

MAKE THE
INVISIBLE
**VISI
BLE**

**BERENBERG GERMAN
CORPORATE CONFERENCE USA**

10 January 2022

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

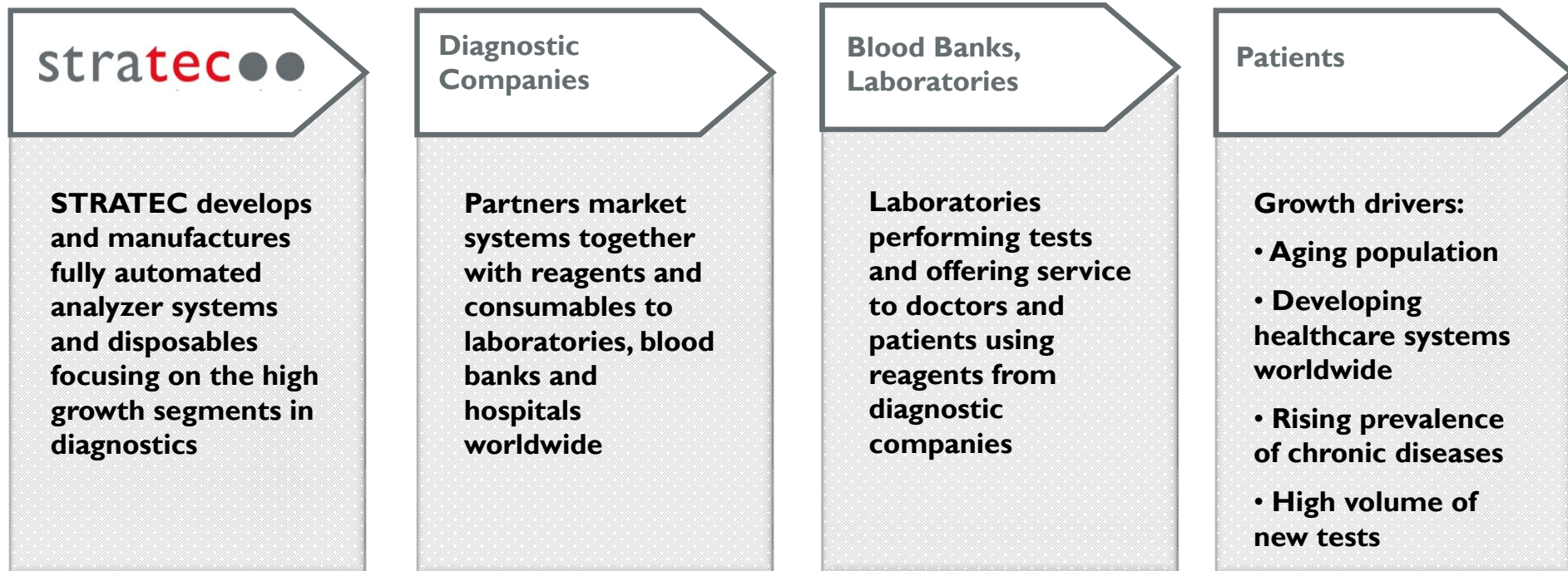
- Leading OEM player for automation solutions for the diagnostics industry and translational research
- Three decades of experience in highly regulated healthcare markets and growing technology pool
- Around 1.400 employees worldwide
 - Around 50% allocable to R&D
- Production sites in Germany (HQ), 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

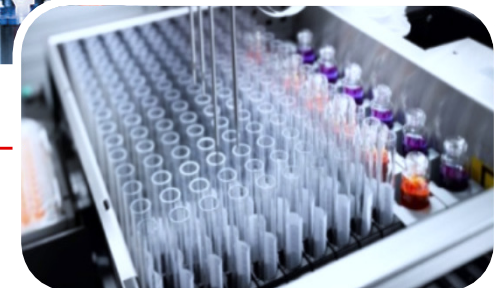
- OEM development and manufacturing
- More than 10,000 fully automated analyzer systems and modules manufactured annually
- Wide range of intellectual property rights

