

# Half Year Results 2016



**Speakers**

**Dr. David Martyr, CEO**

**Dr. Rudolf Eugster, CFO**



# Agenda



**INTRODUCTION**

FINANCIAL RESULTS

OUTLOOK

QUESTIONS AND ANSWERS



# Financial Performance H1 2016

- Continued strong sales performance of +15.0% including Sias and +9.2% organic
- Substantial growth of +26.0% in Partnering Business (+13.3% organic)
- Growth in Asia of +30.6% a particular highlight; sales in China almost doubled
- Continued strong increase in order backlog
- Further improvement of underlying EBITDA margin of 120 bps
- High operating cash flow

All growth figures are in local currencies



# Operating Highlights H1 2016

- Considerable progress with integration of Sias
  - Legally merged with a Tecan subsidiary; fully integrated
  - Relocation of personnel and production lines into Tecan headquarters concluded
- Significant increase in serial production of major platforms in Partnering Business
- Launch of the 4<sup>th</sup> wave of innovation for the Fluent<sup>™</sup> laboratory automation family, Tecan's next generation liquid handling platform
- Launch of Spark<sup>™</sup> 20M, the most productive reader with industry-leading sensitivity



Fluent<sup>®</sup>



Spark<sup>®</sup> 20M



Sias Xantus

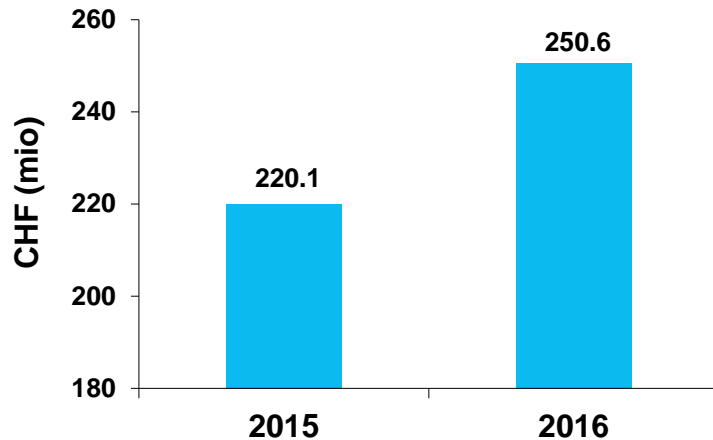


ORTHO VISION<sup>™</sup> Max Analyzer  
(Ortho Clinical Diagnostics)

## QUESTIONS AND ANSWERS

# H1 2016 Order Entry and Sales Performance

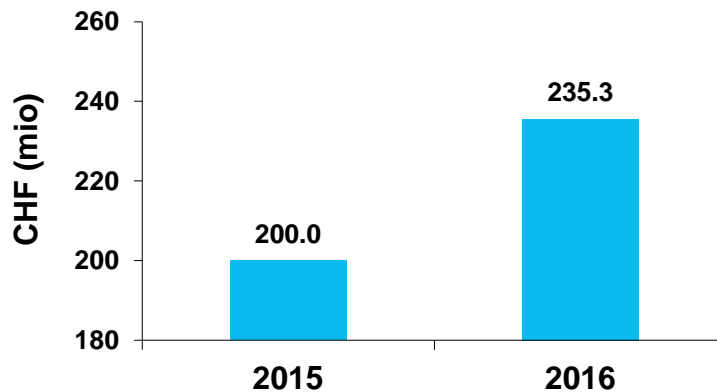
## ORDER ENTRY H1 2016



## ORDER ENTRY H1 2016 VS. H1 2015

- +13.9% in CHF
- +11.3% in local currencies (LC)
- Organic +7.0% in LC, +9.4% in CHF
- Order backlog with double-digit % increase

