

# SUCCESS THROUGH INNOVATION

Half-Year Report  
2018

**komax**

## HALF-YEAR REPORT

Komax Group: Business  
in the first half of 2018

**03**

Consolidated  
income statement

**04**

Consolidated  
balance sheet

**05**

Consolidated statement  
of shareholders' equity

**06**

Consolidated  
cash flow statement

**07**

Notes

**08**

Financial calendar

**13**

# DEAR SHAREHOLDER

## Significant increase in revenues and profitability

The first half of 2018 saw the Komax Group maintain its growth path, with strong gains in comparison with 2017. Order intake increased by 14.0% to CHF 256.0 million (previous year: CHF 224.4 million) while revenues climbed by 21.7% to CHF 236.9 million (previous year: CHF 194.7 million). The growth in revenues comprises internal growth (+15.4%) and acquisition-driven growth (+2.7%), as well as the positive foreign currency influence (+3.6%). The ever-increasing pressure on customers to increase levels of automation is clearly noticeable and contributed to revenue growth in all regions: Europe (+9.3%), Asia (+31.2%), North/South America (+33.7%) and Africa (+44.4%). A sizeable order backlog from the previous year coupled with a strong order intake in the first half of 2018 resulted in a book-to-bill ratio of 1.08.

### Group profit after taxes up 52%

Komax was also able to improve its profitability in the first half of 2018. Compared to 2017, it increased its operating profit (EBIT) by 40.4% to CHF 35.7 million (previous year: CHF 25.4 million) and raised its EBIT margin from 13.1% to 15.1%. The sale of a building in Portugal that was no longer required for operational purposes contributed CHF 0.8 million to the EBIT increase. The foreign exchange rate trend had a positive impact on the EBIT margin (+1.3 percentage points), but reduced the financial result, which came to CHF -2.3 million (previous year: CHF -1.0 million). The financial result was affected by losses on currencies in emerging markets (including Brazil and Turkey) in which Komax has production operations. Group profit after taxes (EAT) made up for this result since – in contrast to the previous year (CHF -1.9 million) – there were no extraordinary expenses. Thus EAT rose by 52.0% to CHF 28.3 million (previous year: CHF 18.6 million). Basic earnings per share increased to CHF 7.41 (previous year: CHF 4.90).

### R&D spending still at high levels

This result has exceeded Komax's own expectations. It was expecting to post a result similar to that for the second half of 2017 (revenues: CHF 213.8 million, EBIT: CHF 29.6 million). Having a broad product portfolio with solutions along the

entire value chain is increasingly paying off for Komax. The company's strong innovative capacity and unique global sales and service network also contribute to its success. To enable it to further expand its technology leadership, Komax continued to invest heavily in research and development in the first half of 2018: CHF 20.6 million (previous year: CHF 16.7 million), or 8.7% (previous year: 8.6%) of revenues.

### Expansion of production capacity

To minimize the risk of capacity bottlenecks and cope with planned growth over the coming years, Komax is currently investing in new production and development facilities at four locations – in Switzerland, Germany and Hungary. These will be ready for occupation in stages until the end of 2019. Despite this high level of investment, the Komax Group still has a very solid financial base. As at 30 June 2018, shareholders' equity totaled CHF 261.9 million (31 December 2017: CHF 258.2 million) while the equity ratio stood at 60.1% (31 December 2017: 62.3%). Free cash flow amounted to CHF 4.1 million (previous year: CHF -0.2 million), while net debt stood at CHF 31.2 million (31 December 2017: CHF 10.5 million).

### Outlook

In the first half of 2018, the Komax Group consolidated its leading market position and started the second half of the year well with a high order backlog. From today's perspective, we see the market dynamics and the trend towards automation continuing. We thus expect to post in the second half of 2018 a result consistent with the first six months of the year.



