

Welcome | Bienvenue | Benvenuti | Bienvenido | Willkommen | Welcome | Bienvenue | Benvenuti

# Annual Shareholders' Meeting on April 4, 2017

Bienvenue | Benvenuti | Bienvenido | Willkommen | Welcome | Bienvenue | Benvenuti | Bienvenid  
Willkommen | Welcome | Bienvenue | Benvenuti | Bienvenido | Willkommen | Welcome | Bienvenue

**Joachim Kreuzburg**

Chairman of the Board and CEO

## Disclaimer

This presentation contains statements concerning Sartorius Stedim Biotech Group's future performance. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we cannot guarantee that they will actually materialize. This is because our assumptions harbor risks and uncertainties that could lead to actual results diverging substantially from the expected ones. It is not planned to update our forward-looking statements.

Throughout this presentation, differences may be apparent as a result of rounding during addition.

# Agenda

- 01** 2016 Results Review
- 02** Dividend Proposal
- 03** Execution on mid-term plan
- 04** Outlook 2017
- 05** Adjustments to Board of Directors



## Another year of healthy growth in revenues and profits

2016



Continued double-digit top line growth

Economies of scale drive overproportionate expansion of profitability

Single-use portfolio complemented through the acquisition of kSep Systems

Acceleration and step up of investments to support future growth

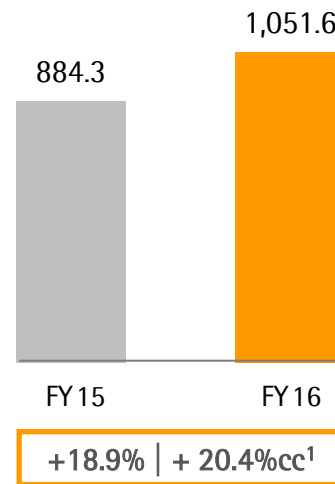


# Excellent development in line with upgraded expectations

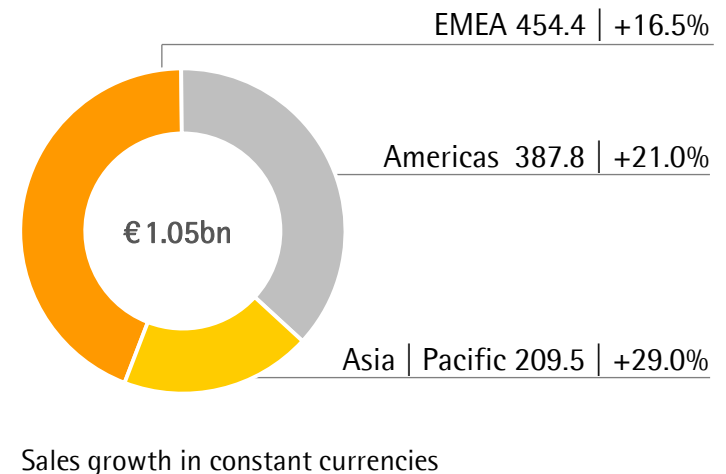
**Order Intake**  
in € millions



**Sales Revenue**  
in € millions



**Sales Revenue and Growth by Region**  
in € millions unless otherwise specified

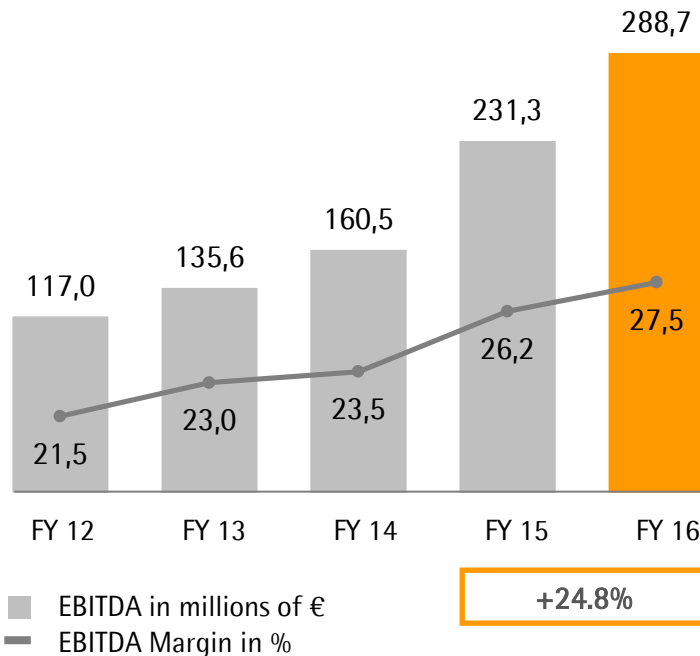


- All product segments achieved double-digit growth in a continued dynamic market environment
- Further market shares gains, esp. in the Americas; momentum in Asia | Pacific supported by some larger equipment projects
- Recent acquisitions contributed approx. 2 pp to sales growth

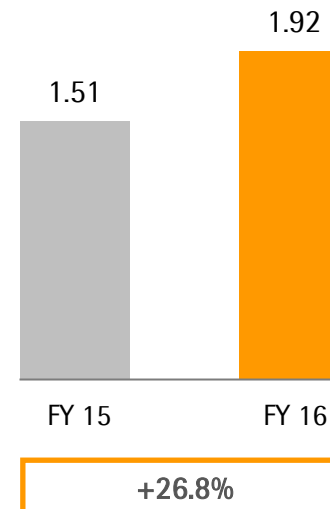
<sup>1</sup> Constant currencies <sup>2</sup> Underlying = excl. extraordinary items <sup>3</sup> Underlying EPS = based on net profit after non-controlling interest, adjusted for extraordinary items and amortization, based on a normalized financial result and tax rate; FY 2015 adjusted for stock split, rounded values

