

Zurich, March 17 2020
Full Year Results 2019

ANALYST & MEDIA CONFERENCE CALL



Speakers

Dr. Achim von Leoprechting, CEO

Dr. Rudolf Eugster, CFO (until 28 February 2020)



Agenda



FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL RESULTS

OUTLOOK

QUESTIONS AND ANSWERS



Financial Highlights 2019

- Another very successful business year 2019
- Tecan remains on growth track with +8.0% LC and +6.0% LC organic sales growth
- Double-digit sales growth in the Life Sciences Business, with significant demand in instrument business
- Strong performance in all key regions, especially in Asia/China
- Solid underlying order entry, order backlog to reach a record level as at 31 December 2019
- Reported EBITDA margin increased to 19.3%, delivering on margin commitment for the year
- Reported net profit up by 3.5%; EPS at highest level to date (CHF 6.18)

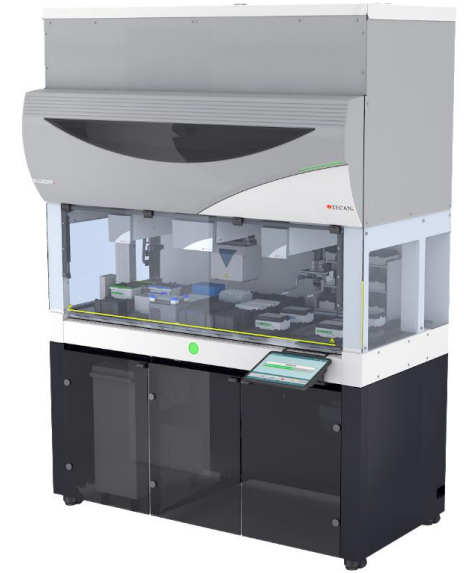


Operating Highlights 2019

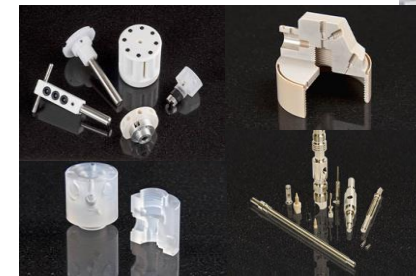
- Launch of DreamPrep™ NGS, a fully automated sample preparation solution for next-generation sequencing (NGS)
- New offers and continued focus on recurring sales generated from reagents and consumables in key applications
- Launch of Spark® Cyto reader platform with imaging capabilities for applications in cell biology
- Several launches of new instruments in the Partnering Business, good progress made with important development projects
- Acquisition of a supplier of key parts successfully completed



