



## Financial Results 2015 (Annual Report)

### Second-Half Recovery after Mid-Year Dip

- Q4 net sales of EUR 48.9 million (+10.9% against Q3 2015 and +8.1% against Q4 2014) contributed to generate total group sales for the full year of EUR 181.6 million (-2.0% against 2014)
- All business segments contributed to the accelerated sales growth in the final quarter
- EBITDA in Q4 (EUR 4.5 million) achieved the highest quarterly level (+13.6% against Q3 2015 and +13.2% against Q4 2014) marking a quarterly EBITDA-margin of 9.2%
- For the full financial year, EBITDA reached EUR 12.7 million (-33.6% against 2014)
- Despite persisting challenging investment conditions, the management is optimistic to keep up the recent trend of operational improvements

**Luxembourg, 02 March 2016 – 06.30 p.m.** – The reporting year was characterized by different results in the two halves. Sales in the second half exceeded the first half figure by 5.1%, but EBITDA nearly doubled in the second semester. The group earned two thirds of its total operational result between July and December thus showing an upward trend.

On the other hand, still cautious order draw-downs can be observed which together with a project related lower share of traded electronic components led to slightly lower overall sales in 2015 (-2.0% to EUR 181.6 million from EUR 185.3 million).

Overall group profitability deteriorated versus the prior year with an EBITDA-Margin of EUR 12.7 million or 7.0% (2014: EUR 19.0 million or 10.3%). However earnings showed an encouraging swing after the summer dip. On 31 December 2015 exceet's order backlog amounted to EUR 85.5 million (versus EUR 87.3 million on 31 December 2014). This results in a slightly improved book-to-bill ratio of 1.0 (2014: 0.9).

**Electronic Components, Modules & Systems (ECMS)** enlarged the expertise and production capacities in different technical disciplines and hereby strengthened its positioning, especially in markets with high quality requirements. Due to modern and efficient machines, the processing time for the assembly of components was in some cases reduced by more than 80%. The short cycle times

allow the production of higher volumes at competitive prices. Additionally ECMS successfully finalized a project with one of the leading manufacturers of ropeways and delivered the central-processing-units (CPUs) for an urban-mobility project. Based on its existing customer contacts, the new projects and the comprehensive product and service portfolio, ECMS is very well positioned for a successful 2016. The ability of ECMS to realize integrated solutions, e.g. wearable's, at a high quality level and the competence to bring innovative and pioneering technologies to market has been highly appreciated by customers.

**ID Management & Systems (IDMS)** was primarily focused in its marketing efforts on the banking and loyalty markets. IDMS benefitted from its subsidiaries in Germany, Austria and the Czech Republic, which assured regional market presence but also the focus on specialized centers of excellence, allowing IDMS to perfectly execute its one-stop-strategy. As a further USP within the banking card market, IDMS is the only remaining card manufacturer that combines certified production and personalization in Germany. With this setup, the segment is successfully positioned in the security driven markets against competitors with near shore production approaches. Due to its long-term experience in the field of contactless cards, IDMS was able to establish itself as one of the major suppliers of dual interface cards. These cards are increasingly used for contact and contactless card payments.

**exceet Secure Solutions (ESS)** won a large eHealth project in 2015 due to the competence, which the segment gained in different telematics projects in the past. The project will be finalized in 2016. This order is a further reference and positions ESS for other IT Security projects for any kind of industries. Additionally ESS won substantial Internet-of-Things (IoT) projects with well-known, international companies and realized first showcases. The typical IoT project is characterized by a comprehensive consulting approach. For these individual solutions, ESS leverages on the combination of products and services belonging to the exceet Group portfolio; e.g. standard or customer specific hardware for the communication and software for individual control systems. This is complemented by an individual IT Security offering. Consequently, these individual IoT concepts enable the customer to realize a holistic IoT project with a one-stop service. Based on these first showcases and in combination with the comprehensive IT security know-how, ESS is well positioned to benefit from the high potential in the IoT and IT Security businesses.

## **Outlook for 2016**

The general business environment will most probably remain challenging in 2016, especially with respect to overall investment expenditures on which the three business units rely and which in turn are dependent on stability of the economic and political situation. However, the foundations for stronger growth of the group are laid. They consist of exceet's highly regarded portfolio of technological skills in the field of intelligent electronics and related products and services for the end markets Health, Industry and Security. A trigger for stronger growth could be a convincing pick-up of overall investment in IoT projects. According to IDC, one third of executives worldwide regard suppliers of electronic hardware to turn out the strongest beneficiaries in this case.

