



# 1.1 Joint report of the Chairman and CEO

## Dear Shareholders and Business Partners,

A challenging year lies behind the life science industry. Following three years of extraordinary and partially unsustainable growth due to the coronavirus pandemic, 2023 was characterized by an overall expected normalization of demand for the entire sector, including Sartorius Stedim Biotech. In addition, geopolitical tensions have had a growing impact on business in recent years.

Accordingly, in 2023, sales revenue of the Sartorius Stedim Biotech Group declined by 18.7% in constant currencies and stood at 2.8 billion euros; compared to 2019, the last year before the pandemic, however, this corresponds to an increase of 97 percent. The underlying EBITDA margin of 28.3 percent was below the high level of the previous year but remained on a robust and healthy level. The development was primarily due to the after-effects of the coronavirus pandemic, in particular the longer-than-expected reduction of customer inventories and relatively low production levels, but also to the discontinued business with Russian customers and an overall muted investment activity, primarily among customers in China and the USA. However, since the end of the third quarter, business has been picking up, with order intake exceeding sales levels in the fourth quarter, and we expect this trend to gradually gain traction over the course of the year 2024.

After creating many new jobs at our sites around the world to meet the demand for our urgently needed products during the pandemic, we have adjusted our headcount from around 11,900 a year ago to 10,700 by the end of December 2023, in line with our business development. The reduction resulted primarily from the expiry of fixed-term employment contracts and regular attrition. In view of the sales development, we have also systematically reduced costs in other areas and postponed some investments.

The demand normalization in the biopharmaceutical industry has had an impact on the capital market valuations in the life science tools sector and also on the Sartorius Stedim Biotech share price. After years of strong increases, the share closed the year at a price of 239.50 euros, which corresponds to a decline of about 21 percent. To put this into perspective, including the decline in 2023, the market capitalization of Sartorius Stedim Biotech has increased more than 11-fold over the past ten years.

After four years that were dominated by extraordinary effects, we expect to now enter a phase that will be more strongly characterized by fundamental, very positive growth drivers. By 2050, the world's population will grow to more than 9.5 billion people, about 1.6 billion of whom will be over the age of 65 and have increased need for medical care. Biopharmaceuticals, based on established concepts such as monoclonal antibodies to the new approaches in cell and gene therapy, promise to improve people's lives and fight diseases that are not yet curable or treatable. Innovative technologies are vital in making biopharmaceutical development and production more efficient and bringing these promising approaches to life faster.

Our broad product portfolio, ranging from bioreactors to critical cell culture media and reagents, helps customers to bring new therapeutics to the market faster and to manufacture them more cost efficiently. Through a series of acquisitions over the past years, we have combined key technologies for the cell and gene therapy segment and created a comprehensive technology platform for the particularly dynamic segment of cell and gene therapies. Last year, we added the most important building block with the acquisition of Polyplus. Its transfection reagents are key to the efficient production of viral vectors used in many of these new therapies.

Furthermore, we continued our long-term investment program as part of our growth strategy, including the expansion of our capacities at sites in Europe and the United States and the start of construction of a new facility in South Korea, and thereby also investing in resilience in the face of geopolitical uncertainties.

Given the robust market trends, our latest acquisitions, and our investments, we are very well positioned to continue to grow profitably in the long term. Based on the demand recovery since the end of the third quarter of 2023 and the market outlook forecast by industry observers, we anticipate Group sales revenue to increase by a mid to high single-digit percentage range, while the underlying EBITDA margin is expected to rise to more than 30 percent. In the current year, we will put special focus on efficiency gains and strong cash generation to rapidly run down the elevated debt leverage following the Polyplus acquisition. At the beginning of February 2024, we accelerated this deleveraging and created additional strategic flexibility through an equity raise of Sartorius Stedim Biotech S.A. by in total 1,200 million euros in which the majority shareholder Sartorius AG participated by a third.

