

Nine-month figures for 2019: Sartorius continues on its dynamic growth track

- Group sales revenue up 15.5%; order intake up 16.1%; underlying EBITDA margin 26.6%
- Double-digit growth rates in the Bioprocess Solutions Division; robust development of the Lab Products & Services Division
- Management specifies guidance for revenue growth at upper end of bandwidth

Göttingen, October 21, 2019 – Sartorius, a leading international partner of biopharmaceutical research and the industry, performed dynamically in the third quarter as well, achieving double-digit growth rates in sales revenue, order intake and earnings in the first nine months.

"Sartorius achieved significant double-digit growth rates in sales revenue and earnings for the first nine months of the year as well," said Executive Board Chairman and CEO Dr. Joachim Kreuzburg. "In a challenging global economic environment, our Lab Products & Services Division showed a very robust third-quarter performance. At the same time, in the Bioprocess Solutions Division we have been benefiting from ongoing high demand and, beyond this, have continued to grow faster than the market. In view of our positive results, we now expect that Bioprocess Solutions and, therefore, the entire Group will reach the upper end of their respective sales forecasts."

The Group increased its sales revenue in the first nine months by 15.5% in constant currencies (reported: +17.5%) to 1,355.8 million euros; order intake grew 16.1% (reported: +18.1%) to 1,435.0 million euros.¹⁾

Underlying EBITDA¹⁾ rose overproportionately relative to sales by 22.7% to 361.1 million euros. The respective margin was 26.6% after 25.5% in the year-earlier period, with slightly less than one percentage point of this increase attributable, as expected, to the IFRS 16 Standard to be applied for the first time in 2019.²⁾ Relevant net profit¹⁾ for the first nine months of 2019 totaled 153.2 million euros, which equates to a year-over-year increase of 21.2%. This yielded earnings per ordinary share of 2.23 euros (9M 2018: 1.84 euros) and earnings per preference share of 2.24 euros (9M 2018: 1.85 euros).¹⁾

Business development in the regions

In the reporting period, Sartorius grew in all regions, with Asia | Pacific showing the highest dynamics, recording a sales gain of 21.5% to 348.1 million euros. The Americas region achieved a 14.7% increase in sales revenue to 461.7 million euros against high prior-year comparables. EMEA (Europe, Middle East and Africa), which continues to account for the largest share of Group sales, also developed positively, increasing its revenue by 12.7% to 546.1 million euros.

(All growth rates for the regions are in constant currencies.)

Key financial indicators

The Sartorius Group has a very sound balance sheet and financial base. Its ratio of net debt to underlying EBITDA¹⁾ was 2.1 relative to 2.4 at year-end 2018. Sartorius' equity ratio increased slightly from 38.5% as of December 31, 2018, to 38.7% due to the company's strong earnings position, despite the dampening effects resulting from a change in an accounting rule.²⁾ The ratio of capital expenditures (CAPEX) to sales revenue¹⁾ further decreased, as projected, to 12.5% (9M 2018: 13.3%) after several large expansion projects had been completed.

Business development of the divisions

The Bioprocess Solutions Division that offers a wide array of innovative technologies for the manufacture of biopharmaceuticals sustained its high momentum seen in the first half, increasing its sales by 19.4% (reported: +21.6%) to 1,025.0 million euros. This gain was fueled by ongoing strong demand across all product categories, particularly in project business in Asia. Order intake for Bioprocess Solutions rose to 1,100.0 million euros, which also equates to a substantial increase of 19.9% (reported: +22.0%) against strong comparables.

The division's underlying EBITDA was up 25.7% from the previous year's level, attaining 300.6 million euros. Its earnings margin rose from 28.4% to 29.3% due to economies of scale and as a result of the change in an accounting rule.²⁾

The Lab Products & Services Division that specializes in technologies and products for laboratories in the pharma sector and in life science research, as well as in a few other segments, achieved sales growth of 4.9% (reported: +6.5%) to 330.8 million euros in a partly challenging economic environment. Order intake for the division was robust, up 5.3% (reported: +6.9%) to 335.0 million euros.

The division's underlying EBITDA rose year over year by 9.9% to 60.5 million euros. The corresponding margin was 18.3%, up from the previous year's level of 17.7%, and was positively affected by the change in an accounting rule.²⁾

(All growth rates for sales revenue and order intake are given in constant currencies.)

