

# QUARTERLY STATEMENT 9M|2017

January 1 to September 30, 2017



# STRATEC CONTINUES TO DELIVER GROWTH

- Sales of € 151.1 million in 9M|2017 (+19.6%; 9M|2016: € 126.3 million)  
Sales of € 50.3 million in Q3|2017 (+4.2%; Q3|2016: € 48.3 million)
- Organic sales growth of 9.6% in first nine months
- Adjusted EBIT margin of 15.9% in 9M|2017 (9M|2016: 14.6%)  
Adjusted EBIT margin of 22.1% in Q3|2017 (Q3|2016: 12.0%)
- Outlook for 2017 financial year confirmed
- New platforms presented at AACC 2017

## Dear Shareholders, Dear Partners and Friends of STRATEC,

We are pleased to report a continuing positive business performance for the third quarter of the 2017 financial year.

Our nine-month sales increased by 19.6% to € 151.1 million, with this growth being driven in particular by rising instrument sales and a strong performance in the service parts business. It should be noted that the previous year's figures only include the newly acquired subsidiaries on a prorated basis. The Group's organic sales showed year-on-year growth of 9.6% in 2017. In terms of our profitability, we also made substantial progress in the third quarter compared to the slightly more subdued developments seen in the second quarter. Given the expected seasonal course of our business and resultant product mix changes, profitability should continue to develop positively in the fourth quarter. We are therefore confident that we will reach the financial targets set for the full year.

Our operating business continues to be shaped by very substantial development activities in connection with planned new product launches, a factor also reflected in the ongoing growth in our workforce. At the AACC, one of the most important fairs for the healthcare and diagnostics industries, which took place in July and August, we were able to present our newly developed Diatron platforms 'KleeYa' and 'Aquila' to a wider

audience for the first time. The consistently positive feedback we have received from customers underlines our expectation that extending our platform concept has significantly boosted our offering to new and existing partners. Given our well-stocked development pipeline and the development milestones already achieved, we expect launches of further new products in the coming quarters.

We are currently also holding promising negotiations on numerous additional development projects and supply arrangements and are thus laying a foundation for further long-term, sustainable growth.

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

## Major key figures for 9M|2017 and Q3|2017

€ 000s	9M 2017	9M 2016	Change	Q3 2017	Q3 2016	Change
Sales	151,067	126,334	+19.6%	50,344	48,302	+4.2%
EBITDA <sup>1</sup>	29,464	22,671	+30.0%	12,972	7,512	+72.7%
EBITDA margin (%) <sup>1</sup>	19.5	17.9	+160 bps	25.8	15.6	+1,020 bps
EBIT <sup>1</sup>	23,973	18,391	+30.4%	11,111	5,775	+92.4%
EBIT margin (%) <sup>1</sup>	15.9	14.6	+130 bps	22.1	12.0	+1,010 bps
Consolidated net income <sup>1</sup>	18,627 <sup>3</sup>	15,251 <sup>2</sup>	+22.1%	8,679 <sup>3</sup>	4,939	+75.7%
Earnings per share (€) <sup>1</sup>	1.57 <sup>3</sup>	1.29 <sup>2</sup>	+21.7%	0.73 <sup>3</sup>	0.42	+73.8%

bps = basis points

<sup>1</sup> Adjusted to exclude items relating to acquisition activities

<sup>2</sup> Additionally adjusted to exclude one-off items resulting from tax audit performed for 2009 to 2013 assessment periods

<sup>3</sup> Additionally adjusted to exclude deferred tax benefits resulting from loss carry forwards at companies acquired in 2016

# BUSINESS PERFORMANCE

Nine-month sales increased by 19.6% from € 126.3 million in the previous year to € 151.1 million for the same period in 2017. Excluding sales contributed by the subsidiaries acquired in the 2016 financial year, this corresponds to organic sales growth of 9.6%. Sales benefited in particular from the strong performance of the service parts business and from good call-up figures for established systems.

