

Half-year financial statements 2020

Implementation of operating and strategic priorities in the challenging pandemic environment

- Net revenue CHF 576.2 million, –16.2%¹⁾
- Operating result (EBIT) CHF 49.9 million, incl. CHF 48.1 million divestment gain
- Group result CHF 46.6 million and earnings per class A share CHF 21.96
- Pandemic with multilayered impacts – targeted countermeasures
- Progress made with implementation of focus strategy

Key figures – Group

CHF m	H1 2020	H1 2019	Change
Net revenue	576.2	770.1	-25.2%
on a comparable basis ¹			-16.2%
Total revenue	594.2	787.7	-24.6%
Operating result (EBIT)	49.9	90.5	-44.9%
adjusted ²	1.8	59.9	-97.0%
as a % of total revenue ²	0.3%	7.6%	-730 bp
Group result	46.6	78.2	-40.4%
as a % of total revenue	7.8%	9.9%	-210 bp
Minority interests	1.2	6.4	-80.9%
Free cash flow from operating activities	-40.2	-10.0	302.8%
Cash, cash equivalents and securities	238.2	389.9	-38.9%
Total assets	1,155.4	1,345.9	-14.2%
Shareholders' equity	834.0	958.6	-13.0%
as a % of total assets	72.2%	71.2%	100 bp
Net operating assets (NOA)	570.3	542.9	5.0%
Return on net operating assets (RONOA) ²	0.6%	17.3%	-1,670 bp
Number of employees at year-end	4,928	5,014	-1.7%
Earnings per class A share, in CHF	21.96	34.76	-36.8%

¹ Comparable, i.e. at constant exchange rates and adjusted for changes in the scope of consolidation.

² 2020 excluding gain on disposal of CHF 48.1 million from the disposal of the Schmid Rhyner business unit and 2019 excluding gain on disposal of CHF 30.6 million from the disposal of the Glass Processing segment.

Zurich, August 7, 2020 – Conzzeta's half-year 2020 results are strongly impacted by both, the effects of the coronavirus pandemic and the divestitures of the Glass Processing segment at the end of March 2019 and the Schmid Rhyner business unit at the end of February 2020. The disposals resulted in a loss of contributions to revenue and earnings as well as in divestment gains of CHF 30.6 million in the first half of 2019 and CHF 48.1 million in the first half of 2020. On a comparable basis, i.e. adjusted for the changes in the scope of consolidation and at constant exchange rates, the Group's net revenue in the first half of 2020 was 16.2% below the previous year. The adverse effects of changes in the scope of consolidation amounted to CHF 38.9 million and those from currency effects to CHF 30.3 million.

Depending on their area of activity and business model, Conzzeta's business units were affected in different ways by the pandemic with its widespread lockdowns, interrupted supply chains, and global travel restrictions. In the Bystronic and FoamPartner business units, various production facilities had to temporarily suspend operations. At Bystronic, the order backlog mitigated the adverse impact on revenue and results, even though it was already somewhat lower at the start of the reporting period compared to the previous year due to the weakening of the investment cycle in 2019. By means of operational improvements, FoamPartner was able to partially mitigate its dependency on business in the automotive segment, which has been particularly challenged not only since the outbreak of the pandemic. At Mammut, however, it was not possible to prevent a significant widening of the loss in the seasonally weaker first half of the year due to the almost complete closure of the proportionally dominant physical sales channels for around 40 days, the complex supply chains in the outdoor business and the additional expense caused by the pandemic. Thanks to the significant change in customer behavior during the crisis, Mammut achieved a 93% revenue increase in its own online business.

The measures initiated by the Group in March under the heading "Cash, Cost, Complexity" to mitigate the economic consequences include a cost savings program with a contribution to the operating result of around CHF 40 million by the end of 2020. Thanks to initial savings and excluding the divestment gains, the adjusted operating result for the reporting period amounted to CHF 1.8 million (previous year: CHF 59.9 million), with an EBIT margin of 0.3% (previous year: 7.6%). The Group result for the first half of 2020 was CHF 46.6 million (CHF 78.2 million), with minority interests of CHF 1.2 million (CHF 6.4 million). The earnings per class A registered share were CHF 21.96 and as such 36.8% down on the previous year.

The cash inflow from the disposal of the Schmid Rhyner business unit was CHF 71.2 million. The Group retained its important initiatives thanks to its extensive liquid assets and high capital base. Investments in property, plant and equipment and intangible assets amounted to CHF 20.2 million (CHF 18.6 million). Mainly due to the lower level of business activity due to the pandemic on the one hand and to prudent procurement planning to ensure ability to deliver and to delayed deliveries on the other, free operating cash flow of CHF –40.2 million was below the previous year (CHF –10.0 million). After the distribution of an unchanged ordinary dividend for the 2019 financial year and excess cash from the disposal of Schmid Rhyner totaling CHF 86.8 million, Conzzeta held cash and cash equivalents of CHF 238.2 million at mid-year with an equity ratio of 72.2%.

