

**POWER**

PEOPLE | INNOVATION | PARTNERSHIP

# BERENBERG DIAGNOSTICS CONFERENCE

London - May 11, 2023

## 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 1.500 employees worldwide
  - Around 50% allocable to R&D
- Production sites in Germany (HQ), Switzerland, Hungary and Austria
- High number of systems installed globally
  - Around 15,000 medium to high throughput systems
  - Around 40,000 low throughput systems
- Sales of € 274.6 million in 2022
  - CAGR sales since IPO in 1998: ~14%
- Sales split 2022:
  - Systems 51%
  - Service parts and consumables 32%
  - Development and services 16%
- 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 68% 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)

# UNIQUE POSITION WITHIN THE VALUE CHAIN

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

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

## Long market lifecycles lead to longstanding partnerships

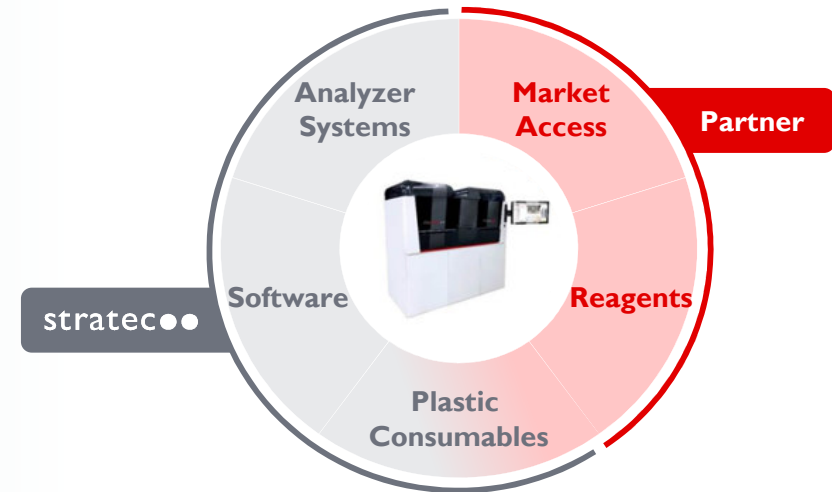
- Product lifecycles for a system typically in an area of 12 to 15 years
- Expanding installed base of systems
- Product enhancement and extension drives value / Life cycle management

## Long-term contractual setup

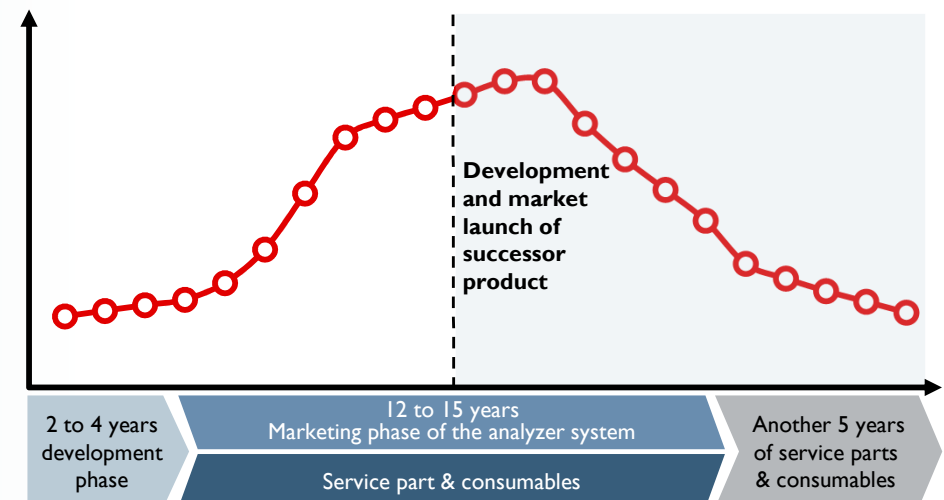
- Milestone payments during development stage (linked to agreed development budget and development targets)
- Operating sales during series production stage - minimum volume commitment by partner, firm transfer price)
- Recurring sales from service parts & consumables

