Tecan accelerates broad genomics strategy with the acquisition of NuGEN Technologies

- Acquisition of US-based NuGEN expands Tecan’s dedicated solutions offering into new market segment of next-generation sequencing (NGS) reagents and increases overall recurring revenues
- NuGEN provides innovative NGS kits and genomic sample prep reagents for the fastest growing field within the genomics area
- NuGEN to become part of Tecan’s Life Sciences Business, leveraging Tecan’s global presence and strong position in NGS sample preparation automation platforms
- Consideration of USD 54.5 million (CHF 54.1 million) representing less than four times expected fiscal year 2018 sales of NuGEN
- Tecan anticipates to triple NuGEN’s sales by 2023
- Total sales of more than CHF 75 million from execution of broad genomics strategy expected by 2023, including NuGEN and new workstations
- Closing of the transaction expected within the coming weeks

Männedorf, Switzerland, August 16 2018 – The Tecan Group (SIX Swiss Exchange: TECN) announced today the acquisition of US-based NuGEN Technologies, Inc. to further expand Tecan’s dedicated solutions offering into the new market segment of next-generation sequencing (NGS) reagents and thus further increasing Tecan’s overall recurring revenues. NuGEN is a leading provider for innovative NGS kits and genomic sample preparation solutions for the fastest growing field within the genomics area, serving customers in life science research and applied markets. As part of Tecan’s Life Sciences Business, NuGEN will benefit from Tecan’s global presence, customer base and strong position serving the market with automation platforms optimized for NGS sample preparation.

The purchase consideration of USD 54.5 million (CHF 54.1 million) will be fully paid in cash and represents a valuation of less than four times expected fiscal year 2018 sales of NuGEN. Tecan anticipates to triple NuGEN’s sales in the next five years by leveraging its global presence and by expanding sales capabilities in key regions. Together with an accelerated execution of its broad genomics strategy enabled by this transaction, including NuGEN and new dedicated workstations which are already under development, Tecan expects to generate total annual sales of more than CHF 75 million through this initiative by 2023. While currently modestly loss making, Tecan expects the transaction to become accretive to earnings per share (EPS) before transaction-related amortization for 2022. The closing of the transaction is anticipated within the coming weeks.
An expected impact of the acquisition on Tecan’s 2018 financial results was published today in a separate press release announcing financial results for the first half of 2018.

Tecan CEO Dr. David Martyr commented: “NuGEN’s innovative NGS kits and genomic sample preparation solutions are an excellent complement to our industry-leading automated workstations for genomic applications. Through this acquisition, we are accelerating our broad genomics strategy and further increase our recurring revenues. With further dedicated solution offerings in one of the fastest growing market segments in life sciences, we will be able to enhance the above market average growth of Tecan in years to come. NuGEN will become our center of excellence for NGS reagents and we are delighted to welcome the new colleagues into Tecan.”

Nitin Sood, CEO of NuGEN and designated Vice President and General Manager of Tecan’s NGS reagents business, said: “We are very excited to join forces with Tecan to combine our market leading Next Generation Sequencing library preparation technologies with Tecan’s core competencies in automation and detection to deliver complete solutions to our customers. Tecan’s global footprint and depth of capabilities will accelerate our innovation pipeline, bringing benefits to our customers and employees.”

A leading provider for NGS sample preparation reagents

NuGEN provides innovative genomic sample preparation for next-generation sequencing (NGS) and microarrays for a broad range of sample types including RNA and DNA from whole tissues, preserved and prepared tissue samples (FFPE, Formalin-Fixed Paraffin-Embedded), single cells and liquid biopsies such as from blood samples. An example of NuGEN’s innovation capabilities is the newly launched Celero™ DNA-Seq with NuQuant library system which provides researchers with a simplified library preparation workflow with integrated quantification for DNA sequencing. Next-generation sequencing technologies are currently transforming the life sciences, e.g. the field of cancer research, due to the wealth of genetic information obtained.

NGS workflows are composed of multiple complex steps, several of which need to be performed prior to loading samples in the actual sequencer. The most critical step prior to sequencing is the so called library preparation, in which many samples are processed in parallel and its correct performance is key to match the individual DNA sequences with the respective samples again after sequencing. The quality of prepared libraries has a significant impact on the sequencing process, the reproducibility and usability of the data and thereby ultimately on the overall data quality. With large numbers of samples being processed, library preparation can actually cost more than the sequencing itself.

The market for library preparation has been expanding with a rate of above 10% and with an estimated size of more than one billion US dollars, it represents a significant share of the overall about 6 billion US dollars sequencing market. Costs associated with NGS overall are dropping,
making the technology more affordable and widely accessible. A higher adoption of NGS and fast growing sample numbers increase the need for automation, a particular strength of Tecan, especially in the genomics area. With automation, labs can increase the throughput and eliminate unnecessary manual steps and sources of error. NuGEN's products are automation friendly and offer rapid and simple workflows designed to reduce time and cost per sample. Together with NuGEN, Tecan can leverage its automation expertise and leading position within the market for genomic instruments to offer complete solutions for NGS library preparation, comprising dedicated workstations, accompanying consumables and differentiated NGS reagents. With the Company's global presence, Tecan sees an opportunity to expand the business with an increased presence in North America, Europe as well as expanding sales capabilities in China.

Established in 2000, NuGEN is well-embedded in the biotech center of the Silicon Valley, California (USA), and has over 70 employees.

Additional information can be found on the NuGEN webpage: www.nugen.com

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 automated workflow 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. In 2017, Tecan generated sales of CHF 548 million (USD 560 million; EUR 494 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TECN; ISIN CH0012100191).

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