FEINTOOL GROUP

EXPANDING HORIZONS WITH FINEBLANKING AND FORMING

Report on Half-Year Figures, 1 January to 30 June 2016

FEINTOOL

EXPANDING HORIZONS

Key figures, first half year	Margin	Change vs. prev. year	2016 in CHF 1 000	2015 in CHF 1 000
Net sales		14.3 %	278 508	243 695
Earnings before interest, taxes, depreciation and amortization (EBITDA)	13.3 %	30.7 %	37 021	28 321
Operating profit (EBIT)	7.7 %	45.9 %	21 376	14 648
Net earnings	5.0 %	87.6 %	13 889	7 405
Expected releases - high volume parts manufacturing		11.3 %	221 758	199 249
Orders received third (investment goods)		-13.1 %	31 383	36 119
Orders backlog third as at 30.06. (investment goods)		-6.8 %	32 164	34 493
Number of employees (excl. apprentices)		6.9 %	2 225	2 082

Dear shareholders, ladies and gentlemen,

In the first six months of this year, Feintool saw momentum pick up quite noticeably, helping us continue on our growth course. We are pleased with this very solid result in the first half of the year.

Sales in the Feintool Group increased by 14.3 % to CHF 278.5 million in H1 2016. Adjusted for currency effects, this increase corresponds to growth of 9.8 %.

The EUR/CHF exchange rate had a major impact on the balance sheet in 2015, but it has been at least fairly stable over the last few months and has thus provided a little more financial certainty for planning. The referendum in the UK and the decision to leave the EU (BREXIT) has not had any noticeable impact on Feintool, since it does very little direct business with the UK, and none in British pounds.

Market environment

Positive conditions

The positive performance is mainly due to the System Parts segment and was largely accounted for by two significant factors. One is the positive economy in the automotive sector worldwide, which is by far Feintool's most important sales market for products and services.

The other consists of the orders acquired in recent years, which were ramped up and led to the increasing capacity utilization of the investments in production capacities made in recent years. These orders are now reflected in an increasingly positive economic environment.

The framework conditions as well as lower fuel prices and interest rates continue to support demand for cars, particularly in the premium segment that is important for Feintool. We have seen a slight decline in demand of some manufacturers due to the publicly discussed scandal surrounding manipulated emission data for diesel vehicles. However, the reduction has been compensated by higher demand from other OEMs. In total, Feintool continues to grow faster than the market. We are focusing on support for car development sectors, which possess especially high growth potential. This applies, in particular, to applications that reduce CO_2 emissions and fuel consumption. This includes, for example, complex components for hybrid drives, as their importance is growing and Feintool is supporting their development with intelligent, cost-optimized fineblanking and formed parts.

System Parts Segment

Additional production capacities

Fineblanking parts production in the System Parts segment continued its positive development in all areas and regions. In Europe we have completed the expansion of our German production facilities in Ohrdruf (Thuringia). This includes setting into operation an investment made two years ago in a highly modern, high-performing servo multiple-stage press.

In Oelsnitz we have entirely redesigned and optimized the plant acquired last year. In addition, the production area has been expanded by another 3,600 square meters in order to handle new orders. As a result, the now urgently needed production capacities are available in Oelsnitz, which we are using for the optimization and refocusing of our production plant in Lyss.

Our two locations in the US always have a high level of capacity utilization. We will put another large servo multiple-stage press into operation at the Nashville location in the second half of 2016. It will be used for the production of precise formed parts for the latest generation of 4-wheel drives and automatic transmissions. The nominations for the main capacity utilization of this major investment over the course of the next three years have already been received.

Our production facility in China achieved a small operating profit for the first time in the first half of the year. Due to a few new orders that will reach production no later than in 2018, we will be expanding the production space in Taicang by another roughly 4,000 square meters in the future. As Chinese OEMs and Tier 1 suppliers are expected to become stronger, we are increasingly focusing our sales activities on this customer segment. Otherwise, we are concentrating on our existing clients from other countries in regard to their China needs. In the Japanese market, which has tended to be in decline, we have been able to maintain our outstanding market position and expand qualitatively.

Fineblanking Technology Segment

Customer benefits by "Industry 4.0"

The investment goods business with presses and systems continues to suffer from a hesitancy to make investments due to market uncertainties. Nonetheless, the segment has performed better than in the first half of 2015, which is due to the optimization program at our Swiss locations.

At our technology conference in May, Feintool showed international clients the latest developments in press systems and tools and demonstrated additional application areas for fineblanking. The exhibition resonated with the clients at the conference, and we are hoping for a positive impact in the future.

At the biennial EuroBLECH trade fair at the end of October in Hanover (Germany), we will present innovative solutions from the area of presses and maintenance. Based on experience, this event will give rise to more new business ideas.

A focal point at this trade fair will be "Industry 4.0". With FEINmonitoring, Feintool offers its fineblanking press customers a new, preventive service and maintenance concept.
As an additional benefit, the customer is constantly informed everywhere about the status of its press and its production output.

The development was a part of our strategy planned six years ago to increase customer satisfaction and contribute to raising profitability in the fineblanking process. In the meantime, we are equipping all new presses with the FEINmonitoring function and have been expanding our service offer as a result.

Outlook

Positive development will continue

Due to an age-based change that has been prepared for a longer period of time, Heinz Loosli will wind up his 7 years as CEO and hand the office over to his successor Bruno Malinek on September 1, 2016. Like his predecessor, the 50-year-old shall run the series parts production of the System Parts segment and handle the responsibilities of CEO.

To finance the expected future growth of Feintool and to ensure liquidity, a promissory note loan for EUR 65 million was taken out in the second half of the year. It has staggered terms of 5, 7 and 10 years. We are taking advantage of the extremely low interest rates at the present time and ensuring the investment program over the next few years.

In the second half of the year we expect a continuation of the positive development of business, which will let us raise our guidance issued at the beginning of the year - under the assumption of steady exchange rates. This year we expect sales to grow by 10 % to roughly CHF 555 million and the EBIT margin to be 7.5 %.

ALEXANDER VON WITZLEBEN
Chairman of the Board of Directors

HEINZ LOOSLI
Chief Executive Officer

FINANCIAL REVIEW

as of 30 June 2016

BUSINESS PERFORMANCE

General

This half-year report applies to Feintool International Holding AG and all its subsidiaries. It covers the period from January 1 to June 30, 2016. The comparison period is the same period of the previous year.

