

Sartorius looks ahead to sustained, highly profitable growth – Sales revenue to rise to around 4 billion euros by 2025

- **New medium-term targets: underlying EBITDA¹ margin of about 28 percent in 2025**
- **Sales to rise through organic growth and acquisitions**
- **Increasing significance of Asian markets**
- **Revenue growth of about 9% to 12% and further increased profitability expected for the full year of 2018**

Göttingen, February 21, 2018 – Sartorius, a leading international technology partner of the biopharmaceutical industry and research laboratories, intends to continue on its profitable growth track over the long term. According to its new medium-term targets that will be presented today at the company's annual press conference and its Capital Markets Day, the Group expects to achieve sales of around 4 billion euros in 2025. Management's plan is to achieve around two-thirds of this growth organically while around one-third is to be generated by acquisitions.

Accordingly, the Group's underlying EBITDA margin is forecasted to rise by 2025 to around 28%. The Bioprocess Solutions Division is expected to grow to around 2.8 billion in sales revenue with an underlying EBITDA margin of around 30% by 2025; for the Lab Products & Services Division, sales revenue of around 1.2 billion euros and an EBITDA margin of about 25% are projected for the full year of 2025. (All figures of the mid-term guidance given in constant currencies.)

"Our targets remain ambitious because we have positioned ourselves well for the future and address a market with sustainable, fundamental growth drivers," said Group CEO Dr. Joachim Kreuzburg. "We assume that demand for biopharmaceutical drugs will continuously increase due to a growing and aging population, improved access to medicines in emerging countries, a rapidly expanding market for biosimilars and also due to completely new, emerging treatment options such as cell-based therapies. In this respect, the Asian market will play an increasingly important role, primarily China. We positioned ourselves with our two divisions as a global strategic partner of the biopharma sector so that we should sustainably benefit from these trends. With our broad and innovative product portfolio and the early expansion of our production capacities, we are well prepared for further growth."

Business development of the Sartorius Group in 2017

The groundwork for reaching the Group's targets has been laid: In 2017, Sartorius achieved an increase in sales revenue by 9.3% in constant currencies to 1,404.6 million euros, up from 1,300.3 million euros a year ago (reported: +8.0%), and increased its underlying earnings to 353.2 million euros. Organic growth and acquisitions contributed almost equally to growth.

"In 2017, Sartorius continued on its profitable growth track, executed two strategically important acquisitions, moved forward on its extensive investment program and created a considerable number of new jobs," commented Kreuzburg. "By entering the business field of bioanalytics in the Lab Products & Services Division, we opened a new chapter and reached a substantially higher level of growth and profit margin. Given the high revenue base after two years of exceptionally strong expansion and despite several dampening effects, our bioprocess business increased yet again. For 2018, we will continue to pursue our targets of achieving significant profitable growth, investing extensively in innovations and capacities and of creating additional jobs."

All regions contributed to this strong performance. Asia|Pacific expanded the most, with sales up 22.5% to 344.6 million euros. EMEA² grew by 6.8% to 604.5 million euros. In the Americas, the region in which Sartorius had recorded especially strong gains over the past years, sales revenue rose year over year by 3.5% to 455.5 million euros.

Order intake for the Sartorius Group was up 13.7% in 2017, increasing more strongly than sales. Demand in its bioprocess business picked up significantly, especially in the second half.

(All growth rates for the regions and order intake in constant currencies)

Underlying EBITDA rose by 8.5% in the reporting period, despite unfavorable currency effects, to 353.2 million, and the respective margin edged up slightly from 25.0% to 25.1%. Relevant net profit³ for the Group increased 8.6% from 132.6 million euros to 144.0 million euros. Consolidated earnings per ordinary share rose to 2.10 euros (prior-year period: 1.93 euros) and per preference share, 2.11 euros (prior-year period: 1.94 euros).

The Group's key financial indicators continued to remain at a strong level, even after the two acquisitions executed in 2017. At the end of the reporting period, the company's equity ratio was 35.1%, and the ratio of net debt to underlying EBITDA stood at 2.5 (Dec. 31, 2016: 42.0% and 1.5, respectively).

Capital expenditures rose in the reporting year from 152.1 million euros to 209.4 million euros due to considerable expansion of the Group's global infrastructure; the respective ratio of capital expenditures to sales revenue was 14.9% relative to 11.7% a year ago.

Sartorius employed 7,501 people worldwide at year-end 2017, thus 8.5% or 590 more people than a year earlier. Of this number, 214 employees joined the company due to acquisitions.

Business development of the divisions

The Bioprocess Solutions Division, which offers a wide array of innovative technologies for the manufacture of biopharmaceuticals, recorded full-year sales growth of 4.9% in constant currencies to 1,010.3 million euros in 2017, relative to a very high prior-year revenue base, with acquisitions accounting for around one percentage point of growth in this sales figure. The division's business development was dampened by several simultaneous and temporary effects, primarily impacting the Americas region. Thus, temporary bottlenecks in supply for its business with cell culture media, inventory destocking by a few large customers and an interruption in production at the plant in Puerto Rico following Hurricane Maria all had an

impact. Order intake rose at a rate nearly twice as fast as sales revenue, reaching 9.7% in constant currencies after significant double-digit gains in the second half of the year.

The division's underlying EBITDA rose by 3.3% to 282.4 million euros. Despite unfavorable currency effects, the corresponding margin was 28.0%, at the prior-year level.

