

STRATEC FY 2021 FINANCIAL RESULTS

Birkenfeld, 2022-03-30

A PERFECT MATCH IN
DIAGNOSTICS

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 2021 AT A GLANCE
2. FINANCIAL REVIEW
3. OUTLOOK
4. Q&A
5. APPENDIX

FY 2021 AT A GLANCE

- **Group sales up by 16.7%** yoy at constant exchange rates to **€ 287.3 million** (2020: € 250.1 million)
 - **Double digit growth** rates in **all segments** and **operating divisions**
- **Adjusted EBIT margin improvement of 220 basis points** yoy to **18.9%**
- **Operating cash flow nearly doubled** yoy to **€ 63.4 million** (2020: € 31.8 million)
- **Dividend proposal of € 0.95 per share** (previous year: € 0.90)
 - **18th consecutive dividend increase** (subject to AGM approval)
- **Successful market launches**
 - **KleeYa® platform was brought to the market by a first customer**
 - **Smart consumable launched** for a North American partner (addressing one of the fastest growing segments of clinical diagnostics)
- Several products in **ramp-up phase** and **more launches** to come in the next **12 months**
- **Further progress** on implanting **ESG strategy**
 - Greenhouse gas emissions (scope 1 and 2) reduced by 63% compared to 2019 level
 - UN Global Compact signed in August 2021



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FINANCIAL REVIEW

FINANCIALS AT A GLANCE¹

€ 000s	FY 2021	FY 2020	Change	Q4 2021	Q4 2020	Change
Sales	287,335	250,099	+14.9%	61,915	71,017	-12.8%
Adjusted EBITDA	66,606	51,978	+28.1%	8,941	16,157	-44.7%
Adjusted EBITDA margin (%)	23.2	20.8	+240 bps	14.2	22.8	-860 bps
Adjusted EBIT	54,273	41,713	+30.1%	5,583	13,592	-58.9%
Adjusted EBIT margin (%)	18.9	16.7	+220 bps	9.0	19.1	-1,010 bps
Adjusted consolidated net income	45,122	35,218	+28.1%	4,559	11,453	-60.2%
Adjusted basic earnings per share (in €)	3.73	2.92	+27.7%	0.38	0.95	-60.0%
Basic earnings per share IFRS (in €)	3.30	2.36	+39.8%	0.30	0.81	-63.0%

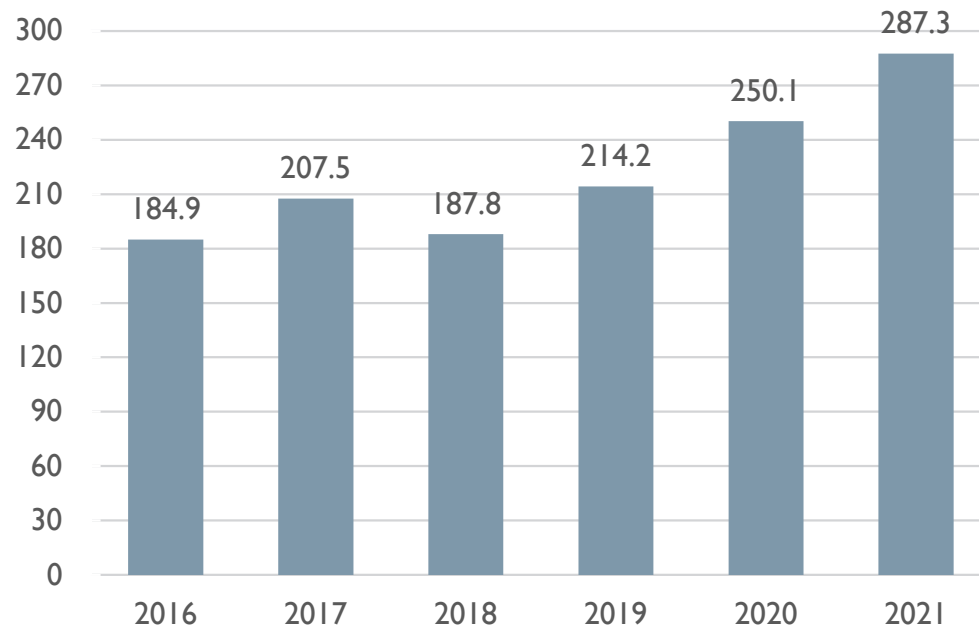
bps = basis points

¹ For comparison purposes, adjusted figures exclude amortization resulting from purchase price allocations in the context of acquisitions, an impairment loss recognized on a proprietary development project in the Diatron segment in Q2/2021, and other non-recurring items.