Nine-month adjusted EBIT grew by 30.4% from € 18.4 million in the previous year to € 24.0 million in 2017. The adjusted EBIT margin rose by 130 basis points to 15.9%, up from 14.6% in the previous year's nine-month period. The positive development in the margin was driven in particular by the Group's strong performance in the third quarter. Factors worth highlighting in this respect are a strong product mix, the recognition of revenues for development services performed in Q1 to Q3 2017, and the progress made in integrating and enhancing profitability at the subsidiaries acquired in 2016.

Adjusted consolidated net income increased year-on-year by 22.1% to € 18.6 million in the first nine months of the year. Earnings per share came to € 1.57 (+21.7%, previous year: € 1.29).

These earnings figures have been adjusted to exclude amortization for purchase price allocations (PPAs) resulting from acquisitions and to exclude one-off items incurred in connection with transaction activities and associated restructuring expenses.

A reconciliation of the adjusted results to the results shown in the consolidated statement of comprehensive income is presented below:

€ 000s	01.01. – 09.30.2017
<b>Adjusted EBIT</b>	<b>23,973</b>
<b>Adjustments</b>	
• Expenses incurred in connection with transactions and associated restructuring expenses	-861
• Scheduled amortization (PPA)	-5,587
<b>EBIT</b>	<b>17,525</b>

€ 000s	01.01. – 09.30.2017
<b>Adjusted consolidated net income</b>	<b>18,627</b>
<b>Adjusted earnings per share in €</b>	<b>1.57</b>
<b>Adjustments</b>	
• Expenses incurred in connection with transactions and associated restructuring expenses	-861
• Scheduled amortization (PPA)	-5,587
• Financing expenses due to company acquisitions	-510
• Current tax expenses	377
• Deferred tax income	3,680
<b>Consolidated net income</b>	<b>15,726</b>
<b>Earnings per share in €</b>	<b>1.32</b>

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



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



# PROJECTS AND OTHER DEVELOPMENTS

STRATEC is currently at an advanced stage of negotiations for several development and supply agreements and has signed further significant agreements in the third quarter. Furthermore, its partners are due to implement several market launches in the quarters ahead. Given the measures already taken at the Group to extend its capacities, STRATEC is prepared for this growth.

The newly developed 'KleeYa' and 'Aquila' platforms were presented to a wider audience for the first time at the AACC fair held in July and August. The positive feedback received from customers confirms the Company's strategic approach of developing an extended platform concept as an additional offering for new and existing partners. In the period under report, STRATEC already managed to conclude two cooperation agreements for the KleeYa platform, a new fully automated chemiluminescence immunoassay system.

Hologic, one of STRATEC's largest customers, was able to report the successful European market launch of 'Panther Fusion' in the first half of 2017. This was followed in October by FDA (Food and Drug Administration) approval for the first test using 'Panther Fusion' in the US.

In the current financial year, STRATEC will continue to focus on achieving major development milestones and market launches.





## DEVELOPMENT IN PERSONNEL

The STRATEC Group had a total of 1,075 employees as of September 30, 2017 including temporary employees and trainees. This corresponds to a 9.6% increase compared with the previous year's reporting date. This marked growth in the size of the workforce continues to be driven by the company's increased development activities in connection with planned new product launches.

STRATEC continues to seek suitably qualified personnel and expects to report further workforce growth in the coming quarters to enable it to manage the large numbers of development projects and seize future growth opportunities.

## FINANCIAL FORECAST

Based on its positive performance in the first nine months and on its existing budgets, STRATEC confirms its sales forecast of € 205 million to € 220 million for the 2017 financial year. STRATEC continues to expect to exceed the lower end of the sales range and to generate an adjusted EBIT margin of around 17%.

Given upcoming market launches and the significant progress being made in numerous project negotiations, STRATEC continues to expect to generate average annual organic sales growth (CAGR) in the high single-digit or low double-digit percentage range in the years ahead. The expected positive development in profitability, due primarily to benefits of scale resulting from recent acquisitions, will be countered by a temporary increase in investment activity – to prepare the growth planned for the future – and by up-front financing of select customer projects. Overall, STRATEC expects the EBIT margin to remain broadly consistent.