## SALES H1 2016

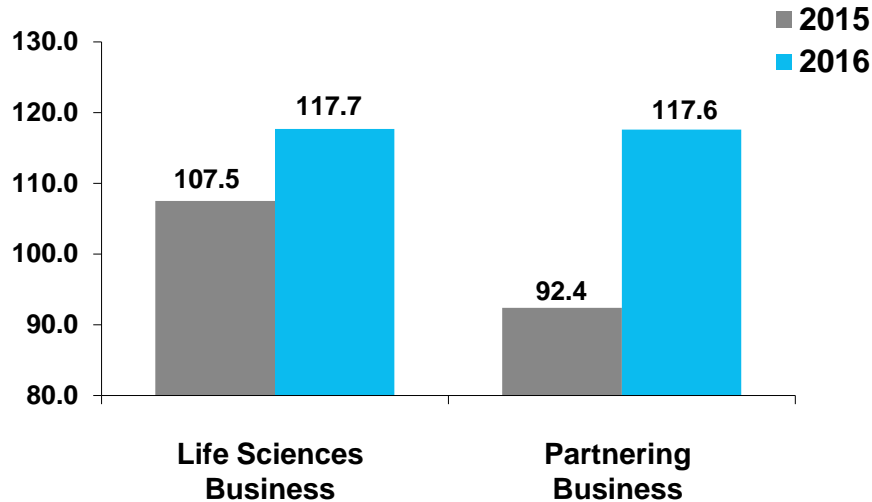


## SALES H1 2016 VS. H1 2016

- +17.7% in CHF
- +15.0% in LC
- Organic +9.2% in LC, +11.7% in CHF

# H1 2016 Segment Sales

## SALES (IN CHF MILLIONS)



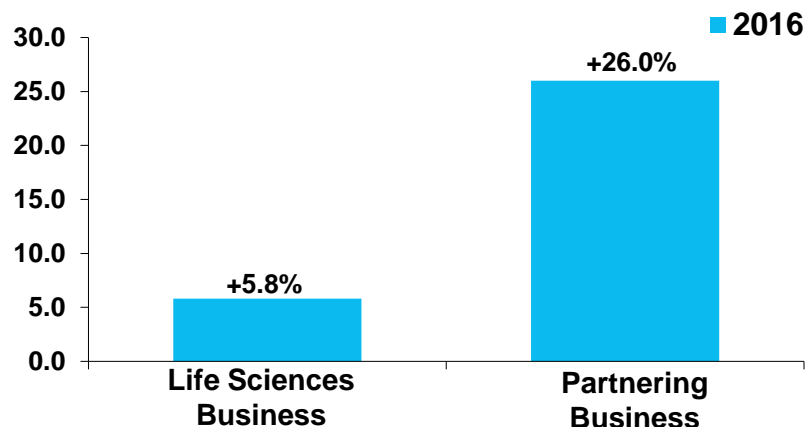
### LIFE SCIENCES BUSINESS:

- Sales increased by 9.5% in CHF and 5.8% in LC
- Newly launched platforms, service, consumables and reagents contributed considerably

### PARTNERING BUSINESS:

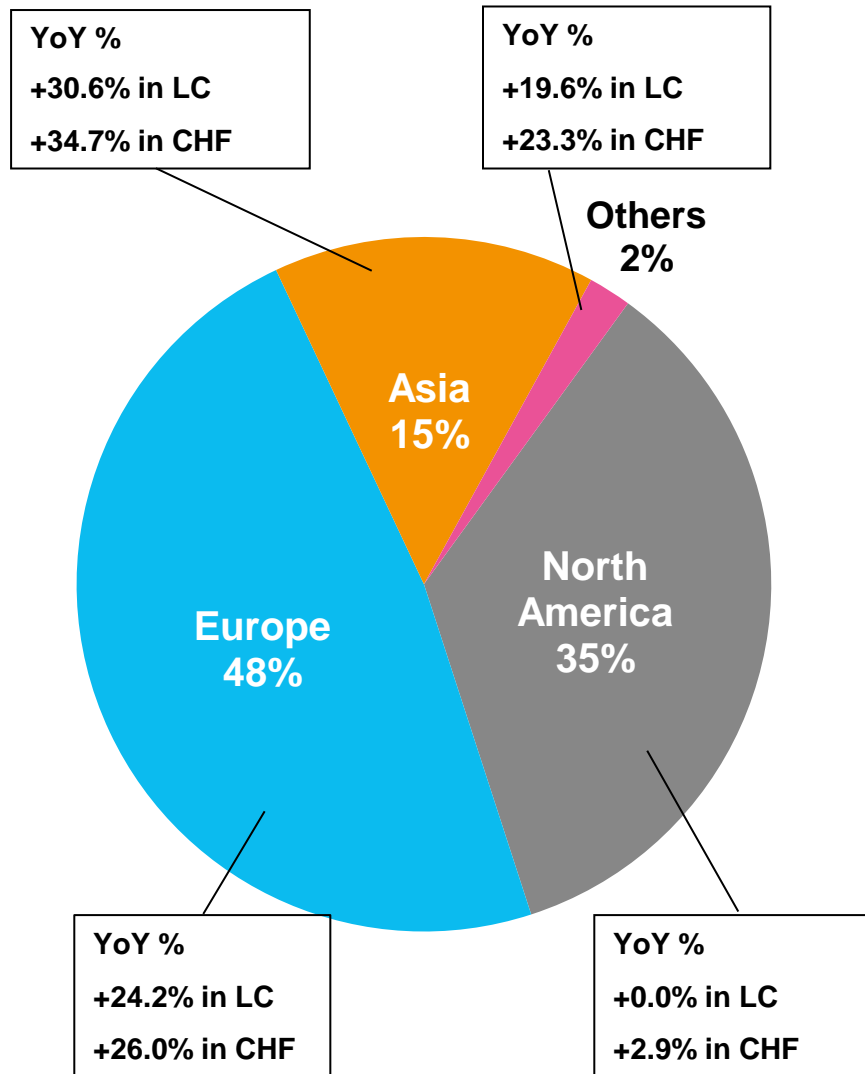
- Sales up by 27.2% in CHF and 26.0% in LC
- Organic sales growth of +13.3% in LC
- Instruments launched in recent years with significant contribution
- Order entry grew at double-digit rate

