CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

	Notes	2018 € '000	2017 € '000
Sales	1)	6,908,099	6,788,868
Cost of goods sold	2)	-3,984,180	-3,833,727
Gross profit		**2,923,919**	**2,955,141**
Selling expenses	3)	-1,734,326	-1,698,706
General and administrative expenses		-338,350	-351,969
Research and development expenses	4)	-318,034	-315,948
Interim profit		**533,209**	**588,518**
Other operating income	5)	279,309	237,553
Other operating expenses	6)	-316,775	-279,678
Operating profit		**495,743**	**546,393**
Profit from financial investments/equity method	7)	21,975	12,835
Financial income		6,980	6,979
Financial expenses		-75,973	-68,161
Net financial income (loss)	8)	-68,993	-61,182
Other financial income (loss)	9)	2,826	15,699
Profit before taxes		**451,551**	**513,745**
Income taxes	10)	-123,157	-102,267
Consolidated net income		**328,394**	**411,478**
Attributable to:			
B. Braun Melsungen AG shareholders		(311,417)	(393,234)
Non-controlling interests		(16,977)	(18,244)
		328,394	**411,478**
Earnings per share (in €) for B. Braun Melsungen AG shareholders in the fiscal year (diluted and undiluted)	11)	16.05	20.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2018 € '000	2017 € '000
Consolidated net income	**328,394**	**411,478**
Items not reclassified as profits or losses		
Revaluation of pension obligations	-29,091	59,101
Income taxes	8,940	-19,480
Changes in amount recognized in equity	**-20,151**	**39,621**
Items potentially reclassified as profits or losses		
Changes in fair value of securities	3,154	-31
Income taxes	0	0
Changes in amount recognized in equity	**3,154**	**-31**
Cash flow hedging instruments	-1,765	12,087
Income taxes	240	-3,338
Changes in amount recognized in equity	**-1,525**	**8,749**
Changes due to currency translation	12,686	-191,161
Income taxes	0	0
Changes in amount recognized in equity	**12,686**	**-191,161**
Changes recognized directly in equity (after taxes)	-5,836	-142,822
Comprehensive income in the reporting year	**322,558**	**268,656**
Attributable to:		
B. Braun Melsungen AG shareholders	(301,767)	(262,128)
Non-controlling interests	(20,791)	(6,528)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Assets			
Non-current assets			
Intangible assets	14) 16)	818,274	757,046
Property, plant, and equipment	15) 16)	4,589,293	4,196,433
Financial investments (equity method)	17)	468,129	455,965
Other financial investments	17)	63,262	61,989
of which financial assets		(63,262)	(61,988)
Trade receivables	18)	36,063	27,431
Other assets	19)	49,047	40,070
of which financial assets		(42,961)	(35,200)
Income tax receivables		2,955	1,905
Deferred tax assets		305,313	294,777
		6,332,336	**5,835,616**
Current assets			
Inventories	20)	1,344,425	1,178,480
Trade receivables	18)	1,105,722	1,120,559
Other assets	19)	307,585	260,059
of which financial assets		(145,869)	(127,749)
Income tax receivables		59,560	64,864
Cash and cash equivalents	21)	74,763	66,371
		2,892,055	**2,690,333**
Total assets		**9,224,391**	**8,525,949**
Equity			
Subscribed capital	22)	800,000	800,000
Capital reserves and retained earnings	23)	2,862,858	2,611,201
Effects of foreign currency translation		-189,986	-198,805
Equity attributable to B. Braun Melsungen AG shareholders		**3,472,872**	**3,212,396**
Non-controlling interests	24)	227,015	223,988
Total equity		**3,699,887**	**3,436,384**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar obligations	25)	1,332,051	1,268,987
Other provisions	26)	118,452	113,318
Financial liabilities	27)	1,673,103	1,549,013
Trade accounts payable	29)	2,947	2,897
Other liabilities	29)	51,552	51,307
of which financial liabilities		(10,711)	(16,936)
Deferred tax liabilities		130,045	117,897
		3,308,150	**3,103,419**
Current liabilities			
Other provisions	26)	61,814	61,162
Financial liabilities	27)	777,958	675,508
Trade accounts payable	29)	529,176	481,009
Other liabilities	29)	807,201	726,243
of which financial liabilities		(338,741)	(319,960)
Current income tax liabilities		40,205	42,224
		2,216,354	**1,986,146**
Total liabilities		**5,524,504**	**5,089,565**
Total equity and liabilities		**9,224,391**	**8,525,949**

CONSOLIDATED ASSET ANALYSIS

	Costs of acquisition and manufacture					
	Jan. 1, 2018	Foreign currency translation	Additions to scope of consolidation	Disposals from scope of consolidation	Additions	Transfers
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Intangible assets						
Acquired goodwill	266,620	-2,348	47,412	0	1,925	999
Licenses, trademarks, and other similar rights	640,429	-5,145	4,245	0	23,872	43,935
Internally created intangible assets	118,562	5,439	0	0	14,522	0
Advance payments	111,179	-56	0	0	23,865	-41,228
Total	**1,136,790**	**-2,110**	**51,657**	**0**	**64,184**	**3,706**
Property, plant, and equipment						
Land and buildings	2,230,999	9,544	4,077	0	38,534	131,421
Technical plants and machinery	3,404,642	34,688	6,250	0	100,907	127,555
Other plants, operating and office equipment	1,084,003	-6,899	5,137	-27	95,478	63,488
Advance payments and assets under construction	731,820	10,373	219	0	515,058	-326,170
Total	**7,451,464**	**47,706**	**15,683**	**-27**	**749,977**	**-3,706**
Financial investments						
Financial investments (equity method)	455,965	31	-252	0	13,486	-876
Other holdings	33,329	0	517	-43,579	53,134	1,593
Loans to companies in which the Group holds an interest	2,159	-87	412	0	6,436	0
Securities	5,736	0	0	0	0	0
Other loans	23,439	19	0	0	770	-717
Total	**520,628**	**-37**	**677**	**-43,579**	**73,826**	**0**
	9,108,882	**45,559**	**68,017**	**-43,606**	**887,987**	**0**

			Depreciation and amortization				Carrying amounts	
Disposals	Changes in fair value	Dec. 31, 2018	Accumulated 2017	Fiscal year 2018	Other changes*	Accumulated 2018	Dec. 31, 2018	Dec. 31, 2017
€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
-129	0	314,479	503	-234	326	595	313,884	266,117
5,052	0	712,388	356,877	49,484	5,199	411,560	300,828	283,552
0	0	138,523	22,364	4,298	1,082	27,744	110,779	96,198
-977	0	92,783	0	976	-976	0	92,783	111,179
3,946	**0**	**1,258,173**	**379,744**	**54,524**	**5,631**	**439,899**	**818,274**	**757,046**
-22,931	0	2,391,644	648,202	66,568	-10,079	704,691	1,686,953	1,582,797
-44,235	0	3,629,807	1,895,308	212,534	-30,351	2,077,491	1,552,316	1,509,334
-37,474	0	1,203,706	708,916	97,807	-24,512	782,211	421,495	375,087
-400	0	930,900	2,605	498	-732	2,371	928,529	729,215
-105,040	**0**	**8,156,057**	**3,255,031**	**377,407**	**-65,674**	**3,566,764**	**4,589,293**	**4,196,433**
-225	0	468,129	0	0	0	0	468,129	455,965
-2,493	3,972	46,473	29	-29	0	0	46,473	33,300
-746	0	8,174	0	0	0	0	8,174	2,159
0	-849	4,887	2,625	0	0	2,625	2,262	3,111
-17,021	0	6,490	20	0	117	137	6,353	23,419
-20,485	**3,123**	**534,153**	**2,674**	**-29**	**117**	**2,762**	**531,391**	**517,954**
-121,579	**3,123**	**9,948,383**	**3,637,449**	**431,902**	**-59,926**	**4,009,425**	**5,938,958**	**5,471,433**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

See notes 22–24	Subscribed capital € '000	Capital reserves € '000
January 1, 2017	**800,000**	**10,226**
Dividend of B. Braun Melsungen AG	0	0
Increase in subscribed capital	0	0
Consolidated net income	0	0
Changes recognized directly in equity (after taxes)		
Changes in fair value of securities	0	0
Cash flow hedging instruments	0	0
Revaluation of pension obligations	0	0
Changes due to currency translation	0	0
Comprehensive income over the period	**0**	**0**
Other changes	0	0
December 31, 2017/Jan. 1, 2018	**800,000**	**10,226**
Dividend of B. Braun Melsungen AG	0	0
Increase in subscribed capital	0	0
Consolidated net income	0	0
Changes recognized directly in equity (after taxes)		
Changes in fair value of securities	0	0
Cash flow hedging instruments	0	0
Revaluation of pension obligations	0	0
Changes due to currency translation	0	0
Comprehensive income over the period	**0**	**0**
Other changes	0	0
December 31, 2018	**800,000**	**10,226**

	Retained earnings € '000	Other reserves € '000	Treasury stock € '000	Equity attributable to owners € '000	Non-controlling interests € '000	Equity € '000
	2,185,502	**-29,825**	**0**	**2,965,903**	**206,049**	**3,171,952**
	-32,000	0	0	-32,000	0	-32,000
	0	0	0	0	0	0
	393,234	0	0	393,234	18,244	411,478
	0	-31	0	-31	0	-31
	0	8,049	0	8,049	700	8,749
	38,014	0	0	38,014	1,607	39,621
	0	-177,138	0	-177,138	-14,023	-191,161
	431,248	**-169,120**	**0**	**262,128**	**6,528**	**268,656**
	16,365	0	0	16,365	11,411	27,776
	2,601,115	**-198,945**	**0**	**3,212,396**	**223,988**	**3,436,384**
	-32,000	0	0	-32,000	0	-32,000
	0	0	0	0	0	0
	311,417	0	0	311,417	16,977	328,394
	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
	290,515	**11,252**	**0**	**301,767**	**20,791**	**322,558**
	-9,291	0	0	-9,291	-17,764	-27,055
	2,850,339	**-187,693**	**0**	**3,472,872**	**227,015**	**3,699,887**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2018 € '000	2017 € '000
Operating profit		495,743	546,393
Income tax paid		-108,592	-158,959
Depreciation and amortization of property, plant, and equipment and intangible assets (net of appreciation)		431,931	410,166
Change in non-current provisions		60,838	-17,213
Interest received and other financial income		6,931	4,812
Interest paid and other financial expenditure		-46,762	-42,253
Other non-cash income and expenses		-53,859	82,736
Gain/loss on the disposal of property, plant, and equipment and intangible or other assets		-9,163	2,398
Gross cash flow	**34)**	**777,067**	**828,080**
Change in inventories		-164,105	-98,573
Change in receivables and other assets		-56,085	-148,080
Change in liabilities, current provisions and other liabilities (excluding financial liabilities)		69,590	73,679
Cash flow from operating activities (net cash flow)	**34)**	**626,467**	**655,106**
Investments in property, plant, and equipment and intangible assets		-794,130	-747,294
Investments in financial assets		-16,579	-94,873
Acquisitions of subsidiaries, net of cash acquired		-39,065	-90,438
Proceeds from sale of subsidiaries and holdings		3,641	13,537
Proceeds from sale of property, plant, and equipment, intangible assets and other financial assets		32,227	4,499
Dividends and similar revenues received		16,636	23,933
Cash flow from investing activities	**35)**	**-797,270**	**-890,636**
Free cash flow		**-170,803**	**-235,530**
Capital contributions		282	5,935
Dividends paid to B. Braun Melsungen AG shareholders		-32,000	-32,000
Dividends paid to non-controlling interests		-10,613	-7,743
Deposits and repayments for profit-sharing rights		-5,270	-283
Loans		407,393	487,347
Loan repayments		-201,304	-268,480
Cash flow from financing activities	**36)**	**158,488**	**184,776**
Change in cash and cash equivalents		**-12,315**	**-50,754**
Cash and cash equivalents at the start of the year		66,371	90,456
Exchange gains (losses) on cash and cash equivalents		20,707	26,669
Cash and cash equivalents at year end	**37)**	**74,763**	**66,371**

NOTES

GENERAL INFORMATION

The consolidated financial statements of B. Braun Melsungen AG – hereinafter also referred to as the B. Braun Group – as of Monday, December 31, 2018 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).

B. Braun Melsungen AG is a globally engaged, family-owned company headquartered in Melsungen, Germany. The company's address is Carl-Braun-Str. 1, 34212 Melsungen. B. Braun Melsungen AG is registered in the commercial registry of the Fritzlar Administrative Court (HR B 11000).

