

## **Moderate increase in sales and solid profitability for Tecan in the first half of 2012**

- **Sales of CHF 182.2 million (H1 2011: CHF 181.9 million); moderate increase of 0.2% in Swiss francs and 0.3% in local currencies**
- **Business segment sales performance in local currencies: Life Sciences Business -1.1%, Partnering Business +2.1%**
- **Order entry of CHF 179.6 million (H1 2011: CHF 196.0 million); down by 8.4%, mainly due to advance orders received in December 2011**
- **Operating profit (EBIT) increased by 6.3% to CHF 22.1 million (H1 2011: CHF 20.8 million); operating profit margin at 12.2% (H1 2011: 11.5%)**
- **Net profit of CHF 17.5 million (H1 2011: CHF 23.3 million); net profit margin of 9.6% (H1 2011: 12.8%)**
- **Earnings per share of CHF 1.62 (H1 2011: CHF 2.17)**
- **Cash flow from operating activities of CHF -8.0 million due to pre-financing of an OEM development project**
- **Forecast of low- to mid-single-digit sales growth in local currency terms and profitability target confirmed for full-year 2012**
- **Significant progress in major development programs**

**Männedorf, Switzerland, August 16, 2012** – The Tecan Group (SIX Swiss Exchange: TECN) closed the first half of 2012 with a moderate increase in sales and a solid operating result. Sales increased by 0.2% to CHF 182.2 million in the first six months (H1 2011: CHF 181.9 million) and were up by 0.3% in local currency terms. Order entry decreased by 8.4% to CHF 179.6 million in the first half of 2012, mainly due to advance orders from Partnering Business customers already received in December 2011 instead of the first quarter of 2012 (H1 2011: CHF 196.0 million).

In the first six months of 2012, the operating profit margin increased to 12.2% (H1 2011: 11.5%) and the operating profit (EBIT) of CHF 22.1 million was 6.3% above the prior-year period (H1 2011:

CHF 20.8 million). Net profit amounted to CHF 17.5 million (H1 2011: CHF 23.3 million). Net profit in the first half of 2011 benefited from a significantly better financial result, which was largely attributable to gains from currency hedging, and was to a large extent balanced out again over the full year 2011. The net profit margin in the first half of 2012 reached 9.6% of sales (H1 2011: 12.8%). Earnings per share were CHF 1.62 (H1 2011: CHF 2.17).

Due to the pre-financing of an OEM development project amounting to CHF 23.0 million, Tecan posted a negative cash flow from operating activities of CHF -8.0 million (H1 2011: CHF 18.0 million) in the first six months.

G rard Vaillant, acting CEO of Tecan, commented: "We are pleased with the results in the first half of the year and the fact that we were able to moderately grow sales above the high level we reached last year, despite the challenging economic environment. Based on our order backlog, the project pipeline and contributions from the launch of an exciting alternative pipetting technology in the third quarter, we anticipate an acceleration in growth in the second half of the year and therefore confirm our guidance for the full year 2012.

"We have achieved significant progress in the three major development programs currently underway, although important milestones still lie ahead of us. Successfully completing these programs is of the highest priority for everyone at Tecan," Vaillant continued.

## **Additional information**

### ***Regional development***

In Europe, sales in Swiss francs were 13.4% below the prior-year period and decreased by 11.6% in local currencies. This decrease is primarily due to lower sales to Partnering Business customers in Europe and lower Life Sciences Business sales in Switzerland compared to the high baseline of the prior-year period. Life Sciences Business sales in other European countries were only slightly below the prior-year period.

In North America, Tecan achieved sales growth of 11.5% in Swiss francs and 9.2% in local currencies. The growth in this region was predominantly achieved thanks to the strong performance of the Partnering Business. Life Sciences Business sales to end-customers were moderately below the prior-year level in North America.

Sales in Asia were strong, growing by 33.0% in Swiss francs and by 29.9% in local currencies. Investments in the market organizations in China and Australia are starting to pay off, with Life Sciences Business sales in those two countries driving significant growth for the region.

***Recurring sales of services and consumables***

Recurring sales of services and consumables increased by 1.4% in local currency terms and accounted for 32.5% of total sales (H1 2011: 32.2%). As part of this figure, sales of consumables in local currencies grew by 18.4% compared with the prior-year period, to a share of 9.6% of total sales (H1 2011: 8.2%).

