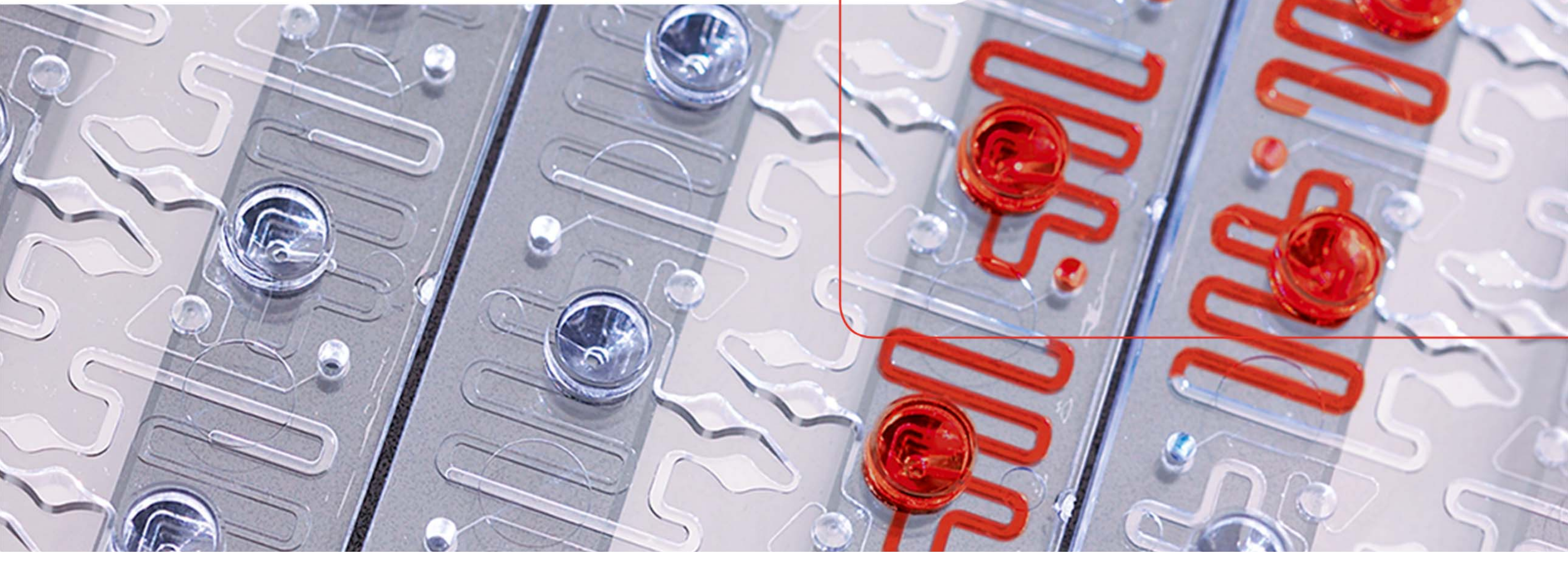
STRATEC
9M 2018 Financial Results

Conference Call – November 8, 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. 9M 2018 AT A GLANCE
2. FINANCIAL REVIEW
3. EARNINGS IMPROVEMENT INITIATIVE
4. OUTLOOK
5. FOCUS IN 2018 AND BEYOND
6. Q&A

9M 2018 AT A GLANCE

- Organic sales decline of 4.8% to € 134.6 million; nominal: -9.9% (9M 2017: € 149.4 million):
  - Negative effects from first time adoption of IFRS 15 and foreign exchange rates
  - Reduced systems sales, weaker Diatron business and temporary slowdown in the demand for service parts & consumables
- Assumption of significant upturn in growth momentum in Q4 2018 and 2019 as a whole confirmed by latest developments
- Adjusted EBIT margin down by 370 bps yoy to 12.7% due to missing economies of scale and increased expenses related to strong project pipeline
- Further contract wins and several promising negotiations in advanced stage
- Identified annual pre-tax cost savings potential of € 2.0 million to € 3.0 million from 2021 onwards
- Number of employees up by 12.4% to 1,208 in the light of full project pipeline

