

Zurich, March 18th 2015

Full Year Results 2014

Analyst & Media Conference



Speakers

Dr. David Martyr, CEO

Dr. Rudolf Eugster, CFO



Agenda

- Introduction
- Financial Results
- Priorities
- Outlook
- Questions and Answers

Financial Performance 2014

- Solid recovery in H2 2014 after difficult H1 in Partnering Business
- Strong Order Entry in Partnering Business towards year-end
- Despite good sales development in H2, organic full-year sales growth below original expectations
- Sales from IBL International exceeded initial expectations
- Order Backlog increased with double-digit rate; year-end at highest level in at least the last five years
- EBIT margin expansion target achieved
- Net profit impacted through losses on currency hedging
- Improved cash flow from operating activities



Operating Highlights 2014

- Significant progress in major development programs
- Launch of the Fluent™ laboratory automation family, Tecan's next generation liquid handling platform
- Launch of the ORTHO VISION™ Analyzer in the Partnering Business (OrthoClinical Diagnostics)
- Delivery ramp-up of Dako Omnis (Agilent Technologies)
- Acquisition of IBL International, a leading immunoassay company, to offer integrated solutions for specialty diagnostics

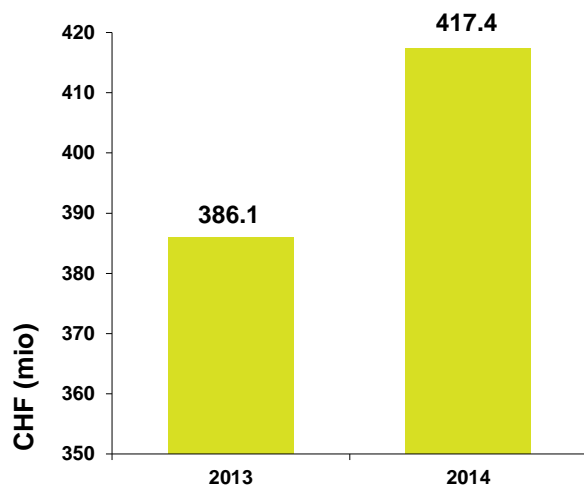


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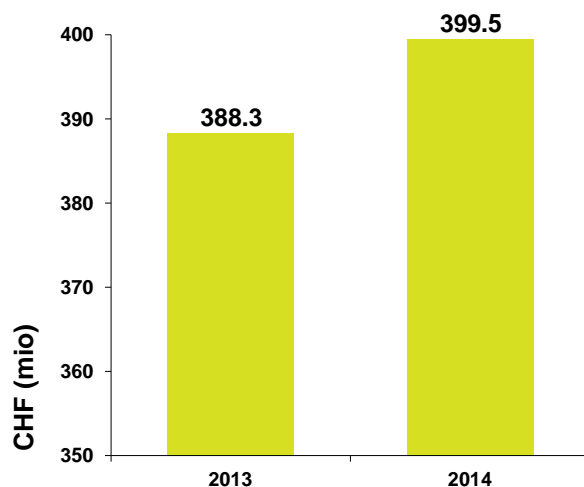
2014 Order Entry and Sales Performance

Order Entry FY 2014



- Order Entry H2 2014 vs. H2 2013
 - +12.2% in Swiss Francs
 - +12.2% in local currencies
 - Organic +7.5% in local currencies
- Order Entry FY 2014 vs. FY 2013
 - +8.1% in Swiss Francs
 - +9.5% in local currencies
 - Organic +7.1% in local currencies

