Media Release

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Strong 2015 results, strategy objectives achieved

- **Operating margin (ROS) increased to 8.1% (from 7.2% in 2014)**
- **Earnings per share up 2% at CHF 46**
- **Free cash flow up 73% to CHF 190 million**

Thanks to a strong second half-year, 2015 ended up better than it started, allowing GF to reach profitability levels not seen since 2006 and meet the 2011-2015 strategy targets published early 2011.

Owing to the Swiss franc's sharp appreciation of January 2015, sales decreased 4% to CHF 3 640 million. In local currencies and adjusted for acquisitions and divestments, turnover was up 1%.

The operating result (EBIT) rose to CHF 296 million, up 8% compared to previous year. Adjusted for one-off effects, the EBIT stood at CHF 294 million, resulting in an EBIT margin (ROS) of 8.1% against 7.2% in 2014, in line with the strategy objective of 8%. The total one-off effect of CHF 2 million consists, on one hand, of the profit of CHF 18 million generated by the sale of an administrative building of GF Machining Solutions in Geneva and, on the other hand, of the CHF 10 million negative one-off impact of the Swiss franc's appreciation in January 2015, as well as of a provision of CHF 6 million taken for the closing of two older molding lines of GF Automotive in Germany.

Key figures as per 31 December 2015

	Corporation		**GF Piping Systems**		**GF Automotive**		**GF Machining Solutions**	
CHF million	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Order intake	**3 662**	3 836	**1 429**	1 493	**1 331**	1 412	**902**	932
Sales	**3 640**	3 795	**1 417**	1 476	**1 321**	1 415	**902**	905
EBITDA	**422**	399	**193**	190	**148**	154	**92**	65
EBIT	**296**	274	**143**	142	**89**	93	**78**	53
EBIT before one-off effects	**294**	274	**149**	142	**95**	93	**64**	53
Net profit	**198**	195						
Free cash flow before acquisitions/divestitures	**190**	110						
Return on sales (EBIT margin) %	**8.1**	7.2	**10.1**	9.6	**6.7**	6.6	**8.6**	5.9
Return on sales (EBIT margin) before one-off effects %	**8.1**	7.2	**10.5**	9.6	**7.2**	6.6	**7.1**	5.9
Return on invested capital (ROIC) %	**18.9**	17.9	**18.0**	17.1	**22.1**	21.8	**21.9**	16.9
Number of employees	**14 424**	14 140	**6 237**	6 086	**5 037**	4 898	**3 003**	3 008

The return on invested capital (ROIC) also increased to 18.9%, well inside the strategy objective range of 16 to 20%. All three divisions generated ROICs clearly higher than previous year, significantly above their cost of capital.

Total net profit amounted to CHF 198 million, resulting in earnings per share of CHF 46, up 2%. Free cash flow substantially rose by 73% to CHF 190 million. Given the improved results, the Board of Directors proposes to the Annual Shareholders Meeting an increased dividend of CHF 18 per share (previous year: CHF 17).

Proactive countermeasures mitigated the Swiss franc's appreciation
The negative effect of the large and sudden Swiss franc's appreciation in January 2015 amounted to CHF 245 million on the top-line and CHF 28 million on the operating result, of which CHF 10 million one-offs on the net working capital sheet. Most of the profitability impact was borne by GF Piping Systems on account of its exposure to the euro and, to a lower extent, by GF Machining Solutions. The quick countermeasures, taken as of February 2015, including the increase of working time to 44 hours per week for all Swiss employees as well as additional supply chain cost reductions certainly helped mitigate the impact.

GF Piping Systems generated sales of CHF 1 417 million, down 4% from previous year. Adjusted for currency effects, sales stood at previous year's level. The second half-year was clearly stronger than the first, especially regarding industrial applications worldwide. Sales in China also picked up and market share in Turkey has been steadily increased.

It is to be noted that plastic raw material prices went down by ca. 20% in 2015 resulting in lower pipe prices, for a negative impact of approx. 2% on the turnover of GF Piping Systems.

The operating result increased to CHF 143 million bringing the ROS back to double-digit levels at 10.1%, well above previous year (9.6%). Plants remained by and large well-loaded and the measures taken to improve profitability at GF Hakan in Turkey contributed significantly to the result.

At GF Automotive, turnover was down 7% in Swiss francs to CHF 1 321 million, but adjusted for currency effects as well as for acquisitions and divestments, sales were up 2%. The car market remained overall robust in Europe and China and the truck-related demand recovered well after the first quarter 2015.

