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Ad hoc disclosure: Half-Year Report 2020

Increased profits and margins for Interroll

Sant'Antonino, Switzerland, August 3, 2020. In the first half of 2020, leading global provider of material handling solutions Interroll recorded a decline in sales of -10.6% (-4.8% in local currencies) and a disproportionately strong increase in operating result (EBIT) of 3.5% and result (3.1%).

- Order intake was CHF 263.4 million (-11.9%).
- Sales fell to CHF 233.2 million (-10.6%), driven by EMEA and the Americas.
- Earnings before interest and taxes (EBIT) reached CHF 32.3 million (+3.5%).
- Result rose by 3.1% to CHF 23.8 million (prior-year period: CHF 23.1 million). The result margin reached 10.2% (previous year: 8.8%).

Alongside the impact of the COVID-19-pandemic, the rise in the Swiss franc had a clearly noticeable effect on sales, which reached CHF 233.2 million (-10.6% compared to the same period last year: CHF 260.8 million), but the decline in sales in local currency was only -4.8%.

The order intake showed a decline of -11.9% to CHF 263.4 million (previous year: CHF 299.0 million). In local currency, the decline was moderate at -6.1%.

Interroll managed to once again disproportionately increase the EBIT, even against declining sales and order intake by 3.5% to CHF 32.3 million (previous period: CHF 31.2 million).

"In the first half of 2020, Interroll was able to further grow EBIT and result despite a decrease in sales " states Paul Zumbühl, CEO Interroll Worldwide Group. "Our high discipline regarding costs and investment also contributed to this positive result and additionally, Interroll was able to gain market share."

Strong project business, product business with potential

Consolidated sales in the "**Rollers**" product group amounted to CHF 52.5 million, down -10.6% on the prior-year period of CHF 58.7 million. The Americas region recorded a 3.1% increase in orders for the Rollers product group. In the EMEA (-6.6%) and Asia-Pacific (-19.3%) regions, the lockdown was clearly felt in the first quarter. Despite the COVID-19 pandemic, the "Rollers" product group recorded only a moderate decline of -5.9% in incoming orders, which amounted to CHF 53.5 million (same period a year ago: CHF 56.9 million).

The **Drives product group**'s sales in the first half of 2020 amounted to CHF 79.1 million, down -12.3% on the same period of the previous year (CHF 90.1 million). Thanks to innovative products such as the EC5000 RollerDrive, which has been successful in the marketplace, consolidated order intake fell only -10.5% to CHF 77.4 million compared with CHF 86.5 million in the same period last year, despite the COVID-19 crisis.

The **Conveyors & Sorters product group** recorded consolidated sales of CHF 80.9 million in the first half of 2020, which was -3.5% lower than in the same period of the previous year (CHF 83.9 million). Despite numerous project postponements, order intake was only -12.4% below the level of the same period last year (CHF 128.3 million) at CHF 112.3 million.

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At the end of the first half of 2020, Interroll recorded consolidated sales of CHF 20.6 million with the **Pallet Handling** product group, which is -26.6% down on the same period a year ago (CHF 28.1 million), partly due to the lack of major projects. Consolidated order intake fell by -24.9% to CHF 20.2 million (previous year: CHF 26.9 million). During the COVID-19 crisis, important projects related to pallet handling in the storage area were postponed but not cancelled.

At the end of the first half of the year, Interroll's share of total sales in EMEA is 60%; in the Americas, it is 27%; and in Asia-Pacific, it is 13%.

In the **EMEA region**, sales amounted to CHF 140.2 million, down -10.1% from the same period last year (CHF 156.0 million). Incoming orders fell by -13.0% compared to the previous year and reached CHF 144.2 million (previous year: CHF 165.7 million). The markets in southern Europe (-21.9%) and central Europe (-22.3%) were particularly affected by the COVID-19 pandemic. In contrast, eastern Europe, with a high demand for sorters, recorded an increase in orders of 44.6%.

Sales in the **Americas region** amounted to CHF 63.5 million, down -18.8% on the same period last year (CHF 78.2 million). Most of this development was attributable to the North American market with the United States at the top. Capacity at the Hiram site in Atlanta (United States) was doubled at the end of the first half of 2020 in order to take advantage of the medium-term growth potential in the region. Order intake fell by -6.4% to CHF 77.3 million (previous year: CHF 82.6 million) after the record period of the previous year. Significant impetus came from the sorter business, with demand up 54% on the previous year.

Interroll's sales in the **Asia-Pacific region** in the first half of 2020 increased by 10.7% despite the COVID-19 crisis and amounted to CHF 29.5 million at the end of the first six months of this year (same period in the previous year: CHF 26.6 million). Incoming orders in the first half of 2020 fell by -17.4% to a total of CHF 41.9 million (previous year: CHF 50.7 million). Demand for conveyor rollers, drives and belt curves developed very positively due to Interroll's strong market position during the COVID-19 crisis.

