

# STRATEC FY 2019 FINANCIAL RESULTS

Conference Call – April 2, 2020



## 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. FY 2019 AT A GLANCE
2. FINANCIAL REVIEW
3. OUTLOOK
4. Q&A
5. APPENDIX

# FY 2019 AT A GLANCE

- Dynamic sales growth of 18.0% yoy to € 221.6 million (new record high)  
→ Growth of 15.6% yoy at constant currency → 2019 guidance “growth of at least 12%” ✓
- Adjusted EBIT up by 19.1% yoy to € 31.2 million  
→ Adjusted EBIT margin at 14.1% (2018: 13.9%) → 2019 guidance “around 14% -15%” ✓
- Successful market launches by our partners  
→ FACSDUET™ by Becton Dickinson and LIAISON® XS by DiaSorin
- Significant progress within major development projects
- Plan to propose a further dividend increase to a new record level of € 0.84 per share for approval by our shareholders (previous year: € 0.82)
- Number of employees up by 6.0% yoy to 1,302 → organic growth of 8.4%

## AGENDA

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

# FINANCIAL REVIEW

## FINANCIALS AT A GLANCE<sup>1</sup>

€ 000s	2019	2018 <sup>3</sup>	Change
Sales	221,641	187,820	+18.0%
Adjusted EBITDA	40,853	36,190	+12.9%
Adjusted EBITDA margin (%)	18.4	19.3	-90 bps
Adjusted EBIT	31,150	26,157	+19.1%
Adjusted EBIT margin (%)	14.1	13.9	+20 bps
Adjusted consolidated net income <sup>4</sup>	25,896	20,238	+28.0%
Adjusted basic earnings per share (in €) <sup>4</sup>	2.16	1.70	+27.1%
Basic earnings per share IFRS (in €) <sup>4</sup>	1.34	0.93	+44.1%
Dividend per Share (in €)	0.84 <sup>2</sup>	0.82	+2.4%

bps = basis points

<sup>1</sup> 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.

<sup>2</sup> Planned and subject to approval by the Annual General Meeting.

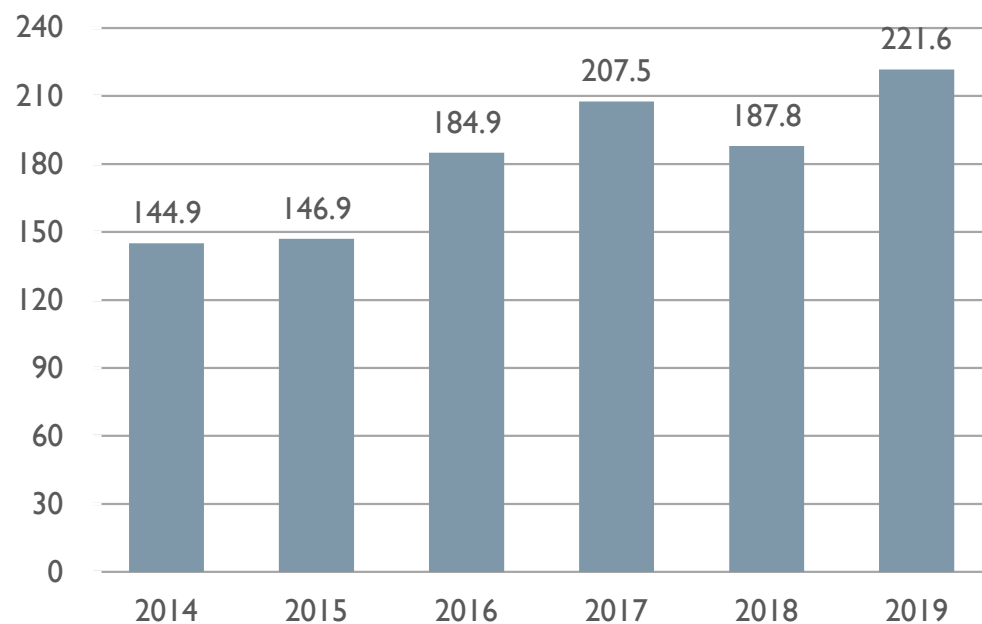
<sup>3</sup> Not retrospectively restated for IFRS 16.

<sup>4</sup> Results from continuing operations.

