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Feintool Group: 2020 financial year

Fast recovery after the sales drop due to COVID-19

Despite the impact of the COVID-19 pandemic and the continuously difficult market environment Feintool was able to close out the 2020 financial year with an EBIT slightly in the black in the amount of CHF 3.3 million. For the full year, net sales dropped by 22.2% to CHF 492.0 million; the EBIT margin amounts to 0.7%.

The progress of the pandemic worldwide and its impact on business activities cannot be assessed conclusively at the present time. Nevertheless Feintool remains optimistic about the future, as the international automotive industry – the group's most important market – is showing clear signs of recovery in Europe, Asia, and the United States, and promises to remain a growing global market between now and 2035.

Feintool took advantage of the year 2020 to continue refining its corporate strategy for the period through 2030 and, with its products and technologies, is well positioned for the transformation process in the automotive industry. Lasting improvements were achieved through measures to increase efficiency and cost-effectiveness. As such, Feintool's plants are positioned for highest efficiency. The company is active in key markets with high-performance sheet-metal technology for the automotive market and for industrial applications. Feintool's precision components and their applications enable the future of individual mobility possible.

Net sales

The **Feintool Group** generated net sales of CHF 492.0 million in the 2020 financial year, which corresponds to a decline of 22.2% (19.1% in local currency). Both segments suffered a significant decline in sales: the press and tool business shrank by 40.6%, and the parts business decreased in local currency by 15.7%.

EBIT

The **Feintool Group** generated operating profit (EBIT) of CHF 3.3 million, corresponding to an EBIT margin of 0.7%. This contains one-off effects in the amount of CHF 0.3 million; without one-off effects, operating earnings amounted to CHF 3.0 million.* Operating earnings generated by the **System Parts** segment fell to CHF 16.7 million.* Thanks to the measures aimed at increasing efficiency which were rapidly implemented following the drop in sales, the EBIT margin in the parts business decreased by a mere 0.4 percentage points to 3.6%. The capital goods business of the **Fineblanking Technology** segment suffered more severely from the slump in sales and posted a loss of CHF 4.9 million.* Similar to the previous year, research expenses came in at CHF 4.4 million. Development activities continued unchanged – as an investment in the future – despite the difficult environment.

Group result

All in all, including the one-off effects, this resulted in a consolidated loss of CHF 3.9 million. The Board of Directors proposes to the General Meeting to refrain from distributing a dividend for the 2020 financial year.

Pleasant development in the second half of the year

Net sales

In the second half of the year, Feintool sales in Europe and the United States developed in line with the market. Thanks to many new products, Feintool underwent above-average development in Asia. Consolidated sales still sank by 3.4% – adjusted for currency effects – to CHF 279.7 million. While the press and tool business experienced a sales decline in the second half of the year as well, the parts business grew – adjusted for currency effects – by 1.1% to CHF 266.8 million compared to the same period in the previous year.

Operating profit (EBIT)

In the second half of the year, the **Feintool Group** generated earnings before interest and taxes (EBIT) of CHF 20.4 million*, corresponding to an EBIT margin of 7.3%. Thanks to the measures implemented during the first half of the year, operating earnings of the **System Parts** segment doubled to 26.1 million*, corresponding to a margin of 9.8%*. The capital goods business of the **Fineblanking Technology** segment showed signs of significant improvement, but still remained at a loss.

Group result

All in all, the second half of the year – without one-off effects – resulted in net income of CHF 13.6 million; the profit margin thus amounted to 4.9% during this period.

* Without one-off effects. Figures see table below.

Feintool may make use of additional market opportunities

With the goal of quickly making use of opportunities that present themselves on the market, the Feintool Board of Directors recommends to the General Meeting of April 20, 2021, that it create authorized capital in the amount of 1 000 000 shares – corresponding to 20.3% today's share capital – with the possible exclusion of subscription rights for existing shareholders.

Outlook

Uncertainties about the impact of the coronavirus crisis and shortages in the supply of semiconductors and steel for the automotive industry continue to weigh on expectations and make it difficult to issue a forecast for 2021. Market forecasts continue to anticipate production volumes below those of 2019.

