

Georg Fischer Ltd

# Mid-Year Report 2020

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21 July 2020

# Solid performance in challenging times – building on new opportunities



Virtual reality training

- Sales at CHF 1'528 million (-14% organically)
- Operating result before one-off items of CHF 64 million (EBIT margin 4.2%)
- Strong liquidity and robust balance sheet
- Acceleration of strategic investments despite Covid-19 impacts
- Focus on digital innovations and new sustainable market segments

# Mastering the crisis



GF Piping Systems employees in Schaffhausen (Switzerland)

- Strong global footprint
- Learnings captured from our local Chinese experience
- Immediate action taken by the pandemic task force – agility pays off
- Plants qualified as essential industries (e.g. supplies to Medical)
- Utmost target: safety of employees

**A big thank you goes to all our employees, our everyday heroes!**

# Focus on innovation and strategy implementation



Modular battery housing



Infrared / green femto laser machine

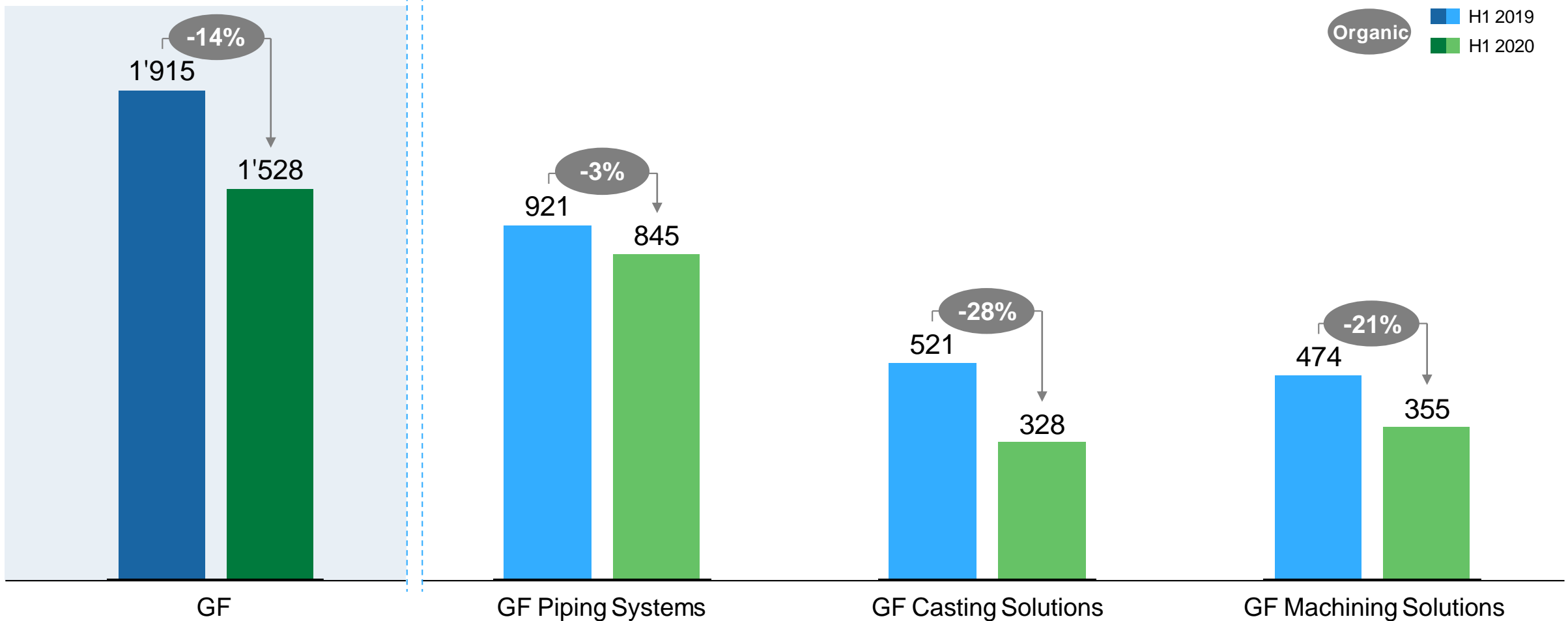
- Implementation of strategic initiatives
- Innovations: water management solutions, lightweight e-vehicle components and laser technologies
- New plants in construction for GF Piping Systems and GF Casting Solutions in China
- Sustainability committee at Board level – well on track to deliver on ESG targets 2020



Webinar room

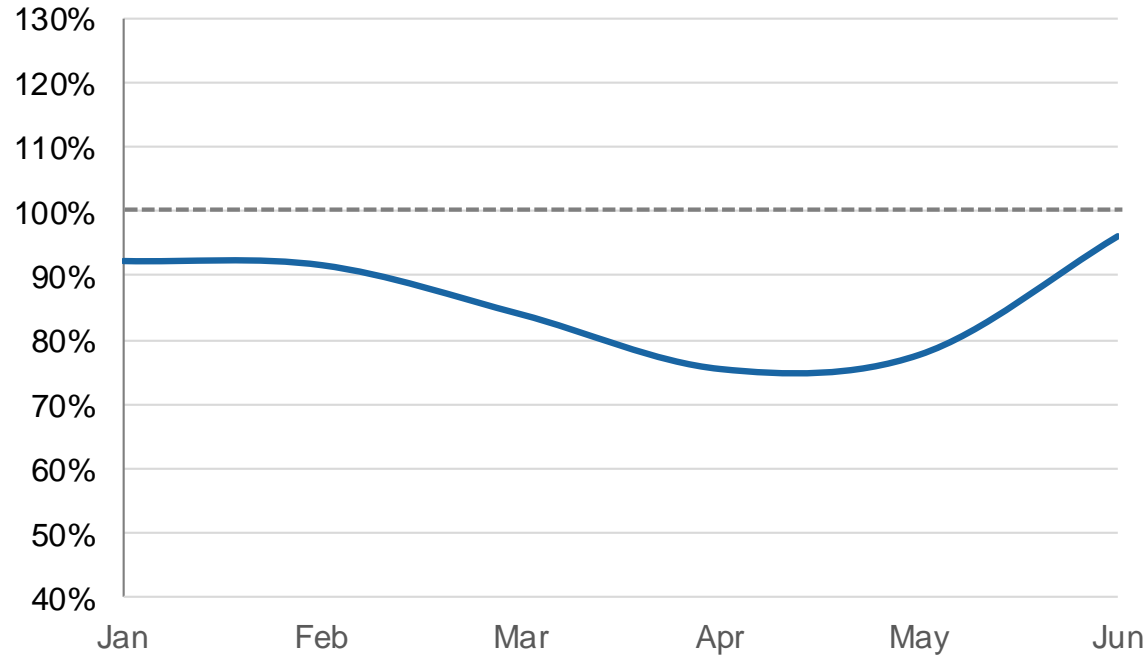
# Diversified global footprint mitigates overall sales decline

