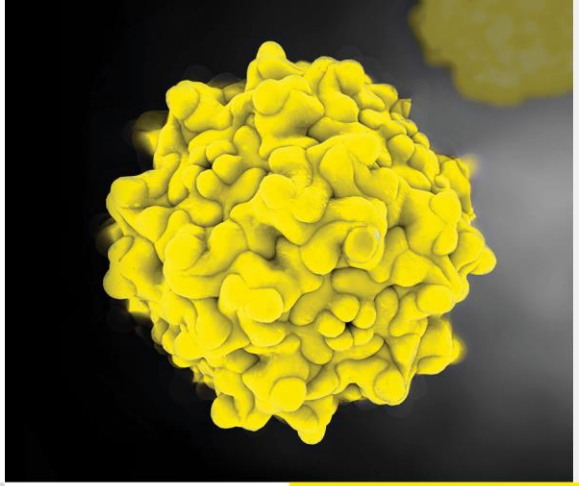


Simplifying Progress

Sartorius and Sartorius Stedim Biotech Capital Markets Day 2024

May 16, 2024

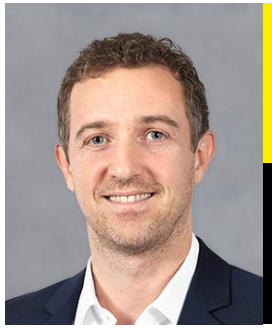
SARTORIUS

On the agenda today

10:00	**Group vision & strategy** | Joachim Kreuzburg **Financial perspective** | Florian Funck
11:30	**Coffee**
11:40	**Deep dive Lab Products & Services division** | Alexandra Gatzemeyer, Fiona Coats
12:40	**Lunch**
13:30	**Deep dive Bioprocess Solutions division | Sartorius Stedim Biotech** René Fáber, Jonas Møller, Michaela Pischke
14:30	**Digital tools in biopharma research & production** | Oscar-Werner Reif
15:00	**Closing remarks**

Introducing today's speakers

Dr. Joachim Kreuzburg
CEO



Dr. René Fáber
Head of BPS Division & CEO SSB

Dr. Florian Funck
CFO

Dr. Alexandra Gatzemeyer
Head of LPS Division

Dr. Fiona Coats
Head of Marketing LPS

Jonas Møller
Head of Advanced Therapy Solutions, BPS

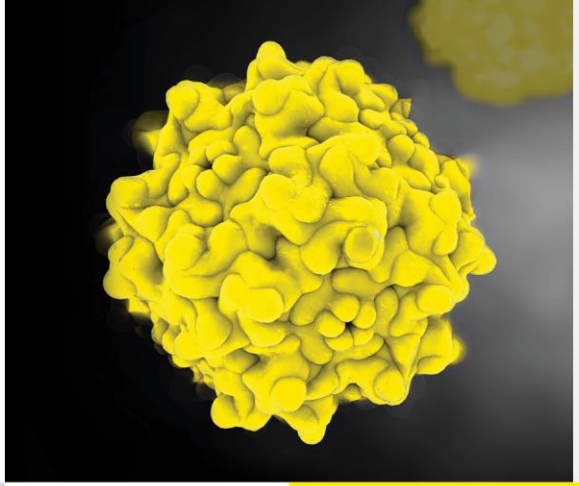
Michaela Pischke
Head of Separation Tech., BPS

Dr. Oscar-Werner Reif
CTO

Note

This presentation contains statements concerning the future performance of the Sartorius Group and Sartorius Stedim Biotech. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we cannot guarantee that they will actually materialize. This is because our assumptions harbor risks and uncertainties that could lead to actual results diverging substantially from the expected ones. It is not planned to update our forward-looking statements.

Transcripts or recordings of this event are not permitted.



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Group Vision & Strategy

Dr. Joachim Kreuzburg, CEO

SARTORIUS

Our path to further growth and value creation

Sustainability at the core of our business: “Good health and well-being”

Sartorius mission

We empower scientists and engineers to simplify and accelerate progress in life science and bioprocessing, enabling the development of new and better therapies and more affordable medicine.

Health is one of the most relevant global topics

Growing and aging population

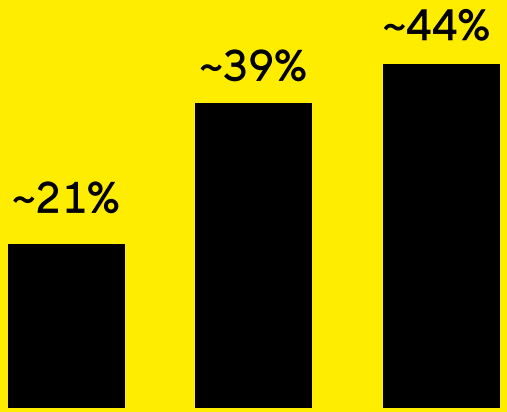
9.5bn

World population in 2050[1]

Over 65 years

~0.6bn	~0.8bn	>1.6bn
2013	2023	2050

Biologics gaining importance[2]



Revenue share of biologics

Significant market growth[3]

CAGR biopharma market

~10%	2013-2022
	2022-2027

1 United Nations: World Population Prospects, 2022 2 Evaluate Pharma: World Preview 2023, August 2023 3 Company estimates based on EvaluatePharma 2023, IQVIA 2023, Global Data 2023, Roots Analysis 2021, Markets