# Overproportionate earnings growth yet again

## Underlying EBITDA and Margin



## Earnings per Share<sup>1</sup> in €



- Underlying EBITDA margin expansion of 1.3 pp driven by economies of scale

<sup>1</sup> Underlying EPS = based on net profit after non-controlling interest, adjusted for extraordinary items and amortization, based on a normalized financial result and tax rate; FY 2015 adjusted for stock split, rounded values

## Healthy cash flow performance; influenced by acquisitions

Sartorius Stedim Biotech Group € in millions	FY 2015	FY 2016	Change in %
Net cash flow from operating activities	142.8	156.7	+9.7
Net cash flow from investing activities <sup>1</sup>	-106.3	-102.7	+3.4
Net cash flow from financing activities	-27.2	-50.1	-83.9

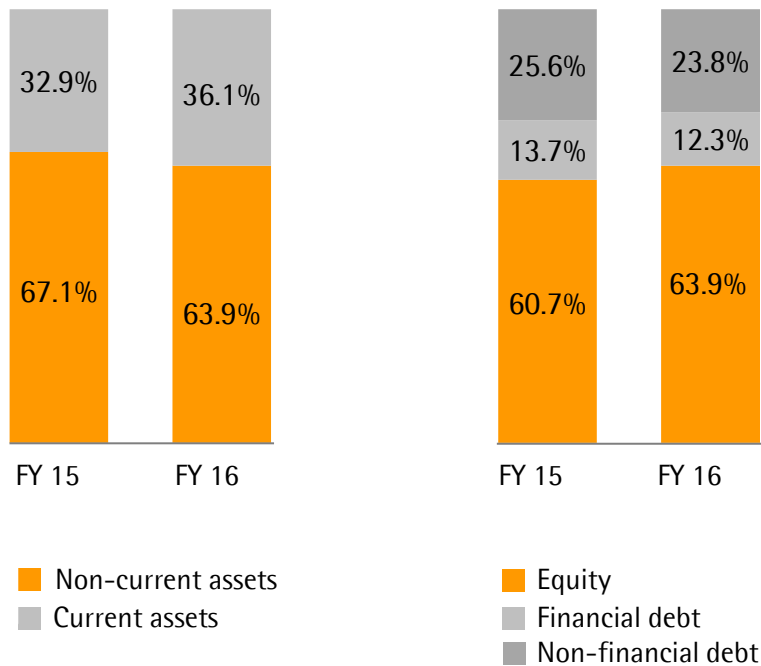
<sup>1</sup> Net cash flow from investing activities and acquisitions | divestments

- Net operating cash flow influenced by an increase in working capital and higher tax payments
- Net investing cash flow reflects step up of capex and payments for the acquisitions of BioOutsource and Cellca (both 2015) and kSep (2016)

