conzzeta

Annual results 2018
Profitable growth

- Net revenue +20.2% to CHF 1,782.2 million
- EBIT +19.2% (or +28.3% adjusted for the divestment gain in 2017) to CHF 146.8 million
- EBIT margin 8.2% after 7.6% (adjusted) in 2017
- Strong result contribution of the Sheet Metal Processing business unit (Bystronic)
- Group result +17.9% (or +29.6% adjusted) to CHF 114.8 million
- Earnings per class A share +15.5% to CHF 46.76; proposed dividend CHF 18.00, +12.5%

Group CHF m	2018	2017	Change
Order entry (capital goods)	1,129.0	1,067.3	5.8%
Net revenue	1,782.2	1,482.8	20.2%
comparable[1]			10.4%
Total revenue	1,796.7	1,500.9	19.7%
Operating result (EBIT)	146.8	123.2[2]	19.2%
as a % of total revenue	8.2%	8.2%[2]	0 bp
Group result	114.8	97.4[2]	17.9%
as a % of total revenue	6.4%	6.5%[2]	-10 bp
Minority interests	18.2	13.7	32.1%
Operating free cash flow	83.4	65.4	27.3%
Cash, cash equivalents and securities	389.6	399.1	-2.4%
Total assets	1,366.2	1,323.3	3.2%
Shareholders' equity	926.9	902.9	2.7%
as a % of total assets	67.8%	68.2%	-40 bp
Net operating assets (NOA)	520.1	490.7	6.0%
Return on net operating assets (RONOA)	23.1%	21.5%	160 bp
Number of employees on December 31	5,259	4,717	11.5%
Earnings per class A share, in CHF	46.76	40.47	15.5%
Dividend for class A shares, in CHF	18.00[3]	16.00	12.5%
Dividend for class B shares, in CHF	3.60[3]	3.20	12.5%

[1] At constant exchange rates and adjusted for changes in the scope of consolidation.
[2] Including divestment gain of CHF 8.8 million.
[3] As proposed by the Board of Directors.

Zurich, March 20, 2019 – With net revenue of CHF 1,782.2 million, the Conzzeta Group achieved revenue growth of 20.2% in 2018. On a comparable basis, i.e. at constant exchange rates and adjusted for changes in the scope of consolidation, net revenue growth was 10.4%. After an exceptionally strong start to the year in a very favorable business environment for capital goods, benefiting from the delivery of various large orders in the Glass Processing segment and successful product launches in the Outdoor segment, market trends became increasingly mixed across regions and businesses. In Asia and particularly China, increasing geopolitical and macroeconomic uncertainties had an adverse effect. The Chemical Specialties segment was particularly affected by the marked slowdown in the automotive sector in the fourth quarter.

Conzzeta Management AG
Giesshuebelstrasse 45
8045 Zurich, Switzerland
Phone +41 44 468 24 44
Fax +41 44 468 24 81
www.conzzeta.com

However, thanks to continuing robust business development at Group level in Europe and America, net revenue in the second half of the year was up by 8.1% compared to the strong prior year's period, albeit with a declining margin due to the slowdown mentioned above. The high order intake for capital goods weakened towards the end of the year, but still increased by 5.8% for the year as a whole. The order book at the end of the year in the Sheet Metal Processing segment was slightly higher, and in the Glass Processing segment slightly lower than the previous year.

With an operating result of CHF 146.8 million in 2018 and an EBIT margin of 8.2%, the Group achieved its medium-term aspirational target of 8% to 10% thanks to the further result improvement at a high level in the Sheet Metal Processing segment. EBIT in 2017 amounted to CHF 123.2 million and the margin was 8.2% (or CHF 114.4 million and 7.6% without the divestment gain of CHF 8.8 million from the sale of the US joint venture in the Chemical Specialties segment). The operating result improved notably in the reporting year in three out of four segments, but it declined in the Chemical Specialties segment from CHF 16.0 million in 2017 (not including the divestment gain) to CHF 5.8 million.

Group result for 2018 amounted to CHF 46.76 for each class A registered share and CHF 9.35 for each class B registered share, compared with CHF 40.47 and CHF 8.09, respectively, in the previous year. At the Annual General Meeting on April 16, 2019, the Board of Directors will propose a dividend of CHF 18.00 for each class A registered share and a dividend of CHF 3.60 for each class B registered share, a 12.5% increase on the previous year.

