

**POWER**

PEOPLE | INNOVATION | PARTNERSHIP

# GOLDMAN SACHS MEDTECH AND HEALTHCARE SERVICES CONFERENCE

London – September 7, 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 19 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

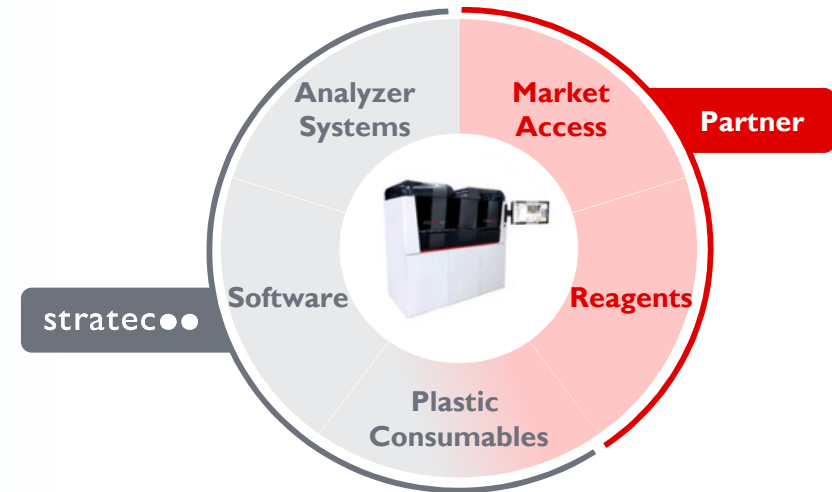
- Product lifecycles for a system typically in an area of 12 to 15 years
- Expanding installed base of systems
- Product enhancement and extension drives value / Life cycle management

## Long-term contractual setup

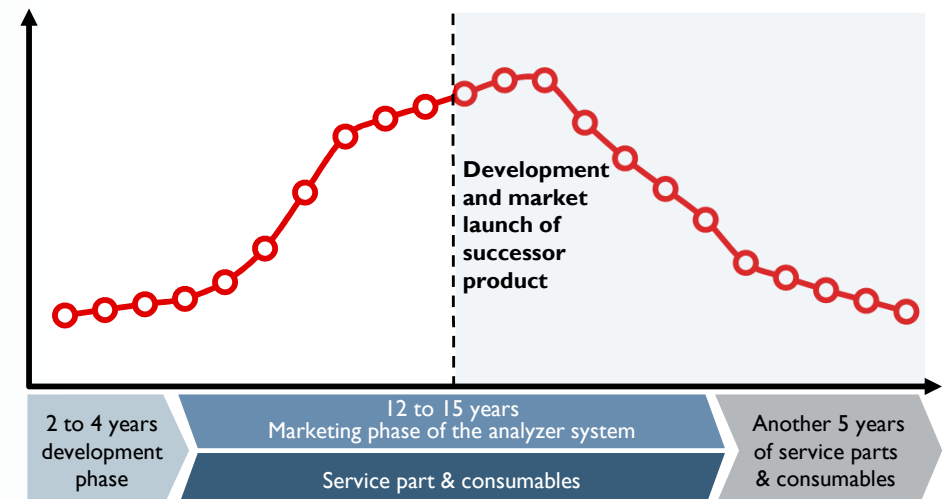
- Milestone payments during development stage (linked to agreed development budget and development targets)
- Operating sales during series production stage - minimum volume commitment by partner, firm transfer price)
- Recurring sales from service parts & consumables