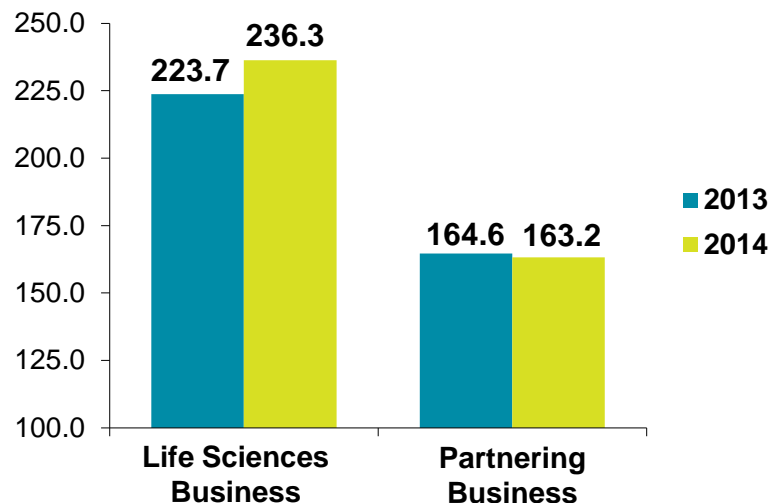
Sales FY 2014



- Sales H2 2014 vs. H2 2013
 - +10.2% in Swiss Francs
 - +10.3% in local currencies
 - Organic +5.8% in local currencies
- Sales FY 2014 vs. FY 2013
 - +2.9% in Swiss Francs
 - +4.2% in local currencies
 - Organic +1.8% in local currencies

2014 Segment Sales

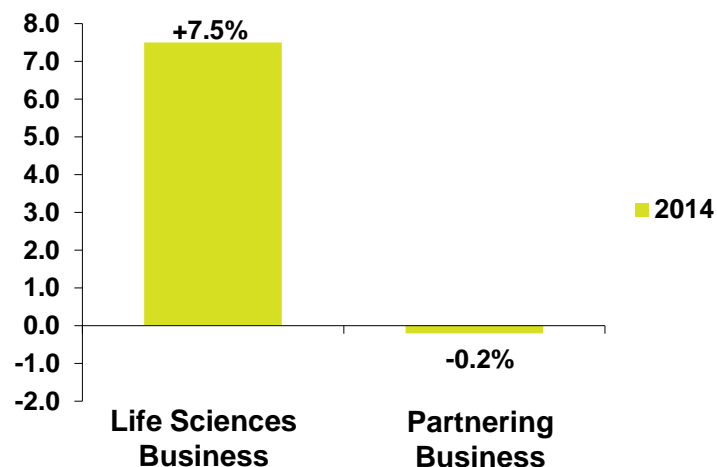
Sales (in CHF millions)



• Life Sciences Business:

- H2 2014: Sales up by 7.3% in CHF and 7.7% higher in local currencies (LC)
- Organic sales growth of +0.4% in LC
- FY 2014: Sales 5.6% above prior-year in CHF and 7.5% higher in LC
- Organic sales increased by 3.3% in LC
- Increased sales in Europe, North America and Asia, business environment in China challenging
- Order Entry exceeded sales considerably

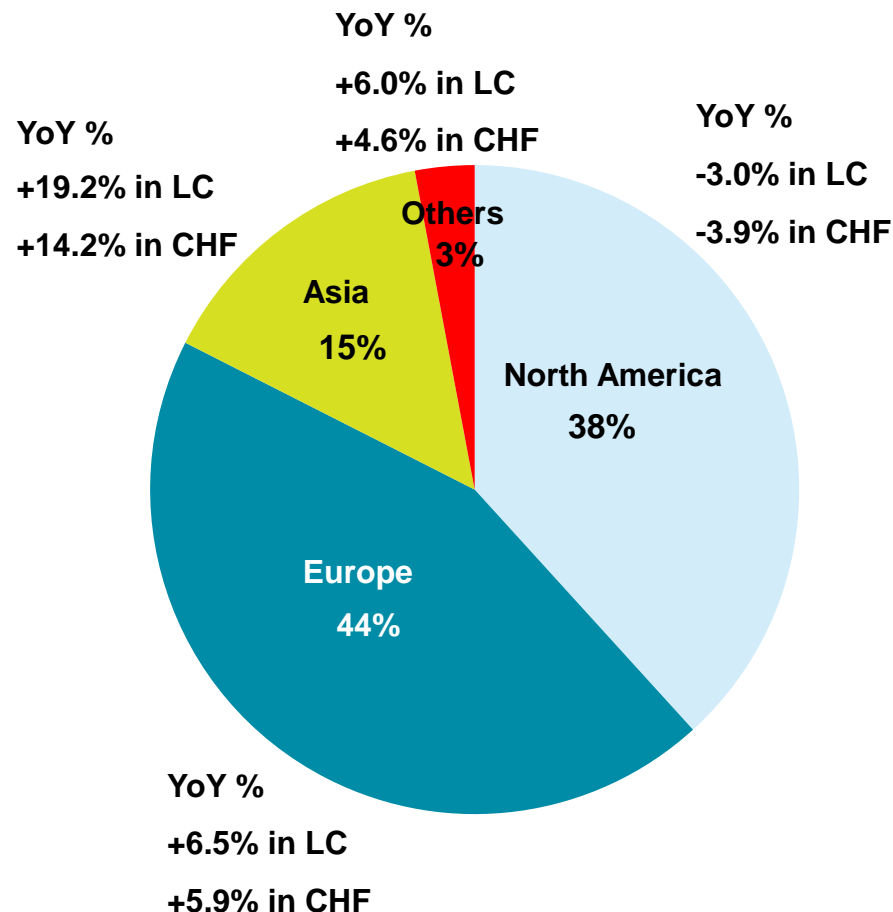
Sales in local currency (change in %)



