

Aubagne, January 26, 2024

Sartorius Stedim Biotech publishes preliminary, unaudited results for fiscal 2023 and provides 2024 guidance as well as new midterm outlook

- Preliminary, unaudited 2023 results in line with forecast¹: sales revenue of 2,775 million euros, in constant currencies² -20.7 percent organically² and -18.7 percent including acquisitions³ (reported: -20.5 percent)
- Underlying EBITDA² at 785 million euros, resulting margin at 28.3 percent; net profit² at 310 million euros
- Demand recovery since end of third quarter: fourth quarter order intake slightly higher than sales revenue
- 2024 outlook: Group aims to achieve sales revenue growth in the mid to high single-digit percentage range with an underlying profit margin of more than 30 percent
- Rapid reduction of leverage through strong operating cash flow planned; acceleration through additional equity measures remains an option
- Investment program focused on innovation, customer proximity, resilience, and sustainability in execution
- Medium-term ambition through to 2028: average annual increase in sales revenue in the low- to mid-teens percentage range, profit margin to increase to above 35 percent by 2028
- Uncertainties remain high due to the global political and economic situation

Sartorius Stedim Biotech, a leading partner of the biopharma industry, expects a return to profitable growth in 2024 and a dynamic business development for the five-year period through to 2028. In 2023, soft demand, which lasted longer than expected post-pandemic, led to a temporary decline in sales revenue and earnings across the entire life science sector.

“2023 was a year of transition in our industry. Destocking, relatively low production levels and muted investment activity at customers weighed on our business development and led to a decline in sales revenue. At the same time and supported by cost measures, our profitability remained at a healthy and above pre-pandemic level. As many customers are further advanced in optimizing their inventory levels, we have seen business picking up since the end of the third quarter and expect this trend to gradually gain traction over the course of the current year,” said René Fáber, CEO of Sartorius Stedim Biotech.

“Strategically, the acquisition of transfection reagent specialist Polyplus and the respective expansion of our technology platform for cell and gene therapy applications were major milestones for our company in

2023. The portfolio will enable us to significantly contribute to our customers' efforts to bring these highly innovative therapies to the market and to patients faster," continued Fáber.

Business development²

In 2023, the ongoing demand normalization following the pandemic and a longer-than-expected reduction in inventories among customers led to subdued results and numerous forecast adjustments across the life science industry. Accordingly, sales revenue for Sartorius Stedim Biotech decreased compared to the previous year's high base, which had been characterized by Covid19-related positive extraordinary effects. The company recorded consolidated sales revenue of 2,775 million euros in 2023, which corresponds to a decline of 18.7 percent in constant currencies (guidance: around -19 percent; organic: -20.7 percent; reported: - 20.5 percent). This includes a growth contribution from acquisitions³ of around 2 percentage points. Excluding the pandemic-related business, the decline in constant currencies was around 14 percent. Main drivers of the soft development were customer destocking which began after the end of the pandemic and is taking longer than expected, in some cases due to relatively low production levels, the largely discontinued business with Russian customers, and an overall muted investment activity on the part of customers, primarily in China and the USA.

As expected, the general market weakness affected all business regions. In the EMEA⁴ region, which accounted for around 39 percent of total Group revenue, sales revenue declined by 16.7 percent compared to the previous year, which was particularly influenced by business with vaccine manufacturers. In addition, growth was dampened by the discontinuation of business with Russian customers. Sales revenue in the Americas region was down 15.5 percent against the backdrop of inventory reductions and low investment activity by customers in the USA. This corresponds to a share of around 38 percent of total Group revenue. The investment slowdown was even more pronounced in China, leading to a significant decline of 26.4 percent in sales revenue in the Asia | Pacific region, which accounted for around 23 percent of total Group sales revenue.

The temporarily weaker market environment was even more significantly reflected in order intake, which decreased by 23.6 percent in constant currencies (reported: -25.3 percent) to 2.476 million euros. In line with progress made by customers in reducing their inventories, business began to recover at the end of the third quarter, so that order intake was slightly above sales revenue in the fourth quarter.

