

Strategy and Goals

The Sartorius Group is a leading international supplier of products and services covering a range from research and development to safe and efficient production of medications and vaccines using biotech methods.

Sartorius is increasingly focusing on the attractive biopharma market that is characterized by long-term and stable trends. For years, the global pharmaceutical market has been showing positive development primarily driven by the so-called pharmerging markets such as China, India and Russia in which access to medications was fueled by the expansion of national healthcare as well as higher private-sector spending. Additional significant trends are the demographic development in the Western industrialized countries and increasing life expectancy, which entail a greater need for medications.

The market for biotechnologically produced medications and vaccines has been expanding overproportionately for many years within the growing pharmaceutical market as a result of the introduction of new biopharmaceuticals and their further market penetration, among others. Biosimilars, or biological medications highly similar to already approved reference medicines, are considered factors for continued positive development in the future.

As part of its strategy as a total solutions provider, Sartorius has built up a broad and innovative portfolio of products and technologies across the entire value-added chain of its biopharmaceutical customers, both through the company's proprietary research and acquisitions. With this range, Sartorius aims to make complex, lengthy and expensive development of biopharmaceuticals and their production more efficient and less expensive for its customers. Moreover, Sartorius addresses the needs of laboratories of public research, defined as "academia."

The Sartorius Group conducts its operating business in two divisions: Bioprocess Solutions and Lab Products & Services. The divisions' market positioning and strategy are outlined as follows:

Bioprocess Solutions

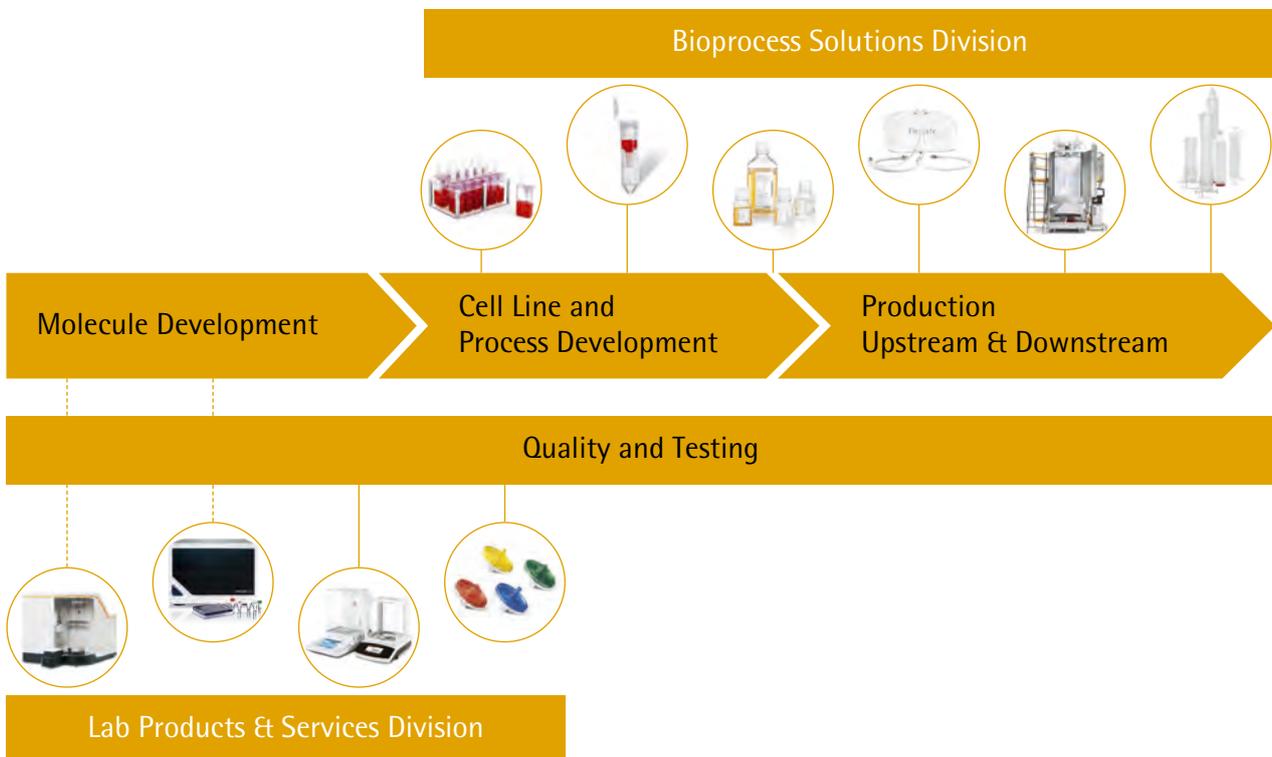
In the Bioprocess Solutions Division, Sartorius offers its customers innovative and efficient technologies and products extending from the development of cell lines and processes to manufacturing. These essentially cover cell culture media, cell line technologies, bioreactors, a wide range of products for separation, purification and concentration, as well as solutions for storage and transportation of intermediate and final biological products.

