

# CREDIT SUISSE HEALTHCARE CONFERENCE

London – February 28, 2023

A PERFECT MATCH IN  
**DIAGNOSTICS**

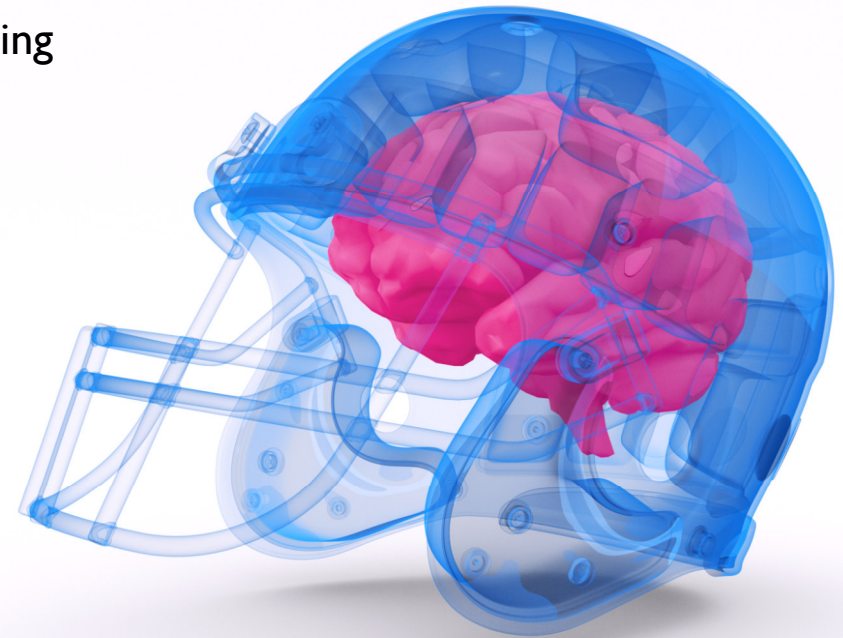
## SAFE HARBOR STATEMENT

### 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.



# 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%
- Sales split 2021:
  - Systems 58%
  - Service parts and consumables 33%
  - Development and services 9%
- Dividend payments raised over 18 consecutive years



# 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

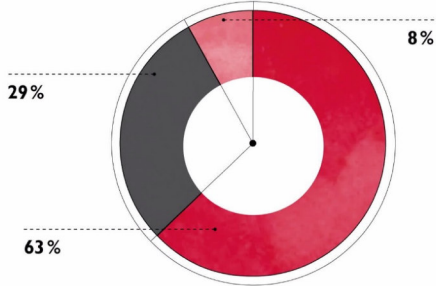
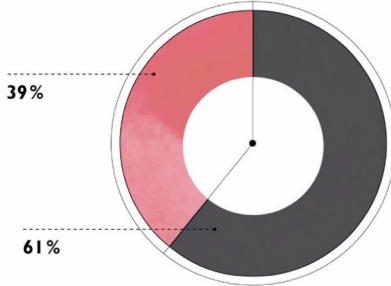
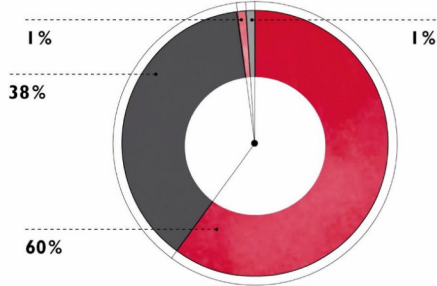
- Strong policies and measures to promote an open, tolerant and discrimination-free corporate culture
- Extensive occupational health/safety policies and programs



**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

<sup>1</sup> 30% absolute reduction of scope 1 and 2 emissions by 2030 (versus 2019)

# OVERVIEW STRATEC DIVISIONS

	STRATEC Instrumentation	STRATEC Smart Consumables	STRATEC's „Diatron“ division
<b>Business model</b>	OEM development and manufacturing of instruments and related software for medium to high throughput systems, including classical consumables and service parts	OEM development and manufacturing of microfluidic smart consumables	Development and manufacturing of system solutions for de-centralized testing environments. OEM, branded and white-label analyzers (low throughput) as well as associated reagents and service parts
<b>Markets</b>	IVD (i.e. MDx, Immunoassay) Life science	IVD (i.e. MDx) Life science / Translational research Medical technology	IVD (Hematology, MDx) Veterinary
<b>End-user</b>	Clinical labs Reference labs Blood banks Hospitals	Clinical labs Life science / Pharma De-centralized testing environments	Hospitals De-centralized testing environments
<b>Revenue 2021</b>	70.1% of group sales 	6.6% of group sales 	23.3% of group sales 

■ Analyzer systems  
 ■ Service parts and consumables  
 ■ Development and services  
 ■ Others



