



Financial Results 2019 (Annual Report)

Streamlined And Strengthened Structure For Further Value Creation

- 5.1% increase of net sales to EUR 43.7 million (2018: EUR 41.5 million). FX Adjusted Growth Rate¹⁾ for 2019: plus 2.2% (2018: 0.7%).
- 38.6% increase of EBITDA¹⁾ to EUR 6.8 million (2018: EUR 4.9 million). EBITDA Margin¹⁾ raised to 15.6% of net sales; Recurring EBITDA Margin¹⁾ at 17.0% of net sales (excluding one-off restructuring effects of EUR 0.6 million).
- Net profit of EUR 2.5 million (2018: EUR minus 0.5 million) reaching 5.8% of net sales.
- On 31 December 2019: Order Backlog¹⁾ at EUR 13.9 million; Cash at EUR 51.5 million; Net Cash¹⁾ at EUR 48.1 million and Equity Ratio¹⁾ at 82.2%.
- On 20 November 2019, the shareholders of exceet Group SE resolved the payout of a special distribution of EUR 3.00 per share and the conversion of the legal form into a S.A. under Luxembourg law.
- On 23 January 2020, the shareholders of exceet Group S.A. (formerly exceet Group SE) resolved the final change of the legal form into a SCA under Luxembourg law and the immediate redemption of the 450.000 treasury shares.

Grevenmacher, 12 March 2020 – The actual operations of exceet consist of the printed circuit boards (PCB) activities within the Healthcare segment and the Software segment, which is actually focused on industrial internet of things (IoT) and secure connectivity. Currently, locations are in Switzerland, Germany, USA and Luxembourg.

1) See exceet Group Consolidated Financial Statements 2019 note 32 "Alternative Performance Measures (APM)" Pages 110 - 113
<https://www.exceet.com/AnnualReport-2019-APM>

The progression of exceet's 2019 performance is characterized by a dynamic Q1 2019 followed by the ease of the Group's operative businesses in Q2 2019 before Q3 2019 was influenced by the intra-year volatility out of the short-term progression of demand from exceet's customers and the product mix (higher share of lower priced PCBs). Despite persistent and serious economic concerns, exceet's fourth quarter net sales raised by 4.8% to EUR 10.9 million finalizing the year 2019 with net sales of EUR 43.7 million (2018: EUR 41.5 million, plus 5.1%). The FX Adjusted Growth Rate¹⁾ of 2.2% reflects the weaker average exchange rate of the Swiss franc versus the Euro. The operational profit (EBITDA¹⁾) amounted to EUR 6.8 million - 15.6% of net sales - and increased by 38.6% versus last year. The EBITDA¹⁾ contains one-off restructuring effects of EUR 0.6 million. Without this impact, the EBITDA Margin¹⁾ for 2019 improved to 17.0% (2018: 11.8%).

The realized cost-stringency of the organization helps to leverage the Group's operational results to its top line performance. An optimal product cost mix, as shown in Q4 2019, the absence of a slump in consumer spending on healthcare devices and a sustainable sales improvement of the software unit, continue to be the key for the further realization of benefits. On 31 December 2019, exceet's Order Backlog¹⁾ amounted to EUR 13.9 million (31.12.2018: EUR 12.6 million) and reflects a Book-to-Bill Ratio¹⁾ of 0.99 (31.12.2018: 0.93).

The Group's 2019 net result of EUR 2.5 million is driven by a substantially improved financial result containing a non-cash currency exchange gain, net of EUR 0.8 million. This amount includes a foreign currency exchange gain of EUR 4.3 million out of the upstream transfer for the share premiums from the Swiss-based exceet Group AG to the Luxembourg-based exceet Group SE in Q3 2019 in preparation of the special distribution payed out to shareholders on 25 November 2019 and a foreign currency exchange loss of EUR 3.5 million on the substantial amount of cash received with the sale of several activities in 2018 (EUR 117.0 million) and now being held in the Swiss holding company with the functional currency of Swiss francs. The net effect is neutralized on the balance sheet level via the equity position.

Healthcare Segment

This 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 aid market 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, innovative PCB architectures are crucial for the realization of the features demanded by the customers.

