STRATEC
FY 2018 Financial Results

Conference Call – April 11, 2019

SAFE HARBOR STATEMENT

Forward-looking statements involve risks.

This company presentation contains various statements concerning the future performance of STRATEC. These statements are based on both assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we can provide no guarantee of this. This is because our assumptions involve risks and uncertainties which could result in a substantial divergence between actual results and those expected.

It is not planned to update these forward-looking statements.

AGENDA

1. FY 2018 AT A GLANCE
2. FINANCIAL REVIEW
3. OUTLOOK AND STRATEGY
4. Q&A
5. APPENDIX

FY 2018 AT A GLANCE

- Organic sales decline of 5.9% to € 187.8 million as forecast; nominal: -9.5% (2017: € 207.5 million)
  - Postponements (now overcome; e.g. US partner attained CE-IVD certification in March 2019)
  - Negative effects from first time adoption of IFRS 15 (-2.2 ppts) and foreign exchange rates (-1.4 ppts)
  - Improved order dynamics throughout Q4 2018
- Adjusted EBIT margin down by 360 bps yoy to 13.9% (FY 2017: 17.5%)
  - Slightly above forecast of 11-13%
  - Negative scale effects and increased expenses to process a large number of development projects
- Continuously growing project pipeline
- Number of employees up by 13.1% to 1,228 in the light of full project pipeline
  - R&D employees now account for 54% of total workforce
- Implementation of group-wide ERP system
  - Successful "Go-Live" at Headquarters in Birkenfeld (GER) and production site in Beringen (CH) in January 2019
- Dividend proposal of € 0.82 per share (2017: € 0.80 per share) → 15th consecutive increase

AGENDA

1. FY 2018 AT A GLANCE
2. FINANCIAL REVIEW
3. OUTLOOK AND STRATEGY
4. Q&A
5. APPENDIX

strατec

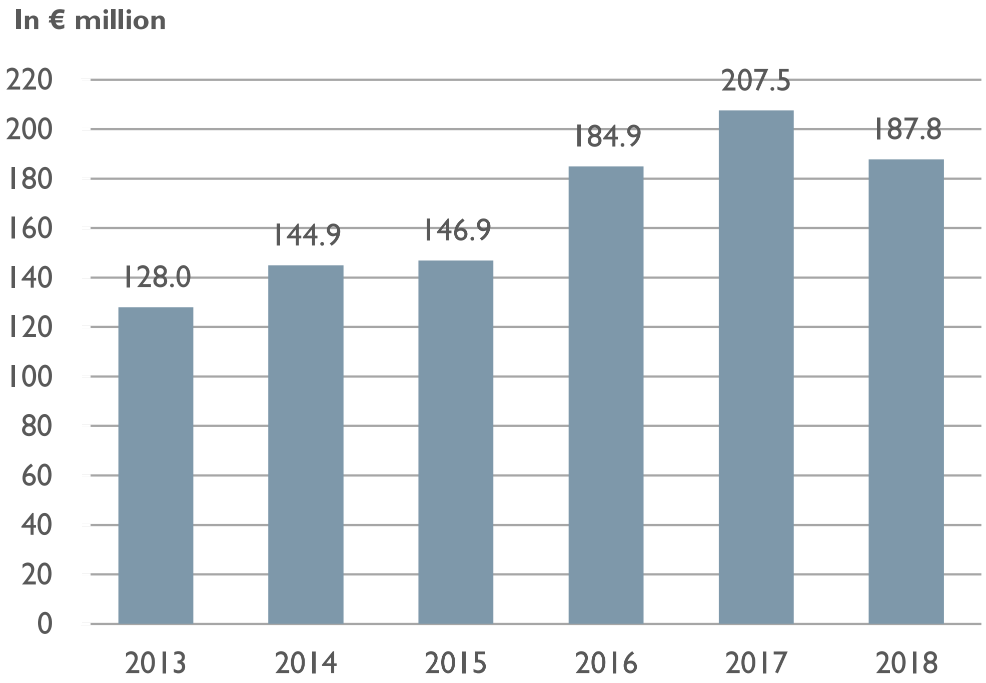
FINANCIALS AT A GLANCE[1]

