



sartorius



sartorius stedim
biotech

Capital Markets Day

February 21, 2018

Keynote

A background image showing a close-up, shallow depth-of-field view of several white laboratory pipettes or dispensers. The focus is on the tips of the pipettes, which are slightly out of focus, creating a sense of depth. The lighting is soft and even, highlighting the clean, professional appearance of the equipment.

Disclaimer

This presentation contains statements concerning the Sartorius 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.

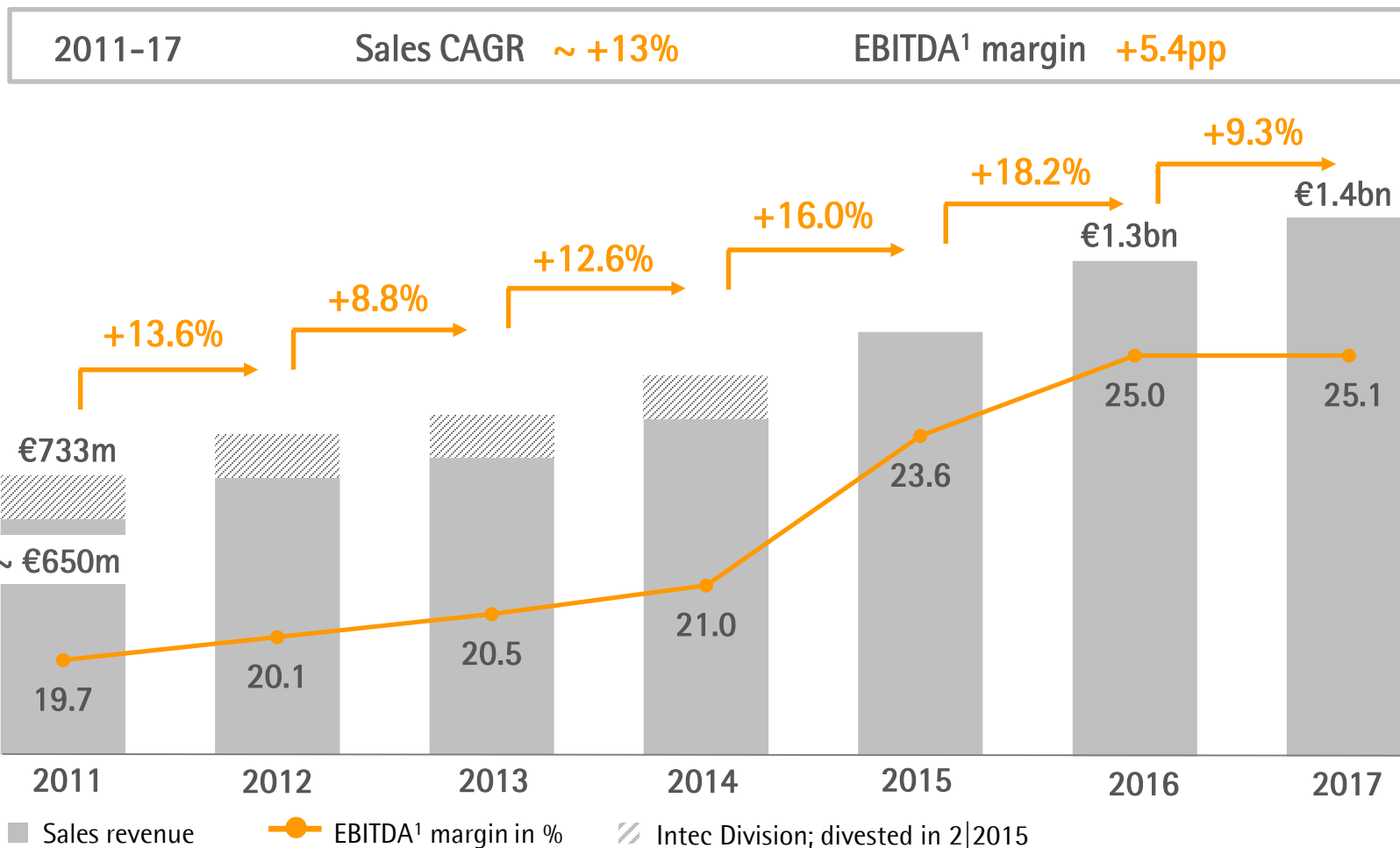
Throughout this presentation, differences may be apparent as a result of rounding during addition.

Corporate strategy and mid-term outlook

Joachim Kreuzburg | Rainer Lehmann



Continued profitable growth over the past 6 years



Robust performance in 2017 despite some challenges and unfavorable FX trend

Sartorius Group

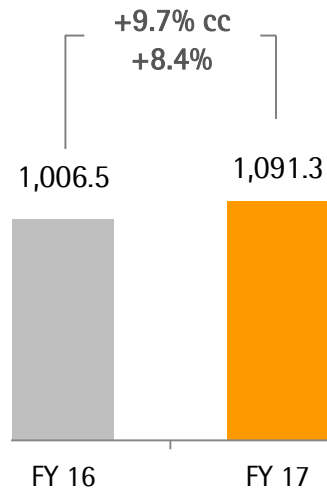
€ in millions unless otherwise specified

	FY 2016	FY 2017	Δ in %	Δ in % cc ¹
Sales revenue	1,300.3	1,404.6	+8.0	+9.3
Order intake	1,334.7	1,501.4	+12.5	+13.7
Underlying EBITDA ²	325.4	353.2	+8.5	
Underlying EBITDA ² margin in %	25.0	25.1	+0.1pp	
Underlying EPS ³ (ord.) in €	1.93	2.10	+8.6	
Underlying EPS ³ (pref.) in €	1.94	2.11	+8.6	
Dividend per share ⁴ (ord.) in €	0.45	0.50	+11.1	
Dividend per share ⁴ (pref.) in €	0.46	0.51	+10.9	
Capex ratio in %	11.7	14.9	+3.2pp	

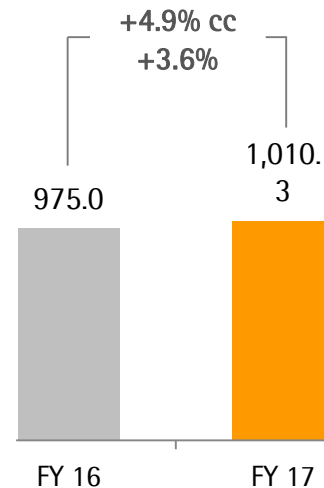
¹ Constant currencies ² Underlying = excluding extraordinary items ³ Underlying EPS = based on net profit after non-controlling interest, adjusted for extraordinary items, amortization and based on a normalized financial result and tax rate ⁴ As proposed to the AGM

