

Full Year Results 2018



Speakers

Dr. David Martyr, CEO

Dr. Rudolf Eugster, CFO

Dr. Achim von Leoprechting, EVP, designated CEO



Agenda



INTRODUCTION

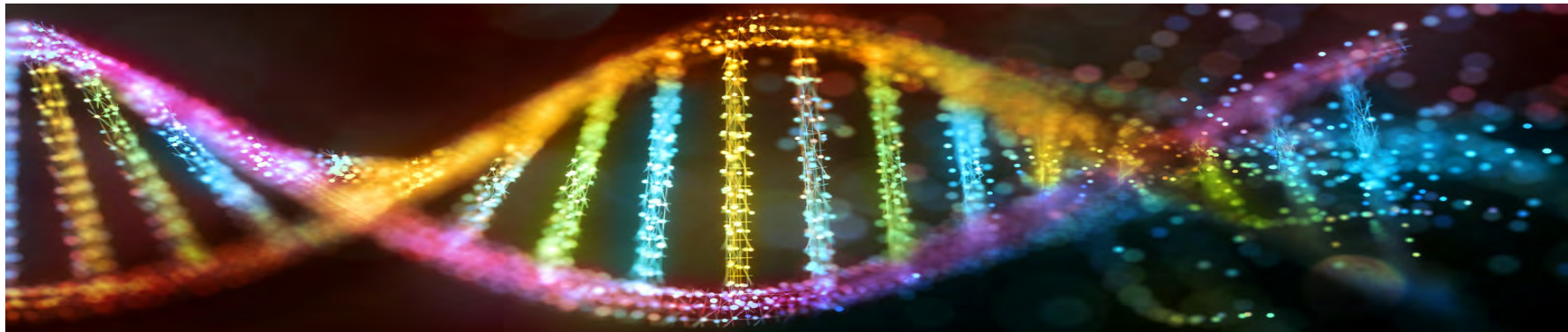
FINANCIAL RESULTS

OUTLOOK

QUESTIONS AND ANSWERS

Financial Highlights 2018

- Strong financial results in H2 and another very successful business year 2018
- Full year orders up by 10.3% in LC to CHF 627 million
- With +7.4% LC and +6.8% LC organic, another year of strong sales growth
- Total recurring revenues at 42% of sales
- EBITDA margin w/o NuGEN increased to 19.4%, delivering on margin commitment for the year
- Reported EBIT up by 11.0%
- Reported net profit up by 7.2%; EPS at highest level to date (CHF 6.02)



Operating Highlights 2018

- Market launch of Fluent® Gx platform variant for regulated markets
 - Successful registration as a Class I medical device in the US
 - Strong demand, major lab chains ordering multiple instruments at once
- Acquisition of NuGEN (Tecan Genomics)
 - Further expanding dedicated solution offering in new market segment of NGS
 - Integration progressing well, move in new facilities concluded
- Considerable progress with Partnering Business pipeline and funnel
 - 5+ projects currently under development
 - Market launches planned in 2019
 - Richest project funnel to date



NuGEN NGS Sample
Prep Kits



Fluent® Gx



PS-10 Sample Prep System
for Sysmex Corporation

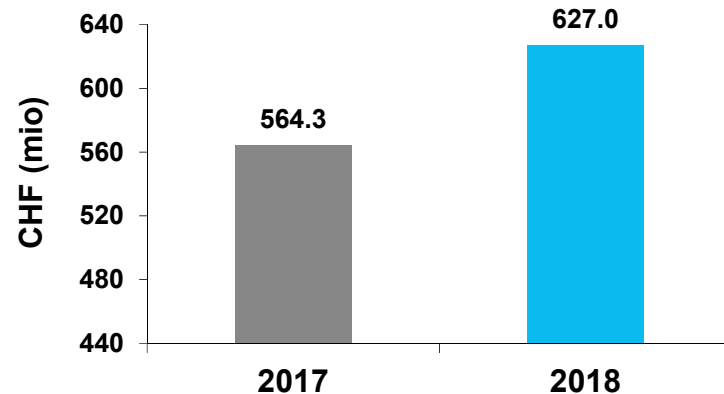
Agenda



INTRODUCTION
FINANCIAL RESULTS
OUTLOOK
QUESTIONS AND ANSWERS

2018 Order Entry and Sales Performance

ORDER ENTRY FY 2018



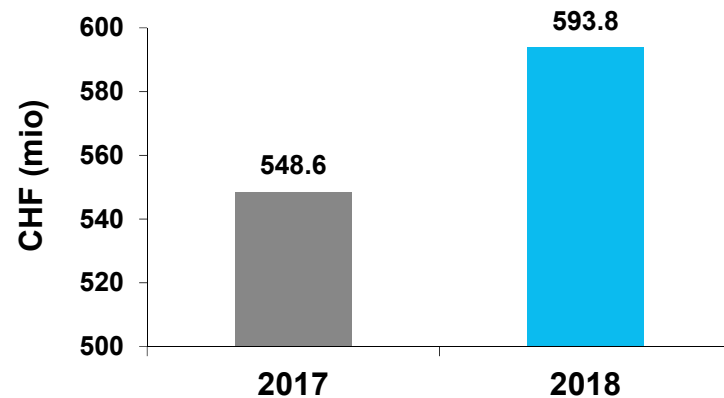
ORDER ENTRY FY 2018 VS. FY 2017

- +11.1% in CHF and +10.3% in LC
- Organic +9.8% in LC
- Order backlog with clear double-digit % increase

ORDER ENTRY H2 2018 VS. H2 2017

- +19.9% in CHF and +20.0% in LC
- Including large order in Life Sciences Business, likely to be recognized as revenues in 2020

