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dbAccess BERLIN CONFERENCE

June 17, 2021

## 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. OVERVIEW AND BUSINESS MODEL
2. THE IVD MARKET
3. FINANCIALS
4. OUTLOOK AND STRATEGY

# OVERVIEW AND BUSINESS MODEL



# OVERVIEW AND BUSINESS MODEL

## STRATEC AT A GLANCE

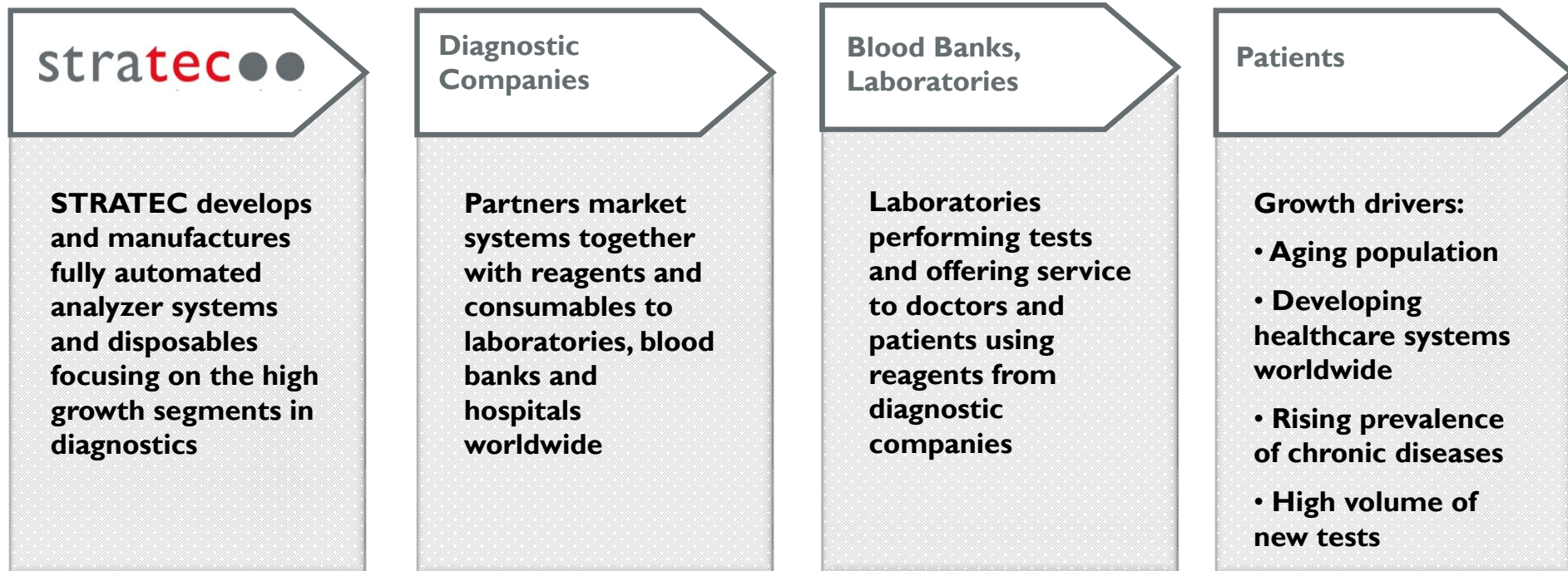
- Leading OEM player for automation solutions for the diagnostics industry and translational research
- Three decades of experience in highly regulated healthcare markets and growing technology pool
- Around 1.300 employees worldwide
  - Around 50% allocable to R&D
- Production sites in Germany (HQ), Switzerland, Hungary and Austria
- High number of systems installed globally
  - More than 13,000 medium to high throughput systems
  - More than 25,000 low throughput systems
- Sales of € 250.1 million in 2020
  - CAGR sales since IPO in 1998: ~15%
- Dividend payments raised over 17 consecutive years

## SELECTED PRODUCTS



# OVERVIEW AND BUSINESS MODEL

## UNIQUE MARKET POSITION STRATEC IN THE IVD VALUE CHAIN





# OVERVIEW AND BUSINESS MODEL

## BUSINESS MODEL

### **STRATEC provides instrumentation, consumables, software and automation solutions**

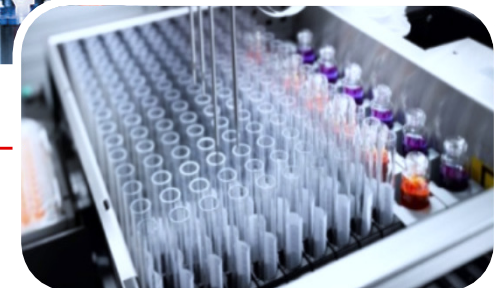
- OEM development and manufacturing
- More than 8,000 fully automated analyzer systems and modules manufactured annually
- Wide range of intellectual property rights

### **Extensive collaboration with partner during design phase**

- STRATEC: Engineering / automation, software, QM
- Partner: System / reagent / market requirements

### **Systems have long market lifecycles**

- Product lifecycles typically in an area of 12 to 15 years
- Leads to longstanding partnerships
- Expanding installed base of systems
- Product enhancement and extension drives value



# OVERVIEW AND BUSINESS MODEL

## SECURING RETURN ON INVESTMENT

### Long-term agreements with partners

- Milestone payments during development stage
- Operating sales during series production stage
- Recurring sales from service parts & consumables sales