***Research and development***

In the first half of 2012, research and development spending was at 12.4% of sales (H1 2011: 12.8%), or CHF 22.5 million (H1 2011: CHF 23.2 million). All told, research and development activities amounted to CHF 55.3 million gross (H1 2011: CHF 42.4 million). This figure also includes the development costs capitalized in the balance sheet (CHF 1.9 million gross) and development costs for OEM partners (CHF 32.0 million). As previously announced, Tecan expects research and development spending of around 13.5% of sales in 2012.

Tecan has three major development programs currently underway. For the two major OEM programs under development, P14 and P16, Tecan continues to expect the start of commercial supply of instruments to its partners in 2013. As communicated before, the launch of the next generation of liquid handling platforms is anticipated no later than 2014.

Tecan continues to enhance and broaden the functionalities of the market leading Freedom EVO<sup>®</sup> liquid handling platform with new modules and applications. With the upcoming launch of the Air Liquid Handling Arm<sup>™</sup> Tecan is introducing an alternative pipetting technology to better address its customers' specific preferences and expand its target market. By uniquely offering a choice of pipetting technologies on the same platform, or even combining both technologies on a single workstation, Tecan provides unrivalled flexibility to suit the needs of every application and laboratory workflow.

**Information by business segment*****Life Sciences Business (end-customer business)***

Sales in the Life Sciences Business segment decreased by 1.4% to CHF 100.8 million in the first half of 2012 (H1 2011: CHF 102.3 million). In local currencies, sales were 1.1% below the prior-year period. The Life Sciences Business constituted 55.3% of total Group sales in the first half of the year (H1 2011: 56.3%). Sales of detection instruments increased in the first six months of the year. Sales of liquid handling platforms overall were moderately below the prior-year level with

good growth in Asia Pacific. Order entry for the Life Sciences Business segment was slightly below the prior-year period.

The Life Sciences Business is, to a certain degree, subject to seasonality and therefore generates the majority of the segment operating profit in the second half of the year. The Life Sciences Business segment achieved an operating profit of CHF 4.6 million in the first half of 2012 (H1 2011: CHF 2.4 million). The operating profit margin doubled to 4.2% of sales in the first six months of 2012 (H1 2011: 2.1%) and was achieved with an elevated research and development spending level of 17.5% of sales.

### ***Partnering Business (OEM business)***

The Partnering Business segment generated sales of CHF 81.4 million during the reporting period (H1 2011: CHF 79.5 million). Sales increased by 2.3% in Swiss francs and by 2.1% in local currencies. The Partnering Business accounted for 44.7% of total Group sales (H1 2011: 43.7%). In the first half of 2012, sales of OEM instruments were slightly above the prior-year period, while components as well as services and consumables saw good growth.

Due to advance orders from Partnering Business customers already received in December 2011 instead of the first quarter of 2012, order entry in the first half-year was below the prior-year period. The Partnering Business segment achieved an operating profit margin of 25.5% of sales in the first six months of 2012 (H1 2011: 28.6%). At CHF 21.3 million, operating profit was below the prior-year period (H1 2011: CHF 23.4 million).

### **Strong balance sheet – high equity ratio**

Tecan's equity ratio increased slightly during the reporting period and reached 70.6% at June 30, 2012 (December 31, 2011: 69.1%). Net liquidity (cash and cash equivalents minus bank liabilities and loans) amounted to CHF 136.7 million and includes cash outflows for increased investments in development programs and dividend payments in the first half of the year (December 31, 2011: CHF 163.0 million; June 30, 2011: CHF 137.4 million). The Company's share capital stood at CHF 1,144,458 at the reporting date (June 30, 2012), consisting of 11,444,576 registered shares with a nominal value of CHF 0.10 each.

At the Tecan Group Annual General Meeting on April 18, 2012, shareholders approved a 25% increase in the dividend from CHF 1.00 to CHF 1.25 per share. The dividends of CHF 13.5 million in total were once again paid out from the available capital contribution reserve and are therefore not subject to withholding tax. The payout took place on April 25, 2012.

## Outlook

The Life Sciences Business segment achieved double-digit sales growth in local currencies in 2011, setting a high baseline for 2012. Based on order backlog, the project pipeline and contributions from the launch of an alternative pipetting technology in the third quarter of 2012, Tecan is predicting moderate growth in local currencies for the Life Sciences Business segment in 2012.

Based on confirmed forecasts of its existing customers, Tecan continues to expect good sales growth in local currencies for the Partnering Business segment in fiscal year 2012.

