

Sartorius Stedim Biotech

First-Half Financial Report January to June 2020

Key Figures for the First Half and Second Quarter of 2020

in millions of € unless otherwise specified	6 months 2020	6 months 2019	Change in %	Change in % cc ¹
Order Intake and Sales Revenue				
Order intake	1,048.7	778.1	34.8	34.1
Sales revenue	869.1	709.3	22.5	22.0
▪ EMEA ²	340.3	288.0	18.2	18.3
▪ Americas ²	312.6	251.8	24.1	21.9
▪ Asia Pacific ²	216.2	169.6	27.5	28.5
Results				
EBITDA ³	262.3	205.3	27.8	
EBITDA margin ³ in %	30.2	28.9		
Net profit ⁴	167.4	131.1	27.7	
Earnings per share ⁴ in €	1.82	1.42	27.7	
	June 30, 2020	Dec. 31, 2019		
Balance Sheet Financials				
Balance sheet total	2,224.1	1,845.4		
Equity	1,287.9	1,188.9		
Equity ratio in %	57.9	64.4		
Net debt	243.2	110.4		
Ratio of net debt to underlying EBITDA	0.5	0.3		

in millions of € unless otherwise specified	2nd Quarter 2020 ⁵	2nd Quarter 2019 ⁵	Change in %	Change in % cc ¹
Order Intake and Sales Revenue				
Order intake	514.0	396.8	29.5	29.2
Sales revenue	447.0	366.4	22.0	21.7
▪ EMEA ²	172.7	147.3	17.2	
▪ Americas ²	159.9	127.1	25.8	
▪ Asia Pacific ²	114.4	92.0	24.4	
Results				
EBITDA ³	135.6	107.2	26.5	
EBITDA margin ³ in %	30.3	29.3		
Net profit ⁴	87.2	68.5	27.1	
Earnings per share ⁴ in €	0.95	0.74	27.1	

1 cc = in constant currencies

2 According to customer location

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

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

5 Figures are not audited nor reviewed

Sector Environment

The Sartorius Stedim Biotech Group serves customers mainly in the biopharmaceutical industry. Thus, the development of this sector provides important impetus to the Group's business performance.

Biopharma Market Grows Significantly

For the first-half of 2020, market data on the development of the biopharma industry is not yet available. The most recent sector data refer to the year 2019 and thus to the period that was not affected by the coronavirus pandemic.

In 2019, analyses of various market observers indicate that the global pharmaceutical market developed positively yet again, recording an increase of approximately 4% to 5%. Within this market, the segment for medications and vaccinations manufactured using biotech methods has grown faster than the rest of the pharmaceutical market for many years. In 2019, the biopharmaceutical market was estimated at a volume of €235 billion, an increase of approximately 8% to 9% over 2018. The steadily growing significance and acceptance of biologics is reflected in its increasing share of sales revenue in the global pharmaceutical market and the development activities of the pharmaceutical industry. For example, biopharmaceutical compounds account for more than 40% of the R&D pipeline.

Growth of the biopharma market fundamentally depends more on medium- to long-term trends than on short-term economic developments. In the process, significant impetus is provided by the world's rising demand for medications and the approval and market launch of innovative biopharmaceuticals. The expanded range of indications for approved medications and their further market penetration also contribute to growth. For this reason, significant impacts of the coronavirus pandemic on first-half market growth are not to be expected. Yet market observers assume that in the current year, the pandemic will cause pharmaceutical companies to partially delay carrying out their clinical trials, which are prerequisite to new drug approvals. This could result in delayed market approvals for some medical drugs.

Sources: IQVIA Institute: Global Medicine Spending and Usage Trends. Outlook to 2024, March 2020; Evaluate Vantage 2020 Preview, December 2019; BioPlan: 17th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2020; Daedal Research: Global Biologics Market: Size, Trends & Forecasts, December 2019; BioPlan: Covid 19: Impact on Bioprocessing and Outsourcing, May 2020

Group Business Development

- Significant double-digit growth in sales revenue, order intake and earnings
- Strong demand across all geographies and product categories
- Growth and earnings forecast for fiscal 2020 raised; high demand expected for technologies and products used for manufacturing vaccines and antiviral medications

Strong First Half of 2020 with Dynamic Growth in Sales Revenue and Order Intake

Sartorius Stedim Biotech grew significantly by double digits in the first half of 2020. Sales revenue rose sharply by 22.0% in constant currencies (reported: + 22.5%) to €869.1 million and were fueled by strong demand across all product categories. As expected, close to 3 percentage points of the growth were attributable to the most recent acquisitions, namely the selected life science businesses from Danaher, consolidated since May 2020, and the cell culture media specialist Biological Industries, consolidated since December 2019.

Sales Revenue and Order Intake

	6 months 2020 € in mn	6 months 2019 € in mn	in %	Δ in % cc ¹
Sales revenue	869.1	709.3	22.5	22.0
Order intake	1,048.7	778.1	34.8	34.1

¹ cc= in constant currencies

First-half order intake in 2020 surged at an even stronger rate, by 34.1% in constant currencies (reported: + 34.8%) to €1,048.7 million. Growth was positively impacted by the coronavirus pandemic, which led to additional demand for products used for manufacturing both vaccines and antiviral medications. Strong project business, particularly in the Asia | Pacific region, also contributed to this increase.

