7 September 2020
Equity Research
Europe | Switzerland

CREDIT SUISSE

Georg Fischer

GF is likely to be less cyclical, more profitable and its shares worth more by 2022

Multi Industry | Increase Target Price

FIN.S

Target price (12M, SFr)
1,050
Outperform

- **New TP SFr1050:** We upgrade our TP to SFr1050 from SFr960 as we are raising our earnings by 7% for the forecast period 2020-22 and are taking a fresh look on valuation.
- **Investment overview:** (1) GF Piping Systems should be far more resilient than previously expected. During the pandemic, almost all of the division's production facilities around the world were declared essential business, as the segment is an important supplier of water and gas infrastructures. We expect the division to be able to achieve further robust growth of nearly 7% in 2021/22, thanks in particular to the strong global infrastructure business and a large number of new orders in microelectronics. The focus on higher-quality products should also continue to have a positive effect on profitability. (2) GF Machining Solutions suffered from the downturn in the capital goods market. The demand in the machine tool industry reached its lowest level in the last decade. But the numerous end markets, especially in China, seem to have already recovered to the previous year's level. In addition, the medical technology sector remains resilient and offers growth opportunities. The cost structure has improved significantly with cost flexibility at 50-100%. (3) At GF Casting Solutions, many operations had to be shut down for several weeks. The end markets, however, are likely to recover significantly in 2021, with encouraging signs in China, Europe and the US. In addition, the segment has won several orders thanks to the increasing demand for hybrid and EV vehicles. The realignment process within the segment has been accelerated and should therefore be completed earlier than planned. (4) From an ESG perspective, GF scores 2nd best among its peer group. GF Piping Solutions in particular intensified the development of sustainable solutions to protect natural resources.
- **Catalysts:** Management is attending our Swiss Midcap Conference on 18-20 Nov. FY20 results due on 26 Feb 2021. **Risks**: (1) The ongoing footprint optimizations at GF Casting Solutions may not lead to improved returns. (2) FX headwinds may impact the top-line, (3) End-markets may not recover as strongly as expected.
- **Valuation:** At a 2022E EV/EBITDA of 7.8x and P/E of 13.5x (vs 9.8x and 17.5x, respectively, for the wider Swiss Industrial space), the valuation remains particularly attractive given GF's strong positioning in the various sales markets.

Previous target price (12M, SFr)	960.00
Price (3 Sep 20, SFr)	905.00
Market Cap (SFr m)	3,711.3
Enterprise value (SFr m)	3,929.6

Research Analysts

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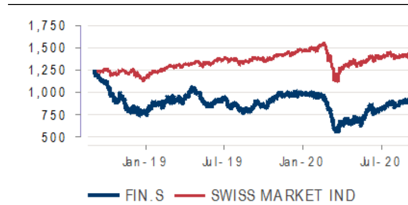
Financial and valuation metrics

Year	12/19A	12/20E	12/21E	12/22E
Revenue (SFr m)	3,809.0	3,131.1	3,512.3	3,800.7
EBITDA (SFr m)	374.0	266.5	400.3	473.0
Adjusted net income (SFr m)	206.25	114.37	215.92	275.05
CS EPS (adj.) (SFr)	50.29	27.89	52.65	67.08
Prev. EPS (SFr)	-	24.62	50.21	62.61
ROIC (%)	11.9	7.2	13.3	15.8
P/E (adj.) (x)	18.0	32.4	17.2	13.5
P/E rel. (%)	97.9	164.2	100.9	87.4
EV/EBITDA (x)	10.5	14.7	9.5	7.8

Dividend (12/20E, SFr)	0.00	Net debt/equity (12/20E,%)	15.3
Dividend yield (12/20E,%)	0.0	Net debt (12/20E, SFr m)	218.3
BV/share (12/20E, SFr)	337.1	IC (12/20E, SFr m)	1,642.4
Current WACC (%)	7.5	EV/IC (12/20E, (x)	2.4
Free float (%)	100.0	Number of shares (m)	4.1

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



The price relative chart measures performance against the SWISS MARKET IND which closed at 10220.6 on 03/09/20. On 03/09/20 the spot exchange rate was SFr1.08/Eu 1.- Eu.85/US$1

Performance	1M	3M	12M
Absolute (%)	6.3	5.7	11.3
Relative (%)	5.8	5.4	8.0

Georg Fischer (FIN.S)

Analyst: **Patrick Laager**

Price (03 Sep 2020): **SFr905.0** Target Price: **(from 960.00) 1050.00**

Rating: **Outperform**

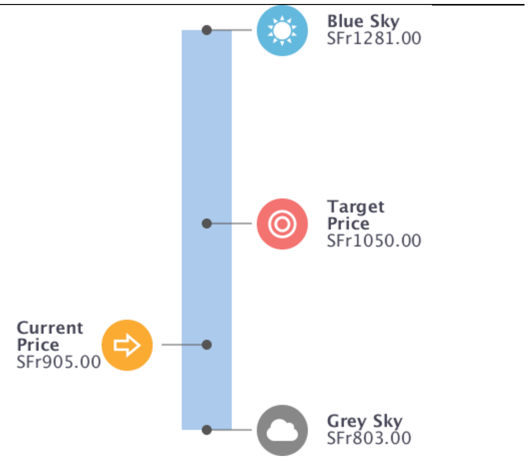
Income statement (SFr m)	**12/19A**	**12/20E**	**12/21E**	**12/22E**
Revenue	3,809	3,131	3,512	3,801
EBITDA	**374**	**266**	**400**	**473**
Depr. & amort.	(139)	(127)	(130)	(132)
EBIT	**235**	**140**	**271**	**343**
Net interest exp.	(21)	(18)	(17)	(15)
Associates	(13)	(5)	0	0
PBT	**197**	**113**	**250**	**324**
Income taxes	(31)	(17)	(39)	(52)
Profit after tax	**166**	**96**	**212**	**272**
Minorities	(1)	(1)	(2)	(3)
Preferred dividends	-	-	-	-
Associates & other	41	19	6	6
Net profit	**206**	**114**	**216**	**275**
Other NPAT adjustments	(35)	(19)	(6)	(6)
Reported net income	**171**	**95**	**210**	**269**
Cash flow (SFr m)	**12/19A**	**12/20E**	**12/21E**	**12/22E**
EBIT	235	140	271	343
Net interest	(21)	(18)	(17)	(15)
Cash taxes paid	-	-	-	-
Change in working capital	(24)	66	(36)	(34)
Other cash and non-cash items	132	100	87	76
Cash flow from operations	**322**	**289**	**305**	**370**
CAPEX	(186)	(150)	(160)	(170)
Free cashflow to the firm	**136**	**139**	**145**	**200**
Acquisitions	0	0	0	0
Divestments	19	-	-	-
Other investment/(outflows)	(23)	(15)	(20)	(20)
Cash flow from investments	**(190)**	**(165)**	**(180)**	**(190)**
Net share issue/(repurchase)	0	0	0	0
Dividends paid	(106)	(102)	0	(61)
Issuance (retirement) of debt	(18)	0	0	0
Other financing	(10)	0	0	0
Cashflow from financing	**(134)**	**(102)**	**0**	**(61)**
Changes in net cash/debt	6	14	125	119
Net debt at start	238	232	218	93
Change in net debt	**(6)**	**(14)**	**(125)**	**(119)**
Net debt at end	232	218	93	(26)
Balance sheet (SFr m)	**12/19A**	**12/20E**	**12/21E**	**12/22E**
Assets				
Total current assets	**1,999**	**1,797**	**2,009**	**2,197**
Total assets	**3,344**	**3,181**	**3,442**	**3,689**
Liabilities				
Total current liabilities	**1,012**	**863**	**913**	**948**
Total liabilities	**1,906**	**1,757**	**1,807**	**1,842**
Total equity and liabilities	**3,344**	**3,181**	**3,442**	**3,689**
Per share	**12/19A**	**12/20E**	**12/21E**	**12/22E**
No. of shares (wtd avg.) (mn)	4	4	4	4
CS EPS (adj.) (SFr)	**50.29**	**27.89**	**52.65**	**67.08**
Prev. EPS (SFr)	**-**	**24.62**	**50.21**	**62.61**
Dividend (SFr)	**25.00**	**0.00**	**15.00**	**20.00**
Free cash flow per share (SFr)	33.16	33.90	35.43	48.88
Key ratios and valuation	**12/19A**	**12/20E**	**12/21E**	**12/22E**
Growth/Margin (%)				
Sales growth (%)	(18.9)	(17.8)	12.2	8.2
EBIT growth (%)	(38.5)	(40.4)	93.8	26.4
Net income growth (%)	(27.6)	(44.5)	88.8	27.4
EPS growth (%)	(27.6)	(44.5)	88.8	27.4
EBITDA margin (%)	9.8	8.5	11.4	12.4
EBIT margin (%)	6.2	4.5	7.7	9.0
Pretax profit margin (%)	5.2	3.6	7.1	8.5
Net income margin (%)	5.4	3.7	6.1	7.2
Valuation	**12/19A**	**12/20E**	**12/21E**	**12/22E**
EV/Sales (x)	1.0	1.3	1.1	1.0
EV/EBITDA (x)	10.5	14.7	9.5	7.8
EV/EBIT (x)	16.8	28.1	14.0	10.7
Dividend yield (%)	2.76	0.00	1.66	2.21
P/E (x)	18.0	32.4	17.2	13.5
Credit ratios (%)	**12/19A**	**12/20E**	**12/21E**	**12/22E**
Net debt/equity (%)	16.1	15.3	5.7	(1.4)
Net debt to EBITDA (x)	0.6	0.8	0.2	(0.1)
Interest coverage ratio (x)	11.2	8.0	16.0	22.9

Source: FTI, Company data, Refinitiv, Credit Suisse Securities (EUROPE) LTD. Estimates

Company Background

Georg Fischer AG is a Switzerland-based company engaged in the development and supply of systems for industrial applications. Its business activities are divided into 3 divisions: GF Automotive, GF Piping Systems and GF Machine Tools (AgieCharmilles GF).

Blue/Grey Sky Scenario



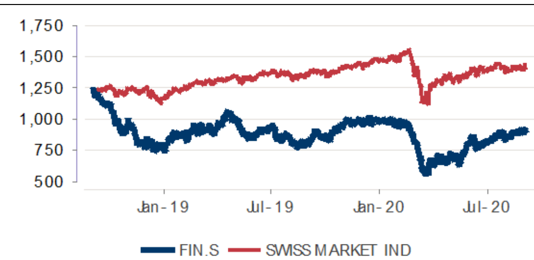
Our Blue Sky Scenario (SFr) **(from 1151.00) 1281.00**

In our Blue Sky scenario, we assume that GF could benefit from a stronger-than-expected recovery in its core end-markets with sales CAGR accelerating to 4% (vs 3.5% in our base case scenario) and converting into 9.5% EBIT margin through the cycle (or the mid-point of the mid-term guidance of 9-10%).

Our Grey Sky Scenario (SFr) **(from 673.00) 803.00**

In our Grey Sky scenario, we anticipate no sigificant recovery post COVID-19, with flat sales in 2021 but EBIT margin to improve to 5% following the completion of the realignments at GF Casting Solutions.

Share price performance

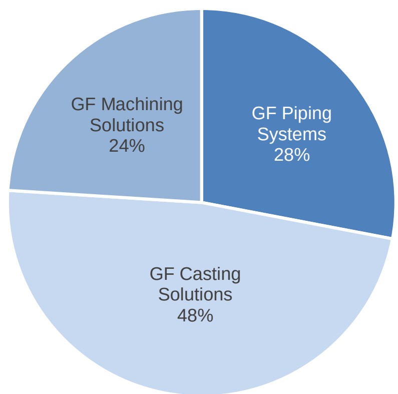


The price relative chart measures performance against the SWISS MARKET IND which closed at 10220.6 on 03/09/20

On 03/09/20 the spot exchange rate was SFr1.08/Eu 1.- Eu.85/US$1

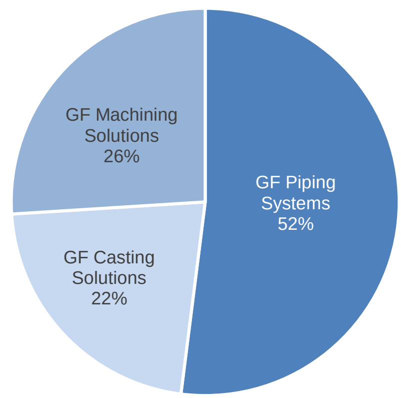
Key charts

Figure 1: Almost half of sales in 2008 were achieved in the Automotive sector ...



