

# QUARTERLY STATEMENT 9M|2020

JANUARY 1 TO SEPTEMBER 30, 2020

# STRATEC WITH DOUBLE-DIGIT GROWTH IN SALES AND EARNINGS IN FIRST NINE MONTHS OF 2020

- Sales in 9M/2020 rise year-on-year by 13.1% to € 179.1 million (9M/2019: € 158.3 million)
- Adjusted EBIT in 9M/2020 up 40.7% to € 28.1 million (9M/2019: € 20.0 million)
- Adjusted EBIT margin improves year-on-year by 310 basis points to 15.7%
- Well-filled development pipeline and key development milestones achieved
- Financial guidance for 2020: Sales and margin expected at upper end of forecast ranges

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

Having already reported a pleasing business performance in the first half, STRATEC further increased its growth momentum in the past quarter. Consolidated sales for the third quarter of 2020 grew year-on-year by 20.1%. We also saw a further rise in our profitability in the past three months. Overall, sales for the first nine months of 2020 rose year-on-year by 13.1%, while our adjusted EBIT grew by 40.7%. This substantial growth is due among other factors to high additional demand for in-vitro diagnostics solutions needed to contain the COVID-19 pandemic.

Recent months were characterized by further measures taken to protect our employees and safeguard our supply capability. As a result, and thanks to the outstanding dedication shown by our employees, we have managed to significantly expand our production capacities within a very short time-frame. This way, we have successfully supported our customers as they make their contribution to combating the pandemic. In particular, managing the supply chain will continue to require greater input to make sure we can meet the increased needs of our customers over the coming weeks and months as well.

Based on current orders and forecasts received from our customers, we currently expect to reach the upper end of the corridors we set for our sales growth and adjusted EBIT margin in the 2020 financial year. Given our well-filled development pipeline and the new product launches therefore expected in the years ahead, our medium and long-term growth prospects are also still positive. Not only that, in

2020 we have pressed further ahead and reached important milestones with numerous development projects in various stages of development. We also concluded new cooperation agreements with partners and are in negotiations concerning numerous further development projects.

STRATEC's team continues to grow, with the workforce growing organically by 7.0% year-over-year to 1,315 employees as of September 30, 2020. The work already begun in the 2018 financial year on significantly extending the buildings at our Birkenfeld location was almost completed in the third quarter. The first round of new buildings was already occupied in mid-2019 and we are currently moving into the second round of newly completed workspace.

Thank you for the trust you have placed in us.

On behalf of the Board of Management of  
STRATEC SE



**Marcus Wolfinger**  
Chief Executive Officer

## Key figures<sup>1</sup>

€ 000s	9M 2020	9M 2019 <sup>2</sup>	Change	Q3 2020	Q3 2019 <sup>2</sup>	Change
Sales	179,082	158,336	+13.1%	59,715	49,732	+20.1%
Adjusted EBITDA	35,821	26,776	+33.8%	12,284	9,451	+30.0%
Adjusted EBITDA margin (%)	20.0	16.9	+310 bps	20.6	19.0	+160 bps
Adjusted EBIT	28,121	19,985	+40.7%	9,708	7,180	+35.2%
Adjusted EBIT margin (%)	15.7	12.6	+310 bps	16.3	14.4	+190 bps
Adjusted consolidated net income <sup>3</sup>	23,765	15,931	+49.2%	8,170	5,476	+49.2%
Adjusted earnings per share (€) <sup>3</sup>	1.97	1.33	+48.1%	0.67	0.46	+45.7%
Earnings per share (€) <sup>3</sup>	1.55	0.72	+115.3%	0.54	0.24	+125.0%

bps = basis points

<sup>1</sup> To facilitate comparison, adjusted figures exclude amortization resulting from purchase price allocations in the context of acquisitions and associated reorganization expenses.

<sup>2</sup> Retrospectively adjusted to account for the recognition of the Data Solutions business unit as a discontinued operation pursuant to IFRS 5.

<sup>3</sup> Consolidated net income from continuing operations.

