

Tecan reports significant growth in sales and profits in 2020 based on extraordinary demand for COVID-19 related products

Financial results for the full year 2020 – Highlights

- **Surge in orders; order entry increased to CHF 855.2 million (2019: CHF 638.6 million)**
 - Full-year growth of 38.5% in local currencies or 33.9% in Swiss francs
 - Growth trend further accelerated in the second half of the year
- **Sales of CHF 730.9 million (2019: CHF 636.8 million)**
 - Full-year growth of 18.7% in local currencies and 14.8% in Swiss francs
 - Double-digit sales growth in both business segments for full year 2020
 - H2 sales growth of 27.8% in local currencies or 23.5% in Swiss francs
- **Reported operating profit before depreciation and amortization (EBITDA) of CHF 159.1 million (2019: CHF 122.8 million)**
 - Increase in reported EBITDA margin to 21.8% (2019: 19.3%)
- **Reported full-year net profit of CHF 103.7 million (2019: CHF 73.2 million)**
 - Net profit margin 14.2% (2019: 11.5%)
 - Reported earnings per share increased by 40.6% to CHF 8.69 (2019: CHF 6.18)

Operating highlights 2020 and other important information

- **Health and safety of Tecan employees prioritized during the coronavirus pandemic**
- **Global manufacturing and business operations secured for uninterrupted support of customers**
- **Responded to unprecedented shifts and surge in demand for specific product lines by securing supplies of materials and expanding production capacities**
- **Tecan's automation technology to enable scaled-up COVID-19 testing globally with existing and new partnerships**
- **Launch of DreamPrep™ NAP to simplify nucleic acid extraction**
- **Good progress made with development projects in both business segments to prepare for important product launches in 2021 and 2022**
- **Increase in the dividend proposed from CHF 2.20 to CHF 2.30 per share**

Outlook 2021

- **Full-year sales forecast to increase in the mid single-digit to mid-teens percentage range in local currencies**
 - **Based on high order backlog and continued elevated demand, strong performance expected in first half year; developments in the second half of 2021 subject to greater uncertainty**
- **Full-year reported EBITDA margin expected to be at least at 2020 level; already reflecting the current more negative currency environment and absence of extraordinary effects**

Männedorf, Switzerland, 16 March 2021 – Based on strong demand for COVID-19-related products, Tecan Group (SIX Swiss Exchange: TECN) reported significant growth in sales and profits in an exceptional and demanding year 2020.

Tecan CEO Dr. Achim von Leoprechting commented: “I’m extremely proud of the fact that Tecan played such a key part in the global response to COVID-19. This was only possible because our employees stepped up to the challenges presented by the pandemic, supporting our customers with expertise, responsiveness and exceptional dedication.

It is Tecan’s core business to automate complex lab processes. When the pandemic started to spread around the world, we were well prepared to quickly re-focus our capabilities on the fight against COVID-19 and support our customers in research, therapy and vaccine development, and to an even larger degree with the scale-up of diagnostic testing. Going forward there is a huge opportunity to build on what we have learned from the global response to COVID-19 and apply it to cancer, metabolic diseases and other infectious diseases. With our broad portfolio of existing products and new important launches we expect in 2021 and 2022, we are confident and excited to continue to scale innovation to the benefit of healthcare and the lives of people.”

Financial results full year and second half of 2020

In the year under review, Tecan recorded a surge in orders for product lines supporting the global fight against the coronavirus pandemic. Full-year order entry increased by 33.9% to CHF 855.2 million (2019: CHF 638.6 million), or by 38.5% in local currencies. After orders already grew by 24.3% in local currencies in the first half of the year, with an increase of 51.8% in local currencies order entry accelerated further in the second half. Order backlog even grew at a significantly higher rate than full-year order entry to reach a record high as of December 31, 2020.