AGENDA

1. 9M 2018 AT A GLANCE
2. FINANCIAL REVIEW
3. EARNINGS IMPROVEMENT INITIATIVE
4. OUTLOOK
5. FOCUS IN 2018 AND BEYOND
6. Q&A

FINANCIALS AT A GLANCE[1]

€ 000s	9M|2018[2]	9M|2017[3]	Change yoy	9M|2018 before adoption of IFRS 9 and IFRS 15	Change yoy
Sales	134,627	149,418	-9.9%	138,914	-7.0%
Adjusted EBITDA	21,960	29,586	-25.8%	23,456	-20.7%
Adjusted EBITDA margin (%)	16.3	19.8	-350 bp	16.9	-290 bp
Adjusted EBIT	17,044	24,513	-30.5%	17,941	-26.8%
Adjusted EBIT margin (%)	12.7	16.4	-370 bp	12.9	-350 bp
Adjusted consolidated net income[4]	13,598	19,167	-29.1%	14,264	-25.6%
Adjusted earnings per share (€)[4]	1.14	1.61	-29.2%	1.20	-25.5%
Earnings per share (€)[4]	0.51	1.37	-62.8%	0.57	-58.4%

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 In accordance with IFRS 9 and IFRS 15.
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 and correction in accordance with IAS 8.41.
4 Results from continuing operations.

ADJUSTMENTS

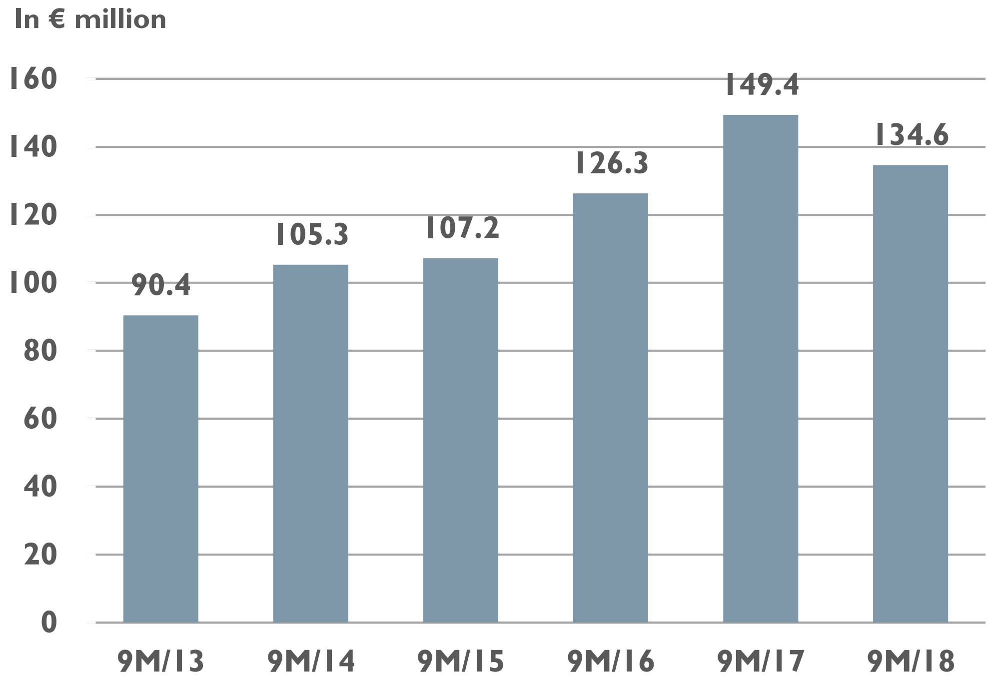
EBIT

€ 000s	01.01.– 09.30.2018
Adjusted EBIT	**17,044**
Adjustments	-1,571
• Expenses in connection with transactions and related restructuring expenses	
• PPA amortization	-7,015
• Impairments	-642
EBIT	**7,816**

