

# Business Development of Lab Products & Services

Significant double-digit growth despite difficult first half due to the pandemic

Increased demand for products used in coronavirus testing

Acquisitions with positive impact on growth and earnings

Division sales  
**€553.0m**  
In constant FX: +18.1%

Order intake  
**€598.2m**  
In constant FX: +26.4%

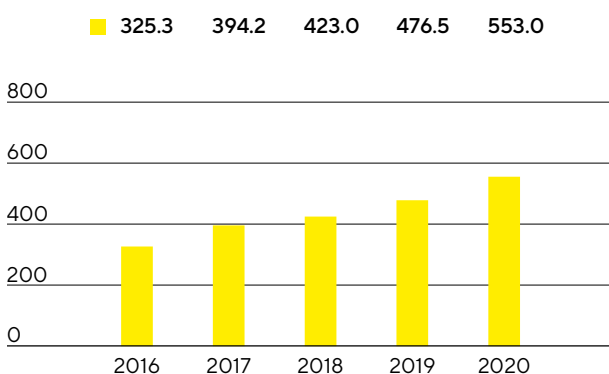
Underlying EBITDA margin  
**21.0%**  
-0.6 percentage points



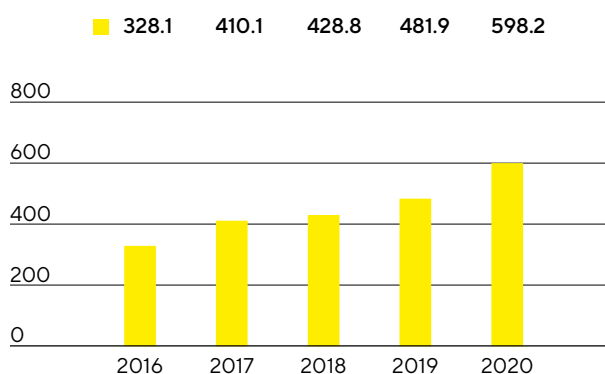
## Sales Revenue and Order Intake

In 2020, the Lab Products&Services Division earned sales revenue of €553.0million, a gain of 18.1% in constant currencies (reported: +16.1%). The division thus exceeded its forecast, which projected at the beginning of the year that sales revenue would increase by 7% to 10% and was last updated upon release of the company's nine-month figures, specifying that sales would grow at the upper end of, or slightly above, the range of 10% to 14%. Acquisitions contributed about 15 percentage points; the net impact of various countervailing pandemic effects added up to minus 1 percentage point. Especially in the first half of the year, development of the Lab Products&Services Division was dampened considerably in challenging environment with partly closed customer laboratories and soft demand resulting from the pandemic. Driven by rebound effects and, to some extent, by catch-up effects, business markedly picked up toward the middle of the year, and saw a strong closing quarter. In particular, the division's bioanalytics portfolio that includes the protein analytical business acquired from Danaher grew dynamically. Demand was also high for products that are used as part of coronavirus testing.

**Sales Revenue 2016 to 2020**  
€ in millions



**Order Intake 2016 to 2020**  
€ in millions



### Sales Revenue and Order Intake

€ in millions	2020	2019	in % reported	in % cc
Sales revenue	553.0	476.5	16.1	18.1
Order intake	598.2	481.9	24.1	26.4

In EMEA, the region contributing the highest share of revenue of around 43%, the division achieved sales revenue of €236.6 million, an increase of 14.7%. Sales grew in the Americas region, whose share of revenue rose to around 29%, by 29.1% to €160.9 million and was substantially driven by the most recent acquisitions. In the Asia|Pacific region accounting for a good 28% of the Lab Products&Services Division's business, development was also positive, despite weaker demand in the first half of 2020 due to the pandemic, with sales increasing by 13.4% to €155.5 million.

Order intake developed very dynamically, climbing 26.4% (reported: +24.1%) to €598.2 million.

**Sales by Region**

€ in millions	2020	2019	in % reported	in % cc
EMEA	236.6	208.6	13.4	14.7
Americas	160.9	128.7	25.0	29.1
Asia   Pacific	155.5	139.2	11.7	13.4

## Earnings

The Lab Products & Services Division increased its underlying EBITDA by 13.2% to €116.3 million. Impacted by lower capacity utilization at some plants in the first half of 2020 due to the pandemic, the division's corresponding margin reached 21.0% relative to 21.6% in the previous year. While exchange rates did not have any significant effect on the division's earnings margin, the positive impact of the most recent acquisitions was a good 2 percentage points.