The operating result stood at CHF 89 million for a ROS of 6.7%, up from 6.6% in 2014. In particular the load of most light metal plants was consistently high and the German die-casting mold maker Meco Eckel, acquired in 2014, performed very well. In order to ensure a better load at our European iron casting plants, two molding lines will be mothballed resulting in a one-off charge of CHF 6 million.

In China, all plant extensions proceeded according to plan in a country which now accounts for 15% of the turnover of GF Automotive. In the US, GF Automotive has entered into a joint venture with Linamar, a leading machining specialist, to establish a new light metal foundry in the south-east of the country. Completion is expected for the end of 2017.

GF Machining Solutions generated sales of CHF 902 million basically on a par with previous year. In local currencies and adjusted for acquisitions, growth reached 2%. Strong orders in the aerospace sector worldwide and in the ICT (Information and Communication Technology) sector in Asia underpinned the good sales performance and maintained the backlog at a very high level.

The operating result rose 47% to CHF 78 million of which CHF 18 million came from the one-off profit from the sale of an administrative building in Geneva. Most plants were well-loaded and the natural hedge of the division helped to compensate the Swiss franc's appreciation.
At the major machine-tool exhibition (EMO), which took place in Milano early October, GF Machining Solutions presented numerous novelties in products and services, attracting a large customer audience, certainly a positive sign for the future. The company Liechti, acquired in 2014, recorded a strong year and the division entered in 2015 the 3D printing machine business through a strategic partnership with Germany-based EOS, the world leader in the field.

Strategic and financial objectives 2011-2015 achieved
During the past five years, GF steadily improved its profitability and significantly lessened its cyclicity. The Corporation reduced its dependence on Europe to less than 60% of its turnover. The share of GF Piping Systems has been lifted up to 40% of the total turnover. GF Machining Solutions moved towards less cyclical sectors and GF Automotive focused on its most promising technologies. As a result, despite serious currency headwinds and volatile market conditions, GF reached an 8.1% EBIT margin (ROS) in 2015, in line with the financial objective of the 2011-2015 strategy.

Strategy 2020 – profitable expansion
The 2020 strategy calls for profitable expansion at all three divisions by leveraging the successful path of the last five years and by adding significant novelties to its offering as well as acting on its global footprint.

By 2020 the Corporation aims at reaching a turnover in the range of CHF 4.5 to CHF 5.0 billion (at constant exchange rates) for an average growth of 3 to 5% per year, whilst achieving profitability levels of 18 to 22% for the ROIC and 8 to 9% for the ROS. This would bring the earnings per share well above CHF 50, compared to an average of CHF 40 in the past five years.

In order to reach these goals, GF will first continue to optimize productivity in Europe. At the same time, the Corporation will keep expanding its activities in the growth markets of Asia and America, reinforced through selected acquisitions and joint ventures. The aim is to generate in those two regions more than 50% of its global turnover and thus better balance its geographical sales mix.

Secondly, all three divisions will shift their portfolio towards higher margin businesses. GF Piping Systems will increase the share of higher-end products like sensors, valves, and automation as well as develop the promising service business. GF Automotive will further invest in the value chain as customers call for ready-to-mount components and enlarge the scope of its non-automotive businesses. GF Machining Solutions will keep strengthening its presence in less cyclical sectors like medtech, aerospace, and ICT as well as widen its technology portfolio.

Outlook for 2016
The economic environment remains demanding and volatile. The momentum observed during the second semester of 2015 is however positive. The backlog of both GF Automotive and GF Machining Solutions stands at high levels. The secular trends underpinning all three divisions of GF remain positive and their well-balanced geographical presence should foster profitable growth as well as a better stability of earnings. The outlook in our markets in China remains quite promising despite the current uncertainties. Based on today's evaluation of the economic environment, we therefore expect in 2016 a result in line with our strategic goals 2016-2020.

Success thanks to the dedication of our employees
Despite turbulent markets and the Swiss franc shock of January 2015, we were able to reach our objectives. Our heartfelt gratitude goes to all our employees for their dedication and team spirit. We specially commend all our Swiss-based employees who readily accepted to work longer hours to help compensate the appreciation of the Swiss currency. It gave us time to enact measures to enhance productivity, reduce our costs, and secure the competitiveness of our Swiss production sites. Such a constructive social partnership is certainly a key factor behind our decision to continue investing in Switzerland, in particular in a CHF 100 million new GF Machining Solutions plant in Biel.

A full version of the Annual Report 2015 will be available on our website www.georgfischer.com on 1 March 2016 at 07:00 a.m.

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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.
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