

STRATEC HI 2019 FINANCIAL RESULTS

Conference Call – August 15, 2019



SAFE HARBOR STATEMENT

Forward-looking statements involve risks.

This company presentation contains various statements concerning the future performance of STRATEC. These statements are based on both assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we can provide no guarantee of this. This is because our assumptions involve risks and uncertainties which could result in a substantial divergence between actual results and those expected.

It is not planned to update these forward-looking statements.

AGENDA

1. HI 2019 AT A GLANCE
2. FINANCIAL REVIEW
3. OUTLOOK AND STRATEGY
4. Q&A
5. APPENDIX

HI 2019 AT A GLANCE

- Sales up 24.1% yoy to € 110.4 million; +21.7% at constant currency (HI 2018: € 88.9 million)
- Adjusted EBIT margin up by 130 bps yoy to 11.5% (HI 2018: 10.2%)
- Successful market launches by our partners
 - LIAISON® XS by DiaSorin and FACSDUET™ by Becton Dickinson
- Substantial progress with negotiating additional development agreements
- Number of employees up 8.7% organically in the light of strong project pipeline
- Successful “go-live” of new ERP system and completion of first construction stage of capacity expansion at HQ

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FINANCIAL REVIEW

FINANCIALS AT A GLANCE¹

€ 000s	HI/2019	HI/2018 ²	Change
Sales	110,369	88,931	+24.1%
Adjusted EBITDA	17,343	12,227	+41.8%
Adjusted EBITDA margin (%)	15.7	13.7	+200 bps
Adjusted EBIT	12,723	9,060	+40.4%
Adjusted EBIT margin (%)	11.5	10.2	+130 bps
Adjusted consolidated net income ³	10,284	7,455	+37.9%
Adjusted basic earnings per share (in €) ³	0.86	0.63	+36.5%
Basic earnings per share IFRS (in €) ³	0.46	0.24	+91.7%

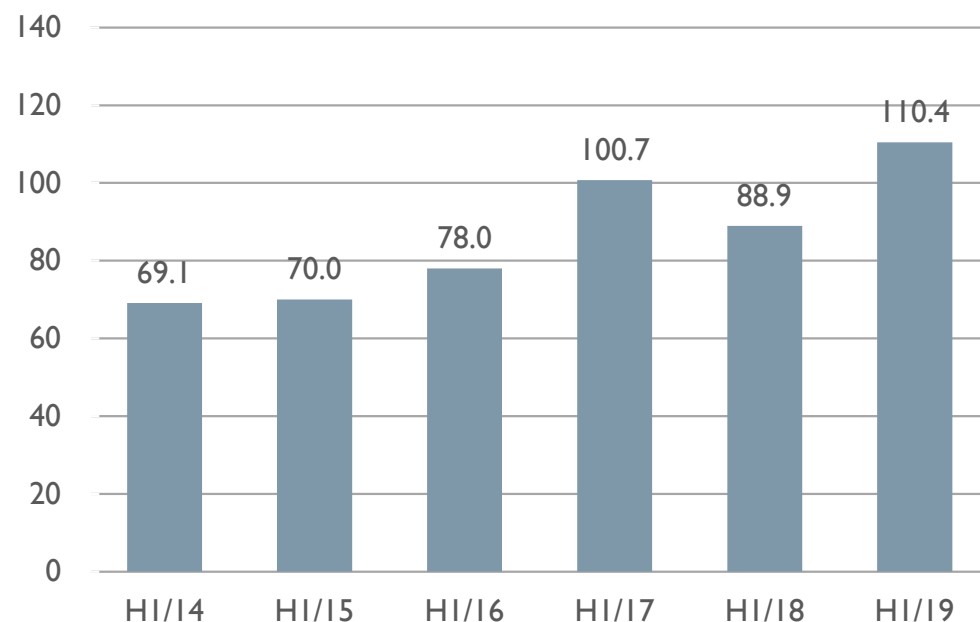
bps = basis points

- 1 For comparison purposes, adjusted figures exclude amortization resulting from purchase price allocations in the context of acquisitions and the associated reorganization expenses, as well as other non-recurring effects.
- 2 Retrospectively restated to reflect the classification of the nucleic acid preparation business as a discontinued operation in accordance with IFRS 5. Not retrospectively restated for IFRS 16.
- 3 Results from continuing operations.

