

SHAPING THE FUTURE OF AUTO MATION

Half-Year Report
2020

komax

HALF-YEAR REPORT

Komax Group: Business
in the first half of 2020

03

Consolidated
income statement

04

Consolidated
balance sheet

05

Consolidated statement
of shareholders' equity

06

Consolidated
cash flow statement

07

Notes

08

Financial calendar

12

DEAR SHAREHOLDER

The coronavirus pandemic dealt a major blow to the automotive industry in the first half of 2020. According to analyses by IHS Markit, around 30 million vehicles were produced in the first six months of the year – one third less than in 2019. IHS Markit anticipates a higher production volume in the second half of the year and expects production for 2020 as a whole to come to around 69 million vehicles. As the automotive industry accounts for roughly 80% of the Komax Group's revenues, the closure of many auto plants for several weeks had a significant impact on the result: order intake decreased by 30.4% to CHF 143.8 million (previous year: CHF 206.7 million) and revenues fell by 28.6% to CHF 145.2 million (previous year: CHF 203.3 million). The revenue result is attributable to an organic decline (–29.5%), acquisition-driven growth (+4.3%) and negative foreign currency effects (–3.4%).

Broad product portfolio and large customer base

If the number of vehicles produced decreases, customers usually have sufficient production capacity for wire processing and therefore have less need for additional automation solutions from Komax. This results in a disproportionately sharp fall in order intake relative to the decline in vehicle production. The fact that Komax was able to prevent this is related to its broad product portfolio and its extensive customer and installed machine base worldwide. Although volume business contracted significantly in the first half of the year, intensive sales activities, including activities outside of the automotive industry, made it possible to compensate for some of this contraction – this despite the fact that customers also postponed automation projects that are not dependent on the vehicle volumes produced.

Revenues fell sharply in all regions, with Asia registering the least pronounced decline (–19.0%). Asia was hit by the coronavirus pandemic in the first quarter, but subsequently staged a gradual recovery, making good some of the losses from the beginning of the year. Europe posted the biggest drop in revenues (–33.5%), followed by Africa (–28.3%) and North/South America (–27.0%).

Comprehensive cost-cutting measures

The sharp fall in revenues coupled with a product mix that proved disadvantageous had a substantial impact on the operating result (EBIT), leading to EBIT of CHF –4.7 million (previous year: CHF 16.4 million) and an EBIT margin of –3.2% (previous year: 8.0%). By responding extremely swiftly and implementing comprehensive cost-cutting measures at all its


companies, Komax was able to contain much of the loss. Action taken included the introduction of short-time working, reductions in numbers of temporary and fixed-term posts, a reduction in external services (e.g. research and development), and the postponement of projects. In addition, structures were adjusted in various companies and the headcount was reduced by a total of around 80 employees to 2135. The first few weeks of the second half of the year saw around 70 more employees laid off. Over the next few months, Komax will decide what scale of additional structural adjustments are necessary in order to ensure that the company is optimally positioned for the expected business activity in the years ahead. In 2020, Komax expects to reduce costs by between CHF 40 and 50 million versus 2019.

Financial stability

Group earnings after taxes (EAT) decreased to CHF –11.6 million (previous year: CHF 10.7 million). The financial result of CHF –4.7 million (previous year: CHF –2.2 million), which mainly comprises unrealized foreign exchange losses and increased interest costs, weighed on EAT. As at 30 June 2020, shareholders' equity totalled CHF 227.1 million (31 December 2019: CHF 244.6 million), while the equity ratio stood at 50.2% (31 December 2019: 50.8%). Free cash flow amounted to CHF –2.4 million (previous year: CHF –2.9 million), while net debt stood at CHF 109.5 million (31 December 2019: CHF 106.2 million).

Outlook

Visibility as regards business development remains very low and it is difficult to gauge how strongly the market will recover in the second half of the year. It is therefore not yet possible to issue any forecast for the 2020 financial year.



