

Zurich, August 12 2020
Half Year Results 2020

ANALYST & MEDIA CONFERENCE CALL



Speakers

Dr. Achim von Leoprechting, CEO

Tania Micki, CFO



Agenda



FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL RESULTS

OUTLOOK

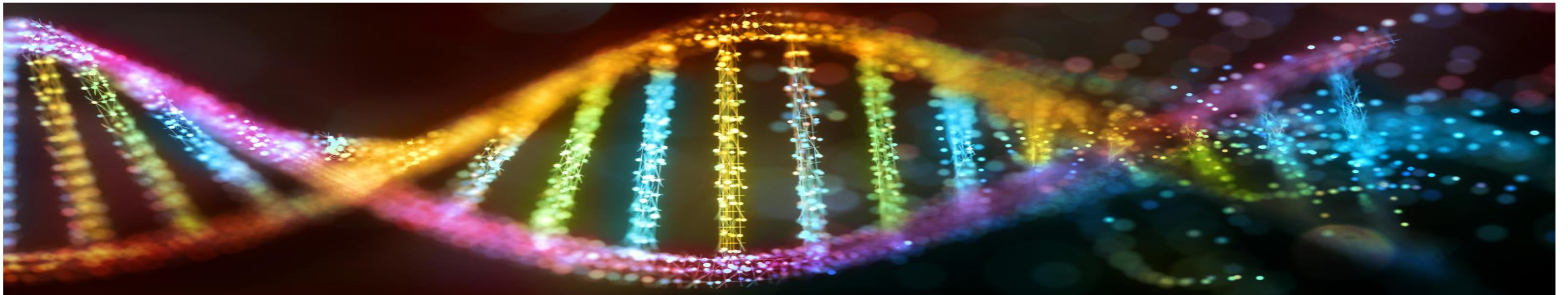
QUESTIONS AND ANSWERS



Financial Highlights H1 2020

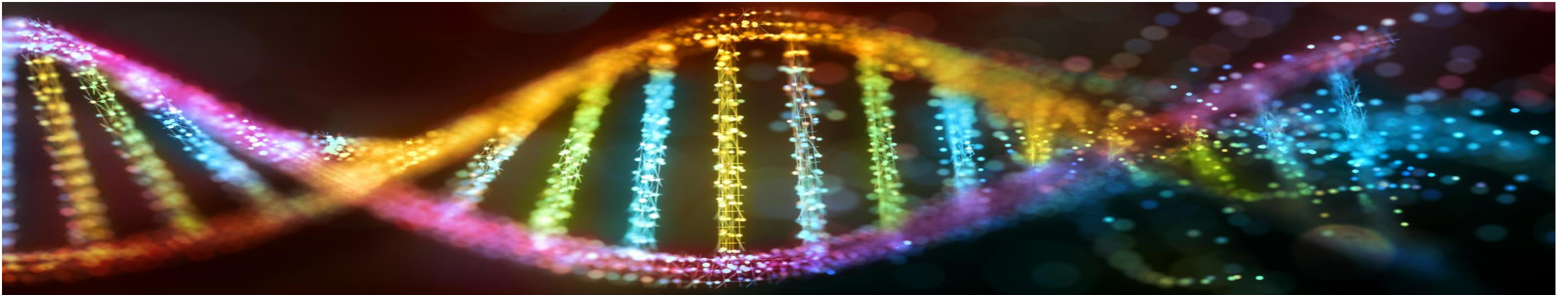
- Surge in orders, with order entry up by 24.3% in LC and 20.4% in CHF; order backlog at record high
- Strong sales growth of +8.0% in LC and +4.7% in CHF; pronounced headwinds and tailwinds from the coronavirus pandemic
- Both business segments contributing to growth; product lines supporting the global fight against COVID-19 with substantial increase in demand
- Total recurring revenues at 47% of sales
- Reported EBITDA margin at 19.4% of sales; reported net profit up by 42%
- Strong operating cash flow of CHF 83 million or over 27% of sales

LC = local currencies



Operating Highlights H1 2020

- Activated Pandemic Plan and implemented various measures and safety protocols at all sites
- Health and safety of Tecan employees ensured during the coronavirus pandemic
- Global manufacturing and business operations secured, particularly for scaled up global COVID-19 testing
- Responded to unprecedented shifts and surge in demand for specific product lines by securing supplies of materials and expanding production (certain instrument platforms and disposable pipette tips)
- Continued strong investments in R&D to position the business for sustained accelerated growth
- Good progress in key R&D programs
- Launch of DreamPrep™ NAP to simplify nucleic acid extraction



Examples of Global COVID-19 Testing: China & South Korea

SUPPORTING IVD COMPANIES AND INDIVIDUAL LABS WITH INSTRUMENTS, COMPONENTS AND CONSUMABLES

LIFE SCIENCES BUSINESS



- The Tecan field-based team successfully finished instrument installations – in full protective gear
- At the beginning of the year, efforts to keep Tecan associates safe were first focused on the China team

PARTNERING BUSINESS




- Starting in Q1, Tecan supported local IVD companies in China and South Korea, existing Tecan Partnering customers, with automation platforms and OEM components
- Orders for about 180 instruments for China and South Korea received in H1 2020 in connection with the Coronavirus



Examples of Global COVID-19 Testing: Australia & Israel

SUPPORTING IVD COMPANIES AND INDIVIDUAL LABS WITH INSTRUMENTS, COMPONENTS AND CONSUMABLES



LIFE SCIENCES BUSINESS - AUSTRALIA




Bradford Elmore • 1st
Sales Specialist at Tecan
1mo •

A literal truckload of Tecan EVO 200s as we deliver 14 instruments for patient testing of #covid19 in Australia.

#tecan #covid19testing





Ministers
Department of Health

Ground breaking partnership delivers 10 million COVID-19 tests and equipment

In a ground breaking and critically important partnership between the Australian Government, Minderoo Foundation and private pathology providers, Australia

www.health.gov.au


...

The COVID-19 test kits and equipment will be supplied by the Beijing Genomic Institute (BGI), Thermo Fisher and Tecan.

The Government will enter into supply contracts with private pathology providers, including Sonic Healthcare and Healius, for the 13 BGI and 14 Tecan laboratory systems to expand testing in every state and territory.

- The Australian Government together with partners initiated a program to deliver 10 million COVID-19 tests
- Tecan was supplying 14 automation workstations, enabling a 20-fold increase in testing

LIFE SCIENCES BUSINESS - ISRAEL




Weizmann Institute of Science
22,563 followers
1mo •

+ Follow


It's a revolution: ramp-up in safer #coronavirus testing

Prof. Ido Amit and Prof. Eran Elinav have developed a new, safer test that can process tens of thousands of samples at a time. This game-changing technology is being calibrated now in the hopes that it will very soon be available for testing.




This is the brain of the entire system,

1:12 / 2:32



Moshe Cohen • 1st
Sales and Marketing Manager at Neotec Bio
1mo • Edited •

The Hebrew University together with Neotec bio are proud to present cheap and fast solution for COVID-19 tests. The new assay uses Tecan Freedom EVO automated #liquidhandling robotic system to perform #highthroughput fully automated tests.



Israeli researchers at Hebrew U develop faster, cheaper COVID-19 test

jpost.com

36

- The Weizmann Institute of Science used Tecan automation to develop a new, safer test that can process tens of thousands of samples at a time
- The Hebrew University of Jerusalem was at the forefront of efforts to develop a workflow for COVID-19 testing in Israel

Sources: see p27

Examples of Global COVID-19 Testing: UK Biocentre

SUPPORTING IVD COMPANIES AND INDIVIDUAL LABS WITH INSTRUMENTS, COMPONENTS AND CONSUMABLES

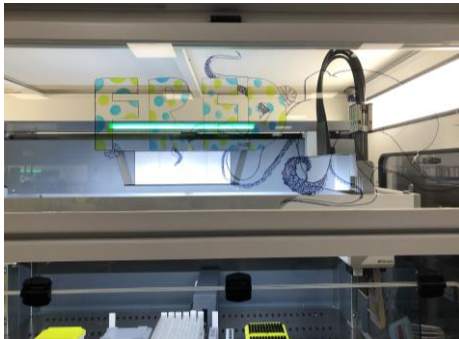
LIFE SCIENCES BUSINESS

Tony Cox

@The_Soup_Dragon

CEO, NIHR National Biosample Centre and the Milton Keynes "Lighthouse" Coronavirus Testing Mega-Lab. Opinions are my own.