# UNIQUE POSITION WITHIN THE VALUE CHAIN

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

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

## Long market lifecycles lead to longstanding partnerships

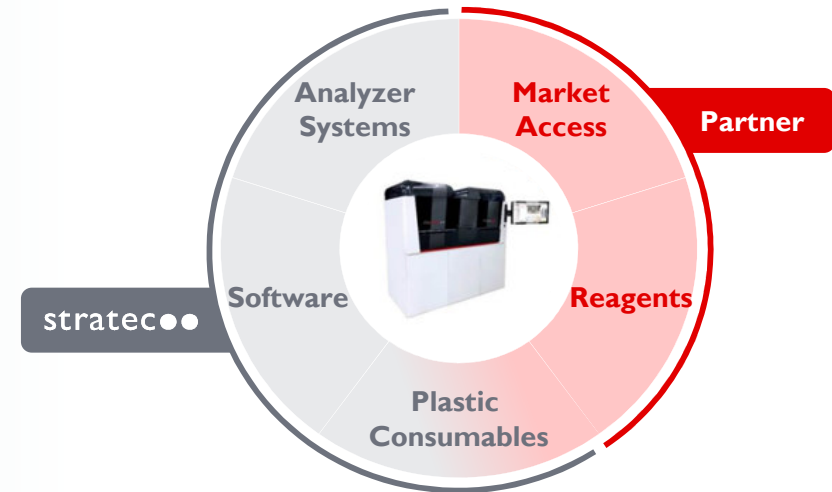
- Product lifecycles for a system typically in an area of 12 to 15 years
- Expanding installed base of systems
- Product enhancement and extension drives value / Life cycle management

## Long-term contractual setup

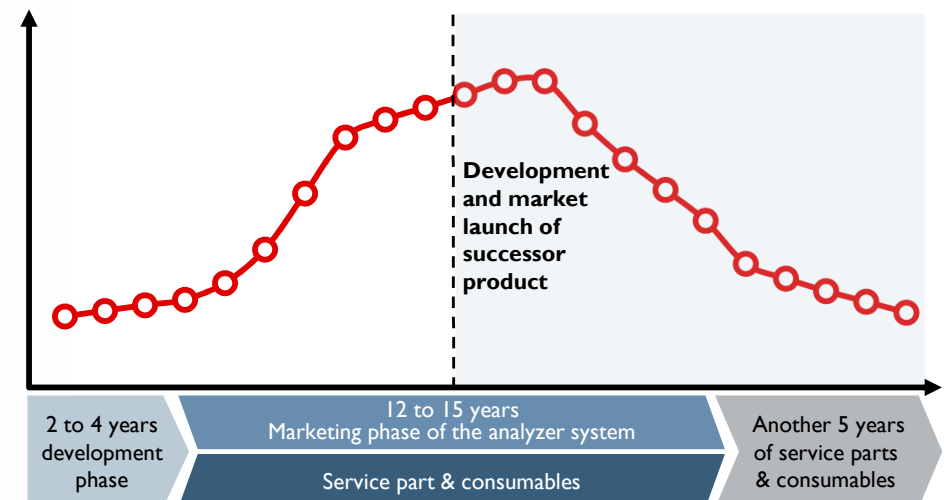
- Milestone payments during development stage (linked to agreed development budget and development targets)
- Operating sales during series production stage - minimum volume commitment by partner, firm transfer price)
- Recurring sales from service parts & consumables

→ strong commitment by both partners

## Shared responsibilities



## Indicative revenue characteristics of an analyzer OEM project



# ACTIVE IN FAST GROWING SEGMENTS

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

Focus on market segments with above average complexity and growth

### Molecular Diagnostics

- Random access analyzer systems (mid-to-high throughput)
- Smart consumables (multiplexing)
- POC devices (multiplexing) with smart consumables

### Immunoassay

- Random access analyzer systems (mid-to-high throughput)
- Classic plastic consumables
- Smart consumables

