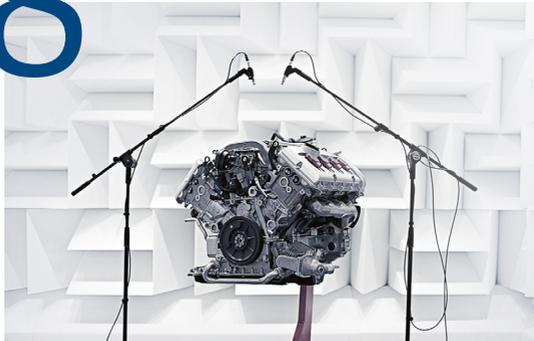


conzzeta



# SUMMARY REPORT 2018



# Group key figures

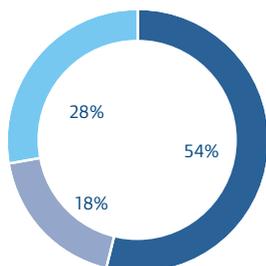
CHF m	2018	2017	Change
Order intake (capital goods)	1 129.0	1 067.3	5.8%
Net revenue	1 782.2	1 482.8	20.2%
comparable <sup>1</sup>			10.4%
Total revenue	1 796.7	1 500.9	19.7%
Operating result (EBIT)	146.8	123.2 <sup>2</sup>	19.2%
in % of total revenue	8.2	8.2 <sup>2</sup>	0bp
Group result	114.8	97.4 <sup>2</sup>	17.9%
in % of total revenue	6.4	6.5 <sup>2</sup>	-10bp
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	-40bp
Net operating assets (NOA)	520.1	490.7	6.0%
Return on net operating assets (RONOA) in %	23.1	21.5	160bp
Number of employees at year-end	5 295	4 717	11.5%
Earnings per class A share, in CHF	46.76	40.47	15.5%
dividend per class A share, in CHF	18.00 <sup>3</sup>	16.00	12.5%
dividend per class B share, in CHF	3.60 <sup>3</sup>	3.20	12.5%

<sup>1</sup> At constant exchange rates and adjusted for changes in the scope of consolidation.

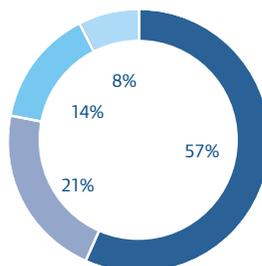
<sup>2</sup> Including capital gain of CHF 8.8 million.

<sup>3</sup> As proposed by the Board of Directors.

## 2018 net revenue by region



## 2018 net revenue by segment



Conzzeta is a broadly diversified Swiss group of companies. It stands for innovation, market orientation and an entrepreneurial approach. More than 5 200 employees at over 60 locations worldwide are dedicated to offering customers high-quality and viable solutions for the future.

## Strategy and portfolio

Conzzeta is striving to become a leader in its target markets and is developing a business portfolio with above-average growth prospects and long-term value creation.

Conzzeta is supporting and promoting its business units: innovation, growth and business excellence form the basis for long-term returns ranking in the highest quartile of the respective peer group.

Conzzeta is pursuing medium-term financial targets to which all business units should contribute, notwithstanding the diversity of their business cycles and their varying geographical presence.

Conzzeta is developing the business over the longer term with a strong balance sheet. Taking consideration of the circumstances, it envisages a dividend of between one third and one half of the Group result.



From 2019 onwards, the Conzzeta Annual Report is being published digitally.

This summary report concisely summarizes the most important facts and background information.

[report.conzzeta.com](http://report.conzzeta.com)



Ernst Bärtschi,  
Chairman of the Board of Directors

Michael Willome,  
Group CEO

Dear Shareholders,

# SHAPING FUTURE VIABILITY

The Conzzeta Group's business units continued to make progress in 2018. As a Group we achieved a marked increase in revenue of 20% and a further improvement in the operating result. Action is still needed in terms of evening out the results' contribution made by the respective segments

After a very strong start, the environment cooled off noticeably over the course of the year, particularly in China, but also globally in important industrial sectors. Nevertheless, net revenue increased once again in the second half of the year compared with the very strong second half of the previous year, although the margin declined due to a marked weakening in the Chemical Specialties segment and increasingly inconsistent across regions and businesses.

## Increasing geopolitical uncertainty

Business is becoming more challenging due to protectionist tendencies and the stagnation of political reforms in key markets. At the same time, modern technological capabilities present new challenges within a more demanding social envi-

ronment. This also creates new opportunities for companies like Conzzeta.

