

PRESS RELEASE

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Artemis Group 2015: held its own well in difficult market environment

- Lower sales by 5.2% to CHF 2.5 billion due to Swiss franc strength
- Organic growth of 1.8%
- Increased EBIT by 20.3% to CHF 194.8 million thanks also to gains on disposals
- Net profit up by 4.5%

The Swiss franc's strong gain in value in January 2015 created major challenges for all companies and participations of the Artemis Group in the course of the year, leading to transaction and translation losses. Thanks to considerable efforts, there was only a slight downturn in sales and operating profits in the face of these challenges. Moreover many long-term initiatives were implemented in the reporting year. Consequently the Artemis Group laid an important foundation for more good results in the future. Against this background the financial development of the Artemis Group in 2015 was also positive.

Business performance Artemis Group 2015

The consolidated net sales of the Artemis Group in 2015 reached CHF 2.5 billion and were as a result 5.2% below the prior year's result. However, organic growth was 1.8% and was achieved by the two fully consolidated industrial activities Feintool Group (4.4% and Franke Group (1.6%). The negative currency influences due to the Swiss franc's strength were 6.7%. Acquisitions/ disinvestments resulted in a net sales reduction of -0.3%.

EBIT rose from CHF 161.9 million to CHF 194.8 million, which corresponded to an increase of CHF 32.9 million (+20.3%). The EBIT increase was in particular attributable to unique gains on disposals at the Franke Group amounting to CHF 54.1 million. Accordingly the EBIT margin of the Artemis Group also

improved and was 7.7% (prior year 6.1%). The normalized EBIT amounted to CHF 140.5 million and was 13.2% below the prior year's value of CHF 161.3 million and the normalized EBIT margin was 5.5% (prior year 6.1%).

The profit after tax of the Artemis Group increased compared to the prior year by CHF 8.0 million from CHF 178.0 million to CHF 186.0 million. Total investments were made of CHF 261.3 million (prior year CHF 259.3 million). The average number of employees of the Artemis Group at the end of the year was 10,802 and as a result 247 lower than at the end of 2014. In view of an increase in the equity ratio from 57.8% to 60.0% and reduction in net indebtedness to CHF 201.3 million the Group is financially strong.

Business performance Franke Group 2015

- Decline in sales by 6.5% to CHF 2.0 billion due to Swiss franc strength and lower sales with key account
- Organic growth of 1.6%
- Higher EBIT by 26.1% due to gains on disposals; improved EBIT margin of 8.6%

The development of the Franke Group in the reporting year was uneven. The Group achieved sales of CHF 2.0 billion compared with CHF 2.1 billion in 2014, which corresponded to a decline of 6.5%. The currency translation effects and the continuing difficult economic situation especially in South Europe led to a 7.6% decline in the sales development of the Group while the downturn from disinvestments and acquisitions was 0.5%. Nevertheless the Group succeeded in achieving organic growth of 1.6% despite the demanding environment. In 2015 the Group made total investments of CHF 71.1 million (prior year CHF 87.4 million).

With the exception of Franke Foodservice Systems all divisions achieved positive organic sales growth. The main reason for the negative sales development in Franke Foodservice Systems was weak demand in the USA and Asia. Franke Kitchen Systems, which made the biggest sales contribution, was able to achieve good organic growth of 7.1%. This positive development was in particular characterized by strong sales in the ventilation hood product segment. While the Franke Water Systems and Franke Coffee Systems divisions continued their organic growth rate of 1.2% or 1.8% respectively, Franke Beverage Systems even achieved double digit growth rates (11.1%).

The EBIT of the Franke Group increased in the 2015 financial year from CHF 135.4 million to CHF 170.7 million, corresponding to an increase of 26.1%. However, due to demanding conditions, the Group

suffered a setback in its efforts to continuously boost its operating profitability. The EBIT without gains on disposals of CHF 54.1 million fell by 13.9% to CHF 116.6 million. The operating EBIT margin as a result dropped from 6.3% to 5.8%. In addition, considerable restructuring costs of CHF 11.7 million (prior CHF 12.9 million) again depressed the annual profit in 2015.

Business performance Artemis Real Estate Group 2015

- 7.8% sales growth
- Considerable investments in the further expansion of the portfolio
- Over 900 apartments under construction or development in Switzerland

Artemis Real Estate Group develops, holds and manages a significant (non-operational) real estate portfolio. The main company is Artemis Immobilien AG, Aarburg. In the reporting year the rental returns rose by 7.8% despite in part lower rental income on account of the historically low reference interest rate.

The year 2015 was again a successful and eventful year for Artemis Immobilien AG.

- The three new construction projects in the locations Oftringen, Hallwil and Unterkulm with a total of 186 rental apartments went according to plan and already have a very good occupancy rate before their construction has been completed.
- The construction legal foundations were created to build another 150 rental apartments in Holziken, Egliwil and Hendschiken. Work is scheduled to start in 2016.
- The three major planning projects in Aarburg ("Stadtblick" about 300 apartments), Unterkulm ("KWC site" about 240 apartments with a significant commercial share) and Niederglatt ("Rietlen" about 180 apartments) are proceeding successfully.
- An office real estate property in a central location in Zurich has been purchased for the first time. It represents an interesting diversification in the real estate portfolio and is to be completely renovated.
- A development agreement with a general contractor has been concluded for the commercial property in La Neuveville in a prime location on Lake Biel. About 50 apartments are planned there following a rezoning procedure.