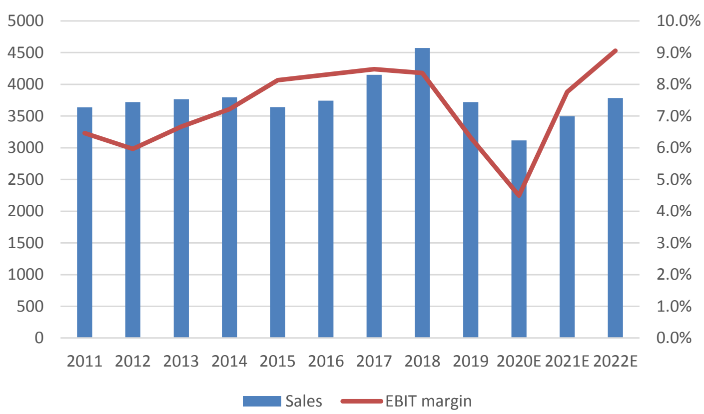
Source: Company data

Figure 2: ... while it will only be around a fifth in 2022 according to our estimates



Source: Credit Suisse estimates

Figure 3: We are confident that GF will improve the EBIT margin within the guidance of 9-10% by 2022



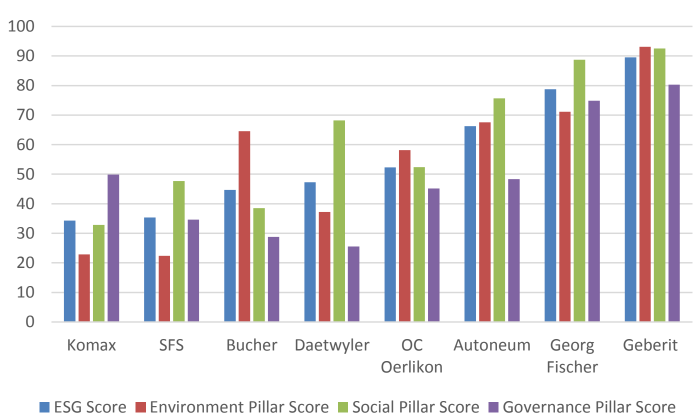
Source: Company data, Credit Suisse estimates

Figure 4: Our estimates are on average 15% above the consensus estimates at EBIT level

SFrm	Credit Suisse estimates			Consensus estimates			Delta		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Net sales	**3116**	**3497**	**3786**	**3103**	**3427**	**3632**	**+0%**	**+2%**	**+4%**
- growth	-16.2%	12.2%	8.2%	-16.6%	10.4%	6.0%			
EBIT	**140**	**271**	**343**	**120**	**237**	**300**	**+17%**	**+14%**	**+14%**
- margin	4.5%	7.7%	9.0%	3.9%	6.9%	8.3%			

Source: Credit Suisse estimates, IBES consensus estimates

Figure 5: From an ESG angle, GF does particularly well



Source: Refinitiv

Figure 6: All valuation metrics we apply point to a fair equity value which is above current levels

Valuation, SFr per share	Value	Weights	Weighted
(1) DCF (WACC 7.5%)	1090	40%	436
(2) Credit Suisse HOLT® (based on analyst forecats	1070	30%	321
(3) Multiple target (8x 2022E EV/EBITDA)	931	20%	186
(4) ROIC methodology (2021-22E)	1082	10%	108
Implied equity value based on balanced average	**1043**	**100%**	**1050**
CS target price based on blended average	**1050**		

Source: Credit Suisse estimates, Credit Suisse HOLT®

In 2022, GF is likely to be less cyclical, more profitable and worth more

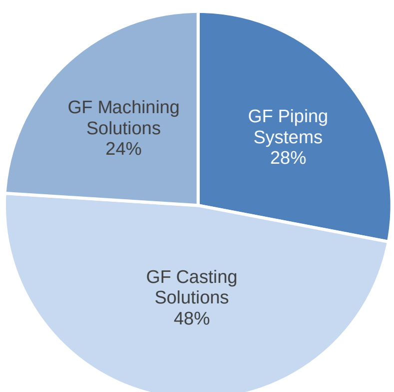
GF has set itself the goal of expanding its presence in growth markets and at the same time adapting its portfolio and presence in Europe. In addition, the portfolio will continue to be relocated to higher-value business areas and sales and innovation will be further increased. On the basis of these strategic directions, annual growth of 3-5% and an EBIT margin of 9-10% could be achieved over the cycle, according to management. The ROIC is expected to move within the 20-24% range. These mid-term goals seem achievable, in our view. GF has organically increased sales by 4% annually since 2011. The inorganic growth was just under 1%, with which the company achieved about 4.5-5% over-the-cycle growth.

Successful transformation

The company has developed very positively in recent years. While the largest share of sales was generated in the Automotive industry in 2008, the high-margin business with piping and fitting solutions could contribute 52% to group sales in 2022, according to our estimates. Looking at GF's transformation process since 2008 there are four main points that can be mentioned positively:

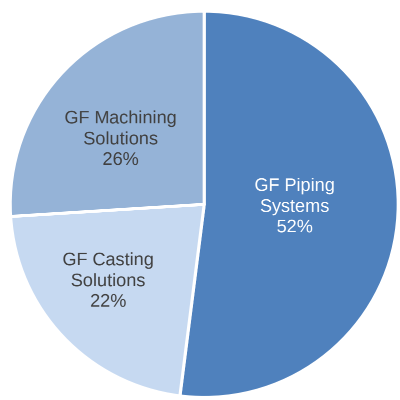
- **Less cyclical and more profitable:** GF management has significantly expanded the highly profitable and less cyclical piping business in recent years while reducing its exposure to casting solutions with divestments of the iron foundries in Europe.

Figure 7: Sales split by division in 2008



Source: Company data

Figure 8: Expected sales split by division in 2022



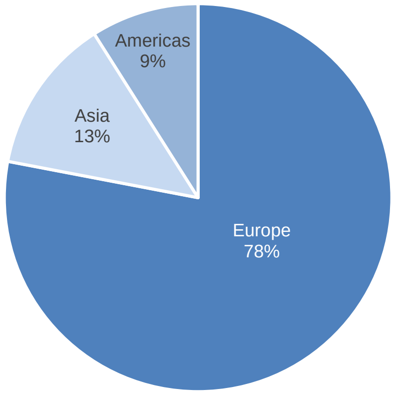
Source: Credit Suisse estimates

- **Regionally broader:** As a result of this realignment, the regional exposure has also improved. Although Georg Fischer was still heavily dependent on business in Europe in 2008, its business is now more evenly distributed across regions.

- **More flexible cost structure:** The divestitures in Germany have also led to the cost base becoming more flexible. In 2019 only 10% of the headcount was employed in Germany compared with almost 30% in 2008.

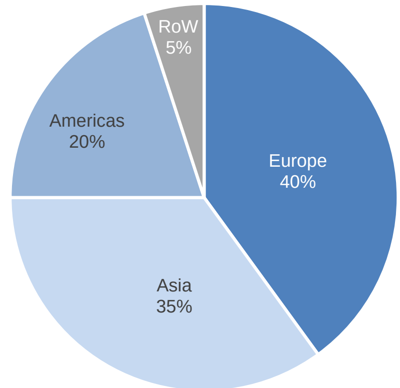
- **Robust balance sheet:** In addition, the company's balance sheet is significantly more robust than in 2008/09. Last year it had SFr530m of cash & cash equivalents and the balance sheet was leveraged at only 0.6x net debt/EBITDA (vs 1.3x in 2008). The equity ratio was 43%.

Figure 9: Regional sales split in 2008



Source: Company data

Figure 10: Expected regional sales split in 2022



Source: Credit Suisse estimates

GF Piping Systems continues to focus successfully on higher quality products

GF Piping Systems focuses on the safe and reliable transport of water, chemicals and gases. The product range includes piping systems made of plastic and metal, connection technologies, valves, drives, and measurement technologies. The range consists of 60,000 different products in total. The division has numerous customers from Industry, Utilities and Construction. The division runs 30 production sites worldwide. According to our estimates, around 25% of divisional sales are likely to be generated with pipeline systems today. Fittings could contribute around 35-40% and thus represent the largest share of sales. Valves contribute an estimated 10%. In addition, there are solutions in sensor technology, which represent around 5%.

Business remaining strongly resilient

In our opinion, GF Piping Systems is likely to be significantly more resilient than investors expect. The division is an important supplier of water and gas infrastructures, which means that most of their production facilities have been declared essential. This enabled operations worldwide to be maintained during the pandemic peak in March-May. Therefore sales LFL ex FX only decreased by 3% in H1. In H2 and 2021, the strong infrastructure business and the large number of new orders in Microelectronics could convert into robust growth. In Ireland, Israel and the US in particular, major investments are being made in the semiconductor industry. For 2020 we expect a slight drop in sales of only 2% LFL ex FX. Helped by a favorable comparative basis, growth should be 7.5% LFL ex FX in 2021 followed by 6% in 2022, according to our estimates.

Growth fueled by Infrastructure

GF Piping Systems will continue to benefit from the Infrastructure business in the future. In the Gas Supply sector alone, the division generates around SFr280m in annual sales according to our estimate, with China and the US being particularly important sales markets. The Water Supply sector will also continue to be a growth driver. GF Piping Systems achieves an estimated SFr260-270m annual turnover in this space. An example is the major order from Brazil, where the division is supplying water pipes with a total length of 760 km. GF Piping Systems is also seeing high growth in the field of microelectronics where an estimated SFr100-120m turnover is achieved.

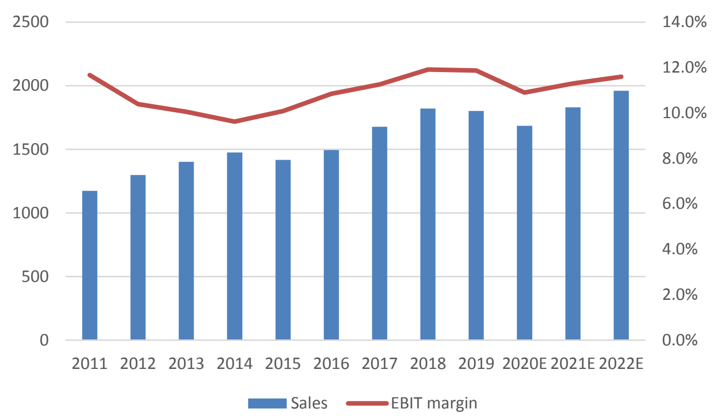
Strong focus on higher quality products

In addition to the pipeline systems and related solutions, GF Piping Systems will continue to focus on higher quality products thanks to which profitability should improve even further. The new partnership with Oxford Flow Ltd (UK), which was announced in March 2020, seems particularly interesting to us. The company is a provider of innovative pressure regulation technology. The first orders were booked. Thanks to the pressure regulation in the water pipes, water loss can be reduced. GF will acquire a minority stake of 23% in the company in two steps. Today GF Piping Systems already achieves SFr60-70m with sensor solutions, according to our estimates.

Last year GF Piping Systems presented the Hycleen Automation System. This solution prevents harmful bacteria from multiplying in pipes which are installed in hotels, hospitals and residential buildings. The pre-insulated Cool-Fit system for the transport of cooling fluids should also continue to achieve high growth. The system is mainly installed in data centers and in industrial plants. Cooling systems are likely to contribute a little less than SFr60m to divisional sales today. But this area is also growing rapidly.

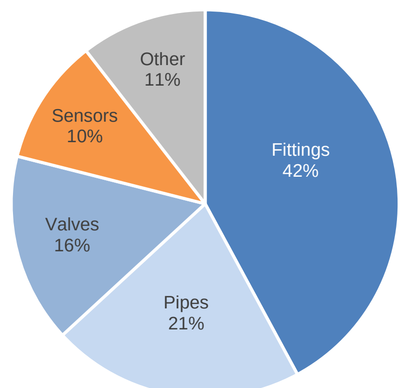
GF Piping Systems generates additional sales with solutions in the area of Building Technologies (~SFr350m), Water Treatment (~SFr200m), CPI (~SFr150m), and Energy (~SFr80m), and Marine (~SFr60m).

Figure 11: Sales (SFrm) and EBIT margin since 2011



Source: Company data, Credit Suisse estimates

Figure 12: Est. divisional sales split by end-market in 2022



Source: Credit Suisse estimates

Transformation of GF Casting Solutions is ahead of schedule

GF Casting Solutions is further aligning itself and focusing on highly complex metal components that are used in the Automotive, Aerospace and the Energy industries. In the Automotive sector, the division produces new drive components as well as structural parts made of aluminum and magnesium, which were developed primarily for electric and hybrid vehicles. The division produces at 13 locations.

Benefiting from the trend towards lighter vehicles

The iron foundry in Herzogenburg (Austria; around SFr75m turnover) was sold to MRB FerCon GmbH in September 2019. This step followed after the division had already divested the Singen and Mettmann locations (both in Germany) at the end of 2018 in order to exit from the iron casting business in Europe. GF will only operate a plant in Leipzig which produces cast iron components for the non-automotive sector. The aim is to concentrate on light metal components made of aluminum and magnesium. The demand for such products is likely to increase steadily in view of the trend towards lighter vehicles. In order to increase capacities in this area, GF Casting Solutions is investing in a new light metal production facility in China (Shenyang). Production is expected to start in 2023. GF has already won first orders. In the US, GF Linamar's new light metal die-casting plant was expanded in June 2019. We expect lower start-up costs for new orders. The relocation of production from Werdohl (Germany) to Austria and Romania should also be completed by the end of the year, ahead of schedule, which will further reduce costs (around 300 FTEs are affected). Overall, the one-off costs in connection with the relocation from Werdohl and the divestment of the iron foundry in Herzogenburg amount to SFr63m (of which SFrm46m in 2019 and SFr17m in 2020).

While GF Casting Solutions is successfully realigning itself, the pandemic has resulted in the closure of most operations in the automotive sector for several weeks. In the Aviation industry, a large number of orders were postponed, which also led to the partial closure of production facilities. In 1H20, GF therefore suffered from a sales drop of nearly 28% LFL ex FX. However, end markets are likely to recover significantly in the course of H2 and especially in 2021. Not only in China but also in Europe and the US there are encouraging signs. In addition, the segment has won several orders thanks to the increasing demand for hybrid and EV vehicles. This segment already accounts for around 30% of the order backlog. We therefore expect 14% LFL ex FX in 2021. Below we show our and IHS forecasts for light vehicle production.

