

## **Double-digit sales growth and record net profit for Tecan in first half of 2015**

### **Financial results: first half of 2015**

- **Order entry of CHF 220.1 million (H1 2014: CHF 196.6 million)**
  - Growth of 14.6% in local currencies or 11.9% in Swiss francs
  - Organic growth of 9.4% in local currencies or 6.9% in Swiss francs
  - Order backlog increase in the double-digit percentage range
- **Sales of CHF 200.0 million (H1 2014: CHF 172.0 million)**
  - Growth of 18.9% in local currencies or 16.2% in Swiss francs
  - Organic growth of 13.0% in local currencies or 10.5% in Swiss francs
- **Operating profit before depreciation and amortization (EBITDA) of CHF 32.6 million (H1 2014: CHF 26.8 million)**
  - Improvement of 70 basis points in EBITDA margin to 16.3% (H1 2014: 15.6%)
- **Net profit of CHF 26.0 million (H1 2014: CHF 18.6 million); increase of 39.7%**
  - Improvement of 220 basis points in net profit margin to 13.0% (H1 2014: 10.8%)
  - Increase in earnings per share by 37.5% to CHF 2.31 (H1 2014: CHF 1.68)
- **Strong cash flow from operating activities of CHF 35.1 million (H1 2014: CHF 16.2 million)**
- **Outlook for full-year 2015 confirmed**

### **Operating performance in the first half of 2015**

- **Launch of the second application-specific Fluent™ laboratory automation solution for drug discovery; strong momentum in orders**
- **Launch of next-generation detection platform Spark™ 10M**

**Männedorf, Switzerland, August 12, 2015** – The Tecan Group (SIX Swiss Exchange: TECN) closed the first half of 2015 with double-digit sales growth and record net profit.

Tecan CEO David Martyr commented: “I am pleased with Tecan’s performance in the first half of 2015, especially with the high growth rate in our Partnering Business. The launch of major new products in both business segments and the successful integration of IBL International, which we acquired last year, both contributed to the company’s strong growth. I am particularly pleased with the strong expansion in profitability. Our results from the first half of the year set a new company record for net profit, earnings per share, and cash flow from operating activities.

We can look back on a successful first half of the year, not just financially but also as regards the market. We launched important products in two main product lines: the second application-specific

Fluent™ solution in liquid handling as well as the next-generation reader platform Spark™ 10M. Feedback from customers has been very positive for both instruments, and we have already received follow-up orders for Fluent. We have also reached the first anniversary of the acquisition of IBL International. We are pleased by the smooth integration and the successful development of the business, which has managed to exceed our expectations. The level of collaboration with our new colleagues is also very encouraging.”

### **Financial results for the first half of 2015**

Order entry increased by 14.6% in local currencies to CHF 220.1 million (H1 2014: CHF 196.6 million) in the first six months of the year, corresponding to growth of 11.9% in Swiss francs. Excluding acquisitions, order entry rose by 9.4% in local currencies and by 6.9% in Swiss francs. Due to the strong order entry figures, the Group recorded a double-digit percentage increase in the order backlog at the end of the reporting period.

Sales climbed by 18.9% in local currencies or 16.2% in Swiss francs to CHF 200.0 million in the first half of the year (H1 2014: CHF 172.0 million). Excluding the IBL International business, which was consolidated on August 1, 2014, Tecan grew by 13.0% in local currencies or 10.5% in Swiss francs.

Operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose by 21.4% to CHF 32.6 million in the first six months of the year (H1 2014: CHF 26.8 million). The EBITDA margin improved by 70 basis points to 16.3% of sales (H1 2014: 15.6%).

Tecan increased net profit for the first half of 2015 by 39.7% to CHF 26.0 million – thus setting a new company record (H1 2014: CHF 18.6 million). The net profit margin improved by 220 basis points to 13.0% of sales (H1 2014: 10.8%). Earnings per share increased by 37.5% to CHF 2.31 (H1 2014: CHF 1.68).

In addition to the positive effect from higher sales volumes, net profit development also benefited from the improved financial result attributable to currency hedging measures, given the weakness of the US dollar against the Swiss franc since the end of 2014. Exchange rate movements versus the euro were not hedged, as costs incurred in euro exceeded sales generated in the same currency. The discontinuation of the exchange rate floor and the resulting depreciation of the euro therefore did not have an impact on the net profit margin.