→ 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

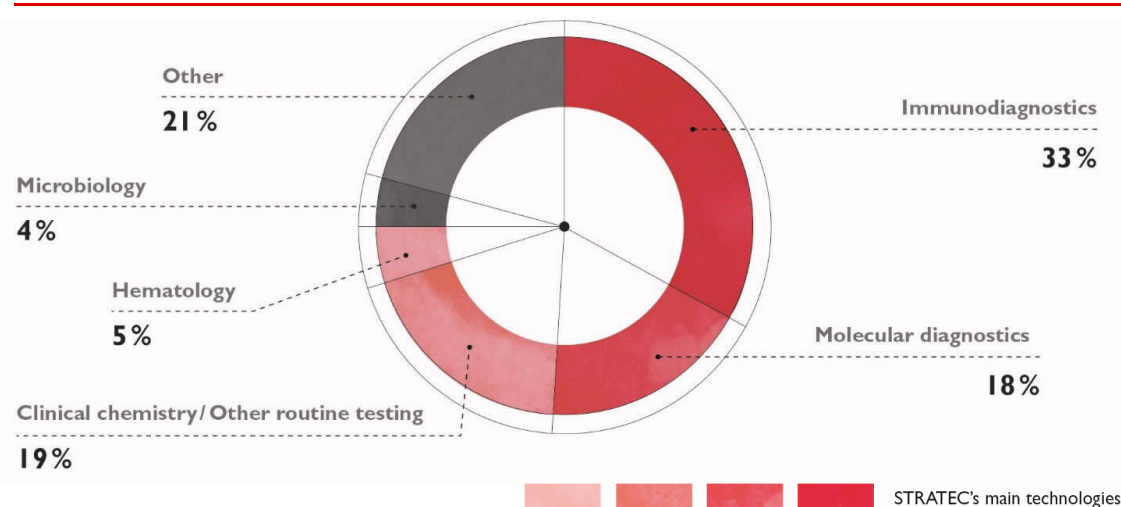
### Hematology & other routine testing

- Decentralized testing solutions
- Veterinary diagnostics
- Plastics

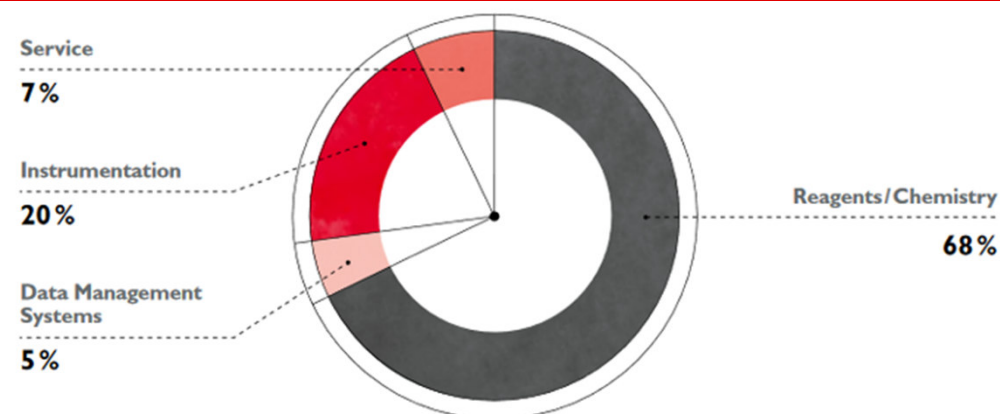
### Further specialities / focus areas

- 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

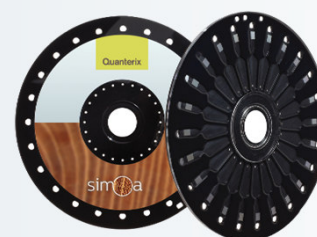
## Service parts and consumables (33% of sales)

- 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  
Quanterix



FLEXIMASS™ - DS MALDI TARGET  
Shimadzu Biotech

## Service and spare parts



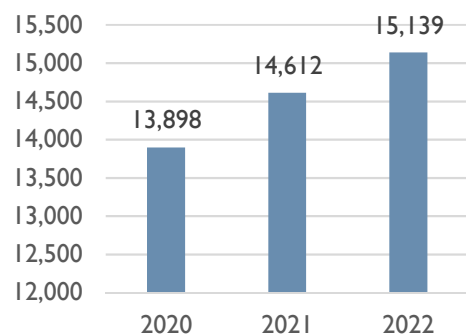
Peristaltic Pump  
STRATEC

## Classic consumables



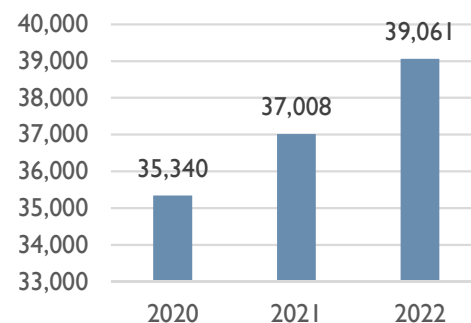
Stackable Cuvette  
STRATEC

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

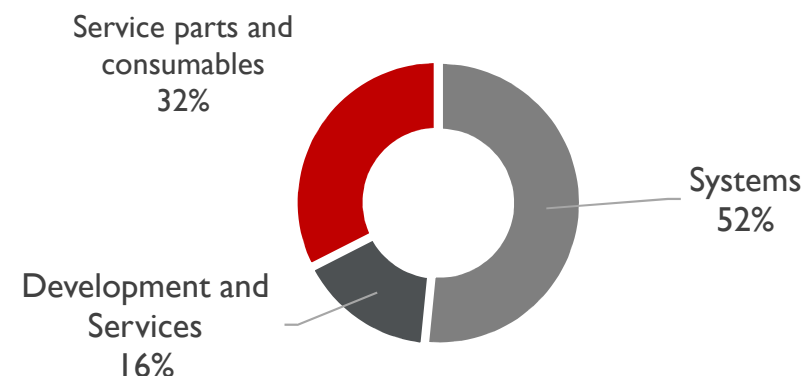


■ Installed base (number of system)