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

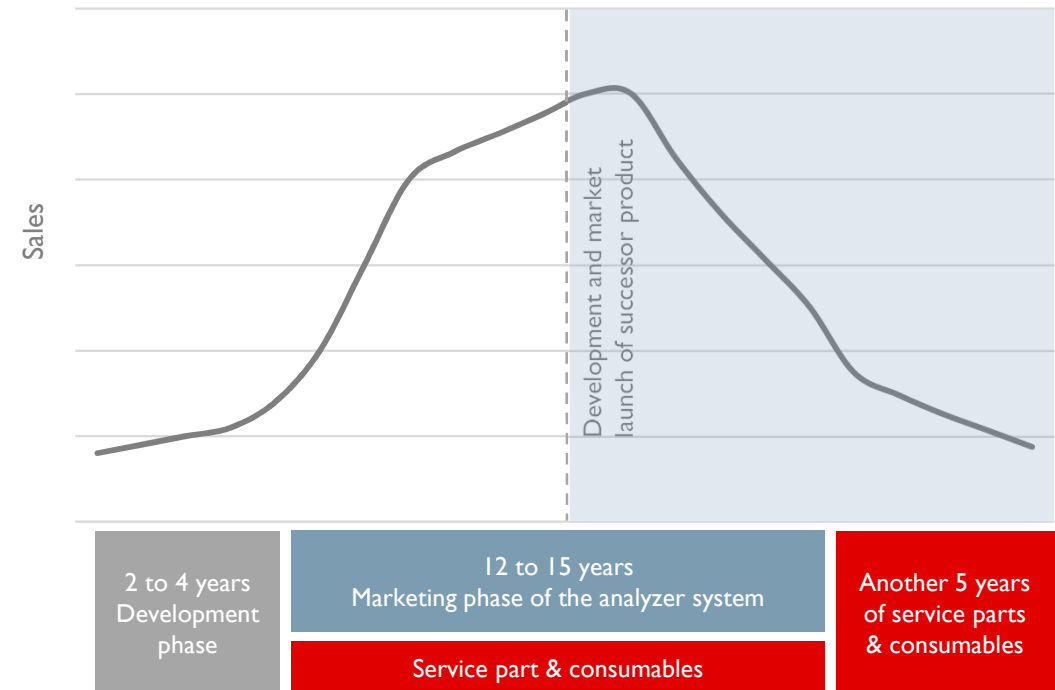
Minimum volume commitment

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

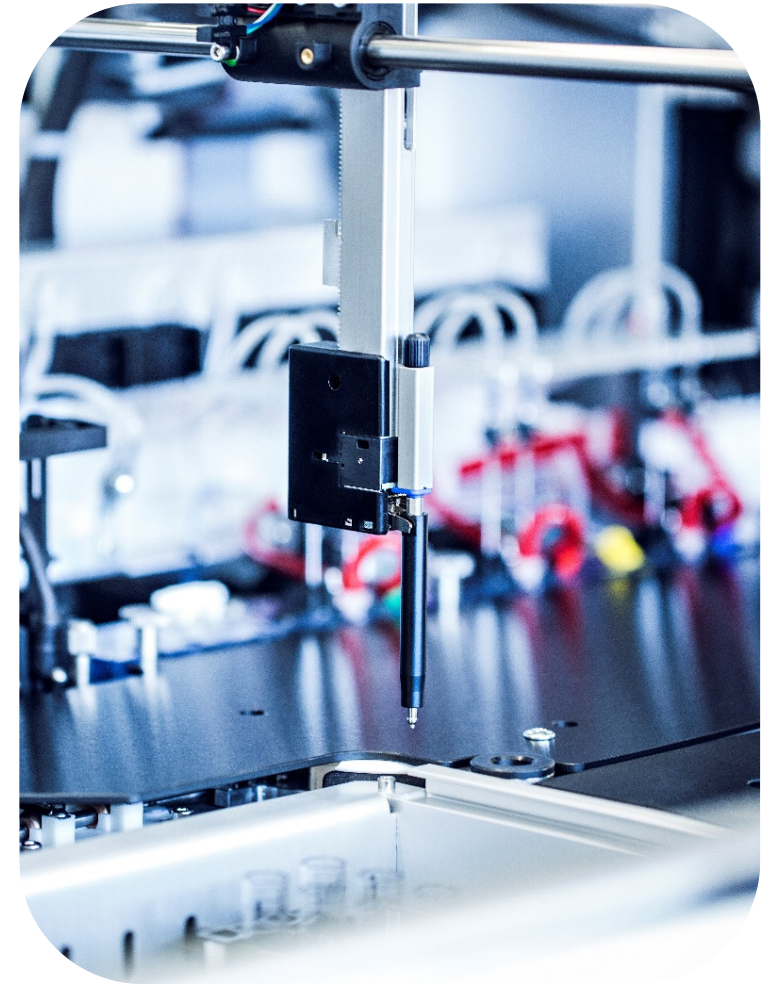
Reliable partnership

- 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



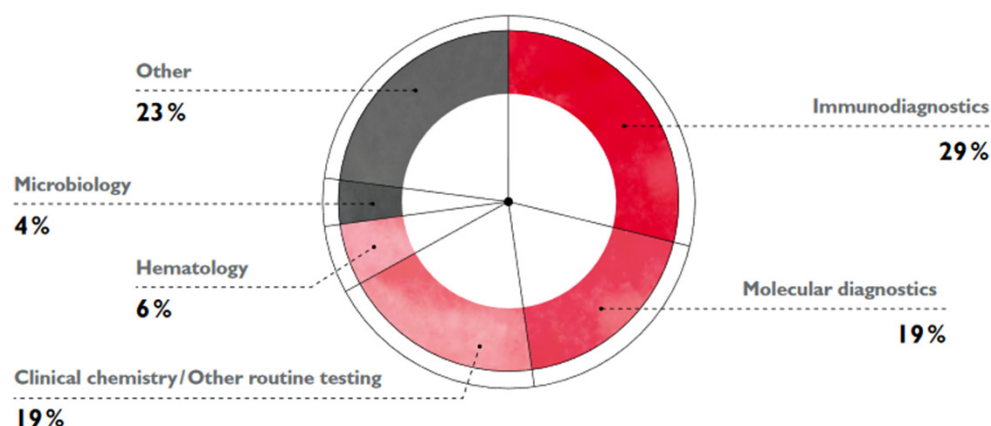
THE IVD MARKET



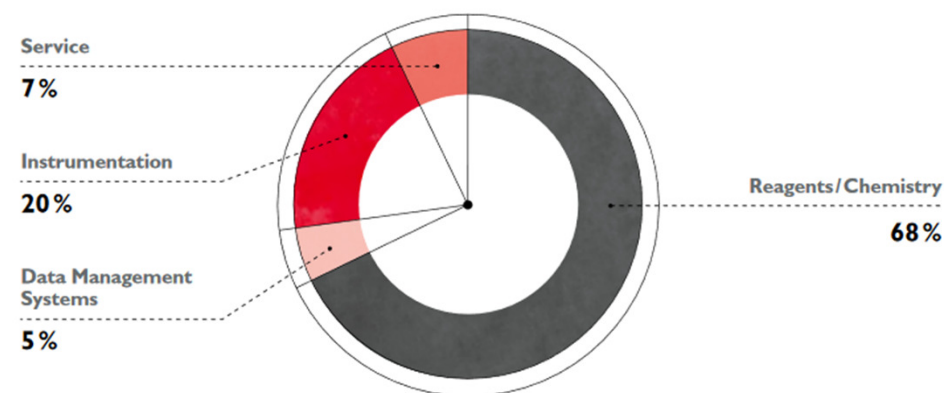
THE IVD MARKET

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

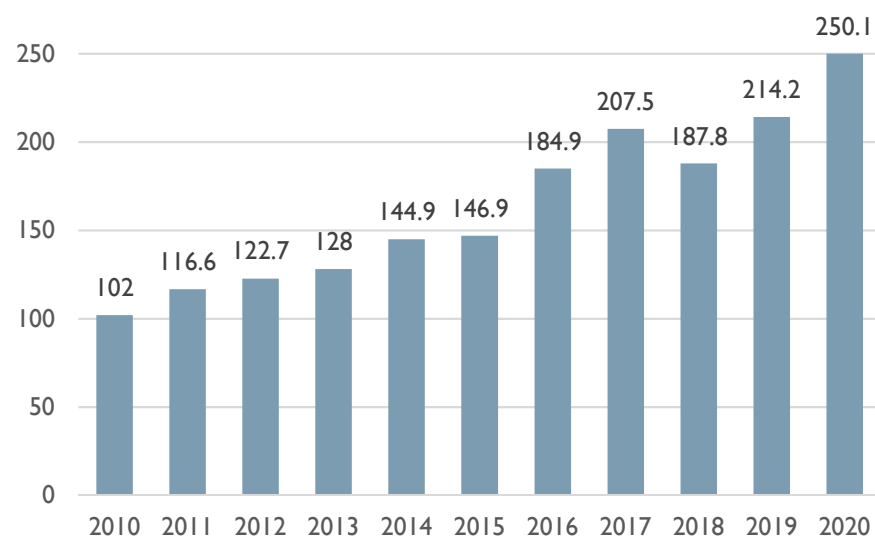


FINANCIALS

KEY FIGURES - TRACK RECORD

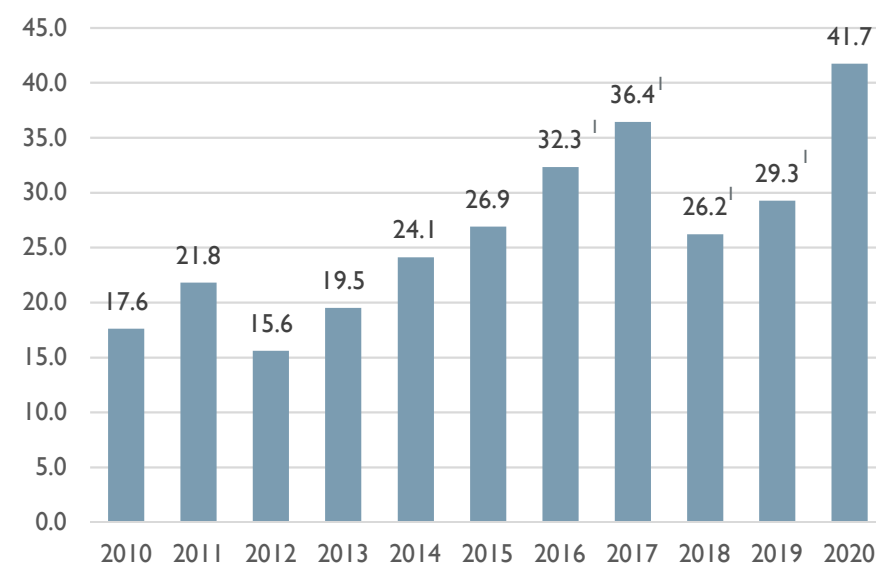
Sales in € million

CAGR ~9%



EBIT in € million

