

## PRESS RELEASE

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### **STRATEC adjusts financial forecast and launches earnings improvement initiative**

- Adjustment of financial forecast due to a now anticipated weak development in Diatron segment, further delay in new product launch and reduced customer order forecasts
- Sales expected to decline organically in the low- to mid-single-digit percentage range in 2018 (previously: organic revenue growth of 1% to 3%)
- Adjusted EBIT margin of around 11% to 13% expected in 2018 (previously: around 16% to 17%)
- Launch of initiative to improve earnings and defined initial measures
- Clearly positive organic revenue growth and higher profitability projected for 2019

Birkenfeld, October 4, 2018

In an ad hoc disclosure, STRATEC Biomedical AG, Birkenfeld, Germany (Frankfurt: SBS; Prime Standard), today announced an adjustment of its financial forecast and the launch of an earnings improvement initiative.

“Owing to a weaker performance in the Diatron segment, a further postponement of a new product launch by a customer and recently revised order forecasts by some customers, developments in fiscal 2018 continue to fall short of our expectations. However, we feel that the subdued development in 2018 is still in stark contrast to the positive medium to long-term growth prospects of the STRATEC Group. In particular, this is reflected by our full development pipeline, to which we have agreed to add further development cooperations in 2018. Carrying out this large number of development projects currently entails elevated expenses, but will have a positive impact on our results in the long term. In anticipation of significant product launches in the next few months and the fact that planned revenue for 2018 has merely been postponed to later periods, we are also confident that we will be generating clearly positive sales and earnings growth again from 2019,” commented CEO Marcus Wolfinger.

#### **Adjustment of 2018 financial forecast**

On the basis of a now expected weak development in the Diatron segment in the remainder of the fiscal year, as well as a further delay in a new product launch originally scheduled for this year, and reduced order forecasts for some major North American customers for the fourth quarter of 2018,

the Board of Management of STRATEC Biomedical AG (Frankfurt: SBS; Prime Standard) has adjusted its financial forecast for 2018 as follows:

For fiscal year 2018, STRATEC now expects sales to decline organically in the low- to mid-single-digit percentage range (previously: organic sales growth of 1% to 3%). The planned sale of the nucleic acid preparation business and its associated recognition as discontinued operations will also have a negative effect of around € 2.5 million on the sales to be reported in 2018. In light of diseconomies of scale and rising costs in connection with the development pipeline, which continued to grow sharply in 2018, STRATEC now expects an adjusted EBIT margin of around 11% to 13% (previously: around 16% to 17%) for fiscal year 2018.

#### **Start of initiative to improve earnings and defined initial measures**

Against the backdrop of the modest business performance in the first half of 2018, the Board of Management already began developing an initiative for a sustainable improvement in earnings in August of this year. The first measures taken, besides the sale of the nucleic acid preparation business (STRATEC Molecular GmbH, Berlin – elimination of the negative EBIT contribution of most recently € 0.9 million in 2017), include reassigning priorities for the allocation of development resources and increasingly insourcing assemblies that are currently produced externally. Due to the continued increase in the number of development projects with high sales potential, the initiative intentionally involves no personnel measures. On the contrary, our well-filled development pipeline means that we still expect to see our headcount rise steadily in the years ahead. STRATEC will announce further measures and details of this initiative and associated potential earnings improvements when it publishes its figures for the first nine months of 2018 on November 8, 2018.

#### **Significant improvement in business momentum expected in 2019**

On the basis of numerous upcoming launches of new products and the partial postponement of sales originally expected in 2018 to later periods, STRATEC expects significantly positive organic sales growth again in 2019. Due to the associated economies of scale and initial positive effects from the earnings improvement measures already defined, STRATEC expects the adjusted EBIT margin to be significantly higher in 2019 than in the previous year. Due to the long-term business policy as well as project phases that cannot be influenced by the company (i.e. timing of approval), STRATEC has decided to change its forecasting policy in multiple steps and, starting immediately, is no longer publishing a medium-term financial forecast.

#### **About STRATEC**

STRATEC Biomedical AG ([www.stratec.com](http://www.stratec.com)) designs, develops and manufactures fully automatic analyzer systems for its partners in clinical diagnostics and biotechnology. The company also offers sample preparation solutions, integrated laboratory software and complex consumables for diagnostic and medical applications. In doing so, the entire value chain is covered, from development, across design and production to quality assurance.

The partners market the systems, software and consumables as system solutions, generally together with their own reagents, to laboratories, blood banks and research institutes around the world. STRATEC develops its products with its own patent-protected technologies.

The shares of the company (ISIN: DE000STRA555) are traded on the Prime Standard of the Frankfurt Stock Exchange.

**Further information can be obtained from:**

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