



sartorius



sartorius stedim  
biotech



# Conference Call Nine-Month 2017 Results

Joachim Kreuzburg, CEO | October 25, 2017

## Disclaimer

This presentation contains statements concerning the future performance of the Sartorius Group and the Sartorius Stedim Biotech Group. 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.

Throughout this presentation, differences may be apparent as a result of rounding during addition.

# Agenda

**01** Sartorius Group:  
9M 2017 Results | FY 2017 Guidance

**02** Sartorius Stedim Biotech Group:  
9M 2017 Results | FY 2017 Guidance

**03** Questions & Answers



## 9M 2017 Highlights

- ▶ Continued profitable growth in a challenging market and FX environment
- ▶ Lab Products & Services continues to develop dynamically driven by strong organic growth and acquisitions
- ▶ Development of the Bioprocess Solutions Division slightly lower than expected due to temporary effects
- ▶ FY 2017 guidance adjusted
- ▶ Underlying growth drivers of the biopharma market remain intact – mid-term targets confirmed



# Continued profitable growth despite market and FX challenges

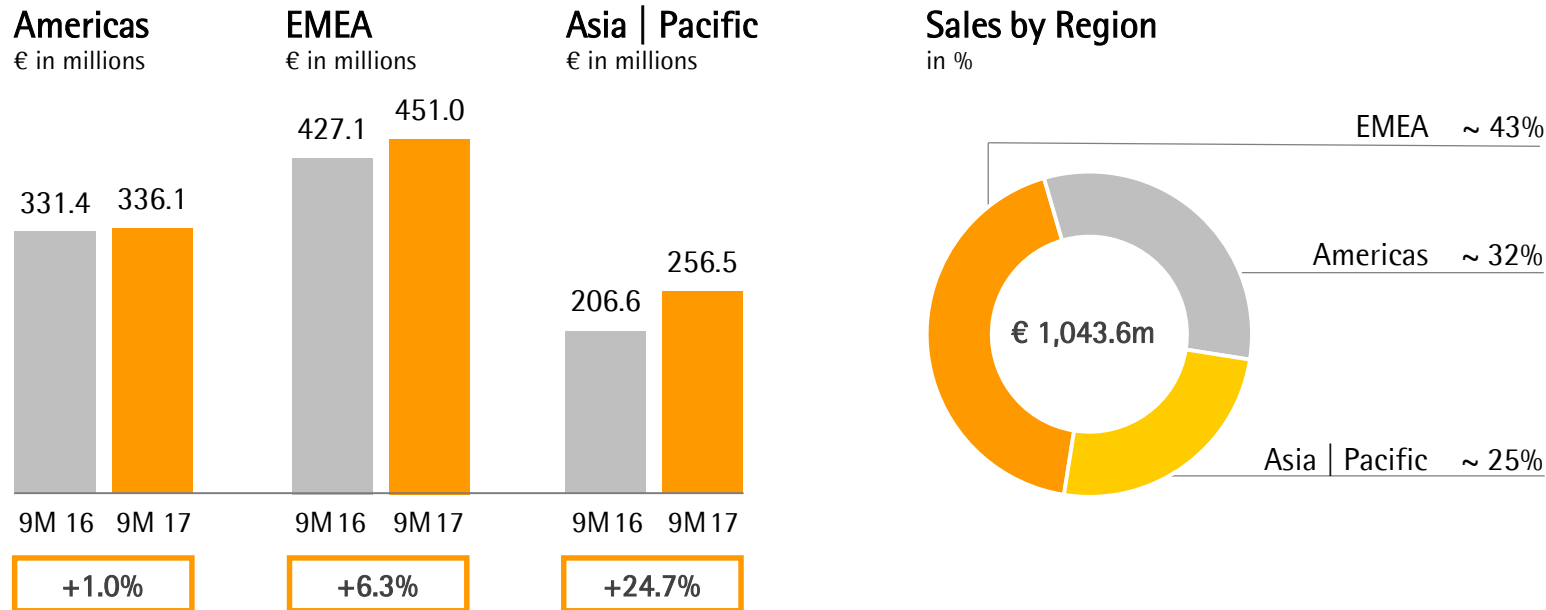
## Sartorius Group

in millions of € unless otherwise specified

	9M 2016	9M 2017	Δ in %	Δ in % cc <sup>1</sup>
Sales revenue	965.1	1,043.6	+8.1	+8.6
Order intake	988.2	1,096.4	+11.0	+11.4
Underlying EBITDA <sup>2</sup>	241.4	259.0	+7.3	
Underlying EBITDA <sup>2</sup> margin	25.0	24.8	-0.2 pp	
Underlying EPS <sup>3</sup> (ord.) in €	1.44	1.54	+6.9	
Underlying EPS <sup>3</sup> (pref.) in €	1.45	1.55	+6.8	
Capex ratio in %	11.8	13.6		

