

Sartorius starts off fiscal 2019 with a strong first quarter

- Group revenue up 16.8%; order intake up 16.6%; earnings margin¹⁾ 26.2%
- Bioprocess Solutions Division expands dynamically; robust development in Lab Products & Services
- Guidance for the full year confirmed

Göttingen, April 18, 2019 - Sartorius, a leading international partner of biopharmaceutical research and the industry, started off fiscal 2019 with substantial double-digit growth in order intake, sales revenue and earnings. Consolidated first-quarter sales revenue rose in constant currencies by 16.8% to 435.7 million (reported: +19.4%); order intake increased 16.6% to 482.8 million euros (reported: +19.3%).

Sartorius' underlying EBITDA¹⁾ surged 28.7% to 114.0 million euros. Its respective underlying EBITDA margin for the first three months of 2019 was 26.2% (Q1 2018: 24.3%), with a good half a percentage point of this increase resulting from the change in accounting rules²⁾, as expected. Relevant net profit³⁾ for the Group climbed 30.8% to 48.6 million euros. Earnings per ordinary share were 0.71 euros (Q1 2018: 0.54 euros); earnings per preference share, 0.72 euros (Q1 2018: 0.55 euros).

"We are very pleased with our first-quarter results," said Dr. Joachim Kreuzburg, CEO and Executive Board Chairman. "In Bioprocess Solutions, the relatively moderate prior-year comparables, high order intake in the final quarter of 2018, and the modified setup of our cell culture media business that has not yet shown its full effects on first-quarter figures all contributed to the anticipated above-average growth rates, which are expected to normalize as the year progresses. Considering the softer economic environment especially in Europe, the Lab Products & Services Division showed robust development, which was in line with our expectations. Based on the results of the first three months, we confirm our full-year targets."

Business development in the regions

Sartorius increased its sales revenues by double digits across all three geographies. The Americas region recorded the strongest growth, closing the first quarter with a gain in revenue of 24.7% to 152.4 million euros. The Asia | Pacific region saw a 15.3% increase in sales over the first quarter of 2018, to 105.3 million euros. In the EMEA region⁴⁾, the Group earned 178.0 million euros, which equates to sales growth of 11.6%.

Business development of the divisions

The Bioprocess Solutions Division, which offers a wide array of innovative technologies for the manufacture of biopharmaceuticals, achieved sales growth of 20.9% (reported: +23.8%) to 326.0 million euros, compared to a moderate prior-year quarter. Strong demand across all product categories fueled this dynamic growth. Order intake also saw a significant uptick, rising 21.1% to 366.0 million euros.

Due to economies of scale and a change in accounting rules²⁾, the division's underlying EBITDA rose by 34.0% to 94.2 million euros. The respective margin was 28.9%, up from 26.7% in the year-earlier period.

The Lab Products & Services Division, which offers products and technologies for laboratories primarily in the pharma sector and for life science research, developed in line with expectations. The division increased its sales relative to its previous year's revenue base by 5.9% (reported: +8.1%) to 109.7 million euros. Order intake rose 4.4% against relatively high prior-year comparables to 116.8 million euros.

The division's EBITDA increased 8.2%, totaling 19.8 million euros; its margin was 18.1%, approximately at the previous year's level (Q1 2018: 18.0%). Earnings for this division were likewise positively affected by the change in accounting rules²⁾.

(All figures on sales revenue and order intake in constant currencies.)

Key financial indicators

The Sartorius Group continues to have a very sound balance sheet and financial base, even though its equity ratio decreased slightly from 38.5% at the end of 2018 to 36.8% mainly as a result of the change in accounting rules²⁾. The Group's ratio of net debt to underlying EBITDA was 2.2 (Dec. 31, 2018: 2.4). After the first three months, the Group's CAPEX ratio, i.e. ratio of capital expenditures to sales revenue, stood at 12.9% and is expected to decrease during the further course of the year after several large expansion projects are completed (previous year quarter: 10.3%)⁵⁾.

Guidance for the full year confirmed

Based on its first-quarter performance, Sartorius confirms its forecast for the full year of 2019. Consolidated sales revenue is thus projected to grow by about 7% to 11%. This forecast considers the changes to the sales alliance with the Lonza group in the area of cell culture media. Without these changes, sales growth would probably be some 2 percentage points higher. Regarding profitability, management forecasts that the company's EBITDA margin will increase to slightly more than 27.0% over the prior-year figure of 25.9%, with the operating gain projected to be about half a percentage point and the remaining increase expected to result from a change in accounting rules.²⁾ The ratio of capital expenditures to sales revenue is projected to be around 12%, below the 2018 figure of 15.2%⁵⁾.

For the Bioprocess Solutions Division, management expects dynamic growth to continue. It anticipates that sales will increase by about 8% to 12% over the previous year's high revenue base (without considering the modification of our partnership with Lonza, approx. 3 percentage points higher). Management forecasts that the division's underlying EBITDA margin will increase to slightly more than 29.5% relative to the prior-year figure of 28.6%. The operating gain is expected to account for around half a percentage point.²⁾

The Lab Products & Services Division is partly dependent on the development of economic cycles. Against the backdrop of a weakened economy in many regions, management forecasts that the division's sales revenue will increase by about 5% to 9% and the underlying EBITDA margin to slightly more than 20.0% (previous year: 18.5%), with the operating gain accounting for about half a percentage point²⁾.

