingen. The Out Patient Market division expanded its production capacity with investments in France and the production of pen needles in Malaysia. The new building for patient-specific nutritional solutions in Melsungen has been completed. B. Braun Avitum increased its market share by expanding existing dialysis centers, constructing new centers, and acquiring centers in various countries. The expansion of the location in Penang across multiple divisions now provides additional production space. In addition to extensive investments in our headquarters in Melsungen, additional funds were directed to production locations in the United States, Spain, Japan, Indonesia, France and Switzerland. This last fiscal year, we also increased our share in Rhön-Klinikum AG to 21.6 percent (previous year: 19.8 percent).

Investment commitments totaled € 198.9 million as of the reporting date. These investments are largely attributable to ongoing replacement and expansion investments in the above-mentioned locations.

ECONOMIC REPORT

MACROECONOMIC AND INDUSTRY-SPECIFIC ENVIRONMENT

Performance of the global economy¹

After a poor start to 2016, the global economy recovered as the year went on. Both the industrialized countries and the developing and emerging countries contributed to the upswing. At 3.1 percent, total economic growth remained at the previous year's level (3.2 percent). This growth was bolstered by stable commodity prices and recovering growth rates in China. The increase in the key interest rate in the United States at the end of 2015 had only a marginal effect on the global economy. The OPEC states also agreed at the end of 2016 to reduce the production of oil, causing a slight price increase. The year 2016 predominantly featured the elections in the United States, Great Britain and Italy, which drastically altered the political environment. The consequences for the global economy cannot yet be determined.

In Germany, economic growth in 2016 increased by 0.2 percentage points over the previous year. This growth was primarily due to private consumption and an increase in building sector investments. This increased consumption benefited from a growth in population due to immigration. Investments in capital equipment only increased slightly.

The economic situation in the eurozone further stabilized in 2016, even though the increase in GDP slowed somewhat. Higher consumption expenditures in the private and public sectors had a positive effect. Investment activity in the eurozone increased cautiously due to the political uncertainty brought about by the Brexit referendum. The British economy proved itself extremely robust, managing stable economic growth following a brief dip in the second half of the year.

CHANGE IN GROSS DOMESTIC PRODUCT

in %

	2015	2016
Europe	2.0	1.7
Germany	1.5	1.7
France	1.3	1.3
Greece	-0.2	0.1
Great Britain	2.2	2.0
Italy	0.7	0.9
Poland	3.6	3.1
Russia	-3.7	-0.6
Spain	3.2	3.2
Turkey	4.0	3.3
North America	2.6	1.6
Canada	0.9	1.3
USA	2.6	1.6
Asia-Pacific	5.4	5.4
China	6.9	6.7
India	7.6	6.6
Indonesia	4.8	4.9
Japan	1.2	0.9
Malaysia	5.0	4.3
Latin America	0.1	-0.7
Argentina	2.5	-1.8
Brazil	-3.8	-3.5
Chile	2.3	1.7
Mexico	2.6	2.2
Africa and the Middle East	2.3	3.6
Iran	0.4	4.5
Kenya	5.6	6.0
South Africa	1.3	0.3

However, the British pound fell sharply against the euro. While the Spanish economy is currently recovering well from its sovereign debt crisis, France and Italy are both suffering from a marked unwillingness to enact reforms to address structural

¹ International Monetary Fund: World Economic Outlook, October 2016, and ifo Institute: ifo Economic Growth Forecast 2016–2018, December 2016

problems. An example of this is the rejection of the referendum in Italy that would have made it easier to pass the necessary reforms. Macroeconomic growth in the emerging Eastern European countries remained stable in 2016. There are growing indications in Poland that basic democratic rights are experiencing increasing encroachment. This can impact personal rights and, ultimately, the health care system. The attempted coup in the middle of the year increased uncertainty regarding the political and economic situation in Turkey.

Compared to the previous year, the Russian GDP decreased slightly. Although the sanctions imposed by the United States and the European Union remained in effect, stabilizing oil prices helped improve the situation. The financing conditions in the country also saw positive development due to the increase in banks' capital buffers from public funds. The value of the Russian ruble increased slightly at the end of 2016.

In North America, economic growth slowed by nearly one percentage point. The United States in particular saw a decrease in dynamic economic growth. While consumption grew considerably, and the job market remained stable and wages grew, spending and investing by foreigners not located in the United States dropped. At the same time, a strong US dollar and high volatility in the financial markets resulted in a lack of financial investment activities by businesses. After the presidential election business and consumer sentiment improved and the US dollar continued to appreciate. Despite constant growth rates, the Canadian GDP was affected by a weaker US economy and recovery from damage caused by isolated incidents, such as the wildfire in Alberta. In October 2016, Canada and the EU concluded the CETA (Comprehensive Economic and Trade Agreement), which promises new export opportunities for both parties.

Economic growth in Asia remained constant over the previous year. The growth rate in China fell slightly by 0.2 percentage points. Expansive eco-

nomics policy measures and a strong increase in loans ensured stability. In addition, solid consumption and a shift in activity from industry to services resulted in better overall economic conditions. India experienced ongoing strong growth attributable to factors such as improved trade conditions and effective political reforms. At the start of 2016, the Bank of Japan determined a negative key interest rate and signaled that it would maintain its course toward an expansive monetary policy past the end of the year. Despite full employment and total production capacity utilization, the strong economic growth at the start of the year fell and stagnated at the previous year's level.

The Latin American GDP fell in 2016. Brazil's economy continues to be in recession. The provisional government failed to take immediate steps to improve the economic situation. The economy responded favorably to the planned consolidation of public finances and the desire to increase privatization. However, businesses continued to be cautious in the face of the country's still-uncertain economic direction and postponed investment projects. The economy of Argentina was also in recession in 2016. Political measures to open up foreign trade, foreign exchange and the official exchange rate and to settle the debt conflict caused the inflation rate to increase and the Argentine peso to fall sharply against the US dollar. Mexico's growth rate also decreased slightly due to poor exports during the first half of the year.

GDPs in Africa and the Middle East increased in 2016 over the previous year. Kenya's GDP once again saw considerable growth. South Africa was only able to slightly improve its GDP in 2016 despite a stable global market. The Middle East also spent this year mired in political conflicts, however the GDP for the region increased. The United States, the European Union and Iran were able to resolve their nuclear dispute at the start of 2016. How the result of the US presidential election will affect the signing of the agreement remains to be seen.

Performance of the health care market

The global health care market once again grew in 2016. Many countries are confronting the challenge of dealing with the rising cost of health care. As a result, providers, clients, governments and other interested parties are striving toward efficient, effective and equitable health care. This is why the industry is currently shifting to business, hospital and operating models. In some countries, the privatization of health care is resulting in a consolidation of hospitals into networks that work with independent physicians. This is intended to save on costs in order to remain competitive. It is also leading to an increase in available patient services. The resulting networks make it possible to exchange large amounts of data and promote transparency between the individual actors.

Health care spending has increased slightly in Germany. However, the medical device market has been characterized by strong competitive and price pressure. While sales volumes and the range of new treatment methods are on the rise, profit margins in the German market are declining.

Western Europe continues to see a need to save on health care due to a slight drop in economic growth and persistent economic pressure. Accordingly, health care spending has grown only marginally. Greece, Italy, Ireland, Portugal and Spain in particular had low budgets that were affected by the sovereign debt crisis the most. In addition, health care in Great Britain is facing an immense challenge: While demand for health care services has increased, the budget for medical services has virtually stagnated.

In 2016, the Russian health care industry was also impacted by Russia's international dealings and the resulting economic challenges. Businesses in the medical technology sector found it difficult to win public supply contracts. On the one hand, the health care budget was reduced due to stagnating

statutory insurance revenues and falling tax revenues. On the other hand, import prices increased over the preceding two years due to the weak ruble. Foreign businesses also frequently were ignored when awarding government contracts.

Health care spending in North America increased in 2016. Canadian health care in particular was strained by a progressing demographic shift. The expansion of insurance coverage due to health care reform (Affordable Care Act) in the United States also led to an increase in health care spending. How this trend will continue following changes in health care reform by the new government is uncertain. In 2016, health care companies found relief from a special tax on medical devices (Medical Device Excise Tax). The United States Congress suspended the tax for two years in 2015.

Health care spending in Asia increased in 2016 due to an expansion of state health care programs and the growing affluence of the population. India, in particular, saw an increase in spending due to a government resolution to improve health care facilities. Health care in China continued to grow rapidly. In addition to government initiatives, this growth was primarily due to the increasing affluence of the population and the demographic change. Japanese health care is under more and more pressure. The system was established in the '60s and is based on stable demographic development. The result is that financial resources and funding agencies can no longer sustain the increased spending due to an aging population, an increase in chronic diseases and the emergence of expensive, innovative treatment options.

The health care markets in Latin America grew in 2016. Despite budget cuts in many countries, governments endeavored to improve their public health care systems. Numerous hospitals are under construction in Peru and Chile, and even telemedicine saw increased use in 2016. Brazil, on the

other hand, experienced a decrease in health care spending due to difficult economic conditions, failing consumer trust, and a restrictive monetary policy.

Health care spending increased in Africa and the Middle East. This was primarily due to elections in several countries (such as Ghana, Niger, Uganda, Zambia and Somalia), health care expansion and population growth. Demand for medical technology also increased greatly. Due to low domestic production, the region is reliant on imported medical products. The import quota in many countries is 80 to 90 percent. Following the settlement of the nuclear dispute between the United States, the European Union and Iran at the start of the year, there appeared to be new export opportunities to the Middle East for medical technology companies. However, after the election in the United States, it remains to be seen whether the agreement will persist.

The wave of consolidation among suppliers of pharmaceutical products and medical technology over the previous two years continued in 2016, albeit to a lesser extent. Larger manufacturers continue to focus on selected therapy fields. In doing so, they hope to stabilize their profit margins despite the competitive and price pressure.

