

Chairman's Message

Dear Shareholders, dear Business Partners,

We are currently going through extraordinary times. Our industry, the biopharma industry, is called upon to address the world's most pressing needs arising from the coronavirus pandemic. The level of effort, global collaboration and speed of progress on coronavirus vaccines and Covid-19 medications is unprecedented: Some of our customers went from mapping the coronavirus genome to delivering vaccines to patients in only nine months so biopharma has really demonstrated what it is able to achieve when it cooperates on a global scale and works at its best. It has also rewritten some implicit rules by which it used to operate. And I am convinced that many changes and lessons-learned are here to stay.

In this joint effort, Sartorius Stedim Biotech is part of the solution. Each and every day, we deliver essential products and technologies to manufacturers of coronavirus vaccine and medications for Covid-19 treatment all over the world – also beyond the current pandemic. With our technologies, platforms and partnerships, we help to ensure that new scientific discoveries can be translated more quickly into effective medications and that these become accessible to more people. In other words, our company's purpose directly addresses the United Nations' Sustainable Development Goal "Health and Wellbeing," placing it at the center of our efforts.

While we faced increasing pressure throughout the year to ramp up our production and serve customers with urgently required products, our first and foremost priority was to keep our employees safe at all our Group sites. We are thankful to report that we did not have any serious illnesses among our employees and that nobody acquired an infection at work. This was also due to the diligence of our Environmental Health & Safety teams who quickly provided protective materials and implemented coronavirus testing and hygiene measures at all sites. My thanks go out to these teams for their great efforts.

Businesswise, we have achieved strong results in 2020 once again, which underscore the strength and resilience of our strategy and business model. Our company grew in all its geographies, driven by strong organic development, several acquisitions and additional pandemic-related demand. Sales revenue surged by more than a third to €1,910 million, significantly surpassing our initial forecast of 11% to 14% that we issued at the beginning of the year. Underlying EBITDA, our Group's most important earnings indicator, also rose very strongly by 43.5% to €605 million. The respective margin climbed to 31.7%, and relevant net profit reached €384 million.

We are also pleased to report that we were again able to increase the number of employees significantly, to more than 7,500, a gain of more than 1,400 people. Around 240 joined us through acquisitions, and we also hired a substantial number of people particularly in manufacturing to cope with strong demand. Moreover, as a fast-growing company, we continue to recruit people who share our ambitions and values.

In addition, we were also able to complete some strategically very relevant acquisitions which, in particular, have strengthened our position in downstream processing and in the area of advanced therapies.

Efficient downstream processing has remained a challenge in our industry for years, and Sartorius Stedim Biotech is committed to helping accelerate and simplify this crucial step. Through the acquisitions of chromatography systems and the resins business from Danaher Corporation and the one of the Slovenian purification specialist BIA Separations, we significantly expanded our chromatography portfolio for essential steps in the purification of biopharmaceuticals. At the same time, we have reinforced our positioning in new



modalities, such as cell and gene therapies, which are likely to play a significant role in conquering a number of severe diseases and are currently the subject of hundreds of ongoing clinical trials. We are also pleased to welcome the WaterSep BioSeparations team to our company, experts in hollow-fiber membrane devices and pre-sterilized assemblies for biopharmaceutical applications, including novel platforms.

In early 2021, we announced that we agreed to acquire the chromatography process equipment division of Novasep. This division of approximately 100 people specializes in resin-based batch and intensified chromatography systems. The Novasep portfolio would perfectly complement our existing chromatography offering. The proposed transaction is still subject to antitrust approvals and is expected to close during the first half of 2021.

Let's take a look at how our shares performed this year, which showed high volatility on the capital markets. The positive business performance of our Group resulted in a further rise in the valuation of Sartorius Stedim Biotech shares, which reached an all-time high of €358 on June 6, 2020. Shares closed the year at €291 up 97% year over year, strongly outperforming key indices, such as the CAC 40, CAC Large 60 and MSCI Europe. With respect to dividends, the Board of Directors has decided to submit a proposal to the Annual Shareholders' Meeting on March 24, 2021, to pay out €0.68 per share.

What can we expect of 2021? The pandemic is not yet over so protecting the health of our employees continues to be our top priority. In such an environment, even short-term forecasts are subject to increased uncertainty. But we are very optimistic about our future and, from today's perspective, expect continuous strong growth for the current fiscal year and beyond. For 2021, sales revenue is forecasted to increase by about 20% to 26%. Regarding profitability, we project an underlying EBITDA margin of about 32.0%, up from 31.7% in 2020.

To support this growth, we have started to accelerate and extend the expansion of our production capacities very significantly in all geographies, the Americas, Europe, and Asia. We will also expand our presence with customers, particularly in China and the U.S., by setting up Customer Interaction Centers and investing in a very significant extension of our activities in South Korea. Therefore, our CAPEX ratio in 2021 is expected to be at a relatively high level of around 15%.

The integration of the above-mentioned acquisitions has progressed very well, and we continue to look for complementary, innovative companies that make our offering even more relevant to customers. In this context, we will also further invest in the rapidly evolving areas of tools for cell and gene therapies and next-generation biopharmaceuticals, which can significantly change the biopharma landscape in the long term. Helping customers digitize their processes and making the most of their data will also remain on our agenda, and we will continue to leverage our partnerships for sourcing further innovation.

Looking ahead to 2025, we considerably raised our mid-term targets, given the strong results we achieved in 2020 and the resulting higher relevant baseline values, as well as raised expectations regarding future organic growth potential. Accordingly, we are striving to again double sales revenue to about €4 billion in the five-year period up to 2025. We intend to achieve this increase primarily through organic growth and additional acquisitions. The Group's underlying EBITDA margin is forecasted to rise to around 33%.

We will achieve these ambitious targets only with an outstanding team. In 2020, a year that was a great challenge for all of us, both personally and professionally, the Sartorius Stedim Biotech team proved its team spirit and capabilities. We were able to successfully master the challenges thanks to the great commitment and flexibility of all our employees. In this special year, everyone went a countless number of extra miles to ensure the stability of supply chains, maintain and ramp up production, and intensively interact with customers. Therefore, a big thank you goes out to the entire international Sartorius Stedim Biotech team who did a fantastic job.

I would also like to thank you, our valued customers, business partners, and shareholders. Based on the trust you have placed in us, you have contributed significantly to the positive development of Sartorius Stedim Biotech. We would be pleased if you would continue to accompany us in 2021 and beyond and share in the future success of our company.

Sincerely,



Joachim Kreuzburg
Chairman of the Board and CEO