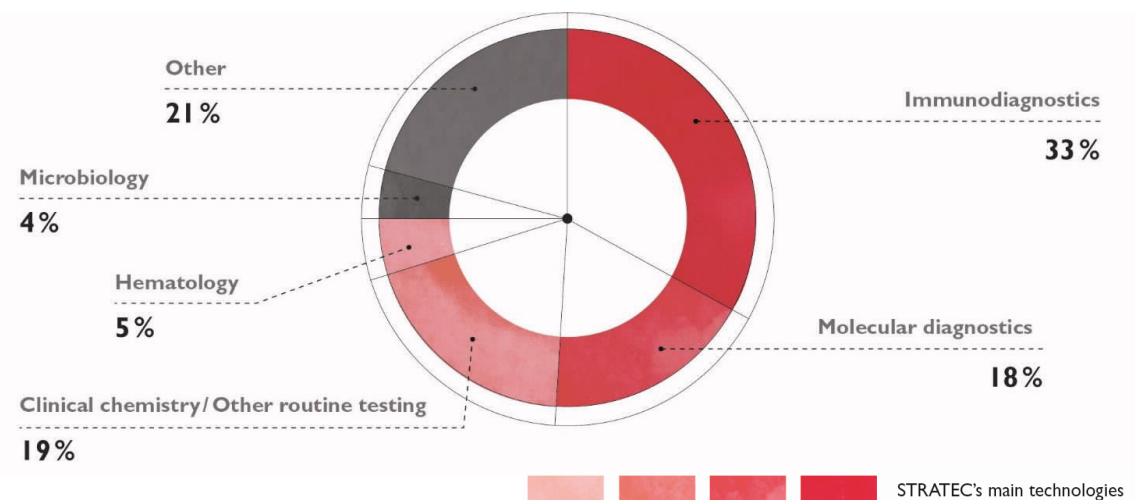
### Hematology & other routine testing

- Decentralized testing solutions
- Veterinary diagnostics
- Plastics

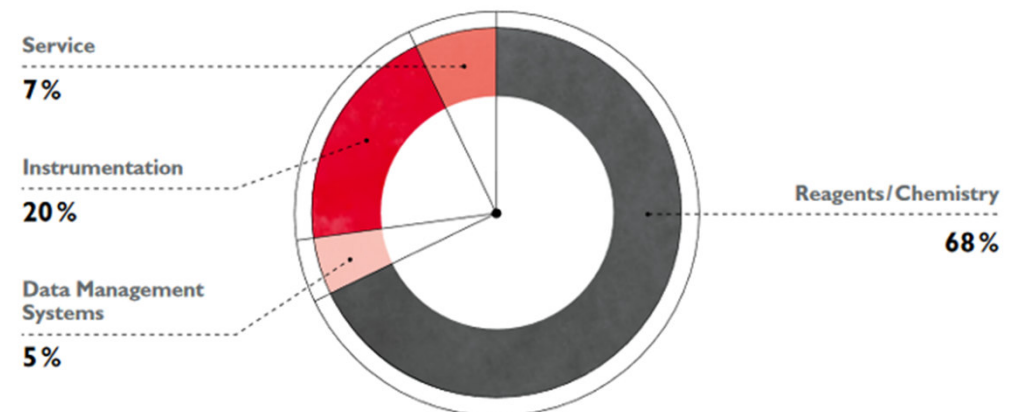
### Further specialities / focus areas

- Immunochemistry
- Complex Sample Processing
- Tissue Diagnostics
- Translational Research

IVD market by technologies



IVD market by product group



Source: MarketsandMarkets Research; own estimates

## BENEFITTING FROM OUTSOURCING TREND

# 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.

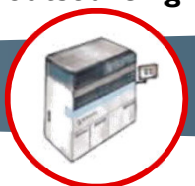
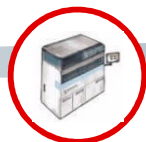
Trend of outsourcing towards specialized players set to continue, due to:

- 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

## Proportion of outsourced instrumentation developments over time

Past

Ongoing paradigm shift even within the „blue chips“ towards outsourcing





# STRONG RECURRING REVENUE BASE

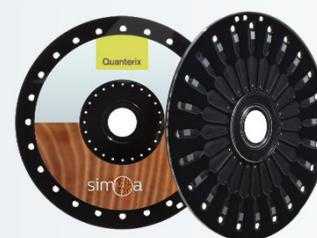
## Service parts and consumables (33% of sales)

- Maintenance parts
- Spare parts
- Classic plastic consumables (eg. Pipetting tips, reaction vessels)
- Smart consumables (highly complex cartridges; microfluidics, molding, mastering and coating technologies)

## Fueled by growing installed base and increasing complexity

- Continuously growing number of active systems in the lab
- Strong upward trend in the average complexity of systems

