



## Financial Results First Quarter 2019

- 3M 2019 Group Net Sales at EUR 11.9 million, plus 17.2% compared to prior year. Organic Growth Rate<sup>1)</sup> for 3M 2019: plus 14.3% (3M 2018: minus 0.8%).
- 3M 2019 Group EBITDA<sup>1)</sup> at EUR 2.1 million (3M 2018: EUR 0.7 million), up 184.8% versus 3M 2018, reaching 17.9% of Net Sales. 3M Group Net Result at EUR 0.3 million (3M 2018: EUR nil) due to a negative non-cash currency effect of EUR 0.8 million out of the valuation of the cash position.
- On 31 March 2019: Order Backlog<sup>1)</sup> at EUR 10.4 million; Cash at EUR 113.6 million, Net Cash<sup>1)</sup> at EUR 109.9 million and Equity Ratio<sup>1)</sup> at 89.2%
- exceet is in progress to expand and leverage its networks in the Healthcare-, MedTech- and Software-Industries for possibly upcoming additional investments.

**Grevenmacher, 30 April 2019** – In the course of the last fiscal year, exceet signed several agreements to sell its portfolio companies exceet electronics, AEMtec GmbH (Germany) and exceet Medtec Romania S.R.L. These activities had been part of exceet's former business segment Electronic Components, Modules & Systems (ECMS). As a consequence, the Group's IFRS reporting had to be split into "Continued Operations" and "Discontinued Operations" as of Q3 2018.

The continued operations consist of the printed circuit boards (PCB) activities within the Healthcare segment (former ECMS segment) and the Software segment (former ESS segment), which is actually focused on industrial internet of things (IoT) and secure connectivity. Currently, locations are in Germany and Switzerland.

Q1 2019 sales growth can be primarily attributed to a strong quarterly demand for miniaturized PCB's of the healthcare segment. The operational profit (EBITDA) almost tripled versus the corresponding period one year ago. This is mainly caused by a strong positive leverage out of higher net sales combined with a stable cost level. In addition some benefits were realized out of an optimal product cost mix.

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1) See note 20 "Alternative Performance Measures (APM)" Pages 25 – 27  
<https://www.exceet.com/Q1-2019-Report-APM>

The new IFRS 16 Standard «Leases» demands from lessees to recognize all leases on the balance sheet, unless the term is 12 months or less or the underlying asset has a low value (below Euro 5,000). In the consequence, the EBITDA for Q1 2019 increased by EUR 0.1 million as operating expenses for rent/leases were replaced by depreciation (mainly) and interest.

The net profit of EUR 0.3 million included a negative net foreign currency effect of EUR 0.8 million (3M 2018: nil) and interest cost in the amount of EUR 0.1 million (3M 2018: EUR 0.1 million). The foreign currency effect is non-cash. The main component of the foreign currency effect is the effect of EUR 0.8 million on the substantial amount of cash received with the sale of several activities in 2018 and now held in the Swiss holding company with the functional currency of Swiss francs. This effect is neutralized on balance sheet level via the equity position.

### **Healthcare Segment**

The segment is focused on the development and production of innovative and miniaturized printed circuit boards (PCBs) in close cooperation with its customers for high-end electronic functionalities in healthcare and medtech devices, particularly in hearing aids, cochlear implants and other medtech implants. The hearing aids industry represents a stable growing segment within the healthcare market and offers favorable business conditions for the segment's competence and know-how in miniaturization with strong quality requirements. In many cases exceet's deliveries of innovative PCB architectures are crucial for the realization of the demanded features by the customers.

The segment realized Net Sales of EUR 9.2 million (3M 2018: EUR 7.8 million) representing 77.4% of Group sales and an increase by 17.6%. The EBITDA amounted to EUR 2.7 million (3M 2018: EUR 1.7 million) resulting in an EBITDA Margin of 29.5% (3M 2018: 21.7%). Adjusted for currency effects, Net Sales amounted to EUR 9.0 million and reflect an increase of 16.0%.

The exceptional good Q1 2019 performance of the segment was driven by typical small to medium size production characteristics. Sizes of series in general are limited and can experience visible hikes on a quarterly basis due to the short-term progression of demand of the customers.

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

Secure connectivity in data-critical IT environments such as eHealth architectures and industrial internet of things (IoT) is the focus of this segment.

For the first three months of 2019, the segment contributed 22.6% to Group sales. The segment generated external revenues of EUR 2.7 million after EUR 2.3 million in the corresponding period of 2018 (plus 15.8%). The EBITDA for the first three months amounted to minus EUR 0.1 million (3M 2018: minus EUR 0.2 million).