<sup>1</sup> Constant currencies <sup>2</sup> Underlying = excluding extraordinary items <sup>3</sup> Underlying EPS = based on net profit after non-controlling interest; adjusted for extraordinary items as well as amortization and based on a normalized financial result and tax rate

# Temporary effects mainly influence Americas region

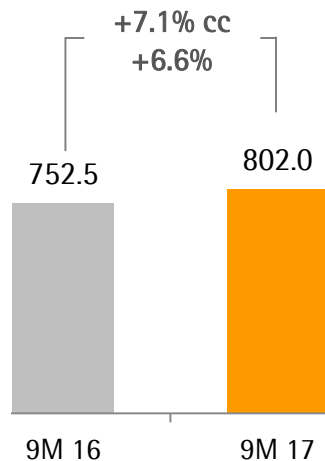


Acc. to customers' location; growth in constant currencies

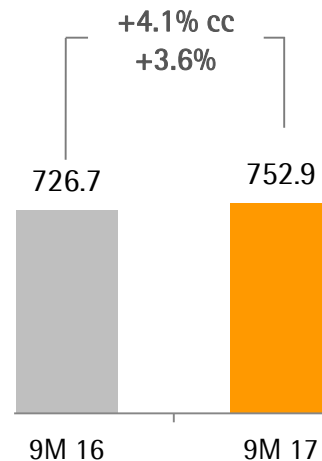
- Americas: strong prior-year base; development dampened by a few transient, bioprocess-related effects
- EMEA: strong organic performance and acquisitions drive LPS growth; BPS also affected by softer demand and destocking
- Asia | Pacific: dynamic growth fueled by both divisions; BPS growth supported by some large equipment deliveries

# BPS: Temporary effects cause performance to be somewhat below expectations

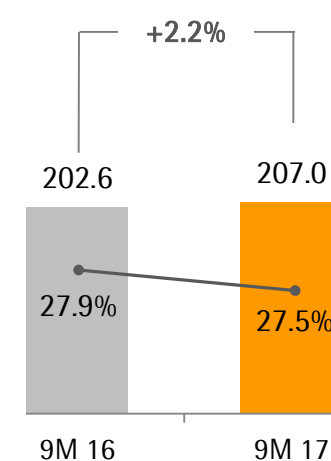
**Order Intake**  
€ in millions



**Sales Revenue**  
€ in millions



**Underlying EBITDA & Margin**  
€ in millions

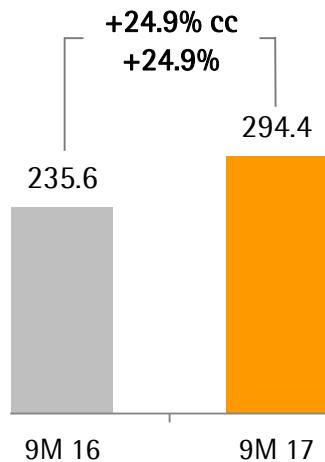


- Relatively soft demand after two exceptionally strong years in the Americas and parts of Europe; additional effect resulted from destocking by a few customers particularly in Q3
- Transient manufacturing (Puerto Rico) and supply bottlenecks (cell culture media) weigh on growth
- Acquisitions of kSep and Umetrics contribute ~1pp to growth
- Underlying EBITDA margin slightly below prior-year level due to currency effects