(Sales in CHF million)

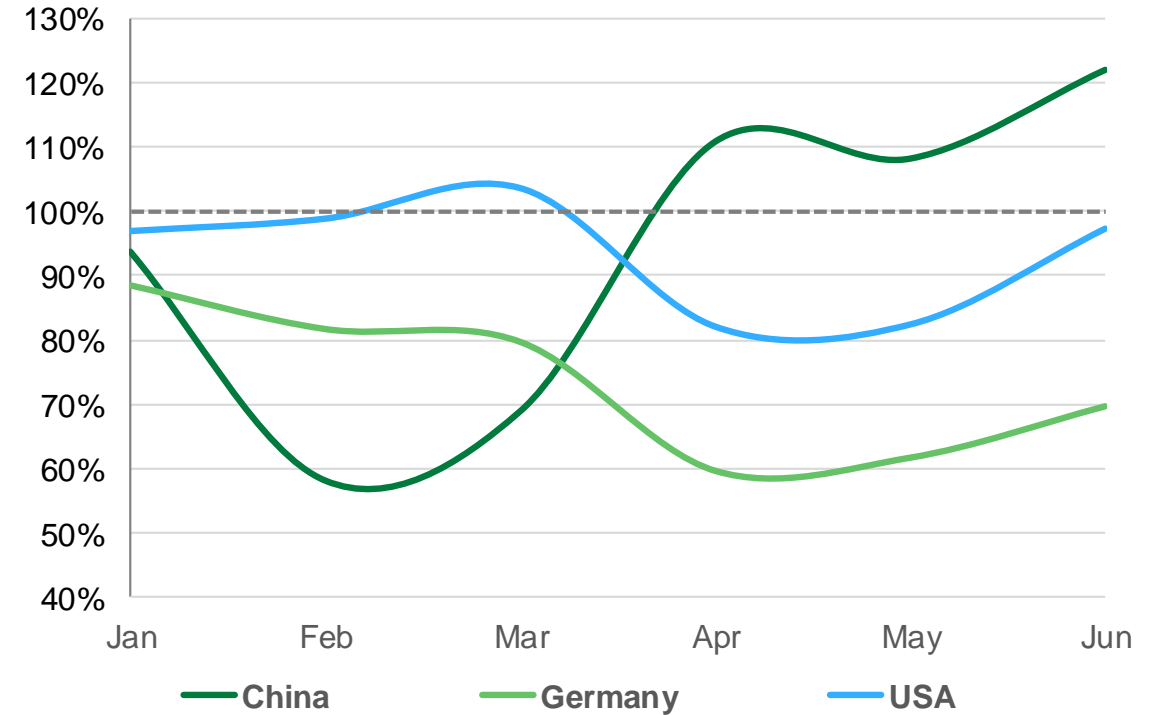


# Strong recovery in China

Monthly organic sales development H1 2020 – year-over-year comparison (worldwide)

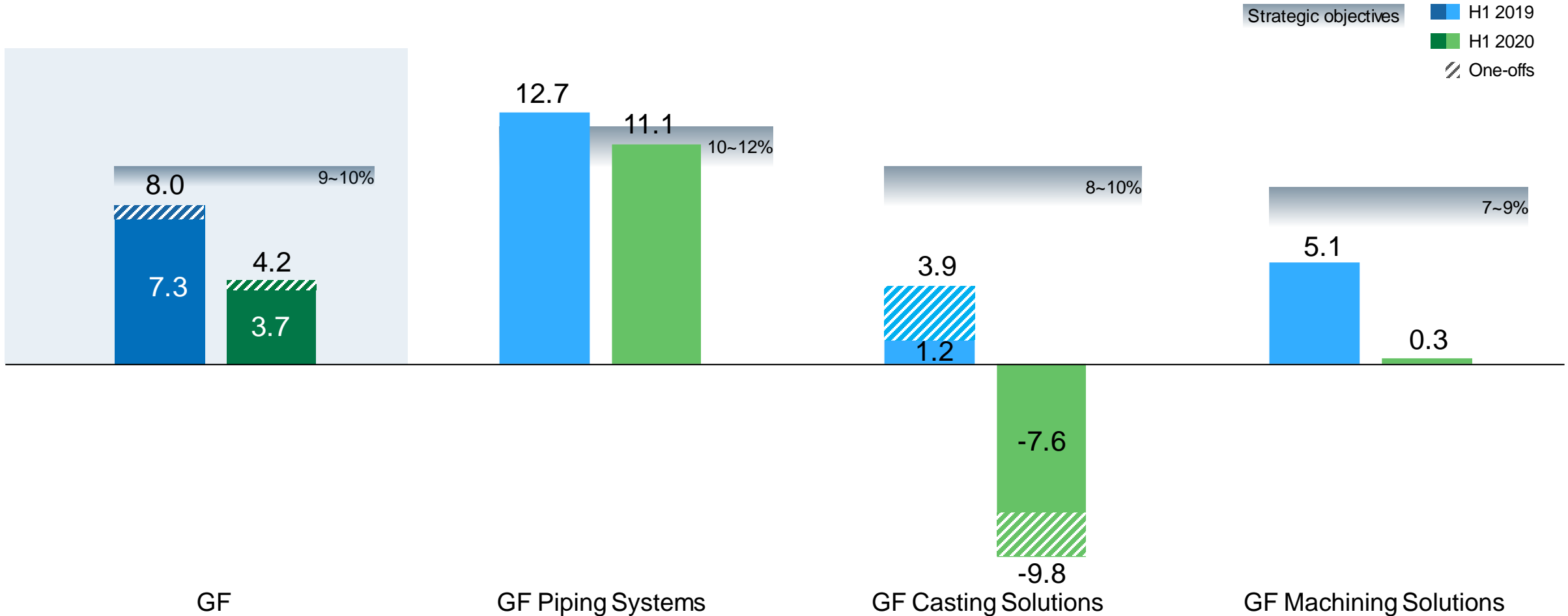


Monthly organic sales development H1 2020 – year-over-year comparison (selected countries)



# Solid performance in challenging times

(EBIT margin in %)



