

PRESS RELEASE

STRATEC reports significant growth in sales and earnings in 2017

- Consolidated sales up 13.4% at € 209.8 million in 2017 (previous year: € 184.9 million)
- Adjusted EBIT rises 10.1% to € 35.5 million in 2017 (previous year: € 32.2 million)
- Adjusted EBIT margin 16.9% (down 50 basis points; previous year: 17.4%)
- Adjusted consolidated earnings 10.4% higher in 2017 at € 27.9 million (previous year: € 25.3 million)
- Dividend proposal of € 0.80 per share (previous year: € 0.77 per share)
- Further growth forecast for 2018

Birkenfeld, April 19, 2018

STRATEC Biomedical AG, Birkenfeld, Germany, (Frankfurt: SBS; Prime Standard) is today announcing the final audited (unqualified audit opinion) figures for the STRATEC Group in accordance with IFRS for the fiscal year ended on December 31, 2017, together with the publication of its 2017 annual report.

Key figures (€ 000s)	2017	2016	Change	Q4/2017	Q4/2016	Change
Sales	209,764	184,911	+13.4%	58,697	58,577	+0.2%
Adjusted EBIT ⁽¹⁾	35,451	32,196	+10.1%	11,478	13,805	-16.9%
Adjusted EBIT margin (%) ⁽¹⁾	16.9	17.4	-50 bps	19.6	23.6	-400 bps
Adjusted consolidated earnings ⁽¹⁾	27,936	25,308	+10.4%	9,309	10,057	-7.4%
Adjusted earnings per share (€) ⁽¹⁾	2.35	2.14	+9.8%	0.78	0.85	-8.2%
Earnings per share (€)	2.16	1.65	+30.9%	0.84	0.98	-14.3%

bps = basis points

⁽¹⁾ Figures adjusted for comparison; adjusted to exclude amortization resulting from purchase price allocations in the context of acquisitions, associated integration expenses, income from securities and other extraordinary effects. Reconciliation to IFRS figures can be found in the 2017 annual report.

2017 was once again an eventful and successful year for STRATEC. New records were set for both sales and earnings. In addition, further major development agreements were signed with leading global diagnostics companies in the past fiscal year. The market for complex analyzer systems for in-vitro diagnostics and life sciences continues to offer positive, sustainable growth prospects, reflecting global healthcare industry trends and a further growing willingness of the part of our clients to outsource instrumentation solutions to partners such as STRATEC. Against this background and as a result of forthcoming and recent product launches by our partners, we are forecasting further growth in 2018 as well. Moreover, the fourteenth dividend increase in a row will be proposed at the Annual General Meeting on May 30, 2018.

Business performance

Sales increased by 13.4% from € 184.9 million in 2016 to € 209.8 million in fiscal year 2017, in line with management's guidance range of € 205-220 million. The upturn in sales relates both to the acquisitions in 2016 that were included in consolidation for the full year for the first time in 2017, and to strong business with service parts and consumables in addition to increased development and services sales. Adjusted for the two acquisitions in 2016 and the product reallocation since implemented, sales grew by 6.1% in 2017.

Following the previous year's record sales levels, recurring sales from service parts and consumables increased again by 28.2% to € 68.7 million (previous year: € 53.6 million), and now account for 32.8% (previous year: 29.0%) of total sales. In particular, this growth was driven by a continuously increased base of systems installed in recent years and the greater average system complexity. Sales from development and services also rose significantly to € 37.5 million (previous year: € 28.4 million) against the backdrop of a full development pipeline. By contrast, systems sales were up only slightly to € 102.2 million compared with € 101.7 million in the previous year.

Adjusted EBIT grew by 10.1% year-on-year to € 35.5 million (previous year: € 32.3 million), resulting in an EBIT margin of 16.9% versus 17.4% in the previous year. Positive margin effects, like the strong service parts and consumables business, were offset by increased costs for additional development capacity. Increased sales from development and services also affected the margin negatively.

Adjusted consolidated earnings rose by 10.4% to € 27.9 million (previous year: € 25.3 million). Adjusted earnings per share climbed by 9.8% to € 2.35 (previous year: € 2.14). IFRS earnings per share were up 30.9% at € 2.16 (previous year: € 1.65).

Earnings figures were adjusted for purposes of comparison. Specifically, they were adjusted for amortization from purchase price allocation for acquisitions, related integration expenses, income from securities and other extraordinary effects. A statement showing the reconciliation of the adjusted figures to IFRS results can be found in the 2017 annual report published today.