Full-year guidance for 2019 specified

Based on the Sartorius Group's business performance in the first nine months and ongoing high demand for Bioprocess Solutions, management specifies its financial guidance for the full year of 2019 as follows:

The Group's sales revenue growth in constant currencies for the full year is now expected to reach the upper end of the bandwidth of about 10% to 14%. Regarding profitability, management continues to forecast that the company's underlying EBITDA margin will rise to slightly more than 27.0%, with the operating gain projected to amount to about half a percentage point and the remaining increase expected to result from changes in an accounting rule.²⁾

The ratio of capital expenditures (CAPEX) to sales revenue remains projected to be around 12%, down from the year-earlier figure of 15.2%.¹⁾

For the Bioprocess Solutions Division, management now expects that the upper end of its sales guidance of about 13% to 17% will be reached. Management's forecast for the division's underlying EBITDA margin remains unchanged, which is projected to increase to slightly more than 29.5% compared with the prior-year figure of 28.6%. The operating gain of this increase is expected to account for around half a percentage point.²⁾

For the Lab Products & Services Division, Sartorius continues to anticipate that due to the softer economic environment, the lower range of the division's sales forecast of about 5% to 9% will be reached. The division's underlying EBITDA margin is still expected to be slightly below 20%, with the operating increase accounting for about half a percentage point.²⁾

All forecasts are based on constant currencies, as in the past years. A disorderly exit of the United Kingdom from the EU and an exacerbation of international trade disputes could impact supply chains in both divisions to a certain degree in spite of the measures already taken to counteract these developments. A reliable prognosis concerning possible effects cannot be made at the current time.

- 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.
 - Underlying EBITDA: earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items
 - Order intake: all customer orders contractually concluded during the respective reporting period
 - Relevant net profit: profit for the period 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
 - CAPEX ratio: investment payments in relation to sales revenue for the same period. Since 2019 and as a result of the change in IFRS 16 accounting principles, CAPEX has been based on cash flow instead of balance sheet computation; CAPEX ratio restated: 13.3% for 9M 2018; 14.9% for FY 2018
- 2) IFRS 16 required to be applied as of 2019 regulates accounting of lease contracts. Ultimately, this has led to a somewhat extended balance sheet and thus to a slightly lower equity ratio. Further, this has resulted in reporting longer-term lease payments as depreciation and, accordingly, in a somewhat higher EBITDA, but does not entail any material changes concerning the Group's relevant net profit or earnings per share.

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.

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Conference call

Dr. Joachim Kreuzburg, CEO and Executive Board Chairman of Sartorius, and Rainer Lehmann, CFO, will discuss the company's business results, as well as the agreement to acquire select Danaher Life Sciences platform businesses, with analysts and investors in a conference call on Monday, October 21, 2019, at 3:30 p.m. Central European Summer Time (CEST). The dial-in numbers and presentation will be published shortly on the Sartorius website at:

<https://www.sartorius.com/en/company/investor-relations/sartorius-ag-investor-relations>

Current image files

<https://www.sartorius.com/en/company/newsroom/downloads-publications>

A profile of Sartorius

The Sartorius Group is a leading international partner of biopharmaceutical research and the industry. With innovative laboratory instruments and consumables, the Group's Lab Products & Services Division concentrates on serving the needs of laboratories performing research and quality control at pharma and biopharma companies and those of academic research institutes. The Bioprocess Solutions Division with its broad product portfolio focusing on single-use solutions helps customers to manufacture biotech medications and vaccines safely and efficiently. The Group has been annually growing by double digits on average and has been regularly expanding its portfolio by acquisitions of complementary technologies. In fiscal 2018, the company earned sales revenue of some 1.57 billion euros. Currently, more than 8,800 people work at the Group's approximately 60 manufacturing and sales sites, serving customers around the globe.

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Key Performance Indicators for the First Nine Months of 2019

