TECAN. **Press Release**

H1 2019: Tecan again posts significant increase in sales, driven by strong growth in the Life Sciences Business

Financial results for the first half of 2019

- **Sales of CHF 296.1 million (H1 2018: CHF 273.5 million)**
  - **Growth of 8.4% in local currencies or 8.3% in Swiss francs**
  - **Organic growth of 6.3% in local currencies**
  - **Strong growth in the Life Sciences Business**
- **Reported operating profit before depreciation and amortization (EBITDA) of CHF 49.3 million (H1 2018: CHF 48.1 million)**
  - **Reported EBITDA margin of 16.6% (H1 2018: 17.6%), including costs related to the acquisition of NuGEN Technologies**
  - **EBITDA margin remains at similar level on a comparable basis with the prior-year period, i.e. adjusted for the effects of two acquisitions, the introduction of IFRS 16 and the change of CEO**
- **Reported net profit of CHF 25.3 million, including all acquisition-related costs (H1 2018: CHF 29.2 million)**
  - **Earnings per share of CHF 2.14 (H1 2018: CHF 2.49)**
- **Outlook for full-year 2019 confirmed**

Operating performance in the first half of 2019

- **Launch of NGS DreamPrep™, a fully automated sample preparation solution for next-generation sequencing (NGS)**
- **Launch of Spark® Cyto reader platform with imaging capabilities for applications in cell biology**
- **New collaborations with QIAGEN and The Binding Site in disease areas of high unmet medical need**
- **Acquisition of a supplier of key parts successfully completed**

Männedorf, Switzerland, August 15, 2019 – The Tecan Group (SIX Swiss Exchange: TECN) once again posted a substantial increase in sales in the first half of 2019, driven by strong growth in the Life Sciences Business.

Tecan CEO Dr. Achim von Leoprechting commented: “Tecan’s sales again increased significantly in the current financial year. The Life Sciences Business recorded a particularly pleasing performance with strong demand in the instrument business, driven by our leading Fluent automation solution. In the Partnering Business, sales of components also posted particularly strong growth.

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Innovation will remain a key sales driver in the future. We launched groundbreaking product platforms in two of our core markets, genomics and cell biology, in the first half of the year. With NGS DreamPrep, we are able to offer our customers in life science research an integrated, fully automated sample preparation solution for next-generation sequencing (NGS), including the highly innovative reagents of Tecan Genomics. In our detection business, we launched the Spark Cyto reader platform. Its additional imaging capabilities enables laboratories to perform novel analyses of cells in real time. We are delighted with the high level of interest that the two products have generated since their introduction."

Financial results for the first half of 2019

Order entry increased by 4.2% to CHF 310.6 million in the first six months of the year (H1 2018: CHF 298.1 million), again exceeding the sales realized during the reporting period. This equates to a rise of 4.5% in local currencies. On an organic basis, excluding the two most recent acquisitions, order entry rose by 2.7% in local currencies and 2.4% in Swiss francs.
The order backlog once again increased significantly as of June 30, 2019, with the double-digit growth rate driven by both business segments.

Sales climbed by 8.4% in local currencies or 8.3% in Swiss francs to CHF 296.1 million in the first half of the year (H1 2018: CHF 273.5 million). On an organic basis, sales grew by 6.3% in local currencies and 6.2% in Swiss francs. In contrast to the previous year, growth in this reporting period was driven by a double-digit sales increase in the Life Sciences Business. As expected, the Partnering Business recorded only a small rise in sales following growth of more than 16% in local currencies in the prior-year period.
Recurring sales of services and consumables increased in the first half of 2019 by 7.0% in local currencies and 7.3% in Swiss francs, and therefore amounted to 44.4% of total sales (H1 2018: 44.8%).

The reported operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose to CHF 49.3 million in the reporting period (H1 2018: CHF 48.1 million) and the EBITDA margin reached 16.6% of sales (H1 2018: 17.6%), including acquisition-related costs totaling a mid-single-digit million Swiss franc amount. However, when calculated on a comparable basis with the prior-year period, the EBITDA margin for the first half of 2019 was at the same level as in the first half of 2018. The EBITDA margin as reported was adjusted for several influencing factors that reduced the overall margin: The acquisition-related costs of NuGEN and, to a lesser extent, the non-recurring additional costs of the CEO change both had a negative impact. By contrast, the adoption of the new IFRS 16 accounting standard (Leases) generated a recurring positive effect; also the recent acquisition of a supplier made a small positive contribution. Integration costs for completed acquisitions were comparable in both periods.