Sales for fiscal year 2020 climbed by 14.8% to CHF 730.9 million (2019: CHF 636.8 million), corresponding to growth of 18.7% in local currencies. The growth trend accelerated in the second half of the year, with sales increasing by 23.5% in Swiss francs and 27.8% in local currencies. Demand for pipette tips increased drastically due to the testing needs associated with COVID-19. As a result, overall recurring sales of services, consumables and reagents also increased in the full year 2020 by 26.2% in local currencies and 21.3% in Swiss francs, thus amounting to 43.6% of total sales (2019: 41.3%).

Reported operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) rose by 29.6% to CHF 159.1 million in the fiscal year 2020 (2019: CHF 122.8 million). The increase in reported EBITDA was mainly driven by benefits of scale due to the significantly higher volumes. In addition to common economies of scale, reported EBITDA benefited from an even more positive impact as the overall cost base was not yet fully adjusted to support the business on a sustainable basis. The results development was also helped

by a one-time positive effect from an adjustment of the Swiss pension plan as well as increased capitalization of development costs as projects neared market launch. On the other hand, exchange rate movements in major currencies versus the Swiss franc had a negative impact on the reported EBITDA, comparable to the one-time positive effects.

The reported EBITDA margin grew correspondingly by 250 basis points to 21.8% of sales (2019: 19.3%). Assuming exchange rates in line with 2019, the reported EBITDA margin would have stood at 22.5% of sales.

Reported net profit for the year 2020 rose by 41.7% to CHF 103.7 million (2019: CHF 73.2 million). Thanks to an improved financial result, net profit increased by more than operating profit (earnings before interest and taxes; EBIT). The net profit margin amounted to 14.2% of sales (2019: 11.5%), while earnings per share rose strongly to CHF 8.69 (2019: CHF 6.18).

Cash flow from operating activities more than doubled to CHF 208.3 million (2019: CHF 98.8 million), due to a focus on cash collection and management. Thus, cash flow from operating activities corresponded to 28.5% of sales (2019: 15.5%).

Information by business segment

Life Sciences Business (end-customer business)

Sales in the Life Sciences Business segment grew strongly by 13.2% to CHF 408.8 million in fiscal year 2020 (2019: CHF 361.2 million). This equates to a rise of 18.7% in local currencies. The Life Sciences Business experienced strong demand for products supporting the COVID-19 response, mainly liquid handling and automation workstations as well as the associated disposable pipette tips. Despite the strong increase in sales, parts of the Life Sciences Business also experienced significant disruption as customer facilities were closed or access was restricted to slow the spread of COVID-19. Product groups adversely impacted included detection instruments, research reagents for next-generation sequencing (NGS) and consumables for mass spectrometry sample preparation.

Sales growth accelerated further in the second half of the year, with sales increasing by 26.2% in local currencies

Order entry in the Life Sciences Business outpaced recognized revenues significantly in the fiscal year 2020, with order backlog increasing at a high double-digit rate.

Reported operating profit in this segment (earnings before interest and taxes; EBIT) rose to CHF 78.2 million (2019: CHF 56.7 million). The operating profit margin increased to 17.4% of sales (2019: 15.1%). This positive performance is primarily a result of sales growth as well as a strong margin contribution from the consumables business.

Partnering Business (OEM business)

The Partnering Business generated sales of CHF 322.1 million during the year under review (2019: CHF 275.7 million), which corresponds to a strong increase of 18.8% in local currencies and 16.8% in Swiss francs.

Similar patterns to those in the Life Sciences Business were observed in the Partnering Business, with automation platforms, OEM components and disposable pipette tips to support COVID-19 testing being in high demand. By contrast, sales to customers exposed to other areas of in-vitro diagnostics were adversely impacted. Segment sales in the second half year increased by 30.0% in local currencies and 27.9% in Swiss francs.

Also in the Partnering Business, order entry increased at a substantially higher rate than sales.

Operating profit in this segment (earnings before interest and taxes; EBIT) increased to CHF 59.1 million (2019: CHF 46.2 million), while the operating profit margin grew to 18.3% of sales (2019: 16.7%).

