Group Business Development

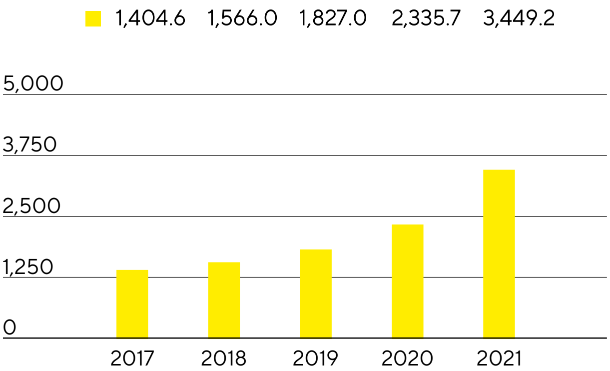
Sales Revenue and Order Intake

In the reporting year, Sartorius grew at an exceptionally dynamic rate of 49.3% to €3,449.2 million in constant currencies (reported: +47.7%) and again significantly more sharply than in the already strong previous year when growth had attained 30.2%. As a result, the Group again slightly exceeded the forecast that had projected an increase in consolidated sales revenue in constant currencies by 19% to 25% at the beginning of the year and had last been raised in July 2021 to a growth rate of about 45%. This increase was attributable to high demand for innovative products and technologies for efficient development and manufacturing of biopharmaceuticals. The need for products required for coronavirus vaccines and test kits added significant momentum, but did not play a dominant role. The impact of these pandemic-related effects on consolidated growth totaled around 16 percentage points. Moreover, the company's most recent acquisitions delivered very positive performance, contributing around 5 percentage points.

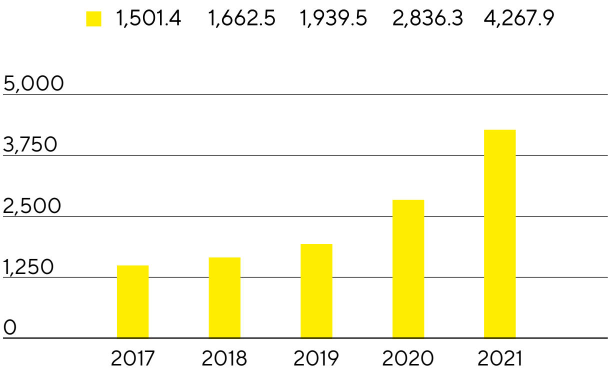
Order intake rose by 52.3% to €4,267.9 million in constant currencies (reported: +50.5%) and thus even slightly more strongly than consolidated sales revenue. About 13 percentage points of this gain were attributed to pandemic effects and close to 7 percentage points to acquisitions. While order intake was significantly higher than sales revenue up into the third quarter, also because some customers placed their orders further in advance than usual in the current situation, the ratio of order intake to sales revenue normalized during the second half of the year and was at the level of the company's long-term average toward the end of the year.

For a full comparison of the Group's business development with its forecast, see page 64.

Sales Revenue 2017 to 2021
€ in millions



Order Intake 2017 to 2021
€ in millions



Sales Revenue and Order Intake

€ in millions	2021	2020	in % reported	in % cc[1]
Sales revenue	3,449.2	2,335.7	47.7	49.3
Order intake	4,267.9	2,836.3	50.5	52.3

1 In constant currencies

High Growth Rates in Both Divisions

Both divisions and all business regions contributed to strong growth in fiscal 2021. The Bioprocess Solutions Division expanded at an exceptionally robust rate, despite a high prior-year base, by 54.7% to €2,727.0 million in constant currencies (reported: +53.0%). In particular, business with manufacturers of biopharmaceutical medications performed very well. Beyond this, pandemic-related demand essentially due to coronavirus vaccine production ramped up by some customers added about 20 percentage points to the division's sales expansion. Non-organic growth contributed by acquisitions was close to 5 percentage points.

The Lab Products & Services Division, which specializes in products and technologies for life science research and pharmaceutical laboratories, also saw sales revenue grow substantially by 32.0% in constant currencies to €722.2 million (reported: +30.6%) compared to prior-year performance dampened by the pandemic. The major part of this sales increase was organic, with components in coronavirus test kits accounting for around 6 percentage points. Acquisitions contributed about 6 percentage points. Development was especially dynamic in the strategic growth area of bioanalytics.