Spark Cyto



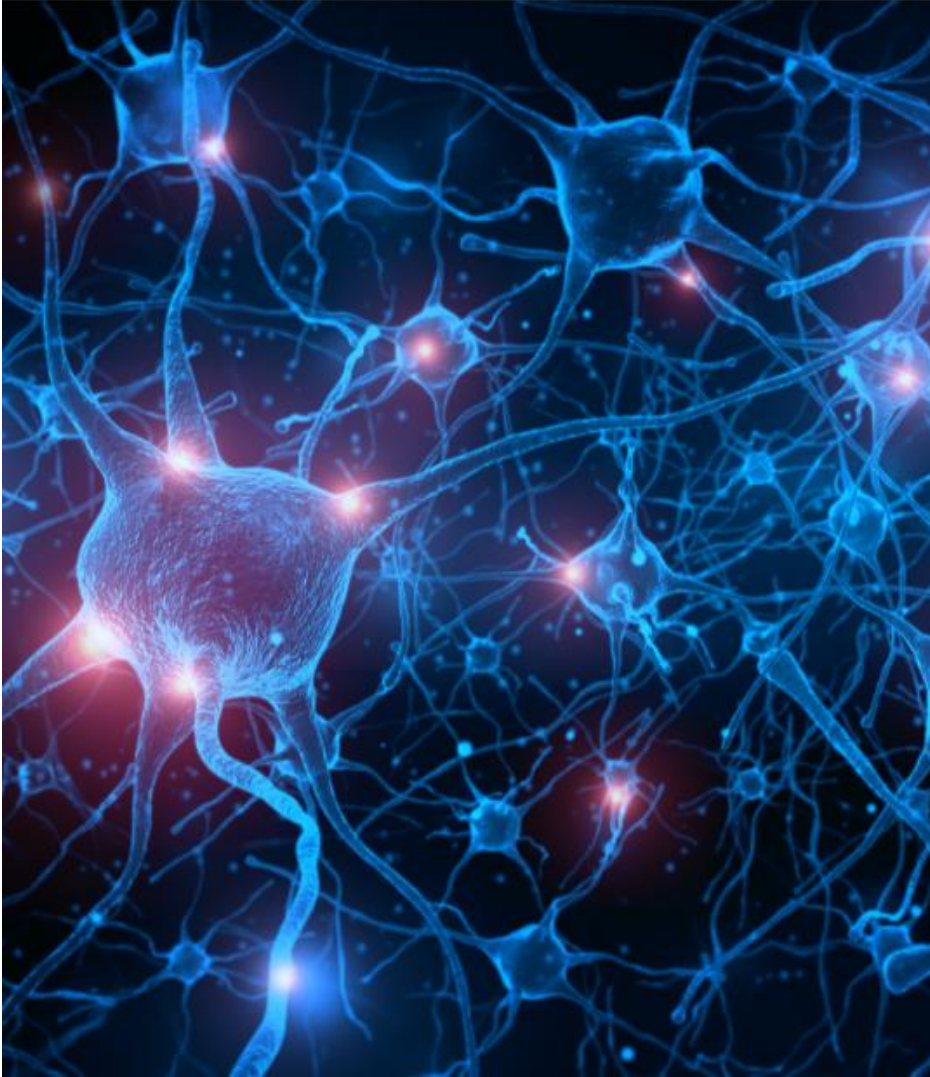
DreamPrep NGS



Acquisition of supplier for precision-machined parts



Agenda



FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL RESULTS

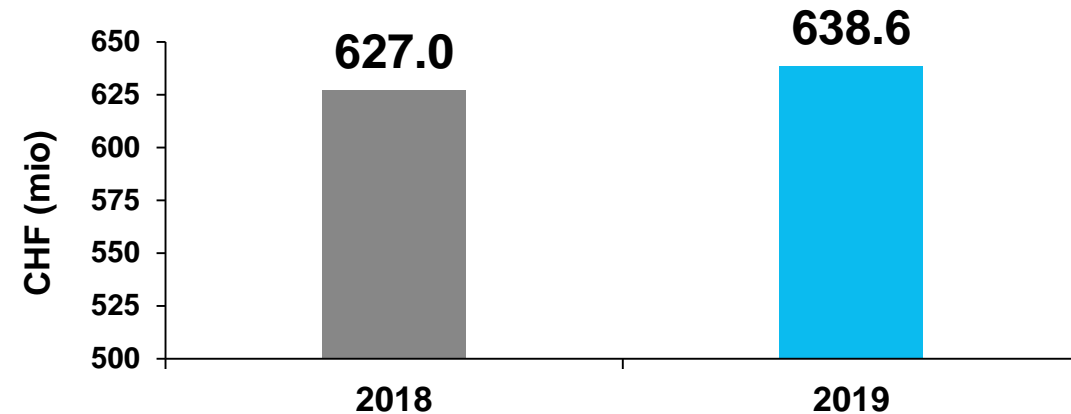
OUTLOOK

QUESTIONS AND ANSWERS



2019 Order Entry and Sales Performance

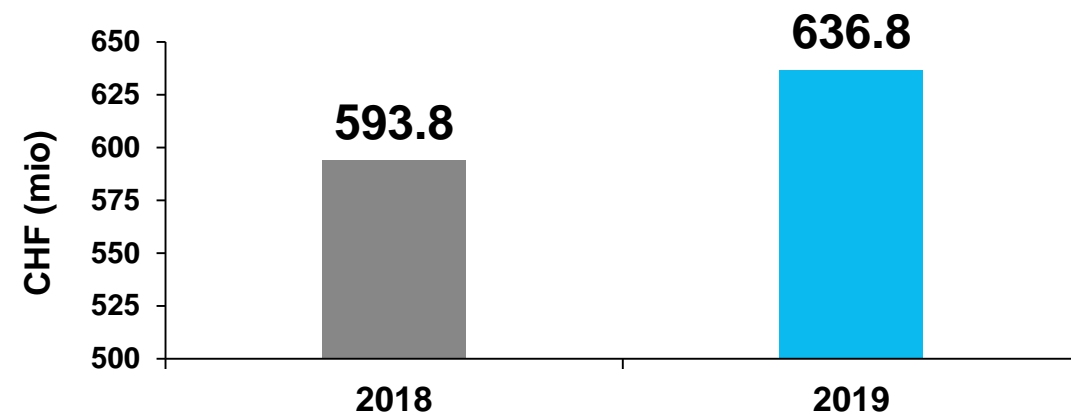
ORDER ENTRY FY 2019



ORDER ENTRY 2019 VS. 2018

- +1.9% in CHF and +2.5% in LC
- 2018 benefited from large order in the Life Sciences Business for customized solutions (booked in H2 2018)
- Adjusted for this effect, solid underlying growth rate in OE
- H2 2019: -0.3% in CHF and +0.7% in LC
- Order backlog to reach a record level as at 31 Dec. 2019

SALES FY 2019



SALES FY 2019 VS. FY 2018

- +7.2% in CHF, +8.0% in LC
- Organic +5.3% in CHF and +6.0% in LC

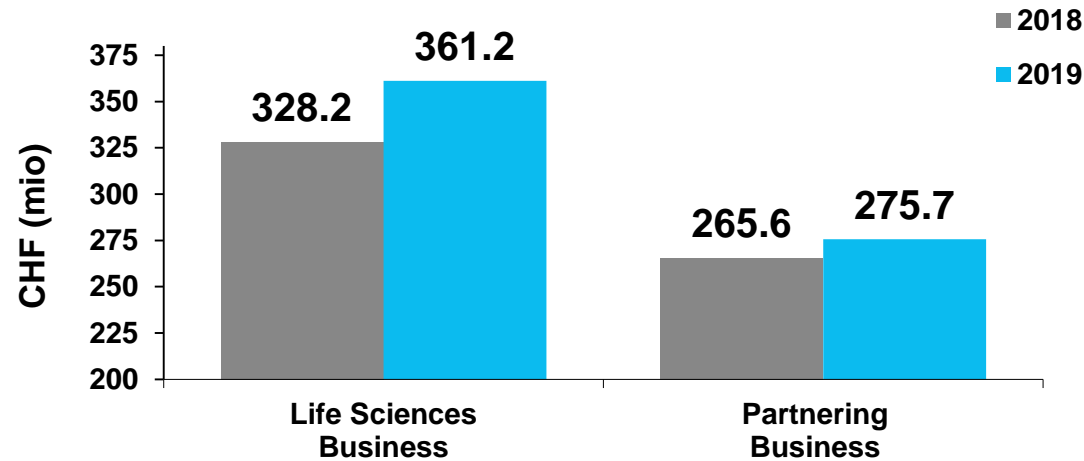
SALES H2 2019 VS. H2 2018

- +6.4% in CHF, +7.7% in LC
- Organic +5.8% in LC

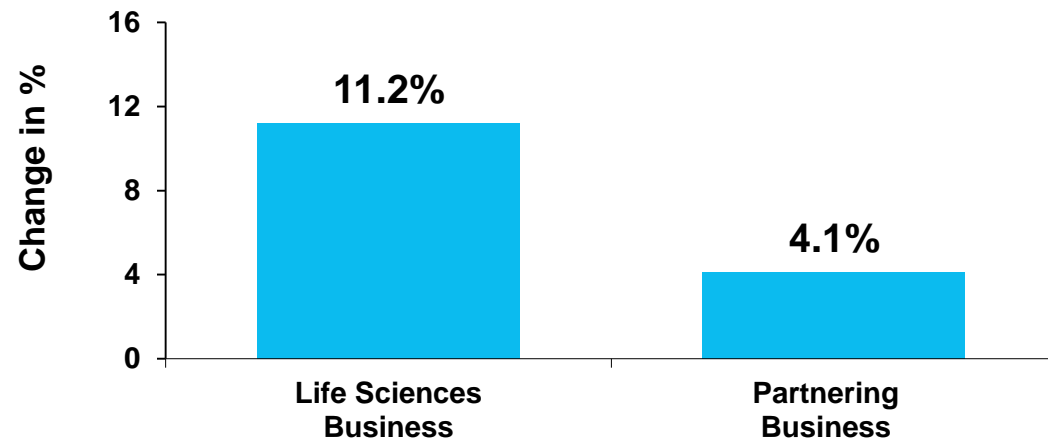


2019 Segment Sales

SALES



SALES IN LOCAL CURRENCY



LIFE SCIENCES BUSINESS:

FY

- Sales +10.0% in CHF and +11.2% in LC
- Organic sales growth of +9.1% in LC
- Strong contribution from instrument business
- Underlying order entry grew with good MSD rate

H2

- Sales up by 5.9% in CHF and 7.8% higher in LC
- Organic sales +6.9% in LC

PARTNERING BUSINESS:

