# Feintool Group
## Your partner for the deciding difference

Report on Half-Year Figures, 1 January to 30 June 2015

| Key figures (continuing operations), first half year | Margin | Change vs. prev. year | 2015 in CHF 1 000 | 2014 in CHF 1 000 |
|---|---|---|---|---|
| Net sales | | -0.5 % | 243 695 | 244 911 |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | 11.6 % | -7.6 % | 28 321 | 30 642 |
| Operating profit (EBIT) | 6.0 % | -15.7 % | 14 648 | 17 386 |
| Net income from continuing operations | 3.0 % | -38.1 % | 7 405 | 11 956 |
| Expected releases - high volume parts manufacturing | | -0.3 % | 199 249 | 199 753 |
| Orders received third (investment goods) | | -11.9 % | 36 119 | 40 988 |
| Orders backlog third as at 30.06 (investment goods) | | 11.0 % | 34 493 | 31 084 |
| Number of employees excl. 66 (previous year: 74) apprentices | | 6.6 % | 2 082 | 1 954 |

# Dear Shareholder,
# Dear Sir or Madam,

Despite challenging conditions, we are pleased to report that the Feintool Group's sales for the first six months of this year were almost on a par with the first half of 2014. Such a result had not been expected in the wake of 15 January 2015 and the subsequent turmoil in exchange rates, particularly vis-à-vis the euro zone. Our original forecasts for the current year had to be revised following the decision of the Swiss National Bank (SNB) to abandon the Swiss franc floor against the euro. The fact is that Feintool generates around 50 percent of its sales in the euro zone. Against this backdrop, it is pleasing to note that the 3 percent year-on-year increase in sales for the System Parts segment was above our revised expectations.

### Currency fluctuations a challenge

The strategy pursued by Feintool over the past years of producing in local markets and currency zones is reaping rewards. This international focus has been very helpful in recent months in particular, even though currency fluctuations are leaving their mark on the income statement and balance sheet.

The currency issue has caused a clear deterioration not only in sales but also the earnings situation for our Swiss sites in Lyss and Jona. Following the announcement of the SNB decision, Feintool responded immediately by implementing necessary emergency measures at both sites in Switzerland. In close consultation with employee representatives, the weekly working hours of our employees were increased. In addition, we started reducing the number of temporary staff and introduced a freeze on recruitment and overtime.

In view of the euro weakness, Feintool will embark on a forward-looking strategy at its sites in Switzerland in the medium and long term, for instance by gearing parts production in Lyss more heavily towards highly automated specialist products and at the same time significantly increasing our role in the value chain. To this end, Feintool will this year invest around CHF 10 million in new technologies, a larger share of value creation and more efficient production facilities.

### Market conditions remain positive

This decision is based on the fact that market conditions for our key customer – the global automotive industry – have remained positive overall. The US market, for instance, continues to be strong, with more than 17 million vehicles expected to be sold there this year – which would be the best result since 2005. As a specialist supplier, Feintool System Parts is benefiting from this development and the growing demand for efficient automatic transmissions in the USA.

A glance at European manufacturers shows one very positive effect of the lower euro for Feintool: the euro's weakness is resulting in a rise in vehicle exports, particularly for German premium manufacturers. However, the systems business is suffering from the fact that SME and family-owned firms in Italy, France, Spain and to some extent also in Germany are currently reluctant to invest.

In the Asian market, the automotive business in Japan in particular lagged behind expectations in the first part of the year before staging a recovery that also brought obvious benefits for the System Parts segment in Japan.

In China, certain projects were delayed by circumstances beyond our control. The fast rate of growth has slowed in the automotive market, as it has in other sectors, although it remains impressive. The climate in the capital goods business in China remains favourable, on the other hand. Feintool's HFTfit fineblanking presses, which were developed specifically for the Asian market, are enjoying further growth in demand and enabling us to gain market share.

All in all, we continue to see major growth potential for the Feintool Group in this promising market environment. The applications area and our competency in the production of vehicle transmission components also offer promising future opportunities for the System Parts segment. In addition, we are very strongly positioned with the Fineblanking Technology segment through state-of-the-art, efficient machinery and production systems, intelligent customer solutions and a direct presence in key markets. This represents a stable basis for Feintool's continuing growth.

## BUSINESS SITUATION

### Sales remain stable

Driven in particular by the very positive development of the System Parts segment, the Feintool Group was almost able to hold sales steady despite the exchange rate issue. At CHF 244 million, sales were only minimally down on a year-on-year basis. After adjusting to the new currency situation, we achieved growth of 4 percent. Although earnings before interest and taxes (EBIT) declined by 16 percent year-on-year, they were significantly above the projected result.

The equity ratio fell to 46 percent, in particular as a result of currency losses and increased provisioning for pension liabilities. Net debt increased to CHF 25.6 million owing to the acquisition of Gabler Feinschneidtechnik GmbH (CHF 10 million) and a rise in net working capital (CHF 7 million).

### Market trends remain favourable

The worldwide trend towards greater mobility continues unabated. Playing a big part in this is the automotive industry – a growth sector in which the premium segment is expanding more rapidly than the market as a whole. This growth is also centred on technology trends in which Feintool is directly involved – as a specialized partner and supplier to the industry – with innovative solutions.

Some of these trends have been triggered by changes in legislation. One example is the ceiling set by the European Union for the $CO_2$ emissions of new cars. From 2020 the limit will be 95 grams per kilometre; this compares with 130 grams in 2015. The requirement is forcing auto producers to explore all the potential savings that can be made on their vehicles, particularly through weight reduction. The fact is that every kilogram of weight saved reduces consumption and therefore exhaust emissions.

With the aim of cutting fuel consumption, manufacturers are also constantly attempting to optimize drive trains and engines. Engine downsizing, powersplit or hybrid transmissions are the buzzwords associated with this technology trend. Feintool is actively supporting and shaping these developments. One example is the production of a "speed-adaptive damper", a centrifugal pendulum that absorbs the vibrations of modern, high-torque, supercharged engines. This enables the number of revolutions to be reduced when starting up, thereby lowering consumption.

In order to save costs, automotive manufacturers are increasingly focusing on expanding series production of the same parts or entire families of parts for different models. This is a positive development for Feintool, since the strength of fineblanking technology lies precisely in the series production of high unit numbers at a low unit price.

**SYSTEM PARTS SEGMENT**

### Additional production capacity

The automotive industry's growing sales in the US and European markets go hand in hand with rising demand in the System Parts segment. Given the current and expected order situation, our three existing European fineblanking production facilities will reach the limits of their capacity this year. Feintool has responded to this by purchasing Gabler Feinschneidtechnik GmbH, which is based in Oelsnitz (Germany) and has been renamed Feintool System Parts Oelsnitz GmbH. This enables us to create further production capacity and exploit additional market opportunities. Oelsnitz is home to a state-of-the-art production facility with highly qualified personnel and a production area of more than 3,100 square metres. In addition, the existing infrastructure is being expanded substantially at short notice to create even more capacity. Planning for an additional production area of around 4,000 square metres has already begun.