SALES FY 2018



SALES FY 2018 VS. FY 2017

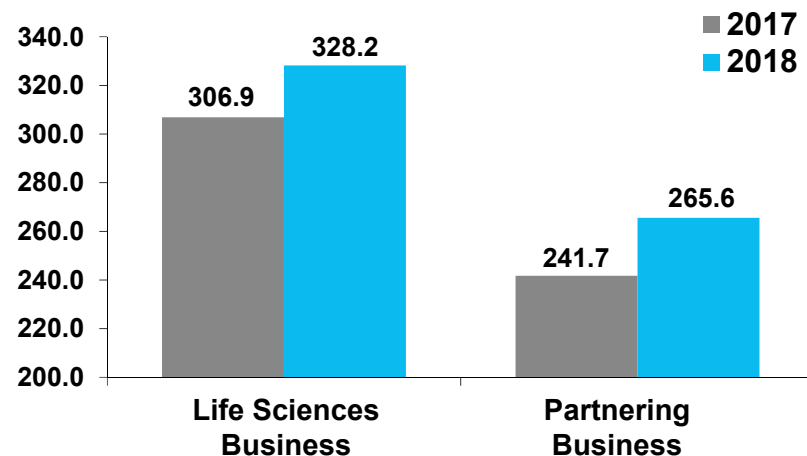
- 8.2% in CHF, +7.4% in LC
- Organic +7.7% in CHF and +6.8% in LC
- Comfortably achieving annual outlook of “mid single-digit range in LC” given in March 2018

SALES H2 2018 VS. H2 2017

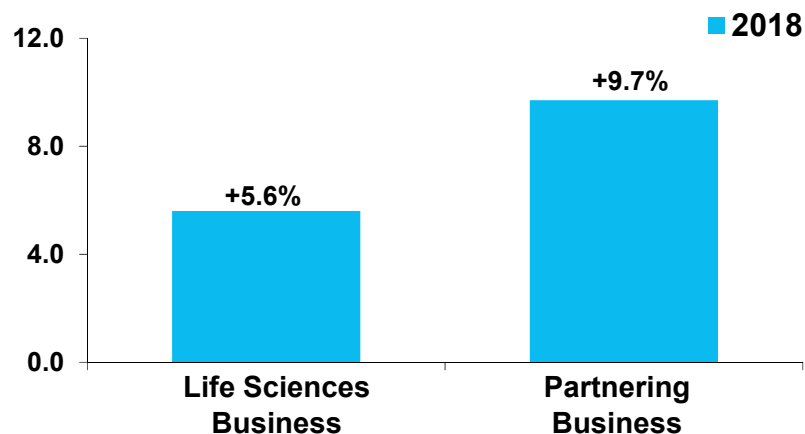
- +8.1% in CHF, +7.8% in LC
- Organic +6.8% in LC

2018 Segment Sales

SALES (IN CHF MILLIONS)



SALES IN LOCAL CURRENCY (CHANGE IN %)



LIFE SCIENCES BUSINESS:

FY

- Sales +7.0% in CHF and +5.6% in LC
- Organic sales growth of 4.6% in LC
- Order entry increased with double-digit rate

H2

- Sales up by 11.3% in CHF and 10.8% higher in LC
- Organic sales +8.9% in LC
- Fluent Gx with significant contribution

PARTNERING BUSINESS:

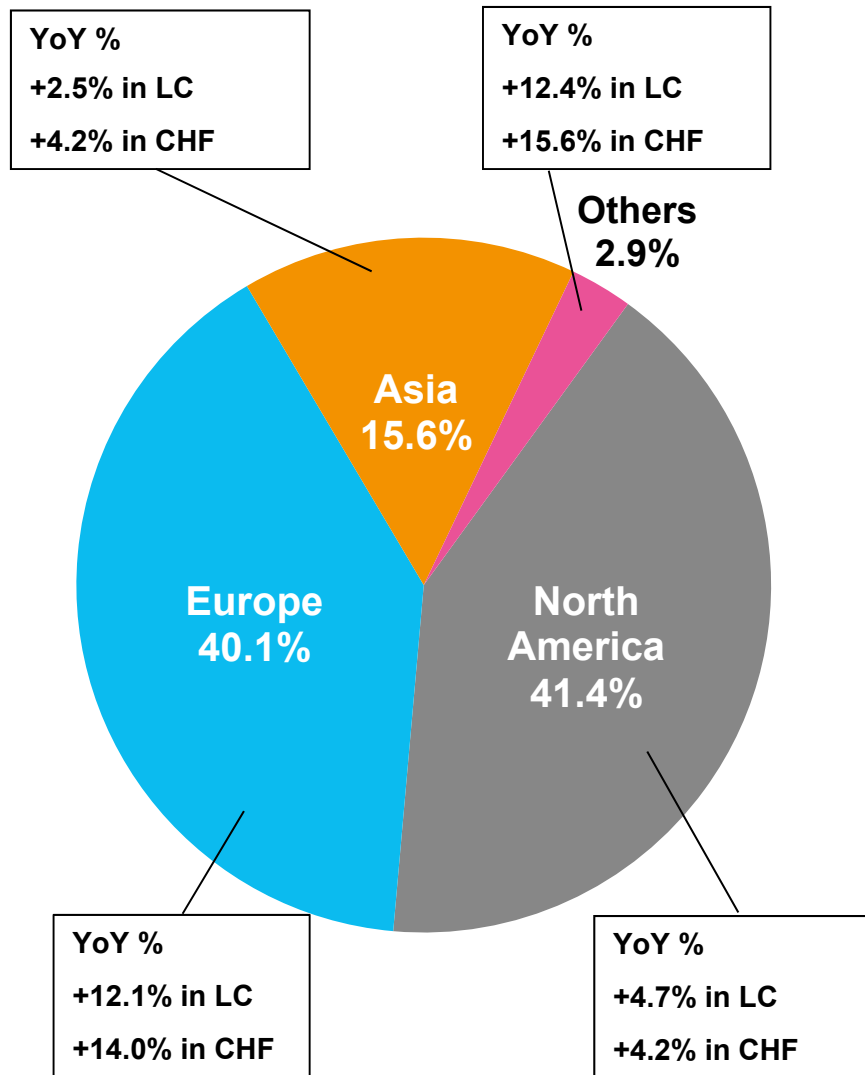
FY

- Sales up by 9.9% and 9.7% in LC
- Broad-based growth from existing as well as newly launched instruments

H2

- Sales up by 3.9% in CHF as well as in LC
- Strong order entry

FY 2018 Regional Sales Development



EUROPE:

- Both business segments growing strongly
- Substantial growth in Life Sciences Business in H2

NORTH AMERICA:

