CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

	Notes	2019 € '000	2018 € '000
Sales	1)	7,471,348	6,908,099
Cost of goods sold	2)	-4,444,875	-3,971,851
Gross profit		**3,026,473**	**2,936,248**
Selling expenses	3)	-1,823,132	-1,739,940
General and administrative expenses		-363,442	-339,522
Research and development expenses	4)	-364,481	-323,543
Interim profit		**475,418**	**533,243**
Other operating income	5)	315,844	279,313
Other operating expenses	6)	-356,510	-316,785
Operating profit		**434,752**	**495,771**
Profit from financial investments/equity method	7)	53,153	21,975
Financial income		7,691	6,980
Financial expenses		-87,515	-75,986
Net financial income (loss)	8)	-79,824	-69,006
Other financial income (loss)	9)	7,189	2,826
Profit before taxes		**308,964**	**451,566**
Income taxes	10)	-111,681	-123,159
Consolidated net income		**197.283**	**328,407**
Attributable to:			
B. Braun SE shareholders		(175,624)	(311,430)
Non-controlling interests		(21,659)	(16,977)
		288,483	**328,407**
Earnings per share (in €) for B. Braun SE shareholders in the fiscal year (diluted and undiluted)	11)	0.22	0.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019 € '000	2018 € '000
Consolidated net income	**197,283**	**328,407**
Items not reclassified as profits or losses		
Revaluation of pension obligations	-194,955	-29,090
Income taxes	56,947	8,940
Changes in amount recognized in equity	**-138,008**	**-20,151**
Items potentially reclassified as profits or losses		
Changes in fair value of securities	265	3,154
Income taxes	0	0
Changes in amount recognized in equity	**265**	**3,154**
Cash flow hedging instruments	-6,156	-1,765
Income taxes	1,818	240
Changes in amount recognized in equity	**-4,338**	**-1,525**
Changes due to currency translation	62,121	12,686
Income taxes	0	0
Changes in amount recognized in equity	**62,121**	**12,686**
Changes recognized directly in equity (after taxes)	-79,960	-5,836
Comprehensive income over the period	**208,522**	**322,571**
Attributable to:		
B. Braun SE shareholders	(95,723)	(301,780)
Non-controlling interests	(21,599)	(20,791)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Assets			
Non-current assets			
Intangible Assets	14), 16)	854,482	818,274
Property, plant, and equipment	15), 16)	5,244,095	4,589,293
Financial investments (equity method)	17)	435,377	468,129
Other financial investments	17)	67,968	63,262
financial assets		(67,968)	(63,262)
Trade receivables	18)	34,103	36,063
Other assets	19)	34,281	49,047
financial assets		(28,943)	(42,961)
Income tax receivables		3,823	2,955
Deferred tax assets		365,845	305,313
		7,039,974	**6,332,336**
Current assets			
Inventory	20)	1,370,188	1,344,425
Trade receivables	18)	1,205,937	1,111,507
Other assets	19)	307,384	301,792
financial assets		(138,672)	(140,076)
financial assets held for sale		(11,206)	-
Income tax receivables		82,577	59,561
Cash and cash equivalents	21)	82,350	74,809
		3,048,436	**2,892,094**
Total assets		**10,088,410**	**9,224,430**
Equity			
Subscribed capital	22)	800,000	800,000
Capital reserves and retained earnings	23)	2,603,768	2,597,776
Effects of foreign currency translation		-125,847	-178,587
Equity attributable to B. Braun SE shareholders		**3,277,921**	**3,219,189**
Non-controlling interests	24)	442,697	429,851
Total equity		**3,720,618**	**3,649,040**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar commitments	25)	1,580,033	1,332,051
Other Provisions	26)	126,315	118,452
Financial liabilities	27)	2,298,203	1,673,103
Trade accounts payable	29)	2,075	2,947
Other liabilities	29)	56,207	51,552
financial liabilities		(8,231)	(10,711)
Deferred tax liabilities		131,614	130,045
		4,194,447	**3,308,150**
Current liabilities			
Other Provisions	26)	60,202	61,814
Financial liabilities	27)	736,009	828,959
Trade accounts payable	29)	524,932	542,386
Other liabilities	29)	803,097	793,876
financial liabilities		(316,248)	(338,752)
liabilities held for sale		(2,761)	-
Current income tax liabilities		49,105	40,205
		2,173,345	**2,267,240**
Total liabilities		**6,367,792**	**5,575,390**
Total equity and liabilities		**10,088,410**	**9,224,430**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

See notes 22–24	Subscribed capital € '000	Capital reserves € '000
January 1, 2018	**800,000**	**10,226**
Profit distribution from B. Braun Melsungen AG	0	0
Increase in subscribed capital	0	0
Consolidated net income	0	0
Changes recognized directly in equity (after taxes)		
Changes in fair value of securities	0	0
Cash flow hedging instruments	0	0
Revaluation of pension obligations	0	0
Changes due to currency translation	0	0
Comprehensive income over the period	**0**	**0**
Other changes	0	0
Effect of reorganization of Group structure	**0**	**69,794**
December 31, 2018/January 1, 2019	**800,000**	**80,020**
Profit distribution from B. Braun SE	0	0
Increase in subscribed capital	0	0
Consolidated net income	0	0
Changes recognized directly in equity (after taxes)		
Changes in fair value of securities	0	0
Cash flow hedging instruments	0	0
Revaluation of pension obligations	0	0
Changes due to currency translation	0	0
Comprehensive income over the period	**0**	**0**
Other changes	0	0
December 31, 2019	**800,000**	**80,020**

	Retained earnings € '000	Other reserves € '000	Treasury stock € '000	Equity attributable to owners € '000	Non-controlling interests € '000	Equity € '000
	2,601,115	**-198,945**	**0**	**3,212,397**	**223,988**	**3,436,384**
	-32,000	0	0	-32,000	0	-32,000
	0	0	0	0	0	0
	311,430	0	0	311,430	16,977	328,407
	0	3,162	0	3,162	-8	3,154
	0	-729	0	-729	-796	-1,525
	-20,902	0	0	-20,902	751	-20,151
	0	8,819	0	8,819	3,867	12,686
	290,528	**11,252**	**0**	**301,780**	**20,791**	**322,571**
	-9,291	0	0	-9,291	-17,764	-27,055
	-334,752	**11,261**	**0**	**-253,696**	**202,836**	**-50,860**
	2,515,600	**-176,432**	**0**	**3,219,504**	**429,851**	**3,649,040**
	-32,000	0	0	-32,000	0	-32,000
	0	0	0	0	0	0
	175,624	0	0	175,624	21,659	288,483
	0	242	0	242	22	264
	0	-4,038	0	-4,038	-300	-4,338
	-128,845	0	0	-128,845	-9,163	-138,008
	0	52,740	0	52,740	9,381	62,121
	129,049	**48,942**	**0**	**177,991**	**30,528**	**208,519**
	-4,991	0	0	-4,991	-8,753	-13,744
	2,525,388	**-127,488**	**0**	**3,277,922**	**442,697**	**3,720,618**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2019 € '000	2018 € '000
Operating profit		434,752	495,771
Income tax paid		-130,640	-108,593
Depreciation and amortization of property, plant, and equipment and and intangible assets (net of appreciation)		599,152	431,931
Change in non-current provisions		257,165	60,838
Interest received and other financial income		5,715	6,931
Interest paid and other financial expenditure		-50,623	-46,775
Other non-cash income and expenses		-247,029	-53,735
Gain/loss on the disposal of property, plant, and equipment, and intangible or other assets		703	-9,163
Gross cash flow	**34)**	**869,195**	**777,205**
Change in inventory		-7,180	-164,105
Change in receivables and other assets		-53,307	-56,098
Change in liabilities, current provisions and other liabilities (excluding financial liabilities)		6,273	69,474
Cash flow from operating activities (net cash flow)	**34)**	**814,981**	**626,476**
Investments in property, plant, and equipment, and intangible assets		-768,891	-794,130
Investments in financial assets		-30,935	-16,579
Acquisitions of subsidiaries, net of cash acquired		-28,582	-39,065
Proceeds from sale of subsidiaries and holdings		1,593	3,572
Proceeds from sale of property, plant, and equipment, intangible assets and other financial assets		12,397	32,227
Dividends and similar revenues received		15,256	16,636
Cash flow from investing activities	**35)**	**-799,162**	**-797,339**
Free cash flow		**15,819**	**-170,863**
Capital contributions		59	283
Dividends paid to B. Braun SE shareholders		-32,000	-32,000
Dividends paid to non-controlling interests		-12,455	-10,613
Deposits and repayments for profit-sharing rights		-3,461	-5,270
Loans		519,501	407,498
Loan repayments		-477,757	-201,304
Cash flow from financing activities	**36)**	**-6,112**	**158,593**
Change in cash and cash equivalents		**9,706**	**-12,269**
Cash and cash equivalents at the start of the year		74,809	66,372
Exchange gains (losses) on cash and cash equivalents		-2,165	20,706
Cash and cash equivalents at year end	**37)**	**82,350**	**74,809**

NOTES

GENERAL INFORMATION

The Consolidated Financial Statements of B. Braun SE—hereinafter also referred to as the B. Braun Group—as of December 31, 2019, have been prepared in compliance with Section 315e (3) of the German Commercial Code (HGB) according to the International Financial Reporting Standards (IFRS) applicable as of the reporting date published by the International Accounting Standards Board (IASB), London, as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as stipulated by the EU, and have been published in the online edition of the German Federal Gazette (Bundesanzeiger).

The Group's structure above B. Braun Melsungen AG was reorganized in the last fiscal year to ensure the continuation of B. Braun as a family-owned company. As part of this process, we transferred the Group's accounting, controlling, treasury, tax, legal, internal audit, corporate human resources and corporate communications departments into a higher-level family holding company for strategic management. This family holding company performs the Group's management functions and constitutes the link between the owning family and the company. In addition, B. Braun SE was founded under the family holding company as an operational parent company that holds the majority of shares of B. Braun Melsungen AG. This reorganization of the Group's structure constitutes a capital reorganization that does not fall under the scope of IFRS 3. The assets and liabilities of B. Braun Melsungen AG were carried forward at their carrying amounts. For the prior year, the carrying amounts of the assets and liabilities carried forward as well as the equity of B. Braun Melsungen were reported up to the time of reorganization. The legal equity of B. Braun SE was only reported from the time of reorganization. Differences arising from capital consolidation due to reorganization were offset by retained earnings. 6 %of the shares in B. Braun Melsungen AG were not transferred to B. Braun SE. The corresponding percentage of the net assets of B. Braun Melsungen AG were reclassified as non-controlling interests.

B. Braun SE is an international, family-owned company headquartered at Carl-Braun-Str. 1, 34212 Melsungen, Germany. B. Braun Melsungen AG is registered in the commercial register of the Fritzlar District Court (CR B 11549).

B. Braun Holding GmbH & Co. KG in Melsungen is the parent company of B. Braun SE as defined in Section 290 (1) HGB and is required to produce Consolidated Financial Statements that include the Consolidated Financial Statements of B. Braun SE. The Consolidated Financial Statements are submitted to the online edition of the German Federal Gazette.

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

The Management Board of B. Braun SE approved the Consolidated Financial Statements for submission to the company's Supervisory Board on March 5, 2020. The Audit Committee of the Supervisory Board plans to discuss the Consolidated Financial Statements at its meeting on March 16, 2020 and the Supervisory Board shall approve the Consolidated Financial Statements at its meeting on March 24, 2020.

The Consolidated Financial Statements have been prepared based on historical costs, except for financial assets/liabilities including derivative financial instruments measured at fair value through profit and loss. Unless otherwise indicated, the accounting policies were used consistently for all periods referred to in this report.

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

The financial statements of B. Braun SE and its subsidiaries included in the Consolidated Financial Statements have been prepared using standardized Group accounting policies.

New and amended International Financial Reporting Standards and Interpretations whose application is mandatory for the first time for fiscal years beginning on or after January 1, 2019 (IAS 8.28)

IFRS 16—Leases

On January 13, 2016, the IASB published a new standard which fundamentally reforms the financial reporting of leases. Previously, all leases were recognized either as finance leases or as operating leases. This distinction no longer applies for the lessee. Under the new standard, all leases are recognized in the balance sheet in the form of right-of-use assets and the financial liabilities, comparable to the previous procedure for finance leases. The relevant values are based on the present value of the lease payments that, as of this time, have not yet been made. In the statement of income, the lessee discloses a depreciation expense for the lease assets and an interest expense on lease liabilities for each lease in lieu of straight-line lease expenses. The disclosure of leases can only deviate from these rules if one of two possible exemptions applies (short-term leases and low-value leases). The Group has opted to apply these exemptions, i.e., the new rules will not be applied to short-term leases up to one year and low-value leases up to € 5,000. Unlike lessees, lessors still have to classify leases as either finance leases or operating leases under IFRS 16. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019. The Group did not opt for earlier, voluntary application. First-time application must be generally retrospective but an option is available for a modified retroactive approach, which the Group exercised. Refer to the section titled "Change in Accounting Methods" for how the new standard has affected the net assets, financial position and earnings situation of the B. Braun Group.

IFRIC 23—Uncertainty over Income Tax Treatments

The interpretation published on June 7, 2017 by the IFRS IC includes recognition and measurement requirements for tax risk positions and closes previous gaps in the requirements in IAS 12—Income Taxes. An uncertain tax treatment under IFRIC 23 is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority and therefore is not limited to existing disputes with the tax authority. In order for a tax treatment to be recognized as an asset or a liability, a payment or a refund must be considered probable. The tax authority must have exhaustive access to the relevant information in making an assessment. Either the most likely amount or the expected amount should be used. The interpretation further clarifies that tax treatments can affect both the determination of actual tax amounts as well as deferred taxes and for that reason when making the determination is necessary to make estimates and assumptions in a consistent manner. The interpretation also contains references to existing requirements and mandatory information to be included in notes concerning important decisions, assumptions and estimates. The rules are to be applied either retrospectively, as required under IAS 8, or in simplified form in which the cumulative effect of the initial application is recognized as an adjustment to equity on the date of initial application. IFRIC 23 is effective for reporting periods beginning on or after January 1, 2019. Earlier, voluntary application is permitted but the B. Braun Group did not elect to do this. The new interpretation has no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

Amendments to IAS 28—Investments in Associates and Joint Ventures: Long-Term Interests

The amendment was published by IASB to clarify that an entity applies IFRS 9 "Financial Instruments" to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. IFRS 9—Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with IAS 28—Investments in Associates and Joint Ventures. However, the IFRS IC was informed that it was not clear whether that exclusion applied only to interests in associates and joint ventures to which the equity method is applied. It was clarified that a company applies IFRS 9, including impairment provisions, to long-term interests in an associate or joint venture that form part of the net investment in that associate and joint venture but to which the equity method is not applied. These amendments are effective for reporting periods beginning on or after January 1, 2019. The amendments must be applied retrospectively but transition aids similar to those in IFRS 9 are provided for companies that only apply the amendments after an initial application of IFRS 9. Full retrospective application is permitted if that is possible without the use of subsequent information. The amendment has no impact on the net assets, financial position and earnings situation of the B. Braun Group.

Amendments to IFRS 9—Prepayment Features with Negative Compensation

The IASB has published IFRS 9 to address the concerns about how IFRS 9—Financial Instruments classifies particular prepayable financial assets. Under the previous IFRS 9 requirements, the SPPI condition was not met if the lender had to make a settlement payment in the event of termination by the borrower. Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i.e., depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain. The amendments to IFRS 9 are to be applied retrospectively to fiscal years beginning on or after January 1, 2019. The amendment has no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

Amendments to IAS 19—Employee Benefits: Plan Amendment, Curtailment or Settlement

The amendment published on February 7, 2018 establishes the basis on which the current service cost and net interest (as expense or income) must be determined for the period between remeasurement and the end of the reporting period. In general, the current service cost must be determined based on actuarial assumptions at the start of the period. The net interest (expense or income) is determined by multiplying net financial debt (or net asset value) by the interest rate determined at the start of the period. Net financial debt (or net asset value) must only be adjusted by the payments and contributions made to the pension plan during the period. The accounting differs from this principle in case of an amendment to, or curtailment or settlement of a pension plan: The current service cost and net interest (expense or income) after remeasurement are determined based on actuarial assumptions and net financial debt (or net asset value) at the time of remeasurement. The amendments must be applied prospectively to plan amendments, curtailments and settlements in reporting periods starting on or after January 1, 2019. An option to apply the amendments before this date is permitted but was not exercised. The amendments may have a significant impact on determining the current service cost and net interest (expense or income) of the B. Braun Group in the event of a plan amendment, curtailment or settlement.