Installed base<sup>1</sup>  
Diatron



Sales split 2022



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

# 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

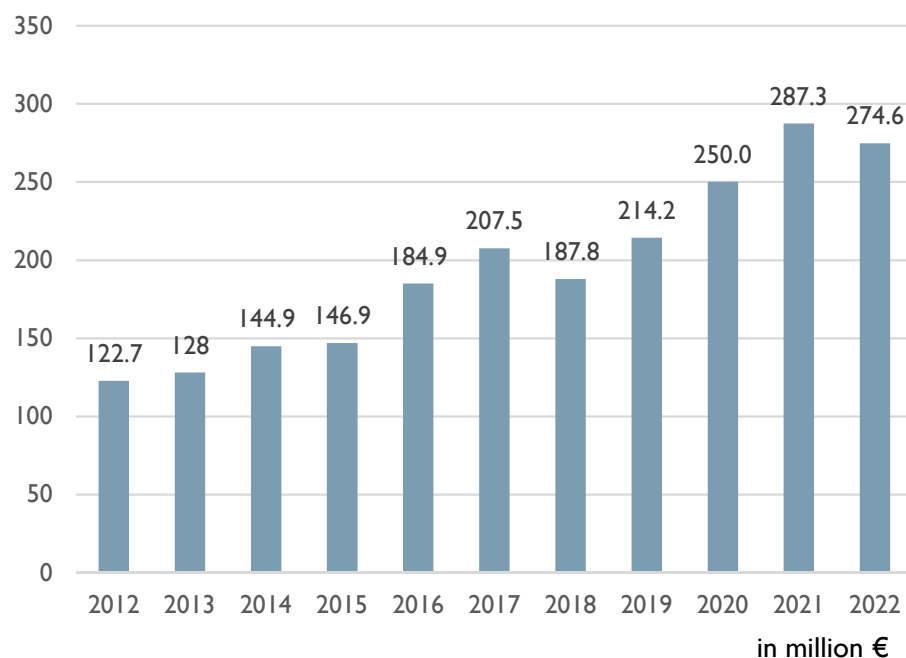
Source: IVD News / non-public companies estimated / non-reported sector sales estimated