According to Michael Willome, Conzzeta Group CEO: "We look back on an extremely challenging first half to the year, in which we had to take quick and decisive measures to safeguard our liquidity and results on the one hand. However, on the other, we are now keen to capitalize on the opportunities for the future that often arise from such a crisis. In addition, we went ahead with the strategic core projects, the sale of Schmid Rhyner, FoamPartner and Mammut as well as the further development of Bystronic, according to plan. With the commissioning of the new Bystronic assembly plant in Chicago, USA, and the new FoamPartner converting center in Duderstadt, Germany, we achieved important milestones in the first half of the year even under difficult conditions. We also made progress at Mammut, among other things with the accelerated implementation of the digitalization strategy, which takes account of changing customer behavior and offers real added value. Under the keyword "rightsizing," we will

take the opportunity to address structural measures for sustainable and profitable business development. This will be a matter of adjusting the cost base to the foreseeable protracted recovery of the economy. At the same time, the allocation of resources available must be prioritized even more clearly. We expect the recovery of business activities observed since the lifting of the lockdowns to continue into the second half of the year. In China, Bystronic's order intake and FoamPartner's net revenue in June were up on the previous year."

Trends and outlook: In relation to the announced strategic focus on Bystronic, the preparations for the further divestitures have now been concluded. Concrete discussions are currently being held on the sale of FoamPartner. With regard to Mammut, the market will be approached in the second half of the year, subject to the pandemic situation. The presentation of Bystronic's revised strategy is planned for the fourth quarter. Conzzeta is expecting a progressive recovery of business activities in the second half of the year despite continued uncertainties, including the social impacts of the pandemic, the future course of global trade disputes, and the outcome of the upcoming presidential election in the USA. The order backlog at Bystronic at mid-year was 17.3% below the level at the end of 2019, which will have an adverse impact on the accounts in the second half of the year, despite the improved order intake towards the end of the first half. For this reason, and in view of the uncertainties mentioned above, Conzzeta confirms its expectation for the 2020 financial year of an operating result (including the gain on the sale of Schmid Rhyner) in the mid-double-digit CHF million range, with substantially lower net revenue compared to the previous year.

Segments

The **Sheet Metal Processing segment (Bystronic)** generated net revenue of CHF 372.6 million (previous year: CHF 448.6 million). On a comparable basis, net revenue was down 12.0% on the previous year. The new machine business in particular was notably affected by the pandemic across all product areas, initially in China, later in most other important sales regions. In April, order intake plummeted by more than 40% due to travel restrictions and business shutdowns. The resumption of economic activity brought a clear recovery towards the end of the reporting period. Order intake in June was down just under 5% on the previous year. With increased margin pressure, order intake for the first half of the year was CHF 340.2 million, down by 24.5% on the previous year, or by 20.0% taking currency effects into account. The order book as of mid-year reached CHF 200.3 million, compared with CHF 254.4 million as of the end of June 2019. The operating result amounted to CHF 27.9 million (CHF 57.8 million), yielding an EBIT margin of 7.1% (12.5%).

Bystronic's own production was also affected by business shutdowns at staggered times. Plants in China, Europe and America had to be temporarily closed down. Despite the adverse environment, it was possible to assemble the first laser cutting systems in the new US production site in April. The opening of the associated experience center for customer demonstrations to convey the technological capabilities is planned for the second half of the year, which will significantly strengthen Bystronic's position in the North American market. The groundbreaking for a new experience center in Korea likewise took place during the reporting period. Various product innovations were also launched. In the "Cutting" product segment, these included systems with even higher performance and options for processing additional sheet metal formats.

Additional automation solutions for manufacturing cells were introduced in the “Bending” product segment, including high-performance programming software.

In order to mitigate the impact of travel restrictions, considerable efforts were made to stay close to the market with new digital options. These included virtual product demonstrations and training, also to show customers the benefits of available efficiency-enhancing systems and automation solutions. In the context of sustainable development, an analysis of the climate impact of business activities was initiated for the Niederönz site in order to further improve energy efficiency and ecological sustainability across the entire value chain in cooperation with suppliers and customers.

Key figures – Segments

CHF m	H1 2020	H1 2019	Change
Sheet Metal Processing			
Order intake	340.2	450.6	-24.5%
on a comparable basis ¹			-20.0%
Net revenue	372.6	448.6	-16.9%
on a comparable basis ¹			-12.0%
Total revenue	391.3	461.9	-15.3%
Operating result (EBIT)	27.9	57.8	-51.8%
as a % of total revenue	7.1%	12.5%	-540 bp
Chemical Specialties (discontinued segment)			
Net revenue	122.8	181.4	-32.3%
on a comparable basis ¹			-20.2%
Total revenue	122.1	180.2	-32.2%
Operating result (EBIT)	49.8	8.6	477.9%
adjusted ²	1.7	8.6	-80.1%
as a % of total revenue	1.4%	4.8%	-340 bp
Outdoor (discontinued segment)			
Net revenue	80.9	117.9	-31.4%
on a comparable basis ¹			-29.1%
Total revenue	80.9	117.9	-31.4%
Operating result (EBIT)	-23.3	-5.3	340.5%
as a % of total revenue	-28.8%	-4.5%	-2,430 bp

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

² 2020 excluding divestment gain of CHF 48.1 million from the sale of the Schmid Rhyner business unit.