Sartorius Stedim Biotech increased its sales revenue by double digits in all business regions. Sales in EMEA were up year over year by 18.3% in constant currencies to €340.3 million (reported: + 18.2%). This region accounted for the largest share of Group sales of about 39%. The Americas region saw significant sales growth of 21.9% in constant currencies (reported: + 24.1%) to €312.6 million against a strong prior-year base, and thus contributed about 36% to total Group sales. The Asia | Pacific region, which accounted for around 25% of total consolidated sales, showed the highest momentum with growth of 28.5% in constant currencies (reported: + 27.5%) to €216.2 million.

Profitability Further Enhanced

Sartorius Stedim Biotech uses earnings before interest, taxes, depreciation and amortization (EBITDA) as the key profitability measure. To provide a complete and transparent presentation of the Group's profitability, SSB reports earnings adjusted for extraordinary items (underlying EBITDA).

In the first half of 2020, Sartorius Stedim Biotech strongly increased its earnings. Underlying EBITDA grew by 27.8% to €262.3 million. The corresponding margin rose from 28.9% to 30.2% year over year due to economies

of scale and despite slightly dilutive effects of the most recent acquisitions and currency headwinds of close to 0.5 percentage points.

Reconciliation between EBIT and underlying EBITDA

	6 months 2020 € in mn	6 months 2019 € in mn
EBIT (operating result)	206.5	167.2
Extraordinary items	11.7	6.0
Depreciation & amortization	44.2	32.1
Underlying EBITDA	262.3	205.3

Consolidated EBIT, including extraordinary items of -€11.7 million (H1 2019: -€6.0 million), depreciation and amortization, amounted to €206.5 million compared with €167.2 million in the previous year. Extraordinary items were primarily related to the integration of the company's most recent acquisitions, as well as to expenses incurred for various corporate projects and the rebranding. The consolidated EBIT margin rose from 23.6% a year ago to 23.8% in the reporting period.

The financial result was -€10.5 million in the first half of 2020, relative to -€2.8 million for the prior-year period. This change is essentially attributable to the financing of the most recent acquisitions.

In the period under review, the net profit attributable to shareholders of Sartorius Stedim Biotech S.A. rose by 17.5% from €120.9 million to €142.1 million. The expected tax rate of the Group for fiscal 2020 will be around 27.5% (previous year: 26%). This increase by around 1.5 percentage points is essentially due to the accounting treatment of tax risks. The higher tax rate was already applied to first-half accounting.

Strong Increase in Underlying Net Profit

The underlying net profit after non-controlling interest increased significantly by 27.7% from €131.1 million to €167.4 million. This profit figure is calculated by adjusting for extraordinary items, eliminating non-cash amortization and valuation adjustments from hedging instruments, and is based on the normalized financial result, as well as the corresponding tax effects for each of these items. Underlying earnings per share rose accordingly from €1.42 to €1.82.

	6 months 2020 € in mn	6 months 2019 € in mn
EBIT (operational result)	206.5	167.2
Extraordinary effects	11.7	6.0
Amortization IFRS 3	10.6	6.9
Normalized financial result ¹	-2.5	-2.1
Normalized income tax (2020: 26%, 2019: 26%) ²	-58.8	-46.3
Underlying net result	167.4	131.8
Non-controlling interest	0.0	-0.7
Underlying net result excluding non-controlling interest	167.4	131.1
Underlying earnings per share in €	1.82	1.42

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

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

Operating Cash Flow Rises Significantly

In the first six months of the current fiscal year, Sartorius Stedim Biotech increased its cash flow from operating activities: this figure stood at €195.3 million relative to €140.0 million a year ago, which equates to growth of 39.5%. This development is essentially attributable to the increase in earnings and, among other things, to the sale of trade receivables in the amount of €83.2 million within the scope of a factoring program.

Cash flow from investing activities decreased in the reporting period by 23.0% to -€78.5 million. The capex ratio in the first half of 2020 decreased to 5.8% compared with 9.0% in the previous year.

Financial Position Remains Strong

The balance sheet total for the Sartorius Stedim Biotech Group rose to €2,224.1 million as of the period ended June 30, 2020, from €1,845.4 million as of December 31, 2019. This rise was primarily due to the acquisition of selected life science businesses from Danaher, which have been consolidated since May 2020.

Equity increased from €1,188.9 million to €1,287.9 million between December 31, 2019, and the reporting date. At 57.9%, the equity ratio remained at a comfortable level, despite the closing of the recent acquisitions (64.4% as of December 31, 2019).

As a result of the acquisitions, gross debt increased from €138.6 million as of December 31, 2019, to €332.6 million as of June 30, 2020; net debt also edged up from €110.4 million as of December 31, 2019, to €243.2 million at the end of the reporting period. Therefore, the ratio of net debt to underlying EBITDA was 0.5 compared with 0.3 at year-end 2019.

Personnel Further Increased

As of June 30, 2020, the Sartorius Stedim Biotech Group employed a total of 6,690 people worldwide. Compared with December 31, 2019, headcount thus rose by 467 or around 7.5%. The number of employees in EMEA was up by around 6.5% to 4,679 in the reporting period. Sartorius Stedim Biotech employed 1,048 people in the Americas region as of the end of the reporting period, an increase of 8.3%. From a geographical perspective, personnel increased at the highest rate in Asia | Pacific, by 11.8% to 963.

