

# Strategy and Goals

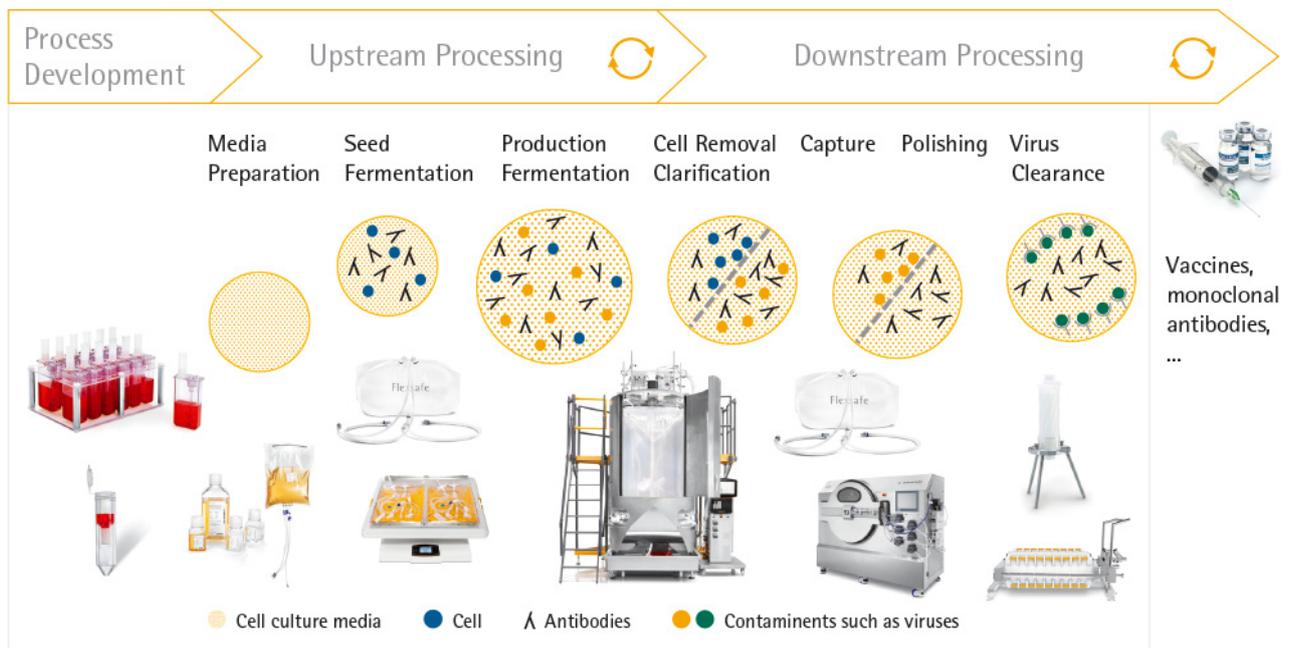
Sartorius Stedim Biotech is a leading international supplier of products and services for the safe and efficient biologic manufacture of medications and vaccines.

A part of our total solutions provider strategy, we have created a broad product and technology portfolio, from both our own developments and acquisitions, for our biopharma customers. This portfolio covers virtually all steps of their production processes and includes, inter alia, cell culture media, cell lines, bioreactors, a wide range of products for separation, purification and concentration, as well as solutions for storage and transportation of intermediate and final biologic products.

Sartorius Stedim Biotech generates around three quarters of its sales revenue with single-use products.

Due to their cost advantages and higher flexibility compared with reusable technologies, such single-use products are increasingly being used by the pharmaceutical industry. Sartorius Stedim Biotech offers the most extensive portfolio of single-use technologies in the industry.

With our global, specialized sales force, we address an attractive market with above-average growth rates. As our customers' manufacturing processes are validated by the respective health authorities, product quality and assurance of supply are essential. We see our leading international market positions as good stepping stones for sustained dynamic and profitable growth in the future. Besides realizing our organic growth potential, we also aim at further expanding the division's portfolio through complementary acquisitions and alliances.



Simplified diagram

## Sartorius Stedim Biotech 2020 Strategy

In 2011, the Group defined its strategy and long-term targets for 2020 to achieve profitable growth. At the beginning of 2016, close to the mid-point of this timeline, this 2020 plan was reviewed and updated.

The company's sales target has thus been slightly increased from around €1.5 billion to about €1.5-€1.6 billion by 2020. Growth is predominantly expected to be generated by the Groups' existing portfolio, i.e., organically, and supplemented by acquisitions. In view of its profitability, Sartorius Stedim Biotech upgraded its margin target related to underlying EBITDA from about 28% to about 29% to 30% for 2020. This is assuming that the profitability of any future acquisitions would be at a level comparable to that of the existing business and that no significant changes in key exchange rates would occur.

Sartorius Stedim Biotech's 2020 targets are being implemented by various growth initiatives with the following areas of focus:

### Regional Growth Initiatives

Regionally, North America and selected countries in Asia are at the focus of our growth strategy.

North America is the world's largest market for the manufacture of biopharmaceuticals. As this market is home to our main competitors, we historically had lower market share in this region than in Europe and Asia. Accordingly, Sartorius Stedim Biotech is striving to further gain market share, primarily by strengthening its sales and service capacities.

Our second regional focus is on Asia, especially on China, South Korea and India. These markets have tremendous potential due to their expanding healthcare systems and increased spending by private households. Moreover, major production facilities for biosimilars are being set up in these countries, and contract manufacturers are strengthening their presence in this region. To participate in this momentum in the best possible way, we have already invested substantially in our sales infrastructure in this region.

### Expansion of Product Portfolio

Concerning the further development of our portfolio, the 2020 strategy also provides for making acquisitions besides conducting our own R&D activities and entering into alliances. Such acquisitions will be primarily focused on adding complementary technologies and products that enhance the attractiveness of our portfolio from a customer perspective. Since 2011, we have strengthened our portfolio by acquiring six small- and medium-sized businesses.

### Infrastructure

Efficient business processes, a powerful IT infrastructure and sufficient production capacities are to constitute the backbone of our projected growth. Sartorius Stedim Biotech is increasingly using standardized business processes and is considerably extending its production capacities at various locations, especially for filter and bag products.