	2018	2017[3]	Change
Sales (in € thousand)	187,820	207,478	-9.5%
Adjusted EBITDA (in € thousand)[1]	36,190	43,405	-16.6%
Adjusted EBITDA in % of sales[1]	19.3	20.9	-160 bps
Adjusted EBIT (in € thousand)[1]	26,157	36,369	-28.1%
Adjusted EBIT in % of sales[1]	13.9	17.5	-360 bps
Adjusted consolidated net income (in € thousand)[1, 4]	20,238	28,855	-29.9%
Adjusted diluted earnings per share (in €)[1, 4]	1.68	2.41	-30.3%
Diluted earnings per share IFRS (in €)[4]	0.92	2.22	-58.6%
Dividend per share (in €)	0.82[2]	0.80	+2.5%

bps = basis points

1 For comparison purposes, adjusted figures exclude amortization resulting from purchase price allocations in the context of acquisitions and the associated reorganization expenses, as well as other non-recurring effects.
2 Subject to approval by the AGM on May 29, 2019
3 Not retrospectively restated to reflect IFRS 9 and IFRS 15 (modified retrospective approach). Retrospectively restated to reflect the classification of the nucleic acid preparation business as a discontinued operation in accordance with IFRS 5.
4 Results from continuing operations.

SALES



As of December 31

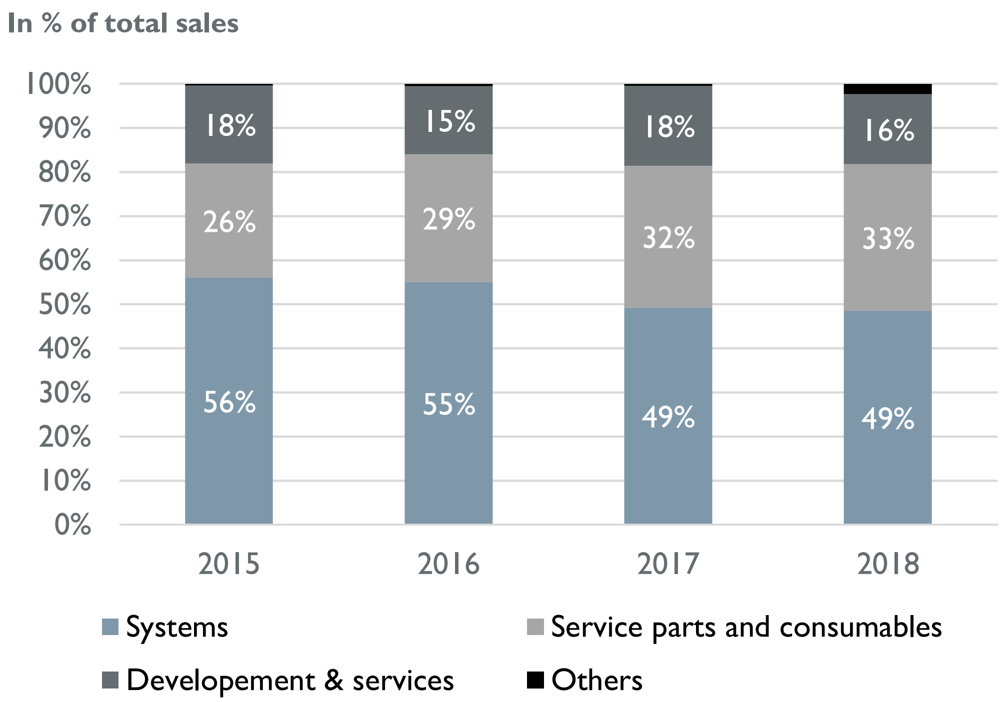
2018 sales down 9.5% yoy

- Negative effects from foreign exchange rates (-1.4 ppts) and first-time adoption of IFRS 15 (-2.2 ppts)

  → **organic sales decline of 5.9%**
- Postponement and delays (now overcome)
- Improving order dynamics throughout Q4 2018

