

Dierikon, 21 August 2012

Media release – business in the first half of 2012

Komax Wire – ongoing strong performance

The first half of 2012 was characterized by different developments for the individual business areas of the Komax Group. Whereas the wire processing machine business was able to build on the excellent results of the previous year, the Solar and Medtech segments suffered from difficult commercial parameters.

In the first half of 2012, Komax felt the repercussions of the ongoing crisis in the photovoltaics industry and the reticent ordering behaviour of customers in the Medtech area. As a result, revenues declined by 23.0% to CHF 142.3 million. Expressed in local currency terms, the decrease was 20.1%. The operating profit (EBIT) was at CHF 9.0 million (–66.2%), and Group profit after taxes came in at CHF 9.0 million (previous year: CHF 17.0 million), which equates to a net profit margin of 6.3%. Free cash flow increased to CHF 17.2 million (previous year: CHF –10.4 million).

The Komax Group continues to enjoy a very solid financial base. As at 30 June 2012, shareholders' equity totaled CHF 246.0 million (31.12.2011: CHF 247.0 million). Accordingly, the equity ratio amounted to 69.3%. Net cash increased to CHF 8.3 million (31.12.2011: CHF 5.6 million).

Komax Wire posts excellent result

The demand for wire processing machines developed in a very satisfactory way in the first half of 2012. Komax Wire essentially continued to benefit from the generally good health of the automotive industry, which is continuing to invest significant sums in automation solutions. The Group's other target markets, namely household appliances, control cabinet manufacturing and electronic devices, also proved robust. The relatively modest demand from Asia, southern Europe and Africa was offset by developments in other regions.

The order intake totalled CHF 106.7 million (previous year: CHF 109.8 million), while net sales stood at CHF 105.9 million (previous year: CHF 103.2 million) and EBIT came in at CHF 26.6 million (previous year: CHF 26.8 million). In the first six months of the year, Komax Wire further strengthened its structures in the production, marketing and sales areas. Despite the additional costs incurred as a result, the EBIT margin remained largely unchanged at 25.1% (previous year: 26.0%). Thanks to its acquisition of the Japanese company MCM Cosmic KK, Komax Wire also expanded its product range with smaller and simpler machines, as well as with machinery for processing coaxial cable, while at the same time securing better access to Japanese clients.

Komax Solar and Komax Medtech facing a challenging environment

Komax Solar and Komax Medtech suffered from a weakness in demand in their markets. The photovoltaic industry has been in crisis for more than a year now. The entire industry is suffering from severe overcapacity problems, while the market for solar module production equipment has collapsed completely. Accordingly, Komax Solar's order intake in the first half of 2012 was at just CHF 4.3 million (previous year: CHF 53.4 million), while net sales declined to CHF 5.8 million (previous year: CHF 43.9 million). EBIT came in at CHF –10.2 million (previous year: CHF 2.4 million). Komax Solar reacted to the decline in demand at an early stage, adjusting structures at its York location to the expected market situation. However, the cost savings achieved through the headcount reduction of around 70 persons will not feed through into the result until the second half of 2012. The existing product range has been further developed, and marketing continues unabated.

The unsatisfactory results posted by Komax Medtech are the result of reticent investment behaviour on the part of customers, who have been postponing intended projects, compounded by additional costs incurred on individual projects and by currency-related margin pressures. The order intake virtually halved to CHF 25.5 million (previous year: CHF 47.6 million). Net sales amounted to CHF 31.0 million (previous year: CHF 38.6 million). EBIT slid into the red and stood at CHF –3.1 million (previous year: CHF 1.8 million). Komax Medtech responded immediately, introducing short-time working at its La Chaux-de-Fonds site as of June. Here too, however, the impact of these measures will only be felt in the results for the second half of the year.

Komax Wire strengthens market position

On 8 August 2012, Komax concluded an agreement to acquire all the shares of TSK Prüfsysteme GmbH, Porta Westfalica, Germany. The TSK Group enjoys a leading position on the global market in the field of test systems and adaptation units for testing wire harnesses and further electrical and electronic assemblies and components. The company generates revenues of around CHF 30 million.

Outlook

Due to macroeconomic uncertainties and the latent threat of a global economic slowdown as a result of the persistent Eurozone crisis and the high indebtedness of a number of countries, it remains very difficult to make forecasts.

As things stand, the demand situation at Komax Wire remains robust. However, visibility does not stretch beyond two to three months in this business. Taking into account all the information currently available, excluding acquisitions, we anticipate that Komax Wire will achieve net sales similar to the first half of the year in the second half of 2012.

The commercial parameters confronting Komax Solar remain extremely challenging for the second half of the year too, and it is still very difficult to predict precisely when the solar industry will finally emerge from its crisis. Komax Solar is analyzing the situation continually, and will take further measures to reduce costs if necessary. The first positive effects of the structural adjustments already implemented will be felt in the second half of the year.

Komax Medtech's order intake reveals a positive development. On the basis of this trend, we are expecting an improvement in the result for the second half of the year compared to the first six months.

Financial calendar

First information on the year 2012
Annual media conference/analysts' presentation 2012
Generalversammlung
Half-year results 2013

15 January 2013
19 March 2013
3 May 2013
20 August 2013

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The Komax Group is a leading manufacturer of wire processing machines, machines for the production of modules for the photovoltaics market and machine systems for the manufacture of inhalers and insulin delivery or injection systems. It employs a workforce of around 1 100 people. Alongside production facilities in Switzerland, France, the United States, Malaysia and China, Komax also provides sales and service support via subsidiaries and independent agents in around 60 countries.

Appendix

Key figures of the Komax Group

Consolidated balance sheet	30.06.2012	31.12.2011	+/- in %
	TCHF	TCHF	
Total assets	355 031	361 448	-1.8
Non-current assets	116 535	112 454	3.6
Current assets	238 496	248 994	-4.2
Intangible assets	34 793	34 339	1.3
Net cash	8 297	5 604	48.1
Shareholders' equity ¹⁾ in % of total assets	246 032 69.3	246 994 68.3	-0.4

Consolidated income statement	First half 2012	First half 2011	+/- in %
	TCHF	TCHF	
Order intake	136 508	210 700	-35.2
Revenues ²⁾	142 278	184 866	-23.0
Gross profit in % of revenues	81 756 57.5	101 604 55.0	-19.5
Operating cash flow (EBITD) in % of revenues	12 834 9.0	30 224 16.3	-57.5
Operating profit (EBIT) in % of revenues	9 010 6.3	26 690 14.4	-66.2
Group profit after taxes (EAT) in % of revenues	8 995 6.3	17 030 9.2	-47.2
Free cash flow	17 169	-10 366	265.6

Information by segment	Wire	Solar	Medtech
First half 2012	TCHF	TCHF	TCHF
Order intake	106 662	4 337	25 509
Net sales	105 873	5 781	31 014
EBIT	26 614	-10 192	-3 079
First half 2011			
Order intake	109 765	53 365	47 570
Net sales	103 204	43 874	38 578
EBIT	26 802	2 367	1 755

	30.06.2012	31.12.2011	+/- in %
Number of employees	992	1 140	-13.0

¹⁾ Equity attributable to equity holders of the parent company.

²⁾ Revenues: Net sales + other operating income.

You can obtain further information on our website www.komaxgroup.com. The complete half-year report 2012 can be downloaded at:
<http://www.komaxgroup.com/home/company/investors-holding/halfyear-report-holding.htm>