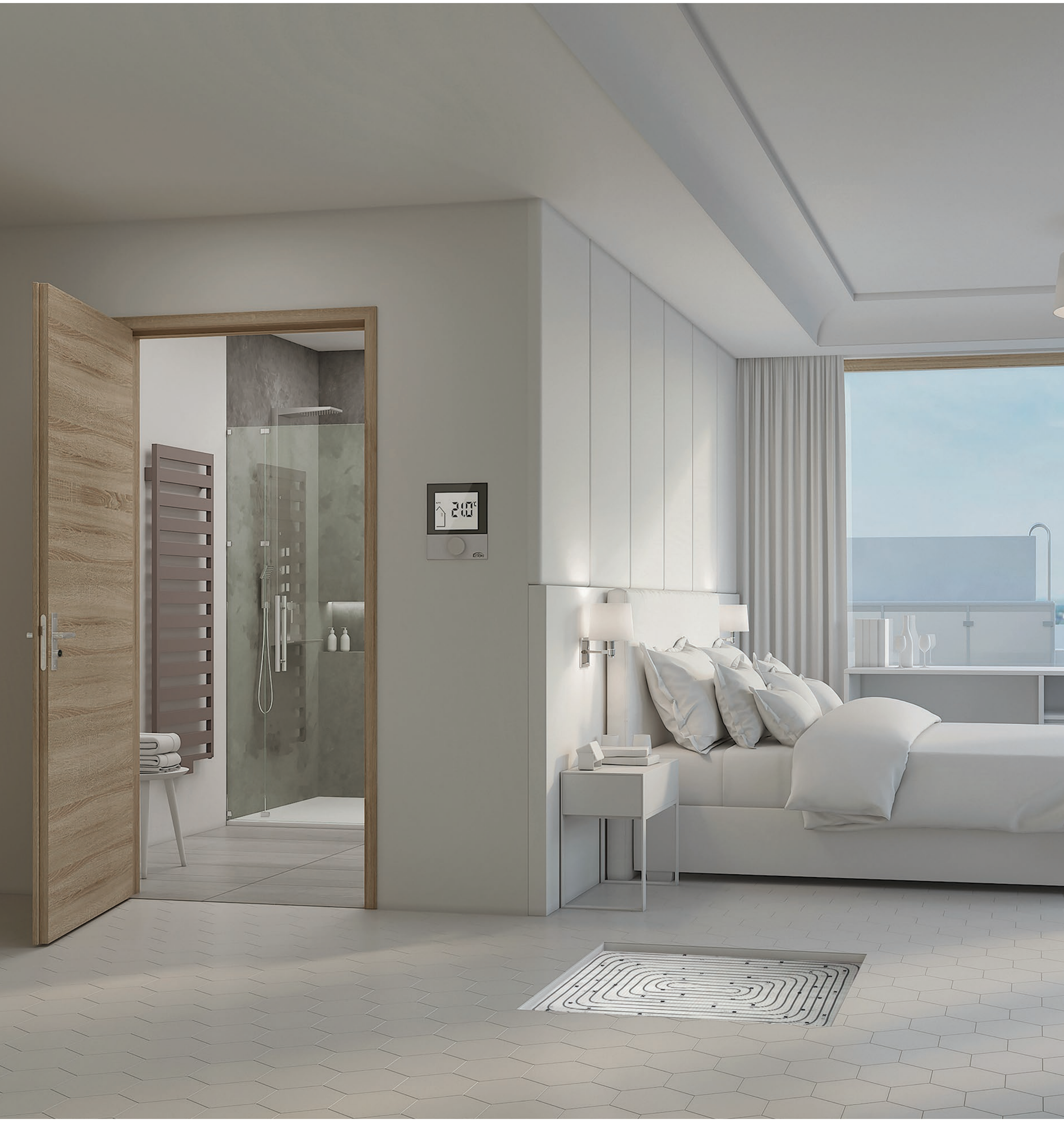
ARBONIA



First Semester Financial Report 2019

Following the repositioning and restructuring measures that Arbonia has successfully implemented in recent years, the company is on a solid industrial and financial basis. This supports the distribution of profits to shareholders, which was made in spring 2019 for the first time in five years. The objective now is to strengthen the leading market position as an emerging European building components supplier. In the first half-year of 2019, Arbonia worked in all divisions on further developing and optimising its business models.

Dear shareholders, dear ladies and gentlemen,

The Arbonia Group again achieved growth in revenue and profit during the first half-year of 2019. In the reporting period, all divisions developed successfully with positive momentum. With the variety of product groups that are in different life cycles and risk diversification in view of its strong presence in various markets, the company as a whole is now achieving the desired stability. With its locations in the traditional main markets as well as in the Eastern European growth markets, Arbonia is optimally positioned. The divisional strategies and the measures taken in the past years have proved to be the right ones.

The revenue of the Arbonia Group rose by 6.6% to CHF 688.4 million in the first half-year of 2019 (previous year: CHF 645.6 million). The business of the Belgian radiator manufacturer Vasco Group, which has been consolidated since 1 June 2018, contributed to the result for the first time in the entire reporting period. Revenue growth after adjustment for acquisition and currency effects was 1.4%. Without one-time effects, including the IFRS 16 effect, EBITDA grew to CHF 52.3 million from CHF 40.5 million compared to the same period in the previous year. EBITDA with one-time effects increased from CHF 44.2 million in the same period last year to CHF 48.3 million in the first half-year of 2019. EBIT without one-time effects rose from CHF 8.4 million to CHF 11.5 million. EBIT with one-time effects fell from CHF 12.1 million to CHF 7.5 million. The Group result after tax without one-time effects amounted to CHF 7.0 million compared to CHF 2.7 million in the same period last year.

Market environment

During the first half-year of 2019, Germany was once again Arbonia's largest sales market, followed by Switzerland, Poland, Italy and France. During the reporting period, the company generated around 80% of its revenues in these markets.

In the first half-year of 2019, the global economic climate was characterised by trade disputes between China and the United States with tightened sanctions, as well as growing protectionism and tensions in the Persian Gulf area. A weakening momentum in Europe and the continuing uncertainties about the Brexit increase the probability that the European Central Bank will loosen its monetary policy again. In this environment, it is to be assumed that the Swiss franc will remain strong against the euro. An ongoing industry-specific challenge is the shortage of skilled workers for industrial production, but especially of construction workers in European countries where Arbonia's important sales markets and production plants are located. The significant slowdown in the automotive industry is also having an indirect impact on Arbonia: The Group is already feeling the effects of the various plant closures in this sector partly in Eastern Europe. Due to the work uncertainty, planned construction projects are partly postponed and already started projects are temporarily stopped.