BPS: Strong OI momentum supports confidence for 2018

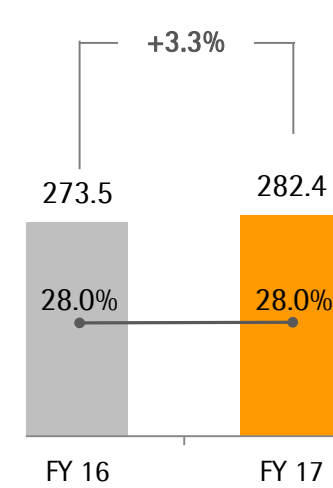
Order intake
€ in millions



Sales revenue
€ in millions



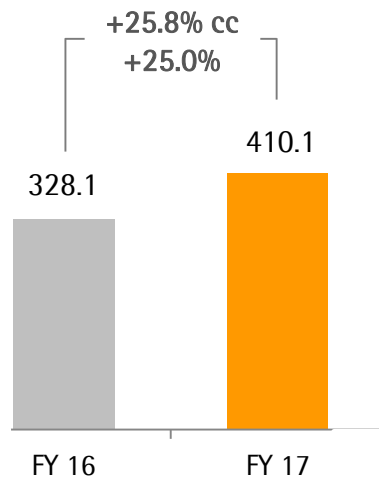
Underlying EBITDA & margin
€ in millions



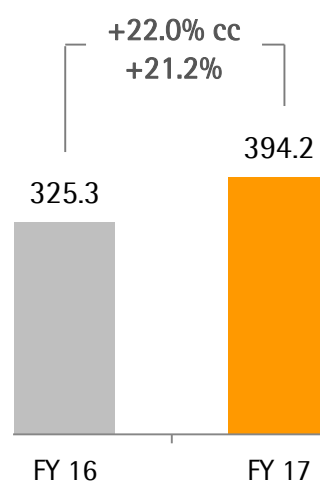
- Destocking by a few customers, transient manufacturing (Puerto Rico) and supply bottlenecks (cell culture media) weigh on growth
- Acquisitions of kSep and Umetrics contribute approx. 1pp to growth
- EBITDA margin on previous year's level despite significant FX headwinds

LPS: Substantial increase in sales and earnings

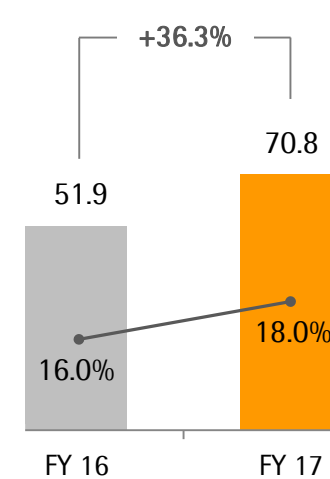
Order intake
€ in millions



Sales revenue
€ in millions



Underlying EBITDA & margin
€ in millions



- All regions and all product categories drive strong organic growth of around 8%
- Recent acquisitions in the field of bioanalytics contributed approx. 14pp to sales growth
- Increase in earnings due to economies of scale and acquisitions; currencies dilutive

Cash flow influenced by recent acquisitions

Sartorius Group

€ in millions

	FY 2016	FY 2017	Δ in %
Underlying EBITDA	325.4	353.2	+8.5
Extraordinary items	-30.7	-35.5	-15.5
Financial result	-16.4	-20.8	-27.0
Underlying net profit ^{1,2}	132.6	144.0	+8.6
Reported net profit ²	102.9	114.7	+11.5
Net operating cash flow	170.4	206.5	+21.2
Net investing cash flow ³	-268.2	-555.1	-106.9

- Change in financial result due to debt-rel. interest expenses
- Increase in EBITDA and lower tax payments drive net operating cash flow
- Net investing cash flow primarily reflects the acquisitions of Essen and Umetrics; capex increased as planned
- ~ €16mn one-time, non-cash benefit from revaluation of deferred tax items; i.e. tax rate at ~20% (PY 29%)
- From 2018 onwards, Group tax rate 2pp lower at ~27%

¹ Underlying net profit = net profit adjusted for extraordinary items, amortization and based on a normalized financial result and tax rate

² After non-controlling interest ³ Net cash flow from investing activities and acquisitions

SSB: Strong order intake; earnings influenced by FX headwinds

Sartorius Stedim Biotech Group

€ in millions unless otherwise specified

	FY 2016	FY 2017	Δ in %	Δ in % cc ¹
Sales revenue	1,051.6	1,081.0	+2.8	+4.1
Order intake	1,080.8	1,162.3	+7.5	+8.8
Underlying EBITDA ²	288.7	294.9	+2.2	
Underlying EBITDA ² margin in %	27.5	27.3	-0.2pp	
Underlying EPS ³ per share in €	1.92	1.96	+2.2	
Dividend per share ⁴ in €	0.42	0.46	+9.5	
Capex ratio in %	7.6	12.6	+5pp	

¹ Constant currencies ² Underlying = excluding extraordinary items ³ Underlying EPS = based on net profit after non-controlling interest, adjusted for extraordinary items, amortization and based on a normalized financial result and tax rate ⁴ As proposed to AGM

SSB: Healthy cash flow performance; influenced by acquisitions

Sartorius Stedim Biotech Group

€ in millions

	FY 2016	FY 2017	Δ in %
Underlying EBITDA	288.7	294.9	+2.2
Extraordinary items	-18.1	-22.6	-24.8
Financial result	-12.9	-1.1	+91.6
Underlying net profit ^{1,2}	176.6	180.4	+2.2
Reported net profit ²	153.7	161.1	+4.8
Net operating cash flow	156.7	174.7	+11.5
Net investing cash flow ³	-102.7	-194.9	-89.7

- Change in financial result mainly due to valuation effects of derivatives | fx loans
- Net operating cash flow developed as expected
- Net investing cash flow primarily reflects the acquisition of Umetrics and Capex for capacity expansion

¹ Underlying net profit = net profit adjusted for extraordinary items, amortization and based on a normalized financial result and tax rate

