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Sartorius grows dynamically and profitably – Substantial double-digit increases in sales and earnings

- Order intake up 72.3 percent; sales revenue up 53.9 percent; underlying EBITDA margin 34.3 percent
- Both divisions with strong double-digit growth; significant demand momentum generated by the production of coronavirus vaccines and test kits as well as excellent development of acquisitions
- Forecast raised at the beginning of July for 2021 confirmed

The life science group Sartorius has continued to grow dynamically and profitably. For the nine-month reporting period of 2021, the company listed on the DAX since September recorded significant double-digit growth rates in sales and earnings.

“In the first nine months of the year, high demand for innovative technologies for efficient development and production of biopharmaceuticals has led to the expected very dynamic development of our business. Additional momentum related to the manufacture of coronavirus vaccines and test kits was significant, but not dominant. We expanded our product portfolio for use in the production of cell and gene therapeutics as well as vaccines by taking over a majority stake in CellGenix and acquiring the cell culture media specialist Xell,” said Joachim Kreuzburg, Chairman of the Board of Directors and CEO. In addition, he confirmed the forecast for the current year. “We are optimistic about the further development of our business, are driving our extensive capacity expansion and recruitment programs full steam ahead, and confirm our full-year forecast,” emphasized Kreuzburg.

Business development of the Group

Group sales revenue surged by 53.9 percent to around 2,527 million euros in constant currencies (reported: +50.4 percent). The majority of this growth was attributable to strong organic expansion of the core businesses of both divisions and in all regions. Acquisitions² added around 6 percentage points to the increase in sales revenue, and growth related to the development and production of coronavirus vaccines and test kits was about 21 percentage points. Order intake¹ grew even more dynamically, up 72.3 percent in constant currencies to 3,286 million euros (of which around 20 percentage points were attributable to the coronavirus pandemic and around 8 percentage points to acquisitions; reported: +68,0 percent).

Between January and September 2021, underlying EBITDA¹ grew strongly by 77.3 percent to 866 million euros while the corresponding margin rose to 34.3 percent (9M 2020: 29.1 percent). This increase was influenced by economies of scale and by partially deferred cost development, for example, as a result of the low number of business trips and underproportionate new hires in non-production areas due to the pandemic. These trends have started to abate as the coronavirus-related restrictions have progressively eased. Relevant net profit¹ for the Sartorius Group surged by 92.7 percent to 407 million euros; earnings

per ordinary share were 5.94 euros (9M 2020: 3.08 euros) and per preference share, 5.95 euros (9M 2020: 3.09 euros).

Business development of the divisions

The Bioprocess Solutions Division, which offers a wide array of innovative technologies for manufacturing biopharmaceuticals, grew its sales in the first nine months of the year by 57.9 percent to 1,987 million euros in constant currencies (reported: 54.3 percent). In particular, its business with manufacturers of biopharmaceutical medications performed very well. Beyond this, the ramp-up in coronavirus vaccine production by many customers added around 25 percentage points to growth in sales revenue. Non-organic growth contributed by the acquisitions² was a good 5 percentage points. Expanded production capacities at several company sites and overall stable, yet strained, supply chains supported this development.

The division's order intake increased even more strongly than its sales revenue, surging 81.4 percent in constant currencies to 2,733 million euros (reported: +76,7 percent). Part of this higher order intake is due to the changed ordering patterns of some customers who, in the current situation, have been placing their orders further in advance than usual.

Underlying EBITDA¹ of the Bioprocess Solutions Division rose by 76.5 percent to 724 million euros and thus at a significantly overproportionate rate in relation to sales. The division's respective margin climbed year over year from 31.9 percent to 36.5 percent. Economies of scale as well as a cost base that grew only slowly in some areas due to the pandemic contributed to this rise in profitability.

The Lab Products & Services Division, which specializes in equipment and technologies for life science research and pharmaceutical laboratories, also saw sales revenue grow strongly by 40.8 percent in constant currencies to 539 million euros (reported: +37.6 percent) compared to the prior-year period dampened by the pandemic. At 32 percentage points, the major part of this increase in sales revenue was organic, with components used in coronavirus test kits accounting for close to 7 percentage points. Development was especially dynamic in the strategic growth area of bioanalytics, which Sartorius had built up over the past years by making three acquisitions in total.