On the other hand, combating the pandemic through efficient hygiene measures and vaccinations on a sufficient scale will have a positive impact on business trends in the automotive sector. We continue to see a reluctance to invest in new machinery, although the first encouraging inquiries from Asia and Europe are helping to revive the business. The long-term competitiveness of our technologies in times of structural change in the automotive industry remains the key success factor. Through our "Strategy 2030," we have laid the necessary groundwork and set a milestone – with streamlined structures and processes, state-of-the-art machinery, and innovative mobility concepts, Feintool is extremely well equipped for the future.

Feintool expects sales to increase in line with the market in the 2021 financial year and profitability to stand significantly higher than in the previous year.

About Feintool

Feintool is an internationally acting technology and market leader in the business area of fineblanking. This technology is characterized by high-quality-standards and cost-effectiveness. The company produces fineblanked goods, formed steel components and punched electro sheet metal products.

As an innovation driver, Feintool is consistently expanding the horizons of these technologies and developing smart solutions to meet customer requirements. Feintool offers complete production of precise fineblanked and formed components as well as punched electro sheet metal products in high volumes for demanding applications in the automotive, industrial and energy industry

The processes used by Feintool are ideally suited to implement automobile industry trends. Feintool is a project and development partner in the field of lightweight construction/sustainability, module variations/platforms and alternative drive concepts such as hybrid and electric drives.

The company, established in 1959 and headquartered in Lyss, Switzerland, runs production plants and technology centers in Europe, the United States, China and Japan. It is crucial to the company to at all times be geographically close to its customers. Around 2,700 employees and 80 apprentices work globally to develop new solutions and create key advantages for Feintool customers.

Key financial indicators overview

	2020 in CHF million	2019 in CHF million	Change in %	Change in local cur- rency in %
Net revenue of the Feintool Group	492.0	632.7	-22.2	-19.1
Fineblanking Technology segment	44.2	74.7	-40.9	-40.6
System Parts segment	464.3	573.9	-19.1	-15.7
Earnings before interest, taxes, depreciation, and amortization (EBITDA)¹	53.3	67.7	-21.3	-17.1
Earnings before interest and taxes (EBIT)²	3.0	18.9	-84.1	-80.0
Fineblanking Technology segment ³	-4.9	0.7		
System Parts segment ⁴	16.7	23.2	-27.9	-24.5
Group result	-3.9	10.7		
Total assets	677.1	706.3	-4.1	
Shareholder's equity	293.9	309.9	-5.2	
Net debt	146.9	140.8	-4.3	
Expected releases of high-volume parts production (System Parts segment)	253.1	265.2	-4.6	-1.1
Orders received from third parties (capital goods) (Fineblanking Technology segment)	24.5	50.5	-51.5	-51.0
Order backlog for third parties (capital goods) (Fineblanking Technology segment)	10.8	18.5	-41.7	-41.3
Employees	2 570	2 641	-2.7	
Trainees	100	91	9.9	

1 Without positive one-off effect in the amount of CHF 6.3 million.

2 Without positive one-off effect in the amount of CHF 0.3 million.

3 Without positive one-off effect in the amount of CHF 2.1 million.

4 Without negative one-off effect in the amount of CHF -2.6 million.

	July 1 to December 31, 2020 in CHF million	July 1 to December 31, 2019 in CHF million	Change in %	Change in local cur- rency in %
Net revenue of the Feintool Group	279.7	300.8	-7.0	-3.4
Fineblanking Technology segment	21.2	31.5	-32.5	-32.0
System Parts segment	266.8	274.5	-2.8	+1.1
Earnings before interest, taxes, depreciation, and amortization (EBITDA)¹	45.2	32.8	+37.8	+44.3
Earnings before interest and taxes (EBIT)²	20.4	8.3	+149.2	+159.7
Fineblanking Technology segment ³	-1.3	-0.6		
System Parts segment ⁴	26.1	10.9		

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3 Without positive one-off effect in the amount of CHF 2.1 million.

4 Without negative one-off effect in the amount of CHF -2.6 million.

All information related to Feintool's 2020 annual results can be found in the 2020 annual report, which is available online at: <https://www.feintool.com/unternehmen/investor-relations.html>