**Underlying EBITDA and EBITDA Margin**

	2020	2019
Underlying EBITDA in € millions	116.3	102.7
Underlying EBITDA margin in %	21.0	21.6

The Lab Products & Services Division recorded extraordinary items of –€21.5 million in the reporting year relative to –€9.3 million a year ago. These were predominantly related to the most recent acquisitions as well as to expenses for various cross-divisional projects, restructurings and rebranding.

Regarding the corresponding customer groups and to optimize the sales structure, two businesses were reallocated between the two divisions in the first quarter of 2020, leading to a slight adjustment in the divisions' prior-year figures. This did not result in any adjustments at the Group level.

## Products and Sales

The Lab Products & Services Division focuses with its products on research laboratories in the pharmaceutical and biopharmaceutical industries as well as on academic research institutes.

In the area of bioanalytics, the division offers life science customers innovative systems for cell analysis. These greatly accelerate the otherwise time-intensive discovery of medical drug candidates by automating and digitalizing core steps in analysis. In the reporting year, Sartorius introduced a new version of its cell analysis system that enables living cells to be visualized and examined in real time inside the controlled environment of an incubator. Besides offering novel imaging modules specially designed for long-term experiments and flexibility, the new system provides new software that empowers researchers to gain better insights into and evaluate large volumes of data.

The division's bioanalytics portfolio was also expanded by the protein analysis business originating from the acquisition of selected life science assets from Danaher Corporation. This business includes innovative protein analysis instruments, biosensors, and reagents. The products are based on patented biolayer interferometry technology and perform label-free real-time analysis of various biomolecular interactions. The information provided by this analysis helps biopharmaceutical customers increase the efficiency of essential steps in the development of molecules, cell lines and processes. Moreover, these analytical instruments can be used synergistically with specific Sartorius technologies of both divisions. The instruments are complementary to our existing portfolio, extend our offering of product solutions and make the division's portfolio even more relevant from the customer's perspective.

Beyond this, the product range of the Lab Products & Services Division includes a broad array of premium laboratory instruments for sample preparation, such as laboratory balances, pipettes and lab water systems, as well as lab consumables, such as filters and microbiological test kits. This Sartorius portfolio is tailored to the biopharmaceutical industry and additionally to research and quality control labs in the chemical and food industries.



The services offered by the Lab Products & Services Division cover the entire life cycle of laboratory instruments, from device installation and commissioning to validation, calibration, verification and regular maintenance to repair. These services are not limited to Sartorius instruments alone; they are offered to a partial extent for devices from other manufacturers as well. This extensive range enables our customers to minimize the number of service providers they use and to reduce complexity and costs.

Sartorius application laboratories in all regions offer customers the opportunity to test Sartorius products, even using their own samples, and to take training courses.

## Sales Activities

The division sells its products through three channels: laboratory distributors, e-business, and direct sales. Its sales activities center on direct sales as well as digital sales channels, both of which are being expanded continually with an increasing focus on life science customers.

Besides extending our sales structures, we also concentrate on the ongoing enhancement of sales efficiency, in part through the creation of synergies between the two divisions. The Lab Products & Service Division therefore gains access to customers of the Bioprocess Solutions Division, and the latter can likewise tap into new sales opportunities in return.

## Product Development

The division has extensive technological expertise in the areas of bioanalytics, laboratory instruments and laboratory consumables. Software and hardware advancements in our cell analysis products create many new evaluation opportunities for our customers. They are the foundation for the development of new tools capable of processing and visualizing vast quantities of data appropriately based on specific applications. We expect that such software solutions will become increasingly important.

Compliance with regulatory requirements is critical for our customers. Product development priorities for Sartorius therefore include data management, connectivity and process automation.

Most of the research and development for the Lab Products & Services Division is conducted at Group headquarters in Göttingen, Germany, but Sartorius also carries out R&D activities at its sites in Finland and the U.K. as well as in the USA.

## Production and Supply Chain Management

The Lab Products & Services Division operates plants in Germany, China, Finland, the U.K. and the USA. These plants serve as centers of competence and tend to focus on one product group or a small set of product groups. In the reporting year, laboratory balances were manufactured in Germany and China, for example, and pipettes in Finland. Bioanalytical systems are made in the USA and, following the acquisition of Danaher's life science businesses, also in China. Microbiological test kits are produced in the U.K. and most membrane-based products in Germany.

Sartorius was hardly affected by production restrictions due to lockdowns caused by the coronavirus pandemic. Even during the lockdowns, the company kept its manufacturing operations up and running in all countries. Despite the restrictions in global logistics, Sartorius supply chains proved to be largely stable. Due to high demand generated by the coronavirus pandemic for products such as pipette tips, production was expanded in Finland.