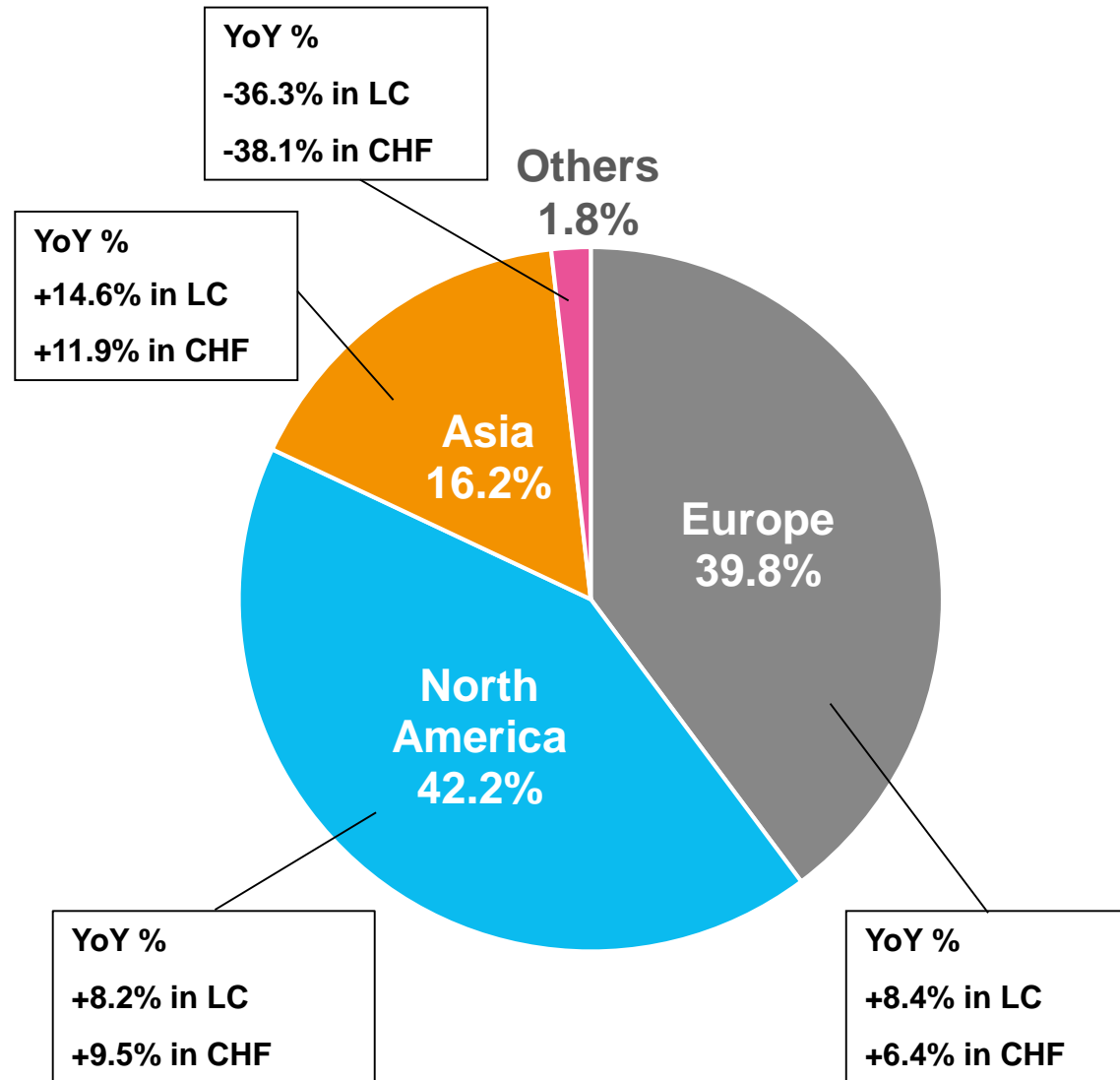
FY

- Sales up by 3.8% and 4.1% in LC
- Organic sales growth of +2.2% in LC
- Strong contribution from components business
- Underlying OE grew approx. at the same rate as sales

H2

- Sales up by 7.0% in CHF and 7.7% in LC
- Organic sales +4.3% in LC

FY 2019 Regional Sales Development



EUROPE

- Both business segments growing strongly
- Life Sciences Business at +7.5%, Partnering +9.2% in LC

NORTH AMERICA

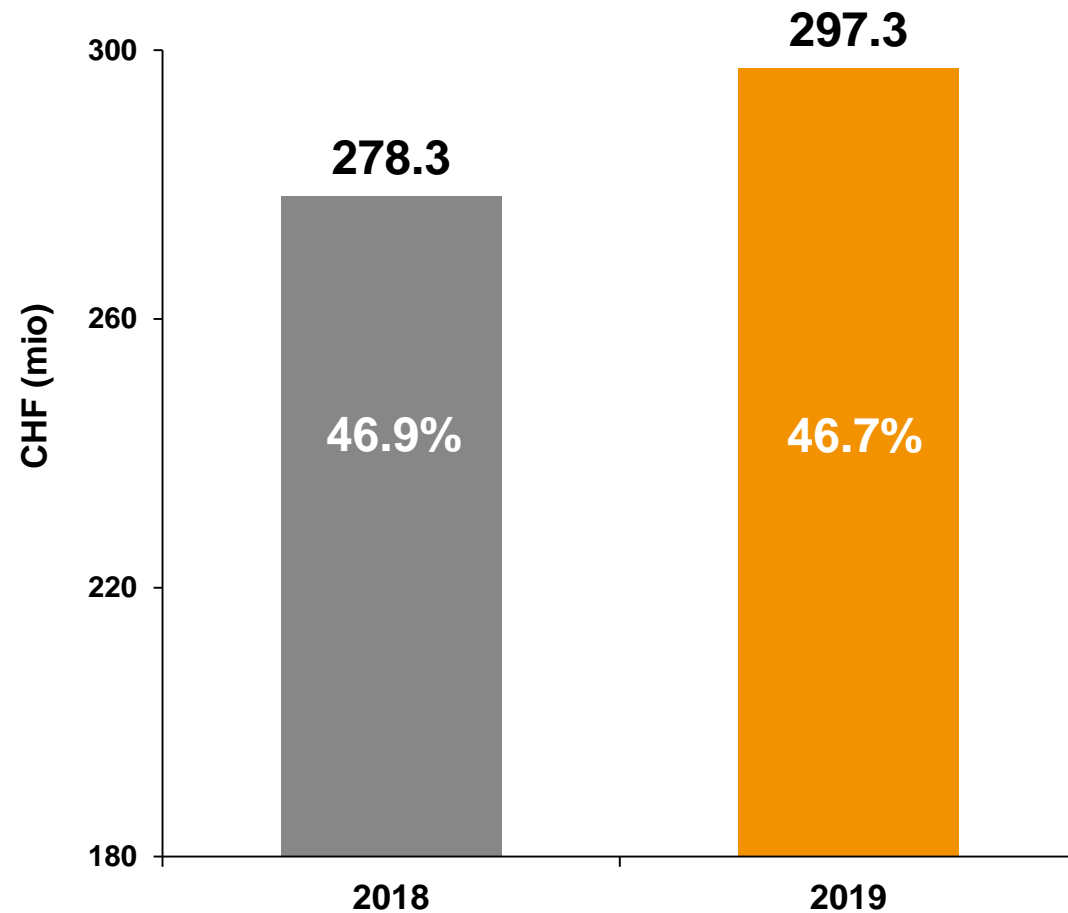
- Regional growth driven by Life Sciences Business (+15.6%, organic +12.8% in LC)
- Slight decline in Partnering Business, mainly due to high comparative basis of prior year

ASIA

- Both business segments contributing to growth
- Life Sciences Business at +18.5%, Partnering +8.0% in LC
- China with a slightly higher growth rate than overall Asia
- Growth in Asia accelerated in H2 2019

FY 2019 Gross Profit

GROSS PROFIT (% = % OF SALES)



