

PRESS RELEASE

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Half-year results 2020: due to COVID-19, the Artemis Group reports lower sales and earnings, but is looking ahead with optimism to the second half of the year

- Net sales dropped organically by 14.4%
- EBIT dropped by 76.6% to CHF 14.7 million
- The Franke Group has maintained solid profitability thanks to consistent COVID-19 countermeasures
- Net sales and profitability at the Artemis Real Estate Group have increased significantly; vacancies decreased from 3.9% to 2.9%
- Sales and EBIT at the Feintool Group fell sharply as a result of the COVID-19 crisis and the continuing difficult market situation in the automotive industry

The Artemis Group looks back on a very challenging first half of 2020, especially the second quarter, due to the severe impact of the COVID-19 pandemic on both society and economy. With the exception of the Artemis Real Estate Group, the other business activities, Franke Group, Feintool Group and Artemis Asset Management Group, recorded a lack of earnings contributions and additional costs, including those incurred by the COVID-19-related shutdown of production plants for several weeks. As a result, the Group experienced a double-digit decline in organic sales growth in the first six months of 2020, with negative currency effects due to the strengthening of the Swiss franc against almost all currencies, which caused an additional decline in sales.

In the first half of 2020, the **Artemis Group** generated consolidated net sales of CHF 1,264.3 million, with a decline of CHF 291.8 million (18.8%) compared to the same period of last year. Organic growth was negative by -14.4%. Positive acquisition effects amounted to 0.2% and negative currency effects to 4.6%.

The Group's EBIT declined from CHF 63.0 million to CHF 14.7 million and the EBIT margin dropped from 4.0% to 1.2% compared to the first half of 2019. Net profit decreased from CHF 74.2 million to CHF 28.5 million compared to the reference period.

Total investments to date amounted to CHF 78.9 million versus CHF 118.0 million in the same period of the previous year, a decrease of 33.1%. At the end of June 2020, the Artemis Group employed 11,024 people worldwide (at the end of 2019: 12,072).

Development of business activities at a glance

The **Franke Group** had a very strong first quarter in 2020 and achieved organic growth of 10.0%. The second quarter, on the other hand, was very weak due to COVID-19, as customers from the fast food industry and the Hotel/Restaurant/Café (Horeca) sector were particularly affected by the global lockdown lasting several weeks. In April, the COVID-19 crisis hit the Group with full force. However, May and June developed more positively, and further improvements were also achieved in July.

Against this background, the Franke Group recorded a year-on-year decline in net sales of -13.2% from CHF 1,138.1 million to CHF 988.1 million in the first half of 2020. Organic sales decreased by -8.1%. Acquisitions only contributed by 0.2% to sales growth. Exchange rates weakened net sales by -5.2%.

Net sales of all Franke Group divisions decreased organically. Franke Kitchen Systems (-16.7%) and Faber Hoods & Cooking Systems (-12.6%) recorded a double-digit decline. Franke Coffee Systems (-5.9%), Franke Foodservice Systems (-3.4%) and Franke Water Systems (-2.0%) remained in the single-digit range.

EBIT amounted to CHF 35.5 million compared with CHF 51.4 million in the previous year, corresponding to an EBIT margin of 3.6% (H1/H2019: 4.5%). While profitability at Franke Coffee Systems remained unchanged, Franke Water Systems was even able to increase EBIT. Faber Hoods & Cooking Systems, Franke Kitchen Systems and Franke Foodservice Systems recorded a lower overall profitability compared to the previous year.

Total investments in the reporting period amounted to CHF 20.8 million compared to the CHF 45.1 million of last year.

The **Artemis Real Estate Group performed well** in the first half of 2020. The real estate group was able to further expand its portfolio and, thanks to the additional rental revenues, achieved very good net sales growth of 10.0% with an above-average increase in profits. In total, it invested CHF 24.1 million in the development of further residential real estate projects in the first six months of the current financial year.

The **Feintool Group** generated net sales of CHF 212.3 million in the reporting period (H1/2019: CHF 331.9 million), down by -36.0% from the previous year. Adjusted for currency and acquisition effects, the company registered negative organic growth of -33.3%. The current EBIT of CHF -17.4 million was CHF 28.0 million below the previous year. The performance of the technology group reflects the immense overall effects of the COVID-19 crisis and the continuing difficult market situation in the automotive industry.

Investments, especially in the extension and replacement of machines and equipment, amounted to CHF 20.8 million in the first half of 2020 (H1/2019: CHF 23.6 million).

The listed affiliated companies of the **Artemis Asset Management Group** (Forbo >29.5%, Arbonia >22%, Autoneum >21%, Adval Tech >21%, Rieter >11.5%) experienced in some cases a sharp decline in sales and revenues as a result of the global lockdown to contain the coronavirus. During the reporting period, the Artemis Asset Management Group increased its shareholding only slightly and its investments in startups and private equity companies focused on supporting new technologies and expanding business activities.

Outlook for 2020

The consequences of the COVID-19 pandemic have impacted the Artemis Group's half-year results for 2020. All of the Group's business activities have established safe and hygienic working conditions for employees and ensured the financial health of the company as much as possible, including through cost savings. So far, the worst results have been recorded in April. Since then, there has fortunately been a monthly improvement.

Although the situation is improving, the ongoing uncertainties still make it extremely difficult to create a reliable forecast for the current financial year. Despite this limited predictability, the Artemis Group does not expect the economic recovery to be rapid but assumes that it will continue – provided there is no second lockdown. Accordingly, the Group remains positive and is convinced that it will rise from the global crisis even stronger and more agile. The Artemis Group will continue to carefully monitor all macroeconomic developments in order to take advantage of business opportunities such as attractive

acquisitions. This will be possible thanks to a healthy balance sheet with moderate net debt and a very solid equity ratio.

Artemis Group overview

in CHF million	1st half of 2020	1st half of 2019
Net sales	1,264.3	1,556.1
- Change in %	-18.8	+3.8
- Organic growth in %	-14.4	-4.0
EBIT	14.7	63.0
- Change in %	-76.6	-23.5
- % of the net sales	1.2	4.0
Net profit	28.5	74.2
- Change in %	-61.6	-21.4
- % of the net sales	2.3	4.8
Total investments	78.9	118.0
Equity	2,511.9	2,548.4
- Equity ratio in %	57.7	58.3
Employees as of June, 30	11,024	12,270

About Artemis

The Artemis Group includes the **Franke Group**, the **Artemis Real Estate Group** (real estate portfolio in Switzerland and abroad), a majority holding in the **Feintool Group** (world market leader in fineblanking technology) and the **Artemis Asset Management Group** (various strategic shareholdings in international companies listed on the Swiss stock market and in private companies). The Group employs more than 11,000 people worldwide and generated consolidated sales of some CHF 3.2 billion in 2019.

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