

# Annual Shareholder Meeting

Joachim Kreuzburg | Chairman of the Board and CEO | March 26, 2019



## 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 FY 2018 Results | 2019 Guidance**

02 Dividend Proposal

03 Strategic positioning and execution on mid-term plan

04 Explanatory notes to the resolutions

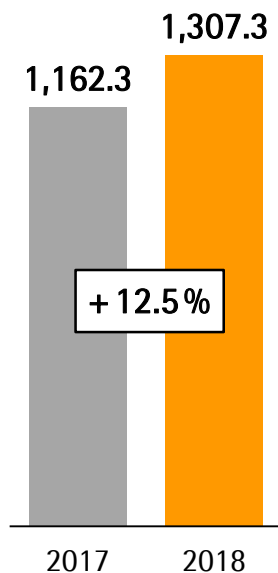
## Another year of dynamic growth

- ▷ Double-digit gains in sales revenue, order intake and earnings
- ▷ Performance slightly ahead of initial expectations; guidance increased substantially at mid-year
- ▷ Development fueled by strong demand across all product categories and geographies
- ▷ Positive outlook for 2019 and beyond

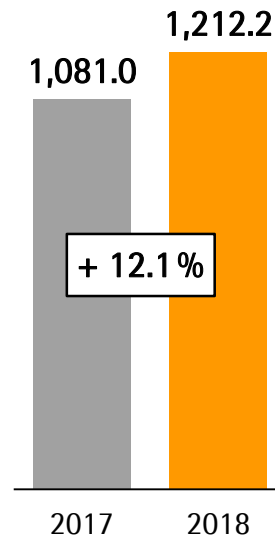


# Strong organic development against moderate comps

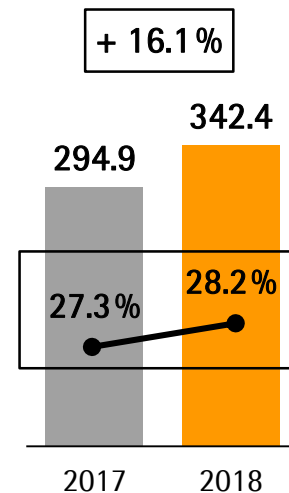
**Order intake**  
€ in millions



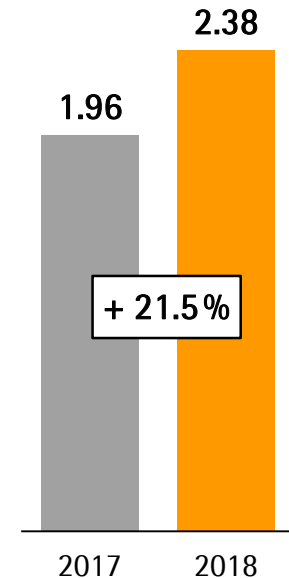
**Sales revenue**  
€ in millions



**EBITDA & margin<sup>1)</sup>**  
€ in millions



**EPS<sup>2)</sup>**  
in €

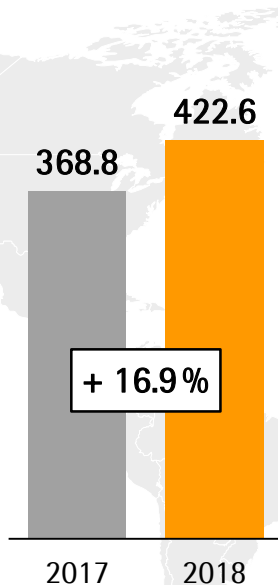


- Umetrics acquisition contributes around 0.5pp of non-organic sales growth
- Underlying EBITDA margin rises significantly due to economies of scale

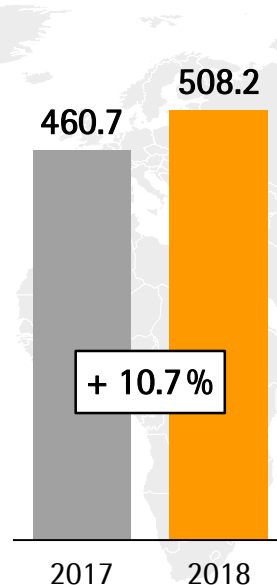
Growth for OI and sales revenue in constant currencies <sup>1)</sup> Underlying = excluding extraordinary items <sup>2)</sup> Underlying EPS = based on net profit after non-controlling interest, adjusted for extraordinary items, amortization and based on a normalized financial result and tax rate

