

# KEPLER CHEUVREUX DIGITAL DIAGNOSTICS DAY

November 22, 2022

A PERFECT MATCH IN  
**DIAGNOSTICS**

## 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, STRATEGY AND CSR

# 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 14,000 medium to high throughput systems
  - More than 30,000 low throughput systems
- Sales of € 287.3 million in 2021
  - CAGR sales since IPO in 1998: ~15%
- Dividend payments raised over 18 consecutive years

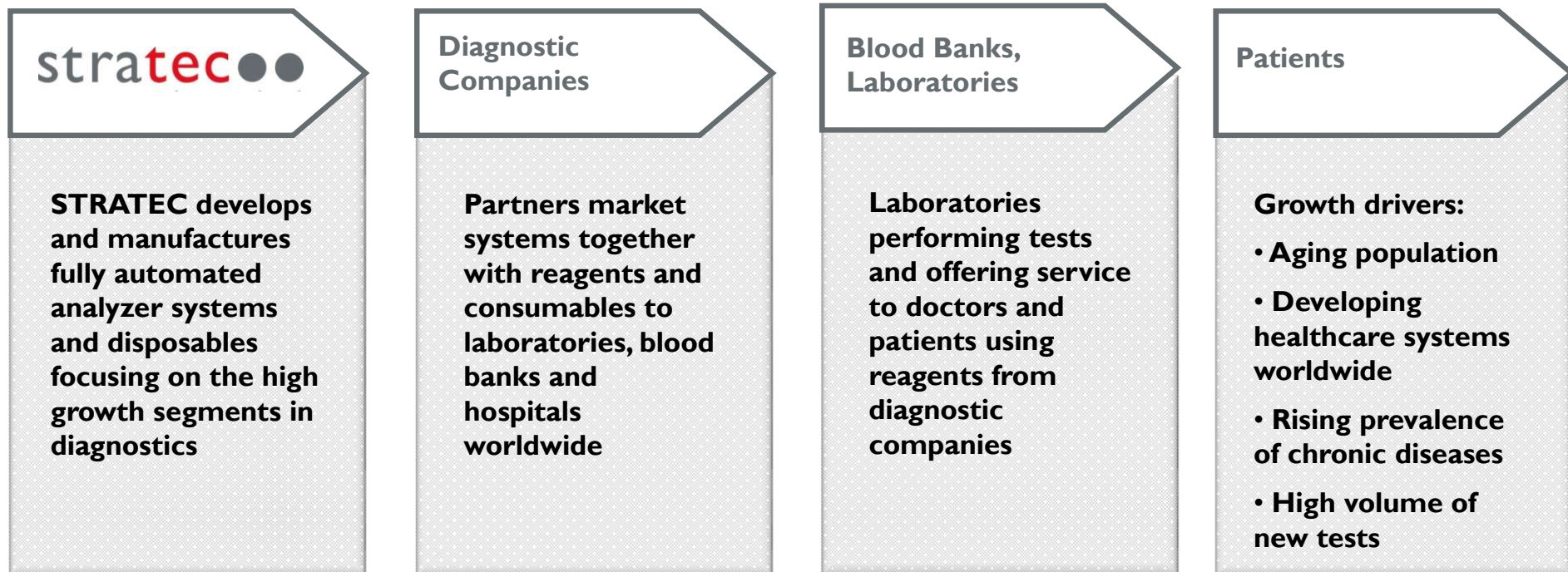
## SELECTED PRODUCTS





# 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

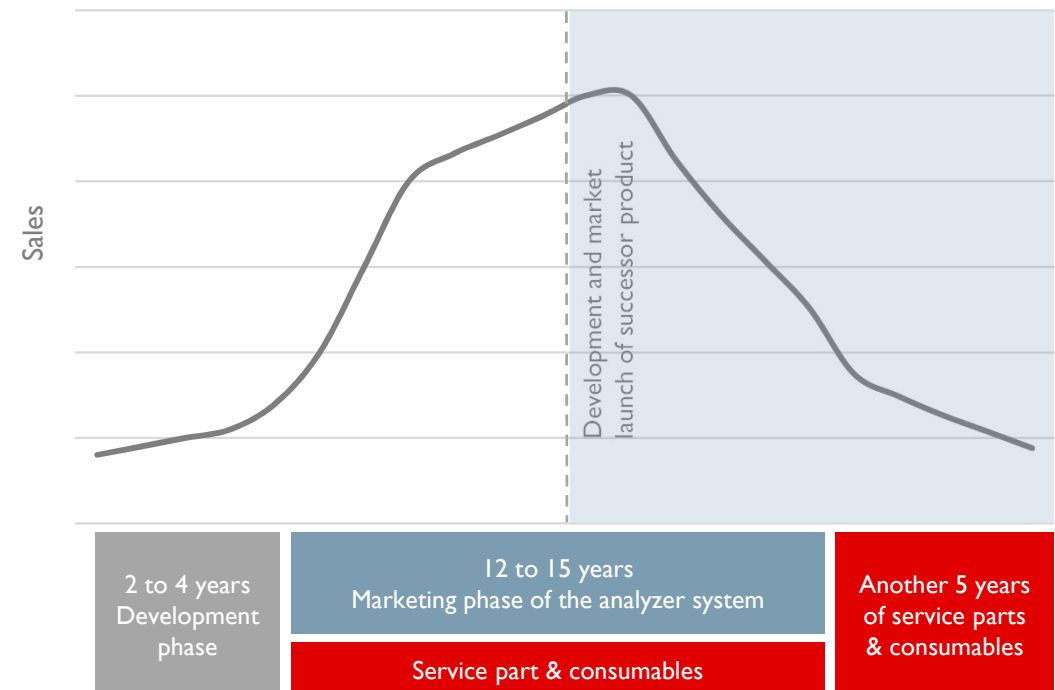
### Minimum volume commitment

- 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