Opportunity and Risk Report

The opportunities and risk situation of the Sartorius Stedim Biotech Group has not materially changed since the publication of its 2019 Annual Report. For this reason, please refer to a detailed description of the opportunities and risks as well as the risk management system for the Sartorius Stedim Biotech Group on pp. 37 et seq. of the Annual Report called Universal Registration Document 2019.

Forecast Report

Resilient Growth of the Biopharmaceutical Market Expected

The trends affecting the development of the Sartorius Group that are described in its 2019 Annual Report on pages 49 to 51 remain in place, although the coronavirus pandemic and its economic effects have led to increased uncertainty in forecasting.

Most recent estimates project that the global pharmaceutical market will expand at a compound annual growth rate of between 3% and 6% during the period up to 2024. Market analysts predict that the biopharma segment of the pharmaceutical market, against the backdrop of growing demand worldwide, will continue to outperform the market, with a compound annual growth rate between approximately 8% and 9% on average. Also fueling this growth are the higher market penetration of already approved biopharmaceuticals, the expansion of their areas of indication, and strong research and development pipelines. The global biopharmaceutical market as a whole is largely independent of fluctuations in the economy, and this is also likely to apply to the effects of the coronavirus pandemic. Nevertheless, experts anticipate that given the pandemic, market approval of some medical drugs could be delayed by a few quarters because clinical trials series had to be postponed during the peak phase. By contrast, the areas of COVID-19 vaccines and therapeutics could create positive momentum.

Sources: IQVIA Institute: Global Medicine Spending and Usage Trends. Outlook to 2024, March 2020; Evaluate Vantage 2020 Preview, December 2019; BioPlan: 17th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2020; Daedal Research: Global Biologics Market: Size, Trends & Forecasts, December 2019; BioPlan: Covid 19: Impact on Bioprocessing and Outsourcing, May 2020

Full-Year 2020 Guidance Raised

Based on strong business performance in the first half of 2020 as well as on high demand also expected to continue for the rest of the current fiscal year, Sartorius Stedim Biotech raised its full-year growth and earnings guidance. Upward revision of the forecast is partly related to the current COVID-19 pandemic as Sartorius Stedim Biotech products are used for manufacturing both vaccines and antiviral medications.

Management now anticipates sales growth of 26% to 30% (previously 17% to 21%). As projected so far, Biological Industries is expected to contribute 2 percentage points and the Danaher portfolio about 3 percentage points to sales revenue growth. The underlying EBITDA margin is projected at approximately 31% (previously around 30%), which includes slightly dilutive effects from the inclusion of the acquisitions. As previously forecasted, the ratio of capital expenditures (CAPEX) to sales revenue is expected to be around 8% (previous year: 9.4%). Net debt to underlying EBITDA is now expected to be slightly below 0.5 by year-end 2020 (previously approximately 0.5; previous year: 0.3).

Due to the ongoing pandemic, this guidance is subject to greater uncertainty than usual. In particular, these updated projections are based on the assumptions that logistics chains will continue to be stable and production lines remain in operation. As in the previous years, all forecast figures are given on the basis of constant currency rates.

Mid-Term Guidance Unchanged

Despite the currently increased demand, Sartorius Stedim Biotech does not see any need at the moment to adjust its medium-term forecast up to 2025. The company continues to expect to achieve sales revenue of around €2.8 billion at an underlying EBITDA margin of about 30% in 2025. This is based on the fact that the

medium-term fundamentals of the biopharmaceutical industry have remained unchanged. Therefore, it is currently not foreseeable whether the current additional demand for vaccines and antiviral drugs will lead to a sustained increase in demand in these areas. In addition, signs are becoming apparent that the market approval of some biopharmaceuticals could be delayed due to postponed clinical trials as a result of the pandemic. It is currently not possible to quantify the impact of these various effects concerning monetary amounts or timing.

Report on Subsequent Events

No material events occurred after the end of the first half of 2020.

Statement of Profit or Loss and Other Comprehensive Income

	2nd quarter 2020 € in mn ¹	2nd quarter 2019 € in mn ¹	6 months 2020 € in mn	6 months 2019 € in mn
Sales revenue	447.0	366.4	869.1	709.3
Cost of sales	-212.4	-177.8	-412.1	-343.4
Gross profit on sales	234.6	188.6	456.9	365.9
Selling and distribution costs	-73.2	-59.7	-144.8	-117.0
Research and development costs	-18.6	-19.0	-38.6	-36.7
General administrative expenses	-24.1	-18.6	-46.2	-38.1
Other operating income and expenses	-13.2	-4.2	-20.8	-6.9
Earnings before interest & taxes (EBIT)	105.4	87.2	206.5	167.2
Financial income	1.6	2.1	7.0	3.9
Financial expenses	-12.0	-1.2	-17.5	-6.8
Financial result	-10.4	0.9	-10.5	-2.8
Profit before tax	95.1	88.0	196.0	164.4
Income taxes	-27.6	-22.9	-53.9	-42.7
Net profit for the period	67.4	65.2	142.1	121.7
Attributable to:				
Shareholders of Sartorius Stedim Biotech	67.5	64.8	142.1	120.9
Non-controlling interest	0.0	0.3	0.0	0.7
Earnings per share (€)	0.73	0.70	1.54	1.31
Diluted earnings per share (€)	0.73	0.70	1.54	1.31