Additional information***Regional development***

In Europe, Tecan's full-year sales increased by 9.6% in local currencies and by 7.6% in Swiss francs. The increase in sales was driven by the Life Sciences Business, with instrument installations supporting PCR-based testing as part of the European COVID-19 response. Sales of the Partnering Business declined in Europe as several customers saw lower demand based on the decrease in doctor visits and related lower volumes in routine diagnostic testing as well as restricted access to labs. Sales growth in local currencies accelerated in the second half of the year to 12.9%.

In North America, sales grew by 24.9% in local currencies and 19.5% in Swiss francs in 2020, with both business segments delivering double-digit growth rates in local currencies. Sales in local currencies increased even by 43.3% in the second half of the year, reflecting a surge in demand for COVID-19 related products.

In Asia, Tecan recorded a significant increase in sales of 22.7% in local currencies and 17.5% in Swiss francs. This increase was driven by double-digit growth rates in both business segments. Growth in China outpaced that of the Asia region as a whole, bringing the total business in China to over CHF 80 million in the year. In the second half, sales in Asia increased by 20.8% in local currencies and 16.8% in Swiss francs.

Operating performance 2020

During the year 2020, the priorities were focused on ensuring the health and safety of Tecan employees, limiting any supply chain and freight interruptions and maintaining business continuity

to support customers in these challenging times. Through the implementation of these measures, Tecan continued to be fully operational at all production sites and provided uninterrupted support to customers.

With substantially increased COVID-19 clinical testing and high customer demand associated with the global pandemic, Tecan took a number of steps to secure supplies of materials and expand capacity and supply for specific product lines, including certain instrument platforms and disposable pipette tips. In October 2020, Tecan announced that the U.S. Department of Defense and the U.S. Department of Health and Human Services awarded a USD 32.9 million (CHF 29.8 million) contract to support equipping a U.S. pipette tip manufacturing facility for COVID-19 testing. These payments had no impact on the statement of profit or loss. The new U.S. manufacturing lines are expected to start producing pipette tips in fall 2021, augmenting the steps Tecan has already taken to increase global manufacturing capacity at other locations.

Throughout the year 2020, Tecan was supporting its customers in research, therapeutic and vaccine development and with the scale-up of COVID-19 diagnostic testing. Individual labs, major lab chains, newly built high-capacity testing facilities as well as diagnostics companies around the world were utilizing Tecan equipment and consumables to automate and scale up testing.

In August 2020, Tecan announced a new collaboration with Thermo Fisher Scientific to enable PCR-based COVID-19 testing with even higher throughputs to meet increasing global demand. The Thermo Fisher Scientific Amplitude Solution is a molecular diagnostic testing system designed to analyze up to 8,000 samples in a single day. The system includes instruments of Tecan's Fluent Laboratory Workstation family and the Introspect software, an instrument and consumables usage analysis and reporting software.

To further drive its comprehensive genomics strategy, Tecan launched the DreamPrep™ NAP at the beginning of 2020, an integrated, fully automated solution simplifying nucleic acid extraction workflows for many genomic applications. It combines the high productivity and precision of the Fluent automation platform with a Tecan reader for integrated quantitation and normalization. The DreamPrep NAP also helped labs quickly and effectively scale up COVID-19 testing to accommodate larger test volumes.

At the same time, Tecan continued to invest in research and development to position the business for sustained accelerated growth. Tecan also used new digital tools such as advanced 3D simulation to keep development projects on track despite restricted access to its own and customers' sites. With several projects nearing market launch, Tecan anticipates important product launches in both business segments in 2021 and 2022. In the Life Sciences Business, new products are focused on the application-specific needs of research and clinical labs. In the Partnering Business, projects cover Tecan's focus application areas including molecular

diagnostics and protein analysis, with sales potential of individual projects ranging from single-digit to clear double-digit million amounts in Swiss francs per year.

Strong balance sheet – high equity ratio

Tecan's equity ratio reached 66.2% as of December 31, 2020 (December 31, 2019: 70.1%). Net liquidity (cash and cash equivalents plus short-term time deposits minus bank liabilities and loans) reached CHF 467.7 million (June 30, 2020: CHF 354.0 million; December 31, 2019: CHF 312.4 million).