New and amended International Financial Reporting Standards and Interpretations that have already been published, but whose application is not yet mandatory for companies whose fiscal year ends on December 31, 2019 (IAS 8.30) and whose adoption is still pending in some EU countries

Amendments to IFRS 3—Business Combinations: Definition of a Business

Under these amendments, to be considered a business, there must be at least one substantive process that can be combined with financial resources (input) to create the possibility of generating output. Output will only be considered the supply of goods and services as well as the earning of capital and other income. Cost reductions by themselves will no longer be considered adequate to distinguish the acquisition of a business from the acquisition of a group of assets. The acquired inputs and processes must, as such, significantly contribute to the possibility of generating outputs. To easily determine whether a business or only a group of assets has been acquired, a concentration test is available in which it can optionally be tested whether the entire fair value of the acquired gross assets is essentially concentrated into one asset or a group of similar assets. If so, it is not a business. If not, or if the test is not performed, it must be determined whether a substantive process has been acquired. This requires distinguishing whether the acquired group of assets already generates outputs or it is not yet possible to convert inputs into outputs. If the latter is the case, it is only considered a business if the acquirer takes over an organized workforce with the capability and experience to conduct a process that is essential to generating output. It must also be determined whether resources that can be transformed into output by the workforce have been taken over. The amended definition must be applied to acquisitions occurring at or after the start of the first annual reporting period beginning on or after January 1, 2020. Earlier application is permitted subject to EU endorsement. EU adoption (endorsement) is currently expected in Q1 2020. The amendments may result in an altered determination of whether future acquisitions by the B. Braun Group constitute businesses.

Amendments to IAS 1 and IAS 8: Definition of "Material"

These amendments standardize the definition of "material" in all IFRS as well as the Conceptual Framework. The new definition states: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." It clarifies that the question of whether information is material depends on the type of information and/or the extent of its impact on the underlying facts. The materiality of a piece of information must be assessed in the overall context of the financial statement. Obfuscation occurs when the resulting impact is comparable to omitting or misstating this information. This is the case if, for example, facts are described inaccurately or vaguely, related information is divided and distributed throughout the entire financial statement, or dissimilar facts are not appropriately aggregated. Material information can also be obscured by superimposing it with immaterial information. To facilitate the application of the term "material", IASB also defined the group of primary users of financial statements, such as existing and future investors, lenders and other creditors that must rely on the information contained in the financial statements for lack of other, direct access. It was also clarified that financial statements are created for users with sufficient knowledge of business and other economic activities. These amendments have been adopted into EU law (endorsement).

Amendments to IFRS 9, IAS 39 and IFRS 7: Reform of LIBOR and Other Interest Rate Benchmarks (LIBOR Reform)

The IASB has published amendments to IFRS 9, IAS 39 and IFRS 7 intended to facilitate certain areas of LIBOR reform. These refer to the accounting of hedge relationships, meaning LIBOR reform will not generally lead to the end of hedge accounting. Any ineffective hedges, however, must still be recognized in the statement of income. The amendments establish the following:

- Certain hedge accounting regulations have been changed with the effect that companies apply them under the assumption that the interest rate benchmark on which the hedged cash flows and the cash flows from the hedging instrument are based are not altered by the interest rate benchmark being reformed.
- The amendments must be applied to all hedge relationships affected by the reform of the interest rate benchmark.
- The purpose of the amendments is not to assist with other consequences of interest rate benchmark reform; if a hedge relationship no longer fulfills the hedge accounting regulations for reasons other than those specified in the amendments, hedge accounting may not be applied.
- Specific information on the extent to which the company's hedge relationships are affected by the amendments has been set forth.

The amendments take effect for reporting periods starting on or after January 1, 2020 and must be applied retroactively. Earlier application is permitted but the B. Braun Group has elected not to do so. These amendments have been adopted into EU law (endorsement). The amendments are expected to have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

As part of the IFRS' ongoing improvement project, changes to wordings were also made for clarification and amendments. These have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

Aside from the standards described above, the IASB has published an additional standard that does not affect the B. Braun Group:

IFRS 17—Insurance Contracts, which must be applied for reporting periods beginning on or after January 1, 2021. EU adoption (endorsement) of this rule is still pending.

Change in Accounting Methods

IFRS 16 was initially applied in a modified retroactive manner without adjusting last year's figures. All reclassifications and adjustments resulting from this initial application were recognized in the opening balance on January 1, 2019.

With its initial application of IFRS 16, the Group recognizes leasing liabilities for leases previously classified as operating leases under IAS 17. These are measured at the present value of the remaining lease payments at the incremental borrowing rate as of January 1, 2019. The weighted average incremental borrowing rate applied to the leasing liability on January 1, 2019 is 2.7%. For leases previously classified as finance leases, the carrying amount of the leased asset under IAS 17 immediately before the initial application of IFRS 16 and the carrying amount of the leasing liability under IAS 17 are recognized as the initial carrying amount of the lease asset and the leasing liability under IFRS 16.

For contracts concluded before the transition point, the option not to review whether a contract contains a lease at the time of initial application was not exercised and the previous assessment made per IAS 17 and IFRIC 4 was upheld.

Based on the operating lease commitments as of December 31, 2018, the following was reconciled on the opening balance for leasing liabilities on January 1, 2019:

	Jan. 1, 2019 **€ '000**
Commitment from operating leases as of Dec. 31, 2018	413,130
Plus: Liabilities from finance leases recognized as of Dec. 31, 2018	51,275
(Less): Short-term leases expensed on a straight-line basis	-1,928
(Less): Leases of low-value assets expensed on a straight-line basis	-13,645
(Less:) Discounting	-40,775
Plus: Other adjustments	45,379
Leasing liabilities recognized as of Jan. 1, 2019	**453,436**

The change in accounting method affected the following items as of January 1, 2019 as follows:

- Lease assets: Increased € 405.5 million
- Leasing liabilities: Increased € 402.2 million

Adjustments to the accounting of leased assets for which the Group is acting as the lessor were not necessary as part of the initial application of IFRS 16.

Starting in FY 2019, certain global costs of the Hospital Care division are no longer reported as cost of goods sold but as functional expenses in order to allow users of the financial statements to make a fairer assessment of the B. Braun Group's expenses divided by functional area. Accordingly, last year's figures in the Statement of Income were adjusted as follows: Reduction of cost of goods sold reduced (€ -12.3 million) and increase of selling (€ 5.6 million), administrative (€ 1.2 million), and research and development expenses (€ 5.5 million).

Critical Assumptions and Estimates for Accounting Policies

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

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

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

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

The method of determining interest rates is unchanged from the year before. An interest yield curve is derived from the analysis of corporate bonds. The discount rate is calculated by measuring a sample cash flow comparable to the circumstances of B. Braun using the interest yield curve and deriving an equivalent standard discount rate.

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

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

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

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

Scope of consolidation

In addition to B. Braun SE, the Consolidated Financial Statements include 74 domestic and 218 foreign subsidiaries for which B. Braun SE is exposed to variable returns and has the ability to influence them.

Subsidiaries are included in the Consolidated Financial Statements effective on the day control is assumed by the Group. Consolidation is discontinued as of the day on which such control ends.

The change in the number of Group companies as of December 31, 2019 and 2018 is shown below:

	2019	2018
Included as of Dec. 31 of previous year	283	270
Companies included for the first time	10	21
Company consolidations discontinued	-1	-4
Business combinations	0	-4
Included as of Dec. 31 of reporting year	**292**	**283**

Deconsolidated companies had no material impact on the Statement of Financial Position or the Statement of Income in FY 2019.

The impact of company acquisitions on the Statement of Financial Position at the time of initial consolidation and on the principal items in the Statement of Income for FY 2019 is shown below:

	Carrying amount € '000	Fair value € '000
Non-current assets	3,284	18,538
Current assets	6,673	6,673
Acquired assets	**9,957**	**25,211**
Non-current provisions and liabilities	368	2,025
Current provisions and liabilities	6,446	6,446
Acquired liabilities	**6,815**	**8,472**
Net assets acquired	**3,142**	**16,739**
Non-controlling interests	656	1,103
Prorated net assets	**2,486**	**15,636**
Goodwill		38,898
Cost of acquisition		**55,875**
Non-controlling interests		(1,340)
Cash and cash equivalents acquired		3,785
Cash outflow from acquisitions		**52,089**
Sales		19,987
Operating profit		725
Consolidated net income		1,257

The total cost of acquisitions made during the fiscal year that were not significant individually or in aggregate was € 55.9 million and was paid in cash. B. Braun SE's ability to influence variable return in all company acquisitions completed during the fiscal year is based on its possession of a majority of voting rights.

In the context of acquisitions, unrecognized assets in the amount of € 15.3 million have been recognized in the reporting year so far, which consisted largely of intangible assets. Receivables amounting to € 2.4 million (€ 2.4 million gross) were acquired. The goodwill remaining after purchase price allocation amounted to € 38.9 million. This amount is non-deductible and is largely attributable to sales and production synergies.

If all of the acquisitions had been made at the start of the current fiscal year, the Group's sales would have been € 23.5 million higher. Consolidated net income would have been € 1.7 million lower.

On January 1, 2019, the Ambulantes Herzzentrum outpatient cardiac center in Kassel, Germany was acquired in an asset deal. This acquisition added invasive and noninvasive cardiology to our provider business.

On June 17, 2019, 100% of shares in LLC STAVMED in St. Petersburg, Russia, was acquired in a share deal. The company operates six dialysis centers in Russia. The acquisition expands the Group's dialysis network in Russia.

On July 1, 2019, a nephrology clinic was acquired in asset deals. This acquisition expands the Group's dialysis network in Germany.

On July 3, 2019, 60% of shares in Uninephro S.A. in Matosinhos, Portugal was acquired in a share deal. The company operates a dialysis center in Portugal. The acquisition expands the Group's dialysis network in Portugal.

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

Holdings in two joint ventures and 25 associated companies are recognized in the Consolidated Financial Statements as of the reporting date. Three associated companies were not measured using the equity method on materiality grounds.

REVIUM Rückversicherung AG is included in the Consolidated Financial Statements of B. Braun SE as a wholly-owned subsidiary. The only business purpose of REVIUM Rückversicherung AG is to arrange reinsurance with companies (direct insurers) with which B. Braun SE has taken out insurance contracts. It does not arrange any insurance contracts with third parties that extend beyond this and does not cover risks outside of the B. Braun Group. Due to its narrowly defined business purpose, REVIUM Rückversicherung AG has no material impact on the net assets, financial position, and earnings situation of the B. Braun Group as a whole.

As part of an asset-backed securities program, trade receivables for individual Group companies are assigned to a structured unit. This structured unit is not consolidated in the B. Braun SE Consolidated Financial Statements. Please see Note 18 for further information.

The complete list of shareholdings belonging to the Group, and to B. Braun SE, is provided in Notes to the Consolidated Financial Statements.

The following companies are included in the Consolidated Financial Statements of B. Braun SE:

B. Braun Deutschland GmbH & Co. KG, Melsungen
B. Braun Facility Services GmbH & Co. KG, Melsungen
B. Braun Miethke GmbH & Co. KG, Potsdam
CeCaVa GmbH & Co. KG, Tübingen
Hansepharm GmbH & Co. KG, Roth
Invitec GmbH & Co. KG, Duisburg

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

The following companies meet the conditions of Section 264 (3) HGB and are thus also exempted from the requirement to compile Notes and a management report as well as the publishing of financial statements:

Aesculap AG, Tuttlingen
Aesculap Akademie GmbH, Tuttlingen
Aesculap International GmbH, Tuttlingen
Aesculap Suhl GmbH, Suhl
BBM Group Insurance Broker GmbH, Melsungen
B. Braun Avitum AG, Melsungen
B. Braun Avitum Saxonia GmbH, Radeberg
B. Braun IT Service GmbH, Melsungen
B. Braun Medical AG, Melsungen
B. Braun Melsungen AG, Melsungen
B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen
B. Braun Petzold GmbH, Melsungen
B. Braun prolabor GmbH, Hilter a.T.W.
B. Braun Surgical GmbH, Melsungen
B. Braun TravaCare GmbH, Hallbergmoos
B. Braun Vertriebs GmbH, Melsungen
B. Braun VetCare GmbH, Tuttlingen
Bibliomed medizinische Verlagsgesellschaft mbH, Melsungen
Inko Internationale Handelskontor GmbH, Roth
Nutrichem diät + pharma GmbH, Roth
Paul Müller Technische Produkte GmbH, Melsungen
PNS Professional Nutrition Services GmbH, Melsungen
PPC Projekt-Planung + Consulting GmbH, Melsungen
SteriLog GmbH, Tuttlingen
Transcare Gesundheitsservice GmbH, Melsungen
Transcare Service GmbH, Neuwied

The companies listed above exercise their right to the exemptions.

PRINCIPLES OF CONSOLIDATION

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

Subsidiaries are initially consolidated on the first day on which B. Braun SE assumes right of disposal of the acquired company; they are excluded from consolidation once B. Braun SE forfeits such control. Right of disposal occurs when B. Braun SE has the ability to direct the relevant activities of the investee because it possesses the majority of the voting rights or other contractual rights. The acquisition of subsidiaries is recognized using the purchase method. The cost of acquiring a subsidiary is calculated based on payments of cash and cash equivalents, together with the fair value of assets transferred, shares issued, and/or liabilities acquired when initial control is gained. Acquisition-related costs for a business combination are expensed. Conditional purchase price components are recognized at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent purchase price liability are recognized in profit or loss or in other comprehensive income. Acquisition costs that exceed the proportionate acquired share of the fair value of the subsidiary's net assets are recognized as goodwill.

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

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

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

Subsidiary companies' accounting policies are, where necessary, adapted to those used to produce the Consolidated Financial Statements.

b) Associated companies
Associated companies are those companies over which the Group has significant influence but no control, generally accompanied by a holding of 20–50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Group's investment in associated companies includes goodwill identified on acquisition (net of any accumulated impairments).

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

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

c) Joint agreements
Investments in joint agreements are classified as either a joint operation or a joint venture. B. Braun SE's joint agreements represent joint ventures. These are included in the Consolidated Financial Statements using the equity method. The shares are initially recognized at cost and are subsequently updated in order to reflect the Group's share in the profits and losses in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in this company, including any other unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the joint venture company. Unrealized gains arising from transactions with joint ventures are eliminated in the amount equal to the Group's share. Unrealized losses are also eliminated unless the transferred assets are impaired.

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

FOREIGN CURRENCY TRANSLATION

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

The Consolidated Financial Statements are stated in euros as this is the Group's functional and reporting currency.

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

Translation differences on monetary items where fair value changes are directly recognized in equity are reported as part of the gain or loss from fair value measurement. On the other hand, translation differences on non-monetary items where fair value changes are directly recognized in equity are included in the revaluation reserve in equity

c) Subsidiaries
All items in the statements of income and statements of financial position of all Group subsidiaries that are in a currency other than the Group's reporting currency are translated into the reporting currency as follows:

- Assets and liabilities are translated at the closing rate on the reporting date.
- Gains and losses are translated at average exchange rates.
- All resulting exchange differences are recognized as a separate component of equity (effects of foreign currency translation).

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

Upon the sale of a foreign business, currency differences formerly recognized in equity are recorded in the statement of income as gains or losses on disposal.