Order intake grew at a similarly strong pace as sales revenue, up 38.3 percent in constant currencies to 553 million euros (reported: +35.0 percent).

Underlying EBITDA¹ of the Lab Products & Services Division rose sharply in the first nine months of 2021 by 81.4 percent to 142 million euros while the corresponding margin reached 26.3 percent (9M 2020: 20.0 percent). This margin expansion was based on economies of scale, a positive product mix, and cost development that was underproportionate in some areas due to the pandemic.

Business development in the regions

Sartorius increased its revenues significantly in all three business regions. Sales revenue in the EMEA³ region that contributes the highest share of around 41 percent to total Group revenue amounted to 1,039 million euros, up 54.8 percent in constant currencies (reported: +54.5 percent). The Americas region accounted for about 33 percent of total Group sales. Here, business grew by 49.7 percent to 825 million euros in constant currencies (reported: +40.9 percent). Sales in the Asia | Pacific region likewise saw dynamic growth, up 58.5 percent in constant currencies to 663 million euros (reported: +57.2 percent). As a result, this region's share of total Group revenue was 26 percent.

Key financial indicators

The Sartorius Group has a very sound balance sheet and financial base. As of September 30, 2021, its equity ratio stood at 30.2 percent (December 31, 2020: 29.9 percent). Net debt to underlying EBITDA¹ was 1.6 on the reporting date as a result of strong net cash flow and the increase in earnings, relative to 2.6 at year-end 2020. The ratio of capital expenditures (CAPEX) to sales was 9.6 percent for the nine-month period relative to 8.0 percent in the prior-year period. Overall, cash flow from investing activities rose in the reporting period by 80.8 percent, amounting to -253.9 million euros.

Increase in the number of employees to around 13,000

As of September 30, 2021, Sartorius employed a total of 12,952 people worldwide. Compared with December 31, 2020, headcount thus rose by 2,315 or around 21.8 percent. The accelerated increase in the number of employees compared with previous years resulted from the expansion of production capacities that was moved ahead of schedule to some extent. However, due to the pandemic, buildup of the workforce was underproportionate on the whole compared with the company's business development. This trend particularly affected the non-production departments, such as sales and marketing functions, and has begun to subside as a result of additional hires.

Forecast for 2021 confirmed

Management confirms its growth forecast, last raised in July, for the full year of 2021. Accordingly, the Sartorius Group projects consolidated sales growth of around 45 percent and an underlying EBITDA margin¹ of about 34 percent. For the Bioprocess Solutions Division, sales are anticipated to increase by about 50 percent, and the underlying EBITDA margin¹ is projected at around 36 percent. Sales growth for the Lab Products & Services Division is expected to be around 30 percent at an underlying EBITDA margin¹ of about 26 percent.

The investment program for 2021 is to remain unchanged at around 400 million euros, and the corresponding CAPEX ratio for the Group is projected at about 12 percent. The focus of these substantial investments is on the partly extended and accelerated expansion of production capacities, primarily at sites in Germany, Puerto Rico, China, and South Korea. Net debt to underlying EBITDA¹ is expected to be slightly below 2.0 at year-end. Possible acquisitions are not included in these projections.

Mid-range targets updated in January 2021 remain unchanged and assume that for 2025, consolidated sales revenue will increase to about 5 billion euros at an underlying EBITDA margin of around 32 percent.

All forecasts are based on constant currencies as in the past years. In addition, the company assumes that the global economy will increasingly recover, the supply of raw materials and primary products will continue at a good level and that supply chains will remain stable as the current year progresses.

Financial indicators of the comparative period partly restated due to the finalized purchase price allocation for acquisitions made in 2020.

¹ Sartorius publishes alternative performance measures that are not defined by international accounting standards. These are determined with the aim of improving the comparability of business performance over time and within the industry.

