

Media Release

Schaffhausen
20 July 2016, 7:00 a.m. CET, Ad hoc

Mid-Year results of Georg Fischer Ltd as per 30 June 2016:

A clear increase in performance

- Sales grew by 3% to CHF 1 863 million
- Operating result up 20% to CHF 153 million for an 8.2% EBIT margin
- Net profit up 36% to CHF 109 million
- Strategy 2020 implementation well underway

GF kept in the first semester of 2016 its positive momentum. Sales reached CHF 1 863 million, 3% above the first six months of 2015. Adjusted for currency effects and acquisitions, growth stood at 2%. The operating result increased 20% to CHF 153 million. The operating margin (ROS) reached 8.2% against 7.1% in the same period previous year and the return on invested capital (ROIC) 18.2% compared to 15.2% in the first semester of 2015. Both are in line with our strategy 2020 objectives of a ROS of 8% to 9%, respectively a ROIC of 18% to 22%. All three divisions contributed to the profitability increase, in particular GF Piping Systems.

Net profit reached CHF 109 million, a substantial 36% increase compared to previous year. This owes, besides the increase in operating result, to a large reduction in financial costs.

Free cash flow before acquisitions amounted to CHF 25 million, CHF 55 million above the first semester 2015.

Headcount increased to 14 549 against 14 053 as of June 2015, mainly on account of the high growth at GF Hakan in Turkey as well as the two acquisitions in Indonesia and in the US, consolidated since May 2016.

CHF million	Corporation		GF Piping Systems		GF Automotive		GF Machining Solutions	
	2016	2015	2016	2015	2016	2015	2016	2015
Order intake	1 851	1 801	743	710	659	658	449	433
Sales	1 863	1 802	750	702	685	670	428	430
EBITDA	218	188	108	88	85	77	31	28
EBIT	153	128	83	63	54	50	24	21
Net profit	109	80						
Free cash flow before acquisitions/divestitures	25	-30						
Free cash flow	-56	-24						
Return on sales (EBIT margin) %	8.2	7.1	11.0	9.0	7.8	7.5	5.6	4.9
Return on invested capital (ROIC) %	18.2	15.2	19.8	14.0	24.8	24.1	13.4	11.4
Number of employees	14 549	14 053	6 334	6 032	4 987	4 889	3 080	2 984

Profitability increased at all three divisions

GF Piping Systems enjoyed a strong dynamic in most sectors. The division generated sales of CHF 750 million, up 7%. Adjusted for currency effects and acquisitions, sales growth reached 6%.

Industrial applications benefited from a lively demand across the world whereas utility and building technology sectors showed a steady growth in most geographical areas.

The operating result shows a large increase of 32% to CHF 83 million, implying a substantial operating margin expansion of 2 percentage points to 11%. Most production plants were well loaded, including in Switzerland. The measures taken in 2015 contributed as well and so did the stabilization of the Swiss currency.

The division acquired PT Eurapipe Solutions in May, a leading Indonesian polyethylene pipes and fittings producer, a springboard to substantially increase its turnover in one of the fastest growing markets of the world.

GF Automotive further improved its performance despite an uneven demand. Sales were up 2% to CHF 685 million. In local currencies, sales stood at the same level as previous year as lower raw material prices were passed on to customers for a 4% negative impact. Truck-related sales were strong throughout the semester whereas car-related demand remained steady but quite heterogeneous among the respective car OEMs.

The operating result amounted to CHF 54 million, up 8%. The load of the light-metal plants was high as the use of aluminum is spreading and the electric car-related orders are gaining traction. On the other hand, iron casting plants remained at a level of an 80% utilization rate.

The construction of the new light-metal plant in the US has begun for a start of production end of 2017, as planned.

Amid overall stagnating markets for machine tools, **GF Machining Solutions'** success in focus markets such as aerospace and electronics led to an order intake increase of 4% to CHF 449 million. Sales reached CHF 428 million, basically on the same level as previous year. In local currencies and adjusted for acquisitions, sales stood 2% below previous year. The operating result increased by 14% to CHF 24 million as margins continued to improve on the back of new product sales and a significant increase in automation projects. In May, the division acquired Microlution Inc., a promising US-based specialist of micro-machining, thus further enlarging its technology portfolio in the attractive medical and aerospace sectors.

Strategy implementation well underway

GF's sales growth in the first half 2016 was in line with our yearly strategy 2020 objectives of 3% to 5% thanks to significant sales increases in developing markets as well as attractive segments like aerospace, e-mobility and chemicals transport.

Two acquisitions have been closed during the first semester, which fully reflects our strategy to expand in growth markets and promising sectors.

The corporate-wide initiative to bolster innovation speed is in full swing reinforced through the cooperation with IDEO, the California-based industrial design and innovation specialist.

Succession at executive level on track

After 28 years at GF, including eight very successful years as the Head of GF Piping Systems, during which the division became the largest one within GF, Pietro Lori has decided to take an early retirement. As earlier announced, his successor as of August 2016 will be Joost Geginat, who started in May at our company.

Moreover, after 20 years at GF and 13 years as CFO of the Corporation during which his competence largely contributed to the successful development of the Corporation, Roland Abt will also take an early retirement and be replaced as of January 2017 by Andreas Müller, presently CFO of GF Automotive.

Outlook

GF Piping Systems enjoys a strong momentum in most relevant sectors. The end markets of GF Automotive remain steady and GF Machining Solutions is now well repositioned in growing segments like aerospace and electronics.

Markets remain however volatile and quite uneven according to the respective country and sector of activity. The Brexit vote in the UK certainly adds another layer of uncertainty.

Nevertheless, assuming economic uncertainties do not have a significant impact on customers' demand, we expect in the second half year a result similar to the first half and therefore full-year 2016 figures in line with our strategy 2020.

The Mid-Year Report 2016 as well as the presentation for the telephone conference regarding the Mid-Year results will be available on our website www.georgfischer.com/midyear2016 on 20 July 2016 at 07:00 a.m.

For further information please contact

Beat Römer, Head Corporate Communications
+41 (0) 52 631 26 77, media@georgfischer.com

Corporate Profile

GF comprises three divisions: GF Piping Systems, GF Automotive, and GF Machining Solutions. Founded in 1802, the Corporation is headquartered in Switzerland and is present in 32 countries with 121 companies, 45 of them production facilities. Its approximately 14 400 employees generated sales of CHF 3.64 billion in 2015. GF is the preferred partner of its customers for the safe transport of liquids and gases, lightweight casting components in vehicles, and high-precision manufacturing technologies. You will find further information at www.georgfischer.com.

You can register for our subscription service for journalists at georgfischer.com/subscription-service. You will then automatically receive our latest media releases.