Göttingen, April 18, 2024

Sartorius: First quarter results in line with expectations; recurring business with significant order growth; demand from China remains weak; outlook for full year confirmed

- Inventory reduction at customers further advanced; order intake increases by almost 10 percent in constant currencies
- Sales revenue down by 7.6 percent in constant currencies; underlying EBITDA margin at a robust 28.6 percent

In a continuously challenging market environment, the life science group Sartorius closed its first quarter within the bandwidth of expectations recording an increase in order intake and a decline in sales revenue compared with a strong prior-year quarter. For the full year, the company continues to anticipate business momentum to gradually pick up from quarter to quarter and forecasts sales revenue growth in the mid to high single-digit percentage range.

"In the first quarter we largely saw the projected muted start to the fiscal year and a mixed picture overall: Orders in our core business with consumables are picking up noticeably, signaling an advanced stage of inventory reduction on the customer side. Business with customers working on cell and gene therapies, which is a major strategic focus for us, is also developing well, although this still very young field generally shows somewhat higher volatility. In contrast, customers, particularly in China and to some extent also in Europe, showed a pronounced reluctance to invest, which had a significant dampening effect on the order intake of our equipment business," said Sartorius CEO Joachim Kreuzburg. "We are content with the development of profitability. The EBITDA margin continues to be at a robust level, and we anticipate further effects from our efficiency programs in the coming months."

Business development of the Group[1]

In the first three months of 2024, the Sartorius Group recorded an increase in order intake of 9.8 percent in constant currencies (reported: 8.0 percent) to 826 million euros compared with the prior-year quarter, continuing the positive trend that already began at the end of the third quarter of 2023.

Sales revenue amounted to 820 million euros in the first quarter, which corresponds to a decline of 7.6 percent in constant currencies (reported: - 9.3 percent) compared with the prior-year period. This includes a growth contribution from acquisitions[2] of around 2 percentage points.

From a regional perspective, the demand recovery was visible in all business regions except for Asia/Pacific, which is significantly influenced by China: The EMEA region[3] recorded an increase in order intake of 6.5 percent with sales revenue down by 4.4 percent. In the Americas region, order intake grew at a double-digit rate of 26.1 percent, while sales revenue declined by 9.3 percent. In Asia/Pacific, the continued market weakness in China led to a decline in both order intake (- 4.8 percent) and sales revenue (- 10.4 percent).

Underlying EBITDA decreased by 13.8 percent to 234 million euros in the first three months due to lower sales revenue. The resulting margin was 28.6 percent after 30.1 percent in the prior-year period.

The relevant net profit reached 70 million euros after 116 million euros in the first three months of 2023. Underlying earnings per ordinary share stood at 1.01 euros (prior-year period: 1.69 euros) and 1.02 euros (prior-year period: 1.70 euros) per preference share. The number of employees worldwide was 14,338 as of March 31, 2024, compared with 15,547 the year before (December 31, 2023: 14,614 people).

Key financial indicators

The Group's key financial indicators remain at a sound level. The equity ratio as of March 31, 2024, increased to 35.4 percent (December 31, 2023: 28.3 percent), mainly as a result of the equity measures successfully completed at the beginning of February 2024. The ratio of net debt to underlying EBITDA decreased significantly to 4.4 after 5.0 as of December 31, 2023.

Mainly due to lower earnings, net operating cash flow totaled 45 million euros compared with 202 million euros in the prior-year period. Cash flow from investing activities amounted to - 135 million euros after - 137 million euros in the first quarter of 2023. The ratio of capital expenditures (capex) to sales revenue stood at 15.7 percent compared with 15.0 percent in the prior-year period.

Business development of the Bioprocess Solutions division

In the Bioprocess Solutions division, which offers a wide array of innovative technologies for the manufacture of biopharmaceuticals, vaccines, and cell and gene therapeutics, demand in the recurring core business with consumables continued to normalize as expected. Sales revenue and order intake further recovered in this key product category, while the equipment and systems business remained soft due to customers' muted investment activity.

The division's order intake increased by 15.0 percent in constant currencies (reported: 13.4 percent) to 653 million euros in the first quarter, with growth recorded in all regions except China. In view of advanced inventory reductions on the part of customers, business has been recovering since the end of the third quarter of 2023. Order volume was slightly above sales revenue in the first three months of 2024, which stood at 647 million euros, down 5.3 percent in constant currencies (reported: - 6.9 percent) on the strong prior-year figure. This includes a growth contribution from acquisitions[2] of 2.8 percentage points.

The division's underlying EBITDA decreased to 193 million euros, with positive product mix effects and cost base adjustments partially compensating the negative volume development. The margin reached 29.8 percent (prior-year period: 31.2 percent).

Business development of the Lab Products & Services division

In the Lab Products & Services division, which specializes in life science research and pharmaceutical laboratories, the upturn in business momentum recorded since the end of 2023 continued in the first quarter. However, in particular due to the very weak Chinese market and the still subdued investment activity on the part of customers, order intake and sales revenue were down on the strong prior-year quarter.

Order intake was on a par with the sales revenue level in the first three months of the financial year at 173 million euros; the decline compared with the prior-year quarter was 6.2 percent in constant currencies (reported: - 8.2 percent).

The division's sales revenue reached 173 million euros, which corresponds to a decline of 15.3 percent in constant currencies compared with the prior-year quarter (reported: - 17.1 percent), while the trend was positive compared with the end of 2023.

