

Media Release



Financial Results 2017 (Annual Report)

Solid Electronics Portfolio

- Total Group sales at EUR 143.4 million (2016: EUR 135.3 million), Organic Growth¹⁾ excluding currency effect +6.6% compared to 2016
- EBITDA amounted to EUR 9.5 million (2016: EUR 8.1 million) and included EUR 1.7 million non-recurring costs for restructuring. The margin increased to 6.6% (+0.6 percentage points).
- Impairment charges of EUR 12.4 million (Q4 2017: EUR 1.6 million)
- Cash Flow from operating activities improved by EUR 8.0 million to EUR 8.3 million.
- Order Backlog¹⁾ on 31 December 2017 EUR 107.3 million (+16.4% against end of 2016)
- On 31 December 2017, cash amounts to EUR 29.0 million (2016: EUR 30.9 million); Net Cash¹⁾ reached EUR 0.7 million (2016: Net Debt¹⁾ EUR 5.4 million); Equity Ratio¹⁾ of 57.3% (2016: 55.4%).
- New majority shareholder White Elephant S.à r.l. holds 56.07% of exceet's registered share capital as of 20 November 2017 and has announced to apply a value-enhancing strategy to the Group's portfolio of activities jointly with Management and Board of Directors.

Luxembourg, 28 February 2018 – After a number of milestone achievements in 2016, the year 2017 was characterized by a further decisive restructuring and cleaning-up of the balance sheet with total impairments of EUR 12.4 million. In an overall supportive economic and market environment, the solid basis of the Group helped to restore a robust top line and bottom line growth. Factors influencing the final business figures were cost cutting benefits on the one side, but restructuring related additional cost and impairment of intangible assets on the other side. exceet's business was pushed mainly by higher sales out of industrial projects and operational improvements. The operational cash flow improved visibly. With White Elephant S.à r.l., exceet has a new majority shareholder supporting the Group's portfolio of activities in order to create and enhance value. exceet's business is bearing further opportunities with a strong order backlog figure of EUR 107.3 million.

1) See exceet Group Consolidated Financial Statements note 33 "Alternative Performance Measures (APM)" Page 102 available at http://www.exceet.com/fileadmin/exceet/downloads/ir/gesch_bericht/exceet_Group_SE_Annual_Report_2017.pdf#page=102

Electronic Components, Modules & Systems (ECMS) sales increased by 6.2% to EUR 134.0 million (2016: EUR 126.2 million) with higher volumes out of existing projects, new projects overcompensating lower sales from projects at the end of their life cycle and a lower level of PCB deliveries at the beginning of the year. EBITDA reached EUR 14.4 million against EUR 12.9 million in 2016. The EBITDA Margin¹⁾ increased accordingly from 10.3% in 2016 to 10.7% in 2017. This was supported by the leverage resulting from higher sales along stable costs and includes costs of EUR 0.9 million out of the restructuring measures in 2017.

In the micro- and opto-electronics business, a number of new customer projects like a micro-camera based recognition of codes and optical analysis in complex environments were won. Additionally, customers of the unit based in Berlin/DE benefit from a unique spectrum of high-end chip-level technologies realized in state-of-the-art cleanroom facilities. The high-end PCB business located in Küssnacht/CH concentrates on miniaturized applications for the medical and industrial market and focuses on new developments for the semi-additive process, a proven production method used on rigid and flexible materials enabling ultra-fine circuitry.

The increasing importance of hardware/software integration has been leading the way for certain innovations in 2017 such as an industrial-use developer kit based on a raspberry pi compute module. First customers already use this technologically standardized, secure plug-and-play solution. In addition, different customizable CPU platforms on the basis of the microprocessor family i.MX6 are available. Clients are strongly interested in this microprocessor related product suite as well as in panels, web terminals, medical grade body wearables and homecare solutions for patient monitoring. Furthermore, exceet engineers developed a unique concept for a decentralized, energy-efficient, space-saving and award-winning ventilation system for buildings together with a customer.

exceet Secure Solutions (ESS) achieved sales of EUR 9.4 million during the reporting period (2016: EUR 9.2 million). The segment is focused on secure remote services, IT Security and industrial Internet of Things (IoT) projects and solutions. As of 31 December 2017 the costs of current projects of EUR 1.1 million (2016: EUR 1.3 million) have been capitalized as work in progress with expected future revenues. The negative EBITDA of EUR 2.2 million (2016: minus EUR 1.2 million) includes restructuring costs for Düsseldorf/DE of EUR 0.8 million). In 2017, the segment launched “exceet connect”, a modular product suite which ensures secure communication between users and devices and guarantees protection against tapping and manipulation of data while giving the customer the choice of different security levels. Additionally, the segment further improved eHealth, eSignature and Hardware Security Module (HSM) related developments.

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Besides HSM products, exceet provides a spectrum of HSM Services including customized software development, executed for a leading provider of carrier and cloud-neutral colocation data-center-services in Europe. Within its IoT projects, ESS offers the whole value chain including customer specific hardware, software and services. The market for industry routers and customized gateways grew strongly in 2017. The unit in Zirndorf/DE will move to a larger location in 2018 to cover future growth and to optimize the work flow conditions. ESS won a project from a German e-mobility start-up for the development of a charging solution for electric vehicles using 100% green electricity. Additionally, remote control and remote service projects for wind power stations and thermal power stations were realized.

