



## Financial Results First Half-Year 2019

- 6M 2019 Group Net Sales at EUR 22.4 million, plus 6.9% compared to prior year. FX Adjusted Growth Rate<sup>1)</sup> for 6M 2019: plus 3.9% (6M 2018: 4.8%).
- 6M 2019 Group EBITDA<sup>1)</sup> at EUR 3.3 million (6M 2018: EUR 2.0 million), up 61.5% versus 6M 2018, reaching 14.6% of Net Sales. 6M 2019 Group Net Result at minus EUR 0.3 million (6M 2018: EUR 1.1 million) due to a negative non-cash currency effect of EUR 1.4 million out of the valuation of the EUR cash position held in a Swiss entity.
- On 30 June 2019: Order Backlog<sup>1)</sup> at EUR 11.1 million; Cash at EUR 113.4 million, Net Cash<sup>1)</sup> at EUR 109.9 million and Equity Ratio<sup>1)</sup> at 89.8%
- Ongoing Process of evaluating additional investment opportunities, either to strengthen the existing businesses or to broaden the range of strategic interests.

**Grevenmacher, 6 August 2019** – In the course of the fiscal year 2018, exceet signed several agreements to sell its portfolio companies exceet electronics, AEMtec GmbH (Germany) and exceet Medtec Romania S.R.L. These activities had been part of exceet's former business segment Electronic Components, Modules & Systems (ECMS). As a consequence, the Group's IFRS reporting had to be split into "Continued Operations" and "Discontinued Operations" as of Q3 2018

The continued operations consist of the printed circuit boards (PCB) activities within the Healthcare segment and the Software segment, which is actually focused on industrial internet of things (IoT) and secure connectivity. Currently, locations are in Switzerland, Germany, USA and Luxembourg.

The 6M 2019 performance shows two different quarters. A strong first quarter 2019, reflecting a buoyant demand for exceet's technological edge, followed by a weaker Q2 2019 - compared to Q1 2019 - influenced by the intra-year volatility out of the short-term progression of demand from exceet's customers and the product mix (higher share of lower priced PCB's). The operational profit (EBITDA) improved from 9.6% in H1 2018 to 14.6% for H1 2019 despite the time consuming substantial projects within the healthcare segment for establishing the ultra-high density technology and the building extension in Küssnacht.

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1) See note 18 "Alternative Performance Measures (APM)" Pages 25 – 27  
<https://www.exceet.com/Q2-2019-Report-APM>

In the current structure of the Group, the operational result is leveraged to the Group's top line performance due to the cost-stringency of the organization. As already reported in Q1 2019, an optimal product cost mix and a sustainable sales improvement of the software segment are keys for the further realization of benefits. The Book-to-Bill Ratio<sup>1)</sup> as of 30 June 2019 amounts to 0.96 (30.06.2018: 0.95).

The net result of minus EUR 0.3 million included a negative non-cash foreign currency effect of EUR 1.4 million (6M 2018: EUR 0.1 million) and other financial costs in the amount of EUR 0.4 million (6M 2018: EUR 0.2 million). Before the non-cash currency exchange differences, the net result of the continued operations amounts to EUR 1.1 million (plus 182.2% versus H1 2018) and marks a net margin of 5.1%. The non-cash foreign currency effect is caused by the substantial amount of cash in Euro received with the sale of several activities in 2018 and now held in the Swiss holding company with the functional currency of Swiss francs. This effect is neutralized on balance sheet level via the equity position.

### ***Healthcare Segment***

The segment is focused on the development and production of innovative and miniaturized printed circuit boards (PCB) 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. The hearing aids industry represents a stable growing segment within the healthcare market and offers favorable business conditions for the segment's competence and know-how in miniaturization with strong quality requirements. In many cases exceet's deliveries of innovative PCB architectures are crucial for the realization of the demanded features by the customers.

The H1 2019 performance of the segment was driven by typical small to medium size production characteristics. Q2 2019 underlines that the sizes of series in general are limited and can experience visible volatility on a quarterly basis due to the short-term progression of demand of the customers and the product mix with increased volumes for lower priced PCB's. This is reflected in the increase of the produced PCB's by over 32% to 10.3 million pieces in H1 2019 compared to the first half-year 2018.

The segment realized Net Sales of EUR 17.6 million (6M 2018: EUR 16.4 million) representing 78.6% of Group sales and an increase by 7.8%. The EBITDA amounted to EUR 4.6 million (6M 2018: EUR 3.9 million) resulting in an EBITDA Margin of 26.2% (6M 2018: 24.1%). Adjusted for currency effects, Net Sales amounted to EUR 17.0 million and increased by 3.6%.

### ***Software Segment (including IoT)***

Secure connectivity in data-critical IT environments such as eHealth architectures and industrial internet of things (IoT) is the focus of this segment.

