

Ad hoc announcement pursuant to Art. 53 LR

February 22, 2024 – 06.30 a.m.

Improved profitability, success in growth markets

Feintool has reinforced its global market position as a leading supplier of high-volume precision parts, reporting group-wide sales of CHF 847.7 million and an EBIT of CHF 29.9 million (margin 3.5 %) for 2023. Business remained robust in the USA and Asia. Feintool achieved success in the markets of hydrogen and battery-powered mobility. With the planned factory in India, the group is entering an important growth market. Martin Klöti will be proposed as a new member of the Board of Directors.

The financial landscape in 2023 presented diverse challenges for the Feintool Group, with varied outcomes across regions and applications. Despite the automotive sector, which represents approximately 80% of Feintool's sales, experiencing overall modest growth, notable achievements were recorded. Sales in Europe fell below expectations but significant orders were secured. In the USA, consistently positive business development contributed to a strong annual result. Initial challenges in Asia, stemming from an abrupt shift in COVID-19 policies in China, led to the temporary closure of automotive plants in the first quarter, which impacted sales. However, customer demand recovered throughout the year, contributing to a favourable result in Asia.

Following the sale of the capital goods business in June 2023, the Feintool Group positioned itself as a pure player for high volume parts production using the three processes of e-lamination stamping, fineblanking, and forming. The sale did not include tool design, engineering, and tool production, which serves as a key differentiator for Feintool in the market across all three core technologies.

Solid performance

Feintool achieved a solid performance in the 2023 fiscal year, with consolidated group sales reaching CHF 847.7 million, a slight increase from the previous year's CHF 833.8 million. The appreciation of the CHF against the EUR, USD, CNY and JPY cost Feintool CHF 39.4 million in sales in 2023.

Sales in the System Parts Europe segment rose by 4.5 % reaching CHF 581.5 million from the previous year's CHF 556.3. It is important to note that in the year-on-year comparison, the newly acquired "Kienle + Spiess" companies have only been consolidated since March 2022. In the System Parts USA segment, sales fell by 6.3 % to CHF 179.7 million from the previous year's CHF 191.7 million. The decline is attributed to lower steel prices and the appreciation of the Swiss Franc. However, the actual sales volume increased. The System Parts Asia segment also faced challenges due to the strong Swiss Franc, but still managed a 0.7 % increase in sales reaching CHF 89.9 million compared to the previous year's CHF 89.3 million.

Feintool achieved an EBIT of CHF 29.9 million for the 2023 financial year compared to CHF 27.3 million in the previous year, resulting in an increased EBIT margin of 3.5 % (previous year: 3.3 %). The consolidated profit from continuing operations totalled CHF 17.8 million (previous year: CHF 17.6 million). The distribution of a dividend of CHF 0.34 per share will be proposed at the Annual General Meeting.

With an equity ratio of 60.4 % and net debt-to-EBITDA currently at 0.3x, Feintool maintains a robust financial position. The group generated a significantly higher free cash flow of CHF 19.9 million, allowing it to finance investments from its operating cash flow. With a solid balance sheet and low debt levels, Feintool is well-positioned to cover the investment requirements necessary for its ongoing transformation process using its own financial resources.

European business below expectations, outlook positive

In Europe, the year under review posed challenges for Feintool - partly because the industrial business suffered sales losses due to economic fluctuations. However, the outlook remains optimistic.

The group secured a multi-year contract from a renowned American automobile manufacturer. The order encompasses the supply of rotors and stators for electric main drives, with a lifetime value in the three-digit million-euro range. Additionally, Feintool won a significant order from a wind turbine manufacturer. In 2023, Feintool strategically restructured its sales organization in the fineblanking/forming business unit in Europe.

USA and Asia with very good financial year, expansion into India

In North America, Feintool leveraged its strengths in the consolidating market, securing new orders in 2023 - even against competitors that had received prior orders. This success strengthened the market position and the company is currently expanding the site in Nashville to meet the increased demand.

Business development in Asia was significantly positive. The company's presence in Japan has opened up additional opportunities for other Feintool locations. For example, the establishment of "Feintool System Parts India Pvt Ltd" laid the foundation for the first Feintool facility in India. Production in the metropolitan region of Pune is expected to start in the summer of 2025. With the new site in India, Feintool is positioned to capitalize on an important market for future growth.

The rollout of e-lamination stamping technology was successfully continued in Taicang (China) in 2023. Feintool's glulock® bonding technology for e-motor rotors and stators meets substantial customer interest. Feintool also prevailed against strong competition and won a major order for bipolar plates from an established fuel cell manufacturer in China.

