

Dierikon, 12 March 2024

Media release

Ad hoc announcement pursuant to Art. 53 LR

2023 annual financial statements of the Komax Group

The Komax Group held its own in a difficult market environment and significantly increased revenues

The Komax Group faced a challenging market environment in 2023. Despite this, revenues increased by 24.0% to CHF 752.0 million, a consequence in particular of the combination with Schleuniger, which was completed at the end of August 2022. Order intake increased slightly (+1.3%) to CHF 686.5 million. Operating profit (EBIT) dipped by 5.5% to CHF 67.8 million, attributable primarily to a substantial decline in volume business in the second half of 2023. If one-time effects (building sale and site closure) are factored in, the result is an increase in EBIT (+1.5%), too. Although customers are currently somewhat hesitant with regard to investments, their efforts to increase the level of automation in wire processing are ongoing. Consequently, the Komax Group remains confident that it will achieve its ambitious targets in 2028. A further reason for this confidence is that the Komax Group has always assumed that the growth trajectory to 2028 would not be linear.

Economic and geopolitical uncertainties made themselves felt in the Komax Group's 2023 financial year. Among other factors, higher interest rates in key sales markets and the muted development of the market in China impacted on customers' willingness to invest. This reticence became increasingly pronounced as the year went on. Bolstered by the combination with Schleuniger, the result was a 1.3% increase in order intake to CHF 686.5 million (2022: CHF 678.1 million).

Significant increase in revenues

The Komax Group started the reporting year with record order books of CHF 306.3 million. This was due in particular to additional orders resulting from the shift in production capacities owing to the war in Ukraine. By the end of the year, this figure had been worked down to CHF 208.2 million, a solid order backlog for the Komax Group. A key factor in the marked 24.0% increase in revenues to CHF 752.0 million (2022: CHF 606.3 million) was Schleuniger's first full-year contribution, following a contribution of just four months in the 2022 financial year. Accordingly, the revenue increase consisted of strong acquisition-driven growth of 30.6% and an organic contraction of 3.5%. The foreign currency effect was negative at -3.1%. The one-time effect from the completion of the sale of the building at the Rotkreuz production site in Switzerland in 2023 is not included in this figure. If one-time effects are factored in, revenues increased to CHF 762.9 million.

Revenue development in Asia lower than expected

"The trend toward a higher level of automation in wire processing continued in the year under review," says Matijas Meyer, CEO Komax Group. "The Komax Group is operating in a growth market." Rising wage costs, a shortage of skilled labor, miniaturization in wires, and increasingly stringent quality requirements are encouraging customers to look more and more to automation for solutions. As a consequence of the difficult economic situation, however, market

performance varied from region to region in the reporting year. Business activity continued to lag well behind expectations in China in particular. In Asia/Pacific, the Komax Group recorded a contraction of 6.4% in revenues, with its share of revenues generated in this region declining to 16.6% (2022: 22.0%). By contrast, growth in other regions – North/South America (+55.6%), Europe (+29.3%), and Africa (+6.0%) – was substantial in many cases, due above all to the combination with Schleuniger. This was the case in the Americas, too, where the market position in the Industrial & Infrastructure market segment was strengthened significantly through the combination.

Profitability shaped by multiple factors

The deferral of investment decisions by customers primarily affected the Komax Group's high-margin volume business, which explains why the impact on the operating result was significant. Operating profit (EBIT) totaled CHF 67.8 million for full-year 2023, down 5.5% on the previous year (2022: CHF 71.7 million). The EBIT margin stood at 9.0% (2022: 11.8%). If two one-time effects are factored in – the sale of a building in Rotkreuz (EBIT increase of CHF 11.1 million) and the closure of the site in Jettingen (EBIT reduction of CHF 6.1 million) – EBIT rises to CHF 72.8 million. Including the one-time effects, Group earnings after taxes (EAT) amounted to CHF 43.8 million (2022: CHF 51.8 million), corresponding to a year-on-year change of –15.3%.

Structure optimizations and integration of Schleuniger

“The companies in the Schleuniger Group were successfully integrated into the Komax Group business units in 2023,” explains Matijas Meyer. “The organizational focus in the year under review was on optimizing the global distribution and service network. The Komax and Schleuniger distribution channels were merged to enable customer needs to be addressed in the best possible way and allow the portfolio to be offered on a one-stop basis from a single source.” As part of this, Komax Portugal was sold to distribution partner Estanflux in Spain, which now covers the entire Iberian Peninsula. In addition, the Komax Group acquired the Alcava Group, Schleuniger's distribution partner in France, Morocco, and Tunisia, thereby further strengthening the market position in these growth markets. Optimizations were completed in 2023, with the exception of a few countries. The Komax Group is also working on analyzing its product portfolio and its production locations. In 2023, it ceased operations at Komax Testing Brasil in Colombo, Brazil, and implemented the first steps for the closure of Schleuniger GmbH's branch office in Jettingen, Germany.

Additional service thanks to the acquisition of WUSTEC

To expand its offering in the growing Industrial & Infrastructure market segment, in 2023 the Komax Group acquired German company WUSTEC, a specialist in automated wire prefabrication. WUSTEC operates a digital platform that allows companies active in control cabinet and machine building to order prefabricated, labeled wire sets that will be delivered within 48 hours.