Dr. Beat Kälin
Chairman of the
Board of Directors



Matijas Meyer
CEO

11 August 2020

Consolidated income statement

in TCHF	First half 2020	%	First half 2019	%
Net sales	143 934		202 225	
Other operating income	1 311		1 089	
Revenues	145 245	100.0	203 314	100.0
Change in inventory of unfinished and finished goods	6 944		10 388	
Cost of materials	-60 170		-83 071	
Gross profit	92 019	63.4	130 631	64.3
Personnel expenses	-67 965		-79 319	
Depreciation on property, plant, and equipment	-5 344		-4 394	
Depreciation on intangible assets	-2 052		-1 858	
Other operating expenses	-21 345		-28 703	
Operating result (EBIT)	-4 687	-3.2	16 357	8.0
Financial result	-4 711		-2 240	
Group earnings before taxes (EBT)	-9 398	-6.5	14 117	6.9
Income taxes	-2 157		-3 409	
Group earnings after taxes (EAT)	-11 555	-8.0	10 708	5.3
Of which attributable to:				
- Shareholders' of Komax Holding AG	-11 555		10 708	
- Non-controlling interest	0		0	
Basic earnings per share (in CHF)	-3.00		2.79	
Diluted earnings per share (in CHF)	-3.00		2.78	

Consolidated balance sheet

in TCHF	30.06.2020	%	31.12.2019	%
Assets				
Cash and cash equivalents	46 072		47 454	
Securities	13		13	
Trade receivables	70 401		102 786	
Other receivables	20 123		22 911	
Inventories	111 084		110 831	
Accrued income and prepaid expenses	6 699		4 872	
Total current assets	254 392	56.3	288 867	60.0
Property, plant, and equipment	171 022		163 758	
Intangible assets	16 113		16 721	
Deferred tax assets	9 679		11 221	
Other non-current receivables	983		669	
Total non-current assets	197 797	43.7	192 369	40.0
Total assets	452 189	100.0	481 236	100.0
Liabilities				
Current financial liabilities	7 054		17 188	
Trade payables	13 246		20 720	
Other payables	29 274		31 964	
Current provisions	2 406		3 263	
Accrued expenses and deferred income	18 782		19 993	
Total current liabilities	70 762	15.7	93 128	19.4
Non-current financial liabilities	148 565		136 504	
Other non-current liabilities	1 037		2 185	
Deferred tax liabilities	4 676		4 815	
Total non-current liabilities	154 278	34.1	143 504	29.8
Total liabilities	225 040	49.8	236 632	49.2
Share capital	385		385	
Capital surplus	22 113		22 113	
Treasury shares	-841		-1 656	
Retained earnings	205 492		223 762	
Equity attributable to shareholders' of Komax Holding AG	227 149	50.2	244 604	50.8
Total liabilities and shareholders' equity	452 189	100.0	481 236	100.0

Consolidated statement of shareholders' equity

in TCHF	Share capital	Premium	Treasury shares	Goodwill offset	Currency differences	Other retained earnings	Total retained earnings	Shareholders' equity of Komax Holding AG
Balance as at 1 January 2019	385	24 569	-2 311	-72 267	-4 402	335 666	258 997	281 640
Group earnings after taxes						10 708	10 708	10 708
Capital increase from exercise of options	0	620					0	620
Distribution out of reserves from capital contributions		-3 076					0	-3 076
Dividend paid						-23 838	-23 838	-23 838
Purchase of treasury shares			-626				0	-626
Share-based payments			1 665			-1 044	-1 044	621
Goodwill offset with shareholders' equity				-7 287			-7 287	-7 287
Currency translation differences recorded in the reporting period					-1 566		-1 566	-1 566
Balance as at 30 June 2019	385	22 113	-1 272	-79 554	-5 968	321 492	235 970	257 196
Balance as at 1 January 2020	385	22 113	-1 656	-90 619	-9 786	324 167	223 762	244 604
Group earnings after taxes						-11 555	-11 555	-11 555
Purchase of treasury shares			-275				0	-275
Share-based payments			1 090			-891	-891	199
Currency translation differences recorded in the reporting period					-5 824		-5 824	-5 824
Balance as at 30 June 2020	385	22 113	-841	-90 619	-15 610	311 721	205 492	227 149

