QUARTERLY STATEMENT 9M|2018

January 1 to September 30, 2018

STRATEC REPORTS FIGURES FOR THE FIRST NINE MONTHS OF 2018

- Organic sales decline of 4.8% to € 134.6 million in 9M 2018; nominal -9.9% (9M 2017: € 149.4 million)
- Adjusted EBIT of € 17.0 million in 9M 2018 (-30.5%; 9M 2017: € 24.5 million)
- Adjusted EBIT margin of 12.7% in 9M 2018 (9M 2017: 16.4%)
- Assumption of significant upturn in growth momentum in Q4 2018 and 2019 as a whole confirmed by latest developments
- Annual savings potential of € 2.0 million to € 3.0 million expected from 2021 onwards
- Development pipeline remains extremely well-filled

Dear Shareholders, Partners and Friends of STRATEC,

At the beginning of October we unfortunately had to adjust our financial forecast. A weaker performance in the Diatron segment, a product launch that has been postponed by the customer on several occasions, and a general downturn in customer order forecasts are the reasons why our sales and earnings have fallen well short of our original expectations for 2018. However, we still feel that the muted development in 2018 is in stark contrast to the positive medium- to long-term growth prospects for the STRATEC Group. In particular, this is reflected in our full development pipeline, which we expanded further in 2018 through the conclusion of additional development partnerships. Although realizing the large number of development partnerships currently entails higher costs, we are confident that these investments will have a positive impact on our results in the long term.

In anticipation of significant product launches over the coming months, current customer order forecasts, the earnings improvement measures that have already been defined, and the fact that the sales that were forecast for 2018 have merely been postponed to subsequent periods, we are also confident that we will return to clearly positive sales and earnings growth from 2019.

In the first nine months of this year, we pressed ahead with a range of measures aimed at making our processes even more efficient and preparing the Group for its sustained planned future growth. Among other things, we still expect to complete the implementation of a uniform Group-wide ERP system with the roll-out at our headquarters in Birkenfeld and our site in Switzerland in January 2019.

The positive long-term growth prospects for our company are also reflected in the continued growth in our workforce. In response to this growth, the decision to significantly expand building capacity at the Birkenfeld site was already taken in the previous year. The construction work is proceeding to plan and we still expect the first phase of construction to be completed in mid-2019.

Thank you for the trust you have placed in our company.

On behalf of the Board of Management of
STRATEC Biomedical AG

Marcus Wolfinger
Chief Executive Officer

Key figures[1]

€ 000s	9M|2018[2]	9M|2017[3]	Change yoy	9M|2018 before adoption of IFRS 9 and IFRS 15	Change yoy
Sales	134,627	149,418	-9.9%	138,914	-7.0%
Adjusted EBITDA	21,960	29,586	-25.8%	23,456	-20.7%
Adjusted EBITDA margin (%)	16.3	19.8	-350 bps	16.9	-290 bps
Adjusted EBIT	17,044	24,513	-30.5%	17,941	-26.8%
Adjusted EBIT margin (%)	12.7	16.4	-370 bps	12.9	-350 bps
Adjusted consolidated net income[4]	13,598	19,167	-29.1%	14,264	-25.6%
Adjusted earnings per share (€)[4]	1.14	1.61	-29.2%	1.20	-25.5%
Earnings per share (€)[4]	0.51	1.37	-62.8%	0.57	-58.4%

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] In accordance with IFRS 9 and IFRS 15.
[3] Not retrospectively restated to reflect IFRS 9 and IFRS 15 (modified retrospective approach). Retrospectively restated to reflect the classification of the nucleic acid preparation business as a discontinued operation in accordance with IFRS 5 and correction in accordance with IAS 8.41.
[4] Results from continuing operations.

BUSINESS PERFORMANCE

STRATEC generated sales of € 134.6 million in the first nine months of fiscal year 2018 (previous year: € 149.4 million), representing an organic sales decline of 4.8%. Sales decreased by 9.9% in nominal terms, with exchange rate effects and the first-time adoption of IFRS 15 negatively impacting sales development by 2.2 percentage points and 2.9 percentage points respectively.