Figure 13: Light vehicle production – Credit Suisse vs IHS estimates

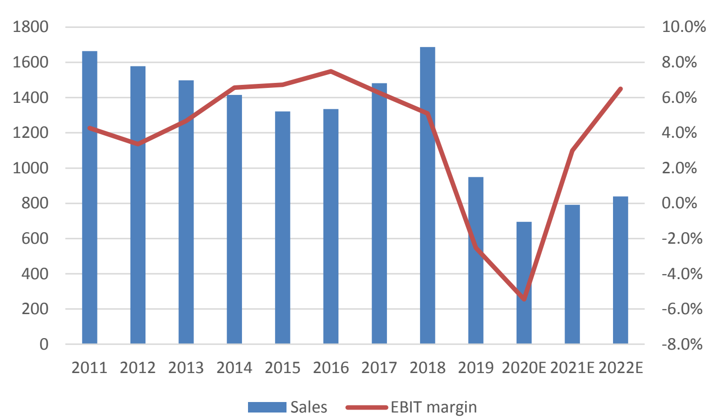
	Actual	Credit Suisse estimates			IHS estimates		
	2019	2020E	2021E	2022E	2020E	2021E	2022E
Units, 000's							
North America	16315	12621	14837	16048	12761	14611	15706
Europe	21146	15600	17663	18438	15895	18347	19596
China	24665	22049	24866	26332	21923	23404	24787
Global	**88951**	**69798**	**80353**	**85646**	**70472**	**79491**	**85016**
Y/Y% chg							
North America	-3.8%	-22.6%	17.6%	8.2%	-21.8%	14.5%	7.5%
Europe	-3.8%	-26.2%	13.2%	4.4%	-24.8%	15.4%	6.8%
China	-8.1%	-10.6%	12.8%	5.9%	-11.1%	6.8%	5.9%
Global	**-5.6%**	**-21.5%**	**15.1%**	**6.6%**	**-20.8%**	**12.8%**	**7.0%**

Source: Credit Suisse estimates, IHS estimates

Reduced fixed cost basis post successful realignment

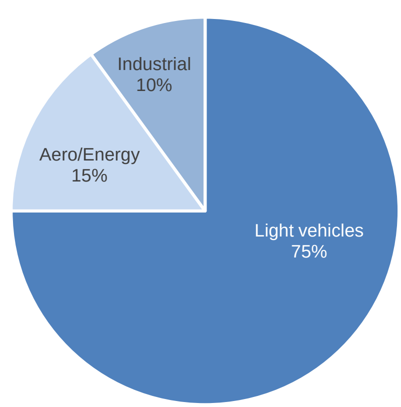
According to our estimates, GF Casting Solutions should generate around 75% of sales in the light vehicle sector in 2022 and contribute 22% of group sales. Thanks to the divestment of the iron casting business in Europe, the fixed cost base could further be reduced. Therefore, profitability will improve rapidly. An EBIT margin of 8% or higher from 2023 cannot be ruled out.

Figure 14: Sales (SFrm) and EBIT margin since 2011



Source: Company data, Credit Suisse estimates

Figure 15: Est. divisional sales split by end-market in 2022



Source: Credit Suisse estimates

We expect Customer Services and Medtech could contribute at least 40% to GF Casting Solutions sales by 2022

GF Machining Solutions is a leading supplier of machines for the manufacture of precision parts. The product range includes milling machines, wire and electrical discharge machines (EDM), spindle systems, laser texturing and additive manufacturing. To improve production capacities and optimize the footprint around SFr100m were invested in a new innovation and production center in Biel (Switzerland). The location was opened in September 2019.

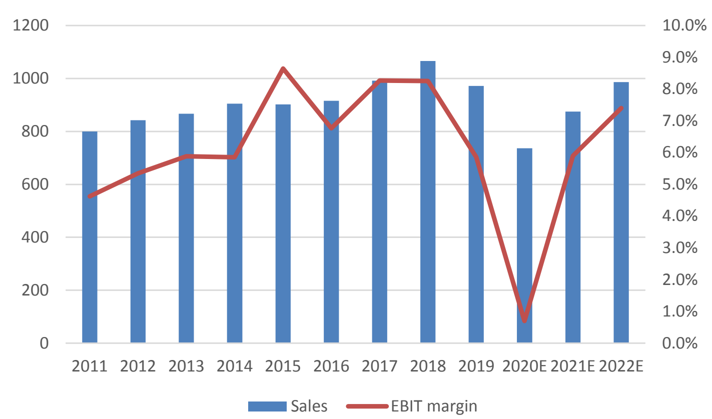
In 1H20, the division suffered particularly badly from the pandemic. LFL ex FX sales fell by 21%. Demand in the machine tool industry was at its lowest level in the past decade. However, there are signs of a recovery in numerous end markets, especially in China, where demand in Civil Aviation and in the ICT sector has already reached the previous year's level. We expect a strong recovery in 2021.

News innovations allow to expand into attractive fields

In the medium term, the division will be able to differentiate itself from the competition through innovation in the areas of additive manufacturing, laser texturing and automation. Thanks to laser texturing, GF Machining Solutions will increasingly penetrate new fields of application, especially in Medical Technology. The division has developed a new machine with two femto lasers and launched it on the market recently. The aim is to significantly increase sales in Medical Technology in the coming years. According to our estimates, this area should already represent 15% of segment sales in 2022. This year we expect around SFr100m from this space. The Customer Service business is also likely to be expanded further and represent around 25% or even up to 30% in 2022. Together with the expected sales from Medtech, about 40% could derived from these two fields of activities. The Automotive sales market could contribute around 15% to sales only by then. This should make the division even less cyclical than is still the case today.

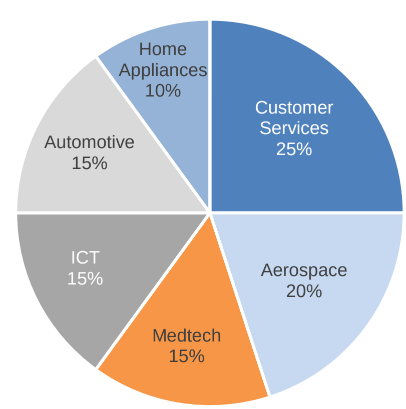
The cost structure has already improved significantly. We estimate the cost flexibility at around 65% today. This enables GF Machining Solutions to cushion declines in sales more quickly.

Figure 16: Sales (SFrm) and EBIT margin since 2011



Source: Company data, Credit Suisse estimates

Figure 17: Est. divisional sales split by end-market in 2022



Source: Credit Suisse estimates

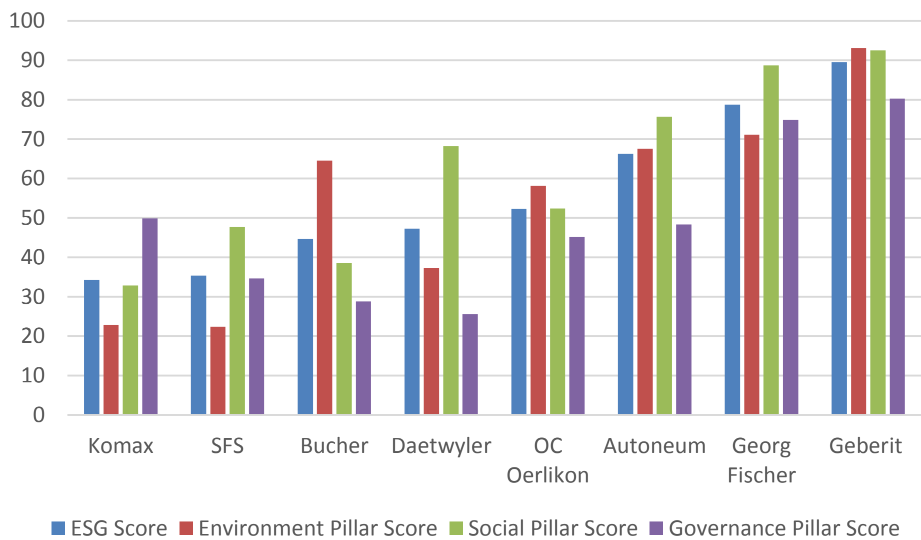
ESG angle is taken seriously by management

The topic of ESG is particularly important at GF. The company has been one of the first in Switzerland to publish reports on sustainability. The first report on this topic was published back in 2005. Today the topic of ESG is part of the strategy and its elements are consistently implemented in all three company divisions.

GF Piping Systems offers a very wide range of products which, for instance, ensures leak-free transport of water, gas and chemicals. They contribute to save water. GF Casting Solutions is one of the world's leading solution providers for lightweight components for light vehicles, trucks and aerospace and energy. They contribute to reducing CO2.

A look at the ESG scores provided by Refinitiv makes GF the second best company within the peer group. Only Geberit achieves a better score.

Figure 18: ESG scorecard



Source: Refinitiv, Credit Suisse

Forecast revisions

The COVID-19 pandemic had a negative impact in 1H20 in an unprecedented way. The Automotive and Aerospace industries were particularly hard hit. Due to government instructions and safety measures, many locations were temporarily shut down. There was also a fierce headwind from the further appreciation of the Swiss franc. Overall, sales fell by 20% to SFr1528m. But adjusted for exchange rate effects, acquisitions and divestments, sales decreased by 14%, which in view of the crisis was less bad than feared. The EBIT margin before one-off effects was 4.2%, which was also a good result, in our view. The profitability was supported by GF Piping Systems, which achieved a margin of 11.1% and a ROIC of 20.8% (vs 12.7% and 25.6% in 1H19).

For 2H20, management expects a result on a similar level as in 1H20. We are of the opinion that there is a high probability that EBIT will be significantly better than expected by the consensus. Overall, we have increased our EBIT forecasts by 7% for the forecast period 2020-22. This puts us on average 15% above the consensus estimates at EBIT level.

Figure 19: Forecast revisions

SFr m	New estimates			Old estimates			Revisions			Average change
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E	
Net sales	**3116**	**3497**	**3786**	**3017**	**3445**	**3665**	**+3%**	**+2%**	**+3%**	**+3%**
- growth y/y	-16.2%	12.2%	8.2%	-18.9%	14.2%	6.4%				
- GF Piping Systems	1685	1831	1961	1631	1806	1916	+3%	+1%	+2%	+2%
- GF Casting Solutions	694	792	839	690	779	822	+1%	+2%	+2%	+1%
- GF Machining Solutions	737	875	986	696	862	929	+6%	+2%	+6%	+4%
Total revenues	**3131**	**3512**	**3801**	**3032**	**3460**	**3680**	**+3%**	**+2%**	**+3%**	**+3%**
EBITDA	**266**	**400**	**473**	**252**	**389**	**460**	**+6%**	**+3%**	**+3%**	**+3%**
- margin	8.5%	11.4%	12.4%	8.3%	11.2%	12.5%	19	16	-6	
EBIT	**140**	**271**	**343**	**122**	**257**	**327**	**+15%**	**+6%**	**+5%**	**+7%**
- margin	4.5%	7.7%	9.0%	4.0%	7.4%	8.9%	46	30	13	
- GF Piping Systems	10.9%	11.3%	11.6%	10.5%	11.0%	11.7%	40	30	-10	
- GF Casting Solutions	-5.4%	3.0%	6.5%	-5.6%	2.8%	6.0%	19	20	50	
- GF Machining Solutions	0.7%	5.9%	7.4%	-0.1%	5.5%	7.2%	80	40	20	
Net income (adjusted)	**114**	**216**	**275**	**101**	**206**	**257**	**+13%**	**+5%**	**+7%**	**+7%**
EPS (reported)	23.3	51.3	65.8	20.7	48.6	61.0	+13%	+6%	+8%	+8%
EPS (adjusted)	27.9	52.7	67.2	24.7	50.3	62.7	+13%	+5%	+7%	+7%
EPS (adjusted, fully dil.)	**27.9**	**52.7**	**67.1**	**24.6**	**50.2**	**62.6**	**+13%**	**+5%**	**+7%**	**+7%**
FCF	**139**	**145**	**200**	**148**	**129**	**194**	**-6%**	**+12%**	**+3%**	**+3%**
- yield	3.7%	3.9%	5.4%	4.0%	3.5%	5.3%				
Net cash	**-218**	**-93**	**26**	**-209**	**-100**	**13**	**-9**	**7**	**13**	
- Net cash (debt)/EBITDA	0.8	0.2	-0.1	0.8	0.3	0.0				
DPS	**0.0**	**15.0**	**20.0**	**0.0**	**15.0**	**20.0**	**0**	**0**	**0**	
- Payout	0.0%	28.4%	29.8%	0.0%	29.8%	31.9%				

Source: Company data, Credit Suisse estimates

Figure 20: Credit Suisse vs IBES consensus estimates

SFrm	Credit Suisse estimates			Consensus estimates			Delta		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Net sales	**3116**	**3497**	**3786**	**3103**	**3427**	**3632**	**+0%**	**+2%**	**+4%**
- growth	-16.2%	12.2%	8.2%	-16.6%	10.4%	6.0%			
EBIT	**140**	**271**	**343**	**120**	**237**	**300**	**+17%**	**+14%**	**+14%**
- margin	4.5%	7.7%	9.0%	3.9%	6.9%	8.3%			

Source: Credit Suisse estimates, IBES consensus estimates

Valuation

We are taking a fresh look at our valuation metrics and upgrade our TP to SFr1050 from SFr920 implying attractive upside potential.

We value Georg Fischer using: (1) a three-stage DCF model; (2) Credit Suisse HOLT; (3) a peer multiple target; and (4) a ROIC model. We give more importance to discounted future cash flows than earnings for a single year. This is why our DCF model and Credit Suisse HOLT have a combined weighting of 70% vs only 30% for our peer multiple valuation metric and ROIC model. The weighted blend yields our SFr1050 TP.

Figure 21: Valuation blend

Valuation, SFr per share	Value	Weights	Weighted
(1) DCF (WACC 7.5%)	1090	40%	436
(2) Credit Suisse HOLT® (based on analyst forecasts)	1070	30%	321
(3) Multiple target (8x 2022E EV/EBITDA)	931	20%	186
(4) ROIC methodology (2021-22E)	1082	10%	108
Implied equity value based on balanced average	**1043**	**100%**	**1050**
CS target price based on blended average	**1050**		

Source: Credit Suisse estimates

DCF

We use a three-stage DCF with the following forecast periods:

- **Stage 1 (years 2020E-22E):** We use our explicit model forecasts for free cash flow for the first three years.
- **Stage 2 (years 2023E-29E):** We use broader assumptions for the following six years, which we flex in the sensitivity tables below.
- **Stage 3 (terminal value):** We base our terminal value on Year 11 cash flow.

Our key assumptions are as follows:

- **Mid-cycle growth:** For the transition period 2023E-29E, we expect 4.5% through-cycle growth and assuming 1.5% Swiss GDP growth. Between 2011 and 2019 GF achieved 4% organic CAGR and nearly 1% inorganic CAGR.
- **Profitability:** For the forecast period, we anticipate the EBIT margin to improve to 9% by 2022, or at the lower end of the 9-10% mid-term guidance. Over the cycle we assume profitability to be at 9% on average.
- **Terminal growth:** Across our Swiss Industrials coverage, we use terminal growth rate assumptions of 1.0% to 2.5%. For Georg Fischer, we use 1.5%% (unchanged), in-line with Swiss GDP growth of 1.5%.
- **Discount rate**: Across our Swiss Industrials coverage, we use WACC rate assumptions of 7.0-8.0%. For Georg Fischer, we use 7.5% (prev. 7.6%) primarily on a lower cost of debt that yields a lower WACC, and a lower beta.