• Partnering Business:

- H2 2014: Sales increased by 14.7% in CHF and 14.2% in LC
- FY 2014: Sales down by 0.8% and 0.2% in LC
- Significant growth from newly launched instruments largely offset headwinds from one customer account and the Components business
- Strong Order Entry enabled H2 sales growth, but also resulted in significant double-digit increase in order backlog

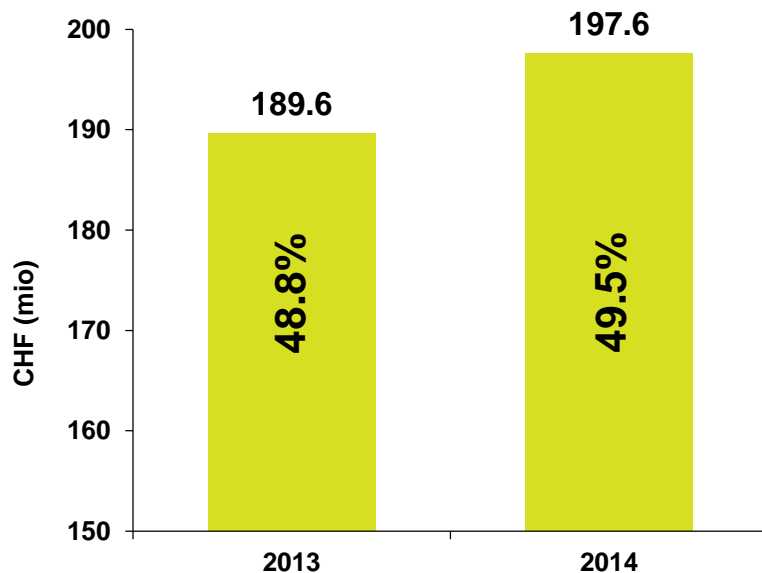
2014 Regional Sales Development



- Europe:**
 Growth driven by double-digit increase in the Life Sciences Business, helped by revenue contribution from IBL International. Sales in the Partnering Business were flat for the full year.
- North America:**
 Moderate growth in the Life Sciences Business being more than offset by a decline in the Partnering Business.
- Asia:**
 Significant growth in the region, with China growing more slowly than overall Asia, due to delays in government tenders and in academic spending. Partnering Business continued to grow strongly in China.

FY 2014 Gross Profit

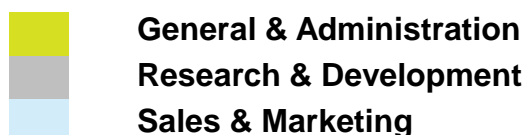
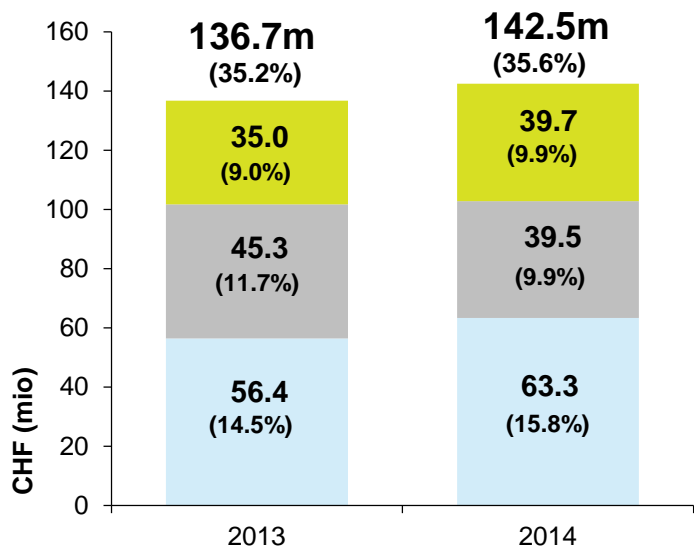
Gross Profit (% = as a % of sales)