→ 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

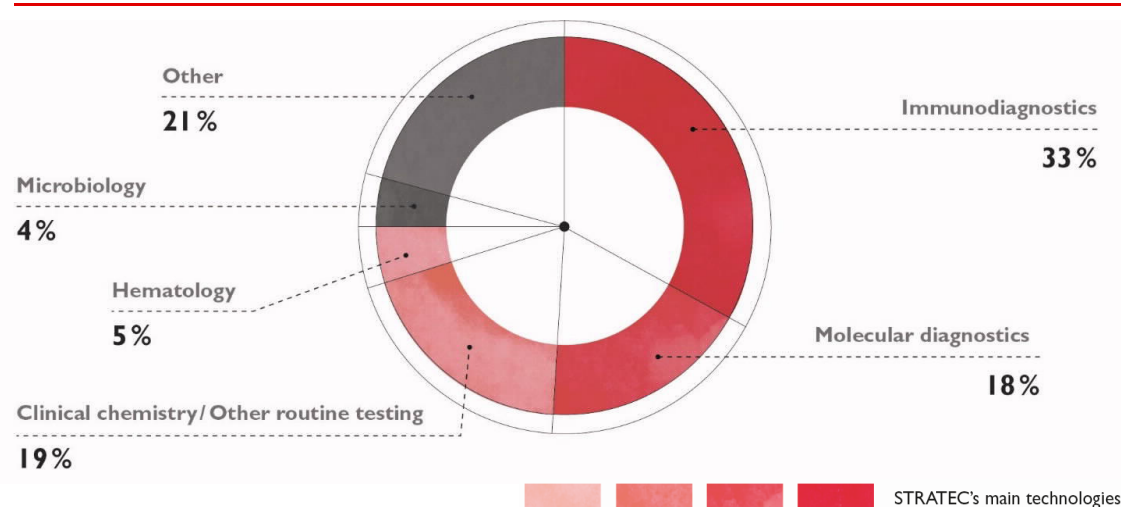
### Hematology & other routine testing

- Decentralized testing solutions
- Veterinary diagnostics
- Plastics

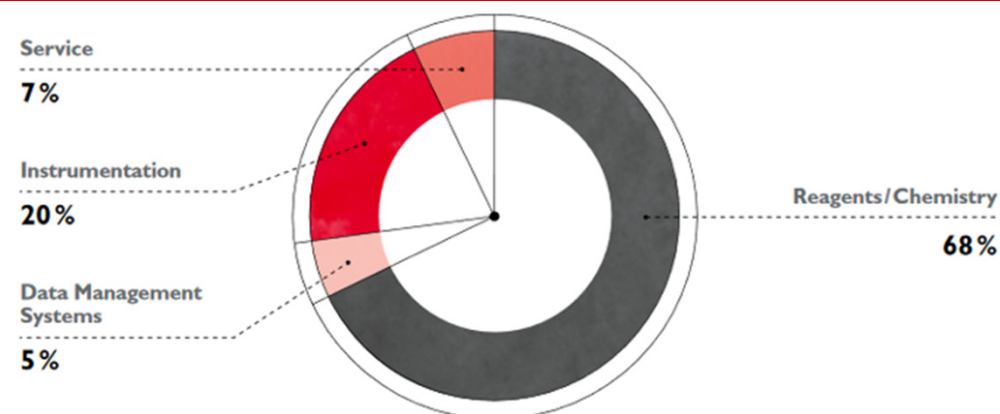
### Further specialities / focus areas

- 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

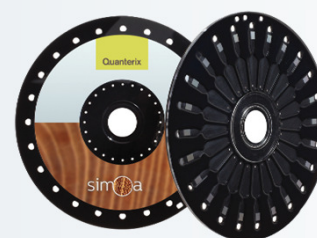
## Service parts and consumables (33% of sales)