# Financial position remains very strong

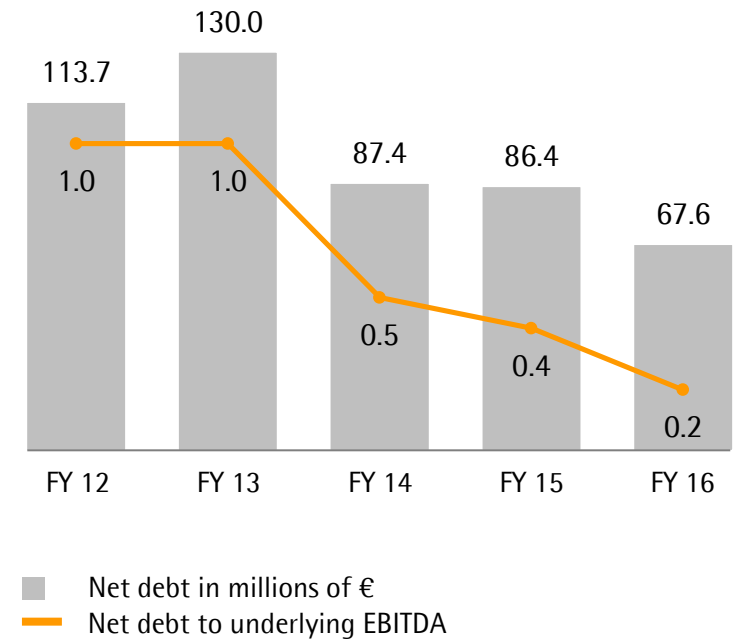
## Balance Sheet

in € millions unless otherwise specified



## Net Debt to underlying EBITDA

in € millions





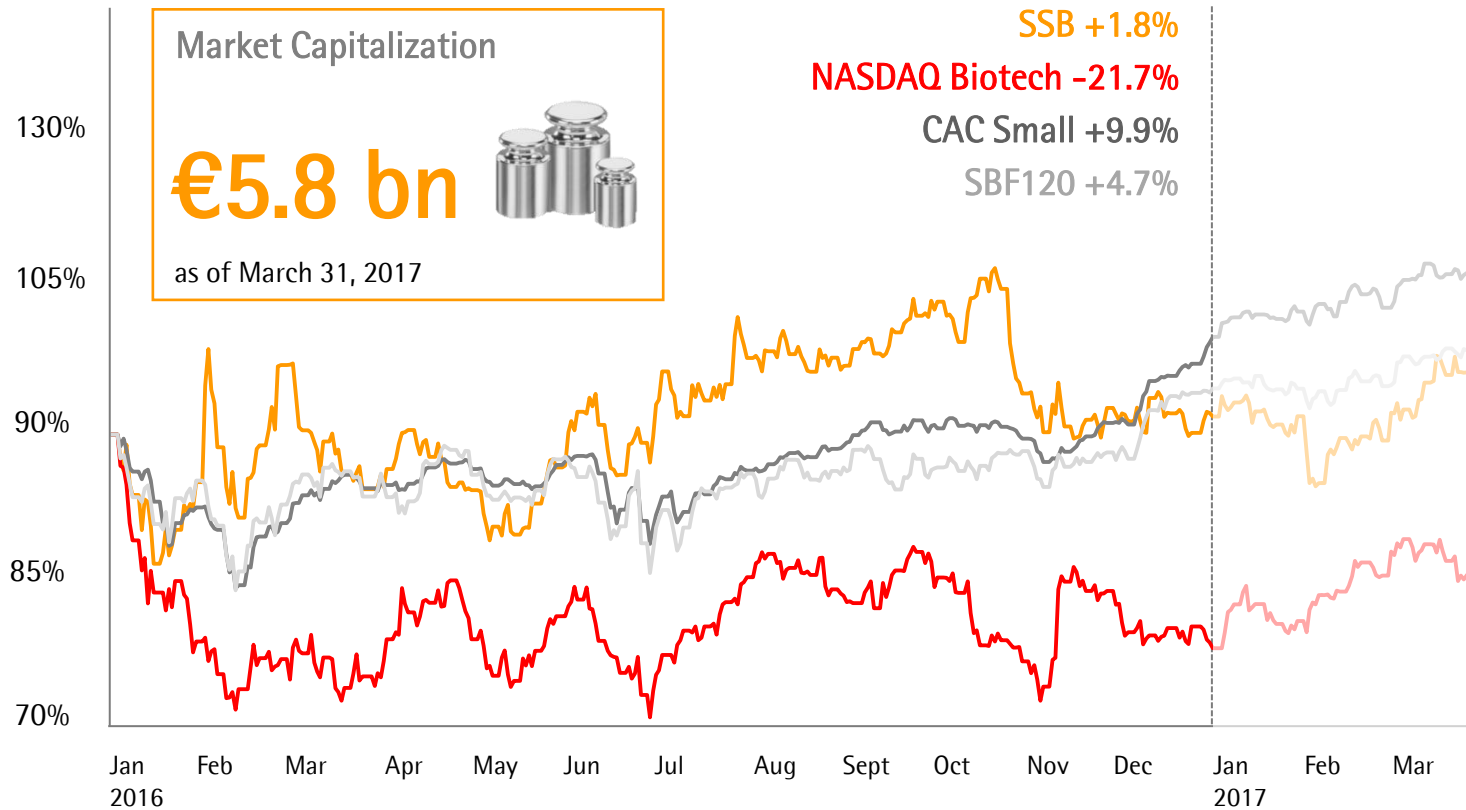
## Balance sheet of the parent company

### Sartorius Stedim Biotech S.A.

December 31, 2016; € in millions (unless otherwise specified)

Assets			Equity and Liabilities		
Non-current assets	136.5	87.6%	Equity	103.6	66.4%
Current assets	19.4	12.4%	Liabilities	19.4	33.6%
<b>Total</b>	<b>155.9</b>	<b>100%</b>	<b>Total</b>	<b>155.9</b>	<b>100%</b>

## Stable share price development after a steep increase in 2015



- Share price more than doubled in 2015; increased by 1.8% in fiscal 2016
- Implementation of stock split in May 2016

# Agenda

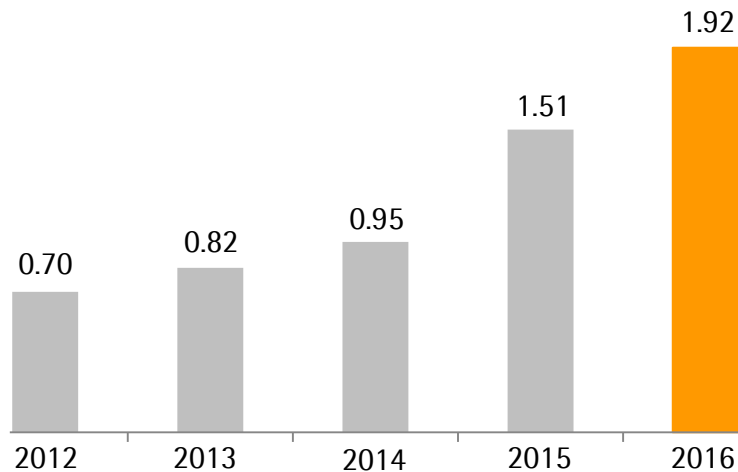
- 01 2016 Results Review
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## Strong dividend increase yet again