At the Lyss site, we are investing several million Swiss francs in installing new machinery and thereby increasing our share in value creation.

**FINEBLANKING TECHNOLOGY SEGMENT**

### Smart maintenance added to product range

The Fineblanking Technology segment suffered in the first half of the year from poor investment sentiment; this affected European business in particular and was due among other things to currency factors. Through additional innovative offerings, Feintool is attempting to smooth out the sometimes difficult cyclical nature of the machinery and systems business. These include special smart maintenance service packages for new presses and a retrofit option for existing systems. For example, the FeinMonitoring service developed by Feintool monitors the technical condition of the machine on an automatic, continuous basis and reports any need for maintenance or repair. This enables customers to enjoy greater protection from unscheduled outages and avoid expensive consequential damage. The first installations of this system are already in operation with customers.

It was a mixed picture for the tool business: While sales of new tools were down 5 percent year-on-year, the replacement parts business grew by 10 percent. The customer service business also grew at the same rate thanks to additional machinery overhauls.

**OUTLOOK**

### Optimistic outlook

Feintool expects a generally positive business performance in the second half of the year as well. Based on current overall conditions, sales of around CHF 500 million and an EBIT margin of between six and seven percent seem realistic. For the medium term, we are reiterating our objective of sales of CHF 600 million and an operating margin of 8 percent.

**ALEXANDER VON WITZLEBEN**
Chairman of the Board of Directors

**HEINZ LOOSLI**
Chief Executive Officer

# Financial Review

## Report on Half-Year Figures

**as of 30 June 2015**

### BUSINESS PERFORMANCE

#### General

This half-year report includes Feintool International Holding AG and all its subsidiaries. It covers the period from 1 January to 30 June 2015, with the same period of the previous year serving as the comparative period.

On 30 March 2015, Feintool acquired Gabler Feinschneid-technik GmbH in Oelsnitz/Erzgebirge in the German state of Saxony. The acquiree was then renamed Feintool System Parts Oelsnitz GmbH. The company, which produces parts for the automotive industry using fineblanking technology, generated sales of EUR 4.8 million in 2014. It also holds substantial spare production and land resources, enabling capacity to be quickly expanded as required.

On 31 July 2014, the German-Chinese automotive group Preh GmbH, Bad Neustadt a.d. Saale, acquired IMA Automation Amberg GmbH, Amberg. All Automation segment activities are combined in a separate "discontinued operations" line item in the statement of comprehensive income. There were no transactions in connection with "discontinued operations" in the reporting period. The following comments refer to continuing operations.

#### Orders received and orders backlog, expected releases

Orders received in the Fineblanking Technology segment fell by 4.1 % to CHF 44.3 million in the reporting period (previous year: CHF 46.2 million). The sharp rise in the value of the Swiss franc against the euro and the Japanese yen had a negative impact on orders received due to currency translation. In addition, price adjustments that became unavoidable following the appreciation of the Swiss franc caused several projects to be delayed, which also reduced orders received. Intragroup orders received rose to CHF 8.2 million in the reporting period (previous year: CHF 5.3 million). Orders received from third parties therefore amounted to CHF 36.1 million (previous year: CHF 41.0 million).

As at 30 June 2015, the orders backlog in the Fineblanking Technology segment stood at CHF 41.9 million, an increase of 11.7 % compared with the previous year (CHF 37.5 million) and a minimal decrease of 0.7 % compared with 31 December 2014. This orders backlog equates to around six months work for the long-term press and tool business. The third-party orders backlog increased by 11.0 % to CHF 34.5 million. Compared with 31 December 2014, it was up by 4.9 %.

The parts business of the Systems Parts segment is more short-term. Customers can postpone or even cancel releases already entered in the order systems. As at 30 June 2015, Feintool customers were expecting releases of CHF 199.2 million over the next six months (previous year: CHF 199.8 million), a marginal decline of 0.3 % in the reporting currency. Exchange rate changes had an adverse impact on expected releases of CHF 12.3 million; on a currency-neutral basis, this equated to an increase of 5.9 %.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

#### Net sales

At CHF 243.7 million, consolidated sales remained almost unchanged year on year (previous year: CHF 244.9 million) despite sharp movements in exchange rates. Exchange rate changes due to the stronger Swiss franc pushed sales down by CHF 11.7 million. In local currencies, Feintool posted sales growth of 4.3 %. The System Parts segment generated 87.0 % of external sales (previous year: 83.8 %). Fineblanking Technology contributed 13.0 % (previous year: 16.2 %).

The System Parts segment grew by 3.2 % in the reporting period to CHF 211.9 million (previous year: CHF 205.3 million). Currency movements had a negative impact of CHF 11.6 million. In local currencies, growth reached 8.8 %. The fineblanking business in Europe generated sales of CHF 65.8 million. On a currency-neutral basis, this equates to an increase of 6.3 % (in the reporting currency: decline of 4.7 %). Forming Europe generated sales of CHF 41.3 million, a 5.7 % increase in local currency (in the reporting currency: decline of 9.2 %). Thanks to a still buoyant automotive sector and a number of new orders, business in the USA generated sales of CHF 83.5 million. In North America, unlike in Europe, exchange rate changes had a positive impact of CHF 4.6 million. Growth on a currency-neutral basis was therefore 14.6 % (in the reporting currency: +21.2 %). Sales in Asia, generated primarily by the sites in Japan, amounted to CHF 21.4 million, which in local currency equates to an increase of 4.6 % (in the reporting currency: decline of 3.3 %). The share of sales attributable to the European sites dropped to 50.5 % (previous year: 55.8 %). The share accounted for by the sites in the USA rose markedly to 39.4 % (previous year: 33.5 %), whereas Asia's share fell slightly to 10.1 % (previous year: 10.7 %). The percentage breakdown of sales by region is mainly impacted by exchange rate changes. The underlying business is performing well in all regions.

Sales in the Fineblanking Technology segment fell by 15.5 % to CHF 39.8 million (previous year: CHF 47.1 million). While tool sales, spare parts and service business were largely stable or increased marginally, press sales declined sharply. This performance was due to the focus of sales shifting towards Asia, where much more attractively priced standard machines are sold, and the effects of currency movements on the translation of machine sales in Europe. As intercompany sales rose by 6.5 % in the reporting period, external sales declined by 19.7 % to CHF 31.8 million (previous year: CHF 39.6 million).

