



# **Tecan Group** **37th Annual J.P. Morgan Healthcare Conference**

**DR. DAVID MARTYR, CEO**  
**JANUARY 10, 2019**  
**SAN FRANCISCO, USA**





# Introduction

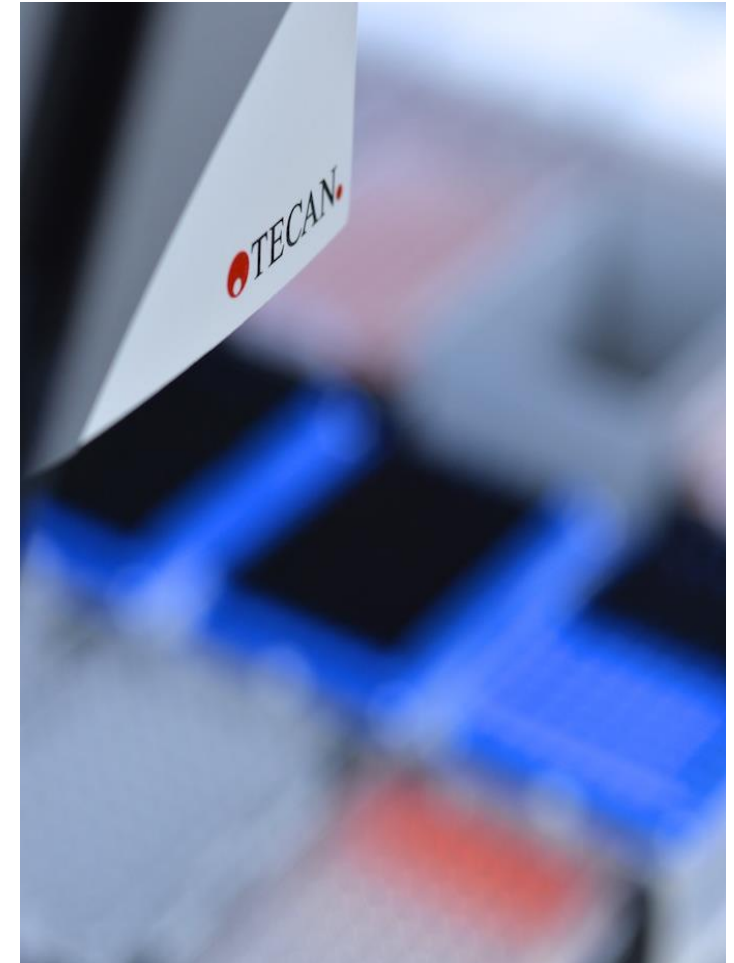


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# Tecan's Vision Statement

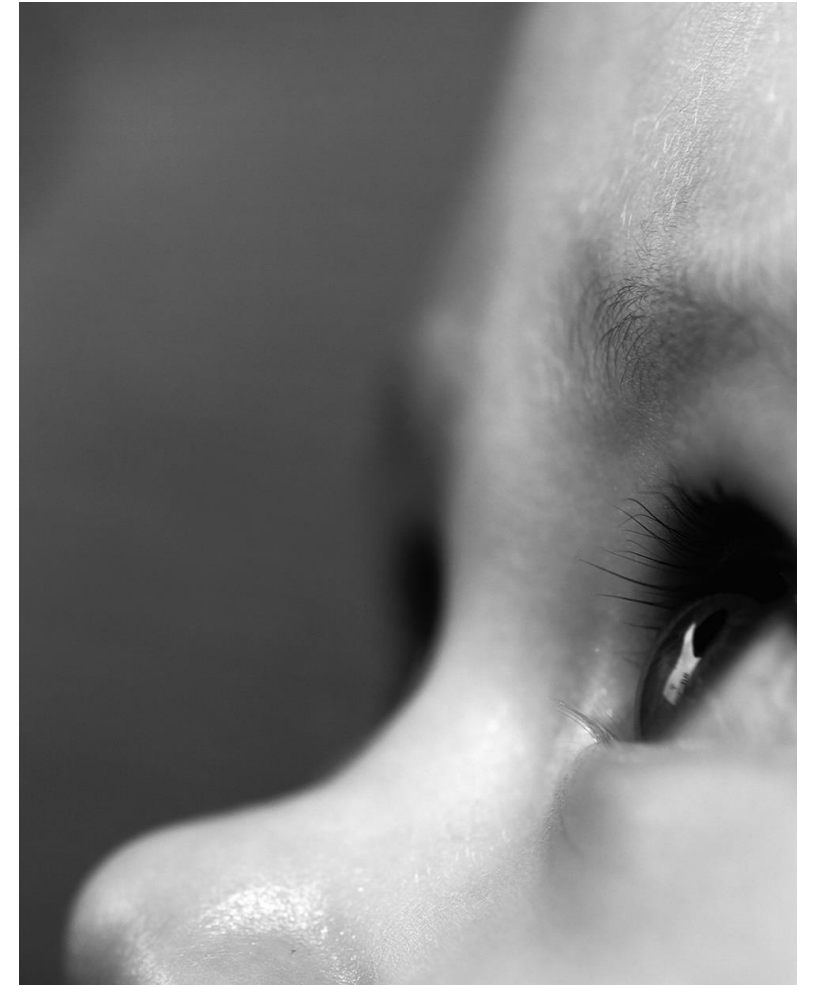
# Every lab.