Consolidated net income

€ 000s	01.01.– 09.30.2018
Adjusted consolidated net income from continuing operations	**13,598**
Adjusted earnings per share from continuing operations in € (basic)	**1.14**
Adjustments	-1,571
• Expenses in connection with transactions and related restructuring expenses	
• PPA amortization	-7,015
• Impairments	-642
• Current tax expenses	619
• Deferred tax income	1,140
Consolidated net income from continuing operations	**6,129**
Earnings per share from continuing operations in € (basic)	**0.51**

SALES



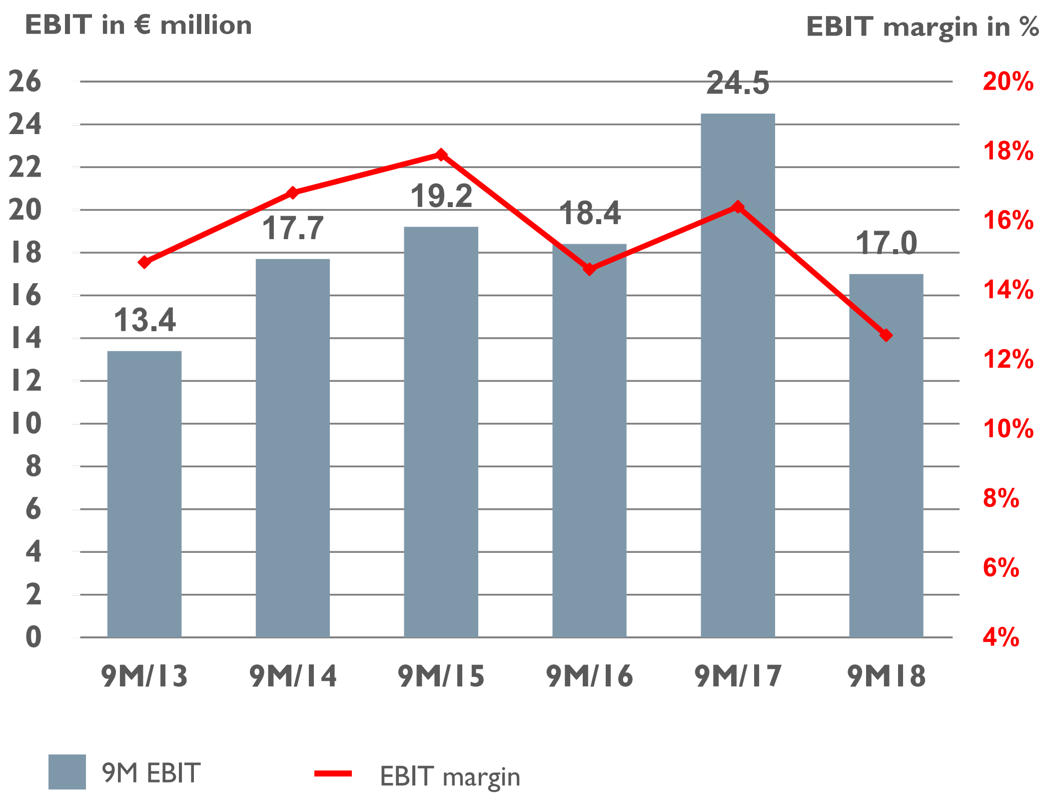
As of September 30

9M 2018 sales decline:

