

## Tecan records stable sales and increased operating profit in the first half of 2013

- **Sales of CHF 181.8 million (H1 2012: CHF 182.2 million)**
  - Stable sales despite tough economic environment
  - Sales 0.2% (0.5% in local currencies) below prior-year figure
- **Order entry of CHF 189.2 million (H1 2012: CHF 179.6 million)**
  - Growth of 5.3% (5.1% in local currencies)
- **Operating profit (EBIT) of CHF 23.1 million (H1 2012: CHF 22.4 million)**
  - Operating profit margin increased to 12.7% of sales (H1 2012: 12.3%)
- **Net profit of CHF 16.5 million (H1 2012: CHF 17.7 million)**
  - Net profit margin of 9.1% of sales (H1 2012: 9.7%)
  - Earnings per share of CHF 1.51 (H1 2012: CHF 1.64)
- **Cash flow from operating activities of CHF 5.5 million (H1 2012: CHF -8.0 million)**
  - Cash flow from operating activities of CHF 28.4 million, excluding prefinancing of an OEM development project (H1 2012: CHF 15.0 million)
- **Outlook for full-year 2013 confirmed**
- **Significant progress in major development programs**
  - OEM development program Dako Omnis successfully completed; first instruments for market launch delivered

**Männedorf, Switzerland, August 14, 2013** – The Tecan Group (SIX Swiss Exchange: TECN) closed the first half of 2013 with stable sales and an increased operating profit. Despite the tough economic environment, sales reached approximately the prior-year value, down 0.2%, or 0.5% in local currencies (H1 2012: CHF 182.2 million). After an anticipated difficult first quarter, double-digit sales growth was achieved in the second quarter. Order entry increased by 5.3% to CHF 189.2 million (H1 2012: CHF 179.6 million) in the first six months of the year, corresponding to growth of 5.1% in local currencies. As a result, order entry exceeded sales in the first half of 2013, leading to an increased order backlog at the end of the reporting period.

Operating profit (EBIT) increased by 3.3% to CHF 23.1 million in the first half of 2013 (H1 2012: CHF 22.4 million) despite stable sales. At 12.7% of sales, the operating profit margin also exceeded the prior-year figure (H1 2012: 12.3%). Net profit amounted to CHF 16.5 million (H1 2012: CHF 17.7 million) in the first six months of the year. The decline is the result of a lower financial result attributable to currency hedging measures. The net profit margin reached 9.1% of

sales (H1 2012: 9.7%), while earnings per share were CHF 1.51 (H1 2012: CHF 1.64). Cash flow from operating activities increased to CHF 5.5 million (H1 2012: CHF -8.0 million). Excluding an OEM development project that Tecan is prefinancing, cash flow from operating activities amounted to CHF 28.4 million (H1 2012: CHF 15.0 million).

Tecan CEO David Martyr commented: "Despite the continuing tough economic environment in the first half of 2013, Tecan's sales remained at approximately the same level as in 2012. I am pleased that we have managed to increase our operating profit as well as the operating profit margin. As we anticipated, the first quarter was very difficult, with uncertainty around the impact of austerity measures imposed in many countries. In the second quarter, however, we enjoyed a noticeably positive trend with double-digit sales growth and increased order entry.

We have achieved important progress in implementing our priorities for 2013. The development of the key product Dako Omnis was successfully completed and we have started deliveries for commercial distribution. As regards individual markets and products, we enjoyed significant growth in China and in the component business. We confirm the forecast for 2013 that we issued in the spring, but note that the impact of market developments on our Life Sciences Business continues to be hard to predict," Martyr continued.