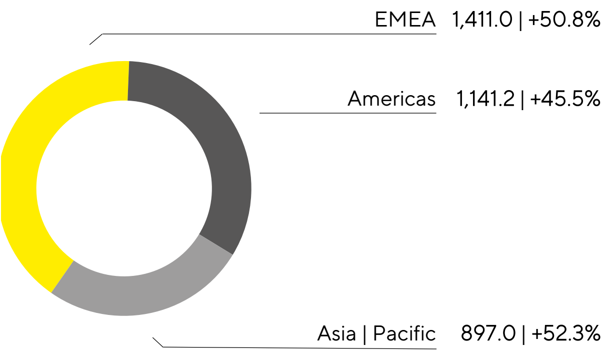
Sales by Division

€ in millions	2021	2020	in % reported	in % cc
Bioprocess Solutions	2,727.0	1,782.6	53.0	54.7
Lab Products & Services	722.2	553.0	30.6	32.0

Further information on the business development of the Group divisions is given on pages 54 et seq. for the Bioprocess Solutions Division and on pages 59 et seq. for the Lab Products & Services Division.

Gains in All Regions

Sales Revenue and Growth[1] by Region[2]
€ in millions unless otherwise specified



1 In constant currencies
2 Acc. to customers' location

Sartorius increased its sales revenue in 2021 in all three business regions with comparable dynamics.

Sales in the EMEA region that contributed the highest share of around 41% to total Group revenue amounted to €1,411.0 million, equating to a gain of 50.8%. Bolstered by especially robust business with vaccine manufacturers, the Bioprocess Solutions Division saw exceptionally strong growth of 61.8% in this region. The Lab Products & Services Division recorded a significant gain of 18.3% as well.

Sales revenue in the Americas region also rose sharply again by 45.5% to €1,141.2 million. Thus, the region's share of Group sales was 33%. The Bioprocess Solutions Division saw very dynamic development, recording a gain of 45.1%, as did the Lab Products & Services Division, which reported growth of 47.2% that was significantly driven by acquisitions and the division's rapidly growing bioanalytics business.

Business in the Asia | Pacific region, which accounted for around 26% of total Group revenue in 2021, generated the highest growth rate at 52.3% in the reporting year, attaining €897.0 million. In particular, the Bioprocess Solutions Division showed very strong growth, with sales up 57.7%. The Lab Products & Services Division expanded significantly by 37.3% compared to the prior-year revenue base that was relatively moderate due to the pandemic.

All growth rates are in constant currencies unless otherwise stated.

Sales by Region

€ in millions	2021	2020	in % reported	in % cc
EMEA	1,411.0	935.1	50.9	50.8
Americas	1,141.2	812.2	40.5	45.5
Asia | Pacific	897.0	588.4	52.5	52.3

Costs and Earnings

In the reporting year, the cost of sales rose by 42.6% to €1,610.3 million, and the cost of sales ratio decreased from 48.3% in the previous year to 46.7% against the background of favorable product mix effects.

The further cost items developed at a considerably underproportionate rate with respect to sales revenue due to economies of scale and to a partially deferred cost development related to the pandemic. Selling and distribution costs thus rose by 32.4% to €580.7 million so the ratio of these costs to sales revenue decreased year over year by around 2 percentage points from 18.8% to 16.8%. Expenses for research and development rose by 29.0% to €139.9 million. The corresponding ratio of R&D expenses to sales revenue was 4.1% (previous year: 4.6%). Regarding general administrative expenses, Sartorius reported an increase of 31.0% to €165.0 million, and the administrative expense ratio in 2021 was 4.8% (previous year: 5.4%).

The balance of other operating income and expenses was -€50.2 million in fiscal 2021 compared to the prior-year figure of -€77.3 million and essentially covered extraordinary items of -€40.7 million relative to -€57.7 million in 2020. These extraordinary items consisted primarily of expenses in connection with the most recent acquisitions as well as of expenses for various cross-divisional projects and rebranding.

EBIT nearly doubled, rising by 98.1% to €903.2 million. The respective EBIT margin rose as a result from 19.5% a year ago to 26.2% in the reporting year.

