

SARTORIUS

Simplifying Progress

Conference Call First-Quarter 2020 Results

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Sartorius | Sartorius Stedim Biotech

April 21, 2020



Disclaimer

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

Q1 2020 Highlights

- Significant double-digit growth in Group order intake, sales revenue and earnings
- Coronavirus pandemic so far with overall neutral impact on Group level, different effects on the divisions
- Bioprocess Solutions: Dynamic top-line growth; strong order intake additionally driven by large equipment orders and stocking initiatives by some customers
- Lab Products & Services: Noticeably dampened demand due to economic standstill in China during first two months
- Production sites and supply chains in both divisions are up and running
- Extensive safety measures at all workplaces; customer interactions digitized and remote office work as far as possible
- FY 2020 guidance updated
- New branding launched in February: ‚Simplifying progress‘ as the new corporate claim

Agenda

Sartorius Group
Q1 2020 Results | FY 2020 Guidance

Sartorius Stedim Biotech Group
Q1 2020 Results | FY 2020 Guidance

Questions & Answers



Dynamic top-line growth; further margin increase

| Sartorius Group in millions of € unless otherwise specified | Q1 2019 | Q1 2020 | ▲ in % | ▲ in % cc ¹ |
|---|---------|---------|--------|------------------------|
| Sales revenue | 435.7 | 509.9 | +17.0 | +16.5 |
| Order intake | 482.8 | 629.4 | +30.4 | +29.7 |
| Underlying EBITDA ² | 114.0 | 137.9 | +20.9 | |
| Underlying EBITDA ² margin in % | 26.2 | 27.0 | +0.8pp | |
| Underlying EPS ³ (ord.) in € | 0.71 | 0.83 | +17.6 | |
| Underlying EPS ³ (pref.) in € | 0.72 | 0.84 | +17.3 | |

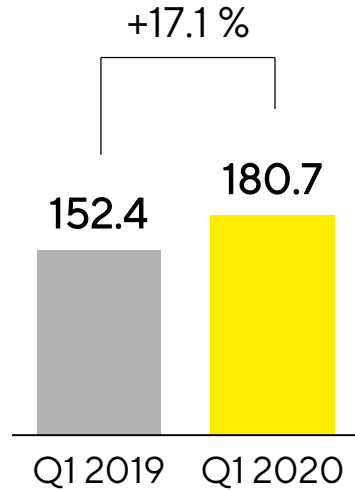
- Acquisition of cell culture media specialist Biological Industries contributed a good 1pp to sales growth, as expected
- Underlying EBITDA driven by economies of scale; slight negative impact by currencies
- 2019 OI, sales and margins of divisions restated due to changed allocation of two small product groups, no impact on Group

¹ Constant currencies ² Underlying = excluding extraordinary items ³ 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

