

## Conzzeta to focus on Bystronic

Zurich, December 9, 2019 - The Board of Directors of Conzzeta AG has decided that the Group's future focus will be on the Bystronic business unit. There are plans to speed up the expansion of its strong market position in global sheet metal processing with a focused growth strategy. The other business units are to be divested step by step within the period of a year, market conditions permitting.

On August 9, 2019, Conzzeta announced it would speed up the development of the business portfolio's potential, taking all options into account, and decentralize management. With its current decisions Conzzeta is aiming to concentrate on its own strengths and speed up development of the potential created in recent years. With a revenue share of 57% in 2018, Bystronic generated 90% of Group's operating profit. By focusing, Conzzeta is taking the next logical step to become a technology-oriented industrial company following the sale of its automation business in 2014, the spin-off of the real estate portfolio in 2015 and the disposal of the glass processing segment in 2019.

**Bystronic** is one of the world's leading providers of premium sheet metal processing solutions. It focuses on automating and integrating the entire material and data flow of the cutting and bending process chain. The portfolio includes laser cutting systems, pressbrakes as well as automation and software solutions, which will play a central role in the global trend toward the "smart factory". Comprehensive services complete the portfolio. Conzzeta's largest business unit by far, it increased sales to just over CHF 1 billion, with an EBIT of CHF 132 million in 2018. In the three years from 2016 to 2018, the company grew profitably with an average annual growth rate of 21.4%. Despite the market-related slowdown this year with a revenue decline by 10% in the first nine months, Bystronic is holding to its ambitious growth strategy. With 2,800 employees worldwide, the company is very well set up, operating in numerous markets with an efficient and effective local sales and service organization. It has opened up additional market and earnings potential with innovative digital solutions. Bystronic's strategy envisages faster growth, with the company intending to position itself even closer to its customers with new technical solutions and services.

The **Mammut** business unit is on schedule with the five-year strategic plan it began implementing in 2016. This program included honing the brand, upgrading the collection, building digital distribution channels, thereby laying the foundations for profitable growth. In 2018, Mammut generated sales of just over CHF 250 million with almost 900 employees. Although sales and profits increased significantly from 2016 to 2018 and more improvements are expected in 2019, Mammut, as part of Conzzeta, does not have the necessary market access outside Europe to realize its potential in the foreseeable future. Conzzeta is therefore evaluating buyers that meet the required criteria. Depending on the market situation, the sale should be completed by the end of 2020.

In the Board of Directors' opinion, the potential of **Schmid Rhyner**, which is Conzzeta's smallest business unit with a share of sales of less than 5% and around 80 employees at the end of 2018, can also be developed more quickly with the support of a suitable buyer. Despite its repositioning with innovative solutions in the finishing of high-end packaging, Schmid Rhyner lacks the critical size and global market access needed to achieve sustained success in a persistently challenging market environment. The planned sale is expected to be completed in the first half of 2020.

The **FoamPartner** business unit, with around 1,100 employees, has considerable margin potential after sales doubled with the acquisition of Otto Bock Kunststoff in 2017 and the initialization of value-generating measures for operational improvements. FoamPartner is a global technology leader and manufacturer of innovative polyurethane foams with a broad application portfolio in the Mobility, Specialties and Living & Care market segments. The Board of Directors believes the expected market consolidation is an opportunity to take FoamPartner from its newly created position into a value-enhancing solution under new ownership.

**Ernst Bärtschi, Chairman of the Board of Directors of Conzzeta:** "The time is now ripe for Conzzeta to redefine its priorities. Thanks to digitalization and new technical solutions, we see excellent opportunities for Bystronic to continue to grow with our customers. The market positions we have established to date can be significantly expanded not just in Europe, but also in the USA and Asia. We will be looking for similar potential among the possible buyers for the businesses to be divested."

**Michael Willome, Group CEO of Conzzeta:** "In assessing the strategic options, we focused on the question of whether we have leading global market positions of critical size or whether we could build them within a reasonable timeframe. With our decisions, we are unleashing value for the benefit of all stakeholders by focusing and creating the best possible environment for developing the potential that has expanded over the past few years."

The Board of Directors is committed to ensuring that Conzzeta remains adequately furnished with capital so it can implement Bystronic's growth strategy. Shareholders shall participate in the expected excess liquidity.

To present the growth strategy of Bystronic, a Capital Markets Day is planned for 2020.

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## Note

Pictures and film material can be downloaded from <https://conzzeta.com/en/materials>.

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## 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 5,000 employees at more than 60 locations worldwide work in the Sheet Metal Processing, Foam Materials, Graphic Coatings and Outdoor segments. Conzzeta AG is listed on the SIX Swiss Exchange (SIX:CON).