

# Press Release



## Business picks up - Performance still below potential

- Sales of EUR 132.7 million (9M 2014: EUR 140.1 million) showing the expected improvements versus Q2
- EBITDA climbing to EUR 8.2 million (9M 2014: EUR 15.1 million) with Q3 adding EUR 3.9 million showing the highest quarterly margin year to date
- exceet USA, Inc. successfully established

**Luxembourg, 2 November 2015 – 06.30 p.m.** – A low propensity to invest and reluctant call-ups from existing framework agreements are still negatively affecting exceet's revenues and margins. Nevertheless the group managed to achieve 3.5% higher revenues in Q3 2015 versus Q2. Revenues for the first nine months 2015 reached EUR 132.7 million (9M 2014: EUR 140.1 million) representing a decline of 5.3%.

The gross profit and the EBITDA results of the group have therefore still to be seen in the light of lower than anticipated sales and utilization rates. For the first nine months exceet achieved an EBITDA of EUR 8.2 million (6.2% of net sales) compared to EUR 15.1 million (10.8% of net sales) in 9M 2014. On 30 September 2015 exceet's order backlog amounted to EUR 87.1 million which is at the level of 31 December 2014 (EUR 87.3 million).

**Electronic Components, Modules & Systems (ECMS)** contributed 71.8% to overall group sales. Net sales decreased to EUR 95.4 million during the first nine months of 2015, against EUR 99.2 million during the first nine months of 2014. The segment achieved an EBITDA of EUR 11.4 million, accounting for an EBITDA margin of 11.9% compared to EUR 16.2 million or a margin of 16.3% in the same period of the previous year.

For the intensification of its business and market development in the North American Market, exceet USA, Inc. was established with opening a representative office on the US East Coast near Boston, MA. exceet USA is especially focused on activities related to the health market.

**ID Management & Systems (IDMS)** accounted for 23.0% of the group sales. The revenue in the first nine months 2015 amounted to EUR 30.5 million, which represented a decrease of 12.9% compared to EUR 35.0 million in 9M 2014. IDMS reported an EBITDA of EUR 1.4 million for the first nine months 2015 which results in an EBITDA margin of 4.5%. In the same period of the previous year the segment achieved an EBITDA of EUR 2.3 million representing 6.6% EBITDA margin.

Currently IDMS has nearly full capacity utilization and has an optimistic view for the coming months. The card specialist expects positive seasonal effects in the fourth quarter and year-end related orders.

**exceet Secure Solutions (ESS)** contributed 5,2% of total group sales. In the first nine months 2015 the segment generated revenues of EUR 6.9 million. This reflects an increase by 13.1% compared to 9M 2014 revenues of EUR 6.1 million. EBITDA for this reporting period reached minus EUR 0.3 million (9M 2014: minus EUR 0.2 million).

ESS continued the realization of a follow-up order in context with the German electronic health card (eGK) and strengthened its position as an IT Security specialist and experienced partner in this market. The Internet of Things (IoT) business is still characterized by a slow but steady market development. Nevertheless, ESS sold several IoT projects in various industries. The new German IT Security Law, which came into effect in July 2015, opens up new opportunities for ESS to offer its IT security and compliance know-how and to benefit from these new obligations and upcoming standards.

## **Outlook for 2015**

The long-term growth prospects for exceet with respect to its technological skills and its product and service portfolio remain unchanged despite the setbacks seen in the course of the current year. The main trigger for exceet's business performance would be a convincing upswing of overall investment activities, especially investments into intelligent electronics, for example in the field of the Internet of Things (IoT). Studies by International Data Corporation (IDC) disclose that executives worldwide put the IoT topic at the top of their agendas but close to 40 percent of them see obstacles for investments within the next two years because of high initial costs. For one of four executives, data security concerns also might lead to the postponement of investment decisions. However, more than a third of the interviewed executives unanimously regard suppliers of electronic hardware – like exceet – to turn out the strongest beneficiaries once investment sentiment improves. Therefore the management of the group maintains its confidence to participate in the growth within these markets as the company's portfolio addresses the skills in demand.

