



Financial Result First Half-Year 2020

- Group Net Sales up to EUR 24.9 million (H1 2019: EUR 22.4 million). FX adjusted Growth Rate¹⁾ plus 6.4%.
- Group EBITDA¹⁾ increased to EUR 4.8 million (H1 2019: EUR 3.3 million) achieving an EBITDA margin¹⁾ of 19.4% (H1 2019: 14.6%).
- EUR 3.1 million Group Net Profit (H1 2019: minus EUR 0.3 million) with a Net Profit Margin of 12.4%, Recurring Group Net Profit¹⁾ at EUR 2.1 million (H1 2019: 1.5 million).
- On the ordinary general meeting on 25 June 2020, the shareholders of exceet Group SCA resolved the payout of another special distribution of Euro 1.75 per share, in total EUR 35.1 million. Cash now at EUR 15.7 million and Net Cash¹⁾ at EUR 12.5 million after dividend payment.

Grevenmacher, 6 August 2020 – Despite the deteriorating business environment, exceet achieved sales in Q2 2020 of EUR 11.1 million, up 5.6% versus one year ago and a total of EUR 24.9 million for the first half-year 2020, up 10.8% compared to the corresponding period last year (H1 2019: EUR 22.4 million). Excluding the positive foreign exchange impact of EUR 1.0 million in the first half of this year, exceet realized organic top line growth on a like-for-like basis of 6.4%. Group EBITDA¹⁾ reached EUR 1.7 million in Q2 2020 (+46.8% versus Q2 2019) and EUR 4.8 million for the entire reporting period (+47.5% versus H1 2019). Net profit amounted to EUR 3.1 million for the period from January to June 2020, marking a significant swing from the corresponding period in 2019 (minus EUR 0.3 million).

Already in the first quarter, exceet took various adaptive measures to prepare the Group's businesses for the looming intensification of the Corona crisis. These measures included the protection of the production processes by securing the supply chains and raising inventory levels, but also intensifying the personal safety of employees, customers and suppliers by suspending travelling and face-to-face meetings as well as the introduction of home office work for certain members of the staff. All alignments were realized quickly and cost-efficiently.

1) See note 16 "Alternative Performance Measures (APM)" Pages 23 – 26
<https://www.exceet.com/Q2-2020-Report-APM>

While exceet's Q1 2020 financial performance was characterized by strong customer demand, specifically in the Healthcare segment, the shock-like loss of visibility due to Corona – as of April 2020 – prompted customers to act increasingly cautious. Until May 2020, exceet's businesses performed satisfactorily, but from June 2020 onwards, customer reticence became clearly noticeable.

Healthcare Segment

The segment realized H1 2020 net sales of EUR 20.3 million (H1 2019: EUR 17.6 million) accounting for 81.4% (H1 2019: 78.6%) of Group net sales and achieved an increase of 14.9% versus the corresponding period last year. The EBITDA¹⁾ for the first half-year 2020 amounted to EUR 5.9 million (H1 2019: EUR 4.6 million), up 28.2% resulting in an EBITDA margin¹⁾ of 29.2% (H1 2019: 26.2%).

After an exceptionally strong performance of the segment in Q1 2020, driven by high onetime order volumes from individual customers, pushing the EBITDA margin above 33%, the business calmed down in Q2 2020 due to the continued Corona crisis and its extensive impacts on the economy. While the segment showed a satisfying business progression until May 2020, the final month of the quarter was damped by a lack of new orders and lagging delivery schedules from customers. Technologically, the Corona adaption measures introduced at the location in Küsnacht caused slight delays in the further development of the Ultra HDI technology. The extension and modernization of the production, as well as the optimization of processes which are going to be finished in Q3 2020, puts the segment into a favorable position to benefit from an expected renewed increase in volumes.

Software (including IoT) Segment

In the reporting period between January and June, the segment contributed net sales of EUR 4.6 million (H1 2019: EUR 4.8 million) representing 18.6% (H1 2019: 21.4%) of Group net sales. The EBITDA¹⁾ for this period was almost break-even and narrowed from minus EUR 0.3 million in H1 2019 to minus EUR 0.1 million in H1 2020. Despite lower sales by 3.9% compared to last year, the segment could improve its gross profit performance. The Corona crisis turned out to be the major burden for the planned rollout of the segment's flagship product suite "exceet connect". The lack of opportunities to present the product's state-of-the-art technology due to cancellations of fairs and rigid restrictions of face-to-face contacts with customers caused delays, but a catching up might be possible in the final quarter of the year. Long-running projects did not suffer from setbacks in the difficult months behind, but could be continued as planned instead. Sales of connectivity devices suffered from reduced order intakes, particularly in May 2020 and triggered selective short-time work on an intermediate basis. However, due to recent increased new order intakes for projects with delivery times into 2021 onwards, business visibility improved and the short-time work conditions could be released in June 2020.