Figure 22: Three-stage DCF model

Actuals		Forecast Period			Transition Period							End Period
	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	
Net sales	3720	3116	3497	3786	4051	4302	4536	4747	4930	5081	5197	5275
- Change y/y	-18.6%	-16.2%	12.2%	8.2%	7.0%	6.2%	5.4%	4.6%	3.9%	3.1%	2.3%	1.5%
EBIT	235	140	271	343	385	403	418	431	440	446	449	448
- Margin on net sales	6.3%	4.5%	7.8%	9.1%	9.5%	9.4%	9.2%	9.1%	8.9%	8.8%	8.6%	8.5%
Exceptionals	40	17	0	0	0	0	0	0	0	0	0	0
Taxes on EBIT	-37	-21	-42	-55	-73	-76	-79	-82	-84	-85	-85	-85
- Tax rate on EBIT	15.7%	15.0%	15.5%	16.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
NOPAT	**238**	**136**	**229**	**288**	**312**	**326**	**339**	**349**	**357**	**362**	**364**	**363**
Depreciation	139	127	130	132	142	151	159	166	173	178	182	185
- as of sales	3.7%	4.1%	3.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Capex	-186	-150	-160	-170	-182	-187	-191	-193	-194	-192	-189	-185
- as % of sales	5.0%	4.8%	4.6%	4.5%	4.5%	4.4%	4.2%	4.1%	3.9%	3.8%	3.6%	3.5%
Change in NWC	45	66	-36	-34	-40	-38	-35	-32	-27	-23	-17	-12
- as % of sales increase	-5.3%	-10.9%	-9.5%	-11.7%	-15.0%	-15.0%	-15.0%	-15.0%	-15.0%	-15.0%	-15.0%	-15.0%
FCF to the firm	**236**	**179**	**163**	**216**	**231**	**251**	**271**	**290**	**308**	**324**	**339**	**352**
Discounted FCF to the firm		174	148	183	182	184	185	184	182	178	173	3'015
- as % of equity value		3.9%	3.3%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.0%	3.9%	67.6%
Average net cash (debt)	-235											
Minorities	-42											
Pension liabilities	-50											
Equity value	4462											
Market value per share, SFr	**1'090**											

Source: Company data, Credit Suisse estimates

Georg Fischer from a Credit Suisse HOLT perspective

We have also linked our forecasts to the HOLT valuation. Before we discuss the key economic drivers in our assumptions, we note that the HOLT tool uses discounted cash flow with a proprietary corporate performance metric, the CFROI® (Cash Flow Return on Investment), with adjustments to ensure consistency and comparability of companies through time. Credit Suisse HOLT is a proprietary valuation tool that aims to convert income statement and balance sheet information into a CFROI. The goal is to help assess a company's underlying economics.

Applying Credit Suisse HOLT yields SFr1069.6 as a fair equity value implying 18% potential upside.

Figure 23: Credit Suisse HOLT

HOLT - Credit Suisse Analyst Scenario Data

GEORG FISCHER AG (FIN)

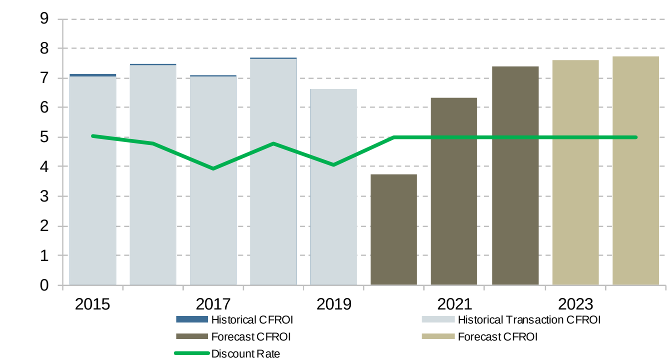
Current Price: CHF 905.00 **Warranted Price: CHF 1069.61**

EBITDA Margin (parallel % point change to forecasts)	Sales Growth (parallel % point change to forecasts)					
	CHF	**-2.0%**	**-1.0%**	**0.0%**	**1.0%**	**2.0%**
	-2.0%	-16%	-10%	-5%	2%	9%
	-1.0%	-6%	0%	7%	14%	22%
	0.0%	4%	11%	18%	26%	35%
	1.0%	14%	22%	30%	38%	48%
	2.0%	24%	32%	41%	50%	61%

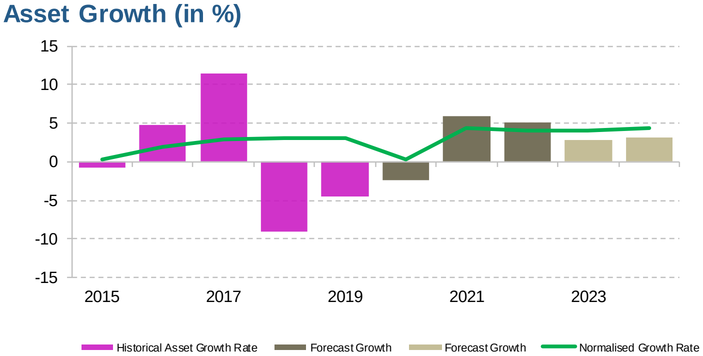
	Dez 18A	Dez 19A	Dez 20E	Dez 21E	Dez 22E
Sales Growth, %	11.2	-4.3	-16.2	12.2	8.2
EBITDA Mgn, %	11.5	10.0	8.6	11.5	12.5
Asset Turns, x	0.70	0.7	0.6	0.6	0.6
CFROI®, %	7.7	6.6	3.8	6.3	7.4
Disc Rate, %	4.8	4.1	5.0	5.0	5.0
Asset Grth, %	-9.0	-4.5	-2.4	5.8	5.1
Price to Book, x	1.3	1.5	1.4	1.4	1.3
Economic PE, x	16.3	22.7	38.4	21.4	17.4
Leverage, %	24.4	25.6	25.7	26.4	27.0

More than 10% downside | Within 10% | More than 10% upside

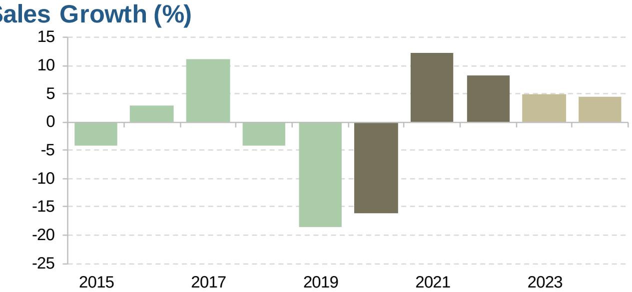
CFROI & Discount Rate (in %)



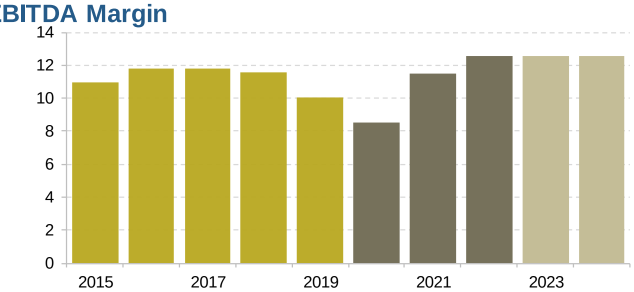
Asset Growth (in %)



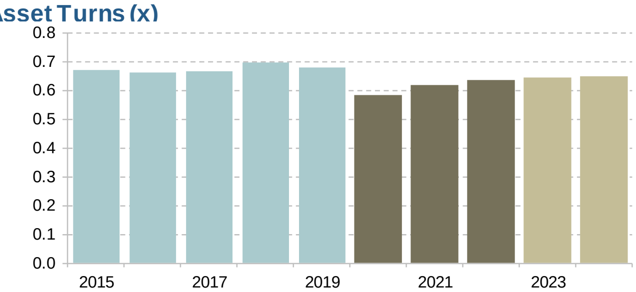
Sales Growth (%)



EBITDA Margin



Asset Turns (x)



Source: Credit SuisseHOLT

Georg Fischer versus Swiss Industrial & Tech peers

Figure 24: Peer multiples

Swiss Cyclicals (Credit Suisse)		Performance				Valuation										Yields		Returns			Market cap
Companies	Rating	Price SFr	TP SFr	Up/ Down	Perf. YTD	P/E 2021	P/E 2022	EV/Sales 2021	EV/Sales 2022	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBIT 2021	EV/EBIT 2022	P/Book 2021	P/Book 2022	FCF yld. 2021	Div. yld. 2021	RoA 2021	RoE 2021	EBIT-m 2021	SFr mn
Autoneum	Outperform	107.6	130.0	21%	-7%	23.8	10.1	0.5	0.5	5.7	4.4	17.7	9.5	1.4	1.3	13.3%	1.4%	1.2%	6.3%	n..m.	503
Belimo Holding	Underperform	7430.0	5720.0	-23%	2%	47.0	42.6	6.3	5.8	28.4	26.1	36.1	32.9	8.8	8.4	2.3%	2.0%	16.1%	19.2%	17.4%	4569
Bucher Industries	Neutral	345.0	280.0	-19%	2%	22.8	18.1	1.2	1.1	11.7	9.6	16.6	12.8	2.3	2.1	4.8%	1.4%	6.2%	10.6%	7.4%	3536
Comet	Outperform	137.4	163.0	19%	12%	26.9	20.2	2.5	2.3	15.5	12.1	21.8	15.8	4.9	4.3	2.7%	1.1%	9.7%	19.0%	11.6%	1067
Conzzeta	Outperform	948.0	1035.0	9%	-18%	29.3	n.a.	1.3	n.a.	13.7	n.a.	19.2	n.a.	2.2	n.a.	3.6%	1.9%	5.6%	7.8%	6.7%	1732
Daetwyler	Outperform	212.0	229.0	8%	14%	27.9	23.2	2.7	2.4	12.0	10.3	16.8	13.8	4.6	4.1	3.3%	1.6%	10.2%	17.3%	15.9%	2220
dormakaba	Outperform	537.0	660.0	23%	-22%	17.4	15.6	1.9	1.9	12.5	11.8	15.4	14.3	13.6	13.5	8.3%	2.8%	6.5%	78.7%	12.3%	2255
Forbo	Outperform	1492.0	1590.0	7%	-9%	19.5	18.4	1.5	1.3	8.3	7.3	11.5	10.0	2.9	2.6	5.3%	1.5%	10.7%	16.1%	12.8%	2132
Geberit	Neutral	512.8	450.0	-12%	-6%	29.2	27.2	6.2	6.0	20.9	19.6	24.7	22.8	8.9	8.4	3.3%	2.3%	16.2%	31.4%	25.2%	18283
Georg Fischer	Outperform	905.0	1050.0	16%	-8%	17.2	13.5	1.1	1.0	9.5	7.8	14.0	10.7	2.3	2.1	3.9%	1.7%	6.5%	14.5%	7.7%	3711
Inficon	Underperform	767.0	621.0	-19%	0%	33.1	29.1	4.7	4.3	21.7	19.3	24.7	21.8	8.7	8.1	2.7%	2.6%	22.2%	28.2%	18.9%	1872
Interroll	Neutral	2435.0	1998.0	-18%	12%	38.3	33.7	2.8	2.6	16.4	15.2	22.8	20.4	5.8	5.2	0.9%	0.9%	11.4%	15.7%	12.3%	2079
Klingelnberg	Outperform	15.5	28.0	81%	-37%	n.m.	8.5	0.5	0.5	31.1	3.9	n.m.	5.1	1.0	0.9	7.0%	0.0%	-2.3%	-4.3%	n.m.	137
Komax	Neutral	152.9	150.0	-2%	-35%	21.7	13.2	1.8	1.6	15.3	10.4	22.0	13.1	2.3	2.1	0.5%	2.0%	5.9%	11.3%	n.m.	589
Landis + Gyr	Outperform	55.8	88.0	58%	-45%	12.0	10.4	1.1	1.0	8.4	7.2	12.6	10.3	0.9	0.9	6.5%	4.4%	5.3%	8.0%	8.9%	1632
Lem	Neutral	1666.0	1326.0	-20%	17%	46.5	39.8	6.6	6.1	29.1	25.4	37.9	32.6	17.7	15.9	2.0%	1.6%	19.1%	37.9%	17.3%	1899
Meyer Burger	Not Rated	0.19			-10%																470
OC Oerlikon	Neutral	8.2	9.2	12%	-28%	17.4	16.0	1.2	1.1	8.2	7.7	21.1	18.5	2.0	2.0	8.7%	4.3%	4.9%	11.4%	5.5%	2784
Rieter Holding	Neutral	80.4	99.0	23%	-42%	n.m.	17.5	0.3	0.3	18.1	3.9	n.m.	11.3	1.0	1.0	n.m.	0.0%	-1.9%	-4.3%	n.m.	376
Schindler	Outperform	240.1	225.0	-6%	-2%	29.7	27.4	2.2	2.1	16.3	14.8	18.9	17.2	5.9	5.4	3.2%	1.7%	10.2%	20.8%	11.7%	25794
Sensirion	Underperform	48.1	31.0	-36%	17%	43.7	31.6	3.1	2.8	20.6	15.3	41.3	27.6	4.0	3.6	3.2%	0.0%	6.1%	8.5%	n.m.	749
SFS	Outperform	85.6	100.0	17%	-8%	17.0	16.0	1.7	1.6	9.4	8.6	13.5	12.1	2.3	2.1	4.3%	2.3%	10.8%	13.9%	12.4%	3208
SIG Combibloc	Outperform	17.5	18.7	7%	13%	19.6	17.5	3.3	3.0	11.5	10.4	16.1	14.2	2.7	2.6	5.1%	3.0%	5.8%	13.7%	20.4%	5588
Sika	Outperform	211.7	240.0	13%	16%	27.4	22.0	3.7	3.2	18.3	14.9	22.7	17.8	7.4	6.1	3.5%	1.3%	10.9%	29.7%	16.2%	30097
Stadler Rail	Neutral	41.2	38.0	-8%	-15%	21.6	17.6	1.2	1.0	13.2	10.4	18.0	13.5	4.3	3.8	5.0%	2.8%	4.4%	21.2%	6.6%	4120
Sulzer	Neutral	79.7	86.0	8%	-26%	12.0	10.4	0.8	0.8	6.8	5.9	11.7	9.2	1.7	1.7	9.4%	5.3%	4.8%	14.7%	7.1%	2729
VAT	Underperform	169.8	139.0	-18%	4%	27.4	28.0	6.5	6.6	19.9	20.2	24.3	24.8	8.8	8.6	3.4%	2.9%	18.3%	33.6%	26.9%	5094
Average					**-8%**	**26.2**	**21.1**	**2.6**	**2.4**	**15.5**	**12.1**	**20.9**	**16.5**	**4.9**	**4.7**	**4.4%**	**2.0%**	**8.6%**	**18.5%**	**13.4%**	
Median					**-7%**	**25.3**	**18.1**	**1.8**	**1.9**	**14.5**	**10.4**	**19.1**	**14.2**	**3.4**	**3.6**	**3.6%**	**1.8%**	**6.5%**	**15.2%**	**12.3%**	