# POSITIVE LONG-TERM FINANCIAL PERFORMANCE

## KEY FIGURES - TRACK RECORD

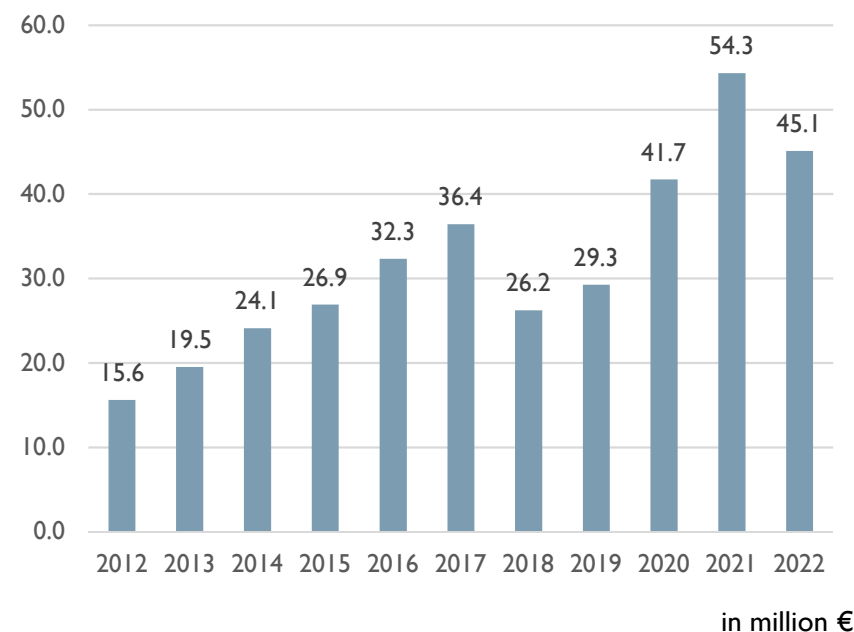
### Sales

CAGR ~8%



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

CAGR ~11%

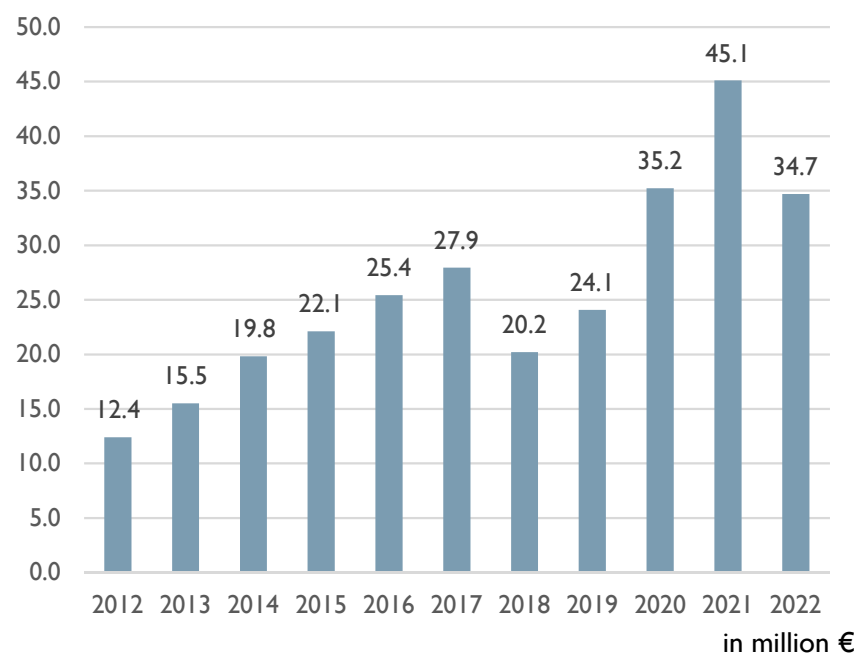


<sup>1</sup> Figures adjusted for comparison; adjusted for depreciation and amortization from purchase price allocation for acquisitions, related integration expenses and other extraordinary effects. Reconciliation to IFRS figures can be found in the respective annual report.

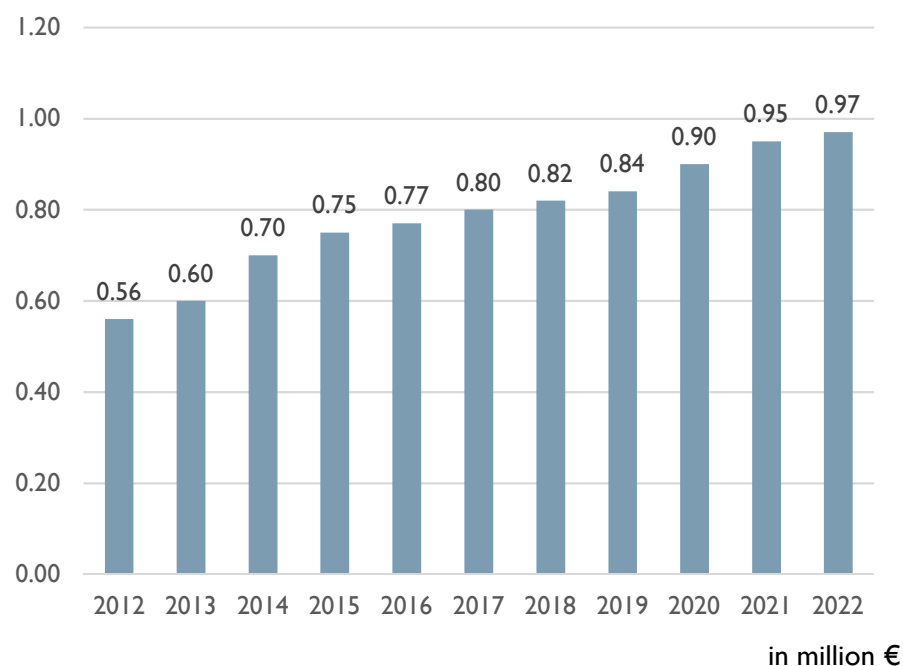
# POSITIVE LONG-TERM FINANCIAL PERFORMANCE

## 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.

## Q1 2023 AT A GLANCE

- **Sales -20.7%** at constant-currency; **in-line** with **initial expectations** and provided **indicative quarterly outlook**
- **Adjusted EBIT** margin of **6.3%** as **expected below previous year**
- **FY 2023 guidance confirmed**
- Initiation of **earnings improvement program** with expected earnings **improvement potential** of **€ 10.0 million to 15.0 million in 2024**
- Various stages of **pre-serial equipment** for **immunohematology** and **molecular diagnostic** system solutions were **delivered to the relevant partners**.
- US partner within **smart consumables** business obtained **US FDA approval** for a **novel test process** to rapidly **detect potential sepsis** and **assess the associated risks** at an early stage.
- Total number of **employees +6.8%** to **1.502**