In millions of €, unless otherwise specified	Sartorius Group				Bioprocess Solutions				Lab Products & Services			
	9M 2019	9M 2018	Δ in % Reported	Δ in % cc ¹⁾	9M 2019	9M 2018	Δ in % Reported	Δ in % cc ¹⁾	9M 2019	9M 2018	Δ in % Reported	Δ in % cc ¹⁾
Sales Revenue and Order Intake												
Sales revenue	1,355.8	1,153.7	17.5	15.5	1,025.0	843.0	21.6	19.4	330.8	310.7	6.5	4.9
- EMEA ²⁾	546.1	484.1	12.8	12.7	399.7	342.5	16.7	16.6	146.4	141.6	3.4	3.2
- Americas ²⁾	461.7	387.9	19.0	14.7	369.7	306.6	20.6	16.1	92.0	81.3	13.1	9.7
- Asia Pacific ²⁾	348.1	281.7	23.6	21.5	255.7	193.9	31.9	29.9	92.4	87.8	5.2	3.1
Order intake	1,435.0	1,215.2	18.1	16.1	1,100.0	901.8	22.0	19.9	335.0	313.4	6.9	5.3
Earnings												
EBITDA ³⁾	361.1	294.2	22.7		300.6	239.1	25.7		60.5	55.0	9.9	
EBITDA margin ³⁾ in %	26.6	25.5			29.3	28.4			18.3	17.7		
Net profit for the period ⁴⁾	153.2	126.3	21.2									
Financial Data per Share												
Earnings per ordinary share ⁴⁾ in €	2.23	1.84	21.3									
Earnings per preference share ⁴⁾ in €	2.24	1.85	21.2									

¹⁾ In constant currencies, abbreviated as "cc"

²⁾ Acc. to the customer's location

³⁾ Underlying EBITDA: earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items

⁴⁾ Relevant net profit: profit for the period 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

Statement of Profit and Loss

	3rd quarter 2019 € in mn	3rd quarter 2018 € in mn	9 months 2019 € in mn	9 months 2018 € in mn
Sales revenue	461.2	395.3	1,355.8	1,153.7
Cost of sales	-224.2	-188.7	-659.6	-557.2
Gross profit on sales	237.0	206.6	696.2	596.5
Selling and distribution costs	-91.9	-84.8	-274.5	-246.9
Research and development expenses	-23.1	-20.6	-68.4	-61.8
General administrative expenses	-27.8	-22.2	-80.2	-68.6
Other operating income and expenses ¹⁾	-11.3	-5.0	-23.7	-22.0
Earnings before interest and taxes (EBIT)	82.8	74.0	249.4	197.3
Financial income	3.7	3.2	8.2	6.3
Financial expenses	-11.7	-12.2	-26.1	-26.4
Financial result	-8.0	-9.1	-17.9	-20.1
Profit before tax	74.8	64.9	231.5	177.2
Income taxes	-20.2	-17.5	-62.5	-47.9
Net profit for the period	54.6	47.4	169.0	129.4
Attributable to:				
Shareholders of Sartorius AG	39.0	34.1	121.3	91.4
Non-controlling interest	15.6	13.3	47.7	38.0
Earnings per ordinary share (€) (basic)	0.57	0.50	1.77	1.33
Earnings per preference share (€) (basic)	0.57	0.50	1.78	1.34
Earnings per ordinary share (€) (diluted)	0.57	0.50	1.77	1.33
Earnings per preference share (€) (diluted)	0.57	0.50	1.78	1.34

¹⁾ The item "Other operating income and expenses" includes extraordinary expenses for Group projects and integration costs of €18,5 million for the nine-months period of 2019 (9-mo. 2018: €19,1 million).

Statement of Comprehensive Income

	3rd quarter 2019 € in mn	3rd quarter 2018 € in mn	9 months 2019 € in mn	9 months 2018 € in mn
Net profit for the period	54.6	47.4	169.0	129.4
Cash flow hedges	-7.3	-2.4	-9.5	-12.1
- of which effective portion of the change in fair value	-6.0	-0.6	-6.5	-2.7
- of which reclassified to profit or loss	-1.2	-1.9	-2.9	-9.4
Income tax on cash flow hedges	2.2	0.7	3.0	3.6
Net investment in a foreign operation	15.9	2.8	18.2	13.5
Income tax on net investment in a foreign operation	-4.3	-0.7	-4.9	-3.6
Currency translation differences	14.4	1.2	12.7	2.4
Items that may be reclassified in the profit or loss statement, net of tax	20.9	1.6	19.6	3.7
Remeasurements of the net defined benefit liability	0.0	0.0	-6.8	0.2
Income tax on items that will not be reclassified in the profit or loss statement	0.0	0.0	2.0	0.0
Items that will not be reclassified in the profit or loss statement, net of tax	0.0	0.0	-4.7	0.2
Other comprehensive income after tax	20.9	1.6	14.9	3.9
Total comprehensive income	75.5	49.0	183.9	133.3
Attributable to:				
Shareholders of Sartorius AG	57.1	35.4	135.0	96.1
Non-controlling interest	18.4	13.6	48.9	37.2