Population growth in Western and parts of Northern Europe is leading to increased demand for affordable housing in metropolitan areas, while population density is declining in rural areas. Added to this is the trend towards individualisation. More and more people live alone. In Berlin (D), for example, 80% of households consist of only one or two people. In view of the resulting increasing shortage of space in cities, urban development and housing must be rethought. Already today, the rising prices per square metre in urban metropolises are creating a trend away from spacious old buildings towards compact new buildings, the so-called “micro living”.

In **Germany**, rising prices and shortages of craftsmen and available building plots have been hampering the construction boom for some time now. Nevertheless, there is still a high demand for new housing. Residential construction developed strongly in the first half-year of 2019, despite a 2.8% decline in building permits in 2018. However, due to the high backlog in the refurbishment of old buildings while new construction activity remained unchanged, a slight shift from new construction to renovation business is foreseeable. As Arbonia's product portfolio offers comprehensive solutions for both areas, it also benefits from these freed-up capacities, which can increasingly be used again in the important renovation market.

In **Switzerland**, the domestic market, residential construction activity has been at a high level for years, but incoming orders and the number of building permits declined in the reporting period. The very low interest rates and the hunt for returns among professional investors still make real estate attractive compared to other asset classes, even though risks have increased and banks are applying stricter financing requirements. There has been a significant increase in vacancies of rental apartments outside urban centres. On the other hand, there is growth potential in the remaining building construction and in the large number of old buildings that have to be refurbished.

Poland remains one of the most dynamic economies in the European Union (EU). In the medium term, lower growth is expected here, due to demographic developments and the associated shortage of skilled workers, but also due to insufficient labour productivity. After a record year in 2018, Polish residential construction got off to a good start in 2019. **Slovakia** and the **Czech Republic** are also among the fastest growing countries in the EU, with similar challenges in terms of demographics, shortages of skilled workers and salary increases that productivity is not keeping pace with. In all three countries, the authorities are making efforts to facilitate the recruitment of employees from countries outside the EU. There continues to be strong demand for residential space in Eastern Europe. Arbonia is present here with state-of-the-art production facilities and sees these countries as important sales markets.

Economic development in **Italy** was again affected by political instability in the first half-year of 2019. The country achieved only minimal economic growth. The unstable environment also clouded the fundamentally positive dynamics of the residential construction market. In the medium term, however, continued slight growth in new residential construction is expected.

In **France**, consumption developed more strongly in the first months of 2019 than in the difficult political environment at the end of 2018. The protests of the "yellow vests" have generally weakened the economy. Building permits declined, which had an impact on construction activity in the first half-year of 2019. The renovation market is expected to continue to grow in the medium term.

General activities from Arbonia Group

At the General Meeting of Arbonia AG on 12 April 2019, the shareholders approved the payment of a withholding tax-free dividend in the amount of CHF 0.20 per share from capital reserves. The continued strengthening of the financial footing over recent years has paved the way for the distribution of profits – for the first time since financial year 2013. The company has thus achieved a key goal and positioned itself as a reliable player in the capital market.

At the General Meeting Dr. Carsten Voigtländer was newly elected to the Board of Directors as an additional member. The former CEO of the Vaillant Group, a group active in the field of heating, ventilation and air-conditioning technology, contributes international and broad industry-specific experience, a combination that is optimal for Arbonia. As already announced in December 2018, Daniel Wüest assumed responsibility for corporate finance as Chief Financial Officer (CFO) and member of the Group Management on the date of the General Meeting. With these two personnel decisions, the company ensures continuity at the top management level.

ARBONIA DIGITAL, the digital unit founded in Berlin (D) in 2018, became operational in the first half-year of 2019 and began realising its first digital projects for Arbonia's divisions. ARBONIA DIGITAL acts as a service provider that supports the four divisions and the Group in implementing their own digital strategy.

Strategies and developments by divisions

In the years 2015 to 2018, the Arbonia Group had implemented a programme of measures to create a solid financial and industrial base and to set the strategic course for sustainable profitable growth. This included extensive production relocations from Swiss locations to Eastern Europe and the orientation of the business towards focused division strategies. In order to strengthen its leading market position as an emerging European building components supplier, Arbonia has defined three strategic directions:

- **Increasing plant productivity:** To this end, Arbonia operates its manufacturing in low-cost countries, which are also important sales markets, and strives for further vertical integration and operational flexibility. Investments were made with the aim of establishing state-of-the-art facilities according to the criteria of "Industry 4.0".
- **Expanding market leadership:** Arbonia has already made great progress in recent years with regional expansion under its own steam and through acquisitions, expansion of its range of distribution channels, and efforts to position its brands. It will continue to work intensively on corresponding projects.
- **Increasing customer value:** Arbonia intends to offer its customers additional added value by digitising its products and sales processes, expanding its product range to include a full range, offering premium design and tailor-made solutions. The decisive factor for success is that the total costs remain attractive for the customer.

For the first half-year of 2019, the **HVAC Division** reports net revenue of CHF 274.6 million (including Vasco and Tecna), which corresponds to an increase of 22.3% compared to the same reporting period of the previous year (CHF 224.5 million). Growth after adjustment for acquisition and currency effects was 2.6%. EBITDA without one-time effects rose from CHF 21.8 million in the previous year to CHF 24.6 million. EBIT without one-time effects developed from CHF 12.2 million in the previous year to CHF 11.0 million.

Growth in Western Europe, but increasingly also in Eastern Europe, continues to be hampered by the continuing shortage of skilled workers and political and economic turbulence in Southern Europe and the Middle East is dampening local willingness to invest. However, based on successfully launched innovations, accompanied by ongoing programmes to reduce costs and increase productivity and the consistent implementation of its sales and expansion strategy, the HVAC Division is well prepared for a successful second half-year of 2019.

In recent years, the HVAC Division has fundamentally changed both its product portfolio and its market presence. In the past, radiators (mainly steel panel radiators) accounted for around 90% of the division's total revenue. However, in both 2018 and in the first half-year of 2019 the most significant proportion of revenue growth was in the innovative product segments heat pumps, floor heating, convectors, ventilation, and air-conditioning technology. In addition, the electric heat exchanger product segment is making an increasingly significant contribution to the division's growth.

The strategic projects (including the closure of the Vasco production plant in Zedelgem (BE), the restructuring of the Vasco production plant in Dilsen (BE) and the new steel panel radiator manufacturing in Stupino, Russia) are progressing as expected and will be finalised or started as planned in the second half of the year. At this year's spring trade fairs for HVAC, Climatizacion (ES), Batibouw (BE) and ISH (D), the Kermi and Vasco product portfolios, which were expanded to include the respective cross-selling products, were presented for the first time as an essential part of the integration projects. The successful product launch of Kermi's and Vasco's central residential ventilation units, which will contribute to further growth in the ventilation area, is particularly noteworthy. As part of the ongoing digitalisation process, Kermi has joined the wiButler alliance and, in cooperation with other well-known manufacturers, will offer in the future also integrated smart home solutions through this platform.

