Half-year results: Moderately positive revenue development in the second quarter; demand recovery remains muted, full-year outlook deliberately more cautious; long-term trends remain positive

- Sales revenue slightly down 2.2 percent after six months; growth of 3.6 percent in second quarter
- Underlying EBITDA margin at a robust level of 28.1 percent, increasingly positive impact of cost and efficiency measures expected during the second half of the year
- Sales revenue in Bioprocess Solutions Division at prior-year level; market situation in China impacts development in Lab Products & Services Division
- Expectations for full-year 2024 adjusted: Deliberately more cautious forecast due to persistently high volatility and limited predictability

In a continuously very challenging and volatile market environment, the life science group Sartorius closed the first half of the year with a positive trend in sales revenue development.

“Sartorius met its targets for the first half of the year, and we achieved the intended slight sales revenue growth and robust profitability in the second quarter. As in the first three months, the picture remained exceptionally mixed in the second quarter: Key positive drivers were parts of the consumables portfolio and the business with customers working on cell and gene therapies. At the same time, we are observing a pronounced and longer than expected reluctance from customers to place orders for other product groups. In addition, market dynamics in China remain muted. Given the high volatility and limited predictability, we are deliberately providing a more cautious outlook for the second half of the year, expecting increasing demand dynamics only in the last quarter and therefore now projecting sales revenue for the fiscal year to be roughly on prior-year level,” said Sartorius CEO Joachim Kreuzburg.

“In the medium and long term, the mega topics of healthcare and biotechnology remain strong structural drivers for our profitable growth strategy, and the increased volatility caused by the pandemic has not made any difference to this,” Kreuzburg continued. “We are particularly confident about the overall high number of approvals and the very well filled product pipelines for biopharmaceuticals, especially for cell and gene therapies. Sartorius is in an excellent position to leverage and shape this market potential. The company has one of the most relevant portfolios in the competition, with which we effectively support customers in their work across all modalities and process steps.”
**Business development of the Group**

In the first six months of the fiscal year, the Sartorius Group recorded a moderate decline in sales revenue in the low single-digit range (in constant currencies: -2.2 percent, reported: -3.2 percent) to 1,680 million euros compared to the prior-year period. This includes a growth contribution from acquisitions of around 2 percentage points. On a quarterly basis, sales revenue rose by 3.6 percent between April and June. In the first half of 2024, order intake was up by 8.5 percent in constant currencies (reported: +7.5 percent) to 1,558 million euros.

Business performance in the regions showed a mixed picture: While EMEA recorded an upturn in sales revenue of 3.6 percent in constant currencies, in the Americas region, revenue fell by 6.5 percent compared to the prior-year period and in Asia/Pacific the continued market weakness in China led to a decrease of 4.7 percent in constant currencies.

The Group’s underlying EBITDA declined by 8.8 percent to 471 million euros in the first six months of the year mainly due to volume and product mix effects. The resulting margin remained at a robust level of 28.1 percent compared to 29.8 percent in the prior-year period.

Underlying net profit reached 148 million euros as against 202 million euros in the first six months of 2023. Underlying earnings per ordinary share were 2.15 euros (prior-year period: 2.95 euros) and 2.16 euros per preference share (prior-year period: 2.96 euros).

As of June 30, 2024, Sartorius employed 14,143 people worldwide, compared to 15,048 on the same date last year (December 31, 2023: 14,614 employees). The reduction resulted primarily from the expiry of fixed-term employment contracts and regular attrition.

**Key financial indicators**

The Group’s balance sheet and key financial indicators remain at a robust level. The equity ratio as of June 30, 2024, rose to 38.3 percent (December 31, 2023: 28.3 percent), in particular due to the equity measures successfully implemented at the beginning of February 2024.

