

# DRIVING AUTO MATION FOR WARD

Half-Year Report  
2019

**komax**

## HALF-YEAR REPORT

Komax Group: Business  
in the first half of 2019

**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

## A challenging first half

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.

### 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

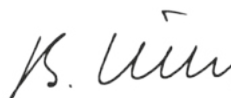
of 8.0% (previous year: 15.1%). Operating profit was additionally hit by expenses for projects in new application areas such as data connectivity and aerospace. Group profit after taxes (EAT) decreased by 62.2% to CHF 10.7 million (previous year: CHF 28.3 million).

### 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. 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 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.



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



**Matijas Meyer**  
**CEO**

13 August 2019

## Consolidated income statement

in TCHF	First half 2019	%	First half 2018	%
Net sales	202 225		235 468	
Other operating income	1 089		1 455	
<b>Revenues</b>	<b>203 314</b>	<b>100.0</b>	<b>236 923</b>	<b>100.0</b>
Change in inventory of unfinished and finished goods	10 388		2 675	
Cost of materials	-83 071		-90 839	
<b>Gross profit</b>	<b>130 631</b>	<b>64.3</b>	<b>148 759</b>	<b>62.8</b>
Personnel expenses	-79 319		-77 523	
Depreciation on property, plant, and equipment	-4 394		-4 002	
Depreciation on intangible assets	-1 858		-1 646	
Other operating expenses	-28 703		-29 858	
<b>Operating profit (EBIT)</b>	<b>16 357</b>	<b>8.0</b>	<b>35 730</b>	<b>15.1</b>
Financial result	-2 240		-2 309	
<b>Ordinary profit</b>	<b>14 117</b>	<b>6.9</b>	<b>33 421</b>	<b>14.1</b>
Non-operating result	0		388	
<b>Group profit before taxes (EBT)</b>	<b>14 117</b>	<b>6.9</b>	<b>33 809</b>	<b>14.3</b>
Income taxes	-3 409		-5 477	
<b>Group profit after taxes (EAT)</b>	<b>10 708</b>	<b>5.3</b>	<b>28 332</b>	<b>12.0</b>
Of which attributable to:				
- Shareholders' of Komax Holding AG	10 708		28 332	
- Non-controlling interest	0		0	
Basic earnings per share (in CHF)	2.79		7.41	
Diluted earnings per share (in CHF)	2.78		7.38	

## Consolidated balance sheet

in TCHF	30.06.2019	%	31.12.2018	%
<b>Assets</b>				
Cash and cash equivalents	48 585		50 965	
Securities	15		15	
Trade receivables	97 741		124 890	
Other receivables	21 878		29 008	
Inventories	118 539		103 433	
Accrued income and prepaid expenses	3 811		5 294	
<b>Total current assets</b>	<b>290 569</b>	<b>63.1</b>	<b>313 605</b>	<b>67.7</b>
Property, plant, and equipment	140 697		120 229	
Intangible assets	15 446		15 379	
Deferred tax assets	12 730		12 830	
Other non-current receivables	726		861	
<b>Total non-current assets</b>	<b>169 599</b>	<b>36.9</b>	<b>149 299</b>	<b>32.3</b>
<b>Total assets</b>	<b>460 168</b>	<b>100.0</b>	<b>462 904</b>	<b>100.0</b>
<b>Liabilities</b>				
Current financial liabilities	91		0	
Trade payables	22 677		25 187	
Other payables	29 417		33 903	
Current provisions	4 175		2 975	
Accrued expenses and deferred income	20 206		22 529	
<b>Total current liabilities</b>	<b>76 566</b>	<b>16.6</b>	<b>84 594</b>	<b>18.3</b>
Non-current financial liabilities	119 673		90 338	
Other non-current liabilities	2 024		1 167	
Deferred tax liabilities	4 709		5 165	
<b>Total non-current liabilities</b>	<b>126 406</b>	<b>27.5</b>	<b>96 670</b>	<b>20.9</b>
<b>Total liabilities</b>	<b>202 972</b>	<b>44.1</b>	<b>181 264</b>	<b>39.2</b>
Share capital	385		385	
Capital surplus	22 113		24 569	
Treasury shares	-1 272		-2 311	
Retained earnings	235 970		258 997	
<b>Equity attributable to shareholders' of Komax Holding AG</b>	<b>257 196</b>	<b>55.9</b>	<b>281 640</b>	<b>60.8</b>
<b>Total liabilities and shareholders' equity</b>	<b>460 168</b>	<b>100.0</b>	<b>462 904</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 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>
<b>Balance on 1 January 2019</b>	<b>385</b>	<b>24 569</b>	<b>-2 311</b>	-72 267	-4 402	335 666	<b>258 997</b>	<b>281 640</b>
Group profit after taxes						10 708	10 708	10 708
Capital increase from exercise of options	0	620					0	620
Distribution out of reserves from capital contributions		-3 076					0	-3 076
Dividend paid						-23 838	-23 838	-23 838
Purchase of treasury shares			-626				0	-626
Share-based payments			1 665			-1 044	-1 044	621
Goodwill offset with shareholders' equity				-7 287			-7 287	-7 287
Currency translation differences recorded in the reporting period					-1 566		-1 566	-1 566
<b>Balance on 30 June 2019</b>	<b>385</b>	<b>22 113</b>	<b>-1 272</b>	-79 554	-5 968	321 492	<b>235 970</b>	<b>257 196</b>