On March 30, 2015, Feintool acquired Gabler Feinschneidtechnik GmbH in Oelsnitz/Erzgebirge, Saxony. The name of the company was then changed to Feintool System Parts Oelsnitz GmbH. The (unconsolidated) sales of this company during the first quarter 2015 were insignificant at CHF 1.0 million. For that reason there is no need to show the acquisition effect seperately.

Orders received and orders backlog, expected releases

The parts business of the System Parts segment varies at short notice. Customers can postpone or even cancel call-offs that they have already entered in the order systems. As of June 30, Feintool's customers expect releases amounting to CHF 221.8 million for the next six months (previous year CHF 199.2 million). This represents an increase of 11.3 % compared with the same time in the previous year, or 6.0 % after currency adjustment. The figure increased by 3.6 % compared with the end of 2015.

11.3 %

Increase in expected releases in the parts business of the System Parts segment

Orders received in the Fineblanking Technology segment fell by 3.1 % in the reporting year, to CHF 43.0 million (previous year CHF 44.3 million). Intra-group orders received rose strongly in the reporting period to CHF 11.6 million (previous year CHF 8.2 million). Third-party orders received thus amounted to CHF 31.4 million (previous year CHF 36.1 million).

As of June 30, 2016, the orders backlog in the Fineblanking Technology segment amounted to CHF 42.9 million, representing an increase of 2.3 % compared with the previous year (CHF 41.9 million); compared with December 31, 2015, this represents a minimal reduction of 0.8 %. This orders backlog is equivalent to around eight months' worth of work for the long-term press and tool business. The third-party orders backlog reduced by 6.8 % to CHF 32.2 million. The reduction amounted to 10.6 % compared with December 31, 2015.

Net sales

Consolidated group sales rose in the reporting period by 14.3 % to CHF 278.5 million (previous year CHF 243.7 million). Currency movements had a positive influence of CHF 11 million on sales. In local currency, Feintool therefore recorded 9.8 % growth in sales. The System Parts segment generated 86.9 % of external sales – similar to the previous year. Accordingly, Fineblanking Technology contributed 13.1 %.

The parts business of the System Parts segment grew by 14.2 % to CHF 242.1 million in the reporting year (previous year CHF 211.9 million). The positive currency effects amounted to CHF 10.7 million. In local currency, growth reached 9.2 %. The fineblanking business in Europe achieved sales amounting to CHF 81.8 million thanks to projects which are ramping up. Currency-adjusted, this represents 20.4 % growth (+ 24.3 % in the reporting currency). The Forming

Europe business area generated sales amounting to CHF 45.5 million, which corresponds to 5.2 % growth in local currency (+ 10.4 % in the reporting currency). Thanks to the continuing strength of the automotive market, business in the USA recorded sales of CHF 90.1 million. Currency-adjusted growth amounted to 3.4 % (+ 7.9 % in the reporting currency). Sales in Asia, essentially achieved by the plants in Japan, amounted to CHF 24.7 million; in local currency this means an increase of 5.3 % (+ 15.4 % in the reporting currency). The share of sales of the European plants rose slightly to 52.6 % (previous year: 50.5 %). On the other hand the share made by the plants in the USA fell to 37.2 % (previous year 39.4 %), in Asia it remained unchanged at 10.2 % (previous year 10.1 %). The proportionate regional sales distribution is also affected by currency movements. The underlying business performed well in every region.

11.5 %

Sales growth
in the investment goods business

Sales in the Fineblanking Technology segment rose by 11.5 % to CHF 44.4 million (previous year CHF 39.8 million). Tools sales, spares and the service business again showed an encouraging trend. The press business stabilized. However, it has been been very difficult to sell machines to China in recent months. Internal sales remained largely stable in the reporting period, with the result that external sales increased by 14.6 % to CHF 36.4 million (previous year CHF 31.8 million).

Overall the Feintool Group generated 52.5 % of external sales in Europe, amounting to CHF 146.1 million (previous year CHF 126.8 million or 52.0 %). With sales of CHF 88.2 million, a 31.7 % share (previous year CHF 77.1 million or 31.6 %), the share of business generated in North America remained largely unchanged. Sales in Asia rose to CHF 44.3 million, which represented a slight drop to 15.8 % (previous year CHF 39.8 million or 16.4 %). In particular press sales in China fell short of expectations in the first half of the year. The Swiss market is of only marginal significance for Feintool, with sales of CHF 4.8 million or 1.7 % (previous year CHF 3.3 million or 1.4 %).

Gross margin

The gross margin increased by 0.6 percentage points over the previous year, up to 39.3 %; gross profit amounted to CHF 109.6 million in the reporting period. Gross profit was up by CHF 15.4 million owing to volume-related factors. Slightly higher value creation, improved capacity utilization once again and better costs structures at our Swiss manufacturing plants had a positive effect amounting to CHF 1.9 million.

In the Fineblanking Technology segment, the gross margin fell to 39.9 % (previous year 41.9 %). This downturn was caused by changes in the product mix and reduced working hours in Switzerland compared with the previous year. In the investment goods business, adjustments caused by the new currency conditions has not yet been completed.

The System Parts segment achieved a gross margin of 38.9 %, which is clearly ahead of the previous year's 37.5 %. The restructuring of the Swiss manufacturing plants – although not yet completed – is showing gross profits up by CHF 2.4 million compared with the previous year. Generally, the gross margin improved thanks to a further improvement in capacity utilization and greater added value depth in some respects.

Key cost items

Personnel cost rose by CHF 9.1 million to CHF 83.3 million and now amount to 29.9 % of sales (previous year 30.4 %). With regard to Fineblanking Technology, the share of personnel cost fell to 32.5 % (previous year 36.4 %) – although development spending on new products was increased. In the System Parts segment the percentage rose very slightly to 26.8 % (previous year 26.5 %). Greater capacity utilization did not completely compensate for the wage increases in Germany, the shorter working hours in Lyss and the additional expenditure for product relocations. Other net operating expenses rose to CHF 35.0 million. The ratio to sales remains virtually unchanged at 12.6 %.

