encouraging medium-term outlook. The reasons cited include restrained investment activity in the current interest rate environment, the persistently muted funding environment, especially for small and medium-sized biotech companies, and severe market weakness in China.

Budget increases for academic and public-sector research institutions should continue to act as a growth driver in some countries, while the projected slowdown in global economic growth poses risks to demand from industrial end markets. Market observers continue to expect China and India to generate the highest growth rates in the medium term. 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. In previous years, this had entailed a rise in the share of global R&D spending attributable to China.

Sources: BioPlan: 20th Annual Report and Survey of Biopharmaceutical Manufacturing Capacity and Production, April 2023; Evaluate Pharma: World Preview 2023, August 2023; Alliance for Regenerative Medicine: Sector Snapshot, August 2023; citeline: Pharma R&D Annual Review 2023, May 2023; Markets and Markets: Biosimilars Market – Forecast to 2028, 2023; SDi: Global Assessment Report 2023, April 2023; www.fda.gov

Future Business Development

Based on the slight demand recovery since the end of the third quarter of 2023 and the market outlook forecast by industry observers, Sartorius Stedim Biotech expects profitable growth for 2024 and beyond. However, as inventory optimization measures of customers have not yet been fully completed the company projects business momentum to increase only gradually over the course of the year leading to a moderate first half of 2024. In addition, business performance could also be affected by increasing geopolitical tensions going forward.

Against this backdrop of still somewhat unstable market trends and therefore limited visibility, management forecasts an increase in Group sales revenue in the mid to high single-digit percentage range, including a contribution of acquired businesses of around 2 percentage points. In terms of profitability, management expects the underlying EBITDA margin to rise to more than 30% compared to the previous year's figure of 28.3%. The above-average profitability of the Polyplus business will have a slightly positive effect on the margin development. The capex ratio is projected to be around 13%, below the prior-year figure of 17.1%. Excluding potential capital measures and/or acquisitions the ratio of net debt to underlying EBITDA is expected to be 3.5.

Forecasts have been prepared based on historical information and are consistent with accounting policies. All forecast figures are based on constant currencies, as in the past years. Management points out that the dynamics and volatilities in the industry have increased significantly in recent years. In addition, uncertainties due to the changed geopolitical situation, such as the emerging decoupling tendencies of various countries, are playing a greater role. This results in higher uncertainty when forecasting business figures.