## SALES IN LOCAL CURRENCY (CHANGE IN %)





# H1 2016 Regional Sales Development



## EUROPE:

- Strong growth driven primarily by Partnering Business and first-time Sias contribution

## NORTH AMERICA:

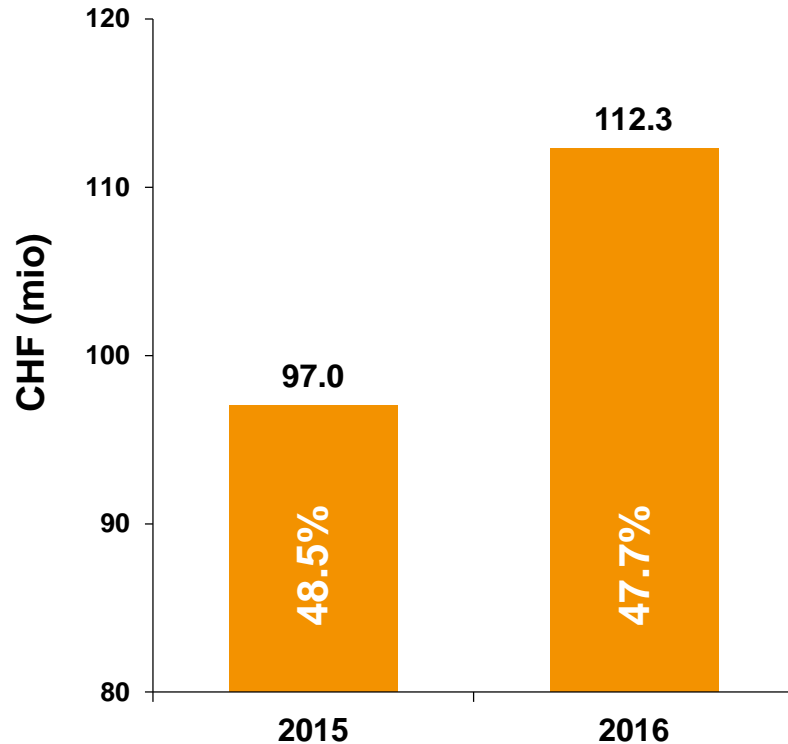
- Good growth in Life Sciences Business
- Anticipated lower sales in Components (part of Partnering Business) due to high base
- Note: major new platform for US market in Partnering Business recorded in Europe (location of customer)

## ASIA:

- Both segments posted double-digit organic growth; further supported by Sias contribution
- Significant double-digit organic growth in both segments in China; total sales almost doubled