The muted organic sales performance in the first nine months of 2018 is attributable in particular to lower system sales, weaker development in the Diatron segment, and a temporary slowdown in demand for service parts and consumables in the third quarter of 2018. In STRATEC's view, the restrained sales momentum that was observed in the third quarter as anticipated reflects the fluctuations that are typical of the business model during the course of the year. Based on the current order book and customer order forecasts, the fourth quarter of 2018 is already expected to see a significant upturn in sales volumes for systems, service parts and consumables.

Adjusted EBIT amounted to € 17.0 million in the first nine months of 2018 versus € 24.5 million in the previous year. This corresponds to an adjusted EBIT margin of 12.7% compared to 16.4% in the same period of last year. This decline in profitability is due in particular to diseconomies of scale as well as higher costs in connection with the realization of a number of current development partnerships. The first-time adoption of IFRS 15 also had a slight negative effect on the adjusted EBIT margin.

Reflecting the reduction in operational profitability, adjusted consolidated net income from continued operations also declined by 29.1% to € 13.6 million in the first nine months of 2018 (previous year: € 19.2 million). Adjusted earnings per share from continued operations (basic) amounted to € 1.14 (previous year: € 1.61).

For comparison purposes, the 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. The figures for the first nine months of 2018 and 2017 were restated in accordance with IFRS 5 to reflect the decision in the third quarter of 2018 to initiate a sales process for the nucleic acid preparation business, among other things. The nucleic acid preparation business is now reported as a discontinued operation.

For a reconciliation of the adjusted figures to those shown in the consolidated statement of comprehensive income, refer to the tables below.

€ 000s	**01.01. – 09.30.2018**
Adjusted EBIT	**17,044**
Adjusted	
Adjustments	-1,571
• Expenses in connection with transactions and related restructuring expenses	
• PPA amortization	-7,015
• Impairments	-642
EBIT	**7,816**

€ 000s	**01.01. – 09.30.2018**
Adjusted consolidated net income from continuing operations	**13,598**
Adjusted earnings per share from continuing operations in € (basic)	**1.14**
Adjustments	-1,571
• Expenses in connection with transactions and related restructuring expenses	
• PPA amortization	-7,015
• Impairments	-642
• Current tax expenses	619
• Deferred tax income	1,140
Consolidated net income from continuing operations	**6,129**
Earnings per share from continuing operations in € (basic)	**0.51**

Year-on-year comparison of nine-month sales (€ 000s)

Year-on-year comparison of nine-month adjusted EBIT and EBIT margin (€ 000s)

The impact of the first-time adoption of IFRS 9 and IFRS 15 on the adjusted 2018 results is shown below:

€ 000s	**01.01.–09.30.2018 before adoption of IFRS 9 and IFRS 15**	**Effects of IFRS 9 and IFRS 15**	**01.01.–09.30.2018 IFRS 9 and IFRS 15**
Sales	138,914	-4,287	134,627
Adjusted EBITDA	23,456	-1,496	21,960
Adjusted EBIT	17,941	-897	17,044
Adjusted consolidated net income[1]	14,264	-666	13,598
Adjustied earnings per share in €[1]	1.20	-0.06	1.14

[1] Results from continuing operations

DEVELOPMENT IN PERSONNEL

The STRATEC Group had a total of 1,208 employees as of September 30, 2018, including temporary employees and trainees. This corresponds to a 12.4% increase compared with the prior-year reporting date.

In order to allow it to realize the large number of current development projects, STRATEC has already established additional capacities and is continuing its search for qualified staff. It therefore expects its workforce to increase further over the next quarters.