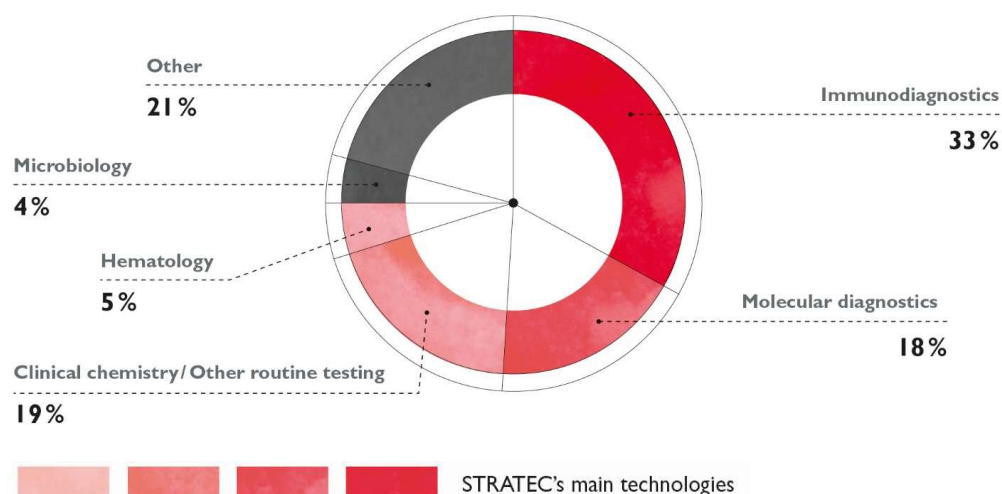
# THE IVD MARKET



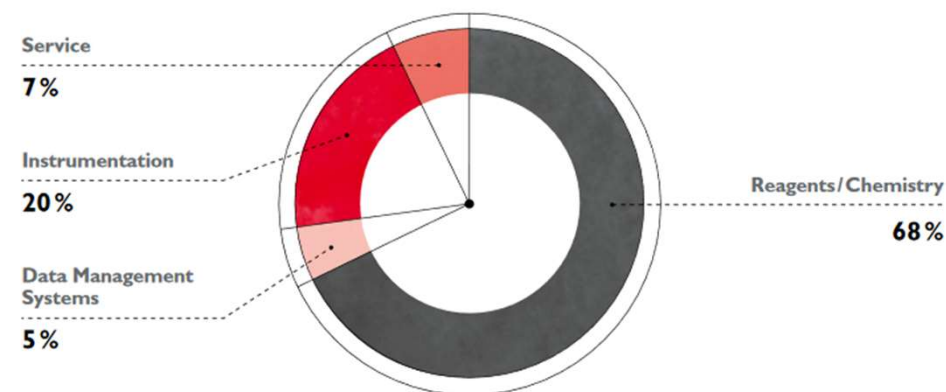
# THE IVD MARKET

## IVD MARKET SEGMENTS / IVD MARKET: ~100 BILLION USD IN 2021

IVD market by technologies



IVD market by product category



Total instrumentation market ~ 20 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 2021 (USD billion)
1.	Roche	19.0
2.	Abbott	15.6
3.	Danaher	9.8
4.	SIEMENS Healthineers	6.6
5.	Thermo Fisher	5.7
6.	BECTON DICKINSON	4.4
7.	HOLOGIC	3.5
8.	bioMérieux	3.2
9.	Sysmex	3.1
10.	PerkinElmer	2.9
11.	mindray	2.8
12.	Ortho Clinical Diagnostics	2.0
13.	illumina	1.8
14.	Exact Sciences	1.8
15.	QUIDEL	1.7
16.	BIO-RAD	1.5
17.	werfen	1.4
18.	Agilent	1.4
19.	DiaSorin	1.3
20.	Seegene	1.1