Every day.

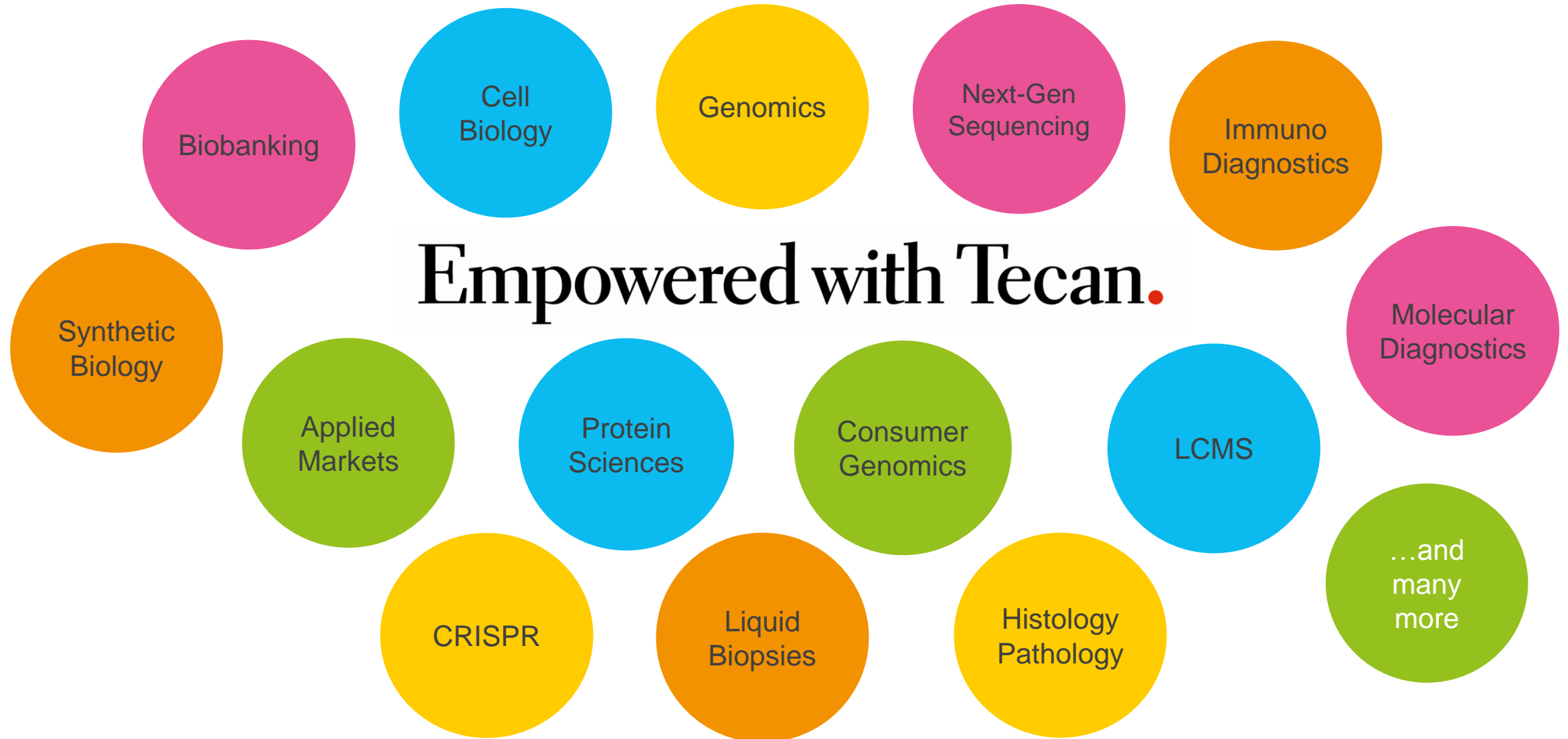
# Empowered.