Net operating cash flow totaled 347 million euros after 363 million euros in the prior-year period. Investment to support future growth through global capacity expansions remained high in the first six months at 239 million euros, in line with planning, however, slightly below the previous year (304 million euros). The ratio of capital expenditures (capex) to sales revenue was 13.6 percent compared to 17.3 percent in the prior-year period. At the same time, measures to reduce working capital significantly increased cash flow and reduced the ratio of net debt to underlying EBITDA to 4.4 compared to 5.0 as of December 31, 2023.

**Business development of the Bioprocess Solutions Division**

The Bioprocess Solutions Division, which offers a wide range of innovative technologies for the manufacture of biopharmaceuticals such as monoclonal antibodies, vaccines, and cell and gene therapeutics, recorded sales revenue at the previous year’s level of 1,331 million euros (in constant currencies: -0.2 percent, reported: -1.1 percent). This includes a growth contribution from acquisitions of slightly below 3 percentage points. In view of advanced inventory reductions on the part of customers, order intake increased by 11.7 percent (in constant currencies: +10.7 percent) to 1,220 million euros in the first six months, while the increasing demand in the consumables business was dampened by the continuing reluctance to invest across the industry.
The division’s underlying EBITDA decreased by 6.1 percent to 389 million euros, mainly due to volume and product mix effects. The corresponding margin reached 29.2 percent (prior-year period: 30.8 percent).

**Business development of the Lab Products & Services Division**
The Lab Products & Services division, which specializes in life science research and pharmaceutical laboratories, continued to be impacted by customers’ reluctance to invest and the market weakness in China. Sales revenue totaled 349 million euros, which corresponds to a decline of 8.9 percent in constant currencies (reported: -10.2 percent) compared to the relatively high level of the prior-year period. Order intake stabilized and almost reached the previous year’s level with a slight decline of 1.5 percent (reported: -2.7 percent) and 338 million euros.

The Division’s underlying EBITDA decreased by 19.4 percent to 82 million euros due to volume and product mix effects. The corresponding margin was 23.6 percent (prior-year period: 26.3 percent).

**Outlook for 2024 de-risked**
The life science industry continues to show a mixed picture with no stable positive momentum. While demand normalization for some products has progressed, customers are continuing to reduce inventories in other product groups or remain reluctant to invest. Despite having achieved the targets for the first half of 2024, company management is deliberately taking a conservative and cautious approach to the outlook of the remainder of the year and does not expect an increase in demand dynamics until the final quarter.

Against the backdrop of continuing subdued demand, Sartorius now expects sales revenue for fiscal year 2024 to remain at prior-year level, with a bandwidth of low single-digit negative to low single-digit positive sales development (previously: sales growth in the mid to high single-digit percentage range). The Polyplus acquisition is anticipated to contribute around 1.5 percentage points to non-organic sales growth.

In terms of profitability, the company anticipates increasingly positive effects from its cost-cutting program in the amount of over 100 million euros as the year progresses, although these will not fully offset the impact of the lower volume expectations. In addition, the measures to reduce own inventories should lead to an additional dilution of EBITDA due to lower production capacity utilization.

Against this backdrop, Sartorius now projects an underlying EBITDA margin of 27 to 29 percent (previously: slightly above 30 percent) for the full year 2024.

Following adjustments to its capex plans in line with the current business development, the ratio of capital expenditure in relation to sales revenue is now forecast to be around 12 percent (previously: around 13 percent) in 2024 while the ratio of net debt to underlying EBITDA is expected to be around 4 (previously: slightly above 3).

For its Bioprocess Solutions Division, Sartorius now expects sales at prior-year level, with a bandwidth of low single-digit negative to low single-digit positive sales development (previously: mid to high single-digit percentage range). The Polyplus acquisition is projected to contribute around 2 percentage points of non-organic sales revenue development. The underlying EBITDA margin should reach 28 to 30 percent (previously: over 31 percent) with a slightly positive effect from the above-average profitability of the Polyplus business.

For the Lab Products & Services Division, Sartorius also forecasts sales revenue at the previous year’s level, with a bandwidth of low single-digit negative to low single-digit positive sales revenue development
(previously: sales revenue increase in the low single-digit percentage range). The underlying EBITDA margin is anticipated to be 22 to 24 percent (previously: on prior-year level of 25.1 percent).