... AND OTHER  
GAME-CHANGING  
COMPANIES

Quanterix™

 Cytovale

- STRATEC customer
- Not a STRATEC customer

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

# FINANCIALS

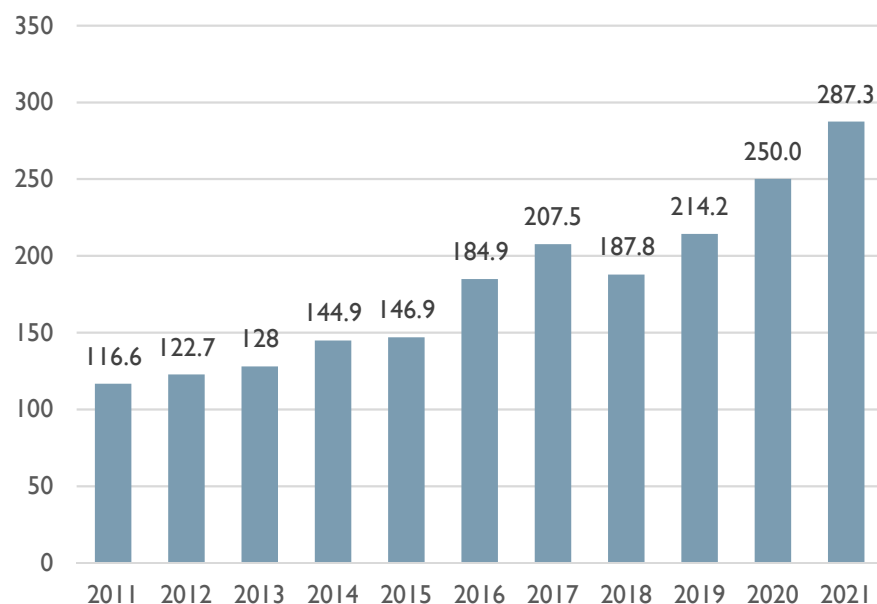


# FINANCIALS

## KEY FIGURES - TRACK RECORD

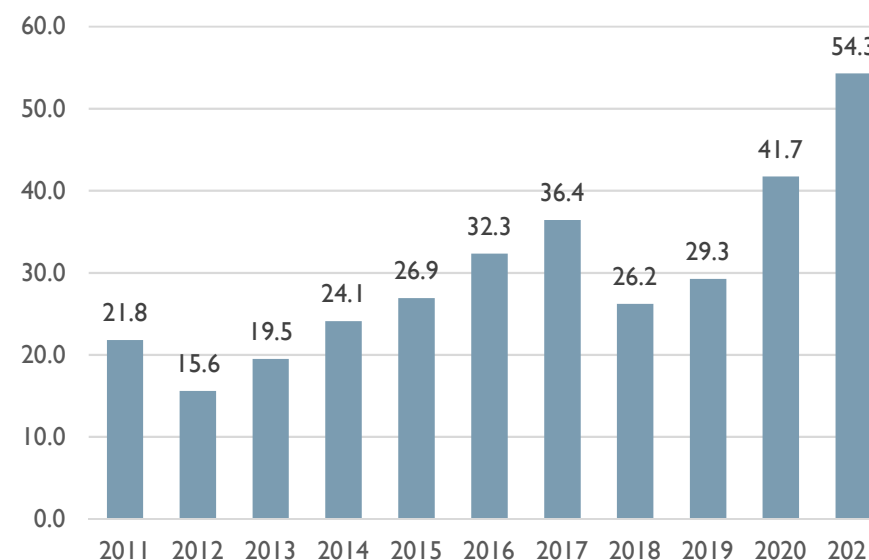
### Sales in € million

**CAGR ~9%**



### Adjusted EBIT in € million<sup>1</sup>

**CAGR ~10%**



<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.

