

Tecan records double-digit sales growth in local currencies and solid profitability in the first half of 2011

- **Sales of CHF 181.9 million (H1 2010: CHF 178.0 million); growth of 2.2% in Swiss francs and 12.3% in local currencies**
- **Business segment sales growth in local currencies: Life Sciences Business 18.1%, Partnering Business 5.7%**
- **Order entry of CHF 196.0 million (H1 2010: CHF 193.4 million); up 1.3% in Swiss francs and 12.0% in local currencies**
- **Operating profit (EBIT) of CHF 20.8 million (H1 2010: CHF 23.1 million); Operating profit margin at 11.5% (H1 2010: 13.0%) or 13.7% assuming constant exchange rates**
- **Net profit of CHF 23.3 million (H1 2010: CHF 15.6 million); net profit margin of 12.8% significantly above prior-year level of 8.8 %**
- **Earnings per share of CHF 2.17 (H1 2010: CHF 1.50); setting a new company record**
- **Cash flow from operating activities of CHF 18.0 million (H1 2010: CHF 20.8 million)**
- **Growth forecast for full-year 2011 revised upwards; profitability target confirmed**

Männedorf, Switzerland, August 18, 2011 – The Tecan Group (SIX Swiss Exchange: TECN) closed the first half of 2011 with substantial sales growth in local currencies and a solid operating result. Exchange rate movements in major currencies versus the Swiss franc had a significant negative impact on Tecan's key performance figures. Sales increased by 2.2% to CHF 181.9 million in the first half of 2011 (H1 2010: CHF 178.0 million) and were 12.3% above those of the prior-year period in local currency terms. The growth was broad-based, encompassing both of Tecan's business segments, Life Sciences Business (end-customer business) and Partnering Business (OEM business). Order entry increased by 1.3% to CHF 196.0 million in the

first half of 2011 (H1 2010: CHF 193.4 million), which corresponds to growth of 12.0% in local currency terms.

The operating profit margin was solid at 11.5% (H1 2010: 13.0%), although Tecan increased its research and development spending by 2.5% of sales and recorded additional negative currency effects of 2.2 percentage points. Assuming constant exchange rates, the operating profit margin was above the prior-year level at 13.7%. In the first six months of 2011, Tecan achieved an operating profit (EBIT) of CHF 20.8 million (H1 2010: CHF 23.1 million). Net profit increased to CHF 23.3 million thanks to a better financial result, which was largely attributable to gains from currency hedging (H1 2010: CHF 15.6 million). At 12.8% of sales, the profit margin was significantly above the prior-year level (H1 2010: 8.8%).

Tecan's earnings per share of CHF 2.17 have set a new company record (H1 2010: CHF 1.50).

Due to the pre-financing of an OEM development project amounting to CHF 12.6 million, cash flow from operating activities was down versus the prior-year period to CHF 18.0 million (H1 2010: CHF 20.8 million).

Tecan CEO Thomas Bachmann commented: "We are delighted with the strong sales figures achieved in the first half-year, which are driven by both business segments. Following a period of declining sales in the end-customer business, we again achieved significant growth. Also in the OEM business we were able to further increase sales despite a high base, and we concluded two new development and supply agreements, including a significant OEM contract. Despite increased research and development spending coupled with major negative currency effects, we reported solid profitability for the first half-year. We even made company history by setting a new record for earnings per share. Sales and order entry have exceeded our expectations for the first half of 2011. We are therefore revising the growth forecast upwards for the full-year 2011 and confirming the profitability target, despite the strong negative currency effects."

Regional development and additional information

In Europe, sales in Swiss francs increased by 6.0%, continuing to be negatively impacted by the exchange rate movements of the euro versus the Swiss franc. The average exchange rate of the euro fell by 11.6% against the Swiss franc during the reporting period. In Europe, sales in local currencies increased by 11.5% compared to the prior-year period. This increase is primarily due to significant improvements in the Life Sciences Business (end-customer business).

In North America, Tecan achieved sales growth of 3.3% in Swiss francs. This key performance figure was also negatively impacted by the exchange rate development of the US dollar versus the

Swiss franc. Compared with the prior-year period, the average exchange rate of the US dollar fell by 16.5% against the Swiss franc in the first six months of 2011. In local currencies, sales in North America rose by 20.6%. The growth in this region was also predominantly achieved thanks to the strong performance of the Life Sciences Business (end-customer business).