PERFORMANCE AND FINANCIAL POSITION

Business performance

B. Braun achieved good sales and profitability in the fiscal year 2016. All financial goals for the fiscal year were met or exceeded. With sales growth of 7.9 percent at constant exchange rates, we are above our projected growth range of four to six percent. The exchange rate parities to the euro were not advantageous for us during this fiscal year. This development was essentially due to the devaluations in the British pound. Sales in euros

increased by 5.6 percent to € 6.5 billion (previous year: € 6.1 billion). As expected, B. Braun's Avitum division posted very strong growth. The other divisions were also able to increase their sales. As forecasted in the previous year, North America achieved excellent growth both in US dollars and euros. Sales in local currencies increased strongly in the Latin America and Asia-Pacific regions, as was expected. However, exchange rate changes have burdened both regions. Europe (including Germany) posted stable increases, and Germany achieved very strong sales growth.

EBITDA growth during the fiscal year exceeded our expectations. We generated an EBITDA of € 995.4 million at constant exchange rates. Therefore, EBITDA at constant exchange rates was 11.8 percent above the previous year and exceeded the target range of € 920–960 million. Even with consideration to exchange rate effects, EBITDA, at € 975.0 million, exceeded our internal targets. Aside from absolute earnings growth, our goal is to increase profitability. The desired increase of the EBITDA margin was met in the fiscal year: We

The B. Braun Group
is in good, stable
financial condition.

increased this measure by 0.8 percentage points to 15.1 percent (previous year: 14.3 percent). The key performance indicators used to manage operations, interim profit and EBIT, were above the projected target range of € 530–570 million. At constant exchange rates, these performance indicators are € 629.1 million and € 611.8 million, respectively, and were therefore 18.2 percent and 18.4 percent above the previous year, respectively.

Through the continuous expansion of our production capacity in conjunction with selected number of acquisitions, we were able to meet the growing demand for disposable and capital goods in the health care market and achieve strong volume growth. Price competition in the health care market remains high and is weighing down our earnings. Using treatment and service concepts that create value for our clients, as well as innovative products, we continue to develop our business model to meet this price and competitive pressure. Additionally, measures to reduce costs and increase internal efficiency were taken in previous years that produced results during the fiscal year. This active and strategic approach resulted in improved profitability in 2016, despite harsher market

conditions. Overall, we are satisfied with performance for the fiscal year. The B. Braun Group is in good, stable financial condition. At the present time, we are not aware of any factors that could negatively impact on the Group's position.

Earnings

B. Braun Group's Sales Growth

In fiscal year 2016, sales of the B. Braun Group amounted to € 6,471.0 million (previous year: € 6,129.8 million), increasing sales over the previous year by 5.6 percent.

All divisions contributed to this strong result. Out Patient Market and B. Braun Avitum divisions achieved very strong growth rates of 5.5 percent

KEY PERFORMANCE INDICATORS

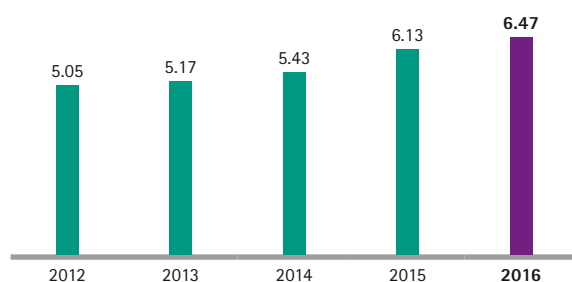
	2015	2016	Change in %
Sales (in € million)	6,129.8	6,471.0	5.6
Gross margin (in %)	43.8	44.2	
Net margin after taxes (in %)	5.2	6.1	
Interim profit (in € million)	532.4	612.3	15.0
Profit before taxes (in € million)	445.5	527.8	18.5
Consolidated net income (in € million)	319.7	396.0	23.9
EBIT (in € million)	516.9	597.4	15.6
EBITDA (in € million)	878.1	975.0	11.0
EBITDA margin (in %)	14.3	15.1	
Equity ratio (in %)	39.9	39.7	
Equity ratio including loans from shareholders (in %)	40.8	41.0	
Equity ratio net of effects of IAS 19 (in %)	44.1	45.2	
Net financial debt (in € million)	1,834.0	1,872.5	2.1
Debt-equity ratio (net financial debt/EBITDA)	2.1	1.9	
Research and development expenses (in € million)	262.4	291.4	11.1
Investments in property, plant, and equipment, intangible assets and financial investments (in € million)	787.0	806.7	2.5
Depreciation of property, plant, and equipment and intangible assets (in € million)	361.1	377.7	4.6
Net working capital (in € million)	1,722.6	1,754.0	1.8
Personnel expenditures (in € million)	2,259.9	2,388.1	5.7
Employees (as of December 31)	55,719	58,037	4.2

and 11.6 percent, respectively. Hospital Care, with a gain of 4.7 percent, and Aesculap, with an increase in 3.7 percent, also achieved good sales growth.

The Asia-Pacific region achieved strong growth in local currencies (10.8 percent) and is a growth engine for the Group, especially in China, Indonesia and Vietnam. Sales in euros increased by 8.3 percent. Latin America posted high sales growth in local currencies (15.3 percent). Argentina and Mexico experienced strong sales growth, while sales in Brazil stabilized. Due to the substantial declines of local currencies against the euro in some cases, Latin America posted no more than a moderate 2.3 percent growth rate in euros, the Group currency. North America posted excellent growth both in the US dollar, with 7.3 percent, and in the euro, with 7.6 percent. Burdened by exchange rate changes, Africa and the Middle East are just above the previous year with a growth of 1.0 percent. South Africa achieved impressive local currency growth and increased sales by 14.0 percent. Europe (not including Germany) achieved a strong 3.6 percent growth in sales. This growth was bolstered by Spain, Switzerland and Scandinavia. Turkey (22.5 percent) and Russia (30.4 percent) also achieved very considerable growth in local currency. However, exchange rate trends also resulted in less growth in euros in these two countries (11.6 percent and 16.9 percent). Germany posted strong sales growth of 5.9 percent.

SALES DEVELOPMENT

In € billion



Business performance of the B. Braun Hospital Care division

The Hospital Care division increased sales by 4.7 percent (7.3 percent at constant exchange rates) to € 2,990.8 million (previous year: € 2,855.9 million). This strong growth was achieved through automatic infusion pumps, infusion equipment, and regional anesthesia products. In contrast, demand for injection needles, syringes and IV drug products was stagnant. The development of business in the United States was very positive for the fiscal year. The Nutrilipid nutrition solution bag that has been sold in the United States since the previous year supported sales and profitability growth. Other infusion therapy products also show good sales growth. The European market also saw good growth rates. Most notably, the sale of automatic pumps and IV drug products in Germany and Spain contributed to sales and earnings growth. Latin America and Asia reported double-digit growth rates in local currency. However, this growth was reduced substantially in Latin America by the currency devaluations against the euro.

Business performance of the B. Braun Aesculap division

In the fiscal year, the Aesculap division reported sales of € 1,725.0 million (previous year: € 1,662.9 million), or 3.7 percent (5.4 percent at constant exchange rates) over the previous year. The essential drivers of growth have been China, Germany and the United States. Turkey, Russia, Indonesia, Argentina, France and Chile were other sources of growth. By contrast, projects in the Middle East have decreased due to less purchasing power caused by falling commodity prices and increased political uncertainty. Sales have increased in the area of angioplasty in particular, due to knee implants, endoscopy products, instrument containers and technical service. Strong sales growth was reported in Germany despite the continuing decline in prices for implants and stents. This decline in prices in Germany was offset by price increases in the Latin American markets.

Business performance of the B. Braun Out Patient Market division

The Out Patient Market division reported sales of € 781.7 million (previous year: € 740.6 million), an increase of 5.5 percent (6.6 percent at constant exchange rates) over the previous year. Sales of elastomeric pumps, infusion solutions and infusion systems resulted in outstanding growth in the United States. While sales in Western Europe remained at

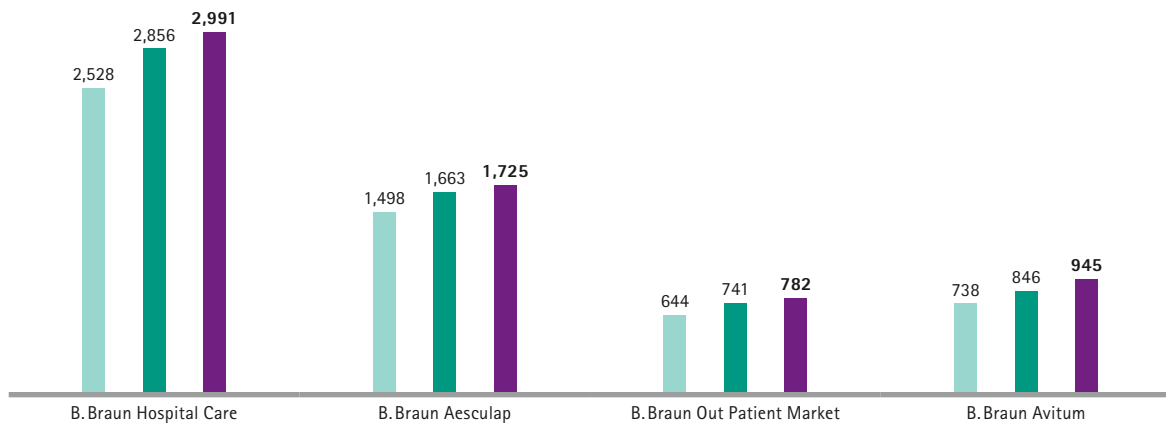
the previous year's level, sales in Eastern Europe, the Asia-Pacific region and Latin America were strong in the fiscal year.

Business performance of the B. Braun Avitum division

The B. Braun Avitum division grew by 11.6 percent in the fiscal year (15.4 percent at constant exchange rates) and sales increased to € 944.8 million

SALES BY DIVISION

In € million



SALES BY REGION

In € million



(previous year: € 846.3 million). In the product business segment, consumables and dialysis machines sold well. The essential drivers of growth have been Asia, Europe and the United States. Both the latest generation of the Dialog iQ hemodialysis machine and the new acute dialysis system were delivered to the first clients at the end of 2016. The division's earnings were also influenced by the high level of capacity utilization at its production facilities. The B. Braun dialysis centers also showed a very strong performance worldwide. This business segment successfully expanded through the acquisition and founding of new dialysis centers, which already had a positive impact on sales in the reporting year.