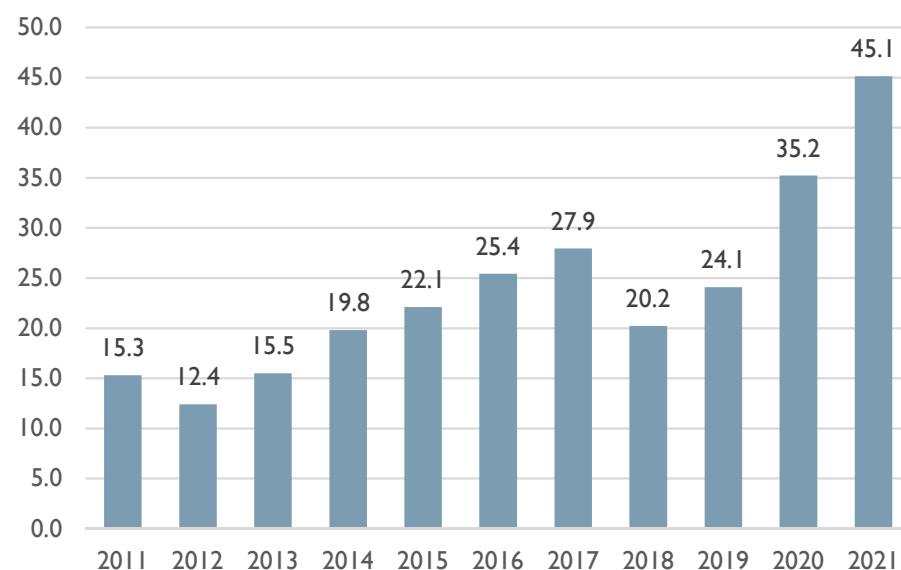


# FINANCIALS

## KEY FIGURES - TRACK RECORD

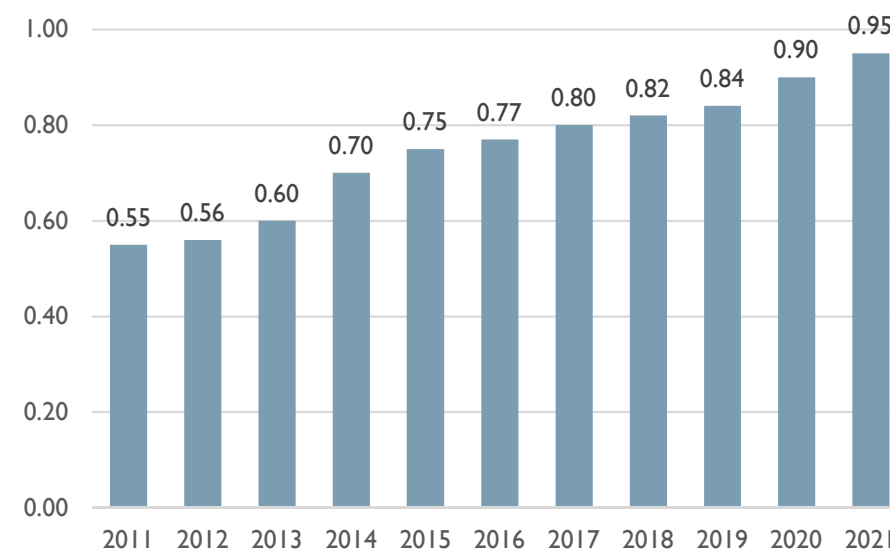
### Adjusted net income in € million<sup>1</sup>

**CAGR ~11%**



### 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

## 9M/2022 AT A GLANCE

- **Sales -11.7%** at constant exchange rates to **€ 207.7 million** due to tough prior year **base of comparison** and **delivery backlogs** as result of **tense supply chain** (particularly for electronics components)
- **Adjusted EBIT** margin **with 18.3%** (9M/2021: 21.6%) at the **upper end** of guided full year **target corridor**
- **Significant progress** within well-filled **development pipeline** and several **promising negotiations** in regard to new projects
  - **New hematology system** launched by **Diatron** addressing the need of **decentralized testing** environments
  - **Successful market launch** of a next generation **MDx system** solution for one on the market leaders
- **Number of employees up by 3.1%** year-over-year to **1,449**



## FINANCIALS AT A GLANCE 9M/2022<sup>1</sup>

€ 000s	9M/2022	9M/2021	Change	Q3/2022	Q3/2021	Change
Sales	207,654	225,420	-7.9%	70,461	69,655	+1.2%
EBITDA	48,095	57,665	-16.6%	20,254	17,391	+16.5%
EBITDA margin (%)	23.2	25.6	-240 bps	28.7	25.0	+370 bps
Adjusted EBIT	38,067	48,690	-21.8%	16,889	14,233	+18.7%
Adjusted EBIT margin (%)	18.3	21.6	-330 bps	24.0	20.4	+360 bps
Adjusted consolidated net income	29,549	40,563	-27.2%	12,870	12,016	+7.1%
Adjusted basic earnings per share (in €)	2.44	3.35	-27.2%	1.06	0.99	+7.1%
Basic earnings per share IFRS (in €)	2.04	3.00	-32.0%	1.00	0.92	+8.7%

