



Quarterly Statement 9M | 2016

January 1 to September 30, 2016

STRATEC REPORTS ON FIRST NINE MONTHS OF 2016

- Sales of €126.3 million in 9M/2016 (+17.8%; 9M/2015: €107.2 million)
- EBIT margin of 14.6%¹ in 9M/2016 (9M/2015: 17.9%)
- Further growth in workforce due to full development pipeline
- New development agreements signed

**Dear shareholders,
Dear partners and friends of STRATEC,**

The 2016 financial year to date has in many ways been shaped by the consistent implementation of strategic measures, including the acquisitions of Diatron and STRATEC Consumables. In the past quarters, we have further expanded our development teams to enable us to handle the growing numbers of development projects and still accept new, high-potential development orders. As a result, the workforce at our main location in Birkenfeld alone has grown by 10%, with disproportionate growth in our development departments. Even though these measures to expand capacities are impacting our profitability in the short term, they nevertheless form the basis for the growth achievable with recurring sales from the production of instruments and consumables once the respective development phases have been successfully completed. Consistent with the objective of boosting these areas, we acquired two companies in the second and third quarters of the current year. We can already point to the initial positive impact of these measures on our performance in the current financial year, particularly in the form of project negotiations and contract agreements. Our aim here is to extend our product portfolio and customer base and thus strengthen our installation base.

Although the integration of these companies currently forms one key focus of our M&A activities, we are continuing to examine a wide range of options and cannot exclude the possibility of further activities.

In their reporting, our partners have regularly referred to the ongoing stable growth trend in in-vitro diagnostics (IVD). Alongside this, special topics have repeatedly played a significant role in the healthcare industry. The Zika virus detection test offered by our partner Hologic, for example, has recently been very positively received. We are delighted when our systems can make a valuable contribution to addressing highly relevant global issues in the field of diagnostics.

On behalf of the Board of Management
of STRATEC Biomedical AG



Marcus Wolfinger
Chairman of the Board of Management

MAJOR KEY FIGURES

in € thousand	01.01. – 09.30.2016	01.01. – 09.30.2015	Change
Sales	126,334	107,200	+17.8%
EBITDA ¹	22,671	23,368	-3.0%
EBITDA margin (%) ¹	17.9	21.8	-390 bps
EBIT ¹	18,391	19,235	-4.4%
EBIT margin (%) ¹	14.6	17.9	-330 bps
Consolidated net income ²	15,251	15,916	-4.2%
Earnings per share (€) ²	1.29	1.35	-4.4%

bps = base points

¹ 2016 figure adjusted for one-off items resulting from transaction activities and related reorganization expenses

² 2016 figure additionally adjusted for financing expenses and tax expenses in connection with the acquisitions of the Diatron Group and STRATEC Consumables, for one-off items resulting from the tax audit for the 2009 to 2013 assessment periods, and for tax effects relating to reorganization expenses

BUSINESS PERFORMANCE

The Group increased its sales for the first nine months of 2016 by 17.8% to €126.3 million (previous year: €107.2 million). This substantial growth was mostly attributable to the sales contributed by the Diatron Group and STRATEC Consumables, which have been consolidated for the first time since April 1, 2016 and July 1, 2016 respectively. The negative impact of regulatory procedures taking longer than planned and persistent turnover weakness at one customer since the beginning of the year was offset by positive call-up figures for various systems.

The Group generated adjusted EBIT of €18.4 million. The adjustment includes expenses for the two acquisitions made in 2016 and the integration of the companies involved. To enhance efficiency, this integration also involved merging the activities of three operating units in the US at two locations on the East Coast. The EBIT margin was adjusted to exclude the associated one-off expenses and came to 14.6% at the end of the first nine months.

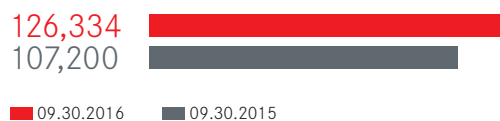
The temporary reduction in the margin is mainly due to lower profitability at the new subsidiaries and to the hiring of new staff in connection with numerous product developments.