**Dr. Beat Kälin**  
**Chairman of the**  
**Board of Directors**



**Matijas Meyer**  
**CEO**

14 August 2018

## Consolidated income statement

in TCHF	First half 2018	%	First half 2017	%
Net sales	235 468		194 175	
Other operating income	1 455		536	
<b>Revenues</b>	<b>236 923</b>	<b>100.0</b>	<b>194 711</b>	<b>100.0</b>
Change in inventory of unfinished and finished goods	2 675		6 646	
Cost of materials	-90 839		-77 564	
<b>Gross profit</b>	<b>148 759</b>	<b>62.8</b>	<b>123 793</b>	<b>63.6</b>
Personnel expenses	-77 523		-67 696	
Depreciation on property, plant, and equipment	-4 002		-3 761	
Depreciation on intangible assets	-1 646		-1 466	
Other operating expenses	-29 858		-25 426	
<b>Operating profit (EBIT)</b>	<b>35 730</b>	<b>15.1</b>	<b>25 444</b>	<b>13.1</b>
Financial result	-2 309		-1 034	
<b>Ordinary profit</b>	<b>33 421</b>	<b>14.1</b>	<b>24 410</b>	<b>12.5</b>
Non-operating result	388		18	
Extraordinary result	0		-1 940	
<b>Group profit before taxes (EBT)</b>	<b>33 809</b>	<b>14.3</b>	<b>22 488</b>	<b>11.5</b>
Income taxes	-5 477		-3 850	
<b>Group profit after taxes (EAT)</b>	<b>28 332</b>	<b>12.0</b>	<b>18 638</b>	<b>9.6</b>
Of which attributable to:				
- Shareholders' of Komax Holding AG	28 332		18 638	
- Non-controlling interest	0		0	
Basic earnings per share (in CHF)	7.41		4.90	
Diluted earnings per share (in CHF)	7.38		4.87	

## Consolidated balance sheet

in TCHF	30.06.2018	%	31.12.2017	%
<b>Assets</b>				
Cash and cash equivalents	60 922		59 291	
Securities	15		21	
Trade receivables	109 593		99 723	
Other receivables	28 426		29 459	
Inventories	100 228		92 020	
Accrued income and prepaid expenses	3 935		3 803	
Assets held for sale	0		6 785	
<b>Total current assets</b>	<b>303 119</b>	<b>69.5</b>	<b>291 102</b>	<b>70.2</b>
Property, plant, and equipment	104 476		93 719	
Intangible assets	13 781		14 480	
Deferred tax assets	13 741		13 021	
Other non-current receivables	1 088		2 136	
<b>Total non-current assets</b>	<b>133 086</b>	<b>30.5</b>	<b>123 356</b>	<b>29.8</b>
<b>Total assets</b>	<b>436 205</b>	<b>100.0</b>	<b>414 458</b>	<b>100.0</b>
<b>Liabilities</b>				
Current financial liabilities	2 750		0	
Trade payables	20 952		22 348	
Other payables	27 955		34 438	
Current provisions	3 161		2 359	
Accrued expenses and deferred income	24 073		19 361	
<b>Total current liabilities</b>	<b>78 891</b>	<b>18.1</b>	<b>78 506</b>	<b>18.9</b>
Non-current financial liabilities	89 391		69 856	
Other non-current liabilities	1 019		2 710	
Deferred tax liabilities	4 959		5 208	
<b>Total non-current liabilities</b>	<b>95 369</b>	<b>21.9</b>	<b>77 774</b>	<b>18.8</b>
<b>Total liabilities</b>	<b>174 260</b>	<b>39.9</b>	<b>156 280</b>	<b>37.7</b>
Share capital	384		383	
Capital surplus	23 620		28 649	
Treasury shares	-2 057		-4 054	
Retained earnings	239 998		233 200	
<b>Equity attributable to shareholders' of Komax Holding AG</b>	<b>261 945</b>	<b>60.1</b>	<b>258 178</b>	<b>62.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>436 205</b>	<b>100.0</b>	<b>414 458</b>	<b>100.0</b>

## Consolidated statement of shareholders' equity

in TCHF	Share capital	Premium	Treasury shares	Goodwill offset	Currency differences	Other retained earnings	Total retained earnings	Equity share-holders' of Komax Holding AG
<b>Balance on 1 January 2017</b>	<b>377</b>	<b>27 670</b>	<b>-2 105</b>	-58 759	-732	279 723	<b>220 232</b>	<b>246 174</b>
Group profit after taxes						18 638	18 638	18 638
Capital increase from exercise of options	6	5 948					0	5 954
Distribution out of reserves from capital contributions		-5 728					0	-5 728
Dividend paid						-19 094	-19 094	-19 094
Share-based payments			149			403	403	552
Goodwill offset with shareholders' equity				-4 499			-4 499	-4 499
Currency translation differences recorded in the reporting period					-2 651		-2 651	-2 651
<b>Balance on 30 June 2017</b>	<b>383</b>	<b>27 890</b>	<b>-1 956</b>	-63 258	-3 383	279 670	<b>213 029</b>	<b>239 346</b>
<b>Balance on 1 January 2018</b>	<b>383</b>	<b>28 649</b>	<b>-4 054</b>	-72 026	1 724	303 502	<b>233 200</b>	<b>258 178</b>
Group profit after taxes						28 332	28 332	28 332
Capital increase from exercise of options	1	716					0	717
Distribution out of reserves from capital contributions		-5 745					0	-5 745
Dividend paid						-19 149	-19 149	-19 149
Share-based payments			1 997			-966	-966	1 031
Currency translation differences recorded in the reporting period					-1 419		-1 419	-1 419
<b>Balance on 30 June 2018</b>	<b>384</b>	<b>23 620</b>	<b>-2 057</b>	-72 026	305	311 719	<b>239 998</b>	<b>261 945</b>