In total, the Feintool Group generated CHF 126.8 million or 52.0 % of its external sales in Europe (previous year: CHF 135.3 million or 55.2 %). With sales of CHF 77.1 million and a share of 31.6 % (previous year: CHF 61.7 million and 25.2 %), business in North America grew at a clearly stronger rate than that of the Group as a whole. However, exchange rate movements amplified the percentage changes in the regional breakdown of sales significantly. Sales in Asia dropped markedly to CHF 39.8 million, while its percentage share decreased to 16.3 % (previous year: CHF 47.9 million or 19.6 %). In particular, press sales in Asia fell short of expectations in the first half of the year. The ongoing depreciation of the Japanese yen also had a significant impact here. The Swiss market is of almost no significance to Feintool, accounting for sales of CHF 3.3 million or 1.4 % (previous year: CHF 6.2 million or 2.5 %).

### Gross margin

The gross margin fell by 0.6 percentage points year on year to 38.7 % and amounted to CHF 94.2 million in the reporting period. Owing to volume-related factors, gross profit was down by CHF 0.5 million. Changes in the product mix and costs related to new start-ups had a negative impact of CHF 1.5 million.

In the Fineblanking Technology segment, the gross margin rose slightly to 41.9 % (previous year: 40.5 %). This rise was due to changes in the product mix, longer working hours in Switzerland and a noticeable increase in output by the Group's own facilities (in-sourcing), accompanied by a reduction in the use of materials, although the marked rise in the value of the Swiss franc weighed heavily on the margins on European sales.

The System Parts segment achieved a gross margin of 37.5 %, a slight decline on the prior-year figure (38.3 %). At the production plant in Switzerland, the gross margin was CHF 1.3 million lower year on year. This was due to a worse overall margin caused by the appreciation of the Swiss franc (total sales in euros) and higher quality costs resulting from the many new start-ups. Upfront costs for the relocation of certain products to the new Oelsnitz site also had a negative impact. On average, all other sites were able to lift the gross margin slightly.

### Significant expense items

Personnel expenses increased by CHF 2.5 million to CHF 74.2 million and now stand at 30.4 % of sales (previous year: 29.3 %). The increase is spread across both segments. While in Fineblanking Technology it was due primarily to a higher level of vertical integration, in System Parts the increase was attributable to both substantial pay rises in Germany and higher quality cost in line with increased customer requirements.

At CHF 30.1 million, net other operating expenses were minimally lower year on year; relative to sales, they remained unchanged (12.4 %).

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

Earnings before interest, taxes, depreciation and amortization (EBITDA) fell by CHF 2.3 million or 7.6 % in the reporting period to CHF 28.3 million. The EBITDA margin was 11.6 % (previous year: 12.5 %). While the capital-intensive parts business (System Parts) managed to maintain the EBITDA margin at 13.9 %, the margin in the capital goods business (Fineblanking Technology) declined to 5.8 % (previous year: 8.8 %). This reflects the high proportion of costs in Switzerland, which increased markedly due to the appreciation of the Swiss franc.

### Depreciation and impairment

Depreciation was up by CHF 0.4 million in the reporting period to CHF 13.7 million. It continued to increase due to the high level of investment in the System Parts segment. This trend will continue over the coming months, as investments once again exceeded depreciation, amounting to CHF 15.2 million.

### Operating profit (EBIT)

Operating profit declined by 15.7 % due to lower earnings in the capital goods business and a few increases in indirect costs. Feintool therefore generated an operating profit (EBIT) of CHF 14.6 million, producing an EBIT margin of 6.0 % (previous year: 7.1 %). Currency movements had a negative impact on EBIT of CHF 1.2 million. The decline on a currency-neutral basis was 9.0 %. All segments and regions turned an operating profit.

The Fineblanking Technology segment generated an operating profit of CHF 1.5 million (previous year: CHF 3.4 million). The decline was mainly due to the fall in sales and pressure on margins owing to the appreciation of the Swiss franc. Being an investment in the future, research and development expenditures were not reduced.

In line with sales, operating earnings in the System Parts segment increased by CHF 0.5 million to CHF 16.9 million (previous year: CHF 16.4 million). The effect of changes in exchange rates (CHF 1.2 million) was fully offset by the sale of new products that went into production or for which production was ramped up in the reporting period. The consistently buoyant automotive sector also helped. Overall, the EBIT margin remained unchanged at 8.0 %. With EBIT of CHF 7.4 million, the American sites made the largest contribution to earnings (+49.3 %). The appreciation of the US dollar had a positive impact of CHF 0.4 million here. The European fineblanking sites suffered a fall of CHF 1.5 million to CHF 5.7 million. The shift in the exchange rate between the Swiss franc and the euro reduced the German companies' operating profit by CHF 0.9 million expressed in the reporting currency. The German sites managed to largely offset this effect by boosting sales and efficiency. The Swiss manufacturing site sells 95 % of its products in the euro zone. On the other hand, around 50 % of costs are in Swiss francs, which inevitably erodes margins. In addition, problems due to the many simultaneous product launches and the preparations for the relocation of certain products to the new production site in Germany resulted in substantial additional costs. Overall, this site's operating profit declined by CHF 1.5 million. Forming Europe generated an operating profit of CHF 2.4 million (previous year: CHF 3.2 million). This decline was due to exchange rate shifts and higher maintenance costs (large planned machinery inspections). Asia generated EBIT of CHF 1.9 million (+17.1 %). This already includes costs of CHF 0.2 million for market development and the start-up of new products in China. Furthermore, the depreciation of the yen impacted the result in Asia by CHF 0.2 million.

Functions not directly engaged in operations generated costs of CHF 3.6 million. This was due to slightly higher personnel expenses and expenses related to the acquisition of Feintool System Parts Oelsnitz GmbH. In addition, the previous year had been impacted by one-time licence revenues (CHF 0.3 million).

### Net financial expenses

Net financial expenses rose slightly year on year to CHF -3.9 million (previous year: CHF -2.4 million). Due to lower debt and better terms, net interest expense (including financing costs) declined to CHF 1.5 million (previous year: CHF 2.2 million). On the other hand, Feintool incurred net foreign exchange losses of CHF 2.4 million in the reporting period (previous year: CHF 0.2 million).

### Taxes

The tax expense of the Feintool companies amounted to a total of CHF 3.3 million in the reporting period. This equates to a tax rate of around 30 %. Feintool mostly operates in countries with a relatively high tax burden. As the losses carried forward from the years of the crisis have largely been used up, the tax burden is likely to increase over the coming years.

### Net income from continuing operations

Net income from continuing operations amounts to CHF 7.4 million (previous year: CHF 12.0 million), which translates into a net return on sales of 3.0 %. The decrease year on year largely reflects the reduction in earnings in the capital goods business related to the appreciation of the Swiss franc.

### Discontinued operations

In contrast to the previous year, discontinued operations had no activities in the reporting period.

### Net income

Net income therefore amounts to CHF 7.4 million (previous year: CHF 13.6 million).

## CONSOLIDATED BALANCE SHEET

Individual balance sheet items were significantly impacted by the growth in the System Parts segment and what were in some cases sharp changes in exchange rates between the individual currencies. In addition, the initial consolidation of Feintool System Parts Oelsnitz GmbH resulted in an increase in property, plant and equipment. The balance sheet structures are still comparable with previous years, however. Total assets declined by 5.7 % overall to CHF 403.1 million (31 December 2014: CHF 427.4 million).