13.3 %

Record EBITDA margin
since IPO

Earnings before interest, taxes, depreciation and amortization (EBITDA)

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose strongly in the reporting period by CHF 8.7 million or 30.7 % to CHF 37.0 million. More favorable currency conditions had an effect amounting to CHF 1.9 million, with the currency-adjusted EBITDA still increasing by 24.0 %. The EBITDA margin is now 13.3 % (previous year 11.6 %). In the capital-intensive parts business (System Parts) the EBITDA margin increased to 15.4 % (previous year 13.9 %). In the investment goods business (Fineblanking Technology) the margin increased from 5.8 % to 6.7 %. However, because of the high cost component in Switzerland, in fineblanking segment the figures of previous years could not yet be replicated.

Depreciation

As a result of the high level of investment in the System Parts segment, depreciation increased by CHF 2.0 million to CHF 15.6 million in the reporting period. This trend will continue in the coming months, as once again the investments amounting to CHF 25.4 million massively exceeded depreciation in the reporting year.

Operating profit (EBIT)

Rigorous cost control in the investment goods business and further improved capacity utilization in the area of parts production, as well as some initial effects of the restructuring measures in the Swiss factories, resulted in a striking 45.9 % increase in operating profits. Feintool therefore generated an operating profit (EBIT) of CHF 21.4 million, which equates to an EBIT margin of 7.7 % (previous year 6.0 %). The positive currency effect at EBIT level amounted to CHF 1.2 million. Currency-adjusted, the increase is still 37.8 %. Every segment and region generated improved operating results.

The Fineblanking Technology segment achieved an operating profit of CHF 2.1 million (previous year CHF 1.5 million), equating to an increase of 43.2 % (currency-adjusted 41.6 %). Increased sales and operational improvements compensated for the ongoing pressure on margins. Research and development spending was not reduced, as it constitutes an investment in the future. The EBIT margin in this segment amounted to 4.8 % (previous year: 3.8 %).

The operating results of the System Parts segment rose strongly by CHF 5.8 million or 34.3 % to CHF 22.7 million (previous year CHF 16.9 million). The positive currency effect amounted to CHF 1.1 million, so the currency-adjusted increase was 27.7 %. New products that started or ramped up production in the reporting period, the consistently strong automotive market and a further increase in capacity utilization led to these improvements. The EBIT margin rose to 9.4 %, compared with 8.0 % in the previous year. The American plants made the biggest contribution to earnings with an EBIT of CHF 9.3 million (currency-adjusted + 20.4 %). The European fineblanking plants improved by CHF 0.5 million or 9.5 % (currency-adjusted) to CHF 6.5 million. The restructuring measures – in particular the relocation of many products to our plant in Oelsnitz, helped the Swiss plant to achieve a slightly positive operating result. On the other hand, the Oelsnitz plant is still in the loss zone by CHF 1.5 million as a result of the massive start-up and relocation costs. The Forming Europe segment earned an operating profit of CHF 4.1 million (currency-adjusted + 61.0 %). Asia earned an EBIT of CHF 2.8 million (currency-adjusted + 35.8 %). For the first time our Chinese plant in Taicang reported a positive EBIT, if only a modest one.

The units not directly involved in operations incurred costs amounting to CHF 4.4 million. Slightly higher personnel cost – supporting the strong growth – were the cause of this development.

Net financial income/finance costs

Net financial costs amounting to CHF -1.3 million (previous year CHF -3.9 million) were significantly reduced. Net interest costs (including finance costs) rose to CHF 1.8 million (previous year CHF 1.5 million). This minor deterioration was a result of slightly higher debts and higher costs for currency hedging. On the other hand, Feintool recorded net currency gains amounting to CHF 0.5 million in the reporting period (previous year: CHF 2.4 million of currency losses).

Taxes

Total tax expenditure for the Feintool companies was CHF 6.2 million in the reporting period. This equates to a tax rate of 30.8 %. Feintool is primarily active in countries which have a relatively high tax burden. As the loss carryforwards from the crisis years are largely used up, the tax burden could well continue to rise in the next few years.

Net income

Net income is CHF 13.9 million (previous year CHF 7.4 million), which equates to a net return on sales of 5.0 %. This is a result of operational improvements in every sector.

CONSOLIDATED BALANCE SHEET

Strong growth in the System Parts segment had a considerable effect on individual items on the balance sheet. The balance sheet structures are however still comparable with previous years. Total assets increased by 5.1 % to CHF 448.9 million (December 31, 2015, CHF 426.9 million).

Current assets increased by CHF 8.6 million to CHF 199.6 million. Receivables increased by CHF 16.3 million to CHF 99.8 million. Total receivables sold in the context of the Forming Europe factoring program - which are not required to be included in the balance sheet - increased to CHF 10.1 million (December 31, 2015, CHF 8.2 million). Inventories and net assets of construction contracts fell by CHF 2.3 million to CHF 70.2 million. Accrued income increased to CHF 5.0 million. Good management of cash, cash equivalents and loans reduced the level of cash and cash equivalents by CHF 7.0 million to CHF 24.5 million.

Operating net working capital rose by CHF 9.8 million compared to December 31, 2015, up to CHF 80.1 million, amounting to 14.4 % of twelve-month-sales (previous year 13.8 %). The biggest negative effects were caused by the increase in receivables by CHF 16.3 million and the reduction in non-interest-bearing liabilities amounting to 6.5 million. Large one-off payments associated with investments also influence the downturn. Increasing deferred liabilities (+ CHF 12.3 million) had a positive effect on net working capital.

Assets increased by CHF 13.4 million to CHF 249.2 million, including property plant and equipment, up by CHF 10.2 million to CHF 208.3 million. Investment at CHF 25.4 million was significantly above the previous year's figure (CHF 15.2 million). Intangible assets remained virtually unchanged at CHF 17.0 million. Financial assets fell by CHF 0.6 million. Deferred tax assets rose slightly to CHF 21.6 million (previous year CHF 18.1 million).

On the liability side, liabilities increased by CHF 25.9 million to 245 million. Employee benefit liabilities (IAS 19) rose massively in the reporting period – as a result of the continuing fall in interest rates, the technical interest rate is now 0.4 % only – by CHF 14.2 million to CHF 76.8 million, and now amount to 31.4 % of liabilities. Trade and other liabilities fell by CHF 6.5 million and now stand at CHF 57.8 million. Accrued expenses and deferred income, current and non-current provisions and deferred tax liabilities increased by CHF 13.9 million to CHF 59.9 million. The accrued expenses and deferred income are affected by the higher level of outstanding payable invoices as of the key date.