# H1 2016 Gross Profit

## GROSS PROFIT (% = % OF SALES)



## GROSS PROFIT INCREASED TO CHF 112.3M

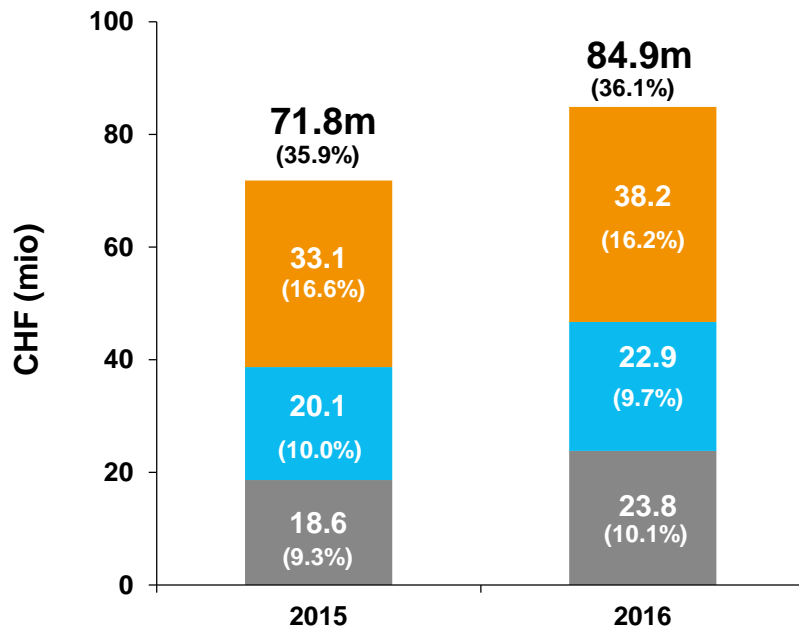
- CHF 15.3m or 15.8% above H1 2015

## GROSS PROFIT MARGIN DOWN BY 80BPS

- Impact from acquisitions accounting for almost entire difference
- Remaining effects offsetting each other, including:
  - (-) Divisional mix with higher revenue share from Partnering Business
  - (-) Product mix impact within divisions: higher sales contribution from new products with lower profitability in the launch phase
  - (+) Material cost savings and positive exchange rate impact
  - (+) Price increases

# H1 2016 Cost Structure

## OPERATING EXPENSES (% = % OF SALES)



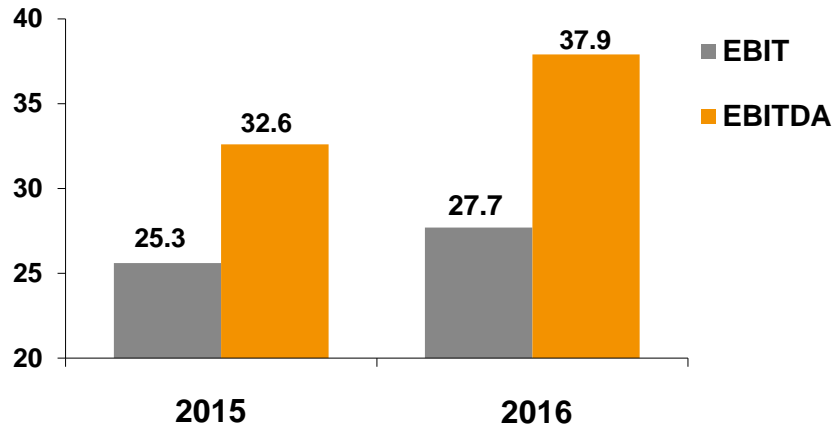
- Sales and marketing
- Research and development
- General and administration

## OPERATING EXPENSES, INCLUDING SIAS, GREW SLIGHTLY MORE THAN SALES

- Sales & Marketing increased less than sales despite continued investments to support product launches
- R&D ratio continued to fall as planned, including higher amortization of capitalized development costs
- G&A ratio increased due to acquisition-related costs and more cost on corporate level