The financial result was -€234.7 million in 2021 relative to -€31.3 million a year earlier. This figure includes an expense item of -€207.7 million from the reporting date valuation of the share-based earn-out liability in connection with the acquisition of BIA Separations; this liability essentially resulted from the increase in the respective share price as well as strong sales development.

In the reporting year, tax expenses of €241.4 million were above the prior-year total of €125.2 million. The tax rate was 36.1% after 29.5% in the previous year. It should be noted that the valuation effect in the financial result mentioned above will not result in any subsequent tax impact. If this valuation effect would have had a tax impact, this would have yielded a tax rate of 27.6%.

Net profit for the period increased at a significantly overproportionate rate in relation to sales revenue, by 42.5% to €427.0 million (2020: €299.6 million).

Net profit attributable to shareholders of Sartorius AG surged 51.8% to €318.9 million in the reporting year, up from €210.1 million in 2020. Non-controlling interest stood at €108.1 million (previous year: €89.5 million), which essentially reflected shares in Sartorius Stedim Biotech S.A. not held by the Sartorius Group.

Statement of Profit or Loss

€ in millions	2021	2020	Δ in %
Sales revenue	3,449.2	2,335.7	47.7
Cost of sales	–1,610.3	–1,129.3	–42.6
Gross profit on sales	1,838.9	1,206.4	52.4
Selling and distribution costs	–580.7	–438.7	–32.4
Research and development costs	–139.9	–108.4	–29.0
General administrative expenses	–165.0	–125.9	–31.0
Other operating income and expenses	–50.2	–77.3	35.1
Earnings before interest and taxes (EBIT)	903.2	456.0	98.1
Financial income	29.3	35.9	–18.3
Financial expenses	–264.0	–67.1	–293.4
Financial result	–234.7	–31.3	–650.7
Profit before tax	668.4	424.7	57.4
Income taxes	–241.4	–125.2	–92.2
Net profit for the period	427.0	299.6	42.5
Attributable to:			
Equity holders of Sartorius AG	318.9	210.1	51.8
Non-controlling interest	108.1	89.5	20.8

1 The figures for the reporting period 2020 were restated due to the finalization of the purchase price allocation for the acquisitions of BIA Separations and WaterSep BioSeparations.

Underlying EBITDA

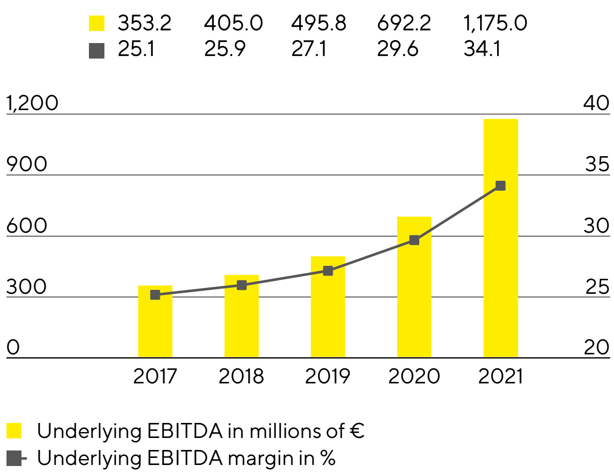
The Sartorius Group uses underlying EBITDA – earnings before interest, taxes, depreciation and amortization and adjusted for extraordinary items – as its key profitability indicator to provide a better picture of its operating development, also in an international comparison. More information on extraordinary items is provided on page 169.

Reconciliation from EBIT to Underlying EBITDA

€ in millions	2021	2020
EBIT	903.2	456.0
Extraordinary items	40.7	57.7
Amortization | depreciation	231.1	178.5
Underlying EBITDA	1,175.0	692.2

In fiscal 2021, the Sartorius Group strongly increased its earnings. Underlying EBITDA thus showed a significantly overproportionate increase in relation to sales revenue, by 69.7% to €1,175.0 million. The respective underlying EBITDA margin climbed to 34.1% (2020: 29.6%) and was therefore within the range of the Group's forecast, which had been specified at around 30.5% at the beginning of the reporting year and had been raised in July 2021 to around 34.0%. Besides being attributable to economies of scale, this considerable increase was influenced by partially deferred cost development, for example as a result of low travel activity because of the pandemic and deferred new hires in relation to sales growth. This trend subsided due to the intensified buildup of the workforce in the second half of the reporting year, as well as to rising costs in logistics and purchasing. Currency effects as well as the most recent acquisitions did not have any material impact on the company's margin development.

