

Tecan remains on growth track

Financial results for the full-year 2019 – Highlights

- **Sales of CHF 636.8 million (2018: CHF 593.8 million)**
 - Full-year growth of 8.0% in local currencies and 7.2% in Swiss francs
 - Full-year organic growth of 6.0% in local currencies and 5.3% in Swiss francs
 - Double-digit sales growth in the Life Sciences Business
 - Growth trend continues in the second half of the year
- **Full-year operating profit before depreciation and amortization (EBITDA) of CHF 122.8 million (2018: CHF 110.3 million)**
 - Increase in reported EBITDA margin to 19.3% (2018: 18.6%), including all acquisition-related costs
- **Reported full-year net profit of CHF 73.2 million (2018: CHF 70.7 million)**
 - Net profit margin 11.5%, including all acquisition-related costs (2018: 11.9%)
 - Earnings per share rose to CHF 6.18 (2018: CHF 6.02)

Operating highlights 2019 and other important information

- **Launch of DreamPrep™ NGS, a fully automated sample preparation solution for next-generation sequencing (NGS)**
- **New offers and continued focus on recurring sales generated from reagents and consumables in key applications**
- **Launch of Spark® Cyto reader platform with imaging capabilities for applications in cell biology**
- **Several launches of new instruments in the Partnering Business, good progress made with important development projects**
- **Acquisition of a supplier of key parts successfully completed**
- **Increase in the dividend proposed from CHF 2.10 to CHF 2.20 per share**

Outlook 2020

- **Full-year sales are again forecast to increase in the mid- to high single-digit percentage range in local currencies**
- **Reported EBITDA margin expected to expand to around 19.6% of sales**

Männedorf, Switzerland, 17 March 2020 – The Tecan Group (SIX Swiss Exchange: TECN) remains on its growth track and can look back on a very successful business year. Tecan once again posted a substantial increase in sales, driven by strong growth in the Life Sciences Business. The company was also able to improve net profit despite the inclusion of acquisition-related costs.

Tecan CEO Dr. Achim von Leoprechting commented: "I'm very pleased that we are able to report another very successful financial year. We reached our growth targets with an increase in sales of 8% in local currencies, driven by double-digit sales growth in the Life Sciences Business. We also recorded a strong increase in the margin in the traditional core business.

Tecan is celebrating the company's 40th anniversary this year. Since its foundation in 1980, enormous progress in life science research and healthcare have been made. In the meantime, we have arrived in the 'Century of Biology' and the world's laboratories generate more biological data within just a few months than has ever been created in human history. As a pioneer in laboratory automation, Tecan has made much of the progress made to date possible and is in an excellent position to also help to shape further developments. We will continue to gear our activities consistently towards the core applications, which are based on particularly strong growth drivers. We are aiming to achieve continued growth above the market average going forward as well."

Financial results full-year and second half of 2019

In the year under review, Tecan grew its order entry by 1.9% to CHF 638.6 million (2018: CHF 627.0 million), or by 2.5% in local currencies. The growth was not as strong as in 2018, when order entry benefited in the second half of the year from a large order in the Life Sciences Business for customized solutions and grew correspondingly at a double-digit rate. Adjusted for this effect, order entry in the Life Sciences Business grew at a good mid-single-digit growth rate, leading to a solid underlying growth at Group level as well.

Order backlog, an important indicator for the current financial year, grew again to reach a record level as at 31 December 2019.

Sales for fiscal year 2019 grew by 7.2% to CHF 636.8 million (2018: CHF 593.8 million), corresponding to growth of 8.0% in local currencies. On an organic basis, adjusted for acquisition effects, sales grew by 5.3% in Swiss francs and by 6.0% in local currencies. The growth trend continued in the second half of the year as well, with sales increasing by 6.4% in Swiss francs and 7.7% in local currencies. On an organic basis, sales rose by 5.8% in local currencies in the second half of the year.

Recurring sales of services and consumables increased in fiscal year 2019 by 5.9% in local currencies and 6.5% in Swiss francs, and therefore amounted to a relatively unchanged 41.3% of total sales (2018: 41.8%).

