

Media Release



Financial Results Third Quarter 2017

Further improved Performance supported by strong Demand

- 9M 2017 group sales at EUR 108.7 million (9M 2016: EUR 99.8 million), plus 8.9% compared to prior year; organic growth¹ 9M 2017: +9.0% (9M 2016: minus 1.4%)
- 9M 2017 group EBITDA² at EUR 8.0 million (9M 2016: EUR 6.5 million), up 21.9% versus 9M 2016
- On 30 September 2017, order backlog³ at EUR 96.9 million (EUR +10.0 million compared to 30 September 2016), cash at EUR 25.1 million, net debt⁴ at EUR 4.0 million (31.12.2016: EUR 5.4 million), equity ratio⁵ at 55.5% (31.12.2016: 55.4%)
- On 18 September 2017, White Elephant S.à r.l., indirectly controlled by Active Ownership Fund SICAV-FIS SCS, has published their ownership of 28.26% of exceet shares outstanding (replacing the former shareholder Greenock S.à r.l.)
- On 23 October 2017, White Elephant S.à r.l. submitted its voluntary public takeover offer to exceet's shareholders at a share price of Euro 2.91 per share (www.elephant-offer.com)

Luxembourg, 6 November 2017 – Q3 2017 sales of exceet group amounted to EUR 37.6 million, an increase by 9.4% versus the corresponding quarterly figure one year ago and exceeding the turnover of the preceding quarter by 5.3%. This cumulates total group sales up to EUR 108.7 million for the first nine months 2017 (+8.9% y-o-y, +9.0% organic growth).

On 30 September 2017 exceet's order backlog amounted to EUR 96.9 million (30.9.2016: EUR 86.9 million). The twelve months rolling book-to-bill ratio⁶ of 1.07 (9M 2016: 1.10) supports the continued promising sales trend.

Electronic Components, Modules & Systems (ECMS) which accounts for 93.3% of group sales increased its external net sales by 8.4% to EUR 101.5 million during the first nine months of 2017 (9M 2016: EUR 93.6 million). The EBITDA of the segment reached EUR 11.6 million, +8.9% versus one year ago (9M 2016: EUR 10.7 million) generating an EBITDA margin for the segment of 11.5% (9M 2016: 11.4%).

Within ECMS, exceet develops and produces innovative, complex and intelligent electronics with integrated communication features. The segment currently benefits from an overall increased demand of exceet's customer base due to favorable market conditions.

Technologically, except has gained promising market awareness for its microprocessor related product suite, its micro- and opto-electronics using cutting-edge technology and its spectrum of high-end chip-level technologies. The sensor-based business in medical-grade body wearable devices currently performs below customers and except's expectations. This is also the case with the group's high-end printed circuit board business which is focused on miniaturized applications for the medical and avionics industries. The started adjustment for leaner cost structures already supported the performance of the quarter. The earlier announced implementation of new technologies for the semi-additive process is also well on course. The transformation process of the electronics operations in Rotkreuz (Switzerland) makes good progress towards an optimized production flow. The concentration on customer-specific product bundles like control units, panels and web terminals for the medical, industrial and avionics markets is well accepted.

except Secure Solutions (ESS) accounts for 6.7% of group sales and generated external revenues of EUR 7.2 million in the first nine months of the year, +15.9% versus the year earlier figure (9M 2016: EUR 6.3 million). The EBITDA for the reporting period remained negative with minus EUR 1.6 million versus minus EUR 1.3 million the year before.

The segment is focused on secure connectivity and combines its IT security and Internet of Things (IoT) know-how with the group's long-lasting competences in smart electronics. The segment experienced a rising demand for specific industry routers and customized gateways for the use in protective maintenance environments. The modular product suite "except connect" which ensures secure communication between users and devices is ready for commercialization and will be presented at upcoming trade fairs. Additionally, with its eSignature and Hardware Security Module (HSM) solutions, ESS offers a complete digital and secure communication portfolio.

Outlook

Even if the top-line performance of except in Q3 2017 at first sight shows a clear increase, the cumulative nine months sales progression has to be regarded as in line with the management's expectations communicated at the beginning of the year. Current percentage increases should take into account positive basis effects from the low level of the year before. The speed of improvement most probably will slow down in the final quarter as reflected in a slightly diminished order backlog figure versus 30 June 2017. In addition a global occasional shortage of electronic components availability caused by strong market demand might lead for some projects to noticeable longer delivery times and will limit the possibility to realize short-term sales opportunities. However, it should leave except with an overall satisfactory recovered annual performance compared to last year, with the second half sales figure slightly surpassing the turnover of the first half year, as pointed out earlier.

The profitability as measured by the EBITDA figure should also follow the path outlined in the fiscal year report 2016 and reiterated in the Q1 and Q2 interim reports. In the absence of larger economic disturbances, that could potentially result in a renewed customer reluctance to continue in their investment cycle, the margin evolution in Q4 should confirm the higher single digit level reached meanwhile. This should provide a reasonable step up on an annual average basis versus the bottomed-out level of 2016.