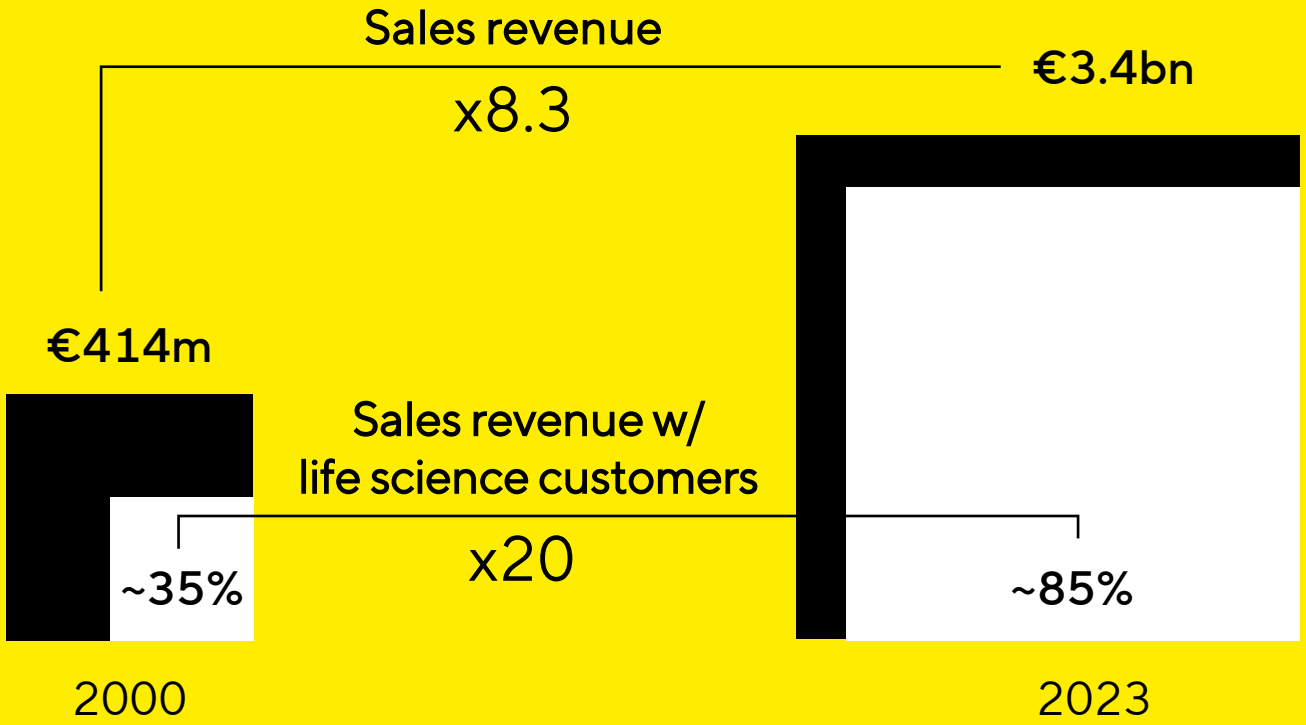
Both Sartorius divisions with a clear focus on the life science industry; increasing cross-divisional growth synergies

Bioprocess Solutions

Focus
Bioproduction

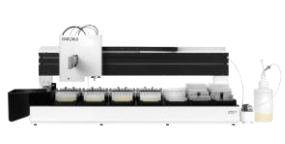
Lab Products & Services

Focus
Life Sciences Research



Mission-critical portfolio supports customers in all stages

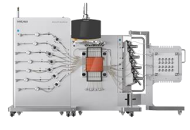
Bioprocess Solutions Division


Cloning

Cell banking

Media & reagents

Cultivation, scale up, manufacture



Filtration & purification

Fill & finish

Seed business → Win the spec → Scale up

Molecule development | Cell line development | Process development | Clinical trials | Commercial production

