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# STRATEC HI/2023 FINANCIAL RESULTS

Birkenfeld, 2023-08-09

## 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. HI/2023 HIGHLIGHTS
2. FINANCIAL REVIEW
3. OUTLOOK
4. Q&A
5. APPENDIX

# HI/2023 HIGHLIGHTS

## HI/2023 AT A GLANCE

- **Sales HI/2023 -9.1%** at constant-currency mainly due to **pandemic-related high basis of comparison** (omicron wave in Q1/2022)
  - **Improved sales dynamics in Q2/2023** (sales **+5.0%** at constant-currency); initial normalization of basis of comparison and **ramp-up of newly launched systems**
- **Initiation of earnings improvement** program; **good progress** made in **Q2/2023** to achieve expected earnings **improvement potential of € 10.0 million to 15.0 million in 2024**
- Acquisition of **Natech Plastics** – expansion of high-value **consumables portfolio** and strengthening of North American **market position** with **local manufacturing** site
- Significant expanded version of a **system for flow cytometry** was **launched** for a North American customer in Q2/2023

# HI/2023 HIGHLIGHTS

## ACQUISITION OF NATECH PLASTICS, INC.

### Rationale

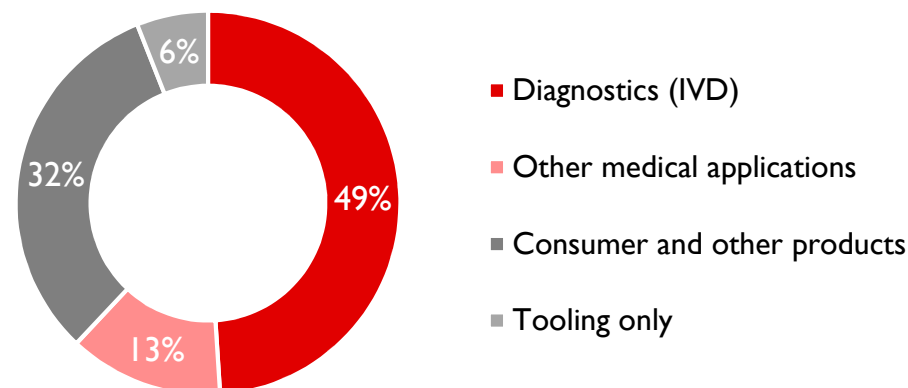
- Provider of smart polymer-based consumables focused on medical applications (based in Ronkonkoma, NY, USA)
- Addition of local production site (clean room manufacturing) set to further strengthen position in the US market
- Diversification due to high share of recurring sales, extended customer base and complementary target markets
- Synergies with exiting smart consumable business

### Financials

- Transaction value of around USD 30.0 million, plus a variable component (earn-out)
- Closed as of July 1<sup>st</sup>, 2023
- Sales of USD 16.3 million in 2022 with double digit growth in each of the past three years
- Transaction multiple: EV /sales of ~2x
- Neutral to slightly positive impact on adjusted earnings per share in 2024



Sales End Markets (2022e)



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# FINANCIAL REVIEW

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

€ 000s	HI/2023	HI/2022	Change	Q2/2023	Q2/2022	Change
Sales	125,006	137,193	-8.9%	64,528	61,806	+4,4%
Adjusted EBITDA	13,897	27,841	-50.1%	6,605	9,382	-29,6%
Adjusted EBITDA margin (%)	11.1	20.3	-920 bps	10.2	15.2	-500 bps
Adjusted EBIT	6,965	21,178	-67.1%	3,149	6,141	-48,7%
Adjusted EBIT margin (%)	5.6	15.4	-980 bps	4.9	9.9	-500 bps
Adjusted consolidated net income	4,060	16,679	-75.7%	1,927	4,731	-59,3%
Adjusted basic earnings per share (in €)	0.33	1.38	-76.1%	0.15	0.39	-61,5%
Basic earnings per share IFRS (in €)	0.20	1.04	-80.8%	0.09	0.12	-25,0%