## Consolidated cash flow statement

in TCHF	First half 2019	First half 2018
<b>Cash flow from operating activities</b>		
Group profit after taxes	10 708	28 332
Adjustment for non-cash items		
– Taxes	3 409	5 477
– Depreciation and impairment of property, plant, and equipment	4 394	4 002
– Depreciation and impairment of intangible assets	1 858	1 646
– Profit (-) / loss (+) from sale of non-current assets	-206	-1 137
– Expense for share-based payments	621	1 031
– Net financial result	2 240	2 309
– Other non-cash items	0	6
Interest received and other financial income	134	565
Interest paid and other financial expenses	-1 572	-1 536
Taxes paid	-5 018	-6 790
Increase (+) / decrease (-) in provisions	1 203	814
Increase (-) / decrease (+) in trade receivables	28 629	-10 038
Increase (-) / decrease (+) in inventories	-12 012	-9 140
Increase (+) / decrease (-) in trade payables	-4 024	-1 079
Increase (-) / decrease (+) in other net current assets	3 160	-425
<b>Total cash flow from operating activities</b>	<b>33 524</b>	<b>14 037</b>
<b>Cash flow from investing activities</b>		
Investments in property, plant, and equipment	-23 383	-15 731
Sale of property, plant, and equipment	461	8 168
Investments in intangible assets	-1 923	-981
Investments in Group companies and participations <sup>1</sup>	-9 344	-4 298
Sale of Group companies <sup>2</sup>	0	2 000
Increase in granted loans	-2 242	0
Decrease in granted loans	0	952
<b>Total cash flow from investing activities</b>	<b>-36 431</b>	<b>-9 890</b>
<b>Free cash flow</b>	<b>-2 907</b>	<b>4 147</b>
<b>Cash flow from financing activities</b>		
Decrease in current financial liabilities	-1 595	0
Decrease in non-current financial liabilities	-347	-278
Increase in current financial liabilities	0	2 750
Increase in non-current financial liabilities	30 006	19 495
Capital increase (share-based payments)	620	717
Distribution out of reserves from capital contributions	-3 076	-5 745
Dividend paid	-23 838	-19 149
Purchase of treasury shares	-626	0
<b>Total cash flow from financing activities</b>	<b>1 144</b>	<b>-2 210</b>
Effect of currency translations on cash and cash equivalents	-617	-306
<b>Increase (+) / decrease (-) in funds</b>	<b>-2 380</b>	<b>1 631</b>
Cash and cash equivalents at 1 January	50 965	59 291
Cash and cash equivalents at 30 June	48 585	60 922

<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 2019.

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 2018.

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 2018.

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 addition to the acquisition described under Note 5, a further subsidiary was founded in the first half of 2019 in the form of Komax Distribution (Thailand) Co., Ltd., which will commence its operational activity in the second half of the year. The remaining subsidiaries are listed on pages 108 and 109 of the 2018 Annual Report.

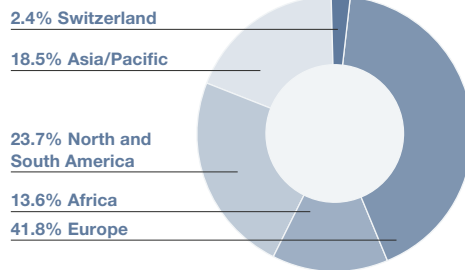
## 3 Notes to the consolidated financial statements

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

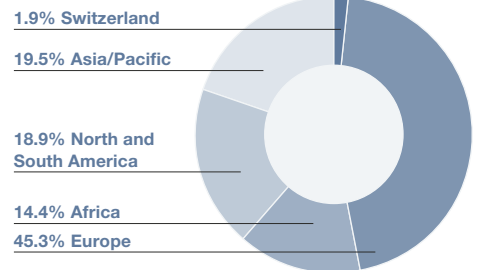
### 3.1 Income statement

The percentage breakdown of revenues by region is as follows:

#### First half 2019



#### First half 2018



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

No non-operating expense/income items were incurred/received in the current reporting period. In the corresponding prior-year period, an income of CHF 0.4 million was booked in connection with the sale of the non-operating property in York, USA.