Moreover, we have set ourselves a new medium-term ambition: For the five-year period to 2028, Sartorius Stedim Biotech expects average annual growth in the low- to mid-teens percentage range, with the underlying EBITDA margin reaching around 35 percent in 2028.

Last year's challenges were different from the pandemic, but no less demanding. Our employees once again went the extra mile and achieved extraordinary successes. On behalf of the entire Board of Directors, I would like to thank each and every one of them for their outstanding efforts over the past year. Special thanks go to the teams who kept our production and deliveries to our customers going in exceptional situations - for example at the Beit Haemek site in Israel.

And we want to particularly thank you, our valued customers, business partners, and shareholders, for the trust you have placed in us for many years. We are confident that we can continue our long-term, successful path together and would be delighted if you accompanied us in 2024 and beyond.

Sincerely,

Joachim Kreuzburg

Chairman

René Fáber

CEO



Board of Directors

## 1.2 Board of Directors

The Board of Sartorius Stedim Biotech is the central management and supervisory entity of the company, and it is composed of eight members. The directors are appointed for a three-year term.



Joachim Kreuzburg  
Chairman



René Fáber  
CEO



Pascale Boissel



Susan Dexter



Romaine Fernandes



Anne-Marie Graffin



Lothar Kappich



Henri Riey

## 1.3 Sartorius Stedim Biotech Shares

### Facts about the Share <sup>1</sup>

|                      |   |
|----------------------|---|
| ISIN                 | FR0013154002  |
| Liquidity provider   | Kepler Cheuvreux  |
| Stock exchange       | Euronext Paris  |
| Market segment       | Local Securities - Compartment A (Large Caps)   |
| Indexes              | SBF 120; CAC Next 20; CAC Large 60; CAC All-Tradable; CAC All Shares; CAC Healthcare; STOXX Europe 600; MSCI France |
| Number of shares     | 92,180,190  |
| thereof Sartorius AG | 73.6%   |
| thereof free float   | 26.4%   |
| Voting rights        | 160,432,470   |
| thereof Sartorius AG | 84.6%   |
| thereof free float   | 15.4%   |

<sup>1</sup> As of December 31, 2023.

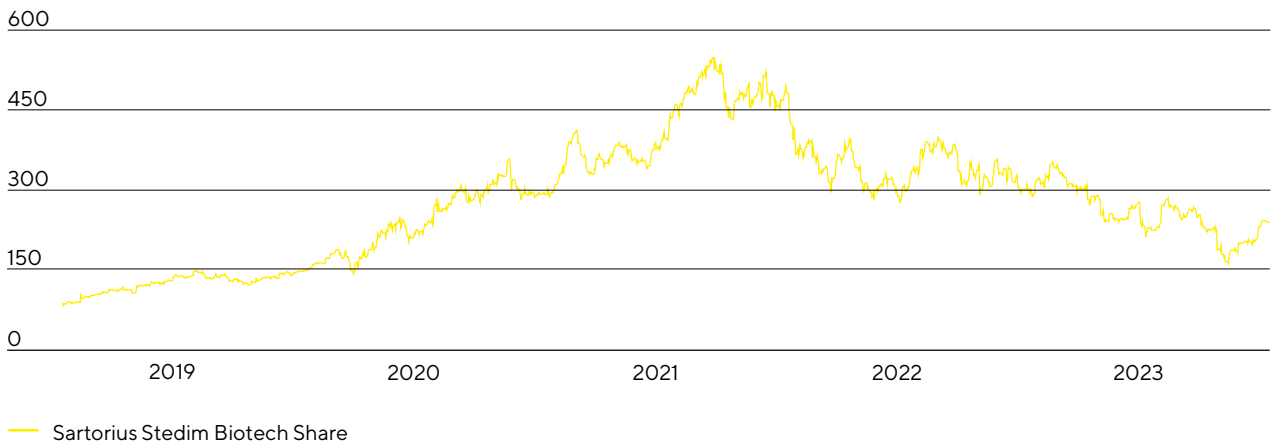
## Global Stock Markets with Positive Performance