📍 Milton Keynes, UK 🌐 ukbiocentre.com



Tony Cox @The_Soup_Dragon · 8h

No, we don't have a UK Biocentre #Lighthouse automation hall or mirrors. Instead, the next batch of nine @Tecan_Talk robots being unpacked and assembled prior to lab validation. Let the inevitable debate over naming commence! :-)



Tony Cox

@The_Soup_Dragon

Follow

Automation is crucial to rapidly ramping up our #COVID-19 testing capacity at the UK Biocentre #Lighthouse Lab at Milton Keynes. We are very grateful to the @Tecan_Talk engineers the have worked with us continuously to commission new and loaned systems in our Mega-lab.



2:50 AM · 22 Apr 2020



Tony Cox @The_Soup_Dragon · 2d

We rely heavily at UK Biocentre on liquid handling robots to automate the #Covid_19 testing process. As we switched on robots, tested, ramped up and moved to 24hr operations the rate of use has increased dramatically - as shown by our @Tecan_Talk Introspect monitoring system.



- In a response to COVID-19, the UK Government constructed the Lighthouse Labs
- The UK Biocentre is part of this nationwide group of mega-labs set up to dramatically increase the capacity for SARS-CoV-2 testing
- The UK Biocentre is a government-funded, not-for-profit company and was originally established to receive, process and store vast numbers of biological samples
- Partnering with Tecan, it was repurposing its entire facility to become a national center for SARS-CoV-2 molecular testing

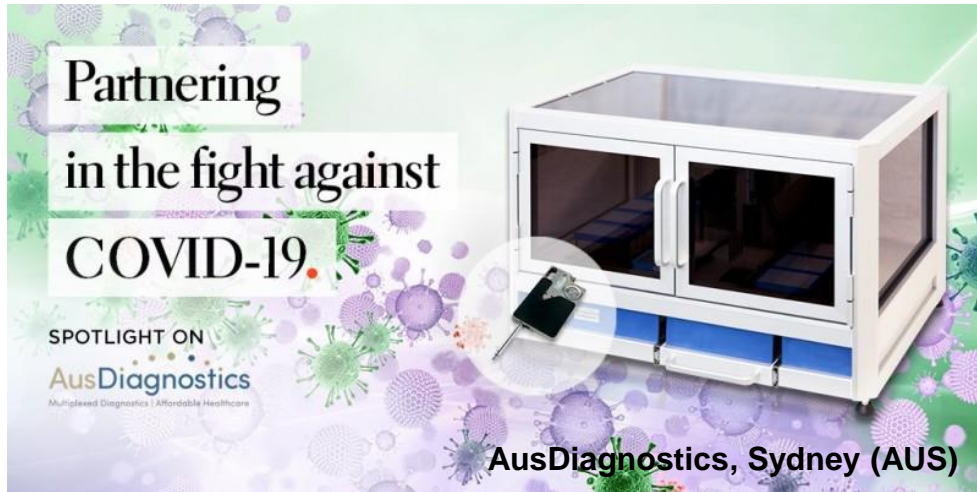
Sources: see p27



Examples of Global COVID-19 Testing: Cavo Components

SUPPORTING IVD COMPANIES AND INDIVIDUAL LABS WITH INSTRUMENTS, COMPONENTS AND CONSUMABLES

PARTNERING BUSINESS – CAVRO COMPONENTS



- AusDiagnostics, a Tecan customer and OEM partner, one of the most important testing facilities in Australia
- The Ultra-Plex 96 high throughput screening system integrates the Cavro Air Displacement Pipettor (ADP)



- The Codex DNA BioXP™, a gene printer, supports researchers in the development of vaccines, therapeutics and diagnostics to combat the spread of COVID-19
- The Codex DNA team chose the Cavro Air Displacement Pipettor (ADP) as the best fit for their application

Sources: see p27

Examples of Global COVID-19 Testing

SUPPORTING IVD COMPANIES AND INDIVIDUAL LABS WITH INSTRUMENTS, COMPONENTS AND CONSUMABLES



PTP Science Park
2,388 followers
1mo • Edited •

+ Follow

#TECAN Team has supported #ptpsciencepark in the development of the analysis protocols, and is currently supporting the laboratory in the automation of all the analytical phases for the processing of the samples, including the automatic extraction of viral #RNA, through the implementation of a latest generation platform #Fluent workstation 480 dedicated to the analysis of #Covid19.

Below: PTP President Cristiano Devecchi and PTP CEO Andrea Di Lemma together with TECAN Team:

Valentina Gualdi, Team Leader Service Italy

Roberto Bossi, Application and Training Manager EMEA Distributors

Guido Cimoli, Sales Development Specialist Europe

Samanta Salvucci, Field Application Specialist Italy

#CoronaVirusResearch #COVID19 #Labautomation #Tecan #Fluent



73 • 5 Comments



Guido Cimoli • 1st
Sales Development Specialist Automated Solutions at Tecan
3w •

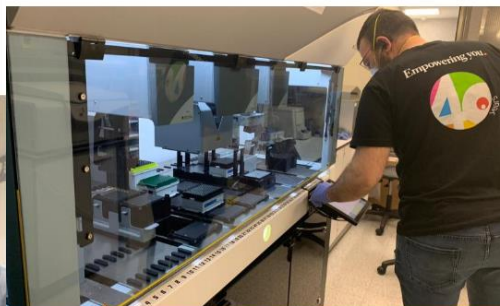
#labautomation #liquidhandling #rnaextraction #rna #ngs #pcr #coronavirus #coronavirusboutbreak #tecan

Again a long week of work, without Easter break for many, due to the current situation.

In the last days my colleague Manuel Martinez in Barcelona has been installing a Fluent for Nucleic Acid Purification @ Centre for Genomic Regulation (CRG)

Kudos to Manuel for the good job and to the Tecan Spain team for the support!

Stronger Together



129 • 11 Comments



A look inside the Sydney labs where coronavirus testing kits are being made



A leading Sydney company on the frontline of the international fight against coronavirus has issued ominous warnings of a test kit shortage within two months.

7NEWS was given an exclusive look inside the labs where the kits are being made, as the bio business appeals for urgent government action to stop importing and boost the local stockpile.

More: 7news.link/Coronavirus

#Coronavirus #7NEWS

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23 Comments 71 Shares



Valentina Gualdi • 1st
Team Leader Service & Consumables
1mo •

Fluent Installation at PTP Science Park - hard work today to install the new Fluent NAP for virus RNA extraction in Lodi. We are proud to support the lab in COVID 19 diagnosis! #Tecan #Fluent