¹ Data not audited or reviewed

Statement of Comprehensive Income

	2nd quarter 2020 € in mn ¹	2nd quarter 2019 € in mn ¹	6 months 2020 € in mn	6 months 2019 € in mn
Net profit for the period	66.6	65.2	142.1	121.7
Cash flow hedges	5.6	1.0	4.0	-2.0
of which effective portion of changes in fair value	5.2	3.6	3.3	-0.5
of which reclassified to profit or loss	0.4	-2.6	0.7	-1.4
Income tax on cash flow hedges	-1.7	-0.3	-1.2	0.6
Net investment in a foreign operation	-1.9	0.0	-1.9	0.0
Deferred taxes	0.6	0.0	0.6	0.0
Foreign currency translation differences	-5.9	-10.9	-11.8	-2.0
Items that are or may be reclassified subsequently to profit or loss	-3.3	-10.2	-10.4	-3.4
Remeasurements of the net defined benefit liabilities	0.4	-3.6	0.4	-3.6
Income tax on remeasurements of the net defined benefit liability	-0.1	1.3	-0.1	1.3
Items that will not be reclassified in profit or loss	0.3	-2.3	0.3	-2.3
Other comprehensive income for the period	-3.0	-12.6	-10.0	-5.7
Total comprehensive income for the period	63.6	52.6	132.1	115.9
Attributable to:				
Shareholders of Sartorius Stedim Biotech	64.1	52.5	132.5	115.5
Non-controlling interest	-0.4	0.1	-0.4	0.5

¹ Data not audited or reviewed

Statement of Financial Position

Assets	June 30, 2020	Dec. 31, 2019
	€ in mn	€ in mn
Non-current assets		
Goodwill	463.1	418.3
Other intangible assets	347.4	208.5
Property, plant and equipment	561.7	550.0
Financial assets	14.5	14.4
Other assets	0.6	0.6
Deferred tax assets	20.0	17.3
	1,407.3	1,209.1
Current assets		
Inventories	407.9	329.0
Trade receivables	223.5	221.3
Other financial assets	49.7	20.0
Current tax assets	8.6	11.0
Other assets	37.7	26.8
Cash and cash equivalents	89.3	28.2
	816.8	636.2
Total assets	2,224.1	1,845.4
Equity and liabilities	June 30, 2020	Dec. 31, 2019
	€ in mn	€ in mn
Equity		
Attributable to SSB S.A. shareholders	1,258.9	1,158.7
Share capital	18.4	18.4
Reserves	231.5	231.5
Retained earnings (including net profit)	1,008.9	908.8
Non-controlling interest	29.0	30.2
	1,287.9	1,188.9
Non-current liabilities		
Pension provisions	44.8	44.1
Other provisions	3.4	3.3
Loans and borrowings	255.4	40.0
Lease liabilities	43.6	44.1
Other financial liabilities	51.0	51.5
Deferred tax liabilities	45.0	45.1
	443.2	228.1
Current liabilities		
Provisions	18.4	10.6
Trade payables	222.1	197.7
Loans and borrowings	22.5	43.5
Lease liabilities	11.1	11.0
Employee benefits	54.1	40.6
Other financial liabilities	52.2	40.7
Current tax liabilities	56.1	49.3
Other liabilities	56.6	35.0
	492.9	428.4
Total equity and liabilities	2,224.1	1,845.4

Statement of Cash Flows

	6 months 2020 € in mn	6 months 2019 € in mn
Profit before tax	196.0	164.4
Financial result	10.5	2.8
Depreciation amortization of fixed assets	45.2	32.3
Change in provisions	7.9	-0.4
Change in receivables and other assets	-14.3	-27.6
Change in inventories	-50.2	-33.5
Change in liabilities (excl. loans and borrowings)	47.7	33.5
Income taxes paid	-48.0	-31.7
Other non-cash items	0.4	0.1
Cash flow from operating activities	195.3	140.0
Capital expenditures	-50.4	-63.8
Other payments	-28.1	0.0
Cash flow from investing activities	-78.5	-63.8
Payments for acquisitions of consolidated subsidiaries and other business operations; net of cash acquired	-217.9	0.0
Cash flow from investing activities and acquisitions	-296.4	-63.8
Interest received	2.2	0.6
Interest paid and other financial charges	-4.3	-5.0
Dividends paid to:		
Shareholders of Sartorius Stedim Biotech SA	0.0	-52.5
Non-controlling interest	-0.8	-1.0
Changes in non-controlling interest	-1.0	0.0
Loans and borrowings repaid	-30.5	-17.4
Loans and borrowings raised	196.0	0.7
Cash flow from financing activities	161.5	-74.6
Increase decrease in cash and cash equivalents	60.4	1.6
Cash and cash equivalents at the beginning of the period	28.2	24.0
Effect of currency translation on cash and cash equivalents	0.8	0.0
Cash and cash equivalents at the end of the period	89.3	25.5