Sustainability: ESG rating and new employer branding

Feintool underwent an ESG (Environmental, Social, and Governance) rating conducted by Morningstar/Sustainalytics in 2023 and achieved "Low Risk" status with 17.7 points. This puts the company in the top 19 per cent of its peers.

Moreover, Feintool successfully launched its new employer brand "Details matter. You matter." Our employer branding initiative contributes to Feintool standing out as an attractive employer for sought-after specialists and talents. The campaign focuses on the commitment and expertise of the group's more than 3,300 employees.

Martin Klöti proposed as new member of the Board of Directors, new CFO Thomas Erne

At the upcoming Annual General Meeting on April 23, 2024, Martin Klöti will be proposed as a new member of the Board of Directors of Feintool International Holding AG. Since last November, he has served as CFO and a member of the Executive Committee of the Artemis Group, which holds a majority stake in Feintool. For 20 years, Martin Klöti worked for the Schweiter Technologies Group in various management positions, including as CFO from 2014.

As announced on December 15, 2023, the Board of Directors appointed Thomas Erne as the new Chief Financial Officer and member of the Executive Board starting April 1, 2024. A proven financial expert, Erne has many years of experience as a CFO in listed international companies. He succeeds Samuel Künzli, who will leave Feintool at the end of March 2024.

Growth and technology strategy

Leveraging e-lamination stamping, Feintool has been producing and marketing products, particularly e-motor cores for electromobility, contributing to the ongoing transformation in the automotive industry. This technology is also applied to components for wind turbines and industrial products. At the same time, the company continues to excel with its forming and fineblanking technologies, not only in the automotive sector but also in emerging areas such as hydrogen technology. Feintool is globally present, demonstrating not only its products and extensive expertise in its traditional businesses but also in developments for future markets.

Outlook and guidance

Despite the challenging market conditions, Feintool anticipates slight organic growth and a further improvement in profitability for the 2024 financial year: We expect to generate sales of around CHF 800 – 850 million with an EBIT margin of approximately 4%. We are confirming our medium-term targets (> CHF 1 billion in sales with an EBIT margin of 6 – 8% in 2026).

About Feintool

Feintool is an internationally active technology market leader in the field of fineblanking, formed steel components and stamped electro sheet metal products. Cost-effectiveness, superior quality, and high productivity distinguish these technologies.

As an innovation driver, Feintool continually pushes the boundaries of these technologies and develops intelligent solutions to meet its customers' requirements. Feintool offers innovative tools and state-of-the-art manufacturing processes for all aspects of high-volume sheet metal applications in the automotive industry and other demanding industrial sectors as well as renewable energies. These tools and processes support the megatrends of green energy generation, storage and application.

Founded in 1959 and headquartered in Switzerland, the company owns 17 production plants in Europe, the United States, China, and Japan, ensuring proximity to its customers. Around the globe, about 3,300 employees and over 100 apprentices are at work on new solutions to create key advantages for customers. Feintool, which is listed on the stock exchange, is majority-owned by the Artemis Group.

Overview of Key Financial Indicators (Continuing operations only)

	2023 in CHF Mio.	2022 in CHF Mio.	Change in %	Change in local currency in %
Net Revenue Feintool-Group	847.7	833.8	1.7	6.4
System Parts Europe	581.5	556.3	4.5	7.4
System Parts USA	179.7	191.7	-6.3	-0.2
System Parts Asia	89.9	89.3	0.7	13.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ¹	84.0	84.6	-0.7	6.0
Operating result (EBIT) ¹	29.9	27.3	9.4	20.6
System Parts Europe ²	20.1	29.4	-31.6	-29.0
System Parts USA	12.6	5.9	113.3	127.1
System Parts Asia	9.2	7.2	28.7	45.2
Consolidated net profit	17.8	17.6	1.1	4.2
Balance sheet total	807.8	915.0	-11.7	
Equity capital	488.2	540.5	-9.7	
Net debt	24.2	42.1	-42.5	
Employees	3 230	3 277	-1.4	
Trainees	105	94	11.7	

¹ Excluding negative one-off effects in the previous year totalling CHF 5.2 million.

² Excluding negative one-off effects in the previous year totalling CHF 4.2 million.

All information on Feintool's annual results for 2023 can be found in the 2023 Annual Report, which is available as a PDF at <https://www.feintool.com/financial-results/>.