

Full year 2011: Tecan records double-digit sales growth in local currencies and solid profitability

Financial results 2011

- **Sales of CHF 377.0 million (2010: CHF 370.5 million); growth of 1.7% in Swiss francs or 11.5% in local currencies**
- **Business segment growth in local currencies: Life Sciences Business 14.0% and Partnering Business 7.8%**
- **Order entry of CHF 383.9 million (2010: CHF 387.0 million); growth of 9.0% in local currencies**
- **Operating profit (EBIT) CHF 51.3 million (2010: CHF 56.0 million); operating profit margin of 13.6% (2010: 15.1%) or 15.9% assuming constant exchange rates**
- **Net profit from continuing operations of CHF 44.9 million (2010: CHF 46.9 million); net profit margin of 11.9% (2010: 12.7%)**
- **Earnings per share from continuing operations of CHF 4.18 (2010: CHF 4.50 million); earnings per share of CHF 4.42 (2010: CHF 1.55)**
- **Cash flow from operating activities of CHF 45.1 million (2010: CHF 62.5 million)**

Other important information

- **CEO succession completed; Dr David Martyr appointed as new CEO; joining Tecan as soon as his current contractual obligations permit, but no later than October 8, 2012**
- **Strengthened management and addition of further Life Sciences experience to Board of Directors in 2011**
- **Board of Directors: Karen Huebscher to be proposed as new member; Lukas Braunschweiler will not seek reelection at upcoming Annual General Meeting**
- **Andreas Wilhelm appointed as new member of the Management Board**
- **Delay and additional costs in development projects resulting in temporary negative impact on sales and earnings development**
- **Significant increase in the dividend from CHF 1.00 to CHF 1.25 per share proposed**
- **Outlook with sustainable sales growth and solid profitability**

Männedorf, Switzerland, March 8, 2012 – The Tecan Group (SIX Swiss Exchange: TECN) closed 2011 with double-digit sales growth in local currencies and a solid operating result. In local currencies, Tecan increased sales by 11.5% compared to the prior year. Exchange rate movements in major currencies versus the Swiss franc had a significant negative impact on Tecan's key performance figures. Sales totaled CHF 377.0 million and were thus 1.7% above the previous year's level (2010: CHF 370.5 million). Growth was broad-based, encompassing both of

Tecan's business segments, Life Sciences Business (end-customer business) and Partnering Business (OEM business). Order entry of CHF 383.9 million was slightly below the prior-year level in Swiss francs (2010: CHF 387.0 million), which corresponds to growth of 9.0% in local currency terms.

The operating profit margin reached 13.6% of sales (2010: 15.1%), despite the fact that Tecan increased its research and development spending by 2.4% of sales and recorded additional negative currency effects of 2.3% of sales. At constant exchange rates, the operating profit margin was above the prior-year level at 15.9%. Tecan posted an operating profit (EBIT) in 2011 of CHF 51.3 million (2010: CHF 56.0 million). Net profit from continuing operations amounted to CHF 44.9 million (2010: CHF 46.9 million), while the net profit margin amounted to 11.9% of sales (2010: 12.7%). Earnings per share from continuing operations were CHF 4.18 (2010: CHF 4.50). Additional earnings from a discontinued operation brought net profits for the reporting period up to CHF 47.6 million (2010: CHF 16.2 million) and earnings per share to CHF 4.42 (2010: CHF 1.55). Due to the pre-financing of a major OEM development project, cash flow from operating activities fell compared with the previous year and amounted to CHF 45.1 million (2010: CHF 62.5 million).

G rard Vaillant, acting CEO of Tecan, commented: "We are delighted about the strong, broad-based growth achieved by our company in local currencies in 2011. In 2011, we elaborated the strategic focus for the future activities of our Life Sciences Business in order to pave the way toward sustained sales growth above the market average in the coming years. In Partnering Business too, we succeeded in further increasing sales despite a high baseline, and we also concluded two new development and supply agreements. Despite increased research and development spending coupled with some significant negative currency effects, we reported solid profitability during the reporting period."

"We set the course for the future development of our business in the year under review. These decisions are laying the foundation for the next phase of Tecan's development. We do, however, face some operational challenges which we are tackling energetically. Innovation is a decisive success factor for achieving sustainable, profitable growth. In the development of two major projects though, we are behind the schedule and face substantial additional costs. We therefore anticipate increased investment in research and development in the coming years as well, which will have a temporary negative impact on the sales and earnings development. We are convinced that the new management and the measures undertaken will allow us to complete the projects successfully and will enable us to benefit considerably from the market success of these products.