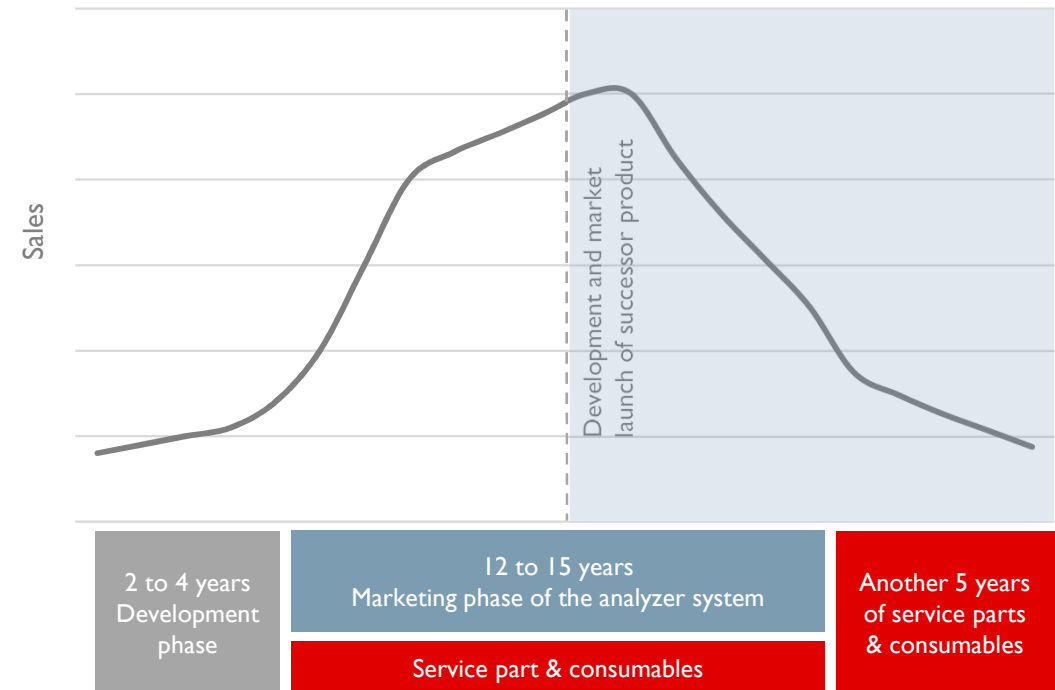
### Minimum volume commitment

- Firm purchase orders
- STRATEC an integral part of partners' plans

### Reliable partnership

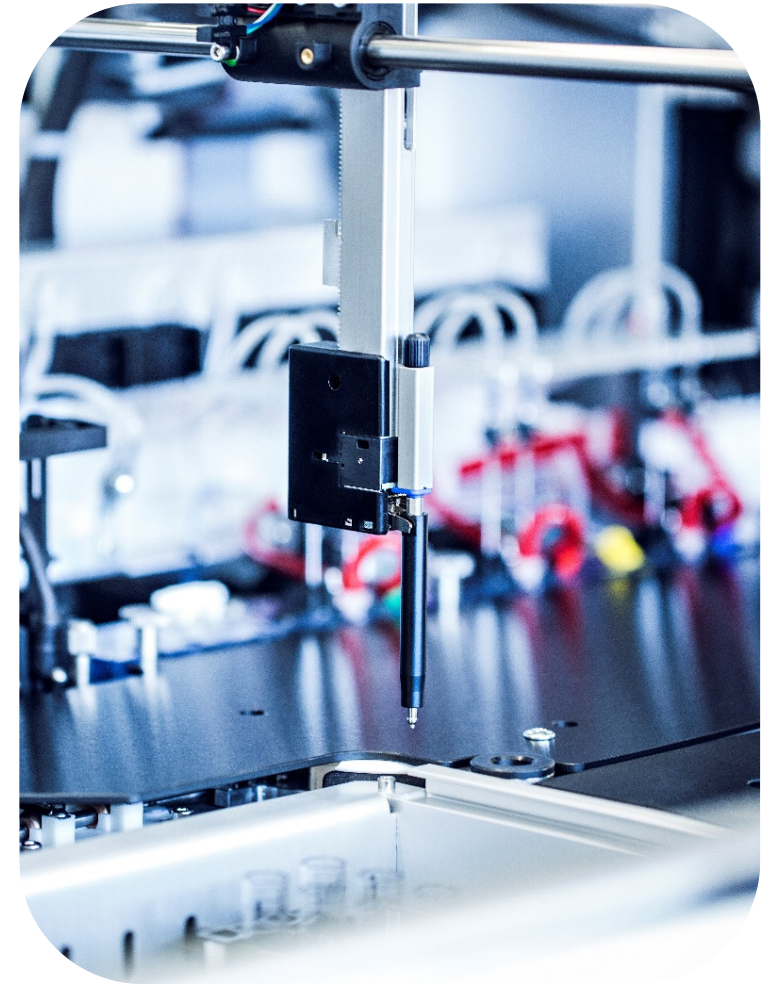
- Shortened development time
- Integration of analyzer system and reagents
- Agreed development budget & transfer price
- High commitment by both partners

