

# Press Release



## Financial Results 2013

### **exceet confirmed solid growth basis - Strong Cash Flow Improvement**

- Net Sales EUR 190.8 million (2013)
- Order Backlog for 2013 increased by 6.2% (book to bill ratio of 1.03)
- EBITDA Margin 2013 of 9.6%
- Net Debt decreased by EUR 7.0 million to EUR 7.0 million for 2013
- Free Cash Flow of EUR 6.9 million (3.6% of Net Sales) in 2013
- Management expects for 2014 further improvement of profitability

**Luxembourg, February 28, 2014 - 07.30 p.m.** exceet Group SE improved 2013 its profitability despite a challenging market. Group sales 2013 increased by 1.1%, reaching EUR 190.8 million against EUR 188.8 million for 2012. The development was negatively affected by the exchange rates of the Swiss franc and US-dollar to the euro which reduced the consolidated net sales by 0.7%. On 31 December 2013 exceet's order backlog amounted to EUR 106.1 million which is 6.2% higher as of 31 December 2012 (EUR 99.9 million) and reflects a book-to-bill ratio of 1.03 (2012: 0.99).

Sales in exceet's largest segment, *Electronic Components, Modules & Systems (ECMS)*, increased by 6.4% to EUR 140.7 million against EUR 132.2 million during the same period of the previous year. In 2013, EBITDA reached EUR 20.2 million against EUR 15.8 million in 2012. The EBITDA margin improved accordingly from 11.9% in 2012 to 14.3% in 2013 due to the strong customer demand for intelligent electronics especially in the health sector. The existing customer relationship with Siemens has been reinforced through the launch of two new generations of digital imaging devices. In addition another major player in this field placed a long-term development and manufacturing order. Furthermore, exceet strengthened its close development and manufacturing cooperation with a leading semiconductor equipment manufacturer. The group's customers have initiated several new important development projects in the field of implants and opto-electronics. These projects will support the expected further margin improvement.

exceet invested into a new development and production facility in Berlin (Germany) to cover the strong market demand for high-end health applications. The new facility has been completed in August 2013 fully in line with the foreseen budget and timelines.

The *ID Management & Systems (IDMS)* segment was able to move the product mix towards higher margin products improving the EBITDA margin from 4.7% to 5.5% with an EBITDA of EUR 2.5 million (same level as 2012) despite a decrease of net sales of -13.6% to EUR 45.6 million (2012: EUR 52.8 million). The overall performance in 2013 was below expectations due to dramatically reduced order volumes for the German Health Card (Q1), discontinuation of non-strategic low margin business in Eastern Europe and weak demand for skiing cards due to the warm winter in Europe. Nevertheless in the IDMS market segment Retail, exceet has won in Q3 several orders whereof a large order from one of the leading loyalty solution providers. Orders in this segment will positively impact the revenue and profitability situation in the coming quarters. Furthermore, exceet has secured a 4-years contract with Transport for London where exceet was selected to supply potentially 6 to 8 million smart cards per year.

The *Embedded Security Solutions (ESS)* segment achieved sales of EUR 4.4 million during the reporting period (2012: EUR 3.7 million). ESS proved its IT security competence by winning one of Europe`s largest public key infrastructure (PKI) projects. ESS underlines to be the ideal partner for such projects since it is certified and experienced in the handling of confidential data and an expert in data communication.

Particularly in the field of Machine-to Machine Communication (M2M), customers are seeking for secure communication in various projects. One important pilot project was won in 2013 and already implemented for a customer in the health sector. With a clear focus on M2M solutions and a forthcoming new product launch in 2014 for the security market sector, the management is expecting to double the sales in this segment.

### **Group Financial Positions**

Due to the focus on higher margin products, the gross profit margin improved from 15.2% to 16.9%, which represents an increase from EUR 28.7 million to EUR 32.3 million (+12.5%). exceet achieved an EBITDA of EUR 18.3 million (9.6% of net sales) in 2013 compared to EUR 16.5 million (8.7% of net sales) in 2012.

The net financial income of EUR 2.1 million (2012: net financial loss of EUR 2.3 million) includes a gain of EUR 3.0 million which was a result of the revaluation of warrants (2012: loss of EUR 0.8 million), a positive net foreign currency effect of EUR 0.3 million (2012: loss of 0.4 million) and interest and other financial cost in the amount of EUR 1.2 million (2012: 1.2 million).