Underlying EBITDA[1] and Margin



1 Underlying = excluding extraordinary items

Underlying EBITDA by Division

	Underlying EBITDA € in millions	Underlying EBITDA margin in %
Group	1175.0	34.1
Bioprocess Solutions	986.3	36.2
Lab Products & Services	188.8	26.1

Underlying EBITDA of the Bioprocess Solutions Division was €986.3 million, significantly above the year-earlier figure by 71.3%. The division's respective margin was substantially up year over year from 32.3% to 36.2%. Economies of scale as well as deferred cost development in some areas due to the pandemic contributed to this rise in profitability. Currency effects as well as the most recent acquisitions did not have any material impact on the earnings margin.

In the Lab Products & Services Division, underlying EBITDA soared by 62.3% to €188.8 million and its corresponding margin reached 26.1% (previous year: 21.0%). This strong increase in profitability was based on economies of scale as well as a positive product mix that particularly reflected the growing significance of the bioanalytics portfolio. A positive effect resulted from the acquisition of the Octet business in 2020 in the bioanalytics area, while currency effects did not have a significant impact on the division’s profit margin.

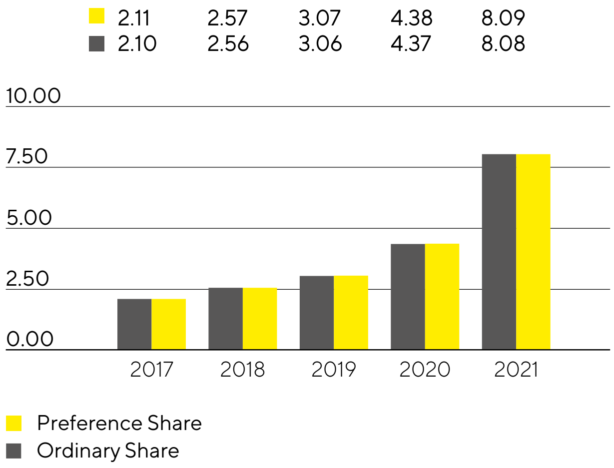
Relevant Net Profit

The relevant net profit attributable to the shareholders of Sartorius AG rose steeply compared to the previous year by 84.9% to €553.4 million. This figure is the basis for determining the profit to be appropriated, and is calculated by adjusting for extraordinary items and eliminating non-cash amortization, as well as is based on the normalized financial result and the normalized tax rate. Underlying earnings per ordinary share soared 85.0% to €8.08, up from €4.37 a year earlier, and by 84.8% per preference share to €8.09, up from €4.38 a year ago.

€ in millions	2021	2020[1]
EBIT	903.2	456.0
Extraordinary items	40.7	57.7
Amortization	88.4	59.7
Normalized financial result[2]	−28.1	−23.8
Normalized income tax (27%)[3]	−271.1	−148.4
Underlying earnings	733.1	401.3
Non-controlling interest	−179.7	−102.0
Underlying earnings after taxes and non-controlling interest	553.4	299.3
Underlying earnings per share		
per ordinary share (in €)	8.08	4.37
per preference share (in €)	8.09	4.38

1 The figures for the 2020 reporting period were restated due to the finalization of the purchase price allocation for the acquisitions of BIA Separations and WaterSep BioSeparations.
2 Financial result adjusted for valuation effects from the subsequent measurement of contingent purchase price liabilities as well as for effects of foreign currency translation and hedging.
3 Income tax considering the average expected group tax rate, based on the underlying profit before tax.

Underlying Earnings per Share[1]
in €



1 After non-controlling interest, adjusted for extraordinary items and non-cash amortization, as well as based on the normalized financial result and the normalized tax rate.

Further information on earnings development and extraordinary items for the Group divisions is given on pages 56 et seq. and 61 et seq.

Research and Development

Sartorius continuously expands its product portfolio by investing in both the new and further development of its products, as well as in the integration of new technologies through alliances. In 2021, the Sartorius Group spent €139.9 million on R&D, corresponding to an increase of 29.0% over the previous year's investment. The ratio of R&D costs to sales revenue stood at 4.1%, slightly below the previous year's level of 4.6%, against the backdrop of the strong increase in sales revenue.