CAGR ~9%



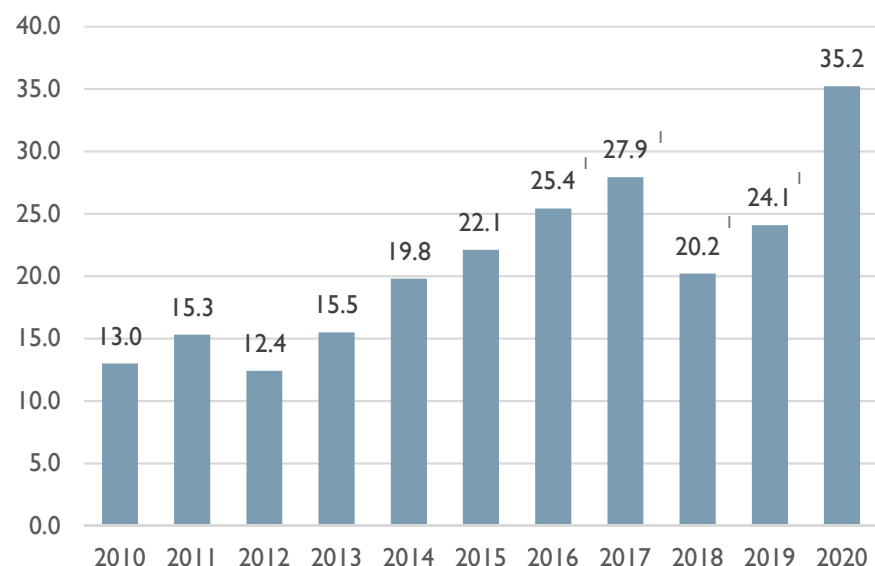
¹ Figures adjusted for comparison; adjusted for depreciation and amortization from purchase price allocation for acquisitions, related integration expenses and other extraordinary effects. Reconciliation to IFRS figures can be found in the respective annual report.

FINANCIALS

KEY FIGURES - TRACK RECORD

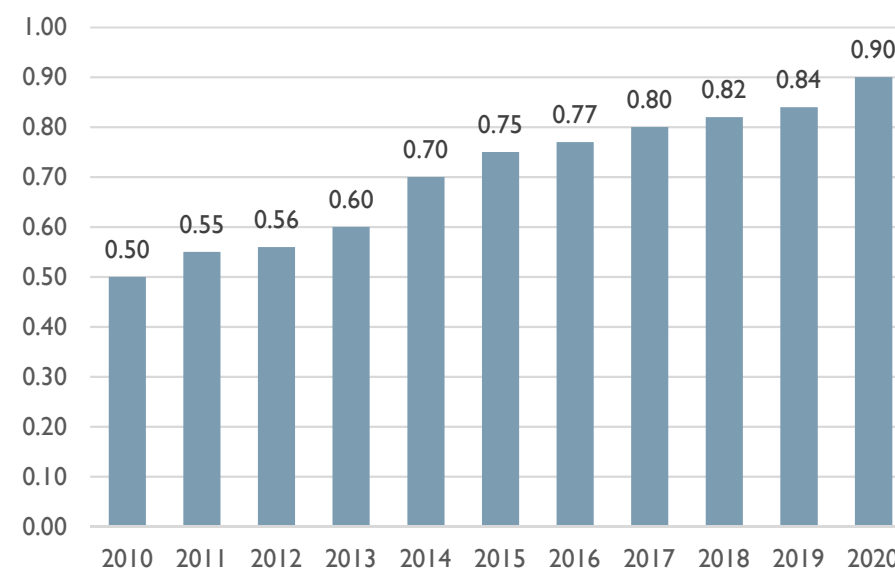
Net income in € million

CAGR ~10%



Dividend per share in €

CAGR ~6%



¹ 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

9M/2021 AT A GLANCE

- **Sales up by 29.5%** at constant exchange rates to **€ 225.4 million** (9M/2020: € 179.1 million)
 - **Organic yoy growth of 16.7% in Q3/2021** with **double digit growth rates** in **all three segments** (Instrumentation, Diatron and Smart Consumables)
- **Adjusted EBIT margin improvement of 590 basis points yoy to 21.6%**
- **Operating cash flow boosted by 167% yoy to € 50.5 million**
- **New market launches**, achieved **development milestones** and additional **agreements in Q3/2021**
 - **Smart consumable** launch for a North American partner addressing one of the fastest growing segments of clinical diagnostics
 - Agreement with another **partner** for proprietary **immunoassay platform KleeYa®** reached