- Gross profit increased to CHF 197.6m
 - CHF 8m or 4.2% above 2013
- Gross profit margin up by 70 bps
 - Material cost savings, less non-standard cost of sales and costs of OEM development programs
 - Partly offset by negative exchange rate impact, lower profitability in the launch phase of new instruments and price decreases

FY 2014 Cost Structure

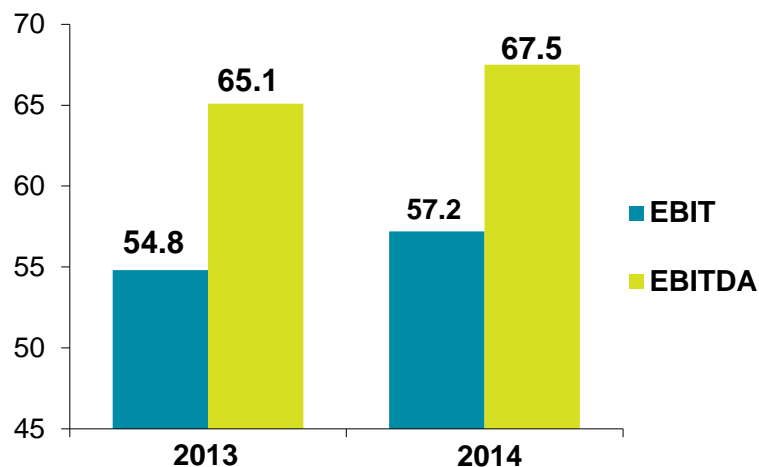
Operating Expenses (% = as a % of sales)



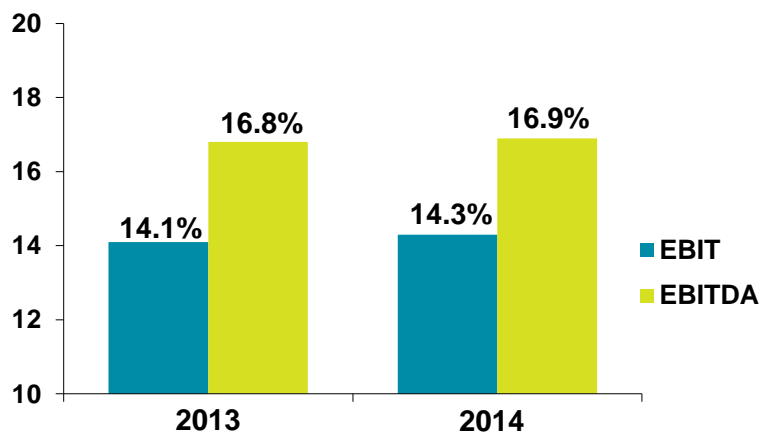
- Costs increased by CHF 5.8m (+4.2%)
 - Sales & Marketing up by 12.2%
 - Investments in sales organization (mainly China and US), application specialists, marketing and product management to support product launches
 - Consolidation of IBL International
- Research & Development down by 13.0%
 - Major development programs nearing completion or launched with associated capitalization of costs
 - Increased R&D efficiency and reduction of external contractors
 - Net R&D expenses down to 9.9% of sales
 - Gross R&D investments decreased by 18.4% to CHF 84.9m (2013: CHF 104.1m)
 - Gross R&D incl. CHF 31.7m for OEM partners and CHF 16.2m capitalized R&D costs (2013: CHF 10.2m)
- General & Administration up by 13.6%
 - Higher costs on Corporate level, e.g. for Corporate Development
 - Consolidation of IBL International

