

Full year 2016: Another year of double-digit sales growth for Tecan

Financial results: full-year and second half of 2016

- Order entry of CHF 503.2 million (2015: CHF 465.0 million)
 - Full-year growth of 6.9% in local currencies or 8.2% in Swiss francs
 - Strong H2 growth in Life Sciences Business, supported by new products
 - H2 growth in Partnering Business impacted by one large order shifted to January 2017
- Sales of CHF 506.2 million (2015: CHF 440.3 million)
 - Full-year growth of 13.5% in local currencies or 15.0% in Swiss francs
 - Full-year organic growth of 8.2% in local currencies and 9.6% in Swiss francs
 - H2 sales growth of 12.2% in local currencies or 12.7% in Swiss francs
- Full-year operating profit before depreciation and amortization (EBITDA) of CHF 89.0 million (2015: CHF 83.4 million)
 - Reported EBITDA margin of 17.6% (2015: 18.9%), including acquisition-related costs and reduced margins associated with the acquisition of Sias AG
 - Underlying EBITDA, excluding acquisition-related effects, of CHF 93.2 million
 - Strong improvement in underlying EBITDA margin of 140 basis points to 19.5% (2015: 18.1%), driven by positive volume and price effects as well as substantial efficiency improvements
- Full-year net profit of CHF 54.5 million below prior year due to integration costs and non-operational effects (2015: CHF 57.1 million)
 - Net profit margin including integration costs of 10.8% (2015: 13.0%)
 - Earnings per share of CHF 4.74 (2015: CHF 5.05)
- Strong full-year cash flow from operating activities of CHF 118.8 million (2015: CHF 99.1 million) or 23.5% of sales (2015: 22.5%)

Operating highlights 2016 and other important information

- Significant increase in serial production of major platforms in the Partnering Business
- Successful integration of Sias AG, which was acquired in November 2015
- Acquisition of SPEware Corporation in September 2016, a leading provider for mass spectrometry sample preparation solutions
- Launch of additional important features for Fluent® next generation liquid handling platforms as well as a new variant of the Spark® reader platform
- Unchanged dividend of CHF 1.75 per share proposed

Outlook 2017

- Full-year sales are forecast to increase by at least 6% in local currencies
- Reported EBITDA margin expected to further expand to at least 18% of sales, including acquisition-related costs in a mid single-digit million Swiss franc amount

Männedorf, Switzerland, March 15, 2017 – The Tecan Group (SIX Swiss Exchange: TECN) today announced its financial results for full-year and second half of 2016.

Tecan CEO David Martyr commented: “I am pleased that we recorded another year of double-digit sales growth and a further improvement in underlying profitability during 2016. Importantly, we posted strong sales growth in both divisions and all regions, with China being a specific highlight. Once again, the high operating cash flow of over 23% of sales was particularly satisfactory.

Our new platforms had a strong market uptake, with Fluent quickly becoming the industry-leading automation solution and Spark setting new standards for multimode readers regarding sensitivity, speed and accuracy. In our Partnering Business, we saw a substantial increase in serial production of major platforms and we successfully concluded several new development agreements, providing the basis for continued growth. We fully integrated Sias AG, which we acquired at the end of 2015 and relocated our new colleagues and the production lines into the Tecan site in Maennedorf. In August, we were delighted to announce the acquisition of US-based SPEware Corporation, which further expands our solutions offering into the sample preparation for mass spectrometry market,” Martyr continued.

Financial results full-year and second half of 2016

In the second half of 2016, order entry in the Life Science Business grew strongly, however Partnering Business was affected by a large order which was shifted by a corporate customer from December 2016 to January 2017. Despite this timing effect, order entry in the second half overall increased by 2.8% in local currencies and by 3.1% in Swiss francs against a strong base in the prior-year period. For the full year, order entry increased by 6.9% in local currencies to CHF 503.2 million (2015: CHF 465.0 million), corresponding to growth of 8.2%. On an organic basis, order entry increased by 1.8% in local currencies and by 3.1% in Swiss francs. Organic development only includes contributions from acquisitions from those months in the reporting period that were already included in the consolidated financial statements in the prior-year period.

Sales in the second half rose by 12.2% in local currencies and by 12.7% in Swiss francs. This corresponds to organic sales growth of 7.3% in local currencies and 7.8% in Swiss francs. Sales in financial year 2016 increased by 13.5% in local currencies and 15.0% in Swiss francs to CHF 506.2 million (2015: CHF 440.3 million), exceeding the CHF 500 million mark for the first time in the Company’s history. On an organic basis, sales grew by 8.2% in local currencies and 9.6% in Swiss francs.

Operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose by 6.8% to CHF 89.0 million in the fiscal year (2015: CHF 83.4 million). Including acquisition-related costs from two recent transactions and reduced margins

associated with the acquisition of Sias AG, the EBITDA margin was 17.6% of sales (2015: 18.9%). By contrast, the underlying EBITDA margin, excluding acquisition-related effects, improved by 140 basis points to 19.5% of sales, thereby comfortably delivering on the margin commitment for the year of “at least 50 basis points”. In 2015, the underlying EBITDA margin reached 18.1% and excludes a one-time positive net impact mainly from revised pension liabilities. The margin improvement in 2016 was driven by positive volume and price effects as well as substantial efficiency improvements in operations and in research and development.

Despite a higher operating result, net profit for the year 2016 was CHF 54.5 million and therefore below the prior-year period due to non-operational effects (2015: CHF 57.1 million). In addition to acquisition-related costs, the difference is due to the lack of the positive one-time effects from 2015, an increase of the tax rate in 2016 to an again more normalized level and a lower financial result due to currency hedging. The net profit margin therefore reached 10.8% of sales (2015: 13.0%), while earnings per share were CHF 4.74 (2015: CHF 5.05)

Cash flow from operating activities grew strongly to CHF 118.8 million (2015: CHF 99.1 million), including a further reimbursement of development costs by an OEM partner. Thus, cash flow from operating activities corresponded to 23.5% of sales.

Information by business segment

Life Sciences Business (end-customer business)

In the second half of the year, sales in the Life Sciences Business increased by 10.7% in local currencies and were 11.7% above the prior-year period in Swiss francs. On an organic basis, excluding sales from SPEware in the last quarter, sales in the second half grew by 7.5% in local currencies. Sales for the full year totaled CHF 280.2 million, representing an increase of 8.6% in local currencies and 10.7% in Swiss francs over the prior-year period (2015: CHF 253.0 million). On an organic basis, sales increased by 6.8% in local currencies in 2016. The new 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 again exceeded sales for the full year and saw an acceleration in the second half, supported by a strong market uptake of new products.

Operating profit before interest and taxes (EBIT) in the segment was CHF 45.7 million in the year under review (2015: CHF 45.4 million), corresponding to an operating profit margin of 15.6% of sales (2015: 17.0%).

Partnering Business (OEM business)

Sales in the Partnering Business grew by 14.3% in local currencies as well as in Swiss francs in the second half of 2016. On an organic basis, revenue rose by 7.0% in local currencies.

The Partnering Business generated sales of CHF 226.0 million in financial year 2016 (2015: CHF 187.3 million), which corresponds to an increase of 20.1% in local currencies and 20.7% in Swiss francs. On an organic basis, sales increased by 10.1% in local currencies.

Instrument platforms launched in recent years made a significant contribution to the strong sales growth. Also, sales in China increased substantially, with several local components and instrument customers now successfully commercializing their respective platforms. Order entry in the Partnering Business also grew at a solid rate for the full year 2016, albeit slowing down in the second half as a large order was shifted by a corporate customer from December 2016 to January 2017.

The segment's operating profit rose to CHF 33.8 million (2015: CHF 30.2 million), despite integration costs related to the Sias acquisition reaching a mid single-digit million Swiss franc amount. Due to those acquisition-related costs, operating profit margin was down on the prior-year period at 14.8% of sales (2015: 16.0%).

Additional information

Regional development

In Europe, full-year sales in local currencies increased by 12.8% and by 13.3% 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, sales grew by 7.6% in local currencies and 9.6% in Swiss francs. The Life Sciences and Partnering Business recorded solid growth in this region.

In Asia, Tecan once again achieved a considerable increase in sales of 27.0% in local currencies and 30.2% 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 grew with more than 50%, was particularly pleasing, bringing the total business to close to CHF 50 million in the year.

Recurring sales of services, consumables and reagents

In 2016, recurring sales of services and consumables increased by 12.5% in local currencies and 14.1% in Swiss francs, and therefore amounted to 37.6% of total sales (2015: 37.8%). Services (including spare parts) accounted for 20.7% of total sales, while consumables (plastic and reagents) accounted for 16.8%.

Research and development

Research and development expenses in 2016 amounted to 9.3% of sales (2015: 9.1%) or CHF 47.1 million (2015: CHF 39.9 million). All told, research and development activities were CHF 51.9 million gross (2015: CHF 56.7 million). The total figure also includes development programs for

OEM instrument customers in the Partnering Business (CHF 9.8 million) and capitalized development costs (CHF 6.6 million). However, these costs were clearly exceeded by amortization amounting to CHF 11.6 million.