Artemis Real Estate Group is the largest shareholder with over 30% in Espace Real Estate AG, which has a real estate portfolio of over CHF 600 million. In 2015, the business of Espace Real Estate AG again developed favorably.

The real estate development company Evostate AG, in which Artemis Real Estate Group as the largest co-shareholder holds a stake of 30%, also saw positive development with its new construction project of 109 apartments and various commercial premises in the centre of Montreux.

The Group's portfolio is rounded off by significant land holdings in the USA, Rumania, Poland and Austria. After closing the Austrian production location of the Franke Group in Hard the Artemis Real Estate Group took over the property to run a business park.

The US shareholding in the MIM-Hayden Real Estate Fund I achieved a solid result in the reporting year. The newly established Miller Real Estate Fund II (Artemis share 50%) bought its first two commercial real estate properties in a good central location in Philadelphia.

Business performance Feintool Group 2015

- EBIT decline by 6.3%
- Organic growth of 4.4%

The Feintool Group achieved sales of CHF 508.9 million in 2015, which corresponded to an increase in 1.1% compared to the prior year. Organic growth was 4.4%.

EBIT was slightly below the prior year's figure at CHF 32.9 million. This decline is attributable to the strong Swiss franc and initial costs to develop the newly acquired subsidiary Gabler Feinschneidtechnik GmbH in Germany.

The consolidated results of the Feintool Group were CHF 20.8 million (prior year CHF 35.4 million with special income of CHF 10.8 million from the sale of the Automation Amberg GmbH).

Business performance Artemis Asset Management Group 2015

- Positive share price development in almost all shareholdings
- Successful capital increase at AFG Arbonia-Forster

The Artemis Asset Management Group has strategic shareholdings in international companies listed on the Swiss stock exchange and in private companies.

The business development of all affiliates of the Artemis Asset Management Group was positive in the reporting year. When taken against the background of a demanding year the price development of the

Forbo and Autoneum shares (Artemis holding Forbo >28%, Autoneum >21%) remained positive in view of the good business development. Both companies registered a surge in their respective share prices compared to the prior year – the Forbo and Autoneum shares each gained 19%. The price of the Rieter share (Artemis holding >11.5%) gained 14% in the reporting period while the share price of Adval Tech (Artemis holding >21%) finished below the prior year despite clear operating and financial progress. In the context of the successful capital increase at AFG Arbonia-Forster, Artemis Asset Management Group raised its holding to >27%.

The sales development of the Central American plantation operator Novelteak (Artemis holding 50%) surpassed the prior year due to higher sales volumes of teak thinnings and blocks.

Personnel

Alexander Pieper and Alexander von Witzleben were newly elected to the Board of Directors of Artemis Holding AG in 2015.

In 2015 Christian Mäder became the new CFO of the Artemis Group and simultaneously a new member of the Artemis Group Board of Directors.

The Vice President of the Board of Directors, Dr. Alfred Wiederkehr and the member of the Board of Directors Dr. Bernhard Stauch retired for age reasons at the annual general meeting of May 18, 2016 from the Board of Directors of the Artemis Holding AG. Dr. Alfred Wiederkehr was appointed as an honorary member of the Board of Directors.

Outlook for 2016

The **Artemis Group** made a good start to 2016 and was able to improve its consolidated sales in the first quarter by 9.9% of CHF 571.5 million to CHF 628.0 million. Organic growth was 10.4%.

However, in view of the current economic and political environment, the Artemis Group assumes that 2016 will be a year in which the Group must demonstrate its efficiency and competitiveness. It is confronted by numerous challenges in various economic regions, especially Southern Europe and Asia, and expects continuing volatility in raw material prices and exchange rates. Nevertheless the Artemis Group expects a clear increase in sales and earnings in the current financial year.

The sales of the **Franke Group** rose in the first quarter of 2016 from CHF 443.5 million to CHF 456.7 million and as a result was CHF 13.1 million (3.0%) above the prior year – but without the sales of Blefa

Beverage Systems, the world market leader for stainless steel kegs for the beverage industry (from January 2016 newly consolidated in Artemis Asset Management Group). Organic growth was 11.1%, the positive currency effects 0.7%.

In addition, in the first quarter the Franke Group acquired over 25% in Duravit, the German manufacturer of design baths and wellness systems based in Hornberg. The holding is the basis for the development of a strategic partnership in the bathroom and kitchen area. There are also very good prospects for joint growth opportunities in project business. The bundling of joint strengths will enable the partners to be even more successful in setting lifestyle trends for better living quality in bathrooms and kitchens. In this they will lay the foundation for further expansion and reinforce their international market position.

The portfolio at the **Artemis Real Estate Group** will undergo further expansion if profitability remains good.

In the first quarter of 2016 the **Feintool Group** continued to benefit from its strong market position and a generally positive market environment. Across the Group the company achieved sales of CHF 139.2 million, which after currency adjustment corresponded to an increase of 12.0%.

At the **Artemis Asset Management Group** the price development of the industrial portfolio was positive in the first quarter.

*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 has about 11,000 employees worldwide. In 2015, the Group generated consolidated sales of over CHF 2.5 billion in 2015.*

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