### INDICATIVE SALES CHARACTERISTICS OF AN ANALYZER OEM PROJECT





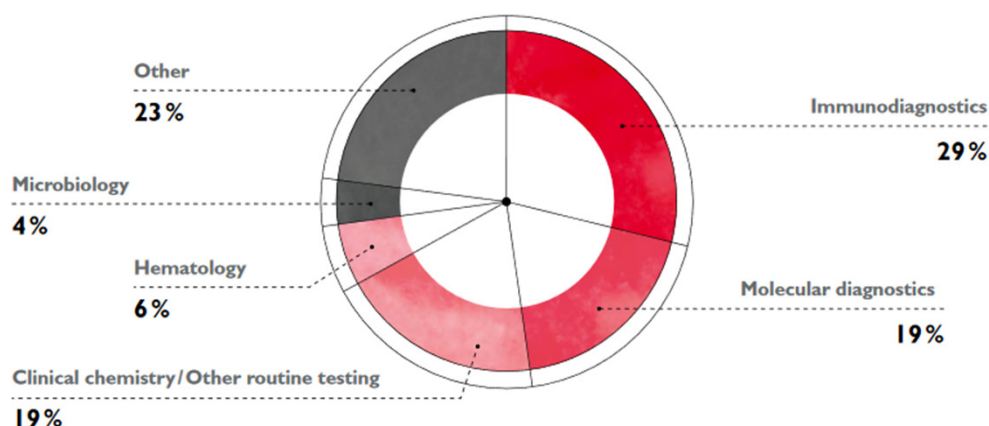
# THE IVD MARKET



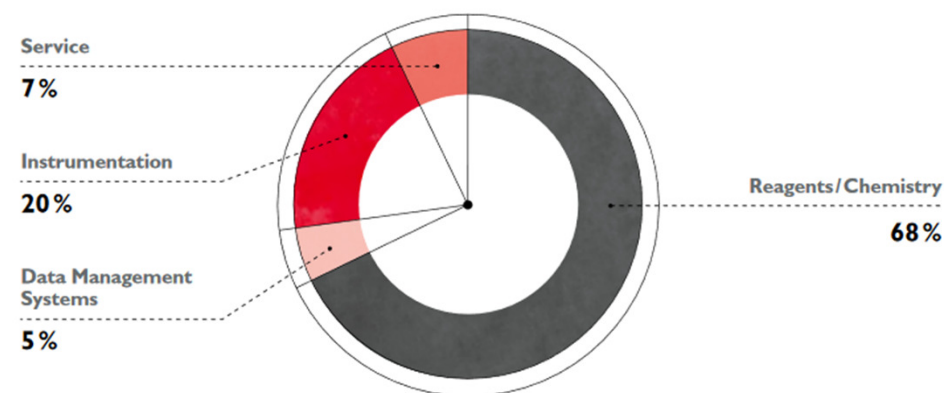
# THE IVD MARKET

## IVD MARKET SEGMENTS / IVD MARKET: ~ 85 BILLION USD IN 2020

IVD market by technologies



IVD market by product category



Total instrumentation market ~ 17 billion USD

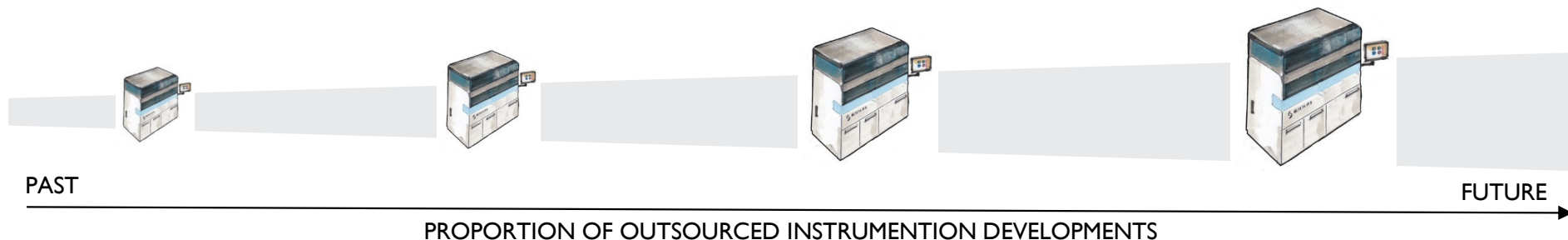
### Growth drivers

- Aging world population
- Rising prevalence of chronic diseases
- Expansion in healthcare systems, especially in emerging markets
- New technologies broadening scope of IVD applications (e.g. oncology, personalized medicine or non-invasive prenatal testing)
- Increasing automation

# THE IVD MARKET

## OUTSOURCED VS IN HOUSE INSTRUMENTATION MARKET

- The majority of instrumentation equipment in the IVD market is still developed in-house by diagnostics companies
- Share of outsourced developments has already increased significantly over the last couple of years
- Trend of outsourcing towards specialized players set to continue, due to:
  - Engineering of automation solutions often not core competence of diagnostics companies
  - Shorter development timeframes due to already existent technology pools
  - Guaranteed project budget and firm transfer prices
  - Keeping up with regulatory developments easier for specialized players
  - Structured processes in order to address end customer needs, such as ease of use, user experience, workflow efficiencies, remote access, serviceability and preventive maintenance



# THE IVD MARKET

## A SELECTION OF STRATEC CUSTOMERS

GLOBAL TOP 20 IVD COMPANIES		Sales 2020 (USD billion)
1.	Roche	14.8
2.	Abbott	10.8
3.	Danaher	7.4
4.	Thermo Fisher	5.3
5.	Siemens Healthineers	4.7
6.	BECTON DICKINSON	3.3
7.	bioMerieux	3.0
8.	Hologic	2.9
9.	Sysmex	2.8
10.	Perkin Elmer	2.1
11.	Ortho Clinical Diagnostics	1.9
12.	Quidel	1.7
13.	BIO-RAD	1.3
14.	CH Werfen	1.3
15.	Shenzhen Mindray	1.3
16.	DiaSorin	1.1
17.	Agilent Tech	1.1
18.	Seegene	1.0
19.	Grifols	0.9
20.	Qiagen	0.9

### ... AND OTHER GAME-CHANGING COMPANIES

Quanterix™

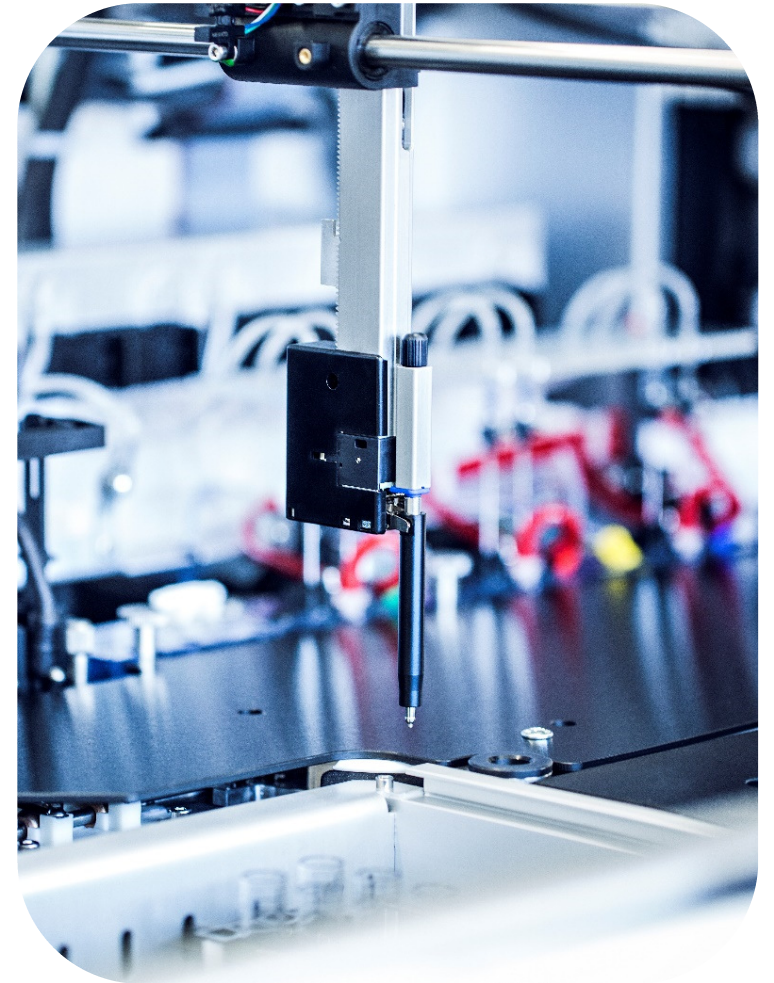


■ STRATEC customer

□ Not a STRATEC customer

Source: IVD News / non-public companies estimated / non-reported sector sales estimated