Current assets fell by CHF 17.3 million to CHF 176.0 million. Receivables increased by CHF 2.3 million to CHF 79.1 million. Receivables sold in the context of the Forming Europe factoring program, which is not required to be recognized in the balance sheet, rose to CHF 9.8 million (31 December 2014: CHF 7.3 million). Inventories and net assets of construction contracts held steady at CHF 70.3 million. Prepaid expenses and accrued income likewise remained unchanged at CHF 4.5 million. Thanks to good management of cash and loans, cash and cash equivalents were reduced by CHF 19.7 million to CHF 22.0 million.

The continuing operations' net operating working capital increased by CHF 5.3 million compared with 31 December 2014 to CHF 63.7 million, or 13.1 % of sales (previous year: 11.6 %). It was negatively impacted most of all by non-interest-bearing liabilities, which decreased by CHF 11.0 million. This decline was affected by large one-time payments related to investments. The slight increase in customer receivables also had a negative impact, while rising accrued expenses and deferred income (CHF 3.9 million) had a positive impact on net working capital. Year on year, net operating working capital increased by CHF 11.4 million.

Despite the acquisition of Feintool System Parts Oelsnitz GmbH, which contributed property, plant and equipment in the amount of CHF 7.4 million, non-current assets declined by CHF 7.0 million to CHF 227.1 million. The exchange rate changes that have already been mentioned several times had a positive impact of CHF 17.6 million here. Property, plant and equipment fell by CHF 7.7 million to CHF 187.3 million. At CHF 14.8 million, investments were down sharply on the prior-year amounts (CHF 22.4 million). Intangible assets rose by CHF 1.3 million to CHF 16.3 million. The largest individual item here was the goodwill for the acquisition of CHF 2.4 million.

The financial assets line item was CHF 1.4 million lower due to the amortization of tools manufactured under contracts with customers and exchange rate changes.

Deferred tax assets remained almost unchanged at CHF 19.2 million (previous year: CHF 18.4 million).

On the equity and liabilities side, liabilities fell slightly, by CHF 6.1 million to CHF 218.4 million. Trade and other liabilities declined by a marked CHF 12.7 million and now stand at CHF 55.3 million. Accrued expenses and deferred income, current and non-current provisions and deferred tax liabilities increased by CHF 3.1 million to CHF 49.8 million. Due to the ongoing fall in interest rates, employee benefit obligations (IAS 19) rose by CHF 5.2 million in the reporting period to CHF 61.7 million and now amount to 28.3 % of liabilities.

Despite the acquisition, which required funds totalling CHF 10.1 million, interest-bearing liabilities fell by CHF 3.4 million to CHF 47.6 million. CHF 19.4 million of the interest-bearing liabilities are current liabilities. All bank covenants were met as at the end of the reporting period.

Due to the acquisition and the increase in net working capital, net debt rose to CHF 25.6 million in the reporting period (31 December 2014: CHF 9.3 million). On the other hand, Feintool has CHF 105.7 million in available, unused credit facilities.

Equity stood at CHF 184.7 million as at 30 June 2015 (31 December 2014: CHF 202.9 million). The equity ratio fell from 47.5 % to 45.8 %. The statement of changes in equity shows that consolidated profit increased equity by CHF 7.4 million. The distributed dividend, on the other hand, reduced equity by CHF 6.7 million. Currency translation differences totalling CHF 15.0 million and actuarial losses on employee benefits (IAS 19) of CHF 4.4 million, both recognized in other comprehensive income, also had a negative impact. The other items had hardly any impact.

## CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities showed an inflow of CHF 19.2 million, albeit a smaller one than in the previous year (CHF 25.8 million). The CHF 9.8 million increase in net working capital (previous year: CHF 7.5 million) reduced the positive impact. Cash flows from investing activities showed another large outflow of CHF 19.8 million (previous year: CHF 24.2 million). This already includes CHF 6.3 million for the acquisition of Feintool System Parts Oelsnitz GmbH. Overall, this resulted in a free cash outflow of CHF 10.4 million (previous year: CHF 5.9 million). The cash outflow to pay the dividend was CHF 6.7 million. A reduction of CHF 3.4 million (interest-bearing) was achieved thanks to good cash management. The Group's holdings of cash and cash equivalents fell by CHF 19.7 million to CHF 22.0 million (31 December 2014: CHF 41.7 million).

## EMPLOYEES

The number of employees* (excluding apprentices) has increased by 95 since 31 December 2014 to 2,082. In addition, 66 (31 December 2014: 82) young persons are currently with our company as apprentices. The System Parts segment has created 100 new jobs since 31 December 2014 due to strong growth and now employs 1,804 staff. The number rose by 68 overall in Europe, while 40 new jobs were created in the USA. In Asia, headcount was down by a marginal 13 employees. The Fineblanking Technology segment employed 244 people (-7); 34 members of staff were employed in units not directly engaged in operations.

In total, Feintool employs 1,196 staff (plus 56 apprentices) in Europe, 361 (plus 29 apprentices) of them in Switzerland. There are 638 people (plus 10 apprentices) working in the USA and 248 employees in Asia.

* Calculated as full-time equivalents.

| Key figures for currency translation | Average rates 01.01.– 30.06.2015 CHF | Closing rate 30.06.2015 CHF | Average rates 01.01.– 30.06.2014 CHF | Closing rates 30.06.2014 CHF |
|---|---|---|---|---|
| 1 USD | 0.9416 | 0.9306 | 0.8895 | 0.8900 |
| 1 EUR | 1.0464 | 1.0413 | 1.2191 | 1.2156 |
| 100 JPY | 0.7824 | 0.7600 | 0.8706 | 0.8781 |
| 100 CNY | 15.0935 | 14.9795 | 14.3330 | 14.3255 |

# Consolidated Statement of Comprehensive Income

**for the first half of 2015 (1 January to 30 June 2015)**

| (unaudited) | 1st HY 2015 01.01.–30.06.2015 in CHF 1 000 | in % | 1st HY 2014 01.01.–30.06.2014 in CHF 1 000 | in % |
|---|---|---|---|---|
| Continuing operations | | | | |
| **Net sales** | **243 695** | **100.0** | **244 911** | **100.0** |
| | | | | |
| Change in finished and semi-finished goods and work in progress | 3 787 | | -2 865 | |
| Self-constructed assets | 998 | | 755 | |
| Material cost | -115 862 | | -110 255 | |
| Personnel expenses | -74 150 | | -71 641 | |
| Other operating expenses | -31 062 | | -30 913 | |
| Other operating income | 915 | | 650 | |
| **Earnings before interest, taxes, depreciation and amortization (EBITDA)** | **28 321** | **11.6** | **30 642** | **12.5** |
| | | | | |
| Depreciation and amortization | -13 673 | | -13 256 | |
| **Operating profit (EBIT)** | **14 648** | **6.0** | **17 386** | **7.1** |
| | | | | |
| Financial expenses | -13 606 | | -3 785 | |
| Financial income | 9 666 | | 1 426 | |
| **Earnings before taxes** | **10 708** | **4.4** | **15 027** | **6.1** |
| | | | | |
| Income taxes | -3 303 | | -3 071 | |
| **Net income from continuing operations** | **7 405** | **3.0** | **11 956** | **4.9** |
| Discontinued operations | | | | |
| Income from discontinued operations, net of income taxes | 0 | | 1 660 | |
| **Net income attributable to Feintool Holding shareholders** | **7 405** | **3.0** | **13 616** | **5.6** |