FY 2014 EBIT and EBITDA

EBIT and EBITDA (in CHF millions)



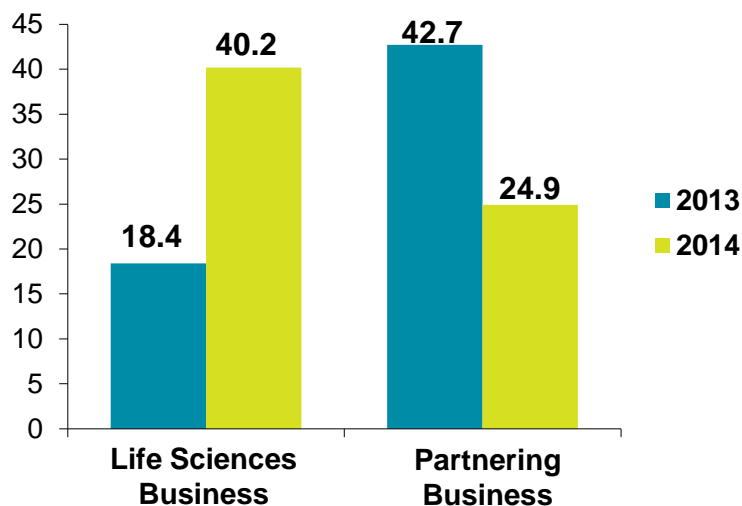
EBIT and EBITDA Margin as a % of sales



- EBIT increased to CHF 57.2m
 - CHF 2.4m or 4.4% above 2013
- EBIT margin at 14.3%
 - Main effects impacting the EBIT margin:
 - (+) GP margin 65 bps better
 - (-) Expenses 45 bps higher
- EBIT margin excluding acquisition-related effects of 14.6%
 - 50 basis points higher, in line with original guidance (70 bps at const. FX)
- EBITDA grew to CHF 67.5m
 - CHF 2.4m or 3.8% above 2013
- EBITDA margin reached 16.9%

FY 2014 Segment Profitability

EBIT (in CHF millions)



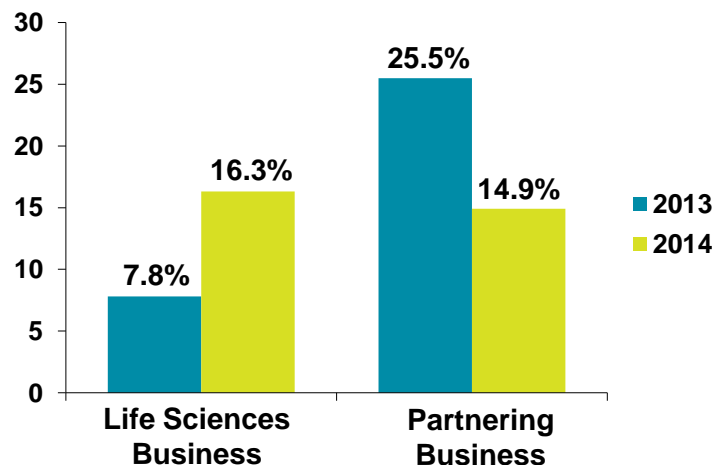
- **Life Sciences Business:**

- EBIT increased substantially to CHF 40.2m
- EBIT margin increased to 16.3%
 - Positive volume effect and gross profit margin expansion
 - Reduced R&D expenses
 - Partly offset by negative FX effect and pricing