# H1 2016 EBIT and EBITDA

## EBIT AND EBITDA (IN CHF MILLIONS)



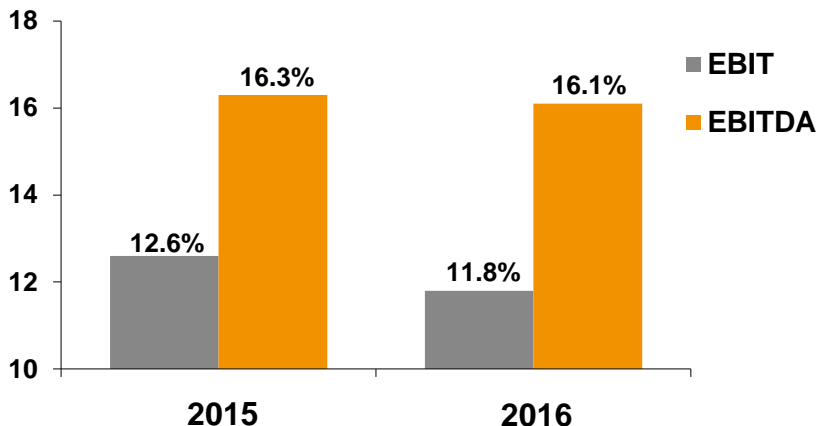
## EBIT INCREASED TO CHF 27.7M

- Including all acquisition-related costs
- CHF 2.4m or 9.8% above H1 2015

## EBITDA GREW TO CHF 37.9M

- CHF 5.3m or 16.4% above H1 2015

## EBIT AND EBITDA MARGIN (% = % OF SALES)



## EBIT MARGIN AT 11.8%

## EBITDA MARGIN REACHED 16.1%

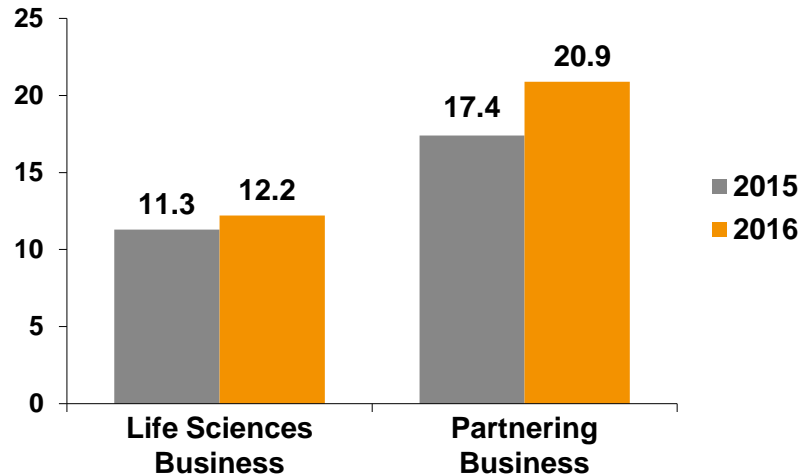
## EBITDA MARGIN, EXCLUDING SIAS, INCREASED TO 17.5%

- Improvement of the underlying EBITDA margin of 120 bps



# H1 2016 Segment Profitability

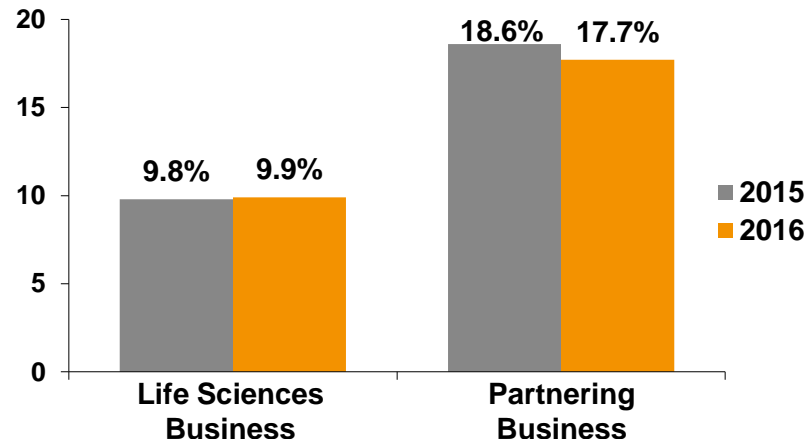
## EBIT (IN CHF MILLIONS)



## LIFE SCIENCES BUSINESS:

- EBIT margin increased slightly to 9.9%
- Factors contributing include:
  - (+) Positive price effect
  - (+) Positive volume effect
  - (-) Product mix
  - (-) Increased amortization on capitalized development costs