Our vision is to empower every laboratory, every day, around the world with Tecan technology, products and support.

We will help to shape the future of automated workflows in life sciences and clinical diagnostics through unrivaled expertise, products and customer support.



# Tecan in the Center of a Dynamic Environment



# Empowering Genetic Testing

MEDICAL TESTS THAT IDENTIFY CHANGES IN CHROMOSOMES, GENES, OR PROTEINS<sup>1</sup>

- Molecular genetic tests (or gene tests)
- Chromosomal genetic tests
- Biochemical genetic tests
- NIPT
- Liquid biopsy
- Precision medicine

Empowered with Tecan.



© 2018 Genomic Health,; <https://www.genomichealth.com/en-US/resources/videos>



© Natera Inc.; <https://www.natera.com/media-assets>

<sup>1</sup> NIH; What is Genetic Testing; <https://ghr.nlm.nih.gov/primer/testing/genetic-testing>



# Empowering Genetic Testing

## MEDICAL TESTS THAT IDENTIFY CHANGES IN CHROMOSOMES, GENES, OR PROTEINS<sup>1</sup>

### Example: Ambry Genetics - Genetic Testing for Hereditary Diseases



© Ambry Genetics; <https://www.ambrygen.com/about/our-story>

“Automation is vital for our work, and we are long-term users of Tecan’s liquid handling platforms, with more than 30 Freedom EVO® systems.

With the business growing rapidly, we recently expanded into the adjacent building, known as the Ambry Superlab, and this led to the acquisition of 16 Fluent Automation Workstations to increase our capacity, speed and flexibility.”

Joy Rae-Radecki Crandall , Director of Assay Automation ,  
Ambry Genetics

## Ressources:

The Blog: <https://www.tecan.com/blog/ambry-genetics-builds-a-superlab-to-automate-ngs-of-clinical-samples>

Tecan Journal: <https://www.tecan.com/tecan-journal/taking-a-fluent-approach-to-genetic-screening>

Ambry Genetics: [www.ambrygen.com](http://www.ambrygen.com)

# Other Hot Topics: Synthetic Biology

GENOME ENGINEERING - CRISPR/CAS9 GENE EDITING PRODUCING TAILORED DNA

LIZ STINSON DESIGN 11.15.15 7:00 AM

## MOVE OVER, JONY IVE— BIOLOGISTS ARE THE NEXT ROCK STAR DESIGNERS



5 / 11 The person who designs genetic architecture does so with aesthetic, utilitarian, and social considerations in mind. © MAGGIE SHANNON FOR WIRED

“By automating tedious lab tasks, Ginkgo can generate strains at an otherwise unthinkable rate. “Our design approach is to simply build as many prototypes as we can,” Boyle says. “You can fit literally billions of different prototypes on a petri dish. You don’t want to look at them all, but you can generate that many.”