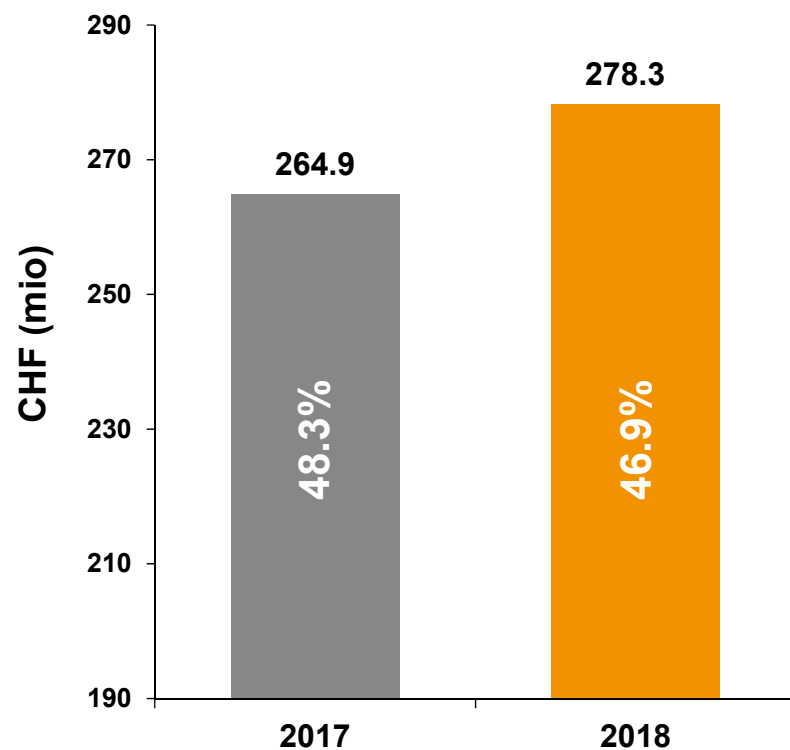
- Solid growth in Life Sciences Business
- Moderate growth in Partnering Business, mainly due to high comparative basis of prior-year

ASIA:

- Strong growth in Partnering Business, boosted by China
- Life Sciences Business moderately below prior year

FY 2018 Gross Profit

GROSS PROFIT (% = % OF SALES)



GROSS PROFIT INCREASED TO CHF 278.3M

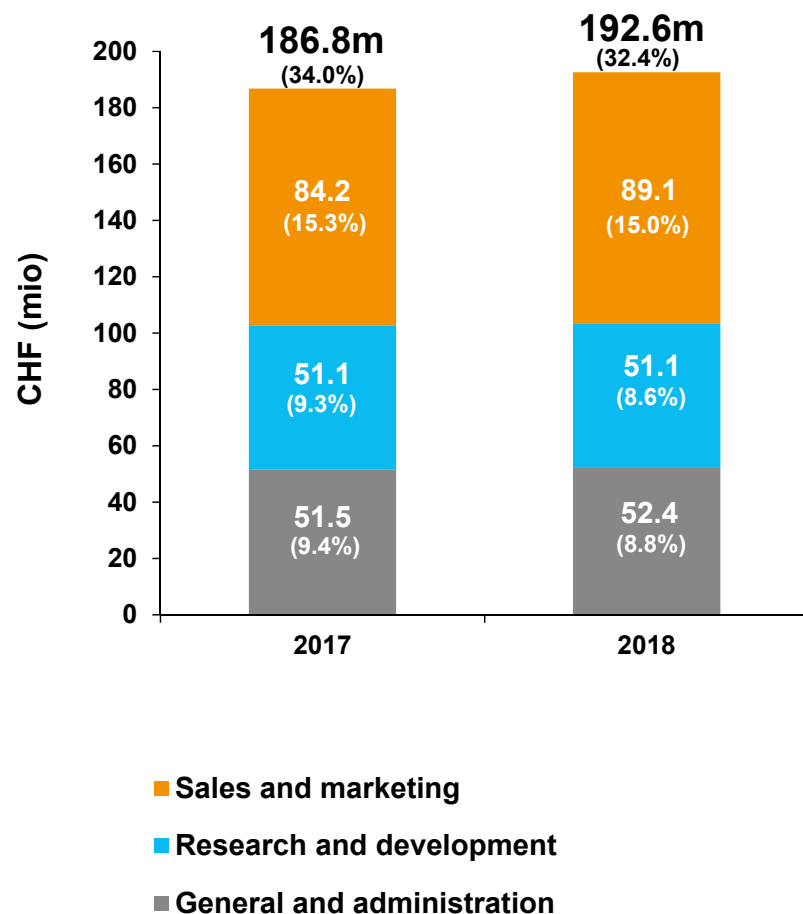
- CHF 13.4m or 5.1% above 2017

GROSS PROFIT MARGIN DOWN BY 140 BPS

- Main effects contributing:
 - (–) Higher freight and logistics cost
 - (–) Exchange rate impact
 - (–) Product and divisional mix
 - (+) Price
 - (+) Material cost savings

FY 2018 Cost Structure

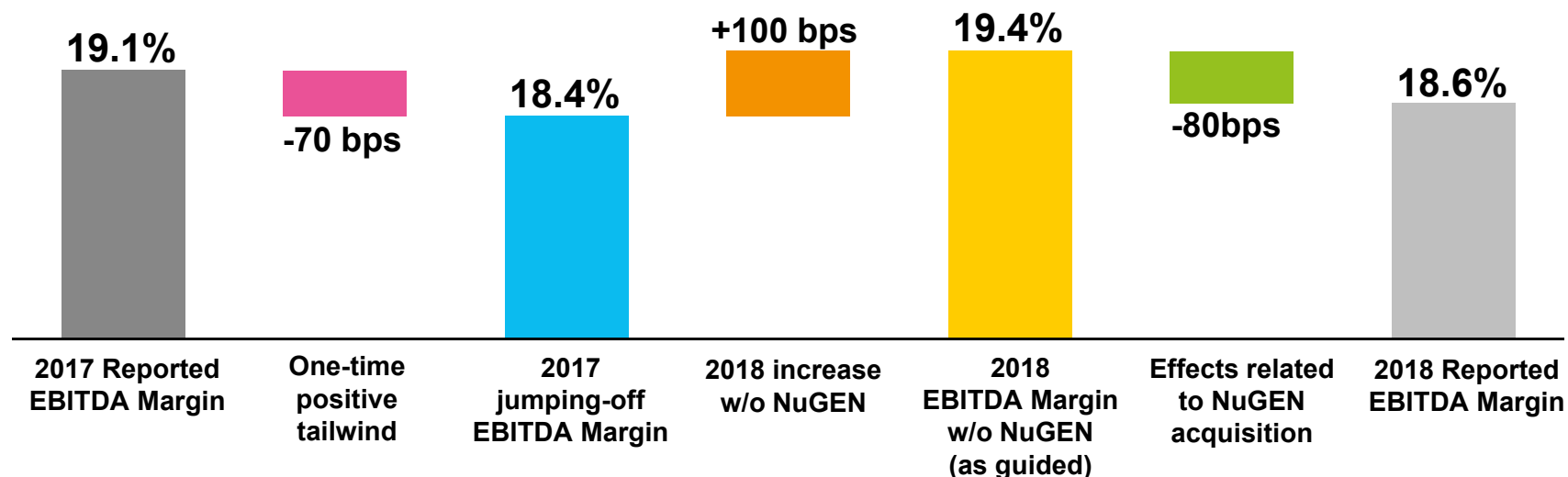
OPERATING EXPENSES (% = % OF SALES)