Tecan continues to be well on its way to a successful future. Thanks to the enduring positive business outlook, the Board of Directors proposes a substantial increase in the distribution to the shareholders for 2011," Vaillant continued.

Regional development and additional information

In Europe, sales in Swiss francs increased by 1.4%, continuing to be negatively impacted by the exchange rate movements of the euro versus the Swiss franc. The average rate of the euro fell by 10.9% against the Swiss franc during the reporting period. In Europe, sales in local currencies increased by 7.4% compared with the previous year. This increase is primarily due to significant improvements in Life Sciences Business (end-customer business), coupled with solid demand in the Partnering Business (OEM business).

In North America, Tecan achieved sales growth of 4.3% 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 previous year, the average rate of the US dollar fell by 14.4% against the Swiss franc in 2011. In local currencies, sales in North America rose by 19.6%. Life Sciences Business (end-customer business) and Partnering Business (OEM business) contributed with roughly the same rate to the strong growth in North America.

Sales in Asia came in at 2.7% and 12.4% above the prior-year's levels in Swiss francs and local currencies, respectively. Tecan recorded clear double-digit growth in China, while sales in Japan, sales rose slightly compared with the previous year.

Total recurring sales of services and consumables increased by 10.6% in local currency terms, and accounted for 30.0% of total sales (2010: 30.6%). As part of this figure, sales of consumables in local currencies grew by 17.0% compared with the previous year, to a share of 8.0% of total sales (2010: 7.6%).

Tecan increased its research and development spending in 2011 from 10.1% to 12.5% of sales, or CHF 47.0 million (2010: CHF 37.4 million). All told, research and development activities amounted to CHF 90.6 million gross (2010: CHF 53.9 million). These figures also include the development costs capitalized in the balance sheet (CHF 3.3 million gross) and development costs for OEM partners (CHF 42.3 million). As previously announced, Tecan is stepping up its investment in research and development for a limited period. Tecan is now also looking at increased research and development spending of around 12% in 2013 and 2014 (so far 10%), as development of the next generation of liquid handling platforms will require more time and investments than originally planned.

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 comparative figures for full-year 2010 have been adjusted accordingly.

Life Sciences Business (end-user business)

Sales in the Life Sciences Business segment rose by 0.8% to CHF 232.2 million in 2011 (2010: CHF 230.4 million). In local currencies, this segment reported strong growth of 14.0%. Life Sciences Business constituted 61.6% of total Group sales (2010: 62.2%). This substantial sales growth was primarily generated through liquid handling platforms for customers in the biopharmaceuticals fields in Europe, North America and China. Life Sciences Business recorded a mid-single digit increase in order entry for fiscal 2011, although order entry weakened in the second half of the year and reached the level of the prior-year period.

At CHF 23.8 million, operating profit was down compared with the prior-year value (2010: CHF 26.3 million), corresponding to an EBIT margin of 9.6% of sales (2010: 10.9%). With exchange rates in line with 2010, the Life Sciences Business segment succeeded in increasing its operating profit margin to 13.5% of sales. The considerable increase in investment in research and development was predominantly incurred by Life Sciences Business, and this negatively impacted on the operating profit margin of this segment to the additional tune of 4.8 percentage points.

Partnering Business (OEM business)

The Partnering Business segment generated sales of CHF 144.7 million during the reporting period (2010: CHF 140.2 million). Despite the high baseline in the prior-year period, sales increased by 3.3% in Swiss francs and by 7.8% in local currencies. Partnering Business accounted for 38.4% of total sales (2010: 37.8%). Sales of spare parts and consumables fared particularly well thanks to the significant increase in the installed instrument base in recent years. With regard to sales of OEM instruments, Partnering Business even managed to exceed slightly the high level of the previous year. Component sales were down on the prior year in Swiss francs, but up in local currency terms. The Partnering Business segment reported double-digit growth in order entry in local currencies.

The Partnering Business segment achieved an operating profit margin of 23.7% of sales in 2011 (2010: 25.3%). The majority of the Partnering Business' sales are not subject to any direct currency effects. For this reason, the operating profit margin in constant exchange rates is in line with the reported figure. Operating profit totaled CHF 35.6 million (2010: CHF 36.8 million).