Critical raw materials for Advanced Therapies

AI-based live cell analysis

Candidate characterization

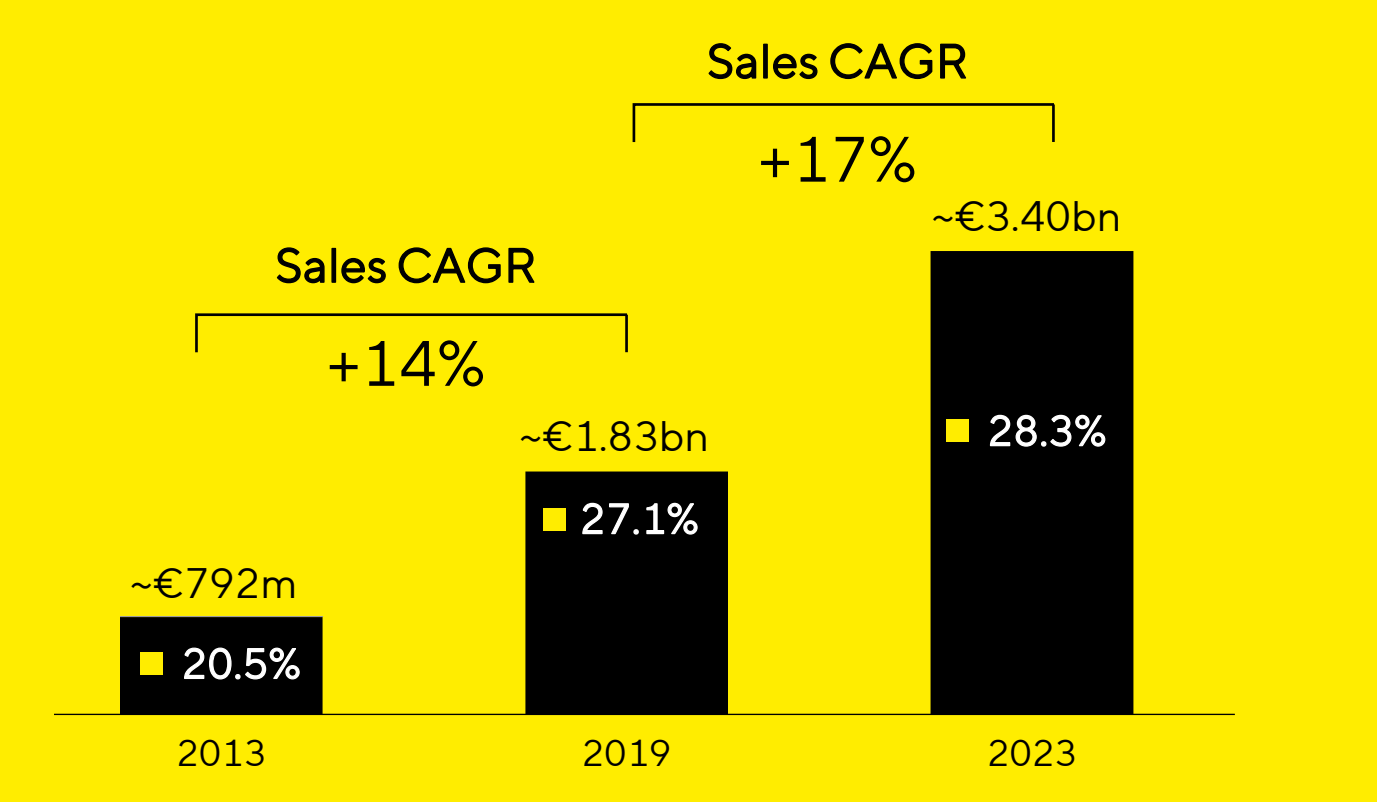
Protein analysis

Cell imaging & picking

Quality & testing

Lab Products & Services Division

Track record of profitable sales growth above market



Sales revenue ul EBITDA margin

Sales CAGR in constant currencies; ul. EBITDA margin excluding extraordinary items

Increase share of wallet by addressing critical steps at customers

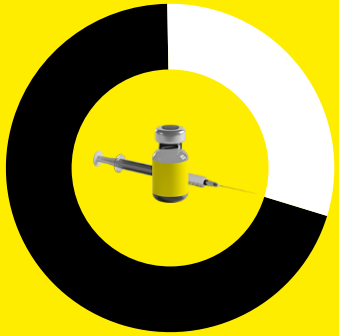
- Solution offering building on deep application know how
- Innovation leadership in dedicated areas through M&A, cooperations, and inhouse R&D
- Increasing cross-divisional synergies
- Particular focus on recurring revenue

Fundamental trends strong and transparent

Strong market fundamentals, additional dynamics from new modalities

~23,100 biologics in development; increasingly innovative and diverse pipeline[1]

~70%
Other biologics



~30%
Advanced therapies

- Record number of biologics approvals: 42 in 2023 (2022: 31)[2]
- Including 7 new CGTs (2022: 5)

Pillars of growth CAGRs 2022–2027[3]

Pharma market	→	~3-6%
Lab equipment & consumables	→	~5%
Biopharma market	→	~10%
Biosimilars	→	~15%
CGT	→	~20%
Single-use	→	~15%

1 Global Data, 2024 2 Includes CDER and CBER approvals 3 Company estimates based on EvaluatePharma 2023, IQVIA 2023, Global Data 2023, Roots Analysis 2021, Markets & Markets 2023

The life science industry is in a highly innovative phase

Breakthroughs at an ever-increasing pace offer hope for patients[1]

1796	1818	1982	1986	2012 / 2017	2020	2023
Vaccines	Blood products	Recombinant proteins	Monoclonal antibodies	Cell & gene therapies	mRNA vaccines	CRISPR gene therapy

19mn
Cancer diagnoses per year

400mn
People with rare diseases, >90 % without treatment options

1 in 9
People >65 years suffer from Alzheimer's disease

1 AstraZeneca, eurordis, WHO, Alzheimer Association

Integration of innovative technologies is a Sartorius core competency

Acquisitions
of complementary and differentiating technologies

- 10 Acquisitions since 2018
- ~4.3bn Capital deployed
- +1,150 New employees

Cooperations
with customers, research institutes, start-ups, and industry-leading experts

SPARTA BIODISCOVERY
Waters™
dfki ai
RoosterBio®
Stanford University
TheWell BIOSCIENCE

Own product development[1]
in areas of core competencies

- 1,440 Employees in R&D
- 8% R&D ratio[2]
- 80 Product launches

1 Financial Year 2023 2 Including capitalized R&D

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Consistent M&A strategy focusing on three defined areas

Build-up of BioAnalytics portfolio

Intellicyt
(2016)

Essen BioScience
(2017)

Octet business from Danaher
(2020)

ALS Automated Lab Solutions
(2022)

Unique portfolio for Advanced Therapies

Biological Industries
(2019)

BIA Separations
(2020)

CellGenix
(2021)

Xell
(2021)

Albumedix
(2022)

Polyplus
(2023)

Intensified technologies for downstream processing

WaterSep
(2020)

Danaher chromatography
(2020)

BIA Separations
(2020)

Novasep chromatography
(2022)

China-for-China strategy to balance opportunities and challenges

Limited sales exposure[1]

- Group: ~8%
- LPS: ~15%
- BPS: ~6%

Limited scope of local manufacturing

Lab instruments, bags, biosensors, filters, services

7 sites | ~900 employees

- Shanghai: Commercial hub & operations
- Beijing: Operations hub
- Customer Interaction Centers in biotech hotspots

- Net importer to China
- No IP-sensitive production
- No dependency on suppliers for global supply