Double-digit growth in all geographies

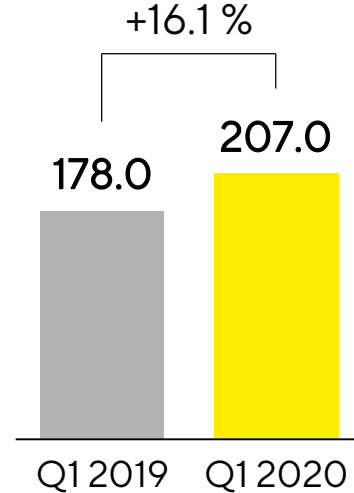
Americas

€ in millions



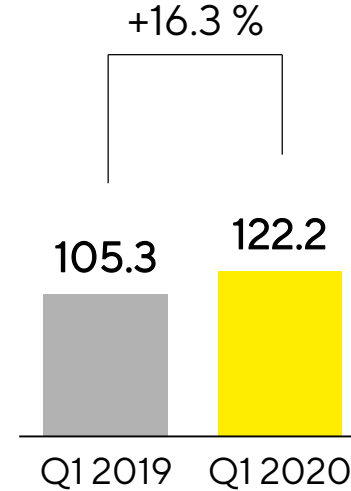
EMEA

€ in millions



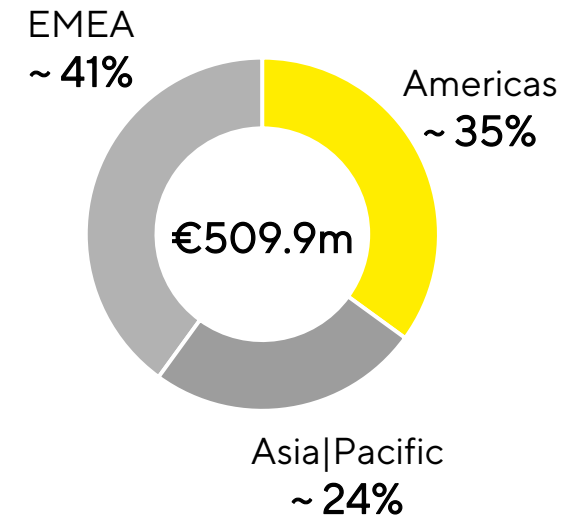
Asia|Pacific

€ in millions



Sales by Region

in %



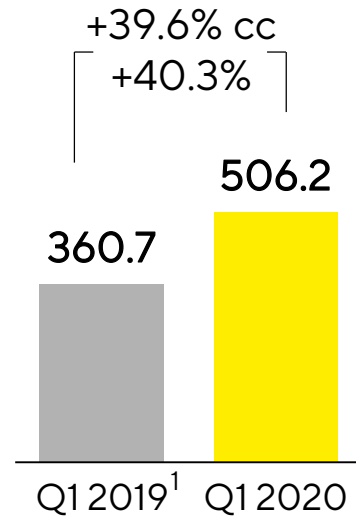
- Americas: Strong momentum in BPS; LPS stable
- EMEA: BPS strong; LPS supported by demand for diagnostic test kits
- Asia|Pacific: BPS with most dynamic growth; LPS demand declined significantly in Jan. and Feb. due to standstill in China

Acc. to customers' location; growth in constant currencies

BPS: Strong demand across all product categories and regions

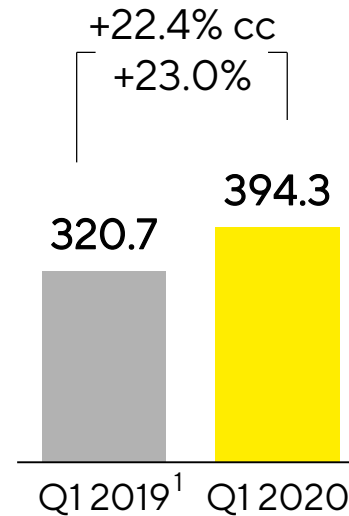
Order Intake

€ in millions



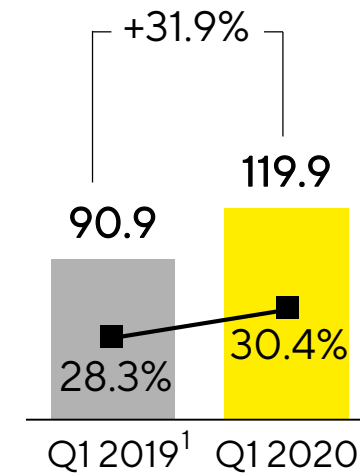
Sales Revenue

€ in millions



Underlying EBITDA & Margin

€ in millions



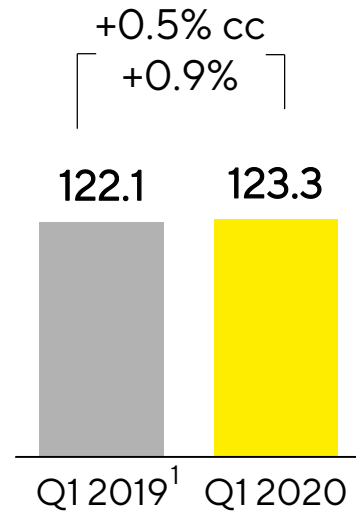
- Order intake driven by larger equipment orders from China and pull-forward effects due to stocking initiatives of customers
- Stocking initiatives had 2pp impact on sales growth; non-organic growth from Biological Industries consolidation close to 1pp
- Underlying EBITDA margin rose due to economies of scale, despite minor negative currency effects

¹ Q1 2019 figures reported: Order intake €366m, sales €326m, underlying EBITDA €94.2m