Strong balance sheet – high equity ratio

Tecan's equity ratio increased during the reporting period and reached 69.1% as of December 31, 2011 (December 31, 2010: 67.4%). Net liquidity (cash and cash equivalents less bank liabilities and loans) rose to CHF 163.0 million despite increased investment (December 31, 2010: CHF 135.4 million). The Company's share capital stood at CHF 1,144,458 at the reporting date (December 31, 2011), consisting of 11,444,576 registered shares with a nominal value of CHF 0.10 each.

Significant increase in distribution to shareholders

On the basis of a strong balance sheet and a sustainable good business perspective, Tecan intends to increase significantly its profit distribution to shareholders. The Board of Directors will therefore propose a 25% increase in the dividend from CHF 1.00 to CHF 1.25 per share to the shareholders at the company's Annual General Meeting on April 18, 2012. The dividend will once again be paid out from the available capital contribution reserve and is therefore not subject to withholding tax.

At the upcoming Annual General Meeting, the Board of Directors will propose the election of Karen Huebscher as a new member of the Board. Karen Huebscher has a strong track record with close to 20 years in the pharmaceutical industry.

The Board will also propose the reelection of current members Rolf A. Classon, Heinrich Fischer, Dominique F. Baly, Oliver S. Fetzer, Gérard Vaillant and Erik Walldén.

Lukas Braunschweiler will not seek reelection at this year's Annual General Meeting to be able to focus on his CEO position at Sonova Holding AG.

New member of the Management Board

The Board of Directors of Tecan Group has appointed Andreas Wilhelm as General Counsel and a member of the Management Board. Andreas Wilhelm is heading the Legal Affairs department at Tecan and acts as secretary of the Board of Directors of Tecan Group Ltd. since 2004.

Outlook

The Life Sciences Business segment achieved significant growth in 2011. Due to the high baseline of the prior-year period, Tecan is predicting moderate growth in local currencies in the Life Sciences Business segment in 2012.

In the Partnering Business segment, Tecan expects to begin shipping various additional instruments in 2012 thanks to OEM agreements concluded over the last two years. Tecan also expects its existing OEM partnerships to contribute to good sales growth in this segment.

Starting from a substantially higher sales level of 2011, Tecan is targeting low to mid single-digit sales growth in local currency terms in 2012.

Due to the delay and additional costs in a development project, Tecan expects increased research and development spending of around 13.5% of sales in 2012. Therefore, Tecan expects an operating profit margin of 12.2% to 13.2% of sales for full year 2012. This expectation is based on an average exchange rate forecast for the full year 2012 of one euro equaling CHF 1.20 and one US dollar equaling CHF 0.90.

Financial Report and Webcast

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

Tecan will be hosting an analyst and press conference to discuss the 2011 annual results at 10 a.m. (CET) today. 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 Annual General Meeting of Tecan's shareholders will take place in Zurich on April 18, 2012.
- The 2012 Interim Report will be published on Thursday, August 16, 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 2011, Tecan generated sales of CHF 377 million (USD 424 million; EUR 306 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TK: TECN/Reuters: TECZn.S/ ISIN: 12100191).



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Tecan Group – Financial reporting
Consolidated financial statements for 2011
 (Key figures, unaudited)

Consolidated income statement

January to December, CHF 1'000	2011	2010	Δin %	Δin % (LC)
Continuing operations				
Sales	376'970	370'548	1.7%	11.5%
Cost of sales	(185'242)	(184'396)	0.5%	
Gross profit	191'728	186'152	3.0%	
<i>In % of sales</i>	<i>50.9%</i>	<i>50.2%</i>		
Sales and marketing	(57'832)	(58'209)	-0.6%	
Research and development	(47'004)	(37'372)	25.8%	
General and administration	(36'627)	(35'680)	2.7%	
Other operating income	1'006	1'080	-6.9%	
Operating profit	51'271	55'971	-8.4%	
<i>In % of sales</i>	<i>13.6%</i>	<i>15.1%</i>		
Financial result	2'289	2'100	9.0%	
Profit before taxes	53'560	58'071	-7.8%	
Income taxes	(8'645)	(11'137)	-22.4%	
Profit from continuing business	44'915	46'934	-4.3%	
<i>In % of sales</i>	<i>11.9%</i>	<i>12.7%</i>		
Discontinued operation				
Profit/(loss) from discontinued operation ¹	2'644	(30'730)	n.a.	
Profit for the period	47'559	16'204	193.5%	