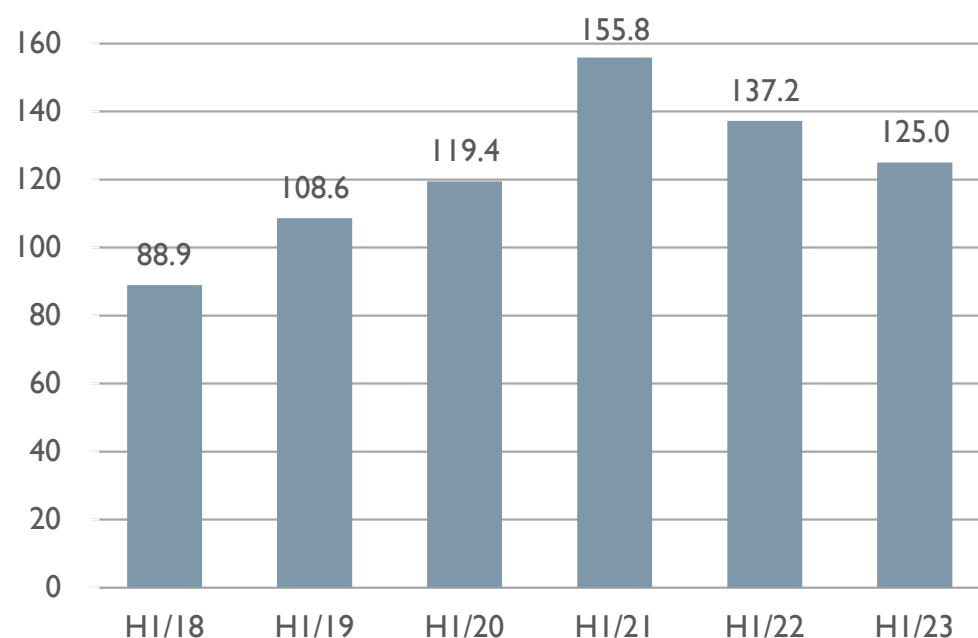
Adj. = adjusted / bps = basis points

<sup>1</sup> For comparison purposes, adjusted figures have been adjusted to exclude amortization resulting from purchase price allocations in the context of acquisitions and other non-recurring items (advisory expenses relating to M&A activities and one-off personnel expenses). In the previous year, the figures were additionally adjusted to exclude a provision for expected back payments of tax (including interest payments).

# FINANCIAL REVIEW

## SALES HI/2023

Sales in € million



As of June 30

HI/2023 down by 8.9% yoy to € 125.0 million  
→ -9.1% at constant currency

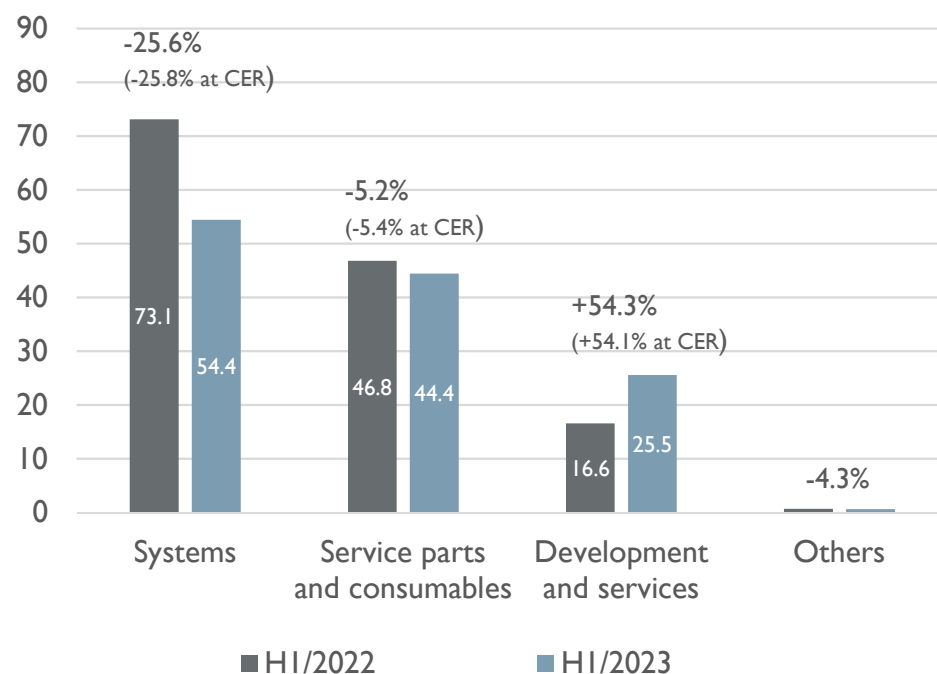
- (-) Lower pandemic-related demand for molecular diagnostics solutions (including service parts)
- (-) Lower sales with veterinary diagnostics products
- (-) Increased efforts by customers to optimize their inventory levels
- (+) Higher development and services sales
- (+) Rising call-up figures for newly launched systems