In the first half-year of 2019, the **Sanitary Equipment Division** generated revenue of CHF 71.7 million (-3.3% compared to the previous year: CHF 74.2 million). Growth after adjustment for currency effects declined slightly by 0.6%. However, at CHF 6.5 million, EBITDA without one-time effects is up by 11% on the previous year (CHF 5.8 million.). EBIT without one-time effects grew slightly from CHF 3.7 million in the previous year to CHF 3.8 million.

The division's markets gave little impetus in the reporting period. The general conditions here are not as positive as the strong construction industry suggests. In particular, the continuing insufficient capacities of skilled installers in Germany had a dampening effect on revenue. However, business in Switzerland remained stable. Important reasons for the division's revenue development were the continued downtrading in the Western European markets and a high price pressure due to the buyer power of wholesalers. Fortunately, the situation in France could be improved by new product placements and additive marketing initiatives. At the most important international trade fair for the industry, the ISH in Frankfurt (D), the division once again was able to very successfully present its service spectrum as well as its interesting product range additions to the customers. The new series meet consumer needs and have been well received by the market.

The positive profit development was primarily due to improved production efficiency and, last but not least, the successful implementation of a comprehensive action plan. High cost discipline also contributed to this result.

During the first half-year of 2019, revenue in the **Windows Division** was 3.9% lower compared to the same period in the previous year, at CHF 159.3 million (previous year: CHF 165.7 million). Revenue growth after adjustment for currency effects was negative at -2.1%. EBITDA without one-time effects, however, grew to CHF 4.3 million (previous year: CHF -2.5 million) and EBIT without one-time effects rose to CHF -7.5 million (previous year: CHF -11.5 million).

Following the completion of the relocations, the division focused on optimising production and increasing profitability. In an effort to achieve profitable growth, EgoKiefer not only succeeded in increasing the volume of incoming orders in the first half of the year, but also in significantly improving the price and margin quality at the same time.

Wertbau, as a wood competence centre in Eastern Germany, shows a significantly improved volume output (an increase of 50% compared with the second half-year of 2018), while at the same time continuously increasing productivity. This development is pleasing, as the relocation and delayed ramp-up of the production plant have been particularly intensive for the workforce and management in recent years and the demand for wood and wood/aluminium windows remains high.

The Slovakian company Slovaktual recorded a slight decline in revenue in the first half-year of 2019. On the other hand, it achieved an increase in productivity also thanks to an increased real net output ratio with investments made, including in state-of-the-art facilities. The insulating glass production plant runs under full load and produces with the expected cost advantage. This manufacturing is to be expanded next year to include a furnace for single pane safety glass.

Due to the shortage of skilled workers in Poland and the high temperatures in June, the investment cycle in construction is being postponed until late summer. Nevertheless, the Polish company Dobroplast achieved higher figures than in the previous year. Another highlight of the past half-year was the go-live of the online configurator, which enables the end customer to configure windows himself and thus sets new standards in terms of customer friendliness.

However, the shortage of skilled workers still poses a challenge at all locations.

In the first half-year of 2019, the **Doors Division**, in turn, recorded a pleasing business trend with an increase in profitability. Revenue also developed positively. It rose by 0.9% from CHF 181.1 million in the previous year to CHF 182.8 million. Adjusted for currency effects, revenue grew by 4.1%. EBITDA without one-time effects rose from CHF 20.6 million to CHF 22.4 million, while EBIT without one-time effects rose from CHF 10.1 million to CHF 10.4 million.

The good development of profitability is due, among other things, to an advantageous product mix. The order volumes at mid-year suggest that the good course of business will continue in the second half of the year, despite negative currency translation differences and the production plants still working at their capacity limits.

Customers showed great interest in a newly introduced technology for high-quality door edges in the German specialist trade, but also in the innovative SmartDOOR, which was presented at the leading trade fair BAU 2019 in Munich (D). This product combines a door from Arbonia with digital access technology from the Berlin (D) company KIWI, in which Arbonia holds a minority stake. Housing providers can use the digital access system to digitise their key management and at the same time provide their tenants with increased comfort. In the future, a significant share of the product portfolio of the PRÜM, GARANT and RWD Schlatter brands will be available as SmartDOOR versions with different versions for renovation and retrofitting, as well as for new constructions.

RWD Schlatter's functional doors also enjoyed good demand in Switzerland. Offering expertise in planning, development, production and assembly of functional doors, RWD Schlatter has the ability to win over customers working on complex construction projects such as refurbishments of large hospitals or even full building projects. One highlight was the contract worth around CHF 8 million won in spring 2019 for the new office and hotel complex with congress centre "The Circle" at Zurich Airport (CH). By the end of 2020, RWD Schlatter will have supplied more than 3200 doors and Prolux Solutions around 140 radiators and convectors.

The strong demand means that the division is operating at the limits of its capacity. Work on expanding production plant facilities is progressing well. In the Prüm and Garant production plants in Germany, new machines are ramping up for the manufacturing of the premium edge, the expansion of the logistics infrastructure in the Prüm plant is on schedule, the new production lines for door leaves and timber frames at Invado in Poland will start contributing to capacity in the second half-year of 2019 and the new paint shop at RWD Schlatter's production plant will go into production at the end of the first half-year of 2020.

Outlook

For the Arbonia Group, we expect the revenue and profit development of the first half-year of 2019 to continue in the second half of the year. This is despite the aforementioned political and economic uncertainties, which among other things could lead to a further strengthening of the Swiss franc, as well as the problems in the Eastern European markets regarding the shortage of skilled workers.

We continue to expect organic growth of 3% for the full year 2019. We continue to see EBITDA within the range of CHF 128 million to CHF 136 million, thus confirming the guidance published in March 2019.

In order to further increase our profitability and also to continuously adapt our business models to the environment, we are planning a replacement investment ratio at Group level of around 4% of revenue for the coming years. In addition, we are focussing on a positive operational free cash flow, before considering M&A transactions and profitability enhancing expansion investments, and will take free cash flow as the basis for a continuous dividend distribution depending on the underlying profitability.

In the second half-year of 2019, we will follow the strategic directions we have taken and work on increasing the productivity of our production plants, expanding our market leadership and increasing customer benefits with new products and services.

