TECAN.

# Press Release

## 2017: Tecan with significant increase in sales and profit

### Financial results: full-year and second half of 2017

- **Order entry of CHF 564.1 million (2016: CHF 503.2 million)**
  - **Full-year growth of 11.8% in local currencies or 12.1% in Swiss francs**
  - **Double-digit growth rates in both business segments**
- **Sales of CHF 548.4 million (2016: CHF 506.2 million)**
  - **Full-year growth of 8.0% in local currencies and 8.3% in Swiss francs**
  - **H2 growth of 8.0% in local currencies and 8.9% in Swiss francs**
- **Full-year operating profit before depreciation and amortization (EBITDA) of CHF 105.3 million (2016: CHF 89.0 million)**
  - **Reported EBITDA margin of 19.2% (2016: 17.6%), after acquisition-related integration costs**
  - **Strong improvement in the EBITDA margin of 160 basis points, driven by substantial efficiency improvements together with some one-time effects**
- **Full-year net profit of CHF 66.5 million (2016: CHF 54.5 million); increase of 22.0%**
  - **Net profit margin including integration costs of 12.1% (2016: 10.8%)**
  - **Increase in earnings per share by 20.9% to CHF 5.73 (2016: CHF 4.74)**
- **Cash flow from operating activities of CHF 99.4 million (2016: CHF 118.8 million; including a repayment of development costs)**

### Operating highlights 2017 and other important information

- **Integration of US company SPEware (now Tecan SP) and market launch of the Resolvex™ product line for sample preparation for mass spectrometry**
- **Acquisition of Pulssar Technologies S.A.S. in February 2017 to expand the technology portfolio in Partnering Business; relocation of production completed**
- **Signing of new platform development projects with DiaSorin and Sysmex in Partnering Business**
- **Increase in the dividend proposed from CHF 1.75 to CHF 2.00 per share**

### Outlook 2018

- **Forecast for organic growth in local currencies in the mid-single-digit percentage range; potential acquisitions not taken into account**
- **After significant margin increase in 2017, a further year of EBITDA margin of more than 19% of sales expected**

**Männedorf, Switzerland, March 14, 2018 –** The Tecan Group (SIX Swiss Exchange: TECN) ended fiscal year 2017 with a significant increase in sales and profit as well as strong growth in order entry.

Tecan CEO David Martyr commented: “I am pleased that we recorded another year of significant sales growth for Tecan. Over the last three years our sales have increased by a total of around CHF 150 million or 37%, underpinning our focus on both organic growth as well as contributions from synergetic M&A. Of particular note are our recurring revenues which have increased in recent years from around 30% to now over 40% of our overall sales.

Another key success during 2017 was the rapid integration of the two most recently acquired companies. We also see continued potential in terms of our existing products, which is being underpinned by the by strong growth in order entry we had in 2017. Coupled with new products, both in the Life Science Business and the Partnering Business, and the possibility of further acquisitions, Tecan is in a good position for further dynamic growth going forward.”

## Financial results full-year and second half of 2017

In the year under review, Tecan grew its order entry by 12.1% to CHF 564.1 million (2016: CHF 503.2 million), which corresponds to an increase of 11.8% in local currencies. Both business segments contributed with double-digit growth rates. On an organic basis, order entry increased by 9.1% in Swiss francs and by 8.5% in local currencies. Thanks to strong order entry, which exceeded sales, the order backlog was sharply higher as of December 31, 2017. The growth in order entry was also strong in the second half of the year, with an increase of 7.1% in local currencies.

Sales climbed by 8.3% in Swiss francs or 8.0% in local currencies to CHF 548.4 million in 2017 (2016: CHF 506.2 million). Tecan therefore achieved its annual outlook for Group sales growth of more than 6% in local currencies communicated in March 2017. On an organic basis, sales grew by 4.7% in local currencies and 5.0% in Swiss francs.
Sales continued their positive trajectory in the second half of the year as well, growing by 8.0% in local currencies and 8.9% in Swiss francs. This corresponds to organic sales growth of 5.8% in local currencies and 6.7% in Swiss francs. Organic sales growth thus accelerated compared with the first six months of 2017, driven by the double-digit sales growth recorded in the Partnering Business in the second half of the year.

Operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose strongly by 18.3% to CHF 105.3 million in the fiscal year (2016: CHF 89.0 million). The EBITDA margin reached 19.2% of sales (2016: 17.6%), after acquisition-related costs in a mid-single-digit million Swiss franc amount. Tecan thus comfortably exceeded its communicated outlook of expanding its reported EBITDA margin to more than 18% of sales. The margin improvement in 2017 was driven by positive volume effects as well as substantial efficiency improvements in procurement and production. The majority of these improvements will have a lasting effect beyond the reporting year. In addition, Tecan also benefited from non-recurring positive effects that were not included in the original plan.

Net profit reported for the year 2017 increased by 22.0% to CHF 66.5 million (2016: CHF 54.5 million) The rise in net profit was slightly greater than the increase in the operating result due to the financial result. The net profit margin improved by 130 basis points to 12.1% of sales (2016: 10.8%). Earnings per share increased by 20.9% to CHF 5.73 (2016: CHF 4.74).

The cash flow from operating activities was CHF 99.4 million in line with expectations (2016: CHF 118.8 million; including a repayment of development costs by an OEM partner). Cash flow from operating activities corresponded to 18.1% of sales in 2017.

## Information by business segment

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

Sales in the Life Sciences Business increased by 9.0% in local currencies to CHF 306.9 million (2016: CHF 280.2 million) in 2017 and were 9.5% above the prior-year period in Swiss francs. On an organic basis (excluding SPEware for the first nine months), sales in 2017 rose by 3.6% in local currencies, with contributions from a broad range of instrument platforms, the service business and further strong growth in consumables. Among the regions, China again stood out with a high growth rate. After posting strong growth in the first six months of 2017, sales increased by 2.5% in local currencies and 3.8% in Swiss francs in the second half of the year. At -0.6% on an organic basis, the second half of the year was slightly below the prior-year period, during which sales had benefited from a major project installation.

Full-year order entry in the Life Sciences Business segment once again exceeded sales, achieving double-digit growth. Orders also increased in the second half of the year, comfortably exceeding overall sales growth.

Operating profit in this segment (earnings before interest and taxes; EBIT) rose by 10.6% to CHF 50.5 million (2016: CHF 45.7 million), after acquisition-related costs for the integration of Tecan SP. This positive performance is primarily a result of sales growth and a higher gross margin, as well as further efficiency gains. The operating profit margin improved by 30 basis points to 15.9% of sales (2016: 15.6%).

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

The Partnering Business generated sales of CHF 241.5 million during the year under review (2016: CHF 226.0 million). This corresponds to an increase of 6.7% in local currencies and 6.9% in Swiss francs. The acquisition of Pulssar Technologies, which has been consolidated in the financial statements since March 1, 2017, as expected only had a limited impact on sales. On an organic basis, excluding sales by Pulssar, revenue in 2017 rose by 6.1% in local currencies. This increase in sales was achieved despite a high baseline in the previous year, in which sales in the first half of

the year had benefited from the last major order for a phasing-out platform. The lack of sales from this instrument platform was more than offset by new instrument platforms as well as strong growth in the components business, services and consumables.
After posting a modest decline in the first half of the year, sales growth recovered strongly in the second half, expanding at a rate of 16.4% in local currencies and 16.6% in Swiss francs. On an organic basis, this corresponds to growth of 15.5% in local currency terms in the second half of the year.
Order entry in the Partnering Business increased at a double-digit percentage rate in 2017.

Operating profit in the Partnering Business (earnings before interest and taxes; EBIT) rose by 26.2% to CHF 42.6 million in 2017 (2016: CHF 33.8 million). In this segment, too, the increase was largely attributable to the growth in sales, a higher gross margin and improved efficiency. The operating profit margin improved by 270 basis points to 17.5% of sales (2016: 14.8%), in part also due to non-recurring positive effects and because the prior-year period had included even higher integration-related costs in connection with the acquisition of Sias.

## Additional information

***Regional development***

In Europe, sales in 2017 fell by 3.6% in local currencies and by 3.0% in Swiss francs compared to the previous year. Sales in Life Sciences Business grew and the overall negative trend was primarily due to the positive one-time effect in the first half of 2016 incurred by Partnering Business, which had resulted in a high comparative basis. However, a considerable increase in sales in the second half of the year could offset a large part of the negative developments of the first six months.

In North America, sales grew by 19.6% in both local currencies and Swiss francs in 2017. The Life Sciences Business posted strong growth in this region as a result of the first-time contribution of SPEware products. The Partnering Business also generated significant double-digit growth, including a strong contribution from the components business.