Cash flow from operating activities more than doubled to CHF 35.1 million (H1 2014: CHF 16.2 million), representing 17.6% of sales.

## **Information by business segments**

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

Sales in the Life Sciences Business segment increased by 10.7% in local currencies to CHF 107.5 million (H1 2014: CHF 100.9 million) in the first half of the year and were 6.6% above those of the prior-year period in Swiss francs. Excluding IBL International, which has been part of the Life Sciences Business since August 1, 2014, sales in local currencies grew by 0.5% compared to the high base of the prior-year period. In Swiss francs, segment sales were 3.3% below the prior-year level, being negatively impacted by the exchange rate movements of the euro versus the Swiss franc. Order entry in the Life Sciences Business grew overall and organically and clearly exceeded sales in the first half of the year. New product launches contributed considerably to this growth.

The segment's operating profit was CHF 11.3 million (H1 2014: CHF 14.8 million), corresponding to an operating profit margin of 9.8% of sales (H1 2014: 14.0%). The decline versus the first half of 2014 was largely due to higher costs and investments during the launch phase of the new instruments as well as the accounting of acquisition-related costs.

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

The Partnering Business segment generated sales of CHF 92.4 million during the period under review (H1 2014: CHF 71.1 million), which corresponds to an increase of 30.2% in local currencies or 30.0% in Swiss francs. Instruments launched in the past two years made a significant contribution to the strong sales growth. Sales with existing large corporate customers also performed well following a weak prior-year period. Order entry in the Partnering Business also grew at a double-digit percentage rate in the first half of 2015.

The segment's operating profit in the first six months of 2015 rose to CHF 17.4 million (H1 2014: CHF 11.3 million). The operating profit margin grew to 18.6% of sales (H1 2014: 15.5%). The impact of lower margins on profitability from some newly introduced instruments, which are normal during launch phase, was more than outweighed by higher sales volumes.

## **Additional information**

### ***Regional development***

In Europe, sales in local currencies increased by 25.2% compared to the prior-year period. In Swiss francs, this growth was lower at 16.7% due to the devaluation of the euro. Sales by IBL International were the driver behind growth in the Life Sciences Business, while the Partnering Business was boosted by solid sales figures for instruments and components.

In North America, sales in the first half of the year grew by 12.6% in local currencies and 18.3% in Swiss francs. The Life Sciences Business posted solid growth in North America, and the Partnering Business also grew at a double-digit percentage rate in this region.

In Asia, Tecan once again achieved a considerable increase in sales of 21.5% in local currencies and 12.9% in Swiss francs. Both segments therefore recorded growth in the double-digit percentage range. In China, the situation improved in the first half of the year following a period of slow government tenders and academic spending in the prior-year period.

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

Recurring sales of services and consumables increased considerably in the first half of 2015 by 31.9% in local currencies and 29.2% in Swiss francs. With the acquisition of IBL International, Tecan was able to add a new source of recurring revenues through its reagents-based business. Overall, recurring revenues accounted for 40.9% of total sales, the highest value in the company's history (H1 2014: 36.8%). Services (including spare parts) accounted for 25.8% of total sales, while consumables (plastic and reagents) accounted for 15.1%.

#### ***Research and development***

In the first half of 2015, research and development spending remained unchanged versus the prior-year period at 10.0% of sales or CHF 20.1 million (H1 2014: CHF 17.2 million).

All told, research and development activities continued to fall as planned to CHF 30.4 million gross (H1 2014: CHF 47.6 million), as various development projects were successfully concluded or products brought close to launch. The total figure also includes development programs for OEM instrument customers in the Partnering Business (CHF 9.1 million) and development costs capitalized in the balance sheet (CHF 4.7 million). These capitalized costs were almost entirely offset by amortization amounting to CHF 3.5 million.

Tecan started marketing its second application-specific solution at the beginning of 2015 for the Fluent™ laboratory automation family, a new generation of liquid handling platforms which is designed to simplify the automated compound management for drug discovery. Fluent is attracting great interest in the market with strong momentum in orders.

