

Media Release



Financial Results First Quarter 2017

Improving Group Performance Step-by-Step

- 3M group sales at EUR 35.4 million, plus 12.4% to prior year (organic growth +11.5%)
- Q1 group EBITDA at EUR 1.9 million or 5.4% of net sales, up 5.9% compared to Q1 2016
- On 31 March 2017, order backlog at EUR 96.0 million, cash at EUR 23.0 million, net debt at EUR 9.0 million and equity ratio at 57.0%
- As published in February and March 2017, exceet has granted two potential buyers of the stakes of its existing core shareholders the possibility to conduct separately a due diligence of exceet.
- As published on 31 March 2017, Wolf-Günter Freese, former acting CEO and CFO, appointed new CEO of the group, keeping his function as group CFO.

Luxembourg, 02 May 2017 – The sales performance of exceet in Q1 2017 confirmed the recently encouraging trend as the group now has reached on a year-on-year basis top line organic growth for the fourth consecutive quarter. exceet's clear focus on the promising markets of smart and secure electronics allows the group to gain gradually ground from a solid base. The actual double-digit organic growth (+11.5%) in the reporting quarter is reflecting the promising order backlog figures recorded at 31 December 2016 and a slowly unwinding customer reluctance as new products offer convincing market potentials. The EBITDA development is well on track but the actual margin of 5.4% leaves room for improvement over the course of the year.

Electronic Components, Modules & Systems (ECMS) increased its net sales by 10.0% to EUR 32.8 million during the first three month of 2017 (3M 2016: EUR 29.8 million) and contributed 92.8% to overall group sales. The EBITDA of the segment reached EUR 3.2 million (3M 2016: EUR 3.6 million) mainly due to the expected lower gross profit margin out of the sales mix within the opto-electronic and PCB activities.

ECMS experienced a favorable sales trend and progress in the segment's business development. The combination of a longstanding good reputation and the gradually improving economic environment along a cautiously optimistic customer base supported the increase of revenues, especially in the area of customer-specific electronic modules and systems. This was supported by the increasing brand

awareness of exceet electronics which was confirmed by the interest of customers and prospects for exceet's system-on-board (SoM) baseboards at the early year trade shows. At the same time, the good economic climate helped ECMS to experience a good sales progress in the field of complex client-specific micro- and opto-electronics. Customers take advantage of a unique range of high-end chip-level technologies realized in state-of-the-art cleanroom facilities. However, the PCB business was more difficult in the first quarter as order releases turned out moderate and showed a higher than expected volatility.

exceet Secure Solutions (ESS) generated revenues of EUR 2.6 million (3M 2016: EUR 1.7 million), accounting for 7.2% of total group sales. The EBITDA remained negative with minus EUR 0.6 million.

Thanks to the improving economic conditions and the high demand for IoT solutions, the segment realized an increase of revenues in the field of industry routers and gateways associated with mobile communication and remote services. These products are used for security technology particularly for secure IoT projects in all segments of the industrial market.

ESS has launched "exceet connect" as a bundled and structured product series based on its competencies in secure connectivity. This solution ensures secure communication between users and devices and guarantees protection against tapping and manipulation of data. With exceet's modular solution portfolio the customer has the choice of different security levels.

Outlook

Based on an encouraging start into 2017, reflecting the promising order backlog figure recorded at 31 December 2016, the management maintains at this early stage of the year its cautiously optimistic assumptions concerning growth and profitability as published in the last annual report. Although the general economic sentiment is still characterized by a certain fragility related to political, geopolitical and economic concerns, the group is prepared to improve its performance step-by-step. Latest order backlog data are supporting this expectation while a certain volatility of quarterly data will remain typical for exceet's project-driven business. One specific macro-economic issue to be watched closely is the latest imbalance on the global copper market where rising demand from the renewable energy and electro-mobility industries is absorbing higher volumes which in turn could delay deliveries into the classical electronics industries where exceet and exceet's clients are operating. The execution of a clear customer orientation in development, industrialization and manufacturing of smart and secure electronics is now gradually bearing fruits. The sales progression most probably will follow a similar pattern as in 2016 with a better cumulative second half compared to the first half. Operational profitability as measured by the EBITDA margin should visibly improve from the 6% average annual level of last year although further structural measures could eventually trigger some additional restructuring costs and value adjustments. The ongoing transformation process of the operations in Rotkreuz (Switzerland) and Ebbs (Austria) is monitored carefully and the still unprofitable ESS unit in Dusseldorf (Germany) might be subject to further cost optimization measures.

Annex: Performance and Structural Data first three months 2017

[Complete Interim Management Report](#) on the first three months 2017 and [actual Company Presentation](#) available at www.exceet.lu

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exceet will announce half year results for 2017 on 07 August 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.

exceet			
Performance and Structural Data			
(in EUR million, expenses & cash out in parentheses)	1 st Quarter		
	2017	2016 ¹⁾	Change
Income Statement			
Net Sales	35.4	31.5	+12.4%
- ECMS ^{2), 3)}	32.8	29.8	+10.0%
- ESS ^{2), 4)}	2.6	1.7	+52.9%
Gross Profit	4.4	4.8	-8.3%
EBITDA	1.9	1.8	+5.6%
<i>in % of Net Sales</i>	5.4%	5.7%	-0.3pp
- ECMS ³⁾	3.2	3.6	-11.1%
- ESS ⁴⁾	(0.6)	(0.6)	0.0%
EBIT	0.0	(0.2)	+100.0%
<i>in % of Net Sales</i>	0.0%	(0.6%)	+0.6pp
Net Income ⁵⁾	(0.4)	(0.5)	+20.0%
- per Class A Share EUR	(0.02)	(0.01)	n.a.
- per Class B/C Share (canceled) EUR	-	(0.01)	n.a.
Backlog	96.0	81.7	+17.5%
Cash Flow Statement			
Cash flow from operations			
before change in net working capital	1.7	2.2	-22.7%
Change in net working capital ⁶⁾	(3.6)	(0.9)	n.a.
Cash flow from operations	(2.9)	(0.3)	n.a.
Capex (incl. finance lease agreements)	(1.0)	(1.6)	-37.5%
Free Cash Flow	(3.9)	(1.9)	n.a.
Balance Sheet			
(in EUR million, expenses & cash out in parentheses)	31.03.2017	31.12.2016	Change
Balance Sheet			
Total Assets	148.8	151.8	-2.0%
Cash	23.0	30.9	-25.6%
Net Financial Debt	9.0	5.4	+66.7%
Goodwill	22.7	22.6	+0.4%
Shareholders' equity	84.8	84.1	+0.8%
Employees (full-time-equivalent)	645	642	+0.5%

- 1) Continued operations
- 2) 3rd party net sales only
- 3) Electronic Components Modules & Systems
- 4) exceet Secure Solutions
- 5) Q1 2016 excluding net income from discontinued operation IDMS (card business) of EUR 0.4 million
- 6) (Increase) / Decrease; excluding interest and tax payments