GROSS PROFIT INCREASED TO CHF 297.3M

- CHF 18.9m or 6.8% above 2018

GROSS PROFIT MARGIN DOWN BY 20 BPS

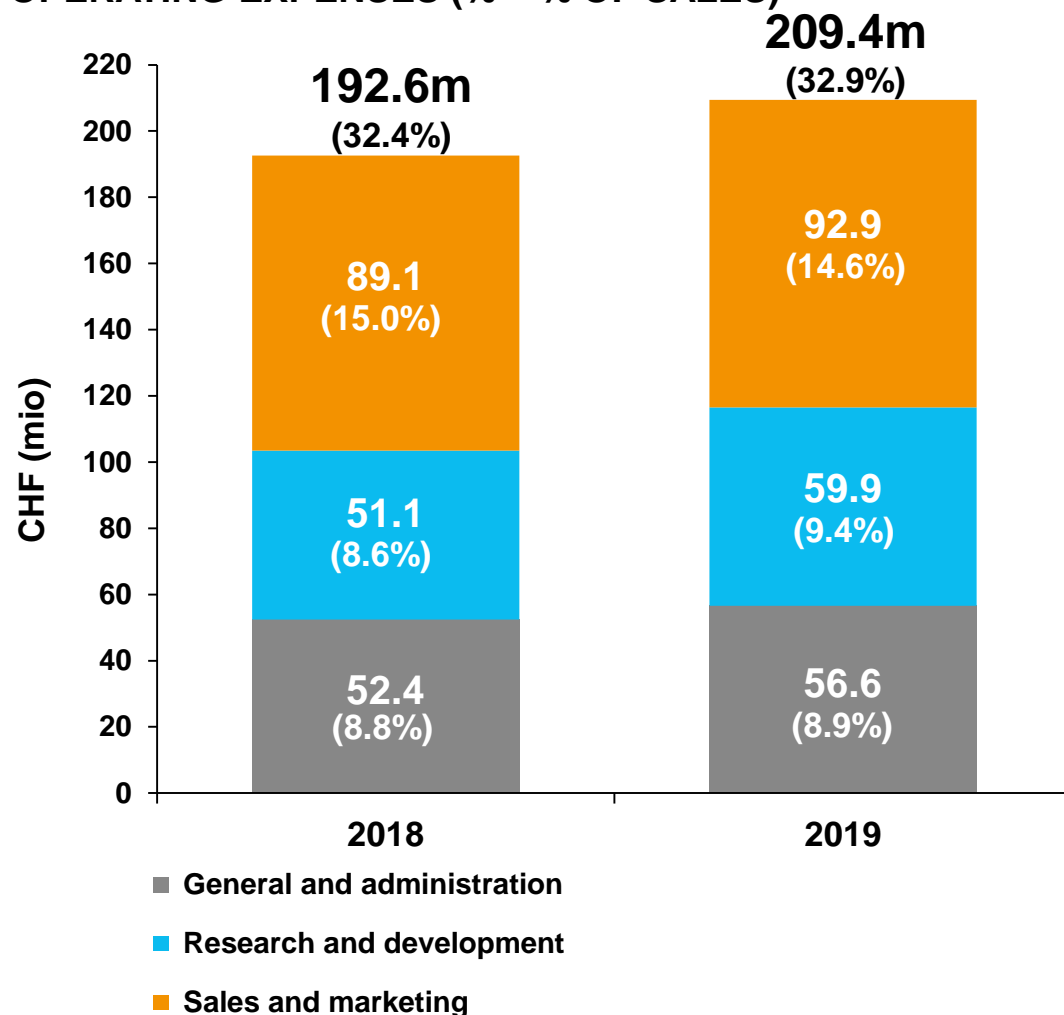
Main effects contributing:

- (-) Impact from acquisitions
- (-) Product and divisional mix
- (+) Price
- (+) Exchange rate impact
- (+) Material cost savings
- (+) Less non-standard cost of sales



FY 2019 Cost Structure

OPERATING EXPENSES (% = % OF SALES)



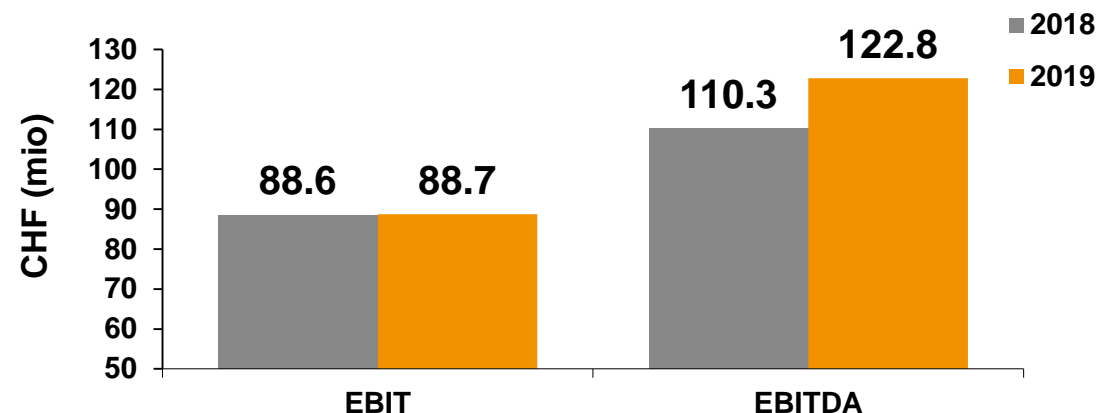
OPERATING EXPENSES GREW MORE THAN SALES, DUE TO ACQUISITION-RELATED COSTS

- Total operating expenses up by 50 bps, driven by costs from acquired business
- Sales & Marketing increased less than sales despite continued investments in market units
- Net R&D increased by 80 bps
 - Continued investments in innovation, significant contribution to increase from Tecan Genomics
 - More gross R&D (CHF 77.8m or 12.2% of sales), including engineering income for new customer-specific OEM projects
- G&A ratio increased more than sales, mainly due to acquisition-related costs and the non-recurring additional costs of the CEO change during the fiscal year



FY 2019 Reported EBIT and EBITDA

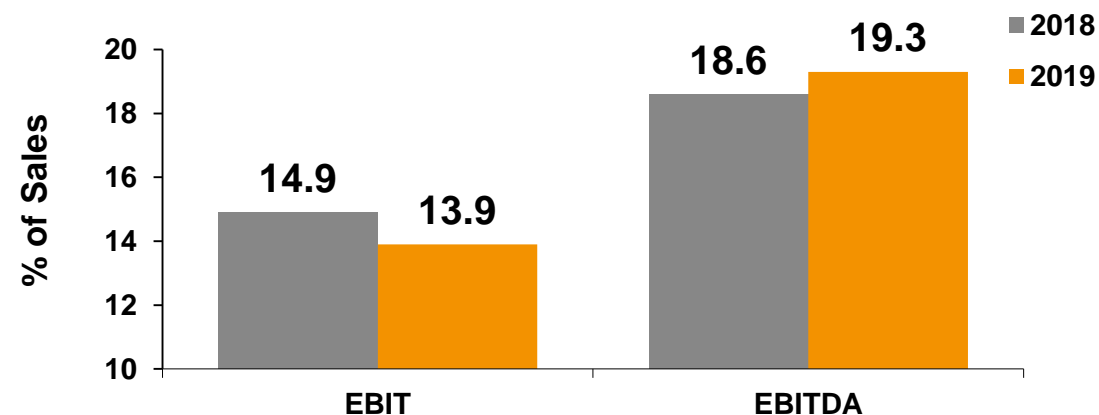
EBIT AND EBITDA



EBITDA GREW TO CHF 122.8M

- CHF 12.5m or 11.3% above 2018
- (-) Net impact from acquisition-related costs (≈CHF 10m)
- (+) Recurring contribution from new IFRS 16 accounting standard (Leases) (≈CHF 10m)
- (+) Strong margin trend in the traditional core business
- (-) Non-recurring additional costs of the CEO change

