

APAC Bullish on BioSupplier Revenue- Sartorius

31 October 2024 | Company results

North America and Asia are the key focal areas of the regional growth strategy



Sartorius AG, Germany

Total revenue: \$3.67 (€3.4 billion)

APAC revenue: \$864 million (€799.4 million)

In 2023, the company achieved total sales of approximately \$3.67 billion (€3.4 billion) with 21 per cent of this revenue coming from the Lab Products & Services Division. The remaining 79 per cent were driven primarily by the Bioprocess Solutions Division.

In terms of regional development, sales revenue declined in all regions due to the normalisation of demand and the COVID-19-related high prior-year base. The reduction in inventories by customers and the reluctance to invest and purchase were even more noticeable in China and led to a significant decline in sales. This development also had a significant impact on business in the Asia Pacific region as a whole, which amounted to \$864 million (€799.4 million) (22.1 per cent) and thus accounted for a good 23 per cent of total Group revenue. Sales in the Bioprocess Solutions division fell by 25.1 per cent and in the Lab Products & Services division by 12.4 per cent.

Bioprocess Solutions division: In the EMEA region, which accounted for around 39 per cent of the division's sales, revenues fell by 16.8 per cent to \$1,126.8 million compared to the previous year, which was significantly influenced by business with vaccine manufacturers. In the Americas region, sales amounted to \$1,131 million (-13.3 per cent) against the backdrop of low investment activity by customers in the USA. The region's share of divisional sales was 39 per cent. The Asia-Pacific region, which accounted for 22 per cent of the division's sales, performed significantly weaker due to a marked reluctance to invest on the part of pharmaceutical customers, mainly in China. At \$864 million, sales were down 25.1 per cent on the previous year.

Additionally, geographical expansion efforts, including the opening of a new sales unit in South Africa and the launch of a high-quality consumables portfolio under the Excella brand in the mid-price segment, have laid the groundwork for future revenue growth.

In China, revenue fell by 19.2 per cent in 2023, down from \$212 million to \$171 million, compared to prior year growth of 27.6 per cent. The applied and pharmaceutical industries, particularly in the biopharma and biotech sectors, experienced a significant 30 per cent drop in revenue due to a weak business environment marked by low investment and market confidence.

The Lab Products & Services division recorded sales revenue of \$775 million, a decline of 12.7 per cent in constant currencies (reported: -15.4 per cent) compared to the high level of the prior year. The Asia Pacific region, which contributed 30 per cent to the Lab Products & Services division's business, decreased by 12.4 per cent to \$227 million primarily due to a significant drop in sales in China.

North America and Asia are the key focal areas of the regional growth strategy. The USA is the world's largest market for bioprocess equipment and laboratory products. Yet because it is home to the company's main competitors for both company divisions, Sartorius formerly had lower market share in this region than in Europe and Asia. By systematically strengthening its sales and service capacities, Sartorius has gained market share in the USA in recent years. In Asia, one focus is on the construction of a new production facility in South Korea, which offers excellent growth prospects with its dynamically expanding biopharma market.

"In 2023, for the first time in more than a decade, the Group's sales revenue fell to around 3.4 billion euros. That was mainly due to the after-effects of the COVID-19, in particular the expected, but longer than initially anticipated, reduction in customer inventories throughout the life science sector."

- **Dr Joachim Kreuzburg, Chief Executive Officer, Sartorius**