The Lab Products & Services Division, which offers products and technologies for laboratories primarily in the pharma sector and in life science research, recorded exceptionally dynamic growth due to its strong organic development and to a further acquisition in bioanalytics. The division's sales revenue rose by 22.0% to 394.2 million euros (reported: +21.2%), with around 14 percentage points of this expansion attributed to acquisitions. All regions and product areas contributed to this strong growth. In Lab Products & Services, order intake likewise increased at a faster pace than did sales, rising year over year by 25.8%.

Underlying EBITDA for the division also rose overproportionately with respect to sales, by 36.3% to 70.8 million euros. The division's margin climbed to 18.0% relative to 16.0% in the prior year.

Positive effects expected from U.S. tax reform

The U.S. tax reform approved in December 2017, which essentially lowers the U.S. corporate tax rate from 35% to 21%, resulted in the Sartorius Group in positive, non-cash extraordinary items of around 16 million euros during the reporting year, due to re-evaluation of deferred tax liabilities in the U.S. The corporate tax rate for the Group significantly decreased as a result of this effect from 29.0% a year earlier to 19.8% in the year under review.

A reduction in Sartorius' corporate tax rate by about 2 percentage points to around 27% is expected from 2018 onwards as a future effect. Since the changes in American tax legislation are very extensive, and further explanations and instructions for application by the U.S. tax authorities are still pending, this estimate is to be considered tentative.

Positive outlook for fiscal 2018

Sartorius again expects considerable profitable growth for the current year and therefore sees itself on track to reach its current mid-term targets set for 2020. Management thus projects that Group sales revenue for the full year will grow by about 9% to 12% and the company's underlying EBITDA margin will increase by about half a percentage point over the prior-year figure of 25.1%. The capex ratio will remain at the previous year's level of around 15%.

In view of the two divisions, management anticipates that sales for Bioprocess Solutions will grow by about 8% to 11% and that the division's underlying EBITDA margin will rise by around half a percentage point compared with the prior-year figure of 28.0%. For the Lab Products & Services Division, Sartorius projects that sales will grow approx. 12% to 15% and the division's underlying EBITDA margin will increase by about one percentage point (2017: 18.0%).

Because of the latest currency developments, reported figures in actual currencies might differ from constant currency guidance, and additional details will be provided as 2018 progresses.

¹ Sartorius uses underlying EBITDA (earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items) as the key profitability indicator

² EMEA = Europe | Middle East | Africa

³ After non-controlling interest, adjusted for extraordinary items and non-cash amortization, as well as based on the normalized financial result and corresponding tax effects

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Current image files

[Dr. Joachim Kreuzburg, CEO and Executive Board Chairman of Sartorius AG](#)

[Sartorius products used in the manufacture of medications](#)

[Sartorius bioanalytical systems used in pharmaceutical research](#)

Upcoming financial dates

April 5, 2018	Annual Shareholders' Meeting
April 24, 2018	Publication of first-quarter figures (January to March 2018)
July 24, 2018	Publication of first-half figures (January to June 2018)

A Profile of Sartorius

The Sartorius Group is a leading international pharmaceutical and laboratory equipment provider with two divisions: Bioprocess Solutions and Lab Products & Services. Bioprocess Solutions with its broad product portfolio focusing on single-use solutions helps customers produce biotech medications and vaccines safely and efficiently. Lab Products & Services, with its premium laboratory instruments, consumables and services, concentrates on serving the needs of laboratories performing research and quality assurance at pharma and biopharma companies and on those of academic research institutes. Founded in 1870, the company earned sales revenue of more than 1.4 billion euros in 2017. More than 7,500 people work at the Group's approximately 50 manufacturing and sales sites, serving customers around the globe.

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Key Performance Indicators for Fiscal 2017

	Sartorius Group				Bioprocess Solutions				Lab Products & Services			
in millions of € (unless otherwise specified)	2017	2016	Δ in % Reported	Δ in % cc ¹	2017	2016	Δ in % Reported	Δ in % cc ¹	2017	2016	Δ in % Reported	Δ in % cc ¹
Sales Revenue and Order Intake												
Sales revenue	1,404.6	1,300.3	8.0	9.3	1,010.3	975.0	3.6	4.9	394.2	325.3	21.2	22.0
- EMEA ²	604.5	569.1	6.2	6.8	413.8	406.9	1.7	2.5	190.7	162.2	17.6	17.7
- Americas ²	455.5	445.4	2.3	3.5	357.1	374.6	-4.7	-3.3	98.4	70.8	39.0	39.5
- Asia Pacific ²	344.6	285.8	20.6	22.5	239.4	193.5	23.7	25.3	105.2	92.3	14.0	16.6
Order intake	1,501.4	1,334.7	12.5	13.7	1,091.3	1,006.5	8.4	9.7	410.1	328.1	25.0	25.8
Earnings												
EBITDA ³	353.2	325.4	8.5		282.4	273.5	3.3		70.8	51.9	36.3	
EBITDA margin ³ in %	25.1	25.0			28.0	28.0			18.0	16.0		
Net profit for the period ⁴	144.0	132.6	8.6									
Financial Data per Share												
Earnings per ordinary share ⁴ in €	2.10	1.93	8.6									
Earnings per preference share ⁴ in €	2.11	1.94	8.6									

¹ In constant currencies abbreviated as "cc"

² Acc. to the customer's location

³ Underlying

⁴ After non-controlling interest, adjusted for extraordinary items and non-cash amortization, as well as based on the normalized financial result and corresponding tax effects.