Patrick Boyle, Organism Designer,  
Ginkgo BioWorks

\* © WIRED, 11/2015 / 2018 Condé Nast; <https://www.wired.com/2015/11/move-over-jony-ivebiologists-are-the-next-rock-star-designers/>





# Introducing Tecan

- Pioneer and global leader in laboratory automation since over 35 years
- Our solutions accelerate, automate and enhance the processes in state-of-the-art diagnostics and life sciences labs
- Offering solutions in select application areas:
  - Immunoassays for specialty diagnostics
  - Consumables for LCMS sample preparation
  - Reagents for NGS library preparation
- HQ in Switzerland, 3 manufacturing and R&D sites in Europe and 3 in the US; software competence center in Germany
- ~1,600 employees; sales and service network in 52 countries
- Listed at the SIX Swiss Exchange (TECN; TECN SW)



# Tecan's Products, Business Structure and Markets

## LIFE SCIENCES BUSINESS

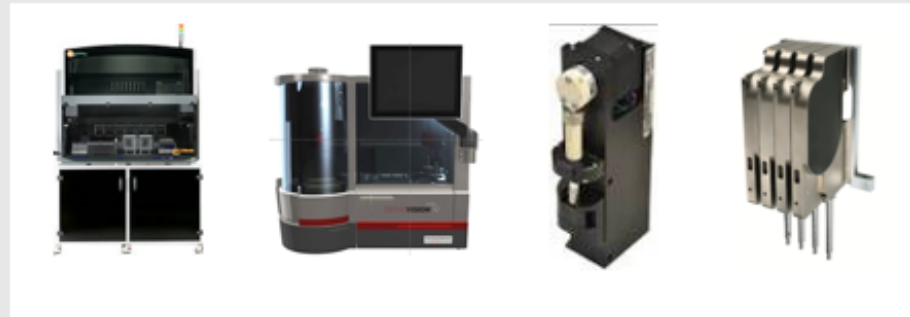
- Focused on all end-user activities
- Products marketed under the Tecan brand through own sales & service organizations and distributors
- Instruments, reagents, consumables, customer service, spare parts



56% OF GROUP SALES

## PARTNERING BUSINESS

- Focused on all OEM activities
- Products sold by partners under their own brand, partner combines instruments with own reagents/tests
- Dedicated systems, platform-based instruments, components, consumables, spare parts, service



