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Media release

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Feintool Group: financial year 2019

Annual results affected by market environment

Negative market trends caused the technology group's performance to decline in 2019. As such, net sales fell by 6.9% to CHF 632.7 million; earnings before interest and taxes (EBIT) totaled CHF 18.9 million. The groups's operating margin stood at 3.0% and net income at CHF 10.7 million. With technical innovations Feintool prepares for a recovery in a global automotive market, which is expected to be attractive over the coming decade.

The negative market trend in our industry that has been apparent since the beginning of the financial year had consequences for the Feintool Group. After ten years of global growth, a slowdown has now occurred that has been accompanied by additional global trends in our industry. The global economy, and with it the global automotive market – with all of Feintool's applications in the vehicle including safety, seats, and drivetrain – performed differently in the various regions, moving in different directions due to changing trade flows and regulatory environmental requirements. In a global automotive market that is weaker overall, premium vehicles, cars with automatic transmissions, vehicles with all-wheel drive, and hybrid and battery electric vehicles generally performed well, however, exhibiting significant growth in some cases.

Net sales slightly lower

The **Feintool Group** generated net sales of CHF 632.7 million in the 2019 financial year, which corresponds to a decline of 6.9% (5.8% in local currency). Adjusted for the acquisition of the lamination stamping business, Feintool recorded a sales decline of 9.2%.

The **System Parts segment**, in which Feintool is globally active with the high-volume production of precision fineblanked, formed, and stamped components, accounted for the largest share of sales. This segment generated sales of CHF 573.9 million in the reporting year, 2.2% less than in the same period in the previous year. On the one hand, business in Europe and the United States slowed in line with the market trend. On the other hand, Feintool was able to increase its sales in Asia by 10.2% thanks to an increase in the quantity of new products sold.

In the **Fineblanking Technology** segment, in which Feintool offers comprehensive technological solutions for fineblanking, net sales totaled CHF 74.7 million, equal to a sharp

drop of 30.1%. The political and global economic uncertainties caused customers to significantly scale back their investment activities, which was reflected in Feintool's sales in the second half of the year.

EBIT

The **Feintool Group** generated operating profit (EBIT) of CHF 18.9 million, corresponding to an EBIT margin of 3.0%.

The **System Parts** segment achieved an EBIT of CHF 23.2 million and an EBIT margin of 4.0%. The sales decline and the significantly slower introduction (i.e. ramp-up) of new products led to the underutilization of production capacity at some plants. Furthermore, other production sites are in the process of setting up for new products, resulting in pre-production and training costs.

In the **Fineblanking Technology** segment's investment goods business, Feintool generated an EBIT of CHF 0.7 million. The segment's EBIT margin fell sharply to 0.9% compared with the previous year, primarily due to the significant drop in net sales. Research expenses were similar to the previous year, coming in at CHF 4.4 million. Feintool made a conscious decision not to scale back development activities as an investment in the future.

Group result

Overall, Feintool generated a consolidated group result of CHF 10.7 million, corresponding to a net profit margin of 1.7%.

Orders in line with the market situation

Expected releases from our customers in the high-volume parts segment amount to CHF 265.2 million over the next six months.

Due to the global economic slowdown, incoming orders in the **Fineblanking Technology** segment fell to CHF 60.7 million, equal to a decline of 40.6% compared with the very strong previous year. Of this total, CHF 10.2 million was generated internally from the System Parts segment and CHF 50.5 million from business with external customers. The order backlog decreased by 38.4% to CHF 23.0 million. As a result of the current order backlog, Feintool introduced reduced working hours at the assembly plant.

Dividend distribution planned

Due to its unwavering dividend distribution policy, the Board of Directors will propose a dividend of CHF 1.00 per Feintool share at the General Meeting on April 30, 2020 (CHF 0.50 as an ordinary dividend and CHF 0.50 as a distribution from capital contributions).

Change in the Board of Directors

Board members Dr. Michael Soormann and Thomas Erb will not stand for reelection. Dr. Marcus Bollig and Christian Mäder will be proposed for election at the General Meeting on 30 April 2020. Marcus Bollig is a long-time manager at BMW and an expert in the field of drivetrain technology. Christian Mäder has been CFO and member of the board of the Artemis Group and chairman of the board of directors of Franke Holding AG since 2015.