Statement of Changes in Equity

€ in millions	Issued capital	Capital reserves	Hedging reserves
Balance at Jan. 1, 2019	18.4	231.5	3.4
Net profit for the period	0.0	0.0	0.0
Cash flow hedges	0.0	0.0	-2.0
Remeasurements of the net defined benefit liabilities	0.0	0.0	0.0
Foreign currency translation differences	0.0	0.0	0.0
Net investment in a foreign operation	0.0	0.0	0.0
Deferred taxes	0.0	0.0	0.6
Other comprehensive income for the period	0.0	0.0	-1.4
Total comprehensive income for the period	0.0	0.0	-1.4
Dividends	0.0	0.0	0.0
Other changes in equity	0.0	0.0	0.0
Balance at June 30, 2019	18.4	231.5	2.0
Balance at Jan. 1, 2020	18.4	231.5	1.2
Net profit for the period	0.0	0.0	0.0
Cash flow hedges	0.0	0.0	4.0
Remeasurements of the net defined benefit liabilities	0.0	0.0	0.0
Foreign currency translation differences	0.0	0.0	0.0
Net investment in a foreign operation	0.0	0.0	0.0
Deferred taxes	0.0	0.0	-1.2
Other comprehensive income for the period	0.0	0.0	2.8
Total comprehensive income for the period	0.0	0.0	2.8
Dividends	0.0	0.0	0.0
Change in non-controlling interest	0.0	0.0	0.0
Other changes in equity	0.0	0.0	0.0
Balance at June 30, 2020	18.4	231.5	3.9

	Pension reserves	Retained earnings	Foreign currency translation reserves	Group equity	Non-controlling interest	Total equity
	-10.9	778.4	15.5	1,036.4	8.5	1,044.9
	0.0	120.9	0.0	120.9	0.7	121.7
	0.0	0.0	0.0	-2.0	0.0	-2.0
	-3.6	0.0	0.0	-3.6	0.0	-3.6
	0.0	0.0	-1.8	-1.8	-0.2	-2.0
	0.0	0.0	0.0	0.0	0.0	0.0
	1.3	0.0	0.0	1.9	0.0	1.9
	-2.3	0.0	-1.8	-5.5	-0.2	-5.7
	-2.3	120.9	-1.8	115.5	0.5	115.9
	0.0	-52.5	0.0	-52.5	-1.0	-53.5
	0.0	-0.1	0.0	-0.1	0.0	-0.1
	-13.2	846.7	13.7	1,099.2	8.0	1,107.2
	-16.5	899.4	24.7	1,158.7	30.2	1,188.9
	0.0	142.1	0.0	142.1	0.0	142.1
	0.0	0.0	0.0	4.0	0.0	4.0
	0.4	0.0	0.0	0.4	0.0	0.4
	0.0	0.0	-11.5	-11.5	-0.3	-11.8
	0.0	0.0	-1.9	-1.9	0.0	-1.9
	-0.1	0.0	0.6	-0.7	0.0	-0.7
	0.3	0.0	-12.8	-9.7	-0.3	-10.0
	0.3	142.1	-12.8	132.5	-0.4	132.1
	0.0	-31.3	0.0	-31.3	-0.8	-32.1
	0.0	-1.1	0.0	-1.1	0.1	-1.0
	0.0	0.1	0.0	0.1	0.0	0.1
	-16.1	1,009.2	11.9	1,258.9	29.0	1,287.9

Operating Segments

Internal control and reporting within Sartorius Stedim Biotech is based on the approach of operating as a "total solutions provider" for our customers. Accordingly, one reportable operating segment has been identified by Sartorius Stedim Biotech: Biopharm.

The segment result that is the key profitability measure used internally is "underlying EBITDA," or earnings before interest, taxes and depreciation and amortization, and adjusted for extraordinary income and expenses. Therefore, taxes and financing expenses and income are not included in the segment's measure of profit or loss. The accounting and measurement principles for the segments correspond to the general Group accounting principles.

Segment Information

	6 months 2020 € in mn	6 months 2019 € in mn
Sales revenue	869.1	709.3
Underlying EBITDA of the segment	262.3	205.3
Depreciation and amortization	-44.2	-32.1
Extraordinary items	-11.7	-6.0
EBIT	206.5	167.2
Financial result	-10.5	-2.8
Profit before tax	196.0	164.4

Supplementary Information by Region

The revenues from contracts with customers according to IFRS 15 are disaggregated into the categories below. This categorization follows the approach of operating as a "total solutions provider" for our customers in the Biopharm segment. The revenues are disaggregated into geographical regions, and the basis for the regional allocation of revenues is the customers' location.

	Sales revenue	
	6 months 2020 € in mn	6 months 2019 € in mn
EMEA	340.3	288.0
Americas	312.6	251.8
Asia Pacific	216.2	169.6
Group	869.1	709.3

Notes to the Condensed Interim Financial Statements

1. Reporting Entity

Sartorius Stedim Biotech is a leading international supplier of products and services that enable the biopharmaceutical industry to develop and manufacture drugs safely and efficiently. As a total solutions provider, Sartorius Stedim Biotech offers a portfolio covering nearly all steps of biopharmaceutical manufacturing. The company focuses on single-use technologies and value-added services to meet the rapidly changing technology requirements of the industry it serves. 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.

Headquartered in Aubagne, France, Sartorius Stedim Biotech S.A. is listed on the Euronext Paris (ISIN code: FR 0013154002).

The interim condensed consolidated financial statements of the Sartorius Stedim Biotech Group for the period from January 1, 2020, to June 30, 2020, were authorized for issue by the Board of Directors on July 15, 2020.

2. Basis of Accounting

The interim consolidated financial statements of the Sartorius Stedim Biotech Group for the period ended June 30, 2020, were prepared in accordance with IAS 34 "Interim financial reporting." They do not include all the information required for a complete set of IFRS financial statements and must be read in relation to the consolidated annual financial statements of the Sartorius Stedim Biotech Group for the year ended December 31, 2019. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended December 31, 2019.

