

DRIVING AUTO MATION FOR WARD

Short Report Half-Year
2019

komax

DEAR SHAREHOLDER

A challenging first half

The automotive industry's current weakness had a substantial impact on the Komax Group's result for the first half of the year. Various uncertainties such as the trade conflict between the USA and China, the Worldwide Harmonized Light Vehicles Test Procedure (WLTP), and Brexit have made customers generally cautious, causing them to postpone investments and numerous projects. Since Komax generates over 80% of its revenues in the automotive industry, the other market segments have been unable to compensate for this weakness despite being less significantly affected. Consequently, the first half of 2019 saw a 19.2% decrease in order intake to CHF 206.7 million (previous year: CHF 256.0 million) and a 14.2% decline in revenues to CHF 203.3 million (previous year: CHF 236.9 million). Acquisition-related growth (+1.3%) and the negative currency effect (-1.9%) also impacted revenue development. Already aware in March 2019 that the previous year's record result cannot be reached, Komax projected a 10% to 20% fall in order intake and revenues for the first half of 2019.

Growth in North/South America

The largest decrease in revenues was reported by Europe (-19.9%), but Asia (-18.3%) and Africa (-18.6%) also recorded significant declines. Developments were positive in both North and South America, where revenues were up by 7.5% overall. This was also due in part to the acquisition of US-based Artos Engineering, which has been contributing to the Komax Group's result since the second quarter of 2019. The takeover has helped Komax to improve its position in North America in particular.

High level of investment in research and development

To play its role in shaping the sector's future, market and technology leader Komax once again invested heavily in R&D in the first half of 2019: CHF 19.7 million (previous year: CHF 20.6 million) or 9.7% (previous year: 8.7%) of revenues. Although Komax managed to reduce costs in other areas in the first six months of 2019, the significantly lower revenue figure led to a 54.2% fall in operating profit (EBIT) to CHF 16.4 million (previous year: CHF 35.7 million). This gives an EBIT margin

of 8.0% (previous year: 15.1%). Operating profit was additionally hit by expenses for projects in new application areas such as data connectivity and aerospace. Group profit after taxes (EAT) decreased by 62.2% to CHF 10.7 million (previous year: CHF 28.3 million).

Four new production and development facilities

To be able to remain on a growth path in the coming years, Komax is investing heavily in capacity expansion at four sites. The newly built Kabatec facility in Burghaun, Germany, became operational in April 2019. The other three new production and development facilities – in Switzerland, Germany, and Hungary – are all scheduled for completion in the second half of 2019. Despite these large investments, the Komax Group's financial base remains robust: As at 30 June 2019, shareholders' equity totaled CHF 257.2 million (31 December 2018: CHF 281.6 million), while the equity ratio stood at 55.9% (31 December 2018: 60.8%). Free cash flow amounted to CHF -2.9 million (previous year: CHF 4.1 million), while net debt stood at CHF 71.2 million (31 December 2018: CHF 39.4 million).

Outlook

The Komax Group is confident it can achieve higher order intake, revenues, and EBIT in the second half of 2019 than in the first six months. After the very weak first months of 2019, business has stabilized. If the trend continues and this level can be maintained in the second half of the year, Komax expects to see full-year revenues of CHF 415 to 430 million for 2019, together with an EBIT margin of between 8% and 9%, in the knowledge that – in the current environment – a forecast of over two to three months is even more difficult than in previous years.



Dr. Beat Kälin
Chairman of the
Board of Directors



Matijas Meyer
CEO

13 August 2019

Half-year results 2019

Consolidated income statement

in TCHF	First half 2019	First half 2018	+/- in %
Revenues	203 314	236 923	-14.2
Gross profit	130 631	148 759	-12.2
EBITD	22 609	41 378	-45.4
Operating profit (EBIT)	16 357	35 730	-54.2
Financial result	-2 240	-2 309	-3.0
Group profit before taxes (EBT)	14 117	33 809	-58.2
Income taxes	-3 409	-5 477	-37.8
Group profit after taxes (EAT)	10 708	28 332	-62.2

Consolidated balance sheet

in TCHF	30.06.2019	31.12.2018	+/- in %
Current assets	290 569	313 605	-7.3
Non-current assets	169 599	149 299	13.6
Total assets	460 168	462 904	-0.6
Current liabilities	76 566	84 594	-9.5
Non-current liabilities	126 406	96 670	30.8
Equity attributable to shareholders' of Komax Holding AG	257 196	281 640	-8.7
Total liabilities and shareholders' equity	460 168	462 904	-0.6

Consolidated cash flow statement

in TCHF	First half 2019	First half 2018	+/- in %
Cash flow from operating activities	33 524	14 037	138.8
Cash flow from investing activities	-36 431	-9 890	268.4
Free cash flow	-2 907	4 147	-170.1
Distribution out of reserves from capital contributions ¹	-3 076	-5 745	-46.5
Distribution of dividends ²	-23 838	-19 149	24.5
Other cash flow from financing activities	28 058	22 684	23.7
Increase (+) / decrease (-) in funds³	-2 380	1 631	-245.9

¹ The payout from capital contribution reserves of CHF 0.80 (2018: CHF 1.50) per registered share was done in April 2019 (2018: April 2018).

² The distribution of dividends of CHF 6.20 (2018: CHF 5.00) per registered share was done in April 2019 (2018: April 2018).

³ Funds: cash and cash equivalents (including time deposits with a term of up to three months).

Key figures

	2019	2018
Net debt as at 30 June 2019 / 31 December 2018 in TCHF	71 164	39 358
Gross profit first half in % of revenues	64.3	62.8
EBITD first half in % of revenues	11.1	17.5
Operating profit (EBIT) first half in % of revenues	8.0	15.1
Group profit after taxes (EAT) first half in % of revenues	5.3	12.0
Research and development first half in % of revenues	9.7	8.7
Headcount as at 30 June 2019 / 31 December 2018	2 138	2 006

The complete consolidated half-year financial statements of the Komax Group, which were prepared in accordance with the Swiss GAAP FER guidelines, can be downloaded from www.komaxgroup.com.

Komax Holding AG

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Financial calendar

Preliminary information on 2019 financial year	28 January 2020
Annual media and analyst conference on the 2019 financial results	17 March 2020
Annual General Meeting	21 April 2020
Half-year results 2020	18 August 2020

Forward-looking statements

The present Short Report contains forward-looking statements in relation to Komax which are based on current assumptions and expectations. Unforeseeable events and developments could cause actual results to differ materially from those anticipated. Examples include: changes in the economic and legal environment, the outcome of legal disputes, exchange rate fluctuations, unexpected market behavior on the part of our competitors, negative publicity, and the departure of members of management. The forward-looking statements are pure assumptions, made on the basis of information that is currently available.

This Short Report and the Half-Year Report are available in English and German. The original German version is binding.

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