Results enjoying disproportionate growth

At CHF 43.5 million, Interroll was able to match the previous year's level of earnings before interest, taxes, depreciation, and amortization (EBITDA) in the first half of the year. The EBITDA margin increased to 18.7% (previous year: 16.7%). Earnings before interest and taxes (EBIT) reached CHF 32.3 m (3.5% above the previous year's figure of CHF 31.2 m). The operating cash flow increased by 12.5% to CHF 45.6 million (previous year: CHF 40.6 million).

The result rose by 3.1% to CHF 23.8 million (prior-year period: CHF 23.1 million). The result margin reached 10.2% (previous year: 8.8%).

Higher investment

Gross capital expenditure amounted to CHF 26.0 million (previous year: CHF 11.7 million). Free cash flow thus fell to CHF 20.0 million (previous year: CHF 29.2 million). The Interroll Group's own second production plant in Hiram, Atlanta, USA was completed, and construction in Mosbach, South Germany commenced in the first half year 2020. Despite the unfolding COVID-19-pandemic in the first half-year, Interroll did not modify any of its pre-crisis plans on investment in R&D and production capacity.

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Solid balance sheet, strong cash flow development

The balance sheet total increased by June 30, 2020 to CHF 438.6 million and was therefore 0.8% higher than the figure recorded at the end of the last-year period (CHF 435.1 million). Equity was CHF 298.7 million, while the equity ratio was 68.1% (2019: 69.9%).

Thanks to good management of current assets, the operating cash flow rose by 12.5% to CHF 45.6 million (previous year: CHF 40.6 million). The free cash flow fell due to higher investments to CHF 20.0 million (previous year: CHF 29.2 million).

Outlook

Because Interroll only saw project delays but no project cancellations in the first half-year and in specific fields Interroll was able to capture market share, largely due to an excellent delivery performance and innovative solutions, the company remains cautiously optimistic for the remainder of the year.

Interroll also sees significant long-term growth potential thanks to its strong market position, innovative products and end markets that are displaying dynamic growth (e-commerce and courier express parcel, food and beverage, as well as warehousing and distribution).

Key performance indicators (KPIs) for the first half of 2020 (in million CHF)

Financial KPIs	H1/2020	H1/2019	H1/2018	H1/2017	H1/2016
Income statement					
Order intake	263.4	299.0	324.6	244.5	216.3
Sales	233.2	260.8	240.7	203.3	187.1
EBITDA	43.5	43.5	35.5	29.6	30.9
EBITDA margin	18.7%	16.7%	14.8%	14.6%	16.5%
EBIT	32.3	31.2	25.3	20.5	22.0
EBIT margin	13.8%	11.9%	10.5%	10.1%	11.7%
Cash flow					
Operative cash flow	45.6	40.6	31.2	17.6	14.2
Free cash flow	20.0	29.2	18.0	8.2	8.3
Balance sheet					
	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.06.2016
Total assets	438.6	453.1	397.7	332.9	322.7
Equity capital	298.7	281.8	260.1	231.2	213.3
Equity ratio	68.1%	62.2%	65.4%	69.5%	66.1%

You can access the *Half-Year Report 2020*, as well as more detailed information, in the investor relations section of the Interroll website at www.interroll.com.

A webcast in English with explanations of the *Half-Year Report 2020* is scheduled for **9 a.m. (CEST), August 3, 2020**.

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The following Interroll officials are also happy to help if you require any additional information:

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Interroll Holding AG in Sant'Antonino, Switzerland, has increased profits in the first half of 2020 against the backdrop of declining sales and order intake.

Interroll shares

Registered shares of Interroll Holding AG are traded in the Main Standard of the SIX Swiss Exchange under the securities number 637289.

Interroll profile

The Interroll Group is the leading global provider of material handling solutions. The company was founded in 1959 and has been listed on the SIX Swiss Exchange since 1997. Interroll provides system integrators and OEMs with a wide range of platform-based products and services in these categories: Rollers (conveyor rollers), Drives (motors and drives for conveyor systems), Conveyors & Sorters as well as Pallet Handling (flow storage systems & pallet conveyors). Interroll solutions are in operation in express and postal services, e-commerce, airports, the food and beverage industry, fashion, automotive sectors, and many other manufacturing industries. Among the company's end users are leading brands such as Amazon, Bosch, Coca-Cola, DHL, Nestlé, Procter & Gamble, Siemens, Walmart and Zalando. Headquartered in Switzerland, Interroll has a global network of 34 companies with turnover of around CHF 559.7 million and 2,400 employees (2019).