B. Braun Holding GmbH & Co. KG in Melsungen is the parent company of B. Braun Melsungen AG, as defined in Section 290 (1) HGB, and is required to produce consolidated financial statements that include the consolidated financial statements of B. Braun Melsungen AG. The consolidated financial statements are submitted to the online edition of the German Federal Gazette (Bundesanzeiger).

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

The Management Board of B. Braun Melsungen AG approved the consolidated financial statements for submission to the company's Supervisory Board on Monday, February 25, 2019. The Audit Committee of the Supervisory Board plans to discuss the consolidated financial statements at its meeting on Tuesday, March 5, 2019, and the Supervisory Board shall approve the consolidated financial statements at its meeting on Tuesday, March 19, 2019.

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 have been prepared in euros. Unless otherwise stated, all figures are presented in thousands of euros (€ '000).

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

New and amended International Financial Reporting Standards and Interpretations whose application is mandatory for the first time for fiscal years beginning on or after Monday, January 1, 2018 (IAS 8.28)

IFRS 9, Financial Instruments

The IASB completed its project to replace IAS 39, Financial Instruments: Recognition and Measurement in July 2014 with the publication of the final version of IFRS 9, Financial Instruments. In its final version, IFRS 9 contains in particular fundamentally revised regulations on classifying and measuring financial instruments, accounting for the depreciation of financial assets, and hedge accounting relationships. For classifying and measuring financial assets, IFRS 9 provides the models "Hold to Achieve Contractual Cash Flows," "Hold and Sell" and "Intention to Trade" as a function of the company's business model. The classification and measurement rules for financial liabilities have changed very little through IFRS 9. The revised measurement rules for financial assets and liabilities will have no material effect on the net assets, financial position and earnings situation of the B. Braun Group. Due to the new rules governing accounting for depreciation, their recognition fundamentally changes, since not only incurred losses (current incurred loss model), but also expected losses (so-called expected loss model) are to be recognized, whereby the scope of recognition of expected losses is differentiated further based on whether or not the credit risk of financial assets has deteriorated markedly since their addition. The new rules on accounting for impairment will also have no material effect on the net assets, financial position or earnings situation of the B. Braun Group. Also, the rules for hedge accounting have been completely revised. The primary aim of the new rules is to orient hedge accounting more strongly toward the company's economic risk management. A hedging relationship must therefore be maintained for accounting purposes as long as the documented risk management objective for this hedging relationship has not changed, and the other conditions for hedge accounting are met. Furthermore, individual risk components can be considered under IFRS 9 in isolation under certain conditions, even in non-financial transactions. In addition, the requirements for demonstrating the effectiveness of hedging transactions are changing. With regard to hedge accounting regulations, the B. Braun Group exercises the option to voluntarily continue to apply the relevant IAS 39 regulations after IFRS 9 has taken effect. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018. Initial application will generally be retroactive under the application of various exemption options. Earlier voluntary application was permitted, but the B. Braun Group did not elect to do so.

IFRS 15, Sales from Customer Contracts

On the one hand, the objective of the revised standards is, in particular, to unify the previous, less extensive regulations in the IFRS, and on the other, to standardize the very detailed and somewhat industry-specific regulations under US GAAP, thus improving the transparency and comparability of financial information. Under IFRS 15, sales are then realized when the customer obtains control of the agreed goods and services, and can benefit from their use. The decisive factor is no longer a major transfer of risks and rewards, as under the old provisions of IAS 18, Sales. Sales are to be valued as quid pro quo, that is, the compensation that the company expects to receive. The new model provides a five-step scheme for determining sales recognition, whereby in the first step the customer agreement and the separate performance obligations contained therein must be identified. Subsequently, the transaction price of the customer's contract shall be determined and divided up among the individual obligations. Finally, sales should be realized according to the new model for each performance obligation at the allocated pro rata transaction price as soon as the agreed service has been performed or the customer has obtained the power of disposal over it. A distinction that is based on predefined criteria is made here between point-in-time-related and period-of-time-based performance fulfillments. The new standard does not distinguish between different job and activity types, but establishes standardized criteria for when a service that is rendered should be realized as a point-in-time or period-of-time. In the future, IFRS 15 provisions will replace both the contents of IAS 18, Sales and IAS 11, Construction

Contracts. In addition, a variety of other items are controlled for the first time and this could have implications for the current accounting policy, such as provisions for contract modifications or repurchase agreements. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. The Group did not opt for earlier, voluntary application. The B. Braun Group applies a modified version of the standard retroactively. For certain business models with multi-component contracts, the required separation of performance obligations and the resulting allocation of transaction price may alter the time line for recording sales in the future. However, the amendments currently have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

On December 8, 2016 the IFRS IC published an interpretation to clarify accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. IFRIC 22 is effective for reporting periods beginning on or after January 1, 2018. Earlier voluntary application was permitted, but the B. Braun Group did not elect to do so. The amendments have no material impact on the net assets, financial position and earnings situation of the B. Braun Group.

New and amended International Financial Reporting Standards and Interpretations that have already been published, but whose application is not yet mandatory for companies whose fiscal year ends on Monday, December 31, 2018 (IAS 8.30) and whose adoption is still pending in some EU countries

IFRS 16, Leases

On January 13, 2016, the IASB published a new standard which fundamentally reforms the financial reporting of leases. Previously, all leases had been recognized either as finance leases or as operating leases. This distinction will cease to apply in the future 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 existing procedure for finance leases. The relevant values are based on the present value of the lease payments that at this time have not yet been made. In the income statement, the lessee will disclose a depreciation charge 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 will opt for these exemptions. Unlike lessees, lessors will 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 Tuesday, January 1, 2019. The Group does not opt for earlier, voluntary application. Initial application will generally be retroactive, and the Group will exercise the option of modified retroactive recognition. The B. Braun Group has established a Group-wide project for implementing IFRS 16. The analysis phase is complete and the contract has been drafted. When the exemptions are first applied, the B. Braun Group expects to capitalize usage rights totaling €405.5 million and recognize corresponding leasing liabilities totaling €402.2 million for leases previously classified as operating leases, which will reduce the equity ratio by around 1.7 percentage points. By apportioning previous leasing expenses into depreciations and interest expenses, EBITDA is expected to increase by around €100 million and operating profit by about €8 million.

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 Tuesday, January 1, 2019. Earlier voluntary application is permitted, but the B. Braun Group will not elect to do so. The amendments are expected to have 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, IFRS IC has been informed that for some stakeholders that it is not clear whether that exclusion applies only to interests in associates and joint ventures to which the equity method is applied. A company applies IFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures. These amendments are effective for reporting periods beginning on or after Tuesday, January 1, 2019. The amendments are to be applied retrospectively, but transition aids are provided similar to those in IFRS 9 for companies that only apply the amendments after an initial application of IFRS 9. They also include relief from restating prior periods for entities electing, in accordance with IFRS 4 Insurance Contracts, to apply the temporary exemption from IFRS 9 Full retrospective application is permitted if that is possible without the use of hindsight. The amendments are expected to have no material 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 current IFRS 9 requirements, the SPPI condition is not met if the lender has 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 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 ongoing improvement project of the IFRS, adjustments to wordings for clarification and amendments were also made. These have no major impact on the net assets, financial position, and earnings situation of the B. Braun Group.

Aside from the standards described in detail above, the IASB has published additional standards/amendments to standards that do not affect the B. Braun Group:

Amendments to IFRS 2, Share-Based Payment: This applies to reporting periods beginning on or after January 1, 2018.

Amendments to IAS 40, Investment Property: Changes of use: This applies to reporting periods beginning on or after January 1, 2018.

IFRS 17, Insurance Contracts; this applies to reporting periods beginning on or after January 1, 2018; EU adoption (endorsement) of this rule is still pending.

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 Melsungen AG, the consolidated financial statements include 72 domestic and 210 foreign subsidiaries for which B. Braun Melsungen AG is exposed to variable returns and has the ability to influence them.

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

The change in the number of Group companies as of Monday, December 31, 2018 and 2017 respectively is shown below:

	2018	2017
Included as of December 31 of previous year	269	263
Companies included for the first time	21	17
Company consolidations discontinued	-4	-2
Business combinations	-4	-9
Companies now consolidated using the equity method due to the sale of shares	0	0
Included as of December 31 of reporting year	**282**	**269**

Deconsolidated companies had no material impact on the statement of financial position or the statement of income in fiscal year 2018.

The impact of company acquisitions on the statement of financial position at the time of initial consolidation and on the principal items in the statement of income for fiscal year 2018 is shown below:

	Carrying amount € '000	Fair value € '000
Non-current assets	16,401	29,103
Current assets	12,994	12,994
Acquired assets	**29,394**	**42,096**
Non-current provisions and liabilities	629	1,550
Current provisions and liabilities	9,479	9,479
Acquired liabilities	**10,108**	**11,029**
Net assets acquired	**19,286**	**31,067**
Non-controlling interests	126	126
Prorated net assets	**19,160**	**30,941**
Goodwill		49,611
Cost of acquisition		**81,918**
of which non-controlling interests		(1,366)
Cash and cash equivalents acquired		3,618
Cash outflow from acquisitions		**78,299**
Sales		17,996
Operating profit		1,158
Consolidated net income		1,029

The total cost of acquisitions made during the fiscal year that were not significant individually or in aggregate was €81.9 million and was paid in cash. B. Braun Melsungen AG'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 €12.7 million have been recognized in the reporting year so far, which consisted largely of intangible assets. Receivables amounting to €3.9 million (gross €3.7 million) were acquired. The goodwill remaining after purchase price allocation amounted to €49.6 million, which includes a partial amount of €9.4 million based on a temporary purchase price allocation for which the valuation of intangible assets remains incomplete because of how close the acquisition was to the reporting date. The goodwill is not 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 €25.5 million higher. After-tax earnings would have been €800,000 lower.

On January 23, 2018, 100% of shares in Uninephro S.A. in Matosinhos, Portugal were acquired in a share deal. The company operates three dialysis centers in Portugal. Entry into a new market expanded our network of dialysis centers around the world.

On February 20, 2018, the company Dextera Surgical Inc. in Redwood City, CA USA was acquired in an asset deal. This acquisition expanded our product portfolio in the area of cardiothoracic surgery.

On May 18, 2018, 100% of shares in Diaverum Pty Ltd. in Lindfield, Australia were acquired in a share deal. The company operates five dialysis centers in Australia and New Zealand. Entry into two new markets expanded our network of dialysis centers around the world.

On October 1, 2018, two nephrology clinics in Dresden and Dudweiler were acquired in asset deals. These acquisitions strengthened our network of dialysis centers in Germany.

On December 11, 2018, a pharmaceutical production facility owned by Ivee Infusions EPZ Limited in Nairobi, Kenya was acquired in an asset deal. The new facility will manufacture small- and large-volume intravenous fluids as well as eye drops for the East African market. This acquisition will strengthen the brand equity and perception of B. Braun in Africa.

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 Melsungen AG 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 Melsungen AG has taken out insurance contracts. It does not arrange any insurance contracts with third parties that extend beyond this and does not cover risks outside of the B. Braun Group. Due to its narrowly defined business purpose, REVIUM Rückversicherung AG has no material impact on the net assets, financial position, and earnings situation of the B. Braun Group as a whole.

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

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

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

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

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

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

Aesculap AG, Tuttlingen
Aesculap Akademie GmbH, Tuttlingen
Aesculap International GmbH, Tuttlingen
Aesculap Suhl GmbH, Suhl
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 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

The companies listed above exercise their right to the exemptions.

PRINCIPLES OF CONSOLIDATION

a) Subsidiaries

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

Subsidiaries are initially consolidated on the first day on which B. Braun Melsungen AG assumes right of disposal of the acquired company; they are excluded from consolidation once B. Braun Melsungen AG forfeits such control. Right of disposal occurs when B. Braun Melsungen AG has the ability to direct the relevant activities of the investee because it possesses the majority of the voting rights or other contractual rights. The acquisition of subsidiaries is recognized 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, it is determined on an individual basis whether the non-controlling interests in the company acquired are recognized at fair value or using the proportionate share of net assets of the acquired company. The option to recognize non-controlling interests at fair value is currently not exercised. Therefore, non-controlling interests are recognized at their proportionate share of net assets and no goodwill is recognized for non-controlling interests.

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

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

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

b) Associated companies
Associated companies are those companies over which the Group has significant influence but no control, generally accompanied by a holding of 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. The B. Braun Melsungen AG joint agreements represent joint ventures. These are included in the consolidated financial statements using the equity method. The shares are initially recognized at cost and subsequently updated in order to reflect the Group's share in the profits and losses in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in this company, including any other unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments

on behalf of the joint venture company. 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. Reciprocally, purchases of shares from owners of non-controlling interests result in the recognition of goodwill equivalent to the difference between the purchase price and the proportional carrying amount of the subsidiary's net assets.