Earnings per share from continuing operations

Basic earnings per share (CHF/share)	4.18	4.50	-7.1%
Diluted earnings per share (CHF/share)	4.12	4.43	-7.0%

Earnings per share including discontinued operation

Basic earnings per share (CHF/share)	4.42	1.55	185.2%
Diluted earnings per share (CHF/share)	4.36	1.48	194.6%

¹ Net of income taxes

Order entry of continuing operations

January to December, CHF 1'000	2011	2010	Δin % (CHF)	Δin % (LC)
Order entry	383'897	387'008	-0.8%	9.0%

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

January to December, CHF 1'000	2011	2010	Δin % (CHF)	Δin % (LC)
Life Sciences Business	232'240	230'380	0.8%	14.0%
Partnering Business	144'730	140'168	3.3%	7.8%
Total sales	376'970	370'548	1.7%	11.5%

Segment information of continuing operations 2011

January to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	232'240	144'730	-	376'970
Intersegment sales	15'887	5'654	(21'541)	-
Total sales	248'127	150'384	(21'541)	376'970
Operating profit	23'840	35'646	(8'215)	51'271
<i>In % of sales</i>	9.6%	23.7%		13.6%

Segment information of continuing operations 2010

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 December, CHF 1'000	2011	2010	Δin % (CHF)	Δin % (LC)
Switzerland	11'763	7'793	50.9%	51.5%
Other Europe	166'201	167'791	-0.9%	5.2%
North America	144'349	138'371	4.3%	19.6%
Asia	43'579	42'440	2.7%	12.4%
Others	11'078	14'153	-21.7%	-13.1%
Total sales	376'970	370'548	1.7%	11.5%

Consolidated balance sheet

CHF 1'000	31.12.2011	31.12.2010	Δin %
Assets			
Current assets	322'980	274'760	17.5%
Non-current assets	66'961	63'741	5.1%
Assets	389'941	338'501	15.2%
Liabilities and equity			
Current liabilities	107'263	98'669	8.7%
Non-current liabilities	13'365	11'792	13.3%
<i>Total liabilities</i>	<i>120'628</i>	<i>110'461</i>	<i>9.2%</i>
Shareholders' equity	269'313	228'040	18.1%
Liabilities and equity	389'941	338'501	15.2%

Consolidated statement of changes in shareholders' equity

January to December, CHF 1'000	2011	2010	Δin %
Shareholders' equity at January 1	228'040	202'933	12.4%
Profit for the period	47'559	16'204	193.5%
Translation differences	(568)	(7'821)	-92.7%
Dividends paid	(10'771)	(10'412)	3.4%
New shares issued upon exercise of employee share options	281	1'246	-77.4%
Treasury shares issued based on employee participation plans	1'154	-	n.a.
Share-based payments	3'618	4'549	-20.5%
Other change in treasury shares (net)	-	21'341	n.a.
Shareholders' equity at December 31	269'313	228'040	18.1%

Consolidated cash flow statement

January to December, CHF 1'000	2011	2010	Δin %
Cash inflows from operating activities	45'116	62'520	-27.8%
Cash in/(out)flows from investing activities	12'446	(4'463)	n.a.
Cash outflows from financing activities	(8'878)	(28'025)	-68.3%
Translation differences	(474)	(4'587)	-89.7%
Increase in cash and cash equivalents	48'210	25'445	89.5%
Cash and cash equivalents as per cash flow statement:			
At January 1	116'879	91'434	27.8%
At December 31	165'089	116'879	41.2%

Discontinued operation

January to December, CHF 1'000	2011	2010
Revenue	-	14'465
Expenses	-	(16'919)
Operating profit	-	(2'454)
Financial result	-	(176)
Loss before taxes	-	(2'630)
Income taxes	-	(778)
Result from operating activities	-	(3'408)
Measurement to fair value less costs to sell	-	(27'124)
Loss on sale of discontinued operation	-	(2'014)
Gain on settlement of deferred and contingent considerations	2'644	-
Related income taxes	-	1'816
Gain/(loss) from discontinued operation	2'644	(30'730)

Earnings per share from discontinued operation

Basic earnings per share (CHF/share)	0.24	-2.95
Diluted earnings per share (CHF/share)	0.24	-2.95