## Growth in all regions, the Americas with highest momentum

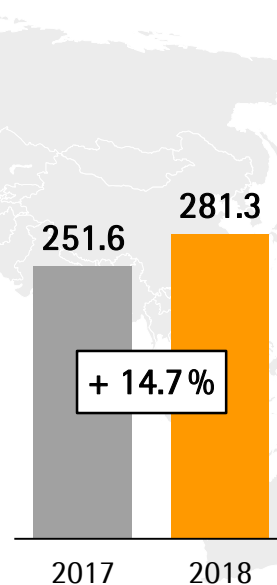
**Americas**  
in € millions



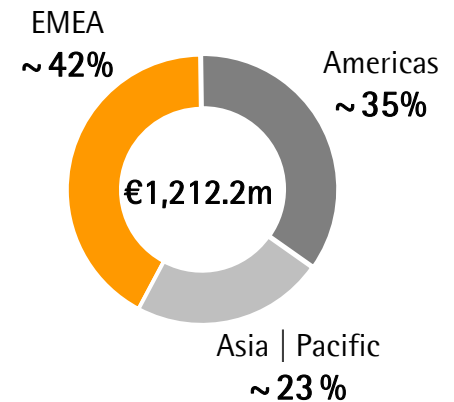
**EMEA**  
in € millions



**Asia | Pacific**  
in € millions



**Sales by Regions**  
in %

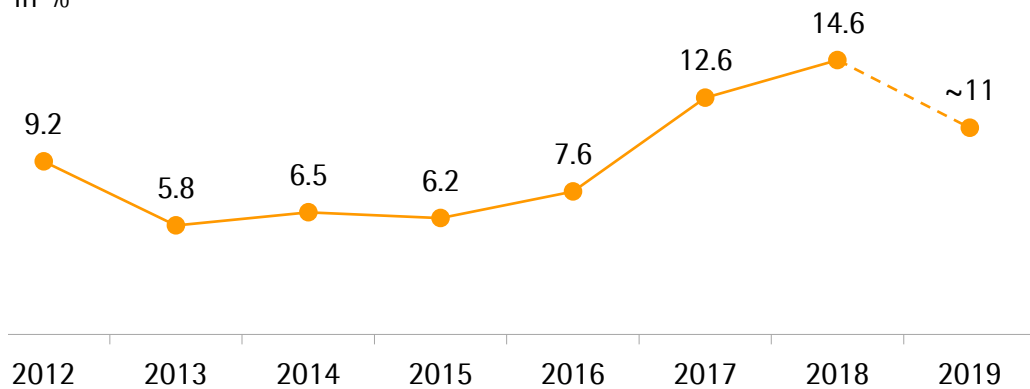


- Americas: High momentum against moderate comps
- EMEA: Solid growth in sales revenue and dynamic order intake
- Asia|Pacific: Very positive development considering high comps

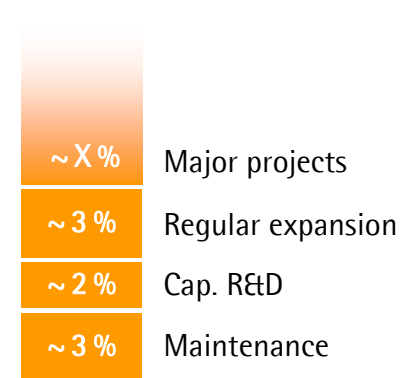
# Extensive investment program reached its peak

## CAPEX ratio

in %



## CAPEX composition 2019



### Yauco, Puerto Rico

Doubling of fluid management and filter capacities



### Goettingen, Germany

Extension of filter capacities



### Aubagne, France

Capacity extension of bag production



New ERP and extension of global IT infrastructure

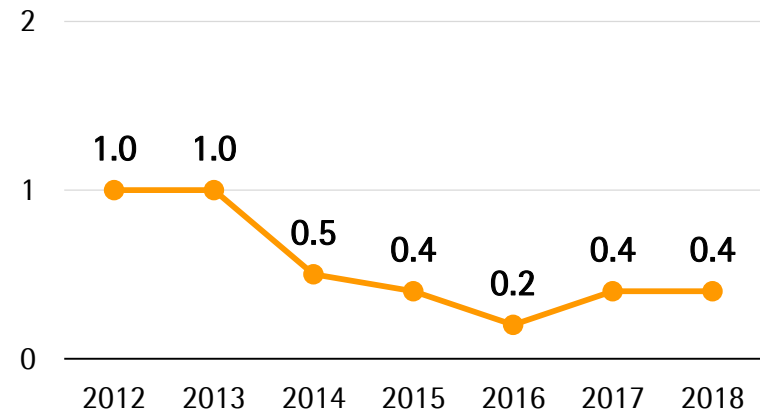


# Financial position remains strong

## Key Financial Indicators

Sartorius Stedim Biotech	Dec. 31, 2017	Dec. 31, 2018
Equity ratio in %	62.6	<b>66.5</b>
Net debt in € millions	127.1	<b>125.7</b>
Net operating cash flow in € millions	174.7	<b>227.3</b>