EBIT AND EBITDA MARGIN



EBIT REACHED CHF 88.7M

- 0.1m or 0.2% above 2018

REPORTED EBITDA MARGIN GREW TO 19.3%

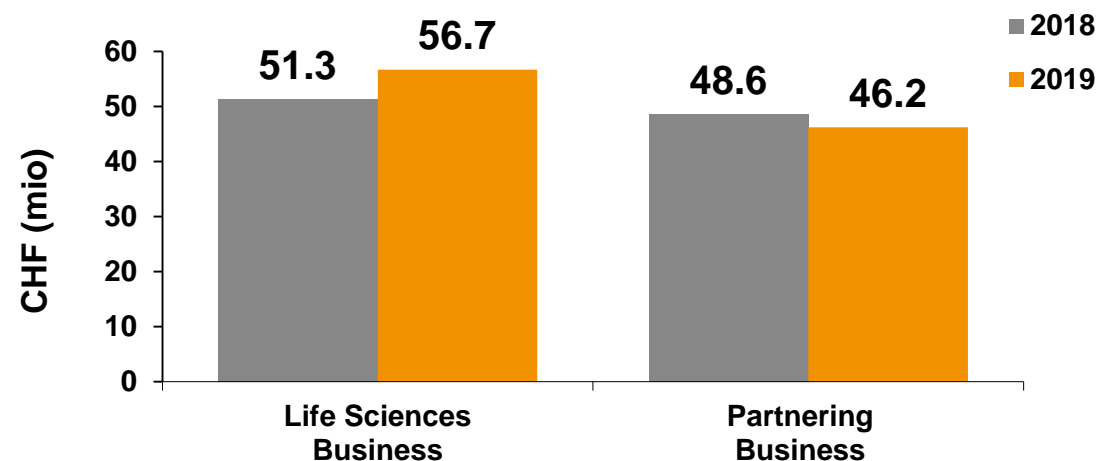
- Improvement of 70 bps

EBIT MARGIN DOWN TO 13.9%



FY 2019 Segment Profitability

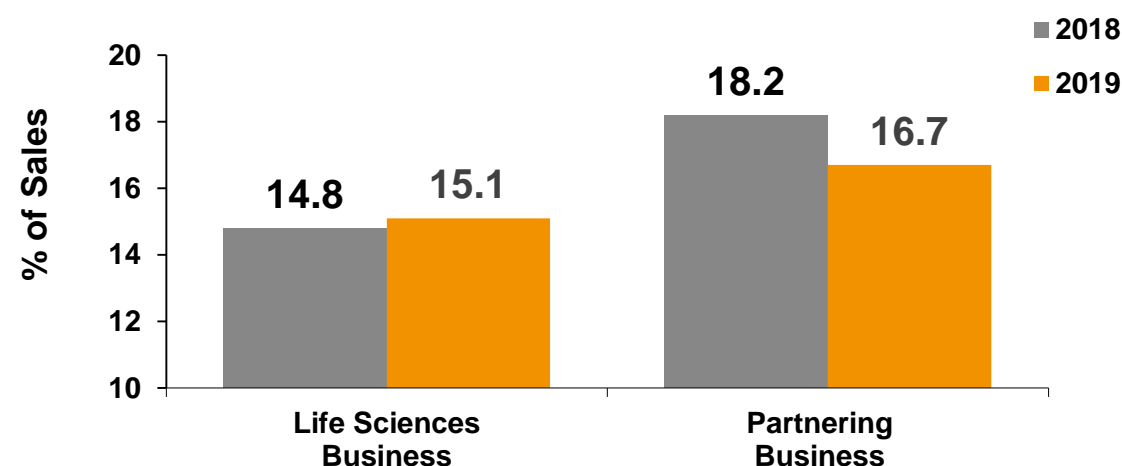
EBIT (IN CHF MILLIONS)



LIFE SCIENCES BUSINESS:

- EBIT margin increased to 15.1%
- Factors contributing include:
 - (-) Acquisition-related costs
 - (+) Volume effect
 - (+) strong margin in traditional core business, including price and FX

EBIT MARGIN (% = % OF SALES)



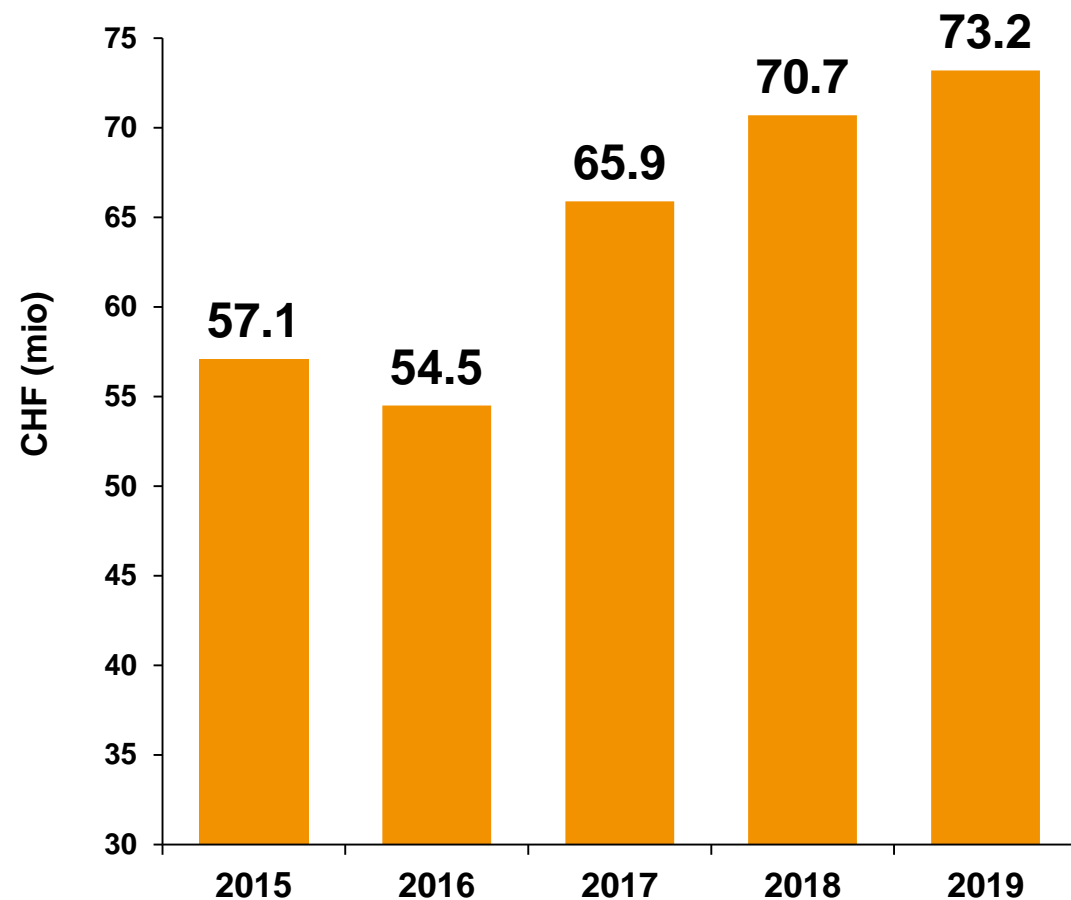
PARTNERING BUSINESS:

- EBIT margin reached 16.7%
- Factors contributing include:
 - (-) Higher R&D for new innovative customer-specific projects
 - (-) Temporary change in the product mix