Development of gross profit

During the fiscal year, reporting changes were made to the effects of cash flow hedges in costs of goods sold. The figures from the previous year were adjusted accordingly. This reduced gross profit in the previous year by € 14.6 million.

Gross profit increased by 6.7 percent to € 2,862.9 million in 2016 (previous year: € 2,682.7 million). At the same time, the gross margin increased by

0.4 percentage points to 44.2 percent (previous year: 43.8 percent). This was primarily the result of higher sales volumes in conjunction with improved production capacity utilization.

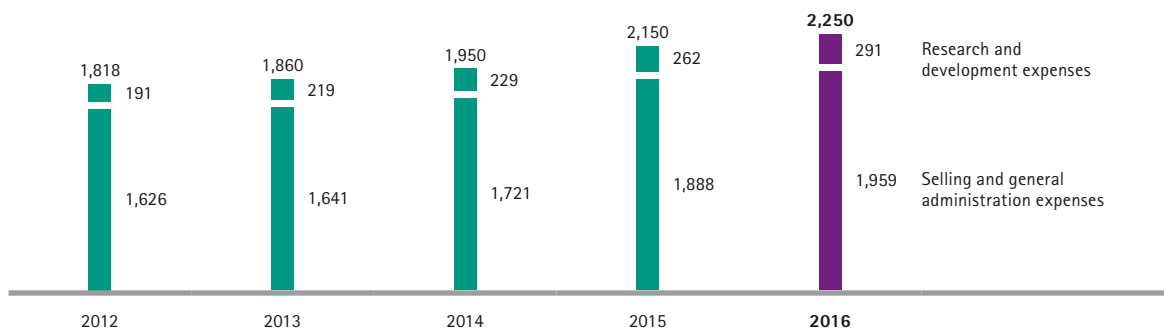
Development of functional expenses

Selling expenses climbed by 3.6 percent to € 1,635.2 million (previous year: € 1,579.0 million). This development was attributable to an increase of sales resources in growth markets, as well as higher volumes. Administrative expenses in the fiscal year came to € 324.0 million (previous year: € 308.9 million), 4.9 percent increase over the previous year. This was primarily due to higher IT costs to upgrade SAP and to introduce SAP HANA. Overall, selling and administrative expenses rose proportionally less than gross profit. In doing so, we have accomplished a key strategic target.

In addition, research and development spending went up again in 2016. Non-capitalized research and development expenses were up by 11.1 percent, to € 291.4 million (previous year: € 262.4 million). Furthermore, development expenditures totaling € 10.1 million (previous year: € 13.0 million) were capitalized as self-created intangible assets.

FUNCTIONAL EXPENSES

In € million



Development of other net income

The balance of operating income and expenses changed by € 19.4 million in the fiscal year to -€ 30.1 million (previous year: -€ 49.5 million). Currency hedging expenses decreased by € 7.5 million to -€ 14.9 million (previous year: -€ 22.4 million). Compared to the previous year, other operating expenses were impacted in particular by the completion of the comprehensive school in Melsungen, Germany.

Development of net financial income

Net financial income, including investment income, was down by € 17.1 million in fiscal year 2016 to -€ 54.4 million (previous year: -€ 37.3 million). Interest expenses amounted to € 46.6 million, down by € 3.4 million from the previous year (€ 50.0 million). Interest income increased by € 1.2 million to € 6.4 million (previous year: € 5.2 million). Investment income (including income from equity method investments) also fell by € 16.3 million to € 17.8 million (previous year € 34.1 million).

Development of EBIT and EBITDA

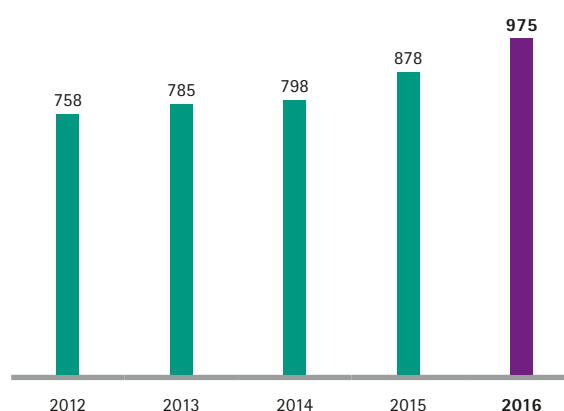
Interim profit was € 612.3 million in the fiscal year, compared to € 523.4 million in the previous year. EBIT reached € 597.4 million for the fiscal year, up 15.6 percent from the previous year (€ 516.9 million). The gross margin increased due to higher sales volumes in conjunction with higher production capacity utilization. Because of the measures introduced to optimize processes and cut costs, and the implementation of these measures during the fiscal year, we have been able to limit the increase in selling and administrative expenses. Depreciation increased by 4.6 percent to € 377.7 million (previous year: € 361.1 million), resulting in an EBITDA of € 975.0 million. EBITDA increased 11.0 percent over the previous year. The EBITDA margin increased by 0.8 percent to 15.1 percent (previous year: 14.3 percent).

Profit before taxes increased 18.5 percent to € 527.8 million (previous year: € 445.5 million).

Income taxes for the fiscal year amounted to € 131.8 million, up € 6 million from the previous year (€ 125.8 million). The effective tax rate in 2016 was 25.0 percent (previous year: 28.2 percent). Consolidated net income amounted to € 396.0 million, up 23.9 percent from the previous year (€ 319.7 million).

EBITDA

In € million



Financial position

Liquidity

Operating cash flow totaled € 822.8 million (previous year: € 687.5 million), up € 135.3 million from the previous year. Cash flow for investment activities increased² by € 70.2 million in the fiscal year to € 783.1 million (previous year: € 712.9 million), resulting in a positive free cash flow of € 39.7 million (previous year: -€ 25.4 million). Accordingly, cash flow for investments in plant, property and equipment, and intangible assets totaled € 739.8 million (previous year: € 695.6 million) and € 63.6 million (previous year: € 61.9 million) for investments in financial assets and business acquisitions. At the same time, B. Braun received dividends and dividend equivalents in the amount of € 13.3 million (previous year: € 29.4 million). Net borrowing for the fiscal year was € 49.4 million

²The difference between additions to fixed assets and cash outflow from investing activities is attributable to cash relevant investments and currency translation effects.

(previous year: € 36.7 million). In all, cash and cash equivalents rose by € 27.5 million as of the reporting date to € 90.5 million (previous year: € 63.0 million).

Asset structure

As of December 31, 2016, the total assets of the B. Braun Group increased to € 7,981.8 million (previous year: € 7,266.1 million). This represents an increase of 9.8 percent and reflects the fact that investments in property, plant, and equipment exceeded depreciation.

Non-current assets increased by 11.7 percent to € 5,413.2 million (previous year: € 4,847.5 million). Due to consistently high levels of investment, property, plant, and equipment increased once again for the fiscal year, rising 9.5 percent (8.0 percent at constant exchange rates) to € 3,987.3 million (previous year: € 3,642.3 million). Inventories as of the reporting date amounted to € 1,135.4 million, up 7.4 percent (5.6 percent at constant exchange rates) over the previous year (€ 1,056.7 million). Inventory coverage as of the reporting date was 16.4 weeks (previous year: 15.9 weeks), putting it above coverage for the previous year; however, it is greatly affected by changes in exchange rates. At constant exchange rates, inventory coverage is 15.7 weeks, which is an improvement over the previous year. Trade accounts receivable increased by 5.3 percent (3.9 percent at constant exchange rates) to € 1,089.1 million (previous year: € 1,034.7 million). Trade receivables DSO remained unchanged at 67 days (previous year: 67 days). We therefore met our strategic target of 75 days.

Financing structure

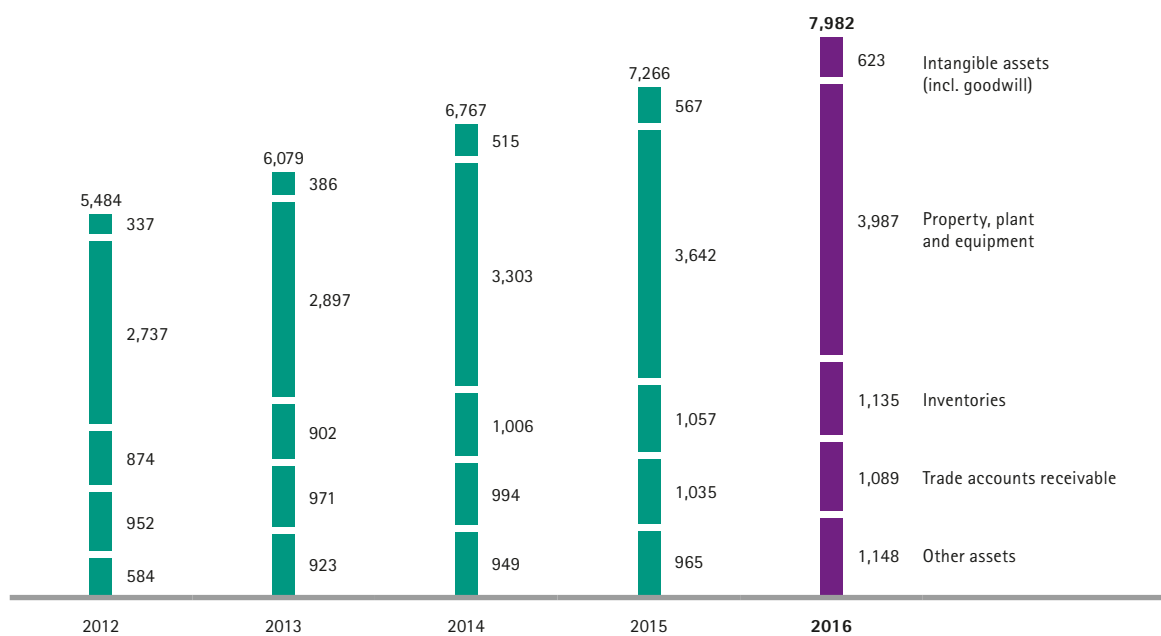
Shareholders' equity increased by 9.4 percent (7.0 percent at constant exchange rates) to € 3,172.0 million (previous year: € 2,900.4 million). The equity ratio was 39.7 percent (39.4 percent at constant exchange rates), on par with the previous year's level (39.9 percent). Taking into account shareholder loans, this corresponds to an equity