For the Tecan Group, the Company is anticipating an acceleration in growth in the second half of the year and maintains its guidance of low- to mid-single-digit sales growth in local currency terms for the full year 2012.

Tecan continues to forecast an operating profit margin of 12.2% to 13.2% of sales for full-year 2012. As communicated in March 2012, this expectation is based on an average exchange rate forecast for the full year 2012 of one euro equaling CHF 1.20 and one US dollar equaling CHF 0.90. Current exchange rates are more favorable for the Company than these assumptions. Should actual average exchange rates be higher, the reported operating profit margin for 2012 would be positively impacted.

## Interim Report and webcast

The full 2012 Interim Report can be accessed on the company website [www.tecan.com](http://www.tecan.com) under Investor Relations. An iPad app for Financial Reports of the Tecan Group is also available from the App Store.

A conference call discussing the results for the first half of 2012 will take place today at 10 a.m. (CET). The presentation will also be relayed by live audio webcast, which interested parties can access at [www.tecan.com](http://www.tecan.com). A link to the webcast will be provided immediately prior to the event.

The dial-in numbers for the conference call are as follows:

For participants from Europe: +41 91 610 5600 or +44 203 059 5862 (UK)

Participants from the US: +1 (1) 866 291 4166

Participants should if possible dial in 15 minutes before the start of the event.

**Key upcoming dates**

- The financial results 2012 will be published on March 7, 2013.
- The Annual General Meeting of Tecan's shareholders will take place in Zurich on April 17, 2013.

**About Tecan**

Tecan ([www.tecan.com](http://www.tecan.com)) is a leading global provider of laboratory instruments and solutions in biopharmaceuticals, forensics and clinical diagnostics. The company specializes in the development, production and distribution of automated workflow solutions for laboratories in the life sciences sector. Its clients include pharmaceutical and biotechnology companies, university research departments, and forensic and diagnostic laboratories. As an original equipment manufacturer (OEM), Tecan is also a leader in developing and manufacturing OEM instruments and components that are then distributed by partner companies. Founded in Switzerland in 1980, the company has manufacturing, research and development sites in both Europe and North America and maintains a sales and service network in 52 countries. In 2011, Tecan generated sales of CHF 377 million (USD 424 million; EUR 306 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TK: TECN/Reuters: TECZn.S/ ISIN: 1210019).

**For further information:****Tecan Group**

Dr. Rudolf Eugster  
Chief Financial Officer

[investor@tecan.com](mailto:investor@tecan.com)  
[www.tecan.com](http://www.tecan.com)

Martin Braendle  
Head of Corporate Communications &  
Investor Relations  
Tel. +41 (0) 44 922 84 30  
Fax +41 (0) 44 922 88 89

**– Financial tables on following pages –**

**Tecan Group – Financial reporting**  
**Interim consolidated financial statements as of June 30, 2012**  
 (Key figures, unaudited)

**Consolidated income statement**

January to June, CHF 1'000	2012	2011	Δin %
<b>Continuing operations</b>			
<b>Sales</b>	<b>182'225</b>	<b>181'860</b>	<b>0.2%</b>
Cost of sales	(91'820)	(91'077)	0.8%
<b>Gross profit</b>	<b>90'405</b>	<b>90'783</b>	<b>-0.4%</b>
<i>In % of sales</i>	49.6%	49.9%	
Sales and marketing	(28'299)	(28'268)	0.1%
Research and development	(22'543)	(23'243)	-3.0%
General and administration	(17'591)	(18'454)	-4.7%
Other operating income	172	9	1811.1%
<b>Operating profit</b>	<b>22'144</b>	<b>20'827</b>	<b>6.3%</b>
<i>In % of sales</i>	12.2%	11.5%	
Financial result	(451)	6'178	n.a.
<b>Profit before taxes</b>	<b>21'693</b>	<b>27'005</b>	<b>-19.7%</b>
Income taxes	(4'172)	(3'693)	13.0%
<b>Profit from continuing operations</b>	<b>17'521</b>	<b>23'312</b>	<b>-24.8%</b>
<i>In % of sales</i>	9.6%	12.8%	
<b>Discontinued operation</b>			
Result from discontinued operation <sup>1</sup>	-	-	n.a.
<b>Profit for the period</b>	<b>17'521</b>	<b>23'312</b>	<b>-24.8%</b>
Basic earnings per share (CHF/share)	1.62	2.17	-25.3%
Diluted earnings per share (CHF/share)	1.60	2.13	-24.9%