# Globally well balanced – building on resilient market segments



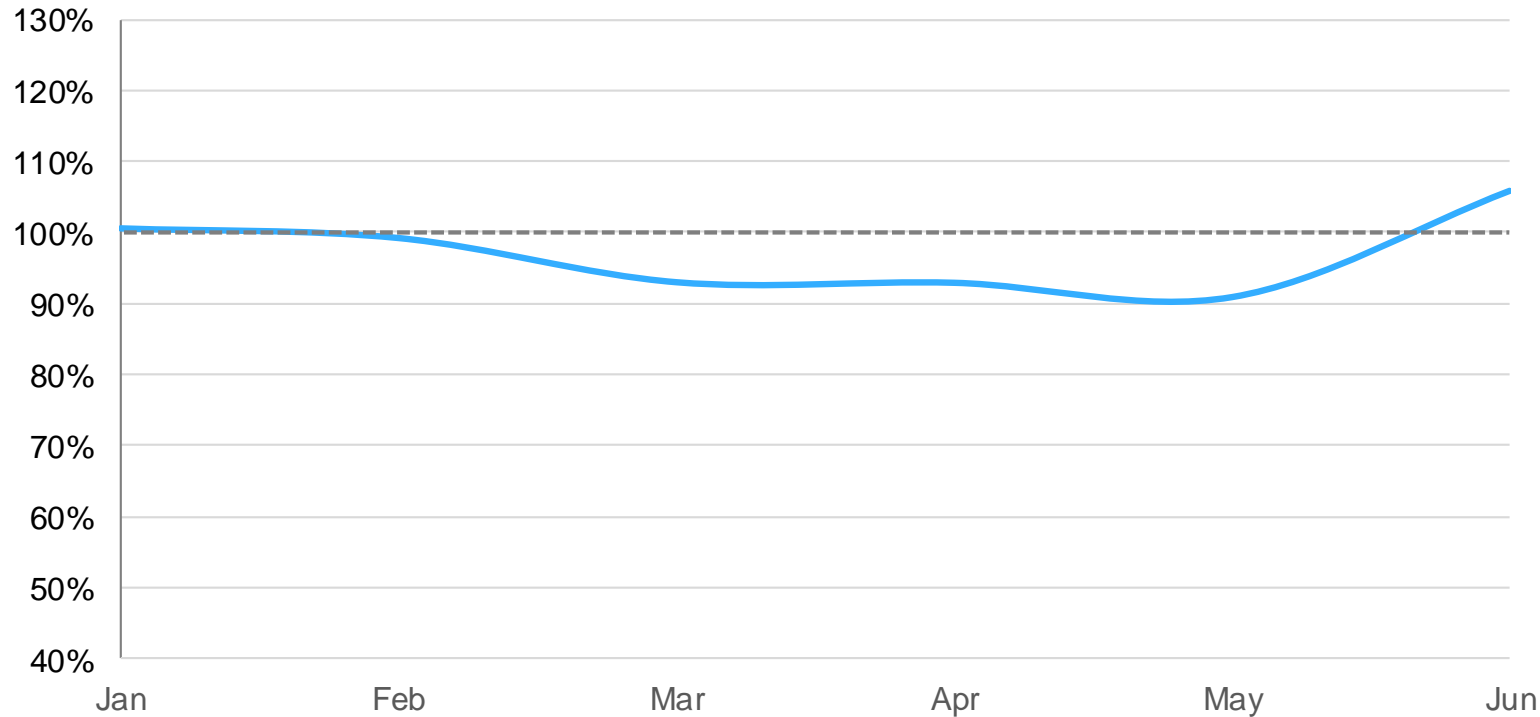
GF customization and fabrication shop, Irvine (USA)

- Sales of CHF 845 million, organically -3%
- Negative CHF 50 million FX impact included
- Operating result at CHF 94 million, EBIT margin of 11.1%
- Strong global infrastructure business
- Large number of new orders and sales in the Microelectronics segment and for cooling applications



# Plants qualified as "essential industries" in many countries

Monthly organic sales development H1 2020 – year-over-year comparison (GF Piping Systems worldwide)