Strong balance sheet – dividend unchanged

Tecan's equity ratio reached 66.3% as of December 31, 2016 (December 31, 2015: 68.7%). Net liquidity (cash and cash equivalents minus bank liabilities and loans) increased to CHF 242.3 million (December 31, 2015: CHF 198.8 million). This figure includes the acquisition of SPEware Corporation with a base purchase consideration of USD 50.0 million (CHF 49.0 million), of which the net payable was fully paid in cash. The company's share capital was CHF 1,154,137 as at the reporting date of December 31, 2016 (December 31, 2015: CHF 1,146,758), consisting of 11,541,371 registered shares with a nominal value of CHF 0.10.

The Board of Directors will propose an unchanged dividend of CHF 1.75 per share to the shareholders at the Company's Annual General Meeting on April 11, 2017.

Outlook 2017

As previously communicated, Tecan expects in the mid-term to continue to organically outgrow the market average and increase this growth rate through acquisitions. For 2017, total Tecan Group sales are forecast to increase by at least 6% in local currencies. The reported EBITDA margin is expected to further expand to at least 18% of sales, including acquisition-related costs in a mid single-digit million Swiss franc amount.

These expectations regarding profitability are based on an average exchange rate forecast for full-year 2017 of one euro equaling CHF 1.07 and one US dollar equaling CHF 0.99 and exclude future acquisitions.

Financial Report and Webcast

The full 2016 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 also available from the App Store.

Tecan will hold an analyst and press conference to discuss the 2016 annual results today at 9:00 a.m. (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 58 310 50 00 or +44 203 059 58 62 (UK)

For participants from the US: +1 631 570 5613

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

Key upcoming dates

- The Annual General Meeting of Tecan's shareholders will take place in Pfaeffikon, SZ, on April 11, 2017.
- The 2017 Interim Report will be published on August 16, 2017.

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, 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. 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 2016
(Key figures, unaudited)

Consolidated statement of profit or loss

January to December, CHF 1'000	2016	2015	Δ in %
Sales	506'227	440'295	15.0%
Cost of sales	(266'870)	(224'794)	18.7%
Gross profit	239'357	215'501	11.1%
<i>In % of sales</i>	47.3%	48.9%	
Sales and marketing	(76'485)	(69'193)	10.5%
Research and development	(47'090)	(39'857)	18.1%
General and administration	(48'888)	(40'866)	19.6%
Other operating income	1'243	1'364	-8.9%
Operating profit	68'137	66'949	1.8%
<i>In % of sales</i>	13.5%	15.2%	
Financial result	(2'709)	(942)	187.6%
Profit before taxes	65'428	66'007	-0.9%
Income taxes	(10'886)	(8'860)	22.9%
Profit for the period	54'542	57'147	-4.6%
<i>In % of sales</i>	10.8%	13.0%	

EBITDA	89'031	83'401	6.8%
<i>In % of sales</i>	17.6%	18.9%	

Basic earnings per share (CHF/share)	4.74	5.05	-6.1%
Diluted earnings per share (CHF/share)	4.66	4.96	-6.0%

Order entry

January to December, CHF 1'000	2016	2015	Δ in % (CHF)	Δ in % (LC)
Order entry	503'246	465'029	8.2%	6.9%

Segment information by business segments

Sales to third parties

January to December, CHF 1'000	2016	2015	Δ in % (CHF)	Δ in % (LC)
Life Sciences Business	280'224	253'029	10.7%	8.6%
Partnering Business	226'003	187'266	20.7%	20.1%
Total sales	506'227	440'295	15.0%	13.5%

Segment information 2016

January to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	280'224	226'003	-	506'227
Intersegment sales	12'620	1'661	(14'281)	-
Total sales	292'844	227'664	(14'281)	506'227
Operating profit	45'685	33'781	(11'329)	68'137
<i>In % of sales</i>	15.6%	14.8%		13.5%

Segment information 2015

January to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	253'029	187'266	-	440'295
Intersegment sales	14'760	1'785	(16'545)	-
Total sales	267'789	189'051	(16'545)	440'295
Operating profit	45'433	30'201	(8'685)	66'949
<i>In % of sales</i>	17.0%	16.0%		15.2%

Sales by regions (by location of customers)

January to December, CHF 1'000	2016	2015	Δ in % (CHF)	Δ in % (LC)
Switzerland	10'160	11'181	-9.1%	-9.3%
Other Europe	205'605	179'331	14.7%	14.2%
North America	197'235	179'995	9.6%	7.6%
Asia	78'490	60'284	30.2%	27.0%
Others	14'737	9'504	55.1%	52.3%
Total sales	506'227	440'295	15.0%	13.5%