FY 2019 Net Profit

NET PROFIT



NET PROFIT GREW MORE THAN EBIT

- CHF 2.5m or 3.5% above 2018

NET PROFIT MARGIN REACHED 11.5%

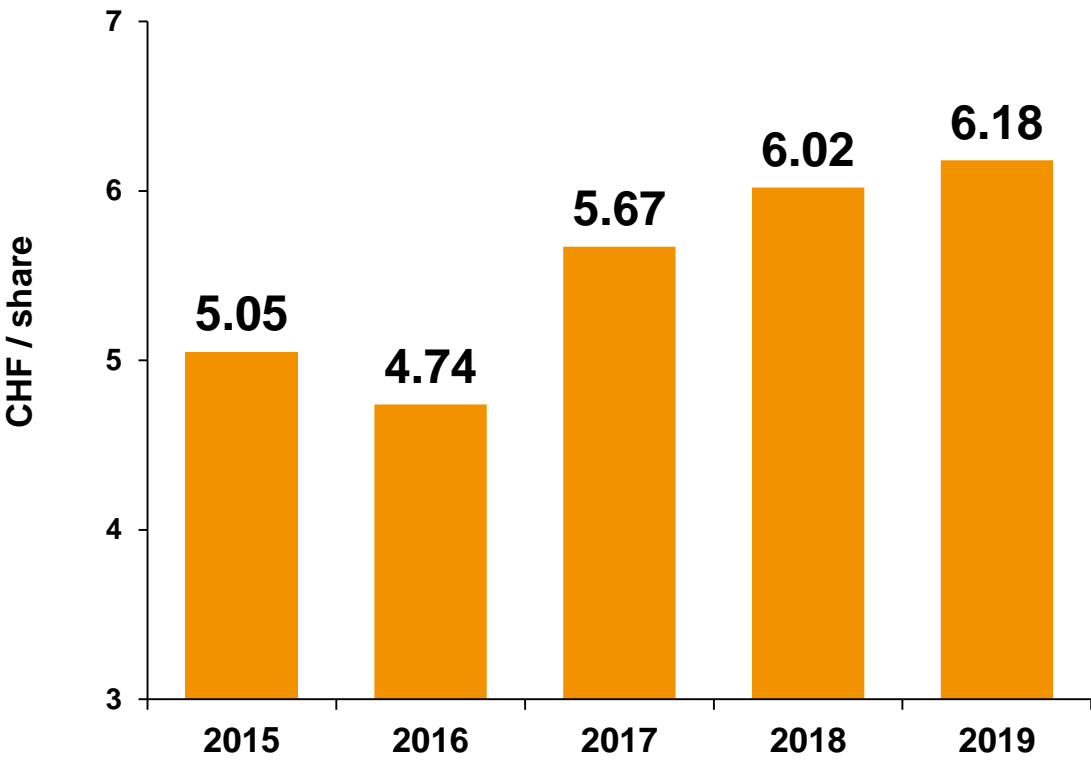
EBIT INCREASE OF CHF 0.15M

BELOW EBIT LINE

- (+) Lower tax rate of 11.6% in connection with the tax reform in Switzerland (2018: 15.2 %)

FY 2019 Basic Earnings per Share

BASIC EARNINGS PER SHARE



DIVIDEND	1.75	1.75	2.00	2.10	2.20*
(in CHF / share)					

* To be proposed to the shareholders at the Company's Annual General Meeting on April 7, 2020

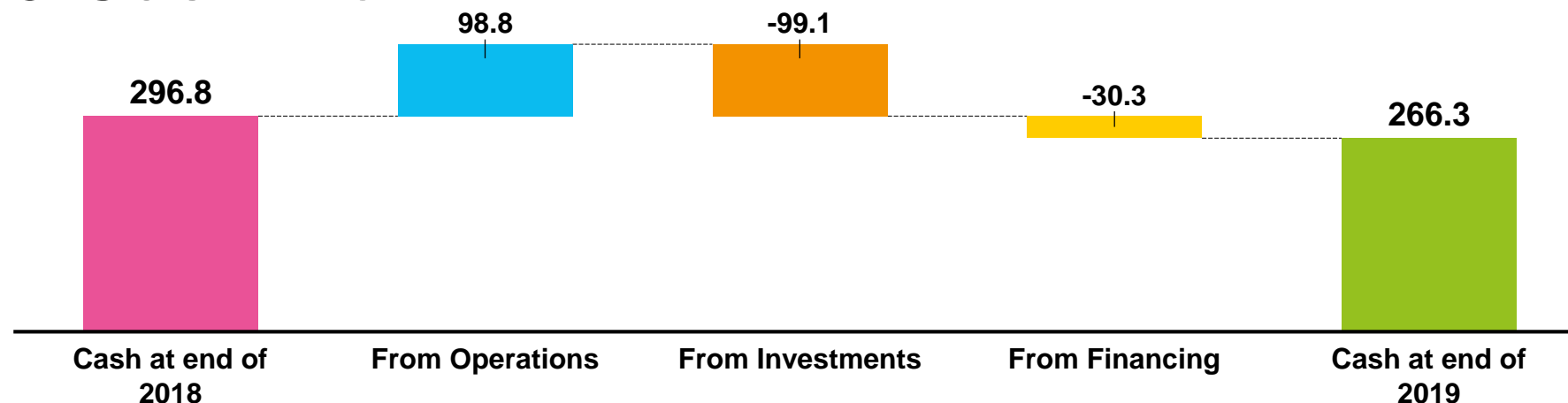
EARNINGS PER SHARE INCREASED TO CHF 6.18

AVERAGE NUMBER OF SHARES OUTSTANDING:
11.8M (2018: 11.7M)

INCREASE IN THE DIVIDEND FROM CHF 2.10
TO CHF 2.20 PER SHARE TO BE PROPOSED
TO ANNUAL GENERAL MEETING



FY 2019 Cash Flow



CASH FLOW FROM OPERATIONS OF CHF 98.8M (2018: CHF 92.7M)

- Cash conversion of 15.5 % of sales
- Increase in net working capital by CHF 17.4m (very strong December sales)
- Days Sales Outstanding down to 45 days (2018: 47 days)
- Includes CHF 34.1m for amortization & depreciation (2018: CHF 21.8m), thereof CHF 10.5m from IFRS 16, CHF 4.7m for PPA and CHF 8.6m from capitalized development costs

INVESTMENTS OF CHF 99.1M (2018: CHF 78.4M), INCLUDING

- CHF 12.4m on capitalized development costs
- CHF 20.8m for the acquisition of a supplier and CHF 4.2m total for an earn-out payment
- CHF 50.0m investments in time deposits

CASH FLOW FROM FINANCING ACTIVITIES INCLUDES DIVIDEND PAYMENTS OF CHF 24.8M

NET LIQUIDITY² INCREASED TO CHF 312.4M (JUNE 30, 2019: CHF 264.5; DEC 31, 2018: CHF 289.6M)

¹ Includes translation differences of CHF 0.9m ² Net Liquidity = cash and cash equivalents plus short-term time deposits minus bank liabilities and loans



FY 2019 Key Figures

	2018	2019	Δ IN %
Order Entry (in CHF mio)	627.0	638.6	+1.9%
Sales (in CHF mio)	593.8	636.8	+7.2%
Sales in local currencies (in CHF mio)	589.5	636.8	+8.0%
Gross Profit (in CHF mio)	278.3	297.3	+6.8%
in % of sales	46.9%	46.7%	
R&D (in CHF mio)	51.1	59.9	+17.2%
in % of sales	8.6%	9.4%	
EBIT (in CHF mio)	88.6	88.7	+0.2%
in % of sales	14.9%	13.9%	
EBITDA (in CHF mio)	110.3	122.8	+11.3%
In % of sales	18.6%	19.3%	
Net profit (in CHF mio)	70.7	73.2	+3.5%
in % of sales	11.9%	11.5%	
EPS (in CHF)	6.02	6.18	+2.7%
Return on net assets (RONA)	31%	25%	
Net liquidity ⁽¹⁾ ⁽²⁾ (in CHF mio)	289.6	312.4	+7.9%
Equity ⁽²⁾ (in CHF mio)	612.4	659.1	+7.6%
Cash Flow (operating) (in CHF mio)	92.7	98.8	+6.6%