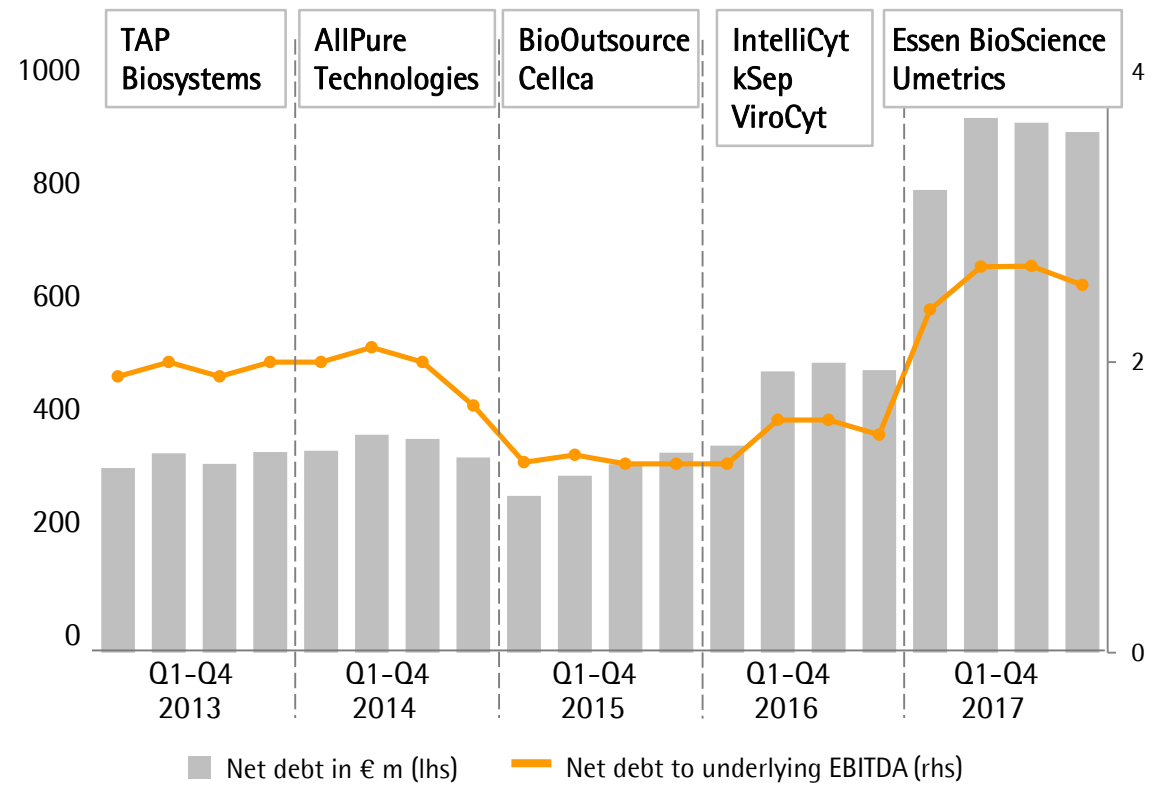
² After non-controlling interest ³ Net cash flow from investing activities and acquisitions | disposals

Sartorius Group: Solid financial basis

Key financial indicators

Sartorius Group	Dec 31, 2017
Equity ratio in %	35.1
Net debt € in millions	895.5
Net debt ul. EBITDA	2.5
Gearing	1.1

Net debt to underlying EBITDA



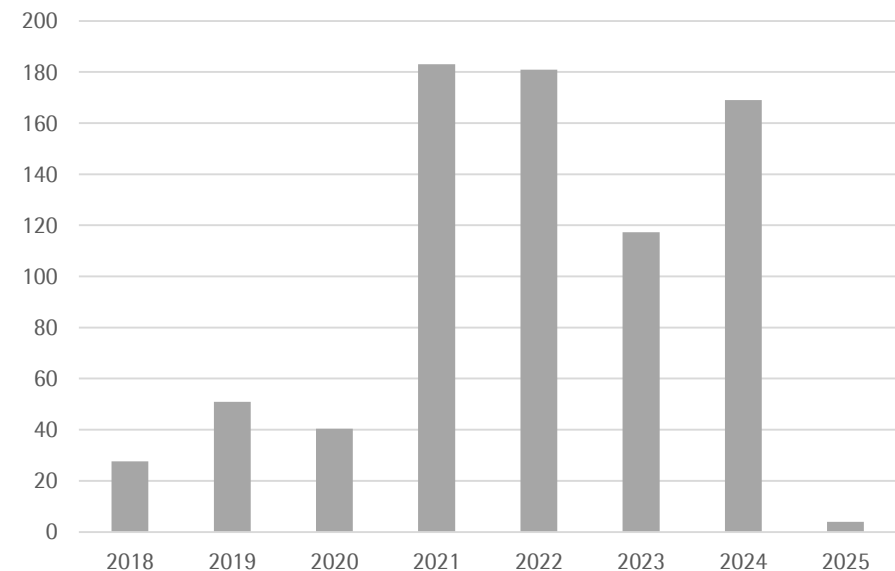
Financing on a long-term, well-diversified basis

Current key financing instruments

- Syndicated revolving credit facility: €400m due 2021 (>90% undrawn)
- Schuldschein: €582m, due 2018 – 27 - 100% fixed rate
- Bilateral long-term loans: €300m - thereof 77% fixed rate
- Near-term credit lines & guarantee facilities of €70m to support operating business

Maturity profile

as of Dec 31, 2017, € in millions



- » Strong financing basis with high flexibility, balanced maturity profiles and low sensitivity to changes in interest rates

Considerable debt and equity financing options to fund organic and non-organic growth