The International Financial Reporting Standards (IFRS) require certain development costs to be capitalized on the statement of financial position and then to be amortized over subsequent years. In the reporting year, these development investments amounted to €50.9 million compared with €43.6 million the year before. This equates to a share of 26.7% (previous year: 28.7%) of the Group's total R&D expenses. Scheduled amortization related to capitalized development costs totaled €24.3 million in 2021 (previous year: €22.1 million). These expenses were disclosed in the cost of sales. The gross capital expenditure ratio, which is even more meaningful for assessment of innovation-related expenses and includes capitalized development costs, was 5.5%, down from prior-year ratio of 6.5%, because of the significant increase in sales revenue.

At Sartorius, we pursue a strategic intellectual and industrial property rights policy across our divisions to protect our expertise. The Group systematically monitors compliance with these rights on a cost | benefit basis to determine which specific individual rights are to be maintained.

In 2021, Sartorius filed a total of 155 applications for intellectual and industrial property rights (2020: 273). As a result of these applications, including those of prior years, we were issued 298 patents and trademarks during the reporting year (2020: 459). As of the reporting date, we had a total of 5,479 patents and trademarks in our portfolio (2020: 5,110).

Further information is provided in the sections covering the individual divisions on pages 54 et seq. and 59 et seq.

Capital Expenditures

Against a backdrop of exceptionally strong organic growth, Sartorius invested considerably in building up new capacities in all regions in the reporting year. In this context, expansion projects already planned were moved ahead of schedule, accelerated and extended. In addition to significantly expanding production capacities, the investment program aims to further diversify and increase the flexibility of the company's production network. Several expansion projects were already completed in 2021 and thus already contributed to meeting high demand. In the current reporting year, the company plans to complete a number of additional projects.

In 2021, capital expenditures of €407.2 million were significantly higher than the prior-year figure of €240.3 million, as planned. The ratio of capital expenditures to sales revenue was 11.8% and thus slightly below the forecast of 12% adjusted at mid-year (2020: 10.3%) due to strong sales growth.

Investments were made, among others, in Group headquarters based in Göttingen, Germany, where capacities for membrane manufacturing are being expanded and new laboratory space for product development is under construction.

At the site in Yauco, Puerto Rico, Sartorius is extending cleanroom capacity for manufacturing products for the Separation and Fluid Management areas. In addition, a production facility for cell culture media is being set up here for the first time and is scheduled to go into operation in 2023.

Extensive investments were made in the Asia | Pacific region, such as in Beijing, China, where additional cleanroom space was created for the production of filters and single-use bags, as well as a quality control laboratory. In Songdo, South Korea, Sartorius is planning to build a plant for manufacturing cell culture media and assembling sterile consumables. Moreover, a technology center for product demonstrations for customers and consultations as well as laboratory facilities are scheduled to be built at this new site that is located in the center of a biopharma hub.

Due to strong growth in demand and order intake, production capacities were also expanded in the reporting year at other sites. For instance, expansion projects were conducted in Finland, France, Israel, Slovenia, Tunisia, and the U.K. Beyond these sites, a new Customer Interaction Center used for product demonstrations and factory acceptance testing was opened in each of the countries in China, the USA, and Germany to strengthen customer proximity and regional presence.

In addition, investments were made in the digital infrastructure of the Group. Thus, Group-wide implementation of a new CRM system was completed.

Employees

The numbers of employees reported include all staff members of the Sartorius Group except for vocational trainees, interns, employees on extended leaves of absence, and those participating in an early retirement plan. Numbers are reported as head counts.

As of the reporting date on December 31, 2021, the Sartorius Group employed 13,832 people in 37 countries, 3,195 people or 30.0% more than in the previous year. This number includes the 125 employees who joined the Sartorius Group in the reporting year through acquisitions. Owing to the high increase in sales, numerous additional employees were hired especially for production functions. Overall, however, the buildup of workforce progressed at a deferred rate in comparison with sales development up to mid-2021 due to the lockdown in many countries and the associated reduction in recruiting activities. This affected in particular our sales, marketing, and development functions. In contrast, during the second half of the year, new employees were increasingly hired again in these functions as well.