ppts = Percentage points

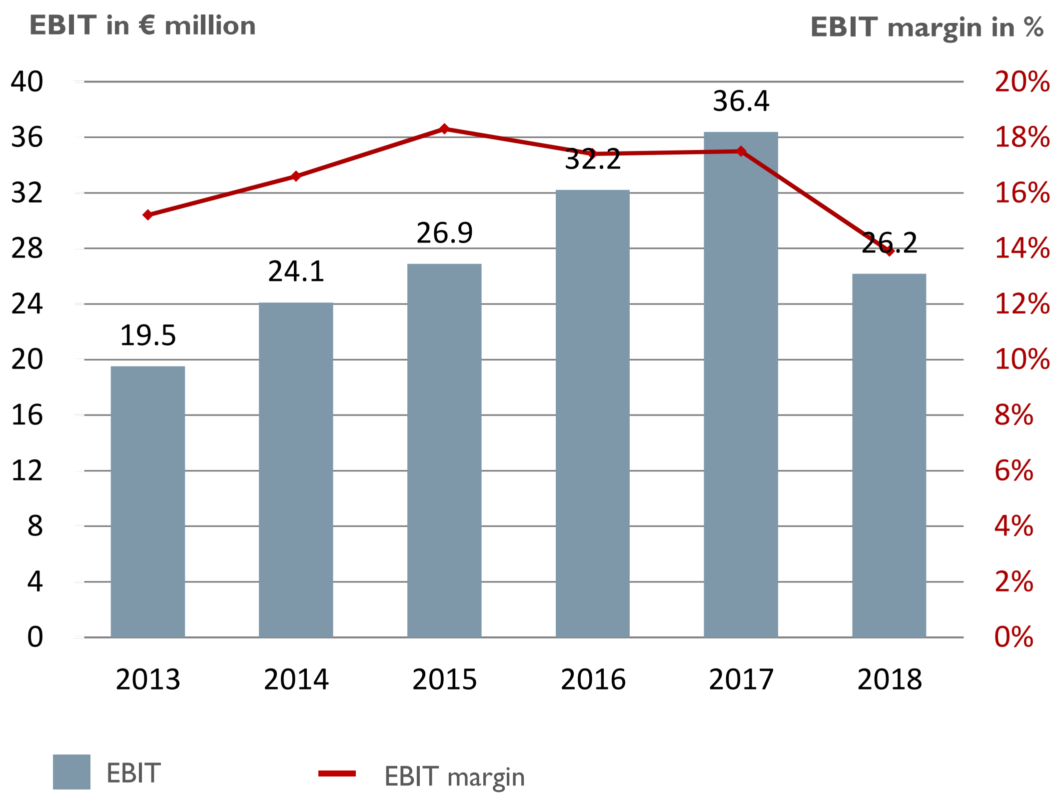
SALES BY OPERATING DIVISIONS



As of December 31

- Sales contribution from service parts and consumables at 33% of total sales
- Development and service sales down to16% of total sales versus 18% in 2017
  - Tough comparison versus previous year and negative effect from first-time adoption of IFRS 15

ADJUSTED EBIT AND EBIT MARGIN



As of December 31

2018 adjusted EBIT margin at 13.9%

- Margin decline of 360 bps yoy
  - Negative scale effects
  - Increased expenses related to strong project pipeline
- 2018 margin slightly ahead of revised target range (11% to 13%)
  - Strong product mix in Q4

stratec

SEGMENT PERFORMANCE

	Instrumentation			Diatron			Smart Consumables			Others		
In € million	2018	2017	yoy	2018	2017	yoy	2018	2017	yoy	2018	2017	yoy
Sales	131.3	149.6	-12.2%	35.3	37.0	-4.6%	16.8	15.6	7.7%	4.4	5.2	-15.4%
Adjusted EBIT	21.0	30.6	-31.4%	4.7	4.5	4.4%	0.2	0.9	-77.8%	0.3	0.4	-25.0%
Adjusted EBIT margin	16.0%	20.5%	-450 bps	13.3%	12.2%	+110 bps	1.2%	5.8%	-460 bps	6.8%	7.7%	-90 bps
	• Postponements and delays • Signing of new development agreements • High number of market launches expected in 2019									• Higher development and software licensing sales		

CASH FLOW AND NET DEBT

IFRS (€ million)	2018	2017	yoy
Cash flow – operating activities	12.0	30.0	-60.0%
Cash flow – investment activities	-10.8	-15.6	-30.8%
Cash flow – financing activities	-0.9	-16.0	-94.4%
Free cash flow	1.2	14.4	-91.7%

IFRS (€ million)	2018	2017	Change
Cash and cash equivalents at end of period	23.8	24.1	-1.2%
Net debt	53.1	48.8	8.8%

- FY 2018 operating cash flow down to € 12.0 million (2017: € 30.0 million)
  - Lower earnings levels
  - Higher inventories due to ERP system implementation and upcoming product launches
- Higher investment spending due to significant capacity expansion in Birkenfeld and increased investments in development projects