COMPARISON OF SELECT CURRENCIES

ISO code	Closing mid-rate on reporting date			Average annual rate		
	Dec. 31, 2019	Dec. 31, 2018	+ - %	2019	2018	+ - %
1 EUR = USD	1.123	1.145	-2.0	1.120	1.182	-5.2
1 EUR = GBP	0.850	0.897	-5.2	0.877	0.885	-0.9
1 EUR = CHF	1.086	1.127	-3.6	1.113	1.155	-3.6
1 EUR = MYR	4.593	4.733	-3.0	4.638	4.763	-2.6
1 EUR = JPY	121.930	125.960	-3.2	122.089	130.416	-6.4

ACCOUNTING POLICIES

Sales

Sales from customer contracts are recognized based on a five-stage framework model in which consideration is expected for the performance obligations assumed, i.e., the transfer of goods/the rendering of services. This comprises:

- Identification of the contract with a customer
- Identification of the discrete performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of sales upon fulfillment of the performance obligations by the Group

The application of this model depends on the individual circumstances in the contract with a customer and requires discretionary decisions. The transaction price is the consideration the Group expects to receive from the customer for the transfer of goods or the rendering of services. In cases where a contract contains elements with a variable consideration (e.g., from deductions, rebates, discounts, bonuses, refunds), the amount of the variable consideration the Group expects to receive under the contract is estimated. Variable amounts are only included in the transaction price to the extent it is considered very likely that the subsequent loss of uncertainty with regard to the amount of these variable amounts does not lead to a substantial change in sales. If a contract comprises multiple performance obligations, the transaction price is allocated to the contractual performance obligations based on the individual sale prices. Deductions in price are also allocated based on the relevant individual sale prices. If the contract includes a significant financial agreement, the transaction price is adjusted by the fair value of the money unless the period between the rendering of the service and payment by the customer is likely to be less than 12 months. Sales are recognized when control, i.e., the ability to benefit from the rendered service and to determine further use, is transferred. This can occur either at a specific point in time or over a period of time. Sales are recognized over a period of time when one of the following criteria is met:

- The company provides a good or service and the customer obtains and benefits from the rendered good or service.
- With its good or service, the company produces or enhances an asset over which the customer has control while it is being produced or enhanced.
- With its good or service, the company produces an asset that cannot otherwise be used by the company; in the process, the company has a pecuniary claim for the services hitherto rendered and can also expect the remainder of the contract to be performed as stipulated.

If the performance obligation is not fulfilled over a period of time, it is fulfilled at a specific point in time. The following factors are used to determine the point at which control is transferred:

- The Group presently owns the right to payment for the asset.
- The customer has legal ownership of the asset.
- The company has physically transferred (i.e., possession of) the asset.
- The principal risks and opportunities arising from possession of the asset lie with the customer.
- The customer has accepted the asset.

Intangible assets

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

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

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

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

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

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

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

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

Impairment of non-financial assets

At each reporting date, the carrying amounts of intangible assets as well as property, plant, and equipment are evaluated for indications of impairment. Where there is such an indication, an impairment test is conducted by comparing the carrying amount of the asset in question with its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use (net present value of expected free cash flows). The test can be conducted for a cash-generating unit (CGU) where the recoverable amount cannot be determined because the asset does not generate cash inflows that are largely independent of those from other assets. If an asset's recoverable amount is less than its carrying amount, an impairment is recognized through profit and loss. This impairment can be reversed through profit and loss at a later point in time if the recoverable amount of the asset is later found to be higher. However, the increased carrying amount due to reversal may not be higher than what it would have been if the impairment had not been recognized.

Property, plant, and equipment

Tangible assets that are utilized during the ordinary course of business for more than one year are recognized at their acquisition or manufacturing cost less depreciation using the straight line method. The manufacturing costs include all costs directly related to the manufacturing process and appropriate portions of relevant overhead costs. Scheduled depreciation of property, plant, and equipment is based on the straight-line method, in which the cost will be recognized over the estimated useful life until the residual value is reached. The useful lives applied correspond to the expected useful lives within the Group. The defined benefit amortization method is used for reasonable exceptions.

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

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

*1-shift operation

Land is not depreciated. Property rights are amortized over the useful life of that property.

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

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

A write-down is taken at the reporting date if the recoverable amount of an item of property, plant, and equipment falls below its carrying amount.

Depreciation of property, plant, and equipment is recognized in the functional areas using the asset. Write-ups to a maximum of the amortized acquisition or manufacturing cost are shown under other operating income. Gains and losses from disposals are recognized in the statement of income.

Government grants are recognized at fair value if receipt of the grant and the Group compliance with any conditions associated with the grant are highly likely.
Outside borrowing costs directly attributable to the acquisition, construction or development of a qualifying asset are recognized as part of its acquisition or manufacturing cost.

Leases

Assets and liabilities from leases are measured at present value when first recognized. Leasing liabilities include the present value of the following lease payments:

- Fixed payments, including de facto fixed payments less any leasing incentives
- Variable lease payments linked to an index or (interest) rate, initially valued with the index or (interest) rate on the provision date
- Expected payments from the utilization of residual value guarantees
- The strike price buying option whose exercising is deemed reasonably certain
- Penalties related to the termination of a lease provided the exercising of the termination option is deemed reasonably certain
- Lease payments based on utilization of extension options that is deemed reasonably certain

Lease payments are discounted at the lessee's incremental borrowing rate since the implicit interest rate on which the lease is based is typically not readily identifiable. The incremental borrowing rate is determined based on currency-specific and term-specific swap rates and contains margin and risk surcharges. Potential future increases in variable lease payments that may arise from a change in an index or (interest) rate are not factored into the leasing liability until they become effective. Once appropriate changes take effect on the lease payments, the leasing liability and lease asset are adjusted. Lease payments are divided into principal and interest payments. The interest portion is recognized in the statement of income over the term of the lease, allowing a constant periodic interest rate for the remaining amount of the liability for each period. Lease assets are valued at cost of acquisition, which is calculated as follows:

- The initially valued amount of the leasing liability
- All lease payments already made less any leasing incentives received
- All initial direct costs incurred by the lessee
- Estimated costs incurred by the lessee for removal of the underlying asset, restoration of the site where the asset is located or back-transfer of the underlying asset in the condition stipulated with the lessor

Lease assets are written down using the straight-line method over the shorter of two periods: the useful life of the lease asset or the term of the underlying lease agreement. If the exercising of a buying option is deemed reasonably certain, the lease asset is depreciated over its useful life.

The agreements can contain both leasing and non-leasing components. For agreements for property and vehicles, the Group allocates the transaction price to these components based on their relative individual sale prices. In all other instances, the Group exercises its option not to divide the agreement into leasing and non-leasing components, rather treating the entire agreement as a lease agreement. Payments for short-term leases of up to 12 months and leases for low-value assets up to € 5,000 are recorded in the statement of income. This also applies to variable lease payments not linked to an index or (interest) rate.

The Group distinguishes leases in which it is the lessor between:

- Finance leases when all risks and opportunities associated with the underlying asset are transferred in all material respects.
- Operating leases when not all risks and opportunities associated with the underlying asset are transferred in all material respects.

For a finance lease, the Group initially reports a receivable in the amount of the net investment in the lease agreement that corresponds to the cash value of the lease payments as well as the guaranteed residual value. The net investment is discounted at the interest rate on which the lease agreement is based. Financial income is reported according to a model of constant, periodic interest charged for the net investment in the lease agreement over the duration of the lease.

In an operating lease agreement, the asset on which the lease is based is depreciated over its usual economic lifetime. The lease payments are reported as linear income or on some other systematic basis when they are better suited to the model under which the benefit from using the underlying asset is reduced.

Financial investments recognized using the equity method of accounting and other financial investments

Equity investments are initially recognized at cost and in subsequent periods at the amortized prorated net assets. The carrying amounts are increased or decreased annually by the share in profit, distributions and other changes in equity. Goodwill is not reported separately but is included in the value of investment. Goodwill is not amortized. Equity investments are written down when the recoverable amount of an investment in an associate falls below its carrying amount. Listed shares are tested for impairment if they experience a long-term and significant reduction in market value below the average acquisition cost.

Categories of financial assets

Financial assets are divided into the following two categories:

- Financial assets at amortized cost
- Financial assets at fair value

When financial assets are measured at fair value, losses and gains are recognized either completely in the balance sheet result (at fair value through profit and loss) or in other income (at fair value through other comprehensive income) with or without subsequent reclassification in the income statement.

The classification is determined when the financial asset is first recognized, i.e., when the B. Braun Group becomes counterparty to the contractual agreements of the instrument.

A debt instrument meeting the following two conditions is measured at amortized cost:

- Business model condition: The goal of the B. Braun Group business model is to hold financial assets in order to collect the contractual cash flows.
- Cash flow condition: The contractual conditions of the financial asset result at fixed times in cash flows that are only repayments of parts of the par value and the interest on the yet unpaid parts of the par value.

A debt instrument meeting the following two conditions is measured at fair value with changes in value recognized in other income and subsequent reclassification in the income statement:

- Business model condition: The goal of the B. Braun Group business model is accomplished both by collecting the contractual cash flows from financial assets and selling financial assets.
- Cash flow condition: The contractual conditions of the financial asset result at fixed times in cash flows that are only repayments of parts of the par value and the interest on the yet unpaid parts of the par value.

All other debt instruments are measured at fair value with changes in value recognized in the balance sheet result (at fair value through profit or loss).

All held equity instruments are recognized at fair value. Changes in value are recognized in the balance sheet result. When an equity instrument is not held for trading, the B. Braun Group can make the irrevocable decision to recognize it at fair value with changes in value recognized in other income. In this case, it cannot be subsequently reclassified in the income statement.

A regular-way purchase or sale of financial assets is recognized using trade date accounting. Financial assets are derecognized when claims to the receipt of cash flows from the financial assets have been transferred or have expired and the Group has transferred all risks and opportunities of ownership in all material respects.

Impairment of financial assets

Impairments of held debt instruments that are not measured at fair value through profit or loss are based on the premise of portraying expected losses. These are recognized with one of the following amounts:

- The "expected 12-month loss" (present value of the expected payment defaults resulting from potential default events within the next 12 months after the reporting date)
- The total loss expected over the residual term of the instrument (present value of the expected payment defaults as a consequence of all potential default events over the residual term of the financial instrument)

For trade receivables with and without significant financial components, contractual assets and leasing receivables, impairment is always determined based on the loss expected over the entire term. For all other instruments, impairment is only determined based on the loss expected over the entire term if the credit risk has increased substantially since initial recognition. Whether the risk of default has increased significantly or not is evaluated based on an increase in the probability of default since addition.

Otherwise, impairment is determined solely based on the expected losses that would result from a default event within 12 months after the reporting date. In this case, therefore, loss events that could occur later than 12 months after the reporting date are not included.

A financial asset objectively indicates impairment if one or more events have occurred that show a significant impact on the expected future cash flows of the financial asset. This includes observable data obtained about the following events:

- The issuer or debtor facing significant financial difficulties
- A breach of contract, such as default or delinquency on interest or principal payments
- The creditor making concessions to the borrower for economic or contractual reasons in relation to the borrower's financial difficulties that the creditor would not otherwise make
- An increased probability that the borrower will enter bankruptcy or financial reorganization
- Disappearance of an active market for this financial asset due to financial difficulties
- The acquisition or issuance of a financial asset at a high discount that reflects the incurred credit losses

For trade receivables, a write-down chart has been established to determine the expected losses over the residual term as a fixed percentage depending on the length of delinquency. Forward-looking macroeconomic information is not included, since the Group considers it not to have any substantial impact on the losses expected over the residual term.

Uncollectible receivables are written off when the Group becomes aware the receivable cannot be collected.

Assets and debts held for sale

Assets held for sale are assets that can be sold in their current condition and that are very likely to be sold. Sale is expected within one year of classification. Debts intended to be sold along with assets in a transaction are also reported separately. Assets held for sale are no longer depreciated, rather they are recognized at fair value less costs to sell if lower than the carrying amount. Results from valuing assets held for sale and sale groups are reported as results from continuing operations until finally sold. Results from valuing segments intended for sale are reported as results from discontinued operations.

Inventory

Under IAS 2, inventories include assets that are held for sale in the ordinary course of business (finished products and merchandise), assets that are in the production process for sale in the ordinary course of business (work in progress), and assets that are consumed in the production process or performance of services (raw materials and supplies). Inventories are measured at the lower of cost and net realizable value, which is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling expenses, applying the weighted average cost formula. Related to this, the risks, in particular those arising from the storage period, reduced usability, etc., are taken into account by means of devaluations.

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

Provisions for pensions and similar obligations

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

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

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

Other provisions

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

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

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

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

Financial liabilities

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

Liabilities from loans are recognized as current liabilities unless the Group has the unconditional right to defer repayment of the liability to at least 12 months after the reporting date.

Liabilities

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

Current liabilities have a residual maturity of up to one year and are stated at their repayment or settlement amount. Non-current liabilities that are not the underlying transaction in permissible hedge accounting are recognized at the cost of acquisition.

Accruals and deferrals are recognized under other liabilities.

Derivative financial instruments

Derivative financial instruments are recognized using trade date accounting. They are initially measured at their fair value on the date the contract is entered into. They are subsequently measured at their fair value as of each reporting date. The method of recording gains and losses depends on whether the derivative financial instruments in question have been designated as hedging instruments and, if so, on the nature of the hedged item. The fair values of the various derivative financial instruments used for hedging purposes are recognized under other assets/liabilities. Changes in the valuation reserve for cash flow hedges are shown in the consolidated statement of changes in equity. The full fair value of derivative financial instruments designated as hedge instruments is reported as a non-current asset or liability if the residual term of the hedged underlying transaction is more than 12 months after the reporting date and as a current asset or liability if it is shorter than that. Derivative financial instruments measured at fair value through profit or loss are reported as current assets/liabilities provided the residual term does not exceed 12 months. Otherwise, they are recognized as non-current assets/liabilities.

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

Note 32 provides additional explanatory information about the use of derivative financial instruments as part of risk management.

Deferred Taxes

Deferred taxes are recognized using the liability method for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements unless deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the balance sheet result nor the taxable period result. Deferred taxes are measured using tax rates and laws that have been enacted or substantially enacted as of the reporting date and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled.

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

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

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

1 Sales

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

Sales by division	2019 € '000	%	2018 € '000	%	+ – in %
Hospital Care	3,342,980	44.8	3,131,070	45.3	6.8
Aesculap	1,968,166	26.3	1,824,435	26.4	7.9
OPM	917,290	12.3	840,855	12.2	9.1
B. Braun Avitum	1,210,132	16.2	1,082,261	15.7	11.8
Other sales	32,780	0.4	29,478	0.4	11.2
	7,471,348	**100.0**	**6,908,099**	**100.0**	**8.2**

Sales by region	2019 € '000	%	2018 € '000	%	+ – %
Germany	1,208,394	16.2	1,163,280	16.8	3.9
Europe	2,409,873	32.2	2,273,774	33.0	6.0
North America	1,809,593	24.2	1,596,181	23.1	13.4
Asia-Pacific	1,371,480	18.4	1,240,647	18.0	10.5
Latin America	428,872	5.7	416,725	6.0	2.9
Africa and the Middle East	243,136	3.3	217,492	3.1	11.8
	7,471,348	**100.0**	**6,908,099**	**100.0**	**8.2**

Sales by type	2019 € '000	%	2018 € '000	%	+ – %
Sales of products	6,484,129	86.8	6,024,611	87.2	7.6
Sales of services	987,219	13.2	883,488	12.8	11.7
	7,471,348	**100.0**	**6,908,099**	**100.0**	**8.2**

Outstanding performance obligations total € 222.4 million (previous year: € 218.0 million). It is expected that this amount will be able to be recognized as sales within five years.

2 Cost of goods sold

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

3 Selling and administrative expenses

Selling expenses include expenditures for marketing, sales organization, and distribution. This category also contains the expenses related to client training and consulting on technical product use. General administrative expenses comprise administrative expenses unrelated to production or sales.

4 Research and development expenses

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

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

5 Other operating income

	2019 € '000	2018 € '000
Currency gains	239,097	190,077
Additional income	25,930	28,136
Derivative Financial Instruments	3,168	11,792
Income from other periods	6,632	4,425
Proceeds from appreciation of current financial assets	720	2,349
Proceeds from the disposal of assets	3,518	18,534
Proceeds from the release of provisions	3,086	2,521
Other	33,693	21,479
	315,844	**279,313**

Currency gains primarily include gains from currency fluctuations between transaction and payment days from receivables and payables denominated in foreign currencies as well as gains resulting from translation at the period-end exchange rate.

Additional income includes, in particular, cost reimbursements from third parties and income from cafeteria sales.

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

Other operating income includes primarily payments of damages as well as government grants related to income and other factors. Income-related grants are recognized in the period in which the corresponding expenses occur. They total € 410,000 (previous year: € 374,000). During the fiscal year, grants of € 245,000 (previous year: € 220,000) were recognized through profit and loss. The grants were predominantly made to support structurally weak areas in Germany.

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

6 Other operating expenses

	2019 € '000	2018 € '000
Currency losses	266,454	226,845
Losses from impairment of current financial assets	10,688	10,684
Additions to provisions	2,145	7,061
Losses on the disposal of assets	4,255	9,168
Expenses from other periods	3,454	3,670
Derivative Financial Instruments	9,267	2,820
Other	60,247	56,537
	356,510	**316,785**

Currency losses primarily include losses from currency fluctuations between transaction and payment days from receivables and payables denominated in foreign currencies as well as losses resulting from translation at the exchange rate prevailing on the reporting date.