ratio of 41.0 percent. We therefore met our target from the previous year of exceeding 40 percent. Low interest rates have necessitated an increase in pension provisions in recent years. Adjusted for the effects in the period from 2011 to 2016 from the revaluation of pension obligations, shareholders' equity amounts to € 3,607.8 million. This results in an equity ratio of 45.2 percent, meeting our strategic target level of 45 percent. In the fiscal year, the actuarial interest rate for pension provisions dropped to 2.0 percent (previous year: 2.7 percent). This led to an increase in actuarial losses by about € 184.5 million. Total provisions for pensions and similar obligations increased by 20.5 percent overall to € 1,300.8 million (previous year: € 1,079.7 million). Financial liabilities increased by 3.6 percent to € 1,992.1 million (previous year: € 1,923.4 million). Non-current financial liabilities rose by 2.7 percent to € 1,186.2 million (previous year: € 1,155.0 million). Current financial liabilities amounted to € 805.9 million as of the reporting date, compared to € 768.4 million in the previous year. Most loans are denominated in euros and US dollars. However, there are also small loans in various foreign currencies. As of the reporting date, 44.4 percent (previous year: 46.6 percent) of financial liabilities to banks carry a fixed interest rate. As a result of the slight increase in financial liabilities and rise in cash and cash equivalents, net financial debt increased by € 38.5 million to € 1,872.5 million (previous year: € 1,834.0 million). Trade payables increased by 27.0 percent to € 442.9 million (previous year: € 348.6 million). Trade payables DPO increased by eight days to 45 days (previous year: 37 days).

In 2016, we were able to place the planned financing instruments without a problem. Outside financing is obtained exclusively from banks we deem reliable, and the range of financing measures includes syndicated and bilateral credit lines, promissory notes, and an asset-backed securities program. As of the reporting date, B. Braun has available lines of credit in the amount of € 1,118.1 million

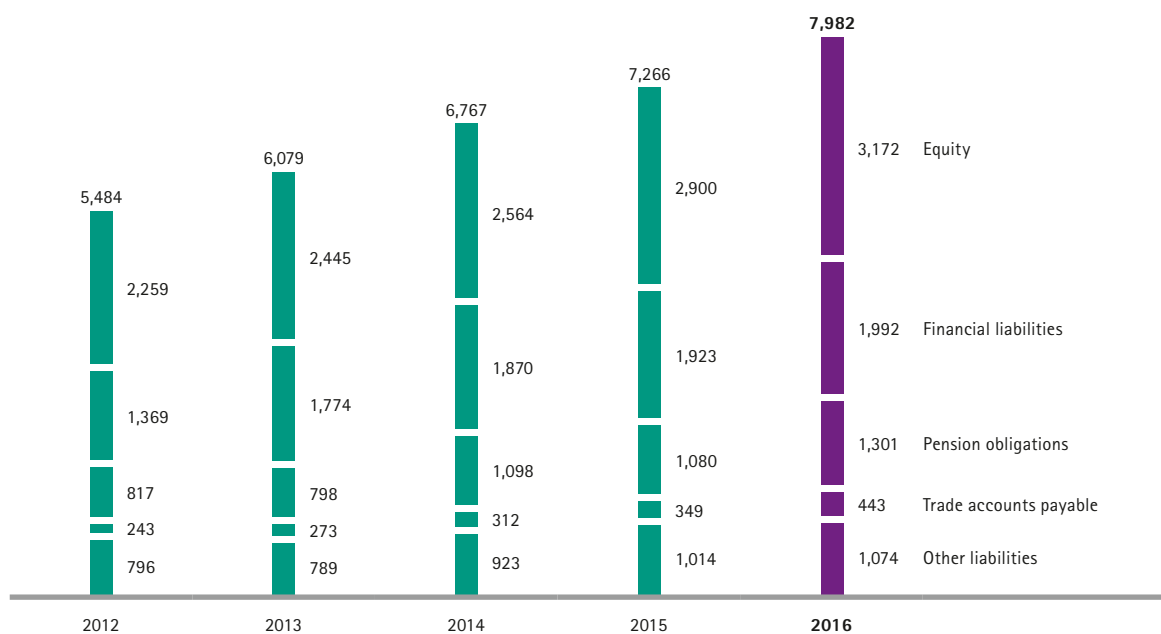
STRUCTURE OF STATEMENT OF FINANCIAL POSITION: ASSETS

In € million



STRUCTURE OF STATEMENT OF FINANCIAL POSITION: EQUITY AND LIABILITIES

In € million



(previous year: € 1,011.7 million). We have met all of the required financial performance benchmarks agreed upon with our banks.

The financing measures for the fiscal year included an increase and extension of the syndicated loan and the securing of bilateral loans in Germany and Asia. A new credit line in the United States was also opened.

The asset-backed securities program was largely financed by the back-up line of credit during the fiscal year.

Personnel report

Our employees are crucial to the success of B. Braun. We seek to recruit skilled and motivated employees, earn their loyalty, and offer them opportunities for advancement. Together with mutual trust and recognition, transparency in interaction forms the foundation for collaboration at all of our locations. With flexible working time models and preventive health care, we support our employees at their various stages of life. This is why offering family-friendly work hours is still a core component of our corporate culture. The culture and social diversity of our employees is reflected at all levels of the company. We are convinced that collegial interaction inside and outside the company strengthens B. Braun. This is why we cultivate constructive relationships with our social partners as well.

Together with mutual trust
and recognition, transparency
in interaction forms
the foundation for collaboration
at all of our locations.

For more than 10 years, agreements have existed between B. Braun and its social partners to protect jobs and secure the future of the Melsungen,

Tuttlingen and Berlin locations. These agreements will remain in effect until 2020. They focus on avoiding layoffs for operational reasons and offering profit sharing to employees.

In order to promote cooperation between management and the European employee representatives at the B. Braun Group, the Europe Forum is held once per year. The Forum was held in Gyöngyös, Hungary, in September 2016. One of the topics was an agreement on introducing, implementing and monitoring uniform standards on environmental safety, health and occupational safety in all European subsidiaries of the B. Braun Group. The agreement took effect on October 1, 2016.

Digital personnel processes facilitate global cooperation among the B. Braun locations. We are using a standardized system in more and more of our companies for the management of employee data, time management, training, organizational and qualifications management, and payroll. A new, cloud-based e-learning management system helps us support lifelong learning at every location.

Number of employees

The B. Braun Group had 58,037 employees as of December 31, 2016. This is up 4.2 percent from the previous year (55,719 employees). The primary reason for this increase is the continual expansion of production as part of our strategic investment program. The Group also acquired and founded distribution companies and dialysis centers. Adjusted for the effect of acquisitions and the foundation of new companies, the number of employees increased by 3.7 percent.

In Germany, the number of employees climbed by 4.5 percent to 14,876 (previous year: 14,230). In addition to the further increase in production capacity and the hiring of new employees in the research and development, administration and engineering departments, this growth is attributable to the acquisition of a manufacturer of dialysis products and the acquisition of multiple dialysis centers.

In Europe, the number of employees climbed by 3.1 percent to 16,905 (previous year: 16,390). The main reason for this increase was the hiring of employees at production sites in Hungary, Poland, Italy and Switzerland. The opening of additional dialysis centers in Russia also contributed to this growth.

North America had 6,652 employees at the end of the reporting year (previous year: 6,053) working for B. Braun. This constitutes a 9.9 percent increase in employees over the previous year, resulting from a renewed increase in production capacity in the Hospital Care division.

The expansion of sales activities in China and of manufacturing in Malaysia resulted in an increase in the number of employees in the Asia-Pacific region. This growth was 5.6 percent, totaling 15,502 (previous year: 14,676).

The number of employees in Latin America decreased by 11.5 percent to 3,317 (previous year: 3,747). This development is primarily attributable to a reduction in the number of production employees in Brazil

and Peru. The number of employees in sales and logistics decreased in Chile, Columbia and Mexico.

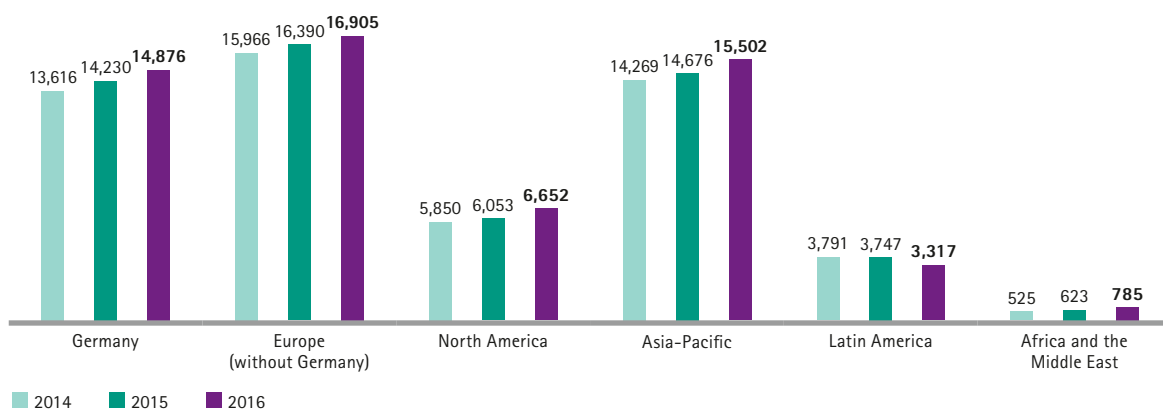
The number of employees in Africa and the Middle East increased to 785 (previous year: 623). This represents an increase of 26.0 percent over the previous year. This growth resulted primarily from the acquisition of a South African manufacturer of infusion and disinfectant solutions.