IGA Technology Services
393 followers
2w •

+ Follow

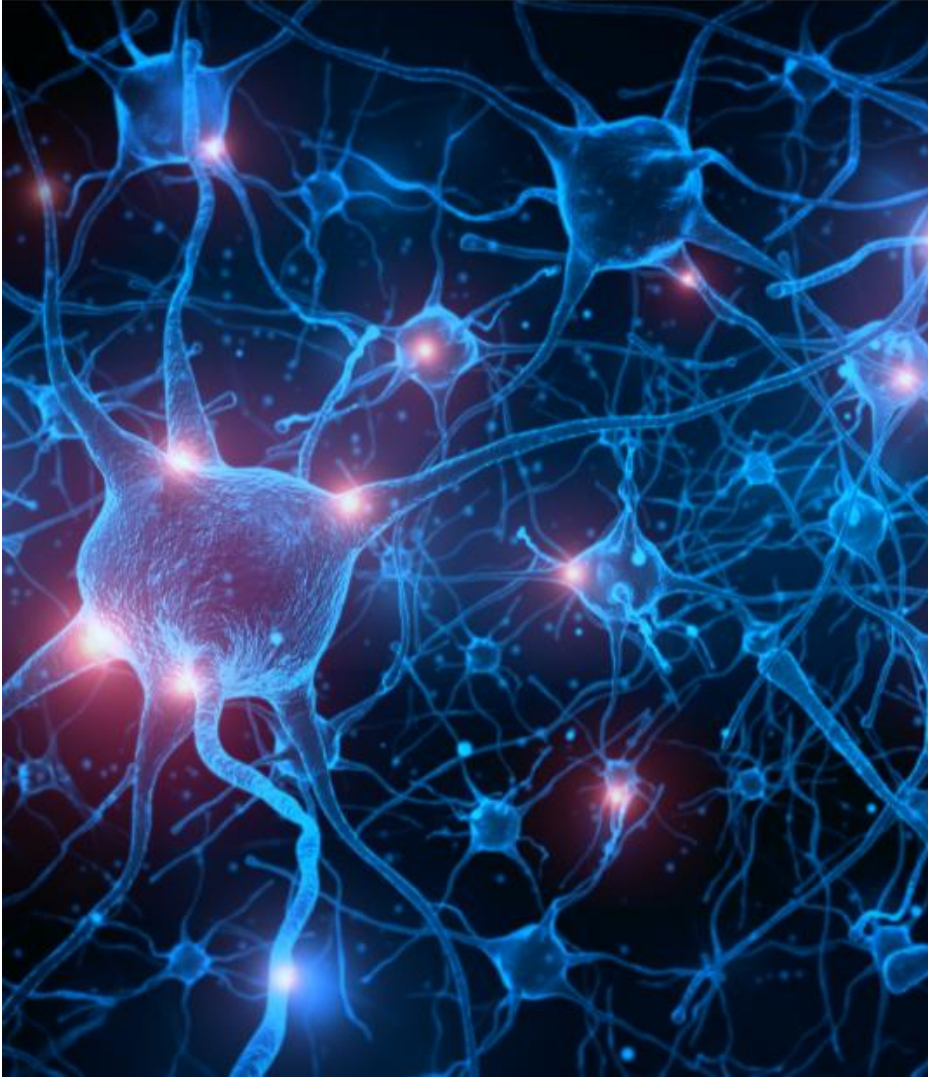
Latest experiment in our lab: RNAseq on nasopharyngeal swabs from COVID19 patients, obtaining nearly complete SARSCoV2 sequence also from highly degraded samples by Tecan Trio RNA-Seq Library Prep Kit. Got info on bacterial species present as well <https://bit.ly/2XUR0BS>
#lablife #SARSCoV2 #COVID19 #RNAseq



...and many more!

Sources: see p27

Agenda



FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL RESULTS

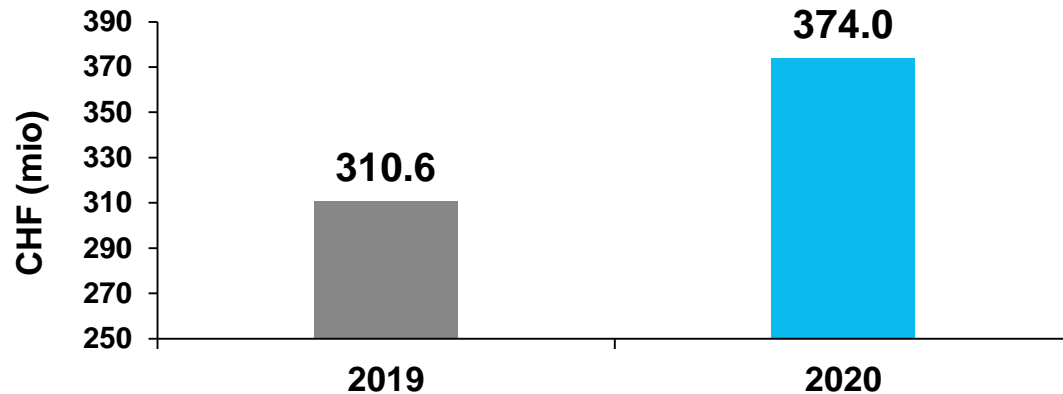
OUTLOOK

QUESTIONS AND ANSWERS



H1 2020 Order Entry and Sales Performance

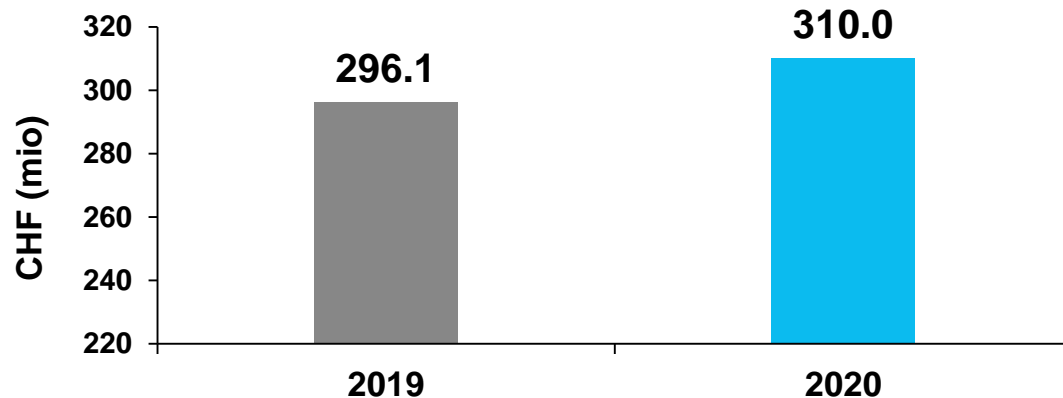
ORDER ENTRY H1 2020



ORDER ENTRY H1 2020 VS. H1 2019

- +20.4% in CHF, +24.3% in LC
- Orders surged for product lines supporting the global fight against COVID-19 (instruments and consumables)
- Significantly exceeded the sales realized in H1 2020
- Order backlog even grew with a higher rate than order entry

SALES H1 2020



SALES H1 2020 VS. H1 2019

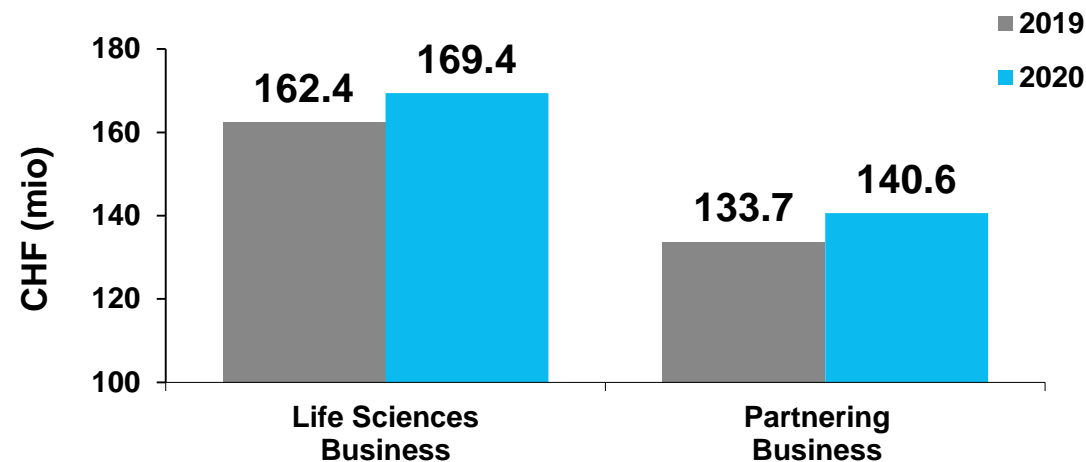
- +4.7% in CHF, +8.0% in LC
- Product lines in demand for COVID-19 more than offset weaker sales trends in other areas adversely affected
- Both business segments impacted by same overall shift in demand

