conzzeta

First half of 2019 with expected slowdown
Special dividend and more decentralized management

- Market-related slowdown compared with strong previous-year period
- Net revenue CHF 770.1 million; on a comparable[1] basis 5.6% below the previous year
- EBIT CHF 90.5 million, including divestment gain of CHF 30.6 million
- EBIT margin excluding divestment gain stable at 7.6% of total revenue
- Earnings per share A including divestment gain at CHF 34.76, up 66.0%
- Extraordinary AGM with proposal for a special dividend of CHF 30.00 per share A
- More decentralized management for accelerated strategic and operational development

Group key figures

CHF m	H1 2019	H1 2018	Change
Net revenue	770.1	853.3	-9.7%
on a comparable basis[1]			-5.6%
Total revenue	787.7	875.8	-10.1%
Operating result (EBIT)	90.5	66.3	36.6%
adjusted[2]	59.9	66.3	-9.6%
as a % of total revenue[2]	7.6%	7.6%	0 bp
Group result	78.2	51.1	53.0%
as a % of total revenue	9.9%	5.8%	410 bp
Minority interests	6.4	7.8	-17.9%
Operating free cash flow	-10.0	39.4	-
Cash, cash equivalents and securities	389.9	364.1	7.1%
Total assets	1,345.9	1,314.2	2.4%
Shareholders' equity	958.6	883.2	8.5%
as a % of total assets	71.2%	67.2%	400 bp
Net operating assets (NOA)	542.9	501.3	8.3%
Return on net operating assets (RONOA) [2]	17.3%	20.6%	-320 bp
Number of employees at year-end	5 014	5,056	-0.8%
Earnings per class A share, in CHF	34.76	20.94	66.0%

[1] At constant exchange rates and adjusted for changes in the scope of consolidation.
[2] H1 2019 excluding divestment gain of CHF 30.6 million from the sale of the Glass Processing segment as per April 1, 2019.

Zurich, August 9, 2019 – Conzzeta's half-year results for 2019 were strongly impacted by the divestment of the Glass Processing segment, effective April 1, 2019. The disposal did eliminate the segment's revenue and earnings contribution for the second quarter and resulted in a capital gain of CHF 30.6 million. On a comparable basis, i.e. taking into account all changes in the scope of consolidation and at stable exchange rates, the Group achieved net revenue of 5.6% and an operating result (EBIT) of 4.3% below the previous year period. EBIT excluding the capital gain stood

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at CHF 59.9 million, while the thus adjusted EBIT margin remained stable at 7.6% of total revenue in a significantly more challenging business environment. The Group result was CHF 78.2 million, up 53.0% on the previous year.

The slowdown in business development in the first half-year was not unexpected: the benchmark was high due to the strong performance in the previous year, in which growth on a comparable basis was nearly 20%. In addition, the business environment slowed due to geopolitical and macroeconomic uncertainties. In spite of this, the Group systematically continued to expand its market presence and infrastructure projects. Investment in property, plant and equipment and intangible assets amounted to CHF 18.6 million. With lower client activity in the first half of the year and prework for the second half, free cash flow from operating activities was significantly lower at CHF -10.0 million, compared to CHF 39.4 million in the strong previous-year period. After the disposal-driven cash inflow from investing activities of CHF 60.0 million, Conzzeta had cash and short-term securities of CHF 389.9 million as of mid-year (7.1% above the previous year). The equity ratio was 400 basis points above the previous year at 71.2%.

Special dividend: Conzzeta has excess liquidity reserves. The Board of Directors therefore proposes the repayment of CHF 62.1 million to shareholders in the form of a special dividend of CHF 30.00 per class A registered share and CHF 6.00 per class B registered share. For this purpose, an Extraordinary General Meeting is planned for Friday, September 27, 2019.

More decentralized management: In future, the development of the potential of the three segments shall be accelerated, taking all options into account. Due to their diversity, Conzzeta is strengthening the decentralized management: dedicated teams will be created for the segments, with members of the Board of Directors and the Group CEO sitting on them.

According to Michael Willome, Conzzeta Group CEO: "Our half-year results show the importance of leading market positions. In a more challenging environment, our Business Excellence program and active cost management are proving their worth. In recent years, we have also invested in innovative products and customer solutions and expanded our market presence. We intend to make accelerated use of the resulting opportunities in all segments close to the market. To this end, we are further developing our differentiated management approach by shortening information paths and taking more decentralized decisions."

Trends and outlook: Conzzeta's outlook continues to be shaped to a significant extent by the above-mentioned uncertainties, especially by the development of the global trade dispute between the US and China. In the middle of the year, the signs of a global economic slowdown intensified. For the continuing operations, we now expect net revenue for 2019 as a whole to be slightly lower than in the previous year, but still with a broader-based operating result across all segments and a slightly improved EBIT margin. Including the divestment gain, profitability is anyway expected to be significantly higher than in the previous year.