OPERATING EXPENSES GREW LESS THAN SALES

- Operating expenses down by 160 bps
- Sales & Marketing increased less than sales despite continued investments in market units
- Net R&D at prior-year absolute level
 - Less acquisition-related integration cost
 - More gross R&D (+22%), including higher engineering income from OEM projects
 - More capitalized R&D
- G&A ratio increased less than sales; mainly volume effect

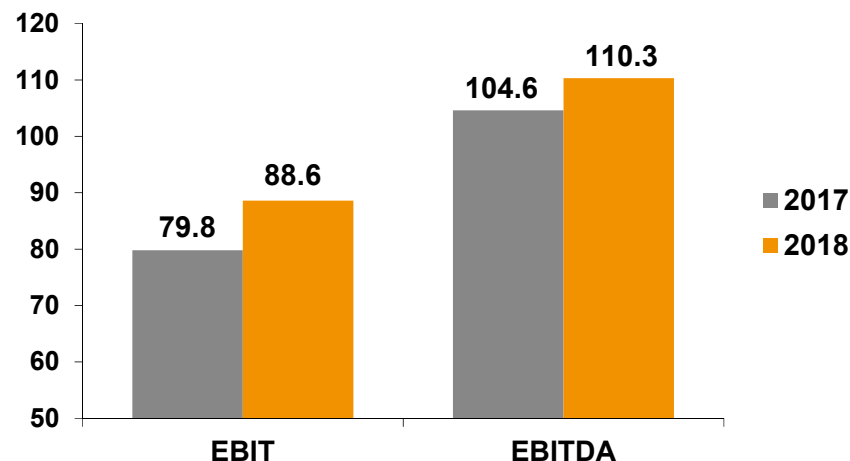
FY 2018 EBITDA Margin Development



- Operational jumping-off point for 2017 EBITDA margin excludes a one-time positive net impact mainly from insurance reimbursement to replace value of damaged inventory at outsourced warehouse
- Increase in 2018 EBITDA margin driven by positive volume effects and lower acquisition-related costs of previous transactions (w/o NuGEN)
- EBITDA margin 2018 excluding all acquisition-related effects from NuGEN delivering on the margin commitment for the year of “more than 19%”

FY 2018 Reported EBIT and EBITDA

EBIT AND EBITDA (IN CHF MILLIONS)



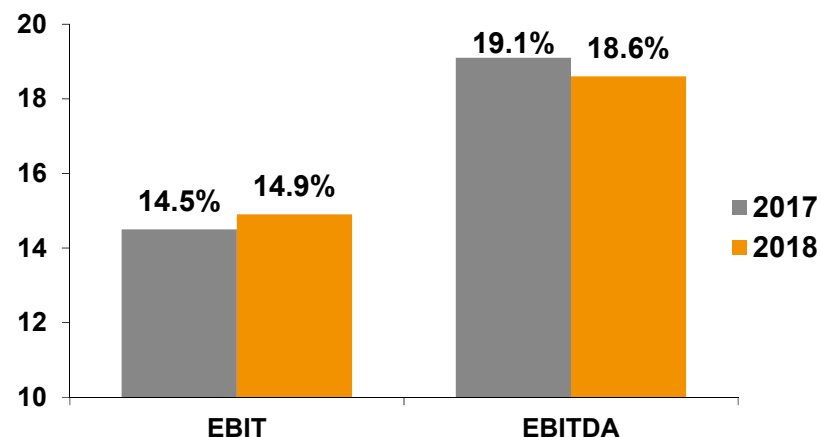
EBIT INCREASED TO CHF 88.6M

- 8.8m or 11.0% above 2017

EBITDA GREW TO CHF 110.3M

- CHF 5.7m or 5.4% above 2017

EBIT AND EBITDA MARGIN (% = % OF SALES)



EBIT MARGIN INCREASED TO 14.9%

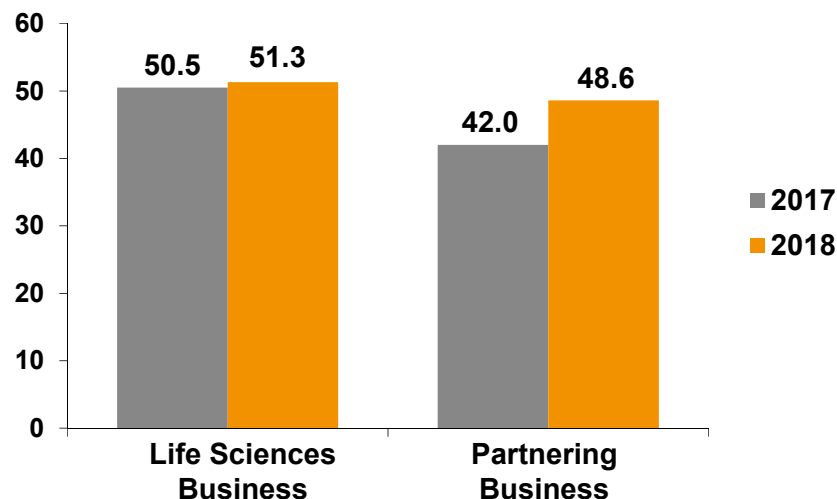
- Difference to EBITDA margin mainly from
 - (+) CHF 3m less amortization of development cost

