

**PRESS RELEASE**

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**Half-year result 2019: Artemis Group with acquisition-related sales growth in the first half of 2019 and with a positive outlook for the second half of the year**

- Sales up by 3.8% to CHF 1,556.1 million, organic growth -4.0%
- EBIT fell by 23.5% to CHF 63.0 million
- Solid business development at Franke Group thanks to acquisition-related increase in sales
- Artemis Real Estate Group with further result improvement
- Feintool Group with reduced sales and EBIT in a difficult market environment

In the first half of 2019, the **Artemis Group** can look back on mixed results of its four business activities Franke Group, Artemis Real Estate Group, Feintool Group and Artemis Asset Management Group. In the period under review, it achieved consolidated net sales of CHF 1,556.1 million – and recorded an increase of CHF 57.1 million or 3.8% over the same period prior year. In organic terms, this corresponds to a decline of 4.0%. Negative currency effects totaled 2.2%. This development was offset by the two acquisitions Chain Link Services (Franke Group) and Stanzwerk Jessen (Feintool Group), which led to a 10.0% increase in sales.

Compared to the first half of 2018, EBIT fell by 23.5% from CHF 82.3 million to CHF 63.0 million. This was primarily due to the lower profitability of the Feintool Group and Blefa.

Due to the lack of profitability at Feintool Group and Blefa, net profit also fell by 21.4% from CHF 94.3 million to CHF 74.2 million compared with the reference period.

Total investments to date amounted to CHF 118.0 million versus CHF 165.2 million in the same period of the prior year. Most of this is attributable to operating investment activities.

The Artemis Group had 12,270 employees worldwide at the end of June 2019 (12,309 at the end of 2018).

### **Development of business activities at a glance**

The **Franke Group** developed solidly in the first half of 2019 and achieved consolidated net sales of CHF 1,138.1 million compared with CHF 1,055.3 million in the same period of the prior year. This corresponds to a good sales growth of 7.8%. The main growth driver was the acquisition of Chain Link Services (12.1%), while currency effects (2.8%) contributed negatively to the sales development. In organic terms, Group sales fell slightly in the period under review (-1.5%).

The division Franke Foodservice Systems, kitchen supplier for fast-food chains, recorded the strongest sales growth of 31.3% due to the acquisition of Chain Link Services, followed by Faber Hoods & Cooking Systems. The manufacturer of extractor hoods for household kitchens achieved sales growth of 9.1%. Furthermore, the development of Franke Kitchen Systems in the first half of 2019 deserves special mention. The division, whose core business is in the area of food preparation and cooking (sinks, taps, cooking appliances, waste management systems) and which is currently implementing a turnaround program to achieve a substantial and sustainable increase in profitability, was again able to achieve slight organic growth in the period under review. In addition, it achieved double-digit growth significantly above the market average in the strategically important product segment "synthetic sinks". The start-up difficulties that arose in the prior year at the new state-of-the-art synthetic sink plant in Slovakia were also overcome, which improved profitability.

Total investments in the first half of 2019 amounted to CHF 45.1 million. (H1/2018: CHF 47.8 million). A significant portion of this was attributable to the acquisition of a majority stake in Dalla Corte S.R.L as of the end of June 2019. The Italian company, headquartered in Milan, produces traditional portafilter espresso machines in the premium segment for the private and professional sector.

The **Artemis Real Estate Group** also developed positively in the first half of 2019. The real estate group was able to successfully let almost all apartments build during this period and, thanks to the additional rental income, achieved very good sales growth of 11.1%. It invested a total of CHF 24.4 million in various construction projects in the first six months of the current financial year.

The **Feintool Group** achieved sales of CHF 331.9 million in the period under review (H1/2018: CHF 337.3 million), down 1.6% on the prior year. Adjusted for currency and acquisition effects, the

company registered a negative organic growth in the amount of 0.9%. The EBIT in the first half of the year 2019 declined from CHF 25.7 million to CHF 10.5 million (-59.0%).

The technology company invested CHF 24.0 million in the first half of 2019. (H1/2018: CHF 57.2 million). The investments were primarily for the expansion and replacement of machinery and equipment.

The listed companies of the **Artemis Asset Management Group** (Forbo >29.5%, Arbonia >22%, Autoneum >21%, Adval Tech >21%, Rieter >11.5%) were confronted with a challenging market environment in the period under review. Against this backdrop, almost all of the companies performed comparatively well. The market value of the portfolio increased by 13.2%.

### **Outlook for 2019**

The Artemis Group expects the global economy to slow down in 2019 as a whole in view of the existing trade disputes, increasing protectionism and economic uncertainties in Europe. The Group is therefore cautiously optimistic and expects some of its investments to continue their challenging business development, especially in the automotive supplier sector. The focus remains on a substantial improvement of the Franke Group's profitability (through operational improvements and discontinuation of negative one-off items) in the current financial year. In total, the Artemis Group assumes that despite the challenging environment sales will be higher than in the prior year.

**Artemis Group – Overview**

in CHF million	1st half 2019	1st half 2018
<b>Net sales</b>	<b>1556.1</b>	<b>1499.1</b>
- Change in %	+3.8	+9.3
- Organic growth in %	-4.0	+5.4
<b>EBIT</b>	<b>63.0</b>	<b>82.3</b>
- Change in %	-23.5	-0.9
- in % of net sales	4.0	5.5
<b>Net profit</b>	<b>74.2</b>	<b>94.3</b>
- Change in %	-21.4	+41.5
- in % of net sales	4.8	6.3
<b>Total investments</b>	<b>118.0</b>	<b>165.2</b>
<b>Headcount as at June 30</b>	<b>12270</b>	<b>12189</b>

**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 Artemis Group employs more than 12,000 people worldwide and generated consolidated sales of some CHF 3.0 billion in 2018.

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