## Smart consumables



SIMOA™ 24-ASSAY DISC  
Quantarix



FLEXIMASS™ - DS MALDI TARGET  
Shimadzu Biotech

## Service and spare parts



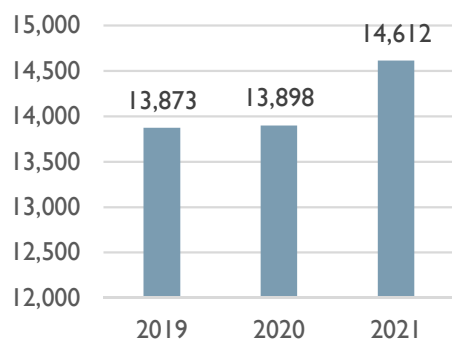
Peristaltic Pump  
STRATEC

## Classic consumables



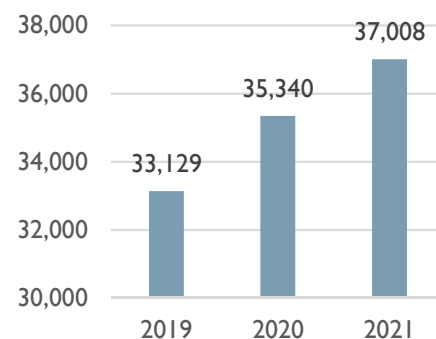
Stackable Cuvette  
STRATEC

Installed base<sup>1</sup>  
STRATEC Instrumentation



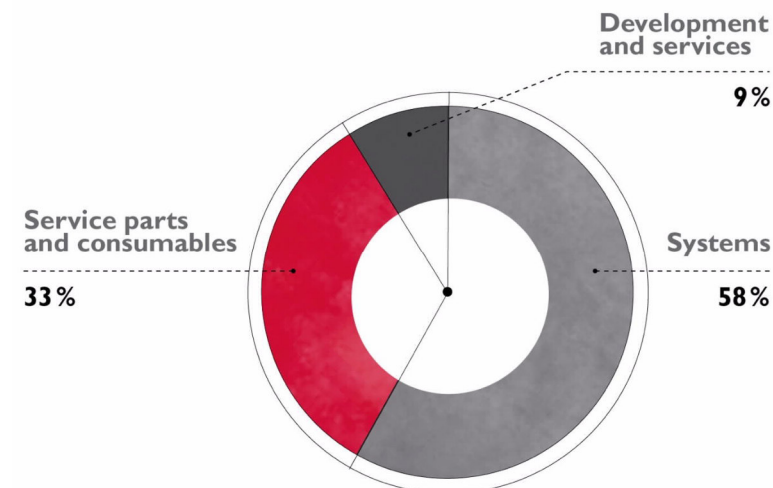
■ Installed base (number of system)

Installed base<sup>1</sup>  
Diatron



<sup>1</sup> Estimated with the assumption of an average six year replacement cycle in the lab

Sales split 2021



# STRONG LONG-TERM CUSTOMER RELATIONSHIPS

## 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 technology pioneers



■ STRATEC customer    ■ Not a STRATEC customer

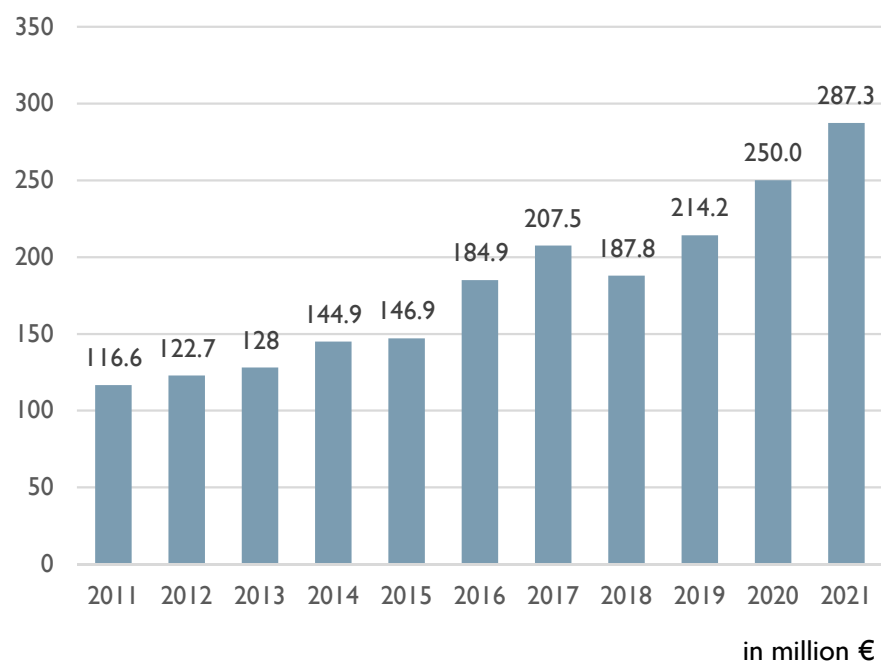
Source: IVD News / non-public companies estimated / non-reported sector sales estimated