Challenges

- Geopolitical tensions
- Rise of local competitors
- Stricter drug price regulation

Opportunities

- Significant market potential: ~400mn people >65 yrs in 2050
- CAGR TAM: ~11%
- Increasingly innovative market

1 Financial year 2023

Numerous initiatives regarding carbon footprint and material consumption plus further sustainability initiatives in implementation

2030

~10% p.a.
Ø reduction of CO_2eq emission intensity[1] scopes 1-3

Zero
avoidable emissions[2] in scope 1 and 2

100%
electricity from renewable sources

>75%
sales revenue with products according to circularity principles[3]

Zero
operational waste to landfill

35
Ø Employee satisfaction index

2045

Net zero emissions

Decarbonization of the entire supply chain in collaboration with customers and suppliers

1 Compared to base year 2019, 2 Process emissions from membrane manufacturing are currently considered unavoidable based on available technology, 3 Including product and transport packaging

An industry-leading team of ~14,000 people with strong customer focus

Powerful purpose and strategy, "room to move" for the individual

- Significant talent influx via M&A | cooperations over the past decade
- Flat hierarchies and fluid career paths
- Flexible career development via project assignments and job rotation
- Succession plan for critical roles in place
- Standard HRM processes digitized, and AI supported
- Bi-annual employee survey to obtain regular feedback

~40%
With academic background

70%
Non-German managers

31%
Women on 1st | 2nd mgmt. level

69%
Leadership roles filled internally

On par or above-average scores on employer rating platforms

4.0 kununu

DAX 40 Ø 3.7

3.5 glassdoor

Life science companies Ø 3.5

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Ambitious medium-term targets

Capitalizing on opportunities while managing temporary challenges and external risks

Challenges

- Changing order patterns of customers
- Geopolitical conflicts
- Market weakness in China
- Elevated interest rates

Strengths and Benefits

- Strong integrated, scalable solution offering
- Customer-focused team with deep application know how
- No customer cluster risks
- High share of recurring business
- Global, resilient setup

Opportunities

- Robust risk profile of Life Science Tools segment within biopharma
- Continuous demand for innovation
- Well-filled pipelines across the stages
- Healthy drug approval levels
- Destocking gradually fading out
- Recovery of biotech funding

Midterm outlook to 2028: Expect to continue outgrowing the market

	BPS	LPS	Sartorius Group
Sales revenue CAGR to 2028	Low to mid-teens %	Mid to high single-digit %	Low-teens %
Underlying EBITDA margin in 2028	~36%	~28%	~34%

- ~1/5 of sales revenue growth to come from acquisitions in both divisions and the Group
- Margin targets include expenses for reduction of the company's CO_2 emission intensity of ~1% of sales

Midterm targets based on current currency exchange rates; underlying EBITDA excluding extraordinary items

Key takeaways: Sartorius is well positioned to continue its profitable growth journey

Life Science Tools industry one of the most attractive market segments in biopharma

Strong focus on innovation leadership in relevant application areas

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Support customers to decarbonize and reduce eco-footprint; ambitious internal sustainability targets

Clear strategy, focused execution; well positioned to continue above market profitable growth path

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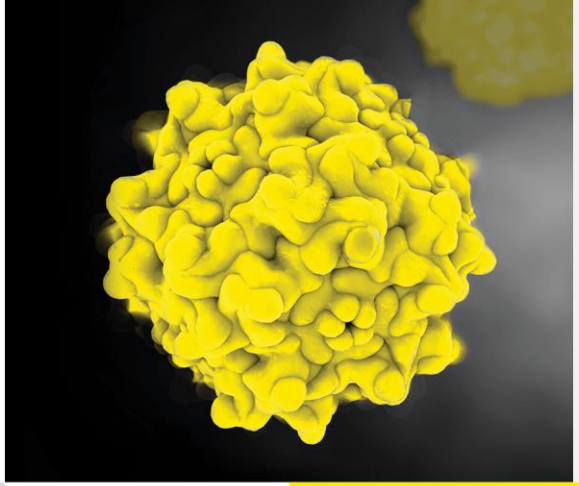

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Financial Perspective

Dr. Florian Funck, CFO

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Dr. Florian Funck: New CFO since April 2024