# FINANCIALS

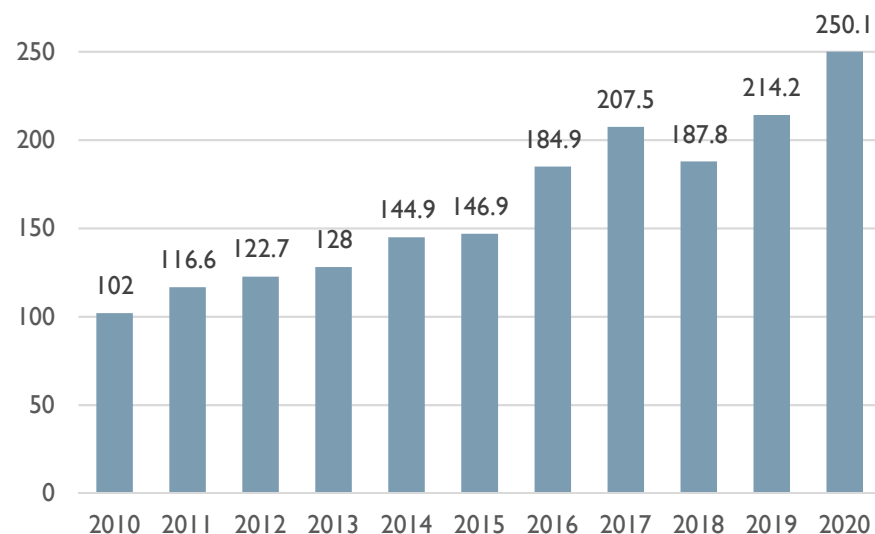


# FINANCIALS

## KEY FIGURES - TRACK RECORD

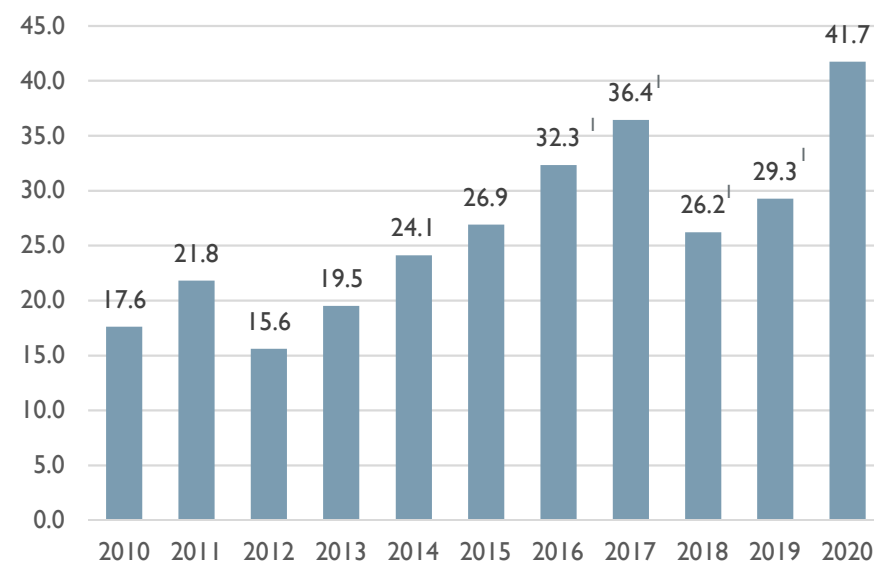
### Sales in € million

**CAGR ~9%**



### EBIT in € million

**CAGR ~9%**



<sup>1</sup> Figures adjusted for comparison; adjusted for depreciation and amortization from purchase price allocation for acquisitions, related integration expenses and other extraordinary effects. Reconciliation to IFRS figures can be found in the respective annual report.

