

Tecan posts a solid performance in 2012 and an acceleration in sales in the second half

Financial results: full-year and second half of 2012

- Sales of CHF 391.1 million (2011: CHF 377.0 million)
 - Growth of 3.8% or 1.9% in local currencies in 2012
 - Accelerated sales growth of 7.1% or 3.3% in local currencies in the second half
- Order entry of CHF 382.3 million (2011: CHF 383.9 million)
 - Slight decline of -0.4% or -2.2% in local currencies in 2012
 - Growth of 7.9% or 4.1% in local currencies in the second half
- Operating profit (EBIT) of CHF 52.3 million (2011: CHF 51.3 million)
 - Operating profit margin of 13.4% of sales in 2012 (2011: 13.6%)
 - Above the expected range of 12.2% to 13.2%
- Net profit from continuing operations: CHF 42.2 million (2011: CHF 44.9 million)
 - Profit margin of 10.8% of sales in 2012 (2011: 11.9%)
 - Earnings per share from continuing operations of CHF 3.90 (2011: CHF 4.18)
- Cash flow from operating activities: CHF 2.4 million (2011: CHF 45.1 million)
 - Cash flow from operating activities of CHF 45.0 million, excluding prefinancing of an OEM development project

Other important information

- Strengthening of management: Manager with extensive sector-specific experience to head the Life Sciences Business
- Board of Directors: Dr. Christa Kreuzburg to be proposed to the upcoming Annual General Meeting as a new member of the Board; Dominique Baly will not seek reelection
- Increase in the dividend from CHF 1.25 to CHF 1.50 per share proposed

Outlook

- 2013: Forecast of growth in local currencies in the mid-single-digit percentage range and an increase in operating profit margin of around 50 basis points
- Start of commercial instrument deliveries under two significant OEM programs expected in 2013
- Medium-term target for 2015: Sales of around CHF 500 million with increased profitability

Männedorf, Switzerland, March 7, 2013 – The Tecan Group (SIX Swiss Exchange: TECN) closed 2012 with a solid performance and a substantial acceleration in sales in the second half. Sales increased by 3.8% to CHF 391.1 million in 2012 (2011: CHF 377.0 million) and were up by 1.9% in local currency terms. Following low growth in the first six months, sales growth accelerated considerably in the second half and was 7.1% higher than in the prior-year period. This equates to an increase of 3.3% in local currencies. Order entry in 2012 was only slightly below the prior-year figure at CHF 382.3 million (2011: CHF 383.9 million). Advance orders in 2011 resulted in a significant decline in order entry in the first six months of 2012. However, this decline was almost fully offset by growth in orders of 7.9% (4.1% in local currencies) in the second half.

Operating profit before interest and taxes (EBIT) increased by 2.0% to CHF 52.3 million in 2012 (2011: CHF 51.3 million). At 13.4% of sales, the operating profit margin exceeded the expected range of 12.2% to 13.2%, and was only slightly below the prior-year level (2011: 13.6%), although research and development spending increased by 0.7 percentage points year-on-year. Net profit from continuing operations amounted to CHF 42.2 million in 2012 (2011: CHF 44.9 million). Net profit in 2011 benefited from a significantly better financial result, which was largely attributable to gains from currency hedging. The net profit margin was 10.8% of sales in 2012 (2011: 11.9%). Earnings per share from continuing operations were CHF 3.90 (2011: CHF 4.18). Cash flow from operating activities totaled CHF 2.4 million (2011: CHF 45.1 million). Excluding prefinancing of an OEM development project, cash flow from operating activities amounted to CHF 45.0 million.

Tecan CEO David Martyr commented: “In a continuing difficult market environment, Tecan closed financial year 2012 with a solid result overall. Following low growth in the first six months, sales growth accelerated considerably in the second half, as we expected. We are particularly pleased by the strong growth in China, where we generated sales of more than 20 million Swiss francs for the first time, with a clearly double-digit growth rate. Our component business also posted double-digit growth, thanks to a number of newly acquired customers.”

“We intend to continue to increase our sales and profitability in 2013 and beyond. The start of instrument deliveries to two OEM partners during the course of this year and the resulting expected substantial contribution to sales from 2014 mean that we already have significant growth drivers for the coming years. We will also implement our growth strategy in a more targeted way in other areas. For example, we believe growth markets such as China still harbor considerable potential. Overall, we are well on track to bring Tecan to the next level of business development. Our aims for 2015 are sales of around 500 million Swiss francs with increased profitability,” said Martyr.

