



Financial Results Third Quarter 2018

Successful Realization of Asset Values

- On 31 October 2018, exceet completed the sale of its portfolio company AEMtec GmbH (Germany), containing the group's micro- and optoelectronics activities. The purchase price amounted to EUR 86.0 million and was paid with the completion of the transaction.
- 9M 2018 group Net Sales on a continued basis at EUR 31.1 million, minus 0.9% compared to prior year. Organic Growth Rate on a continued basis¹⁾ 9M 2018: plus 3.6% (9M 2017: minus 8.2%).
- 9M 2018 group EBITDA on a continued basis¹⁾ at EUR 3.6 million (9M 2017: EUR 0.8 million), up 328.2% versus 9M 2017, reaching 11.5% of Net Sales. 9M group Net Result at minus EUR 0.1 million (9M 2017: minus EUR 0.02 million) due to a negative non-cash currency result of EUR 0.9 million out of the valuation of the cash position.
- On 30 September 2018 on a continued basis: Order Backlog¹⁾ at EUR 11.2 million; Cash at EUR 47.6 million, Net Cash¹⁾ at EUR 24.7 million and Equity Ratio¹⁾ at 62.3%
- On 25 September 2018, exceet signed an agreement to sell its Romanian electronic development activities (exceet Medtec Romania S.R.L.) to the management. The company developed mainly projects for the sold business activities of exceet and accounted for EUR 0.2 million of third party Net Sales and an EBITDA of EUR 0.1 million in the full year of 2017.

Grevenmacher, 5 November 2018 – On 25 September 2018, exceet signed an agreement to sell its portfolio company AEMtec GmbH (Germany), containing the Group's micro- and optoelectronics activities. These activities are part of exceet's business segment Electronic Components, Modules & Systems (ECMS) and include the operations in Berlin (Germany). At the same day exceet signed another agreement to sell its Romanian electronic development company exceet Medtec Romania S.R.L. to the management. As a consequence, the Group's IFRS reporting will be split into "Continued Operations" and "Discontinued Operations" as of Q3 2018. In order to allow transparent comparisons with prior reporting periods note 18 of the Interim Financial Statements shows the Interim Balance Sheet and the Interim Income Statement in the previous presentation format (Total Group Basis including discontinued operations – AEMtec GmbH, exceet Medtec Romania S.R.L. and the exceet electronic activities until 30 July 2018). Any outlook given will be for the entire group on a continued basis.

Electronic Components, Modules & Systems (ECMS) The ECMS segment develops and produces innovative, complex and integrated electronic products, with a focus on miniaturization, cost optimization and a high degree of customization to suit the needs of its customers. The segment covers the whole customer value chain from design and development through production to after sales services. ECMS addresses primarily the markets of medical & healthcare and industrial automation.

As of 30 September 2018 ECMS accounts for 93.7% of group sales and realized external Net Sales of EUR 100.1 million (9M 2017: EUR 101.3 million).

Continued Operations ECMS

The continued operations of the ECMS segment, consisting of the PCB activities, realized Net Sales of EUR 24.4 million (9M 2017: EUR 24.0 million), which is an increase by 1.7%. The EBITDA amounted to EUR 6.3 million (9M 2017: EUR 4.5 million) resulting in an EBITDA Margin of 25.8% (9M 2017: 18.8%). Adjusted for currency Net Sales amounted to EUR 25.5 million and reflect an increase of 5.9%.

The continued ECMS activities are on a satisfying level and were able to meet the management's business expectations set earlier this year thanks to the higher volumes ordered by existing but also new customers. During the last quarter, exceet was able to win several new projects in the attractive market of hearing aid devices. The market for hearing aids represents a stable growing segment within the healthcare market and offers favorable business conditions for exceet as functionality and miniaturization are the main growth drivers there. Both can be realized with innovative PCB architectures, a field on which exceet is constantly putting high emphasis. The continued optimization of the production processes and additional technology driven investments will enable exceet to maintain a market-leading position.

exceet Secure Solutions (ESS) For the first nine months of 2018, the ESS segment contributed 6.3% to group sales (Total Group Basis). ESS generated external revenues of EUR 6.7 million after EUR 7.2 million in the corresponding period of 2017 (minus 7.4%). The EBITDA for the first nine months amounted to minus EUR 0.6 million (9M 2017: minus EUR 1.6 million).

In the field of industrial routers and customized gateways, the demand for connected solutions regarding remote services is still on a high level. The segment was able to win an important project for a service provider for large area monitoring of construction sites. The monitoring is executed by video capture and camera (CCTV) tracking at day and night under harshest environmental conditions. The ESS solution guarantees a secure communication and offers an optimal and easy monitoring as well as a cost reduction of up to 80% on the customer's side.

Together with NEXIONA and Tech Data, ESS introduced one of the currently securest gateways into the market. This partnership with ESS, as a specialist in large-scale cryptography and security technologies and NEXIONA, an IoT middleware software company, represents a technology cooperation to introduce a highly secure edge gateway aiming at those customers who require the highest level of security with a 100% complete control of their data. The gateway will be able to

manage local data and its connectivity with the corporate network and is based on the modular product suite “exceet connect”. The USPs of “exceet connect” consist of a programmable secure element, an integrated protection from hardware to cloud, readiness out of the box and prospective security with future updates.