## Consolidated cash flow statement

in TCHF	First half 2018	First half 2017
<b>Cash flow from operating activities</b>		
Group profit after taxes	28 332	18 638
Adjustment for non-cash items		
– Taxes	5 477	3 850
– Depreciation and impairment of property, plant, and equipment	4 002	3 858
– Depreciation and impairment of intangible assets	1 646	1 466
– Profit (-) / loss (+) from sale of non-current assets	-1 137	2
– Expense for share-based payments	1 031	552
– Net financial result	2 309	1 034
– Other non-cash items	6	-13
Interest received and other financial income	565	299
Interest paid and other financial expenses	-1 536	-1 144
Taxes paid	-6 790	-6 769
Increase (+) / decrease (-) in provisions	814	-25
Increase (-) / decrease (+) in trade receivables	-10 038	4 450
Increase (-) / decrease (+) in inventories	-9 140	-13 824
Increase (+) / decrease (-) in trade payables	-1 079	3 506
Increase (-) / decrease (+) in other net current assets	-425	-3 413
<b>Total cash flow from operating activities</b>	<b>14 037</b>	<b>12 467</b>
<b>Cash flow from investing activities</b>		
Investments in property, plant, and equipment	-15 731	-7 532
Sale of property, plant, and equipment	8 168	70
Investments in intangible assets	-981	-1 606
Investments in Group companies and participations <sup>1</sup>	-4 298	-8 200
Sale of Group companies <sup>2</sup>	2 000	4 100
Decrease in granted loans	952	500
<b>Total cash flow from investing activities</b>	<b>-9 890</b>	<b>-12 668</b>
<b>Free cash flow</b>	<b>4 147</b>	<b>-201</b>
<b>Cash flow from financing activities</b>		
Decrease in current financial liabilities	0	-78
Decrease in non-current financial liabilities	-278	-218
Increase in current financial liabilities	2 750	0
Increase in non-current financial liabilities	19 495	28 906
Capital increase (share-based payments)	717	5 954
Distribution out of reserves from capital contributions	-5 745	-5 728
Dividend paid	-19 149	-19 094
<b>Total cash flow from financing activities</b>	<b>-2 210</b>	<b>9 742</b>
Effect of currency translations on cash and cash equivalents	-306	-483
<b>Increase (+) / decrease (-) in funds</b>	<b>1 631</b>	<b>9 058</b>
Cash and cash equivalents at 1 January	59 291	48 531
Cash and cash equivalents at 30 June	60 922	57 589

<sup>1</sup> Less cash and cash equivalents acquired.

<sup>2</sup> Less cash and cash equivalents sold.

## Condensed notes to the consolidated financial statements

### 1 Corporate accounting policies

The present consolidated financial statements comprise the unaudited consolidated half-year financial statements of Komax Holding AG, which is domiciled in Switzerland, and its subsidiaries for the reporting period ended 30 June 2018.

The consolidated half-year and full-year financial statements have been drawn up in accordance with the existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations). Furthermore, the provisions of the Swiss company law have been complied with.

The consolidated half-year financial statements have been drawn up in accordance with Swiss GAAP FER 31 "Complementary Recommendation for Listed Companies". As the consolidated half-year financial statements do not contain all the information set out in the consolidated annual financial statements, they should be read in conjunction with the consolidated financial statements as at 31 December 2017.