FINANCIALS AT A GLANCE¹

€ 000s	9M/2021	9M/2020	Change	Q3/2021	Q3/2020	Change
Sales	225,420	179,082	+25.9%	69,655	59,715	+16.6%
EBITDA	57,665	35,821	+61.0%	17,391	12,284	+41.6%
EBITDA margin (%)	25.6	20.0	+560 bps	25.0	20.6	+440 bps
Adjusted EBIT	48,690	28,121	+73.1%	14,233	9,708	+46.6%
Adjusted EBIT margin (%)	21.6	15.7	+590 bps	20.4	16.3	+410 bps
Adjusted consolidated net income	40,563	23,765 ²	+70.7%	12,016	8,170 ²	+47.1%
Adjusted basic earnings per share (in €)	3.35	1.97 ²	+70.1%	0.99	0.67 ²	+47.8%
Basic earnings per share IFRS (in €)	3.00	1.55 ²	+93.5%	0.92	0.54 ²	+70.4%

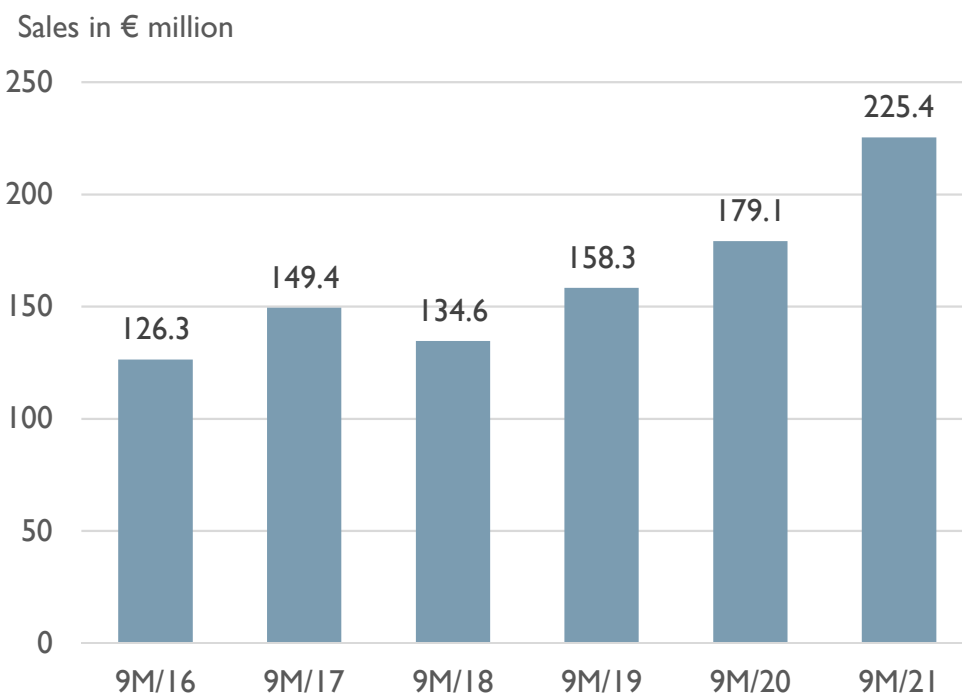
bps = basis points

¹ To facilitate comparison, adjusted figures exclude amortization resulting from acquisition-related purchase price allocations and an impairment recognized on a proprietary development project in the second quarter of 2021.

² Results from continuing operations.