- 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  
Quantarix



FLEXIMASS™ - DS MALDI TARGET  
Shimadzu Biotech

## Service and spare parts



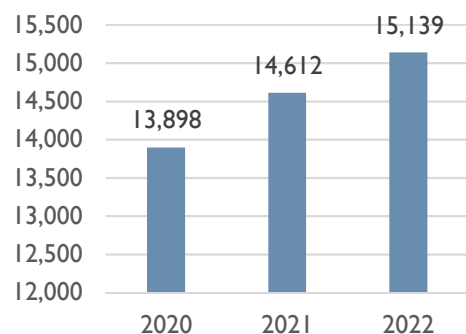
Peristaltic Pump  
STRATEC

## Classic consumables



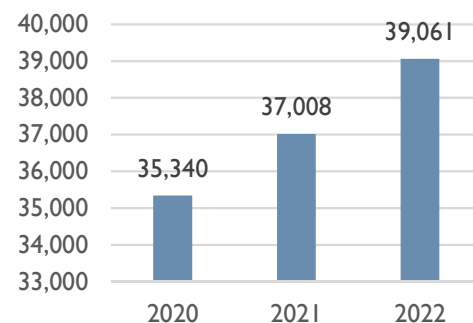
Stackable Cuvette  
STRATEC

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

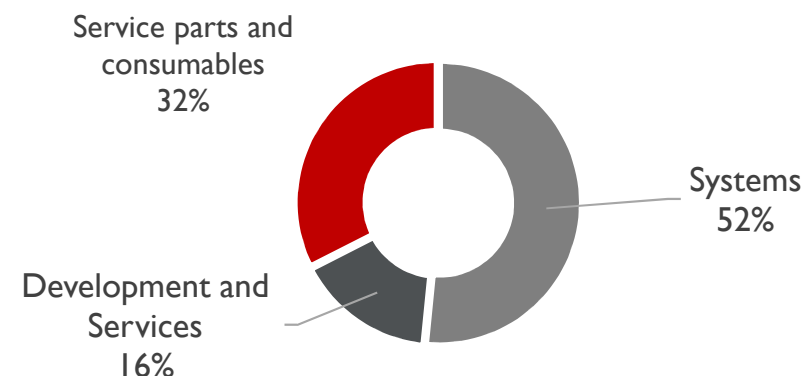


■ Installed base (number of system)

Installed base<sup>1</sup>  
Diatron



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 2022 (USD billion)
1.	Roche	18.2
2.	Abbott	16.6
3.	Danaher	10.8
4.	Siemens	6.1
5.	Thermo Fisher	4.8
6.	BECTON DICKINSON	4.7
7.	QuidelOrtho	4.1
8.	bioMérieux	3.2
9.	Sysmex	3.1
10.	HOLOGIC	2.6
11.	mindray	2.5
12.	Exact Sciences	2.1
13.	Illumina	2.1
14.	PerkinElmer	2.0
15.	werfen	1.8
16.	DiaSorin	1.5
17.	BIO-RAD	1.5
18.	Agilent	1.4
19.	Diagnostica Stago	0.9
20.	Seegene	0.7

... And other technology pioneers



■ STRATEC customer    ■ Not a STRATEC customer

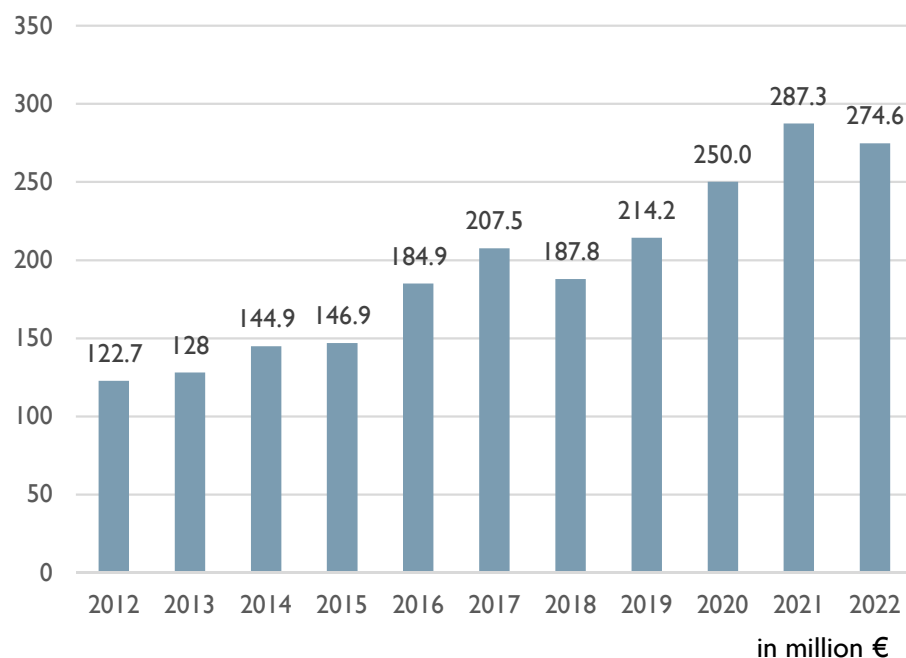
Source: IVD News / non-public companies estimated / non-reported sector sales estimated