Due to volume and product mix effects, the division's underlying EBITDA stood at 41 million euros after 55 million Euros in the first quarter of 2023 and the corresponding margin was 24.0 percent (prior-year period: 26.3 percent).

Outlook for 2024

Management confirms its expectations for the current fiscal year and continues to anticipate a moderate first half of 2024 and increasing business momentum in the course of the year. In addition, business performance could also be affected by increasing geopolitical tensions and economic slowdowns.

The company forecasts an increase in Group sales revenue in the mid to high single-digit percentage range with a contribution of around 1.5 percentage points from acquisitions. The underlying EBITDA margin is projected to rise to slightly more than 30 percent (prior year: 28.3 percent). The ratio of capital expenditure to sales revenue is expected to be around 13 percent and the ratio of net debt to underlying EBITDA, excluding potential acquisitions, slightly above 3.

For the Bioprocess Solutions division, management anticipates an increase in sales revenue in the mid to high single-digit percentage range, including a contribution of around 2 percentage points from acquired businesses. The division's underlying EBITDA margin is projected to be over 31 percent (prior year: 29.2 percent), positively impacted by the above-average profitability of the Polyplus business. The Lab Products & Services division is expected to continue its recovery in the current year, with a subdued sales revenue increase in the low single-digit percentage range and an underlying EBITDA margin at around the prior-year level (prior year: 25.1 percent).

Forecasts have been prepared based on historical information and are consistent with accounting policies. All forecast figures are based on constant currencies, as in the past years. Management points out that the dynamics and volatilities in the industry have increased significantly in recent years. In addition, uncertainties due to the changed geopolitical situation, such as the emerging decoupling tendencies of various countries, are playing a greater role. This results in higher uncertainty when forecasting business figures.

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 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 Acquisition of Polyplus
3 EMEA = Europe, Middle East, Africa

Conference call

The Executive Board Chairman and CEO Dr. Joachim Kreuzburg and CFO Dr. Florian Funck will discuss the company's first quarter results with analysts and investors in a conference call on April 18, 2024, at 1.00 p.m. CEST. Register here: https://sar.to/Q1_IR_Registration

Financial calendar

July 19, 2024	Publication of the first-half figures (January to June 2024)
October 17, 2024	Publication of the nine-month figures (January to September 2024)

Key Performance Indicators for the First Quarter of 2024

In millions of € (unless otherwise specified)	Sartorius Group Q1 2024	Q1 2023	Δ in % Reported	Δ in % cc[1]	Bioprocess Solutions Q1 2024	Q1 2023	Δ in % Reported	Δ in % cc[1]	Lab Products & Services Q1 2024	Q1 2023	Δ in % Reported	Δ in % cc[1]
Order Intake and Sales Revenue												
Order intake[2]	**826.3**	764.8	8.0	9.8	**652.8**	575.7	13.4	15.0	**173.5**	189.0	-8.2	-6.2
Sales revenue	**819.6**	903.2	-9.3	-7.6	**647.0**	695.0	-6.9	-5.3	**172.5**	208.2	-17.1	-15.3
▪ EMEA[3]	**341.4**	359.0	-4.9	-4.4	**273.0**	283.7	-3.8	-3.4	**68.4**	75.2	-9.0	-8.1
▪ Americas[3]	**288.3**	322.2	-10.5	-9.3	**233.1**	255.6	-8.8	-7.6	**55.2**	66.6	-17.1	-16.0
▪ Asia | Pacific[3]	**189.8**	222.0	-14.5	-10.4	**140.9**	155.7	-9.5	-5.0	**48.9**	66.4	-26.4	-22.9
Earnings												
EBITDA[4]	**234.4**	271.9	-13.8		**193.1**	217.2	-11.1		**41.4**	54.8	-24.4	
EBITDA margin[4] in %	**28.6**	30.1	-1.5pp		**29.8**	31.2	-1.4pp		**24.0**	26.3	-2.3pp	
Relevant net profit[5]	**69.9**	116.2	-39.9									
Net profit[6]	**36.7**	93.1	-60.6									
Financial Data per Share												
Earnings per ordinary share[5] in €	**1.01**	1.69	-40.5									
Earnings per preference share[5] in €	**1.02**	1.70	-40.3									

1 cc = Constant currencies: Figures given in constant currencies eliminate the impact of changes in exchange rates by applying the same exchange rate for the current and the previous period
2 All customer orders contractually concluded and booked during the respective reporting period.
3 According to the customer's location
4 Earnings before interest, taxes, depreciation, and amortization and adjusted for extraordinary items.
5 Profit for the period after non-controlling interest, adjusted for extraordinary items and amortization, as well as based on the normalized financial result and the normalized tax rate.
6 After non-controlling interest

A profile of Sartorius

Sartorius (XETRA: SRT3 | STR) is a leading international partner of life sciences research and the biopharmaceutical industry. With innovative laboratory instruments and consumables, the Group's Lab Products & Services division focuses on laboratories performing research and quality control at pharmaceutical and biopharmaceutical companies as well as academic research institutes. The Bioprocess Solutions division, with its broad product portfolio focusing on single-use solutions, helps customers manufacture biotech medications, vaccines, and cell and gene therapies safely, rapidly, and economically. The company, based in Göttingen, Germany, has a strong global reach with around 60 production and sales sites worldwide. Sartorius regularly expands its portfolio through the acquisition of complementary technologies. In 2023, the company generated sales revenue of around 3.4 billion euros. Currently, around 14,600 employees are working for customers around the globe.

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