Arbon, August 2019

Alexander von Witzleben
Chairman of the Board of Directors and CEO

Daniel Wüest
CFO

Consolidated Income Statement (condensed)

	For the six months ended 30/06			
	2019		2018 restated[1]	
	in TCHF	in %	in TCHF	in %
Continuing operations				
Net revenues	**688 357**	**100.0**	**645 555**	**100.0**
Other operating income and capitalised own services	11 244	1.6	17 130	2.7
Changes in inventories of semi-finished and finished goods	14 242	2.1	13 113	2.0
Cost of material and goods	−322 923	−46.9	−312 729	−48.4
Personnel expenses	−243 276	−35.3	−223 198	−34.6
Other operating expenses	−99 322	−14.4	−95 648	−14.8
EBITDA	**48 322**	**7.0**	**44 223**	**6.9**
Depreciation, amortisation and impairments	−31 361	−4.6	−22 856	−3.5
Amortisation of intangible assets from acquisitions	−9 450	−1.4	−9 254	−1.4
EBIT	**7 511**	**1.1**	**12 113**	**1.9**
Net financial result	−610	−0.1	−3 256	−0.5
Group result before income tax	**6 901**	**1.0**	**8 857**	**1.4**
Income tax expense	−3 451	−0.5	−2 421	−0.4
Group result from continuing operations	**3 450**	**0.5**	**6 436**	**1.0**
Group result from discontinued operations after taxes			**8 340**	**1.3**
Group result	**3 450**	**0.5**	**14 776**	**2.3**
Attributable to:				
Shareholders of Arbonia AG	3 450		14 776	
Earnings per share from continuing operations in CHF	0.05		0.09	
Earnings per share from discontinued operations in CHF			0.12	
Earnings per share in CHF	0.05		0.21	
Basic and diluted earnings are identical				

[1] see note 6.

EBITDA = Earnings before financial results, tax, depreciation and amortisation
EBIT = Earnings before financial results and tax

The notes on pages 13 to 19 form an integral part of these condensed interim consolidated financial statements.

Consolidated Statement of Comprehensive Income (condensed)

	For the six months ended 30/06	
	2019	2018 restated[1]
	in TCHF	in TCHF
Group result	**3 450**	**14 776**
Other comprehensive income		
Items that will not be reclassified to income statement		
Remeasurements of employee benefit obligations	–1 249	1 329
Total items that will not be reclassified to income statement	**–1 249**	**1 329**
Items that may be reclassified subsequently to income statement		
Currency translation differences	–8 837	–14 630
Total items that may be reclassified subsequently to income statement	**–8 837**	**–14 630**
Other comprehensive income after taxes	**–10 086**	**–13 301**
Total comprehensive income	**–6 636**	**1 475**
Attributable to:		
Shareholders of Arbonia AG	–6 636	1 475
Total comprehensive income from continuing operations	–6 636	–4 103
Total comprehensive income from discontinued operations		5 578

[1] see note 6.

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Consolidated Balance Sheet (condensed)

	30/06/2019		31/12/2018[2]		30/06/2018 restated[1]	
	in TCHF	in %	in TCHF	in %	in TCHF	in %
Assets						
Cash and cash equivalents	39 759		70 877		72 078	
Receivables and other assets	202 460		172 402		203 090	
Inventories and contract assets	233 204		196 392		218 357	
Deferred expenses	7 213		6 679		7 093	
Financial assets	47		10 047			
Assets held for sale	197		237		391	
Current assets	**482 880**	**30.3**	**456 634**	**30.2**	**501 009**	**32.7**
Property, plant, equipment and investment property	656 109		584 805		558 315	
Intangible assets and goodwill	399 624		413 627		423 323	
Deferred income tax assets	5 301		5 664		4 894	
Capitalised pension surplus	43 144		44 631		38 170	
Financial assets	6 541		6 487		7 385	
Non-current assets	**1 110 719**	**69.7**	**1 055 214**	**69.8**	**1 032 087**	**67.3**
Total assets	**1 593 599**	**100.0**	**1 511 848**	**100.0**	**1 533 096**	**100.0**
Liabilities and shareholders' equity						
Liabilities	196 785		181 702		184 581	
Financial debt	64 373		25 683		37 625	
Accruals and deferred income	91 847		80 747		93 419	
Provisions	26 892		24 864		20 534	
Liabilities associated with assets held for sale	320		371		1 269	
Current liabilities	**380 217**	**23.9**	**313 367**	**20.7**	**337 428**	**22.0**
Financial debt	200 456		162 265		172 041	
Other liabilities	15 231		15 245		13 881	
Provisions	12 536		12 543		13 414	
Deferred income tax liabilities	66 285		70 957		71 536	
Employee benefit obligations	49 736		49 744		56 816	
Non-current liabilities	**344 244**	**21.6**	**310 754**	**20.6**	**327 688**	**21.4**
Total liabilities	**724 461**	**45.5**	**624 121**	**41.3**	**665 116**	**43.4**
Total shareholders' equity	**869 138**	**54.5**	**887 727**	**58.7**	**867 980**	**56.6**
Total liabilities and shareholders' equity	**1 593 599**	**100.0**	**1 511 848**	**100.0**	**1 533 096**	**100.0**

[1] see note 6.
[2] see note 2.

The notes on pages 13 to 19 form an integral part of these condensed interim consolidated financial statements.

Consolidated Cash Flow Statement (condensed)

	For the six months ended 30/06	
	2019	2018 restated[1]
	in TCHF	in TCHF
Group result	**3 450**	**14 776**
Depreciation, amortisation and impairments	40 811	32 111
Profit/loss on disposal of non-current assets and subsidiaries	–914	–14 515
Changes in non-cash transactions	6 491	8 457
Changes in net working capital (excluding cash and cash equivalents)	–48 241	–57 344
Cash flows from operating activities - net	**1 597**	**–16 515**
To investment activities		
Purchases of property, plant and equipment and investment property	–50 372	–49 208
Purchases of intangible assets	–709	–863
Acquisition of subsidiaries (net of cash acquired)		–58 993
Issuance of financial assets	–108	–226
From divestment activities		
Proceeds from sale of property, plant and equipment and investment property	1 041	8 192
Proceeds from sale of intangible assets	1	8
Proceeds from sale of subsidiaries/businesses (net of cash disposed)		38 985
Repayment of financial assets	10 028	3 859
Cash flows from investing activities - net	**–40 119**	**–58 246**
From financing activities		
Proceeds from financial debts	55 011	200 835
Sale of treasury shares		1 287
To financing activities		
Repayment of financial debts and lease liabilities	–33 994	–143 243
Distribution from capital contribution reserves	–13 736	
Cash flows from financing activities - net	**7 281**	**58 879**
Effects of translation differences on cash and cash equivalents	83	–877
Change in cash and cash equivalents	**–31 158**	**–16 759**
Reconciliation of change in cash and cash equivalents		
Cash and cash equivalents as of 01/01 continuing operations	70 877	82 703
Cash and cash equivalents as of 01/01 discontinued operations	237	6 460
Cash and cash equivalents as of 30/06 continuing operations	39 759	72 078
Cash and cash equivalents as of 30/06 discontinued operations	197	326
Change in cash and cash equivalents	**–31 158**	**–16 759**
Supplementary information for operating activities:		
Interest paid	3 722	1 390
Interest received	22	22
Income tax paid	4 882	11 348

[1] see note 6.

The notes on pages 13 to 19 form an integral part of these condensed interim consolidated financial statements.

