

# Media Release



## Financial Result First Quarter 2020

- 15.5% increase of Group Net Sales to EUR 13.7 million (3M 2019: EUR 11.9 million). FX adjusted Growth Rate<sup>1)</sup> plus 10.8%.
- 47.9% increase of Group EBITDA<sup>1)</sup> to EUR 3.2 million (3M 2019: EUR 2.1 million) achieving an EBITDA Margin<sup>1)</sup> of 22.9% (3M 2019: 17.9%).
- Significantly increased Group Net Profit to EUR 1.0 million (3M 2019: EUR 0.3 million) achieving a Net Profit-Margin of 7.4% (3M 2019: 2.1%). Excluding non-cash currency effects, Recurring Group Net Profit<sup>1)</sup> at EUR 1.7 million (3M 2019: EUR 1.3 million).
- On 31 March 2020: Cash at EUR 52.6 million, Net Cash<sup>1)</sup> at EUR 49.3 million, Equity Ratio<sup>1)</sup> at 80.4%.
- At the Extraordinary General Meeting on 23 January 2020, the shareholders decided on the cancellation of 450,000 treasury shares and on the finalization of the restructuring process by changing the legal form from exceet Group S.A. into exceet Group SCA.

**Grevenmacher, 30 April 2020** - In the first quarter of 2020, exceet's business has been influenced by the corona pandemic, which required additional efforts in managing and adapting to the accelerating crisis. Initial effects from China, influencing the supply chain of components, became visible by February and exceet started to secure the supply of critical components by increasing inventory levels and evaluating secondary suppliers. Customer demand increased significantly during the first quarter, driven by individual customers within the Healthcare segment. By March, exceet prepared for various scenarios regarding corona and took protective measures for the safety of its employees, customers and suppliers, by suspending travel and physical face-to-face meetings, implementing protective measures within the production environment and the introduction of home office for dedicated personnel. Within a short period of time, exceet's processes could be aligned to the changed situation without negative effects on the business.

Despite these circumstances, Q1 2020 was a very successful quarter for the Group, based on strong figures for new orders received, as well as sales and earnings growth rates.

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1) See note 16 "Alternative Performance Measures (APM)" Pages 23 – 26  
<https://www.exceet.com/Q1-2020-Report-APM>

Q1 2020 sales growth can be primarily attributed to a strong demand for miniaturized PCBs within the Healthcare segment. Certain customers ordered high volumes either to increase their inventories or to temporarily replace their other source suppliers due to delivery shortages. EBITDA increased by nearly 50% versus the corresponding period in the previous year, mainly caused by a strong leverage out of higher net sales combined with an under-proportional increase in operating costs.

The net profit of EUR 1.0 million (3M 2019: EUR 0.3 million) included negative net foreign currency cash and non-cash effects of EUR 0.9 million (3M 2019: EUR 0.8 million) and interest cost in the amount of EUR 0.1 million (3M 2019: EUR 0.1 million). The foreign currency effect is mainly attributable to the substantial amount of cash held in Euro in the Swiss holding company with its functional currency of Swiss francs. This non-cash effect is neutralized on the balance sheet level via the equity position.

exceet's operations are unchanged compared to the prior year and include the Healthcare segment and the Software (incl. IoT) segment.

### **Healthcare Segment**

The segment realized net sales of EUR 11.4 million (3M 2019: EUR 9.2 million) representing 82.9% (3M 2019: 77.4%) of Group net sales and achieved an increase by 23.7%. The EBITDA for the first three months amounted to EUR 3.8 million (3M 2019: EUR 2.7 million), up 38.8% and resulting in an EBITDA Margin of 33.1% (3M 2019: 29.5%).

The exceptionally strong Q1 2020 performance of the segment was driven by high volume orders from individual customers. Although Q1 2019 already displayed high sales volumes, the Q1 2020 figures exceeded the previous year performance based on these onetime demand effects.

### **Software (including IoT) Segment**

For the first three months 2020, the segment contributed net sales of EUR 2.4 million (3M 2019: EUR 2.7 million) representing 17.1% (3M 2019: 22.6%) of Group net sales. The EBITDA for this period was nearly break-even (3M 2019: minus EUR 0.1 million). But despite the decrease of sales, the segment was able to increase its gross profit and EBITDA performance due to an improved product-mix.

With "exceet connect", a promising market solution has been developed, which provides easy implementation and a comprehensive lifecycle management dedicated to guarantee the chosen security level on a long-term basis. Up to now the sales of "exceet connect" are below the expected levels. The current corona situation, which impedes customer contacts, is an obstacle for the roll-out of "exceet connect", as the awareness of potential partners and customers is actually strongly focused otherwise on corona topics.

