

Dierikon, 21 March 2017

## Media release

Annual financial statements of the Komax Group

### **A successful year: significant increase in revenues and profit**

**The Komax Group significantly exceeded the strong result from the previous year and achieved a very good result. Consolidated revenues rose to CHF 373.0 million (+18.4%), the operating result excluding one-off expenses to around CHF 57 million (EBIT; +14.1%) and Group profit after taxes to CHF 35.5 million (EAT; +21.5%). Restructuring costs and other extraordinary expenses amounting to CHF 6.4 million impaired the operating result. The Board of Directors and the Executive Committee are looking to 2017 with confidence. Owing to the positive outlook and the gratifying result, the Board of Directors is proposing an increase in the distribution to CHF 6.50 per share (previous year: CHF 6.00). The distribution comprises a dividend of CHF 5.00 and a distribution from capital contribution reserves of CHF 1.50.**

The 2016 financial year was an intensive one for the Komax Group in many respects, as it was characterized by various events that will be important to the company's future success. These included the sale of the Medtech business unit, four acquisitions, the establishment of a new location in Mexico, the restructuring exercises in Porta Westfalica, Germany, the formulation of the 2017–2021 strategy, and the launch of numerous new products. Komax has responded well to the challenges presented by these events, while at the same time achieving a very pleasing result.

#### **Organic growth of 8.8%**

Order intake increased by 6.3% to CHF 370.2 million (2015: CHF 348.4 million) while consolidated revenues rose by as much as 18.4% to CHF 373.0 million (2015: CHF 315.1 million). Internal growth amounted to 8.8%. The foreign currency effect at revenues level amounted to +0.8%. Operating profit (EBIT) excluding one-off expenses rose to around CHF 57 million (2015: CHF 49.9 million). "By incurring one-off expenses, we optimized various areas of our organization in 2016 with the aim of strengthening our future market position," explains Komax Group CEO Matijas Meyer. This included restructuring at the Porta Westfalica site, which generated costs of CHF 2.4 million. Furthermore, EBIT was reduced by an additional amount of approximately CHF 4 million to CHF 50.6 million owing to extraordinary expenses in Turkey, the establishment of the new location in Mexico, and the higher costs of the option program (due to expire in 2018) that is the result of the strong rise in the share price.

Group profit after taxes from continuing operations rose by 9.5% to CHF 39.5 million (2015: CHF 36.1 million). Group profit after taxes (EAT) rose even more strongly, namely by 21.5% to CHF 35.5 million (2015: CHF 29.2 million).

### **Successful sale of Komax Medtech**

Komax spent a considerable period of time looking for a suitable strategic buyer for its Medtech business unit. It finally found such a candidate in the form of GIMA, a subsidiary of Italy's IMA Group, and duly completed the sale in the first half of 2016. The timing of the sale was ideal: the record-high order intake at Komax Medtech was a contributory factor to the success of the sale. "This divestment and the associated focus on the Wire business has increased our entrepreneurial freedom in our core business," says Beat Kälin, Chairman of the Board of Directors.

The prior-year figures have been adjusted accordingly as a result of this divestment, and Komax Medtech is reported under "Result from discontinued operations", in conformity with IFRS 5. The "Result from discontinued operations" amounted to CHF –4.0 million (2015: CHF –6.9 million). In particular, this figure includes taxes, transaction costs, and foreign currency losses that impacted on the income statement as a result of the sale, as well as the difference between the realized earn-out (CHF 4.1 million) and the maximum possible earn-out (CHF 6.0 million). This earn-out reduction is explained by a slowdown in business at the divested Medtech business unit in the second half of the year, as well as by the fact that Komax was able to assign significant warranties to GIMA.

### **Strong financial foundation**

The Komax Group remains in very strong financial shape: as at 31 December 2016, shareholders' equity totalled CHF 311.9 million (2015: CHF 283.1 million) while the equity ratio stood at 72.6% (2015: 71.0%). Free cash flow came in at CHF 2.7 million (2015: CHF 24.5 million). The decline compared to the previous year is a reflection of Komax's significant acquisition activity in 2016. Net cash declined to CHF 17.4 million (2015: CHF 34.4 million). "This very robust financial footing enables us to continue to make above-average investments in research and development, as well as in distribution and marketing activities. In addition, we have the financial resources to drive forward the further development of the Group in a targeted way," says Matijas Meyer.

### **Investment in future success**

In 2016, the Komax Group succeeded in increasing net sales significantly not only in Europe including Africa (+16.6%), but also in North/South America (+21.0%) and Asia/Pacific (+18.9%). Contributory factors here included not just the various acquisitions (Thonauer Group, SLE Electronics USA, Ondal Tape Processing and Kabatec), but also in particular a number of new products that enjoyed successful market launches. In order to be able to position the new products optimally and establish an even stronger footing in market segments outside the automotive industry (aerospace, telecom/datacom, industrial), Komax invested more strongly in marketing and distribution services.

This additional expenditure – which was incurred in the second half of 2016 in particular – depressed profitability. "To enable us to achieve our ambitious growth targets defined in the 2017–2021 strategy, it was important to lay the foundations for a successful future as early as 2016," explains Matijas Meyer. "We have thus systematically addressed the challenges and carried out optimizations and restructuring where necessary. At the same time, we have strengthened our position with various acquisitions and made targeted investments into the digital transformation of the company." These investments include a new CRM (Customer Relationship Management) system, and a global ERP (Enterprise Resource Planning) system that will be implemented in the first Komax companies from April 2017.

