

Dierikon, 20 August 2019

## Media release

2019 half-year results of the Komax Group

### **A challenging first half**

**The Komax Group faced considerable headwinds in the first half of 2019 against the backdrop of a struggling automotive industry. With customers investing significantly less, order intake declined by 19.2% to CHF 206.7 million compared with the previous year, while revenues decreased by 14.2% to CHF 203.3 million. Komax is continuing to invest heavily in research and development so that it can expand its technology leadership further. As the company incurred additional expenses for projects in new application areas, the operating result (EBIT) declined by 54.2% to CHF 16.4 million while Group profit after taxes (EAT) fell by 62.2% to CHF 10.7 million. If the trend of the second quarter continues, Komax is confident of being able to achieve a higher order intake, increased revenues, and higher EBIT in H2 2019 than in the first six months of the year.**

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. "The Komax Group will continue to pursue this strategy in the second half of the year and work towards strengthening its proximity to customers in individual regions. This is precisely what we are doing in Thailand, for example, where Komax will now be present with its own company," says Matijas Meyer, CEO of the Komax Group.

#### **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. The foreign-currency impact on the EBIT margin amounted to minus 1.1 percentage points. Group profit after taxes (EAT) decreased by 62.2% to CHF 10.7 million (previous year: CHF 28.3 million). Due to the high tax rate of 24.1% (previous year: 16.2%), EAT declined even more sharply than EBIT. Basic earnings per share amount to CHF 2.79 (previous year: CHF 7.41).

#### **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,” explains Komax Group CFO Andreas Wolfisberg. 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 of the second quarter 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. Despite the current phase of weakness, Matijas Meyer remains positive with regard to Komax’s medium-term outlook: “Thanks to our very strong global positioning and the ongoing trend toward automation, we are convinced that Komax will enjoy considerable growth potential over the next few years – and that we will be able to exploit this potential.”

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The 2019 half-year report can be found at [www.komaxgroup.com](http://www.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 more than 2000 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 2019	First half 2018	+/- in %
Order intake	206,717	255,953	-19.2
Revenues	203,314	236,923	-14.2
EBITD	22,609	41,378	-45.4
in % of revenues	11.1	17.5	
Operating profit (EBIT)	16,357	35,730	-54.2
in % of revenues	8.0	15.1	
Group profit after taxes (EAT)	10,708	28,332	-62.2
in % of revenues	5.3	12.0	
Free cash flow	-2,907	4,147	-170.1
Research and development	19,661	20,639	-4.7
in % of revenues	9.7	8.7	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>+/- in %</b>
Total assets	460,168	462,904	-0.6
Shareholders' equity <sup>1</sup>	257,196	281,640	-8.7
in % of total assets	55.9	60.8	
Net debt	71,164	39,358	80.8
Headcount (Number)	2,138	2,006	6.6

<sup>1</sup> Equity attributable to shareholders' of Komax Holding AG.

### 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