

# Media Release



## Financial Results First Half Year 2017

### Operational Results and Business Alignment moving ahead

- H1 group sales at EUR 71.1 million, plus 8.7% to prior year (organic growth +8.1%)
- Group sales in Q2 at their highest quarterly level since 2013 reaching EUR 35.7 million (+0.9% versus Q1 2017 and +5.3% versus Q2 2016)
- H1 group EBITDA at EUR 4.5 million (6.3% of net sales), up 28.4% compared to H1 2016
- On 30 June 2017, order backlog at EUR 99.8 million (EUR +17.6 million compared to end of H1 2016), cash at EUR 23.8 million, net debt at EUR 6.8 million and equity ratio at 53.8%
- Non-cash value adjustment on intangible assets by EUR 10.7 million related to the operations in Rotkreuz (Switzerland) and referring to the former acquisition of the legal entities
- As published on 2 May and 5 July 2017, the two potential buyers of the stakes of exceet's existing core shareholders refrained from further negotiations and therefore they will not make a tender offer

**Luxembourg, 7 August 2017** – Q2 2017 sales of exceet group amounted to EUR 35.7 million – marking their highest quarterly level since 2013 – and bringing up total H1 2017 sales to EUR 71.1 million. Compared to the already strong sales figure of the preceding quarter, exceet managed to gain another 0.9% in turnover keeping up the overall pleasing level. In 2016 exceet's sales in the second quarter recovered from a weak Q1 figure of EUR 31.5 million to EUR 33.9 million. In 2017, this results in a basis effect with flattening growth rates: Q1 2017 (+12.4%), Q2 2017 (+5.3%) and H1 2017 (+8.7%).

**Electronic Components, Modules & Systems (ECMS)** increased its external net sales by 7.1% to EUR 66.2 million during the first six months of 2017 (H1 2016: EUR 61.8 million) and contributed 93.1% to overall Group sales. The EBITDA of the segment reached EUR 7.1 million (H1 2016: EUR 7.0 million) mainly due to the lower gross profit margin out of the sales mix and the lower sales level within the printed circuit board activities.

Existing customers still keep up a substantial demand for customer-specific electronic modules and systems and order higher volumes positively leveraging the results. New and potential customers showed an especially strong interest in exceet's microprocessor related product suite which meets

their actual requirements for smaller, higher-powered and easy-to-use controller solutions. Customers benefit from lower costs and a quick-and-easy realization of complex processor solutions. First projects have been started successfully within the operations of Grossbettlingen (Germany).

As of 1 July 2017, the Swiss operational entities in Rotkreuz were merged under the exceet electronics brand with the expectation to strengthen exceet's market presence in Switzerland. By streamlining its operations, exceet has improved its position to focus on the commercialization of the newly developed product bundles regarding control units and panels as well as web terminals for the medical, industrial and avionics markets. Furthermore, exceet is benefitting from higher order volumes of their customers in Ebbs (Austria). A project to enhance and optimize the production processes in Ebbs has been started with external support recently.

The good condition of the overall economy continues to push sales in the field of complex client-specific micro- and opto-electronics. The positive impact out of sales activities with new customers, including the US and the Scandinavian market, as well as the increasing demand from the customer base led to a stable overall sales growth.

The business activities related to printed circuit boards are currently forced to operate on a lower sales level due to moderate order releases as customer's order behavior continues to be reserved. As a consequence, the current cost structure and processes will be adjusted to have a higher cost-flexibility. The development of new technologies regarding the semi-additive process, a proven production method used on rigid and flexible materials enabling the manufacturing of ultra-fine circuitry, is on course.

**exceet Secure Solutions (ESS)** generated external revenues of EUR 4.9 million (H1 2016: EUR 3.6 million), accounting for 6.9% of total group sales. The EBITDA remained negative with minus EUR 1.3 million including restructuring cost of EUR 0.2 million.

With the recently launched "exceet connect" solution bundle, ESS concentrates its secure connections competences in one product suite. This solution bundle ensures secure communication between users and devices and guarantees protection against tapping and manipulation of data. The industrial Internet-of-Things (IoT) expertise of ESS in combination with exceet's electronic development and manufacturing competences is the backbone for secure connection solutions.

The market trend for connected solutions regarding remote services and protective maintenance systems continues to push the segment's revenue in the field of industry routers and customized gateways for application-specific-information, e.g. new customers in the area of wind power plants and the retail market benefit from remote access to their systems and plants.

