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Nine-month results in line with expectations: sales revenue almost at prior-year level; orders on the rise; robust profitability; increased cash flow

- Group sales revenue down only slightly by - 2.0 percent after nine months; order intake up 6.6 percent
- Underlying EBITDA margin reaches 27.7 percent; further increasing positive effects of the efficiency program with highest contribution in the fourth quarter expected
- Sales revenue of the Bioprocess Solutions Division almost at prior-year level, revitalization in the consumables business and good development with business for new therapies; weak end markets impact the development of the Lab Products & Services Division
- Outlook for full-year 2024 confirmed

The life science group Sartorius closed the first nine months of the fiscal year as expected, with a positive trend in demand and a robust underlying profit margin.

"Following the very volatile development caused by the pandemic, the business situation has stabilized, and we are on track to achieve our full-year guidance. Most customers have largely completed the reduction of their inventories, and demand for consumables is increasing as a result. In addition, we are seeing a growing number of customer projects, although many customers are still hesitant to make definite investment decisions. Our profit margin is at a very robust level, and we expect further positive effects from our efficiency program by the end of the year," said Sartorius CEO Joachim Kreuzburg. "Based on this, we are very confident about the future, as the fundamental growth drivers of the life science and biopharmaceutical markets remain positive: The increasing number of drug approvals and drug candidates in clinical phases, as well as the dynamically developing field of new therapies, are leading to growing demand, particularly for innovative technologies for the efficient development and manufacture of such biopharmaceuticals. With one of the broadest solution offerings on the market, Sartorius is excellently positioned to play a particularly relevant role here and to achieve sustainable profitable growth."

Business development of the Group[1]

In the first nine months of the fiscal year, Sartorius reported a moderate decline in sales revenue of 2.0 percent in constant currencies (reported: – 2.8 percent) compared to the prior-year period, to 2,474 million euros. Sales contribution from acquisitions[2] was around 2 percent. Order intake increased significantly by 6.6 percent in constant currencies (reported: + 5.7 percent) to 2,326 million euros.

Regionally, business performance varied between January and September. Sales revenue in EMEA[3] increased by 5.0 percent in constant currencies, while in the Americas it decreased by 9.1 percent against strong prior year comparables and due to the soft equipment business. In Asia/Pacific, sales revenue was down slightly by 1.6 percent due to continued weakness in the Chinese market, despite growth in the rest of the region.

The Group's underlying EBITDA decreased by 6.4 percent to 686 million euros in the first nine months, mainly due to volume and product mix effects. The resulting margin of 27.7 percent remained at a robust level, after 28.8 percent in the prior-year period.

Underlying net profit amounted to 208 million euros against 274 million euros in the same period of 2023. Underlying earnings per ordinary share were 3.01 euros (PY: 4.00 euros) and 3.02 euros per preference share (prior-year period: 4.01 euros).

As of September 30, 2024, Sartorius employed 13,762 people worldwide, after 14,827 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 September 30, 2024, was 38.6 percent (December 31, 2023: 28.3 percent), primarily due to the equity measures successfully implemented at the beginning of February 2024.

Net operating cash flow increased significantly by 13.0 percent to 613 million euros in the reporting period, compared to 542 million euros in the first nine months of 2023, in particular due to the reduction in working capital. The ratio of net debt to underlying EBITDA was further reduced as planned and stood at 4.3 at the end of the quarter (December 31, 2023: 5.0). Investments in research and the company's global production infrastructure amounted to 319 million euros (PY: 434 million euros). The ratio of capital expenditures (capex) to sales revenue was 12.9 percent.

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 almost at the previous year's level of 1,962 million euros (in constant currencies: - 0.8 percent, reported: - 1.5 percent). This includes a sales contribution from acquisitions[2] of around 2.5 percent. As customers have largely completed their destocking programs, order intake increased significantly by 8.4 percent in constant currencies (reported: + 7.5 percent) to 1,836 million euros in the first nine months, with the growing demand in the consumables business overcompensating for the ongoing industry-wide reluctance to invest.