- **Partnering Business:**

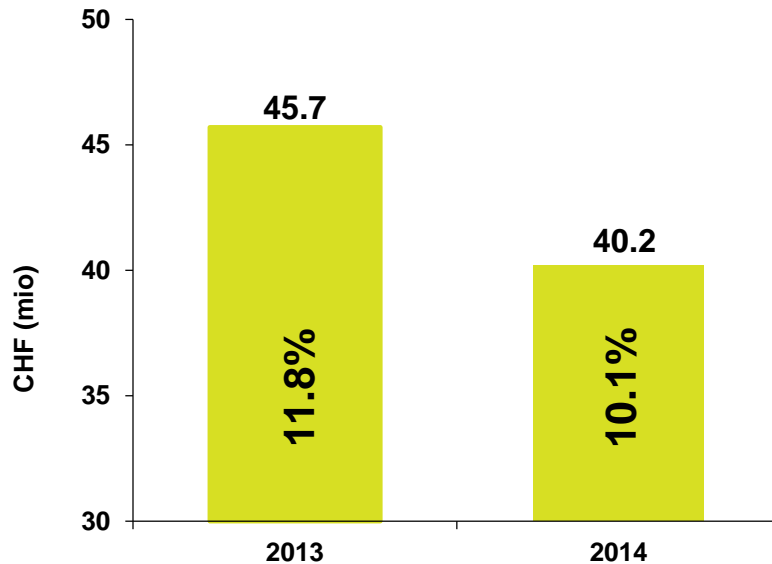
- EBIT down to CHF 24.9m
- EBIT margin decreased to 14.9% due to
 - Lower profitability in launch phase of new instruments
 - Increased investments in sales and marketing organization and advanced technology
 - Tough comparison due to favourable product mix and reversal of bad debt accrual in prior year

EBIT Margin as a % of sales



FY 2014 Net Profit

Net Profit (% = as a % of sales)



- Net profit of CHF 40.2m
 - CHF 5.5m or 11.9% below 2013
 - Decrease due to lower financial result attributable to currency hedging measures
- Net profit margin reached 10.1%
- Tax rate at 18.2% (2013: 17.7%)

FY 2014 Financial Result Impact on Net Profit

Percentage share of revenues and cost 2014*

	% of revenues	% of cost
USD	34%	25%
EUR	27%	36%
CHF	26%	32%
Others	13%	7%

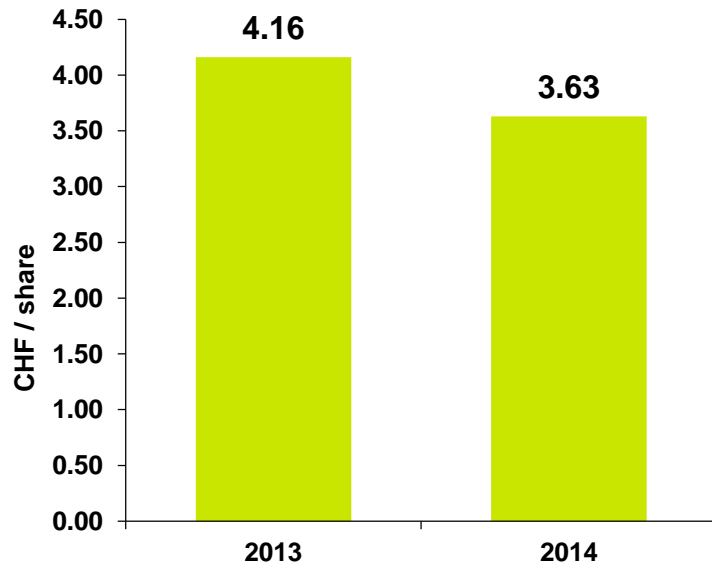
*Based on actual average rates and assuming full-year consolidation of IBL International

A detailed sensitivity analysis is disclosed in note 29 of the Financial Report 2014

- Tecan's hedging policy has been consistent for many years and is to cover the FX exposure of the operating activities
- Main net exposure is in USD
- Financial result is impacted by the closing exchange rates of the reporting period
 - 31.12.2014: 0.9943 USD/CHF
 - 30.6.2014: 0.8868 USD/CHF
- Positive impact from hedging of more than CHF 12m total in last 10 years. Including 2014
- Only two years with negative hedging results (2005 + 2014)
- For 2015, sales and operating profit are impacted by average exchange rates
 - 2014: 0.9155 USD/CHF and 1.2146 EUR/CHF
 - Recent USD/CHF spot rate would provide tailwind to sales and operating profit
 - Recent EUR/CHF spot rate provide headwind on sales, but impact on costs is positive