Very high free cash flow

“The Komax Group has a solid financial basis that contributes to the further development of the Group as a whole and offers security in a challenging market environment,” says Christian Mäder, CFO Komax Group. As at 31 December 2023, shareholders' equity totaled CHF 390.6 million (31 December 2022: CHF 416.6 million), with an equity ratio of 55.1% (2022: 53.2%). Free cash flow rose significantly to CHF 51.7 million (2022: CHF 17.6 million). Net debt decreased from CHF 105.5 million (2022) to CHF 92.9 million, with the debt factor (net debt divided by average EBITDA) still only at 1.00 (31 December 2022: 1.19).

Changes on the Board of Directors

“After serving on the Board of Directors for twelve years, Kurt Haerri will not be standing for re-election at the 2024 Annual General Meeting due to term-of-office limitations. The Board of Directors and the Executive Committee wish to thank him most sincerely for his substantial commitment to the Komax Group,” says Beat Kälin, Chairman of the Board of Directors. The Board is proposing that Annette Heimlicher be elected as a new member of the Board of Directors. Annette Heimlicher has been CEO of the Contrinex Group since 2012 and has a wealth of business experience at an internationally active industrial company headquartered in Switzerland. The Contrinex Group is a global technology leader in smart sensors for complex automation and Smart Factory applications.

Distribution of CHF 3.00

To take account of the volatile and challenging business environment, the Board of Directors is proposing to the Annual General Meeting a dividend of CHF 3.00 (previous year: CHF 5.50). Half of this amount will be distributed from capital contribution reserves, and will therefore be tax-free for natural persons domiciled in Switzerland who hold the shares as part of their private assets.

Strategy 2028 sets ambitious targets

The Komax Group formulated its Strategy 2028 in the year under review and has set ambitious targets. Its aim is to continue to grow profitably and achieve revenues of CHF 1.0–1.2 billion in 2028, alongside EBIT of CHF 120–160 million. This corresponds to annual average growth in revenues of 6–9%. “Given that the level of automation in wire processing has to date not exceeded 20%, there is enormous growth potential, and the Komax Group intends to make full use of this,” states Matijas Meyer. “To do so, we are focusing on expanding business in Asia, extending our service offering, and increasing the proportion of revenues generated by non-automotive business.” ESG (Environmental, Social, Governance) is an integral part of the strategy. The Komax Group has set itself 13 non-financial targets that are set out for the first time in an ESG Report in accordance with GRI Standards.

Outlook

The weaker market development that made itself increasingly noticeable toward the end of 2023 is persisting, and the Komax Group started the new financial year with a lower order backlog than in the previous year. It is confident, however, that the trend toward automation will continue unabated, and hence so, too, the demand for its solutions. The Komax Group will continue to drive the integration process forward in 2024, optimizing additional structures so as to be best equipped to implement its 2028 growth strategy.

The market is currently showing signs of extreme volatility, as it is still beset by a number of economic and geopolitical uncertainties. Consequently, visibility in terms of the development of business is very low, and no forecast for the 2024 financial year can be made as yet.

Financial calendar

Annual General Meeting

17 April 2024

Half-year results 2024

13 August 2024

Investor Day

22 November 2024

Preliminary information on 2024 financial year

21 January 2025

The 2023 annual report can be downloaded from www.komaxgroup.com/publications.

Key figures of the Komax Group

in TCHF	2023	2022	+/- in %
Order intake	686,541	678,063	1.3
Revenues ¹	751,988	606,332	24.0
EBITDA ²	87,952	88,939	-1.1
in % of revenues	11.7	14.7	
Operating profit (EBIT) ²	67,774	71,732	-5.5
in % of revenues	9.0	11.8	
Group earnings after taxes (EAT)	43,836	51,773	-15.3
in % of revenues	5.7	8.5	
Free cash flow	51,688	17,622	193.3
Research and development	78,645	59,018	33.3
in % of revenues	10.5	9.7	
Total assets	708,917	783,506	-9.5
Shareholders' equity ³	390,596	416,589	-6.2
in % of total assets	55.1	53.2	
Net debt	92,927	105,512	-11.9
Headcount as at 31 Dec. (No.)	3,490	3,390	2.9

¹ Excluding one-time effect (CHF +10.9 million).

² Excluding one-time effects (CHF +5.0 million).

³ Equity attributable to shareholders of Komax Holding AG.

Komax registered share: key data

	2023	2022
Number of shares as at 31 Dec.	5,133,333	5,133,333
Basic earnings per share in CHF	8.55	12.11
Distribution per share in CHF	3.00 ¹	5.50
P/E (price-earnings ratio) as at 31 Dec.	23.5	21.3
Market capitalization as at 31 Dec. in CHF million	1,029.2	1,321.8

¹ Proposal of Board of Directors of Komax Holding AG to the Annual General Meeting.

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Komax is a globally active technology company that focuses on markets in the automation sector. As a leading manufacturer of innovative and high-quality solutions for the wire processing industry, the Komax Group helps its customers implement economical and safe manufacturing processes, especially in the automotive supply sector. The Komax Group employs more than 3400 people worldwide and provides sales and service support via subsidiaries and independent agents in more than 60 countries.

Komax Stories

Topics and insights from the world of automated wire processing: www.komaxgroup.com/en/stories