In 2018, the segment started to increase its efforts to present its competences and know-how on fairs and expert events, in order to extend the existing partner network and to launch exceet's expertise in edge computing applications to the market. Edge computing follows the trend of decentralized data processing close to the device, allowing data computations to be available faster, network traffic to be reduced and pre-processed data to be sent to the cloud. Edge computing also supports solutions where no permanent network connection is available. However, market awareness for the segments competences and know-how is still limited and requires further measures going forward.

## Outlook

As expected, exceet's continued operations started satisfactory into the financial year 2019 - despite currently widespread concerns referring to worldwide economic growth, trade and corporate earnings. The Group's sales improved by 17.2% versus one year ago and the operative profitability even extended its sound level regained in the course of the past quarters. The Healthcare segment is expected to profit from the successfully implemented streamlining and expansion measures at the location in Küssnacht (Switzerland). As indicated earlier, the Ultra High Density Technology enjoys a positive market attention and offers more design opportunities for the healthcare but also selected industrial markets. The Software segment with its IoT-activities, based in Germany and focussed on data security, will be concentrating on the continued development of "exceet connect" and other secure connectivity projects. These two segments are expected to achieve a combined mid-single digit top line growth in 2019. The Book-to-Bill ratio<sup>1)</sup> provides a reliable indicator for business prospects. A continuation of the exceptional strong level of net sales achieved by the healthcare segment in Q1 2019 is unlikely as overall market sentiment remains subdued and customers most probable will be acting again more cautiously and at sight.

As stated in the financial report 2018, exceet will stick to its communicated strategy to develop the PCB-activities and the software- and IoT-activities further. As of the beginning of the year, the management and exceet's main shareholder are jointly involved into an ongoing process of evaluating additional investment opportunities, either to strengthen the existing businesses or to broaden the range of strategic interests. The constant ability of the existing operations to generate free cash flows has improved the group's actual net cash position to EUR 109.9 million.

Future investments are intended to generate on average an increase of the Intrinsic Value of at least 15% annually. The availability of perpetual capital allows exceet to respond flexible and immediately with a partnership approach to upcoming opportunities. Targeted industries remain the structurally growing markets like healthcare, software or technology.

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**Annex: Performance and Structural Data first quarter 2019**

Complete Interim Report on the first quarter 2019 available at

<https://www.exceet.com/Q1-2019-Report>

and Company Presentation at

<http://www.exceet.com/Q1-2019-Presentation>

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**exceet will announce first half-year results 2019 on 6 August 2019**

(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)	1 <sup>st</sup> Quarter <sup>1)</sup>		
	2019	2018	Change
<b>Income Statement</b>			
Net Sales	11.9	10.2	+16.7%
- Healthcare <sup>2)</sup>	9.2	7.9	+16.5%
- Software (incl. IoT) <sup>2)</sup>	2.7	2.3	+17.4%
Gross Profit	3.2	2.0	+60.0%
EBITDA	2.1	0.7	+200.0%
<i>in % of Net Sales</i>	<i>17.9%</i>	<i>7.4%</i>	<i>+10.6pp</i>
- Healthcare	2.7	1.7	+58.8%
- Software (incl. IoT)	(0.1)	(0.2)	+50.0%
EBIT	1.4	0.1	+1300.0%
<i>in % of Net Sales</i>	<i>11.6%</i>	<i>0.7%</i>	<i>+10.9pp</i>
Net Income	0.3	0.0	n.a.
- per Class A Share <span style="float: right;">EUR</span>	<i>0.010</i>	<i>0.000</i>	n.a.
<b>Backlog</b>	10.4	11.7	-11.1%
<b>Cash Flow Statement</b>			
Cash Flow from operations before change in net working capital	2.2	1.0	+120.0%
Change in net working capital <sup>3)</sup>	(0.6)	0.6	-200.0%
Cash Flow from operations	1.1	1.1	0.0%
Capex (incl. finance lease agreements) <sup>3)</sup>	(0.6)	(0.4)	+50.0%
Free Cash Flow <sup>3)</sup>	0.5	0.8	-37.5%
<b>Balance Sheet</b>			
(in EUR million, expenses & cash out in parentheses)			
	31.03.2019	31.12.2018	Change
<b>Balance Sheet</b>			
Total Assets	148.7	144.2	+3.1%
Cash	113.6	113.2	+0.4%
Net Financial Cash	109.9	109.4	+0.5%
Goodwill	7.3	7.2	+1.4%
Shareholders' equity	132.7	131.5	+0.9%
<b>Employees (full-time-equivalent)</b>	205	206	-0.5%

1) Continued operations

2) 3<sup>rd</sup> party net sales only

3) See note 20 "Alternative Performance Measures (APM)" Pages 25 - 27

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