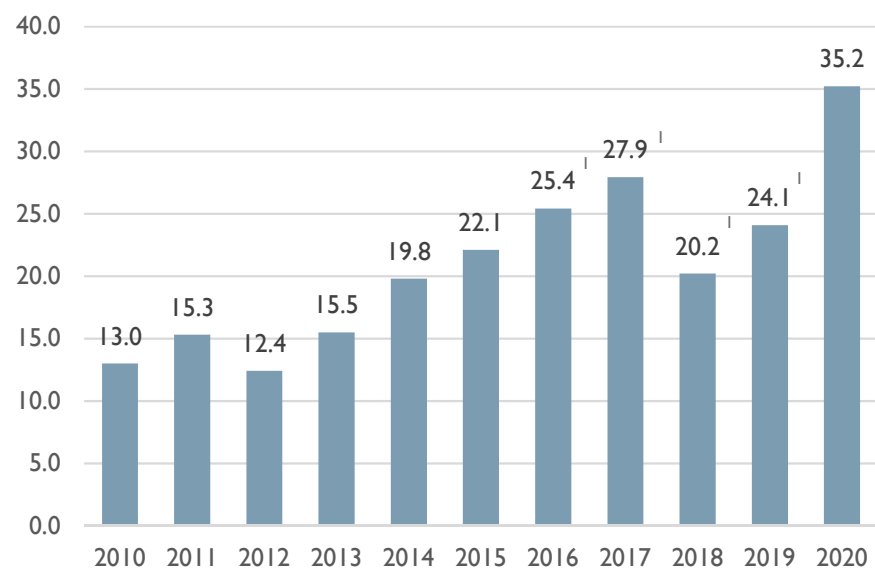


# FINANCIALS

## KEY FIGURES - TRACK RECORD

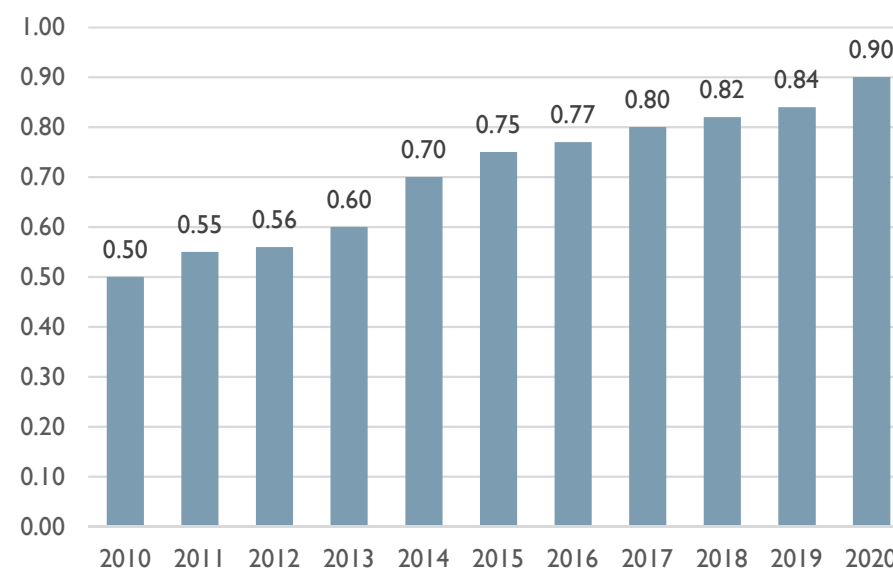
### Net income in € million

**CAGR ~10%**



### Dividend per share in €

**CAGR ~6%**



<sup>1</sup> Figures adjusted for comparison; adjusted for depreciation and amortization from purchase price allocation for acquisitions, related integration expenses and other extraordinary effects. Reconciliation to IFRS figures can be found in the respective annual report.

# FINANCIALS

## FINANCIALS AT A GLANCE Q1 2021<sup>1</sup>

€ 000s	Q1 2021	Q1 2020	Change
Sales	71,995	56,504	+27.4%
EBITDA	18,840	10,142	+85.8%
EBITDA margin (%)	26.2	17.9	+830 bps
Adjusted EBIT	16,045	7,658	+109.5%
Adjusted EBIT margin (%)	22.3	13.6	+870 bps
Adjusted consolidated net income	13,147	6,246 <sup>2</sup>	+110.5%
Adjusted basic earnings per share (in €)	1.09	0.52 <sup>2</sup>	+109.6%
Basic earnings per share IFRS (in €)	0.95	0.37 <sup>2</sup>	+156.8%

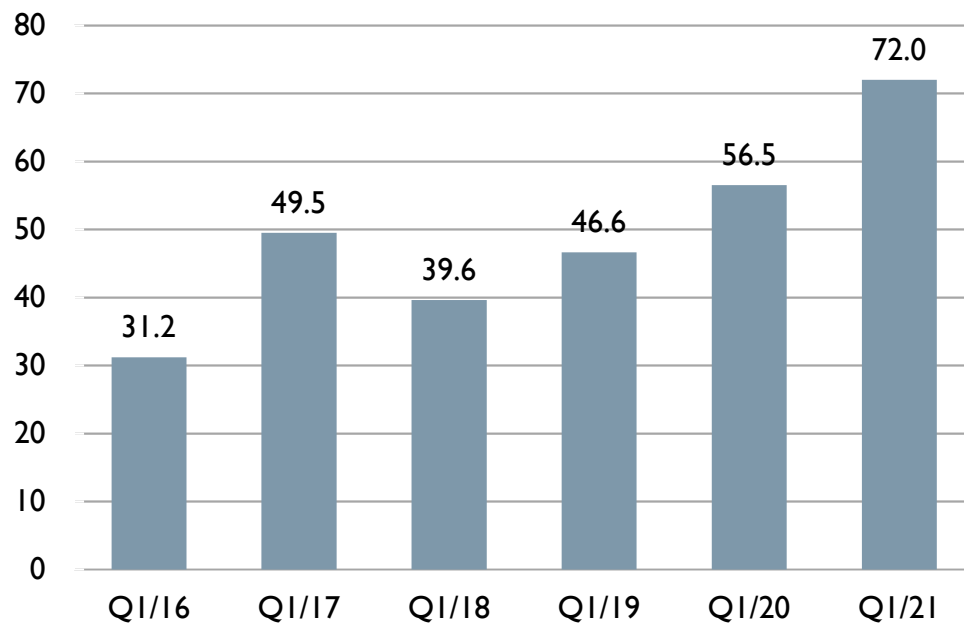
bps = basis points

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

<sup>2</sup> Result from continuing operations.

## SALES Q1 2021

In € million

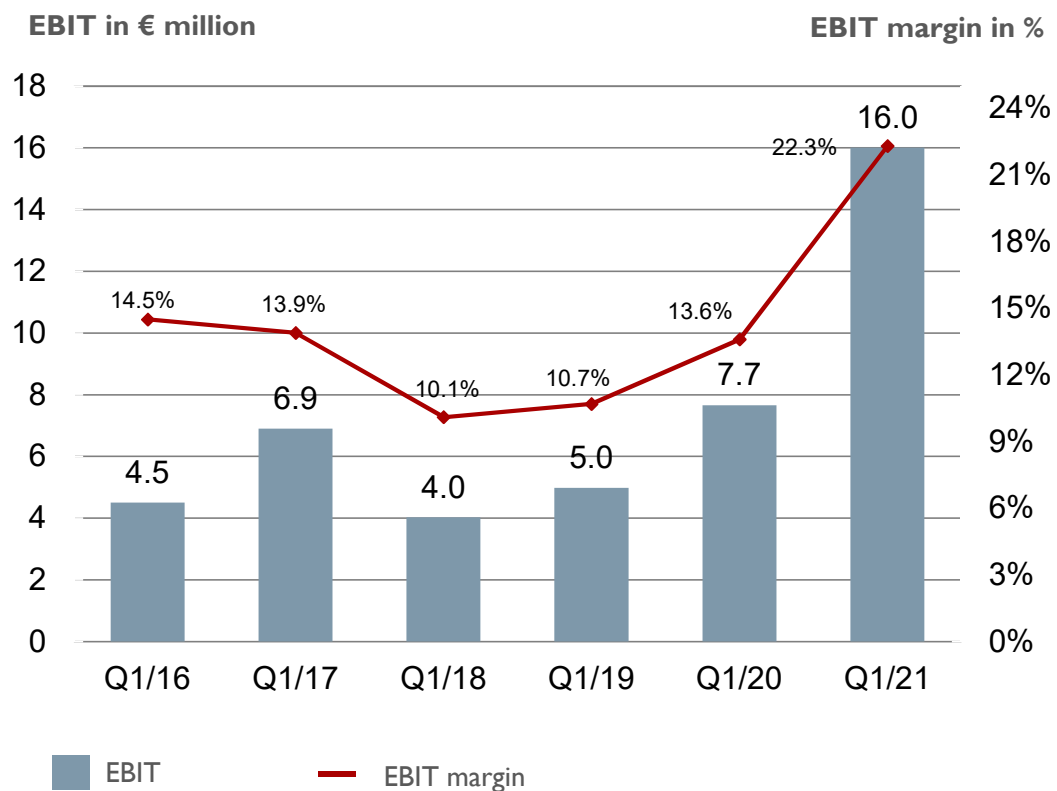


As of March 31

Q1 2021 sales up 27.4% yoy to € 72.0 million  
→ +32.5% at constant currency

- (+) Continuously high demand for molecular and immunoassay solutions  
→ Strong business with Systems as well as Service parts & Consumables
- (+) Single-digit growth with Development and Services sales
- (-) Ramp-up curve of newly launched products tampered by pandemic-driven reallocation of priorities