Member of the Executive Board | CFO

Finance, Information Technology, Corporate Sourcing
Mandate until March 31,2027

Personal Information

Year of birth:	1971
Nationality:	German

Educational Background

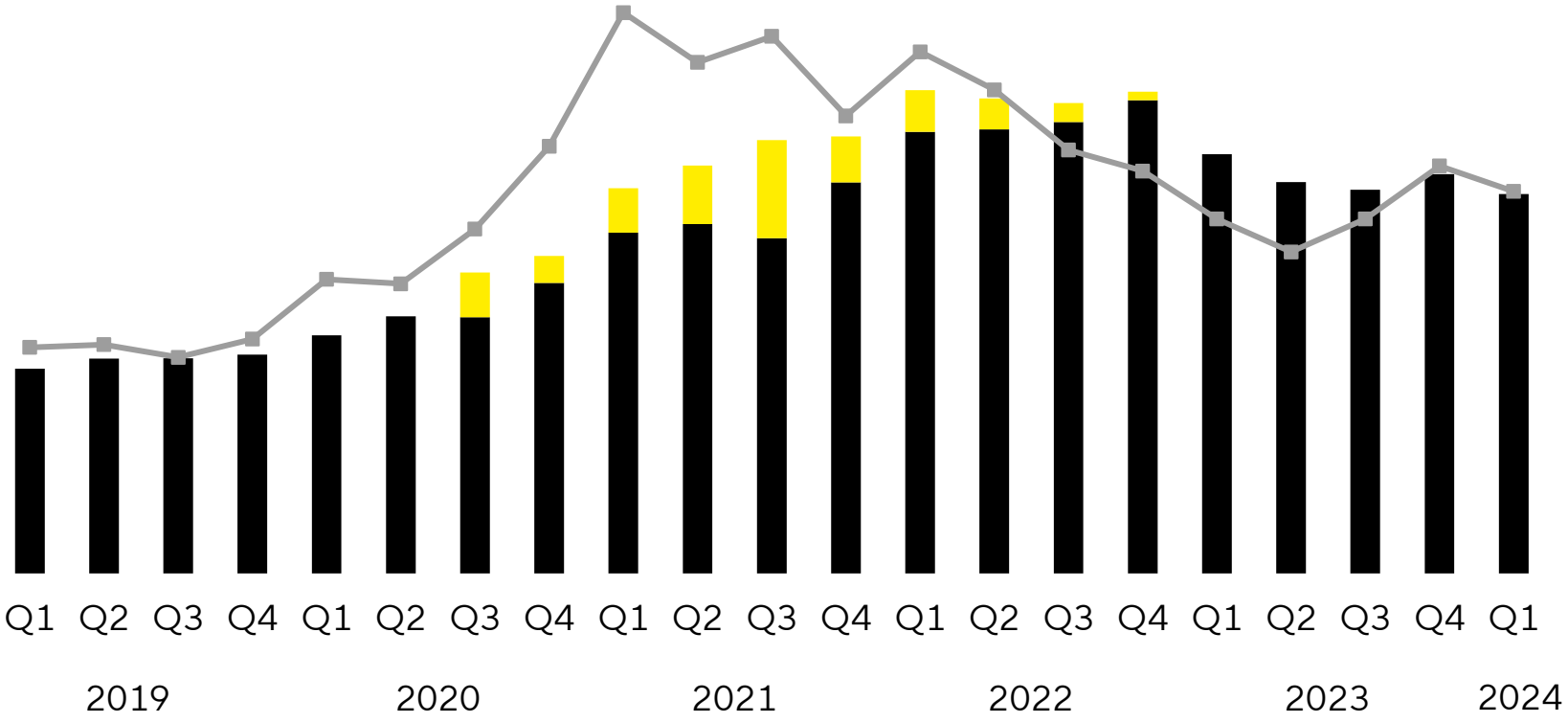
Dr. rer. pol., Business Administration, University of Münster, Germany

Professional Profile

2011-2024	Franz Haniel & Cie. GmbH – CFO
2004-2011	TAKKT AG – Management Board Member (CFO)
1999-2004	Franz Haniel & Cie. GmbH - Head of Corporate Controlling, Strategic Planning, Group Accounting and Risk Management
1994-1998	Research Assistant at the Institute for Industrial Management, University of Münster

Profitability on robust level despite high business volatility

Four years of high volatility and limited visibility; positive trends expected to improve gradually



Fluctuation order intake

+89%	Q1 2021 vs. Q1 2020
-34%	Q2 2023 vs. Q2 2022

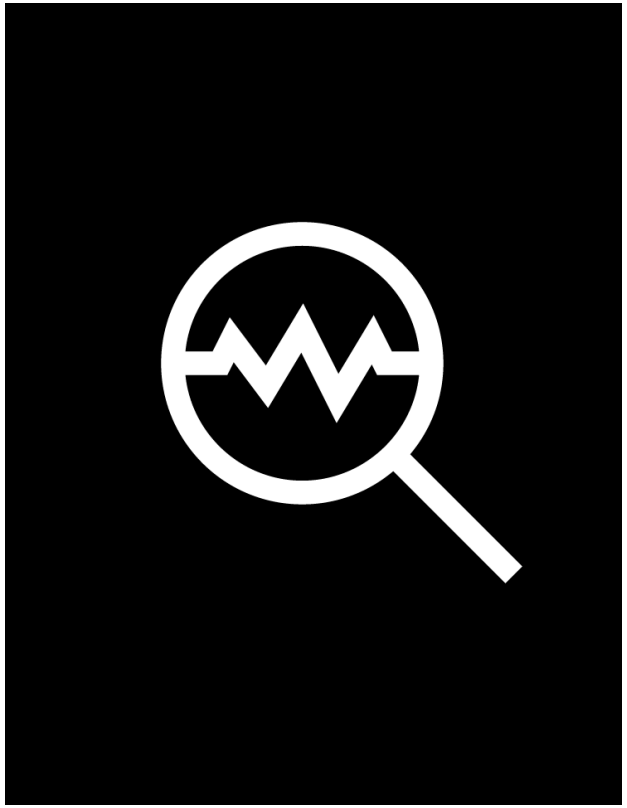
- Sales revenue ex Covid
- Covid-19 related sales
- Order intake

Order Intake growth in constant currencies

Market snapshot: This is what we see

Normalization continues; visibility remains **clouded** after Corona dynamics

Order intake currently no reliable forward-looking indicator, particularly in quarterly perspective



Changed customer behavior: smaller orders in consumables later in time; hesitant equipment invest

Healthy customer **project pipeline** equals **promising Sartorius sales funnel**

Guidance 2024 recap: Profitable growth with stronger H2 2024

	BPS	LPS	Sartorius	Sartorius Stedim Biotech
Sales revenue growth in cc	Mid to high SD %	Low SD %	Mid to high SD %	Mid to high SD %
ul. EBITDA margin	>31%	~ prior-year level (2023: 25.1%)	Slightly > 30%	> 30%
Capex ratio			~13%	~13%
Net debt / ul. EBITDA			Slightly >3	Slightly <2.5