Consolidated balance sheet

CHF 1'000	31.12.2016	31.12.2015	Δ in %
Assets			
Current assets	533'093	492'353	8.3%
Non-current assets	201'871	149'129	35.4%
Assets	734'964	641'482	14.6%
Liabilities and equity			
Current liabilities	140'759	137'843	2.1%
Non-current liabilities	107'120	62'966	70.1%
<i>Total liabilities</i>	<i>247'879</i>	<i>200'809</i>	<i>23.4%</i>
Shareholders' equity	487'085	440'673	10.5%
Liabilities and equity	734'964	641'482	14.6%

Consolidated statement of cash flows

January to December, CHF 1'000	2016	2015	Δ in %
Cash inflows from operating activities	118'801	99'128	19.8%
Cash outflows from investing activities	(54'290)	(33'506)	62.0%
Cash (out)/inflows from financing activities	(26'214)	14'740	n.a.
Translation differences	13	(643)	n.a.
Increase in cash and cash equivalents	38'310	79'719	-51.9%
Cash and cash equivalents as per cash flow statement:			
At January 1	208'434	128'715	61.9%
At December 31	246'744	208'434	18.4%

Consolidated statement of changes in equity

January to December, CHF 1'000	2016	2015	Δ in %
Shareholders' equity at January 1	440'673	361'198	22.0%
Profit for the period	54'542	57'147	-4.6%
Other comprehensive loss for the period	(2'557)	(1'476)	73.2%
Dividends paid	(20'122)	(16'857)	19.4%
New shares issued based on employee participation plans	1'954	1'507	29.7%
Treasury shares transferred based on employee participation plans	-	669	n.a.
Share-based payments	12'595	8'691	44.9%
Sale of treasury shares	-	29'794	n.a.
Shareholders' equity at December 31	487'085	440'673	10.5%

Tecan Group – Financial reporting
Consolidated financial statements for the six months ending December 31, 2016

(Key figures, unaudited)

Consolidated statement of profit or loss for the six months ending December 31

July to December, CHF 1'000	H2 2016	H2 2015	Δ in %
Sales	270'969	240'345	12.7%
Cost of sales	(143'911)	(121'832)	18.1%
Gross profit	127'058	118'513	7.2%
<i>In % of sales</i>	46.9%	49.3%	
Sales and marketing	(38'262)	(36'061)	6.1%
Research and development	(24'214)	(19'786)	22.4%
General and administration	(25'082)	(22'228)	12.8%
Other operating income	900	1'248	-27.9%
Operating profit (EBIT)	40'400	41'686	-3.1%
<i>In % of sales</i>	14.9%	17.3%	
Financial result	(3'505)	(5'731)	-38.8%
Profit before taxes	36'895	35'955	2.6%
Income taxes	(5'804)	(4'773)	21.6%
Profit for the period	31'091	31'182	-0.3%
<i>In % of sales</i>	11.5%	13.0%	

EBITDA	51'093	50'809	0.6%
<i>In % of sales</i>	18.9%	21.1%	

Basic earnings per share (CHF/share)	2.70	2.74	-1.5%
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Order entry for the six months ending December 31

July to December, CHF 1'000	H2 2016	H2 2015	Δ in % (CHF)	Δ in % (LC)
Order entry	252'636	244'940	3.1%	2.8%

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

July to December, CHF 1'000	H2 2016	H2 2015	Δ in % (CHF)	Δ in % (LC)
Life Sciences Business	162'525	145'494	11.7%	10.7%
Partnering Business	108'444	94'851	14.3%	14.3%
Total sales	270'969	240'345	12.7%	12.2%

Segment information 2016

July to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	162'525	108'444	-	270'969
Intersegment sales	7'155	908	(8'063)	-
Total sales	169'680	109'352	(8'063)	270'969
Operating profit	33'511	12'887	(5'998)	40'400
<i>In % of sales</i>	19.7%	11.8%		14.9%

Segment information 2015

July to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	145'494	94'851	-	240'345
Intersegment sales	6'800	1'010	(7'810)	-
Total sales	152'294	95'861	(7'810)	240'345
Operating profit	34'091	12'842	(5'247)	41'686
<i>In % of sales</i>	22.4%	13.4%		17.3%

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

July to December, CHF 1'000	H2 2016	H2 2015	Δ in % (CHF)	Δ in % (LC)
Switzerland	6'482	7'535	-14.0%	-14.0%
Other Europe	97'631	94'339	3.5%	4.0%
North America	113'895	98'996	15.1%	14.0%
Asia	44'224	34'837	26.9%	24.5%
Others	8'737	4'638	88.4%	87.1%
Total sales	270'969	240'345	12.7%	12.2%