

Aubagne, October 20, 2020

Strong profitable growth at Sartorius Stedim Biotech

- Nine-months results: Sales revenue 1,379.4 million euros; underlying EBITDA¹ margin climbs to 31.5 percent
- High growth across all product categories and geographies
- Management specifies financial guidance at the upper end of or slightly above the range indicated so far

Sartorius Stedim Biotech, a leading partner of the biopharma industry, closed the first nine months of 2020 with significant double-digit growth rates in sales revenue and earnings. “In the third quarter, we saw high demand for our entire product range,” said Joachim Kreuzburg, Chairman of the Board of Directors and CEO. “On top of overall strong organic growth, additional momentum was generated by the positive development of our recent acquisitions, as well as by preparations of biopharmaceutical customers to build up production capacities for coronavirus vaccines and Covid-19 therapeutics. We aim to close the full year at the upper end of, or even slightly above, our guidance raised at the end of the first half. Yet further development of the currently worsening pandemic situation may considerably affect these results.”

Sartorius Stedim Biotech continued its dynamic growth of the first half on into the third quarter. Nine-month sales revenue increased by 29.2 percent (reported: 28.1 percent) to 1,379.4 million euros. In addition to strong organic growth across all product segments and geographies, consolidation of the most recent acquisitions of Danaher life science businesses and of Biological Industries contributed around 4 percentage points to sales growth. Pandemic-driven effects presumably added around 9 percentage points to growth, with around half of these related to the ramp-up of production capacities for coronavirus vaccines and Covid-19 therapeutics and the other half to inventory buildup by customers. Order intake¹ surged in the first nine months of 2020 by 43.9 percent (reported: +42.8 percent) to 1,637.9 million euros and was positively impacted by around 14 percentage points by the pandemic effects.

Earnings of the Sartorius Stedim Biotech Group rose at a significantly overproportionate rate with respect to sales. Underlying EBITDA¹ was up by 39.2 percent to 434.7 million euros; the respective margin increased year over year from 29.0 percent to 31.5 percent. Significant economies of scale played the strongest role for this substantial increase in profitability with an additional effect from lower costs in some areas due to the pandemic situation. The most recent acquisitions had only a minor effect on the company's earnings margin, while currency headwinds had a slightly dilutive impact. Relevant net profit¹ for the Group increased in relation to sales, by 40.4 percent to 278.1 million euros. Consolidated earnings per share were 3.02 euros (previous year: 2.15 euros).

Business development of the regions

Sartorius Stedim Biotech grew by double digits in all geographies: Reporting a sales gain of 32.3 percent to 344.7 million euros, the Asia | Pacific region that accounts for 25 percent of total Group sales showed the highest dynamics. Sales revenue in the Americas, which contributes around 35 percent to Group sales, also rose significantly by 29.9 percent to 484.3 million euros. Generating around 40 percent of Group sales, the EMEA² region recorded a sales increase of 26.6 percent to 550.5 million euros. (All figures on sales revenue and order intake in constant currencies)

Key financial indicators

The equity ratio of the Group continued to remain at a very solid level of 58.3 percent even after the closing of the recent acquisitions and the increased balance sheet total due to a significantly expanded cash position (December 31, 2019: 64.4 percent). Net debt to underlying EBITDA¹ for the past twelve months remained at 0.3 as expected for the period ended September 30, 2020, compared with year-end 2019. The ratio of capital expenditures (CAPEX) to sales revenue was 5.6 percent (prior-year period: 9.1 percent).

Number of employees further increased

As of the reporting period ended September 30, 2020, Sartorius Stedim Biotech employed 6,979 people worldwide. Compared to headcount as of December 31, 2019, this number rose by 756. The increase has resulted, in particular, from acquisitions and from hiring additional production staff due to the rising capacity utilization at most manufacturing sites. At the end of the reporting period, around 4,850 people were employed in the EMEA² region, approximately 1,100 in the Americas and more than 1,000 in the Asia | Pacific region. (Prior-year base slightly adjusted due to the change in the scope of consolidation)

Outlook for 2020 specified

Based on its strong nine-month performance, Sartorius Stedim Biotech now expects consolidated sales revenue to increase at the upper end of, or slightly above, the range of 26 percent to 30 percent forecasted to date. As projected so far, the non-organic contribution to this growth by Biological Industries and the portfolio acquired from Danaher should amount to a good 3 percentage points and around 2 percentage points respectively. Driven by dynamic sales growth and somewhat lower costs, the Group's underlying EBITDA margin¹ is now forecasted to be around 32 percent (previously around 31 percent). The planned acquisition of purification specialist BIA Separations, which was announced in early October and is expected to close by late 2020, is not expected to have any material impact on Sartorius Stedim Biotech's sales revenue or underlying EBITDA¹ for the full year of 2020.

