

# Business Development of Lab Products & Services

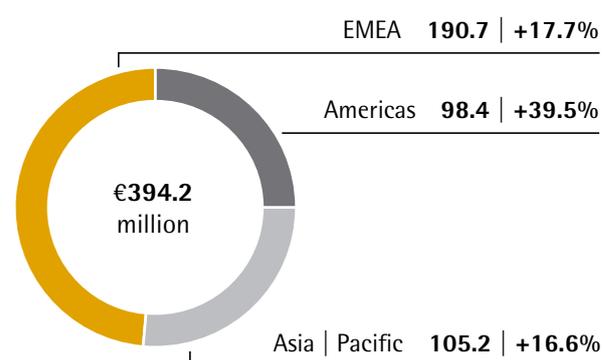
- > Exceptionally dynamic business development
- > Strong growth in all product areas and regions
- > Bioanalytics portfolio extended by the acquisition of Essen BioScience

## Key Figures

€ in millions	2017	2016	Δ in %
Sales revenue	394.2	325.3	22.0 <sup>1)</sup>
Order intake	410.1	328.1	25.8 <sup>1)</sup>
Underlying EBITDA	70.8	51.9	36.3
as a % of sales	18.0	16.0	
Employees as of Dec.31	2,521	2,327	8.3

## Sales Revenue and Growth<sup>1)</sup> by Region<sup>2)</sup>

€ in millions, unless otherwise specified



<sup>1)</sup> In constant currencies

<sup>2)</sup> Acc. to customers' location

## Products for Laboratories in Quality Assurance and Research



Laboratory balances for reliable and convenient weighing processes



Syringe filters for analytical sample preparation and sterile filtration



The lightest and smallest electronic pipette on the market



Real-time live-cell imaging system for cell analysis



Filter membranes for microbiological testing in the lab



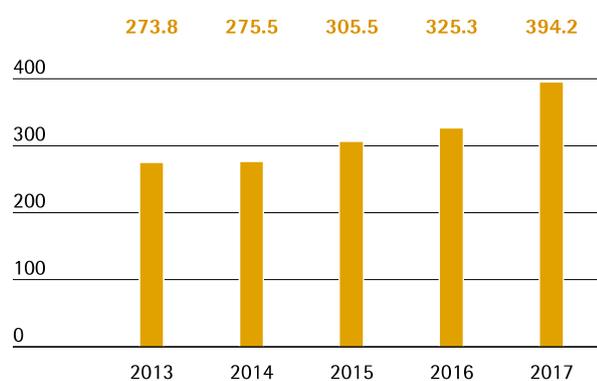
Cell screening platform that has already won several awards

## Sales Revenue and Order Intake

In the reporting year, the Lab Products & Services Division recorded a substantial increase in sales revenue by 22.0% to €394.2 million. The division's portfolio expansion into bioanalytics by the acquisition of Essen BioScience at the end of March 2017, as well as of IntelliCyt and ViroCyt in 2016 contributed close to 14 percentage points to this increase. Driven by strong demand in all regions and in all product areas, organic growth for the division was around 8%. Therefore, sales development was within the range of the company's forecast that was adjusted in April 2017 due to its acquisitions.

### Sales Revenue 2013 to 2017

€ in millions



### Sales Revenue and Order Intake

€ in millions	2017	2016	in % reported	in % cc
Sales revenue	394.2	325.3	21.2	22.0
Order intake	410.1	328.1	25.0	25.8

In EMEA, the region contributing the highest share of revenue of around 48%, the division achieved a 17.8% increase in sales to €190.7 million. The Americas region, whose share of revenue rose to around 25%, reported the highest growth dynamics due to the acquisition of Essen BioScience, recording an uptick of 39.5% in sales to €98.4 million. Besides the division's excellent organic performance, the acquisitions previously mentioned contributed an above-average proportion to the region's growth. The Asia | Pacific region, which accounts for a good 27% of business for the Lab Products & Services Division, reported a double-digit gain of 16.6% to €105.2 million.

During the reporting period, order intake showed especially encouraging development and grew to €410.1 million at a considerably stronger rate, 25.8%, than did the division's sales revenue. On a reported basis, this growth rate was 25.0%.

