

## Media release

Annual results 2014 and outlook for 2015 for the Adval Tech Group

## Adval Tech is expanding

**Niederwangen, April 28, 2015, 7.00 a.m. – As announced on March 20, 2015, in 2014 the Adval Tech Group achieved the turnaround it had been aiming for: It posted a profit figure of CHF 1.9 million (2013: CHF -22.0 million). EBIT came in at CHF 8.9 million (2013: CHF 6.5 million). The Adval Tech Group's equity ratio improved from 29% to 31%. To benefit from the booming automotive market in Mexico, Adval Tech is building a production plant in Querétaro. With this manufacturing base, Adval Tech will be able among other things to supply the local Audi factory with air flow elements and air flow systems. Series production is due to start in 2016. Despite the more difficult currency environment and assuming that the market environment remains favorable, Adval Tech expects the EBIT margin to remain at last year's level in 2015 and is predicting another positive result.**

The Adval Tech Group defined four goals for the 2014 financial year: systematic implementation of the focusing strategy, completion of the restructuring projects already begun, significantly higher EBIT than in 2013, and a turnaround at the profit level. The Adval Tech Group achieved all of these goals. Its strategy calls for a focus on global customers in mold-making and on selected applications in the metal and plastic components business. In the components business, Adval Tech focuses on the automotive market and on related applications. Adval Tech's principal markets in the mold-making segment are consumer and personal care, packaging, medical, and automotive. Adval Tech has also established itself as a specialist for production systems in which machine, mold and automation are perfectly aligned with each other.

### Total income and result

The Group's total income for the year under review came to CHF 247.0 million, some CHF 31.8 million below the prior-year figure (CHF 278.8 million). This 11.4% decline is due primarily to the loss of revenues from companies in Mexico and China that were sold or wound up in 2013 and to the ongoing streamlining of our product portfolio. The Components segment accounted for some 66% of total income (2013: 70%) while the Molds segment made up the remaining 34% (30%).

The Adval Tech Group's EBITDA for the year under review came to CHF 23.3 million (2013: CHF 25.7 million). Although total income declined by over CHF 30 million, the EBITDA margin improved from 9.2% to 9.4%. Adval Tech boosted EBIT by 35% to CHF 8.9 million (2013: CHF 6.5 million). Both segments contributed to this positive trend. In the Components segment, the plastic components business of the companies in China and Malaysia accounted for much of the improvement. In the Molds segment, the Swiss site achieved a very encouraging result. Given the profit figure of CHF 1.9 million (2013: CHF -22.0 million), Adval Tech met its goal of achieving a turnaround in result. The Adval Tech Group's equity ratio improved from 29% to 31%.

### Components segment

The Components segment posted total income of CHF 164.4 million in 2014. The 15.1% decline from the previous year (CHF 193.7 million) was the result of Adval Tech's sale of two companies in China and Mexico and the closure of a plant in China that had still contributed to total income in 2013. The product portfolio streamlining in China and Hungary (metal components) also led to lower total income. EBITDA fell from the previous year's CHF 11.7 million to CHF 10.2 million (-12.8%). Through higher productivity and stricter cost controls, the segment improved its EBITDA margin from the previous year's 6.0% to 6.2%.

Adval Tech expanded collaboration with Audi during the year under review. Since the end of 2014, Adval Tech has been using an innovative approach to molding in producing air flow elements and air flow systems in Hungary for Audi. Based on the good experience in this collaboration and in response to the innovative approach to molding and the positive effect it has had on the components, Audi also chose the Adval Tech Group to supply air flow elements and air flow systems for the new Audi site in Mexico. Series production for the local Audi plant is slated to commence in 2016. Adval Tech's new production site in Mexico will be located in the federal state of Querétaro. In establishing this site, Adval Tech has laid the foundations for sharing in Mexico's booming automotive market.

