

## Tecan again posts double-digit sales growth in the first half of 2016

### Financial results for the first half of 2016

- **Order entry of CHF 250.6 million (H1 2015: CHF 220.1 million)**
  - Growth of 11.3% in local currencies or 13.9% in Swiss francs
  - Organic growth of 7.0% in local currencies or 9.4% in Swiss francs
  - Strong increase in order backlog
- **Sales of CHF 235.3 million (H1 2015: CHF 200.0 million)**
  - Growth of 15.0% in local currencies or 17.7% in Swiss francs
  - Organic growth of 9.2% in local currencies or 11.7% in Swiss francs
- **Operating profit before depreciation and amortization (EBITDA) of CHF 37.9 million (H1 2015: CHF 32.6 million)**
  - EBITDA margin of 16.1% (H1 2015: 16.3%), including integration costs and reduced margins associated with the acquisition of Sias AG
  - Improvement in underlying EBITDA margin, excluding Sias, of 120 basis points to 17.5%
- **Net profit of CHF 23.5 million (H1 2015 CHF 26.0 million)**
  - Net profit margin including integration costs of 10.0% (H1 2015: 13.0%)
  - Earnings per share of CHF 2.04 (H1 2015: CHF 2.31)
- **Strong cash flow from operating activities of CHF 64.9 million (H1 2015: CHF 35.1 million), or 27.6% of sales**
- **Outlook for full-year 2016 confirmed**

### Operating performance in the first half of 2016

- **Considerable progress with integration of Sias AG, which was acquired in November 2015**
- **Significant increase in serial production of major platforms in the Partnering Business**
- **Successful launch of additional important features for Fluent<sup>®</sup> liquid handling platforms as well as an additional Spark<sup>™</sup> reader platform model**

**Männedorf, Switzerland, August 16, 2016** – The Tecan Group (SIX Swiss Exchange: TECN) again posted double-digit sales growth and a profit in line with expectations in the first half of 2016.

Tecan CEO David Martyr commented: “I am delighted with our continued strong sales growth in the first half of 2016 and the further improvement in underlying profitability. The renewed high operating cash flow as well as our substantial sales growth in Partnering Business and in both divisions in China are particularly pleasing.

We have made considerable progress with the integration of Sias AG, which we acquired in November 2015. Sias was legally merged with a Tecan subsidiary in the first half of this year. In the meantime, we have also concluded the relocation of our new colleagues and the production lines into the Tecan headquarters in Männedorf.”

### **Financial results for the first half of 2016**

Order entry increased by 11.3% in local currencies to CHF 250.6 million (H1 2015: CHF 220.1 million) in the first six months of the year, corresponding to growth of 13.9% in Swiss francs. On an organic basis, excluding the Sias acquisition, orders in the first half grew by 7.0% in local currencies and by 9.4% in Swiss francs. Due to strong order entry, which once again exceeded sales, the order backlog grew considerably.

Sales climbed by 15.0% in local currencies or 17.7% in Swiss francs to CHF 235.3 million in the first half of the year (H1 2015: CHF 200.0 million). This corresponds to organic sales growth of 9.2% in local currencies or 11.7% in Swiss francs. Operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose by 16.4% to CHF 37.9 million in the first six months of the year (H1 2015: CHF 32.6 million). Including integration costs and reduced margins associated with the acquisition of Sias AG, the EBITDA margin was 16.1% of sales (H1 2015: 16.3%). By contrast, the underlying EBITDA margin, excluding Sias, improved by 120 basis points to 17.5% of sales.

Net profit for the first half of 2016 was CHF 23.5 million and therefore below the prior-year period (H1 2015: CHF 26.0 million). In addition to the integration costs for the acquisition of Sias, this difference is largely due to a substantially lower tax rate and a CHF 4.0 million higher financial result from a temporary currency hedging profit in the first half of 2015. The net profit margin in the first half of 2016 reached 10.0% of sales (H1 2015: 13.0%), while earnings per share were CHF 2.04 (H1 2015: CHF 2.31)

Cash flow from operating activities grew strongly to CHF 64.9 million (H1 2015: CHF 35.1 million) and includes a further reimbursement of development costs by an OEM partner. Thus, cash flow from operating activities corresponded to 27.6% of sales.

### **Information by business segment**

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

Sales in the Life Sciences Business increased by 5.8% in local currencies to CHF 117.7 million (H1 2015: CHF 107.5 million) in the first half of the year and were 9.5% above the prior-year period in Swiss francs. The newly launched Fluent and Spark platforms as well as recurring sales of services, consumables and reagents made a considerable contribution to this growth. Order entry in the Life Sciences Business also showed positive development and again clearly exceeded sales in the first half of the year.

Operating profit in the segment was CHF 12.2 million (H1 2015: CHF 11.3 million), corresponding to an unchanged operating profit margin on the prior-year period of 9.9% of sales (H1 2015: 9.8%).

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

The Partnering Business generated sales of CHF 117.6 million during the period under review (H1 2015: CHF 92.4 million), which corresponds to an increase of 26.0% in local currencies or 27.2% in Swiss francs. On an organic basis, excluding sales by Sias, revenue in the first half of 2016 rose by 13.3% in local currencies. Instruments launched in recent years made a significant contribution to the strong sales growth. Order entry in the Partnering Business also grew at a double-digit percentage rate in the first half of 2016.