Debt

- Max. net debt | underlying EBITDA of 3.25x for the Sartorius Group

Equity

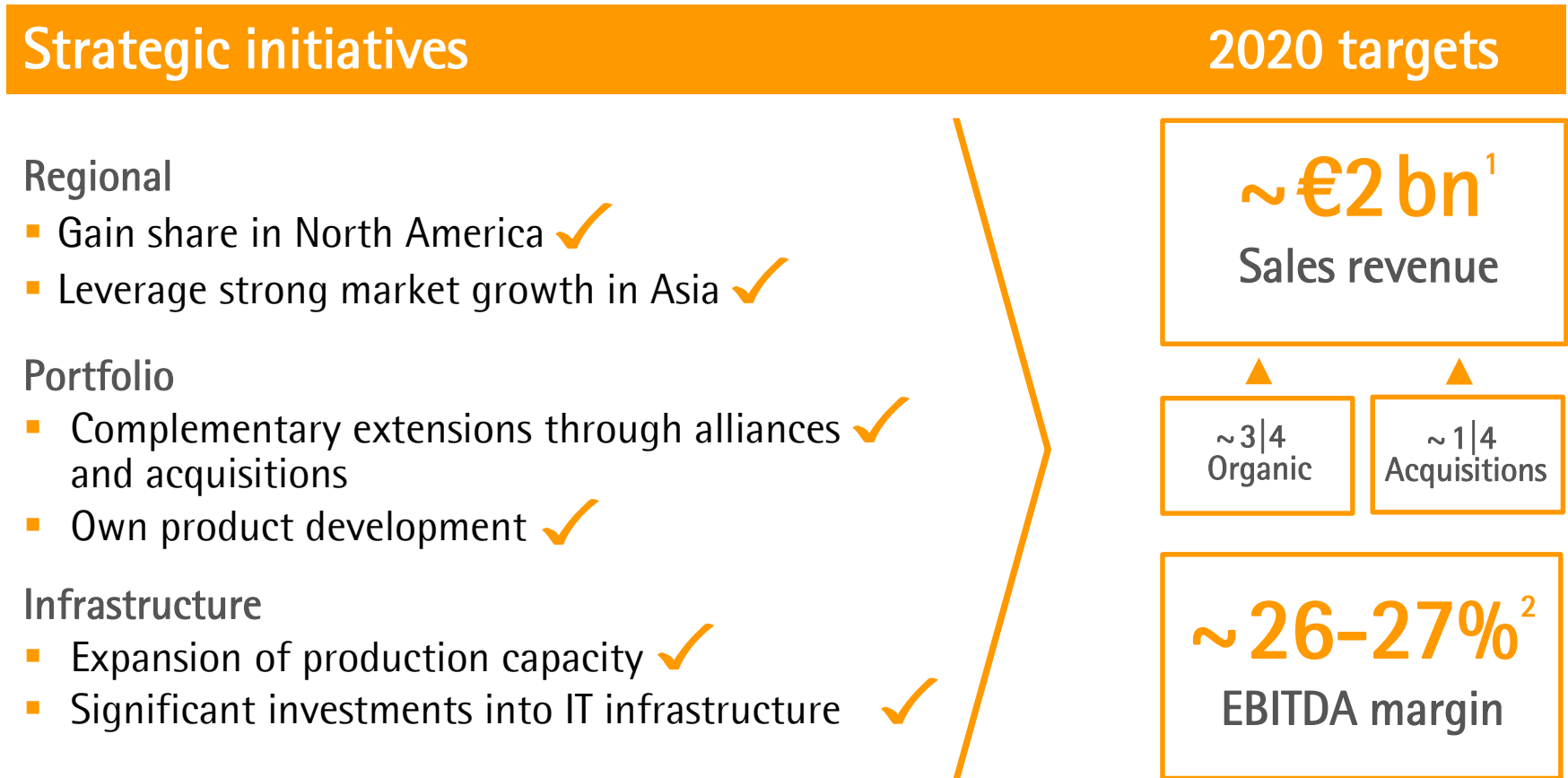
Sartorius Group

- Treasury stock of ~ 3.3m ordinary and preference shares each; current value > €600m
- Option to finance external growth of the LPS division in particular

Sartorius Stedim Biotech Group

- Authorization to issue up to 12 million new shares; current value > €800m
- Equity funding source for the BPS division

Recap 2020 targets and initiatives



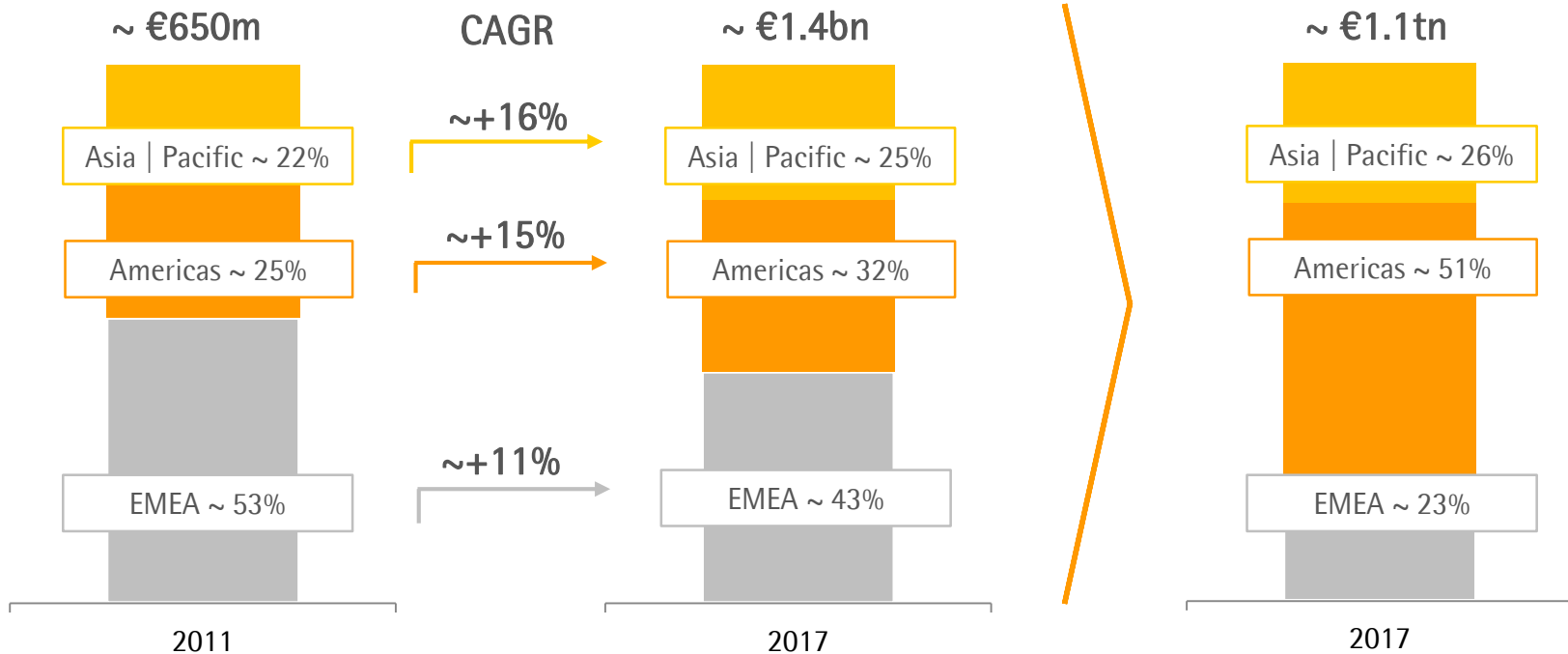
¹ Based on 2015 FX rates ² Excluding extraordinary items