LC = local currencies

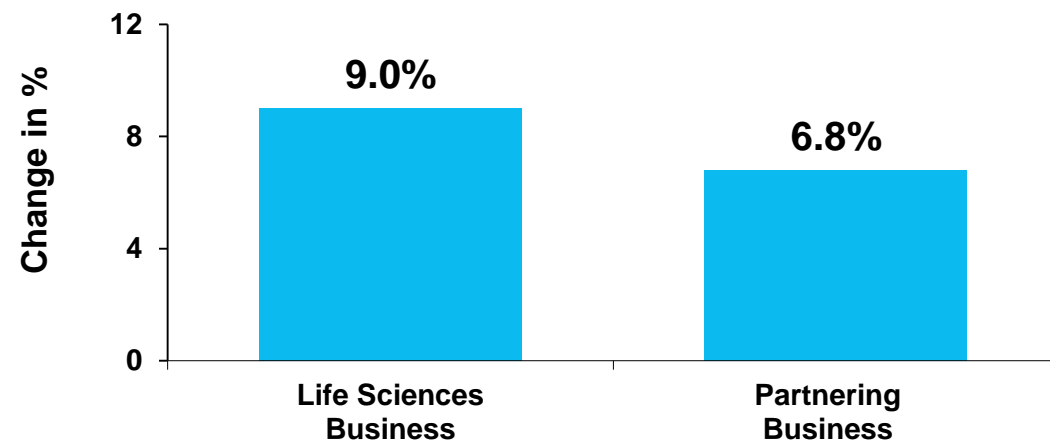


H1 2020 Segment Sales

SALES



SALES IN LOCAL CURRENCY



LIFE SCIENCES BUSINESS:

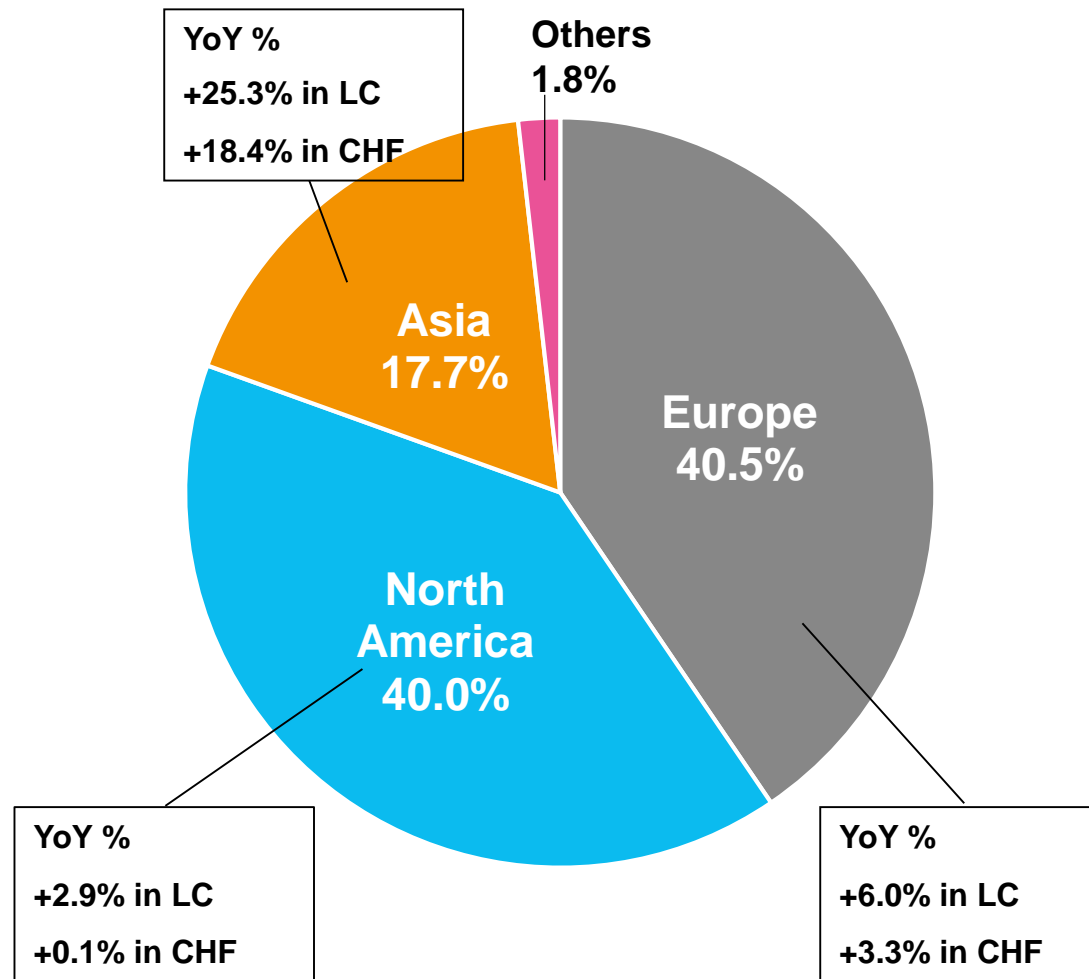
- Sales up by 4.3% in CHF and 9.0% in LC
- Strong demand for products supporting the COVID-19 response (automation workstations and pipette tips)
- Other parts experienced significant slowdown (detection instruments, NGS reagents, LCMS sample prep consumables)
- Order entry significantly outpaced recognized revenues
- Order backlog increased at a substantial double-digit rate

PARTNERING BUSINESS:

- Sales increased by 5.2% in CHF and 6.8% LC
- High demand for automation platforms, OEM components and pipette tips to support COVID-19 testing
- Sales to customers exposed to other areas of routine diagnostics were adversely impacted
- Order entry also outpaced sales development with order backlog increasing at a double-digit rate



H1 2020 Regional Sales Development



EUROPE

- Growth driven by Life Sciences Business with various larger instrument installations for PCR-based COVID-19 testing
- Sales of Partnering Business suffered from lower volumes in routine diagnostic testing

NORTH AMERICA

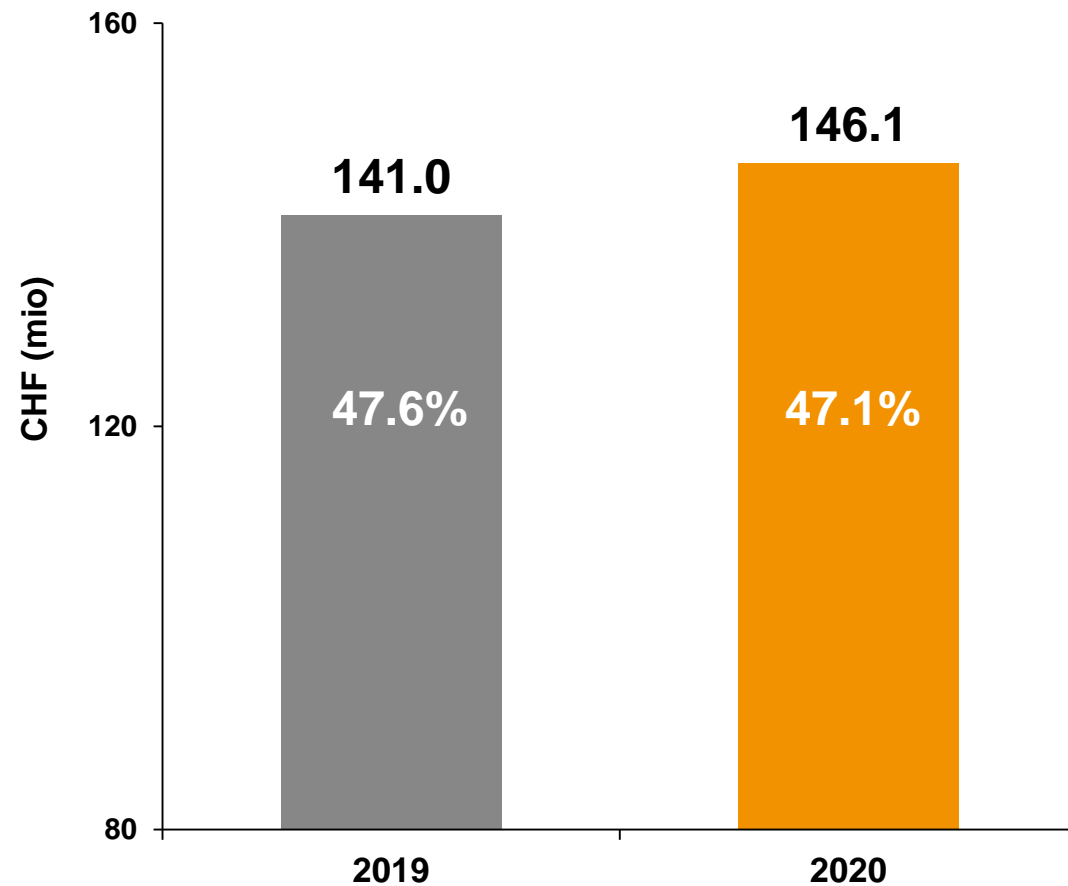
- Partnering Business delivered double-digit revenue growth
- Sales in the Life Sciences Business declined, suffering from closed facilities and restricted access to labs; demand started to recover resulting in double-digit increase in order entry