The ratio of capital expenditures (CAPEX) to sales revenue remains unchanged at around 8 percent (previous year: 9.4 percent). Due to strong cash flow, net debt to underlying EBITDA¹ is likely to be slightly below 0.5 by year-end 2020, as projected so far, even after the acquisition of BIA Separations is completed in the fourth quarter (previous year: 0.3).

Due to the ongoing pandemic, this guidance continues to be subject to greater uncertainty than usual. In particular, these projections are based on the assumptions that logistics chains will continue to be stable and the relevant production lines will remain continuously in operation. All forecasts are based on constant currencies, as in the past years.

Mid-range forecasts are also subject to particularly high uncertainty at present. For the time being, Sartorius Stedim Biotech therefore has not changed its defined targets for 2025 of achieving sales revenue of around 2.8 billion euros and an underlying EBITDA¹ margin of about 30 percent³. With the publication of the preliminary full-year 2020 figures, management will provide a forecast for the next financial year and explain its 2025 targets in detail.

¹ Sartorius Stedim Biotech 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; derivation shown on page 10.
- Order intake: all customer orders contractually concluded during the respective reporting period
- Underlying net profit: profit for the period after non-controlling interest; adjusted for extraordinary items and non-cash amortization, as well as based on a normalized financial result and tax rate; derivation shown on page 10.
- Underlying earnings per share: relevant net profit for the period divided by the number of shares outstanding (92,180,190)
- Ratio of net debt to underlying EBITDA (9M 2020): 164.6 million euros | 434.7 million euros = 0.3
- CAPEX ratio (9M 2020): investment payments in relation to sales revenue for the same period; 77.2 million euros / 1,379.4 million euros = 5.6 percent

² EMEA = Europe, Middle East, Africa

³ Further information is provided on page 22 of the Sartorius Stedim Biotech 2019 Annual Report

This press release contains forward-looking statements about the future development of the Sartorius Stedim Biotech 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 Stedim Biotech assumes no liability for updating such statements in light of new information or future events.

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Conference call

Dr. Joachim Kreuzburg, Chairman of the Board and CEO of the Sartorius Stedim Biotech Group, will discuss the company's business results with analysts and investors on October 20, 2020, at 3:30 p.m. Central European Summer Time (CEST) in a teleconference. You may register by clicking on the following link: <https://78449.choruscall.com/dataconf/productusers/sartorius/mediaframe/41393/index1.html>

The presentation will be available on the same day starting at 3:15 p.m. CEST, for viewing on our website at: <https://www.sartorius.com/en/company/investor-relations/sartorius-ag-investor-relations/presentations>

Current image files

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

Financial calendar

January 27, 2021	Publication of the preliminary figures for the full year of 2020
March 24, 2021	Annual Shareholders' Meeting
April 21, 2021	Publication of first-quarter figures (January to March 2021)

A profile of Sartorius Stedim Biotech

Sartorius Stedim Biotech is a leading international partner of the biopharmaceutical industry. As a total solutions provider, the company helps its customers to manufacture biotech medications safely, rapidly and economically. Headquartered in Aubagne, France, Sartorius Stedim Biotech is quoted on the Eurolist of Euronext Paris. With its own manufacturing and R&D sites in Europe, North America and Asia and an international network of sales companies, Sartorius Stedim Biotech has a global reach. The Group has been annually growing by double digits on average and has been regularly expanding its portfolio by acquisitions of complementary technologies. In 2019, the company employed approx. 6,200 people, and earned sales revenue of 1,440.6 million euros.