Participation of men and women in leadership positions

The equal participation of men and women in leadership positions at B. Braun is an important issue for the company. The percentage of women on the Supervisory Board in 2016 increased from 18.8 percent to 25.0 percent. We are therefore approaching the goal of 30 percent set in 2015. B. Braun voluntarily based this goal on the target set forth in the Act for the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors.

The appointment of Anna Maria Braun as a deputy member of the Management Board of B. Braun

EMPLOYEES BY REGION



Melsungen AG increased the percentage of women on the Management Board from 14.2 percent to 25.0 percent in April 2016. At the international level, women hold 15.1 percent of the leadership positions at B. Braun. This percentage remains unchanged from the previous year. The goal is to continuously increase the percentage of women in leadership positions. Global, regional and local concepts with a variety of measures – not just improving the work-life balance – will help increase the percentage of women in leadership positions.

Vocational training

In the face of demographic change, the qualification of junior staff is becoming increasingly important. With a growing number of available trainee positions and innovative learning approaches, B. Braun remains committed to vocational training. In the fiscal year, 373 trainees (previous year: 332) successfully completed their training at our locations in Brazil, Germany, Malaysia, Poland, Switzerland and Vietnam. Over the same period, the company took on 275 new trainees (previous year: 261). In Brazil, Germany, Malaysia, Poland, Switzerland and Vietnam, there are currently 1,065 (previous year: 1,092) young people in training with us. For many young people, combining vocational training with university studies is an attractive option. A total of 104 (previous year: 115) trainees in Germany are currently pursuing the dual system for vocational education. B. Braun also supports the development and implementation of innovative training approaches at a number of its international locations. These are aligned with the dual system for vocational education, but are adapted to meet local requirements. For example, electricians and mechanics for industrial maintenance, mechatronic specialists, metalworkers, experts in plastic processing, and those in industrial business management and logistics are participating in professional education.

Advanced training of employees

The sustainability of B. Braun hinges upon the qualification of junior staff and the individual development of employees. This is why B. Braun promotes the career of each and every employee with a diverse range of training and educational opportunities based on international standards. All training and development programs are organized by the B. Braun Business School. The basis for this is a harmonized course offering for all employees: the Global Curriculum. It serves to develop and promote the core B. Braun skills, and consists of eight different training courses that teach and promote value-based leadership and operational, social and individual skills.

We combine the values of a family with the opportunities of a global business. Regardless of location, we promote international assignments of our employees to strengthen our shared values and assist our employees in their development. With assignments abroad that are limited to a maximum five years, we ensure that the Group's knowledge is consistently applied across geographical borders. In fiscal year 2016, around 100 B. Braun employees in over 20 countries were working outside of their native country through our international assignment program, primarily in Germany, Malaysia, the United States and Vietnam. With individual approaches, we seek to expand international exchange and motivate more and more employees to work abroad.

As an innovative company, we also take modern approaches to human resources. These include holacratic concepts of cooperation as well as the application of new, agile leadership methods.

Performance-related remuneration

Under the B. Braun Incentive Scheme, a series of profit-sharing rights are offered to members of the

Management Board and eligible managers. This creates long-term loyalty and rewards success. The value of the profit participation rights depends on the development of the Group's equity. In fiscal year 2016, a total of 75,228 profit-sharing rights were issued (previous year: 64,761). Of the profit-sharing rights offered to eligible employees, 58 percent (previous year: 53 percent) were subscribed. As of December 31, 2016, a total of 689,615 profit-sharing rights had been issued (previous year: 690,351). The term for the B. Braun Incentive Scheme was extended in 2015 by five years, to 2020, by resolution of the shareholders' meeting.

Thank you to our employees

Our strong performance in the reporting year was made possible above all by a trustful collaboration of our employees and by their knowledge and commitment. We would like to convey our sincere thanks to our employees for all of their work. We are convinced that the abilities and energy of our employees will allow B. Braun Group to continue to succeed in the future. We would also like to thank the employee representatives and trade unions for their cooperation, which has always been fair and constructive.

We are convinced that the abilities and energy of our employees will allow B. Braun Group to continue to succeed in the future.

Non-financial performance indicators

Quality and environmental management

As a developer and manufacturer of medical and pharmaceutical products, B. Braun operates in highly regulated markets. Therefore, the quality and environmental management system we implement must comply with stringent statutory and

regulatory requirements. We have also set our own standards for environmental safety, health and occupational safety, which we regularly monitor through internal audits. By paying close attention to clients' needs, we have identified and standardized key processes to ensure uniformly high levels of quality. All procedures, products, and IT-related documentation are subject to a continuous improvement process, taking into account environmental sustainability and productivity.

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

A total of 21 B. Braun Group locations in Europe are EN ISO 14001-certified. In addition, environmental management in Rubí and Jaén (Spain) has received certification under the EU's Eco-Management and Audit Scheme (EMAS). Our occupational health and safety management system at our locations in Germany (Melsungen, Tuttlingen and Bad Arolsen), France (Nogent-le-Rotrou, Chaumont, Chasse-neuil-du-Poitou, Saint Jean de Luz and Boulogne), Spain (Rubí and Jaén), Switzerland (Escholzmatt, Sempach and Crissier), Romania (Timisoara), Russia (Tver), Malaysia and Brazil, as well as B. Braun Avitum in Italy, is certified for compliance with international standard OHSAS 18001. The Melsungen location has also obtained the "Seal of Approval – Systematic Safety" (German: "Sicher mit System") mark from the BG RCI (statutory accident insurer for the commodities and chemicals industry). Select European dialysis centers belonging to our B. Braun Avitum division are certified under EN ISO 9001 and IEC/TR 62653 "Guideline for safe operation of medical devices used for hemodialysis treatments." Dialysis centers qualified under these standards are authorized to use the "Good Dialysis Practice" certificate.

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

Customer and product responsibility

We develop, manufacture and distribute high-quality, safe and reliable products and services. Our actions are directed toward the safety of patients and medical professionals: B. Braun's treatment systems are designed to help medical professionals treat their patients in a medically flawless manner, and with maximum efficiency and minimum risk. As

In line with our
"Sharing Expertise" philosophy,
new B. Braun products are
developed together with
customers in order to enable
optimal use in clinical practice.

a result, our products meet the highest quality standards and satisfy all statutory and official requirements, as well as our internal safety and quality requirements. Each B. Braun company ensures that national and international quality assurance requirements are implemented and that all complaints are received and fully addressed in a timely manner. We fully and thoroughly comply with our product surveillance obligations. In line with our "Sharing Expertise" philosophy, new B. Braun products are developed together with

customers in order to enable optimal use in clinical practice. In addition to the therapeutic benefit of its products, B. Braun attaches great value to user-friendliness and user safety. Even during the development stage, the use of substances and materials which are hazardous to human health and/or harmful to the environment is subjected to critical scrutiny in the form of risk analyses, and risks are eliminated or minimized whenever possible. Its broad product portfolio puts B. Braun in a position to cover entire treatment areas and processes, thus reducing potential risks in application processes. The design and functionalities of our products improve the safety of both users and patients.

We protect the data of our customers, patients, employees and applicants from unauthorized access by third parties, handling this data with care and in accordance with the applicable rules. We take special precautionary measures to protect personal information. Our data security teams also organize routine employee training sessions, provide advice in connection with the drafting of contracts and marketing activities, and offer an extensive information platform for data protection.

B. Braun manufactures primarily single-use products in large quantities. The development, production and market surveillance of our medicinal products and medical devices conform to international material and product standards, as well as standards for quality assurance systems, environmental protection and worker safety. At B. Braun, these standards are incorporated into an "integrated management system" (quality, environmental protection, worker safety) with harmonized processes for development, production, testing and market surveillance. Constant risk management ensures that all relevant information is collected and evaluated, and that action is taken when necessary. If, despite all of these preventive measures, a problem with our products or services arises, we can quickly respond to customer complaints. A centralized complaint database ensures a link with

our global distribution organization. As a result, a qualified and medically sound assessment of the circumstances of the case can be made by experts in centralized fashion, regardless of the production location, and the appropriate action can be taken if necessary.

Corporate social responsibility

Our values of innovation, efficiency and sustainability make us what we are: a family-owned company with a strong sense of economic, environmental and social responsibility. As a "corporate citizen," B. Braun has been supporting social projects at its locations around the world for many years, with the goal of increasing knowledge, strengthening regions, and creating prospects. This is why we are committed to education, health, and the coming generations. Overall, we sponsored 232 social projects in 41 countries in 2016.

After two years of planning and construction, the Melsungen Comprehensive School, located where the company was founded, opened on September 8, 2016. The result is a bright, learning-friendly

As a "corporate citizen," B. Braun has been supporting social projects at its locations around the world for many years, with the goal of increasing knowledge, strengthening regions, and creating prospects.

and barrier-free school that facilitates inclusive learning and all-day classes. With the reconstruction of the comprehensive school, we have created something sustainable for the region to commemorate the 175th anniversary of B. Braun. A total of approx. € 12 million was invested in the project.

The international initiative "B. Braun for Children" focuses on the future of children and youths. It requires not only personal dedication, but also financial support. Since 2004, B. Braun has been promoting projects around the world as part of the initiative – the focus being on education projects. In 2016, we implemented 115 "B. Braun for Children" projects, benefiting over 54,000 children. Since the start of this year, B. Braun employees at the Melsungen, Tuttlingen, Berlin, Glandorf and Radeberg locations can also donate the "extra cents" from their monthly pay. This money is used to help support one of the many "B. Braun for Children" projects the company has been promoting for years.