Consolidated Statement of Changes in Equity (condensed)

	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total shareholders' equity
	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF
Balance at 31/12/2017	**291 787**	**526 319**	**–8 265**	**–29 759**	**83 037**	**863 119**
Restatement IFRS 15[1]					1 233	1 233
Balance at 01/01/2018	**291 787**	**526 319**	**–8 265**	**–29 759**	**84 270**	**864 352**
Group result[2]					14 776	14 776
Other comprehensive income after taxes[2]				–14 630	1 329	–13 301
Total comprehensive income[2]				**–14 630**	**16 105**	**1 475**
Changes in treasury shares					1 287	1 287
Share based payments			1 097		–231	866
Total transactions with owners			**1 097**		**1 056**	**2 153**
Balance at 30/06/2018 restated[2]	**291 787**	**526 319**	**–7 168**	**–44 389**	**101 431**	**867 980**
Balance at 31/12/2018	**291 787**	**526 319**	**–7 101**	**–58 332**	**135 054**	**887 727**
Group result					3 450	3 450
Other comprehensive income after taxes				–8 837	–1 249	–10 086
Total comprehensive income				**–8 837**	**2 201**	**–6 636**
Distribution from capital contribution reserves		–13 736				–13 736
Share based payments			1 736		47	1 783
Total transactions with owners		**–13 736**	**1 736**		**47**	**–11 953**
Balance at 30/06/2019	**291 787**	**512 583**	**–5 365**	**–67 169**	**137 302**	**869 138**

[1] see note 2 "First time adoption of IFRS 15" in the consolidated financial statements 2018.
[2] see note 6.

The notes on pages 13 to 19 form an integral part of these condensed interim consolidated financial statements.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

1 General information

Arbonia Group (Arbonia) is a focused building supplier, whose innovative solutions and services provide for the efficient use of energy as well as for safety, security and well-being. Arbonia is divided into four main divisions, namely HVAC (Heating, Ventilation and Air Conditioning), Sanitary Equipment, Windows and Doors. Manufacturing plants are located in Switzerland, Germany, Italy, the Czech Republic, Poland, Slovakia, Belgium and the Netherlands. Arbonia owns major brands such as Kermi, Arbonia, Prolux, Koralle, Sabiana, Vasco, Brugman, Superia, EgoKiefer, Slovaktual, Dobroplast, Wertbau, RWD Schlatter, Prüm, Garant and Invado and possesses a strong position in its home markets in Switzerland and Germany. The Group focuses on the development of existing markets in Central and Eastern Europe. Arbonia is represented in over 70 countries worldwide.

The ultimate parent company, Arbonia AG is a corporation organised under Swiss law incorporated and domiciled at Amriswilerstrasse 50, CH-9320 Arbon (canton Thurgau). Arbonia AG is listed on the SIX Swiss Exchange in Zurich under the valor number 11024060 / ISIN CH0110240600 and ticker symbol ARBN.

These unaudited interim consolidated financial statements have been approved for issue by the Board of Directors of Arbonia AG on 12 August 2019.

2 General principles and basis of preparation

The unaudited interim consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting". The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the consolidated financial statements 2018.

The preparation of interim financial statements requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Consequently actual results might deviate from such estimates.

Amendments to significant published standards effective in 2019
The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the following new standard, which Arbonia has implemented in 2019:
– IFRS 16 "Leases"

First time adoption of IFRS 16
Arbonia has initially adopted IFRS 16 "Leases" for the 2019 financial year. IFRS 16 replaces IAS 17 and sets out the principles governing the recognition, measurement and disclosure of leases. The modified retrospective method was applied for the transition, with the previous year's figures not being restated.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). Payments under operating leases were recognised in the income statement as rental expenses on a straight-line basis over the lease term.

IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for mainly all lease contracts in the balance sheet. Under IFRS 16, a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Arbonia uses the optional exemption not to recognise short-term and low-value leases in the balance sheet, but to recognise the corresponding lease payments as an expense on a straight-line basis over the lease term.

Arbonia recognises a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured at the present value of future lease payments during the non-cancellable period of the lease. Arbonia uses incremental borrowing rates as discount rates. On initial measurement, the right-of-use asset corresponds to the lease liability plus any dismantling costs, initial direct costs and advance payments. The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life and the lease term. If it is intended to exercise a purchase option at the end of the contract period, the asset is depreciated over its useful life. The right-of-use asset is subject to an impairment test if there are indications of impairment.

Arbonia leases various assets, including buildings, machinery, vehicles, tools and IT equipment. The lease conditions are negotiated individually and contain a variety of different conditions. Some of Arbonia's rental leases include renewal options. The determination of the lease term of these leases requires judgement. The assessment of whether it is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. In its assessment, Arbonia considers the facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs.

If the expected lease payments change, e.g. in the case of payments based on an index or due to new estimates regarding contractual options, the lease liability is remeasured. The remeasurement to the lease liability is generally recognised as an adjustment to the related right-of-use asset without affecting the income statement.

At transition to IFRS 16, the carrying amount of the right-of-use asset and the lease liability as of 1 January 2019 for leases classified as finance leases in accordance with IAS 17 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

On adoption of IFRS 16, Arbonia recognises leases in the balance sheet which had previously been classified as operating leases under the principles of IAS 17. The new leases recognised as of 1 January 2019 amounted to CHF 55.0 million. The weighted average incremental borrowing rate applied to the lease liabilities initially recognised on 1 January 2019 was 2.0%. The operating lease commitments disclosed as of 31 December 2018, discounted at the incremental borrowing rates, are reconciled as follows to the lease liabilities initially recognised in the balance sheet as of 1 January 2019:

	in TCHF
Operating leases at 31/12/2018	58 986
Operating leases at 31/12/2018, discounted	54 875
– Short-term leases	–2 641
– Low-value leases	–377
– Different lease term (incl. renewal options)	11 263
– Different lease rate (incl. service rates)	–8 001
– Others	–139
Additional lease liabilities due to first-time adoption of IFRS 16 at 01/01/2019	**54 980**
Finance leases at 31/12/2018	13 157
Total lease liabilities at 01/01/2019	**68 137**

The lease liabilities are included in the balance sheet item "Financial debt" and amount to CHF 64.4 million as of 30 June 2019. The right-of-use assets were recognised at the amount of the lease liability, which is why the transition to IFRS 16 had no effect on equity. The right-of-use assets are included in the balance sheet items "Property, plant, equipment and investment property" and "Intangible assets and goodwill" and are as follows:

	Right-of-use buildings	Right-of-use plant and machinery	Right-of-use other equipment	Total	Right-of-use intangible assets	Total
	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF
Net book value at 01/01/2019	68 950	6 810	10 993	**86 753**		
Net book value at 30/06/2019	65 236	6 303	11 542	**83 081**	70	**70**

As a result of the transition to IFRS 16, the lease payments of previous operating leases are no longer charged to the income statement via rental expenses, but via depreciation and via interest expenses. In the reporting period, Arbonia recognised depreciation of CHF 5.6 million and interest expenses of CHF 0.5 million from these newly recognised leases.

