

Media release on 2017 half-yearly results

First-half results of the Adval Tech Group on track

Niederwangen, August 25, 2017, 7.00 a.m. – In the first half of 2017, the Adval Tech Group systematically pursued its focusing strategy and achieved good results. Overall, the Adval Tech Group posted total income of CHF 102.4 million in the first half of 2017 (1H 2016: CHF 110.5 million, of which the Molds segment accounted for CHF 35.3 million) and EBITDA of CHF 9.2 million (1H 2016: CHF 10.2 million, of which the Molds segment accounted for CHF 4.7 million). EBIT came to CHF 4.8 million (1H 2016: CHF 3.3 million) and the net result stood at CHF 3.7 million (1H 2016: CHF 2.2 million). This means that the Adval Tech Group succeeded in improving its EBIT margin (1H 2017: 4.7%; 1H 2016: 2.9%). Since last year's sale of the Molds segment, the Group has been debt-free.

When drawing comparisons with the results for the first half of 2016, it is important to remember that the Group's scope of consolidation has undergone significant changes: Firstly, the results of the Molds segment, which has been sold off, are no longer included in 2017 and secondly, the figures for Fischer IMF are fully consolidated in the result for the first half of 2017, whereas in the 2016 first-half results they were only included in the consolidated financial statements from April onwards (i.e. only for three months).

Adval Tech was only able to achieve these gratifying first-half results thanks to the measures already introduced in previous years aimed at achieving rigorous cost control, increasing productivity, eliminating duplication and systematic exploitation of synergies. However, these measures alone are not sufficient to ensure the Group's successful survival in the globalized market environment in the medium to long term. As Adval Tech already announced this spring, the Group will be closing the site in Uetendorf, Switzerland, by the fourth quarter of 2018. This will optimize Adval Tech's location strategy and will establish the preconditions for exploiting additional synergies and for further increasing efficiency. 2017 will be dominated by various relocations at Adval Tech: in Endingen (Germany), preparations are in full swing for the production center for all metal applications involving laser welding technology for the automotive industry. At the same time, slightly less highly automated production processes will move from Uetendorf to Hungary. In Niederwangen, Adval Tech is focusing on technically sophisticated rotationally symmetric metal components, which are manufactured in high volumes using high-speed presses.

Market successes

In 2016, Adval Tech secured several large orders which will ensure capacity utilization at individual sites for years to come. In the first half of 2017, preparations for the relevant production operations were stepped up at all locations. One example is the global production of a plastic belt buckle to be manufactured in Mexico from the end of 2017 and in China in 2018.

In the plastic components field, the first half of 2017 saw Adval Tech gain a new customer for air flow systems in the form of another automotive manufacturer (OEM) belonging to the VW Group. Production is scheduled to start in Hungary in 2019. Adval Tech received an order for the production of plastic oil guides from another automotive OEM. Production of these components is also due to start in Hungary in 2019. In the metal components field, Adval Tech won new orders for the automated manufacture of automotive trims; these will be handled in Endingen between 2018 and 2023. And in Brazil, preparations for the start of production of innovative seat structures and other advanced structural components are in full swing.

Infrastructure projects

In 2017, Adval Tech is investing heavily in infrastructure expansion at several locations; for example, in new presses in Brazil and Germany and in additional injection molding machines in Mexico and expansion of the necessary infrastructure. At the beginning of 2017, Adval Tech split its Hungarian subsidiary Adval Tech (Hungary) Kft. into two legally separate companies. The plastic business will continue under the existing name Adval Tech (Hungary) Kft., while the metal business has been renamed Adval Tech (Hungary) Plant 2 Kft. In addition, Adval Tech will consolidate the production of metal components in Hungary into a new production building with some 5000 square metres of space. The new building, in the immediate vicinity of the plastic components production plant, was completed in mid-July 2017.

In Endingen, construction of the second production building offering some 10,000 square metres of space is making good progress. The main purpose of the new building is to allow the component production operation based in neighbouring Sasbach to be moved to Endingen. The new building will also house a production centre for all metals applications involving laser welding technology for the automotive industry. The building is due to be handed over at the end of August 2017.