For the first six months of 2019, the segment contributed 21.4% to Group sales. The segment generated external revenues of EUR 4.8 million after EUR 4.6 million in the corresponding period of 2018 (plus 3.5%). The EBITDA for the first six months 2019 amounted to minus EUR 0.3 million (6M 2018: minus EUR 0.5 million).

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The segment continued its efforts to improve the visibility of its competences and know-how on fairs and expert events, in order to extend the existing partner network, to raise market awareness and to launch exceet's expertise in secure edge computing applications in the markets. Edge computing follows the trend of decentralized data processing close to the device, allowing data computations to be available faster, network traffic to be reduced and pre-processed data to be sent to the cloud. exceet's offering is ready for use, supports services and solutions even where no permanent network connection is available and has various levels of security from certificate based authentication - also available with two-factor-authentication - to a passwordless system (using mobile apps with smartcard authentications). These services are offered as well as "secure edge computing as a service" and first projects are already realized in Q2 2019.

As of 30 June 2019, the segment has more than 91,000 routers in the market – plus 15% compared to 30 June 2018.

### **Outlook**

After an exceptionally strong operative performance in Q1 2019 followed by the expected slowdown of Group sales in Q2 2019, exceet reached an overall top line growth of 6.9% for the first half year. This result is broadly in line with the sales outlook given in the last quarterly report. For the time being, it should be considered that growth and corporate earnings concerns have increased significantly within a short period of time recently, while overall visibility for the second half of the year has decreased substantially. exceet's project oriented customers are acting in an even more cautious manner and at sight. The Group's H1 2019 operative profitability on the EBITDA level has improved significantly versus one year ago to almost 15%, but – as indicated earlier - it also shows volatility from quarter to quarter. Margin volatility could continue dependent on the Group's further sales performance.

exceet will stick to its communicated strategy to develop its current operative units further. The management and exceet's main shareholder are jointly involved into an ongoing process of evaluating additional investment opportunities, either to strengthen the existing businesses or to broaden the range of strategic interests. The availability of perpetual capital of about EUR 113.4 million allows exceet to respond flexibly, immediately and with a partnership approach to possible opportunities. Targeted industries remain structurally growing markets like healthcare, software and technology.

**Annex: Performance and Structural Data first half-year 2019**

Complete Interim Report on the first half-year 2019 available at

<https://www.exceet.com/Q2-2019-Report>

and Company Presentation at

<http://www.exceet.com/Q2-2019-Presentation>

**Please contact for further information:**

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

exceet Group SE

17, rue de Flaxweiler

L-6776 Grevenmacher

Phone +352 28 38 47 20

ISIN LU0472835155 (Public Shares), Regulated Market, Prime Standard, Frankfurt/Main

**exceet will announce nine months results 2019 on 5 November 2019**

(after closing of the market)

**About exceet**

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

<b>except</b>			
Performance and Structural Data			
(in EUR million, expenses & cash out in parentheses)	1 <sup>st</sup> Half-Year <sup>1)</sup>		
	2019	2018	Change
<b>Income Statement</b>			
Net Sales	22.4	21.0	+6.9%
- Healthcare <sup>2)</sup>	17.6	16.4	+7.8%
- Software (incl. IoT) <sup>2)</sup>	4.8	4.6	+3.5%
Gross Profit	5.4	4.2	+28.6%
EBITDA	3.3	2.0	+61.5%
<i>in % of Net Sales</i>	14.6%	9.6%	+5.0pp
- Healthcare	4.6	3.9	+17.9%
- Software (incl. IoT)	(0.3)	(0.5)	+40.0%
EBIT	1.7	0.7	+142.9%
<i>in % of Net Sales</i>	7.8%	3.2%	+4.6pp
Net Income	(0.3)	0.3	n.a.
- per Class A Share <span style="float: right;">EUR</span>	(0.01)	0.02	n.a.
<b>Backlog</b>	11.1	11.8	-5.9%
<b>Cash Flow Statement</b>			
Cash Flow from operations before change in net working capital	3.2	2.0	+60.0%
Change in net working capital <sup>3)</sup>	0.2	0.4	-50.0%
Cash Flow from operations	2.5	1.5	+66.7%
Capex (incl. finance lease agreements) <sup>3)</sup>	(2.0)	(0.7)	+185.7%
Free Cash Flow <sup>3)</sup>	0.5	0.8	-37.5%
<b>Balance Sheet</b>			
(in EUR million, expenses & cash out in parentheses)			
	<b>30.06.2019</b>	31.12.2018	Change
<b>Balance Sheet</b>			
Total Assets	148.7	144.2	+3.1%
Cash	113.4	113.2	+0.2%
Net Financial Cash	109.9	109.4	+0.5%
Goodwill	7.3	7.2	+1.4%
Shareholders' equity	133.5	131.5	+1.5%
<b>Employees (full-time-equivalent)</b>	210	206	+1.9%

1) Continued operations

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

3) See note 18 "Alternative Performance Measures (APM)" Pages 25 - 27  
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