TECAN

Press Release

Substantial sales growth for Tecan in first half of 2010

Half year results from continuing operations

- **Sales growth of 9.1% to CHF 178.0 million (H1 2009: CHF 163.2 million); 12.2% growth in local currencies**
- **Operating profit margin at 13.0% (H1 2009: 12.8%); operating profit (EBIT) of CHF 23.1 million. (H1 2009: CHF 20.8 million)**
- **Net profit margin of 8.8% (H1 2009: 10.5%); profit of CHF 15.6 million (H1 2009: CHF 17.1 million)**
- **Earnings per share of CHF 1.50 (H1 2009: CHF 1.64)**
- **Strong cash flow from operating activities of CHF 20.8 million (H1 2009: CHF 17.3 million); equivalent to 11.7% of sales**
- **Order entry increased to CHF 193.4 million (H1 2009: CHF 180.1 million); up 10.7% in local currencies**

Half year results including the discontinued Sample Management business segment

- **Sales growth of 2.9% to CHF 187.9 million (H1 2009: CHF 182.6 million); 5.7% growth in local currencies**
- **Operating profit margin at 11.0% (H1 2009: 11.5%); operating profit (EBIT) of CHF 20.6 million (H1 2009: CHF 21.1 million)**
- **Impairment charges of CHF 27 million**

New organization with increased focus on growth strategy; associated changes to the Group Executive Committee

- **Organization focused on the Life Sciences end customer and Partnering OEM customer groups from January 1, 2011**
- **Financial reporting from 2011 Interim Report onwards divided into two new business segments: Life Sciences Business and Partnering Business**

Männedorf, Switzerland, August 12, 2010 – The Tecan Group (SIX Swiss Exchange: TECN) closed the first half of 2010 with substantial sales growth and a strong operating result. Shortly after the end of the first half year, Tecan signed a share and asset purchase agreement to sell the Sample Management activities as part of its strategic portfolio alignment. The company also announced today that it is realigning its organization and changing its management and reporting structure to enable it to more effectively implement its strategy for long-term profitable growth. The new management structure will be accompanied by changes to the Group Executive Committee.

Thomas Bachmann, CEO of Tecan, commented: "We are delighted to have achieved such significant growth in the first half of 2010. This shows that our strategy execution for long-term profitable growth is on track. In particular our global OEM business has performed very successfully. The realignment of our organizational and management structure into the Life Sciences Business and Partnering Business segments will provide a strong basis to drive both businesses forward more strongly. Following the divestiture of the Sample Management activities, Tecan will increasingly focus its financial and personnel resources on these two businesses."

Half year results from continuing operations

Sales increased by 9.1% to CHF 178.0 million (H1 2009: CHF 163.2 million) in the first half of the year and were 12.2% above those of the prior-year period in local currencies. The operating profit margin rose to 13.0% (H1 2009: 12.8%). In the first six months of 2010, Tecan achieved an operating profit (EBIT) of CHF 23.1 million (H1 2009: CHF 20.8 million). Net profit came in at CHF 15.6 million and was thus below the prior-year level (H1 2009: CHF 17.1 million). This was due to a weaker financial result caused by foreign exchange losses. The net profit margin was 8.8% of sales (H1 2009: 10.5%). Earnings per share were CHF 1.50 (H1 2009: CHF 1.64).
Cash flow from operating activities increased to CHF 20.8 million (H1 2009: CHF 17.3 million), which corresponds to 11.7% of sales.
Tecan increased order entry by 7.4% to CHF 193.4 million, which corresponds to growth of 10.7% in local currency terms.

Half year results including the discontinued Sample Management business segment

As announced on July 15, 2010, the Tecan Group and NEXUS Biosystems, Inc., based in Poway (California, USA), have signed an agreement concerning the sale of REMP AG, a wholly-owned subsidiary of Tecan, as well as other related assets. Under this agreement, Nexus will acquire all activities of Tecan's Sample Management business segment. The Sample Management business segment is therefore presented as a "discontinued operation."
Sales including the Sample Management business segment increased by 2.9% to CHF 187.9 million (H1 2009: CHF 182.6 million) in the first half of the year, and were 5.7% above the previous year's level in local currencies. Operating profit (EBIT) reached CHF 20.6 million (H1 2009: CHF 21.1 million), while the operating profit margin was 11.0% of sales (H1 2009: 11.5%).