Reported operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose by 11.3% to CHF 122.8 million in the fiscal year 2019 (2018: CHF 110.3 million). This EBITDA as reported includes influencing factors that reduced the overall result: the net impact of acquisition-related costs amounting to around CHF 10 million as well as, to a far lesser extent, the non-recurring additional costs of the CEO change during the

fiscal year. These two effects were more than offset by a strong margin trend in the traditional core business (without newly acquired companies) as well as by a positive recurring profit contribution resulting from the adoption of the new IFRS 16 accounting standard (Leases).

The reported EBITDA margin grew correspondingly by 70 basis points to 19.3% of sales (2018: 18.6%).

Reported net profit for the year 2019 rose by 3.5% to CHF 73.2 million (2018: CHF 70.7 million). Thanks to a lower tax rate in connection with the tax reform in Switzerland, net profit increased by more than operating profit (earnings before interest and taxes; EBIT). The net profit margin amounted to 11.5% of sales (2018: 11.9%), while earnings per share rose to a new high of CHF 6.18 (2018: CHF 6.02).

Cash flow from operating activities increased to CHF 98.8 million (2018: CHF 92.7 million), which corresponds to 15.5% of sales.

Information by business segment

Life Sciences Business (end-customer business)

Sales in the Life Sciences Business segment grew strongly by 10.0% to CHF 361.2 million in 2019 (2018: CHF 328.2 million). This equates to a rise of 11.2% in local currencies. On an organic basis (excluding sales from Tecan Genomics/NuGEN for the first eight months), sales in 2019 rose by 9.1% in local currencies.

Sales growth in local currencies remained on a high level of 7.8% in the second half of the year as well, despite the high comparative basis from the prior-year period. On an organic basis, this corresponds to growth of 6.9% in local currency terms in the second half of the year.

The instrument business in particular was the growth driver in 2019, due above all to sales of the Fluent automation platform and various detection devices. But strong growth in the service business and of consumables also contributed to the good result.

Adjusted for a large order for customized solutions in the prior-year period, underlying order entry in the Life Sciences Business grew at a good mid-single-digit rate.

Despite acquisition-related costs, reported operating profit in this segment (earnings before interest and taxes; EBIT) rose to CHF 56.7 million (2018: CHF 51.3 million). The operating profit margin reached 15.1% of sales (2018: 14.8%). This positive performance is primarily a result of sales growth as well as a strong margin in the traditional core business.

Partnering Business (OEM business)

The Partnering Business generated sales of CHF 275.7 million during the year under review (2018: CHF 265.6 million), which corresponds to an increase of 4.1% in local currencies and 3.8% in Swiss francs. On an organic basis, excluding sales of the supplier consolidated in the Partnering Business since June 1, 2019, sales in 2019 rose by 2.2% in local currencies.

After a moderate start to the year, based on a high comparative basis from the prior-year period, sales in the Partnering Business accelerated significantly in the second half and were 7.7% above the prior-year period in local currencies. On an organic basis, this equates to a rise of 4.3% in local currencies. The components business in particular reported strong growth in fiscal year 2019. Underlying order entry in the Partnering Business increased approximately at the same rate as sales

Operating profit in this segment (earnings before interest and taxes; EBIT) was CHF 46.2 million (2018: CHF 48.6 million). The operating profit margin declined to 16.7% of sales (2018: 18.2%), due in particular to increased research and development expenses for new innovative customer-specific projects and a temporary change in the product mix.

Additional information

Regional development

In Europe, Tecan's full-year sales increased by 8.4% in local currencies and by 6.4% in Swiss francs, with both business segments performing well. After moderate growth in the first half of the year, the sales growth in local currencies accelerated in the second half of the year to 13.5%. The increase in sales was driven primarily by higher double-digit growth from the Partnering Business. But the Life Sciences Business also recorded solid growth again in the second half of the year.

In North America, sales grew by 8.2% in local currencies and 9.5% in Swiss francs in 2019. The Life Sciences Business performed particularly well, with sales growth of 15.6% in local currencies in this region. Sales in local currencies increased by a further 3.9% in the second half of the year despite the high comparative basis from the prior-year period.