Consolidated cash flow statement

in TCHF	First half 2020	First half 2019
Cash flow from operating activities		
Group earnings after taxes	-11 555	10 708
Adjustment for non-cash items		
- Taxes	2 157	3 409
- Depreciation and impairment of property, plant, and equipment	5 344	4 394
- Depreciation and impairment of intangible assets	2 052	1 858
- Profit (-) / loss (+) from sale of non-current assets	-34	-206
- Expense for share-based payments	199	621
- Net financial result	4 711	2 240
Interest received and other financial income	151	134
Interest paid and other financial expenses	-2 728	-1 572
Taxes paid	-595	-5 018
Increase (+) / decrease (-) in provisions	-803	1 203
Increase (-) / decrease (+) in trade receivables	30 070	28 629
Increase (-) / decrease (+) in inventories	-3 642	-12 012
Increase (+) / decrease (-) in trade payables	-7 189	-4 024
Increase (-) / decrease (+) in other net current assets	-2 868	3 160
Total cash flow from operating activities	15 270	33 524
Cash flow from investing activities		
Investments in property, plant, and equipment	-15 187	-23 383
Sale of property, plant, and equipment	91	461
Investments in intangible assets	-1 588	-1 923
Sale of intangible assets	8	0
Investments in Group companies and participations ¹	-990	-9 344
Increase in granted loans	0	-2 242
Total cash flow from investing activities	-17 666	-36 431
Free cash flow	-2 396	-2 907
Cash flow from financing activities		
Decrease in current financial liabilities	-10 003	-1 595
Decrease in non-current financial liabilities	-465	-347
Increase in non-current financial liabilities	13 000	30 006
Capital increase (share-based payments)	0	620
Distribution out of reserves from capital contributions ²	0	-3 076
Dividend paid ²	0	-23 838
Purchase of treasury shares	-275	-626
Total cash flow from financing activities	2 257	1 144
Effect of currency translations on cash and cash equivalents	-1 243	-617
Increase (+) / decrease (-) in funds	-1 382	-2 380
Cash and cash equivalents at 1 January	47 454	50 965
Cash and cash equivalents at 30 June	46 072	48 585

¹ Less cash and cash equivalents acquired.

² The Annual General Meeting of 11 May 2020 decided not to make a distribution in 2020.

Condensed notes to the consolidated financial statements

1 Corporate accounting policies

The present consolidated financial statements comprise the unaudited consolidated half-year financial statements of Komax Holding AG, which is domiciled in Switzerland, and its subsidiaries for the reporting period ended 30 June 2020.

The consolidated half-year and full-year financial statements have been drawn up in accordance with the existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations). Furthermore, the provisions of the Swiss company law have been complied with.

The consolidated half-year financial statements have been drawn up in accordance with Swiss GAAP FER 31 "Complementary Recommendation for Listed Companies". As the consolidated half-year financial statements do not contain all the information set out in the consolidated annual financial statements, they should be read in conjunction with the consolidated financial statements as at 31 December 2019.

Preparation of the consolidated half-year financial statements requires the Board of Directors and Group Management to make estimates and assumptions that have an effect on the stated income, expenses, assets and liabilities, as well as the disclosure of contingent liabilities. If, at a later point in time, the estimates and assumptions made by management in good faith at the time of the interim financial statements are found to differ from actual conditions, the original estimates and assumptions are revised accordingly in the reporting period in which conditions changed. In the consolidated half-year financial statements, management has not made any new assumptions or estimates compared with the consolidated financial statements as at 31 December 2019.

The Komax Group operates in business sectors where sales are not subject to any material seasonal or cyclical fluctuations over the course of the financial year.

Income taxes are calculated based on the best estimate of the expected weighted average tax rate for the financial year as a whole.

By stating its free cash flow in the cash flow statement, the Komax Group is reporting an item that is not in conformity with Swiss GAAP FER, but is nonetheless a key figure for Komax, as well as being widely used and recognized in the financial sector. This key figure is an amalgamation of cash flow from operating activities and cash flow from investing activities. In the income statement, Komax discloses the revenues as an additional subtotal that is not defined under Swiss GAAP FER. This subtotal includes beside the net sales as well the other operating income and is being used for the calculation of important key figures. As gross profit is an important key figure for Komax, the corresponding interim total is reported separately in the income statement. Gross profit comprises revenues (net sales and other operating income) minus the cost of materials and changes in inventory of unfinished and finished goods.