FOREIGN CURRENCY TRANSLATION

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

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

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the prevailing exchange rate on the date of the transaction. Foreign exchange losses and gains 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 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; and
- all resulting exchange differences are recognized as a separate component of equity (effects of foreign currency translation).

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

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

COMPARISON OF SELECTED CURRENCIES

	Closing mid-rate on reporting date			Average annual rate		
ISO code	Dec. 31, 2018	Dec. 31, 2017	+ - in %	2018	2017	+ - in %
1 EUR = USD	1.145	1.199	-4.5	1.182	1.129	4.6
1 EUR = GBP	0.897	0.887	1.1	0.885	0.876	1.0
1 EUR = CHF	1.127	1.169	-3.7	1.155	1.112	3.9
1 EUR = MYR	4.733	4.851	-2.4	4.763	4.850	-1.8
1 EUR = JPY	125.960	134.880	-6.6	130.416	126.667	3.0

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:

- By the company rendering the service, the customer both benefits from the rendered service and utilizes it simultaneously.
- With its service, the company produces or enhances an asset over which the customer has control while it is being produced or enhanced.
- With its 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 by the straight line method 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.

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

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

Impairment of non-financial assets

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

Property, plant, and equipment

Tangible assets that are utilized during the ordinary course of business for more than one year are recognized at their acquisition or manufacturing cost less depreciation using the straight line method. The manufacturing costs include all costs directly related to the manufacturing process and appropriate portions of relevant overhead costs. Scheduled depreciation of 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 to 50 years
Technical plants and machinery*	5 to 20 years
Vehicles	6 years
Operating and office equipment	4 to 20 years

*1-shift operation

Land is not depreciated.

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

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

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

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

Government grants are recognized at fair value if receipt of the grant and the Group 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.

Finance leasing

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

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

Equity investments are initially recognized at cost and in subsequent periods at the amortized prorated net assets. The carrying amounts are increased or decreased annually by the share in profit, distributions, and other changes in equity. Goodwill is not reported separately, but is included in the value of participation. Goodwill is not amortized. Equity investments are written down when the recoverable amount of an investment in an associate falls below its carrying amount.

Categories of financial assets

Financial assets are classified using the following categories:

- Financial assets at 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 receivable is derecognized when the Group loses the right to receive it or loses control of the contractual rights arising from the receivable, or these lapse.

In accordance with the transitional regulations of IFRS 9, financial instruments are categorized in the reference period based on the regulations of IAS 39.

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 the 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.

In accordance with the transitional regulations of IFRS 9, financial assets are impaired in the reference period based on the regulations of IAS 39.

Inventory

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

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

Provisions for pensions and similar obligations

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

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

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

Other provisions

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

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

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

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

Financial 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 shown as a non-current asset or liability if the residual term of the hedged underlying transaction is more than 12 months after the reporting date, and as a current asset or liability if it is shorter than that. Derivative financial instruments held for trading are recognized as current assets or liabilities unless the residual term is more than twelve months, in which case they are recognized as non-current assets or liabilities.

When a hedging transaction designated as a cash flow hedge expires, is sold, or the designation is deliberately reversed, or no longer meets the criteria to be accounted for as a hedging transaction, gains or losses accumulated in equity up to that point remain in equity and are only taken to the statement of income when the future transaction originally hedged occurs and is recognized in the statement of income. If the future transaction is no longer expected to occur, gains or losses accumulated in equity must be 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 stem primarily from temporary differences between the tax bases of individual companies and the financial statements set forth using IFRS, and from consolidation. Deferred tax assets stemming from losses carried forward and tax credits are recognized to the extent that it is likely that future taxable income will be available against which the losses carried forward can be utilized.

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

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

1 Sales

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

Sales by division	2018 € '000	%	2017 € '000	%	+ - in %
Hospital Care	3,131,070	45.3	3,114,043	45.9	0.5
Aesculap	1,824,435	26.4	1,786,413	26.3	2.1
OPM	840,855	12.2	827,452	12.2	1.6
B. Braun Avitum	1,082,261	15.7	1,031,333	15.2	4.9
Other sales	29,478	0.4	29,627	0.4	-0.5
	6,908,099	**100.0**	**6,788,868**	**100.0**	**1.8**

Sales by region	2018 € '000	%	2017 € '000	%	+ - in %
Germany	1,163,280	16.8	1,134,900	16.7	2.5
Europe	2,273,774	33.0	2,175,320	32.1	4.5
North America	1,596,181	23.1	1,584,230	23.3	0.8
Asia-Pacific	1,240,647	18.0	1,235,688	18.2	0.4
Latin America	416,725	6.0	439,015	6.5	-5.1
Africa and the Middle East	217,492	3.1	219,715	3.2	-1.0
	6,908,099	**100.0**	**6,788,868**	**100.0**	**1.8**

Sales by type	2018 € '000	%	2017 € '000	%	+ - in %
Sales of products	6,024,611	87.2	5,942,182	87.5	1.4
Sales of services	883,488	12.8	846,686	12.5	4.3
	6,908,099	**100.0**	**6,788,868**	**100.0**	**1.8**

Outstanding performance obligations total €218 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 expenses

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

4 Research and development expenses

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

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

5 Other operating income

	2018 € '000	2017 € '000
Currency translation gains	190,077	180,608
Additional income	28,132	21,885
Derivative financial instruments	11,792	8,604
Income from other periods	4,425	5,264
Proceeds from appreciation of current financial assets	2,349	1,171
Proceeds from the disposal of assets	18,534	2,307
Proceeds from the release of provisions	2,521	1,460
Other	21,479	16,254
	279,309	**237,553**

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 exchange rate prevailing on the reporting date.

Ancillary revenues include, in particular, cost reimbursements from third parties and revenue 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.

Gains from the sale of assets include revenue from the sale of an administrative building in France in the amount of €14.403 million.

Other operating income includes primarily payments of damages as well as government grants related to income statement and miscellaneous items. Income-related grants are recognized in the period in which the corresponding expenses occur. They amount to €374,000 (previous year: €1.064 million). During the fiscal year, grants of €220,000 (previous year: €731,000) 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

	2018 € '000	2017 € '000
Currency translation losses	226,845	204,376
Losses from impairment of current financial assets	10,684	12,970
Additions to provisions	7,061	3,308
Losses on the disposal of assets	9,168	4,779
Expenses from other periods	3,670	4,051
Derivative financial instruments	2,820	66
Other	56,527	50,128
	316,775	**279,678**

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:

	2018 € '000	2017 € '000
Income from financial investments recognized using the equity method	22,414	13,205
Expenses from financial investments recognized using the equity method	-439	-370
	21,975	**12,835**

8 Net financial income

	2018 € '000	2017 € '000
Income from dividends	0	0
Interest and similar income	6,980	6,979
Interest and similar expenses	-48,647	-42,362
of which to affiliated companies	(0)	(0)
Interest expenses for pension provisions, less expected income from plan assets	-27,326	-25,799
	-68,993	**-61,182**
of which financial assets and liabilities measured at fair value in other income:		
Interest income from discounting	(1,151)	(827)
Accrued interest expense	(2,687)	(2,036)

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

	2018 € '000	2017 € '000
Income from joint ventures (excluding income from financial investments recognized using the equity method)	3,104	16,006
Other net financial income	-278	-307
	2,826	**15,699**

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:

	2018 € '000	2017 € '000
Actual income taxes	111,612	133,690
Deferred taxes resulting from temporary differences	13,334	-13,667
Deferred taxes resulting from losses carried forward and tax credits	-1,789	-17,756
	123,157	**102,267**

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, 2018		Dec. 31, 2017	
	Assets	Liabilities	Assets	Liabilities
	€ '000	€ '000	€ '000	€ '000
Intangible assets	10,624	60,945	8,494	56,431
Property, plant, and equipment	6,002	207,935	5,509	195,621
Financial assets	61	7,232	230	6,026
Inventories	75,658	8,359	73,239	7,816
Trade accounts receivable	9,464	10,045	8,707	8,835
Pension provisions	214,071	386	204,152	323
Other provisions	25,994	1,803	26,300	1,352
Liabilities	51,914	3,587	47,094	160
Other items	1,168	1,832	1,020	2,046
	394,956	**302,124**	**374,745**	**278,610**
of which non-current	(255,248)	(281,600)	(238,470)	(263,186)
Net balance	-172,079	-172,079	-160,713	-160,713
	222,877	**130,045**	**214,032**	**117,897**
Valuation allowance on deferred tax assets from temporary differences	-75	-	-109	-
Deferred taxes on tax credits	54,898	-	56,254	-
Losses carried forward (net, after valuation allowances)	27,613	-	24,600	-
	305,313	**130,045**	**294,777**	**117,897**

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 €20,000 (previous year: -€2.825 million).

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

	Dec. 31, 2018	Dec. 31, 2017
	€ '000	€ '000
Within one year	1,143	0
Within two years	2,549	0
Within three years	1,138	0
Within four years	3,552	0
Within five years or longer	5,929	3,382
	14,311	**3,382**
Can be carried forward indefinitely	95,803	70,434
	110,114	**73,816**

Unrecognized tax credits total €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 €21.096 million (previous year: €11.609 million).

Recognition of these deferred tax assets is based on relevant forecasting, which justifies the expectation that they will be used.

Deferred taxes of €164.076 million (previous year: €152.378 million) were recognized directly in equity. This amount was primarily comprised of actuarial gains and losses related to pension obligations of €156.962 million (previous year: €147.965 million), changes in the fair value of securities of -€11,000 (previous year: -€11,000) and changes in the fair value of derivative financial instruments designated as cash flow hedges of €223,000 (previous year: €105,000).

The tax rate for B. Braun Melsungen AG is 29.2% (previous year: 29.0%). The tax expense which is calculated using B. Braun Melsungen AG's tax rate can be reconciled to actual tax expense as follows:

	2018 € '000	2017 € '000
Tax rate of B. Braun Melsungen AG	29.2%	29.0%
Profit before tax	451,551	513,745
Expected income tax at parent company's tax rate	-131,852	-148,986
Differences due to other tax rates	27,254	13,809
Changes to deferred tax assets and liabilities due to changes in tax rates	-231	16,995
Tax reductions due to tax-exempt income	22,517	32,825
Tax increases due to non-deductible expenses	-22,400	-23,810
Addition/deduction of trade tax and similar foreign tax items	-1,723	-1,460
Final withholding tax on profit distributions	-2,953	-3,507
Tax credits	41	14,690
Tax revenue/expense relating to previous periods	-103	2,566
Change to valuation allowances on deferred tax assets	-8,682	535
Profit (loss) of financial investments recognized using the equity method	2,233	1,320
Other tax effects	-7,258	-7,244
Actual tax expense	**-123,157**	**-102,267**
Effective tax rate	27.3%	19.9%

11 Earnings per share

Earnings per share are calculated according to IAS 33 by dividing the consolidated net income less non-controlling interests by the number of shares in issue. The number of shares entitled to receive dividends remained unchanged at 19,404,000 during the fiscal year. There were no outstanding shares as of Monday, December 31, 2018 or Sunday, December 31, 2017 that could have diluted the earnings per share. Earnings per share amounted to €16.05 (previous year: €20.27).

The dividends paid in 2018 for the previous fiscal year amounted to €32 million (previous year: €32 million). Dividends paid per share in 2018 were €1.65 (previous year: €1.65). The Management Board and Supervisory Board are proposing a dividend of €1.70 per share for fiscal year 2018. The proposed dividend must be ratified by the Annual Shareholders' Meeting on March 19, 2019. 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:

	2018 € '000	2017 € '000
Expenses for raw materials, supplies and goods purchased	2,745,563	2,600,331

In the period under review, expenses related to inventory write-downs recognized in cost of goods sold were €39.392 million (previous year: €38.223 million) and reversals of write-downs from previous periods (increase in net realizable value) of €15.978 million (previous year: €13.675 million).

Payments under operating leases

	2018 € '000	2017 € '000
Payments made under operating leases	108,326	102,680

Payments under operating leases include €934,000 (previous year: €990,000). Leasing expenses are predominantly included in cost of goods sold.

Personnel expenditures/employees

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

Personnel expenditures	2018 € '000	2017 € '000
Wages and salaries	2,204,332	2,118,651
Social security payments	338,511	326,363
Welfare and pension expense	108,814	107,768
	2,651,657	**2,552,782**
Employees by function (average for the year, including temporary employees)		
Production	41,228	38,991
Marketing and sales	13,470	13,041
Research and development	2,162	2,061
Technical and administration	5,995	5,758
	62,855*	**59,851**
of which part-time	(5,562)	(4,843)

*Including the 180 employees transferred to B. Braun Service SE & Co. KG

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 207 employees was reported for 2018, compared to 436 for 2017.

