SARTORIUS

Press Release

Göttingen, April 20, 2023

# First quarter of Sartorius characterized by normalization of demand; full-year outlook confirmed

- Figures for the first quarter of 2023 reflect expected temporary decline in sales revenue; - 13.2 percent in constant currencies, moderate decline excluding Covid-19-related business; underlying EBITDA margin at 30.1 percent
- Full-year outlook confirmed; uncertainties remain high due to the global political and economic situation

After the Covid-19-related business and inventory buildup by customers had triggered strong additional growth momentum in previous years, demand normalization at the life science group Sartorius continued throughout the first quarter of 2023, as expected, and led to a decline in sales revenue and earnings in the first three months of the year. For the full year, company management continues to expect moderate growth in sales revenue and a profit margin around the high prior-year level.

“Strong fluctuations in demand always pose a particular challenge; against this backdrop, we are satisfied with the start to 2023. As expected, the vanishing Covid-19-related business and the ongoing destocking activities by customers are clearly reflected in the sales revenue development of the bioprocessing division, and to a lesser extent in the laboratory division. As part of our focused cost management, we have adjusted short-term capacities to current demand, and we continue to assume that the normalization effects will play no significant role in the second half of the year. We therefore confirm our outlook for the full year 2023. However, we are monitoring the potential impact of the current global tensions on our industry very closely. As demonstrated for many years by our robust double-digit growth rates irrespective of extraordinary effects, the underlying growth drivers in our markets are fully intact. Demand for biopharmaceuticals is growing steadily, and we see new, innovative therapies making inroads. Therefore, we are consistently expanding our portfolio by acquiring innovative technology leaders, as we did most recently with the announced acquisition of Polyplus, and we are also continuing our investment program,” said Sartorius CEO Joachim Kreuzburg.

**Business development of the Group**[1]

As expected, normalization of demand, which has been ongoing since the third quarter of 2022, continued in the first quarter of 2023 in all regions, while Covid-19-related sales revenue almost declined entirely. In the first three months, the Sartorius Group generated sales revenue of 903 million euros, which corresponds to a decrease of 13.2 percent in constant currencies (reported: -11.9 percent) compared with the exceptionally high level of the prior-year period. The growth contribution from acquisitions[2] was around 1 percentage point. Excluding the Covid-19-related business, the decline was in the mid single-digit percentage range.

Following an exceptionally strong prior-year period, order intake reached 765 million euros (in constant currencies: -32.0 percent, reported: -31.2 percent), mainly due to the reduction of inventories that customers had built up during the pandemic.

Underlying EBITDA decreased by 22.1 percent to 272 million euros in the first three months of the year as a result of the sales revenue drop and a higher cost base. The resulting margin was 30.1 percent, compared with 34.1 percent in prior-year period. Price effects on the procurement and customer sides largely offset each other.

Relevant net profit was 116 million euros, compared with 167 million euros in the first quarter of 2022. Underlying earnings per ordinary share stood at 1.69 euros (prior-year period: 2.44 euros) and at 1.70 euros (prior-year period: 2.45 euros) per preferred share. The number of employees worldwide was 15,547 on March 31, 2023, compared with 15,942 at the end of 2022.

## Key financial indicators

The Sartorius Group continues to have a very sound balance sheet and financial base. As of March 31, 2023, the equity ratio was 36.7 percent (December 31, 2022: 38.1 percent), and the ratio of net debt to underlying EBITDA stood at 1.8 (December 31, 2022: 1.7). Cash flow from investing activities was - 137 million euros, compared with -99 million euros in the first quarter of 2022. The ratio of capital expenditures (CAPEX) to sales revenue came in at 15.0 percent, compared with 9.4 percent in the prior-year period.

## Business development of the Bioprocess Solutions division

The Bioprocess Solutions division, which offers a wide array of innovative technologies for the manufacture of biopharmaceuticals and vaccines, was particularly affected by the normalization of demand in the first quarter of 2023. It generated sales revenue of 695 million euros in the first three months, corresponding to a decline of 16.1 percent in constant currencies (reported: -14.7 percent) from the exceptionally high level of the prior-year period. The growth contribution from acquisitions was around 1 percentage point. Excluding the Covid-19-related business, the decline was in the upper single-digit percentage range.

Following a strong prior-year period, order intake reached 576 million euros (in constant currencies: - 36.1 percent; reported: -35.3 percent) in the first quarter. This was mainly due to the reduction of inventories that customers had built up during the pandemic.

In light of the decline in sales revenue and an increased cost base, the division's underlying EBITDA decreased by 26.0 percent to 217 million euros, resulting in a margin of 31.2 percent (prior-year period: 36.0 percent).

## Business development of the Lab Products & Services division

The Lab Products & Services division, which specializes in life science research and pharmaceutical laboratories, generated sales revenue of 208 million euros in the first quarter, almost matching the high level of the prior-year period (in constant currencies: -2.0 percent, reported: -0.9 percent). Sales revenue would have increased slightly without accounting for the Covid-19-related business, which was only marginal in the quarter.

Order intake stood at 189 million euros (-15.8 percent in constant currencies, reported: -15.1 percent), reflecting the currently relatively uncertain environment particularly for early-stage biotech companies.

The division's underlying EBITDA was 55 million euros in the first three months (-1.7 percent). At 26.3 percent, the corresponding margin was close to the high level of the prior-year period of 26.5 percent.