Swiss Cyclicals (IBES consensus)		Performance				Valuation										Yields		Returns			Market cap
Companies	Rating Not covered	Price SFr	TP SFr	Up/ Down	Perf. YTD	P/E 2021	P/E 2022	EV/Sales 2021	EV/Sales 2022	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBIT 2021	EV/EBIT 2022	P/Book 2021	P/Book 2022	FCF yld. 2021	Div. yld. 2021	RoA 2021	RoE 2021	EBIT-m 2021	SFr mn
Arbonia*		11.3	12.8	14%	-11%	18.5	15.6	0.7	0.7	6.5	6.0	15.4	12.6	0.8	0.8	5.1%	2.3%	3.0%	4.5%	4.4%	782
Bossard Holdg*		164.4	158.5	-4%	-6%	17.3	15.8	1.5	1.4	11.1	10.2	13.4	12.3	3.2	2.9	2.5%	2.4%	10.0%	20.4%	10.9%	1093
Burckhardt*		225.5	270.0	20%	-15%	21.8	16.0	1.3	1.3	10.5	8.5	14.4	11.3	2.4	2.2	4.4%	3.0%	n.a.	11.8%	9.0%	767
Ems Chemie Hldg*		809.5	591.9	-27%	27%	38.2	36.7	8.6	8.2	27.4	26.3	31.8	30.6	11.2	10.9	2.6%	2.5%	24.0%	30.0%	27.1%	18933
Feintool*		51.7	56.0	8%	-16%	44.1	17.3	0.8	0.7	6.3	5.1	31.7	16.0	0.9	0.8	n.a.	1.1%	4.0%	1.9%	2.5%	254
Gurit Hldg*		1704.0	1590.0	-7%	14%	17.4	17.6	1.3	1.3	9.8	9.8	12.3	12.5	3.8	3.3	4.9%	1.7%	n.a.	23.9%	10.4%	716
Huber Suhner*		69.6	71.6	3%	-9%	23.4	20.6	1.4	1.3	10.9	9.5	16.1	14.2	2.1	1.7	4.1%	2.2%	8.0%	9.6%	8.8%	1406
Kardex*		189.0	174.7	-8%	16%	31.1	27.7	2.7	2.4	17.9	15.6	20.3	18.1	7.5	7.0	1.5%	2.4%	15.0%	25.2%	13.1%	1461
Metall Zug*		1290.0	1450.0	12%	-12%	30.3	15.1	0.3	0.3	5.5	3.1	10.2	4.3	1.4	1.3	n.a.	1.4%	6.0%	4.6%	2.9%	329
Phoenix Mecano*		380.0	363.6	-4%	-21%	12.8	10.1	0.6	0.6	6.5	5.8	10.2	8.4	1.3	1.3	n.m.	4.1%	n.a.	11.0%	6.3%	365
Schweiter Tech*		1238.0	1264.0	2%	1%	22.1	20.8	1.5	1.4	11.4	10.9	15.5	14.7	2.3	2.3	5.2%	3.5%	n.a.	10.3%	9.4%	1773
Starrag Group*		35.6	45.0	26%	-23%	n.m.	12.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.7	0.6	n.a.	2.8%	n.a.	n.a.	n.m.	120
Tornos Holding*		4.0	3.0	-24%	-41%	n.a.	27.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.0	0.9	n.a.	0.0%	n.a.	0.1%	n.m.	79
Vetropack Hldg*		55.4	60.8	10%	-9%	16.7	15.6	1.0	0.9	4.0	3.8	8.1	7.6	1.3	1.3	n.a.	2.4%	n.a.	8.7%	11.8%	763
Meier Tobler Grp*		9.3	11.2	19%	-22%	10.8	9.1	0.4	0.4	6.3	5.7	11.6	10.1	0.8	0.8	n.a.	5.4%	n.a.	8.2%	3.4%	112
Zehnder Grp*		45.3	48.7	8%	-1%	14.3	12.7	0.7	0.6	6.1	5.5	8.1	7.3	1.5	1.4	5.9%	2.6%	7.0%	11.4%	8.2%	442
Average					**-8%**	**22.8**	**18.1**	**1.6**	**1.5**	**10.0**	**9.0**	**15.7**	**12.8**	**2.6**	**2.5**	**4.0%**	**2.5%**	**9.6%**	**12.1%**	**9.2%**	
Median					**-10%**	**20.1**	**15.9**	**1.1**	**1.1**	**8.1**	**7.2**	**13.9**	**12.4**	**1.4**	**1.4**	**4.4%**	**2.4%**	**7.5%**	**10.3%**	**8.9%**	
Sector average					**-8%**	**24.9**	**19.9**	**2.2**	**2.1**	**13.6**	**11.0**	**19.0**	**15.2**	**4.1**	**3.8**	**4.5%**	**2.2%**	**8.9%**	**16.2%**	**11.7%**	
Sector median					**-8%**	**22.4**	**17.5**	**1.4**	**1.3**	**11.6**	**9.8**	**16.7**	**13.5**	**2.3**	**2.2**	**4.0%**	**2.2%**	**6.8%**	**13.7%**	**10.9%**	
SPI Total Return					**-1%**																

Source: Credit Suisse estimates; *IBES consensus estimates.

Financial statements

Figure 25: Income statement

SFr mn, as of Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net sales	**3'447.0**	**3'638.0**	**3'720.0**	**3'766.0**	**3'795.0**	**3'640.0**	**3'744.0**	**4'150.0**	**4'572.0**	**3'720.0**	**3'116.1**	**3'497.3**	**3'785.7**
Inventory changes	-3.0	11.0	21.0	-38.0	0.0	25.0	57.0	37.0	71.0	55.0	0.0	0.0	0.0
Other revenues	45.0	40.0	38.0	28.0	45.0	50.0	45.0	43.0	56.0	34.0	15.0	15.0	15.0
Total revenues	**3'489.0**	**3'689.0**	**3'779.0**	**3'756.0**	**3'840.0**	**3'715.0**	**3'846.0**	**4'230.0**	**4'699.0**	**3'809.0**	**3'131.1**	**3'512.3**	**3'800.7**
Cost of goods sold	-1'648.0	-1'818.0	-1'859.0	-1'804.0	-1'841.0	-1'740.0	-1'751.0	-1'991.0	-2'255.0	-1'758.0	-1'424.7	-1'615.7	-1'786.3
Gross profit	**1'841.0**	**1'871.0**	**1'920.0**	**1'952.0**	**1'999.0**	**1'975.0**	**2'095.0**	**2'239.0**	**2'444.0**	**2'051.0**	**1'706.5**	**1'896.6**	**2'014.4**
Operating expenses	-613.0	-615.0	-654.0	-658.0	-665.0	-630.0	-674.0	-680.0	-776.0	-619.0	-452.3	-512.9	-515.2
Personnel expenses	-899.0	-886.0	-915.0	-914.0	-935.0	-925.0	-978.0	-1'048.0	-1'139.0	-1'012.0	-970.6	-983.4	-1'026.2
Unusual items	0.0	0.0	0.0	0.0	0.0	2.0	0.0	-20.0	0.0	-46.0	-17.0	0.0	0.0
Total operating expenses	-1'512.0	-1'501.0	-1'569.0	-1'572.0	-1'600.0	-1'553.0	-1'652.0	-1'748.0	-1'915.0	-1'677.0	-1'440.0	-1'496.3	-1'541.4
EBITDA	**329.0**	**370.0**	**351.0**	**380.0**	**399.0**	**422.0**	**443.0**	**491.0**	**529.0**	**374.0**	**266.5**	**400.3**	**473.0**
Depreciation & amortization	-149.0	-135.0	-129.0	-129.0	-125.0	-126.0	-132.0	-139.0	-147.0	-139.0	-126.5	-130.0	-132.0
- Depreciation	-140.0	-121.0	-125.0	-126.0	-122.0	-122.0	-126.0	-131.0	-142.0	-133.0	-120.5	-124.0	-126.0
- Intangibles & Goodwill	-9.0	-14.0	-4.0	-3.0	-3.0	-4.0	-6.0	-8.0	-5.0	-6.0	-6.0	-6.0	-6.0
EBIT reported	**180.0**	**235.0**	**222.0**	**251.0**	**274.0**	**296.0**	**311.0**	**352.0**	**382.0**	**235.0**	**140.0**	**271.3**	**343.0**
Associates	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	-13.0	-5.0	0.0	0.0
Financial result	-37.0	-32.0	-33.0	-33.0	-36.0	-32.0	-28.0	-26.0	-29.0	-21.0	-17.5	-17.0	-15.0
Other financial items	-6.0	1.0	-2.0	-12.0	-6.0	-16.0	-3.0	-5.0	-6.0	-4.0	-4.0	-4.0	-4.0
EBT recurring	137.0	204.0	188.0	206.0	232.0	248.0	280.0	321.0	347.0	197.0	113.5	250.3	324.0
Non-recurring result	0.0	0.0	-15.0	-25.0	14.0	3.0	1.0	1.0	1.0	6.0	0.0	0.0	0.0
Profit before taxes	**137.0**	**204.0**	**173.0**	**181.0**	**246.0**	**251.0**	**281.0**	**322.0**	**348.0**	**203.0**	**113.5**	**250.3**	**324.0**
Taxes	-29.0	-36.0	-35.0	-36.0	-51.0	-53.0	-56.0	-64.0	-69.0	-31.0	-17.0	-38.8	-51.8
Net group profit	**108.0**	**168.0**	**138.0**	**145.0**	**195.0**	**198.0**	**225.0**	**258.0**	**279.0**	**172.0**	**96.5**	**211.5**	**272.2**
Minority interests	-9.0	-8.0	-6.0	-6.0	-11.0	-10.0	-9.0	-6.0	2.0	-1.0	-1.0	-1.5	-3.0
Net income	99.0	160.0	132.0	139.0	184.0	188.0	216.0	252.0	281.0	171.0	95.5	210.0	269.2
Adjusted net income	**107.5**	**173.3**	**150.3**	**166.2**	**172.2**	**187.3**	**220.8**	**274.2**	**284.8**	**206.2**	**114.4**	**215.9**	**275.0**

Growth, %	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net sales	**18.6**	**5.5**	**2.3**	**1.2**	**0.8**	**-4.1**	**2.9**	**10.8**	**10.2**	**-18.6**	**-16.2**	**12.2**	**8.2**
- internal growth		18.2	-0.6	0.7	1.4	1.3	1.8	9.8	6.5	-3.5	-10.7	11.4	7.5
- acquisitions		0.3	-0.6	0.5	0.9	1.1	0.5	0.9	2.3	-13.2	-1.6	0.8	0.7
- exchange rate		-13.0	0.7	0.0	-1.5	-6.5	0.5	0.2	1.4	-1.9	-4.0	0.0	0.0
Gross profit	18.6	1.6	2.6	1.7	2.4	-1.2	6.1	6.9	9.2	-16.1	-16.8	11.1	6.2
EBITDA	**n.m.**	**12.5**	**-5.1**	**8.3**	**5.0**	**5.8**	**5.0**	**10.8**	**7.7**	**-29.3**	**-28.8**	**50.2**	**18.2**
EBIT	-189.6	30.6	-5.5	13.1	9.2	8.0	5.1	13.2	8.5	-38.5	-40.4	93.8	26.4
Net income	-140.2	61.6	-17.5	5.3	32.4	2.2	14.9	16.7	11.5	-39.1	-44.2	120.0	28.2
Adjusted net income	**-159.4**	**61.2**	**-13.3**	**10.6**	**3.6**	**8.8**	**17.9**	**24.2**	**3.9**	**-27.6**	**-44.5**	**88.8**	**27.4**

Profitability, % as of revenues	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
COGS	47.2	49.3	49.2	48.0	47.9	46.8	45.5	47.1	48.0	46.2	45.5	46.0	47.0
Gross profit margin	**52.8**	**50.7**	**50.8**	**52.0**	**52.1**	**53.2**	**54.5**	**52.9**	**52.0**	**53.8**	**54.5**	**54.0**	**53.0**
Operating expenses	17.6	16.7	17.3	17.5	17.3	17.0	17.5	16.1	16.5	16.3	14.4	14.6	13.6
Personnel expenses	25.8	24.0	24.2	24.3	24.3	24.9	25.4	24.8	24.2	26.6	31.0	28.0	27.0
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unusual items	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.5	0.0	1.2	0.5	0.0	0.0
EBITDA margin	**9.4**	**10.0**	**9.3**	**10.1**	**10.4**	**11.4**	**11.5**	**11.6**	**11.3**	**9.8**	**8.5**	**11.4**	**12.4**
Conversion ratio	17.9	19.8	18.3	19.5	20.0	21.4	21.1	21.9	21.6	18.2	15.6	21.1	23.5
Depreciation / net fixed assets	14.7	12.4	12.9	12.5	11.6	11.9	11.9	10.9	12.6	11.8	10.3	10.1	9.7
Goodwill / intangible assets	3.6	5.9	20.0	13.0	11.1	15.4	24.0	27.6	14.7	17.6	21.4	27.3	37.5
EBIT margin	**5.2**	**6.4**	**5.9**	**6.7**	**7.1**	**8.0**	**8.1**	**8.3**	**8.1**	**6.2**	**4.5**	**7.7**	**9.0**
Operating leverage	n.m.	2.2	-2.3	6.7	6.5	-1.4	1.7	1.0	0.8	1.6	1.8	4.1	2.2
Tax rate	21.2	17.6	18.6	17.5	22.0	21.4	20.0	19.9	19.9	15.7	15.0	15.5	16.0
Net income margin	2.8	4.3	3.5	3.7	4.8	5.1	5.6	6.0	6.0	4.5	3.0	6.0	7.1
Adjusted net income margin	**3.1**	**4.7**	**4.0**	**4.4**	**4.5**	**5.0**	**5.7**	**6.5**	**6.1**	**5.4**	**3.7**	**6.1**	**7.2**