Outlook

After the sale of several business activities out of exceet’s ECMS business segment, the Group’s continued operations consist of the printed circuit board (PCB) activities and the exceet Secure Solutions (ESS) segment in its shape as before. Based on the last fiscal year, the consolidated annual turnover of ECMS and ESS in their current structure accounts for EUR 42.4 million. For this year, the management is confident to achieve on a like-for like-basis further top line growth for the combined businesses and a visible lift of the Group’s EBITDA Margin¹⁾ versus previous reporting periods. The overhead cost position of the Group, which has been constantly subject to adaption processes - parallel to the downsizing of the operational segments - will be reduced to the essential structures of a listed company. Further savings therefore should be regarded as limited. Referring to the calculation of the net result of the group in upcoming reporting periods, fluctuations of the EUR/CHF exchange rate might generate non-cash valuation changes of exceet’s substantial Euro cash position out of the sale of portfolio companies as the functional currency of the Swiss holding is the Swiss Franc. According to IFRS, those fluctuation effects at reference dates must be taken into account within the Profit & Loss Statement. This accounting effect has no significance for the evaluation of the profitability and thus the intrinsic value of the Group, which is defined by the strength of the operational units and the net cash position itself.

The proceeds of the asset sales will be utilized to optimize the value of exceet’s activities. The focus of the future capital allocation is to take opportunities of organic growth and acquisition prospects as well as the optimization of the shareholder value. This includes the further development and strengthening of the existing activities and as well possible acquisitions of companies operating in structurally growing industries within sectors as healthcare, software and technology. exceet is currently in the process to work on the details of the group strategy. It is intended to give more detailed information to the public on the German Eigenkapitalforum on 28 November 2018 in Frankfurt/M. (Germany).

1) See note 21 “Alternative Performance Measures (APM)” Page 36 - 39
www.exceet.com/Q3-2018-Report-APM

Annex: Performance and Structural Data third quarter 2018

Complete Interim Management Report on the third quarter 2018 available at

www.exceet.com/Q3-2018-Report

and Company Presentation at

www.exceet.com/Q3-2018-Presentation

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exceet will announce full year results for 2018 on 28 February 2019

(after closing of the market)

About exceet

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

exeect						
Performance and Structural Data						
	<u>Continued Operations</u>			<u>Total Group Basis</u>		
	January - September			January - September		
(in EUR million, expenses & cash out in parentheses)	2018	2017	Change	2018	2017	Change
Income Statement						
Net Sales	31.1	31.4	-1.0%	106.8	108.7	-1.7%
- Electronic Components Modules & Systems (ECMS) ¹⁾	24.4	24.0	+1.7%	100.1	101.5	-1.4%
- exeect Secure Solutions (ESS) ¹⁾	6.7	7.2	-6.9%	6.7	7.2	-6.9%
Gross Profit	7.1	4.8	+47.9%	18.1	14.5	+24.8%
EBITDA ²⁾	3.6	0.8	n.a.	8.2	8.0	+2.5%
<i>in % of Net Sales</i>	11.5%	2.7%	+8.9pp	7.6%	7.3%	+0.3pp
- Electronic Components Modules & Systems (ECMS)	6.3	4.5	+40.0%	10.9	11.6	-6.0%
- exeect Secure Solutions (ESS)	(0.6)	(1.6)	+62.5%	(0.6)	(1.6)	+62.5%
EBIT	1.5	(1.4)	-207.1%	1.6	(8.5)	n.a.
<i>in % of Net Sales</i>	4.8%	(4.6%)	+9.4pp	1.5%	(7.8%)	+9.3pp
Net Income	(0.1)	0.0	n.a.	(0.9)	(8.6)	n.a.
- per Class A Share Euro	0.00	0.00		(0.04)	(0.43)	
Backlog	11.2	15.5	-27.7%	51.5	96.9	-46.9%
Cash Flow Statement						
Cash flow from operations before change in net working capital	0.3	2.5	-88.0%	8.3	9.6	-13.5%
Change in net working capital	1.5	(1.2)	+225.0%	(4.5)	(5.2)	+13.5%
Cash flow from operations	0.9	(0.1)	n.a.	1.7	2.7	+37.0%
Capex (incl. finance lease agreements)	(1.0)	(1.4)	-28.6%	(2.6)	(2.7)	-3.7%
Free Cash Flow ²⁾	(0.1)	(1.5)	+93.3%	(0.9)	0.0	n.a.
Cash flow from discontinued operations	(2.4)	2.3	n.a.			
(in EUR million, expenses & cash out in parentheses)	30.09.2018	31.12.2017	Change	30.09.2018	31.12.2017	Change
Balance Sheet						
Total Assets	122.6	130.2	-5.8%	122.6	130.2	-5.8%
Cash	47.6	15.4	+209.1%	58.6	29.0	+102.1%
Net Financial Debt / (Cash) ²⁾	(24.7)	7.2	n.a.	(32.5)	(0.7)	n.a.
Goodwill	7.2	7.1	+1.4%	7.2	12.7	-43.3%
Assets held for sale ²⁾ , net	30.0					
Shareholders' equity	76.4	74.7	+2.3%	76.4	74.7	+2.3%
Employees (full-time-equivalent)	214	219	-2.3%	410	636	-35.5%

1) 3rd party net sales only

2) See note 21 "Alternative Performance Measures (APM)" Page 36 - 39
www.exeect.com/Q3-2018-Report-APM