On the basis of the further increase of net profit in 2020 and an ongoing positive business perspective, the Board of Directors will propose at the Company's Annual General Meeting an increase in the dividend from CHF 2.20 to CHF 2.30 per share. Half of the dividend, i.e. CHF 1.15, will be paid out from the available capital contribution reserve and is therefore not subject to withholding tax.

Change on the Board of Directors

At the Annual General Meeting on April 17, 2021, Lars Holmqvist, a member of the Board of Directors since 2015, will not stand for re-election. The Board of Directors thanks Lars Holmqvist for his service over many years and his valuable contribution to the development of the company. Until the Annual General Meeting in 2022, the Board of Directors will consist of only six members.

Outlook 2021

Based on the high order backlog and continued elevated demand for instruments and consumables, Tecan expects a very strong business performance in the first half year 2021. Demand trends for COVID-19-related products are subject to greater uncertainty in the second half of 2021. Therefore, a decline in sales in the second half of 2021 compared with the very high base of the prior-year period cannot be ruled out. On the other hand, particularly for the second half year, Tecan expects some recovery and a more positive market environment in areas that have been negatively affected by the pandemic, such as life science research, pharma and non-COVID-19 diagnostic testing.

Tecan therefore forecasts sales growth for the full year 2021 to be in the mid single-digit to mid-teens percentage range in local currencies.

These projections are based on the assumptions that supply chains remain undisrupted and all production sites stay fully operational.

Despite a more negative currency environment and the absence of extraordinary effects from 2020, the company expects a reported EBITDA margin for the full year 2021 at least at the 2020 level of 21.8% of sales.

The expectations regarding profitability are based on an average exchange rate forecast for full year 2021 of one euro equaling CHF 1.08 (actual average exchange rate 2020: 1.07) and one US dollar equaling CHF 0.90 (actual average exchange rate 2020: 0.94).

The outlook 2021 does not take account of potential acquisitions during the course of the year.

Financial Report and Webcast

The full 2020 Annual Report can be accessed on the company's website www.tecan.com under Investor Relations.

Tecan will hold an analyst and media conference to discuss the 2020 annual results today at 09:00 (CET). The presentation will also be relayed by live audio webcast, which interested parties can access at www.tecan.com. A link to the webcast will be provided immediately prior to the event.

The dial-in numbers for the conference call are as follows:

For participants from Europe: +41 (0)58 310 50 00 or +44 (0)207 059 107 0613 (UK)

For participants from the US: +1 (1) 631 570 5613

Participants should if possible dial in 15 minutes before the start of the event.

Key upcoming dates

- The Annual General Meeting of Tecan's shareholders will take place on April 13, 2021.
- The 2021 Interim Report will be published on August 18, 2021.

About Tecan

Tecan (www.tecan.com) is a leading global provider of laboratory instruments and solutions in biopharmaceuticals, forensics and clinical diagnostics. The company specializes in the development, production and distribution of automation solutions for laboratories in the life sciences sector. Its clients include pharmaceutical and biotechnology companies, university research departments, forensic and diagnostic laboratories. As an original equipment manufacturer (OEM), Tecan is also a leader in developing and manufacturing OEM instruments and components that are then distributed by partner companies. Founded in Switzerland in 1980, the company has manufacturing, research and development sites in both Europe and North America and maintains a sales and service network in 52 countries. Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TECN; ISIN CH0012100191).