# Building on new business opportunities

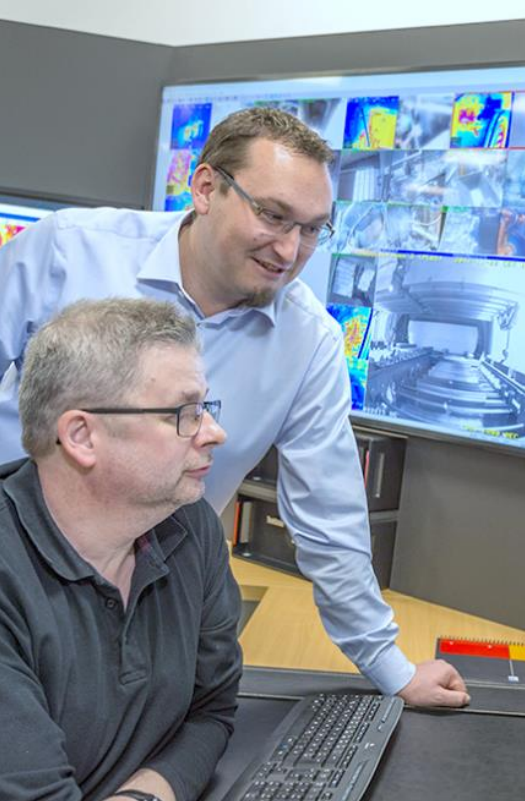


**District cooling:** major contribution to sustainability



**Virtual world:** connected and close

# Strategic transformation accelerated – strong headwinds in all regions



Artificial Intelligence (AI) accelerating operational excellence

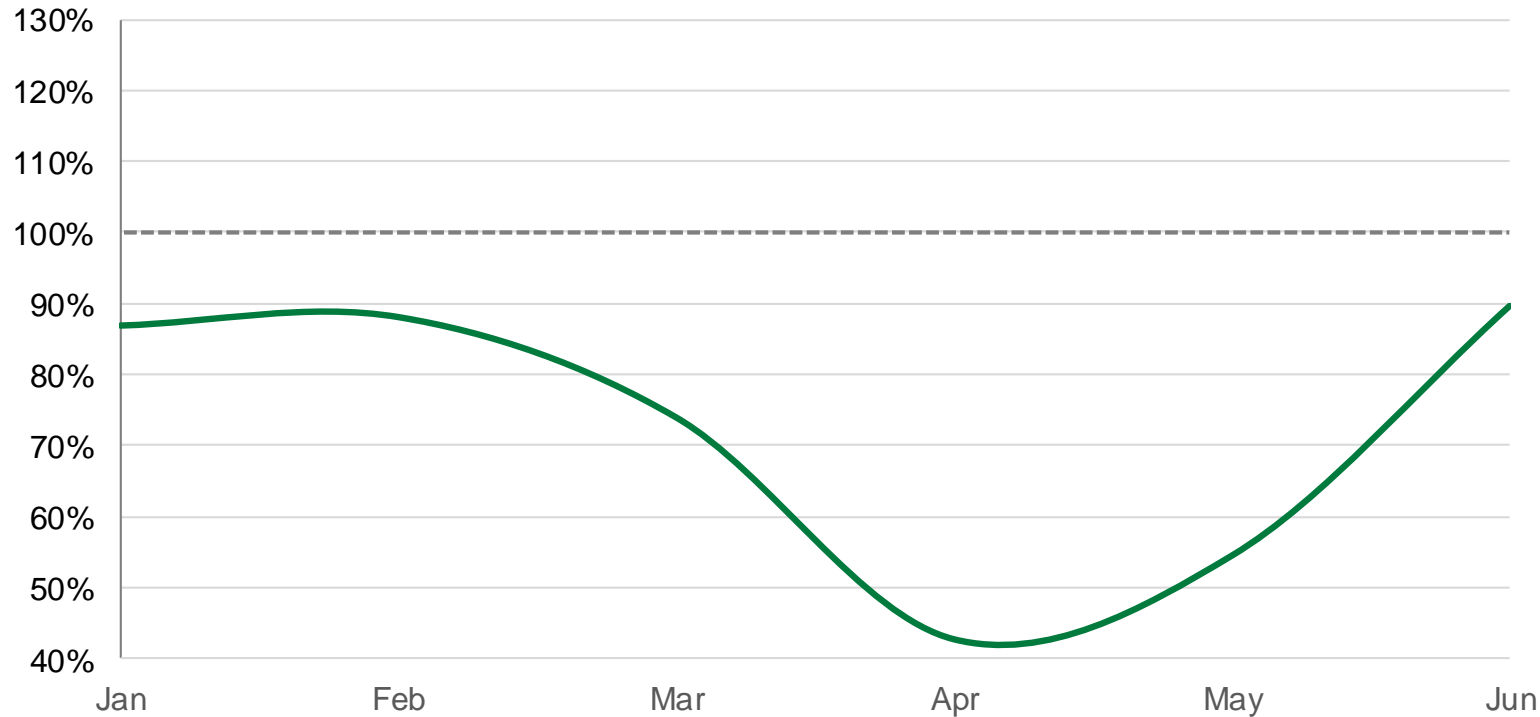


Maximize quality while minimizing energy consumption and waste

- Sales of CHF 328 million, organically -28%
- Operating result dropped to CHF -25 million before one-offs
- Aerospace & car markets affected simultaneously
- Mills River (USA), ramp-up slightly delayed due to lockdowns
- Werdohl (Germany) relocation ahead of schedule

# Covid-19 affects top line across the world – gradual recovery started from low base

Monthly organic sales development H1 2020 – year-over-year comparison (GF Casting Solutions worldwide)



# Building on new business opportunities



New plant in Shenyang (North China)



Technology partnership ZF, hybrid transmission housing



Image source: mercedes-benz.com

Structural components for e-cars

# Digitalization and new technologies underline strategy

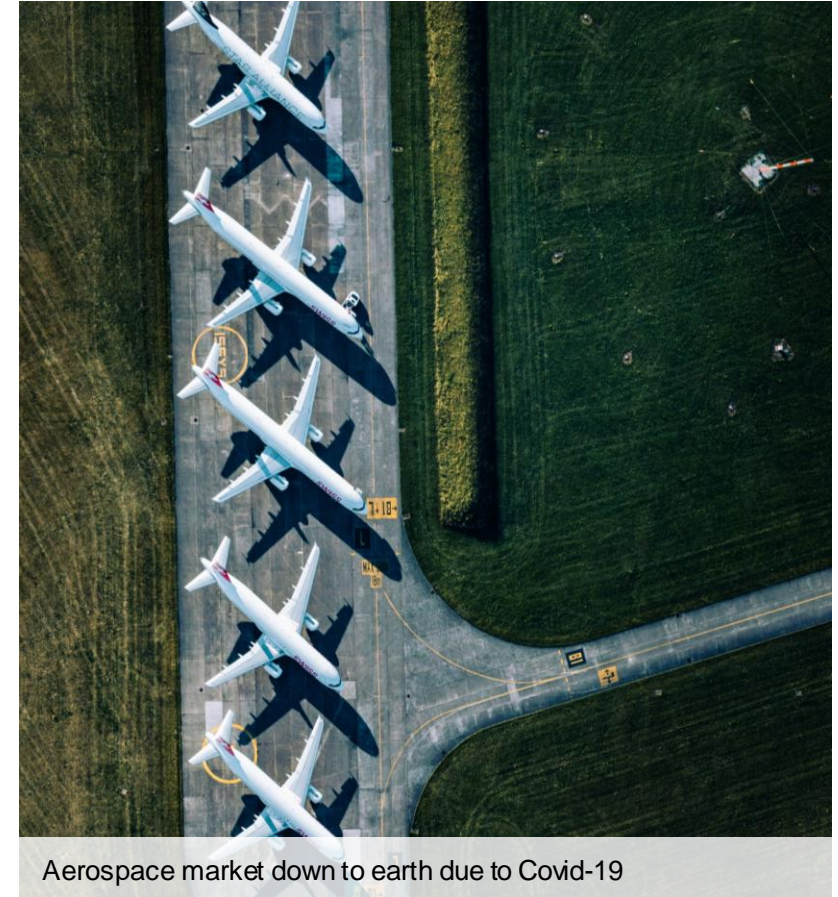
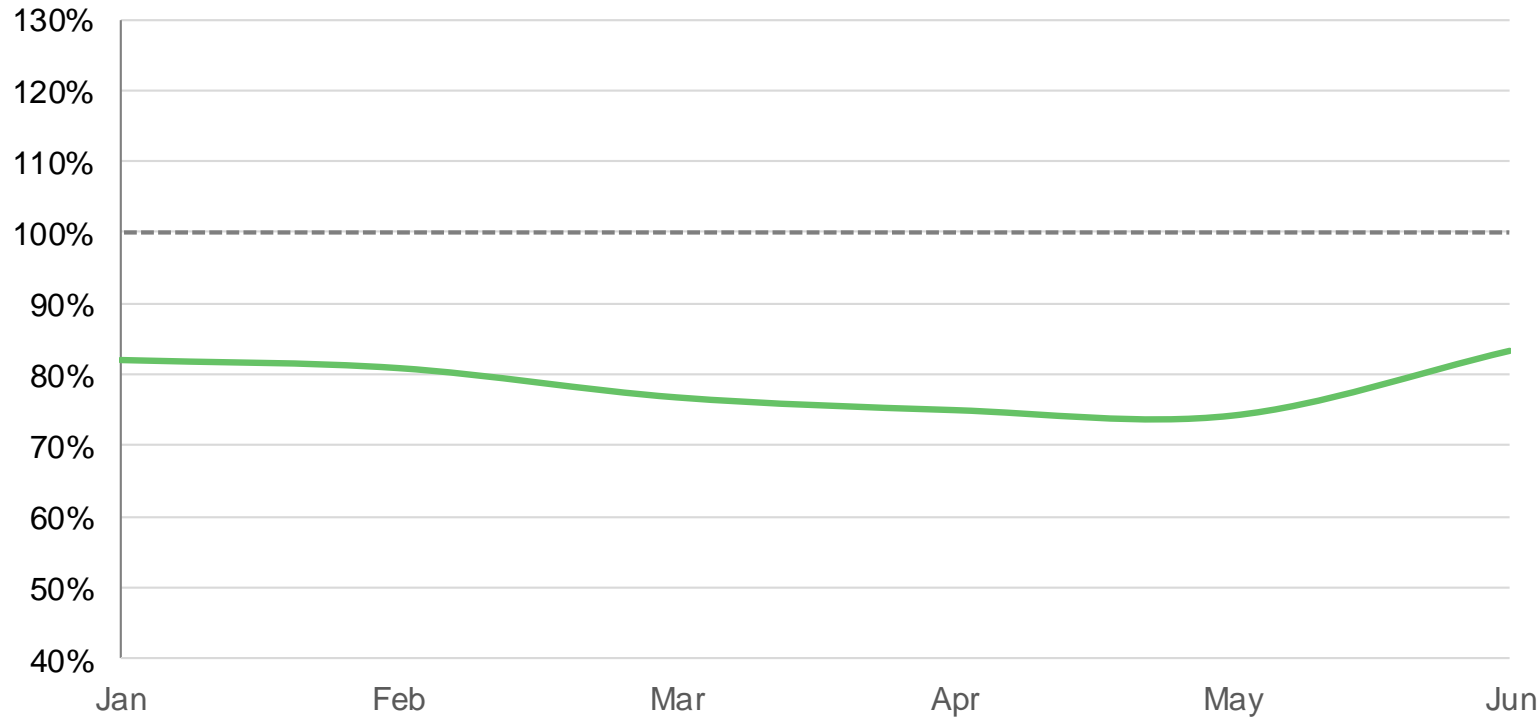