The division's underlying EBITDA decreased by 4.0 percent to 568 million euros, mainly due to volume and product mix effects; the corresponding margin reached a robust 28.9 percent (PY: 29.7 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 weak end markets, particularly in China, and an overall reluctance to invest on the customer side. Sales revenue for the first nine months of the year was

511 million euros, a decline of 6.5 percent in constant currencies (reported: - 7.5 percent). Order intake, by contrast, stabilized at the previous year's level with a slight of 0.3 percent (reported: - 0.8 percent) and 490 million euros.

The division's underlying EBITDA decreased by 16.3 percent to 118 million euros, mainly due to volume and product mix effects; the corresponding margin was 23.2 percent (PY: 25.6 percent).

Outlook for 2024 confirmed

Based on the company's nine-month results, management confirms its guidance for the full year 2024. Sales revenue is expected to be on par with the previous year, with a forecast range of a low single-digit negative to low single-digit positive development; sales contribution from acquisitions should be around 1.5 percent. In terms of profitability, the company anticipates an underlying EBITDA margin in the range of 27 to 29 percent for 2024. The ongoing efficiency program will make a positive contribution of more than 100 million euros, while volume effects and the company's own inventory reduction will have a temporary dilutive effect. The ratio of capital expenditures (capex) to sales revenue should be around 12 percent in 2024, and the ratio of net debt to underlying EBITDA around 4.

For its two divisions, the company also continues to forecast sales revenues at prior-year level, with a bandwidth of low single-digit negative to low single-digit positive development. In the Bioprocess Solutions Division, acquisitions are projected to contribute around 2 percent to sales revenue, and the underlying EBITDA margin should reach 28 to 30 percent, with a slightly positive effect from the above-average profitability of the Polyplus business. For the Lab Products & Services Division, Sartorius continues to expect an underlying EBITDA margin of 22 to 24 percent.

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

Conference call

CEO Dr. Joachim Kreuzburg and CFO Dr. Florian Funck will discuss the company's 9-month results with analysts and investors in a conference call on October 17, 2024, at 1.00 p.m. CEST.
Register here: https://sar.to/9M_2024

Key Performance Indicators for the First Nine Months of 2024

	Sartorius Group				Bioprocess Solutions				Lab Products & Services			
in millions of € unless otherwise specified	**9-mo. 2024**	9-mo. 2023[1]	Δ in %	Δ in % cc[2]	**9-mo. 2024**	9-mo. 2023[1]	Δ in %	Δ in % cc[2]	**9-mo. 2024**	9-mo. 2023[1]	Δ in %	Δ in % cc[2]
Order Intake and Sales Revenue												
Order intake[3]	2,326.0	2,200.9	5.7	6.6	1,836.4	1,707.5	7.5	8.4	489.6	493.4	-0.8	0.3
Sales revenue	2,473.9	2,545.9	-2.8	-2.0	1,962.4	1,992.9	-1.5	-0.8	511.5	553.0	-7.5	-6.5
▪ EMEA[4]	1,020.1	972.7	4.9	5.0	813.6	766.4	6.2	6.2	206.4	206.3	0.1	0.4
▪ Americas[4]	879.4	973.4	-9.7	-9.1	713.6	792.6	-10.0	-9.5	165.8	180.9	-8.3	-7.7
▪ Asia | Pacific[4]	574.4	599.8	-4.2	-1.6	435.2	433.9	0.3	3.0	139.3	165.8	-16.0	-13.7
Earnings												
EBITDA[5]	686.5	733.4	-6.4		568.0	591.9	-4.0		118.5	141.5	-16.3	
EBITDA-Margin[5] in %	27.7	28.8			28.9	29.7			23.2	25.6		
Relevant net profit[6]	208.2	273.9	-24.0									
Net result[7]	75.1	203.1	-63.0									
Financial Data per Share												
Earnings per ord. share[6] in €	3.01	4.00	-24.6									
Earnings per pref. share[6] in €	3.02	4.01	-24.6									

1 The previous year's figures have been revised due to finalization of the purchase price allocation for the acquisition of Polyplus
2 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
3 All customer orders contractually concluded and booked during the respective reporting period.
4 Acc. to the customer's location
5 Earnings before interest, taxes, depreciation and amortization, and adjusted for extraordinary items.
6 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.
7 After non-controlling interest

Figures are not audited nor reviewed.

A profile of Sartorius

Sartorius 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. Around 14,000 employees are working for customers around the globe.

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