

# PRESS RELEASE

## STRATEC posts new record sales and earnings for 2014

- Sales at € 144.9 million (+13.2%; previous year: € 128.0m)
- EBIT at € 24.6 million (+26.0%; previous year: € 19.5m)
- EBIT margin at 17.0% (+180 basis points; previous year: 15.2%)
- Consolidated net income at € 20.2 million (+30.3%; previous year: € 15.5m)
- Earnings per share at € 1.71 (+29.6%; previous year: € 1.32)
- Proposed dividend of € 0.70 per share (distribution in previous year: € 0.60)
- Financial forecast remains

Birkenfeld, April 14, 2015

STRATEC Biomedical AG, Birkenfeld, Germany, (Frankfurt: SBS; Prime Standard, TecDAX) today announced the final audited results of the STRATEC Group for the financial year ending on December 31, 2014 with the publication of its 2014 Annual Report. These figures prepared in line with International Financial Reporting Standards (IFRS) have been audited and granted an unqualified audit opinion.

Key figures (€000s)	01.01.- 12.31.2014	01.01.- 12.31.2013 <sup>(1)</sup>	Change
Sales	144,860	127,950	+13,2%
EBIT	24,571 <sup>(2)</sup>	19,493	+26.0%
Consolidated net income	20,162 <sup>(2)</sup>	15,478	+30.3%
Earnings per share (€)	1.71 <sup>(2)</sup>	1.32	+29.6%
EBIT margin (%)	17.0 <sup>(2)</sup>	15.2	+180 bps

bps = basis points

(1) The accounting methods used in the consolidated financial statements were amended in line with IAS 8 in the 2013 financial year. Reference is made in this respect to the information in the Annual Report 2013 in Section A of the notes to the consolidated financial statements.

(2) 2014 figure adjusted to exclude a one-off negative item resulting from recognition in the first quarter of expenses for the remaining years of the term of a management board contract for a retired member of the Board of Management and a positive non-operating item due to recognition of income for a development project discontinued in 2013. Unadjusted EBIT amounts to €24.1 million, the corresponding EBIT margin amounts to 16.6%, consolidated net income to €19.8 million and earnings per share to €1.68. The actual amount of the aforementioned expense item may differ at the time of payment from the amounts presented here.

## **Business performance**

STRATEC Biomedical AG achieved new record sales in the 2014 financial year and significantly boosted its profitability compared with the previous year.

Sales grew by 13.2% to €144.9 million in 2014, up from €128.0 million in the previous year. This growth was driven once again by a strong performance with analyzer systems launched by STRATEC's partners since 2011. The company also posted a high volume of milestone payments for development services. These projects and subsequent market launches are expected to generate the growth planned for the coming years. The share of sales attributable to service parts increased from 21.3 percent in the previous year to 23.4 percent in 2014.

When assessing the development in costs, it should be noted that some items have been reclassified from administration to sales-related expenses. The latter item nevertheless reduced slightly, due to lower project support costs in the context of market launches. The rise in research and development expenses was attributable to ongoing high volumes of development services.

EBIT increased to €24.6 million in 2014, up 26.0% from €19.5 million in the previous year. This corresponds to an EBIT margin of 17.0%. Consolidated net income grew by 30.3% to €20.2 million, and earnings per share increased 29.6% to €1.71. These earnings figures have been adjusted to exclude a one-off negative item resulting from recognition in the first quarter of 2014 of expenses for the remaining years of the term of a management board contract for a retired member of the Board of Management and a positive non-operating item due to recognition of income for a development project discontinued in 2013. On an unadjusted basis, EBIT amounted to €24.1 million, the corresponding EBIT margin to 16.6%, consolidated net income to €19.8 million and earnings per share to €1.68.

## **Financial forecast remains in line with prior guidance**

STRATEC exceeded the target set out in the financial forecast first issued in July 2013. This provides for annual average sales growth of eight to twelve percent and increasing profitability through to 2017. This forecast remains valid, although we expect sales to fall short or exceed of this range in individual years, as most recently in the 2014 financial year.

For the 2015 financial year, we expect to see slight sales growth accompanied by a slight increase in the EBIT margin compared to 2014.

### **Dividend proposal**

Given the company's positive business performance in 2014 and its ongoing strong long-term prospects, the Board of Management and Supervisory Board of STRATEC Biomedical AG will be proposing the distribution of a dividend of €0.70 per share for the 2014 financial year for approval by the Annual General Meeting on May 22, 2015 (distribution in previous year: €0.60). Subject to approval by the Annual General Meeting, shareholders can thus expect to benefit from the eleventh consecutive dividend increase since dividends were first paid in 2004. We thus intend to maintain our continuity-based dividend policy, which provides for a distribution quota of between 40 percent and 60 percent. STRATEC will continue to focus on external and internal growth opportunities, which may result in temporary deviations from this distribution quota. These opportunities may take the form of acquisitions or potential up-front financing for major projects.

### **Development in personnel**

Including temporary employees and trainees, the STRATEC Group had a total of 544 employees as of December 31, 2014 (previous year: 546).

Ongoing demand for our analyzer systems and for our development work mean that we will remain on the lookout for highly qualified personnel, especially in the development division.

Both STRATEC's Board of Management and its Supervisory Board have an interest in long-term staff retention. At its meeting on April 8, 2015, the Supervisory Board therefore extended the appointment of Dr. Robert Siegle to the Board of Management, which would have expired as of December 31, 2015, for a further five years through to December 31, 2020."

### **Projects and other developments**

STRATEC will continue to focus in the current financial year on achieving further major milestones, further market launches, and finalizing negotiations for new development and production agreements.

The recovery in the spare parts business has continued. This has been driven on the one hand by a slight recovery in test volumes in diagnostics laboratories, especially in the US, and on the other hand by first-time stocking of volumes for newly supplied systems.

Furthermore, extending production and development capacities is a factor that is set to play an important role in the coming quarters. STRATEC plans, for example, to build a proprietary development building at its Romanian location. Construction work there is expected to begin in the near future.

The lifting of the exchange rate peg by the Swiss national bank will have minor negative implications for cost structures at STRATEC Biomedical Switzerland AG. Various measures have been implemented to limit these. The company still plans to implement the extension in production areas at the Beringen location in Switzerland, which should raise the STRATEC Group's production capacity by around 20%.

### **2014 Annual Report**

The 2014 Annual Report of STRATEC Biomedical AG has been published on the company's homepage at [www.stratec.com/financial\\_reports](http://www.stratec.com/financial_reports).

### **Forthcoming dates**

The interim report as of March 31, 2015 will be published on April 29, 2015.

The Annual General Meeting of STRATEC Biomedical AG will be held in Pforzheim on May 22, 2015. The invitation to the Annual General Meeting will be forwarded to STRATEC shareholders via their depositing banks in good time ahead of the Annual General Meeting.

### **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. These partners market such systems, in general together with their own reagents, as system solutions to laboratories, blood banks and research institutes around the world. The company develops its products on the basis of its own patented technologies.

Shares in the company (ISIN: DE0007289001) are traded in the Prime Standard segment of the Frankfurt Stock Exchange and are listed in the TecDAX select index of the German Stock Exchange.

### **Further information can be obtained from:**

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