For financial modeling		
Depreciation	230mn to 240mn €	170mn to 180mn €
Financial result	-190mn to -200mn €	-150mn to -160mn €
Normalized tax rate	~27%	~26%

Expecting positive revenue growth from Q2 onwards

	H1 2023	H2 2023	Q1 2024	H1 2024e	H2 2024e
Revenue growth in cc yoy	- 15.4%	- 17.8%	- 7.6%	- low SD	+ low to high teens
Book-to-bill	0.84	0.97	1.01	~0.95	~1.0
ul. EBITDA margin	29.8%	26.9%	28.6%	~28%	>31%

Revenue growth assumptions

- Existing order book to support 2024 sales
- Sales mainly driven by consumables recovery
- Growth assumptions within bandwidth of peers
- Uncertainties remain high

Book-to-bill assumptions

- BtB normalizing to historical averages between 0.9 – 1.1
- Short-term BtB below one on the back of normalizing order patterns

Profitability assumptions

- Margin increase mainly driven by efficiency program but also volume, mix
- Q2 margin slightly below Q1 due to timing effects

Focus on a robust and agile position for future growth in a competitive environment

During the pandemic
Focus on delivery ability

- Rapid capacity expansion
- Significant increase in headcount
- High inventory level

After the pandemic
Focus on efficiency and innovation

- Innovations for accelerated drug development and efficient bioproduction
- Efficiency measures and further digitalization
- Reduction in working capital; reduction of indebtedness ratio

Margin peak in 2021 driven by artificially low costs; volume, mix and adjusted cost base to contribute to further margin expansion

	Share of cost positions			Expected contribution	
	2013	2021	2023	2024e	2028e
Sales	100%	100%	100%		
Cost of sales	-52%	-45%	-49%	↑	↑
S&D	-22%	-16%	-17%	→	→
R&D	-6%	-4%	-5%	→	→
Overhead	-6%	-5%	-6%	↗	↗
Depr. / other	+6%	+4%	+5%	→	↗
ul. EBITDA margin	20.5%	34.1%	28.3%	>30%	~34%

↑ Positive contribution

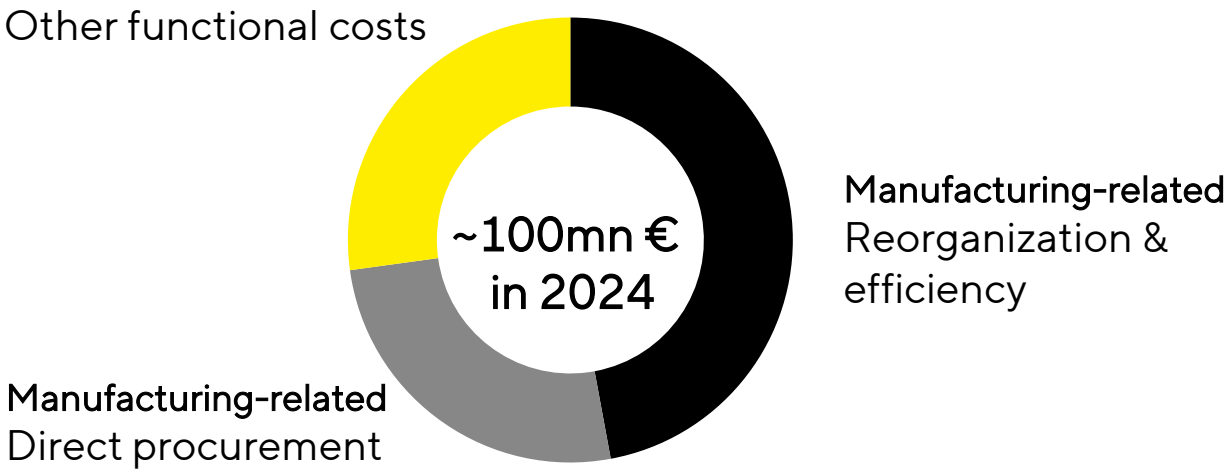
↗ Slight positive contribution

→ Neutral contribution

Cost positions excluding extraordinary items and amortization

Efficiency program to right-size organization and improve 2024 margins

Expected sustainable cost reductions and contributors



Contributors

Reorganization & efficiency

- Right-sizing of structures
- Process improvements

Direct & indirect procurement

- Renegotiation of contracts
- Technical levers / scope adjustments

Other functional costs

- Right-sizing of structures
- Process improvements

Further margin expansion until 2028 driven by economies of scale and mix effects

Economies of scale

- Invest projects that lead to significant cash-outflows in past years now ready to operate
- Volume ramp-up contributes to higher utilization of installed operations capacity
- Parts of manufacturing and overhead costs expected to grow under-proportionately to sales revenues

Product mix effects

- On average higher gross margins of consumables compared to equipment
- Gross margins vary widely depending on degree of automation/vertical integration of production process
- Positive margin drivers
  - **LPS** | Higher share of BioAnalytics business
  - **BPS** | Higher share of consumables and ATS business

Resilient and scalable growth platforms

Global digital growth platforms in place to further drive efficiency

- Part of Sartorius' investment program over the past 10 years
- Powerful tools for digital sales & customer self-service
- Fast integration of acquired businesses
- Single-point-of-truth data

S4/HANA
State-of-the-art ERP system for global processes

Salesforce
CRM, increase productivity & project visibility

Workday
Digitalisation and harmonization of HR processes

Manufacturing Execution System
Digitally supported manufacturing in BPS

eShop & My Sartorius
Online shop and self-service platform for customers and partners

AI
Copywriting, simpler product descriptions

Robotics
Replacement of manual, repetitive work steps

Process Mining
Analysis of process data, e.g. in inventory mgmt.