Outlook

Adjusted for currency effects and acquisitions, STRATEC is forecasting at least mid-single-digit organic sales growth in fiscal year 2018. Given the strong 2017 figures for the first quarter and the anticipated higher sales contribution from systems newly launched onto the market, STRATEC expects to generate most of the sales growth planned for 2018 in the second half of the financial year. The expected subdued start to the financial year is due not least to the specific timing of milestone payments being recognized as sales.

STRATEC expects an adjusted EBIT margin for fiscal 2018 in line with the previous year's figure of around 17%.

This forecast for 2018 does not include the effects of the first-time adoption of IFRS 15, as these had not yet been conclusively assessed as at the time of reporting. Based on initial, still preliminary assessments, STRATEC expects IFRS 15 requirements to have a moderate impact on its earnings, financial and asset position.

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 positive development anticipated in profitability thanks to economies of scale in connection with recent acquisitions will be tempered by temporary increases in investing and developing activities for planned growth with selected customer projects. Overall, STRATEC expects the EBIT margin to remain broadly consistent.

Investment in the business in 2018 is expected to be slightly higher than in the previous year due to the planned conversion and expansion work at the Birkenfeld location.

Dividend proposal and planned transformation into a European company

In light of the positive business development in 2017, the low debt ratio, favorable financing costs and the positive long-term prospects, the Management Board and Supervisory Board of STRATEC Biomedical AG will be proposing the distribution of a dividend of € 0.80 per share for fiscal 2017 at the Annual General Meeting on May 30, 2018. This amount would represent an increase of 3.9% over the dividend payment of € 0.77 per share in the previous year.

Subject to the approval of the Annual General Meeting, shareholders can therefore look forward to an increased dividend for the fourteenth time in a row since dividend payments began in 2004. In this way, STRATEC hopes to maintain its continuity-oriented dividend policy. As STRATEC is still focused on internal and external growth opportunities, this guideline may be deviated from at times. Such opportunities can arise from major acquisitions or the necessity of potential pre-financing for major projects.

The Management Board and the Supervisory Board have also resolved to propose the transformation of STRATEC Biomedical AG into a European company (Societas Europaea, SE), known as STRATEC SE, at the Annual General Meeting. In the opinion of the Management Board and the Supervisory Board, the planned change of legal form is in keeping with STRATEC's self-image as an internationally oriented company.

Development in personnel and capacity expansions

Including agency employees and trainees, the STRATEC Group employed 1,086 people in total as of December 31, 2017. This corresponds to growth of 11.3% from the previous year. The rise in the number of employees is largely due to the higher level of development work at present in connection with a full project pipeline. We also anticipate solid demand for additional highly qualified employees in the years ahead, particularly in research and development.

The conversion and extension of the buildings at the Birkenfeld location was resolved in 2017 in order to keep pace with this expected further growth. Planning is currently in the final phase. Construction work is expected to begin in spring 2018, with completion scheduled for the end of 2019.

Projects and other development

A number of key milestones were achieved in the development of new systems in 2017. For example, Hologic, one of STRATEC's biggest customers, announced the market approval of "Panther Fusion" in the first half of 2017. STRATEC is also anticipating further significant market launches by its customers in 2018, and the launch of our in-house "KleeYa" analyzer platform.

STRATEC entered into further development agreements with leading global diagnostics companies in 2017, and is conducting promising negotiations for a large number of other projects.

At an operational level, 2018 will focus on the implementation of a uniform Group-wide ERP system that will greatly simplify cooperation across all locations and make processes more efficient. The first phase of the roll-out was already completed in January 2018 with the implementation of the system at our locations in Austria and Hungary. Preparations are now underway for implementation at our head office in Birkenfeld.

2017 annual report

The 2017 annual report of STRATEC Biomedical AG has been published on the company's website at www.stratec.com/financial_reports.

Forthcoming dates

The Quarterly Statement Q1|2018 will be published on May 15, 2018.

The Annual General Meeting of STRATEC Biomedical AG will be held in Pforzheim on May 30, 2018. The invitation to the Annual General Meeting will be sent to STRATEC's shareholders in good time before the Annual General Meeting.

Conference call and audio webcast

On the occasion of the publication of our final figures for fiscal year 2017, a conference call will be held in English today, Thursday, April 19, 2018, at 1:00 pm (CEST).

Access data (telephone number, password + individual PIN) will be available following a quick registration process at the following link: www.stratec.com/registration

The conference call can also be streamed as an audio webcast at www.stratec.com/audiowebcast20180419 (registration required). Please note that questions cannot be asked via audio webcast. The slideshow can also be watched/downloaded using this link.

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.

Further information is available from:

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