Losses from impairment of current financial assets refer to value adjustments to trade receivables.

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

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

7 Financial investments recognized using the equity method of accounting

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

	2019 € '000	2018 € '000
Income from financial investments using the equity method	32,182	22,414
Expenses from financial investments using the equity method	91,776	-439
	-59,594	**21,975**

Expenses for the fiscal year from financial investments using the equity method essentially comprise expenses from the adjustment of the carrying value of the investment in Rhön-Klinikum AG. This impairment in the amount of € 91.2 million is due to the drop in the investment's market rate in the reporting year.

8 Net financial income

	2019 € '000	2018 € '000
Interest and similar income	7,691	6,980
Interest and similar expenses	-58,335	-48,660
to affiliated companies	(255)	(13)
Interest expenses for pension provisions less expected income from plan assets	-29,180	-27,326
	-79,824	**-69,006**
measured at fair value in other income:		
Financial assets and liabilities		
Interest income from discounting	(1,465)	(1,151)
Accrued interest expense	(546)	(2,687)

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

9 Other net financial income

	2019 € '000	2018 € '000
Income from joint ventures (excluding income from financial investments recognized using the equity method)	7,500	3,104
Other net financial income	-311	-278
	7,189	**2,826**

10 Income taxes

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

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

	2019 € '000	2018 € '000
Actual income taxes	115,091	111,614
Deferred taxes resulting from temporary differences	-10,078	13,334
Deferred taxes resulting from losses carried forward and tax credits	6,669	-1,789
	111,681	**123,159**

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

	Dec. 31, 2019		Dec. 31, 2018	
	Assets € '000	Liabilities € '000	Assets € '000	Liabilities € '000
Intangible Assets	9,784	61,953	10,624	60,945
Property, plant, and equipment	8,065	220,095	6,002	207,935
Financial investments	57	1,776	61	7,232
Inventory	80,599	7,409	75,658	8,359
Receivables	12,144	12,991	9,464	10,045
Pension provisions	277,557	473	214,071	386
Other provisions	26,825	2,074	25,994	1,803
Liabilities	51,752	1,550	51,914	3,588
Other items	929	1,655	1,168	1,831
	467,712	**309,976**	**394,956**	**302,124**
Non-current	(319,087)	(289,786)	(255,247)	(281,600)
Net balance	-178,362	-178,362	-172,079	-172,079
	289,350	**131,614**	**222,877**	**130,045**
Valuation allowance on deferred tax assets from temporary differences	-51	-	-75	-
Deferred taxes on tax credits	51,765	-	54,898	-
Losses carried forward (net, after valuation allowances)	24,781	-	27,613	-
	365,845	**131,614**	**305,313**	**130,045**

The amount of temporary differences related to holdings in subsidiaries and associates, as well as interests in joint ventures for which, according to IAS 12.39, no deferred tax liabilities were recognized is € -16.6 million (previous year: € -20,000).

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

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Within one year	19,069	1,143
Within two years	1,103	2,549
Within three years	3,593	1,138
Within four years	2,631	3,552
Within five years or longer	45,748	5,929
	72,144	**14,311**
Can be carried forward indefinitely	139,825	95,803
	211,969	**110,114**

Unrecognized tax credits total € 8.1 million (previous year: € 16.6 million). Deferred tax assets for which utilization depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences and where the company has incurred past losses amounted to € 23.4 million (previous year: € 21.1 million). Recognition of these deferred tax assets is based on relevant forecasting, which justifies the expectation that they will be used.

Deferred taxes of € 222.6 million (previous year: € 164.1 million) were recognized directly in equity. This amount was primarily comprised of actuarial gains and losses related to pension commitments of € 200.6 million (previous year: € 147.6 million), changes in the fair value of securities of € -10,000 (previous year: € -10,000) and changes in the fair value of derivative financial instruments designated as cash flow hedges of € 1.9 million (previous year: € 210,000).

The tax rate for B. Braun SE is 29.2% (previous year: 29.2%). The tax expense which is calculated using B. Braun SE's tax rate can be reconciled to actual tax expense as follows:

	2019 € '000	2018 € '000
B. Braun SE tax rate	29.2%	29.2%
Profit before tax	308,964	451,566
Expected income tax at parent company's tax rate	-90,100	-131,856
Differences due to other tax rates	23,470	27,254
Due to changes in tax rates	-995	-231
Tax reductions due to tax-exempt income	27,291	22,517
Tax increases due to non-deductible expenses	-20,453	-22,402
Addition/deduction of trade tax and similar foreign tax items	-1,608	-1,724
Final withholding tax on profit distributions	-3,124	-2,954
Tax credits	-1,970	41
Tax income/expense relating to previous periods	-2,203	-103
Change to valuation allowances on deferred tax assets	-18,220	-8,682
Profit (loss) of financial investments recognized using the equity method	-17,967	2,233
Other tax effects	-5,802	-7,252
Actual tax expense	**-111,681**	**-123,159**
Effective tax rate	36.1%	27.3%

11 Earnings per share

Earnings per share is calculated according to IAS 33 by dividing the consolidated net income less non-controlling interests by the number of shares in issue. The number of shares entitled to receive dividends remained unchanged at 800,000,000 during the fiscal year. There were no outstanding shares as of December 31, 2019 or December 31, 2018 that could have diluted the earnings per share. Earnings per share is € 0.22 (previous year: € 0.39).

Dividends paid in 2019 for the previous fiscal year totaled € 32 million (previous year: € 32 million). Dividends paid per share in 2019 totaled € 0.04 (previous year: € 0.04). The Management Board and Supervisory Board are proposing a dividend of € 0.04 per share for FY 2019. The proposed dividend must be ratified by the Annual Shareholders' Meeting on March 24, 2020. This dividend liability is not included in the Consolidated Financial Statements.

12 Other notes on the consolidated statement of income

Material costs

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

	2019 € '000	2018 € '000
Expenses for raw materials, supplies and goods purchased	3,083,419	2,745,563

In the reporting period, expenses in the cost of goods sold that are related to inventory write-downs to factor in risks arising in particular from storage period and reduced usability total € 34.2 million (previous year: € 39.4 million). The amount of reversals of write-downs during the fiscal year (increase in net realizable value) due to the elimination of these risks totals € 33.5 million (previous year: € 16.0 million).

Personnel expenditures/employees

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

Personnel expenditures	2019 € '000	2018 € '000
Wages and salaries	2,355,039	2,204,449
Social security payments	358,975	338,530
Welfare and pension expenses	114,842	108,814
	2,828,856	**2,651,793**
Employees by function (average for the year, including temporary employees)		
Production	42,402	41,228
Marketing and sales	13,591	13,423
Research and development	2,278	2,162
Technical and administration	5,939	5,862
	64,210	**62,675**
Part-time	(5,879)	(5,501)

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

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

In regard to first-time consolidated companies, an annual average of 177 employees was reported for 2019, compared to 207 for 2018.

13 Total audit fee

The following fees were recognized as expense for services provided worldwide by the auditors of PricewaterhouseCoopers in 2019:

	2019 € '000	2018 € '000
Audit fees	5,300	5,641
By PricewaterhouseCoopers GmbH, Germany	(1,192)	(1,491)
Other certification services	68	11
By PricewaterhouseCoopers GmbH, Germany	-	(2)
Tax advisory services	1,391	1,405
By PricewaterhouseCoopers GmbH, Germany	(150)	(401)
Other services	829	1,164
By PricewaterhouseCoopers GmbH, Germany	(15)	(587)
	7,588	**8,221**
By PricewaterhouseCoopers GmbH, Germany	(1,357)	(2,481)

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

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

14 Intangible assets

Cost of acquisition or manufacture	Acquired Goodwill	Licenses, trademarks and other similar rights	Internally Created intangible assets	Advance payments	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Jan. 1, 2018	**266,620**	**640,429**	**118,562**	**111,179**	**1,136,790**
Foreign currency translation	-2,348	-5,145	5,439	-56	-2,110
Additions to scope of consolidation	47,412	4,245	0	0	51,657
Additions	1,925	23,872	14,522	23,865	64,184
Transfers	999	43,935	0	-41,228	3,706
Disposals	-129	5,052	0	-977	3,946
Dec. 31, 2018/Jan. 1, 2019	**314,479**	**712,388**	**138,523**	**92,783**	**1,258,173**
Foreign currency translation	-43	10,857	2,742	68	13,624
Additions to scope of consolidation	39,536	15,567	0	0	55,103
Additions	30	15,453	5,506	26,081	47,070
Transfers	0	17,619	0	-10,508	7,111
Disposals of assets held for sale	0	-801	0	0	-801
Disposals	20	-8,647	0	-6,274	-14,901
Dec. 31, 2019	**354,022**	**762,436**	**146,771**	**102,150**	**1,365,379**
Accumulated amortization 2019	784	471,634	38,479	0	510,897
Accumulated amortization 2018	595	411,560	27,744	0	439,899
Carrying amounts Dec. 31, 2019	**353,238**	**290,802**	**108,292**	**102,150**	**854,482**
Carrying amounts Dec. 31, 2018	**313,884**	**300,828**	**110,779**	**92,783**	**818,274**
Amortization in the fiscal year	0	58,335	10,242	6,274	74,851
Unscheduled	0	3,245	4,241	6,274	13,760

Amortization of intangible assets for the fiscal year was € 74.9 million (previous year: € 54.5 million) recognized in the statement of income as functional expenses The unscheduled amortization during the fiscal year pertains mainly to amortization of internally created intangible assets in the area of outpatient pumps in the US and of acquired product developments in the area of wound treatment in Germany.

The B. Braun Group capitalized € 5.5 million (previous year: € 14.5 million) in development costs for the fiscal year. All the prerequisites for capitalization were met.

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

A summary of the distribution of goodwill by CGU and the assumptions for their impairment testing are listed below:

	Hospital Care € '000	Aesculap € '000	OPM € '000	B. Braun Avitum € '000	Total € '000
Dec. 31, 2018					
Carrying amount of goodwill	86,127	19,471	22,308	185,978	313,884
Annual growth rate	2.6%	2.4%	2.2%	2.8%	
Discount rate	8.3%	8.1%	7.7%	8.8%	
Dec. 31, 2019					
Carrying amount of goodwill	85,580	19,469	22,308	225,881	353,238
Annual growth rate	2.4%	2.3%	2.1%	2.5%	
Discount rate	7.5%	7.4%	6.8%	8.0%	

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

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

If the actual future gross margin had been 10% less than the gross margin estimated by Management on December 31, 2019, no impairment of goodwill would have occurred. The same holds true if the discount amount that was used to calculate the discounted cash flow had been 10% higher than Management's estimates.

15 Property, plant, and equipment

Cost of acquisition or manufacture	Land and buildings € '000	Technical plants and machinery € '000	Other Plants, operating and office equipment € '000	Leased plants € '000	Advance payments and assets under con-struction € '000	Total € '000
Jan. 1, 2018	**2,230,999**	**3,404,642**	**1,084,003**	**-**	**731,820**	**7,451,464**
Foreign currency translation	9,544	34,688	-6,899	-	10,373	47,706
Additions to scope of consolidation	4,077	6,250	5,137	-	219	15,683
Disposals from scope of consolidation	0	0	-27	-	0	-27
Additions	38,534	100,907	95,478	-	515,058	749,977
Transfers	131,421	127,555	63,488	-	-326,170	-3,706
Disposals	-22,931	-44,235	-37,474	-	-400	-105,040
Dec. 31, 2018/Jan. 1, 2019	**2,391,644**	**3,629,807**	**1,203,706**	**-**	**930,900**	**8,156,057**
Foreign currency translation	35,512	42,788	14,204	0	7,977	100,481
Additions to scope of consolidation	328,290	48,400	49,777	0	34	426,501
Additions	67,775	94,656	74,710	49,539	427,640	714,320
Transfers	52,911	205,996	-360,081	429,099	-335,036	-7,111
Disposals of assets held for sale	-18,550	0	-8,276	0	0	-26,826
Disposals	-11,782	-37,026	-24,038	-27,262	2,425	-97,683
Dec. 31, 2019	**2,845,800**	**3,984,621**	**950,002**	**451,376**	**1,033,940**	**9,265,739**
Accumulated depreciation 2019	830,931	2,285,902	610,702	291,755	2,354	4,021,644
Accumulated depreciation 2018	704,691	2,077,491	782,211	-	2,371	3,566,764
Carrying amounts Dec. 31, 2019	**2,014,869**	**1,698,719**	**339,300**	**159,621**	**1,031,586**	**5,244,095**
Carrying amounts Dec. 31, 2018	**1,686,953**	**1,552,316**	**421,495**	**-**	**928,529**	**4,589,293**
Depreciation in the fiscal year	137,332	247,154	100,424	36,938	2,453	524,301
Unscheduled	3,822	2,870	335	0	2,443	9,470

The unscheduled depreciation during the fiscal year pertains mainly to depreciation of a building in Malaysia purchased with intent to demolish and on infusion therapy production plants taken out of service in Germany.

The capitalized borrowing costs in the fiscal year total € 5.5 million (previous year: € 5.5 million). An interest rate of 2.0% was utilized (previous year: 2.0%).

In the Statement of Financial Position, government grants for investments in the amount of € 764,000 (previous year: € 1.9 million) have been deducted from the carrying amounts of the relevant assets. The current carrying amount of property, plant, and equipment acquired with government grants is € 69.5 million (previous year: € 59.5 million). As of the reporting date, there were no unfulfilled conditions or uncertainties with regard to market success, which would have required a modification of recognition in the Statement of Financial Position.

The carrying amount of property, plant, and equipment with restricted title is € 20.2 million (previous year: € 20.2 million).

16 Finance leasing

This section contains information on leases in which the Group is the lessee. For information on leases in which the Group is the lessor, refer to Section 18 "Trade Receivables".

The Group leases various property, production plants, vehicles and other operating and office equipment. Leasing terms are negotiated individually and contain a number of varying terms. The lease agreements are typically concluded for a fixed term but may contain extension options.

The following items are reported on the Statement of Financial Position in relation to leases:

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Licenses, trademarks and similar rights	480	458
Buildings	391,990	90,408
Technical plants and machinery	44,278	1,019
Other plants, operating and office equipment	46,625	3,732
Net carrying amount	**483,373**	**95,617**

Additions to rights of use during FY 2019 totaled € 69.9 million.

The statement of income contains the following figures in relation to leases:

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Amortization of rights of use		-
Licenses, trademarks and similar rights	-13	-
Buildings	-67,317	-
Technical plants and machinery	-12,085	-
Other plants, operating and office equipment	-30,829	-
	-110,244	**-**
Interest expenses	-11,998	-
Expenses relating to short-term leases	-9,563	-
Expenses relating to leases for low-value assets not contained in the above short-term leases	-9,434	-
Expenses relating to variable lease payments not contained in the leasing liabilities	-10,248	-
Income from subleasing rights of use	748	-
Profits from leaseback transactions	137	-

All lease payments in the fiscal year totaled € 153.3 million.

17 Financial investments and joint ventures recognized using the equity method of accounting and other financial investments

The B. Braun Group has a 25.2% share in Rhön-Klinikum AG, which is headquartered in Bad Neustadt an der Saale. Rhön-Klinikum AG is a publicly traded private operator of hospitals, clinics and medical centers. The B. Braun Group has significant influence over the company based on its percentage of voting rights and representation on its supervisory board.

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

	Assets € '000	Liabilities € '000	Equity € '000	Sales € '000	Profit/ loss € '000	Total earnings € '000	Financial dividends € '000
2019							
Rhön-Klinikum AG	1,645,803	489,894	1,155,909	1,139,450	37,782	39,530	4,900

Since Rhön-Klinikum AG's net income for 2019 was not available at the B. Braun Group's reporting date, the net income was estimated based on third quarter earnings. The balance sheet values correspond to the values in the third quarter financial statement. The market value of the investment as of the reporting date was € 295.3 million.

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

	Net carrying amount Jan. 1, 2019 € '000	Profit/ loss € '000	Change In equidy capital € '000	Dividend payout € '000	Net carrying amount Dec. 31 2019 € '000	Share in capital 25,2% € '000	Change due to change in equity € '000	Impairment € '000	Carrying amount Dec. 31, 2019 € '000
2019									
Rhön-Klinikum AG	1,138,003	44,943	1,621	-19,412	1,165,155	293,980	65,138	36,230	395,348

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

	2019 € '000	2018 € '000
Other associated companies		
Carrying value of shares	130,368	78,508
Share of profit/loss	23,319	-2,865
Share of net income	23,319	-2,865
Joint ventures		
Carrying value of shares	860	683
Share of profit/loss	155	-8
Share of net income	155	-8

As of December 31, 2019, the goodwill of holdings in associated companies totaled € 62.7 million (previous year: € 62.7 million). Liabilities to affiliated companies were € 6.8 million (previous year: € 5.7 million) and to joint ventures € 5.4 million (previous year: € 2.8 million).