FINANCIAL REVIEW

SALES

Sales in € million



As of December 31

FY 2021 up by 16.7% yoy at constant currency to € 287.3 million

Double digit organic growth rates in all segments and operating divisions

- Supported by ramp-up of young product portfolio

Sales up in all relevant areas of application

- Particular strong growth rates in Molecular Diagnostics, Immunohematology and Clinical Chemistry

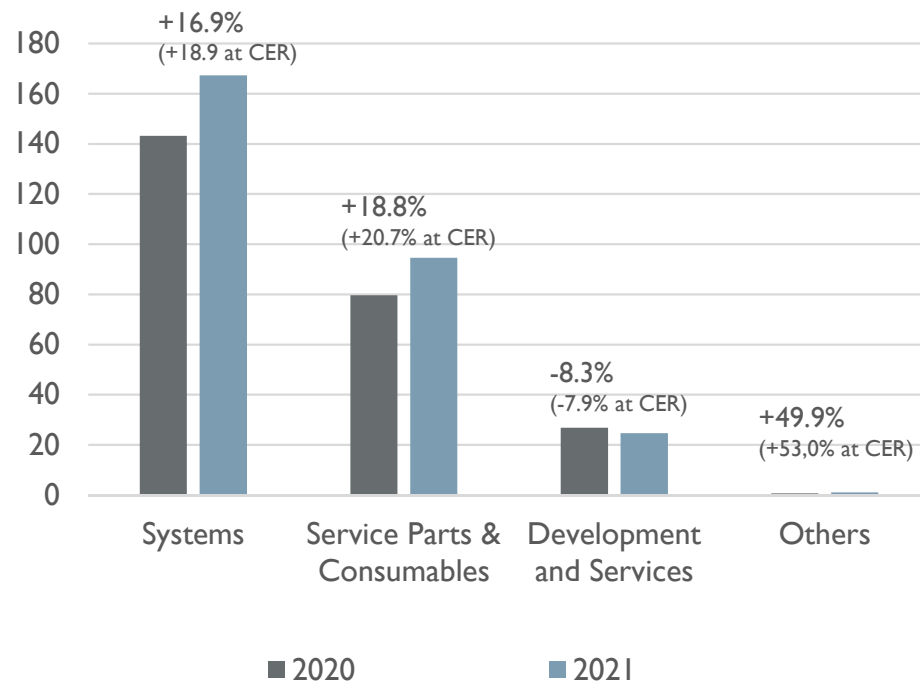
Q4 2021

- Due to customary lead times, no significant tailwind from Omicron wave on system sales in Q4 (→ to be expected for Q1 2022)
- Recognition of development & services sales has in some cases been deferred to Q1 2022
- Way higher than usual level of back orders at the end of the 2021