(1) Net Liquidity = cash and cash equivalents plus short-term time deposits minus bank liabilities and loans

(2) 2019 figure as of Dec. 31, 2018

Agenda



FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL RESULTS

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Strategic Orientation and Priorities

FOCUS ON CORE APPLICATIONS

- Focus especially on genomics, protein analysis, cell & tissue analysis
- Increasingly offering complete solutions with selected reagents and consumables

FOCUS ON THE EMPLOYEES

- Focus on internal talent and leadership development
- Attracting talent and being the employer of choice in our industry

FOCUS ON THE CUSTOMERS

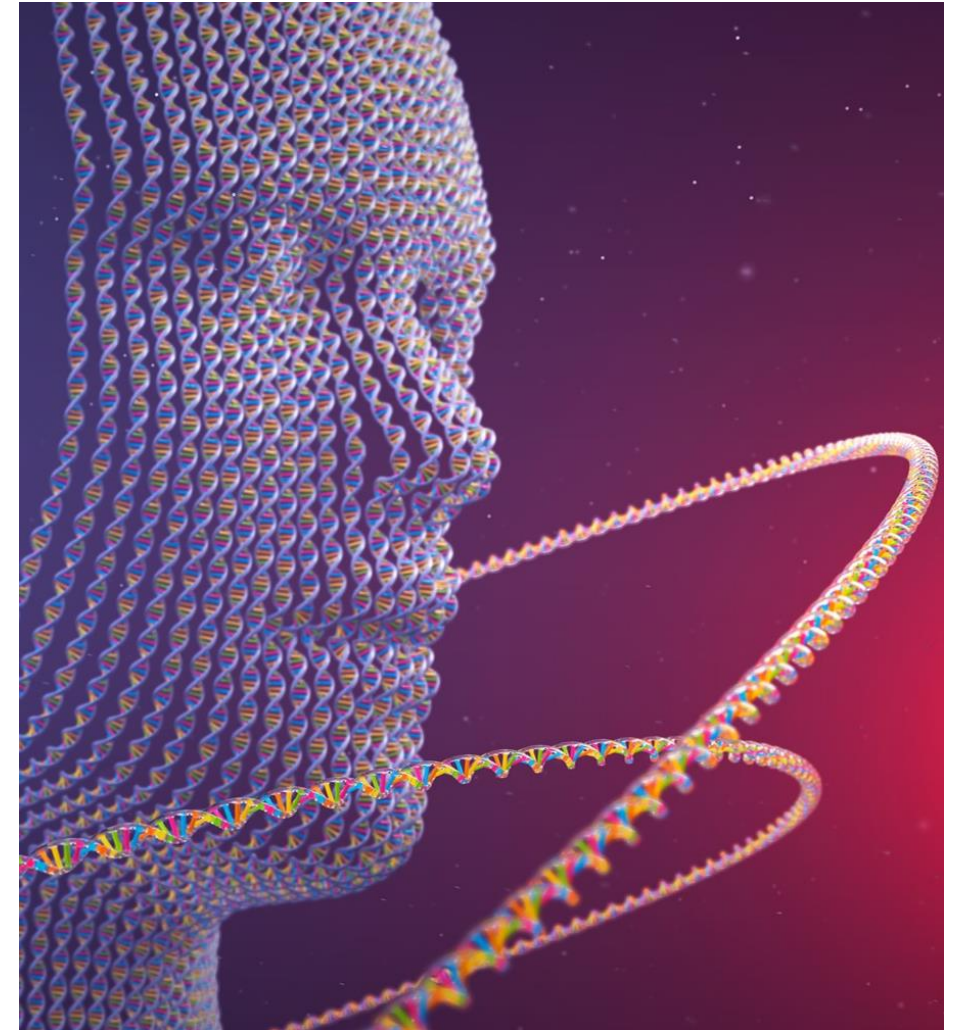
- Tecan's customer promise is "Always There For You"
- Comprehensive customer satisfaction program as key component

FOCUS ON EFFICIENCY AND SCALABILITY

- Focus on standardized processes and continuous improvement
- Defined processes, methods and tools: The Tecan Way!

FOCUS ON SUSTAINABLE DEVELOPMENT

- Sustainability deeply embedded in Tecan's corporate culture
- Contributing directly to the SDGs defined by the United Nations



Sample Library Preparation Key to Successful Sequencing

NGS LIBRARY PREPARATION IN STEPS

- 1 Sample collection
- 2 Sample identification & aliquoting
- 3 DNA or RNA extraction
- 4 Library preparation / Library quality control
- 5 Sequencing
- 6 Data analysis

EMPOWERING APPLICATIONS: FLUENT'S DNA

2019: DREAMPREP NGS



2020: DREAMPREP NAP



DreamPrep™ NAP Simplifying Nucleic Acid Extraction

COLLABORATION WITH ZYMO RESEARCH FOR MICROBIOME OR METAGENOME ANALYSIS

Based on Fluent Automation Workstation 480 and FluentControl GX Assurance Software
Integrated quantitation and normalization with Infinite 200 reader

**FLEXIBLE
PROCESSING**
of up to
96 samples
in a run

**CONSISTENT
RESULTS**
with guided
touchscreen
instructions

**CUSTOMIZABLE
SOLUTION**
to meet changing
workflow needs

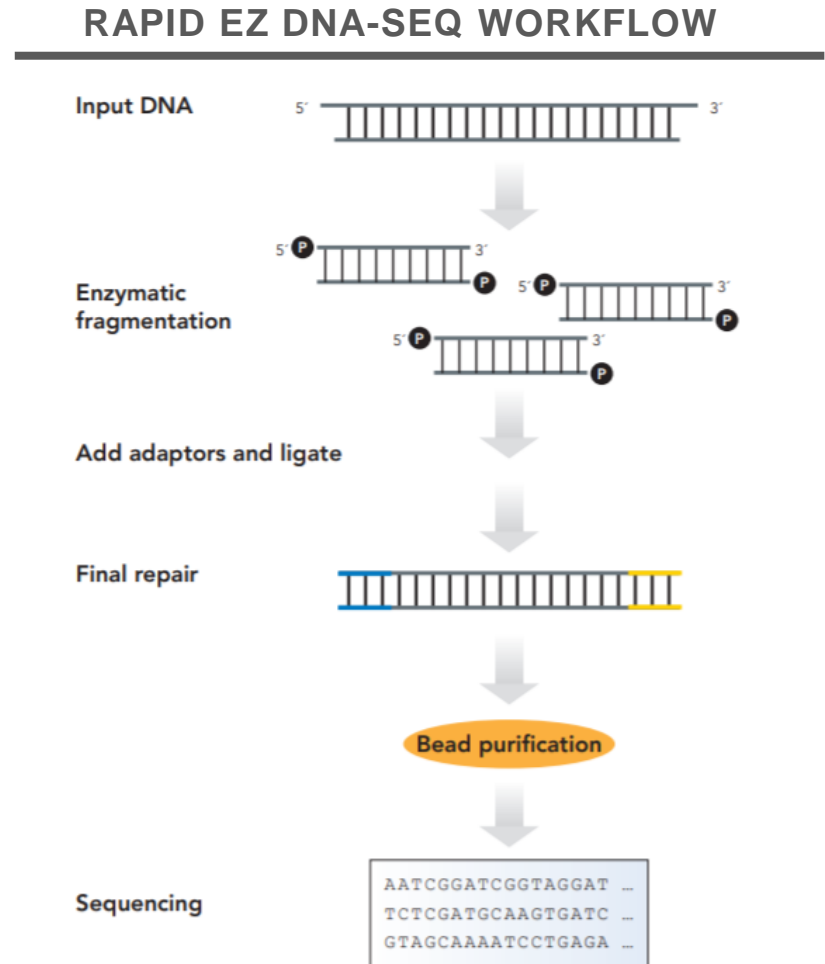
**OPTIMIZED YIELD
AND PURITY**
for a variety of
sample types

UNBIASED LYSIS
for a true
representation of
a sample



Expanded Portfolio of Reagents and Consumables

- Significant R&D investments in Genomics portfolio: reagents and dedicated workstations
- Expanded reagent portfolio for NGS sample preparation Example:
 - Automation-friendly Rapid EZ¹ to complete DNA-Seq portfolio
 - PCR-free generation of sequencing-ready libraries for NGS in just 2.5 hours
 - Complementing portfolio to offer solutions for every sample type, from very low to high throughput applications
- Further kits adapted for use on DreamPrep NGS



¹ For research use only. Not for use in diagnostic procedures.