# POSITIVE LONG-TERM FINANCIAL PERFORMANCE

## KEY FIGURES - TRACK RECORD

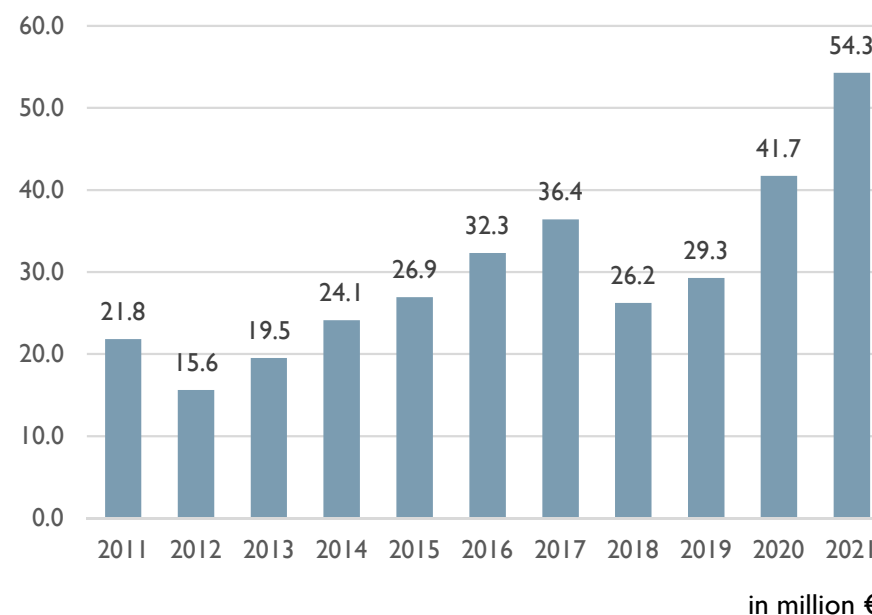
### Sales

CAGR ~9%



### Adjusted EBIT<sup>1</sup>

CAGR ~10%



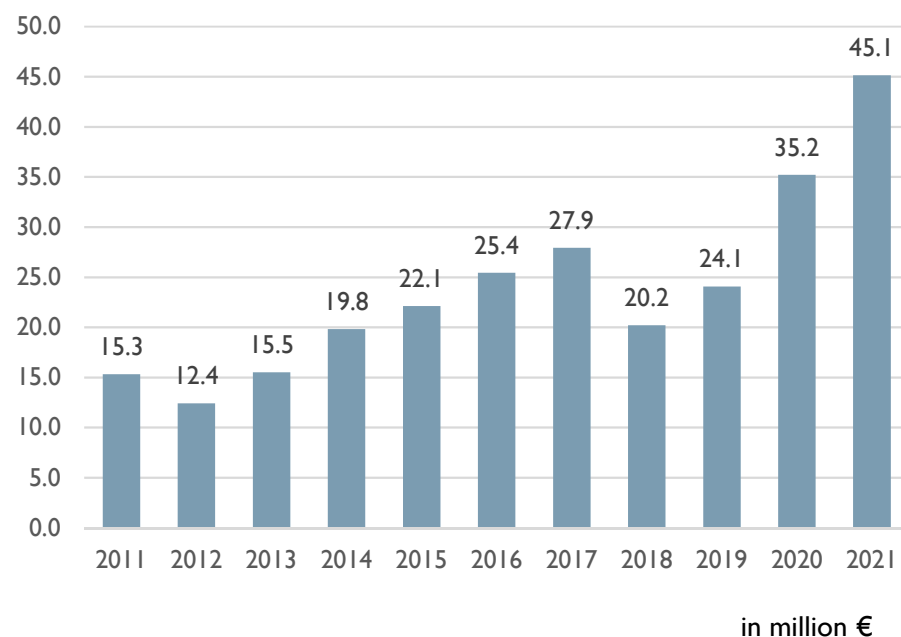
<sup>1</sup> Figures adjusted for comparison; adjusted for depreciation and amortization from purchase price allocation for acquisitions, related integration expenses and other extraordinary effects. Reconciliation to IFRS figures can be found in the respective annual report.

# POSITIVE LONG-TERM FINANCIAL PERFORMANCE

## KEY FIGURES - TRACK RECORD

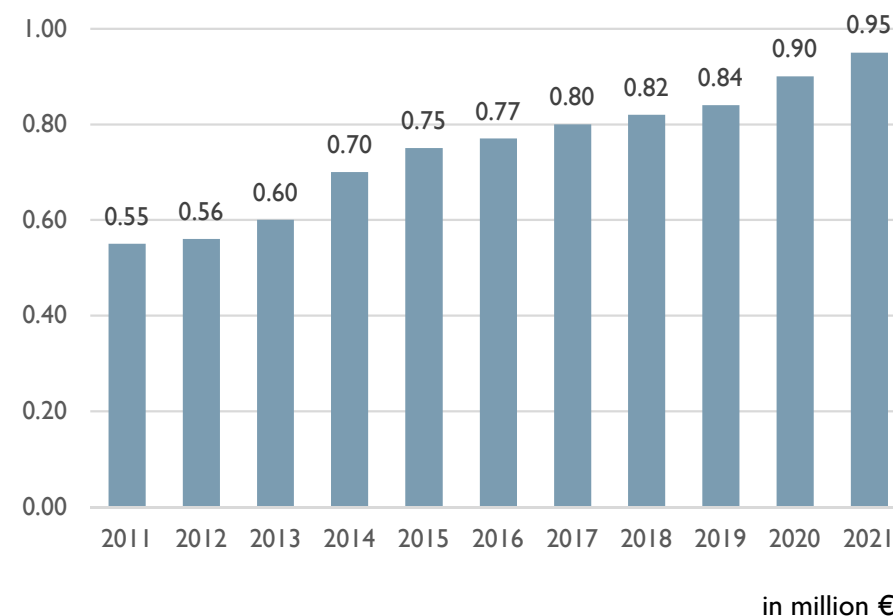
### Adjusted net income<sup>1</sup>

CAGR ~11%



### Dividend per share

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.

