STRATEC
Q1 2018 Financial Results

Conference Call – May 15, 2018

SAFE HARBOUR 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. Q1/2018 AT A GLANCE
2. FINANCIAL REVIEW
3. OUTLOOK
4. FOCUS IN 2018 AND BEYOND
5. Q&A

Q1 2018 AT A GLANCE

- Subdued start to the year:
  - Sales decline by 11.8% at CER[1] to € 41.6 million (Q1/2017: € 49.5 million)
  - Adjusted EBIT margin down by 360bp yoy to 10.3% from 13.9% due to missing scale effects
- Full year 2018 guidance confirmed
- Further contract wins and several promising negotiations in advanced stage
- Preparation of upcoming product launches progressing according to plan
- Number of employees up by 10.9% to 1,110 in the light of full project pipeline

[1] CER = Constant Exchange Rates

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FINANCIALS AT A GLANCE[1],[2]

€ 000s	Q1|2018	Q1|2017	Change
Sales	41,600	49,510	-16.0%
Adjusted EBITDA	6,362	8,812	-27.8%
Adjusted EBITDA margin (%)	15.3	17.8	-250 bps
Adjusted EBIT	4,293	6,870	-37.5%
Adjusted EBIT margin (%)	10.3	13.9	-360 bps
Adjusted consolidated net income	3,533	5,369	-34.2%
Adjusted earnings per share (€)	0.30	0.45	-33.3%
Earnings per share (€)	0.10	0.29	-65.5%

bps = basis points

[1] For comparison purposes, adjusted figures exclude amortizations resulting from purchase price allocations in the context of acquisitions, associated integration expenses, as well as other one-off items

[2] Excluding potential effects of first-time adoption of IFRS 15

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ADJUSTMENTS

EBIT

€ 000s	01.01. – 03.31.2018
Adjusted EBIT	**4,293**
Adjustments • Expenses relating to transactions and associated restructuring expenses • PPA amortization	-468 -2,372
EBIT	**1,454**

Consolidated net income

€ 000s	01.01. – 03.31.2018
Adjusted consolidated net income	**3,533**
Adjusted earnings per share in €	**0.30**
Adjustments • Expenses relating to transactions and associated restructuring expenses • PPA amortization • Current tax expenses • Deferred tax income	-468 -2,372 129 380
Consolidated net income	**1,202**
Earnings per share in €	**0.10**

As of March 31

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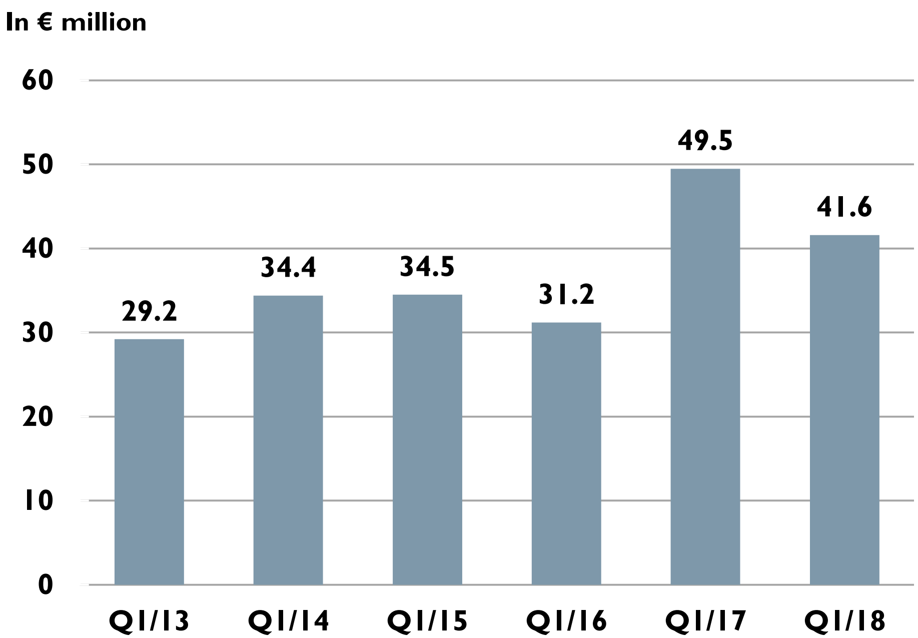
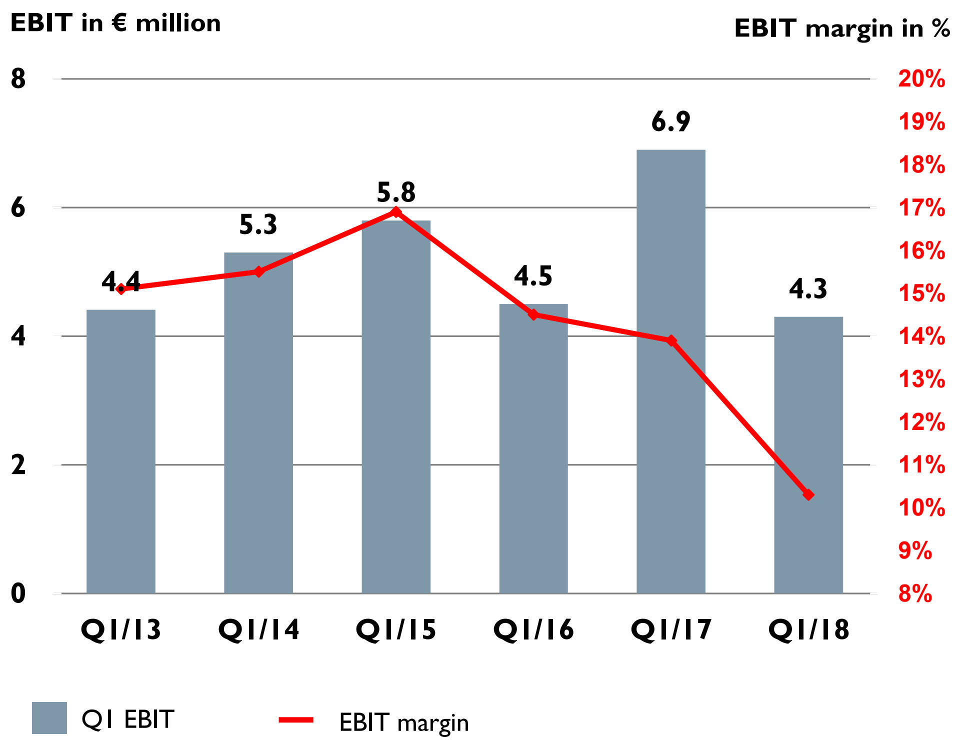
SALES