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Thus reported net profit for the first half of 2019 was CHF 25.3 million (H1 2018: CHF 29.2 million), with acquisition-related costs reducing profits in particular. The net profit margin in the reporting period thus amounted to 8.6% of sales (H1 2018: 10.7%) and earnings per share were CHF 2.14 (H1 2018: CHF 2.49).

Cash flow from operating activities reached CHF 36.0 million (H1 2018: CHF 38.4 million), corresponding to 12.1% of sales in the first half of 2019 (H1 2018: 14.0%).

Information by business segment

Life Sciences Business (end-customer business)

Sales in the Life Sciences Business increased by 15.5% to CHF 162.4 million (H1 2018: CHF 140.5 million) in the first half of the year and were 15.7% above those of the prior-year period in local currencies. On an organic basis, i.e. excluding sales from NuGEN (now Tecan Genomics), half-year sales also increased significantly by 12.0% in local currencies. The instrument business, in particular sales of the Fluent automation workstation, recorded strong growth.
Order entry in the Life Sciences Business also continued to increase. As a result, the order backlog again increased at a double-digit rate.

Despite acquisition-related costs, operating profit in this segment (earnings before interest and taxes; EBIT) rose to CHF 19.0 million (H1 2018: CHF 18.1 million). The operating profit margin was 11.2% of sales (H1 2018: 12.2%).

Partnering Business (OEM business)

The Partnering Business generated sales of CHF 133.7 million in the period under review (H1 2018: CHF 133.0 million), which corresponds to a slight increase of 0.6% both in local currencies and Swiss francs. On an organic basis, sales grew by 0.2% in local currencies. After the segment generated particularly high growth of 16.1% in local currencies in the first six months of 2018, a smaller sales increase had been expected for the first half of 2019.
Thanks to solid growth in order entry, the order backlog in the Partnering Business also increased at a double-digit rate.

Operating profit in this segment (earnings before interest and taxes; EBIT) was CHF 25.0 million (H1 2018: CHF 25.6 million), while the operating profit margin was 18.6% of sales (H1 2018: 19.1%).

Additional information

Regional development

In Europe, Tecan's sales in the first six months of 2019 increased despite the high baseline in the prior-year period by 3.4% in local currencies and by 1.8% in Swiss francs. In the same period of

2018, particularly strong growth of 19.9% in local currencies was achieved. This was mainly attributable to the Partnering Business, which is why, as expected, segment sales in the reporting period did not quite reach the prior-year level. By contrast, the Life Sciences Business recorded considerable growth in Europe on the basis of the high order backlog from the prior year.

In North America, sales in the first six months of 2019 rose by 14.0% in local currencies and by 16.9% in Swiss francs. The Life Sciences Business performed particularly well, with sales growth of 23.5% in local currencies in this region.

In Asia, Tecan generated an increase in sales of 11.8% in local currencies and 9.2% in Swiss francs. Both segments contributed to the sales growth in the region with good performances. Sales growth in China outpaced growth in the Asia region as a whole.

Operating performance in the first half of 2019

Tecan made good progress in implementing its comprehensive genomics strategy in the first half of the year, launching NGS DreamPrep™ only a few months after the acquisition of NuGEN Technologies. NGS DreamPrep, an integrated, fully automated sample preparation solution for next-generation sequencing (NGS) in life science research, combines the high productivity and precision of the Fluent automation platform with the innovative reagents of Tecan Genomics (formerly NuGEN). The use of this innovative solution can help double the typical sample throughput in a laboratory.

In addition, the Spark® Cyto reader platform for cell biology applications was launched at a major trade fair in June. Thanks to its additional imaging capabilities, the Spark Cyto multimode microplate reader enables life science research laboratories to track the development of cells in real time over an extended period, with complete control of all environmental parameters. Another special feature of this innovative instrument is that measurements can be carried out automatically for predefined events. Further processes can also be automated on the basis of the evaluated image data, such as the addition of chemical substances, which influence cell behavior or survival.

In March, Tecan Group Ltd. and QIAGEN N.V. (NYSE: QGEN; Frankfurt Prime Standard: QIA) announced a collaboration to improve the sample processing of QIAGEN’s QuantiFERON-TB Gold Plus (QFT-Plus) diagnostic test. QIAGEN is a leading global provider of Sample to Insight solutions for molecular diagnostics and life sciences. As part of this collaboration, Tecan’s Fluent automation solution will be utilized to aliquot samples for the optional Lithium Heparin single-tube workflow. The Fluent instruments will be supplied directly to laboratories through Tecan’s Life Sciences Business.