# POSITIVE LONG-TERM FINANCIAL PERFORMANCE

## KEY FIGURES - TRACK RECORD

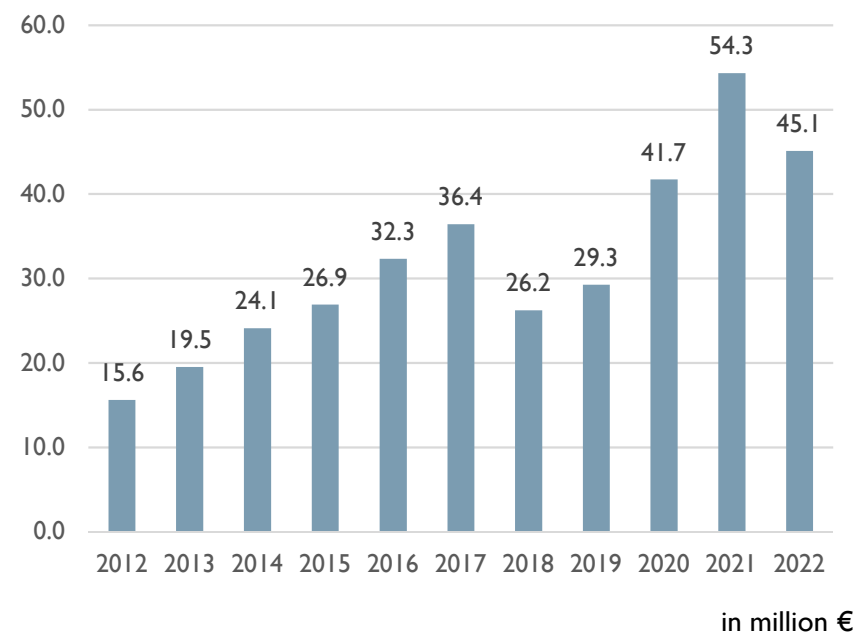
### Sales

CAGR ~8%



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

CAGR ~11%



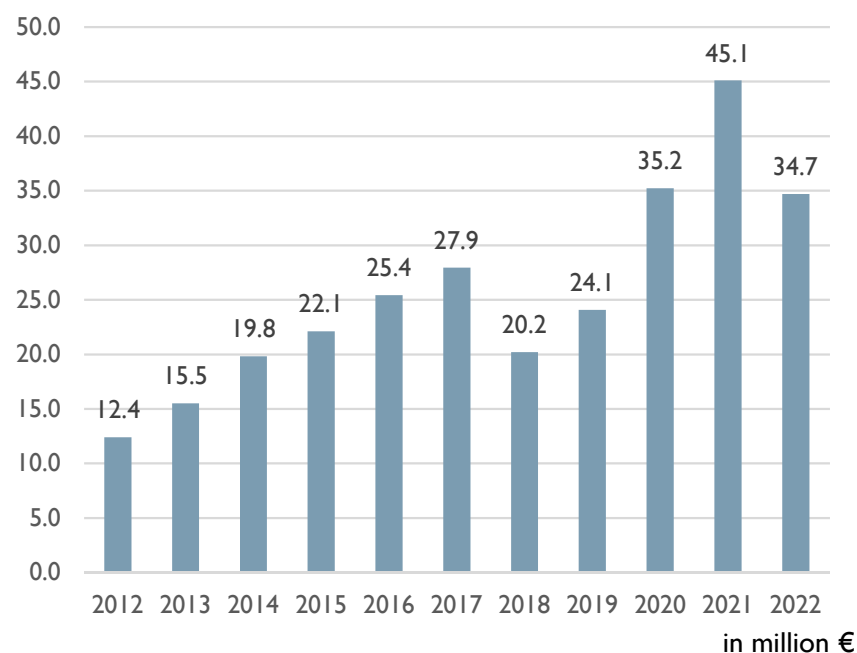
<sup>1</sup> Figures adjusted for comparison; adjusted for depreciation and amortization from purchase price allocation for acquisitions, related integration expenses and other extraordinary effects. Reconciliation to IFRS figures can be found in the respective annual report.