13 Total auditor´s fee

The following fees were recognized as expense for services provided worldwide by the auditors of PricewaterhouseCoopers in 2018:

	2018 € '000	2017 € '000
Audit fees	5,641	5,438
of which PricewaterhouseCoopers GmbH, Germany	(1,491)	(1,327)
Other certification services	11	10
of which PricewaterhouseCoopers GmbH, Germany	(2)	0
Tax advisory services	1,405	1,428
of which PricewaterhouseCoopers GmbH, Germany	(401)	(577)
Other services	1,164	1,134
of which PricewaterhouseCoopers GmbH, Germany	(587)	(592)
	8,221	**8,010**
of which PricewaterhouseCoopers GmbH, Germany	(2,481)	(2,496)

The audit fees include all fees paid and outstanding to PricewaterhouseCoopers plus reimbursable expenses for the audit of the Group's consolidated financial statements and the audit of the financial statements of B. Braun Melsungen AG and its subsidiaries. Fees for certification services mainly relate to certifications performed as part of acquisitions and divestitures, the examination of internal control systems, particularly IT systems, and expenses related to statutory or judicial requirements. The item tax advisory services mainly relates to fees for advice on completing tax returns, checking tax assessments, support for company audits or other 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 € '000	Licenses, trademarks and other similar rights € '000	Internally created intangible assets € '000	Advance payments € '000	Total € '000
January 1, 2017	**204,808**	**544,740**	**121,866**	**106,056**	**977,470**
Foreign currency translation	-2,980	-20,952	-14,364	-19	-38,315
Additions to scope of consolidation	61,393	55,465	0	0	116,858
Disposals from scope of consolidation	0	-28	0	0	-28
Additions	1,823	29,455	11,060	37,603	79,941
Transfers	1,576	35,972	0	-32,414	5,134
Appreciation	0	0	0	0	0
Disposals	0	-4,223	0	-47	-4,270
December 31, 2017/January 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
Disposals from scope of consolidation	0	0	0	0	0
Additions	1,925	23,872	14,522	23,865	64,184
Transfers	999	43,935	0	-41,228	3,706
Appreciation	0	0	0	0	0
Disposals	-129	5,052	0	-977	3,946
December 31, 2018	**314,479**	**712,388**	**138,523**	**92,783**	**1,258,173**
Accumulated depreciation 2018	595	411,560	27,744	0	439,899
Accumulated depreciation 2017	503	356,877	22,364	0	379,744
Carrying amounts Dec. 31, 2018	**313,884**	**300,828**	**110,779**	**92,783**	**818,274**
Carrying amounts Dec. 31, 2017	**266,117**	**283,552**	**96,198**	**111,179**	**757,046**
Depreciation in the fiscal year	-234	49,484	4,298	976	54,524
of which unscheduled	0	0	0	976	976

Depreciation on intangible assets for the fiscal year was €54.5 million (previous year: €48.5 million) recognized in the income statement in functional expenses.

The B. Braun Group capitalized €14.5 million (previous year: €11.1 million) of development costs during the year under review. All the prerequisites for capitalization were met.

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

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

	Hospital Care € '000	Aesculap € '000	OPM € '000	B. Braun Avitum € '000	Total € '000
Dec. 31, 2017					
Carrying amount of goodwill	77,423	10,527	22,308	155,859	266,117
Annual growth rate	2.4%	2.3%	2.1%	2.9%	
Discount rate	7.8%	7.5%	7.0%	8.0%	
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%	

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

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

If the actual sales growth rate had been 10% less than the sales growth estimated by management on December 31, 2018, 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	Advance payments and assets under construction € '000	Total € '000
January 1, 2017	**2,149,092**	**3,195,362**	**1,040,075**	**709,445**	**7,093,974**
Foreign currency translation	-69,876	-117,298	-50,887	-35,195	-273,256
Additions to scope of consolidation	13,362	12,092	2,367	5	27,826
Disposals from scope of consolidation	0	-97	-326	0	-423
Additions	44,003	116,497	78,303	455,635	694,438
Transfers	99,959	246,801	41,233	-393,127	-5,134
Disposals	-5,541	-48,715	-26,762	-4,943	-85,961
December 31, 2017/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
December 31, 2018	**2,391,644**	**3,629,807**	**1,203,706**	**930,900**	**8,156,057**
Accumulated depreciation 2018	704,691	2,077,491	782,211	2,371	3,566,764
Accumulated depreciation 2017	648,202	1,895,308	708,916	2,605	3,255,031
Carrying amounts December 31, 2018	**1,686,953**	**1,552,316**	**421,495**	**928,529**	**4,589,293**
Carrying amounts December 31, 2017	**1,582,797**	**1,509,334**	**375,087**	**729,215**	**4,196,433**
Depreciation in the fiscal year	66,568	212,534	97,807	498	377,407
of which unscheduled	2,434	0	73	498	3,005

Capitalized borrowing costs for the fiscal year were €5.452 million (previous year: €5.711 million). An interest rate of 2.0% was utilized (previous year: 2.1%).

In the statement of financial position, government grants for investments in the amount of €1.881 million (previous year: €2.481 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 €59.500 million (previous year: €68.198 million). On the reporting date, no unfulfilled conditions or uncertainties with regards to market success existed, which would have required a modification of recognition in the statement of financial position.

The carrying amount of property, plant, and equipment with restricted title is €20.206 million (previous year: €17.206 million).

16 Finance leasing

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

	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Licenses, trademarks, and similar rights	644	646
Accumulated depreciation	-186	-174
Buildings	123,434	128,494
Accumulated depreciation	-33,026	-42,637
Technical plants and machinery	6,147	6,969
Accumulated depreciation	-5,128	-5,708
Other plants, operating, and office equipment	14,743	15,510
Accumulated depreciation	-11,011	-11,304
Net carrying amount	**95,617**	**91,796**

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

	Dec. 31, 2018			Dec. 31, 2017		
	Nominal value € '000	Discount amount € '000	Net Present value € '000	Nominal value € '000	Discount amount € '000	Net Present value € '000
Less than one year	10,426	1,972	8,454	10,987	2,198	8,789
Between 1 and 5 years	35,290	5,189	30,101	35,767	6,257	29,510
Over 5 years	15,404	2,685	12,719	24,902	3,678	21,224
	61,120	**9,846**	**51,274**	**71,656**	**12,133**	**59,523**

The two largest finance leasing agreements relate to the real estate for the Hospital Care division's LIFE facility (carrying amount: €16.8 million), and the Aesculap division's benchmark factory (carrying amount: €14.1 million). These agreements have varying terms and conditions, interest rate adjustment clauses, and purchase options.

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

The B. Braun Group has a 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	Received dividends € '000
2018							
Rhön-Klinikum AG	1,482,103	326,194	1,155,909	1,062,874	47,560	47,749	3,717

Since Rhön-Klinikum AG's net income for 2018 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 fair value of the investment as of the reporting date was €372.7 million.

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

	Net carrying amount Jan. 1, 2018 € '000	Profit/loss € '000	Change In equity € '000	Dividend payout € '000	Net carrying amount Dec. 31, 2018 € '000	Share in capital 25,2% € '000	Change due to change in equity € '000	Goodwill € '000	Carrying amount Dec. 31, 2018 € '000
2018									
Rhön-Klinikum AG	1,094,868	59,118	-1,257	-14,726	1,138,003	287,118	65,590	36,230	388,938

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

	2018 € '000	2017 € '000
Other associated companies		
Carrying value of shares	78,508	77,373
Share of profit/loss	-2,865	3,735
Share of other income/expense	0	0
Share of net income	-2,865	3,735
Joint ventures		
Carrying value of shares	683	671
Share of profit/loss	-8	-27
Share of other income/expense	0	0
Share of net income	-8	-27

As of December 31, 2018, the goodwill of holdings in associated companies totaled €62.7 million (previous year: €62.7 million). Liabilities to affiliated companies were €5.7 million (previous year: €6.1 million) and to joint venture €2.8 million (previous year: €2.7 million).

Cost of acquisition	Financial investments recognized using the equity method of accounting € '000	Other holdings € '000	Loans to companies in which the Group holds an interest € '000	Securities € '000	Other loans € '000	Total € '000
January 1, 2017	**389,369**	**36,736**	**392**	**5,373**	**10,372**	**442,242**
Foreign currency translation	-332	0	-7	0	-4	-343
Additions to scope of consolidation	0	0	0	0	0	0
Disposals from scope of consolidation	0	-102,969	0	0	0	-102,969
Additions	82,495	96,855	1,774	372	13,792	195,288
Transfers	-15,567	15,567	0	0	0	0
Appreciation	0	0	0	0	0	0
Disposals	0	-12,860	0	-9	-721	-13,590
Fair value adjustments	0	0	0	0	0	0
December 31, 2017 /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
Appreciation	0	0	0	0	0	0
Disposals	-225	-2,493	-746	0	-17,021	-20,485
Fair value adjustments	0	3,972	0	-849	0	3,123
December 31, 2018	**468,129**	**46,473**	**8,174**	**4,887**	**6,490**	**534,153**
Accumulated depreciation 2018	0	0	0	2,625	137	2,762
Accumulated depreciation 2017	0	29	0	2,625	20	2,674
Carrying amounts December 31, 2018	**468,129**	**46,473**	**8,174**	**2,262**	**6,353**	**531,391**
Carrying amounts December 31, 2017	**455,965**	**33,300**	**2,159**	**3,111**	**23,419**	**517,954**
Amortization in the fiscal year	0	-29	0	0	0	-29

18 Trade receivables

Age analysis of trade receivables

a) Non-impaired trade receivables

	Total	Not yet due	Overdue up to 30	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 180 days	Overdue more than 180 days
Dec. 31, 2017							
Trade receivables	921,875	716,596	72,408	35,306	20,558	35,684	41,323
Dec. 31, 2018							
Trade receivables	926,931	728,218	68,173	29,815	19,630	32,555	48,540
of which leasing	17,728	17,728	-	-	-	-	-
Lifetime ECL	-1,823	-1,573	-87	-30	-27	-83	-23
Carrying amount	925,108	726,645	68,086	29,785	19,603	32,472	48,517

To calculate lifetime ECL, credit loss percentages between 0.05% and 0.25% were used. 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) Trade receivables for which specific impairments have been established

	Total	Not yet due	Overdue up to 30	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 180 days	Overdue more than 180 days
Dec. 31, 2017							
Trade receivables	258,759	139,876	28,165	9,844	6,542	17,252	57,080
Impairment provisions	-32,644	-4,072	-1,172	-388	-280	-1,344	-25,388
Carrying amount	**226,115**	**135,804**	**26,993**	**9,456**	**6,262**	**15,908**	**31,692**
Dec. 31, 2018							
Trade receivables	253,406	142,909	27,238	9,697	7,047	14,437	52,078
Impairment provisions	-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**

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:

	2018 € '000	2017 € '000
Amount of impairment provisions as of December 31, 2017 under IAS 39	39,391	37,667
IFRS 9 changes	-1,927	-
Amount of impairments on January 1, 2018 under IFRS 9	37,464	-
Foreign currency translation	-1,204	-2,444
Additions	9,076	11,145
Utilization	-3,636	-4,877
Releases	-3,148	-2,100
Amount of impairment provisions as of December 31, 2018	**38,552**	**39,391**
of which specific	(36,729)	(32,644)
of which general	-	(6,747)
of which lifetime ECL	(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:

	2018 € '000	2017 € '000
Expenses for complete derecognition of trade receivables	2,975	4,620
Income from trade receivables previously derecognized	165	129

Fair value of collateral received totaled €9.548 million (previous year: €10.915 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, 2018, B. Braun Group companies had sold receivables worth €99.8 million (previous year: €92.3 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 within the framework of an undisclosed assignment. A structured entity should be consolidated under IFRS 10 if the criteria for control of this company have been met (IFRS 10.B2). The existence of a controlling relationship requires decision-making power and variable returns as well as a link between the two. Since B. Braun does not participate in the variability of the structured entity, this company is not to be consolidated in the consolidated financial statements.

The requirements for a receivables transfer according to 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. B. Braun's continuing involvement therefore does not have to be recognized. The maximum amount that B. Braun could conceivably have to pay back under the senior and third-ranking default guarantee assumed is €1.927 million (previous year: €1.825 million) as of the reporting date; the maximum expected interest payments until payment is received is €122,000 (previous year: €110,000). The fair value of the guarantee/interest payments to be assumed is €94,000 (previous year: €87,000).