In Asia, Tecan achieved a considerable increase in sales of 12.4% in local currencies and 12.6% in Swiss francs. Both segments contributed with a double-digit rise in sales. In China, both segments continued to benefit from continuing major investment in healthcare and life science research.

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

Recurring sales of services and consumables increased in 2017 by 22.0% in local currencies and 22.4% in Swiss francs. This sharp increase in sales was supported both by strong organic growth and the first-time contribution of SPEware consumables. Recurring sales amounted to 42.4% of total sales, their highest level ever for a full year (2016: 37.6%). Services (including spare parts) accounted for 21.6% of total sales, while consumables (plastics and reagents) accounted for 20.8%.

***Operating performance 2017***

The integration of the US company SPEware, now called Tecan SP, was successfully completed in 2017. The company, part of the Tecan Group since October 2016, is a leading provider in the area of mass spectrometry sample preparation solutions. Tecan SP realigned its product portfolio in the year under review, consolidating it under the Resolvex™ brand. The products were previously mainly successful in North America and in the future will benefit from the Tecan Group's strong global distribution structure. Marketing of these products in Europe began in the second half of 2017.

Tecan was also able to complete the integration of French company Pulssar Technologies S.A.S., which it acquired in March 2017. The relocation of Pulssar production from Paris to Tecan's existing manufacturing site for components in San Jose, California, was undertaken rapidly and has already been completed. Pulssar precision pumps expand the technology portfolio of Tecan's components business in the Partnering Business and meet application-specific customer needs in various market segments.

In Partnering Business, Tecan signed new development agreements for instrument platforms with the Italian partner DiaSorin and with Japan-based Sysmex Corporation. The new platform for DiaSorin will make use of Tecan's Fluent® Laboratory Automation Solution as a nucleic acid extraction platform in molecular diagnostics. The instrument for Sysmex will be based on Tecan's new Cavro® Omni Flex platform, which was adapted specifically to the area of flow cytometry.

## Strong balance sheet – increase in the dividend proposed

Tecan's equity ratio reached 68.5% as of December 31, 2017 (December 31, 2016: 66.2%). Net liquidity (cash and cash equivalents minus bank liabilities and loans) reached CHF 290.7 million (December 31, 2016: CHF 242.3 million). The company's share capital was CHF 1,166,487 as at the reporting date of December 31, 2017 (December 31, 2016: CHF 1,154,137), consisting of 11,664,872 registered shares with a nominal value of CHF 0.10.

The Board of Directors will propose an increase in the dividend from CHF 1.75 to CHF 2.00 per share to the shareholders at the Company's Annual General Meeting on April 17, 2018.

## Outlook 2018

Tecan expects organic sales growth for full-year 2018 to be in the mid-single-digit percentage range in local currencies. This forecast does not take account of potential additional acquisitions.

After the significant margin increase in 2017, partly on the back of non-recurring positive effects, Tecan anticipates that the EBITDA margin will once again exceed 19% of sales in 2018.
These expectations regarding profitability include integration costs for already completed acquisitions in a low single-digit million Swiss franc amount and are based on an average exchange rate forecast for full-year 2018 of one euro equaling CHF 1.15 (2016: 1.07) and one US dollar equaling CHF 0.96 (2016: 0.99). Again, no contributions or costs linked to further acquisitions are taken into account.

## Financial Report and Webcast

The full 2017 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 media conference to discuss the 2017 annual results today at 09:00 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 (0)58 310 50 00 or +44 (0) 207 107 0613 (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 Annual General Meeting of Tecan's shareholders will take place in Pfäffikon (SZ) on April 17, 2018.
- The 2018 Interim Report will be published on August 16, 2018.

**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.

**For further information:**

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# Press Release

**Tecan Group – Financial reporting**
**Consolidated financial statements for 2017**
(Key figures, unaudited)

## Consolidated statement of profit or loss

| January to December, CHF 1'000 | 2017 | 2016 | △ in % |
|---|---|---|---|
| **Sales** | **548'399** | **506'227** | **8.3%** |
| Cost of sales | (282'832) | (266'870) | 6.0% |
| **Gross profit** | **265'567** | **239'357** | **11.0%** |
| *In % of sales* | *48.4%* | *47.3%* | |
| Sales and marketing | (84'220) | (76'485) | 10.1% |
| Research and development | (51'069) | (47'090) | 8.4% |
| General and administration | (51'489) | (48'888) | 5.3% |
| Other operating income | 3'324 | 1'243 | 167.4% |
| Other operating expenses | (1'632) | - | n.a. |
| **Operating profit** | **80'481** | **68'137** | **18.1%** |
| *In % of sales* | *14.7%* | *13.5%* | |
| Financial result | (804) | (2'709) | -70.3% |
| **Profit before taxes** | **79'677** | **65'428** | **21.8%** |
| Income taxes | (13'130) | (10'886) | 20.6% |
| **Profit for the period** | **66'547** | **54'542** | **22.0%** |
| *In % of sales* | *12.1%* | *10.8%* | |