# FINANCIAL REVIEW

## SALES

Sales in € million



As of December 31

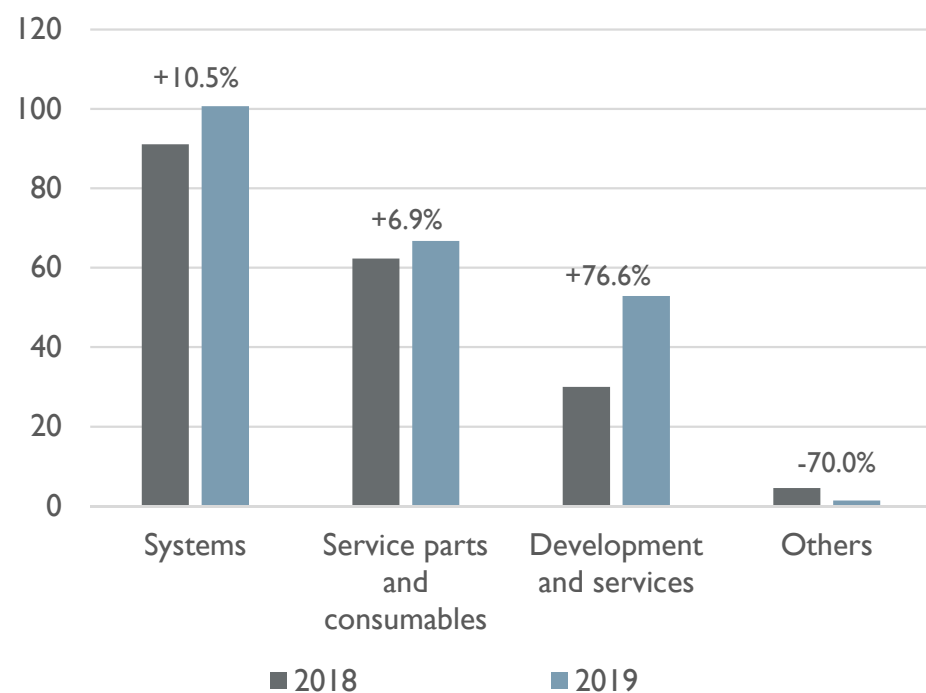
FY 2019 sales up 18.0% yoy to € 221.6 million;  
+15.6% at constant currency

- Increased sales with development and services  
→ Achievement of significant development targets
- Strong call-up numbers for established as well as recently launched systems
- Higher sales with service parts and consumables  
→ Pleasing utilization rates in the installed system base