All forecasts are based on constant currencies, as in the past years. A no-deal exit of the U.K. from the E.U. might impact our supply chains in both divisions to a certain degree in spite of the measures already taken to counteract this development. A reliable prognosis concerning possible effects cannot be made at the current time.

- 1) Sartorius uses underlying EBITDA (earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items) as the key profitability indicator.
- 2) IFRS 16 required to be applied as of 2019 regulates accounting of lease contracts. Ultimately, this leads to a somewhat extended balance sheet and thus to a slightly lower equity ratio. Further, the changes result in disclosure of longer-term lease payments as depreciation and, accordingly, in a somewhat higher EBITDA. This does not entail any material changes concerning the Group's relevant net profit or earnings per share.
- 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.
- 4) EMEA = Europe, Middle East, Africa
- 5) As of 2019, CAPEX is based on cash flow instead of balance sheet computation; CAPEX ratio restated: 11.1% for Q1 2018, 14.9% for FY 2018

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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 with analysts and investors on Thursday, April 18, 2019, at 3:30 p.m. Central European Summer Time (CEST) in a teleconference.

You may register by clicking on the following link:

<http://services.choruscall.de/DiamondPassRegistration/register?confirmationNumber=6266464&linkSecurityString=2e6e97fe0>

Alternatively, you can dial into the teleconference, without registering, at:
+49 (0) 69 566 03 7000

The presentation will be available on Thursday, April 18, 2019, 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

July 19, 2019	Publication of first-half figures (January to June 2019)
October 22, 2019	Publication of nine-month figures (January to September 2019)

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, around 8,500 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 Quarter of 2019

In millions of € (unless otherwise specified)	Sartorius Group				Bioprocess Solutions				Lab Products & Services			
	Q1 2019	Q1 2018	Δ in % Reported	Δ in % cc ¹⁾	Q1 2019	Q1 2018	Δ in % Reported	Δ in % cc ¹⁾	Q1 2019	Q1 2018	Δ in % Reported	Δ in % cc ¹⁾
Sales Revenue and Order Intake												
Sales revenue	435.7	364.9	19.4	16.8	326.0	263.4	23.8	20.9	109.7	101.4	8.1	5.9
- EMEA ²⁾	178.0	159.3	11.7	11.6	128.1	111.3	15.1	15.1	49.8	48.0	3.8	3.6
- Americas ²⁾	152.4	116.6	30.7	24.7	123.2	90.7	35.8	29.3	29.2	25.9	12.7	8.2
- Asia Pacific ²⁾	105.3	89.0	18.4	15.3	74.7	61.5	21.6	18.7	30.6	27.5	11.3	7.8
Order intake	482.8	404.8	19.3	16.6	366.0	295.1	24.0	21.1	116.8	109.6	6.6	4.4
EBITDA ³⁾	114.0	88.6	28.7		94.2	70.3	34.0		19.8	18.3	8.2	
EBITDA margin ³⁾ in %	26.2	24.3			28.9	26.7			18.1	18.0		
Net profit for the period ⁴⁾	48.6	37.2	30.8									
Earnings per ordinary share ⁴⁾ in €	0.71	0.54	31.1									
Earnings per preference share ⁴⁾ in €	0.72	0.55	30.5									

¹⁾ In constant currencies abbreviated as "cc"

²⁾ Acc. to the customer's location

³⁾ Adjusted for extraordinary items (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.

Statement of Profit or Loss

	3 months 2019 € in mn	3 months 2018 € in mn
Sales revenue	435.7	364.9
Cost of sales	-212.6	-176.5
Gross profit on sales	223.1	188.4
Selling and distribution costs	-89.3	-77.6
Research and development expenses	-22.6	-21.6
General administrative expenses	-27.3	-23.0
Other operating income and expenses ¹⁾	-4.3	-10.4
Earnings before interest and taxes (EBIT)	79.6	55.8
Financial income	2.7	3.5
Financial expenses	-10.1	-7.6
Financial result	-7.4	-4.1
Profit before tax	72.2	51.7
Income taxes	-19.5	-14.0
Net profit for the period	52.7	37.7
Attributable to:		
Shareholders of Sartorius AG	37.8	26.6
Non-controlling interest	14.9	11.1
Earnings per ordinary share (€) (basic)	0.55	0.38
Earnings per preference share (€) (basic)	0.56	0.39
Earnings per ordinary share (€) (diluted)	0.55	0.38
Earnings per preference share (€) (diluted)	0.56	0.39

¹⁾ The item "Other operating income and expenses" includes extraordinary expenses for Group projects and integration costs of €5.0 million for the three-month period of 2019 (3-mo. 2018: €7.2 million).