### Number of employees



09.30.2017 09.30.2016

# CONSOLIDATED BALANCE SHEET

## as of September 30, 2017

### Assets

€ 000s	09.30.2017	12.31.2016
<b>Non-current assets</b>		
Goodwill	42,081	42,841
Other intangible assets	72,469	75,935
Property, plant and equipment	33,657	32,789
Financial assets	239	378
Deferred taxes	394	99
	<b>148,839</b>	<b>152,042</b>
<b>Current assets</b>		
Inventories		
• Raw materials and supplies	17,136	13,029
• Unfinished products, unfinished services	8,269	5,302
• Finished products and merchandise	4,976	6,188
	<b>30,381</b>	<b>24,519</b>
Receivables and other assets		
• Trade receivables	30,813	38,890
• Receivables from construction contracts	5,964	2,348
• Receivables from associates	760	22
• Financial assets	5,538	5,695
• Other receivables and assets	4,614	3,870
• Income tax receivables	2,325	4,081
	<b>50,013</b>	<b>54,906</b>
Cash and cash equivalents	26,194	26,500
	<b>106,588</b>	<b>105,925</b>
	<b>255,427</b>	<b>257,967</b>

## Shareholders' equity and debt

€ 000s	09.30.2017	12.31.2016
<b>Shareholders' equity</b>		
Share capital	11,913	11,861
Capital reserve	22,099	20,437
Revenue reserves	111,631	105,033
Treasury stock	-118	-118
Other equity	2,986	6,506
	<b>148,511</b>	<b>143,719</b>
<b>Non-current debt</b>		
Non-current financial liabilities	62,833	3,035
Other non-current liabilities	226	434
Provisions for pensions	1,930	1,753
Deferred taxes	11,758	14,829
	<b>76,746</b>	<b>20,051</b>
<b>Current debt</b>		
Current financial liabilities	6,935	72,793
Trade payables	9,217	7,100
Liabilities to associates	23	0
Other liabilities	9,950	12,631
Provisions	1,320	1,348
Income tax liabilities	2,725	325
	<b>30,170</b>	<b>94,197</b>
	<b>255,427</b>	<b>257,967</b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to September 30, 2017

€ 000s	01.01. – 09.30.2017	01.01. – 09.30.2016
<b>Sales</b>	<b>151,067</b>	<b>126,334</b>
Cost of sales	-100,921	-80,447
<b>Gross profit</b>	<b>50,146</b>	<b>45,886</b>
Research and development expenses	-7,059	-6,911
Sales-related expenses	-10,099	-8,581
General administration expenses	-14,555	-11,708
Other operating income/expenses	-908	-6,971
<b>Earnings before interest and taxes (EBIT)</b>	<b>17,525</b>	<b>11,716</b>
Net financial expenses	-412	-932
<b>Earnings before taxes (EBT)</b>	<b>17,113</b>	<b>10,784</b>
Current tax expenses	-4,529	-3,927
Deferred tax income	3,142	1,026
<b>Consolidated net income</b>	<b>15,726</b>	<b>7,833</b>
<b>Items that may be subsequently reclassified to profit or loss</b>		
Currency translation differences from translation of foreign business operations	-3,532	275
Change in value of financial investments	13	2,027
<b>Comprehensive income</b>	<b>12,207</b>	<b>10,184</b>
<b>Basic earnings per share in €</b>	<b>1.32</b>	<b>0.67</b>
No. of shares used as basis (basic)	11,870,930	11,849,634
<b>Diluted earnings per share in €</b>	<b>1.31</b>	<b>0.66</b>
No. of shares used as basis (diluted)	11,975,801	11,937,704

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from July 1 to September 30, 2017