New innovative machines support technology leadership

- Sales of CHF 355 million, organically -21%, order intake organically -32%
- Break-even result in challenging environment
- Global demand for machine tools at ten-years low
- Business in China back to previous year's level, especially in civil aerospace and Information & Communication Technology (ICT) segment

# Capital goods spending strongly affected in Europe and North America

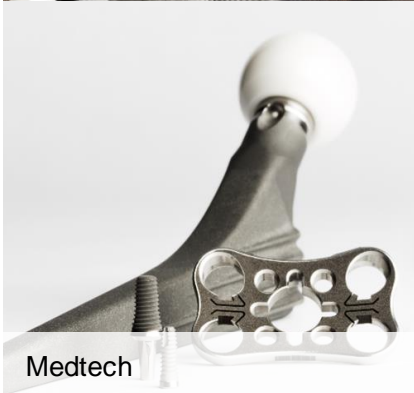
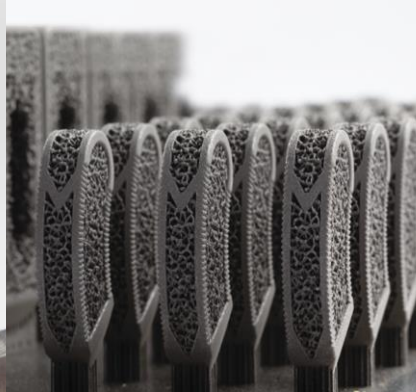
Monthly organic sales development H1 2020 – year-over-year comparison (GF Machining Solutions worldwide)



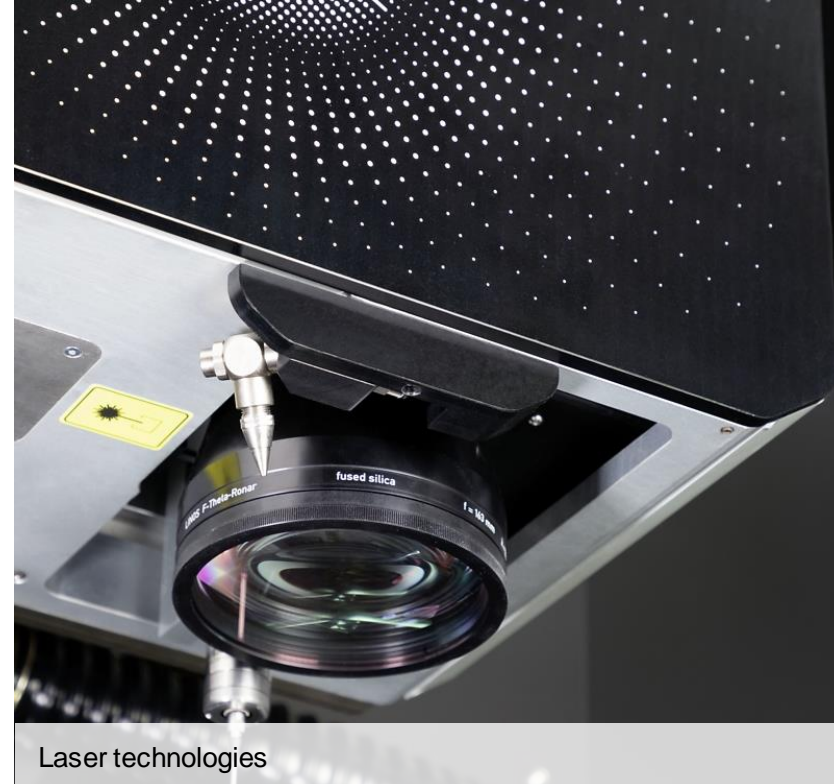
# Building on new business opportunities