Preparation of the consolidated half-year financial statements requires the Board of Directors and Group Management to make estimates and assumptions that have an effect on the stated income, expenses, assets and liabilities, as well as the disclosure of contingent liabilities. If, at a later point in time, the estimates and assumptions made by management in good faith at the time of the interim financial statements are found to differ from actual conditions, the original estimates and assumptions are revised accordingly in the reporting period in which conditions changed. In the consolidated half-year financial statements, management has not made any new assumptions or estimates compared with the consolidated financial statements as at 31 December 2017.

The Komax Group operates in business sectors where sales are not subject to any material seasonal or cyclical fluctuations over the course of the financial year.

Income taxes are calculated based on the best estimate of the expected weighted average tax rate for the financial year as a whole.

By stating its free cash flow in the cash flow statement, the Komax Group is reporting an item that is not in conformity with Swiss GAAP FER, but is nonetheless a key figure for Komax, as well as being widely used and recognized in the financial sector. This key figure is an amalgamation of cash flow from operating activities and cash flow from investing activities. In the income statement, Komax discloses the revenues as an additional subtotal that is not defined under Swiss GAAP FER. This subtotal includes beside the net sales as well the other operating income and is being used for the calculation of important key figures. As gross profit is an important key figure for Komax, the corresponding interim total is reported separately in the income statement. Gross profit comprises revenues (net sales and other operating income) minus the cost of materials and changes in inventory of unfinished and finished products.



## 2 Scope of consolidation

The consolidated half-year financial statements include the separate financial statements of Komax Holding AG, Dierikon (Switzerland), and all subsidiaries where Komax Holding AG directly or indirectly holds more than 50% of the voting power or otherwise exercises control over the entity's financial and operating policies. These companies are fully consolidated. Associated companies in which the Komax Group holds at least 20% of votes, but in which it has a stake of less than 50% or on which it exerts a key influence in other ways, are recognized by the equity method.

In the first half 2018, there were no changes in the scope of consolidation. The subsidiaries are listed on pages 106 and 107 of the 2017 Annual Report.

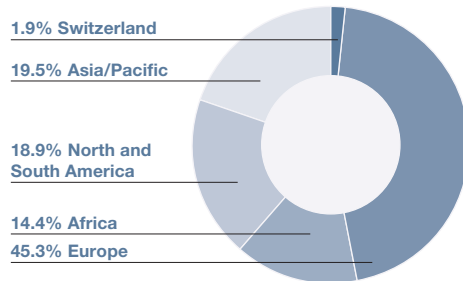
## 3 Notes to the consolidated financial statements

Below, we provide a number of supplementary notes to the information already set out in the Letter to Shareholders.

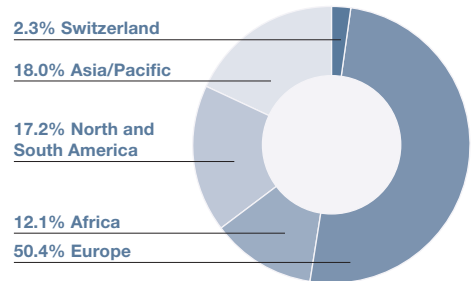
### 3.1 Income statement

The percentage breakdown of revenues by region is as follows:

#### First half 2018



#### First half 2017



For notes on revenues development and profitability, we refer you again to the Letter to Shareholders.

The non-operating result contains the income and expenses from non-operational properties. In the first half of 2018, the non-operational property in York (USA) was sold, resulting in non-operating income of CHF 0.4 million.

No extraordinary expenses or income arose during the current reporting period. In the corresponding prior-year period, expenses of CHF 1.9 million were recorded which related to an impairment of a loan granted to an associated company.

### 3.2 Balance sheet

The balance sheet total increased by CHF 21.7 million to CHF 436.2 million in comparison to 31 December 2017. The revenue growth led to higher trade receivables and higher inventories. In addition, property, plant, and equipment increased by CHF 10.8 million. This was mainly due to the investment in capacity expansion in Switzerland, Germany and Hungary.

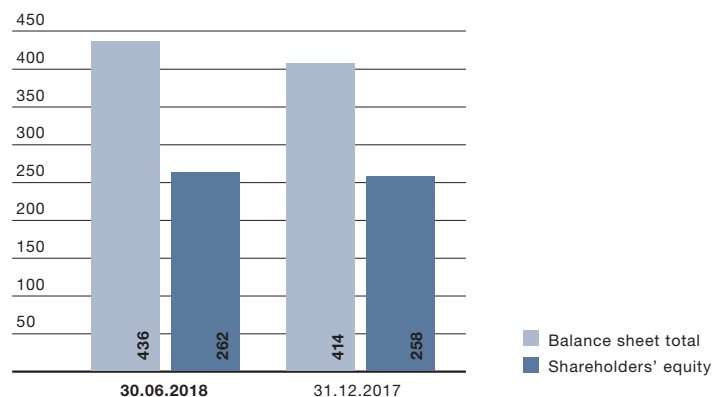
The two buildings in York (USA) and S. Domingos de Rana (Portugal) reported as “Assets held for sale” as at 31 December 2017 were both sold in the first half of 2018.