Statement of Comprehensive Income

	3 months 2019 € in mn	3 months 2018 € in mn
Net profit for the period	52.7	37.7
Cash flow hedges	-3.9	2.6
- of which effective portion of the change in fair value	-5.2	-1.4
- of which reclassified to profit or loss	1.3	4.0
Income tax on cash flow hedges	1.2	-0.7
Net investment in a foreign operation	7.3	-10.3
Income tax on net investment in a foreign operation	-2.0	2.8
Currency translation differences	10.7	-6.2
Items that may be reclassified in the profit or loss statement, net of tax	13.3	-11.8
Items that will not be reclassified in the profit or loss statement, net of tax	0.0	0.0
Other comprehensive income after tax	13.3	-11.8
Total comprehensive income	66.0	25.9
Attributable to:		
Shareholders of Sartorius AG	49.2	16.4
Non-controlling interest	16.8	9.5

Statement of Financial Position

	March 31, 2019	December 31, 2018
	€ in mn	€ in mn
Assets		
Non-current assets		
Goodwill	667.5	662.2
Other intangible assets	405.2	401.0
Property, plant and equipment	738.5	659.6
Financial assets	23.7	28.8
Other assets	0.9	0.7
Deferred tax assets	23.2	20.6
	1,859.0	1,772.9
Current assets		
Inventories	347.6	321.7
Trade receivables	330.5	307.4
Other financial assets	18.5	29.3
Current tax assets	11.6	15.4
Other assets	42.0	35.1
Cash and cash equivalents	50.0	45.2
Assets held for sale	0.0	0.0
	800.2	753.9
Total assets	2,659.1	2,526.9
	March 31, 2019	December 31, 2018
	€ in mn	€ in mn
Equity and liabilities		
Equity		
Equity attributable to Sartorius AG shareholders	742.9	740.6
Issued capital	68.4	68.4
Capital reserves	40.3	40.2
Other reserves and retained earnings	634.2	632.0
Non-controlling interest	236.1	232.8
	979.0	973.4
Non-current liabilities		
Pension provisions	65.4	64.7
Other provisions	8.2	7.8
Loans and borrowings	863.3	878.5
Finance lease liabilities	50.1	16.1
Other financial liabilities	22.5	21.9
Deferred tax liabilities	85.6	83.7
	1,095.1	1,072.8
Current liabilities		
Provisions	15.6	16.3
Trade payables	192.9	173.5
Loans and borrowings	91.2	107.3
Finance lease liabilities	15.3	2.7
Employee benefits	64.8	63.0
Other financial liabilities	85.9	25.1
Current tax liabilities	48.5	38.1
Other liabilities	70.9	54.8
	585.0	480.7
Total equity and liabilities	2,659.1	2,526.9

Statement of Cash Flows

	3 months 2019 € in mn	3 months 2018 € in mn
Profit before tax	72.2	51.7
Financial result	7.4	4.1
Depreciation amortization of intangible and tangible assets	29.5	25.7
Increase decrease in provisions	0.0	-1.1
Gains losses from the disposal of fixed assets	0.0	0.0
Income taxes paid	-7.4	-6.0
Other non-cash items	0.4	0.4
Gross cash flows from operating activities	102.1	74.8
Increase decrease in receivables and other assets	-6.4	-23.1
Increase decrease in inventories	-20.3	-22.1
Increase decrease in liabilities (without loans and borrowings)	30.6	9.3
Net cash flow from operating activities	105.9	38.9
Capital expenditures	-56.1	-40.5
Proceeds from the disposal of fixed assets	0.0	0.0
Other payments	1.1	0.0
Net cash flow from investing activities	-55.0	-40.6
Payments for acquisitions of consolidated subsidiaries and other business operations, net of cash acquired	0.0	0.0
Net cash flow from investing activities, acquisitions and disposals	-55.0	-40.6
Interest received	0.5	0.1
Interest paid and other financial charges	-4.0	-2.8
Dividends paid to:		
- Shareholders of Sartorius AG	0.0	0.0
- Non-controlling interest	0.0	0.0
Gross cash flows from financing activities	-3.5	-2.7
Loans repaid	-43.3	-1.7
Loans raised	0.0	16.6
Net cash flow from financing activities	-46.8	12.1
Net increase decrease in cash and cash equivalents	4.1	10.5
Cash and cash equivalents at the beginning of the period	45.2	59.4
Change in scope of consolidation	2.2	0.0
Net effect of currency translation on cash and cash equivalents	-1.5	-0.5
Cash and cash equivalents at the end of the period	50.0	69.4

Reconciliation

€ in millions	3 months 2019	3 months 2018
EBIT	79,6	55,8
Extraordinary effects	5,0	7,2
Amortization	8,5	9,2
Normalized financial result ¹⁾	-3,7	-3,9
Normalized income tax (2019: 27% 2018: 27%) ²⁾	-24,1	-18,4
Underlying net result after tax	65,2	49,8
Non-controlling interest	-16,6	-12,6
Underlying earnings after taxes and non-controlling interest	48,6	37,2
Underlying earnings per share		
per ordinary share in €	0,71	0,54
per preference share in €	0,72	0,55

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.