# LPS: Dynamic development in line with expectations

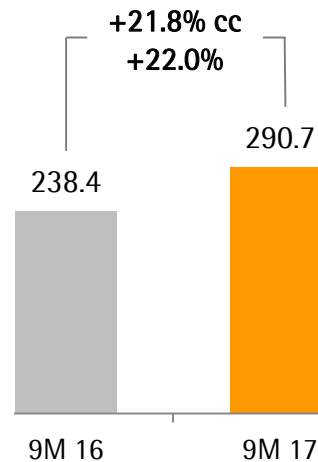
## Order Intake

€ in millions



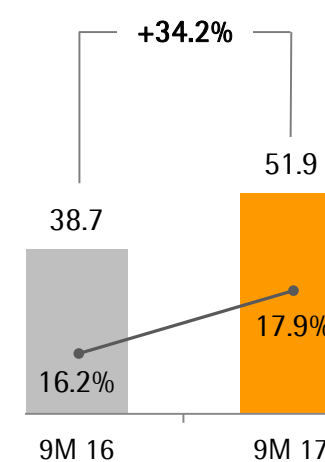
## Sales Revenue

€ in millions



## Underlying EBITDA & Margin

€ in millions



- All regions and all product categories drive strong organic growth of a good 7%
- Recent acquisitions in the field of bioanalytics contributed close to 15 pp to sales growth
- Substantial increase in earnings due to scale effects related to strong organic growth and acquisitions; currencies dilutive



# Cash flow influenced by recent acquisitions

## Sartorius Group

€ in millions

	9M 2016	9M 2017	Δ in %
Underlying EBITDA	241.4	259.0	+7.3
Extraordinary items	-20.2	-21.8	-7.7
Financial result	-6.3	-12.2	-93.3
Underlying net profit <sup>1,2</sup>	98.9	105.7	+6.9
Reported net profit <sup>2</sup>	80.3	74.6	-7.0
Net operating cash flow	109.0	123.1	+12.9
Net investing cash flow <sup>3</sup>	-228.3	-499.2	n.m.

- Change in financial result due to valuation effects of derivatives | fx loans and debt-rel. interest expenses
- Increase in EBITDA and lower tax payments drive net operating cash flow
- Net investing cash flow primarily reflects the acquisitions of Essen and Umetrics; capex increased as planned

<sup>1</sup> Underlying net profit = net profit adjusted for extraordinary items, amortization and based on a normalized financial result and tax rate

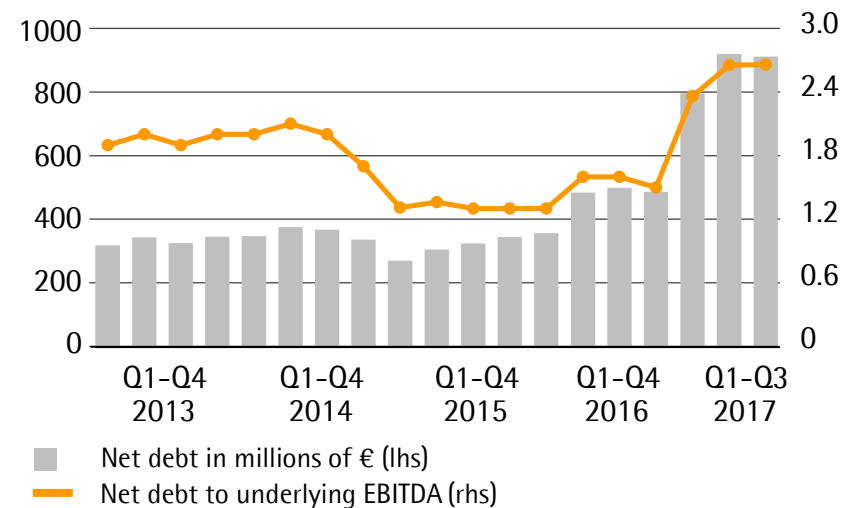
<sup>2</sup> After non-controlling interest <sup>3</sup> Net cash flow from investing activities and acquisitions

# Key financial indicators remain at robust levels

## Key Financial Indicators

Sartorius Group	Dec. 31, 2016	Sep. 30, 2017
Equity ratio in %	42.0	33.6
Net debt in millions of €	485.9	911.5
Net debt   underlying EBITDA	1.5	2.7