Regional balance better reflecting end-markets

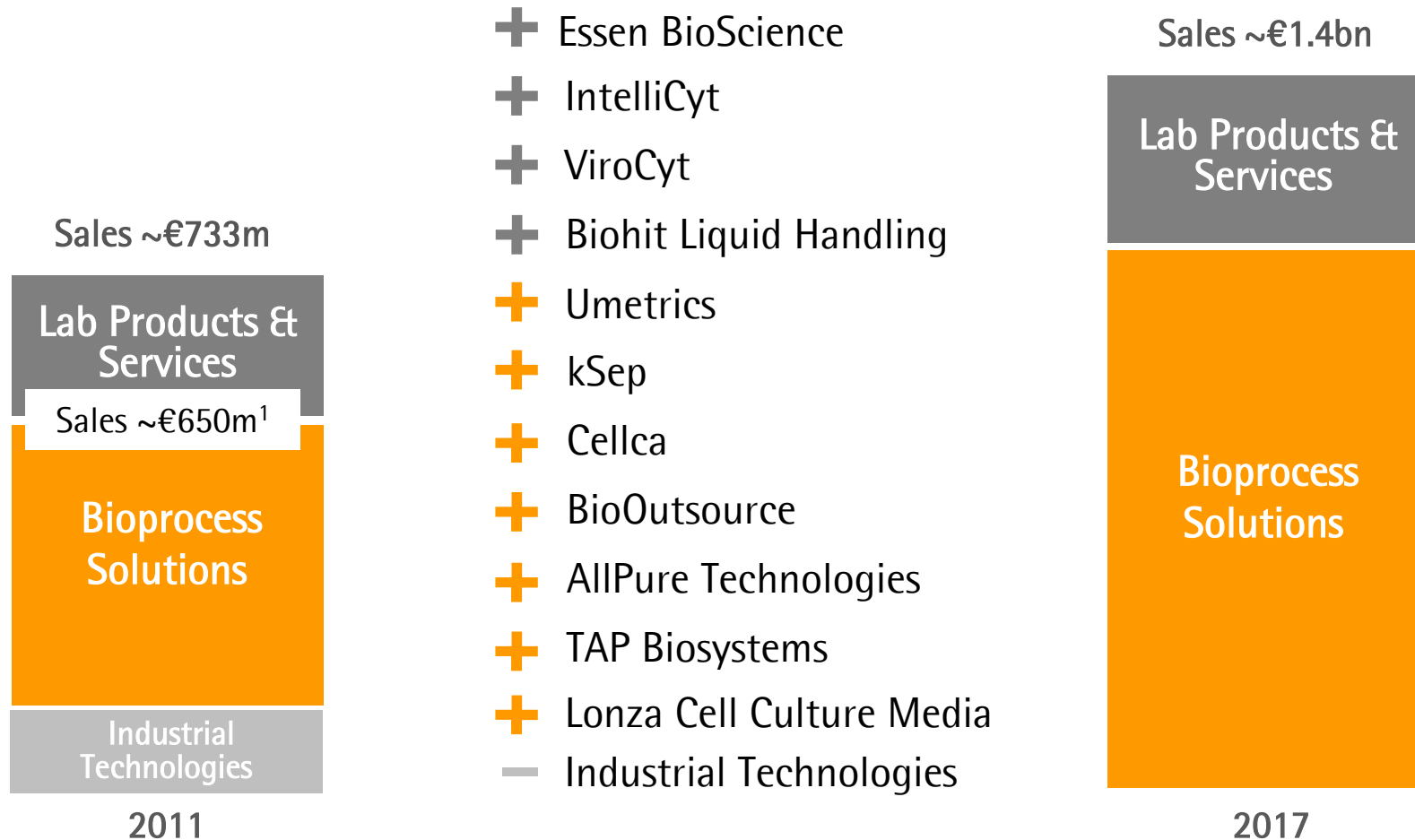
Sales by region 2011

Sales by region 2017

Global pharmaceutical market



Portfolio of both divisions substantially strengthened



¹ Excluding Sartorius Industrial Technologies

Strategic focus on biopharma in both divisions

Bioprocess Solutions Division



Quality & testing



Lab Products & Services Division

Infrastructure prepared for further organic growth



Yauco, Puerto Rico
Doubling of fluid management and filter capacities



Goettingen, Germany
Extension of headquarters

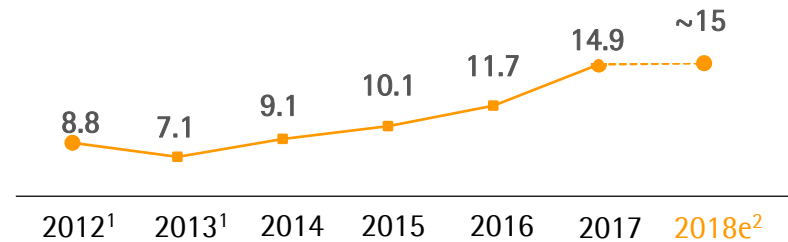


Aubagne, France
Capacity extension of bag production



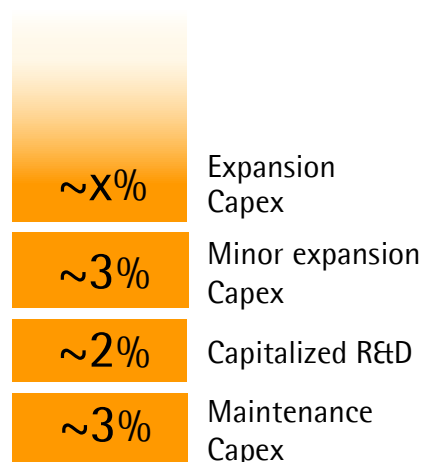
New ERP and extension of global IT infrastructure