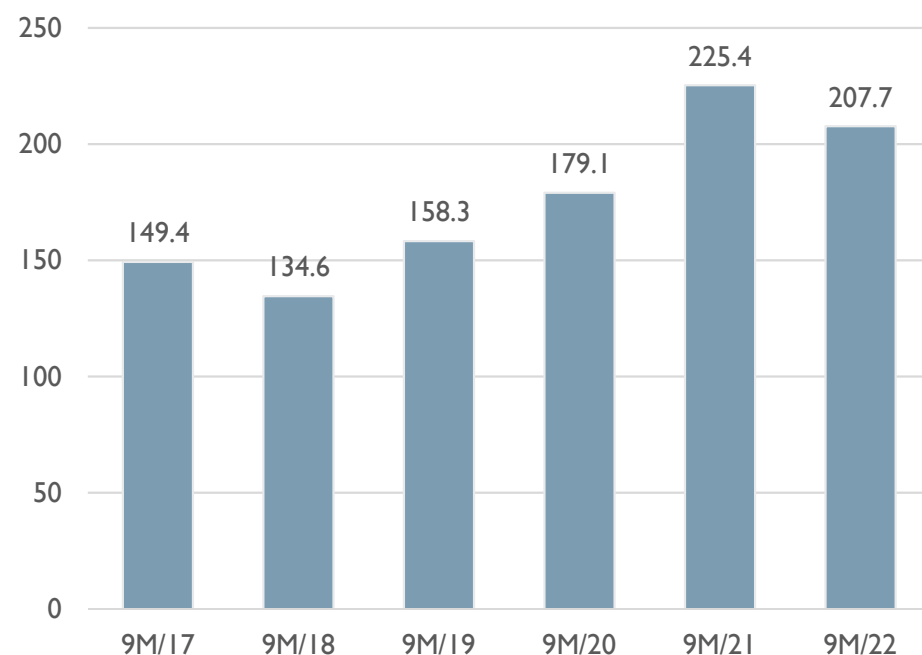
bps = basis points

<sup>1</sup> To facilitate comparison, the figures have been adjusted to exclude amortization from acquisition-related purchase price allocations and a tax provision recognized for expected tax back payments (including interest payments). In the previous year, the figures were also adjusted to exclude an impairment recognized on a proprietary development project in the Diatron segment.

# FINANCIALS

## SALES 9M/2022

Sales in € million



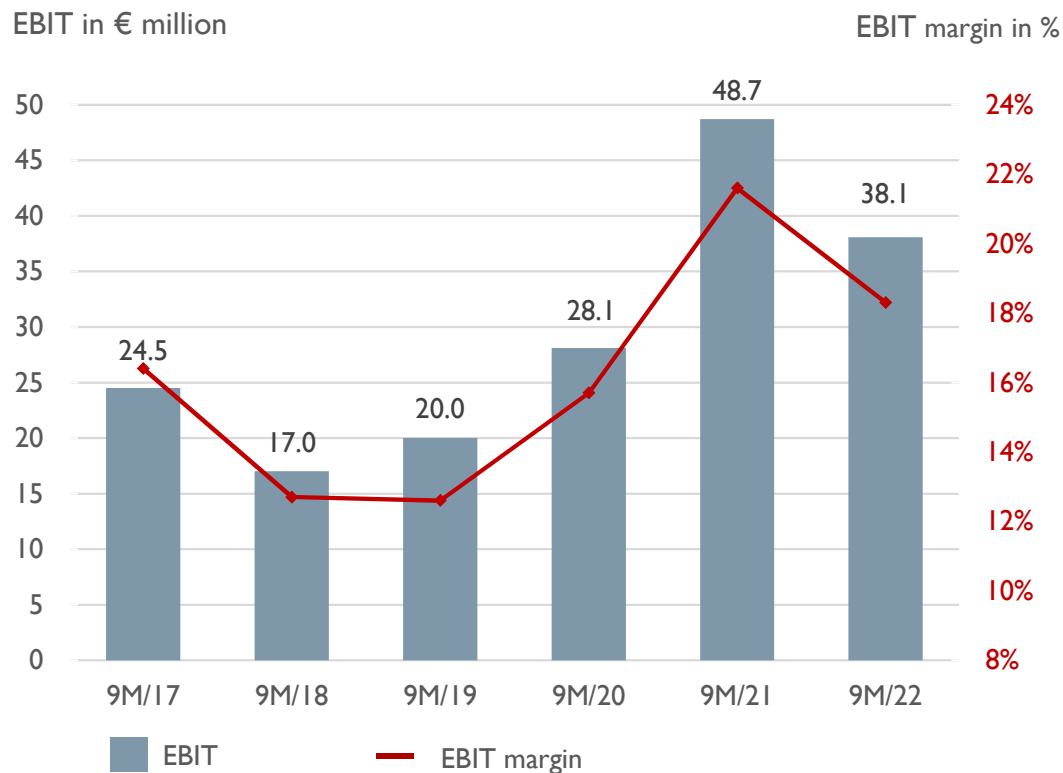
As of September 30

Sales in 9M/2022 -7.9% to € 207.7 million

→ -11.7% at constant currency

- (-) High prior year base of comparison (pandemic-related)
- (-) Tense supply chain and significant delivery backlogs
- (+) Strong growth with development and service sales

