

Further Growth Expected in the Laboratory Market

Various market observers expect the market for laboratory instruments and consumables to grow by about 4% to 5% annually in the next few years and to reach a volume of around €71 billion in 2024. The sector is also expected to grow in the current year, but at a lower rate of increase than in 2021 due to high prior-year comparables. The demand for certain product groups, which was particularly high in the reporting year in connection with coronavirus test kits, is expected to decline in 2022.

Regarding end markets, the greatest dynamics will probably continue to be generated by the pharmaceutical and biopharma industries, in particular, as a result of continuous research into and approval of new medications, the high momentum of scientific and technological innovations, and strong growth in China. For instance, EvaluatePharma expects sector-specific research spending to climb annually by 4.2% during the period from 2021 to 2026. According to market studies, the product area of bioanalytical instruments should particularly benefit from this and further grow at an above-average rate within the laboratory market.

Budget increases for academic and public-sector research institutions are also expected to act as growth drivers in some countries. On the other hand, the pandemic and potential lockdowns or temporary production shutdowns and any unexpected slowdown in global economic growth still pose risks to demand from industrial end markets. Market observers continue to expect Asian countries, such as China and India, to generate the highest growth rates. Stricter regulatory requirements in a range of industries are also stimulating increased demand for instruments used in sample analysis and quality control. In addition, investments in laboratory infrastructure are becoming more attractive, especially in China, as a result of government-supported efforts to promote innovativeness in several key industries. The country invested more in research and development than the USA for the first time in 2021, as a result of which its share of R&D spending further increased.

Sources: BioPlan: 18th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production; IQVIA Institute: Global Medicine Spending and Usage Trends, April 2021; EvaluatePharma: World Preview 2021, Outlook to 2026, July 2021; SDI: Global Assessment Report 2020, June 2021; www.fda.gov

Future Business Development

Sartorius Stedim Biotech expects dynamic performance for the full year of 2022 as well. Consolidated sales revenue is thus projected to increase by about 15% to 19%. The acquisitions closed or agreed upon in 2021 are forecasted to contribute about 2 percentage points of non-organic growth to this increase. Following the jump in profitability in 2021, the company expects its underlying EBITDA margin to stay at a similarly high level and to reach more than 35%.

Regarding pandemic-related business, management projects sales revenue for 2022 at the previous year's level of around €500 million.

The margin targets already include expenses for measures to reduce the company's CO₂ emission intensity; these expenses will account for about 0.5% of consolidated sales revenue in 2022.

Against the backdrop of strong organic growth, Sartorius Stedim Biotech is currently expanding its capacities considerably in all regions. Accordingly, capital expenditures in relation to sales revenue, the CAPEX ratio, is estimated to be around 14.5%.

The ratio of net debt to underlying EBITDA is expected to be around 0.2 at year-end, without taking any potential further acquisitions into account. All forecasts are based on constant currencies, as in the past years, and assume that the global economy as well as supply chains will remain stable.