Capex ratio in %



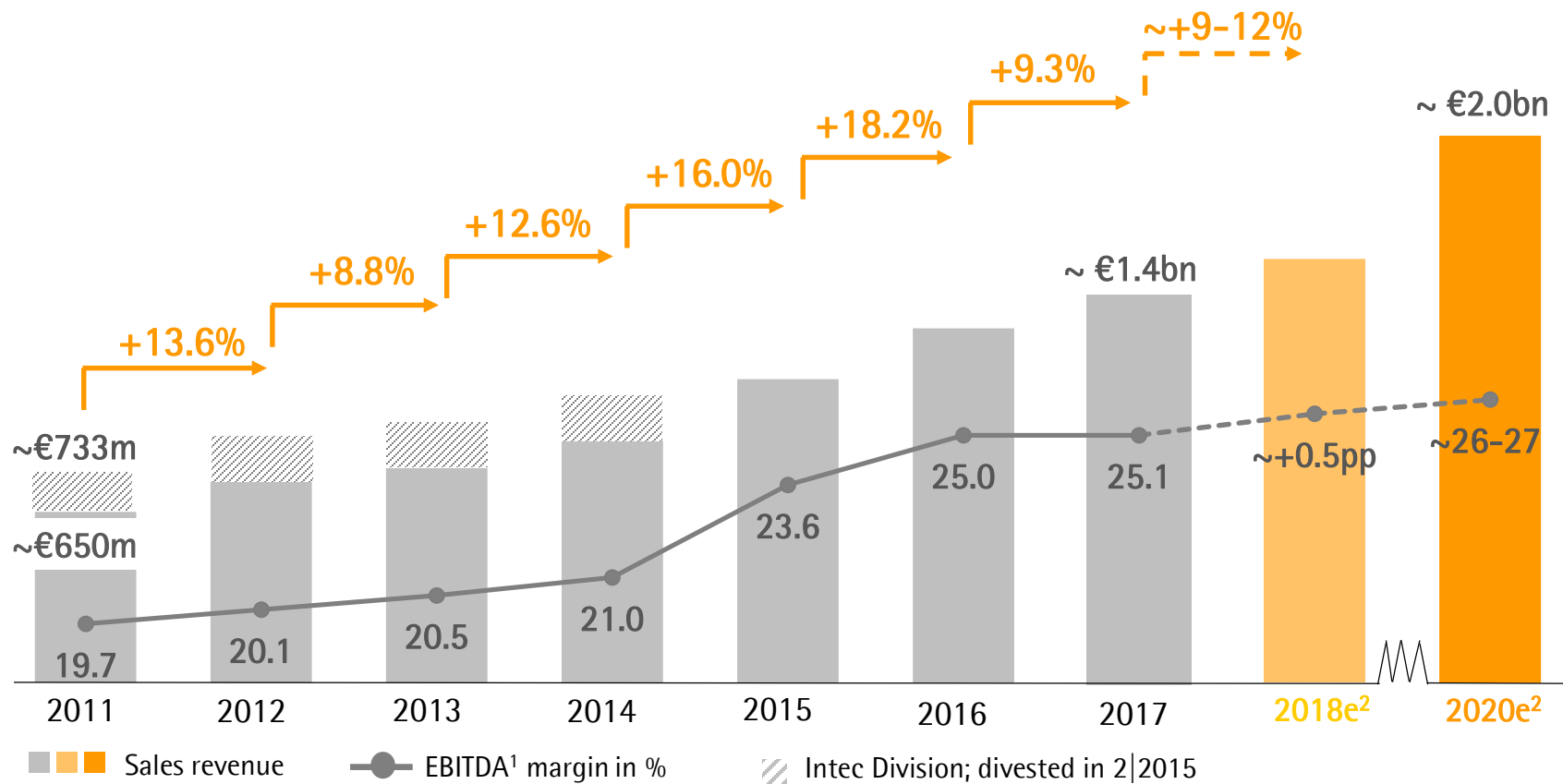
¹ Incl. discontinued operation ² Based on 2018 guidance