- Negative effects from foreign exchange rates (-2.2 ppts) and first-time adoption of IFRS 15 (-2.9 ppts)
  → organic sales decline of 4.8%
- Lower systems and service parts & consumables sales as well as weaker Diatron business
- Current customer forecasts imply significant recovery for Q4 2018 and beyond

ppts = Percentage points

ADJUSTED EBIT AND EBIT MARGIN



As of September 30

9M 2018 adjusted EBIT margin at 12.7%

- Adjusted EBIT down 30.5% yoy to € 17.0 million
  - Negative effect of € 0.9 million due to first-time adoption of IFRS 15
- Margin decline of 370 bps yoy
  - Negative scale effects
  - Increased expenses related to strong project pipeline

stratec

CASH FLOW AND NET DEBT

IFRS (€ million)	9M 2018	9M 2017	yoy
Cash flow – operating activities	15.4	25.8	-40.3%
Cash flow – investment activities	-3.9	-9.7	-59.8%
Cash flow – financing activities	-9.9	-16.1	-38.5%
Free cash flow	11.5	16.1	-28.6%

IFRS (€ million)	9M 2018	FY 2017	Change
Cash and cash equivalents at end of period	25.1	24.1	4.1%
Net debt	44.2	48.8	-9.4%

- 9M 2018 operating cash flow down by 40.3% yoy due to lower earnings levels and higher inventories
- Higher capex spending due to significant capacity expansion in Birkenfeld partly offset by disposal of financial assets

AGENDA

1. 9M 2018 AT A GLANCE
2. FINANCIAL REVIEW
3. EARNINGS IMPROVEMENT INITIATIVE
4. OUTLOOK
5. FOCUS IN 2018 AND BEYOND
6. Q&A

EARNINGS IMPROVEMENT INITIATIVE

Operational Efficiency

- Increase volume of insourced subassemblies
- Streamlining geographical R&D and production footprint
- Implementation of group wide ERP-system

Portfolio Optimizations

- Disposal of nucleic acid sample preparation business (sales of € 2.5 million and EBIT-loss of € 0.9 million in 2017)
- Selective discontinuation of some smaller/end-of-life cycle and less profitable product lines

Focused Allocation of Development Resources

- Optimizing R&D opportunity costs
- Optimizing risk reward profile of development pipeline

Expected annual pre-tax cost savings of € 2.0 million to € 3.0 million from 2021[1)] onwards

[1)] versus 2018 cost base

AGENDA

1. 9M 2018 AT A GLANCE
2. FINANCIAL REVIEW
3. EARNINGS IMPROVEMENT INITIATIVE
4. OUTLOOK
5. FOCUS IN 2018 AND BEYOND
6. Q&A

FINANCIAL GUIDANCE

Outlook for 2018

- Sales expected to decline organically in the low- to mid-single digit percentage range
- Adjusted EBIT margin of around 11% to 13%

First indication for 2019

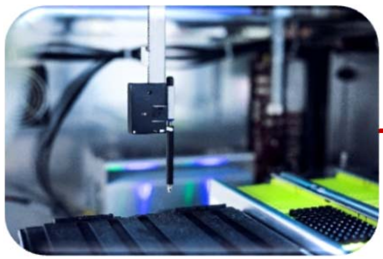
- Significantly positive organic sales growth expected in 2019
  - Numerous upcoming product launches and ongoing ramp-up phases
  - Partial postponement of sales originally expected for 2018
- Adjusted EBIT margin to be significantly higher than the level of 2018
  - Positive scale effects
  - First positive impact from already defined earnings improvement measures

AGENDA

1. 9M 2018 AT A GLANCE
2. FINANCIAL REVIEW
3. EARNINGS IMPROVEMENT INITIATIVE
4. OUTLOOK
5. FOCUS IN 2018 AND BEYOND
6. Q&A

FOCUS IN 2018 AND BEYOND

- Reaccelerate top-line growth from Q4 2018 onwards 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 couple of months among others include instruments for DiaSorin, Becton Dickinson, Quotient and the KleeYa Analyzer platform
- Drive results from defined earnings improvement initiative
- Implementation of a group-wide ERP system to further drive process efficiency
- Expand development capacities including significant extension of buildings in Birkenfeld




QUESTIONS

&

ANSWERS

CONTACT

STRATEC Biomedical AG
Gewerbestr. 37
75217 Birkenfeld
Germany

www.stratec.com

THANK YOU FOR YOUR ATTENTION

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