REPORTED EBITDA MARGIN AT 18.6%

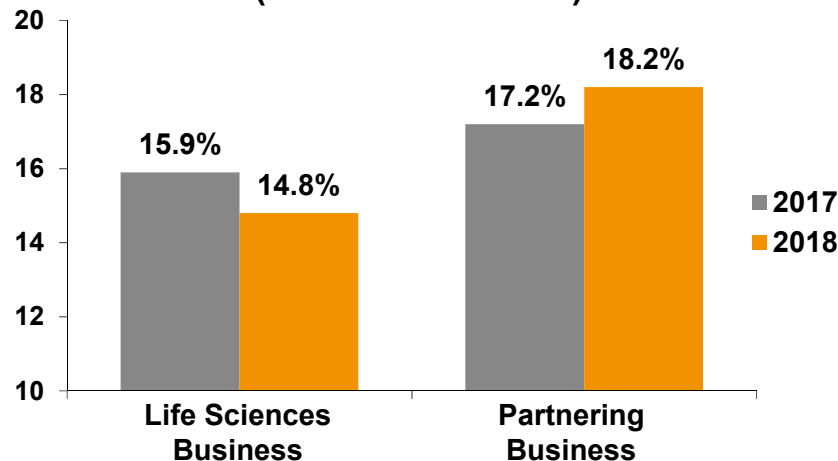
- EBITDA margin without NuGEN up to 19.4%

FY 2018 Segment Profitability

EBIT (IN CHF MILLIONS)



EBIT MARGIN (% = % OF SALES)



LIFE SCIENCES BUSINESS:

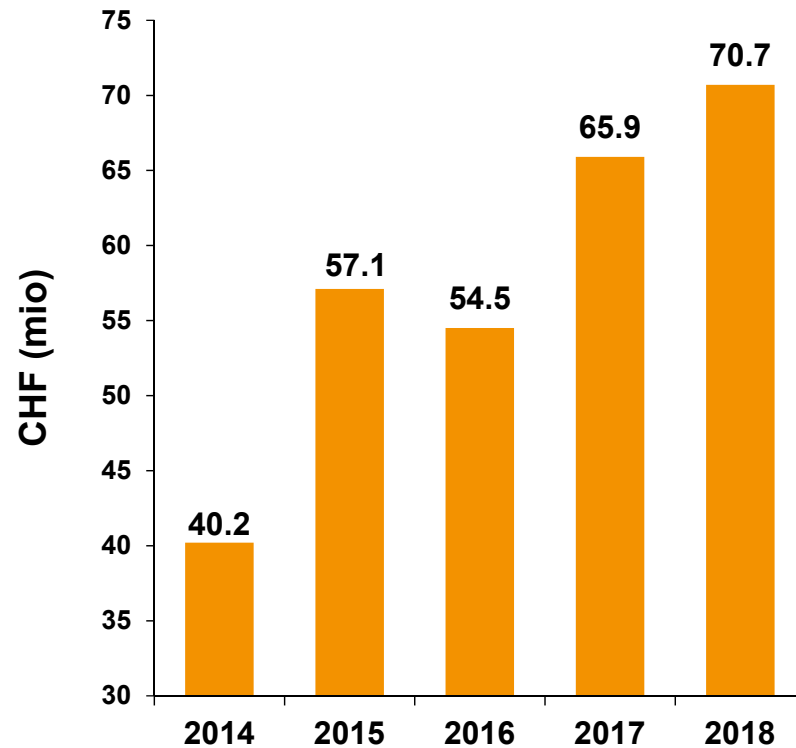
- EBIT margin reached 14.8%
- Factors contributing include:
 - (–) Higher freight and logistics cost
 - (–) Acquisition-related costs (NuGEN)
 - (–) Exchange rate impact
 - (+) Price
 - (+) Volume effect

PARTNERING BUSINESS:

- EBIT margin increased to 18.2%
- Factors contributing include:
 - (+) Volume effect
 - (+) Less acquisition-related costs
 - (+) Price
 - (–) More engineering income
 - (–) Higher freight and logistics cost

FY 2018 Net Profit

NET PROFIT



NET PROFIT GREW LESS THAN SALES

- CHF 4.8m or 7.2% above 2017

NET PROFIT MARGIN ALMOST UNCHANGED AT 11.9%

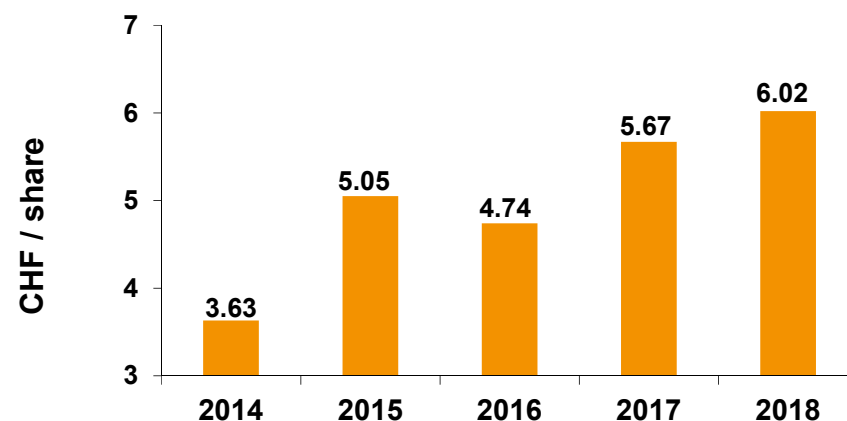
EBIT INCREASE OF CHF 8.8M

BELOW EBIT LINE

- (–) CHF 4.4m lower financial result
- (+) Lower tax rate of 15.2% (2017: 16.5%)

FY 2018 Basic Earnings per Share

BASIC EARNINGS PER SHARE



EARNINGS PER SHARE INCREASED TO CHF 6.02

AVERAGE NUMBER OF SHARES OUTSTANDING: 11.7M (2017: 11.6M)