Tecan made good progress with a number of development projects in the Partnering Business in the first half of 2019, with various new instrument platforms set to be launched by partner companies in the second half of the year. In June, an ongoing development program with The Binding Site Group (Birmingham, UK) was announced for the first time. The two companies are jointly developing an automated solution for The Binding Site, based on Tecan's Fluent platform, using mass spectrometry to diagnose blood cancers.

In June, Tecan successfully completed the acquisition of a long-term supplier of key parts. The aim is to vertically integrate the manufacturing of critical precision-machined parts. With two manufacturing sites, one in California (USA) and another in Vietnam, Tecan will be able to benefit from the long-term supply of high quality precision-machined parts and realize cost savings by internalizing their supply. Tecan has been the largest customer of this supplier, making up a significant share of its revenues. From June 1, 2019, the supplier will be included in the consolidated financial statements of the Tecan Group as a part of the Partnering Business segment.

Strong balance sheet – high equity ratio

Tecan's equity ratio was 68.1% as of June 30, 2019 (December 31, 2018: 71.4%). Net liquidity (cash and cash equivalents minus bank liabilities and loans) reached CHF 264.5 million (June 30, 2018: CHF 284.1 million; December 31, 2018: CHF 289.6 million), despite having paid the purchase consideration for the acquisition of a supplier fully in cash in the first half of the year (net cash outflow of CHF 21.2 million).
At the Tecan Group Annual General Meeting on April 16, 2019, shareholders approved an increase in the dividend from CHF 2.00 to CHF 2.10 per share. The payout of dividends totaling CHF 24.8 million took place on April 24, 2019.

Outlook for full-year 2019 confirmed

Tecan continues to forecast sales growth for the full-year 2019 to be in the mid- to high single-digit percentage range in local currencies. Sales to third parties are only expected to benefit from additional revenues in a low- to mid single-digit million Swiss franc amount from the recently completed acquisition of a supplier. This forecast does not take account of potential additional acquisitions during the remainder of the year.

Tecan expects that the reported EBITDA margin for the full-year 2019 will expand to around 19% of sales. The acquisition of the supplier should have an additional slightly positive impact on the EBITDA margin.

The expectations regarding profitability are based on an average exchange rate forecast for the full-year 2019 of one euro equaling CHF 1.14 (2018: 1.15) and one US dollar equaling CHF 0.99 (2018: 0.96). Again, no contributions or costs linked to further acquisitions are taken into account.

Financial Report and Webcast

The full 2019 Interim Report can be accessed on the company's website www.tecan.com under Investor Relations. An iPad app for the Tecan Financial Reports is also available from the App Store.

Tecan will hold a conference call to discuss the results in the first half of 2019 today at 10:00 a.m. (CEST). The presentation will also be relayed by live audio webcast, which interested parties can access at www.tecan.com. A link to the webcast will be provided immediately prior to the event.

The dial-in numbers for the conference call are as follows:
For participants from Europe: +41 (0)58 310 50 00 or +44 207 107 0613 (UK)
For participants from the US: +1 (1) 631 570 5613
Participants should if possible dial in 15 minutes before the start of the event.

Key upcoming dates

- The 2019 Annual Report will be published on March 17, 2020.
- The Annual General Meeting of Tecan's shareholders will take place on April 7, 2020.

About Tecan
Tecan (www.tecan.com) is a leading global provider of laboratory instruments and solutions in biopharmaceuticals, forensics and clinical diagnostics. The company specializes in the development, production and distribution of automation solutions for laboratories in the life sciences sector. Its clients include pharmaceutical and biotechnology companies, university research departments, forensic and diagnostic laboratories. As an original equipment manufacturer (OEM), Tecan is also a leader in developing and manufacturing OEM instruments and components that are then distributed by partner companies. Founded in Switzerland in 1980, the company has manufacturing, research and development sites in both Europe and North America and maintains a sales and service network in 52 countries. In 2018, Tecan generated sales of CHF 594 million (USD 606 million; EUR 516 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TECN; ISIN CH0012100191).

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Tecan Group – Financial reporting
Interim consolidated financial statements as of June 30, 2019[1]
(Key figures, unaudited)

Consolidated statement of profit or loss

January to June, CHF 1'000	2018	2019	△ in %
Sales	**273’481**	**296’120**	**8.3%**
Cost of sales	(144’958)	(155’145)	7.0%
Gross profit	**128’523**	**140’975**	**9.7%**
In % of sales	*47.0%*	*47.6%*	
Sales and marketing	(42’315)	(46’891)	10.8%
Research and development	(22’037)	(29’550)	34.1%
General and administration	(26’103)	(31’544)	20.8%
Other operating income	42	270	542.9%
Other operating expenses	(305)	(275)	-9.8%
Operating profit	**37’805**	**32’985**	**-12.7%**
In % of sales	*13.8%*	*11.1%*	
Financial result	(3’035)	(2’882)	-5.0%
Profit before taxes	**34’770**	**30’103**	**-13.4%**
Income taxes	(5’594)	(4’765)	-14.8%
Profit for the period	**29’176**	**25’338**	**-13.2%**
In % of sales	*10.7%*	*8.6%*	