Statement of Financial Position

	Sept. 30, 2019	Dec. 31, 2018
	€ in mn	€ in mn
Assets		
Non-current assets		
Goodwill	671.6	662.2
Other intangible assets	415.0	401.0
Property, plant and equipment	796.6	659.6
Financial assets	29.8	28.8
Other assets	1.0	0.7
Deferred tax assets	27.2	20.6
	1,941.3	1,772.9
Current assets		
Inventories	402.2	321.7
Trade receivables	338.9	307.4
Other financial assets	20.6	29.3
Current tax assets	14.6	15.4
Other assets	43.7	35.1
Cash and cash equivalents	64.6	45.2
	884.6	753.9
Total assets	2,825.9	2,526.9
Equity and liabilities	Sept. 30, 2019	Dec. 31, 2018
	€ in mn	€ in mn
Equity		
Equity attributable to Sartorius AG shareholders	827.7	740.6
Issued capital	68.4	68.4
Capital reserves	40.5	40.2
Other reserves and retained earnings	718.8	632.0
Non-controlling interest	267.2	232.8
	1,094.9	973.4
Non-current liabilities		
Pension provisions	72.1	64.7
Other provisions	8.0	7.8
Loans and borrowings	863.3	878.5
Lease liabilities	53.8	16.1
Other financial liabilities	23.6	21.9
Deferred tax liabilities	83.0	83.7
	1,103.8	1,072.8
Current liabilities		
Provisions	16.9	16.3
Trade payables	219.4	173.5
Loans and borrowings	146.2	107.3
Lease liabilities	17.1	2.7
Employee benefits	77.8	63.0
Other financial liabilities	34.7	25.1
Current tax liabilities	60.9	38.1
Other liabilities	54.2	54.8
	627.2	480.7
Total equity and liabilities	2,825.9	2,526.9

Statement of Cash Flows

	9 months 2019 € in mn	9 months 2018 € in mn
Profit before tax	231.5	177.2
Financial result	17.9	20.1
Depreciation amortization of intangible and tangible assets	93.8	77.9
Gains losses from the disposal of fixed assets	0.0	-1.8
Change in provisions	0.4	-1.3
Change in receivables and other assets	-25.8	-51.8
Change in inventories	-71.2	-63.4
Change in liabilities (without loans and borrowings)	53.2	53.1
Income taxes paid	-47.8	-49.9
Other non-cash items	2.1	1.6
Cash flows from operating activities	254.1	161.7
Capital expenditures	-169.0	-153.4
Proceeds from the disposal of fixed assets	0.0	2.0
Other payments	-2.0	-0.4
Cash flow from investing activities	-171.1	-151.8
Payments for acquisitions of consolidated subsidiaries and other business operations, net of cash acquired	-4.5	0.0
Proceeds from the disposal of consolidated subsidiaries, net of cash disposed	0.0	0.0
Cash flow from investing activities, acquisitions and disposals	-175.6	-151.8
Interest received	1.3	0.2
Interest paid and other financial charges	-15.9	-10.1
Dividends paid to:		
- Shareholders of Sartorius AG	-42.1	-34.5
- Non-controlling interest	-14.9	-11.7
Loans repaid	-57.6	-22.0
Loans raised	67.2	94.7
Cash flow from financing activities	-61.9	16.6
Net increase decrease in cash and cash equivalents	16.7	26.5
Cash and cash equivalents at the beginning of the period	45.2	59.4
Change in scope of consolidation	2.5	0.0
Net effect of currency translation on cash and cash equivalents	0.2	1.3
Cash and cash equivalents at the end of the period	64.6	87.2

Reconciliation Statement

€ in millions	9 months 2019	9 months 2018
EBIT	249.4	197.3
Extraordinary effects	18.5	19.1
Amortization	25.5	27.7
Normalized financial result ¹⁾	-11.7	-12.3
Normalized income tax (2019: 27% 2018: 27%) ²⁾	-76.1	-62.6
Underlying net result after tax	205.7	169.2
Non-controlling interest	-52.5	-42.9
Underlying earnings after taxes and non-controlling interest	153.2	126.3
Underlying earnings per share		
per ordinary share in €	2.23	1.84
per preference share in €	2.24	1.85

¹⁾ Financial result excluding fair value adjustments of hedging instruments and currency effects relating to financing activities

²⁾ Income tax considering the average group tax rate, based on the underlying profit before tax.