# BUSINESS PERFORMANCE

At € 179.1 million, consolidated sales for the first nine months of 2020 showed both constant-currency and nominal growth of 13.1% compared with the previous year's period. The high level of additional demand seen for in-vitro diagnostics products to contain the COVID-19 pandemic continued unabated in the third quarter (consolidated sales Q3/2020: +22.4% at constant-currency). Against this backdrop, the systems business in particular showed highly dynamic developments in the first nine months of 2020. Sales with service parts and consumables also reported double-digit percentage growth. By contrast, sales with development and services fell by more than € 10 million in the first nine months of 2020. This reduction, which was in line with expectations, was due not least to the exceptionally high basis of comparison of the previous year's period.

Adjusted EBIT improved by 40.7% to € 28.1 million in the first nine months of 2020, compared with € 20.0 million in the previous year's period. As a result, the adjusted EBIT margin rose by 310 basis points to 15.7% (9M/2019: 12.6%). This substantial increase in the margin was driven by positive benefits of scale, as well as by improved sales and product mixes. Measures taken within the initiative to improve earnings launched in 2018 also showed their expected effect. By contrast, measurement items for stock appreciation rights had a negative impact of 280 basis points on the margin.

Adjusted consolidated net income from continuing operations (pursuant to IFRS 5) increased by 49.2% to € 23.8 million (9M/2019: € 15.9 million). Adjusted earnings per share (basic) from continuing operations for the first nine months of 2020 rose by 48.1% to € 1.97, up from € 1.33 in the previous year's period.

To facilitate comparison, key earnings figures have been adjusted to exclude amortization resulting from purchase price

allocations in the context of acquisitions and associated reorganization expenses. A reconciliation of the adjusted figures with those reported in the consolidated statement of comprehensive income is presented in the following tables.

€ 000s	9M 2020	9M 2019 <sup>1</sup>
<b>Adjusted EBIT</b>	28,121	19,985
<b>Adjustments</b>		
• PPA amortization	-6,071	-6,774
• Expenses relating to transactions and associated restructuring expenses	0	-2,230
<b>EBIT</b>	<b>22,050</b>	<b>10,981</b>

<sup>1</sup> Retrospectively adjusted

€ 000s	9M 2020	9M 2019 <sup>1</sup>
<b>Adjusted consolidated net income from continuing operations</b>	23,765	15,931
<b>Adjusted earnings per share from continuing operations in € (basic)</b>	1.97	1.33
<b>Adjustments</b>		
• PPA amortization	-6,071	-6,774
• Expenses relating to transactions and associated restructuring expenses	0	-2,230
• Taxes on income	946	1,676
<b>Consolidated net income from continuing operations</b>	<b>18,640</b>	<b>8,603</b>
<b>Earnings per share from continuing operations in € (basic)</b>	<b>1.55</b>	<b>0.72</b>

<sup>1</sup> Retrospectively adjusted

# PROJECTS AND OTHER DEVELOPMENTS

STRATEC has reached further important milestones in its development projects in recent months. In the Smart Consumables segment, for example, serial production for a polymer-based smart consumable has been launched for a partner in the field of flow cytometry. Furthermore, STRATEC concluded new cooperation agreements with partners and pressed further ahead with negotiations concerning numerous new development projects. The construction work begun in the 2018 financial year to significantly extend the buildings at the company's main location in Birkenfeld was almost completed in the third quarter.

## DEVELOPMENT IN PERSONNEL

Including personnel hired from a temporary employment agency and trainees, the STRATEC Group had a total of 1,315 employees as of September 30, 2020 (previous year: 1,282). Adjusted to account for the disposal of the Data Solutions business unit, this corresponds to organic growth of 7.0% in the workforce compared with the previous year (nominal growth: +2.6%). The rise in the number of employees is due among other factors to increased production capacities in connection with the COVID-19 pandemic.

