

Disclosure of inside information according to Article 17 MAR

Sartorius pre-announces preliminary 9-month results and lowers forecast for 2023

According to preliminary figures, the life science group Sartorius recorded consolidated sales revenue of around 2,546 million euros in the first nine months of 2023, which corresponds to a decline of around 16 percent in constant currencies (reported: around -18 percent; PY: 3,113 million euros). The preliminary underlying EBITDA margin decreased mainly due to volume and product mix effects to 733 million euros (PY: 1,052 million euros). The resulting margin reached around 29 percent compared with 33.8 percent in the prior-year period.

The Bioprocess Solutions division generated preliminary sales revenue of around 1,993 million euros in the first nine months of 2023, a decline of around 18 percent in constant currencies (reported: around -19 percent) from the prior-year figure of 2,471 million euros. Main drivers were the longer than expected ongoing inventory reductions after the end of the Covid-19 pandemic, relatively low production levels at some customers, the discontinued business in Russia and an overall muted investment activity of customers mainly in China and the USA. The division's preliminary underlying EBITDA declined as a result of volume development and product mix effects to 592 million euros. The resulting margin was around 30 percent (PY: 35.7 percent).

The Lab Products & Services division recorded preliminary sales revenue of around 533 million euros (PY: 642 million euros), which corresponds to a decline of around 11 percent in constant currencies (reported: around -14 percent). The division, which generates a significant portion of its sales with high-quality laboratory and bioanalytical instruments, was impacted by cautionary spending behaviour of customers in the pharma industry, mainly in China and the USA, which has intensified since the third quarter. The preliminary underlying EBITDA reached around 141 million euros (PY: 170 million euros) and the corresponding margin was around 26 percent (PY: 26.5 percent).

Based on current business expectations for both divisions until year end, Sartorius adapts its guidance for fiscal 2023 as follows:

Group sales revenue is expected to decline by around 17 percent; excluding Covid-19-related business, revenue would decline by around 12 percent (previously: sales revenue decline in the low to mid-teens percentage range; excluding Covid-19-related business, decline in the mid to high single-digit percentage range). Acquisitions are still expected to contribute around 2 percentage points to the sales revenue development.

Due to lower volume expectations and product mix effects, Sartorius now expects an underlying EBITDA margin of slightly above 28 percent, after previously forecasting a margin of around 30 (PY: 33.8 percent).

Against the backdrop of a demand recovery, that has been visible since the middle of the year, but which is proceeding only slowly, Sartorius now expects for its Bioprocess Solutions division a sales revenue decline of around 18 percent; excluding Covid-19-related business a decline of around 13 percent (previously: revenue decline in the low to mid-teens percentage range; without Covid-19-related business revenue decline in the high single-digit to low teens percentage range). Acquisitions are still expected to contribute around 2 percentage points to the sales revenue development. The underlying EBITDA margin is expected to be slightly above 29 percent (previously around 31 percent; PY: 35.7 percent).

For its Lab Products & Services division Sartorius now expects a sales revenue decline of around 13 percent, excluding Covid-19-related business a decline of around 10 percent (previously: low single-digit negative to stable sales revenue development; 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). The underlying EBITDA margin should be slightly above 25 percent versus previously around 26 percent (PY: 26.2 percent).

The company confirms its fundamentally positive medium- and long-term market outlook and continues to see itself in a strong competitive position. For 2024, management expects profitable growth and will issue quantitative guidance with the release of the 2023 full-year figures next January. Its mid-term ambition is currently under review and an update will also be provided in January 2024.

Management 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 a greater role. This results in higher uncertainty when forecasting business figures.

All forecast figures are based on constant currencies.

Sartorius will publish the full set of the 9-month figures 2023 as scheduled on October 19, 2023.

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.

- Underlying EBITDA: earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items
- 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

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