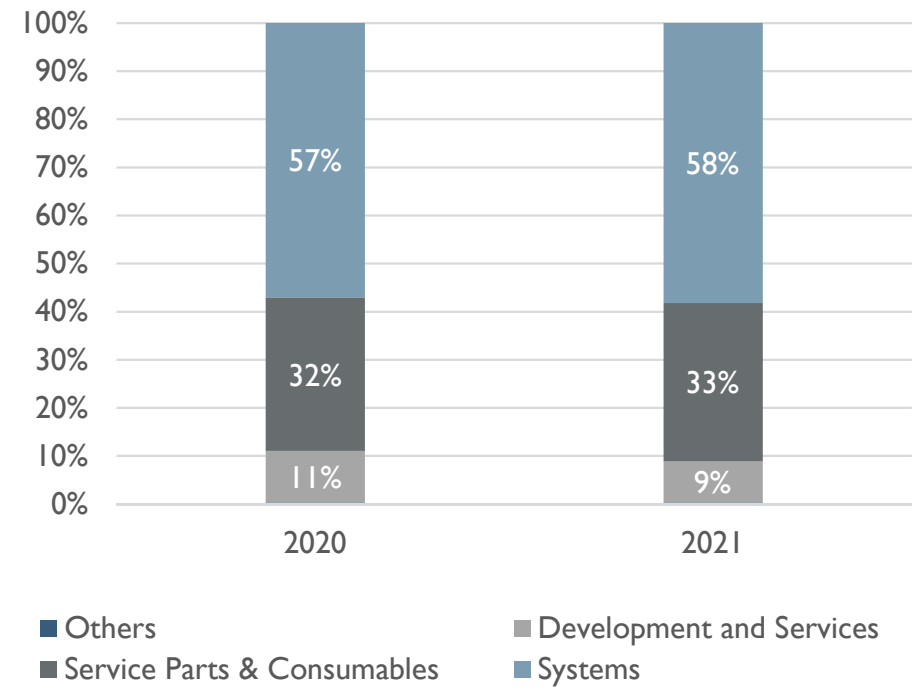
FINANCIAL REVIEW

SALES BY OPERATING DIVISIONS

Sales in € million



In % of total sales

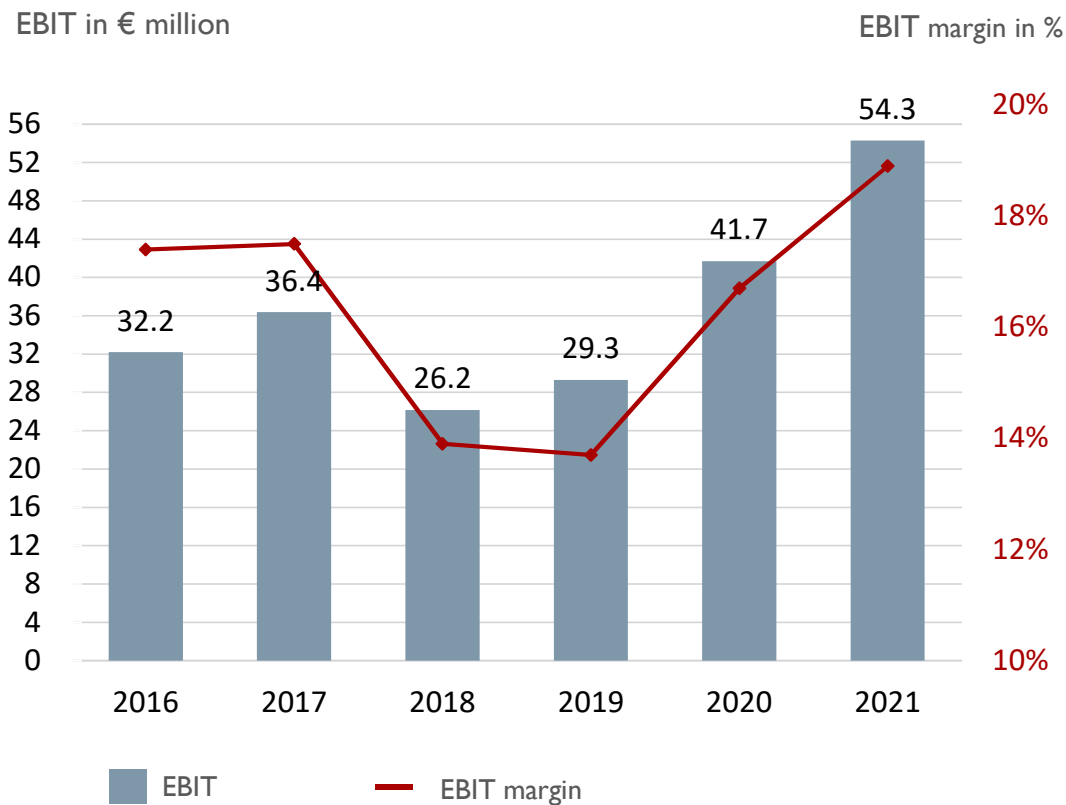


As of December 31

CER= Constant exchange rates

FINANCIAL REVIEW

ADJUSTED EBIT AND EBIT MARGIN



FY 2021 adjusted EBIT up 30.1% yoy to € 54.3 million

FY 2021 adjusted EBIT margin at 18.9 %

Margin expansion of 220 bps yoy

(+) Economies of scale

(+) Positive sales and product mix

(+) Lower burden from stock appreciation rights

(-) Tense supply chain and rising input costs

As of December 31

FINANCIAL REVIEW

SEGMENT PERFORMANCE

Instrumentation

€ 000s	FY 2021	FY 2020	Change	At CER
Sales	201,349	176,517	+14.1%	+16.2%
Adj. EBIT	34,296	28,277	+21.3%	
Adj. EBIT margin	17.0%	16.0%	+100 bps	

- Strong demand for molecular diagnostics solutions and ramp-up of newly launched products

Diatron

€ 000s	FY 2021	FY 2020	Change	At CER
Sales	66,910	56,479	+18.5%	+19.4%
Adj. EBIT	19,452	14,619	+33.1%	
Adj. EBIT margin	29.1%	25.9%	+320 bps	

- Strong growth with haematology (including veterinary) and molecular diagnostics products

Smart Consumables

€ 000s	FY 2021	FY 2020	Change	At CER
Sales	19,076	17,103	+11.5%	+13.2%
Adjusted EBIT	525	-1,183	nm	
Adj. EBIT margin	2.8%	-6.9%	+970 bps	

- Ramp-up of newly launched products and related improvement of sales mix (shrinking share of recognized development revenues)

CER = Constant exchange rates

FINANCIAL REVIEW

CASH FLOW AND NET DEBT

€ 000s	FY 2021	FY 2020	Change
Cash flow – operating activities	63,473	31,849	+99.3%
Cash flow – investment activities	-20,127	-21,845	n/a