| (unaudited) | 1st HY 2015<br>01.01.–30.06.2015<br>in CHF 1 000 | in % | 1st HY 2014<br>01.01.–30.06.2014<br>in CHF 1 000 | in % |
|---|---|---|---|---|
| Other comprehensive income | | | | |
| **Items that may be reclassified to profit or loss** | | | | |
| Translation differences | -14 967 | | -183 | |
| | | | | |
| **Items that may not be reclassified to profit or loss** | | | | |
| Remeasurement of net defined benefit liability (asset) | -5 602 | | -5 711 | |
| Income taxes on other comprehensive income | 1 252 | | 1 276 | |
| **Total other comprehensive income** | **-19 317** | | **-4 618** | |
| | | | | |
| **Total comprehensive income attributable to Feintool Holding shareholders** | **-11 912** | **-3.0** | **8 998** | **3.7** |
| | | | | |
| Net income attributable to Feintool Holding shareholders | 7 405 | | 13 616 | |
| Total comprehensive income attributable to Feintool Holding shareholders | -11 912 | | 8 998 | |
| | | | | |
| Basic earnings per share (in CHF) | 1.66 | | 3.05 | |
| Diluted earnings per share (in CHF) | 1.66 | | 3.05 | |
| | | | | |
| Basic earnings per share from continuing operations (in CHF) | 1.66 | | 2.68 | |
| Diluted earnings per share from continuing operations (in CHF) | 1.66 | | 2.68 | |
| | | | | |
| EBIT | | | | |
| Continuing operations | 14 648 | | 17 386 | |
| Discontinued operations | 0 | | 2 026 | |
| **Total EBIT of the Feintool Group** | **14 648** | | **19 412** | |
| | | | | |
| Number of employees (continuing operations) | | | | |
| Number of employees excl. 66 (previous year: 74) apprentices | 2 082 | | 1 954 | |

# Consolidated Balance Sheet

as at 30 June 2015

| (unaudited) | 30.06.2015 in CHF 1 000 | in % | 31.12.2014 in CHF 1 000 | in % |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 22 013 | | 41 722 | |
| Trade and other receivables | 79 113 | | 76 847 | |
| Tax receivables | 9 | | 35 | |
| Inventories | 36 309 | | 38 833 | |
| Net assets of construction contracts/work in progress | 34 032 | | 31 418 | |
| Prepaid expenses and accrued income | 4 494 | | 4 425 | |
| **Total current assets** | **175 970** | **43.7** | **193 280** | **45.2** |
| | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 187 322 | | 195 036 | |
| Intangible assets | 16 310 | | 14 991 | |
| Financial assets | 4 345 | | 5 743 | |
| Deferred tax assets | 19 172 | | 18 395 | |
| **Total non-current assets** | **227 149** | **56.3** | **234 165** | **54.8** |
| TOTAL ASSETS | 403 119 | 100.0 | 427 445 | 100.0 |
| | | | | |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Financial liabilities | 19 395 | | 18 270 | |
| Trade and other payables | 55 272 | | 67 988 | |
| Tax liabilities | 4 022 | | 2 298 | |
| Accrued expenses and deferred income | 36 691 | | 32 825 | |
| Current provisions | 7 296 | | 6 470 | |
| **Total current liabilities** | **122 676** | **30.4** | **127 851** | **29.9** |
| | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | 28 226 | | 32 780 | |
| Non-current provisions | 1 445 | | 1 871 | |
| Deferred tax liabilities | 4 366 | | 5 540 | |
| Employee benefit plans | 61 726 | | 56 523 | |
| **Total non-current liabilities** | **95 763** | **23.8** | **96 714** | **22.6** |
| **Total liabilities** | **218 439** | **54.2** | **224 565** | **52.5** |
| | | | | |
| **EQUITY** | | | | |
| Share capital | 44 630 | | 44 630 | |
| Capital reserves | 112 849 | | 112 464 | |
| Retained earnings | 67 001 | | 70 619 | |
| Treasury shares | -1 225 | | -1 225 | |
| Translation differences | -38 575 | | -23 608 | |
| **Total equity** | **184 680** | **45.8** | **202 880** | **47.5** |
| TOTAL EQUITY AND LIABILITIES | 403 119 | 100.0 | 427 445 | 100.0 |

# Consolidated Statement of Changes in Equity

| (unaudited) in CHF 1 000 | Share capital | Treasury shares | Capital reserves | Retained earnings | Translation differences | Total equity |
|---|---|---|---|---|---|---|
| **As at 1 January 2014** | **44 630** | **-537** | **117 985** | **53 350** | **-31 623** | **183 805** |
| Translation differences | – | – | – | – | -183 | -183 |
| Remeasurement of net defined benefit liability (asset), net of tax | – | – | – | -4 435 | – | -4 435 |
| Total other comprehensive income | – | – | – | -4 435 | - 183 | -4 618 |
| Net income attributable to Feintool Holding shareholders | – | – | – | 13 616 | – | 13 616 |
| Total comprehensive income attributable to Feintool Holding shareholders | – | – | – | 9 181 | -183 | 8 998 |
| Dividend | – | – | -5 356 | – | – | -5 356 |
| Purchase/(sale) of treasury shares | – | 301 | -310 | – | – | -9 |
| Share-based management remuneration [1] | – | – | 134 | – | – | 134 |
| **30 June 2014** | **44 630** | **-236** | **112 453** | **62 531** | **-31 806** | **187 572** |
| | | | | | | |
| **As at 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 | – | – | – | -6 673 | – | -6 673 |
| Purchase/(sale) of treasury shares | – | – | – | – | – | – |
| Share-based management remuneration [1] | – | – | 385 | – | – | 385 |
| **30 June 2015** | **44 630** | **-1 225** | **112 849** | **67 001** | **-38 575** | **184 680** |