25.4

Capital expenditures (in CHF Mio.)
in property, plant and equipment

Interest-bearing liabilities rose by CHF 2.1 million to CHF 44.7 million. CHF 20.0 million of the interest-bearing liabilities are long-term. All bank covenants were met as at the end of the reporting period.

Net debt increased to CHF 20.1 million in the reporting period (December 31, 2015, CHF 11.1 million) as a result of the increase in net working capital and high investment. On the other hand, Feintool has CHF 104.7 million of available, unused lines of credit.

Equity stood at CHF 203.9 million on June 30, 2016 (December 31, 2015, CHF 207.9 million). The equity ratio fell slightly from 48.7 % to 45.4 %. The statement of changes in equity shows that consolidated earnings caused equity to increase by CHF 13.9 million. The dividend distribution reduced equity in turn by CHF 6.7 million. Actuarial losses relating to employee benefit obligations (IAS 19) also had a strong negative effect on equity of CHF 10.5 million, as well as conversion differences charged directly to equity amounting to CHF 0.9 million in total. The other items had hardly any effect.

CONSOLIDATED STATEMENT OF CASH FLOWS

The cash flow from business activity was considerably higher than in the comparative period at CHF 23.9 million (previous year: CHF 9.4 million). The increase in net working capital by CHF 11.2 million (previous year CHF 9.8 million) reduced the positive effect. The cash flow from

20.1

Net debt (in CHF million)
Healthy finance situation

investment activities is once again very negative at CHF 21.2 million (previous year CHF 19.8 million), although at a similar level to the previous year. Overall, therefore, this resulted in a cash inflow from operating activities of CHF 2.7 m (previous year: outflow of CHF 10.4 million). The cash outflow resulting from the dividend was CHF 6.7 million, as in the previous year. As a result of good management of cash and cash equivalents, it was possible to reduce interest-bearing liabilities to the amount of CHF 2.9 million (previous year: CHF 3.4 million). The Group's cash and cash equivalents fell by CHF 7.0 million to CHF 24.5 million (December 31, 2015, CHF 31.6 million).

EMPLOYEES

The number of employees (excluding trainees) increased by 176 to 2,225 since December 31, 2015. In addition, 63 (December 31, 2015, 75) young persons are currently with our company as trainees. The System Parts segment has created 179 new jobs since December 31, 2015, as a result of strong growth, and now employs 1,960 people. In Europe the number rose by 107 to 1,080. 70 new jobs were created in the USA. The number of employees in Asia remained virtually unchanged. The Fineblanking Technology segment employed 236 (-1), 28 of whom are employed in the areas not directly involved in operations. Overall Feintool has 1,307 employees in Europe (plus 53 trainees), of whom 393 (plus 29 trainees) are employed in Switzerland. There are 670 people working in the USA (plus 10 trainees) and 248 employees in Asia.

* calculated as full-time equivalents

		30.06.2016		30.06.2015	
		Closing rate	Average rate	Closing rate	Average rate
Eurozone	EUR 1	1.0867	1.0974	1.0413	1.0464
USA	USD 1	0.9788	0.9832	0.9306	0.9416
Japan	JPY 100	0.9528	0.8802	0.7600	0.7824
China	CNY 100	14.7005	14.9475	14.9795	15.0935

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the first half of 2016 (1 January to 30 June 2016)

(unaudited)	1st HY 2016 01.01.-30.06.2016 in CHF 1 000	in %	1st HY 2015 01.01.-30.06.2015 in CHF 1 000	in %
Net sales	**278 508**	**100.0**	**243 695**	**100.0**
Change in finished and semi-finished goods and work in progress	366		3 787	
Self-constructed assets	3 568		998	
Material cost	-127 154		-115 862	
Personnel expenses	-83 252		-74 150	
Other operating expenses	-36 206		-31 062	
Other operating income	1 191		915	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**37 021**	**13.3**	**28 321**	**11.6**
Depreciation and amortization	-15 645		-13 673	
Operating profit (EBIT)	**21 376**	**7.7**	**14 648**	**6.0**
Financial expenses	-6 912		-13 606	
Financial income	5 609		9 666	
Earnings before taxes	**20 073**	**7.2**	**10 708**	**4.4**
Income taxes	-6 184		-3 303	
Net income attributable to Feintool Holding shareholders	**13 889**	**5.0**	**7 405**	**3.0**

(unaudited)	1st HY 2016 01.01.-30.06.2016 in CHF 1 000	in %	1st HY 2015 01.01.-30.06.2015 in CHF 1 000	in %
Other comprehensive income				
Items that may be reclassified to profit or loss				
Translation differences	-865		-14 967	
Items that may not be reclassified to profit or loss				
Remeasurement of net defined benefit liability (asset)	-13 608		-5 602	
Income taxes on other comprehensive income	3 060		1 252	
Total other comprehensive income	**-11 413**		**-19 317**	
Total comprehensive income attributable to Feintool Holding shareholders	**2 476**		**-11 912**	
Net income attributable to Feintool Holding shareholders	13 889		7 405	
Total comprehensive income attributable to Feintool Holding shareholders	2 476		-11 912	
Basic earnings per share (in CHF)	3.12		1.66	
Diluted earnings per share (in CHF)	3.12		1.66	
Total EBIT of the Feintool Group	**21 376**		**14 648**	
Number of employees				
Number of employees excl. 63 (previous year 66) trainees	**2 225**		**2 082**	

CONSOLIDATED BALANCE SHEET

for the first half of 2016 (as at 30 June 2016)