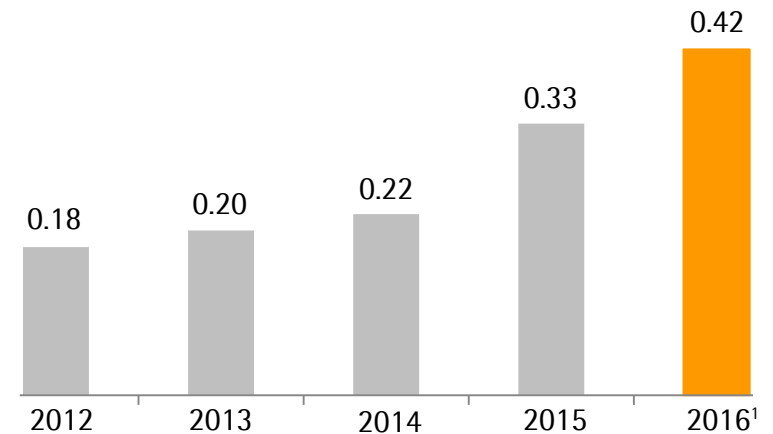
### Earnings per Share

in €



### Dividend per Share

in €



- 8<sup>th</sup> dividend increase in succession
- Total profit distributed would increase by 26.0% from €30.7mn to 38.7mn
- Payout ratio<sup>2</sup> of 21.9% (2015: 22.1%) in line with SSB's dividend policy

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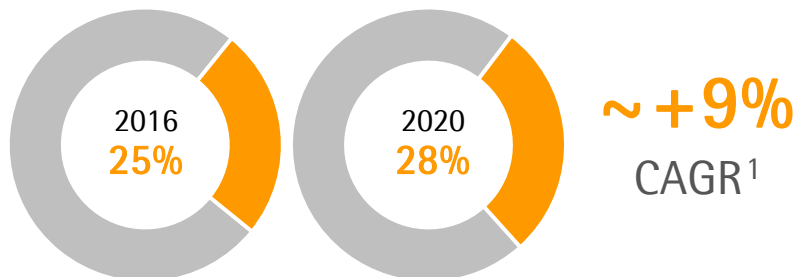


# SSB has a unique position in an attractive market, ...

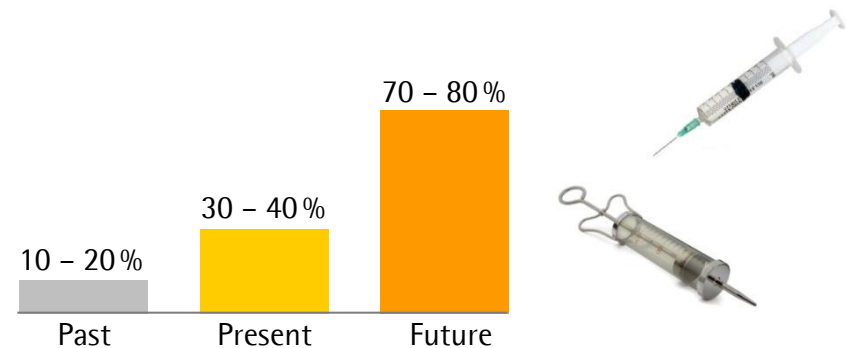
- ▷ **Broadest portfolio in the industry**  
Pioneer & market leader in SU-technologies; 75% recurring revenue
- ▷ **Leading positions in key technology platforms**  
> 85% of sales generated from a TOP 1-3 position
- ▷ **Strong reputation in a market with high entry barriers**  
Regulated environment; validated processes



## Strong Biopharma Market Growth



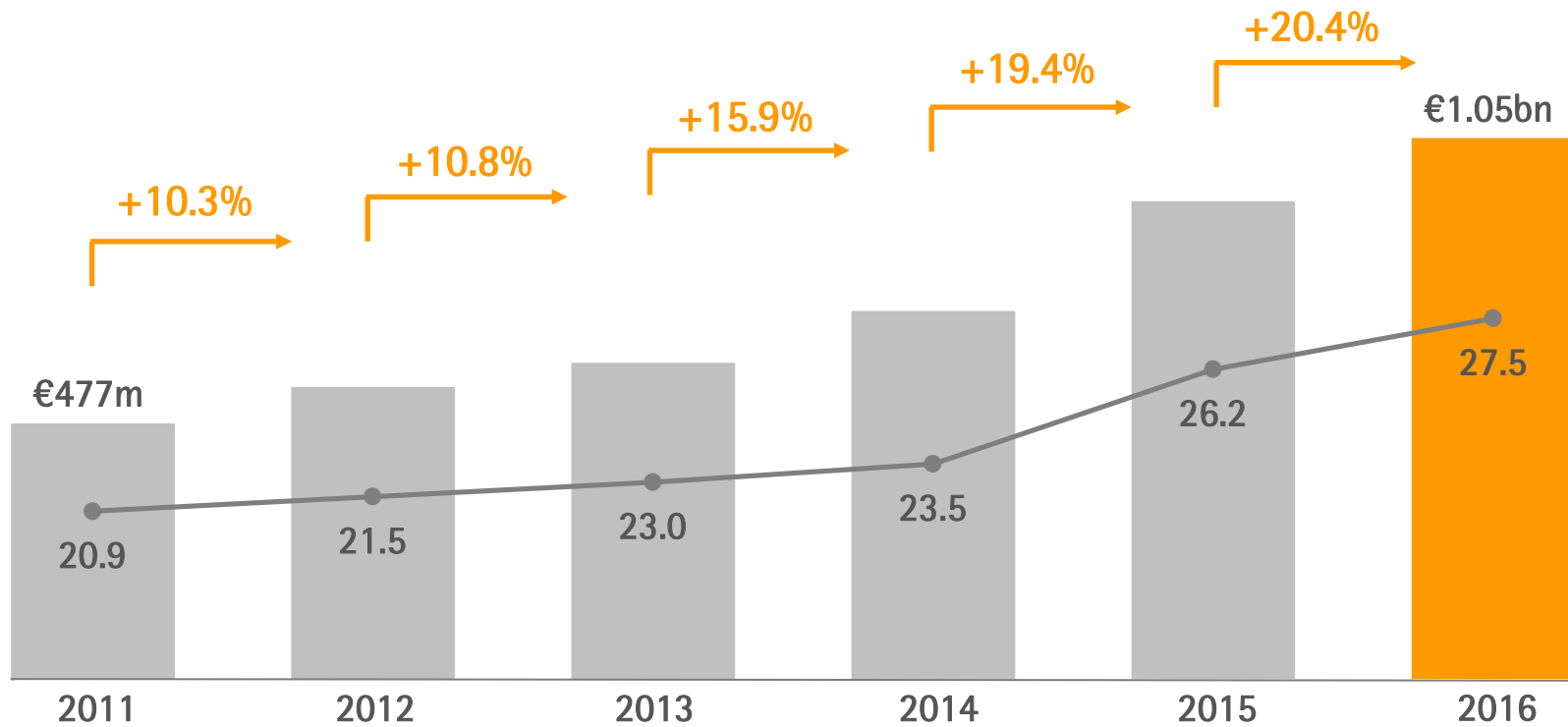
## Market Penetration of Single-use products <sup>2</sup>