Cost of acquisition	Finacial investments recognized using the equity method of accounting € '000	Other holdings € '000	Loans to companies in which the Group holds an interest € '000	Securities € '000	Other Loans € '000	Total € '000
Jan. 1, 2018	**455,965**	**33,329**	**2,159**	**5,736**	**23,439**	**520,628**
Foreign currency translation	31	0	-87	0	19	-37
Additions to Scope of Consolidation	-252	517	412	0	0	677
Disposals from Scope of Consolidation	0	-43,579	0	0	0	-43,579
Additions	13,486	53,134	6,436	0	770	73,826
Transfers	-876	1,593	0	0	-717	0
Disposals	-225	-2,493	-746	0	-17,021	-20,485
Fair value adjustments	0	3,972	0	-849	0	3,123
Dec. 31, 2018/Jan. 1, 2019	**468,129**	**46,473**	**8,174**	**4,887**	**6,490**	**534,153**
Foreign currency translation	147	-3	103	0	4	251
Disposals from Scope of Consolidation	0	-23,186	0	0	0	-23,186
Additions	57,583	34,765	1,719	135	1,198	95,400
Transfers	718	1,106	-1,824	0	0	0
Disposals	0	-1,362	-6,002	1	-1,900	-9,263
Fair value adjustments	0	0	0	48	0	48
Dec. 31, 2019	**526,577**	**57,793**	**2,170**	**5,071**	**5,792**	**597,403**
Accumulated depreciation 2019	91,200	96	0	2,625	137	94,058
Accumulated depreciation 2018	0	0	0	2,625	137	2,762
Carrying amounts Dec. 31, 2019	**435,377**	**57,697**	**2,170**	**2,446**	**5,655**	**503,345**
Carrying amounts Dec. 31, 2018	**468,129**	**46,473**	**8,174**	**2,262**	**6,353**	**531,391**
Depreciation in the fiscal year	91,200	96	0	0	0	91,296

18 Trade receivables

Age Analysis of Trade Receivables

a) Non-impaired trade receivables

€ '000	Total	Not yet due	Overdue up to 30 days	Overdue of 31–60 days	Overdue of 61–90 days	Overdue of 91–180 days	Overdue more than 180 days
Dec. 31, 2018							
Trade receivables	932,716	734,003	68,173	29,815	19,630	32,555	48,540
Leasing	17,728	17,728					
Lifetime ECL	-1,823	-1,573	-87	-30	-27	-83	-23
Carrying amount	930,893	732,430	68,086	29,785	19,603	32,472	48,517
€ '000							
Dec. 31, 2019							
Trade rec.							
Trade receivables	1,045,544	803,295	87,594	39,255	22,666	39,024	53,710
Leasing	21,400	21,400	-	-	-	-	-
Lifetime ECL	-1,283	-1,255	-2	-3	-8	-6	-9
Carrying amount	1,044,261	802,040	87,592	39,252	22,658	39,018	53,701

Lifetime ECL was calculated using gross receivables less receivables up for sale as part of the ABS program as well as credit default rates ranging from 0.02% to 0.16% (previous year: 0.05% to 0.25%). A significant proportion of the non-impaired and overdue trade receivables are attributable to receivables from social security providers, government or government-sponsored companies.

b) Impaired trade receivables

€ '000	Total	Not yet due	Overdue up to 30 days	Overdue of 31–60 days	Overdue of 61–90 days	Overdue of 91–180 days	Overdue more than 180 days
Dec. 31, 2018							
Trade receivables	253,406	142,909	27,238	9,697	7,047	14,437	52,078
Impairment provi-sions	-36,729	-6,966	-1,410	-721	-656	-1,615	-25,361
Carrying amount	**216,677**	**135,943**	**25,828**	**8,976**	**6,391**	**12,822**	**26,717**
€ '000							
Dec. 31, 2019							
Trade receivables	234,870	130,390	25,834	9,562	7,780	13,812	47,492
Impairment provi-	-39,092	-7,220	-1,501	-589	-561	-1,717	-27,504
Carrying amount	**195,778**	**123,170**	**24,333**	**8,973**	**7,219**	**12,095**	**19,988**

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

Impairments on trade receivables have changed as follows:

	2019 € '000	2018 € '000
Amount of impairment provisions as of Jan. 1	38,552	37,464
Foreign currency translation	264	-1,204
Additions	11,606	9,076
Utilization	-6,040	-3,636
Releases	-4,008	-3,148
Amount of impairment provisions as of Dec. 31	**40,374**	**38,552**
For specific impairments	(39,091)	(36,729)
Lifetime ECL	(1,283)	(1,823)

The total amount of additions consists of specific impairments and lifetime expected credit losses.

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

	2019 € '000	2018 € '000
Expenses for complete derecognition of trade receivables	6,344	2,975
Income from trade receivables previously derecognized	141	165

Fair value of collateral received totaled € 8.9 million (previous year: € 9.5 million). This collateral consists primarily of payment guarantees.

With regard to trade receivables, there is no concentration with respect to individual customers, currencies or geographic attributes. The largest receivable from a single customer is equivalent to approx. 2% of all trade receivables reported.

As of December 31, 2019, B. Braun Group companies had sold receivables worth up to € 98.9 million (previous year: € 99.8 million) under an asset-backed securities (ABS) program with a maximum volume of € 100 million. The basis for the transaction is the assignment of trade receivables of individual B. Braun companies to a structured entity as part of an undisclosed assignment. A structured entity should be consolidated under IFRS 10 if the criteria for control of this company have been met (IFRS 10.B2). The existence of a controlling relationship requires decision-making power and variable returns as well as a link between the two. Since B. Braun does not participate in the variability of the structured entity, this company is not consolidated in the Consolidated Financial Statements.

The requirements for a receivables transfer according to IFRS 9.3.2.1 are met, since the receivables are transferred according to IFRS 9.3.2.4(a). In the previous fiscal year, verification in accordance with IFRS 9.3.2.6 showed that virtually all risks and rewards were neither transferred nor retained. The control of receivables remains with B. Braun, as a further sale of the receivables is economically detrimental to the structured entity. Consequently, B. Braun's continuing involvement must be recognized. This includes, firstly, the maximum amount that B. Braun could conceivably have to pay back under the senior and third-ranking default guarantee assumed (€ 1.9 million; previous year: € 1.9 million). Secondly, the maximum expected interest payments until payment is received for the carrying amount of the receivables transferred are recognized in the Statement of Financial Position (€ 96,000; previous year: € 122,000). The fair value of the guarantee/interest payments to be acquired were estimated at € 222,000 (previous year: € 94,000) and recognized as another liability on the statement of income.

Trade receivables include the following amounts in which the Group is a lessor in a finance lease:

	Dec. 31, 2019	Dec. 31, 2018
Min. lease payments for receivables from finance lease agreements	**€ '000**	**€ '000**
Less than 1 year	8,751	7,065
In Year 2	6,536	
In Year 3	3,738	11,940
In Year 4	2,385	
In Year 5	1,120	
After 5 years	971	746
Gross investment	**23,501**	**19,751**
Interest amount	2,155	2,023
Total discounted, non-guaranteed residual value	53	0
Net investment	**21,399**	**17,728**

Gains realized by sale in the fiscal year totaled € 374,000.

The Group leases dialysis machines, infusion pumps and instrument sets under different operating leases. Total future lease payments under interminable operating leases are as follows:

	Dec. 31, 2019	Dec. 31, 2018
Maturity	**Minimum lease payments € '000**	**Minimum lease payments € '000**
Less than 1 year	44,886	35,077
In Year 2	29,612	
In Year 3	23,346	80,796
In Year 4	18,395	
In Year 5	12,595	
Over 5 years	19,903	18,584
Total	**148,737**	**134,457**

19 Other assets

	Dec. 31, 2019		Dec. 31, 2018	
	Residual term < 1 year € '000	Residual term > 1 year € '000	Residual term < 1 year € '000	Residual term > 1 year € '000
Other tax receivables	95,397	0	87,215	0
Receivables from social security providers	2,796	7	2,168	5
Receivables from employees	3,608	695	3,383	192
Advance payments	23,431	45	23,187	86
Accruals and deferrals	43,480	4,591	45,763	5,803
	168,712	**5,338**	**161,716**	**6,086**

	Dec. 31, 2019		Dec. 31, 2018	
	Residual term < 1 year € '000	Residual term > 1 year € '000	Residual term < 1 year € '000	Residual term > 1 year € '000
Receivables from derivative financial instruments	9,888	0	15,969	0
Securities at amortized cost	16,007	0	14,703	0
Securities held for trading	28,957	0	21,903	0
Assets held for sale	11,206	0	0	0
Other receivables and assets	72,614	28,943	87,501	42,961
	138,672	**28,943**	**140,076**	**42,961**
	307,384	**34,281**	**301,792**	**49,047**

The financial assets held for sale comprise assets for operating dialysis centers of the B. Braun Avitum division in Poland. In July of the fiscal year, the division decided to sell these assets in order to optimize the portfolio of its global dialysis center network. The appropriate contracts were signed in December 2019. Closing will take place in the coming fiscal year. The assets held for sale pertain to the following asset classes:

	Dec. 31, 2019 € '000
Intangible Assets	73
Land and buildings	9,789
Other assets	1,343
	11,206

Granted loans are mainly reported under other receivables and assets.

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

20 Inventories

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Raw materials and supplies	324,005	315,226
Impairment provisions	-23,790	-22,007
Net raw materials and supplies	**300,215**	**293,219**
Work in progress	239,583	213,836
Impairment provisions	-11,223	-9,663
Net work in progress	**228,360**	**204,173**
Finished products, merchandise	928,537	939,630
Impairment provisions	-86,924	-92,597
Net finished products, merchandise	**841,613**	**847,033**
	1,370,188	**1,344,425**

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

21 Cash and cash equivalents

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

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

22 Subscribed capital

B. Braun SE's share capital of € 800 million is divided into 800,000,000 no-par value bearer shares that are fully paid up. Each share without nominal value represents a calculated share of € 1.00 of the subscribed capital.

23 Capital reserves and retained earnings

The capital reserves include the premium from the capital increase relating to the contribution of shares in B. Braun Melsungen AG as well as payments from shareholders.

Retained earnings include past earnings of consolidated companies where these were not distributed as well as the consolidated net income less non-controlling interests. The statutory reserve included in retained earnings amounts to € 29.4 million.

Changes in other provision	Reserve for cash flow hedges € '000	Fair value of available-for-sale financial assets € '000	Reserve for currency translation differences € '000	Total € '000
Jan. 1, 2018	**-21**	**-119**	**-198,805**	**-198,945**
Changes recognized directly in equity (after taxes)				
Changes in fair value of securities	0	3,162	0	3,162
Cash flow hedging instruments	-729	0	0	-729
Changes due to currency translation	0	0	8,819	8,819
Effect of reorganization of Group structure	45	-183	11,399	11,261
Total	**-684**	**2,979**	**20,218**	**22,513**
Dec. 31, 2018/Jan. 1, 2019	**-705**	**2,860**	**-178,587**	**-176,432**
Changes recognized directly in equity (after taxes)				
Changes in fair value of securities	0	242	0	242
Cash flow hedging instruments	-4,038	0	0	-4,038
Changes due to currency translation	0	0	52,740	52,740
Total	**-4,038**	**242**	**52,740**	**48,944**
Comprehensive income over the period	**-4,743**	**3,102**	**-125,847**	**-127,488**

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

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

24 Non-controlling interests

Non-controlling interests relate to third-party interests in the equity of consolidated subsidiaries. They exist in particular at Almo-Erzeugnisse E. Busch GmbH, Bad Arolsen, B. Braun Medical AG, Emmenbrücke, Switzerland and B. Braun Austria Ges.m.b.H., Maria Enzersdorf, Austria. The summarized financial information of these subsidiaries before consolidation is as follows:

	Assets	Liabilities	Sales
	€ '000	€ '000	€ '000
2018			
Almo-Erzeugnisse E. Busch GmbH, Germany	58,992	34,496	62,979
B. Braun Austria Ges.m.b.H., Austria	94,238	22,533	64,849
B. Braun Medical AG, Switzerland	366,996	120,527	309,238
	520,226	177,556	437,066
2019			
Almo-Erzeugnisse E. Busch GmbH, Germany	57,526	33,843	66,963
B. Braun Austria Ges.m.b.H., Austria	97,670	23,739	68,297
B. Braun Medical AG, Switzerland	426,667	161,563	331,868
	581,863	219,145	467,128

					Attributable to	
Profit/loss	Other earnings (OCI)	Total earnings	Cash flow	Non-controlling interests	Profit/loss	Dividends
€ '000	€ '000	€ '000	€ '000	in %	€ '000	€ '000
-843	-2,239	-3,082	0	40	-337	600
11,594	-1,363	10,231	11	40	4,638	2,000
18,468	-29,274	-10,805	-5,717	49	9,049	4,957
29,219	-32,876	-3,656	-5,706		13,350	7,557
1,283	-2,875	-1,592	1	40	513	600
12,752	-1,883	10,869	17	40	5,101	4,000
18,944	-27,926	-8,982	-4,737	49	9,283	5,185
32,979	-32,684	295	-4,719		14,897	9,785

25 Provisions for pensions and similar commitments

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Provisions for pension commitments	1,580,033	1,332,051

Payments of € 49.4 million are expected in FY 2020 (previous year: € 42.8 million). Of this, € 16.2 million is attributable to contributions to external plans (previous year: € 10.3 million) and € 33.2 million (previous year: € 32.5 million) to benefits that will be paid directly by the employer to beneficiaries.

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

For defined contribution plans, the Group has no further payment obligations once the contributions have been paid. They are recognized as an operating expense in the amount of the contributions paid. In the previous fiscal year, this amount was € 31.1 million (previous year: € 29.6 million). In addition, the Group makes contributions to statutory basic provision plans for employees in many countries (including Germany). However, since this covers various forms of social security benefits, no precise statement can be made with regard to the part that solely relates to retirement payments. These expenses are shown under social security payments, under Note 12 "Personnel Expenditures/Employees."

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

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

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

Retirement benefits in Germany are predominantly financed by pension provisions.

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

Pension commitments for employees in the US account for approx. 10% of Group pension commitments. In this case, the pensions have a lump-sum payment option. Payments are made in the event of disability, death, or an employee reaching the retirement age. The pension amount is calculated largely on the basis of the employee's average salary up to 1998. A cash balance scheme applies to any earnings increase after this time.

Retirement benefits in Switzerland and the US are financed by external pension funds, as is customary for both regions, which are managed by various bodies (e.g., a board of trustees, etc.) under local legislation. Minimum funding requirements apply in both countries which could, in rare cases, impact the definition of future financial contributions.