LPS: Strongly reduced demand in China

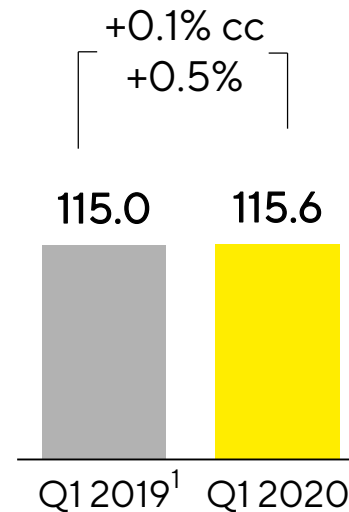
Order Intake

€ in millions



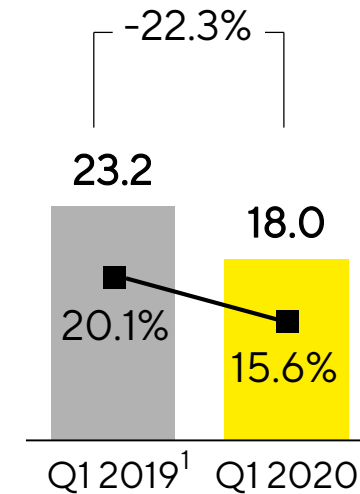
Sales Revenue

€ in millions



Underlying EBITDA & Margin

€ in millions



- Soft demand, especially for laboratory instruments in China; business picked up during March
- About 2.5pp non-organic revenue growth contributed by Biological Industries
- Underl. EBITDA margin impacted by low capacity utilization due to economic standstill in China and FX (approx. -1.5pp)

¹ Q1 2019 figures reported: Order intake €116.8m, sales €109.7m, underlying EBITDA €19.8m

Operating cash flow increases

| Sartorius Group in millions of € unless otherwise specified | Q1 2019 | Q1 2020 | ▲ in % |
|---|---------|---------|--------|
| Underlying EBITDA | 114.0 | 137.9 | +20.9 |
| Extraordinary items | -5.0 | -13.0 | -159.9 |
| Financial result | -7.4 | 0.4 | n.m. |
| Underlying net profit ^{1,2} | 48.6 | 57.1 | +17.5 |
| Reported net profit ² | 37.8 | 46.2 | +22.3 |
| Operating cash flow | 105.9 | 113.9 | +7.5 |
| Investing cash flow³ | -55.0 | -46.1 | +16.3 |
| CAPEX ratio (in %) | 12.9 | 8.8 | -4.1pp |

- Net operating cash flow mostly driven by higher earnings and factoring of receivables in the amount of ~€75m
- Extraordinary items influenced by rebranding and M&A expenses, among others
- Some investments postponed due to the pandemic crisis
- Review of dividend proposal for FY 2019 under consideration

1 Underlying net profit = net profit adjusted for extraordinary items, amortization and based on a normalized financial result and tax rate 2 After non-controlling interest

3 Net cash flow from investing activities and acquisitions

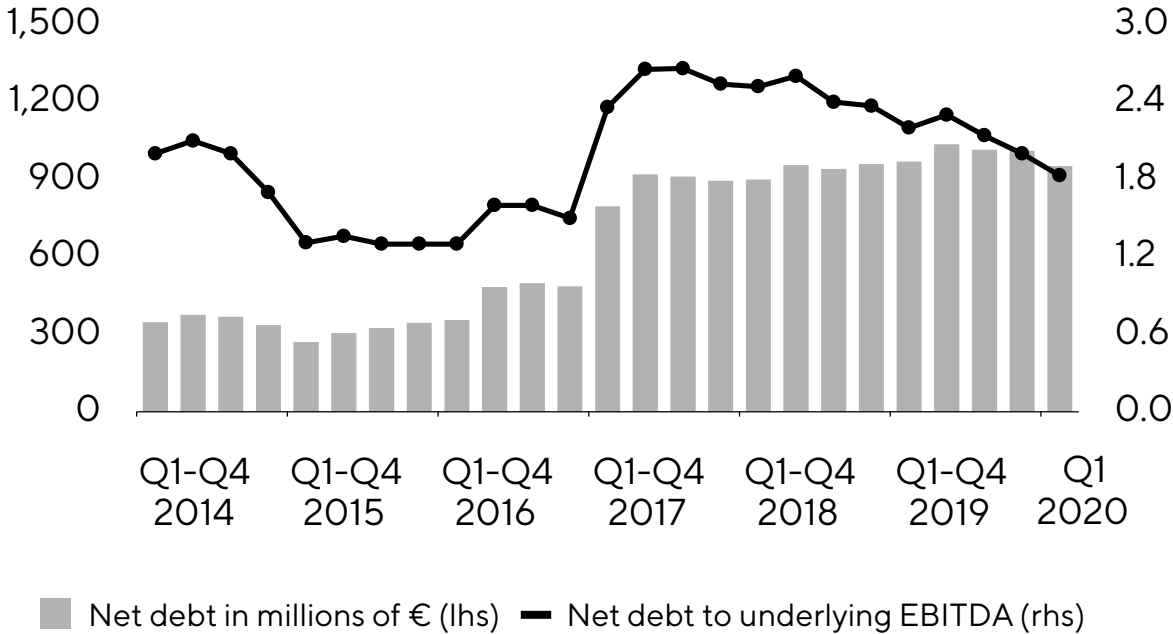
Very sound balance sheet and financial base