### **Higher distribution**

“In view of the very pleasing result and the positive outlook, the Board of Directors is proposing to the Annual General Meeting an increase in the distribution from CHF 6.00 to CHF 6.50 per share,” says Beat Kälin. This corresponds to a high payout ratio of 69.1%, which is above the strategic bandwidth of 50%–60%. The distribution comprises a dividend of CHF 5.00 and a distribution from capital contribution reserves of CHF 1.50. The latter is tax-free for persons domiciled in Switzerland who hold shares as part of their private assets. The dividend yield (calculated on the basis of the 2016 year-end closing price of the share) amounts to an attractive 2.6%.

### **New Board of Directors**

Having formulated the 2017–2021 strategy, the Board of Directors decided to strengthen its existing competencies in the area of digital transformation. “We therefore propose that the Annual General Meeting elect Andreas Häberli as a new Board member,” says Beat Kälin. The remaining five members of the Board of Directors are all standing for re-election.

### **Changeover from IFRS to Swiss GAAP FER**

The Komax Group changed its accounting standard from IFRS to Swiss GAAP FER with effect from 1 January 2017. This changeover has been driven by the relentless increase in scope of the IFRS standards as well as the ever-increasing number of complex and formal individual regulations. The Swiss GAAP FER standard is particularly suited to the needs of medium-sized international companies like the Komax Group. It will continue to guarantee transparent reporting for shareholders in accordance with the “true and fair” principle.

### **Outlook**

The Komax Group is very well positioned, and is confident of achieving a result in the 2017 financial year that is in line with its strategic targets for 2017–2021. After the first two months of 2017, we expect momentum in the automotive industry to remain strong, and anticipate that demand for automation solutions for wire processing will remain high. The above applies only if the political and global economic framework remains stable.

The constant rise in the number of vehicles being manufactured, the ever-increasing number of wires that need to be integrated into the individual vehicles, the many new types of wire, and the growing need for miniaturization are all positive trends for Komax. With its broad and innovative spectrum of solutions, Komax is ideally equipped for a successful future.

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The 2016 annual report can be downloaded from [www.komaxgroup.com/annual-report](http://www.komaxgroup.com/annual-report).

### Strategic target 2017–2021

	2021	2016
Revenues (in CHF million)	500–600	373.0
EBIT (in CHF million)	80–100	50.6
	<b>2017–2021</b>	<b>2016</b>
RONCE (in %)	Avg. 25	24.2
Payout ratio (in % of EAT)	50–60	69.1

### Key figures of the Komax Group

in TCHF	2016	2015 <sup>1</sup>	+/- in %
Order intake	370,246	348,386	6.3
Revenues <sup>2</sup>	372,972	315,093	18.4
EBITD	61,058	59,123	3.3
in % of revenues	16.4	18.8	
Operating profit (EBIT) excluding one-off expenses <sup>3</sup>	Approx. 57,000	49,938	Approx. 14.1
in % of revenues	Approx. 15.3	15.8	
Group profit after taxes from continuing operations	39,530	36,108	9.5
in % of revenues	10.6	11.5	
Result from discontinued operations	–4,041	–6,893	–41.4
Group profit after taxes (EAT)	35,489	29,215	21.5
in % of revenues	9.5	9.3	
Free cash flow	2,674	24,519	–89.1
Research and development	29,020	25,315	14.6
in % of revenues	7.8	8.0	
Total assets	429,605	398,967	7.7
Shareholders' equity <sup>4</sup>	311,910	283,134	10.2
as % of total assets	72.6	71.0	
Net cash	17,393	34,365	–49.4
Headcount as at 31 Dec. (No.)	1,633	1,347	21.2

<sup>1</sup> As a result of the sale of Komax Medtech, the 2015 figures have been restated in accordance to IFRS 5.

<sup>2</sup> Revenues: Net sales + other operating income.

<sup>3</sup> EBIT incl. one-off expenses: CHF 50.6 million.

<sup>4</sup> Share of shareholders' equity attributable to the shareholders of the parent company.

## Key data Komax registered share

	2016	2015
Number of shares as at 31 Dec.	3,774,148	3,691,651
Basic earnings per share in CHF	9.49	8.00
Distribution per share in CHF	6.50 <sup>1</sup>	6.00
Dividend yield as at 31 Dec. in %	2.6 <sup>1</sup>	3.1
P/E (price-earnings ratio) as at 31 Dec.	26.5	24.4
Market capitalization as at 31 Dec. in CHF million	948.3	719.5

<sup>1</sup> Proposal of Board of Directors of Komax Holding AG to the Annual General Meeting.

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### Financial calendar

Annual General Meeting	12 May 2017
Dividend payment	18 May 2017
Half-year results for 2017	24 August 2017
Preview of full-year results for 2017	23 January 2018
Annual media and analyst conference on the 2017 financial results	20 March 2018
Annual General Meeting	19 April 2018

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Komax is a globally active technology group 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 1600 people worldwide and provides sales and service support via subsidiaries and independent agents in around 60 countries.