# FINANCIAL REVIEW

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

€ 000s	Q1/2023	Q1/2022	Change
Sales	60,478	75,387	-19.8%
Adjusted EBITDA	7,292	18,459	-60.5%
Adjusted EBITDA margin (%)	12.1	24.5	-1.240 bps
Adjusted EBIT	3,816	15,037	-74.6%
Adjusted EBIT margin (%)	6.3	19.9	-1.360 bps
Adjusted consolidated net income	2,133	11,948	-82.1%
Adjusted basic earnings per share (in €)	0.18	0.99	-81.8%
Basic earnings per share IFRS (in €)	0.11	0.92	-88.0%

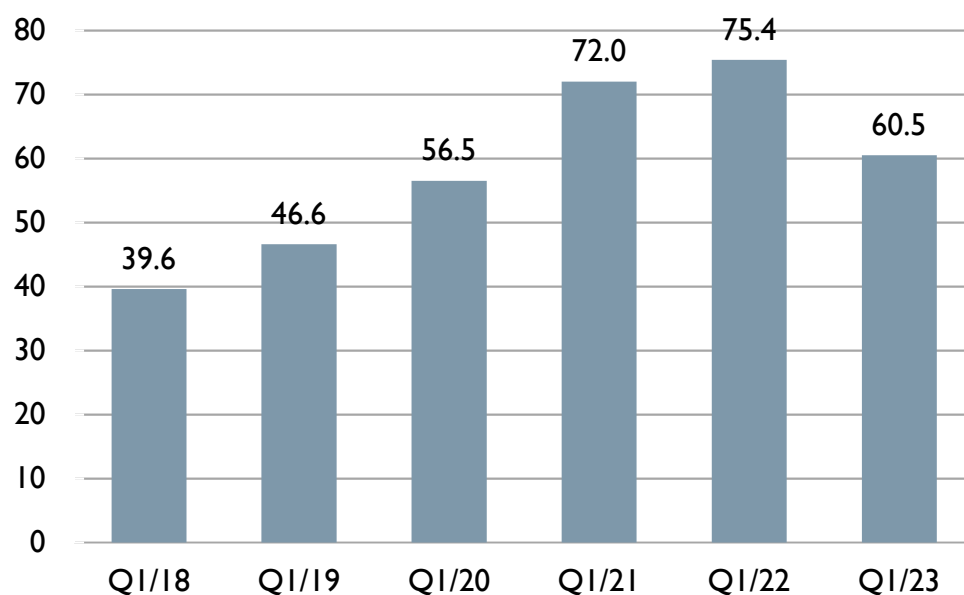
bps = basis points

<sup>1</sup> For comparison purposes, figures have been adjusted to exclude amortization resulting from purchase price allocations in the context of acquisitions and other non-recurring items (including consulting expenses in connection with M&A activities).

# FINANCIAL REVIEW

## SALES Q1/2023

In € million



As of March 31

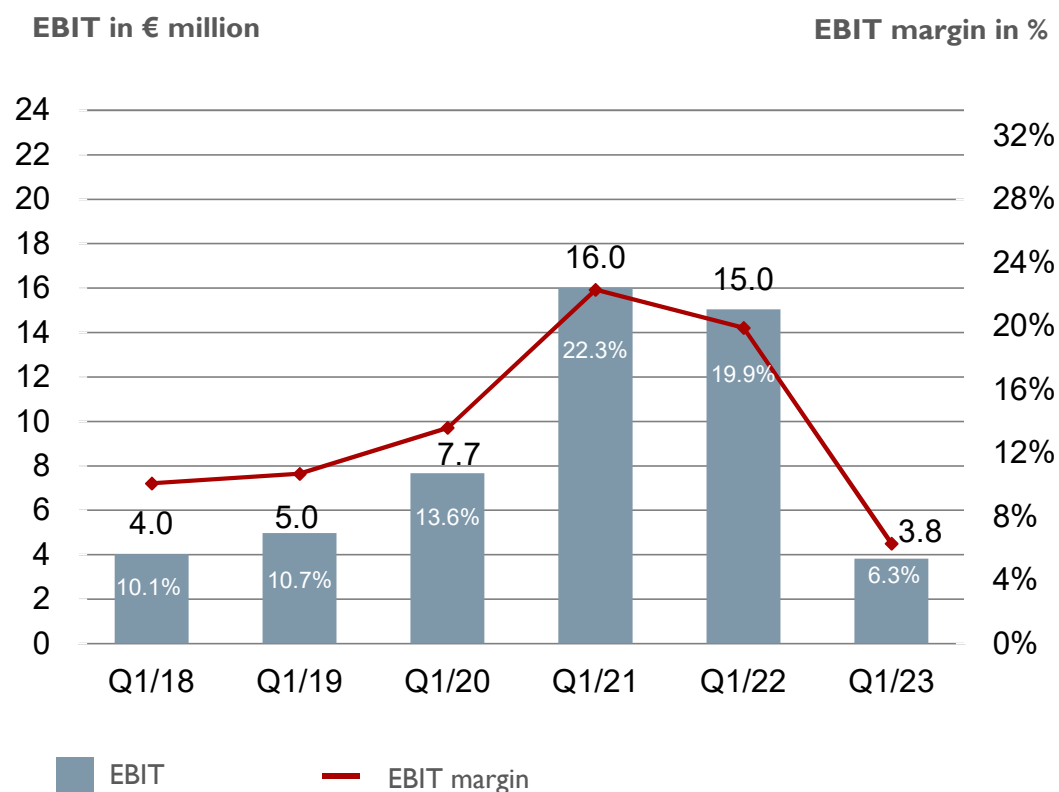
Q1/2023 sales decline of 19.8% yoy to € 60.5 million