Capex composition

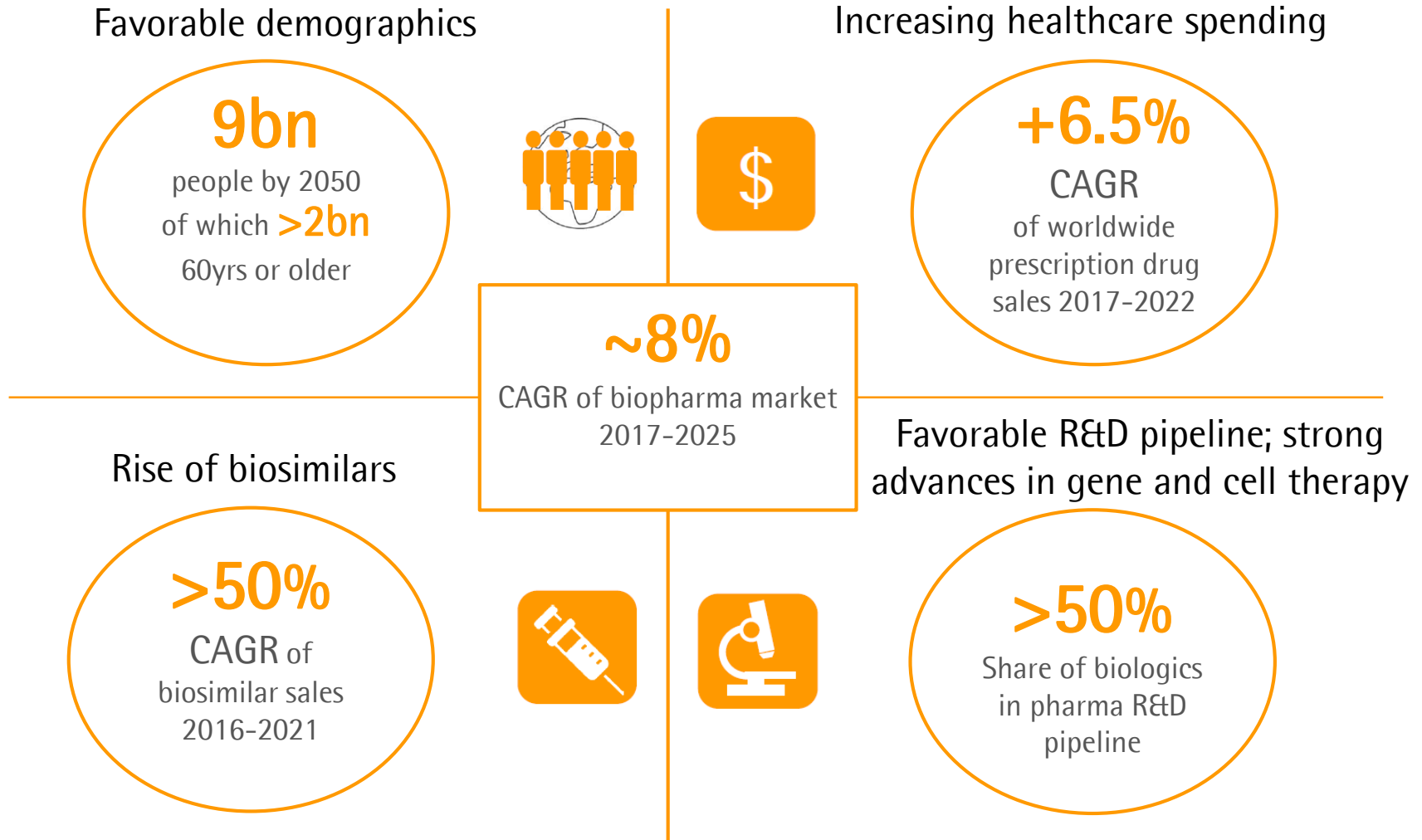


- Capex ratio expected to decrease from its above-average levels in 2016-18 as of 2019

On track to deliver on 2020 goals



Market fundamentals remain very attractive



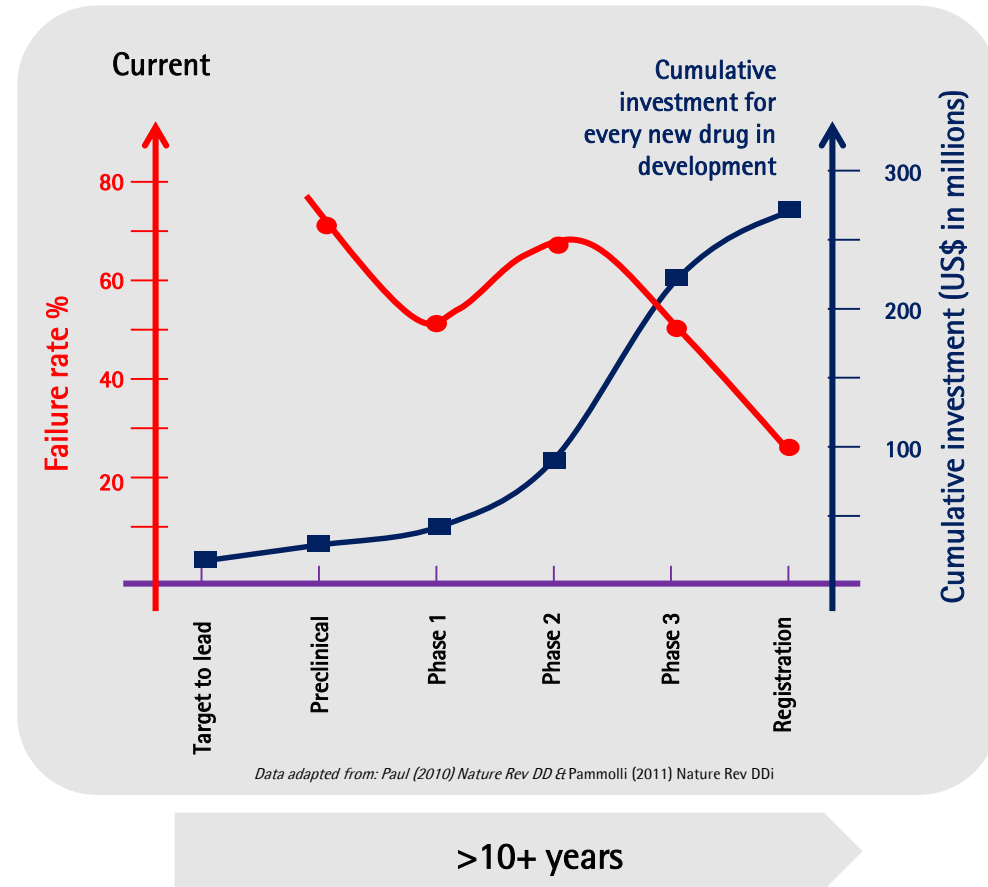
The biopharma market is not mature, but maturing

... not mature because ...

- Underpenetrated global market
- Strong flow of innovation
- Focus on product features and quality
- Time-consuming product development

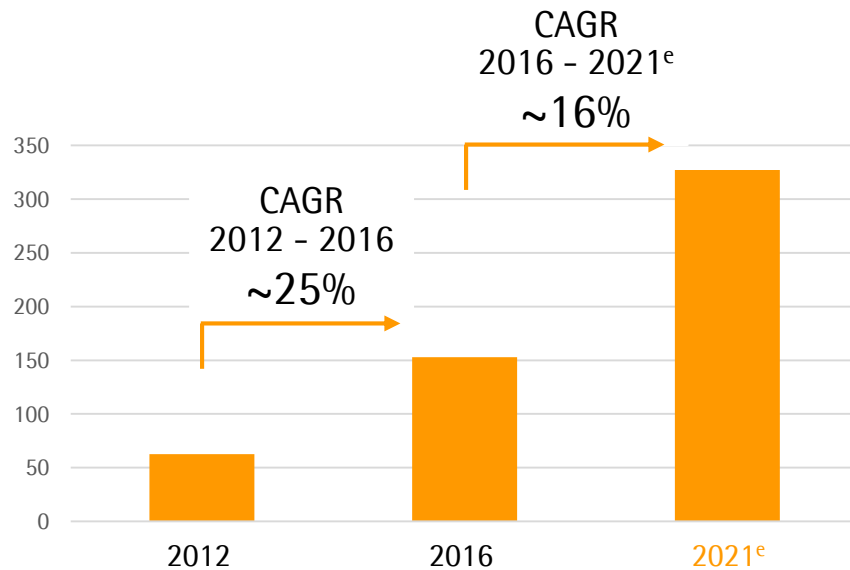
... but maturing because ...