In Asia, sales in Swiss francs and local currencies were down by 15.2% and 6.2% respectively against the prior-year period. Sales fell in Japan, but saw double-digit growth in China.

Recurring sales of consumables and services increased by 13.7% in local currency terms and accounted for 32.2% of total sales (H1 2010: 32.4%). As part of this figure, sales of consumables in local currencies grew by 19.7% compared with the previous year, to a share of 8.2% of total sales (H1 2010: 7.7%).

As previously announced, Tecan is increasing its investment in research and development in 2011 and 2012. In the first half of 2011, research and development spending increased from 10.3% to 12.8% of sales, or CHF 23.2 million (H1 2010: CHF 18.3 million). Research and development activities amounted to a total of CHF 42.4 million gross (H1 2010: CHF 22.3 million). This figure also includes the development costs capitalized in the balance sheet (CHF 1.8 million gross) and development costs for OEM partners (CHF 18.4 million).

Information by business segment

Tecan has been working under a new organizational structure since January 1, 2011. The new structure is focused on the two customer groups, end customers and OEM customers, and divided into the two business segments Life Sciences Business (end-customer business) and Partnering Business (OEM business). The Tecan Group's financial reporting is based on the two new business segments for the first time in the 2011 Interim Report. The comparative figures for the first half of 2010 and full-year 2010 have been restated accordingly.

Life Sciences Business (end-customer business)

Sales in the Life Sciences Business segment rose by 3.1% to CHF 102.3 million in the first half of 2011 (H1 2010: CHF 99.3 million). In local currencies, the Life Sciences Business reported strong growth of 18.1%. The share of end-customer business increased slightly to a level where it now constitutes 56.3% of total Group sales (H1 2010: 55.8%). The strong sales growth was primarily generated through liquid handling platforms for customers in the fields of biopharmaceuticals and forensics in Europe and North America.

The Life Sciences Business reported double-digit growth in order entry in local currency terms. In Swiss francs this growth was well above the actual sales figures achieved during the reporting period.

At CHF 2.4 million, operating profit of the Life Sciences Business segment was down compared to the prior-year period (H1 2010: CHF 3.7 million) with an operating profit margin of 2.1% of sales in the first six months of 2011 (H1 2010: 3.5%). Assuming currencies in line with the prior-year period, this corresponds to an operating profit margin of 6.5% of sales. The substantially increased investment in research and development was predominantly incurred by the Life Sciences Business segment, which had an additional negative impact of 6.9 percentage points on the operating profit margin.

Additional information about the full-year 2010 (restated)

In 2010 the Life Sciences Business segment reported sales of CHF 230.4 million. The operating profit margin was 10.9% of sales and operating profit stood at CHF 26.3 million.

Partnering Business (OEM business)

The Partnering Business segment generated sales of CHF 79.5 million during the reporting period (H1 2010: CHF 78.8 million). Despite the high base in the prior-year period, sales increased by 1.0% in Swiss francs and by 5.7% in local currencies. The OEM business accounted for 43.7% of total Group sales (H1 2010: 44.2%). In the first half of 2011, the Partnering Business benefited in particular from the strong growth in sales of spare parts. This positive development was due in particular to the fact that the installed instrument base has been significantly increased in recent years. The growth in spare parts was also boosted by the inventory restocking carried out by a number of OEM customers. Sales of OEM instruments were slightly down, although it should be borne in mind that the high sales in the prior-year period were bolstered by special orders. Component sales were down versus the prior-year in Swiss francs, and unchanged in local currency terms. The Partnering Business also reported double-digit growth in order entry in local currencies, which was also above the level of sales generated in Swiss francs in the first half of the year.

The Partnering Business segment achieved an operating profit margin of 28.6% of sales in the first six months of 2011 (H1 2010: 28.8%). The majority of the Partnering Business' sales are not subject to any direct currency effects and the operating profit margin is about similar, assuming constant exchange rates. At CHF 23.4 million, operating profit was slightly up compared with the prior-year period (H1 2010: CHF 23.3 million).

Additional information about the full-year 2010 (restated)

In 2010, the Partnering Business segment reported sales of CHF 140.2 million. The operating profit margin was 25.3% of sales and operating profit stood at CHF 36.8 million.