## EBIT MARGIN (% = % OF SALES)

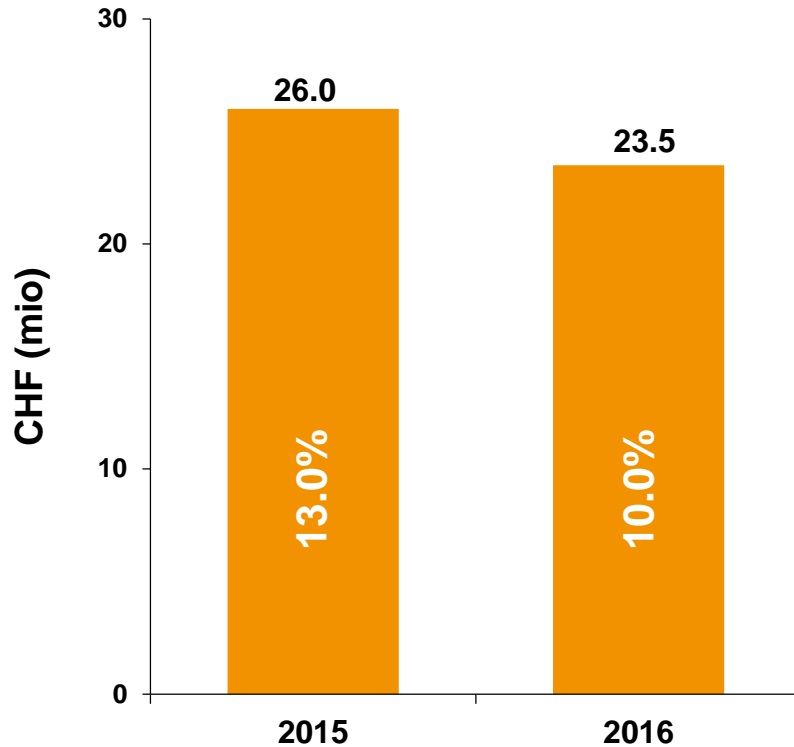


## PARTNERING BUSINESS:

- EBIT margin decreased to 17.7%
- Factors contributing include:
  - (-) Acquisition-related costs
  - (-) Lower margins on acquired business
  - (-) Product mix
  - (+) Positive volume effect

# H1 2016 Net Profit

NET PROFIT (% = % OF SALES)

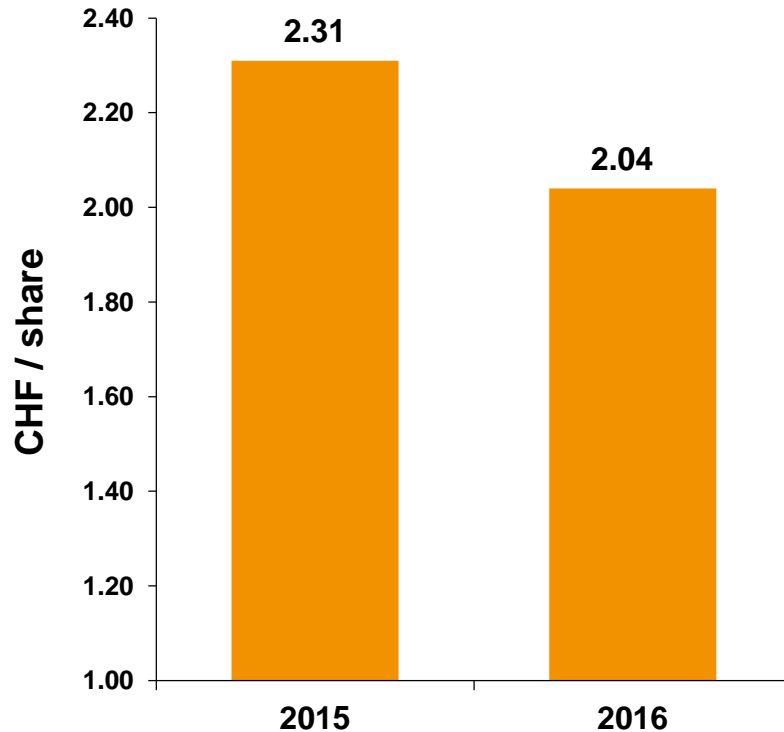


## NET PROFIT BELOW PRIOR YEAR DUE TO EFFECTS BELOW EBIT LINE

- (-) CHF 4.0m lower financial result; H1 2015 with temporary currency hedging profit (note: hedging profit eliminated again for full year 2015)
- (-) Normalized tax rate of 17.8%; H1 2015 tax rate of 13.6% benefitted from one-off items