## 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)
- **Sales outlook** for 2022 **adjusted** on 18 October as **make up** of **delivery backlogs** takes longer than expected
- **Adjusted EBIT** margin **with 18.3%** (9M/2021: 21.6%) at the **upper end** of guided full year **target corridor**
- **Successful market launch** of a next generation **MDx system** solution for one on the market leaders in Q3 2022
- **Well-stocked development pipeline** and **high number** of ongoing **negotiations** about **further projects**
- **Number of employees up by 3.1%** year-over-year to **1,449**





# FINANCIAL REVIEW

## 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%

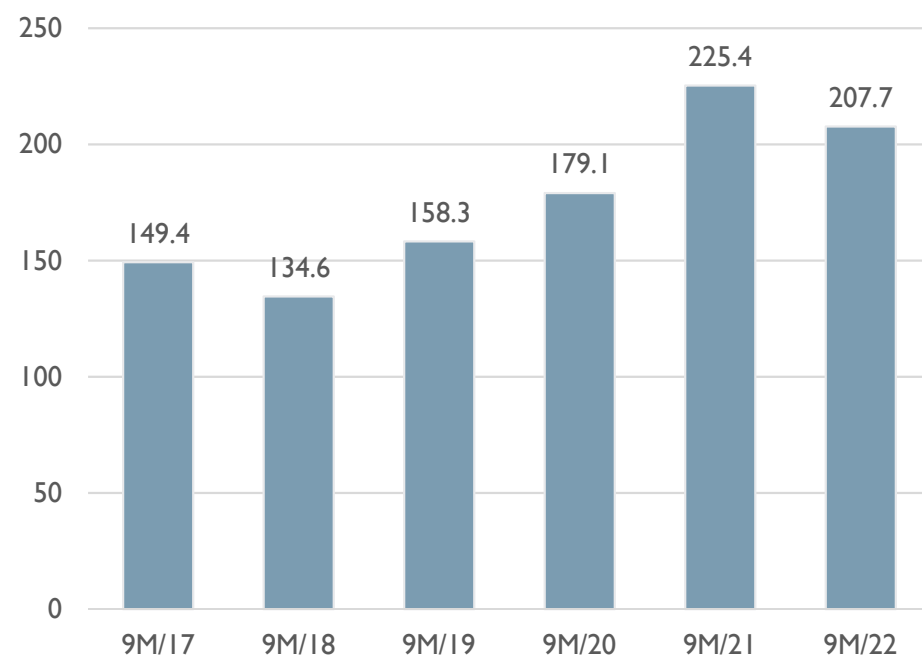
bps = basis points

<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.

# FINANCIAL REVIEW

## SALES 9M/2022

Sales in € million



As of September 30

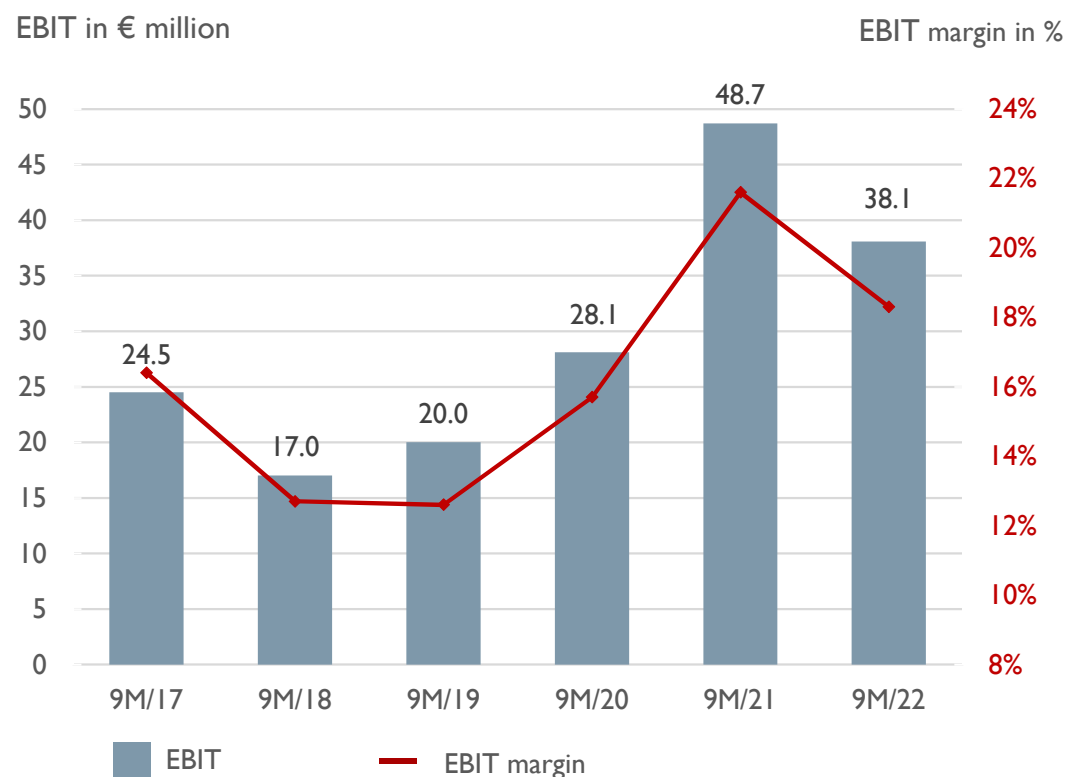
Sales in 9M/2022 -7.9% to € 207.7 million