3 Changes in the scope of consolidation

There were no changes in the scope of consolidation in the 2019 reporting period.

4 Foreign currency rates

The following foreign currency rates have been applied:

		2019		2018	
Currency	Unit	Closing rate 30.06.	Half-year average rate	Closing rate 30.06.	Half-year average rate
EUR	1	1.1115	1.1293	1.1568	1.1695
GBP	1	1.2422	1.2937	1.3083	1.3298
USD	1	0.9763	0.9996	0.9936	0.9664
CZK	100	4.3682	4.3981	4.4458	4.5879
PLN	100	26.1406	26.3195	26.5224	27.7216
CNY	100	14.2190	14.7399	15.1186	15.1817
RUB	100	1.5477	1.5333	1.5848	1.6255

5 Segment information

Arbonia is organised into the divisions or segments HVAC (Heating, Ventilation and Air Conditioning), Sanitary Equipment, Windows and Doors. Corporate Services consist of service, finance, real estate and investment companies and provide their services almost entirely to Group companies. They have not been allocated to an operating segment and are therefore shown separately.

For the monitoring and assessment of the financial performance, EBITDA, EBITA and EBIT are pivotal key measures. However Group Management and the Board of Directors also are provided with financial data down to the line item "result after income tax" by operating segment. The segments apply the same accounting policies as the Group. Purchases, sales and services between segments are entered into under normal commercial terms and conditions that would also be available to unrelated third parties. Income and expenses between segments are eliminated on consolidation and disclosed in "Eliminations".

Segment assets and liabilities include all assets, liabilities and intercompany transactions. Goodwill has been allocated to the respective segments.

								Six months ended 30/06/2019
	HVAC	Sanitary Equipment	Windows	Doors	Total reportable segments	Corporate Services	Elimina-tions	Total Group
	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF
Sales with third parties at point in time	274 630	71 703	105 671	152 473	604 477			604 477
Sales with third parties over time			53 545	30 335	83 880			83 880
Sales with other segments			50		50		–50	
Net revenues	**274 630**	**71 703**	**159 266**	**182 808**	**688 407**		**–50**	**688 357**
Segment results I (EBITDA)	**20 188**	**6 472**	**3 724**	**22 376**	**52 760**	**–4 443**	**5**	**48 322**
in % of net revenues	*7.4*	*9.0*	*2.3*	*12.2*	*7.7*			*7.0*
Depreciation and amortisation	–11 600	–1 766	–10 256	–6 973	–30 595	–803		–31 398
Reversal of impairment on property, plant and equipment			37		37			37
Segment results II (EBITA)	**8 588**	**4 706**	**–6 495**	**15 403**	**22 202**	**–5 246**	**5**	**16 961**
in % of net revenues	*3.1*	*6.6*	*–4.1*	*8.4*	*3.2*			*2.5*
Amortisation of intangible assets from acquisitions	–1 926	–899	–1 599	–5 025	–9 450			–9 450
Segment results III (EBIT)	**6 662**	**3 807**	**–8 094**	**10 378**	**12 752**	**–5 246**	**5**	**7 511**
in % of net revenues	*2.4*	*5.3*	*–5.1*	*5.7*	*1.9*			*1.1*
Interest income	54	15	121	14	204	4 117	–4 120	201
Interest expenses	–1 824	–315	–1 353	–1 132	–4 624	–2 090	4 093	–2 621
Minority share from associated companies			52		52			52
Other financial result	–1 280	–442	–860	–775	–3 357	9 419	–4 305	1 758
Result before income tax	**3 612**	**3 065**	**–10 135**	**8 485**	**5 027**	**6 200**	**–4 326**	**6 901**
Income tax expense	–2 849	–724	2 242	–2 888	–4 219	768		–3 451
Result after income tax	**763**	**2 341**	**–7 893**	**5 597**	**808**	**6 968**	**–4 326**	**3 450**
Average number of employees	**2 950**	**813**	**2 798**	**1 927**	**8 488**	**63**		**8 551**
Total assets as of 30/06/2019	**593 848**	**117 905**	**304 478**	**535 225**	**1 551 456**	**1 115 101**	**–1 073 155**	**1 593 402**
Total liabilities as of 30/06/2019	**352 944**	**65 554**	**213 468**	**248 143**	**880 109**	**268 520**	**–424 487**	**724 142**

Six months ended 30/06/2018 restated

	HVAC	Sanitary Equipment	Windows	Doors	Total reportable segments	Corporate Services	Elimina-tions	Total Group
	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF	in TCHF
Sales with third parties at point in time	224 520	74 177	106 297	147 896	552 890	1		552 891
Sales with third parties over time			59 442	33 222	92 664			92 664
Sales with other segments	2				2		–2	
Net revenues	**224 522**	**74 177**	**165 739**	**181 118**	**645 556**	**1**	**–2**	**645 555**
Segment results I (EBITDA)	**21 842**	**5 833**	**1 645**	**20 129**	**49 449**	**–5 248**	**22**	**44 223**
in % of net revenues	*9.7*	*7.9*	*1.0*	*11.1*	*7.7*			*6.9*
Depreciation and amortisation	–8 375	–1 244	–6 958	–5 260	–21 837	–907		–22 744
Reversal of impairment on property, plant and equipment			15		15			15
Impairment property, plant and equipment			–127		–127			–127
Segment results II (EBITA)	**13 467**	**4 589**	**–5 425**	**14 869**	**27 500**	**–6 155**	**22**	**21 367**
in % of net revenues	*6.0*	*6.2*	*–3.3*	*8.2*	*4.3*			*3.3*
Amortisation of intangible assets from acquisitions	–1 238	–899	–1 898	–5 219	–9 254			–9 254
Segment results III (EBIT)	**12 229**	**3 690**	**–7 323**	**9 650**	**18 246**	**–6 155**	**22**	**12 113**
in % of net revenues	*5.4*	*5.0*	*–4.4*	*5.3*	*2.8*			*1.9*
Interest income	56	14	99	53	222	4 581	–4 575	228
Interest expenses	–1 235	–228	–2 095	–1 401	–4 959	–1 743	4 098	–2 604
Minority share from associated companies			–622		–622			–622
Other financial result	–1 268	–564	–535	–589	–2 956	14 985	–12 287	–258
Result before income tax	**9 782**	**2 912**	**–10 475**	**7 713**	**9 932**	**11 657**	**–12 731**	**8 857**
Income tax expense	–2 917	–567	2 744	–1 188	–1 928	–494		–2 421
Result after income tax	**6 865**	**2 345**	**–7 731**	**6 525**	**8 004**	**11 163**	**–12 730**	**6 436**
Average number of employees	**2 324**	**785**	**2 859**	**1 861**	**7 827**	**66**		**7 893**

6 Acquisitions

In the interim consolidated financial statements 2018, the reported fair values from the acquisition of Vasco Group were determined on a provisional basis and were finalised by 31 December 2018. Since final values compared to the provisional values have changed, the figures for the first semester 2018 had to be restated in accordance with IFRS 3 with a material impact on individual balance sheet items, but immaterial impact on the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity. The most significant adjustments in the balance sheet were made in the positions inventories and contract assets (CHF -0.6 million), property, plant, equipment and investment property (CHF 0.7 million), intangible assets and goodwill (CHF 8.3 million), liabilities (CHF 2.3 million), provisions (CHF 2.0 million) and deferred income tax liabilities (CHF 4.4 million).

