

## Half-Year Report at June 30, 2015

### Stable revenue and improved result

Zurich, August 12, 2015. - The Conzzeta Group generated net revenue of CHF 544 million in the first half of 2015, 1.9% lower than the previous year (CHF 554 million). The operating result reached CHF 36.5 million, corresponding to an EBIT margin of 6.6%.

For Conzzeta, like many export-oriented Swiss companies, the first half of 2015 was characterized by the drastic upheaval in the exchange rates. All the Group's segments – except for Real Estate, which operates exclusively in Switzerland – felt the effects, especially the Sporting Goods and Chemical Specialties segments. Apart from currency translation effects, purchasing restraint on the part of customers and price adjustments also had an impact. Despite these negative factors, the Group's workforce was able to generate net revenue of CHF 543.7 million, 1.9% down on the figure for the same period of last year (CHF 554.3 million). The organic growth was 4.9%. While revenues grew in some regions, particularly in the NAFTA area, but also in Europe, declining sales in Asia were evidence of the cooling of the economic climate in China. Against the backdrop of an overall slight decline in revenue, the operating result (EBIT) rose by 24.4% to CHF 36.5 million. The EBIT margin was 6.6%. Due to negative currency effects in the financial result and a slight increase in taxes, Group profit was lower than a year ago, reaching CHF 21.2 million (CHF 24.3 million).

The Board of Directors and Executive Committee would like to take this opportunity to express heartfelt thanks to the entire workforce for their commitment during the first half of the year. We are particularly grateful to the employees in Switzerland who quickly accepted the increased working hours to help counteract the effects of the upward valuation of the Swiss franc.

#### Segments

The **Sheet Metal Processing segment (Bystronic)** achieved net revenue of CHF 265.7 million in the first half of 2015, about the same as in the first half of last year (CHF 265.2 million). EBIT was CHF 26.8 million, giving a margin of 9.5% (previous year: CHF 22.9 million, 8.2%). Despite a subdued start to the year, Bystronic generated organic revenue growth of 5.7%, which was largely offset by the negative currency effect of 5.5%. Growth was achieved mainly in the American and Northern European markets. In Asia, above all in China, by contrast the signs point to a subdued economic outlook. Bystronic is continuing to see a shift in demand from the CO<sub>2</sub> laser to fiber technology, now also apparent in the high-end performance categories. In the pressbrake product group, the new Xpert 40 is much in demand; the machine is very flexible and can be used in a wide range of applications. In all machinery segments, software and services continue to grow in importance.

In the **Sporting Goods segment (Mammut)**, net revenue fell by 4.2% to CHF 99.3 million (previous year: CHF 103.7 million). The currency effect on revenue was negative 5.5%, as opposed to organic growth of 1.2%. EBIT was negative CHF 5.9 million, corresponding to a margin of negative 6.0% (previous year: CHF 1.5 million, 1.5%). In effect, revenue and EBIT in this segment can be subject to marked seasonal variations. The first half is generally weaker than the second. In addition, there has been a general weakening of growth in the outdoor activities market worldwide. Moreover, Mammut has to cope with high pressure on margins due to the impact on revenue of the adverse currency situation, as well as to purchasing chiefly in US dollars. This weakens the starting position of the business in its core markets in the

eurozone. A further factor is that customers in the Swiss home market increasingly make their purchases in lower-priced markets abroad, which leads to negative price adjustments at home. In response to these tougher conditions, Mammut is adjusting its cost structures and reducing complexity. The segment further expanded its monobrand stores sales channel.

The **Chemical Specialties segment (FoamPartner and Schmid Rhyner)** generated net revenue of CHF 103.4 million in the first half (previous year: CHF 108.9 million), a decrease of 5%. EBIT was CHF 8.9 million, corresponding to a margin of 8.6% (previous year: CHF 13.0 million, 11.8%). At FoamPartner, marked regional variations are emerging: while the entire foam sector – and that includes FoamPartner – faces difficult conditions in Europe, business in Asia and the USA is somewhat improved. In all regions, business with technical foams is better than comfort foams. Most in demand are foams for sponges, filters and vehicle manufacturing.

In the Graphic Coatings business unit, the market in Europe is very challenging for Schmid Rhyner, above all because there is only restrained growth in the market for UV varnishes, while commercial printing is in decline. A further factor is the impact of the currency fluctuations on this business unit. Schmid Rhyner is countering these developments with a continuing focus on packaging printing, particularly in the beverage, tobacco and food segments. Schmid Rhyner gained new orders in the reporting period mainly in Asia, where forgery protection for packaging is a significant issue. The business unit won over new customers in particular in the beverages and tobacco sector. Digital printing of varnishes, recently introduced in Europe, is a reliable process for serial operations and has aroused a great deal of interest.