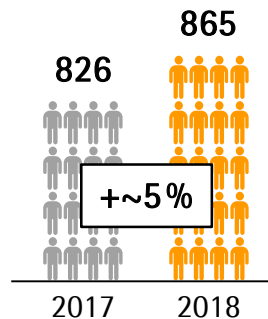
## Net Debt to Underlying EBITDA



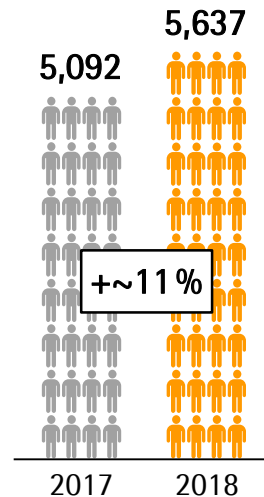


# Considerable number of new jobs created again

France

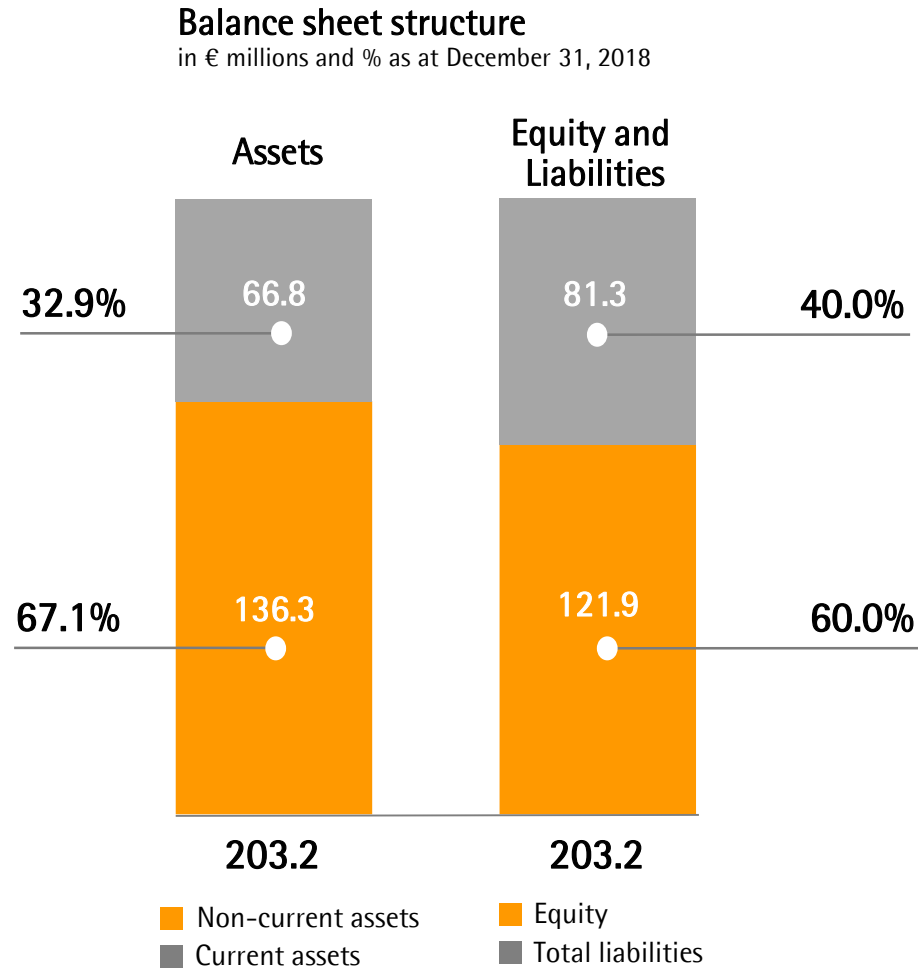


Group

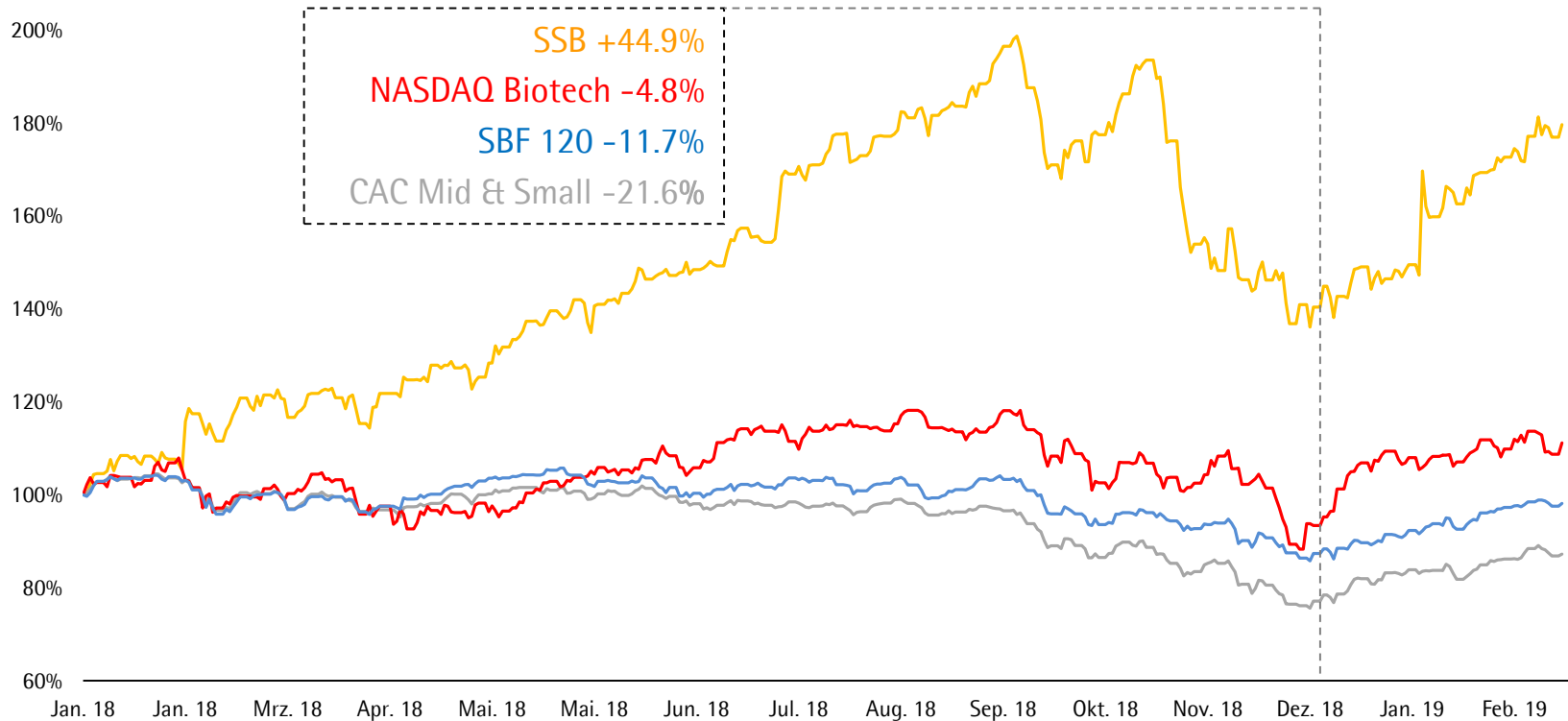


- More than 5,600 people; 545 new employees
- Attractive jobs: open corporate culture, exciting industry, market-leading technologies, global presence, ambitious goals