→ -20.7% at constant-currency

- (-) Pandemic related high basis of comparison for molecular diagnostic product lines
- (-) Weaker system call-up figures due to stock optimization measures of one customer in transfusion medicine
- (+) New product launches
- (+) Higher development and services sales

# FINANCIAL REVIEW

## ADJUSTED EBIT AND EBIT MARGIN Q1/2023



Q1/2023 adjusted EBIT margin of 6.3% versus 19.9% in the prior year

- (-) Negative effects of scale
- (-) Adverse product mix effects
- (-) Inflation driven rise in input costs
- (-) Initially lower efficiency rates in the serial production of newly launched products

As of March 31

# FINANCIAL REVIEW

## CASH FLOW AND NET DEBT

€ 000s	Q1/2023	Q1/2022	Change
Cash flow – operating activities	5,976	773	+673.0%
Cash flow – investment activities	-5,128	-3,914	nm
Cash flow – financing activities	1,854	5,089	-63.6%
Free cash flow	848	-3,141	nm

- First improvements in cash flow dynamics, but still high working capital position
- Investment ratio<sup>1</sup> at 8.4% of sales
- Net debt / LTM EBITDA of 1.7x

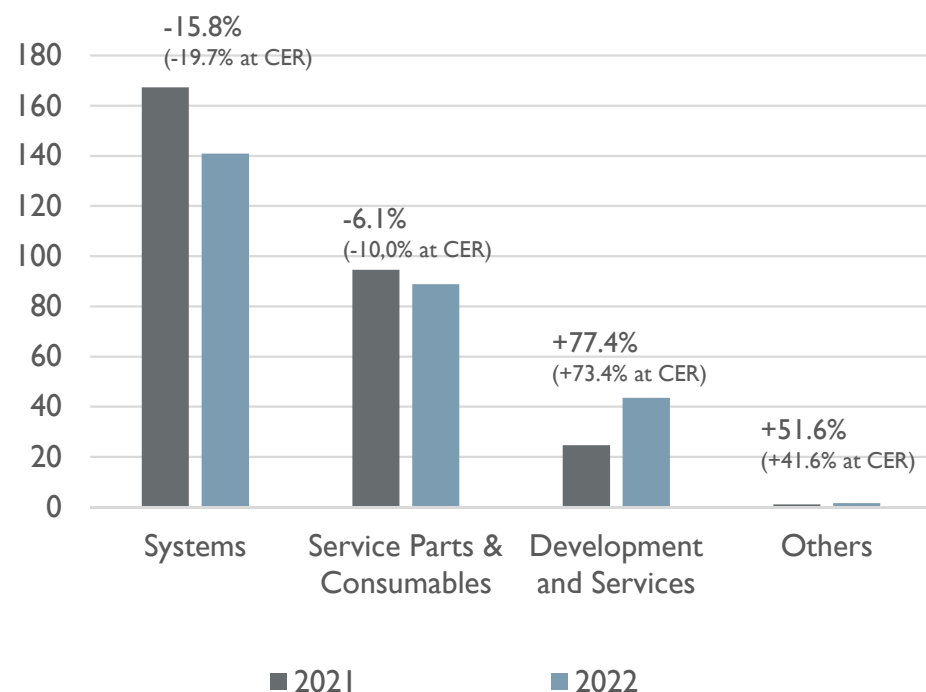
€ 000s	Q1/2023	FY/2022	Change
Cash at end of period	25,351	22,668	+11.8%
Equity ratio (%)	56.6	56.6	-
Net debt	77,985	76,619	+1.8%