Total income

Overall, the Adval Tech Group posted total income of CHF 102.4 million in the first half of 2017 (1H 2016: CHF 110.5 million, of which the Molds segment accounted for CHF 35.3 million). This is CHF 8.1 million less than in the first half of 2016. This difference should be considered in the context of the changed scope of consolidation. The Adval Tech Group achieved most of its sales (72%) in the first half of 2017 with customers in Europe (1H 2016: 66%). Adval Tech generated 12% of sales with Asian customers (1H 2016: 14%), 9% of sales with Latin American customers (1H 2016: 4%) and 6% with customers in North America (1H 2016: 16%). In some countries, notably Thailand, sales are still being affected by the general decline in economic output.

Profitability

The Adval Tech Group was able to improve its profitability in the first half of 2017. It generated operating earnings before interest, taxes, depreciation and amortization (EBITDA) of CHF 9.2 million (1H 2016: CHF 10.2 million, of which CHF 4.7 million from the Molds segment) and earnings before interest and taxes (EBIT) of CHF 4.8 million (1H 2016: CHF 3.3 million). This represents a 45% improvement. The biggest contribution to the operating result came from the companies in Europe and from Adval Tech (Malaysia). While the EBITDA margin deteriorated only slightly from 9.2% to 9.0%, the EBIT margin improved from 2.9% to 4.7%. This improvement was achieved without the Molds segment which had previously contributed around 40% to the operating result. Currency movements had no material impact on EBITDA or EBIT. The net profit of the Adval Tech Group for the first half of 2017 came to CHF 3.7 million (1H 2016: CHF 2.2 million). This represents an increase of CHF 1.5 million or 63%.

Outlook

Margin pressure on Swiss companies remains a major challenge. The current trend of the Swiss franc could ease this pressure slightly. As a global industrial partner for top-quality advanced metal and plastic components, Adval Tech directly feels the impact of global economic trends and the uncertainties in various areas. The situation in the Adval Tech Group's main market, the automotive industry, is very heterogeneous at present and it is difficult to predict how it will develop. While Adval Tech can share in some very significant increases in sales of individual brands and models in the OEM business, there is still widespread evidence of caution among direct suppliers (tier 1). Here, Adval Tech's presence mainly comprises safety components, which are used in a wide range of models.

The second half of 2017 will continue to be dominated by the relocation of various production operations within the Adval Tech Group: from Uetendorf (Switzerland) to Endingen (Germany), from Sasbach (Germany) to Endingen, from Uetendorf to Szekszárd (Hungary) and from Plant 1 in

Szekszárd to Plant 2. Preparations for the start of production of various new orders in Mexico, Brazil, China and Germany also represent a major challenge for the Group in the second half 2017. Making specific results predictions for the second half of the year would be subject to considerable uncertainties at the present time. Adval Tech is therefore not going to give an outlook for total income and Group EBIT for the full year 2017.

Key figures	1st half of 2017	2nd half of 2016	1st half of 2016
Total income (CHF million)	102.4	116.6	110.5
Net turnover (CHF million)	98.1	122.8	109.1
EBITDA (CHF million)	9.2	12.2	10.2
EBIT (CHF million)	4.8	5.0	3.3
Net result (CHF million)	3.7	37.5	2.2
Operative free cash flow (CHF million)	-12.2	2.7	4.9
Number of employees (full-time units) as per balance sheet date	1,341	1,341	1,766

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Background information about the Adval Tech Group

Adding value through innovation – 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.

Publication of 2017 Semi-annual Report

The 2017 Semi-annual Report will be published at the same time as this media release:
<http://www.advaltech.com/en/group/investors/reports/>

Agenda

End of March, 2018 – Announcement of the results for the 2017 financial year
April 24, 2018 – Conference for financial analysts and press conference on annual report 2017
April 24, 2018 – Publication of the annual report 2017
May 17, 2018 – General meeting of shareholders 2018

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