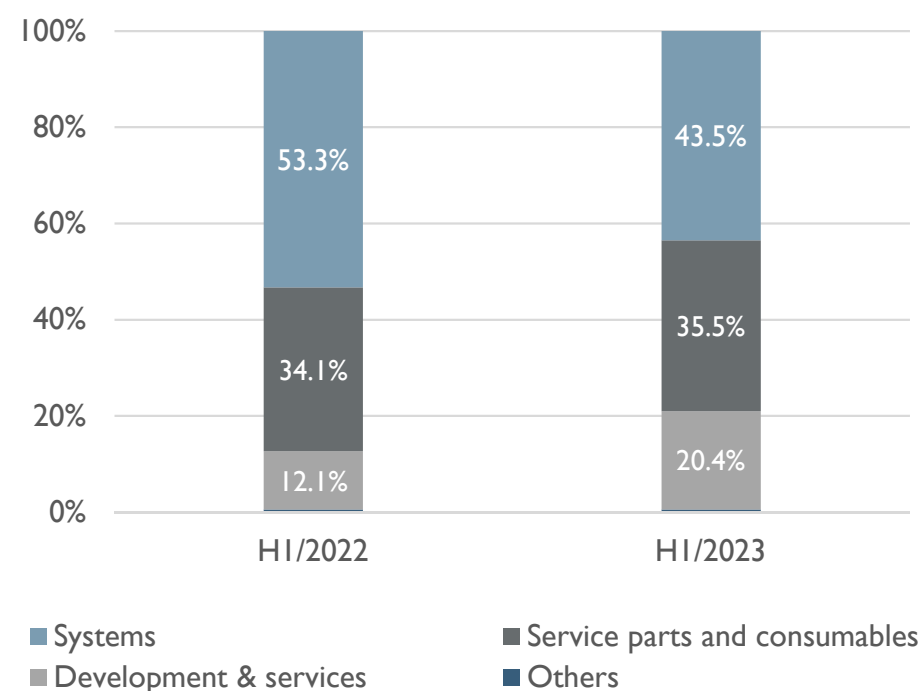
# FINANCIAL REVIEW

## SALES BY OPERATING DIVISIONS HI/2023

Sales in € million



In % of total sales

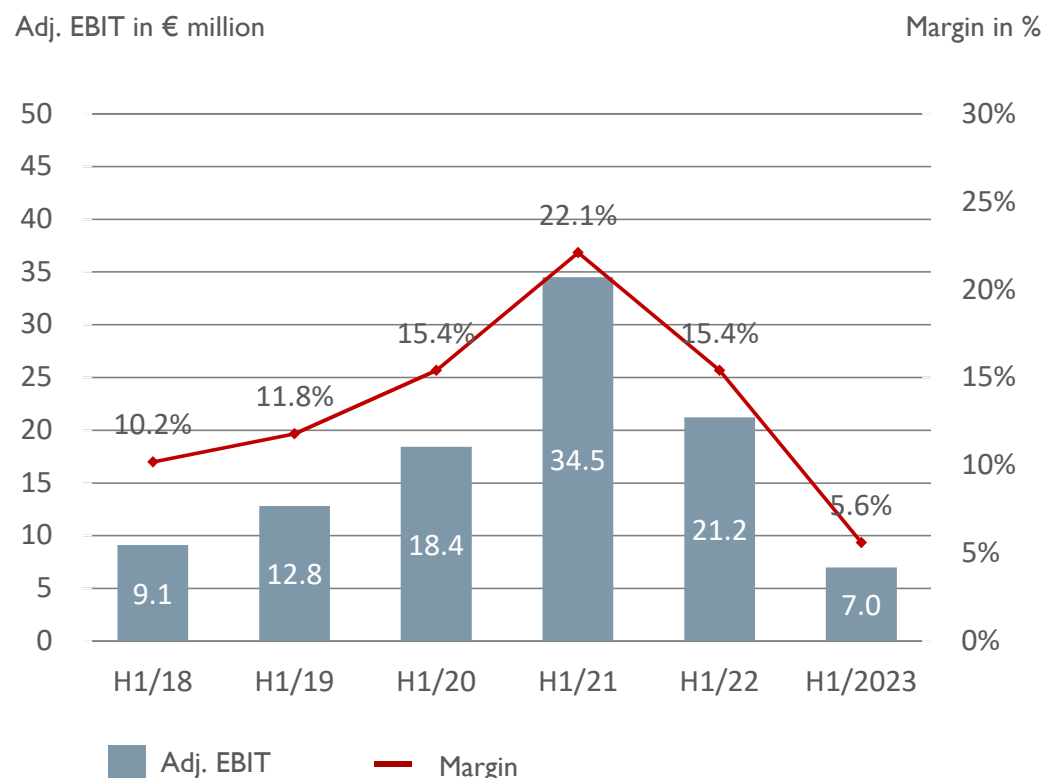


CER = Constant exchange rates

As of June 30

# FINANCIAL REVIEW

## ADJUSTED EBIT AND EBIT MARGIN H1/2023



H1/2023 adjusted EBIT margin at 5.6% versus 15.4% in the prior year

- (-) Negative economies of scale
- (-) Sales and product mix
- (-) Higher input costs
- (-) Initially lower efficiency within the series manufacturing of newly launched products