Sustainable social development is the focus of the "Pulsar" project, which promotes disabled sports. Together with the German Sport University Cologne (DSHS) and the SUPERAR Institute for Disabled Sports, the German-Brazilian Chamber of Industry and Commerce (AHK) has developed a training program for physical educators that offers an additional qualification in disabled sports. This initiative, launched to commemorate the 100th anniversary of the AHK Rio de Janeiro and supported by B. Braun, is continuing into 2017.

Opportunity is also at the center of our collaboration with the startup initiative Weconomy, which connects innovative, technology-oriented startups with established businesses. Important topics such as market entry, organizational development, and business development play a role in exchanges on equal footing with top managers in the German economy. In 2016, the initiative organized a Weconomy Weekend, where representatives of winning startups exchanged ideas with managers, including B. Braun management board chairman Prof. Dr. Heinz-Walter Große, at the Bosch Research Campus in Renningen.

B. Braun is dedicated not only to long-term projects, but also in cases where help is needed immediately.

Every day, thousands of refugees in conflict zones leave everything behind to seek protection from war and persecution. In numerous emergency shelters, volunteers provide the essentials: a roof overhead, a shower, clothing and hot meals. As a family-owned company, B. Braun supports these

B. Braun, together with local associations, supports the integration of refugees into the community and of young people into the job market.

measures at its locations. The Management Board provided € 50,000 in immediate aid for constructing refugee centers and for refugee organizations. B. Braun also set up a donation account under the slogan "B. Braun for Refugees," to which employees from various countries donated around € 33,000. The company doubled the donations, reaching a total of € 66,000. The money is going to various projects through which B. Braun, together with local

associations, intends to support the integration of refugees into the community and of young people into the job market.

Here are some examples: In Melsungen, the B. Braun Vocational Training department, the Association for a Sustainable Melsungen, the city integration office, and the Radko Stöckl Vocational School started the "Initiative for the Professional Orientation of Refugees." This, in turn, developed the "Professional Technical Qualification for Refugees" (QuaTeF) pilot project, which is intended to help prepare refugees for the demands of the job market through professional orientation internships at B. Braun, schooling and language courses.

At our Tuttlingen location, we are training young refugees as machine and equipment operators. With the money collected for the "B. Braun for Refugees" relief campaign, we also support Mutpol, a youth welfare association. Another portion of the donations goes to the Berlin branch of the Workers' Samaritan Federation to provide medical care to refugees. We also support the "Radeberger Land Hilft" alliance in Radeberg. The goal of all of these projects is to give refugees a positive outlook in their new home.

RISK AND OPPORTUNITIES REPORT

RISK MANAGEMENT AND CONTROLLING

All key strategic and operational decisions at B. Braun are made taking into account the associated risks and opportunities. We have a fundamentally cautious corporate strategy and avoid any uncontrollable potential risks. Risk management and controlling are key management tasks and an essential part of Group management. The B. Braun Group's comprehensive risk management ensures that risks can be identified, documented, assessed, monitored and managed. Risks resulting directly

We have a fundamentally cautious corporate strategy that quickly identifies risks and systematically takes advantage of new opportunities.

from business operations are quickly identified and assessed using our systematic controlling processes, which are implemented throughout the Group in all business areas, companies and regions. We also identify and manage risks that do not result directly from business operations. The divisional and Group risk committees assess these risks and document appropriate countermeasures. Our risk management is complemented by an internal audit department and ultimately by the annual audit of financial statements.

RISKS

The risks described below, which could have an impact on B. Braun, do not form an exhaustive list

of all the risks to which B. Braun is exposed or may be exposed. Risks that are not known or that are considered to be insignificant at the time of preparation of this annual report may also impact the earnings and financial position of the B. Braun Group.

Macroeconomic risk³

The radically altered political landscape poses a substantial risk to the global economy. This has considerably increased the level of uncertainty in the world, making negative effects on investing and the purchase of consumer durables possible. Overall, this can have a lasting effect of weakening the development of the global economy.

There is great uncertainty whether Great Britain's decision to leave the European Union will result in new restrictions on trade and the movement of capital. This would put a considerable strain on trade in Europe. In addition, the growing populist parties in individual European countries are demanding protectionist measures, including an exit from the European Union. This could jeopardize the survival of the European Union in its current form, and economic trade within Europe would change drastically. This would have dramatic consequences for export-oriented economies in particular, such as Germany. There are also indications that the fiscal consolidation in the European countries greatly affected by the financial and economic crisis will no longer be pursued consistently. The rejection of the referendum in Italy that would have paved the way for further reforms is one example. The future economic, international and security policies of the United States are uncertain following the presidential election. The expansion of public infrastructure investments and the reduction in taxes promised during the campaign could initially have a positive effect on the economic growth of the United States. However, a protectionist

³ifo Institute: ifo Economic Growth Forecasts 2016–2018, December 2016

foreign trade policy and a significantly lower level of security commitment from the United States would have a negative impact on global trade and on the willingness to invest in developing economies. This has the potential to further hinder already slowing growth in emerging countries, especially China, and poses a risk to global economic development.

The new government in Brazil is expected to initiate structural reforms in 2017, making it possible for the country's economic situation to improve slightly. Given its high national debt, fiscal and monetary policy will continue to be restrictive. Members of the government are also facing suspicions of corruption. This could cause potential investors to be cautious and greatly limit the ability of the current government to take action.

Industry risk

The health care market remains largely immune to economic fluctuations. Consequently, the development of our disposable goods business is generally not greatly dependent on macroeconomic trends. In contrast, the capital goods produced by B. Braun are cyclical. A dependence on economic trends generally exists even where patients have to pay for health care services themselves. Far-reaching austerity measures in some countries have resulted in cuts to public health care budgets, which may have a negative impact on demand for our entire range of products and services. This is compounded by the fact that some countries are also extending payment periods and introducing or increasing compulsory discounts and other levies.

In some markets, it is becoming evident that foreign manufacturers will have no or only limited opportunity to participate in the bidding process if domestic manufacturers offer comparable products. This is the case, for example, in Russia. Tender and import rules for German manufacturers in that country continue to be characterized by protectionist policies. We are intensifying our relationships with local manufacturers and continuing to expand our regional presence in order to maintain lasting access to growth markets all over the world.

Increased formalization of the international product approval process is evident, this entails higher costs for B. Braun. Longer processing times and more extensive requirements for documentation and study submissions can delay and drive up the cost of product launches, and increase the overall research and development risk. On the demand side, the creation of group purchasing organizations for high volume purchasing is strengthening the market power of customers, in turn increasing the risk of further price pressure and our dependence on individual clients. The complete vertical integration of hospitals or other customers by pharmaceutical or medical technology companies presents an additional risk, one which could impact market access for other companies.

Overall, the structural risks for businesses operating within the health care market remain elevated. Should these risks become reality, it may impact the earnings of B. Braun.

Procurement risk

Risks generally result from commodity price changes and supply shortages in the procurement markets. The occurrence of these potential risks may impact production supply, thereby impacting B. Braun's delivery capabilities. Potential supply shortages arose in some instances during the fiscal year. B. Braun, along with others, faced a few instances of force majeure delays from several suppliers in the plastics market in particular. In all cases, however, potential supply interruptions were avoided. Thanks to the procurement processes which have been implemented, as well as our global purchasing organization, countermeasures and strategies were developed to avoid risks so that production was never delayed or interrupted. Our longstanding, trusting and collaborative supplier relationships are a crucial foundation for ensuring consistent supply. We will continue to build on these supplier relationships in the future. Wherever possible, we use strategies for long-term price hedging as part of active price management. These include pooling our demand, entering into long-term supply contracts to hedge commodity prices on intermediate goods, and concluding master

agreements. The goal is to reduce price and supply risks while maintaining consistently high quality. To minimize the risk of supplier defaults, we routinely perform risk assessments of our suppliers. If a supplier is identified as a high default risk, we have a range of established processes and instruments to ensure continuous supply. These include disaster recovery plans, holding inventory either at B. Braun or at the supplier's location, second and dual sourcing, and the preservation of notarized documents about production processes and formulations. We will continue to expand our existing supplier base risk management.

The situation in individual procurement market sectors continues to be challenging. Our procurement organization was able to use established processes to secure price and supply in order to consistently keep our risk position low, resulting in no discernible, fundamental procurement risks.

Product risk

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

HR risk

The main risks facing HR relate to demographic changes and a lack of sufficiently qualified skilled workers and managers at the regional level. B. Braun addresses these developments with various measures for increasing its appeal as an employer. Aspects of our HR strategy include initiatives to improve employees' work-life balance, a strong commitment to training and continuing education, performance-based pay, and flexible working time models. This approach means no

discernible negative impact on the development of B. Braun due to HR risks. B. Braun is also securing its long-term need for skilled workers abroad by gradually introducing the German training model.

Continuing education and opportunities for advancement are also important parts of our HR strategy. This is why B. Braun is continuously developing its human resources development programs. The goal of these programs is to encourage employee loyalty from an early stage and promote identification with the company. This should reduce risks caused by fluctuation and loss of knowledge. B. Braun is also expanding its international training offerings, including the Executive Development Program for international managers. Early succession planning is also an integral part of the HR strategy at B. Braun. This ensures that vacant managerial positions can be swiftly filled by suitable candidates from the company.

IT risk

Important business processes rely on IT systems. A failure of essential IT systems or a large-scale loss of data could lead to a serious disruption in business operations, including in manufacturing. Our continued investment in IT infrastructure and a redundant system architecture help to minimize this risk. Other measures to reduce risk include regular data backups and employee training. A coordinated user permissions policy helps to protect against data misuse, and compliance is assured through the internal audit department and data security officers. Our systems are also protected by robust anti-malware programs. Due to these measures, we do not anticipate any significant negative effects from IT risks. However, the challenges of ensuring IT security continue to increase. Greater networking as part of digitization and Industry 4.0, as well as increasing instances of hacking, indicate increased IT risk. For this reason, we are reinforcing the above-mentioned measures and expanding them as needed. Reducing IT risk remains a critical task in the future as well, in order to guarantee the smooth flow of Group-internal processes.