Digital services



Medtech



Laser technologies



Uniqua



Mads Joergensen, CFO

# Consolidated financial statements

# Sales per division

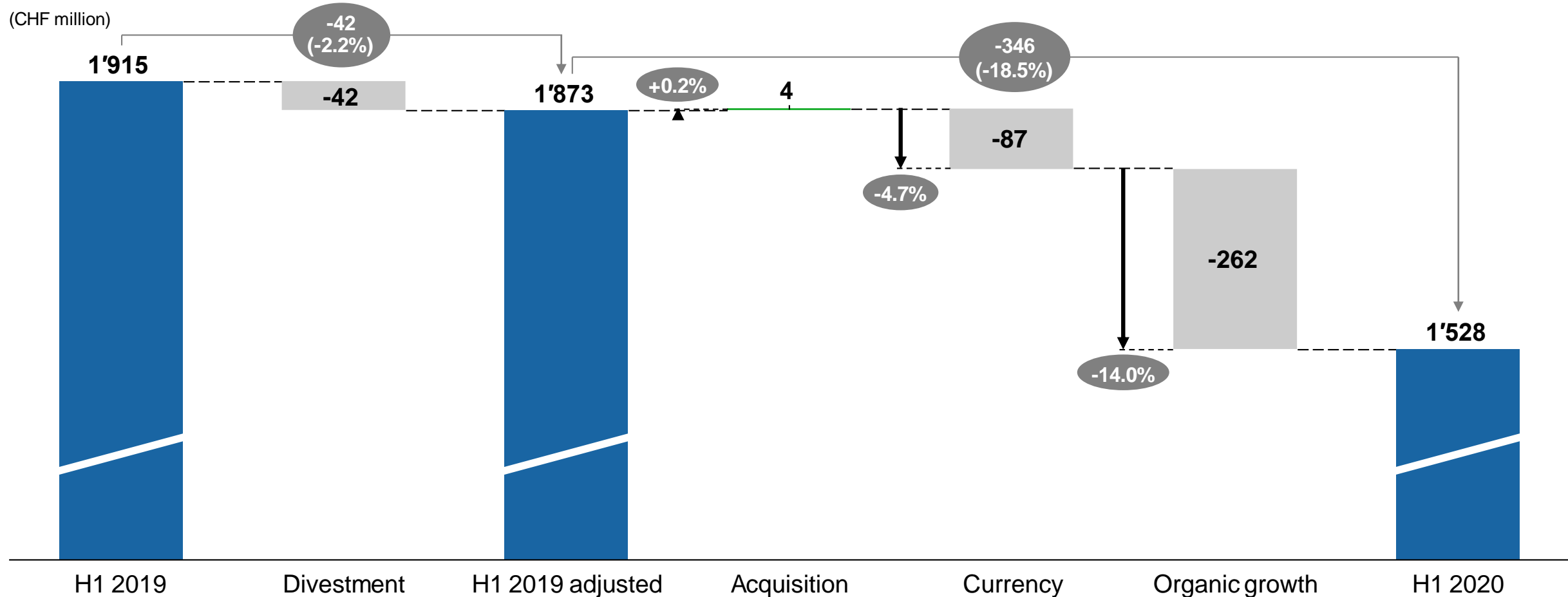


(CHF million)

	H1 2020	H1 2019	Δ %	
			growth	organic growth <sup>1)</sup>
GF Piping Systems	845	921	-8.3%	-3.1%
GF Casting Solutions	328	521	-37.0%	-27.6%
GF Machining Solutions	355	474	-25.1%	-21.3%
<b>Corporation</b>	<b>1'528</b>	<b>1'915</b>	<b>-20.2%</b>	<b>-14.0%</b>

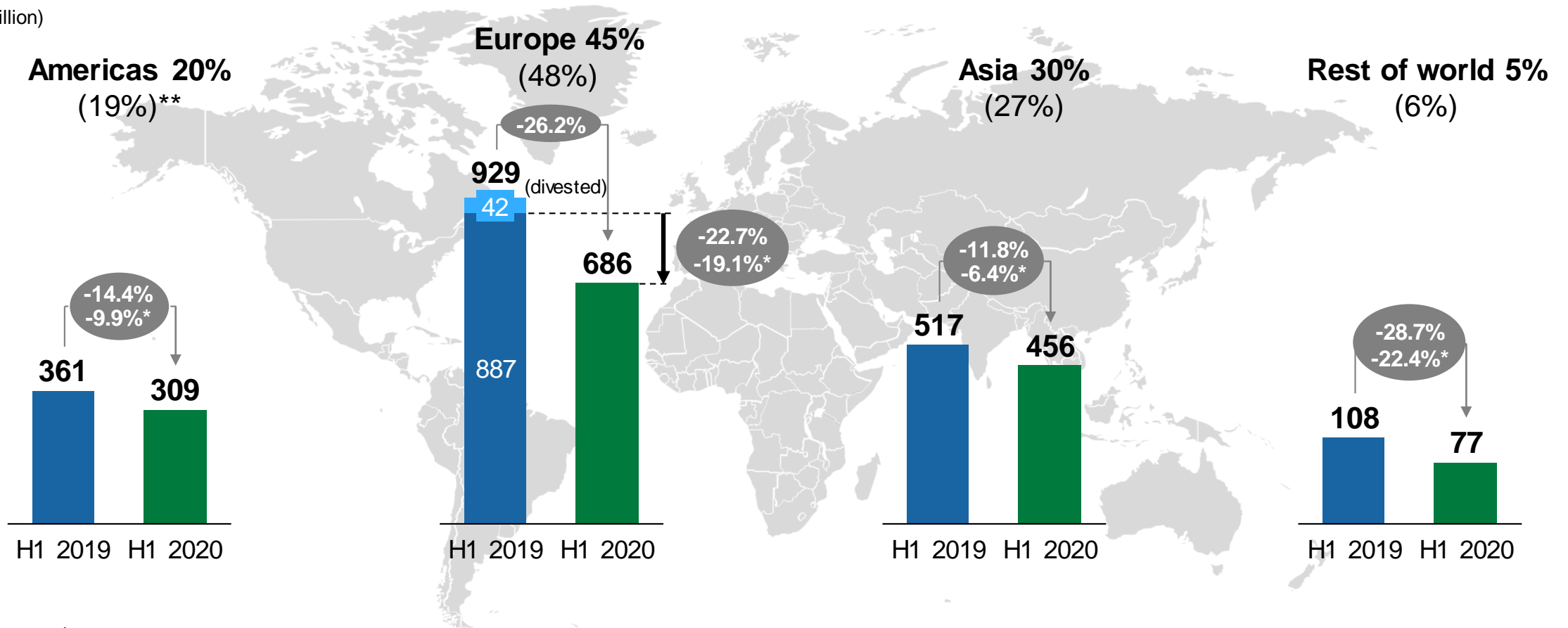
<sup>1)</sup> Adjusted for changes in scope of consolidation and stated at previous year's foreign exchange rates

# Severe impact from Covid-19 and currencies



# Asia gaining in importance

(CHF million)



\*) Organic growth

\*\*) Previous period in ()

# Headwind from currencies on sales in H1 2020

(CHF million)