In Asia, Tecan generated an increase in sales of 14.6% in local currencies and 11.9% in Swiss francs. Both segments contributed to the sales growth in the region with good performances, the Life Sciences Business with growth in local currencies of 18.5% and the Partnering Business with 8.0%. With a slightly higher growth rate, sales growth in China was even a bit more dynamic as in the entire Asia region. Growth in Asia in local currencies accelerated in the second half of the year to 17.0%.

Operating performance 2019

Tecan made good progress in implementing its comprehensive genomics strategy, including the launch of DreamPrep™ NGS only a few months after the acquisition of NuGEN Technologies. DreamPrep NGS, an integrated, fully automated sample preparation solution for next-generation sequencing (NGS) in life science research, combines the high productivity and precision of the Fluent automation platform with the innovative reagents of Tecan Genomics (formerly NuGEN).

The reagent portfolio for NGS sample preparation was also expanded and further kits adapted for use on DreamPrep NGS. The focus on recurring sales generated from reagents and consumables was also strengthened in other core applications, for example in the areas of sample preparation for mass spectrometry as well as specialty immunoassays.

The Spark[®] Cyto reader platform for cell biology applications was launched in June. Thanks to its additional imaging capabilities, the Spark Cyto multimode microplate reader enables life science research laboratories to track the development of cells in real time over an extended period, with complete control of all environmental parameters. Another special feature of this innovative instrument is that measurements can be carried out automatically for predefined events and further processes automated on the basis of the evaluated image data.

Tecan also made good progress with a number of development projects in the Partnering Business, with various new instruments already being launched by the respective partners in 2019. Overall, more than five projects are still in the development phase, for example a program using mass spectrometry as part of an automated complete solution to diagnose blood cancers. The sales potential of the individual projects ranges from single-digit to clear double-digit million amounts in Swiss francs per year.

In June, Tecan successfully completed the acquisition of a long-term supplier of key parts, vertically integrating the manufacturing of critical precision-machined parts. With two manufacturing sites, one in California (USA) and another in Ben Cat Town (Vietnam), Tecan is benefiting from the long-term supply of high-quality precision-machined parts and realizing cost savings by internalizing their supply.

Strong balance sheet – high equity ratio

Tecan's equity ratio reached 70.1% as of December 31, 2019 (December 31, 2018: 71.4%). Net liquidity (cash and cash equivalents plus short-term time deposits minus bank liabilities and loans) reached CHF 312.4 million (June 30, 2019: CHF 264.5 million; December 31, 2018: CHF 289.6 million). The purchase consideration for the acquisition of a supplier was paid fully in cash in the first half of the year (net cash outflow of CHF 20.8 million).

On the basis of the further increase of net profit in 2019 and an ongoing positive business perspective, the Board of Directors will propose at the Company's Annual General Meeting an increase in the dividend from CHF 2.10 to CHF 2.20 per share. Half of the dividend, i.e. CHF 1.10, will be paid out from the available capital contribution reserve and is therefore not subject to withholding tax.

Outlook 2020

Current developments in the various end markets indicate a continued healthy market environment and a further positive growth trend. Tecan therefore once again forecasts sales growth for the full-year 2020 to be in the mid- to high single-digit percentage range in local currencies, as in the previous year. The company is assuming an even higher share from organic growth compared to 2019.

After already reporting a very positive margin trend in the traditional core business in 2019, Tecan is anticipating a further increase in the reported EBITDA margin in fiscal year 2020 to around 19.6% of sales.

Any impact on the full-year business performance of the outbreak of the new Coronavirus (COVID-19) cannot be predicted at present.

The expectations regarding profitability are based on an average exchange rate forecast for full-year 2020 of one euro equaling CHF 1.08 and one US dollar equaling CHF 0.98.

The outlook 2020 does not take account of potential acquisitions during the course of the year.

Financial Report and Webcast

The full 2019 Annual 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 2019 annual results today at 09:00 (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)207 059 107 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 7, 2020. The notice of the Annual General Meeting was published on March 17, 2020.
- The 2020 Interim Report will be published on August 12, 2020.

**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 automation 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. Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TECN; ISIN CH0012100191).

