



Financial Results Third Quarter 2016

Reduced complexity - stronger focus and more cost savings

- Q3 group sales reached EUR 46.2 million (+4.8% y-o-y) adding EUR 1.8 million EBITDA to the year-to-date figure (Q3 2015: EUR 3.9 million) negatively affected by the EBITDA of the card business of minus EUR 1.2 million
- 9M group sales amounted to EUR 133.0 million (+0.3% y-o-y); cumulative 9M EBITDA at EUR 5.5 million (9M 2015: EUR 8.2 million) including the 9M contribution of the card business of minus EUR 1.1 million
- Cumulative 9M sales from continued operations (electronics & secure solutions) reached EUR 99.8 million (-2.3% y-o-y; like-for like -1.4% y-o-y) with an EBITDA of EUR 6.5 million (9M 2015: EUR 6.8 million) including restructuring costs of EUR 0.2 million
- As of 15 September 2016, shareholders approved the cancelation of all Class B and C Shares
- The transaction to sell the card segment was closed on 30 September 2016
- Lean characteristics in capital, operational and organizational structures will reduce future overhead costs by about EUR 2.0 million on an annual basis
- Reorganization of Swiss market activities lead to a related goodwill impairment of EUR 3.0 million
- Equity ratio still reflects a healthy level of 53.3% (31.12.2015: 56.5%); cash amounts to EUR 34.4 million (31.12.2015: EUR 33.3 million) providing flexibility for future business development

Luxembourg, 07 November 2016 – 06.30 p.m. – exceet keeps streamlining its corporate organization after simplifying the capital structure in Q3 2016 and retains its focus on smart and secure electronics. The shareholders approved on 15 September 2016 the cancelation of all B and C Shares. In addition, exceet sold as of 30 September 2016 its card business through a Management-Buy-Out (MBO). Future overhead costs will be reduced substantially by about EUR 2.0 million on an annual basis and the number of operational locations is reduced to eight in total.

As a consequence from the selling process of the ID Management & Systems (IDMS) business segment, the group's IFRS reporting is still split into „Continued Operations“ and „Discontinued Operations“ as of Q1 2016. Please see for further details the notes of the Q3 Report.

Electronic Components, Modules & Systems (ECMS) contributed 70.3% to overall Group sales on a total basis. Net sales decreased to EUR 93.6 million during the first nine months of 2016, against EUR 95.4 million during the first nine months of 2015 caused by the decline of sales related to projects being at the end of their life cycle and a lower request for PCB deliveries due to the reduced production volumes of a few OEM customers. The ECMS segment achieved an EBITDA of EUR 10.7 million, accounting for an EBITDA margin of 11.4% compared to EUR 11.4 million or a margin of 11.9% in the same period of the previous year.

The segment proved again its innovation strength and expanded its market position in the area of pioneering wearables by continuing the industrialization of high quality wearables for the precise measurement of vital data.

exceet Secure Solutions (ESS) accounted for 4.7% of total group sales. In the first nine months 2016 the segment generated revenues of EUR 6.3 million. This reflects a decrease by 9.3% compared to 9M 2015 by EUR 6.9 million. As of 30 September 2016 the future revenue out of capitalized work in progress is expected to amount to EUR 1.5 million (30.9.2015: none). The EBITDA for this reporting period reached minus EUR 1.3 million (9M 2015: minus EUR 0.3 million).

ESS is focused on secure IT Security and industrial Internet of Things (IoT) projects and solutions. The upfront costs to develop these promising future growth markets, as well as in combination with the electronic hardware activities of the group, are determining the profitability of this segment.

ID Management & Systems (IDMS) revenue in the first nine months 2016 amounted to EUR 33.2 million (9M 2015: EUR 30.5 million), which represented an increase of 9.0%. The segment reports a cumulative EBITDA of minus EUR 1.3 million (9M 2015: EUR 1.4 million; EBITDA Margin 4.4%).

Outlook

After a stabilization of business in Q2 2016, the reported figures for Q3 2016 showed a further moderate improvement of the group's top line performance. This confirms the management's cautious outlook on a better second half given three months ago. As in the previous business year 2015 when cumulative H2 sales outperformed the corresponding H1 figure, and two thirds of the entire 2015 EBITDA were achieved in H2, a similar trend was also expected for H2 2016. Obstacles to the process of gradual improvement are macroeconomic issues impacting investments. New concerns related to the macroeconomic situation during summer deteriorated the already subdued overall picture at the beginning of the year. This resulted again in a declining general propensity to invest which in turn is affecting exceet's project business and the length of its project cycles with clients. In the upcoming quarters exceet's business might benefit from a further strengthening of the US-Dollar versus the Euro but gradually rising inflations rates could put some pressure on costs.