Each of the first three quarters 2015 showed slightly lower sales by mid-single digit percentages compared to the prior year period. The final quarter 2015 most probably should exceed the Q4 figure of 2014 thus continuing the trend seen since this summer.

In order to enhance the operational efficiency of the group, exceet will run through a process of structural adjustments and optimizations including the management structure and asset base of the group. The process will emphasize the group's focus on its high margin core businesses.

Greenock S.à r.l. a major shareholder of exceet Group SE had informed the company in Q1 2014 that they are assessing their strategic options related to their shareholding in exceet Group SE, including a possible disposal of such shareholding to a third party. Pursuant to the updated information provided by Greenock S.à r.l., no final decision has still been taken regarding the form and timing of a potential transaction.

**Annex: Performance and Structural Data first nine months 2015**

[Complete Interim Management Report](#) on the first nine months 2015 and actual [Investor Relation Presentation](#) available at [www.exceet.lu](http://www.exceet.lu)

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**exceet will announce full year results for 2015 on 2 March 2016 (after closing of the market)**

**About exceet**

exceet is an international technology group, which is specialized in the development and production of intelligent, complex and secure electronics.

<b>except</b>					
Performance and Structural Data					
(in EUR million, expenses & cash out in parentheses)	3 <sup>rd</sup> Quarter		3 <sup>rd</sup> Quarter YTD		
	2015	2014	2015	2014	Change
<b>Income Statement</b>					
Net Sales	44.1	47.2	132.7	140.1	-5.3%
- ECMS <sup>1), 2)</sup>	30.9	32.2	95.3	99.1	-3.8%
- IDMS <sup>1), 3)</sup>	11.0	12.8	30.5	35.0	-12.9%
- ESS <sup>1), 4)</sup>	2.2	2.2	6.9	6.0	+15.0%
Gross Profit	7.2	9.2	19.7	26.0	-24.2%
EBITDA	3.9	6.2	8.2	15.1	-45.7%
<i>in % of Net Sales</i>	8.9%	13.1%	6.2%	10.8%	-4.6 pp
- ECMS	4.2	5.3	11.4	16.2	-29.6%
- IDMS	0.7	1.5	1.4	2.3	-39.1%
- ESS	0.1	0.2	(0.3)	(0.2)	-50.0%
EBIT	1.3	3.7	0.3	7.6	-96.1%
<i>in % of Net Sales</i>	3.0%	7.8%	0.2%	5.4%	-5.2 pp
Net Income	2.8	2.3	(2.5)	3.5	n.a.
- per Class A Share	EUR 0.13	EUR 0.11	(0.07)	0.17	n.a.
- per Class B/C Share	EUR 0.01	EUR 0.01	(0.07)	0.01	n.a.
Backlog			87.1	92.5	-5.8%
<b>Cash Flow Statement</b>					
Cash flow from operations					
before change in net working capital	4.4	6.1	8.4	14.2	-40.8%
Change in net working capital	0.6	(0.9)	(1.5)	(4.3)	+65.1%
Cash flow from operations	3.9	4.1	1.8	5.2	-65.4%
Capex (incl. finance lease agreements)	(1.0)	(0.7)	(4.4)	(3.2)	+37.5%
Free Cash Flow	2.9	3.4	(2.6)	1.9	-236.8%
<b>Balance Sheet</b>					
(in EUR million, expenses & cash out in parentheses)			30.09.2015	31.12.2014	Change
Total Assets			189.5	182.9	+3.6%
Cash			27.7	31.0	-10.6%
Net Financial Debt			14.5	9.4	+54.3%
Goodwill			39.8	38.1	+4.5%
Shareholders' equity			102.0	101.0	+1.0%
Employees (full-time-equivalent)			1'014.0	969.0	+4.6%

- 1) 3<sup>rd</sup> party net sales only
- 2) Electronic Components Modules & Systems
- 3) ID Management & Systems
- 4) except Secure Solutions
- 5) Increase / (Decrease); excluding interest and tax payments