For further information:**Tecan Group**

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Tecan Group – Financial reporting
Consolidated financial statements for 2019¹
(Key figures, unaudited)

Consolidated statement of profit or loss

	2018	2019	Δ in %
January to December, CHF 1'000			
Sales	593'795	636'819	7.2%
Cost of sales	(315'472)	(339'552)	7.6%
Gross profit	278'323	297'267	6.8%
<i>In % of sales</i>	46.9%	46.7%	
Sales and marketing	(89'072)	(92'888)	4.3%
Research and development	(51'086)	(59'857)	17.2%
General and administration	(52'376)	(56'649)	8.2%
Other operating income	3'436	1'327	-61.4%
Other operating expenses	(672)	(501)	-25.4%
Operating profit	88'553	88'699	0.2%
<i>In % of sales</i>	14.9%	13.9%	
Financial result	(5'155)	(5'959)	15.6%
Profit before taxes	83'398	82'740	-0.8%
Income taxes	(12'702)	(9'571)	-24.6%
Profit for the period	70'696	73'169	3.5%
<i>In % of sales</i>	11.9%	11.5%	

EBITDA	110'322	122'761	11.3%
<i>In % of sales</i>	18.6%	19.3%	

Basic earnings per share (CHF/share)	6.02	6.18	2.7%
Diluted earnings per share (CHF/share)	5.96	6.13	2.9%

Order entry

	2018	2019	Δ in % (CHF)	Δ in % (LC)
January to December, CHF 1'000				
Order entry	626'978	638'630	1.9%	2.5%

¹**Introduction of IFRS 16 'Leases'**: The Group has adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. Accordingly, the comparative information presented in 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 'Leases' and related interpretations.

Segment information by business segments

Sales to third parties

	2018	2019	Δ in % (CHF)	Δ in % (LC)
January to December, CHF 1'000				
Life Sciences Business	328'234	361'159	10.0%	11.2%
Partnering Business	265'561	275'660	3.8%	4.1%
Total sales	593'795	636'819	7.2%	8.0%

Segment information

January to December, CHF 1'000	Life Sciences Business		Partnering Business		Corporate / Consolidation		Total	
	2018	2019	2018	2019	2018	2019	2018	2019
Sales to third parties	328'234	361'159	265'561	275'660	-	-	593'795	636'819
Intersegment sales	19'030	13'176	2'029	1'367	(21'059)	(14'543)	-	-
Total sales	347'264	374'335	267'590	277'027	(21'059)	(14'543)	593'795	636'819
Operating profit	51'262	56'690	48'617	46'179	(11'326)	(14'170)	88'553	88'699
<i>In % of sales</i>	14.8%	15.1%	18.2%	16.7%			14.9%	13.9%

Sales by regions (by location of customers)

January to December, CHF 1'000	Life Sciences Business		Partnering Business		Total		Δ in % (CHF)	Δ in % (LC)
	2018	2019	2018	2019	2018	2019		
Europe	114'301	118'655	123'837	134'726	238'138	253'381	6.4%	8.4%
North America	141'926	166'585	103'882	102'587	245'808	269'172	9.5%	8.2%
Asia	58'283	67'577	34'263	35'976	92'546	103'553	11.9%	14.6%
Others	13'724	8'342	3'579	2'371	17'303	10'713	-38.1%	-36.3%
Total sales	328'234	361'159	265'561	275'660	593'795	636'819	7.2%	8.0%

Consolidated balance sheet

	31.12.2018	31.12.2019	Δ in %
CHF 1'000			
Assets			
Current assets	596'048	615'499	3.3%
Non-current assets	261'623	324'274	23.9%
Assets	857'671	939'773	9.6%
Liabilities and equity			
Current liabilities	163'470	157'286	-3.8%
Non-current liabilities	81'792	123'420	50.9%
<i>Total liabilities</i>	<i>245'262</i>	<i>280'706</i>	<i>14.5%</i>
Shareholders' equity	612'409	659'067	7.6%
Liabilities and equity	857'671	939'773	9.6%

Consolidated statement of cash flows

	2018	2019	Δ in %
January to December, CHF 1'000			
Cash inflows from operating activities	92'702	98'804	6.6%
Cash outflows from investing activities	(78'436)	(99'056)	26.3%
Cash outflows from financing activities	(26'151)	(29'395)	12.4%
Translation differences	(691)	(915)	32.4%
Decrease in cash and cash equivalents	(12'576)	(30'562)	143.0%
Cash and cash equivalents as per cash flow statement:			
At January 1	309'412	296'836	-4.1%
At December 31	296'836	266'274	-10.3%