The actual mixed and volatile business development following the pandemic and the resulting limited predictability of short-term business development have no impact on the fundamentally positive growth drivers of the life science and biopharmaceutical markets. This is also underlined by latest data on market approvals and clinical pipelines which are very positive, particularly in the field of modern therapies such as cell and gene therapeutics. Accordingly, the company is currently not changing its mid-term targets up to 2028.

All forecast figures are based on constant currencies, as in past years. Management points out that 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 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, and 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 Polyplus
3 EMEA = Europe, Middle East, Africa

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 Dr. Joachim Kreuzburg and CFO Dr. Florian Funck will discuss the company’s half-year results with analysts and investors in a conference call on July 18, 2024, at 19.45 p.m. CEST. Register here: [https://sar.to/H1_ConferenceCall](https://sar.to/H1_ConferenceCall)

**Financial calendar**
October 17, 2024 Publication of nine-month results (January to September 2024)
## Key Performance Indicators for the First Half of 2024

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<tr>
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<th>Sartorius Group</th>
<th>Bioprocess Solutions</th>
<th>Lab Products &amp; Services</th>
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<tbody>
<tr>
<td></td>
<td>6-mo. 2024</td>
<td>6-mo. 2023</td>
<td>Δ in %</td>
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<tr>
<td></td>
<td>cc²</td>
<td></td>
<td>Δ in % cc¹</td>
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<tr>
<td><strong>Order Intake and Sales Revenue</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Order intake²</td>
<td>1,558.3</td>
<td>1,449.6</td>
<td>7.5</td>
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<tr>
<td>Sales revenue</td>
<td>1,680.3</td>
<td>1,735.2</td>
<td>-3.2</td>
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<tr>
<td></td>
<td></td>
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<td>-2.2</td>
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<td></td>
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<tr>
<td></td>
<td>602.7</td>
<td>645.7</td>
<td>-6.7</td>
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<tr>
<td></td>
<td>386.8</td>
<td>420.5</td>
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<td>-4.7</td>
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<tr>
<td>Earnings</td>
<td></td>
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<tr>
<td>EBITDA⁴</td>
<td>471.4</td>
<td>516.7</td>
<td>-8.8</td>
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<tr>
<td>EBITDA-margin⁴ in %</td>
<td>28.1</td>
<td>29.8</td>
<td></td>
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<tr>
<td>Relevant net profit⁵</td>
<td>148.4</td>
<td>202.5</td>
<td>-26.7</td>
</tr>
<tr>
<td>Net result⁶</td>
<td>60.9</td>
<td>188.1</td>
<td>-67.6</td>
</tr>
<tr>
<td>Financial Data per Share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings per ordinary share⁵ in €</td>
<td>2.15</td>
<td>2.95</td>
<td>-27.3</td>
</tr>
<tr>
<td>Earnings per preference share⁵ in €</td>
<td>2.16</td>
<td>2.96</td>
<td>-27.2</td>
</tr>
</tbody>
</table>

1 cc = 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.
2 All customer orders contractually concluded and booked during the respective reporting period.
3 According to the customer’s location
4 Earnings before interest, taxes, depreciation, and amortization and adjusted for extraordinary items.
5 Profit for the period after non-controlling interest, adjusted for extraordinary items and amortization, and based on the normalized financial result and the normalized tax rate.
6 After non-controlling interest

### A profile of Sartorius

Sartorius (XETRA: SRT3 | STR) 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, vaccines, and cell and gene therapies safely, rapidly, and economically. The company, based in Göttingen, Germany, has a strong global reach with around 60 production and sales sites worldwide. Sartorius regularly expands its portfolio through the acquisition of complementary technologies. In 2023, the company generated sales revenue of around 3.4 billion euros. Currently, around 14,600 employees are working for customers around the globe.

Visit our [newsroom](http://newsroom) and follow Sartorius on [LinkedIn](https://www.linkedin.com).

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