Key Financial Indicators

| Sartorius Group | Dec. 31, 2019 | Mar. 31, 2020 |
|------------------------------|---------------|---------------|
| Equity ratio in % | 38.0 | 39.0 |
| Net debt in millions of € | 1,011.3 | 951.9 |
| Net debt underlying EBITDA | 2.0 | 1.8 |

- All financial indicators improved compared to last reporting

Net Debt and Net Debt to Underlying EBITDA



Outlook for 2020, higher uncertainty than usual

- Given the pandemic situation, forecast is subject to higher uncertainty than usual concerning both the development of existing businesses and the integration of acquisitions
- Guidance is based on the macroeconomic assumptions that China will continue ramping up its economy and Europe and the US will soon have reached the peak of the pandemic, and will ease economic restrictions
- The outlook further reflects the assumption of intact supply chains and largely unaffected production capacities in both divisions
- Finally, as we continue to expect the closing of the acquisition of parts of the life science portfolio from Danaher within the next weeks, we have included the scenario to consolidate the businesses from May 2020

Outlook for 2020

| FY 2020 Guidance ¹ | Previous | New | | |
|------------------------------------|----------------------|--------------------------|----------------------|--------------------------|
| | Sales Revenue Growth | Underlying EBITDA Margin | Sales Revenue Growth | Underlying EBITDA Margin |
| Sartorius Group | ~ 10% - 13% | ~ 27.5% | ~ 15% - 19% | ~ 27.5% |
| - thereof Biological Industries | 1.5pp | slightly dilutive | 1.5pp | slightly dilutive |
| - thereof Danaher portfolio | - | - | 5pp | neutral |
| Bioprocess Solutions | ~ 11% - 14% | ~ 30.0% | ~ 17% - 21% | ~ 30.0% |
| - thereof Biological Industries | 1pp | slightly dilutive | 1pp | slightly dilutive |
| - thereof Danaher portfolio | - | - | 3.5pp | -0.5pp |
| Lab Products & Services | ~ 7% - 10% | ~ 20.0% | ~ 10% - 14% | ~ 20.0% |
| - thereof Biological Industries | 2.5pp | slightly dilutive | 2.5pp | slightly dilutive |
| - thereof Danaher portfolio | - | - | 10pp | 1.5pp |

- CAPEX ratio ~10% (FY 2019: 12.3%); net debt to underlying EBITDA ~2.75 (FY 2019: 2.0)
- Biological Industries included for 12 months; Life science portfolio from Danaher included for approx. 8 months

¹ In constant currencies

Agenda

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Questions & Answers



Dynamic top-line growth; further margin increase

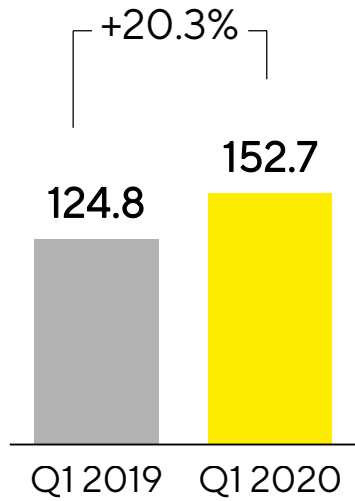
| Sartorius Stedim Biotech Group in millions of € unless otherwise specified | Q1 2019 | Q1 2020 | ▲ in % | ▲ in % cc ¹ |
|---|---------|---------|--------|------------------------|
| Sales revenue | 342.9 | 422.1 | +23.1 | +22.3 |
| Order intake | 381.3 | 534.8 | +40.3 | +39.3 |
| Underlying EBITDA ² | 98.1 | 126.7 | +29.2 | |
| Underlying EBITDA ² margin in % | 28.6 | 30.0 | +1.4pp | |
| Underlying EPS ³ | 0.68 | 0.87 | +28.4 | |