# Balance sheet of the parent company



## Shares rise substantially despite volatile stock exchanges



- Strong start into 2019: Share price recorded significant gains in the first three months
- Market capitalization as of March 12, 2019, at €9.6 bn


## Outlook for 2019

	FY 2018	FY 2019 <sup>1)</sup>
Sales revenue growth	13.7% <sup>1)</sup>	~ 7% - 11%
Underlying EBITDA margin	28.2%	slightly more than + 1pp
CAPEX ratio	14.6%	~ 11%

<sup>1)</sup> In constant currencies

- Sales guidance includes dilution of 3pp sales growth due to the modification of the cell culture media agreement with Lonza
- Operational margin increase of ~ 0.5pp; remainder due to mandatory IFRS 16 changes

# Agenda



01 FY 2018 Results | 2019 Guidance

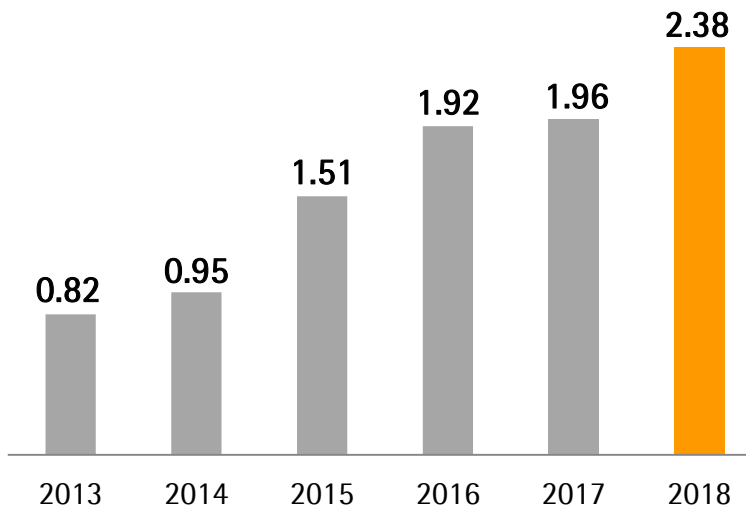
## 02 Dividend Proposal

03 Strategic positioning and execution on mid-term plan

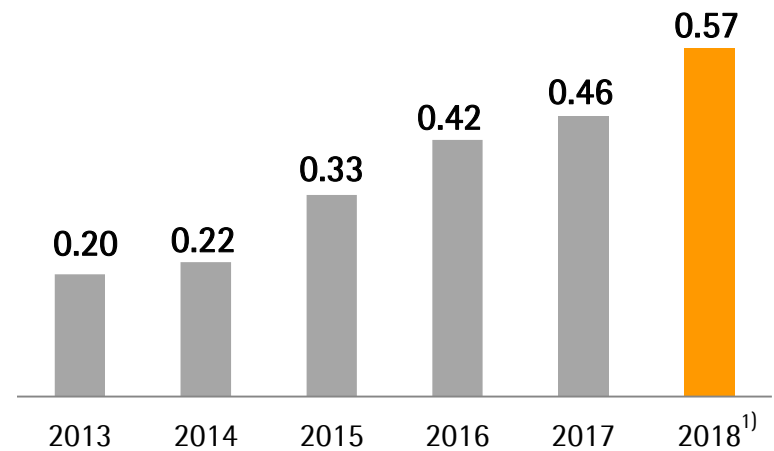
04 Explanatory notes to the resolutions

## Strong dividend increase yet again

**Earnings per share**  
in €



**Dividend per share**  
in €



- 10<sup>th</sup> dividend increase in succession
- Total profit distributed would increase by 23.9% from €42.4mn to 52.5mn
- Payout ratio<sup>2)</sup> of 24.0% (2017: 23.5%) in line with SSB's dividend policy

Figures for 2013-15 adjusted for stock split; rounded values <sup>1)</sup> Subject to approval by the AGM <sup>2)</sup> Relative to underlying net profit