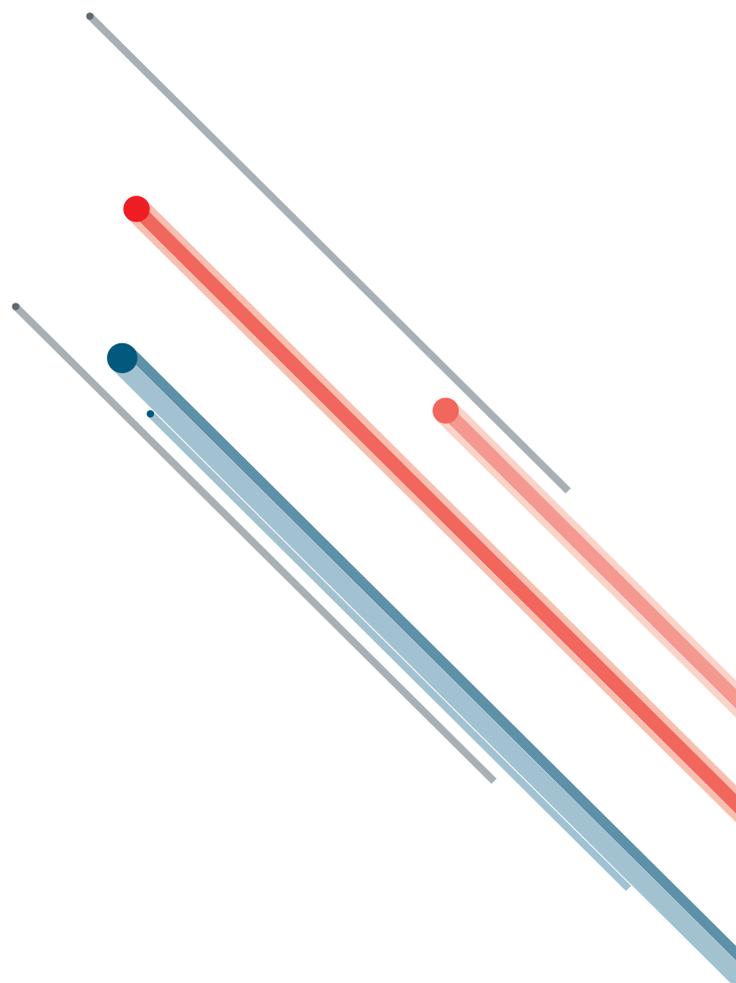
### Number of employees



# FINANCIAL GUIDANCE

Given its pleasing business performance in the first nine months of 2020, STRATEC can confirm the financial guidance issued for 2020, which provides for adjusted constant-currency organic sales growth of between 14.0% and 18.0% (2019 sales basis: € 214.2 million) and an adjusted EBIT margin of around 15.5% to 16.5% (2019: 13.7%). In view of the high ongoing demand seen in connection with the COVID-19 pandemic and updated forecasts, STRATEC nevertheless currently expects to reach the upper ends of the aforementioned sales growth and adjusted EBIT margin corridors.

For 2020, STRATEC still expects its investments in property, plant and equipment and intangible assets to correspond to around 10% to 12% of sales. Investments in property, plant and equipment mainly relate to the construction work currently underway to significantly extend the buildings at the company's main location in Birkenfeld. This work was largely completed in the third quarter of 2020. As a result, the investment ratio is expected to decrease further in 2021.



# CONSOLIDATED BALANCE SHEET

## as of September 30, 2020

### Assets

€ 000s	09.30.2020	12.31.2019
<b>Non-current assets</b>		
Goodwill	38,021	40,674
Other intangible assets	49,603	56,418
Right-of-use assets	10,530	8,583
Property, plant and equipment	52,790	47,338
Non-current financial assets	557	447
Non-current contract assets	19,319	15,616
Deferred taxes	1,116	1,207
	<b>171,936</b>	<b>170,283</b>
<b>Current assets</b>		
Inventories	70,439	55,978
Trade receivables	35,662	34,121
Current financial assets	2,730	1,319
Current other receivables and asset	8,651	6,124
Current contract assets	3,282	4,780
Income tax receivable	1,676	4,101
Cash and cash equivalents	27,568	22,708
	<b>150,008</b>	<b>129,131</b>
<b>Total assets</b>	<b>321,944</b>	<b>299,414</b>

## Shareholders' equity and debt

€ 000s	09.30.2020	12.31.2019
<b>Shareholders' equity</b>		
Share capital	12,093	12,030
Capital reserve	29,178	26,457
Revenue reserves	125,991	120,978
Treasury stock	-65	-89
Other equity	-5,170	-369
	<b>162,027</b>	<b>159,007</b>
<b>Non-current debt</b>		
Non-current financial liabilities	103,578	90,378
Non-current other liabilities	0	481
Non-current contract liabilities	3,156	1,869
Provisions for pensions	5,327	5,077
Deferred taxes	6,805	6,931
	<b>118,866</b>	<b>104,736</b>
<b>Current debt</b>		
Current financial liabilities	15,114	9,584
Trade payables	12,699	12,266
Current other liabilities	7,355	6,016
Current contract liabilities	2,706	4,407
Provisions	1,134	1,138
Income tax liabilities	2,043	2,260
	<b>41,051</b>	<b>35,671</b>
<b>Total shareholders' equity and debt</b>	<b>321,944</b>	<b>299,414</b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 to September 30, 2020