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

# Consolidated Statement of Cash Flows

for the first half of 2015 (1 January to 30 June 2015)

| (unaudited) | 1st HY 2015<br>01.01.–30.06.2015<br>in CHF 1 000 | 1st HY 2014<br>01.01.–30.06.2014<br>in CHF 1 000 |
|---|---|---|
| Net income of the Feintool Group | 7 405 | 13 616 |
| Depreciation and amortization | 13 673 | 13 571 |
| (Gain)/loss on disposal of property, plant and equipment | -172 | -62 |
| Increase/(decrease) in provisions and valuation allowances | 1 560 | -1 079 |
| (Increase)/decrease in deferred taxes | -2 583 | -1 423 |
| Other non-cash changes | -721 | 1 225 |
| **Cash flows from operating activities before change in net working capital (NWC)** | **19 162** | **25 848** |
| | | |
| (Increase)/decrease in net working capital (NWC) | -9 775 | -7 521 |
| **Cash flows from operating activities** | **9 387** | **18 327** |
| | | |
| Investments in property, plant and equipment | -14 760 | -22 368 |
| Disposals of property, plant and equipment | 442 | 352 |
| Investments in intangible assets | -419 | -536 |
| Disposals of intangible assets | 2 | 0 |
| Increase in financial assets | 0 | -1 851 |
| Decrease in financial assets | 1 223 | 163 |
| Acquisition of consolidated investments, net of cash acquired | -6 291 | 0 |
| **Cash flows from investing activities** | **-19 803** | **-24 240** |
| | | |
| **Free cash flow** | **-10 416** | **-5 913** |
| | | |
| Dividends paid | -6 673 | -5 356 |
| Purchase of treasury shares | 0 | -8 |
| Borrowing of interest-bearing liabilities | 14 135 | 21 709 |
| Repayment of interest-bearing liabilities | -17 564 | -15 818 |
| **Cash flows from financing activities** | **-10 102** | **527** |
| | | |
| Translation differences | 809 | -182 |
| **Increase/(decrease) in cash and cash equivalents** | **-19 709** | **-5 568** |
| | | |
| Cash and cash equivalents at the beginning of the period | 41 722 | 28 613 |
| Cash and cash equivalents at the end of the period | 22 013 | 23 045 |
| | | |
| Finance leases concluded | 0 | 1 337 |

# Notes to the Semiannual Report

as at 30 June 2015

## GENERAL

These unaudited consolidated half-year financial statements for the Feintool Group are based on the separate financial statements of the Group companies as at 30 June 2015, which were prepared in accordance with uniform accounting policies, and were authorized for issue by the Board of Directors on 26 August 2015.

The consolidated first-half statements are prepared in accordance with the same accounting policies as the annual financial statements as at 31 December 2014 and comply with International Financial Reporting Standards (IFRS) in accordance with IAS 34 Interim Financial Reporting as well as the requirements of SIX Swiss Exchange. This half-year report does not contain all information and disclosures disclosed in the Feintool Group's Annual Report for the year to 31 December 2014 and so should be read in conjunction with the latter.

The consolidated half-year financial statements were prepared in Swiss francs (CHF), with amounts rounded to the nearest thousand (CHF 1 000). They are available in German and English. The German version is authoritative.

## DISCONTINUED OPERATIONS

On 17 June 2014, the German-Chinese automotive group Preh GmbH, Bad Neustadt a.d. Saale, signed an agreement with Feintool International Holding AG, Lyss, for the acquisition of IMA Automation Amberg GmbH, Amberg. The acquisition was completed on 31 July 2014. All Automation segment activities and related operations that are being sold or discontinued in connection with the sale are presented in a separate "Discontinued operations" line item in the statement of comprehensive income. There were no transactions in connection with "Discontinued operations" in the reporting period.

## CHANGES IN ACCOUNTING POLICIES

With the exception of the new or revised Standards and Interpretations that became effective in the reporting period, the accounting policies are the same as those applied in the prior-year period.
On 1 January 2015, Feintool adopted the following new (amended) Standards and Interpretations:

- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions
- Annual Improvements IFRS – 2010 to 2012 Cycle
- Annual Improvements IFRS – 2011 to 2013 Cycle

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 IN ACCOUNTING POLICIES

Feintool analyses the effects of newly issued Standards on the Group's financial position, results of operations and cash flows on an ongoing basis. Feintool does not expect the application of the new and revised Standards and Interpretations that have been published and will apply to future consolidated financial statements to have a material effect on the Group's financial position, results of operations or cash flows, with the exception of IFRS 15 Revenue from Contracts with Customers, the new Standard issued in May 2014 and effective as of 1 January 2017, and IFRS 9 Financial Instruments, issued in July 2014 and effective as of 1 January 2018. In July 2015, the IASB decided to defer the effective date of IFRS 15 by one year to 1 January 2018. Feintool anticipates that these Standards will have an impact on the Group's financial position, results of operations and cash flows, although this cannot yet be estimated at the present time.

## ESTIMATES AND ASSUMPTIONS

In preparing the interim consolidated statements, management must arrive at estimates and assumptions that influence the valuation of assets and liabilities as well as the published figures for contingent claims and liabilities, income and expenses. Particular areas in which estimates substantially influence the carrying amount are the measuring of provisions, assumptions regarding value in use calculations for goodwill, projected future cash flows from capitalized development costs, valuation of long-term manufacturing orders, assessment of expected and deferred taxes, and actuarial assumptions used to calculate pension obligations. These estimates may differ from the actual results and therefore have a material impact on the Group's financial position, results of operations or cash flows.

Management and the Board of Directors believe the basis of planning and the assumptions to be realistic.

### CONTINGENT LIABILITIES/ PURCHASE COMMITMENTS

In some instances, Feintool has provided guarantees to financial institutions in relation to press sales; these amounted to CHF 0.1 million as at 30 June 2015 (previous year: CHF 1.8 million). In this case, the guaranteed amount represents the credit risk, with Feintool retaining the press sold at the time in the event of a warranty being taken up.

Contingent liabilities from funding that has been received and is subject to certain conditions amounted to CHF 2.2 million (previous year: CHF 2.1 million).

The Feintool Group entered into purchase commitments for the acquisition of fineblanking presses and other machinery in the amount of CHF 11.7 million (previous year: CHF 9.4 million).
Feintool has entered into standard guarantees in connection with company disposals. Management and the Board of Directors do not expect those guarantees to result in significant obligations on the part of Feintool.

### BASIS OF CONSOLIDATION

The consolidated first-half financial statements encompass the first-half financial statements of Feintool International Holding AG, Lyss (Switzerland) and the first-half 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 otherwise controls. A list of all subsidiaries as at 31 December 2014 can be found on page 77 of the Annual Report.

With effect from 30 March 2015, Feintool Holding GmbH, Amberg, Germany, acquired 100% of Gabler Feinschneidtechnik GmbH in Oelsnitz, Germany. For more information, see "Acquisition of investments".

With retroactive effect as of 1 January 2015, Feintool Teile and Komponenten AG Lyss was merged with Feintool System Parts AG. At the same time, Feintool Teile und Komponenten AG Lyss was renamed Feintool System Parts Lyss AG as part of the harmonization of the Feintool Group’s structure.

Feintool International Management AG, which was put into liquidation on 27 May 2014, was deleted from the commercial register on 3 June 2015.