The Group generated a free operating cash flow of CHF 83.4 million in 2018, against CHF 65.4 million in the previous year. Investments in fixed and intangible assets amounted to CHF 72.2 million, up from CHF 37.3 million the previous year.

According to Michael Willome, Conzzeta Group CEO: "We achieved significant growth also in 2018. It was the first time we achieved our medium-term margin target without one-off effects. In 2019, we will have to maintain customer proximity with innovative solutions in an overall more demanding business environment, and be able to respond to developments as the situation demands. Thanks also to the strategic measures and investments made, we see opportunities to further improve profitability. We anticipate significant progress particularly in the Chemical Specialties and Outdoor segments. Our employees in all segments deserve a huge thanks for their commitment and their contribution to what was a strong year overall in 2018."

Trends and outlook: Geopolitical and macroeconomic uncertainties have gained in importance for 2019. For the businesses continued after the announced divestment of the Glass Processing segment, Conzzeta currently expects net revenue in 2019 at the level of the previous year. Not including any potential one-off effects from the divestment, the operating result is anticipated to be more broadly based across the segments with a slight improvement in the EBIT margin.

Please see page 3 for segment reporting.

Conzzeta Management AG
Giesshuebelstrasse 45
8045 Zurich, Switzerland

Phone +41 44 468 24 44
Fax +41 44 468 24 81
www.conzzeta.com

Segments CHF m		2018	2017	Change
Sheet Metal Processing	Net revenue	1,013.2	856.1	18.3%
	comparable[1]			14.9%
	Total revenue	1,032.5	874.0	18.1%
	Operating result (EBIT)	132.5	98.0	35.2%
	as a % of total revenue	12.8%	11.2%	160 bp
Chemical Specialties	Net revenue	382.9	279.2	37.1%
	comparable[1]			-2.5%
	Total revenue	383.0	281.3	36.1%
	Operating result (EBIT)	5.8	24.8[2]	-76.5%
	as a % of total revenue	1.5%	8.8%[2]	-730 bp
Outdoor	Net revenue	253.4	228.6	10.9%
	comparable[1]			9.4%
	Total revenue	253.4	228.6	10.9%
	Operating result (EBIT)	5.2	0.1	n/a
	as a % of total revenue	2.1%	0.1%	200 bp
Glass Processing	Net revenue	133.3	119.3	11.7%
	comparable[1]			10.4%
	Total revenue	128.4	117.4	9.3%
	Operating result (EBIT)	7.6	6.3	21.1%
	as a % of total revenue	5.9%	5.4%	50 bp

[1] At constant exchange rates and adjusted for changes in the scope of consolidation.

[2] Including divestment gain of CHF 8.8 million.

The Sheet Metal Processing segment (Bystronic) generated net revenue of CHF 1,013.2 million in 2018, an increase of 18.3%, with all regions and customer segments recording solid double-digit growth rates and an improved EBIT margin at a high level. On a comparable basis, i.e. at stable exchange rates and excluding the revenue contribution of the two companies taken over in 2018, TTM Laser and Antil, revenue increased by 14.9%. After a very strong first six months, the business environment cooled considerably in the second half of the year, particularly in China, due to geopolitical and macroeconomic factors. The consistent implementation of the current growth strategy requires further efforts and investments to enhance market presence and to develop new solutions and products, particularly in the area of automation. The integration of Antil contributed in 2018 to the launch of the new Automation and Software Competence Centers, which complement the existing Cutting and Bending Competence Centers. The Tube Processing Competence Center was also created in the course of the integration of TTM Laser. The World Class Manufacturing campaign was continued. The focus in the top customer segment was directed at flexible automation and integrated manufacturing cells with comprehensive software solutions. Market presence was spread further, including by way of new or expanded branches in Singapore, Vietnam, Taiwan, Poland, Austria and the Netherlands. In the reporting year, the groundbreaking took place for the new assembly plant and experience center near Chicago (USA), and in Switzerland the comprehensive renewal and modernization of a factory hall at the Niederönz site was started.