The segment's operating profit in the first six months of 2016 rose to CHF 20.9 million (H1 2015: CHF 17.4 million). Operating profit margin was down on the prior-year period at 17.7% of sales (H1 2015: 18.6%) mainly due to the accounting of acquisition-related costs.

### **Additional information**

#### ***Regional development***

In Europe, sales in the first six months in local currencies increased by 24.2% and by 26.0% in Swiss francs. This growth was driven primarily by the Partnering Business, both from the first-time contribution to sales from Sias products and strong organic growth by major platforms.

In North America, half-year sales in local currencies were at the prior-year level, and in Swiss francs were 2.9% above the baseline from 2015. The Life Sciences Business recorded good growth in this region. Sales in the components business, part of the Partnering Business, declined as expected due to the high base in the prior-year period. In addition, revenue of the Partnering Business in North America did not benefit from a newly launched platform for the US market, as sales were allocated to the location of the corporate customer and therefore recorded in Europe.

In Asia, Tecan once again achieved a considerable increase in sales of 30.6% in local currencies and 34.7% in Swiss francs. Both segments posted a double-digit increase in organic sales, which was further supported by a first-time contribution to sales by Sias products. Growth in China, where sales almost doubled in the first six months, was particularly pleasing.

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

Recurring sales of services and consumables increased in the first half of 2016 by 7.7% in local currencies and 10.4% in Swiss francs, and therefore amounted to 38.3% of total sales (H1 2015: 40.9%). Services (including spare parts) accounted for 22.4% of total sales, while consumables (plastic and reagents) accounted for 15.9%.

**Research and development**

In the first half of 2016, research and development expenses amounted to 9.7% of sales (H1 2015: 10.0%) or CHF 22.9 million (H1 2015: CHF 20.1 million). All told, research and development activities continued to fall as planned to CHF 23.7 million gross (H1 2015: CHF 30.4 million). The total figure also includes development programs for OEM instrument customers in the Partnering Business (CHF 4.3 million) and capitalized development costs (CHF 2.2 million). However, these costs were clearly exceeded by amortization amounting to CHF 5.3 million.

**Strong balance sheet – high equity ratio**

Tecan's equity ratio was 66.4% as of June 30, 2016 (December 31, 2015: 68.7%). As a result of the strong cash flow from operating activities, net liquidity (cash and cash equivalents minus bank liabilities and loans) increased to CHF 239.0 million (December 31, 2015: CHF 198.8 million). The company's share capital was CHF 1,152,855 as at the reporting date of June 30, 2016 (December 31, 2015: CHF 1,146,758), consisting of 11,528,547 registered shares with a nominal value of CHF 0.10.

At the Tecan Group Annual General Meeting on April 13, 2016, shareholders approved an increase in the dividend from CHF 1.50 to CHF 1.75 per share. The payout of dividends of CHF 20.1 million in total took place on April 19, 2016.

**Outlook for full-year 2016 confirmed**

For fiscal 2016, Tecan continues to anticipate Group sales growth in the double-digit percentage range in local currencies. This growth will be driven by the continued ramp up of major instrument platforms and launches of new products in both business segments as well as a full-year contribution of Sias.

The underlying EBITDA margin, excluding the Sias business and adjusted for tailwinds in 2015, mainly from the one-time positive net impact of revised pension liabilities, is expected to further expand by at least 50 basis points. Integration costs related to the Sias acquisition are expected to reach a mid-single-digit million Swiss franc amount in 2016 and the acquisition to become accretive in 2017. Despite these one-time integration costs and the lack of positive one-time effects from 2015, EBITDA for fiscal 2016 is expected to reach at least a similar level as 2015.

These expectations regarding profitability are based on an average exchange rate forecast for full-year 2016 of one euro equaling CHF 1.05 and one US dollar equaling CHF 0.98 and exclude further acquisitions.

## Financial Report and Webcast

The full 2016 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.

Tecan will hold a conference call to discuss the results in the first half of 2016 today at 10:00 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 (0)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 2016 Annual Report will be published on March 15, 2017.
- The Annual General Meeting of Tecan's shareholders will take place on April 11, 2017.

## 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 2015, Tecan generated sales of CHF 440 million (USD 459 million; EUR 411 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  
Vice President, Communications &  
Investor Relations  
Tel. +41 (0) 44 922 84 30  
Fax +41 (0) 44 922 88 89

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## Tecan Group – Financial reporting

Interim consolidated financial statements as of June 30, 2016

(Key figures, unaudited)