<sup>1</sup> Net of income taxes

**Order entry**

January to June, CHF 1'000	2012	2011	Δin % (CHF)	Δin % (LC)
<b>Order entry</b>	<b>179'624</b>	<b>196'044</b>	<b>-8.4%</b>	<b>-8.4%</b>

**Segment information by business segments**
**Sales to third parties**

January to June, CHF 1'000	2012	2011	Δin % (CHF)	Δin % (LC)
Life Sciences Business	100'846	102'322	-1.4%	-1.1%
Partnering Business	81'379	79'538	2.3%	2.1%
<b>Total sales</b>	<b>182'225</b>	<b>181'860</b>	<b>0.2%</b>	<b>0.3%</b>

**Segment information 2012**

January to June, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	100'846	81'379	-	<b>182'225</b>
Intersegment sales	7'633	2'098	(9'731)	-
<b>Total sales</b>	<b>108'479</b>	<b>83'477</b>	<b>(9'731)</b>	<b>182'225</b>
<b>Operating profit</b>	<b>4'607</b>	<b>21'303</b>	<b>(3'766)</b>	<b>22'144</b>
<i>In % of sales</i>	4.2%	25.5%		12.2%

**Segment information 2011**

January to June, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	102'322	79'538	-	<b>181'860</b>
Intersegment sales	9'005	2'281	(11'286)	-
<b>Total sales</b>	<b>111'327</b>	<b>81'819</b>	<b>(11'286)</b>	<b>181'860</b>
<b>Operating profit</b>	<b>2'355</b>	<b>23'365</b>	<b>(4'893)</b>	<b>20'827</b>
<i>In % of sales</i>	2.1%	28.6%		11.5%

**Sales by regions (by location of customers)**

January to June, CHF 1'000	2012	2011	Δin % (CHF)	Δin % (LC)
Switzerland	4'343	5'396	-19.5%	-19.5%
Other Europe	76'033	87'437	-13.0%	-11.1%
North America	74'837	67'090	11.5%	9.2%
Asia	22'225	16'717	32.9%	29.9%
Others	4'787	5'220	-8.3%	-4.8%
<b>Total sales</b>	<b>182'225</b>	<b>181'860</b>	<b>0.2%</b>	<b>0.3%</b>



### Consolidated balance sheet

CHF 1'000	30.06.2012	31.12.2011	Δin %
<b>Assets</b>			
Current assets	322'783	322'980	-0.1%
Non-current assets	68'230	66'961	1.9%
<b>Assets</b>	<b>391'013</b>	<b>389'941</b>	<b>0.3%</b>
<b>Liabilities and equity</b>			
Current liabilities	100'592	107'263	-6.2%
Non-current liabilities	14'311	13'365	7.1%
<i>Total liabilities</i>	<i>114'903</i>	<i>120'628</i>	<i>-4.7%</i>
Shareholders' equity	276'110	269'313	2.5%
<b>Liabilities and equity</b>	<b>391'013</b>	<b>389'941</b>	<b>0.3%</b>

### Consolidated statement of changes in shareholders' equity

January to June, CHF 1'000	2012	2011	Δin %
<b>Shareholders' equity at January 1</b>	<b>269'313</b>	<b>228'040</b>	<b>18.1%</b>
Profit for the period	17'521	23'312	-24.8%
Translation differences	(12)	(4'200)	-99.7%
Dividends paid	(13'532)	(10'771)	25.6%
New shares issued upon exercise of employee share options	-	285	n.a.
Treasury shares issued based on employee participation plans	1'139	1'007	13.1%
Share-based payments	1'681	1'468	14.5%
<b>Shareholders' equity at June 30</b>	<b>276'110</b>	<b>239'141</b>	<b>15.5%</b>

### Consolidated cash flow statement

January to June, CHF 1'000	2012	2011	Δin %
Cash (out)/inflows from operating activities	(8'022)	18'028	n.a.
Cash outflows from investing activities	(5'603)	(34'589)	-83.8%
Cash outflows from financing activities	(12'046)	(10'137)	18.8%
Translation differences	(132)	(1'904)	-93.1%
<b>Decrease in cash and cash equivalents</b>	<b>(25'803)</b>	<b>(28'602)</b>	<b>-9.8%</b>
<b>Cash and cash equivalents as per cash flow statement:</b>			
At January 1	165'089	116'879	41.2%
At June 30	139'286	88'277	57.8%