Current and non-current financial liabilities had to be increased by a net CHF 22.3 million, mainly in order to finance the investments undertaken, the dividend paid and the distribution from capital contribution reserves.

The equity ratio decreased from 62.3% as at 31 December 2017 to 60.1% as at 30 June 2018. This was mainly due to the dividend distribution and the distribution from capital contribution reserves.

#### Shareholders' equity

in CHF million



### 3.3 Statement of shareholders' equity

Compared to 31 December 2017, shareholders' equity increased by CHF 3.8 million, mainly due to the Group profit after taxes of CHF 28.3 million (previous year: CHF 18.6 million). The before-mentioned dividend distribution and the distribution from capital contribution reserves amounting to a combined CHF 24.9 million (previous year: CHF 24.8 million) reduced shareholders' equity accordingly. The Komax Group recorded an inflow of CHF 0.7 million (previous year: CHF 6.0 million) due to the capital increase from the exercising of options. The impact of currency translation differences was negative at CHF -1.4 million (previous year: CHF -2.7 million); in particular, the BRL and TRY exchange rates were lower on the balance sheet date than on 31 December 2017.

### 3.4 Cash flow statement

Despite major investments and the increase in net working capital, after six months a free cash flow of CHF 4.1 million (previous year: CHF –0.2 million) was generated. The main reasons for this were the gratifying Group profit after taxes and the above-mentioned sale of the buildings in the United States and Portugal. The effect of currency translations on cash and cash equivalents was slightly negative at CHF –0.3 million (previous year: CHF –0.5 million).

### 4 Segment information

The Komax Group is a global technology company that focuses on markets in the automation sector. As a manufacturer of innovative and high-quality solutions for the wire processing industry, Komax helps its customers implement economical and safe manufacturing processes, especially in the automotive supply sector. All Group companies are active in wire processing, have a uniform client base, and are centrally managed. The Board of Directors and the Group Executive Committee, which make the key strategic and operating decisions, manage the Komax Group primarily on the basis of the financial statements of the individual companies, the Management Information System, and the consolidated financial statements. Due to the commercial similarity and interconnections of the Group companies, Komax presents its business in amalgamated form as a single segment, in accordance with Swiss GAAP FER 31.

### 5 Acquisitions

The Komax Group did not make any acquisitions in the first half of 2018. Information on the acquisitions effected in the previous year can be found in Note 4.2 of the 2017 Annual Report.

### 6 Exchange rates

The most important half-year and average exchange rates for Komax were as follows:

Currency	Rate on 30.06.2018	Average rate in first half 2018	Rate on 30.06.2017	Average rate in first half 2017
USD	1.010	0.980	0.970	1.010
EUR	1.170	1.180	1.110	1.090
CNY	0.152	0.153	0.143	0.147

## 7 Events after the balance sheet date

No significant events occurred between the balance sheet date and the approval of the consolidated financial statements by the Board of Directors on 14 August 2018 which might adversely affect the information content of the 2018 half-year financial statements or which would require disclosure.

## 8 Information for shareholders

Komax Holding AG registered shares are listed on SIX Swiss Exchange. Security no.: 1070215; Bloomberg: KOMN SW; Thomson Reuters: KOMN.S

	30.06.2018	31.12.2017
Share capital (in TCHF)	384	383
No. of shares (in units)	3 840 085	3 834 482
Market capitalization as at reference date (in TCHF)	1 004 566	1 225 117
Closing price as at reference date (in CHF)	261.60	319.50

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**Financial calendar**

Investors Day	26 October 2018
Preliminary information on 2018 financial year	22 January 2019
Annual media and analyst conference on the 2018 financial results	14 March 2019
Annual General Meeting	16 April 2019
Half-year results 2019	20 August 2019

**Forward-looking statements**

The Half-Year 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 Half-Year Report and the Short Report are available in English and German. The original German version is binding.

**Imprint**

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