Interfaces
Data exchange with customers and partners

Capacity investments and resilient global setup to support organic growth

Global resilience

Redundant capacities

Operational excellence

Customer proximity

Ann Arbor, Michigan, USA

Songdo, South Korea

Freiburg, Germany

Göttingen, Germany

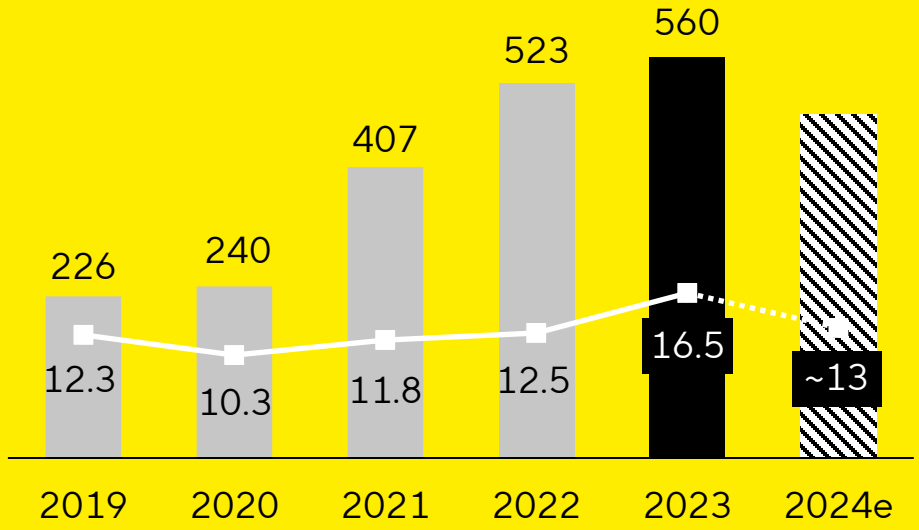
Aubagne, France

Yauco, Puerto Rico

Current infrastructure plus ongoing expansion projects to support growth until 2028

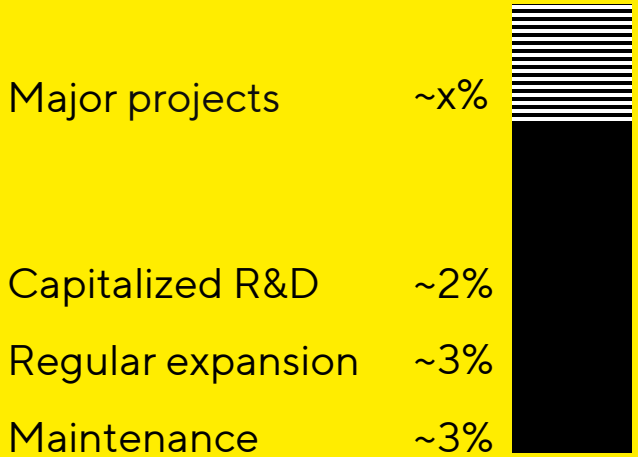
Capex

in millions of €; ratio in %



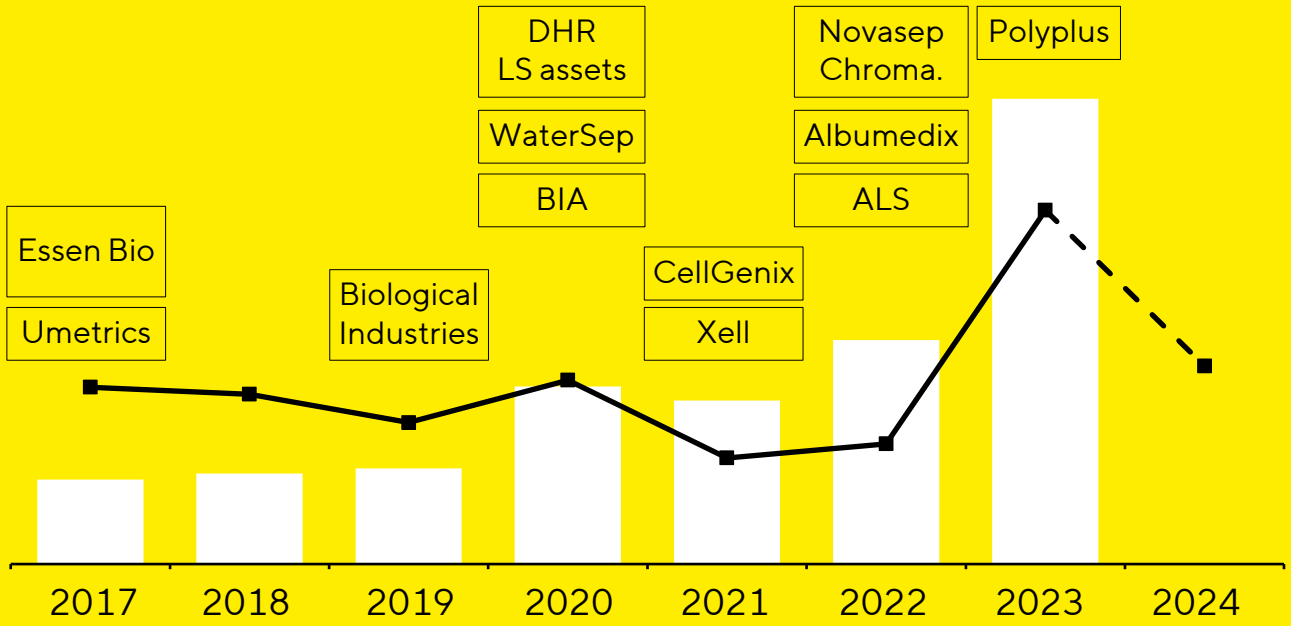
Capex ratio to decrease from its recent above-average levels as of 2026