<sup>1</sup> Evaluate Pharma: World Preview 2016, Outlook to 2022; Sept 2016; Frost & Sullivan; CAGR 2016 to 2020 <sup>2</sup> Own estimates

... a strong track record of profitable growth...

2011-16 Sales CAGR ~ +15.5% EBITDA<sup>1</sup> Margin +6.6 pp



■ Sales revenue    —●— EBITDA<sup>1</sup> margin in %

Sales growth and CAGR in constant currencies ; <sup>1</sup> Excluding extraordinary items

... and is well on track to meet 2020 targets

## Strategic Initiatives

### Regional

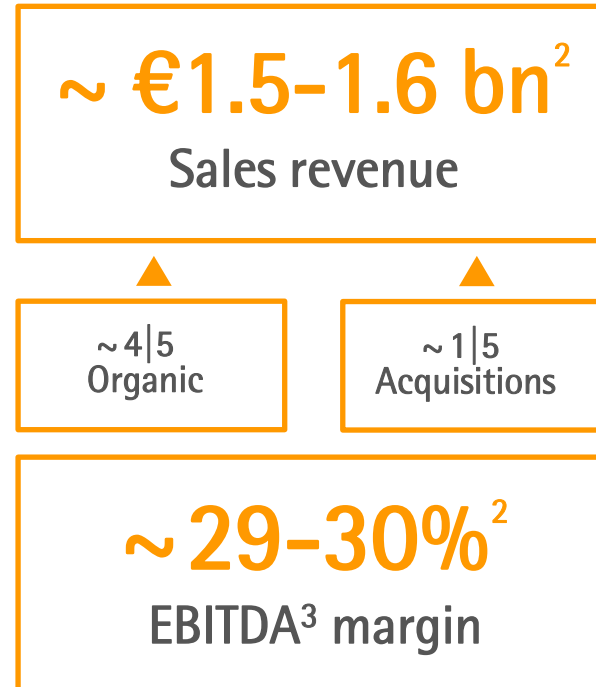
- Gain share in North America
- Leverage market growth in Asia

### Portfolio

- Alliances and acquisitions
- Own product development

### Infrastructure

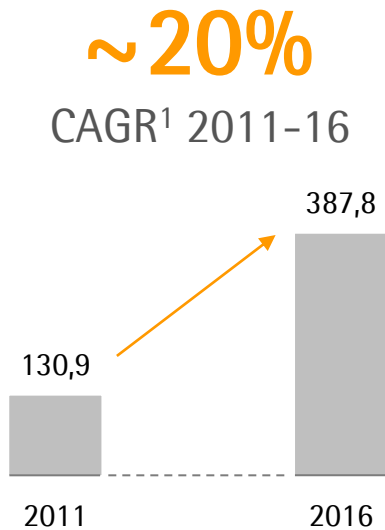
- Continued capacity expansion





# Continuous market share gains in the Americas

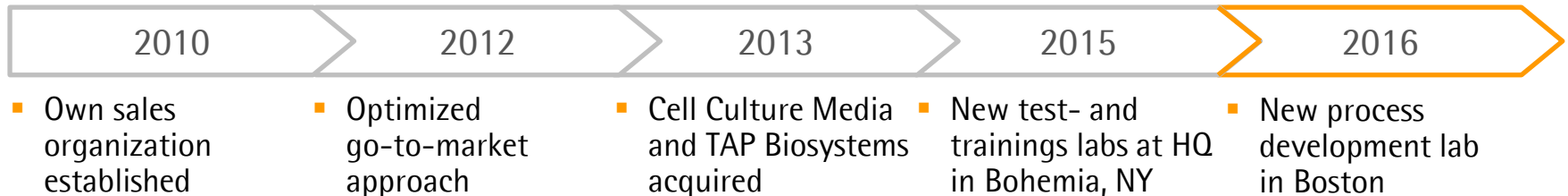
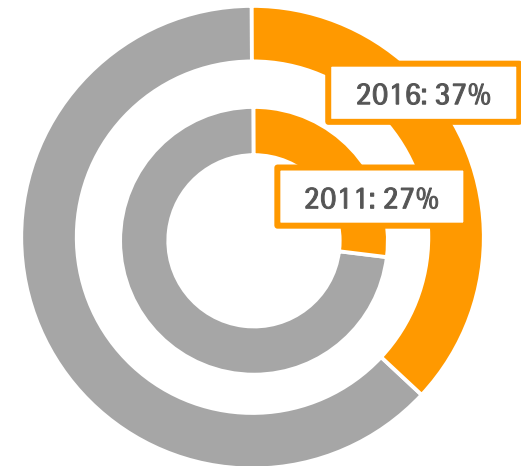
## Sales Growth Americas



