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STRATEC
H1 2018 Financial Results

Conference Call - August 15, 2018

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. HIGHLIGHTS OF H1/2018
2. FINANCIAL REVIEW
3. OUTLOOK
4. FOCUS IN 2018 AND BEYOND
5. Q&A

HIGHLIGHTS H1/2018

- Organic sales decline of 3.9% to € 90.2 million (H1/2017: € 100.7 million):
  - Sales of € 93.5 million before adoption of IFRS 15
  - Positive organic growth in Q2
- Adjusted EBIT margin down by 290 bps yoy to 9.8% due to missing economies of scale and negative effect from the first-time adoption of IFRS 15
- Further contract wins and several promising negotiations in advanced stage
- First components of new molecular diagnostic platform and new cartridge-based hematology device presented at this year's AACC
- Number of employees up by 13.0% to 1,148 in the light of full project pipeline

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FINANCIALS AT A GLANCE[1, 2]

€ 000s	01.01. – 06.30.2018	01.01. – 06.30.2017	Change yoy	01.01. – 06.30.2018 before adoption of IFRs 9 and 15	Change yoy
Sales	90,165	100,723	-10.5%	93,536	-7.1%
Adjusted EBITDA	12,178	16,446	-26.0%	13,850	-15.8%
Adjusted EBITDA margin (%)	13.5	16.3	-280 bps	14.8	-150 bps
Adjusted EBIT	8,846	12,816	-31.0%	10,167	-20.7%
Adjusted EBIT margin (%)	9.8	12.7	-290 bps	10.9	-180 bps
Adjusted consolidated net income	7,240	9,902	-26.9%	8,348	-15.7%
Adjusted earnings per share (€)	0.61	0.84	-27.4%	0.70	-16.7%
Earnings per share (€)	0.22	0.52	-57.7%	0.31	-40.4%

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) Figures for H1 2018 in line with IFRS 9 and 15. The 2017 figures were not retroactively adjusted (modified retrospective method). Refer to the H1|2018 six-month report for the impact of the first-time adoption of IFRS 9 and IFRS 15

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ADJUSTMENTS

EBIT

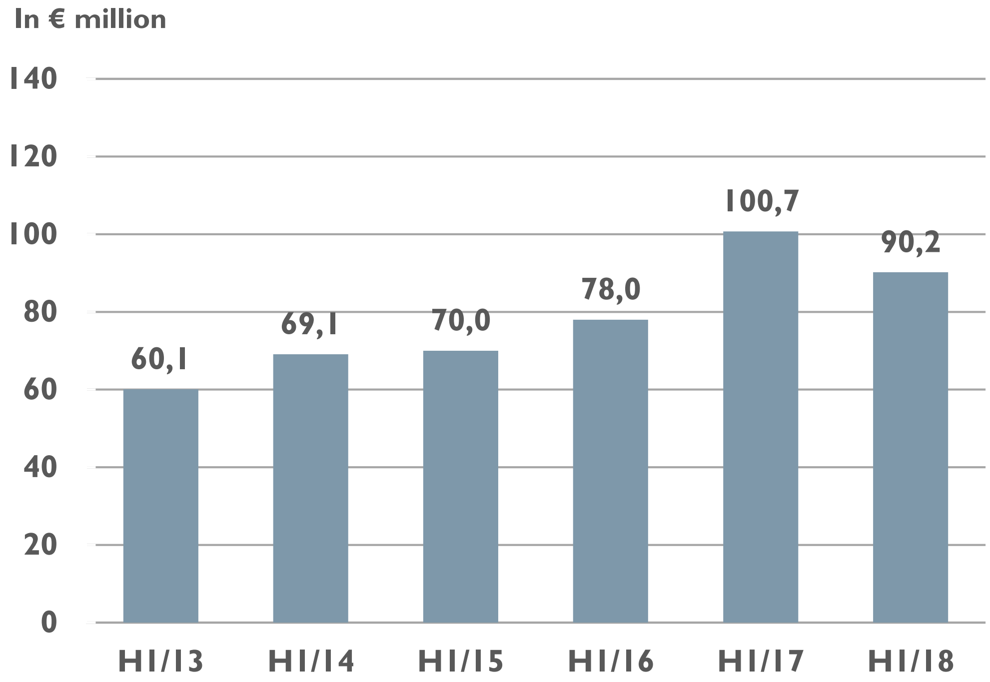
€ 000s	01.01.–06.30.2018
Adjusted EBIT	8,846
Adjustments	
• Expenses in connection with transactions and related restructuring expenses	-896
• PPA amortization	-4,724
EBIT	3,225

