

Press Release



Financial Results First Half-Year 2015

Business improvement delayed by slack customer demand

- H1 group sales of EUR 88.6 million (H1 2014: EUR 92.9 million) affected by customers withholding investments into capital goods and new projects.
- H1 EBITDA reached EUR 4.2 million (H1 2014: EUR 8.9 million) with an EBITDA Margin of 4.8% (H1 2014: 9.6%).
- Promising project pipeline further increased by technology driven projects.

Luxembourg, 7 August 2015 – 06.30 p.m. – The revenue for the first six months 2015 reached EUR 88.6 million (H1 2014: EUR 92.9 million) representing a decline of 4.6%. In the reporting period, exceet's sales were unfavorably affected by the following market events: Facing the surprising intensity of the Euro crisis, overall investment activity was even more restraint than before and core clients of exceet acted reluctant to call-up existing framework agreements. Additionally, the persistent strength of the Swiss Franc reduced the demand for electronic products manufactured in Switzerland.

The gross profit and the EBITDA results of the group have therefore to be seen in the light of lower than anticipated sales and utilization rates. exceet continued to invest substantially into its own organization by increasing the number of FTEs to 978 (H1 2014: FTE 950). In combination with the lower sales level exceet achieved an EBITDA of EUR 4.2 million (4.8% of net sales) compared to EUR 8.9 million (9.6% of net sales) in H1 2014.

On 30 June 2015 exceet's order backlog amounted to EUR 85.2 million which is 2.4% lower as of 31 December 2014 (EUR 87.3 million). This resulted into a book-to-bill ratio of 0.88 (H1 2014: 1.01) reflecting the prolonged cautious customer behavior concerning the placement of orders from the existing framework agreements and development projects.

Electronic Components, Modules & Systems (ECMS) contributed 72.8% to overall Group sales. Net Sales decreased slightly to EUR 64.5 million during the first six months of 2015, against EUR 67.0 million during the first six months of 2014. The ECMS segment achieved an EBITDA of EUR 7.2 million, accounting for an EBITDA margin of 11.1%, compared to 10.9 million or a margin of 16.3% in the same period of the previous year.

ECMS developed, together with its customers, new devices for a number of new projects. Promising projects are for instance the treatment of epilepsy and of depression by means of neural stimulation, the determination of women's fertile phases by measuring and logging the body vital parameters or furthermore the measurement of the blood lipids for the improvement of the efficacy of cholesterol diseases treatment. In the first half-year 2015 the segment received amongst others an order for a medical device that allows, thanks to 4,000 sensors and to a sensorimotor data comparison technology, the analysis of the patient's balance skills. After having delivered the product to hospitals in Austria, ECMS started serial production.

ID Management & Systems (IDMS) accounts for 22% of the group-wide sales. The revenue in the first half-year 2015 amounted to EUR 19.5 million, which represented a decrease of 12.2% compared to EUR 22.2 million in H1 2014. IDMS reported an EBITDA of EUR 0.7 million for the first six month 2015 which results in an EBITDA margin of 3.4%. In the same period of the previous year the segment achieved an EBITDA of EUR 0.8 million representing 3.6% EBITDA margin.

IDMS further intensified the activities in the loyalty segment and started first projects with the strategic partner Brain Behind. The partner developed the platform ValueMaster® which supports real-time customer specific marketing activities. The innovative loyalty system perfectly fits the IDMS strategy to offer full-service card based solutions for retail, banking, tourism and urban mobility. The card specialist will benefit from the complete value chain and gain revenues through the card production as well as through transaction fees and related integration efforts. Up to now the solution was rolled out by IDMS in five municipalities. Further municipalities and partners are expected to follow.

except Secure Solutions (ESS) accounts for 5.2% of total group sales. In H1 2015 the segment generated revenues of EUR 4.6 million. This reflects an increase by 17.9% compared to H1 2014 of EUR 3.9 million. EBITDA for this reporting period reached minus EUR 0.4 million (H1 2014: minus EUR 0.4 million).

ESS intensified long-term partnerships and won a follow-up order in context with the German telematic health care infrastructure. Furthermore, the ESS management board was enhanced with a security expert and based on this new organization ESS is well positioned to fulfil the continuously increasing security requirements of the market. However, the Internet of Things (IoT) business is characterized by restrained growth, which clearly doesn't keep pace with the huge potential generally seen in the markets.