Systematically pursuing our strategy

We have been systematically pursuing the strategy defined for Feintool since 2010. 2019 was a challenging year, but it has shown that we are on the right track. Knut Zimmer: “The group initiated measures adapted to the individual regions. As such, Feintool further optimized its manufacturing processes and once again improved its quality management systems. In doing so, Feintool is taking advantage of current market conditions and optimizing its plants to meet the respective challenges, while at the same time driving innovation forward. In this process, we are supporting our customers with complete solutions for different vehicle concepts.”

In preparation for a recovery in a global automotive market, the group is enforcing technological innovations. Feintool expects this market to be attractive over the coming decade. We will continue to consolidate our position in the European, North American, and Asian markets in the technologies of fineblanking, forming, lamination and stamping. In part due to investments and significant research efforts, we are systematically driving forward our market position and profitability of our individual plants as a highly competitive company.

Guidance

The economic and political uncertainties will continue during the 2020 financial year, yet will have a different impact in different regions, which is why we expect the global market situation to remain complex. We are currently unable to assess the effects of the coronavirus on China and global trade flows. We have seen an encouraging increase in the number of inquiries for future orders in the high-volume parts business in recent months, however, whereas we expect the capital goods business to remain difficult due to the existing uncertainties and the associated reluctance to invest. Feintool expects sales in 2020 to match the previous year’s level, but profitability is expected to improve as a result of measures introduced during the reporting year.

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Reporting change

The volatility of quarterly results has increased continuously in recent years, causing the figures for three-month periods to become less and less reliable. For this reason, Feintool will cease publishing quarterly volume reports in the future.

Overview of key financial indicators

	2019 in CHF Million	2018 in CHF Million	Change in %	Change in local currency in %
Net revenue of the Feintool Group	632.7	679.6	-6.9	-5.8
Fineblanking Technology segment	74.7	106.9	-30.1	-30.2
System Parts segment	573.9	586.9	-2.2	-1.0
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	67.7	89.7	-24.6	-23.7
Earnings before interest and taxes (EBIT)	18.9	47.5	-60.3	-59.9
Fineblanking Technology segment	0.7	9.8	-93.3	-93.5
System Parts segment	23.2	43.5	-46.6	-48.8
Group results	10.7	30.5	-65.1	-55.4
Total assets	706.3	705.3	0.1	
Shareholder's equity	309.9	320.8	-3.4	
Net debt	140.8	147.9	-4.8	
Expected releases of high-volume parts production (System Parts segment)	265.2	286.1	-7.3	-4.6
Orders received from third parties (investment goods) (Fineblanking Technology segment)	50.5	87.7	-42.4	-42.5
Order backlog for third parties (investment goods) (Fineblanking Technology segment)	18.5	31.0	-40.4	-40.6
Employees	2 641	2 697	-2.1	
Trainees	91	82	11.0	

All of the information related to Feintool's 2019 annual results can be found in the 2019 annual report, which is available online at: <https://www.feintool.com/unternehmen/investor-relations.html>

Feintool at a glance

Feintool is an internationally active technology and market leader in the field of fineblanking. This technology is characterized by cost-effectiveness, highest quality and productivity. As a driver of innovation, we continually expand the horizons of fineblanking and develop intelligent solutions to meet the requirements of our customers: either fineblanking systems with innovative tools or the complete production of precise fineblanked, formed and stamped electro lamination components in high outputs for demanding industrial applications. The processes used support the trends in the automotive industry. Feintool acts as a project and development partner in the areas of lightweight construction/sustainability, module variations/platforms and alternative drive concepts such as hybrid and electric drives. The company, founded in 1959 and headquartered in Lyss, Switzerland, owns its production plants and technology centers in Europe, the United States, China and Japan, always making sure to be geographically close to its customers. Around 2,600 employees and over 80 trainees work worldwide on new solutions and create key advantages for Feintool customers.