In 2023, international stock markets recorded price increases despite declining economic momentum and rising bond yields. Falling inflation rates and the associated expectations by market players of a reverse in interest rates had a positive impact on stock market sentiment. In addition, the U.S. economy in particular was more robust than originally expected, meaning that a recession was regarded as increasingly unlikely. Against this backdrop, the Dow Jones ended the reporting year at 37,690 points and up 13.7%. The MSCI Europe closed out the year approximately 11.2% higher at 1,917 points. The French benchmark indexes CAC 40 and the CAC Large 60, the latter which includes the Sartorius Stedim Biotech shares, also rose by 16.5% to 7,543 points and 16.1% to 8,139 points respectively.

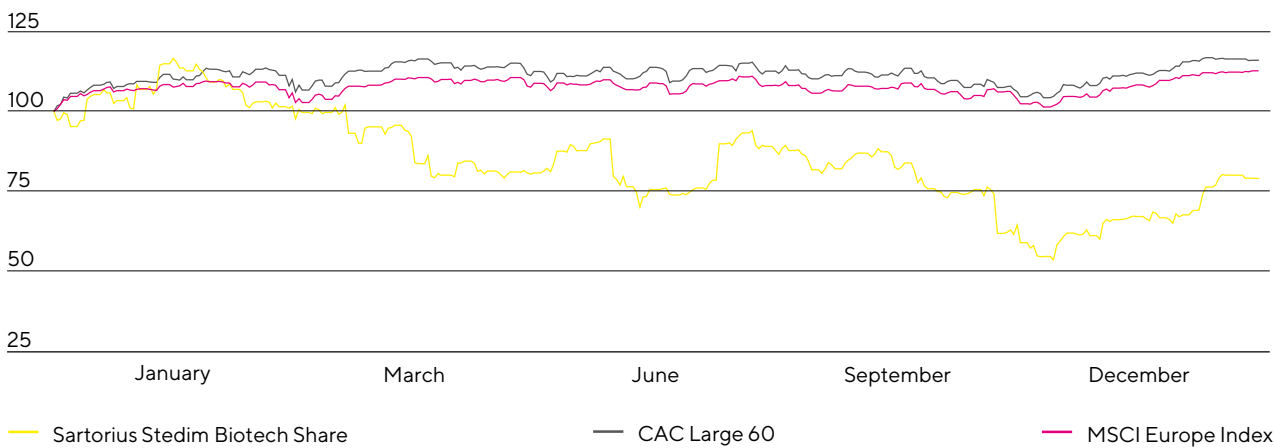
## Price of Sartorius Stedim Biotech Shares Decline

The performance of the Sartorius Stedim Biotech share was affected in 2023 by the temporarily dampened growth prospects. In view of post-pandemic inventory reductions by customers taking longer than expected and a delayed demand recovery, the financial forecast had to be lowered twice. The general market weakness also dampened business development for the other leading manufacturers of bioprocess technology and laboratory instruments, meaning that share price development for companies in the life science sector was below average compared with the market as a whole. Against this backdrop, the Sartorius Stedim Biotech share closed the 2023 stock market year at €239.50 – down 20.8% year over year.

Sartorius Stedim Biotech Share in €  
January 1, 2019 to December 31, 2023



Sartorius Stedim Biotech Share in Comparison to the CAC Large 60 and MSCI Europe Index (indexed)  
January 1, 2023 to December 31, 2023



## Investor Relations Activities

Sartorius Stedim Biotech's investor relations (IR) activities follow the objective of making the current and future development of the company transparent for its stakeholders and other interested parties. To achieve this objective, the company maintains an ongoing, open dialog with shareholders, potential investors, and financial analysts.