## **Information by business segments**

### ***Life Sciences Business (end-customer business)***

As anticipated, the Life Sciences Business segment was affected in the first half of the year by the austerity measures and budget cuts in Europe and North America, which unsettled the markets. Sales in this business segment decreased by 3.2% to CHF 97.6 million (H1 2012: CHF 100.8 million), while in local currencies, sales were 3.5% below the prior-year period. The decline in sales in the first six months occurred entirely in the first quarter, while the second quarter was characterized by a markedly positive growth trend sequentially. Also, sales in the second quarter increased slightly compared with the prior-year period. At the product level, sales of liquid handling platforms in the first six months were below the 2012 level. By contrast, Tecan achieved sales growth in detection devices and services and consumables. Overall, order entry in the Life Sciences Business was also below the prior-year figure, but showed solid growth in the second quarter.

The segment's operating profit in the first half of 2013 was CHF 1.1 million (H1 2012: CHF 4.8 million). The decline is principally the result of lower sales. The profit margin reached 1.0% of sales (H1 2012: 4.4%). 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.

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

The Partnering Business segment generated sales of CHF 84.2 million during the reporting period (H1 2012: CHF 81.4 million), which corresponds to an increase of 3.5% in Swiss francs and 3.2% in local currencies. Components, services and consumables again posted strong growth in the first half of 2013. Sales of instruments declined, as one partner phased out a product line and, following a company acquisition, another partner shifted the focus of its combined product portfolio.

Order entry in the Partnering Business increased significantly in the first half of the year, growing at a double-digit percentage rate. This led to a significantly higher order backlog at the end of the reporting period.

The Partnering Business segment increased its operating profit margin to 29.2% of sales in the first six months of 2013 (H1 2012: 25.6%). At CHF 25.0 million, operating profit was therefore 16.9% above that of the prior-year period (H1 2012: CHF 21.4 million).

**Additional information*****Regional development***

In Europe, sales in Swiss francs were 2.8% below the prior-year period and decreased by 3.7% in local currencies. This decrease is primarily the result of lower sales in the Life Sciences Business due to the continuing tough economic situation in some European countries.

In North America, sales rose by 1.6% in Swiss francs and 0.9% in local currencies. Growth in this region was driven by a considerable increase in sales in the component business, which is part of the Partnering Business. Sales in the Life Sciences Business in North America were also below the prior-year figure, as government budget cuts unsettled the market.

Sales in Asia grew by 2.5% in Swiss francs and by 6.4% in local currencies. Both business segments were able to contribute to growth. Sales in China again increased at a double-digit percentage rate.

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

Recurring sales of services and consumables increased by 7.8% in the first half of 2013, or by 7.5% in local currency terms, and accounted for 35.1% of total sales (H1 2012: 32.5%). As part of this figure, sales of consumables again increased at a double-digit percentage rate, growing by 17.0% in Swiss francs and by 15.8% in local currencies to a share of 11.2% of total sales (H1 2012: 9.6%).

**Research and development**

In the first half of 2013, research and development spending was at 11.7% of sales (H1 2012: 12.3%) or CHF 21.3 million (H1 2012: CHF 22.5 million). All told, research and development activities amounted to CHF 54.0 million gross (H1 2012: CHF 55.3 million). This figure also includes the development costs capitalized in the balance sheet (CHF 4.2 million gross) and development costs for OEM partners (CHF 29.8 million).

Tecan announced at the beginning of June that it had successfully completed the major Dako Omnis development program. The new platform for automated advanced staining of tissue samples was co-developed with Dako and is manufactured by Tecan. Dako is an Agilent Technologies company (NYSE: A). The Dako Omnis sets new standards for automated tissue-based cancer diagnostics and Tecan has delivered the first instruments for the market launch.

For the second major OEM development program, P14, Tecan continues to expect the start of commercial supply of instruments to its partner around the end of 2013.

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

**Strong balance sheet – high equity ratio**

Tecan's equity ratio increased further during the reporting period and reached 71.4% as of June 30, 2013 (December 31, 2012: 69.4%). Net liquidity (cash and cash equivalents less bank liabilities and loans) amounted to CHF 130.3 million (December 31, 2012: CHF 141.3 million). The Company's share capital remained unchanged at CHF 1,144,458 at the reporting date (June 30, 2013), 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 17, 2013, shareholders again approved a higher dividend versus the previous year of CHF 1.50 per registered share. The dividends of CHF 16.5 million in total (H1 2012: CHF 13.5 million) were partly paid out from the available capital contribution reserve. The payout took place on April 24, 2013.