AGENDA

1. FY 2018 AT A GLANCE
2. FINANCIAL REVIEW
3. OUTLOOK AND STRATEGY
4. Q&A
5. APPENDIX

FINANCIAL GUIDANCE 2019

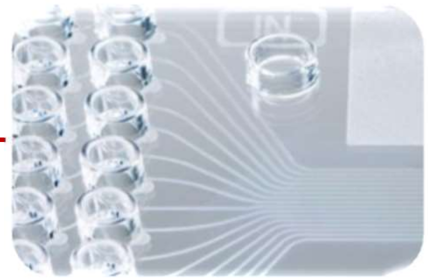
- Group sales are expected to increase by at least 12% (at constant exchange rates)
  - Several new product launches
  - Strong sales growth can already be expected for the first quarter
- Adjusted EBIT margin of around 14% to 15% (2017: 13.9%)
  - Positive scale effects
  - First positive impact from already defined earnings improvement measures
  - Adverse effects from continuing high development activities
- Investments in tangible and intangible assets of around 12% to 14% of sales (2017: 10.3%)
  - Ongoing construction measures for significant capacity expansion
  - Investments due to high number of development projects
  - Investment ratio will likely decline considerably from 2020 onwards once construction projects for capacity expansion have been completed

OUTLOOK AND STRATEGY

FOCUS IN 2019

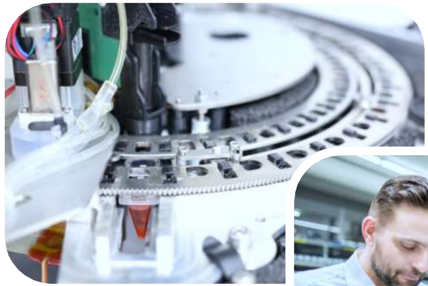
- Reaccelerate top-line growth and reduce earnings volatility across business units
- Sign several new development and supply agreements
- Prepare path to efficiency gains following successful ERP system implementation in Q1
- Achieve significant number of product launches
  - Repeatedly postponed system for US customer finally launched in March 2019
  - Further expected launches within 2019 among others include a CLIA instrument, a blood banking instrument and a proprietary analyzer platform
- Drive results from defined earnings improvement initiative
- Expand development capacities including significant expansion of buildings



STRATEGIC PRIORITIES

- Enable customers and STRATEC to grow sustainably above the long-term market average
  - Focus on high growth areas of application within in-vitro diagnostics and healthcare research
  - Secure and further boost expertise and technology portfolio with intellectual property rights
- Broadening of product/value offering without entering into competition to partners
  - Organically and via selective M&A transactions
  - Widen offering in areas not perceived as core for/by our customers
- Increase proportion of service parts & consumables
  - Utilize tailwind from increasing system complexity
  - Further expand smart consumables business (microfluidic chips, cartridges, etc.)
  - Utilize combined product offering of instruments, software and consumables to increase proportion of recurring sales
- Drive costumer diversification
  - Utilize extended platform offering
  - Extend components business
  - Accelerate diversification (e.g. veterinary, translational research)



QUESTIONS
&
ANSWERS

ADJUSTMENTS

EBIT

€ 000s	2018
Adjusted EBIT	**26,157**
Adjustments:	
PPA amortization	-9,267
Transaction-related expenses and associated restructuring expenses	-1,653
Impairment losses recognized on intangible assets	-642
Other positive one-off items	416
EBIT	**15,011**

Consolidated net income

€ 000s	2018
Adjusted consolidated net income	**20,238**
Adjusted earnings per share in € (basic)	**1.70**
Adjustments:	
PPA amortization	-9,267
Transaction-related expenses and associated restructuring charges	-1,653
Impairment losses recognized on intangible assets	-642
Other positive one-off items	416
Current tax expenses	529
Deferred tax income	1,488
Consolidated net income	**11,109**
Earnings per share in € (basic)	**0.93**

CONTACT

STRATEC SE
Gewerbestr. 37
75217 Birkenfeld
Germany

www.stratec.com

CONTACT

Marcus Wolfinger
CEO

Jan Keppeler, CFA
Head of Investor Relations
& Corporate Communications
Phone +49 7082 7916-6515
Fax +49 7082 7916-9190
j.keppeler@stratec.com

THANK YOU FOR YOUR ATTENTION