As already mentioned in the H1 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 Ebbs (Austria) and Dusseldorf (Germany).

Annex: Performance and Structural Data third quarter 2017

[Complete Interim Management Report](#) on the third quarter 2017 and [actual Company Presentation](#) available at www.exceet.com

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exceet will announce full year results for 2017 on 28 February 2018 (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.

- 1 **Organic Growth** is the growth rate calculated excluding impact from changes in exchange rates (9M 2017: minus EUR 0.029 million; 9M 2016: minus EUR 0.974 million) and acquisitions (2017 and 2016 none)
- 2 **EBITDA** is the operating profit (EBIT) of EUR -8.5 million (9M 2016: EUR -2.5 million) plus depreciation and impairments of EUR 16.5 million (9M 2016: EUR 9.0 million) (see page 10 "Interim Income Statement")
- 3 **Order Backlog** shows the total of all not yet delivered customer orders at revenue value as at balance sheet date, to help to judge future revenue development.
- 4 **Net Debt** is calculated as balance sheet financial debt adjusted for cash and cash equivalents (see page 9 "Interim Balance Sheet), to assist in presenting the Group's financial capacities.
- 5 **Equity Ratio** is calculated as the ratio of total equity to total assets (see page 9 "Interim Balance Sheet") representing the Group's financial leverage.
- 6 **Twelve months rolling Book-to-Bill Ratio** is the ratio of orders received last twelve months (30.9.2017 EUR 153.8 million; 30.9.2016: EUR 146.8 million) to net sales last twelve months (30.9.2017 EUR 144.3 million; 30.9.2016: EUR 134.0 million), to support the analysis of potential future growth.

except					
Performance and Structural Data					
(in EUR million, expenses & cash out in parentheses)	3 rd Quarter		3 rd Quarter YTD		
	2017	2016 ¹⁾	2017	2016 ¹⁾	Change
Income Statement					
Net Sales	37.6	34.4	108.7	99.8	+8.9%
- <i>Electronic Components Modules & Systems (ECMS)</i> ²⁾	35.3	31.8	101.5	93.6	+8.4%
- <i>except Secure Solutions (ESS)</i> ²⁾	2.3	2.7	7.2	6.3	+14.3%
Gross Profit	5.5	4.8	14.5	13.8	+5.1%
EBITDA	3.5	3.0	8.0	6.5	+23.1%
<i>in % of Net Sales</i>	9.3%	8.9%	7.3%	6.6%	+0.7pp
- <i>Electronic Components Modules & Systems (ECMS)</i>	4.5	3.7	11.6	10.7	+8.4%
- <i>except Secure Solutions (ESS)</i>	(0.3)	(0.3)	(1.6)	(1.3)	-23.1%
EBIT	1.6	(2.0)	(8.5)	(2.5)	n.a.
<i>in % of Net Sales</i>	4.3%	(5.9%)	(7.8%)	(2.5%)	-5.3pp
Net Income ³⁾	1.7	(2.1)	(8.6)	(3.5)	n.a.
- <i>per Class A Share</i> EUR	0.09	(0.10)	(0.42)	(0.17)	n.a.
Backlog			96.9	86.9	+11.5%
Cash Flow Statement					
Cash Flow from operations					
before change in net working capital	4.6	0.7	9.6	4.9	+95.9%
Change in net working capital ⁴⁾	(2.0)	2.2	(5.2)	(1.6)	n.a.
Cash Flow from operations	2.9	1.7	2.7	(0.4)	n.a.
Capex (<i>incl. finance lease agreements</i>) ⁵⁾	(0.7)	(2.6)	(2.7)	(6.4)	-57.8%
Free Cash Flow ⁶⁾	2.2	(0.9)	0.0	(6.8)	n.a.
Balance Sheet					
(in EUR million, expenses & cash out in parentheses)			30.09.2017	31.12.2016	Change
Balance Sheet					
Total Assets			135.0	151.8	-11.1%
Cash			25.1	30.9	-18.8%
Net Financial Debt			4.0	5.4	-25.9%
Goodwill			13.0	22.6	-42.5%
Shareholders' equity			74.9	84.1	-10.9%
Employees (full-time-equivalent)			643	642	+0.2%

1 Continued operations

2 3rd party net sales only

3 9M 2016 excluding net income from discontinued operation IDMS (card business) of EUR (24.5) million

4 (Increase) / Decrease of **net working capital**; defined as sum of current assets minus current liabilities

5 **Capex** is defined as the expenditures for material and immaterial assets, including finance lease agreements, for the current period.

6 **Free Cash Flow** is defined as based on cash flow from operations minus net capital expenditures (adjusted for finance lease), displaying the group's financial performance in regards to its ability to generate cash.