

SCHWEITER TECHNOLOGIES

Media Release

First-half result for 2019: Schweiter reports substantial revenue growth

Steinhausen, August 15, 2019 – Schweiter Technologies reported a strong first half in 2019, posting a double-digit percentage increase in revenues. Group revenues rose by 14% year-on-year to CHF 613.7 million (+16% in local currencies), driven by the Perspex acquisition. Adjusted for acquisitions and currency effects, organic growth came to 2%. EBITDA rose by 8% to CHF 63.1 million. Return on net sales declined marginally to 10.3%, owing mainly to acquisitions and to one-off expenses incurred for integration. Operating profit (EBIT) amounted to CHF 44.5 million and net income to CHF 34.2 million. Operating cash flow rose by 50% to CHF 33.0 million, while cash and cash equivalents stand at CHF 89.2 million following the dividend distribution of about CHF 57 million.

Schweiter Technologies Group (in CHF m)	H1 2019	H1 2018	+ / -
Net revenues	613.7	540.3	+14%
EBITDA	63.1	58.3	+8%
<i>as a % of net revenues</i>	10.3%	10.8%	
EBIT	44.5	44.2	+1%
Net income	34.2	33.0	+4%

3A Composites lifted net revenues by 14% to CHF 613.7 million. EBITDA rose by 8% to CHF 64.5 million, which equates to an EBITDA margin of 10.5%. EBIT came to CHF 45.9 million.

The slightly lower revenues in the European and US Display business were more than offset by acquisition-driven growth, ongoing firm demand from wind energy customers, and strong growth in the Architecture business in the USA.

The Display business in Europe picked up slightly in the first half of 2019 following a weaker second half in 2018. Uncertainty about the direction in which the economy is headed put a damper on further organic growth, which meant that the Display business in Europe and the USA didn't quite match the success it posted in the first half of 2018.

The Perspex companies acquired as of year-end 2018 delivered a major contribution to revenue and profit growth in the European

display business. The integration of the acquired companies is proceeding according to plan.

The Architecture business performed satisfactorily on the whole, especially in the USA, where the trend to high-quality flame-retardant or non-combustible cladding panels plus gain of new customers drove double-digit revenue growth.

Following growth in previous years, the Architecture business in Europe and Asia had to cope with effects that curbed demand, particularly in connection with Brexit and the parliamentary elections in India. Sales volumes didn't quite reach the previous year's high level, partly owing to a major order completed in China in the prior-year period.

The Core Materials business maintained its strong momentum, with revenues posting double-digit percentage growth. In particular, firmer demand in the wind energy sector generated a big jump in revenues in all regions. It was China that reported the biggest growth despite the ongoing imponderables related to the trade dispute between the

USA and China. Profitability was held in check, particularly in the first quarter, by higher raw material costs and by the price pressures exerted by global OEMs. Alongside selective price increases, measures were taken to boost efficiency.

The strong demand for weight-saving solutions for buses, RVs, and train front ends continued in the first half of 2019. Revenue growth in the Transportation sector was in the double-digit range, while profitability grew at an even faster pace year-on-year.

Outlook

Even though it must be assumed that the political and economic situation will continue to be volatile in the second half of the year, business performance is expected to remain positive on the whole.

Solid demand is anticipated in the Display and Architecture businesses. The gratifying performance of Core Materials will continue owing to ongoing firm demand from wind energy customers.

The complete financial statements for the first half of 2019 can be found on our website www.schweiter.com

A media conference on the 2019 half-year results for analysts, media representatives, and investors will take place at 11.00 a.m. today at the Marriott Hotel, Neumühlequai 42, Zurich.

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