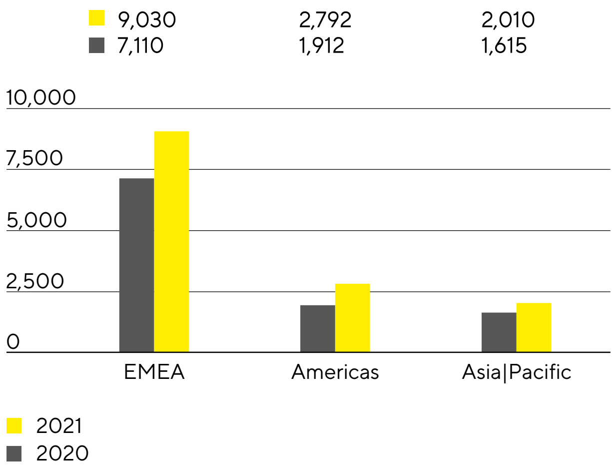
Employees

	2021	2020	Increase in %
Group	13,832	10,637	30.0%
Bioprocess Solutions	10,745	7,821	37.4%
Lab Products & Services	3,087	2,816	9.6%

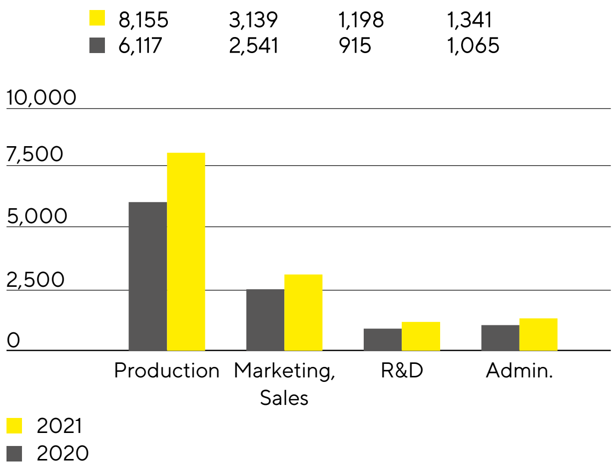
As of the end of the reporting year, the Bioprocess Solutions Division employed 10,745 people (2020: 7,821) and the Lab Products & Services Division 3,087 (2020: 2,816).

Employees in central administrative functions were allocated to the divisions in proportion to the cost of the services they performed during the year.

Employees by Region



Employees by Function



Head count in the EMEA region rose by 1,920 new employees, a gain of 27.0%. As of the end of the reporting year, Sartorius employed 4,637 people in Germany, or 33.5% of the total Group workforce.

The Americas region reported the highest increase in staff, with growth of 46.0% or 880 new people. The number of employees in the Asia | Pacific region grew by 24.5% or 395 people.

At the end of 2021, around 59% of all Sartorius employees worked in production. This head count includes production staff and employees in other areas such as technical services. The number of employees in this area was 8,155 or 33.3% more than in the prior year.

In marketing and sales, 3,139 people were employed at year-end, an increase of 23.5%. They made up about 23% of the total Group workforce.

Around 9% of all our employees worked in research and development. The total number of R&D staff was 1,198, representing growth of 283 employees or 30.9% over the prior year.

Administration recorded 1,341 employees as of the reporting date. This corresponds to an increase of 25.9% compared with the prior-year period and a share of 10% of all Sartorius staff.

For more information on employees, see the Non-Financial Group Statement starting on page 122.

Net Worth and Financial Position

Cash Flow

In the reporting year, Sartorius again significantly increased its cash flow from operating activities. This figure amounted to €865.8 million relative to €511.5 million a year ago, which equates to a rise of 69.3%. The development is essentially due to growth in earnings, whereas growth-driven buildup of working capital as well as higher tax payment liabilities had a dampening effect. The sale of trade receivables within the scope of a factoring program resulted in an inflow of €40.6 million (inflows in the previous year: €88.6 million).

Due to exceptionally high demand, Sartorius has been driving the expansion of its production capacities full speed ahead. In particular, the company's investment program covers ahead-of-schedule expansion of sites in Germany and Puerto Rico. Cash outflows from investing activities increased in the reporting period by 72.3% to €427.9 million. Because of acquisition-related expenses of €141.7 million in connection with the most recent purchases of the companies Xell and CellGenix, cash flow from investing activities and acquisitions was -€569.6 million. The prior-year figure of -€1,270.5 million essentially included cash outflows related to the acquisition of the life science businesses from Danaher as well as of BIA Separations.