# POSITIVE LONG-TERM FINANCIAL PERFORMANCE

## KEY FIGURES - TRACK RECORD

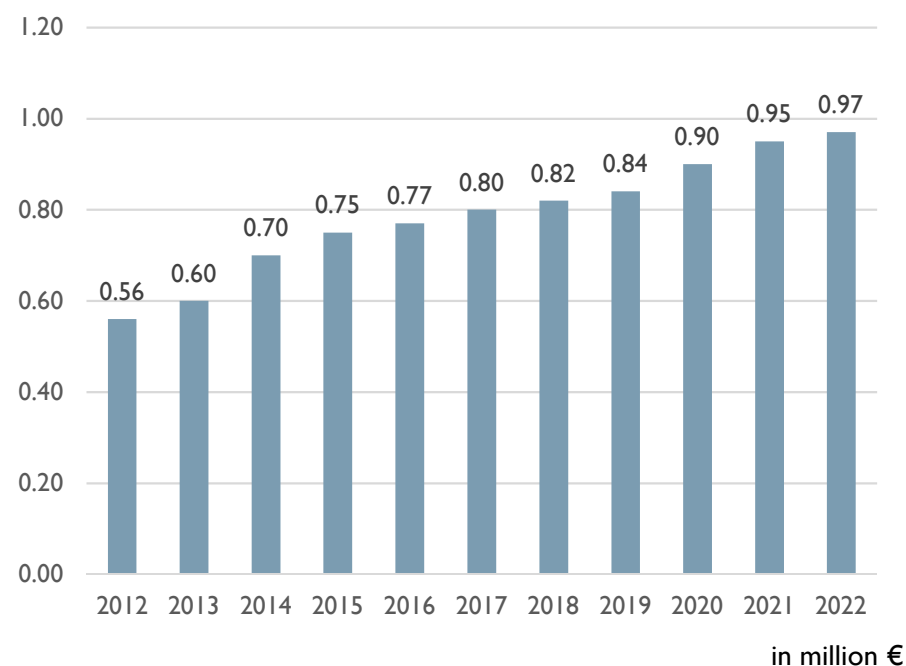
### Adjusted net income<sup>1</sup>

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.