## Footprint



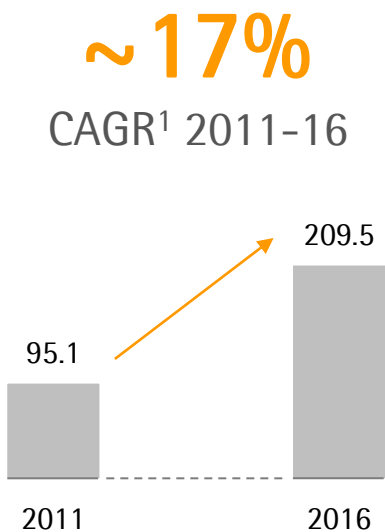
## Sales Share America



<sup>1</sup> In constant currencies

# Business development in Asia in line with strong market growth

## Sales Growth Asia



## Footprint



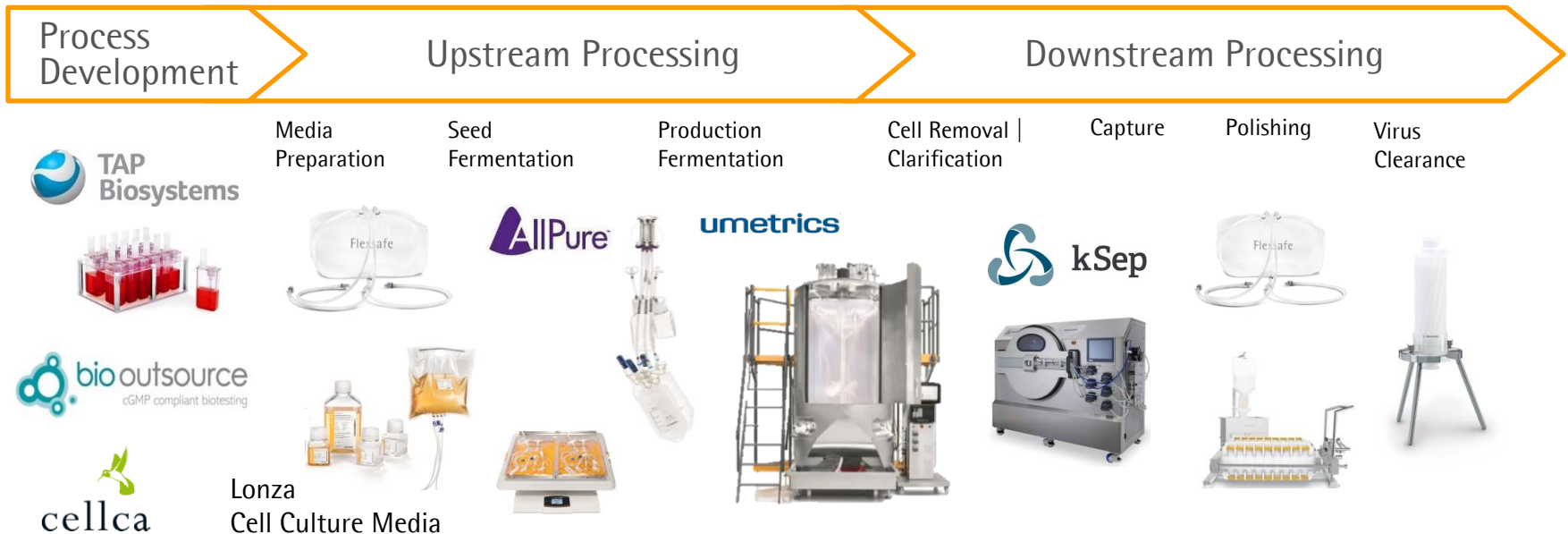
- 2011: Optimized go-to-market approach
- 2013: New sales and marketing head-quarter in Shanghai
- 2014: New application and validation lab in Shanghai
- 2016: Preparation of new process development lab in South Korea

<sup>1</sup> In constant currencies

# Portfolio enhanced by seven acquisitions since 2011

## Acquisition Criteria

- **Portfolio:**  
Complementary products or technologies
- **Market Position:**  
Either among the Top 3 or unique position
- **Integration:**  
Management capacity; cultural fit
- **Price:**  
Fair value; reach our profitability level in 2-3 yrs