# H1 2016 Basic Earnings per Share

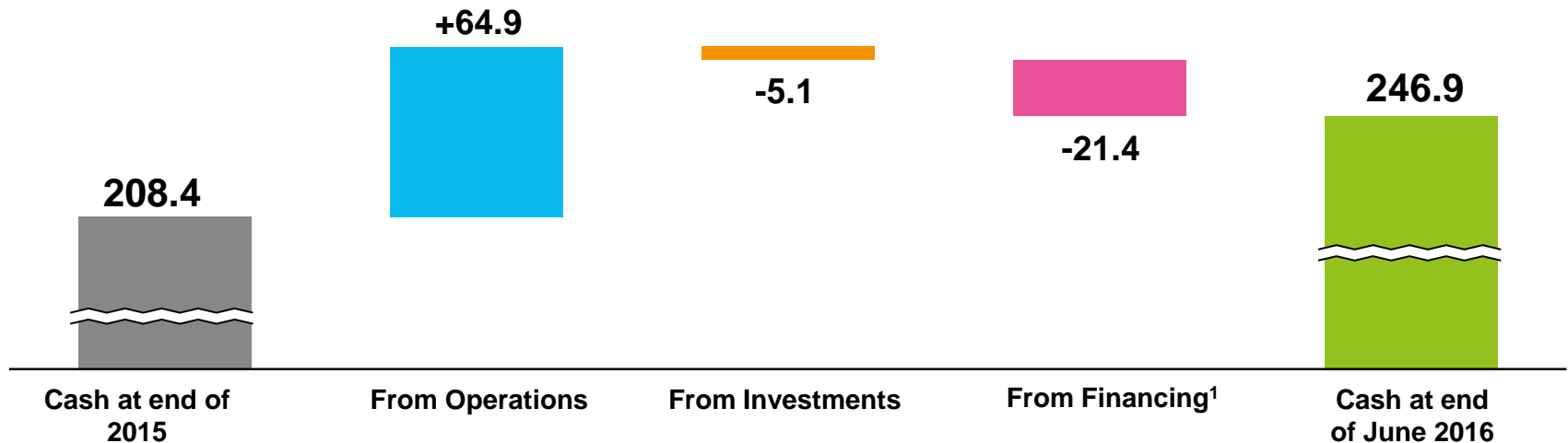
## BASIC EARNINGS PER SHARE



**EARNINGS PER SHARE DEVELOPED IN LINE  
WITH NET PROFIT TO CHF 2.04**

**AVERAGE NUMBER OF SHARES  
OUTSTANDING: 11.5M (H1 2015: 11.2M)**

# H1 2016 Cash Flow



## CASH FLOW FROM OPERATIONS INCREASED BY 85% TO CHF 64.9M (H1 2015: CHF 35.1M)

- Cash conversion of 27.6% of sales, including further reimbursement of development costs by an OEM partner

## NET WORKING CAPITAL DECREASED, MAINLY DUE TO LOWER ACCOUNTS RECEIVABLES AND INCREASED DEFERRED REVENUES

- Days Sales Outstanding decreased to 50 days (June 30, 2015: 58 days)

## INVESTMENTS OF CHF 5.1M (H1 2015: CHF 6.9M) AND CHF 10.2M FOR AMORTIZATION & DEPRECIATION (H1 2015: CHF 7.3M)

## CASH FLOW FROM FINANCING ACTIVITIES INCLUDES DIVIDEND PAYMENTS OF CHF 20.1M

## NET LIQUIDITY<sup>2</sup> INCREASED TO CHF 239.0M (DEC 31, 2015: CHF 198.8M; JUNE 30, 2015: CHF 165.8M)

<sup>1</sup> Includes translation differences of -0.2m

<sup>2</sup> Net Liquidity = cash and cash equivalents minus bank liabilities and loans



# H1 2016 Key Figures

	2015	2016	Δ IN %
Sales (in CHF mio)	200.0	235.3	+17.7%
Sales in local currencies (in CHF mio)	204.5	235.3	+15.0%
Gross Profit (in CHF mio)	97.0	112.3	+15.8%
in % of sales	48.5%	47.7%	
R&D (in CHF mio)	20.1	22.9	+14.0%
in % of sales	10.0%	9.7%	
EBIT (in CHF mio)	25.3	27.7	+9.8%
in % of sales	12.6%	11.8%	
EBITDA (in CHF mio)	32.6	37.9	+16.4%
In % of sales	16.3%	16.1%	
Net profit (in CHF mio)	26.0	23.5	-9.7%
in % of sales	13.0%	10.0%	
EPS (in CHF)	2.31	2.04	-11.7%
Return on net assets (RONA)	24%	26%	+8.3%
Net liquidity <sup>(1) (2)</sup> (in CHF mio)	198.8	239.0	+20.2%
Equity <sup>(2)</sup> (in CHF mio)	440.7	439.8	-0.2%
Cash Flow (operating) (in CHF mio)	35.1	64.9	+84.9%