The positive impact these product development measures are expected to have in the medium term is currently being impeded. This is because the delays in product approvals already mentioned have held back growth momentum, leading to a temporary delay in the materialization of the resultant benefits of scale.

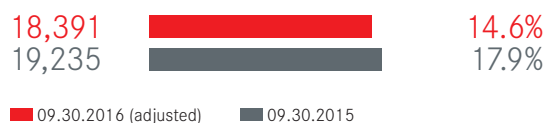
The backlog of investments in the infrastructure of the new subsidiaries will be rapidly remedied through targeted capital expenditures.

The bridge financing taken up in the context of the acquisitions is planned to be exchanged for long-term follow-up financing as the fourth quarter progresses.

Development in sales (in € thousand)



Development in EBIT and EBIT margin (in € thousand)



DEVELOPMENT IN PERSONNEL

Including the newly acquired company divisions, personnel hired from temporary employment agencies, and trainees, the STRATEC Group had a total of 981 employees as of September 30, 2016. This corresponds to an increase of 71.2% compared with the previous year's reporting date.

Of the total workforce as of September 30, 2016, 364 employees were attributable to the two new companies. In the previous year, these companies had a total of 332 employees. Taking into account the 573 employees at STRATEC in Q3 2015, and factoring in the 332 employees from the two new companies, workforce grew by 8.3% over the twelve month period. Excluding acquisitions, the number of employees at the STRATEC Group rose by 7.6%, an increase driven in particular by the build-up of additional development capacities at the Birkenfeld location.

To deal with the large number of development projects, STRATEC remains on the lookout for well-qualified personnel and expects to report rising employee totals in the quarters ahead as well.

Number of employees (09.30.)



PROJECTS AND OTHER DEVELOPMENTS

In the period under report, STRATEC reported new contracts for development projects, including a contract with a further leading company in the IVD industry. Further development contracts have reached promising negotiating stages.

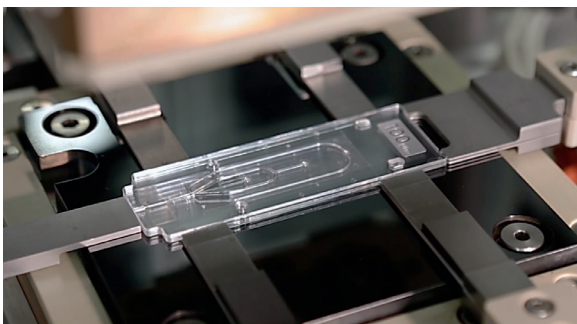
Hologic, one of STRATEC's largest customers, has reported that the market launch of its "Panther Fusion" in Europe will take place in 2017. The US market launch of this system is scheduled for 2018. The "Fusion" system represents a further expansion to the established "Panther" line. Furthermore, Hologic has also reported on increased "Panther" placement volumes in connection with its Zika virus detection test.

Consistent with the agreed project planning, the development work on an immunoassay system for small and medium-sized laboratories is progressing very successfully. Initial milestones have been reached and the partner aims to launch the system onto the market in 2018.

Alongside these projects, our partners are also preparing several market launches scheduled for the coming quarters.

Development work on proprietary platforms is also progressing successfully. In cooperation with various partners, initial diagnostics tests are already being tried out and applications are being tested for a wide variety of fields. Initial sales with these platform-based systems are expected during the second half of 2017, while the first market launch with a partner is expected to take place in the first half of 2018.

STRATEC is continuing to focus on achieving key development milestones and market launches.