The reduction of inventory from EUR 35.8 million (2012) to EUR 31.3 million (2013) led to a significant decrease of the net working capital from EUR 35.8 million to EUR 31.0 million, which represents 16.3% of net sales (2012: 19.0%). This had a positive impact on the cash and cash equivalents, which increased to EUR 31.2 million at the end of the financial year (2012: EUR

24.4 million). The solid growth basis is represented in a strong free cash flow of EUR 6.9 million (2012: cash out of EUR 10.6 million).

Net debt as at 31 December 2013 decreased by EUR 7.0 million, representing a net debt position of EUR 7.0 million at 31 December 2013, compared to the net debt position at 31 December 2012 of EUR 14.0 million. The net debt to EBITDA ratio dropped to 0.39x versus 0.85x in 2012.

During the 2013 financial year, operative cash inflow amounted to EUR 18.3 million, compared to EUR 0.3 million in 2012.

### **Outlook for 2014**

The Group is well-positioned in its core markets health, industry and security to face the challenging market environment and will continue to focus on business activities with high margins.

Management expects for 2014 moderate organic revenue growth and a further improvement of the profitability. This is supported by the actual positive market trends and the on-going streamlining of the group structure.

### **Annex: Performance and Structural Data Q4 & Full Year 2013**

The complete Annual Report 2013 and the actual Investor Relation Presentation are available at <http://www.exceet.lu>

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**exceet will announce first quarter results for 2014 on 2 May 2014 (after closing of the market).**

### **About exceet:**

*exceet is an international technology group specialized in the development and manufacturing of intelligent, mission critical and secure electronics with small and mid-size volumes. The group provides highly sophisticated solutions and distinguishes through its technical skill set in embedded intelligent electronics with a leading position in the health, industry & security markets. exceet consists of 6 manufacturing sites in the heart of Europe and 7 technical sales & development centers for customer proximity to ensure smooth and close communication for innovative solutions and attractive time-to-market for the customer.*

<b>exceet</b>					
Performance and Structural Data					
(in EUR million, expenses & cash out in parentheses)	4th Quarter		Full Year		Change
	2013	2012	2013	2012	
<b>Income Statement</b>					
Net Sales	49.0	50.5	190.8	188.8	+1.1%
- ECMS 1)	33.7	34.1	140.7	132.2	+6.4%
- IDMS 2)	13.8	15.6	45.6	52.8	-13.6%
- ESS 3)	1.5	0.8	4.4	3.7	+18.9%
Gross Profit	6.7	5.2	32.3	28.7	+12.5%
EBITDA	3.9	4.8	18.3	16.5	+10.9%
in % of Net Sales	7.9%	9.5%	9.6%	8.7%	+10.3%
- ECMS	4.1	2.9	20.2	15.8	+27.8%
- IDMS	1.0	0.8	2.5	2.5	0.0%
- ESS	0.0	(0.1)	(0.3)	(0.1)	+200.0%
EBIT	0.8	2.2	7.8	7.2	+8.3%
Net Income	0.0	3.4	7.5	3.1	+141.9%
- per Class A Share	EUR 0.00	EUR 0.16	EUR 0.37	EUR 0.15	+146.7%
- per Class B/C Share	EUR 0.00	EUR 0.01	EUR 0.01	EUR 0.01	0.0%
<b>Cash Flow Statement</b>					
Cash flow from operations					
before change in net working capital	3.0	1.6	17.4	13.4	+29.9%
Change in net working capital 4)	(5.3)	(8.6)	(3.5)	3.0	+216.7%
Cash flow from operations	8.8	7.9	18.3	0.3	n/a
Capex (incl. finance lease agreements)	(3.4)	(5.6)	11.3	10.9	+3.7%
Free Cash Flow	5.4	2.3	6.9	(10.6)	+165.1%
<b>Balance Sheet</b>					
Total Assets	182.8	179.3	182.8	179.3	+2.0%
Cash	31.2	24.4	31.2	24.4	+27.9%
Net Debt	7.0	14.0	7.0	14.0	-50.0%
Goodwill	35.4	35.7	35.4	35.7	-0.8%
Shareholders' equity	98.7	90.3	98.7	90.3	+9.3%
Employees (full-time-equivalent)	954	899	954	899	+6.1%
Backlog	106.1	99.9	106.1	99.9	+6.2%

- 1) Electronic Components Modules & Systems
- 2) ID Management & Systems
- 3) Embedded Security Solutions
- 4) Increase / (Decrease); excluding interest and tax payments