

Media release

Adval Tech Group 2016 annual financial statements and outlook for 2017

Adval Tech is moving towards the future stronger, debt-free and well-positioned in the global automotive industry

Niederwangen, April 25, 2017, 7.00 a.m. – In a year dominated by major strategic changes, the Adval Tech Group performed well overall and achieved some very encouraging successes on the market. The systematic implementation of the focusing strategy with the successful start-up of the production facility in Mexico, the acquisition of Fischer IMF in Germany and the sale of the Molds segment (FOBOHA) strengthened the Group's market position as a global supplier of components and subassemblies, mainly for the automotive industry. As already explained in detail on March 24, 2017, in the 2016 financial year the Group generated total income of CHF 227.1 million, EBITDA of CHF 22.4 million and net result of CHF 39.7 million. Comparing this with the year-back key figures, it must be borne in mind that Fischer IMF was consolidated for nine months (acquired in April 2016) and the Molds segment for eight months (sold at the end of August). Adval Tech's priorities for 2017 are the full integration of Fischer IMF and the systematic implementation of all newly acquired projects.

Adval Tech won several large orders in the automotive industry in the 2016 financial year, meaning that a number of locations will be at full capacity for years to come. For example, using an innovative production process, the Group will be manufacturing millions of plastic parts for a seat belt buckle: Adval Tech secured the order for its Mexican location in 2016, with production due to start at the end of 2017. This was followed at the start of 2017 by its nomination for production in China from 2018 onwards. Also in the area of plastic components, Adval Tech secured an order for air guidance systems for an additional Audi model during the reporting period. Series production will start in Hungary in early 2018 and continue for several years.

In the metal components area, Adval Tech has been nominated for a second production line for a steering system. Production commenced as early as January 2017 at the newly acquired plant in Endingen (Germany). And in Brazil too, after some challenging years, Adval Tech succeeded in securing new orders for seat structures and for sophisticated structural components. For the Endingen site, Adval Tech won two more major projects, for the automated manufacture of trims including development and manufacture of serial tools.

Key investments and infrastructure projects

In the last financial year 2016, Adval Tech invested heavily in expanding infrastructure at a number of locations, some examples being new presses in Brazil and in Germany or additional injection molding machines in Mexico and the expansion of the requisite infrastructure. In Hungary, Adval Tech split subsidiary Adval Tech (Hungary) Kft. into two legally autonomous companies in the first quarter of 2017. The Plastics unit will be continued under the existing name Adval Tech (Hungary) Kft. while the Metal unit is now trading as Adval Tech (Hungary) Plant 2 Kft. Moreover, Adval Tech will be combining the production of metal components in Hungary in a single production building of around 5,000 square metres. The new building, in close proximity to the plastic components production facility, is due for completion this year.

Adval Tech is also building a second factory building in Endingen. By the third quarter of 2017, there will be an additional 10,000 or so square metres of production space, the primary objective being to relocate component production, currently based in neighbouring Sasbach, to Endingen. Adval Tech has more land reserves at its disposal in Endingen to accommodate further growth.

Measures to make better use of synergies and enhance efficiency

For the current 2017 financial year, Adval Tech expects the market environment to remain equally challenging. The Swiss companies are still subject to severe pressure on margins. The Group's Board of Directors has decided to close the Uetendorf site by the fourth quarter of 2018. The move will optimize the Group's locations, enabling it to better exploit synergies and further enhance its efficiency. Adval Tech plans to offer the 25 or so employees who work in Uetendorf jobs within the Group, either in Niederwangen or in Endingen. In Niederwangen, Adval Tech concentrates on technically sophisticated rotationally symmetric components, which are manufactured in high volumes using high-speed presses. Here, Adval Tech operates as a one-stop-shop for the customer, providing everything from the development of the components, to the design of the tools, and from production to on-time delivery.

Adval Tech is debt-free

Thanks to the sale of the Molds segment, the Adval Tech Group now has no debt. On the reporting date, the company had net liquidity of CHF 50.7 million (31.12.2015: net debt of CHF 59.9 million). The equity ratio improved from 32.1% at the end of 2015 to 68.8% at the end of 2016.

Outlook

The 2017 financial year for Adval Tech will be dominated by the systematic implementation of all newly acquired projects and the various production facility relocations, as well as the full integration of Fischer IMF. In the past, the Molds segment, which was sold with effect from 31 August 2016, added roughly a third of total income and around 40% of the Adval Tech Group's operating result. With the sale of the Molds segment, its focus on a single production location in Switzerland in the Metal area, the closure of a plant in China and the inclusion of the new location in Endingen, the composition of the Adval Tech Group's total income for the 2017 financial year will be substantially different to last year. Accordingly, total income will be lower in 2017 than in 2016.

Adval Tech is well positioned in the global automotive industry and, with its lean organization and very solid balance sheet structure, is well equipped for the future.

Comparing the 2016 key figures with the previous year, 2015, it must be borne in mind that Fischer IMF was consolidated for nine months (acquired as of April 2016) and the Molds segment for eight months (sold at the end of August 2016).

Key figures	2016	2015	absolute	Change in %
Total income (CHF millions)	227.1	224.3	+2.8	+1.2
- Components segment ¹⁾ (CHF millions)	180.3	153.1	+27.2	+17.8
- Molds segment ²⁾ (CHF millions)	48.6	74.4	-25.8	-34.7
Net turnover (CHF millions)	231.9	215.2	+16.7	+7.8
Operating earnings before depreciation EBITDA (CHF millions)	22.4	24.4	-2.0	-8.2
- Components segment ¹⁾ (CHF millions)	14.1	12.3	+1.8	+14.6
- Molds segment ²⁾ (CHF millions)	6.4	9.7	-3.3	-34.0
Operating earnings EBIT (CHF millions)	8.3	9.8	-1.5	-15.3
Extraordinary result (CHF millions)	34.7	-0.4	+35.1	n.a.
Net result (CHF millions)	39.7	0.6	+39.1	n.a.
Free cash flow (CHF millions)	110.6	5.0	+105.6	n.a.
Number of employees on December 31	1,341	1,482	-141	-9.5
- Components segment ³⁾	1,326	1,096	+230	+21.0
- Molds segment ⁴⁾	0	371	-371	n.a.

¹⁾ Fischer IMF consolidated for nine months in financial year 2016

²⁾ Consolidated for eight months in financial year 2016

³⁾ Fischer IMF acquired as of April 2016

⁴⁾ Sale completed as of 31 August 2016

Background information about the Adval Tech Group

Adding value through innovations – that's what Adval Tech stands for. Adval Tech is the partner of choice - for high-volume components manufactured in metal and plastic. Adval Tech focuses on the automotive market and on related applications. Adval Tech covers the entire value chain as a one-stop-shop, from product development to prototyping, to mold and tool development, and through to component production and assembly.

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www.advaltech.com/gruppe/investoren/berichte

Agenda

18 May 2017, General meeting of shareholders 2017

End of August 2017, Announcement of semi-annual results 2017

Except for the historical information contained herein, the statements in this media release are forward-looking statements that involve risks and uncertainties.