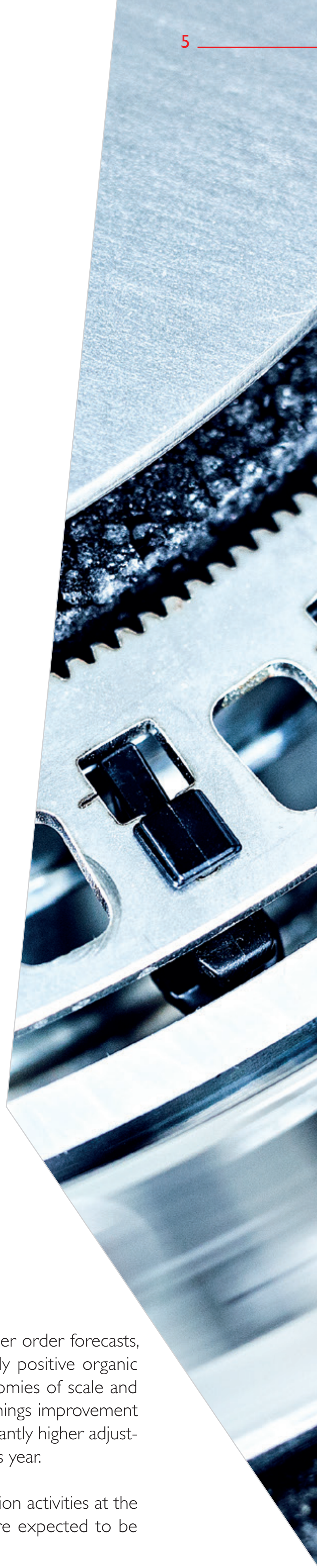
Number of employees

PROJECTS AND OTHER DEVELOPMENTS

STRATEC is currently preparing for a number of forthcoming product launches, including new analyzer systems for European and US customers and internally developed platform solutions in the Diatron segment.

In addition, a major development agreement for an analyzer system was concluded with a globally operating diagnostics company in the first nine months of 2018. A number of extremely advanced negotiations with existing and potential partners also suggest that further development and supply agreements can be expected to be concluded over the coming months.

Reflecting this planned growth and increased development activity, various measures are currently being implemented within the STRATEC Group in order to increase capacity. In particular, this includes the extensive expansion of building capacity at the company's headquarters in Birkenfeld, Germany, which began in the second quarter of 2018. The construction work is proceeding to plan and the first section is still scheduled for completion in mid-2019.



At an operational level, intensive preparation is currently underway for the second implementation phase for a uniform Group-wide ERP system that will make cross-site cooperation significantly easier and improve workflow efficiency. The first phase of the roll-out was completed in January 2018 with the implementation of the system at our locations in Austria and Hungary. In January 2019, the system is scheduled to go live at the company's headquarters in Birkenfeld, Germany, and its site in Beringen, Switzerland.

INITIATIVE TO IMPROVE EARNINGS

In reaction to weaker than initially expected business performance in 2018, the Board of Management began in August of this year to develop an initiative to sustainably improve earnings. The measures defined encompass the areas of operational efficiency (e.g. the insourcing of assemblies that are currently produced externally), portfolio optimizations (particularly the sale of the nucleic acid preparation business) and reassigning the priorities for the allocation of development resources in order to optimize opportunity costs. In view of the continuing growth in number of development projects with high revenue potential, the initiative deliberately does not include any reductions in personnel. STRATEC expects the implementation of the individual measures to generate annual savings potential of € 2.0 million to € 3.0 million before taxes from 2021 onwards (compared with the 2018 cost base).

FINANCIAL GUIDANCE

STRATEC is confirming the adjusted financial guidance it issued on October 4, 2018, meaning that it still expects sales to decline organically in the low- to mid-single-digit percentage range in fiscal year 2018. In light of diseconomies of scale and rising costs in connection with the development pipeline, which continued to grow significantly in 2018, STRATEC expects the adjusted EBIT margin to be lower compared to the previous year and to amount to around 11% to 13% in fiscal year 2018.