→ -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

# FINANCIAL REVIEW

## 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

# FINANCIAL REVIEW

## 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

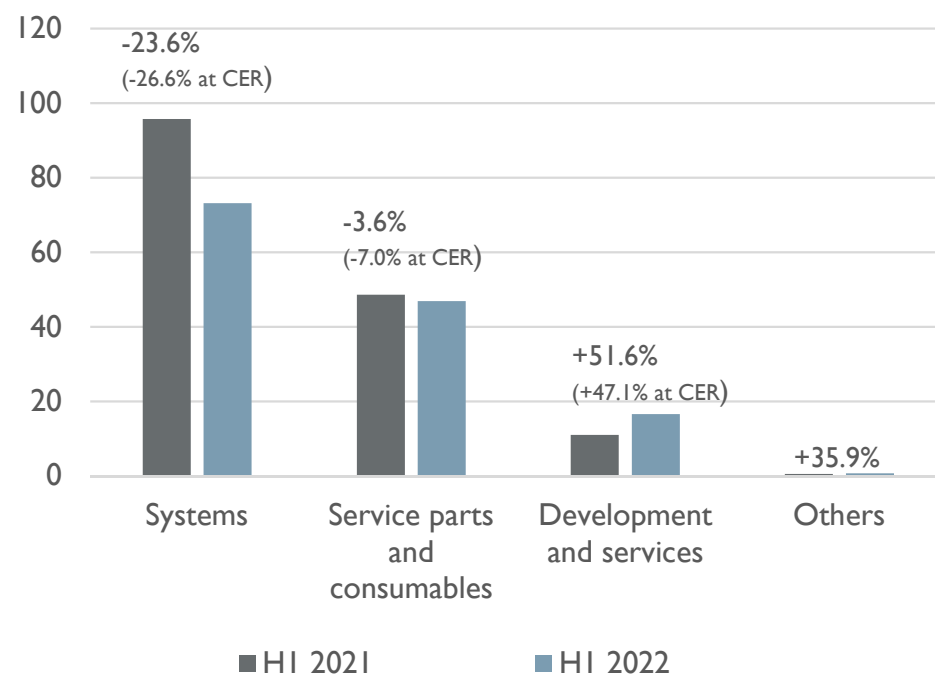
<sup>1</sup> Total investments in intangible and tangible assets in % of sales

LTM = Last twelve months

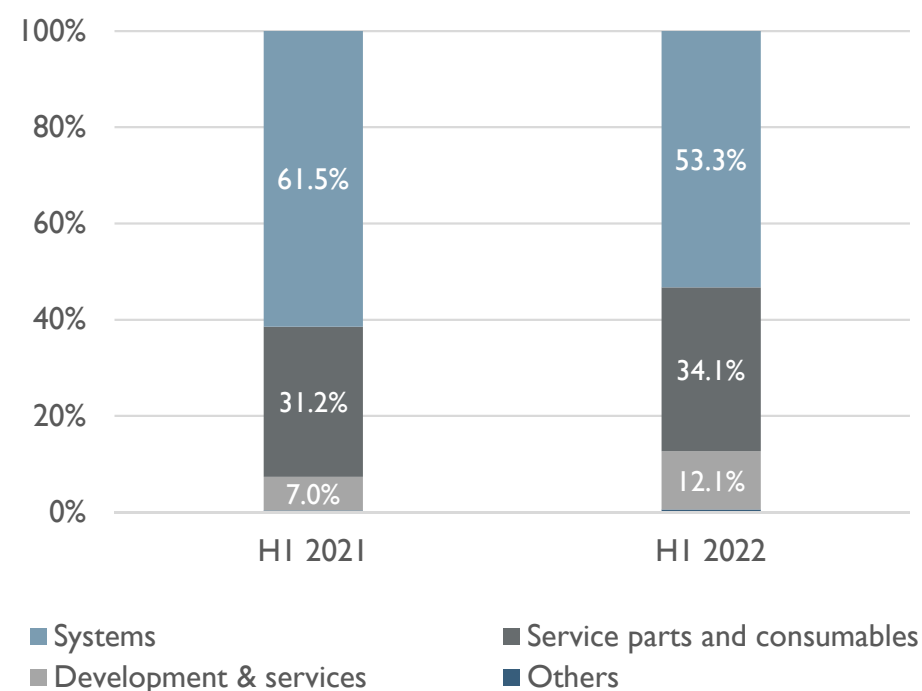
# FINANCIAL REVIEW

## SALES BY OPERATING DIVISIONS HI/2022

Sales in € million



In % of total sales



CER = Constant exchange rates

As of June 30



# FINANCIAL REVIEW

## SEGMENT PERFORMANCE H1/2022

### Instrumentation

€ 000s	H1/2022	H1/2021	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	H1/2022	H1/2021	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

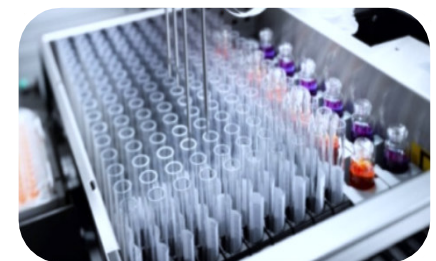
€ 000s	H1/2022	H1/2021	Change	At CER
Sales	26,219	35,206	-25.5%	-27.3%
Adj. EBIT	7,364	10,916	-32.5%	
Adj. EBIT margin	28.1%	31.0%	-290 bps	