(unaudited)	30.06.2016 in CHF 1 000	in %	31.12.2015 in CHF 1 000	in %
ASSETS				
Current assets				
Cash and cash equivalents	24 545		31 550	
Trade and other receivables	99 819		83 529	
Tax receivables	7		7	
Inventories	37 875		41 040	
Net assets of construction contracts/work in progress	32 334		31 430	
Prepaid expenses and accrued income	5 046		3 508	
Total current assets	**199 626**	**44.5**	**191 064**	**44.8**
Non-current assets				
Property, plant and equipment	208 331		198 121	
Intangible assets	16 979		16 738	
Financial assets	2 302		2 859	
Deferred tax assets	21 634		18 111	
Total non-current assets	**249 246**	**55.5**	**235 829**	**55.2**
TOTAL ASSETS	448 872	100.0	426 893	100.0
LIABILITIES				
Current liabilities				
Financial liabilities	24 628		26 216	
Trade and other payables	57 798		64 267	
Tax liabilities	5 823		3 573	
Accrued expenses and deferred income	41 992		29 702	
Current provisions	7 359		5 865	
Total current liabilities	**137 600**	**30.7**	**129 623**	**30.4**
Non-current liabilities				
Financial liabilities	20 038		16 390	
Non-current provisions	1 519		1 518	
Deferred tax liabilities	9 007		8 926	
Employee benefit liabilities	76 798		62 567	
Total non-current liabilities	**107 362**	**23.9**	**89 401**	**20.9**
Total liabilities	**244 962**	**54.6**	**219 024**	**51.3**
Equity				
Share capital	44 630		44 630	
Capital reserves	99 361		106 224	
Retained earnings	90 776		87 435	
Treasury shares	-477		-905	
Translation differences	-30 380		-29 515	
Total equity attributable to Feintool Holding shareholders	**203 910**	**45.4**	**207 869**	**48.7**
TOTAL EQUITY AND LIABILITIES	448 872	100.0	426 893	100.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the first half of 2016

in CHF 1 000	Share capital	Treasury shares	Capital reserves	Retained earnings	Translation differences	Total equity
1 January 2015	**44 630**	**-1 225**	**112 464**	**70 619**	**-23 608**	**202 880**
Translation differences	–	–	–	–	-14 967	-14 967
Remeasurement of net defined benefit liability (asset), net of tax	–	–	–	-4 350	–	-4 350
Total other comprehensive income	**–**	**–**	**–**	**-4 350**	**-14 967**	**-19 317**
Net income attributable to Feintool Holding shareholders	–	–	–	7 405	–	7 405
Total comprehensive income attributable to Feintool Holding shareholders	**–**	**–**	**–**	**3 055**	**-14 967**	**-11 912**
Dividend [1] [2]	–	–	-6 673	–	–	-6 673
Purchase/(sale) of treasury shares	–	–	–	–	–	0
Share-based management remuneration [3]	–	–	385	–	–	385
30 June 2015	**44 630**	**-1 225**	**106 176**	**73 674**	**-38 575**	**184 680**
1 January 2015	**44 630**	**-905**	**106 224**	**87 435**	**-29 515**	**207 869**
Translation differences	–	–	–	–	-865	-865
Remeasurement of net defined benefit liability (asset), net of tax	–	–	–	-10 548	–	-10 548
Total other comprehensive income	**–**	**–**	**–**	**-10 548**	**-865**	**-11 413**
Net income attributable to Feintool Holding shareholders	–	–	–	13 889	–	13 889
Total comprehensive income attributable to Feintool Holding shareholders	**–**	**–**	**–**	**3 341**	**-865**	**2 476**
Dividend [2]	–	–	-6 686	–	–	-6 686
Share-based management remuneration [3]	–	428	-177	–	–	251
30 June 2016	**44 630**	**-477**	**99 361**	**90 776**	**-30 380**	**203 910**

[1] In the half-year report 2015, the deduction of dividends has been shown on retained earnings. As at December 31, 2015 it has been reclassified to capital reserves.

[2] The General Meeting held on April 19, 2016 approved the Board of Directors' proposed dividend distribution of CHF 1.50 per registered share from earnings for the financial year ended December 31, 2015 (financial year 2014: dividend distribution of CHF 1.50 per registered share).

[3] The share based management remuneration involves payment of part of the salary in shares.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first half of 2016

(unaudited)	1st HY 2016 01.01.-30.06.2016 in CHF 1 000	1st HY 2015 01.01.-30.06.2015 in CHF 1 000
Net income of the Feintool Group	13 889	7 405
Depreciation and amortization	15 645	13 673
(Gain)/loss on disposal of property, plant and equipment	-425	-172
Increase/(decrease) in provisions and valuation allowances	4 727	1 560
(Increase)/decrease in deferred taxes	-3 193	-2 583
Other non-cash changes	4 486	-721
Cash flows from operating activities before change in net working capital (NWC)	**35 129**	**19 162**
(Increase)/decrease in net working capital (NWC)	-11 220	-9 775
Cash flows from operating activities	**23 909**	**9 387**
Investments in property, plant and equipment	-21 172	-14 760
Disposals of property, plant and equipment	405	442
Investments in intangible assets	-861	-419
Disposals of intangible assets	2	2
Increase in financial assets	-600	0
Decrease in financial assets	999	1 223
Purchase of consolidated investments net of cash	0	-6 291
Cash flows from investing activities	**-21 227**	**-19 803**
Free cash flow	**2 682**	**-10 416**
Dividends paid	-6 686	-6 673
Borrowing of interest-bearing liabilities	6 775	14 135
Repayment of interest-bearing liabilities	-9 651	-17 564
Cash flows from financing activities	**-9 562**	**-10 102**
Translation differences	-125	809
Increase/(decrease) in cash and cash equivalents	**-7 005**	**-19 709**
Cash and cash equivalents at the beginning of the period	31 550	41 722
Cash and cash equivalents at the end of the period	24 545	22 013
Taxes paid	-3 286	-2 290
Interest paid	-740	-794
Interest received	31	41

NOTES TO THE SEMIANNUAL REPORT

as at 30 June 2016

GENERAL PRINCIPLES

This unaudited, consolidated half-yearly financial statement of the Feintool Group is based on the individual financial statements of the Group companies as of June 30, 2016, which were prepared in accordance with uniform accounting policies, and released for publication by the Board of Directors on August 22, 2016.

The consolidated half-yearly financial statement was produced according to the same valuation policies as the Annual Financial Statement as of December 31, 2015, and meets the International Financial Reporting Standards (IFRS) in compliance with IAS 34 Interim Financial Reporting as well as the requirements of the SIX Swiss Exchange. This half-yearly report does not include all the information and disclosures that are disclosed in the annual report of the Feintool Group as of December 31, 2015, and for that reason should be read in conjunction with it.

