

PRESS RELEASE

STRATEC reports first quarter 2018 results and reiterates financial forecast

- Sales down 11.8% at constant exchange rates to € 41.6 million in Q1/2018 (Q1/2017: € 49.5 million)
- Adjusted EBIT of € 4.3 million in Q1/2018 versus € 6.9 million in the prior year period
- Adjusted EBIT margin of 10.3% in Q1/2018 (Q1/2017: 13.9%)
- Further expansion in workforce due to well-filled development pipeline
- 2018 financial forecast confirmed; higher sales momentum expected for the second half of the year

Birkenfeld, May 15, 2018

STRATEC Biomedical AG, Birkenfeld, Germany (Frankfurt: SBS; Prime Standard) today announced its financial results and major events for the period from January 1, 2018 through to March 31, 2018 with the publication of its Quarterly Statement Q1|2018.

Major key figures ^{(1) (2)}

€ 000s	Q1 2018	Q1 2017	Change
Sales	41,600	49,510	-16.0%
Adjusted EBITDA	6,362	8,812	-27.8%
Adjusted EBITDA margin (%)	15.3	17.8	-250 bps
Adjusted EBIT	4,293	6,870	-37.5%
Adjusted EBIT margin (%)	10.3	13.9	-360 bps
Adjusted consolidated net income	3,533	5,369	-34.2%
Adjusted earnings per share (€)	0.30	0.45	-33.3%
Earnings per share (€)	0.10	0.29	-65.5%

bps = basis points

(1) For comparison purposes, adjusted figures exclude amortizations resulting from purchase price allocations in the context of acquisitions, associated reorganization expenses, as well as other one-off items

(2) Excluding potential effects of first-time adoption of IFRS 15

Business performance

STRATEC generated sales of € 41.6 million in the first quarter of 2018 (previous year: € 49.5 million), corresponding to a sales decline at constant exchange rates of 11.8% (reported: -16.0%). The reduction in sales was due in particular to a difficult comparison against a strong period last year, as well as to the specific timing of milestone payments being recognized as sales. Quarterly sales were also adversely affected by diverse internal factors at several key customers. Factors particularly worth mentioning here include temporary destocking effects, as well as sales restrictions on the part of a customer in a major market, which have since been resolved. Based on the latest order forecasts received from these customers, significantly higher acceptance volumes are expected in the second half of the year.

Adjusted EBIT amounted to € 4.3 million in Q1/2018, compared to € 6.9 million in the previous year's period. This corresponds to an adjusted EBIT margin decline of 360 basis points to 10.3% from 13.9% in Q1/2017. The year-on-year reduction in the company's profitability was due in particular to the lower volume of sales and resultant absence of benefits of scale. The significant expansion in the company's workforce, which is directly connected to the increased volume of development work currently underway and the expected future growth, should also be noted in this respect. The positive impact of a further increased share of sales generated with service parts and consumables was more than offset by the above factors.

Given the lower level of operating profitability, adjusted consolidated net income also decreased, in this case by 34.2% to € 3.5 million, versus € 5.4 million in the previous year. The adjusted tax rate for the first quarter amounted to 17.8% (previous year: 21.2%). Adjusted basic earnings per share came to € 0.30, compared with € 0.45 in Q1/2017.

The figures reported for Q1/2018 do not yet account for any potential effects resulting from the first-time adoption of IFRS 15.

For comparison purposes, adjusted figures exclude amortizations resulting from purchase price allocations in the context of acquisitions, associated reorganization expenses, as well as other one-off items.

The reconciliation of the adjusted figures with the figures reported in the consolidated statement of comprehensive income is presented in the Quarterly Statement Q1|2018.

Development in personnel

Including agency employees and trainees, the STRATEC Group had a total of 1,110 employees as of March 31, 2018. This represents an increase of 10.9% compared with the previous year's reporting date.

To manage its large numbers of development projects, STRATEC continues to seek qualified personnel and expects to report rising employee totals in the quarters ahead.