The **Chemical Specialties segment (FoamPartner and Schmid Rhyner)** generated net revenue of CHF 122.8 million (previous year CHF 181.4 million). On a comparable basis, net revenue was down 20.2% on the previous year. A divestment gain of CHF 48.1 million resulted from the disposal of the Schmid Rhyner business unit as per the end of February 2020. Without this one-off effect, the operating result amounted to CHF 1.7 million (CHF 8.6 million) with an EBIT margin of 1.4% (4.8%). The FoamPartner business unit also had to temporarily close down various production sites in China, Europe and the USA due to the pandemic. Revenue in all

market segments and regions was down on the previous year despite additional revenue with cleaning and hygiene products and products for medical-related uses. Production shutdowns in the automotive industry had a particularly adverse impact. The mobility market segment's share of revenue (excluding the divested Schmid Rhyner business unit) amounted to 48% as of mid-year 2020 following the disproportionate 35.2% decline in revenue in the first half of the year, compared with 55% at the end of 2019.

During the reporting period, progress was made in the implementation of ongoing efficiency measures, innovation projects and modernization of management processes. The new converting center with additional capacity in Duderstadt was commissioned on time in April and the Stadtallendorf site was closed as of June 30. Both, the production and storage areas, were extended at the Changzhou site in China in order to significantly improve logistics processes and enable future growth. With RegiSeal® e-Thermo, a new solution for electric mobility was presented that reduces energy consumption and extends the range of the vehicles thanks to improved insulation. A further innovation for vehicle interiors is the OBoNature™ product family. Manufactured from sustainable raw materials, which enables an efficient and resource-friendly processing while at the same time creating an improved interior climate.

Under the keywords "Planet, People, Performance," FoamPartner is preparing the formalization of a comprehensive sustainability concept, which will be communicated in the second half of the year and will serve as a basis for the further development of business activities and sharpening of the market presence. In the first half of the year, the continued modernization of management processes included business excellence programs at various sites, such as for the improvement of material yield and further digitalization. IT systems for improved resource planning and customer management were also introduced.

The **Outdoor segment (Mammut)** generated net revenue of CHF 80.9 million (previous year: CHF 117.9 million). On a comparable basis, net revenue was down 29.1% on the previous year. The operating result in the seasonally weaker first half of the year was CHF -23.3 million (CHF -5.3 million). The offline sales channel with specialist retailers and monobrand stores, which dominates in terms of share of revenue, remained almost completely closed for around 40 days in the first half of the year, whereas net revenue in the digital channels increased significantly. The delivery of most of the summer collection was delayed until mid-May due to the closed stores. Because of the temporary interruptions in the production of the winter collection, this too had to be re-planned to a large extent with considerable effort.

In the context of Mammut's strategy and to mitigate the impact of the pandemic, various measures were introduced in the reporting period. These include a further organizational development step to strengthen organizational responsibilities and streamline central processes. With new overall responsibilities for "Brand & Consumer" and "Products", the aim is to accelerate the expansion of the direct-to-consumer business, to sharpen the market presence across all channels and to make fundamental improvements in the supply chain. In addition, the further focusing of the product portfolio and the optimization of Mammut's international presence are planned, whereby initial restructuring costs of CHF 1.6 million were incurred in the first half of the year. The measures are intended to adapt the organization to existing challenges and changing market requirements and to structurally improve profitability.

In coping with the pandemic, as part of the sustainability strategy WE CARE, care was taken to protect the suppliers by, among other things, not canceling any orders for which production had already started or been completed. The “Close the Loop” project to recycle climbing ropes was launched in collaboration with a climate protection organization in order to conserve natural resources in outdoor sports. In the reporting period, the new purpose statement “To create a world moved by mountains” arose from Mammut’s long-standing systematic concern with the social and environmental aspects of its own business activities. This is because, in addition to ensuring adequate profitability, sustainable management that includes all stakeholders is becoming more important for Mammut’s own future viability.

Links

Further information can be found at www.conzzeta.com.
Half-year report online: report.conzzeta.com/h2020.

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About Conzzeta

Conzzeta is a diversified Swiss group of companies. It stands for innovation, market orientation and an entrepreneurial approach. About 5,000 employees at more than 60 locations worldwide work in the Sheet Metal Processing, Foam Materials and Outdoor segments. In December 2019, Conzzeta announced a strategic focus on the Sheet Metal Processing segment and the sale of all its other activities. Conzzeta AG is listed on the SIX Swiss Exchange (SIX:CON).