The consolidated half-yearly financial statement is shown in Swiss francs (CHF), rounded to the nearest thousand. It is produced in German and English. The half-yearly financial statement in German is the authoritative version.

CHANGES TO THE ACCOUNTING PRINCIPLES

With the exception of newly issued or revised Standards and Interpretations, which are applicable or have been modified in the reporting year, essentially the same accounting policies were applied as in the previous year.
On 1 January 2016, Feintool introduced the following new Standards and Interpretations:

- Annual IFRS amendments – 2012 to 2014 cycle
- Amendment to IFRS 11 – Accounting for Acquisitions of Interest in Joint Operations (1 January 2016)
- Amendment to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization (January 1, 2016)
- Amendment to IAS 16 and IAS 41 – Agriculture: Bearer Plants (January 1, 2016)
- Amendment to IFRS 10, 12 and IAS 28 – Investment Entities: Application of the Consolidation Exception (January 1, 2016)
- Amendment to IFRS 14 – Regulatory Deferral Accounts (January 1, 2016)
- Amendment to IAS 27 – Equity Method in Separate Financial Statements (January 1, 2016)
- Amendment to IAS 1 – Improvements to Financial Reporting with regard to the details in the Annex (January 1, 2016)

Feintool is either unaffected by these changes, or the changes have no material effect on its financial position, results of operations or cash flows.

FUTURE CHANGES TO ACCOUNTING PRINCIPLES

Feintool constantly examines the effects of newly published accounting principles on the Group's financial position, results of operations or cash flows. Feintool anticipates no significant effects on the Group's financial position, results of operations or cash flows from the application of the published, revised Standards and Interpretations, which come into force for future consolidated financial statements, with the exception of the new Standard IFRS 15 – Revenue from Contracts with Customer, which appeared in May 2014, was clarified in April 2016 and comes into force from January 1, 2018, Standard IFRS 9 – Financial Instruments, which appeared in July 2014 and comes into force from January 1, 2018, and Standard IFRS 16 – Leasing, which comes into force from January 1, 2019. Feintool anticipates that these Standards will have an impact on the Group's financial position, results of operations and cash flows. Feintool is currently assessing the impact of these revised Standards and Interpretations. However, at the current time it is not possible to estimate this impact.

DISCRETIONARY DECISIONS AND ASSUMPTIONS

The preparation of the consolidated half-yearly financial statements requires that the management makes assessments and assumptions which influence the amounts of assets and liabilities, the statement of contingent receivables and liabilities, as well as income and expenditure. Areas in which estimates have a significant influence on the carrying amount include the calculation of provisions, the economic useful life of the fixed assets, the assumptions of the 'value in use' calculation for goodwill, the expected future cash flow from capitalized development costs, the valuation of long-term construction contracts, the assessment of expected and deferred taxes, and the actuarial assumptions in the calculation of pension obligations. These estimates may differ from the actual results and hence have a significant impact on the Group's financial position, results of operations or cash flows.

Management and Board of Directors believe that the planning principles and assumptions are realistic.

CONTINGENT LIABILITIES / PURCHASE COMMITMENTS

The contingent liabilities arising from received funding, which has certain conditions attached, amount to CHF 3.2 million (previous year CHF 2.2 million).

Feintool has granted standard guarantees in connection with the sale of companies from the discontinued Automation segment. Management and Board of Directors anticipate no significant obligations for Feintool arising from these guarantees.

The Feintool Group has undertaken to purchase fineblanking presses and other machinery amounting to CHF 21.3 million (previous year CHF 11.7 million).

BASIS OF CONSOLIDATION

The consolidated half-yearly financial statements encompass the half yearly financial statement of Feintool International Holding AG, Lyss (Switzerland), in addition to the half-yearly financial statements of all Group companies in which Feintool International Holding AG directly or indirectly owns more than 50 % of the voting rights or which it controls in any other way. A list of all the subsidiaries is contained in the Annual Financial Report of December 31, 2015, page 94.

With effect from March 30, 2015, Feintool Holding GmbH, Amberg DE has wholly acquired the company Gabler Feinschneidtechnik GmbH in Oelsnitz DE. Since that date there has been no change to the Purchase Price Allocation.

HL Immobilien AG was merged with Feintool System Parts Lyss AG, retroactively as of January 1, 2016. Feintool Intellectual Property AG was placed in liquidation with the resolution of the General Meeting of March 21, 2016.

FINANCIAL COVENANTS

Feintool has a syndicated loan with eight banks amounting to CHF 90 million (CHF 80 million for cash loans and CHF 10 million for performance and advance payment guarantees), which runs until June 30, 2017. Standard covenants are defined in the syndicated loan. The key covenants are:

- ▶ Equity ratio > 30 %
- ▶ Net Senior Debt / EBITDA < 3.0 x

As of June, 30 2016, EUR 6 million of the syndicated loan had been used and all the covenants were met. Should these covenants not be met, the banks would have the right to terminate the loans at short notice. Feintool has CHF 80,000,000 (previous year CHF 80,000,000) in unused, confirmed credit lines at the bank.

SEASONALITY

The business segments of Feintool are subject to no significant seasonal fluctuations. The earnings arising from the long-term construction contracts are distributed over the period in question by means of the POC (percentage of completion) method.

SEGMENT INFORMATION

Products and services 1st HY 2016 (unaudited) in CHF 1 000	Fineblanking Technology	System Parts	Total segments	Finance/ Other	Eliminations	Total Group
Net sales	44 400	242 082	286 482	–	-7 974	278 508
- Intersegment income	-7 972	-2	-7 974	–	7 974	–
Total net sales - Group	**36 428**	**242 080**	278 508	**–**	**–**	278 508
Gross margin [1]	17 700	94 065	111 765	-27	-2 183	109 555
EBITDA	**2 981**	**37 382**	40 363	**-2 786**	**-556**	37 021
Depreciation and amortization	-832	-14 659	-15 491	-965	811	-15 645
Operating profit (EBIT)	**2 149**	**22 723**	24 872	**-3 751**	**255**	21 376
Financial expenses						-6 912
Financial income						5 609
Income taxes						-6 184
Net income attributable to Feintool Holding shareholders						13 889
Assets	**68 454**	**363 027**	431 481	**133 735**	**-116 344**	448 872
Net working capital [2]	**10 030**	**72 575**	82 605	**-2 494**	**-50**	80 061
Investments in property, plant and equipment/intangible assets (incl. leases)	**1 305**	**24 004**	25 309	**639**	**-558**	25 390
Number of employees	**236**	**1 961**	2 197	**28**	**–**	2 225

Geographical areas 1st HY 2016	Switzerland	Europe excl. Switzerland	America	Asia	Total
Total net sales – Group [3]	**4 772**	**141 318**	**88 168**	**44 250**	278 508
thereof Germany		103 407			
thereof Japan				20 588	
thereof China				15 943	
Fixed and intangible assets	**35 016**	**91 065**	**71 358**	**27 871**	225 310

The following footnotes are applicable to the 2016 and 2015 half-year periods.