| | | | |
|---|---|---|---|
| **EBITDA** | **105'310** | **89'031** | **18.3%** |
| *In % of sales* | *19.2%* | *17.6%* | |

| | | | |
|---|---|---|---|
| **Basic earnings per share (CHF/share)** | **5.73** | **4.74** | **20.9%** |
| **Diluted earnings per share (CHF/share)** | **5.64** | **4.66** | **21.0%** |

## Order entry

| January to December, CHF 1'000 | 2017 | 2016 | △ in % (CHF) | △ in % (LC) |
|---|---|---|---|---|
| **Order entry** | **564'135** | **503'246** | **12.1%** | **11.8%** |

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## Segment information by business segments

***Sales to third parties***

| January to December, CHF 1'000 | 2017 | 2016 | △ in % (CHF) | △ in % (LC) |
|---|---|---|---|---|
| Life Sciences Business | 306'851 | 280'224 | 9.5% | 9.0% |
| Partnering Business | 241'548 | 226'003 | 6.9% | 6.7% |
| **Total sales** | **548'399** | **506'227** | **8.3%** | **8.0%** |

***Segment information 2017***

| January to December, CHF 1'000 | Life Sciences Business | Partnering Business | Corporate / Consolidation | **Group** |
|---|---|---|---|---|
| Sales to third parties | 306'851 | 241'548 | - | **548'399** |
| Intersegment sales | 11'738 | 1'772 | (13'510) | **-** |
| **Total sales** | **318'589** | **243'320** | **(13'510)** | **548'399** |
| **Operating profit** | **50'528** | **42'638** | **(12'685)** | **80'481** |
| *In % of sales* | *15.9%* | *17.5%* | | *14.7%* |

***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** |
| *In % of sales* | *15.6%* | *14.8%* | | *13.5%* |

## Sales by regions (by location of customers)

| January to December, CHF 1'000 | 2017 | 2016 | △ in % (CHF) | △ in % (LC) |
|---|---|---|---|---|
| Switzerland | 10'679 | 10'160 | 5.1% | 4.9% |
| Other Europe | 198'593 | 205'605 | -3.4% | -4.0% |
| North America | 235'809 | 197'235 | 19.6% | 19.6% |
| Asia | 88'355 | 78'490 | 12.6% | 12.4% |
| Others | 14'963 | 14'737 | 1.5% | 0.0% |
| **Total sales** | **548'399** | **506'227** | **8.3%** | **8.0%** |

## Consolidated balance sheet

| CHF 1'000 | 31.12.2017 | 31.12.2016 | △ in % |
|---|---|---|---|
| **Assets** | | | |
| Current assets | 601'091 | 534'290 | 12.5% |
| Non-current assets | 201'767 | 201'871 | -0.1% |
| **Assets** | **802'858** | **736'161** | **9.1%** |
| **Liabilities and equity** | | | |
| Current liabilities | 151'793 | 141'956 | 6.9% |
| Non-current liabilities | 100'724 | 107'120 | -6.0% |
| *Total liabilities* | *252'517* | *249'076* | *1.4%* |
| Shareholders' equity | 550'341 | 487'085 | 13.0% |
| **Liabilities and equity** | **802'858** | **736'161** | **9.1%** |

## Consolidated statement of cash flows

| January to December, CHF 1'000 | 2017 | 2016 | △ in % |
|---|---|---|---|
| Cash inflows from operating activities | 99'428 | 118'801 | -16.3% |
| Cash outflows from investing activities | (22'409) | (54'290) | -58.7% |
| Cash outflows from financing activities | (15'158) | (26'214) | -42.2% |
| Translation differences | 807 | 13 | n.a. |
| **Increase in cash and cash equivalents** | **62'668** | **38'310** | **63.6%** |
| **Cash and cash equivalents as per cash flow statement:** | | | |
| At January 1 | 246'744 | 208'434 | 18.4% |
| At December 31 | 309'412 | 246'744 | 25.4% |