## ADJUSTED EBIT AND EBIT MARGIN Q1 2021



Q1 2021 adjusted EBIT up by 109.5% yoy to € 16.0 million

Q1 2021 adjusted EBIT margin up by 870 bps yoy to 22.3%

(+) Economies of scale

(+) Sales/product mix

(+) Efficiency enhancements

As of March 31

# FINANCIALS

## CASH FLOW AND NET DEBT Q1 2021

€ 000s	Q1 2021	Q1 2020	Change
Cash flow – operating activities	14.0	3.2	+337.5%
Cash flow – investment activities	-4.3	-7.1	n/a
Cash flow – financing activities	-1.3	14.5	n/a
Free cash flow	9.7	-3.9	n/a

- Strong improvement in operating cash flow dynamics but still elevated inventory needs
- Lower investment spending following completed construction work for expansion of building capacity at HQ (investment ratio<sup>1</sup> at 6.0% of sales)
- Net debt down by 8.5%  
Net debt / LTM EBITDA of 1.2x

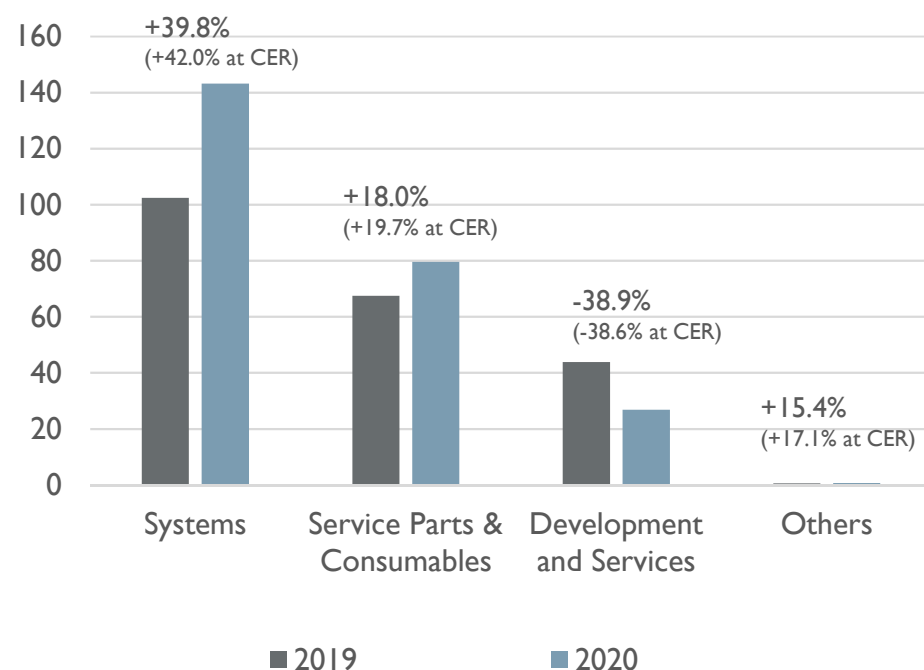
€ 000s	Q1 2021	FY 2020	Change
Cash and cash equivalents at end of period	45.7	37.6	+21.5%
Equity ratio (%)	51.3	52.0	-70 bps
Net debt	75.7	82.7	-8.5%

<sup>1</sup> Total investments in intangible and tangible assets in % of sales  
LTM = Last twelve months