## Outlook for fiscal 2023

The management confirms its outlook for the current fiscal year. Accordingly, consolidated sales revenue is expected to increase by an amount in the low single-digit percentage range. Excluding the Covid-19-related business, the increase would be in the high single-digit percentage range. Acquisitions are anticipated to contribute around 1 percentage point to growth, with the proposed purchase of Polyplus not being included in the projection. The Group's underlying EBITDA margin should be around the level of the prior year (33.8 percent).

For the Bioprocess Solutions division, the company anticipates sales revenue growth in the low single-digit percentage range. Excluding the Covid-19-related business, the increase would be in the high single-digit percentage range. Acquisitions are expected to contribute around 1 percentage point to growth, with the proposed purchase of Polyplus not being included in the projection. The division's underlying EBITDA margin is anticipated to be around the level reached in 2022 (35.7 percent).

Sales revenue growth in the Lab Products & Services division is expected to be in the mid single-digit percentage range. Excluding the Covid-19-related business, the increase would be in the high single-digit percentage range. This division's underlying EBITDA margin is also expected to be around the level of the prior year (26.2 percent).

The company is continuing its comprehensive mid-term capacity expansion program. In 2023, the CAPEX ratio should be at roughly 12.5 percent and the ratio of net debt to underlying EBITDA at about 1.5. Possible acquisitions, including the proposed acquisition of Polyplus, are not included in this projection.

*All forecasts are based on constant currencies, as in the past years. In addition, management points out that the dynamics and volatilities in the life science and biopharma sectors have significantly increased over the past years. Moreover, the forecasts are based on the assumption of no deterioration in the geopolitical and global economic situation, particularly with regard to supply chains and trade barriers. Accordingly, current forecasts show higher uncertainties than usual.*

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 the Novasep chromatography division and Albumedix

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.

### Conference call

The Executive Board Chairman and CEO of Sartorius AG, Joachim Kreuzburg, and Executive Board member and CFO, Rainer Lehmann, will discuss the company's business results with analysts and investors in a conference call at 3.30 p.m. CEST on April 20, 2023. You may register by clicking on the following link: https://media.choruscall.eu/mediaframe/webcast.html?webcastid=yQc2mAvc

### Further information

https://www.sartorius.com/en/company/newsroom

### Financial calendar

July 21, 2023: Publication of the first-half figures (January to June 2023)
October 19, 2023: Publication of the nine-month figures (January to September 2023)

## Key Performance Indicators for the First Quarter of 2023

| | Sartorius Group | | | | Bioprocess Solutions | | | | Lab Products & Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| In millions of € (unless otherwise specified) | Q1 2023 | Q1 2022[1] | Δ in % Reported | Δ in % cc[2] | Q1 2023 | Q1 2022[1] | Δ in % Reported | Δ in % cc[2] | Q1 2023 | Q1 2022[1] | Δ in % Reported | Δ in % cc[2] |
| **Order Intake and Sales Revenue** | | | | | | | | | | | | |
| Order intake | **764.8** | 1,112.2 | -31.2 | -32.0 | **575.7** | 889.7 | -35.3 | -36.1 | **189.0** | 222.5 | -15.1 | -15.8 |
| Sales revenue | **903.2** | 1,024.8 | -11.9 | -13.2 | **695.0** | 814.6 | -14.7 | -16.1 | **208.2** | 210.2 | -0.9 | -2.0 |
| • EMEA[3] | **359.0** | 401.2 | -10.5 | -11.7 | **283.7** | 329.9 | -14.0 | -15.3 | **75.2** | 71.4 | 5.4 | 4.7 |
| • Americas[3] | **322.2** | 359.1 | -10.3 | -14.0 | **255.6** | 281.2 | -9.1 | -12.8 | **66.6** | 77.9 | -14.5 | -18.1 |
| • Asia \| Pacific[3] | **222.0** | 264.5 | -16.0 | -14.5 | **155.7** | 203.6 | -23.5 | -22.3 | **66.4** | 60.9 | 9.0 | 11.8 |
| **Earnings** | | | | | | | | | | | | |
| EBITDA[4] | **271.9** | 349.0 | -22.1 | | **217.2** | 293.3 | -26.0 | | **54.8** | 55.7 | -1.7 | |
| EBITDA margin[4] in % | **30.1** | 34.1 | | | **31.2** | 36.0 | | | **26.3** | 26.5 | | |
| Relevant net profit[5] | **116.2** | 167.2 | -30.5 | | | | | | | | | |
| Net profit[6] | **93.1** | 205.7 | -54.7 | | | | | | | | | |
| **Financial Data per Share** | | | | | | | | | | | | |
| Earnings per ordinary share[5] in € | **1.69** | 2.44 | -30.6 | | | | | | | | | |
| Earnings per preference share[5] in € | **1.70** | 2.45 | -30.5 | | | | | | | | | |

1 The previous year's figures have been slightly restated due to finalization of the purchase price allocation for the acquisitions of ALS Automated Lab Solutions and the Novasep Chromatography Division at the beginning of 2022
2 cc = constant currency
3 According to the customer's location
4 Relevant / underlying EBITDA: earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items
5 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

The Sartorius Group 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 and vaccines safely, rapidly and economically. The company based in Goettingen, Germany, has a strong global reach with around 60 production and sales sites worldwide. Sartorius delivers significant organic growth and regularly expands its portfolio through the acquisition of complementary technologies. In fiscal 2022, the company generated sales revenue of around 4.2 billion euros. At the end of 2022, around 16,000 employees were working for customers around the globe. Follow Sartorius on Twitter and LinkedIn.

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