Primarily driven by dividend disbursements and repayment of loans, cash flow from financing activities amounted to -€165.2 million in the reporting year relative to €907.5 million in fiscal 2020 in which Sartorius had financed acquisitions by issuing new note loans ("Schuldscheindarlehen"), among other means.

Cash Flow Statement

€ in millions	2021	2020
Cash flow from operating activities	865.8	511.5
Cash flow from investing activities and acquisitions	–569.6	–1,270.5
Cash flow from financing activities	–165.2	907.5
Cash and cash equivalents	342.8	203.4
Gross debt	2,075.5	2,087.4
Net debt	1,732.7	1,883.9

Consolidated Statement of Financial Position

The balance sheet total of the Sartorius Group was €5,697.9 million as of the end of fiscal 2021 and thus €1,213.2 million higher than the prior-year level. This rise reflects the increase in property, plant and equipment as a result of continuous investing activities as well as the growth-driven buildup of working capital, among other things. Non-current assets thus rose by €625.7 million to €3,901.1 million; current assets increased by €587.5 million to €1,796.8 million.

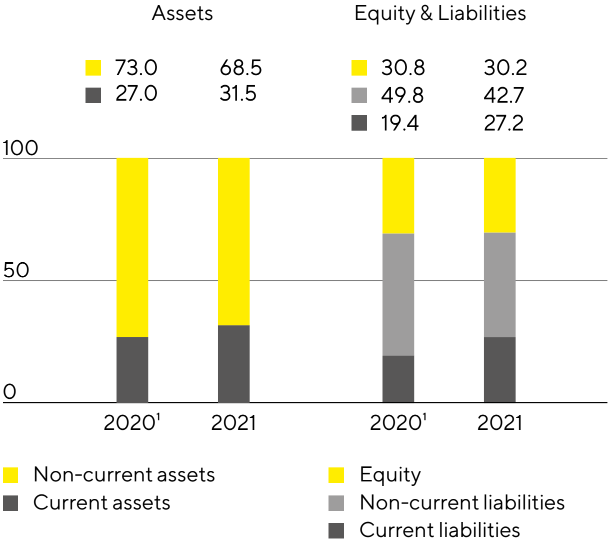
Key Figures for Working Capital

in days		2021	2020[3]
Days inventory outstanding			
Inventories | Sales revenue[1]	x 360	93	83
Days sales outstanding			
Trade receivables | Sales revenue[1]	x 360	44	47
Days payables outstanding			
Trade payables | Sales revenue[1]	x 360	54	49
Net working capital days			
Net working capital[2] | Sales revenue[1]	x 360	83	81

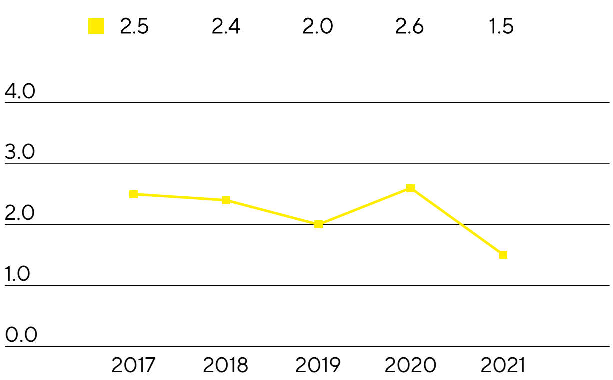
1 Including pro forma sales of recent acquisitions
2 Sum of inventories and trade receivables less the trade payables
3 The figures for the reporting period 2020 were restated due to the finalization of the purchase price allocation for the acquisitions of BIA Separations and WaterSep BioSeparations

Equity grew by €339.9 million to €1,720.2 million as of year-end. The equity ratio was 30.2% (previous year: 30.8%). In the reporting year, current and non-current liabilities for the Sartorius Group of €3,977.7 million were higher than the previous year's figure of €3,104.4 million, which was due to growth.