- Strong demand across all product categories; equipment orders from China and stocking initiatives drove order intake
- Consolidation of Biological Industries accounted for about 1.5pp of non-organic growth
- Underlying EBITDA margin rose due to economies of scale; currencies slightly dilutive

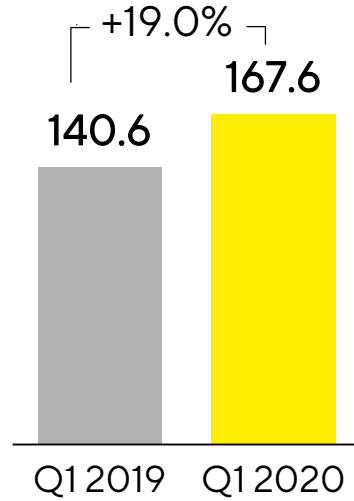
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Growth in all regions, Asia|Pacific with the highest dynamics

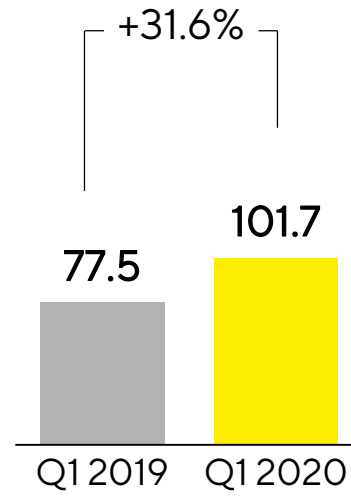
Americas
€ in millions



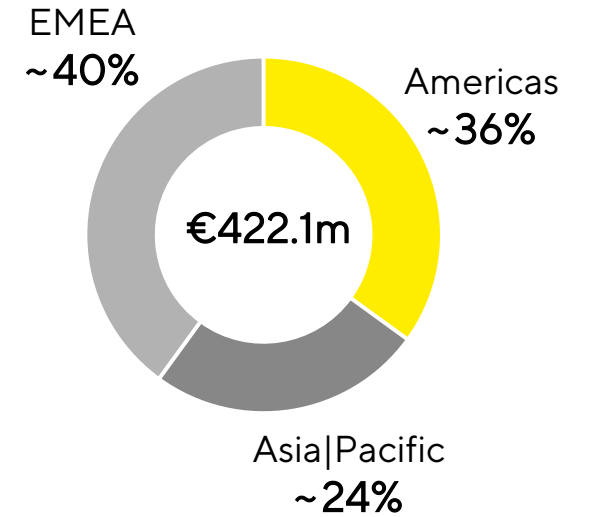
EMEA
€ in millions



Asia|Pacific
€ in millions



Sales by Region
in %



- Americas: Continued strong momentum
- EMEA: Strong growth
- Asia|Pacific: Most dynamic against weaker comps; order intake driven by larger equipment orders from China

Acc. to customers' location; growth in constant currencies

Operating cash flow increases

| Sartorius Stedim Biotech Group in millions of € unless otherwise specified | Q1 2019 | Q1 2020 | ▲ in % |
|---|---------|---------|--------|
| Underlying EBITDA | 98.1 | 126.7 | +29.2 |
| Extraordinary items | -2.6 | -4.6 | -77.4 |
| Financial result | -3.7 | -0.1 | n.m. |
| Underlying net profit ^{1,2} | 62.6 | 80.3 | +28.4 |
| Reported net profit ² | 56.1 | 75.1 | +33.9 |
| Operating cash flow | 80.7 | 115.4 | +43.0 |
| Investing cash flow³ | -32.3 | -49.7 | -53.9 |
| CAPEX ratio (in %) | 9.4 | 6.0 | -3.4pp |