Conzzeta is continuing to build on the four priorities established in 2016: Through consistent market orientation (first priority) and increased internationalization (second priority), Group net revenue increased by more than 50% over the last three years thanks to organic growth as well as acquisitions, with an increase of 80% in the defined growth regions, i.e. Asia and the Americas. The personnel development measures (third priority) continually strengthen our future managerial capabilities within the context of our management model. The Group-wide Business Excellence Program (fourth priority) has now been launched and the first concrete improvements were reported in 2018.

## Uneven contribution to results

In 2018, profitability increased in three out of four segments, namely Sheet Metal Processing, Glass Processing and Outdoor. By contrast, there was a slump in the result of the fourth segment, Chemical Specialties. The slowdown in the global automotive sector, especially in the fourth quarter, additionally reduced the result, which was already weighed down by high raw materials' and restructuring costs.

On a positive note, the Group achieved a significant increase in profitability, excluding the capital gain generated in the previous year. Overall, however, profitability from segment to segment is still too uneven. Measures to significantly improve profitability in the Chemical Specialties and Outdoor segments are currently being implemented.

## The increasing importance of agility

Conzzeta will have to prepare for further changes in the market, which will require rapid and flexible responses at a local level. With this in mind, we implemented various organizational measures in 2018. We are also working on increasing the scalability of our business models, optimizing our infrastructure and promoting customer proximity. We are also investing in digital solutions, both for our customers and for our own production, sales and management processes.

In addition to innovative solutions, lasting commercial success also requires the consideration of environmental and social aspects. In 2018, we carried out a systematic analysis of the relevant issues for the first time and documented them in the annual report.

## Developing leading market positions

We are shaping Conzzeta's future viability with the backing of our employees. We are concentrating on the areas in which we are able to develop and consolidate leading market positions with the resources available to us. This also requires a focused approach.

The divestment of the Glass Processing segment announced on January 25, 2019, is a step in this direction. The employees have worked hard and loyally to achieve an impressive improvement in results, creating the prerequisites for a successful sale. We are convinced that this step too will improve future viability – for all parties involved.

In all of our markets, we need qualified and dedicated staff with different and also local skills in order to implement our ambitious plans. They deserve our thanks for their work in 2018.

The Board of Directors gives special thanks to Werner Dubach, who will no longer stand for re-election to the Board of Directors at the forthcoming Annual General Meeting on 16 April, after 25 years as a member. Michael König, however, is a candidate with proven specialist and management experience in the global chemicals business.

## 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.



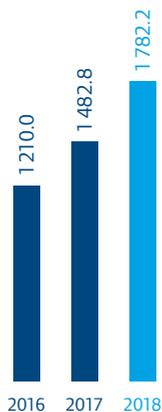
**Ernst Bärtschi**  
Chairman of the Board of  
Directors



**Michael Willome**  
Group CEO

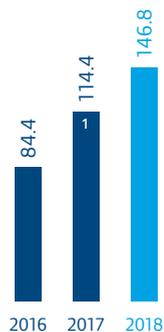
### Growth

(Net revenue CHF million)



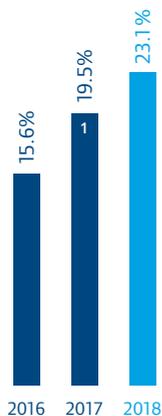
### Profitability

(EBIT CHF million)



### Capital efficiency

RONOA



### Financial targets

(Medium term)

#### Growth

Over 5% growth in net revenue

#### Profitability

Operating result (EBIT) margin of 8% to 10%

#### Capital efficiency

Over 15% return on net operating assets (RONOA)

<sup>1</sup> Excluding divestment gain of CHF 8.8 million.

# PROFITABLE GROWTH

## Financial performance

With net revenue of CHF 1782,8 million, Conzzeta achieved revenue growth of 20,2%. The EBIT amounted to CHF 146,8 million and the EBIT margin was 8,2% (against CHF 114,4 million and 7,6% respectively in the previous year, both adjusted for a divestment gain of CHF 8,8 million). After a strong start, the environment over the course of the year became increasingly mixed regionally and from one business area to another. The Group made progress towards implementing strategic and operational initiatives. However, ongoing efforts are needed in order to sustainably improve profitability more broadly across segments.