Regional development and additional information on continuing operations

In Europe, sales in Swiss francs increased by 25.1%, being negatively impacted by the exchange rate development of the euro versus the Swiss franc. European sales were 28.2% above the prior-year level in local currency terms. The increase in sales is mainly the result of a very strong OEM

business with diagnostic companies. End-customer business, on the other hand, was weaker and its performance remained mixed across the various European countries.
In North America, sales decreased by 3.7% in Swiss francs. This figure was also negatively impacted by the exchange rate development of the US dollar versus the Swiss franc. Sales in North America remained at the prior-year level in local currency terms. The OEM components business grew considerably, while North American end-customer business was slightly below the prior-year level.
In Asia, sales were 1.1% below the prior-year level in Swiss francs, but unchanged in local currency terms. Sales in Japan declined, which was largely the result of a basis effect caused by a major contract in the previous year. Sales in China again recorded double-digit growth.

The strategically important global OEM business grew by 52.4% during the reporting period. This positive development is primarily the result of extraordinary high demand for OEM instruments from major existing customers in the first half of the year, but should balance itself out again to a certain extent over the year as a whole. OEM business increased to a level where it now constitutes 44.2% of total sales (H1 2009: 31.7%).

The recurring revenues of the services and consumables business together accounted for 32.4% of total sales (H1 2009: 33.6%), including increased consumables sales of 7.7% of total sales (H1 2009: 7.1%).

Information by business segment

Components & Detection

Sales in the Components & Detection business segment increased 8.4% to CHF 52.4 million in the first half of 2010 (H1 2009: CHF 48.3 million) and were up 12.1% in local currency terms. Compared with the prior-year period, there was a considerable increase in demand for OEM components and a slight increase for detection devices.
Components & Detection recorded considerable growth in order entry during the reporting period. Thanks to higher sales volumes and an improved cost basis, the business segment’s operating profit margin increased significantly, from 10.5% in the previous year to 15.1% of sales. Operating profit was CHF 8.5 million, 56.0% up on the previous year (H1 2009: CHF 5.5 million).

Liquid Handling & Robotics

The Liquid Handling & Robotics business segment generated sales of CHF 125.7 million (H1 2009: CHF 114.9 million) in the reporting period. Sales climbed by 9.3% in Swiss francs and 12.3% in local currencies. OEM business in the Liquid Handling & Robotics segment grew considerably in the first half of the year. The service and consumables businesses also continued to perform well.

Order entry, which was also driven by OEM business, was significantly higher in the first half of the year than the prior-year period.
The product mix in the first half and the additional investments to implement the growth strategy, which largely accrued to the Liquid Handling & Robotics business segment, had a negative impact on the operating profit margin, which at 14.7% of sales fell below the prior-year level (H1 2009: 16.4%). Operating profit was CHF 18.5 million (H1 2009: CHF 19.0 million).

Sample Management (discontinued operation)

Sales in the discontinued Sample Management business segment totaled CHF 10.2 million in the first six months of 2010, 47.5% below the prior-year period (H1 2009: CHF 19.4 million). The operating loss was CHF 2.5 million, following on from a small operating profit of CHF 0.3 million in the same period of 2009. Non-cash effective impairment charges amounted to CHF 27.0 million in the first half of 2010. Additional transaction costs of an estimated CHF 1 million and further non-cash effective impairment charges of around CHF 4 million are anticipated for the second half of 2010 since they could not be booked in the first half of the year.

Strong balance sheet – high equity ratio

Tecan's equity ratio increased during the reporting period and reached 64.0% as of June 30, 2010 (December 31, 2009: 58.2%). Net liquidity (cash and cash equivalents minus bank liabilities and loans) was CHF 83.9 million as of the balance sheet date (December 31, 2009: CHF 80.6 million). Shareholders approved an increase in the dividend for fiscal year 2009 to CHF 1.00 per registered share at the Tecan Group Annual General Meeting, up from CHF 0.90 the previous year. The payout took place on April 28, 2010.

New organization with stronger focus on growth strategy

In order to implement its strategy for long-term profitable growth even more sustainably, Tecan is refocusing its organizational and management structure on the end customer and OEM customer groups. Instead of the current product-oriented Components & Detection, Liquid Handling & Robotics and Sample Management business segments, for the latter of which a sales agreement was signed on July 15, 2010, the Tecan Group will in future be made up of the two business segments *Life Sciences Business* (end-customer business) and *Partnering Business* (OEM business). Tecan is also creating or realigning Group-wide functions to better exploit synergies in research, development, procurement and production across various locations, in order to speed up innovation and further increase overall operating efficiency.

The new organization will come into effect on January 1, 2011. With effect from this date, Tecan Group AG's Group Executive Committee will be adapted to the new organization and reduced to

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six members. The Group Executive Committee will then consist of Chief Executive Officer Thomas Bachmann, Chief Financial Officer Dr. Rudolf Eugster, the Heads of the two business segments *Life Sciences Business* and *Partnering Business* and the Heads of the *Development & Supply Operations* and *Science & Technology* functions.