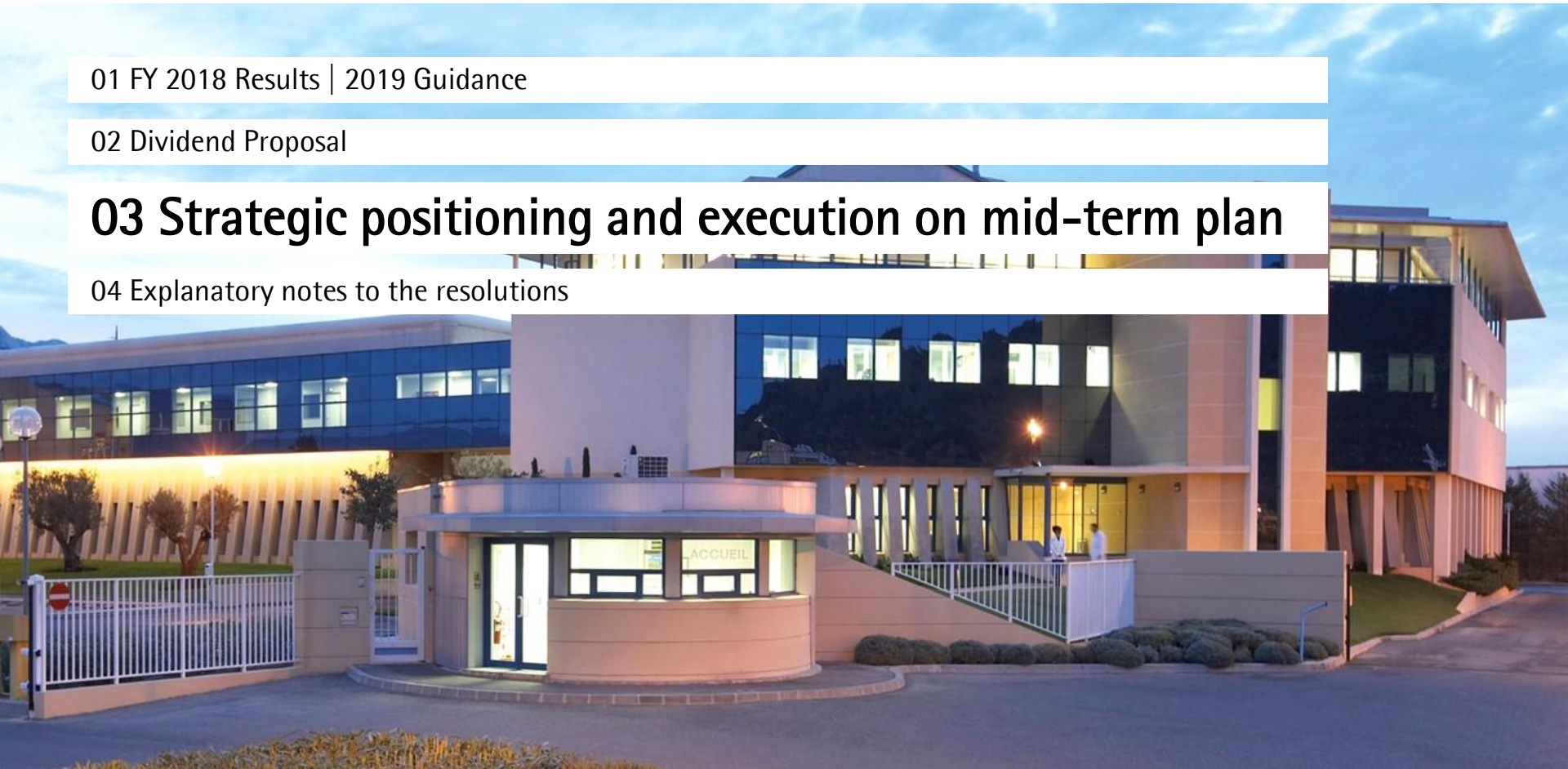
# Agenda

01 FY 2018 Results | 2019 Guidance


02 Dividend Proposal

**03 Strategic positioning and execution on mid-term plan**

04 Explanatory notes to the resolutions



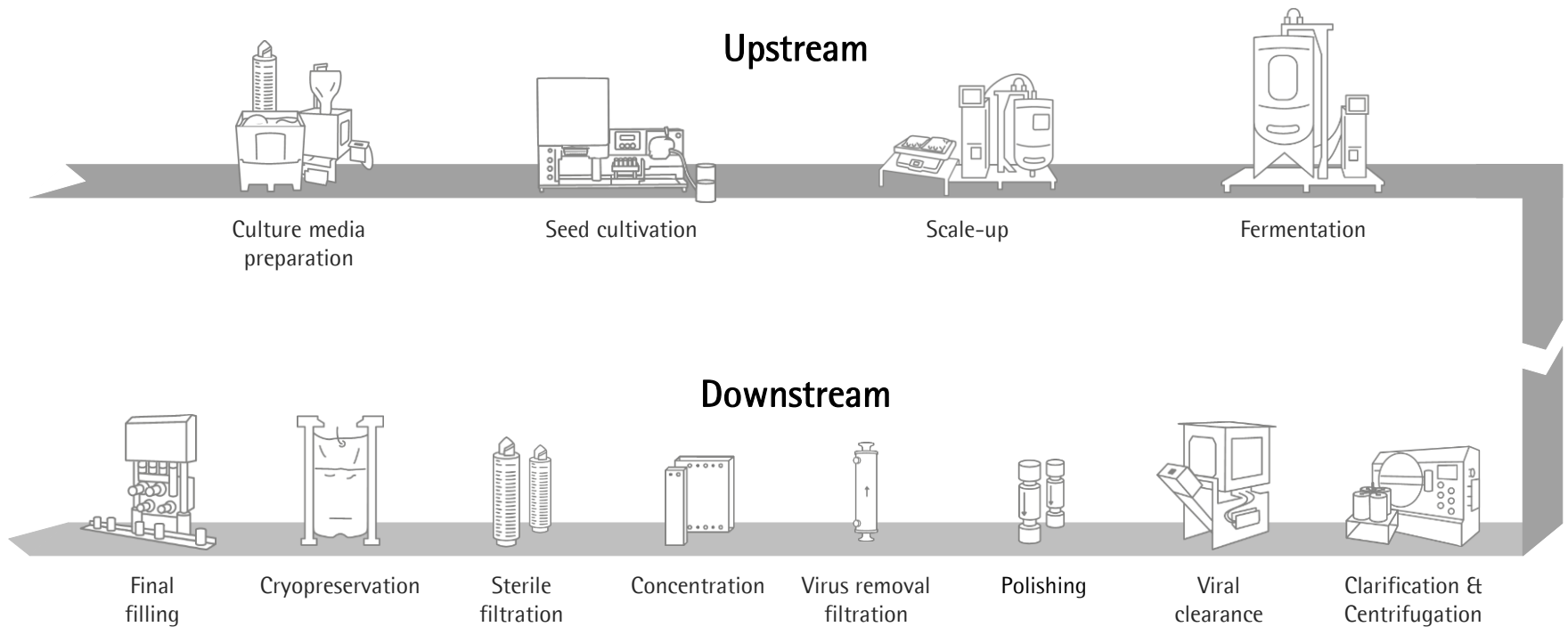
## Our mission



We empower scientists and engineers to simplify and accelerate progress in life science and bioprocessing, enabling the development of new and better therapies and more affordable medicine.



# Covering most steps of the biopharma process chain



- Production process design is fixed for the lifetime of most drugs
- Unique and customized production process required for any drug
- Decisions for process design, and thus supplier selection, are typically made during clinical trials

# Strong market fundamentals



Favorable demographics

**9bn**

People by 2050;  
**>2bn** 60 yrs  
or older



Increasing healthcare spending

**+6.4%**

CAGR worldwide  
for prescription drug  
sales 2018–2025



Rise of biosimilars

**~30%**

CAGR for biosimilar  
sales 2018–2022



Strong R&D pipeline;  
advances in gene and  
cell therapy