Information by business segments

Life Sciences Business (end-customer business)

Sales in the Life Sciences Business segment rose by 1.3% to CHF 235.2 million in 2012 (2011: CHF 232.2 million). In local currencies, sales were 1.1% below the prior-year period. The Life Sciences Business constituted 60.1% of total Group sales (2011: 61.6%). In the second half of the year, sales increased by 3.4%, and in local currency terms were 1.1% below the prior-year level. In local currencies, sales generated by liquid handling platforms in 2012 were close to the previous year's level, while those of detection devices were down slightly compared to 2011. Tecan posted high double-digit growth in all product groups in Asia Pacific. Order entry in the Life Sciences Business remained slightly below the previous year's figure in local currencies, but improved during the second half.

Operating profit in the segment rose 21.8% to CHF 29.0 million in the year under review (2011: CHF 23.8 million). Operating profit margin rose two percentage points to 11.6% of sales (2011: 9.6%), mainly due to a higher gross margin.

Partnering Business (OEM business)

The Partnering Business generated sales of CHF 156.0 million in the year under review (2011: CHF 144.7 million), which corresponds to an increase of 7.8% in Swiss francs and 6.7% in local currencies. The OEM business accounted for 39.9% of total Group sales (2011: 38.4%). Sales growth accelerated further in the second half, and was 14.4% higher than 2011 in Swiss francs, and 12.1% higher in local currency terms. Components, services and consumables posted double-digit growth in 2012.

Order entry in the Partnering Business was below the prior-year period in the first six months, due to advance orders made by customers in December 2011 rather than in the first quarter of 2012. In the second half, however, order entry was up substantially on the same period of 2011, and was down only slightly year-on-year for 2012 as a whole.

The Partnering Business segment achieved an operating profit margin of 19.1% of sales in 2012 (2011: 23.7%). The main reason for the lower operating profit margin was costs booked under a development program for an OEM customer. At CHF 30.6 million, operating profit was therefore below that of the previous year (2011: CHF 35.6 million).

Additional information

Regional development

In Europe, sales in Swiss francs were 7.8% below the prior-year period and decreased by 7.2% in local currencies. This is due to lower sales in the Partnering Business, mainly as engineering

income generated in an OEM project declined. In light of the challenging economic situation in some European countries, sales in the Life Sciences Business were also below the prior-year level. Sales in Europe were 1.8% below 2011 in Swiss francs, and 2.5% lower in local currency terms in the second half.

In North America, Tecan generated sales growth of 10.4% in Swiss francs and 5.4% in local currencies. Growth in this region was driven by the strong performance of the Partnering Business, primarily a considerable increase in sales in the component business. Life Sciences Business sales to end customers were below the prior-year level in North America due to the continuing strained economic environment. In the second half of the year, sales in North America increased by 9.4%, or 2.4% in local currencies.

Sales in Asia were strong, growing by 24.5% in Swiss francs and by 20.2% in local currencies. Investments in the market organizations are starting to pay off, particularly in China. Sales in China increased at a clearly double-digit percentage rate, driven by the Life Sciences Business. In the second half of the year, sales in Asia increased by 19.2%, or 14.2% in local currencies.

Recurring sales of consumables and services

Recurring sales of consumables and services increased by 6.0% in the year under review, or by 4.0% in local currency terms, and accounted for 30.6% of total sales (2011: 30.0%). As part of this figure, sales of consumables grew by 17.9% in Swiss francs and by 15.4% in local currencies to a share of 9.1% of total sales (2011: 8.0%)

Research and development

Research and development spending in 2012 amounted to 13.2% of sales (2011: 12.5%) or CHF 51.5 million (2011: CHF 47.0 million). All told, research and development activities came to CHF 114.7 million gross (2011: CHF 90.6 million). This figure also includes the development costs capitalized in the balance sheet of CHF 4.0 million gross and development costs for OEM partners of CHF 61.9 million.

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. In a separate press release, Tecan has announced today that its OEM partner Dako, an Agilent Technologies Company and worldwide provider of cancer diagnostics, unveiled the new platform previously referred to by Tecan as P16, at a global congress.

As communicated before, the launch of Tecan's next generation of liquid handling platforms is anticipated to take place in 2014.