**Outlook for full-year 2013 confirmed**

Tecan expects accelerated sales growth in the second half of 2013 for both business segments.

In an environment that remains hard to predict, Tecan continues to expect moderate growth in local currencies in the Life Sciences Business segment in 2013, but the possibility of a decline in sales in this segment cannot be excluded.

Based on customer forecasts for existing products, in light of the commencement of deliveries of Dako Omnis and the anticipated continuation of dynamic growth in the component business, Tecan continues to expect good sales growth for the Partnering Business segment in fiscal year 2013.

Overall, Tecan continues to expect sales growth for full-year 2013 to be in the mid-single-digit percentage range in local currencies. Tecan continues to anticipate that operating profit margin will grow by around 50 basis points in 2013 compared with 2012.

### **Financial Report and Webcast**

The full 2013 Interim Report can be accessed on the company website [www.tecan.com](http://www.tecan.com) under Investor Relations. An iPad App for the Tecan Financial Reports is available from the App Store.

A conference call discussing the results in the first half of 2013 will take place today at 10 a.m. (CEST). 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 58 310 5000 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**

- A Capital Market Day for analysts and institutional investors will take place on September 11, 2013, in Männedorf/Zurich.
- The 2013 Annual Report will be published on March 11, 2014.
- The Annual General Meeting of Tecan's shareholders will take place in Zurich on April 16, 2014.

### **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 2012, Tecan generated



6

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:**

**Tecan Group**

Dr. Rudolf Eugster  
Chief Financial Officer

[investor@tecan.com](mailto:investor@tecan.com)

[www.tecan.com](http://www.tecan.com)

Martin Brändle  
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, 2013**  
 (Key figures, unaudited)

**Consolidated statement of profit or loss**

January to June, CHF 1'000	2013	2012 <sup>1</sup>	Δin %
<b>Sales</b>	<b>181'810</b>	<b>182'225</b>	<b>-0.2%</b>
Cost of sales	(93'173)	(91'721)	1.6%
<b>Gross profit</b>	<b>88'637</b>	<b>90'504</b>	<b>-2.1%</b>
<i>In % of sales</i>	<i>48.8%</i>	<i>49.7%</i>	
Sales and marketing	(28'001)	(28'242)	-0.9%
Research and development	(21'342)	(22'481)	-5.1%
General and administration	(16'500)	(17'561)	-6.0%
Other operating income	328	172	90.7%
<b>Operating profit</b>	<b>23'122</b>	<b>22'392</b>	<b>3.3%</b>
<i>In % of sales</i>	<i>12.7%</i>	<i>12.3%</i>	
Financial result	(2'706)	(529)	411.5%
<b>Profit before taxes</b>	<b>20'416</b>	<b>21'863</b>	<b>-6.6%</b>
Income taxes	(3'936)	(4'199)	-6.3%
<b>Profit for the period</b>	<b>16'480</b>	<b>17'664</b>	<b>-6.7%</b>
<i>In % of sales</i>	<i>9.1%</i>	<i>9.7%</i>	

<b>Basic earnings per share (CHF/share)</b>	<b>1.51</b>	<b>1.64</b>	<b>-7.9%</b>
<b>Diluted earnings per share (CHF/share)</b>	<b>1.49</b>	<b>1.61</b>	<b>-7.5%</b>

<sup>1</sup>Restated due to introduction of IAS 19R

**Order entry**

January to June, CHF 1'000	2013	2012	Δin % (CHF)	Δin % (LC)
<b>Order entry</b>	<b>189'180</b>	<b>179'624</b>	<b>5.3%</b>	<b>5.1%</b>