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

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

The amount of pension provisions in the Statement of Financial Position is derived as follows:

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Present value of pension commitments	1,966,720	1,671,040
Fair value of external plan assets	-386,687	-338,994
Excess cover/shortfall	**1,580,033**	**1,332,046**
Effect of asset ceiling	0	5
Pension provision (net)	**1,580,033**	**1,332,051**
Assets	(1,909)	(1,239)
Liabilities	(1,581,942)	(1,333,290)

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

	2019 € '000	2018 € '000
Current service costs	61,176	61,767
Plan amendments/past service costs	-216	-434
(Profit)/losses from plan settlements/lapsing	217	17
Service costs	**61,177**	**61,350**
Interest expense on pension commitments	36,952	33,847
Interest income from external plan assets	-7,772	-6,521
Net interest expense on pension commitments	**29,180**	**27,326**
Administrative expenses and taxes	1,126	565
Pension expenses on defined benefit plans	**91,483**	**89,241**
Operating profit	(62,303)	(61,916)
Financial income	(29,180)	(27,325)
Pension expenses on defined contribution plans	31,150	29,568
Pension expenses	**122,633**	**118,809**

Pension commitments and external plan assets are reconciled as follows:

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Present value of the commitment at the beginning of the year	1,671,040	1,593,550
Current service costs	61,177	61,767
Plan amendments (/past service costs)	-216	-434
Effects of plan settlements/lapsing	217	17
Interest expenses on pension commitments	36,952	33,847
Benefits paid	-47,628	-37,763
Settlement payments	-217	-602
Employee contributions	5,045	4,757
Effects of changes in financial assumptions	249,195	-15,567
Effects of changes in demographic assumptions	-17,683	12,975
Effects of experience adjustments	-4,091	19,322
Effects of transfers	297	-13,716
Effects of changes in the scope of consolidation	0	410
Effects of foreign currency translation	12,632	12,477
Present value of the commitment at end of year	**1,966,720**	**1,671,040**

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Fair value of plan assets at start of year	338,993	324,563
Interest income from external plan assets	7,772	6,521
Revaluation of external plan assets	32,501	-12,360
Employer contributions	10,884	14,801
Employee contributions	5,045	4,757
Benefits paid and fund capital payments made	-18,429	-8,763
Settlement payments	0	-458
Effects of changes in scope of consolidation and transfers	-41	218
Effects of foreign currency translation	9,962	9,714
Fair value of plan assets at end of year	**386,687**	**338,993**

The plan assets consist of the following:

	Dec. 31, 2019 %	Dec. 31, 2018 %
Equities and similar securities	20	19
Bonds and other fixed-income securities	12	13
Insurance contracts	58	58
Liquid assets	1	1
Investment funds	9	9
	100	**100**

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

	Dec. 31, 2019 %	Dec. 31, 2018 %
Equities and similar securities	20	19
Bonds and other fixed-income securities	12	13
Liquid assets	1	1
Investment funds	9	9
	42	**42**

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

94% of the equities and similar securities are attributable to plan assets in the US. The pension committee oversees plan assets in the US and ensures adequate investment diversification.

In FY 2019 and FY 2018, the pension provisions changed as follows:

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Pension provisions (net) Jan. 1	1,332,051	1,268,987
Transfers	340	-13,933
Payments	-41,428	-44,507
Pension expense	91,483	89,241
Revaluations recognized in equity (OCI)	194,917	29,090
Effects from changes to financial assumptions of the pension commitment	(249,195)	(-15,567)
Effects from changes to demographic assumptions of the pension commitment	(-17,683)	(12,975)
Effects from experience adjustments of the pension commitments	(-4,091)	(19,322)
Revaluation of external plan assets	(-32,501)	(12,360)
Other effects	(3)	-
Effects of changes in the scope of consolidation	-	410
Effects of foreign currency translation	2,670	2,763
Pension provisions (net) Dec. 31	**1,580,033**	**1,332,051**

The transfers in the previous year contain commitments to employees in the amount of € 13.3 million that was transferred from B. Braun Melsungen AG to B. Braun Service SE & Co. KG.

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

	Dec. 31, 2019 %	Dec. 31, 2018 %
Discount rate	1.5	2.2
Future salary increases	2.8	2.8
Future pension increases	1.5	1.5

Pension expense was calculated using the following assumptions:

	Dec. 31, 2019 %	Dec. 31, 2018 %
Discount rate for calculating interest expense	2.2	2.2
Discount rate for calculating current service costs	2.5	2.3
Future salary increases	2.8	2.8
Future pension increases	1.5	1.5

The percentages shown are weighted average assumptions. For the eurozone, a uniform discount rate of 1.5% (previous year: 2.2%) was applied.

The Heubeck Mortality Tables 2018 G served as the biometric calculation basis for measuring German defined-benefit pension obligations.

The results of the sensitivity analysis were determined using the previous year's methods, changing one assumption at a time and leaving the other assumptions unchanged. No account was taken of any possible correlations between the individual assumptions.

The results of the sensitivity analysis were as follows:

Increasing effects on pension obligations	Dec. 31, 2019 %	Dec. 31, 2018 %
Discount rate reduced by 25 basis points	5	5
Future salary increases increased by 25 basis points	1	1
Future pension increases increased by 25 basis points	3	2
Life expectancy increased by 1 year	3	3

Sensitivities related to decreasing effects on pension obligations are comparable.

The weighted-average duration of the obligation is 20 years (previous year: 19 years).

26 Other provisions

The major provisions categories changed as follows:

Other non-current provisions		Personnel expenditures	Uncertain liabilities	Other	Total
		€ '000	€ '000	€ '000	€ '000
Jan. 1, 2018		**99,155**	**4,942**	**9,221**	**113,318**
Foreign currency translation		1,207	-743	13	477
Transfers		192	0	0	192
Utilization		-4,809	-55	-189	-5,053
Reversals		-72	-1,374	-636	-2,082
Additions		9,903	1,571	126	11,600
Dec. 31, 2018/Jan. 1, 2019		**105,576**	**4,341**	**8,535**	**118,452**
Foreign currency translation		662	-417	14	259
Utilization		-6,724	-183	-1,709	-8,616
Reversals		-24	-235	-10	-269
Additions		14,255	858	1,376	16,489
Dec. 31, 2019		**113,745**	**4,364**	**8,206**	**126,315**

Other non-current provisions		Personnel expenditures	Uncertain liabilities	Other	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
Jan. 1, 2018	**5,108**	**10,872**	**16,794**	**28,389**	**61,163**
Foreign currency translation	119	-9	170	-1,013	-733
Transfers	-192	0	0	0	-192
Changes in scope of consolidation	93	21	0	7	121
Utilization	-1,955	-1,826	-2,518	-19,554	-25,853
Reversals	-256	-872	-5,573	-1,826	-8,527
Additions	2,478	5,452	5,577	22,328	35,835
Dec. 31, 2018/Jan. 1, 2019	**5,395**	**13,638**	**14,450**	**28,331**	**61,814**
Foreign currency translation	65	61	40	6	171
Utilization	-1,808	-6,211	-4,804	-15,588	-28,411
Reversals	-650	-550	-2,021	-2,292	-5,513
Additions	4,346	7,196	3,646	16,953	32,141
Dec. 31, 2019	**7,348**	**14,134**	**11,311**	**27,410**	**60,202**

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

Other provisions mainly consist of provisions for other obligations in the area of human resources and social services, guarantees, possible losses from contracts, legal and consulting fees, and a number of identifiable individual risks. The remaining other provisions refer predominantly to outstanding invoices, bonuses, actuarial provisions and provisions for open insurance claims of REVIUM Rückversicherung AG, Melsungen.

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

27 Financial liabilities

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Non-current liabilities		
Profit participation rights	112,047	112,551
Liabilities to banks	1,806,667	1,478,436
Liabilities from lease agreements	299,782	29,025
Liabilities from lease agreements with affiliated companies	32,320	13,796
Liabilities from borrowings from non-banks	47,387	39,295
	2,298,203	**1,673,103**
Current liabilities		
Profit participation rights	14,991	12,482
Liabilities to banks	466,859	675,692
Liabilities from lease agreements	83,892	4,979
Liabilities from lease agreements with affiliated companies	16,516	3,475
Liabilities from borrowings from non-banks	70,881	57,609
Liabilities from borrowings from affiliated companies	67,583	56,744
Liabilities from bills of exchange	12,051	15,449
Other financial liabilities	3,236	2,529
	736,009	**828,959**
Total financial liabilities	**3,034,212**	**2,502,062**

Term structure of financial liabilities:

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Due within 1 year	736,009	828,959
Due in 1–5 years	1,531,091	918,725
Due in over 5 years	767,112	754,378
	3,034,212	**2,502,062**

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

Each profit participation right has a 10-year term. Interest on the rights is linked to the dividends paid to shareholders in B. Braun Melsungen AG, and the repayment amount is linked to the Group's equity.

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

As of December 31, 2019, a total of 652,207 rights had been issued. The years of issue are as follows:

Year of issue	Number
2010	60,619
2011	69,202
2012	54,071
2013	69,276
2014	62,481
2015	64,761
2016	75,228
2017	80,380
2018	68,591
2019	47,598
	652,207

The B. Braun Melsungen AG, together with several subsidiaries and 12 banks, concluded a new syndicated loan agreement for € 400 million in March 2012. The loan may be used by the borrowers as revolving credit in euros, or alternatively in partial sums in US dollars and British pounds, and bears a variable interest rate based on EURIBOR and LIBOR for the currency in question. In addition, the agreement allows for an adjustment to the interest margin depending on the B. Braun Melsungen AG Group's net financial debt (leverage ratio). In May 2014, the parties agreed to extend the term of the original credit agreement that was supposed to end on March 23, 2017 to May 21, 2019. In addition, B. Braun was granted the right to extend the contract by one year on two separate occasions upon consent of the banks. In 2016, a second extension (until May 2021) and an increase in the committed credit volume to € 520 million were granted. Under the terms of the syndicated loan agreement, B. Braun is required to comply with certain financial ratios, including specifically a minimum equity ratio, which is calculated by taking the entity's total assets and dividing them by its total equity, and a maximum leverage ratio, in other words the net financial debt-to-EBITDA ratio. Both of these ratios will be calculated on the basis of consolidated figures for the B. Braun Melsungen AG Group, subject to adjustments as agreed under the syndicated loan. Under the agreement, the equity ratio must not fall below 25% and the leverage ratio must not exceed 3.25. During the fiscal year and as of the reporting date, both ratios were fully complied with.

In November 2019, B. Braun SE took out several bilateral bank loans totaling € 400 million. The loans have a term of three years and have a fixed interest rate. The borrowed funds were internally funneled to B. Braun Melsungen AG and mainly served to refinance expired loans.

As of December 31, 2019, the Group had unused credit lines in different currencies totaling € 1.1187 billion (previous year: € 1.116 billion).

Interest rates on euro loans were up to 3.89% per annum for non-current loans, depending on the length of the interest rate lock-in period.

The carrying amounts of the financial liabilities are as follows for the currencies below:

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
EUR	2,314,969	1,973,992
USD	147,867	130,990
Other	571,376	397,079
	3,034,212	**2,502,061**

Of the other liabilities, € 20.4 million (previous year: €22.3 million) are covered by property liens. The borrowings from non-banks are unsecured loans.

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

	Carrying amount € '000	Cash outflow within 1 year € '000	Cash outflow within 1–2 years € '000	Cash outflow within 2–5 years € '000	Cash outflow within 5–10 years € '000	Cash outflow within 10 years € '000
Dec. 31, 2018						
Profit participation rights	125,033	12,627	14,428	35,921	62,843	0
Liabilities to banks	2,154,128	699,521	155,295	740,675	687,551	0
Liabilities from lease agreements	34,004	6,773	6,135	16,095	14,318	0
Liabilities from lease agreements with affiliated companies	17,271	3,653	3,290	9,771	1,086	0
Liabilities from borrowings from non-banks	96,903	58,033	2,361	31,499	7,106	0
Liabilities from ABS transactions and other financial liabilities	57,717	57,717	0	0	0	0
Trade accounts payable	545,333	542,386	241	2,266	440	0
Liabilities from derivative financial instruments	11,362	271,839	8	183	0	-260,019
Dec. 31, 2019						
Profit participation rights	127,038	15,131	14,089	36,796	61,761	0
Liabilities to banks	2,273,526	490,012	316,493	993,338	583,148	0
Liabilities from lease agreements	383,674	93,528	73,500	148,238	80,021	38,183
Liabilities from lease agreements with affiliated companies	48,836	16,459	12,813	20,568	818	0
Liabilities from borrowings from non-banks	118,268	71,401	4,186	37,037	7,081	0
Liabilities from ABS transactions and other financial liabilities	48,365	48,365	0	0	0	0
Trade accounts payable	527,007	525,079	4	2,071	0	0
Liabilities from derivative financial instruments	15,581	14,678	57	846	0	0

All instruments held as of December 31, 2019 and for which payments had already been contractually agreed upon are included. Amounts in foreign currency were each translated at the closing rate on the reporting date. The variable interest payments arising from the financial instruments were calculated using the last interest rates fixed before December 31, 2019. Financial liabilities that can be repaid at any time are always assigned to the earliest possible period.

28 Additional disclosures on financial instruments

Carrying amounts and fair value by measurement category/classification:

	Measurement category per IFRS 9	Carrying amount Dec. 31, 2019 € '000		Fair value Dec. 31, 2019 € '000	Carrying amount Dec. 31, 2018 € '000		Fair Value Dec. 31, 2018 € '000
Assets							
Trade receivables	AmC	1,197,236		-	1,105,260		-
	FVPL	42,804		42,804	42,310		42,310
Other receivables	AmC	104,830		-	138,860		-
Other financial assets	FVOCIw/o	50,443		50,443	41,607		41,607
	AmC	16,007		16,007	14,703		14,703
	FVPL	9,719		9,719	7,127		7,127
Financial assets held for trade	FVPL	28,957		28,957	21,903		21,903
Derivatives not in a hedge	FVPL	8,267		8,267	12,276		12,276
Derivatives in a hedge	N/A	1,621		1,621	3,693		3,693
Cash and cash equivalents	AmC	82,350		-	74,809		-
Liabilities							
Profit participation rights	AmC	127,040		-*	125,033		-*
Liabilities to banks	AmC	2,273,526		2,318,722	2,154,128		2,184,461
Liabilities from lease agreements	N/A	432,510	**	-	51,275	**	34,352
Liabilities from borrowings from non-banks	AmC	118,268		118,595	96,903		96,987
Other financial liabilities	AmC	12,085		-	15,535		-
Trade accounts payable	AmC	527,007		-	545,333		-
Other liabilities	AmC	309,808		-	338,105		-

	Measurement category per IFRS 9	Carrying amount Dec. 31, 2019 € '000	Fair value Dec. 31, 2019 € '000	Carrying amount Dec. 31, 2018 € '000	Fair Value Dec. 31, 2018 € '000
Purchase price liabilities from business combinations	FVPL	4,766	4,766	7,520	7,520
Derivatives not in a hedge	FVPL	8,578	8,578	6,218	6,218
Derivatives in a hedge	N/A	7,003	7,003	5,144	5,144
Summary by measurement category:					
Assets					
Amortized cost	AmC	1,400,423	16,007	1,333,632	14,703
Fair value through profit and loss	FVPL	89,747	89,747	83,616	83,616
	FVOCIw/o	50,443	50,443	41,607	41,607
Liabilities					
Amortized cost	AmC	3,367,734	2,437,317	3,275,037	2,281,448
Fair value through profit and loss	FVPL	13,344	13,344	13,738	13,738

AmC Financial assets or liabilities measured at amortized cost | **FVPL** Financial assets or liabilities measured at fair value through profit and loss | **FVOCIw/o** Financial assets measured at fair value through other comprehensive income without recycling

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

** Corresponds to the value on the Statement of Financial Position per IFRS 16 (2019)/IAS 17 (2018).

Net gains or losses by measurement category are as follows:

Net gains or losses from financial assets and liabilities	2019 € '000	2018 € '000
- Measured at amortized cost	-89	-87
- Equity instruments measured in other comprehensive income as FVCOI	-222	-191
- Measured at FVPL by regulation	-20,979	-3,360
	-21,290	**-3,638**

Trade receivables totaling € 42.8 million were designated at fair value through profit and loss since they are held for sale as part of an asset-backed securities program, meaning they do not meet the business model condition for classification as financial assets measured at amortized cost.

Financial investments in foreign currency instruments totaling € 16.0 million were designated financial assets measured at amortized cost since both the relevant business model condition and the cash flow condition are met. These investments are in covered bonds and loans.

Financial investments in equity instruments totaling € 50.4 million were designated at fair value through other comprehensive income since, as strategic, long-term investments, they are not held with the intention of realizing a short-term gain. These are primarily fund-based early-stage financing investments. Dividends in the amount of € 7.4 million were recognized from these financial investments in 2019.

Other assets include other receivables and other financial assets in the amount of € 125.0 million (previous year: € 153.7 million) and other loans in the amount of € 7.8 million (previous year: € 14.5 million).

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

Trade accounts payable and other financial liabilities and debt regularly have short residual terms; the values reported on the Statement of Financial Position are close to fair value.

The fair values of liabilities to banks and other lenders are calculated as the net present value of the payments associated with the liabilities based on the applicable yield curve. In determining the fair value, the credit risk has been taken into account.

The table below shows financial instruments where subsequent measurement and accounting is at fair value. These are categorized into levels 1 to 3, depending on the extent to which fair value can be measured:

– Level 1: Measurement at fair value based on (unadjusted) quoted prices on active markets for identical financial assets or liabilities.

– Level 2: Measurement at fair value based on parameters, which are not quoted prices for assets or liabilities as in level 1, but which are either directly derived from them (i.e., as prices) or indirectly derived from them (i.e., derived from prices).

– Level 3: Measurement at fair value using models that include parameters not based on observable market data to value assets and liabilities.