Based on the large number of forthcoming product launches, the partial postponement of sales originally expected in 2018 to subsequent periods and current customer order forecasts, STRATEC expects to return to significantly positive organic sales growth in 2019. The associated economies of scale and initial positive effects from the defined earnings improvement measures are expected to result in a significantly higher adjusted EBIT margin in 2019 than in the previous year.

Due to the planned conversion and expansion activities at the Birkenfeld location, investments in 2018 are expected to be slightly higher than in the previous year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of September 30, 2018

Assets

€ 000s	09.30.2018	12.31.2017
Non-current assets		
Goodwill	40,929	42,018
Other intangible assets	56,857	68,708
Property, plant and equipment	38,130	35,701
Financial assets	1,420	240
Contract assets	5,944	0
Deferred taxes	218	128
	143,498	**146,795**
Current assets		
Inventories		
• Production supplies and materials	24,003	15,380
• Work in progress	24,216	6,367
• Finished goods and goods for resale	7,090	6,133
	55,309	**27,880**
Receivables and other assets		
• Trade receivables	33,409	39,126
• Receivables from construction contracts	0	7,210
• Receivables from affiliated companies	22	24
• Financial assets	1,504	12,498
• Other receivables and assets	4,156	4,563
• Contract assets	2,139	0
• Income tax receivables	1,042	1,543
	42,274	**64,964**
Cash and cash equivalents	25,075	24,137
Assets held for sale	1,810	0
	124,468	**116,981**
Total assets	**267,966**	**263,776**

Equity and liabilities

€ 000s	09.30.2018	12.31.2017
Equity		
Share capital	11,962	11,921
Capital reserve	23,786	22,417
Retained earnings	113,054	121,058
Treasury shares	-89	-89
Other comprehensive income	-1,348	2,530
	147,365	**157,837**
Non-current liabilities		
Financial liabilities	59,977	62,581
Other liabilities	371	222
Contract liabilities	5,103	0
Pension provisions	3,542	3,402
Deferred taxes	7,668	11,035
	76,660	**77,240**
Current liabilities		
Financial liabilities	9,268	10,360
Trade payables	12,207	6,928
Payables to affiliated companies	19	0
Other liabilities	6,867	8,204
Contract liabilities	11,262	0
Provisions	1,081	1,031
Income tax liabilities	3,106	2,176
Liabilities directly associated with assets held for sale	132	0
	43,941	**28,699**
Total equity and liabilities	**267,966**	**263,776**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period from January 1 to September 30, 2018

€ 000s	01.01. – 09.30.2018	01.01. – 09.30.2017 adjusted[1]
Sales	134,627	149,418
Cost of sales	-95,353	-99,758
Gross profit	**39,274**	**49,660**
Research and development costs	-5,609	-6,779
Selling costs	-12,448	-9,625
General administration expenses	-11,826	-14,247
Other operating income and expenses	-1,575	-907
EBIT	**7,816**	**18,102**
Financial result	**-373**	**-417**
EBT	**7,443**	**17,685**
Current tax expense	-2,939	-4,529
Deferred tax income	1,625	3,147
Net income from continuing operations	**6,129**	**16,303**
Net income from discontinued operations	-481	-623
Consolidated net income	**5,648**	**15,680**
Items which cannot be reclassified to profit or loss		
Remeasurement of defined benefit plans	36	-33
Changes in value of equity instruments	-2,544	0
Items which can subsequently be reclassified to profit or loss		
Currency differences from the translation of foreign operation	-1,388	-3,507
Changes in value of equity instruments	0	13
Total comprehensive income	**1,752**	**12,153**
Basic earnings per share in €	**0.47**	**1.32**
from continuing operations	0.51	1.37
from discontinued operations	-0.04	-0.05
Number of shares (basic)	11,932,697	11,870,930
Diluted earnings per share in €	**0.47**	**1.31**
from continuing operations	0.51	1.36
from discontinued operations	-0.04	-0.05
Number of shares (diluted)	12,039,362	11,975,801

[1] Due to adjustments made, some of the amounts shown differ from the amounts in the Quarterly Statement 9M|2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from July 1 to September 30, 2018

