

Aubagne, July 21, 2023

Half-year results 2023 of Sartorius Stedim Biotech

- Sales revenue of 1,402 million euros, in constant currencies¹ -19.6 percent organically¹ and -18.5 percent including acquisitions² (reported: -18.7 percent)
- Underlying EBITDA¹ at 416 million euros, resulting margin at 29.7 percent
- 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, Sartorius Stedim Biotech experienced temporary soft demand throughout the 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.

“Our markets remained challenging during the first six months of the year. The soft development of order intake lasted longer than we initially expected, as customers continued to destock and invested less due to free manufacturing capacities. We expect these adverse factors to be only temporary and anticipate that demand will gradually pick up during the second half of 2023. In light of the strong fundamental growth drivers of our markets, we are continuing our global investment program while also adding innovative technologies to our portfolio. In this regard, the successful closing of the Polyplus acquisition will further strengthen our offering for the strongly growing cell and gene therapy markets,” said René Fáber, CEO of Sartorius Stedim Biotech.

Business development ¹

As expected, normalization of demand continued across all regions in the second quarter and therefore dominated the first half of 2023 overall. Following the exceptionally strong previous years due to the pandemic, the business performance of Sartorius Stedim Biotech 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 18.5 percent in constant currencies (organic: - 19.6 percent; reported: - 18.7 percent) to 1,402 million euros from the high prior-year level. Excluding the Covid-19-related business, the decrease was slightly above 10 percent in constant currencies. Order intake declined by 37.2 percent in constant currencies (reported: -37.5 percent) to 1,142 million euros.

Underlying EBITDA stood at 416 million euros in the first half of the year, a decline of 31.5 percent, mainly as a result of the volume development. The resulting margin was 29.7 percent, compared with 35.2 percent in the prior-year period. Price effects on the procurement and customer sides largely offset each other.

Relevant net profit was 242 million euros, compared with 405 million euros in the prior-year period. Underlying earnings per share were 2.62 euros (prior-year period: 4.40 euros). The number of employees worldwide stood at 11,135 on June 30, 2023, compared with 11,934 at the end of 2022.

Key financial indicators

Sartorius Stedim Biotech continues to have a very sound balance sheet and financial base. Equity was 2,603 million euros as of June 30, 2023, corresponding to an equity ratio¹ of 50.2 percent (December 31, 2022: 2,514 million euros and 49.6 percent, respectively), and gross debt was 1,359 million euros (December 31, 2022: 1,136 million euros). Net debt stood at 1,248 million euros, resulting in a ratio of net debt to underlying EBITDA¹ of 1.2 (December 31, 2022: 1,029 million euros and 0.8, respectively). Cash flow from investing activities was -262 million euros, compared with -180 million euros in the same period last year. The ratio of capital expenditures (CAPEX) to sales revenue was 18.7 percent (prior-year period: 10.4 percent).

Polyplus acquisition successfully completed

On July 18, 2023, thus after the end of the second quarter, 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 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 anticipated at around 30 percent (previous year 35.0 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.

The CAPEX ratio in 2023 is projected at around 15 percent and the ratio of net debt to underlying EBITDA at slightly below 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 Stedim Biotech 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.

- Constant currencies: Figures given in constant currencies eliminate the impact of changes in exchange rates by applying the same exchange rate for the current and the previous period
- Organic: Organic growth figures exclude the impact from changes in exchange rates and changes in the scope of consolidation
- 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
- Equity ratio: Equity in relation to the balance sheet total
- 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 Acquisitions of the Novasep chromatography division and Albedimex

This press release contains forward-looking statements about the future development of the Sartorius Stedim Biotech 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 Stedim Biotech assumes no liability for updating such statements in light of new information or future events. Sartorius Stedim Biotech shall not assume any liability for the correctness of this release. The original French press release is the legally binding version.

Conference call

René Fáber, CEO of the Sartorius Stedim Biotech Group, will discuss the company's business results with analysts and investors in a conference call at 3.30 p.m. CEST on July 21, 2023. 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	6 months 2023	6 months 2022	Δ in %	Δ in % cc ¹
Order Intake and Sales Revenue				
Order intake	1,142.3	1,826.7	-37.5	-37.2
Sales revenue	1,401.8	1,724.3	-18.7	-18.5
▪ EMEA ²	551.4	682.3	-19.2	-19.5
▪ Americas ²	525.6	592.9	-11.3	-12.4
▪ Asia Pacific ²	324.9	449.2	-27.7	-25.2
Results				
EBITDA ³	415.7	607.0	-31.5	
EBITDA margin ³ in %	29.7	35.2		
Underlying net profit ⁴	241.5	405.2	-40.4	
Earnings per share ⁴ in €	2.62	4.40	-40.4	
Net profit ⁵	244.2	484.9	-49.6	

1 cc = constant currency

2 According to customer location

3 Underlying EBITDA = earnings before interest, taxes, depreciation and amortization, and adjusted for extraordinary items

4 Relevant / underlying net profit = net profit after non-controlling interest; adjusted for extraordinary items and amortization, as well as based on a normalized financial result and normalized tax rate

5 After non-controlling interest

Reconciliation between EBIT and underlying EBITDA

In millions of € unless otherwise specified	6 months 2023	6 months 2022
EBIT (operating result)	266.6	518.6
Extraordinary items	50.0	5.0
Depreciation and amortization	99.0	83.4
Underlying EBITDA	415.7	607.0

In millions of €, unless otherwise specified	6 months 2023	6 months 2022
EBIT (operating result)	266.6	518.6
Extraordinary items	50.0	5.0
Amortization IFRS 3	33.7	29.9
Normalized financial result ¹	-23.5	-5.7
Normalized income tax (26%) ²	-85.0	-142.4
Underlying net result after taxes	241.9	405.4
Non-controlling interest	-0.4	-0.2
Underlying net result after taxes and non-controlling interest	241.5	405.2
Underlying earnings per share (in €)	2.62	4.40

1 Financial result excluding fair value adjustments of hedging instruments and currency effects relating to financing activities and change in valuation of earn-out liability

2 Normalized income tax based on the underlying profit before taxes and non-cash amortization

in millions of € unless otherwise specified	6 months 2023	6 months 2022
Gross debt	1,358.5	732.3
- Cash & cash equivalents	110.0	156.1
Net debt	1,248.5	576.1
Underlying EBITDA (12 months)	1,030.1	1,153.0
+ Pro forma EBITDA from acquisitions (12 months)	3.6	5.5
Pro forma underlying EBITDA (12 months)	1,033.8	1,158.5
Ratio of net debt to underlying EBITDA	1.2	0.5

in millions of € unless otherwise specified	6 months 2023	6 months 2022
Sales revenue	1,401.8	1,724.3
Capital expenditures	261.9	179.9
Capital expenditures as % of sales revenue	18.7	10.4

A profile of Sartorius Stedim Biotech

Sartorius Stedim Biotech is a leading international partner of the biopharmaceutical industry. As a provider of innovative solutions, the company based in Aubagne, France, helps its customers to manufacture biotech medications safely, rapidly and economically. The shares of Sartorius Stedim Biotech S.A. are quoted on the Euronext Paris. The company has a strong global reach with manufacturing and R&D sites as well as sales entities in Europe, North America and Asia. Sartorius Stedim Biotech delivers significant organic growth and regularly expands its portfolio through acquisitions of complementary technologies. In fiscal 2022, the company generated sales revenue of around 3.5 billion euros. At the end of 2022, around 12,000 employees were working for customers around the globe.

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