	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000
Dec. 31, 2018				
Financial assets of category FVPL				
Derivative financial assets not in a hedge	0	12,276	0	12,276
Derivative financial assets in a hedge	0	3,693	0	3,693
Other financial assets	7,127	0	0	7,127
Financial assets held for trading	21,903	0	0	21,903
Trade receivables	0	42,310	0	42,310
Financial assets of category FVOCIw/o				
Financial assets	0	41,607	0	41,607
Financial liabilities of category FVPL				
Purchase price liabilities from business combinations	0	0	-7,520	-7,520
Derivative financial assets not in a hedge	0	-6,218	0	-6,218
Derivative financial assets in a hedge	0	-5,144	0	-5,144
	29,030	88,524	-7,520	110,034

	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000
Dec. 31, 2019				
Financial assets of category FVPL				
Derivative financial assets not in a hedge	0	8,267	0	8,267
Derivative financial assets in a hedge	0	1,621	0	1,621
Other financial assets	9,719	0	0	9,719
Financial assets held for trading	28,957	0	0	28,957
Trade receivables	0	42,804	0	42,804
Financial assets of category FVOCIw/o				
Financial assets	0	50,443	0	50,443
Financial liabilities of category FVPL				
Purchase price liabilities from business combinations	0	0	-4,766	-4,766
Derivative financial assets not in a hedge	0	-8,578	0	-8,578
Derivative financial assets in a hedge	0	-7,003	0	-7,003
	38,676	87,554	-4,766	121,464

Purchase price liabilities from business combinations categorized as Level 3 are conditional purchase price liabilities recorded at net present value, the final amount is partially performance-dependent based on various factors. The amount stated represents the fair value that was calculated for the actual purchase price liability on the basis of the agreed adjustment parameters. A partial amount of € 1.5 million is performance-dependent based on the sales of the acquired company in the years following the acquisition. If sales turn out to be 10% higher (lower) than was assumed when the liability was determined, then the liability would increase (decrease) by € 146,000. Another partial amount of € 2.7 million is performance-dependent based on the number of patients treated, the refund amount and the rate of inflation. If these parameters develop 10% more favorably (unfavorably) than expected, then the liability would increase by € 3.4 million (decrease by € 2.7 million).

The € -2.8 million decrease in liabilities over the previous year is attributable to the repayment of liabilities (€ -3.3 million), the creation of new liabilities following business combinations in the reporting year (€ 477,000) and discounting effects (€ 71,000).

The table below shows financial instruments not measured at fair value whose fair value is still specified.

	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000
Dec. 31, 2018				
Liabilities to banks	0	2,184,461	0	2,184,461
Liabilities from finance leases	0	34,352	0	34,352
Liabilities from borrowings from non-banks	0	96,987	0	96,987
	0	2,315,800	0	2,315,800
Dec. 31, 2019				
Liabilities to banks	0	2,318,722	0	2,318,722
Liabilities from borrowings from non-banks	0	118,595	0	118,595
	0	2,437,317	0	2,437,317

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

				Corresponding amounts that were not offset		
	Carrying amount	Off-set amount	Carrying amount	Financial instruments	Financial collateral held	Net amount
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Dec. 31, 2018						
Assets measured at cost	1,333,632	0	1,333,632	-3,359	20	1,330,293
Assets measured at fair value	125,223	0	125,223	-10,173	0	115,050
FVPL	83,616	0	83,616	-10,173	0	73,443
FVOCIw/o	41,607	0	41,607	0	0	41,607
Financial liabilities at amortized cost	3,275,037	0	3,275,037	-8,521	0	3,266,516
Liabilities measured at fair value (FVPL)	13,738	0	13,738	-5,010	0	8,728
Dec. 31, 2019						
Assets measured at cost	1,400,423	0	1,400,423	-3,355	47	1,397,115
Assets measured at fair value	140,190	0	140,190	-9,188	0	131,002
FVPL	89,747	0	89,747	-9,188	0	80,559
FVOCIw/o	50,443	0	50,443	0	0	50,443
Financial liabilities at amortized cost	3,367,734	0	3,367,734	-7,171	0	3,360,563
Liabilities measured at fair value (FVPL)	13,344	0	13,344	-5,414	0	7,930

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

29 Trade accounts payable and other liabilities

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Non-current liabilities		
Trade accounts payable	2,075	2,947
Liabilities to social security providers	4,450	3,479
Liabilities from derivative financial instruments	903	0
Liabilities to employees, Management and shareholders	42,473	36,899
Accruals and deferrals	80	80
	47,906	**40,458**
Other liabilities	8,301	11,094
Subtotal other liabilities	**56,207**	**51,552**
financial liabilities	(8,231)	(10,711)
Current liabilities		
Trade accounts payable	524,932	542,386
Liabilities to social security providers	36,178	35,027
Liabilities to employees, Management and shareholders	300,557	278,357
Accruals and deferrals	16,015	19,355
Other tax liabilities	114,049	89,731
	466,799	**422,470**
Liabilities from derivative financial instruments	14,678	11,359
Liabilities held for sale	2,761	0
Other liabilities	318,859	360,047
	336,298	**371,406**
Subtotal other liabilities	**803,097**	**793,876**
financial liabilities	(316,248)	(338,752)
Total liabilities	**1,386,311**	**1,390,761**

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

The financial liabilities held for sale comprise the liabilities relating to the sale of the kidney centers of the B. Braun Avitum division in Poland (see notes in Section 19). These pertain to the individual liability classes as follows:

	Dec. 31, 2019 € '000
Trade accounts payable	1,134
Liabilities to employees, Management and shareholders	648
Liabilities to social security providers	254
Other tax liabilities	110
Other liabilities	614
	2,761

30 Contingent liabilities

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

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Uncertain liabilities	2,795	17,374
Guarantees	15,611	18,972
Contractual performance guarantees	40,567	38,582
	58,973	**74,928**

All cases relate to potential future obligations, which may arise upon the occurrence of corresponding events and are entirely uncertain as of the reporting date. During the normal course of business, B. Braun is subject to potential obligations stemming from lawsuits and enforced claims. Estimates of possible future liabilities of this kind are uncertain. No material negative consequences for the economic or financial situation of the B. Braun Group are anticipated.

31 Other financial liabilities

As of the reporting date, there are obligations to acquire intangible assets in the amount of € 264,000 (previous year: € 921,000) and to acquire property, plant, and equipment in the amount of € 359.8 million (previous year: € 290.3 million).

32 Financial risk management

Financial risk factors

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

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

a) Market risk
Foreign exchange risk
The Group operates internationally and is therefore exposed to currency risk arising from fluctuations in the exchange rates between various foreign currencies, primarily the US dollar. Risks arise when future transactions or assets or liabilities recognized in the Statement of Financial Position are denominated in a currency

that is not the functional currency of the company. To hedge such risks, the Group uses forward foreign exchange contracts.

The Group's risk management policy is to hedge assets and liabilities recognized in the Statement of Financial Position. The Group therefore performs a scenario analysis to ascertain the impact of changes in exchange rate on the Group's earnings and shareholders' equity (before taxes in each case). This analysis takes into account balance sheet items (particularly accounts receivable and payable from operations as well as loans and borrowings) along with foreign exchange transactions executed in order to hedge balance sheet items and future cash flows denominated in foreign currencies (cash flow hedges). In December 2019, it was decided not to continue to pursue this hedging strategy. The layered hedging of expected and not yet recognized receivables and payables in the Group's key currencies that it had previously implemented routinely is now only used in isolated instances. However, current hedges will be continued until they mature.

If the exchange rate of the US dollar compared to other currencies on December 31, 2019 had been 10% stronger (weaker), profit before taxes—with all other variables remaining constant—would have been € 600,000 lower (higher; previous year: € 1.9 million higher [lower]). The remaining components of equity would have been approx. € 6.3 million (previous year: € 7.6 million) lower (higher). If the euro rises in value by 10% against all other currencies (euro 10% weaker), the changes in the value of the cash flow hedges would have the effect of increasing (decreasing) shareholders' equity by about € 24.9 million (previous year: € 24.1 million).

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

The Group has, in the past, also hedged its cash flow interest rate risk with interest rate swaps. The payer interest rate swaps transacted for this purpose expired during the fiscal year as scheduled.

If market interest rates had been 100 basis points higher as of December 31, 2019, profit before taxes—with all other variables remaining constant—would have been approx. € 5.4 million lower for the full year (previous year: € 5.9 million). If market interest rates had been 50 basis points lower as of December 31, 2019, profit before taxes—with all other variables remaining constant—would have been approx. € 2.2 million higher for the full year (previous year: € 2.0 million). This would have been mainly attributable to higher or lower interest expenses for variable-rate interest-bearing financial liabilities. The other components of equity would have changed only slightly.

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

The maximum credit risk for each measurement category of financial assets corresponds to its carrying amount. Trade receivables are partly secured with reservation of title, which reduces the maximum default risk in this assessment category by € 38.7 million (previous year: € 38.1 million).

The gross carrying amounts for financial assets for each default risk class are as follows:

	Level 1	Level 2	Level 3	Simplified approach
Dec. 31, 2018 € '000	**12-month ECL**	**Lifetime ECL (non-impaired)**	**Lifetime ECL (impaired)**	**Lifetime ECL**
Not at risk	228,372	0	0	932,716
At risk	0	0	0	253,406
Total	228,372	0	0	1,186,123

	Level 1	Level 2	Level 3	Simplified approach
Dec. 31, 2019 € '000	**12-month ECL**	**Lifetime ECL (non-impaired)**	**Lifetime ECL (impaired)**	**Lifetime ECL**
Not at risk	203,187	0	0	1,045,544
At risk	0	0	0	234,869
Total	203,187	0	0	1,280,413

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

Capital risk management

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

The goal of significantly exceeding an equity ratio of at least 25%, as per the terms of the syndicated loan, was met in FY 2019, as well.

Derivative financial instruments

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

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

	Nominal volume		Nominal volume Residual term > 1 year		Fair value	
	Dec. 31, € '000	**Dec. 31, € '000**	**Dec. 31, € '000**	**Dec. 31, € '000**	**Dec. 31, € '000**	**Dec. 31, € '000**
Forward foreign exchange contracts	1,363,993	1,050,039	17,760	15,038	-5,520	7,469
Interest rate swaps	0	100,000	0	0	0	-716
Embedded derivatives	8,300	8,500	0	0	-40	-219
	1,372,293	**1,158,539**	**17,760**	**15,038**	**-5,560**	**6,534**

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

The Group's risk management policy was to hedge up to 60% of the net cash flow expected over the following 12 months on a continuous basis in key currencies from the B. Braun Group's ordinary business operations. In December 2019, it was decided not to continue to pursue this hedging strategy. The layered hedging of expected and not yet recognized receivables and payables in the Group's key currencies that it had previously implemented routinely is now only used in isolated instances. However, current hedges will be continued until they mature. This is why the Group has yet to designate forward foreign exchange contracts to hedge highly probable future foreign currency receipts and payments not in the functional currency, which are expected in the future:

	Nominal volume		Average hedging rate	
ISO code	**Dec. 31, 2019 € '000**	**Dec. 31, 2018 € '000**	**Dec. 31, 2019**	**Dec. 31, 2018**
EUR/USD	62,332	72,012	1.1458	1.1876
EUR/CHF	34,833	32,103	1.1035	1.1472
EUR/GBP	38,651	39,621	0.8901	0.8985
EUR/JPY	16,681	17,416	121.4400	129.8000
EUR/CNY	85,634	74,829	8.0107	8.1606
EUR/RUB	56,101	56,802	77.0296	80.4300
EUR/BRL	23,850	12,354	4.7042	4.7279

The purpose of the hedges is to reduce the volatility of foreign exchange receipts and payments (and their measurement) with respect to foreign exchange risk. The effectiveness of hedges is measured prospectively using the critical terms match method and retroactively using the dollar offset method. As of the reporting date, the hedging measures had no ineffective portions.

As of December 31, 2019, the Group had designated forward foreign exchange contracts with a fair value of € 1.6 million (previous year: € 3.7 million) as other assets and of € 9.4 million (previous year: € 4.7 million) as other liabilities as part of its cash flow hedges.

All hedges were effective. The reserve for cash flow hedges for these forward foreign exchange contracts reported in equity under other reserves developed over the fiscal year as follows:

	2019 € '000	2018 € '000
As of Jan. 1	-1,025	1,370
Profit or loss from effective hedges	-20,560	-3,363
Reclassifications due to altered expectations regarding occurrence of underlying transaction	N/A	N/A
Reclassifications due to realization of underlying transaction	13,828	961
Reclassification due to a basis adjustment	N/A	N/A
As of Dec. 31	**-7,751**	**-1,025**

Realization of the underlying transaction resulted in a reclassification from other reserves to cost of goods sold.

B. Braun expects gains of € 1.6 million and losses of € 9.4 million recognized in equity to be transferred to the statement of income within the next 12 months.

The ineffective portion of changes in value is recognized directly in the statement of income under net financial income and is € 0 (previous year: € 0). As in the previous year, there were no reclassifications from other reserves due to a hedge that was terminated or became ineffective, or a cash flow hedge that was terminated early.

In addition, the Group allocates currency hedges to certain plant construction projects and intercompany loans that are not contracted in the functional currency of each Group company. The earnings from currency hedging on plant construction projects in the amount of € 15,000 (previous year: € -741,000) were eliminated from currency earnings. The earnings from the hedges from internal commercial lending is shown in net interest income.

The Group had concluded several payer interest rate swaps ("static pay, variable receipts") in order to hedge the variable interest payments on a nominal credit volume of € 100 million. These interest rate swaps expired during the 2019 fiscal year as scheduled. The Group had designated these payer interest rate swaps as cash flow hedges. The hedging measures were designed to hedge the cash flow from bank liabilities against an increase in the reference interest rate. The effectiveness of hedges was measured prospectively and retrospectively using the dollar offset method. The hedges were effective.

As of December 31, 2019, the Group had thus designated payer interest rate swaps with a fair value of € 0 (previous year: € -716,000) as cash flow hedges. The reserve for cash flow hedges for these interest rate swaps reported in equity under other reserves developed over the fiscal year as follows:

	2019 € '000	2018 € '000
As of Jan. 1	-423	-1,088
Profit or loss from effective hedges	-47	-50
Reclassifications due to altered expectations regarding occurrence of underlying transaction	N/A	N/A
Reclassifications due to realization of underlying transaction	470	715
Reclassification due to a basis adjustment	N/A	N/A
As of Dec. 31	**0**	**-423**

Realization of the underlying transaction resulted in a reclassification from other reserves to net interest income.

As in the previous year, there were no ineffective portions of the change in value recognized in the statement of income under net financial income.

33 Related party transactions

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

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

The following transactions were completed with related parties:

	2019 € '000	2018 € '000
Sale of goods and services		
Related parties	16,719	20,361
B. Braun Holding GmbH & Co. KG	(4,739)	(7,909)
Associates	(11,980)	(12,452)
Goods and services purchased		
Related parties	105,895	71,219
B. Braun Holding GmbH & Co. KG	(64,554)	(24,274)
Unconsolidated subsidiaries of B. Braun Holding	(0)	(11,612)
Joint ventures	(24,455)	(22,842)
Associates	(16,886)	(12,491)
Key management personnel	17	0
	105,912	**71,219**

Outstanding items from the purchase/sale of goods and services and from borrowings at the end of the fiscal year:

	Dec. 31, 2019 € '000	Dec. 31, 2018 € '000
Outstanding items from the sale of goods and services		
Related parties	9,207	6,111
Braun Holding GmbH & Co. KG	(7,267)	(588)
Unconsolidated subsidiaries of B. Braun Holding	(0)	(3,414)
Joint ventures	(19)	(35)
Associates	(1,921)	(2,074)
Procurement obligations	184	112
Outstanding items from goods and services purchased and from borrowings		
Related parties	44,691	30,043
B. Braun Holding GmbH & Co. KG	(39,450)	(17,836)
Unconsolidated subsidiaries of B. Braun Holding	(0)	(7,147)
Joint ventures	(1,995)	(1,870)
Associates	(3,246)	(3,190)
Key management personnel	42,542	32,995
	87,233	**63,038**
Procurement obligations	0	34

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

The following items in the Statement of Financial Position contain outstanding balances with related parties:

- Other assets
- Financial liabilities
- Other liabilities

The loans granted by related parties are short-term. Their interest rates are based on covered bond yields. There are no provisions for doubtful accounts associated with outstanding balances and no expenditures are recognized for impaired receivables from related parties.

