

Göttingen, July 21, 2023

## Sartorius maintains high profitability despite the expected temporary declines in the first half of 2023

- Figures for the first half of 2023: Sales revenue -15.4 percent in constant currencies, high single-digit decline excluding Covid-19-related business; underlying EBITDA margin at 29.8 percent
- Sales revenue and profitability of the Bioprocess Solutions division down; Lab Products & Services with stable margin despite decline in sales revenue
- Full-year 2023 sales revenue and profitability outlook confirmed; uncertainties remain high due to global political and economic situation
- Polyplus acquisition closed; start of integration

After pandemic-related business and inventory buildup by customers had triggered extraordinary growth in previous years, the life science group Sartorius experienced temporary soft demand in both divisions throughout first half of 2023, as expected. Accordingly, the company recorded a decline in sales revenue in the first six months of the year and a lower but still relatively high profitability. Company management confirmed the full-year sales revenue and profitability outlook, which was adapted in mid-June.

“The first half of the year was continuously characterized by the aftermath of the pandemic. Customers continued to reduce their inventories and were investing less because of free manufacturing capacities. Overall, order intake development remained soft longer than we initially have expected in both divisions. We however expect orders to gradually pick up in the course of the second half of the year. In any case, we continue to view the fundamental growth drivers of our markets as very positive and are therefore continuing our global investment program. Further, we are also adding innovative technologies to our product offering, such as through the acquisition of Polyplus, which we successfully closed this week,” said Sartorius CEO Joachim Kreuzburg.

### **Business development of the Group<sup>1</sup>**

As expected, normalization of demand continued across all regions in the second quarter and therefore dominated the first half of 2023 overall. Between January and June, sales revenue of the Sartorius Group was 1,735 million euros, which corresponds to a decline of 15.4 percent in constant currencies (reported: - 15.8 percent) from a high prior-year baseline that was characterized by positive extraordinary effects due to the pandemic. The growth contribution from acquisitions<sup>2</sup> was around 1 percentage point. Excluding the Covid-19-related business, the revenue decrease was in the upper single-digit percentage range in constant currencies. Order intake declined by 32.7 percent in constant currencies (reported: -33.2 percent) to 1,450 million euros.

Underlying EBITDA stood at 517 million euros in the first half of the year, a decline of 25.9 percent, mainly as a result of the volume development. The resulting margin was 29.8 percent, compared with 33.9 percent in the prior-year period. Price effects on the procurement and customer sides largely offset each other.

Relevant net profit was 202 million euros, compared with 334 million euros in the prior-year period. Underlying earnings per ordinary share were 2.95 euros (prior-year period: 4.88 euros) and 2.96 euros (prior-year period: 4.89 euros) per preferred share. The number of employees worldwide stood at 15,048 on June 30, 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 position. As of June 30, 2023, the equity ratio was 38.4 percent (December 31, 2022: 38.1 percent), and the ratio of net debt to underlying EBITDA stood at 2.1 (December 31, 2022: 1.7). Cash flow from investing activities was -304 million euros, compared with -229 million euros in the same period last year. The ratio of capital expenditures (CAPEX) to sales revenue came in at 17.3 percent, compared with 10.7 percent in the prior-year period.

### **Business development of the Bioprocess Solutions division**

The Bioprocess Solutions division offers a wide array of innovative technologies for the manufacture of biopharmaceuticals and vaccines. Following the exceptionally strong previous years due to the pandemic, the division's business performance was significantly impacted by the expected inventory reductions and a general reluctance to invest on the part of customers in the first six months of 2023. Accordingly, sales revenue declined by 17.4 percent in constant currencies (reported: -17.8 percent) to 1,346 million euros from the high prior-year level. The growth contribution from acquisitions was around 1 percentage point. Excluding the Covid-19-related business, the decline in constant currencies was in the upper single-digit percentage range.

The temporarily weaker market environment was even more pronounced in the order intake, which fell by 35.5 percent in constant currencies (reported: -35.8 percent) to 1,102 million euros in the first half of the year.

The division's underlying EBITDA decreased by 29.2 percent in light of the volume development to 414 million euros in the first six months of the year, resulting in a margin of 30.8 percent (prior-year period: 35.8 percent).

### **Business development of the Lab Products & Services division**

The Lab Products & Services division, which specializes in life science research and pharmaceutical laboratories, recorded sales revenue of 389 million euros in the first half of the year, down 7.3 percent in constant currencies (reported: -8.2 percent) from the high prior-year level. Excluding the Covid-19-related business, sales revenue in constant currencies would have declined by a mid single-digit percentage. Omission of the business with components for coronavirus tests and weaker demand compared to the strong prior-year period had a dampening effect. In particular, the Americas region was additionally affected by the more difficult environment for small and medium-sized biotech companies, which had grown particularly strongly in recent years, and recorded a significant decline.

The effect of the temporarily adverse factors was even more pronounced in the order intake, which stood at 348 million euros after six months (in constant currencies: -22.4 percent; reported: -23.2 percent).