As of June 30

# FINANCIAL REVIEW

## CASH FLOW AND NET DEBT

€ 000s	HI/2023	HI/2022	Change
Cash flow – operating activities	3,934	24,755	-84.1%
Cash flow – investment activities	-8,915	-7,923	nm
Cash flow – financing activities	28,536	-14,945	nm
Free cash flow	-4,981	16,832	nm

€ 000s	HI/2023	FY/2022	Change
Cash	46,368	22,668	+104.6%
Equity ratio (%)	51.8	56.6	-480 bps
Net debt	93,733	76,619	+22.3%

- Operating cash flow dynamics burden by current margin challenges and still inflated working capital levels
- New revolving credit line of up to €50.0 million (€ 32 million drawn as of June 30, 2023) to finance Natech acquisition
- Investment ratio<sup>1</sup> at 7.1% of sales versus 5.8% in HI/2022 → in-line with full year target corridor of 6.0% to 8.0%
- Net debt / LTM EBITDA of 2.2x

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

LTM = Last twelve months

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## EARNINGS IMPROVEMENT PROGRAM\*

Focus area	Earnings impact 2024 (pre-tax)	Status
<b>Personnel measures</b> <ul style="list-style-type: none"> <li>– Temporary and partial hiring freeze</li> <li>– Reallocation of resources</li> <li>– Reduction of personnel related consultancy costs, etc.</li> </ul>	<b>+4.0 to +5.0 million €</b>	<ul style="list-style-type: none"> <li>– Hiring freeze implemented since March 2023</li> <li>– On track to achieve positive earnings impact of around € 3.0 to 4.0 million already in 2023</li> </ul>
<b>Focused price adjustment strategies</b>	<b>+5.0 to +8.0 million €</b>	<ul style="list-style-type: none"> <li>– Beginning to show traction already in Q3/2023</li> </ul>
<b>Non-personnel cost reductions and others</b> <ul style="list-style-type: none"> <li>- Procurement optimizations</li> <li>- Product portfolio optimizations</li> <li>- Others</li> </ul>	<b>+1.0 to +2.0 million €</b>	<ul style="list-style-type: none"> <li>– Extended program to optimize procurement structures and processes initiated</li> <li>– First positive effects from logistical measures on the back of improved market environment</li> </ul>
<b>TOTAL</b>	<b>+10.0 to +15.0 million €</b>	

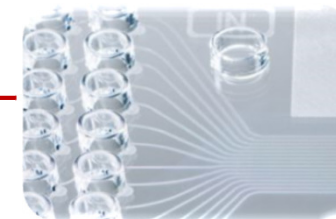
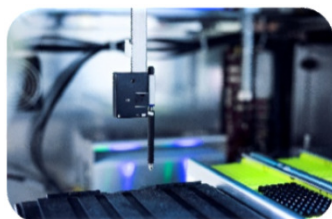
\*Compared with the original company budget

# OUTLOOK

## GUIDANCE FOR FISCAL YEAR 2023\*

- Sales expected to remain stable or grow slightly on a constant-currency basis
  - Growth with newly launched systems but cool down in pandemic related product demand and delivery backlogs in the veterinary diagnostics business
  - Acquisition of Natech set to contribute around 3.0 percentage points to sales volume
- Adjusted EBIT margin of around 10.0% to 12.0% (2022: 16.4%)
  - Margin improvement in H2/2023 expected due to price increases already agreed in some cases, greater cost discipline, and the growing impact of measures within the earnings improvement program
- Investments in tangible and intangible assets combined of around 6.0% to 8.0% of sales

\*Updated on July 18, 2023



# QUESTIONS & ANSWERS

# APPENDIX

## ADJUSTMENTS HI/2023

### EBIT

€ 000s	HI/2023	HI/2022
<b>Adjusted EBIT</b>	<b>6,965</b>	<b>21,178</b>
<b>Adjustments:</b>		
PPA amortization	-1,256	-1,844
Other <sup>1</sup>	-937	0
<b>EBIT</b>	<b>4,772</b>	<b>19,334</b>

<sup>1</sup> Consulting costs in connection with M&A activities and one-off personnel expenses

### Consolidated net income

€ 000s	HI/2023	HI/2022
<b>Adjusted consolidated net income</b>	<b>4,060</b>	<b>16,679</b>
<b>Adjusted earnings per share in € (basic)</b>	<b>0.33</b>	<b>1.38</b>
<b>Adjustments:</b>		
PPA amortization	-1,256	-1,844
Other <sup>1</sup>	-937	0
Taxes on income	547	-2,019
Interest expenses	0	-214
<b>Consolidated net income</b>	<b>2,414</b>	<b>12,602</b>
<b>Earnings per share in € (basic)</b>	<b>0.20</b>	<b>1.04</b>

<sup>1</sup> Consulting costs in connection with M&A activities and one-off personnel expenses



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