



# Q1 2020 FINANCIAL RESULTS

Conference Call - May 14, 2020

## SAFE HARBOR STATEMENT

Forward-looking statements involve risks.

This company presentation 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.

## AGENDA

1. Q1 2020 AT A GLANCE
2. FINANCIAL REVIEW
3. OUTLOOK
4. Q&A
5. APPENDIX

## Q1 2020 AT A GLANCE

- Sales up 21.3% yoy to € 56.5 million (Q1 2019: € 46.6 million) → organic growth of 20.1%
  - Strong performance in all segments
  - To date COVID-19 pandemic had a very minor impact on Q1 sales performance
- Adjusted EBIT margin up by 290 bps yoy to 13.6% (Q1 2019: 10.7%)
- New product launches and achievement of several development milestones
  - Software and hardware extensions for a molecular diagnostics analyzer system
  - KleeYa instrument (proprietary next-generation analyzer platform) achieves CE conformity
- Further progress with numerous negotiations for promising future projects

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# FINANCIAL REVIEW

## FINANCIALS AT A GLANCE<sup>1</sup>

€ 000s	Q1 2020 <sup>2</sup>	Q1 2019 <sup>2</sup>	Change
Sales	56,504	46,569	+21.3%
Adjusted EBITDA	10,142	7,177	+41.3%
Adjusted EBITDA margin (%)	17.9	15.4	+250 bps
Adjusted EBIT	7,658	4,975	+53.9%
Adjusted EBIT margin (%)	13.6	10.7	+290 bps
Adjusted consolidated net income <sup>3</sup>	6,246	3,756	+66.3%
Adjusted basic earnings per share (in €) <sup>3</sup>	0.52	0.31	+67.7%
Basic earnings per share IFRS (in €) <sup>3</sup>	0.37	0.11	+236.4%

bps = basis points

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

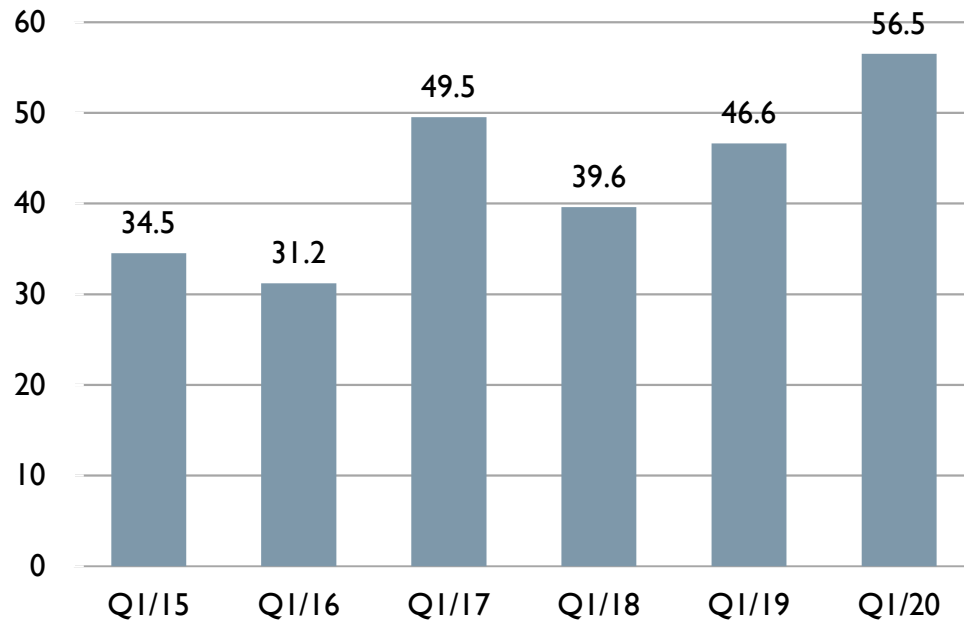
<sup>2</sup> To facilitate comparison, adjusted to account for the disposal of the Data Solutions business unit, which has been reported as a discontinued operation.

<sup>3</sup> Result from continuing operations.