- Increasing importance of product costs and time to market
- Robustness and ease of use of tools become more relevant
- Companies invest in market consolidation

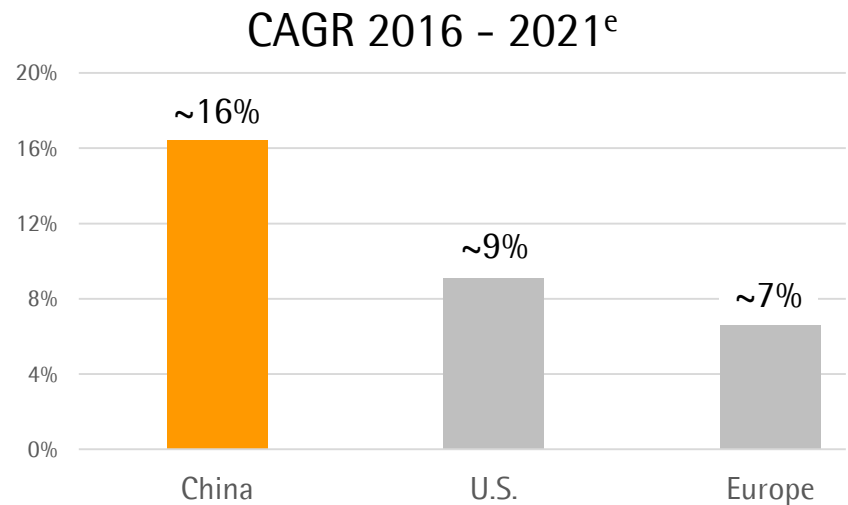


Regionally, China will play an important role

China biologics market size
RMB in bn



Global biologics market growth
outlook by region in %



Acquisitions remain part of our strategy

Acquisition criteria



Portfolio
Complementary products
or technologies



Market position
Either among the Top 3 or
unique position



Integration
Management capacity;
cultural fit



Price
Fair valuation; reach Sartorius'
profitability level in 2-3 years

Market environment Bioprocess Solutions

- Increasingly consolidated
- Start-ups with innovative technologies

Market environment Lab Products & Services

- Less consolidated
- Start-ups and small-to-mid size companies with innovative technologies

After focusing on infrastructure expansion, we will now emphasize process optimization

- Customers are particularly looking for more flexibility through shorter lead times
- We are investing in accelerating our workflows through systematic digitalization
- Main financial impact on COGS and LPS S&D (before M&A)



More employees, stronger global presence, more young talent

- Great mix of experience and talent
- More than 1,500 customer-facing
more than 600 in R&D
- Hiring around 1,000 people per year,
overproportionally in Asia
- Global career opportunities
- Attractive place to work:
great industry, innovative technologies,
right size, global presence,
dynamic team, ambitious goals



Our Sartorius 2025 targets and initiatives

Strategic initiatives

Regional

- Participate in strong Chinese market growth
- Continue to outgrow the important U.S. market

Portfolio

- Adding high-impact innovation, e.g. digital tools
- Enhance process development capabilities
- Expand into adjacent applications

Operations

- Accelerate workflows across the organization through digitalization
- Extend manufacturing base in Asia

2025 targets

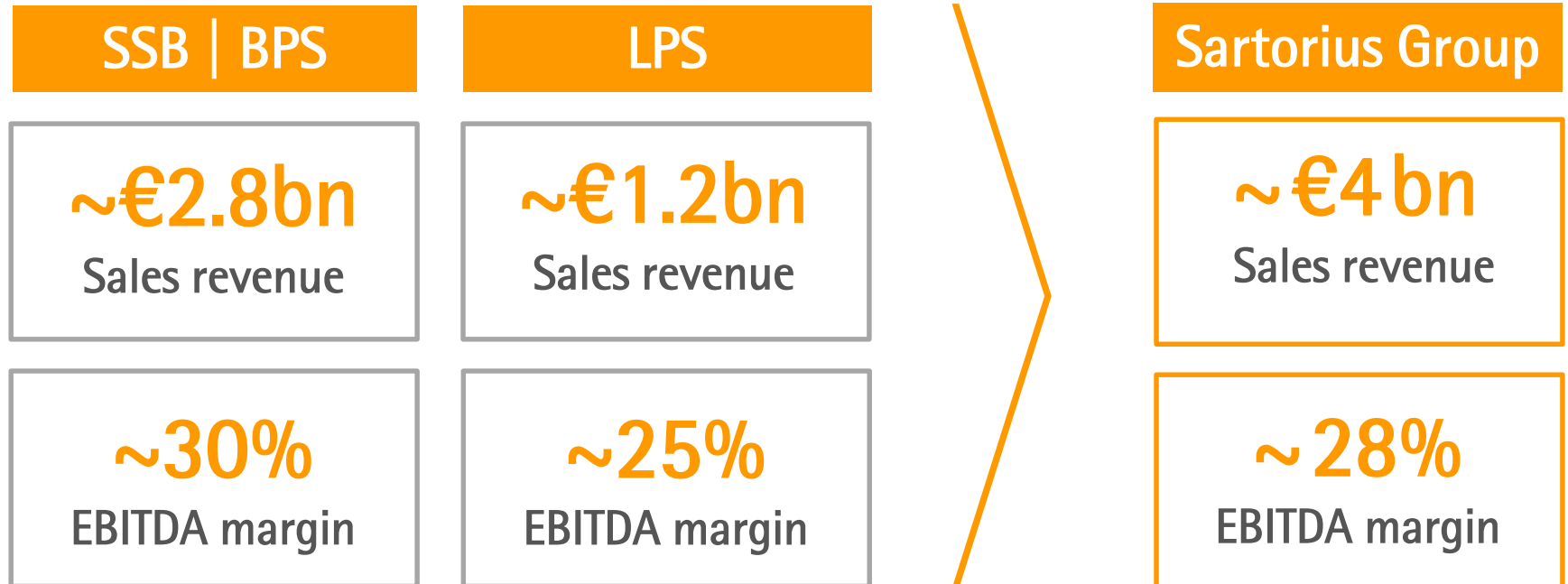
~ €4 bn
Sales revenue

~ 2/3
Organic

~ 1/3
Acquisitions

~ 28%
EBITDA margin

Our Sartorius 2025 ambition per division



Summary

- Strong drivers for further substantial growth of the global biopharma market
- Customer needs shift towards speed, costs, ease of use
- Numerous differentiating products in our portfolio
- Beachheads to expand addressable market
- Infrastructure and capacities prepared for growth
- Financing options supporting M&A strategy