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

	Dec. 31, 2018			Dec. 31, 2017		
Maturity	Gross investment value € '000	Interest portion included € '000	Present value € '000	Gross investment value € '000	Interest portion included € '000	Present value € '000
Less than one year	7,065	886	6,179	6,557	886	5,671
Between one and five years	11,940	1,027	10,913	11,274	1,125	10,149
Over 5 years	746	110	636	355	9	346
Total	**19,751**	**2,023**	**17,728**	**18,186**	**2,020**	**16,166**

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

	Dec. 31, 2018	Dec. 31, 2017
Maturity	Minimum lease payments € '000	Minimum lease payments € '000
Less than one year	35,077	19,024
Between 1 and 5 years	80,796	59,508
Over 5 years	18,584	18,693
Total	**134,457**	**97,225**

19 Other assets

	Dec. 31, 2018		Dec. 31, 2017	
	Residual term < 1 year € '000	Residual term > 1 year € '000	Residual term < 1 year € '000	Residual term > 1 year € '000
Other tax receivables	87,215	0	70,186	0
Receivables from social security providers	2,168	5	2,614	133
Receivables from employees	3,383	192	3,259	185
Advance payments	23,187	86	18,092	3
Accruals and deferrals	45,763	5,803	38,159	4,549
	161,716	**6,086**	**132,310**	**4,870**
Receivables from derivative financial instruments	15,969	0	12,755	0
Securities at amortized cost	14,703	0	10,835	0
Held-for-trading financial assets	21,903	0	21,177	0
Other receivables and assets	93,294	42,961	82,982	35,200
	145,869	**42,961**	**127,749**	**35,200**
	307,585	**49,047**	**260,059**	**40,070**

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, 2018 € '000	Dec. 31, 2017 € '000
Raw materials and supplies	315,226	276,143
Impairment provisions	-22,007	-19,392
Raw materials and supplies – net	**293,219**	**256,751**
Work in progress	213,836	197,780
Impairment provisions	-9,663	-9,867
Work in progress – net	**204,173**	**187,913**
Finished products, merchandise	939,630	816,590
Impairment provisions	-92,597	-82,774
Finished products, merchandise – net	**847,033**	**733,816**
	1,344,425	**1,178,480**

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 Melsungen's share capital of € 800 million is divided into 19,404,000 no-par-value bearer shares that are fully paid up. Each share without nominal value represents a calculated share of € 41.23 of the subscribed capital.

23 Capital reserves and retained earnings

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

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

Changes in other provision	Reserve for cash flow hedges € '000	Fair value of available-for-sale financial assets € '000	Reserve for currency translation differences differences € '000	Total € '000
January 1, 2017	**-8,070**	**-88**	**-21,667**	**-29,825**
Changes recognized directly in equity (after taxes)				
Changes in fair value of securities	0	-31	0	-31
Cash flow hedging instruments	8,049	0	0	8,049
Changes due to currency translation	0	0	-177,138	-177,138
Total	**8,049**	**-31**	**-177,138**	**-169,120**
December 31, 2017/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
Total	**-729**	**3,162**	**8,819**	**11,252**
December 31, 2018	**-750**	**3,043**	**-189,986**	**-187,693**

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 inter-company elimination is as follows:

	Assets € '000	Liabilities € '000	Sales € '000	
2017				
Almo-Erzeugnisse E. Busch GmbH, Germany	56,722	29,826	68,433	
B. Braun Austria Ges.m.b.H., Austria	86,907	21,668	61,763	
B. Braun Medical AG, Switzerland	342,126	112,460	298,915	
	485,755	163,954	429,111	
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	

						attributable to	
	Profit/loss	Other earnings (OCI)	Total earnings	Cash flow	Non-controlling interests	Profit/loss	Dividends
	€ '000	€ '000	€ '000	€ '000	in %	€ '000	€ '000
	4,130	-2,182	1,948	-1	40	1,652	1,000
	12,562	-1,231	11,331	13	40	5,025	1,200
	13,059	-29,614	-16,554	10,838	49	6,397	5,485
	29,751	-33,027	-3,275	10,850		13,074	7,685
	-843	-2,239	-3,082	0	40	-337	600
	11,594	-1,363	10,231	11	40	4,638	2,000
	18,468	-29,273	-10,805	-5,717	49	9,049	4,957
	29,219	-32,875	-3,656	-5,706		13,350	7,557

25 Provisions for pensions and similar obligations

	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Provisions for pension obligations	1,332,051	1,268,987

Payments of €42.8 million are expected in 2019 (previous year: €39.5 million). Of this, €10.3 million (previous year: €9.5 million) is attributable to contributions to external plans and €32.5 million (previous year: €30 million) to benefits that will be paid directly by the employer to beneficiaries.

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

For defined contribution plans, the Group has no further payment obligations once the contributions have been paid. They are recognized as an operating expense in the amount of the contributions paid. In the previous fiscal year, this amount was €29.6 million (previous year: €18.4 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 obligations. 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 obligations. In this case, the pensions have a lump-sum payment option. Payments are made in the event of disability, death, or an employee reaching the 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, 2018 € '000	Dec. 31, 2017 € '000
Present value of pension obligations	1,671,040	1,593,550
Fair value of external plan assets	-338,994	-324,563
Excess cover/shortfall	**1,332,046**	**1,268,987**
Effect of asset ceiling	5	0
Pension provision (net)	**1,332,051**	**1,268,987**
of which assets	(1,239)	(1,191)
of which liabilities	(1,333,290)	(1,270,178)

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

	2018 € '000	2017 € '000
Current service costs	61,767	62,819
Plan changes/past service costs	-434	-244
(Profit)/losses from plan settlements/lapsing	17	-57
Service costs	**61,350**	**62,518**
Interest expense on pension obligations	33,847	31,756
Interest income from external plan assets	-6,521	-5,957
Interest income from reimbursement claims	0	0
Interest on asset ceiling	0	0
Net interest expense on pension obligations	**27,326**	**25,799**
Administrative expenses and taxes	566	1,103
Pension expense on defined benefit plans	**89,241**	**89,420**
of which operating profit	(61,916)	(63,621)
of which financial income	(27,325)	(25,799)
Pension expense on defined contribution plans	29,568	18,409
Pension expense	**118,809**	**107,829**

Pension obligations and external plan assets are reconciled as follows:

	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Present value of the obligation at the beginning of the year	1,593,550	1,609,146
Current service costs	61,767	62,819
Plan changes/(past service costs)	-434	-244
Effects of plan settlements/lapsing	17	-57
Interest expense on pension obligations	33,847	31,756
Benefits paid	-37,763	-43,454
Settlement payments	-602	-646
Employee contributions	4,757	4,561
Effects of changes in financial assumptions	-15,567	-51,574
Effects of changes in demographic assumptions	12,975	-501
Effects of experience adjustments	19,322	4,560
Effects of transfers	-13,716	10,579
Effects of changes in the scope of consolidation	410	0
Effects of foreign currency translation	12,477	-33,395
Present value of the obligation at end of year	**1,671,040**	**1,593,550**

	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Fair value of plan assets at start of year	324,563	308,313
Interest income from external plan assets	6,521	5,957
Revaluation of external plan assets	-12,360	11,546
Employer contributions	14,801	26,992
Employee contributions	4,757	4,561
Benefits paid and fund capital payments made	-8,763	-17,050
Settlement payments	-458	0
Effects of changes in scope of consolidation and transfers	218	8,634
Effects of foreign currency translation	9,714	-24,390
Fair value of plan assets at end of year	**338,993**	**324,563**

The plan assets consist of the following:

	Dec. 31, 2018 in %	Dec. 31, 2017 in %
Equities and similar securities	19	20
Bonds and other fixed-income securities	13	12
Real estate	0	0
Insurance contracts	58	55
Liquid assets	1	5
Derivatives	0	0
Investment funds	9	8
Other assets	0	0
	100	**100**

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

	Dec. 31, 2018 in %	Dec. 31, 2017 in %
Equities and similar securities	19	20
Bonds and other fixed-income securities	13	12
Real estate	0	0
Insurance contracts	0	0
Liquid assets	1	5
Derivatives	0	0
Investment funds	9	8
Other assets	0	0
	42	**45**

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 United States. A pension committee oversees plan assets in the United States and ensures adequate investment diversification.

In fiscal years 2018 and 2017, the pension provisions changed as follows:

	2018 € '000	2017 € '000
Pension provisions (net) January 1	1,268,987	1,300,833
Transfers	-13,933	1,944
Payments	-44,507	-55,146
Pension expense	89,241	89,420
Revaluations recognized in equity (OCI)	29,090	-59,060
of which effects from changes to financial assumptions of the pension obligation	(-15,567)	(-51,574)
of which effects from changes to demographic assumptions of the pension obligation	(12,975)	(-501)
of which effects from experiential adjustments of the pension obligation	(19,322)	(4,560)
of which revaluation of external plan assets	(12,360)	(-11,546)
of which other effects	-	(1)
Effects of changes in the scope of consolidation	410	0
Effects of foreign currency translation	2,763	-9,004
Pension provisions (net) Dec. 31	**1,332,051**	**1,268,987**

The transfers contain obligations 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 obligations was based on the following assumptions:

	Dec. 31, 2018 in %	Dec. 31, 2017 in %
Discount rate	2.2	2.2
Future salary increases	2.8	2.8
Future pension increases	1.5	1.5

Pension expense was calculated using the following assumptions:

	2018 in %	2017 in %
Discount rate for calculating interest expense	2.2	2.0
Discount rate for calculating current service costs	2.3	2.2
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 2.2% (previous year: 2.2%) was applied to determine the pension obligations.

The Heubeck Mortality Tables 2018 G (previous year: 2005 G) served as the 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:

Obligation-increasing effect	2018 in %	2017 in %
Discount rate reduced by 25 basis points	5	4
Future salary increases increased by 25 basis points	1	1
Future pension increases increased by 25 basis points	2	2
Life expectancy increased by 1 year	3	3*

* Effect in Germany

Obligation-reducing sensitivities have a comparable effect.

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

26 Other provisions

The major provisions categories changed as follows:

Other non-current provisions		Personnel expenditures € '000	Uncertain liabilities € '000	Other € '000	Total € '000
January 1, 2017		**96,911**	**6,879**	**8,904**	**112,694**
Foreign currency translation		-3,269	-690	-18	-3,977
Changes in scope of consolidation		0	0	0	0
Accrued interest		0	35	0	35
Transfers		0	0	0	0
Utilization		-3,963	-1,473	-802	-6,238
Reversals		-1,609	-319	-320	-2,249
Additions		11,086	510	1,457	13,053
December 31, 2017/January 1, 2018		**99,155**	**4,942**	**9,221**	**113,318**
Foreign currency translation		1,207	-743	13	477
Changes in scope of consolidation		0	0	0	0
Accrued interest		0	0	0	0
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
December 31, 2018		**105,576**	**4,341**	**8,535**	**118,452**

Other current provisions	Personnel expenditures € '000	Warranties € '000	Uncertain liabilities € '000	Other € '000	Total € '000
January 1, 2017	**3,699**	**10,768**	**9,307**	**24,896**	**48,670**
Foreign currency translation	-68	-354	-222	-1,631	-2,276
Transfers	0	0	0	0	0
Changes in scope of consolidation	92	0	0	101	193
Utilization	-2,507	-2,225	-1,594	-12,141	-18,466
Reversals	-264	-405	-1,499	-4,008	-6,176
Additions	4,156	3,087	10,802	21,172	39,217
December 31, 2017/January 1, 2018	**5,108**	**10,871**	**16,794**	**28,389**	**61,162**
Foreign currency translation	119	-8	170	-1,013	-732
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
December 31, 2018	**5,395**	**13,638**	**14,450**	**28,331**	**61,814**

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

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

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

27 Financial liabilities

	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Non-current liabilities		
Profit participation rights	112,551	103,360
Liabilities to banks	1,478,436	1,379,723
Liabilities under finance leases	29,025	33,510
Liabilities under finance leases with affiliated companies	13,796	17,269
Liabilities under borrowings from non-banks	39,295	15,151
Other financial liabilities	0	0
	1,673,103	**1,549,013**
Current liabilities		
Profit participation rights	12,482	17,329
Liabilities to banks	675,692	546,786
Liabilities under finance leases	4,979	5,306
Liabilities under finance leases with affiliated companies	3,475	3,436
Liabilities under borrowings from non-banks	57,608	83,345
Liabilities under bills of exchange	15,449	14,400
Other financial liabilities	8,273	4,906
	777,958	**675,508**
Total financial liabilities	**2,451,061**	**2,224,521**

Term structure of financial liabilities:

	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Due within 1 year	777,958	675,508
Due in 1 to 5 years	916,372	897,711
Due in over 5 years	756,731	651,302
	2,451,061	**2,224,521**

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

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

As an incentive for the investment made by employees, the company offers an entitlement bonus of 25% 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, 2018, a total of 657,560 rights had been issued. The years of issue are as follows:

Year of issue	Number
2009	52,951
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
	657,560

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 Group's net financial debt (leverage ratio). In May 2014, the parties agreed to extend the term of the original credit agreement that was supposed to end on March 23, 2017 to May 21, 2019. In addition, B. Braun has been granted the right to extend the contract by one year on two separate occasions upon consent of the banks. 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 in particular a minimum equity ratio, which is calculated by taking the entity's total assets and dividing them by its total equity, and maximum leverage ratio, in other words the net financial debt to EBITDA ratio. Both of these ratios will be calculated on the basis of consolidated figures for the B. Braun Group, subject to adjustments as agreed under the syndicated loan. Under the agreement, the equity ratio must not fall below 25% 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 July 2018, B. Braun Melsungen AG issued bonds totaling €300 million in a promissory note transaction. The notes mature after 5 years (€85 million), 8 years (€165 million) and 10 years (€50 million) and have a fixed interest rate. The promissory notes were predominantly underwritten by German banks. In addition, Group companies in Asia and Latin America have secured long-term, bilateral loan agreements equivalent to approx. €135 million with terms of up to 5 years. These borrowed funds were used to refinance expired loans or short-term liabilities, and finance the capital requirements of the respective Group company.