ASIA

- Both segments contributing to strong increase in sales with double-digit growth rates
- China outpaced overall growth in Asia region

H1 2020 Gross Profit

GROSS PROFIT (% = % OF SALES)



GROSS PROFIT INCREASED TO CHF 146.1M

- CHF 5.1m or 3.6% above H1 2019

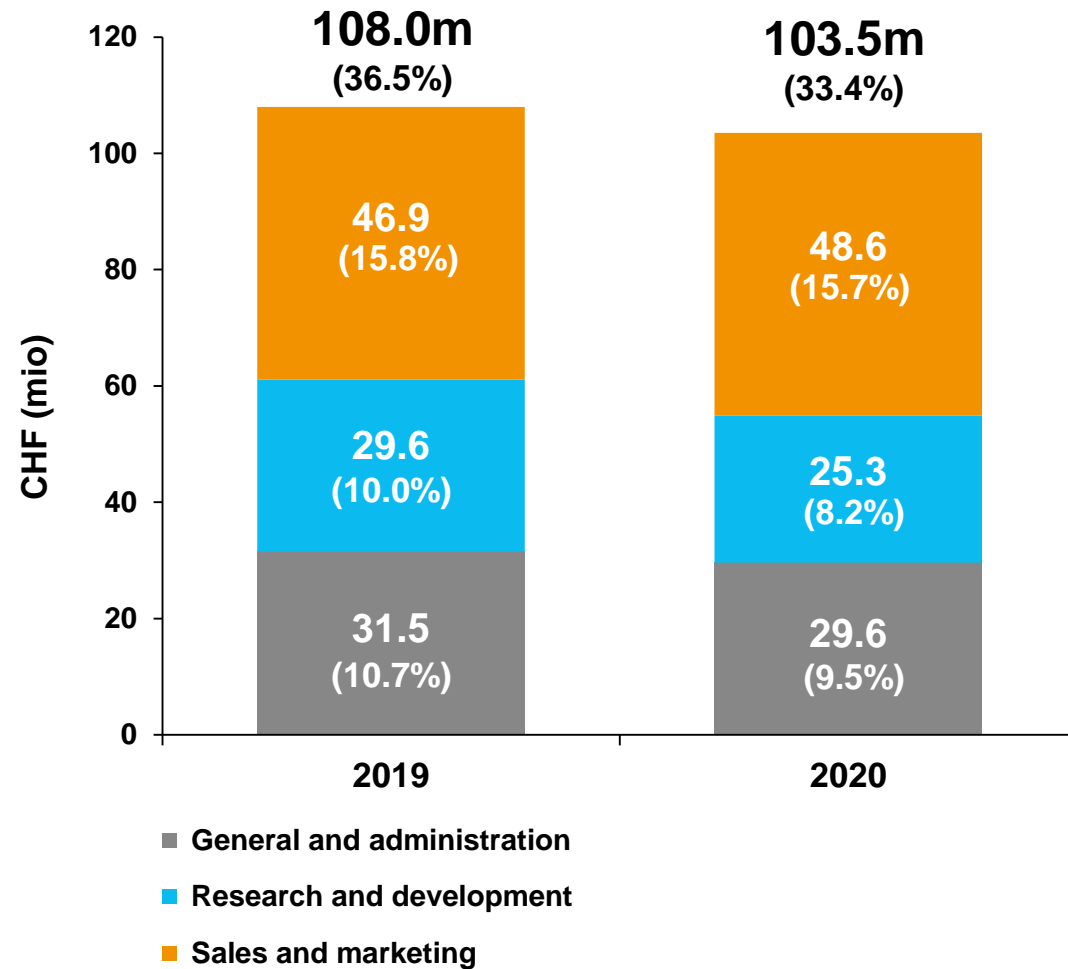
GROSS PROFIT MARGIN DOWN BY 50BPS

Main effects contributing:

- (-) Higher freight and logistics cost mainly due to less capacity available
- (-) Underabsorption of service organization due to closed facilities and restricted access to labs
- (-) Product mix with higher contribution from consumables

H1 2020 Cost Structure

OPERATING EXPENSES (% = % OF SALES)

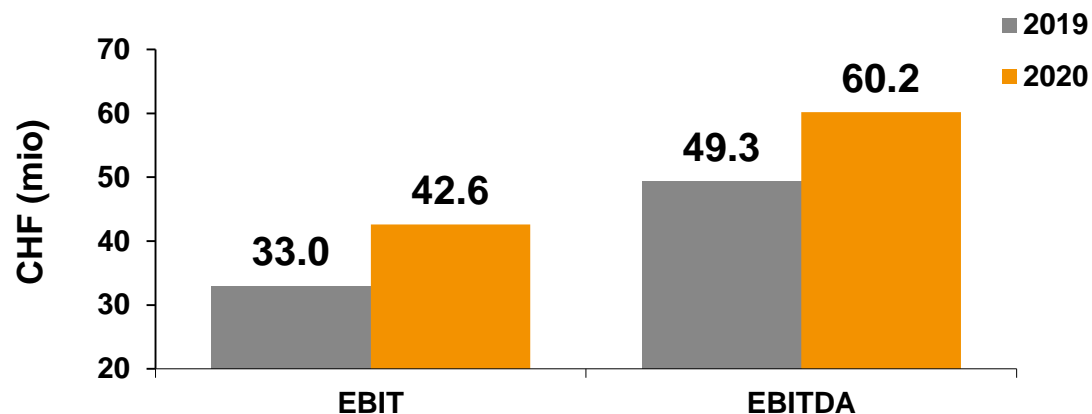


OPERATING EXPENSES GREW LESS THAN SALES

- Operating expenses down by 310 bps
- Sales & Marketing grew in line with sales
- R&D increased less than sales
 - Continued investments in innovation, including at Tecan Genomics
 - More newly capitalized R&D, amortization at similar level
- G&A increased less than sales
 - H1 2019 also included one-off costs related to CEO change

H1 2020 EBIT and EBITDA

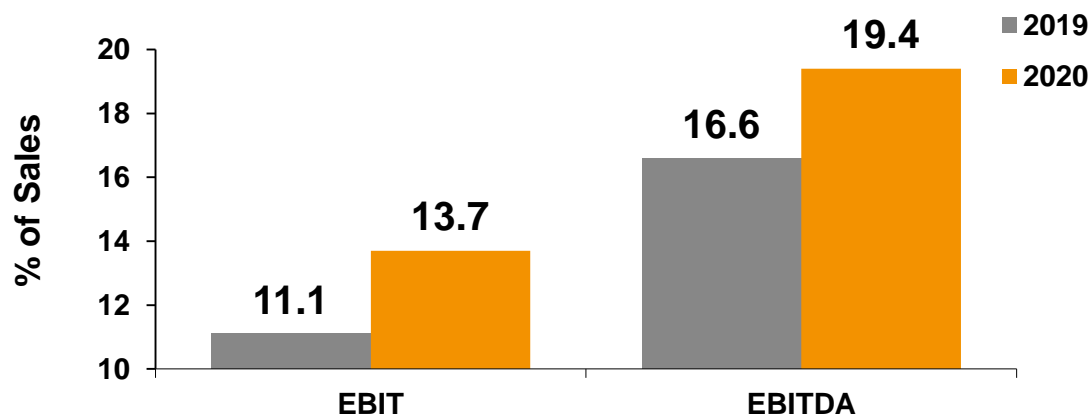
EBIT AND EBITDA (IN CHF MILLIONS)