## Net Debt and Net Debt to Underlying EBITDA



# FY 2017 guidance adjusted | mid-term targets confirmed

	9M 2017		FY 2017 Guidance	
	Sales Revenue Growth <sup>1</sup>	Underlying EBITDA Margin	Sales Revenue Growth <sup>1</sup>	Underlying EBITDA Margin
Sartorius Group	8.6%	24.8%	~ 9% (prev.: ~ 12% - 16%)	~ 25% <sup>2</sup> (prev.: > +0.5 pp <sup>1</sup> vs. FY16: 25.0%)
Bioprocess Solutions	4.1%	27.5%	~ 4% (prev.: ~ 9% - 13%)	~ 28% <sup>2</sup> (prev.: ~ +0.5 pp <sup>1</sup> vs. FY16: 28.0%)
Lab Products & Services	21.8%	17.9%	~ 22% (prev.: ~ 20% - 24%)	~ 18% <sup>2</sup> (prev.: nearly +2 pp <sup>1</sup> vs. FY16: 16.0%)

<sup>1</sup> In constant currencies <sup>2</sup> In actual currencies

- Capex ratio expected at the upper end of the ~ 12% - 15% range
- 2020 targets confirmed; new targets beyond 2020 to be provided in Q1 2018

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# Growth somewhat lower than expected due to temporary effects

## Sartorius Stedim Biotech Group

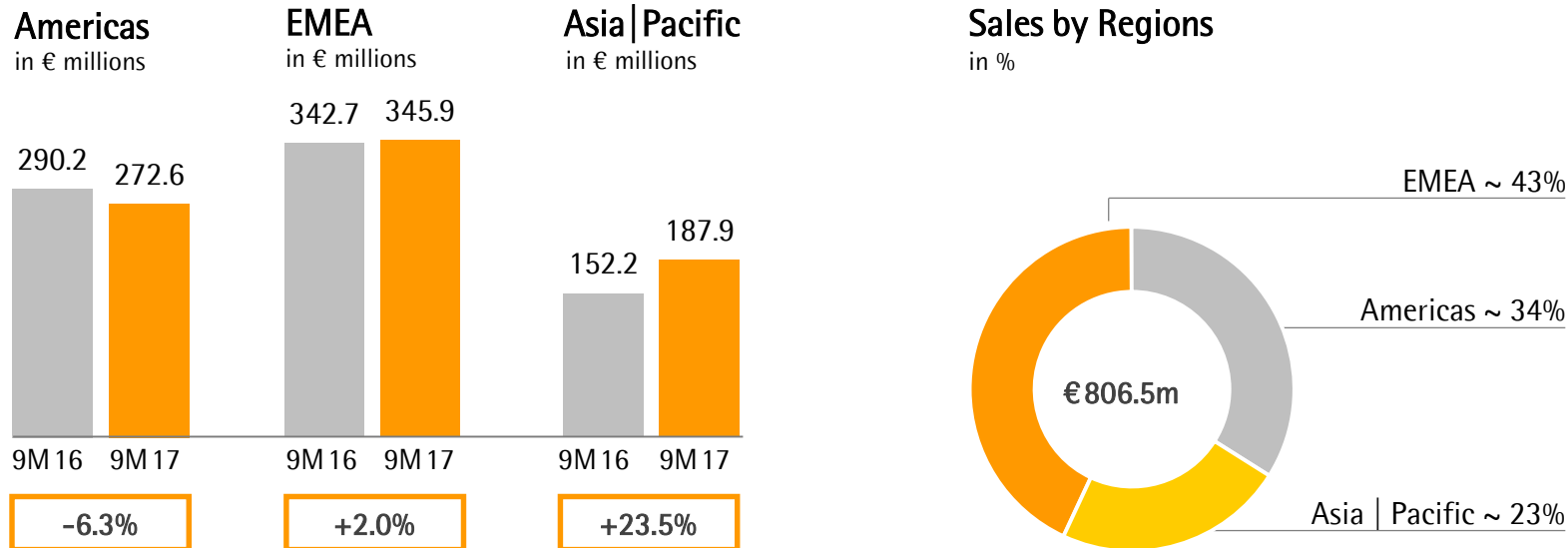
in millions of €, unless otherwise specified

	9M 2016	9M 2017	Δ in %	Δ in % cc <sup>1</sup>
Sales revenue	785.1	806.5	+2.7	+3.3
Order intake	806.6	853.0	+5.8	+6.3
Underlying EBITDA <sup>2</sup>	214.1	216.2	+1.0	
Underlying EBITDA <sup>2</sup> margin	27.3	26.8	-0.5 pp	
Underlying EPS <sup>3</sup> per share in €	1.42	1.43	+0.6	
Capex ratio in %	6.8	11.3		