As of December 31, 2018, the Group has unused credit lines in different currencies totaling €1,116.0 million (previous year: €1,087.1 million).

Interest rates on euro loans were up to 5.40% per annum for non-current loans, depending on the length of the interest rate lock-in period.

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

	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
EUR	1,922,992	1,671,418
USD	130,990	175,866
Other	397,079	377,237
	2,451,061	**2,224,521**

Liabilities from finance leasing are recognized at the net present value of the leasing payments. These are fully secured by property liens on leased property. Of the other liabilities, €22.316 million (previous year: €20.302 million) are covered by property liens. Borrowings from non-banks are unsecured.

The carrying amount of financial assets used as collateral for liabilities or contingent liabilities was €33,000 (previous year: €34,000). The collateral provided was assigned receivables. The following table shows the contractually agreed upon (undiscounted) interest and repayments on financial liabilities, other financial liabilities, and derivative financial instruments with negative fair value:

		Cash outflows within one year	
	Carrying amount € '000	Interest € '000	Repayments € '000
Dec. 31, 2017			
Profit participation rights	120,689	151	17,329
Liabilities to banks	1,926,509	26,296	546,883
Liabilities under finance leases	38,816	1,182	5,306
Liabilities under finance leases with affiliated companies	20,705	215	3,436
Liabilities under borrowings from non-banks	98,496	508	83,345
Liabilities from ABS transactions and other financial liabilities	55,583	0	55,583
Trade accounts payable	483,906	0	481,009
Liabilities from derivative financial instruments	14,040	1	384,134
Dec. 31, 2018			
Profit participation rights	125,033	145	12,482
Liabilities to banks	2,154,128	23,829	675,692
Liabilities under finance leases	34,004	1,794	4,979
Liabilities under finance leases with affiliated companies	17,271	178	3,475
Liabilities under borrowings from non-banks	96,903	425	57,608
Liabilities from ABS transactions and other financial liabilities	57,717	0	57,717
Trade accounts payable	532,123	7	529,176
Liabilities from derivative financial instruments	11,362	649	271,187

Cash outflows within one to two years		Cash outflows within two to five years		Cash outflows within five to ten years		Cash outflows after ten years	
Interest	Repayments	Interest	Repayments	Interest	Repayments	Interest	Repayments
€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
130	11,557	297	34,146	215	57,657	0	0
22,718	270,976	44,645	550,952	25,419	557,698	0	0
1,771	6,439	4,007	10,154	2,849	12,183	793	4,734
178	3,475	315	9,487	35	4,307	0	0
144	6,794	72	6,594	0	1,763	0	0
0	0	0	0	0	0	0	0
0	12	0	1,857	0	1,028	0	0
2	838	0	0	0	0	0	-370,932
130	14,298	299	35,622	212	62,631	0	0
23,940	131,355	53,075	687,600	28,070	659,481	0	0
1,560	4,575	3,281	12,814	2,682	11,636	0	0
141	3,149	207	9,564	3	1,083	0	0
352	2,009	1,047	30,452	272	6,834	0	0
0	0	0	0	0	0	0	0
0	241	0	2,266	0	440	0	0
0	8	0	183	0	0	0	-260,016

All instruments held as of December 31, 2018 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, 2018. Financial liabilities that can be repaid at any time are always assigned to the earliest possible period.

28 Additional disclosures on financial instruments

Reconciliation of the carrying values of financial assets and the corresponding assessment categories from IAS 39 with the classifications by IFRS 9 at time of initial application:

	Carrying amount Dec. 31, 2017 € '000	Assessment category under IAS 39	Revaluation effects € '000	Carrying amount Jan. 1, 2018 € '000	Assessment category under IFRS 9
Assets					
Trade receivables	1,147,990	LaR	-43,113	1,104,877	AmC
			45,040	45,040	FVPL
Other receivables	157,021	LaR		157,021	AmC
Other financial assets	13,946	AfS	-33,300	35,834	FVOCIw/o
Other holdings	33,300	AfS	-33,300	0	FVOCI
				10,836	AmC
				576	FVPL
Financial assets held for trading	21,177	FAHfT		21,177	FVPL
Derivatives not in a hedge	8,135	FAHfT		8,135	FVPL
Derivatives in a hedge	4,620	N/A		4,620	N/A
Cash and cash equivalents	66,371	LaR		66,371	AmC
Total financial assets	**1,452,560**		**1,927**	**1,454,487**	

LaR Loans and Receivables | **AfS** Available-for-Sale Financial Assets | **FAHfT** Financial Assets Held-for-Trading

AmC Financial Assets measured at Amortized cost | **FVPL** Financial Assets measured at Fair Value through Profit & Loss | **FVOCI** Financial Assets measured at Fair Value through Other Comprehensive Income with recycling | **FVOCIw/o** Financial Assets measured at Fair Value through Other Comprehensive Income without recycling

Trade receivables totaling €45.04 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 €10.836 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 €35.834 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 €3.016 million were recognized from these financial investments in 2018.

Carrying amounts and fair value by measurement category/classification:

	Assessment category under IFRS	Carrying Dec. 31, € '000	Fair value Dec. 31, € '000	Assessment category under IAS	Carrying Dec. 31, € '000	Fair value Dec. 31, € '000
Assets						
Trade receivables	AmC	1,099,475	-	LaR	1,147,990	-
	FVPL	42,310	42,310	-	-	-
Other receivables	AmC	138,860	-	LaR	157,021	-
Other financial assets	FVOCIw/o	41,607	41,607	-	-	-
	AmC	14,703	14,703	-	-	-
	FVPL	7,127	7,127	-	-	-
Total other financial assets		63,437	63,437	AfS	13,946	13,946
Other holdings		-	-*	AfS	33,300	-*
Financial assets held for trading	FVPL	21,903	21,903	FAHfT	21,177	21,177
Derivatives not in a hedge	FVPL	12,276	12,276	FAHfT	8,135	8,135
Derivatives in a hedge	N/A	3,693	3,693	N/A	4,620	4,620
Cash and cash equivalents	AmC	74,763	-	LaR	66,371	-
Liabilities						
Profit participation rights	AmC	125,033	-**	FLAC	120,689	-**
Liabilities to banks	AmC	2,154,128	2,184,461	FLAC	1,926,509	1,947,212
Liability under finance leases	N/A	51,275	34,352	N/A	59,521	39,266
Liabilities under borrowings from non-banks	AmC	96,903	96,987	FLAC	98,496	98,587
Other financial liabilities	AmC	15,535	-	FLAC	14,415	-
Trade accounts payable	AmC	532,123	-	FLAC	483,906	-
Other liabilities	AmC	338,094	-	FLAC	322,856	-
Purchase price liabilities from business combinations	FVPL	7,520	7,520	FLHfT	7,302	7,302
Derivatives not in a hedge	FVPL	6,218	6,218	FLHfT	9,702	9,702
Derivatives in a hedge	N/A	5,144	5,144	N/A	4,338	4,338

	Assessment category under IFRS	Carrying Dec. 31, € '000	Fair value Dec. 31, € '000	Assessment category under IAS	Carrying Dec. 31, € '000	Fair value Dec. 31, € '000
Summary by IAS 39 measurement category:						
Loans and receivables				LaR	1,371,382	-
Financial assets held for trading				FAHfT	29,312	29,312
Financial liabilities measured at amortized cost				FLAC	2,966,871	2,045,799
Financial liabilities held for trading				FLHfT	17,004	17,004
Summary by IFRS 9 measurement category:						
Amortized cost	AmC	1,327,801	14,703			
Fair value through profit and loss	FVPL	83,616	83,616			
	FVOCIw/o	41,607	41,607			
Liabilities						
Amortized cost	AmC	3,261,816	2,281,448			
Fair value through profit and loss	FVPL	13,738	13,738			

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

AmC Financial Assets measured at Amortized cost | **FVPL** Financial Assets measured at Fair Value through Profit & Loss | **FVOCIw/o** Financial Assets measured at Fair Value through Other Comprehensive Income without recycling

*The remaining holdings consist of shares in partnerships and corporations for which no active market exists. Since future cash flows cannot be reliably determined, the fair value of these instruments also cannot be reliably measured.

**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.

Net gains or losses by measurement category are as follows:

Net gains or losses from financial assets and liabilities	2018 € '000	2017 € '000
- Loans and receivables		0
- Held-to-maturity financial assets		0
- Available-for-sale financial assets		-307
- Financial assets and liabilities held for trading		-5,393
- Measured at amortized cost	-87	
- Equity instruments measured in other comprehensive income as FVOCI	-191	
- Measured at FVPL by regulation	-3,360	
	-3,638	**-5,700**

Other assets include other receivables and other financial assets in the amount of €159.528 million (previous year: €136.277 million) and other loans in the amount of €14.528 million (previous year: €25.578 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, promissory notes, finance leases and other financial liabilities are calculated as the net present value of the payments associated with the liabilities, based on the relevant yield curve in each case. In determining the fair value, the credit risk has been taken into account.

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

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

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

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

	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000
December 31, 2017				
Financial assets of category "At fair value through profit and loss"				
Derivative financial assets not in a hedge	0	8,135	0	8,135
Derivative financial assets in a hedge	0	4,620	0	4,620
Financial assets held for trading	21,177	0	0	21,177
Financial assets of category "Available for sale"				
Financial assets	13,946	0	0	13,946
Financial liabilities of category "At fair value through profit and loss"				
Purchase price liabilities from business combinations	0	0	-7,302	-7,302
Derivative financial assets not in a hedge	0	-9,702	0	-9,702
Derivative financial assets in a hedge	0	-4,338	0	-4,338
	35,123	-1,285	-7,302	26,536
December 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
Financial assets held for trading	29,030	0	0	29,030
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

Purchase price liabilities from business combinations categorized as level 3 are conditional purchase price liabilities recorded at net present value, the final amount of which is partially performance dependent based on various factors. The amount stated represents the fair value that was calculated for the actual purchase price liability on the basis of the agreed adjustment parameters. A partial amount of €1.417 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 €142,000. Another partial amount of €5.465 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 €2.192 million (decrease by €2.413 million).

The €218,000 increase in liabilities over the previous year is attributable to the creation of new liabilities following business combinations in the reporting year (€170,000) and discounting effects (€48,000).

The table below shows the fair values of financial instruments that are recognized at amortized cost.