The Chemical Specialties segment (FoamPartner and Schmid Rhyner) generated net revenue of CHF 382.9 million in 2018, a rise of 37.1%. On a comparable basis, revenue declined by 2.5%. The changes in the scope of consolidation considered here relate primarily to the FoamPartner business unit, namely Otto Bock Kunststoff, which was acquired as of September 1, 2017, and the 51% stake in the US joint venture, which was sold on July 1, 2017. The operating result amounted to CHF 5.8 million compared with CHF 24.8 million the previous year, which included a one-off gain of CHF 8.8 million from the joint venture sale. The EBIT margin was 1.5%, down from 8.8% the year before, although after adjusting for the divestment gain, the EBIT margin the year before was 5.7%. 2018 was a challenging year, particularly for FoamPartner, and the operating result was significantly lower than expected. The implementation of the new regional management structure, the development of regional business models and the merger with Otto Bock Kunststoff ran according to plan. This gave rise to integration and reorganization costs of CHF 5.5 million. These costs also include the closure of a North American site. Raw material costs also had a negative effect on the operating result compared with the previous year, despite the situation easing in the second half of the year. The automotive business declined over the course of the year due to market factors, in Europe because of the new test procedures applicable to the certification of vehicles and in China because of the significant industry slowdown associated with the trade dispute with the USA as well as increased competitive pressure. With the help of innovative solutions for customers and extensive measures to improve operating efficiency, a concerted effort will be made over the next 24 months to significantly improve margins. For Schmid Rhyner's print finishing business, the raw materials situation in 2018 also proved challenging, with higher costs, shortages of certain materials and the reclassification of certain materials as hazardous. Despite price increases, it retained its existing market share.

The Outdoor segment (Mammut Sports Group) generated net revenue of CHF 253.4 million in 2018, up 10.9%, with double-digit growth in all three regions, Europe, America and Asia. The operating result increased significantly. The solid 2017/2018 winter season was favorably influenced by, among other things, successful product launches (new generation of the "Eiger Extreme" clothing collection and new version of the "Barryvox" avalanche transceiver). The progressive implementation of the five-year strategy program, which commenced in 2016, was also beneficial. There was a significant qualitative improvement in sales performance thanks to enhanced cooperation with select specialist retailers, the development and expansion of the segment's own online channels, optimization of the store portfolio and the expansion of international activities. An improved gross margin has already enabled the strategy-driven increase in the cost base in the areas of digitalization, retail and design to be partially absorbed. Further revenue gains and a disproportionate improvement in the EBIT margin are expected by the conclusion of the strategy program. In the context of changing consumer habits and the continuing shift from physical to online stores, Mammut continues to work steadily on its digital transformation, sharpening its own brand across channels and developing innovative tools to promote customer loyalty. From 2019, this includes the use of NFC technology in selected products as part of the "Mammut Connect" initiative. Customers can use an app to access comprehensive product information, use additional services or be part of a digital social network. Despite further clean-ups in the physical volume business, where profitability is below average, pre-orders from specialist retailers for the coming summer season were notably higher at the end of 2018 compared with the previous year thanks to new collections and the launch of various new products.

The Glass Processing segment (Bystronic glass) generated net revenue of CHF 133.3 million in 2018, an increase of 11.7%. The operating result amounted to CHF 7.6 million (CHF 6.3 million), yielding an EBIT margin of 5.9% (5.4%). After a very dynamic first half-year, driven by the delivery of various large-scale orders, the business environment cooled in the second half of the year. Despite that, for the full year double-digit revenue growth was reported both in the automotive glass and architectural glass product segments thanks to exceptional progress in Asia and America. By contrast, order intake by product segment was mixed. The automotive glass product segment, which is subject to strong inherent fluctuations, was unable to continue on from the previous year's strong performance, which was driven by large-scale orders, whereas order intake in the architectural glass product segment was pleasing, particularly in Europe and the Americas. On January 25, 2019, Conzzeta announced that a binding agreement had been signed for the sale of the Glass Processing segment to the Finnish company Glaston Corporation, headquartered in Helsinki, for an enterprise value of EUR 68 million (CHF 78 million). Together, the two companies will become a leading player in the glass processing machinery business with increasingly integrated solutions in the value chain and the potential to sustainably improve customer productivity across the various process steps.

Notes

Please visit www.conzzeta.com for further information.
As of the financial year 2018, the annual report is published online: report.conzzeta.com.

Inquiries

Michael Stäheli, Head Investor Relations & Corporate Communications;
Tel. +41 44 468 24 49; media@conzzeta.com

About Conzzeta

Conzzeta is a broadly diversified Swiss group of companies. It stands for innovation, market orientation and an entrepreneurial approach. Conzzeta strives for leading positions in its target markets, above-average growth and long-term value creation. Over 5,200 employees at more than 60 locations worldwide work in the Sheet Metal Processing, Foam Materials, Graphic Coatings, Outdoor and Glass Processing segments. Conzzeta AG is listed on SIX Swiss Exchange (SIX:CON).