Please see page 3 for segment reporting.

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Segment key figures

CHF m		H1 2019	H1 2018	Change
Sheet Metal Processing	Order intake	450.6	514.7	-12.4%
	Net revenue	448.6	477.3	-6.0%
	on a comparable basis[1]			-6.2%
	Total revenue	461.9	500.1	-7.6%
	Operating result (EBIT)	57.8	62.6	-7.8%
	as a % of total revenue	12.5%	12.5%	0 bp
Chemical Specialties	Net revenue	181.4	202.8	-10.5%
	on a comparable basis[1]			-9.3%
	Total revenue	180.2	201.4	-10.5%
	Operating result (EBIT)	8.6	9.2	-6.4%
	as a % of total revenue	4.8%	4.6%	20 bp
Outdoor	Net revenue	117.9	111.1	6.2%
	on a comparable basis[1]			6.9%
	Total revenue	117.9	111.1	6.2%
	Operating result (EBIT)	-5.3	-6.4	17.7%
	as a % of total revenue	-4.5%	-5.8%	130 bp
Discontinued operations (Glass Processing)				
	Net revenue	22.4	62.4	-
	on a comparable basis[1]			-10.8%
	Total revenue	27.8	63.5	-
	Operating result (EBIT)	31.8	2.9	-
	as a % of total revenue	114.2%	4.6%	-

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

The Sheet Metal Processing segment (Bystronic) generated net revenue of CHF 448.6 million (previous year: CHF 477.3 million). On a comparable basis, net revenue declined by 6.2% compared with the strong first half of 2018. A significant decline in revenue in Asia was partially compensated for by buoyant business in America, while business in Europe was slightly weaker at a high level. Net revenue was lower in the “Cutting” product segment, while revenue went up in the “Bending” and “Service” segments. The operating result stood at CHF 57.8 million, 7.8% lower than the previous year (CHF 62.6 million), while the EBIT margin was stable at 12.5%. The order intake stood at CHF 450.6 million, 12.4% lower than in the previous year, partly on account of the weaker state of the market, but partly also due to the record figures of the previous year. In June, numerous product innovations with additional components for automation, software and service were unveiled at the Competence Days at the headquarters in Niederönz. Despite the noticeable market-related restraint, the number of projects that resulted from the biennial in-house fair was significantly higher than at the last event. Maintaining profitability means sustaining a high pace of innovation at all levels, including the ongoing optimization of production processes, and active cost management.

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The implementation of the investment program to construct the assembly plant and experience center in the USA as well as the renewal and modernization of a production facility at the Niederönz location progressed according to plan.

The **Chemical Specialties segment (FoamPartner and Schmid Rhyner)** generated net revenue of CHF 181.4 million (previous year CHF 202.8 million). On a comparable basis, net revenue declined by 9.3%. Market conditions in the Asian and European automotive business were especially challenging. The operating result amounted to CHF 8.6 million (CHF 9.2 million), yielding an EBIT margin of 4.8% (4.6%). Thanks to significantly lower raw material costs compared with the previous year and internal improvements in earnings, the FoamPartner business unit was able to well compensate the adverse effects of the market-related decline in revenue in the automotive business. By contrast, raw material costs in the Schmid Rhyner business unit were still notably higher than in the previous year, which, coupled with an unfavorable trend in the product mix, weighed on the operating result compared with the strong previous-year period. In the FoamPartner business unit, following the takeover of Otto Bock Kunststoff and the streamlining of the joint venture structures in Asia and the Americas, multi-layered measures are being implemented to realize the medium-term margin potential.

The Outdoor segment (Mammut) generated net revenue of CHF 117.9 million (previous year: CHF 111.1 million). On a comparable basis, net revenue increased by 6.9%. The operating result amounted to CHF -5.3 million (previous year: CHF -6.4 million), giving an EBIT margin of -4.5% (-5.8%). The expected operating loss in the seasonally weaker first half of the year was further reduced despite higher personnel costs in connection with the five-year strategic plan launched in 2016. The implementation of this plan continues to progress well. With the unveiling of the summer collection for 2020 at the ISPO trade fair in Munich in June, the almost complete renewal of the clothing collection is well advanced. With innovative products, a consistent pricing strategy and a reduction in the number of styles, it was possible to further increase the gross margin. The expertise built up in the field of digitalization will now allow the brand to be positioned much more homogeneously across all sales channels. In addition to growth in the stationary business where the selective cooperation with specialist retailers was deepened, revenue in the new digital channels continued to grow disproportionally.

Notes

Further information can be found at www.conzzeta.com
Half-year report online: report.conzzeta.com/h2019/en/

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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).