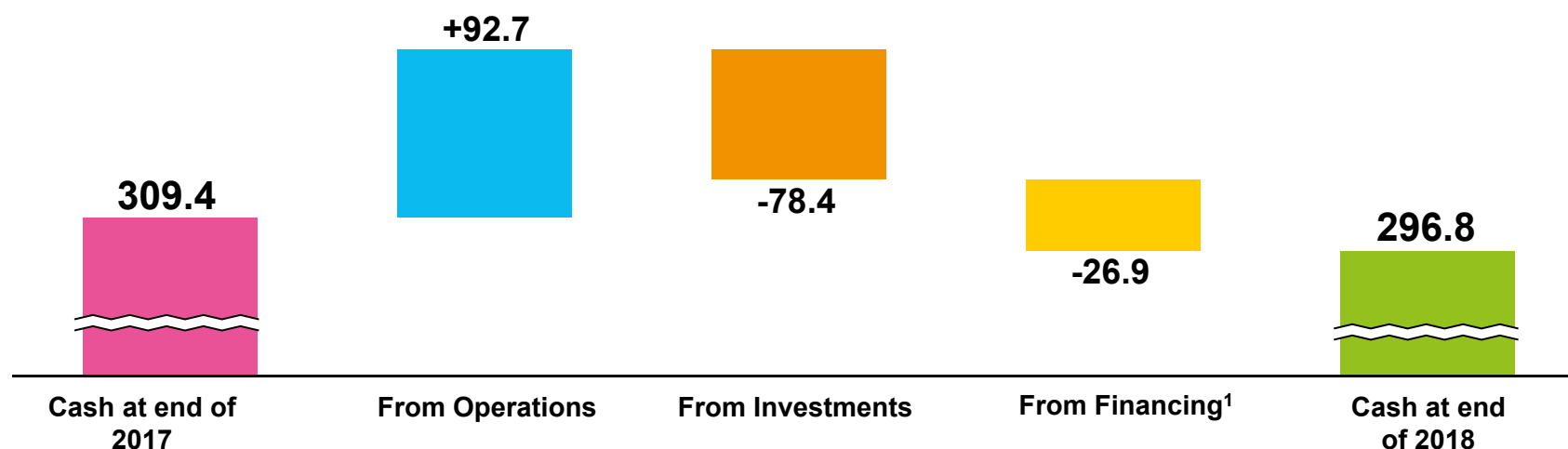
INCREASE IN THE DIVIDEND FROM CHF 2.00 TO CHF 2.10 PER SHARE TO BE PROPOSED TO ANNUAL GENERAL MEETING

Year	Dividend (in CHF / share)
2014	1.50
2015	1.75
2016	1.75
2017	2.00
2018	2.10*

* To be proposed to the shareholders at the Company's Annual General Meeting on April 16, 2019



FY 2018 Cash Flow



CASH FLOW FROM OPERATIONS OF CHF 92.7M (2017: CHF 99.4M)

- Inventory increase of CHF 7.8m
- Cash conversion of 15.6% of sales
- Days Sales Outstanding down to 47 days (2017: 50 days)
- Includes CHF 21.8m for amortization & depreciation (2017: CHF 24.8m), thereof CHF 3.7m for PPA and CHF 8.8m from capitalized development costs

INVESTMENTS OF CHF 78.4M (2017: CHF 22.4M), INCLUDING

- CHF 12.8m on capitalized development costs
- CHF 43.8m for the acquisition of NuGEN and CHF 8.5m total for an equity investment and an earn-out payment

CASH FLOW FROM FINANCING ACTIVITIES INCLUDES DIVIDEND PAYMENTS OF CHF 23.5M

NET LIQUIDITY² AT CHF 289.6M (DEC 31, 2017: CHF 290.7M)

¹ Includes translation differences of CHF 0.7m ² Net Liquidity = cash and cash equivalents minus bank liabilities and loans

FY 2018 Key Figures

	2017	2018	Δ IN %
Order Entry (in CHF mio)	564.3	627.0	+11.1%
Sales (in CHF mio)	548.6	593.8	+8.2%
Sales in local currencies (in CHF mio)	552.6	593.8	+7.4%
Gross Profit (in CHF mio)	264.9	278.3	+5.1%
in % of sales	48.3%	46.9%	
Net R&D (in CHF mio)	51.1	51.1	+0.0%
in % of sales	9.3%	8.6%	
EBIT (in CHF mio)	79.8	88.6	+11.0%
in % of sales	14.5%	14.9%	
EBITDA (in CHF mio)	104.6	110.3	+5.4%
In % of sales	19.1%	18.6%	
Net profit (in CHF mio)	65.9	70.7	+7.2%
in % of sales	12.0%	11.9%	
EPS (in CHF)	5.67	6.02	6.2%
Return on net assets (RONA)	31%	31%	
Net liquidity December 31 ⁽¹⁾ (in CHF mio)	290.7	289.6	-0.4%
Equity (in CHF mio)	550.1	612.4	+11.3%
Cash Flow (operating) (in CHF mio)	99.4	92.7	-6.8%

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

Agenda



INTRODUCTION
FINANCIAL RESULTS
OUTLOOK
QUESTIONS AND ANSWERS

Transition from Research to Diagnostics

TECAN HAS A UNIQUE POSITION TO BRIDGE FROM RESEARCH TO DIAGNOSTICS SETTINGS

LIFE SCIENCE RESEARCH → LAB DEVELOPED TESTS (LDT) → IN-VITRO DIAGNOSTICS

Life Sciences
Business

Partnering
Business

← Empowered with Tecan. →

Covering individual steps of a
specific workflow

Sample-to-Result Solution



EXAMPLES

- Liquid Biopsies / Circulating Tumor Cells (Oncology / NIPT / Infectious Diseases)
- Next-Generation Sequencing (NGS)
- Mass Spectrometry
- Ultra-Sensitive Biomarker Detection
- Tissue Pathology (IHC, ISH, NGS, MS)