## Consolidated statement of changes in equity

| January to December, CHF 1'000 | 2017 | 2016 | △ in % |
|---|---|---|---|
| **Shareholders' equity at January 1** | **487'085** | **440'673** | **10.5%** |
| Profit for the period | 66'547 | 54'542 | 22.0% |
| Other comprehensive loss for the period | 28 | (2'557) | n.a. |
| Dividends paid | (20'315) | (20'122) | 1.0% |
| New shares issued based on employee participation plans | 3'369 | 1'954 | 72.4% |
| Share-based payments | 13'627 | 12'595 | 8.2% |
| **Shareholders' equity at December 31** | **550'341** | **487'085** | **13.0%** |

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**Tecan Group – Financial reporting**
**Consolidated financial statements for the six months ending December 31, 2017**
(Key figures, unaudited)

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

| July to December, CHF 1'000 | H2 2017 | H2 2016 | △ in % |
|---|---|---|---|
| **Sales** | **295'116** | **270'969** | **8.9%** |
| Cost of sales | (149'409) | (143'911) | 3.8% |
| **Gross profit** | **145'707** | **127'058** | **14.7%** |
| *In % of sales* | *49.4%* | *46.9%* | |
| Sales and marketing | (43'858) | (38'262) | 14.6% |
| Research and development | (27'545) | (24'214) | 13.8% |
| General and administration | (25'538) | (25'082) | 1.8% |
| Other operating income | 3'300 | 900 | 266.7% |
| Other operating expenses | (1'142) | - | n.a. |
| **Operating profit (EBIT)** | **50'924** | **40'400** | **26.0%** |
| *In % of sales* | *17.3%* | *14.9%* | |
| Financial result | (2'325) | (3'505) | -33.7% |
| **Profit before taxes** | **48'599** | **36'895** | **31.7%** |
| Income taxes | (7'754) | (5'804) | 33.6% |
| **Profit for the period** | **40'845** | **31'091** | **31.4%** |
| *In % of sales* | *13.8%* | *11.5%* | |

| | | | |
|---|---|---|---|
| **EBITDA** | **64'040** | **51'093** | **25.3%** |
| *In % of sales* | *21.7%* | *18.9%* | |

| | | | |
|---|---|---|---|
| **Basic earnings per share (CHF/share)** | **3.51** | **2.70** | **30.0%** |

### Order entry for the six months ending December 31

| July to December, CHF 1'000 | H2 2017 | H2 2016 | △ in % (CHF) | △ in % (LC) |
|---|---|---|---|---|
| **Order entry** | **272'966** | **252'636** | **8.0%** | **7.1%** |

## Segment information by business segments for the six months ending December 31

***Sales to third parties***

| July to December, CHF 1'000 | H2 2017 | H2 2016 | △ in % (CHF) | △ in % (LC) |
|---|---|---|---|---|
| Life Sciences Business | 168'666 | 162'525 | 3.8% | 2.5% |
| Partnering Business | 126'450 | 108'444 | 16.6% | 16.4% |
| **Total sales** | **295'116** | **270'969** | **8.9%** | **8.0%** |

***Segment information 2017***

| July to December, CHF 1'000 | Life Sciences Business | Partnering Business | Corporate / Consolidation | **Group** |
|---|---|---|---|---|
| Sales to third parties | 168'666 | 126'450 | - | **295'116** |
| Intersegment sales | 6'564 | 1'010 | (7'574) | **-** |
| **Total sales** | **175'230** | **127'460** | **(7'574)** | **295'116** |
| **Operating profit** | **32'691** | **23'666** | **(5'433)** | **50'924** |
| *In % of sales* | *18.7%* | *18.6%* | | *17.3%* |

***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** |
| *In % of sales* | *19.7%* | *11.8%* | | *14.9%* |

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

| July to December, CHF 1'000 | H2 2017 | H2 2016 | △ in % (CHF) | △ in % (LC) |
|---|---|---|---|---|
| Switzerland | 5'984 | 6'482 | -7.7% | -8.1% |
| Other Europe | 107'263 | 97'631 | 9.9% | 7.2% |
| North America | 124'990 | 113'895 | 9.7% | 10.7% |
| Asia | 48'944 | 44'224 | 10.7% | 9.5% |
| Others | 7'935 | 8'737 | -9.2% | -12.5% |
| **Total sales** | **295'116** | **270'969** | **8.9%** | **8.0%** |