Consolidated net income

€ 000s	01.01.–06.30.2018
Adjusted consolidated net income	7,240
Adjusted earnings per share in €	0.61
Adjustments	
• Expenses in connection with transactions and related restructuring expenses	-896
• PPA amortization	-4,724
• Current tax expense	247
• Deferred tax income	757
Consolidated net income	2,622
Earnings per share in €	0.22

As of Jun 30

SALES

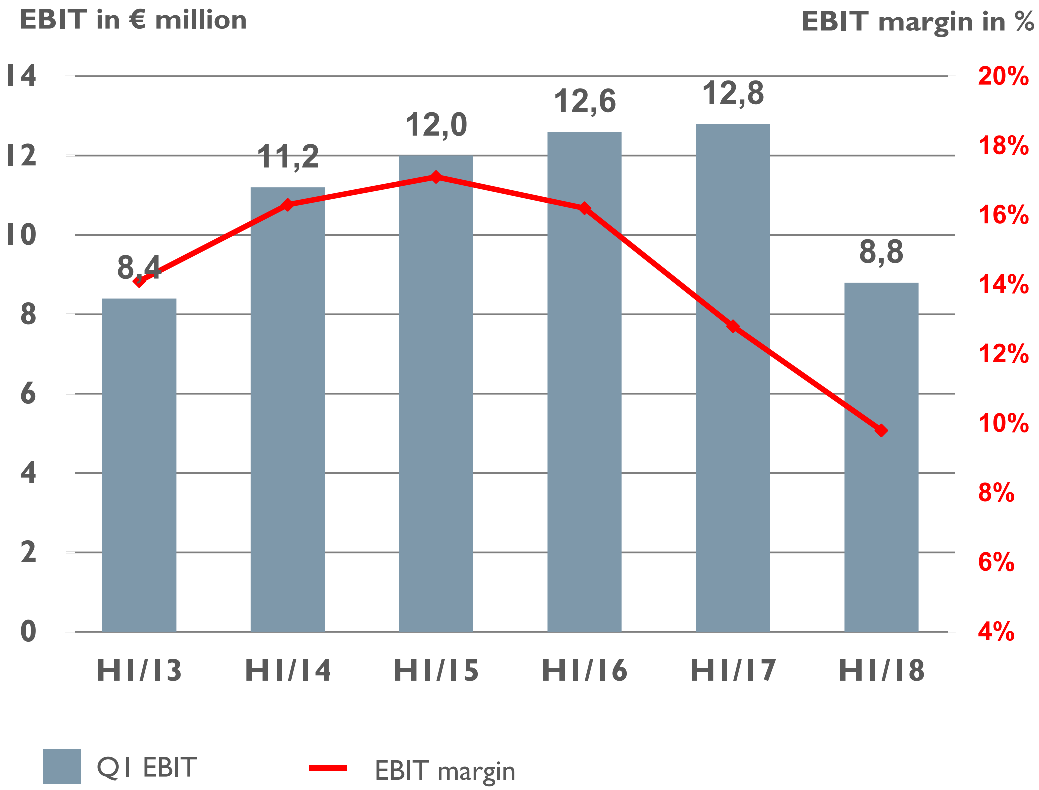


As of June 30

H1/2018 sales decline of 10.5% to € 90.2 million

- Negative effects from foreign exchange and IFRS 15 adoption → organic sales decline of 3.9%
- Lower instruments sales due to internal factors at key customers; improvements in Q2 but most recent overall volume forecasts below initial expectations