Cash flow – financing activities	-34,329	5,223	n/a
Free cash flow	43,346	10,004	+333.3%

- Cash flow from operating activities in 2021 almost doubled to € 63.5 million despite still elevated inventory needs
- Investment ratio¹ of 7.0% of sales inline with projected corridor of 6% to 8%
- Net debt / EBITDA down to 0.8 versus 1.6x in the prior year

€ 000s	FY 2021	FY 2020	Change
Cash at end of period	47,184	37,561	+26.6%
Equity ratio (%)	55.8	52.0	+380 bps
Net debt	52,443	82,677	-36.6%

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

AGENDA

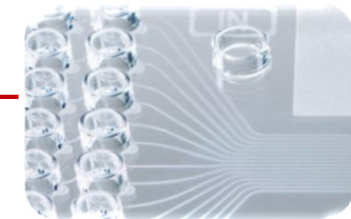
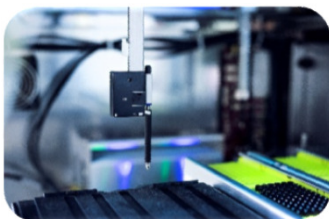
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OUTLOOK

FINANCIAL GUIDANCE FOR FISCAL YEAR 2022*

- Sales to match the previous year's level on a constant-currency basis
 - Ramp-up of young product portfolio and additional upcoming launches set to compensate potential declines in COVID-19-related product lines
- Adjusted EBIT margin of around 16.5% to 18.5% (2021: 18.9%)
 - Raising input costs and normalization of product mix
- Investments in tangible and intangible assets combined of around 6.0% to 8.0% of sales

* Any assessment of the further course of the pandemic, particularly from the fall onwards, and associated demand for in-vitro diagnostics products is subject to great uncertainties. STRATEC's budget scenario for the 2022 financial year includes a higher than normal number of assumptions and risk adjustments. Furthermore, the situation in global supply chains also remains tense and increasingly difficult to predict, with this being due not least to the war in Ukraine.