REPORTED EBITDA GREW TO CHF 60.2M

- CHF 10.9m or 22.0% above H1 2019
- (+) More development costs were capitalized
- (+) Several cost items lower, delayed or will be shifted to H2 due to lockdown measures
- (+) Adjustment of Swiss pension plan resulting in a one-time reduction of past service costs

EBIT AND EBITDA MARGIN (% = % OF SALES)



REPORTED EBIT INCREASED TO CHF 42.6M

- 9.6m or 29.2% above H1 2019

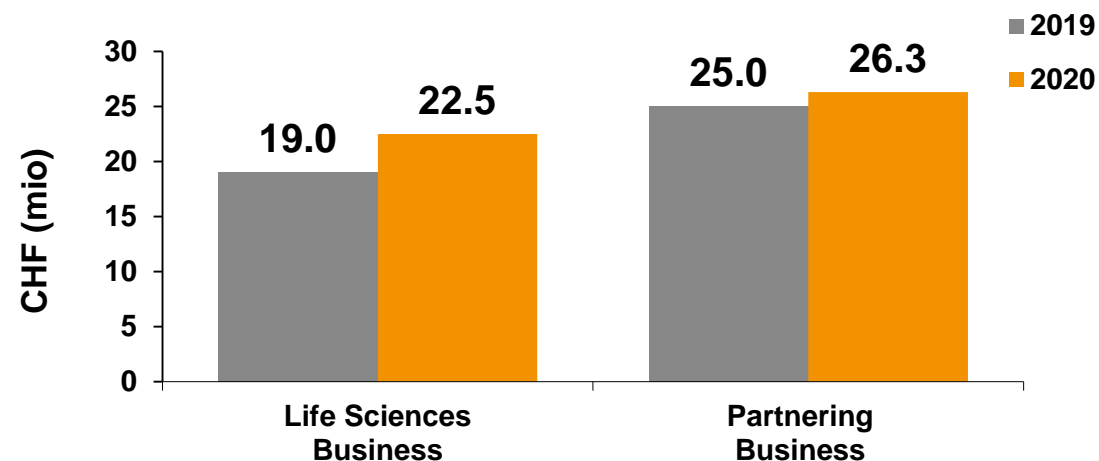
REPORTED EBITDA MARGIN REACHED 19.4%

REPORTED EBIT MARGIN AT 13.7%



H1 2020 Segment Profitability

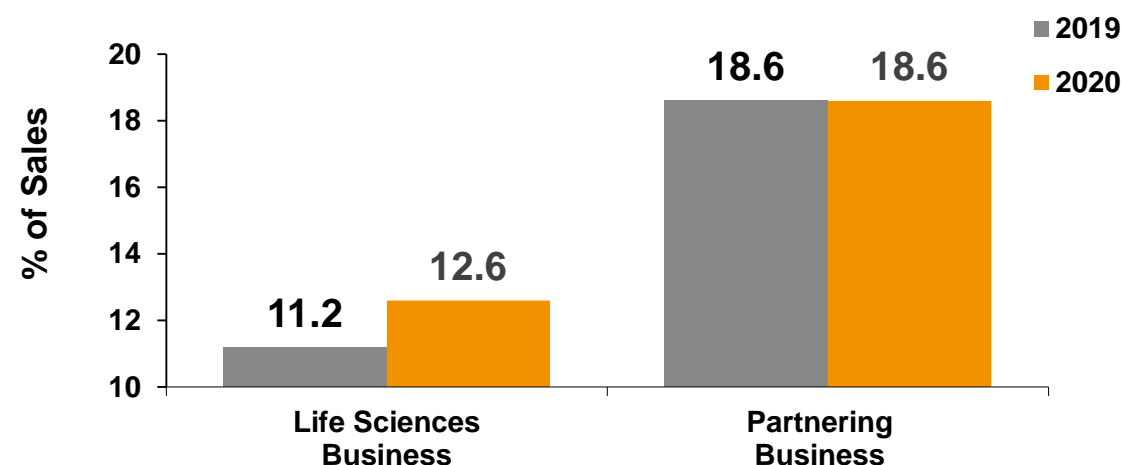
EBIT (IN CHF MILLIONS)



LIFE SCIENCES BUSINESS:

- EBIT margin at 12.6%
- Factors contributing include:
 - (+) Volume effect
 - (+) Lower net R&D expenses (higher capitalization)
 - (-) Higher freight and logistics cost
 - (-) Underabsorption of service organization

EBIT MARGIN (% = % OF SALES)

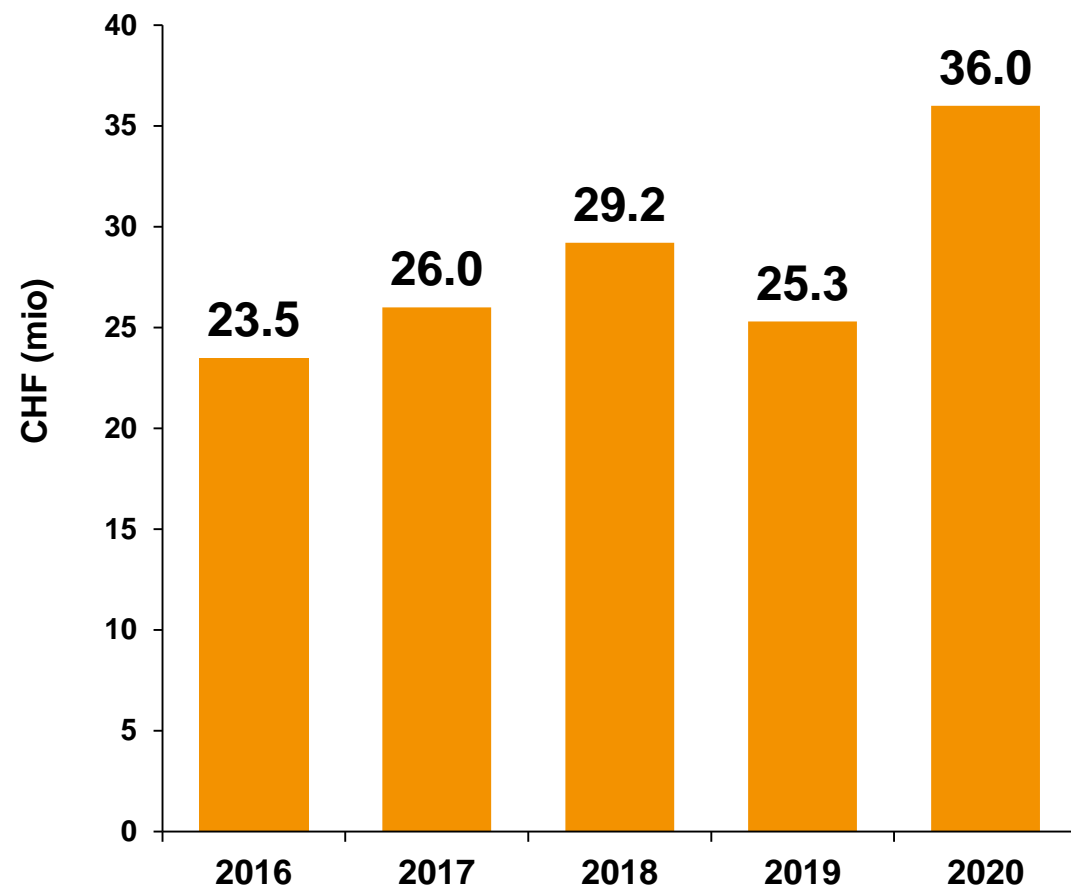


PARTNERING BUSINESS:

