

Media release

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First half result 2020 financial year

Significant decline in sales

The technology group Feintool recorded a significant decline in sales in the first half of 2020 due to the COVID-19 pandemic. Compared to the previous year, sales fell by 36 percent to CHF 212 million. This resulted in an EBIT loss of CHF 18 million. Feintool is minimizing the economic impact of the pandemic by implementing actions such as cost cuts, postponing capital expenditures, short-time work schedules and staffing reductions, and strengthening the group's liquidity. From today's perspective, Feintool expects slightly higher sales and significantly improved profitability in the second half of the year.

The Feintool Group generated net sales of CHF 212.3 million in the first half of 2020. The System Parts segment's parts business shrank by 34.0% to CHF 197.5 million in the reporting period. Sales in the Fineblanking Technology segment fell by 47.0% to CHF 22.9 million. EBITDA fell by CHF 26.8 million, equal to three-quarters, down to CHF 8.0 million. Due to the high level of depreciation and amortization, Feintool posted negative operating earnings (EBIT) of CHF –17.4 million in the first half of 2020. This corresponds to a decline of CHF 28.0 million. The slump in sales - caused by the COVID-19 pandemic - had a significant negative impact on both segments.

In the Fineblanking Technology segment, significantly lower sales ultimately resulted in an operating loss (EBIT) of CHF 3.6 million. In this context, Feintool continued to invest heavily in research and development as an investment in the future. The System Parts segment also suffered an EBIT loss in the first half of the year. Operating earnings fell significantly by CHF 21.6 million to CHF –9.3 million.

Due to the considerable uncertainties that remain in place regarding the extent of the pandemic and the high volatility of demand, it is currently not possible to conclusively predict the overall impact on sales and earnings for the full year 2020.

Crisis management measures

These developments are having a corresponding impact on Feintool's planning and staffing levels. In this context, the group implemented different measures depending on the region and country. In Europe, all plants and key departments have been on short-time work schedules since April. The size of the workforce will decline this year due to employee turnover.

In the United States, a large part of the workforce was furloughed in the spring in accordance with the labor market regulations in effect there. As the plants are now seeing signs that the order situation is recovering, a large portion of the workforce has been called back in to work. In China, the number of employees is actually going to increase due to the launch of new products.

In addition to HR measures, various actions were taken to further cut costs. For example, selected capital expenditures were stopped or postponed to a later date, available production capacities were used to insource manufacturing processes, and the company also optimized its inventories of raw materials and products. Cost management has led to significant savings at all plants without jeopardizing the group's ability to ship its products. In general, however, the same thing applies in this regard as well: Feintool is facing different conditions and market trends in the various regions and has introduced different measures accordingly.

Looking toward the future with optimism

Despite the current uncertainties surrounding COVID-19 and the crisis in the automotive market, Feintool is optimistic about the future. In recent months, Feintool has stepped up its involvement in the megatrend of e-mobility with its mainstay of electro lamination stamping in Germany and China. This should put Feintool in the right position for the expected development in this drive technology, enabling it to benefit from the predicted global growth in e-mobility over the next few years. For the hybrid drive market segment, which is also global, the volume of orders, especially in Europe and China, has risen significantly in recent months and is expected to increase further in the second half of the year. In the medium to long term, significant global growth is also expected in this market segment. We are also encouraged by the fact that in the first six months we have won projects for existing and new customers in the automotive industry in all regions of the world and that significant new product start-ups in the areas of fine blanking and forming are pending.

In general, due to our long-term and sustainable strategy, we expect our position in the European, US and Asian markets to strengthen further, especially in the coming months. In addition, despite all the measures taken to contain the COVID-19 crisis, we are continuing to pursue forward-looking development projects. For example, we believe the production of bipolar plates for fuel cells holds great potential.

We are confident and optimistic that we are well prepared for the challenges that lie ahead in the coming months. Feintool has healthy liquidity and is financially well secured. We have concluded a new credit agreement with our principal banks in Switzerland and Germany which will ensure our operational and financial flexibility in the current challenging environment.

Thanks to its broad technological base and numerous attractive projects, Feintool can now take advantage of the opportunities arising in the future from new drive technologies for vehicles. This area of focus is key to our future strategic development.

Changes to the executive board

Feintool CFO Thomas Bögli will retire next year and leave the company at the Annual General Meeting in April 2021. His successor will be Samuel Künzli. The 35-year-old, who is originally from Eastern Switzerland, holds a Swiss Federal diploma in auditing and most recently worked for Stadler in Bussnang as Swiss Division CFO.

Guidance

Due to the considerable uncertainties that remain in place regarding the extent of the pandemic and given the high volatility of demand, it is not currently possible to conclusively predict the overall impact on sales and earnings for the full year 2020. From today's perspective, Feintool expects slightly higher sales in the second half of the year and significantly improved profitability thanks to the cost-cutting measures the company has implemented.

Overview of key financial indicators

	January 1 to June 30, 2020 in CHF million	January 1 to June 30, 2019 in CHF million	Change in %	Change in local currency in %
Net sales Feintool Group	212.3	331.9	-36.0	-33.3
– Fineblanking Technology segment	22.9	43.2	-47.0	-46.8
– System Parts segment	197.5	299.4	-34.0	-31.0
EBITDA	8.0	34.8	-77.0	-75.0
Operating earnings (EBIT)	-17.4	10.5	-265.3	-269.2
– Fineblanking Technology segment	-3.6	1.2	-389.3	-389.7
– System Parts segment	-9.3	12.3	-175.8	-179.2
Group result	-17.5	4.7	-476.1	-509.1
Free Cashflow	-19.0	-4.9	-287.8	
Orders received – capital goods	11.8	27.0	-56.2	-56.0
Orders backlog – capital goods	12.3	23.8	-48.2	-48.1

	30.06.2020 in CHF million	31.12.2019 in CHF million	Change in %	Change in local currency in %
Total assets	686.1	706.3	-2.9	
Shareholder's equity	282.8	309.9	-8.7	
Net debt	162.5	140.8	15.4	
Employees	2 363	2 641	-10.5	
Apprentices	78	91	-14.3	

Feintool's 2020 half-year report can be found at <https://www.feintool.com/en/company/investor-relations/>

About Feintool

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.