

PRESS RELEASE

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Artemis Group: pleasing 2013 results and a good first quarter of 2014

- Sales growth of +4.6% to CHF 2,578.7 million
- Increase of 59.5% in post-tax profit to CHF 186.4 million
- Growth strategy through diversification once again successful

The Artemis Group remained on its growth path during 2013, reporting growth of 4.6%. The Feintool Group in particular enjoyed strong demand from the automobile industry. Following the completion of a restructuring program, its efforts of recent years are now beginning to bear fruit.

Net sales for the Artemis Group came to CHF 2,578.7 million in 2013, which represents growth of +4.6% in Swiss francs. Whereas in the previous year currency effects contributed +0.8% to nominal growth, in the year under review, the emerging market currencies weakened slightly, resulting in a negative effect of -1.3% on Group sales. Acquisition effects at Franke and Feintool contributed 4.1% to the sales growth. While Feintool provided an additional CHF 29.2 million net (CHF +32.5 million Herzing + Schroth, effect of sale of IMA Berlin –CHF 3.3 million), the Franke Group's contribution came to CHF 70.9 million (Dart Valley Systems, Nokite, KWC and FundaMetal Design).

Profit after tax rose by almost CHF 70.0 million from CHF 116.9 million to CHF 186.4 million. This was mostly attributable to the positive results from the Artemis Asset Management Group's various holdings, in particular those in Forbo, Rieter, Autoneum and Feintool.

The total investments of the Artemis Group amounted to CHF 296.0 million. Standing at 11,376 at the end of the year, the Artemis Group's headcount was 861 higher than at the end of 2012. The Group maintained its solid financial basis, reporting an increase in the equity ratio from 53.4% to 56.6%.

Michael Pieper, CEO and owner of the Artemis Group, commented, “Our strategy of growth through diversification is paying off. Thanks to the Artemis Group’s broad base, we were again able to report a pleasing annual result in a global environment that remains far from easy.”

Business development of the Franke Group in 2013

- Sales growth of 2.9% to CHF 2,069.8 million
- Held its ground well in the face of challenging conditions on the global market, especially in the key European market
- Result for 2013 influenced by the realignment with corresponding investments in the Franke Group’s further development

Against a backdrop of challenging conditions on global markets – especially in the key European market – and investments in its further development, the Franke Group generated sales of CHF 2,069.8 million, an increase of 2.9% year-on-year. The primary growth drivers were acquisitions, which contributed 3.5% to the growth. Currency effects had a negative impact of -1.1%. Organic growth stood at 0.5%, with all divisions contributing except Franke Foodservice Systems. Investments amounted to CHF 226.6 million.

The decline in Franke’s EBIT from CHF 119.2 million to CHF 111.9 million is primarily attributable to the fall in earnings in the Franke Group’s two largest divisions. While Franke Kitchen Systems continued to contend with a difficult market environment – above all in the Mediterranean region – as well as ongoing restructuring costs, the decline at Franke Foodservice Systems was more the result of extraordinarily high roll-out activities in the previous year, which were not repeated in 2013. The smaller divisions, Franke Washroom Systems and Franke Coffee Systems, significantly increased their profitability, while Franke Beverage Systems and Franke Industrie AG were able to maintain their high level.

Lastly, Franke’s overall result includes extraordinary costs – among which were costs for restructuring, – of around CHF 20.0 million.

According to Alexander Zschokke, President/CEO of the Franke Group since 1 January 2013, “The Franke Group performed well in a challenging global market environment. Franke’s result for 2013 was very clearly influenced by the realignment. In 2013, a great deal of effort was invested in the organization’s further development. This has resulted in structural improvements which lay excellent strategic foundations for sustainable and profitable growth.”

Business development of the Artemis Real Estate Group in 2013

- Growth of 7.7%
- Construction projects with over 700 apartments in Switzerland in planning or development
- Further increase in the stake in Espace Real Estate AG

The Artemis Real Estate Group holds and manages its own (non-commercial) real estate portfolio. The principal company is Franke Immobilien AG, Aarburg. Rental income grew by 7.7% in 2013.

Overall, 2013 was another very eventful year for Franke Immobilien AG. A construction project with 35 apartments was completed in Beromünster, while in Hendschiken a project to construct 30 apartments got under way. An existing property with 28 apartments was purchased in Huttwil and a new office building for the Artemis Group erected in Aarburg. Significant progress was also achieved with a number of other important projects:

- Planning work started for approximately 150 apartments in Oftringen and Unterkulm.
- Two major development projects in Aarburg ('Stadtblick Aarburg') and Niederglatt both overcame a further hurdle when their provisional planning permission came into legal effect. Together, the two projects encompass over 300 apartments.
- Conceptual work got under way for a long-term development project to convert the old industrial site of KWC AG (around 27,000 m²) into a residential area with over 200 units and a commercial center.