- EBIT margin unchanged at 18.6%

H1 2020 Net Profit

NET PROFIT



NET PROFIT HIGHER THAN PRIOR YEAR

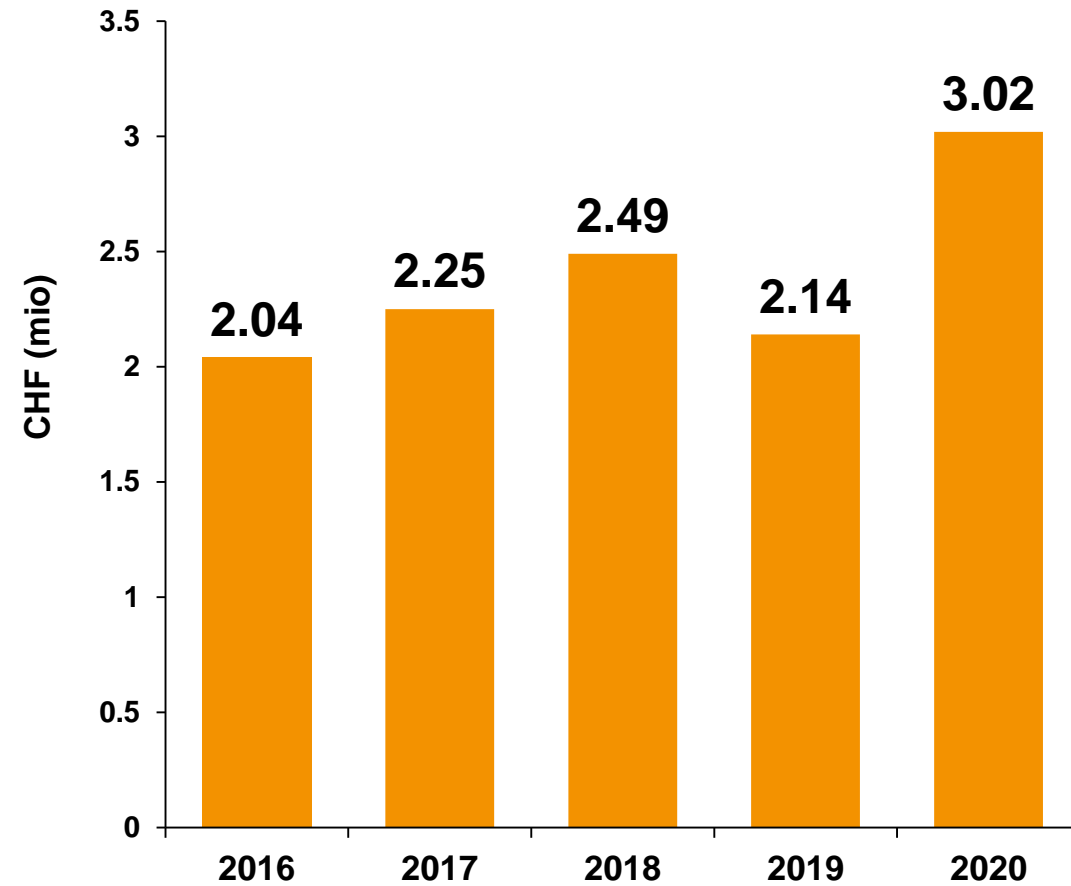
- CHF10.7M or 42.2% above H1 2019

NET PROFIT MARGIN AT 11.6%

- Main factor contributing:
 - (+) EBIT up by CHF 9.6m
 - (+) Lower tax rate of 12.8% in connection with the tax reform in Switzerland (H1 2019: 15.8 %)

H1 2020 Basic Earnings per Share

BASIC EARNINGS PER SHARE

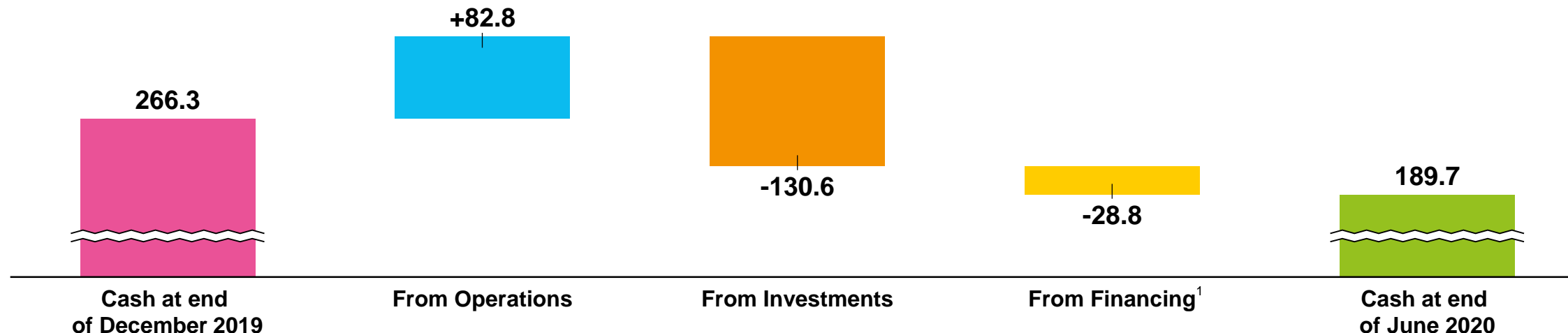


EARNINGS PER SHARE AT CHF 3.02

**NUMBER OF SHARES OUTSTANDING ON
JUNE 30, 2020: 11.9M (JUNE 30, 2019: 11.8M)**



H1 2020 Cash Flow



CASH FLOW FROM OPERATIONS OF CHF 82.8M (H1 2019: CHF 36.0M)

- Cash conversion of 26.7% of sales (H1 2019: 12.1%)
- Strong focus on cash collection and management (on the back of very strong December sales and high levels of A/R)
- Days Sales Outstanding down to 39 days (H1 2019: 50 days)
- Includes CHF 17.5m for amortization & depreciation (H1 2019: CHF 16.3m), thereof CHF 5.5m from IFRS 16, CHF 2.4m for PPA and CHF 4.3m from capitalized development costs

INVESTMENTS OF CHF 130.6M (H1 2019: CHF 36.7M), INCLUDING

- CHF 9.3m on capitalized development costs (H1 2019: CHF 5.2m)
- CHF 120.0m investments in time deposits

CASH FLOW FROM FINANCING ACTIVITIES INCLUDES DIVIDEND PAYMENTS OF CHF 26.2M

NET LIQUIDITY² INCREASED TO CHF 354.0M (JUNE 30, 2019: CHF 264.5; DEC 31, 2019: CHF 312.4M)

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



H1 2020 Key Figures

	2019	2020	Δ IN %
Order Entry (in CHF mio)	310.6	374.0	+20.4%
Sales (in CHF mio)	296.1	310.0	+4.7%
Sales in local currencies (in CHF mio)	287.0	310.0	+8.0%
Gross Profit (in CHF mio)	141.0	146.1	+3.6%
in % of sales	47.6%	47.1%	
R&D (in CHF mio)	29.6	25.3	-14.3%
in % of sales	10.0%	8.2%	
EBIT (in CHF mio)	33.0	42.6	+29.2%
in % of sales	11.1%	13.7%	
EBITDA (in CHF mio)	49.3	60.2	+22.0%
In % of sales	16.6%	19.4%	
Net profit (in CHF mio)	25.3	36.0	+42.2%
in % of sales	8.6%	11.6%	
EPS (in CHF)	2.14	3.02	+41.1%
Return on net assets (RONA)	19.0%	26.5%	+39.5%
Net liquidity ⁽¹⁾ (in CHF mio)	264.5	354.0	+33.8%
Equity (in CHF mio)	612.6	676.0	+10.3%
Cash Flow (operating) (in CHF mio)	36.0	82.8	+130.3%

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



Agenda



FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL RESULTS

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Agreement with Thermo Fisher Scientific

