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tesa SE posts disproportionately high growth in 2018

Positive development in all regions

- Sales up 6.8%, EBIT margin at 15.7%
- Double-digit growth in the business with the electronics industry
- Automotive sector once again provides strong impetus
- Further acquisitions successfully concluded

Norderstedt, March 25, 2019 – tesa SE brought the 2018 fiscal year to a highly successful close. Sales rose by 6.8% in organic terms (nominal increase: 6.8%), to € 1.3428 billion (previous year: € 1.2578 billion). The **operating result (EBIT)** reached € 210.3 million, resulting in an **EBIT margin** of 15.7% (previous year: 16.5%). Both the direct business and the retail trade in all regions contributed to the company's growth. The largest growth came in the Asia region, driven chiefly by the project business with the electronics industry. The business in the United States also saw highly positive development, with the automotive sector once again in focus there.

“2018 was another good year for tesa. We significantly outperformed the market in terms of sales, and our return on sales held steady at the same high level as in previous years,” said Dr. Robert Gereke, CEO of tesa SE, at today's press conference in Norderstedt, near Hamburg. **“But we aren't content to rest on our laurels. Instead, this success gives us the leeway we need to continue investing in innovation and in expanding our presence in growth regions and digital markets in today's rapidly changing market environment. Doing that will strengthen our ability to compete on a lasting basis.”**

Expansion of the site in China

tesa began expanding its site in Suzhou, China, in December. Plans call for more than € 30 million in investment, including to build a cleanroom production unit. The new unit will create additional capacity for the production of special adhesive tapes for coming generations of electronic devices. The site's research and development activities are also being expanded, especially the Application Solution Center, with the goal of working with customers to drive the development of new, market-driven products.

Further acquisitions support the industrial and consumer business

tesa acquired three more companies in 2018. The Twinlock division of Dutch company Polymount International BV has been a wholly owned affiliate of tesa SE since March. With its patented technology for mounting printing plates, the company strengthens tesa's position in the print sector. Two other companies were added in May. The first of them, London-based FormFormForm Ltd., adds patented moldable Sugru® glue to the consumer business. This versatile product is aimed primarily at young customer groups. It supports the trend toward sustainability and is primarily marketed online. The second, Functional Coatings, is based in Massachusetts. It specializes in special adhesive tapes used for sealing applications in the construction sector, strengthening the Building Supply division by opening up this high-potential market. Gereke comments: **“Acquisitions are now an integral element of our growth strategy. We plan to continue down this road on a consistent basis.”**

Industry: New products for electric cars, e-readers, and game consoles

The **Direct Industries** division, which accounted for 59.4% of sales (previous year: 57.6%), achieved sales growth of 9.1% in organic terms. The project business with the electronics industry, which focuses on Asia, saw particularly dynamic development. tesa Bond & Detach® solutions for removable battery bonding in smartphones remained a special success in 2018, along with new double-sided acrylic foams for mounting displays in smartphones and tablets. Significant impetus came from a new line of optically clear tapes. These products, which are manufactured under cleanroom conditions, are used in game consoles and e-reader displays.

In the **automotive sector**, tesa is actively helping to shape the key trends of electric mobility and digitization through product and customer development and has built suitable expertise and capacity for these purposes. tesa earned initial sales with applications geared particularly toward production of batteries in electric cars.

Trade: First online shop in China

The **Trade Markets** division, which encompasses both the business in products for consumers and craftsmen and those industrial markets that are reached via the technical trade or retail-like channels, saw positive development, with organic growth of 3.8% in sales.

tesa expanded its product range in the **industrial trade**. To harness the dynamic development of e-commerce, especially in China, and gain experience in this segment, tesa opened a flagship store for industrial products on 1688.com, the B2B platform operated by online marketplace Alibaba.

In the **Consumer & Craftsmen** business with individual consumers and professional craftspeople, which is heavily focused on Europe and Latin America, tesa posted further growth in 2018 and expanded its market share. An ongoing international brand campaign provided support for these efforts. Growth via digital sales channels outperformed the market in particular.

Asia posts strongest growth; Americas up by 9.7%

The strongest growth in sales came in the Africa/Asia/Australia business region, at 12.3%. This was due once again to the project business with the electronics and automotive industries, which is focused on Asia. This region's share of Group sales increased to 29.4% as a result. The business in the Americas saw similarly positive development. Owing primarily to strong impetus from the North American automotive business, this region posted 9.7% growth. The share of Group sales increased to 16.1%.

Group-wide, the number of employees, including at the newly acquired companies, rose to 4,917 (previous year: 4,457).

Outlook for 2019

The familiar geopolitical risks will continue to affect the economy, and with it tesa's business, in 2019. In Europe, the trend is largely stable, although developments such as the planned "Brexit" and the situation in Turkey could have negative effects on the markets. The ongoing recovery in the economies of Southern Europe is expected to further

strengthen both the distribution business and the end customer business. Depending on China's economic development, which is difficult to forecast, and owing to the uncertainties created by the ongoing trade conflict with the United States, tesa expects to see moderate growth in Asia. tesa will participate in it through both the automotive sector and the electronics industry. The business with the electronics industry, which is concentrated in Asia and especially in China, remains attractive, but will be subject to increasing price pressure. In addition, the project-related nature of this business continues to pose a risk of fluctuations. The euro weakened slightly over the course of the year, which is expected to have a positive influence on the development of tesa's business in 2019. Consistent ongoing investments, particularly in the expansion of sites in growth regions, will strengthen tesa's market position with sustained effects.

On this basis, tesa expects to see sales growth that slightly outperforms the market in 2019, at 3 to 4%, and expects the operating EBIT margin to come in slightly below the previous year's figure.

2018 business development online

Current business figures and further information are available in the 2018 business development overview, which is included in this press kit and is also available online at www.tesa.de/investor-relations.

About tesa SE

tesa SE is one of the world's leading manufacturers of technical adhesive tapes and self-adhesive system solutions (more than 7,000 products) for industrial and professional customers as well as end consumers. Since 2001, tesa SE (4,917 employees) has been a wholly owned affiliate of Beiersdorf AG (whose products include NIVEA, Eucerin, and la prairie). Applications for various industrial sectors, such as the automotive industry, the electronics sector (e.g. smartphones, tablets), printing and paper, building supply, and security concepts for effective brand and product protection, account for about three-quarters of the tesa Group's sales (2018: 1.3428 billion euros). tesa also partners with the pharmaceuticals industry to develop and produce medicated patches. tesa earns just under one-quarter of its sales with products for consumers and professional craftsmen, offering 300 applications for end consumers that amongst others make working in the home and the office easier.

This press release, along with image and photo materials, is available online at www.tesa.com/press.

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