44% OF GROUP SALES

CHF 548M IN REVENUE

LIFE SCIENCE  
RESEARCH

DIAGNOSTICS

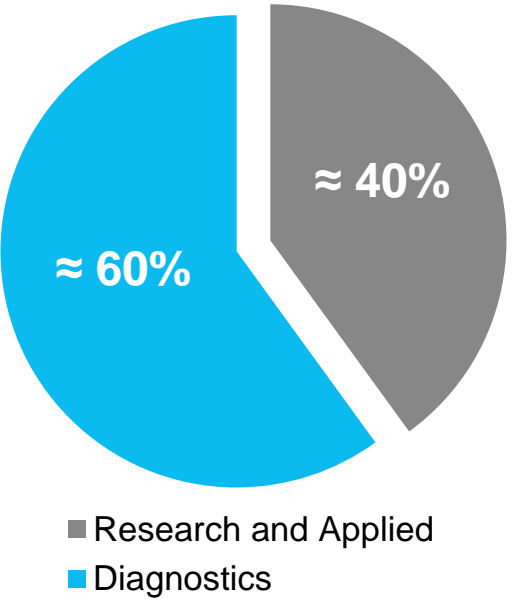
APPLIED  
MARKETS

Fiscal year 2017

# Revenue Profile Provides a Solid Basis

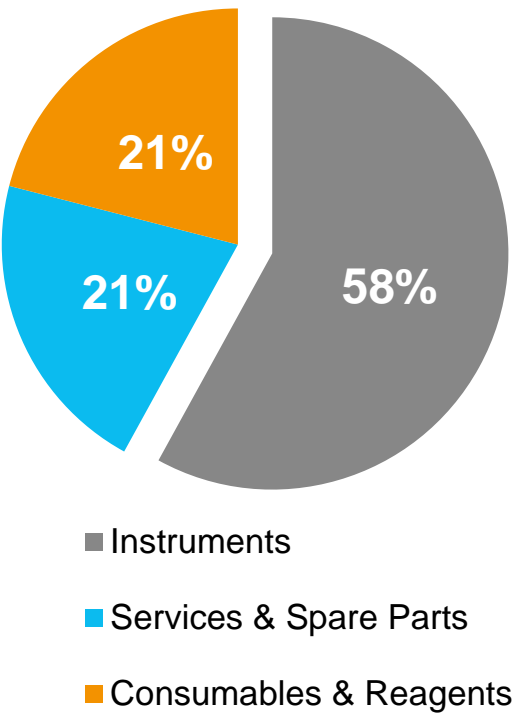
## STRONG DRIVERS IN DIAGNOSTICS

Customer Segments



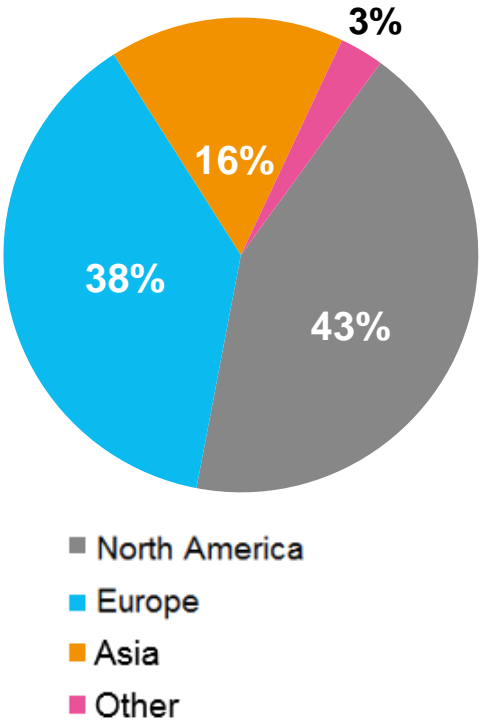
## ACQUISITIONS ADDING NEW SOURCES OF RECURRING REVENUES

Products



## GROWING DIRECT PRESENCE IN EMERGING MARKETS

Geographies



Fiscal year 2017

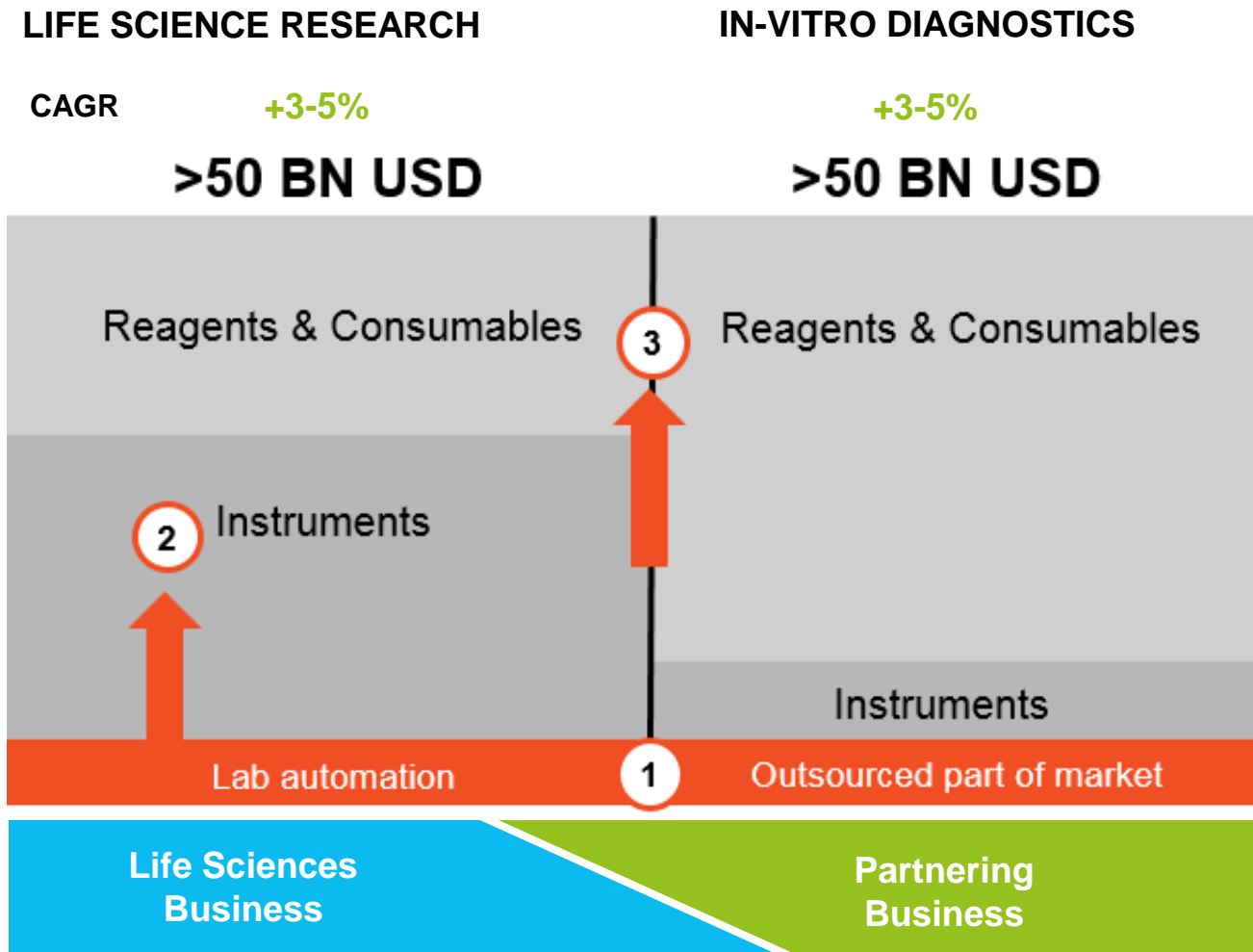




# Strategy and Growth Drivers



# Basis for Corporate Strategy: Market Structure



## STRATEGIC PILLARS

- 1 Scale & capability
- 2 Build additional pillars and complete portfolio
- 3 Offer solutions in selected areas

# New Platforms in Two Main Instrument Segments

## STRONG MARKET UPTAKE AND ORDER MOMENTUM

## FLUENT® NEXT GENERATION LIQUID HANDLING PLATFORM FAMILY

## Setting new standards for simplicity, productivity and confidence



- Built around the application-specific needs for various life science workflows
- Launch of Fluent® Gx platform variant for regulated markets in Q2 2018
- More capacity, increased speed, superior precision, throughput and walkaway time

# SPARK®\* NEXT GENERATION READER PLATFORM

## Greater flexibility, increased speed and productivity



- Industry leading sensitivity and speed
- Integrated microscopy for automated live cell imaging and confluence measurement
- Engineered in a modular, upgradeable fashion
- Unique suite of technology and software for entirely new assay possibilities

\* For research use only in USA