- Relatively soft demand after two exceptionally strong years
- Temporary manufacturing (Puerto Rico) and supply bottlenecks (cell culture media) impacted growth
- Acquisitions of kSep and Umetrics contributed ~1pp to growth
- Underlying EBITDA margin up slightly below prior-year level due to currency effects

<sup>1</sup> Constant currencies <sup>2</sup> Underlying = excluding extraordinary items <sup>3</sup> Underlying EPS = based on net profit after non-controlling interest; adjusted for extraordinary items, amortization and based on a normalized financial result and tax rate

## Different development in the regions



Acc. to customers' location; growth in constant currencies

- Americas & EMEA compare with a very high prior-year base; soft demand in the Americas and parts of Europe; additional effect resulted from destocking by a few customers particularly in Q3
- Moreover, transient manufacturing (Puerto Rico) and supply bottlenecks (cell culture media) impacted development in the Americas
- Dynamic growth in Asia | Pacific supported by some large equipment deliveries

# Robust cash flow performance

## Sartorius Stedim Biotech Group

€ in millions

	9M 2016	9M 2017	Δ in %
Underlying EBITDA	214.1	216.2	+1.0
Extraordinary items	-7.9	-11.9	-49.9
Financial result	-2.8	-1.3	+52.6
Underlying net profit <sup>1</sup>	131.3	132.1	+0.6
Reported net profit	119.3	117.1	-1.9
Net operating cash flow	100.5	108.8	+8.2
Net investing cash flow <sup>2</sup>	-75.1	-152.5	n.m

- Change in financial result mainly due to valuation effects of derivatives | fx loans
- Net operating cash flow developed as expected
- Net investing cash flow primarily reflects the acquisition of Umetrics and higher capex

<sup>1</sup> Underlying net result = net profit adjusted for extraordinary items, amortization and based on a normalized financial result and tax rate

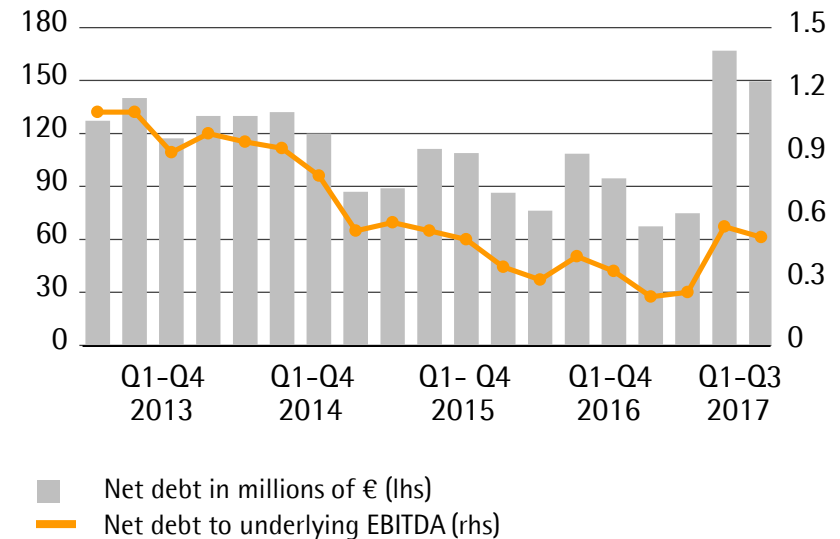
<sup>2</sup> Net cash flow from investing activities and acquisitions

# Financial position remains strong

## Key Financial Indicators

Sartorius Stedim Biotech	Dec. 31, 2016	Sep. 30, 2017
Equity ratio in %	63.9	61.4
Net debt in millions of €	67.6	149.5
Net debt   underlying EBITDA	0.2	0.5

## Net Debt and Net Debt to Underlying EBITDA





# Outlook for 2017 adjusted | mid-term targets confirmed

	9M 2017	FY 2017 Guidance
Sales revenue growth <sup>1</sup>	3.3%	~4% (prev.: ~ +8% - 12%)
Underlying EBITDA margin	26.8%	~ 27.5% <sup>2</sup> (prev.: ~ +0.5pp <sup>1</sup> vs. FY16: 27.5%)
Capex ratio	11.3%	~ 10% - 13% - upper end

<sup>1</sup> In constant currencies <sup>2</sup> In actual currencies

- 2020 targets confirmed; new targets beyond 2020 to be provided in Q1 2018

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Thank you very much  
for your attention