### FINANCIAL COVENANTS

On 28 June 2012, Feintool signed a CHF 120 million syndicated loan agreement with eight commercial banks for a period of five years (up to 30 June 2017).
On 31 July 2014, Feintool voluntarily reduced the syndicated loan from CHF 120 million to CHF 90 million (CHF 80 million in cash loans and CHF 10 million for performance and advance payment guarantees).

Covenants were defined by the banks in connection with this agreement. The most important covenants to be observed in relation to this agreement are as follows:

- equity ratio > 30 %
- net senior debt/EBITDA < 3.0 x
- various standard negative/positive covenants

The individual tranches of the syndicated loan have a term of up to 12 months. Credit agreements concluded on a bilateral basis with various banks also contain standard covenants. Were the Group unable to meet these covenants, the banks would have the right to terminate the loans at short notice.

As at 30 June 2015, all covenants had been met.

### SEASONAL FACTORS

Feintool's business areas are not subject to any significant seasonal influences. The outcome of long-term construction contracts is allocated over the respective period using the POC (percentage of completion) method.

## SEGMENT INFORMATION

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

| Geographical areas (continuing operations) | Switzerland | Europe excl. Switzerland | Americas | Asia | Group |
|---|---|---|---|---|---|
| **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 footnotes are applicable to the 2015 and 2014 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.

## SEGMENT INFORMATION

| **1st HY 2014** (unaudited) **Products and services** in CHF 1 000 | Fineblanking Technology | System Parts | **Total segments** | Finance/Other | Eliminations | **Total continuing operations** | Discontinued operations | **Total incl. discontinued operations** |
|---|---|---|---|---|---|---|---|---|
| Net sales | 47 129 | 205 328 | **252 457** | – | -7 546 | **244 911** | 24 570 | **269 481** |
| - Intersegment income | -7 546 | – | **-7 546** | – | 7 546 | **–** | **–** | **–** |
| **Total net sales - Group** | **39 583** | **205 328** | **244 911** | **–** | **–** | **244 911** | **24 570** | **269 481** |
| | | | | | | | | |
| Gross margin 1) | 19 073 | 78 598 | **97 671** | -12 | -1 464 | **96 195** | 7 044 | **103 239** |
| | | | | | | | | |
| **EBITDA** | **4 145** | **28 502** | **32 647** | **-1 514** | **-491** | **30 642** | **2 341** | **32 983** |
| Depreciation and amortization | -759 | -12 074 | **-12 833** | -1 147 | 724 | **-13 256** | -315 | **-13 571** |
| **Operating profit (EBIT)** | **3 386** | **16 428** | **19 814** | **-2 661** | **233** | **17 386** | **2 026** | **19 412** |
| | | | | | | | | |
| Financial expenses | | | | | | **-3 785** | -108 | **-3 893** |
| Financial income | | | | | | **1 426** | 5 | **1 431** |
| Income taxes | | | | | | **-3 071** | -263 | **-3 334** |
| | | | | | | | | |
| **Net income attributable to Feintool Holding shareholders** | | | | | | **11 956** | **1 660** | **13 616** |
| | | | | | | | | |
| **Assets** | **73 986** | **297 377** | **371 363** | **128 606** | **-106 463** | **393 506** | **32 332** | **425 838** |
| **Net working capital 2)** | **10 823** | **42 517** | **53 340** | **-715** | **-325** | **52 300** | **1 513** | **53 813** |
| **Investments in property, plant and equipment/intangible assets (incl. leases)** | **163** | **24 203** | **24 366** | **430** | **-771** | **24 025** | **216** | **24 241** |
| **Number of employees** | **252** | **1 669** | **1 921** | **33** | **–** | **1 954** | **221** | **2 175** |

| **Geographical areas (continuing operations)** | Switzerland | Europe excl. Switzerland | Americas | Asia | **Group** |
|---|---|---|---|---|---|
| **Total net sales – Group 3)** | **6 173** | **129 156** | **61 701** | **47 881** | **244 911** |
| thereof Germany | | 91 850 | | | |
| thereof Japan | | | | 22 273 | |
| thereof China | | | | 18 484 | |
| **Fixed and intangible assets** | **32 038** | **71 144** | **67 724** | **27 741** | **198 647** |

The following notes are applicable to the 2015 and 2014 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 line item "Discontinued operations" contains IMA Automation Amberg GmbH, which has been sold, and its property no longer required for operations.

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.

## ACQUISITION OF INVESTMENTS

On 30 March 2015, Feintool Holding GmbH, Amberg, a wholly-owned subsidiary of Feintool International Holding AG, acquired 100% of Gabler Feinschneidtechnik GmbH, Oelsnitz. Shortly after the acquisition, on 15 April 2015, the acquiree was renamed Feintool System Parts Oelsnitz GmbH.

Based on projected contract releases, the current financial year will see Feintool's European fineblanking production facilities reach their capacity limits. To accommodate further growth and meet capacity requirements, an agreement was concluded on 27 February 2015 to acquire Gabler Feinschneidtechnik GmbH in Germany. Established in 2007 in Oelsnitz (Saxony), the ISO/TS 16949-certified fineblanking company employs 28 staff and is equipped with modern infrastructure which lends itself to rapid and substantial expansion.

In its first three months under the Feintool Group, Feintool System Parts Oelsnitz GmbH generated sales of CHF 1.2 million and an operating profit (EBIT) of CHF -0.1 million.

| **Consideration for the interests acquired** | in CHF 1 000 |
|---|---|
| Cash and cash equivalents | 6 751 |
| **Total consideration** | **6 751** |

| **Identifiable assets and liabilities** | in CHF 1 000 |
|---|---|
| Cash and cash equivalents | 460 |
| Trade and other receivables | 1 447 |
| Inventories | 155 |
| Work in progress | 205 |
| Property, plant and equipment | 6 329 |
| Intangible assets | 1 090 |
| Financial liabilities | -3 658 |
| Trade and other payables | -1 200 |
| Deferred tax liabilities | -435 |
| **Net identifiable assets** | **4 393** |

| **Goodwill** | in CHF 1 000 |
|---|---|
| Total consideration | 6 751 |
| Net identifiable assets | -4 393 |
| **Goodwill** | **2 358** |

## DISCONTINUED OPERATIONS

On 17 June 2014, the German-Chinese automotive group Preh GmbH, Bad Neustadt a.d. Saale, signed an agreement with Feintool International Holding AG, Lyss, for the acquisition of IMA Automation Amberg GmbH, Amberg. The acquisition was completed on 31 July 2014. All operations being sold or discontinued in connection with the sale are presented in a separate "Discontinued operations" line item in the statement of comprehensive income. This line item primarily contains IMA Automation GmbH, Amberg, and Columba GmbH, Amberg, which includes the operating property.