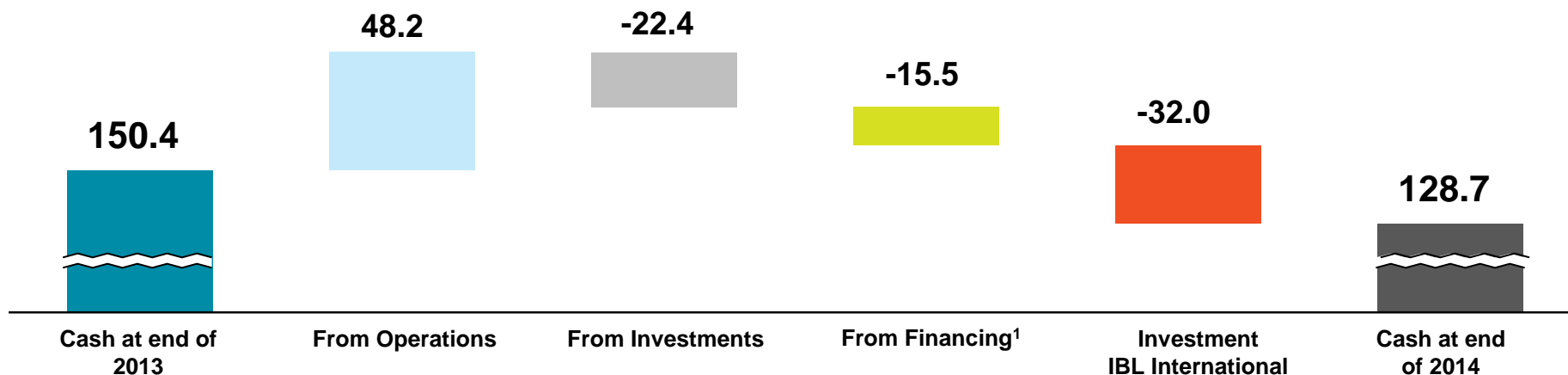
FY 2014 Basic Earnings per Share

Basic Earnings per Share



- Earnings per share decreased in line with Net Profit to CHF 3.63
- Average number of shares outstanding: 11.1m (2013: 11.0m)

FY 2014 Cash Flow



- Cash flow from operations increased to CHF 48.2m (2013: CHF 27.9m)
 - Cash flow normalizing again, with prefinancing of an OEM development project coming to an end and receipt of a first reimbursement from the partner
- Net working capital increased, mainly due to strong November/December sales
 - Days Sales Outstanding at 52 days (2013: 51 days)
- Investments of CHF 22.4m (2013: CHF 19.7m), exceed CHF 10.3m for amortization & depreciation (2013: CHF 10.3m)
- Cash flow from financing activities includes dividend payments of CHF 16.7m
- Net liquidity² decreased to CHF 122.7m (Dec 31, 2013: CHF 143.4m)

¹ Includes translation differences of CHF +0.3m

² Net Liquidity = cash and cash equivalents minus bank liabilities and loans

FY 2014 Key Figures

CHF m	2013	2014	Δ in %
Sales	388.3	399.5	+2.9%
Sales in local currencies	383.4	399.5	+4.2%
Gross Profit	189.6	197.6	+4.2%
in % of sales	48.8%	49.5%	
R&D	45.3	39.5	-13.0%
in % of sales	11.7%	9.9%	
EBIT	54.8	57.2	+4.4%
in % of sales	14.1%	14.3%	
EBIT (excluding acquisition-related effects)	54.8	57.0	+4.0%
in % of sales	14.1%	14.6%	
EBITDA	65.1	67.5	+3.8%
In % of sales	16.8%	16.9%	
Net profit	45.7	40.2	-11.9%
in % of sales	11.8%	10.1%	
EPS	4.16	3.63	-12.7%
Return on net assets (RONA)	32%	27%	-15.6%
Net liquidity December 31 ⁽¹⁾	143.4	122.7	-14.4%
Equity	336.2	361.2	+7.4%
Cash Flow (operating)	27.9	48.2	+72.8%