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

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

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

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

	2019 € '000	2018 € '000
Fixed remuneration	3,285	3,761
Variable renumeration	3,849	4,994
Pension expense	1,345	1,075
Bonuses	609	459
Other	314	550
	9,402	**10,839**

Of the total, € 352,000 was attributable to the Chairman of the Management Board as fixed renumeration and € 564,000 as variable remuneration from profit-sharing.

Pension commitments totaling € 27.4 million exist to active board members. Profit-sharing bonus commitments to Management Board members reported under liabilities to employees, management and shareholders total € 3.095 million. A total of € 3.7 million has been allocated for pension commitments to former Management Board members and their surviving dependents. Total remuneration amounted to € 106,000. Supervisory Board remuneration totaled € 837,000.

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

The Group has not made any loans to current or former members of the Management Board or Supervisory Board. Liabilities stemming from profit participation rights for Management Board members totaled € 19.9 million (previous year: € 18.6 million). See Note 27 for detailed information about bonuses.

The members of the Supervisory board and the Management Board are listed on the pages 4,5 and 133.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

34 Gross cash flow from operating activities

The gross cash flow of € 869.2 million is the cash surplus from operating activities before any changes in working capital and increased € 92.0 million over the previous year. The change is due primarily to higher depreciation of property, plant, and equipment, amortization of intangible assets, change in long-term provisions, and other non-cash expenses and income

Cash flow from operating activities totaling € 815.0 million represents changes in current assets, current provisions and liabilities (excluding financial liabilities).

The increase in liabilities and short-term provisions less the increase in inventories, receivables and other assets have led to a cash outflow of € -54.2 million. Net cash from operating activities is therefore € 188.5 million above the previous year's level.

35 Cash flow from investing activities

For the purchase of property, plant, and equipment, intangible assets, financial assets, and business acquisitions, a total of € 828.4 million was spent in 2019. This was offset by proceeds from the sale of property, plant, and equipment, and the disposal of holdings (€ 14.0 million), as well as dividends and similar income received (€ 15.3 million), resulting in a net cash outflow from investing activities of € 799.2 million. Compared to the previous year, this resulted in a € 1.8 million increase in cash outflow.

Investments made during the year were fully covered by cash flow from operating activities. The remaining free cash flow was € 15.8 million (previous year: € -170.9 million).

Additions to property, plant, and equipment as well as intangible assets from leases do not result in cash outflows and are therefore not included under investing activities. In the reporting year, these additions totaled € 69.9 million (previous year: € 9.4 million).

36 Cash flow from financing activities

In FY 2019, cash flow from financing activities amounted to € -6.1 million (previous year: € 158.6 million cash outflow). The net balance of cash flowing in and out for borrowings and repayment of debt was € 41.7 million (previous year: € 206.2 million). Dividend payments and capital contributions by non-controlling interests resulted in a total cash outflow of € 44.4 million (previous year: € 42.3 million). The € 164.7 million change in cash inflows as compared with the previous year is primarily due to less borrowing.

The liability items in the Consolidated Statement of Financial Position in which associated payments were recognized in cash flows from financing activities changed during the fiscal year as follows:

	Jan. 1, 2019	Cash changes	Non-cash changes			Dec. 31, 2019
			Acquisitions	Exchange gains (losses)	Change in the fair value	
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Non-current financial liabilities	1,517,731	328,341	368	7,614	0	1,854,054
Current financial liabilities	808,022	-191,109	1,596	2,101	0	620,610
Non-current leasing liabilities	42,821	215,544	0	73,737	0	332,102
Current leasing liabilities	8,454	91,084	0	870	0	100,408
Non-current profit participation rights	112,551	5,910	0	0	-6,414	112,047
Current profit participation rights	12,482	-9,370	0	0	11,879	14,991
Total liabilities from financing activities	**2,502,061**	**440,400**	**1,964**	**84,322**	**5,465**	**3,034,212**

37 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid financial assets with residual maturities of three months or less that are subject to no more than insignificant fluctuations in value.

As of December 31, 2019, restrictions on cash availability totaled € 1.6 million (previous year: € 2.1 million). These restrictions are primarily related to security deposits and collateral for tender business.

SUBSEQUENT EVENTS

No facts came to light after completion of the fiscal year through to the date of preparation of the Consolidated Financial Statements that have a material effect on net assets, financial position and earnings situation for FY 2019.

MAJOR SHAREHOLDINGS

Company name and headquarters	As of Dec. 31, 2019 Share in capital %[1]	Equity € '000	Sales € '000	Employees[5]
Germany				
AESCULAP AG, Tuttlingen[2]	94.0	167,633	853,966	3,619
AESCULAP INTERNATIONAL GMBH, Tuttlingen[2]	94.0	45,777	0	0
AESCULAP SUHL GMBH, Suhl[2]	94.0	3,706	14,416	107
ALMO-Erzeugnisse E. Busch GmbH, Bad Arolsen	56.4	23,683	66,963	383
B. Braun Avitum AG, Melsungen[2]	88.3	92,289	514,483	1,081
B. Braun Avitum Saxonia GmbH, Radeberg[2]	88.3	17,243	103,641	984
B. Braun Facility Services GmbH & Co. KG, Melsungen	94.0	-4,129	68	114
B. Braun Melsungen AG, Melsungen[2]	94.0	1,292,103	2,198,698	7,160
B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen[2]	94.0	149,309	0	0
B. Braun prolabor GmbH, Hilter a.T.W.[2]	94.0	2,469	16,289	104
B. Braun Surgical GmbH, Melsungen[2]	94.0	154,434	0	0
B. Braun TravaCare GmbH, Hallbergmoos[2]	94.0	29	40,041	62
B. Braun Vet Care GmbH, Tuttlingen[2]	94.0	122	15,606	19
DTZ Dialyse Trainings-Zentren GmbH, Nuremberg[2]	88.4	35,284	18,079	234
Inko Internationale Handelskontor GmbH, Roth[2]	94.0	4,550	12,962	18
Nutrichem diät + pharma GmbH, Roth[2]	94.0	30,592	59,594	338
TransCare Service GmbH, Neuwied[2]	94.0	1,649	15,175	172
Europe				
Aesculap Chifa Sp. z o.o., Nowy Tomyśl/Poland	93.0	140,129	195,799	2,318
Aesculap SAS, Chaumont/France	94.0	12,148	14,293	114
Avitum S.R.L., Timisoara/Romania	88.3	7,533	26,985	580
B. Braun Adria d.o.o., Zagreb/Croatia	33.8	15,568	17,156	36
B. Braun Austria Ges. m.b.H., Maria Enzersdorf/Austria	56.4	73,932	68,297	145
B. Braun Avitum France SAS, Saint-Cloud/France	88.3	16,783	0	0
B. Braun Avitum Hungary Egészségügyi Szolgáltató Zrt., Budapest/Hungary	88.3	19,955	32,139	718
B. Braun Avitum Italy S.p.A., Mirandola/Italy	88.3	42,797	81,653	339
B. Braun Avitum Poland Sp.z o.o., Nowy Tomyśl/Poland	89.4	13,238	35,574	571
B. Braun Avitum Russland Clinics OOO, St. Petersburg/Russia	88.3	3,753	33,157	865
B. Braun Avitum Russland OOO, St. Petersburg/Russia	88.3	81,480	73,640	56
B. Braun Avitum s.r.o., Bratislava/Slovakia	88.1	2,839	15,615	251
B. Braun Avitum s.r.o., Prague/Czech Republic	88.1	6,266	34,602	430
B. Braun Avitum Servicios Renales S.A., Rubí/Spain	90.6	11,701	13,973	177
B. Braun Avitum Turkey Sanayi Ticaret Anonim Sirketi, Ankara/Turkey	88.3	5,842	5,686	16
B. Braun Avitum (UK) Ltd., Sheffield/England	88.3	3,153	26,028	216
B. Braun Hospicare Ltd., Co. Sligo/Ireland	94.0	-14,132	12,323	110
B. Braun Medical AB, Danderyd/Sweden	94.0	2,580	43,433	62
B. Braun Medical AG, Sempach/Switzerland	47.9	269,483	331,868	1,002
B. Braun Medical A/S, Frederiksberg/Denmark	94.0	3,591	44,137	36
B. Braun Medical A/S, Vestskogen/Norway	94.0	1,700	23,972	37
B. Braun Medical B.V., Oss/Netherlands	94.0	10,800	69,209	150

Company name and headquarters	As of Dec. 31, 2019 Share in capital %[1]	Equity € '000	Sales € '000	Employees[5]
Europe				
B. Braun Medical EOOD, Sofia/Bulgaria	56.4	5,097	15,251	82
B. Braun Medical International S.L., Rubí/Spain	94.0	180,815	629	25
B. Braun Medical Kft., Budapest/Hungary	56.4	34,723	105,347	1,574
B. Braun Medical Lda., Barcarena/Portugal	94.0	27,400	59,025	146
B. Braun Medical LLC, St. Petersburg/Russia	94.0	53,223	154,199	525
B. Braun Medical Ltd., Dublin/Ireland	94.0	5,479	31,552	56
B. Braun Medical Ltd., Sheffield/England	94.0	62,229	187,291	665
B. Braun Medical N.V., Diegem/Belgium	94.0	1,694	42,138	81
B. Braun Medical Oy, Helsinki/Finland	94.0	5,108	42,777	51
B. Braun Medical S.A., Rubí/Spain	94.0	276,770	290,574	1,371
B. Braun Medical S.A.S., Saint-Cloud/France	94.0	86,632	352,569	1,358
B. Braun Medical s.r.o., Bratislava/Slovakia	65.8	11,635	30,090	32
B. Braun Medical s.r.o., Prague/Czech Republic	65.8	27,141	76,206	218
B. Braun Medikal Dis Ticaret A.S., Sariyer Istanbul/Turkey	94.0	11,843	30,826	148
B. Braun Milano S.p.A., Milan/Italy	94.0	41,793	135,892	236
B. Braun Sterilog (Birmingham) Ltd., Sheffield/England	94.0	-1,368	13,805	222
B. Braun Sterilog (Yorkshire) Ltd., Sheffield/England	94.0	-2,132	9,149	162
B. Braun Surgical S.A., Rubí/Spain	94.0	148,183	196,626	906
B. Braun VetCare S.A., Rubí/Spain	94.0	11,558	13,547	26
Gematek OOO, St. Petersburg/Russia	94.0	18,496	13,667	228
LLC MCP-Medicare, St. Petersburg/Russia	88.4	3,034	15,652	379
LLC "Nephros", Krasnodar/Russia	57.4	7,947	18,110	366
SC B. Braun Medical S.R.L., Remetea Mare/Romania	58.8	5,951	43,893	104
Suturex & Renodex S.A.S., Sarlat/France	94.0	18,734	18,546	173
North America				
Aesculap Inc., Center Valley/USA	89.8	148,452	237,972	503
Aesculap Implant Systems LLC, Center Valley/USA	89.8	-52,430	50,903	100
B. Braun Interventional Systems Inc., Bethlehem/USA	89.8	44,195	42,270	51
B. Braun Medical Inc., Bethlehem/USA	89.8	568,074	1,250,843	5,941
B. Braun of America Inc., Bethlehem/USA	89.8	64,118	0	0
B. Braun of Canada Ltd., Mississauga/Canada	89.8	4,620	21,323	22
Central Admixture Pharmacy Services Inc., Santa Fe Springs/USA	89.8	162,003	275,755	726
Asia-Pacific				
Ahlcon Parenterals (India) Limited., New Delhi/India	90.4	989	21,830	925
B. Braun Aesculap Japan Co Ltd., Tokyo/Japan	94.0	59,841	133,038	560
B. Braun Australia Pty. Ltd., Sydney/Australia	94.0	17,623	68,227	131
B. Braun Avitum Philippines Inc., Taguig City/Philippines	94.0	21,291	54,625	443
B. Braun Avitum (Shanghai) Trading Co. Ltd., Shanghai/China	88.3	24,423	154,023	380
B. Braun Korea Co. Ltd., Seoul/South Korea	94.0	19,298	85,250	133
B. Braun Medical (H.K.) Ltd., Hong Kong/China	94.0	65,188	154,006	32
B. Braun Medical (India) Pvt. Ltd., Mumbai/India	94.0	13,477	59,506	896
B. Braun Medical Industries Sdn. Bhd., Petaling Jaya/Malaysia	94.0	641,862	480,112	7,672
B. Braun Medical (Shanghai) International Trading Co. Ltd., Shanghai/China	94.0	24,211	283,929	1,105

Company name and headquarters	Share in capital %[1]	Equity € '000	Sales € '000	Employees[5]
	As of Dec. 31, 2019			
Asia-Pacific				
B. Braun Medical Supplies Inc., Taguig City/Philippines	94.0	17,386	30,593	183
B. Braun Medical Supplies Sdn. Bhd., Petaling Jaya/Malaysia	94.0	31,649	53,396	165
B. Braun Medical (Suzhou) Company Limited, Suzhou/China	94.0	27,791	63,603	499
B. Braun Pakistan (Private) Ltd., Karachi/Pakistan	94.0	-4,079	20,024	125
B. Braun Singapore Pte. Ltd., Singapore	94.0	65,811	29,007	50
B. Braun Taiwan Co. Ltd., Taipei/Taiwan	94.0	7,055	23,044	50
B. Braun (Thailand) Ltd., Bangkok/Thailand	94.0	18,042	39,958	153
B. Braun Vietnam Co. Ltd., Hanoi/Vietnam	94.0	83,645	97,663	1,342
PT. B. Braun Medical Indonesia, Jakarta/Indonesia	93.1	61,481	66,346	456
Latin America				
B. Braun Aesculap de México S.A. de C.V., Mun. Santa Cruz Atizapán/Mexico	94.0	18,559	39,285	342
B. Braun Medical de México S.A.PI. DE C.V., Mun. Santa Cruz Atizapán/Mexico	94.0	5,998	30,683	0
B. Braun Medical Peru S.A., Lima/Peru	94.0	20,293	32,122	445
B. Braun Medical S.A., Bogotá/Colombia	94.0	12,724	37,669	225
B. Braun Medical S.A., Buenos Aires/Argentina	94.0	35,394	33,705	299
B. Braun Medical S.A., Quito/Ecuador	94.0	15,540	24,597	128
B. Braun Medical SpA, Santiago de Chile/Chile	80.9	11,262	48,207	162
Laboratorios B. Braun S.A., Sao Goncalo/Brazil	94.0	117,084	161,877	1,437
Africa and the Middle East				
B. Braun Avitum (Pty) Ltd., Johannesburg/South Africa	94.0	4,538	12,734	329
B. Braun Medical (Pty) Ltd., Johannesburg/South Africa	94.0	6,514	58,404	333
E. Owen and Partners, Johannesburg/South Africa	94.0	141	21,112	17
Other shareholdings				
Babolat VS, Lyon/France[3]	31.3	69,981	112,000	218
Medical Service und Logistik GmbH, Recklinghausen[3]	47.0	521	41,852	8
Rhön-Klinikum AG, Bad Neustadt an der Saale[3,4]	23.7	1,155,907	326,600	17,444
Schölly Fiberoptic GmbH, Denzlingen[3]	26.3	114,090	165,767	437

1 Indirect holding

2 Entities with profit-and-loss transfer agreement

3 Consolidated at equity

4 Values taken from published Q3 interim report

5 Average

Values correspond to financial statements prepared in accordance with IAS/IFRS. Amounts from foreign companies were converted using the closing mid-rate on December 31 for equity and average exchange rate of the reporting year for sales.

INDEPENDENT AUDITOR'S REPORT

To B. Braun SE, Melsungen

AUDIT OPINION

We have audited the consolidated financial statements of B. Braun SE, Melsungen, and its subsidiaries (the Group) – comprising the consolidated statement of financial position as of December 31, 2019, the consolidated statement of income (loss), the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity from January 1 to December 31, 2019 and the notes to the consolidated financial statements, including a summary of important accounting policies. In addition, we have audited the group management report of B. Braun SE for the fiscal year from January 1 to December 31, 2019.

In our judgment, based on the information obtained during the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, provide a true and fair view of the net assets, and financial position of the Group as of December 31, 2019, and of its results of operations for the financial year from January 1 to December 31, 2019, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, is compliant with German legal requirements and accurately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the net assets, financial position, and results of operations of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for a financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting processes for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of failing to discover material misstatement resulting from fraud is greater than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. Based on sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a significant unavoidable risk that future events will fundamentally differ from the prospective information.

We communicate with those in charge of oversight such matters as the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal controls that we identify during our audit.

Kassel, Germany, March 5, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels	Michael Conrad
German Public Auditor	German Public Auditor