Partnering Business: Strong Development & Project Pipeline

- Various new instruments already being launched by the respective partners in 2019
- Still, more than five projects are in the development phase
- Sales potential of individual projects ranges from single-digit to clear double-digit million amounts in Swiss francs per year at full launch
- Richest project funnel to date, majority of opportunities in molecular and other fast growing applications
- Funnel includes opportunities for instruments (Synergence) as well as for components business (Cavro)
- For 2020, again several additional market launches are expected

Example: launched in 2019



PS-10 Sample Prep System for flow cytometry applications for Sysmex Corporation

Example: under development



Integrated analyzer using MALDI mass spectrometry for The Binding Site



New Coronavirus Sars-CoV-2 and COVID-19

SUPPORTING OUR PARTNERS IN FIGHTING THE OUTBREAK AND DISEASE

RESEARCH



RNA based mNGS approach identifies a novel human coronavirus from two individual pneumonia cases in 2019 Wuhan outbreak¹

Library preparation and sequencing

Total RNA extracted from BALF samples (collected on 2nd January 2020) were subject to metagenomic next-generation sequencing (mNGS) testing. The concentration of RNA samples were low (<0.5 ng/ul) based on measurement by Qubit RNA HS Assay Kit (Thermo Fisher Scientific), and therefore the library preparation was performed with Trio RNA-Seq kit (NuGEN Technologies, USA) which targeted low concentration RNA samples and contained AnyDeplete probe that removes human ribosomal RNA. The resulting libraries were subject to 150 bp pair-end sequencing with an Illumina Miseq platform. The sequencing results were obtained in less than 24 h.

- Supporting customers with automation solutions and reagents, mainly in research and drug discovery
- But also facing delays of installations, impact from closed universities and not fully resumed business activities in China

CLINICAL TESTING

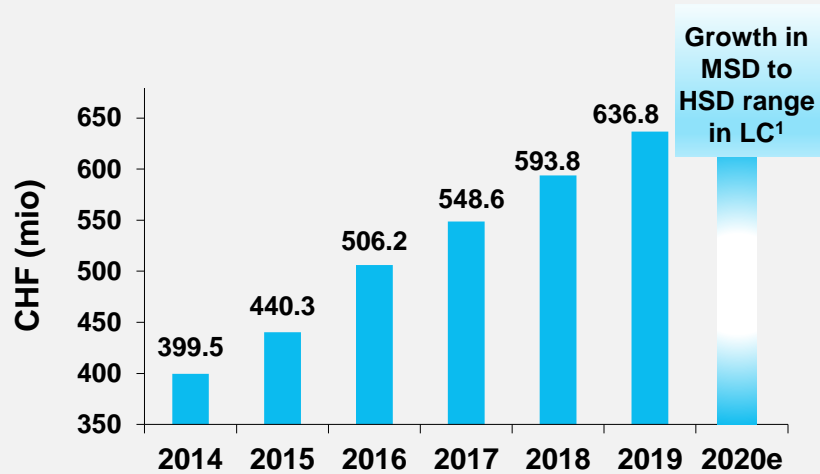


- Currently, supporting local IVD companies in China and South Korea, existing Tecan Partnering customers, with automation platforms
- Orders for about 100 instruments received to date in connection with the Coronavirus, but components business challenged

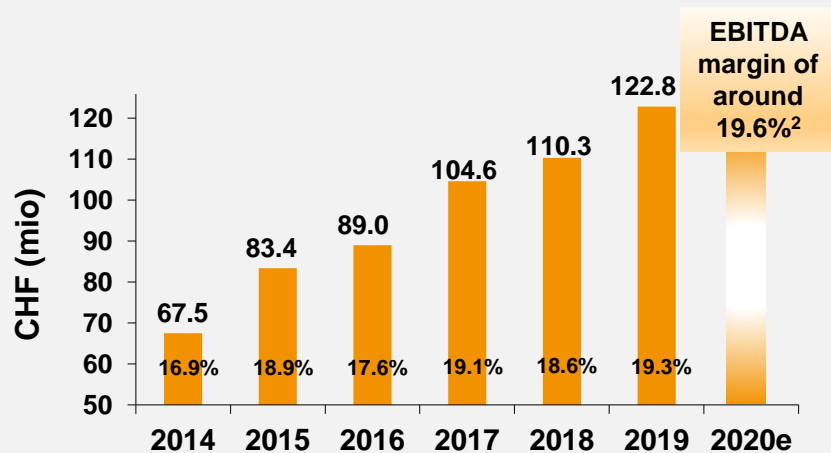
¹ For: Liangjun Chen, Weiyong Liu, Qi Zhang, Ke Xu, Guangming Ye, Weichen Wu, Ziyong Sun, Fang Liu, Kailang Wu, Bo Zhong, Yi Mei, Wenxia Zhang, Yu Chen, Yirong Li, Mang Shi, Ke Lan & Yingle Liu (2020) RNA based mNGS approach identifies a novel human coronavirus from two individual pneumonia cases in 2019 Wuhan outbreak, Emerging Microbes & Infections, 9:1, 313-319, DOI: 10.1080/22221751.2020.1725399

Financial Outlook for 2020

SALES DEVELOPMENT



REPORTED EBITDA AND MARGIN



¹ In local currencies (=LC); ² Based on average FX rates of: 1.08 EUR/CHF and 0.98 USD/CHF

SALES OUTLOOK

- Forecast for growth in local currencies in the mid- to high single-digit percentage range, as in 2019
- Assuming an even higher share from organic growth
- Any impact of the Coronavirus (COVID-19) outbreak on the full-year business performance cannot be predicted at present
- Potential additional acquisitions not taken into account

REPORTED EBITDA MARGIN OUTLOOK

- Very positive margin trend in the traditional core business in 2019
- Further increase in the reported EBITDA margin expected to around 19.6% of sales
- Continues to include acquisition-related costs
- Potential additional acquisitions not taken into account

Q&A.



Celebrating 40 years of Tecan.



Contact and Events



NEXT EVENTS 2020

April 7: Annual Shareholder Meeting

August 12: Half Year Results 2020

IR IPAD APP

News, financial reports, presentations, videos and more



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Then and now:

40 years of human discovery.



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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Italy +39 02 92 44 790 **Japan** +81 44 556 73 11 **Netherlands** +31 18 34 48 17 4 **Nordic** +46 8 750 39 40 **Singapore** +65 644 41 886 **Spain** +34 93 595 25 31
Switzerland +41 44 922 89 22 **UK** +44 118 9300 300 **USA** +1 919 361 5200 **Other countries** +41 44 922 81 11

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