Source: Company data, Credit Suisse estimates

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Figure 26: Cash flow statement

SFr mn, as of Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net profit bef. minority interests	**108.0**	**168.0**	**138.0**	**145.0**	**195.0**	**198.0**	**225.0**	**258.0**	**279.0**	**172.0**	**96.5**	**211.5**	**272.2**
Depreciation	140.0	121.0	125.0	126.0	122.0	122.0	126.0	131.0	142.0	133.0	120.5	124.0	126.0
Amortisation	9.0	14.0	4.0	3.0	3.0	4.0	6.0	8.0	5.0	6.0	6.0	6.0	6.0
Change in non-cash items	-15.0	26.0	58.0	18.0	-1.0	8.0	33.0	11.0	17.0	22.0	0.0	0.0	0.0
Change in deferred taxes	9.0	-3.0	-14.0	2.0	4.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in provisions	-25.0	-32.0	-4.0	19.0	-6.0	-4.0	1.0	8.0	2.0	13.0	0.0	0.0	0.0
Cash flow	**226.0**	**294.0**	**307.0**	**313.0**	**317.0**	**327.0**	**391.0**	**416.0**	**445.0**	**346.0**	**223.0**	**341.5**	**404.2**
Change in NWC	17.0	-44.0	-76.0	-2.0	-67.0	3.0	9.0	-6.0	-45.0	-24.0	66.1	-36.2	-33.8
Operating cash flow	**243.0**	**250.0**	**231.0**	**311.0**	**250.0**	**330.0**	**400.0**	**410.0**	**400.0**	**322.0**	**289.0**	**305.3**	**370.4**
Capex	-129.0	-150.0	-136.0	-143.0	-161.0	-171.0	-179.0	-211.0	-244.0	-186.0	-150.0	-160.0	-170.0
Operating free cash flow	**114.0**	**100.0**	**95.0**	**168.0**	**89.0**	**159.0**	**221.0**	**199.0**	**156.0**	**136.0**	**139.0**	**145.3**	**200.4**
Change in fixed assets	33.0	1.0	-76.0	-61.0	-3.0	29.0	-92.0	-70.0	-147.0	19.0	-15.0	-20.0	-20.0
Change in intangibles	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in non-core assets	3.0	2.0	0.0	1.0	3.0	0.0	6.0	1.0	-16.0	-23.0	0.0	0.0	0.0
CF from investing activities	**36.0**	**3.0**	**-76.0**	**-60.0**	**1.0**	**29.0**	**-86.0**	**-69.0**	**-163.0**	**-4.0**	**-15.0**	**-20.0**	**-20.0**
Change in share capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Par value reduction / dividends paid	-7.0	-48.0	-68.0	-68.0	-73.0	-77.0	-88.0	-82.0	-97.0	-106.0	-102.3	0.0	-61.4
Change in short-term debt	29.0	-20.0	22.0	1.0	5.0	14.0	-215.0	-1.0	-146.0	0.0	0.0	0.0	0.0
Change in long-term debt	-73.0	-7.0	-52.0	280.0	-297.0	64.0	207.0	6.0	187.0	-18.0	0.0	0.0	0.0
Change in marketable securities	-4.0	-8.0	-1.0	-6.0	-3.0	-1.0	-11.0	-3.0	-9.0	-10.0	0.0	0.0	0.0
CF from financing activities	**-55.0**	**-83.0**	**-99.0**	**207.0**	**-368.0**	**0.0**	**-107.0**	**-80.0**	**-65.0**	**-134.0**	**-102.3**	**0.0**	**-61.4**
Translation difference	-21.0	2.0	-2.0	-4.0	11.0	-13.0	-6.0	3.0	-19.0	-10.0	-8.0	0.0	0.0
Change in cash and equivalents	**74.0**	**22.0**	**-82.0**	**311.0**	**-267.0**	**175.0**	**22.0**	**53.0**	**-91.0**	**-12.0**	**13.7**	**125.3**	**119.0**

Cash flow margins	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Cash flow margin	6.6	8.1	8.3	8.3	8.4	9.0	10.4	10.0	9.7	9.3	7.2	9.8	10.7
Operating cash flow margin	7.0	6.9	6.2	8.3	6.6	9.1	10.7	9.9	8.7	8.7	9.3	8.7	9.8
Operating FCF margin	3.3	2.7	2.6	4.5	2.3	4.4	5.9	4.8	3.4	3.7	4.5	4.2	5.3
Cash conversion	**106.0**	**57.7**	**63.2**	**101.1**	**51.7**	**84.9**	**100.1**	**72.6**	**54.8**	**65.9**	**121.5**	**67.3**	**72.9**
FCF yield	**5.3**	**7.7**	**6.4**	**6.6**	**3.5**	**5.7**	**6.5**	**3.8**	**4.8**	**3.4**	**3.7**	**3.9**	**5.4**
Capex/sales	3.7	4.1	3.7	3.8	4.2	4.7	4.8	5.1	5.3	5.0	4.8	4.6	4.5
Capex/depreciation	**92.1**	**124.0**	**108.8**	**113.5**	**132.0**	**140.2**	**142.1**	**161.1**	**171.8**	**139.8**	**124.5**	**129.0**	**134.9**

Source: Company data, Credit Suisse estimates

Figure 27: Balance sheet and working capital analysis

SFr mn, as of Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Cash and cash equivalent	390.0	412.0	330.0	641.0	374.0	549.0	571.0	624.0	533.0	521.0	534.7	660.0	779.0
Marketable securities	17.0	2.0	8.0	12.0	6.0	10.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0
Trade and other receivables	573.0	615.0	616.0	689.0	755.0	735.0	772.0	871.0	807.0	718.0	613.4	688.5	745.3
Inventories	589.0	622.0	630.0	647.0	666.0	640.0	673.0	773.0	779.0	751.0	640.3	651.6	663.8
Current assets	**1'569.0**	**1'651.0**	**1'584.0**	**1'989.0**	**1'801.0**	**1'934.0**	**2'024.0**	**2'277.0**	**2'128.0**	**1'999.0**	**1'797.4**	**2'009.0**	**2'197.0**
Property, plant and equipment	955.0	972.0	970.0	1'008.0	1'053.0	1'027.0	1'063.0	1'206.0	1'130.0	1'131.0	1'175.5	1'231.5	1'295.5
Intangible assets	251.0	239.0	20.0	23.0	27.0	26.0	25.0	29.0	34.0	34.0	28.0	22.0	16.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	63.0	63.0	91.0	106.0	108.0	96.0	90.0	98.0	152.0	180.0	180.0	180.0	180.0
Long-term assets	**1'269.0**	**1'274.0**	**1'081.0**	**1'137.0**	**1'188.0**	**1'149.0**	**1'178.0**	**1'333.0**	**1'316.0**	**1'345.0**	**1'383.5**	**1'433.5**	**1'491.5**
Total assets	**2'838.0**	**2'925.0**	**2'665.0**	**3'126.0**	**2'989.0**	**3'083.0**	**3'202.0**	**3'610.0**	**3'444.0**	**3'344.0**	**3'180.9**	**3'442.5**	**3'688.5**
Trade and other payables	518.0	513.0	393.0	468.0	471.0	475.0	520.0	658.0	572.0	515.0	430.4	459.9	487.5
Short-term interest-bearing debt	97.0	132.0	151.0	475.0	181.0	385.0	174.0	325.0	148.0	108.0	108.0	108.0	108.0
Other current liabilities	221.0	259.0	312.0	339.0	329.0	361.0	373.0	435.0	404.0	389.0	324.4	344.9	352.6
Current liabilities	**836.0**	**904.0**	**856.0**	**1'282.0**	**981.0**	**1'221.0**	**1'067.0**	**1'418.0**	**1'124.0**	**1'012.0**	**862.8**	**912.9**	**948.1**
Long-term interest-bearing debt	594.0	542.0	521.0	530.0	553.0	412.0	619.0	491.0	632.0	654.0	654.0	654.0	654.0
Pension provisions	142.0	143.0	124.0	128.0	131.0	120.0	119.0	127.0	47.0	50.0	50.0	50.0	50.0
Deferred taxes	68.0	54.0	40.0	42.0	46.0	45.0	45.0	47.0	63.0	58.0	58.0	58.0	58.0
Other provisions	74.0	59.0	145.0	166.0	174.0	155.0	152.0	158.0	150.0	132.0	132.0	132.0	132.0
Long-term liabilities	**878.0**	**798.0**	**830.0**	**866.0**	**904.0**	**732.0**	**935.0**	**823.0**	**892.0**	**894.0**	**894.0**	**894.0**	**894.0**
Shareholders' equity	**1'080.0**	**1'178.0**	**935.0**	**935.0**	**1'057.0**	**1'081.0**	**1'156.0**	**1'317.0**	**1'382.0**	**1'396.0**	**1'382.1**	**1'593.6**	**1'804.4**
Minority interests	44.0	45.0	44.0	43.0	47.0	49.0	44.0	52.0	46.0	42.0	42.0	42.0	42.0
Equity & l.t. liabilities	2'002.0	2'021.0	1'809.0	1'844.0	2'008.0	1'862.0	2'135.0	2'192.0	2'320.0	2'332.0	2'318.1	2'529.6	2'740.4
Total liabilities & sh. equity	**2'838.0**	**2'925.0**	**2'665.0**	**3'126.0**	**2'989.0**	**3'083.0**	**3'202.0**	**3'610.0**	**3'444.0**	**3'344.0**	**3'180.9**	**3'442.5**	**3'688.5**

Working capital analysis	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net working capital, SFr mn	**423.0**	**465.0**	**541.0**	**529.0**	**621.0**	**539.0**	**552.0**	**551.0**	**610.0**	**565.0**	**498.9**	**535.2**	**568.9**
Change in NWC, SFr mn	-36.0	42.0	76.0	-12.0	92.0	-82.0	13.0	-1.0	59.0	-45.0	-66.1	36.2	33.8
NWC/revenues, %	**12.3**	**12.8**	**14.5**	**14.0**	**16.4**	**14.8**	**14.7**	**13.3**	**13.3**	**15.2**	**16.0**	**15.3**	**15.0**
Working capital, days	44	46	52	51	59	53	53	48	48	55	58	55	54
Inventory, days	62	62	61	62	63	63	65	67	61	73	75	68	64
Receivables, days	60	61	60	66	72	73	74	76	64	69	72	72	72
Payables, days	54	51	38	45	45	47	50	57	45	50	50	48	47
Other current liabilities, days	23	26	30	32	31	36	36	38	32	38	38	36	34

Source: Company data, Credit Suisse estimates

Figure 28: Returns and capital structure analysis

Return ratios	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
ROA, %	3.5	5.5	5.0	4.4	6.2	6.1	6.7	7.0	8.2	5.1	3.0	6.1	7.3
ROE, %	9.2	13.6	14.1	14.9	17.4	17.4	18.7	19.1	20.3	12.2	6.9	13.2	14.9
ROIC, %	**9.5**	**13.4**	**12.7**	**15.2**	**15.6**	**16.5**	**17.9**	**19.0**	**19.0**	**11.9**	**7.2**	**13.6**	**16.2**
ROIC / WACC, x	1.3	1.8	1.7	2.0	2.1	2.2	2.4	2.5	2.6	1.6	1.0	1.8	2.2
ROIC-WACC, %	**0.2**	**5.9**	**5.2**	**7.8**	**8.1**	**9.1**	**10.4**	**11.6**	**11.6**	**4.5**	**-0.3**	**6.1**	**8.8**