Adval Tech received a major metal components order in the spring of 2014. The Components segment will produce an electric steering column adjustment subassembly for BMW's 35up platform (3 series, 5 series, 7 series, X3, X5, X6, X7). Series production is scheduled to start this year.

### **Molds segment**

Especially in the first half of 2014, the Molds segment encountered considerable pent-up demand in the American market. Demand in the second half was somewhat lower but still gratifying. At CHF 86.1 million for the year, total income was only 4.0% below the previous year's record figure (CHF 89.7 million). EBITDA came in at CHF 11.0 million, resulting in a good EBITDA margin of 12.7% (2013: EBITDA CHF 12.1 million, EBITDA margin 13.5%).

During the year under review, the Molds segment received an order from an international consumer goods corporation for manufacturing molds for the production of plastic containers for cleaning tabs. The consumer goods company will start producing packages for its tabs using the injection molding process. After successfully building a pilot mold in Switzerland, Adval Tech began the industrialization process in Asia at the start of 2015. The next step for the international consumer goods company will be to bring the new packaging to the European market.

To meet the needs of international customers even better than before, Adval Tech's Molds Segment has introduced a globally oriented key account management structure. The team is managed from the Haslach location. The key account managers, distributed throughout the world, have the task of providing intensive support to international customers.

### **Outlook**

The Swiss National Bank's decision on January 15, 2015 to abandon the lower limit of CHF 1.20 per euro which it had previously been enforcing poses a challenge for Adval Tech. The Group has initiated various measures to secure the Swiss sites' competitiveness even in the new exchange rate environment. Among other things, it was decided that weekly working hours at the Swiss sites be increased temporarily to 45 hours. Fortunately, Adval Tech has succeeded over the last few months in acquiring new orders for the Swiss sites despite the adverse exchange rate.

In the past three years, the Adval Tech Group has invested a lot of energy in implementing its focusing strategy. The Group is thus well positioned for future success. It now has a leaner organizational structure, can respond faster and work more efficiently.

Despite the strength of the Swiss franc, Adval Tech is aiming to hold its EBIT margin at last year's level in fiscal 2015 and is predicting another positive result. In future, the Group wants on the one hand to grow organically – in its business with car manufacturers and their direct suppliers, such as through the expansion in Mexico, as well as in related applications. And on the other hand, Adval Tech is examining the possibility of growing through targeted acquisitions.

<b>Key figures</b>	<b>2014</b>	<b>2013</b>	<b>absolute</b>	<b>Change in %</b>
Total income (CHF millions)	247.0	278.8	-31.8	-11%
- Components segment (CHF millions)	164.4	193.7	-29.3	-15%
- Molds segment (CHF millions)	86.1	89.7	-3.6	-4%
Net turnover (CHF millions)	239.6	269.0	-29.4	-11%
EBITDA (CHF millions)	23.3	25.7	-2.4	-9%
- Components segment (CHF millions)	10.2	11.7	-1.5	-13%
- Molds segment (CHF millions)	11.0	12.1	-1.1	-9%
EBIT (CHF millions)	8.9	6.5	2.4	35%
Profit (+) / loss (-) (CHF millions)	1.9	-22.0	23.9	n. a.
Free cash flow (CHF millions)	2.8	37.8*	-35.0	n. a.
Number of employees on December 31	1603	1720	-117	-7%
- Components segment	1227	1347	-120	-9%
- Molds segment	361	357	4	+1%

\*includes cash inflows from sales of companies and the sale of properties not required for operational purposes

### **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 and for high-performance molds for the production of plastic components. In the components business, Adval Tech focuses on the automotive market and on related applications. Adval Tech's principal markets in the mold-making segment are consumer and personal care, packaging, medical, and automotive. Adval Tech covers the entire value chain as a one-stop-shop, from product development to prototyping, to mold and tool development, and through to component production and assembly.

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### **Key dates**

May 21, 2015 – General meeting of shareholders 2015

End of August 2015 – Announcement of semi-annual results 2015

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