As of March 31

- Q1/2018 sales decline by 11.8% at CER to € 41.6 million
  - Tough Q1/2017 comparison base
  - Timing of the recognition of milestone payments
  - Lower instruments sales due to internal factors at key customers

ADJUSTED EBIT AND EBIT MARGIN

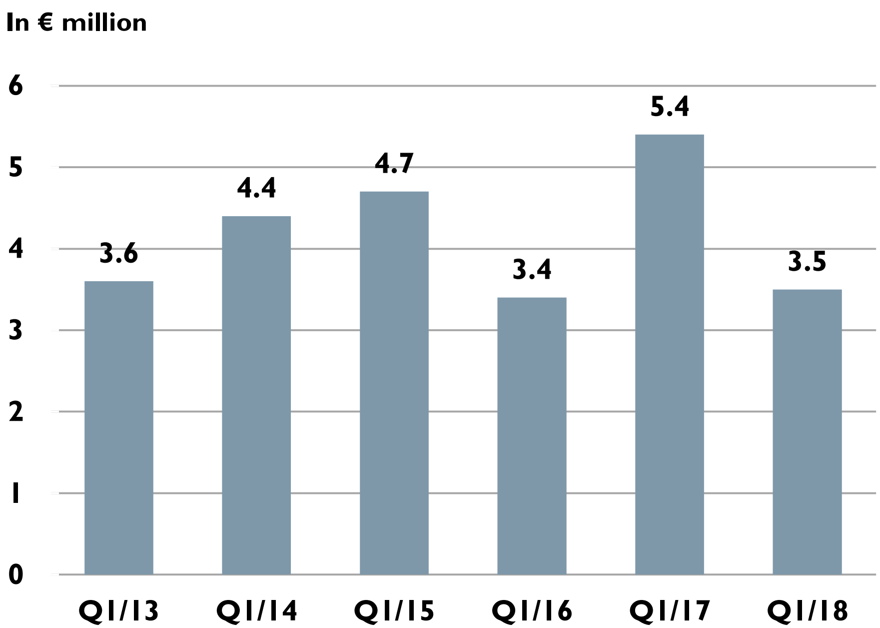


As of March 31

Q1/2018 adjusted EBIT margin at 10.3%

- Adjusted EBIT down 37.5% yoy
- Margin decline of 360 bps yoy
  - Negative scale effects
  - Growth investments related to strong project pipeline

ADJUSTED NET INCOME



As of March 31

- Q1/2018 adjusted net income decreased by 34.2% to € 3.5 million
  - Adjusted EPS of 0.30 versus 0.45 in Q1/2017
- Adjusted tax rate of 17.8% in Q1/2018 (21.2% in Q1/2017)

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CASH FLOW AND NET DEBT

IFRS (€ million)	Q1/2018	Q1/2017	yoy
Cash flow – operating activities	12.0	13.8	-13.0%
Cash flow – investment activities	-4.0	-3.0	33.3%
Cash flow – financing activities	-1.1	-8.3	-86.8%
Free cash flow	8.0	10.8	-25.9%
Cash and cash equivalents at end of period	30.6	24.1	27.0%
Net debt	40.4	48.8	-17.2%

As of March 31

- Q1/2018 operating cash flow down by 13.0% yoy due to lower earnings levels
- Increased investments due to filled development pipeline and new group-wide ERP system
- Further reduction in net debt

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OUTLOOK

FINANCIAL GUIDANCE CONFIRMED

Outlook for 2018[1)]

- Organic sales growth at least in the mid-single digit percentage range[2)]
  - Growth is expected to be realized mostly in the second half of the year
- Adjusted EBIT margin of around 17%

Medium-term expectations

- Average annual organic sales growth (CAGR) in the high single-digit or low double-digit percentage range[2)]
- Broadly consistent EBIT margin development
  - Positive scale effects partly offset by growth activities related to full development pipeline

[1)] Excluding potential effects of the first-time adoption of IFRS 15

[2)] Excluding currency effects and potential acquisitions

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FOCUS IN 2018 AND BEYOND

- Drive top-line growth and reduce earnings volatility across business units
- Further realize synergies through development activities across STRATEC businesses
- Leverage expanded platform offering
- Achieve milestones & market launches within foreseen timeframe
  - expected launches within the next 12-18 months among others include instruments for DiaSorin, Becton Dickinson, Quotient and the KleeYa Analyzer platform
- Implementation of a group-wide ERP system to further drive process efficiency
- Expand development capacities including significant extension of buildings in Birkenfeld




QUESTIONS

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ANSWERS

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THANK YOU
FOR YOUR
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