2 Scope of consolidation

The consolidated half-year financial statements include the separate financial statements of Komax Holding AG, Dierikon, Switzerland, and all subsidiaries where Komax Holding AG directly or indirectly holds more than 50% of the voting power or otherwise exercises control over the entity's financial and operating policies. These companies are fully consolidated. Associated companies in which the Komax Group holds at least 20% of votes, but in which it has a stake of less than 50% or on which it exerts a key influence in other ways, are recognized by the equity method.

In the first half of 2020, there were no changes in the scope of consolidation. All subsidiaries are listed on pages 112 and 113 of the 2019 Annual Report.

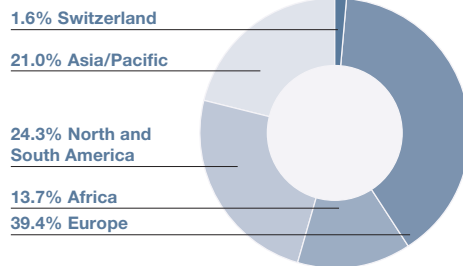
3 Notes to the consolidated financial statements

Below, we provide a number of supplementary notes to the information already set out in the Shareholders' letter.

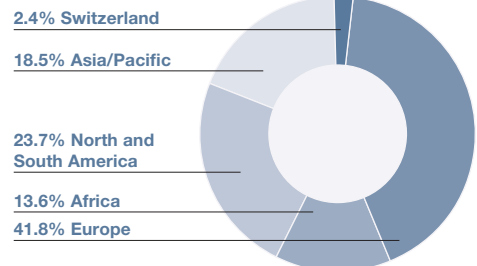
3.1 Income statement

The percentage breakdown of revenues by region is as follows:

First half 2020



First half 2019



For further notes on revenue development and profitability, we refer you again to the Shareholders' letter.

Due to the negative effects of the Covid-19 crisis, various measures were taken to reduce costs. In addition, during the current reporting period the Komax Group received government support of CHF 11.3 million (previous year: CHF 0.0 million), some of which took the form of compensation for short-time working.

The tax rate for the first half of 2020 is -23.0% (previous year: 24.1%). Some of the Komax Group companies reported a profit for the first half of 2020 and have formed tax provisions accordingly. Since Komax does not capitalize tax-loss carry forwards for companies reporting a loss, the Komax Group is stating tax expenses of CHF -2.2 million despite the negative Group earnings before taxes (EBT).

3.2 Balance sheet

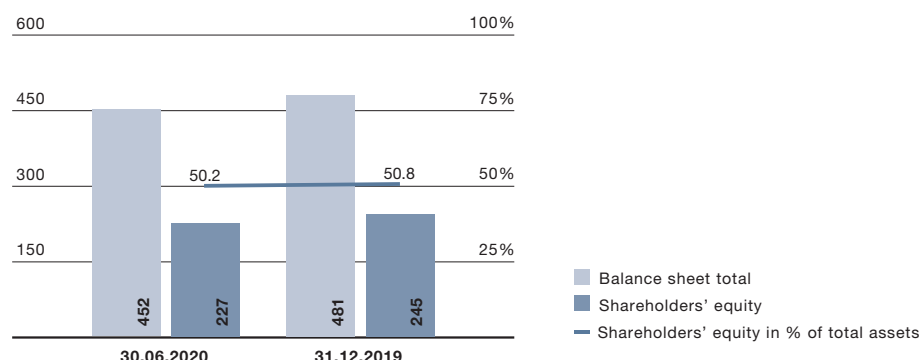
Total assets decreased by CHF 29.0 million to CHF 452.2 million in comparison to 31 December 2019. Trade receivables were reduced by CHF 32.4 million. Investments, mainly in capacity expansion at the headquarters in Dierikon, led to an increase in property, plant, and equipment by CHF 7.3 million. The company moved into the building in the first half of 2020.