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Tecan Group – Financial reporting
Consolidated financial statements for 2020
 (Key figures, unaudited)

Consolidated statement of profit or loss

	2019	2020	Δ in %
January to December, CHF 1'000			
Sales	636'819	730'879	14.8%
Cost of sales	(339'552)	(375'963)	10.7%
Gross profit	297'267	354'916	19.4%
<i>In % of sales</i>	46.7%	48.6%	
Sales and marketing	(92'888)	(105'944)	14.1%
Research and development	(59'857)	(62'043)	3.7%
General and administration	(56'649)	(65'981)	16.5%
Other operating income	1'327	1'585	19.4%
Other operating expenses	(501)	(1'143)	128.1%
Operating profit	88'699	121'390	36.9%
<i>In % of sales</i>	13.9%	16.6%	
Financial result	(5'959)	(3'163)	-46.9%
Profit before taxes	82'740	118'227	42.9%
Income taxes	(9'571)	(14'542)	51.9%
Profit for the period	73'169	103'685	41.7%
<i>In % of sales</i>	11.5%	14.2%	

EBITDA	122'761	159'106	29.6%
<i>In % of sales</i>	19.3%	21.8%	

Basic earnings per share (CHF/share)	6.18	8.69	40.6%
Diluted earnings per share (CHF/share)	6.13	8.62	40.6%

Order entry

	2019	2020	Δ in % (CHF)	Δ in % (LC)
January to December, CHF 1'000				
Order entry	638'630	855'234	33.9%	38.5%

Segment information by business segments

Sales to third parties

January to December, CHF 1'000	2019	2020	Δ in % (CHF)	Δ in % (LC)
Life Sciences Business	361'159	408'792	13.2%	18.7%
Partnering Business	275'660	322'087	16.8%	18.8%
Total sales	636'819	730'879	14.8%	18.7%

Segment information

January to December, CHF 1'000	Life Sciences Business		Partnering Business		Corporate / Consolidation		Total	
	2019	2020	2019	2020	2019	2020	2019	2020
Sales to third parties	361'159	408'792	275'660	322'087	-	-	636'819	730'879
Intersegment sales	13'176	40'534	1'367	1'599	(14'543)	(42'133)	-	-
Total sales	374'335	449'326	277'027	323'686	(14'543)	(42'133)	636'819	730'879
Operating profit	56'690	78'203	46'179	59'102	(14'170)	(15'915)	88'699	121'390
<i>In % of sales</i>	15.1%	17.4%	16.7%	18.3%			13.9%	16.6%

Sales by regions (by location of customers)

January to December, CHF 1'000	Life Sciences Business		Partnering Business		Total		Δ in % (CHF)	Δ in % (LC)
	2019	2020	2019	2020	2019	2020		
Europe	118'655	147'962	134'726	124'588	253'381	272'550	7.6%	9.6%
North America	166'585	175'160	102'587	146'472	269'172	321'632	19.5%	24.9%
Asia	67'577	72'416	35'976	49'307	103'553	121'723	17.5%	22.7%
Others	8'342	13'254	2'371	1'720	10'713	14'974	39.8%	44.3%
Total sales	361'159	408'792	275'660	322'087	636'819	730'879	14.8%	18.7%

Consolidated balance sheet

	31.12.2019	31.12.2020	Δ in %
CHF 1'000			
Assets			
Current assets	615'499	777'986	26.4%
Non-current assets	324'274	330'641	2.0%
Assets	939'773	1'108'627	18.0%
Liabilities and equity			
Current liabilities	157'286	225'018	43.1%
Non-current liabilities	123'420	149'958	21.5%
<i>Total liabilities</i>	<i>280'706</i>	<i>374'976</i>	<i>33.6%</i>
Shareholders' equity	659'067	733'651	11.3%
Liabilities and equity	939'773	1'108'627	18.0%

Consolidated statement of cash flows

	2019	2020	Δ in %
January to December, CHF 1'000			
Cash inflows from operating activities	98'804	208'335	110.9%
Cash outflows from investing activities ¹	(99'056)	(288'741)	191.5%
Cash outflows from financing activities	(29'395)	(36'274)	23.4%
Translation differences	(915)	(1'154)	26.1%
Decrease in cash and cash equivalents	(30'562)	(117'834)	285.6%
Cash and cash equivalents as per cash flow statement:			
At January 1	296'836	266'274	-10.3%
At December 31	266'274	148'440	-44.3%

¹The cash outflow from investing activities includes investments in time deposits (2019: CHF 50 million and 2020: CHF 270 million)