The 2019 performance of the segment was overall driven by typical small to medium size production characteristics. The size of series are generally limited and can experience visible volatility on a quarterly basis due to the short-term development of the demand from customers and due to the specific product mix having an impact out of differently priced PCBs. The volume of produced PCBs increased by over 12% to 18.0 million units in 2019 compared to 16.0 million units in 2018.

1) See exceet Group Consolidated Financial Statements 2019 note 32 "Alternative Performance Measures (APM)" Pages 110 - 113
<https://www.exceet.com/AnnualReport-2019-APM>

The investment program started in 2019 to enlarge the production site in Küssnacht (Switzerland) by additional 1,000 m² (more than 20%) is expected to be finished soon. This step will support the growth of the PCB activities by further optimizing the production process and separating the clean-room areas for the Ultra HDI Printed Circuit Board (Ultra HDI PCBs) production already in 2020.

The segment realized net sales of EUR 34.6 million (2018: EUR 32.6 million) representing 79.3% of Group sales and an increase by 6.3%. The EBITDA¹⁾ amounted to EUR 9.2 million (2018: EUR 8.3 million) – plus 11.5% - and resulting in an EBITDA Margin¹⁾ of 26.6% (2018: 25.4%). Adjusted for currency effects, net sales amounted to EUR 33.4 million and increased by 2.6%. The further improvement of the EBITDA Margin¹⁾ was supported by the leverage out of the higher sales volume with stable costs and an optimal sales mix.

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. In the meanwhile, more than 97,000 routers and customized gateways are installed within the market – plus 15.1% compared to 2018.

The segment continued its efforts to extend the existing partner network to advance market reach of exceet's expertise in secure edge computing applications. 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. With "exceet connect", the segment has developed a promising market solution, which provides easy implementation and a comprehensive lifecycle management dedicated to guarantee the chosen security level on a long-term basis. "exceet connect" offers system sustainability and security even in environments where no permanent network connection is available and an intelligent modular structure with various levels of security to be chosen by the customer. Technically, "exceet connect" is completely utilizing certificate-based two-factor authentication and uses no longer any passwords throughout the whole system. This reduces the attack surface dramatically. Even the mobile app for device configuration and the web interface for device management is using near field communication (NFC) based tokens. The product consists of an edge computing gateway with updatable secure element, cloud based device management and regular services such as updates and Common Vulnerabilities and Exposures (CVE) scanning and is offered also as "secure edge computing as a service".

In 2019, the segment contributed 20.7% to Group sales. The segment generated external revenues of EUR 9.1 million after EUR 9.0 million in 2018 (plus 1.2%). The EBITDA¹⁾ amounted to minus EUR 0.1 million (2018: minus EUR 0.6 million).

1) See exceet Group Consolidated Financial Statements 2019 note 32 "Alternative Performance Measures (APM)" Pages 110 - 113
<https://www.exceet.com/AnnualReport-2019-APM>

Outlook

The progression of exceet Group's healthcare and software operations in the course of 2019 were characterized by a buoyant start into the year resulting in exceptionally strong figures for the first three months, an expected business calming in Q2, followed by an encouraging stabilization amid a deteriorating economic climate in Q3 and, finally, again a pleasing upward trend in the last quarter of the reporting year. In total, exceet's top line growth reached a mid-single-digit figure as guided in the annual report one year ago.

The management is optimistic that the regained momentum in the final quarter of 2019 can be carried over into the current year, even though the strength of Q1 2019 is setting a strong comparison for the Group's business in Q1 2020. The Order Backlog¹⁾ as of 31 December 2019 amounts to EUR 13.9 million compared to EUR 12.6 million (+10.3%) versus one year ago and can be interpreted as a positive early indicator for the business progression in the course of 2020.

Actually, the final implications of the rapid spread of the coronavirus are difficult to predict. The slow growth environment could even suffer more and for a longer time while recessionary trends in certain economic and geographical areas cannot be ruled out. But exceet's healthcare related PCB activities proved to be rather unaffected by the currently gloomy economic conditions. The Swiss based PCB business can even be expected to deliver a slight acceleration of growth this year versus last year. Especially in the second half of the year the Group could be in a favorable position to develop the full potential of its extended state-of-the-art operations there. This positive assessment is mainly technology-driven and has to be considered exceet-specific. The industrial fabrication of ultra-high-dense flexible boards could become an accelerator for exceet's PCB value chain. With respect to exceet's software operations, located in Germany, the management expects further progress to establish the market presence of exceet's product suite "exceet connect". Related projects are well on track and will be finalized in the course of the year with positive results.