Additionally, the segment further improved eHealth, eSignature and Hardware Security Module (HSM) related developments and sales activities.

## Outlook

exceet's business performance in Q2 2017 overall confirmed the encouraging start into the year despite the currently still lagging level of activities in the PCB business. The management remains confident to deliver its growth and profitability prospects given in last year's annual report. From a current point of view, this includes a single digit organic top line growth rate with cumulative sales in

H2 2017 that may exceed the corresponding H1 2017 level. Latest order backlog figures of EUR 99.8 million as of 30 June 2017 are supporting this view. Risks to that scenario could be a deterioration of the general economic climate, bottlenecks in exceet's supply chain due to a strong demand out of the electronics industry and difficulties to find highly qualified technical employees in the market.

The operational profitability as measured by the EBITDA figure should improve from the bottomed-out level of the preceding year. Cost savings from the adjusted management structure, efficiency enhancing measurements and the leverage out of higher project volumes are helping to increase margins.

As indicated in the Q1 2017 report, some non-cash impairment on intangible assets referring to former acquisitions might remain on the agenda until the end of this year in Dusseldorf and Ebbs. All structural measurements taken so far are visibly supporting the group's turnaround. The Swiss operations in Rotkreuz have been considerably strengthened regarding brand awareness, range of products and services and customer relations. The successful focus on engineering of complex electronic solutions for Industry, MedTech and Avionics has generated a promising project pipeline. The major shift of production capacities from Switzerland to Ebbs will soon be finalized. With a reduced and strongly focused workforce, the Dusseldorf based ESS business activities will concentrate on its modular product suite "exceet connect".

#### **Annex: Performance and Structural Data first half year 2017**

Complete Interim Management Report on the first half year 2017 and actual Company Presentation available at [www.exceet.com](http://www.exceet.com)

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

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

exceet 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

#### **exceet will announce nine months results for 2017 on 06 November 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.

<b>exceet</b>			
Performance and Structural Data			
(in EUR million, expenses & cash out in parentheses)	1 <sup>st</sup> Half-Year		
	2017	2016 <sup>1)</sup>	Change
<b>Income Statement</b>			
Net Sales	71.1	65.4	+8.7%
- Electronic Components Modules & Systems (ECMS) <sup>2)</sup>	66.2	61.8	+7.1%
- exceet Secure Solutions (ESS) <sup>2)</sup>	4.9	3.6	+36.1%
Gross Profit	9.0	9.0	0.0%
EBITDA	4.5	3.5	+28.6%
<i>in % of Net Sales</i>	6.3%	5.4%	+0.9pp
- Electronic Components Modules & Systems (ECMS)	7.1	7.0	+1.4%
- exceet Secure Solutions (ESS)	(1.3)	(1.0)	-30.0%
EBIT	(10.1)	(0.5)	n.a.
<i>in % of Net Sales</i>	(14.2%)	(0.7%)	-13.5pp
Net Income <sup>3)</sup>	(10.3)	(1.4)	n.a.
- per Class A Share	EUR (0.51)	EUR (0.04)	n.a.
- per Class B/C Share (canceled)	EUR	EUR (0.04)	n.a.
<b>Backlog</b>	99.8	82.2	+21.4%
<b>Cash Flow Statement</b>			
Cash Flow from operations before change in net working capital	5.0	4.2	+19.0%
Change in net working capital <sup>4)</sup>	(3.2)	(3.9)	+17.9%
Cash Flow from operations	(0.1)	(2.1)	+95.2%
Capex (incl. finance lease agreements)	(2.1)	(3.8)	-44.7%
Free Cash Flow	(2.2)	(5.9)	+62.7%
<b>Balance Sheet</b>			
(in EUR million, expenses & cash out in parentheses)	<b>30.06.2017</b>	31.12.2016	Change
Total Assets	137.0	151.8	-9.7%
Cash	23.8	30.9	-23.0%
Net Financial Debt	6.8	5.4	+25.9%
Goodwill	13.4	22.6	-40.7%
Shareholders' equity	73.7	84.1	-12.4%
<b>Employees (full-time-equivalent)</b>	637	642	-0.8%

1) Continued operations

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

3) H1 2016 excluding net income from discontinued operation IDMS (card business) of EUR (9.1) million

4) (Increase) / Decrease; excluding interest and tax payments