€ 000s	01.01. – 09.30.2020	01.01.–09.30.2019 <sup>1</sup>
Sales	179,082	158,336
Cost of sales	-127,710	-121,393
<b>Gross profit</b>	<b>51,372</b>	<b>36,943</b>
Research and development expenses	-7,284	-6,037
Sales-related expenses	-7,078	-6,844
General administration expenses	-14,931	-13,672
Other operating income and expenses	-29	591
<b>Earnings before interest and taxes (EBIT)</b>	<b>22,050</b>	<b>10,981</b>
<b>Net financial expenses</b>	<b>-520</b>	<b>-781</b>
<b>Earnings before taxes (EBT)</b>	<b>21,530</b>	<b>10,200</b>
Taxes on income	-2,890	-1,597
<b>Earnings from continuing operations</b>	<b>18,640</b>	<b>8,603</b>
Earnings from discontinued operations	-3,525	-1,707
<b>Consolidated net income</b>	<b>15,115</b>	<b>6,896</b>
<b>Items that may not be reclassified to profit or loss:</b>		
Remeasurements of defined benefit pension plans	-48	0
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Currency translation differences from translation of foreign operations	-4,753	-52
<b>Other comprehensive income (OCI)</b>	<b>-4,801</b>	<b>-52</b>
<b>Comprehensive income</b>	<b>10,314</b>	<b>6,844</b>
<b>Basic earnings per share in €</b>	<b>1.25</b>	<b>0.58</b>
from continuing operations	1.55	0.72
from discontinued operations	-0.29	-0.14
No. of shares used as basis (undiluted)	12,050,634	11,982,550
<b>Diluted earnings per share in €</b>	<b>1.25</b>	<b>0.57</b>
from continuing operations	1.54	0.71
from discontinued operations	-0.29	-0.14
No. of shares used as basis (diluted)	12,136,452	12,051,624

<sup>1</sup> Retrospectively adjusted to account for the recognition of the Data Solutions business unit as a discontinued operation pursuant to IFRS 5.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period July 1 to September 30, 2020

€ 000s	01.07.–09.30.2020	07.01.–09.30.2019 <sup>1</sup>
Sales	59,715	49,732
Cost of sales	-42,033	-36,348
<b>Gross profit</b>	<b>17,682</b>	<b>13,384</b>
Research and development expenses	-2,826	-2,181
Sales-related expenses	-1,583	-3,008
General administration expenses	-5,347	-4,598
Other operating income and expenses	-213	399
<b>Earnings before interest and taxes (EBIT)</b>	<b>7,713</b>	<b>3,996</b>
<b>Net financial expenses</b>	<b>-313</b>	<b>-533</b>
<b>Earnings before taxes (EBT)</b>	<b>7,400</b>	<b>3,463</b>
Taxes on income	-916	-568
<b>Earnings from continuing operations</b>	<b>6,484</b>	<b>2,895</b>
Earnings from discontinued operations	0	112
<b>Consolidated net income</b>	<b>6,484</b>	<b>3,007</b>
<b>Items that may not be reclassified to profit or loss:</b>		
Remeasurements of defined benefit pension plans	0	0
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Currency translation differences from translation of foreign operations	-2,259	-878
<b>Other comprehensive income (OCI)</b>	<b>-2,259</b>	<b>-878</b>
<b>Comprehensive income</b>	<b>4,225</b>	<b>2,129</b>
<b>Basic earnings per share in €</b>	<b>0.54</b>	<b>0.26</b>
from continuing operations	0.54	0.24
from discontinued operations	0.00	0.01
No. of shares used as basis (basic)	12,085,680	12,009,172
<b>Diluted earnings per share in €</b>	<b>0.53</b>	<b>0.25</b>
from continuing operations	0.53	0.24
from discontinued operations	0.00	0.01
No. of shares used as basis (diluted)	12,159,347	12,055,781