## kSep acquisition in 2016 complemented single-use portfolio

- Unique single-use centrifugation systems for cell harvest in bioproduction
- Annual sales of ~ €5m; purchase price of ~ \$28m
- Integration completed; positive development in the first months



low cell densities

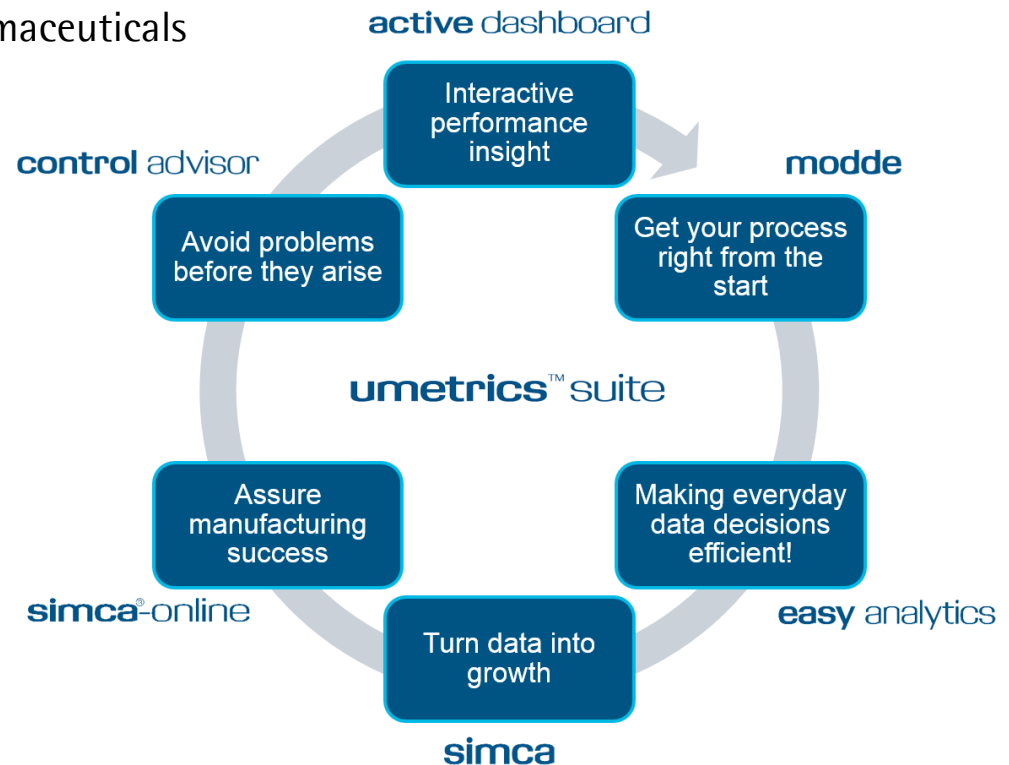
medium cell densities

**high cell densities**

Strong portfolio of unique solutions for cell harvest

## Recent Acquisition of leading biopharma software developer Umetrics

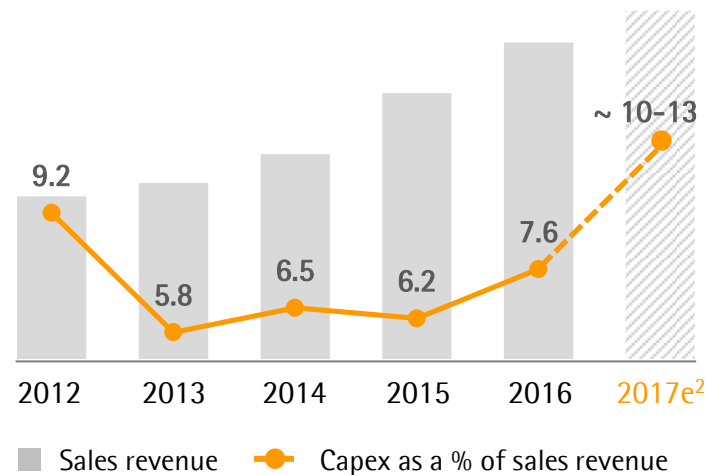
- Highly specialized provider of data analytics software
- Powerful solutions for modeling and optimizing development and manufacturing processes of biopharmaceuticals
- Successful distribution and co-marketing cooperation with Umetrics since 2012
- Annual sales of ~\$15m; significant double-digit margins
- Acquired in early April; purchase price of \$72.5m



## Significant expansion of production capacities initiated in 2016

- Capacities increased earlier and to a greater extent than initially planned due to strong organic growth
- Capacities at Yauco plant for single-use bags and filters will be more than doubled
- Expansion of Goettingen site (filter & instruments production; additional R&D & application labs)
- Capex ratio expected to remain above long-term average until 2018