## Per division:

GF Piping Systems	-50
GF Casting Solutions	-19
GF Machining Solutions	-18
<b>Corporation</b>	<b>-87</b>

## Per currency:

EUR	-28
USD	-7
CNY	-23
TRY	-7
Others	-22
<b>Total</b>	<b>-87</b>

# EBIT and EBIT margin per division

## EBIT CHF million

	H1 2020	H1 2020 before one- offs	H1 2019 before one- offs
GF Piping Systems	94	94	117
GF Casting Solutions	-32	-25	20
GF Machining Solutions	1	1	24
<b>Corporation</b>	<b>57</b>	<b>64</b>	<b>153</b>

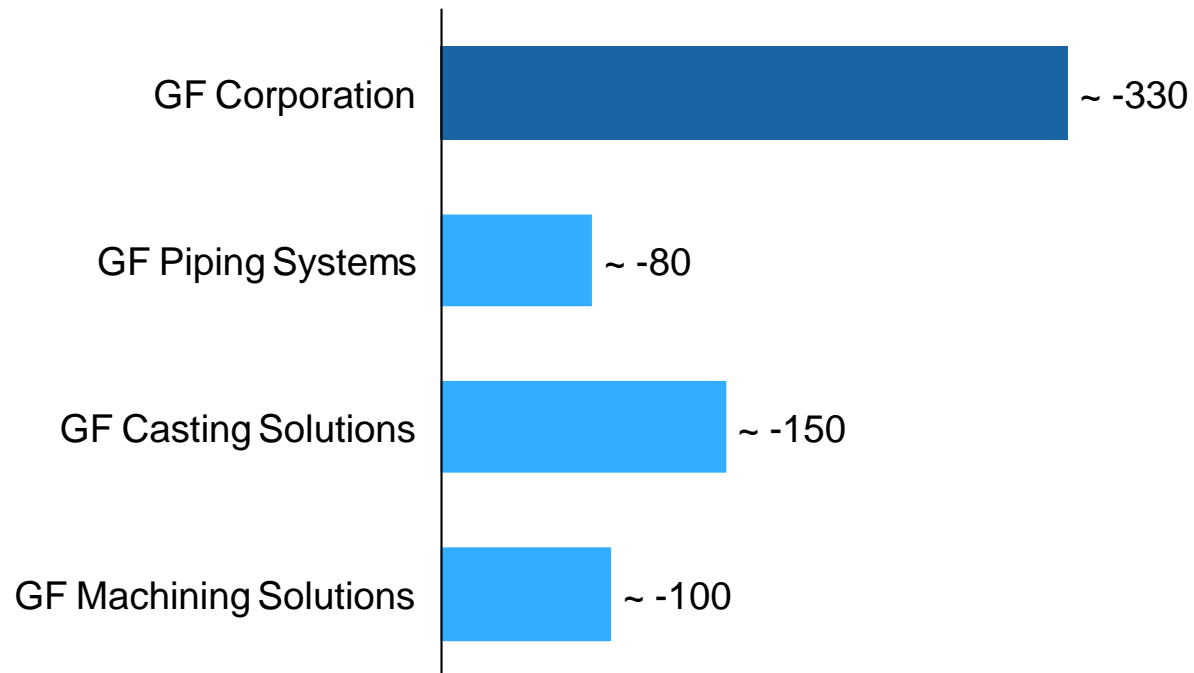
## EBIT margin %

	H1 2020	H1 2020 before one- offs	H1 2019 before one- offs
GF Piping Systems	11.1%	11.1%	12.7%
GF Casting Solutions	-9.8%	-7.6%	3.9 %
GF Machining Solutions	0.3%	0.3%	5.1 %
<b>Corporation</b>	<b>3.7%</b>	<b>4.2%</b>	<b>8.0 %</b>

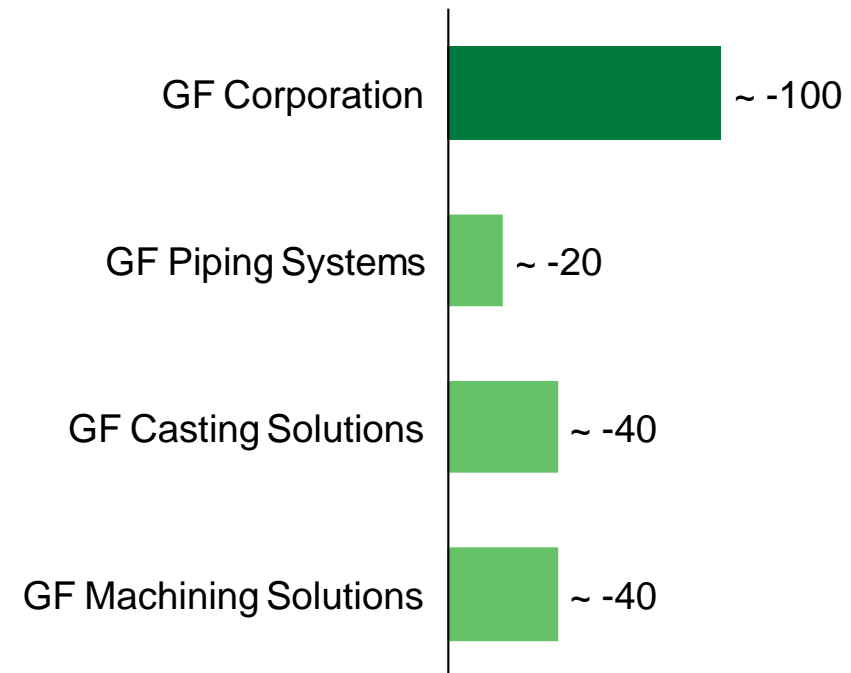
# Estimated Covid-19 impact H1 2020

(CHF million)

## Estimated negative impact on sales



## Estimated negative impact on EBIT



# Currency effects weigh on profitability of first half-year

(CHF million)

## Per division:

GF Piping Systems	-20
GF Casting Solutions	+1
GF Machining Solutions	-4
<b>Corporation</b>	<b>-23</b>

## Per currency:

EUR	-8
USD	-9
CNY	-3
TRY	-1
Others	-2
<b>Total</b>	<b>-23</b>



# Income statement



(CHF million)