7 Seasonality of operations

Due to the seasonal nature of certain divisions of the Group, higher net revenues and operating results are usually expected in the second half of the year rather than in the first semester.

8 Transfer of financial assets

Since February 2010 Arbonia sells receivables under a factoring agreement. Because Arbonia neither transfers nor retains substantially all the risks and rewards of ownership but still retains control, the receivables have to be recorded in the balance sheet to the extent of the so-called continuing involvement. In particular the late payment risk is completely retained by Arbonia up until a certain point in time. As of 30 June 2019, the book value of the transferred receivables amounts to CHF 56.3 million. Thereof Arbonia already received from the factor CHF 28.6 million of cash and the remaining CHF 27.7 million are disclosed as receivables against the factor. In addition a receivable and a liability of CHF 0.3 million are recorded for the consideration of the continuing involvement.

9 Property, plant, equipment and investment property

In the reporting period, Arbonia was reimbursed for the overpaid property gains tax resulting from the sale of an investment property in Switzerland in 2018. This net proceed of CHF 0.9 million is reported under other operating income and capitalised own services and is included in the cash flow statement under divestments of property, plant and equipment and investment property.

10 Financial assets

In the reporting period, the interest-bearing loan granted by Arbonia AG to Arbonia Vorsorge in July 2018 was repaid in full. In the cash flow statement the cash inflow is included under divestments of financial assets.

11 Financial debts

During the reporting period, net CHF 30 million of the syndicated loan were drawn. As of 30 June 2019, CHF 50 million of the syndicated loan has been utilised.

12 Provisions

In March 2019, the HVAC Division announced that it was reorganising certain areas of a Belgian production site and reducing existing overcapacities. The restructuring provision recognised in the income statement in the reporting period amounts to CHF 4.4 million.

13 Financial instruments

The following information is to be read in conjunction with note 43 "Additional disclosures on financial instruments" of the consolidated financial statements 2018. Financial instruments measured at fair value are allocated to the respective hierarchy levels as follows:

in TCHF	Level 2	Level 3	Fair value at 30/06/2019
Assets Financial assets at fair value through profit or loss (FA FVTPL)			
– Investments < 20%		3 773	3 773
Total assets		**3 773**	**3 773**
Liabilities Financial liabilities at fair value through profit or loss (FL FVTPL)			
– Interest rate swaps/ forward foreign exchange contracts without hedges	2 705		2 705
Total liabilities	**2 705**		**2 705**

In the reporting period, no gains/losses resulted from level 3 financial instruments. There were also no reclassifications between levels 1 and 2.

14 Distribution from capital contribution reserves

On 12 April 2019, the Annual General Meeting approved a withholding tax-free distribution of CHF 0.20 per registered share. The payment occurred on 18 April 2019.

15 Treasury shares

Compared to 31 December 2018, the balance of treasury shares has decreased by 208’675 to 645’379 shares. In the reporting period, these 208’675 shares were used for the share-based payment plans.

16 Capital commitments

As of 30 June 2019, capital commitments for the purchase of property, plant and equipment amount to CHF 43.0 million and for intangible assets to CHF 0.2 million.

17 Contingencies

No significant changes have occurred from those disclosed in the consolidated financial statements 2018.

18 Swiss Tax Reform

The Swiss public voted on 19 May 2019 to adopt the Federal Act on Tax Reform. The Federal Act will enter into force on 1 January 2020. The cantons implement the reform autonomously according to their needs. In the canton of St. Gallen, the cantonal tax submission has already been passed and will enter into force on 1 January 2020. The tax submission includes, among other things, a reduction in income tax rate from 17.4% to 14.5%. This reduction was already taken into account in the reporting period for the Arbonia companies domiciled in the canton of St. Gallen, but the effects were insignificant. In the canton of Thurgau, the final decision is still pending, which is why the planned reduction in the income tax rate has not yet been taken into account for the Arbonia companies domiciled in the canton of Thurgau.

19 Events after the balance sheet date

No events occurred between the balance sheet date and the date of this report which could have a significant influence on the 2019 interim consolidated financial statements.

Alternative Performance Measures

Arbonia uses alternative performance measures (APM) as guidance measures for both internal reporting to management and external reporting to stakeholders. The APM used by Arbonia have not been prepared in accordance with IFRS accounting policies and are discussed in detail below. The APM serve as supplementary information components and should therefore always be read and interpreted in conjunction with the consolidated financial statements prepared in accordance with IFRS. The APM used by Arbonia do not necessarily agree with the same or similar titled measures of other or comparable companies.

EBITDA without one-time effects/adjusted
The elimination of one-time effects provides an adjusted and thus better comparable presentation of the operating result over time. Discontinued operations as defined by IFRS 5 are not included. The following one-time effects are eliminated by Arbonia:

- Costs resulting from creation of provisions or income resulting from reversal of provisions for restructurings and reorganisation
- Ramp-up costs for new production sites
- Consultancy and integration costs from acquisitions
- Consultancy costs from disposals of subsidiaries
- Gains and losses from sale of properties and associated companies
- Real estate development costs
- Costs in connection with personnel changes / leave of absence in Group and Division management

EBITA without one-time effects/adjusted
- Impairments
- Reversal of impairments

EBIT without one-time effects/adjusted
- Impairments on intangible assets from acquisitions

Group result before income tax without one-time effects/adjusted
- Costs for debt refinancing
- Impairments and reversal of impairments on loans granted

Group result after taxes without one-time effects/adjusted
- Tax effect on one-time effects
- Tax consequences from disposals of subsidiaries

Reconciliation Group and Divisions from IFRS-result to result without one-time effects / Adjusted

		IFRS	%	Gain on sale of properties
HVAC	EBITDA	20 188	7.4	
	EBITA	8 588	3.1	
	EBIT	6 662	2.4	
Sanitary Equipment	EBITDA	6 472	9.0	
	EBITA	4 706	6.6	
	EBIT	3 807	5.3	
Windows	EBITDA	3 724	2.3	
	EBITA	−6 495	−4.1	
	EBIT	−8 094	−5.1	
Doors	EBITDA	22 376	12.2	
	EBITA	15 403	8.4	
	EBIT	10 378	5.7	
Corporate Services	EBITDA	−4 443		−920
	EBITA	−5 245		
	EBIT	−5 245		
Group	**Net revenues**	**688 357**	**100.0**	
	Other operating income and capitalised own services	11 244	1.6	−920
	Changes in inventories of semi-finished and finished goods	14 242	2.1	
	Cost of material and goods	−322 923	−46.9	
	Personnel expenses	−243 276	−35.3	
	Other operating expenses	−99 322	−14.4	
	EBITDA	**48 322**	**7.0**	
	Depreciation, amortisation and impairments	−31 361	−4.6	
	EBITA	**16 961**	**2.5**	
	Amortisation of intangible assets from acquisitions	−9 450	−1.4	
	EBIT	**7 511**	**1.1**	
	Net financial result	−610	−0.1	
	Group result before income tax	**6 901**	**1.0**	
	Income tax expense	−3 451	−0.5	
	Group result after income taxes from continuing operations	**3 450**	**0.5**	

Presentation of the respective one-time effects on the immediate result line without disclosure of the impact on the subsequent line items.