## ADJUSTED EBIT AND EBIT MARGIN 9M/2022



As of September 30

9M/2022 adjusted EBIT down by 21.8% yoy to € 38.1 million

9M/2022 adjusted EBIT margin at 18.3%  
→ at upper end of full year target corridor

Margin decline of 330 bps yoy

- (-) Negative economies of scale
- (-) Normalization of product mix
- (-) Increased input costs and supply chain inefficiencies
- (+) High earnings contribution from recognized development services

# FINANCIALS

## CASH FLOW AND NET DEBT 9M/2022

€ 000s	9M/2022	9M/2021	Change
Cash flow – operating activities	22,285	50,523	-55.9%
Cash flow – investment activities	-16,921	-15,343	n/a
Cash flow – financing activities	-16,938	-26,952	n/a
Free cash flow	5,364	35,180	-84.8%

€ 000s	9M/2022	FY/2021	Change
Cash	34,400	47,184	-27,1%
Equity ratio (%)	53.8	55.8	-200 bps
Net debt	69,792	52,443	+33,1%

- Operating cash flow burdened by higher inventory needs related to supply chain issues
- Cash flow from investment activities includes € 4.8 million outflow for short-term deposits
- Investment ratio<sup>1</sup> at 5.8% of sales versus 6.8% in 9M/2021 → slightly below full year target corridor of 6.0% to 8.0%
- Net debt / LTM EBITDA of 1.2x