1) The gross margin is calculated as net sales less material cost, the change in finished and semi-finished goods and work in progress, and direct personnel expenses.

2) Net working capital comprises trade receivables, inventories, net assets of construction contracts/work in progress and prepaid expenses and accrued income less trade payables, advance payments received from customers and accrued expenses and deferred income.

3) Net sales are allocated to countries based on the customer's domicile.

The Fineblanking Technology segment comprises the development, manufacture and sale of presses, tools, peripheral systems and all related services.

The System Parts segment develops, produces and sells high-precision system components and assemblies using fineblanking and forming technology.

Products and services 1st HY 2015 (unaudited) in CHF 1 000	Fineblanking Technology	System Parts	Total segments	Finance/ Other	Eliminations	Total Group
Net sales	39 832	211 902	**251 734**	–	-8 039	**243 695**
- Intersegment income	-8 032	-7	**-8 039**	–	8 039	**–**
Total net sales - Group	**31 800**	**211 895**	**243 695**	**–**	**–**	**243 695**
Gross margin 1)	16 690	79 436	**96 126**	-30	-1 896	**94 200**
EBITDA	**2 292**	**29 351**	**31 643**	**-2 421**	**-901**	**28 321**
Depreciation and amortization	-791	-12 434	**-13 225**	-1 174	726	**-13 673**
Operating profit (EBIT)	**1 501**	**16 917**	**18 418**	**-3 595**	**-175**	**14 648**
Financial expenses						**-13 606**
Financial income						**9 666**
Income taxes						**-3 303**
Net income attributable to Feintool Holding shareholders						**7 405**
Assets	**72 206**	**315 260**	**387 466**	**115 906**	**-100 253**	**403 119**
Net working capital 2)	**12 666**	**54 320**	**66 986**	**-3 134**	**-123**	**63 729**
Investments in property, plant and equipment/intangible assets (incl. leases)	**235**	**14 787**	**15 022**	**325**	**-168**	**15 179**
Number of employees	**244**	**1 804**	**2 048**	**34**	**–**	**2 082**

Geographical areas 1st HY 2015	Switzerland	Europe excl. Switzerland	America	Asia	Total
Total net sales – Group 3)	**3 318**	**123 448**	**77 110**	**39 819**	**243 695**
thereof Germany		89 615			
thereof Japan				19 026	
thereof China				15 393	
Fixed and intangible assets	**31 160**	**78 191**	**69 084**	**25 197**	**203 632**

The following notes are applicable to the 2016 and 2015 half-year periods.

"Finances/Other" essentially comprises the figures for Feintool International Holding AG, the German sub-holding company Feintool Holding GmbH and the real estate companies included in the sub-holding company HL Holding AG and its subsidiaries.

The operating profit/loss comprises all operating income and expenses directly attributable to the individual segments. This includes all cross-segment expenses, which are charged directly on an arm's length basis. Feintool's financing is undertaken at Group level. Financial expenses and income, as well as taxes, are therefore reported at Group level only and do not appear in the segment reports.

There is no reconciliation of the data in management reports and data contained in the financial reports, as internal and external reporting are subject to the same valuation principles.

FINANCIAL RESULT AND AND DERIVATIVE FINANCIAL INSTRUMENTS

Financial expenses	1st HY 2016 in CHF 1 000	1st HY 2015 in CHF 1 000
Interest expense	1 296	1 307
Other finance costs [1]	711	628
Foreign exchange losses	4 905	11 671
Total financial expenses	**6 912**	**13 606**

[1] Besides bank charges, other financial expenses include taxes on country-specific financial transactions, lead syndication commissions (annual amortization of establishing cost for the syndicated loan), market making costs, valuation expenses from swap transactions and interest expenses for the provision from employee benefit obligations.

Financial income	1st HY 2016 in CHF 1 000	1st HY 2015 in CHF 1 000
Interest income	60	92
Other financial income [1]	137	266
Foreign exchange gains	5 412	9 308
Total financial income	**5 609**	**9 666**

[1] Other financial income comprises valuation income from swap transactions.

Due to lower currency fluctuations, the foreign exchange gains and losses have decreased compared to the previous half-year.

Fair value hierarchy

Feintool has measured financial instruments at fair value and uses the following hierarchy to determine fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Feintool holds only financial instruments in Level 2. These include currency forwards and interest rate swaps. Detailed information is disclosed in part "Derivative financial instruments outstanding".

Fair Values

The carrying amounts of the financial assets and liabilities do not differ materially from their fair values.

Derivative financial instruments outstanding	in CHF 1 000	Fair values positive	Fair values negative	Contract volumes
Futures contracts		120	307	44 229
Currency instruments		**120**	**307**	**44 229**
Interest rate swaps		0	28	463
Interest rate instruments		**0**	**28**	**463**
Total derivative financial instruments as at 06/30/2016		**120**	**335**	**44 692**
Futures contracts		262	0	11 026
Currency instruments		**262**	**0**	**11 026**
Interest rate swaps		0	47	622
Interest rate instruments		**0**	**47**	**622**
Total derivative financial instruments as at 06/30/2015		**262**	**47**	**11 648**

Currency instruments primarily relate to the hedging of foreign-currency risks in euros. The life of the foreign exchange futures is between 1 and 10 months.