Tecan also launched a next-generation reader platform called Spark™ at the beginning of 2015 in its second main product line, detection instruments. The Spark™ 10M multimode microplate reader is designed to offer greater flexibility and increased productivity for cell biology and genomics customers. The all-new platform delivers a combination of exceptional capabilities and ease-of-use to simplify routine laboratory tasks.

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

Tecan's equity ratio increased to 70.0% as of June 30, 2015 (December 31, 2014: 65.4%). Net liquidity (cash and cash equivalents less bank liabilities and loans) amounted to CHF 165.6 million (December 31, 2014: CHF 122.7 million). The increase in net liquidity was the result of the high cash flow from operating activities as well as the sale of 249,331 treasury shares, which was necessary for tax reasons. Sales proceeds totaled CHF 31.6 million, while the company's share

capital was CHF 1,144,603 as at the reporting date of June 30, 2015 (December 31, 2014: CHF 1,144,458), consisting of 11,446,033 registered shares with a nominal value of CHF 0.10. At the Tecan Group Annual General Meeting on April 16, 2015, shareholders approved an unchanged dividend versus the previous year of CHF 1.50 per registered share. The payout of dividends of CHF 16.9 million in total took place on April 22, 2015.

### **Outlook for full-year 2015 confirmed**

For fiscal 2015, Tecan continues to anticipate Group sales growth in the double-digit percentage range in local currencies, with an increase in the EBITDA margin of more than 100 basis points.

The expectations regarding profitability are based on an average exchange rate forecast for full-year 2015 of one euro equaling CHF 1.05 and one US dollar equaling CHF 0.92, and exclude further acquisitions.

### **Financial Report and webcast**

The full 2015 Interim Report can be accessed on the company's [website www.tecan.com](http://www.tecan.com) under Investor Relations. An iPad app for the Tecan Financial Reports is also available from the App Store.

A conference call discussing the results in the first half of 2015 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 (0)58 310 50 00 or +44 203 059 5862 (UK)

For participants from the US: +1 (1) 631 570 5613

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

### **Key upcoming dates**

- The 2015 Annual Report will be published on March 15, 2016.
- The Annual General Meeting of Tecan's shareholders will take place in Zurich on April 13, 2016.

### **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, 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 2014, Tecan generated sales of CHF 400 million



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(USD 437 million; EUR 331 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TECN; ISIN CH0012100191).

**For further information:**

**Tecan Group**

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**– Financial tables on following pages –**

**Tecan Group – Financial reporting**  
**Interim consolidated financial statements as of June 30, 2015**  
 (Key figures, unaudited)

**Consolidated statement of profit or loss**

January to June, CHF 1'000	2015	2014	Δ in %
<b>Sales</b>	<b>199'950</b>	<b>172'002</b>	<b>16.2%</b>
Cost of sales	(102'962)	(84'670)	21.6%
<b>Gross profit</b>	<b>96'988</b>	<b>87'332</b>	<b>11.1%</b>
<i>In % of sales</i>	48.5%	50.8%	
Sales and marketing	(33'132)	(29'561)	12.1%
Research and development	(20'071)	(17'220)	16.6%
General and administration	(18'638)	(18'474)	0.9%
Other operating income	116	243	-52.3%
<b>Operating profit</b>	<b>25'263</b>	<b>22'320</b>	<b>13.2%</b>
<i>In % of sales</i>	12.6%	13.0%	
Financial result	4'789	95	4941.1%
<b>Profit before taxes</b>	<b>30'052</b>	<b>22'415</b>	<b>34.1%</b>
Income taxes	(4'087)	(3'833)	6.6%
<b>Profit for the period</b>	<b>25'965</b>	<b>18'582</b>	<b>39.7%</b>
<i>In % of sales</i>	13.0%	10.8%	

<b>EBITDA</b>	<b>32'592</b>	<b>26'837</b>	<b>21.4%</b>
<i>In % of sales</i>	16.3%	15.6%	

<b>Basic earnings per share (CHF/share)</b>	<b>2.31</b>	<b>1.68</b>	<b>37.5%</b>
<b>Diluted earnings per share (CHF/share)</b>	<b>2.23</b>	<b>1.65</b>	<b>35.2%</b>

**Order entry**

January to June, CHF 1'000	2015	2014	Δ in % (CHF)	Δ in % (LC)
<b>Order entry</b>	<b>220'089</b>	<b>196'597</b>	<b>11.9%</b>	<b>14.6%</b>