	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000
December 31, 2017				
Financial liabilities of category "Measured at amortized cost"				
Liabilities to banks	0	1,947,212	0	1,947,212
Liabilities under finance leases	0	39,266	0	39,266
Liabilities under borrowings from non-banks	0	98,587	0	98,587
	0	2,085,065	0	2,085,065
December 31, 2018				
Financial liabilities of category AmC				
Liabilities to banks	0	2,184,461	0	2,184,461
Liabilities under finance leases	0	34,352	0	34,352
Liabilities under borrowings from non-banks	0	96,987	0	96,987
	0	2,315,800	0	2,315,800

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

				Corresponding amounts that were not offset		
	Gross carrying amount € '000	Offset amount € '000	Net carrying amount € '000	Financial instruments € '000	Financial collateral held € '000	Net amount € '000
December 31, 2017						
Loans and receivables (LaR)	1,371,382	0	1,371,382	-1,355	0	1,370,027
Financial assets held for trading (FAHfT)	29,312	0	29,312	-9,838	0	19,474
Financial liabilities measured at amortized cost (FLAC)	2,966,871	0	2,966,871	-6,418	0	2,960,453
Financial liabilities held for trading (FLHfT)	17,004	0	17,004	-4,775	0	12,229
December 31, 2018						
Financial assets measured at cost	1,327,801	0	1,327,801	-3,359	20	1,324,462
Assets measured at fair value	125,223	0	125,223	-10,173	0	115,050
of which FVPL	83,616	0	83,616	-10,173	0	73,443
of which FVOCIw/o	41,607	0	41,607	0	0	41,607
Financial liabilities at amortized cost	3,261,816	0	3,261,816	-8,521	0	3,253,295
Liabilities measured at fair value through profit and loss (FVPL)	13,738	0	13,738	-5,010	0	8,728

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, 2018 € '000	Dec. 31, 2017 € '000
Non-current liabilities		
Trade accounts payable	2,947	2,897
Liabilities to social security providers	3,479	4,037
Liabilities to employees, management, and shareholders	36,899	30,247
Accruals and deferrals	80	87
	40,458	**34,371**
Other liabilities	11,094	16,936
Subtotal other liabilities	**51,552**	**51,307**
of which financial liabilities	(10,711)	(16,936)
Current liabilities		
Trade accounts payable	529,176	481,009
Liabilities to social security providers	35,027	32,879
Liabilities to employees, management, and shareholders	278,357	274,445
Accruals and deferrals	19,355	11,607
Other tax liabilities	89,715	81,882
	422,454	**400,813**
Liabilities from derivative financial instruments	11,362	14,040
Other liabilities	373,385	311,390
	384,747	**325,430**
Subtotal other liabilities	**807,201**	**726,243**
of which financial liabilities	(338,741)	(319,960)
Total liabilities	**1,390,876**	**1,261,456**

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

30 Contingent liabilities

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

	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Uncertain liabilities	17,374	4,954
Guarantees	18,972	14,878
Warranties	0	0
Contractual performance guarantees	38,582	37,712
	74,928	**57,544**

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

31 Other financial liabilities

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

Future minimum lease payments expected in connection with non-terminable sub-leases on the reporting date amount to €17.153 million (previous year: €17.708 million).

The Group also leases manufacturing facilities and machinery under terminable operating lease agreements.

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

	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Obligations under rental and leasing agreements		
Due within one year	102,326	86,639
Due within one to five years	204,967	166,846
Due in over five years	105,837	99,119
	413,130	**352,604**
Obligations from the acquisition of intangible assets	921	127
Obligations from the acquisition of property, plant, and equipment	290,322	282,597
Total	**704,373**	**635,328**

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

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

	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Obligations under sale and leaseback agreements		
Due within one year	13,423	12,196
Due within one to five years	21,172	20,776
Due in over five years	134	0
	34,729	**32,972**

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

32 Financial risk management

Financial risk factors

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

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

a) Market risk

Foreign exchange risk

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

The Group's risk management policy is to hedge the assets or liabilities recognized in the statement of financial position and to hedge up to 60% of the net cash flow expected over the following 12 months on a continuous basis in key currencies. 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) as well as foreign exchange transactions executed in order to hedge balance sheet items and future cash flow denominated in foreign currencies (cash flow hedges).

If the exchange rate of the US dollar compared to other currencies on December 31, 2018 had been 10 % stronger (weaker), profit before taxes—with all other variables remaining constant—would have been €1.9 million higher (lower) (previous year: €1.3 million). The remaining components of equity would have been approximately €7.6 million (previous year: €6.8 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 € 24.1 million (previous year: €22 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 also hedges its cash flow interest rate risk using interest rate swaps. Under these payer interest rate swaps, the Group agrees with other parties to exchange a fixed interest rate for a floating reference rate at specified intervals based on the agreed nominal volume in each case. Interest rate swaps of this nature have the economic effect of converting variable-rate into fixed-rate loans.

If market interest rates had been 100 basis points higher as of December 31, 2018, profit before taxes—with all other variables remaining constant—would have been approximately €5.9 million lower for the full year (previous year: €6.2 million). If market interest rates had been 50 basis points lower as of December 31, 2018, profit before taxes—with all other variables remaining constant—would have been approximately €2 million higher for the full year (previous year: €2.2 million). This would have been mainly attributable to higher or lower interest expense for variable-rate interest-bearing financial liabilities. The other components of equity would have changed only slightly.

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 contain, as a rule, a provision that allows mutually offsetting positive and negative fair market values in the event of the insolvency of a party.

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 €38.088 million (previous year: €34.866 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 (im-paired)**	**Lifetime ECL**
Not at risk of default	228,326	0	0	926,931
At risk of default	0	0	0	253,406
Total	228,326	0	0	1,180,337

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 credit facilities. Due to the dynamic nature of the environment in which the Group operates, Group Treasury aims to maintain the necessary flexibility in funding by ensuring sufficient 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 fiscal year 2018, 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 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, 2018 € '000	Dec. 31, 2017 € '000	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Forward foreign exchange contracts	1,050,039	906,918	15,038	34,725	7,469	995
Interest rate swaps	100,000	100,000	0	100,000	-716	-1,383
Embedded derivatives	8,500	11,000	0	0	-219	-628
	1,158,539	**1,017,918**	**15,038**	**134,725**	**6,534**	**-1,016**

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 is 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. This is why the Group has designated forward foreign exchange contracts to hedge foreign currency receipts and payments not in the functional currency that are expected in the future with high probability:

	Nominal volume		Average hedging rate	
ISO code	Dec. 31, 2018 €´000	Dec. 31, 2017 €´000	Dec. 31, 2018	Dec. 31, 2017
EUR/USD	72,012	69,562	1.1876	1.1768
EUR/CHF	32,103	32,431	1.1472	1.1190
EUR/GBP	39,621	31,990	0.8985	0.8908
EUR/JPY	17,416	16,681	129.8000	128.6500
EUR/CNY	74,829	70,962	8.1606	8.0941
EUR/RUB	56,802	56,549	80.4300	72.4100
EUR/BRL	12,354	6,300	4.7279	4.0432

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, 2018, the Group had designated forward foreign exchange contracts with a fair value of €3.693 million (previous year: €4.62 million) as other assets and of €4.718 million (previous year: €3.25 million) as other liabilities as 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:

	2018 € '000	2017 € '000
As of January 1	1,370	-9,534
Profit or loss from effective hedges	-3,363	4,174
Reclassifications due to altered expectations regarding occurrence of underlying transaction	N/A	N/A
Reclassifications due to realization of underlying transaction	961	6,640
Reclassification due to a basis adjustment	N/A	N/A
As of December 31	**-1,025**	**1,370**

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

B. Braun expects gains of €3.693 million and losses of €4.718 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 -€741,000 (previous year: €3.486 million) were eliminated from the currency earnings. The earnings from the hedges from internal commercial lending is shown in net interest income.

The Group has 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 (previous year: €100 million). The objective is to increase the percentage of fixed-interest liabilities in accordance with the Group's financial risk policy. The Group has designated these payer interest rate swaps as cash flow hedges. Changes in the cash flows of the underlying transaction resulting from changes in the reference interest rate are compensated for by the changes in the cash flows of the interest rate swap. The hedging measures are designed to hedge the cash flow from bank liabilities against an increase in the reference interest rate. Credit risks are not covered through the hedge. The related cash flows are likely to occur in fiscal year 2019. The effectiveness of hedges was measured prospectively and retrospectively using the dollar offset method. The hedges were effective.

As of December 31, 2018, the Group had designated payer interest rate swaps with a fair value of € -716,000 (previous year: € -1.383 million) 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:

	2018 € '000	2017 € '000
As of January 1	-1,088	-2,573
Profit or loss from effective hedges	-50	-188
Reclassifications due to altered expectations regarding occurrence of underlying transaction	N/A	N/A
Reclassifications due to realization of underlying transaction	715	1,673
Reclassification due to a basis adjustment	N/A	N/A
As of December 31	**-423**	**-1,088**

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

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). From hedges that were terminated or became ineffective in the fiscal year, losses that were recognized in the capital equity on an accumulative basis remained in the capital equity at the time of terminating this hedge, and they are recognized on entry of the originally hedged transaction through profit and loss in the statement of income. In 2018, this resulted in an expense of €0 (previous year: €370,000), which was transferred from equity to the statement of income.

33 Related party transactions

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

The B. Braun Group purchases materials, 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 on normal market terms. From the perspective of the B. Braun Group, these are not materially significant. The B. Braun Group did not participate in any transactions significant for it or for related entities that were in any way irregular, and does not intend to do so in the future.

Effective September 1, 2018, Group departments with central functions were transferred to B. Braun Service SE & Co. KG headquartered in Melsungen, which for its part performs this strategic service in the way of management for the newly founded managing B. Braun Familienholding SE & Co. KG. These departments include Consolidated Accounting & Reporting, Taxes, Treasury, Corporate Communications, Legal and Corporate HR. The 180 employees entrusted with these duties have also been transferred to the new service company. The corresponding pension obligations of €10.149 million, anniversary obligations of €461,000 and other personnel obligations of €1.165 million have also been transferred to B. Braun Service SE & Co. KG in exchange for cash.

The following transactions were completed with related persons and entities:

	2018 € '000	2017 € '000
Sale of goods and services		
Related entities	20,361	14,044
of which B. Braun Holding GmbH & Co. KG	(7,909)	(4,973)
of which associated companies	(12,452)	(9,071)
Goods and services purchased		
Related entities	71,219	59,680
of which B. Braun Holding GmbH & Co. KG	(24,274)	(24,109)
of which unconsolidated subsidiaries of B. Braun Holding	(11,612)	(0)
of which joint ventures	(22,842)	(21,295)
of which associated companies	(12,491)	(14,276)

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

	Dec. 31, 2018 € '000	Dec. 31, 2017 € '000
Outstanding items from the sale of goods and services		
Related entities	6,111	3,460
of which B. Braun Holding GmbH & Co. KG	(588)	(546)
of which unconsolidated subsidiaries of B. Braun Holding	(3,414)	(117)
of which joint ventures	(35)	(31)
of which associated companies	(2,074)	(2,766)
Procurement obligations	112	186
Outstanding items from goods and services purchased and from loans		
Related entities	30,043	26,836
of which B. Braun Holding GmbH & Co. KG	(17,836)	(21,715)
of which unconsolidated subsidiaries of B. Braun Holding	(7,147)	(0)
of which joint ventures	(1,870)	(1,679)
of which associated companies	(3,190)	(3,442)
Key management personnel	32,995	27,443
	63,038	**54,279**
Procurement obligations	34	7

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

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

- Other assets
- Financial Debt
- Other liabilities

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

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

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

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

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

	2018 € '000	2017 € '000
Fixed remuneration	3,761	3,704
Variable renumeration	4,994	5,376
Pension expense	1,075	1,029
Bonuses	459	440
Other	550	427
	10,839	**10,976**

Of the total, € 623,000 was attributable to the Chairman of the Management Board as fixed renumeration and € 784,000 as variable remuneration from profit-sharing.

Pension obligations to active board members total €26.854 million. Profit-sharing bonus obligations to board members reported under liabilities to employees, management and shareholders total € 4.112 million. A total of € 25.177 million has been allocated for pension obligations to former board members and their surviving dependents. Total remuneration amounted to € 3.957 million. Supervisory Board remuneration totaled € 693,000.

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

The Group has not made any loans to current or former members of the Management Board or Supervisory Board. Liabilities stemming from profit participation rights for Management Board members were € 18.595 million (previous year: € 18.034 million). See Note 27 for detailed information about bonuses.

The members of the Supervisory board and the Management Board are listed on pages 156 and 5.

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 €777.1 million is the cash surplus from operating activities before any changes in working capital. It is €51 million less than in the previous year. The change is due primarily to the change in non-current provisions and other non-cash income and expenses.

Cash flow from operating activities of €626.5 million represents changes in current assets, current provisions, and liabilities (excluding financial liabilities).

The increase in liabilities and current provisions less the increase in inventories, receivables and other assets have led to a cash outflow of -€150.6 million. Net cash from operating activities is therefore €28.6 million below the previous year's level.

35 Cash flow from investing activities

For the purchase of property, plant, and equipment, intangible assets, financial assets, and business acquisitions, a total of €849.8 million was spent in 2018. This was offset by proceeds from the sale of property, plant, and equipment, and the disposal of holdings (€35.9 million), as well as dividends and similar income received (€16.6 million), resulting in a net cash outflow from investing activities of €797.3 million. Compared to the previous year, this resulted in a €93.4 million reduction in cash outflow.

Investments made during the year were not fully covered by cash flow from operating activities. The remaining free cash flow was -€170.8 million (previous year: -€235.5 million).

Additions to property, plant, and equipment, and intangible assets under finance leasing do not result in cash outflows and are therefore not included under investing activities. In the reporting year, these additions totaled €9.4 million (previous year: €300,000).