Cash in/(out)flows from discontinued operation

Net cash inflows from operating activities	-	3'900
Net cash in/(out)flows from investing activities	5'480	(696)
Net cash outflows from financing activities	-	(6'262)
Net cash in/(out)flow from discontinued operation	5'480	(3'058)

Tecan Group – Financial reporting
Consolidated financial statements for the six months ending December 31, 2011

(Key figures, unaudited)

Consolidated income statement for the six months ending December 31

July to December, CHF 1'000	H2 2011	H2 2010	Δin %
Continuing operations			
Sales	195'110	192'521	1.3%
Cost of sales	(94'165)	(95'216)	-1.1%
Gross profit	100'945	97'305	3.7%
<i>In % of sales</i>	<i>51.7%</i>	<i>50.5%</i>	
Sales and marketing	(29'564)	(28'368)	4.2%
Research and development	(23'761)	(19'118)	24.3%
General and administration	(18'173)	(17'742)	2.4%
Other operating income	997	796	25.3%
Operating profit	30'444	32'873	-7.4%
<i>In % of sales</i>	<i>15.6%</i>	<i>17.1%</i>	
Financial result	(3'889)	6'071	n.a.
Profit before taxes	26'555	38'944	-31.8%
Income taxes	(4'952)	(7'617)	-35.0%
Profit from continuing business	21'603	31'327	-31.0%
<i>In % of sales</i>	<i>11.1%</i>	<i>16.3%</i>	
Discontinued operation			
Profit/(loss) from discontinued operation ¹	2'644	(2'182)	n.a.
Profit for the period	24'247	29'145	-16.8%

Earnings per share from continuing operations

Basic earnings per share (CHF/share)	2.01	3.00	-33.0%
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Earnings per share including discontinued operation

Basic earnings per share (CHF/share)	2.25	2.80	-19.6%
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¹ Net of income taxes

Order entry of continuing operations for the six months ending December 31

July to December, CHF 1'000	H2 2011	H2 2010	Δin % (CHF)	Δin % (LC)
Order entry	187'853	193'574	-3.0%	6.0%

**Segment information by business segments of continuing operations
for the six months ending December 31**

Sales to third parties of continuing operations

July to December, CHF 1'000	H2 2011	H2 2010	Δin % (CHF)	Δin % (LC)
Life Sciences Business	129'918	131'118	-0.9%	11.1%
Partnering Business	65'192	61'403	6.2%	10.5%
Total sales	195'110	192'521	1.3%	10.9%

Segment information of continuing operations 2011

July to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	129'918	65'192		195'110
Intersegment sales	6'882	3'373	(10'255)	-
Total sales	136'800	68'565	(10'255)	195'110
Operating profit	21'485	12'281	(3'322)	30'444
<i>In % of sales</i>	15.7%	17.9%		15.6%

Segment information of continuing operations 2010

July to December, CHF 1'000	Life Sciences Business	Partnering Business	Corporate / Consolidation	Group
Sales to third parties	131'118	61'403		192'521
Intersegment sales	6'011	3'141	(9'152)	-
Total sales	137'129	64'544	(9'152)	192'521
Operating profit	22'597	13'443	(3'167)	32'873
<i>In % of sales</i>	16.5%	20.8%		17.1%

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

July to December, CHF 1'000	H2 2011	H2 2010	Δin % (CHF)	Δin % (LC)
Switzerland	6'367	5'178	23.0%	23.6%
Other Europe	78'764	82'812	-4.9%	2.0%
North America	77'260	73'435	5.2%	18.7%
Asia	26'862	22'726	18.2%	28.1%
Others	5'857	8'370	-30.0%	-21.7%
Total sales	195'110	192'521	1.3%	10.9%

Discontinued operation for the six months ending December 31

July to December, CHF 1'000	2011	2010
Revenue	-	4'259
Expenses	-	(4'219)
Operating profit	-	40
Financial result	-	(125)
Loss before taxes	-	(85)
Income taxes	-	6
Result from operating activities	-	(79)
Measurement to fair value less costs to sell	-	(89)
Loss on sale of discontinued operation	-	(2'014)
Gain on settlement of deferred and contingent considerations	2'644	-
Related income taxes	-	-
Gain/(loss) from discontinued operation	2'644	(2'182)

Earnings per share from discontinued operation

Basic earnings per share (CHF/share)	0.24	-0.20
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