

Media release on 2018 half-yearly results

## Improvements across the board

**Niederwangen, August 24, 2018, 7.00 a.m. – The Adval Tech Group is on track. The consistent implementation of its focusing strategy had a positive impact again in the first half of 2018. Compared with the same period of the previous year, all key figures of the Group have improved. Overall, the Adval Tech Group posted total income of CHF 104.0 million in the first half of 2018 (1H 2017: CHF 102.4 million) an EBITDA of CHF 11.1 million (1H 2017: CHF 9.2 million) an EBIT of CHF 6.9 million (1H 2017: CHF 4.8 million) and the net result stood at CHF 7.8 million (1H 2017: CHF 3.7 million).**

In 2016 and 2017, Adval Tech secured several large orders which will ensure capacity utilization at individual sites for years to come. In the area of plastic components, for example, Adval Tech gained a new customer for air flow systems in the form of another automotive manufacturer (OEM). Series production is scheduled to start in Hungary in 2019 and should run for around four years. Also in Hungary in 2019, series production is due to start for a front panel including radiator shutter which Adval Tech will manufacture for different models of various OEMs over a period of seven years. In addition, Adval Tech acquired an order to produce components for oil guidance for a major OEM. Production of these components is likewise scheduled to start in Hungary in 2019 and will run for around six years.

In the metal components business, Adval Tech acquired new orders for automotive trims, which will be produced in Endingen from 2018 through 2023. Adval Tech has also successfully acquired a number of projects for hybrid and electric vehicles. For example, complex subassemblies and components made by Adval Tech (Germany) will be used to ensure that the battery is protected, held in place, and properly integrated into vehicles. Electrification is not confined to the battery; it covers the entire vehicle. For example, there is a demand for sophisticated structural components made of aluminum for lightweight bodywork and for components that can control modules, conduct heat, and position cable assemblies.

### Total income

In the first half of 2018, the Adval Tech Group posted total income of CHF 104.0 million (1H 2017: CHF 102.4 million). Adval Tech generated most of its turnover (71%) in the first half of 2018 with customers in Europe (1H 2017: 72%). Asian customers accounted for 13% of turnover (1H 2017: 12%), customers in Latin America for 10% (1H 2017: 9%) and customers in North America for 5% (1H 2017: 6%).

### Profitability

The Adval Tech Group was able to improve its profitability again in the first half of 2018. It generated operating earnings before interest, taxes, depreciation and amortization (EBITDA) of CHF 11.1 million (1H 2017: CHF 9.2 million, +20.7%) and earnings before interest and taxes (EBIT) of CHF 6.9 million (1H 2017: CHF 4.8 million, +43.8%). The biggest contribution to the operating result came from Adval Tech (Switzerland) AG, Niederwangen, Adval Tech (Hungary) Kft. and Adval Tech (Malaysia) Sdn. Bhd.

The EBITDA margin improved from 9.0% in the first half of 2017 to 10.6% in the first half of 2018, the EBIT margin rose from 4.7% to 6.7%. These pleasing improvement of the profitability was achieved thanks to the slight rise in total income, the lower material inputs, rigorous cost discipline, and better use of synergies. All of this had a positive impact on the Adval Tech Group's productivity.

The net profit of the Adval Tech Group for the first half of 2018 came to CHF 7.8 million (1H 2017: CHF 3.7 million, +111%). The net result incorporates net income of around CHF 2.8 million for a residual payment from the sale of the Molds segment in 2016, which was only received in this reporting period. It also includes the net costs of around CHF 0.5 million incurred for the production relocations from the premises in Uetendorf to the production plants in Emdingen and Szekszárd, agreed at the end of 2016.

### Outlook

The global automotive industry continued to grow in the first half of 2018. The introduction of the new process for testing exhaust emissions (CO2 and other pollutant) and the associated switch to the WLTC driving cycle in order to gain vehicle type approval is a major challenge for automotive manufacturers. As a result of this switch, some vehicle types from well-known manufacturers are temporarily unavailable, while others have been completely removed from sale. This will also have an impact on the sales figures. However, Adval Tech does not expect this development to significantly affect the Group's turnover. Its components are very widespread and are used in a large range of vehicles.

Current events in global trade politics do harbor the risk of a downturn in the global economy. On the other hand, there are further growth opportunities for automotive suppliers in terms of the megatrends connectivity, mobility and ecology. The main drivers as we see them are networked vehicles, autonomous driving, shared mobility and electrification. Adval Tech is working intensely and closely with its customers to develop suitable solutions. The use of new materials in lightweight construction concepts and the Group's further development as a module supplier are great opportunities for Adval Tech.

Making specific results predictions for the second half of the year would be subject to considerable uncertainties at the present time. Adval Tech is therefore not going to give an outlook for total income and Group EBIT for the full year 2018.

Key figures	1 <sup>st</sup> half of 2018	2 <sup>nd</sup> half of 2017	1 <sup>st</sup> half of 2017
Total income (CHF million)	104.0	105.5	102.4
Net turnover (CHF million)	100.8	102.2	98.1
EBITDA (CHF million)	11.1	10.0	9.2
EBIT (CHF million)	6.9	5.8	4.8
Net result (CHF million)	7.8	5.1	3.7
Operative free cash flow (CHF million)	7.1	9.6	-12.2
Number of employees (full-time units) as per balance sheet date	1,415	1,399	1,341

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### Background information about the Adval Tech Group

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

### Download media release

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**Publication of 2018 Semi-annual Report**

The 2018 Semi-annual Report will be published at the same time as this media release:  
<http://www.advaltech.com/en/group/investors/reports/>

**Agenda**

March 21, 2019 – Announcement of the results for the 2018 financial year

April 16, 2019 – Conference for financial analysts and press conference on annual report 2018

April 16, 2019 – Publication of the annual report 2018

May 23, 2019 – General meeting of shareholders 2019

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