FINANCIAL REVIEW

SALES

Sales in € million



As of June 30

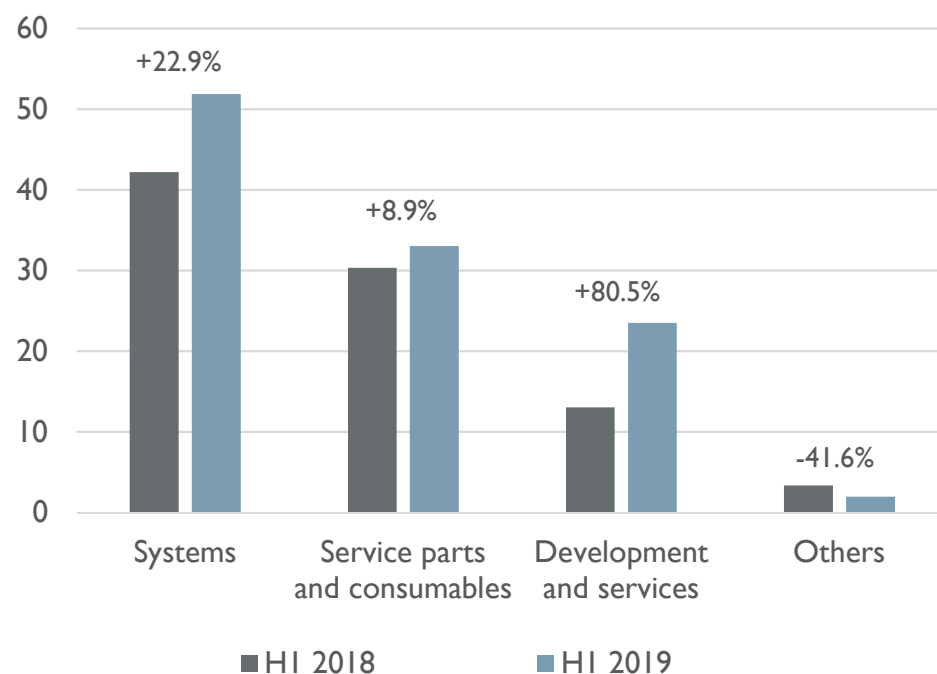
HI/2019 sales up 24.1% yoy to € 110.4 million

- Positive effects from foreign exchange rates of 2.4 percentage points
→ sales up 21.7% yoy at constant currency
- Increased development and services sales due to achieved development targets
- Higher call-up numbers for established systems and increasing sales contribution of recently launched products