FINANCIALS

SALES 9M/2021

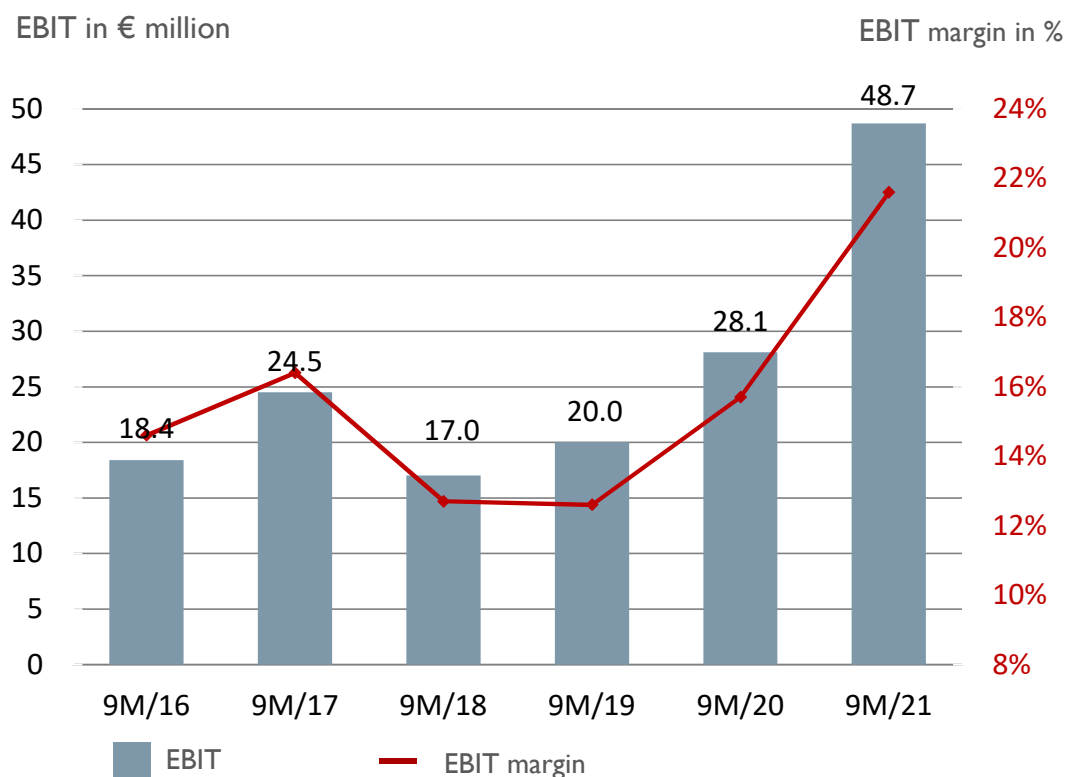


As of September 30

9M/2021 sales up 25.9% yoy to € 225.4 million
→ 29.5% at constant currency

- High demand for molecular diagnostics systems and recovery of routine testing applications
- Strong Service Parts and Consumables business (further growth acceleration in Q3/2021)
- Growth contribution of newly launched products

ADJUSTED EBIT AND EBIT MARGIN 9M/2021



9M/2021 adjusted EBIT up 73.1% yoy to € 48.7 million

9M/2021 adjusted EBIT margin at 21.6%

Margin expansion of 590 bps yoy

(+) Economies of scale

(+) Product/Sales mix

(+) Efficiency enhancements

(+) Lower burden from stock appreciation rights (SARs)

As of September 30

FINANCIALS

CASH FLOW AND NET DEBT 9M/2021

€ 000s	9M/2021	9M/2020	Change
Cash flow – operating activities	50,523	18,898	+167.3%
Cash flow – investment activities	-15,343	-15,041 ¹	n/a
Cash flow – financing activities	-26,952	1,549	n/a
Free cash flow	35,180	3,857	+812.1%

¹ Includes incoming payments of € 1.9 million from sale of companies previously consolidated

- Strong cash flow dynamics despite still elevated inventory needs
- Investment ratio¹ at 6.8% of sales versus 8.1% in 9M/2020
- Net debt / LTM EBITDA of 0.8x

€ 000s	9M/2021	FY/2020	Change
Cash and cash equivalents at end of period	45,638	37,561	+21.5%
Equity ratio (%)	54.3	52.0	+230 bps
Net debt	61,897	82,677	-25.1%

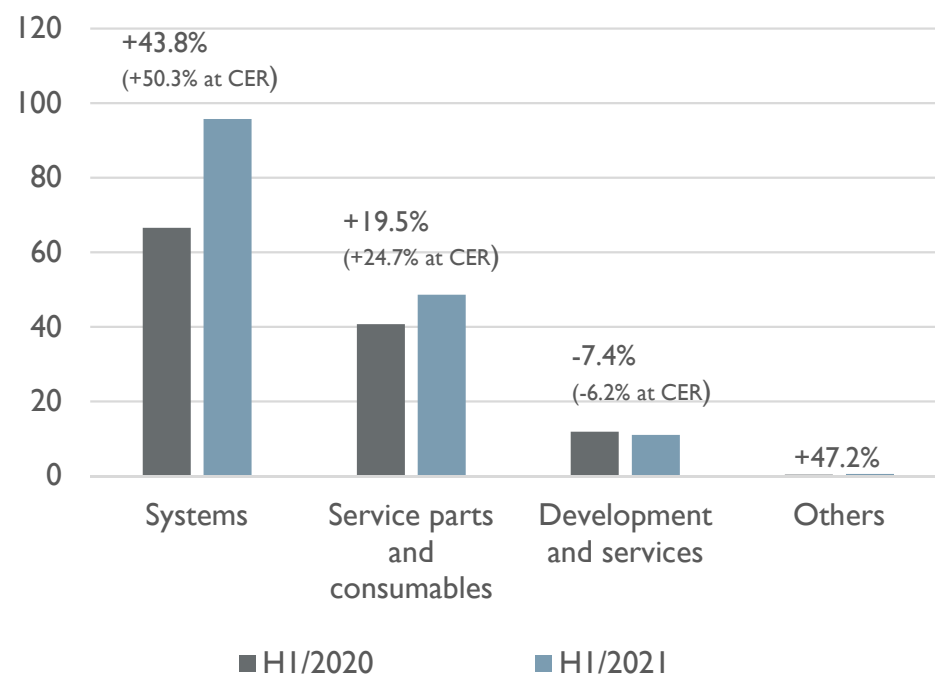
¹ Total investments in intangible and tangible assets in % of sales