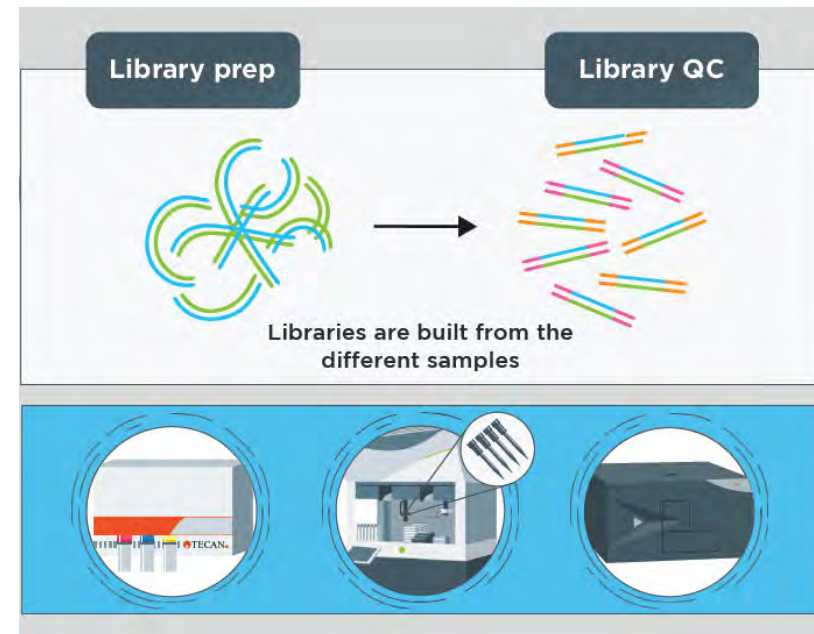
and many more...



Accelerating Broad Genomics Strategy

OFFERING COMPLETE AUTOMATED SOLUTION FOR NGS LIBRARY PREP AND QC

- Genomics applications continue to be a major growth driver for Tecan
- Acquisition of NuGEN (now Tecan Genomics) provides new opportunities in NGS, the fastest growing field within genomics
- Library prep is the most critical step prior to sequencing
- Significant progress with integration
- Combining innovative NGS sample prep kits for research customers with Tecan automation



DreamPrep™ the latest Fluent Dream

EMPOWERING APPLICATIONS IS IN FLUENT'S DNA

- Jun 2014: Cell Biology
- Feb 2015: Compound Management
- Aug 2015: General genomics
- Jan 2016: New Feature Wave
- Nov 2017: Fluent “2018”
- Since 2017: Basis for Partnering Business projects
- Apr 2018: Fluent Gx for Regulated Environments
- Sep 2018: NuGEN Acquisition
- Feb 2019: DreamPrep launch at SLAS 2019

DreamPrep incredible time to market
Thanks to Fluent's incredible Flexibility



DreamPrep: so what is it?

TECAN'S FASTEST KITS ON TECAN'S FASTEST PLATFORM

Tecan Liquid Handler:	Fluent
Tecan Reader:	Infinite® for QC step
Tecan Genomics:	Celero™ Reagents
Tecan Expertise:	Installation & Application Support

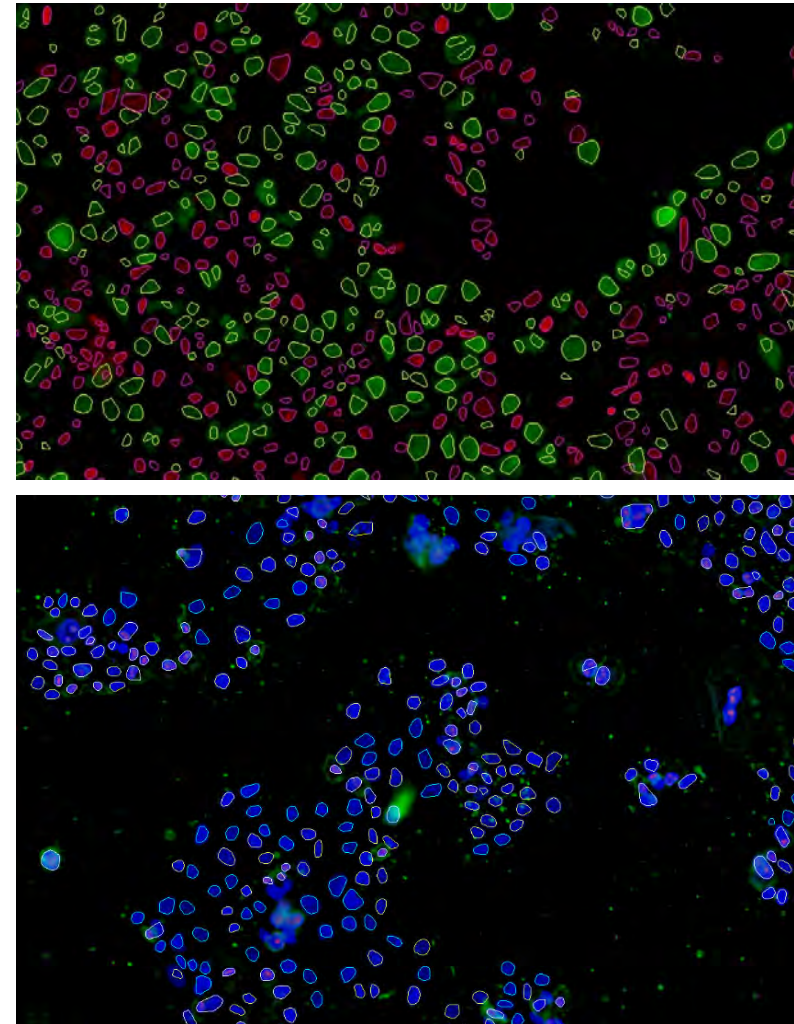
- Simple add and incubate workflow with only 1 final purification
- Integrated novel QC within minutes without the need for bioanalyzer and time consuming qPCR
- Sequencing-ready NGS libraries in just a matter of hours, with minimal manual interaction and no sample loss



Coming Soon....

NEW EXCITING VARIANTS OF THE SPARK READER

- New high-end advanced imaging product range
- Launch expected H1 2019



Introspect™ Software

INCREASING LAB PRODUCTIVITY WITH UNPARALLELED INSIGHTS



Healthy Development Pipeline and Rich Funnel

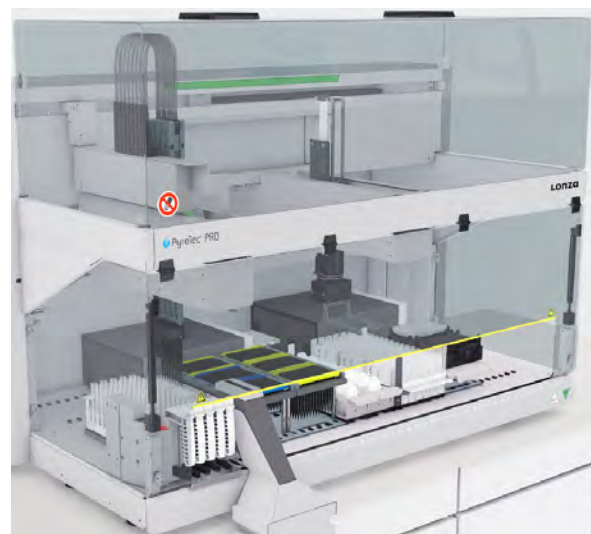
SEVERAL PLATFORM LAUNCHES EXPECTED FOR 2019, INCLUDING...