- Net operating cash flow mostly driven by higher earnings and factoring of receivables in the amount of ~€75m
- Extraordinaries driven by rebranding and M&A expenses among others
- Some investments postponed due to pandemic crisis
- Review of dividend proposal for FY 2019 under consideration

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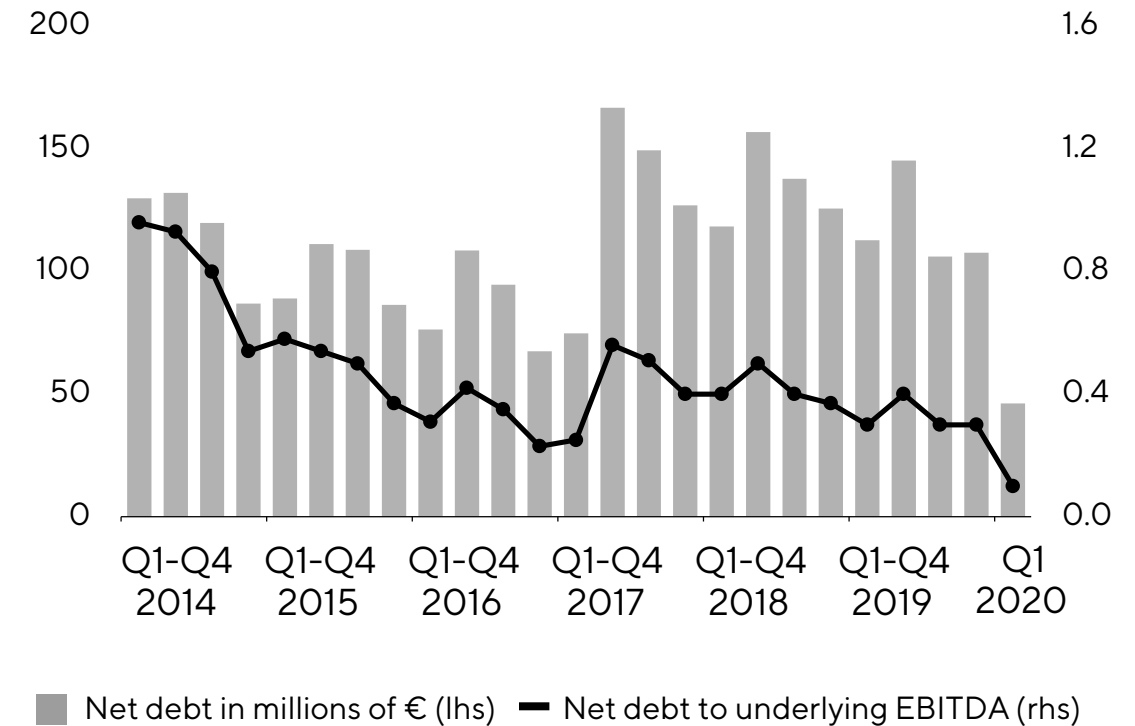
Very solid balance sheet and financial position

Key Financial Indicators

| Sartorius Stedim Biotech | Dec. 31, 2019 | Mar. 31, 2020 |
|------------------------------|---------------|---------------|
| Equity ratio in % | 64.7 | 65.7 |
| Net debt in millions of € | 107.7 | 46.2 |
| Net debt underlying EBITDA | 0.3 | 0.1 |

- All financial indicators improved compared to last reporting

Net Debt and Net Debt to Underlying EBITDA



Outlook for 2020, higher uncertainty than usual

| FY 2020 Guidance ¹ | Previous | New |
|-------------------------------|-------------|-------------|
| Sales revenue growth | ~ 11% - 14% | ~ 17% - 21% |
| Underlying EBITDA margin | ~ 29.5 | ~ 30.0 |
| CAPEX ratio | ~ 8% | ~ 8% |

¹ In constant currencies

- Forecast includes life science portfolio from Danaher for approx. 8 months
- Sales guidance includes contribution from Biological Industries of ~2pp and of the Danaher portfolio of ~3pp
- Margin includes slightly dilutive effect from consolidation of Biological Industries and an expected dilution of about -0.5pp from the consolidation of the Danaher portfolio
- Net debt to underlying EBITDA is expected to be approx. 0.5 (before: 0.3; FY 2019: 0.3)

Questions & Answers



Thank you very much for
your attention