## 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

# FINANCIAL REVIEW

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

€ 000s	H1/2023	H1/2022	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%

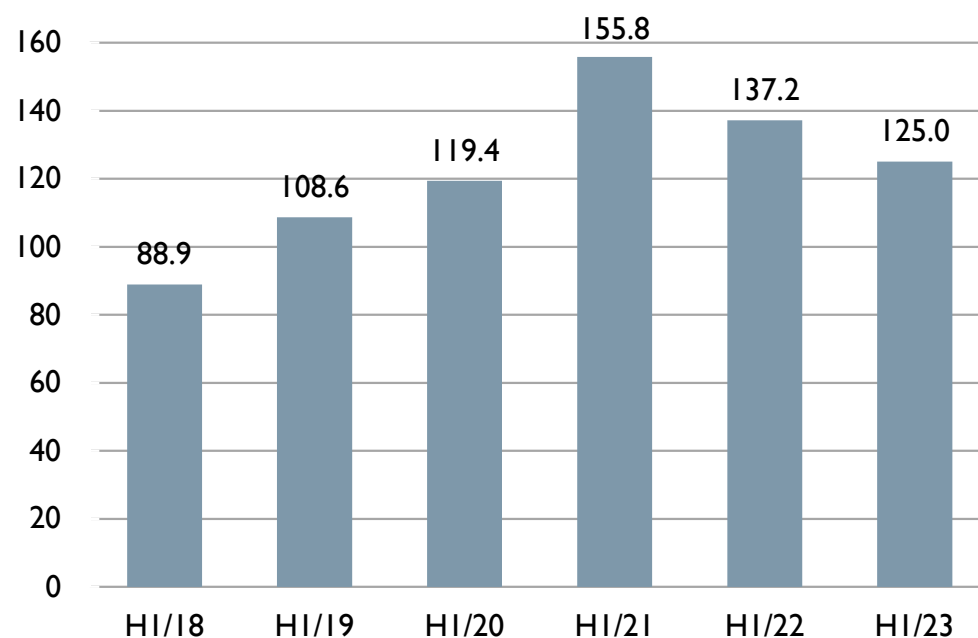
bps = basis points

<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

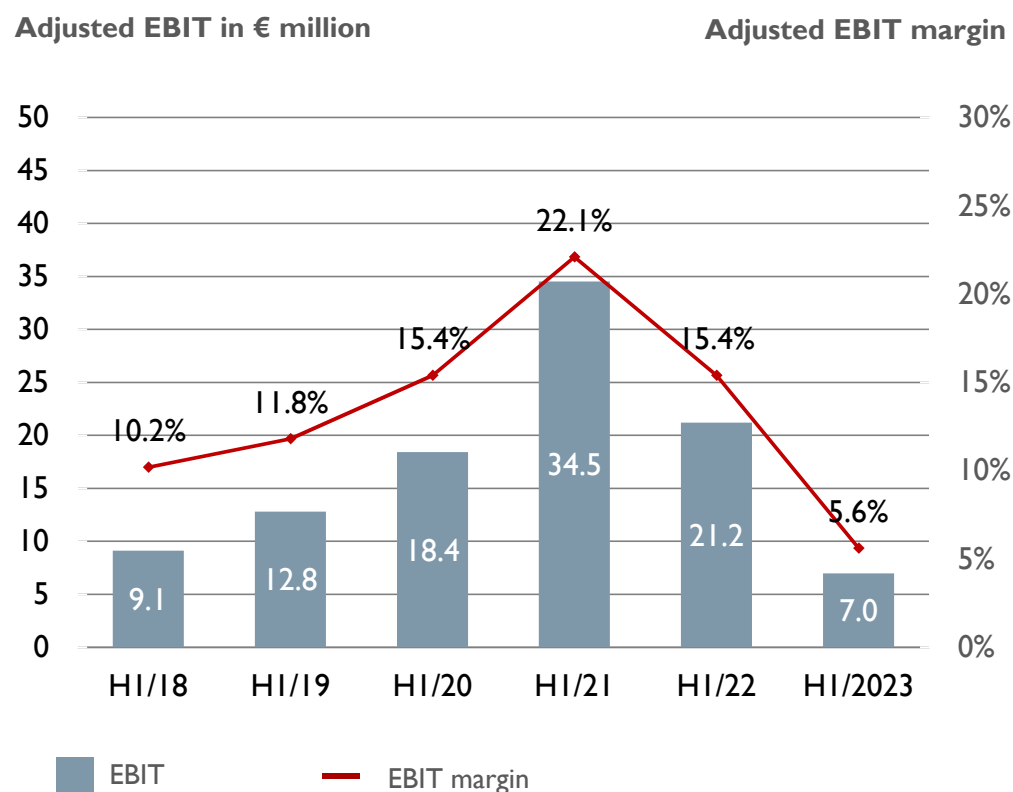
HI/2023 down by 8.9% yoy to € 125.0 million  
→ -9.1% at constant currency

- (-) 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

## ADJUSTED EBIT AND EBIT MARGIN HI/2023



HI/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	H1/2023	H1/2022	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	H1/2023	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 H1/2022 → in-line with full year target corridor of 6.0% to 8.0%
- Net debt / LTM EBITDA of 2.2x

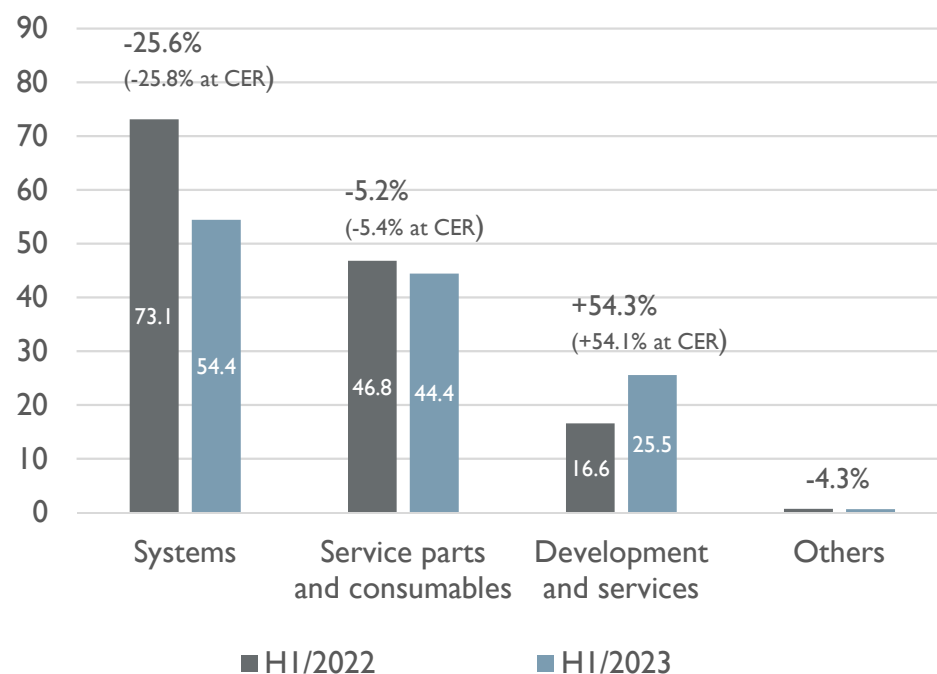
<sup>1</sup> Total investments in intangible and tangible assets in % of sales