EBITDA	**48’106**	**49’299**	**2.5%**
In % of sales	*17.6%*	*16.6%*	

Basic earnings per share (CHF/share)	**2.49**	**2.14**	**-14.1%**
Diluted earnings per share (CHF/share)	**2.46**	**2.13**	**-13.4%**

Order entry

January to June, CHF 1'000	2018	2019	△ in % (CHF)	△ in % (LC)
Order entry	**298’143**	**310’641**	**4.2%**	**4.5%**

[1]**Introduction of IFRS 16 ‘Leases’:** The Group has adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. Accordingly, the comparative information presented in 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 ‘Leases’ and related interpretations.

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Segment information by business segments

Sales to third parties

January to June, CHF 1'000	2018	2019	△ in % (CHF)	△ in % (LC)
Life Sciences Business	140'522	162'371	15.5%	15.7%
Partnering Business	132'959	133'749	0.6%	0.6%
Total sales	**273'481**	**296'120**	**8.3%**	**8.4%**

Segment information

	Life Sciences Business		Partnering Business		Corporate / Consolidation		Total	
January to June, CHF 1'000	2018	2019	2018	2019	2018	2019	2018	2019
Sales to third parties	140'522	162'371	132'959	133'749			273'481	296'120
Intersegment sales	8'144	6'971	721	718	(8'865)	(7'689)	-	-
Total sales	**148'666**	**169'342**	**133'680**	**134'467**	**(8'865)**	**(7'689)**	**273'481**	**296'120**
Operating profit	**18'144**	**18'960**	**25'573**	**25'036**	**(5'912)**	**(11'011)**	**37'805**	**32'985**
In % of sales	*12.2%*	*11.2%*	*19.1%*	*18.6%*			*13.8%*	*11.1%*

Sales by regions (by location of customers)

	Life Sciences Business		Partnering Business		Total		△ in % (CHF)	△ in % (LC)
January to June, CHF 1'000	2018	2019	2018	2019	2018	2019		
Europe	48'539	51'394	70'932	70'174	119'471	121'568	1.8%	3.4%
North America	61'334	78'319	44'477	45'380	105'811	123'699	16.9%	14.0%
Asia	26'301	29'334	16'212	17'097	42'513	46'431	9.2%	11.8%
Others	4'348	3'324	1'338	1'098	5'686	4'422	-22.2%	-20.9%
Total sales	**140'522**	**162'371**	**132'959**	**133'749**	**273'481**	**296'120**	**8.3%**	**8.4%**

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Consolidated balance sheet

CHF 1'000	31.12.2018	30.06.2019	△ in %
Assets			
Current assets	596’048	572’939	-3.9%
Non-current assets	261’623	327’142	25.0%
Assets	**857’671**	**900’081**	**4.9%**
Liabilities and equity			
Current liabilities	163’470	160’745	-1.7%
Non-current liabilities	81’792	126’688	54.9%
Total liabilities	*245’262*	*287’433*	*17.2%*
Shareholders’ equity	612’409	612’648	0.0%
Liabilities and equity	**857’671**	**900’081**	**4.9%**

Consolidated statement of cash flows

January to June, CHF 1'000	2018	2019	△ in %
Cash inflows from operating activities	38’362	35’969	-6.2%
Cash outflows from investing activities	(20’788)	(36’721)	76.6%
Cash outflows from financing activities	(25’763)	(26’088)	1.3%
Translation differences	(159)	(303)	90.6%
Decrease in cash and cash equivalents	**(8’348)**	**(27’143)**	**225.1%**
Cash and cash equivalents as per cash flow statement:			
At January 1	309’412	296’836	-4.1%
At June 30	301’064	269’693	-10.4%

Consolidated statement of changes in equity

January to June, CHF 1'000	2018	2019	△ in %
Shareholders’ equity at January 1	**550’121**	**612’409**	**11.3%**
Restatement IFRS 16	-	p.m.	
Profit for the period	29’176	25’338	-13.2%
Other comprehensive income/(loss) for the period	5’734	(12’862)	n.a.
Dividends paid	(23’462)	(24’835)	5.9%
New shares issued based on employee participation plans	1’863	1’170	-37.2%
Share-based payments	8’525	11’428	34.1%
Shareholders’ equity at June 30	**571’957**	**612’648**	**7.1%**

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