Financial risk

B. Braun operates internationally and is therefore exposed to currency risk, which it hedges using derivative financial instruments. We pursue a rules-based strategy known as "layered hedging," which allows us to achieve coverage of average prices for the period of our hedging horizon and reduce the effects of currency translation on the consolidated net income. However, these risks could arise in the event of lasting shifts in exchange rate parities, insofar as price adjustments are not enforceable under market conditions. Trading and management of derivative financial instruments are regulated by internal guidelines and are subject to continuous risk control. Payer swaps are at times used for variable-rate bank loans to reduce interest rate risk.

To manage liquidity risk, we maintain sufficient reserves of short- and long-term committed credit lines, including, in particular, a syndicated loan with a volume of € 520 million. In this fiscal year, we extended this loan by another year, to 2021.

There is also a risk of a possible deterioration in the payment performance of our clients or public sector purchasers. Limited financing options can have a negative impact on liquidity and individual clients' ability to pay. There is also a risk that our suppliers' liquidity position could become strained and could, in the worst-case scenario, threaten their viability.

Our holdings in publicly traded companies expose us to market price fluctuations that could lead to impairments in the event of a sustained decline in value. With our active investment controlling and established risk management and controlling processes, we continuously monitor and analyze how our shareholdings are developing. This allows us to detect risks early and take the necessary steps.

With regards to research and development projects, costs are capitalized as required. Write-offs can occur depending on the underlying business situation which can impact B. Braun's profitability

for the year. Research and development projects are, by nature, subject to higher risk, but substantial opportunities come with them. There are currently no discernible risks beyond the ordinary level.

OPPORTUNITIES

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

Opportunities arising from positive economic development.

Economic conditions affect the development of B. Braun's business. Our statements with regard to the future development of the Group are based on the macroeconomic environment which is to be expected, as described in the forecast report. Should the global economy perform better than currently expected, our sales, earnings and financial position may exceed our forecasts.

Opportunities arising from the growth strategy

Increased capacity enables us to participate in the growing demand for health care and medical technology products. New, ultra-modern production processes further improve our competitiveness. In addition, our comprehensive product range and our extensive experience enable us to offer efficient solutions for our customers. Should the international health care markets develop at a faster rate than currently expected, this could have a positive impact on our sales, earnings and cash flow.

Opportunities arising from research and development

Our growth strategy is founded on product and process innovations. In close partnership with our

customers and users, we work tirelessly to bring new and improved products and treatment concepts to market. If we are able to achieve a quicker time-to-market for our research and development projects than is currently expected, this, too, could positively affect our sales, earnings and cash flow.

Opportunities arising from our international presence

The opening of additional health care markets (e.g., in Asia, Africa and the Middle East) to international medical technology companies, together with the trend toward privatization in the field of dialysis services, could present additional opportunities for B. Braun. Our international presence allows us to participate in these developments. This would lead to a sustained improvement in B. Braun Group's future sales and earnings.

Opportunities arising from employees

Our employees are the driving force behind our innovations. Through close exchange with clients, users and patients, they create added value for B. Braun. Their strong identification with the company increases motivation and promotes individual responsibility. We aim to encourage this even further by providing employee development opportunities. Should the associated measures and methods result in faster and better progress than expected, this could further strengthen our competitive position and have a positive impact on B. Braun's sales, earnings and cash flow.

OVERALL STATEMENT ON THE GROUP'S RISK AND OPPORTUNITY SITUATION

From today's viewpoint, no risks or dependencies are identifiable that could threaten the viability of the B. Braun Group for the foreseeable future. There were no material changes in the Group's net risk position relative to the previous year and, once again, no risks were identified that could jeopardize the company's continued existence. However, we have observed increasing volatility in some areas. Examples include the continuing distortions on the foreign exchange markets and the heightened procurement risks in some cases. In addition, the economic effects of the current political/economic developments in the United States, Great Britain and Turkey, but also, for example, in France, Italy, Russia and Brazil, cannot be assessed. This increases uncertainty for companies active in regulated markets or those whose sales are partly dependent on state budgets.

To the extent possible and appropriate, we are insured against liability risks and natural hazards, as well as other risks. Despite our extensive insurance coverage, obtaining full coverage for potential product liability risks is not feasible. In general, however, we are convinced that the continuing market risks will not have a substantial negative impact on the B. Braun Group's performance. Alongside these market risks are significant opportunities, which may enable successful business performance.

OUTLOOK

The statements made here on economic and company performance are forward-looking statements. Actual results may therefore be materially different (positively or negatively) from the expectations as they relate to future developments. Our forecasts contain all material events that were known at the time the Group Management Report was drafted and that could impact the business development of the B. Braun Group. Expectations are based in part on the macroeconomic and industry-specific developments described.

EXPECTED MACROECONOMIC AND INDUSTRY-SPECIFIC ENVIRONMENT

Expected development of the global economy⁴

The International Monetary Fund (IMF) projects a slight increase in economic growth of 0.3 percentage points to 3.4 percent for 2017. Industrialized countries as well as emerging and developing countries will contribute to this growth. However, the political decisions made in Great Britain, the United States and Italy have made the future of the economy uncertain in many places, and uncertainty on the global market is growing. While China is growing somewhat more slowly than in previous years, commodity-exporting economies such as Brazil and Russia will overcome their recessions in the upcoming year. It is also expected that the increase in the key interest rate by the US Federal Reserve at the end of 2016 and the increases expected in 2017 will hamper financing conditions, especially in developing countries. The global economy will once again be characterized by fluctuating exchange rates.

CHANGE IN GROSS DOMESTIC PRODUCT

in %

	2016	2017
Europe	1.7	1.6
Germany	1.7	1.5
France	1.3	1.3
Greece	0.1	2.8
Great Britain	2.0	1.5
Italy	0.9	0.7
Poland	3.1	3.4
Russia	-0.6	1.1
Spain	3.2	2.3
Turkey	3.3	3.0
North America	1.6	2.2
Canada	1.3	1.9
USA	1.6	2.3
Asia-Pacific	5.4	5.3
China	6.7	6.5
India	6.6	7.2
Indonesia	4.9	5.3
Japan	0.9	0.8
Malaysia	4.3	4.6
Latin America	-0.7	1.2
Argentina	-1.8	2.7
Brazil	-3.5	0.2
Chile	1.7	2.0
Mexico	2.2	1.7
Africa and the Middle East	3.6	2.9
Iran	4.5	4.1
Kenya	6.0	6.1
South Africa	0.3	0.8

The total economic growth rate in Germany will fall 0.2 percentage points in 2017 to 1.5 percent. We

⁴International Monetary Fund: World Economic Outlook, October 2016, and ifo Institute: ifo Economic Growth Forecast 2016–2018, December 2016

continue to expect favorable financing conditions, which will have a positive impact on construction investments. Increasing private consumption will also help drive growth. Increased wages, higher transfer payments and a rise in employment will contribute to greater demand. Increased public consumption will drop in connection with the reduced number of new immigrants.

Moderate economic growth of 1.6 percent is expected for the eurozone. Private consumption, in particular, will contribute to growth. Rising energy prices will reduce this effect slightly in 2017 compared to the two previous years. Rapid economic growth will also be slowed by a lack of structural reforms in some Member States of the European Union, a marginal improvement in price competitiveness, and increased political uncertainty. The growth rate in Italy will only be half that of the entire eurozone. The Italian banking sector will be characterized by a high number of impaired loans. The refusal to amend the constitution makes it impossible to predict whether the necessary economic reforms will be passed soon. In 2017, Great Britain plans to submit its request to leave the European Union. The negotiations over the next two years will show to which extent this step will affect GDPs in the eurozone and Great Britain.

Central and Eastern European economies expect moderate growth of an average of 3.1 percent. Despite restrained eurozone growth, Central and Eastern European exports will increase. The Turkish economy is currently being bolstered by a government stimulus; nevertheless, growth is slowing due to increased uncertainty brought on by the attempted coup and the terrorist attacks in 2016.

For the Russian economy, the IMF forecasts a 1.1 percent growth for 2017. The increase in oil prices and the recovery of commodity prices will

allow the Russian economy to pull out of the recession it experienced in 2015 and 2016. Despite this, 2017 will depend greatly on its foreign affairs. The current sanctions and structural problems in the country are negatively impacting growth.

The North American GDP will grow once again in 2017. Following the US election, it is not certain whether the new president will intervene in the US economy with higher government spending or by lowering taxes. A combination of the two also appears to be possible. In any case, 2017 will see an initial increase in economic growth. It remains to be seen how campaign promises to deregulate the financial sector, introduce a protectionist trade policy, and invest public funds into infrastructure will be implemented. It also remains to be seen whether the negotiations between the United States and the European Union on the planned transatlantic trade and investment partnership (TTIP) will proceed under current conditions. The next steps in resolving the nuclear dispute with Iran currently cannot be assessed.

Growth in the Asia-Pacific region will remain slightly below the previous year's level in 2017. There is a marginal declining trend in the economic growth of China. This is due to factors such as a drop in the potential labor force and the slowing of capital accumulation. The Chinese economy will continue to focus on increasing consumption and expanding the services sector. This will be based on an improved social safety net and deregulation in the services sector. Gains from improved trade conditions, economic policy measures and structural reforms in recent years will help to greatly increase India's GDP. The growth rate in Japan will remain at the previous year's level. The postponement of a VAT increase and planned measures to improve growth will help, although appreciation in the Japanese yen may hinder development.

According to the IMF, the GDP in Latin America will increase to 1.2 percent in 2017. The stabilization of commodity prices combined with a 0.2 percent growth will allow the Brazilian economy to overcome its recession. The inflation rate should also noticeably decrease in 2017. After a year of economic restructuring, a growth rate of 2.7 percent is forecasted for Argentina. The upswing will be assisted by an increase in consumption, investing and exports due to the reforms passed in 2016, a moderate inflation rate, and a more helpful monetary and fiscal policy. In Mexico, a drop in economic growth of 0.5 percentage points is expected. As a result of low oil revenues in 2016, the state budget of Mexico will be reduced for 2017. It is also feared that the US election will worsen trade conditions with the United States. As an initial reaction, the Mexican peso already devaluated at the end of 2016.

