



Financial Results 2018 (Annual Report)

Strong Capital Base For Future Development And Growth

- Total group sales at EUR 41.5 million (2017: EUR 42.4 million), Organic Growth Rate¹⁾ excluding currency effect +0.7% compared to 2017
- EBITDA¹⁾ amounted to EUR 4.9 million (2017: EUR 2.2 million) due to operational improvements and a cost optimal product mix. The margin more than doubled to 11.8% (2017: 5.3%).
- Earnings per Share at Euro 2.61 (2017: minus Euro 0.55) due to the group result of EUR 52.4 million after the sale of several electronic activities.
- Order Backlog¹⁾ on 31 December 2017 EUR 12.6 million (2017: EUR 13.2 million) driven by smaller sized projects of exceet Secure Solutions at the end of 2018.
- On 31 December 2018, cash amounts to EUR 113.2 million (2017: EUR 29.0 million); Net Cash¹⁾ reached EUR 109.4 million (2017: EUR 0.7 million) and Equity Ratio¹⁾ of 91.2% (2017: 57.3%).
- In 2018, exceet sold its exceet electronic activities (July), micro- and optoelectronic activities (October) and electronic development activity (November) with total proceeds of EUR 117 million.
- exceet continues to develop the existing activities (printed circuit boards and secure connectivity) and is looking for new investments.

Grevenmacher, 28 February 2019 – Having sold several electronic activities out of its ECMS segment, which in aggregate had been accounting for a substantial part of exceet's past operations, the Group's "continued operations" in 2018 achieved total net sales of EUR 41.5 million (2017: EUR 42.4 million). However, the Organic Growth Rate¹⁾, adjusted for currency effects, was slightly positive by 0.7% versus the preceding year.

1) See exceet Group Consolidated Financial Statements 2018 note 33 "Alternative Performance Measures (APM)" Pages 112 - 115 available at <https://www.exceet.com/AnnualReport-2018-APM>

The operational profitability, measured by the EBITDA¹⁾, more than doubled to EUR 4.9 million (2017: EUR 2.2 million) and raised the EBITDA Margin¹⁾ to 11.8% (2017: 5.3%). This improvement was driven by a higher gross profit margin due to a cost optimal product mix in ECMS combined with higher economies of scale efficiencies in production as well as lower distribution and personnel costs. Overhead costs on group level have been reduced to the operational minimum.

Depreciation and amortization amounted to EUR 2.8 million and interest expenses to EUR 0.3 million. Loan repayments of EUR 18.7 million, executed in December 2018, leave the Group now almost debt-free. Besides interest paid, the financial result contains a EUR 1.9 million non-cash negative value adjustment of the cash position functionally held in Swiss francs. This effect is neutralized on balance sheet level via the equity position. On 31 December 2018, the Equity Ratio¹⁾ amounted to 91.2% (2017: 57.3%).

The group result amounted to EUR 52.4 million due to the gain out of the sale of the discontinued operations and the earning per shares increased to Euro 2.61 (2017: minus Euro 0.55).

In 2018, the healthcare market related activities of the Group grew to a share of 69% (2017: 63%). The Order Backlog¹⁾ amounted to EUR 12.6 million as of 31 December 2018 after EUR 13.2 million the year before. The slightly lower figure is mainly caused by a smaller average size of connectivity projects within the ESS segment. The Swiss based ECMS segment improved its Currency Adjusted Order Backlog¹⁾ by 2%.

Electronic Components, Modules & Systems (ECMS) develops and produces 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. In 2018, the total PCB production volume increased by over 20% to 16 million units (2017: 13.3 million) ordered by existing and new customers. The growth was mainly driven by the hearing aid activities.

As of 31 December 2018, ECMS accounted for 78.4% of group sales and realized on a continued basis net sales of EUR 32.6 million (2017: EUR 32.8 million). Adjusted for currency effects, the Swiss based business increased the net sales by 3.4%. The EBITDA¹⁾ reached EUR 8.3 million against EUR 7.1 million in 2017 and increased the EBITDA Margin¹⁾ to 25.4% in 2018 from 21.7% in the preceding year. This favourable trend was supported by the leverage out of higher sales volumes while keeping costs stable and by an optimal sales mix.

exceet Secure Solutions (ESS) is focused on secure connectivity in data critical IT environments such as eHealth architectures and industrial internet of things (IoT) solutions. With its modular product suite “exceet connect”, ESS ensures secure communication and guarantees protection against theft and data manipulation. ESS provides solutions for eHealth, eSignature and connected areas. With its IoT related activities, which were moved to Fürth (Germany), ESS offers concept alignment and management, project coordination as well as customer specific IoT hardware, software and cloud services. The installed base of routers and gateways amounts to more than 85.000 units.

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At the end of 2018 the segment accounted for 21.6% of group sales and achieved net sales of EUR 9.0 million (2017: EUR 9.4 million). The substantial improvement of the EBITDA¹⁾ from minus EUR 2.2 million in 2017 to minus EUR 0.6 million in 2018 was mainly achieved by adjustments of the cost base, particularly in the area of personnel cost. No costs of current projects have been capitalized as work in progress.