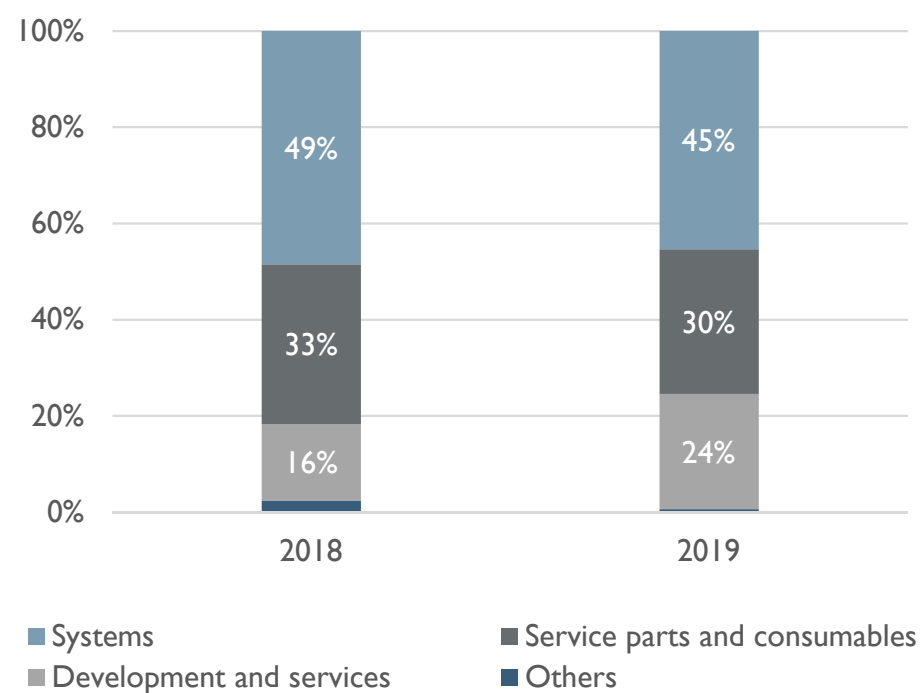
# FINANCIAL REVIEW

## SALES BY OPERATING DIVISIONS

Sales in € million



In % of total sales

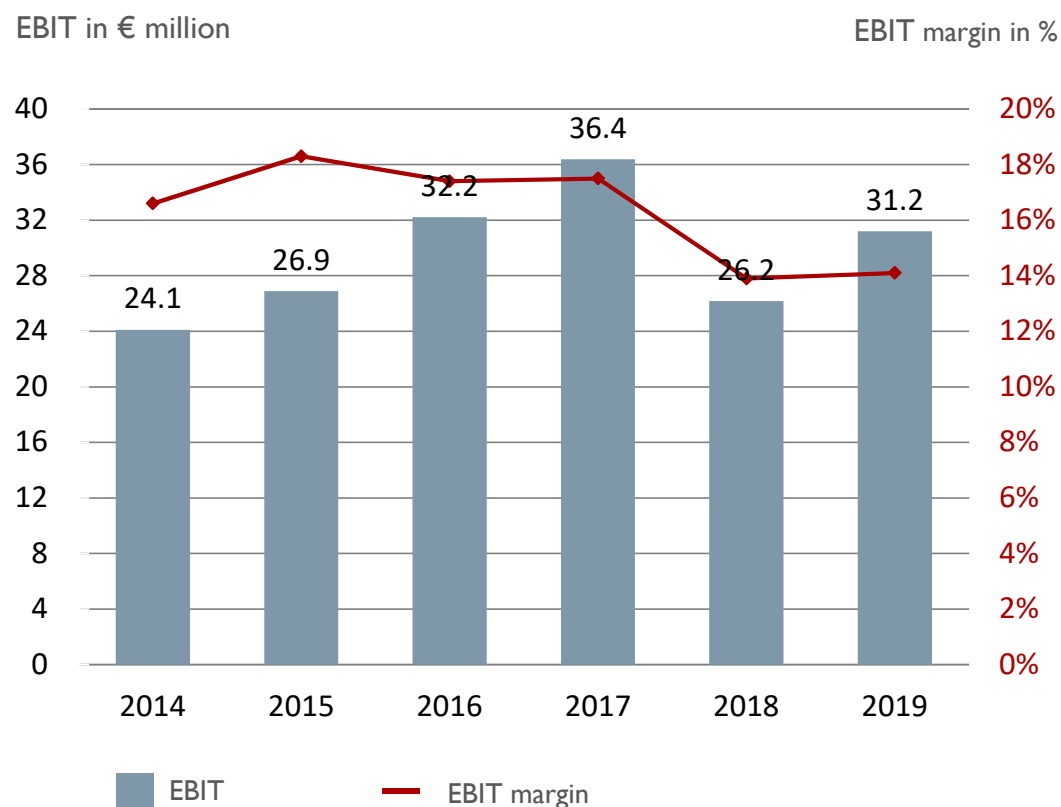


As of December 31



# FINANCIAL REVIEW

## ADJUSTED EBIT AND EBIT MARGIN



FY 2019 EBIT up 19.1% yoy to € 31.2 million

Adjusted EBIT margin up by 20 bps yoy to 14.1%

- (+) Economies of scales
- (+) Positive results from earnings improvement initiative
- (-) Product/sales mix
- (-) Stock appreciation rights (negative margin effect of 40 bps)

As of December 31

# FINANCIAL REVIEW

## SEGMENT PERFORMANCE

### Instrumentation

€ 000s	2019	2018	Change
Sales	154,442	131,323	+17.6%
Adjusted EBIT	22,005	20,993	+4.8%
Adjusted EBIT margin (%)	14.2	16.0	-180 bps

- Adverse margin effect from higher share of lower margin development and services sales

### Smart Consumables

€ 000s	2019	2018	Change
Sales	16,835	16,765	+0.4%
Adjusted EBIT	-1,245	199	-725.6%
Adjusted EBIT margin (%)	-7.4	1.2	-860 bps

- Adverse margin effects due to high development activities for blue chip players

### Diatron

€ 000s	2019	2018	Change
Sales	42,880	35,341	+21.3%
Adjusted EBIT	8,353	4,685	+78.3%
Adjusted EBIT margin (%)	19.5	13.3	+620 bps

- New product launches and strong business with veterinary products

### Others

€ 000s	2019	H1/2018	Change
Sales	7,485	4,391	+70.5%
Adjusted EBIT	2,037	278	+632.7
Adjusted EBIT margin (%)	27.2%	6.3%	+2,090 bps