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

CER = Constant exchange rates

## FOCUS IN 2023 AND BEYOND

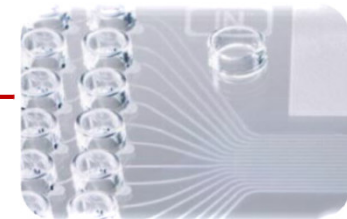
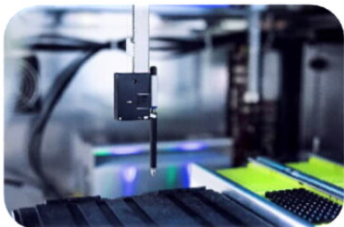
- Address supply chain issues and clear delivery backlogs
- Execute on current development pipeline and launch line-up
- Execute deal pipeline regarding new development and manufacturing agreements
- Realize tailwinds from stricter EU regulations (e.g. utilize competitive edge versus non-IVDR-compliant 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



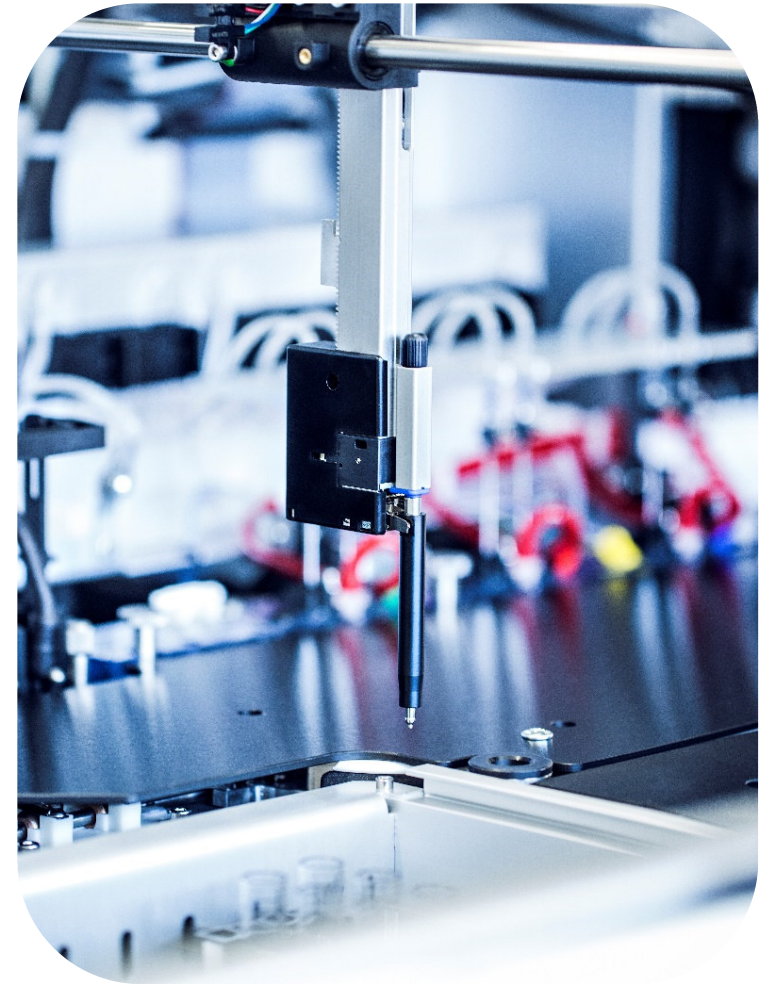
## FISCAL YEAR 2022

Updated guidance as of October 18, 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%)



# 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

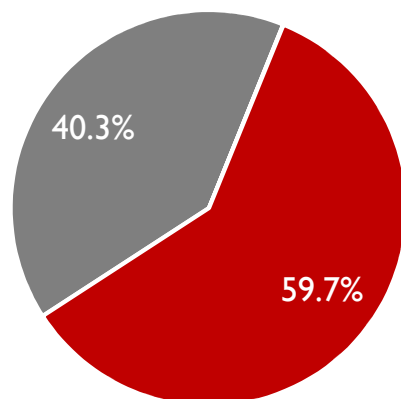
€ 000s	FY 2021	FY 2020
<b>Adjusted EBIT</b>	<b>54,273</b>	<b>41,713</b>
<b>Adjustments:</b>		
PPA amortization	-4,874	-8,036
Impairment	-1,047	0
Other	-175	0
<b>EBIT</b>	<b>48,177</b>	<b>33,677</b>

### 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>

## SHAREHOLDER STRUCTURE

(AS OF: JANUARY 2023)



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

■ Free float

**Institutional investors > 3%:**

Ameriprise Financial  
Brown Capital Management  
Juno Investment Partners

## SHARE

IPO	Aug. 1998
Number of shares	12,157,841
Share price (02/20/2023)	€ 79.70
Market capitalization	€ 1.0 billion

# CONTACT

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THANK YOU  
FOR YOUR  
ATTENTION