On a comparable basis, i.e. at constant exchange rates and adjusted for changes in the scope of consolidation, revenue growth was 10,4%. Following a strong start in a favorable business environment for capital goods, and benefiting from the delivery of various major orders in the Glass Processing segment and successful product launches in the Outdoor segment, growth slowed significantly. In Asia and particularly China, increasing geopolitical and macroeconomic uncertainties had a disadvantageous effect. However, thanks to the robust business development in Europe and the Americas, revenue increased again by 8,1% in the second half of the year compared with the same strong period the year before, albeit with a declining margin. Adjusted for the 2017 divestment gain in the Chemical Specialties segment, EBIT increased by 28,3% to CHF 146.8 million. At 8,2%, the EBIT margin 2018 is within the medium-term aspirational target of 8% to 10%, thanks to the

The growth regions of Asia and America have posted significantly high growth since 2015.

further earnings improvement from a high level in the Sheet Metal Processing segment. The return on net operating assets was 23,1% compared with 19,5% (adjusted) the previous year. The 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 for Sheet Metal Processing was slightly higher, and in Glass Processing slightly lower than the previous year. The Group result was CHF 114,8 million, 17,9% higher than in the previous year (CHF 97,4 million), which included the aforementioned divestment gain. Overall, despite the progress achieved, the earnings situation indicates a continuing need for action to further improve segment results.

## Internationalization

Market orientation and the internationalization of business activities have been among the four priorities since 2016. Building on a solid presence in Europe, this involves realizing growth opportunities and establishing a broader geographical base. In the Americas, revenue growth of 23,7% was achieved primarily through operational initiatives in the Sheet Metal Processing and Glass Processing segments. In Europe and Asia too, revenue rose by 22,1% and 14,5% respectively, although

in these regions the takeover of Otto Bock Kunststoff as of September 1, 2017, had a comparatively greater impact. The revenue share of the defined growth regions of Asia and the Americas rose by 80,2% over 2015. Europe accounted for 54,1% of revenue in 2018, while Asia accounted for 27,6% and the Americas 18,3%. Measures to further strengthen the presence in the regions are being steadily pursued.

## Operational improvements and business excellence

The objective for all segments across the cycles is to achieve revenue growth of over 5%, an EBIT margin of 8% to 10% and a return on net operating assets of over 15%. Sheet Metal Processing exceeded the targets in 2018, while Outdoor and Glass Processing progressed, but remained below the Group's aspirations. The demanding business conditions, challenging competitive environment and structural currency trends will require continued efforts to maintain or improve margins. Further efforts to improve productivity and efficiency are needed. This was why business excellence (BEX) was established in 2016, and in 2018 the set-up of the Group-wide BEX program was largely finished. BEX projects are managed on the basis of Six Sigma and lean methods and facilitate the international knowledge transfer.

## Risk management and corporate responsibility

Conzzeta is committed to pursuing a value-oriented corporate management with a long-term perspective. This also requires careful handling of risks, adherence to defined rules of conduct and appropriate consideration of the interests of all stakeholders. For the third time, in 2018 a Group-wide, comprehensive risk assessment was conducted on the basis of management reporting and a separate Group risk report. For the first time in 2018, Conzzeta conducted a materiality analysis for the systematic assessment of environmental, social and governance (ESG) issues, while the Outdoor segment additionally published transparent sustainability goals as part of the "We Care" strategy.

## Financing, investments and divestitures

The free operating cash flow was CHF 83,4 (CHF 65,4 million) and the CapEx CHF 72,2 million (CHF 37.3 million). As of the end of 2018, cash and cash equivalents amounted to CHF 389,6 million and the equity ratio stood at 67,8%. Conzzeta therefore has a solid balance sheet as a basis from which to continue actively shaping its portfolio. Possible acquisitions are most likely in Sheet Metal Processing and Chemical Specialties.

## Appropriation of profit

Conzzeta aims for a payout ratio of between one-third and half of Group result. Group result for 2018 was CHF 46,76 for each class A registered share and CHF 9,35 for each class B registered share (CHF 40,47 and CHF 8,09, respectively). The Board of Directors is proposing to the Annual General Meeting on April 16, 2019, a 12,5% higher dividend of CHF 18,00 for each class A registered share and a dividend of CHF 3,60 for each class B registered share.