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Key Figures for Nine Months and Third Quarter of 2020

in millions of € unless otherwise specified	9 months 2020	9 months 2019	Δ in % Reported	Δ in % cc ¹
Order Intake and Sales Revenue				
Order intake	1,637.9	1,147.1	42.8	43.9
Sales revenue	1,379.4	1,076.7	28.1	29.2
▪ EMEA	550.5	435.9	26.3	26.6
▪ Americas	484.3	375.3	29.1	29.9
▪ Asia Pacific	344.7	265.5	29.8	32.3
Results				
EBITDA ²	434.7	312.3	39.2	
EBITDA margin ² in %	31.5	29.0		
Net profit ³	278.1	198.1	40.4	
Earnings per share ³ in €	3.02	2.15	40.4	

1 In constant currencies

2 Underlying EBITDA = earnings before interest, taxes, depreciation and amortization, and adjusted for extraordinary items

3 Underlying net profit = net profit after non-controlling interest; adjusted for extraordinary items and non-cash amortization, as well as based on a normalized financial result and tax rate

in millions of € unless otherwise specified	3rd Quarter 2020	3rd Quarter 2019	Δ in % Reported	Δ in % cc ¹
Order Intake and Sales Revenue				
Order intake	589.1	369.0	59.7	64.7
Sales revenue	510.4	367.4	38.9	43.0
▪ EMEA	210.2	148.0	42.1	
▪ Americas	171.7	123.4	39.1	
▪ Asia Pacific	128.5	96.0	33.9	
Results				
EBITDA ²	172.4	106.9	61.2	
EBITDA margin ² in %	33.8	29.1		
Net profit ³	110.6	67.0	65.1	
Earnings per share ³ in €	1.20	0.73	65.1	

1 In constant currencies

2 Underlying EBITDA = earnings before interest, taxes, depreciation and amortization, and adjusted for extraordinary items

3 Underlying net profit = net profit after non-controlling interest; adjusted for extraordinary items and non-cash amortization, as well as based on a normalized financial result and tax rate

Statement of Profit or Loss

in millions of € unless otherwise specified	3rd quarter 2020	3rd quarter 2019	9 months 2020	9 months 2019
Sales revenue	510.4	367.4	1,379.4	1,076.7
Cost of sales	-234.4	-175.8	-646.5	-519.2
Gross profit on sales	276.0	191.5	732.9	557.5
Selling and distribution costs	-75.6	-60.9	-220.4	-177.9
Research and development costs	-22.0	-19.1	-60.6	-55.8
General administrative expenses	-23.7	-19.0	-70.0	-57.1
Other operating income and expenses	-8.9	-8.8	-29.7	-15.7
Earnings before interest & taxes (EBIT)	145.8	83.7	352.3	250.9
Financial income	4.5	1.9	11.5	5.9
Financial expenses	-7.9	-5.7	-25.4	-12.5
Financial result	-3.4	-3.8	-13.9	-6.6
Profit before tax	142.4	79.9	338.4	244.3
Income taxes	-39.2	-20.8	-93.0	-63.5
Net profit for the period	103.2	59.2	245.3	180.8
Attributable to:				
Shareholders of Sartorius Stedim Biotech	101.5	58.5	243.6	179.5
Non-controlling interest	1.8	0.6	1.7	1.4
Earnings per share (€)	1.10	0.63	2.64	1.95
Diluted earnings per share (€)	1.10	0.63	2.64	1.95

Statement of Comprehensive Income

in millions of € unless otherwise specified	3rd quarter 2020	3rd quarter 2019	9 months 2020	9 months 2019
Net profit for the period	103.2	59.2	245.3	180.8
Cash flow hedges	3.7	-4.8	7.7	-6.8
of which effective portion of changes in fair value	7.3	-3.8	10.7	-4.3
of which reclassified to profit or loss	-3.6	-1.0	-3.0	-2.4
Income tax on cash flow hedges	-1.1	1.4	-2.3	2.0
Net investment in a foreign operation	0.0	0.0	-1.9	0.0
Deferred taxes	0.0	0.0	0.6	0.0
Foreign currency translation differences	-16.7	13.7	-28.5	11.7
Items that are or may be reclassified subsequently to profit or loss	-14.1	10.4	-24.4	7.0
Remeasurements of the net defined benefit liabilities	0.0	0.0	0.4	-3.6
Income tax on remeasurements of the net defined benefit liability	0.0	0.0	-0.1	1.3
Items that will not be reclassified in profit or loss	0.0	0.0	0.3	-2.3
Other comprehensive income for the period	-14.1	10.4	-24.1	4.6
Total comprehensive income for the period	89.1	69.5	221.2	185.4
Attributable to:				
Shareholders of Sartorius Stedim Biotech	88.3	68.8	220.8	184.3
Non-controlling interest	0.8	0.7	0.5	1.2