### Segment information by business segments

#### Sales to third parties

January to June, CHF 1'000	2015	2014	Δ in % (CHF)	Δ in % (LC)
Life Sciences Business	107'535	100'920	6.6%	10.7%
Partnering Business	92'415	71'082	30.0%	30.2%
<b>Total sales</b>	<b>199'950</b>	<b>172'002</b>	<b>16.2%</b>	<b>18.9%</b>

#### Segment information 2015

January to June, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	107'535	92'415	-	<b>199'950</b>
Intersegment sales	7'960	775	(8'735)	-
<b>Total sales</b>	<b>115'495</b>	<b>93'190</b>	<b>(8'735)</b>	<b>199'950</b>
<b>Operating profit</b>	<b>11'342</b>	<b>17'359</b>	<b>(3'438)</b>	<b>25'263</b>
<i>In % of sales</i>	9.8%	18.6%		12.6%

#### Segment information 2014

January to June, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	100'920	71'082	-	<b>172'002</b>
Intersegment sales	4'948	1'584	(6'532)	-
<b>Total sales</b>	<b>105'868</b>	<b>72'666</b>	<b>(6'532)</b>	<b>172'002</b>
<b>Operating profit</b>	<b>14'825</b>	<b>11'277</b>	<b>(3'782)</b>	<b>22'320</b>
<i>In % of sales</i>	14.0%	15.5%		13.0%

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

January to June, CHF 1'000	2015	2014	Δ in % (CHF)	Δ in % (LC)
Switzerland	3'646	4'530	-19.5%	-16.9%
Other Europe	84'992	71'443	19.0%	28.0%
North America	80'999	68'478	18.3%	12.6%
Asia	25'447	22'531	12.9%	21.5%
Others	4'866	5'020	-3.1%	9.6%
<b>Total sales</b>	<b>199'950</b>	<b>172'002</b>	<b>16.2%</b>	<b>18.9%</b>



### Consolidated balance sheet

CHF 1'000	30.06.2015	31.12.2014	Δ in %
<b>Assets</b>			
Current assets	440'175	423'833	3.9%
Non-current assets	122'755	128'429	-4.4%
<b>Assets</b>	<b>562'930</b>	<b>552'262</b>	<b>1.9%</b>
<b>Liabilities and equity</b>			
Current liabilities	106'231	124'581	-14.7%
Non-current liabilities	62'674	66'483	-5.7%
<i>Total liabilities</i>	<i>168'905</i>	<i>191'064</i>	<i>-11.6%</i>
Shareholders' equity	394'025	361'198	9.1%
<b>Liabilities and equity</b>	<b>562'930</b>	<b>552'262</b>	<b>1.9%</b>

### Consolidated statement of cash flows

January to June, CHF 1'000	2015	2014	Δ in %
Cash inflows from operating activities	35'110	16'178	117.0%
Cash outflows from investing activities	(6'923)	(14'756)	-53.1%
Cash in/(out)flows from financing activities	15'696	(14'778)	n.a.
Translation differences	(1'332)	(108)	1133.3%
<b>Increase((decrease) in cash and cash equivalents</b>	<b>42'551</b>	<b>(13'464)</b>	<b>n.a.</b>
<b>Cash and cash equivalents as per cash flow statement:</b>			
At January 1	128'715	150'377	-14.4%
At June 30	171'266	136'913	25.1%

### Consolidated statement of changes in equity

January to June, CHF 1'000	2015	2014	Δ in %
<b>Shareholders' equity at January 1</b>	<b>361'198</b>	<b>336'202</b>	<b>7.4%</b>
Profit for the period	25'965	18'582	39.7%
Other comprehensive loss for the period	(10'741)	(4'674)	129.8%
Dividends paid	(16'857)	(16'651)	1.2%
New shares issued based on employee participation plans	110	-	n.a.
Treasury shares transferred based on employee participation plans	668	1'875	-64.4%
Share-based payments	3'888	2'776	40.1%
Sale of treasury shares	29'794	14	n.a.
<b>Shareholders' equity at June 30</b>	<b>394'025</b>	<b>338'124</b>	<b>16.5%</b>