## Employees

At the end of 2018, the Conzzeta Group had 5259 employees worldwide (4717). The increase is due mainly to higher staff headcount in Sheet Metal Processing and Outdoor. The headcount in Chemical Specialties and Glass Processing increased only marginally. Traditionally, Conzzeta has participated in apprentice training programs. At the end of 2018, 175 apprentices were in training at 13 locations in a total of 25 disciplines.

The expertise, flexibility and commitment of our employees are the key factors in ensuring the long-term success of the Conzzeta Group. The Board of Directors and Executive Committee take this opportunity to thank the employees for their dedication and efforts in 2018. Considerable efforts and great dedication and commitment will also be required in the future in order to implement operational and strategic initiatives in a challenging competitive environment.

Sheet Metal Processing  
Bystronic

Net revenue in CHF m      EBIT in CHF m

1013.2      132.5

+18.3%

+35.2%

At stable exchange rates and without the revenue of TTM Laser and Antil, which were acquired in 2018, overall growth was 14,9% with double-digit growth rates in all regions and customer groups. After a strong start, the environment cooled in the second half of the year, particularly in China. Thanks to strong performance in Europe and the Americas, order intake increased again on a high level and the order book at the end of the year was higher than the preceding year.

Implementation of the growth strategy requires further investment in market presence and the development of new solutions. The integration of Antil led to the launch of the new Automation and Software Competence Centers, which complement the existing Cutting and Bending Centers. The Tube Processing Center was established with TTM Laser.

Further market expansion took place in Singapore, Vietnam, Taiwan, Poland, Austria and the Netherlands, among others. In the USA, ground was broken on a new plant and Experience Center. In Switzerland, the renovation and modernization of a factory hall kicked off. Global process harmonization efforts will help ensure strong productivity in a market driven by pricing pressure.

Employees: 2 805

Presence: worldwide, 29 sales and service companies; 7 development and production locations



[www.bystronic.com](http://www.bystronic.com)

Chemical Specialties  
FoamPartner and Schmid Rhyner

Net revenue in CHF m      EBIT in CHF m

382.9      5.8

+37.1%

-76.5%

Double-digit revenue growth was posted in all regions. On a comparable basis, revenue declined by 2,5%. Changes in the scope of consolidation relate primarily to the FoamPartner business unit, namely Otto Bock Kunststoff, and the 51% stake in the U.S. joint venture, which was sold for a one-off gain of CHF 8,8 million in the previous year. Adjusted by that sum, the 2017 EBIT came in at CHF 16,0 million.

At FoamPartner, integration costs of CHF 5,5 million, competitive pressures, raw-material costs and a downturn in Mobility adversely impacted results. The implementation of the new regional management structure and the integration with Otto Bock Kunststoff ran according to plan. Innovative customer solutions and targeted measures are aimed at achieving significantly better margins.

At Schmid Rhyner, the raw-material situation also proved challenging. Innovative specialties in the packaging printing market succeeded in offsetting the continuing market-driven decline in revenue in the commercial printing business and strengthening the solution portfolio for the dynamic markets for flexible and finished packaging.

Employees: total 1 109

Presence: worldwide sales in over 100 countries; 15 production, processing and sales locations



[www.foampartner.com](http://www.foampartner.com), [www.schmid-rhyner.com](http://www.schmid-rhyner.com)

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## Outdoor

# Mammut Sports Group

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Net revenue in CHF m

EBIT in CHF m

253.4

5.2

+10.9%

n/a

Double-digit revenue growth was posted in all regions. At constant exchange rates, growth amounted to 9,4%. Favorable factors included product launches for the 2017/18 winter season and the resolute implementation of the strategy program. Enhanced cooperation with retailers, expansion of online channels and optimizations in the store portfolio led to improved sales performance and gross margin. Strategically driven increased costs for digitalization, retail and design have already been absorbed to some extent. Additional progress in sales and significantly improved margins are expected.

Mammut is hard at work on the digital transformation, sharpening the brand profile and innovative customer retention instruments. Thanks to new collections, preorders for the summer were higher than those of the previous year.

In addition to expansion in international markets, the new digital offerings as well as lighter products with more applications in urban areas, Mammut is facilitating the increased customer demand for environmentally friendly and sustainably produced products.