Consolidated statement of changes in equity

	2018	2019	Δ in %
January to December, CHF 1'000			
Shareholders' equity at January 1	550'121	612'409	11.3%
Restatement IFRS 16	-	p.m.	
Profit for the period	70'696	73'169	3.5%
Other comprehensive income/(loss) for the period	1'428	(19'344)	n.a.
Dividends paid	(23'462)	(24'835)	5.9%
New shares issued based on employee participation plans	2'454	4'583	86.8%
Share-based payments	11'172	13'085	17.1%
Shareholders' equity at December 31	612'409	659'067	7.6%

Tecan Group – Financial reporting
Consolidated financial statements for the six months ending December 31, 2019¹

(Key figures, unaudited)

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

July to December, CHF 1'000	H2 2018	H2 2019	Δ in %
Sales	320'314	340'699	6.4%
Cost of sales	(170'514)	(184'407)	8.1%
Gross profit	149'800	156'292	4.3%
<i>In % of sales</i>	46.8%	45.9%	
Sales and marketing	(46'757)	(45'997)	-1.6%
Research and development	(29'049)	(30'307)	4.3%
General and administration	(26'273)	(25'105)	-4.4%
Other operating income	3'394	1'057	-68.9%
Other operating expenses	(367)	(226)	-38.4%
Operating profit (EBIT)	50'748	55'714	9.8%
<i>In % of sales</i>	15.8%	16.4%	
Financial result	(2'120)	(3'077)	45.1%
Profit before taxes	48'628	52'637	8.2%
Income taxes	(7'108)	(4'806)	-32.4%
Profit for the period	41'520	47'831	15.2%
<i>In % of sales</i>	13.0%	14.0%	

EBITDA	62'216	73'462	18.1%
<i>In % of sales</i>	19.4%	21.6%	

Basic earnings per share (CHF/share)	3.53	4.04	14.4%
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Order entry for the six months ending December 31

July to December, CHF 1'000	H2 2018	H2 2019	Δ in % (CHF)	Δ in % (LC)
Order entry	328'835	327'989	-0.3%	0.7%

¹**Introduction of IFRS 16 'Leases':** The Group has adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. Accordingly, the comparative information presented in 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 'Leases' and related interpretations.

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

	H2 2018	H2 2019	Δ in % (CHF)	Δ in % (LC)
July to December, CHF 1'000				
Life Sciences Business	187'712	198'788	5.9%	7.8%
Partnering Business	132'602	141'911	7.0%	7.7%
Total sales	320'314	340'699	6.4%	7.7%

Segment information

July to December, CHF 1'000	Life Sciences Business		Partnering Business		Corporate / Consolidation		Total	
	H2 2018	H2 2019	H2 2018	H2 2019	H2 2018	H2 2019	H2 2018	H2 2019
Sales to third parties	187'712	198'788	132'602	141'911	-	-	320'314	340'699
Intersegment sales	10'886	6'205	1'308	649	(12'194)	(6'854)	-	-
Total sales	198'598	204'993	133'910	142'560	(12'194)	(6'854)	320'314	340'699
Operating profit	33'118	37'730	23'044	21'143	(5'444)	(3'159)	50'748	55'714
<i>In % of sales</i>	<i>16.7%</i>	<i>18.4%</i>	<i>17.2%</i>	<i>14.8%</i>			<i>15.8%</i>	<i>16.4%</i>

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

July to December, CHF 1'000	Life Sciences Business		Partnering Business		Total		Δ in % (CHF)	Δ in % (LC)
	H2 2018	H2 2019	H2 2018	H2 2019	H2 2018	H2 2019		
Europe	65'762	67'261	52'905	64'552	118'667	131'813	11.1%	13.5%
North America	80'592	88'266	59'405	57'207	139'997	145'473	3.9%	3.9%
Asia	31'982	38'243	18'051	18'879	50'033	57'122	14.2%	17.0%
Others	9'376	5'018	2'241	1'273	11'617	6'291	-45.8%	-43.8%
Total sales	187'712	198'788	132'602	141'911	320'314	340'699	6.4%	7.7%