Strong balance sheet – high equity ratio

Tecan's equity ratio increased slightly during the reporting period and reached 67.9% at June 30, 2011 (December 31, 2010: 67.4%). Net liquidity (cash and cash equivalents minus bank liabilities and loans) rose to CHF 137.4 million despite increased investment and dividend payments in the first half of the year (December 31, 2010: CHF 135.4 million). The Company's share capital stood at CHF 1,144,458 at the reporting date (June 30, 2011), consisting of 11,444,576 registered shares with a nominal value of CHF 0.10 each.

At the Tecan Group Annual General Meeting on April 19, 2011, shareholders approved an unchanged dividend on the previous year of CHF 1.00 per registered share. The dividend was paid out from the available capital contribution reserve and is therefore not subject to withholding tax. The payout took place on April 28, 2011.

Outlook

Until now, Tecan had expected sales growth for the full-year 2011 to be in the mid-single-digit percentage range in local currencies. In the first six months of 2011, however, both sales and order entry were significantly up on the same period last year. On account of this positive performance, Tecan now expects sales growth in local currencies to be in the high-single-digit percentage range for the full-year 2011.

The higher sales volumes are helping to compensate for the negative currency effects on Tecan's profitability, which intensified considerably in the period under review. Tecan continues to anticipate an operating profit margin of 12 to 13% for 2011 as a whole. This expectation is based on a significantly lower average exchange rate forecast for the full-year 2011 of one euro equaling CHF 1.20 and one US dollar equaling CHF 0.85.

Assuming exchange rates in line with 2010, the anticipated operating profit margin equates to between 14.5 and 15.5% of sales.

Interim Report and Webcast

The full 2011 Interim Report can be accessed on the company website www.tecan.com under Investor Relations.

A conference call discussing the results for the first half of 2011 will take place today at 10 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 91 610 5600 or +44 203 059 5862 (UK)

Participants from the US: +1 (1) 866 291 4166

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

Key upcoming dates

- The 2011 Annual Report will be published on March 8, 2012.
- The Annual General Meeting of Tecan's shareholders will take place in Zurich on April 18, 2012.

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. In 2010, Tecan generated sales of CHF 371 million (USD 356 million; EUR 269 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TK: TECN/Reuters: TECZn.S/ ISIN: 12100191).

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– Financial tables on following pages –

Tecan Group – Financial reporting
Interim consolidated financial statements as of June 30, 2011
 (Key figures, unaudited)

Consolidated income statement

January to June, CHF 1'000	2011	2010	Δin %	Δin % (LC)
Continuing operations				
Sales	181'860	178'027	2.2%	12.3%
Cost of sales	(91'077)	(89'180)	2.1%	
Gross profit	90'783	88'847	2.2%	
<i>In % of sales</i>	<i>49.9%</i>	<i>49.9%</i>		
Sales and marketing	(28'268)	(29'841)	-5.3%	
Research and development	(23'243)	(18'254)	27.3%	
General and administration	(18'454)	(17'938)	2.9%	
Other operating income	9	284	-96.8%	
Operating profit	20'827	23'098	-9.8%	
<i>In % of sales</i>	<i>11.5%</i>	<i>13.0%</i>		
Financial result	6'178	(3'971)	n.a.	
Profit before taxes	27'005	19'127	41.2%	
Income taxes	(3'693)	(3'520)	4.9%	
Profit from continuing business	23'312	15'607	49.4%	
<i>In % of sales</i>	<i>12.8%</i>	<i>8.8%</i>		
Discontinued operation				
Loss from discontinued operation ¹	-	(28'548)	n.a.	
Profit/(loss) for the period	23'312	(12'941)	n.a.	

Earnings per share from continuing operations

Basic earnings per share (CHF/share)	2.17	1.50	44.7%
Diluted earnings per share (CHF/share)	2.13	1.49	43.0%

Earnings per share including discontinued operation

Basic earnings per share (CHF/share)	2.17	-1.25	n.a.
Diluted earnings per share (CHF/share)	2.13	-1.25	n.a.