36 Cash flow from financing activities

In 2018, cash flow from financing activities amounted to €158.5 million (previous year: €184.8 million cash outflow). The net balance of proceeds from and repayments of loans was €206.1 million (previous year: €218.9 million). Dividend payments and capital contributions by non-controlling interests resulted in a total cash outflow of €42.3 million (previous year: €33.8 million). The €26.3 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, 2018	Cash changes	Non-cash changes			Dec. 31, 2018
			Acquisitions	Exchange gains (losses)	Change in the fair value	
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Non-current financial liabilities	1,394,874	120,704	0	2,153	0	1,517,731
Current financial liabilities	649,437	106,700	2,277	-1,392	0	757,022
Non-current leasing liabilities	50,779	-16,932	0	8,974	0	42,821
Current leasing liabilities	8,742	-299	0	11	0	8,454
Non-current profit participation rights	103,360	9,444	0	0	-253	112,551
Current profit participation rights	17,329	-14,715	0	0	9,868	12,482
Total liabilities from financing activities	**2,224,521**	**204,902**	**2,277**	**9,746**	**9,615**	**2,451,061**

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, 2018, restrictions on cash availability totaled €2.139 million (previous year: €1.599 million). These restrictions are primarily related to security deposits and collateral for tender business.

SUBSEQUENT EVENTS

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

No other 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 the earnings, assets, and financial position for fiscal year 2018.

MAJOR SHAREHOLDINGS

Company name and headquarters	As of Dec. 31, 2018 Holding Capital in %1	Equity € '000	Sales € '000	Employees[5)]
Germany				
AESCULAP AG, Tuttlingen[2)]	100.0	175,824	803,767	3,636
Aesculap International GmbH, Tuttlingen[2)]	100.0	205,777	0	0
Aesculap Suhl GmbH, Suhl[2)]	100.0	3,711	13,806	110
Almo-Erzeugnisse E. Busch GmbH, Bad Arolsen	60.0	24,496	62,979	382
B. Braun Avitum AG, Melsungen[2)]	94.0	95,960	488,217	1,004
B. Braun Avitum Saxonia GmbH, Radeberg[2)]	94.0	15,983	105,882	957
B. Braun Facility Services GmbH & Co. KG, Melsungen	100.0	-3,160	64	100
B. Braun Nordamerika Verwaltungsgesellschaft mbH, Melsungen[2]	100.0	149,309	0	0
B. Braun prolabor GmbH, Hilter a.T.W. [2)]	100.0	2,719	14,570	106
B. Braun Surgical GmbH, Melsungen[2)]	100.0	154,428	0	0
B. Braun TravaCare GmbH, Hallbergmoos[2)]	100.0	44	38,260	63
B. Braun Vet Care GmbH, Tuttlingen[2)]	100.0	212	15,393	18
DTZ Dialyse Trainings-Zentren GmbH, Nuremberg[2)]	94.0	36,946	18,183	219
Inko Internationale Handelskontor GmbH, Roth[2)]	100.0	4,556	12,508	20
Nutrichem diät + pharma GmbH, Roth[2)]	100.0	30,440	51,645	347
TransCare Service GmbH, Neuwied	100.0	1,520	13,485	135
Europe				
Aesculap Chifa Sp. z o.o., Nowy Tomyśl/Poland	98.9	130,542	178,499	2,189
Aesculap SAS, Chaumont/France	100.0	12,205	14,243	120
Avitum S.R.L., Timisoara/Romania	94.0	5,582	24,599	545
B. Braun Adria d.o.o., Zagreb/Croatia	36.0	13,220	16,153	36
B. Braun Austria Ges. m.b.H., Maria Enzersdorf/Austria	60.0	71,705	64,849	143
B. Braun Avitum France SAS, Gradignan/France	94.0	16,758	0	0
B. Braun Avitum Hungary Egészségügyi Szolgáltató Zrt., Buda-pest/Hungary	94.0	20,411	30,643	706
B. Braun Avitum Italy S.p.A., Mirandola/Italy	94.0	36,981	78,039	365
B. Braun Avitum Poland Sp.z o.o., Nowy Tomyśl/Poland	95.1	12,056	34,106	574
B. Braun Avitum Russland Clinics OOO, St. Petersburg/Russia	94.0	4,287	29,967	787
B. Braun Avitum Russland OOO, St. Petersburg/Russia	94.0	61,067	67,825	54
B. Braun Avitum s.r.o., Bratislava/Slovakia	93.7	2,345	16,059	248
B. Braun Avitum s.r.o., Prague/Czech Republic	93.7	5,410	32,947	425
B. Braun Avitum Servicios Renales S.A., Rubí/Spain	96.4	12,779	15,101	202
B. Braun Avitum Turkey Sanayi Ticaret Anonim Sirketi, Ankara/Turkey	94.0	4,575	4,848	17
B. Braun Avitum (UK) Ltd., Sheffield/England	94.0	3,402	27,654	248
B. Braun Hospicare Ltd., Co. Sligo/Ireland	100.0	-6,738	11,067	117
B. Braun Medical AB, Danderyd/Sweden	100.0	2,757	50,668	59
B. Braun Medical AG, Sempach/Switzerland	51.0	250,278	309,238	983

Company name and headquarters	As of Dec. 31, 2018 Holding Capital in %1	Equity € '000	Sales € '000	Employees[5)]
Europe				
B. Braun Medical A/S, Frederiksberg/Denmark	100.0	3,704	27,565	35
B. Braun Medical A/S, Vestskogen/Norway	100.0	1,315	22,602	36
B. Braun Medical B.V., Oss/Netherlands	100.0	9,505	67,029	155
B. Braun Medical EOOD, Sofia/Bulgaria	60.0	5,196	14,823	76
B. Braun Medical International S.L., Rubí/Spain	100.0	151,806	9,607	25
B. Braun Medical Kft., Budapest/Hungary	60.0	34,743	93,457	1,345
B. Braun Medical Lda., Barcarena/Portugal	100.0	35,397	57,027	146
B. Braun Medical LLC, St. Petersburg/Russia	100.0	39,089	135,672	487
B. Braun Medical Ltd., Dublin/Ireland	100.0	5,111	29,682	56
B. Braun Medical Ltd., Sheffield/England	100.0	57,438	169,400	598
B. Braun Medical N.V., Diegem/Belgium	100.0	2,404	38,616	76
B. Braun Medical Oy, Helsinki/Finland	100.0	5,109	42,730	52
B. Braun Medical International S.L., Rubí/Spain	100.0	276,405	284,076	1,383
B. Braun Medical S.A.S., Saint-Cloud/France	100.0	107,125	345,296	1,301
B. Braun Medical s.r.o., Bratislava/Slovakia	70.0	9,770	26,961	31
B. Braun Medical s.r.o., Prague/Czech Republic	70.0	26,587	75,235	207
B. Braun Medikal Dis Ticaret A.S., Sariyer Istanbul/Turkey	100.0	2,905	28,695	139
B. Braun Milano S.p.A., Milan/Italy	100.0	37,478	130,732	236
B. Braun Sterilog (Birmingham) Ltd., Sheffield/England	100.0	-2,478	12,943	213
B. Braun Sterilog (Yorkshire) Ltd., Sheffield/England	100.0	-2,598	8,925	152
B. Braun Medical International S.L., Rubí/Spain	100.0	152,954	193,692	957
B. Braun Medical International S.L., Rubí/Spain	100.0	10,201	13,590	27
Gematek OOO, St. Petersburg/Russia	100.0	14,567	11,548	225
LLC MCP-Medicare, St. Petersburg/Russia	94.0	3,548	16,829	368
LLC "Nephros", Krasnodar/Russia	52.2	8,612	17,371	335
SC B. Braun Medical S.R.L., Remetea Mare/Romania	62.6	4,672	29,938	100
Suturex & Renodex S.A.S., Sarlat/France	100.0	19,145	20,477	182
North America				
Aesculap Inc., Center Valley/USA	95.5	126,619	207,405	500
Aesculap Implant Systems LLC, Center Valley/USA	95.5	-40,209	45,668	102
B. Braun Interventional Systems Inc., Bethlehem/USA	95.5	39,469	39,754	49
B. Braun Medical Inc., Bethlehem/USA	95.5	530,449	1,115,677	5,864
B. Braun of America Inc., Bethlehem/USA	95.5	63,628	0	0
B. Braun of Canada Ltd., Mississauga/Canada	95.5	3,880	18,583	19
Central Admixture Pharmacy Services Inc., Santa Fe Springs/USA	95.5	131,366	230,524	660
Asia-Pacific				
Ahlcon Parenterals (India) Limited., New Delhi/India	96.1	3,028	19,562	881
B. Braun Aesculap Japan Co Ltd., Tokyo/Japan	100.0	58,513	131,839	591
B. Braun Australia Pty. Ltd., Sydney/Australia	100.0	17,517	63,265	117
B. Braun Avitum Philippines Inc., Taguig City/Philippines	100.0	15,822	42,073	365

Company name and headquarters	Holding Capital in %1	Equity € '000	Sales € '000	Employees[5]
	As of Dec. 31, 2018			
Asia-Pacific				
B. Braun Avitum (Shanghai) Trading Co. Ltd., Shanghai/China	94.0	21,102	148,040	344
B. Braun Korea Co. Ltd., Seoul/South Korea	100.0	17,114	79,233	140
B. Braun Medical (H.K.) Ltd., Hong Kong/China	100.0	54,832	85,752	32
B. Braun Medical (India) Pvt. Ltd., Mumbai/India	100.0	16,476	60,784	931
B. Braun Medical Industries Sdn. Bhd., Petaling Jaya/Malaysia	100.0	578,385	493,105	7,723
B. Braun Medical (Shanghai) International Trading Co. Ltd., Shanghai/China	100.0	36,890	263,991	1,095
B. Braun Medical Supplies Inc., Taguig City/Philippines	100.0	15,090	30,100	180
B. Braun Medical Supplies Sdn. Bhd., Petaling Jaya/Malaysia	100.0	30,287	46,073	161
B. Braun Medical (Suzhou) Company Limited, Suzhou/China	100.0	20,831	53,319	485
B. Braun Pakistan (Private) Ltd., Karachi/Pakistan	100.0	-2,364	19,761	131
B. Braun Singapore Pte. Ltd., Singapore	100.0	62,215	26,642	49
B. Braun Taiwan Co. Ltd., Taipei/Taiwan	100.0	5,149	22,540	46
B. Braun (Thailand) Ltd., Bangkok/Thailand	100.0	14,237	33,576	142
B. Braun Vietnam Co. Ltd., Hanoi/Vietnam	100.0	72,329	88,951	1,264
PT. B. Braun Medical Indonesia, Jakarta/Indonesia	99.0	64,344	50,883	514
Latin America				
B. Braun Aesculap de México S.A. de C.V., Mun. Santa Cruz Atizapán/Mexico	100.0	16,375	30,326	275
B. Braun Medical de México S.A.PI. DE C.V., Mun. Santa Cruz Atizapán/Mexico	100.0	4,779	18,971	53
B. Braun Medical Peru S.A., Lima/Peru	100.0	18,411	30,673	453
B. Braun Medical S.A., Bogotá/Colombia	100.0	10,808	37,135	261
B. Braun Medical S.A., Buenos Aires/Argentina	100.0	-834	31,433	324
B. Braun Medical S.A., Quito/Ecuador	100.0	14,928	24,442	122
B. Braun Medical SpA, Santiago de Chile/Chile	86.1	11,245	49,675	168
Laboratorios B. Braun S.A., Sao Goncalo/Brazil	100.0	121,408	152,117	1,447
Africa and the Middle East				
B. Braun Avitum (Pty) Ltd., Johannesburg/South Africa	100.0	3,624	13,023	330
B. Braun Medical (Pty) Ltd., Johannesburg/South Africa	100.0	5,960	53,240	322
E. Owen and Partners, Johannesburg/South Africa	100.0	-126	20,714	14
Other shareholdings				
Babolat VS, Lyon/France[3]	33.3	70,408	119,337	210
Medical Service und Logistik GmbH, Recklinghausen[3]	50.0	466	466	8
Rhön-Klinikum AG, Bad Neustadt an der Saale[3] [4]	25.2	1,155,909	928,498	16,829
Schölly Fiberoptic GmbH, Denzlingen[3]	28.0	34,403	145,904	375

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 Melsungen AG, Melsungen

AUDIT OPINION

We have audited the consolidated financial statements of B. Braun Melsungen Aktiengesellschaft, Melsungen, and its subsidiaries (the Group) – comprising the consolidated statement of financial position as of December 31, 2018, 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, 2018 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 Melsungen Aktiengesellschaft for the fiscal year from January 1 to December 31, 2018.

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, 2018, and of its results of operations for the financial year from January 1 to December 31, 2018, 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, February 25, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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