The accounting principles retained for preparing the consolidated first-half statements are in conformity with the IFRS Standards and Interpretations as adopted by the European Union on June 30, 2019, and are available on the website:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_fr

The accounting principles applied are generally identical to those used to prepare the annual consolidated financial statements for the year ended December 31, 2019. Standards that were applied for the first time in the current reporting period are described in Section 4 below.

The Universal Registration Document 2019 provides a list of subsidiaries (see page 107). The following additional entities were included in the scope of consolidation as of June 30, 2020:

- BI Shanghai Co. Ltd., Shanghai, China
- Biological Industries Hong Kong Ltd., Kowloon, Hong Kong
- Biological Industries USA Inc., Cromwell, Connecticut, USA
- Sartorius Stedim Chromatography Systems Ltd., Royston, UK

- Sartorius Stedim Chromatography Resins S.A.S., Cergy, France

The entities BI Shanghai Co. Ltd., Biological Industries Hong Kong Ltd., and Biological Industries USA Inc. joined the Group in the course of the acquisition of a majority stake in Biological Industries Israel Beit Haemek Ltd. in December 2019. Following the finalization of the purchase price allocation in 2020, the entities were included in the scope of consolidation from December 15, 2019. Sartorius Stedim Chromatography Systems Ltd. and Sartorius Stedim Chromatography Resins S.A.S. were founded for the acquisition of selected life science assets from Danaher Corporation and have purchased these assets on April 30, 2020. See Section 5 for details about the acquisition of Biological Industries and that of the assets from Danaher.

For the calculation of income tax expenses, the provisions of IAS 34.30c were adopted; i.e., the best estimate of the weighted average annual income tax rate expected for the full financial year was applied (27.5%). This expected tax rate includes adjustments for previous years based on projected results from ongoing tax audits.

3. Use of Judgments and Estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments and estimates made by management in applying the Group's accounting policies have remained generally the same as those applied to the consolidated financial statements for the year ended December 31, 2019. However, management has observed that the general estimation uncertainty has increased considerably as a result of the COVID-19 pandemic crisis. In the first half of 2020, the Group achieved considerable revenue growth and observed strong demand across all product categories in line with the assumption that our industry and our customers are not seriously impacted by the COVID 19 crisis. Furthermore, the Group did not experience major difficulties on the supply side so that business continuity has been ensured. Overall, the Group might even benefit to some extent from the crisis as many of our customers are involved in research and development of vaccines and drugs to fight the virus.

4. Initial Application of New Standards

The Group applied the following new accounting rules that were mandatory for the reporting period:

- Amendments to IFRS 3, Business Combinations, Definition of a Business
- Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material
- Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 7, Financial Instruments: Disclosures, Interest Rate Benchmark Reform
- Amendments to References to the Conceptual Framework in IFRS Standards

The application of the new rules did not have an impact on the consolidated interim financial statements.

5. Business Combinations

Acquisition of Biological Industries in 2019

On December 15, 2019, the Group acquired just above 50% of the shares in the Israeli cell culture media developer and manufacturer Biological Industries. In the course of the transaction, the Group obtained control of this company based on contractual agreements.

Biological Industries focuses on cell culture media, particularly for cell and gene therapy, regenerative medicine and other advanced therapies. Founded in 1981, the company currently employs approximately 130 people, mainly at its headquarters, R&D and manufacturing site close to Haifa, Israel, and at sales locations in the USA, Europe and China.

The determination of the acquisition-date fair values of the assets acquired and liabilities assumed was completed in 2020. Non-controlling interests are measured at their proportionate share of the net assets. The following table presents preliminary and final valuations:

	Preliminary purchase price allocation € in mn	Final purchase price allocation € in mn
Intangible assets	0.0	28.5
Property, plant and equipment	5.2	8.5
Inventories	5.0	5.9
Trade receivables	5.1	5.5
Other assets	8.3	7.8
Cash and cash equivalents	3.2	3.7
Deferred taxes - net	0.0	-7.7
Loans and borrowings	-0.3	-3.6
Other liabilities	-6.6	-7.1
Net assets acquired	19.9	41.5
Non-controlling interests	9.9	21.3
Purchase price	47.6	49.3
Goodwill	37.6	29.1

The purchase price for the acquired shares equals approximately €49.3 million and was fully paid in cash with the exception of a liability amounting to €2.2 million. The directly attributable acquisition-related costs totaled €0.3 million and were recognized in other expenses in 2019. The resulting goodwill is not deductible for tax purposes. The intangible assets recognized separately relate mainly to technologies and customer relationships.

Besides being attributable to synergies - e.g., those realized by the acquiree's access to the Group's global sales and distribution network - the resulting goodwill reflects the expansion of the Group's product offering for biopharmaceutical customers and intangible assets that are not recognized separately, such as the acquired workforce.

In the course of the acquisition, the holder of the noncontrolling interest was granted a right to sell its remaining shares in several tranches up to 2027. For the obligation to purchase own equity interests, the Group recognized financial liabilities of €61.0 million against equity at the acquisition date. On the other hand, the Group has the right to purchase an additional 20% of the shares exercisable within a three-year period as of the acquisition.

Acquisition of Selected Life Science Assets of Danaher

On April 30, 2020, the Group completed the acquisition of selected life science businesses of Danaher Corporation as part of a broader transaction between Danaher and the Sartorius Group, Sartorius Stedim Biotech's major shareholder. The assets and liabilities related to the businesses were acquired via asset deals. In the course of the transaction, Sartorius Stedim Biotech assimilated altogether approximately 100 people at the sites in Portsmouth, U.K.; Cergy, France; Ann Arbor, Michigan, USA; and Hopkinton, Massachusetts, USA, into its workforce.