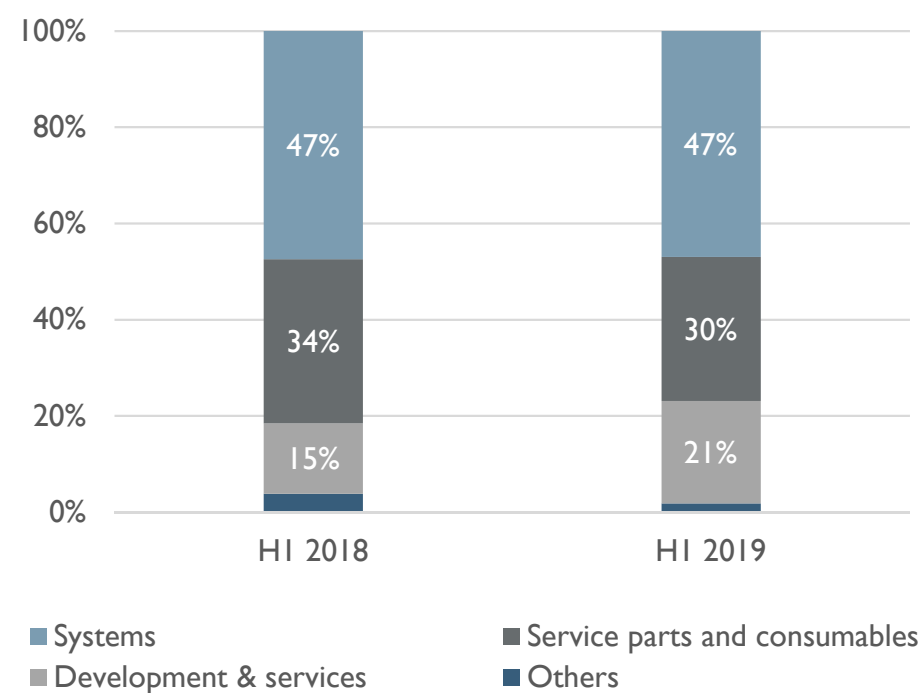
FINANCIAL REVIEW

SALES BY OPERATING DIVISIONS

Sales in € million



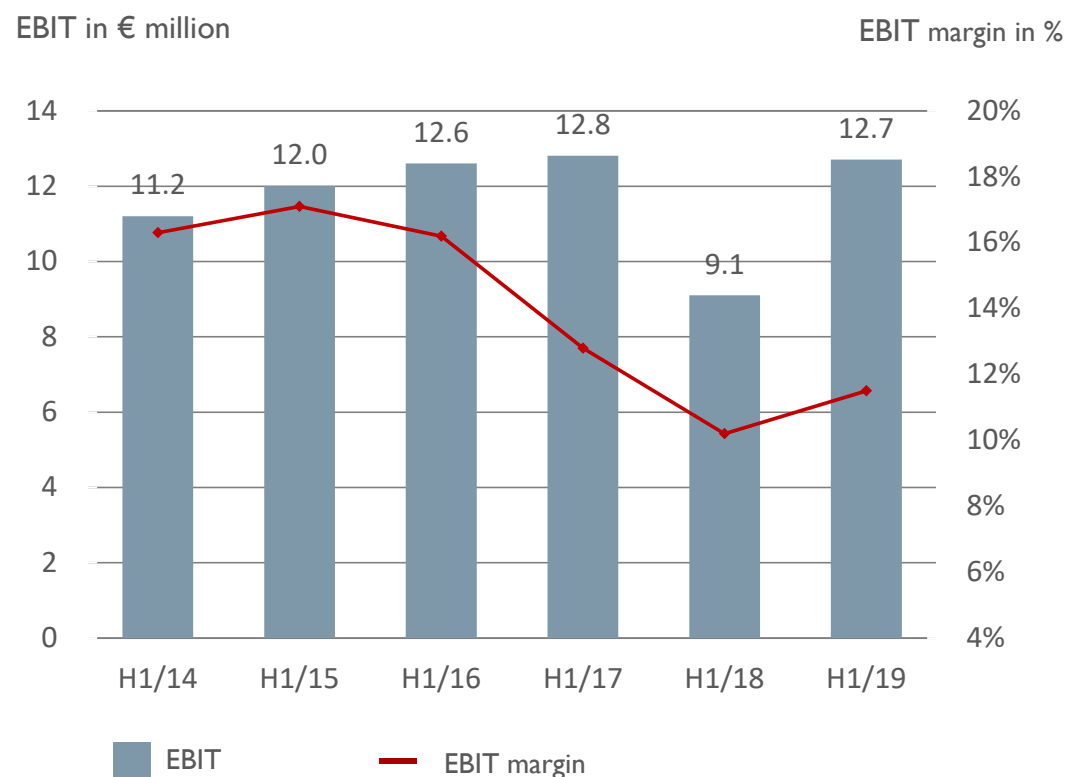
In % of total sales



As of June 30

FINANCIAL REVIEW

ADJUSTED EBIT AND EBIT MARGIN



As of June 30

H1/2019 EBIT up 40.4% yoy to € 12.7 million

H1/2019 adjusted EBIT margin at 11.5%

Margin expansion of 130 bps yoy

- (+) Economies of scale
- (+) First results from earnings improvement initiative
- (-) Increased expenses related to high development activities
- (-) Sales mix

FINANCIAL REVIEW

SEGMENT PERFORMANCE

Instrumentation

In € million	HI/2019	HI/2018	Change
Sales	82.0	63.0	+30,1%
Adjusted EBIT	11.5	8.5	+35.4%
Adjusted EBIT margin (%)	14.0	13.5	+50 bps

Diatron

In € million	HI/2019	HI/2018	Change
Sales	20.7	16.9	+22,2%
Adjusted EBIT	3.3	2.0	+69.1%
Adjusted EBIT margin (%)	16.2	11.7	+450 bps

Smart Consumables

In € million	HI/2019	HI/2018	Change
Sales	5.9	6.1	-2.3%
Adjusted EBIT	-2.1	-1.6	nm
Adjusted EBIT margin (%)	-35.2	-26.8	-840 bps

Others

In € million	HI/2019	HI/2018	Change
Sales	1.8	2.9	-39.9%
Adjusted EBIT	0.0	0.2	nm
Adjusted EBIT margin (%)	-1.2	7.8	-900 bps

Due to rounding, percentages presented may not precisely reflect the absolute figures.