Capex Development



Stonehouse: | UK New production building put in operation

▷ Executed in 2016



Yauco | Puerto Rico: Start of building additional capacity for filters and bags

▷ Initiated in 2016

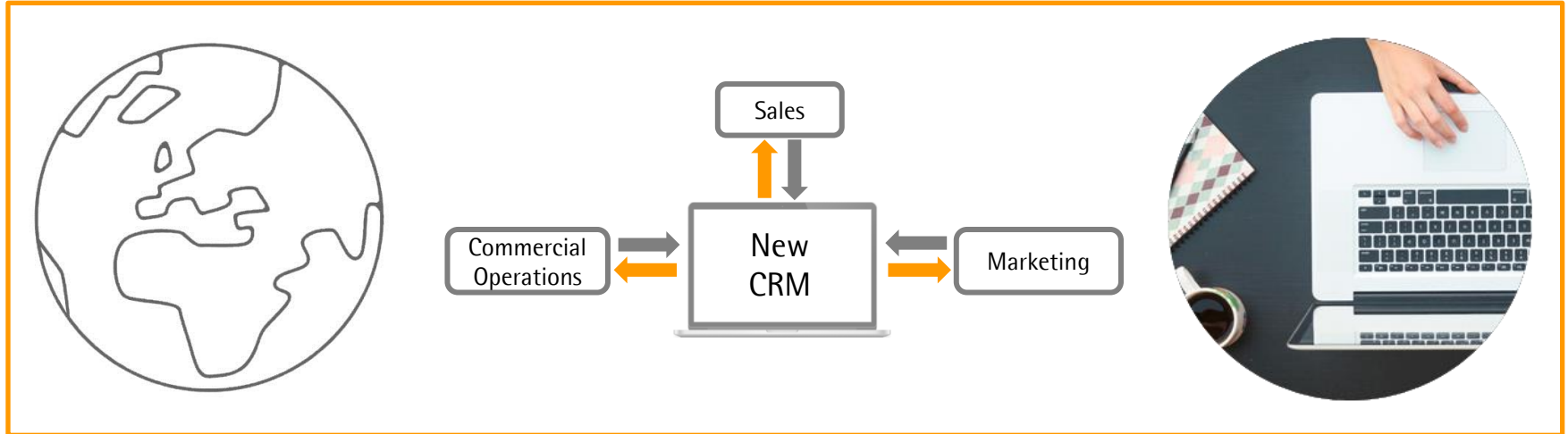


Goettingen | Germany: Expansion of filter membrane production

▷ Initiated in 2016

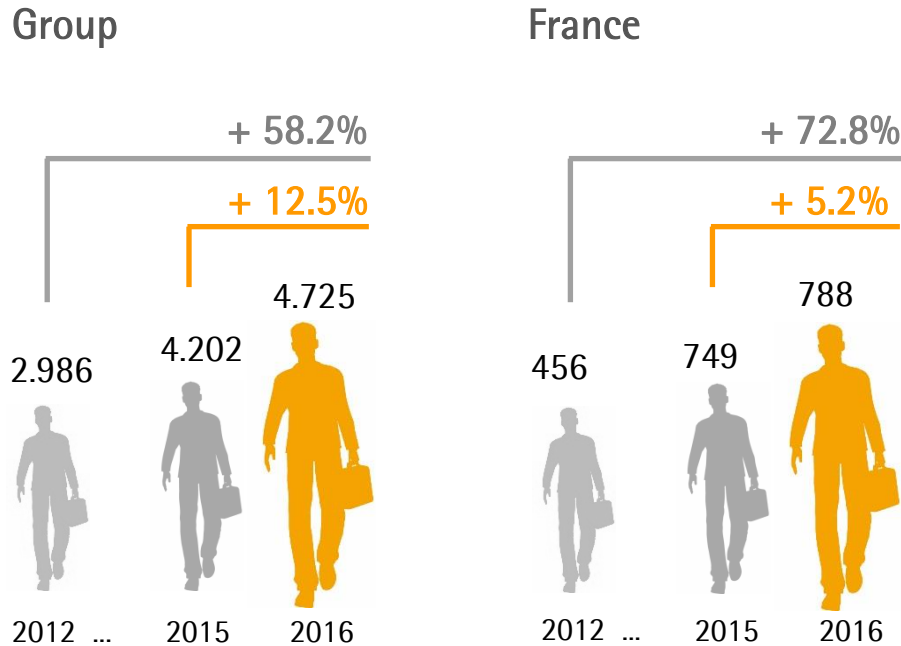
<sup>1</sup> Based on guidance 2017

## Ongoing digitalization and roll-out of efficient IT systems



- Roll-out of new ERP system well advanced; implementation at sites in France, Tunisia and Belgium in 2016
- New CRM system to support even more efficient processes
- Increasingly adopt mobile workflows for administrative functions

# Considerable number of new jobs created again



- More than 4,700 people; 523 new employees, thereof 5 relating acquisition of kSep

## Corporate Values



**SUSTAINABILITY**  
Growing profitably and acting responsibly.



**OPENNESS**  
Driving change and progress internally and externally.



**ENJOYMENT**  
Working in an energetic and rewarding environment.



„Family Day“ of Sartorius Stedim Biotech at Aubagne site



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## Continued sales and earnings growth expected for 2017

	FY 2016	FY 2017 Guidance
Sales revenue growth <sup>1</sup>	20.4%	~ 8% - 12%
Underlying EBITDA margin	27.5%	~ +0.5pp <sup>1</sup>
Capex ratio	7.6%	~ 10% - 13%

<sup>1</sup> In constant currencies

- Guidance includes ~ 1 pp of growth expected to be contributed by the acquisition of Umetrics
- Positive effect compensated by somewhat softer customer demand at the start of 2017 and by temporary limited delivery capacities for cell culture media in North America, which is expected to primarily influence H1 2017

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## Board of Directors adjusted in line with international practice

- Size of the Board of Directors reduced from ten to seven members
- Responsibilities of Board of Directors and operational management (GEC) sharpened
- Former Board members Volker Niebel, Oscar-Werner Reif and Reinhard Vogt remain fully in charge of their executive responsibilities



Joachim Kreuzburg  
Chairman and CEO



Susan Dexter



Anne-Marie Graffin



Liliane de Lassus



Bernard Lemaître



Arnold Picot



Henri Riey

Next Annual Shareholders' Meeting of Sartorius Stedim Biotech S.A. | April 3, 2018 | Aubagne |

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## Financial calendar and contacts

- **April 24, 2017**  
Publication of first-quarter 2017 results
- **May 3, 2017**  
Deutsche Bank HC Conference | Boston
- **May 30, 2017**  
Gilbert Dupont Healthcare Forum | Paris
- **July 25, 2017**  
Publication of first-half 2017 results
- **October 24, 2017**  
Publication of nine-month 2017 results



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