LTM = Last twelve months

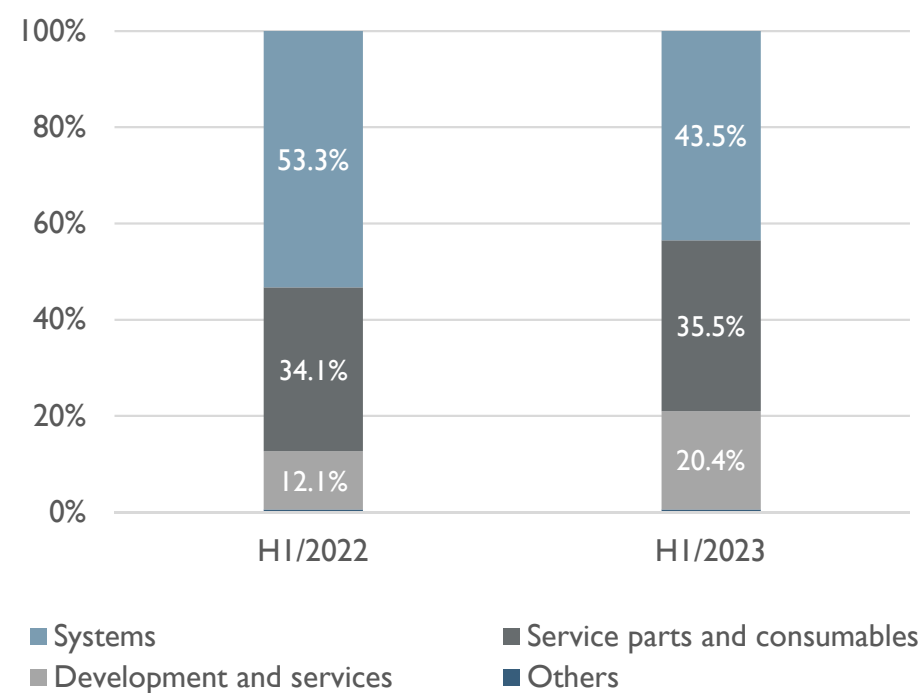
# FINANCIAL REVIEW

## SALES BY OPERATING DIVISIONS HI/2023

Sales in € million



In % of total sales



As of June 30

CER= Constant exchange rates

## 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>	

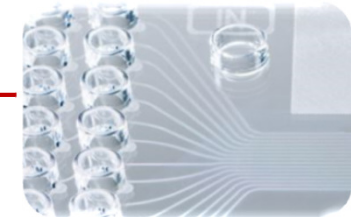
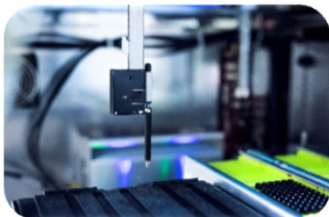
\*Compared with the original company budget