**>40%**

Share of biologics in  
pharma R&D  
pipeline

**~8%**

CAGR biopharma market 2018–2025

# Leader in the growing single-use technology market

## Past



- ⊖ High initial investment
- ⊖ High cleaning effort and expense
- ⊖ Risk of contamination

## Today



- + Lower investment throughout entire life cycle
- + Lower consumption of water and energy
- + Higher flexibility

## Enabling the digitization of bioprocessing

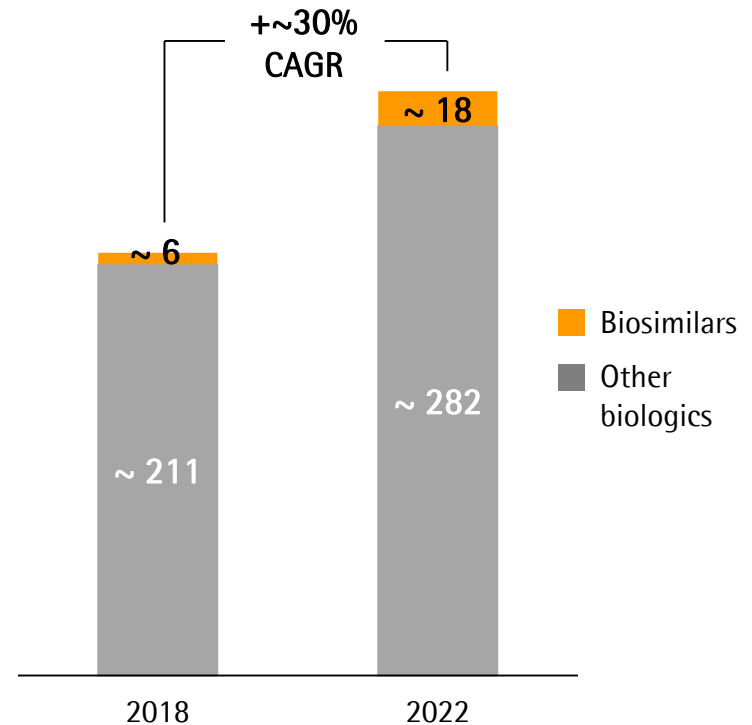


- Digitization of processes are gaining importance in the biopharmaceutical industry
- Applications in the entire process chain
- Sartorius offers the leading software for modeling and optimizing biopharmaceutical development and production processes

## Biosimilars: Strong growth, big opportunities

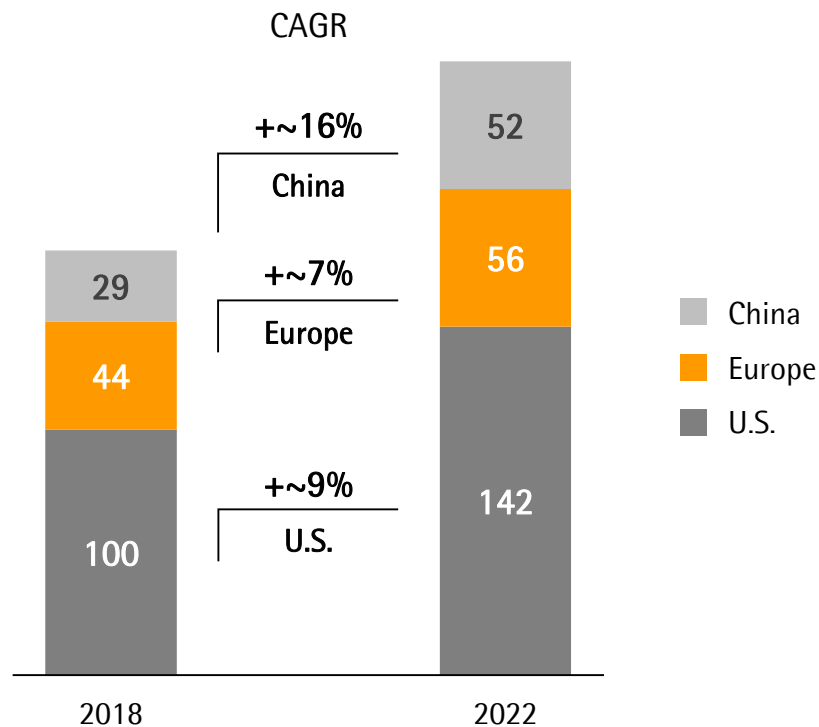
- Major blockbuster biologics are going off patent
- Time-to-market is key as only the first few biosimilar providers are most likely to be profitable
- Various approvals in Asia and Europe; U.S. at the beginning
- Account for a share of the biopharma market that is currently still small, but fast-growing