(1) Net Liquidity = cash and cash equivalents minus bank liabilities and loans

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Review of Priorities 2014

	<p>Supporting Partnering Business customers with delivery ramp-up</p>	<ul style="list-style-type: none"> • Considerably higher volumes of Dako Omnis • ORTHO VISION™ Analyzer launched in October 2014 in Europe, Japan and Australia
	<p>Continue to focus on building out China (LSB and PB)</p>	<ul style="list-style-type: none"> • Despite challenging environment, sales rose to nearly CHF 30m (2012: >20m; 2013: >25m) • Expanded market organization to over 70 people, added new office in Guangzhou
	<p>Focus on driving growth in Life Sciences Business, especially in Europe and North America</p>	<ul style="list-style-type: none"> • Significant improvement in performance • Launch of several new products, including Freedom EVO NGS and the first Fluent variant
	<p>Improving operational excellence and reducing manufacturing costs</p>	<ul style="list-style-type: none"> • Multiyear project, achieved initial savings during 2014 • Supported by external supply chain specialist
	<p>Driving appropriate, thoughtful M&A as catalyst to core business and to support evolution into solutions</p>	<ul style="list-style-type: none"> • Acquisition of IBL International closed in July • Built well-stocked list of additional attractive takeover targets

Priorities for 2015

Driving growth in Life Sciences Business: focus on launch of new products, continued IBL integration and China expansion

Continue to support Partnering Business customers with delivery ramp-up and continued development of new products

Continue to exploit the identified material cost reduction potential and further optimize manufacturing

Further increase efficiency in product development and successfully launch additional new products

Continue to drive appropriate, thoughtful M&A as catalyst to core business and to support evolution into solutions

Major Platform Launches in Two Product Lines

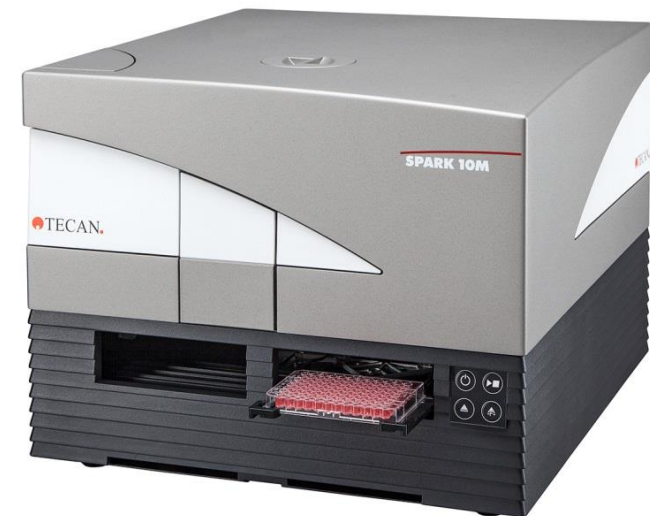
Fluent™*



Next generation liquid handling platform family

Setting new standards for simplicity, productivity and confidence

Spark™*



All-new multimode microplate reader platform

Greater flexibility and increased productivity for life sciences labs

* For research use only in USA

Priorities for 2015

Driving growth in Life Sciences Business: focus on launch of new products, continued IBL integration and China expansion

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Further increase efficiency in product development and successfully launch additional new products

Continue to drive appropriate, thoughtful M&A as catalyst to core business and to support evolution into solutions

Supporting Significant Delivery Ramp-Up

Dako Omnis



Advanced staining platform for tissue-based cancer diagnostics

Setting new standards with regard to flexibility, capacity, efficiency and traceability

ORTHO VISION™*



Next-generation diagnostics instrument used for blood typing

Transforming transfusion medicine with Responsive Automation

Priorities for 2015

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Outlook for 2015

Sales

Double-digit sales growth in local currencies

Profitability

EBITDA margin to increase by more than 100 bps

Based on average FX rates of: 1.05 EUR/CHF and 0.92 USD/CHF



Tecan – Automating the Future of Labs

- Wave of new exciting products now reaching the market
- Driving commercialization of next-generation platforms in both main product lines in the Life Sciences Business
 - Fluent™ Laboratory Automation Solution
 - Spark™ Multimode Microplate Reader
 - New Freedom EVO® workstations
- Significant increase in series production for Dako Omnis and ORTHO VISION™ Analyzer in the Partnering Business
- Evolution into solution business for selected applications



Q&A

IR iPad App

News, financial reports,
presentations, videos and more



Next Events

2015:

April 16: Annual Shareholder Meeting

August 12: Half Year Results 2015

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Thank you for your attention

Tecan – Who we are

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.

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