LEVERAGING TECAN'S AUTOMATION TECHNOLOGY TO ENABLE SCALED-UP COVID-19 TESTING GLOBALLY

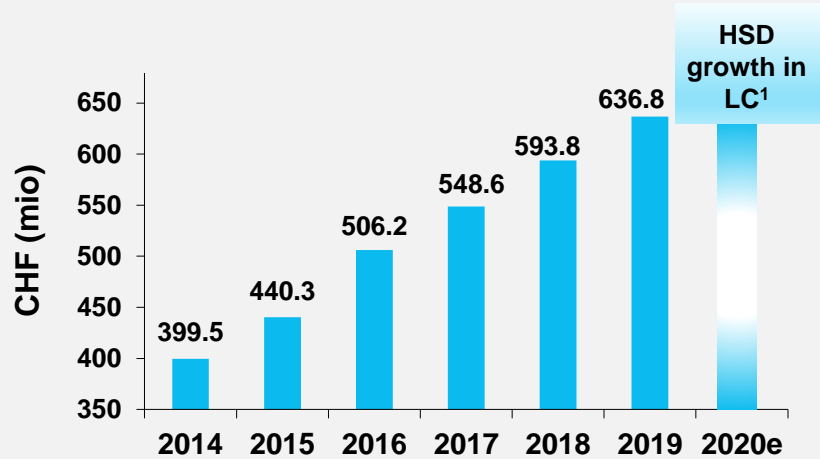
- Thermo Fisher Scientific is introducing a new highly automated, real-time PCR solution
- The Thermo Fisher Scientific Amplitude Solution is a molecular diagnostic testing system designed to analyze up to 6,000 samples in a single day
- It leverages Thermo Fishers's Applied Biosystems QuantStudio 7 PCR instruments
- It includes instruments of the Tecan Fluent Laboratory Workstation family and the Introspect software
- Thermo Fisher will submit the solution to the U.S. Food and Drug Administration (FDA) for Emergency Use Authorization (EUA) and for other registrations globally

THERMO FISHER SCIENTIFIC AMPLITUDE SOLUTION

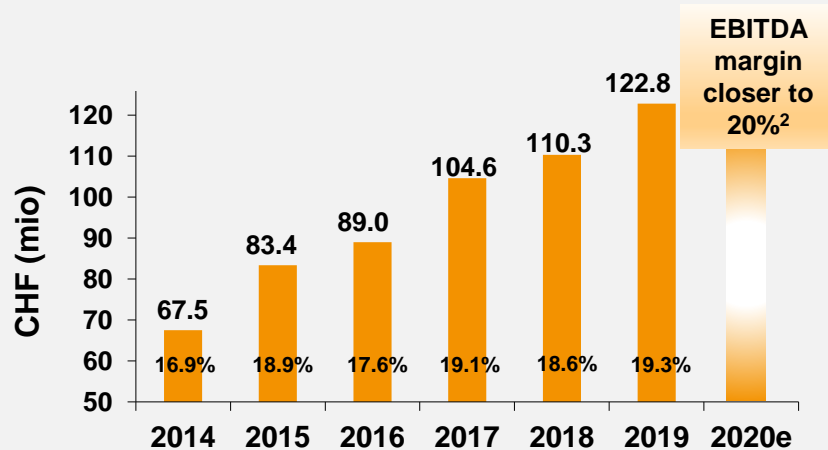


Raising Financial Outlook for 2020

SALES DEVELOPMENT



REPORTED EBITDA AND MARGIN



¹ In local currencies (=LC); ² Based on average FX rates of: 1.08 EUR/CHF and 0.95 USD/CHF

OUTLOOK 2020

- Based on H1 performance, the high order backlog and the anticipated demand in H2, outlook for FY 2020 is raised
- Due to the ongoing pandemic, the outlook is still subject to greater uncertainty than usual
- Assumes that supply chains remain undisrupted and all production sites stay fully operational

SALES

- Now forecasting growth in the high single-digit percentage range (previously “MSD to HSD percentage range”)

REPORTED EBITDA MARGIN

- Reported EBITDA margin now expected to be closer to 20% of sales (previously “reported EBITDA margin of around 19.6%”)
- New expectation also based on revised forecasts for average FX rates, already factoring in a negative currency impact

Q&A.



Celebrating 40 years of Tecan.

Contact and Events



NEXT EVENTS 2021

March 16: Full Year Results

April 13: Annual Shareholder Meeting

IR IPAD APP

News, financial reports, presentations, videos and more



CONTACT

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www.tecan.com



Sources for COVID-19 Examples

p7:

Australia

<https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/ground-breaking-partnership-delivers-10-million-covid-19-tests-and-equipment#:~:text=The%20Hon%20Greg%20Hunt%20MP&text=29%20April%202020-.In%20a%20ground%20breaking%20and%20critically%20important%20partnership%20between%20the,be%20installed%20across%20the%20country.>

Israel - Hebrew University of Jerusalem

http://systemsbio.cs.huji.ac.il/Friedmans_Lab/Robotic_Facility.html

Israel – Weizmann Institute of Science

<https://www.linkedin.com/school/weizmann-institute-of-science/?feedView=videos>

p8:

UK Biocentre

Twitter; Tony Cox, @The_Soup_Dragon

<https://www.ukbiocentre.com/covid-19>

p9:

AusDiagnostics

<https://partnering.tecan.com/customer-success-story/ausdiagnostics-ultra-plex-96>

Codex DNA

<https://partnering.tecan.com/customer-success-story/codex-dna-bioxp-3200>

p10:

PTP Science Park

<https://www.linkedin.com/company/parco-tecnologico-padano/>

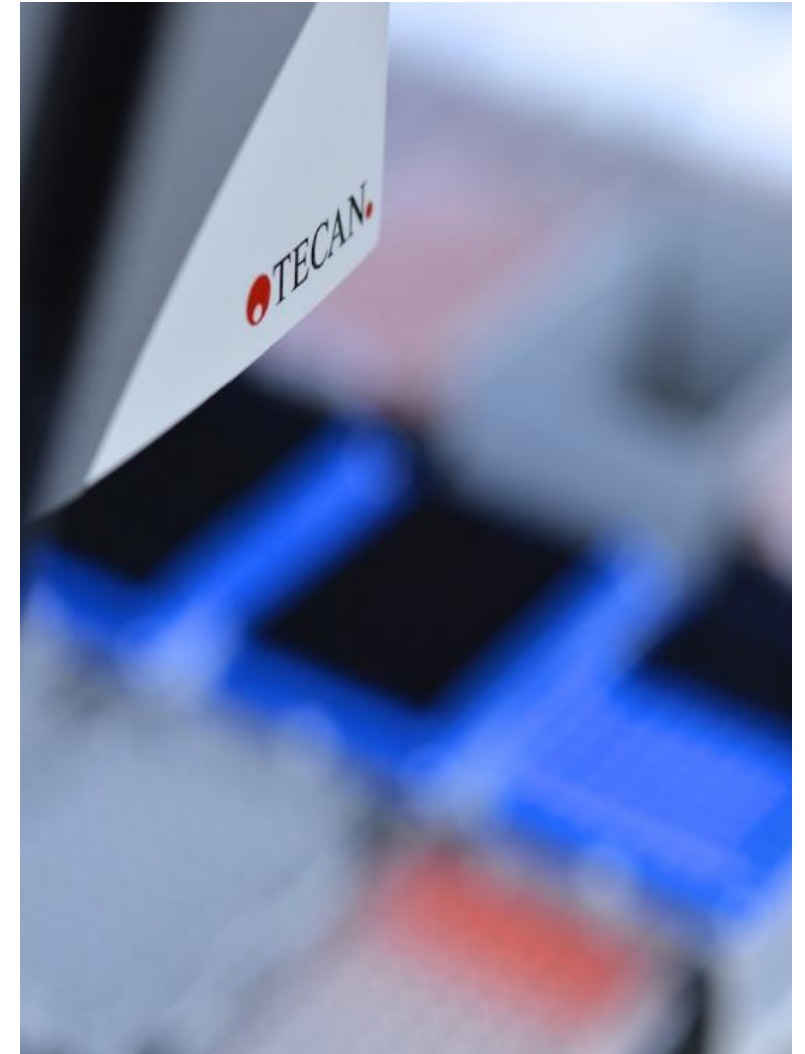
IGA Technology Services

<https://www.linkedin.com/company/iga-technology-services/>

7News Sydney

<https://7news.com.au/travel/coronavirus>

March 18, 2020



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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