### Consolidated statement of profit or loss

January to June, CHF 1'000	2016	2015	Δ in %
<b>Sales</b>	<b>235'258</b>	<b>199'950</b>	<b>17.7%</b>
Cost of sales	(122'959)	(102'962)	19.4%
<b>Gross profit</b>	<b>112'299</b>	<b>96'988</b>	<b>15.8%</b>
<i>In % of sales</i>	<i>47.7%</i>	<i>48.5%</i>	
Sales and marketing	(38'223)	(33'132)	15.4%
Research and development	(22'876)	(20'071)	14.0%
General and administration	(23'806)	(18'638)	27.7%
Other operating income	343	116	195.7%
<b>Operating profit</b>	<b>27'737</b>	<b>25'263</b>	<b>9.8%</b>
<i>In % of sales</i>	<i>11.8%</i>	<i>12.6%</i>	
Financial result	796	4'789	-83.4%
<b>Profit before taxes</b>	<b>28'533</b>	<b>30'052</b>	<b>-5.1%</b>
Income taxes	(5'082)	(4'087)	24.3%
<b>Profit for the period</b>	<b>23'451</b>	<b>25'965</b>	<b>-9.7%</b>
<i>In % of sales</i>	<i>10.0%</i>	<i>13.0%</i>	

<b>EBITDA</b>	<b>37'938</b>	<b>32'592</b>	<b>16.4%</b>
<i>In % of sales</i>	<i>16.1%</i>	<i>16.3%</i>	

<b>Basic earnings per share (CHF/share)</b>	<b>2.04</b>	<b>2.31</b>	<b>-11.7%</b>
<b>Diluted earnings per share (CHF/share)</b>	<b>2.00</b>	<b>2.23</b>	<b>-10.3%</b>

### Order entry

January to June, CHF 1'000	2016	2015	Δ in % (CHF)	Δ in % (LC)
<b>Order entry</b>	<b>250'610</b>	<b>220'089</b>	<b>13.9%</b>	<b>11.3%</b>

## Segment information by business segments

### Sales to third parties

January to June, CHF 1'000	2016	2015	Δ in % (CHF)	Δ in % (LC)
Life Sciences Business	117'699	107'535	9.5%	5.8%
Partnering Business	117'559	92'415	27.2%	26.0%
<b>Total sales</b>	<b>235'258</b>	<b>199'950</b>	<b>17.7%</b>	<b>15.0%</b>

### Segment information 2016

January to June, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	117'699	117'559	-	<b>235'258</b>
Intersegment sales	5'465	753	(6'218)	-
<b>Total sales</b>	<b>123'164</b>	<b>118'312</b>	<b>(6'218)</b>	<b>235'258</b>
<b>Operating profit</b>	<b>12'174</b>	<b>20'894</b>	<b>(5'331)</b>	<b>27'737</b>
<i>In % of sales</i>	9.9%	17.7%		11.8%

### 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%

## Sales by regions (by location of customers)

January to June, CHF 1'000	2016	2015	Δ in % (CHF)	Δ in % (LC)
Switzerland	3'677	3'646	0.9%	0.6%
Other Europe	107'974	84'992	27.0%	25.2%
North America	83'340	80'999	2.9%	0.0%
Asia	34'266	25'447	34.7%	30.6%
Others	6'001	4'866	23.3%	19.6%
<b>Total sales</b>	<b>235'258</b>	<b>199'950</b>	<b>17.7%</b>	<b>15.0%</b>

### Consolidated balance sheet

CHF 1'000	30.06.2016	31.12.2015	Δ in %
<b>Assets</b>			
Current assets	517'656	492'353	5.1%
Non-current assets	145'049	149'129	-2.7%
<b>Assets</b>	<b>662'705</b>	<b>641'482</b>	<b>3.3%</b>
<b>Liabilities and equity</b>			
Current liabilities	125'807	137'843	-8.7%
Non-current liabilities	97'076	62'966	54.2%
<i>Total liabilities</i>	222'883	200'809	11.0%
Shareholders' equity	439'822	440'673	-0.2%
<b>Liabilities and equity</b>	<b>662'705</b>	<b>641'482</b>	<b>3.3%</b>

### Consolidated statement of cash flows

January to June, CHF 1'000	2016	2015	Δ in %
Cash inflows from operating activities	64'929	35'110	84.9%
Cash outflows from investing activities	(5'083)	(6'923)	-26.6%
Cash (out)/inflows from financing activities	(21'151)	15'696	n.a.
Translation differences	(248)	(1'332)	-81.4%
<b>Increase in cash and cash equivalents</b>	<b>38'447</b>	<b>42'551</b>	<b>-9.6%</b>
<b>Cash and cash equivalents as per cash flow statement:</b>			
At January 1	208'434	128'715	61.9%
At June 30	246'881	171'266	44.2%

### Consolidated statement of changes in equity

January to June, CHF 1'000	2016	2015	Δ in %
<b>Shareholders' equity at January 1</b>	<b>440'673</b>	<b>361'198</b>	<b>22.0%</b>
Profit for the period	23'451	25'965	-9.7%
Other comprehensive loss for the period	(12'770)	(10'741)	18.9%
Dividends paid	(20'122)	(16'857)	19.4%
New shares issued based on employee participation plans	815	110	640.9%
Treasury shares transferred based on employee participation plans	-	668	n.a.
Share-based payments	7'775	3'888	100.0%
Sale of treasury shares	-	29'794	n.a.
<b>Shareholders' equity at June 30</b>	<b>439'822</b>	<b>394'025</b>	<b>11.6%</b>