EQUITY

Authorized capital	1st HY 2016 in CHF 1 000	1st HY 2015 in CHF 1 000
Start of period	**0**	**0**
Created[1]	6 000	0
Used	0	0
Expired	0	0
End of period	**6 000**	**0**

[1] According to the decision of the Annual General Meeting of April 19, 2016, the Board of Directors is authorized to create capital up to a maximum amount of CHF 6 000 000 as required through the issue of up to 600 000 new shares, each having a nominal value of CHF 10. The new shares are to be paid up in full. The Board of Directors is authorized to restrict or exclude subscription rights under certain circumstances. The new shares can be issued in one or more stages. The approval is limited to a period of two years. The authorized capital will expire on April 19, 2018.

Major shareholders	Date of notification	30.06.2016 Number	30.06.2016 Share of capital	30.06.2015 Number	30.06.2015 Share of capital
Artemis Beteiligungen I AG und Michael Pieper	30.09.2014	2 245 949	50.32 %	2 245 949	50.32 %
Muhr und Bender KG und Dr. Thomas Muhr [1]	18.11.2014	616 500	13.81 %	616 500	13.81 %
Geocent AG	15.07.2013	400 285	8.97 %	400 285	8.97 %

[1] Held by a subsidiary of Muhr und Bender KG and Dr. Thomas Muhr Beteiligungs AG.

DIVIDEND

On the occasion of the Annual General Meeting of Feintool International Holding AG on April 19, 2016, the shareholders approved the distribution of a dividend of CHF 1.50 (previous year CHF 1.50) per share for financial year 2015. This led to a dividend payout of kCHF 6,686 (previous year: kCHF 6,673).

EVENTS AFTER THE BALANCE SHEET DATE

On July 15, 2016, a promissory note loan was issued in the amount of EUR 65 million. The issuer, with a guarantee from Feintool International Holding AG, is Feintool Holding GmbH, based in Germany. The loan is intended for general business financing, particularly for the investments needed to ensure growth. The loan is divided into three tranches with different maturities. EUR 25 million has a term of 5 years and a fixed interest rate of 0.90 %, EUR 25 million has a term of 7 years and a fixed interest rate of 1.10 % and EUR 15 million has a term of 10 years and a fixed interest rate of 1.66 %. The existing syndicated loans (credit lines) were simultaneously reduced from CHF 80 million to CHF 25 million.

ADRESSES OF OUR OPERATING COMPANIES

as at 30 June 2016

Company	Address	Phone/Fax	Mail
Switzerland			
Feintool International Holding AG	Industriering 8 3250 Lyss Switzerland	Phone +41 32 387 51 11 Fax +41 32 387 57 81	feintool-fih@feintool.com
Feintool Technologie AG	Industriering 3 3250 Lyss Switzerland	Phone +41 32 387 51 11 Fax +41 32 387 57 80	feintool-ftl@feintool.com
Feintool Technologie AG	Grünfeldstrasse 25 8645 Jona Switzerland	Phone +41 55 225 21 11 Fax +41 55 225 24 04	feintool-ftl@feintool.com
Feintool System Parts Lyss AG	Industriering 53 3250 Lyss Switzerland	Phone +41 32 387 51 11 Fax +41 32 387 57 79	feintool-pbel@feintool.com
Europe			
Feintool System Parts Ettlingen GmbH	Englerstrasse 18 76275 Ettlingen Germany	Phone +49 7243 320 20 Fax +49 7243 320 240	feintool-pbee@feintool.com
Feintool System Parts Jena GmbH	Löbstedter Strasse 85 07745 Jena Germany	Phone +49 3641 506 100 Fax +49 3641 506 300	feintool-pbej@feintool.com
Feintool System Parts Obertshausen GmbH	Ringstrasse 10 63179 Obertshausen Germany	Phone +49 6104 401 0 Fax +49 6104 401 204	feintool-pfef@feintool.com
Feintool System Parts Ohrdruf GmbH	Ringstrasse 13 99885 Ohrdruf Germany	Phone +49 3624 335 0 Fax +49 3624 335 200	feintool-pfeo@feintool.com
Feintool System Parts Oelsnitz GmbH	Hoffeldstrasse 2 09376 Oelsnitz Germany	Phone +49 3729 830 299 0 Fax +49 3729 830 299 111	feintool-pbeo@feintool.com

Company	Address	Phone/Fax	Mail
Americas			
Feintool Equipment Corp.	6833 Creek Road Cincinnati, OH 45242, USA	Phone +1 513 791 00 66 Fax +1 513 791 15 89	feintool-ftu@feintool.com
Feintool Cincinnati, Inc.	11280 Cornell Park Drive Cincinnati, OH 45242, USA	Phone +1 513 247 01 10 Fax +1 513 247 00 60	feintool-pbuc@feintool.com
Feintool Tennessee, Inc.	930 Old Franklin Road Antioch, TN 37013, USA	Phone +1 615 641 77 70 Fax +1 615 641 79 95	feintool-pfut@feintool.com
Asia			
Feintool Japan Co., Ltd. (Equipment)	Atsugi Plant, 260-53, Hase, Atsugi City Kanagawa Prefecture, 243-0036 Japan	Phone +81 46 247 74 51 Fax +81 46 247 20 08	feintool-ftj@feintool.com
Feintool Japan Co., Ltd. (System Parts)	Atsugi Plant, 260-53, Hase, Atsugi City Kanagawa Prefecture, 243-0036 Japan	Phone +81 46 248 44 41 Fax +81 46 247 20 08	feintool-pbja@feintool.com
Feintool Japan Co., Ltd. (System Parts)	Tokoname Plant, 178 Ikeda, Aza Kume, Tokoname City Aichi Prefecture, 479-0002 Japan	Phone +81 569 44 04 00 Fax +81 569 44 04 35	feintool-pbjt@feintool.com
Feintool Precision System Parts (Taicang) Co., Ltd.	No 15 Qingdao East Road Taicang 215400, Jiangsu Province, P. R. China	Phone +86 512 5351 51 86 Fax +86 512 5351 54 32	feintool-pbct@feintool.com
Feintool Fineblanking Technology (Shanghai) Co., Ltd.	Bld. No. 14, No. 261 Sanbang Road, Songjiang District Shanghai, P. R. China	Phone +86 21 6760 15 18 Fax +86 21 5778 66 56	feintool-ftc@feintool.com

Feintool International Holding AG
Investor Relations
Industriering 8 · 3250 Lyss
Switzerland
Phone +41 32 387 51 11
investor.relations@feintool.com
www.feintool.com

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