The Group's operative profitability as measured on the EBITDA¹⁾ level could experience some further improvement on a full year basis from the figure realized in 2019. Nevertheless, as indicated before, a quarterly volatility of the EBITDA-Margin¹⁾ remains linked to exceet's business model.

1) See exceet Group Consolidated Financial Statements 2019 note 32 "Alternative Performance Measures (APM)" Pages 110 - 113
<https://www.exceet.com/AnnualReport-2019-APM>

Annex: Performance and Structural Data full year 2019

Complete Annual Report 2019 available at

<https://www.exceet.com/AnnualReport-2019>

and Company Presentation at

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

Please contact for further information:

Email: Investor.relations@exceet.com

exceet Group SCA

17, rue de Flaxweiler

L-6776 Grevenmacher

Phone +352 28 38 47 20

ISIN LU0472835155 (Public Shares), Regulated Market, Prime Standard, Frankfurt/Main

exceet will announce first quarter results 2020 on 30 April 2020

(after closing of the market)

About exceet

exceet is a listed holding company and pursuing an opportunistic investment approach without a defined investment strategy. The investment focus is on seizing attractive risk / reward profiles without restrictions regarding the asset class, structure or duration of such investments.

exceet					
Performance and Structural Data					
(in EUR million, expenses & cash out in parentheses)	4 th Quarter ¹⁾		Full Year ¹⁾		Change
	2019	2018	2019	2018	
Income Statement					
Net Sales	10.9	10.4	43.7	41.5	+5.1%
- Healthcare ²⁾	8.6	8.1	34.6	32.6	+6.3%
- Software (incl. IoT) ²⁾	2.3	2.3	9.1	9.0	+1.2%
Gross Profit	3.1	2.9	11.0	9.9	+11.1%
EBITDA ³⁾	2.5	1.3	6.8	4.9	+38.6%
<i>in % of Net Sales</i>	22.8%	12.5%	15.6%	11.8%	+3.8pp
- Healthcare	2.4	2.0	9.2	8.3	+11.5%
- Software (incl. IoT)	0.4	0.0	0.0	(0.6)	+100.0%
EBIT	1.7	0.6	3.7	2.1	+76.2%
<i>in % of Net Sales</i>	15.4%	6.0%	8.5%	5.1%	+3.4pp
Net Income	1.3	(0.5)	2.5	(0.5)	n.a.
- per Class A Share EUR	0.06	(0.03)	0.13	(0.03)	n.a.
Order Backlog ³⁾			13.9	12.6	+10.3%
Cash Flow Statement					
Cash Flow from operations before change in net working capital	1.4	2.4	7.5	5.6	+33.9%
Change in net working capital ³⁾	(0.3)	(1.9)	(1.0)	(0.4)	n.a.
Cash Flow from operations	1.0	0.4	5.4	4.2	+28.6%
Capex (incl. finance lease agreements) ³⁾	(1.8)	(0.7)	(5.2)	(1.7)	+205.9%
Free Cash Flow ³⁾	(0.8)	(0.3)	0.2	2.5	-92.0%
(in EUR million, expenses & cash out in parentheses)			31.12.2019	31.12.2018	Change
Balance Sheet					
Total Assets			89.6	144.2	-37.9%
Cash			51.5	113.2	-54.5%
Net Cash ³⁾			48.1	109.4	-56.0%
Goodwill			7.4	7.2	+2.8%
Shareholders' equity			73.6	131.5	-44.0%
Employees (full-time-equivalent)			212	206	+2.9%

1) Continued operations

2) 3rd party net sales only

3) See exceet Group Consolidated Financial Statements 2019 note 32 "Alternative Performance Measures (APM)" Pages 110 - 113 available at <https://www.exceet.com/AnnualReport-2019-APM>