

SHAPING THE FUTURE OF AUTO MATION

Short Report Half-Year
2020

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

Half-year results 2020

Consolidated income statement

in TCHF	First half 2020	First half 2019	+/- in %
Revenues	145 245	203 314	-28.6
Gross profit	92 019	130 631	-29.6
EBITDA	2 709	22 609	-88.0
Operating result (EBIT)	-4 687	16 357	-128.7
Financial result	-4 711	-2 240	110.3
Group earnings before taxes (EBT)	-9 398	14 117	-166.6
Income taxes	-2 157	-3 409	-36.7
Group earnings after taxes (EAT)	-11 555	10 708	-207.9

Consolidated balance sheet

in TCHF	30.06.2020	31.12.2019	+/- in %
Current assets	254 392	288 867	-11.9
Non-current assets	197 797	192 369	2.8
Total assets	452 189	481 236	-6.0
Current liabilities	70 762	93 128	-24.0
Non-current liabilities	154 278	143 504	7.5
Equity attributable to shareholders ¹ of Komax Holding AG	227 149	244 604	-7.1
Total liabilities and shareholders' equity	452 189	481 236	-6.0

Consolidated cash flow statement

in TCHF	First half 2020	First half 2019	+/- in %
Cash flow from operating activities	15 270	33 524	-54.5
Cash flow from investing activities	-17 666	-36 431	-51.5
Free cash flow	-2 396	-2 907	-17.6
Distribution out of reserves from capital contributions ¹	0	-3 076	-100.0
Distribution of dividends ¹	0	-23 838	-100.0
Other cash flow from financing activities	2 257	28 058	-92.0
Increase (+) / decrease (-) in funds²	-1 382	-2 380	-41.9

¹ The Annual General Meeting of 11 May 2020 decided not to make a distribution in 2020.

² Funds: cash and cash equivalents (including time deposits with a term of up to three months).

Key figures

	2020	2019
Net debt as at 30 June 2020 / 31 December 2019 in TCHF	109 533	106 224
Gross profit first half in % of revenues	63.4	64.3
EBITDA first half in % of revenues	1.9	11.1
Operating result (EBIT) first half in % of revenues	-3.2	8.0
Group earnings after taxes (EAT) first half in % of revenues	-8.0	5.3
Research and development first half in % of revenues	10.9	9.7
Headcount as at 30 June 2020 / 31 December 2019	2 135	2 211

The complete consolidated half-year financial statements of the Komax Group, which were prepared in accordance with the Swiss GAAP FER guidelines, can be downloaded from www.komaxgroup.com.

Komax Holding AG

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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 present Short 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 Short Report and the Half-Year 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

Produced on a climate-neutral basis by Multicolor Print AG, Baar