Besides providing quarterly, first-half, and annual reports, we inform the capital market and the interested public at quarterly teleconferences and in regularly published press releases about the current development of the business and other material events at the company. Additionally, Group management and the IR team communicated with capital market participants at conferences and road shows. Two virtual capital market tutorials were also held during the reporting year, in which the Group provided participants with in-depth information on specific product areas and the topic of sustainability.

All information and publications relating to our company and its shares are provided on our website at [www.sartorius.com](http://www.sartorius.com).

## Analysts

The recommendations of financial analysts serve as a foundation for the decisions of private and institutional investors when investing in shares. Currently, 17 institutions regularly prepare reports and updates on Sartorius Stedim Biotech shares.

### Research Coverage

| Date          | Institute            | Price target in € | Recommendation |
|---------------|----------------------|-------------------|----------------|
| Jan. 25, 2024 | Bernstein            | 271.00            | Buy            |
| Jan. 24, 2024 | Intron Health        | 165.00            | Sell           |
| Jan. 23, 2024 | ODDO BHF             | 205.00            | Hold           |
| Jan. 16, 2024 | Morgan Stanley       | 250.00            | Hold           |
| Jan. 15, 2024 | UBS                  | 260.00            | Hold           |
| Jan. 10, 2024 | HSBC                 | 330.00            | Buy            |
| Jan. 9, 2024  | Société Générale     | 188.00            | Sell           |
| Jan. 2, 2024  | JP Morgan            | 280.00            | Buy            |
| Dec. 20, 2023 | Barclays             | 210.00            | Hold           |
| Dec. 19, 2023 | AlphaValue           | 282.00            | Buy            |
| Dec. 12, 2023 | Jefferies            | 240.00            | Buy            |
| Nov. 28, 2023 | CIC Market Solutions | 203.00            | Hold           |
| Nov. 16, 2023 | Morningstar          | 240.00            | -              |
| Nov. 13, 2023 | Kepler Cheuvreux     | 215.00            | Buy            |
| Oct. 27, 2023 | Berenberg            | 226.00            | Buy            |
| Oct. 20, 2023 | Exane BNP Paribas    | 235.00            | Buy            |
| Jun. 19, 2023 | Gilbert Dupont       | 280.00            | Buy            |



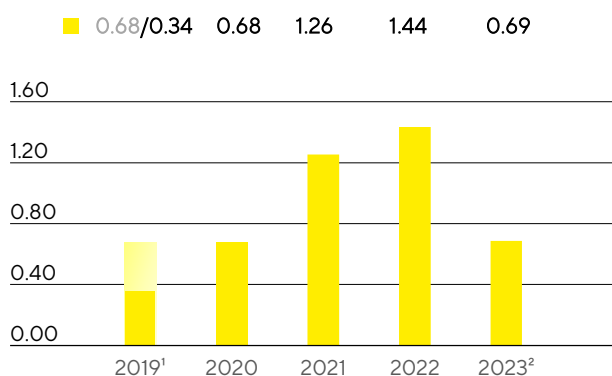
## Dividends

The total return generated by Sartorius Stedim Biotech shares has generally been based almost entirely on the positive development of the share price and only to a very small extent on dividend payments. In line with the rapid and highly innovation-driven development of our industry, the main focus of the company's management is on successfully continuing on our dynamic profitable growth track and on making extensive investments in capacity expansions, innovations, and acquisitions that are constantly required for this purpose. Yet within this context, Sartorius Stedim Biotech strives to enable its shareholders to participate appropriately in the company's success through dividends.

The Board of Directors will submit a proposal to the Annual Shareholders' Meeting on March 26, 2024, to pay a dividend of €0.69 per share from the underlying net profit of €385.9 million for fiscal 2023, compared to the previous year's figure of €796.6 million. If this proposal is approved, the total profit distributed would be €63.6<sup>1</sup> million (2022: €132.7 million). The corresponding dividend payout ratio would be 16.5%, compared to the prior-year ratio of 16.7%.

