

Media release on 2019 half-yearly results

Adval Tech maintained profitability

Niederwangen, August 30, 2019, 7.00 a.m. – In a difficult environment, the Adval Tech Group maintained its profitability in the first half of 2019 – despite a fall in total income. Overall, the Adval Tech Group posted total income of CHF 96.5 million in the first half of 2019 (1H 2018: CHF 104.0 million) an EBITDA of CHF 10.4 million (1H 2018: CHF 11.1 million) an EBIT of CHF 6.3 million (1H 2018: CHF 6.9 million) and a net profit of CHF 4.2 million (1H 2018: CHF 7.8 million). The EBITDA margin was 10.8% (first half of 2018: 10.6%), and the EBIT margin 6.6% (first half of 2018: 6.7%). Adjusted for the effect of exchange rate movements and divestments, the EBITDA margin came to 11.1% and the EBIT margin to 6.9%.

2019 has been a challenging year so far for the automotive industry. Sales figures have been depressed by a diverse range of factors, including a faltering sales market due to the trade disputes between the USA and China, stricter emissions requirements and their impact on model ranges and power trains, the transition to e-mobility as well as general consumer uncertainty. In this difficult environment, the Adval Tech Group maintained its profitability. If the final payment from the sale of the Molds segment in 2016 and the negative impact of exchange rate movements are eliminated from net profit for the first half of 2018, the Adval Tech Group's net profit also remained almost unchanged year-on-year in absolute terms in the reporting period.

When comparing the first-half key figures with the results for the first half of 2018, it is important to bear in mind the sale of the Adval Tech Thailand subsidiary in August 2018, as well as the final payment from the sale of the Molds segment in the first half of 2018 (one-time net result of CHF 2.8 million). The Adval Tech Thailand results are still included in the figures for the first half of 2018.

Total income

In the first half of 2019, the Adval Tech Group posted total income of CHF 96.5 million (1H 2018: CHF 104.0 million). Adval Tech generated most of its turnover (76%) in the first half of 2019 with customers in Europe (1H 2018: 71%). Asian customers accounted for 8% of turnover (1H 2018: 13%), customers in Latin America for 11% (1H 2018: 10%) and customers in North America for 5% (1H 2018: 5%).

Profitability

In the first half of 2019, the Adval Tech Group achieved profitability on a par with the first six months of 2018: it generated earnings before interest, tax, depreciation and amortization (EBITDA) of CHF 10.4 million (1H 2018: CHF 11.1 million), which corresponds to an EBITDA margin of 10.8% (adjusted for the effect of exchange rate movements and divestments: 11.1%) (1H 2018: 10.6%). Earnings before interest and tax (EBIT) amounted to CHF 6.3 million (1H 2018: CHF 6.9 million) and the EBIT margin to 6.6% (adjusted for the effect of exchange rate movements and divestments: 6.9%) (1H 2018: 6.7%). The biggest contribution to the operating result came from Adval Tech (Switzerland) AG, Niederwangen and Adval Tech (Hungary) Kft.

The net profit of the Adval Tech Group for the first half of 2019 came to CHF 4.2 million (1H 2018: CHF 7.8 million). Net profit for the first half of 2018 included one-time effect of CHF 2.8 million in the form of the final payment from the sale of the Molds segment. Calculated at prior-year rates, net profit would have been CHF 4.4 million in the first half of 2019.

Outlook

In light of the uncertainty in the automotive industry, Adval Tech expects a challenging and volatile market environment again in the second half of 2019. Adval Tech sees rising demand for components for networked vehicles, autonomous driving, shared mobility and electrification as potential growth drivers. The introduction of new materials in lightweight designs and the Group's further development into a global module supplier also open up major opportunities.

In the second half of the year, Adval Tech must manage the planned move in China as smoothly as possible and – from the outset – correctly implement the numerous production projects it has won. Adval Tech also intends to intensify direct collaboration with automotive manufacturers in the metal/light metal segment, thereby strengthening the sites in Germany and Hungary. Because of the relocation of the plant in Suzhou, China, it will not be possible to start mass production of new projects there. Adval Tech does not therefore expect the Chinese company to post an increase in sales for 2019 as a whole.

The Adval Tech Group is not giving specific guidance on total income and EBIT for 2019.

Key figures	1 st half of 2019	1 st half of 2018	2 nd half of 2018
Total income (CHF million)	96.5	104.0	94.2
Net turnover (CHF million)	94.4	100.8	90.5
EBITDA (CHF million)	10.4	11.1	9.6
EBIT (CHF million)	6.3	6.9	5.5
Net profit (CHF million)	4.2	7.8	1.0
Operative free cash flow (CHF million)	-2.5	7.1	4.2
Number of employees (full-time units) as per balance sheet date	1,245	1,415	1,288

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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.

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Publication of 2019 Semi-annual Report

The 2019 Semi-annual Report will be published at the same time as this media release:
<http://www.advaltech.com/en/group/investors/reports/>

Agenda

End of March, 2020 – Announcement of the results for the 2019 financial year
April 21, 2020 – Conference for financial analysts and press conference on annual report 2019
April 21, 2020 – Publication of the annual report 2019
May 14, 2020 – General meeting of shareholders 2020

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