ADJUSTED EBIT AND EBIT MARGIN



As of June 30

H1/2018 adjusted EBIT margin at 9.8%

- Adjusted EBIT down 31.0% yoy to € 8.8 million
  - Negative effect of € 1.3 million due to first-time adoption of IFRS 15
- Margin decline of 290 bps yoy
  - Negative scale effects
  - Growth investments related to strong project pipeline
  - Negative effect of 110 bps from first-time adoption of IFRS 15

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OVERVIEW SEGMENTS

	Instrumentation			Diatron			Consumables			Others		
In € million	2018	2017	yoy	2018	2017	yoy	2018	2017	yoy	2018	2017	yoy
Sales	63.0	73.0	-13.7%	16.9	19.0	-11.1%	7.3	7.3	0.0%	2.9	1.4	106.5%
Adjusted EBIT	8.5	13.4	-36.6%	2.0	2.3	-13.0%	-1.8	-1.9	5.3%	0.2	-1.0	nm
Adjusted EBIT-Margin	13.5%	18.4%	-500 bps	11.8%	12.1%	-30 bps	-24.7%	-26.0%	130 bps	7.8%	-71.6%	nm
	• Weak system sales • Negative economies of scale • Increased R&D activities • Negative effect from IFRS 15			• Weak Q1 due to delayed product launches			• In-line with budget			• Strong software licensing business		

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CASH FLOW AND NET DEBT

IFRS (€ million)	H1/2018	H1/2017	yoy
Cash flow – operating activities	11.9	13.9	-14.4%
Cash flow – investment activities	1.0	-6.6	nm
Cash flow – financing activities	-9.7	-16.6	41.6%
Free cash flow	4.3	7.3	-41.1%
Cash and cash equivalents at end of period	26.9	17.1	57.3%
Net debt	42.8	51.4	-16.7%

As of June 30

- H1/2018 operating cash flow down by 14.4% yoy due to lower earnings levels and higher inventories
- Investments offset by disposal of financial assets

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ADJUSTMENT OF FINANCIAL GUIDANCE

Outlook for 2018

- Sales growth at constant exchange rates of 3-5% (including effects from IFRS 15)
  - First-time adoption of IFRS 15 expected to add approximately two percentage points to growth
  - Implies organic growth of 1-3% versus "at least mid-single digit" previously
- Adjusted EBIT margin of around 16-17% versus "around 17%" previously

Medium-term expectations confirmed

- Average annual organic sales growth (CAGR) in the high single-digit or low double-digit percentage range
- EBIT margin development at an approximately constant level of 17%
  - Positive scale effects offset by growth activities related to full development pipeline

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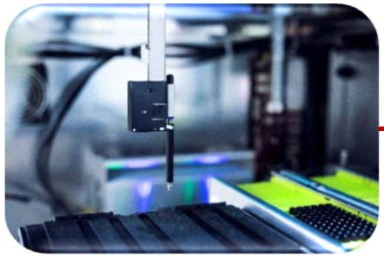
FOCUS IN 2018 AND BEYOND

- Reaccelerate top-line growth in second half of 2018 and reduce earnings volatility across business units
- Further realize synergies through development activities across STRATEC businesses
- Leverage expanded platform offering
- Achieve milestones and market launches within foreseen timeframe
  - Expected launches within the next 9-15 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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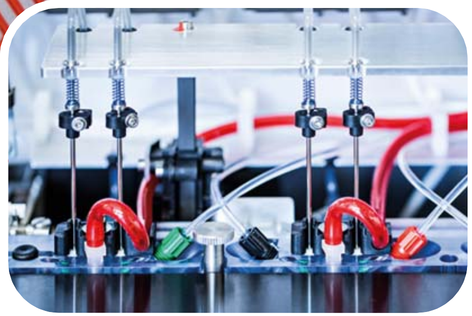

THANK YOU FOR YOUR ATTENTION

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