Six months ended 30/06/2019

in TCHF

Costs for restructurings and reorganisation	Ramp-up costs for new production sites	Tax effects on one-time effects	**without one-time effects/adjusted**	%
3 825	551		**24 564**	**8.9**
			12 964	**4.7**
			11 038	**4.0**
			6 472	**9.0**
			4 706	**6.6**
			3 807	**5.3**
552			**4 276**	**2.7**
			−5 943	**−3.7**
			−7 542	**−4.7**
			22 376	**12.2**
			15 403	**8.4**
			10 378	**5.7**
			−5 363	
			−6 165	
			−6 165	
			688 357	**100.0**
	−302		10 022	1.5
			14 242	2.1
	7		−322 916	−46.9
4 122	610		−238 544	−34.7
255	236		−98 831	−14.4
			52 330	**7.6**
			−31 361	−4.6
			20 969	**3.0**
			−9 450	−1.4
			11 519	**1.7**
			−610	−0.1
			10 909	**1.6**
		−489	−3 940	−0.6
			6 969	**1.0**

Reconciliation Group and Divisions from IFRS-result to result without one-time effects / Adjusted

		IFRS	%	Gain on sale of properties	Consultancy and integration costs from acquisitions
HVAC	EBITDA	21 842	9.7		
	EBITA	13 467	6.0		
	EBIT	12 229	5.4		
Sanitary Equipment	EBITDA	5 833	7.9		
	EBITA	4 589	6.2		
	EBIT	3 690	5.0		
Windows	EBITDA	1 645	1.0	–4 284	125
	EBITA	–5 425	–3.3		
	EBIT	–7 323	–4.4		
Doors	EBITDA	20 129	11.1		448
	EBITA	14 869	8.2		
	EBIT	9 650	5.3		
Corporate Services	EBITDA	–5 210			
	EBITA	–6 117			
	EBIT	–6 117			
Group	**Net revenues**	**645 555**	**100.0**		
	Other operating income and capitalised own services	17 130	2.7	–4 284	
	Changes in inventories of semi-finished and finished goods	13 113	2.0		
	Cost of material and goods	–312 729	–48.4		
	Personnel expenses	–223 198	–34.6		
	Other operating expenses	–95 648	–14.8		573
	EBITDA	**44 223**	**6.9**		
	Depreciation, amortisation and impairments	–22 856	–3.5		
	EBITA	**21 367**	**3.3**		
	Amortisation of intangible assets from acquisitions	–9 254	–1.4		
	EBIT	**12 113**	**1.9**		
	Net financial result	–3 256	–0.5		
	Group result before income tax	**8 857**	**1.4**		
	Income tax expense	–2 421	–0.4		
	Group result after income taxes from continuing operations	**6 436**	**1.0**		

Presentation of the respective one-time effects on the immediate result line without disclosure of the impact on the subsequent line items.

				Six months ended 30/06/2018 restated	
					in TCHF
Reversal of impairment on loan granted	Costs for debt refinancing	Various	Tax effects on one-time effects	without one-time effects/ adjusted	%
				21 842	9.7
				13 467	6.0
				12 229	5.4
				5 833	7.9
				4 589	6.2
				3 690	5.0
				–2 514	–1.5
				–9 584	–5.8
				–11 482	–6.9
				20 577	11.4
				15 317	8.5
				10 098	5.6
		–10		–5 220	
				–6 127	
				–6 127	
				645 555	100.0
				12 846	2.0
				13 113	2.0
				–312 729	–48.4
				–223 198	–34.6
		–10		–95 085	–14.7
				40 502	6.3
				–22 856	–3.5
				17 646	2.7
				-9 254	–1.4
				8 392	1.3
–1 579	519			–4 316	–0.7
				4 076	0.6
			1 047	–1 374	–0.2
				2 702	0.4

Acquisition and currency adjusted growth
Acquisition and currency adjusted growth excludes effects from acquisitions and disposals of companies and currency effects.

In the acquisition adjusted growth, revenues of the acquired companies are eliminated in the year of acquisition. For companies acquired in the previous year, revenues of the current year are included for the same period as in the previous year. Discontinued operations within the meaning of IFRS 5 are eliminated.

In the currency adjusted growth, revenues of the current year in the functional currency of the respective company are translated at the average exchange rates of the same previous year period.

Net debt
Current and non-current financial debts plus current and non-current lease liabilities (including IFRS 16 "Leases") minus cash and cash equivalents

Adjusted net debt
Current and non-current financial debts plus current and non-current lease liabilities (excluding IFRS 16 "Leases" but including existing finance lease contracts under IAS 17 "Leases") minus cash and cash equivalents

Leverage ratio
Net debt divided by EBITDA

Adjusted leverage ratio
Adjusted net debt divided by EBITDA (excluding EBITDA-impact of IFRS 16 "Leases" but including EBITDA-impact of existing finance lease contracts under IAS 17 "Leases")

Free cash flow
Cash flow from operating and investing activities

Operational free cash flow
Cash flow from operating and investing activities without expansion investments

Capital expenditures / investments
Maintenance and expansion investments

Supplementary Information for Investors

	30/06/2019	30/06/2018	30/06/2017	30/06/2016	30/06/2015
Number of shares					
Registered par value CHF 4.20	69 473 243	69 473 243	69 473 243	45 471 794	18 225 603
Stock market prices in CHF					
Highest price during reporting period	13.3	18.3	19.1	15.7	18.6
Lowest price during reporting period	10.0	15.2	16.3	8.8	11.5
Share price at 30/06	12.9	16.3	17.6	13.9	13.1
Market capitalisation in CHF million	**898**	**1 132**	**1 219**	**632**	**323**

Dates

21 January 2020
Publication of revenue for 2019 financial year

25 February 2020
Publication of the annual results 2019
Financial media information and analysts’ conference on the 2019 financial year

24 April 2020
33 Annual General Meeting 2020

18 August 2020
Publication of First Semester Financial Report 2020

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