LTM = Last twelve months

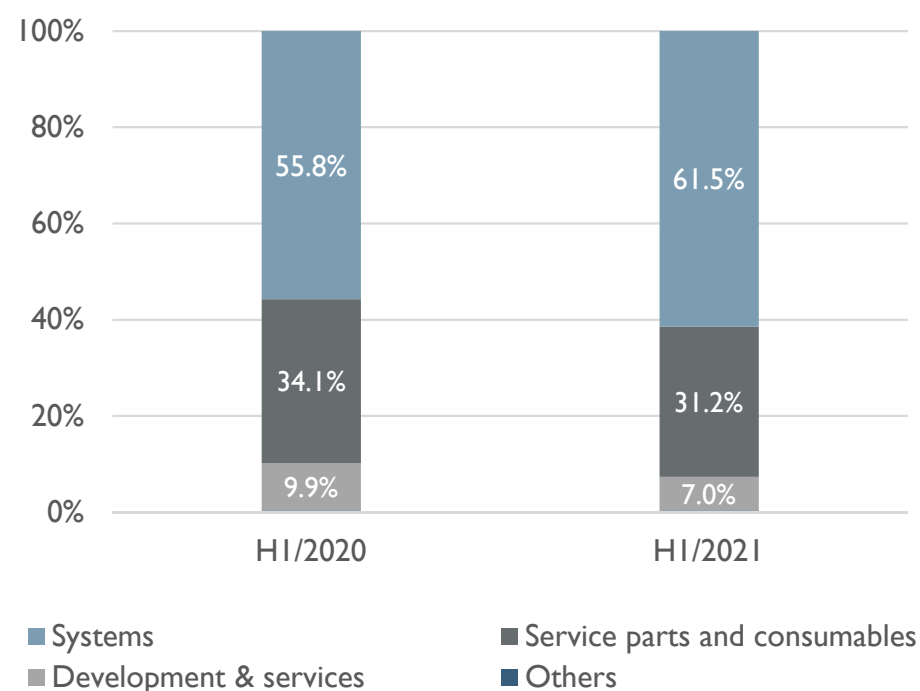
FINANCIALS

SALES BY OPERATING DIVISIONS HI/2021

Sales in € million



In % of total sales



CER = Constant exchange rates

As of June 30

FINANCIALS

SEGMENT PERFORMANCE HI/2021

Instrumentation

€ 000s	HI/2021	HI/2020	Change	At CER
Sales	109,873	84,551	+29.9%	+36.5%
Adj. EBIT	22,267	12,468	+78.6%	
Adj. EBIT margin	20.3%	14.7%	+560 bps	

- Strong growth with COVID-19-related product groups, new launches and pick up of immunohematology business

Smart Consumables

€ 000s	HI/2021	HI/2020	Change	At CER
Sales	10,686	6,715	+59.1%	+65.8%
Adjusted EBIT	1,274	-1,570	nm	
Adj. EBIT margin	11.9%	-23.4%	+3.530 bps	

- Transition from development revenues to end product sales

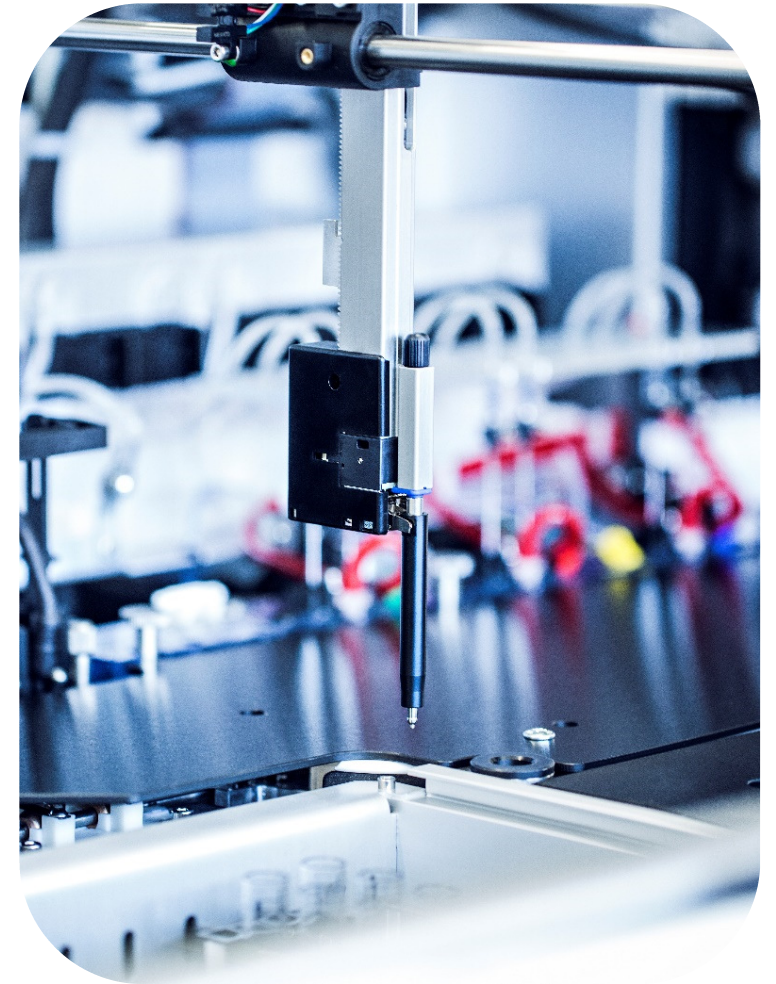
Diatron

€ 000s	HI/2021	HI/2020	Change	At CER
Sales	35,206	28,101	+25.3%	+27.3%
Adj. EBIT	10,916	7,515	+45.3%	
Adj. EBIT margin	31.0%	26.7%	+430 bps	