The **Systems Engineering segment (Bystronic glass)** generated net revenue of CHF 64.8 million in the first half, 3.1% less than in the same period of the previous year (CHF 66.9 million). It should be noted that the previous year's revenue figures included CHF 17.3 million from the ixmation business unit. This divestment effect was almost entirely compensated for by organic growth of 35.2% at Bystronic glass. The negative currency effects amounted to 3.3%. EBIT for the segment in the first half was CHF 5 million, corresponding to a margin of 8.3%. The previous year (negative CHF 10.6 million, negative 14.8%) was adversely affected by restructuring costs of around CHF 3 million. Bystronic glass achieved this positive result through improvements on the cost side and increasing market share in architectural and automotive glass. While the increased revenue in the business with machinery for architectural glass was generated mainly in Europe, growth in automotive glass machinery sales was recorded mainly in the USA. A major order from an automotive supplier which has greatly expanded its production in the USA had a particular impact.

The **Real Estate segment (PLAZZA)** generated net revenue of CHF 9.6 million, which is on a par with the level recorded a year ago (CHF 9.6 million). EBIT was CHF 4.4 million, corresponding to a margin of 45.8% (previous year: CHF 4.8 million, 50%). Over the last few months, the work of the Real Estate segment was shaped by preparations for the spin-off and stock market listing of PLAZZA AG. With the approval of the shareholders at an Extraordinary General Meeting of Conzzeta AG, the Real Estate segment was spun off with effect from the end of June 2015 and listed on the SIX Swiss Exchange.

## Trends and outlook

For the second half of 2015 Conzzeta is not expecting a significant change in the present economic environment. Although the relevant markets for the Group, such as the USA and Central and Northern Europe, showed an improved performance in the first half, significant uncertainties remain: for instance, the continuing difficulties in the eurozone, the slowdown of growth in China and the strength of the Swiss franc. For the second half of the year, Conzzeta expects the business performance of the Sporting Goods segment to improve thanks to seasonal factors, while the relevant outdoor activities markets will remain subdued. In view of the current order situation, Sheet Metal Processing and particularly Systems Engineering cannot be expected to maintain their growth rates. As a result, the projection for the second half, in a year-on-year comparison, is for lower Group revenue and a decrease in operating result. A further factor to take into account in a year-on-year comparison is that the previous year's figure was boosted in the second half by the reversal of a large provision for inherited liabilities in the amount of around CHF 11 million. Another consideration is that the revenue and operating profit of PLAZZA for the second half will no longer be contributed because of the completed spin-off of the Real Estate segment.

Against this background, the focus of the Group for the second half of the year will be on more intensive market development and cost discipline, as well as the implementation of short- and medium-term measures to further improve profitability. Assuming a continuation of the present currency situation and economic scenarios, Conzzeta is sticking to its original statement regarding the outlook for the year as a whole and expects lower revenues year on year as well as a decline of 70 to 150 basis points in the EBIT margin compared with the 2014 figure, which was 7.7% after adjustment for special effects.

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Conzzeta AG is an internationally active Swiss industrial holding company with more than 3,300 employees worldwide. Its activities are in the areas of machinery, sporting goods, foam materials, graphic coatings and systems engineering. Conzzeta's 'category A' registered shares are listed on the SIX Swiss Exchange (SIX:CON).

## Key figures: Group

January - June

		2015	2014 <sup>1</sup>
Net revenue	CHF m	543.7	554.3
Total revenue	CHF m	553.6	575.5
Operating result	CHF m	36.5	29.4
in % Total revenue	%	6.6	5.1
Group result	CHF m	21.2	24.3
in % Total revenue	%	3.8	4.2
Operating free cash flow	CHF m	9.6	18.2
Cash and cash equivalents including securities	CHF m	487.8	476.0
Equity	CHF m	910.3	1,003.8
Total Assets	CHF m	1,199.2	1,336.5
in % of Total Assets	%	75.9	75.1
Net Operating Assets	CHF m	420.6	528.2
Number of employees as per end of June	Number	3,395	3,676
Average number of full-time employees	Number	3,398	3,706

<sup>1</sup> As of the beginning of 2014, goodwill acquired is no longer capitalized and depreciated, but offset against equity. The previous year's figures have been adjusted accordingly.

## Key figures: Segments

January - June

			2015	2014 <sup>1</sup>
Sheet Metal Processing	Net revenue	CHF m	265.7	265.2
	Total revenue	CHF m	280.5	280.6
	Operating result	CHF m	26.8	22.9
	in % Total revenue	%	9.5	8.2
Sporting Goods	Net revenue	CHF m	99.3	103.7
	Total revenue	CHF m	99.1	103.4
	Operating result	CHF m	-5.9	1.5
	in % Total revenue	%	-6.0	1.5
Chemical Specialties	Net revenue	CHF m	103.4	108.9
	Total revenue	CHF m	103.0	110.3
	Operating result	CHF m	8.9	13.0
	in % Total revenue	%	8.6	11.8
Systems Engineering	Net revenue	CHF m	64.8	66.9
	Total revenue	CHF m	60.6	71.6
	Operating result	CHF m	5.0	-10.6
	in % Total revenue	%	8.3	-14.8
Real Estate	Net revenue	CHF m	9.6	9.6
	Total revenue	CHF m	9.6	9.6
	Operating result	CHF m	4.4	4.8
	in % Total revenue	%	45.8	50.0

<sup>1</sup> As of the beginning of 2014, goodwill acquired is no longer capitalized and depreciated, but offset against equity. The previous year's figures have been adjusted accordingly.

The full version of the Half-Year Report is available at [www.conzzeta.ch](http://www.conzzeta.ch).