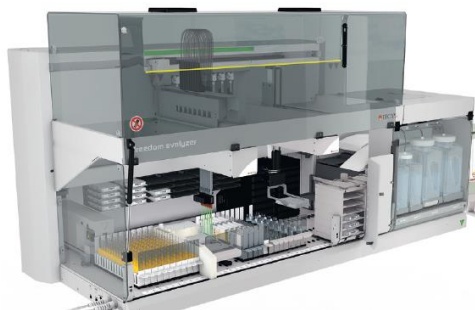


# Growing Solutions Offering in Select Applications

LEVERAGING TECAN'S GLOBAL PRESENCE AND CUSTOMER BASE

## IMMUNOASSAYS FOR SPECIALTY DIAGNOSTICS

Building on Tecan's long tradition in immunoassay processing with open platforms



- Offering wide range of tests for specialty diagnostics through acquired IBL International
- Increasing need for an integrated instrument and reagent offering
  - About 120 assays adapted to Tecan automation
- Direct distribution initiated in various countries

## SAMPLE PREPARATION SOLUTIONS FOR MASS SPECTROMETRY

Leveraging Tecan's leading position in mass spectrometry sample prep automation



- Expanding MS sample prep offering through acquired SPEware (now Tecan SP)
- Offering smart consumables and dedicated instruments under new Resolvex™ brand
- Preparing for commercialization beyond North American market
- European launch initiated in H2 2017



# Accelerating Broad Genomics Strategy with Acquisition of NuGEN Technologies

- Tecan further expanding dedicated solution offering in new market segment of NGS reagents
- US-based NuGEN is a leading provider of innovative NGS kits and sample prep reagents, serving the fastest growing field within genomics
- Consideration of USD 54.5m (CHF 54.0m); less than 4x FY 2018e sales of NuGEN
- NuGEN's sales anticipated to triple by 2023
- Total contribution of more than CHF 75m expected from broad genomics strategy by 2023, incl. NuGEN and new workstations already under development
- Transaction expected to become accretive for 2022
- Transaction successfully completed on August 31, 2018