Strong balance sheet – high equity ratio

Tecan's equity ratio increased during the reporting period and reached 71.9% as of December 31, 2012 (December 31, 2011: 69.1%). Net liquidity (cash and cash equivalents minus bank liabilities and loans) amounted to CHF 141.3 million (December 31, 2011: CHF 163.0 million) despite increased investment in development programs. The Company's share capital stood at CHF 1,144,458 at the reporting date (December 31, 2012), consisting of 11,444,576 registered shares with a nominal value of CHF 0.10 each.

Further increase in distribution to shareholders

On the basis of a strong balance sheet and a sustainable good business outlook, Tecan intends to increase its profit distribution to shareholders again. The Board of Directors will therefore propose a 20% increase in the dividend from CHF 1.25 to CHF 1.50 per share to the shareholders at the Company's Annual General Meeting on April 17, 2013. The dividend will be paid out in part from the available capital contribution reserve, and this portion of CHF 1.00 is therefore not subject to withholding tax.

Election to the Board of Directors

The Board of Directors will propose the election of Dr. Christa Kreuzberg as a new member of the Board at the Annual General Meeting. Dr. Kreuzberg is an experienced manager from the pharma industry, and has held a range of management positions at Bayer AG. Most recently, she was a member of the Executive Committee of Bayer HealthCare and Head of Bayer Schering Pharma Europe/Canada.

The Board will also propose the reelection of current members Rolf A. Classon, Heinrich Fischer, Dr. Oliver S. Fetzler, Gérard Vaillant, Erik Walldén and Dr. Karen Huebscher for a further one-year term.

Dominique F. Baly will not seek reelection at this year's Annual General Meeting.

Strengthening of management

At the beginning of 2013, CEO David Martyr took the opportunity to restructure the management team and strengthen it in a targeted way to implement the growth strategy. On February 28, Tecan announced that it has appointed Dr. Stefan Traeger as a member of the Management Board. As Head of the Life Sciences Business division Stefan Traeger will be responsible for the Group's

global end-customer business. He will take up his new post at Tecan on July 1, 2013. Stefan Traeger has extensive domain experience in a variety of management positions in the life science industry.

Searches for a Head of the Partnering Business division and a Head of Corporate Development are underway.

Outlook

Financial year 2013

In a continuing challenging economic environment, Tecan predicts moderate growth in local currencies in the Life Sciences Business segment in 2013.

Based on customer forecasts for existing products, new instruments scheduled to be launched in 2013 as well as the anticipated continuation of dynamic growth in the component business, Tecan expects good sales growth for the Partnering Business segment in 2013.

Overall, Tecan expects sales growth for full-year 2013 to be in the mid-single-digit percentage range in local currencies. The Company anticipates a moderate increase in sales in the first six months followed by stronger growth in the second half, similar to the trend in 2012. This is primarily based on the expected start of instrument supply under a significant OEM program, which should begin contributing to sales in the second half.

Tecan is targeting a further improvement in profitability in 2013.

A reduction in research and development spending as a proportion of sales will have a positive effect on the operating profit margin here; however, lower average exchange rates compared with 2012 are expected to have a negative impact.

Overall, Tecan expects operating profit margin to grow by around 50 basis points in 2013 compared with 2012.

Medium-term targets for 2015

Tecan also announced its medium-term targets for 2015 today.

The start of commercial instrument deliveries under two significant OEM programs to partners during the course of this year and the resulting expected considerable contribution to sales from 2014 mean that the Company already has significant growth drivers for the near future. Further, the targeted implementation of the growth strategy should make a substantial contribution to sales growth, for example in growth markets such as China.

Tecan's aims for 2015 at current exchange rates are sales of around CHF 500 million and increased profitability.

Financial Report and Webcast

The full 2012 Financial Report can be accessed on the Company's website www.tecan.com under Investor Relations. An iPad App for the Tecan Financial Reports is available from the App Store.

Tecan will hold an analyst and press conference to discuss the 2012 annual results today at 10:00 am (CET). The presentation will also be relayed by live audio webcast, which interested parties can access at 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 full Annual Report 2012 will be published at the end of March.
- The Annual General Meeting of Tecan's shareholders will take place in Zurich on April 17, 2013.
- The 2013 Interim Report will be published on August 14, 2013.

About Tecan

Tecan (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, 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 2012, Tecan generated sales of CHF 391 million (USD 416 million; EUR 323 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TECN; ISIN CH0012100191).