Capital structure analysis	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Liquidity and asset intensity													
Liquid assets, SFr mn	407.0	414.0	338.0	653.0	380.0	559.0	579.0	633.0	542.0	530.0	543.7	669.0	788.0
- as % of total assets	14.3	14.2	12.7	20.9	12.7	18.1	18.1	17.5	15.7	15.8	17.1	19.4	21.4
Cash ratio, %	48.7	45.8	39.5	50.9	38.7	45.8	54.3	44.6	48.2	52.4	63.0	73.3	83.1
Quick ratio, %	117.2	113.8	111.4	104.7	115.7	106.0	126.6	106.1	120.0	123.3	134.1	148.7	161.7
Current ratio, %	187.7	182.6	185.0	155.1	183.6	158.4	189.7	160.6	189.3	197.5	208.3	220.1	231.7
Current asset intensity, %	55.3	56.4	59.4	63.6	60.3	62.7	63.2	63.1	61.8	59.8	56.5	58.4	59.6
Fixed asset intensity, %	44.7	43.6	40.6	36.4	39.7	37.3	36.8	36.9	38.2	40.2	43.5	41.6	40.4
Fixed asset/equity, x	1.2	1.1	1.2	1.2	1.1	1.1	1.0	1.0	1.0	1.0	1.0	0.9	0.8
Equity and debt situation													
Equity ratio, %	39.6	41.8	36.7	31.3	36.9	36.7	37.5	37.9	41.5	43.0	44.8	47.5	50.1
Interest-bearing debt, SFr mn	691.0	674.0	672.0	1'005.0	734.0	797.0	793.0	816.0	780.0	762.0	762.0	762.0	762.0
- ST interest-bearing debt, SFr mn	97.0	132.0	151.0	475.0	181.0	385.0	174.0	325.0	148.0	108.0	108.0	108.0	108.0
- LT interest-bearing debt, SFr mn	594.0	542.0	521.0	530.0	553.0	412.0	619.0	491.0	632.0	654.0	654.0	654.0	654.0
Net cash (debt), SFr mn	-284.0	-260.0	-334.0	-352.0	-354.0	-238.0	-214.0	-183.0	-238.0	-232.0	-218.3	-93.0	26.0
- change in net cash/debt, SFr mn	144.0	24.0	-74.0	-18.0	-2.0	116.0	24.0	31.0	-55.0	6.0	13.7	125.3	119.0
Return on net cash (debt), %	10.4	11.8	11.1	9.6	10.2	10.8	12.4	13.1	13.8	8.9	7.8	10.9	44.7
Net cash (debt)/FCF, x	-2.5	-2.6	-3.5	-2.1	-4.0	-1.5	-1.0	-0.9	-1.5	-1.7	-1.6	-0.6	0.1
Gearing, %	61.5	55.1	68.6	102.8	66.5	70.5	66.1	59.6	54.6	53.0	53.5	46.6	41.3
Net gearing; %	25.3	21.3	34.1	36.0	32.1	21.1	17.8	13.4	16.7	16.1	15.3	5.7	-1.4
Net cash (debt)/EBITDA	0.9	0.7	1.0	0.9	0.9	0.6	0.5	0.4	0.4	0.6	0.8	0.2	-0.1
Net cash (debt)/EBIT	1.6	1.1	1.5	1.4	1.3	0.8	0.7	0.5	0.6	1.0	1.6	0.3	-0.1
EBITDA/interest expenses, x	8.4	10.6	10.0	10.6	10.2	12.4	14.8	17.5	17.1	14.4	12.1	20.0	27.8
EBIT/interest expenses, x	4.6	6.7	6.3	7.0	7.0	8.7	10.4	12.6	12.3	9.0	6.4	13.6	20.2

Source: Company data, Credit Suisse estimates

Figure 29: Divisional split

Sales, SFr m	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
GF Casting Solutions	1552.0	1664.0	1579.0	1498.0	1415.0	1321.0	1335.0	1482.0	1687.0	949.0	694.5	791.7	839.2
GF Piping Systems	1176.0	1174.0	1299.0	1402.0	1476.0	1417.0	1494.0	1678.0	1821.0	1802.0	1684.9	1831.2	1961.1
GF Machining Solutions	721.0	800.0	842.0	867.0	905.0	902.0	916.0	992.0	1066.0	972.0	736.8	875.4	986.4
Other	-2.0	0.0	0.0	0.0	0.0	0.0	-1.0	-2.0	-2.0	-3.0	0.0	-1.0	-1.0
Net sales	**3447.0**	**3638.0**	**3720.0**	**3767.0**	**3796.0**	**3640.0**	**3744.0**	**4150.0**	**4572.0**	**3720.0**	**3116.1**	**3497.3**	**3785.7**

Sales, y/y %	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
GF Casting Solutions	23.1%	7.2%	-5.1%	-5.1%	-5.5%	-6.6%	1.1%	11.0%	13.8%	-43.7%	-26.8%	14.0%	6.0%
GF Piping Systems	10.3%	-0.2%	10.6%	7.9%	5.3%	-4.0%	5.4%	12.3%	8.5%	-1.0%	-6.5%	8.7%	7.1%
GF Machining Solutions	24.7%	11.0%	5.3%	3.0%	4.4%	-0.3%	1.6%	8.3%	7.5%	-8.8%	-24.2%	18.8%	12.7%
Net sales	**18.6%**	**5.5%**	**2.3%**	**1.3%**	**0.8%**	**-4.1%**	**2.9%**	**10.8%**	**10.2%**	**-18.6%**	**-16.2%**	**12.2%**	**8.2%**

Sales split, %	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
GF Casting Solutions	45%	46%	42%	40%	37%	36%	36%	36%	37%	26%	22%	23%	22%
GF Piping Systems	34%	32%	35%	37%	39%	39%	40%	40%	40%	48%	54%	52%	52%
GF Machining Solutions	21%	22%	23%	23%	24%	25%	24%	24%	23%	26%	24%	25%	26%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

EBIT, SFr m	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
GF Casting Solutions	37.0	71.0	53.0	70.0	93.0	89.0	100.0	93.0	86.0	-24.0	-37.8	23.8	54.5
GF Piping Systems	137.0	137.0	135.0	141.0	142.0	143.0	162.0	189.0	217.0	214.0	183.7	206.9	227.5
GF Machining Solutions	22.0	37.0	45.0	51.0	53.0	78.0	62.0	82.0	88.0	57.0	5.2	51.6	73.0
Other	-16.0	-10.0	-11.0	-11.0	-14.0	-14.0	-13.0	-12.0	-9.0	-12.0	-11.0	-11.0	-12.0
Total	**180.0**	**235.0**	**222.0**	**251.0**	**274.0**	**296.0**	**311.0**	**352.0**	**382.0**	**235.0**	**140.0**	**271.3**	**343.0**

EBIT as %of net sales	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
GF Casting Solutions	2.4%	4.3%	3.4%	4.7%	6.6%	6.7%	7.5%	6.3%	5.1%	-2.5%	-5.4%	3.0%	6.5%
GF Piping Systems	11.6%	11.7%	10.4%	10.1%	9.6%	10.1%	10.8%	11.3%	11.9%	11.9%	10.9%	11.3%	11.6%
GF Machining Solutions	3.1%	4.6%	5.3%	5.9%	5.9%	8.6%	6.8%	8.3%	8.3%	5.9%	0.7%	5.9%	7.4%
Total	**5.2%**	**6.5%**	**6.0%**	**6.7%**	**7.2%**	**8.1%**	**8.3%**	**8.5%**	**8.4%**	**6.3%**	**4.5%**	**7.8%**	**9.1%**

EBIT split, %	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
GF Casting Solutions	21%	30%	24%	28%	34%	30%	32%	26%	23%	-10%	-27%	9%	16%
GF Piping Systems	76%	58%	61%	56%	52%	48%	52%	54%	57%	91%	131%	76%	66%
GF Machining Solutions	12%	16%	20%	20%	19%	26%	20%	23%	23%	24%	4%	19%	21%
Other	-9%	-4%	-5%	-4%	-5%	-5%	-4%	-3%	-2%	-5%	-8%	-4%	-3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data, Credit Suisse estimates

Valuation, Methodology and Risks

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Autoneum (AUTON.S)

Method: We use (1) a DCF (WACC 7.9%, TGV 1.5%), (2) Credit Suisse HOLT, (3) 12x 2022 adj. earnings, and (4) ROIC (2021-22E) to calculate our target price of SFr130. Our Outperform rating reflects management's ablity to reverse the sliding profitability in 2021/22E and outperform the automotive industry.

Risk: Risks to our Outperform rating and target price of SFr130 include: the investment case relies on the company's ability to turn around the loss-making business in North America, benefit from capturing growth in emerging markets, and further optimize the production footprint in Europe.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Belimo Holding (BEAN.S)

Method: Our TP of SFr 5,720 is based on a blend (50:50) of 1) our DCF (WACC 7%; terminal growth 2%) yielding SFr 5,576 per share; and 2) a 3-year EV/EBIT next 12-month multiple (25.7x EBIT 2022E) value of SFr5,873 per share. Given the downside potential indicated by our target price, we rate the shares Underperform.

Risk: Risks to our Underperform rating and SFr 5,720 target price include: Cyclical swings in non-residential construction, although the company was able to maintain a stable margin in the last downturn (2009) profits declined in absolute terms. Unchanged or weaker EBIT-margin due to the investment into the growth strategy, geographical mix, price pressure from supplier and/or customers and FX (imbalance of sales in USD to costs in EUR).

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Bucher Industries (BUCN.S)

Method: Our TP of SFr280 is derived from a blended average using (1) a three-phase DCF model (nominal WACC 7.5%, PG 1.5%), (2) Credit Suisse HOLT®, (3) an EV/EBITDA multiple target (7x 2022E adj. EPS), and (4) a ROIC model (based on 2020-22E invested capital and NOPAT). Our Neutral rating is based on lower-than-average CFROIs.

Risk: Key risks to our SFr280 TP and Neutral rating: (1) a further deterioration of market conditions in US farming translating into lower farmer income; (2) lower prices for dairy products in Europe; (3) a significant slowdown in order entries at Bucher Hydraulics; (4) further one-off charges related to restructurings; (5) a potential dilution from acquisitions.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Comet (COTNE.S)

Method: Our SFr163 TP is based on a blend (one-third each) of 1) our discounted cash flow valuation of SFr171 per share; 2) 3-year EV/EBIT next 12-month multiple (21.2x EBIT 2021E) value of SFr134; and 3) Credit Suisse HOLT® warranted price of SFr183. The plans to divest the loss-making ebeam business, to focus on the opportunities in the semiconductor market and the ambitious sales and margin targets for 2025 set by a new management team offer multiple catalysts. Therefore we rate the stock Outperform.

Risk: Risks to our SFr163 target price and Outperform rating are a downturn or delayed recovery in the semiconductor industry, delay in the divestment (plan summer 2020) and a further profit loss in ebeam, unsuccessful turnaround of X-Ray Systems, new management team (new CEO starts in September 2020, CFO in October).

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Conzzeta (CONC.S)

Method: Our Outperform rating and our target price of SFr1,035 is based a sum-of-the-parts. The stock is trading below our target price, and accordingly, we rate Conzzeta with an Outperform rating.

Risk: Risks to our Outperform rating and SFr1,035 target price include: (1) cyclical downswing in global macro conditions, (2) exposure to the automotive industry which undergoes disruptive changes, (3) a failure to turn around Mammut toward higher profitability levels, (4) changes in raw material prices which are highly important for the profitability of the Chemical Specialties business.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Daetwyler (DAE.S)

Method: Our SFr 229 target price is based on a blend (50:50) of 1) our DCF (WACC 7%, terminal growth 2%) yielding SFr 210 per share; 2) and our SOTP (EV/EBIT multiples) value of SFr 249/share. In this difficult times we expect marekt to appreciate the new defensive profile - healthcare & food reflect c79% of EBIT 2020E. Therefore we rate the stock Outperform.

Risk: The main risks to our Outperform rating and SFr 229 target price are the sentiment in the automotive market may deteriorate or any further negative Corona-virus news. However, this is not company specific.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Forbo (FORN.S)

Method: Our TP of SFr1590 is derived from a blended average using (1) a three-phase DCF model (nominal WACC 7.4%, PG 1.5%), (2) Credit Suisse HOLT, (3) a P/E multiple target (21x 2021E adj. EPS), and (4) a ROIC model (based on 2019E invested capital and NOPAT). Our Outperform rating (excl the impact from the outbreak of COVID-19) is based on continued growth in both divisions, improving margins driven by self-help initiatives and a positive operating leverage, and inorganic growth opportunities.

Risk: Key downside risks to our SFr1590 TP and Outperform rating include primarily (apart from the impact of COVID-19): (1) a general investment cycle downswing which would be detrimental as the nature of the business of both segments remains cyclical, (2) risks associated with less profitable acquisitions potentially diluting group returns, (3) raw material price increases, and (4) the strength of the Swiss Franc translating into translational and transactional FX headwinds.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Geberit (GEBN.S)

Method: Our TP of SFr450 is based on a DCF, discounting 27% mid-cycle EBITA margin and 5% mid-term growth (consistent with near-term performance and the bottom end of the company mid-term target range of 4-6%), as well as a WACC of 7%. Our TP is supported by the company P/E and EV/EBIT multiples relative to its peers group and its own history. We rate Geberit Neutral as we expect Geberit to be in a position to take share by investing during the downturn. However, there are risks of potential for prolonged / second wave shutdowns due to COVID-19.

Risk: Risks to our Neutral rating and SFr450 TP include: 1) potential for prolonged / second wave shutdowns due to COVID-19, extending the demand shock and resulting in a slower return to normal; 2) further CHF appreciation, especially if to the point of triggering need for rebates in Switzerland to protect local channel partners.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Georg Fischer (FIN.S)

Method: Method: Our TP of SFr1050 is derived from a blended average using (1) a three-phase DCF model (nominal WACC 7.5%, PG 1.5%), (2) Credit Suisse HOLT®, (3) a peer multiple target (8x EV/EBITDA22E), and (4) a ROIC model (based on 2021-22E invested capital and NOPAT). Our Outperform rating is based on continued over-the-cycle growth in all three divisions, slightly improving margins driven by self-help initiatives and a positive operating leverage, and inorganic growth opportunities.

Risk: Key risks to our SFr1050 TP and Outperform rating include (1) a general investment cycle downswing which would be detrimental as the nature of the business of all three segments remains cyclical, (2) risks associated with less profitable acquisitions potentially diluting group returns, (3) raw material price increases (especially scrap metal), and (4) the strengthening of the Swiss Franc translating into translational and transactional FX headwinds.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Inficon (IFCN.S)

Method: Our SFr 621 target price is based on a blend (50:50) of 1) our DCF-model (based on a WACC of 7.2% and terminal growth rate of 2%) yielding SFr 615/share; and 2) an average 5-year EV multiple (16.8x 2021E EBIT) value of SFr 628/share. We rate the stock Underperform given the limited potenial indicated by our target price versus other stocks under our coverage.

Risk: Risks to our Underperform rating and SFr 621 target price include: the semi cycle producing real growth in WFE capex or a smaller decline, leading top-line growth to grow from high single digits to double. If the cycle were to bottom, the share price could fall further.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Interroll (INRN.S)

Method: Our TP (SFr 1,998) is a 50:50 blend of 1) our discounted cash flow yielding SFr 1,764 and 2) an average 3-year EV multiple (22.2x NTM EBIT 2022E) value of SFr 2,233. We rate Interroll Neutral given the cyclicality of the business combined with the rich valuation. We see better value elsewhere in our sector.

