

Dierikon, 28 January 2020

Media release

Preliminary information on 2019 financial year

Komax is reviewing its structures

2019 was a challenging year for the Komax Group. Owing to a sluggish automotive industry, it fell well short of the record result achieved in 2018: Order intake decreased by 17.7% to CHF 408.7 million (prior year: CHF 496.7 million), while revenues were approximately 13% lower at around CHF 415 million (prior year: CHF 479.7 million). The EBIT margin is approximately 5.5% (prior year: 14.0%). As customers continue to put off projects and it is currently unclear when the upward trend will kick in, Komax is using the time to review its structures and, where necessary, make organizational and personnel adjustments. In Switzerland, Komax plans to introduce short-time work from 1 March 2020.

The market situation observed in the first half of 2019 continued in the second half. Various global political factors (including the trade conflict between the US and China) are creating a general mood of uncertainty. As a result, customers are taking a very cautious approach to investments and continually putting off projects. Whereas revenues increased a little in the second half of the year – partly due to two acquisitions – (first half 2019: CHF 203.3 million, second half 2019: around CHF 212 million), order intake (first half 2019: CHF 206.7 million, second half 2019: CHF 202.0 million) and the EBIT margin (first half 2019: 8.0%, second half 2019: around 4%) failed to match the first six months. At the end of August 2019, Komax forecast revenues of CHF 415–430 million and an EBIT margin of 8%–9% for the 2019 financial year. Reporting revenues of around CHF 415 million and an EBIT margin of approximately 5.5%, Komax was unable to meet its own expectations, since unforeseen high additional expenses on individual customer-specific pioneer projects made the predicted EBIT growth impossible in the second half. These major projects are predominantly connected with new technologies in the automotive industry that are currently being developed and will be important for the future growth of Komax. Komax has drawn the lessons from the developments witnessed in 2019 and, in future, will once again focus on orders involving less risk in project business.

Measures to improve profitability

Komax has seen very strong growth in recent years and realigned its structures accordingly. In order to improve profitability in what is expected to remain a challenging market environment in 2020, Komax will in the coming months be reviewing its structures throughout the Group and will implement any necessary organizational and personnel changes. This is on condition that innovativeness and customer proximity are affected as little as possible. In this connection, individual redundancies cannot be ruled out either.

Subject to the approval of the authorities, Komax plans to introduce short-time work at the three Swiss sites (Dierikon, Rotkreuz and Küssnacht am Rigi) effective 1 March 2020. Komax's reasoning for taking this measure is to protect as many jobs as possible at its three production and development sites.

In the coming weeks, the Board of Directors will assess the current market situation and the market analyses for the following years as well as review the financial goals for the strategy period 2017–2021.

Growth outlook still positive

As Komax customers continue to target a significant increase in the level of automation in wire processing going forward, Komax's medium- and long-term outlook remains positive. With more and more electrical functions integrated into vehicles, the number of wires is also on the rise. Higher wage costs, a lack of staff availability, miniaturization in wires, e-mobility and autonomous driving are among the key reasons why customers have a considerable interest in stepping up the automation of wire processing. This is why Komax is confident that, when the market picks up anew, the substantial investments made in research and development over the past few years will pay off and Komax will again grow faster than the market.

The Komax Group will publish the detailed financial statements for 2019 as well as the outlook for 2020 on 17 March 2020.

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Financial calendar

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
Investor Day	23 October 2020

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 2200 people worldwide and provides sales and service support via subsidiaries and independent agents in more than 60 countries.