<sup>1</sup> Total investments in intangible and tangible assets in % of sales

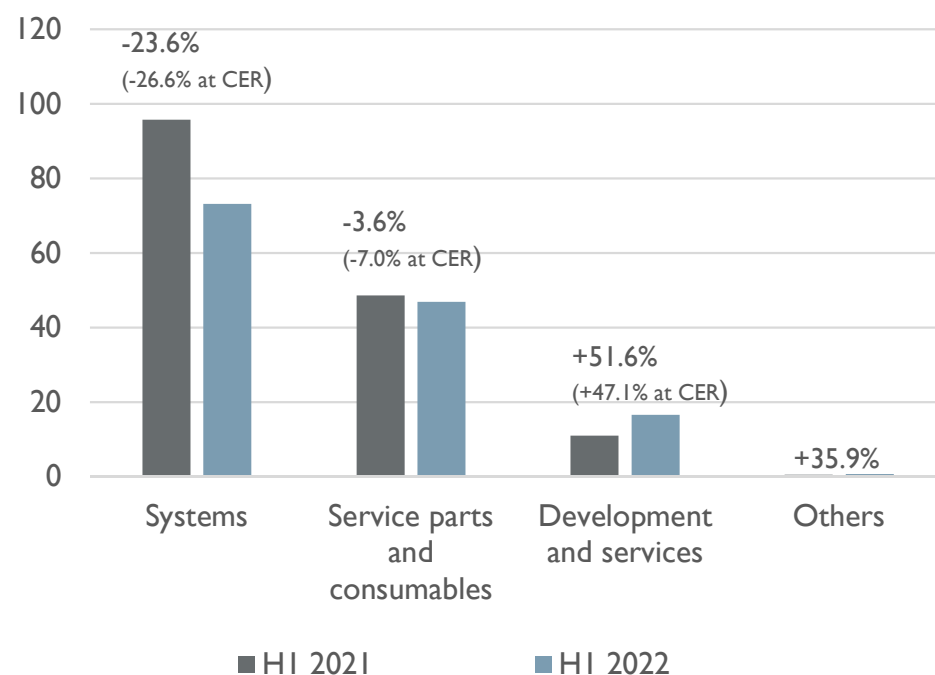
LTM = Last twelve months



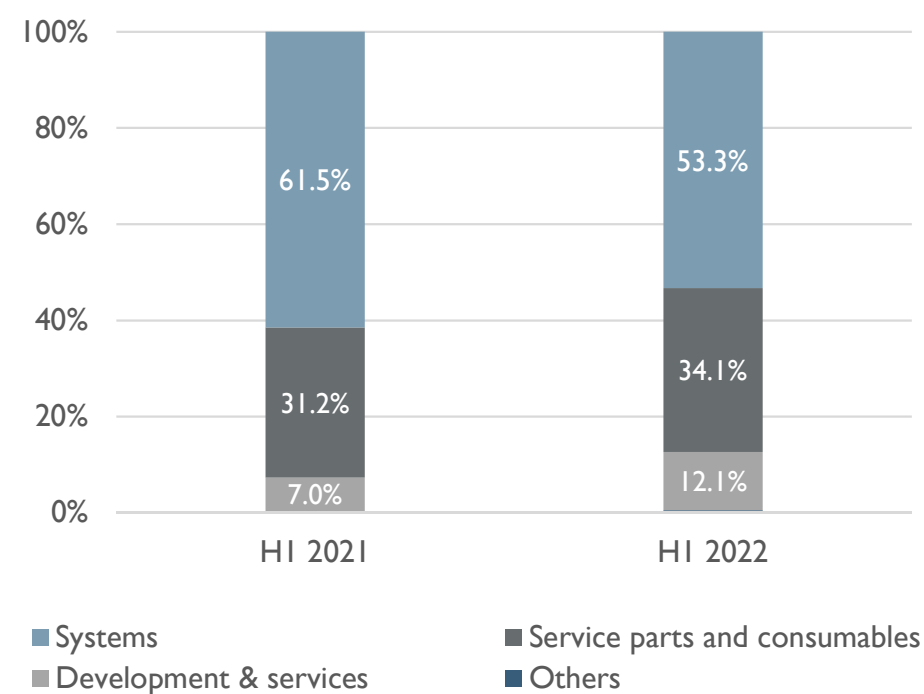
# FINANCIALS

## SALES BY OPERATING DIVISIONS HI/2022

Sales in € million



In % of total sales



CER = Constant exchange rates

As of June 30

# FINANCIALS

## SEGMENT PERFORMANCE HI/2022

### Instrumentation

€ 000s	HI/2022	HI/2021	Change	At CER
Sales	100,423	109,873	-8.6%	-12.3%
Adj. EBIT	12,625	22,267	-43.3%	
Adj. EBIT margin	12.6%	20.3%	-770 bps	

- Expected declines in COVID-19-related product groups but strong immunohematology business; significant delivery backlogs; postponed recognition of development sales

### Smart Consumables

€ 000s	HI/2022	HI/2021	Change	At CER
Sales	10,551	10,686	-1.3%	-4.9%
Adjusted EBIT	1,189	1,274	-6.7%	
Adj. EBIT margin	11.3%	11.9%	-60 bps	

- Strong prior year base of comparison (timing of orders)

### Diatron

€ 000s	HI/2022	HI/2021	Change	At CER
Sales	26,219	35,206	-25.5%	-27.3%
Adj. EBIT	7,364	10,916	-32.5%	
Adj. EBIT margin	28.1%	31.0%	-290 bps	

- Expected declines in COVID-19-related product groups but strong veterinary diagnostics business

CER = Constant exchange rates

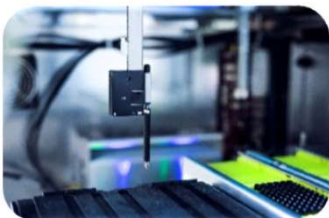
# OUTLOOK, STRATEGY AND CSR



# OUTLOOK AND STRATEGY

## GUIDANCE FOR FISCAL YEAR 2022

- Constant-currency sales to decrease by around 5.0% to 8.0% in the 2022 financial year (nominal sales reduction of 1.0% to 4.0%)
  - High prior year base of comparison (pandemic-related)
  - Tense supply chain and significant delivery backlogs
- Adjusted EBIT margin of around 16.5% to 18.5% (2021: 18.9%)
- Investments in tangible and intangible assets combined of around 6.0% to 8.0% of sales (2021: 7.0%)



# OUTLOOK AND STRATEGY

## FOCUS IN 2022 AND BEYOND

- Address supply chain issues and clear delivery backlogs
- Execute on current development pipeline and launch line-up
- Execute deal pipeline regarding new development and manufacturing agreements
- Realize tailwinds from stricter EU regulations (e.g. utilize competitive edge versus non-IVDR-compliant competitive set-ups)
- Implement measures to limit input cost inflation
- M&A remains part of the company's growth and diversification strategy
- Manage additional personnel requirements in view of a well-filled project pipeline



# 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)



# CORPORATE SOCIAL RESPONSIBILITY

## QUALITY MANAGEMENT

### Highest quality standards

- Established high-performance, certified quality management system
- Ensuring consistently high product quality
- Strong audit track record (regarding inspections by customers and regulatory authorities)