€ 000s	01.07. – 30.09.2017	01.07. – 30.09.2016
<b>Sales</b>	<b>50,344</b>	<b>48,302</b>
Cost of sales	-32,295	-32,258
<b>Gross profit</b>	<b>18,049</b>	<b>16,043</b>
Research and development expenses	-2,223	-1,784
Sales-related expenses	-2,996	-3,218
General administration expenses	-4,074	-4,407
Other operating income/expenses	123	-4,870
<b>Earnings before interest and taxes (EBIT)</b>	<b>8,879</b>	<b>1,765</b>
Net financial expenses	-183	-231
<b>Earnings before taxes (EBT)</b>	<b>8,696</b>	<b>1,534</b>
Current tax expenses	-2,077	-832
Deferred tax income	2,892	781
<b>Consolidated net income</b>	<b>9,511</b>	<b>1,483</b>
<b>Items that may be subsequently reclassified to profit or loss</b>		
Currency translation differences from translation of foreign business operations	-2,337	1,198
Change in value of financial investments	-300	-19
<b>Comprehensive income</b>	<b>6,874</b>	<b>2,661</b>
<b>Basic earnings per share in €</b>	<b>0.80</b>	<b>0.12</b>
No. of shares used as basis (basic)	11,900,666	11,855,261
<b>Diluted earnings per share in €</b>	<b>0.79</b>	<b>0.12</b>
No. of shares used as basis (diluted)	11,972,707	11,945,992

# CONSOLIDATED CASH FLOW STATEMENT

## for the period from January 1 to September 30, 2017

€ 000s	01.01. – 09.30.2017	01.01. – 09.30.2016
<b>I. Operations</b>		
Consolidated net income (after taxes)	15,726	7,883
Depreciation and amortization	11,078	7,884
Current income tax expenses	4,529	3,927
Income taxes paid less income taxes received	-1,327	-4,487
Financial income	-100	-138
Financial expenses	585	756
Interest paid	-442	-336
Interest received	95	138
Other non-cash expenses	1,233	849
Other non-cash income	-701	-723
Change in net pension provisions through profit or loss	177	15
Change in deferred taxes through profit or loss	-3,142	-1,026
- Profit/ +loss on disposals of non-current assets	-13	484
- Increase/ +reduction in inventories, trade receivables, and other assets	-3,781	-1,863
+ Increase/-reduction in trade payables and other liabilities	1,869	-891
<b>Cash flow from operating activities</b>	<b>25,786</b>	<b>12,473</b>
<b>II. Investments</b>		
Incoming payments from disposals of non-current assets		
• Property, plant and equipment	14	54
• Financial assets	4	0
Outgoing payments for investments in non-current assets		
• Intangible assets	-4,252	-2,144
• Property, plant and equipment	-5,446	-5,715
• Financial assets	-11	0
Incoming/outgoing payments from granting/repayment of financial liabilities	0	3
Outgoing payments for acquisitions of consolidated companies less cash and cash equivalents thereby acquired	0	-94,428
<b>Cash flow from investing activities</b>	<b>-9,691</b>	<b>-102,230</b>
<b>III. Financing</b>		
Incoming funds from taking up of financial liabilities	27,500	67,550
Outgoing payments for repayment of financial liabilities	-36,055	-1,215
Incoming payments from issue of shares for employee stock option programs	1,580	194
Dividend payments	-9,128	-8,885
<b>Cash flow from financing activities</b>	<b>-16,103</b>	<b>57,644</b>
<b>IV. Cash-effective change in cash and cash equivalents</b>	<b>-8</b>	<b>-32,114</b>
Cash and cash equivalents at start of period	26,500	56,415
Changes in scope of consolidation	0	25
Impact of exchange rate movements	-298	243
<b>Cash and cash equivalents at end of period</b>	<b>26.194</b>	<b>24,569</b>

# FINANCIAL CALENDAR

<p><b>10</b></p> <p><b>10.26.2017</b> Quarterly Statement 9M 2017</p>	<p><b>11</b></p> <p><b>11.28.2017</b> German Equity Forum, Frankfurt am Main, Germany (Analysts' Conference)</p>	<p><b>04</b></p> <p><b>04.19.2018</b> Annual Financial Report 2017</p>	<p><b>05</b></p> <p><b>05.15.2018</b> Quarterly Statement Q1 2018</p>
<p><b>05</b></p> <p><b>05.30.2018</b> Annual General Meeting, Pforzheim, Germany</p>	<p><b>07</b></p> <p><b>07.24.2018</b> Half-Yearly Financial Report H1 2018</p>	<p><b>11</b></p> <p><b>11.08.2018</b> Quarterly Statement 9M 2018</p>	

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](http://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 Market segment of the Frankfurt Stock Exchange.

## IMPRINT AND CONTACT

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