The business acquired by Sartorius Stedim Biotech generated revenue of approximately \$100 million in 2019 and covers various bioprocessing technologies, which are complementary to the Group's product portfolio. The company's broader offering as a result of the acquisition will support customers even more comprehensively in the safe and efficient production of such pharmaceuticals. Sartorius Stedim Biotech is thus extending its market position in key areas of the manufacture of biotech medications.

With the chromatography systems and resins business acquired, Sartorius Stedim Biotech is expanding its portfolio in the downstream processing area. This business addresses an essential step in the purification of biopharmaceuticals and encompasses both reusable and single-use equipment, columns and resins. Furthermore selected product groups in the areas of stainless steel hollow-fiber and single-use technology tangential flow filtration systems and single-use flow kits will additionally strengthen the Group's portfolio in downstream processing.

The purchase price of approximately €217.9 million was fully paid in cash. Expenses of €2.8 million directly attributable to the acquisition were recognized as other expenses in profit or loss.

Due to the size and complexity of the business combination the determination of the acquisition date fair values of the assets acquired and liabilities assumed has not yet been completed. Furthermore, the purchase price is subject to customary adjustments, e.g. for working capital. Therefore, the purchase price allocation is preliminary based on the current knowledge of management:

	Preliminary purchase price allocation € in mn
Intangible assets	139.4
Property, plant and equipment	6.7
Inventories	33.2
Trade receivables	0.0
Other assets	0.1
Cash and cash equivalents	0.0
Deferred taxes - net	0.0
Loans and borrowings	-0.6
Other liabilities	-13.8
Net assets acquired	165.0
Purchase price	217.9
Goodwill	53.0

Goodwill resulting from the acquisition is expected to represent the broadening of the product offering for biopharmaceutical customers, synergies and intangible assets that are not separately recognized such as the know-how of the workforce. Due to the transaction structure, the Group expects that goodwill will mostly be deductible for tax purposes. Based on its present level of knowledge, the Group expects that the intangible assets recognized separately are primarily technology-based and customer-related intangible assets.

Since the acquisition date, the new business has contributed sales revenue of approximately €9.1 million to the Group's sales revenues and a slightly positive amount to Group's earnings (excluding transaction and integration costs as well as effects from the provisional purchase price allocation). Based on this impact, hypothetical sales revenue of the Group would have been approximately €887.3 million and the net result would have remained nearly unchanged, if the acquisition had taken place as of January 1, 2020.

6. Related Parties

The majority shareholder of Sartorius Stedim Biotech S.A. is Sartorius AG, which holds a controlling stake in the company of 74.3% in equity capital and 85.5% of the voting rights. Shares in free float are 26%.

The Sartorius Group itself is organized in two divisions: Bioprocess Solutions, which is mainly run by the Sartorius Stedim Biotech Group, and Lab Products & Services that is primarily operated by the other companies of Sartorius Group. This structure explains why the Sartorius Group holds two subsidiaries in most of the countries, and these companies partially share space, staff and other resources.

Furthermore, the German Group companies carry out various central functions and accordingly deliver services to the worldwide entities (e.g., IT support). Sartorius Corporate Administration GmbH, a 100% subsidiary of Sartorius AG, has departments that perform numerous functions for the Sartorius Group. These include, for example, Group Finance, HR, IT, Investor Relations, Legal and Central Marketing. The expenses for these services performed are further invoiced within the Sartorius Group and, to a significant extent, to Sartorius Stedim Biotech as well.

The structure described above has resulted in various relations and transactions with related parties. These include sales, purchases and commissions, management fees and shareholder costs, as well as loans, administrative services and shared costs. For further details, please refer to the Universal Registration Document 2019 (pp. 140 and 141).

In the reporting period, Sartorius Stedim Biotech received a loan of approx. €215 million from its parent company Sartorius AG in the context of the acquisition of selected Danaher assets. The interest charged is based on a variable interest rate plus an arms'-length credit margin.

7. Financial Instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities by category of financial instrument according to IFRS 9 as of June 30, 2020, and as of December 31, 2019.

€ in millions	Categories (IFRS 9)	June 30, 2020		December 31,	December 31,
		Carrying amount	June 30, 2020 Fair value	2019 Carrying amount	2019 Fair value
Investments in non-consolidated subsidiaries and associates	n/a	7.1	7.1	7.1	7.1
Financial assets	Debt instruments at fair value through profit or loss	0.9	0.9	0.9	0.9
Financial assets	Measured at amortized cost	6.5	6.5	6.4	6.4
Financial assets (non-current)		14.5	14.5	14.4	14.4
Amounts due from customers for contract work (contract assets)	n/a	5.1	5.1	8.5	8.5
Trade receivables	Measured at fair value through other comprehensive income	80.8	80.8	24.6	24.6
Trade receivables	Measured at amortized cost	137.6	137.6	188.1	188.1
Trade receivables		223.5	223.5	221.3	221.3
Receivables and other assets	Measured at amortized cost	45.3	45.3	18.8	18.8
Derivative financial instruments designated as hedging instruments ¹	n/a	4.4	4.4	1.1	1.1
Derivative financial instruments	Held for trading	0.0	0.0	0.2	0.2
Other financial assets (current)		49.7	49.7	20.0	20.0
Cash and cash equivalents	Measured at amortized cost	89.3	89.3	28.2	28.2
Loans and borrowings	Financial liabilities at cost	277.9	277.8	83.5	83.6
Trade payables	Financial liabilities at cost	120.3	120.3	117.1	117.1
Trade payables payments received for orders	n/a	101.7	101.7	80.6	80.6
Trade payables		222.1	222.1	197.7	197.7
Derivative financial instruments designated as hedging instruments ¹	n/a	0.4	0.4	0.7	0.7
Other financial liabilities	Financial liabilities at cost	102.9	103.2	91.5	91.4
Other financial liabilities		103.2	103.5	92.2	92.0

¹ The amounts include the non-designated part of the contracts.