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

(2) 2015 balance sheet figures are as of Dec. 31, 2015

# Agenda



INTRODUCTION  
FINANCIAL RESULTS  
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QUESTIONS AND ANSWERS

# Outlook for 2016 confirmed

# SALES

## Double-digit sales growth in local currencies

## PROFITABILITY

**EBITDA (in CHF mio) at least at a similar level as 2015**

- Despite integration costs in a mid single-digit million CHF amount related to the Sias acquisition (accretive in 2017) and lack of 2015 tailwind

## Underlying EBITDA margin to expand by at least 50 bps

- Excluding the Sias business and adjusted for one-time tailwind in 2015

Based on average FX rates of: 1.05 EUR/CHF and 0.98 USD/CHF

# Advancing Tecan

## **OUTGROWING MARKET ORGANICALLY**

- Life Sciences Business with new and leading product portfolio and improved organization
- Partnering Business with major platforms in ramp up phase and broad pipeline

## **INCREASING PROFITABILITY**

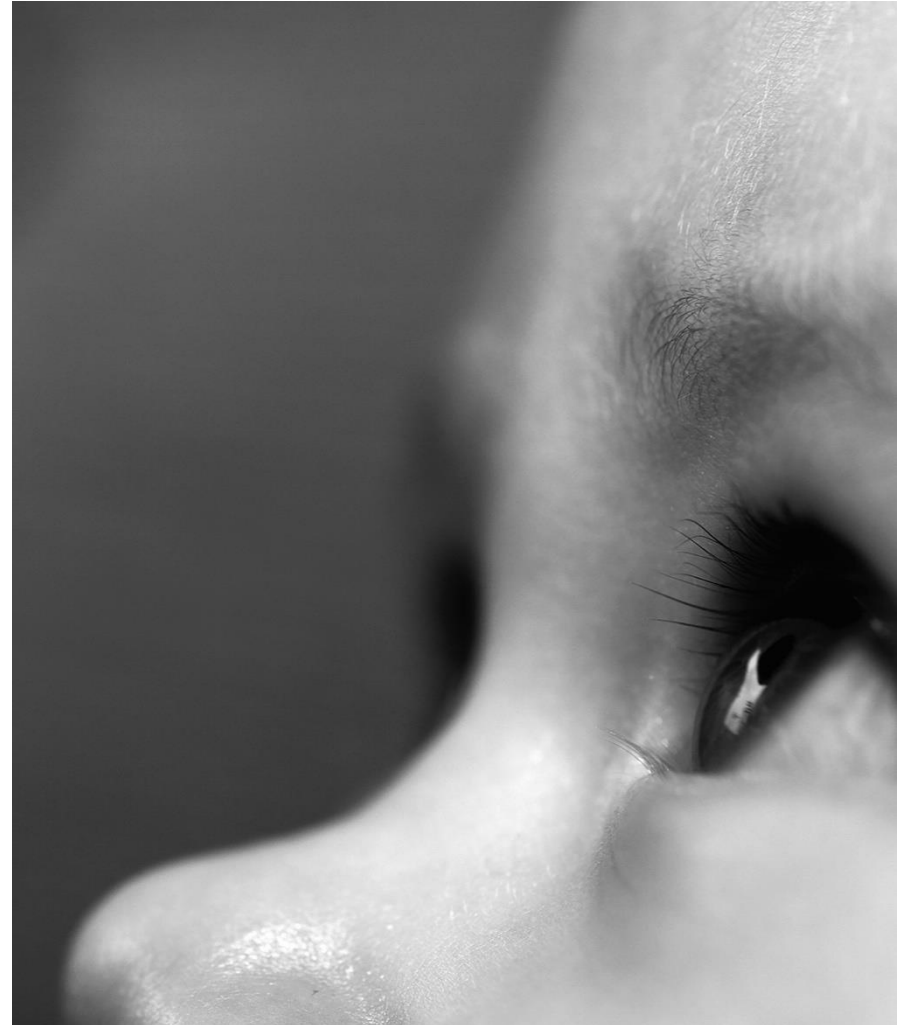
- Committed to drive profitability higher together with sales growth
- Focus on operational efficiency
- Strong operating cash flows

## **M&A AS COMPETITIVE ADVANTAGE**

- Two completed acquisitions progressing well
- Funnel well filled, committed to execute further deals

## **LEADING AND REFRESHED BRAND**

- New winning spirit
- A customer-centered organization





# Q&A



## IR IPAD APP

News, financial reports,  
presentations,  
videos and more



## NEXT EVENT 2017

March 15: Full Year Results 2016

April 11: Annual Shareholder Meeting

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