<sup>1</sup> Calculation based on the number of shares entitled to dividends after the share capital increase on February 7, 2024, totaling 97,315,214

Dividends  
in €



<sup>1</sup> The original dividend proposal of €0.68 per share was adjusted in light of the pandemic crisis.

<sup>2</sup> Amount suggested by the Board of Directors and subject to approval by the Annual General Shareholders' Meeting.

## Total Shareholder Return

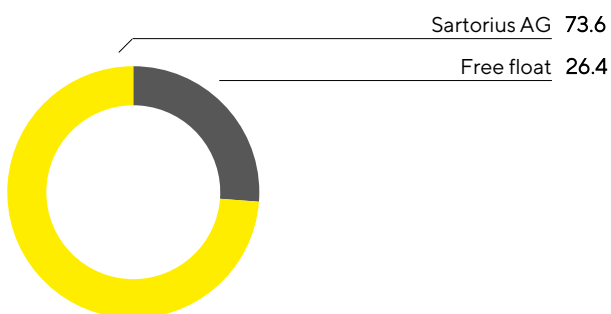
Total shareholder return (TSR) considers both the dividends paid out and any share price increases over a certain period, and thus reflects the entire performance of an investment. In 2023, Sartorius Stedim Biotech shares delivered a TSR of -20.6%, compared to -37.0% a year earlier.

## Shareholder Structure

Sartorius Stedim Biotech S.A.'s issued capital amounted to €18.4 million as of December 31, 2023, and was divided into 92,180,190 shares, each with a calculated par value of €0.20. As some of the shares confer double voting rights, there were 160,432,470 voting rights in total as of the reporting date.

As of December 31, 2023, Sartorius AG has held 73.6% of the Stedim Biotech S.A.'s share capital and 84.6% of the voting rights outstanding. The remaining 26.4% of Stedim Biotech S.A. shares are in free float, corresponding to 15.4% of the voting rights outstanding.

#### Shareholding Structure in % of share capital



#### Key Figures for Sartorius Stedim Biotech Share

|  |                             | 2023     | 2022     | 2021     | 2020     | 2019     |
|--|-----------------------------|----------|----------|----------|----------|----------|
| Share price <sup>1</sup> in €                      | Reporting date <sup>4</sup> | 239.50   | 302.50   | 482.40   | 291.20   | 147.70   |
|  | High                        | 353.00   | 482.40   | 548.20   | 357.60   | 149.20   |
|  | Low                         | 162.00   | 276.70   | 287.60   | 143.00   | 83.30    |
| Dividends <sup>2</sup> in €                        |                             | 0.69     | 1.44     | 1.26     | 0.68     | 0.34     |
| Total dividends paid <sup>2</sup> in millions of € |                             | 63.6     | 132.7    | 116.1    | 62.7     | 31.3     |
| Dividend yield <sup>3</sup> in %                   |                             | 0.3      | 0.5      | 0.3      | 0.2      | 0.2      |
| Market capitalization in millions of €             |                             | 22,077.2 | 27,884.5 | 44,467.7 | 26,842.9 | 13,615.0 |
| Average daily trading number of shares             |                             | 58,852   | 48,754   | 52,717   | 70,414   | 63,935   |
| Trading volume of shares in millions of €          |                             | 3,730.2  | 4,266.1  | 5,524.1  | 4,234.6  | 2,037.8  |
| CAC Large 60 (closing prices of the year)          |                             | 8,139    | 7,011    | 7,806    | 6,144    | 6,598    |
| SBF 120 (closing prices of the year)               |                             | 5,732    | 4,973    | 5,546    | 4,432    | 4,704    |

1 Daily closing price.

2 For 2023, amounts suggested by the Board of Directors and subject to approval by the Annual Shareholders' Meeting.

3 Dividends in relation to the corresponding closing prices of the year.

4 As of December 31 of the respective year.

Sources: Euronext; NASDAQ