exceet is technologically very well positioned in the field of intelligent & secure electronics, offering innovative solutions for demanding clients. Therefore, the management is confident to strongly benefit from the next sizable upturn in the investment cycle. In the meanwhile, exceet is consequently optimizing its structures to start the next business year from a solid base. The group now has a dilution-free, transparent capital base and a stringent business model focussed on smart and secure electronics. The company favours lean structures and flat hierarchies that will be further optimized. Starting 1 January 2017, the management board structure will exclusively consist of the positions of CEO and CFO, currently held by the same person. The business segment organization will be

replaced by the second level management team reporting directly to the management board. The management team will be supported by limited group functions related to business development and sales activities. The management is committed to its customers and to organic growth. However, exceet's buy-and-build strategy will be further pursued, but with cautious execution in the future. A further focus will be placed on the improvement of the operational cash flow generation and to get the net profitability level closer to the operational EBITDA figure.

Greenock S.à r.l. a major shareholder of exceet Group SE had informed the company in Q3 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 2016

Complete Interim Management Report on the first nine months 2016 and [actual Company Presentation](#) available at www.exceet.lu

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exceet will announce full year results for 2016 on 28 February 2017

(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.

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Performance and Structural Data						
(in EUR million, expenses & cash out in parentheses)	<u>Continued Operations</u>			<u>Total Group Basis</u>		
	3 rd Quarter YTD			3 rd Quarter YTD		
	2016	2015	Change	2016	2015	Change
Income Statement						
Net Sales	99.8	102.2	-2.3%	133.0	132.7	+0.2%
- ECMS ^{3), 4)}	93.6	95.3	-1.8%	93.6	95.3	-1.8%
- IDMS ^{3), 5)}				33.2	30.5	+8.9%
- ESS ^{3), 6)}	6.3	6.9	-8.7%	6.3	6.9	-8.7%
Gross Profit	13.8	15.5	-11.0%	15.6	19.7	-20.8%
EBITDA	6.5	6.8	-4.4%	5.5	8.2	-32.9%
<i>in % of Net Sales</i>	6.6%	6.7%	-0.1pp	4.1%	6.2%	-2.1pp
- ECMS	10.7	11.4	-5.9%	10.7	11.4	-6.1%
- IDMS				(1.1)	1.4	-178.6%
- ESS	(1.3)	(0.3)	-333.3%	(1.3)	(0.3)	-333.3%
EBIT	(2.5)	0.6	-516.7%	(13.7)	0.3	n.a.
<i>in % of Net Sales</i>	(2.5%)	0.5%	-3.0pp	(10.3%)	0.2%	-10.5pp
Net Income	(3.5)	(2.3)	n.a.	(28.0)	(2.5)	n.a.
- per Class A Share EUR	(0.17)	(0.07)	n.a.	(1.39)	(0.07)	n.a.
- per Class B/C Share (canceled as of 15 September 20) EUR		(0.07)	n.a.		(0.07)	n.a.
Backlog	86.9	76.2	+14.0%	86.9	87.1	-0.2%
Cash Flow Statement						
Cash flow from operations						
before change in net working capital	4.9	7.9	-38.0%	5.4	8.4	-35.7%
Change in net working capital ⁷⁾	(1.6)	(1.9)	+15.8%	(4.4)	(1.5)	-193.3%
Cash flow from operations	(0.4)	1.2	+133.3%	(2.9)	1.8	+261.1%
Capex (incl. finance lease agreements)	(6.4)	(3.3)	+93.9%	(7.8)	(4.4)	+77.3%
Free Cash Flow	(6.8)	(2.1)	-223.8%	(10.7)	(2.6)	-311.5%
Cash flow from discontinued operations (IDMS)				(4.2)	(1.1)	n.a.
Balance Sheet						
(in EUR million, expenses & cash out in parentheses)	30.09.2016	31.12.2015	Change	30.09.2016	31.12.2015	Change
Balance Sheet						
Total Assets	161.1	186.6	-13.7%	161.1	186.6	-13.7%
Cash	34.4	29.1	+18.2%	34.4	33.3	+3.3%
Net Financial Debt	4.9	9.1	+46.2%	4.9	8.1	+39.5%
Goodwill	22.4	25.5	-12.2%	22.4	40.0	-44.0%
Shareholders' equity	85.8	105.5	-18.7%	85.8	105.5	-18.7%
Employees (full-time-equivalent)	653	645	+1.2%	653	1,014	-35.6%

- 1) Electronics and Secure Solutions
- 2) Incl. discontinued operations (IDMS)
- 3) 3rd party net sales only
- 4) Electronic Components Modules & Systems

- 5) ID Management & Systems
- 6) exeect Secure Solutions
- 7) Increase / (Decrease); excluding interest and tax payments