The division generates around three-quarters of its sales revenue with single-use products. Due to their cost advantages and higher flexibility compared with reusable technologies, such single-use products are increasingly being employed by the pharmaceutical industry. Through the acquisition of Umetrics, Sartorius is now a globally leading specialist in data analytics software for modeling and optimizing biopharmaceutical development and manufacturing processes.

With its global, specialized sales force, Bioprocess Solutions addresses an attractive market with above-average growth rates. As our customers' manufacturing processes are validated by the respective health authorities, product quality and assurance of supply are essential. We see the leading international market positions of this division as good stepping stones for sustained dynamic and profitable growth in the future. Beyond realizing our organic growth potential coupled with a continuous increase in profitability, we also aim to further expand the division's portfolio through complementary acquisitions and alliances.

Details on this division are provided in the chapter on Business Development of Bioprocess Solutions.

Strategic Focus on Biopharma Applications from Molecule Development to Production of Biopharmaceuticals



Lab Products & Services

In the laboratory business, Sartorius is positioned as a premium supplier of a wide array of instruments, consumables and services for sophisticated analyses, particularly in the laboratories of the pharmaceutical and . The division mainly addresses laboratories in the research and quality assurance sectors of the pharmaceutical and biopharmaceutical industries, as well as academic research institutes.

Primarily used in cell analysis and sample preparation, the product range of Lab Products & Services covers instruments such as laboratory balances, pipettes, bioreactors and lab water systems, as well as laboratory consumables, for example, filters and microbiological tests.

Based on its existing core expertise and considering its key customer requirements and the face-paced innovation in the industry, Sartorius decided in 2016 to expand its portfolio into the field of bioanalytics and to offer innovative technologies for the early phase of molecule development. More powerful procedures for analysis of cells are considered essential prerequisites for further medical progress, for example, in immunoncology and in antibody discovery and stem cell research. Apart from high growth in this segment, customers' digitalization efforts are expected to further propel progress in order to drive down R&D costs.

It was in this context that Sartorius acquired Essen BioScience in the reporting year. The innovative real-time live-cell imaging and data analysis systems designed by this U.S.-based company can contribute toward significantly accelerating discovery and development of new drugs as these automate steps, making high volumes of high-quality data available much faster for analysis. Essen BioScience offers high growth and margin potential.

The Lab Products & Services Division has a strong global market share in major product segments. Based on the company's history, market shares vary in part, depending on the region and product group. To realize its organic growth potential, the division is continuously expanding its direct sales organization.

With its comprehensive portfolio for sample preparation and innovative products for bioanalytics, the Lab Products & Services Division has a strong foundation for continuing strong organic growth. Based on the scalability of the division's business, this growth is projected to be accompanied by a steady increase in profitability. In addition, Sartorius plans to extend the lab division's portfolio by acquisitions.

Details on this division are provided in the chapter on Business Development of Lab Products & Services.