### 3.2 Balance sheet

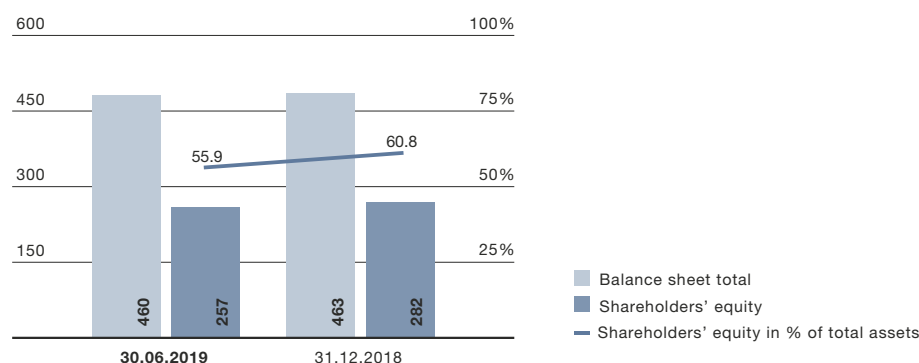
Total assets decreased by CHF 2.7 million to CHF 460.2 million in comparison to 31 December 2018. On the one hand, trade receivables declined by CHF 27.1 million as a result of lower revenues. On the other hand, property, plant, and equipment rose by CHF 20.5 million as a result of various investments in capacity expansion.

Current and non-current financial liabilities increased by CHF 29.4 million net, primarily to finance investments, the dividend payment, and the distribution from capital contribution reserves.

The equity ratio declined from 60.8% as at 31 December 2018 to 55.9% as at 30 June 2019. This was above all attributable to the before-mentioned dividend payment and distribution from capital contribution reserves.

#### Shareholders' equity

in CHF million



### 3.3 Statement of shareholders' equity

Shareholders' equity declined by CHF 24.4 million in comparison to 31 December 2018. Group profit after taxes contributed CHF 10.7 million to the shareholders' equity (previous year: CHF 28.3 million). The before-mentioned dividend payment and distribution from capital contribution reserves, which amounted to CHF 26.9 million in total (previous year: CHF 24.9 million), reduced shareholders' equity accordingly. The Komax Group recorded an inflow of CHF 0.6 million due to the capital increase from the exercising of options (previous year: CHF 0.7 million). The impact of currency translation differences was negative by CHF -1.6 million (previous year: CHF -1.4 million), as various exchange rates on the balance sheet date, including CHF/EUR, were lower than at 31 December 2018.

### 3.4 Cash flow statement

Despite lower Group profit after taxes, cash flow from operating activities recorded a rise of CHF 19.5 million compared to the previous year, primarily as a result of the decline in trade receivables by CHF 28.6 million. Despite the very high cash flow from operating activities, negative free cash flow was recorded due to the significant investments in property, plant, and equipment (capacity expansion), and group companies. The impact of currency translation differences on cash and cash equivalents was negative at CHF -0.6 million (previous year: CHF -0.3 million). As at 30 June 2019, cash and cash equivalents amounted to CHF 48.6 million, a decline of CHF 2.4 million on the figure recorded as at 31 December 2018.

#### 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

In the first quarter of 2019, Komax expanded its presence in North America with the takeover of Artos Engineering. Artos Engineering was founded in 1911, and is renowned for its customer proximity, portfolio of products and wealth of experience in developing innovative applications for wire processing machinery. This acquisition encompasses two companies, Artos Engineering Company, USA, and Artos Engineering France S.à.r.l., France. The purchase price amounts to around CHF 10 million, of which just under CHF 2 million is to be paid in 2020 and 2021. This resulted in a goodwill of more than CHF 7 million. Information on the acquisitions effected in the previous year can be found in Note 4.2 of the 2018 Annual Report.

#### 6 Exchange rates

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

Currency	Rate on 30.06.2019	Average rate in first half 2019	Rate on 30.06.2018	Average rate in first half 2018
USD	0.990	1.010	1.010	0.980
EUR	1.120	1.140	1.170	1.180
CNY	0.143	0.149	0.152	0.153

## 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 13 August 2019 which might adversely affect the information content of the 2019 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

	30.06.2019	31.12.2018
Share capital (in TCHF)	385	385
No. of shares (in units)	3 850 000	3 847 510
Market capitalization as at reference date (in TCHF)	835 450	884 927
Closing price as at reference date (in CHF)	217.00	230.00

**Komax Holding AG**

Investor Relations/Corporate Communications

Roger Müller

Industriestrasse 6

6036 Dierikon

Switzerland

Phone +41 41 455 04 55

komaxgroup.com

**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

**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**

Published by:  
Komax Holding AG, Dierikon

Design and realization:  
Linkgroup AG, Zurich  
www.linkgroup.ch