The division's underlying EBITDA declined by 8.7 percent to 102 million euros. At 26.3 percent, the corresponding margin remained at the high prior-year level (26.4 percent).

### **Polyplus acquisition successfully completed**

On July 18, 2023, thus after the end of the second quarter, Sartorius, through its French-listed subgroup Sartorius Stedim Biotech, successfully completed the acquisition of Polyplus which had been announced in March 2023.

### **Outlook for fiscal 2023**

Company management confirms its 2023 sales revenue and profitability outlook, which was adapted in June 2023. Accordingly, Group sales revenue is expected to decline in the low to mid-teens percentage range in the full year; excluding Covid-19-related business, revenue would decline in the mid to high single-digit percent range. Acquisitions, including Polyplus, are expected to contribute around 2 percentage points to the sales revenue development (excluding Polyplus 1 percentage point). The underlying EBITDA margin is anticipated at around 30 percent (previous year: 33.8 percent).

For its Bioprocess Solutions division, the company anticipates a decline in sales revenue in the low to mid-teens percentage range and excluding Covid-19-related business in the high single-digit to low teens percentage range. Acquisitions, including Polyplus, are expected to contribute around 2 percentage points to the sales revenue development (excluding Polyplus 1 percentage point). The underlying EBITDA margin is planned to be around 31 percent (previous year: 35.7 percent), whereby the positive margin effect from the Polyplus acquisition is not expected to have any significant impact due to its inclusion during the year.

For the Lab Products & Services division, Sartorius anticipates a low single-digit percentage decline to stable development for sales revenue; excluding Covid-19-related business, a range from a low single-digit percentage decline in sales revenue to a low single-digit growth in sales revenue is expected. The underlying EBITDA margin should be around 26 percent (previous year: 26.2 percent).

The CAPEX ratio in 2023 is projected at around 15 percent and the ratio of net debt to underlying EBITDA at slightly above 4. While the Polyplus acquisition has been included in this outlook, possible future acquisitions are not.

*All forecasts are based on constant currencies, as in the past years. Management also 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 an increasing 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 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. This is a translation of the original German-language press release. Sartorius shall not assume any liability for the correctness of this translation. The original German press release is the legally binding version.

### **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 on July 21, 2023, at 3.30 p.m. CEST. You may register by clicking on the following link: <https://media.choruscall.eu/mediaframe/webcast.html?webcastid=dYPLeK17>

### **Further Information**

The press release and related media content is available here:

<https://www.sartorius.com/en/company-de/newsroom-de#id-1176892>

Newsroom:

<https://www.sartorius.com/en/company-de/newsroom-de>

### **Financial calendar**

October 19, 2023: Publication of the nine-month figures (January to September 2023)

## Key Performance Indicators for the First Half of 2023

in millions of € unless otherwise specified	Sartorius Group				Bioprocess Solutions				Lab Products & Services			
	6-mo. 2023	6-mo. 2022	Δ in %	Δ in % cc <sup>1</sup>	6-mo. 2023	6-mo. 2022	Δ in %	Δ in % cc <sup>1</sup>	6-mo. 2023	6-mo. 2022	Δ in %	Δ in % cc <sup>1</sup>
<b>Order Intake and Sales Revenue</b>												
Order intake	1,449.6	2,168.8	-33.2	-32.7	1,101.7	1,715.9	-35.8	-35.5	347.9	452.9	-23.2	-22.4
Sales revenue	1,735.2	2,060.3	-15.8	-15.4	1,346.5	1,637.1	-17.8	-17.4	388.7	423.2	-8.2	-7.3
▪ EMEA <sup>2</sup>	668.9	793.4	-15.7	-15.7	526.3	651.1	-19.2	-19.3	142.6	142.3	0.2	0.8
▪ Americas <sup>2</sup>	645.7	726.1	-11.1	-12.1	520.5	571.9	-9.0	-10.0	125.2	154.1	-18.7	-19.7
▪ Asia   Pacific <sup>2</sup>	420.5	540.9	-22.2	-19.4	299.7	414.1	-27.6	-25.0	120.8	126.8	-4.7	-0.8
<b>Earnings</b>												
EBITDA <sup>3</sup>	516.7	697.5	-25.9		414.5	585.6	-29.2		102.2	111.9	-8.7	
EBITDA-Margin <sup>3</sup> in %	29.8	33.9			30.8	35.8			26.3	26.4		
Relevant net profit <sup>4</sup>	202.5	333.9	-39.4									
Net result <sup>5</sup>	188.1	371.5	-49.4									
<b>Financial Data per Share</b>												
Earnings per ordinary share <sup>4</sup> in €	2.95	4.88	-39.4									
Earnings per preference share <sup>4</sup> in €	2.96	4.89	-39.3									

1 cc = constant currency

2 According to customer's location

3 Relevant / underlying EBITDA: earnings before interest, taxes, depreciation, and amortization and adjusted for extraordinary items

4 After non-controlling interest, adjusted for extraordinary items and amortization, as well as based on the normalized financial result and the normalized tax rate

5 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.

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