FINANCIAL REVIEW

CASH FLOW AND NET DEBT

€ 000s	HI/2019	HI/2018	Change
Cash flow – operating activities	12.9	11.9	+8.4%
Cash flow – investment activities	-14.8	1.0	nm
Cash flow – financing activities	-1.5	-9.7	nm
Free cash flow	-1.9	12.9	nm

€ 000s	HI/2019	FY/2018	Change
Cash and cash equivalents at end of period	20.4	23.8	-14.3%
Equity ratio (%)	51.0	55.3	-430 bps
Net debt	74.8	53.1	+40.9%

- Cash flow from operating activities up by 8.4% yoy to € 12.9 million (adverse effect from high cash tax payments)
- Higher investment spending due to significant capacity expansion at HQ (construction projects) and high development activities
- Investment ratio¹ of 12.7% for the first six months within full year target corridor of 12-14%
- Higher net debt position attributable to first time adoption of IFRS 16 and financing of capex investments

¹ Total investments in intangible and tangible assets in % of sales

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OUTLOOK AND STRATEGY

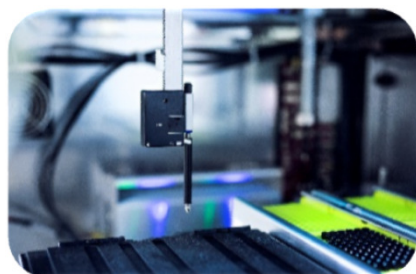
FINANCIAL GUIDANCE 2019 CONFIRMED

- **Group sales are expected to increase by at least 12% (at constant exchange rates)**
 - Several new product launches
- **Adjusted EBIT margin of around 14% to 15% (2018: 13.9%)**
 - Positive scale effects
 - First positive impact from already defined earnings improvement measures
 - Adverse effects from continuing high development activities
- **Investments in tangible and intangible assets of around 12% to 14% of sales**
 - Ongoing construction measures for significant capacity expansion
 - Investments due to high number of development projects
 - After significant increase in 2018 and 2019 investment ratio will likely decline considerably from 2020 onwards once construction projects for capacity expansion have been completed

OUTLOOK AND STRATEGY

FOCUS IN 2019

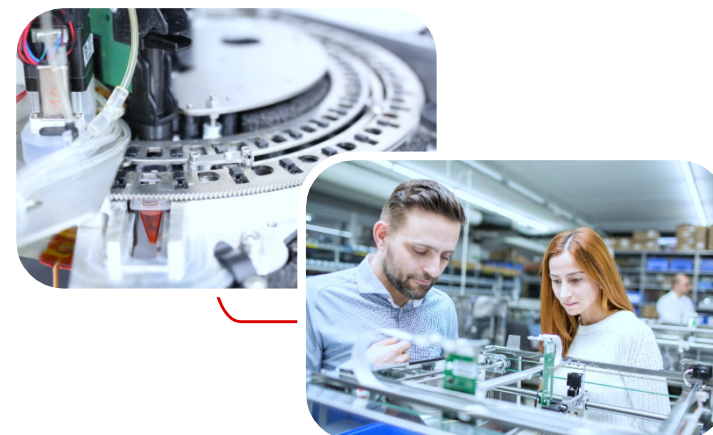
- Reaccelerate top-line growth and reduce earnings volatility across business units
- Sign several new development and supply agreements
- Prepare path to efficiency gains following successful ERP system implementation
- Achieve significant number of product launches
 - Two systems for partners were launched in H1 2019
 - Further expected launches within 2019 among others include a blood banking instrument, a proprietary analyzer platform and various stand-alone modules
- Drive results from defined earnings improvement initiative
- Expand development capacities including significant expansion of buildings



OUTLOOK AND STRATEGY

STRATEGIC PRIORITIES

- **Enable customers and STRATEC to grow sustainably above the long-term market average**
 - Focus on high growth areas of application within in-vitro diagnostics and healthcare research
 - Secure and further boost expertise and technology portfolio with intellectual property rights
- **Broadening of product/value offering without entering into competition to partners**
 - Organically and via selective M&A transactions
 - Widen offering in areas not perceived as core for/by our customers
- **Increase proportion of service parts & consumables**
 - Utilize tailwind from increasing system complexity
 - Further expand smart consumables business (microfluidic chips, cartridges, etc.)
 - Utilize combined product offering of instruments, software and consumables to increase proportion of recurring sales
- **Drive costumer diversification**
 - Utilize extended platform offering
 - Extend components business
 - Accelerate diversification (e.g. veterinary, translational research)



QUESTIONS & ANSWERS

APPENDIX

ADJUSTMENTS

EBIT

€ 000s	HI/2019
Adjusted EBIT	12,723
Adjustments:	
Transaction-related expenses and associated restructuring expenses	-1,285
PPA amortization	-4,535
EBIT	6,903

Consolidated net income

€ 000s	HI/2019
Adjusted consolidated net income from continuing operations	10,284
Adjusted earnings per share from continuing operations in € (basic)	0.86
Adjustments:	
Transaction-related expenses and associated restructuring expenses	-1,285
PPA amortization	-4,535
Current tax expenses	350
Deferred tax income	722
Consolidated net income from continuing operations	5,537
Earnings per share from continuing operations in € (basic)	0.46

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THANK YOU
FOR YOUR
ATTENTION