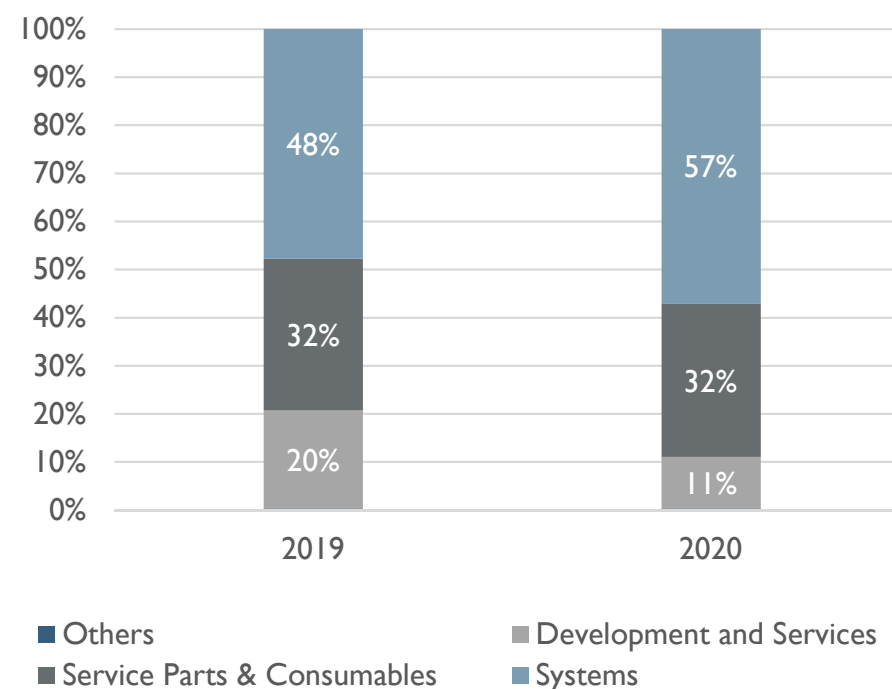
# FINANCIALS

## SALES BY OPERATING DIVISIONS FY 2020

Sales in € million



In % of total sales

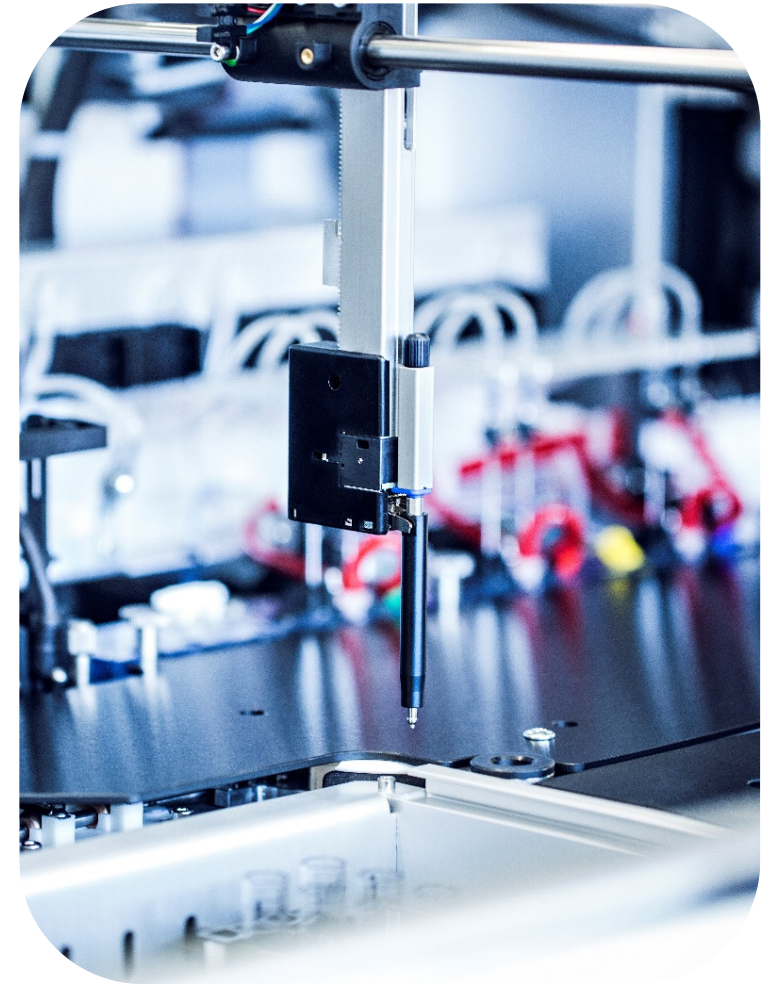


As of December 31

CER= Constant exchange rates



# OUTLOOK AND STRATEGY



# OUTLOOK AND STRATEGY

## UPDATE COVID-19 PANDEMIC

Several STRATEC customers are at the forefront of containing the COVID-19 pandemic

- Significant proportion of genetic COVID-19 testing is performed on systems developed and manufactured by STRATEC
- Additional demands for immunoassay solutions due to antibody screening and lab-based antigen tests
- Still unprecedented demand levels and strong order trends → strong business performance expected for H1 2021

Various factors set to influence H2 2021 demand levels:

- Magnitude of replacement potential triggered by elevated utilization levels of installed base
- Uplift of serological and other testing (e.g. full respiratory panels)
- Overall testing volumes and penetration of genetic versus rapid antigen tests
- Impact of significant expanded installed base on Service parts & Consumables business
- Catch up potential of non-COVID-related product lines

Expected longer-term dynamics:

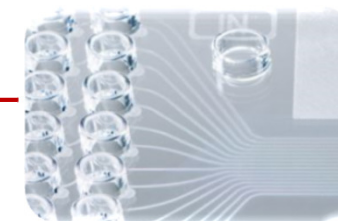
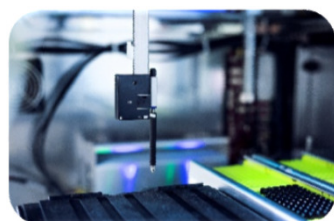
- Improved perception of IVD methods and further increase in STRATEC brand awareness
- Allocation of research budgets into infectious diseases
- Renaissance of decentralized testing capacities (more testing again in hospitals)
- Increased and sustainable public investments in healthcare infrastructures
- Sustainable additional testing demand (e.g. Long COVID, respiratory panels, other screening tests)

# OUTLOOK AND STRATEGY

## FINANCIAL GUIDANCE FOR FISCAL YEAR 2021<sup>1</sup>

- Constant-currency sales growth in at least a high single-digit percentage range
- Adjusted EBIT margin of around 17.5% to 18.5% (2020: 16.7%)
- Investments in tangible and intangible assets combined of around 6.0% to 8.0% of sales

<sup>1</sup> Due to the COVID-19 pandemic, STRATEC continues to observe higher volatility in its customers' order behavior. In the first quarter of 2021, the company witnessed an overall rise in order forecasts for the second half of 2021. Due to the additional forecasting uncertainty resulting from the pandemic, however, the higher order forecasts for the fourth quarter of 2021 in particular are still not incorporated in the above financial guidance.



# OUTLOOK AND STRATEGY

## STRATEGIC PRIORITIES

- Focus on high growth areas and segments
- Boost expertise and technology portfolio

**Enable customers and STRATEC to grow above market average**

**Expand product/value offering**

- Organically and via M&A transactions
- Without entering into competition to partners

- Utilize tailwind from increasing complexity
- Expand smart consumables business