**Market for biosimilars and other biologics**  
€ in billions



# Regional focus remains on the U.S. and China

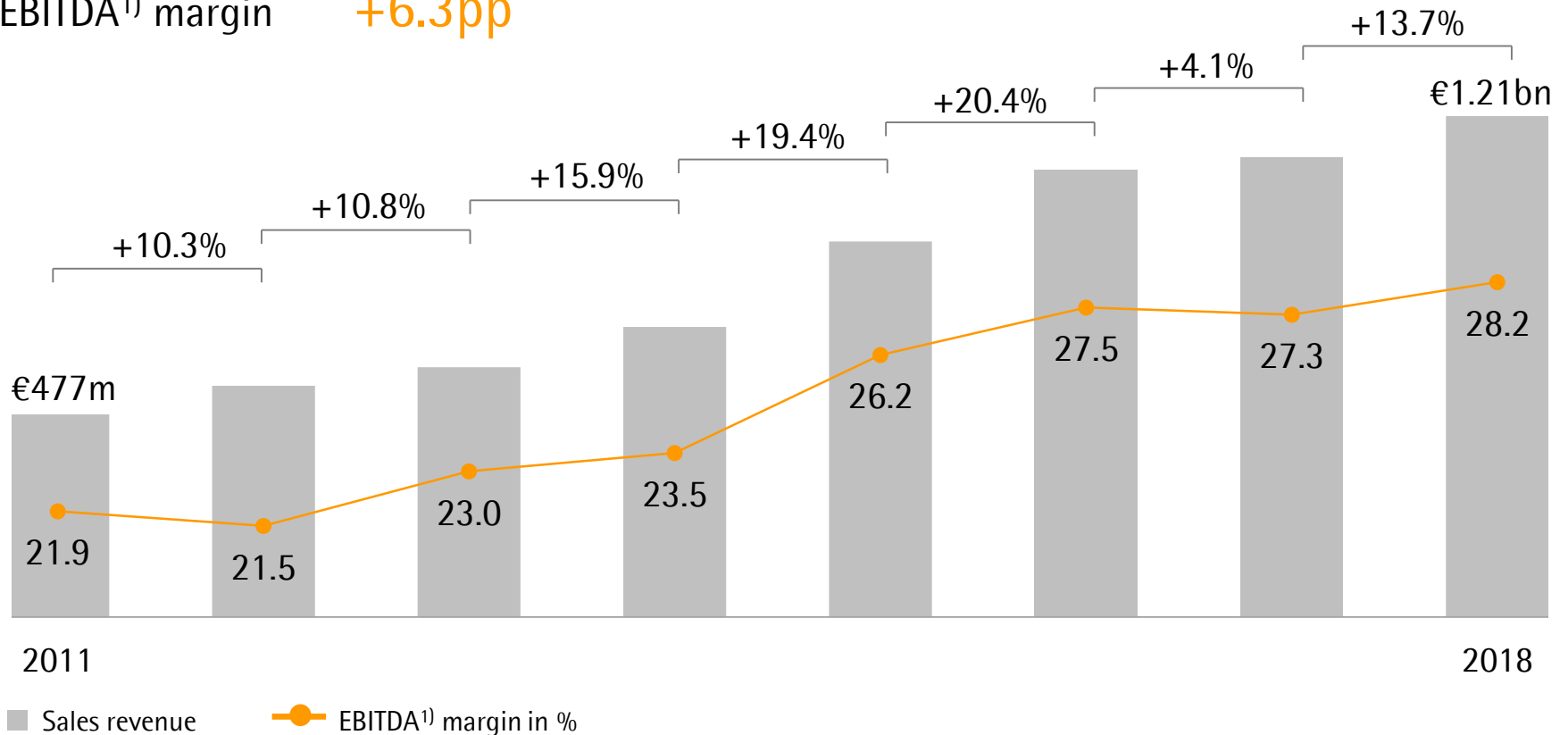
## Regional market growth forecast € in billions



- U.S. is the world's largest market for biologics
- Biopharma market in China at an early stage, but strong growth potential
- Tripling of production capacities in China by 2020