€ 000s	07.01.–09.30.2018	07.01.–09.30.2017 adjusted[1]
Sales	45,696	49,955
Cost of sales	-30,619	-31,999
Gross profit	**15,077**	**17,956**
Research and development costs	-1,011	-2,135
Selling costs	-5,465	-2,878
General administration expenses	-3,520	-3,992
Other operating income and expenses	-730	124
EBIT	**4,351**	**9,075**
Financial result	**-260**	**-183**
EBT	**4,091**	**8,892**
Current tax expense	-737	-2,077
Deferred tax income	-88	2,892
Net income from continuing operations	**3,266**	**9,707**
Net income from discontinued operations	-481	-196
Consolidated net income	**2,785**	**9,511**
Items which cannot be reclassified to profit or loss		
Remeasurement of defined benefit plans	0	0
Changes in value of equity instruments	0	0
Items which can subsequently be reclassified to profit or loss		
Currency differences from the translation of foreign operation	1,688	-2,337
Changes in value of equity instruments	0	-300
Total comprehensive income	**4,473**	**6,874**
Basic earnings per share in €	**0.23**	**0.80**
from continuing operations	0.27	0.82
from discontinued operations	-0.04	-0.02
Number of shares (basic)	11,956,533	11,900,666
Diluted earnings per share in €	**0.23**	**0.79**
from continuing operations	0.27	0.81
from discontinued operations	-0.04	-0.02
Number of shares (diluted)	12,037,004	11,972,707

[1] Due to adjustments made, some of the amounts shown differ from the amounts in the Quarterly Statement 9M|2017.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period from January 1 to September 30, 2018

€ 000s	01.01.–09.30.2018	01.01.–09.30.2017 adjusted[1]
I. Operating activities		
Consolidated net income (after taxes)	5,648	15,680
Depreciation and amortization	13,451	11,078
Current income tax expense	2,939	4,529
Paid income taxes minus income taxes received	-1,591	-1,327
Finance income	-25	-111
Finance expenses	477	600
Interest paid	-434	-442
Interest received	25	95
Other non-cash expenses	1,307	1,233
Other non-cash income	-1,094	-746
Change in net pension provisions recognized in profit and loss	34	268
Change in deferred taxes recognized in profit and loss	-1,625	-3,147
- Profit / + loss on the disposal of non-current assets	2,055	-13
- Increase / + decrease of inventories, trade receivables and other assets	-15,759	-3,781
+ Increase / - decrease of trade payables and other liabilities	9,946	1,869
Cash flow from operating activities	**15,354**	**25,786**
II. Investing activities		
Receipts from the disposal of non-current assets		
• Property, plant and equipment	16	14
• Financial assets	8,597	4
Payments for investments in non-current assets		
• Intangible assets	-5,592	-4,252
• Property, plant and equipment	-6,944	-5,446
• Financial assets	0	-11
Cash flow from investing activities	**-3,924**	**-9,691**
III. Financing activities		
Receipts from taking up financial liabilities	0	27,500
Payments for repaying financial liabilities	-1,687	-36,055
Receipts from issuing shares from employee stock option programs	1,326	1,580
Dividend payments	-9,533	-9,128
Cash flow from financing activities	**-9,893**	**-16,103**
IV. Net change in cash and cash equivalents	**1,537**	**-8**
Cash and cash equivalents at the beginning of the period	24,137	26,500
Effects of changes in foreign exchange rates	-282	-296
Cash and cash equivalents at the end of the period	**25,392**	**26,195**

[1] Due to adjustments made, some of the amounts shown differ from the amounts in the Quarterly Statement 9M|2017.

FINANCIAL CALENDAR

11	11
11.08.2018 Quarterly Statement 9M|2018	**11.27.2018** German Equity Forum, Frankfurt/Main, Germany (Analysts' Conference)

Subject to amendment.

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.

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

Head of Investor Relations & Corporate Communications
Jan Keppeler
Phone: +49 7082 7916-6515
j.keppeler@stratec.com