For further information:

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Tecan Group – Financial reporting
Consolidated financial statements for 2012
(Key figures, unaudited)

Consolidated income statement

January to December, CHF 1'000	2012	2011	Δin %
Continuing operations			
Sales	391'108	376'970	3.8%
Cost of sales	(192'833)	(185'242)	4.1%
Gross profit	198'275	191'728	3.4%
<i>In % of sales</i>	<i>50.7%</i>	<i>50.9%</i>	
Sales and marketing	(59'894)	(57'832)	3.6%
Research and development	(51'475)	(47'004)	9.5%
General and administration	(35'583)	(36'627)	-2.9%
Other operating income	983	1'006	-2.3%
Operating profit	52'306	51'271	2.0%
<i>In % of sales</i>	<i>13.4%</i>	<i>13.6%</i>	
Financial result	181	2'289	-92.1%
Profit before taxes	52'487	53'560	-2.0%
Income taxes	(10'332)	(8'645)	19.5%
Profit from continuing operations	42'155	44'915	-6.1%
<i>In % of sales</i>	<i>10.8%</i>	<i>11.9%</i>	
Discontinued operation			
Profit from discontinued operation ¹	-	2'644	n.a.
Profit for the period	42'155	47'559	-11.4%

¹ Net of income taxes

Earnings per share from continuing operations

Basic earnings per share (CHF/share)	3.90	4.18	-6.7%
Diluted earnings per share (CHF/share)	3.84	4.12	-6.8%

Earnings per share including discontinued operation

Basic earnings per share (CHF/share)	3.90	4.42	-11.8%
Diluted earnings per share (CHF/share)	3.84	4.36	-11.9%

Order entry

January to December, CHF 1'000	2012	2011	Δin % (CHF)	Δin % (LC)
Order entry	382'329	383'897	-0.4%	-2.2%

Segment information by business segments
Sales to third parties

January to December, CHF 1'000	2012	2011	Δin % (CHF)	Δin % (LC)
Life Sciences Business	235'152	232'240	1.3%	-1.1%
Partnering Business	155'956	144'730	7.8%	6.7%
Total sales	391'108	376'970	3.8%	1.9%

Segment information 2012

January to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	235'152	155'956		391'108
Intersegment sales	15'356	4'339	(19'695)	-
Total sales	250'508	160'295	(19'695)	391'108
Operating profit	29'030	30'619	(7'343)	52'306
<i>In % of sales</i>	11.6%	19.1%		13.4%

Segment information 2011

January to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	232'240	144'730	-	376'970
Intersegment sales	15'887	5'654	(21'541)	-
Total sales	248'127	150'384	(21'541)	376'970
Operating profit	23'840	35'646	(8'215)	51'271
<i>In % of sales</i>	9.6%	23.7%		13.6%

Sales by regions (by location of customers)

January to December, CHF 1'000	2012	2011	Δin % (CHF)	Δin % (LC)
Switzerland	10'648	11'763	-9.5%	-9.4%
Other Europe	153'361	166'201	-7.7%	-7.0%
North America	159'379	144'349	10.4%	5.4%
Asia	54'255	43'579	24.5%	20.2%
Others	13'465	11'078	21.5%	23.1%
Total sales	391'108	376'970	3.8%	1.9%

Consolidated balance sheet

CHF 1'000	31.12.2012	31.12.2011	Δin %
Assets			
Current assets	351'968	322'980	9.0%
Non-current assets	69'333	66'961	3.5%
Assets	421'301	389'941	8.0%
Liabilities and equity			
Current liabilities	103'696	107'263	-3.3%
Non-current liabilities	14'767	13'365	10.5%
<i>Total liabilities</i>	<i>118'463</i>	<i>120'628</i>	<i>-1.8%</i>
Shareholders' equity	302'838	269'313	12.4%
Liabilities and equity	421'301	389'941	8.0%

Consolidated statement of changes in shareholders' equity

January to December, CHF 1'000	2012	2011	Δin %
Shareholders' equity at January 1	269'313	228'040	18.1%
Profit for the period	42'155	47'559	-11.4%
Translation differences	(1'455)	(568)	156.2%
Dividends paid	(13'532)	(10'771)	25.6%
New shares issued upon exercise of employee share options	(2)	281	n.a.
Treasury shares issued based on employee participation plans	3'324	1'154	188.0%
Share-based payments	3'035	3'618	-16.1%
Shareholders' equity at December 31	302'838	269'313	12.4%

Consolidated cash flow statement

January to December, CHF 1'000	2012	2011	Δin %
Cash inflows form operating activities	2'405	45'116	-94.7%
Cash (out)/inflows from investing activities	(13'345)	12'446	n.a.
Cash outflows from financing activities	(9'189)	(8'878)	3.5%
Translation differences	(440)	(474)	-7.2%
(Decrease)/increase in cash and cash equivalents	(20'569)	48'210	n.a.
Cash and cash equivalents as per cash flow statement:			
At January 1	165'089	116'879	41.2%
At December 31	144'520	165'089	-12.5%