# Partner of Choice to the IVD Industry

30+ ACTIVE INSTRUMENT ACCOUNTS, MULTIPLE DEVELOPMENTS IN PROGRESS

## IN REGULAR SUPPLY PHASE

35+ different instruments supplied

- From leading diagnostics companies, segment specialists to emerging players

Examples:



m2000sp for  
Abbott Molecular



Procleix Xpress  
for Grifols



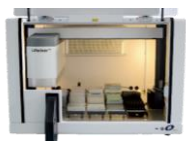
Natch S for Sansure



Qwalys® 3 for Diagast

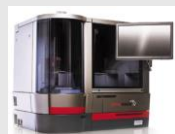


BD PrepStain™ Slide  
Processor for BD



Autrax for Liferiver

## INSTRUMENTS RAMPING UP



ORTHO VISION® Analyzer and ORTHO VISION®  
Max Analyzer for Ortho Clinical Diagnostics



Dako Omnis for  
Agilent Technologies



Sgx Clarity™ for  
Singulex



QUANTA Lyser® 3000  
for Inova Diagnostics



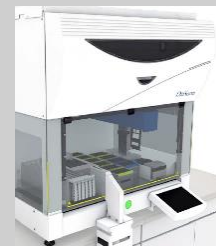
Amplidiag® Easy for  
Mobidiag

## UNDER DEVELOPMENT

5+ projects under  
development

- From smaller to large  
potential

Examples:



New nucleic acid extraction platform in  
MDx for DiaSorin



New sample preparation platform in flow  
cytometry for Sysmex Corporation

## INSTRUMENT PIPELINE

25+ concrete concepts in  
discussions

- New technologies transitioning into IVD
- Richest project funnel to date; Asia contribution significant
- Majority in MDx and other fast growing applications
- Leveraging broad portfolio of modular platforms, consumables plus company-wide application & service expertise