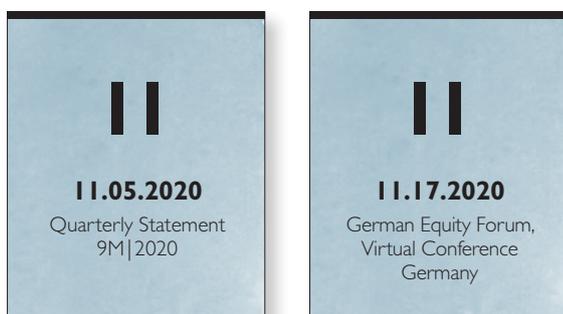
<sup>1</sup> Retrospectively adjusted to account for the recognition of the Data Solutions business unit as a discontinued operation pursuant to IFRS 5.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the period January 1 to September 30, 2020

€ 000s	01.01. – 09.30.2020	01.01. – 09.30.2019
<b>I. Operations</b>		
Consolidated net income (after taxes)	15,115	6,896
Depreciation and amortization	18,126	13,760
Current income tax expenses	3,437	2,645
Income taxes paid less income taxes received	-883	-6,749
Financial income	-37	-70
Financial expenses	997	882
Interest paid	-1,012	-848
Interest received	39	74
Other non-cash expenses	2,602	3,636
Other non-cash income	-2,700	-1,597
Change in net pension provisions through profit or loss	238	-23
Change in deferred taxes through profit or loss	87	-919
Profit (-) / loss (+) on disposals of non-current assets	0	-19
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-26,596	-14,174
Increase (+) / decrease (-) in trade payables and other liabilities	9,485	7,593
<b>Cash flow from operating activities</b>	<b>18,898</b>	<b>11,086</b>
<b>II. Investments</b>		
Incoming payments from disposals of non-current assets		
• Property, plant and equipment	2	22
• Financial assets	821	31
Outgoing payments for investments in non-current asset		
• Intangible assets	-7,447	-8,543
• Property, plant and equipment	-10,337	-11,752
• Financial assets	-7	0
Incoming payments from sale of previously consolidated companies less cash and cash equivalents transferred	1,927	-871
<b>Cash flow from investing activities</b>	<b>-15,041</b>	<b>-21,113</b>
<b>III. Financing</b>		
Incoming funds from taking up of financial liabilities	24,000	14,900
Outgoing payments for repayment of financial liabilities	-14,628	-3,753
Incoming payments from issue of shares for employee stock option programs	2,278	1,463
Dividend payments	-10,101	-9,811
<b>Cash flow from financing activities</b>	<b>1,549</b>	<b>2,799</b>
<b>IV. Cash-effective change in cash and cash equivalents (net balance of I – III)</b>	<b>5,406</b>	<b>-7,228</b>
Cash and cash equivalents at start of period	22,708	24,095
Impact of exchange rate movements	-546	-554
<b>Cash and cash equivalents at end of period</b>	<b>27,568</b>	<b>16,313</b>

# FINANCIAL CALENDAR



Subject to amendment.

Quarterly statements and half-year 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 SE ([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 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 SDAX select index of the German Stock Exchange.

## IMPRINT AND CONTACT

### Published by

STRATEC SE  
Gewerbestr. 37  
75217 Birkenfeld  
Germany  
Phone: +49 7082 7916-0  
Fax: +49 7082 7916-999  
[info@stratec.com](mailto:info@stratec.com)  
[www.stratec.com](http://www.stratec.com)

### Head of Investor Relations & Corporate Communications

Jan Keppeler  
Phone: +49 7082 7916-6515  
Fax: +49 7082 7916-9190  
[j.keppeler@stratec.com](mailto:j.keppeler@stratec.com)

### Notice

Forward-looking statements involve risks: This quarterly statement contains various statements concerning the future performance of STRATEC. These statements are based on both assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we can provide no guarantee of this. This is because our assumptions involve risks and uncertainties which could result in a substantial divergence between actual results and those expected. It is not planned to update these forward-looking statements.

This quarterly statement contains various disclosures that from an economic point of view are not required by the relevant accounting standards. These disclosures should be regarded as a supplement, rather than a substitute for the IFRS disclosures.

Apparent discrepancies may arise throughout this quarterly statement on account of mathematical rounding up or down in the course of addition.

In this quarterly statement, words in the masculine include words in the feminine; in parts of the quarterly statement, the masculine form has solely been used to make the document easier to read.

This quarterly statement is available in both German and English. Both versions can be downloaded from the company's website at [www.stratec.com](http://www.stratec.com). In the event of any discrepancies between the two, the German report is the definitive version.