| Discontinued operations | 1st HY 2015<br>01.01.–30.06.2015<br>in CHF 1 000 | in % | 1st HY 2014<br>01.01.–30.06.2014<br>in CHF 1 000 | in % |
|---|---|---|---|---|
| Results of discontinued operations | | | | |
| **Net sales** | **0** | | **24 570** | **100.0** |
| | | | | |
| Total operating expenses | 0 | | -22 544 | |
| **Operating profit (EBIT)** | **0** | | **2 026** | **8.2** |
| | | | | |
| Net financial expenses | 0 | | -103 | |
| **Earnings before taxes** | **0** | | **1 923** | **7.8** |
| | | | | |
| Income taxes | 0 | | -263 | |
| **Income from discontinued operations, net of income taxes** | **0** | | **1 660** | **6.8** |
| | | | | |
| Cash flows | | | | |
| - from operating activities | 0 | | -2 614 | |
| - from investing activities | 0 | | -209 | |
| - from financing activities | 0 | | -1 012 | |
| Translation differences | 0 | | -47 | |
| Increase/(decrease) in cash and cash equivalents | 0 | | -3 882 | |
| | | | | |
| Earnings per share in CHF | | | | |
| - basic | 0 | | 0.37 | |
| - diluted | 0 | | 0.37 | |

## FINANCIAL INCOME/FINANCIAL EXPENSES

| Financial expenses | 1st HY 2015<br>01.01.–30.06.2015<br>in CHF 1 000 | 1st HY 2014<br>01.01.–30.06.2014<br>in CHF 1 000 |
|---|---|---|
| Interest expense | 1 307 | 1 618 |
| Other financial expenses[1)] | 628 | 679 |
| Foreign exchange losses | 11 671 | 1 488 |
| **Total financial expenses** | **13 606** | **3 785** |

1) Besides bank charges, other financial expenses include lead syndication commissions, market making costs and measurement expenses from swap transactions and interest expenses for provisions for employee benefit obligations.

| Financial income | 1st HY 2015<br>01.01.–30.06.2015<br>in CHF 1 000 | 1st HY 2014<br>01.01.–30.06.2014<br>in CHF 1 000 |
|---|---|---|
| Interest income | 92 | 115 |
| Other financial income[1)] | 266 | 5 |
| Foreign exchange gains | 9 308 | 1 306 |
| **Total financial income** | **9 666** | **1 426** |

1) Other financial income comprises income from the measurement of swap transactions.

## 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 amounting to kCHF 215 net (previous year: kCHF -81). These include currency forwards and interest rate swaps.

## FAIR VALUES

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

## EQUITY

| Authorized capital | 30.06.2015<br>01.01.–30.06.2015<br>in CHF 1 000 | 31.12.2014<br>01.01.–31.12.2014<br>in CHF 1 000 |
|---|---|---|
| **Start of period** | **0** | **12 661** |
| Recognized | 0 | 0 |
| Used | 0 | 0 |
| Expired | 0 | 12 661 |
| **End of period** | **0** | **0** |

The authorized capital expired in full on 24 January 2014.

| | | 30.06.2015 | | 31.12.2014 | |
|---|---|---|---|---|---|
| **Major shareholders** | Date of notification | Number of shares | Share of capital/ share of votes | Number of shares | Share of capital/ share of votes |
| Artemis Beteiligungen I AG and Michael Pieper | 30.09.2014 | 2 245 949 | 50.32 % | 2 245 949 | 50.32 % |
| Muhr und Bender KG and 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 by Dr. Thomas Muhr Beteiligungs AG.

## DIVIDENDS

At the General Meeting of Feintool International Holding AG held on 14 April 2015 for financial year 2014, the shareholders approved the distribution of a dividend of CHF 1.50 (previous year: CHF 1.20) per share. This led to a total dividend distribution of kCHF 6 673 (previous year: kCHF 5 356).

## EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the end of the reporting period.

# Addresses of our Operating Companies

As at 30 June 2015

| Company | Address | Tel./fax | Mail |
|---|---|---|---|
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| Feintool System Parts Lyss AG | Industriering 53<br>3250 Lyss<br>Switzerland | Tel. +41 32 387 51 11<br>Fax +41 32 387 57 79 | feintool-tkl@feintool.com |
| **Europe** | | | |
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| Feintool System Parts Ohrdruf GmbH | Ringstrasse 13<br>99885 Ohrdruf<br>Germany | Tel. +49 3624 335 0<br>Fax +49 3624 335 200 | info.ohrdruf@feintool.com |
| Feintool System Parts Oelsnitz GmbH | Hoffeldstrasse 2<br>09376 Oelsnitz<br>Germany | Tel. +49 3729 830 299 0<br>Fax +49 3729 830 299 111 | feintool-pbeo@feintool.com |

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|---|---|---|---|
| **Americas** | | | |
| Feintool Equipment Corp. | 6833 Creek Road<br>Cincinnati, OH 45242, USA | Tel. +1 513 791 00 66<br>Fax +1 513 791 15 89 | feintool.ftu@feintool.com |
| Feintool Cincinnati, Inc. | 11280 Cornell Park Drive<br>Cincinnati, OH 45242, USA | Tel. +1 513 247 01 10<br>Fax +1 513 247 00 60 | feintool.pfuc@feintool.com |
| Feintool Tennessee, Inc | 2930 Old Franklin Road<br>Antioch, TN 37013, USA | Tel. +1 615 641 77 70<br>Fax +1 615 641 79 95 | feintool.pfut@feintool.com |
| **Asia** | | | |
| Feintool Japan Co., Ltd.<br>(Equipment) | Atsugi Plant, 260-53,<br>Hase, Atsugi City<br>Kanagawa Prefecture,<br>243-0036 Japan | Tel. +81 46 247 74 51<br>Fax +81 46 247 20 08 | sales.jp@feintool.com |
| Feintool Japan Co., Ltd.<br>(System Parts) | Atsugi Plant, 260-53,<br>Hase, Atsugi City<br>Kanagawa Prefecture,<br>243-0036 Japan | Tel. +81 46 248 4441<br>Fax +81 46 247 2008 | sales.jp@feintool.com |
| Feintool Japan Co., Ltd.<br>(System Parts) | Tokoname Plant, 178 Ikeda, Aza<br>Kume, Tokoname City<br>Aichi Prefecture,<br>479-0002 Japan | Tel. +81 569 44 0400<br>Fax +81 569 44 0435 | sales.jp@feintool.com |
| Feintool Precision System Parts<br>(Taicang) Co., Ltd. | No 15 Qingdao East Road<br>Taicang 215400, Jiangsu<br>Province, P. R. China | Tel. +86 512 5351 5186<br>Fax +86 512 5351 5432 | sales-china@feintool.com |
| Feintool Fineblanking Technology (Shanghai) Co., Ltd. | Bld. No. 14, No. 14, 261 Sangbang Road,<br>Songjiang District<br>Shanghai, P.R. China | Tel. +86 21 6760 1518<br>Fax +86 21 5778 6656 | feintool-tca@feintool.com |
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