To ensure long-term financing, the syndicated loan facility was increased by CHF 30.0 million in February 2020. The covenant for the syndicated loan was adjusted due to the changing market environment. From 30 June 2020 to 30 June 2021, EBITDA will be regarded as the binding financial indicator and not the gearing factor as before. Thereafter, the gearing factor will once again serve as the binding financial indicator.

The equity ratio declined from 50.8% as at 31 December 2019 to 50.2% as at 30 June 2020.

Shareholders' equity

in CHF million



3.3 Statement of shareholders' equity

Shareholders' equity declined by CHF 17.5 million in comparison to 31 December 2019. The Group earnings after taxes reduced equity by CHF 11.6 million (previous year: increase CHF 10.7 million). With a view to foresighted liquidity planning, it was decided not to make any dividend payment or distribution from capital contribution reserves in 2020 (previous year: CHF 26.9 million). The impact of currency translation differences was sharply negative at CHF -5.8 million: (previous year: CHF -1.6 million), as various exchange rates were drastically lower on the balance sheet date than on 31 December 2019.

3.4 Cash flow statement

Cash flow from operating activities declined to CHF 15.3 million (previous year: CHF 33.5 million) mainly because of the negative Group earnings after taxes. The reduction in trade receivables by CHF 30.1 million had a positive impact on cash flow from operating activities. Further investments in property, plant, and equipment (capacity expansions) resulted in a negative free cash flow of CHF -2.4 million (previous year: CHF -2.9 million). The impact of currency translation differences on cash and cash equivalents was negative at CHF -1.2 million (previous year: CHF -0.6 million). As at 30 June 2020, cash and cash equivalents amounted to CHF 46.1 million, a decline of CHF -1.4 million on the figure recorded as at 31 December 2019.

4 Segment information

The Komax Group is a global technology company that focuses on markets in the automation sector. As a manufacturer of innovative and high-quality solutions for the wire processing industry, Komax helps its customers implement economical and safe manufacturing processes, especially in the automotive supply sector. All Group companies are active in wire processing, have a uniform client base, and are centrally managed. The Board of Directors and the Group Executive Committee, which make the key strategic and operating decisions, manage the Komax Group primarily on the basis of the financial statements of the individual companies, the Management Information System, and the consolidated financial statements. Due to the commercial similarity and interconnections of the Group companies, Komax presents its business in amalgamated form as a single segment, in accordance with Swiss GAAP FER 31.

5 Acquisitions

The Komax Group did not make any acquisitions in the first half of 2020. Information on the acquisitions effected in the previous year can be found in Note 4.2 on page 110 of the 2019 Annual Report.

6 Exchange rates

The most important half-year and average exchange rates for Komax were as follows:

Currency	Rate on 30.06.2020	Average rate in first half 2020	Rate on 30.06.2019	Average rate in first half 2019
USD	0.960	0.980	0.990	1.010
EUR	1.080	1.080	1.120	1.140
CNY	0.136	0.140	0.143	0.149

7 Events after the balance sheet date

No significant events occurred between the balance sheet date and the approval of the consolidated financial statements by the Board of Directors on 11 August 2020 which might adversely affect the information content of the 2020 half-year financial statements or which would require disclosure.

8 Information for shareholders

Komax Holding AG registered shares are listed on SIX Swiss Exchange. Security no.: 1070215; Bloomberg: KOMN SW; Thomson Reuters: KOMN.S

	30.06.2020	31.12.2019
Share capital (in TCHF)	385	385
No. of shares (in units)	3 850 000	3 850 000
Market capitalization as at reference date (in TCHF)	592 130	910 140
Closing price as at reference date (in CHF)	153.80	236.40

Komax Holding AG

Investor Relations/Corporate Communications

Roger Müller

Industriestrasse 6

6036 Dierikon

Switzerland

Phone +41 41 455 04 55

komaxgroup.com

Financial calendar

Investor Day	23 October 2020
Preliminary information on 2020 financial year	26 January 2021
Annual media and analyst conference on the 2020 financial results	16 March 2021
Annual General Meeting	14 April 2021
Half-year results 2021	17 August 2021

Forward-looking statements

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

Imprint

Published by:
Komax Holding AG, Dierikon

Design and realization:
Linkgroup AG, Zurich
www.linkgroup.ch