Outlook

exceet's continued operations closed the financial year 2018 with a visibly improved operative profitability. The EBITDA margin¹⁾ more than doubled versus the preceding year while sales, particularly in the IoT business, fell slightly short of expectations. After broadly cleaning-up the balance sheet in 2017 and a series of value-enhancing divestments in 2018, exceet will now further develop its remaining operative activities consisting of dedicated businesses in printed circuit boards mainly for the healthcare industry and IoT/data security, but – as indicated - also consider opportunistic investments to strengthen the remaining businesses or into new activities out of its Net Cash¹⁾ position currently amounting to roughly EUR 109 million.

Concerning the existing operations, the ECMS segment has undergone successfully various streamlining measurements at the location in Küsnacht (Switzerland) combined with selective capacity expansions. The Ultra High Density Technology currently enjoys a positive market attention and offers more design opportunities for the health and industrial markets. The IoT/Data Security business will be concentrating on the further development of “exceet connect” and other secure connectivity projects. Overall these operations are expected to achieve a mid-single digit top line growth in 2019. Order Backlog¹⁾ figures, having provided a reliable indicator for short-term business prospects in the past quarters, can again be interpreted in a moderate positive way. But market sentiment is generally subdued and customers are acting cautiously and at sight.

In the future, new investments should generate an average increase of the intrinsic value by at least 15% annually. The availability of perpetual capital allows exceet to respond flexible and immediately with a partnership approach to upcoming opportunities. Targeted industries are structurally growing markets like healthcare, software or technology.

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Annex: Performance and Structural full year 2018

Complete Annual Report 2018 available at

<https://www.exceet.com/AnnualReport-2018>

and Company Presentation at

<http://www.exceet.com/Company-Presentation-2018>

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exceet will announce first quarter results 2019 on 30 April 2019

(after closing of the market)

About exceet

exceet is a listed holding company focusing on technology corporations within the healthcare and electronics markets.

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exceet					
Performance and Structural Data					
(in EUR million, expenses & cash out in parentheses)	4 th Quarter ¹⁾		Full Year ¹⁾		
	2018	2017	2018	2017	Change
Income Statement					
Net Sales	10.4	10.6	41.5	42.4	-2.1%
- <i>Electronic Components Modules & Systems (ECMS)</i> ²⁾	8.1	8.4	32.6	32.8	-0.6%
- <i>exceet Secure Solutions (ESS)</i> ²⁾	2.3	2.1	9.0	9.4	-4.3%
Gross Profit	2.9	2.6	9.9	7.8	+26.9%
EBITDA	1.3	1.0	4.9	2.2	+122.7%
<i>in % of Net Sales</i>	12.9%	9.4%	11.8%	5.3%	+6.5pp
- <i>Electronic Components Modules & Systems (ECMS)</i>	2.0	2.2	8.3	7.1	+16.9%
- <i>exceet Secure Solutions (ESS)</i>	0.0	(0.5)	(0.6)	(2.2)	+72.7%
EBIT	0.6	(0.3)	2.1	(1.4)	-250.0%
<i>in % of Net Sales</i>	6.0%	(3.0%)	5.1%	(3.2%)	+8.3pp
Net Income	(0.5)	(0.8)	(0.5)	(0.4)	+25.0%
- <i>per Class A Share</i> EUR	(0.03)	(0.04)	(0.03)	(0.02)	-50.0%
Backlog			12.6	13.2	-4.5%
Cash Flow Statement					
Cash Flow from operations before change in net working capital	2.4	1.1	5.6	3.6	+55.6%
Change in net working capital ³⁾	(1.9)	0.8	(0.4)	(0.3)	+33.3%
Cash Flow from operations	0.4	2.0	4.2	1.9	+121.1%
Capex (<i>incl. finance lease agreements</i>) ³⁾	(0.7)	(0.3)	(1.7)	(1.7)	0.0%
Free Cash Flow ³⁾	(0.3)	1.7	2.5	0.2	n.a.
Cash flow from discontinued operations	(1.2)	2.7	(3.5)	4.7	-174.5%
(in EUR million, expenses & cash out in parentheses)			31.12.2018	31.12.2017	Change
Balance Sheet					
Total Assets			144.2	129.8	+11.1%
Cash			113.2	29.0	+290.3%
Net Financial Cash / (Debt)			109.4	0.7	n.a.
Goodwill			7.2	12.7	-43.3%
Shareholders' equity			131.5	74.4	+76.7%
Employees (full-time-equivalent)			206	219	-5.9%

1) Continued operations

2) 3rd party net sales only

3) See exceet Group Consolidated Financial Statements note 33 "Alternative Performance Measures (APM)" Pages 112 - 115 available at <https://www.exceet.com/AnnualReport-2018-APM>