Having already become the largest shareholder, Franke Immobilien AG increased its stake in Biel-based Espace Real Estate AG from 26.1% to 28.1%. Positive income figures confirmed that the strategy Espace Real Estate has consistently pursued of investing in self-developed residential properties in the Swiss Mittelland region is the right one.

Franke Immobilien AG also holds a 30% stake in Zurich-based Evostate AG, a company which likewise reported pleasing business performance in the year under review. It was able to complete the very complex 'Gleis 3' project in central Zurich according to plan and sell all 89 condominiums. The construction project in the center of Montreux, which already began at the end of 2012 and encompasses over 100 apartments, is also progressing encouragingly.

Significant real estate in the US, Romania and Poland completes the Group's portfolio. The US real estate market began to show signs of a revival in 2013, and the American real estate company, in which the Artemis Group holds a stake, was able to make a number of initial attractive sales.

Business development of the Artemis Asset Management Group in 2013

- Substantial increase in the portfolio's market value in 2013
- Purchase of additional plantations in Costa Rica

The Artemis Asset Management Group mainly holds investments in international companies quoted on the Swiss Stock Exchange.

It holds stakes of more than 30% in Forbo International AG, over 19% in Autoneum Holding AG, over 21% in Adval Tech and over 11% in Rieter. In the fourth quarter of the year under review, Precious Woods Central America was renamed Novelteak AG. This company, which runs teak plantations in Costa Rica and Nicaragua, purchased the C&M plantations, which, with a total area of approximately 5,600 hectares of land, have excellent biological assets. These plantations are also located in Costa Rica. Our stake in Novelteak stands at 50%.

The holdings in Forbo International AG, Autoneum Holding AG and Rieter Holding AG developed positively over the course of 2013. These companies' share prices rose significantly in comparison with the previous year, with Forbo up +30%, Autoneum +190% and Rieter +30%. The share price of Adval Tech Holding AG remained stable in comparison with 2012 and the company achieved a turnaround at EBITDA level. As a result of the rise in share prices, the portfolio's market value increased substantially year-on-year.

Business development of the Feintool Group in 2013

- Double-digit growth in sales and profit
- Strong demand from the automobile industry

Feintool generated sales of CHF 477.4 million in 2013, which is equivalent to a year-on-year increase of 11.8%. Organic growth amounted to 8.6%, a rise of 6.8% over the previous year. As part of a capital increase, Feintool accumulated a further CHF 34.5 million in equity. To raise the amount of liquidity in the market for Feintool securities, the Artemis Group did not participate in the capital increase and simultaneously placed a quantity of its own shares on the market. As a consequence, the Artemis Group's stake shrank from 79.6% at the end of 2012 to 50.1%.

The financial year was characterized by further important investments in the production area, specifically in the US, China and Japan. In the year under review, the Fineblanking Technology division developed the world's fastest fine blanking press and successfully launched it on the market.

Outlook for 2014

The first quarter of 2014 was on the whole positive for the **Artemis Group**. Sales were up by 14.2% from CHF 571.0 million to CHF 652.0 million, and the Group's earnings performance improved at an above-average rate.

The Artemis Group is cautiously optimistic for the year 2014. It senses a global upturn in demand for all of its holdings.

The **Franke Group**'s performance was also pleasing in the first quarter of 2014. All divisions surpassed their sales results for the same period last year, in some cases by a considerable margin. Sales for the Franke Group grew from CHF 452.2 million in 2012 to CHF 512.4 million, which represents an increase of +13.3%. +12.4% originated from organic growth and +6.4% from acquisitions. Negative currency effects amounted to -5.5%.

The global economic trend is positive but volatile. The emerging markets have to contend with exchange rate developments, and China's growth rates are slowing. Given these circumstances, the Group's further development will also remain a key task in 2014. The efforts to drive forward the realignment and implement the strategic goals must continue unabated. This includes in particular the Group-wide cost efficiency program Operational Excellence, which began in the year under review and is now beginning to bear fruit. The initiatives launched in 2013 to sustainably strengthen the Franke Group's brand and marketing expertise also remain on track and will be pursued consistently.

The Franke Group is confident that it will be able to make the most of the market opportunities and position its brand portfolio more competitively in the global environment. It expects that the divisions will maintain their strong market position in 2014, which will have a positive impact on both sales and profitability.

*The Artemis Group includes the **Franke Group**, the **Artemis Real Estate Group** (real estate portfolio in Switzerland and abroad), the **Artemis Asset Management Group** (various strategic participations in international companies listed on the Swiss stock exchange) and has a majority stake in the **Feintool Group** (the world leader in fine blanking technology).*

The Artemis Group employs around 11,400 people worldwide and generated consolidated sales of close to CHF 2.6 billion in 2013.

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