The growth rates in Africa and the Middle East should continue to increase in 2017. Continuing industrialization and expanding infrastructure will provide new business opportunities in Africa. Nevertheless, the economy will continue to be greatly impacted by political instability, health risks and security problems. The conflicts in the Middle East will have a negative effect on the economies in the region in 2017. Low oil prices in 2016 are likely to cause a decrease in investments in this sector. Further reforms, lower tax progression, and increased demand from abroad should contribute to growth.

OUTLOOK FOR THE HEALTH CARE MARKET

Positive growth rates are expected for the global health care industry in 2017. Health care spending in industrialized nations will increase moderately. Demand for health care services in industrialized countries is growing, due primarily to the increase in chronic diseases, demographic changes, increased

life expectancy and an associated increase in morbidity, and the availability of expensive, innovative treatment options. Positive global growth will be primarily supported by the markets in Asia and the Middle East. Population growth, increasing affluence and the expansion of the health care system are contributing to this growth. As incomes rise, demand for higher-quality care in these countries is growing.

Sales growth is possible for B. Braun not only for its existing product portfolio, but also through product innovation and differentiation. This will have a positive impact on many of our product segments. The dialysis market is also expected to continue to grow. This is due to the rising number of diabetes cases in recent years. Since these can result in chronic renal failure, the need for dialysis will continue to increase. Due to low population growth, the rate of increase in industrialized countries will be lower than in the rest of the world.

Companies whose products have the potential to improve process efficiency for clients will have a particularly strong competitive advantage in the future. Subjects such as user safety, ease of use, and targeted product improvements will become more important. In addition, digital innovations will continue to help physicians make diagnoses and choose the right treatment. New technologies create better links between the individual actors in the health care sector, resulting in more efficient processes and lower costs. As the trend toward globalization continues, more price transparency is to be expected which, along with the increasing professionalization of purchasing behavior, may result in a decline in prices and, therefore, margins.

Digitization and Industry 4.0 are keeping health care manufacturing companies busy in various ways. Internal processes will be influenced in particular by

changing production possibilities, along with the collection and analysis of big data. These include preventive maintenance and automated machine-to-machine (M2M) information exchange along the value chain. Increased production flexibility and faster response to client and market demands appear possible. Medical technology products are also being built with more digital components and integrated into networks. This may produce new diagnostic and treatment options. At the same time, demands on IT security are increasing, since health care services are classified as "critical infrastructures" (Kritis). This means protection against unauthorized access to medical components in a network must be factored in during product development. Companies factoring in digitization both in internal processes and products may experience competitive advantages.

Moderate growth rates are forecast for the European health care markets. Higher health care spending is predicted in Germany, Great Britain and Sweden than in Portugal, Spain, Iceland, Greece and Italy, whose household budgets are relatively low. Many Western European countries are also combating the consequences of demographic change. The demand for treatments for age-related illnesses and the need for senior care services will increase gradually in the coming years. Numerous new hospitals are expected in Turkey. In 2017, Great Britain plans to submit its request to leave the European Union. The medical technology sector predicts that any trade restrictions could impact the export business of German manufacturers. It currently cannot be estimated whether there will be less investment in British health care over the medium term or whether there will be other negative effects from exchange rate trends.

The restrictions on importing medical technology products by western manufacturers into Russia are likely to continue. The Russian Ministry of Industry

and Trade is also planning to replace imports with domestic production. By 2020, domestic production should cover 40 percent of the demand for medical products. The market share of Russian producers is currently at almost 20 percent. Furthermore, there are established increasingly more privately financed and operated medical facilities in Russia. Private organizations are not affected by the import substitutions, meaning new export opportunities in this sector in the future.

The North American health care market will continue to expand. The conclusion of CETA between Canada and the European Union will open up new sales opportunities for European manufacturers of medical and medical technology products in the Canadian market due to the lifting of export duties. Health care spending in the United States is expected to grow in 2017. However, with the new president, it remains to be seen how much of the health care reform passed by his predecessor, the "Patient Protection and Affordable Care Act" (ACA), will be retained. How future decisions will impact the development of the health care market cannot yet be predicted.

The health care market in the Asia-Pacific region will grow considerably in 2017. The growing affluence of the population as well as the expansion of government health care programs will contribute to this growth. The strongest growth rates are still expected in India and China. While China has been focusing on health care expansion, attention should shift more to the efficient provision of services and their quality in the future. The Chinese government is also focusing more on innovative solutions, such as mHealth (medical care support through, for example smartphones, tablets or applications that can be controlled through sensors). In 2015, the Indian government passed a health care reform that would provide health care to all residents. Spending in the amount of US\$18.5

billion over the coming years has been predicted to implement the reform. Due to the high cost, the government plans to improve the reform. Japan is currently planning steps to make the health care system more efficient in the future.

Health care spending in Latin America will increase slightly. After the health care industry in Argentina went through a recession in 2016, the Argentine government intends to further integrate private businesses in the health care market. Investments in the health care sector are expected to increase in 2017. The intended health care and social security reforms should spur growth. Due to the restrained economic situation in Brazil, the state will be forced to reduce its budget for health care spending, meaning that positive growth is only expected in the private sector of the Brazilian health care industry.

Relatively high increases in health care spending are expected in the Middle East and Africa. This growth will continue to be influenced by the expansion of health care in some countries and sustained population growth. Health care in Africa varies greatly. In Algeria, several hospitals are under construction to alleviate a shortage of medical care, and the South African government is planning to upgrade hospitals and introduce national health insurance by 2025. Nevertheless, many countries in Africa will remain dependent on aid from international organizations in the future. High demand for medical technology is expected in the Middle East in 2017. Iran is also planning to build several new hospitals.

BUSINESS AND EARNINGS OUTLOOK

We expect the B. Braun Group to achieve sales and profitability growth in the 2017 fiscal year. Sales growth will be five to seven percent, assuming

exchange rates remain constant (2016: € 6,471.0 million). We expect more dynamic growth in the B. Braun Avitum dialysis division and the Out Patient Market division than in the rest of the Group.

The global health care market will continue to be divided into two groups. We expect increased volumes in developing and emerging markets. We will be able to participate in the growing demand thanks to our capacity expansions and international presence. We expect that business results in the Asia-Pacific region will continue to improve. China, India, Vietnam and Indonesia will be the primary growth markets. In Latin America, we predict good sales increases in local currency, especially in Mexico, Columbia and Peru. Given the expected exchange rate development, sales in euros must again be expected to be in line with last year's levels.

In the established markets of Europe, including Germany, we expect demand to remain constant, as products which take into account both safety and efficiency aspects become more relevant. Innovations and continuous product extensions will open growth opportunities in these markets as well.

In the Africa and Middle East region, we expect dynamic growth in 2017, especially in South Africa. North America will continue to support the Group's growth with strong increases in sales, both in US dollars and in euros.

On the earnings side, we expect our key performance indicators, interim profit and EBIT, to close within a range of € 620–660 million in 2017, assuming constant exchange rates (previous year: € 612.3 million interim profit and € 597.4 million EBIT). If exchange rates remain constant, we expect EBITDA to increase to over a billion euros (2016: € 975.0 million). Our target is once again to increase the EBITDA margin.

All divisions should contribute to improved earnings. The increase in profitability stems, in part, from the completion of major investment projects and increases in volume, which will drive improved production capacity utilization. The launch of new products will also have a positive impact on earnings.

The strategic target in connection with our proactive working capital management, at constant exchange rates, is to keep DSO less than 65 days (2016: 67 days) and CIW less than 16.0 weeks (2016: 16.4 weeks). Overall, we expect to meet our strategic working capital goals in 2017.

The significantly shifting global political landscape poses risks. The decision by Great Britain to leave the European Union and the result of the US presidential election have considerably increased uncertainty in the markets. This can result in investor and consumer reticence, slowing global economic growth. The US Federal Reserve's decision to abandon its expansive monetary policy could amplify this effect. Due to the reform efforts of various governments to make health care more efficient and partly due to intensive competition, price pressure will continue across all markets.

EXPECTED FINANCIAL POSITION

B. Braun will continue its solid financial policy of the last few years in the future as well. We are striving for an equity ratio of over 40 percent for 2017. At the same time, we will maintain our current dividend policy.

The financing volume for long-term maturities will be € 190 million for this year and € 168 million in 2018. Because of our financing activities in the reporting year, we are well prepared to realize these financing volumes in the next two years.

Due to longstanding banking relationships and the sustained earning power of B. Braun, we do not expect any significant risks in connection with the upcoming financing measures. Slightly higher interest rates are to be expected as central banks move away from an expansive monetary policy. If geopolitical conflicts worsen, there may be an increase in uncertainty in the capital markets, resulting in higher risk premiums. On the whole, this could make it more expensive for B. Braun to obtain financing. However, we do not consider this as a substantial risk to B. Braun at this time. The planned investments in plant, property and equipment in the coming years will be financed primarily from operating cash flow.

The solid financial condition of B. Braun will also allow us to continue to protect health worldwide and sustainably improve people's lives.

With the Group-wide cash pooling system, we will ensure optimal distribution of cash within the Group in the future as well. Furthermore, Group-wide inventory and receivable management projects permanently limit the need for financing.

OVERALL STATEMENT ON THE OUTLOOK FOR THE GROUP

Based on the assumptions presented with regard to the performance of the global economy and the health care market, we expect another positive fiscal year, driven by a sales growth of five to seven percent. We expect further sales growth over fiscal year 2017 and to meet our strategic targets. A sustainable improvement in the profitability of the B. Braun Group is our goal through the investment projects and measures initiated for internal process optimization.

The solid financial condition of B. Braun will also allow us to continue to protect health worldwide and sustainably improve people's lives. With innovative and economical treatment concepts, we are helping users provide optimal patient care.

Melsungen, March 8, 2017
The Management Board