The Group's underlying EBITDA decreased by 35.7 percent to 785 million euros due to the volume development and product mix effects. The resulting margin was 28.3 percent (guidance: slightly above 28 percent; prior-year period: 35.0 percent). Price effects on the procurement and customer side largely offset each other.

Underlying net profit totaled 386 million euros, compared with 797 million euros in the prior-year period while net profit amounted to 310 million euros, compared with 876 million euros in 2022. Underlying earnings per share were 4.19 euros (prior-year period: 8.64 euros) and earnings per share were 3.36 (prior-year period: 9.51 euros).

Sartorius Stedim Biotech employed 10,662 people group wide as of December 31, 2023, compared to 11,934 at the end of the prior year. The reduction resulted primarily from the expiry of fixed-term employment contracts and regular attrition.

Key financial indicators

Equity was 2,673 million euros as of December 31, 2023. Following the Polyplus acquisition, the equity ratio² stood in line with expectations at 34.5 percent (December 31, 2022: 2,514 million euros and 49.6 percent, respectively). Gross debt was 3,682 million euros (December 31, 2022: 1,136 million euros), while net debt stood at 3,565 million euros, resulting in a ratio of net debt to underlying EBITDA² of 4.5 (December 31, 2022: 1,029 million euros and 0.8, respectively). Net operating cash flow stood at 746 million euros, compared with 612 million euros in the prior-year period. Despite the decline in earnings, the increase was primarily achieved through the optimization of working capital, as planned. While Sartorius Stedim Biotech had systematically increased inventories in 2022 and previous years to secure supply ability in view of temporarily constrained supply chains, inventory reductions started as planned in 2023. The ratio of capital expenditures (capex) to sales revenue was 17.1 percent (prior-year period: 12.3 percent).

Outlook for fiscal 2024

Based on the slight demand recovery since the end of the third quarter of 2023 and the market outlook forecast by industry observers, Sartorius Stedim Biotech expects profitable growth for 2024 and beyond. However, as inventory optimization measures of customers have not yet been fully completed the company projects business momentum to increase only gradually over the course of the year leading to a moderate first half of 2024. In addition, business performance could also be affected by increasing geopolitical tensions going forward.

Against this backdrop of still somewhat unstable market trends and therefore limited visibility, management forecasts an increase in Group sales revenue in the mid to high single-digit percentage range, including a contribution of acquired businesses of around 2 percentage points. In terms of profitability, management expects the underlying EBITDA margin to rise to more than 30 percent compared to the previous year's figure of 28.3 percent. The above-average profitability of the Polyplus business will have a slightly positive effect on the margin development. The capex ratio is projected to be around 13 percent, below the prior-year figure of 17.1 percent. Excluding potential capital measures and/or acquisitions the ratio of net debt to underlying EBITDA² is expected to be 3.5.

"Beyond focusing on customer satisfaction, innovation, and organic growth, we will fully concentrate on further efficiency gains and strong cash generation in 2024 to rapidly run down the debt leverage which is at an elevated level following the Polyplus acquisition. To deleverage even faster while maintaining strategic flexibility we are also continuing to consider potential equity measures, subject to market conditions, for example targeting a leverage reduction by approximately one turn," said Fáber.

Medium-term outlook until 2028

Sartorius Stedim Biotech intends to continue its profitable growth course in the long term and expects to grow faster than the market. According to the new medium-term targets, the Group plans to achieve average annual growth in the low- to mid-teens percentage range over the five-year period to 2028 of which acquisitions are anticipated to contribute around a fifth. The underlying EBITDA margin is also expected to increase and reach above 35 percent in 2028. The margin target includes expenses of around 1 percent of Group sales revenue for measures to reduce the company's CO₂ emission intensity.