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the financial instruments were determined on the basis of the market information available on the reporting date and are to be allocated to one of the three levels of the fair value hierarchy in accordance with IFRS 13.

Level 1 financial instruments are measured on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are measured on the basis of input factors which are derivable from observable market data or on the basis of market prices for similar instruments. Level 3 financial instruments are measured on the basis of input factors that cannot be derived from observable market data.

The financial instruments to be recognized at fair value on the reporting date are mainly derivatives in the form of forward contracts. They were measured on the basis of their quoted exchange rates and market yield curves (Level 2).

The fair values to be disclosed for financial liabilities recognized at amortized cost, especially liabilities to banks, were measured on the basis of the market interest rate, taking the current indicative credit spreads into account (Level 2).

The fair values of the remaining financial assets and liabilities to be disclosed approximate the carrying amounts on account of their predominantly short-term maturity.

The maximum credit loss risk is reflected by the carrying amounts of the financial assets recognized in the statement of financial position.

The Group recognizes transfers between the levels of the fair value hierarchies at the end of the reporting period during which a change occurs. In the current reporting period, there were no transfers between the levels.

8. Other Disclosures

Impairment Test

As of June 30, 2020, no asset impairments were identified. Generally, impairment tests need to be performed for goodwill and other assets with indefinite useful lives. As described in Section 3 above, the COVID-19 crisis did not lead to impairments.

Earnings Reporting

Sartorius Stedim Biotech uses the indicator "underlying EBITDA" as the key figure for measuring earnings. The key indicator "EBITDA" refers to earnings before interest, taxes, depreciation and amortization. The key indicator "underlying EBITDA" corresponds to the key indicator EBITDA adjusted for extraordinary income and expenses recorded during the relevant period.

Material Events after the Reporting Date

No material events occurred after the reporting date.

Dividend

In the reporting period, shareholders of Sartorius Stedim Biotech S.A. passed the resolution to pay a dividend of €0.34 per share for fiscal 2020. The total dividend distribution of €31.3 million was paid in July 2020.

Audit

- Level of audit procedures:
- December 31, 2019: audit
- June 30, 2020: limited review
- Quarterly information: not audited; not reviewed

Statutory Auditors' Review Report on the 2020 Half-yearly Financial Information

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Sartorius Stedim Biotech S.A.

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C.S. 91051

13781 Aubagne cedex

Period from January 1, 2020 to June 30, 2020

To the Shareholders of Sartorius Stedim Biotech S.A.,

In compliance with the assignment entrusted to us by your Shareholders' meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Sartorius Stedim Biotech S.A., for the period from January 1, 2020 to June 30, 2020,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were approved by the Board of Directors on July 15, 2020 based on the information available at that date in the evolving context of the Covid-19 pandemic and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the Financial Statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific Verification

We have also verified the information presented in the half-yearly management report prepared on July 15, 2020 and commenting upon the condensed half-yearly consolidated financial statements on which we performed our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Marseille, July 17, 2020

KPMG Audit
A division of KPMG S.A.

John Evans
Partner

Deloitte & Associés

Philippe Battisti
Partner

Information on the First-Half Financial Report

Declaration of Responsibility for the First-Half Financial Report

I certify, to the best of my knowledge, that the condensed financial statements for the first half ended June 30, 2020, have been prepared in accordance with the applicable accounting standards and give a fair view of the assets, the financial position and the results of the company and of the group of companies included in the consolidation, and that the first-half financial report on pages 2 to 23 presents a fair review of the important events that occurred during the first six months of the financial year, including their effects on the accounts, and of the major transactions between the related parties, as well as of the description of the main risks and uncertainties for the remaining six months of the financial year.



Joachim Kreuzburg
CEO of the Sartorius Stedim Biotech Group

Financial Schedule

Publication of nine-month figures for 2020	October 20, 2020
Publication of preliminary results for fiscal 2020	January 2021
Annual General Shareholders' Meeting Aubagne, France	March 2021
Publication of first-quarter figures for 2021	April 2021

Contacts

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This is a translation of the original French-language first-half financial report "Rapport financier semestriel." Sartorius Stedim Biotech S.A. shall not assume any liability for the correctness of this translation. The original French interim report is the legally binding version. Furthermore, Sartorius Stedim Biotech S.A. reserves the right not to be responsible for the topicality, correctness, completeness or quality of the information provided. Liability claims regarding damage caused by the use of any information provided, including any kind of information which is incomplete or incorrect, will therefore be rejected.

Forward-looking Statements Contain Risks

This Sartorius Group Interim Report for the period from the beginning of January 2020 to the end of June 2020 contains various statements concerning the Sartorius Group's future performance. 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 apply. 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 the entire report, differences may be apparent as a result of rounding during addition.