- Order intake: all customer orders contractually concluded and booked during the respective reporting period
- Underlying EBITDA: earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items
- Relevant net profit: profit for the period after non-controlling interest, adjusted for extraordinary items and non-cash amortization, as well as based on the normalized financial result and the normalized tax rate

- Ratio of net debt to underlying EBITDA: quotient of net debt and underlying EBITDA over the past 12 months, including the pro forma amount contributed by acquisitions for this period

2 Acquisitions of the following entities: selected life science businesses from Danaher; BIA Separations; WaterSep BioSeparations; CellGenix; and Xell

3 EMEA = Europe, Middle East, Africa

This press release contains forward-looking statements about the future development of the Sartorius Group. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such statements. Sartorius assumes no liability for updating such statements in light of new information or future events. This is a translation of the original German-language press release. Sartorius shall not assume any liability for the correctness of this translation. The original German press release is the legally binding version.

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Conference call

Joachim Kreuzburg, CEO and Executive Board Chairman of Sartorius AG, and Rainer Lehmann, CFO and a member of the Executive Board, will discuss the company's business results with analysts and investors on October 20, 2021, at 3:30 p.m. Central European Summer Time (CEST) in a teleconference. You may register by clicking on the following link:

<https://services.choruscall.com/mediaframe/webcast.html?webcastid=P22ZUZu2>

The presentation will be available on the same day starting at 2:30 p.m. CEST, for viewing on our website at:

<https://www.sartorius.com/en/company/investor-relations/sartorius-ag-investor-relations/presentations>

Current image files

<http://www.sartorius.com/en/company/newsroom/downloads-publications>

Key performance indicators for nine months 2021

€ in millions (unless otherwise specified)	Sartorius Group ¹				Bioprocess Solutions ¹				Lab Products & Services ¹			
	9-mo. 2021	9-mo. 2020	Δ in % Reported	Δ in % cc ²	9-mo. 2021	9-mo. 2020	Δ in % Reported	Δ in % cc ²	9-mo. 2021	9-mo. 2020	Δ in % Reported	Δ in % cc ²
Order Intake and Sales Revenue												
Order intake	3,286.2	1,956.5	68.0	72.3	2,733.0	1,546.8	76.7	81.4	553.2	409.7	35.0	38.3
Sales revenue	2,526.9	1,680.0	50.4	53.9	1,987.4	1,288.1	54.3	57.9	539.4	391.9	37.6	40.8
▪ EMEA ³	1,038.8	672.6	54.5	54.8	829.6	506.4	63.8	64.1	209.2	166.2	25.9	26.3
▪ Americas ³	825.4	586.0	40.9	49.7	654.1	470.7	39.0	47.6	171.3	115.3	48.5	58.1
▪ Asia Pacific ³	662.7	421.5	57.2	58.5	503.8	311.1	62.0	63.2	158.9	110.4	43.9	45.1
Earnings												
EBITDA ⁴	866.4	488.7	77.3		724.4	410.5	76.5		141.9	78.2	81.4	
EBITDA margin ⁴ in %	34.3	29.1			36.5	31.9			26.3	20.0		
Net profit for the period ⁵	406.9	211.2	92.7									
Financial Data per Share												
Earnings per ordinary share ⁵ in €	5.94	3.08	92.7									
Earnings per preference share ⁵ in €	5.95	3.09	92.4									

1 The previous year's figures have been restated due to finalization of the purchase price allocations for the acquisitions of 2020

2 In constant currencies

3 According to customers' location

4 Adjusted for extraordinary items

5 After non-controlling interest, adjusted for extraordinary items and non-cash amortization, as well as based on the normalized financial result and the normalized tax rate

A profile of Sartorius

The Sartorius Group is a leading international partner of life science research and the biopharmaceutical industry. With innovative laboratory instruments and consumables, the Group's Lab Products & Services Division concentrates on serving the needs of laboratories performing research and quality control at pharma and biopharma companies and those of academic research institutes. The Bioprocess Solutions Division with its broad product portfolio focusing on single-use solutions helps customers to manufacture biotech medications and vaccines safely and efficiently. The Group has been annually growing by double digits on average and has been regularly expanding its portfolio by acquisitions of complementary technologies. In fiscal 2020, the company earned sales revenue of some 2.34 billion euros. At the end of 2020, nearly 11,000 people were employed at the Group's approximately 60 manufacturing and sales sites, serving customers around the globe.

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