Statement of Financial Position

	Sept. 30, 2020 € in mn	Dec. 31, 2019 € in mn
Assets		
Non-current assets		
Goodwill	459.0	418.3
Other intangible assets	338.8	208.5
Property, plant and equipment	566.4	550.0
Financial assets	14.1	14.4
Other assets	0.6	0.6
Deferred tax assets	21.3	17.3
	1,400.3	1,209.1
Current assets		
Inventories	437.5	329.0
Trade receivables	245.0	221.3
Other financial assets	65.5	20.0
Current tax assets	8.3	11.0
Other assets	38.9	26.8
Cash and cash equivalents	165.9	28.2
	961.2	636.2
Total assets	2,361.5	1,845.4
	Sept. 30, 2020 € in mn	Dec. 31, 2019 € in mn
Equity and liabilities		
Equity		
Equity attributable to SSB S.A. shareholders	1,347.2	1,158.7
Share capital	18.4	18.4
Reserves	231.5	231.5
Retained earnings (including net profit)	1,097.3	908.8
Non-controlling interest	30.4	30.2
	1,377.6	1,188.9
Non-current liabilities		
Pension provisions	45.3	44.1
Other provisions	3.4	3.3
Loans and borrowings	255.4	40.0
Lease liabilities	46.1	44.1
Other financial liabilities	50.8	51.5
Deferred tax liabilities	46.1	45.1
	447.1	228.1
Current liabilities		
Provisions	20.9	10.6
Trade payables	239.0	197.7
Loans and borrowings	18.8	43.5
Lease liabilities	10.3	11.0
Employee benefits	66.6	40.6
Other financial liabilities	41.5	40.7
Current tax liabilities	73.5	49.3
Other liabilities	66.1	35.0
	536.7	428.4
Total equity and liabilities	2,361.5	1,845.4

Statement of Cash Flows

in millions of € unless otherwise specified	9 months 2020	9 months 2019
Profit before tax	338.4	244.3
Financial result	13.9	6.6
Depreciation amortization of fixed assets	70.9	50.2
Change in provisions	10.9	1.1
Change in receivables and other assets	-40.1	-26.7
Change in inventories	-90.6	-56.1
Change in liabilities (excl. loans and borrowings)	93.8	49.2
Income taxes paid	-70.6	-45.0
Other non-cash items	0.7	0.4
Cash flow from operating activities	327.3	223.9
Capital expenditures	-77.2	-98.4
Other payments	-37.7	0.0
Cash flow from investing activities	-114.9	-98.4
Payments for acquisitions of consolidated subsidiaries and other business operations; net of cash acquired	-221.9	-4.5
Cash flow from investing activities and acquisitions	-336.7	-102.9
Interest received	3.2	0.9
Interest paid and other financial charges	-6.1	-6.8
Dividends paid to:		
Shareholders of Sartorius Stedim Biotech SA	-31.3	-52.5
Non-controlling Interest	-0.8	-0.9
Changes in non-controlling interest	-1.1	0.0
Loans and borrowings repaid	-37.3	-51.6
Loans and borrowings raised	219.5	0.7
Cash flows from financing activities	146.1	-110.4
Increase decrease in cash and cash equivalents	136.7	10.6
Cash and cash equivalents at the beginning of the period	28.2	24.0
Effect of currency translation on cash and cash equivalents	1.1	0.5
Cash and cash equivalents at the end of the period	165.9	35.0

Reconciliation

in millions of € unless otherwise specified	9 months 2020	9 months 2019
EBIT (operating result)	352.3	250.9
Extraordinary items	12.9	11.5
Depreciation & amortization	69.6	49.8
Underlying EBITDA	434.7	312.3

in millions of € unless otherwise specified	9 months 2020	9 months 2019
EBIT (operating result)	352.3	250.9
Extraordinary items	12.9	11.5
Amortization IFRS 3	17.9	10.3
Normalized financial result ¹	-4.9	-3.2
Normalized income tax (26%) ²	-98.3	-70.1
Underlying net result	279.8	199.5
Non-controlling interest	-1.7	-1.4
Underlying net result after non-controlling interest	278.1	198.1
Underlying earnings per share (in €)	3.02	2.15

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

2 Underlying income tax based on the underlying profit before taxes and non-cash amortization.