Balance Sheet Structure
in %



Ratio of Net Debt to Underlying EBITDA[2]



1 The figures for the 2020 reporting period were restated due to the finalization of the purchase price allocation for the acquisitions of BIA Separations and WaterSep BioSeparations
2 Quotient of net debt and underlying EBITDA over the past 12 months, including the pro forma amount contributed by acquisitions for this period

At the end of fiscal 2021, gross debt stood at €2,075.5 million relative to €2,087.4 million in fiscal 2020 and is comprised of liabilities to banks, including note loans ("Schuldscheindarlehen"), as well as lease liabilities. Due to significantly increased credit balances at banks, net debt decreased from €1,883.9 million a year earlier to €1,732.7 million in the reporting year.

In relation to the debt financing capacity of the Sartorius Group, the ratio of net debt to underlying EBITDA is a key metric. It is defined as the quotient of net debt and underlying EBITDA over the past 12 months, including the pro forma amount contributed by acquisitions for this period. This ratio was 1.5 as of December 31, 2021, down from 2.6 in the prior year, predominantly as a result of the substantial increase in earnings and despite substantial investments as well as the acquisitions made in the reporting year, and was thus below the ratio last forecasted (slightly below 2.0).

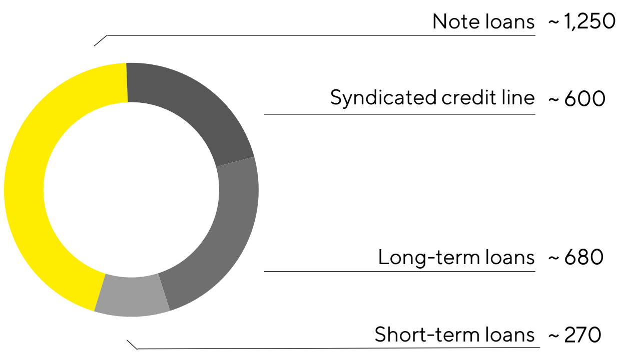
Reconciliation

€ in millions	2021	2020
Gross debt	2,075.5	2,087.4
- Cash & cash equivalents	342.8	203.4
Net debt	1,732.7	1,883.9
Underlying EBITDA (12 months)	1,175.0	692.2
+ Pro forma EBITDA from acquisitions (12 months)	6.1	25.4
Pro forma underlying EBITDA	1,181.1	717.6
Ratio of net debt to underlying EBITDA	1.5	2.6

Financing | Treasury

Sartorius covers its operational and strategic financing needs through a combination of operating cash flows and the assumption of short-, medium- and long-term financial liabilities. The major debt financing instruments are shown in the graphic below.

Main Financing Instruments
€ in millions

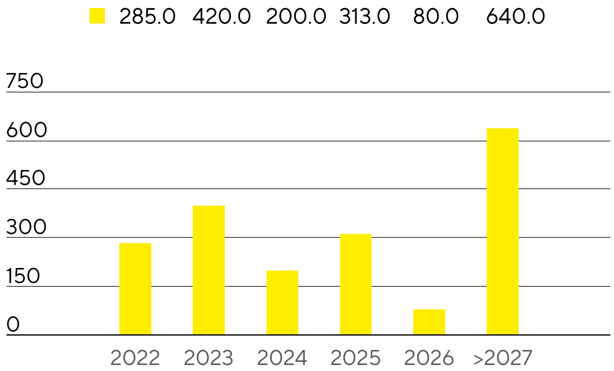


A major pillar in our financing mix is a syndicated credit line of €600 million with a term up to 2024 and an extension option. In addition, Sartorius has diverse short-term credit lines totaling around €270 million. As of December 31, 2021, the total volume of all available credit lines amounted to €870 million of which around €33 million was used. Thus, the available credit lines unused as of the end of 2021 was €837 million.

Besides these credit lines, Sartorius placed several note loans ("Schuldscheindarlehen") with a total aggregate volume outstanding of around €1,250 million at year-end. In addition, the company has several long-term loans in place that total around €680 million and are being used in part for the expansion of production capacities.

The financing instruments mentioned above comprise those with both fixed and variable interest rates. The maturity profile of the Group's financing instruments is broadly and appropriately diversified.

Maturity Profile of the Financing Facilities[1]
€ in millions



1 As of December 31, 2021, major financing instruments

Due to its global business activities, Sartorius is exposed to the usual fluctuations in foreign exchange rates, which it partially hedges by forward contracts. At the end of 2021, foreign exchange contracts amounted to €519 million on a reported basis, with a market value of -€9.9 million.