OUTLOOK

COVID-19 AND MARKET UPDATE

- COVID-19 pandemic has driven 2020 and 2021 market growth rates far above the historical long-term average of around 4-6% p.a.
- High comparison basis due to surge in COVID testing volumes might adversely affect market growth rates in 2022 and 2023
- Return to at least historical market growth rates expected once new baseline is reached
- Further infection waves to be expected with probably steeper ramps but shorter durations
 - requires higher spare capacity levels to be held by the labs to cover peaks



OUTLOOK

STRATEC WELL POSITIONED TO OUTPACE EXPECTED MARKET GROWTH

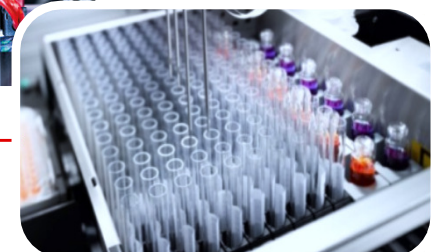
SPECIFIC DRIVERS FOR STRATEC

- In contrast to the overall market, no negative pricing effects expected
- STRATEC customers set to gain further market share once regular approval pathways for COVID-19 tests are established / again required
- Overutilization of testing equipment triggers significant replacement potential
- Expanded installed base set to drive strong service parts & consumables business
- Expanded menus at the customer side and transfer of esoteric tests into screening formats
- Pandemic and labor shortages have again highlighted the value of highly automated lab workflows
- Several products in ramp up phase
 - e.g. **LIAISON XS, FACSDuet, KleeYa and several new smart consumables**
- Strong outsourcing trend and launch / development pipeline
 - e.g. **three molecular diagnostic systems**

OUTLOOK

FOCUS IN 2022 AND BEYOND

- Execute on current development pipeline and launch line-up
 - Expected launches over the next 12 months include two MDx solution families
- M&A remains part of the company's growth and diversification strategy
- Execute deal pipeline regarding new development and manufacturing agreements
 - Significant upward trend in the number and quality of incoming pipeline projects in recent months
- Implement countermeasures to address supply chain issues and rising input costs
- Restore pre-pandemic efficiency levels throughout the company
- Manage transition to post-pandemic priorities



QUESTIONS & ANSWERS

APPENDIX

ADJUSTMENTS

EBIT

€ 000s	FY 2021	FY 2020
Adjusted EBIT	54,273	41,713
Adjustments:		
PPA amortization	-4,874	-8,036
Impairment	-1,047	0
Other	-175	0
EBIT	48,177	33,677

Consolidated net income

€ 000s	FY 2021	FY 2020
Adjusted consolidated net income	45,122	35,218
Adjusted earnings per share in € (basic)	3.73	2.92
Adjustments:		
PPA amortization	-4,874	-8,036
Impairment	-1,047	0
Other	-175	0
Taxes	932	1,253
Consolidated net income	39,958	28,435
Earnings per share in € (basic)	3.30	2.36

CONTACT

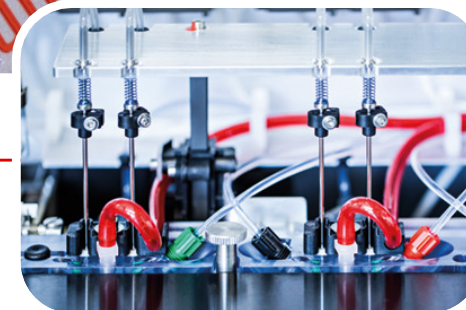
STRATEC SE
Gewerbestr. 37
75217 Birkenfeld
Germany

Phone +49 7082 7916-0
Fax +49 7082 7916-999
www.strattec.com

CONTACT

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

Phone +49 7082 7916-6515
j.keppeler@strattec.com



THANK YOU
FOR YOUR
ATTENTION