	H1 2020	H1 2019	Δ
<b>Sales</b>	<b>1'528</b>	<b>1'915</b>	<b>-20 %</b>
Gross value added	554	730	-24 %
Personnel expenses	-436	-514	-15 %
<b>EBITDA</b>	<b>118</b>	<b>216</b>	<b>-45 %</b>
Depreciation, amortization	-61	-77	-21 %
<b>EBIT before one-offs</b>	<b>64</b>	<b>153</b>	<b>-58 %</b>
<b>EBIT</b>	<b>57</b>	<b>139</b>	<b>-59 %</b>
Financial result	-10	-12	-
Share of results of associates	-7	-	-
<b>Ordinary result</b>	<b>40</b>	<b>127</b>	<b>-69 %</b>
<b>Profit before taxes</b>	<b>40</b>	<b>127</b>	<b>-69 %</b>
Income taxes	-9	-25	-64 %
<b>Net profit</b>	<b>31</b>	<b>102</b>	<b>-70 %</b>
Net profit attributable to shareholders of Georg Fischer Ltd	34	101	-66 %
Earnings per share in CHF	8	25	-

# Assets and liabilities / equity

(CHF million)

	H1 2020	%	2019	%
Cash and cash equivalents	773		530	
Trade accounts receivable	616		597	
Inventories on stock	746		751	
Other current assets	131		121	
<b>Current assets</b>	<b>2'266</b>	<b>63</b>	<b>1'999</b>	<b>60</b>
Property, plant, and equipment and investment properties	1'114		1'131	
Other non-current assets	216		214	
<b>Non-current assets</b>	<b>1'330</b>	<b>37</b>	<b>1'345</b>	<b>40</b>
<b>Assets</b>	<b>3'596</b>	<b>100</b>	<b>3'344</b>	<b>100</b>
Current liabilities	1'385		1'012	
Non-current liabilities	883		894	
<b>Liabilities</b>	<b>2'268</b>	<b>63</b>	<b>1'906</b>	<b>57</b>
<b>Equity</b>	<b>1'328</b>	<b>37</b>	<b>1'438</b>	<b>43</b>
<b>Liabilities and equity</b>	<b>3'596</b>	<b>100</b>	<b>3'344</b>	<b>100</b>

# Free cash flow



(CHF million)

	H1 2020	H1 2019
EBITDA	118	216
Changes in net working capital	-126	-166
Income taxes/interest paid	-25	-41
Other changes	30	1
<b>Cash flow from operating activities</b>	<b>-3</b>	<b>10</b>
Additions to property, plant, and equipment	-70	-80
Additions to intangible assets, other financial assets	-7	-5
Cash flow from acquisitions	-6	-3
Other additions/disposals, net	7	17
<b>Cash flow from investing activities</b>	<b>-76</b>	<b>-71</b>
<b>Free cash flow</b>	<b>-79</b>	<b>-61</b>
<b>Free cash flow before acquisitions/divestments</b>	<b>-73</b>	<b>-58</b>

# Key figures at a glance



	H1 2020	H1 2019
Net debt in CHF million	420	404
Net debt/EBITDA (multiple)	1.5x	0.9x
Equity ratio in %	36.9	40.9
ROIC in % Corporation	5.0	13.8
GF Piping Systems	20.8	25.6
GF Casting Solutions	-9.0	2.0
GF Machining Solutions	0.5	14.6
ROIC in % before one-offs	6.3	15.9
Return on equity in %	4.5	14.4
Earnings per share in CHF	8	25
Number of employees (incl. trainees)	14'204	14'938

Andreas Müller, CEO

# Outlook

# Outlook full year 2020

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Operating result of H2 – expected at similar level of H1 2020

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## GF Piping Systems

- Ongoing resilience
- Strong market segments such as semiconductor, water treatment and cooling

## GF Casting Solutions

- Strong business in China
- Strategic transformation ahead of schedule

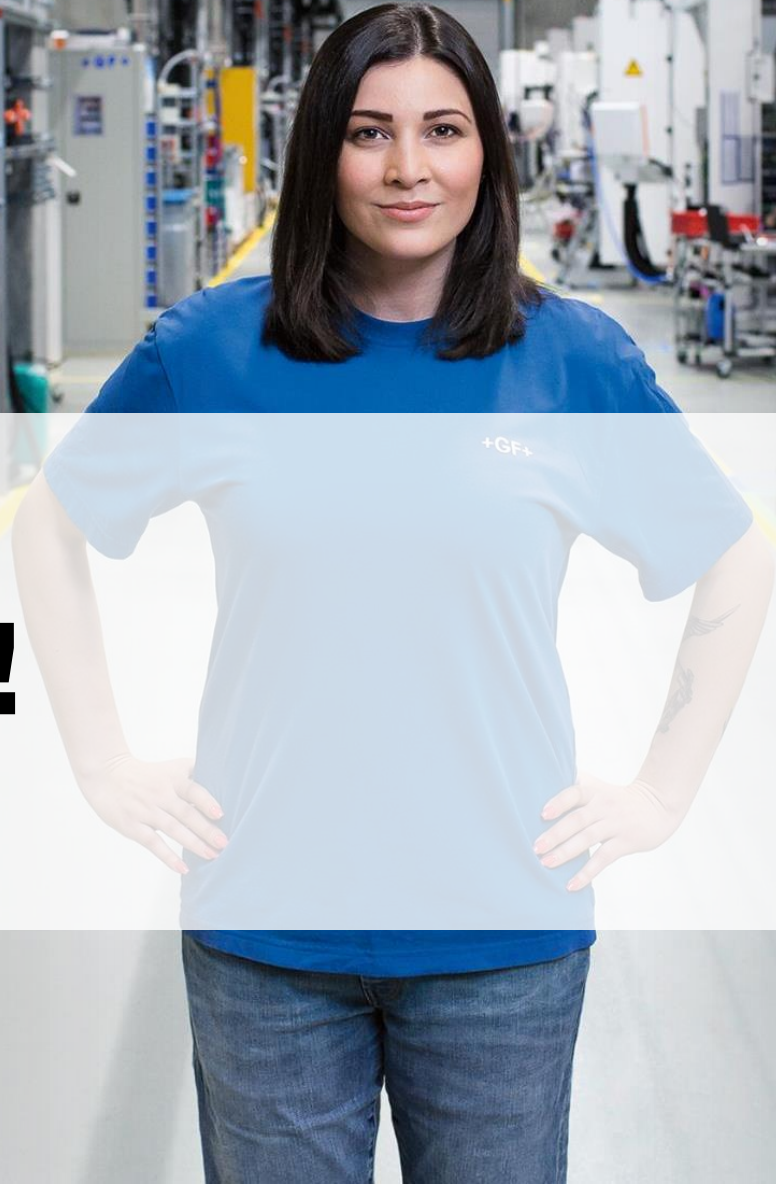
## GF Machining Solutions

- Focus on growing market segments – Medtech, ICT, e-powertrain
- Potential recovery towards the end of the year

Strategy 2025 process well on track, focusing on higher value businesses

+GF+

**Thank you!**



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