PS-10 SAMPLE PREP SYSTEM* FOR SYSMEX CORPORATION



- Highly automated, flexible sample prep system for LDTs and routine flow cytometry applications
- For real-time, absolute counting of cells, cellular subsets and other particles on a volumetric basis

PYROTEC™ PRO ROBOTIC SOLUTION* FOR LONZA

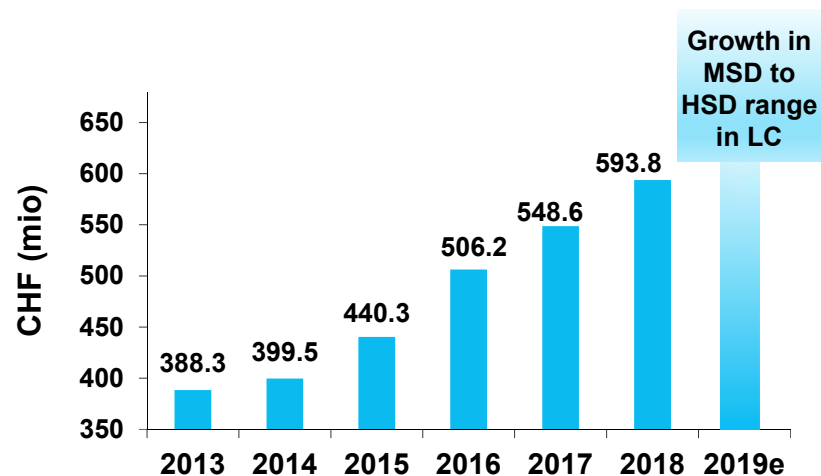


- Fully automated, plate-based robotic solution for endotoxin detection
- Bacterial endotoxin testing is a fundamental safety requirement in the pharmaceutical and biomedical industries

* For research use only in USA

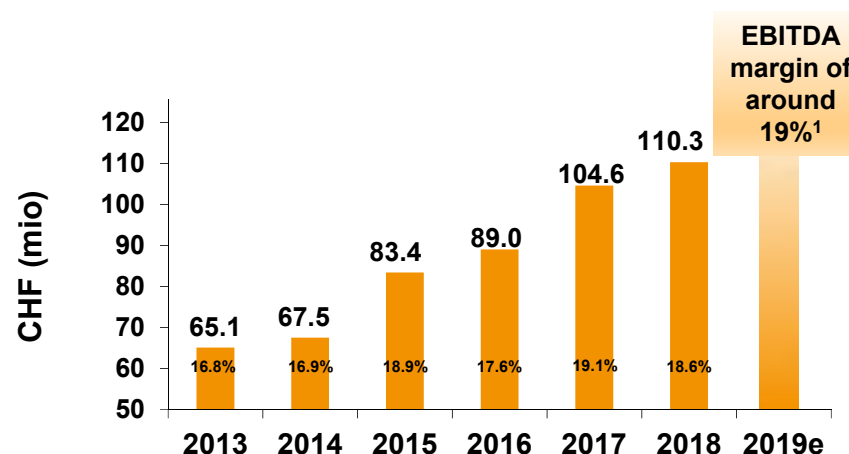
Financial Outlook for 2019

SALES DEVELOPMENT



- Forecast for growth in local currencies in the mid- to high single-digit percentage range
- Potential additional acquisitions not taken into account

REPORTED OPERATING PROFIT (EBITDA)



- Integration costs and short term lower margins associated with the NuGEN acquisition will impact reported EBITDA margins (high single-digit million CHF amount expected)
- However, positive recurring impact of IFRS 16 to largely offset costs related to the NuGEN acquisition and CEO transition
- Reported EBITDA margin expected to expand to around 19% of sales

¹ Based on average FX rates of: 1.14 EUR/CHF and 0.99 USD/CHF



SAVE THE DATE

Capital Markets Day.

Thursday, 6 June 2019
Männedorf, Switzerland

Invitation to follow

 **TECAN.**



Q&A



IR IPAD APP

News, financial reports,
presentations,
videos and more



NEXT EVENTS 2019

April 16: Annual Shareholder Meeting

June 6: CMD

August 15: Half Year Results 2019

CONTACT

Martin Braendle

Vice President, Communications & IR

Phone: +41 (0) 44 922 84 30

investor@tecan.com

www.tecan.com





Empowered
with
Tecan.



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.

.....

Australia +61 3 9647 4100 **Austria** +43 62 46 89 33 **Belgium** +32 15 42 13 19 **China** +86 21 220 63 206 **Denmark** +45 70 23 44 50 **France** +33 4 72 76 04 80
Germany +49 79 51 94 170 **Italy** +39 02 92 44 790 **Japan** +81 44 556 73 11 **Netherlands** +31 18 34 48 17 4 **Singapore** +65 644 41 886 **Spain** +34 935 95 2531
Sweden +46 8 750 39 40 **Switzerland** +41 44 922 89 22 **UK** +44 118 9300 300 **USA** +1 919 361 5200 **Other countries** +43 62 46 89 33

.....

Tecan Group Ltd. makes every effort to include accurate and up-to-date information, however, it is possible that omissions or errors might have occurred. Tecan Group Ltd. cannot, therefore, make any representations or warranties, expressed or implied, as to the accuracy or completeness of the information provided. Changes can be made at any time without notice. All mentioned trademarks are protected by law. For technical details and detailed procedures of the specifications provided please contact your Tecan representative. This may contain reference to applications and products which are not available in all markets. Please check with your local sales representative.

© Tecan Trading AG, Switzerland, all rights reserved.

www.tecan.com