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Employees: 882

Presence: worldwide sales network in 40 countries; headquarters and product development in Seon (Switzerland)



[www.mammut.com](http://www.mammut.com)

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## Glass Processing

# Bystronic glass

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Net revenue in CHF m

EBIT in CHF m

133.3

7.6

+11.7%

+21.1%

At constant exchange rates, growth amounted to 10,4%. After a strong first half driven by major orders, conditions cooled. Nevertheless, revenue growth was in the double digits for both automotive and architectural glass. Order intake was uneven: The automotive glass segment was unable to repeat the previous year's strong performance, which was driven by large-scale order, whereas order intake in the architectural glass segment was pleasing, particularly in Europe and the Americas. Thus, order intake was slightly above, while the order book at the end of the year was just under the previous year's level.

The measures initiated in 2017 to optimize global processes and business processes at the Neuhausen plant contributed to an improvement in results. China, by contrast, did not meet expectations or its potential. Organizational measures and the modularization of the product range remain priorities.

Product launches included the B'VACOOM in the architectural glass segment, while in the automotive glass segment variants of the B'CHAMP machine generation were launched. Innovative technologies enable lightweight, energy-efficient and thus resource-efficient applications.

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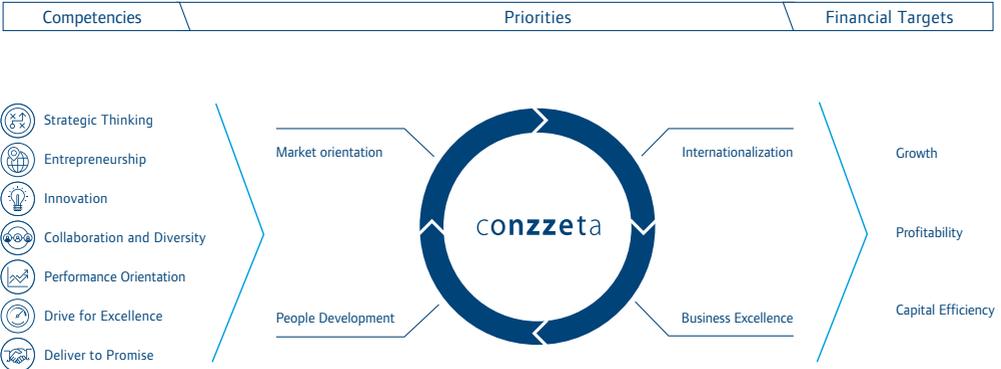
Employees: 436

Presence: worldwide sales and service network with branches and representatives



[www.bystronic-glass.com](http://www.bystronic-glass.com)

# Diversified management



Stable core shareholder base, solid capital position and modern governance as the basis for innovation, entrepreneurship and sustainable value creation

## Priorities and achievements

### Market orientation

In 2018, our net revenue increased by over 10% across all segments and regions. We achieved this broad-based growth by focusing on growth markets and with the help of innovative products and acquisitions to complement our range of products and services or to strengthen our market position.

### Internationalization

Increasingly, we are realizing our potential outside our European home markets. We see opportunities particularly in Asia and the Americas. Revenue attributable to Asia and the Americas increased by 80% within three years since the end of 2015, while the share of revenue in Europe fell from 60% to 54%.

### Employee development

We encourage our employees by offering opportunities for personal development in mixed, global teams. We continued our Talent Development Program in 2018 and launched a Senior Leadership Program. This training program addresses the topics of digitalization, customer focus and problem-solving competencies.

### Business excellence

With a view to achieving lasting improvements, in 2018 we largely finished setting up the Group-wide Business Excellence Program based on the Six Sigma model. Around 60 green and black belts have now undergone training. The portfolio includes measures in all business units, which will make a significant contribution to results by the end of 2020.

# Share information



## Proposed dividend

Class A registered shares:

CHF 18,00

Class B registered shares:

CHF 3,60

## Number of shares

Class A registered shares:

1 827 000

Class B registered shares:

1 215 000

Share performance 2018 -24,3%, incl. dividend -22,7%

## Dates

2019

**Monday, April 15**

Publication of 3-month revenue trend

**Tuesday, April 16**

Annual General Meeting, Zurich

**Friday, August 9**

Publication of half-year results with analyst call

**Wednesday, October 16**

Publication of 9-month revenue trend

2020

**Wednesday, February 5**

Publication of 12-month revenue trend

**Tuesday, March 17**

Balance sheet media conference

**Wednesday, April 22**

Annual General Meeting, Zurich

### Investor Relations contact

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### Ticker symbols

Valor no. 24401750  
 ISIN CH0244017502  
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 Reuters CONC.S  
 Bloomberg CON:SW

Further information about the company, calendar dates and contacts can be found at [www.conzzeta.com](http://www.conzzeta.com).

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