# FINANCIAL REVIEW

## SALES

In € million



Q1 2020 sales up 21.3% yoy to € 56.5 million

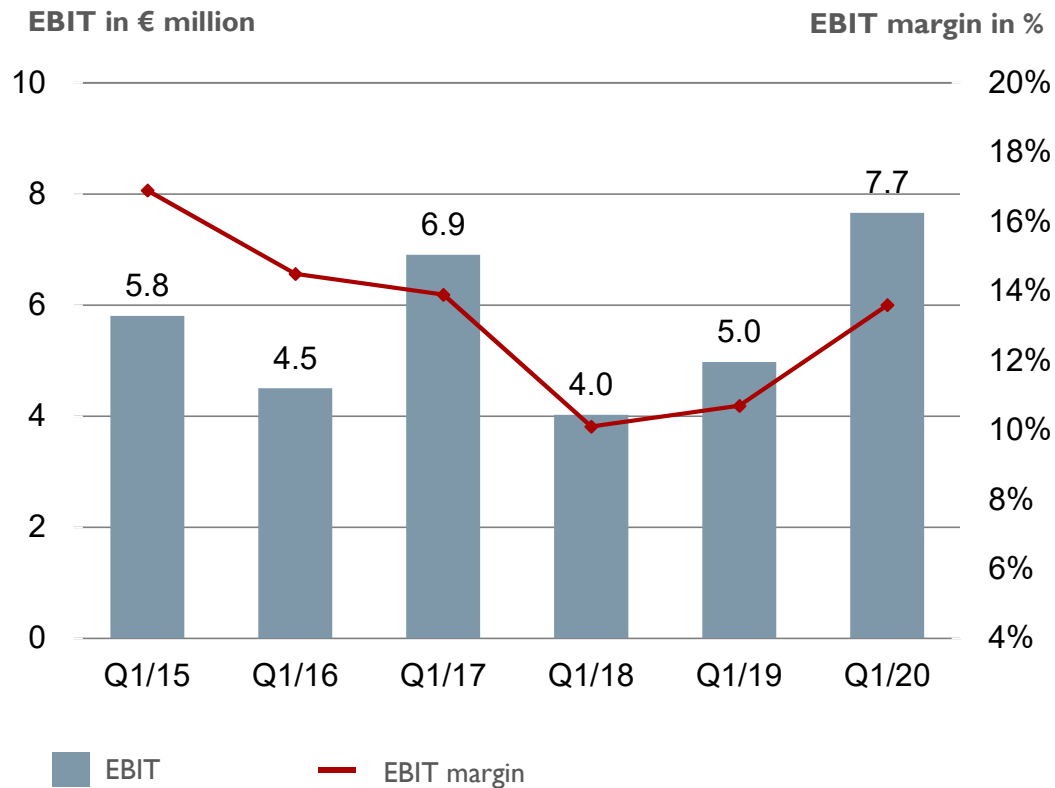
→ organic growth of 20.1%

- (+) Strong service parts and consumables business
- (+) Higher call up numbers for several systems
- (+) Dynamic growth with veterinary diagnostics products in the Diatron segment

As of March 31

# FINANCIAL REVIEW

## ADJUSTED EBIT AND EBIT MARGIN



Q1 2020 adjusted EBIT up 53.9% yoy to € 7.7 million

Q1 2020 adjusted EBIT margin up 290 bps yoy to 13.6%

(+) Economies of scale

(+) Sales/product mix

As of March 31



# FINANCIAL REVIEW

## CASH FLOW AND NET DEBT

€ 000s	QI 2020	QI 2019	Change
Cash flow – operating activities	3.2	9.5	-66.3%
Cash flow – investment activities	-7.1	-7.8	nm
Cash flow – financing activities	14.5	-0.5	nm
Free cash flow	-3.9	1.7	nm

€ 000s	QI 2020	FY 2019	Change
Cash and cash equivalents at end of period	32.9	22.7	44.9%
Equity ratio (%)	49.7	53.1	-340 bps
Net debt	84.1	77.3	+8.8%