# OUTLOOK

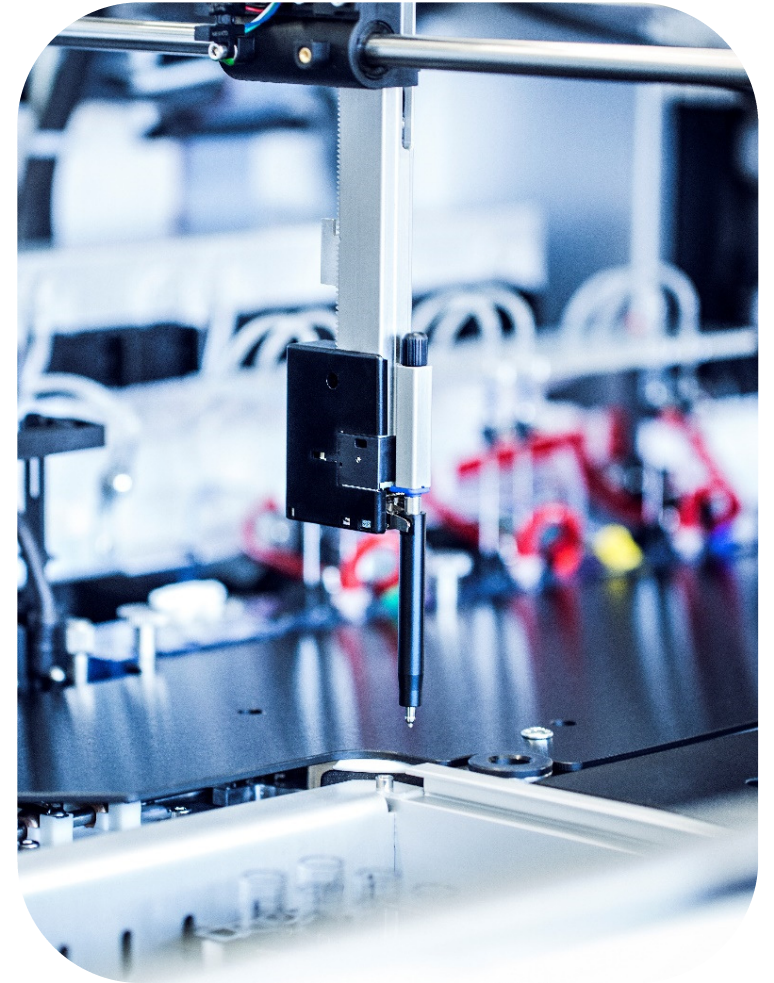
## GUIDANCE FOR FISCAL YEAR 2023\*

- 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



# 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
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.

# 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> Advisory expenses relating to M&A activities and one-off personnel expenses

### Consolidated net income

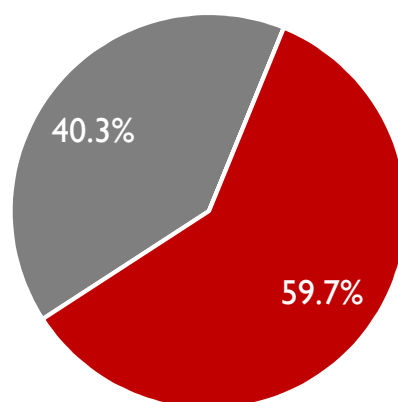
€ 000s	HI/2023	HI/2022
<b>Adjusted consolidated net income</b>	<b>4,060</b>	<b>16,679</b>
<b>Adjusted earnings per share in € (basic)</b>	<b>0.33</b>	<b>1.38</b>
<b>Adjustments:</b>		
PPA amortization	-1,256	-1,844
Other <sup>1</sup>	-937	0
Taxes on income	547	-2,019
Interest expenses	0	-214
<b>Consolidated 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> Advisory expenses relating to M&A activities and one-off personnel expenses

# APPENDIX

## SHAREHOLDER STRUCTURE

(AS OF: JANUARY 2023)



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

■ **Free float**

**Institutional investors > 3%:**

Brown Capital Management

Invesco

Juno Investment Partners

## SHARE

IPO

Aug. 1998

Number of shares

12,157,841

Share price (08/28/2023)

€ 50.00

Market capitalization

€ 609 million

## CONTACT

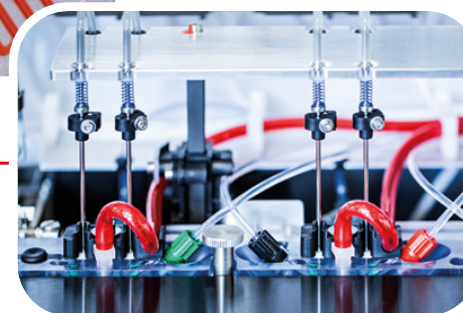
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THANK YOU  
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