Dierikon, 13 August 2024

Media release

Ad hoc announcement pursuant to Art. 53 LR

2024 half-year results of the Komax Group

Consistent cost reduction and structural optimizations as the basis for future profitable growth

The first six months of 2024 were shaped by excess capacity in the automotive industry in Europe and Asia and persistent global uncertainties, leading to scaled-back investment activity on the part of customers. This resulted in an order intake that was down 22.1% at CHF 269.5 million (H1 2023: CHF 346.2 million), while revenues were 17.9% lower at CHF 323.5 million (H1 2023: CHF 393.8 million). A sharp drop in volume business had a disproportionate impact on operating profit (EBIT), which amounted to CHF 10.4 million (H1 2023: CHF 44.4 million), with an EBIT margin of 3.2% (H1 2023: 11.3%). Group earnings after taxes (EAT) were modestly positive at CHF 2.5 million (H1 2023: CHF 40.7 million). The Komax Group reacted to the challenging situation with comprehensive cost and structure optimizations, which are expected to lead to savings of approximately CHF 20 million by the end of 2024. It also improved its market position in China with the acquisition of a majority stake in Hosver. The Komax Group is convinced that it will emerge strengthened from the current phase of weakness.

"The market situation was very challenging for us in the first half of 2024. Following the record order intakes of previous years – due, among other things, to the war in Ukraine – a number of key markets exhibited signs of saturation," says Matijas Meyer, CEO Komax Group. "Excess capacity in the automotive industry, particularly in Europe and Asia, as well as persistent global uncertainties, made our customers reluctant to invest." Against this backdrop, the first half of 2024 saw the Komax Group record a significant decline in order intake (–22.1%) to CHF 269.5 million (H1 2023: CHF 346.2 million). Business was solid in North and South America, with customers from the industrial sector in general and from the automotive industry in North America in particular exhibiting an increasing willingness to invest. A very strong investment drive was also evident in India.

Significant decline in revenues by 17.9%

The solid order backlog as at the end of 2023 (CHF 208.2 million) partly compensated for the absence of orders at the start of the first half of 2024. By 30 June 2024, the order backlog amounted to CHF 163.4 million. In particular, a lack of volume business in Europe, which witnessed a drop in revenues of 37.6%, had a negative impact on revenues for the Komax Group, which declined by 17.9% (excluding a sale of a building in the first half of 2023) to CHF 323.5 million. The organic decline worked out at 18.1%, whereas acquisition-related growth was positive at 2.5%. The foreign currency impact was negative at –2.3%. As a result of the above-mentioned factors, the share of revenues accounted for by Europe decreased from 49.3% to 38.6%. In North/South America, the share of Group revenues rose to a high 33.2% (H1 2023: 24.1%), a consequence of the significant revenue increase of around 10% recorded by this region. The share contributed by Asia rose slightly to 18.9% (H1 2023: 15.9%), while Africa's share of revenues amounted to 9.3% (H1 2023: 10.7%).

Lack of volume business weighs on result

According to Christian Mäder, CFO Komax Group: "The lack of high-margin volume business in Europe and Asia weighed on results to a disproportionately high degree." One-off expenses of CHF 3.9 million, primarily as a result of restructurings, proved an additional burden. Overall, operating profit (EBIT) in the first half of the year stood at CHF 10.4 million (H1 2023: CHF 44.4 million, excluding the sale of a building). The EBIT margin amounted to 3.2% (H1 2023: 11.3%). One-off expenses had a negative impact of –1.2 percentage points on this margin. In addition, currency influences weighed on the EBIT margin to the tune of –0.6 percentage points. Comprehensive measures to improve profitability were already having a slightly positive effect on the operating result. Despite the subdued development of business, Group earnings after taxes (EAT) remained positive at CHF 2.5 million (H1 2023: CHF 40.7 million).

Stable financial foundation

The Komax Group continues to enjoy a very robust financial footing that will allow it to drive forward the continued development of the company in a targeted way. As per 30 June 2024, shareholders' equity amounted to CHF 386.9 million (31 December 2023: CHF 390.6 million), with the equity ratio coming in at 54.6% (31 December 2023: 55.1%). Free cash flow amounted to CHF 9.8 million (H1 2023: CHF 11.5 million, excluding the sale of a building). Net debt remained stable in the first half of the year at CHF 97.1 million (31 December 2023: CHF 92.9 million).

Consistent cost and structure optimizations

"We were proactive in responding to the challenges early on, initiating numerous structural and product portfolio optimizations, as well as cost reductions, already in the first half, while at the same time driving forward the integration of Schleuniger in a targeted way," explains Matijas Meyer. The product portfolio was streamlined with a best-of strategy to reduce both complexity and costs. For example, the wire stripper products (Mira series) and the cut & strip products (Kappa series) from Komax are discontinued in favor of the equivalent Schleuniger products.