Capex composition

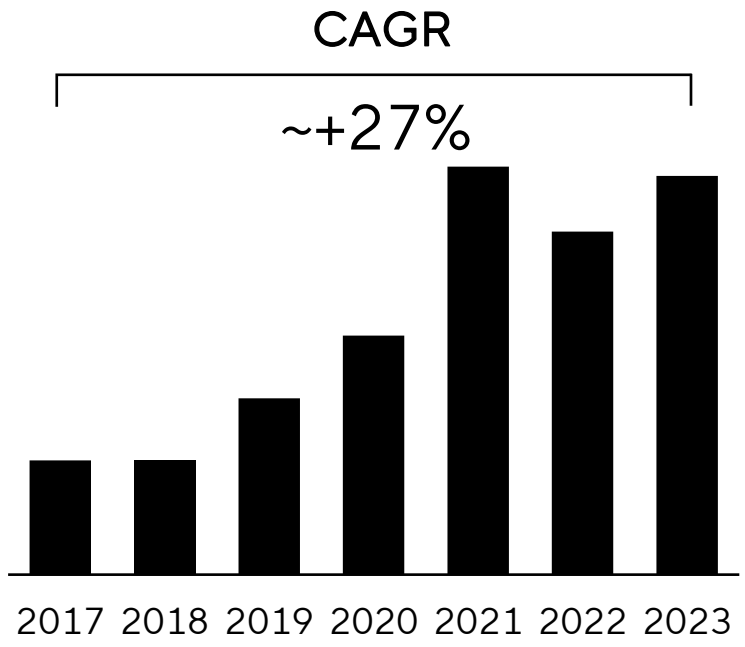


Fast deleveraging post M&A enabled by healthy cashflows

Net debt / underlying EBITDA



Operating cashflow



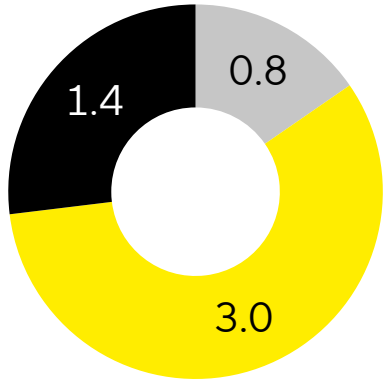
Diversified and long-term debt financing

Credit rating

Solid investment grade rating confirmed:
BBB (stable) from S&P

Debt financing instruments in place

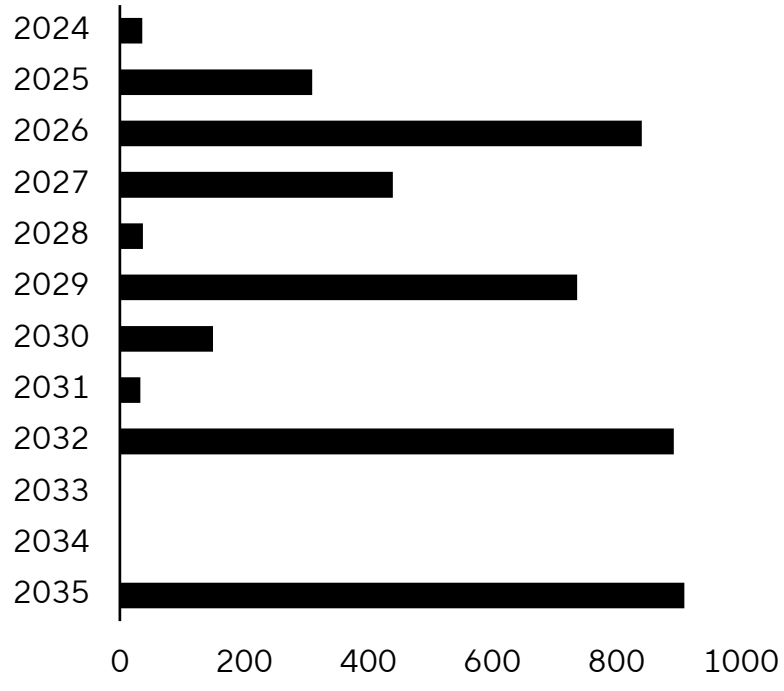
in billion €



- Syndicated revolving credit facility (undrawn)
- Bonds
- Bilateral loans and promissory note loans

Duration profile of debt financing

without synd. revolving credit facility



>90% of financing instruments at fixed interest rates; very limited sensitivity to interest rate changes

No financial covenants, 100% senior unsecured

All figures after debt repayments in H1 2024

Considerable debt and equity financing options to fund growth

Short-term liquidity potential >€1.3bn

€0.8bn

Undrawn credit facility

~€0.5bn[1]

Cash position

Equity ~€9bn

~€1.7bn

SAG treasury shares

Common shares: 3,209,072
Pref. shares: 2,632,732

Mainly option to finance external growth of LPS division

~€7.0bn

SSB shares

Issuance of up to 30,000,000 new shares

Funding option mainly for BPS division

1 Cash position adjusted for scheduled debt repayments of ~0.6bn in Q2 2024

Key takeaways: Our growth ambition is based on strong financials

Margin ambition mainly driven by efficiency measures (2024) and economies of scale (2028)

Right-sizing of the organization in dedicated areas; focus on process improvements to reduce NWC

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Investments in resilient infrastructure to support growth; tight capex control in 2024/2025

Strong internal cash generation; further deleveraging; maintain investment grade rating

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Q&A