# On track to meet 2020 targets

Sales CAGR ~ +14%  
 EBITDA<sup>1)</sup> margin +6.3pp



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

# Ambitious targets for 2025

## Strategic initiatives

### Regional

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

### Portfolio

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

### Arbeitsprozesse

- Prozessoptimierung durch Digitalisierung
- Extend manufacturing base in Asia

## 2025 targets

~ €2.8 bn

Sales revenue

~ 30%

EBITDA Margin



# Infrastructure prepared for further growth

## Significant expansion of production capacities



Yauco, Puerto Rico



Göttingen, Germany



Aubagne, France



Ulm, Germany

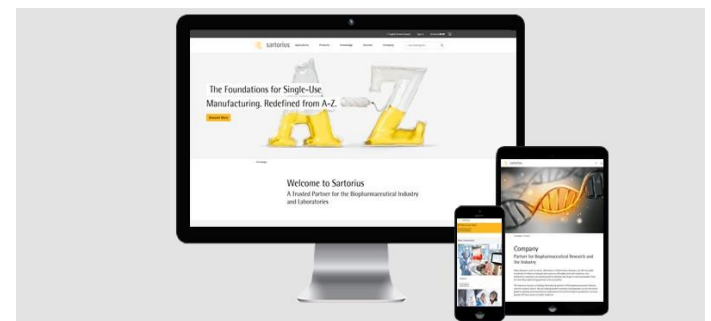


Peking, China

---

## Implementation of a wide range of digital projects

- Digitization of order processing, marketing and customer relationship management (CRM)
- New website, improved e-shop
- implementation of the new ERP system
- Further digitization of internal processes (z.B. HR)



# We drive forward innovations in bioprocess technology

## Our innovative power rests on three pillars

1. Own product development
  - Focus on core technologies
  - Identifying and developing key technologies and application fields of the future
2. Acquisitions
  - Differentiating acquisition strategy
  - Clear investment criteria
  - Good track record regarding integration
3. Cooperations and Networks
  - Scientific cooperation and technology partnerships (z.B. Fraunhofer Institut, Penn State Universität etc.)



# Wettbewerbsintensität auf den globalen Märkten steigt

1. Increasing concentration
  - **Horizontal:** Merck KGaA acquires Sigma Aldrich (2014), Danaher acquires Pall (2015), Danaher announces acquisition of GE Biopharma<sup>1)</sup>
  - **Vertical:** Thermo Fisher acquires Patheon (2017)
  
2. Internationalisation of end markets
  - Rising number of local biopharma companies in emerging markets, e.g. China and India
  - Predominantly biosimilars but also originators
  
3. General market factors
  - Increasing number and variety of approved drugs (ADCs, cell and gene therapies, etc.)
  - Smaller patient groups
  - Increasing cost and innovation pressure

<sup>1)</sup> Completion of the transaction planned for Q4 2019

## Summary



Significant growth expected for 2019

On track to meet 2020 and 2025 targets

High focus on innovations

Regional focus on USA and China

Further job creation

# Agenda



01 FY 2018 Results | 2019 Guidance

02 Dividend Proposal

03 Strategic positioning and execution on mid-term plan

**04 Explanatory notes to the resolutions**

## Election of new members of the Board (resolution No. 12, 13)



Pascale Boissel

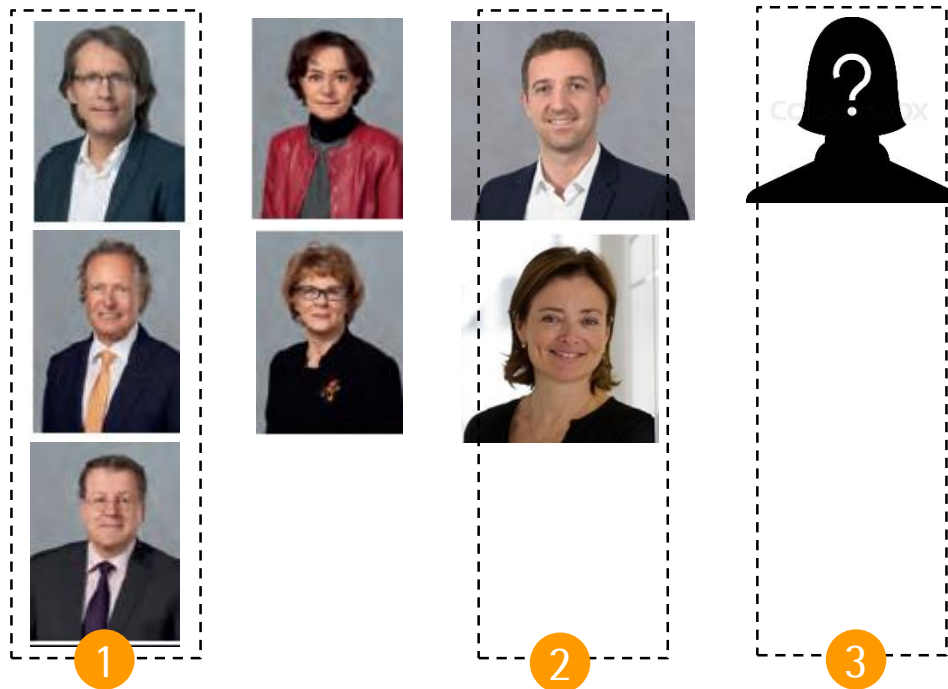
- Specialist in finance, corporate structuring and operations
- MBA in Finance & Audit; CPA diploma
- Former deputy CEO and Head of Finance of the research institute BIOASTER, previously positions at Ipsogen, Danone, Lafarge and PWC



René Fáber

- Head of Bioprocess Solutions Division (BPS) of Sartorius AG since 2019
- Ph.D. in polymer chemistry at the Technical University of Munich
- Joined Sartorius AG in 2003; various management positions in marketing for filtration and fermentation technologies, key account management and product development of BPS

# Future composition of the Board of Directors



**8**  
members

**43%**  
women  
(excluding the Director representing employees)

**43%**  
independent  
(excluding the Director representing employees)

- 1** Upon approval of resolutions No. 9, 10, 11 for renewal of terms
- 2** Upon approval of resolutions No. 12, 13 for election of new members
- 3** New Director representing employees to be elected after AGM

# Thank you for your attention