The optimizations also included the further streamlining of the locational structure in Europe: Artos France was sold, and the Komax Testing Bulgaria site was closed. The latter's production was relocated to Türkiye, where it will strengthen the Komax Testing Türkiye site for the growing Turkish market. In addition, two Schleuniger production locations in Germany – namely in Jettingen (production of test automation solutions) and Sömmerda (production of quality tools) – will be closed in the second half of the year. The solutions produced in Jettingen will no longer be offered going forward, and as far as quality tools are concerned, the Komax Group is focusing its activities on its two other production sites in this area – one in Europe, the other in Asia. Structural adjustments are also taking place in Switzerland: the Komax Group will condense its future operations across two sites, namely in Dierikon and Thun. The production sites in Rotkreuz and Cham will be transferred to the headquarters in Dierikon by the end of 2024 and 2025, respectively. This step will reduce costs and simplify logistics, as well as shrinking the environmental footprint.

The global distribution structure was further optimized as per the start of July 2024: firstly by the takeover of Schleuniger distribution partner Seno in the Czech Republic, and secondly by the transfer of distribution and service to the distribution partner Smans for the Schleuniger product range in the Benelux countries. Smans will also continue to distribute the Komax products it has been marketing for over 40 years. In return, the Komax Group received a minority stake in Smans. With this development, the Komax Group is bundling distribution channels that had been operating in parallel since the combination with Schleuniger, as well as achieving greater customer proximity through just one point of contact.

In addition, new digital solutions were introduced in 2024 with a view to improving collaboration within the company and increasing cost efficiency in a lasting way. Various personnel measures were also initiated to better reflect the current market situation. For example, departing personnel were not replaced, while short-time working was introduced at the sites in Dierikon (from 1 May) and Cham (from 1 July) and small steps were taken to actively reduce the headcount. In the first half of 2024, the headcount declined by 61 employees to 3,429 employees. “With all the measures put in place, we already saved around CHF 3 million in the first six months of the year. As a number of initiated measures will only fully take effect in the second half of 2024, we are anticipating overall cost savings of around CHF 20 million by the end of the year. This will ensure that we are very well prepared for future growth,” explains Christian Mäder.

Acquisition of Hosver strengthens market position in China
With effect from July 2024, the Komax Group acquired a majority stake (56%) in Hosver, the leading manufacturer of machines for the processing of high-voltage cables in China. Matijas Meyer: “Hosver brings us additional engineering expertise for the Chinese market, as well as access to a number of key customers.” Hosver was founded in 2014 and manufactures its products with a workforce of around 160 staff in Suzhou, a city to the west of Shanghai. The agreement also includes an option to take over Hosver in full in the medium term.

In addition, the Komax Group has relocated Komax’s production in Shanghai to the Schleuniger site in Tianjin, thereby combining both capacity and expertise at a single production site. Moreover, it has chosen Tianjin as its new location for the production of wire twisting machines for the Chinese market, an activity that has previously been carried out at the headquarters in Switzerland. Going forward, the Shanghai site will focus on distribution, service, and testing products.

Outlook
The Komax Group is convinced that it will emerge strengthened from the current phase of weakness. It expects a slight improvement in the market situation in the second half of 2024. However, the visibility of business development remains low. Taking the first six months into account, the Komax Group expects revenues for 2024 as a whole to be around 20% lower than in the previous year. Thanks to numerous measures and strict cost discipline, it still expects EBIT to be modestly positive, despite the decline in revenues. Customers’ interest in increasing automation remains high, as does the potential of the Komax Group. This will materialize as soon as the willingness to invest – which is currently limited owing to excess capacity and geopolitical uncertainties – picks up again.

Contact
Roger Müller
Vice President Investor Relations / Corporate Communications
Phone +41 41 455 06 16
roger.mueller@komaxgroup.com

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 around 3400 people worldwide and provides sales and service support via subsidiaries and independent agents in more than 60 countries.

Key figures of the Komax Group

in TCHF	First half 2024	First half 2023	+/– in %
Order intake	269,544	346,200	–22.1
Revenues[1]	323,491	393,838	–17.9
EBITDA[1]	20,472	54,272	–62.3
in % of revenues[1]	6.3	13.8	
Operating result (EBIT)[1]	10,445	44,394	–76.5
in % of revenues[1]	3.2	11.3	
Group earnings after taxes (EAT)	2,516	40,657	–93.8
in % of revenues	0.8	10.0	
Free cash flow[1]	9,753	11,489	–15.1
Research and development	40,654	38,956	4.3
in % of revenues	12.6	9.6	

	30.06.2024	31.12.2023	+/– in %
Total assets	708,004	708,917	–0.1
Shareholders' equity[2]	386,891	390,596	–0.9
in % of total assets	54.6	55.1	
Net debt	–97,120	–92,927	4.5
Headcount (Number)	3,429	3,490	–1.7

[1] Excluding a sale of a building in the first half of 2023.
[2] Equity attributable to shareholders of Komax Holding AG.

Financial calendar	
Investor Day	22 November 2024
Preliminary information on 2024 financial year	21 January 2025
Annual media and analyst conference on the 2024 financial results	11 March 2025
Annual General Meeting	16 April 2025
Half-year results 2025	12 August 2025

The 2024 half-year report can be found at www.komaxgroup.com.

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