### Sales by region

€ in millions	2017	2016	in % reported	in % cc
EMEA	190.7	162.2	17.6	17.7
Americas	98.4	70.8	39.0	39.5
Asia   Pacific	105.2	92.3	14.0	16.6

## Earnings

The Lab Products & Services Division increased its underlying EBITDA in the reporting period by 36.3%, from €51.9 million a year ago to €70.8 million, which was due to economies of scale in connection with the division's strong organic growth, as well as to growth contributed by its acquisitions. Despite unfavorable currency effects, the division's corresponding margin improved from 16.0% in the previous year to 18.0%. This increase was likewise attributable to economies of scale related to strong organic growth as well as growth contributed by acquisitions.

### Underlying EBITDA and EBITDA Margin

	2017	2016
Underlying EBITDA in € millions	70.8	51.9
Underlying EBITDA margin in %	18.0	16.0

The division recorded extraordinary items of -€13.9 million in the reporting year relative to -€10.6 million a year ago.

## Products and Sales

The Lab Products & Services Division focuses on both research laboratories and quality assurance laboratories in the pharmaceutical and biopharmaceutical sectors, as well as on academic research institutes.

Significant additions were made to the division's portfolio in the area of bioanalytics in the year under review. The remaining product portfolio is used especially for sample preparation and other standard applications, and includes instruments such as laboratory balances, pipettes and bioreactors, in addition to consumables like laboratory filters and microbiological tests. Extensive services round out the portfolio.

The division sells its products through three channels: laboratory dealers, direct sales and e-business. The dealer sales channel is already well established; direct sales and the digital channels are being expanded continually.

### Expanded Bioanalytics Portfolio

Sartorius significantly extended its expertise in the field of bioanalytics through the acquisition of Essen BioScience, which further improves the company's positioning among biopharmaceutical customers and life science research institutes in particular. The acquisition will lead to growing synergies between the Lab Products & Services and Bioprocess Solutions divisions.

Essen BioScience offers a platform consisting of instruments, software and reagents for fully automated, real-time analysis and visual depiction of biological processes using high-resolution imaging. The data obtained provides new insight and understanding into the mechanisms of healthy and diseased cells, which helps to significantly accelerate the often time-consuming development process for new substances.

## Range of Services and Test Laboratories in All Regions

The Lab Products & Services Division offers a wide range of services covering the entire life cycle of laboratory products, from device installation and commissioning to verification, calibration, regular maintenance and repair. Our services are not limited to Sartorius instruments; they are offered for devices from other manufacturers as well. This extensive range enables our customers to minimize the number of service providers they use and to reduce complexity and costs.

Our application laboratories in all regions offer customers the opportunity to test Sartorius products, even using their own samples, and to take training courses.

### Growing Importance of Bioanalytics

Sartorius enjoys a strong presence in the lab market in essential product areas, but for historical reasons, its market share varies by product group and region. This situation offers significant potential for growth. In particular, the company's products in the area of bioanalytics offer strong unique selling points. We aim to use our global sales platform to accelerate the penetration of these technologies across the laboratory market.

However, ongoing improvements in sales efficiency are just as important as expanded sales structures. The Lab Products & Service Division is also benefiting from the customer access established for biopharmaceutical customers by the Bioprocess Solutions Division.

## Research and Development

Within the scope of its laboratory business, Sartorius has extensive technological expertise in the area of laboratory instruments and laboratory consumables. A further technology focus is bioanalytics.

Most of the division's R&D takes place centrally at the Göttingen site, but additional R&D activities are pursued at our facilities in Helsinki, Stonehouse, Ann Arbor and Albuquerque.

Products and services from Sartorius help users make laboratory processes more productive, efficient as well as safer. Compliance with regulatory requirements is critical. Product development priorities for Sartorius therefore include data management, connectivity and process automation.

For example, special software routines already guide laboratory employees through work processes and transfer measurement and process data to laboratory management systems. Intuitive user interfaces in laboratory instruments enable safer and faster work.

## Production and Supply Chain Management

The Lab Products & Services Division operates plants in Germany, China, Finland, the U.K. and the U.S. The plants serve as centers of competence and tend to focus on one product group or a small set of product groups. Laboratory balances are manufactured in Göttingen and Beijing, for example, while pipettes are made at our Helsinki and Suzhou sites. Microbiological tests kits are produced in Stonehouse, and most membrane-based products are manufactured in Göttingen.