- Cash flow from operating activities down by 66.3% to € 3.2 million
  - Temporary and intended increase in inventories (due to significant upcoming volume ramp-up) due to COVID-19 pandemic
  - Higher receivables position (timing effects)
  - Significant improvement in Q2 expected
- Investment spending still on a high level due to ongoing construction work for expansion of building capacity at HQ
- Higher net debt position driven by temporary increase of working capital and financing of capex investments

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# OUTLOOK

## FINANCIAL GUIDANCE FOR FISCAL YEAR 2020<sup>1</sup>

- Group sales expected to increase organically in a low double-digit percentage range<sup>2</sup>
- Adjusted EBIT margin of around 15%
  - Positive scale effects; improving sales and product mix; defined earnings improvement measures
- Investments in tangible and intangible assets of around 10% to 12% of sales
  - Ongoing construction measures for significant capacity expansion
  - After completion of construction projects for capacity expansion, investment ratio is likely to decline in 2021

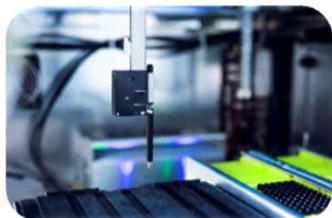
<sup>1</sup> In connection with the COVID-19 pandemic, STRATEC is currently observing significantly positive and slightly negative effects in terms of customer orders and order forecasts. Overall, the company currently expects to see a notably positive impact on demand in the current financial year. All in all, the implications of the pandemic, such as those referred to above and also any potential interruptions within the supply chain, are still not fully visible. Apart from those effects that had already materialized by the end of April 2020, the above guidance therefore does not account for the effects of the pandemic.

<sup>2</sup> Based on the restated 2019 sales figure of € 214.2 million (restated for the disposal of STRATEC's Data Solutions business unit)

# OUTLOOK

## FOCUS IN 2020 AND BEYOND

- Manage challenges arising from COVID-19 pandemic
  - Health of our employees has highest priority
  - Deliver on received extra orders and support customers in making their contribution in the fight against the pandemic
  - Mitigate and manage supply chain risks
- Improve EBIT contribution of Smart Consumables segment
- Drive working capital efficiency and improve cash flow dynamics from Q2 onwards
- Achievement of development targets
- Sign new development and supply agreements (execute deal pipeline)
- Realize further efficiency gains (earnings improvement initiative, ERP system implementation)



# QUESTIONS & ANSWERS

# APPENDIX

## ADJUSTMENTS

### EBIT

€ 000s	Q1 2020	Q1 2019
<b>Adjusted EBIT</b>	<b>7,658</b>	<b>4,975</b>
<b>Adjustments:</b>		
PPA amortization	-2,062	-2,277
Transaction-related expenses and associated restructuring expenses	0	-723
<b>EBIT</b>	<b>5,596</b>	<b>1,975</b>

### Consolidated net income

€ 000s	Q1 2020	Q1 2019
<b>Adjusted consolidated net income from continuing operations</b>	<b>6,246</b>	<b>3,756</b>
<b>Adjusted earnings per share from continuing operations in € (basic)</b>	<b>0.52</b>	<b>0.31</b>
<b>Adjustments:</b>		
PPA amortization	-2,062	-2,277
Transaction-related expenses and associated restructuring expenses	0	-723
Taxes on income	320	556
<b>Consolidated net income from continuing operations</b>	<b>4,503</b>	<b>1,312</b>
<b>Earnings per share from continuing operations in € (basic)</b>	<b>0.37</b>	<b>0.11</b>

## CONTACT

STRATEC SE  
Gewerbestr. 37  
75217 Birkenfeld  
Germany

Phone +49 7082 7916-991  
Fax +49 7082 7916-9190  
[www.strattec.com](http://www.strattec.com)

### CONTACT

**Marcus Wolfinger**  
CEO

**Jan Keppeler, CFA**  
Head of IR & CC

Phone +49 7082 7916-6515  
[j.keppeler@strattec.com](mailto:j.keppeler@strattec.com)



THANK YOU  
FOR YOUR  
ATTENTION