**Increase proportion of recurring revenues**

**Drive customer diversification**

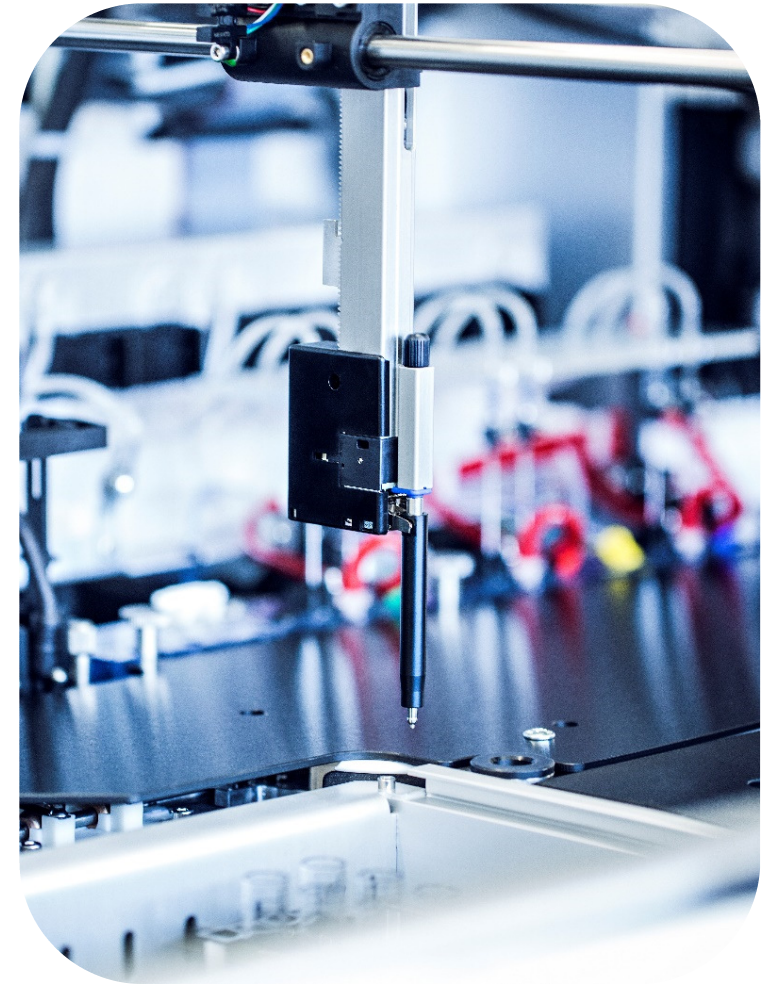
- Utilize extended platform offering
- Extend components business
- New markets (e.g. veterinary, translational research)

# OUTLOOK AND STRATEGY

## SELECTION OF ESG TOPICS AND LATEST ACHIEVEMENTS

- Challenges of COVID-19 pandemic successfully managed
  - Employee health top priority (new shift system, extended options for remote working, increased working hours flexibility, early and strict travel restrictions)
  - Business continuity (supply chain, production, logistics, development and business operations)
- Strong commitment to combat climate change
  - Science based reduction target (SBT) in line with Paris agreement to limit global warming to less than 2.0°C  
→ **30% absolute reduction of scope 1 and 2 emissions by 2030 (versus 2019)**
  - Expanded disclosure: Scope 3 emissions to be reported from 2020 onwards
  - Compensation of unavoidable Scope 1 and 2 emission (certified emission reduction projects)
- Employer attractiveness and talent management
  - Further employee surveys conducted in 2020
  - Roll-out of new group-wide talent development program
- New ESG initiatives
  - E.g. new waste reduction program initiated in 2020

# APPENDIX





# APPENDIX

## KEY FIGURES AT A GLANCE<sup>1</sup>

IFRS (€ million)	2016	2017	2018	2019 <sup>3</sup>	2020
Sales	184.9	207.5	187.8	214.2	250.1
Adjusted EBIT	32.2	36.4	26.2	29.3	41.7
Adjusted EBIT margin (%)	17.4	17.5	13.9	13.7	16.7
Adjusted Consolidated net income <sup>2</sup>	25.3	28.9	20.2	24.1	35.2
Adjusted Earnings per share (€) <sup>2</sup>	2.14	2.43	1.70	2.01	2.92
Dividend per share (€)	0.77	0.80	0.82	0.84	0.90
No. of employees	976	1,086	1,228	1,302	1,319
Total assets	258	264	275	299	332
Equity ratio (%)	55.7	59.8	55.3	53.1	52.0
Free cash flow	-70.4	14.4	1.2	-6.4	10.0

<sup>1</sup> Figures adjusted for comparison; adjusted for depreciation and amortization from purchase price allocation for acquisitions, related integration expenses and other extraordinary effects. Reconciliation to IFRS figures can be found in the respective annual report.

<sup>2</sup> From continuing operations

<sup>3</sup> Retrospectively adjusted to account for the recognition of the Data Solutions business unit as a discontinued operation pursuant to IFRS 5.

# APPENDIX

## ADJUSTMENTS

### EBIT

€ 000s	Q1 2021	Q1 2020
<b>Adjusted EBIT</b>	<b>16,045</b>	<b>7,658</b>
<b>Adjustments:</b>		
PPA amortization	-1,917	-2,062
<b>EBIT</b>	<b>14,128</b>	<b>5,596</b>

### Consolidated net income

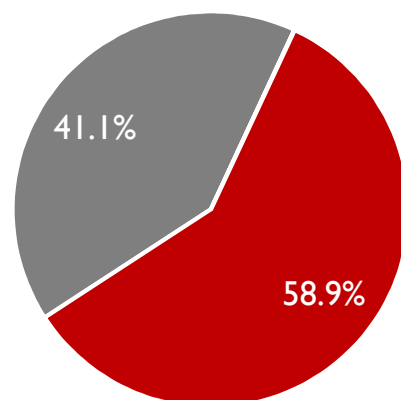
€ 000s	Q1 2021	Q1 2020 <sup>1</sup>
<b>Adjusted consolidated net income</b>	<b>13,147</b>	<b>6,246</b>
<b>Adjusted earnings per share in € (basic)</b>	<b>1.09</b>	<b>0.52</b>
<b>Adjustments:</b>		
PPA amortization	-1,917	-2,062
Taxes on income	319	320
<b>Consolidated net income</b>	<b>11,549</b>	<b>4,503</b>
<b>Earnings per share in € (basic)</b>	<b>0.95</b>	<b>0.37</b>

<sup>1</sup> Results from continuing operations

# APPENDIX

## SHAREHOLDER STRUCTURE

(AS OF: JUNE 2020)



■ Fixed and family ownership  
(incl. their investment companies)

■ Free float

**Institutional investors > 3%:**

Allianz Global Investors

Ameriprise Financial

Juno Investment Partners

## SHARE

IPO	Aug. 1998
Number of shares	12,111,295
Share price (06/07/2021)	€ 107.40
Market capitalization	€ 1.3 billion

# CONTACT

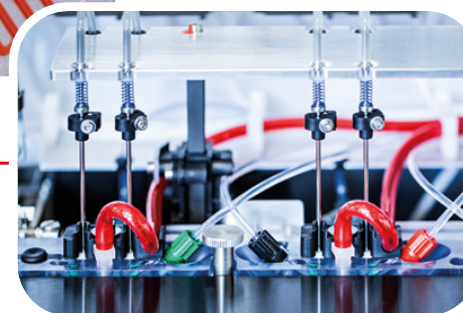
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