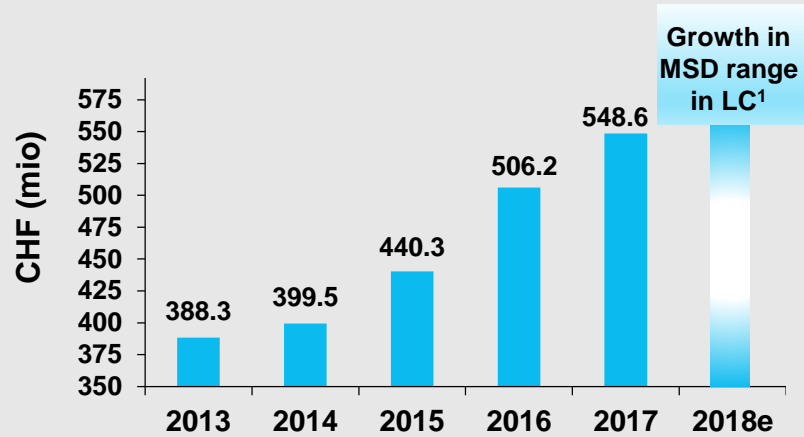


# Financials and Outlook

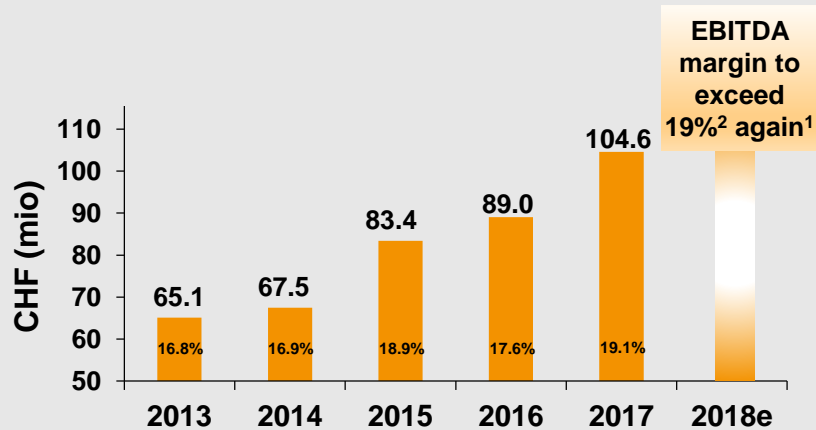


# Financial Summary and Outlook

## SALES DEVELOPMENT<sup>1</sup>



## OPERATING PROFIT (EBITDA)<sup>1</sup>



<sup>1</sup> Excluding NuGEN <sup>2</sup> Based on average FX rates of: 1.15 EUR/CHF and 0.96 USD/CHF

## STRONG FINANCIAL PERFORMANCE IN H1

- Strong sales growth +8.4% and +6.9% LC\* in H1 2018; almost exclusively organic
- Double-digit sales growth of +16.1% in LC in Partnering Business
- Total recurring revenues at 45% of sales
- Operating profit with significant increase: EBIT +26%, EBITDA +16%
- Net profit also growing at a double-digit percentage rate (+12%)

## CONSOLIDATION IMPACT 2018 FROM NUGEN

- Additional sales in a low single-digit million CHF amount expected
- Impact of initial integration costs and moderate loss from operations expected to lower communicated EBITDA margin outlook by around 50 to 75 bps



# Q&A



## CONTACT

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[www.tecan.com](http://www.tecan.com)

## NEXT EVENTS 2019

March 11: Full Year Results 2018

April 16: Annual Shareholder Meeting

## IR IPAD APP

News, financial reports,  
presentations,  
videos and more



# H1 2018 Key Figures

	2017	2018	Δ IN %
Order Entry (in CHF mio)	290.1	298.1	+2.8%
Sales (in CHF mio)	252.2	273.5	+8.4%
Sales in local currencies (in CHF mio)	255.9	273.5	+6.9%
Gross Profit (in CHF mio)	120.2	128.5	+6.9%
in % of sales	47.7%	47.0%	
R&D (in CHF mio)	23.5	22.0	-6.3%
in % of sales	9.3%	8.1%	
EBIT (in CHF mio)	29.9	37.8	+26.3%
in % of sales	11.9%	13.8%	
EBITDA (in CHF mio)	41.6	48.1	+15.5%
In % of sales	16.5%	17.6%	
Net profit (in CHF mio)	26.0	29.2	+12.1%
in % of sales	10.3%	10.7%	
EPS (in CHF)	2.25	2.49	+10.7%
Return on net assets (RONA)	22%	28%	
Net liquidity <sup>(1) (2)</sup> (in CHF mio)	290.7	284.1	-2.3%
Equity (in CHF mio)	504.2	572.0	+13.4%
Cash Flow (operating) (in CHF mio)	31.7	38.4	+21.0%

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

(2) 2017 figure as of Dec. 31, 2017



# FY 2017 Key Figures

	2016	2017	Δ IN %
Order Entry (in CHF mio)	503.2	564.1	+12.1%
Sales (in CHF mio)	506.2	548.6	+8.4%
Sales in local currencies (in CHF mio)	507.8	548.4	+8.0%
Gross Profit (in CHF mio)	239.4	265.6	+11.0%
in % of sales	47.3%	48.4%	
R&D (in CHF mio)	47.1	51.1	+8.4%
in % of sales	9.3%	9.3%	
EBIT (in CHF mio)	68.1	80.5	+18.1%
in % of sales	13.5%	14.7%	
EBITDA (in CHF mio)	89.0	104.6	+17.5%
In % of sales	17.6%	19.2%	
Net profit (in CHF mio)	54.5	66.5	+22.0%
in % of sales	10.8%	12.1%	
EPS (in CHF)	4.74	5.73	20.9%
Return on net assets (RONA)	28%	31%	
Net liquidity December 31 <sup>(1)</sup> (in CHF mio)	242.3	290.7	+20.0%
Equity (in CHF mio)	487.1	550.3	+13.0%
Cash Flow (operating) (in CHF mio)	118.8	99.4	-16.3%

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





Empowered

with

Tecan.