¹ Net of income taxes

Order entry of continuing operations

January to June, CHF 1'000	2011	2010	Δin % (CHF)	Δin % (LC)
Order entry	196'044	193'433	1.3%	12.0%

Segment information by business segments of continuing operations
Sales to third parties of continuing operations

January to June, CHF 1'000	2011	2010	Δin % (CHF)	Δin % (LC)
Life Sciences Business	102'322	99'262	3.1%	18.1%
Partnering Business	79'538	78'765	1.0%	5.7%
Total sales	181'860	178'027	2.2%	12.3%

Segment information of continuing operations 2011 (6 months)

January to June, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	102'322	79'538	-	181'860
Intersegment sales	9'005	2'281	(11'286)	-
Total sales	111'327	81'819	(11'286)	181'860
Operating profit	2'355	23'365	(4'893)	20'827
<i>In % of sales</i>	2.1%	28.6%		11.5%

Segment information of continuing operations 2010 (6 months)

January to June, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	99'262	78'765	-	178'027
Intersegment sales	6'092	2'148	(8'240)	-
Total sales	105'354	80'913	(8'240)	178'027
Operating profit	3'720	23'325	(3'947)	23'098
<i>In % of sales</i>	3.5%	28.8%		13.0%

Segment information of continuing operations 2010 (full year)

January to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	230'380	140'168	-	370'548
Intersegment sales	12'103	5'289	(17'392)	-
Total sales	242'483	145'457	(17'392)	370'548
Operating profit	26'317	36'768	(7'114)	55'971
<i>In % of sales</i>	10.9%	25.3%		15.1%

Sales by regions (by location of customers) of continuing operations

January to June, CHF 1'000	2011	2010	Δin % (CHF)	Δin % (LC)
Switzerland	5'396	2'615	106.3%	106.3%
Other Europe	87'437	84'979	2.9%	8.4%
North America	67'090	64'936	3.3%	20.6%
Asia	16'717	19'714	-15.2%	-6.2%
Others	5'220	5'783	-9.7%	0.4%
Total sales	181'860	178'027	2.2%	12.3%

Consolidated balance sheet

CHF 1'000	30.06.2011	31.12.2010	Δin %
Assets			
Current assets	288'028	274'760	4.8%
Non-current assets	63'984	63'741	0.4%
Assets	352'012	338'501	4.0%
Liabilities and equity			
Current liabilities	100'809	98'669	2.2%
Non-current liabilities	12'062	11'792	2.3%
<i>Total liabilities</i>	<i>112'871</i>	<i>110'461</i>	<i>2.2%</i>
Shareholders' equity	239'141	228'040	4.9%
Liabilities and equity	352'012	338'501	4.0%

Consolidated statement of changes in shareholders' equity

January to June, CHF 1'000	2011	2010	Δin %
Shareholders' equity at January 1	228'040	202'933	12.4%
Profit/(loss) for the period	23'312	(12'941)	n.a.
Translation differences	(4'200)	(1'320)	218.2%
Dividends paid	(10'771)	(10'412)	3.4%
New shares issued upon exercise of employee share options	285	650	-56.2%
Treasury shares issued based on employee participation plans	1'007	-	n.a.
Share-based payments	1'468	2'466	-40.5%
Shareholders' equity at June 30	239'141	181'376	31.8%

Consolidated cash flow statement

January to June, CHF 1'000	2011	2010	Δin %
Cash inflows form operating activities	18'028	20'827	-13.4%
Cash (out)/inflows from investing activities	(34'589)	24'210	n.a.
Cash outflows from financing activities	(10'137)	(50'026)	-79.7%
Translation differences	(1'904)	(1'296)	46.9%
Decrease in cash and cash equivalents	(28'602)	(6'285)	355.1%
Cash and cash equivalents as per cash flow statement:			
At January 1	116'879	91'434	27.8%
At June 30	88'277	85'149	3.7%

Discontinued operation

January to June, CHF 1'000	2010
Revenue	10'206
Expenses	(12'700)
Operating profit	(2'494)
Financial result	(51)
Loss before taxes	(2'545)
Income taxes	(784)
Result from operating activities	(3'329)
Measurement to fair value less costs to sell	(27'035)
Related income taxes	1'816
Loss from discontinued operation	(28'548)

Earnings per share from discontinued operation

Basic earnings per share (CHF/share)	-2.75
Diluted earnings per share (CHF/share)	-2.75

Cash inflows from discontinued operation

Net cash inflow from operating activities	2'228
Net cash inflow from investing activities	18
Net cash flow from financing activities	-
Net cash inflow from discontinued operation	2'246