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

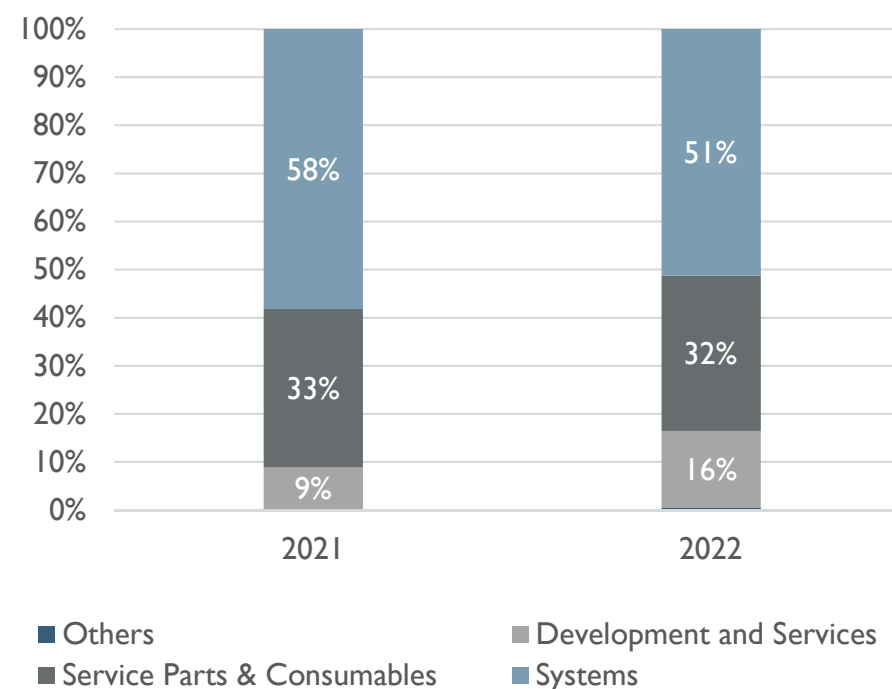
# FINANCIAL REVIEW

## SALES BY OPERATING DIVISIONS FY 2022

Sales in € million



In % of total sales



As of December 31

CER= Constant exchange rates

# OUTLOOK

## EARNINGS IMPROVEMENT PROGRAM

Focus area	Earnings impact 2024* (pre-tax)
<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>	+4.0 to +5.0 million €
<b>Focused price adjustment strategies</b>	+5.0 to +8.0 million €
<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>	+1.0 to +2.0 million €
<b>TOTAL</b>	<b>+10.0 to +15.0 million €</b>

→ Effects starting to materialise from Q2 2023 onwards

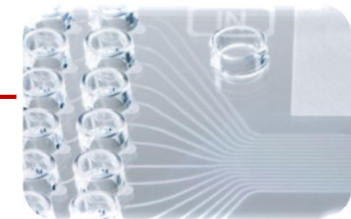
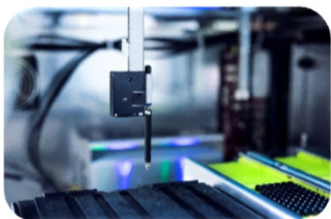
\*Versus initial company budget

# OUTLOOK

## GUIDANCE FOR FISCAL YEAR 2023\*

- Sales expected to grow by 8.0% to 12.0% on a constant-currency basis
  - New product launches and ramp-up of young product portfolio
- Adjusted EBIT margin of around 12.0% to 14.0% (2022: 16.4%)
  - Product mix change and input cost inflation
  - Conversion to a new system generation in the veterinary diagnostics business
- Investments in tangible and intangible assets combined of around 6.0% to 8.0% of sales

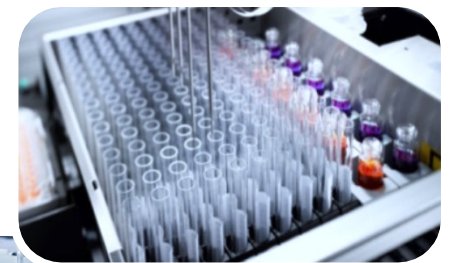
\*The above guidance figures do not account for those effects of the earnings improvement program for 2023 that are already possible.



