

PRESS RELEASE

STRATEC posts further sales growth in first half of 2017

- Sales of € 100.7 million in H1/2017 (+29.1%; H1/2016: € 78.0 million)
- Organic sales growth of 12.6%
- Adjusted EBIT margin of 12.8% in H1/2017 (H1/2016: 16.2%)
- Financial Forecast specified
- Further expansion in workforce due to extensive development activities
- Presentation of new “KleeYa” and “Aquila” platforms at AACCC 2017

Birkenfeld, July 25, 2017

STRATEC Biomedical AG, Birkenfeld, Germany (Frankfurt: SBS; Prime Standard) today announced its financial results and major events for the period from January 1, 2017 through to June 30, 2017 with the publication of its Half-yearly Financial Report H1/2017.

Major key figures

in € 000s	01.01.- 06.30.2017	01.01.- 06.30.2016	Change
Sales	100,723	78,032	+29.1%
EBITDA ⁽¹⁾	16,492	15,159	+8.8%
EBITDA margin (%) ⁽¹⁾	16.4	19.4	-300 bps
EBIT ⁽¹⁾	12,862	12,616	+1.9%
EBIT margin (%) ⁽¹⁾	12.8	16.2	-340 bps
Consolidated net income ⁽¹⁾	9,948	10,312 ⁽²⁾	-3.5%
Earnings per share (€) ⁽¹⁾	0.84	0.87 ⁽²⁾	-3.4%

bps = basis points

(1) Figures adjusted for effects from acquisition activities

(2) Additionally adjusted for non-recurring items arising from the 2016 external tax audit for the assessment periods from 2009 to 2013

Financial performance

Sales grew to € 100.7 million in the first half of 2017, up 29.1% on the previous year (€ 78.0 million). Diatron, the subsidiary acquired in the 2016 financial year, was consolidated on a prorated basis from April 1, 2016. STRATEC Consumables was not yet part of the STRATEC Group in the previous year's period.

Sales from those activities referred to for comparative purposes as STRATEC's "organic business" rose by 12.6% to € 75.7 million in the first half of 2017. This growth was driven in particular by an increase in the number of systems supplied and by further growth in sales of associated spare parts. The companies acquired in the 2016 financial year contributed sales of € 25.1 million in the first half of 2017.

Group EBIT was € 12.9 million in the first half of 2017. The adjusted EBIT margin amounted to 12.8%, compared to 16.2% in the previous year's period. This temporary reduction was due in particular to the subsidiary most recently acquired whose profitability has not yet developed in line with expectations.

Consolidated net income amounted to € 9.9 million (-3.5%; previous year: € 10.3 million), while earnings per share came to € 0.84 (-3.4%; previous year: € 0.87).

These earnings figures have been adjusted to exclude amortization for purchase price allocations (PPAs) resulting from the acquisitions of Diatron and STRATEC Consumables and to exclude one-off items incurred in connection with transaction activities and associated restructuring expenses.

Development in personnel

Including temporary employees provided by an agency and trainees, the STRATEC Group had a total of 1,016 employees as of June 30, 2017. This corresponds to a 20.1% increase compared with the previous year's reporting date.

Given the large number of ongoing development projects, STRATEC continues to seek suitably qualified personnel and expects to report a further workforce growth in the coming quarters.

Projects and other developments

STRATEC is currently in advanced negotiations concerning several development and supply agreements. Furthermore, its partners are due to implement several market launches in the quarters ahead. Given the measures already taken at the Group to extend its capacities, as well as further measures in planning, STRATEC is prepared for this growth.

In addition, the new platforms, “KleeYa” and “Aquila”, will be presented for the first time at the AACC 2017, due to take place in July and August, while a further platform is also in development. These platforms are already the subject of specific negotiations concerning further opportunities for cooperation. STRATEC views these projects as providing an additional basis for future growth and further diversification. In the current financial year, STRATEC will continue to focus on achieving major development milestones and market launches.