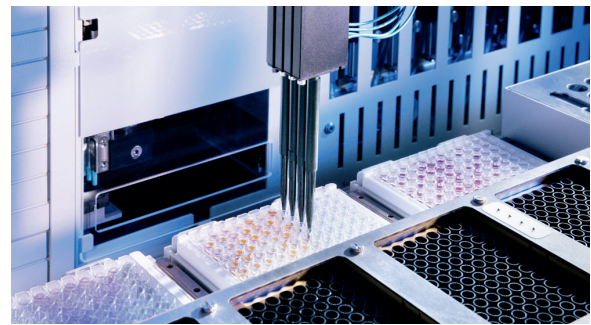


Production of a smart consumable

CURRENT FINANCIAL FORECAST AND OUTLOOK

The updated version of the financial forecast issued on July 23, 2016 to account for the Group's acquisitions, which foresees sales growth to between €175 million and €182 million for the 2016 financial year and sales of between €205 million and €220 million in 2017, is hereby confirmed. Excluding the impact of the companies acquired in 2016, the average organic sales growth of around 6% originally expected for 2016 and 2017 (CAGR of around 6% for sales from 2014 to 2017 based on sales in the 2013 financial year) will largely be generated in 2017. This is because several market launches are scheduled for the 2017 financial year.

The EBIT margin is expected to develop positively upon the materialization of benefits of scale resulting from growth in the traditional business and at acquired units.



View inside an analyzer system

CONSOLIDATED BALANCE SHEET

as of September 30, 2016 of STRATEC Biomedical AG

Assets

in € thousand	09.30.2016	12.31.2015
Non-current assets		
Goodwill	34,480	5,125
Other intangible assets	87,834	25,867
Property, plant and equipment	32,639	19,595
Financial assets	404	184
Deferred taxes	155	21
	155,512	50,792
Current assets		
Inventories		
Raw materials and supplies	16,059	9,375
Unfinished products, unfinished services	6,064	3,853
Finished products and merchandise	4,329	2,791
	26,451	16,019
Receivables and other assets		
Trade receivables	28,994	24,045
Future receivables from construction contracts	2,249	1,470
Receivables from associates	21	23
Other financial assets	5,209	2,779
Other receivables and other assets	4,370	2,358
Income tax receivables	4,695	5,038
	45,537	35,713
Cash and cash equivalents	24,569	56,415
	96,557	108,147
Total assets	252,069	158,939

Shareholder's equity and debt

in € thousand	09.30.2016	12.31.2015
Shareholders' equity		
Share capital	11,859	11,853
Capital reserve	20,346	20,061
Revenue reserves	93,305	94,307
Treasury stock	-118	-172
Other equity	6,532	4,231
	131,924	130,280
Non-current debt		
Non-current financial liabilities	3,914	4,328
Other non-current liabilities	552	22
Provisions for pensions	2,095	63
Deferred taxes	18,899	5,579
	25,460	9,992
Current debt		
Current financial liabilities	71,570	3,816
Trade payables	9,262	3,436
Liabilities to associates	40	14
Other current liabilities	12,390	8,391
Current provisions	951	1,508
Income tax liabilities	472	1,502
	94,685	18,667
Total shareholders' equity and debt	252,069	158,939

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Period from January 1 to September 30, 2016 of STRATEC Biomedical AG

in € thousand	01.01. – 09.30.2016	01.01. – 09.30.2015
Sales	126,334	107,200
Cost of sales	-80,447	-67,573
Gross profit	45,886	39,627
Research and development expenses	-6,911	-5,598
Sales-related expenses	-8,581	-4,972
General administrative expenses	-11,708	-8,196
Other operating income and expenses	-6,971	-1,626
Earnings before interest and taxes (EBIT)	11,716	19,235
Net financial expenses	-932	186
Earnings before taxes (EBT)	10,784	19,421
Current tax expenses	-3,927	-2,328
Deferred tax income/expenses	1,026	-1,177
Consolidated net income	7,883	15,916
Items that may not be subsequently reclassified to profit or loss:		
Currency translation differences from translation of foreign business operations	275	2,309
Change in value of financial investments	2,027	0
Comprehensive income	10,184	18,225
Basic earnings per share in €	0.67	1.35
No. of shares used as basis (basic)	11,849,634	11,796,415
Diluted earnings per share in €	0.66	1.34
No. of shares used as basis (diluted)	11,937,704	11,906,174