## Segment information by business segments

### Sales to third parties

January to June, CHF 1'000	2013	2012	Δin % (CHF)	Δin % (LC)
Life Sciences Business	97'605	100'846	-3.2%	-3.5%
Partnering Business	84'205	81'379	3.5%	3.2%
<b>Total sales</b>	<b>181'810</b>	<b>182'225</b>	<b>-0.2%</b>	<b>-0.5%</b>

### Segment information 2013

January to June, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	97'605	84'205		<b>181'810</b>
Intersegment sales	6'382	1'426	(7'808)	-
<b>Total sales</b>	<b>103'987</b>	<b>85'631</b>	<b>(7'808)</b>	<b>181'810</b>
<b>Operating profit</b>	<b>1'083</b>	<b>25'017</b>	<b>(2'978)</b>	<b>23'122</b>
<i>In % of sales</i>	1.0%	29.2%		12.7%

### 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<sup>1</sup></b>	<b>4'756</b>	<b>21'402</b>	<b>(3'766)</b>	<b>22'392</b>
<i>In % of sales</i>	4.4%	25.6%		12.3%

<sup>1</sup>Restated due to introduction of IAS 19R

## Sales by regions (by location of customers)

January to June, CHF 1'000	2013	2012	Δin % (CHF)	Δin % (LC)
Switzerland	4'178	4'343	-3.8%	-3.8%
Other Europe	73'983	76'033	-2.7%	-3.7%
North America	76'006	74'837	1.6%	0.9%
Asia	22'776	22'225	2.5%	6.4%
Others	4'867	4'787	1.7%	-0.1%
<b>Total sales</b>	<b>181'810</b>	<b>182'225</b>	<b>-0.2%</b>	<b>-0.5%</b>

### Consolidated balance sheet

CHF 1'000	30.06.2013	31.12.2012 <sup>1</sup>	Δin %
<b>Assets</b>			
Current assets	357'201	351'968	1.5%
Non-current assets	71'918	70'827	1.5%
<b>Assets</b>	<b>429'119</b>	<b>422'795</b>	<b>1.5%</b>
<b>Liabilities and equity</b>			
Current liabilities	99'931	103'696	-3.6%
Non-current liabilities	22'993	25'486	-9.8%
<i>Total liabilities</i>	<i>122'924</i>	<i>129'182</i>	<i>-4.8%</i>
Shareholders' equity	306'195	293'613	4.3%
<b>Liabilities and equity</b>	<b>429'119</b>	<b>422'795</b>	<b>1.5%</b>

<sup>1</sup>Restated due to introduction of IAS 19R

### Consolidated statement of changes in equity

January to June, CHF 1'000	2013	2012 <sup>1</sup>	Δin %
<b>Shareholders' equity at January 1</b>	<b>293'613</b>	<b>269'313</b>	<b>9.0%</b>
Restatement due to introduction of IAS 19R	-	(1'603)	n.a.
Profit for the period	16'480	17'664	-6.7%
Other comprehensive income/(loss) for the period	4'832	(2'558)	n.a.
Dividends paid	(16'488)	(13'532)	21.8%
Share-based payments	933	1'681	-44.5%
Treasury shares issued based on employee participation plans	4'539	1'139	298.5%
Other sale of treasury shares	2'286	-	n.a.
<b>Shareholders' equity at June 30</b>	<b>306'195</b>	<b>272'104</b>	<b>12.5%</b>

<sup>1</sup>Restated due to introduction of IAS 19R

### Consolidated statement of cash flows

January to June, CHF 1'000	2013	2012	Δin %
Cash in/(out)flows from operating activities	5'488	(8'022)	n.a.
Cash outflows from investing activities	(6'920)	(5'603)	23.5%
Cash outflows from financing activities	(5'516)	(12'046)	-54.2%
Translation differences	147	(132)	n.a.
<b>Decrease in cash and cash equivalents</b>	<b>(6'801)</b>	<b>(25'803)</b>	<b>-73.6%</b>
<b>Cash and cash equivalents as per cash flow statement:</b>			
At January 1	144'520	165'089	-12.5%
At June 30	137'719	139'286	-1.1%