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Outlook

Carrying over the positive operative momentum from the final quarter of 2019 into 2020, exceet started strongly into the year gaining significantly improved results in Q1 2020 primarily due to high demand of its Healthcare customers. As expected, the overall visibility decreased as of April 2020 due to the spreading Corona pandemic with customers shifting their orders into later timeframes in a number of cases. However, exceet managed to achieve a solid mid-single digit sales growth year-over-year in Q2 2020 thanks to a still satisfying business progression until May 2020. As of June 2020, lower customer demand in the Healthcare segment resulted in short-time work in the production and quality assurance departments. This led to a lower level of output of high-end PCBs at the location in Küssnacht. Currently, exceet expects a return to a stabilized business environment by the end of August 2020, after the summer holiday season. The Ultra HDI technology for flexible boards, designed for innovative medtech-devices, continues to keep its promising potential as a driver for the future growth of exceet's Healthcare segment. However, current developments within this technology will show a slight delay of up to three months.

Within exceet's Software (including IoT) business, individual long-term projects with customers continue according to plan. The rollout of "exceet connect", the new flagship product suite of this segment, is lagging behind due to the current lack of possible presentation events, cancellation of fairs and limited possibilities of individual face-to-face presentations with potential customers. Nevertheless, the management is confident to catch-up some of the business in the fourth quarter provided that present conditions continue to improve. Based on this positive expectation, but with at the same time lower margins from hardware sales, the Software and IoT business in total is expected to deliver a slightly deteriorated margin performance.

Overall, the major single issue among economic observers is the question whether there will be a second wave of the Corona disease severely enough to trigger another round of broad shutdowns. At least short term, the high level of uncertainty most probably will linger on, making exceet's customers act extremely cautious. Therefore, the management has adjusted its expectation from a mid-single digit top line growth for the entire year to a sales progression, which will be flat versus 2019 without foreign exchange impacts. exceet's overall EBITDA margin, which is historically leveraged by the Group's top line performance, is expected to see a minor impact out of pressure on gross margin and potential additional costs in relation to the new technologies in the Healthcare and Software (incl. IoT) segments.

The large cash position held in Switzerland, which had a significant impact on the net result in past quarters, will lose this impact in the future due to the pay-out of a second special distribution to exceet's shareholders.

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Annex: Performance and Structural Data first half-year 2020

Complete Interim Report on the first half-year 2020 available at

<https://www.exceet.com/Q2-2020-Report>

and Company Presentation at

<https://www.exceet.com/Q2-2020-Presentation>

Please contact for further information:

Email: investor.relations@exceet.com

exceet Group SCA

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 2020 on 5 November 2020

(after closing of the market)

About exceet

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

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Performance and Structural Data			
(in EUR million, expenses & cash out in parentheses)	1 st Half-Year		
	2020	2019	Change
Income Statement			
Net Sales	24.9	22.4	+10.8%
- Healthcare	20.3	17.6	+14.9%
- Software (incl. IoT)	4.6	4.8	-3.9%
Gross Profit	6.8	5.4	+25.9%
EBITDA ¹⁾	4.8	3.3	+47.5%
<i>in % of Net Sales</i>	19.4%	14.6%	+4.8pp
- Healthcare	5.9	4.6	+28.2%
- Software (incl. IoT)	(0.1)	(0.3)	-74.4%
EBIT	3.1	1.7	+79.8%
<i>in % of Net Sales</i>	12.6%	7.8%	+4.8pp
Net Profit	3.1	(0.3)	n.a.
- per Ordinary Share EUR	0.15	(0.01)	n.a.
Backlog	14.7	11.1	+31.7%
Cash Flow Statement			
Cash Flow from operations before change in net working capital	4.6	3.2	+45.3%
Change in net working capital ¹⁾	(1.4)	0.2	-926.8%
Cash Flow from operations	2.2	2.5	-10.4%
Capex (incl. finance lease agreements) ¹⁾	(2.9)	(2.0)	+45.2%
Free Cash Flow ¹⁾	(0.7)	0.5	-241.9%
Balance Sheet			
(in EUR million, expenses & cash out in parentheses)			
	30.06.2020	31.12.2019	Change
Balance Sheet			
Total Assets	58.1	89.6	-35.1%
Cash	15.7	51.5	-69.5%
Net Financial Cash	12.5	48.1	-73.9%
Goodwill	7.5	7.4	+1.2%
Shareholders' equity	41.1	73.6	-44.3%
Employees (full-time-equivalent)	206	212	-2.8%

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