Matthew Robin, who is currently in charge of the Liquid Handling & Robotics business segment, will head up *Partnering Business*. Management of the *Development & Supply Operations* function will be taken over by Dr. Jürg Dübendorfer, who is currently the Group Executive Committee member responsible for the Services & Consumables business unit. Tecan will make a decision and an announcement about the management of the *Life Sciences Business* segment and *Science & Technology* function at a later date. The remaining members of the current Group Executive Committee will continue to perform their previous duties within the new Group organization or will assume new responsibilities from January 1, 2011, but will not be part of the newly formed Group Executive Committee.

The Tecan Group’s financial reporting will be divided into the two new business segments *Life Sciences Business* and *Partnering Business* from the 2011 Interim Report onwards.

Outlook for continuing operations

Demand for OEM instruments was extraordinarily high in the first half of the year and sales generated with OEM customers are expected to grow at a smaller rate in the second half of the year. In fiscal year 2010 Tecan is aiming for sales growth in its continuing operations of between 6% and 8% in local currency terms.

Following the divestiture of the Sample Management activities, Tecan will increasingly focus its resources on the growth projects in the Life Sciences end-customer and Partnering OEM businesses. For 2010, the company is expecting additional investments of up to CHF 3 million for this purpose. Including these additional investments, Tecan expects an operating profit margin of 13.5% to 15% for 2010, corresponding to an operating profit margin of 14.5% to 16.0% in 2009 constant currencies.

Webcast

A conference call discussing the results for the first half of 2010 will take place today at 9:00 a.m. (CET). The event 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:

Participants from Europe: +41 91 610 5600 or +44 207 107 0611 (UK)

Participants from the US: +1 (1) 866 291 4166

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

Next key dates

- The 2010 Annual Report will be published on March 10, 2011.
- The Annual General Meeting of Tecan's shareholders will take place in Zurich on April 19, 2011.

About Tecan

Tecan (www.tecan.com) is a leading global provider of laboratory instruments and solutions for the biopharma, forensic and diagnostic industries. 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 producing 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 North America and Europe and maintains a sales and service network in 52 countries. In 2009, Tecan generated sales of CHF 392 million (USD 361.2 million; EUR 259.6 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TK: TECN/Reuters: TECZn.S/Swiss security number: 1210019).

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Press Release

Tecan Group – Financial reporting
Interim consolidated financial statements as of June 30, 2010
(Key figures, unaudited)

Consolidated income statement

January to June, CHF 1'000	2010	2009	△in %
Continuing operations			
Sales	**178'027**	**163'224**	**9.1%**
Cost of sales	(89'180)	(80'285)	11.1%
Gross profit	**88'847**	**82'939**	**7.1%**
In % of sales	*49.9%*	*50.8%*	
Sales and marketing	(29'841)	(28'120)	6.1%
Research and development	(18'254)	(17'525)	4.2%
General and administration	(17'938)	(16'552)	8.4%
Other operating income	284	74	283.8%
Operating profit	**23'098**	**20'816**	**11.0%**
In % of sales	*13.0%*	*12.8%*	
Financial result	(3'971)	(221)	1696.8%
Profit before taxes	**19'127**	**20'595**	**-7.1%**
Income taxes	(3'520)	(3'516)	0.1%
Profit from continuing business	**15'607**	**17'079**	**-8.6%**
In % of sales	*8.8%*	*10.5%*	
Discontinued operation			
(Loss)/profit from discontinued operation[1]	(28'548)	131	n.a.
(Loss)/profit for the period	**(12'941)**	**17'210**	**n.a.**

Earnings per share from continuing operations

Basic earnings per share (CHF/share)	1.50	1.64	-8.5%
Diluted earnings per share (CHF/share)	1.49	1.64	-9.1%

Earnings per share including discontinued operation

Basic earnings per share (CHF/share)	-1.25	1.66	n.a.
Diluted earnings per share (CHF/share)	-1.25	1.66	n.a.