Risk: Risks to our SFr 1,998 target price and Neutral rating include severely deteriorating economic conditions leading to suspended projects, a lack of financing and partial insourcing from the integrators. A setback in the growth strategy and delays in large projects are the biggest company specific risks, in our view.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Klingelnberg (KLIN.S)

Method: We use a blend of four different valuation methodologies to derive our TP of SFr28 for Klingelnberg: 1) Peer multiple of 12x FY03/22E EV/EBIT; 2) ROIC; 3) DCF (7.7% WACC); and 4) CS HOLT®. Our Outperform rating reflects the ability of management to turn around its business successfully and expand into adjacent fields outside automotive.

Risk: Key risks to our Outperform rating and TP of SFr28 include: Adverse economic conditions; dependence on key customers; risks in executing its growth strategy; new technologies emerging; industrialisation of electric vehicles; acquisition risks; new competitors emerging; and limited financial history.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Komax (KOMN.S)

Method: Our target price of SFr150 and Neutral rating are derived from common multiple targets (we use 10x 2022E EV/EBITDA), Credit Suisse HOLT®, a three-stage DCF model (WACC 7.7%, PG 1.5%), and a ROIC model. We rate Komax Neutral as it remains uncertain how quick profitability will recover once end-markets recover.

Risk: The risks to our target price of SFr150 and Neutral rating are primarily related to capex reductions in the automotive industry and extra costs for large single projects.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Landis + Gyr (LANDI.S)

Method: Our TP of SFr88 is derived from a blended average using (1) a three-phase DCF model (nominal WACC 7.5%, TG 1.5%), Credit Suisse HOLT; (3) peer-implied multiples (EV/EBITDA multiple target of 11x 2021E earnings); (4) a ROIC model. Our Outperform rating is supported by Landis+Gyr's opportunities to capture growth in the smart metering industry.

Risk: Key risks to our SFr88 TP and Outperform rating include: Falling demand in key end-markets; backlog may not translate into sales; dependence on sales cycles of key customers; execution risk of cost-savings initiatives; technology evolution threat; market positioning in Japan post the company's separation from Toshiba and INCJ; currency headwinds; and potential impairment charges.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Lem (LEHN.S)

Method: Our TP of SFr 1,326 is based on a blend (one third each) of 1) our DCF valuation of SFr1,316 per share; 2) a 3-year EV/EBIT NTM (next twelve months) multiple (22.3x EBIT 21E) value of SFr1,141; and 3) the Credit Suisse HOLT® warranted price based on our estimates of SFr1,520. The HOLT warranted price underpins the structural mid-term case due to the longer phase-out period of 10 years. We think Lem is a quality stock with high market shares in growing industries, leading to high and sustainable margins over many years and eCAP status in HOLT, awarded to companies that exhibit consistently above-average CFROI. However, the market already appreciates the quality of the company and it is reflected in the share price. Therefore we rate the stock Neutral.

Risk: The risks to our Neutral rating and SFr 1,326 target price are a deterioration in profitability due to product commoditisation (reduced pricing power) or, in the automotive industry, more intense competition as EV attracts new entrants.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for OC Oerlikon Corp AG (OERL.S)

Method: Our TP of SFr9.2 is derived from a blended average using (1) a three-phase DCF model (nominal WACC 7.6%, PG 1.5%), (2) Credit Suisse HOLT®, (3) a P/E multiple target (18x 2022 adj. EPS), and (4) a ROIC model (based on 2022E invested capital and NOPAT). Our Neutral rating is based on a significant decline at Surface Solutions this year, and lower profitability.

Risk: Key downside risks to our SFr9.2 TP and Neutral rating include: (1) a general investment cycle downswing which would be detrimental as the nature of the business remains cyclical, (2) risks associated with less profitable acquisitions potentially diluting group returns, (3) raw material price increases, and (4) the strengthening of the Swiss Franc translating into translational and transactional FX headwinds. The upside risk to our TP is mainly related to Oerlikon's business potentially being more resilient to economic downturns than anticipated. The potential divestment of Manmade Fibres could also be a major upside catalyst in the mid-term.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Rieter Holding (RIEN.S)

Method: We value Rieter using: (1) a three-stage DCF model (WACC 7.9%); (2) Credit Suisse HOLT; (3) an EV/EBITDA multiple valuation; and (4) a ROIC model. We give more importance to discounted future cash flows than earnings for a single year. The weighted blend yields our SFr99 TP. Our Neutral rating is based on potential order postponements or cancellations, and the inability to improve profitability.

Risk: We have identified four key risks that may affect our TP of SFr99 and Neutra rating: (1) a downturn in the textile machinery business cycle, (2) pricing pressure on large orders, (3) a weak innovation power, and (4) currency fluctuations.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for SFS Group (SFSN.S)

Method: Our TP of SF100 is derived from a blended average using (1) a three-phase DCF model (nominal WACC 7.4%), (2) Credit Suisse HOLT®, (3) a EV/EBITDA multiple target (11x 2021E estimates), and (4) a ROIC model (based on 2020E invested capital and NOPAT). Our Outperform rating is based on continued organic growth (GDP+ type of growth) over the cycle, incremental inorganic opportunities, and a robust balance sheet.

Risk: Key downside risks to our SFr100 TP and Outperform rating include primarily (excluding the impact of COVID-19): (1) a general investment cycle downswing which would be detrimental as the nature of the business of all three segments remains cyclical, (2) risks associated with less profitable acquisitions potentially diluting group returns, (3) the inability to improve profitability at Fastening Solutions, and (4) the strengthen of the Swiss Franc translating into translational and transactional FX headwinds.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for SIG Combibloc (SIGNC.S)

Method: Our target price for SIG of CHF18.7 is the weighted average of: 1) 15.0x EV/EBITDA on our 2020 estimates (25%), 2) 3.9% FCF yield on our 2020 FCF estimates (25%), and 3) our discounted cash (DCF) analysis (50%). In our DCF analysis we assume a 6.9% cost of capital and 3.0% terminal growth rate of FCF. Considering SIG's resilient business model, supportive valuation, solid medium term growth prospects in the face of an uncertain macro environment we rate the share Outperform.

Risk: Risks for SIG achieving our CHF18.7 price target and Outperform rating are: 1) rising cost inflation, 2) failure in SIG's growth strategy of gaining share from the market leader as an alternative total system supplier of aseptic carton packaging, and 3) FX volatility.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Schindler-Holding AG (SCHP.S)

Method: Our TP of CHF 225 is based on a DCF discounting a mid-cycle margin of 11.5% (year 4-10) and of 14% (year 10+), mid-term growth of 6%, a WACC of 8% and a terminal growth of 2%. Our TP is backed by the company EV/EBIT and P/E multiples relative to peers and its own history as well as by EV/Sales multiples vs the company expected through-cycle profitability. We rate the stock Outperform as we see evidence proving Service being resilient and upside from growth from Schindler's push for above market average top-line growth as well as from Digital.

Risk: Longer than expected shutdowns in Europe resulting in maintenance customers failures. Adverse pricing behaviour of competitors in new equipment (China) and service segments (Europe and US). Execution on new products roll-out and digital ramp up. These risks may alter our CHF 225 TP and Outperform rating.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Sensirion (SENSI.S)

Method: We use 1) a three-stage discounted cash flow (with a 7.5% WACC and 2.5% terminal value); 2) Credit Suisse HOLT®; and 3) peer multiples (9.5x our 2022E EBITDA). The weighted blend (80% for DCF model and Credit Suisse HOLT and 20% for our EV/EBITDA multiple valuation metric) gives our TP of SFr31. All the valuation metrics point to a fair value below the current share price. Our Underperform rating reflects our caution about the company's ability to grow outside its core markets and improve its adj. EBITDA margin towards 20%.

Risk: Key downside risks to our TP of SFr31 and Underperform rating include: Order cancellations due to spending-reduction programmes, downward pricing pressure, management failing to execute its growth strategy, the dependence on a limited number of key customers, FX headwinds, risks relating to potential bolt-on acquisitions. The upside risk to our Underperform rating include: A successful implementation of the defined growth strategy, a significant recovery in end-markets, and pricing erosion easing.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Sika (SIKA.S)

Method: We use a blend of four different valuation metrics to obtain our TP of SFr240: 1) a multiple target of 18x 2022E EV/EBITDA; 2) ROIC for 2022E; 3) DCF (7.0% WACC); and 4) CS HOLT®. Our Outperform reflects the attractive growth opportunities Sika is exposed to. It is also a reflection of the successfull track record in acquisitions.

Risk: We have identified six key risks that may affect our TP of SFr240 and Outperform rating: (1) a significant raw material price increase, (2) a downturn in the construction business cycle (in particular in the US and DACH region), (3) worse weather for the construction industry, (4) a decline in automotive output impacting the Global Business, (5) problems in integrating future acquisitions, and (6) currency fluctuations.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Sulzer (SUN.S)

Method: Method: Our TP of SFr86 is derived from a blended average using (1) a three-phase DCF model (nominal WACC 7.5%, PG 1.5%), (2) Credit Suisse HOLT®, (3) EV/EBITDA multiple target (7x 2022), and (4) an ROIC model (based on 2020-22E invested capital and NOPAT). Our Neutral rating is based on orders being potentially pushed back due to lower oil price levels and to execution risks to achieve higher growth at APS.

Risk: Key downside risks to our SFr86 TP and Neutral rating include primarily (1) a general investment cycle downswing coupled with a lower oil price which would be detrimental as the nature of the business of all four segments remains cyclical, (2) risks associated with less profitable acquisitions potentially diluting group returns (in particular in Applicator Systems), (3) raw material price increases, (4) the strengthen of the Swiss Franc translating into translational and transactional FX headwinds.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for VAT (VACN.S)

Method: Our TP of SFr139 is derived from a blended average using (1) a three-phase DCF model (nominal WACC 7.6%, perpetual growth 3%), (2) an EV/EBITDA multiple target (18x 2021E), and (3) CS HOLT®. Our Underperform rating is supported by lower-than-anticipated WFE capex across the semiconductor industry, the threat of lower technology content in EUV lithography and the rich valuation.

Risk: Key upside risks to our SFr139 TP and Underperform rating include primarily (1) a general investment cycle upswing which would be beneficial as the nature of the business of all three segments remains cyclical, (2) the lower dependence on a small number of blue-chip customers, (3) the weakening of the Swiss franc translating into translational and transactional FX tailwinds.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for dormakaba (DOKA.S)

Method: Our target price of SFr660 for dormakaba is derived from: 1) common multiple targets (20x FY22E adj. EPS), 2) ROIC, 3) DCF (WACC 7.1% and terminal growth rate of 1.5%), and 4) Credit Suisse HOLT®. We rate the stock Outperform given the upside potential to our target price.

Risk: The risks that may impede our investment case (influencing our TP of SFr660 and Outperform rating) include: 1) demand for dormakaba's total access products could fluctuate depending upon variations in sectors like construction, infrastructure as well as the general consumer spending levels, 2) potential integration complications and dillutive effect of potential acquisitions, 3) currency fluctuations (especially further weakening of the EUR).

Companies Mentioned *(Price as of 03-Sep-2020)*

Autoneum (AUTON.S, SFr107.6)
Belimo Holding (BEAN.S, SFr7430.0)
Bucher Industries (BUCN.S, SFr345.0)
Comet (COTNE.S, SFr137.4)
Conzzeta (CONC.S, SFr948.0)
Daetwyler (DAE.S, SFr212.0)
Forbo (FORN.S, SFr1492.0)
Geberit (GEBN.S, SFr512.8)
Georg Fischer (FIN.S, SFr905.0, OUTPERFORM, TP SFr1050.0)
Inficon (IFCN.S, SFr767.0)
Interroll (INRN.S, SFr2435.0)
Klingelnberg (KLIN.S, SFr15.45)
Komax (KOMN.S, SFr152.9)
Landis + Gyr (LANDI.S, SFr55.8)
Lem (LEHN.S, SFr1666.0)
OC Oerlikon Corp AG (OERL.S, SFr8.2)
Rieter Holding (RIEN.S, SFr80.4)
SFS Group (SFSN.S, SFr85.55)
SIG Combibloc (SIGNC.S, SFr17.46)
Schindler-Holding AG (SCHP.S, SFr240.1)
Sensirion (SENSI.S, SFr48.1)
Sika (SIKA.S, SFr211.7)
Sulzer (SUN.S, SFr79.65)
VAT (VACN.S, SFr169.8)
dormakaba (DOKA.S, SFr537.0)

Disclosure Appendix

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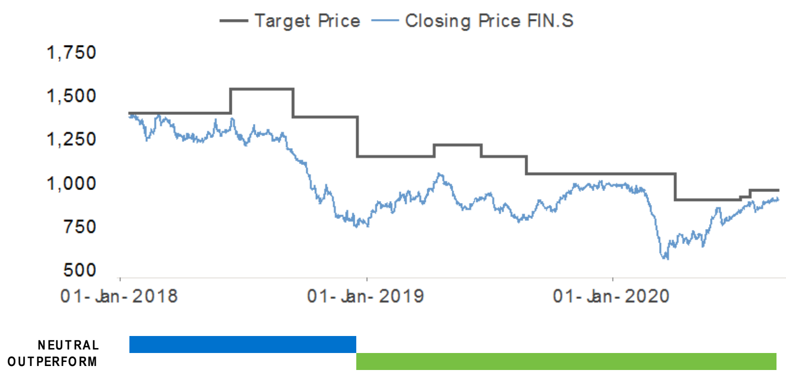
Patrick Laager and Serge Rotzer each certify, with respect to the companies or securities that the individual analyzes, that (1) the views expressed in this report accurately reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for Georg Fischer (FIN.S)

FIN.S Date	Closing Price (SFr)	Target Price (SFr)	Rating
15-Jan-18	1377.00	1400.00	N
14-Jun-18	1333.00	1540.00	
14-Sep-18	1167.00	1380.00	
19-Dec-18	785.50	1150.00	O
11-Apr-19	989.50	1220.00	
20-Jun-19	909.50	1150.00	
26-Aug-19	789.50	1050.00	
03-Apr-20	634.00	900.00	
09-Jul-20	830.00	920.00	
23-Jul-20	888.50	960.00	



* *Asterisk signifies initiation or assumption of coverage.*

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Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.
Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.
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Restricted	2%	

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