- Recognition of development and services sales with above average profitability

# FINANCIAL REVIEW

## CASH FLOW AND NET DEBT

€ 000s	2019	2018	Change
Cash flow – operating activities	21.3	12.0	+77.5%
Cash flow – investment activities	-27.7	-10.8	nm
Cash flow – financing activities	5.5	-0.9	nm
Free cash flow	-6.4	1.2	nm

€ 000s	2019	2018	Change
Cash and cash equivalents at end of period	22.7	23.8	-4.6%
Equity ratio (%)	53.1	55.3	-220 bps
Net debt	77.3	53.1	+45.4%

- Cash flow from operating activities up 77.5% yoy to € 21.3 million
  - Strong development in Q4
  - Adverse effects from higher tax payments
- Higher investment spending due to significant capacity expansion at HQ (i.e. capacity expansion for development and prototyping) and high development activities
- Investment ratio<sup>1</sup> of 12.1% of sales
  - ➔ 2019 guidance 12% - 14% ✓
- Higher net debt position driven by financing of capex investments and first time adoption of IFRS 16

<sup>1</sup> Total investments in intangible and tangible assets in % of sales

## AGENDA

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

# OUTLOOK

## FINANCIAL GUIDANCE FOR FISCAL YEAR 2020<sup>1</sup>

- Group sales expected to increase in a high single-digit percentage range<sup>2</sup>
- Adjusted EBIT margin of around 15% (2019: 14.1%)
  - Positive scale effects; defined earnings improvement measures; improving sales and product mix
- Investments in tangible and intangible assets of around 10% to 12% of sales
  - Ongoing construction measures for significant capacity expansion
  - After completion of construction projects for capacity expansion, investment ratio is likely to decline further in 2021

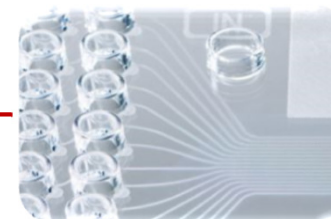
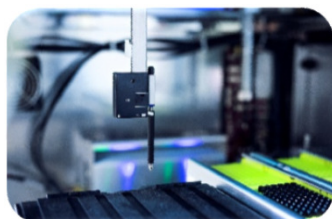
<sup>1</sup> Most recently, STRATEC witnessed an upward trend in orders and order forecasts as a result of the coronavirus pandemic. However, the implications of the pandemic, including potential effects on the supply chain and any temporary interruptions in production arising as a result, currently cannot be predicted in full and have therefore not been factored into the above outlook.

<sup>2</sup> Sales growth at constant currency

# OUTLOOK

## FOCUS IN 2020 AND BEYOND

- Manage challenges arising from coronavirus pandemic
  - Health of our employees has highest priority
  - Deliver on received extra orders and support customers in making their contribution in the fight against the pandemic
  - Mitigate and manage supply chain risks
- Improve EBIT contribution of Smart Consumables segment
- Achievement of development targets
- Introduction of new products
  - Expected launches among others in 2020 include a proprietary analyzer platform and various stand-alone modules/components
- Sign new development and supply agreements (execute deal pipeline)
- Realize further efficiency gains (earnings improvement initiative, ERP system implementation)



# QUESTIONS & ANSWERS

# APPENDIX

## ADJUSTMENTS

### EBIT

€ 000s	2019
<b>Adjusted EBIT</b>	<b>31,150</b>
<b>Adjustments:</b>	
PPA amortization	-8,996
Transaction-related expenses and associated restructuring expenses	-3,075
<b>EBIT</b>	<b>19,079</b>

### Consolidated net income

€ 000s	2019
<b>Adjusted consolidated net income from continuing operations</b>	<b>25,896</b>
<b>Adjusted earnings per share from continuing operations in € (basic)</b>	<b>2.16</b>
<b>Adjustments:</b>	
PPA amortization	-8,996
Transaction-related expenses and associated restructuring expenses	-3,075
Current tax expenses	833
Deferred tax income	1,430
<b>Consolidated net income from continuing operations</b>	<b>16,088</b>
<b>Earnings per share from continuing operations in € (basic)</b>	<b>1.34</b>



# CONTACT

STRATEC SE  
Gewerbestr. 37  
75217 Birkenfeld  
Germany

[www.strattec.com](http://www.strattec.com)

## CONTACT

**Marcus Wolfinger**  
CEO

**Jan Keppeler, CFA**  
Head of Investor Relations &  
Corporate Communications

Phone +49 7082 7916-6515  
[j.keppeler@strattec.com](mailto:j.keppeler@strattec.com)



THANK YOU  
FOR YOUR  
ATTENTION