[1] Net of income taxes

Order entry of continuing operations

January to June, CHF 1'000	2010	2009	△in % (CHF)	△in % (LC)
Order entry	**193'433**	**180'124**	**7.4%**	**10.7%**

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Segment information by business segments of continuing operations

Sales to third parties of continuing operations

January to June, CHF 1'000	**2010**	**2009**	**△in % (CHF)**	**△in % (LC)**
Components & Detection	52'376	48'299	8.4%	12.1%
Liquid Handling & Robotics	125'651	114'925	9.3%	12.3%
Total sales	**178'027**	**163'224**	**9.1%**	**12.2%**

Segment information of continuing operations 2010

January to June, CHF 1'000	Components & Detection	Liquid Handling & Robotics	Corporate / Consolidation	**Group**
Sales to third parties	52'376	125'651	-	**178'027**
Intersegment sales	4'051	375	(4'426)	**-**
Total sales	**56'427**	**126'026**	**(4'426)**	**178'027**
Operating profit	**8'541**	**18'488**	**(3'931)**	**23'098**
In % of sales	*15.1%*	*14.7%*		*13.0%*

Segment information of continuing operations 2009

January to June, CHF 1'000	Components & Detection	Liquid Handling & Robotics	Corporate / Consolidation	**Group**
Sales to third parties	48'299	114'925	-	**163'224**
Intersegment sales	3'790	375	(4'165)	**-**
Total sales	**52'089**	**115'300**	**(4'165)**	**163'224**
Operating profit	**5'475**	**18'965**	**(3'624)**	**20'816**
In % of sales	*10.5%*	*16.4%*		*12.8%*

Sales by regions (by location of customers) of continuing operations

January to June, CHF 1'000	**2010**	**2009**	**△in % (CHF)**	**△in % (LC)**
Switzerland	2'615	2'709	-3.5%	-3.4%
Other Europe	84'979	67'305	26.3%	29.5%
North America	64'936	67'396	-3.7%	0.0%
Asia	19'714	19'929	-1.1%	0.1%
Others	5'783	5'885	-1.7%	2.2%
Total sales	**178'027**	**163'224**	**9.1%**	**12.2%**

Consolidated balance sheet

CHF 1'000	30.06.2010	31.12.2009	△in %
Assets			
Current assets	200'955	258'963	-22.4%
Assets held for sale	19'571	-	n.a.
Non-current assets	62'887	89'656	-29.9%
Assets	**283'413**	**348'619**	**-18.7%**
Liabilities and equity			
Current liabilities	82'901	131'439	-36.9%
Liabilities held for sale	8'334	-	n.a.
Non-current liabilities	10'802	14'247	-24.2%
Total liabilities	*102'037*	*145'686*	*-30.0%*
Shareholders' equity	181'376	202'933	-10.6%
Liabilities and equity	**283'413**	**348'619**	**-18.7%**

Consolidated statement of changes in shareholders' equity

January to June, CHF 1'000	2010	2009	△in %
Shareholders' equity at January 1	**202'933**	**159'186**	**27.5%**
(Loss)/profit for the period	(12'941)	17'210	n.a.
Translation differences	(1'320)	766	n.a.
Dividends paid	(10'412)	(9'681)	7.6%
New shares issued upon exercise of employee stock options	650	-	n.a.
Change in treasury shares (net)	-	647	n.a.
Share-based payments to employees	2'466	760	224.5%
Shareholders' equity at June 30	**181'376**	**168'888**	**7.4%**

Consolidated cash flow statement

January to June, CHF 1'000	2010	2009	△in %
Cash inflows form operating activities	20'827	17'316	20.3%
Cash outflows from investing activities	24'210	(2'535)	n.a.
Cash outflows from financing activities	(50'026)	(16'945)	195.2%
Translation differences	(1'296)	465	n.a.
Increase in cash and cash equivalents	**(6'285)**	**(1'699)**	**269.9%**
Cash and cash equivalents as per cash flow statement:			
At January 1	91'434	84'653	8.0%
At June 30	85'149	82'954	2.6%

Discontinued operation

January to June, CHF 1'000	2010	2009	△in %
Revenue	10'206	19'426	-47.5%
Expenses	(12'700)	(19'157)	-33.7%
Operating profit	**(2'494)**	**269**	**n.a.**
Financial result	(51)	(4)	
(Loss)/profit before taxes	**(2'545)**	**265**	
Income taxes	(784)	(134)	
Result from operating activities	**(3'329)**	**131**	
Measurement to fair value less costs to sell	(27'035)	-	
Related income taxes	1'816	-	
(Loss)/profit from discontinued operation	**(28'548)**	**131**	

Earnings per share from discontinued operation

Basic earnings per share (CHF/share)	-2.75	0.02	n.a.
Diluted earnings per share (CHF/share)	-2.75	0.02	n.a.

Cash in/(out)flows from discontinued operation

Cash (out)/inflows from operating activities	2'228	(2'646)	n.a.
Cash (out)/inflows from investing activities	18	(282)	n.a.
Cash flows from financing activities	-	-	n.a.
Cash (out)/inflows from discontinued operation	**2'246**	**(2'928)**	**n.a.**

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