Consolidated statement of changes in equity

	2019	2020	Δ in %
January to December, CHF 1'000			
Shareholders' equity at January 1	612'409	659'067	7.6%
Profit for the period	73'169	103'685	41.7%
Other comprehensive loss for the period	(19'344)	(24'649)	n.a.
Dividends paid	(24'835)	(26'242)	5.7%
New shares issued based on employee participation plans	4'583	4'574	-0.2%
Share-based payments	13'085	17'216	31.6%
Shareholders' equity at December 31	659'067	733'651	11.3%

Tecan Group – Financial reporting
Consolidated financial statements for the six months ending December 31, 2020

(Key figures, unaudited)

Consolidated statement of profit or loss for the six months ending December 31

	H2 2019	H2 2020	Δ in %
July to December, CHF 1'000			
Sales	340'699	420'875	23.5%
Cost of sales	(184'407)	(212'063)	15.0%
Gross profit	156'292	208'812	33.6%
<i>In % of sales</i>	45.9%	49.6%	
Sales and marketing	(45'997)	(57'351)	24.7%
Research and development	(30'307)	(36'721)	21.2%
General and administration	(25'105)	(36'421)	45.1%
Other operating income	1'057	1'338	26.6%
Other operating expenses	(226)	(891)	294.2%
Operating profit (EBIT)	55'714	78'766	41.4%
<i>In % of sales</i>	16.4%	18.7%	
Financial result	(3'077)	(1'873)	-39.1%
Profit before taxes	52'637	76'893	46.1%
Income taxes	(4'806)	(9'246)	92.4%
Profit for the period	47'831	67'647	41.4%
<i>In % of sales</i>	14.0%	16.1%	

EBITDA	73'462	98'940	34.7%
<i>In % of sales</i>	21.6%	23.5%	

Basic earnings per share (CHF/share)	4.04	5.67	40.3%
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Order entry for the six months ending December 31

	H2 2019	H2 2020	Δ in % (CHF)	Δ in % (LC)
July to December, CHF 1'000				
Order entry	327'989	481'186	46.7%	51.8%

Segment information by business segments for the six months ending December 31
Sales to third parties

	H2 2019	H2 2020	Δ in % (CHF)	Δ in % (LC)
July to December, CHF 1'000				
Life Sciences Business	198'788	239'431	20.4%	26.2%
Partnering Business	141'911	181'444	27.9%	30.0%
Total sales	340'699	420'875	23.5%	27.8%

Segment information

July to December, CHF 1'000	Life Sciences Business		Partnering Business		Corporate / Consolidation		Total	
	H2 2019	H2 2020	H2 2019	H2 2020	H2 2019	H2 2020	H2 2019	H2 2020
Sales to third parties	198'788	239'431	141'911	181'444	-	-	340'699	420'875
Intersegment sales	6'205	31'155	649	854	(6'854)	(32'009)	-	-
Total sales	204'993	270'586	142'560	182'298	(6'854)	(32'009)	340'699	420'875
Operating profit	37'730	55'737	21'143	32'786	(3'159)	(9'757)	55'714	78'766
<i>In % of sales</i>	<i>18.4%</i>	<i>20.6%</i>	<i>14.8%</i>	<i>18.0%</i>			<i>16.4%</i>	<i>18.7%</i>

Sales by regions (by location of customers) for the six months ending December 31

July to December, CHF 1'000	Life Sciences Business		Partnering Business		Total		Δ in % (CHF)	Δ in % (LC)
	H2 2019	H2 2020	H2 2019	H2 2020	H2 2019	H2 2020		
Europe	67'261	86'223	64'552	60'745	131'813	146'968	11.5%	12.9%
North America	88'266	102'735	57'207	95'035	145'473	197'770	35.9%	43.3%
Asia	38'243	41'402	18'879	25'326	57'122	66'728	16.8%	20.8%
Others	5'018	9'071	1'273	338	6'291	9'409	49.6%	53.3%
Total sales	198'788	239'431	141'911	181'444	340'699	420'875	23.5%	27.8%