"Our goals remain ambitious as we anticipate ever-increasing demand for biopharmaceuticals and vaccines due to a growing and aging population, improved access to medicines in emerging markets, as well as rapidly expanding markets for biosimilars and cell and gene therapies. At the same time, there is a

need for continuous innovation, not only to help bring the promises of new therapies to life, but to also support our customers' sustainability efforts. With our broad portfolio we see ourselves excellently positioned to support our customers in their endeavors and to continue to outgrow the market," commented Fáber.

Forecasts have been prepared based on historical information and are consistent with accounting policies. All forecast figures are based on constant currencies, as in the past years. 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.

1 Current forecast for 2023 from October 2023

2 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
- Underlying 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
- Net profit after non-controlling interest

3 Acquisitions of Polyplus, the Novasep chromatography division and Albumedix

4 EMEA = Europe, Middle East, Africa

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 1.00 p.m. CEST on January 26, 2024. Please click on the link to register: <https://media.choruscall.eu/mediaframe/webcast.html?webcastid=4Ajj7aeD>

Further information and media content

www.sartorius.com/newsroom

Financial calendar

March 26, 2024	Annual General Meeting
April 18, 2024	Publication of the quarterly figures January to March 2024
July 19, 2024	Publication of the half-year figures January to June 2024
October 17, 2024	Publication of the nine-month figures January to September 2024

Preliminary key figures for the full year 2023

in millions of € unless otherwise specified	2023	2022	Δ in %	Δ in % cc ¹
Order Intake and Sales Revenue				
Order intake ²	2,476.1	3,314.8	-25.3	-23.6
Sales revenue	2,775.5	3,492.7	-20.5	-18.7
▪ EMEA ³	1,093.4	1,318.8	-17.1	-16.7
▪ Americas ³	1,054.0	1,277.8	-17.5	-15.5
▪ Asia Pacific ³	628.1	896.2	-29.9	-26.4
Results				
EBITDA ⁴	785.4	1,221.4	-35.7	
EBITDA margin ⁴ in %	28.3	35.0	-6.7pp	
Underlying net profit ⁵	385.9	796.6	-51.6	
Underlying earnings per share ⁵ in €	4.19	8.64	-51.6	
Net profit ⁶	309.7	876.1	-64.6	
Earnings per share ⁶ in €	3.36	9.51	-64.6	

1 cc = constant currency: 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

2 All customer orders contractually concluded and booked during the respective reporting period

3 According to customer location

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

5 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

6 After non-controlling interest

Reconciliation between EBIT and underlying EBITDA

In millions of € unless otherwise specified	2023	2022
EBIT (operating result)	448.7	995.2
Extraordinary items	99.1	46.3
Depreciation and amortization	237.6	179.9
Underlying EBITDA	785.4	1,221.4

In millions of €, unless otherwise specified	2023	2022
EBIT (operating result)	448.7	995.2
Extraordinary items	99.1	46.3
Amortization IFRS 3	91.1	60.7
Normalized financial result ¹	-114.1	-20.6
Normalized income tax (26%) ²	-136.4	-281.2
Underlying net result after taxes	388.3	800.4
Non-controlling interest	-2.4	-3.8
Underlying net result after taxes and non-controlling interest	385.9	796.6
Underlying earnings per share (in €)	4.19	8.64

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	2023	2022
Gross debt	3,681.8	1,135.7
- Cash & cash equivalents	116.6	107.1
Net debt	3,565.2	1,028.6
Underlying EBITDA (12 months)	785.4	1,221.4
+ Pro forma EBITDA from acquisitions (12 months)	14.7	11.7
Pro forma underlying EBITDA (12 months)	800.0	1,233.1
Ratio of net debt to underlying EBITDA	4.5	0.8

in millions of € unless otherwise specified	2023	2022
Sales revenue	2,775.5	3,492.7
Capital expenditures	473.6	430.6
Capital expenditures as % of sales revenue	17.1	12.3

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, such as cell and gene therapies, 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 regularly expands its portfolio through acquisitions of complementary technologies. In 2023, the company generated sales revenue of around 2.8 billion euros, according to preliminary figures. Currently, more than 10,600 employees are working for customers around the globe.

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