Outlook for 2015

The main driver for the business of exceet is the overall investment activity of corporations into particularly technology driven new products and applications. Investment propensity has not seen a convincing recovery for years. Gross investment in plant and equipment in the Eurozone has shrunk by 15% since 2008 and corporate investments are dependent on long-term economic stability. Therefore broad technology investment of public entities and big industry players into lighthouse growth projects like Internet of Things (IoT) and Intelligent Electronics remain difficult to predict.

The management of exceet remains strongly confident to participate in the substantial growth potential of the fundamental structural changes taking place in the markets health, industry and security. exceet's portfolio of products, solutions and competences is perfectly able to adress the technical skills in demand, especially miniaturization in Intelligent Electronics and complex security architectures.

With Q2 2015 showing signs of improvement by the end of the quarter, the management is envisaging H2 2015 sales and profitability well above the level seen in H1 2015. For the current year, total sales should most probably surpass the figure for 2014, but sustaining the EBITDA margin level of the preceding year will be challenging. While regaining overall economic stability and restoring investment confidence will take patience for the markets, the management is highly committed to resume exceet's favorable trend for sales and double digit profitability as seen in the second half of 2014 as soon as possible. exceet will take more measures to improve the flexibility and cost efficiency of the entire production process within its European network of plants. This should also help to cushion the cost pressure out of the strong Swiss Franc.

Greenock S.à r.l. a major shareholder of exceet Group SE had informed the company in Q1 2014 that they are assessing their strategic options related to their shareholding in exceet Group SE, including a possible disposal of such shareholding to a third party. Pursuant to the updated information provided by Greenock S.à r.l., no final decision has still been taken regarding the form and timing of a potential transaction.

Annex: Performance and Structural Data first half-year 2015

Complete [Interim Management Report](#) on the first six months 2015 and actual [Investor Relation Presentation](#) available at www.exceet.lu

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exceet will announce nine months results for 2015 on 2 November 2015

(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.

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Performance and Structural Data			
(in EUR million, expenses & cash out in parentheses)	1st Half-Year		
	2015	2014	Change
Income Statement			
Net Sales	88.6	92.9	-4.6%
- ECMS ^{1), 2)}	64.5	67.0	-3.7%
- IDMS ^{1), 3)}	19.5	22.2	-12.2%
- ESS ^{1), 4)}	4.6	3.9	+17.9%
Gross Profit	12.5	16.8	-25.6%
EBITDA	4.2	8.9	-52.8%
<i>in % of Net Sales</i>	4.8%	9.6%	-4.8 pp
- ECMS	7.2	10.9	-33.9%
- IDMS	0.7	0.8	-12.5%
- ESS	(0.3)	(0.4)	+25.0%
EBIT	-1.0	3.9	-125.6%
<i>in % of Net Sales</i>	-1.1%	4.2%	-5.3 pp
Net Income	(5.3)	1.2	n.a.
- per Class A Share	EUR (0.16)	0.05	n.a.
- per Class B/C Share	EUR (0.16)	0.01	n.a.
Backlog ⁵⁾	85.2	100.6	-15.3%
Cash Flow Statement			
Cash flow from operations			
before change in net working capital	4.0	8.1	-50.6%
Change in net working capital ⁶⁾	(2.1)	(3.4)	+38.2%
Cash flow from operations	(2.0)	1.1	-281.8%
Capex (incl. finance lease agreements)	(3.8)	(2.8)	+35.7%
Free Cash Flow	(5.4)	(1.5)	+260.0%
Balance Sheet			
(in EUR million, expenses & cash out in parentheses)			
	30.06.2015	31.12.2014	Change
Total Assets	189.7	182.9	+3.7%
Cash	26.7	31.0	-13.9%
Net Financial Debt	17.0	9.4	+80.9%
Goodwill	40.7	38.1	+6.8%
Shareholders' equity	102.6	101.0	+1.6%
Employees (full-time-equivalent)	978	969	+0.9%

- 1) 3rd party net sales only
- 2) Electronic Components Modules & Systems
- 3) ID Management & Systems
- 4) except Secure Solutions
- 5) Twelve month basis (rolling)
- 6) Increase / (Decrease); excluding interest and tax payments