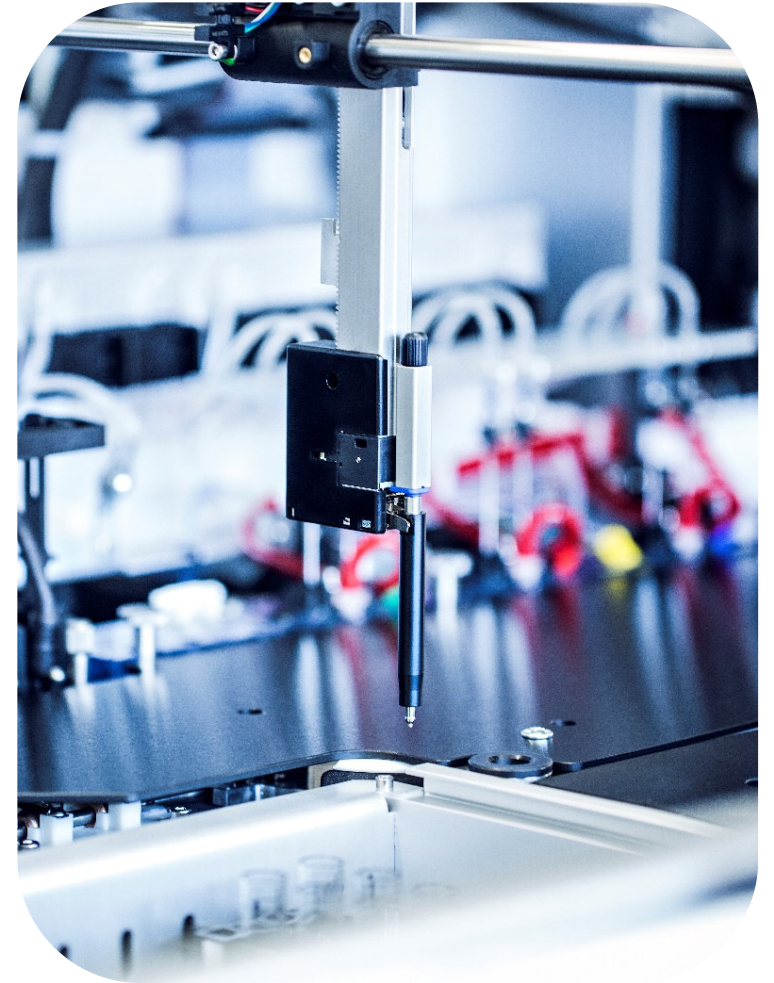
# OUTLOOK

## FOCUS IN 2023 AND BEYOND

- Execute on defined measures of earnings improvement program and increase company-wide efficiency to pre-pandemic levels
- Negotiate further price adjustments across the product portfolio in-light of continuing input cost inflation
- Manage and process well filled M&A pipeline according to external growth and diversification strategy
- Coordinate parallel ramp-up of newly launched systems and fix usual teething issues within common timeframes
- Execute deal pipeline regarding new development and manufacturing agreements
- Utilize new corporate structure and further join forces across sites



# APPENDIX



# APPENDIX

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

IFRS (€ million)	2018	2019	2020	2021	2022
Sales	187.8	214.2	250.1	287.3	274.6
Adjusted EBIT	26.2	29.3	41.7	54.3	45.1
Adjusted EBIT margin (%)	13.9	13.7	16.7	18.9	16.4
Adjusted Consolidated net income	20.2	24.1	35.2	45.1	34.7
Adjusted Earnings per share (€)	1.70	2.01	2.92	3.73	2.86
Dividend per share (€)	0.82	0.84	0.90	0.95	0.97 <sup>2</sup>
No. of employees	1,228	1,302	1,319	1,398	1,481
Total assets	275	299	332	369	398
Equity ratio (%)	55.3	53.1	52.0	55.8	56.6
Free cash flow	1.2	-6.4	10.0	43.3	-8.7

<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> Subject to AGM approval

# APPENDIX

## ADJUSTMENTS Q1/2023

### EBIT

€ 000s	Q1/2023	Q1/2022
<b>Adjusted EBIT</b>	<b>3,816</b>	<b>15,037</b>
<b>Adjustments:</b>		
PPA amortization	-787	-936
Other <sup>1</sup>	-105	0
<b>EBIT</b>	<b>2,924</b>	<b>14,101</b>

<sup>1</sup> Including consulting expenses in connection with M&A activities

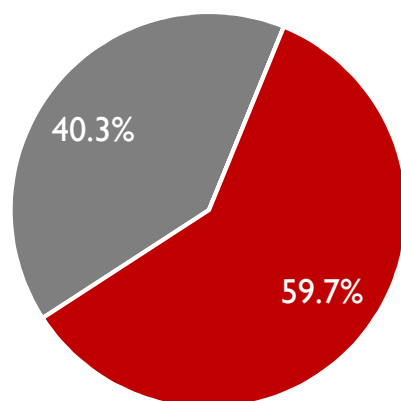
### Consolidated net income

€ 000s	Q1/2023	Q1/2022
<b>Adjusted consolidated net income</b>	<b>2,133</b>	<b>11,948</b>
<b>Adjusted earnings per share in € (basic)</b>	<b>0.18</b>	<b>0.99</b>
<b>Adjustments:</b>		
PPA amortization	-787	-936
Other <sup>1</sup>	-105	0
Taxes on income	147	157
Interest expenses	-19	0
<b>Consolidated net income</b>	<b>1,369</b>	<b>11,169</b>
<b>Earnings per share in € (basic)</b>	<b>0.11</b>	<b>0.92</b>

<sup>1</sup> Including consulting expenses in connection with M&A activities

## SHAREHOLDER STRUCTURE

(AS OF: JANUARY 2023)



■ 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	12,157,841
Share price (05/02/2023)	€ 62.10
Market capitalization	€ 755 million

# CONTACT

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THANK YOU  
FOR YOUR  
ATTENTION