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## Outlook

exceet's operative business segment Healthcare has started encouraging into the new financial year. Supported by individual non-recurring effects of higher demand from certain customers, the Group managed to carry over the momentum of the final quarter of 2019 into the first three months of 2020, achieving a significant year-over-year growth rate. The order backlog amounting to EUR 13.9 million as of 31 December 2019 turned out as a positive indicator for the Group's performance in 2020, but meanwhile the visibility has decreased due to the corona pandemic which will have an overwhelming impact on growth worldwide and on almost any national economy with their entire public, private and corporate sectors. During April, after the peak in Q1, exceet recognized a shifting of scheduled orders and a reduced demand from customers.

Nevertheless, from a current point of view, exceet is still aiming for a mid-single digit top-line growth in 2020. exceet has been increasing stocks of certain base and intermediate products in Q1 to anticipate possible supply-chain disruptions. This could provide an advantage for the Group versus competing suppliers. Until now, exceet's operational sites in Germany and Switzerland have not been suffering from any shutdowns. All processes on the sites have been established to fulfil the governmental health regulations about physical distancing, disinfection, usage of home office and so on. Furthermore, exceet feels well prepared to keep up its business processes without major disturbances.

But the management is going on to act at sight and with caution. Unless the economy collapses for a longer term, the technologically demanding PCB business is well in the position to deliver growth this year due to the Group's sizable investments into the industrial fabrication of ultra-high-dense flexible boards at its Swiss location in Küssnacht. This technology enables innovative medtech product launches and could enhance exceet's future growth. The software business, currently suffering from project postponements, will also benefit from exceet's progress to establish a higher market awareness for the Group's product suite "exceet connect" as soon as customers are less focused on corona and again available for new projects.

The EBITDA Margin<sup>1)</sup> is historically leveraged through the Group's top line performance. The management expects the EBITDA Margin for 2020 to be in line with the prior year, depending on the recovery of the economy from the corona pandemic.

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**Annex: Performance and Structural Data first quarter 2020**

Complete Interim Report on the first quarter 2020 available at

<https://www.exceet.com/Q1-2020-Report>

and Company Presentation at

<http://www.exceet.com/Q1-2020-Presentation>

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**exceet will announce first half-year results 2020 on 6 August 2020**

(after closing of the market)

**About exceet**

exceet is a listed holding company focusing on technology corporations within the healthcare and software markets.

<b>except</b>			
Performance and Structural Data			
(in EUR million, expenses & cash out in parentheses)	<b>2020</b>	<b>1<sup>st</sup> Quarter 2019</b>	Change
<b>Income Statement</b>			
Net Sales	13.7	11.9	+15.5%
- Healthcare	11.4	9.2	+23.7%
- Software (incl. IoT)	2.4	2.7	-12.4%
Gross Profit	4.4	3.2	+34.5%
EBITDA	3.2	2.1	+47.9%
<i>in % of Net Sales</i>	22.9%	17.9%	+5.0pp
- Healthcare	3.8	2.7	+38.8%
- Software (incl. IoT)	0.0	(0.1)	+100.0%
EBIT	2.3	1.4	+68.1%
<i>in % of Net Sales</i>	17.1%	11.4%	+5.6pp
Net Profit	1.0	0.3	n.a.
- per Ordinary Share <span style="float: right;">EUR</span>	0.05	0.01	n.a.
<b>Backlog</b>	16.8	10.4	+61.4%
<b>Cash Flow Statement</b>			
Cash Flow from operations before change in net working capital	3.0	2.2	+36.4%
Change in net working capital <sup>1)</sup>	0.4	(0.6)	-166.7%
Cash Flow from operations	2.8	1.1	+154.5%
Capex (incl. finance lease agreements) <sup>1)</sup>	(1.8)	(0.6)	+200.0%
Free Cash Flow <sup>1)</sup>	1.0	0.5	+100.0%
(in EUR million, expenses & cash out in parentheses)	<b>31.03.2020</b>	31.12.2019	Change
<b>Balance Sheet</b>			
Total Assets	94.5	89.6	+5.5%
Cash	52.6	51.5	+2.1%
Net Financial Cash	49.3	48.1	+2.5%
Goodwill	7.5	7.4	+1.4%
Shareholders' equity	76.0	73.6	+3.3%
<b>Employees (full-time-equivalent)</b>	214	212	+0.9%

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