- Strong growth with molecular diagnostics products

CER = Constant exchange rates

OUTLOOK AND STRATEGY

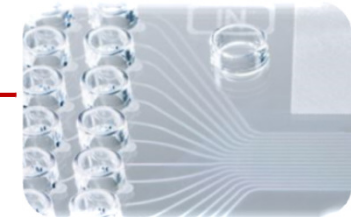
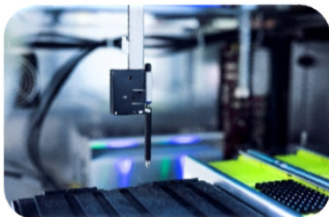


OUTLOOK AND STRATEGY

FINANCIAL GUIDANCE FOR FISCAL YEAR 2021¹

- Constant-currency sales growth of at least 16.0%
- Adjusted EBIT margin of around 19.0% to 20.0% (2020: 16.7%)
- Investments in tangible and intangible assets combined of around 6.0% to 8.0% of sales

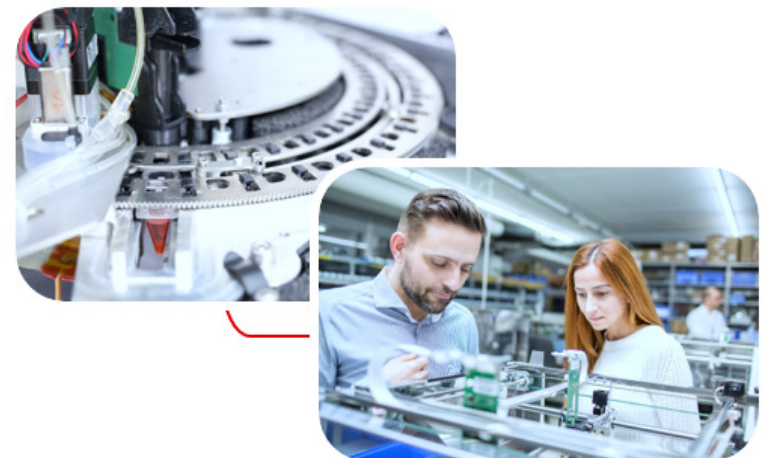
¹ In view of the COVID-19 pandemic, STRATEC continues to observe increased volatility in its customers' order behavior. Global supply chains also remain tense and subject to uncertainties. The above guidance therefore specifically includes risk discounts for both sales and product mixes in the fourth quarter of 2021, as well as for potential further increases in logistics costs.



OUTLOOK

FOCUS IN 2021 AND BEYOND

- Execute on current development pipeline and launch line-up
 - Expected launches over the next 12 months include two MDx solution families
- M&A remains part of the company's growth and diversification strategy
- Execute deal pipeline regarding new development and manufacturing agreements
 - Significant upward trend in the number and quality of incoming pipeline projects in recent months (catch up potential following distortions of pandemic)
- Manage transition to post-pandemic priorities
- Restore pre-pandemic efficiency levels throughout the company



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 significantly 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
- UN Global Compact signed in August 2021
 - Further alignment of strategies and operations to the Ten Principles of the UN Global Compact on human rights, labor, environment and anti-corruption

APPENDIX



APPENDIX

KEY FIGURES AT A GLANCE¹

IFRS (€ million)	2016	2017	2018	2019 ³	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 ²	25.3	28.9	20.2	24.1	35.2
Adjusted Earnings per share (€) ²	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

¹ 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.

² From continuing operations

³ 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	9M/2021	9M/2020
Adjusted EBIT	48,690	28,121
Adjustments:		
PPA amortization	-3,907	-6,071
Impairment	-1,049	0
EBIT	43,734	22,050

Consolidated net income

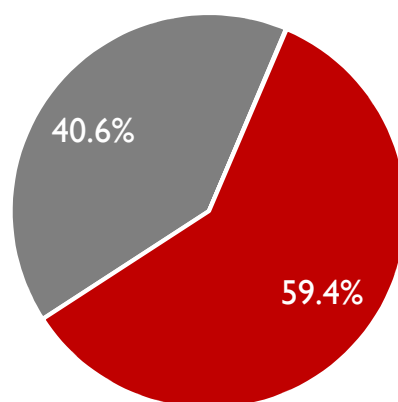
€ 000s	9M/2021	9M/2020 ¹
Adjusted consolidated net income	40,563	23,765
Adjusted earnings per share in € (basic)	3.35	1.97
Adjustments:		
PPA amortization	-3,907	-6,071
Impairment	-1,049	0
Taxes on income	741	946
Consolidated net income	36,348	18,640
Earnings per share in € (basic)	3.00	1.55

¹ Results from continuing operations

APPENDIX

SHAREHOLDER STRUCTURE

(AS OF: DECEMBER 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	12,127,995
Share price (12/20/2021)	€ 125.40
Market capitalization	€ 1.5 billion

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THANK YOU
FOR YOUR
ATTENTION