Financial forecast

STRATEC aims to generate permanent, sustainable growth across all business divisions. We are continually building upon innovative solutions enabling our customers to serve their markets with high-quality and safe products. Alongside these activities within our group of companies, our performance is also influenced by further growth in our target markets, especially in the field of in-vitro diagnostics, on the continuing positive trend towards outsourcing at our partners and potential customers, and on any further external growth.

Given the amendments to STRATEC’s future financial forecasts which are outlined below, the company is at present not issuing any specific statement concerning its expectations for 2018. For the 2017 financial year, STRATEC is upholding its current sales forecast, which provides for full-year sales of between € 205 million and € 220 million. We expect sales to significantly exceed the lower end of this range. The EBIT margin is expected to be around 17%.

Given upcoming market launches and the significant progress being made in numerous project negotiations, we continue to expect to generate average annual organic sales growth (CAGR) in the high single-digit or low double-digit percentage range in the years ahead. The expected positive development in profitability, due primarily to benefits of scale resulting from recent acquisitions, will be countered by a temporary increase in investment activity - to prepare the growth planned for the future - and by up-front financing of select customer projects. Overall, we therefore expect the EBIT margin to remain broadly consistent.

STRATEC will release a financial forecast for the 2018 financial year upon publication of its 2017 Annual Report. The potential implications of IFRS 15, especially in terms of the time at which customer project revenues are recognized, are currently under review. Given the lack of practical

experience in implementing these requirements in the industry and several detailed questions still requiring clarification, it is currently not yet possible to clarify these implications for 2018 precisely.

Going forward, STRATEC will communicate its financial forecast for the respective financial year, in keeping with DRS 20 requirements, upon publication of its Annual Report. Furthermore, the average sales growth expected in the coming years will also be disclosed. The company will not publish any more detailed medium-term forecast as regulatory approval processes affecting our customers and our own business may – as has been the case in the past – lead to postponements in system market launches and the resultant sales.

STRATEC's financial forecasts remain subject to risks and uncertainties. Instrument call-up volumes by STRATEC's customers can be budgeted with comparatively high precision. In the case of spare parts and consumables, however, orders are only submitted at short notice and are dependent on analyzer system placement volumes and their level of utilization at the respective laboratories. This share of sales is subject to fluctuations that impact in particular on the development in our margins. We therefore generally forecast a sales range, compliance with which may be significantly influenced by factors arising at short notice. Furthermore the Company's forecast may increasingly be impacted by economic and political uncertainties.

Annual General Meeting

All of the proposals submitted by the management were approved by shareholders participating in the Annual General Meeting on June 14, 2017. Shareholders also approved an increase in the dividend to € 0.77 per share with dividend entitlement. This marks the thirteenth consecutive increase in the dividend paid to shareholders since payment of the first dividend in 2004.

Half-yearly financial report

Further details can be found in the Half-yearly Financial Report H1/2017 published today on the company's website at http://www.stratec.com/financial_reports.

Conference call and audio webcast

To comment on the publication of our quarterly results, we will be holding a conference call in English today, Tuesday, July 25, 2017, at 3.00 p.m. (CEST).

The access information (telephone number, password + individual PIN) will be provided following brief registration at the following link: www.stratec.com/registration

The call may also be followed as an audio webcast at www.stratec.com/audiowebcast20170725 (brief registration required). Please note that it is not possible to submit any questions via the audio webcast.

About STRATEC

STRATEC Biomedical AG (www.stratec.com) designs and manufactures fully automated analyzer systems for its partners in the fields of clinical diagnostics and biotechnology. Furthermore, the company offers sample preparation solutions, integrated laboratory software, and complex consumables for diagnostic and medical applications. STRATEC covers the entire value chain – from development to design and production through to quality assurance.

The partners market the systems, software and consumables, in general together with their own reagents, as system solutions to laboratories, blood banks, and research institutes around the world. STRATEC develops its products on the basis of its own patented technologies.

Shares in the company (ISIN: DE000STRA555) are traded in the Prime Standard segment of the Frankfurt Stock Exchange.

Further information is available from:

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