Outlook

exceet closed the financial year 2017 with satisfactory results on the whole. Going forward, the Group is now ready to gain further visible organic business improvements in its activities portfolio. This is supported by the excellent shape of the economy, which is actually characterized by a broad and convincing increase of corporate and public investments. As it was the case for the previous quarters, the current strong order backlog figures amounting to more than EUR 100 million should certainly be positively interpreted as a good indicator of the Group's business opportunities in the coming months. Without extraordinary events, sales should at least rise in accordance to market growth, which could gain additional momentum. This should increase the EBITDA-Margin visibly in 2018 supported by cost-efficient corporate structures.

After a resolute cleaning of the balance sheet in the past reporting periods with regards to the adjustment of valuations of former acquisitions and business units being restructuring and streamlining processes, the finalization of these adjustments in 2017 will therefore narrow the gap between the operational profitability as measured by the EBITDA and the net result. Additionally, the management will pay substantial attention to the generation of Free Cash Flow¹⁾ and sustainably sound balance sheet ratios.

Although the big picture seems to be positive, some risks should be closely tracked. Macroeconomic risk factors that were broadly discussed at the beginning of last year did not disappear. Market sentiment could deteriorate quickly due to a prolonged and even increasing strength of the Euro or a likely change towards a tighter monetary policy. New tensions within the Eurozone and other political conflicts could undermine the newly regained propensity to invest. Above all, global indebtedness remains an unsolved issue. As outlined earlier, the current booming economy has generated longer lead times for specific electronic components. An increasingly crucial factor for future growth is the general lack of highly qualified employees.

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Apart from that, regulatory hurdles and bureaucratic requirements rise steadily and tend to become obstacles to innovation. Referring to the medtech sector, the EU Medical Device Regulation (MDR) is considered hostile to innovation by some manufacturers. Particularly, small start-ups within the sector are suffering from lengthy admission procedures and refinancing issues.

exceet sees potential for value creation by optimizing its portfolio of activities according to the Group's overall business purpose of enhancing the value of exceet. Therefore, the Group considers possible divestments of certain operations of its broad-based electronics business as well as selective investments in new activities, both solely on the basis of commercial considerations.

Annex: Performance and Structural Data full year 2017

Complete Annual Report 2017 available at

http://www.exceet.com/fileadmin/exceet/downloads/ir/gesch_bericht/exceet_Group_SE_Annual_Report_2017.pdf

and Company Presentation at

http://ir.exceet.com/fileadmin/exceet/downloads/ir/presentations/exceet_Group_Financial_Results_2017_Company_Presentation.pdf

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exceet will announce first quarter results 2018 on 30 April 2018

(after closing of the market)

About exceet

exceet is a portfolio of international technology companies which are specialized in the development and production of intelligent, complex and secure electronics.

exceet					
Performance and Structural Data					
(in EUR million, expenses & cash out in parentheses)	4 th Quarter		Full Year		Change
	2017	2016 ¹⁾	2017	2016 ¹⁾	
Income Statement					
Net Sales	34.7	35.5	143.4	135.3	+6.0%
- Electronic Components Modules & Systems (ECMS) ²⁾	32.5	32.6	134.0	126.1	+6.3%
- exceet Secure Solutions (ESS) ²⁾	2.2	2.9	9.4	9.2	+2.2%
Gross Profit	3.7	3.4	18.2	17.2	+5.8%
EBITDA	1.5	1.6	9.5	8.1	+17.3%
<i>in % of Net Sales</i>	4.3%	4.5%	6.6%	6.0%	+0.6pp
- Electronic Components Modules & Systems (ECMS)	2.8	2.3	14.4	12.9	+11.6%
- exceet Secure Solutions (ESS)	(0.5)	0.1	(2.2)	(1.2)	-83.3%
EBIT	(2.0)	(1.9)	(10.5)	(4.4)	n.a.
<i>in % of Net Sales</i>	(5.8%)	(5.4%)	(7.3%)	(3.2%)	-4.2pp
Net Income ³⁾	(2.4)	(3.7)	(11.0)	(7.1)	n.a.
- per Class A Share EUR	(0.12)	(0.18)	(0.55)	(0.35)	n.a.
Backlog			107.3	92.2	+16.4%
Cash Flow Statement					
Cash Flow from operations					
before change in net working capital	1.6	1.6	11.2	6.4	+75.0%
Change in net working capital ⁴⁾	5.2	(0.6)	0.0	(2.2)	n.a.
Cash Flow from operations	5.6	0.8	8.3	0.3	n.a.
Capex (incl. finance lease agreements) ⁴⁾	(0.9)	(0.8)	(3.7)	(7.1)	-47.9%
Free Cash Flow ⁴⁾	4.6	0.0	4.6	(6.8)	n.a.
(in EUR million, expenses & cash out in parentheses)			31.12.2017	31.12.2016	Change
Balance Sheet					
Total Assets			129.8	151.8	-14.5%
Cash			29.0	30.9	-6.1%
Net Financial Debt / (Cash) ⁴⁾			(0.7)	5.4	-113.0%
Goodwill			12.7	22.6	-43.8%
Shareholders' equity			74.4	84.1	-11.5%
Employees (full-time-equivalent)			636	642	-0.9%

1 Continued operations

2 3rd party net sales only

3 2016 excluding net income from discontinued operation IDMS (card business) of EUR (24.5) million

4 See exceet Group Consolidated Financial Statements note 33 "Alternative Performance Measures (APM)"

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