Discontinued operation

January to December, CHF 1'000	2012	2011
Result from operating activities¹	-	-
Gain on settlement of deferred and contingent considerations	-	2'644
Related income taxes	-	-
Profit from discontinued operation	-	2'644

¹ Net of income taxes

Earnings per share from discontinued operation

Basic earnings per share (CHF/share)	0.00	0.24
Diluted earnings per share (CHF/share)	0.00	0.24

Cash inflow from discontinued operation

Net cash flow from operating activities	-	-
Net cash inflow from investing activities	-	5'480
Net cash flow from financing activities	-	-
Net cash inflow from discontinued operation	-	5'480

Tecan Group – Financial reporting
Consolidated financial statements for the six months ending December 31, 2012

(Key figures, unaudited)

Consolidated income statement for the six months ending December 31

July to December, CHF 1'000	H2 2012	H2 2011	Δin %
Continuing operations			
Sales	208'883	195'110	7.1%
Cost of sales	(101'013)	(94'165)	7.3%
Gross profit	107'870	100'945	6.9%
<i>In % of sales</i>	<i>51.6%</i>	<i>51.7%</i>	
Sales and marketing	(31'595)	(29'564)	6.9%
Research and development	(28'932)	(23'761)	21.8%
General and administration	(17'992)	(18'173)	-1.0%
Other operating income	811	997	-18.7%
Operating profit	30'162	30'444	-0.9%
<i>In % of sales</i>	<i>14.4%</i>	<i>15.6%</i>	
Financial result	632	(3'889)	n.a.
Profit before taxes	30'794	26'555	16.0%
Income taxes	(6'160)	(4'952)	24.4%
Profit from continuing operations	24'634	21'603	14.0%
<i>In % of sales</i>	<i>11.8%</i>	<i>11.1%</i>	
Discontinued operation			
Profit from discontinued operation ¹	-	2'644	n.a.
Profit for the period	24'634	24'247	1.6%

¹ Net of income taxes

Earnings per share from continuing operations

Basic earnings per share (CHF/share)	2.28	2.01	13.4%
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Earnings per share including discontinued operation

Basic earnings per share (CHF/share)	2.28	2.25	1.3%
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Order entry for the six months ending December 31

July to December, CHF 1'000	H2 2012	H2 2011	Δin % (CHF)	Δin % (LC)
Order entry	202'705	187'853	7.9%	4.1%

Segment information by business segments for the six months ending December 31
Sales to third parties

July to December, CHF 1'000	H2 2012	H2 2011	Δin % (CHF)	Δin % (LC)
Life Sciences Business	134'306	129'918	3.4%	-1.1%
Partnering Business	74'577	65'192	14.4%	12.1%
Total sales	208'883	195'110	7.1%	3.3%

Segment information 2012

July to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	134'306	74'577		208'883
Intersegment sales	7'723	2'241	(9'964)	-
Total sales	142'029	76'818	(9'964)	208'883
Operating profit	24'423	9'316	(3'577)	30'162
<i>In % of sales</i>	17.2%	12.1%		14.4%

Segment information 2011

July to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	129'918	65'192		195'110
Intersegment sales	6'882	3'373	(10'255)	-
Total sales	136'800	68'565	(10'255)	195'110
Operating profit	21'485	12'281	(3'322)	30'444
<i>In % of sales</i>	15.7%	17.9%		15.6%

Sales by regions (by location of customers) for the six months ending December 31

July to December, CHF 1'000	H2 2012	H2 2011	Δin % (CHF)	Δin % (LC)
Switzerland	6'305	6'367	-1.0%	-0.9%
Other Europe	77'328	78'764	-1.8%	-2.6%
North America	84'543	77'260	9.4%	2.4%
Asia	32'030	26'862	19.2%	14.2%
Others	8'677	5'857	48.1%	46.8%
Total sales	208'883	195'110	7.1%	3.3%

Discontinued operation for the six months ending December 31

July to December, CHF 1'000	2012	2011
Result from operating activities¹	-	-
Gain on settlement of deferred and contingent considerations	-	2'644
Profit from discontinued operation	-	2'644

¹ Net of income taxes

Earnings per share from discontinued operation

Basic earnings per share (CHF/share)	0.00	0.24
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