CONSOLIDATED CASH FLOW STATEMENT

for the Period from January 1 to September 30, 2016 of STRATEC Biomedical AG

in € thousand	01.01. – 09.30.2016	01.01. – 09.30.2015
I. Operations		
Consolidated net income (after taxes)	7,883	15,916
Depreciation and amortization	7,884	4,133
Current income tax expenses	3,927	2,328
Income taxes paid less income taxes received	-4,487	-5,291
Financial income	-138	-273
Financial expenses	756	134
Interest paid	-336	-113
Interest received	138	270
Other non-cash expenses	849	763
Other non-cash income	-723	-94
Change in net pension provisions through profit or loss	15	0
Change in deferred taxes through profit or loss	-1,026	1,177
- Profit/+ loss on disposals of non-current assets	484	-18
- Increase/+ reduction in inventories, trade receivables and other assets	-1,863	-2,069
+ Increase/- reduction in trade payables and other liabilities	-891	4,595
Inflow of funds from operating activities	12,473	21,458
II. Investments		
Incoming payments from disposals of non-current assets		
Property, plant and equipment	54	143
Outgoing payments for investments in non-current assets		
Intangible assets	-2,144	-2,480
Property, plant and equipment	-5,715	-2,994
Incoming/outgoing payments from granting/repayment of financial liabilities	3	0
Payments for acquisition of consolidated companies less acquired cash	-94,428	0
Outflow of funds for investing activities	-102,230	-5,331
III. Financing		
Incoming funds from taking up of financial liabilities	67,550	2,000
Proceeds/payments for granting/redeeming financial liabilities	-1,215	-3,948
Incoming payments from issue of shares for employee stock option programs	194	1,475
Dividend payments	-8,885	-8,248
Outflow of funds for financing activities	57,644	-8,721
IV. Cash-effective change in cash and cash equivalents	-32,114	7,406
Cash and cash equivalents at start of period	56,415	46,636
Change in scope of consolidation	25	79
Impact of exchange rate movements	243	604
Cash and cash equivalents at end of period	24,569	54,725

FINANCIAL CALENDAR 2016/2017

October 27, 2016	Quarterly Statement 9M 2016
November 22, 2016	German Equity Forum, Frankfurt am Main, Germany (Analysts' Conference)
April 11, 2017	2016 Annual Report
May 03, 2017	Quarterly Statement Q1 2017
May 24, 2017	Annual General Meeting, Pforzheim, Germany
July 25, 2017	Half-yearly Financial Report H1 2017
October 26, 2017	Quarterly Statement 9M 2017

Subject to amendment. The latest version of the financial calendar can be found on the company's website at: www.stratec.com > STRATEC Group > Investors > Financial Calendar

Quarterly statements and half-yearly financial reports are neither audited, nor subject to an audit review by the group auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart.

ABOUT STRATEC

STRATEC Biomedical AG (www.stratec.com) designs and manufactures fully automated analyzer systems for its partners in the fields of clinical diagnostics and biotechnology. Furthermore, the company offers sample preparation solutions, integrated laboratory software, and complex consumables for diagnostic and medical applications. STRATEC covers the entire value chain – from development to design and production through to quality assurance.

The partners market the systems, software and consumables in general together with their own reagents, as system solutions to laboratories, blood banks and research institutes around the world. STRATEC develops its products on the basis of its own patented technologies.

Shares in the company (ISIN: DE000STRA555) are traded in the Prime Standard segment of the Frankfurt Stock Exchange and are listed in the TecDAX select index of the German Stock Exchange.

IMPRINT AND CONTACT

Published by

STRATEC Biomedical AG
 Gewerbestr. 37
 75217 Birkenfeld
 Germany
 Phone: +49 7082 7916-0
 Fax: +49 7082 7916-999
info@stratec.com
www.stratec.com

Corporate Communications

André Loy
 Phone: +49 7082 7916-190
 Fax: +49 7082 7916-999
a.loy@stratec.com

Investor Relations

Sandra Eberle
 Phone: +49 7082 7916-197
 Fax: +49 7082 7916-999
s.eberle@stratec.com