For the current year 2016 the management is cautiously expecting sales growth in the mid-single digit area given the promising project pipeline. Assuming a continuation of the last two quarters trend, a more than proportional increase of the EBITDA-margin is expected. The trend to smaller customized projects that can be currently observed will reduce the volatility, but at the same time it requires more efforts to handle a rising number of projects.

From a current perspective, the management of except is expecting the outstanding B-Shares (Founding Shares) and C-Shares (Earn-Out Shares) to end up at their accounting par value of Euro 0.0152 at the expiration date 26 July 2016. In this case, the company will redeem the B- and C-Shares at this value within the following 6 months the latest till 26 January 2017. The Warrants outstanding are expected to expire out of the money on 26 July 2016.

To focus the activities of except on the electronic activities, the Board of Directors of except SE decided to start the process to sell the business segment of IDMS. As a consequence, the IDMS segment will be classified as discontinued operation starting March 2016.

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

#### **Annex: Performance and Structural Data full year 2015**

[Complete Annual Report 2015](#) and [actual Investor Relation Presentation](#) available at [www.exceet.lu](http://www.exceet.lu)

#### **Please contact for further information:**

**Wolf-Günter Freese, CFO - Email: [Investor.relations@exceet.lu](mailto:Investor.relations@exceet.lu)**

except Group SE  
115 avenue Gaston Diderich  
L-1420 Luxembourg  
Phone +352 26 29 91 22

ISIN LU0472835155 (Public Shares), Regulated Market, Prime Standard, Frankfurt/Main  
ISIN LU0472839819 (Public Warrants), Regulated Market, General Standard, Frankfurt/Main

**except will announce first quarter results 2016 on 02 May 2016 (after closing of the market)**

#### **About except**

except 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)	4 <sup>th</sup> Quarter		Full Year		Change
	2015	2014	2015	2014	
<b>Income Statement</b>					
Net Sales	48.9	45.2	181.6	185.3	-2.0%
- ECMS <sup>1), 2)</sup>	31.4	30.0	126.8	129.1	-1.8%
- IDMS <sup>1), 3)</sup>	14.8	13.4	45.2	48.3	-6.4%
- ESS <sup>1), 4)</sup>	2.7	1.8	9.6	7.9	+21.5%
Gross Profit	7.4	7.1	27.0	33.1	-18.4%
EBITDA	4.5	3.9	12.7	19.0	-33.2%
<i>in % of Net Sales</i>	<i>9.1%</i>	<i>8.7%</i>	<i>7.0%</i>	<i>10.3%</i>	<i>-4.6 pp</i>
- ECMS	3.8	3.8	15.1	20.1	-24.9%
- IDMS	1.7	1.5	3.1	3.8	-18.4%
- ESS	(0.1)	(0.5)	(0.4)	(0.7)	+42.9%
EBIT	1.8	1.3	2.1	8.9	-76.4%
<i>in % of Net Sales</i>	<i>3.8%</i>	<i>2.9%</i>	<i>1.2%</i>	<i>4.8%</i>	<i>-5.2 pp</i>
Net Income	1.4	0.9	(1.2)	4.4	n.a.
- per Class A Share	EUR 0.06	EUR 0.04	(0.03)	0.21	n.a.
- per Class B/C Share	EUR 0.01	EUR 0.01	(0.03)	0.01	n.a.
<b>Backlog<sup>5)</sup></b>			85.5	87.3	-2.1%
<b>Cash Flow Statement</b>					
Cash flow from operations					
before change in net working capital	5.5	5.0	13.9	19.2	-27.6%
Change in net working capital	2.5	2.8	1.1	(1.5)	+173.3%
Cash flow from operations	7.2	6.9	9.1	12.1	-24.8%
Capex (incl. finance lease agreements)	(1.9)	(2.3)	(6.3)	(5.5)	+14.5%
Free Cash Flow	5.3	4.7	2.7	6.6	-59.1%
(in EUR million, expenses & cash out in parentheses)			31.12.2015	31.12.2014	Change
<b>Balance Sheet</b>					
Total Assets			186.6	182.9	+2.0%
Cash			33.3	31.0	+7.4%
Net Financial Debt			8.1	9.4	-13.8%
Goodwill			40.0	38.1	+5.0%
Shareholders' equity			105.5	101.0	+4.5%
<b>Employees (full-time-equivalent)</b>			1'021	969	+5.4%

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