Projects and other developments

STRATEC expects to see further major market launches on the part of its customers in 2018, as well as the production launch of “Kleeya”, its internally developed analyzer platform. The market launches of these systems in the quarters ahead are now at an advanced stage of preparation.

Furthermore, STRATEC is currently negotiating numerous additional development and supply agreements with existing and potential new partners. To prepare for the further growth expected to result from these agreements, the company decided in 2017 to convert and significantly extend the premises at its Birkenfeld location. The relevant planning is currently in its final stages and construction work is expected to begin before the end of the first half of 2018. The first stage of construction is scheduled for completion in mid-2019.

To support the company’s growth strategy, one major focus in 2018 will be on implementing a uniform group-wide ERP system. This will considerably simplify cooperation between locations and enable us to structure our processes more efficiently. We implemented the system at our locations in Austria and Hungary and thus completed the first stage of the rollout in January 2018 already. Among other measures, we are currently preparing the implementation at our headquarters in Birkenfeld.

Financial forecast

Based on current order forecasts received from customers, STRATEC confirms the financial guidance provided for the 2018 financial year. The company therefore continues to expect to generate organic sales growth net of currency items and acquisitions in at least a mid-single-digit percentage range. Given higher sales contributions from products newly launched onto the market and the aforementioned shifts in the timing of sales, STRATEC still expects most of the sales growth budgeted for 2018 to be generated in the second half of the year. In terms of its adjusted EBIT margin, the company still expects to achieve a figure at the previous year’s level of around 17%.

This forecast for 2018 does not yet account for any implications resulting from first-time adoption of IFRS 15, as these had not yet been conclusively assessed upon publication of this report. Based on initial, still preliminary assessments, STRATEC expects IFRS 15 requirements to have only 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 with recent levels.

Due to the scheduled conversion and extension measures at its Birkenfeld location, the company’s investments in 2018 are expected to slightly exceed the previous year’s figure.

2018 Annual General Meeting

At their meeting on April 9, 2018, the Board of Management and Supervisory Board of STRATEC Biomedical AG decided to propose a dividend payment of € 0.80 per share for the 2017 financial year for approval by the Annual General Meeting on May 30, 2018 (previous year's distribution: € 0.77 per share). Subject to approval by the Annual General Meeting, the distribution paid to shareholders would rise for the fourteenth consecutive year since payment of the first dividend in 2004. STRATEC thus plans to maintain its continuity-based dividend policy. As the company is continuing to focus on internal and external growth opportunities, it may temporarily deviate from this approach. Such opportunities may arise due to larger-scale acquisitions or to the potential need for advance financing for major projects.

The Board of Management and Supervisory Board also decided to propose to the Annual General Meeting that STRATEC Biomedical AG should be converted into a European Company (Societas Europaea, SE) with the name STRATEC SE. The Board of Management and Supervisory Board believe that this planned change of legal form reflects STRATEC's own understanding of itself as a company with an international outlook.

Quarterly Statement

The Quarterly Statement Q1|2018 including consolidated balance sheet, consolidated statement of comprehensive income and consolidated cash flow statement can be found as a download on the company's website at www.stratec.com/financial_reports.

Conference call and audio webcast

To comment on the publication of our quarterly results, we will be holding a conference call in English today, Tuesday, May 15, 2018, at 3.00 p.m. (CEST).

The access information (telephone number, password + individual PIN) will be provided following brief registration at the following link: www.stratec.com/registration

The call may also be followed as an audio webcast at www.stratec.com/audiowebcast20180515 (brief registration required). Please note that it is not possible to submit any questions via the audio webcast.

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 can be obtained from:

STRATEC Biomedical AG

Jan Keppeler, Investor Relations & Corporate Communications

Gewerbestr. 37, 75217 Birkenfeld

Germany

Tel: +49 7082 7916-6515

Fax: +49 7082 7916-9190

ir@stratec.com

www.stratec.com