## ENVIRONMENTAL RESPONSIBILITY

### Combat climate change

- Greenhouse gas reduction target<sup>1</sup> in-line with Paris agreement
- **STRATEC reduced its total Scope 1 and 2 emissions by 63% since 2019**
- Unavoidable Scope 1 and 2 emissions fully compensated by certified emission reduction projects



## SOCIAL RESPONSIBILITY

### Secure diverse and inclusive work environment

- Strong policies and measures to promote an open, tolerant and discrimination-free corporate culture
- Extensive occupational health/safety policies and programs



**Participant of the UN Global Compact:** Further alignment of strategies and operations to the Ten Principles of the UN Global Compact on human rights, labor, environment and anti-corruption / SDGs

# APPENDIX



# APPENDIX

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

IFRS (€ million)	2017	2018	2019	2020	2021
Sales	207.5	187.8	214.2	250.1	287.3
Adjusted EBIT	36.4	26.2	29.3	41.7	54.3
Adjusted EBIT margin (%)	17.5	13.9	13.7	16.7	18.9
Adjusted Consolidated net income	28.9	20.2	24.1	35.2	45.1
Adjusted Earnings per share (€)	2.43	1.70	2.01	2.92	3.73
Dividend per share (€)	0.80	0.82	0.84	0.90	0.95
No. of employees	1,086	1,228	1,302	1,319	1,398
Total assets	264	275	299	332	369
Equity ratio (%)	59.8	55.3	53.1	52.0	55.8
Free cash flow	14.4	1.2	-6.4	10.0	43.3

<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.

# APPENDIX

## ADJUSTMENTS 9M/2022

### EBIT

€ 000s	9M/2022	9M/2021
<b>Adjusted EBIT</b>	<b>38,067</b>	<b>48,690</b>
<b>Adjustments:</b>		
PPA amortization	-2,627	-3,907
Impairment	0	-1,049
<b>EBIT</b>	<b>35,440</b>	<b>43,734</b>

### Consolidated net income

€ 000s	9M/2022	9M/2021
<b>Adjusted consolidated net income</b>	<b>29,549</b>	<b>40,563</b>
<b>Adjusted earnings per share in € (basic)</b>	<b>2.44</b>	<b>3.35</b>
<b>Adjustments:</b>		
PPA amortization	-2,627	-3,907
Impairment	0	-1,049
Taxes on income	-2,020	741
Interest expenses	-183	0
<b>Consolidated net income</b>	<b>24,719</b>	<b>36,348</b>
<b>Earnings per share in € (basic)</b>	<b>2.04</b>	<b>3.00</b>

# APPENDIX

## ADJUSTMENTS FY 2021

### EBIT

€ 000s	FY 2021	FY 2020
<b>Adjusted EBIT</b>	<b>54,273</b>	<b>41,713</b>
<b>Adjustments:</b>		
PPA amortization	-4,874	-8,036
Impairment	-1,047	0
Other	-175	0
<b>EBIT</b>	<b>48,177</b>	<b>33,677</b>

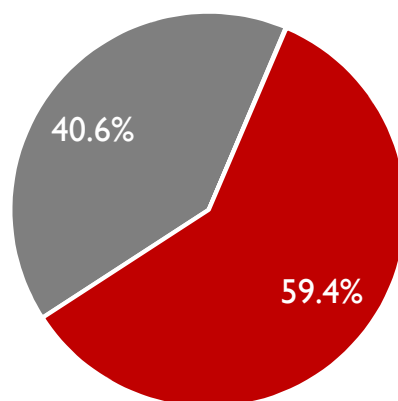
### Consolidated net income

€ 000s	FY 2021	FY 2020
<b>Adjusted consolidated net income</b>	<b>45,122</b>	<b>35,218</b>
<b>Adjusted earnings per share in € (basic)</b>	<b>3.73</b>	<b>2.92</b>
<b>Adjustments:</b>		
PPA amortization	-4,874	-8,036
Impairment	-1,047	0
Other	-175	0
Taxes	932	1,253
<b>Consolidated net income</b>	<b>39,958</b>	<b>28,435</b>
<b>Earnings per share in € (basic)</b>	<b>3.30</b>	<b>2.36</b>

## APPENDIX

# SHAREHOLDER STRUCTURE

(AS OF: DECEMBER 2021)



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

■ Free float

**Institutional investors > 3%:**

Ameriprise Financial  
Brown Capital Management  
Invesco  
Juno Investment Partners

## SHARE

IPO	Aug. 1998
Number of shares	12,131,495
Share price (11/18/2022)	€ 89.00
Market capitalization	€ 1.1 billion



## CONTACT

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THANK YOU  
FOR YOUR  
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